

# Bank of the Wild



**Passumpsic Bancorp**

2022 Annual Report

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PASSUMPSIC BANCORP, INC.

# President's Message



**James A. Kisch**

*President & CEO*

As we forge ahead in 2023, it helps to take a thoughtful look back. To put some historical perspective on 2022, it was a year marked by sticky and high inflation levels not seen in over four decades. All this following two tumultuous years responding to the pandemic and the start of the war in Ukraine. To tame inflation, the Federal Reserve raised interest rates at a pace unmatched since the 1980s. Higher rates have slowed home buying in our region and halted most mortgage refinance activity. And the stock markets tumbled, posting their worst performance since 2008, as investors reacted to recession fears. Yes, that's a lot; unimaginable really; yet it is exactly what happened. In the face of these dynamics, Team Passumpsic stood strong and resilient, focusing our attention on helping our customers and their communities to manage 2022's impacts and opportunities.

## Financial Fitness

Team Passumpsic returned to its active pace of serving consumer and commercial customers in 2022, managing to sustain nearly all of our pandemic precautionary-stimulus deposits. We grew loans year over year by nearly \$42M, an effort led by residential mortgage loan purchases from Northeast Home Loan (our mortgage subsidiary), in addition to growth in commercial real estate and commercial loan business. Passumpsic Financial Advisors performed close to expectations and experienced its

highest sales growth in its history despite volatile market conditions.

All that said, 2022 was one of the more challenging years in the mortgage industry due to the rapid increase in interest rates, which stifled the refinance and purchase markets. We continued to witness a lack of inventory in the housing markets coupled with borrowers' diminished borrowing capacity. The rising rate environment did provide us opportunities to enhance yields in bond investments and similar debt instruments. Although equity markets were not favorable, our diversification in investment holdings actually produced stronger yields and dividend returns that softened some of the near-term valuation impact.

Despite many factors outside of our control, our earnings were closely aligned with targets after adjusting for the equity securities valuation. The Bank maintains a well-capitalized rating and strong capital position as we expect to manage another year ahead in a climate of economic, geopolitical, and market uncertainty. In addition to robust capital position, the bank maintains conservative reserves in order to continue to soundly grow to serve your and our communities' for many generations to come.

## Team News

Our remarkable dedication to serving our customers and communities is sustained by our dedicated team. Let's celebrate some team members' recent accomplishments:

**Elaine Bixby, Executive Vice President and Chief Operations Officer**, retired from the Bank this past April. Elaine joined the Bank in September of 1987 as a Teller and grew and flourished with Passumpsic over the next 34 years. **Barb Schoolcraft, Marketing Manager**, also retired in April. Barb joined the Bank in March of 1995 and has worked as the Marketing Manager throughout her 27-year tenure. **Rose Gonyer, Branch Manager** for our Groveton office, retired in June. Rose joined the Bank in June of 1987, holding multiple positions in her 35-year tenure. **Lyn Tober, Financial Consultant**, retired in January 2023 after more than 8 years of amazing service. Elaine, Barb, Rose, and Lyn: We will miss you all deeply, and wish you a happy and relaxing retirement! Additionally, we proudly promoted **Mary Cote** to **Senior Vice President/Head of Retail Banking & Customer Support**. Mary has been with Passumpsic for 27 years working in both Retail Banking and Lending. She is an incredible asset to our team, and we greatly appreciate her commitment and her expertise.

## Rising to Every Occasion

Our Board and Teams invest ourselves in addressing solutions to our communities' challenges in many ways each year. This year we actively pursued solutions to workforce housing, invested in projects which promote outdoor recreation in our region, and increased our contributions to fuel assistance given higher heating fuel costs, to name a few efforts. We strive to bring creative thinking, mission-driven care for folks we serve, and a broad range of financing solutions in order to make sure Passumpsic Bank is always meeting the moment we're in. You have our commitment that we're here for you as long as you need us. Wherever you are in the tranquil wilds of Vermont or New Hampshire, wherever you're at in life, Passumpsic Bank will be right there with you.

Sincerely,

A handwritten signature in black ink that reads "Jim Kisch". The signature is written in a cursive, flowing style.

# Passumpsic Bancorp, Inc. & Subsidiaries

Years Ended December 31, 2022 and December 31, 2021

## CONSOLIDATED BALANCE SHEETS      2022      2021

### ASSETS

Cash and due from banks	\$ 43,325,844	\$ 113,867,798
Investment securities	128,304,872	130,221,504
Loans, net	611,385,637	583,744,567
Premises and fixed assets	11,231,111	11,563,709
Other assets	44,506,396	41,232,948
Total assets	<u>\$ 838,753,860</u>	<u>\$ 880,630,526</u>

### LIABILITIES AND EQUITY

#### LIABILITIES

Deposits	\$ 719,369,393	\$ 739,721,223
Other borrowings	6,830,508	17,539,843
Accrued interest and other liabilities	14,307,378	14,995,979
Total liabilities	<u>\$ 740,507,279</u>	<u>\$ 772,257,045</u>

#### EQUITY

Retained earnings and other equity	\$ 98,246,581	\$ 108,373,481
Total liabilities & equity	<u>\$ 838,753,860</u>	<u>\$ 880,630,526</u>
Off balance sheet standby letters of credit	<u>\$ 560,000</u>	<u>\$ 406,000</u>



# The Year of the Seminal Moment



**After nearly two years of staying safe and getting by, 2022 was our time to rise!**

Renewed energy and motivation was vital to our marketing efforts after such an unprecedented time in our country's history. We needed to remind people that Passumpsic Bank is the preeminent partner for all of life's adventures, and we needed to shout it from the top of Burke Mountain! We did just that, creating and releasing into the advertising stratosphere the most inventive, daring, and aggressive marketing initiative in our history! Bank of the Wild was born. It was a seminal moment for our organization. In an industry marked by bland, safe advertising that all blends together to say nothing memorable, we pushed boundaries and got the attention of new, potential and existing customers by being bold. By being different. By being the best version



**To say the campaign got people's attention is an understatement!**

## IMPRESSIONS

- Instagram ..... 145,403
- Facebook..... 157,613
- YouTube..... 595,676
- TV Spots (includes streaming ex. HULU) .....128,639
- Digital Video Ads (Video Ads - non-YouTube) .....2,721,753
- Organic YouTube Video Views.....231,000+ and still rising

*This doesn't even include all the print advertising associated with the campaign!*

of ourselves in a way we had never before explored.

Our brand is rooted in what makes the regions we serve so amazing: Elements of nature and the beautiful geography; a sense of adventure with outdoor recreation, sports and hobbies; the rich history of those who inhabited these regions before us; and of course, the people in our hardworking, tight-knit communities that shine bright when they come together. Bank of the Wild is an extension of our brand and the people we serve: It sends the message that Passumpsic Bank is there for our customers wherever they're at in life, whatever their next adventure is. It's presented in a smart, clever, and subtly humorous way, which sounds a lot like the collective attributes of so many of our friends and neighbors.

The Bank of the Wild effort was slowed by two years of unpredictability related to what has become known as the "Covid Era," but it was undoubtedly worth the wait. Best part is, it was Chapter 1; we're just getting started! We began with brand awareness, blanketing strategically chosen marketing and advertising channels with the consistent message that we are the dependable, flexible, trusted banking partner our customers deserve throughout every stage of their lives. And now we will take that "blanket" and apply it to technology initiatives, banking products, and financial services that will help our customers to go wherever their financial goals need to bring them.

The future is as bright as we want it to be, and our path will be full of challenges, opportunities and rewards. Bank of the Wild truly is Passumpsic Bank's next adventure.

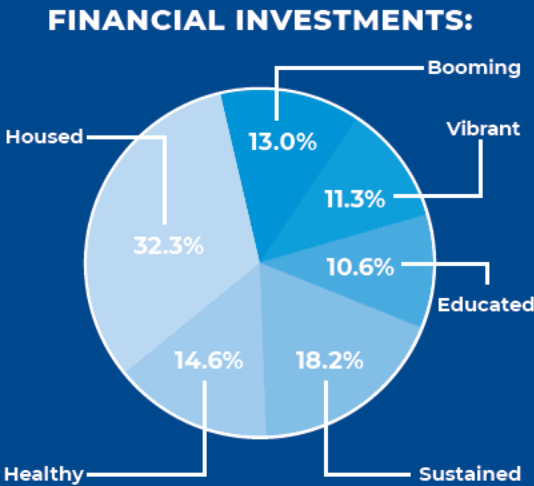
# Community Impact

At Passumpsic Bank, we work hard to have an impact by supporting the amazing efforts of the not-for-profit and non-profit organizations in the communities we serve throughout Vermont's Northeast Kingdom, Central Vermont and New Hampshire's North Country.

## Passumpsic Bank's funding priorities are:

- Affordable housing
- Cultural and performing arts
- Healthcare, education and human services
- Environmental and preservation programs
- Small business and job development programs
- Services targeted primarily to low and moderate income individuals and families

All charitable donations are tracked and charted as shown in the pie chart illustration with an emphasis on a balanced approach of giving following the prosperous communities definitions.



## PROSPEROUS COMMUNITIES ARE:

- Booming:** promoting an increase in the activity in our local economy.
- Vibrant:** promoting a well-rounded, cultured, supportive place for community members.
- Educated:** promoting scholarly, cultivated and enlightened communities.
- Sustained:** supporting basic welfare and safety of all of our community members.
- Healthy:** supporting organizations, programs and systems which support the health of people in our communities.
- Housed:** supporting housing for all demographic groups in our communities.



# Passumpsic Bank

## TRUSTEES

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<b>Bradley J. Gebbie</b> , <i>Chair</i>	<b>Robert W. Snowman</b>	<b>Bruce C. Palmer</b>	<b>Tracy A. P. Zschau</b>
<b>Steven E. Larrabee</b>	<b>Jeffrey A. Gilman</b>	<b>James A. Kisch</b>	<b>Shawn P. Tester</b>
<b>Peter F. Crosby</b>	<b>Gregory C. Eastman</b>	<b>Eva M. Hayes</b>	

## OFFICERS

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<b>James A. Kisch</b> <i>President &amp; Chief Executive Officer</i>	<b>Mary A. Cote</b> <i>Senior Vice President/ Head of Retail Banking &amp; Customer Support</i>	<b>Donna M. Hamilton</b> <i>Vice President, Compliance/BSA</i>	<b>Chris Bechanan</b> <i>Vice President, Head of Innovation &amp; IT</i>
<b>Richard F. Lyon</b> <i>Executive Vice President, Chief Financial Officer, Assistant Secretary</i>	<b>Kathleen C. Zita</b> <i>Corporate Secretary</i>	<b>Pamela A. Sanderson</b> <i>Vice President, Retail Banking</i>	<b>Dawn C. Shatney</b> <i>Vice President, Loan Operations Manager</i>
<b>Roena D. Whitehill</b> <i>Executive Vice President, Lending &amp; Commercial Services</i>	<b>Robbie M. Hallett</b> <i>Senior Vice President, Human Resources</i>	<b>Jeffrey Pierpont</b> <i>Vice President, Organizational Development Officer</i>	<b>Ryan J. Stewart</b> <i>Vice President, Passumpsic Financial Advisors</i>
<b>Daniel J. Kimbell</b> <i>Executive Vice President, Passumpsic Financial Advisors</i>	<b>Abbie W. Ruffner</b> <i>Vice President, Information Security</i>	<b>Joyce A. Schartner</b> <i>Vice President, Customer Support/ Operations</i>	
	<b>Brenda M. Wilkins</b> <i>Vice President, Accounting, Treasurer</i>		

## OFFICERS / BRANCH MANAGERS

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<b>ST. JOHNSBURY</b> <b>Angela Payeur</b> <i>Assistant Vice President, Branch Manager</i>	<b>DANVILLE</b> <b>Tonya Munding</b> <i>Branch Manager</i>	<b>NEWPORT</b> <b>Carol Starr</b> <i>Assistant Vice President, Branch Manager</i>	<b>WHITEFIELD</b> <b>Renee Powers</b> <i>Branch Manager</i>
<b>Jacquelyn Greaves</b> <i>Assistant Vice President, Commercial Banking</i>	<b>LYNDONVILLE</b> <b>Amy M. South</b> <i>Assistant Vice President, Branch Manager</i>	<b>Ellen V. Stanley</b> <i>Vice President, Commercial Banking</i>	<b>LANCASTER</b> <b>Holly Fortin</b> <i>Assistant Vice President, Branch Manager</i>
<b>Holly Ingerson</b> <i>Assistant Vice President, Commercial Loan Administrator &amp; Asset Recovery Manager</i>	<b>Heather S. Tanner</b> <i>Assistant Vice President, Commercial Banking</i>	<b>LITTLETON</b> <b>Renee Powers</b> <i>Branch Manager</i>	<b>Julie Aldrich</b> <i>Assistant Vice President, Commercial Banker</i>
<b>BERLIN</b> <b>Joshua LaFrance</b> <i>Branch Manager</i>	<b>ISLAND POND</b> <b>Amy M. South</b> <i>Assistant Vice President, Branch Manager</i>	<b>Alycia Vosinek</b> <i>Vice President, Commercial Banking</i>	<b>GROVETON</b> <b>Holly Fortin</b> <i>Assistant Vice President, Branch Manager</i>

## PASSUMPSIC FINANCIAL ADVISORS

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<b>Daniel J. Kimbell</b> , <i>Executive Vice President/Managing Director</i>	<b>Michael J. Worden</b> ,* <i>Financial Consultant</i>
<b>Ryan J. Stewart</b> , <i>Vice President/Chief Investment Officer (CIO)</i>	<b>Robert Thompson</b> ,* <i>Financial Consultant</i>
<b>Angela “Anjo” Roy</b> , <i>Assistant Vice President/Investment Analyst</i>	<b>Ryan Thompson</b> ,* <i>Financial Consultant</i>
<b>Daphne Bullock</b> , <i>Assistant Vice President/Trust Administrative Officer</i>	

\*Infinex registered representative. See disclosure on back cover.

Information Accurate as of February 24, 2023.



# Passumpsic Bancorp, Inc.

## DIRECTORS

Bradley J. Gebbie, *Chair*  
Steven E. Larrabee  
Peter F. Crosby  
Robert W. Snowman  
Jeffrey A. Gilman  
Gregory C. Eastman  
Bruce C. Palmer  
James A. Kisch  
Eva M. Hayes  
Tracy A. P. Zschau  
Shawn P. Tester

## OFFICERS

Bradley J. Gebbie  
*Chair*  
James A. Kisch  
*President & Chief Executive Officer*  
Richard F. Lyon  
*Treasurer, Assistant Secretary*  
Roena D. Whitehill  
*Vice President*  
Daniel J. Kimbell  
*Vice President*  
Mary A. Cote  
*Vice President*  
Kathleen C. Zita  
*Corporate Secretary*

## CORPORATORS

Nikki Barrett	Erin Quatrini-Hill	David Rochefort
Suzanne L. Batchelder	Charles C. Horvath	Laural Ruggles
Gregory Brown	Meagan Howard	Charles J. Schmidt
Dennise R. Casey	James A. Kisch	Bradley M. Shattuck
Maurice E. Chaloux	Keith Kopp	Samuel P. Shippee
Joseph L. Choquette	Craig O. Lantagne	Kyle Sipples
Amanda Cochrane	Jason Larrabee	Robert W. Snowman
Brian G. Cook	Steven E. Larrabee	Douglas B. Spates
Michael F. Coyle	Charles R. Lawrence	Grant Spates
Peter F. Crosby	Michael D. Lee	John Spicer
Denise Deschenes	Shannon K. Lenzini	Lowell (Chip) Spillane
Mark Desrochers	Daniel P. Lussier	Debra Harris Stinehour
Gregory C. Eastman	Carol Lyon	Shawn P. Tester
Elijah Emerson	Nicholas Maclure	W. Thomas Turek
Robert L. Fotter	Peter McAllenney	R. Gerald Webber
Wendy Franklin	John P. Monette	Mike Welch
Jody Fried	James Murphy	Lisa Whitney
Jonathan (Jon) Frizzell	Benjamin Gaetjens-Oleson	Brittney L. Wilson
Christian Gainer	Steven J. O'Rourke	Tiffany Lussier Young
Bradley J. Gebbie	Bruce C. Palmer	Tracy A. P. Zschau
Jeffrey A. Gilman	Andrew G. Pepin	
Zachariah G. Hatch	Elizabeth L. Raymond	
Eva M. Hayes	John L. Riff	
Robert N. Hersey		

# Northeast Home Loan, LLC

## BOARD

James A. Kisch, *Chair*  
James A. Wilson  
Gregory W. Vilardo  
Roena D. Whitehill  
Richard F. Lyon

## OFFICERS

James A. Wilson, *President & Chief Executive Officer*  
Gregory W. Vilardo, *Senior Vice President, Chief Administrative Officer*  
Tina Johnson, *Senior Vice President/Assistant Secretary/Secondary Market Officer*  
Lisa Damian, *Senior Vice President/Support Services Officer*  
Jay Ebbighausen, *Senior Vice President/Compliance Officer*  
Cindy Castine, *Senior Vice President/Processing and Underwriting Manager*  
Sherry Snow, *Vice President/Assistant Treasurer/Controller*  
David P. Johndrow, *Vice President, Business Development & Account Management*  
Kathleen C. Zita, *Secretary*





12 Locations in the Northeast Kingdom of VT, Central VT and Northern NH.

VERMONT

St. Johnsbury

497 Railroad Street  
(802) 748-3196

St. Johnsbury Center

1242 Memorial Drive  
(800) 370-3196

Berlin

282 Berlin Mall Road  
(800) 370-3196

Danville

53 Route 2 West  
(800) 370-3196

Lyndonville

62 Broad Street  
(800) 370-3196

Island Pond

49 Mill Street Ext.  
(800) 370-3196

Newport

1 Gardner Street  
(800) 370-3196

Williston

Loan Production Office  
300 Cornerstone Drive  
Suite #110  
(800) 370-3196

NEW HAMPSHIRE

Littleton

81 Meadow Street  
(800) 370-3196

Whitefield

20 Jefferson Road  
(800) 370-3196

Lancaster

117 Main Street  
(800) 370-3196

Groveton

40 State Street  
(800) 370-3196

Visit us online at [www.passumpsicbank.com](http://www.passumpsicbank.com)

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Member FINRA/SIPC

Not FDIC Insured | Not guaranteed by the bank | May go down in value

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