

LEADERSHIP TEAM

DIRECTORS

CHAIRMAN

Peter S. Paine, Jr.

Kevin M. Brady

Steven G. Cacchio

Alice E. Cole

William H. Kissel

Raymond J. Martin

Vincent McClelland

Deena G. McCullough

Alexander G. Paine

John S. Perley

Teresa R. Sayward

VICE CHAIRMEN

Roderic G. Giltz

Peter S. Paine III

OFFICERS

PRESIDENT AND CEO

Steven G. Cacchio

ASSISTANT VICE PRESIDENTS

Denise A. Kaufman

Jennifer L. Pecore

SENIOR VICE PRESIDENTS

Lisa M. Roberts

Sarah A. Schmidt

BANKING OFFICERS

Lori E. Hebert

Michelle L. Lafountain

Melanie A. Porter

Lena J. Robetoy

Medara R. Sherman

VICE PRESIDENTS

Renee L. Darrah

Valarie M. Favaro

Edward P. Finnerty

Jacqueline R. Hallock

Judy L. Hoskins

Timothy J. Kononan

Carol M. Manley

Darlene B. Mirrer

Kevin J. Richard

Marilyn A. Strong

ACCOUNTING MANAGER

Andrea K. Robare

EXECUTIVE DEPARTMENT MANAGER

Cynthia J. Monty

BRANCHES

CHAMPLAIN

636 State Route 11

(518) 983-3314

CROWN POINT

2687 Main Street

(518) 983-3322

ELIZABETHTOWN

7558 Court Street

(518) 873-6347

KEENE

10849 NYS Route 9N

(518) 576-9515

LAKE PLACID

2040 Saranac Avenue

(518) 523-7070

PLATTSBURGH

500 Route 3

(518) 561-6000

WESTPORT

32 Cornelia Street

(518) 562-1785

SARANAC LAKE

622 Lake Flower Avenue

(518) 304-5200

WESTPORT

6478 Main Street

(518) 983-3316

WILLSBORO

3900 NYS Route 22

(518) 963-4201

2018 | ANNUAL REPORT

Champlain Bank Corporation

CHAMPLAIN BANK CORPORATION

3900 NYS ROUTE 22

WILLSBORO, NY 12996

(518) 963-4201

www.champlainbank.com



To Our Shareholders, Customers and Employees:

We are proud to report that Champlain Bank Corporation generated strong earnings results for 2018. Net income exceeded \$2.9 million for the 12 month period ending December 31, 2018. These results were achieved by solid loan growth, good asset quality, strong core deposits, well controlled operating expenses, and a lower tax rate.

We generated \$11.7 million in net interest income, a \$775 thousand, or 7.1% increase over the 12 months of 2017. These results were achieved by growth in our commercial real estate and consumer loan portfolios while once again managing a rising interest rate environment.

Total assets exceeded \$350 million at year end. Deposits increased 8.7% to \$322 million, and loans ended the year at \$261 million, an increase of 12% from year end 2017.

A recent issue of Banking New York Magazine listed Champlain National Bank among the top five banks in the seven North Country counties as having the Best Technology and Tools. Our focus on technology will continue during 2019 with further upgrades to ATMs and computer hardware at all locations. Enhancements to our network infrastructure to ensure continued secure and redundant systems will also take place.

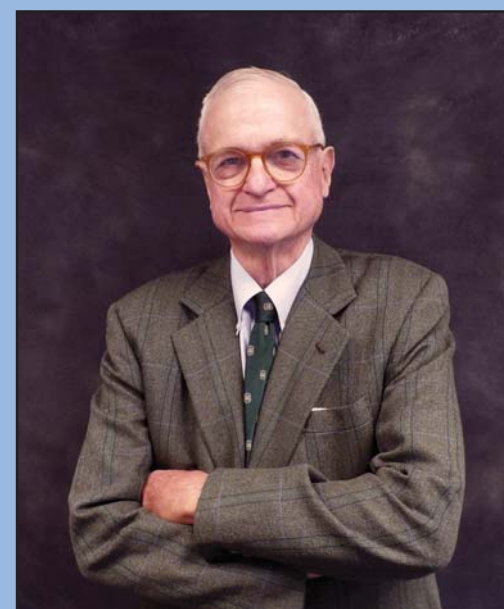
As 2018 closed, Stephens Mundy decided to retire as a Director. We thank Stephens for his contributions to our development over the last four years, and his judgment as a member of the Directors' Loan Committee.

More recently, we acknowledged the retirements of our Chief Financial Officer Charles Hughes and Director of Human Resources Gayle Bridge. We are grateful for their many years of service, and careful guidance.

With consideration given to our strong financial condition, the Board of Directors recently declared a quarterly cash dividend of \$5.00 per share. This represented an increase of 11.1% from its prior level.

We would like to recognize the Champlain National Bank team for their relentless dedication to our customers and communities. Thank you to our shareholders and customers whom we proudly serve.

Should you have any questions on our audited financial statements, which can be found on our website at www.champlainbank.com, please feel free to call our CEO Steven Cacchio at (518) 963-4201 ext. 1111 or our CFO, Sarah Schmidt at (518) 963-4201 ext. 1158. Our annual stockholders meeting will be held at 9:30 am Friday, June 28, 2019, at the Executive Offices of our Willsboro location to which all stockholders are warmly invited.



Sincerely,

Peter S. Paine, Jr.
Chairman

CHAMPLAIN BANK CORPORATION

CONSOLIDATED BALANCE SHEETS

<i>(In thousands)</i>	December 31	
	2018	2017 (Restated)
ASSETS		
Cash on hand and due from banks	\$ 7,842	\$ 6,701
Federal funds sold	52	37
Securities available for sale (at market)	61,471	64,178
Securities held to maturity (at amortized cost)	6,512	6,166
Loans, net of reserve for loan losses	261,217	232,507
Federal Reserve Bank and Federal Home Loan Bank stock	332	361
Bank premises and equipment, net	3,630	3,834
Other assets	16,230	17,458
Total assets	\$ 357,286	\$ 331,242

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities		
Deposits	\$ 322,400	\$ 296,477
Borrowed funds	0	1,000
Reserve for dividend	109	97
Other liabilities	8,736	7,970
Total liabilities	331,245	305,544
Stockholders' Equity		
Capital stock	28	28
Surplus	1,071	1,071
Undivided profits	30,602	28,130
Accumulated other comprehensive income (loss)	(4,323)	(2,194)
Treasury stock	(1,337)	(1,337)
Total stockholders' equity	26,041	25,698
Total liabilities and stockholders' equity	\$ 357,286	\$ 331,242

CONSOLIDATED STATEMENTS OF INCOME

<i>(In thousands except share and per share data)</i>	December 31	
	2018	2017 (Restated)
Interest income	\$ 13,950	\$ 12,280
Interest expense	1,206	735
Net interest income	12,744	11,545
Provision for loan losses	1,085	661
Net interest income after provision for loan losses	11,659	10,884
Non interest income	2,134	1,828
Non interest expense	10,251	9,632
Net income before taxes	3,542	3,080
Income tax expense	635	858
Net income	\$ 2,907	\$ 2,222

PER SHARE DATA

Income per average share	\$ 120.41	\$ 92.06
Average shares outstanding	24,139	24,136
Book value adjusted for other comprehensive loss - period end	\$ 1,257.88	\$ 1,155.61

OTHER DATA

Loan to deposit ratio	81.02%	78.42%
Tier 1 capital ratio	8.55%	8.23%
Return on average assets	0.85%	0.69%
Return on average equity	11.35%	9.21%
Reserve for loan loss to loans	1.49%	1.49%