

Martha's Vineyard Savings Bank Community Involvement

The employees of Martha's Vineyard Savings Bank demonstrate their commitment to the community by volunteering their time for local causes.



EARTH DAY BEACH CLEAN-UP



**AMERICAN
CANCER SOCIETY
RELAY FOR LIFE**



RED STOCKING FUND



Annual Report 2009



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**MARTHA'S VINEYARD
FINANCIAL GROUP
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2009 Annual Report

Movies often imitate life and one of my favorites is Frank Capra's, "It's a Wonderful Life" – starring James Stewart as George Bailey, which takes place during the period between 1928 and 1946. One early scene has Samuel Hinds as George's father telling George why he's proud that his life's work has helped people of the community satisfy the urge to own their own homes. George gains insight into his father's passion to help people, and into the importance of maintaining the tradition and spirit of his family's old Building and Loan Association for the community - a favorite scene of mine.

Yes, movies often do imitate life, and Capra's timeless classic portrays events similar to those many people have experienced these last 18-months, and are experiencing still today. In many ways Martha's Vineyard Savings Bank is the modern day equivalent of the Bailey Building and Loan Association represented in the movie. Throughout today's financial turbulence, we continue to safeguard and maintain a sound community bank that will be here for you today, tomorrow, and for many future generations.

Today our loan and deposit growth, capital position, and profitability have each benefited from our uncomplicated, straightforward strategy of making and keeping banking simple, while constantly reassessing the needs of our customers. Here are some highlights of 2009:

Lending: Our lending activity overall has been on an upswing for quite some time. We never stopped lending despite what the politicians and newspapers were reporting nationwide. Last year the Bank originated over \$140 million in new loans, a 55% increase over 2008 levels. Resultantly, for the fifth year in a row, Martha's Vineyard Savings Bank remains the leading provider of mortgage loans to the people of Dukes County.

Community Banking: We work hard, taking nothing for granted as we strive to learn your name, and deliver our customers quality service and products. Islanders have come to recognize the value of doing business with Martha's Vineyard Savings Bank, and take pride in recommending us to their family and friends. As a result, total deposits grew by 4.2% to \$376 million last year.

Wealth Management: The bank's wealth management unit, the Martha's Vineyard Financial Group, generated attractive investment returns for our clients over the year; so much so that they entrusted us with over \$110 million of assets to manage last year. This represents an 8.5% increase from the prior year.

Martha's Vineyard Savings Bank also took many steps during 2009 to enhance the Bank's already strong financial foundation. We completed the necessary infrastructure improvements to allow for the upgrading of our operating system, and established a telephone banking center that is operated by live banking professionals, each in an effort to respond to your needs more quickly. We also expanded our branch footprint to include a branch office in Woods Hole. The Woods Hole branch is now providing the added convenience of serving our commuting customers at both ends of the ferry lines. It also serves a vibrant neighboring community that had been without a local bank. What's more, we expect to complete the construction of the Financial Group's new offices adjacent to our branch office in West Tisbury by summer's end. The Bank's team of trust and investment professionals will continue offering our full range of financial services from this prime new location in a personal and highly confidential manner.

We are constantly trying to build a better bank for you. One that we hope you'll always be proud to call your own. Last year was a challenging one in banking overall, but even so, our customers continued to support and find support from Martha's Vineyard Savings Bank – something that makes us very proud! As our lives transition from simple to complex and then back again, please rest assured that we'll always answer your phone calls personally, invite you in for coffee or tea, and do our best to understand what's going on in your life, because we don't think banking is worth anything without knowing you first. Like Mr. Bailey and his Building and Loan, all of us at Martha's Vineyard Savings Bank will strive to help you meet your financial goals, and we'll always be here for you!

Christopher Wells
President & CEO
December 31, 2009

TRUSTEES

Philip J. Norton, Jr., Chairman	Christopher S. Look, Jr.
Frank Fenner, Vice Chairman	Laurence A. Mercier
Kenneth C. Galley, Clerk	Robert C. Murphy
Edward E. Belisle	Glenn F. Provost
Kathryn M. Bettencourt	Ronald Rappaport
Henry Corey	George A. Santos, Jr.
Donna Cummins	Alison Shaw
Antonio daRosa	Robert Tankard
Albert O. Fischer, III	Anne Tyra
Julianna Flanders	Christopher A. Wells
Marc Hanover	

OFFICERS

Christopher A. Wells – *President & CEO*
 Richard J. Leonard – *Executive Vice President & COO*
 Thomas J. Sharkey – *Executive Vice President, CFO & Treasurer*
 Bradford P. Egan – *Executive Vice President – Lending*
 Robert G. Ripley, Jr. – *Executive Vice President – Martha's Vineyard Financial Group*

H. Paul Ryan – *Vice President, Senior Trust Officer*
 Patti L. Young – *Vice President, Senior Loan Officer*
 Timothy J. Lowe – *Vice President, Senior Commercial Lender*
 Fritz Knight – *Vice President, Residential Lender*
 Philip J. Mercier – *Vice President, Commercial Lender*
 Wendy J. Tillman – *Vice President, Account Operations*
 John D. O'Callaghan – *Vice President, Technology & Systems*
 Kenneth C. Galley – *Clerk of the Corporation*
 Nola E. Mavro – *Assistant Treasurer*
 Sarah A. Shipway – *Senior Trust Officer*
 Susan Dostal – *Human Resources Officer*
 Carol H. Carroll – *Compliance Officer*
 Rachel A. Dinning – *Administrative Officer*

Branch Administrator
 Robert Rippondi

Branch Managers
 Janette Andrews · Phaedra BenDavid · Cathy Bettencourt ·
 Mary Griffiths · Marilda Hollister · Sarah Peters ·
 Anne Michele Reekie · Rebecca Tattersall

CORPORATORS

(In addition to the Trustees.)

Marie Allen	Kathryn Ham
John S. Alley	Leonard Jason
James Athearn	John Keene
William Anderson	Beth Renear Larsen
Nancy Billings	Elizabeth Larsen
Emily Bramhall	Richard J. Leonard
Peter O. Bettencourt	Edward E. Mayhew Jr.
Frederick Cournoyer	Christopher Morse
Michael Donaroma	Kevin Murphy
Leo DeSorcy	William O'Brien
Steven Ewing	James Rogers
Judith E. Federowicz	Peter Rosbeck, Jr.
H. Thomas Fisher	Robert Smith
Richard Giordano	Berta Welch
Frank O. Gosnals	Shirley M. Whitehead
Joanne Gosser	Jerry Wiener
Fain Hackney	Timothy Williamson
Philip P. Hale	Daniel Whiting



CONSOLIDATED BALANCE SHEETS

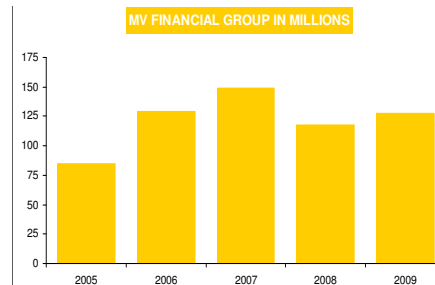
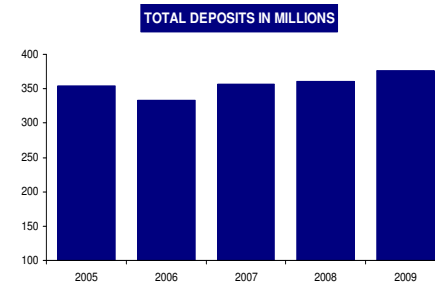
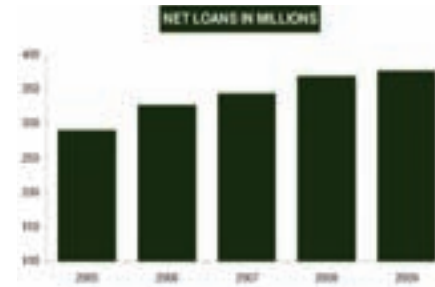
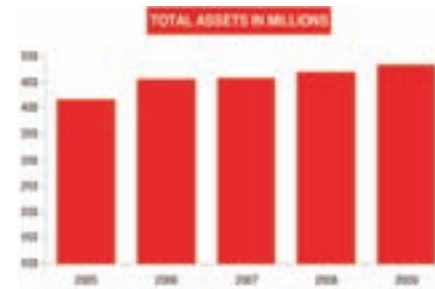
December 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Cash and due from banks	\$9,498,079	\$6,813,080
Federal funds sold	<u>14,347,306</u>	<u>7,081,720</u>
Total cash and cash equivalents	23,845,385	13,894,800
Securities available for sale	61,388,050	70,243,173
Federal Home Loan Bank stock, at cost	4,650,700	4,650,700
Loans, net	376,013,019	367,694,518
Banking premises and equipment, net	10,886,269	8,072,974
Accrued interest receivable	1,987,467	2,121,026
Bank owned life insurance	2,380,307	2,181,309
Prepaid FDIC Insurance Assessment	1,908,961	0
Other assets	<u>945,695</u>	<u>913,928</u>
	\$484,005,853	\$469,772,427

LIABILITIES AND SURPLUS

Deposits	\$376,611,468	\$361,441,405
Other borrowed funds	45,850,000	52,850,000
Mortgagors' escrow accounts	679,919	713,428
Deferred tax liability	30,156	216,910
Accrued expenses and other liabilities	<u>3,489,969</u>	<u>2,419,401</u>
Total liabilities	426,661,512	417,641,144
Surplus	54,220,781	49,391,672
Accumulated Other Comprehensive Income	3,123,560	2,739,611
Total surplus	<u>57,344,341</u>	<u>52,131,283</u>
	\$484,005,853	\$469,772,427



Grand Opening of Bank of Woods Hole

In December 2009 we celebrated the Grand Opening of the Bank of Woods Hole, our newest branch located at the corner of Water Street and Railroad Avenue in Woods Hole, MA. This full-service branch of Martha's Vineyard Savings Bank is providing the people and businesses of Woods Hole with a local bank, and it is also a convenient location for our existing customers.



(Pictured from left to right) Bennet Porter, Cliff Jernegan, Brad Egan, Richard Leonard, Chris Wells, Mary Griffiths, Henry Corey, Wendy Tillman, Jack O'Callaghan, Sharon Amaral, Dawn Silcox



Chris Wells (l), president and CEO with Henry Corey, Trustee of Martha's Vineyard Savings Bank



Your friendly Bank of Woods Hole Staff (Pictured from left to right) Mary Griffiths, Branch Manager, Sharon Amaral, Assistant Branch Manager, Dawn Silcox, Teller, Bennet Porter, Customer Service Representative