



PISCATAQUA SAVINGS BANK ANNUAL REPORT 2022

2022



ANNUAL REPORT 2022

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2022

Message From the President



Joan W. Gile

Over the past few years, the banking industry has experienced significant changes. Our response to the pandemic strengthened our ability to be agile and adaptive, as we worked together to meet the needs of our customers and community. Our successes are a direct result of the dedication of our employees and the support of our customers.

As we move into 2023, we remain focused on the mission and values that have been the core of our business since 1877. Fundamental to this is our commitment to our community, especially those in need.

In 2022, we donated \$161,000 to 114 organizations, and our employees volunteered for over 3,400 hours with local organizations, which included collecting food for Thanksgiving and Christmas dinners and giving Christmas presents to local children who might have otherwise gone without.

We also participated in the New Hampshire Bankers Association—sponsored #NHBanksgiveback program in October, a monthlong effort to support nonprofits in our area. Employees prepared a spaghetti dinner for the children who live in the Chase Home and lunches for Seacoast Community Lunch, and they volunteered at the Seacoast Half Marathon. I am inspired and moved by the generosity of our staff!

As many in our business community know, the ongoing conflict in Ukraine has not only been tragic from a humanitarian standpoint but has damaged the global supply chain. As a result of this disruption — and the strong domestic labor market— inflation became a top concern in 2022 and spurred the Federal Open Market Committee to raise rates 425 basis points to a range of 4.25%-4.50% in just 10 months.

This unprecedented tightening cycle removed \$1 trillion in reserve balances held by U.S. depository institutions at Federal Reserve banks and dramatically decreased the value of the Bank's securities portfolio, making most of these assets unsaleable. Consequently, the Bank resorted to alternative funding sources to meet resilient loan demand and support a loan portfolio that experienced markedly slower prepayment activity in 2022.

The rising rate environment led to a strengthening net-interest margin, making it a banner year for loan volume growth. At the same time, operating expenses were well contained, rising only 2.47% over 2021 numbers.

Non-interest income was challenged this year on lower Trust Department revenue. Assets under management fell 13.78% due to market corrections that saw the S&P 500 routinely move in and out of bear market territory in 2022. In all, net income for the Bank was strong this year, registering a \$1.55 million or a 0.434% return on average assets.

Despite rising interest rates, rising high home prices and a limited housing inventory, we were able to have one of our best years on record. The loan department originated 116 loans totaling over \$53 million. Our loan portfolio grew by more than \$22 million, and for the first time, our total loan portfolio value eclipsed the \$200 million mark. Although we appreciate the financial success in 2022, we are prouder of the great service and care that we have provided to our customers.

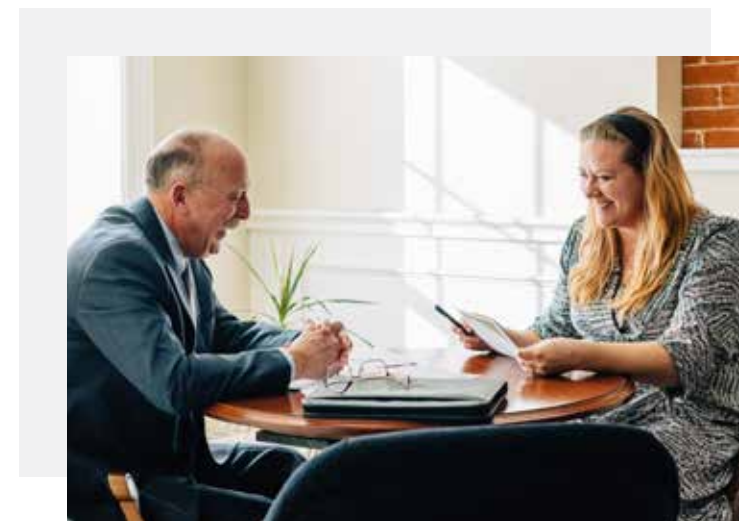
The Trust & Investment Department ended the year with assets under management of \$329,669,456, down \$52.7 million for the year, which is attributed to stock and bond market declines along with account outflows.

New business for the Trust Department brought in \$29 million. Account composition consisted of 57% investment management, 31% fiduciary and 12% retirement and custody accounts. The department was busy, opening 44 new accounts.

We completed our fourth straight year with revenue over \$2 million, finishing at \$2,260,596. This year's efficiency ratio (cost to earn a dollar of income) ended strong at 67.2%.

There is value added when dealing with such a well-qualified, credentialed team. Throughout the year, our team continues to work toward meeting educational requirements for internal compliance and outside certifications. The department was well represented at volunteer opportunities and events.

The management and staff remain rooted in the values the Bank was founded upon and steadfast in our belief that our customers and clients are paramount. Building and maintaining relationships with account owners, fiduciaries and beneficiaries is essential to the services we provide. The economic outlook may be uncertain, but it's clear that Piscataqua Savings Bank rides the waves and remains dedicated to our mission.



Joan W. Gile
President & CEO

Portsmouth's Local Bank
Since 1877



\$161K

In donations given to
114 unique organizations

(including tax credits)



3,401

Volunteer hours,
a **100% increase**
over last year



35%

Total female officers,
including a **43% female**
board and female
President/CEO



25

Blood drives hosted,
collecting **671 units**
of blood

Those units were screened, tested and refined,
then distributed to 2,013 patients



15.3%

Reduction in
paper usage



\$30K

In CDFA tax credits
given to organizations



\$8.7M

Total HELOCs
originated



\$53M

Loan originations

2022 by the Numbers

2022



B Corp Impact

What a B Corp is and how it aligns with our values

The Certified B Corporation (B Corp) model serves as a global movement of people using business as a force for good. As a Certified B Corp, we are legally required to consider the impact of our decisions to all our stakeholders — workers, community, customers, suppliers, and the environment.

Being owned by our customers means we don't have shareholders to answer to. This allows us to direct our attention toward making the community a better place by focusing on our customers and employees instead of shareholder value or profit. We have a shared vision of an inclusive, equitable, and regenerative economic system that benefits people and the planet. These ideals complement Piscataqua Savings Bank's cornerstone values of transparency, inclusivity, and equity for all stakeholders. In fact, this has been our mission since 1877.

B Corp: A growing movement

The B Corp movement has gained a lot of traction, with a record number of companies applying for certification. B Lab, the organization that issues the B Corp certification, continues to raise the bar on its B Impact Assessment of social and

environmental business standards, along with its baseline requirements. This designation is not given effortlessly.

Through this rigorous process, the objective for B Corps is not just to meet the baseline but to grow and continue to implement new measures, processes, and goals to be the best for customers, employees, and the planet.

A commitment to always improving

In 2022, Piscataqua Savings Bank saw improvements in the Customers, Governance, Community, and Environment categories in the B Impact Assessment. Two successes accomplished in 2022 were reducing paper usage by 15.3% from the previous year and doubling our employee volunteer hours from 1,500 to over 3,000. Although we are proud of our accomplishments, there is still more work to be done!

Continuing the journey

With the launch of our new website, our B Corp status is proudly displayed, including a dedicated page on why we choose to "B." We invite all visitors to check out this page and see not only what it takes to become a B Corp, but more importantly, what being a B Corp means to all of us.

Antone Cabral
B Corp Officer

As a certified B Corp, we are leaders in a global movement to use business as a force for good.



B Impact Report Scores

The B Impact Report is the summary of a company's scores on the B Impact Assessment by category.

Certified May 2019.

| | PSB Score | Median Score |
|-------------|-----------|--------------|
| Environment | 3.5 | 3.9 |
| Workers | 32.9 | 20.6 |
| Customers | 7.3 | n/a |
| Community | 19.8 | 13.4 |
| Governance | 17 | 4.3 |
| Overall | 81 | 51 |

◀ Best in the world recognition

Thanks to supporters like you, we are able to provide a space for the community to share in transformative experiences, engage in meaningful discussion, and serve artists and audiences in impactful ways.

BETH FALCONER
Executive Director 3S Artspace

Thank you for championing the importance of creativity and community in these challenging times. Because of you, teens thrive.

DEBRA HOLLOWAY
Executive Director Arts in Reach

The staff, board of directors, and I thank you for your commitment to our organization. I feel the love every time I come into the bank to make a deposit for the Child Advocacy Center. We may very well have our own cheering section.

MAUREEN SULLIVAN
Executive Director Child Advocacy Center

Your support helps us respond to immediate needs and also to lay the groundwork that will result in stronger families, fewer people on the edge of medical and economic crisis, and a healthier, thriving community.

JOANN NEUMANN
Development Director
Greater Seacoast Community Health

Community Support

2022
1877

Community Contributions

| Code | Total | Code | Total |
|-------------|-------------|---------------|---------------------|
| Arts (A) | \$31,450.00 | Political (P) | \$1,500.00 |
| Housing (C) | \$5,700.00 | Seniors (S) | \$8,500.00 |
| General (G) | \$48,757.70 | Youth (Y) | \$18,660.00 |
| Health (H) | \$24,350.00 | Total | \$138,917.70 |



Community Shred Day

April 23

This was our 4th Annual event, where the community can shred personal documents in a safe and secure manner. We broke our previous record of 116 cars.



Community Food Drive

April

Along with Footprints we collected \$314 to reduce the impact of hunger in the communities of Kittery and Eliot.



2nd Beach Cleanup

April

The Piscataqua team collected 26 pounds of trash from Peirce Island and Four Tree Island for our 2nd beach cleanup.



Seacoast Community Lunch

October 19

Staff went to Middle Street Baptist Church and helped prepare food and helped serve the food the next day.



Seacoast Half Marathon

October 30

Each year, 100% of the net proceeds of the marathon are donated. This year, the Seacoast Half Marathon Race Committee welcomed Portsmouth NH 400 as the 2022 race beneficiary.

I've always had a good experience banking here. Everyone is very nice and helpful. Easy to recommend - a lot better than the big banks.

MATT



Memorial Day/Jeans Day

May

For every \$5 donation, employees were able to wear jeans to work. We collected \$145 for the Wounded Warrior Project.



New Generation BBQ

August 8

Staff brought in the entire fixings for a BBQ cookout. It included summer toys for all ages, for the moms and children to enjoy together and have some fun.



Chase Home Spaghetti Dinner

October 25

The Piscataqua team provided and prepared dinner, along with dessert to the Chase Home for them to enjoy.



Thanksgiving

November 18

Employees donated over \$900 in food to help supply over 100 families in our community with a healthy Thanksgiving and Christmas meal.



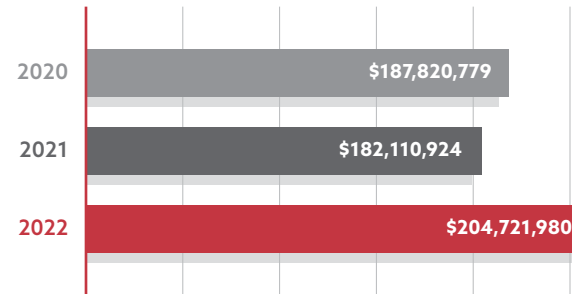
Christmas - Angel Families

December 14

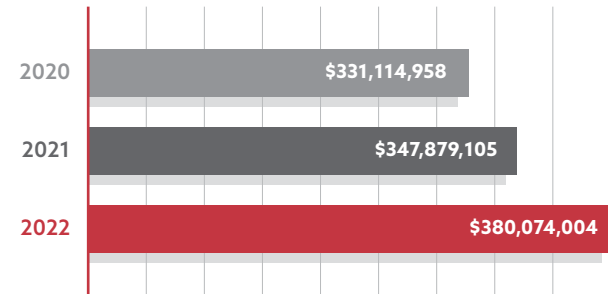
Staff adopted 4 families, as well as fulfilled 48 wishes for Christmas and gave back to the community during the holiday season.

Assets, Deposits & Capital

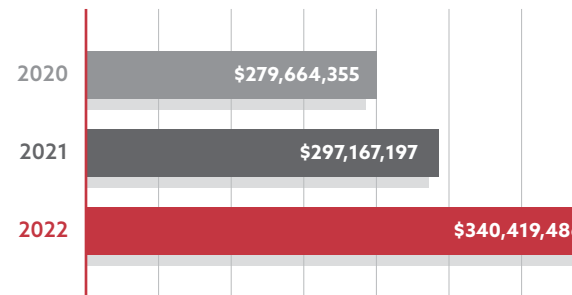
Net Loans



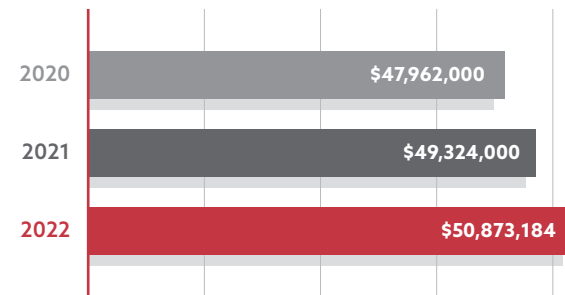
Total Assets



Total Deposits

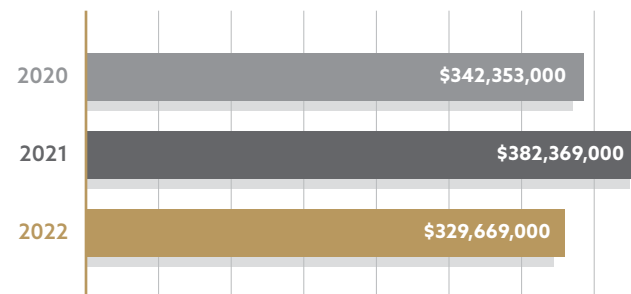


Tier 1 Capital

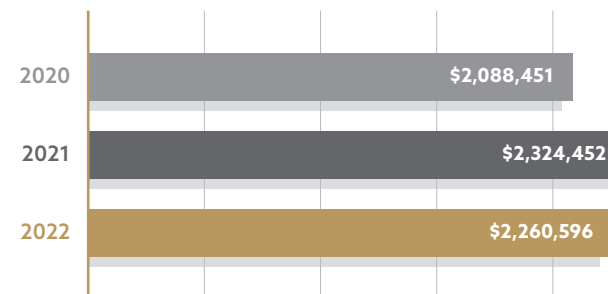


Trust & Investment Department

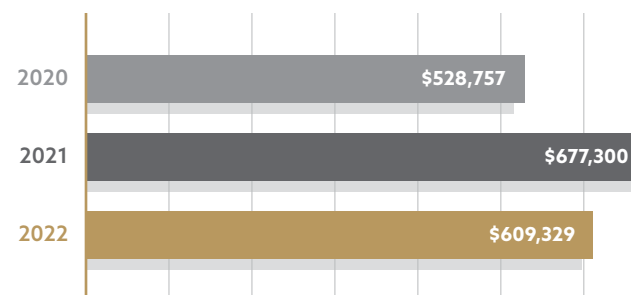
Assets Under Management *



Total Revenue



Net Income



* Not FDIC Insured | May Lose Value | No Bank Guarantee

Balance Sheet

Consolidated Balance Sheet

| ASSETS | |
|---|----------------------|
| Cash & Due From Banks | \$25,215,673 |
| Short-Term Investments | \$277,408 |
| Total Cash & Equivalents | \$25,493,081 |
| Certificates of Deposit | \$7,852,187 |
| Securities Available-For-Sale, Fair Value | \$114,257,983 |
| Equity Securities, Fair Value | \$0 |
| Federal Home Loan Bank Stock, Cost | \$180,000 |
| Loans | \$206,483,951 |
| Less: Allowance For Loan Losses | (\$1,761,971) |
| Net Loans | \$204,721,980 |
| Banking Premises & Equipment | \$7,633,846 |
| Accrued Interest Receivable | \$1,036,664 |
| Bank Owned Life Insurance | \$11,616,837 |
| Other Assets | \$7,281,426 |
| Total Assets | \$380,074,004 |
| LIABILITIES & CAPITAL | |
| Deposits | \$340,419,486 |
| Mortgagors' Escrow Accounts | \$625,850 |
| Accrued Expenses & Other Liabilities | \$1,323,414 |
| Total Liabilities | \$342,368,750 |
| Capital: | |
| Undivided Profits | \$50,873,184 |
| Accumulated Other Comprehensive Income (Loss) | (\$13,167,930) |
| Total Capital | \$37,705,254 |
| Total Liabilities & Capital | \$380,074,004 |

Consolidated Statement of Income

| INTEREST & DIVIDEND INCOME: | |
|---|--------------------|
| Interest & Fees on Loans | \$6,397,108 |
| Interest & Dividends on Securities | \$1,932,993 |
| Other Interest | \$353,419 |
| Total Interest & Dividend Income | \$8,683,520 |
| Interest Expense on Deposits | \$1,872,432 |
| Net Interest & Dividend Income | \$6,811,088 |
| Provision for Loan Losses | \$195,000 |
| Net Interest & Dividend Income After Provision | \$6,616,088 |
| OTHER INCOME | |
| Customer Service Fees | \$113,504 |
| Trust Department Fees | \$2,259,542 |
| Net Gain on Loan Sales | \$0 |
| Loan Servicing Fees | \$133,037 |
| Gain on Sale of Available-for-Sale Securities | (\$1,413) |
| Unrealized Gain on Equity Securities | \$0 |
| Miscellaneous | \$307,659 |
| Total Other Income | \$2,812,329 |
| OPERATING EXPENSES | |
| Salaries & Employee Benefits | \$5,087,088 |
| Occupancy & Equipment | \$840,538 |
| Data Processing | \$564,565 |
| Other General & Administrative | \$1,139,439 |
| Total Operating Expense | \$7,631,630 |
| Pre-Tax Income | \$1,796,787 |
| Income Taxes | \$247,783 |
| Net Income | \$1,549,004 |

Bank Officers

Joan W. Gile

President/CEO

David H. Bryan

Chief Financial Officer

Antone Cabral

Senior Vice President/
Senior Information
Technology Officer

Paul Alix

Vice President/
Senior Loan Officer

Wanda Fontaine

Vice President/Operations Officer

Gregory Doolittle CRCM, CAMS

Vice President/
Compliance & Audit Officer

Steffany Gallant SHRM-CP

Assistant Vice President/
Human Resources

Benjamin Wheeler

Vice President/
Business Development Officer

Neil Cremin

Loan Officer

Cheri DeLorge

Loan Officer

Matthew Gordon

Assistant Vice President/
Assistant Treasurer

Trust & Investment Services Officers

Thomas J. Queeney

CFTA, CFP®, AEP®

Vice President/
Senior Trust Officer

Brianna Adams JD, LLM

Vice President/
Senior Fiduciary Officer

Michael Rodier CFP®, SCRIC®

Vice President/
Senior Portfolio Manager

George Rooney CFA®

Vice President/
Portfolio Manager

Staff

Gail A. Armsden

Mary Ayer

Sarah Briolat

Heidi Byers

Morgan Cole

Veronica Doe

Kevin Doris

Keith Driscoll

Jennifer M. Dumont

Emma Edwards

Ray Faulkner

Hannah Ferguson

Susan R. Hauge

Jon Houghton

Michelle R. Jenkins

Joshua Johnson

Tina Libby

Ana Malone

Michele Millett

Christine Peete

Dick Petri

Beth E. Pruett

Julianna Simonds

Katherine Taveras

Laurie Trombetto

Everyone is polite, professional, and they know your name. You are not a number here. The bank has every product you need, but nobody is trying to sell you.

RAYMOND

Corporators

Kevin F. Adams

Karen Alder

Joseph J. Almeida

Michael Asselin

Victoria Auger

Timothy M. Barnhorst

Christopher H. Brown

David H. Bryan

Antone Cabral

Robert Casassa

Kenneth R. Clark

Penelope (Phelps) Craig

Margot Doering

Deborah A. Driscoll

Timothy J. Durkin

Amy Ferris

Jay S. Gibson

Joan W. Gile

Terri L. Golter

Cornelia C. Gray

Jennifer Gray

Russell B. Grazier Jr.

Charles A. Griffin

Nora S. Happny

Shannon Harrison

David Haskins (DJ)

Richard C. Holt

Gregory C. Johnson

Richard G. Kaiser

Mary Jane Shanley Keane

Dexter Legg

Robert Lister

Peter J. Loughlin

Denise Magnant

Jennifer Crompton Marchewka

Glenn A. Martin

John McCune, Jr.

Mark McNabb

Jeffrey Mountjoy

Evan T. Mullen

Michael J. Murphy

Peter Neuffer

Nancy E. Notis

Francie Osgood

James Petersen

Philip L. Pettis

James Piper

Thomas J. Queeney

John Ricci

Alan M. Robinson

Elisabeth Robinson

Rodney D. Rowland

John Sacramone

James H. Sanders

Thomas J. Sedoric

Maureen Semprini

Wayne Semprini

Andrea L. Sennott

Barbara Shea-Smucker

Christopher Snow

Curtis Springer

Margot Thompson

A. Robert Thoresen

Emil R. Uliano

Richard M. Wallis

Susan G. Wolf

Trustees

Christopher H. Brown

Chair

Alan M. Robinson

Vice Chair

Joseph J. Almeida

Margot Doering

Joan W. Gile

Philip L. Pettis

Elisabeth Robinson





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