NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION

December 31, 2023 and 2022

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Audit Committee
New Hampshire Mutual Bancorp and Subsidiaries

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated financial statements of New Hampshire Mutual Bancorp and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income (loss), changes in surplus, and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

We also have audited the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9C) (call report instructions), as of December 31, 2023, based on criteria established in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the Internal Control—Integrated Framework issued by COSO.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2023 due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 326, Financial Instruments – Credit Losses. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control over Financial Reporting.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of the financial statements and an audit of internal control over financial reporting in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.

- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. GAAP. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act, our audit of the Company's internal control over financial reporting included controls over the preparation of financial statements in accordance with U.S. GAAP and with the instructions to the Consolidated Financial Statements for Bank Holding Companies (Form FR Y-9C). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and statements of income are presented for purposes of additional analysis, rather than to present the financial positions and results of operations of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

We did not perform auditing procedures on Management's Assessment of Compliance with Designated Laws and Regulations, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control Over Financial Reporting, and accordingly, we do not express an opinion or provide any assurance on it.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 20, 2024

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

ASSETS

	2023	2022
	(In thousands)	
Cash and due from banks	**$ 31,033**	$ 31,922
Deposits with Federal Reserve Bank and Federal Home Loan Bank	**35,790**	29,948
Total cash and cash equivalents	**66,823**	61,870
Available-for-sale securities, at fair value	**313,936**	332,687
Federal Home Loan Bank of Boston stock, at cost	**14,788**	13,633
Loans held for sale	**-**	2,085
Loans, net of allowance for credit losses of $31,638 and $26,838, respectively	**3,200,293**	3,026,961
Premises and equipment, net	**53,212**	52,591
Other real estate owned	**74**	47
Goodwill	**3,513**	3,513
Amortizing intangible assets from acquisitions	**5,941**	6,766
Accrued interest receivable	**9,940**	8,429
Cash surrender value of life insurance policies	**34,657**	35,062
Interest rate swap assets	**468**	-
Other assets	**40,128**	42,512
Total assets	**$ 3,743,773**	$ 3,586,156

LIABILITIES AND SURPLUS

Deposits		
Noninterest-bearing	**$ 431,194**	$ 464,532
Interest-bearing	**2,443,714**	2,401,685
Total deposits	**2,874,908**	2,866,217
Securities sold under agreements to repurchase	**82,893**	104,474
Advances from Federal Home Loan Bank of Boston	**325,052**	298,567
Advances from Federal Reserve Bank	**115,000**	-
Subordinated debentures	**24,645**	24,577
Other liabilities	**32,601**	28,779
Total liabilities	**3,455,099**	3,322,614
Surplus		
Undivided profits	**327,430**	308,762
Accumulated other comprehensive loss	**(38,756)**	(45,220)
Total surplus	**288,674**	263,542
Total liabilities and surplus	**$ 3,743,773**	$ 3,586,156

The accompanying notes are an integral part of these consolidated financial statements.

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Statements of Income

Years Ended December 31, 2023 and 2022

	2023	2022
	(In thousands)	
Interest and dividend income		
Interest and fees on loans	**$ 143,578**	$ 112,443
Interest and dividends on securities		
Taxable	**7,183**	6,921
Tax-exempt	**99**	113
Other interest	**896**	446
Total interest and dividend income	**151,756**	119,923
Interest expense		
Interest on deposits	**27,972**	5,699
Interest on securities sold under agreements to repurchase	**2,666**	896
Interest on advances from Federal Home Loan Bank of Boston	**13,323**	3,218
Interest on advances from Federal Reserve Bank	**5,086**	-
Interest on subordinated debentures	**1,074**	930
Total interest expense	**50,121**	10,743
Net interest and dividend income	**101,635**	109,180
Credit loss expense – loans	**2,746**	4,885
Credit loss expense – off-balance sheet credit exposures	**191**	40
Total credit loss expense	**2,937**	4,925
Net interest and dividend income after credit loss expense	**98,698**	104,255
Noninterest income		
Fees and service charges on deposit accounts	**9,145**	8,690
Gain on sales of available-for-sale securities, net	**-**	27
Gain on sale of loans, net	**704**	128
Income from wealth management	**7,325**	7,293
Increase in cash surrender value of life insurance policies	**1,627**	2,827
Other income	**2,407**	1,319
Total noninterest income	**21,208**	20,284
Noninterest expenses		
Salaries and employee benefits	**52,774**	54,128
Occupancy expense	**6,316**	6,207
Equipment expense	**7,982**	7,702
Professional fees	**3,115**	3,003
Account services/data processing expense	**7,344**	6,333
Marketing expense	**3,198**	2,600
FDIC assessments	**2,688**	1,390
Amortization of intangible assets from acquisitions	**825**	1,990
Charitable contributions	**672**	891
Other expenses	**10,907**	11,419
Total noninterest expenses	**95,821**	95,663
Income before income taxes	**24,085**	28,876
Income tax expense	**5,417**	6,373
Net income	**$ 18,668**	$ 22,503

The accompanying notes are an integral part of these consolidated financial statements.

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

Years Ended December 31, 2023 and 2022

	2023	2022
	(In thousands)	
Net income	**$ 18,668**	$ 22,503
Other comprehensive income (loss), net of tax		
Available-for-sale securities		
Net unrealized holding gain (loss) on available-for-sale securities arising during the year	**8,272**	(57,471)
Reclassification adjustment for realized gains in net income (1)	**-**	(27)
Tax effect	**(2,272)**	15,798
Net of tax amount	**6,000**	(41,700)
SERP plans		
Net actuarial gain (loss) arising during period	**72**	(49)
Reclassification to net periodic cost (2)	**100**	102
Tax effect	**(47)**	(14)
Net of tax amount	**125**	39
Interest rate swaps		
Change in value of interest rate swap asset	**468**	63
Reclassification to interest expense (3)	**-**	(27)
Tax effect	**(129)**	(10)
Net of tax amount	**339**	26
Total other comprehensive income (loss), net of tax	**6,464**	(41,635)
Total comprehensive income (loss)	**$ 25,132**	$ (19,132)

(1) Reclassified into the consolidated statements of income in gain on sales of available-for-sale securities, net.
(2) Reclassified into the consolidated statements of income in salaries and employee benefits.
(3) Reclassified into the consolidated statements of income in interest on subordinated debentures.

The accompanying notes are an integral part of these consolidated financial statements.

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Statements of Changes in Surplus

Years Ended December 31, 2023 and 2022

	Undivided Profits	Accumulated Other Comprehensive Income (Loss)	Total
		(In thousands)	
Balance, December 31, 2021	$ 286,231	$ (3,585)	$ 282,646
Comprehensive income (loss)			
Net income	22,503	-	22,503
Other comprehensive loss, net of tax effect	-	(41,635)	(41,635)
Total comprehensive income (loss)	22,503	(41,635)	(19,132)
Adoption of ASU No. 2016-02 Leases (Topic 842)	28	-	28
Balance, December 31, 2022	$ 308,762	$ (45,220)	$ 263,542
Comprehensive income			
Net income	**18,668**	**-**	**18,668**
Other comprehensive income, net of tax effect	**-**	**6,464**	**6,464**
Total comprehensive income	**18,668**	**6,464**	**25,132**
Balance, December 31, 2023	**$ 327,430**	**$ (38,756)**	**$ 288,674**

Accumulated other comprehensive loss consisted of the following at December 31:

	2023	2022
	(In thousands)	
Net unrealized holding losses on available-for-sale securities, net of tax	**$ (38,713)**	$ (44,713)
Unrecognized SERP plan expenses, net of tax	**(380)**	(505)
Unrecognized gain (loss) on interest rate swap liability, net of tax	**337**	(2)
Accumulated other comprehensive loss	**$ (38,756)**	$ (45,220)

The accompanying notes are an integral part of these consolidated financial statements.

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
	(In thousands)	
Cash flows from operating activities		
Net income	**$ 18,668**	$ 22,503
Adjustments to reconcile net income to net cash provided by operating activities		
Net amortization of premiums on securities	**150**	137
Net gain on sales of available-for-sale securities	**-**	(27)
Net gain on sales of loans	**(704)**	(128)
Credit loss expense	**2,937**	4,925
Change in deferred costs, net	**(168)**	(4,583)
Reduction of right-of-use assets	**(239)**	-
Depreciation and amortization of premises and equipment	**3,206**	3,170
Write–off of premises and equipment related to branch closure	**-**	92
Gain on sale of premises and equipment	**(6)**	-
Amortization of intangible assets from acquisitions	**825**	1,990
Amortization of issuance subordinated debt issuance costs	**68**	67
Increase in accrued interest receivable	**(1,511)**	(2,771)
Decrease (increase) in other assets	**1,325**	(3,825)
(Increase) decrease in cash surrender value of life insurance	**(215)**	2,312
Proceeds from sale of loans held for sale	**55,317**	5,070
Originations of loans held for sale	**(52,528)**	(5,757)
Increase in other liabilities	**3,310**	1,242
Deferred income tax benefit	**(1,342)**	(1,947)
Net cash provided by operating activities	**29,093**	22,470
Cash flows from investing activities		
Proceeds from sales of available-for-sale securities	**-**	3,339
Proceeds from calls and maturities of available-for-sale securities	**29,467**	40,367
Purchase of available-for-sale securities	**(2,594)**	(76,071)
Net purchase of Federal Home Loan Bank of Boston stock	**(1,155)**	(9,868)
Loan originations and principal collections, net	**(176,317)**	(534,017)
Recoveries of loans previously charged-off	**826**	137
Proceeds from life insurance death benefits	**620**	1,807
Purchase of premises and equipment	**(3,588)**	(3,683)
Proceeds from sale of premises and equipment	**6**	-
Net cash used in investing activities	**$ (152,735)**	$ (577,989)

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Concluded)

Years Ended December 31, 2023 and 2022

	2023	2022
	(In thousands)	
Cash flows from financing activities		
Net (decrease) increase in demand deposits	**$ (195,025)**	$ 60,297
Net increase in time deposits	**203,716**	119,584
Net change in short-term advances from Federal Home Loan Bank of Boston	**52,000**	204,000
Repayment of long-term advances from Federal Home Loan Bank of Boston	**(176,665)**	(898)
Proceeds from long-term advances from Federal Home Loan Bank of Boston	**151,150**	80,000
Net change in short-term advances from Federal Reserve Bank	**115,000**	-
Net (decrease) increase in securities sold under agreements to repurchase	**(21,581)**	741
Net cash provided by financing activities	**128,595**	463,724
Net increase (decrease) increase in cash and cash equivalents	**4,953**	(91,795)
Cash and cash equivalents, beginning of year	**61,870**	153,665
Cash and cash equivalents, end of year	**$ 66,823**	$ 61,870
Noncash investing and financing activities		
ROU assets recorded upon adoption of ASU No. 2016-02	**$ -**	$ 7,348
Lease liabilities recorded upon adoption of ASU No. 2016-02	**$ -**	$ 7,348
Net impact of adoption of ASU No. 2016-13 and ASU No. 2022-02	**$ 2,530**	$ -
Supplementary cash flow information		
Interest paid	**$ 45,853**	$ 9,266
Federal income taxes paid	**$ 4,210**	$ 6,495
Transfer of loans to other real estate owned	**$ 27**	$ 47

The accompanying notes are an integral part of these consolidated financial statements.

Nature of Business

New Hampshire Mutual Bancorp (the Company) is a New Hampshire mutual holding company. The Company's principal activity is to act as the holding company for its wholly-owned subsidiaries, Merrimack County Savings Bank (MCSB), Meredith Village Savings Bank (MVSB), Savings Bank of Walpole (SBW) (collectively, the Banks), and The New Hampshire Trust Company (NHTC).

MCSB is a state-chartered guarantee stock savings bank incorporated in 1867 and headquartered in Concord, New Hampshire. MVSB is a state-chartered guarantee stock savings bank incorporated in 1869 and headquartered in Meredith, New Hampshire. SBW is a state-chartered guarantee stock savings bank incorporated in 1875 and headquartered in Walpole, New Hampshire. NHTC is a state-chartered trust company incorporated in 2015 and headquartered in Concord, New Hampshire. The Banks are engaged principally in the business of attracting deposits from the general public and investing those deposits in residential real estate loans, consumer loans, commercial loans and investment securities. NHTC is engaged to act as investment advisor, trustee, and named custodian primarily for customers of MCSB, MVSB and SBW and to provide insurance and broker-dealer products and services through an agreement with a third-party broker-dealer.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accounting and reporting policies of the Company are in conformity with U.S. generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, the Banks and NHTC. All significant intercompany transactions and balances have been eliminated in consolidation.

Merrimack Capital Trust I (the Trust), an affiliated trust of the Company, was formed in April 2007 to sell capital securities to the public through a third-party trust pool. In accordance with FASB Accounting Standards Codification Topic (ASC) 810, *Consolidation*, this affiliated trust has not been included in the consolidated financial statements. ASC 810 establishes the criteria used to identify variable interest entities (VIE) and to determine whether or not to consolidate a VIE. VIEs are those entities in which the total equity investment at risk does not provide the holders of that investment with the characteristics of a controlling financial interest. The Company's investment in the Trust totaled $155,000 for both December 31, 2023 and 2022, and these funds were used by the Trust to invest in subordinated debentures issued by the Company. Accordingly, the Trust is considered a VIE, and is not included in the Company’s consolidated financial statements as the Company is not the primary beneficiary of the VIE. The equity investment in the Trust is included in other assets in the consolidated balance sheets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates that are particularly susceptible to significant change in the near term relate to the allowance for credit losses (ACL), the valuation of other real estate owned, investment securities valuation and postretirement plan liabilities.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items, due from banks, Federal Reserve Bank (FRB) and Federal Home Loan Bank of Boston (FHLBB) interest-bearing accounts, and federal funds sold.

The Company's due from bank accounts may, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

Investment Securities

Investments in debt securities are adjusted for amortization of premiums and accretion of discounts so as to approximate the interest method. Gains or losses on sales of investment securities are recorded on the trade date and are computed on a specific identification basis.

The Company classifies debt securities into one of three categories: held-to-maturity, available-for-sale, or trading. These security classifications may be modified after acquisition only under certain specified conditions. In general, securities may be classified as held-to-maturity only if the Company has the positive intent and ability to hold them to maturity. Trading securities are defined as those bought and held principally for the purpose of selling them in the near term. All other debt securities must be classified as available-for-sale.

Held-to-maturity securities are measured at amortized cost in the consolidated balance sheets. Unrealized holding gains and losses are not included in earnings or in a separate component of surplus; they are merely disclosed in the notes to the consolidated financial statements. At December 31, 2023 and 2022, the Company had no held-to-maturity securities.

Available-for-sale securities are carried at fair value in the consolidated balance sheets. Unrealized holding gains and losses on debt securities are not included in earnings, but are reported as a net amount (less expected tax) in a separate component of other comprehensive income (loss) until realized.

Allowance for Credit Losses – Available-For-Sale Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an ACL is recognized in other comprehensive income.

Changes in the ACL are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2023 and 2022, the Company had no securities meeting the criteria for which an ACL is required.

Accrued interest receivable on available-for-sale debt securities totaled $879,000 at December 31, 2023 and was reported in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

Nonmarketable Investment Securities

Nonmarketable investment securities, consisting of stock in the FHLBB and Atlantic Community Bankers Bank, are carried at cost subject to adjustments for any observable market transactions on the same or similar instruments of the investees. The Company does not engage in the trading of investment securities.

Loans Held for Sale

Loans held for sale are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

Loans that management has the intent and ability to hold until maturity or payoff are reported at amortized cost, net of the ACL. Amortized cost is the outstanding principal balance, net of amounts due to borrowers on unadvanced loans, any charge-offs, deferred fees or costs on originated loans, and unamortized premiums or discounts on purchased loans. Accrued interest receivable on loans totaled $8.5 million on December 31, 2023, was reported in accrued interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

Interest on loans is recognized on a simple interest basis.

Loan origination and commitment fees, certain direct origination costs and purchased loan premiums and discounts are deferred, and recognized as an adjustment of the related loan's yield using the effective interest method.

Loans past due 30 days or more are considered delinquent. Residential real estate loans are generally placed on nonaccrual when reaching 90 days past due or in the process of foreclosure. All closed-end consumer loans 90 days or more past due and any equity line in the process of foreclosure are placed on nonaccrual status. Secured consumer loans are written down to realizable value and unsecured consumer loans are charged-off upon reaching 120 or 180 days past due depending on the type of loan. Commercial real estate loans and commercial business loans which are 90 days or more past due are generally placed on nonaccrual status, unless secured by sufficient cash or other assets immediately convertible to cash. For all loan classes, when a loan has been placed on nonaccrual status, previously accrued and uncollected interest is reversed against interest on loans. A commercial loan can be returned to accrual status when collectability of principal is reasonably assured and the loan has performed for a period of time, generally six months. Any other loan can be returned to accrual status when it becomes current, provided that loan is adequately collateralized. Interest that has accumulated while a loan is on nonaccrual status is recognized ratably over the remaining term of the loan, once returned to accrual status.

Cash receipts of interest income on nonaccrual loans are credited to principal to the extent necessary to eliminate doubt as to the collectability of the net carrying amount of the loan. Some or all of the cash receipts of interest income on individually evaluated loans is recognized as interest income if the remaining net carrying amount of the loan is deemed to be fully collectible. When recognition of interest income on a nonaccrual loan on a cash basis is appropriate, the amount of income that is recognized is limited to that which would have been accrued on the net carrying amount of the loan at the contractual interest rate. Any cash interest payments received in excess of the limit and not applied to reduce the net carrying amount of the loan are recorded as recoveries of charge-offs until the charge-offs are fully recovered.

The Company has purchased loans, some of which have experienced more than insignificant credit deterioration since origination. Purchased credit deteriorated (PCD) loans are recorded at the amount paid. An ACL is determined using the same methodology as other loans held for investment. The initial ACL determined on a collective basis is allocated to individual loans. The sum of the loan's purchase price and ACL becomes its initial amortized cost basis. Management periodically reviews PCD loans to determine if there is a loss due to credit risk and measures the impact of such loss on the present value of expected cash flows. If the present value of expected cash flows is less than the amortized cost basis, a loss is recorded as a provision for loan losses. If the present value of expected cash flows is greater than the amortized cost basis, it is recognized as part of future interest income. Subsequent changes to the ACL are recorded through credit loss expense.

Concentration of Credit Risk

The Banks' lending activities are primarily conducted in New Hampshire. The Company makes residential loans, commercial real estate loans, commercial loans and a variety of consumer loans.

In addition, the Company makes loans for construction of residential homes and commercial real estate properties. The ability and willingness of borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the geographic area and the general economy.

Allowance for Credit Losses - Loans

The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management evaluates the appropriateness of the ACL on loans quarterly. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant change from period to period.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. A reversion methodology is applied beyond the reasonable and supportable forecasts. Qualitative adjustments are then considered for differences in current loan-specific risk characteristics, such as the following:

- Changes in lending policies, procedures and strategies;
- Changes in the nature and volume of the portfolio;
- Lending staff experience;
- Changes in the volume and trends in classified loans, delinquencies and nonaccrual loans;
- Concentration risk;
- Trends in underlying collateral value;
- External factors such as competition, legal and regulatory;
- Changes in the quality of the loan review system; and
- Economic conditions.

The ACL on loans represents the Company's estimated risk of loss within its loan portfolio as of the reporting date. To appropriately measure expected credit losses, management disaggregates the loan portfolio into pools of similar risk characteristics. The Company's loan portfolio is segmented as follows based on the various risk profiles of the Company's loans:

- The commercial loan portfolio is segmented into three categories: (i) commercial, which is typically utilized for business purposes, generally secured by assets of the business and which also includes municipal and other tax-exempt loans, (ii) commercial real estate, which is collateralized by real estate and (iii) construction and land development loans. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in these segments.

- Residential real estate loans, including home equity loans and lines. The Company generally does not originate loans with a loan-to-value ratio greater than 80% and does not generally grant loans that would be classified as subprime upon origination. The Company generally has first or second liens on property securing equity lines-of- credit. All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

- Consumer loans, including purchased auto loans. Loans in this segment may be secured or unsecured and repayment is dependent on the credit quality of the individual borrower as well as the liquidation value of the collateral. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

The Company utilizes a discounted cash flow approach to calculate the expected loss for all portfolio segments except the municipal and other tax-exempt loan component of commercial loans (manual entry approach used) and the purchased auto loan component of consumer loans (remaining life approach used). Within the discounted cash flow model, a probability of default (PD) and loss given default (LGD) assumption is applied to calculate the expected loss for each segment. PD is the probability the asset will default within a given time frame and LGD is the percentage of assets not expected to be collected due to default. The Company's PD and LGD assumptions may be derived from internal historical default and loss experience or from external peer data where there are not statistically meaningful internal loss events for a loan segment, or it does not have default and loss data that covers a full economic cycle.

As of December 31, 2023, the primary macroeconomic drivers used within the discounted cash flow model included forecasts of national unemployment and changes in national gross domestic product (GDP). Management monitors and assesses its macroeconomic drivers annually to determine whether they continue to be the most predictive indicator of losses within the Company's loan portfolio. These macroeconomic drivers may change from time to time.

To determine its reasonable and supportable forecast, management may leverage macroeconomic forecasts obtained from various reputable sources, which may include, but is not limited to, the Federal Open Market Committee (FOMC) Summary of Economic Projections and other publicly available forecasts from well recognized, leading economists or firms. The Company's reasonable and supportable forecast period is generally four quarters, depending on the facts and circumstances of the current state of the economy, portfolio segment, and management's judgment of what can be reasonably supported. The model reversion period is generally four quarters, and it also depends on the current state of the economy and management's judgment. Management monitors and assesses the forecast and reversion periods annually. The Company used a four-quarter forecast and four-quarter reversion period to calculate the ACL on loans as of December 31, 2023.

The Company utilizes a remaining life approach to calculate the expected loss for the purchased auto loan component of consumer loans. No forecast model is specifically applied. The primary forecast assumption is that of straight-line balance reduction and assumed loss rate. The Company's remaining life assumption may be derived from internal data and from external peer data where there is not statistically meaningful internal information available for the loan segment, or the internal data does not cover a full economic cycle. The Company used a twelve-quarter remaining life to calculate the ACL on purchased auto loans as of December 31, 2023.

Loans that do not share similar risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective (pooled) evaluation. In general, loans individually evaluated for estimated credit losses include those greater than $100,000 that are classified as having unique characteristics differing from the portfolio segment. Factors considered by management in determining whether a loan meets this definition are payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not considered to have unique characteristics differing from the portfolio segment. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Specific reserves are established when appropriate for such loans based on the present value of expected future cash flows of the loan. However, when management determines that foreclosure is probable expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for discount rates (or haircuts) to appraised values, selling and administrative costs and other expenses necessary to liquidate the collateral.

When the discounted cash flow method is used to determine the ACL, management does not adjust the effective interest rate used to discount expected cash flows to incorporate expected prepayments.

Expected credit losses are estimated over the contractual term of the loans. For term loans, the contractual life is calculated based on the maturity date. For loans with no stated maturity date, the contractual life is calculated based on maturity date assumptions based on management's understanding of the existing loan structures and utilization of software tools. The contractual term excludes expected extensions, renewals, and modifications.

In calculating the ACL on amortizing loans, the contractual life of a loan must be adjusted for prepayments to arrive at expected cash flows. The Company models term loans using an annualized estimated prepayment rate. When the Company has a specific expectation of differing payment behavior for a given loan, the loan may be evaluated individually. For loans that do not have a principal payment schedule, where principal collection is dominated by borrower election (e.g. lines of credit, interest only loans) and not by contractual obligation, a curtailment rate is factored into the cash flow.

Management may also adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans materially and impact future results of operations and financial condition. The loss estimation models and methods used to determine the ACL are periodically refined and enhanced.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Cost and related allowances for depreciation and amortization of premises and equipment disposed of are removed from the respective accounts with any gain or loss included in noninterest income or noninterest expense. Depreciation and amortization are calculated principally on the straight-line method over the estimated useful lives of the assets.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the balance sheet in the form of a lease liability for the present value of future minimum payments under the lease terms and a right-of-use (ROU) asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the ROU asset. The discount rate used in determining the lease liability is based upon incremental borrowing rates the Company could obtain for similar loans as of the date of commencement or renewal. The Company does not record leases on the consolidated balance sheets that are classified as short term (less than one year). At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that will cause the Company to incur additional expenses. Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense includes rent escalators that are based on market conditions and includes items such as common area maintenance, utilities, parking, property taxes, insurance and other costs associated with the lease. The Company does not have any property leases that include both lease and non-lease components.

ROU assets are included in premises and equipment, net on the accompanying consolidated balance sheet as of December 31, 2023. Lease liabilities are included in other liabilities on the accompanying consolidated balance sheet as of December 31, 2023.

Additional information regarding the Company's lessee arrangements can be found within Note 6.

Off-Balance Sheet Credit Exposures

In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under commercial letters-of-credit and standby letters-of-credit. Such financial instruments are recorded as loans when they are funded.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted through credit loss expense. To appropriately measure expected credit losses, management disaggregates the off-balance sheet credit exposures into similar risk characteristics, identical to those determined for the loan portfolio. An estimated funding rate is then applied to the qualifying unfunded loan commitments and letters of credit using the Company's own historical experience to estimate the expected funded amount for each loan segment as of the reporting date. Once the expected funded amount for each loan segment is determined, the loss rate, which is the calculated expected loan loss as a percent of the amortized cost basis for each loan segment, is applied to calculate the ACL on off-balance sheet credit exposures as of the reporting date. The ACL on off-balance sheet credit exposures is presented within other liabilities on the consolidated balance sheets.

Bank-Owned Life Insurance

The Company invests in life insurance policies to help finance the cost of certain employee benefit plan expenses. These policies represent life insurance on the lives of certain employees through insurance companies. The Company is the beneficiary of the insurance policies. Increases in the cash value of the policies, as well as insurance proceeds received, are recorded in noninterest income and are not subject to income taxes as long as those policies are not surrendered for the cash value prior to the death of the individual employee.

Other Real Estate Owned

Other real estate owned includes properties acquired through foreclosure and properties classified as in-substance foreclosures. These properties are carried at estimated fair value less estimated costs to sell. Any write-down from cost to estimated fair value required at the time of foreclosure or classification as in-substance foreclosure is charged to the allowance for loan losses. Expenses incurred in connection with maintaining these assets, subsequent write-downs and gains or losses recognized upon sale are included in noninterest income or noninterest expense.

The Company classifies loans as in-substance repossessed or foreclosed if the Company receives physical possession of the debtor's assets regardless of whether formal foreclosure proceedings take place.

Transfers of Financial Assets

Transfers of financial assets, typically residential mortgages for the Company, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Derivative Financial Instruments

The Company recognizes all derivatives in the consolidated balance sheets at fair value. On the date the Company enters into the derivative contract, the Company designates the derivative as a hedge of either the forecasted variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge) or a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge). The Company entered into two interest rate swap agreements related to short term FHLB borrowings that are classified as cash flow hedges. The Company does not have any fair value hedges. The Company formally documents relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking a hedge transaction. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows or fair values of hedged items. Changes in fair value of a derivative that is effective and that qualifies as a cash flow hedge are recorded in other comprehensive income (loss) and are reclassified into earnings when forecasted transactions or related cash flows affect earnings. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in cash flows of the hedged item, that it is unlikely that the forecasted transaction will occur, or that the designation of the derivative as a hedging instrument is no longer appropriate.

Advertising

The Company directly expenses costs associated with advertising as they are incurred. Advertising costs are reported as marketing expense in the consolidated statements of income.

Income Taxes

The Company recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are established for the temporary differences between the accounting bases and the tax bases of the Company's assets and liabilities at enacted tax rates expected to be in effect when the amounts related to such temporary differences are realized or settled. Adjustments to the Company's deferred tax assets are recognized as deferred income tax expense or benefit based on management's judgment relating to the realizability of such assets.

FASB ASC 740, *Income Taxes*, defines the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. ASC 740 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. The Company, or its subsidiaries, are currently open to audit under the statute of limitations by the Internal Revenue Service and State tax authorities for the years ended December 31, 2020 through 2023.

Legal Matters

The Company, in the ordinary course of business, is involved in routine litigation incidental to its business. Based on its review, with the assistance of legal counsel, management does not expect the resolution of any matters currently subject to litigation to have a material adverse effect on the Company's consolidated financial position or results of operations.

Recently Issued Accounting Pronouncements

Adoption of New Accounting Standards: On January 1, 2023, the Company adopted ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial*

Instruments, *Instruments,* as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans receivable and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities management does not intend to sell or believes that it is more likely than not they will be required to sell.

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP. The financial impact of the implementation of the standard was limited to reclassification of the remaining noncredit discount on PCD financial assets to the ACL in accordance with ASC 326, as discussed further below. There was no impact to retained earnings related to the adoption of ASC 326.

The Company adopted ASC 326 using the prospective transition approach for PCD financial assets that were previously classified as purchased credit impaired (PCI) and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2023, the amortized cost basis of the PCD assets were adjusted to reflect the addition of $3 million to the ACL.

The following table illustrates the impact of ASC 326 at January 1, 2023 (in thousands).

	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Assets:			
Loans			
Commercial	$212,666	$212,703	$(37)
Commercial real estate	651,764	652,862	(1,098)
Construction and land development	169,246	169,240	6
Residential real estate	1,528,663	1,530,115	(1,452)
Consumer	471,740	471,689	51
Allowance for credit losses on loans	(29,368)	(26,838)	2,530
Liabilities:			
Allowance for credit losses on off-balance sheet credit exposures	864	418	446

On January 1, 2023, the Company adopted ASU No. 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* This ASU eliminated the previous troubled debt restructuring accounting guidance within ASC Subtopic 310-40 in its entirety. Upon adoption of this ASU, the Company evaluates whether a loan modification represents a new loan or a continuation of an existing loan, in accordance with current ASC guidance (ASC 310-20- 35-9 through 35-11). This ASU also modifies disclosure requirements. Rather than disclosing information on troubled debt restructurings, financial institutions are now required to disclose information on loan modifications that were in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof) made to debtors experiencing financial difficulty. The adoption of this ASU did not have a material effect of the Company's consolidated financial statements.

On January 1, 2023, the Company adopted ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* This ASU was issued to reduce the cost and complexity of the goodwill impairment test. To simplify the subsequent measurement of goodwill, step two of the goodwill impairment test is eliminated. Instead, under the amendments in this ASU, a company will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. As initially proposed, this ASU was to be effective for interim and annual reporting periods beginning after December 15, 2021; however, similar to ASU No. 2016-13, the effective date for this ASU was also extended to fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The adoption of this ASU did not have a material effect of the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This ASU is effective for all entities that have contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The objective of the guidance in Topic 848 is to provide temporary relief during the transition period. The FASB included a sunset provision within Topic 848 based on expectations of when the LIBOR would cease being published. At the time that ASU 2020-04 was issued, the UK Financial Conduct Authority (FCA) had established its intent that it would no longer be necessary to persuade, or compel, banks to submit to LIBOR after December 31, 2021. As a result, the sunset provision was set for December 31, 2022, 12 months after the expected cessation date of all currencies and tenors of LIBOR. In March 2021, the FCA announced that the intended cessation date of the overnight 1-, 3-, 6-, and 12-month tenors of USD LIBOR would be June 30, 2023, which is beyond the current sunset date of Topic 848. Because the current relief in Topic 848 may not cover a period of time during which a significant number of modifications may take place, the amendments in ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* issued in December 2022 defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The Company has evaluated all of its contracts, hedging relationships and other transactions and identified one contract that was affected by rates that are being discontinued. This contract was transitioned to utilize the three-month term Secured Overnight Financing Rate (SOFR), which did not have a material effect on the consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU provides more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.

Rate Reconciliation: For entities other than public business entities, this ASU requires qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate.

Income Taxes Paid: All entities must disclose (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign taxes and (2) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5% of total income taxes paid.

Other: All entities must disclose (1) income from continuing operations before income tax expense disaggregated between domestic and foreign and (2) income tax expense from continuing operations disaggregated by federal, state and foreign.

This ASU also eliminates some existing disclosure requirements, including the requirement to (1) disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or (2) make a statement that an estimate of the range cannot be made. This ASU is effective for annual periods beginning after December 15, 2025. The adoption of this ASU is not expected to have a material effect of the Company's consolidated financial statements.

2. Acquisitions

Savings Bank of Walpole

In 2018, the Company recognized a core deposit intangible of $6,449,000 as a result of the acquisition of SBW. The core deposit intangible, which is amortizable and deductible for tax purposes, is evaluated for impairment whenever circumstances warrant. Amortization expense was $537,000 in 2023 and 2022, and is being calculated on a straight-line basis over 12 years.

As of December 31, 2023, estimated amortization expense for each of the five years succeeding 2023 and thereafter is as follows (in thousands):

2024	$	537
2025		537
2026		537
2027		537
2028		537
Thereafter		808
	$	3,493

Merrimack County Savings Bank

In 2013, the Company recognized a core deposit intangible of $11,642,000 and goodwill of $2,546,000 as a result of the acquisition of MCSB. The Company evaluated its goodwill as of December 31, 2023 and 2022 and determined there was no impairment. The core deposit intangible, which was amortizable and deductible for tax purposes, was evaluated for impairment whenever circumstances warranted. There was no amortization expense in 2023 and $1,164,000 of amortization expense in 2022, which was calculated on a straight-line basis over 10 years. The core deposit intangible was fully amortized as of December 31, 2022.

The New Hampshire Trust Company

Effective January 1, 2020, Mill River Trust Company (MRTC) consummated an agreement and plan of merger with The New Hampshire Trust Company (NHTC) pursuant to which MRTC acquired 100 percent of the voting shares of NHTC. NHTC merged into MRTC, with MRTC as the surviving trust company. As of that date, the name of the surviving trust company changed to The New Hampshire Trust Company. NHTC's common stock by virtue of the merger and without any action on the part of the holders thereof was cancelled and ceased to exist. Further, as a result of the acquisition of NHTC, the Company recorded an intangible asset of $3,600,000 and goodwill of $967,000. Amortization expense was $288,000 in 2023 and 2022, and is being calculated on a straight-lined basis with $3,240,000 amortized over 15 years and $360,000 amortized over 5 years.

As of December 31, 2023, estimated amortization expense for the years succeeding 2023 is as follows (in thousands):

2024	$ 288
2025	216
2026	216
2027	216
2028	216
Thereafter	1,296
	$ 2,448

3. Securities

Investments in available-for-sale securities have been classified in the consolidated balance sheets according to management's intent. The following table summarizes the amortized cost, fair value and ACL of available-for-sale securities, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income (loss):

December 31, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
	(In thousands)				
U.S. Treasury securities	**$ 47,200**	**$ 11**	**$ 2,241**	**$ -**	**$ 44,970**
U.S. Government sponsored enterprises	**47,903**	**-**	**8,587**	**-**	**39,316**
Taxable state and municipal	**2,689**	**-**	**255**	**-**	**2,434**
Non-taxable state and municipal	**3,966**	**19**	**203**	**-**	**3,782**
Mortgage-backed securities	**265,559**	**198**	**42,323**	**-**	**223,434**
	$ 367,317	**$ 228**	**$ 53,609**	**$ -**	**$ 313,936**

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
U.S. Treasury securities	$ 54,155	$ 120	$ 3,575	$ 50,700
U.S. Government sponsored enterprises	49,398	21	10,433	38,986
Taxable state and municipal	2,694	-	362	2,332
Non-taxable state and municipal	4,428	25	244	4,209
Mortgage-backed securities	283,665	149	47,354	236,460
	$ 394,340	$ 315	$ 61,968	$ 332,687

The scheduled maturities for available-for-sale debt securities were as follows, as of December 31, 2023:

	Amortized Cost	Fair Value
	(In thousands)	
Due within one year	$ 14,060	$ 13,739
Due after one year through five years	47,943	44,963
Due after five years through ten years	35,753	28,832
Due after ten years and further	4,002	2,968
Mortgage-backed securities	265,559	223,434
	$ 367,317	$ 313,936

Proceeds from sales of available-for-sale securities during the year ended December 31, 2022 were $3,339,000. Gross realized gains on sales of available-for-sale securities were $27,000 for the year ended December 31, 2022. There were no sales of available-for-sale securities for the year ended December 31, 2023.

Total carrying amounts of $247,326,000 and $167,523,000 of debt securities were pledged to secure securities sold under agreements to repurchase, municipal deposits and borrowings from the Federal Reserve Bank's Discount Window as of December 31, 2023 and 2022, respectively.

The following table summarizes available-for-sale debt securities in an unrealized loss position for which an ACL has not been recorded as of December 31, 2023, aggregated by major security type and length of time in a continuous unrealized loss position:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
December 31, 2023						
U.S. Treasury securities	$ -	$ -	$ 44,472	$ 2,241	$ 44,472	$ 2,241
U.S. Government sponsored enterprises	-	-	39,316	8,587	39,316	8,587
State and municipal	-	-	5,326	458	5,326	458
Mortgage-backed securities	2,847	14	215,735	42,309	218,582	42,323
	$ 2,847	$ 14	$ 304,849	$ 53,595	$ 307,696	$ 53,609

The aggregate fair value and unrealized losses of available-for-sale securities that have been in a continuous unrealized-loss position for less than 12 months and for 12 months or more, and are not other-than-temporarily impaired, as of December 31, 2022, were as follows:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
December 31, 2022						
U.S. Treasury securities	$ 6,615	$ 264	$ 36,725	$ 3,311	$ 43,340	$ 3,575
U.S. Government sponsored enterprises	-	-	37,504	10,433	37,504	10,433
State and municipal	900	74	4,327	532	5,227	606
Mortgage-backed securities	60,680	6,500	168,645	40,854	229,325	47,354
	$ 68,195	$ 6,838	$ 247,201	$ 55,130	$ 315,396	$ 61,968

The unrealized losses on the Company's available-for-sale debt securities have not been recognized into income because management does not intend to sell and it is not more-likely-than-not it will be required to sell any of the available-for-sale debt securities before recovery of its amortized cost basis. Furthermore, the unrealized losses were due to changes in interest rates and other market conditions, were not reflective of credit events and the issuers continue to make timely principal and interest payments on the bonds.

Agency-Backed and Government-Sponsored Securities

Agency-backed and government-sponsored enterprise securities have a long history with no credit losses, including during times of severe stress. The principal and interest payments on agency-guaranteed debt is backed by the U.S. government. Government-sponsored enterprises similarly guarantee principal and interest payments and carry an implicit guarantee from the U.S. Department of the Treasury. Additionally, government-sponsored enterprise securities are exceptionally liquid, readily marketable, and provide a substantial amount of price transparency and price parity, indicating a perception of zero credit losses.

State and Municipal Bonds

Unrealized losses on state and municipal bonds have not been recognized into income because the issuer(s) bonds are of high credit quality and management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions.

Mortgage-Backed Securities

At December 31, 2023, all of the mortgage backed securities held by the Company were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at December 31, 2023.

4. Loans and Allowance for Credit Losses

The following table summarizes the Company's loans by loan portfolio segment at December 31:

	2023	2022
	(In thousands)	
Commercial		
Commercial	**$ 231,450**	$ 212,703
Commercial real estate	**671,863**	652,862
Construction and land development	**160,470**	169,240
Residential real estate	**1,657,254**	1,530,115
Consumer	**493,536**	471,689
	3,214,573	3,036,609
Allowance for credit losses	**(31,638)**	(26,838)
Deferred costs, net	**17,358**	17,190
Net loans	**$ 3,200,293**	$ 3,026,961

The Company manages its loan portfolio proactively to effectively identify problem credits and assess trends early, implement effective work-out strategies and record charge-offs as promptly as practical. In addition, the Company continuously reassesses its underwriting standards in response to credit risk posted by changes in economic conditions.

The Company monitors any changes in credit risk through the following governance oversight procedures:

The ACL is evaluated on a regular basis by management. No less than quarterly, the ACL analysis is reviewed and approved by the Board of Directors. The ACL Policy is reviewed and approved by the Board of Directors annually. An external loan review occurs at least once a year, with findings from the outside reviewer reported to the Audit Committee. The Company's CECL Committee (comprised of members of senior management) is responsible for the development of assumptions and elections as well as ongoing ACL model monitoring and validation.

For purposes of determining the ACL on loans, the Company disaggregates its loans into portfolio segments. Each portfolio segment possesses unique risk characteristics (as described in Note 1) that are considered when determining the appropriate level of allowance.

As of December 31, 2023, the significant model inputs and assumptions used within the discounted cash flow model for purposes for estimating the ACL on loans were the National Unemployment Rate and National GDP. Management utilizes current economic conditions to evaluate whether factors included within the quantitative portion of the calculation fairly represent what we anticipate within our markets and portfolios.

Macroeconomic (loss) drivers: For each loan segment, the National Unemployment Rate and National GDP were used as macroeconomic (loss) drivers to calculate the expected PD over the forecast and reversion period.

Reasonable and supportable forecast period: The ACL on loans estimate used a reasonable and supportable forecast period of four quarters.

Reversion period: The ACL on loans estimate used a reversion period of four quarters.

Prepayment speeds: The estimate of prepayment speed for each loan segment was derived using internally sourced prepayment data over a trailing timeframe of three years. Where observations are insufficient, a "global" rate is applied, which reflects the aggregate performance of all segments. For loans where principal collection is dominated by borrower election (e.g. lines of credit or interest-only loans) and not by contractual obligation, a one-year curtailment rate is used.

Qualitative factors: The ACL on loans estimate incorporated various qualitative factors into the calculation.

The following table presents the activity in the ACL by portfolio segment for the year ended December 31, 2023:

	Commercial	Residential Real Estate	Commercial Real Estate	Construction and Land Development	Consumer	Total
			(In thousands)			
Balance, beginning of year, prior to adoption of ASC 326	**$ 2,357**	**$ 7,714**	**$ 7,662**	**$ 2,722**	**$ 6,383**	**$ 26,838**
Impact of adopting ASC 326	**37**	**1,452**	**1,098**	**(6)**	**(51)**	**2,530**
Provision (recovery) for credit losses	**409**	**(202)**	**(471)**	**(614)**	**3,624**	**2,746**
Loans charged off	**(437)**	**(85)**	**-**	**(86)**	**(694)**	**(1,302)**
Recoveries	**438**	**35**	**6**	**86**	**261**	**826**
Balance, end of year	**$ 2,804**	**$ 8,914**	**$ 8,295**	**$ 2,102**	**$ 9,523**	**$ 31,638**

Changes in the allowance for loan losses were as follows for the year ended December 31, 2022:

	Commercial	Residential Real Estate	Commercial Real Estate	Construction and Land Development	Consumer	Total
			(In thousands)			
Balance, beginning of year	$ 2,446	$ 7,224	$ 5,792	$ 2,317	$ 4,683	$ 22,462
Provision for loan losses	324	478	1,864	405	1,814	4,885
Loans charged off	(442)	-	-	-	(204)	(646)
Recoveries	29	12	6	-	90	137
Balance, end of year	$ 2,357	$ 7,714	$ 7,662	$ 2,722	$ 6,383	$ 26,838

Credit Quality Information

The Company utilizes an eight-grade internal loan grading system for commercial real estate and commercial loans as follows:

Loans rated 1 – 4: Loans in these categories are considered “pass” rated loans with low to average risk.

Loans rated 5: Loans in this category are considered “special mention.” These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 6: Loans in this category are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 7: Loans in this category are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loans rated 8: Loans in this category are considered “loss”, or uncollectible and of such little value that their continuance as loans, without establishment of specific allowance or charge-off, is not warranted.

On an annual basis, or more often if needed, the Company formally reviews the ratings on all commercial real estate and commercial loans. Annually, the Company engages an independent third-party to review a significant portion of loans within these classes. Management uses the results of these reviews as part of its annual review process.

For residential real estate and consumer loans, the Company initially assesses credit quality based upon the borrower’s ability to pay and subsequently evaluates credit quality monthly based on the aging status of the loan and by payment activity.

The following table presents the Company's loans by risk rating at December 31, 2023:

	Commercial	Residential Real Estate	Commercial Real Estate	Construction and Land Development	Consumer	Total
			(In thousands)			
Grade						
Pass/watch	**$ 226,772**	**$ 1,654,398**	**$ 650,149**	**$ 160,285**	**$ 492,249**	**$ 3,183,853**
Special mention	**1,231**	**45**	**12,778**	**-**	**-**	**14,054**
Substandard	**3,447**	**2,811**	**8,936**	**185**	**1,287**	**16,666**
Doubtful	**-**	**-**	**-**	**-**	**-**	**-**
Total	**$ 231,450**	**$ 1,657,254**	**$ 671,863**	**$ 160,470**	**$ 493,536**	**$ 3,214,573**

The following table presents the Company's loans by risk rating at December 31, 2022:

	Commercial	Residential Real Estate	Commercial Real Estate	Construction and Land Development	Consumer	Total
			(In thousands)			
Grade						
Pass/watch	$ 208,539	$ 1,527,560	$ 647,120	$ 164,819	$ 470,841	$ 3,018,879
Special mention	1,053	612	5,226	4,401	-	11,292
Substandard	3,111	1,943	516	20	848	6,438
Doubtful	-	-	-	-	-	-
Total	$ 212,703	$ 1,530,115	$ 652,862	$ 169,240	$ 471,689	$ 3,036,609

The following table presents the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2023:

	Nonaccrual with No Allowance for Credit Loss	Total Nonaccrual		Past Due Over 89 Days Still Accruing
(In thousands)	Dec 31, 2023	Jan 1, 2023	Dec 31, 2023	Dec 31, 2023
Commercial	**$ 18**	**$ 2,663**	**$ 2,002**	**$ 5**
Residential real estate	**1,711**	**2,231**	**2,863**	**607**
Commercial real estate	**195**	**240**	**7,826**	**284**
Construction and land development	**170**	**-**	**170**	**262**
Consumer	**-**	**704**	**1,327**	**64**
	$ 2,094	**$ 5,838**	**$ 14,188**	**$ 1,222**

Interest income recognized on impaired loans during the years ended December 31, 2023 and 2022 was not material.

The following table presents an aging analysis of past due loans as of December 31, 2023:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Current	Total Loans
Commercial	**$ 112**	**$ 2,816**	**$ 97**	**$ 3,025**	**$ 228,425**	**$ 231,450**
Residential real estate	**8,943**	**3,204**	**1,165**	**13,312**	**1,643,942**	**1,657,254**
Commercial real estate	**1,914**	**921**	**283**	**3,118**	**668,745**	**671,863**
Construction and land development	**77**	**48**	**261**	**386**	**160,084**	**160,470**
Consumer	**1,691**	**277**	**467**	**2,435**	**491,101**	**493,536**
	$ 12,737	**$ 7,266**	**$ 2,273**	**$ 22,276**	**$ 3,192,297**	**$ 3,214,573**

The following table presents an aging analysis of past due loans as of December 31, 2022:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Current	Total Loans	Loans on Nonaccrual
Commercial	$ 16	$ 2,436	$ 4	$ 2,456	$ 210,247	$ 212,703	$ 2,663
Residential real estate	1,683	272	1,490	3,445	1,526,670	1,530,115	2,231
Commercial real estate	259	-	901	1,160	651,702	652,862	240
Construction and land development	20	-	-	20	169,220	169,240	-
Consumer	1,054	227	453	1,734	469,955	471,689	704
	$ 3,032	$ 2,935	$ 2,848	$ 8,815	$ 3,027,794	$ 3,036,609	$ 5,838

The following table presents the amortized cost basis of collateral-dependent loans as of December 31, 2023, by collateral type:

(In thousands)	Real-Estate	Other	Total
Commercial	**$ 1,933**	**$ -**	**$ 1,933**
Residential real estate	**1,701**	**-**	**1,701**
Commercial real estate	**479**	**-**	**479**
Construction and land development	**170**	**-**	**170**
Consumer	**-**	**159**	**159**
	$ 4,283	**$ 159**	**$ 4,442**

Collateral-dependent loans are loans for which the repayment is expected to be provided substantially by the underlying collateral and there are no other available and reliable sources of repayment.

The following table presents the allowance for loan losses and select loan information as of December 31, 2022, prior to the adoption of CECL, under the incurred loss methodology:

	Originated Loans Individually Evaluated For Impairment		Originated Loans Collectively Evaluated For Impairment		Acquired Loans		Total	
(In thousands)	Balance	Allowance	Balance	Allowance	Balance	Allowance	Balance	Allowance
Commercial	$ 2,727	$ 409	$ 195,782	$ 1,906	$ 14,194	$ 42	$ 212,703	$ 2,357
Residential real estate	3,385	7	1,441,156	7,540	85,574	167	1,530,115	7,714
Commercial real estate	4,251	5	576,868	7,657	71,743	-	652,862	7,662
Construction and land development	-	-	167,548	2,722	1,692	-	169,240	2,722
Consumer	186	-	471,155	6,383	348	-	471,689	6,383
	$ 10,549	$ 421	$ 2,852,509	$ 26,208	$ 173,551	$ 209	$ 3,036,609	$ 26,838

The following table presents a summary of information prior to the adoption of CECL under the incurred loss methodology, pertaining to impaired loans by loan segment and class as of and for the year ended December 31, 2022:

(In thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance For Loan Losses	Average Balances
With no related allowance for loan losses				
Commercial	$ 166	$ 212	$ -	
Residential real estate	2,962	2,996	-	
Commercial real estate	3,919	3,926	-	
Construction and land development	-	-	-	
Consumer	186	187	-	
Total impaired with no related allowance	$ 7,233	$ 7,321	$ -	
With a related allowance for loan losses				
Commercial	$ 2,561	$ 2,685	$ 409	
Residential real estate	423	422	7	
Commercial real estate	332	332	5	
Construction and land development	-	-	-	
Consumer	-	-	-	
Total impaired with an allowance recorded	$ 3,316	$ 3,439	$ 421	
Total				
Commercial	$ 2,727	$ 2,897	$ 409	$ 1,151
Residential real estate	3,385	3,418	7	2,556
Commercial real estate	4,251	4,258	5	4,223
Construction and land development	-	-	-	-
Consumer	186	187	-	63
Total impaired loans	$ 10,549	$ 10,760	$ 421	$ 7,993

As of December 31, 2023 one loan with a balance of $7,000 was in process of foreclosure. As of December 31, 2022 there were no loans in process of foreclosure.

On March 22, 2020, federal banking regulators issued an interagency statement providing guidance on accounting for loan modifications in light of the economic impact of the COVID-19 pandemic. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted. Both the Interagency Statement and the CARES Act provided an exemption for qualified modifications from TDR designation. The Company adopted the TDR guidance and during the year ended December 31, 2021 granted short term concessions and/or modifications within the terms of this guidance. As of December 31, 2023 there were no loans outstanding under the terms of this guidance. As of December 31, 2022, modifications under the terms of this guidance to 6 borrowers, having an aggregate balance of approximately $879,000, were outstanding. These loans were not classified as TDRs.

Amongst other programs, the CARES Act created the Paycheck Protection Program (PPP) designed to incentivize small businesses to keep their workers on the payroll. During the year ended December 31, 2021, the Company processed 886 applications for PPP loans under the CARES Act with aggregate principal amounts of approximately $73,064,000. There were no applications processed in 2022. In addition, in 2021, the Company qualified to obtain loan advances through the Federal Reserve Board's PPP Liquidity Facility to fund its PPP lending activities, but had no outstanding balance under that facility as of December 31, 2023 and 2022. As of December 31, 2023 and 2022, PPP loan balances included in commercial loans were $254,000 and $377,000, respectively.

Financial Difficulty Modifications

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extension, other-than-insignificant payment delay or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL. In some instances, the Company provides multiple types of concessions on one loan. For the loans included in the "combination" columns in the tables below, multiple types of modifications have been granted on the same loan within the current reporting period. Classification as a combination is those where at least two of the following: a term extension, principal forgiveness, other-than-insignificant payment delay and/or an interest rate reduction have been granted.

The following table presents the amortized cost basis of loans on December 31, 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2023, by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

(In thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Principal Forgiveness	Combination Term Extension and Interest Rate Reduction	Total Class of Financing Receivable
Commercial	$ -	$ -	$ -	$ -	$ -	$ -	-
Residential real estate	-	-	-	50	-	-	0%
Commercial real estate	-	-	-	-	-	-	-
Construction and land development	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 50	$ -	$ -	0%

As of December 31, 2023, there were no commitments to lend additional amounts to the borrowers included in the previous table.

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. There were no financial difficulty modification loans that were past due as of December 31, 2023. Additionally, there were no financial difficulty modification loans that had a payment default during the year ended December 31, 2023 that were modified in the 12 months prior to that default.

The following table presents the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the year ended December 31, 2023:

(In thousands)	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension
Commercial	$ -	-%	-
Residential real estate	-	6.25	-
Commercial real estate	-	-	-
Construction and land development	-	-	-
Consumer	-	-	-
Total	$ -	6.25%	-

Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL is adjusted by the same amount.

Prior to the adoption of CECL and ASU 2022-02, troubled debt restructured (TDR) loans were considered impaired. As of December 31, 2022, there were no commitments to lend additional amounts to customers with outstanding loans that are classified as TDRs. For the year ended December 31, 2022, there were no charge-offs on loans that were modified as a TDR within the previous 12 months.

TDRs required allowance for loan losses in the amount of $413,000 at December 31 2022. The impairment carried as a specific reserve in the allowance for loan losses is calculated by discounting the total expected future cash flows on the loan, or, for collateral-dependent loans, using the fair value of the collateral less costs to sell. The loans were classified as TDRs due to extensions of maturity and interest rate reductions.

The following table summarizes TDRs that occurred during the year ended December 31, 2022, prior to the adoption of ASU 2022-02, which eliminated the previous TDR accounting guidance:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
		(In thousands)	
Commercial	5	$ 2,771	$ 2,771
Residential real estate	4	352	357
Commercial real estate	2	218	218
Consumer	4	24	25
	15	$ 3,365	$ 3,371

Related Party Loans

Certain trustees and executive officers of the Company, and the companies in which they have significant ownership interest, were customers of the Banks during 2023 and 2022. Total loans to such persons and their companies amounted to $2,980,000 and $3,401,000 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, $808,000 and $1,310,000 of principal advances were made, respectively, and principal payments totaled $1,229,000 and $7,276,000, respectively.

Loans Serviced for Others

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage and other loans serviced for others were $182,547,000 and $144,500,000 at December 31, 2023 and 2022, respectively.

Mortgage Servicing Rights

The Company sold $55,317 in residential real estate loans during the year ended December 31, 2023. The balance of capitalized mortgage servicing rights, net of impairment reserve and included in other assets at December 31, 2023 and 2022, was $1,112,000 and $774,000, respectively. There was no impairment reserve in 2023 and 2022. The fair value of these rights was $2,031,000 and $1,598,000 at December 31, 2023 and 2022, respectively. The fair value of servicing rights was determined using applicable discount rates and prepayment speeds depending upon the stratification of the specific right. Mortgage servicing rights of $490,000 and $38,000 were capitalized in 2023 and 2022, respectively. Amortization of capitalized mortgage servicing rights was $149,000 and $187,000 in 2023 and 2022, respectively.

5. Premises and Equipment

The following is a summary of premises and equipment as of December 31:

	2023	2022
	(In thousands)	
Land and improvements	**$ 10,986**	$ 10,986
Bank building and leasehold improvements	**47,372**	45,771
Furniture and equipment	**20,450**	19,144
Construction in progress	**620**	331
	79,428	76,232
Accumulated depreciation and amortization	**(33,803)**	(30,989)
Property and equipment, net	**45,625**	45,243
ROU assets, net	**7,587**	7,348
Premises and equipment, net	**$ 53,212**	$ 52,591

As part of the acquisition of MCSB in 2013 there were premises and equipment of $8,783,000 with a fair value adjustment of $1,033,000. The fair value adjustment is being amortized on a straight-line basis over 35 years.

As part of the acquisition of SBW in 2018 there were premises and equipment of $6,709,000 with a fair value adjustment of $1,004,000. The fair value adjustment is being amortized on a straight-line basis over 35 years.

Depreciation and amortization expense included in occupancy expense in the accompanying consolidated statements of income amounted to $3,206,000 and $3,170,000 for the years ended December 31, 2023 and 2022, respectively.

6. Leases

The Company enters into operating leases in the normal course of business for primarily for financial centers, back-office operations locations and information technology equipment. These leases have remaining lease terms of one year to approximately 23 years, some of which include renewal or termination options. The Company does not have any significant subleases nor finance leases.

The following table summarizes the Company's ROU assets and lease liabilities as of December 31:

	2023	2022
	(In thousands)	
ROU assets	**$ 7,587**	$ 7,348
Lease liabilities	**(7,703)**	(7,399)

Lease Obligations:

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2023 are as follows (in thousands):

2024	$	744
2025		746
2026		748
2027		760
2028		744
Thereafter		5,342
Total undiscounted lease payments		9,084
Less: imputed interest		1,381
Net lease liabilities	$	7,703

Supplemental Operating Lease Information:

Remaining lease term (years):	
Maximum	22.7
Minimum	1.4
Maximum discount rate	5.0%
Minimum discount rate	0.6%
Weighted average remaining lease term (years):	
MVSB	16.0
MCSB	13.9
SBW	15.3
NHTrust	8.8
Weighted average discount rate:	
MVSB	1.8%
MCSB	2.3%
SBW	2.3%
NHTrust	1.6%

7. Deposits

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2023 and 2022 was $268,605,000 and $194,478,000, respectively.

The scheduled maturities of time deposits at December 31, 2023 are as follows (in thousands):

2024	$	569,883
2025		26,823
2026		16,036
2027		2,986
2028		1,195
	$	616,923

Time deposits obtained through brokers as of December 31, 2023 and 2022 totaled $119,647,000 and $133,205,000, respectively.

Deposits from related parties, including senior and executive management and the Board of Trustees, held by the Company as of December 31, 2023 and 2022 amounted to $16,460,000 and $24,842,000 , respectively.

8. Borrowings

Borrowings at December 31, 2023 and 2022 consisted of the following:

	2023	2022
	(Dollars in thousands)	
FHLBB advances	**$325,052**	$298,567
FRB advances	**85,000**	-
FRB Bank Term Funding Program (BTFP) advances	**30,000**	-
	$ 440,052	$ 298,567
Weighted average contractual interest rate on FHLBB advances	**4.66%**	3.95%
Weighted average contractual interest rate on FRB advances	**5.50%**	-
Weighted average contractual interest rate on FRB BTFP advances	**4.88%**	-

The Banks' advances at December 31, 2023 mature through January 4, 2038. Maturities of advances for the five years ending after December 31, 2023 and thereafter for the respective periods are summarized as follows (in thousands):

2024	$ 297,352
2025	721
2026	1,198
2027	2,486
2028	131,314
Thereafter	6,981
	$ 440,052

At December 31, 2023, the Banks have the following advances from the FHLBB that were redeemable at par at the option of the FHLBB (in thousands):

Maturity Date	Optional Redemption Date	Amount
July 7, 2028	January 8, 2024 and quarterly thereafter	$30,000
August 11, 2028	February 12, 2024 and quarterly thereafter	30,000
August 11, 2028	February 12 ,2024 and quarterly thereafter	30,000
November 3, 2028	May 3, 2024 and quarterly thereafter	$20,000
November 3, 2028	May 3, 2024 and quarterly thereafter	$20,000
		$130,000

At December 31, 2023 and 2022, the interest rates on FHLBB advances ranged from 0% to 6.02%. At December 31, 2023 and 2022, the weighted-average interest rate on FHLBB advances was 4.66% and 3.95%, respectively. At December 31, 2023, the interest rate on all FRB advances was 5.50% and the interest rate on all FRB BTFP advances was 4.88%. There were no FRB or FRB BTFP advances outstanding at December 31, 2022.

As members of the FHLBB, the Banks are required to invest in $100 par value stock of the FHLBB. The amount of FHLBB stock required is the sum of the membership stock investment and activity-based requirements. Redemption of shares held in FHLBB stock requires five years' written notice to the FHLBB. When such stock is redeemed, the Banks would receive from the FHLBB an amount equal to the par value of the stock.

The Banks participated in the Jobs for New England program (JNE) offered by the FHLBB. This is a multi-year subsidy program dedicated to supporting job growth and economic development throughout New England. The subsidy will be used to write down interest rates to as low as zero percent on advances that finance qualifying loans to small businesses. Beginning February 1, 2016, JNE provided funding on a first-come, first-served basis, with a maximum of $250,000 of interest subsidy available per member per year; JNE 0% advances are not subject to any prepayment fees, while the 1% advances do have nominal unwind fees associated with them. Beginning January 1, 2021, the maximum interest subsidy available was reduced to $200,000 per member per year. As of December 31, 2023 and 2022, the Banks had outstanding borrowings of $7,701,000 and $7,924,000, respectively, through this program.

Amortizing advances are being repaid in monthly payments and are being amortized from the date of the advance to the maturity date on a direct reduction basis. The borrowed funds were collateralized by the Banks' FHLBB stock, a blanket pledge of substantially all first lien residential mortgages against real property, other various types of loans, and all funds placed in deposit accounts at the FHLBB.

The Banks have a combined line of credit with the FHLBB in the amount of $8,323,000. There were no amounts outstanding at December 31, 2023 and 2022.

At December 31, 2023 and 2022, the Banks had pledged approximately $1.5 billion and $1.3 billion, respectively, in various types of loans as part of the FHLBB's loan collateral program via blanket pledges and borrowing program. This program allows the Banks to maintain custody of the loan documents associated with pledged loans.

At December 31, 2023 and 2022, the Banks had pledged approximately $451 million and $479 million, respectively, in various types of loans as part of the Federal Reserve's Borrower-in-Custody secured borrowing program via the Discount Window. This program allows the Banks to maintain custody of the loan documents associated with pledged loans. As of December 31, 2023, the Banks have outstanding borrowings of $85 million through this program. No amounts were outstanding at December 31, 2022.

At December 31, 2023 and 2022, the Banks had pledged approximately $96 million and $9 million, respectively, in various types of securities as part of the Federal Reserve's secured borrowing program via the Discount Window.

At December 31, 2023, the Banks had pledged approximately $96 million in various types of securities as part of the BTFP Program. The amount that can be borrowed under the BTFP is based upon the par value of securities pledged as collateral. The term can be up to one year in length and the borrowings can be prepaid without penalty. Advances can be requested under the BTFP until March 11, 2024. As of December 31, 2023, the banks have outstanding borrowings of $30 million through the BTFP. No amounts were outstanding at December 31, 2022.

At December 31, 2023 and 2022, the Banks have letters of credit with the FHLBB of approximately $144 million and $128 million, respectively, which collateralize municipal deposits.

At December 31, 2023, the Banks also have unsecured lines of credit with two correspondent banks in the amount of $24 million and $34 million, respectively. There were no amounts outstanding at December 31, 2023 and 2022.

Interest rate swaps with notional amounts totaling $40 million as of December 31, 2023 were designated as cash flow hedges of certain FHLBB advances and were determined to be highly effective during all periods presented. There were no interest rate swaps designated as cash flow hedges of certain FHLBB advances as of December 31, 2022. No gain or loss was recognized in earnings for an ineffective portion of hedges for the year ended December 31, 2023. The aggregate fair value of the swaps is recorded as an asset or a liability in the consolidated balance sheets with changes in fair value recorded in other comprehensive income (loss). The amount included in accumulated other comprehensive income (loss) would be reclassified to current earnings should the hedges no longer be considered effective. The Company expects the hedges to remain highly effective during the remaining terms of the swaps. The fair value of the swaps was an asset of $468,000 at December 31, 2023.

Summary information about the interest-rate swaps designated as cash flow hedges is as follows as of December 31:

		2023
Notional amounts	$	**40,000,000**
Weighted average pay rates		**3.22%**
Weighted average receive rates (three-month SOFR)		**5.36%**
Weighted average maturity		**4.35 Years**
Unrealized gains	$	**468,000**

Interest income of $539,000 was recorded on these swap transactions during the year ended December 31, 2023, and is reported as a component of interest expense on advances from the FHLBB in the consolidated statement of income. Cash receipts and payments on the swaps are reported as operating activities in the consolidated statement of cash flows.

9. Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase amounted to $82,893,000 and $104,474,000 as of December 31, 2023 and 2022, respectively. These agreements were collateralized by U.S. Treasury securities and U.S. Government sponsored enterprises mortgage-backed securities with a carrying value of $114,444,000 and $131,817,000 at December 31, 2023 and 2022, respectively.

The average daily balance of these repurchase agreements was $86,255,000 and $98,297,000 during 2023 and 2022, respectively. The maximum borrowings outstanding on these agreements at any month-end reporting period of the Company were $104,764,000 and $110,209,000 during 2023 and 2022, respectively. These repurchase agreements mature daily and carried a weighted average interest rate of 3.72% during 2023 and 2.59% during 2022.

10. Subordinated Debentures

In April 2007, the Trust sold capital securities to the public. The capital securities sold consisted of 5,000 capital securities with a $1,000 liquidation amount for each capital security, for a total of $5,000,000. The capital securities are fully guaranteed by the Company. Each capital security paid a cumulative quarterly distribution at a rate per annum equal to 6.56% through the interest payment date of July 2012, and then thereafter at the LIBOR plus 1.55%. Beginning on July 3, 2023, LIBOR

was replaced with the three-month term SOFR plus 0.26161%.
As of December 31, 2023 and 2022, the three-month SOFR was 5.36% and the three-month LIBOR was 4.73% respectively. Each capital security represents an undivided preferred beneficial interest in the assets of the Trust. The Trust used the proceeds of the above sale and the proceeds of the sale of its common securities to the Company to buy $5,155,000 of subordinated debentures issued by the Company. These debentures mature at par on July 1, 2037. The Company has the right to redeem the debentures, in whole or in part, on any interest payment date after July 1, 2012 at the liquidation amount plus any accrued but unpaid interest to the redemption date. The subordinated debentures have the same financial terms as the capital securities. The Company makes interest payments and other payments under the subordinated debentures to the Trust. The Company's obligations under the subordinated debentures are unsecured and rank junior to all of the Company's other borrowings, except borrowings that by their terms rank equal or junior to the subordinated debentures. The Company guarantees the payment by the Trust of the amounts that are required to be paid on the capital securities, to the extent that the Trust has funds available for such payments.

The Federal Reserve Board limits restricted core capital elements including trust preferred securities to 25% of all core capital elements (which consists of qualifying common stockholders' equity, qualifying non-cumulative preferred stock and Class A minority interest in subsidiaries, as defined), net of any goodwill less any associated deferred tax liability. Amounts of restricted core capital elements in excess of those limits generally may be included in Tier II capital. As of December 31, 2023 and 2022, the Company’s trust preferred securities did not exceed the 25% threshold as established within the Federal Reserve Board Ruling.

In July 2021, New Hampshire Mutual Bancorp issued $20,000,000 in subordinated debentures at an initial rate of 3.25% with a maturity date of July 15, 2031, the proceeds of which were down-streamed to SBW ($13,995,000) and MCSB ($4,665,000). The remaining amount of the proceeds were held by the parent company to service the debt for a certain period. Interest on the debt is payable semi-annually for the first five years, then quarterly thereafter. This was a strategic action to bolster each bank’s capital and enable them to continue to grow and support their customers, employees and communities at higher levels well into the future. This capital injection positively impacted each bank’s Tier 1 capital ratios and Tier 2 risk-based capital ratio of the parent company. Debt issuance costs of $683,000 are being amortized over the 10-year term. Interest on the subordinated debentures is payable at a rate per annum equal to 3.25% through the interest payment date of July 2026 and thereafter at the three-month term (SOFR) plus a spread of 2.51%. The Company has the right to redeem the debentures, in whole or part, on any interest payment date after July 8, 2026 at an amount equal to 100% of the outstanding principal amount being redeemed plus accrued but unpaid interest, to but excluding the redemption date, but in all cases in a principal amount with integral multiples of $1,000.

11. Income Taxes

The components of income tax expense as of December 31 were as follows:

	2023	2022
	(In thousands)	
Current income tax expense		
Federal	**$ 5,437**	$ 6,694
State	**1,322**	1,626
Total current income tax expense	**6,759**	8,320
Deferred income tax benefit		
Federal	**(997)**	(1,500)
State	**(345)**	(447)
Total deferred income tax benefit	**(1,342)**	(1,947)
Total income tax expense	**$ 5,417**	$ 6,373

The reasons for the differences between the statutory federal income tax rate and the effective tax rates are summarized as follows for the years ended December 31:

	2023	2022
	(% of income)	
Federal income tax at statutory rate	**21%**	21.0%
Increase (decrease) in tax resulting from		
Tax-exempt income	**(0.9)**	(0.4)
Income on life insurance	**(1.4)**	(1.1)
State tax expense, net of federal tax benefit	**3.2**	1.8
Other, net	**0.6**	(0.1)
Effective tax rate	**22.5%**	21.2%

The Company had gross deferred tax assets and gross deferred tax liabilities as follows as of December 31:

	2023	2022
Deferred tax assets	(In thousands)	
Nonaccrual interest on loans	**$ 64**	$ 28
Allowance for loan losses	**8,821**	8,004
Deferred supplemental executive retirement	**2,127**	2,023
Net unrealized holding loss on available-for-sale securities	**14,701**	17,054
Other	**138**	30
Gross deferred tax assets	**25,851**	27,139

	2023	2022
Deferred tax liabilities		
Depreciation	**(2,046)**	(1,535)
Deferred loan costs, net of fees	**(643)**	(594)
Net unrealized holding gain on derivative	**(129)**	-
Prepaid pension	**(58)**	(577)
Mortgage servicing rights	**(300)**	(208)
Amortizing intangibles and other market value adjustments	**(2,505)**	(2,519)
Other	**(409)**	(221)
Gross deferred tax liabilities	**(6,090)**	(5,654)
Net deferred tax asset	**$ 19,761**	$ 21,485

Deferred tax assets as of December 31, 2023 and 2022, which are included in other assets, have not been reduced by a valuation allowance because management believes that it is more-likely-than-not that the full amount of deferred tax assets will be realized.

In prior years, the Banks were allowed a special tax-basis bad debt deduction under certain provisions of the Internal Revenue Code. As a result, undivided profits of the Company as of December 31, 2023 and 2022 include approximately $9,578,000 for which federal and state income taxes have not been provided. If the Banks no longer qualify as banks as defined in certain provisions of the Internal Revenue Code, this amount will be subject to recapture in taxable income ratably over four years, subject to a combined federal and state tax rate of approximately 27.5%.

12. Employee Benefit Plans

Defined Benefit Pension Plan

The Company provides pension benefits for its employees through participation in the Pentegra Defined Benefit Plan for Financial Institutions (the Pentegra DB Plan), a tax-qualified defined-benefit pension plan. The Pentegra DB Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan.

The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets are available to pay all of the liabilities. The risk of participation in multi-employer pension plans is different from single-employer plans. Accordingly, under the Pentegra DB Plan, contributions made by a participating employer may be used to provide benefits to participants of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Total contributions made to the Pentegra DB Plan, as reported on Form 5500, equal $142,405,000 and $248,563,000 for the plan years ended June 30, 2023 and 2022, respectively. The Company's contributions to the Pentegra DB Plan are not more than 5% of the total contributions to the Pentegra DB Plan.

The Pentegra DB Plan funded status as of July 1, and Company contributions for the calendar year, are as follows:

Employer Identification Number	Plan Number	Contributions December 31, 2023	2022	Funded Status As of July 1, 2023	2022
13-15645888	333	**$431,000**	$4,275,000	**127.29%**	134.64%

Defined Contribution 401(k) Plan – NHMB

The Company sponsors a 401(k) Defined Contribution Plan (the Plan) which allows its employees to set aside pre-tax and post-tax contributions for retirement savings. Employees may make contributions to the Plan, subject to certain limits based on federal tax laws. The Company, the Banks and NHTC make contributions to the Plan equal to 3% of annual compensation and may make a discretionary annual contribution to the Plan. The Company has the right to terminate the Plan at any time. The Company's 401(k) contribution expense was $918,000 and $882,000 for the years ended December 31, 2023 and 2022, respectively.

Supplemental Executive Retirement Plans (SERP)

In 2001, MVSB entered into SERP agreements with certain executive officers. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $513,000 and $532,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $55,000 and $52,000 for 2023 and 2022, respectively. During 2023 and 2022, $73,000 and $300,000, respectively, was paid to retired executives per the agreements.

In 2013 and 2022, MVSB entered into SERP agreements with certain executive officers. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $221,000 and $256,000 at December 31, 2023 and 2022, respectively. Expenses under (credits to) the agreements were $7,000 and ($1,000) for 2023 and 2022, respectively. During 2023 and 2022, $42,000 and $231,000, respectively, was paid to retired executives per the agreements.

In 2015, MCSB entered into SERP agreements for certain key employees. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $284,000 and $238,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $47,000 and $45,000 for 2023 and 2022, respectively. There were no benefits paid in 2023 and 2022 under the agreements.

In 2016 and 2018, NHMB entered into SERP agreements with certain executive officers. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $2,787,000 and $2,490,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $461,000 and $458,000 for 2023 and 2022, respectively. During both 2023 and 2022, $73,000 was paid to retired executives per the agreements.

In 2019 and 2020, NHMB established an additional SERP for certain executive officers. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $215,000 and $165,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $50,000 for both 2023 and 2022. There were no benefits paid in 2023 and 2022 under the agreements.

In 2018 and 2021, SBW entered into SERP agreements with certain executive officers. The agreements require the payment of specified benefits upon retirement over specified periods as described in each agreement. The total liability for the agreements included in other liabilities was $259,000 and $225,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $50,000 and $60,000 for 2023 and 2022, respectively. There were no benefits paid in 2023 and 2022 under the agreements.

In 2017, NHTC entered into a SERP agreement with a certain executive officer. The agreement requires the payment of specified benefits upon retirement over specified periods as described in the agreement. The total liability for the agreement included in other liabilities was $70,000 and $60,000 at December 31, 2023 and 2022, respectively. Expenses under the agreements were $10,000 for both 2023 and 2022. There were no benefits paid in 2023 and 2022 under the agreements.

Deferred Compensation Plan

MVSB has a deferred compensation plan for Directors and management employees as defined in the plan. Generally, benefit payments are made only upon retirement, resignation, death, disability, unforeseeable emergency or the occurrence of a change in control of MVSB. Participant accounts are credited interest at the highest deposit rate paid by MVSB. The related obligation at December 31, 2023 and 2022 amounted to $585,000 and $614,000, respectively, and is included in other liabilities.

Director Fee Continuation Plans

During 2011, MVSB established a Director Fee Continuation Plan for Independent Directors (MVSB Director Plan). During 2013, MCSB established a Director Fee Continuation Plan for Independent Directors (MCSB Director Plan). During 2018, SBW established a Director Fee Continuation Plan for Independent Directors (SBW Director Plan). Under these plans, other than accelerated vesting due to death, disability or change in control as described in the plans, no benefits vest unless the Director has completed 10 years of services; and the benefits increase based on additional service up to 15 completed years. The plans have a normal retirement date of 72 years of age.

Under the MVSB Director Plan, MCSB Director Plan and SBW Director Plan, the benefit provided is the “Normal Retirement Benefit” which is determined based on the length of an Independent Director’s service on the Board (in the capacity of an Independent Director), and the average of the three highest years of Board fees paid to the Independent Director during the last 5 years of service as an Independent Director. The vesting schedule determines the amount of the Normal Retirement Benefit.

Accounting for the Executive and Director Plans

Management accounts for the certain executive and director plans under FASB ASC 715, *Compensation – Retirement Benefits*.

The following is a summary of the Director and Executive plans as of December 31:

	2023	2022
	(In thousands)	
Benefit obligation	$ **5,619**	$ 5,111
Funded status included in other liabilities	$ **(5,619)**	$ (5,111)
Accumulated benefit obligation	$ **5,111**	$ 3,410

Amounts recognized in accumulated other comprehensive income, as of December 31, before tax effect, consisted of:

	2023	2022
	(In thousands)	
Unrecognized net actuarial loss	$ **384**	$ 573
Unrecognized prior service cost	**137**	121
	$ **521**	$ 694

Components of net periodic cost and other comprehensive income (loss) for the years ended December 31, before tax effect, consisted of:

	2023	2022
	(In thousands)	
Components of net periodic cost		
Service cost	**$ 556**	$ 586
Interest cost	**209**	189
Amortization of net actuarial loss	**64**	66
Amortization of prior service cost	**36**	36
Net periodic cost	**865**	877
Changes in benefit obligations recognized in other comprehensive income (loss)		
Net actuarial (loss) gain	**(72)**	49
Amortization of net actuarial loss	**(64)**	(66)
Amortization of prior service cost	**(36)**	(36)
Total recognized in other comprehensive income (loss)	**(172)**	(53)
Total recognized in periodic benefit cost and other comprehensive income (loss)	**$ 693**	$ 824

The following amounts are expected to be reclassified from accumulated other comprehensive income (loss) and recognized in net periodic benefit cost in 2024 (in thousands):

Amortization of net actuarial gain	$ 58
Amortization of prior service cost	28
	$ 86

The discount rate used in determining the actuarial present value of projected benefit obligation and net periodic pension cost was 6.00% in 2023 and 2022 for the Director Plans and 3.51% in 2023 and 2.89% in 2022 for the Executive Officer Plan. The assumed salary inflation rate was 3.00% for 2023 and 2022 for both plans.

Estimated future benefit payments, which reflect expected future service, as appropriate, are as follows (in thousands):

2024	$ 209
2025	268
2026	292
2027	320
2028	337
Thereafter	3,222

Split-Dollar Life Insurance Arrangement

Pursuant to ASC 715 *Compensation - Retirement Benefits*, MVSB recognized a liability for its future postretirement benefit obligations under an endorsement split-dollar life insurance arrangement. The total liability for the arrangement included in other liabilities was $30,000 at December 31, 2022. The split-dollar life insurance arrangement is no longer in effect at December 31, 2023.

13. Commitment and Contingencies

Off-Balance-Sheet Risk

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to originate loans, standby letters of credit and unadvanced funds on loans. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The contract amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments and standby letters of credit is represented by the contractual amounts of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to originate loans are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include secured interests in mortgages, accounts receivable, inventory, property, plant and equipment and income-producing properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a customer to a third party. The credit risk involved in issuing letters of credit is substantially the same as that involved in extending loan facilities to customers. The Company's outstanding letters of credit generally have a term of less than one year if a letter of credit is drawn.

Notional amounts of financial instruments with off-balance-sheet credit risk are as follows as of December 31:

	2023	2022
	(In thousands)	
Commitments to originate loans	**$ 45,328**	$ 34,997
Standby letters of credit	**7,056**	6,881
Unadvanced portions of loans		
Commercial loans	**137,127**	126,059
Commercial real estate	**35,584**	44,245
Home equity lines	**265,400**	233,654
Construction loans	**92,985**	139,219
Other (consumer, municipal, and non-profit)	**5,770**	12,395
	$ 589,250	$ 597,450

14. Minimum Regulatory Capital Requirements

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Banks' financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital and Common Equity Tier 1 (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined). As of December 31, 2023 and 2022, the Company and the Banks met all capital adequacy requirements to which they are subject.

Regulatory capital requirements limit a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% above its minimum risk-based capital requirements. The final Basel III capital rule became effective for the Banks on January 1, 2015. As of December 31, 2023, NHMB, MVSB, MCSB and SBW had a capital conservation buffer of 5.94%, 6.16%, 5.25% and 5.30%, respectively, of risk- weighted assets, which was in excess of the phased-in regulatory requirement of 2.5%.

As of December 31, 2023, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Common Equity Tier 1 risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There have been no conditions or events since the notification that management believes have changed the Banks' category.

The Company's and the Banks' actual and minimum capital amounts and ratios as of December 31, 2023 are presented in the following table:

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In thousands)			
Total Capital to Risk Weighted Assets						
Consolidated	$ **376,571**	**13.94%**	$ **216,133**	**8.0%**	$ **N/A**	**10.0%**
Meredith Village Savings Bank	**161,750**	**14.16**	**91,353**	**8.0**	**114,191**	**10.0**
Merrimack County Savings Bank	**139,032**	**13.25**	**83,951**	**8.0**	**104,939**	**10.0**
Savings Bank of Walpole	**67,220**	**13.30**	**40,445**	**8.0**	**50,557**	**10.0**
Tier 1 Capital to Risk Weighted Assets						
Consolidated	$ **324,703**	**12.02%**	$ **162,100**	**6.0%**	$ **N/A**	**8.0%**
Meredith Village Savings Bank	**147,472**	**12.91**	**68,514**	**6.0**	**91,353**	**8.0**
Merrimack County Savings Bank	**127,092**	**12.11**	**62,963**	**6.0**	**83,951**	**8.0**
Savings Bank of Walpole	**61,060**	**12.08**	**30,334**	**6.0**	**40,445**	**8.0**
Common Equity Tier 1 Capital to Risk Weighted Assets						
Consolidated	$ **319,703**	**11.83%**	$ **121,575**	**4.5%**	$ **N/A**	**6.5%**
Meredith Village Savings Bank	**147,472**	**12.91**	**51,386**	**4.5**	**74,224**	**6.5**
Merrimack County Savings Bank	**127,092**	**12.11**	**47,223**	**4.5**	**68,210**	**6.5**
Savings Bank of Walpole	**61,060**	**12.08**	**22,750**	**4.5**	**32,862**	**6.5**
Tier 1 Leverage Capital to Average Assets						
Consolidated	$ **324,703**	**8.65%**	$ **150,137**	**4.0%**	$ **N/A**	**5.0%**
Meredith Village Savings Bank	**147,472**	**9.02**	**65,376**	**4.0**	**81,720**	**5.0**
Merrimack County Savings Bank	**127,092**	**9.28**	**54,756**	**4.0**	**68,445**	**5.0**
Savings Bank of Walpole	**61,060**	**8.23**	**29,690**	**4.0**	**37,113**	**5.0**

N/A = Not applicable

The Company's and the Banks' actual and minimum capital amounts and ratios as of December 31, 2022 are presented in the following table:

	Actual		Minimum Capital Requirement		Minimnum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital to Risk Weighted Assets						
Consolidated	$ 350,256	13.28%	$ 211,028	8.0%	$ N/A	
Meredith Village Savings Bank	153,643	13.67	89,886	8.0	112,358	10.0%
Merrimack County Savings Bank	131,525	12.74	82,572	8.0	103,215	10.0
Savings Bank of Walpole	62,053	12.97	38,286	8.0	47,857	10.0
Tier 1 Capital to Risk Weighted Assets						
Consolidated	$ 303,578	11.51%	$ 158,271	6.0%	$ N/A	8.0%
Meredith Village Savings Bank	140,375	12.49	67,415	6.0	89,886	8.0
Merrimack County Savings Bank	120,655	11.69	61,929	6.0	82,572	8.0
Savings Bank of Walpole	56,535	11.81	28,714	6.0	38,286	8.0
Common Equity Tier 1 Capital to Risk Weighted Assets						
Consolidated	$ 298,578	11.32%	$ 118,703	4.5%	$ N/A	6.5%
Meredith Village Savings Bank	140,375	12.49	50,561	4.5	73,033	6.5
Merrimack County Savings Bank	120,655	11.69	46,447	4.5	67,089	6.5
Savings Bank of Walpole	56,535	11.81	21,536	4.5	31,107	6.5
Tier 1 Leverage Capital to Average Assets						
Consolidated	$ 303,578	8.52%	$ 142,525	4.0%	$ N/A	5.0%
Meredith Village Savings Bank	140,375	9.20	61,047	4.0	76,309	5.0
Merrimack County Savings Bank	120,655	9.21	52,381	4.0	65,477	5.0
Savings Bank of Walpole	56,535	7.90	28,616	4.0	35,771	5.0

N/A = Not applicable

The Company and NHTC are subject to capital guidelines as required by the New Hampshire State Banking and Trust department. Under established capital adequacy guidelines and per the NHTC capital policy, minimum required capital will be based on the size and complexity of the institution and will scale to account for future growth. NHTC will maintain at least four basis points of capital for managed assets and two basis points of capital for non-managed/custodial assets. Capital levels are evaluated on an annual basis. NHTC's capital (i.e. segregated funds excluding a liquidation pledge of $250,000) is invested in cash and/or United States government or quasi-government backed agency and/or mortgage backed securities as permitted per RSA 383-C:5-502 Required Capital, paragraph (c). The liquidation pledge of $250,000 can be satisfied by either cash or securities as approved by the banking commissioner per RSA 383-C:5-503 paragraph (a). For the years ended December 31, 2023 and 2022, NHTC maintained two segregated accounts in the amounts of $250,000 and $500,000 in accordance with policy guidelines. As of December 31, 2023 and 2022, NHTC had total capital in the amount of approximately $8,700,000 and $8,200,000, respectively, of which the two segregated balances were a component.

15. Fair Value Measurements

In accordance with U.S. GAAP, fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP defines three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

The Company's investments in debt securities available-for-sale are generally classified within Level 1 or Level 2 of the fair value hierarchy. For these securities, the Company obtains fair value measurements using quoted market prices or broker or dealer quotations from independent pricing services. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, trading levels, market consensus prepayment speeds, credit information and the instrument's terms and conditions.

The Company's individually evaluated loans are reported at the fair value of the underlying collateral if payment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs based upon sales prices of similar properties obtained from a third-party.

The Company's interest rate swap asset is reported at fair value utilizing Level 2 inputs obtained from third-parties.

The Company's other real estate owned is reported at estimated fair value less estimated costs to sell. Any write-down from cost to estimated fair value required at the time of foreclosure or classification as in-substance foreclosure is charged to the allowance for loan losses. Expenses incurred in connection with maintaining these assets, subsequent write-downs and gains or losses recognized upon sale are included in noninterest income or noninterest expense. Collateral values are estimated using Level 2 inputs based upon estimated sales prices and selling costs obtained from a third-party

The following summarizes assets and liabilities measured at fair value on a recurring basis using the market approach:

	Fair Value Measurements at December 31, 2023, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Available-for-sale securities				
U.S. Treasury securities	**$ 44,970**	**$ 44,970**	**$ -**	**$ -**
U.S. Government sponsored enterprises	**39,316**	**-**	**39,316**	**-**
Taxable state and municipal	**2,434**	**-**	**2,434**	**-**
Non-taxable state and municipal	**3,782**	**-**	**3,782**	**-**
Mortgage-backed securities	**223,434**	**-**	**223,434**	**-**
Total	**$ 313,936**	**$ 44,970**	**$ 268,966**	**$ -**
Interest rate swap asset	**$ 468**	**$ -**	**$ 468**	**$ -**

	Fair Value Measurements at December 31, 2022, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Available-for-sale securities				
U.S. Treasury securities	$ 50,700	$ 50,700	$ -	$ -
U.S. Government sponsored enterprises	38,986	-	38,986	-
Taxable state and municipal	2,332	-	2,332	-
Non-taxable state and municipal	4,209	-	4,209	-
Mortgage-backed securities	236,460	-	236,460	-
Total	$ 332,687	$ 50,700	$ 281,987	$ -

Under certain circumstances, the Company makes adjustments to fair value for certain assets and liabilities that are not measured at fair value on a recurring basis.

The following table presents the financial instruments carried in the consolidated balance sheet by caption and by level in the fair value hierarchy, for which a nonrecurring change to fair value has been recorded:

	Fair Value Measurements at December 31, 2023, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
(Market approach)				
Individually evaluated loans	**$ 3,519**	**$ -**	**$ 3,519**	**$ -**
Other real estate owned	**74**	**-**	**74**	**-**
Total	**$ 3,593**	**$ -**	**$ 3,593**	**$ -**

	Fair Value Measurements at December 31, 2022, Using			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
(Market approach)				
Impaired loans	$ 1,937	$ -	$ 1,937	$ -
Mortgage servicing rights	1,598	-	1,598	-
Other real estate owned	47	-	47	-
Total	$ 3,582	$ -	$ 3,582	$ -

Individually evaluated loans were written down to their fair value in 2023 and 2022 of $3,519,000 and $1,937,000, respectively, resulting in a specific reserve being established through the allowance for credit losses. There was no impairment reserve on mortgage servicing rights in 2023 and 2022.

16. Uncertainties

Persistent inflation and supply chain issues due to foreign wars continues to cause volatility in the economy. These factors have created uncertainty surrounding the potential economic ramifications, and any government actions to mitigate them. Accordingly, management will continue to be proactive in managing through these challenges. Though these issues will likely have a financial impact on the Company's consolidated financial position and results of future operations, such potential impact cannot be reasonably estimated.

17. Subsequent Events

For the purposes of the presentation of these financial statements in conformity with U.S. GAAP, management has considered transactions or events occurring through March 20, 2024, which is the date that the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

SUPPLEMENTAL INFORMATION

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2023

ASSETS

(In thousands)

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
Cash and due from banks	$ 11,022	$ 13,855	$ 3,119	$ 6,128	$ 1,140	$ (4,231)	$ 31,033
Deposits with Federal Reserve Bank and Federal Home Loan Bank	12,050	17,847	-	5,893	-	-	35,790
Total cash and cash equivalents	23,072	31,702	3,119	12,021	1,140	(4,231)	66,823
Available-for-sale securities, at fair value	86,131	123,302	-	104,503	-	-	313,936
Federal Home Loan Bank of Boston stock, at cost	9,464	4,763	-	561	-	-	14,788
Loans held for sale	-	-	-	-	-	-	-
Loans, net of allowance for credit losses	1,465,468	1,153,235	-	581,694	-	(104)	3,200,293
Premises and equipment, net	25,020	17,636	897	8,812	847	-	53,212
Other real estate owned	74	-	-	-	-	-	74
Goodwill	-	2,546	3,967	-	-	(3,000)	3,513
Amortizing intangible assets from acquisitions	-	-	2,448	-	3,493	-	5,941
Accrued interest receivable	4,440	3,547	-	1,953	-	-	9,940
Cash surrender value of life insurance policies	11,802	15,618	-	7,237	-	-	34,657
Interest rate swap asset	293	175	-	-	-	-	468
Investment in subsidiaries	-	-	-	-	307,984	(307,984)	-
Other assets	9,445	15,035	864	10,427	6,635	(2,278)	40,128
Total assets	$ 1,635,209	$ 1,367,559	$ 11,295	$ 727,208	$ 320,099	$ (317,597)	$ 3,743,773

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Balance Sheet

December 31,2023

LIABILITIES AND SURPLUS

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
Deposits							
Noninterest-bearing	$ 154,396	$ 176,193	$ -	$ 104,836	$ -	$ (4,231)	$ 431,194
Interest-bearing	1,034,188	854,330	-	555,196	-	-	2,443,714
Total deposits	1,188,584	1,030,523	-	660,032	-	(4,231)	2,874,908
Securities sold under agreements to repurchase	18,758	64,135	-	-	-	-	82,893
Advances from Federal Home Loan Bank of Boston	217,893	105,159	-	2,000	-	-	325,052
Advances from Federal Reserve Bank	60,000	45,000	-	10,000	-	-	115,000
Subordinated debentures	-	-	-	-	24,645	-	24,645
Other liabilities	13,267	9,212	2,599	6,274	4,863	(3,614)	32,601
Total liabilities	1,498,502	1,254,029	2,599	678,306	29,508	(7,845)	3,455,099
Surplus							
Undivided profits	147,472	129,637	8,696	61,061	329,198	(348,634)	327,430
Accumulated other comprehensive income (loss)	(10,765)	(16,107)	-	(12,159)	(38,607)	38,882	(38,756)
Total surplus	136,707	113,530	8,696	48,902	290,591	(309,752)	288,674
Total liabilities and surplus	$ 1,635,209	$ 1,367,559	$ 11,295	$ 727,208	$ 320,099	$ (317,597)	$ 3,743,773

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2022

ASSETS

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
				(In thousands)			
Cash and due from banks	$ 12,327	$ 14,451	$ 2,149	$ 5,116	$ 1,253	$ (3,374)	$ 31,922
Deposits with Federal Reserve Bank and Federal Home Loan Bank	12,186	10,990	-	6,772	-	-	29,948
Total cash and cash equivalents	24,513	25,441	2,149	11,888	1,253	(3,374)	61,870
Available-for-sale securities, at fair value	88,927	127,942	-	115,818	-	-	332,687
Federal Home Loan Bank of Boston stock, at cost	9,074	4,074	-	485	-	-	13,633
Loans held for sale	889	1,196	-	-	-	-	2,085
Loans, net of allowance for loan losses	1,375,782	1,105,487	-	545,807	-	(115)	3,026,961
Premises and equipment, net	25,114	16,847	939	8,816	875	-	52,591
Other real estate owned	47	-	-	-	-	-	47
Goodwill	-	2,546	3,967	-	-	(3,000)	3,513
Amortizing intangible assets from acquisitions	-	-	2,736	-	4,030	-	6,766
Accrued interest receivable	3,801	2,969	-	1,659	-	-	8,429
Cash surrender value of life insurance policies	11,491	16,534	-	7,037	-	-	35,062
Investment in Subsidiaries	-	-	-	-	282,624	(282,624)	-
Other assets	12,142	13,263	1,082	10,688	6,460	(1,123)	42,512
Total assets	$ 1,551,780	$ 1,316,299	$ 10,873	$ 702,198	$ 295,242	$ (290,236)	$ 3,586,156

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2022

LIABILITIES AND SURPLUS

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
				(In thousands)			
Deposits							
Noninterest-bearing	$ 186,595	$ 194,393	$ -	$ 86,918	$ -	$ (3,374)	$ 464,532
Interest-bearing	986,894	847,133	-	567,658	-	-	2,401,685
Total deposits	1,173,489	1,041,526	-	654,576	-	(3,374)	2,866,217
Securities sold under agreements to repurchase	29,130	75,344	-	-	-	-	104,474
Advances from Federal Home Loan Bank of Boston	210,392	88,175	-	-	-	-	298,567
Subordinated debentures	-	-	-	-	24,577	-	24,577
Other liabilities	10,875	6,879	2,721	5,418	5,347	(2,461)	28,779
Total liabilities	1,423,886	1,211,924	2,721	659,994	29,924	(5,835)	3,322,614
Surplus							
Undivided profits	140,375	123,200	8,152	56,535	310,538	(330,038)	308,762
Accumulated other comprehensive income (loss)	(12,481)	(18,825)	-	(14,331)	(45,220)	45,637	(45,220)
Total surplus	127,894	104,375	8,152	42,204	265,318	(284,401)	263,542
Total liabilities and surplus	$ 1,551,780	$ 1,316,299	$ 10,873	$ 702,198	$ 295,242	$ (290,236)	$ 3,586,156

Consolidating Statements of Income

Year Ended December 31, 2023

(In thousands)

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp_ (Parent)	Eliminations	Consolidated
Interest and dividend income							
Interest and fees on loans	$ 64,084	$ 53,749	$ -	$ 25,735	$ -	$ 10	$ 143,578
Interest and dividends on securities							
Taxable	2,417	2,438	-	2,030	298	-	7,183
Tax-exempt	-	-	-	99	-	-	99
Other interest	368	326	-	202	-	-	896
Total interest and dividend income	66,869	56,513	-	28,066	298	10	151,756
Interest expense							
Interest on deposits	12,138	12,651	-	3,183	-	-	27,972
Interest on securities sold under agreements to repurchase	319	2,347	-	-	-	-	2,666
Interest on advances from Federal Home Loan Bank of Boston	8,763	3,681	-	879	-	-	13,323
Interest on advances from Federal Reserve Bank	2,553	2,467	-	66	-	-	5,086
Interest on subordinated debentures	-	-	-		1,074	-	1,074
Total interest expense	23,773	21,146	-	4,128	1,074	-	50,121
Net interest and dividend income	43,096	35,367	-	23,938	(776)	10	101,635
Credit loss expense - loans	1,900	641	-	205	-	-	2,746
Credit loss expense – off-balance sheet credit exposures	52	51	-	88	-	-	191
Total credit loss expense	1,952	692	-	293	-	-	2,937
Net interest and dividend income after credit loss expense	41,144	34,675	-	23,645	(776)	10	98,698

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Statements of Income (Concluded)

Year Ended December 31, 2023

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
Noninterest income							
Fees and service charges on deposit accounts	3,946	2,433	-	2,766	-	-	9,145
Gain on sale of loans, net	441	224	-	39	-	-	704
Income from wealth management	-	-	7,325	-	-	-	7,325
Increase in cash surrender value of life insurance policies	310	1,118	-	199	-	-	1,627
NHMB Allocation Income	-	-	-	-	19,997	(19,997)	-
Dividend Income	-	-	-	-	1,216	(1,216)	-
Undistributed Earnings from Subsidiaries	-	-	-	-	18,604	(18,604)	-
Other income	1,220	915	17	334	9	(88)	2,407
Total noninterest income	5,917	4,690	7,342	3,338	39,826	(39,905)	21,208
Noninterest expenses							
Salaries and employee benefits	13,202	9,928	3,319	6,413	19,912	-	52,774
Occupancy expense	2,729	2,052	262	1,313	29	(69)	6,316
Equipment expense	3,233	2,651	95	2,003	-	-	7,982
Professional fees	671	519	1,583	319	23	-	3,115
Account services/data processing expense	2,545	2,463	-	2,336	-	-	7,344
Marketing expense	1,132	1,098	127	841	-	-	3,198
FDIC assessments	1,153	1,010	-	525	-	-	2,688
Amortization of intangible assets from acquisitions	-	-	288	-	537	-	825
Charitable contributions	128	346	25	173	-	-	672
Other expenses	12,703	10,514	898	6,360	448	(20,016)	10,907
Total noninterest expenses	37,496	30,581	6,597	20,283	20,949	(20,085)	95,821
Income before income taxes	9,565	8,784	745	6,700	18,101	(19,810)	24,085
Income tax expense	2,331	1,811	201	1,630	(558)	2	5,417
Net income	$ 7,234	$ 6,973	$ 544	$ 5,070	$ 18,659	$ (19,812)	$ 18,668

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Statements of Income

Year Ended December 31, 2022

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
				(In thousands)			
Interest and dividend income							
Interest and fees on loans	$ 49,339	$ 43,175	$ -	$ 19,682	$ 226	$ 21	$ 112,443
Interest and dividends on securities							
Taxable	1,798	2,514	-	2,161	448	-	6,921
Tax-exempt	-	-	-	113	-	-	113
Other interest	150	142	-	205	-	(51)	446
Total interest and dividend income	51,287	45,831	-	22,161	674	(30)	119,923
Interest expense							
Interest on deposits	2,271	2,612	-	816	-	-	5,699
Interest on securities sold under agreements to repurchase	121	775	-	-	-	-	896
Interest on advances from Federal Home Loan Bank of Boston	1,926	1,333	-	10	-	(51)	3,218
Interest on advances from Federal Reserve Bank	-	-	-	-	-	-	-
Interest on subordinated debentures	-	-	-	-	930	-	930
Total interest expense	4,318	4,720	-	826	930	(51)	10,743
Net interest and dividend income	46,969	41,111	-	21,335	(256)	21	109,180
Creidt loss expenses - loans	2,140	1,449	-	1,296	-	-	4,885
Credit loss expense – off-balance sheet credit exposure	40	-	-	-	-	-	40
Total credit loss expense	2,180	1,449	-	1,296	-	-	4,925
Net interest and dividend income after provision for loan losses	44,789	39,662	-	20,039	(256)	21	104,255

NEW HAMPSHIRE MUTUAL BANCORP AND SUBSIDIARIES

Consolidating Statements of Income (Concluded)

Year Ended December 31, 2022

	Meredith Village Savings Bank	Merrimack County Savings Bank	The New Hampshire Trust Company	Savings Bank of Walpole	New Hampshire Mutual Bancorp (Parent)	Eliminations	Consolidated
Noninterest income							
Fees and service charges on deposit accounts	3,779	2,389	-	2,522	-	-	8,690
Gain on sales of available-for-sale securities, net	10	-	-	-	17	-	27
Gain on sale of loans, net	78	44	-	6	-	-	128
Income from wealth management	-	-	7,293	-	-	-	7,293
Increase in cash surrender value of life insurance policies	2,171	478	-	178	-	-	2,827
NHMB Allocation Income	-	-	-	-	20,107	(20,107)	-
Dividend Income	-	-	-	-	1,096	(1,096)	-
Undistributed Earnings from Subsidiaries	-	-	-	-	22,168	(22,168)	-
Other income	574	586	23	214	5	(83)	1,319
Total noninterest income	6,612	3,497	7,316	2,920	43,393	(43,454)	20,284
Noninterest expenses							
Salaries and employee benefits	14,578	9,904	3,478	6,137	20,031	-	54,128
Occupancy expense	2,856	1,951	248	1,186	29	(63)	6,207
Equipment expense	3,078	2,583	79	1,962	-	-	7,702
Professional fees	564	447	1,650	321	21	-	3,003
Account services/data processing expense	2,133	2,161	-	2,039	-	-	6,333
Marketing expense	906	829	177	688	-	-	2,600
FDIC assessments	554	478	-	358	-	-	1,390
Amortization of intangible assets from acquisitions	-	1,164	288	-	538	-	1,990
Charitable contributions	235	368	20	268	-	-	891
Other expenses	12,680	10,912	845	6,668	442	(20,128)	11,419
Total noninterest expenses	37,624	30,797	6,785	19,627	21,061	(20,191)	95,663
Income before income taxes	13,817	12,362	531	3,332	22,076	(23,242)	28,876
Income tax expense	3,025	2,934	142	678	(406)	-	6,373
Net income	$ 10,792	$ 9,428	$ 389	$ 2,654	$ 22,482	$ (23,242)	$ 22,503