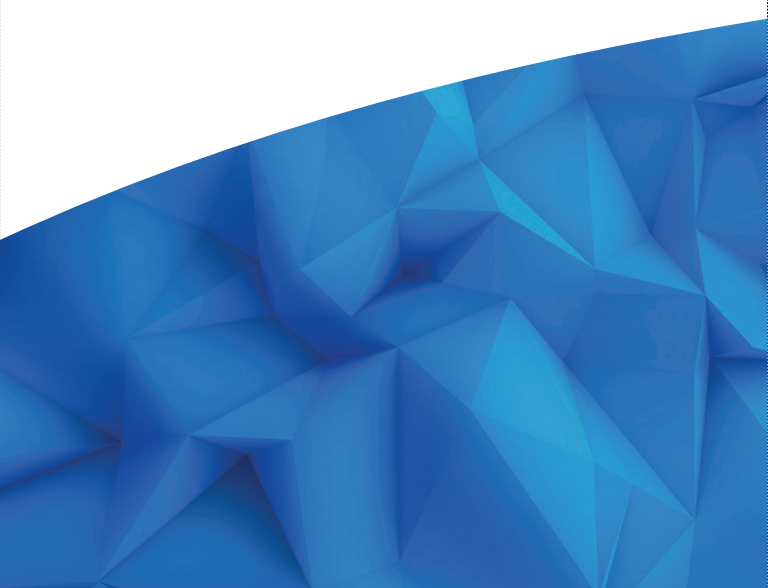


# 2017

## 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, prominent initial "R".

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

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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)	
<b>Interest and dividend income:</b>		
Loans, including fees	<b>\$30,418</b>	\$28,883
Securities	<b>2,462</b>	2,033
Federal funds sold and other	<b>83</b>	56
Total interest and dividend income	<b>32,963</b>	30,972
<b>Interest expense:</b>		
Deposits	<b>4,456</b>	4,259
Federal Home Loan Bank borrowings	<b>2,334</b>	2,724
Subordinated debt	<b>921</b>	919
Total interest expense	<b>7,711</b>	7,902
Net interest income	<b>25,252</b>	23,070
<b>Provision for loan losses</b>	<b>2,000</b>	1,000
Net interest income after provision for loan losses	<b>23,252</b>	22,070
<b>Non-interest income:</b>		
Customer service charges on deposits	<b>800</b>	737
Commissions on insurance and investment products	<b>9,479</b>	8,812
Mortgage banking income	<b>991</b>	1,340
Net gain on securities transactions	<b>722</b>	111
Other income	<b>4,855</b>	1,942
Total non-interest income	<b>16,847</b>	12,842
<b>Non-interest expense:</b>		
Salaries and employee benefits	<b>19,639</b>	18,088
Occupancy expense	<b>2,663</b>	2,584
Equipment expense	<b>879</b>	921
Computer services	<b>1,604</b>	1,947
FDIC deposit insurance assessments	<b>401</b>	521
Other expense	<b>6,159</b>	6,613
Total non-interest expense	<b>31,345</b>	30,674
Income before income taxes	<b>8,754</b>	4,238
Income tax expense	<b>5,754</b>	1,421
<b>Net income</b>	<b>\$3,000</b>	\$2,817

# MountainOne Financial Consolidated Balance Sheets

As of December 31

2017 2016

(Dollars in Thousands)

## Assets

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

### Loans:

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

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

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

<b>Total assets</b>	<b>\$906,667</b>	\$860,341
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## Liabilities and Capital

### Deposits:

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

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

Total liabilities	<b>832,761</b>	789,526
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Total capital	<b>73,906</b>	70,815
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<b>Total liabilities and capital</b>	<b>\$906,667</b>	\$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.