

## Message from the Chairman and CEO

I am pleased to report that we had strong earnings for 2016 of \$3,756,714, an increase of \$468,394 or 14.24% over 2015 earnings of \$3,288,320. Earnings per share of \$1.51 represent a 13.53% increase over last year's earnings per share of \$1.33. Our return on average assets was 0.94% and our return on average equity was 9.31%, both representing an improvement over 2015. Book value per share increased by \$0.16 to \$16.34 while continuing to declare a record dividend in 2016 of \$.705 per share for an increase of 1.44% over the dividend declared for 2015. We are proud that this is our 34th consecutive year of paying a record dividend.

Last year was a year of changes and adaptations both inside and outside of the bank. We worked diligently to assimilate our new friends and neighbors to the east as a result of our acquisition. At the same time, we witnessed a phenomenon occurring in the political world that many, if not all of us, have never witnessed. At this point, we are still unsure of the impact this may have on the financial industry, and more importantly, on our financial institution. As I told one reporter, "What I am most certain of about 2017 is uncertainty."

What we have learned in times of changes and uncertainty is that one of the most important keys to success is communication. We will be endeavoring to put an emphasis on the exchange of ideas, enhanced awareness and building deeper and broader relationships with our shareholders, customers, employees and our communities. We believe the key is better communication involving both the dissemination of information along with better "listening skills" on our part. The various communication channels have changed. We need to utilize every opportunity and avenue that is available to us in order to engage all the stakeholders and subsequently exceed their expectations. Traditional methods will be employed, as well as availing ourselves of the tools in the digital world which are rapidly increasing. We welcome your input, feedback, criticism, and opinions. We will attempt to keep you better informed as to our various accomplishments and activities. Working together, we

believe we can make all our "stakeholders' lives" a little better. That is the beauty of capitalism.

It has been an honor and a privilege to serve as Chairman and CEO of The Andover Bank. Success comes as a result of vision, preparation, and hard work. By working together as a team, the directors, management, employees and, of course, you, our loyal shareholders, have made our success possible. Looking to the future, we will continue to strive to meet the high standards that we have set and to exceed your expectations. We will continue to look for ways to improve our products and services along with opportunities to grow.

Some things never change...honesty, integrity, and hard work. We will continue to serve you, our stockholders and customers, to the best of our abilities, with enthusiasm and professionalism.

Your continued confidence and support are appreciated.



**Martin R. Cole**  
*Chairman and CEO*

