



2019

ANNUAL
REPORT

 Cornerstone
Bank



Chairman & CEO's Message

This past year—our third year in operation as Cornerstone Bank—we accomplished a great deal in a short period of time. It is a pleasure to provide you with this annual report, which includes reflections on the accomplishments of our talented management team, as well as glimpses of our plans for 2020.

One initiative we are very excited about is our recently opened loan production office in Westborough. This location will house retail and commercial loan personnel. We believe that our trusted and experienced lenders have much to offer the MetroWest market and its residents. This new office greatly strengthens the Bank's capabilities and provides additional markets for expansion.

In addition, as our business continues to grow, we are pleased to announce the rebrand of SSB Investment Services as The Capstone Planning Group. This evolution will provide our valued customers with exceptional service and support. Some changes have already been implemented, including:

- New signage at our Sturbridge office
- Exciting new website at www.thecapstone.group
- Access to timely informative events and in-depth educational resources

As part of the rebrand, we are also enhancing our service model to include two options:

- Our Private Client services offer comprehensive planning and investment guidance provided in-person by a dedicated Financial Advisor
- Capstone EDGE will provide online access to Guided Wealth Portfolios designed for emerging investors

Financially, 2019 was a very strong year for Cornerstone Bank. Our year-to-date net income was \$7.3 million, an increase of \$2.2 million over the prior year's results. This substantial improvement is the result of the Bank continuing to enhance and leverage our efficiencies, along with a strong economy and a favorable stock market. One of the most significant strategies was to close two branch locations that were in close proximity to other branches, so that customer service and customer convenience were not compromised.

Our retail and commercial lending team had an outstanding year in loan production. Our loan portfolio grew \$13.4 million over the year. This level of growth is a solid testament to the productivity of our lending professionals. These team members are focused on establishing local relationships and providing superior customer service; they want to help their customers succeed and they take great pride in helping our communities prosper.



“We recognize that our talented employees set us apart from the competition.”

The Bank has also been committed to improving our deposit-gathering resources. These improvements include: continued enhancements to our mobile banking products (look for even more updates and features in 2020); additional staff and products in our commercial cash management division to better serve local business customers; and an ongoing commitment to streamlining our account opening process, both online and in the branches. As a result, we have experienced continuous deposit growth over the past year.

We were honored in 2019 to be awarded first place in the categories of Overall Quality, Customer Service, and Technology and Tools at the New England Banking Choice Awards. We are extremely proud of our management and staff for making Cornerstone Bank such a great place to bank locally.

At Cornerstone Bank, we recognize that our talented employees set us apart from the competition. Ultimately, companies are about people—committed, talented and passionate people who want to be challenged, achieve meaningful and lasting

accomplishments, realize their full potential, make a positive impact on their communities, and have fun in the process. That’s exactly what Cornerstone Bank is about. The people here are passionate individuals who get involved and make a difference in the lives of our customers and communities every day. We believe in treating everyone with **Respect**, conducting ourselves with **Integrity**, being a resource that people can **Trust**, and honoring our commitment to **Excellence**. We stand by our core values and commit to providing services the RITE way!

We want to thank our employees for their unwavering dedication to the Bank. We also want to thank our Board of Directors for their guidance and direction. And, of course, a big “Thank you” goes to our customers for continuing to do business with us. Have a wonderful 2020!

R. Michael Robbins

Chairman and CEO

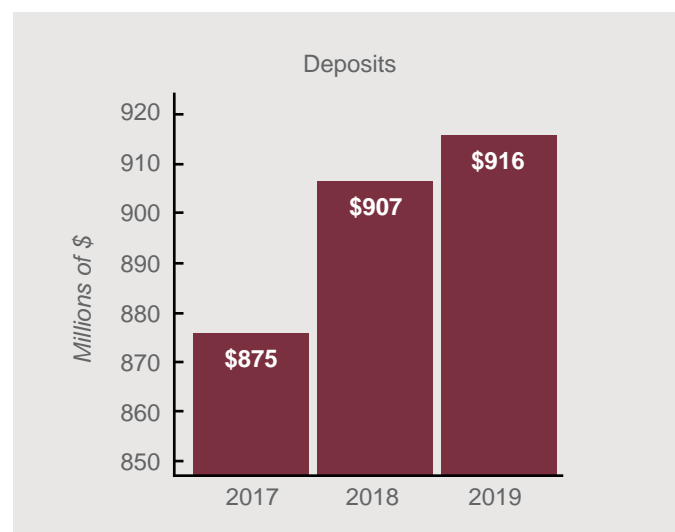
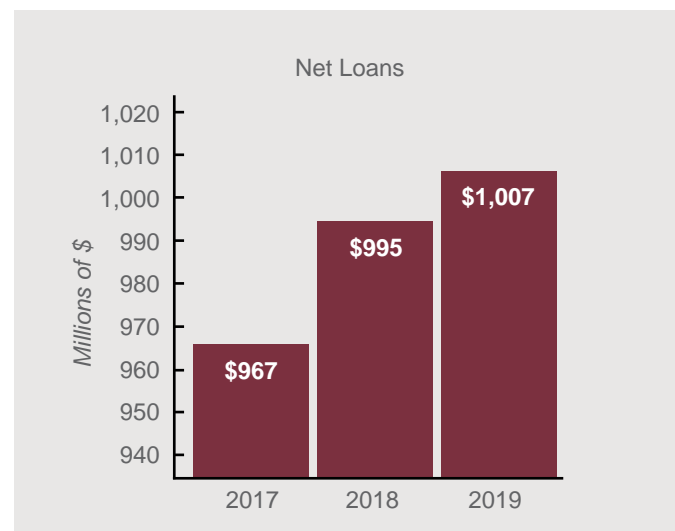


Our Financials

BALANCE SHEETS

As of December 31 (Dollars in thousands)

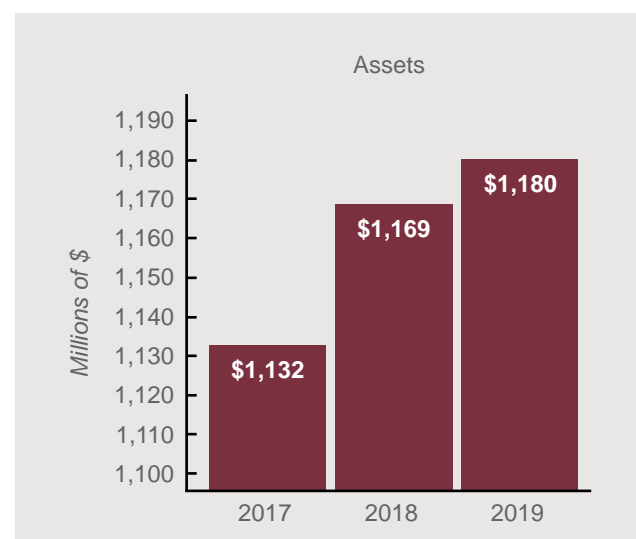
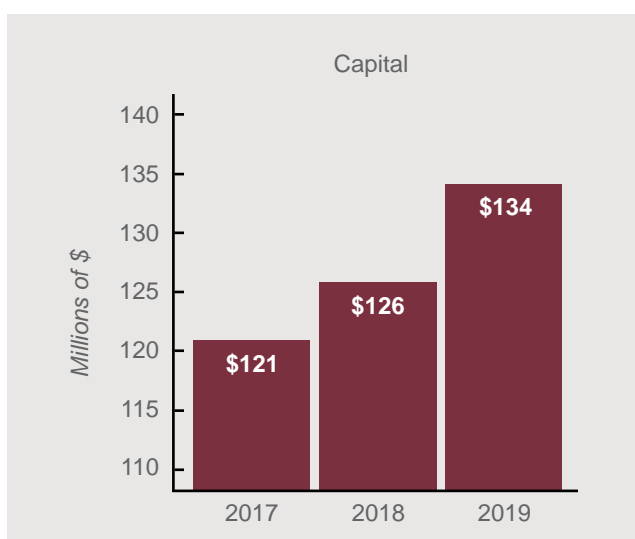
	(unaudited)	
Assets	2019	2018
Cash and Cash Equivalents	40,917	47,194
Investment Securities	71,278	63,763
Loans	1,013,376	1,000,024
Allowance for Loan Losses	(6,179)	(5,364)
Net Loans	1,007,197	994,660
Bank Premises and Equipment	14,364	16,071
Other Assets	46,258	47,719
Total Assets	1,180,014	1,169,407
Liabilities & Capital		
Deposit		
Non Interest Bearing	97,462	93,510
Interest Bearing	818,171	813,855
Total Deposits	915,633	907,365
Federal Home Loan Bank Advances	112,922	122,939
Other Liabilities	17,262	12,773
Equity Capital	134,197	126,330
Total Liabilities & Capital	1,180,014	1,169,407



STATEMENTS OF EARNINGS

For the years ended December 31 (Dollars in thousands)

	(unaudited)	
	2019	2018
Interest on Loans	41,986	40,183
Interest on Investments	2,525	2,263
Total Interest Income	44,511	42,446
Interest Paid on Deposits	9,061	7,699
Interest Paid on Borrowings	2,821	1,831
Total Interest Expense	11,882	9,530
Net Interest Income	32,629	32,916
Provision for Loan Losses	288	1,328
Non-Interest Income	10,090	8,658
Non-Interest Expense	33,190	33,914
Income Before Income Taxes	9,241	6,332
Income Taxes	1,917	1,173
Net Income	7,324	5,159





Giving Back to the Community

At its foundation, a true community bank is one that supports its local communities through financial donations and volunteerism. The employees of Cornerstone Bank have always taken their responsibility to give back very seriously—and have done so in countless ways.

WE DONATE

Cornerstone Bank is committed to supporting causes that improve the quality of life for the residents of Central Massachusetts and Northern Connecticut. In 2019, the Bank donated almost \$400,000 to local nonprofits. We were proud to provide financial donations that supported the Food Sourcing and Distribution Program at the Worcester County Food Bank, as well as the construction of a teen center at the YMCA of Central Massachusetts, Southbridge location. We also made our annual contribution to the Worcester Community Action Council to assist local residents with home heating costs. In addition, we remain steadfastly committed to helping students across the community pursue higher education and advance their learning in business and finance by offering sixteen \$2,000 scholarships.





WE VOLUNTEER

The people of Cornerstone Bank are passionate individuals who get involved and positively impact our communities and the lives of our customers every day—and 2019 was no exception. One example is our ongoing support of the Kids' Café at the Boys and Girls Club in Worcester, in which our volunteers helped provide well-balanced meals to the children who attend. This event is always one of the most popular among the Cornerstone Bank team. We also participated in the Habitat for Humanity Operation Playhouse Build-a-Thon, to benefit local military families and their children. We are proud of our employees' hard work, and we had the opportunity to personally thank



two families for their service. Life teaches us that there are always people facing challenges greater than our own. That's why we are dedicated to treating people with respect—and why giving back is so important to everyone at Cornerstone Bank. We realize we can make positive changes and, in doing so, we can get to know our fellow community members.



L to R (seated): James H. Waddick, Todd M. Tallman, K. Michael Robbins, Michael A. Engel, (standing) Joseph N. Stolberg, Robert B. Muenzberg, Jr., Stephen F. Wentzell, John J. Spillane, Alan S. Peppel, Anthony J. Detarando, Alfred G. Morin, Jr., and Janet E. Garon.

Our Directors

DIRECTORS

Alfred G. Morin, Jr.,
Clerk of the Corporation

Anthony J. Detarando*

Michael A. Engel[†]

Janet E. Garon*

Robert B. Muenzberg, Jr.[†]

Alan S. Peppel

K. Michael Robbins[†]

John J. Spillane*

Joseph N. Stolberg*

Todd M. Tallman[†]

James H. Waddick[†]

Stephen F. Wentzell[†]

CORPORATORS

Donna M. Ahearn	William T. Currie, Jr.	Randall F. Packard
Brent J. Andersen	Raymond P. Esper	Philip Pettinelli
Susan M. Anger	James P. Fountain	William P. Plante
Arnold A. Arsenault, Jr.	James G. Gerrish	Valarie A. Ricciardi-Thamel
Wendy A. Beauvis	Melissa A. Gleick	Gregory P. Richardson
Robert F. Berthiaume	John W. Hadley	Rubén Rios
Clealand B. Blair, Jr.	Paul Hanlon	Michael W. Sanford
Paul J. Braney	Aidan Heffernan	Ross L. Scribner
Jeffrey S. Brooks	Daniel G. Henderson	Jaclyn Skagerlind
William E. Broughton	Reed V. Hillman	Joseph F. St. Pierre
Steven W. Bryant	William O. Holmgren III	Philip R. Stoddard
Stephen H. Burr	Cynthia L. Howard	Gary D. Suter
Paul W. Carey	James L. Lovett	Steven J. Tankanow
Ronald P. Carlson	Thomas J. Lowkes	Kathleen Tarpinian
Scott R. Carlson	Michael Lyons	Jeff M. Tasse
Vincent P. Cloutier	Francis W. Madigan III	Steven A. Thebodo
Edward L. Colognesi	Gary E. Magnuson	Richard F. Uras
John Q. Colognesi	John M. McGlone	Ronald J. Vairo
Michael J. Colognesi	Richard A. McGrath	Walter J. Wesolaski, Jr.
Peter L. Connly	Jarrett A. Morin	Matthew C. Wilde
Ronald H. Cooper	James R. Moughan	Lynn A. Zukas
Christopher R. Culross	Thaddeus Mroczkowski	

HONORARY DIRECTORS

Donald J. Clough	Ernest A. Duquette	Charles H. Meloche, Jr.
John Q. Colognesi	Roger L. Gaudette	Philip Pettinelli
Anthony M. Detarando	Lorraine C. Harvey	Nerio W. Pioppi

OFFICERS

K. Michael Robbins

Chairman & CEO

Todd M. Tallman

President & Treasurer

Randal D. Webber

*Executive Vice President
Chief Operating Officer
Chief Lending Officer*

Altaf Ahmed

*Senior Vice President
Retail Banking*

Scott L. Auen

*Senior Vice President
Retail Lending*

Thomas E. Dufresne

*Senior Vice President
Chief Information Officer*

Brian R. Loveless

*Senior Vice President
Chief Financial Officer*

Jason D. Main

*Senior Vice President
Investment Services*

Michael J. Quink

*Senior Vice President
Senior Commercial Officer*

Maria L. Salvatore

*Senior Vice President
Human Resources Director*

Kyle S. Bourque

*Senior Vice President
Commercial Team Leader*

Jennifer A. Anderson

*Vice President
Mortgage Loan Officer*

Catherine M. Benoit

*Vice President
Mortgage Loan Officer*

Rachel A. Briggs

*Vice President
Commercial Loan Operations*

Albert Cacciagrani

*Vice President
Collection Manager*

Michael J. Checkosky

*Vice President
Mortgage Loan Officer*

Scott M. Dungey

*Vice President
Controller*

Lynne M. Esposito

*Vice President
Mortgage Loan Officer*

Kyle T. Hill

*Vice President
Retail Loan Operations*

John T. Jawor

*Vice President
Investment Services*

Tracey Jeffries

*Vice President
HR Business Partner*

Pamela L. LeBlanc

*Vice President
Compliance, BSA & Security*

Thomas W. Moschos

*Vice President
Commercial Lender*

Robert Peritz

*Vice President
Mortgage Loan Officer*

Stephen M. Quink

*Vice President
Commercial Lender*

David L. Sabourin

*Vice President
Commercial Lender*

James A. Sandagato

*Vice President
Commercial Team Leader*

Douglas R. Schmeling

*Vice President
Chief Credit Officer*

Michael A. Sullivan

*Vice President
Information Systems*

Brian J. Testarmata

*Vice President
Mortgage Loan Officer*

Donna L. Tibbetts

*Vice President
Learning & Development
Officer*

Sheila M. Veideman

*Vice President
Operations & Retail Service
Officer*

Sheri A. Bibinski

*Assistant Vice President
Business Development Sales
Manager*

Andrew D. Burgoyne

*Assistant Vice President
Business Development Sales
Manager*

Daniel A. D'Amico

*Assistant Vice President
Commercial Banking Officer*

Stephen J. DeMartino

*Assistant Vice President
Commercial Lender*

Andrea T. DiPilla

*Assistant Vice President
Call Center Manager*

Heather E. Dumais

*Assistant Vice President
Commercial Lender*

Timothy J. Gardell

*Assistant Vice President
Commercial Lender*

Nada Kanaan

*Assistant Vice President
Business Development Sales
Manager*

Colleen K. Lord

*Assistant Vice President
Business Development Sales
Manager*

Robert A. Mangan, CTP

*Assistant Vice President
Commercial Banking Officer*

Laila Mhirig

*Assistant Vice President
Business Development Sales
Manager*

Marcella L. Mosio

*Assistant Vice President
Assistant Controller*

Stacie M. Moulton

*Assistant Vice President
Compliance Officer*

Michael M. Pacheco

*Assistant Vice President
Information Technology
Officer*

Andrew J. Philbrook

*Assistant Vice President
Business Development Sales
Manager*

Chelsea M. Prizio

*Assistant Vice President
Credit Manager*

Sabrina L. Webb

*Assistant Vice President
Business Development Sales
Manager*



OFFICE AND BRANCH LOCATIONS

Charlton - 2 Center Depot Road, Route 20

Holden - 1073 Main Street

Leicester - 121 South Main Street

Rutland - 93 Main Street

Southbridge - 253-257 Main Street

Southbridge - 495 East Main Street

Spencer - 176 Main Street

Spencer Fair Plaza - 72 West Main Street, Route 9 West

Sturbridge - 200 Charlton Road, Route 20

Warren - 968 Main Street

Webster - 86 Worcester Road

Worcester - 230 Park Avenue

Worcester - 70 West Boylston Street

Customer Information Center

1-800-939-9103

24 Hour ATM service available at all locations

Including inside Union Station
2 Washington Square, Worcester

Mailing Address for all locations

P.O. Box 370
Southbridge, MA 01550-0370

The Capstone Planning Group*

200 Charlton Road, Suite B, Sturbridge
508-764-0046

Cornerstone Bank Lending Center

45 Lyman Street, Suite 20, Westborough
508-764-0081

*Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Cornerstone Bank and The Capstone Planning Group **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using The Capstone Planning Group, and may also be employees of Cornerstone Bank. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Cornerstone Bank or The Capstone Planning Group. Securities and insurance offered through LPL or its affiliates are:

Not Bank Deposits or Obligations	Not Bank Guaranteed	May Lose Value	Not Insured by FDIC or Any Other Government Agency
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Cornerstone
Built on trust.
Bank

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