

STATEMENT OF CONDITION

STATEMENT OF INCOME

	December 31, 2017 (in thousands)
ASSETS	
Cash and due from banks	\$ 7,272
Interest-bearing deposits with banks	15,965
Total cash and cash equivalents	<u>23,237</u>
Investment securities available for sale, at fair value	523,395
Investment securities held to maturity, at amortized cost, fair value of \$14,937	15,044
Loans, net of allowance for loan losses of \$14,494	2,001,585
Accrued interest receivable	6,562
Bank owned life insurance	76,018
Federal Home Loan Bank of New York (FHLB NY) stock - at cost	21,015
Deferred tax asset	19,849
Premises and equipment - net	15,699
Goodwill	15,287
Other assets	<u>4,849</u>
TOTAL ASSETS	<u>\$ 2,722,540</u>
LIABILITIES AND RETAINED EARNINGS	
Liabilities:	
Deposits	\$ 1,946,329
Borrowings	400,478
Advances from borrowers for taxes and insurance	10,667
Accounts payable and other liabilities	60,158
TOTAL LIABILITIES:	<u>2,417,632</u>
Equity:	
Retained Earnings, substantially restricted	325,399
Accumulated other comprehensive loss - net of taxes	(20,491)
TOTAL RETAINED EARNINGS	<u>304,908</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 2,722,540</u>

REGULATORY CAPITAL REQUIREMENTS

	December 31, 2017	
	Amount (in thousands)	Percent
Total Capital (to risk - weighted assets)		
Actual	\$ 323,771	16.93%
Required	152,960	8.00%
Excess	<u>\$ 170,811</u>	<u>8.93%</u>
Tier I Capital (to risk - weighted assets)		
Actual	\$ 309,277	16.18%
Required	114,720	6.00%
Excess	<u>\$ 194,557</u>	<u>10.18%</u>
Core Capital (to adjusted total assets)		
Actual	\$ 309,277	11.44%
Required	108,102	4.00%
Excess	<u>\$ 201,175</u>	<u>7.44%</u>

This statement has been prepared in accordance with regulatory reporting requirements of the Federal Deposit Insurance Company (FDIC). Total and Tier I Capital are the elements of regulatory capital determined under such reporting requirements. Regulatory capital is a basis by which the FDIC determines whether a savings association is operating in a safe and sound manner.

I, José B. Guerrero, Chairman, President and CEO of Spencer Savings Bank SLA, do hereby declare that this statement of condition has been prepared in conformance with the instructions issued by the FDIC and is true to the best of my knowledge and belief.

José B. Guerrero

Chairman, President & CEO Spencer Savings Bank, SLA

	December 31, 2017 (in thousands)
INTEREST INCOME	
Interest-bearing deposits with banks	\$ 264
Investment securities	14,165
Loans	75,634
Total interest income	<u>90,063</u>
INTEREST EXPENSE	
Deposits	14,288
Borrowings	8,202
Total interest expense	<u>22,490</u>
Net interest income before provision	
for loan losses	67,573
Provision for loan losses	<u>-</u>
Net interest income after provision	
for loan losses	<u>67,573</u>
NON-INTEREST INCOME	
Service charges	1,795
Income from bank-owned life insurance	2,298
Impairment losses on securities	
available for sale	(288)
Other income	1,750
Total non-interest income	<u>5,555</u>
NON-INTEREST EXPENSE	
Compensation & employee benefits	31,133
Occupancy and equipment	6,848
Data processing	2,496
Professional and legal fees	2,431
FDIC deposit insurance premiums	854
Advertising	1,174
Other	4,023
Total non-interest expense	<u>48,959</u>
INCOME BEFORE INCOME TAXES	24,169
INCOME TAXES	<u>18,273</u>
NET INCOME	<u>\$ 5,896</u>