



## MERGER QUESTIONS AND ANSWERS FOR COLONIAL CO-OPERATIVE BANK CUSTOMERS

### **Why is Colonial Co-operative Bank merging?**

Colonial Co-operative Bank is an established, well-managed organization. However, these are challenging times for smaller community banks and the board and senior management recognized that a partnership will allow us to stay competitive and fulfill our commitments to our communities. The complexities of the banking business can be hard for an institution our size. It was decided the best path for our successful future would be to merge with another bank allowing us the resources to accomplish our long-term goals. But it could not be just *any bank*. It had to be a mutual bank with similar values and one that shares our long-term commitment to the community.

### **Why Fidelity Bank and who are they?**

Fidelity Bank is one of the strongest independent local community banks in Central Massachusetts. Fidelity Bank and Colonial Co-operative Bank share similar values and cultures, and each institution has demonstrated a long-standing commitment to the communities it serves. Fidelity Bank is a mutually owned community and not in any way affiliated with Fidelity Investments. They've have been committed to, and supportive of, the greater Gardner community for over 30 years. Fidelity Bank has consistently earned a "5 Star" rating from BauerFinancial, Inc., the nation's leading independent bank rating and research firm. The Bank has been named to the Boston Globe's Top Places to Work list four times and recognized by the Worcester Business Journal as a Top Workplace. Our merger with Fidelity Bank will allow us to be part of a well-capitalized mutual institution with the size necessary to compete effectively in today's competitive banking environment. Simply put, together we can do more for our clients, employees, and communities.

### **How will the merger benefit Colonial Co-operative Bank customers?**

Fidelity Bank's proprietary LifeDesign approach to serving the financial needs of individuals, families, and businesses was a major factor in our decision to partner with them. There are many mutually owned community banks in the area, but none with such a unique approach to customer service. It is all part of Fidelity Bank's commitment to being the most caring, trusted, and respected local source of financial guidance and solutions in the communities it serves.

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In addition, the combined bank will have assets of approximately \$870 million, with capital levels that will further enable it to be a viable alternative to the “big banks.” The merger will provide the resources to stay abreast of new innovations and give customers access to the latest technology and solutions available to enhance their banking experience. Other specific benefits include:

- More convenience through more banking locations and ATMs across Central Massachusetts (there will be 11 offices, including 7 in North Central MA).
- Enhanced product and service offerings including more and varied business products and services, investment and insurance offerings, and a more robust residential lending program.
- Larger loan sizes to better serve the needs of our community’s businesses.

**Will Colonial Co-operative Bank’s name change after the merger?**

At the completion of the merger, we will become part of Fidelity Bank. For a period of time, Colonial Co-operative Bank signs will read “Fidelity Bank – Colonial Bank Division.”

**Will the Bank continue to be a mutual bank?**

Yes. The merged bank will operate under the Fidelity Bank state charter originally granted in 1888.

**When will the merger be effective?**

The merger of the two banks requires several approval processes. The boards of both banks have approved the merger. The merger is also subject to the approval of our shareholders, and of state and federal regulatory agencies. We expect to receive the required approvals in late 2017 or early 2018, and to officially complete the merger during the second quarter of 2018.

**When can I start using the additional offices that will be available to me as a part of the merger?**

We anticipate the full integration of our systems will be completed during the second quarter of 2018, at which time all offices will be available to all clients. In the meantime, please continue to use your current office(s).

**What is going to happen to my Colonial Co-operative Bank branch?**

All of the present offices of Colonial Co-operative Bank will continue to serve customers as part of Fidelity Bank. A short time after the merger, the two Gardner branches will be consolidated into one. For a period of time, the Colonial Co-operative Bank office in Gardner will be temporarily closed to undergo a full renovation and modernization. During this time all business will be conducted at the

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	<p>existing Fidelity Bank Gardner office at 330 Main Street. Upon completion of the renovations, Fidelity Bank's long-term home in Gardner will be the existing Colonial office at 6 City Hall Avenue which will be staffed with a mix of familiar faces from both Gardner locations.</p>
<b>How many offices will the merged bank have?</b>	<p>Ultimately there will be 11 full-service offices, located in Leominster (2), Worcester, Fitchburg, Gardner, Shirley, Barre, Millbury, Paxton, Princeton, and Winchendon. The expanded geographic footprint nicely connects the communities Colonial Co-operative Bank serves (Gardner &amp; Winchendon) with Fidelity Bank's existing footprint across Central Massachusetts. (See attached addendum for a Combined Map)</p>
<b>As a customer, is there anything I should do to get ready for the merger?</b>	<p>No. It will be "business as usual" for our customers as the banks prepare for the merger. As the process moves forward, we will inform you in advance if any changes are necessary.</p>
<b>What will the management structure of the merged bank be?</b>	<p>Current Fidelity Bank chairman &amp; CEO, Edward F. Manzi Jr. will serve as chairman &amp; CEO. Current Fidelity Bank president &amp; COO, Christopher W. McCarthy will continue in this role. Joseph D. Guercio, president of Colonial Co-operative Bank, is planning to retire later in 2018 but will remain with the combined institution as president of the Colonial Division for at least three months after the merger, to assure a seamless transition for their clients and employees.</p>
<b>Who will serve on the merged bank's board of directors?</b>	<p>Two members of the Colonial Co-operative Bank board of directors will join the Fidelity Bank board, including Edward J. McLaughlin, Jr., current chairman, and Dean R. Sweeney, current vice chairman. In addition, a group of Colonial Co-operative Bank directors and stakeholders will form an Advisory Board to help guide the bank through the transition as well as help direct the dedicated charitable giving in the Gardner and Winchendon areas.</p>
<b>Will I see the same employees I am used to seeing when I visit my branch?</b>	<p>It is important to both Colonial Co-operative Bank and Fidelity Bank that our employees have the opportunity to continue their employment with us following the merger. While the details are not yet complete, it is our intention that the merger be as beneficial to our employees as it is to our customers and our communities.</p>
<b>How will the merger affect customer service?</b>	<p>Both banks share the same community vision and commitment to customers, and you will continue to receive exemplary service. In</p>

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addition, you will be introduced to Fidelity Bank's unique LifeDesign promise and approach to serving the financial needs of individuals, families, and businesses.

### **Will my deposits still be insured?**

All deposits will continue to be insured in full after the merger. Each depositor will be insured by the Federal Deposit Insurance Corporation (FDIC) to \$250,000. All deposits in excess of that amount will be insured by the Share Insurance Fund (SIF).

### **How will the merger affect the community?**

Combining both banks ensures there will continue to be a local, mutually owned community bank to support the financial needs of the area for generations to come. For many years, Colonial Co-operative Bank and Fidelity Bank each have had strong commitments to the communities they serve. This commitment will continue. In fact, as a larger organization we will have the opportunity to expand Fidelity Bank's LifeDesign Community Dividend program and ensure its future. Through this fund, \$300,000 was distributed to local organizations last year, and we expect that amount to increase over the coming years. Further, as a display of gratitude to the members of our community for the years of support given Colonial Co-operative Bank, Fidelity Bank is committing to earmark \$500,000 in increased contributions and investments for the communities in the Gardner and Winchendon area. These contributions will include charitable donations to provide support to area non-profit organizations as well as the establishment of a micro loan fund to support the growing needs of small business in the area. The loan fund will be facilitated by the Gardner Area and North Central Chambers of Commerce and be called the Colonial Bank Loan Fund.

### **How can I find out more?**

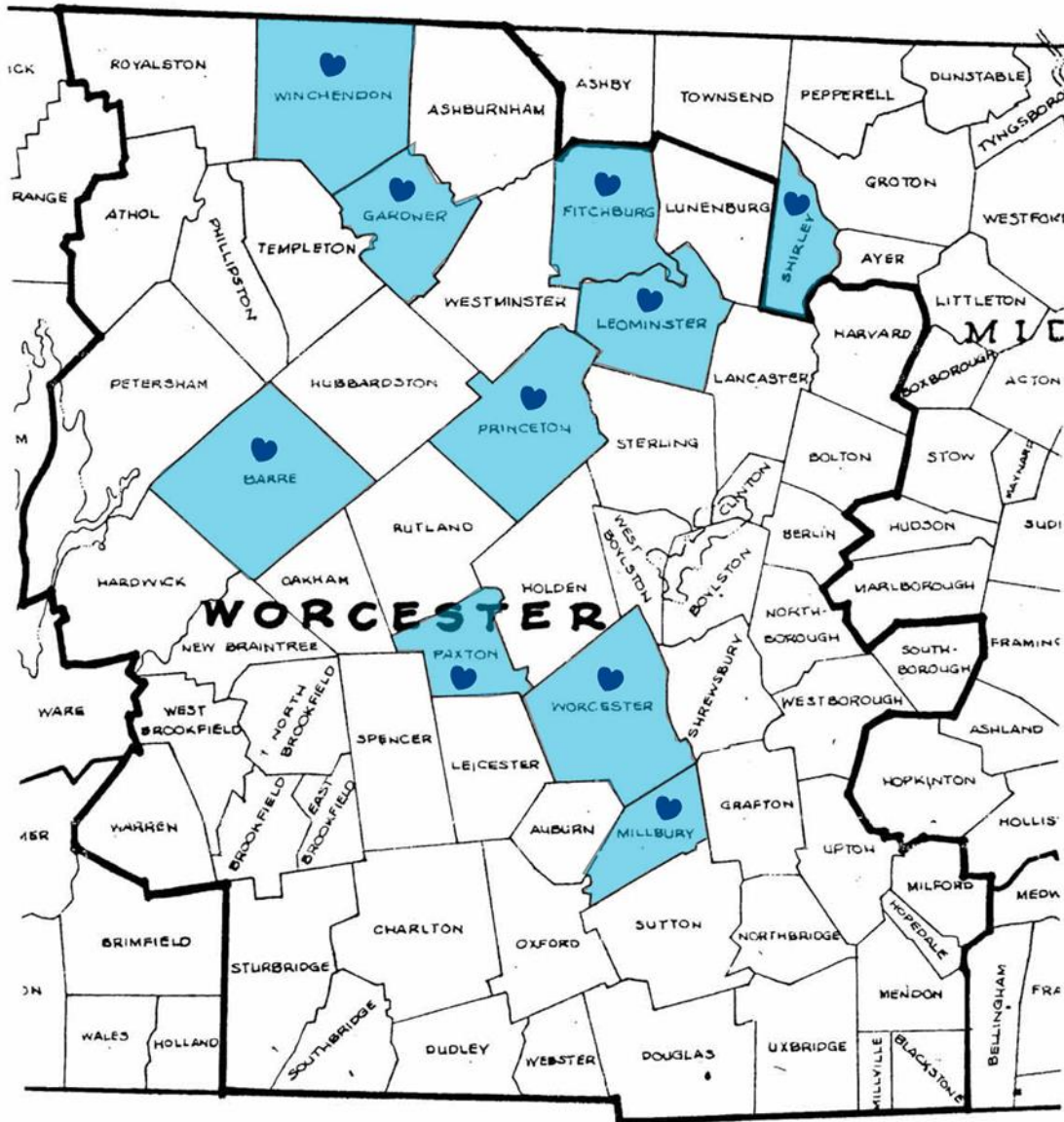
If you have any questions, please do not hesitate to ask any of our employees. Please note, we will provide ongoing information about the merger through our branch offices, our website, email, and regular mail.

For the most up-to-date version of this document, please visit [Colonial4Banking.com/better](http://Colonial4Banking.com/better).

9/19/17

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**Combined Map: Fidelity Bank and Colonial Co-operative Bank**



**FIDELITY BANK OFFICES**

<b>Fitchburg</b> 675 Main St	<b>Gardner</b> 330 Main St	<b>Leominster</b> 9 Leominster Connector 75 Main St	<b>Millbury</b> 16 South Main St	<b>Shirley</b> 21 Main St	<b>Worcester</b> 465 Shrewsbury St
<b>Barre</b> 56 Common St	<b>Paxton</b> 713 Pleasant St	<b>Princeton</b> 206 Worcester Rd			

**COLONIAL CO-OPERATIVE BANK OFFICES**

<b>Gardner</b> 6 City Hall Ave	<b>Winchendon</b> 1 School Square/Rt. 12
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