



2021

Annual Report



CEO's Message

At Cornerstone Bank, 2021 was a year of growth and development. As I look back on my first full year as Chief Executive Officer, I am proud of all we have accomplished. Without the dedicated team behind me focused on the future, we may have merely survived the pandemic. Instead, we were able to thrive, better serving our customers with advanced technology and improved customer service while growing our employees through professional development and a focused employee health approach.

While we wanted to keep our employees and customers safe as the pandemic continued through 2021, we also understood the importance of being open and accessible to those who needed us. Being a community bank, we felt a duty to be there for our community when they needed us most, whether online, on the phone or in person.

One of my biggest commitments coming into this position was to advance the technology used at Cornerstone Bank, a project I'm sure will be ever ongoing as digital channels continue to evolve. We made major improvements with our mobile banking, launching a more intuitive app that also includes Zelle®, an easy way to send money to family and friends. To increase our detailed response to questions and continue to make improvements, we launched the Digital Banking Group to handle queries and provide us with more detailed feedback of what our customers love and what opportunities we have when it comes to our online customer service. Additionally, throughout 2021, we worked on our recently launched website upgrade which not only improved functionality but embodied our brand, mission and vision.

Speaking of our brand, our new brand guidelines launched midway through 2021, providing our staff with updated and succinct standards for internal and external messaging as well as a unique new look and feel, all with the goal of providing a consistent voice across all platforms. These updates coincided with renovations at our Sturbridge and 70 W. Boylston Street Worcester locations. This not only provided customers with an updated place to do their banking, but also provided a better workspace for our employees who “live” the brand.

With 170 employees spread out through all our locations, we strive to create a workplace that promotes better communication through a holistic inclusion of all staff. We have adjusted employee support to fit needs, with the goal of making things easier for our employees inside of the workplace and in their personal lives. This has included a push for healthier living that includes an employee cookbook and cooking classes. Along with regular professional development opportunities, we also created opportunities for engagement such as personal budget training and family centered activities like dog training. I am most proud of our workplace culture and people first way of thinking, creating a more productive, engaged, and happy work environment.



Our employees also love to give back to our community and that is one thing we look forward to doing more of in 2022. This past year, we pushed for more financial literacy-based community involvement and will build on that momentum, having just scratched the surface of what we can do. This year we will also continue our goal to remodel our branches, with a focus on our locations in Southbridge and Spencer.

After a year of tremendous growth, our plans for 2022 are just as ambitious. I look forward to continuing to grow in this role backed by a Board of Directors and staff of dedicated, knowledgeable, and like-minded individuals.

A handwritten signature in black ink, reading "Todd M. Tallman". The signature is fluid and cursive, with the first and last names being more prominent.

Todd M. Tallman

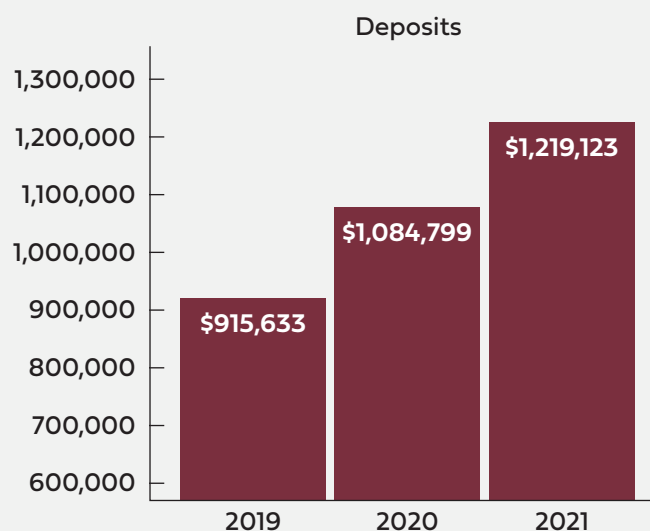
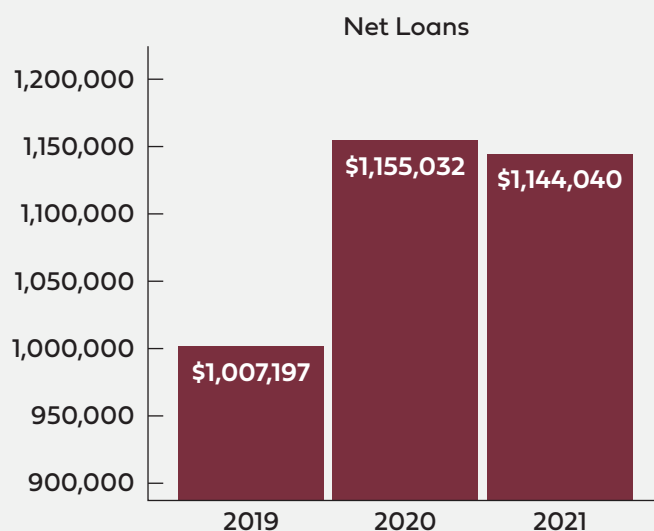
Chief Executive Officer

Our Financials.

Balance Sheets.

As of December 31 (dollars in thousands).
(unaudited)

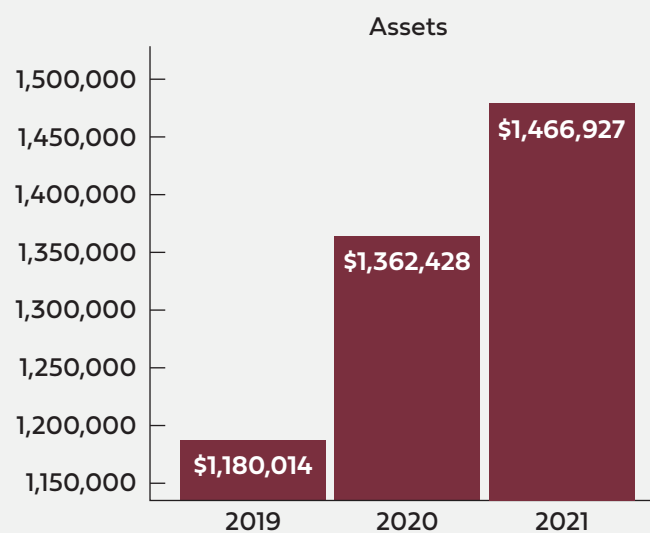
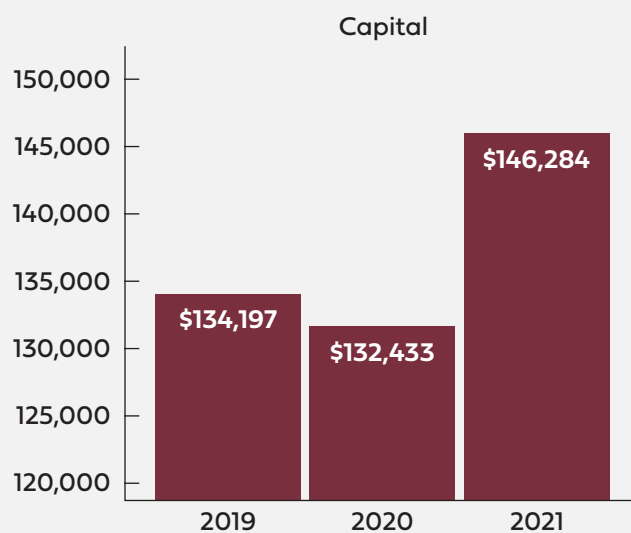
Assets	2021	2020	2019
Cash and Cash Equivalents	129,451	61,731	40,917
Investment Securities	129,793	79,808	71,278
Loans	1,155,571	1,166,310	1,013,376
Allowance for Loan Losses	(11,531)	(11,278)	(6,179)
Net Loans	1,144,040	1,155,032	1,007,197
Bank Premises and Equipment	16,019	14,228	14,364
Other Assets	47,624	51,629	46,258
Total Assets	1,466,927	1,362,428	1,180,014
Liabilities & Capital			
Deposit			
Non-Interest Bearing	216,083	150,960	97,462
Interest Bearing	1,003,040	933,839	818,171
Total Deposits	1,219,123	1,084,799	915,633
Federal Home Loan Bank Advances	79,388	116,905	112,922
Other Liabilities	22,132	28,291	17,262
Equity Capital	146,284	132,433	134,197
Total Liabilities & Capital	1,466,927	1,362,428	1,180,014



Statements of Earnings:

As of December 31 (dollars in thousands).
(unaudited)

	2021	2020	2019
Interest on Loans	44,271	42,950	41,986
Interest on Investments	2,133	2,323	2,525
Total Interest Income	46,404	45,273	44,511
Interest Paid on Deposits	4,444	7,415	9,061
Interest Paid on Borrowings	1,538	2,160	2,821
Total Interest Expense	5,982	9,575	11,882
Net Interest Income	40,422	35,698	32,629
Provision for Loan Losses	957	5,092	288
Non-Interest Income	14,299	10,135	10,090
Non-Interest Expense	37,611	40,821	33,190
Income Before Income Taxes	16,153	(80)	9,241
Income Taxes	3,738	(331)	1,917
Net Income	12,415	251	7,324





Giving Back to the Community.

Cornerstone Bank has long made the commitment to our community to support initiatives important to them, our staff, and our customers.

After a year spent volunteering virtually and presenting checks from afar, 2021 gave us the opportunity to get back into our community for a successful and meaningful year of giving back, donating nearly \$400,000 back into our neighborhoods to fund rewarding and essential programs.

A few of our largest donations include:

- **\$64,098** to the United Way to help with food insecurity, childcare, medical needs, counseling, legal services, and much more. This donation was a combination of \$34,098 raised through our employee fundraising campaign with a \$30,000 contribution from the Bank.
- **\$50,000** over 5 years to Family Health Center (FHC) of Worcester to support the development of a new site in downtown Southbridge to house the FHC Family Medical & Dental practices in one building.
- **\$40,000** to the Worcester Community Action Council to assist in providing opportunities for energy assistance, early education and care, financial empowerment, positive youth development, and career pathways.

- **\$25,000** to the YMCA of Central MA annual campaign to underwrite youth development programs and services as well as the "LIVESTRONG at the Y" initiative.
- **\$15,000** to UMass Memorial to open a nutrition focused food pharmacy on the campus of UMass.
- **\$10,000** to the Worcester County Food Bank, which helped distribute more than six million pounds of food to the community last year.

As a financial institution, teaching everyone from kids to senior citizens about money and its life-long management is incredibly important to us. Over this past year, our Community Relations Manager, Nicole DiGregorio, organized more than 30 financial literacy presentations to 13 different organizations. Cornerstone also added Banzai, an online program which provides financial literacy content and resources and began sponsoring 15 different Worcester County schools. And to top off our help to local students, we awarded \$28,000 in scholarships to high school graduates in 2021.



Our employees are eager to help and completed volunteer projects with the United Way and Habitat for Humanity involving painting, yard cleanup, and even building playhouses for military families.



For adults, Cornerstone hosted two First Time Homebuyer seminars to help those looking to finance and purchase their first house. We also held a Young Professionals Day, which included networking and panel discussions for anyone new to the workforce or looking to change careers.

Looking forward to 2022, we hope to continue to spend more time supporting our community, especially with our vigorous push for financial literacy. Thanks to a partnership with Our Bright Future, Viability, and several area schools, we are growing our reputation within Worcester County as not only a high-quality community bank, but also a great educational resource and philanthropic partner.

Utilizing charitable donations, volunteer opportunities, and scholarships, we look forward to another year of working towards bettering our own backyard.

Our Directors and Corporators.

Directors.



Anthony J. Detarando*



Michael A. Engel†



Janet E. Garon*



Alfred G. Morin, Jr.



Robert B. Muenzberg, Jr.†



Alan S. Peppel



K. Michael Robbins†



John J. Spillane*



Joseph N. Stolberg*



Todd M. Tallman†



James H. Waddick†



Randal D. Webber



Stephen F. Wentzell†

† Executive Committee * Audit Committee

Corporators.

Donna M. Ahearn
Brent J. Andersen
Susan M. Anger
Arnold A. Arsenault, Jr.
Wendy A. Beauvais
Robert F. Berthiaume
Clealand B. Blair, Jr.
Paul J. Braney
Jeffrey S. Brooks
William E. Broughton
Steven W. Bryant
Stephen H. Burr
Paul W. Carey, III
Scott R. Carlson
Vincent P. Cloutier
Christopher J. Coghlin
Edward L. Colognesi
Michael J. Colognesi
Peter L. Connly
Jennifer L. Conrad
Ronald H. Cooper
Christopher R. Culross

William T. Currie, Jr.
Raymond P. Esper
James P. Fountain
James G. Gerrish
Melissa A. Gleick
John W. Hadley
Paul E. Hanlon
Aidan J. Heffernan
Daniel G. Henderson
Reed V. Hillman
William O. Holmgren, III
Cynthia L. Howard
Alan S. Lavine
James L. Lovett
Thomas J. Lowkes
Michael Lyons
Francis W. Madigan, III
Gary E. Magnuson
John M. McGlone
Richard A. McGrath
Jarrett A. Morin
James R. Moughan

Randall F. Packard
Philip Pettinelli
William P. Plante
Valarie A. Ricciardi-Thamel
Gregory P. Richardson
Ruben Rios
Michael W. Sanford
Ross L. Scribner
Jaclyn Skagerlind
Joseph F. St. Pierre
Philip R. Stoddard
Gary D. Suter
Steven J. Tankanow
Kathleen A. Tarpinian
Jeff M. Tasse
Steven A. Thebodo
Richard F. Uras
Ronald J. Vairo
Matthew C. Wilde
Lynn A. Zukas

Honorary Directors.

Donald J. Clough
John Q. Colognesi
Anthony M. Detarando

Ernest A. Duquette
Roger L. Gaudette
Lorraine C. Harvey

Philip Pettinelli
Nerio W. Pioppi

Officers.

Todd M. Tallman
Chief Executive Officer

Randal D. Webber
President

Michael J. Quink
Executive Vice President
Senior Commercial Officer

Altaf Ahmed
Senior Vice President
Retail Banking

Scott L. Auen
Senior Vice President
Retail Lending

Kyle S. Bourque
Senior Vice President
Commercial Team Leader

Thomas E. Dufresne
Senior Vice President
Chief Information Officer

David Harmon
Senior Vice President
Commercial Lender

Brian R. Loveless
Senior Vice President
Chief Financial Officer & Treasurer

Jason D. Main
Senior Vice President
Investment Services

Maria L. Salvatore
Senior Vice President
Chief Culture Officer

James A. Sandagato
Senior Vice President
Commercial Team Leader

Jennifer A. Anderson
Vice President
Mortgage Loan Officer

Catherine M. Benoit
Vice President
Mortgage Loan Officer

Sheri A. Bibinski
Vice President
Senior Market Manager

Rachel A. Briggs
Vice President
Commercial Loan Operations

Albert Cacciagrani
Vice President
Collection Manager

Michael J. Checkosky
Vice President
Mortgage Loan Officer

Heather E. Dumais
Vice President
Commercial Lender

Scott M. Dungey
Vice President
Controller

Lynne M. Esposito
Vice President
Mortgage Loan Officer

Timothy J. Gardell
Vice President
Commercial Lender

Kyle T. Hill
Vice President
Retail Loan Operations

John T. Jawor
Vice President
Investment Services

Tracey Jeffries
Vice President
HR Business Partner

Nada Kanaan
Vice President
Senior Market Manager

Katelyn Krikorian
Vice President
Operations Manager

Kerri Lee
Vice President
Loan Production Manager

Colleen K. Lord
Vice President
Senior Market Manager

Christopher Mallon
Vice President
Program Manager

Laila Mhirig
Vice President
Senior Market Manager

Thomas W. Moschos
Vice President
Commercial Lender

Jeffrey Moynihan
Vice President
Mortgage Loan Officer

Robert Peritz
Vice President
Mortgage Loan Officer

David L. Sabourin
Vice President
Commercial Lender

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

Alan Whitney
Vice President
Marketing

Michael Bogacz
Assistant Vice President
Senior Market Manager

Klara Carter
Assistant Vice President
Commercial Lender

Erin Cosgrove
Assistant Vice President
CIC Manager

Daniel A. D'Amico
Assistant Vice President
Commercial Banking Officer

Jessica L. Johnson
Assistant Vice President
Senior Market Manager

Robert A. Mangan, CTP
Assistant Vice President
Commercial Banking Officer

Marcella L. Mosio
Assistant Vice President
Assistant Controller

Stacie M. Moulton
Assistant Vice President
Compliance Officer

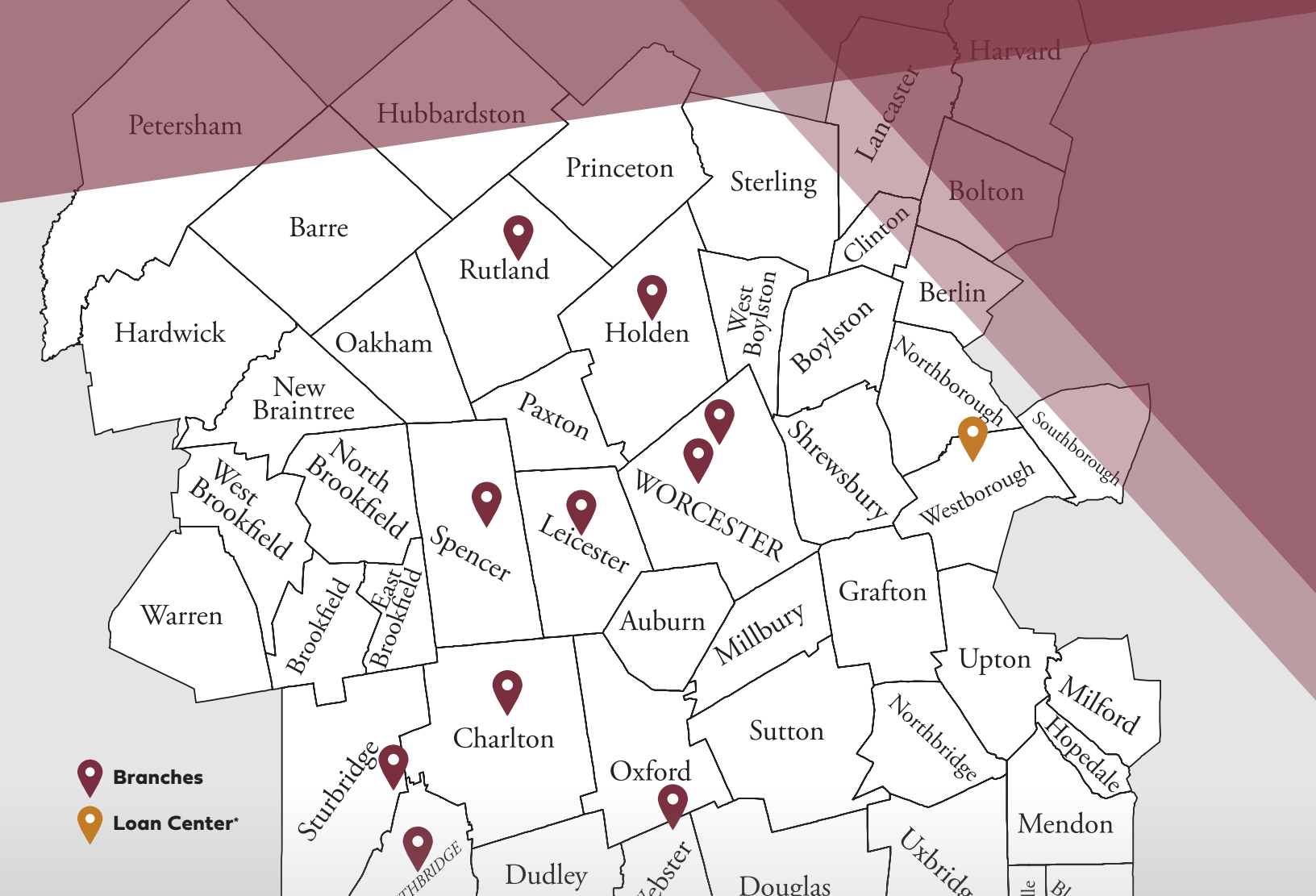
Michael M. Pacheco
Assistant Vice President
Information Technology Officer

Chelsea M. Prizio
Assistant Vice President
Credit Manager

Shanon Sabourin
Assistant Vice President
Digital Banking Manager

Chad Troyse
Assistant Vice President
Senior Market Manager

Sabrina L. Webb
Vice President
Senior Market 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

Spencer - 176 Main Street

Sturbridge - 200 Charlton Road, Route 20

Webster - 86 Worcester Road

Westborough Loan Center* - 45 Lyman Street, Suite 20

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

*Loan services only. Deposits not accepted at this location

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