

On a Mission to Help People Succeed



The Avidia Bank 2021 Annual Report.

Built on Principles. Guided by Character. Lots of Characters.

OUR MISSION

To provide our communities with strong and efficient financial solutions and exceptional customer service.

OUR VISION

Avidia works hard to develop strong relationships with everyone in our communities and strives to be the best bank of any size or type in our markets.

OUR VALUES

Honesty
Caring
Inclusivity
Positivity
Good humor
Humility

Honest banking for the people by honest people.

They say if something works, you stick with it. That's why as a mutual bank founded in 1869, we've followed the same trusted path – to always put people first. Sure, we may have grown some, brightened our logo, and taken on some pretty interesting characters. But our true colors and character – honesty, service, and community – have never changed.



Strength. Resiliency. And Growth. That's the Story.

Every year tells a unique story. We believe the story of 2021 was one of continued resiliency, growth, and progress for the local people, businesses, and non-profits that work to improve life for all. Avidia was humbled to once again play a role in helping our customers and all members of our communities improve their lives in 2021.

Record growth – and confidence from our customers

From a financial perspective, we achieved our highest level of growth, including record deposits of \$2,079,221,872 – a milestone that highlights our customers trust in Avidia to safeguard their assets. We're proud to now stand strong as a \$2.3 billion financial institution that supports the needs of our customers and employees in dozens of communities.

Making homeownership affordable

In 2021, purchasing and owning a home became increasingly challenging for individuals and families. We were proud to provide answers to some of those challenges by delivering mortgages to help people purchase and improve their homes, lower their monthly payments, or get cash out to manage other life goals or expenses.

Lending a hand to businesses

Business didn't stop in 2021, nor did our commitment to supporting local companies, which are essential to our communities. To assist businesses still impacted by COVID-19, we offered 2nd round Payroll Protection Program (PPP) loans, providing 1,253 loans totaling \$103,060,982.

We also continued to build on our Commercial Banking portfolio, providing customized lending expertise to professionals across a range of industries. We're proud to have a commercial loan portfolio of \$1.2 billion and a very strong asset quality rating, which indicates the strength of our portfolio and customers.

Open to helping all people succeed

There's a reason inclusivity is one of our core values: we continued to welcome customers of all ages, backgrounds, economic brackets, and banking preferences. For customers who value safety and convenience, we enhanced our website and mobile banking services and offered touchless payment solutions. We also ensured that all our branches are easily accessible through drive-up windows, and completed the relocation of our Washington Street Hudson branch.

Strengthening our communities

Non-profit organizations continued to rely on Avidia in 2021, and we were once again ready to do our part to help support their range of causes – from food insecurity to housing to youth and elder services. In 2021, we gave \$5,014,552 through our Charitable Foundation, and provided \$272,285 in bank donations.

Of course, the story of 2021 would not be complete without recognizing our valued employees and all who have supported and guided us in our mission to make a difference, including Gerry Curley who retired from the Bank after 36 years of service.

We are grateful to all who have allowed us to play a role in their daily lives, and look forward to continuing to write new stories of success in 2022 – and beyond.



Mark O'Connell
President & CEO



GUIDED BY OUR MISSION



To provide our communities
with strong and efficient
financial solutions and
exceptional customer service.

Giving people what they need. It's as simple as that.

In all honesty, banking isn't all that complicated. People and businesses just want to be able to manage their money easily and affordably and get help when they have questions or a goal they want to achieve.

That's why for more than 150 years, Avidia has been on the same simple mission: to deliver the solutions and support people's needs.

Here are just a few ways we were proud to help people and businesses in 2021.

The new Avidia mobile app: the power to control finances, anytime, anywhere.

In 2021, we introduced our brand-new Mobile Banking app. In addition to offering a fresh, updated design, the app features new financial tools to help our customers manage money and reach their goals. Among them is **Savvy Credit**, a feature that provides personalized credit data and tools for managing credit scores. We also introduced **digital receipts** to make it easier for customers to keep track of transactions and organize expenses.

And to ensure all our customers can take advantage of a fast and touchless way to shop, we introduced **digital cards** for Samsung and Android devices.

That was just the start; the new technology will allow us to add more features and tools and put even more financial control where it honestly belongs – in the hands of our customers.

Goodbye ATM surcharges. Hello, FREEdom.

People should be free to go where they want to go – and to take their money with them. That's why in 2021, we eliminated surcharges for using other banks' ATMs in the United States. We've even added a surcharge-free ATM locator to our shiny new mobile app.

Helping people live the [home] dream.

In 2021, we were proud to make home dreams possible – whether it involved offering refinance mortgages to lower mortgage payments or make home improvements and other expenses more affordable. We also helped make first and second home ownership possible with competitively priced purchase mortgages and honest, helpful personal service.

Making room to serve customers in Hudson.

We're big into comfort – and giving our customers the freedom to bank the way they want. That's why to help customers seeking in-person services, we built and relocated to a new branch on Washington Street in Hudson. The larger location offers the latest technology, centralized parking, and the same familiar friendly and helpful core staff.



“The new branch makes it so much easier for us to greet our customers and help them with what they need to do. They love it and we do, too!”

Dominique Jean-Pierre, Branch Manager,
Washington Street, Hudson.

Banking on local business success.



We love a good business success story. That's why in 2021, we continued to provide loans and banking solutions to help small and large businesses build on their story and make a difference in our communities.

Businesses like **Off the Common Antiques** in Grafton, a vintage retail shop, which helps members of the community with a passion for creating, sell home products, services, antiques, jewelry, and more.

We love cheese ... and supporting Main Street businesses like **Mullahy's Cheese** in Hudson, which embodies the strength, pride, and resiliency of our communities in the aftermath of the pandemic.



“It's been a great way for us to help the community ... and a creative outlet that helps [people] support their families.”

Morgan King, owner, Off the
Common Antiques (shown here
with her husband and business
partner, Ed King).



“When I look around downtown Hudson, I see it's still busy ... we're still here.”

Katie Quinn, owner,
Mullahy's Cheese.



STRONG WITH OUR VISION



To develop strong relationships with everyone in our communities and strive to be the best bank of any size or type in our markets.

The strength of community. That's what we see.

Sure, banks talk about growth and strength in terms of deposits, assets, and earnings. At Avidia, we believe it's about more than that. Our true value is how we use our strengths to help our customers and communities grow stronger, too.

Here are just a few of the ways we were proud to accomplish that in 2021.

Assists for Kids



Patrice Bergeron in the studio recording voiceover for the upcoming Avidia Assists for Kids commercial.

What do you get when you put a black and gold hockey star, a red-hot sports radio station, and a very orange bank working to help kids? You get Assists for Kids, a program created with radio station, 98.5 The Sports Hub, and professional hockey player, Patrice Bergeron, to support local youth hockey. Avidia will donate \$25 for each assist made by Patrice and his teammates throughout the season and playoffs, up to \$30,000. And thanks to generous donations from Patrice's pals, another \$7,000 was raised to support MetroWest Youth Hockey.

Championing for Kids.

We do more when we work together. And for more than 20 years, Avidia and the Boys & Girls Club of Metrowest in Hudson have teamed up to help support local youth. Both organizations share a common belief: that every child no matter their background, upbringing, or circumstances deserves a chance to succeed.

To further support local youth and the amazing work of the Boys & Girls Club of Metrowest, we were proud to team up with 98.5 The Sports Hub and New England professional football player JC Jackson for “Be a Champion for a Child.” Avidia donated \$1,000 to the Boys & Girls Club for every defensive interception and defensive recovery, for a total of \$30,000. In addition, as part of the “Match of the Game” program, we were proud to provide tickets during every regular season home game to benefit a child and mentor from the Boys & Girls Club.



Avidia President & CEO, Mark O'Connell, with pro football player, JC Jackson.



Small Business. Big Difference.

Local businesses are what make our communities stronger – and unique. To help bring their services and contributions to light, Avidia teamed up with 98.5 The Sports Hub popular radio host, Tony Massarotti, to develop Bank Local - Shop Local. As part of this campaign, Tony visited the Rail Trail Flatbread Company in Hudson.



“I can honestly say, this is the first time I’ve had an actual relationship with a bank. They’ve made it easy for us to do business and make investments in new opportunities.”

Karim El-Gamal, co-owner, Rail Trail Flatbread Company, New City Microcreamery, and Less Than Greater Than speakeasy (pictured second from right) with (pictured from left to right) Michael Kasseris, and Jason Kleinerman, co-owners; and Tom Kepner, executive chef.



In recent times, the Boys & Girls Club has focused on a pressing new need impacting youth.

“We’ve seen more difficult behaviors in children from the stress and anxiety from the pandemic. As a non-profit, we rely heavily on the community to help provide the programs we need to support emerging needs. Avidia truly has been a cornerstone in our communities that’s always willing to help us invest in kids and the future of our communities.”

Chris Duane, President & CEO of the Boys & Girls Club of Metrowest

GROWING THROUGH OUR VALUES

Honest. Caring.
Inclusivity. Positivity.
Good humor. Humility.



Honest. Caring. Fun.

What we *really* strive to be as we grow up.

At Avidia, we've thought a lot about the kind of bank we want to be today – and in the future. We always want to be honest and upfront and deliver only what our customers need. That means no hidden fees or surprises on accounts and services. We also want to have a positive impact not just on our customers, but on all members of our communities.

Here are some of the ways we stayed true to these values in 2021.

Free to do what's best for people. That's the mutual difference.

Our charter as a mutual savings bank is the reason we are the way we are. That's a fancy way of saying we don't have stockholders, which means we can offer better rates and invest in services and solutions that are in the best interest of our customers. It means we have more lending flexibility to help business owners in good and challenging times. And it means, we can do something we enjoy doing a lot – giving back.

Offering work/life balance and brighter futures.

Our employees aren't just part of Avidia, they are Avidia. From our frontline branch staff to our back-end operations teams to our executive leadership, every employee is critical to our mission of supporting our customers and communities. We're proud to offer them opportunities to build their skills and careers, and flexible work schedules and benefits to help them make the most of their time at work – and at home.

Supporting causes and organizations that make us all stronger.

Growth is not just good. It allows us to do good – to give back to the community organizations, causes, and events that make our communities stronger. In 2021, we were proud to continue our tradition of giving back through the Avidia Bank Charitable Foundation, bank donations, and sponsorships of local events.

The new Avidia website. It's not about us.

As we've gotten older, we've realized another important value – humility. It's about what we can do for our customers. That was the inspiration for the much-needed, extreme makeover for our website. In addition to a bright new look, the new site was enhanced to make it easier for visitors to find just what they need, ditching all that boastful bank-speak and puffery. Who needs that?

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Carol V. Gallagher
Michael R. Girard
Joseph Grimaldo
Lona M. Lamson
Jeffrey B. Leland
Paul F. McGrath
Michael Murphy
Mark R. O'Connell
Brian Parker

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Oliver F. Nunes Jr.
James E. Tashjian



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David Bagdon
Daniel S. Ball
James Ball
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Karim El-Gamal
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Richard Hastings
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Michael Murphy
Sumathi Narayanan
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Philip B. O'Toole
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Carol Parker
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David A. Pickering
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Senior Commercial
Relationship Officer
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Audit Officer
Jocelyn Arsenault

Deposit Operations
Emily Braga

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BIN Sponsorship
Cheryl Cain

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CarrieAnne Cormier

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Relationship Officer
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Commercial
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Jovan Cintron

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Loan Operations
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Commercial
Relationship Officer
Ronald Fraser

Enterprise Project
Management
Mikala Geurtsen

Product Manager,
Merchant Acquiring
Zachary Grant

CRA Officer
Laura Hughes

Investment Services
David Korff

Business Banking Officer
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Investment Services
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Information Security Officer
Melissa McDonald

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Cash Management
Jill Mollica

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Development Manager
Joshua Nasiatka

HSA Client
Relationship Officer
Mary Newton

Training
Cori Olson

Loan Operations
Alan O'Rourke

Workout Manager
Charles L. Park, Jr.

Senior Residential
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Commercial
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James Picciotto

Credit Manager
Justin Provencher

Senior Residential
Loan Officer
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Senior Residential
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Senior Residential
Loan Officer
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Health Care Solutions
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Lynda Westbrook

Deposit Operations
Patti Wood

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Main Office
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Creative Manager
Jessica Bonetti

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Framingham Office
Jeremy Brandon

Digital Marketing
Manager
Moriah Canner

Operational Risk Manager
Michelle Chase

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Customer Care
Center Manager
Margaret Nelson

Project Manager
Daniela Cunha Raphael

Assistant Controller
Phi Truong



ASSETS	December 31, 2021	December 31, 2020	December 31, 2019
Cash and Cash Equivalents			
Cash and due from banks	\$279,697,722	\$81,590,946	\$54,931,678
Money market funds	31,000,000	30,000,000	-
Federal funds sold	-	24,054,145	5,654,364
Total cash and cash equivalents	<u>310,697,722</u>	<u>135,645,091</u>	<u>60,586,042</u>
Investment Securities			
Securities, trading	920,716	961,722	-
Securities held to maturity	11,752,159	7,286,167	1,514,139
Securities available for sale (at fair value)	181,614,016	150,531,169	114,448,669
Total investment securities	<u>194,286,891</u>	<u>158,779,058</u>	<u>115,962,808</u>
Mortgage-backed and related securities	142,124,531	120,239,174	132,359,756
Loans receivable, net	1,586,227,167	1,526,096,979	1,279,999,233
Accrued interest receivable	6,245,984	7,067,140	4,815,327
Premises and equipment, net	23,708,668	21,866,591	20,087,871
Federal Home Loan Bank stock, at cost	1,696,200	2,202,500	2,741,300
Refundable federal and state income taxes	367,373	-	655,761
Deferred income taxes	6,287,714	4,020,632	4,875,328
Other assets	45,739,522	41,900,367	42,848,441
	<u>\$2,317,381,772</u>	<u>\$2,017,817,532</u>	<u>\$1,664,931,867</u>
<u>LIABILITIES AND RETAINED EARNINGS</u>			
Liabilities			
Deposits	\$2,079,221,872	\$1,772,975,544	\$1,432,797,035
Advances from Federal Home Loan Bank	10,000,000	20,000,000	30,000,000
Advances from borrowers for taxes and insurance	2,829,077	2,376,407	2,770,954
Accrued interest payable	62,989	122,471	178,141
Accrued expenses and other liabilities	17,151,218	25,233,522	16,923,403
Subordinated debt	24,944,925	24,851,227	24,757,529
	<u>2,134,210,081</u>	<u>1,845,559,171</u>	<u>1,507,427,062</u>
Retained Earnings	183,999,098	166,716,107	155,603,393
Unrealized gain (loss) on securities available for sale, net of applicable deferred income taxes of \$302,579 in 2021, \$1,948,951 in 2020, and \$719,212 in 2019.	(827,407)	5,542,254	1,901,412
	<u>183,171,691</u>	<u>172,258,361</u>	<u>157,504,805</u>
	<u>\$2,317,381,772</u>	<u>\$2,017,817,532</u>	<u>\$1,664,931,867</u>

	December 31, 2021	December 31, 2020	December 31, 2019
<u>INTEREST INCOME</u>			
Mortgage loans	\$33,689,516	\$34,525,816	\$35,812,558
Commercial loans	35,507,688	30,052,037	25,929,413
Other loans	375,628	463,685	437,637
Investment securities	3,304,025	2,850,392	3,038,103
Mortgage-backed and related securities	1,852,923	2,900,905	3,476,082
Other interest earning assets	395,044	439,002	745,176
	<u>75,124,824</u>	<u>71,231,837</u>	<u>69,438,969</u>
<u>INTEREST EXPENSE</u>			
Deposits	3,979,760	7,019,313	8,805,080
Borrowed funds	1,963,578	2,002,645	3,096,742
	<u>5,943,338</u>	<u>9,021,958</u>	<u>11,901,822</u>
<u>NET INTEREST INCOME</u>	69,181,486	62,209,879	57,537,147
PROVISION FOR LOAN LOSSES	3,125,000	5,900,00	2,825,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>66,056,486</u>	<u>56,309,879</u>	<u>54,712,147</u>
<u>NON-INTEREST INCOME</u>			
Fees and service charges	13,430,679	13,533,613	11,669,170
Gain on sale of investment securities, net	6,322,011	2,135,557	757,257
Investment management income	1,270,607	989,799	535,391
	<u>21,023,297</u>	<u>16,658,969</u>	<u>12,961,818</u>
<u>NON-INTEREST EXPENSE</u>			
Compensation and employee benefits	32,446,393	28,403,220	26,219,953
Occupancy and equipment	4,229,491	3,520,758	3,275,273
Marketing	2,437,984	2,186,908	1,874,692
Deposit insurance	1,748,815	1,524,369	882,832
Data processing	13,158,722	12,409,417	9,905,742
Depreciation	2,509,833	2,409,953	2,117,602
Other operating expenses	7,572,844	7,401,407	7,271,127
	<u>64,104,082</u>	<u>57,856,032</u>	<u>51,547,221</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES	22,975,700	15,112,817	16,126,744
FEDERAL AND STATE INCOME TAXES	5,621,930	3,424,474	3,789,425
NET INCOME	<u>\$ 17,353,770</u>	<u>\$ 11,688,343</u>	<u>\$ 12,337,319</u>



Hudson • Westborough • Framingham
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