

MountainOne

2016

Annual Report



MountainOne

BANK | INSURANCE | INVESTMENTS

Dear MountainOne Community:

The financial results for 2016 demonstrate our continued progress in adhering to sound banking practices, resulting in improved financial results and the continued strengthening of our balance sheet. Net income of \$2.8 million only slightly exceeded 2015's net income of \$2.7 million; however, given the tremendous level of resources devoted to our recent technology conversion, we are very pleased with our results.



Our major initiative during 2016 was "Project Elevation." As referenced above, our entire banking organization was consumed with the preparation, conversion, and implementation of a new technology platform. Project Elevation affected every single employee and customer of MountainOne Bank. Our decision to undertake such a comprehensive project was driven by our desire to provide customers with better products and technology, improve work processes, increase efficiencies, and better position ourselves for future growth.

The actual conversion took place over Columbus Day weekend. I thank all the employees who worked that weekend, as well as long hours over the following two weeks, to ensure a successful transition for our customers. Inevitably, given the breadth and scope of a conversion of this nature, there are some bumps in the road. I believe we were successful in minimizing disruption to our customers while acknowledging that this process necessitated change for all of us. Overall, I give our team high marks for their efforts and accomplishments.

At the end of 2016, we were also able to fulfill one of our core commitments of One Company - One Mission. Originally established when we merged our banks under the MountainOne brand, we have now successfully merged our two insurance agencies, Coakley, Pierpan, Dolan & Collins Insurance Agency and True North Insurance, and rebranded the combined entity as MountainOne Insurance. Likewise, True North Financial Services was rebranded MountainOne Investments. All of our divisions now share the MountainOne name in common and we are truly one company!

Having achieved One Company - One Mission, we have formally adopted Community Engagement as a new core commitment. Our vision of Community Engagement calls for us to: Engage communities, Encourage employees, and Expect results. These 3 "Es" will ensure we stay focused on our roots as a community bank. I am pleased that MountainOne is able to provide significant financial support to many organizations within our communities, but I am much more proud of the level of volunteerism by our employees. It is my belief that MountainOne and our employees make a positive difference within our communities!

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.

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

Faisal Ali
Billie Lynn Allard
William Apkin
James Art
Pamela B. Art
James J. Bailey, Jr.
Ann Bartlett
Ray Belanger, Jr.
Blair Benjamin
Daniel E. Bosley
John Bradley
Diana D. Brooks
Andrew B. Budz
Richard B. Bullett
Daniel H. Campbell
Noreen Carey-Neville
Gailanne M. Cariddi
Lynne Carlotto
David Carver
Donald B. Clark
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
Thomas A. Gajda
Michael J. Gardner, Jr.
Brice George
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
Kevin A. Lamb
Richard C. Lamb
Teresa H. Lamb
Kevin A. Maguire
Robert Manzella
Marcia McFarland-Gray
Corlis A. McGee
Jon McGrath
Maureen N. McGuire
Amy Moresi
David Moresi
Kimberly P. Nelson
Linda 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
Susan B. Spooner
Roger E. St. Pierre
Suzanne J. Stinson
Bradley C. Svrluga
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

Linda B. Levesque	Supervising Principal, Chief Administrative Officer
Robert G. Abel	Senior Financial Advisor
James E. Durand	Vice President, Chief Investment Officer

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

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
Peter W. Radigan	SVP, Senior Mortgage Banking Officer
Timothy P. Rhuda	SVP, Senior Commercial Banking Officer
Debra A. Wooley	SVP, Controller
Kim E. Anderson	VP, Loan Compliance Officer
Elizabeth A. Bissell	VP, Senior Marketing Officer
Judith A. Cogan	VP, Commercial Banking
Jonathan S. Denmark	VP, Insurance Services
Richard W. Fanning	VP, Mortgage Sales
John J. Hubbard	VP, Eastern Mortgage Banking Sales Manager
Matthew B. Kreiser	VP, Commercial Banking Officer
Linda B. Levesque	VP, Financial Services
Tracy L. McConnell	VP, Commercial Banking
Brian W. McDavitt	VP, Commercial Banking & Portfolio Manager
Kevin M. McGowan	VP, Commercial Banking Officer
Mary M. Morrow	VP, Senior Community Banking Officer
Joel C. Scussel	VP, Commercial Banking
Jean L. Sherman	VP, BSA Officer
Elizabeth C. Trifone	VP, Commercial Banking
Donna M. Choquette	AVP, Branch Administration
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
Paula M. Dolan	AVP, Loan Operations
Jessica Grenon	AVP, Secondary Market Manager
Marie A. Harris	AVP, Credit Administrator
Elizabeth D. Kapner	AVP, Marketing Manager
Kelli E. Kozak	AVP, Community Engagement Officer
Cynthia P. Noyes	AVP, IT Operations Officer
Rebecca L. O'Regan	AVP, Consumer Credit Officer
Erika L. Bailey	Consumer Loan Resolution Officer
Alfred L. Bedini, Jr.	Community Banking Officer
Alicia A. Benoit	Electronic Banking Officer
Gwenn D. Bishop	Mortgage Underwriter
Brandon D. Cannata	Portfolio Manager
I. Michelle Devine	Asst. to President & CEO, HR Liaison Officer, Asst. Sec.
Kelly L. Dubie	Customer Care Officer
Meghan L. Dunphy	Community Banking Officer
Sarah E. Gaffey	Community Development Lending Officer
Kelly C. Grant	Community Banking Officer
Nellie M. Homen	Community Banking 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
Rachel E. Reynolds	Community Banking Officer
Stephanie Scott	Risk and Fraud Analytics Officer
Thomas A. Seyffert	Community Banking Officer
Jacquelyn L. Shambaugh	Business Development Officer
Timothy J. Shepard	Information Technology Officer
Lucille A. Weare	Community Banking Officer
Barbara Columbus	Assistant Community Banking Officer
Sonia M. Figueira	Assistant Community Banking Officer
Bridget K. Keegan	Assistant Community Banking Officer
Jacob Phillips	Assistant Community Banking Officer

MountainOne Financial

Consolidated Statements of Income

Years Ended December 31

2016 2015
(Dollars in Thousands)

Interest and dividend income:

Loans, including fees	\$28,883	\$27,683
Securities	2,033	1,793
Federal funds sold and other	56	23
Total interest and dividend income	30,972	29,499

Interest expense:

Deposits	4,259	3,946
Federal Home Loan Bank borrowings	2,724	2,715
Subordinated debt	919	914
Total interest expense	7,902	7,575

Net interest income	23,070	21,924
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Provision for loan losses

	1,000	1,600
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Net interest income after provision for loan losses	22,070	20,324
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Non-interest income:

Customer service charges on deposits	737	873
Commissions on insurance and investment products	8,812	8,418
Mortgage banking income	1,340	1,538
Net gain on securities transactions	11	326
Other income	1,942	1,656
Total non-interest income	12,842	12,811

Non-interest expense:

Salaries and employee benefits	18,088	17,084
Occupancy expense	2,584	2,736
Equipment expense	921	826
Computer services	1,947	1,612
FDIC deposit insurance assessments	521	601
Other expense	6,613	6,366
Total non-interest expense	30,674	29,225

Income before income taxes	4,238	3,910
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Income tax expense	1,421	1,184
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Net income	\$2,817	\$2,726
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MountainOne Financial Consolidated Balance Sheets

As of December 31

	2016	2015
	(Dollars in Thousands)	
Assets		
Cash and due from banks	\$15,139	\$12,055
Interest-bearing time deposits with other banks	750	1,000
Securities available for sale, at fair value	91,883	87,259
Federal Home Loan Bank of Boston stock, at cost	6,450	7,529
Loans held for sale	8,061	12,436
Loans:		
Residential real estate	219,727	225,696
Home equity	55,409	60,678
Commercial real estate	264,615	243,535
Construction and land	54,893	69,387
Commercial	85,413	72,691
Consumer	803	1,678
Total loans	680,860	673,665
Deferred loan costs, net	1,641	1,472
Allowance for loan losses	(8,572)	(9,019)
Net loans	673,929	666,118
Other real estate owned	872	507
Premises and equipment	15,805	16,454
Deferred tax asset, net	11,534	12,131
Bank-owned life insurance	24,752	24,089
Goodwill and other intangible assets	3,438	3,506
Other assets	7,728	6,494
Total assets	\$860,341	\$849,578
Liabilities and Capital		
Deposits:		
Non-interest-bearing	\$114,346	\$105,004
Interest-bearing	525,571	515,884
Total deposits	639,917	620,888
Federal Home Loan Bank borrowings	109,300	119,800
Subordinated debt	20,620	20,620
Other liabilities	19,689	19,352
Total liabilities	789,526	780,660
Total capital	70,815	68,918
Total liabilities and capital	\$860,341	\$849,578

Our Mission

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



Danvers | 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 \$850 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. MountainOne Investments provides individual investment services and group financial benefit plans (financial professionals offering securities and advisory services through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Advisor). Products are offered at full service offices in the Berkshires, Boston South, and Boston North.

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

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