



Skowhegan
Savings

2017

ANNUAL REPORT

LETTER FROM THE PRESIDENT/CEO



This past year was a very successful one for Skowhegan Savings Bank. Our regional economy enjoyed some of the growth which had eluded us for some time during the current economic recovery. Our loan demand from people building and buying houses was strong and businesses began to invest for growth. The bank's pre-tax operating income surpassed \$5.0 million for the first time in our 149 year history and our capital levels grew to over \$84 million. The financial strength of Skowhegan Savings Bank does not accrue to shareholders but rather to our communities. Through investments in the people, businesses, and organizations within our communities - we strive to make them a better place to live and work.

Banking continues to change as technology allows customers access to mortgages and deposits without ever seeing or shaking the hand of their 'banker'. At Skowhegan Savings, we embrace technology and the convenience it brings to our clients, but at the same time we also believe in the value of a personal banking relationship and fully understanding and serving the needs of our customers. The trust and integrity our team of bankers brings to our customers can not be duplicated by bits, bytes, and algorithms.

2017 marked the seventh year, out of the last eight, that Skowhegan Savings has been named one of Maine's Best Places to Work. This honor is reflective of our team of dedicated professionals who are 100% committed to the needs of our customers and our communities. We are also fortunate to have a board of directors committed to the bank and our mission. This past year, Jim Austin retired after 17 years of service to the board. We also welcomed Josh Broder of Portland, CEO of Tilson Technologies, and Carolann Ouellette of Jackman, Executive Director of Maine Huts and Trails to the board.

The success of the bank is dependent on the support of our customers who share our vision of a bank dedicated to the needs of our clients and supporting the wellbeing of our communities. On behalf of all of us at Skowhegan Savings, thank you for the privilege to serve you.

A handwritten signature in black ink, reading "John C. Witherspoon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

JOHN C. WITHERSPOON, PRESIDENT AND CEO





KENNEBEC COUNTY

1

Skowhegan Savings welcomes Commercial Loan Officer, **Tim Michalak**, to the Augusta branch. Tim comes to the bank with over 20 years of experience with a focus on commercial real estate, industrial and Small Business Administration lending.



2

Donna Fortin, VP of Deposits, and Trusty are all smiles at the Mid Maine Chamber Annual Business to Business Showcase at the Colby College.



3

Jessie Everett, Community Banker, moves from the bank's Skowhegan and Norridgewock branches to the Augusta branch.



4

The Skowhegan Charitable Foundation donates \$10,000 towards renovations to the **Abbott Memorial Library** in Dexter. The library was originally given to the Town of Dexter on Christmas Day in 1894 as a gift to the community from George A. Abbott.

Dexter Red Hot Dog Festival



6

Skowhegan Charitable Foundation donates \$10,000 to Maine Central Institute's Founders Campaign. The campaign raises funds to strengthen MCI's academics, arts and athletics programming for the Pittsfield school.



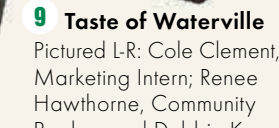
7

Skowhegan Savings Charitable Foundation donates \$30,000 to the renovations of the historic **Colonial Theatre** in downtown Augusta.



8

Skowhegan Savings partners with local boy scout troop to build a new outdoor community ice rink for the Town of Dexter. Pictured L-R: Fawn Wentworth, Marketing Officer; Trusty, The Tree; Angel Quick, Community Banker; Dan Tilton, SVP Retail and Customer Relations.



9 Taste of Waterville

Pictured L-R: Cole Clement, Marketing Intern; Renee Hawthorne, Community Banker; and Debbie Knox, Commercial Loan Officer.



10

Proud sponsor of the Mid Maine Chamber's Taste of Waterville's children's activities.

Maine Municipal Association Annual



Kennebec Valley Chamber Augusta Business After Hours

5

David Cyr, Executive Vice President; Paul Blouin, owner of Paul Blouin Mazda and Performance; and John Witherspoon, President/CEO.



9



SOMERSET COUNTY

Bingham Branch Business After Hours

Jackman Branch Business After

4 Lakewood Theater-Madison
Proud Season Sponsor of the Lakewood Theater

5 Madison Chili Cook-off

Brenda Dyer, Madison branch Personal Banker, and Trusty accept 2nd place for 'Judges' Choice for Best Chili' and 3rd place for the 'People's Choice' at the Annual Madison Anson Days Chili Cook Off.

7 The Toast of the Town

"The Town of Norridgewock is proud to partner with Skowhegan Savings Bank for our municipal banking services. No matter the nature of our business, they are always honest, dedicated, and professional. We are privileged to bank with Skowhegan Savings, where the Town benefits from a world of financial services with the small town touch."

- Richard LaBelle, Town Manager
Town of Norridgewock

9 Oosoola Days

Richard LaBelle, Norridgewock Town Manager; Molly Chapman, Regional Branch Manager; and Jessie Everett, Community Banker, chat about the upcoming 45th Annual Oosoola Days in Norridgewock live on-air with 92Moose.

Skowhegan River Fest

Skowhegan Teller Line
Suzie Kent, Skowhegan Branch Manager, assists a customer.

Skowhegan Community Banker
Karen Hart

1 Annual 4th of July Cookout

Pictured: Cole Clement, Marketing Intern and John Witherspoon, President/CEO

2 Jackman Community Health Center Donation

Skowhegan Charitable Foundation donates \$25,000 to Jackman Community Health for renovations that include building upgrades as well as utility and energy efficiency improvements. Pictured L-R: Jack Ducharme, Community Banker; Roxanne Vining, Personal Banker; Lauren Corey, Personal Banker; Betsy Begin, Jackman Branch Manager; Lauren Corey; Personal Banker; and Dr. Patricia Doyle from Jackman Community Health Center.

"We are grateful for the support of the Skowhegan Savings Bank Charitable Foundation as we continue work to improve the Jackman Community Health Center facility and sustain the quality services provided for the Jackman community," states, Lori Londis Dwyer, Esq., PCHC President and CEO. "We further appreciate that the foundation recognizes the critical importance of access to care for rural Maine."

3 Lake George Donation

In honor of Lake George Regional Park's 25th Anniversary, the Skowhegan Charitable Foundation donates \$25,000 to the park for ongoing capitol improvements and upkeep. Pictured L-R: Karen Hart, Community Banker, and Dan Tilton, SVP of Retail and Customer Relations, present a check to Steve Dionne, President of the Lake George Corporation Board, at the Lake George Regional Park Annual Dinner.

6 Madison Christmas Parade

8 Red Cross Real Heroes Breakfast

Honoring Officer Tim Williams of the Skowhegan Police Department on being awarded the Community Hero Award by the Greater Bangor American Red Cross at their Real Heroes breakfast. Officer Williams was the first responder to a house fire in Skowhegan and because of his quick actions he was able to save the lives of two people.

10 Skowhegan Brew Fest

Over 1,000 people came out for the 2nd Annual Skowhegan Craft Brew Festival made possible by Main Street Skowhegan, local brewers, businesses and volunteers. Proud VIP sponsor, cheers to next year!



FRANKLIN COUNTY



1 Chris Farmer
joins the bank as the VP Regional Community Banker for Franklin County. Well known to the area, Chris has focused on working with both commercial and retail customers in the Franklin County area and comes to the bank with an extensive background in finance and real estate.



Farmington Holiday Parade

2
Congratulations to Bob Luce, who recently purchased Carrabasset Coffee in Kingfield, Maine. Bob Luce, owner of Carrabasset Coffee, and Debbie Knox, Commercial Loan Officer.



Farmington Business After Hours

3 Farmington Home & Leisure Show



4 Kingfield POPS
Proud annual sponsor of the Kingfield POPS



Kingfield Days

5 Oquossoc Marine
Brothers Mike and Larry Koob and business leaders in Oquossoc.



7 Maine Huts & Trails
The bank annually sponsors a local school group trip to Maine Huts & Trails. This year it was Stratton School.

Sugarloaf Annual Charity Summit



6 Western Maine Community Action Housing Donation

We are pleased to have been able to join forces with the Western Maine Community Action program, students from the Foster Career and Technical Educational Center at Mt. Blue High School, other local businesses and organizations to make a house a home for a local deserving family. Pictured L-R: Bill Crandall, WCAP Housing Program Manager, and Shelly Lowell, Community Banker.



WSKI Sugarloaf



2017 Employees of the Quarter

1ST QUARTER



Retail: Heather Abbott,
Call Center
Representative



Operations:
William Halliday,
AVP Loan Servicing
Manager



Retail: Betsy Begin,
Jackman Branch
Manager



Operations:
Jake Benner,
Network
Administrator



Retail: Dora Sargent,
Rangeley Branch
Manager



Operations:
Darlene Salisbury,
Loan Processor

4TH QUARTER



Operations:
Paula Nelson,
AVP Special Assets
Manager



Retail: Rose-Marie
Boissonneault,
Branch Operations
Training Assistant

COMMUNITY BANKERS & COMMERCIAL LENDERS OF THE QUARTER



(From L-R) Debbie Knox, VP Commercial Loan Officer; Jack Ducharme, AVP Community Banker; Kurt Maynard, VP Commercial Loan Officer; and Angel Quick, Community Banker.

2016 Employee of the Year



Kimberly Friend,
AVP Credit Officer

OUR FUTURE: Proud supporter of the Jobs for Maine Graduates program



Students in Skowhegan High School, Madison High School, and Mt. Blue High School are competing in a "Jr. Entrepreneur Challenge," a high school version of Main Street Skowhegan's Entrepreneur Challenge. Students created their own business plans, financial projections, and market analysis. They worked with the Small Business Alliance, Maine-based companies and non-profit organizations, as well as videoconferenced with businesses out of state to develop the winning "pitch". The winner of each school competition will compete in the final presentations in March at Skowhegan Savings Bank.



The kick-off to the school year at Mt. Abram High School was a career panel designed for all high school students to learn about different career fields in Maine and the different education levels needed for these careers. There were business owners who had a high school diploma and on-the-job training to a person with a doctorate degree and all levels of education in between.

Nearly 30 businesses participated in a Trades Fair at Mt. Abram High School. Businesses created hands-on interactive activities for students to learn more about careers and businesses in Franklin county.

SKOWHEGAN SAVINGS BANK AND SUBSIDIARY

CONSOLIDATED SUMMARY BALANCE SHEETS

YEARS ENDED DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Cash & Cash Equivalents	16,541,758	14,862,683
Investment Securities	90,111,293	91,409,010
Net Loans	460,476,689	450,382,842
Other Assets	29,938,494	31,850,582
TOTAL ASSETS	\$597,068,234	\$588,505,117
LIABILITIES AND CAPITAL		
LIABILITIES		
Customer Deposits	461,553,522	446,853,717
Other Liabilities	5,348,073	5,117,659
FHLB Borrowings	45,921,000	56,844,000
Total Liabilities	512,822,595	508,815,376
CAPITAL		
Retained Earnings	80,180,578	76,846,455
Accumulated Other Comprehensive Income	4,065,061	2,843,286
Total Retained Earnings	84,245,639	79,689,741
TOTAL LIABILITIES & CAPITAL	\$597,068,234	\$588,505,117

CONSOLIDATED SUMMARY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

INTEREST INCOME/EXPENSE	2017	2016
Interest and Dividend Income	21,412,402	20,993,170
Interest Expense	1,743,567	1,749,453
Net Interest Income	19,668,835	19,243,717
Provision for Loan Losses	225,001	570,004
Net Interest Income After Provision for Loan Losses	19,443,834	18,673,713
NON-INTEREST INCOME/EXPENSE		
Non-Interest Income	1,900,225	1,944,183
Non-Interest Expense	16,506,013	17,104,101
Income Before Income Taxes and Security Gains	4,838,046	3,513,795
Net Securities Gain (Loss)	449,676	512,535
Income Tax (Benefit) Expense	1,284,665	(230,000)
NET INCOME	\$4,003,057	\$4,256,330

BOARD OF DIRECTORS

RICHARD ANZELC, CHAIRMAN

JOSHUA BRODER WARREN SHAY
 CAROLANN OUELLETTE CLAIRE THERIAULT-PERKINS
 HOWARD SEVEY JOHN WITHERSPOON

OFFICERS

JAMES ALBERICO AVP, AUDIT & COMPLIANCE MANAGER
 VICKI ALWARD SVP, CHIEF RISK OFFICER
 LYNN ANDREWS MORTGAGE LOAN UNDERWRITER
 KALYN BLACK CRM MANAGER
 VICKI BOSWORTH AVP, DEPOSIT SERVICES MANAGER
 BARBARA COTTA SVP, CHIEF OPERATIONS OFFICER
 DAVID CYR EXECUTIVE VICE PRESIDENT
 TRACY DEAN VP, RETAIL CUSTOMER RELATIONS
 JACK DUCHARME AVP, COMMUNITY BANKER
 JESSICA EVERETT COMMUNITY BANKER
 CHRISTOPHER FARMER VP, REGIONAL COMMUNITY BANKER
 ALBERT FERLAND AVP, FACILITIES MANAGER
 BRIAN FITZPATRICK INDIRECT LOAN BUYER
 DONNA FORTIN VP, DEPOSIT RELATIONS MANAGER
 KIMBERLY FRIEND AVP, CREDIT OFFICER
 CYNTHIA GILMORE COMMUNITY BANKER
 WILLIAM HALLIDAY AVP, LOAN SERVICING MANAGER
 KAREN HART AVP, COMMUNITY BANKER
 RENEE HAWTHORNE COMMUNITY BANKER
 FELICIA HUFF AVP, IT MANAGER
 NICHOLAS ISGRO AVP, CONTROLLER
 JOHN KIMBALL VP, INDIRECT LENDING MANAGER
 DEBBIE KNOX VP, COMMERCIAL LOAN OFFICER
 MEGHAN LOUBIER COMMERCIAL LOAN OFFICER
 SHELLY LOWELL COMMUNITY BANKER
 BARRY MARTIN SVP, CHIEF HUMAN RESOURCES OFFICER
 KURT MAYNARD VP, COMMERCIAL LOAN OFFICER
 TIM MICHALAK VP, COMMERCIAL LOAN OFFICER
 PAULA NELSON AVP, SPECIAL ASSETS MANAGER
 JENNIFER PIEKART HUMAN RESOURCES GENERALIST
 ANGEL QUICK COMMUNITY BANKER
 TOBY SPENCER NETWORK ADMINISTRATOR
 RICHARD ST. PIERRE SVP, CHIEF FINANCIAL OFFICER
 STEVEN THOMAS SVP, SENIOR COMMERCIAL LENDER
 DAN TILTON SVP, SALES & CUSTOMER RELATIONS
 NANOOK TUEFFERD AVP, LOAN PROCESSING MANAGER
 FAWN WENTWORTH MARKETING OFFICER
 JOHN WITHERSPOON PRESIDENT/CEO

SENIOR MANAGEMENT

JOHN WITHERSPOON PRESIDENT & CEO
 DAVID CYR EXECUTIVE VICE PRESIDENT
 RICHARD ST. PIERRE SVP CHIEF FINANCIAL OFFICER
 DAN TILTON SVP SALES & CUSTOMER RELATIONS
 STEVE THOMAS SVP SENIOR COMMERCIAL LENDER
 VICKI ALWARD SVP CHIEF RISK OFFICER
 BARBARA COTTA SVP CHIEF OPERATIONS OFFICER
 BARRY MARTIN SVP CHIEF HUMAN RESOURCES OFFICER

CORPORATORS

CALVIN	AMES	MICHAEL	LAMBKE, MD
RICHARD	ANZELC, III	GLENN	LEVESQUE
RICHARD	ANZELC, JR.	ROBERT	LUCE
JAMES	AUSTIN	C. CHARLES	LUMBERT
STEVEN	BARROWS	SANDRA	MACARTHUR
DAVIDA	BARTER	THOMAS	MARTIN, JR.
JOHN	BEAUPRE	TED	MCCARTHY
NANCY	BESSEY	SHARON	MOUNTAIN
LORI	BLAISDELL	GLENN	NICHOLS
GLENNA	BLAZIC	CHARLES	O'BRIEN
PAUL	BLOUIN	CAROLANN	OUELLETTE
AARON	BOLSTER	CHAD	PARTRIDGE
JOSHUA	BRODER	CHRISTOPHER	PERKINS
KEVIN	BROWNE	MICHAEL	PHILLIPS, JR.
LARRY	CALDWELL	DOREEN	POULIN
FLINT	CHRISTIE	ROGER	POULIN*
AMEDEO	CHRISTOPHER	ELTON	POWERS*
DAVID	CYR	LES	PRIEST
DONALD	DAVIS	PAULA	QUIRION
GREGORY	DORE	WILLIAM	RANDALL*
TIMOTHY	DOW	GAIL	RIZZO
MICHAEL	DUGUAY	HOWARD	SEVEY
PAUL	FORTIN	WARREN	SHAY
GREGORY	GIBERSON	LINDSAY	SKILLINGS
ROGER	GIFFORD	DONALD	SKILLINGS II
EDWARD	GOFF	TRAFTON	TEAGUE
STEPHEN	GRAY	CLAIRE	THERIAULT-PERKINS
COREY	HIGHT	KEVIN	VIOLETTE
JENNIFER	HIGHT	RHONDA	WILES-ROSELL
SAMUEL	HIGHT	RICHARD	WILLETT
VIRGINIA	HOWARD	DANA	WILLIAMS
HEATHER	JOHNSON	CARLA	WITHAM
KIMBERLY	JORDAN	JOHN	WITHERSPOON
LAWRENCE	KOOB		

*HONORARY CORPORATOR



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