



Gorham
SAVINGS BANK

Banking is believingSM



2020 ANNUAL REPORT

At the time of this writing, our communities are moving toward resuming normal business operations following what has been, from any perspective, an historic shock to their collective health and well-being. Ever since our founding more than 150 years ago, Gorham Savings Bank has worked to be a Force for Good in every community we serve. We take that role and responsibility very seriously, and we will continue to do everything we can to meet the needs and improve the well-being of our employees, our customers and our communities as we move forward, together, to address the challenges yet to come.

Now some much-needed good news: Gorham Savings Bank finished the fiscal year ended March 31, 2020, with record earnings and a strong balance sheet. Net income of \$7.8 million was achieved even after an additional contribution of \$1 million to the credit reserve in recognition of uncertain economic conditions ahead. Our Commercial/Business Banking loan portfolio surpassed \$731 million, while deposits grew to nearly \$840 million.

This past year was also another remarkable time of GSB employees being a Force for Good in the communities we serve. Once again, volunteer hours exceed 4,000, and we were able to contribute more than \$400,000 to about 100 organizations throughout Southern Maine, clearly demonstrating GSB's commitment to community.

Beyond our commitment to community, it was our employees believing in their ability to help that, while consistent throughout the year, became a critical attribute as we headed into the COVID-19 pandemic. Banking is believing became much more than our tagline, evolving into a very tangible demonstration of our core values. Kathy and I were so impressed with the way our team came together and adapted to the rapidly changing environment we witnessed in March and early April this year. Regardless of department or function, everyone stepped up to meet every challenge head-on—with great resolve, positivity and flexibility.

With no intent to diminish the amazing work and the innumerable selfless contributions of others, here are a few examples of the challenges faced and addressed by our team. Our IT group's forethought along with prior investments in technology allowed us, in the very early days of the pandemic, to seamlessly move two-thirds of our workforce to work-from-home status with minimal disruption. Our Customer Service Center, always in the vanguard fielding every type of customer question, was inundated with requests—confidently resolving those things they could, while seamlessly and compassionately transitioning customers on to the right employee for matters that required more assistance. And our branch team, steadfastly on the front lines, face-to-face with customers every day, moved to drive-up-only service without a hitch, helping customers safely access the products and services necessary to meet their financial needs. Simultaneously, other members of the retail team switched hats, becoming valuable, albeit temporary, members of the CSC and Business Banking teams. Last, but not least in any regard, we want to call out the unprecedented efforts of everyone involved in the coordination, operations, administration and facilitation of nearly 1,000 SBA Paycheck Protection Program loans—in an impossibly short window of time. We saw such remarkable teamwork, and we simply cannot find the words to accurately and adequately express our awe, our thanks and our appreciation. Because of the exceptional work of these teams and all the rest here at GSB, we were able to be effective in our new operational configuration much sooner than anyone could have expected while still providing our customers with excellent transactional assistance, resources and some comfort in an extremely turbulent time.

As we release this report, we are beginning preparations to return to normal operations, with branches eventually opening to the public and providing services as they were before the crisis. The economic ramifications are clearly going to last much longer, and the full effects are something about which we can't be sure. Too many small businesses are struggling. All are affected. Some may never reopen. Those fortunate enough to weather the shutdown are resuming operations as best they can, and we all need to support them through this transition. And some of our friends and relatives have lost jobs and are now unsure of their future.

What the people of Southern Maine can be sure of is this: Gorham Savings Bank will be here, doing everything we can to help our customers and communities recover, rebound and re-emerge from this unforeseeable event. Because Gorham Savings Bank believes in the resiliency of Mainers.



Stephen deCastro
President & Chief Executive Officer



Katherine Coster
Board Chair



GORHAM SAVINGS BANK
**BELIEVING IN
COMMUNITY**





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STATEMENT *of* CONDITION

GORHAM BANCORP, MHC AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED STATEMENTS OF CONDITION (UNAUDITED) March 31, 2020 and 2019

ASSETS	2020	2019
Cash and due from banks	\$32,043,237	\$21,856,054
Investment securities and federal funds sold	172,339,197	160,193,669
Total loans and leases	988,240,601	978,632,426
Less allowance for loan and lease losses	(9,401,041)	(8,360,635)
Net loans	<u>978,839,560</u>	<u>970,271,791</u>
Other assets	67,087,460	60,280,477
TOTAL ASSETS	<u><u>\$1,250,309,454</u></u>	<u><u>\$1,212,601,991</u></u>
 LIABILITIES AND NET WORTH		
Customer sourced deposits	\$839,545,526	\$794,571,179
Brokered deposits	188,368,729	208,748,438
Total borrowings	79,948,435	84,416,928
Other liabilities	22,299,938	13,424,445
Total liabilities	<u>1,130,162,628</u>	<u>1,101,160,990</u>
Net worth	<u>120,146,826</u>	<u>111,441,001</u>
TOTAL LIABILITIES AND NET WORTH	<u><u>\$1,250,309,454</u></u>	<u><u>\$1,212,601,991</u></u>
Standby letters of credit outstanding not included above	\$7,825,236	\$5,510,243

SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) March 31, 2020 and 2019

Total interest and dividend income	\$49,042,059	\$47,317,470
Total interest expense	<u>10,683,412</u>	<u>10,385,538</u>
Net interest income	38,358,647	36,931,932
Provision for credit losses	<u>1,475,000</u>	<u>725,000</u>
Net interest income after provision for credit losses	36,883,647	36,206,932
Non-interest income	5,320,646	5,175,204
Gain on sale of securities and other investments	138,146	-
Non-interest expense	<u>33,266,144</u>	<u>32,732,968</u>
Income before income taxes	9,076,295	8,649,168
Income tax expense	<u>1,261,233</u>	<u>1,597,870</u>
Net income	<u><u>\$7,815,062</u></u>	<u><u>\$7,051,298</u></u>

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

We're Here to
**MAKE TODAY
EASIER
&
TOMORROW
BETTER**

FOR OUR CUSTOMERS AND COMMUNITY.

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38 Hannaford Drive
(207) 883-7440

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65 Gray Road
(207) 878-7457

SOUTH PORTLAND
395 Gorham Road
(207) 773-9646

202 A US Route One
(207) 347-2355

STANDISH
Route 25
Colonial Marketplace
(207) 642-4200

PORTLAND
172 Commercial Street
(207) 773-4027

One India Street
(207) 221-8449

WATERBORO
11 Sokokis Trail
(207) 247-5500

63 Marginal Way, Suite 200
(207) 221-8484

WINDHAM
766 Roosevelt Trail
(207) 892-2621

71 Marginal Way
(207) 221-8956

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