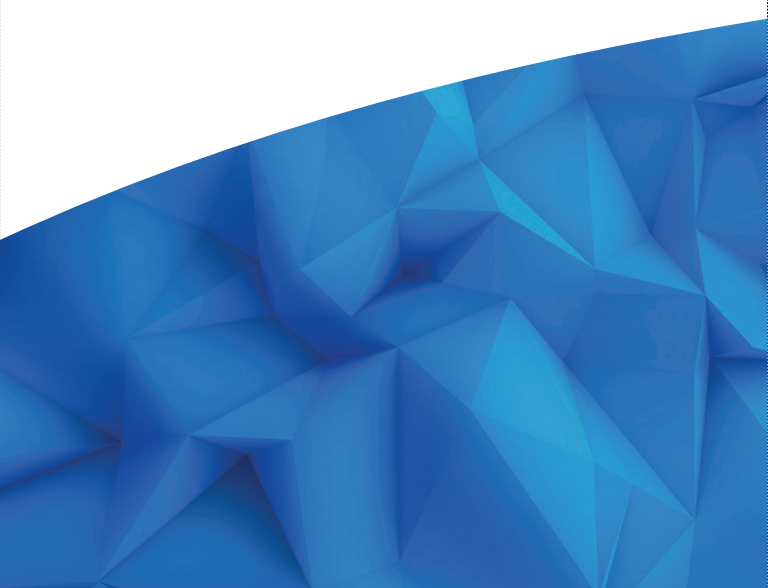


2017

Annual Report



Dear MountainOne Community:

I am very pleased to report on the continued improvement in the financial performance of MountainOne. During the past six years we have been able to increase our income over each prior year and to improve the strength of our balance sheet. Excluding \$3 million of non-recurring income from a legal settlement, pre-tax earnings in 2017 increased 36% from the previous year and our balance sheet modestly grew 5% to \$907 million.



In late 2017, Senior Management and the Board of Directors met to begin the development of a new strategic plan for MountainOne. The prior plan of focusing on improving the financial performance of MountainOne Bank, rebranding non-bank divisions to the MountainOne brand name, implementation of new technology, and increasing commercial lending had been fulfilled. Our new three year strategic plan, recently approved by our Board of Directors, calls for modest annual growth; a focus on increasing our deposit levels to ensure adequate liquidity and to improve our net interest income; increased brand recognition in eastern MA; and a focus on our growth markets.

At last year's annual meeting, we announced that we had added "Community Engagement" as a new Core Commitment of MountainOne. It is very satisfying to acknowledge the commitment MountainOne and, more importantly, our employees have shown to Community Engagement. In 2017, our federal and state regulators reaffirmed our "Satisfactory" Community Reinvestment Act rating. As further evidence of our commitment to Community Engagement, former North Adams Mayor Dick Alcombright has rejoined MountainOne as Vice President-Local Business & Customer Relations Manager. Dick is fulfilling an important role of ensuring that we are addressing the banking needs of northern Berkshire County.

In December 2017, the Tax Cut and Jobs Act was passed by Congress and signed into law. The passage of this legislation resulted in many companies publicly announcing one-time bonus payments to employees and pay increases above the federal minimum wage level. While MountainOne did not publicize its compensation practices, we did review our compensation structure and affirmed that all but a handful of our full-time employees were already at the \$15/hour level. The limited number of employees below the \$15/hour level had their pay increased accordingly. Additionally, for the third consecutive year, we have provided a bonus to all eligible employees. All along, MountainOne has been committed to paying its employees a fair wage and rewarding performance.

Finally, I want to acknowledge the 150th anniversary of the founding of Rockland Savings Bank, one of the three bank charters that have merged over time to create MountainOne Bank. While MountainOne Bank traces its roots to the original North Adams Savings Bank charter in 1848, we have now been serving the banking needs of the communities of the South Shore for 150 years. It is our intent to publicize and celebrate our century and a half commitment to this region of Massachusetts throughout the year.

To our community, thank you. Your continued support of MountainOne is greatly appreciated!

A handwritten signature in black ink that reads "Robert J. Fraser". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Robert J. Fraser
President & Chief Executive Officer

Trustees of MountainOne Financial, MHC

Directors of MountainOne Financial, Inc.

Directors of MountainOne Bank

Pamela B. Art
James J. Bailey, Jr.
Daniel E. Bosley
Richard B. Bullett
Noreen Carey-Neville

David W. Crane
Robert J. Fraser
Susan S. Hogan
Stephen P. Klass
Kevin A. Maguire

Thomas P. O'Connell
William F. Spence
Joseph C. Thompson

Corporators

Billie Lynn Allard
William Apkin
Pamela B. Art
James J. Bailey, Jr.
Ray Belanger, Jr.
Michael Bellotti
Blair Benjamin
James F. Birge
Daniel E. Bosley
John Bradley
Diana D. Brooks
Andrew B. Budz
Richard B. Bullett
Daniel H. Campbell
Noreen Carey-Neville
Lynne Carlotto
David Carver
Eileen M. Clark
Paula J. Clough
Jonathan Cluett
Robert W. Collins
David W. Crane
Stephen G. Crowe
Richard D. Curtis, Jr.
Steven Del Negro
Suzanne R. Dewey
Donald R. Dubendorf
Paul R. Dupuis
Rosemary T. Earley
William E. Elder
J. Adam Filson
David F. Fowle
Robert J. Fraser

Michael J. Gardner, Jr.
Brice George
Paul Gordon
Dean M. Grimes
Vincent P. Guntlow
Michael Haddad, Jr.
Allen L. Hall
Kevin Hanley
Paula Harris
Ruth G. Harrison
Paul Hart
Susan S. Hogan
John C. Holden
Christopher Kapiloff
Stephen P. Klass
Benjamin Lamb
Kevin A. Lamb
Richard C. Lamb
Teresa H. Lamb
Kevin A. Maguire
Robert Manzella
Marcia McFarland
Jon McGrath
Maureen N. McGuire
Amy Moresi
David Moresi
Kimberly P. Nelson
Linda E. Neville
Thomas P. O'Connell
Maureen M. O'Mara
Steven J. Owens
Charles Perfetuo
Felicia Pharr

Leslie Reed-Evans
Denise C. Richardello
Mireille Roy
Jonathan B. Sabin
Robert J. Scerbo
Graham Shalgian
Ann P. Shannon
Matt Sheehy
Eva Sheridan
Anthony M. Smeglin
William F. Spence
Roger E. St. Pierre
Suzanne J. Stinson
Bradley C. Svrluga
Holly Taylor
Jeffrey Thomas
Joseph C. Thompson
F. Steven Triffletti
Robert C. Ware
Susannah Wells
David J. Westall
Susan J. Yates-Mulder

MountainOne Financial Officers

Daniel E. Bosley	Chair
Pamela B. Art	Vice Chair
Robert J. Fraser	President & Chief Executive Officer
Lynne M. Carlotto	EVP, Senior Risk Management Officer
Steven J. Owens	EVP, CFO, COO, CIO, Treasurer
Noelle M. Pandell	Corporate Secretary
I. Michelle Devine	Assistant Secretary

MountainOne Investments Officers

Marilyn Sullivan	President
Linda B. Levesque	Supervising Principal, Chief Operating Officer
Robert G. Abel	Senior Financial Advisor
James E. Durand	Vice President, Financial Advisor & Head of Research

MountainOne Insurance Officers

Jonathan S. Denmark	President & Chief Operating Officer
William R. Robinson	Senior Vice President, Sales
Donna M. Bishop	Vice President, Commercial Lines
Linda A. Febles	Vice President
Grace J. Gray	Vice President, Agency Administration & Customer Service
Eric P. Pratt	Vice President, Bonding Manager
Jean M. Stone	Vice President
Brian W. Drake	Vice President
John M. Flaherty	Vice President

MountainOne Bank Officers

Robert J. Fraser	President & Chief Executive Officer
Lynne M. Carlotto	EVP, Senior Risk Management & CRA Officer
Steven J. Owens	EVP, CFO, CIO, COO, Treasurer
Robert G. Abel	SVP, Financial Services
Richard W. Bromberg	SVP, IT Director, Information Security Officer
Stacy D. Litke	SVP, Senior Operations Officer
Michael Z. Pang	SVP, Credit Administration Officer
Timothy P. Rhuda	SVP, Senior Commercial Banking Officer
Marilyn Sullivan	SVP, Executive Community Banking & Cash Management Officer
Debra A. Wooley	SVP, Controller
Richard J. Alcombright	VP, Local Business & Customer Relations Manager
Kim E. Anderson	VP, Loan Compliance Officer
Alfred L. Bedini, Jr.	VP, Senior Regional Community Banking Officer
Elizabeth A. Bissell	VP, Senior Marketing Officer
Judith A. Cogan	VP, Commercial Banking Officer
Jonathan S. Denmark	VP, Insurance Services
Richard W. Fanning	VP, Mortgage Sales
Kelly C. Grant	VP, Senior Regional Community Banking Officer
Kelli E. Kozak	VP, Community Engagement Officer
Matthew B. Kreiser	VP, Commercial Banking Officer
Linda B. Levesque	VP, Financial Services
Brian W. McDavitt	VP, Commercial Banking & Portfolio Manager
Kevin M. McGowan	VP, Commercial Banking Officer
Steven Munger	VP, Commercial Banking Officer
Elizabeth Petropulos	VP, Senior Human Resources Officer
Stephanie Scott	VP, BSA/AML/OFAC & Deposit Compliance Officer
Melissa E. Weber	VP, Mortgage Banking & Consumer Lending
Erika L. Bailey	AVP, Loan Operations
Paula J. Clough	AVP, Finance
Adam C. Conrad	AVP, Community Banking Officer
Alice M. Copeland	AVP, Underwriting and Processing Manager
Susan R. Crum	AVP, Branch Administration
Marie A. Harris	AVP, Credit Administrator
Elizabeth D. Kapner	AVP, Marketing Manager
Cynthia P. Noyes	AVP, Risk Management Analyst
Rebecca L. O'Regan	AVP, Consumer Credit Officer
Alicia A. Benoit	Electronic Banking Officer
Gwenn D. Bishop	Mortgage Underwriter
Brandon D. Cannata	Portfolio Manager
I. Michelle Devine	Assistant to President & CEO, HR Liaison Officer, Assistant Secretary
Paula M. Dolan	Loan Compliance Analyst
Kelly L. Dubie	Customer Care Officer
Sarah E. Gaffey	Community Development Lending Officer
Jessica A. McGovern	Executive Commercial Banking Assistant & Officer
Lisa J. Mineau	Human Resources Officer
Noelle M. Pandell	Executive Administrator, Corporate Secretary
Jeffrey P. Polucci	Facilities, Security & Real Estate Officer
Timothy J. Shepard	Information Technology Officer
Barbara Columbus	Community Banking Officer
Meghan L. Dunphy	Community Banking Officer
Greg Marchion	Community Banking Officer
Jacob Phillips	Community Banking Officer
Lucille A. Weare	Community Banking Officer
Sonia M. Figueira	Assistant Community Banking Officer
Erin M. Galvin	Assistant Community Banking Officer
Colleen J. McClintock	Assistant Community Banking Officer
Erik Ray	Assistant Community Banking Officer
Nicole M. Wildermuth	Assistant Community Banking Officer

MountainOne Financial

Consolidated Statements of Income

Years Ended December 31

2017 2016
(Dollars in Thousands)

Interest and dividend income:

Loans, including fees	\$30,418	\$28,883
Securities	2,462	2,033
Federal funds sold and other	83	56
Total interest and dividend income	32,963	30,972

Interest expense:

Deposits	4,456	4,259
Federal Home Loan Bank borrowings	2,334	2,724
Subordinated debt	921	919
Total interest expense	7,711	7,902

Net interest income	25,252	23,070
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Provision for loan losses

	2,000	1,000
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Net interest income after provision for loan losses	23,252	22,070
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Non-interest income:

Customer service charges on deposits	800	737
Commissions on insurance and investment products	9,479	8,812
Mortgage banking income	991	1,340
Net gain on securities transactions	722	11
Other income	4,855	1,942
Total non-interest income	16,847	12,842

Non-interest expense:

Salaries and employee benefits	19,639	18,088
Occupancy expense	2,663	2,584
Equipment expense	879	921
Computer services	1,604	1,947
FDIC deposit insurance assessments	401	521
Other expense	6,159	6,613
Total non-interest expense	31,345	30,674

Income before income taxes	8,754	4,238
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Income tax expense	5,754	1,421
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Net income	\$3,000	\$2,817
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MountainOne Financial Consolidated Balance Sheets

As of December 31

2017 2016

(Dollars in Thousands)

Assets

Cash and due from banks	\$12,728	\$15,139
Interest-bearing time deposits with other banks	500	750
Securities available for sale, at fair value	91,877	91,883
Federal Home Loan Bank of Boston stock, at cost	7,734	6,450
Loans held for sale	13,221	8,061

Loans:

Residential real estate	214,929	219,727
Home equity	53,591	55,409
Commercial real estate	278,140	264,615
Construction and land	90,960	54,893
Commercial	86,287	85,413
Consumer	5,674	803

Total loans	729,581	680,860
Deferred loan costs, net	1,466	1,641
Allowance for loan losses	(9,124)	(8,572)

Net loans	721,923	673,929
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Other real estate owned	255	872
Premises and equipment	14,950	15,805
Deferred tax asset, net	7,194	11,534
Bank-owned life insurance	25,428	24,752
Goodwill and other intangible assets	3,389	3,438
Other assets	7,468	7,728

Total assets	\$906,667	\$860,341
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Liabilities and Capital

Deposits:

Non-interest-bearing	\$122,545	\$114,346
Interest-bearing	509,336	525,571
Total deposits	631,881	639,917

Federal Home Loan Bank borrowings	161,000	109,300
Subordinated debt	20,620	20,620
Other liabilities	19,260	19,689

Total liabilities	832,761	789,526
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Total capital	73,906	70,815
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Total liabilities and capital	\$906,667	\$860,341
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Our Mission

To deliver solutions of real value that help individuals, businesses, and community institutions manage their financial lives with clarity and confidence.

Our Core Commitments

Asset Quality

Customer Care

Operational Distinction

Professional Development

Regulatory Accountability

Community Engagement



North Adams | Pittsfield | Quincy | Rockland | Scituate | Williamstown

MountainOne is a mutual holding company headquartered in North Adams, MA. Founded in 1848, MountainOne Bank has assets of over \$875 million, and provides a complete array of personal and business banking and electronic services. MountainOne Insurance provides personal and business insurance, bonding services, and group benefits solutions. The financial advisors of MountainOne Investments offer securities and advisory services through Commonwealth Financial Network®, member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered through CES Insurance Agency. MountainOne Bank is not a registered broker-dealer or Registered Investment Adviser. MountainOne Bank, MountainOne Insurance and Commonwealth are separate and unaffiliated entities. MountainOne Investments' main office is located at 85 Main Street, Suite 110, North Adams, MA 01247. (413) 664-4025

Insurance and Investments are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Funds are subject to investment risks, including possible loss of principal investment.

MountainOne Bank is Member FDIC. Member DIF.  Equal Housing Lender.