



Clinton Savings Bank

An experience you can bank on.

EST. 1851

2016

ANNUAL REPORT

Robert J. Paulhus, Jr.
President & CEO

Leonard T. Anctil
SVP/Senior Commercial
Lending Officer

Mary T. Dean
SVP/Chief
Information Officer

Richard R. Hayward, Jr.
SVP/Chief Financial
Officer/Treasurer

Ellen J. McGovern
SVP/Chief Marketing Officer

Linda M. Midura
SVP/Director of
Human Resources

Edward M. Powers
SVP/Chief Lending Officer

Nicole L. Martin
VP/Retail Sales Manager

SENIOR MANAGEMENT TEAM



MISSION STATEMENT

Clinton Savings Bank is committed to the communities it serves and strives to consistently deliver quality financial services based on customer needs through highly motivated employees interested in making the bank a great place to work.



There is much to be said about the changes brought about in 2016, but what resonates with me as we create new opportunities for the year ahead is best described by a quote from 1920s business leader, Max DePree:

“

We cannot become what we want to be by remaining who we are.

”

PRESIDENT & CEO'S MESSAGE

Playing it safe maintains the status quo, but as this Annual Report conveys, while staying true to its mission, Clinton Savings Bank experienced targeted growth in 2016 while maintaining its strong commitment to the communities of Central Massachusetts. By tackling challenges together and launching new products to keep us moving forward, our growth and continued evolution is possible. However, none of this could happen without the combined efforts and commitment of our Board members, Corporators and management. It continues to be my pleasure to be a part of this tremendously talented team.

Once again, 2016 proved to be a successful year for Clinton Savings Bank, the wholly-owned subsidiary of Wachusett Financial Services, Inc., and its parent company, Clinton Financial Services, MHC, as measured by exceeding our net income goal with a profit in excess of \$3 million, a strong ROA at 64 basis points and a healthy capital ratio of just over 10 percent.

Our growth is, in part, a result of our team attentively listening to what our customers need and expect from Clinton Savings Bank. With that objective in mind, we focused on creating efficiencies to improve customer service and capitalized on our core strengths in lending. First to note would be the strength of our residential mortgage department coupled with a new first-time homebuyer program with the Federal Home Loan Bank, which facilitated an increase of nearly 12 percent in residential loans over 2015, resulting in 221 originations worth over \$54 million. Additional progress was made in the Commercial lending department, which developed 26 new loan relationships and expanded its non-profit and municipality customer base that strengthened our neighborhood ties, and contributed to an overall 5 percent increase in business deposits.

As we look ahead, solar energy is anticipated to become the world's largest source of electricity. I am also pleased to announce that in its first year, our niche consumer solar loan product, launched in the first quarter of 2016, assisted over 72 families in solarizing their homes with over \$2 million in loans. With solar installation costs dropping more than 60 percent over the past decade, according to Washington-based solar advocacy group, SEIA, solar loans will continue to be a topic of public policy and evaluated closely by the Bank for its future positive impact on our bottom line.

Another area of future focus is that of social media. In a time when news and information are shared instantaneously, there is no overlooking how important it is that our community Bank is now part of an era of social conversation. How do we contribute to that medium in a smart, thoughtful way and

differentiate our team, products and services? CSB looks to be a part of social media platforms by producing valuable, relevant and engagement-driven content with impactful visuals that feature and educate the public on the unique qualities of all that comprises the Bank. On that premise, CSB introduced an All Access Crew last year consisting of the Bank's most active social media millennial users, who are encouraged to regularly share CSB posts, leading to an organic increase in the Bank's followers. The Crew's mission is to aid in the acquisition of future customer generations. In fact, in 2016, CSB acquired a notable increase in followers across all of the Bank's five social platforms, gaining direct exposure to and communication with over 2,000 individuals on a daily basis. The Bank looks to continue valuable engagement with younger generations through relevant and relatable mediums of communication now and in the years to come.

Progress in aiding our customers can be seen alongside our products and services. To provide superior service to all of the Bank's customers, CSB's Retail group began advanced training in 2016 with the goal of transitioning fully to a Relationship Banker model – a structure where one employee can assess all the needs of each customer, whether it's in the deposit or loan realm, and provide useful solutions that will deepen relationships and loyalty.

The first design of this model was introduced in January of 2016, when we relocated the Bolton branch across the street to a new building with a contemporary layout featuring the latest technology and Relationship Bankers. This new location, complete with two "pod" stations, easy public computer access, two drive-through lanes, an ATM, a coin machine, and

a shredder, became the foundation of supporting an increase of over 6 percent in deposits and doubling its loan growth.

To guarantee our commitment in the Berlin community, we invested in our current location with a complete exterior renovation, with the plan to eventually enhance the interior design to support our Relationship Banker model.

I'd like to extend a sincere thank you to all of our Board members, management, Corporators, customers and employees, for your continued dedication, fortitude and perseverance in 2016. No doubt the year ahead will present its own set of unique challenges and growth opportunities. However, I am confident

that with our clear mission, timeless values, and openness of our employees to adapt to changing times, we will have many more successful years in guiding all generations of individuals and businesses in making wise financial choices that will enhance their lives.

Sincerely,
Robert J. Paulhus, Jr.
President & CEO



FINANCIALS

Clinton Financial Services, MHC and Subsidiary* Consolidated Balance Sheets

December 31, 2016 and 2015 (In Thousands Except Share Data – Audited)

ASSETS	2016	2015	Variance
Cash and due from banks	\$5,671	\$4,256	\$1,415
Interest-bearing demand deposits with other banks	4,111	2,191	1,920
Cash and cash equivalents	9,782	6,447	3,335
Interest-bearing time deposits with other banks	100	100	0
Investments in available-for-sale securities (at fair value)	87,088	89,690	-2,602
Federal Home Loan Bank stock, at cost	3,489	3,776	-287
Loans, net	392,845	380,941	11,904
Premises and equipment, net	6,715	6,794	-79
Accrued interest receivable	1,364	1,389	-25
Cash surrender value of life insurance policies	14,757	14,278	479
Deferred tax asset, net	2,108	2,304	-196
Other assets	1,133	1,247	-114
Total assets	\$519,381	\$506,966	\$12,415
LIABILITIES AND EQUITY			
Deposits:			
Noninterest-bearing	\$40,409	\$36,705	\$3,704
Interest-bearing	363,030	346,518	16,512
Total deposits	403,439	383,223	20,216
Federal Home Loan Bank advances	55,000	63,585	-8,585
Securities sold under agreements to repurchase	3,116	4,739	-1,623
Subordinated debt	7,732	7,732	0
Capital lease obligation	537	623	-86
Other liabilities	3,403	4,096	-693
Total liabilities	473,227	463,998	9,229
Equity:			
Preferred stock, par value \$1.00 per share; Authorized 500,000 shares; No shares issued	-	-	-
Retained earnings	45,448	42,318	3,130
Accumulated other comprehensive income	706	650	56
Total equity	46,154	42,968	3,186
Total liabilities and equity	\$519,381	\$506,966	12,415

Clinton Financial Services, MHC and Subsidiary* Consolidated Statements of Income
December 31, 2016 and 2015 (In Thousands – Audited)

Interest and dividend income:	2016	2015	Variance
Interest and fees on loans	\$16,940	\$16,243	\$697
Interest on debt securities:			
Taxable	1,132	1,322	-190
Tax-exempt	694	751	-57
Dividends	423	315	108
Other interest on short-term investments	25	6	19
Total interest and dividend income	19,214	18,637	577
Interest expense:			
Interest on deposits	1,834	1,786	48
Interest on Federal Home Loan Bank advances	1,095	869	226
Interest on subordinated debt	278	247	31
Interest on capital lease obligation	38	62	-24
Total interest expense	3,245	2,964	281
Net interest and dividend income	15,969	15,673	296
Provision for loan losses:	330	-	330
Net interest and dividend income after provision for loan losses	15,639	15,673	-34
Noninterest income:			
Customer service fees	1,250	1,300	-50
Gain on securities, net	807	496	311
Gain on sales of mortgages	304	195	109
Loan servicing fees, net	106	121	-15
Bank-owned life insurance income	479	472	7
Other income	174	241	-67
Total noninterest income	3,120	2,825	295
Noninterest expense:			
Salaries and employee benefits	9,226	9,101	125
Occupancy expense	951	988	-37
Equipment expense	1,081	994	87
Data processing expense	796	789	7
Professional fees	372	408	-36
Advertising and marketing	484	511	-27
FDIC assessment	248	318	-70
Other expense	1,529	1,486	43
Total noninterest expense	14,687	14,595	92
Income before income tax expense	4,072	3,903	169
Income tax expense:	942	760	182
Net income	\$3,130	\$3,143	-13

*Clinton Financial Services, MHC, a Massachusetts Mutual Holding Company (MHC), its wholly-owned subsidiary Wachusett Financial Services, Inc., its wholly-owned subsidiary Clinton Savings Bank, a state-chartered savings bank, and the Bank's wholly-owned subsidiaries, Clinton Securities Corp and Wachusett Realty, LLC.

BOARD OF DIRECTORS

William E. O'Neil, Jr.¹
Chairman of the Board
Current Term Ends 2018

Robert M. Farragher^{1,4}
Vice Chairman of the Board
Current Term Ends 2017

Paul B. Cherubini^{1,4}
Clerk of the Corporation
Current Term Ends 2019

Robert J. Paulhus, Jr.¹
President & CEO
Current Term Ends 2018

John F. Hogan^{2,4}
Current Term Ends 2019

John F. Kilcoyne^{2,3}
Current Term Ends 2019

Barbara E. King^{1,3}
Current Term Ends 2018

Maureen K. Quill^{2,3}
Current Term Ends 2017

David E. Ross^{1,4}
Current Term Ends 2017

Stanley B. Starr, Jr.³
Current Term Ends 2018

Timothy H. Wheeler^{2,4}
Current Term Ends 2019

1. Executive Committee
2. Audit Committee
3. Compensation Committee
4. Governance Committee



William E. O'Neil, Jr.
Chairman of the Board

Robert M. Farragher
Vice Chairman of the Board

Paul B. Cherubini
Clerk of the Corporation

Robert J. Paulhus, Jr.
President & CEO

Richard R. Hayward, Jr.
Treasurer

MHC OFFICERS

CLINTON SAVINGS
BANK OFFICERS

Robert J. Paulhus, Jr.
President & CEO

Leonard T. Anctil
SVP/Senior Commercial
Lending Officer

Mary T. Dean
SVP/Chief Information Officer

Richard R. Hayward, Jr.
SVP/Chief Financial
Officer/Treasurer

Ellen J. McGovern
SVP/Chief Marketing Officer

Linda M. Midura
SVP/Director of
Human Resources

Edward M. Powers
SVP/Chief Lending Officer

Nicole L. Martin
VP/Retail Sales Manager

David A. Harmon
SVP/Commercial
Lending Officer

Daniel J. Kelser
SVP/Commercial
Lending Officer

Robert G. Rivard
SVP/Commercial
Lending Officer

Sheila A. Azorandia
VP/Comptroller

Debra A. Colonna
VP/Mortgage
Operations Manager

Jeanie Connolly
VP/Commercial
Lending Officer

Holly A. Connors
VP/Operations Manager

Kathleen A. Flaherty
VP/Compliance & CRA Officer

Majlinda Haxhiaj
VP/Branch
Administrative Manager

Debra M. Minor
VP/Credit Manager

Paula E. Paldino
VP/Compliance
& Security Officer

Lawrence R. Palmer
VP/Information
Technology Officer

Kristen M. Farragher
AVP/Branch Manager, Sterling

Robert P. Fontaine
AVP/Senior
Mortgage Underwriter

Mark M. Geres
AVP/Mortgage Originator

Mary E. LaFleur
AVP/Collections Manager

Mark E. LaMountain
AVP/Mortgage Originator

Jennifer A. Maynard
AVP/Branch Manager,
West Boylston

Danielle M. McCarter
AVP/Human
Resources Manager

Lynne G. McCormack
AVP/Commercial
Portfolio Manager

Paula H. Mollov
AVP/Consumer Loan Officer

Jill E. Parcell
AVP/Branch Manager, Bolton

John G. Ryan
AVP/Mortgage Originator

Kristin E. Zirkel
AVP/Senior
Marketing Manager

Geoffrey S. Green
Branch Manager, Berlin

Michele Hazelhurst
Branch Manager, Boylston

Linnea C. Miley
Credit Officer

Thank you to all of our Corporators who continuously support Clinton Savings Bank by providing valuable feedback on our products and services as well as referring business to the Bank.

You are the key link between the Bank and the communities we serve, and your efforts create an important competitive edge in aiding CSB's public image as well as enhancing our service level.

THANK YOU TO OUR CORPORATORS



Name	Term Ends	Name	Term Ends	Name	Term Ends
Mr. Leonard T. Anctil	2019	Mr. David I. Frem	2021	Atty. Harold P. Naughton, Jr.	2019
Ms. Sheila A. Azorandia	2024	Ms. Janice L. Fuller	2017	Atty. William E. O'Neil, Jr.	2018
Atty. Albert A. Barbieri, Jr.	2017	Dr. Peter A. Garofoli, DDS*	2017	Mr. Robert C. Ordnung	2018
Ms. Joanne Bergen	2018	Mr. David R. Glispin	2020	Mr. Genaro R. Paen	2023
Mr. Vitthal S. Bhakta	2017	Ms. Caryn L. Gorczynski	2026	Mr. Robert J. Paulhus, Jr.	2020
Mr. Harold E. Brown	2020	Ms. Eileen Griffin-Wright*	2021	Atty. Stephen J. Philbin	2023
Dr. Lindsay A. Bruneau, DMD	2026	Ms. Diane C. Haarmann	2018	Mr. Paul Q. Polewarczyk	2019
Atty. Francis C. Burke, Jr.	2022	Mr. Richard R. Hayward, Jr.	2022	Mr. Edward M. Powers	2022
Mr. David S. Butler	2024	Dr. Myles Heffernan, Jr., DDS	2026	Ms. Maureen K. Quill	2025
Ms. Cynthia E. Cannon	2025	Mr. David M. Hinckley	2020	Mr. Christopher J. Rogers	2026
Ms. Maryann N. Castillo*	2019	Mr. John F. Hogan, Jr.	2018	Mr. David E. Ross	2023
Mr. David Chandler	2020	Mr. Matthew T. Hollister	2022	Mr. Raymond J. Salmon, Jr.	2018
Mr. John Chandler	2020	Atty. Jane K. Innamorati	2025	Atty. Gary P. Sanginario	2025
Mr. John C. Cherubini	2023	Dr. Theresa E. Kane	2021	Ms. Jane L. Sawyer	2019
Mr. Paul A. Cherubini	2018	Mr. John F. Kilcoyne	2025	Ms. Jean D. Sifleet	2022
Mr. Paul B. Cherubini*	2022	Ms. Barbara E. King	2022	Dr. William Southworth, DMD	2019
Mr. Dennis P. Ciccone	2019	Mr. John P. Kittredge, Jr.	2025	Mr. David K. Stadtherr	2020
Mr. Warren W. Clarke	2024	Mr. Mark R. Laverdure	2021	Mr. Stanley B. Starr, Jr.	2020
Mr. Matthew P. Colangelo	2019	Ms. Cathleen E. Llanso	2017	Ms. Carolyn C. Stimpson	2019
Mr. Thomas R. Comeau	2022	Mr. Donald A. Lowe	2022	Mr. Kenneth G. Sydow	2026
Dr. Charles P. Conroy	2025	Mr. Robert H. MacKay	2017	Mr. David N. Tinsley	2020
Mr. Laurence T. Crossman	2019	Ms. Maegen N. McCaffrey	2020	Mr. James A. Tomolo, Jr.	2019
Ms. Cynthia J. Curley	2023	Ms. Ellen J. McGovern	2026	Mr. Richard C. Traina	2026
Ms. Mary T. Dean	2026	Mr. Patrick A. McGrail	2026	Mr. Michael B. Wade	2019
Ms. Kali H. Delorey	2024	Mr. Robert J. McIntyre	2020	Dr. Richard R. Waller, Jr., DC	2021
Dr. Roger P. Desilets, DDS*	2022	Ms. Lucinda J. McLaughlin	2019	Mr. Timothy H. Wheeler	2026
Mr. Dale A. DiMeco	2021	Mr. Brian J. McNally	2019	Ms. Bobbi-Jo A. Williams	2019
Mr. Robert B. Doane	2022	Mr. Robert J. McNally	2026	Mr. Christopher J. Williams	2023
Ms. Pamela D. Dobeck	2019	Mr. Anthony R. Melone	2021	Ms. Kristin E. Zirkel	2023
Ms. Evelyn M. Dueck	2017	Mr. Steven Mendoza	2022		
Mr. Robert D. Ebstein	2023	Mr. David P. Mercurio	2026		
Mr. Robert M. Farragher	2023	Ms. Linda M. Midura	2022		
Ms. Kerry A. Flathers	2025	Mr. Jason T. Murray	2021		

*Retiring Corporators



SOLAR LOANS

- ➔ Introduced April 2016
- ➔ 72 Solarized Homes
- ➔ \$2,067,276 in Loans



SOCIAL FOLLOWERS

- ➔ 2,160 Followers
- ➔ Reach of Over 146,000 Users
- ➔ #csballaccess



SERVED

- ➔ Meals to Over 500 People
- ➔ 1,000+ Items to the Military
- ➔ Over 600 Employee Volunteer Hours



SPONSORED

- ➔ 75+ Community Events
- ➔ Over \$55,000 to Local Organizations and Non-Profits



EDUCATION

- ➔ \$7,000 in Scholarships to 7 Local High Schools
- ➔ 900 Hours of Financial Literacy Programs
- ➔ 7 Home Buying Seminars



HOMEBUYERS

- ➔ 37 FTHB Loans for \$7,664,940
- ➔ 184 Total Loans for \$46,925,696
- ➔ 11.8% Increase Over 2015



ASSET SIZE

- ➔ \$519,381 Million
- ➔ 2.45% Increase

2016 HIGHLIGHTS

Branch Locations

Clinton Branch
200 Church Street
Clinton, MA 01510
(978) 365-3700

Berlin Branch
35 Central Street
Berlin, MA 01503
(978) 838-2286

Bolton Branch
562 Main Street
Bolton, MA 01740
(978) 779-2857

Boylston Branch
81 Shrewsbury Street
Boylston, MA 01505
(508) 869-3122

West Boylston Branch
306 West Boylston Street
West Boylston, MA 01581
(508) 835-9955

Sterling Branch
1 Main Street
Sterling, MA 01564
(978) 422-8133

Clinton Savings Bank

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888-744-4272(4CSB)

clintonsavings.com



Member FDIC
Member NCUA

