



Growing in new ways.

Honestly.

**At Avidia, we believe
growth is a very good thing.**

It helps:

Our customers achieve their goals.

Our employees build brighter futures.

**Nonprofits get the money they need to
carry out their missions.**



In 2022, we were proud to grow stronger in new and exciting ways – like banking on new industries, expanding lending in underserved areas, and working to ensure all individuals have a chance to thrive at work and in the world.

But no matter how much we grow, we'll never lose sight of the mission and values that got us started.

Honest to goodness.®

Honestly Proud of What We Accomplished Together.

I'm pleased to present the 2022 Avidia Annual Report. This year's message is bittersweet, as it will be my last annual address before I retire in May, after 35 years of service. I am so very proud of what we were able to accomplish this past year and during my tenure as your President & CEO for nearly two decades.

By all accounts, 2022 was another solid year for Avidia. Our assets climbed to \$2.5 billion and earnings to \$8.9 million. Further, our credit quality was exceptional with loan delinquencies at record lows.

With soaring inflation and the resulting interest rate hikes from the Fed, the year presented many challenges for individuals, families, businesses, and nonprofits. Yet, Avidia stood strongly by them to provide financial solutions and support to help them move forward with their plans and goals.

Growing support for businesses

While rising interest rates hampered residential loan growth, we experienced a strong year of growth in commercial lending and banking. We worked with a variety of new and emerging businesses, including cannabis businesses, which benefited from our cash management expertise and business

experience. We also built on our commitment to FinTech companies, helping provide them with access to Card networks and real-time payment capabilities to boost cash flow.

Growing support for our communities

In 2022, we were also proud to continue our mission to support our communities in new ways, including expanding our lending area to help individuals in low-to-moderate income communities obtain loans to reach their goals, such as home ownership. We were also proud to support the growth of minority- and women-owned businesses and to continue providing bank donations as well as charitable grants from the Avidia Charitable Foundation to help non-profit organizations advance their missions.

Championing for a more inclusive workplace – and world

In 2022, we made Diversity, Equity, & Inclusion (DE&I) a strategic priority by implementing an employee survey to gauge our performance, introducing mentorship programs with senior executives, and sponsoring a discussion group to ensure that every employee has a chance to speak, to be heard, and to thrive.

The future is bright at Avidia

I will be leaving Avidia with great gratitude for your support these past 35 years and the utmost confidence in my successor, Robert D. Cozzone. His leadership experience and impressive qualifications make him the perfect choice to continue the wonderful mission we started together.

I want to thank the Board, our corporators, employees, and all our customers and community partners for the opportunity to serve you. It has truly been my honor and privilege.



Mark O'Connell
President & CEO



Mark O'Connell, President & CEO with succeeding President & CEO, Robert Cozzone. (R)

Creating New Avenues for Growth.

At Avidia, we've never been shy about our love for **small businesses**. They **bring jobs, stability, and strength to our communities** and help build better lives for all.

That's why in 2022, we were proud to not just grow in our support for small businesses, but to do so in some pretty innovative ways.



Banking on the Success of Women-Owned Business

Women-owned businesses are a powerful economic force, producing millions of jobs each year. Yet, though these businesses are important drivers of our economies, many women face challenges getting the credit and financial support they need.

At Avidia, we believe in the power of women-owned businesses and are dedicated to providing them with the financial solutions and expertise they need. Just ask Milka Njoroge, Milka is CEO and Administrator of Century Homecare, a Worcester-based business with 200 employees that provides home healthcare support.

“To run a successful business, it takes more than a village. Avidia is always looking out for us and connecting us to what we need, whether it’s a PPP loan or a grant opportunity.”

-Milka Njoroge, CEO and Administrator of Century Homecare (Pictured at right.) We are so proud to support her and her growing business.



Supporting Cannabis Businesses

When we say we're dedicated to helping growing businesses, we mean it. Literally. That's why in 2018, we decided to support the emerging legal cannabis industry in the communities we serve. Today, as a full-service commercial bank with expertise in cash management, we're helping some 25 cannabis-related businesses at various stages of growth manage their cash flow and deposit needs as well as the security risks of managing cash transactions.

Our commitment to this industry has also helped us make an even bigger impact in the lives of business owners granted licenses for social equity, including minorities, women, and those adversely impacted by the war on drugs.

"We really focus on supporting these businesses not just by discounting fees and helping them manage cash, but by sharing our contacts to help them manage other aspects of their business, such as accounting or transportation," said Nicolas Karmelek, Executive Vice President, Chief Risk Officer.

"We also provide personal loans, such as mortgages to help business owners and their employees reach their goals."



Trade Roots, located in Wareham, MA, is owned and operated by Jesse Pitts (L) and Carl Giannone (R.) Their product is grown and produced on-site and we couldn't be more excited to be part of their cannabis business journey.

Banking on the Future with FinTech

What do you get when you combine finance, technology, and an orange-small-business-loving-forward-thinking community bank? You get Avidia FinTech Banking, which provides a full suite of banking and payment options to help start-ups and small businesses accept payments and build cash flow.

In 2021, we built on our capabilities to meet a growing need in the industry – real-time payments. For small businesses, such as merchants and restaurants that have to wait days for card payments to settle, it's a gamechanger.

Avidia was one of the first community banks to offer this capability, which was made possible through our partnerships with card networks and our membership in The Clearing House. With real-time payments, card payments are settled almost instantaneously and funds are electronically transferred to merchant accounts, giving businesses faster access to cash.



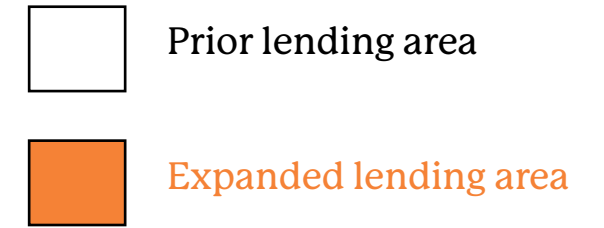
Growing for Good.

Don't get us wrong, we love strong financials and knowing we're doing well. But what really excites us is when we can **leverage that strength to do good.**

In 2022, we were proud to make a difference in our communities in some new and innovative ways.

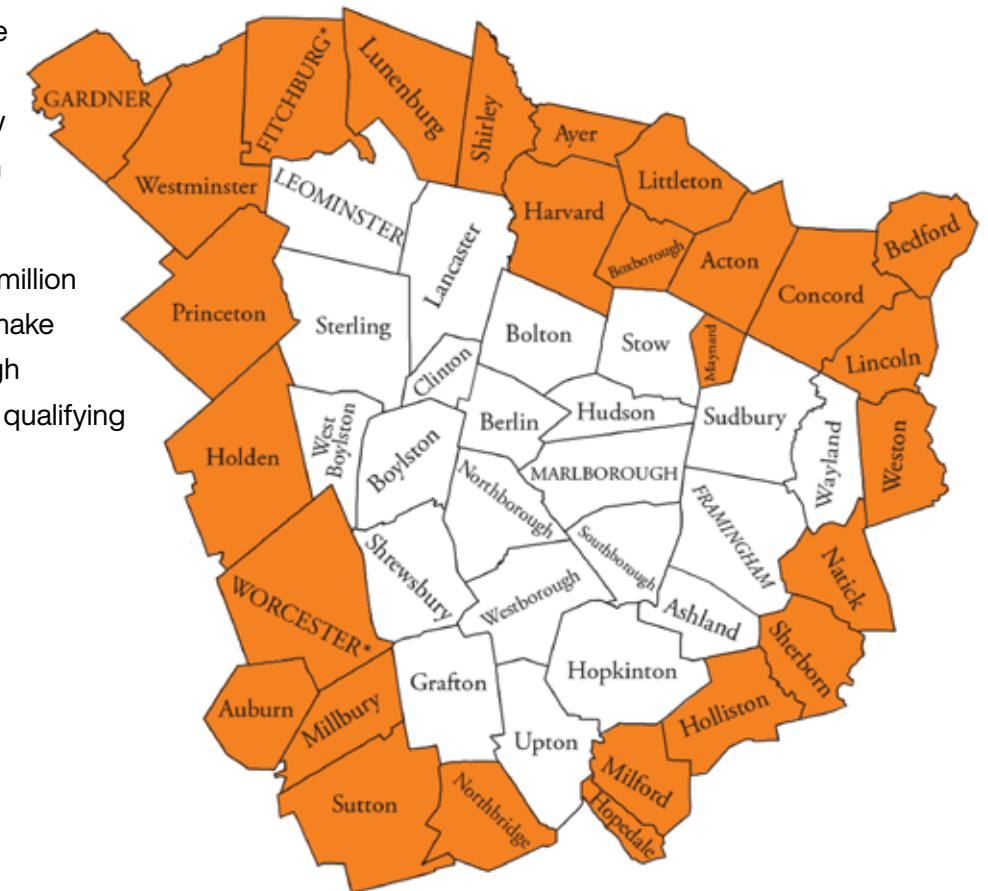


Removing Barriers for Low-to-Moderate Income Individuals



Every individual deserves the chance to reach their financial goals. Yet, for individuals living with low-to-moderate income, it's often difficult to get the loans they need to reach their financial goals, like buying a home. To help these individuals access the credit they need, we expanded our lending area to some 25 new communities outside our branch footprint.

Among our initiatives was a \$10 million affordable housing program to make homeownership possible through reduced costs and more flexible qualifying requirements.



Building on a Winning Partnership

How can you help build local businesses and give back to the community? You team up with a winning golf partner like the New England PGA (NEPGA) to offer a credit card to help golf professionals manage their cash flow while donating back to the community.

With this unique program, now in its 8th year, a percentage of every card purchase goes to support the PGA's charitable foundation, PGA Reach. This year, Avidia donated more than \$38,000 to the foundation which was a direct result of purchases made through the NEPGA credit card program. These funds will be used to deliver golf-based program to help support youth, veterans and their families, and diversity.

“The program has helped hundreds of veterans, youth, and others. It’s an amazing partnership. Avidia is a community bank and the PGA is a community.”

- Mike Higgins, Executive Director of NEPGA



Presenting Avidia Bank's donation to Mike Bradshaw, PGA, NEPGA President (R) for PGA REACH, New England are Erin Curry, VP Payment Solutions, and Cliff Thompson, SVP Payments Business Development Officer.

Building a Better Workplace - and World

To ensure that every employee has the opportunity to learn, grow, and be heard, we took some major steps with DE&I. As part of these initiatives, we created an employee survey to evaluate our performance in meeting their needs.

We also created media-based discussion groups on issues impacting social equity and created mentorship programs that allows employees to meet and learn from senior leaders.

Our work, however, is not done. We'll continue to look for ways to advance social equity and do our part to create a better workplace and world.

Diversity, Equity & Inclusion

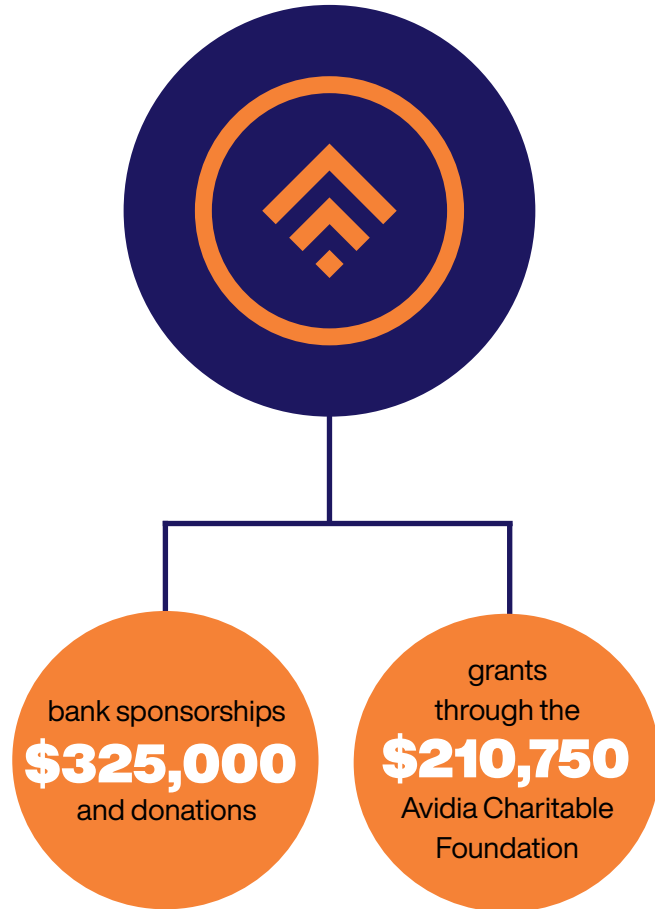


“The survey helped to create a larger picture of the employees’ perspective to tailor initiatives and programming throughout the year. We’ve made some great progress, but are looking forward to continuing the process in 2023!”

- Tom Doane, SVP Human Resources, Avidia Bank

Giving Bank to our Communities

In 2022, Avidia was proud to continue supporting non-profit organizations and events that make our communities stronger.



Avidia donated to more than 400 organizations, including the ones listed below.

- Boys and Girls Club of MetroWest Inc
- Big Brother Big Sister
- Foundation for MetroWest
- North Star Family Services, Inc.
- MetroWest Chamber of Commerce
- MetroWest YMCA
- Seven Hills Foundation and Affiliates
- Greater Framingham Community Church
- UMass Memorial Health - Marlborough Hospital
- Corridor 9/495 Regional Chamber of Commerce
- India Society of Worcester
- MetroWest Visitors Bureau
- Marlborough Public Library Foundation
- The RF Wood Foundation, Inc
- Metro West Conference for Women
- MassCPA's
- The New England Center for Children
- Mass Bankers Association Charitable Foundation
- Daniel's Table Inc
- Family Promise Metrowest
- City Kids, Inc.
- South Middlesex Opportunity Council, Inc.
- HORIZONS FOR HOMELESS CHILDREN INC
- The Advanced Math & Science Academy
- Marlborough Regional Chamber of Commerce Inc
- OUT MetroWest
- The Pastoral Counseling Centers of MA, Inc



In 2022, we were proud to once again partner with 98.5 The Sports Hub to bring out Boston professional sports stars like Adrian Phillips and Patrice Bergeron to help support youth programs. Both programs raised over \$60,000 for Framingham Youth Hockey and the Boys & Girls Clubs of Metrowest.



“Through the support provided by Avidia Bank and the Avidia Charitable Foundation and Be a Champion for a Child campaign, our community’s youth received access to the programs and resources they need to continue building their great futures.”

- Laura Terzigni, VP Boys & Girls Clubs of Metrowest

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Paul Blazar
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Neil Flanigan
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Michael R. Girard
Joseph Grimaldo
Jeffrey B. Leland
Michael Murphy
Mark R. O'Connell
Brian Parker

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James E. Tashjian

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Kim E. Underwood
Naray Viswanathan
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Constantino Zahariadis

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BIN Sponsorship
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Merchant Acquiring
Zachary Grant

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Mary Newton

Enterprise Application
Systems
Cori Olson

Payments Risk and
Underwriting Manager
Joseph Palombo

Workout Manager
Charles L. Park, Jr.

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Loan Officer
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Commercial
Relationship Officer
James Picciotto

Credit Manager
Justin Provencher

Information Security
Officer
Dan Rowe

Senior Residential
Loan Officer
Shrenik Shah

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Investment Services
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Loan Officer
K. Joy Sullivan

Senior Residential
Loan Officer
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Health Care Solutions
Relationship Officer
Lynda Westbrook

Deposit Operations
Patti Wood

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Marlborough Office
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Branch Manager,
Hudson South Office
Karen Briggs

Digital Marketing
Manager
Moriah Canner

Salesforce Platform
Manager
James Coelho

Business Banking Officer
Maud Dentico

Consumer Lending
Mickey Desai

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Portfolio Manager
Keith Dwinells

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Missy Lindberg

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Lisa Luz

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Robert Smith

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Merchant Card Services
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Team Lead
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Workout Officer
Edward Bransfield

Card Issuing and
Implementation
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Project Manager
Daniela Cunha Raphael

BSA Team Leader
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Payments Risk Team Lead
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Residential Loan Officer
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Loan Operations Supervisor
Jennifer Smith

BSA High Risk Team Leader
Ryan Trouve

Assistant Controller
Phi Truong

Lead Payments Underwriter
Kyoung Wong

Lead Payments Underwriter
Marie Zedaker

ASSETS	December 31, 2022	December 31, 2021	December 31, 2020
Cash and Cash Equivalents			
Cash and due from banks	\$77,852,893	\$279,697,722	\$81,590,946
Money market funds	-	31,000,000	30,000,000
Federal funds sold	-	-	24,054,145
Total cash and cash equivalents	<u>77,852,893</u>	<u>310,697,722</u>	<u>135,645,091</u>
Investment Securities			
Securities, trading	6,212,701	920,716	961,722
Securities held to maturity	16,648,663	11,752,159	7,286,167
Securities available for sale (at fair value)	211,120,594	181,614,016	150,531,169
Total investment securities	<u>233,981,958</u>	<u>194,286,891</u>	<u>158,779,058</u>
Mortgage-backed and related securities	128,316,546	142,124,531	120,239,174
Loans receivable, net	1,925,068,777	1,586,227,167	1,526,096,979
Accrued interest receivable	7,258,200	6,245,984	7,067,140
Premises and equipment, net	26,817,563	23,708,668	21,866,591
Federal Home Loan Bank stock, at cost	12,779,300	1,696,200	2,202,500
Refundable federal and state income taxes	119,495	367,373	-
Deferred income taxes	17,454,389	6,287,714	4,020,632
Other assets	46,610,801	45,739,522	41,900,367
	<u>\$2,476,259,922</u>	<u>\$2,317,381,772</u>	<u>\$2,017,817,532</u>
<u>LIABILITIES AND RETAINED EARNINGS</u>			
Liabilities			
Deposits	\$1,963,197,180	\$2,079,221,872	\$1,772,975,544
Advances from Federal Home Loan Bank	296,500,00	10,000,000	20,000,000
Advances from borrowers for taxes and insurance	3,424,223	2,829,077	2,376,407
Accrued interest payable	135,203	62,989	122,471
Accrued expenses and other liabilities	24,500,365	17,151,218	25,233,522
Subordinated debt	27,407,860	24,944,925	24,851,227
	<u>2,315,164,831</u>	<u>2,134,210,081</u>	<u>1,845,559,171</u>
Retained Earnings	192,955,720	183,999,098	166,716,107
Unrealized gain (loss) on securities available for sale, net of applicable deferred income taxes of (\$11,848,806) in 2022, (\$318,131) in 2021, and \$1,948,951 in 2020.	(31,860,629)	(827,407)	5,542,254
	<u>161,095,091</u>	<u>183,171,691</u>	<u>172,258,361</u>
	<u>\$2,476,259,922</u>	<u>\$2,317,381,772</u>	<u>\$2,017,817,532</u>

	December 31, 2022	December 31, 2021	December 31, 2020
INTEREST INCOME			
Mortgage loans	\$38,297,119	\$33,689,516	\$34,525,816
Commercial loans	35,312,306	35,507,688	30,052,037
Other loans	285,185	375,628	463,685
Investment securities	4,701,162	3,304,025	2,850,392
Mortgage-backed and related securities	2,809,667	1,852,923	2,900,905
Other interest earning assets	1,771,788	395,044	439,002
	<u>83,177,227</u>	<u>75,124,824</u>	<u>71,231,837</u>
INTEREST EXPENSE			
Deposits	3,964,234	3,979,760	7,019,313
Borrowed funds	3,821,165	1,963,578	2,002,645
	<u>7,785,399</u>	<u>5,943,338</u>	<u>9,021,958</u>
NET INTEREST INCOME	75,391,828	69,181,486	62,209,879
PROVISION FOR LOAN LOSSES	1,225,00	3,125,000	5,900,00
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>74,166,828</u>	<u>66,056,486</u>	<u>56,309,879</u>
NON-INTEREST INCOME			
Fees and service charges	9,565,483	13,430,679	13,533,613
Change in market value for investment securities, net	(5,892,281)	6,322,011	2,135,557
Investment management income	1,359,963	1,270,607	989,799
	<u>5,033,165</u>	<u>21,023,297</u>	<u>16,658,969</u>
NON-INTEREST EXPENSE			
Compensation and employee benefits	34,414,984	32,446,393	28,403,220
Occupancy and equipment	4,899,508	4,229,491	3,520,758
Marketing	3,051,479	2,437,984	2,186,908
Deposit insurance	1,604,260	1,748,815	1,524,369
Data processing	13,241,772	13,158,722	12,409,417
Depreciation	2,564,344	2,509,833	2,409,953
Other operating expenses	7,112,725	7,572,844	7,401,407
	<u>66,889,072</u>	<u>64,104,082</u>	<u>57,856,032</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES	12,310,921	22,975,700	15,112,817
FEDERAL AND STATE INCOME TAXES	3,354,299	5,621,930	3,424,474
NET INCOME	<u>\$ 8,956,622</u>	<u>\$ 17,353,770</u>	<u>\$ 11,688,343</u>



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