



Expect More. Get More. Do More.

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Member FDIC
Member DIF

CEO Letter

This year presented many challenges. We faced unprecedented times with the arrival of the COVID-19 Pandemic, and though the positivity seemed impossible at times, we managed to create positive changes in our community to help better the lives of our surrounding neighbors, communities, and local businesses.

With the National Emergency declared on March 13th and a \$2 Trillion stimulus passed just weeks later, unemployment rose to 10 million US residents by April. The effect of the pandemic was devastating not only on the global economy but to lives all around the world.

Our spirit, defined by pride, courage and hard work.

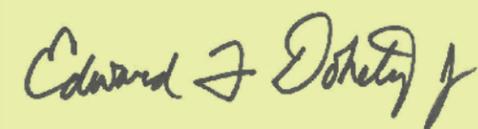
We are proud of our team's response to the global impact of the COVID-19 pandemic. The Bank was considered an essential business in the country's response to COVID-19. That designation stemmed from our ability and privilege to provide a service to local community members' financial needs to help withstand the pandemic.

We helped our customers navigate the pandemic by providing access to capital, assisting them as they secure Paycheck Protection Program (PPP) loans or modifying loan terms. StonehamBank has maintained a healthy and growing bottom line amid a historically low interest rate environment. As you will see in the following pages, our team effectively managed our assets and liabilities to ensure we maintained a consistent growth.

Our commitment, unwavering.

Our strength is rooted in our employees and their resolute commitment to keep the focus on what matters most – our customers and communities. The progress we made this year paved the way for the future success and resiliency of our company.

We are MORE than just a bank, we are StonehamBank.



Edward F. Doherty Jr.
Chief Executive Officer



We're proud to have helped so many small businesses receive funding through the

Small Business Administration PayCheck Protection Program

\$30 MILLION
IN LOANS FUNDED



160 SMALL
BUSINESSES

We offer the solutions you need to keep your business moving onward and upward.

Consolidated Balance Sheets
April 30, 2021 and 2020

2021 Financial Highlights

ASSET GROWTH	6.6%
CAPITAL GROWTH	6.17%
MARGIN	2.84%
ROAA	0.74%
ROE	7.44%
TIER ONE CAPITAL	9.87%

Assets

	2021	2020
(In Thousands)		
Cash and cash equivalents:		
Cash and due from banks	\$ 49,139	\$ 19,565
Short-term investments	4,312	18,054
Total cash and cash equivalents	<u>53,451</u>	<u>37,619</u>
Securities available for sale	117,298	60,655
Equity Securities	7,127	7,261
Federal Home Loan Bank stock, at cost	3,653	4,220
Loans held for sale	342	3,964
Loans, net	482,867	508,623
Premises and equipment, net	9,032	9,328
Net deferred tax asset	1,794	1,502
Accrued interest receivable	2,543	1,871
Current taxes receivable	64	467
Other assets	<u>1,768</u>	<u>2,317</u>
Total assets	<u>\$679,939</u>	<u>\$637,827</u>

Liabilities and Capital

Liabilities:		
Deposits	\$ 546,070	\$ 481,267
Borrowed Funds	63,123	88,859
Mortgagors' escrow accounts	830	1,425
Accrued expenses and other liabilities	2,412	2,692
Total liabilities	<u>612,435</u>	<u>574,243</u>
Capital:		
Surplus	66,635	61,712
Accumulated other comprehensive income	869	1,872
Total capital	<u>67,504</u>	<u>63,584</u>
Total liabilities and capital	<u>\$679,939</u>	<u>\$637,827</u>

Consolidated Statements of Income
Years Ended April 30, 2021 and 2020

	2021	2020
(In Thousands)		
Interest and dividend income:		
Interest and fees on loans	\$ 20,373	\$ 22,857
Interest and dividends on securities and Federal Home Loan Bank of Boston stock	1,913	2,568
Total interest and dividend income	<u>22,286</u>	<u>25,425</u>
Interest expense:		
Interest on deposits	2,072	4,642
Interest on borrowed funds	1,607	1,716
Total interest expense	<u>3,679</u>	<u>6,358</u>
Net interest and dividend income	18,607	19,067
Provision for loan losses	400	915
Net interest and dividend income after provision for loan losses	<u>18,207</u>	<u>18,152</u>
Other income:		
Customer service fees	1,429	1,571
Mortgage banking activities, net	1,648	1,433
Gain (loss) on equity securities, net	2,350	(641)
Gain on sales and calls of securities available for sale, net	380	72
Miscellaneous	115	81
Total other income	<u>5,922</u>	<u>2,516</u>
Operating expenses:		
Salaries and employee benefits	10,052	10,613
Data processing	2,434	2,247
Occupancy and equipment, net	1,757	1,541
Marketing and advertising	499	560
Deposit insurance	188	22
Other	2,747	2,731
Total operating expenses	<u>17,677</u>	<u>17,714</u>
Income before income taxes	6,452	2,954
Provision for income taxes	1,529	673
Net Income	<u>\$ 4,923</u>	<u>\$ 2,281</u>

MISSION

StonehamBank is a progressive financial institution that provides comprehensive financial services to fulfill customer needs while maintaining financial stability and soundness.

VISION

To have StonehamBank viewed by our customers as their preferred financial partner by consistently exceeding both customer and colleague expectations.

VALUES

Service
Empowerment
Responsibility
Volunteerism
Integrity
Customer Focus
Excellence

We're Committed to Community

Directors

Janice T. Houghton
Chair of Board of Directors

John J. Melkonian
Vice-Chair of Board of Directors

Patricia A. Brady

Frederick A. Ciampa

Donald R. Clarke

Lorene A. Comeau

John R. Cullen, Jr.

James T. McIntyre

Gilbert A. Moreira

M. Daria Niewenhaus

Eugene M. Passaro

Aricia Symes-Elmer

Management Team

Edward F. Doherty, Jr.
Chief Executive Officer

Marianne Cacciola
Senior Vice President
Chief Financial Officer

Anna Dinis
Senior Vice President
Chief Experience Officer

Tom Marshall
Senior Vice President
Chief Information Officer

Shane Bellavance
Senior Vice President
Chief Residential Lending Officer
CRA/Fair Lending Officer

Gregory M. D'Antona
Senior Vice President
Chief Risk Management Officer

Darren R. Sawicki
Senior Vice President
Chief Operating Officer

Kevin Marquis
Senior Vice President,
Commercial Lending

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)."**

