

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



Expect More. Get More. Do More.

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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 2017 and 2018 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.



*Janice T. Houghton*

Janice T. Houghton  
CHAIR OF THE BOARD / CEO

## Consolidated Balance Sheets April 30, 2018 and 2017

	2018	2017
	(In Thousands)	
<b>Assets</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 6,694	\$ 7,103
Short-term investments	891	579
<b>Total cash and cash equivalents</b>	<b>7,585</b>	<b>7,682</b>
Securities available for sale, at fair value	55,123	64,376
Federal Home Loan Bank stock, at cost	5,614	5,786
Loans held for sale	1,621	–
Loans, net	516,282	490,637
Premises and equipment, net	9,671	10,069
Net deferred tax asset	1,918	2,175
Accrued interest receivable	1,611	1,650
Co-operative Central Bank deposit	451	451
Current Taxes Receivable	344	–
Other assets	2,147	1,982
<b>Total assets</b>	<b>\$ 602,367</b>	<b>\$ 584,808</b>
<b>Liabilities and Capital</b>		
Liabilities:		
Deposits	\$ 434,081	\$ 436,678
Federal Home Loan Bank of Boston advances	107,881	91,338
Mortgagors' escrow accounts	1,275	951
Current income taxes payable	–	483
Accrued expenses and other liabilities	3,824	2,402
<b>Total liabilities</b>	<b>547,061</b>	<b>531,852</b>
Capital:		
Surplus	55,852	52,626
Accumulated other comprehensive income	(546)	330
<b>Total capital</b>	<b>55,306</b>	<b>52,956</b>
<b>Total liabilities and capital</b>	<b>\$ 602,367</b>	<b>\$ 584,808</b>

## Consolidated Statements of Income Years Ended April 30, 2018 and 2017

	2018	2017
	(In Thousands)	
Interest and dividend income:		
Interest and fees on loans	\$ 22,768	\$ 21,233
Interest and dividends on securities and Federal Home Loan Bank of Boston stock	1,761	1,626
<b>Total interest and dividend income</b>	<b>24,529</b>	<b>22,859</b>
Interest expense:		
Interest on deposits	2,283	1,980
Interest on Federal Home Loan Bank of Boston advances	1,615	1,724
<b>Total interest expense</b>	<b>3,898</b>	<b>3,704</b>
Net interest income	20,631	19,155
Provision for loan losses	100	875
<b>Net interest income after provision for loan losses</b>	<b>20,531</b>	<b>18,280</b>
Other income:		
Customer service fees	1,462	1,268
Mortgage banking activities, net	1,156	1,034
Gain on sale of securities, net	412	748
Miscellaneous	251	247
<b>Total other income</b>	<b>3,281</b>	<b>3,297</b>
Operating expenses:		
Salaries and employee benefits	11,019	9,721
Occupancy and equipment, net	1,682	1,525
Data processing	2,038	2,112
Deposit insurance	259	308
Marketing and advertising	716	703
Other	2,286	2,070
<b>Total operating expenses</b>	<b>18,000</b>	<b>16,439</b>
Income before income taxes	5,812	5,138
Provision for income taxes	2,490	1,824
<b>Net Income</b>	<b>\$ 3,322</b>	<b>\$ 3,314</b>

**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.

