

STATEMENT OF CONDITION

STATEMENT OF INCOME

December 31, 2016
(in thousands)

December 31, 2016
(in thousands)

ASSETS

Cash and due from banks	\$	7,135
Interest-bearing deposits with banks		14,864
Total cash and cash equivalents		21,999
Investment securities available for sale, at fair value		498,139
Investment securities held to maturity, at amortized cost, fair value of \$21,696		21,845
Loans, net of allowance for loan losses of \$14,228		1,895,062
Accrued interest receivable		5,713
Bank owned life insurance		73,720
Federal Home Loan Bank of New York (FHLBNY) stock - at cost		22,703
Deferred tax asset		32,120
Premises and equipment - net		17,105
Goodwill		15,287
Other assets		5,854
TOTAL ASSETS	\$	2,609,547

LIABILITIES AND RETAINED EARNINGS

Liabilities:

Deposits	\$	1,818,129
Borrowings		426,730
Advances from borrowers for taxes and insurance		10,483
Accounts payable and other liabilities		57,324
TOTAL LIABILITIES:		2,312,666

Retained Earnings:

Equity, substantially restricted		316,024
Accumulated other comprehensive loss - net of taxes		(19,143)
TOTAL RETAINED EARNINGS		296,881

TOTAL LIABILITIES AND RETAINED EARNINGS	\$	2,609,547
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REGULATORY CAPITAL REQUIREMENTS

	December 31, 2016	
	Amount	Percent
	(in thousands)	
Total Capital (to risk - weighted assets)		
Actual	\$ 314,255	16.58%
Required	151,663	8.00%
Excess	<u>\$ 162,592</u>	<u>8.58%</u>
Tier I Capital (to risk - weighted assets)		
Actual	\$ 300,026	15.83%
Required	75,831	4.00%
Excess	<u>\$ 224,195</u>	<u>11.83%</u>
Core Capital (to adjusted total assets)		
Actual	\$ 300,026	11.61%
Required	103,350	4.00%
Excess	<u>\$ 196,676</u>	<u>7.61%</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

INTEREST INCOME

Interest-bearing deposits with banks	\$	132
Investment securities		13,510
Loans		71,589
Total interest income		85,231

INTEREST EXPENSE

Deposits		13,295
Borrowings		8,052
Total interest expense		21,347
Net interest income before provision		
for loan losses		63,884
Provision for loan losses		-
Net interest income after provision		
for loan losses		63,884

NON-INTEREST INCOME

Service charges		1,721
Income from bank-owned life insurance		2,357
Impairment losses on securities		
available for sale		(333)
Other income		1,388
Total non-interest income		5,133

NON-INTEREST EXPENSE

Compensation & employee benefits		30,030
Occupancy and equipment		6,716
Data processing		2,221
Professional and legal fees		1,790
FDIC deposit insurance premiums		1,135
Advertising		1,083
Other		4,514
Total non-interest expense		47,489

INCOME BEFORE INCOME TAXES		21,528
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INCOME TAXES		8,125
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NET INCOME	\$	13,403
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