



THE BANK OF

*Yes!*

 **Machias**  
Savings Bank

2023 Annual Report

# A MESSAGE FROM THE PRESIDENT

For over a decade, I've introduced our annual report with a statement announcing that it's been another year of extraordinary impact for Machias Savings Bank. As we reflect on 2023, I have reason to pause. Can I trumpet the same success in a year that we lived through three of the largest bank failures in US history; in a year where economic conditions and an inverted yield curve led to a decline in profitability for most banks across the nation?

My answer is a resounding YES. We remain independent, community focused, purpose driven, and dedicated to moving Maine forward for the benefit of our employees, customers, and communities. I could not be prouder of the way our Board, Leadership Team and all 300 employees have navigated the challenging waters of 2023. I can confidently say that we are stronger for it.

Entering a challenging environment from a position of strength enabled us to reinforce our position as the Bank of YES with renewed commitment to serving our employees, customers, and communities.

While some banks were pulling back, we continued to invest in our communities with prudent lending, originating \$399 million in new loans to help businesses grow and 350 new loans to help customers purchase homes. We received our 4th outstanding Community Reinvestment Act (CRA) rating, an honor afforded to only 8% of the nation's banks. Our employees gave another 11,600 hours of community service and we donated over \$830,000 to organizations around the state.

In 2023, we improved our ability to serve small business on two fronts: creating a Business Services Team for dedicated customer support and implementing new technology and teams to get money into the hands of small businesses faster. We bolstered our effort to protect customer deposits through new fraud prevention tools. One of our largest investments was in data talent and infrastructure, ensuring our ability to better understand our customer needs in the future.

Given margin compression and the resulting pressure on profitability, we embarked on a journey to manage expenses and improve our business processes. In a very competitive landscape where some banks will be acquired or give way to fintech competition, our efficiency gains ensure our viability, allow us to grow, and help us maintain independence for the long term.

We set Machias Savings Bank apart by being the first Maine bank to launch a flexible time off program. This effort, combined with our remote and hybrid work policies, allows us to attract top talent that will be vital to our future. Our employee engagement and satisfaction scores continue to be industry leading and allow us to be in the top five across ALL large companies in Maine.

In 2024, our focus is on technological innovation, increased efficiency, and growth in deposits. Our financials project ongoing improved performance with margin expansion, efficiency gains, tech investments and allocation of resources behind our best opportunities.

Our financial position remains very strong in regard to capital, liquidity, and the performance of our loan portfolio. We are grateful to have very limited exposure to office buildings, a mere 2.9% of loans. That small portfolio is diversified across Maine, and performing very well, with no delinquencies.

We thank you for your continued trust and look forward to meeting your banking needs in 2024.

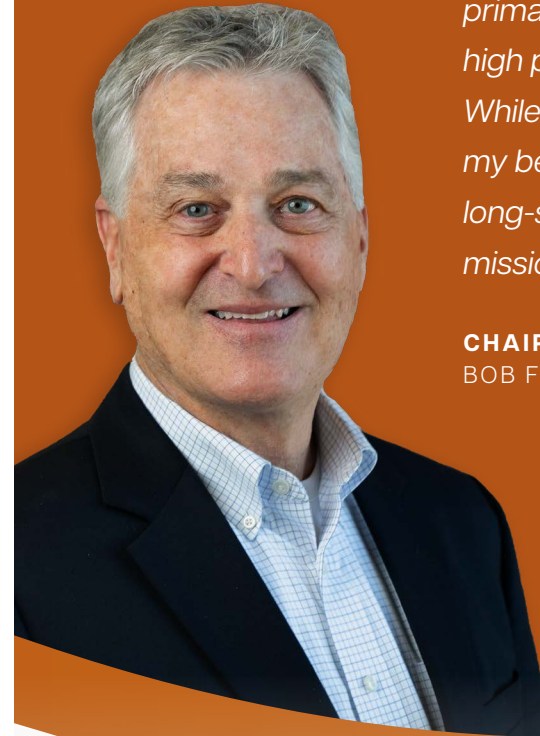
## **PRESIDENT AND CEO** LARRY BARKER



## **A message from the Chairman of the Board**

*"As a steward of this 155-year-old institution, I have long known that my primary role was to preserve the bank's amazing culture, ensuring continued high performance, and remaining laser focused on customer experience. While industry wide change has made for a challenging year, it has bolstered my belief that our leadership and entire team of employees is harnessing our long-standing cultural values and embracing innovation to help us meet our mission of building thriving communities for many years to come."*

## **CHAIRMAN OF THE BOARD** BOB FOSTER





# THE BANK OF YES FOR OUR CUSTOMERS

At Machias Savings Bank, our 300 employees work collectively to build thriving communities by **helping businesses and people prosper**. Whether buying a first home or growing a business, we are here to help customers succeed. We make annual investments in products, services, tools, and expertise to maximize the customer experience—digitally, in person, or through a mix of both.

## How We Said YES to Customers in 2023

- We launched a new Business Services Team to provide dedicated support to Maine's growing small business community
- We made it easier for small businesses to manage their finances by integrating Autobooks into our online banking platform
- We expanded our Cash Management team to better serve the complex needs of Maine's commercial businesses and municipalities
- We expanded our mortgage program to include customers purchasing homes in Florida
- We automated and improved many processes to help our business loans move faster from application to closing
- We provided security and efficiency by implementing fraud text alerts to enrolled card customers
- We created a new small business positive pay product for our businesses to combat growing check and ACH fraud



**Rebecca McHugh, COO**  
Coastal Women's  
Healthcare in Scarborough

**Lucie Hannigan, SVP**  
Cash Management  
Solutions



Scan to watch the **Machias Mile**  
featuring Coastal Women's Healthcare





# THE BANK OF YES FOR OUR COMMUNITIES

**>\$830k**  
invested

**>640**  
organizations  
impacted

2023 tested the resiliency of our Maine people. Intense storm surges impacted our coastal regions, and we all felt the heartbreak and loss of our sense of security with the violent act in Lewiston, the very heart of Maine. We said YES in both these incidents, responding quickly with support.

Partnering with Maine's nonprofits to help build thriving communities was at the core of our philanthropy for 2023. We focused on Maine's workforce as a key driver to community prosperity—investing in education, housing, entrepreneurship, and financial health as key pillars. We sought opportunities to remove barriers for low-income Mainers to earn a livable wage, addressing food and shelter. And we came together on a call to action from the Maine Banker's Association to support both the victims and the greater community of Lewiston. Through our longstanding partnerships across our footprint, we continue to Move Maine Forward.



-  **ENTREPRENEURSHIP**
-  **DIGITAL EQUITY**
-  **WORKFORCE DEVELOPMENT**
-  **BASIC NEEDS**
-  **FINANCIAL HEALTH**



# EMPLOYEES SAYING YES TO OUR COMMUNITIES

Making a difference in the places we call home is a priority for our employees. 91% of our employees partnered with their favorite nonprofit and volunteered thousands of hours. We supported these passions with donations to their causes. These investments of time and money, together, are helping to create thriving communities.

**>\$79k**  
invested

Our employees strive to be community difference-makers in the places they call home. Every hour volunteered and every dollar invested changes lives. From food pantries and coaching youth teams to local non-profit Boards, our employees impacted Maine communities with over 11,600 hours. We fuel employees' passions by donating to the nonprofits for which they volunteer their time and matching their personal donations up to \$500. Standing together, employees invested over \$79,000 in our communities to friends and neighbors.

**>11,600**  
volunteer hours

**>275**  
organizations impacted



Scan to watch 2023 Edward L. Hennessey, Jr. Volunteer of the Year story.

### DOLLARS FOR DOERS TIER I

**31%** of employees

volunteered over 40 volunteer hours

### DOLLARS FOR DOERS TIER II

**21%** of employees

volunteered over 40 volunteer hours in one organization—impacting those organizations with \$13,000

### LEVERAGE LEADERS

**33%** of employees

are members of nonprofit boards of directors—impacting those organizations with \$20,000

### HOURS FOR HOURS

**91%** of employees

volunteered over 11,600 hours

### MATCHING

**14%** of employees

donated their own funds, and we matched for over \$21,600 of impact

### HELP FROM THE HEART

**84%** of employees

donate \$2 weekly to the fund. In 2023, over \$24,500 impacted communities across our state





# THE BANK OF YES FOR OUR EMPLOYEES

Without wavering, Machias Savings Bank believes that culture attracts talent and talent drives the customer and community experience. With a solid foundation of cultural values, our 300 employees have fueled our success for 155 years. We relentlessly invest in our employees to build the best banking talent in Maine and within the industry. This investment brings top honors with Machias Savings being ranked among the top 20 banks in the nation and the top five best large companies to work for in Maine.

## How We Said YES to Employees in 2023

- Because of Employee Experience Programs, 95% of our employees believe MSB supports their mental and physical well-being
- Our Family First Philosophy to maintain our turnover at 8.66%, well below the industry average 21.50%\*
- Employees reported the Flexible Time Off Policy increased their workplace motivation by 20% in 2023
- Satisfaction of Growth and Development opportunities rose by 16% in 2023
- 96% of employees believe MSB supports them in being flexible to volunteer in their communities
- 100% of new hires indicate they feel they are part of the team after only 30 days contributing to our new hire retention rate of 88%, which beats out the national average of 48%\*\*

## 2023 Retired Employees

**Catherine Farren** 35 years  
**Chris Fitzpatrick** 22 years  
**Cindy McGovern** 19 years

**Pamela Jordan** 11 years  
**Carol Blackstone** 9 years

\* US Bureau of Labor Statistics  
 \*\* <https://www.celayix.com/blog/employee-turnover-costs-and-the-importance-of-the-first-year/>



*“I am incredibly thankful to have the new flex time. Participating in family events and activities has become less stressful and more enjoyable.”*

—RECENT EMPLOYEE ENGAGEMENT SURVEY

MSB's Annual Employee Event



# 2023 EMPLOYEE AWARDS



## 2023 Manager of the Year

**Danielle Woster**  
VP, Customer Service Manager



## 2023 Employee of the Year, Support

**James Mastrian**  
Security and Regulatory Systems  
Analyst



## 2023 Employee of the Year, Service

**Pamela Dinsmore**  
Financial Services Specialist III and  
Certified Trainer, Machias



## 2023 Employee of the Year, Sales

**Lucie Hannigan**  
SVP, Cash Management  
Relationship Manager II



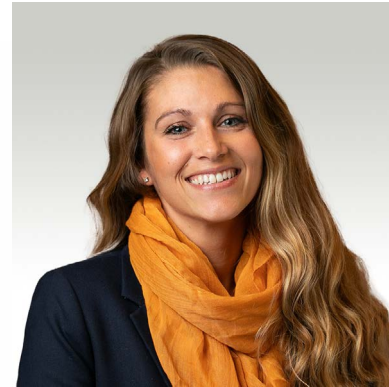
## 2023 Employee of the Year, Sales

**Lisa Holmes**  
VP, Mortgage Specialist



## 2023 President's Award

**Joe Tuell**  
VP, Asset Management



## 2023 Culture Spotlight Award

**Krystle Currier**  
VP, Retail Lending



## 2023 Edward L. Hennessey, Jr. Volunteer of the Year Award

**Amanda Tupper**  
Branch Manager, Ellsworth



## 2023 Culture Spotlight Award

**Kayla Arnold**  
Financial Services Specialist III,  
Bangor



## 2023 & 2022 STATEMENT OF CONDITIONS

	12/31/23 (000's)	12/31/22 (000's)
<b>ASSETS</b>		
Cash and Deposits Due from Banks	\$132,499	\$34,329
Investments	277,701	364,818
Loans	1,996,479	1,885,573
Allowance for Loan Losses	(21,047)	(23,350)
<b>TOTAL NET LOANS</b>	1,975,432	1,862,223
Bank Premises and Equipment	34,438	34,429
Other Assets	62,976	64,985
<b>TOTAL ASSETS</b>	\$2,483,046	\$2,360,784
<b>LIABILITIES &amp; CAPITAL</b>		
Checking Deposits	\$1,070,178	\$1,031,703
Savings Deposits	627,880	680,212
Time Deposits	347,765	255,064
<b>TOTAL DEPOSITS</b>	2,045,823	1,966,979
Borrowed Funds	176,164	149,354
Other Liabilities	18,696	21,201
Surplus and Undivided Profits	274,946	263,261
Net Unrealized Losses on Debt Securities	(32,583)	(40,011)
<b>TOTAL LIABILITIES &amp; CAPITAL</b>	\$2,483,046	\$2,360,784
Standby Letters of Credit outstanding not included in the above figures	\$6,966	\$6,047

*These statements are unaudited*







## 2023 & 2022 STATEMENT OF EARNINGS

	Year Ended 2023 (000's)	Year Ended 2022 (000's)
Interest and Fee Income on Loans	\$104,248	\$80,628
Interest and Dividend Income on Securities	7,771	6,411
Total Interest Income	112,019	87,039
Interest on Deposits	41,849	8,832
Interest on Borrowed Funds	7,544	1,522
Total Interest Expense	49,393	10,354
Net Interest Income	62,626	76,685
Release of Provision for Loan Losses	(2,500)	(103)
Other Operating Income	14,159	12,283
Other Operating Expense	65,049	60,170
Income Before Taxes and Security Transactions	14,236	28,901
Realized Losses on Debt Securities	(2,137)	-
Realized Gains (Losses) on Marketable Equity Securities	6,865	(1,619)
Unrealized Losses on Marketable Equity Securities	(4,750)	(7,423)
Income Before Income Taxes	14,214	19,859
Income Taxes	2,529	3,720
<b>NET INCOME</b>	<b>\$11,685</b>	<b>\$16,139</b>

*These statements are unaudited*

# MACHIAS BANCORP, MHC

## DIRECTORS, OFFICERS & CORPORATORS

### Directors

Robert W. Foster  
Chairman

Donald E. Reynolds  
Vice Chairman

Telford M. Allen III

LuAnn C. Ballesteros

Lawrence L. Barker

Christopher A. Fitzpatrick

Brent K. Hartley

Zachary P. Means

Oliver P. Smith

### Officers

Robert W. Foster  
Chairman

Lawrence L. Barker  
President & CEO

Christian A. Lyford  
Vice President

Matthew J. Walsh  
Treasurer

Nate J. Martell  
Clerk

### Corporators

Telford M. Allen III

Kim Allen-Wadman

LuAnn C. Ballesteros

Lawrence L. Barker

Erin Barry

Nathan Bateman

Brock Bradford

Carol Carew

Christopher R. Carson

Albert C. Carver

Annie U. Collins

Paul T. Cook

Lynne Darling

Gregory P. Dorr

Allison A. Economy

Seraphina Erhart

Patrick Feeney

Carey L. Fister

Christopher A. Fitzpatrick

Katie Foster

Robert W. Foster

Chad R. Francis

Michele L. Francis

Timothy C. Francis

Justin Freeman

Thomas W. Gardner

Mary Jane Good

Roger G. Grant

Stephen W. Hanington

Brent K. Hartley

Michael E. Hennessey

Joseph F. Hogan

Alexander R. Ingraham

Lucas J. McCannell

Jesse McCue

Michael G. McHugh

Philip E. McPhail II

Zachary P. Means

Carrie Meo

Thomas A. Michaud, Jr.

Lewis M. J. Morrison

Amy K. Mulkerin

Renee J. O'Donald

Paul Paradis

Hans S. Peterson

David W. Pinkham

Ian J. Pratt

Sarah Reinhart

Donald E. Reynolds

Hugh Reynolds

Rick D. Robertson

Heather M. Rose

Herb R. Sargent

Drew Sigfridson

Douglas Solman

Oliver P. Smith

Tyler S. Smith

Stephen L. Spencer

Denis P. St. Peter

William R. Thompson

Dianne Tilton

Jane Towle

Nicholas S. Vachon

Mike W. Varney

Timothy W. Varney

Melissa Vigue

Steven I. Weisberger

David M. Whitney

J. Scott Whitney

Jeffrey M. Woodman

Matthew C. Worthen



# MACHIAS SAVINGS BANK

## DIRECTORS & OFFICERS

### 2023 Directors

Robert W. Foster  
Chairman

Donald E. Reynolds  
Vice Chairman

Telford M. Allen III

LuAnn C. Ballesteros

Lawrence L. Barker

Christopher A. Fitzpatrick

Brent K. Hartley

Zachary P. Means

Oliver P. Smith

### 2023 Officers

Robert W. Foster  
Chairman

Lawrence L. Barker  
President & CEO

Christian A. Lyford,  
Vice President

Matthew J. Walsh  
Treasurer

Nate J. Martell  
Clerk

### Executive

Lawrence L. Barker  
President & CEO

Charlene D. Cates  
Chief Strategy Officer & Marketing

Danielle S. Daley  
Chief Human Resources Officer

Christopher A. Fitzpatrick  
Chief Lending Officer

Peter F. Greene  
Chief Operating Officer

Jason B. Hood  
Chief Lending Officer

Ben A. Jordan  
Chief Operating Officer

Christian A. Lyford  
Chief Banking Officer

Nate J. Martell  
Chief Risk Officer and General Counsel

Matthew J. Walsh  
Chief Financial Officer

### Senior Vice Presidents

Jonathan S. Alley  
Regional Manager, Downeast & Northern Markets

Tara M. Bartko  
Accounting and Finance

Julie K. Cote  
Cash Management Relationship Manager

Sarah N. Cavo  
Digital & Payment Services Manager

Dean T. Clark  
Regional Manager, Central Market

Jeremy T. Clough  
Information Security Officer

Francine V. Cram  
Business Banking, Team Leader

Rainya E. Davis  
Talent & Learning

Sean R. Daye  
Business Banking & CRA Officer

Charity H. Dennison  
Project Management Services

Thad R. Dolley  
Credit Risk Manager

James N. Edwards  
Cash Management Solutions Manager

Kelli R. Emery  
Compliance Officer

Gregory J. Fuller  
Asset Management

Vicki L. Hall  
Business Banking

Lucie J. Hannigan  
Cash Management Relationship Manager

Elizabeth A. Hayward  
Business Banking

Michael H. Kelley  
Business Development

Jack N. Lufkin  
Regional Manager, Southern Market

Lucas G. Morris  
Senior Credit Officer

Kimberly J. Nason  
Retail Lending

Ben M. Perry  
Regulatory & Security Manager/  
BSA Officer

Kari A. Reynolds  
Relationship Support

Jillian F. Saucier  
Sales Operations Manager

Bobbi-Jo Thornton  
Business Banking

Robert E. Wood, Jr.  
Technology Services

### Vice Presidents

Leann M. Beal  
Mortgage Specialist

Jill E. Blanch  
Brand Experience Manager

Ryan L. Callahan  
Branch Manager, Bangor

Todd S. Christiansen  
Business Banking

Jean M. Claveau  
Business Relationship Banker

Jamie Clisham  
Data & Analytics Manager

Brent A. Colbeth  
Software Solutions and Integration Manager

Krystle K. Currier  
Retail Loan Administration Manager

Jody B. Dennison  
Accounting Manager

Melissa G. Moffett Denbow  
Community Experience Manager

Andrew C. Dorr  
Business Banking

Jessica L. Giles  
Business Banking

Lisa A. Holmes  
Mortgage Specialist

Matthew R. Horton  
Branch Manager, Bar Harbor

Matthew C. Jarrell  
Business Banking

Kimberly Lee  
Branch Manager,  
Lincoln & Danforth

### Other Officers

Lucille J. Bragg  
OFAC Officer

Laura Woodward  
Branch Manager, Columbia

Cheryl L. Locke  
Branch Manager, Houlton

Shawn R. Leger  
Business Banking

Shauna M. MacDonald  
Human Resources Manager

Elsa B. McGary  
Cash Management Solutions,  
Team Leader

Jacqueline D. Morse  
Mortgage Specialist

Stephanie L. Page  
Physical Security Officer

Craig M. Saunders  
Business Loan Underwriting  
Manager

Wendy L. Schors  
Asset Management Manager

Robert A. Simpson  
Audit Manager

Matthew A. Smith  
Senior Network Administrator

Miranda F. Smith  
Branch Services Manager

Cindy L. Thibeau  
Mortgage Specialist

Joseph S. Tuell  
Asset Management

Julie M. Vittum  
Internal Audit

Danielle J. Worster  
Customer Service Manager

### Assistant Vice Presidents

Tracy C. Alley  
Digital & Payment Services  
Operations Administrator

Rachel M. Anderson  
Business Banking

Joanna Bagley  
Senior Retail Loan Underwriter

Michelle L. Bagley  
Commercial Processing Manager

JR E. Belanger  
Branch Manager, Caribou

Kali L. Boulier  
Talent Acquisition Specialist

Sandra Caston  
Credit Risk Specialist II

Autumn M. Clark  
Cash Management Specialist

Matthew Cole  
Portfolio Manager

Stacey L. Connolly  
Branch Manager, Calais

Christine Cram  
Branch Manager, Portland

Alex R. Currier  
Business Banking

Brandon Cyr  
Business Banking Portfolio  
Manager

Sharon L. Davis  
Senior Project Manager

Courtney B. DeRosie  
Portfolio Manager

Sarah E. Douglass  
Commercial Administration  
Manager

Pat M. Fish  
Assistant Branch Manager, Brewer

Vicki L. Garnett  
Retail Loan Underwriting Officer

Lisa Gundel  
Branch Manager, Rockland

Gregory S. Jones  
Business Banker

Kristen M. Keith  
Branch Manager, Brewer

Timothy L. Kelly  
Mortgage Specialist

John W. Larkin  
Senior Credit Analyst

Catherine Leeman  
Assistant Branch Manager,  
Bar Harbor

Cindy L. Leighton  
Senior Mortgage Lending  
Administrator

Michael J. Lenfestey  
Retail Loan Administration  
Team Leader

Gianna Lunn  
Digital Experience Manager

Anita A. Madden  
Business Portfolio Assistant

Annie-Marie J. Morris  
Credit Risk Specialist

Dustin M. Morse  
Digital Systems Administrator

Sean P. Mulligan  
Cash Management Relationship  
Manager

Ken H. Page  
Senior Credit Analyst

Rebecca L. Potter  
Small Business Loan Support  
Manager

Erika Pratt  
Business Analyst

Kenneth J. Stewart  
Business Banking

Karen A. Thibodeau  
Senior Mortgage Lending  
Specialist

Amanda R. Tupper  
Branch Manager, Ellsworth

Danielle Violette  
Business Services Team Lead

Heather L. Vose  
Employee Development

Hailey N. Wallace  
Training & Development

Jennifer Walter  
Mortgage Specialist

Samuel T. Whitney  
Branch Manager, Machias



# THE BANK OF

*Yes!*

**Machias Home Office**

4 Center Street, PO Box 318, Machias, ME 04654

**Bangor**

1126 Hammond Street, Bangor, ME 04401

**Bar Harbor**

96 Cottage Street, Bar Harbor, ME 04609

**Brewer**

581 Wilson Street, Brewer, ME 04412

**Calais**

210 North Street, Calais, ME 04619

**Caribou**

142 Bennett Drive, Caribou, ME 04736

**Columbia**

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**Danforth**

38 Depot Street, PO Box 219, Danforth, ME 04424

**Ellsworth**

93 High Street, Ellsworth, ME 04605

**Houlton**

138 North Street, Houlton, ME 04730

**Lincoln**

6 Penobscot Valley Avenue, PO Box 7, Lincoln, ME 04457

**Portland**

193 Middle Street, Portland, ME 04101

**Presque Isle**

9 Dyer Street, Presque Isle, ME 04769

**Princeton**

127 Main Street, Princeton, ME 04668

**Rockland**

3 Glen Street, Rockland, ME 04841

