

Statement of Condition



DECEMBER 2021

The pandemic continued to affect our customers and the operation of the Bank in 2021. We saw extraordinary organic deposit growth from government stimulus payments, which included another round of Payroll Protection Program (PPP) loans. Interest rates on loans and deposits stayed at record lows for most of the year. Credit quality remained high and our charge-offs and delinquencies were at historic lows. Our two largest challenges now are staffing and inflation.

Despite the strong origination of new residential and commercial loans, our year-end loan balance declined from 2020 due to high refinancing activity and SBA forgiveness of PPP loans. Core deposits increased by \$41.5 million, greatly in excess of what we expected. Cash from deposits was used to reduce advances from the Federal Home Loan Bank and higher priced national certificates of deposit.

The lower interest rates led to refinancing of our loan portfolio, which also reduced our Net Interest Margin. Eliminating the effect of the PPP loans, our Net Interest Margin fell from 3.02% in 2020 to 2.83% in 2021. The loss in margin was offset by the fees earned on PPP loans and growth in Non-Interest Income, specifically from increased debit card interchange income.

In 2020 we took a \$1.2 million provision for loan losses because we expected that our customers would have trouble paying their loans. In 2021, once we determined that our customers were in good shape, we reversed \$222,762 from the reserve, increasing our income.

Non-Interest Expense, which includes salaries and benefits, and technology costs, was up 2% due primarily to increased technology expenses.

The Bank has a stock portfolio that was worth about \$36 million at December 31, 2021. The stock market did exceptionally well in 2021 and the value of our portfolio increased by \$5.6 million. Due to an accounting change a couple of years ago, that increased value now shows in our net income for the year. As a result our total net income in 2021 was \$7.6 million, up from \$2.6 million in 2020.

Our return on assets was 1.55%, up from .55% in 2020. Excluding the unrealized gain on our stock portfolio, our core return on assets was .61%, up from .38% in 2020, due primarily to the swing in our loan loss provision expense. We ended the year with a solid capital ratio of 14.83%, well above the minimum Community Bank Leverage Ratio of 9%.

We are proud of our efforts to support our communities. Both the Bank and the Claremont Savings Bank Foundation donated about \$100,000 to local non-profit organizations. The Bank continues to grow the assets of the Foundation by giving it appreciated stock. We are executing on our new strategic plan, which is focused on investing in revenue generating business lines, being a trusted advisor to our customers, workforce planning and fulfilling our internal message of “We Care” when dealing with our customers, the community and our employees.

Reginald E. Greene, Jr.
President and CEO

INCOME STATEMENT	Twelve Months Dec. 31, 2021	Twelve Months Dec. 31, 2020	BALANCE SHEET	Dec. 31, 2021	Dec 31, 2020
Total Interest Income	\$15,203,562	\$16,407,811	Cash & Due from Banks	\$23,419,655	\$29,697,763
Total Interest Expense	1,707,899	2,888,916	Bonds	49,836,773	39,766,869
NET INTEREST INCOME	\$ 13,495,663	\$13,518,895	Stocks	28,076,819	22,831,041
Provisions for Loan Losses	221,762	(1,183,600)	Unrealized Gains	10,154,411	5,596,491
Non-Interest Income	3,105,208	2,795,239	Loans (Net)	349,734,659	357,582,247
Non-Interest Expense	(13,685,551)	(13,408,728)	Other	29,677,600	24,585,990
PRE-TAX CORE INCOME	\$ 3,137,082	\$ 1,721,806	TOTAL ASSETS	\$490,899,917	\$480,060,401
Realized Investment Gains	307,768	52,971	Deposits	400,277,739	391,882,069
Unrealized Investment Gains	5,567,984	917,565	Borrowings	8,000,000	17,000,000
PRE-TAX INCOME	\$ 9,012,834	\$ 2,692,342	Other Liabilities	9,847,695	5,214,570
Income Taxes	(1,404,162)	(138,419)	Capital	72,774,483	65,963,762
NET INCOME	\$7,608,672	\$2,553,923	TOTAL LIABILITIES AND CAPITAL	\$490,899,917	\$480,060,401