AUBURN Bancorp

2017 ANNUAL REPORT

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PRESIDENT'S LETTER TO SHAREHOLDERS

Over the past year, the Bank celebrated its 130th year of operation in the Lewiston-Auburn area. Daily activities reflect consistency in financial performance, regulatory review, and delivery of customer service. Consistency, however, is never enough. We also adopted new products, began teaching our staff to be advocates for their customers, and stepped back into our role as an important stakeholder in the communities we serve.

From a financial perspective, earnings rose 4% to $324,656, providing a net income per share of $0.65. The balance sheet remained relatively flat with a modest increase of one percent. The first half of the year represented the final push of foreclosure and collection activity that lingered from the financial crisis that plagued the Bank in past years. Stronger underwriting standards have allowed the addition of higher quality assets to the Bank's book of business. This is evident in the delinquency rate, which remained at or below one percent for the majority of the fiscal year.

Other notable activities include:

1. The complete rebranding of the Bank. "Bank on Us" is now a trademarked phrase and the "Us" symbol represents the partnerships between the Bank, the community we serve, and our customers. This rebranding effort also included a new digital marketing and social media presence.
2. Enhanced staff training that reflects how we approach our customers and deliver products and services. While sales are important, there is recognition that the Bank and customers have a mutual connection and it is equally important to meet individual needs.
3. Staff stepped up involvement with local non-profit and governmental groups as well as through the Maine Banker's Association. We understand that in order to be relevant, we must be fully engaged with the groups and endeavors of the communities we serve.
4. Implementation of mobile deposit and new merchant services were added in late 2016. Related work in this area will lead to remote deposit capture, online account opening, as well as a more robust electronic loan origination system in the current year.
5. Continued compliance and good regulatory health following an April visit from federal regulators.

The focus for the coming year is balance sheet growth. To that end, we are currently working on enhancements to loan and deposit products, an addition to loan staff, as well as additional sales and customer service training.

On behalf of the Board of Directors and staff, thank you for your support.

Respectfully submitted,

William C. Tracy
President and Chief Executive Officer

BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Auburn Bancorp, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheets of Auburn Bancorp, Inc. and Subsidiary (the Company) as of June 30, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Auburn Bancorp, Inc. and Subsidiary as of June 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 25, 2017

AUBURN BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets

June 30, 2017 and 2016

ASSETS

	2017	2016
Cash and due from banks	$ 3,660,020	$ 2,633,175
Interest-earning deposits	18,511	73,692
Total cash and cash equivalents	3,678,531	2,706,867
Investment securities available for sale, at fair value	4,170,366	3,306,678
Federal Home Loan Bank stock, at cost	790,000	756,300
Loans receivable, net of allowance for loan losses of $789,841 and $710,007 as of June 30, 2017 and 2016, respectively	60,141,535	61,731,556
Property and equipment, net	1,621,189	1,577,797
Foreclosed real estate, net of allowance	-	72,500
Accrued interest receivable		
Investments	9,215	10,865
Loans	209,094	215,779
Prepaid expenses and other assets	89,813	97,253
Total assets	$ 70,709,743	$ 70,475,595

LIABILITIES AND STOCKHOLDERS' EQUITY

	2017	2016
Liabilities		
Deposits	$ 53,447,513	$ 50,572,989
Federal Home Loan Bank advances	10,100,000	12,950,000
Accrued interest and other liabilities	418,027	437,293
Total liabilities	63,965,540	63,960,282
Stockholders' equity		
Preferred stock, 1,000,000 shares authorized, no shares issued or outstanding	-	-
Common stock, $.01 par value per share, 10,000,000 shares authorized, 503,284 shares issued and outstanding at June 30, 2017 and 2016	5,033	5,033
Additional paid-in-capital	1,447,571	1,446,711
Retained earnings	5,415,876	5,091,220
Accumulated other comprehensive (loss) income	(60,712)	47,472
Unearned compensation (ESOP shares)	(63,565)	(75,123)
Total stockholders' equity	6,744,203	6,515,313
Total liabilities and stockholders' equity	$ 70,709,743	$ 70,475,595

The accompanying notes are an integral part of these consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Income

June 30, 2017 and 2016

	2017	2016
Interest and dividend income:		
Interest on loans	$ 2,864,459	$ 2,876,067
Interest on investments and other interest-earnings deposits	79,380	71,319
Dividends on Federal Home Loan Bank stock	31,801	33,360
Total interest and dividend income	2,975,640	2,980,746
Interest expense:		
Interest on deposits and escrow accounts	271,056	246,637
Interest on Federal Home Loan Bank advances	126,953	157,687
Total interest expense	398,009	404,324
Net interest income	2,577,631	2,576,422
Provision for loan losses	80,000	130,000
Net interest income after provision for loan losses	2,497,631	2,446,422
Non-interest income:		
Net gain on sales of loans	31,868	59,256
Net loss on sale of foreclosed real estate	(434)	(14,763)
Other non-interest income	306,536	283,006
Total non-interest income	337,970	327,499
Non-interest expenses:		
Salaries and employee benefits	1,256,173	1,180,359
Occupancy expense	132,792	126,163
Depreciation	106,181	103,328
Federal deposit insurance premiums	34,500	93,500
Computer charges	202,019	183,233
Advertising expense	656	6,591
Consulting expense	44,282	53,159
Other operating expenses	556,842	568,794
Total non-interest expenses	2,333,445	2,315,127
Income before income taxes	502,156	458,794
Income tax expense	177,500	147,200
Net income	$ 324,656	$ 311,594
Net income per common share	$ 0.65	$ 0.63

The accompanying notes are an integral part of these consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years Ended June 30, 2017 and 2016

	2017	2016
Net income	**$ 324,656**	$ 311,594
Other comprehensive income, net of tax		
Unrealized (losses) gains on investment securities available for sale:		
Unrealized holding (losses) gains arising during the period	**(159,805)**	155,104
Tax effect	**51,621**	(42,166)
Net unrealized (losses) gains on investment securities available for sale	**(108,184)**	112,938
Total comprehensive income	**$ 216,472**	$ 424,532

The accompanying notes are an integral part of these consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity

Years Ended June 30, 2017 and 2016

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance, June 30, 2015	$ -	$ 5,033	$ 1,448,913	$ 4,779,626	$ (65,466)	$ (86,680)	$ 6,081,426
Net income	-	-	-	311,594	-	-	311,594
Other comprehensive income	-	-	-	-	112,938	-	112,938
Common stock held by ESOP committed to be released (1,156 shares)	-	-	(2,202)	-	-	11,557	9,355
Balance, June 30, 2016	-	5,033	1,446,711	5,091,220	47,472	(75,123)	6,515,313
Net income	**-**	**-**	**-**	**324,656**	**-**	**-**	**324,656**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(108,184)**	**-**	**(108,184)**
Common stock held by ESOP committed to be released (1,156 shares)	**-**	**-**	**860**	**-**	**-**	**11,558**	**12,418**
Balance, June 30, 2017	$ **-**	$ **5,033**	$ **1,447,571**	$ **5,415,876**	$ **(60,712)**	$ **(63,565)**	$ **6,744,203**

The accompanying notes are an integral part of these consolidated financial statements.

AUBURN BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net income	$ **324,656**	$ 311,594
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**106,181**	103,328
Net amortization of premiums on investment securities	**17,071**	16,005
Provision for loan losses	**80,000**	130,000
Increase in net deferred loan costs	**(15,270)**	(14,052)
Deferred income tax expense (benefit)	**3,280**	(36,164)
Gain on sales of loans	**(31,868)**	(59,256)
Proceeds from sale of loans	**666,068**	1,423,103
Loans originated for sale	**(634,200)**	(1,363,847)
Writedown of foreclosed real estate	**33,960**	-
Loss on foreclosed real estate	**434**	14,763
ESOP compensation expense	**12,418**	9,355
Net decrease in prepaid expenses and other assets	**55,781**	276,696
Net decrease in accrued interest receivable	**8,335**	18,176
Net (decrease) increase in accrued interest payable and other liabilities	**(19,266)**	12,723
Net cash provided by operating activities	**607,580**	842,424
Cash flows from investing activities:		
Purchase of investment securities available for sale	**(1,480,520)**	-
Proceeds from maturities, calls and principal paydowns on investment securities available for sale	**439,957**	310,266
Proceeds from sale of foreclosed real estate	**171,276**	30,173
Net change in certificates of deposit	**-**	572,000
Net decrease in loans to customers	**1,392,121**	566,875
(Purchase) redemption of Federal Home Loan Bank stock	**(33,700)**	242,100
Capital expenditures	**(149,574)**	(38,166)
Net cash provided by investing activities	**339,560**	1,683,248
Cash flows from financing activities:		
Advances from Federal Home Loan Bank	**1,000,000**	3,000,000
Repayment of advances from Federal Home Loan Bank	**(5,400,000)**	(5,000,000)
Net change in short-term borrowings	**1,550,000**	(1,740,000)
Net increase in deposits	**2,874,524**	1,596,278
Net cash provided (used) by financing activities	**24,524**	(2,143,722)
Net increase in cash and cash equivalents	**971,664**	381,950
Cash and cash equivalents, beginning of year	**2,706,867**	2,324,917
Cash and cash equivalents, end of year	$ **3,678,531**	$ 2,706,867
Supplementary cash flow information:		
Cash paid during the year for:		
Interest	$ **380,161**	$ 406,384
Income taxes	**47,870**	3,620
Transfer of loans to foreclosed real estate	**133,170**	72,500

The accompanying notes are an integral part of these consolidated financial statements.

Nature of Business

Auburn Bancorp, Inc. (the Company), through its subsidiary, Auburn Savings Bank, FSB (the Bank), grants residential, consumer and commercial loans to customers primarily throughout the Lewiston/Auburn, Maine area. The Company is subject to competition from other financial institutions. The Company is subject to the regulations of certain federal agencies and undergoes periodic examinations by those regulatory authorities.

The Company is a majority-owned subsidiary of Auburn Bancorp, MHC (the MHC). In 2008, the Company conducted a minority stock offering pursuant to which the Company sold 226,478 shares, or 45% of its common stock, at a price of $10.00 per share to eligible depositors and other members of the Company, an employee stock ownership plan (ESOP) and members of the general public in a subscription and community offering. In addition, the Company issued 276,806 shares, or 55% of its common stock, to the MHC.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, the Bank. All significant intercompany transactions and balances have been eliminated.

1. Summary of Significant Accounting Policies

The accounting policies of the Company are in conformity with U.S generally accepted accounting principles (GAAP) and general practices within the banking industry. The following is a description of the significant accounting policies.

Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and foreclosed real estate. In connection with the determination of the allowance for loan losses and foreclosed real estate, management obtains independent appraisals for significant properties.

Significant Group Concentrations of Credit Risk

A substantial portion of loans are secured by real estate in the Lewiston/Auburn, Maine area. Accordingly, the ultimate collectability of a substantial portion of the Company's loan portfolio is susceptible to changes in market conditions in the Lewiston/Auburn, Maine area.

The Company's policy for requiring collateral is to obtain security in excess of the amount borrowed. The amount of collateral obtained is based on management's credit evaluation of the borrower. The Company requires appraisals of real property held as collateral. For consumer loans, collateral varies depending on the purpose of the loan. Collateral held for commercial loans consists primarily of real estate.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash and due from banks and interest-earning deposits.

The Company's due from bank accounts, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

Securities

The Company classifies its investments as available for sale or held to maturity. Investment securities available for sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income or loss. Debt securities the Company has the positive intent and ability to hold to maturity are classified as held to maturity and reported at amortized cost.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of individual equity securities that are deemed to be other-than-temporary are reflected in earnings when identified. For individual debt securities where the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the other-than-temporary decline in the fair value of the debt security related to 1) credit loss is recognized in earnings, and 2) other factors are recognized in other comprehensive income or loss. Credit loss is deemed to exist if the present value of expected future cash flows is less than the amortized cost basis of the debt security. For individual debt securities where the Company intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost, the other-than-temporary impairment is recognized in earnings equal to the entire difference between the security’s cost basis and its fair value at the balance sheet date.

In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Federal Home Loan Bank Stock

Federal Home Loan Bank (FHLB) stock is a non-marketable equity security carried at cost and evaluated for impairment.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method over the contractual life of the loans.

Loans past due 30 days or more are considered delinquent. The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Consumer loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Cash payments on these loans are applied to principal balances until qualifying for return to accrual. Generally, loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired, whereby an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component relates to pools of non-impaired loans and is based on historical loss experience adjusted for qualitative factors.

Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit. Such financial instruments are recorded in the financial statements when they are funded.

Loan Servicing

The Company capitalizes mortgage servicing rights at their fair value upon sale of the related loans. Capitalized servicing rights are reported in other assets and are amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated for impairment based upon the fair value of the rights as compared to amortized cost.

Property and Equipment

Land is carried at cost. Buildings, furniture and fixtures, and land improvements are carried at cost, less accumulated depreciation computed on the declining balance and straight-line methods over the estimated useful lives of the assets.

Foreclosed Real Estate

Real estate properties acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed real estate.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on investment securities available for sale, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

ESOP

Shares of the Company's common stock purchased by the ESOP are held in a suspense account until released for allocation to participants. Shares released are allocated to each eligible participant based on the ratio of each participant's compensation, as defined in the ESOP, to the total compensation of all eligible plan participants. As the unearned shares are released from suspense, the Company recognizes compensation expense equal to the fair value of the ESOP shares committed to be released during the period. To the extent that the fair value of the ESOP shares differs from the cost of such shares, the difference is charged or credited to equity as additional paid-in-capital. Allocated and committed-to-be-released ESOP shares are considered outstanding for earnings per share calculations based on debt service payments. Other ESOP shares are excluded from earnings per share. The cost of unearned shares to be allocated to ESOP participants for future services not yet performed is reflected as a reduction of stockholders' equity.

Advertising

Advertising costs are expensed as incurred.

Earnings Per Share

Basic earnings per share is determined by dividing net income available to common stockholders by the adjusted weighted average number of common shares outstanding during the period. The adjusted outstanding common shares equal the gross number of common shares issued less unallocated shares of the ESOP.

Earnings per share for the fiscal years ended June 30 is based on the following:

	2017	2016
Net income	**$ 324,656**	$ 311,594
Weighted average common shares outstanding	**502,384**	503,284
Less: Average unallocated ESOP shares	**(6,888)**	(8,044)
Adjusted weighted average common shares outstanding	**496,396**	495,240
Earnings per common share	**$ 0.65**	$ 0.63

The Company does not have any potential common shares, therefore diluted earnings per share is not applicable.

Impact of Recent Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU was issued to clarify the principles for recognizing revenue and to develop a common revenue standard. The ASU was initially effective for annual reporting periods beginning after December 15, 2016. The FASB later issued ASU No. 2015-14, which defers the effective date to annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the potential impact of the ASU on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU was issued to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This ASU changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. The ASU also changes certain disclosure requirements and other aspects of GAAP, including a requirement for public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. The ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The ASU will not have a material effect on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of the ASU on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Under the new guidance, which will replace the existing incurred loss model for recognizing credit losses, banks and other lending institutions will be required to recognize the full amount of expected credit losses. The new guidance, which is referred to as the current expected credit loss model, requires that expected credit losses for financial assets held at the reporting date that are accounted for at amortized cost be measured and recognized based on historical experience and current and reasonably supportable forecasted conditions to reflect the full amount of expected credit losses. A modified version of these requirements also applies to debt securities classified as available for sale. The ASU is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within such years. The Company is evaluating the potential impact of the ASU on its consolidated financial statements.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with GAAP, the Company has considered transactions or events occurring through September 25, 2017, which was the date the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

2. Securities

The amortized cost and fair value of investment securities, with gross unrealized gains and losses, are as follows:

	June 30, 2017				June 30, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale								
Agency mortgage-backed securities	**$ 2,553,839**	**$ 5,109**	**$ (51,544)**	**$ 2,507,404**	$ 1,277,670	$ 56,321	$ (27)	$ 1,333,964
Small Business Administration securities	**1,698,513**	**-**	**(50,111)**	**1,648,402**	1,951,189	9,720	(2,045)	1,958,864
U.S. Government sponsored enterprise securities	**2**	**4,558**	**-**	**4,560**	2	3,848	-	3,850
Corporate common stock	**10,000**	**-**	**-**	**10,000**	10,000	-	-	10,000
Total	**$ 4,262,354**	**$ 9,667**	**$ (101,655)**	**$ 4,170,366**	$ 3,238,861	$ 69,889	$ (2,072)	$ 3,306,678

Investments with a fair value of approximately $935,000 and $1,024,000 at June 30, 2017 and 2016, respectively, are held in a custody account to secure certain deposits.

The amortized cost and fair value of debt securities by contractual maturity are not presented below because actual maturities will differ from contractual maturities since borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	June 30, 2017		June 30, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Agency mortgage-backed securities	**$ 2,553,839**	**$ 2,507,403**	$ 1,277,670	$ 1,333,964
Small Business Administration securities	**1,698,513**	**1,648,402**	1,951,189	1,958,864
Total debt securities	**$ 4,252,352**	**$ 4,155,805**	$ 3,228,859	$ 3,292,828

Information pertaining to securities with gross unrealized losses at June 30, 2017 and 2016, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2017						
Agency mortgage-backed securities	**$ 2,026,758**	**$ 51,503**	**$ 2,678**	**$ 41**	**$ 2,029,436**	**$ 51,544**
Small Business Administration securities	**1,323,769**	**40,317**	**324,633**	**9,794**	**1,648,402**	**50,111**
Total	**$ 3,350,527**	**$ 91,820**	**$ 327,311**	**$ 9,835**	**$ 3,677,838**	**$ 101,655**
June 30, 2016						
Agency mortgage-backed securities	$ -	$ -	$ 4,849	$ 27	$ 4,849	$ 27
Small Business Administration securities	-	-	378,560	2,045	378,560	2,045
Total	$ -	$ -	$ 383,409	$ 2,072	$ 383,409	$ 2,072

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At June 30, 2017, ten debt securities with unrealized losses have declined 2.7% in total from the amortized costs basis. At June 30, 2016, two debt securities with unrealized losses have declined 0.5% in total from the amortized cost basis. These unrealized losses related principally to current interest rates for similar types of securities compared to the underlying yields on these securities. At June 30, 2017 and 2016, no unrealized losses were deemed by management to be other-than-temporary.

There were no sales of securities for the years ended June 30, 2017 and 2016.

3. Loans

A summary of the balances of loans follows:

	2017	2016
Residential real estate	**$ 47,972,134**	$ 49,031,168
Commercial real estate	**8,504,013**	8,913,763
Commercial non-real estate	**4,090,814**	4,120,805
Consumer	**364,415**	375,827
Subtotal	**60,931,376**	62,441,563
Allowance for loan losses	**(789,841)**	(710,007)
Total loans, net	**$ 60,141,535**	$ 61,731,556

Net deferred loan costs included in total loans receivable amounted to $74,597 and $89,866 at June 30, 2017 and 2016, respectively.

Credit Quality and Allowance for Loan Losses

Management uses a number of strategies to maintain a high level of asset quality including maintaining sound credit standards in loan originations, monitoring the loan portfolio through internal and third-party loan reviews, and employing active collection and workout processes for delinquent or problem loans.

Credit risk arises from the inability of a borrower to meet its obligations. The Bank attempts to manage the risk characteristics of the loan portfolio through various control processes defined in part through the Loan Policy, such as credit evaluation of borrowers, establishment of lending limits, and application of lending procedures, including the holding of adequate collateral and the maintenance of compensating balances. Loan origination processes include evaluation of the risk profile of the borrower, repayment sources, the nature of the underlying collateral, and other support given current events, conditions, and expectations. The Bank seeks to rely primarily on the cash flow of borrowers as the principal source of repayment.

Although credit policies and evaluation processes are designed to minimize risk, management recognizes that loan losses will occur and the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio, as well as general and regional economic conditions.

The Bank provides for loan losses through the establishment of an allowance for loan losses which represents an estimated reserve for existing losses in the loan portfolio. On an on-going basis, loans are monitored by loan officers and are subject to periodic independent outsourced loan reviews, and delinquency and watch lists are regularly reviewed. At the end of each quarter, the Bank deploys a systematic methodology for determining credit quality that includes formalization and documentation of this review process. In particular, any bankruptcy and foreclosure activity is reviewed along with delinquency watch list issues. Management also classifies the loan portfolio specifically by loan type and monitors credit risk separately as discussed under *Credit Quality Indicators* below.

Management evaluates the adequacy of the allowance continually based on a review of all significant loans, via delinquency reports and a watch list that strives to identify, track and monitor credit risk, historical losses and current economic conditions.

The allowance calculation includes general reserves as well as specific reserves and valuation allowances for individual credits. The specific component relates to loans that are classified as impaired, whereby an allowance is established when the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component relates to pools of non-impaired loans. On a quarterly basis, management assesses the adequacy of the general reserve allowances based on 1) national, state and local economic factors; 2) interest rate environment and trends; 3) delinquency metrics, including the Bank's five-year historical loss experience; 4) Bank-specific factors such as changes in lending personnel; 5) changes in the loan review system and related ratings; 6) the Bank's current underwriting standards; 7) peer statistics; and 8) concentrations of commercial credits.

There were no changes in the allowance for loan losses methodology during the years ended June 30, 2017 and 2016.

The following tables provide information relative to credit quality and allowance for loan losses as of and for the years ended June 30, 2017 and 2016.

	Commercial Non-Real Estate	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Year Ended June 30, 2017						
Allowance for loan losses:						
Beginning balance	$ 48,861	$ 165,009	$ 433,822	$ 49,074	$ 13,241	$ 710,007
Charge-offs	-	-	(70,891)	(3,311)	-	(74,202)
Recoveries	13,785	2,817	57,134	300	-	74,036
Provision (recovery)	(43,267)	(38,298)	51,693	5,771	104,101	80,000
Ending balance	$ 19,379	$ 129,528	$ 471,758	$ 51,834	$ 117,342	$ 789,841
As of June 30, 2017						
Allowance for loan losses:						
Ending balance	$ 19,379	$ 129,528	$ 471,758	$ 51,834	$ 117,342	$ 789,841
Individually evaluated for impairment	-	-	88,318	46,486	-	134,804
Collectively evaluated for impairment	19,379	129,528	383,440	5,348	117,342	655,037
Loans:						
Ending balance	$ 4,090,814	$ 8,504,013	$ 47,972,134	$ 364,415		$ 60,931,376
Individually evaluated for impairment	-	156,068	1,657,667	94,349		1,908,084
Collectively evaluated for impairment	4,090,814	8,347,945	46,314,467	270,066		59,023,292

	Commercial Non-Real Estate	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
Year Ended June 30, 2016						
Allowance for loan losses:						
Beginning balance	$ 60,093	$ 189,839	$ 389,448	$ 61,111	$ 24,250	$ 724,741
Charge-offs	-	-	(179,997)	(15,450)	-	(195,447)
Recoveries	13,688	25,000	12,009	16	-	50,713
Provision (recovery)	(24,920)	(49,830)	212,362	3,397	(11,009)	130,000
Ending balance	$ 48,861	$ 165,009	$ 433,822	$ 49,074	$ 13,241	$ 710,007
As of June 30, 2016						
Allowance for loan losses:						
Ending balance	$ 48,861	$ 165,009	$ 433,822	$ 49,074	$ 13,241	$ 710,007
Individually evaluated for impairment	-	-	80,944	44,942	-	125,886
Collectively evaluated for impairment	48,861	165,009	352,878	4,132	13,241	584,121
Loans:						
Ending balance	$ 4,120,805	$ 8,913,763	$ 49,031,168	$ 375,827		$ 62,441,563
Individually evaluated for impairment	-	162,114	1,610,929	101,343		1,874,386
Collectively evaluated for impairment	4,120,805	8,751,649	47,420,239	274,484		60,567,177

Risk by Portfolio Segment

Residential Real Estate

One- to Four-Family Residential Loans. The Bank's primary lending activity consists of the origination of one- to four-family residential mortgage loans, substantially all of which are secured by properties located in its primary market area. The Bank offers fixed-rate mortgage loans, which generally have terms of 15, 20 or 30 years. The Bank no longer offers adjustable-rate mortgage loans.

Home Equity Loans. Home equity lines of credit and loans are secured by a mixture of first and second mortgages on one- to four-family owner-occupied properties. The procedures for underwriting home equity lines of credit and loans include a determination of the applicant's credit history, an assessment of the applicant's ability to meet existing obligations and payments on the proposed loan and the value of the collateral securing the loan. All properties securing second mortgage loans are generally required to be appraised by a Board-approved independent appraiser unless the first mortgage is also held by the Bank. Home equity lines of credit and loans are made in amounts such that the combined first and second mortgage balances generally do not exceed 85% of value.

Construction Loans. The Bank offers construction loans for the development of one- to four-family residential properties located in the Bank's primary market area. Residential construction loans are generally offered to individuals for construction of their personal residences.

Residential construction loans can be made with a maximum loan-to-value ratio of 95%, provided that the borrower obtains private mortgage insurance on the loan if the loan balance exceeds 80% of the appraised value of the secured property.

Construction and development financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the value of the property at completion of construction compared to the estimated cost (including interest) of construction and other assumptions. If the estimate of construction cost proves to be inaccurate, the Bank may be required to advance funds beyond the amount originally committed in order to protect the value of the property. Additionally, if the estimate of value proves to be inaccurate, the Bank may be confronted with a project, when completed, having a value which is insufficient to assure full repayment.

Commercial Real Estate

The Bank offers commercial real estate loans, including commercial business, and multi-family real estate loans that are generally secured by five or more unit apartment buildings and properties used for business purposes such as small office buildings or retail facilities substantially all of which are located in its primary market area.

Commercial and multi-family real estate loan amounts generally do not exceed 80% of the lesser of the property's appraised value or sales price.

The Bank generally requires title insurance for commercial and multi-family real estate loans, an appraisal on all such loans if the total amount of loans with that borrower is in excess of $250,000, and an evaluation of the property by an approved appraiser for loans between $100,000 and $250,000. The Bank may require a full appraisal on property securing any loan less than $250,000.

Loans secured by commercial real estate, including multi-family properties, generally involve larger principal amounts and a greater degree of risk than one- to four-family residential mortgage loans. Because payments on loans secured by commercial real estate, including multi-family properties, are often dependent on successful operation or management of the properties, repayment of such loans may be affected by adverse conditions in the real estate market or the economy.

Commercial Non-Real Estate

The Bank makes commercial business loans primarily in its market area to a variety of small businesses, professionals and sole proprietorships. Commercial lending products include term loans and revolving lines of credit. Commercial business loans are generally used for longer-term working capital purposes such as purchasing equipment or furniture. When making commercial loans, the Bank considers the financial statements of the borrower, its lending history with the borrower, the debt service capabilities of the borrower, the projected cash flows of the business and the value of the collateral. Commercial loans are generally secured by a variety of collateral, primarily accounts receivable, inventory and equipment, and the Bank also requires the business principals to execute such loans in their individual capacities. Depending on the amount of the loan and the collateral used to secure the loan, commercial loans are made in amounts of up to 50-80% of the value of the collateral securing the loan, or up to 100% of the value of the collateral securing the loan if the collateral consists of cash or cash equivalents. The Bank generally does not make unsecured commercial loans. The Bank requires adequate insurance coverage including, where applicable, title insurance, flood insurance, builder's risk insurance and environmental insurance.

Commercial loans generally have greater credit risk than residential mortgage loans. Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property whose value tends to be more easily ascertainable, commercial loans generally are made on the basis of the borrower's ability to repay the loan from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may depend substantially on the success of the business itself. Further, any collateral securing the loans may depreciate over time, may be difficult to appraise and may fluctuate in value. The Bank seeks to minimize these risks through its underwriting standards.

Consumer

The Bank offers a limited range of consumer loans, primarily to customers residing in its primary market area. Consumer loans generally consist of loans on new and used automobiles, loans secured by deposit accounts and unsecured personal loans.

Consumer loans may entail greater risk than do residential mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly, such as motor vehicles. In the latter case, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and a small remaining deficiency often does not warrant further substantial collection efforts against the borrower. Consumer loan collections depend on the borrower's continuing financial stability, and, therefore, are likely to be adversely affected by various factors, including job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on such loans.

Credit Quality Indicators – Loan Rating Methodology

The Bank's Loan Review Policy contains a rating system for credit risk. Loans reviewed are graded based on both risk of default as well as risk of loss. The policy defines risk of default as the risk that the borrower will not be able to make timely payments. This risk is assessed based on the capacity to service debt as structured, repayment history, and current status. The policy defines risk of loss as the assessment of the probability that the Bank will incur a loss of capital on a loan due to repayment default. This risk is assessed based on collateral position and net worth of the borrowing and supporting entities. Credit quality indicators are subject to ongoing monitoring by lending and credit personnel with such ratings updated annually or more frequently, if warranted.

The rating system is based on the following categories:

1. Excellent – well established national company, industry in favorable condition, business compares favorably to its industry, capable management team with sufficient depth, loans secured by cash collateral and strong financial condition.

2. Good – well established local company, favorable industry conditions, company compares favorably to its industry, capable management team with sufficient depth, unqualified opinion

on audited financial statements from a reputable CPA firm, loans secured by marketable securities, longstanding Bank customer, financial statement fully supported.

3. Pass/Watch – High – well to recently established business, industry conditions fair to good, above average to average performance comparisons relative to industry, capable management team, and financial statement evidences ability to service debt.

3a. Pass/Watch – Marginal – well to recently established business, industry conditions fair to good, business or individuals in this category are generally local operations, average to marginal performance comparisons relative to industry, company's financial condition may not be fully detailed; however, performance to loan terms has and continues to be achieved; loans in this group are typically well secured when financial capacity is not documented with current and comprehensive financial data.

4. Special Mention – loans are currently protected, but are potentially weak, borrower is affected by unfavorable economic conditions, adverse operating trends or an unbalanced financial position in the balance sheet which has not yet reached a point of jeopardizing loan payment.

5. Substandard – loan is inadequately protected by sound worth and paying capacity of the borrower, repayment has become increasingly reliant on collateral or other secondary sources of repayment, credit weaknesses are well defined; orderly debt liquidation from primary repayment sources is in jeopardy, distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

6. Doubtful – A loan classified in this category has all the weaknesses inherent in a substandard rated loan with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

7. Loss – Assets that are considered uncollectible and are not warranted as a bank asset.

Credit Quality Indicators

Commercial Credit Risk Exposure
Credit Risk Profile by Internally Assigned Grade

	As of June 30, 2017		As of June 30, 2016	
Grade:	Commercial Non-Real Estate	Commercial Real Estate	Commercial Non-Real Estate	Commercial Real Estate
Acceptable	**$ 4,070,867**	**$ 7,056,976**	$ 3,290,558	$ 6,538,458
Pass/Watch – Marginal	**-**	**1,208,202**	587,803	1,817,730
Special mention	**-**	**-**	242,444	306,110
Substandard	**19,947**	**238,835**	-	251,465
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	-	-
Total	**$ 4,090,814**	**$ 8,504,013**	$ 4,120,805	$ 8,913,763

Residential/Consumer Credit Exposure
Credit Risk Profile by Internally Assigned Grade

	As of June 30, 2017		As of June 30, 2016	
Grade:	Residential Real Estate	Consumer	Residential Real Estate	Consumer
Acceptable	**$ 47,133,445**	**$ 263,940**	$ 47,423,589	$ 274,484
Pass/Watch – Marginal	**334,463**	**20,393**	344,483	22,435
Special mention	**-**	**-**	134,645	-
Substandard	**504,226**	**80,082**	1,128,451	78,908
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	-	-
Total	**$ 47,972,134**	**$ 364,415**	$ 49,031,168	$ 375,827

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Management considers factors including payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due when determining impairment. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

The following tables provide information pertaining to impaired loans by class:

	As of and for the Year Ended June 30, 2017				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial non-real estate	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Commercial real estate	**156,068**	**156,068**	**-**	**158,362**	**3,980**
Residential real estate	**739,096**	**837,352**	**-**	**752,057**	**15,768**
Consumer	**43,473**	**46,568**	**-**	**47,155**	**1,850**
With related allowance recorded:					
Commercial non-real estate	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Commercial real estate	**-**	**-**	**-**	**78,055**	**-**
Residential real estate	**918,571**	**918,571**	**88,318**	**1,086,533**	**24,667**
Consumer	**50,876**	**50,876**	**46,486**	**50,894**	**1,091**

Total:					
Commercial non-real estate	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Commercial real estate	**156,068**	**156,068**	**-**	**236,417**	**3,980**
Residential real estate	**1,657,667**	**1,755,923**	**88,318**	**1,838,590**	**40,435**
Consumer	**94,349**	**97,444**	**46,486**	**98,049**	**2,941**
	$ 1,908,084	**$ 2,009,435**	**$ 134,804**	**$ 2,173,056**	**$ 47,356**

	As of and for the Year Ended June 30, 2016				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial non-real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate	162,114	162,114	-	164,665	3,411
Residential real estate	970,933	1,401,837	-	1,099,678	18,602
Consumer	50,425	56,931	-	53,387	626
With related allowance recorded:					
Commercial non-real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate	-	-	-	-	-
Residential real estate	639,996	639,996	80,944	766,564	14,241
Consumer	50,918	50,918	44,942	50,962	-
Total:					
Commercial non-real estate	$ -	$ -	$ -	$ -	$ -
Commercial real estate	162,114	162,114	-	164,665	3,411
Residential real estate	1,610,929	2,041,833	80,944	1,866,242	32,843
Consumer	101,343	107,849	44,942	104,349	626
	$ 1,874,386	$ 2,311,796	$ 125,886	$ 2,135,256	$ 36,880

All interest income recognized on impaired loans is on the cash basis.

Non-Performing Loans

Loans are placed on non-accrual status when reasonable doubt exists as to the full timely collection of interest and principal or when a loan becomes 90 days past due unless an evaluation clearly indicates that the loan is well-secured and in the process of collection. When a loan is placed on non-accrual status, unpaid interest credited to income is reversed. Interest received on nonaccrual loans generally is applied against principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectability of the total contractual principal and interest is no longer in doubt. These policies apply to all classes of loans, including commercial and residential/consumer.

Real estate acquired as a result of foreclosure or by deed-in-lieu of foreclosure is classified as real estate owned until it is sold. When property is acquired, it is recorded at fair value at the date of foreclosure. Holding costs and declines in fair value after acquisition of the property result in charges against income. The Bank had no foreclosed residential real estate properties held at

June 30, 2017 where physical possession had been obtained. The Bank had no consumer mortgage loans secured by residential real estate properties where formal foreclosure procedures were in process as of June 30, 2017.

Age Analysis of Past Due Loans

As of June 30, 2017

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment Loans > 90 Days and Accruing	Recorded Investment Loans on Non-Accrual Status
Commercial non-real estate	$ -	$ -	$ -	$ -	$ 4,090,814	$ 4,090,814	$ -	$ -
Commercial real estate	-	63,914	-	63,914	8,440,099	8,504,013	-	-
Residential real estate	399,253	-	25,250	425,503	47,547,631	47,972,134	-	562,069
Consumer	-	-	-	-	364,415	364,415	-	80,051
	$ 399,253	$ 63,914	$ 25,250	$ 488,417	$ 60,442,959	$ 60,931,376	$ -	$ 642,120

Age Analysis of Past Due Loans

As of June 30, 2016

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater	Total Past Due	Current	Total Loans	Recorded Investment Loans > 90 Days and Accruing	Recorded Investment Loans on Non-Accrual Status
Commercial non-real estate	$ -	$ 19,947	$ -	$ 19,947	$ 4,100,858	$ 4,120,805	$ -	$ -
Commercial real estate	463,597	-	156,110	619,707	8,294,056	8,913,763	-	156,110
Residential real estate	281,351	194,669	261,441	737,461	48,293,707	49,031,168	-	960,453
Consumer	3,319	-	-	3,319	372,508	375,827	-	78,908
	$ 748,267	$ 214,616	$ 417,551	$ 1,380,434	$ 61,061,129	$ 62,441,563	$ -	$ 1,195,471

Interest income on non-accrual loans of $27,893 and $73,260 would have been recognized on these loans if interest had been accrued at June 30, 2017 and 2016, respectively.

Troubled Debt Restructurings

A loan modification constitutes a troubled debt restructuring if the Bank, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. To determine whether or not a loan should be classified as a troubled debt restructuring, management evaluates a loan based upon the following criteria:

- The borrower demonstrates financial difficulty; common indicators include past due status with bank obligations, substandard credit bureau reports, or an inability to refinance with another lender, and

- The Bank has granted a concession; common concessions include maturity date extension, interest rate adjustments to below market pricing, reduction of principal and deferment of payments.

Troubled debt restructured loans are considered impaired. As of June 30, 2017 and 2016, there were no commitments to lend additional amounts to customers with outstanding loans that are classified as troubled debt restructurings.

During the year ended June 30, 2017, certain loan modifications were executed which constituted troubled debt restructurings. Loans were classified as troubled debt restructurings due to payment deferrals, extensions of maturity, or capitalization of past due interest. There were no troubled debt restructurings that occurred during the year ended June 30, 2016.

The following table summarizes troubled debt restructurings that occurred during the year ended June 30, 2017:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential real estate	2	$ 130,005	$ 139,152
Total	2	$ 130,005	$ 139,152

The troubled debt restructurings described required a net allocation of the allowance for loan losses of $9,147 as of June 30, 2017. The impairment carried as a specific reserve in the allowance for loan losses is calculated by discounting the total expected future cash flows on the loan, or, for collateral-dependent loans, using the fair value of the collateral less costs to sell. There were no charge-offs on the troubled debt restructurings outstanding for the year ended June 30, 2016.

A loan is considered to be in payment default once it is greater than 30 days contractually past due under the modified terms. There were no troubled debt restructurings that were modified within the previous twelve months and subsequently experienced a payment default during the year ended June 30, 2017. There were no troubled debt restructurings with payment defaults during the year ended June 30, 2017 that were modified within the previous twelve months.

The Bank was servicing for others, mortgage loans of approximately $18,218,000 and $20,989,000 at June 30, 2017 and 2016, respectively.

The balance of mortgage servicing rights was $44,626 and $69,279 at June 30, 2017 and 2016, respectively.

4. Property and Equipment

A summary of the cost and accumulated depreciation of property and equipment is as follows:

	2017	2016
Land and land improvements	$ 413,167	$ 413,394
Buildings	1,953,916	1,937,503
Furniture and fixtures	900,244	767,082
	3,267,327	3,117,979
Less accumulated depreciation	1,646,138	1,540,182
Net property and equipment	$ 1,621,189	$ 1,577,797

Following is a summary of estimated useful lives by asset category:

Estimated Useful Lives (Years)	
Land Improvements	15
Buildings	5 - 40
Furniture and fixtures	1 - 10

5. Deposits

A summary of deposit balances, by type, follows:

	2017	2016
Demand accounts	$ 5,873,401	$ 4,061,304
Money market accounts	8,743,334	9,973,906
NOW accounts	6,370,835	6,243,838
Savings accounts	7,776,232	6,971,085
Certificates of deposit	22,585,077	21,306,034
Certificates of deposit, $250,000 and over	2,098,634	2,016,822
Total deposits	$ 53,447,513	$ 50,572,989

The scheduled maturities of time deposits are as follows:

	2017	2016
2017	$ -	$ 12,977,515
2018	12,602,980	5,632,133
2019	8,677,786	2,153,603
2020	2,560,947	1,979,788
2021	591,204	579,817
2022	250,794	-
	$ 24,683,711	$ 23,322,856

A summary of interest expense on deposits is as follows:

	2017	2016
Demand accounts	**$ 2,499**	$ 1,848
Money market accounts	**26,496**	28,168
NOW accounts	**7,311**	6,176
Savings accounts	**8,126**	7,360
Certificates of deposit	**226,624**	203,085
Total interest expense on deposits	**$ 271,056**	$ 246,637

The Bank maintains collateralization agreements with certain depositors whose aggregate deposits exceed the federally insured limit. Excess amounts are secured under these agreements by an interest in the Bank's investment instruments, as well as certain guaranteed loans, maintained in a separate third-party custodial account. As part of the collateralization agreement, the Bank agrees to maintain the value of the collateral in the custodial account at a minimum level at least equal to 100% of the uninsured portion of these deposits. At June 30, 2017 and 2016, the value of the collateral in the custodial account was approximately $935,000 and $1.0 million, respectively, and the portion of these certain deposits in excess of the federal insured limit was approximately $943,000 and $746,000, respectively.

6. Federal Home Loan Bank Advances

Pursuant to collateral agreements with the FHLB, advances are collateralized by all stock in the FHLB and qualifying first mortgages.

The Bank's fixed-rate advances of $10,100,000 and $12,950,000 at June 30, 2017 and 2016, respectively, mature through 2026. At June 30, 2017 and 2016, the interest rates on fixed-rate advances ranged from 0.59% to 1.83% and 0.46% to 2.12%, respectively.

At June 30, 2017 and 2016, the Bank also had $2,000,000 and $1,000,000, respectively, available under a long-term line of credit from the FHLB. There were no amounts drawn under this line at June 30, 2017 and 2016.

The contractual maturities of advances are as follows:

	2017	2016
2017	**$ -**	$ 8,450,000
2018	**6,600,000**	2,000,000
2019	**2,500,000**	2,500,000
2026	**1,000,000**	-
	$10,100,000	$ 12,950,000

7. Income Taxes

Allocation of federal and state income taxes between current and deferred portions is as follows:

	2017	2016
Current tax provision		
Federal	**$ 165,297**	$ 174,610
State	**8,923**	8,754
	174,220	183,364
Deferred federal tax expense (benefit)	**3,280**	(36,164)
Change in valuation reserve	**-**	-
Deferred federal tax expense (benefit)	**3,280**	(36,164)
Income tax expense	**$ 177,500**	$ 147,200

The income tax provision differs from the expense that would result from applying federal statutory rates to income before income taxes, as follows:

	2017	2016
Expected income tax expense at federal tax rate	**$ 170,733**	$ 155,990
Increase (reduction) in income taxes resulting from:		
State tax, net of federal tax benefit	**5,889**	5,778
Non-taxable income	**-**	(1,167)
Other	**878**	(13,401)
Income tax expense	**$ 177,500**	$ 147,200
Effective income tax rate	**35.4%**	32.1%

The components of the net deferred tax asset, included in other assets, are as follows:

	2017	2016
Deferred tax assets:		
Allowance for loan losses	**$ 236,952**	$ 213,002
Impairment loss on investments	**27,917**	27,917
Expense accruals	**4,943**	6,565
Unrealized losses on investment securities available for sale	**31,276**	-
Other	**7,210**	7,755
Total deferred tax assets	**308,298**	255,239
Valuation reserve against capital losses	**(27,917)**	(27,917)
Total deferred tax assets, net of valuation reserve	**280,381**	227,322
Deferred tax liabilities:		
Difference between tax and book bases of property and equipment	**(128,431)**	(99,543)
Deferred loan fees	**(41,886)**	(38,316)
Unrealized gains on investment securities available for sale	**-**	(20,344)
Mortgage servicing rights	**(13,388)**	(20,784)
Total deferred tax liabilities	**(183,705)**	(178,987)
Net deferred tax asset	**$ 96,676**	$ 48,335

The Bank has sufficient refundable taxes paid in available carryback years to fully realize its recorded deferred tax assets, net of valuation reserve for capital losses.

The Bank used the percentage of taxable income bad debt deduction to calculate its bad debt expense for tax purposes as was permitted by the Internal Revenue Code. The cumulative effect of this deduction of approximately $421,000 is subject to recapture, if used for purposes other than to absorb loan losses. Deferred taxes of $143,000 have not been provided on this amount because the Bank does not intend to use the tax reserve other than to absorb loan losses.

FASB ASC Topic 740, *Income Taxes,* defines the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. Topic 740 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements.

The Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2014 through 2017. If the Company, as a result of an audit, was assessed interest and penalties, the amounts would be recorded through income tax expense.

8. Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and lines of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance-sheet instruments.

At June 30, 2017 and 2016, the following financial instruments were outstanding whose contract amounts represent credit risk:

	2017	2016
Commitments to originate loans	**$ 1,044,000**	$ 1,622,000
Unadvanced portions of construction loans	**444,000**	119,000
Unadvanced portions of home equity loans	**4,674,000**	4,219,000
Unadvanced portions of commercial lines of credit	**759,000**	1,062,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Unfunded commitments under commercial lines of credit are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Included in the above commitments to extend credit at June 30, 2017 were commitments to grant loans of approximately $1,044,000 which generally expire in 30 days. Interest rates on these commitments range from 2.875% to 5.00%.

Included in the above commitments to extend credit at June 30, 2016 were fixed rate commitments to grant loans of approximately $1,622,000 which generally expire in 30 days. Interest rates on these fixed rate commitments range from 3.625% to 5.25%.

The Bank has sold mortgage loans to the FHLB with a total outstanding balance of approximately $18,218,000 and $20,989,000 at June 30, 2017 and 2016, respectively. Under the terms of the agreement with the FHLB, the Bank has a limited recourse obligation to the FHLB in the event the borrower defaults. The maximum recourse obligation totaled approximately $524,000 and $1,196,000 at June 30, 2017 and 2016.

9. Legal Contingencies

Various legal claims arise from time-to-time in the normal course of business which, in the opinion of management, will have no material effect on the Company's consolidated financial statements.

10. Other Non-interest Income and Other Operating Expenses

Other non-interest income and other operating expenses include the following items greater than 1% of revenues.

	2017	2016
Other non-interest income:		
Servicing fees collected on sold loans	**$ 50,000**	$ 52,000
Interchange income	**57,000**	55,000
Deposit fee income	**53,000**	52,000
Loan fee income	**54,000**	*
Other operating expenses:		
Audit and examinations	**$ 117,000**	$ 152,000
Loans in foreclosure and REO expense	**57,000**	73,000
ATM and debit card costs	**75,000**	53,000
Marketing	**97,000**	66,000

* Amount did not exceed 1% of total revenues.

11. Minimum Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy requires the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to total assets (as defined).

In July 2013, the FDIC and the other federal bank regulatory agencies issued a final rule that revised their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the rule establishes a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), increases the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also requires unrealized gains and losses on certain “available-for-sale” securities holdings to be included for purposes of calculating regulatory capital unless a one-time opt-out is exercised. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a “capital conservation buffer” consisting of 2.5% above its minimum risk-based capital requirements. The final rule became effective for the Bank on January 1, 2015. The capital conservation buffer requirement is being phased in from January 1, 2016 through January 1, 2019, when the full capital conservation buffer requirement will be effective. As of June 30, 2017, the Bank had a capital conservation buffer of 8.72% of risk-weighted assets, which was in excess of the phased-in regulatory requirement of 1.25%.

The actual and minimum capital amounts and ratios for the Bank are presented in the following table:

	Actual		Standard Minimum Capital Requirement		Minimum to be Adequately Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2017						
Total capital to risk weighted assets	**$ 7,149,000**	**16.72%**	**$ 3,240,000**	**8.00%**	**$ 4,275,000**	**10.00%**
Tier 1 capital to risk weighted assets	**$ 6,610,000**	**15.46%**	**$ 2,565,000**	**6.00%**	**$ 3,420,000**	**8.00%**
Common equity tier 1 capital to risk weighted assets	**$ 6,610,000**	**15.46%**	**$ 1,924,000**	**4.50%**	**$ 2,779,000**	**6.50%**
Tier 1 capital to total assets	**$ 6,610,000**	**9.46%**	**$ 2,772,000**	**4.00%**	**$ 3,495,000**	**5.00%**

	Actual		Standard Minimum Capital Requirement		Minimum to be Adequately Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2016						
Total capital to risk weighted assets	$ 6,835,000	15.64%	$ 3,497,000	8.00%	$ 4,371,000	10.00%
Tier 1 capital to risk weighted assets	$ 6,285,000	14.38%	$ 2,623,000	6.00%	$ 3,497,000	8.00%
Common equity tier 1 capital to risk weighted assets	$ 6,285,000	14.38%	$ 1,967,000	4.50%	$ 2,841,000	6.50%
Tier 1 capital to total assets	$ 6,285,000	9.07%	$ 2,772,000	4.00%	$ 3,465,000	5.00%

The actual and minimum capital amounts and ratios for the Company do not materially differ from those presented for the Bank in the table above.

The following table presents a reconciliation of Bank capital determined using GAAP and regulatory capital amounts:

	2017	2016
GAAP and Tier 1 capital	**$ 6,610,000**	$ 6,285,000
Unrealized gains on certain available for sale securities includable in Tier 2 capital	**2,000**	2,000
Allowance for loan losses includable in Tier 2 capital using the direct reduction method	**537,000**	548,000
Total Risk-Based Capital	**$ 7,149,000**	$ 6,835,000

12. Employee Benefit Plans

401(k) Plan

The Bank has a 401(k) Plan whereby substantially all employees participate in the Plan. Employees may contribute up to 15% of their compensation subject to certain limits based on federal tax laws. The Bank makes matching contributions equal to 50% of the employee's contribution, up to a maximum of 3% of an employee's compensation contributed to the Plan. Matching contributions vest to the employee equally over a five-year period. For the years ended June 30, 2017 and 2016, expense attributable to the Plan amounted to $24,376 and $18,473, respectively.

Employee Stock Ownership Plan

All Bank employees meeting certain age and service requirements are eligible to participate in the ESOP. In August 2008, the Bank's ESOP purchased 17,262 shares of common stock for $172,620. The Auburn Savings Bank ESOP Trust (the ESOP Trust) borrowed the loan amount of $172,620 from Auburn Bancorp, Inc., and the loan is repayable annually with a fixed interest rate of 5% for the term of fifteen years. The loan is secured by the shares purchased by the ESOP Trust. Participants’ benefits become fully vested after five years of service. The Bank’s contributions are the primary source of funds for the ESOP's repayment of the loan. Principal and interest payments for the years ended June 30, 2017 and 2016 totaled $16,631 for each year.

As of June 30, 2017, the remaining principal balance is payable as follows:

2018	$ 12,410
2019	13,031
2020	13,682
2021	14,367
2022	15,085
Thereafter	15,837
	$ 84,412

Shares held by the ESOP include the following at June 30:

	2017	2016
Allocated	**10,327**	9,171
Unallocated	**6,935**	8,091
	17,262	17,262

The fair value of the unallocated shares as of June 30, 2017 and 2016 was approximately $78,000 and $67,000, respectively.

13. Related Party Transactions

In the ordinary course of business, the Bank has granted loans to principal officers and directors and their affiliates amounting to $346,000 and $363,000 at June 30, 2017 and 2016, respectively. During the years ended June 30, 2017 and 2016, total principal additions were $2,000 and $200,000, respectively, and total principal payments and loans removed from related party status were $19,000 and $48,000, respectively.

Deposits from related parties held by the Bank at June 30, 2017 and 2016 amounted to $1,656,000 and $1,472,000, respectively.

14. Fair Value

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The balances of assets measured at fair value on a recurring basis are as follows:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2017				
Investment securities available for sale				
Agency mortgage-backed securities	**$2,507,404**	**$ -**	**$ 2,507,404**	**$ -**
Small Business Administration securities	**1,648,402**	**-**	**1,648,408**	**-**
U.S. Government sponsored enterprise securities	**4,560**	**-**	**4,560**	**-**
Corporate common stock	**10,000**	**-**	**10,000**	**-**

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2016				
Investment securities available for sale				
Agency mortgage-backed securities	$1,333,964	$ -	$ 1,333,964	$ -
Small Business Administration securities	1,958,864	-	1,958,864	-
U.S. Government sponsored enterprise securities	3,850	-	3,850	-
Corporate common stock	10,000	-	10,000	-

The following table includes assets measured at fair value on a nonrecurring basis that have had a fair value adjustment since their initial recognition. Impaired loans measured at fair value include those impaired loans that have either been charged down, or for which a specific reserve has been established, using collateral value which is a fair value measure under GAAP.

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2017				
Assets:				
Impaired loans	**$ 293,374**	**$ -**	**$ 293,374**	**$ -**
June 30, 2016				
Assets:				
Impaired loans	**$ 195,351**	**$ -**	**$ 195,351**	**$ -**

Certain impaired loans were reduced from their initial carrying amount of $350,200 and $446,075 to their fair value of $293,374 and $195,351 at June 30, 2017 and 2016, respectively, resulting in an impairment reserve through the allowance for loan losses.

GAAP requires disclosure of estimated fair values of all financial instruments where it is practicable to estimate such values. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. The disclosure requirements exclude certain financial instruments and all nonfinancial instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating fair value for financial instruments and for other assets measured at fair value:

Cash and cash equivalents and certificates of deposit: The carrying amounts of cash, due from banks, deposits with the FHLB, federal funds sold and certificates of deposit approximate fair values as these financial instruments have short maturities.

Securities: The fair value of securities, excluding FHLB stock, are determined using observable inputs by obtaining quoted prices on nationally recognized securities exchanges or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities. The carrying value of FHLB stock approximates fair value based on the redemption provisions of the FHLB.

Loans receivable: Fair values for impaired loans are estimated using discounted cash flow analyses or, if collateral dependent, the appraised value of the collateral, less costs to sell. For other variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other fixed-rate loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. As such, the Company classifies collateral dependent impaired loans as Level 2 and all other loans as Level 3.

Deposit liabilities: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates of similar remaining maturity.

Federal Home Loan Bank advances: The fair values of these borrowings are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued interest: The carrying amounts of accrued interest approximate fair value.

Off-balance-sheet instruments: The Company's off-balance-sheet instruments consist of loan commitments. Fair values for loan commitments have not been presented as the future revenue derived from such financial instruments is not significant.

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows at June 30, 2017 and 2016:

			Fair Value Measurements at June 30, 2017 Using		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(dollars in thousands)		
Financial assets					
Cash and cash equivalents	**$ 3,679**	**$ 3,679**	**$ 3,679**	**$ -**	**$ -**
Investment securities available for sale	**4,170**	**4,170**	**-**	**4,170**	**-**
Federal Home Loan Bank stock	**790**	**790**	**-**	**790**	**-**
Loans, net					
Residential	**47,383**	**48,026**	**-**	**289**	**47,737**
Commercial real estate	**8,374**	**8,427**	**-**	**-**	**8,427**
Commercial non-real estate	**4,072**	**3,794**	**-**	**-**	**3,794**
Consumer	**313**	**314**	**-**	**4**	**310**
Accrued interest receivable	**218**	**218**	**-**	**218**	**-**
Financial liabilities					
Deposits	**53,448**	**53,376**	**-**	**53,376**	**-**
Federal Home Loan Bank advances	**10,100**	**10,100**	**-**	**10,094**	**-**

			Fair Value Measurements at June 30, 2016 Using		
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(dollars in thousands)		
Financial assets					
Cash and cash equivalents	$ 2,707	$ 2,707	$ 2,707	$ -	$ -
Investment securities available for sale	3,307	3,307	-	3,307	-
Federal Home Loan Bank stock	756	756	-	756	-
Loans, net					
Residential	48,584	50,104	-	195	49,909
Commercial real estate	8,749	8,953	-	-	8,953
Commercial non-real estate	4,072	3,844	-	-	3,844
Consumer	327	332	-	-	332
Accrued interest receivable	227	227	-	227	-
Financial liabilities					
Deposits	50,573	50,671	-	50,671	-
Federal Home Loan Bank advances	12,950	12,996	-	12,996	-

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AND
OFFICERS OF AUBURN SAVINGS BANK, FSB

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Annual Meeting
The Annual Meeting of Shareholders will be held Tuesday, November 28, 2017 at 3:45 p.m., local time, at the Auburn Public Library at 49 Spring Street in Auburn, Maine.