

Statement of Condition



DECEMBER 2022

The economic environment in 2022 posed some unique opportunities and challenges for the Bank. The high inflation rate in 2022 drove up expenses and interest rates. Inflation began its rise in February and interest rates began to increase in step. Deposit balances were relatively flat and loan growth was funded with borrowings from the Federal Home Loan Bank and broker certificates of deposit. Nevertheless, the Bank had a solid year, with core income in line with the prior two years at \$2.7 million and a core return on assets of .54%. Credit quality remained strong, and our charge-offs and delinquencies remained at historic lows. We are delighted with the performance of our new branch in West Lebanon. Overall staffing was a challenge but we were able to fill all positions with great people.

Because of higher mortgage rates, we experienced significantly reduced prepayments of loans, and our overall loan balances increased by \$49 million. Core deposits fell by about \$5 million and our other funding sources, including FHLB borrowings and broker deposits, increased by \$40 million. We continue to see growth in the revenue of Claremont Financial Services, our financial advisory service.

Our Net Interest Margin increased from 2.82% in 2021 to 3.05% in 2022. 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. We did the same thing in 2022 with a reversal of \$206,000.

Non-Interest Expense, which includes salaries and benefits, and technology costs, was up 6% due, in part, to increased salaries and professional costs.

While core income was good, our net loss for the year was \$1.5 million. The Bank has a stock portfolio that was worth about \$31.3 million on December 31, 2022. In 2021, the stock market did exceptionally well, and the value of our portfolio increased by \$5.6 million. In 2022, the opposite was true, and our stocks lost \$5.3 million in value. Due to an accounting change a few of years ago, any increased value or loss in our stocks shows in our net income for the year. Because we have not sold the stocks, we have not recognized real losses.

Our balance sheet remains strong even with the \$1.5 million loss and the unrealized losses of \$7.1 million in our bond portfolio. Our total capital fell by \$8.9 million, and our capital ratio fell from 14.82% to 12.06%, still well in excess of regulatory minimums, and the capital ratios of our peer banks.

We are proud of our efforts to support our communities. The Bank and the Claremont Savings Bank Foundation donate to local non-profit organizations and our staff logs significant volunteer hours. The Bank continues to grow the assets of the Foundation to ensure its future viability. We are executing on our 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 engaging with our customers, the community and our employees.

Income Statement	Twelve Months	
	December 31, 2022	December 31, 2021
Total Interest Income	\$ 16,793,466	\$ 15,203,562
Total Interest Expense	2,369,138	1,707,899
Net Interest Income	\$ 14,424,328	\$ 13,495,663
Provision for Loan Losses	206,000	221,762
Non-Interest Income	3,068,664	3,105,208
Non-Interest Expense	(14,594,439)	(13,685,551)
Pre-Tax Core Income	\$ 3,104,553	\$ 3,137,082
Realized Gains/(Losses) on Investments	27,946	307,768
Unrealized Gains/(Losses) on Stocks	(5,312,359)	5,567,984
Pre-Tax Income	\$ (2,179,860)	\$ 9,012,834
Income Taxes	702,327	(1,404,162)
Net Income	\$ (1,477,533)	\$ 7,608,672

Reginald E. Greene, Jr.
President and CEO

Balance Sheet		
	December 31, 2022	December 31, 2021
Cash & Due from Banks	\$ 8,671,005	\$ 23,419,655
Bonds	65,692,999	49,836,773
Stocks	29,268,335	28,076,819
Unrealized Gains	(4,555,411)	10,154,411
Loans (Net)	398,466,833	349,734,659
Other	32,297,038	29,677,600
Total Assets	\$ 529,840,799	\$ 490,899,917
Deposits	\$ 429,421,360	\$ 400,277,739
Borrowings	32,500,000	8,000,000
Other Liabilities	4,046,486	9,847,695
Capital	63,872,953	72,774,483
Total Liabilities and Capital	\$ 529,840,799	\$ 490,899,917