

Statement of Condition



JULY 2017

The first six months of 2017 were positive with good growth in loans and increased revenue. This was offset by an increase to our loan loss reserve to recognize the growth in loans, charge-offs, and persistent credit quality issues.

A key development for the Bank was the hiring of Jim Lynch as our new Senior Vice President and Senior Commercial Banking Officer. Jim will lead the effort to expand our commercial banking business along the Connecticut River valley and beyond.

Loans grew by \$27.7 million since the beginning of the year with most of that growth coming from purchased residential mortgages and new commercial real estate loans. That growth was funded by a combination of time deposits and borrowings. The loan to deposit ratio increased from 100% at year-end to 105% at June 30, 2017. Our net worth increased by \$1.46 million due to retained earnings and the increased value of our investments. Total assets grew to \$419 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 13.2%.

Net interest income grew by 2.75% from the year-earlier period due to increased loans but was 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% in 2016 to 3.28% for the first six months of 2017. Non-Interest Income was \$1.22 million, up from the year-earlier period due, in part, to the gain on sale of an OREO property. Revenue of \$7.5 million was up 4.8% from the year-earlier period. Non-interest expense (salaries, benefits, facilities, information technology, etc.) was reduced and the Bank's efficiency ratio improved from 90% at year-end to 83.5%. We have added \$775,000 to the Loan Loss Reserve so far this year compared to \$65,000 for the first half of 2016. We have benefited from the increased value of our stock portfolio and took gains of \$598,030 in 2017 compared to gains of \$533,756 in the year-earlier period. Net income for the first half of 2017 was \$860,897 compared to income of \$918,168 in the year-earlier period before an extraordinary gain of \$259,022 from the sale of our Maple Avenue branch in 2016.

I am encouraged by the improvement in our core business but recognize the need to grow deposits and loans in our markets and to continue to manage our expenses. We anticipate future improvements to credit quality as we manage our delinquencies and non-performing loans. 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	Six Months	Six Months	BALANCE SHEET	June 30, 2017	December 31, 2016
	June 30, 2017	June 30, 2016			
Total Interest Income	\$7,316,423	\$7,019,371	Cash & Due from Banks	\$8,702,775	\$8,673,883
Total Interest Expense	(1,072,855)	(943,343)	Bonds	50,621,628	52,882,313
NET INTEREST INCOME	\$6,243,568	\$6,076,028	Stocks	22,052,140	20,313,417
Provisions for Loan Losses	(775,000)	(65,000)	Loans	322,030,441	294,349,169
Non-Interest Income	1,222,740	1,049,279	Other	16,009,883	14,890,486
Non-Interest Expense	(6,232,614)	(6,406,671)	TOTAL	\$419,416,867	\$391,109,268
Gain on Sale of Securities	598,030	533,756	Deposits	\$305,306,099	\$293,213,201
PRE-TAX INCOME	\$1,056,724	\$1,187,392	Borrowings	52,500,000	40,500,000
Income Taxes	(195,827)	(269,224)	Other Liabilities	6,210,961	3,454,138
Net Income before Extraordinary Items	860,897	918,168	Capital	55,399,807	53,941,929
Extraordinary Items	0	259,022	TOTAL	\$419,416,867	\$391,109,268
NET INCOME	\$860,897	\$1,177,190			