

While it has lost its place in many parts of the country, Main Street is still an integral and enduring aspect of Cape Cod.



The facades and store names may have changed over the decades, but the core values remain the same - independent ownership, convenience, personal service and a sense of familiarity and security that enriches us each time we visit our Main Street merchants.

STATEMENT OF CONDITION (In thousands)

	2008	December 31, 2007	2006
ASSETS:			
Cash and Due From Banks	\$24,325	\$26,584	\$32,622
Federal Funds Sold	59,462	14,013	16,977
Cash Equivalents	19,362	2,438	1,089
Total Cash and Cash Equivalents	103,149	43,035	50,688
Investment Securities:			
Available-for-Sale (Amortized cost of \$206,021, \$173,843 and \$93,311 respectively)	209,657	176,102	93,256
Held-to-Maturity (Fair Value of \$52,115, \$101,257 and \$184,981 respectively)	52,097	102,331	188,796
Loans, Less Allowance for Loan Losses of \$13,302, \$11,101 and \$11,140 respectively	1,366,800	1,287,834	1,202,204
Federal Home Loan Bank of Boston Stock, at cost	7,391	7,179	7,588
Accrued Interest Receivable	7,177	7,456	7,061
Premises and Equipment, Net	24,751	23,224	22,563
Deferred Taxes	4,367	3,322	4,280
Other Assets	4,113	4,231	4,896
Total Assets	<u>\$1,779,502</u>	<u>\$1,654,714</u>	<u>\$1,581,332</u>
LIABILITIES AND RETAINED EARNINGS:			
Deposits	\$1,505,996	\$1,407,497	\$1,343,610
Federal Home Loan Bank of Boston Advances	62,590	52,977	56,303
Mortgagor's Escrow Accounts	810	883	684
Repurchase Agreements	25,565	20,675	18,398
Accrued Expenses and Other Liabilities	10,109	8,110	8,358
Total Liabilities	1,605,070	1,490,142	1,427,353
Retained Earnings:			
Retained Earnings	172,186	163,168	154,019
Accumulated Other Comprehensive Income (Loss)	2,246	1,404	(40)
Total Retained Earnings	174,432	164,572	153,979
Total Liabilities and Retained Earnings	<u>\$1,779,502</u>	<u>\$1,654,714</u>	<u>\$1,581,332</u>

NOTES:

1. The accounting policies of the bank and its wholly-owned subsidiaries conform to generally accepted accounting principles and to statutory and regulatory requirements for the banking industry.
2. Loan values are shown after reduction for reserve for possible losses and net of unadvanced funds.
3. Bank and other stocks are shown at market value which was greater than or equal to cost as of reported dates.
4. Federal Agency securities with a par value amount of \$13,000,000 have been segregated as collateral for the Bank's Treasury, Tax and Loan position and Discount Window borrowing at the Federal Reserve Bank of Boston. Additional Federal Agency securities with a par value amount of \$35,000,000 have been segregated as collateral at Brown Brothers Harriman & Co. for the Bank's Repurchase Agreement Sweep program.
5. Retained Earnings values shown after recognition of deferred income taxes and unrealized gains (losses) within the equity portfolio.

INCOME STATEMENT (In thousands)

	Year Ended December 31,		
	2008	2007	2006
INTEREST AND DIVIDEND INCOME:			
Interest on Loans	\$78,046	\$77,833	\$69,419
Interest and Dividends on Investment Securities	11,513	12,459	11,756
Interest on Federal Funds Sold	844	1,844	1,089
Interest on Other Cash Equivalents	293	153	105
Total Interest and Dividend Income	90,696	92,289	82,369
INTEREST EXPENSE:			
Interest on Noncertificate Accounts	8,590	12,742	10,971
Interest on Certificate Accounts	28,905	32,476	23,618
Interest on Borrowed Funds	3,743	4,248	5,516
Total Interest Expense	41,238	49,466	40,105
Net Interest Income	49,458	42,823	42,264
Provision for Loan Losses	3,225	250	63
Net Interest Income After Provision for Loans Losses	46,233	42,573	42,201
NONINTEREST INCOME:			
Service Charges	3,985	3,802	3,239
Trust Income	3,092	3,002	2,469
Investment Services Fees	1,597	1,532	1,408
Net Gain on Sale of Mortgage Loans	2,211	1,574	989
Loan Servicing Income, Net	496	492	460
Net Gain on Sale of Investments	476	4	4
Other Income	409	358	812
Total Noninterest Income	12,266	10,764	9,381
NONINTEREST EXPENSES:			
Salaries and Employee Benefits	28,385	24,375	22,322
Office Occupancy and Equipment	4,041	3,830	3,906
Data Processing	2,837	2,752	2,471
Professional Fees	1,755	1,300	1,315
Advertising and Marketing Expenses	1,107	1,014	1,069
Other Noninterest Expenses	6,199	5,877	5,205
Total Noninterest Expenses	44,324	39,148	36,288
Income Before Provision for Income Taxes	14,175	14,189	15,294
Provision for Income Taxes	5,157	5,040	5,454
Net Income	\$9,018	\$9,149	\$9,840



The beauty, mystery and power of the sea are what have drawn summer residents to Cape Cod for generations. It has always been a place where people can take a "time out" from the whirlwind of daily life. And although much has changed since this early 1900's photo, the amenities of family, friendship and a shared appreciation for one of the world's great wonders continue to be both rewarding and unforgettable.