

# STATEMENT OF CONDITION

# STATEMENT OF INCOME

	December 31, 2015 (in thousands)
<b>ASSETS</b>	
Cash and due from banks .....	\$ 7,026
Interest-bearing deposits with banks .....	18,211
Total cash and cash equivalents .....	<u>25,237</u>
Investment securities available for sale, at fair value .....	497,443
Investment securities held to maturity, at amortized cost, fair value of \$13,069 .....	13,174
Loans, net of allowance for loan losses of \$14,478 .....	1,835,174
Accrued interest receivable .....	5,037
Bank owned life insurance .....	71,363
Federal Home Loan Bank of New York (FHLBNY) stock - at cost .....	22,462
Deferred tax asset .....	31,771
Premises and equipment - net .....	17,161
Goodwill .....	15,287
Other assets .....	<u>6,564</u>
<b>TOTAL ASSETS</b> .....	<b>\$ <u><u>2,540,709</u></u></b>
<b>LIABILITIES AND RETAINED EARNINGS</b>	
<b>Liabilities:</b>	
Deposits .....	\$ 1,770,004
Borrowings .....	423,110
Advances from borrowers for taxes and insurance .....	10,749
Accounts payable and other liabilities .....	<u>54,732</u>
<b>TOTAL LIABILITIES:</b> .....	<u>2,258,595</u>
<b>Retained Earnings:</b>	
Retained earnings, substantially restricted .....	302,621
Accumulated other comprehensive loss - net of taxes .....	<u>(20,507)</u>
<b>TOTAL RETAINED EARNINGS</b> .....	<u>282,114</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b> .....	<b>\$ <u><u>2,540,709</u></u></b>

## REGULATORY CAPITAL REQUIREMENTS

	December 31, 2015	
	Amount	Percent
	(in thousands)	
Total Capital (to risk - weighted assets)		
Actual .....	\$ 300,705	15.80%
Required .....	152,260	8.00%
Excess .....	<u>\$ 148,445</u>	<u>7.80%</u>
Tier I Capital (to risk - weighted assets)		
Actual .....	\$ 286,227	15.04%
Required .....	76,130	4.00%
Excess .....	<u>\$ 210,097</u>	<u>11.04%</u>
Core Capital (to adjusted total assets)		
Actual .....	\$ 286,227	11.35%
Required .....	100,852	4.00%
Excess .....	<u>\$ 185,375</u>	<u>7.35%</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, 2015 (in thousands)
<b>INTEREST INCOME</b>	
Interest-bearing deposits with banks .....	\$ 37
Investment securities .....	12,201
Loans .....	71,739
Total interest income .....	<u>83,977</u>
<b>INTEREST EXPENSE</b>	
Deposits .....	12,447
Borrowings .....	8,072
Total interest expense .....	<u>20,519</u>
Net interest income before provision	
for loan losses .....	63,458
Provision for loan losses .....	<u>1,650</u>
Net interest income after provision	
for loan losses .....	<u>61,808</u>
<b>NON-INTEREST INCOME</b>	
Service charges .....	1,672
Income from bank-owned life insurance ....	2,344
Impairment losses on securities	
available for sale .....	(1,127)
Other income .....	242
Total non-interest income .....	<u>3,131</u>
<b>NON-INTEREST EXPENSE</b>	
Compensation & employee benefits .....	29,308
Occupancy and equipment .....	6,563
Data processing .....	2,417
Professional and legal fees .....	1,396
FDIC deposit insurance premiums .....	1,461
Advertising .....	1,225
Other .....	3,775
Total non-interest expense .....	<u>46,145</u>
<b>INCOME BEFORE INCOME TAXES</b> .....	18,794
<b>INCOME TAXES</b> .....	<u>5,584</u>
<b>NET INCOME</b> .....	<b>\$ <u><u>13,210</u></u></b>