

INTEGRITY
SERVICE
TEAMWORK
EXCELLENCE
PROSPERITY



 countrybank

ANNUAL REPORT 2018

MISSION STATEMENT

Our mission is to grow mutually beneficial relationships with our customers, community and staff.

RELATIONSHIPS MATTER:

We believe that relationships are life's most valuable investments. It's been our philosophy for one hundred and sixty-eight years and counting, and it's why we're still going strong. It means we always go above and beyond for our customers and the communities we serve; and we always go the extra mile to make things right, even when things don't always go smoothly. It also means we never, ever, skimp on manners even when life is moving a million miles an hour.

GIVING BACK TO OUR COMMUNITIES

1,115
VOLUNTEER HOURS

\$1,000,000
DONATED

454
ORGANIZATIONS

A LETTER FROM OUR PRESIDENT

iSTEP – GUIDING COUNTRY BANK SINCE 1850



When the founding fathers of Country Bank formed the Bank in 1850, they envisioned the role of the local community bank to assist hard-working residents in providing for their families, growing their businesses, achieving their financial dreams and enriching the local community.

Although more than one hundred and sixty-eight years have passed since 1850, Country Bank's founding principles and core values continue to guide its success. Today, we refer to them as *iSTEP*: integrity;

Service; Teamwork; Excellence; and Prosperity. *iSTEP* provides the guiding light for the Bank's business decisions, internal and external customer interactions, community support and its financial foundation. It's the contemporary version of traditional values – values that are so ingrained in the Country Bank way of life that the five conference rooms at the Bank's corporate office reflect the name of a core value including a definition, chosen by the staff, etched on the wall.

- i*INTEGRITY:** wisdom is knowing the right path to take, integrity is taking it.
- S*ERVICE:** customers may forget what you said, but they'll never forget how you made them feel.
- T*EAMWORK:** simply stated, it's less me and more we.
- E*XCELLENCE:** the gradual result of always striving to do better.
- P*ROSPERITY:** positive thinking and positive attitude attracts prosperity, peace and happiness.

In 2018, applying the principles of *iSTEP* resulted in a highly successful year with record-breaking earnings! Net income increased more than \$2,000,000 from the preceding year to \$12,852,800 due to increased loan balances, enhanced operating efficiencies and the Tax Reform Act of 2018. Total assets increased to \$1,624,435,200 from \$1,586,090,200 at the end of 2017 while total loans increased to \$1,240,420,800 representing 76% of total assets. Deposit balances increased to \$1,083,181,700; a \$58,317,200 increase from the preceding year. Capital, the bellwether of a Bank's financial strength and its benchmark for future growth, increased to 14.06% of total assets maintaining Country Bank's esteemed position as one of the higher capitalized banks in the Commonwealth.

Loan growth during the year was fueled by new loan originations of \$298,000,000 comprised of \$128,824,000 of residential mortgages and \$169,218,000 of commercial loans including

the financing of several notable projects in the transforming market of downtown Worcester. These highly visible projects included: the recapitalization of 100 Front Street/Mercantile Center; construction financing of Harding Green in Kelley Square containing forty-eight market rate apartments along with a public food market for local vendors; and the development of first class office space with underground parking at 288 Grove Street. As part of its ongoing Worcester expansion, driven in part by its Business Development Office at 315 Main Street, the Bank partnered with the Worcester Red Sox as a Founding Partner as the team prepares for its move to Worcester in 2021. The Bank's partnership complements its 2017 partnering with the Worcester Railers Hockey Team as a Founding Sponsor.

Throughout 2018, *iSTEP* continued to serve as the compass for Country Bank's community outreach and support. During the year, the Bank donated over \$1,000,000 to more than four hundred and fifty local organizations. Some of the recipient organizations included: the Special Olympics; Hearts for Heat; the Salvation Army; the YMCA of Greater Springfield; the Friends of the Homeless; Provision Ministry; Christina's House; the Mustard Seed and St. John's Food Program for the Poor along with numerous others. The extent of the Bank's philanthropy and community involvement is so much more than financial. On National Day of Giving, members of the Bank's business community joined the staff and Board as they teamed with the Coalition for the Homeless and built fifty beds for the non-profit organization, A Bed for Every Child. Suffice it to say, there's truly nothing more rewarding or heartwarming than knowing that a few hours of teamwork will impact the life of a helpless, loving child. The staff-driven Country Bank Employee Charitable Giving Program, raised more than \$30,000 through jean days, bake sales and raffles and volunteered over eleven hundred hours of personal time in support of community organizations. They helped pack backpacks with life's basic necessities for the homeless, served meals to children at the Boys and Girls Club and the Ronald McDonald House, helped build a house for Habitat for Humanity and biked one hundred and six miles from Springfield to Boston in honor of fallen police, fire and first responders in the Ride to Remember. At Country Bank, we do more than talk the talk, we walk the walk as evidenced by our slogan "we think giving back is the most cutting edge thing a bank will ever do"!

Guided by *iSTEP*, 2018 was a rewarding year for Country Bank, its customers, community and staff and we look forward to an equally rewarding year in 2019!

VERY TRULY YOURS,

**PAUL F. SCULLY
PRESIDENT & CEO**

WE BELIEVE IN HELPING
OUR

BUSINESS CUSTOMERS

THRIVE 

THE OCCASIONAL HIGH FIVE

WHEN THEY DO.



At Country Bank we treat our business customers like a really big deal, because they are. Whatever your business banking needs, we'll be here for you with smart banking products, lending expertise, and personal guidance. We'd be honored to be your bank. So stop by and see us, and let's see about one of those high fives.

Learn more at countrybank.com/business



Member FDIC

Member DIF

PRESIDENTIAL PLATINUM AWARD



The exceptional employee that receives this award truly embodies all of Country Bank's core values and acts as a model for its mission. A high performer with a can-do attitude, collaborative leadership abilities, strong communication skills, fresh and innovative ideas, as well as, a passion for volunteering and developing the communities we support, this person embodies teamwork and inspires us all to be better every day.

Carla Alves, Vice President of Business Development, received the 2018 **President's Platinum Award**. Carla was nominated by a colleague for exemplifying Country Bank's iSTEP core values of Integrity, Service, Teamwork, Excellence and Prosperity.

4 Carla is a true go getter. When she knows something is needed for her customers, she is not shy to roll up her sleeves with her teammates and jump in to help get the job done. She doesn't just sit behind a desk and delegate. She shows her leadership by doing and helping others. Always having your team and colleagues back in the workplace goes a long way for boosting morale and increasing productivity. Carla's care for everything she does is infectious!"

Consolidated Statement of Condition (in thousands)

December 31, 2018*

ASSETS:

Cash and due from banks	\$12,537
Short-term investments	\$0
Investment securities	\$324,797
Loans, net of allowance	\$1,240,421
Premises and equipment	\$14,861
Other assets	\$31,819
Total Assets	\$1,624,435

LIABILITIES & SURPLUS

Transaction accounts	\$229,149
Savings and IRA accounts	\$231,074
Money market accounts	\$265,390
Certificate of deposits	\$357,569
Total Deposits	\$1,083,182

Short-term borrowings	\$22,577
Long-term borrowings	\$274,339
Other liabilities	\$15,896
Total Liabilities	\$1,395,994

Surplus	\$228,441
Total Liabilities and Surplus	\$1,624,435

*Unaudited

Comparative Consolidated Condensed (in thousands)

Analysis of Net Income*

	12/31/2018	12/31/2017
Interest income	\$63,957	\$58,527
Interest expense	\$13,549	\$11,300
Net interest income	\$50,408	\$47,227
Provision for loan losses	\$800	\$960
Net interest income after provision for loan losses	\$49,608	\$46,267
Non-interest income	\$5,737	\$8,836
Non-interest expense	\$38,071	\$36,069
Income before taxes	\$17,274	\$19,034
Income tax expense	\$4,421	\$8,365
Net Income	\$12,853	\$10,669



TREE HOUSE BREWING COMPANY

\$7.7 million in financing

Favored by much of New England, Tree House Brewing Company has been a long-time (and much enjoyed) partner of Country Bank.

**WE MAKE IT
OUR BUSINESS
TO HELP
YOURS THRIVE.**

**“We continue to be humbled
by our financial institution
that stood by us from day one.”**

**—Damien Goudreau
Tree House Brewing Company**

**WE’LL GUIDE YOUR
BUSINESS
FROM DAY ONE.**

“Country Bank is more than just a lender, it is a partner who has been there with us every step of the way throughout the construction of the Harding Green property.”

—Raymond Quinlan



KELLEY SQUARE APARTMENTS

\$16 million in financing

Investing in our community has always been important to us, and being a part of the Kelley Square revitalization is no exception.



MERCANTILE CENTER

\$59.5 million in financing

Country Bank was the lead lender on the recapitalization and debt refinance of the Mercantile Center in downtown Worcester.

This was our first deal with Country Bank and we had many other banking/financial institutions that wanted to work with us because this was a very large transaction, close to \$60 million, and very high profile, one of the largest mixed-use projects, in downtown Worcester. We chose Country Bank because they were attentive, honest, straightforward and aggressive. We were under a very tight timeline with a lot of pressure, and Country Bank did everything they said they would, and more, with absolute transparency, meeting all timelines and milestones as asked. The close on the deal was consistent with the initial quote, which is not always the case. We couldn't be happier with the final outcome of our transaction and we will certainly be doing more work with them in the future."

—Chip Norton, President, Franklin Realty Advisors, LLC.

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CORPORATE OFFICE
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 **countrybank**

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