

Navigating Turbulent Business Cycles

ANNUAL REPORT
2022



NORTH SHORE BANK

Well north of your expectations.SM

A Message from the CEO

After the experiences of the past few years, we were initially encouraged at the start of 2022, the transition from pandemic to endemic allowing most banking activities to return to more “normalized” patterns. However, we quickly learned that this shift would not be without its unique trials, as the macroeconomic fallout left in the wake of the pandemic proved to be every bit as demanding. After years of close to 0% interest rates, and in response to post-pandemic inflationary pressure, the Federal Reserve instituted a credit-tightening policy that resulted in the Prime Rate increasing by 4.25% during the year. Unfortunately, this activity resulted in some unwelcome consequences, with aggressive pricing competition on both sides of the balance sheet, and most recently, the travails stemming from several highly publicized bank failures.

Notwithstanding these challenges, I’m pleased to report that North Shore Bank had another highly successful campaign in 2022, ending the year at \$1.62 billion in total assets. The slight decline from the end of 2021 was expected and due to the reallocation of funds accumulated by customers from pandemic stimulus programs. We ended the year at \$1.23 billion of net loans, an increase of 6% from 2021. Excluding \$24.2 million of forgiveness of Paycheck Protection Program (PPP) loans by the SBA, the category grew \$98 million during the year, or 9%. Asset quality also remained strong across our diversified portfolios.

Earnings in 2022 were robust as a result of the growing loan portfolio and prudent balance sheet management. Specifically, net income grew 21% from \$15.2 million in 2021 to \$18.4 million in 2022, while the net interest margin grew from 3.35% to 3.60%. Rising deposit costs resulting from the interest rate environment are expected to continue in 2023. Equity Capital ended the year at \$187 million, while our Tier 1 Leverage and Risk-Based Capital ratios were 11.42% and 16.95%, respectively.

In 2022, the bank made considerable progress toward its digital transformation goals, completing high-profile projects that benefited customers while improving efficiency. For instance, in March, the bank rolled out a new online and mobile banking platform. Featuring a sleek “mobile-first” design, the platform is fully responsive and provides end-users with a consistent experience regardless of the device they are using.

We also embarked on an ambitious ATM replacement plan – upgrading most of our current fleet. When this project ultimately winds down this May, we will have installed twelve new state-of-the-art walk-up and drive thru devices. Notably, five of these will be interactive teller machines, allowing customers to perform most of the same transactions that they could in a branch, while also engaging with Digital Bankers via a video link. We’re confident that these investments will provide customers with the type of omnichannel banking experience that they expect, allowing them to engage with the bank at their convenience.

As in years past, North Shore Bank has continued to actively support area nonprofits, both philanthropically and through employee volunteerism. During 2022, the bank increased its yearly charitable giving by 37%, providing funding to 145 different groups throughout





Massachusetts and New Hampshire. In accordance with the bank's plan, these donations were largely earmarked for organizations serving the needs of the area's most vulnerable. Not to be outdone, bank employees were also quite active in 2022, volunteering their time and expertise while serving on many nonprofit boards across the region. These donations of human capital, while harder to quantify, undoubtedly provide much-needed counsel and strategic guidance to support the high-level missions of each organization.

I'm also pleased to report that employee generosity was on full display this year through the bank's homegrown Jeans Day program. Donating \$5 each Friday, in exchange for the ability to wear jeans to work, the proceeds are then donated to the nonprofits of their choosing. Since its inception, this program has raised an impressive \$100,000 and has benefited more than 75 different organizations.

While it's increasingly difficult to predict the external challenges that we'll face in coming years, one thing is for certain; as a management team, we will respond to them in the same manner as we have throughout our 135-year history. Through deliberative planning and purposeful execution, I'm confident that we will ride out any turbulence while engendering the same level of trust and confidence on which our customers have come to rely.



Kevin M. Tierney, Sr.
Chief Executive Officer
North Shore Bank

Financial Highlights

Consolidated Statement of Condition

(Dollars in Thousands)

December 31,

2022 2021

Assets

Cash & Due from Banks	\$	13,887	\$	9,334
Securities		276,202		171,780
Overnight Investments		23,711		245,290

Loans

Loans		1,250,309		1,176,371
Allowance for Loan Losses		(18,350)		(16,699)
Net Loans		1,231,959		1,159,672

Total Fixed Assets		21,875		15,839
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Other Assets		48,593		39,120
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Total Assets	\$	1,616,227	\$	1,641,035
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Liabilities

Deposits

Demand Deposits	\$	423,092	\$	434,772
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Interest-Bearing Balances

MMDA Accounts		376,369		404,956
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Savings Accounts		239,518		234,260
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Time Deposits		212,186		229,313
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NOW Accounts		148,824		145,337
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Total Interest Bearing		976,897		1,013,866
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Total Deposits		1,399,989		1,448,638
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Borrowed Funds		6,221		6,609
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Other Liabilities		23,094		13,706
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Total Liabilities		1,429,304		1,468,953
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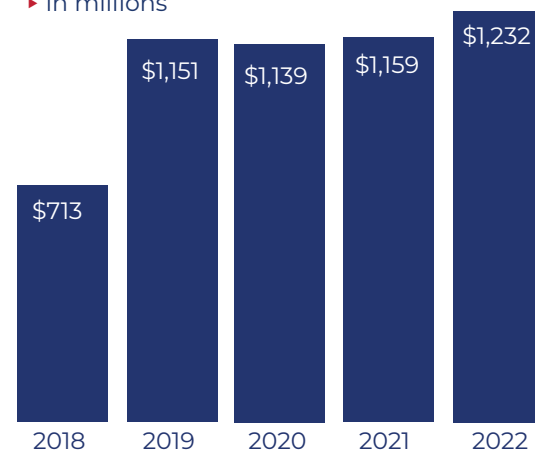
Equity Capital

Total Equity Capital		186,923		172,082
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Total Liabilities and Equity Capital	\$	1,616,227	\$	1,641,035
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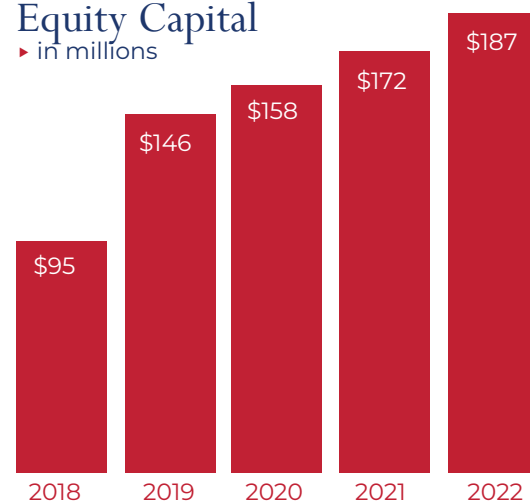
Total Loans

▶ in millions



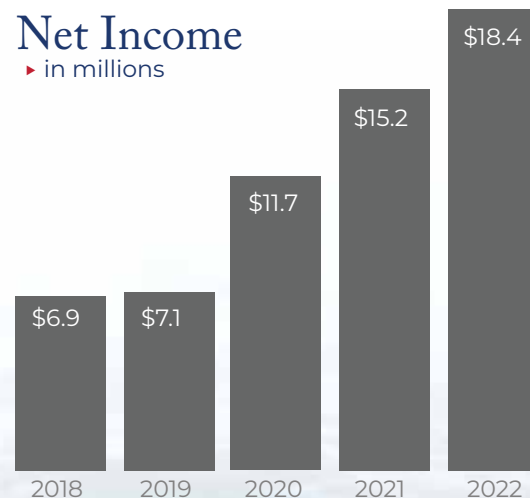
Equity Capital

▶ in millions



Net Income

▶ in millions



Giving Back to the Community

Since 1888, North Shore Bank has supported organizations that have made a difference to the community — groups that contribute to the overall betterment of the area. The list below is a sampling of the agencies to which we provided financial assistance in 2022.

- ▶ Alzheimer's Association, MA & NH
- ▶ Anna Jaques Hospital
- ▶ Anti-Defamation League
- ▶ Beverly Bootstraps
- ▶ Beverly High School Scholarships
- ▶ Beverly Holiday Parade
- ▶ Beverly Homecoming Committee
- ▶ Beverly Kiwanis Club
- ▶ Boston Walk for P.K.D.
- ▶ Boys & Girls Club of Greater Salem
- ▶ Boys and Girls Club of Lower Merrimack Valley
- ▶ Bridgewell
- ▶ Building a Better Beverly, Inc.
- ▶ Burbank YMCA
- ▶ CareDimensions
- ▶ CCCBSD
- ▶ Chief Will's Day
- ▶ Citizens Inn
- ▶ Coastal Homebuyer Education
- ▶ Danvers Community YMCA
- ▶ Danvers Helping Hands
- ▶ Danvers Historical Society
- ▶ DanversCARES
- ▶ Essex County Community Foundation
- ▶ Essex County Habitat for Humanity
- ▶ Essex National Heritage Commission
- ▶ Family Promise
- ▶ Friends of Merrimac, Inc.
- ▶ Friends of NEC
- ▶ Friends of the Danvers Rail Trail
- ▶ Friends of the Gale Library
- ▶ Friends of the Merrimac Council on Aging
- ▶ Friends of the PCOA, Inc.
- ▶ Girls Inc. of Lynn
- ▶ Grateful Friends
- ▶ Greater Beverly Chamber
- ▶ Harborlight Community Partners
- ▶ HAWC
- ▶ Home Health Foundation
- ▶ Kimberly Rossi Memorial Scholarship Golf Tournament
- ▶ LEAP for Education, Inc.
- ▶ Lifebridge North Shore
- ▶ Lynn Community Health Center
- ▶ Lynnfield Athletic Association
- ▶ Manchester-Essex Rotary Club
- ▶ Massachusetts General Hospital – Pete Frates 5K
- ▶ Merrimac Santa Committee
- ▶ Middleton Board of Trade
- ▶ Mission of Deeds
- ▶ Montserrat College of Art
- ▶ My Brother's Table
- ▶ NAGLY
- ▶ NECC Foundation, Inc.
- ▶ New England Homes for the Deaf
- ▶ Newton Historical Society
- ▶ North Shore Chamber
- ▶ North Shore Children's Museum
- ▶ North Shore Community College Foundation, Inc.
- ▶ North Shore Community Development Coalition
- ▶ Northeast ARC
- ▶ Northeast Massachusetts Youth Orchestras
- ▶ North Shore Community Action Programs
- ▶ The Open Door
- ▶ Pathways for Children
- ▶ Peabody Area Chamber
- ▶ Peabody Cultural Collaborative
- ▶ Peabody Education Foundation
- ▶ Peabody High School Scholarships
- ▶ Pan Mass Challenge
- ▶ Reading-North Reading Chamber
- ▶ Rising Reg LLC
- ▶ Rotary Club of Hamilton-Wenham
- ▶ Rotary Club of Peabody
- ▶ Rotary Club of Salem
- ▶ Salem Athenaeum
- ▶ Salem Hospital
- ▶ Salem Music Boosters
- ▶ Salem State University Foundation
- ▶ Santa's Magic, Inc.
- ▶ Santa's Toy Trot
- ▶ Saugus Founder's Day
- ▶ Saugus High School Scholarships
- ▶ Special Olympics Massachusetts
- ▶ St. John's Prep
- ▶ The Beverly Education Foundation
- ▶ The Cabot Theater
- ▶ The CdLS Foundation
- ▶ The Danielle Yagjian Foundation
- ▶ The House of Seven Gables
- ▶ The John Estrella Foundation For Cancer Research
- ▶ The Progeria Research Foundation
- ▶ The Salem Pantry, Inc.
- ▶ Tim Goldberg Memorial Fund
- ▶ VNA Care
- ▶ YMCA of Metro North
- ▶ YMCA of the North Shore



"Extreme Fishing," Joyce Wood



"Haverhill by Night on the River," Alison Colby-Campbell

Directors

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Luis L. Azevedo
Jennifer Buras
Jonathan N. Bursaw
Bradley R. Gauthier
Andrew Goldberg

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

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Stacy M. Ames
Curt Bellavance
Virginia Blazo
Jennifer Borggaard
Amanda R. Brinkley
Michael D. Brown
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
John A. Diskes
Thomas J. Durkin, III

Jamie Engel
Stephen J. Feron
Todd Fitzgerald
Anthony P. Fusco
Elizabeth Gibbons
Mark L. Goldstein
Audrey Gordon
David Gravel
Paul Herrick
Corey Jackson
Jan Jefgood
Frank Kaminski
John R. Keilty
Christopher Keohane
David J. LaFlamme
Roger D. LeBlanc
Daniel J. Lemieux
Chris Lovasco
Andrew Lutts

Kevin Lyons
Donald A. MacQuarrie
Jill Elmstrom Mann
Albert Martins
Daniel K. Mayer
Brent McKenelley
David P. McKenna
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Robert W. Mitchell, Jr.
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Mark Mscisz
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James M. Muse
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Jonathan Ofilos
Darryl Parker

Jonathan Payson
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Beth A. Tichy
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Kathleen Walsh
Jared Yagjian
Richard Yagjian
Christine M. Zampell
Pamela Zerber

Bank Officers

Executive

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

Finance

Joseph A. Schueller – SVP & Chief Financial Officer
Robert W. Mitchell, Jr. – Senior Vice President
Susan M. Petradelis – Vice President
Amanda P. Yim – Assistant Vice President

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Liseth Flores – SVP & Human Resources Director
Carol Varone – Assistant Vice President

Lending

Joseph Wadlinger – EVP & Chief Lending Officer
Joanne V. Donovan – Senior Vice President
Peter D. Fenn – Senior Vice President
Cathryn L. Kent – Senior Vice President
Matthew D. LaFlamme – Senior Vice President
Steven C. Pettengill – Senior Vice President
Jerome J. Salerno – Senior Vice President
Richard E. Felteau – Vice President
David M. Grishman – Vice President
William S. Henning – Vice President
Qi Jiang – Vice President
Patrick Langmaid – Vice President
Geoffrey T. Leahy – Vice President
Daniel J. Sousa – Vice President
Joseph P. Cavanaugh – Assistant Vice President
John P. Ciesinski – Assistant Vice President
Kevin D. Dillon, Jr. – Assistant Vice President
Sean P. Driscoll – Assistant Vice President
Jessica K. Regan – Assistant Vice President
Andrew J. Rowe – Assistant Vice President

Information Technology

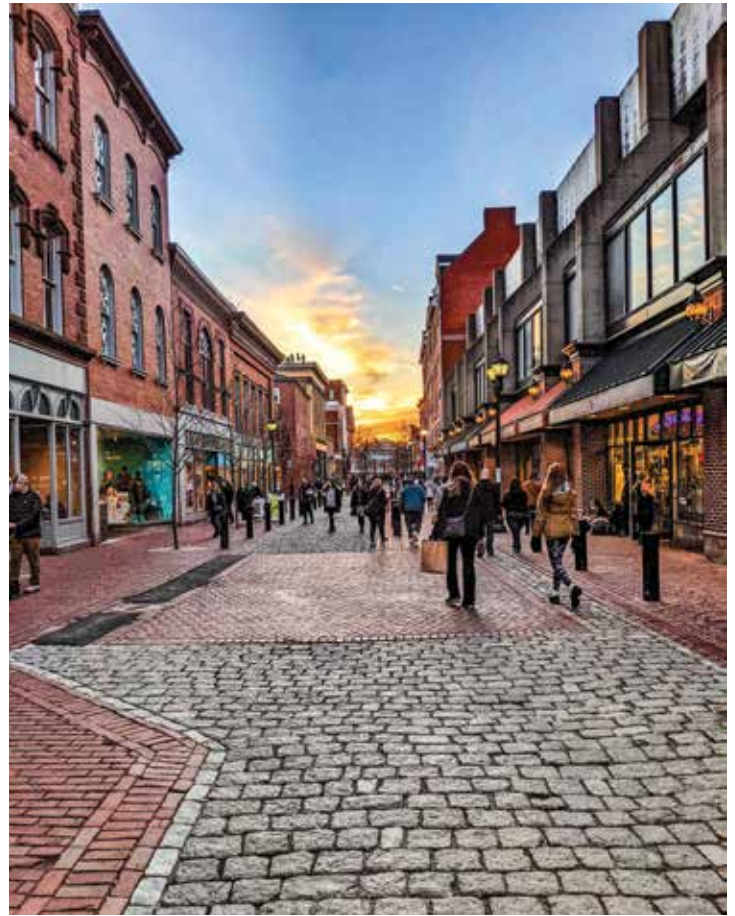
Sheryl L. Shinn – SVP & Chief Information Officer
Gary A. Frost – Vice President

Marketing

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

Operations

Kathryn V. Carty – SVP & Senior Operations Officer
Troy M. Joseph – Vice President
Sheryl A. Pompei – Vice President
Gary R. Long – Assistant Vice President
Michael R. Zipper – Assistant Vice President



“Ice Festival Stroll” – Donna Bambury

Retail Banking

Gayle M. Fili – Senior Vice President
Michael A. Torrielli – Customer Experience Manager
Vanessa Bettencourt – AVP & Branch Manager
Charles E. McGrath – AVP & Branch Manager
Suzanne L. O’Brien – AVP & Branch Manager
Erin M. Riley – AVP & Branch Manager
Thomas A. Seyffert – AVP & Branch Manager
Scott B. Atkinson – Customer Contact Center Manager
Peter Chetkin – Branch Manager
Vicki L. Cormier – Branch Manager
Julieann Garland – Branch Manager
Chester Graham – Branch Manager
Jonathan T. Johnson – Branch Manager
Kyle L. Marsh – Branch Manager
Jacquelyn Shambaugh – 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
Stephanie M. Tallo – Vice President
Joseph Kermelewicz – Assistant Vice President
Lisa F. Ryan – Assistant Vice President
Christopher D. Holmes – BSA Officer



NORTH SHORE BANK

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Photography is courtesy of the
Essex National Heritage Area's 2022 Photo Contest

Photo Credits

Left: "Thatcher Island Balancing Act," Jason Kennedy

Above: "Got My Limit," Judy Schneider