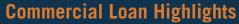
# In 1887, StonehamBank was established to serve the financial needs of the Stoneham community.

For over 130 years, the Bank has been committed to providing first-rate customer service, state-of-the-art technology and a wide range of banking products. By applying tried and true banking principles, StonehamBank is well positioned to serve our customers' needs.

In recent national ratings of financial institutions, StonehamBank was highly rated as compared to its peers.

- Bauer Financial recently ranked StonehamBank with its highest rating of FIVE STARS.
- IDC rated StonehamBank SUPERIOR which is defined as follows: "Savings institutions rated Superior are simply the best by all measures. They are well capitalized with minimal loan delinquency. Operating expenses and costs of funding are under control, producing a healthy return on assets (ROA). A number of them enhance value by earning a return of equity (ROE) above cost of equity (COE)."



Over the last five years, the commercial-construction department has closed over \$350,000,000 in loans.

<b>Commercial Real Estate</b>	<b>Construction</b>	<b>Commercial Real Estate</b>
Boston Multi-Family Consolidation	Billerica Residential Sub Division	School Acquisition
\$10,000,000	\$6,000,000	\$2,700,000
<b>Construction</b> Concord center commercial building \$5,000,000	<b>Commercial &amp; Industrial</b> Acquisition of Medical Practice Middlesex County \$2,000,000	<b>Construction</b> Country Club Clubhouse \$2,700,000

#### **Residential Loan Highlights**

Closed Residential Loan Volume

The Bank's residential lending team has the knowledge and experience to provide personalized service and customized financing that meet our customer's individual needs.

**3 Years** October 2014 – 2017 Loans: 1,046 \$260,349,060 **5 Years** October 2012 – 2017 Loans: 1,832 \$432,901,244







IDC Rating – Superior

Member FDIC



## StonehamBank | 2017 Annual Report

#### Thank you for taking time to learn more about all of us at StonehamBank.

It has been my privilege to serve as President and Chief Executive Officer at StonehamBank since 1999 and as an employee of the bank since 1970. During my years here, I've witnessed changes and growth during good and tough economic times. Through it all, StonehamBank has remained true to our founding mission – to achieve common financial goals by providing the fundamental principles of service, excellence and trust.

I am proud of StonehamBank's record of accomplishments, which began when our doors opened in 1887 and continues today. StonehamBank continually identifies opportunities to further enhance our products, services and technology that allow us to be competitive and responsive to our customers growing needs and to a rapidly changing world.

As we move forward in 2018, we are dedicated to maintaining a healthy vibrant organization. The financial highlights from 2016 and 2017 reflect how StonehamBank effectively manages our assets and our liabilities to ensure that we maintain a consistent, steady growth from year to year. Our strength is in our employees and their desire to keep the focus on what matters most to all of us – our customers and our communities. I look forward to the continued growth of our bank and to a successful 2018.

Jouer Houpton

Janice T. Houghton CHAIR OF THE BOARD / CEO



# **Consolidated Balance Sheets** April 30, 2017 and 2016

	2017	2016			
	(In Thousands)				
Assets					
Cash and cash equivalents:	<b>• - 1 0 0</b>	ф <u>г</u> ио			
Cash and due from banks	\$ 7,103	\$ 5,443			
Short-term investments	579	2,425			
Total cash and cash equivalents	7,682	7,868			
Securities available for sale, at fair value	64,376	60,661			
Federal Home Loan Bank stock, at cost	5,786	5,854			
Loans held for sale	-	1,185			
Loans, net	490,637	435,692			
Premises and equipment, net	10,069	10,608			
Co-operative Central Bank deposit	451	451			
Accrued interest receivable Net deferred tax asset	1,650	1,494			
Other assets	2,175 1,982	1,210			
Other assets	1,902	2,017			
Total assets	\$ 584,808	\$ 527,040			
Liabilities and Capital					
Liabilities:					
Deposits	\$ 436,678	\$368,899			
Federal Home Loan Bank of Boston advances	91,338	104,343			
Mortgagors' escrow accounts	951	965			
Current income taxes payable	483	521			
Accrued expenses and other liabilities	2,402	2,224			
Total liabilities	531,852	476,952			
Capital:					
Surplus	52,626	49,312			
Accumulated other comprehensive income	330	776			
Total capital	52,956	50,088			
Total liabilities and capital	\$ 584,808	\$ 527,040			

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### Consolidated Statements of Income Years Ended April 30, 2017 and 2016

	2017			2016	
		(In Thou	isanc	nds)	
Interest and dividend income:					
Interest and fees on loans Interest and dividends on securities and	\$ 21,233		\$	18,496	
Federal Home Loan Bank of Boston stock	1,626			1,653	
Total interest and dividend income	22,859			20,149	
Interest expense:					
Interest on deposits Interest on Federal Home Loan Bank	1,980			1,546	
of Boston advances	1,724			1,801	
Interest on Small Business Lending Fund obligation	 -			43	
Total interest expense	 3,704			3,390	
Net interest income	19,155			16,759	
Provision for loan losses	 875			705	
Net interest income after provision for loan losses	 18,280			16,054	
Other income:					
Customer service fees	1,268			1,377	
Mortgage banking activities, net	1,034			526	
Gain on sale of securities, net	748			941	
Miscellaneous	247			271	
Total other income	 3,297			3,115	
Operating expenses:					
Salaries and employee benefits	9,721			8,766	
Occupancy and equipment, net	1,525			1,586	
Data processing	2,112			1,825	
Deposit insurance	308			269	
Marketing and advertising	703			524	
Foreclosed real estate	_			9	
Other	2,070			2,084	
Total operating expenses	16,439			15,063	
Income before income taxes	5,138			4,106	
Provision for income taxes	1,824			1,375	
Net Income	\$ 3,314		\$	2,731	

# Optimum Community Pledge

5% of our profits go to worthwhile causes that benefit the people in our community. And, just by banking at StonehamBank you're a part of it.

Management Summary April 30, 2017

Net Interest Margin 3.51%

**Return on Equity** 6.26%

**Return on Assets** 0.58%

**Capital/Assets** 9.09%

Loans/Assets 84.21%