

A full-page background image of a sunset over the ocean. The sun is a bright, glowing orb on the horizon, casting a long, shimmering path of light across the dark blue water. The sky is a gradient of deep purple and blue, with a thin layer of orange and yellow near the horizon.

TODAY IS A *NEW DAY*

ANNUAL REPORT 2023



TODAY IS A NEW DAY

OPTIMISM DRIVES THE OPPORTUNITY TO MAKE THINGS BETTER

At Gorham Savings Bank, we believe each and every day is a new opportunity to make things a little better for our customers and our community. That spirit of optimism runs through everything we do, and I believe it is embodied, in some way, in every GSB employee.

That optimism helped guide us through the pandemic and prepared us well for navigating the recent turmoil in the financial markets. The Federal Reserve has been aggressively increasing rates to help contain inflation. That has led to some visible bank failures and general concern for the stability of the country's financial system.

Thankfully, GSB is built on the strength of our Main Street communities—individuals, families and businesses of all sizes, across a wide range of industries. That diversity has always served us well and helped us weather every economic downturn this country has encountered in the past 155 years.

Beyond the current economic conditions, we continue to be a source of optimism for the small and emerging business community through our commitment to our one-of-a-kind LaunchPad competition, and for the second straight year, being recognized by the Small Business Administration for achievements in small business lending.

You've no doubt noticed our very visible brand evolution this past year. And while we remain the same in every other way, this change was also influenced by the optimistic approach we bring to every facet of community banking. Our previous logo represented us well for many years, but as Gorham Savings Bank grew, and in the past decade became a leading commercial bank in southern Maine, it became clear that a change was necessary. You can read more about our logo evolution and its optimistic roots in our cover story on page 3.

This past year also offered much promise and held a number of positive developments. A few of the more notable positives included the promotion of our controller and GSB veteran, Jane Stack, to the position of chief financial officer, along with the addition of Dimitri Michaud as chief operations officer and the promotion of Julie Brooks and Mark Girr to chief risk officer and chief marketing officer, respectively. Perhaps my favorite acknowledgment each year is the opportunity to recognize this past year's Gorham's Greatest award recipients—Christine Weymouth, who heads up our Cash Management team, and Angela Smith, an underwriter on our Retail Lending team. Two exceptional employees who exemplify capability, dedication and optimism.

We closed out fiscal year 2023 with assets reaching \$1.6 billion and solid deposit balances of \$1.2 billion. Net income came in at \$7.8 million and GSB's retained earnings topped \$149 million. Commercial loan growth, a year removed from PPP, came in at \$90 million, while consumer lending turned in a solid \$22 million despite a residential market with virtually no inventory.

There are headwinds in front of us, to be sure. However, we remain optimistic about the future for our vibrant and resilient southern Maine community, and we look forward to the opportunities to serve you and help you achieve your financial goals.



Stephen deCastro

Stephen deCastro
President & Chief Executive Officer



STRONG LEADERSHIP ENRICHES OUR COMMUNITY

In uncertain times, there is no substitute for steady, clear-eyed leadership. We learned this throughout the pandemic, and we are benefitting from it every day as we confront the challenges of a competitive rate environment and market disruption. Thanks to our team, led by Steve deCastro, Gorham Savings Bank closed fiscal year 2023 with a solid balance sheet and both the people and financial resources to fulfill our commitment to be an even greater force for good in the year to come.

In June we will see our good friend and director extraordinaire Paula Silsby transition to the role of honorary director. I know that I speak for each of my colleagues on the board when I say that every discussion and deliberation has been enhanced by Paula's straightforward, analytical questions and observations—not to mention her wry sense of humor. Paula, thank you for the key role you have played in making Gorham Savings Bank better.

Katie Fullam-Harris has the job of filling Paula's shoes, and I could not be happier to welcome her to the board. Katie is a longtime corporator of GSB and currently serves as chief government affairs officer for MaineHealth. She brings to the bank a wealth of community and collaboration experience. Also joining the GSB family are four new corporators: Julie Butcher Pezzino, Erin Flett, Justin Loveitt and Stephen Nahley. We are delighted to have you join us.

Finally, the leadership I've referenced above is complemented by my fellow directors. Our board provides important oversight and valuable strategic counsel to the leadership team. It would be hard to imagine a more enthusiastic and insightful group. Together, in accordance with our mutual mission and strategic plan, we look forward to more deeply engaging our talented employees, empowering and supporting the financial needs of our retail and business customers, and further enriching the communities we serve.



Katherine Coster

Katherine Coster
Board Chair

NEW DAY. SAME PROMISE.

Changing your company's logo, the cornerstone of its identity in the marketplace, is not an endeavor lightly undertaken.

Beyond its myriad of applications (signage, advertising, website, forms, business cards, letterhead, posters, email, apps, brochures, dog bandanas!), remain a daunting number of less visible considerations. These run the gamut from operational, administrative and organizational to practical, financial and aesthetic. Each must be weighed, considered and prototyped before a decision can be made.

For GSB, this process spanned nearly three years (including a respite to manage the COVID-19 pandemic). We took our time. We took great care. We knew we had to get it right.

Our Marketing Team, brand agency and a diverse group of GSB employees, corporators, board members and customers were all involved. Joint teams considered more than 300 designs before eventually winnowing the field to four. We then surveyed all GSB employees to solicit feedback. When consensus emerged around one of the designs, we knew we'd found our logo.

As Steve mentioned in his letter, Gorham Savings Bank was a different bank 20+ years ago, when our prior logo was developed. We were largely a retail and mortgage-focused bank with assets around \$475 million and roughly half the branches we have today.

Since then, our commercial balances have grown by \$875 million. We've introduced innovative technologies like Video Teller Machines; new signature programs like LaunchPad; and innovative, purpose-driven products like our new Make Change account.

There is so much for us to be optimistic about today. But that sense of optimism is not new. It's not something our employees have just recently adopted. It's who we've always been. And that, above all else, guided each and every step of the logo development process.

In fact, the arc at the bottom of the logo represents the sunrise in Maine. The curve itself is based on a chart of the annual daylight length in Maine—a perfect visual representation of the optimism each new day brings.

The logo is also more modern, functional and recognizable. It introduces a stronger typeface, an expanded color palette and a new primary graphic element that we've come to call our badge. Overall, it's a better reflection of who we are today.

Every morning, the sun shines on Maine first—before anywhere else in the country. Every morning, the people of Maine rise and embrace the endless possibilities therein. And every morning, the people of GSB set out to use their talents and skills to help our customers reach their goals. Our new logo represents all this and more. It represents our commitment to be a force for good in the lives of everyone we touch. It's a commitment we renew with every new day.



SEE WHAT MAKES MAINE SHINE

Gorham Savings Bank believes in the possibility and promise of each new day in Maine. We're for the local dreamers and doers. And we're committed to supporting them on their journey to create a better, more prosperous future for themselves and our community. Snap the code to see how.



1. Rwanda Bean coffee roaster in Portland
2. Erin Flett, owner of Erin Flett

NEW BEGINNINGS: LAUNCHPAD MOVES TO THE FALL

Our annual LaunchPad small business competition is moving from its usual June time frame to a brand-new date in October. Stay tuned for updates and networking events at GorhamSavings.Bank/LaunchPad.

LaunchPad has been a flagship annual event for GSB for a full decade. In that time, a number of businesses have been through the rigorous LaunchPad judging process, competing for GSB's \$50,000 grant. GSB is proud to contribute to Maine's startup economy by fostering the most innovative entrepreneurs in the state. Access to capital is still the largest hurdle new businesses face, and with 97% of businesses in our state in the small business category, this is another way we strive to lift the entire state.

"The \$50,000 was so essential, but also just the exposure, and even interest from investors who saw the win."

— Torey Penrod-Cambra, co-founder and CCO, HighByte

TANBARK: WINNER LAUNCHPAD 2022

In 2022, GSB was pleased to award Tanbark Molded Fiber Products our no-strings-attached \$50,000 LaunchPad grant. Melissa LaCasse, co-founder, runs the eco-friendly packaging startup from a Saco facility. On our Beyond LaunchPad podcast, she explained that the grant helped hire a designer to show clients how Tanbark can elevate the consumer experience without sacrificing sustainability.

Tanbark provides natural, custom alternatives to damaging plastics and Styrofoam. The thermoforming process, which turns fiber into fused material, originated in Maine a century ago. Now this traditional process is helping companies address a modern retail challenge. Tanbark has also raised an additional \$1.7 million in seed funding as a member of the Roux Institute's Founder Residency program.

1. Torey Penrod-Cambra, co-founder and CCO, HighByte, and 2021 LaunchPad winner
2. Melissa LaCasse, co-founder of Tanbark, and 2022 LaunchPad winner



NKENNE: 2022 EMERGING BUSINESS AWARD

NKENNE, an app that helps people learn African languages, was awarded the Emerging Business Award at our 2022 LaunchPad competition. Its founder, Michael Odokara-Okigbo, received a \$10,000 grant, plus an additional \$10,000 of in-kind marketing and business services.

The NKENNE app uses lesson plans developed by experienced language professors. Learners engage with games, rewards and their peers in language-based communities. Live conversations with native speakers are in the works for a future release. NKENNE is available for iOS and Android.

"GSB cares about emerging businesses, small businesses, businesses of color. Not a lot of banks do that. So that's incredible."

— Michael Odokara-Okigbo, founder, NKENNE

POST-LAUNCH UPDATE: AMERICAN UNAGI

Back in 2017, GSB had a glimpse of the future when we presented that year's Emerging Business Award. American Unagi was on a mission then to bring fresh, Maine-grown eel to restaurant tables. In fact, owner Sara Rademaker's Hancock County fishery has done so well that the company moved to spacious new digs in Waldoboro. The 27,000 sq. ft. facility, the largest eel farm in the US, will increase production and maybe give lobster a rival for favorite Maine seafood.

Want to hear more about our LaunchPad winners? Listen to our Beyond LaunchPad podcast wherever you find new audio.



3. Michael Odokara-Okigbo, founder and CEO, NKENNE
4. Sara Rademaker, owner of American Unagi





CELEBRATING MAINE'S PEOPLE AND PLACES

This past year, Gorham Saving Bank proudly committed \$100,000 in support of land conversation. Of greatest impact is our support of Presumpscot Regional Land Trust, which will help create a 750-acre preserve for wildlife as well as trail access through the East Windham Conservation Project.

The project will create the largest wildlife habitat and trail access corridor in Greater Portland, providing 2,000 acres of conserved land; a 30-mile trail network; and an accessible, scenic overlook with sweeping views of the White Mountains. GSB is dedicated to conserving Maine's unique local landscape for future generations.

RACING FOR GOOD

Portland is gearing up for the annual Gorham Savings Bank Maine Marathon, to be held Sunday, October 1, 2023. With its glorious views of Maine's coast and fall foliage, GSB is proud to help the all-volunteer team make this yearly event happen. GSB employees worked hard to support the crew as they raised over \$500,000 for worthy charities in our community.

The Gorham Savings Bank Maine Marathon is USATF certified and a Boston Marathon qualifier. This year, GSB will also continue to offer a virtual race option, with full- and half-marathon lengths, plus 5K and 10K alternatives. You can follow the race at www.mainemarathon.com.

1. Chris Carleton, owner, Allspeed Cyclery & Snow, bikes Maine's trails. 2. Angela Smith and Christine Weymouth were named GSB's 2022 Gorham's Greatest. 3. GSB receives the 2022 SBA District Director Award. 4. Soft Corner Midwifery.

CHEERS TO GREAT PEOPLE

Congratulations to Angela Smith and Christine Weymouth, who were named Gorham's Greatest for 2022 by their fellow GSB employees. All finalists are nominated by their peers and then selected based upon their contributions to the bank's strategic initiatives. We thank Angela and Christine for exemplifying our core values and setting a great example for the rest of us.



COMING UP TOGETHER

GSB was deeply honored to receive the U.S. Small Business Administration's 2022 District Director Award. The award acknowledges all the hard work that goes into growing Maine's small businesses. In 2022 alone, GSB completed loans totaling \$13 million in new money to small businesses right here in southern Maine. These are the loans that help small businesses reach that crucial "next level." As the No. 1 Small Business Lender in Cumberland County,* we know from experience that early support is essential to the success of a small business. And we're proud to be able to fulfill our mission to be a force for good in our local communities.

SUPPORTING LOCAL GROWTH

Soft Corner Midwifery offers holistic reproductive healthcare, focused on midwifery services for expectant parents. When they found themselves outgrowing their rented offices, a fellow local business owner passed along some good advice: Talk to GSB!

Our Business Banking Team was able to connect Soft Corner with the right loan for expansion. With their SBA 504 loan, the practice was able to relocate to a larger space and meet the needs of the local community. We're happy to be able to help provide more services to Maine and to the next generation of GSB customers being born happy and healthy.



*Based on CRA data released by the Federal Financial Institutions Examination Council.

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STATEMENT OF CONDITION

GORHAM BANCORP, MHC AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED STATEMENTS OF CONDITION (UNAUDITED) March 31, 2023 and 2022

ASSETS	2023	2022
Cash and due from banks	\$59,834,889	\$53,843,672
Investment securities and federal funds sold	262,045,201	290,378,663
Total loans and leases	1,247,426,863	1,135,738,625
Less allowance for loan and lease losses	(9,840,410)	(9,240,736)
Net loans	1,237,586,453	1,126,497,889
Other assets	89,576,183	76,405,096
TOTAL ASSETS	\$1,649,042,726	\$1,547,125,320
LIABILITIES AND NET WORTH		
Customer deposit accounts	\$1,227,164,793	\$1,247,664,213
Brokered deposits	186,140,509	113,156,903
Total borrowings	106,471,282	49,435,934
Other liabilities	19,591,026	14,697,735
Total liabilities	1,539,367,610	1,424,954,785
Net worth	109,675,116	122,170,535
TOTAL LIABILITIES AND NET WORTH	\$1,649,042,726	\$1,547,125,320
Standby letters of credit outstanding not included above	\$5,995,325	\$13,233,985

SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) March 31, 2023 and 2022

Total interest and dividend income	\$56,653,540	\$47,411,899
Total interest expense	14,632,258	1,980,378
Net interest income	42,021,282	45,431,521
Provision for credit losses	1,279,868	1,050,000
Net interest income after provision for credit losses	40,741,414	44,381,521
Non-interest income	6,989,367	6,404,114
Gain on sale of securities and other investments	–	51,366
Non-interest expense	37,980,142	41,642,692
Income before income taxes	9,750,639	9,194,309
Income tax expense	1,972,006	1,373,836
Net income	\$7,778,633	\$7,820,473

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

BANKING *is* BELIEVINGSM

We believe in optimism and the power of each new day to make things better for our customers and community.

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