

ALL IN IT TOGETHER SINCE 1850



2020 ANNUAL REPORT

 countrybank

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A LETTER FROM OUR PRESIDENT

SINCE 1850 - WE'VE ALL BEEN IN IT TOGETHER...



During a year that was unlike anything we had experienced in our lifetime, friends, neighbors and strangers quickly came together offering one another the comfort and support of being “all in this together.” Given the unsettling and truly unprecedented impact of living through a global pandemic, suddenly everyone needed to quickly pivot to a new way of living, working and learning. It was an emotionally, physically and financially challenging year for many as lives were lost to

COVID-19, dreams were put on hold and livelihoods were interrupted. As we emerge into a post-pandemic world and our lives gradually regain a degree of pre-pandemic normalcy, memories of 2020 will undoubtedly remain etched in our minds, thoughts and actions for generations to come.

At Country Bank, being “all in it together” wasn’t new to us, as we’ve been “all in it together” for our customers, communities and staff for over 170 years. While operating during a global pandemic certainly presented a few logistical nuances, such as adapting to a remote workforce overnight and closing branch lobbies from customer access for months on end, we quickly pivoted and remained focused on the needs of our customers and communities as they too navigated their way through the pandemic’s uncertainties and disruptions. Like many, we adopted a new respect and heightened dependency on technology and suddenly realized that virtual meetings, while not quite the same as being there in person, could be equally effective – even when wearing your favorite pair of slippers!

From a business perspective, 2020 wasn’t exactly the year we had anticipated, yet it was equally fulfilling and rewarding. As the pandemic intensified its grip on the nation and precautions were put in place to keep our staff out of harm’s way, the financial and physical well-being of our customers and communities remained our number one priority. In a moment’s notice, customers were suddenly finding themselves furloughed from their employers or needing to be the bearer of such unfortunate news to their dedicated employees. Regardless of the scenario, folks were panicked as their sources of personal income or business revenue were seemingly put on hold overnight. For many, one of their first phone calls for reassurance and advice was to Country Bank. Being there for our customers, whether to help them achieve their financial dreams or tackle the unforeseen challenges brought about by a global pandemic, has been the Country Bank way since 1850,

as reflected in the bank’s iSTEP core values of: Integrity; Service; Teamwork; Excellence; and Prosperity.

During the year, approximately 500 Country Bank business customers benefited from the Small Business Administration’s Paycheck Protection Program (PPP) – a previously unheard-of funding source that suddenly became the lifeblood for many. In a matter of days, the Country Bank team was “all hands on deck” and often working well after “quitting time,” processing and funding loan requests ranging from \$1,500 to \$2,100,000 in an effort to help keep businesses afloat and their payrolls intact. Navigating through the nuances and challenges of the “PPP” was as new, and at times frustrating, to us as it was for our customers, yet we knew we needed to keep the pipeline of requests moving forward – particularly when there was an overriding concern that the program could run out of funding. In the true spirit of iSTEP, the team hunkered down, lost a little sleep and perhaps ate more than their fair share of late-night pizza knowing that customers were relying on them to provide their businesses with a temporary financial shot in the arm. It was a busy yet rewarding time for us, but “being all in it together” is what community banking at Country Bank is all about!

The bank’s financial performance during the year remained solid despite the challenges the year presented. Total assets grew from \$1,687,649,000 at the end of 2019 to \$1,733,189,000, with surplus increasing from 14.67% to 15.20% of assets, making Country Bank one of the most highly capitalized community banks in the Commonwealth. Net income during the year remained solid, resulting in record earnings of \$13,812,000.

As a recognized leader for its community and philanthropic support, the bank proudly donated \$1,300,000 to approximately 400 community-based organizations and initiatives throughout the region. Given the impact of the pandemic and heightened need for assistance, approximately \$500,000 was earmarked to assist healthcare workers, first responders and those most significantly impacted by the COVID-19 virus.

With 2020 and many of its challenges behind us, we look forward to the future with great optimism for continued success, growth and prosperity throughout the region as we emerge stronger, together.

VERY TRULY YOURS,

PAUL F. SCULLY, PRESIDENT & CEO

Consolidated Statement of Condition (in thousands)

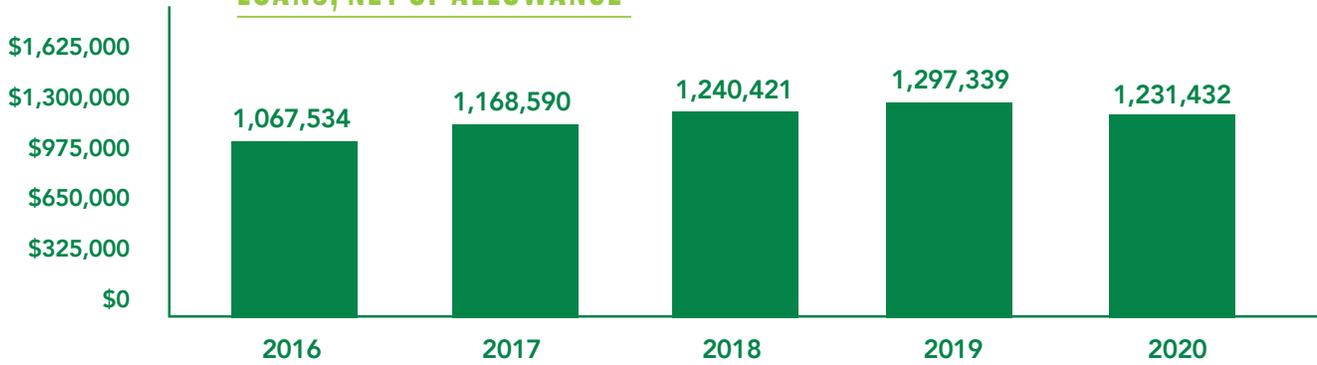
ASSETS:	DECEMBER 31, 2020	DECEMBER 31, 2019
Cash and due from banks	\$142,512	\$15,666
Short-term investments	\$0	\$0
Investment securities	\$319,621	\$331,884
Loans, net of allowance	\$1,231,432	\$1,297,339
Premises and equipment	\$14,150	\$14,718
Other assets	\$25,474	\$28,042
Total Assets	\$1,733,189	\$1,687,649
LIABILITIES & SURPLUS		
Transaction accounts	\$334,225	\$255,024
Savings and IRA accounts	\$323,075	\$256,743
Money market accounts	\$334,491	\$273,370
Certificate of deposits	\$330,239	\$401,916
Total Deposits	\$1,322,030	\$1,187,053
Short-term borrowings	\$0	\$11,132
Long-term borrowings	\$123,250	\$223,199
Other liabilities	\$24,543	\$18,690
Total Liabilities	\$1,469,823	\$1,440,074
Surplus	\$263,366	\$247,575
Total Liabilities and Surplus	\$1,733,189	\$1,687,649

Consolidated Statements of Net Income (in thousands)

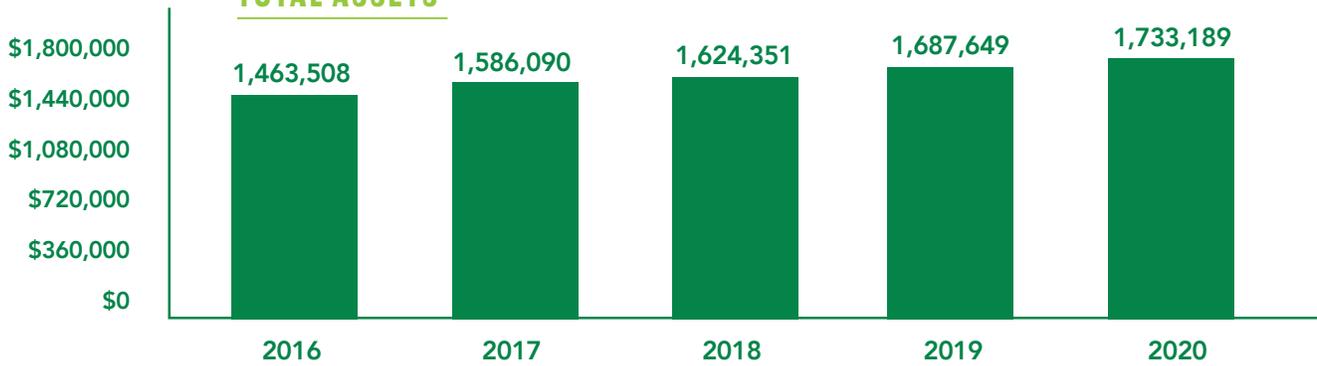
Analysis of Net Income*

	12/31/2020	12/31/2019
Interest income	\$66,355	\$69,636
Interest expense	\$12,735	\$18,665
Net Interest Income	\$53,620	\$50,971
Provision for loan losses	\$2,138	\$500
Net interest income after provision for loan losses	\$51,482	\$50,471
Non-interest income	\$6,088	\$6,682
Non-interest expense	\$39,198	\$39,011
Income before taxes	\$18,372	\$18,142
Income tax expense	\$4,560	\$4,394
Net Income	\$13,812	\$13,748

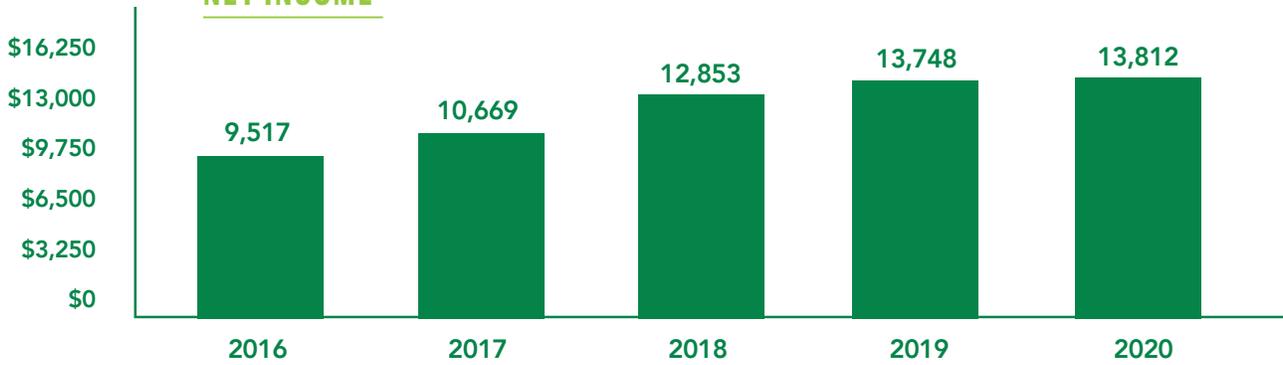
LOANS, NET OF ALLOWANCE*



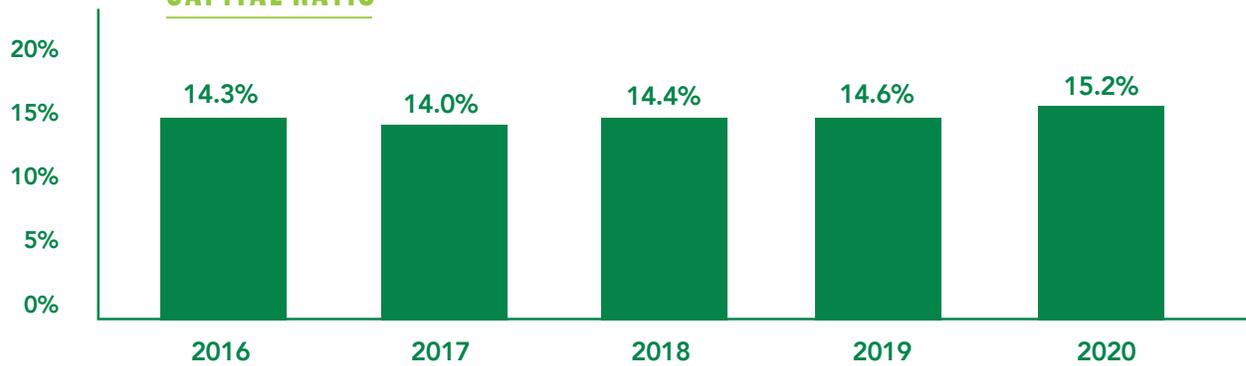
TOTAL ASSETS*



NET INCOME*



CAPITAL RATIO

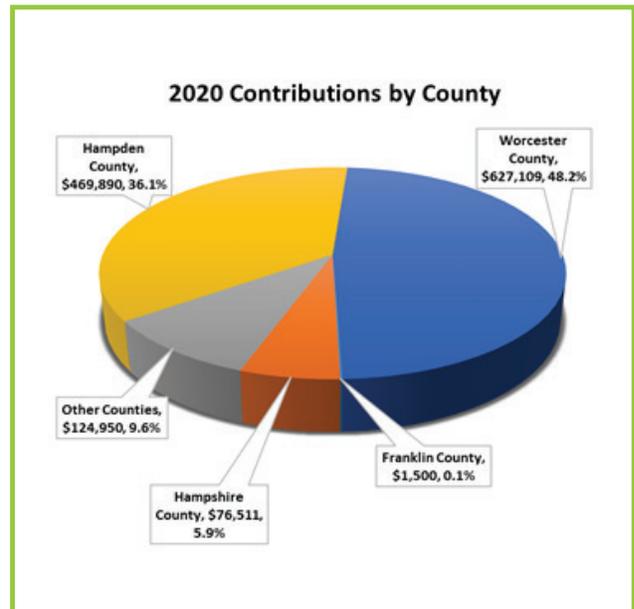
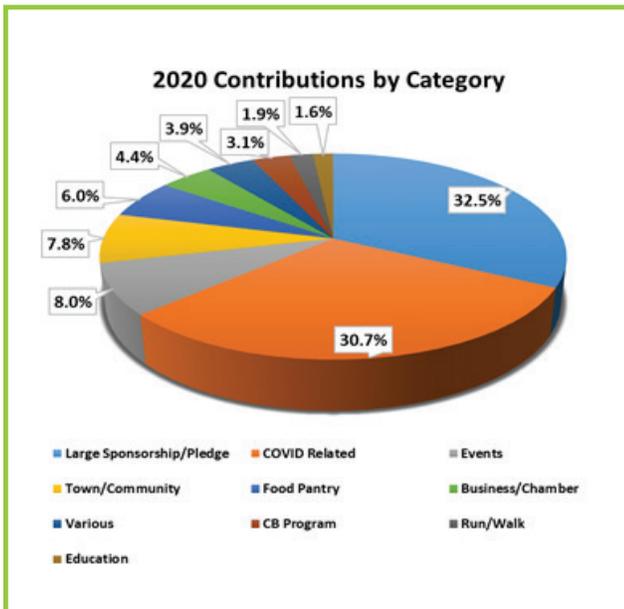


*in thousands

COMMUNITY-FIRST BANKING STARTS HERE.

Through Country Bank’s philanthropic efforts, it provided support to local nonprofits throughout the communities it serves; in 2020, more than 400 organizations received generous donations.

In total, Country Bank donated \$1.3 million dollars, with over \$500,000 to area hospitals and first responder housing efforts to provide the financial and tangible emergency resources needed to support their mission during the pandemic.



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