

In 2009, Valley Savings Bank posted its best year of economic performance in its 86-year history.

This accomplishment seems most unlikely in the present economic climate, but with the bank's adherence to sound banking principles, the focused efforts of dedicated employees, and the ongoing support of a strong customer base, Valley Savings Bank was able to record its strongest year ever.

Valley Savings Bank's record-breaking performance is especially noteworthy when you consider that for the banking industry and the nation as a whole, 2009 proved to be another challenging year. While the economic fear that gripped the nation a little over a year ago has subsided, high levels of unemployment, dramatic drops in consumer spending and an overall skepticism about the future hindered the nation's recovery.

Thanks to excellent asset quality, ample liquidity, a helpful interest rate environment, and loyal customers, Valley Savings Bank was well positioned to overcome many of the hurdles others faced. Displayed below is the 2009 year-end balance sheet, which evidences the bank's strength.

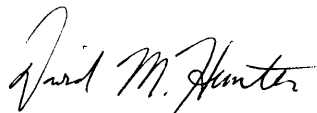
Tier 1 tangible capital for the bank grew 56 basis points during the past year and began 2010 at a level of 7.95%, which is well in excess of the Tier 1 tangible capital level of 5% required for a bank to be classified as "well capitalized." While non-performing loans and liquidity challenges promoted weak performances throughout the financial services industry, Valley Savings Bank was able to significantly increase earnings and post net earnings solidly in the second quartile (i.e. above the median) for banks similarly situated. As Valley Savings Bank continues to build its capital base, grow its asset size, and maintain its asset quality, 2010 promises to be another very strong year.

In addition to succeeding financially, Valley Savings Bank continues to expand and refine the products and services it offers to its customers. Through its recently introduced on-line lending application service, loan customers now have a convenient Internet method of initiating the loan application process. The bank's new membership in MoneyPass<sup>®</sup>, an expansive ATM network, provides over 20,000 nationwide, cost-free ATMs for use by Valley Savings Bank customers. And with the recent introduction of e-Statements, Valley Savings Bank customers are now able to select this safe, efficient, and environmentally friendly way to obtain their monthly account information.

As 2010 unfolds, changes and challenges in the financial services industry are expected to continue, with some experts predicting increased consolidations and failures. In our region, the sobering reality is that bank failures, mergers, and acquisitions have already occurred and will likely continue. While this flurry of re-structuring impacts other banks, Valley Savings Bank intends to pursue a different and more positive strategic plan: to continue to retain those long-standing community bank attributes valued by its customers; to add new and more efficient banking services; and to continue to emphasize hometown focus and world-class service.

For those of you who have been customers of Valley Savings Bank, we thank you for your patronage and for your support. For those of you who are searching for a financial institution attentive to our community and dedicated to providing its customers excellent service, we would welcome the opportunity to serve you in 2010 and the years beyond.

Sincerely,



David M. Hunter  
Chairman of the Board,  
Chief Executive Officer  
Valley Savings Bank



### MISSION STATEMENT

Valley Savings Bank is a responsive, independent community bank committed to satisfying customers' expectations through excellence established in a team environment.

Each of our team members is involved in the constant improvement of the products and services we deliver. We provide each of them with the training and tools necessary to contribute to our growing customer base.

For over 85 years, we've helped families in our community reap the benefits of their hard work and dreams.

As we begin the new year, Valley officers, directors and staff members remain firmly committed to helping people in our community meet their present and future financial needs.

ANNUAL FINANCIAL STATEMENT

As of December 31, 2009



ASSETS	2009	2008
Cash and Cash Equivalents	\$ 3,008,292	\$ 2,670,223
Federal Home Loan Bank Deposits	0	0
Loans Held for Sale	435,000	0
Loans Receivable	98,535,701	98,504,875
Accrued Interest Receivable	395,373	395,710
Federal Home Loan Bank Stock, At Cost	2,485,000	2,485,000
Prepaid Expenses and Other Assets	3,785,030	3,184,591
Company Premises and Equipment, Net	352,007	273,631
Real Estate Owned	273,868	379,332
<b>Total Assets</b>	<b>\$109,270,271</b>	<b>\$107,893,362</b>
LIABILITIES		LIABILITIES
Deposits	\$ 69,785,487	\$ 71,162,484
Federal Home Loan Bank Advances	29,000,000	27,300,000
Other Liabilities	1,796,350	1,461,829
Total Liabilities	\$ 100,581,837	\$ 99,924,313
SHAREHOLDERS' EQUITY		
Capital Stock	\$ 113,900	\$ 113,900
Retained Earnings	8,574,534	7,855,149
Total Shareholders' Equity	8,688,434	7,969,049
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$109,270,271</b>	<b>\$107,893,362</b>

OFFICERS

<i>David M. Hunter</i>	Chairman of the Board, Chief Executive Officer
<i>Ann H. Durr</i>	President, Chief Operating Officer
<i>Marilyn K. Jacob</i>	Vice President, Chief Financial Officer
<i>William A. Flinta</i>	Vice President, Senior Lender
<i>Debbie L. McMurray</i>	Vice President, Operations
<i>Aaron M. Barnhart</i>	Assistant Vice President
<i>Patricia A. Denham</i>	Assistant Vice President
<i>Wanda F. Webb</i>	Assistant Vice President
<i>Matthew L. Vargo</i>	Assistant Vice President
 <i>Kathryn M. Hunter</i>	 Honorary Chair

DIRECTORS

<i>David M. Hunter</i>	Chairman Partner, Brouse McDowell
<i>Marcy A. Cona</i>	Director Creative Director Clairol Division of P&G President M.C. Hair Consultants
<i>Linda L. Gentile</i>	Director Vice President of Subsidiary Companies Children's Hospital of Akron
<i>Martin P. Hauser</i>	Director President, SummaCare, Inc.
<i>James B. Hunter, CPA</i>	Director President, First Akron Development Corporation
<i>Peter H. Loal</i>	Director President, Paper Resource Group, LLC
<i>Bruce W. Wright</i>	Director President & CEO, Prospect Mold, Inc.

ANNUAL  
FINANCIAL  
STATEMENT