

*Guidance You
Can Trust*



2016-2017
ANNUAL REPORT



RONDOUT
SAVINGS BANK

always working for you and our community

Our Vision

Our vision is to be the leading and most trusted provider of Business Banking and Retail Financial services in our markets, by delivering total client satisfaction through:

Quality

Advice and solutions

Service

Friendly, Knowledgeable,
Timely, Professional

Convenience

Services supported by
technology, products, and people

Value

If our clients succeed, our
community will succeed...

Our Core Values:

- TRUST
- RESPECT
- ACCOUNTABILITY
- INTEGRITY
- TEAMWORK
- SECURITY

Dear Stakeholders:

Welcome to our 2016-2017 Annual Report!

As Rondout Savings Bank fast approaches its major milestone of 150 years of service to our community, I am proud to present our 2016 financial report. Thanks to your support, we experienced solid deposit growth in 2016, aided by the growing usage of our new, enhanced technology and more convenient products and services.

These include remote deposit capture and automated clearing house (ACH) origination services for family business clients, instant-issue debit cards, and an On-Off debit card feature that lets you temporarily deactivate your card for enhanced security.

Our solid earnings performance in 2016 with \$1,615,000 in after tax earnings, contributed to the further strengthening of our capital position, which serves as the rock-solid foundation of our balance sheet.

Our balance sheet is robust, as well as on the liquidity front, with ample funds available to support your borrowing needs in 2017 and beyond. Speaking of lending, in 2016 we have added to our lending and management team. Joining us in the fall were Marjorie Rovereto, Chief Lending Officer, and Elizabeth (Liz) Moeller, Residential Loan Originator, along with their support team of four highly skilled lending professionals.

In 2017 we will be opening a stand-alone loan production office in uptown Kingston to complement our Schwenk Drive branch.

Our residential mortgage lending process, from application through approval to closing has been simplified and further automated as well, and we are exceptionally well-positioned to meet all your lending needs.

Another key addition to drive lending in 2017 is Rania Fakhoury who also joined us in the fall as our Hyde Park branch manager. Rania, a resident of Hyde Park, brings eleven years of commercial and consumer banking experience from a regional bank that serves our area. Rania is a licensed residential loan originator (NMLS # 491277) and also carries her New York State life insurance sales license.

These key 2016 additions position us to continue our growth which enables us to fund our annual Dividends to the Community program. With this program we deliver value back to our community through the payment of a 10% dividend of our earnings to local not-for-profit agencies and institutions.

Our mutual form of bank ownership, which has been in place since 1868, allows us to sustain these dividends. Our mutuality allows Rondout Savings Bank to always take a long-term view and to look beyond the next quarter's earnings. Mutuality allows us to avoid the conflict faced by most of our banking competitors between the interests of stockholders and clients. The core of Rondout's strength is our mutual form of ownership. We are firmly committed to it, to your financial security and success and to the health of our community.

Thank you for your business and for the trust you continue to place in us.

Please call or email us with any suggestions or questions.



James F. Davenport
jdavenport@rondoutsavings.com
(845) 331-0073

Helping Local People and Businesses

We Buy Local, We Sell Fresh, We Bank Rondout

Over thirty years ago brothers Chris and Kevin Schneider helped start the Organic and All-Natural food trend in the Hudson Valley. Although it may seem like a recent trend, the organic and sustainable “Buy Local” movement has been around for many decades. In 1978, when the Kingston, NY Storehouse opened, Mother Earth’s was an unlikely competitor to larger food chains. They had their own niche and it was selling locally produced food and supplements to support the local economy. Both Chris and Kevin believe in working with local farms and local businesses whenever possible.

“We chose to do our banking with Rondout Savings Bank because they are a true community bank. They employ local people and support many of the local non-profit organizations throughout our area. For us, buying local also means banking local,” explained Chris Schneider.

“We like that the Senior Executives at Rondout know us and that they are available to address our needs if we called them,” Kevin Schneider.

Thirty years later the Schneider brothers continue to expand and grow their business with the same passion, drive and dedication to provide the people of the Hudson Valley with the very best organic and all natural products. Recent investments in the Kingston store include a newly expanded Cafe. This one-of-a kind eatery offers the tastiest options for healthy eating. The ingredients of all meals and desserts are fresh and mostly organic. There are sit down and take out lunch and dinner options.

Come experience Mother Earth’s at any one of their three convenient Hudson Valley locations in Kingston, Poughkeepsie and Saugerties.

Customized Banking for Customized Corvette Business

You don’t have to be a car enthusiast to appreciate a conversation about Corvettes with Jim Glass. Jim spent his whole life around cars and has built a fascinating career around selling and racing them.

Since 1974, Jim Glass Corvette Specialist, Inc. has focused exclusively on the business of Corvette sales, parts, service, and restoration. Their extensive inventory includes parts for a wide variety of vehicles, ranging from like new pre-owned Corvettes to show quality restored cars, classic muscle cars, and an assortment of late-model vehicles. It even includes fully prepared vintage racecars.

“I bank with Rondout Savings Bank because I can talk with people who know my business. If I need something special I can still get it done quickly,” explained Jim.

Maintaining an inventory of high quality, hard-to-find vehicles and parts is important to Jim. He further explained, “We always want to exceed the expectations of our clients, and the people at Rondout understand our need to act quickly.”

Jim Glass Corvette Specialist, Inc. serves clients locally as well as from all over the world. It is important to be versatile and offer a full assortment of capabilities in the specialty car business. You have to act fast when there’s an opportunity to buy the right car.

Building and Supporting Relationships

Flexible Solutions for Non-Profit Organizations

Anderson Center for Autism (ACA) is a person-centered not-for-profit organization that fosters independence and self-advocacy for children and adults with autism. ACA's core philosophy is that all people deserve to live a life of quality.

For many years, Rondout Savings Bank has provided the needed support to many programs in both Ulster and Dutchess County that benefit people with autism.

“Rondout Savings Bank and Anderson Center for Autism work together to optimize the quality of life for people with autism. Because of the bank’s flexible and customizable financial products we are able to address significant organizational needs in the most effective and efficient manner possible,” explained Patrick D. Paul, CEO/Executive Director, Anderson Center for Autism.

Autism is a spectrum disorder, which means it manifests itself in many different forms and can range from mild to severe. While one child may rarely speak and have difficulty learning how to read and write, another can be so high-functioning he is able to attend classes in a mainstream school.

Anderson Center for Autism provides a reliable resource for those in need. At Anderson Center for Autism, evidence-based methods demonstrate realistic, steady progress and consistently make a difference in the lives of the individuals and families they serve.

Rondout Brings Value To The Community

The importance of community banks like Rondout Savings Bank to residents and small businesses goes far beyond free checking or glorified savings accounts.

Our clients know that Rondout Savings Bank offers a differentiating advantage over big banks. For one, a significant portion of the monies earned are distributed back into the communities that we serve in the form of donations, scholarships, and doing business locally. These same communities are where our bank's employees and executives live, work and volunteer. At this level of involvement Rondout's team is far more connected to the local economy

and closely involved with the success of each community.

“We thank our customers, the community stakeholders, who chose to bank with Rondout because they understand it is far more purposeful.”

–Cheryl Bowers, Chief Operating Officer

By focusing its attention on the needs of local families, businesses and nonprofit organizations, Rondout's executive decision team takes all factors into consideration when making loans. This differs widely from those bigger banks who primarily focus on credit scoring without regard to an individual's circumstances.

Community Banking In 2016, The Rondout Way

Over \$150,000 Donated to Nonprofit Organizations

Over 1,000 Volunteer Hours

Over \$10,000,000 in Community Loans

Rondout Is All About Convenience

Rondout Savings Bank is proudly delivering on their promise to provide technology based banking products that offer personal and business customers convenient access to their accounts.

With online and mobile banking, you are no longer limited to bank hours or local locations. Banking is now available to you whenever and wherever you have internet access.



Marjorie Rovereto, Chief Lending Officer;
James F. Davenport, President and Chief Executive Officer;
Cheryl D. Bowers, Vice President, Chief Operating Officer

Dividends to the Community

Rondout Savings Bank Donates To The Coleman High School Lifesaving Program

Rondout Savings Bank donated to the Hudson Valley Region American Heart Association (AHA) where a portion was used for CPR in Schools Training Kits for John A. Coleman Catholic High School in Hurley. The AHA Kit facilitates training in Hands-Only CPR and includes equipment and training materials to train up to 20 students simultaneously.

“These kits will help train students in our Hands-Only CPR technique to help save lives from sudden cardiac arrest. Rondout Savings Bank’s donation ensures that John A. Coleman Catholic High School students will have the tools to make that training a reality for years to come,” said AHA Executive Director Kristin Judd.

The American Heart Association stated that it is able to make an impact across the prevention and treatment of heart disease and stroke spectrum due to the generous support of organizations like Rondout Savings Bank. The association stated when RSB donates to the AHA, it is helping local people live longer, stronger, healthier lives.

“Donations like this one are of particular importance because it will help provide the necessary education that can potentially save hundreds of lives locally and beyond,” stated Cheryl Bowers, Chief Operating Officer at Rondout Savings Bank.

The CPR in Schools Training Kit can make a difference in survivability from cardiac arrest by helping to train the next generation of lifesavers.

Investing in Education

Kelly Caldwell – Dutchess Leadership Graduation

“Leadership Dutchess” of The Chamber Foundation, has been dedicated to educating and motivating citizens to serve in leadership roles within our community. This program was designed to foster the development of a group of professionals who grow and learn together over a nine-month period. Leadership Dutchess sessions and all course work contribute to the knowledge and understanding of leadership. The 2015-16 Class held their Graduation Ceremony on Thursday, June 9, 2016, congratulations to Rondout graduate, Kelly Caldwell on her achievement!



Kelly Caldwell
Branch Manager,
Town of Ulster Branch

Heather Hart – Ulster Leadership (ULDI) Graduation

The Ulster County Chamber has successfully hosted the Ulster Leadership Development Institute (ULDI) for 24 years, providing a rich experience for over 370 graduates. The program has evolved to offer participants 18 diverse inter-active sessions with leaders from business, nonprofit, and government sectors within our region, all focused on developing advanced leadership understanding, capacity and significance. The 2015-16 Class of the (ULDI) held their Graduation Ceremony on Monday, June 6, 2016, congratulations to Rondout graduate, Heather Hart on her achievement!



Heather Hart
Branch Manager,
West Hurley Branch

Susan Dallies – Accredited ACH Professional (AAP) Certification

Susan Dallies earned her Accredited ACH Professional (AAP) Certification in October 2016. She studied for many hours to pass the three hour 120 question test, which puts her among the highly skilled payments professionals in the financial industry. Possessing an AAP designation demonstrates ACH proficiency and provides Rondout Savings Bank with the best-of-the-best when it comes to payments expertise.



Susan Dallies
Assistant Vice President,
Bank Operations

Dividends to the Community

R.Y.A.N. – Raising Awareness About Narcotics 5K Fundraiser

Rondout Savings Bank assists the second annual R.Y.A.N. Kelder Awareness Run/Walk with a platinum sponsorship. This important event easily remembered as R.Y.A.N., Raising Your Awareness about Narcotics took place on October 16, 2016. The initial purpose was to honor Ryan Vincent Kelder who lost his life in 2015 as a result of drug addiction and share his story with the goal of eliminating the stigma attached to addiction and start an open community discussion. With the support of hundreds of participants, so much more was accomplished. Not only has Ryan been honored, the event also provided the public with information regarding prescription drugs and addiction and raised thousands of dollars for the Boys & Girls Clubs of Saugerties and Kingston. The funding is used for drug awareness and prevention programs. Additional funding was raised for other programs including the scholarship program for children to attend Kingston Parks and Rec Summer Camp.

“The Bank’s participation in community events like R.Y.A.N. is so critical to the wellness of our communities. We’re pleased we were able to play a role in raising awareness about the dangers of narcotics,” stated Cheryl Bowers, Chief Operating Officer at Rondout Savings Bank.

We urge everyone to join us at future R.Y.A.N. events throughout the year. The proceeds from every event go directly to organizations in our community that provide healthy programs for our youth.

Ulster County SPCA Fur Ball

The Ulster County SPCA’s biggest fundraiser, the Annual Fur Ball, is held each spring at the elegant Diamond Mills Hotel in Saugerties. This sold out event also commemorated their 125th anniversary and began the evening with hors d’oeuvres and a silent auction, followed by a delicious dinner and live auction. All money raised went to benefit their “fur-ever friends!”

Junior Achievement

Since its founding in 1919, Junior Achievement has been a not-for-profit organization dedicated to educating students in grades K-12 about entrepreneurship, work readiness, and financial literacy through experiential, hands-on programs designed to help young people understand the economics of life. RSB Volunteers included; Gina Pambianchi who taught her 4th graders, Francesca Szabadi taught a kindergarten class, Karen Burchell had 2nd graders and Susan Dallies was in charge of 1st graders.

Hyde Park 4th of July Parade

Last year the weather cooperated for a change at the Fourth of July Parade in Hyde Park for which we were once again the major sponsor. The theme of the 2016 parade was “National Parks Service - Celebrating 100 Years.” Although we did not have a float in the parade this year, we did receive 3rd place in the marching group category. Once again, a special thanks goes out to all of the employees and their family members who came out to hand out chips & clips, blow up balloons, and most importantly make this event a success for the third year in a row!

Lions Club of Kingston Annual Dinner

Each November the Kingston Lions Club hosts a free roast beef dinner for over 300 people. Guests are served by Kingston Lions members and Rondout Savings Bank volunteers. Cheryl Bowers, COO of Rondout Savings Bank is a Co-Chair of the event.

For over 30 years the Kingston Lions Club has been hosting this dinner for the handicapped and disadvantaged of our community.

Consolidated Statement of Financial Condition

Consolidated Statement of Financial Condition
for the year ended December 31, 2016

ASSETS	2016
Cash and Due From Banks	\$12,996,000
Investment Securities	57,484,000
Loans Receivable (Net)	239,607,000
Other Assets	16,258,000
Total Assets	\$326,345,000
LIABILITIES & RETAINED EARNINGS	2016
Demand Deposits	\$86,036,000
Money Market Deposits	24,844,000
Savings Deposits	66,208,000
Time Deposits (Retail)	80,840,000
Time Deposits (Brokered)	17,049,000
FHLB Advances	11,767,000
Other Liabilities	4,974,000
Total Liabilities	\$291,718,000
RETAINED EARNINGS, BEGINNING OF YEAR	\$33,920,000
Net Income	1,615,000
Change in Unrealized Loss on AFS Securities	(973,000)
Change in Unrealized Actuarial Gain on Pensions	65,000
RETAINED EARNINGS, END OF YEAR	\$34,627,000
Total Liabilities and Retained Earnings	\$326,345,000

Consolidated Statement of Financial Condition
for the year ended December 31, 2015

ASSETS	2015
Cash and Due From Banks	\$19,799,000
Investment Securities	42,537,000
Loans Receivable (Net)	245,464,000
Other Assets	16,891,000
Total Assets	\$324,691,000
LIABILITIES & RETAINED EARNINGS	2015
Demand Deposits	\$78,590,000
Money Market Deposits	25,906,000
Savings Deposits	61,601,000
Time Deposits (Retail)	80,717,000
Time Deposits (Brokered)	26,819,000
FHLB Advances	12,286,000
Other Liabilities	4,852,000
Total Liabilities	\$290,771,000
RETAINED EARNINGS, BEGINNING OF YEAR	\$33,172,000
Net Income	944,000
Change in Unrealized Loss on AFS Securities	(217,000)
Change in Unrealized Actuarial Gain on Pensions	21,000
RETAINED EARNINGS, END OF YEAR	\$33,920,000
Total Liabilities and Retained Earnings	\$324,691,000

Consolidated Statement of Income and Expenses

Consolidated Statement of Income for the year
ended December 31, 2016

INTEREST AND DIVIDEND INCOME	2016
Loans, Including Fees	\$11,088,000
Investment Securities and Other	1,352,000
Total Interest Income	\$12,440,000
INTEREST EXPENSE	
Deposits	(1,663,000)
FHLB Advances	(119,000)
Total Interest Expense	\$1,782,000
Net Interest Income	\$10,658,000
Provision for Loan Loss	60,000
NON-INTEREST INCOME & EXPENSE	
Non-Interest Income	2,440,000
Non-Interest Expense	(10,629,000)
Income Before Income Taxes	2,529,000
Income Taxes	(914,000)
Net Income	\$1,615,000

Consolidated Statement of Income for the year
ended December 31, 2015

INTEREST AND DIVIDEND INCOME	2015
Loans, Including Fees	\$11,336,000
Investment Securities and Other	996,000
Total Interest Income	\$12,332,000
INTEREST EXPENSE	
Deposits	(1,593,000)
FHLB Advances	(112,000)
Total Interest Expense	\$1,705,000
Net Interest Income	\$10,627,000
Provision for Loan Loss	(390,000)
NON-INTEREST INCOME & EXPENSE	
Non-Interest Income	2,311,000
Non-Interest Expense	(11,134,000)*
Income Before Income Taxes	1,414,000
Income Taxes	(470,000)
Net Income	\$944,000

* This includes approximately \$600,000 of one-time core system conversion costs.

Statements are consolidated with Rondout Financial Services, Inc. a subsidiary of Rondout Savings Bank.

Board of Trustees and Officers



TRUSTEES:

Standing (left to right)

Richard Croce, *Trustee*
 Dennis M. Larios, *Trustee*
 Heidi Kirschner, *Trustee*
 Frank G. Ostrander, *Chairman*
 William F. Stote, *Trustee*
 Bradley W. Jordan, *Trustee*
 Ian Horowitz, *Trustee*

SENIOR OFFICERS:

Seated (left to right)

Ann Swenson, *Chief Risk Officer*
 Cheryl D. Bowers, *Chief Operating Officer*
 James F. Davenport, *President & Chief Executive Officer*
 Marjorie Rovereto, *Chief Lending Officer*
 Charles M. Cullen, *Chief Financial Officer*

OFFICERS:

Ryann Bruno
 Assistant Vice President,
 Controller

Karen Burchell
 Assistant Vice President,
 Senior Credit Officer

Kelly Caldwell
 Branch Manager,
 Ulster Branch

Seanne Crozier
 Assistant Vice President,
 BSA Officer; Security Officer

Susan Dallies
 Assistant Vice President,
 Bank Operations

Stephanie Earl
 Branch Manager,
 Uptown Branch

Wynn Eggleston
 Compliance Officer

Jennifer Fabiano
 Marketing and Sales Officer

Rania Fakhoury
 Branch Manager,
 Hyde Park Branch

Terri Ferris
 Assistant Vice President,
 Retail Area Manager

Heather Hart
 Branch Manager,
 West Hurley Branch

Brian Mathews
 Assistant Vice President,
 Lending Administrator

Barbara McCardle
 Assistant Branch Manager,
 Uptown Branch

Michael Naccarato
 Assistant Vice President,
 Information Technology Manager

Gina Pambianchi
 Assistant Vice President,
 Director of Human Resources

Jodi Reyes
 Branch Manager,
 Broadway Branch

Leslie Sewell
 Operations Manager

Stephen Sickler
 Assistant Vice President,
 Business Banking

Francesca Szabadi
 Executive Administrative Officer

Jodi Temple
 Loan Servicing Manager

Jodie Urban
 Administrative Officer

**Awarded for 27 Years of
 5-Star Excellence**
 Only 4.2% of banks qualify for the
 "Best of Bauer."



The Best of Bauer Award of Excellence is an accomplishment only achieved by 4.2% of the banks surveyed nationally. The 5-Star superior rating indicates that Rondout Savings Bank is one of the strongest in the nation, exceptional in areas of capital, loan quality, profitability and more.

Some of The Ways We Gave Back...

Dividends To The Community Recipients:

Woodstock Artists Association and Museum (WAAM) • Rip Van Winkle Council, BSA • The Arc of Ulster Greene • Kingston Community Radio • Hyde Park Little League • American Heart Association • Rotary Club of Kingston Center For Spectrum Services • The Chamber Foundation, Inc. • Children's Home of Kingston • Claudio Cares Foundation Community Foundations of The Hudson Valley • Dutchess County Chamber of Commerce • Friends of Historic Kingston Girl Scouts of The Hudson Valley • Hudson River Maritime Museum • Hurley Library Association • Hyde Park Rotary Club Jewish Federation of Ulster County • John A Coleman High School • Junior Achievement • Junior League of Kingston Kingston Farmers Market • Kiwanis Club of Poughkeepsie • KUBA • Make-A-Wish of The Hudson Valley • Midtown Arts District Mill Street Loft • People's Place • RCAL • Rupco • Shamrock Run • SUNY New Paltz Foundation • SUNY Ulster Foundation Ulster Chamber of Commerce • Ulster County Italian American Foundation • UC Board of Realtors • UCSPCA • UC United Way West Hurley Public Library • WGHQ Happy Christmas Fund • Women's Council of Realtors • Women's Studio Workshop Woodstock Land Conservatory • Hudson Valley Senior Residence • Bardavon Opera House • Arts Society of Kingston (ASK) Junior League of Poughkeepsie • Dutchess County Office of The Aging Gateway Community Industries Hyde Park Chamber of Commerce • Astor Services • Benedictine Health Foundation • American Cancer Society Boys & Girls Club • Children's Home of Poughkeepsie • O Positive Festival • Andersen Center For Autism Maverick Concerts, Inc. • Health Alliance Foundation • Woodstock Playhouse • YMCA • Hudson River Sloop Clearwater

MAIN OFFICE

300 Broadway
Kingston, NY 12401
(845) 331-0073
24-Hour ATM Machine

WEST HURLEY OFFICE

Hurley Ridge Plaza
West Hurley, NY 12491
(845) 679-2600
Saturday Hours
24-Hour ATM Machine

ULSTER OFFICE

1296 Ulster Avenue
Kingston, NY 12401
(845) 382-2200
At the North Entrance to
the Hudson Valley Mall
Saturday Hours
24-Hour ATM Machine

HYDE PARK OFFICE

4269 Albany Post Rd.
PO Box 2014
Hyde Park, NY 12538
(845) 229-0383
Saturday Hours
24-Hour ATM Machine

UPTOWN OFFICE

130 Schwenk Drive
Kingston, NY 12401
(845) 339-2600
Saturday Hours
24-Hour ATM Machine

KINGSTON

Loan Center
300 Broadway
Kingston, NY 12401
(845) 331-0073
Mon.-Fri. 8:30am-5:00pm

“Our focus remains steady on providing our clients access to valued technology products, delivered with a level of personal service, trust and engagement only a community bank can offer.”

– Jim Davenport

President / Chief Executive Officer

**BANKING
YOUR WAY»»**
Everyday!



**RONDOUT
SAVINGS BANK**

always working for you and our community

RondoutBank.com

Member
FDIC

