



# 2022 ANNUAL REPORT



## Dear MountainOne Community,

Quickly looking back at last year's financial results, it was a great year for MountainOne. In fact, I am very proud to share we are coming off the most financially successful year in our history!

These financial results are not a standalone event. They represent the culmination of a lot of hard work over the last several years, where our Mountaineers have stayed focused on our Core Commitments — Asset Quality, Customer Care, Operational Distinction, Regulatory Accountability, Professional Development and Community Engagement — and have continued to take on new challenges in a constantly evolving environment. You can see our results in the enclosed financial statements, but at a very high level, we outperformed our peers, our capital base and asset quality are very strong, and we have a well-defined strategic direction. All Mountaineers should take pride in our shared accomplishments!

### **2022 Highlights:**

In 2022, the Federal Deposit Insurance Corporation (FDIC) completed its extensive and thorough Safety & Soundness examination of MountainOne Bank. While I am not permitted to share the ratings, I can inform you we were pleased with the outcome. The ratings further validated our own internal Enterprise Risk Management efforts. This coming year, we will be subject to a Compliance and Community Reinvestment Act (CRA) examination. To better prepare ourselves, we have invested in new software and training to assist us in planning and meeting our goals. The enhanced data and analyses are much more meaningful, and aligned with the information the FDIC utilizes when assessing our CRA efforts and outputs.

We successfully completed the acquisition of Cross Insurance's Pittsfield agency. The acquisition of the agency and building on South Street in Pittsfield enabled Jonathan Denmark, MountainOne Insurance's President and COO, to reorganize functions between our Silver Lake and South Street locations, as well as to integrate our commercial lending team into the South Street building. Overall, the acquisition has met our expectations and has strategically positioned both the agency and the bank for further growth in both the central and southern regions of Berkshire County. The Group Benefits division also experienced good growth in terms of clients and profitability.

Our Investment division also had a strong year despite the turmoil in the financial markets. Our Investment advisors and Investments division staff worked very closely with clients to keep them informed and involved in all decisions around their investments, to help them better understand market conditions, and to educate customers on the value of long-term investing.

Our All-Mountaineer Celebration was held this past October in Sturbridge. It was incredibly gratifying to have all Mountaineers and Board members gather together for a fun-filled evening and enable the leadership team to express our thanks for their hard work and contributions. It was wonderful to sense the energy and comradery amongst all! At that event, we were able to share some positive news: Our financial results enabled us to assist those Mountaineers most impacted by inflation by providing them with a \$2,000 bonus prior to year-end!

## **Setting the Stage:**

Despite a successful 2022, we know there are difficulties ahead; namely inflation and deposit competition. The operating environment and economic landscape expected in 2023 present formidable obstacles. Fortunately, we are well positioned and up to the challenge. Staying true to our Core Commitments has and will continue to keep us grounded. Additionally, our continuing focus and execution on the core elements of our Strategic Plan—centered on Technology, Processes and People—will be a critical component to our long-term success.

## **Technology:**

Over the past year we developed a new Strategic Technology Plan to provide guidance and direction for our various technology initiatives. As part of a multi-year, company-wide digital transformation, we identified a number of priorities that will enhance customer experience, improve internal efficiencies, and ensure MountainOne remains relevant. The first major initiative is the transition to a new online and mobile banking solution which will launch later this year.

## **Processes:**

We spent much of 2022 assessing and optimizing our workflows. In 2022, most of this work has been centered on our back office operations. In 2023, we will expand our focus to include front of shop workflows to enhance the customer experience. A current example is an evaluation of our mortgage origination Point of Sale module, Mortgagebot. Improved workflows in Mortgagebot will result in enhanced efficiencies, a much improved customer experience and, ultimately, an increase in applications and closed loans.

## **People:**

Our People focus is wide-ranging. An immediate focus relates to succession planning and developing talent. Furthering the development of less experienced Mountaineers is of paramount importance as part of our succession planning process. Diversity, Equity, Inclusion and Belonging (DEIB) plays a role, too. Another focus will be “Collaboration.” Collaboration is a key factor to successfully delivering on the initiatives we are setting for ourselves, as well as our teams.

In conclusion, I want to thank our Mountaineers, as well as our Board members, Corporators, Community Partners and friends, for your role in our success. While 2023 will have its challenges, we are positioned to confront them, while continuing to meet the needs of our customers and community.

As always, thank you for your support!

A handwritten signature in black ink that reads "Robert J. Fraser". The signature is written in a cursive, flowing style.

Robert J. Fraser  
President & Chief Executive Officer

# MountainOne Financial Consolidated Balance Sheets

As of December 31

	<u>2022</u>	<u>2021</u>
	(Dollars in Thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 17,448	\$ 88,164
Securities available for sale, at fair value	140,863	100,025
Federal Home Loan Bank stock, at cost	2,347	942
Loans held for sale, at fair value	182	621
Loans:		
Residential real estate	150,691	145,425
Home equity	23,966	25,486
Commercial real estate	290,161	268,304
Construction and land	102,941	84,106
Commercial	96,639	108,071
Consumer	23,862	8,874
Total loans	688,260	640,266
Deferred loan costs, net	270	177
Allowance for loan losses	(12,006)	(13,924)
Net loans	676,524	626,519
Premises and equipment	14,607	14,528
Deferred tax asset, net	10,537	6,961
Other real estate owned	-	70
Goodwill and other intangible assets	10,000	3,198
Bank-owned life insurance	28,630	27,962
Other assets	15,726	9,904
<b>Total assets</b>	<b>\$ 916,864</b>	<b>\$ 878,894</b>
<b>Liabilities and Capital</b>		
Deposits:		
Non-interest-bearing	\$161,724	\$ 174,956
Interest-bearing	546,141	552,894
Total deposits	707,865	727,850
Federal Home Loan Bank borrowings	60,588	7,700
Subordinated debt	20,620	20,620
Other liabilities	23,119	20,308
Total liabilities	812,192	776,478
Total capital	104,672	102,416
<b>Total liabilities and capital</b>	<b>\$ 916,864</b>	<b>\$ 878,894</b>

# MountainOne Financial

## Consolidated Statements of Income

Years Ended December 31

	<u>2022</u>	<u>2021</u>
	(Dollars in Thousands)	
Interest and dividend income:		
Loans, including fees	\$ 32,436	\$ 28,993
Securities	3,237	1,734
Federal funds sold and other	212	83
<b>Total interest and dividend income</b>	<b>35,885</b>	<b>30,810</b>
<b>Interest expense:</b>		
Deposits	3,538	2,734
Federal Home Loan Bank borrowings	481	245
Subordinated debt	889	879
<b>Total interest expense</b>	<b>4,908</b>	<b>3,858</b>
Net interest income	30,977	26,952
<b>Benefit for loan losses</b>	<b>(2,100)</b>	<b>(2,150)</b>
Net interest income after benefit for loan losses	33,077	29,102
<b>Non-interest income:</b>		
Customer service charges on deposits	543	514
Commissions on insurance and investment products	16,628	12,715
Mortgage banking income	168	838
Other income	2,134	3,244
<b>Total non-interest income</b>	<b>19,473</b>	<b>17,311</b>
<b>Non-interest expenses:</b>		
Salaries and employee benefits	23,847	20,926
Occupancy expense	2,583	2,213
Equipment expense	660	664
Information technology expense	2,162	2,044
FDIC deposit insurance assessments	224	208
Other expenses	6,747	6,219
<b>Total non-interest expenses</b>	<b>36,223</b>	<b>32,274</b>
Income before income taxes	16,327	14,139
Income tax expense	4,308	3,721
<b>Net income</b>	<b>\$ 12,109</b>	<b>\$ 10,418</b>

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Susan S. Hogan  
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## MountainOne Financial, MHC Officers

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Kevin Maguire	Vice Chair
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Steven J. Owens	EVP, CFO, COO, CIO, Treasurer
I. Michelle Devine	Corporate Secretary

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James E. Durand	Vice President, Financial Advisor & Head of Research

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Stacy Roman	Vice President, Personal Insurance Manager
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Deborah Baker	AVP, Personal Lines Insurance

## MountainOne Bank Officers

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Paula Malloy	AVP, Assistant Controller
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Devon E. Stone	Community Banking Officer
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Gabrielle Ferreira	Assistant Community Banking Officer
Brian Kunz	Assistant Community Banking Officer
Joni Laze	Assistant Community Banking Officer
Colleen J. McClintock	Assistant Community Banking Officer
Shelby M. Pilling	Assistant Community Banking Officer



## 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 provides a complete array of personal and business banking and electronic services. MountainOne Bank is Member FDIC and Member DIF. MountainOne Insurance provides personal and business insurance, bonding services, and group benefits solutions. The financial advisors of MountainOne Investments offer securities and advisory services to individuals and businesses through Commonwealth Financial Network,<sup>®</sup> Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered through CES Insurance Agency or MountainOne Investments. MountainOne Bank is not a registered broker-dealer or Registered Investment Adviser. MountainOne Bank and MountainOne Insurance are not affiliated with Commonwealth. Products and services are offered at full service offices in the Berkshires (Pittsfield, North Adams, Williamstown) and on Boston's South Shore (Quincy, Rockland, Scituate). MountainOne Investments' main office is located at 85 Main Street, Suite 100, 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.