

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)."**



IDC Rating – Superior

Commercial Loan Highlights

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

Commercial Real Estate Boston Multi-Family Consolidation \$10,000,000	Construction Billerica Residential Sub Division \$6,000,000	Commercial Real Estate School Acquisition \$2,700,000
Construction Concord center commercial building \$5,000,000	Commercial & Industrial Acquisition of Medical Practice Middlesex County \$2,000,000	Construction 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
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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.



Janice T. Houghton

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:		
Cash and due from banks	\$ 7,103	\$ 5,443
Short-term investments	579	2,425
Total cash and cash equivalents	<u>7,682</u>	<u>7,868</u>
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	1,650	1,494
Net deferred tax asset	2,175	1,210
Other assets	1,982	2,017
Total assets	<u>\$ 584,808</u>	<u>\$ 527,040</u>
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	<u>531,852</u>	<u>476,952</u>
Capital:		
Surplus	52,626	49,312
Accumulated other comprehensive income	330	776
Total capital	<u>52,956</u>	<u>50,088</u>
Total liabilities and capital	<u>\$ 584,808</u>	<u>\$ 527,040</u>

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

	2017	2016
	(In Thousands)	
Interest and dividend income:		
Interest and fees on loans	\$ 21,233	\$ 18,496
Interest and dividends on securities and Federal Home Loan Bank of Boston stock	1,626	1,653
Total interest and dividend income	<u>22,859</u>	<u>20,149</u>
Interest expense:		
Interest on deposits	1,980	1,546
Interest on Federal Home Loan Bank of Boston advances	1,724	1,801
Interest on Small Business Lending Fund obligation	–	43
Total interest expense	<u>3,704</u>	<u>3,390</u>
Net interest income	19,155	16,759
Provision for loan losses	875	705
Net interest income after provision for loan losses	<u>18,280</u>	<u>16,054</u>
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	<u>3,297</u>	<u>3,115</u>
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	<u>16,439</u>	<u>15,063</u>
Income before income taxes	5,138	4,106
Provision for income taxes	1,824	1,375
Net Income	<u>\$ 3,314</u>	<u>\$ 2,731</u>

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%