

One year ago, my comments at this meeting focused on the heightened sense of uncertainty that accompanied a tentative and halting recovery. Remarkably, little has changed. The uncertainty has become the new normal. Uncertainty over the European debt crisis. Uncertainty of global impact of slowing growth in China. Uncertainty over a tepid recovery in the U.S. economy and persistently high U.S. unemployment rates. There is also great uncertainty over the future direction of interest rates here at home and in a connected and equally important area, the future of real estate values.

While mindful of these uncertainties, here at the Bank we have pursued a consistent path of quality organic growth. We have focused on our core competencies. We have augmented our network of first-quality branches. We have maintained and enhanced an extraordinary experienced and capable group of professionals that staff and operate every department of the Bank. And, with this focus and efficiency, we have again accomplished some remarkable achievements.

First, some wonderful growth in our balance sheet. Deposits grew to \$787.6 million. On a comparative basis, still running ahead of both our peer group as well as the average of all the other 61 savings banks in Massachusetts. Our loans also experienced strong and consistent growth from \$792.9 million to \$849.8 million and, again, stronger than our peer group and state averages. Total assets increased by about \$110 million and again continued to outpace the peer and state averages. The quality of this asset base is reflected in the favorable comparison to peer, state, and national averages in non-performing assets.

While growing our balance sheet at significantly faster rates than our peers, we have done that while keeping some extraordinary control over expenses. For at least the fourth year in a row, we have had the best efficiency ratio in the state and by a very wide and increasing margin. This growth and expense control again resulted in record earnings --- \$12 million in net income. We have again achieved the highest return on equity of all the 62 savings banks in Massachusetts. Last year, one of our competitors, by means of some one-time asset sales, nosed us out of that #1 spot, but as I predicted last year, that was short-lived and unsustainable, and this year we are right back where we belong with a return on equity almost three times that of the average of all savings banks in Massachusetts, and our performance surpasses not only the savings banks. In fact, this past year, we had the highest return on equity of any of the 23 publicly traded depository institutions headquartered here in Massachusetts, from the giant State Street to the smallest trust company, Island Bank Cooperative out in Edgartown.

This chart gives you a comparison to the ROE of some of those institutions large and small with whom we compete. These earnings, after payment of dividends, resulted in an almost \$10 million increase in stockholders equity this past year.

In fact, the consistency of our earnings performance has given us a 50% increase in the company's stockholders equity over the last four years while also providing for a steadily increasing cash dividend. Last year, that declared dividend increased for the seventeenth consecutive year. While stock prices of thinly traded stocks can be volatile, this chart confirms that eventually the weighing machine reflects value. We began 2011 at \$43.10 and we are up about 33% as of April 19 at \$57.85. Over a longer term horizon starting back in 1993 with our management change and new focus, we have experienced 900% appreciation compared to a 200% appreciation in the S&P 500.

It is our tradition at the annual meeting of stockholders to recognize a particular employee as being representative of the many, many employees whose collective performance produces these fantastic results. This year we want to recognize a woman whose unfailing good cheer and optimism makes it a pleasure for all who come to work with her each day. Having been with us for only four years makes her still an effective newcomer, but her skill and professionalism have made her an extremely important part of our organization. So, on behalf of the Board, management, and staff, I want to express our gratitude to Corinne "Cookie" Golden of our Accounting Department.

That concludes my prepared remarks and I would be happy to try to answer any questions you may have at this time.