

Statement of Condition



JANUARY 2018

In 2017 we generated a nice increase in revenue and controlled our operating expenses. Offsetting those positive developments, were the large net loan charge-offs we experienced and the resulting provision to our loan loss reserve.

Loans grew by \$29.2 million in 2017 with most of that growth coming from purchased residential mortgages and new commercial real estate loans. That growth was funded by a combination of deposits and borrowings. The loan to deposit ratio increased from 100% at 12/31/16 to 106% at year-end. Our net worth increased by \$3.7 million due to retained earnings and the increased value of our investments, primarily our common stock portfolio. Total assets grew to \$416 million, climbing above \$400 million for the first time in the Bank's history. We continue to be well capitalized with a capital to asset ratio of 13.85%.

Net interest income grew by 4.2% from the prior year due to increased loans offset by continued margin compression. The Bank's net interest margin (the difference between what we earn on loans and investments, and what we pay on deposits and borrowings) fell from 3.39% at 12/31/16 to 3.26% at 12/31/17. Non-Interest Income was \$2.27 million, up from the year-earlier period due, in part, to the gain on sale of an OREO property. Non-interest expense (salaries, benefits, facilities, information technology, etc.) was reduced and the Bank's efficiency ratio improved from 87.9% at 12/31/16 to 83.1%. We added \$1.4 million to the Loan Loss Reserve in 2017 to cover charge-offs and loan growth, compared to \$256,000 in 2016. We have benefited from the increased value of our stock portfolio and took gains of \$1.4 million in 2017 compared to gains of \$819,042 in 2016. Net income before extraordinary items was \$1.99 million in 2017 compared to \$1.81 million in 2016. In 2017 the Bank took a credit of \$443,347 due to the tax law change. In 2016 the Bank had an extraordinary gain of \$259,022 from the sale of our Maple Avenue branch.

The staff worked hard in 2017 and produced greater revenue with reduced expenses. We are working through some of our credit issues and expect an improvement in 2018. Our challenge is to grow deposits to fund loan growth and we have a few initiatives planned this year. The Bank continues to do an excellent job serving our customers and supporting the community. In 2017 the Claremont Savings Bank Foundation donated a total of \$89,254 to 60 local non-profit organizations.

Reginald E. Greene, Jr.
President and CEO

INCOME STATEMENT

	Twelve Months December 31, 2017	Twelve Months December 31, 2016
Total Interest Income	\$14,996,970	\$14,080,887
Total Interest Expense	(2,347,787)	(1,939,452)
NET INTEREST INCOME	\$12,649,183	\$12,141,435
Provisions for Loan Losses	(1,414,400)	(256,000)
Non-Interest Income	2,274,831	2,179,618
Non-Interest Expense	(12,406,323)	(12,588,267)
Gain on Sale of Securities	1,472,608	819,042
PRE-TAX INCOME	\$2,575,899	\$2,295,828
Income Taxes	(590,499)	(479,915)
Net Income before Extraordinary Items	1,985,400	1,815,913
Extraordinary Items	443,347	259,022
NET INCOME	\$2,428,747	\$2,074,935

BALANCE SHEET

	December 31, 2017	December 31, 2016
Cash & Due from Banks	\$6,365,049	\$8,673,883
Bonds	46,347,124	52,882,313
Stocks	22,778,930	20,313,417
Loans	323,586,401	294,349,169
Other	17,292,692	14,890,486
TOTAL	\$416,370,196	\$391,109,268
Deposits	\$306,244,397	\$293,213,201
Borrowings	47,500,000	40,500,000
Other Liabilities	4,973,671	3,454,138
Capital	57,652,128	53,941,929
TOTAL	\$416,370,196	\$391,109,268