

WE MADE A DIFFERENCE THIS YEAR.



2021
COUNTRY
BANK
ANNUAL
REPORT

LEADERSHIP

BOARD OF TRUSTEES

JAMES R. PHANEUF
Chair of the Board

KEITH BLANCHETTE	TERESA GROVE	RICHARD MAYNARD	EDWARD J. NOONAN, II	KENNETH J. RILEY, JR.
KATHRYN CROCKETT	ROBERT S. HAVELES	PETER J. MCDONALD	ELIZABETH RAPPAPORT	PAUL F. SCULLY President/CEO
ROBERT K. DIK	STACEY LUSTER			

PRESIDENT'S TABLE

PAUL F. SCULLY
President and CEO

MARY MCGOVERN
Executive Vice President
CFO/COO

DAWN M. FLEURY
First Senior Vice President

MIRIAM J. SIEGEL
First Senior Vice President

THOMAS WOLCOTT
First Senior Vice President

SHELLEY M. REGIN
Senior Vice President

SENIOR MANAGEMENT

RUSSELL D. FONTAINE
Senior Vice President

DR. PETER MORALES
Senior Vice President

DENISE WALKER
Senior Vice President

JULIE M. YI
Senior Vice President

JACK MELLO
First Vice President

MARK A. PHILLIPS
First Vice President

COMMERCIAL LENDING & BUSINESS BANKING

BEN LEONARD
Senior Vice President
Team Lead West Region

CARLA ALVES
Vice President

SHANE ELDER
Vice President

BRYAN MOORE
Vice President

JESSICA MCGARRY
First Vice President
Team Lead East Region

SETH ARVANITES
Vice President

RYAN NAUMAN
Vice President

PATRICK O'HARA
Vice President

ANGELA BARAHONA
Vice President

JOLENE MASTALERZ
Vice President



A LETTER FROM OUR **PRESIDENT**

Since its founding in 1850, Country Bank has focused on making a difference within the communities it serves by: offering a full suite of banking products and services to meet the evolving needs of its customers; providing career opportunities and advancement for its staff; and extending unparalleled community and philanthropic support. Although the passage of one hundred and seventy plus years may have altered its product and career offerings, its commitment to its Customers, Community and Staff through its iSTEP core values of Integrity, Service, Teamwork, Excellence and Prosperity, has remained constant. As a mutual bank with assets of \$1.7b and one of the highest capital ratios in the region, Country Bank is well poised to continue making a difference for decades to come.

As the ongoing effects of a global pandemic lingered, the Bank stepped up to the plate to make a difference for those most in need. At its Annual Meeting in June at Polar Park, the audience shared in the excitement as we announced a Million Dollar Pledge to Throw Hunger a Curveball by presenting \$500,000 checks to the Worcester County Food Bank and the Food Bank of Western Massachusetts. While the amount of the commitment was perhaps unrivaled by other area financial institutions, the pledge reflected the Bank's longstanding belief that healthy communities require healthy residents and that healthy communities thrive. With this multi-year pledge, the recipient food banks will be able to enhance their ongoing efforts to provide nutritional food to those who are most in need. "Food and good nutrition should be a right of everyone and not a privilege for those who can afford it, yet for many, the financial toll of a global pandemic limited their access to nutritional food. Through its pledge, the Bank hopes to throw hunger a curveball, throughout the communities it serves." In addition to its support to the food banks, the Bank's annual philanthropic giving of \$1,000,000 made a difference for three hundred plus community-based organizations throughout the region. Through its community support, we like to think that we truly make a difference.

As the business community cautiously re-emerged in 2021, we used the opportunity to respond to rapidly changing customer behaviors and emerging industry trends. In July, we announced the initial transformation of what were formerly known as "branches" to full service banking centers supported by "universal bankers", rather than the more traditional structure of tellers and customer service representatives. Through this universal banker model, the banking center staff is able to extend more immediate and efficient service to customers while providing enhanced career and compensation opportunities for the staff. As a multi-phased initiative, the first phase has been a win/win for both customers and staff alike with further customer-centric enhancements planned in the coming year.

Recognizing the ever-growing reliance by customers on technology, we introduced our first fully Virtual Banking Center at the Walmart Super Center in Ware, formerly a branch and closed at the onset of the pandemic. The space was totally transformed to a virtual bank "staffed" by two Interactive Teller Machines (ITMs) that look quite similar to the more traditional ATMs but have the ability to cash checks, change currency for select denominations and connect via video to a live banker for assistance with more

complicated transactions or financial advice. As a complement to the virtual banking office, we launched a more robust, less cumbersome and dramatically faster online account opening platform with 24/7 technology and accessibility from mobile devices; without the need to visit a banking center.

Although it may initially appear that the Virtual Banking Center replaced people, its emergence made a difference by leveraging cutting-edge technologies in response to customer preferences while providing new opportunities to the staff of the former branch. As excited as we were to announce the transformation and launch of the virtual office, we were equally pleased by the positive feedback and overwhelming response by our customers and have plans in the works to introduce similar technologies in 2022.

With a virtual footprint that expands throughout the region, there remained a desire to connect with business customers in the more traditional face to face way. To that end, and in response to an already significant business banking customer base in our Western region, we opened a Business Office in Tower Square, Springfield shortly after Labor Day. Similar to the highly successful Business Office in Worcester, the Springfield office focuses on business development and lending opportunities throughout the western Massachusetts and Connecticut markets. Currently staffed with a full complement of business and commercial banking specialists, the Springfield team has quickly integrated itself into making a difference in the Springfield business community. While the pandemic may have put a slight pause on business banking and commercial lending in 2020 into the beginning of 2021, it came roaring back by the middle of the year. We're cautiously optimistic that despite economic uncertainties, lingering supply chain delays and shifting workforce preferences, positive business banking trends will prevail through 2022 and beyond.

Our Board of Trustees continued to make a difference as it has since 1850. Through their guiding vision and oversight, the Board continued to provide unwavering support and strategic guidance as we emerged from 2020's "pandemic mode" into a more normal and adaptive business model. Their vision, support and commitment to Country Bank's core iSTEP values continued to reinforce the bank's status as a leading financial institution that makes a difference in the region it serves.

At the end of the year, long serving Board members Robert Bottomley, Vincent McCaughey and Susan Rutherford retired. Thanks to their many years of service, business acumen, wisdom and community knowledge, their lengthy tenures made a difference in fostering the Bank's culture, financial strength and long-term vision. With their departure, we welcomed Ross Dik, Stacey Luster, Richard Maynard and Elizabeth Rappaport as successors and look forward to working with them in the years ahead.

Lastly, none of the Bank's continued success and progress would have been possible without our amazingly talented and dedicated staff. Their commitment to our customers, community and one another is truly extraordinary. They continue to make a difference each and every day and we couldn't be more grateful for all that they do. They exemplify Integrity, Service, Teamwork, Excellence and Prosperity – all of which Made a Difference!

BEST WISHES IN THE YEARS AHEAD!


PAUL F. SCULLY
PRESIDENT & CEO

CONSOLIDATED STATEMENT OF CONDITION

(in thousands)

December 31, 2021*

	12/31/21	12/31/20
ASSETS:		
Cash and due from banks	\$ 257,455	\$ 142,512
Short-term investments	\$ 0	\$ 0
Investment securities	\$ 311,332	\$ 319,621
Loans, net of allowance	\$ 1,099,005	\$ 1,231,432
Premises and equipment	\$ 13,868	\$ 14,150
Other assets	\$ 20,556	\$ 25,474
Total Assets	\$1,702,216	\$1,733,189
LIABILITIES & SURPLUS		
Transaction accounts	\$ 385,910	\$ 334,225
Savings and IRA accounts	\$ 380,920	\$ 323,075
Money market accounts	\$ 336,292	\$ 334,491
Certificate of deposits	\$ 259,801	\$ 330,239
Total Deposits	\$ 1,362,923	\$ 1,322,030
Short-term borrowings	\$ 0	\$ 0
Long-term borrowings	\$ 50,000	\$ 123,250
Other liabilities	\$ 13,612	\$ 24,543
Total Liabilities	\$ 1,426,535	\$ 1,469,823
Surplus	\$ 275,681	\$ 263,366
Total Liabilities and Surplus	\$ 1,702,216	\$ 1,733,189

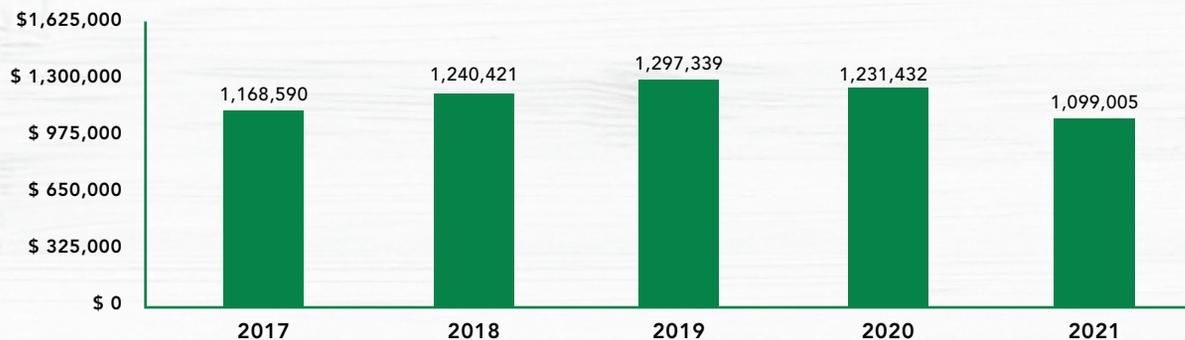
CONSOLIDATED STATEMENT OF NET INCOME

(in thousands)

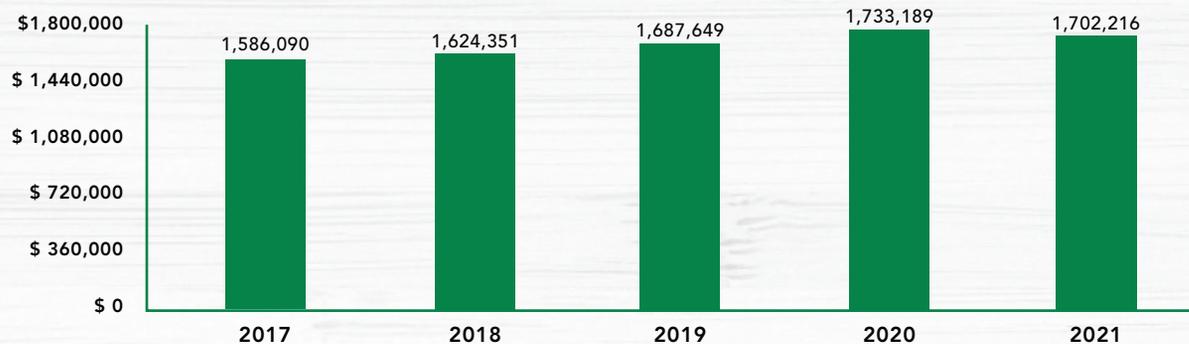
Analysis of Net Income

	12/31/21	12/31/20
Interest income	\$ 56,317	\$ 66,355
Interest expense	\$ 5,001	\$ 12,735
Net Interest Income	\$ 51,316	\$ 53,620
Provision for loan losses	\$ 500	\$ 2,138
Net interest income after provision for loan losses	\$ 50,816	\$ 51,482
Non-interest income	\$ 11,462	\$ 6,088
Non-interest expense	\$ 41,034	\$ 39,198
Income before taxes	\$ 21,244	\$ 18,372
Income tax expense	\$ 5,523	\$ 4,560
Net Income	\$ 15,721	\$ 13,812

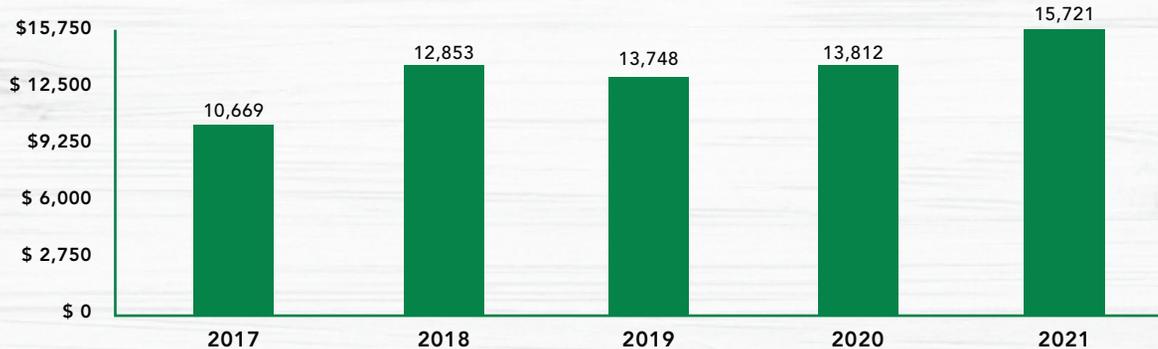
LOANS, NET OF ALLOWANCE*



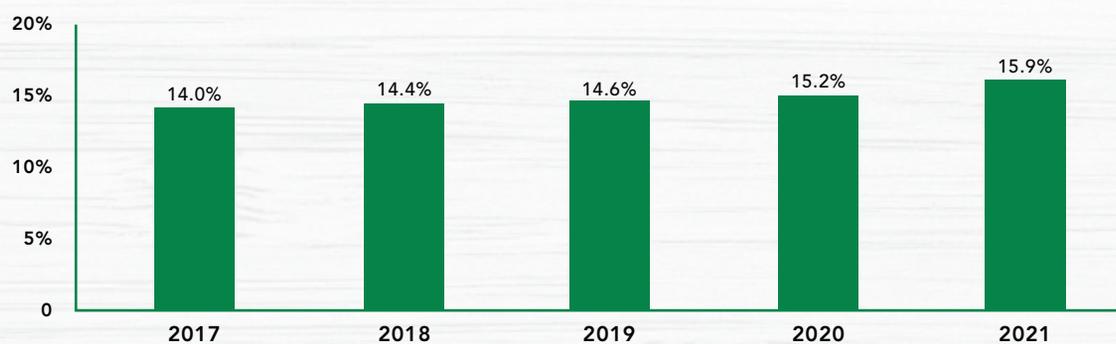
TOTAL ASSETS*



NET INCOME*



CAPITAL RATIO



*in thousands

COMMITTED TO

CUSTOMERS, COMMUNITY AND OUR PEOPLE

For 172 years, Country Bank has focused on people and improving the livelihood of those we serve. The dedication to our customers, our communities, and the people who make up the Country Bank team are deeply rooted in all that we do. At Country Bank, we understand that, while our financial prosperity is essential, it is our people who are indeed our greatest assets!

We know that to embody our Corporate Values of Integrity, Service, Teamwork, Excellence, and Prosperity, we need to create an internal culture that is agile enough to recognize and respond to the changing needs of our people. The pandemic accelerated many cultural discussions that had already begun at Country Bank. While initially motivated by the primary goal of keeping our people and their families safe, we successfully pivoted to remote work, adopting flexible scheduling opportunities and finding new and creative ways to stay connected with each other.



MIRIAM SIEGEL

First Senior Vice President &
Chief Culture & Development Officer

In Spring of 2021, we rolled out our first Staff Pulse Survey. This tool allowed us to hear the voices of our people, and we were highly pleased to see a record high response rate of 90%. We couldn't have been more delighted to see such great engagement and continue the work of responding to the shared themes of, among so many, in having a sense of purpose, inclusion, empowerment, transparency, growth, and flexibility.

We are dedicated to continuing this focus on creating an environment that allows our people to thrive and focus on what they do best, servicing our customers, communities, and each other with the excellence they deserve.

While it is unknown what challenges will come next in a world of constant workplace evolution, something we do know is that our people are the ones who make all of our success possible; they genuinely make all the difference at Country Bank!



OFFICIAL FOUNDING PARTNER OF THE

WORCESTER RED SOX

We had an exciting year as one of the Founding Partners of the Worcester Red Sox. The inaugural season provided Country Bank with great opportunities to give back to its customers, community, and staff. Many enjoyed catching a game in the Country Bank suite. On the fourth of July, Paul Scully, President and CEO of County Bank invited 20 Veterans to attend the game with him in the Country Bank suite. It was a wonderful evening for the Veterans as they were celebrated on the field in the 3rd inning.



In partnership with the Worcester Red Sox Foundation, we celebrated nine non-profit leaders through our joint "WooStar" program. Nominations were received from our local communities, those selected received a \$5,000 donation to their non-profit and were honored during a celebration at Polar Park in September.

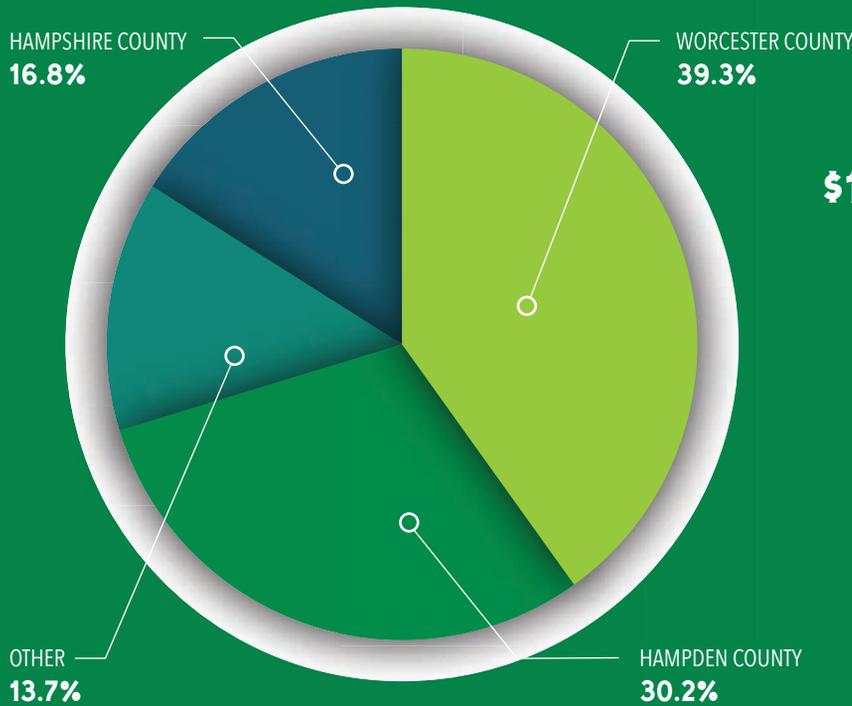


Country Bank has also teamed up with the Worcester Red Sox Foundation to recognize the amazing teachers who go above and beyond for their students with the "Most Valuable Teacher" (MVT) Program. Both the teachers and students receive tickets to a game along with other prizes. An assembly for the students is held at each school to celebrate and recognize each MVT Teacher.



WE THINK GIVING BACK IS THE BEST WAY FORWARD

Community Support
2021 Donations & Volunteer Hours



\$1.1-million-dollars
in donations
local non-profits
supported
310
volunteer hours
490

In 2021, Country Bank's commitment to its communities once again reached over \$1.1- million dollars in financial support. In addition, 310 local non-profits received donations to support the important work they do for our communities.

In June, at Country Bank's Annual Meeting held at Polar Park, we wanted to throw Hunger a Curve Ball by pledging \$1 million dollars to the Worcester County Food Bank and the Food Bank of Western Mass. We are deeply committed to helping our communities thrive, and nutrition should not be a privilege; we believe it is a right.

WHAT HUNGER LOOKS LIKE IN MASSACHUSETTS

In Massachusetts, 556,930 people are facing hunger - and of them 120,250 are children.

1 in 12 people
face hunger.



1 in 11 children
face hunger.

For more information, visit [FeedingAmerica.org](https://www.FeedingAmerica.org)

BUILDING A STRONGER COMMUNITY TOGETHER

Country Bank's Commercial and Business Banking Team offers the experience and thoughtful approach to help your business prosper. Since 1850, we have been dedicated to treating our customers with courtesy and respect and have the expertise and financial strength to help our clients grow. From commercial real estate loans to lines of credit to construction loans and cash management services, we'll make sure your business is equipped with everything it needs to succeed. We look forward to speaking with you, and helping you achieve your goals in the new year and beyond.

"The purchase of Becker College's Worcester Campus was one of the most complicated yet impactful transactions of my career. With numerous hurdles, delays, and working with various stakeholders, my ability to focus on levelheaded solutions was due to my relationship with Country Bank. The Commercial Lending team gave me the confidence to press forward. They supported my vision, believed in the project, and understood its transformative potential due to the very desirable impact this project would have on this neighborhood. In addition, Country Bank did whatever was necessary to expedite the process, so I did not have the standard financing uncertainty or insecurity that can add stress to a transaction of this size. With many banking options available to me, I am pleased to have chosen Country Bank for this project."

Russ Haims
HAMPTON PROPERTIES, LLC.



WE MAKE IT OUR BUSINESS

TO HELP YOURS THRIVE

“Two years before we started our business and acquired our first loan with Country Bank, they took the time to meet, listen to our business plan, and continuously guide us in the right direction. This information was vital to position ourselves on the right track from the start. Fast forward many years, Country Bank has been a true partner every step of the way. They have always adjusted to our needs, stayed committed to our vision, and have undoubtedly been key to our success. We look forward to many more years of this great partnership!”

Jackson Restrepo
RESTREPO PROPERTIES, LLC



Joseph Searles, CEO
**INTERNATIONAL CONTAINER
COMPANY, LLC**



“Our business has worked with many commercial lenders over the years. One thing we have found in common with all of them is the inability to understand and aid manufacturers who experience cyclicity. Country Bank is the first commercial lender we have worked with that has understood this about our business and tailored our lending experience to meet our needs and the needs of our customers. Through the out-of-the-box thinking offered by Country Bank, we have been able to keep our production lines running at capacity during slow times and use that inventory to supplement sales in our busy times. Thanks to Country Bank we have increased revenue, market share, and profitability.”

EXPERTISE MAKES ALL THE DIFFERENCE.

When you arrive at a certain size, your banking needs become more complex. You need a bank that can keep up. At Country Bank, we bring sophisticated capabilities, customized problem-solving, higher lending limits, industry expertise, and highly responsive service. We know what's at stake here. And you can trust we'll get it done.

