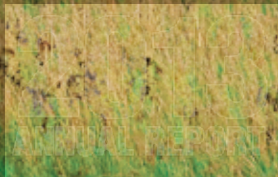
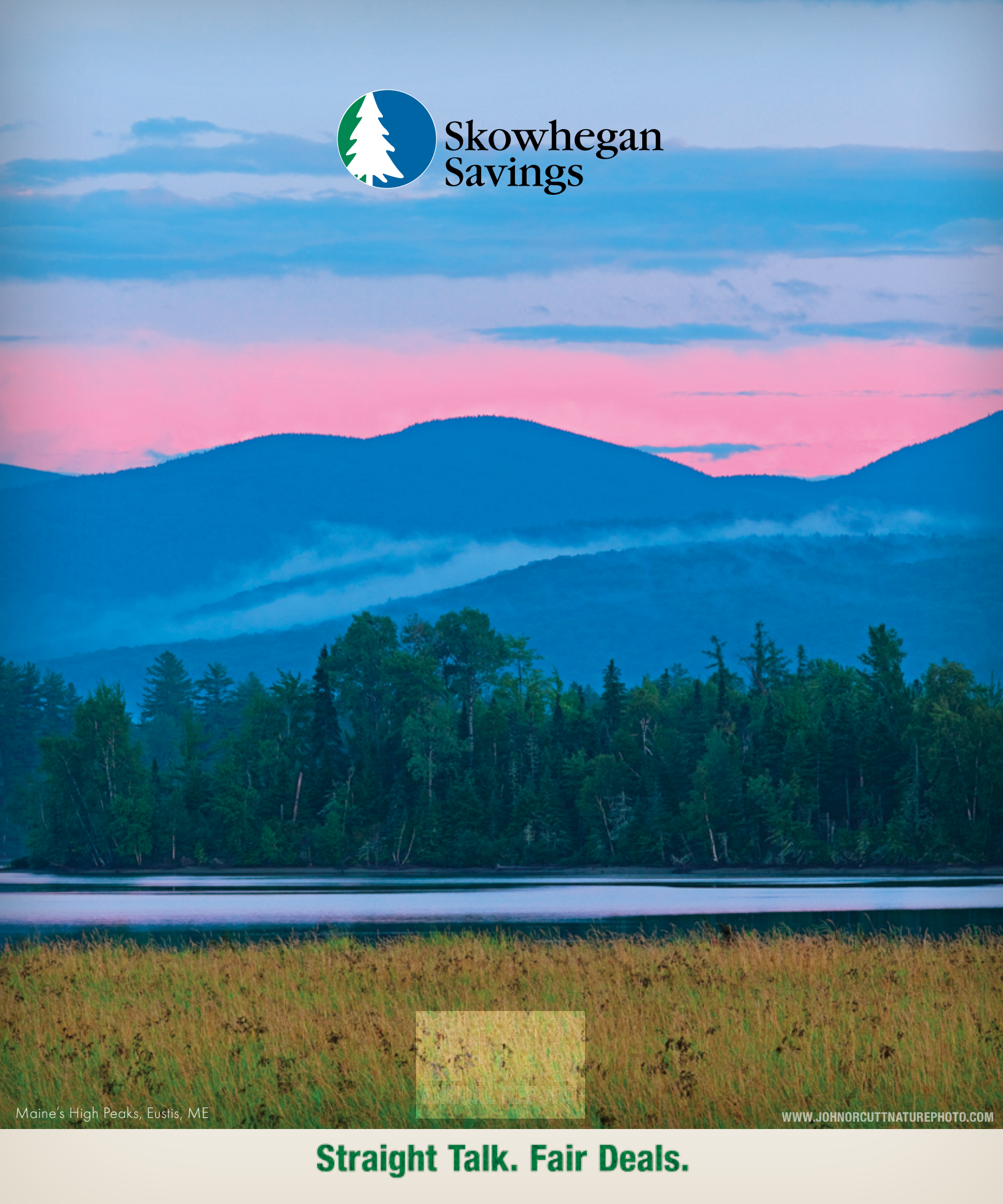




Skowhegan
Savings



Maine's High Peaks, Eustis, ME

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Straight Talk. Fair Deals.

A MESSAGE FROM THE PRESIDENT

When you view the cover of this year's annual report, you might comment on the spectacular scenery and the beautiful sunrise or sunset depicted. Lately, however, too many people think the sun is setting on the Maine economy, and especially that of rural Maine. Although we certainly have our economic challenges, Skowhegan Savings believes the sun is rising on central and western Maine, and we are proud to be investing in the people and businesses that are the backbone of our economy.

In 2013 Skowhegan Savings invested in our communities in a multitude of ways:

- We approved over \$85 million in loans to help people finance their homes, automobiles, and to businesses to help them grow.
- We constructed a new branch facility in Augusta to better serve the banking needs of the Augusta and Belgrade communities.
- We invested in the economy of Franklin County with the purchase of five branch locations consisting of \$85 million in deposits in the towns of Farmington, Kingfield, Stratton, Rangeley, and Phillips.
- We contributed over \$150,000 in our communities ranging from playgrounds and regional parks to libraries and financial literacy programs.
- We invested in our employees who in turn volunteered nearly 3,000 hours of time in our communities.



Our mission is to make each of our communities better places to live and work. Our ability to achieve this depends on the support of our customers and their confidence in us. Never before have people had more choices in where to bank and how to access their bank. From branches to ATM's to Mobile phones, technology has opened the door for people to bank anywhere in the world. At Skowhegan Savings, we give you access to the technology, but we also give you access to people when you want them. Most importantly, we are the only bank in the world with the mission of making your community a better place to live and work!

Inside this annual report you'll see the financial results for 2013. It was another successful year for the bank as we surpassed \$500 million in assets during the year, ending at just under this mark. This growth helped to build the capital base of the bank to \$69 million, well in excess of what is considered a well capitalized bank. Our financial strength along with the fact that we are owned by our customers allows us to make the long term investments in our communities. The financial performance of the bank is a testament to the hard work and dedication of our team. In 2013 Skowhegan Savings was named a best place to work for the fifth consecutive year joining an elite group of employers in the state.

As we embark on our 145th year, I'd like to acknowledge the exceptional team of employees who are Skowhegan Savings, and on behalf of that team, I'd like to thank you for your support of Skowhegan Savings and for the opportunity to serve you.

A handwritten signature in black ink that reads "John C. Witherspoon". The signature is fluid and cursive, written in a professional style.

JOHN C. WITHERSPOON, PRESIDENT AND CEO



2009 • 2010 • 2011 • 2012 • 2013

Skowhegan Savings Charitable Foundation Giving to Community

“Skowhegan Savings supports our financial literacy lessons in the classroom...they have helped us increase the number of students we serve in central Maine. Their investment in young people in their community is unparalleled.”

Craig Larrabee, President and CEO of JMG

Community is at the core of Skowhegan Savings Bank. That’s why we make it a practice each year to honor nonprofit organizations working to strengthen and enhance our neighborhoods. Last year, we were privileged to support the following outstanding initiatives, among others:

Sebasticook Valley Health – To fund hospital expansion designed to provide better inpatient care.

Friends of Lithgow Library – To support expansion of Augusta’s historic library, making it more accessible to the community.

Town of Madison – For a new park and playground for the children and families of Madison.

Jobs for Maine Graduates – To sponsor high school financial literacy fair and support ongoing programs.

The Jackman Library Association – To modernize the library to make it more user-friendly for the community.

Belgrade Lakes Association – To help stop the spread of harmful milfoil, an invasive plant that threatens Belgrade’s Great and Long ponds.

Town of Dexter – For new playground equipment to be enjoyed by the children and families of Dexter.

CORPORATE ABOVE AND BEYOND AWARD – We were thrilled to learn that Jobs For America’s Graduates awarded Skowhegan Savings with its “Corporate Above and Beyond Award,” a national honor bestowed annually to a U.S. business that helps local high school students overcome challenges and reach their full potential.



Expanding 'Straight Talk, Fa



"Instead of spending time counting money and doing transactions, tellers are spending time greeting the customers and understanding their needs."

John Witherspoon
President, Skowhegan Savings Bank

"Open dialogue banking" takes hold in Augusta

Banking got a lot friendlier last summer with the opening of our state-of-the-art "open dialogue" branch in Augusta. Open dialogue banking is a growing trend that allows for personalized communication between tellers and customers by removing the barriers of a traditional teller line. To celebrate the grand opening, Skowhegan Savings kicked off a Summer of Celebration, featuring food, fun, and plenty of giveaways including a weekly iPad mini giveaway and a gorgeous Old Town Canoe. The events were a huge success. The new branch is easily accessible and features convenient drive-up banking for our Augusta and Belgrade customers. *Please come see us!*



Fair Deals' Banking in Maine



"It's fantastic to have a community bank involved back in the region that is committed to making our communities a better place to live and work."

Bob Luce, Owner of Valley Gas & Oil

Skowhegan Savings moves into Franklin County

In the fall of 2013 Skowhegan Savings expanded with the acquisition of five branches in Franklin county. We are excited to invest in these communities, and look forward to working with businesses and individuals to help foster the economic growth in the region. Our brand of community banking and knowledge of central and western Maine will help strengthen these communities.

With the acquisition, Skowhegan Savings now has 15 branches serving Somerset, Kennebec, Penobscot and Franklin counties.



Our Promise

Skowhegan Savings believes that banking should be clear and honest. That's what we mean by a 'Straight Talk - Fair Deals' approach. It's pretty simple - we take the mystery out of banking so our customers feel at home. Here's how:

- We make sure you understand your options so you can make the most of your money.
- We never sell our loans or mortgages to outside investors.
- We offer biweekly mortgages so you can pay off your loan quicker and with less interest.
- When you call during business hours, a real person answers.
- We will build a real relationship with you. We'll ask questions, so we can match you with the right product.
- We are an independent mutual savings bank. All our decisions are made locally.
- No hidden fees or hard to read fine print.
- Clear terms and conditions.

HOW WE DEFINE SUCCESS - 'Straight Talk - Fair Deals' banking is committed to being the best. Don't just take our word for it, read what our customers are saying.

"When we wanted to build our new storage facility, Skowhegan Savings was there for us. They made the financing process simple and understood when plans changed. It's nice to have a banker who actually knows who you are and is there when you need them."

Frank Prelgovisk, *Mid-Maine Marine & RV*



"Skowhegan Savings is my hometown bank. They uphold the traditions of personalized service and are with me every step of the way. From electronic banking and in-branch deposits to commercial lending transactions, Skowhegan Savings' friendly staff is always ready to help."

Dan Davis, *Northeast Coffee*



SKOWHEGAN SAVINGS BANK AND SUBSIDIARY

CONSOLIDATED SUMMARY BALANCE SHEETS

AS OF DECEMBER 31, 2013 AND 2012

ASSETS	2013	2012
Cash & cash equivalents	8,597,307	6,836,870
Investment securities	72,213,102	96,882,669
Net loans	386,568,757	335,600,888
Other assets	29,518,259	25,459,930
TOTAL ASSETS	<u>496,897,425</u>	<u>464,780,357</u>
LIABILITIES AND CAPITAL		
LIABILITIES		
Customer deposits	393,600,346	307,842,218
Other liabilities	4,234,735	3,803,774
FHLB borrowings	30,368,000	85,716,000
Total liabilities	428,203,081	397,361,992
CAPITAL		
Retained earnings	66,257,168	63,833,450
Accumulated other comprehensive income	2,437,176	3,584,915
Total retained earnings	68,694,344	67,418,365
TOTAL LIABILITIES & CAPITAL	<u>496,897,425</u>	<u>464,780,357</u>

CONSOLIDATED SUMMARY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2013 AND 2012

INTEREST INCOME/EXPENSE	2013	2012
Interest and dividend income	19,180,699	19,406,319
Interest expense	3,414,610	5,290,314
Net interest income	15,766,089	14,116,005
Provision for loan losses	998,996	545,000
Net interest income after provision for loan losses	14,767,093	13,571,005
NON-INTEREST INCOME/EXPENSE		
Non-interest income	1,720,495	1,713,610
Non-interest expense	14,108,218	12,116,460
Income before income taxes and security gains	2,379,370	3,168,155
Net securities gain (loss)	1,000,348	513,230
Income tax expense	956,000	970,000
NET INCOME	<u>2,423,718</u>	<u>2,711,385</u>

BOARD OF DIRECTORS

CHAIRMAN - ROGER GIFFORD

WARREN SHAY	RICHARD ANZELC
CLAIRE THERIAULT-PERKINS	JOHN WITHERSPOON
HOWARD SEVEY	JAMES AUSTIN

SENIOR MANAGEMENT

JOHN WITHERSPOON	PRESIDENT & CEO
DAVID CYR	EXECUTIVE VICE PRESIDENT
RICHARD ST. PIERRE	SVP CHIEF FINANCIAL OFFICER
VICKI ALWARD	SVP RETAIL BANKING
FRED HABERBERGER	SVP CHIEF OPERATING OFFICER

OFFICERS

ALBERT FERLAND	AVP, FACILITIES MANAGER
ANGEL QUICK	BRANCH MANAGER - DEXTER
BARBARA COTTA	VP, RETAIL OPERATIONS
BARRY MARTIN	VP, DIRECTOR OF HUMAN RESOURCES
BRUCE HARRINGTON	AVP, COMMERCIAL LOAN OFFICER
CYNTHIA GILMORE	BRANCH MANAGER - KINGFIELD & STRATTON
DAWN FIELD	BRANCH MANAGER - RANGELEY
DEBBIE KNOX	VP, COMMERCIAL LOAN OFFICER
DONNA FORTIN	VP, RETAIL DEPOSIT MANAGER
JAMES ALBERICO	AVP, AUDIT & COMPLIANCE MANAGER
JESSICA EVERETT	RETAIL SALES OFFICER
JOHN DUCHARME	AVP, BRANCH MANAGER - MADISON & NORRIDGEWOCK
JOHN KIMBALL	VP, INDIRECT LOAN MANAGER
KAREN HART	AVP, BRANCH MANAGER - SKOWHEGAN
KIMBERLY FRIEND	CREDIT OFFICER
KURT MAYNARD	VP, COMMERCIAL LOAN OFFICER
LYNN ANDREWS	MORTGAGE OPERATIONS MANAGER
MEGHAN LOUBIER	BRANCH MANAGER - AUGUSTA
NANOOK TUEFFERD	BRANCH MANAGER - BINGHAM & JACKMAN
NICHOLAS ISGRO	CONTROLLER
NORMAN HART	VP, FINANCIAL SERVICES REPRESENTATIVE
PAULA NELSON	AVP, CREDIT & SPECIAL ASSETS MANAGER
RENEE HAWTHORNE	BRANCH MANAGER - FAIRFIELD & PITTSFIELD
RHONDA WITHEE	JUNIOR CREDIT ANALYST
RICK WHALEN	VP, RETAIL LENDING MANAGER
ROB MORRISON	AVP, INFORMATION TECHNOLOGY MANAGER
RYAN LANDRY	NETWORK ADMINISTRATOR
SHELLY LOWELL	BRANCH MANAGER - FARMINGTON & PHILLIPS
TRACY DEAN	AVP, CUSTOMER EXPERIENCE MANAGER
WILLIAM HALLIDAY	AVP, LOAN SERVICING MANAGER

CORPORATORS

VAN AMES	C. CHARLES LUMBERT
CALVIN AMES	SANDRA MACARTHUR
RICHARD ANZELC, III	THOMAS MARTIN, JR.
RICHARD ANZELC, JR.	TED MCCARTHY
JAMES AUSTIN	GLENN NICHOLS
DAVIDA BARTER	CHARLES O'BRIEN
JAMES BATEY	CHAD PARTRIDGE
GLENNA BLAZIC	CHRISTOPHER PERKINS
PAUL BLOUIN	RICHARD PFIRMAN
JASON BROCHU	MICHAEL PHILLIPS, JR.
KEVIN BROWNE	ROGER POULIN
ROBERT BROWNE	DOREEN POULIN
LARRY CALDWELL	ELTON POWERS
CHARLES CARPENTER, JR.	LES PRIEST
AMEDEO CHRISTOPHER	WILLIAM RANDALL
NEAL CORSON	REBECCA RICHARDSON
DAVID CYR	GAIL RIZZO
JEFF DAMON	PETER SCHULTZ
DONALD DAVIS	HOWARD SEVEY
JOHN DILLER	ROBERT SHANK
GREGORY DORE	WARREN SHAY
TIMOTHY DOW	DONALD SKILLINGS II
GREGORY GIBERSON	RHONDA STARK
GAIL GIBSON	TRAFTON TEAGUE
JOHN GIBSON	CLAIRE THERIAULT-PERKINS
ROGER GIFFORD	KEVIN VIOLETTE
LINDA GRIFFIN	GARY WALLACE
RAYMOND HASKELL	RICHARD WILLET
COREY HIGHT	DANA WILLIAMS
JENNIFER HIGHT	DONNA WILLIAMS
SAMUEL HIGHT	CARLA WITHAM
VIRGINIA HOWARD	JOHN WITHERSPOON
MICHAEL LAMBKE, M.D.	TINA WOOD
GLENN LEVESQUE	



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