

Our True North

2020

ANNUAL REPORT



NORTH SHORE BANK

Well north of your expectations.SM

YEAR IN REVIEW

2020

Unprecedented. In the context of the last twelve months it is likely one of the more used, or overused adjectives. Facing a global pandemic, state-wide shutdowns, public health requirements, and the all too real fear of infection, we found ourselves in uncharted territory. Certainly, unlike anything that most of us had seen in our lifetime. And while these circumstances were often in fact “unprecedented,” we’re proud to report that as a company, North Shore Bank’s response to them was anything but.

Thinking back to the start of the year it would have been hard to envision the scale of the tumult to which we would eventually be thrust. Through the first quarter we were tracking closely to our business plan and progressing steadily towards our March data systems conversion – effectively completing the consolidation of Beverly Bank. However, within a week of that event we would find ourselves deploying our Business Continuity Plan and moving the majority of employees to a remote working environment.

Given that banks were always deemed “essential” businesses, it was necessary that we maintain business operations while keeping to the recommended social distancing guidelines outlined by the Center for Disease Control. By moving employees offsite – and reducing the density of our footprint – we were able to do so safely and in a surprisingly quick period. Logistically, this translated into roughly 80% of our workforce operating remotely within an approximate two-week window. When considering hardware configuration, network connectivity and any other required peripherals, it is a testament to the diligence of our IT and Operations staff that this could be accomplished in that short time frame.

Despite the many challenges they endured, our retail banking staff performed admirably in 2020. Reporting to the office from the outset of the pandemic, they initially serviced customers through drive-up facilities before resuming lobby service in the summer. More importantly, this was accomplished with few interruptions to or reductions in service levels. In fact, North Shore Bank even opened its newest branch in March, at 31 Harnden Street in Reading, and relocated its West Peabody office in September.

Our lending staff also had an extremely productive year – albeit one that looked very different from what we anticipated at the start. On the commercial side, new business development was obviously impacted by the shutdowns, but that was more than offset by the demand for Paycheck Protection Loans. Offered through the US Small Business Administration and issued in three separate tranches, this program provided companies with the financing that allowed them to cover short-term payroll and benefit costs, as well as other operational expenses. Throughout the year, our lenders and support staff worked tirelessly to ensure that borrower demand was met. Twelve months into the program, North Shore Bank has underwritten more than 1,200 loans, totaling over \$127MM in credit extensions. In tangible terms, these efforts not only provided a lifeline to local businesses but have also preserved more than 10,000 area jobs.

Mortgage activity was also surprisingly strong throughout the year. Paced by aggressive origination activities and the low interest rate environment, refinance and home purchase loans resulted in historic production levels for North Shore Bank. By year-end, the Bank had experienced a 37% increase in residential loan volume from the previous year – a significant accomplishment given our long history of mortgage lending.

In light of these efforts, we’re pleased to report that overall financial performance was again excellent in 2020. Finishing the year with almost \$1.5 billion in assets, up over 8% from the prior year, asset quality remained strong, even with the uncertainty brought on by the pandemic. Additionally, our deposit acquisition efforts were able to keep pace as we continued to attract low-cost transaction and demand deposit accounts – which presently





North Shore Bank Employees (L-R) Sofiya Efendiyeva and Kaley Webster, Gary Frost and Lisseth Flores.

account for 37% of total deposits. We finished 2020 with over \$11MM in Net Income, another record for our organization, while Equity Capital grew to \$157MM, an 8% increase from 2019 levels.

Giving back to the community and philanthropy has always been a high priority for North Shore Bank, and the needs this year were particularly acute. As a result, the Bank stepped up its support for local non-profit services — in particular, those agencies that served the needs of the area’s most vulnerable. Recognizing the strain that these organizations were under, the Bank instituted a supplemental \$150,000 giving program aimed at blunting the immediate economic impact of the pandemic and allowing them to concentrate on crucial day-to-day operations. When combined with our normal charitable giving programs, overall donations increased by 63% in 2020.

As we reflect on the past year, we can be proud of our accomplishments and our staff – confident in the fact that regardless of the challenge, we always maintained our “True North.” Without exception, North Shore Bankers adapted to the “new normal,” and went about their daily activities as deliberately and professionally as could be expected. After all, it’s what we and our predecessors have been doing for the past 133 years.

Chief Executive Officer
North Shore Bank

President and Chief Operating Officer
North Shore Bank

Supporting Those Who Serve

North Shore Bank supported a wide range of non-profit organizations during 2020 — serving the needs of those within our service area, and well beyond. Below is a representative listing of organizations to which we provided financial assistance:

- + Alzheimer's Association, MA/NH Chapter
- + American Red Cross of Northeast Mass
- + Andrew Silverman Memorial Trust
- + Anna Jaques Hospital
- + Beverly Bootstraps
- + Beverly High School PTSO
- + Beverly High School Sports Hall of Fame
- + Beverly Homecoming Committee
- + Beverly Kiwanis
- + Beverly Main Streets
- + Beverly Middle School PTO
- + Beverly Rotary Foundation
- + Build a Better Beverly
- + Burlington Area Chamber of Commerce
- + Care Dimensions
- + Center School PTO
- + Chabad of Peabody
- + Change is Simple
- + Citizens Inn
- + City of Peabody
- + Clergy Health and Retirement
- + Collins Middle School Drama Club
- + Danvers High School
- + Danvers High School Basketball Boosters
- + Danvers Historical Society
- + Danvers Kiwanis Club
- + Danvers Wrestling Boosters
- + Danvers YMCA
- + DanversCARES
- + Elder Services - Merrimack Valley and North Shore
- + Essex County Community Foundation
- + Essex National Heritage Commission
- + Friends of the Newburyport Public Library
- + Friends of the Peabody Council on Aging
- + Gifts That Matter, Inc.
- + Girls Inc. of Lynn
- + Greater Beverly Chamber of Commerce
- + Greater Haverhill Chamber
- + Greater Lynn Chamber of Commerce
- + Harborlight Community Partners
- + Haverhill Exchange Club
- + HAWC
- + Healthy Students Healthy Saugus
- + Home Health Foundation
- + House of Seven Gables
- + Ipswich River Watershed Association
- + John Estrella Foundation for Cancer Research
- + Kiwanis Foundation of Beverly
- + Leap for Education, Inc.
- + Lifebridge
- + Lynn Community Health Center
- + Manchester-Essex Rotary Club
- + Marblehead DECA
- + Merrimac Baseball
- + Merrimac Council on Aging
- + Merrimac Heights Academy
- + Metro North YMCA
- + Middleton Board of Trade
- + Middleton Food Pantry
- + Montserrat College of Art
- + My Brother's Table
- + New England Homes for the Deaf
- + Newton and Kingston Softball Association
- + Newton Food Pantry
- + No Child Goes Hungry in Peabody
- + North East Builders Association of MA, Inc.
- + North Shore Cancer Walk
- + North Shore Chamber of Commerce
- + North Shore Community Action Program
- + North Shore Community College
- + North Shore Community Development Coalition
- + North Shore Concert Band
- + North Shore Habitat for Humanity
- + North Shore Pride
- + North Shore YMCA
- + Northeast Arc
- + Northern Essex Community College
- + Peabody Area Chamber of Commerce
- + Peabody Education Foundation
- + Peabody Institute Library Foundation
- + Peabody West Little League
- + Pentucket Music Boosters
- + People to People Food Pantry
- + Polycystic Kidney Disease
- + Progeria Research Foundation
- + Reading-North Reading Chamber of Commerce
- + Rotary Club of Peabody
- + Rotary Club of Salem
- + Salem Academy Charter School Foundation
- + Salem Athenaeum
- + Salem Children's Charity
- + Salem Sound Coastwatch
- + Salem State University Foundation, Inc.
- + Saugus High School Scholarship Program
- + Saugus High School Yearbook
- + St. John's Preparatory School
- + St. Richard Parish
- + The Cabot
- + The Salem Pantry
- + YMCA of Metro North

Financial Highlights

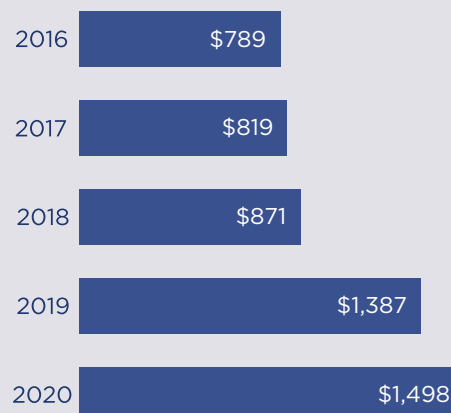
Consolidated Statement of Condition

(Dollars in Thousands)

| | December 31st, | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| Assets | | |
| Cash & Due From Banks | \$ 11,127 | \$ 13,789 |
| Securities | 120,457 | 138,243 |
| Overnight Investments | 168,950 | 27,126 |
| Loans | | |
| Loans | 1,154,570 | 1,151,416 |
| Allowance for Loan Losses | (14,967) | (9,502) |
| Net Loans | 1,139,603 | 1,141,914 |
| Total Fixed Assets | 19,967 | 21,002 |
| Other Assets | 38,129 | 44,635 |
| Total Assets | \$ 1,498,233 | \$ 1,386,709 |
| Liabilities | | |
| Deposits | | |
| Demand Deposits | \$ 360,104 | \$ 244,969 |
| Interest Bearing Balances | | |
| MMDA Accounts | 338,958 | 260,882 |
| Savings Accounts | 207,516 | 174,942 |
| Time Deposits | 280,271 | 374,874 |
| NOW Accounts | 120,654 | 105,119 |
| Total Interest Bearing | 947,399 | 915,817 |
| Total Deposits | 1,307,503 | 1,160,786 |
| Borrowed Funds | 22,070 | 69,713 |
| Other Liabilities | 10,987 | 10,553 |
| Total Liabilities | 1,340,560 | 1,241,052 |
| Equity Capital | | |
| Total Equity Capital | 157,673 | 145,657 |
| Total Liabilities and Equity Capital | \$ 1,498,233 | \$ 1,386,709 |

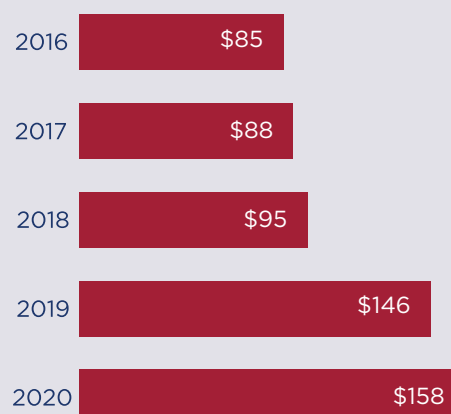
Total Assets

+ in millions



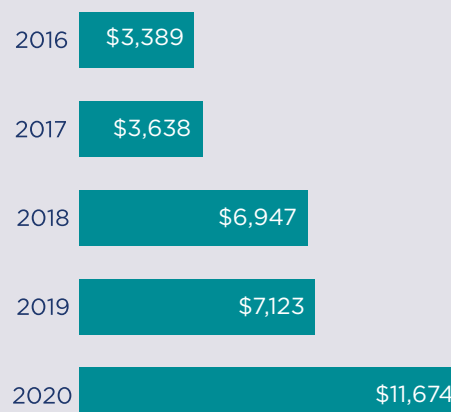
Equity Capital

+ in millions



Net Income

+ in millions



Directors

Jonathan N. Bursaw - Chairman of the Board

Thomas J. Alexander
Luis L. Azevedo
Jennifer Buras
Timothy F. Clarke
Bradley R. Gauthier
Andrew Goldberg
Charles E. Holden

Cynthia McGurren
Pamela Casey O'Brien
Monique Pelletier
Jayne Rice
Kevin M. Tierney, Sr. - Chief Executive Officer
Michael R. Wheeler - President & COO
Richard A. Yagjian

Corporators

Dave Altman
Nicholas Ambeliotis
Stacy M. Ames
Stephen C. Archer
George W. Atkins
Curt Bellavance
Virginia Blazo
Jennifer Borggaard
Amanda R. Brinkley
Benoit J. Brodeur, Jr.
Michael D. Brown
George H. Carey, Jr.
Claudia F. Chuber
Ann Ciccarelli
Barbara A. Cleary
John D. Colucci
Joseph C. Correnti
Gary F. Cowles
Chad Crandell
Andrew DeFranza
Patrick Delulis
Paul Delios
Lee R. Dellicker
John A. Diskes

Thomas J. Durkin, III
Jamie Engel
Stephen J. Feron
Todd Fitzgerald
Kathleen Fowler
Anthony P. Fusco
Elizabeth Gibbons
John Glovsky
Mark L. Goldstein
Audrey Gordon
David Gravel
Sandra M. Heaphy
Paul Herrick
Peter Hersee
William Howard
Corey Jackson
Jan Jefgood
Frank Kaminski
John R. Keilty
Christopher Keohane
Elizabeth H. Kross
David J. LaFlamme
Roger D. LeBlanc
Daniel J. Lemieux

Chris Lovasco
Andrew Lutts
Kevin Lyons
Donald A. MacQuarrie
Jill Elmstrom Mann
Wayne Marquis
Albert Martins
Daniel K. Mayer
Francis J. McCormack
Thomas McElligott
Brent McKenelley
David P. McKenna
Carol McLeod
Mark Meche
John E. Meserve
Robert W. Mitchell, Jr.
John F. Morello
Mark Mscisz
John Mullen
James M. Muse
Robert B. Nelson
Anthony O'Donnell
Jonathan Ofilos
Darryl Parker

Jonathan Payson
Peter C. Pedro, Jr.
Samuel A. Penta
Chrystal Denmark Porter
Kevin F. Procopio
Dennis Quintal
Paul Richardson
Richard Russell
Joseph S. Sabelli
Linda Saris
James W. Shea
William H. Sheehan, III
George J. Sophinos
Stephen E. Tarpey
Beth A. Tichy
John J. Vasapolli
Stephen T. Vesey
Suzanne Waite
Kathleen Walsh
William J. Woods
Jared Yagjian
Christine M. Zampell
Pamela Zerber



Photo Credits

Left
"Abbott Hall"
Derrick Mills

Right
"Friday Paddle"
Donna Bambury

Bank Officers

Executive

Kevin M. Tierney, Sr. – Chief Executive Officer
Michael R. Wheeler – President & COO

Finance

George J. Sophinos – EVP & Chief Financial Officer
Robert W. Mitchell, Jr. – Senior Vice President
Susan M. Petradelis – Vice President
Amanda P. Yim – Assistant Vice President

Human Resources

Beth A. Tichy – SVP & Human Resources Director
Liseth Flores – Vice President
Carol Varone – Assistant Vice President

Lending

Michael D. Brown – EVP & Chief Lending Officer
Peter D. Fenn – Senior Vice President
Matthew LaFlamme – Senior Vice President
Steven C. Pettengill – Senior Vice President
Jerome J. Salerno – Senior Vice President
Ross T. Caswell – Vice President
Paul V. Cheremka, Jr. – Vice President
Joanne V. Donovan – Vice President
Richard E. Felteau – Vice President
Edward F. Fitzgerald, Jr. – Vice President
Rosemary Garcia Frost – Vice President
William S. Henning – Vice President
Cathryn L. Kent – Vice President
Patrick Langmaid – Vice President
Geoffrey T. Leahy – Vice President
Scott W. Myers – Vice President
Mary Beth O’Connell – Vice President
John P. Ciesinski – Assistant Vice President
Kevin Dillon, Jr. – Assistant Vice President
Sean P. Driscoll – Assistant Vice President
Daniel P. Giuliani – Assistant Vice President
Brenda Ortiz Peral – Assistant Vice President
Andrew J. Rowe – Assistant Vice President
Lisa Scopa – Assistant Vice President
Elise Hurley – Mortgage Loan Originator

Operations & Information Technology

Kathryn V. Carty – SVP & Senior Operations Officer
Bryon D. Bua – Vice President
Rocco Cammarata – Vice President
Gary A. Frost – Vice President
Troy M. Joseph – Vice President
Sheryl A. Pompei – Vice President
Martha S. Bodek – Assistant Vice President
Gary R. Long – Assistant Vice President
Michael R. Zipper – Assistant Vice President



Photo Credit – “Beach Baby” Kathy Diamontopoulos

Marketing

David A. Munroe – VP & Marketing Director
Diane R. Morris – Vice President
Christopher G. Pesce – Vice President

Retail Banking

Gayle M. Fili – Senior Vice President
Elizabeth A. White – Vice President
Diane M. Ayers – Vice President
Daniel J. Sousa – Vice President
Vanessa Bettencourt – AVP & Branch Manager
Jodi Beth Landry – AVP & Branch Manager
Charles E. McGrath – AVP & Branch Manager
Suzanne L. O’Brien – AVP & Branch Manager
Maria A. Silva – AVP & Branch Manager
Vicki L. Cormier – Branch Manager
Mary Lou DaSilva – Branch Manager
Julieann Garland – Branch Manager
Chester Graham – Branch Manager
Jodi M. Houghton – Branch Manager
Kyle L. Marsh – Branch Manager
Erin M. Riley – Branch Manager
Thomas A. Seyffert – Branch Manager
Megan Shea-Pereira – Branch Manager
Thomas J. Sulick – Branch Manager

Risk Management

William S. Beitler – SVP & Chief Risk Officer
Sherry M. Ambrose – Vice President
Kimberly A. Lovett – Vice President
Dawn R. Savoie – Vice President
Stephanie M. Tallo – Vice President
Joseph Kermelewicz – Assistant Vice President
Lisa F. Ryan – Assistant Vice President



Beverly

- + 140 Brimbal Ave.
- + 254 Cabot Street
- + 48 Enon Street

Danvers

- + 48 Elm Street

Middleton

- + 237 South Main Street

Merrimac

- + One West Main Street

Newton, NH

- + 29 South Main Street

Peabody

- + 248 Andover Street
- + 637 Lowell Street
- + 32 Main Street

Reading

- + 31 Harnden Street

Salem

- + 73 Lafayette Street
- + 319 Highland Avenue

Saugus

- + One Hamilton Street
- + 412 Lynn Fells Parkway

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Photography is courtesy of the
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2020 Photo Contest

Photo Credit - Front Cover

"Rainbow Tower"

Tara Flanagan