



Avidia Bank

Honest to goodness™



2019 Annual Report

Honest to Goodness.

Let's face it, people and businesses have a lot of choices when it comes to where to keep their money or to get a loan. At Avidia, we wanted to make the choice easy, so we asked our customers, neighbors, and employees what makes us unique. The answer? Honest to Goodness. It's more than just a tagline; it's who we are as a bank, a community partner, and employer.

It's why we offer straightforward accounts and helpful advice that are always in the best interest of our customers, why we provide donations and employee volunteers to support local non-profits, causes, and events, and why our employees stay with us year after year. And, it's why we have a culture of innovation that allows us to continually explore ways to better serve our customers and keep our employees engaged.

We invite you to read more about banking in a different way at Avidia – **Honest to Goodness.**



Another strong year of serving our customers and communities. Honestly. *A Message from the President.*

Some things just stand the test of time. At Avidia Bank, we believe that's honesty, integrity, and a commitment to always doing what's best for our customers. It's why in 2019, we experienced another strong year of financial performance and why after 150 years, we're still here – helping individuals, families, businesses, and our communities prosper.

One of our greatest assets continues to be our charter as a mutual bank. Without shareholders and the pressure to deliver quarterly returns, we are free to continue to give back to our customers and communities – reinvesting our profits to offer competitive services and investing in our employees and our communities. We also continued to invest in ways to enhance the service we provide, including the reconstruction of our branch offices to make banking in person even more convenient and easy.

Despite a tumultuous interest rate environment, we continued to have moderate growth in earnings by growing commercial and business banking loan portfolios and continuing to grow deposits in health savings accounts.



In 2019, as we have done in the past, we strived not to be the most profitable bank, but to be the trusted bank our customers can turn to for honest and personal guidance. Key to that promise are our people. Employees at all levels of our organization are committed to serving others.

We would like to recognize the contributions of one key individual who has helped pave the way for Avidia's success – the late Roger Leland. Roger, who served as director of Westborough Bank, was instrumental in helping bring Hudson Savings Bank and Westborough Bank together to form the institution we are today.

Thank you for your support. We look forward to serving you and your community in 2020 and for many more years to come.

Honestly yours,

A handwritten signature in black ink that reads "Mark O'Connell". The signature is written in a cursive, flowing style.

Mark O'Connell, President & CEO

Being smart with money is essential to running a successful business.

As fate would have it, we are smart with money.

Serving the unique needs of every business.

That's our specialty.

We get it. Every business is unique with different financial needs, challenges – and specialties. In 2019, Avidia continued to do business banking in a unique way – by giving each business exactly what they need to do business faster, cheaper, and safer. We helped companies maximize cash flow by accelerating receivables, and efficiently managing disbursements. We delivered innovative solutions like our Business Manager program to support rapid business growth and provide access to capital. And, we offered protection from financial fraud, and deposit insurance with no limits.

With a willingness to lend, local decision making, and a full range of commercial banking solutions, Avidia was open for business in 2019.

We are also proud to be named the Small Business Administration's (SBA's) #1 lender to manufacturers in Massachusetts in 2019.



Industry-solutions – and personal guidance.

Avidia understands that businesses in certain professions have unique needs. In 2019, we were proud to serve a variety of specialized businesses, including:

Dental Practices.

From financing for buying, expanding, or renovating practices, to solutions for managing cash flow and processing payments, Avidia offered all the financial solutions dental practices need to grow and succeed.



Condo Associations.

We recognize that condo associations have very unique needs when it comes to financing and managing cash flow. Avidia's Community Association Lending team serves associations throughout New England offering a range of solutions and more than two decades of experience.



FinTech/Payments.

As part of our commitment to innovation and helping fuel the growth of businesses, in 2019, we dedicated resources to meet the financial and business needs of financial technology (FinTech) companies. Among the services we provided are Real-Time Payments (RTP). Avidia was the first community bank in the country to sign on to this service available through The Clearing House (TCH), and currently offers faster payments through a push-to-card system that allows customers to pay people and small businesses using their cards.

Helping businesses maximize cash flow.

No matter what industry they operate in, every business must maximize cash flow. That is why Avidia offers a robust suite of services to help businesses maximize idle funds, collect and concentrate cash, and disburse funds more efficiently.

Bringing helpful, convenient banking to our customers.

Here's the thing, people have their own ways of doing things, including the way they bank. Some like to come into branches and talk with people who actually know their name; others prefer to bank and deposit checks electronically without talking to anyone and some like to have it both ways. In 2019, Avidia continued our commitment to striking a balance between technology and full-service banking to give our customers the freedom to bank the way that makes them happy.

A branch makeover in Leominster

As part of these efforts, in 2019, we made significant changes to our branches. We began with a renovation and update of our Leominster branch at 470 Lancaster Street. The branch, which was originally opened in 2005, has been remodeled to offer new technology and to reinforce the bank's commitment to the community and local businesses.



Enhancing banking in Hudson

In 2020, we began planning for some exciting changes in Hudson that will allow us to better serve our customers and plan for expansion.

Making room to grow in our Main Office

To accommodate our growth, beginning in the spring of 2020, we will begin transitioning branch banking at our Main Office at 42 Main Street in Hudson to the Avidia Financial Center located around the corner at 17 Pope Street. The Main Office will be remodeled as a new corporate center equipped with more room for offices and meeting and community space.

The Financial Center on Pope Street, which currently offers ample accessible parking and a drive-up ATM, will be expanded to offer additional teller services.

Moving on up on Washington Street

In addition to offering full-service banking at the Financial Center on Pope Street, in 2021, we will be relocating our Washington Street branch to a larger, more convenient location across the street. The new branch will include updated technology to make our banking services easier and more accessible.

Moving forward, we'll continue to renovate our branches to ensure we make it easy for our customers to bank and get the service they need.

Teaming up to make our communities stronger

At Avidia, we believe in the power of teamwork. When we work together, we can not only do more, but also do better for local people. In 2019, we were proud to continue our tradition of giving back to the local communities we serve and teaming up with others who share our passion for giving back.



Championing for Children.

To help support the Boys and Girls Club of MetroWest, Avidia partnered with Stephon Gilmore, New England Pro Football Player and NFL Defensive Player of the Year in 2019. For every regular season home game, the bank provided tickets for the Match of a Game to a child and mentor from the Boys and Girls Club. In addition, the bank donated \$1,000 to the Boys and Girls Club of Metro West for every defensive interception and defensive recovery. The program resulted in \$30,000 in donations.



Assisting Kids.

We were honored to partner with Pro Hockey Player Brad Marchand and 98.5 the SportsHub to support local youth hockey programs. For every Boston Bruins assist during the regular season, Avidia will donate \$25 to benefit Massachusetts Youth Hockey Programs in the MetroWest, up to \$30,000. The money raised during the season will go toward new safety equipment, including helmets and mouth guards. In addition, to help teach children about managing money, Avidia will provide 150 kids in MetroWest Youth Hockey \$150 in their youth savings accounts.

Proud of our “good” work

It’s good to be a mutual savings bank.

It means we can continue to use our profits for a noble cause: to support the organizations, causes, and events that help make our communities stronger. Through our donations from the bank, grants from our charitable foundation, and our employee volunteers, in 2019 we were proud to continue our tradition of giving back – Honest to Goodness.

Amount Donated
through the Avidia
Charitable Foundation.

\$178,000

Amount Donated
through Avidia Bank.

\$400,000+

Employee
Volunteer Hours

2,000+

Directors

James N. Ball
Paul Blazar
Nancy M. Carlson
Benjamin H. Colonero Jr.
Neil Flanigan
Michael R. Girard
Joseph Grimaldo
Lona M. Lamson

Jeffrey B. Leland
Arthur E. Lemire
Joseph F. MacDonough
Paul F. McGrath
Michael Murphy
Mark R. O'Connell
Brian Parker

Corporators

Andrew J. Abu
Christine Alessandro
Ronald Aspero
Charles J. Bacon
David Bagdon
Daniel S. Ball
James Ball
John A. Bartolini Jr.
Paul Blazar
Richard A. Braga Jr.
Michael D. Burks
Thomas Carey
Nancy M. Carlson
Richard Casaceli
John L. Casagrande
Peter Cellucci
Preben Christensen
Barbara Clifford
Benjamin H. Colonero Jr.
Robert W. Conery
Donna Cox
Gerald L. Curley
Jack Cutone
Fred Daley
Joseph J. DeCarolis Jr.
Lee Dinner
John M. Dombrowski
Benjamin P. Donnarumma

Joseph J. Durant
Ronald G. Ebb
Neil Flanigan
Victor Galvani
Mikala D. Geurtsen
Linda Ghiloni
Robert B. Gibbons
Michael R. Girard
Joseph Grimaldo
Michael Hanley
Terry E. Hardy
Richard T. Harrity
Douglas H. Harvey
James Hastings
Richard E. Hastings
Thomas H. Hays III
Lester Hensley
Michael Higgins
Maria Hopkins
Scott Hughes
Bob Ingle
Philip C. Jack
Ian Johnson
Craig S. Johnston
Richard A. Kerdok
Lona M. Lamson
John I. Lebeaux
Stephen LeDuc

Jeffrey B. Leland
Arthur E. Lemire
Mark Leonard
Thomas Lowe
Joseph F. MacDonough
Paul F. McGrath
David McLaren
Kevin E. McNamara
Christopher Mingace
James J. Morais
Nancy Moran
Susanne Morreale-Leeber
Bartholomew H. Murphy, Jr.
Michael Murphy
Sumathi Narayanan
Jack Naughton
Roland G. Nentwich
Daniel Notaro
Oliver F. Nunes Jr.
Mark R. O'Connell
Joel C. O'Toole
Philip B. O'Toole
Brian Parker
Carol Parker
John R. Parsons Jr.
George Pember
David A. Philbin
David A. Pickering

William Reynolds
Ernest L. Rooney
Andrew Rubenstein
Michael P. Saliga
Joseph Santos
Michael Seymour
Garrett F. Sullivan
Margaret B. M. Sullivan
James E. Tashjian
Donald Taylor
Patricia A. Thomas-Fuller
Paul Travis
Kim E. Underwood
Naray Viswanathan
Carol Vittorioso
Barry J. Whitney
Fred B. Williams
Scott Young
Constantino Zahariadis

Trustees Emeritus

Oliver F. Nunes, Jr.
James E. Tashjian
Fred B. Williams

Officers

Chairman of the Board
Paul Blazar
President & CEO
Mark R. O'Connell

Executive Vice Presidents

Chief Operations Officer
Robert W. Conery
Chief Operating Officer
Gerald L. Curley
Chief Lending Officer
Bartholomew H. Murphy, Jr.
Chief Financial Officer
Margaret B. M. Sullivan

Senior Vice Presidents

Senior Commercial Relationship Officer
Thomas Allain
Internal Audit
Jocelyn Arsenault
Deposit Operations
Emily Braga
Security & Compliance
Neil Buckley
Commercial Relationship Officer
Charles Budd
Retail Operations & Strategy
CarrieAnne Cormier
Human Resources
Thomas Doane
Residential Lending
Donald Frost III
Community Association Banking
Howard Himmel
Community Banking
Rita Janeiro
Chief Risk Officer
Nicolas Karamelek
Chief Information Security Officer
Philip Maio
Chief Marketing Officer
Janel Maysonet
Commercial Relationship Officer
Stephen McAndrew
Commercial Relationship Officer
Andrew Miller

Commercial Relationship Officer
Avnish Puri
Cash Management
Sharon Quinn
Senior Commercial Relationship Officer
Joseph Sova

Chief Credit Officer
Lee Thompson
Commercial Relationship Officer
James Wilkins

Vice Presidents

Community Association Banking
Lisa Allegro
Commercial Loan Administration
Andrea Blood
Enterprise Project Management
Joyce Burke
Merchant Services
Cheryl Cain
Commercial Relationship Officer
Ronald Fraser
Collections
Richard T. Harrity
Residential Loan Administration
Laura Hughes
Payments Risk Manager
Benjamin Lannin
Commercial Relationship Officer
Maureen Marshall
Investment Services
Mary McDonald
Financial Analyst
Karen Moe
Cash Management
Jill Mollica
Branch Administrator
David Morticelli
Commercial Relationship Officer
Kim Nguyen Marino
Commercial Relationship Officer
Ron Notaro
Training
Cori Olson

BSA Officer
Elizabeth Owen
Workout Manager
Charles L. Park, Jr.
Senior Mortgage Loan Officer
Edward Perachi

Commercial Relationship Officer
Daniel Provencher
Credit Manager
Justin Provencher

Commercial Relationship Officer
Michael Rullo
Loan Operations
Andrew Sabine

Senior Mortgage Loan Officer
Shrenik Shah

Residential Lending
Natalie Sousa
Investment Services
Edward J. Stearns III

Senior Mortgage Loan Officer
K. Joy Sullivan

Senior Mortgage Loan Officer
Kelly Tierney

Business Development Officer
Clifford Thompson

Health Care Solutions Relationship Officer
Lynda Westbrook

Commercial Relationship Officer
Robert Williamson

Assistant Vice Presidents

Branch Manager, Main Office
Lisette Arbelli
Human Resources
Danielle Avery
Creative Manager
Jessica Bonetti
Market Manager, Framingham Office
Jeremy Brandon
Market Manager, Northborough Office
Jennifer Cardoso
Payment Solutions
Erin Curry

Communications Manager
Katelin Cwieka

Facilities
Daniel DeAngelis
Loan Operations
Patricia DeSantis

Market Manager, Clinton Office
Jill deSousa

Portfolio Manager
Keith Dwinells

Branch Manager, Leominster Office
Denise Fernald

Assistant BSA Officer
Kevin Ferreira

Corporate Clerk & Project Manager
Mikala Geurtsen

Merchant Services Account Manager
Zachary Grant

Electronic Services
Lisa Joyce

Credit Card Issuing
Missy Lindberg

Business Banking Officer
Stephanie Luz

Marketing Manager
Sonia Mahnot

Risk Management
Melissa McDonald

HSA Client Relationship Officer
Mary Newton

Cash Management
Pamela O'Brien

Branch Manager, Westborough Office
Kimberly Perkins

Loan Operations
Amanda Ramsden

Commercial Relationship Officer
Tina Ramsey

Merchant Card Services
Heather Schneider

Business Banking Officer
Marcy Lynn Silva

Portfolio Manager
Robert Smith

Deposit Operations
Patti Wood

Digital Banking
Todd Wood

Bank Officers

Branch Manager, Marlborough Office
Heidi Borella

Commercial Loan Portfolio Officer
Ana Czapkowski

Assistant Controller
Denise Czermak

Branch Manager, Shrewsbury Office
Gargi Duttaroy

Senior Credit Analyst
Robert Eggleston

Branch Manager, Hudson South Office
Fernando Ferreira

Internal Audit
Tammy Gulcius

Senior Credit Analyst
John Iacobucci

Workout Officer
Lisa Luz

Residential Loan Officer
Andrew Nawrocki

Workout Officer
Karen Perillo

Information Security Officer
Joseph Provost

Customer Care Center Manager
Daniela Cunha Raphael

IT Manager
Dan Rowe

ASSETS	December 31, 2019	December 31, 2018	December 31, 2017
Cash and Cash Equivalents			
Casha and due from banks	\$54,931,678	\$32,708,228	\$39,828,384
Federal funds sold	5,654,364	265,028	256,726
Total cash and cash equivalents	<u>60,586,042</u>	<u>32,973,256</u>	<u>40,085,110</u>
Investment Securities			
Securities held to maturity	1,514,139	1,532,843	1,551,059
Securities available for sale (at fair value)	114,448,669	125,125,635	105,098,775
Total investment securities	<u>115,962,808</u>	<u>126,658,478</u>	<u>106,649,834</u>
Mortgage-backed and related securities	132,359,756	132,123,059	101,938,785
Loans receivable, net	1,279,999,233	1,225,270,629	1,187,577,330
Accrued interest receivable	4,815,327	4,804,664	4,439,824
Premises and equipment, net	20,087,871	19,389,084	19,527,206
Foreclosed real estate	-	1,958,199	780,000
Federal Home Loan Bank stock, at cost	2,741,300	5,329,500	9,706,700
Refundable federal and state income taxes	655,761	2,087,444	826,967
Deferred income taxes	4,875,328	6,157,366	4,703,354
Other assets	42,848,441	38,266,041	39,994,508
	<u>\$1,664,931,867</u>	<u>\$1,595,017,720</u>	<u>\$1,516,229,618</u>
<u>LIABILITIES AND RETAINED EARNINGS</u>			
Liabilities			
Deposits	\$1,432,797,035	\$1,338,526,206	\$1,103,940,261
Advances from Federal Home Loan Bank	30,000,000	72,983,256	183,573,191
Repurchase agreements	-	-	54,409,811
Advances from borrowers for taxes and insurance	2,770,954	2,515,975	2,038,805
Accrued interest payable	178,141	153,144	104,703
Accrued expenses and other liabilities	16,923,403	15,425,798	15,894,398
Subordinated debt	24,757,529	24,663,831	24,593,466
	<u>1,507,427,062</u>	<u>1,454,268,210</u>	<u>1,384,554,635</u>
Retained Earnings	155,603,393	141,132,165	129,123,005
Unrealized gain (loss) on securities available for sale, net of applicable deferred income taxes of \$719,212 in 2019, \$302,579 in 2018, and \$1,110,307 in 2017.	1,901,412	(382,655)	2,551,978
	<u>157,504,805</u>	<u>140,749,510</u>	<u>131,674,983</u>
	<u>\$1,664,931,867</u>	<u>\$1,595,017,720</u>	<u>\$1,516,229,618</u>

Consolidated statements of income (Unaudited)

	December 31, 2019	December 31, 2018	December 31, 2017
<u>INTEREST INCOME</u>			
Mortgage loans	\$35,812,558	\$34,737,420	\$32,485,017
Commercial loans	25,929,413	23,636,124	21,508,959
Other loans	437,637	400,506	527,211
Investment securities	3,038,103	2,836,181	2,017,245
Mortgage-backed and related securities	3,476,082	2,433,916	2,273,518
Other interest earning assets	745,176	430,752	172,102
	<u>69,438,969</u>	<u>64,474,899</u>	<u>58,984,052</u>
<u>INTEREST EXPENSE</u>			
Deposits	8,805,080	6,398,285	3,563,549
Borrowed funds	3,096,742	3,968,390	4,519,759
	<u>11,901,822</u>	<u>10,366,675</u>	<u>8,083,308</u>
<u>NET INTEREST INCOME</u>	57,537,147	54,108,224	50,900,744
PROVISION FOR LOAN LOSSES	2,825,000	3,700,000	2,675,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>54,712,147</u>	<u>50,408,224</u>	<u>48,225,744</u>
<u>NON-INTEREST INCOME</u>			
Fees and service charges	11,669,170	8,550,509	6,734,496
Gain on sale of investment securities, net	757,257	1,444,280	3,785,725
Investment management income	535,391	1,039,724	848,829
	<u>12,961,818</u>	<u>11,034,513</u>	<u>11,369,050</u>
<u>NON-INTEREST EXPENSE</u>			
Compensation and employee benefits	26,219,953	24,848,312	23,054,816
Occupancy and equipment	3,275,273	3,187,965	2,737,024
Marketing	1,874,692	1,248,369	1,276,656
Deposit insurance	882,832	1,125,246	1,097,995
Data processing	9,905,742	6,808,986	5,347,404
Depreciation	2,117,602	1,972,011	1,649,115
Other operating expenses	7,271,127	6,241,888	7,580,507
	<u>51,547,221</u>	<u>45,432,777</u>	<u>42,743,517</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES	16,126,744	16,009,960	16,851,277
FEDERAL AND STATE INCOME TAXES	3,789,425	4,413,984	8,084,000*
NET INCOME	<u>\$ 12,337,319</u>	<u>\$ 11,595,976</u>	<u>\$ 8,767,277</u>

* Due to the Tax Reform Law enacted in December 2017, an adjustment to Deferred Tax Assets caused a one-time expense of \$1.6 million. Excluding this adjustment, the Bank made Net Income of \$10.3 million.

Hudson

Corporate Headquarters
42 Main Street, Hudson, MA 01749
Monday-Friday: 8am-4pm

Avidia Financial Center
17 Pope Street, Hudson, MA 01749
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Hudson South Branch
221 Washington Street, Hudson, MA 01749
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-7pm
Saturday: 8:30am-12pm
24-hour drive-up ATM
24-hour walk-up ATM

Westborough

100 E. Main Street, Westborough, MA 01581
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Framingham

270 Cochituate Road, Framingham, MA 01701
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Clinton

1073 Main Street, Clinton, MA 01510
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Leominster

470 Lancaster Street, Leominster, MA 01453
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Marlborough

256 Maple Street, Marlborough, MA 01752
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Northborough

53 W. Main Street, Northborough, MA 01532
Monday - Wednesday: 8:30am-4pm
Thursday - Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Shrewsbury

23 Maple Avenue, Shrewsbury, AM 01545
Monday-Wednesday: 8:30am-4pm
Thursday-Friday: 8:30am-6pm
Saturday: 8:30am-12pm
24-hour drive-up ATM

Honest to goodness™  **Avidia Bank**

Member
FDIC



Member DIF

NMLS# 422902

avidia.com