

# Statement of Condition



## JUNE 2022

What a difference a few months make. We have gone from an extremely low and declining interest rate environment to dramatically rising rates, due to high inflation. In addition, both the stock and bond markets have lost significant value.

The good news is that our customers appear to be doing well with deposit levels holding and few late loan payments. Asset values have increased and, for now, our mortgage borrowers have significant equity in their homes. However, there is concern that economic activity will slow.

The Bank's core income improved due to a higher Net Interest Margin and increased loan balances. We had to borrow for the first time in a few years to fund loan and investment growth. Expenses were up 5.9% from the same time last year.

Like last year, we took some funds out of the loan loss reserve because of the strength of our loan portfolio. This was an additional reversal of the \$1,155,000 in provision for loan losses we made in the first half of 2020 when we were concerned that the pandemic would create payment problems and losses for our customers.

The most striking item on our financials was the loss in value of our stock and bond portfolios. The change in value of the stock portfolio, shown on our income statement, was a negative \$5.9 million through June. This was offset by core earnings, and our net loss year-to-date was \$3.2 million.

Total Assets were flat as we used excess cash and borrowings to make loans and purchase bonds. The change in value of our bond portfolio does not flow through the income statement but affects capital. The unrealized loss in bond values was \$5.4 million year-to-date. Capital fell from \$72.8 million to \$64.2 million, and our capital ratio declined from 14.82% to 13.16%, still well above regulatory capital minimums.

We are seeing new energy in Claremont with the makeover of Pleasant Street and new development downtown. Residential real estate values have increased significantly, which is good for sellers but tough on buyers, especially first-time homebuyers. The increase in borrowing rates and a slow-down in the economy will make it even more difficult. Another concern is the low supply of workers, which is made worse by the lack of new housing. We are pleased with the results of our newest branch in West Lebanon.

In June, the Bank made a \$200,000 donation to the Claremont Savings Bank Foundation to support giving to our communities. Our staff continues to do a terrific job taking care of our customers and keeping the Bank running smoothly.

Reginald E. Greene, Jr.  
President and CEO

<b>INCOME STATEMENT</b>	Six Months June 30, 2022	Six Months June 30, 2021	<b>BALANCE SHEET</b>	June 30, 2022	Dec 31, 2021
Total Interest Income	\$7,851,636	\$7,558,510	Cash & Due from Banks	\$4,403,929	\$23,419,655
Total Interest Expense	(652,475)	(1,034,764)	Bonds	67,805,982	49,836,773
<b>NET INTEREST INCOME</b>	<b>\$7,199,161</b>	<b>\$6,523,746</b>	Stocks	28,585,843	28,076,819
Reversal/(Provision) for Loan Losses	321,000	298,675	Unrealized Gain/(Loss)	(2,640,649)	10,154,411
Non-Interest Income	1,525,308	1,627,756	Loans (Net)	359,247,951	349,734,659
Non-Interest Expense	(7,247,876)	(6,772,766)	Other	30,309,057	29,677,600
Unrealized Gains/(Losses) on Equities	(5,947,600)	3,138,296	<b>TOTAL</b>	<b>\$487,712,113</b>	<b>\$490,899,917</b>
Realized Securities Gains	(2,250)	2,769	Deposits	397,237,720	400,277,739
<b>PRE-TAX INCOME</b>	<b>\$(4,152,257)</b>	<b>\$4,818,476</b>	Borrowings	21,400,000	8,000,000
Income Taxes	987,033	(609,817)	Other Liabilities	4,874,627	9,847,695
<b>NET INCOME</b>	<b>\$(3,165,224)</b>	<b>\$4,208,659</b>	Capital	64,199,766	72,774,483
			<b>TOTAL</b>	<b>\$487,712,113</b>	<b>\$490,899,917</b>