



April 2010

Welcome to Simsbury Bank and our website.

Our job is to help you achieve your life and business goals. We measure our success by how satisfied you are with the advice you receive from our bankers and financial advisors and the financial products and services that result from their working with you. Please let me know how we are doing as your banking partner by email at [mgeitz@simsburybank.com](mailto:mgeitz@simsburybank.com) or telephone at 860.651.2088.

The past 18 months have been a tumultuous time for our country with a deep recession and financial market crisis. Simsbury Bank performed very well in 2009. The directors, management and employees of the Bank are proud to have been able to fulfill a key objective of the Bank's founders: that this locally controlled, independent bank would successfully meet our market's loan and deposit demand not only in good but also in bad economic times. Simsbury Bank played its role as a trusted financial partner, continuing to both lend to businesses and households and provide a safe and secure place for savings and cash management. Total assets grew by over 13% due to a similar increase in deposits as we welcomed new customers and an increase in business from existing customers seeking reliability at a time of great uncertainty in the banking system. Loans grew by over 7%. We were profitable revenue grew strongly by 8%.

The period of time from early September 2008 through the first half of 2009 will be remembered as an extraordinary period in financial market and economic history. From the September 2008 nationalization of Fannie Mae and Freddie Mac to the publication of large bank "stress test" results in May 2009, we experienced a hurricane of events that created great uncertainty about the future. As the second half of 2009 unfolded, it appeared that the hurricane had passed and left many challenges in its wake to return the economy to sustained, low inflationary and full-employment growth and to reform the financial system to avoid in the future the behaviors that led to the financial market crisis.

Simsbury Bank's strong balance sheet and dedicated staff position it extremely well for the future. We have a relatively low risk loan portfolio comprised of loans secured by conventionally underwritten residential mortgages and home equity loans (72%), commercial loans (26%) and consumer loans (2%). We have only modest exposure to one of the typically riskiest loan categories, non-owner occupied commercial real estate secured loans, which comprised less than 7.5% of our total loans, well below many peer banks. Our deposit mix remains low cost and diversified with almost 32% demand deposits, 35% money market and savings deposits, and 33% certificates of deposit. Finally, our capital levels remain comfortably above levels qualifying the Bank as "well capitalized" from a regulatory perspective.

2010 marks Simsbury Bank's 15<sup>th</sup> anniversary. We will work hard to make it another year of forward progress in helping our customers achieve their life goals, providing our shareholders with a competitive return, ensuring that our employees enjoy fulfilling jobs, and improving our communities' quality of life.

We plan to continue our growth momentum in 2010 by doing well what we do best: listening to our customers' needs and goals, providing them with informed advice to help them achieve their goals, being

available and accurate in our performance, and thereby earning a position as their trusted partner. We will focus particularly on four strategies that are grounded in our historic strengths and speak to our customers' needs.

- We will add to our residential mortgage product offerings and extend our market reach. As the housing market stabilizes, we want to be in a position to help as many households as possible to achieve their home ownership goals. By expanding the products we offer, including FHA mortgages, and extending our geographic reach, we will leverage our historic expertise to build our customer base, balance sheet and earnings.
- We will make it easier for small businesses to borrow from us. Currently, our commercial loan underwriting, approval and management processes are the same regardless of loan size. There are many companies in our market area that would prefer to select us for their borrowing and deposit needs, however find our loan process cumbersome. We think there is a great opportunity to bring our personal service to many more businesses by significantly streamlining our credit process for smaller business loans.
- We want to offer our full service customers more rewards for consolidating their banking and investment business with us. To that end, we will launch a relationship program that provides a variety of pricing and service enhancements to customers who select us for most of their financial needs.
- Finally, we will continue to embrace the efficiency and convenience that our 2009 investment in an upgraded technology platform provides to our customers and us. We will use technology to make it easier for customers to access us and our services. We will use technology to streamline our work processes to improve controls and productivity and make it easier for us to serve our customers.

Again, please let me know how we are doing in helping you to achieve your life and business goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin J. Geitz", is centered below the word "Sincerely,".

Martin J. Geitz  
President & Chief Executive Officer