

Statement of Condition



JANUARY 2020

I am proud of the work done by our employees in 2019, serving our customers and supporting our communities. Our financial results in 2019 show that effort, with good growth in local lending and improved core income.

Our net interest margin improved for the second year in a row, up 5 basis points in 2019. We had strong loan growth, mostly in the second half of the year as mortgage rates fell, but we had no growth in core deposits. Loan charge-offs were significantly lower than in 2018 and our provision for loan losses was reduced. Operating expenses were flat with 2018. We added a new commercial lending position and a new representative at Claremont Financial Services, our LPL Financial brokerage office.

Loans grew by \$11 million with most of that growth coming from residential mortgages and new commercial real estate loans. That growth was funded mostly by national deposits. Our net worth increased by \$5.5 million during the year due to core earnings and the appreciation of both our stock and bond portfolios. Total assets increased by \$20 million to \$437 million. We continue to be very well capitalized with a capital to asset ratio of 14.44%, up from 13.82% at December 31, 2018.

Net interest income grew by 5.8% from the prior year due to both the improvement in the net interest margin and the growth in loans. Non-interest income fell by \$249,000 due to reduced fees on deposit accounts partially offset by an increase in debit card income. Non-interest expense (salaries, benefits, facilities, information technology, etc.) was flat in 2019 as increases in technology costs were offset by a decrease in foreclosure and OREO expense. The Bank's efficiency ratio improved slightly from 84.2% to 84.0%. We recorded a provision for loan losses of \$341,000 in 2019 to cover net charge-offs and to increase the reserve as a percent of total loans. We recognized \$773,000 in stock gains during the year compared to gains of \$1 million in 2018. Net income before extraordinary items was \$2.45 million, flat with 2018. In 2019 we wrote off \$154,000 of our investment in a branch at Charlestown Road, which we closed in 2018. Due to an accounting change effective July 1, 2019, changes in the value of our stock portfolio flow through the Income Statement. In 2019 our stock investments appreciated by \$915,000. Net income for the year was \$3.2 million.

We are seeing some nice results from our loan production office in the Upper Valley. Our credit quality is improving as we are benefiting from improving economic conditions in our markets. The Bank continues to do an excellent job supporting the community. In 2019, Claremont Savings Bank donated over \$150,000 to the Claremont Savings Bank Foundation and local non-profit organizations.

Reginald E. Greene, Jr.
President and CEO

INCOME STATEMENT	Twelve Months Dec. 31, 2019	Twelve Months Dec. 31, 2018	BALANCE SHEET	Dec. 31, 2019	Dec 31, 2018
Total Interest Income	\$16,713,228	\$15,792,064	Cash & Due from Banks	\$18,517,353	\$8,623,015
Total Interest Expense	3,311,039	2,702,116	Bonds	40,796,920	45,627,528
NET INTEREST INCOME	\$13,402,189	\$13,089,948	Stocks	27,036,354	22,341,135
Provisions for Loan Losses	(341,000)	(550,000)	Loans	336,390,838	328,909,075
Non-Interest Income	1,911,094	2,160,395	Other	14,474,761	11,847,593
Non-Interest Expense	(12,867,723)	(12,843,066)	TOTAL	\$437,216,226	\$417,348,346
Gain on Sale of Securities	773,478	1,017,951	Deposits	\$334,022,314	\$320,396,111
PRE-TAX INCOME	\$2,878,038	\$2,875,228	Borrowings	34,500,000	35,500,000
Income Taxes	(423,177)	(420,548)	Other Liabilities	5,543,943	3,759,580
Extraordinary Item: Tax Law Change	2,454,861	2,454,680	Capital	63,149,969	57,692,655
Unrealized Gain on Stock Portfolio	914,514	0	TOTAL	\$437,216,226	\$417,348,346
Write off of Charlestown Road Branch	(154,000)	0			
NET INCOME	\$3,215,375	\$2,454,680			