

MountainOne Financial Partners

BOARD OF TRUSTEES

Pamela B. Art Daniel E. Bosley, <i>Chair</i> David W. Crane Stephen G. Crowe, <i>President & CEO</i>	Maynard A. Hodgdon John C. Holden John J. O'Connor III Richard T. Palmisano II Richard J. Phelps	Robert E. Shalgian Bradley C. Svrluga Kelli E. Kozak, <i>Clerk</i> (<i>non-voting</i>)
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CORPORATORS

Mary Ann Abuisi Billie Lynn Allard William Apkin James Art Pamela B. Art James Bailey Sean F. Barbera Anne Bartlett Ellen T. Bayliss Daniel I. Becker Pamela Besnard Daniel Bosley Leo Bourque Howard E. Brookner Diana D. Brooks Robert K. Buckwalter Andrew B. Budz Richard B. Bullett Daniel H. Campbell Patricia M. Campbell James L. Canavan, Jr. Noreen Carey-Neville Gailanne M. Cariddi David Carver Donald B. Clark Eileen M. Clark Paula Clough Carol A. Colantuono Robert W. Collins David W. Crane Stephen G. Crowe Joseph R. Daigneault Alexander L. Daugherty Richard L. DeMayo Suzanne R. Dewey Timothy R. Dolan Kathleen F. Dunn Paul R. Dupuis Ronald B. Durning, Jr. Paul T. Dwyer Rosemary Earley Nicholas M. Edgerton John R. Elder Thomas G. Elder William E. Elder Neil Engstrom Marilyn S. Faulkner J. Adam Filson David F. Fowle Robert Fraser Thomas A. Gajda David Gemelli Paul Gemelli Brice George Benjamin Glick	Eileen Gloster George R. Goethals Susan W. Gold Jeffrey P. Grandchamp Mary K. Grant Stephen A. Green Willard F. Greenwald Ronald Griffin Dean M. Grimes Bruce D. Grinnell Pauline B. Guntlow Vincent P. Guntlow Michael Haddad, Jr. Ruth G. Harrison Maynard A. Hodgdon Susan S. Hogan John C. Holden Christina L. Howard Deborah A. Jackson-Zereski Robert Jandl Richard Jasper, Jr. Hulda H. Jowett Thomas P. Kaegi Richard Kielman Stephen P. Klass Arthur L. Lafave Richard C. Lamb Teresa H. Lamb Susanne Lelyveld-Wittenberg Albert J. LePak Susan Lincoln James D. Little Scott MacKinlay Thomas Manuel Robert Manzella Alan L. Marden Thomas R. Maselli Marcia McFarland-Gray Jack McGrath Maureen N. McGuire Amy C. Merselis William R. Miller Rosemary K. Moore K. Elaine Neely Arlon Nelson Kimberly Nelson Linda Neville Edward F. Nimmons Thomas O'Connell John J. O'Connor Maureen M. O'Mara Reinhold M. Ott Richard Palmisano II Michael S. Patten Charles Perfetuo	Felicia Pharr Richard J. Phelps Susan Phippen Henry J. Pierpan Kenneth Pike Felix Puccio Leslie Reed-Evans Colleen T. Reinhard Denise C. Richardello Denise M. Richer Ralph Rivkind J. Michael Roberts Joseph J. Rogge Mireille Roy Jonathan B. Sabin Jacqueline Saunders Robert J. Scerbo Maureen Schnider Edward Scofield Robert E. Shalgian Ann Shannon Andrea H. Shatken Gregory P. Shine Anthony M. Smeglin Edwin L. Smith Robert A. Smith William Spence Stephen Spigel Susan B. Spooner Roger E. St.Pierre Sr. Lydia Steele Suzanne J. Stinson Matthew Storey Brian Sullivan Bradley C. Svrluga Joseph C. Thompson Steve Triffletti Donald Trimarchi Thomas Vautin Robert C. Ware David J. Westall Donald J. Westall James S. Whitney Barry Whittaker William R. Wilson, Jr. Christopher Wolf Catherine M. Yamamoto Susan J. Yates David Zimmerman
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Hoosac Bank

BOARD OF DIRECTORS

Pamela B. Art Daniel E. Bosley Diana D. Brooks Richard B. Bullett Gailanne M. Cariddi	David W. Crane Stephen G. Crowe, <i>President & CEO</i> Maynard A. Hodgdon Susan S. Hogan	John C. Holden, <i>Chair</i> Richard C. Lamb Richard T. Palmisano II
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South Coastal Bank

BOARD OF DIRECTORS

James J. Bailey Daniel E. Bosley Noreen Carey-Neville Stephen G. Crowe Rosemary T. Earley, <i>Clerk</i> (<i>non-voting</i>)	Robert J. Fraser, <i>President & CEO</i> Richard C. Jasper, Jr. Jon F. McGrath Kimberly P. Nelson Thomas P. O'Connell	John J. O'Connor III, <i>Chair</i> Richard J. Phelps Robert E. Shalgian Ann P. Shannon William F. Spence Thomas E. Vautin
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Williamstown Savings Bank

BOARD OF DIRECTORS

Pamela B. Art, <i>Clerk</i> Daniel E. Bosley Diana D. Brooks Richard B. Bullett Gailanne M. Cariddi	David W. Crane Stephen G. Crowe, <i>President & CEO</i> Maynard A. Hodgdon Susan S. Hogan	John C. Holden, <i>Chair</i> Richard C. Lamb Richard T. Palmisano II
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True North / CPDC

BOARD OF DIRECTORS

Pamela B. Art Richard B. Bullett Stephen G. Crowe	Timothy R. Dolan, <i>Clerk</i> Susan S. Hogan Richard C. Lamb, <i>Treasurer</i>	Bradley C. Svrluga, <i>Chair</i>
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Our Mission

We are dedicated to providing our customers with outstanding products and exceptional service in a profitable manner, while supporting the growth of our employees and the communities we serve.

NON-DEPOSIT INVESTMENT AND INSURANCE PRODUCTS ...

- ARE NOT A DEPOSIT
- ARE NOT FDIC-INSURED
- ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- ARE NOT GUARANTEED BY THE BANK
- MAY GO DOWN IN VALUE

Hoosac Bank, Williamstown Savings Bank, and South Coastal Bank are wholly owned subsidiaries of MountainOne Financial Partners, Inc., which is a wholly owned subsidiary of MountainOne Financial Partners, MHC. Coakley, Pierpan, Dolan & Collins Insurance Agency, Inc. and True North Financial Services, Inc. are wholly owned subsidiaries of Hoosac Bank. True North Insurance Agency, Inc. is a wholly owned subsidiary of True North Financial Services, Inc. True North Financial Services, Inc. is Member FINRA and Member SIPC. Insurance products are offered through Coakley, Pierpan, Dolan & Collins Insurance Agency, Inc. and True North Insurance Agency, Inc. Securities products offered through True North Financial Services, Inc.



2008 Annual Report

Hoosac Bank
Coakley, Pierpan, Dolan & Collins
South Coastal Bank
True North
Williamstown Savings Bank

93 Main Street • North Adams, MA 01247 • (413) 663-2141

To Our Community,

In my 30 plus years of banking experience, I have seen many ups and downs, and many changes in the landscape, but this is by far the most uncertain time I have ever known. We've witnessed the failure of our nation's largest investment banks, government re-capitalization of our largest commercial banks, government conservatorship of Freddie Mac and Fannie Mae, record federal deficits, a dramatic increase in unemployment, and significant declines in real estate values throughout the country — all within the past year.

Today's national media tends to lump all banks together, and yet, our local banks are not managed like the large national banks we hear about in the news. Let me be very clear. **We are not being bailed out and we are lending money!** In 2008, our banks increased loans outstanding by \$34,000,000. Our capital is strong, our loan portfolio has experienced few losses, and we maintain significant liquidity.

Any reader of our financial statements will notice that we recorded a loss in 2008. For years, as did many other investors, we invested in preferred stock of Fannie Mae and Freddie Mac. Because of unprecedented government actions we suffered a loss of nearly \$5,000,000 in what had always been considered a safe investment that supported housing initiatives.

At year-end John O'Connor retired as South Coastal Bank's President and CEO. I have much respect for John's work and career, and look forward to his continuing relationship with us. We also celebrated Bob Fraser's appointment as President and CEO of South Coastal Bank. Bob brings many skills and experiences that will benefit us all and I look forward to his leadership for many years.

Looking ahead, we plan on continuing to grow all of our companies, explore new opportunities and manage through these difficult economic times. The fact that we remain a strong company is testament to our excellent management team and Board of Directors. It is also evidence of the value prospect of MountainOne and our innovative model adopted several years ago.

To be sure, the landscape has changed. We believe we have the right business model, strong capital, and an experienced team prepared to continue to provide locally-based, locally-managed financial services. Despite uncertainty and concerns about our economy, we'll continue our tradition that began in 1848.

On behalf of the Board of Trustees and our employees, thank you for your business, your confidence and your support.

Stephen G. Crowe
President & Chief Executive Officer

MountainOne Financial Partners

EXECUTIVE OFFICERS

Daniel E. Bosley	Chairman
Stephen G. Crowe	President & Chief Executive Officer
Donald E. Keagan	Executive Vice President & Treasurer
John J. O'Connor III	Executive Vice President

Hoosac Bank

OFFICERS

Stephen G. Crowe	President & Chief Executive Officer
Donald E. Keagan	Executive Vice President, Chief Financial Officer & Chief Operating Officer

John C. Law	Executive Vice President, Retail Banking & Marketing
Richard J. Alcombright	Senior Vice President, Retail Banking
Maureen E. Baran	Senior Vice President, Lending
Liz Bissell	Vice President, Marketing
Eva Sheridan	Vice President, Human Resources
Debra A. Wooley	Vice President, Contoller
Donna M. Choquette	Assistant Vice President, Branch Administrator
Tracy L. McConnell	Assistant Vice President, Business Lending
Jean L. Sherman	Assistant Vice President, Compliance Officer/BSA
Shannon L. Tatro	Assistant Vice President, Retail Lending
Alfred L. Bedini	Branch Manager
Becky A. McAllister	Branch Manager
Kim E. Anderson	Loan Operations Officer
Sarah E. Gaffey	Retail Loan Officer
Mary P. LeClair	Human Resource Officer
Cynthia P. Noyes	Operations Officer
James D. Pompillio	Chief Information Officer
Carolina A. Pilot	Deposit Operations Officer
Jeffrey J. Polucci	Security Officer
Cynthia J. Sault	Retail Lending Officer
Timothy Shepard	Information Technology Officer
Myra L. Wilk	Retail Lending Officer

Coakley, Pierpan, Dolan & Collins Insurance Agency, Inc. (CPDC)

OFFICERS

Timothy R. Dolan	President
David R. Bissaillon	Vice President
Grace J. Gray	Vice President, Agency Administration & Customer Service
William R. Robinson	Vice President, Sales

South Coastal Bank

OFFICERS

Robert J. Fraser	President & Chief Executive Officer
Barry H. Whittaker	Executive Vice President & Chief Operating Officer
Timothy P. Rhuda	Senior Vice President & Senior Commercial Loan Officer
Rosemary T. Earley	Vice President, Assistant to the President/CEO, HR Officer & Clerk of the Board

Patricia A. Dandrow	Vice President, Commercial Loan Officer
Mark A. D'Onofrio	Vice President, Commercial Loan Officer
Kirk P. Small	Vice President, Area Sales & Business Development Manager
Daniel P. Taylor	Vice President, Area Sales & Business Development Manager
Ann M. O'Keefe	Vice President, Retail Operations/Bank Security/Secrecy Officer
John R. Ward	Vice President, Senior Retail Lending Officer
Danielle M. Walsh	Vice President, Contoller & Treasurer
Jeannette C. Travaline	Vice President, Retail Sales
Thomas B. Landers III	Vice President, Commercial Lending
James E. Milch	Vice President, Real Estate Lending
Maureen Courtney	Assistant Vice President, Regional Branch Operations Manager
Paula C. Clough	Assistant Vice President, Finance
Frances J. Wong	Marketing & Public Relations Officer
Matthew B. Kreiser	Commercial Lending Officer

True North

OFFICERS

Richard C. Lamb	President & Chief Executive Officer
Robert G. Abel	Vice President
James E. Durand	Vice President
Linda B. Shepard	Vice President
Holly A. Taylor	Vice President
Stephanie Scott	Chief Compliance Officer

Williamstown Savings Bank

OFFICERS

Stephen G. Crowe	President & Chief Executive Officer
Donald E. Keagan	Executive Vice President, Chief Financial Officer & Chief Operating Officer

John C. Law	Executive Vice President, Retail Banking & Marketing
Richard J. Alcombright	Senior Vice President, Retail Banking
Maureen E. Baran	Senior Vice President, Retail Lending
Liz Bissell	Vice President, Marketing
Eva Sheridan	Vice President, Human Resources
Debra A. Wooley	Vice President, Contoller
Donna M. Choquette	Assistant Vice President, Branch Administrator
Jean L. Sherman	Assistant Vice President, Compliance Officer/BSA
Shannon L. Sweet	Assistant Vice President, Retail Lending
Gwenn Bishop	Retail Loan Managing Officer
Mary P. LeClair	Human Resource Officer
Mary M. Morrow	Branch Manager
Cynthia P. Noyes	Operations Officer
Jeffrey J. Polucci	Security Officer
Timothy Shepard	Information Technology Officer

MountainOne Financial Partners Consolidated Statements Of Earnings

YEARS ENDED DECEMBER 31

	2008	2007	2006*
INTEREST INCOME			
Interest and Fees on Loans	\$ 27,249,022	\$ 28,903,424	\$ 17,481,547
Interest on Investment Securities	17,837,411	16,902,810	13,972,938
Interest on Federal Funds Sold	378,297	375,064	127,795
Total Interest Income	<u>45,464,730</u>	<u>46,181,298</u>	<u>31,582,280</u>

INTEREST EXPENSE

Interest on Deposits	14,530,138	17,507,464	10,005,362
Interest on Borrowed Funds	11,113,656	12,344,113	10,665,597
Interest on Subordinated Debt	1,581,439	1,287,883	
Interest on Notes Payable & Other Items	149,250	279,959	96,020
Total Interest Expense	<u>27,374,483</u>	<u>31,419,419</u>	<u>20,766,979</u>

Net Interest Income Before Provision for Loan Losses	<u>18,090,247</u>	<u>14,761,879</u>	<u>10,815,301</u>
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Provision for Loan Losses	193,491	99,170	104,789
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Net Interest Income After Provision for Loan Losses	<u>17,896,756</u>	<u>14,662,709</u>	<u>10,710,512</u>
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NON-INTEREST INCOME

Customer Service Charges on Deposits	1,251,805	1,468,704	870,753
Commissions & Other Income	9,317,477	9,179,732	8,310,731
Gains on Investment Securities Transactions	183,245	(243,413)	52,231
Writedown of Securities	(4,795,500)		
Total Non-Interest Income	<u>5,957,027</u>	<u>10,405,023</u>	<u>9,233,715</u>

NON-INTEREST EXPENSE

Salaries and Employee Benefits	13,106,305	16,092,349	9,018,747
Occupancy Expense	2,165,987	2,056,125	1,366,995
Equipment Expense	813,367	800,860	555,649
Contributions	250,178	253,176	357,180
Other Expense	8,488,405	8,443,517	5,911,504
Total Non-Interest Expense	<u>24,824,242</u>	<u>27,646,027</u>	<u>17,210,075</u>

Net Income Before Taxes	(970,459)	(2,578,295)	2,734,152
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Income Tax Benefit (Expense)	<u>1,036,467</u>	<u>2,993,716</u>	<u>(392,995)</u>
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NET INCOME	<u>\$ 66,008</u>	<u>\$415,421</u>	<u>\$2,341,157</u>
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* The effect of the 2007 acquisition of South Coastal Bank have not been restated for prior periods

MountainOne Financial Partners Consolidated Balance Sheets

AS OF DECEMBER 31

	2008	2007	2006*
ASSETS			
Cash and Due From Banks	\$ 18,524,581	\$ 10,784,010	\$ 12,345,085
Investment Securities	319,769,230	360,761,615	314,581,047
Federal Funds Sold	47,712	4,454,737	2,339,541
Loans:			
Residential Real Estate	299,736,902	292,323,124	179,058,422
Commercial Real Estate	125,543,695	117,831,787	91,307,428
Commercial	40,923,238	23,251,288	9,426,869
Consumer	4,996,632	4,538,360	3,043,495
	<u>471,200,467</u>	<u>437,944,559</u>	<u>282,836,213</u>

Allowance for Loan Loss	(4,972,677)	(5,097,422)	(3,634,951)
Deferred Loan Costs, Net	1,309,904	1,032,096	369,033
Net Loans	<u>467,537,694</u>	<u>433,879,233</u>	<u>279,570,296</u>

Other Real Estate Owned	352,421	-	25,000
Bank Premises and Equipment	13,716,130	14,147,038	12,567,080
Goodwill & Intangible Assets	2,243,347	2,484,978	1,843,691
Other Assets	40,319,069	35,811,855	24,985,047

TOTAL ASSETS	<u>\$ 862,510,184</u>	<u>\$ 862,323,466</u>	<u>\$ 648,256,787</u>
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LIABILITIES AND CAPITAL

Deposits:			
Non-Interest-Bearing	\$ 44,566,936	\$ 40,990,355	\$ 19,656,552
Interest-Bearing	476,523,303	476,396,251	327,568,220
	<u>521,090,239</u>	<u>517,386,606</u>	<u>347,224,772</u>

Borrowed Funds	235,770,282	237,741,007	226,716,106
Subordinated Debt	20,620,000	20,620,000	-
Other Liabilities	21,203,415	16,898,667	14,688,678
Total Liabilities	<u>798,683,936</u>	<u>792,646,280</u>	<u>588,629,556</u>

Total Capital	<u>63,826,248</u>	<u>69,677,186</u>	<u>59,627,231</u>
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TOTAL LIABILITIES & CAPITAL

	<u>\$ 862,510,184</u>	<u>\$ 862,323,466</u>	<u>\$ 648,256,787</u>
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* The effect of the 2007 acquisition of South Coastal Bank have not been restated for prior periods