

We did it. Together.



Avidia Bank
Honest to goodness.

2020 Annual Report



Support That's Built to Last

In times of challenge, we're often told to look for the helpers. We certainly saw our share of them in 2020 – from our healthcare workers on the front lines to cashiers and workers in grocery stores. People helping people is what being a part of community is all about, and as a community bank, Avidia was ready to pitch in to help.

Our commitment has always been to support our customers and communities – in good and challenging times.

To guide us along that path, we rely on three brand tenets that support everything we do. In 2020, these values helped us stay focused on what's always been our most important goal – putting people first.

INVESTED

To ensure the individual successes of each customer, client, community, and employee.



PERSONALIZED

To deliver convenient products and experiences that lead to individual success.



MAKE IT EASIER

To make it simpler for our customers and employees to reach their goals.

“We invite you to read on to learn more about how Avidia was invested in helping make life a little easier in 2020.”



Going Beyond What We All Thought Was Possible. Together.

An Honest Message from Our President.

Another year and another Avidia Bank Annual Report. But as we all know too well, 2020 was no ordinary year. With the COVID-19 pandemic and social unrest, we experienced many changes and challenges in our world – and in our own homes, neighborhoods, and businesses.

Still, amidst the social distances and shut downs, the pauses and pivots, we moved forward together in ways that went beyond what we all thought was even possible.

We developed and learned new and innovative ways of doing routine tasks. We realigned our schedules, workspaces, and priorities, and discovered resilience and abilities we didn't even know we had.

At Avidia, we're proud of what we've been able to overcome and accomplish together.

A community of people rising up to meet new challenges

Our foundation of sound financial management and investments in innovation helped us quickly provide support to local people and communities at a time when they needed it most.

To help meet the unprecedented challenges of small businesses, we originated over \$200 million in Paycheck Protection Program (PPP) loans. We also worked to provide financial relief to individuals and families through deferments and opportunities to skip loan payments.

Supporting our communities in challenging times requires the work of many. That's why we were proud to partner with non-profit organizations to stock depleted food pantries, provide protective equipment for healthcare workers, and support a range of ongoing needs.



Staying connected to local people

Our long-term investment in digital banking and other technology solutions helped us keep our customers safe and connected to their money. And, it allowed us to support remote work environments to help employees stay working and better manage unprecedented scheduling challenges at home.

Growing strength

Though we faced new priorities, we managed to continue our strategic goal of growth. We took in record deposits, providing our customers with a way to safeguard their money, and initiated a record number of mortgages to give people the opportunity to lower monthly payments and move forward with their homeownership dreams.

We also continued carrying out our plans to make banking convenient and personal for our customers with the relocation of our Washington Street branch and the renovation of our Headquarters in Hudson.

We look forward to 2021 with renewed strength and optimism as we strive to return to normal operations, and want to thank you for placing your trust in us during a year of tremendous challenge.

We did it. Together.

Sincerely,

Mark O'Connell, President & CEO

Invested



To ensure the individual successes of each customer, client, community, and employee.

A lot changed in 2020, including our goals, needs, and priorities. Heck, even our fashion choices (masks anyone?). Many of us also changed our definitions of success.

Businesses once open to expansion became focused on keeping their doors from closing. Savers once planning for long-term goals suddenly started planning for unexpected expenses. At Avidia, we were focused on doing whatever it takes to help local people achieve their successes in 2020.





Lending a hand to local businesses with PPP loans

The social distancing and shutdowns during 2020 left small businesses around the country with an unprecedented challenge: survival. That's why when the Small Business Administration announced the Paycheck Protection Program (PPP), which offered businesses forgivable loans for managing payroll and other expenses, we knew we had to help local businesses.

Through the hard work and collaboration of many of our employees and departments, we provided more than \$200 million in loans to some 1,700 businesses, helping keep businesses open and local people employed.

“We knew that PPP loans weren’t just important for businesses, but for our communities that depend on them.”

Rita Janeiro, Senior Vice President, Community Banking



Offering loan payment relief

With job losses and unemployment, many families faced challenges meeting their financial obligations, including credit card, mortgage, and other loan payments. To help ease the burden and boost cash flow, Avidia worked with our customers and offered opportunities to skip payments without impacting their credit.

Increasing community support

We've always been dedicated to doing our part to strengthen the cities and towns where our customers live and work. In 2020, we continued to support the non-profit organizations that work to make life better for others and increased our contributions to help local food pantries to help them meet increased demand.

Bank Donations

\$221,000

Charitable Donations

\$221,750



Dan DeAngelis, VP Facilities & Mikala Geurtsen, AVP Corporate Clerk & Project Manager, check in on progress at the new Washington St. Branch.

Building on our plans to serve

The pandemic may have paused life for a period, but it did not stop Avidia from moving forward with our plans to make banking more convenient in Hudson. Those plans included the relocation to a new branch on Washington Street, renovations to Avidia Headquarters on Main Street, and the expansion of the Financial Center on Pope Street. The decreased traffic during the pandemic actually expedited construction and reduced customer disruption.

Personalized



To deliver convenient products and experiences that lead to individual success.

Individuals and businesses have a lot of choices when it comes to where they want to bank. So we often honestly ask ourselves, “Why do people choose us?”

It’s not because we’re exceptionally bright (orange) or because we have revolutionary products and services that other banks don’t offer.

It’s because we offer convenient products and personal service that meet the needs of each individual customer.





Staying connected to the needs of our customers

In 2020, the global pandemic accelerated the future of digital banking as more and more individuals and businesses began banking online. As a bank that continually invests in technology, Avidia was ready for it.

But though banking offers safety and convenience, our customers must always have access to personal support when they need it, where they need it. That's why through branch appointments, drive-up services, and telephone support, we provided opportunities for our customers to get personal assistance to help them manage their finances.

Personal services

Our commitment to blend personal and digital service is why we continue to enhance our branch network. Our new, relocated branch on Washington Street in Hudson, for example, will offer expanded teller services as well as technology to allow customers to learn more about and experience the convenience of digital banking services.

Meeting the needs of our employees and customers

From the front lines to the back office, all our employees are essential to helping Avidia carry out our mission. To help keep them safe and, at the same time, meet changing circumstances at home, we shifted to a remote work environment wherever possible. Our investments in technology allowed us to make this shift without interrupting the service we provide to our customers.

Some department managers had the ability to provide flexible work hours when possible and scheduled one-on-one meetings to check in on employees to see how they were handling the stresses of the pandemic at home.



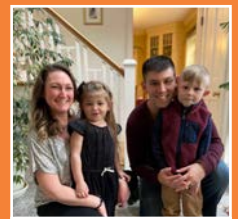
“We actually got to know each other beyond the work environment, which has brought us closer.”

Janel Maysonet, Senior Vice President
and Chief Marketing Officer.

Appreciation virtually for all members of the team

The pandemic also didn't stop us from continuing one of our most important traditions – our annual Employee Spirit Week, which honors the contributions of our 260 employees in all locations. Leveraging technology, employees were encouraged to post pictures of themselves and their families, and our President and CEO Mark O'Connell shared a video message. It was one of our most successful events even before the pandemic, giving us a chance to see each other and come together.

The photos to the right are a small portion of what was submitted by employees to show how they are working during the pandemic, whether remotely from home or on the front-lines.



Make it easier



**To make it simpler for our
customers and employees to
communicate and reach their goals.**

In times of uncertainty, it's essential that we feel connected not just to others, but to our finances. As a bank dedicated to innovation, Avidia continued to provide our customers with secure, convenient, and easy ways to connect to their money.





Putting financial control in our customers' hands

Through services like digital wallets, we allowed customers the ability to make safe and clean purchases. We also enhanced our Avidia mobile banking app to not only offer a fresh new design, but new features that allow them to take more control of their money on their terms.

The new app features all of the conveniences our customers are accustomed to – person-to-person payments, card controls, biometric ID, as well as new features, including Savvy Credit, a tool that gives people the power to access and manage their credit score as well as a new locator to make it easy for customers to find ATMs.

Closing in on convenience

We were also able to leverage the power of technology to streamline the mortgage process. In 2020, with the low rate environment, we initiated a record number of home refinances. With innovative services that allow for electronic signatures, we were able to simplify the closing process for our customers.

Delivering tools and information

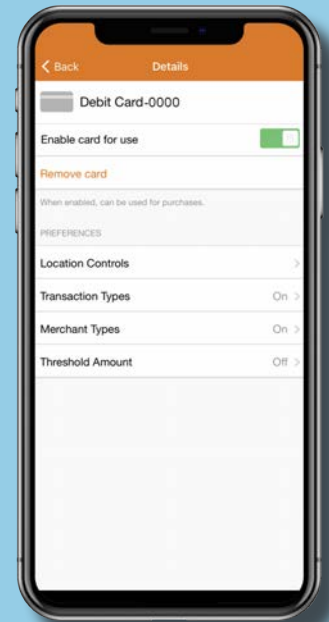
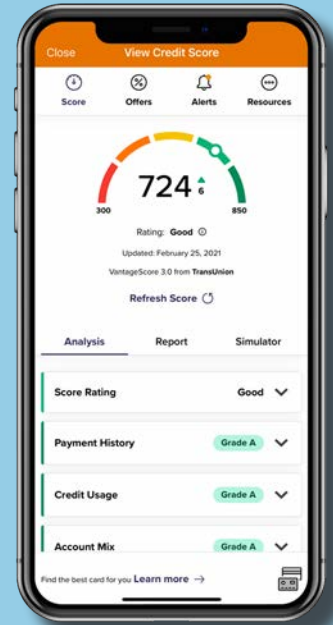
Part of being connected means having access to information. That is why we continually reached out to our customers through social media, email and the Avidia Advice blog to offer tips, tools, and information to help our customers manage and protect their money and stay informed about opportunities available to them, such as PPP loans and payment relief.

We also made a significant investment in Salesforce to help us identify customer needs and deliver solutions that help resolve them.

We'll continue to innovate and offer new features to our mobile banking app to ensure our customers always stay where they need to be – connected.

“The best banking is done in your pajamas.”

Lexi, Animated Spokesperson



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Benjamin H. Colonero Jr.
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Michael R. Girard
Joseph Grimaldo

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

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David Bagdon
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James Ball
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Michael D. Burks
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Richard Casaceli
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Joseph J. Durant

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Karim El-Gamal
Daniel Faselow
Neil Flanigan
Victor Galvani
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Mikala D. Geurtsen
Linda Ghiloni
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Maria Hopkins
Scott Hughes
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Philip C. Jack
Ian Johnson
Craig S. Johnston
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Stephen LeDuc
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James J. Morais
Nancy Moran
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Carol Parker
John R. Parsons Jr.

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David A. Philbin
David A. Pickering
William Reynolds
Ernest L. Rooney
Andrew Rubenstein
Michael P. Saliga
Joseph Santos
Gilbert Schiappa
Michael Seymour
Garrett F. Sullivan
Margaret B. M. Sullivan
James E. Tashjian
Patricia A. Thomas-Fuller
Paul Travis
Kim E. Underwood
Naray Viswanathan
Barry J. Whitney
Fred B. Williams
Constantino Zahariadis

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James E. Tashjian
Fred B. Williams



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Mark R. O'Connell

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Gerald L. Curley

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Chief Risk Officer
Nicolas Karamelek

Chief Lending Officer
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Senior Commercial
Relationship Officer
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Deposit Operations
Emily Braga

Security & Compliance
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Officer and Team Lead
Charles Budd

Retail Operations & Strategy
CarrieAnne Cormier

Human Resources
Thomas Doane

Community Association
Banking Team Lead
Howard Himmel

Community Banking
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Officer and Team Lead
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Development Officer
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Chief Credit Officer
Lee Thompson

Commercial
Relationship Officer
Robert Williamson

Commercial
Relationship Officer
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Association Banking
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Administration
Andrea Blood

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Project Management
Joyce Burke

Merchant Card Services
Cheryl Cain

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Northborough Office
Jennifer Cardoso

Facilities
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Loan Operations
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Payments Risk Manager
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Information Security Officer
Melissa McDonald

Financial Analyst
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Cash Management
Jill Mollica

Branch Administrator
David Morticelli

HSA Client
Relationship Officer
Mary Newton

Commercial
Relationship Officer
Kim Nguyen Marino

Commercial
Relationship Officer
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Training
Cori Olson

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Loan Officer
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Loan Officer
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Marcy Lynn Silva

Residential Lending
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Loan Officer
K. Joy Sullivan

Senior Mortgage
Loan Officer
Kelly Tierney

Health Care Solutions
Relationship Officer
Lynda Westbrook

Deposit Operations
Patti Wood

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Main Office
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Danielle Avery

Creative Manager
Jessica Bonetti

Market Manager,
Framingham Office
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Marketing Campaign
Manager
Moriah Canner

Payment Solutions
Erin Curry

Communications Manager
Katelin Cwieka

Assistant Controller
Denise Czermak

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Maud Dentico

Market Manager,
Clinton Office
Jill deSousa

Portfolio Manager
Keith Dwinells

Branch Manager,
Leominster Office
Denise Fernald

Project Manager &
Corporate Clerk
Mikala Geurtsen

Merchant Services Account
Manager, Team Leader
Zachary Grant

Electronic Services
Lisa Joyce

Credit Card Issuing
Missy Lindberg

Collections Manager
Lisa Luz

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Stephanie Luz

Digital Marketing Manager
Sonia Mahnot

Development Manager
Joshua Nasiatka

Cash Management
Pamela O'Brien

Loan Operations
Alan O'Rourke

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Westborough Office
Kimberly Perkins

Commercial
Relationship Officer
Tina Ramsey

IT Manager
Dan Rowe

Merchant Card Services
Heather Schneider

Small Business
Lending Officer
Lisa Silva

Portfolio Manager
Robert Smith

Digital Banking
Todd Wood

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Marlborough Office
Heidi Borella

Workout Officer
Edward Bransfield

Senior Risk Analyst
Michelle Chase

Commercial Loan
Portfolio Officer
Ana Czapkowski

Consumer Lending
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Shrewsbury Office
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Internal Audit
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Internal Audit
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Loan Operations
Kingsley Osias

Senior Payments Risk Analyst
Joseph Palombo

Customer Care
Center Manager
Daniela Cunha Raphael

BSA High Risk Specialist
Matthew Simas

Consolidated statements of financial condition (Unaudited)

ASSETS	December 31, 2020	December 31, 2019	December 31, 2018
Cash and Cash Equivalents			
Cash and due from banks	\$81,590,946	\$54,931,678	\$32,708,228
Money market funds	30,000,000	-	-
Federal funds sold	24,054,145	5,654,364	265,028
Total cash and cash equivalents	<u>135,645,091</u>	<u>60,586,042</u>	<u>32,973,256</u>
Investment Securities			
Securities, trading	961,722	-	-
Securities held to maturity	7,286,167	1,514,139	1,532,843
Securities available for sale (at fair value)	150,531,169	114,448,669	125,125,635
Total investment securities	<u>158,779,058</u>	<u>115,962,808</u>	<u>126,658,478</u>
Mortgage-backed and related securities	120,239,174	132,359,756	132,123,059
Loans receivable, net	1,526,096,979	1,279,999,233	1,225,270,629
Accrued interest receivable	7,067,140	4,815,327	4,804,664
Premises and equipment, net	21,866,591	20,087,871	19,389,084
Foreclosed real estate	-	-	1,958,199
Federal Home Loan Bank stock, at cost	2,202,500	2,741,300	5,329,500
Refundable federal and state income taxes	-	655,761	2,087,444
Deferred income taxes	4,020,632	4,875,328	6,157,366
Other assets	41,900,367	42,848,441	38,266,041
	<u>\$2,017,817,532</u>	<u>\$1,664,931,867</u>	<u>\$1,595,017,720</u>
<u>LIABILITIES AND RETAINED EARNINGS</u>			
Liabilities			
Deposits	\$1,772,975,544	\$1,432,797,035	\$1,338,526,206
Advances from Federal Home Loan Bank	20,000,000	30,000,000	72,983,256
Advances from borrowers for taxes and insurance	2,376,407	2,770,954	2,515,975
Accrued interest payable	122,471	178,141	153,144
Accrued expenses and other liabilities	25,233,522	16,923,403	15,425,798
Subordinated debt	24,851,227	24,757,529	24,663,831
	<u>1,845,559,171</u>	<u>1,507,427,062</u>	<u>1,454,268,210</u>
Retained Earnings			
Unrealized gain (loss) on securities available for sale, net of applicable deferred income taxes of \$1,948,951 in 2020, \$719,212 in 2019, and \$302,579 in 2018.	166,716,107	155,603,393	141,132,165
	5,542,254	1,901,412	(382,655)
	<u>172,258,361</u>	<u>157,504,805</u>	<u>140,749,510</u>
	<u>\$2,017,817,532</u>	<u>\$1,664,931,867</u>	<u>\$1,595,017,720</u>

Consolidated statements of income (Unaudited)

	December 31, 2020	December 31, 2019	December 31, 2018
<u>INTEREST INCOME</u>			
Mortgage loans	\$34,525,816	\$35,812,558	\$34,737,420
Commercial loans	30,052,037	25,929,413	23,636,124
Other loans	463,685	437,637	400,506
Investment securities	2,850,392	3,038,103	2,836,181
Mortgage-backed and related securities	2,900,905	3,476,082	2,433,916
Other interest earning assets	439,002	745,176	430,752
	<u>71,231,837</u>	<u>69,438,969</u>	<u>64,474,899</u>
<u>INTEREST EXPENSE</u>			
Deposits	7,019,313	8,805,080	6,398,285
Borrowed funds	2,002,645	3,096,742	3,968,390
	<u>9,021,958</u>	<u>11,901,822</u>	<u>10,366,675</u>
<u>NET INTEREST INCOME</u>	62,209,879	57,537,147	54,108,224
PROVISION FOR LOAN LOSSES	5,900,00	2,825,000	3,700,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>56,309,879</u>	<u>54,712,147</u>	<u>50,408,224</u>
<u>NON-INTEREST INCOME</u>			
Fees and service charges	13,533,613	11,669,170	8,550,509
Gain on sale of investment securities, net	2,135,557	757,257	1,444,280
Investment management income	989,799	535,391	1,039,724
	<u>16,658,969</u>	<u>12,961,818</u>	<u>11,034,513</u>
<u>NON-INTEREST EXPENSE</u>			
Compensation and employee benefits	28,403,220	26,219,953	24,848,312
Occupancy and equipment	3,520,758	3,275,273	3,187,965
Marketing	2,186,908	1,874,692	1,248,369
Deposit insurance	1,524,369	882,832	1,125,246
Data processing	12,409,417	9,905,742	6,808,986
Depreciation	2,409,953	2,117,602	1,972,011
Other operating expenses	7,401,407	7,271,127	6,241,888
	<u>57,856,032</u>	<u>51,547,221</u>	<u>45,432,777</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES	15,112,817	16,126,744	16,009,960
FEDERAL AND STATE INCOME TAXES	3,424,474	3,789,425	4,413,984
NET INCOME	<u>\$ 11,688,343</u>	<u>\$ 12,337,319</u>	<u>\$ 11,595,976</u>



Hudson • Westborough • Framingham
Clinton • Leominster • Marlborough • Northborough • Shrewsbury

Honest to goodness.  **Avidia Bank**

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