FR Y-6
OMB Number 7100-0297
Approval expires November 30, 2022

Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Mark R. O'Connell
Name of the Holding Company Director and Official

President & CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter *and* *individual consent to public release of all details in the report concerning that individual.*

DocuSigned by:
Mark O'Connell
7FE0E5F467B84D1...
Signature of Holding Company Director and Official

3/29/2022
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2021
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Assabet Valley Bancorp
Legal Title of Holding Company

42 Main Street
(Mailing Address of the Holding Company) Street / P.O. Box

Hudson	MA	01749
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Karen E. Moe	VP Assistant Treasurer
Name	Title

978-567-3582
Area Code / Phone Number / Extension

978-567-3601
Area Code / FAX Number

k.moe@avidiabank.com
E-mail Address

Address (URL) for the Holding Company's web page

For holding companies *not* *registered with the SEC–*
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... ☐
2. a letter justifying this request has been provided separately ... ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

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City State Zip Code

Physical Location (if different from mailing address)

‘2021 FORM Y-6

ASSABET VALLEY BANCORP
42 MAIN STREET
HUDSON, MA 01749
FISCAL YEAR ENDING DECEMBER 31, 2021

Report Item 1A Form 10-K

N/A

Report Item 1B Annual Reports

Enclosed

Report Item 2 Organizational Chart

Enclosed

Report Item 2bDomestic Branch Listing

Enclosed

Report Item 3 Shareholders

Assabet Valley Bancorp is a mutually owned holding company. There are no shareholders.

Report Item 4 Directors and Officers

Enclosed report

Avidia Bank

March 24, 2022

Berry Dunn McNeil & Parker, LLC
Certified Public Accountants
1000 Elm Street, 4th Floor
Manchester, NH 03101

We are providing this letter in connection with your audit of the internal control over financial reporting of Assabet Valley Bancorp and Subsidiary (the Company), as of December 31, 2021, for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We are responsible for establishing and maintaining effective internal control over financial reporting.

2. We have performed an assessment of the effectiveness of the Company's internal control over financial reporting based on criteria established in COSO.

3. We have not used the audit procedures you performed during your audit of internal control over financial reporting or the financial statements as part of the basis for our assessment about the effectiveness of internal control over financial reporting.

4. The Company maintained effective internal control over financial reporting as of December 31, 2021 based on criteria established in COSO.

5. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting. There were no such deficiencies that we believe to be material weaknesses in internal control over financial reporting.

6. We have no knowledge of any fraud or suspected fraud affecting the Company that has resulted, or could result, in a material misstatement of the Company's financial statements, or any fraud or suspected fraud involving senior management or management or other employees who have a significant role in the Company's internal control over financial reporting.

7. All significant deficiencies and material weaknesses that you identified in your previous engagement and communicated to management and those charged with governance, if any, have been resolved.

8. There have been no changes in internal control over financial reporting and other events subsequent to December 31, 2021 that might significantly affect internal control.

Very truly yours,

Mark O'Connell, President and Chief Executive Officer

Margaret Sullivan, Chief Financial Officer

Jocelyn Arsenault, SVP Internal Audit

Avidia Bank

March 24, 2022

Berry, Dunn, McNeil & Parker
Certified Public Accountants
1000 Elm Street, 4th Floor
Manchester, NH 03101

This representation letter is provided in connection with your audits of the consolidated financial statements of Assabet Valley Bancorp and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of net income, comprehensive income, changes in capital and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 24, 2022, the following representations made to you during your audits.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 16, 2021, including our responsibility for the preparation and fair presentation of the financial statements.

2) The consolidated financial statements referred to above are fairly presented in conformity with U.S. GAAP, and include all disclosures necessary for such fair presentation and disclosures required to be included therein by the laws and regulations to which the Company is subject.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) All of the following have been properly recorded or disclosed in the consolidated financial statements as applicable:
    a) Related party relationships and transactions and related amounts receivable or payable, including loans, deposits, sales, purchases, transfers, leasing arrangements, and guarantees.
    b) Contingent assets and liabilities, including loans charged off and outstanding letters of credit.
    c) Commitments to originate, purchase, or sell loans and participations.
    d) Commitments to purchase or sell securities, including commitments to purchase or sell securities under forward-placement, financial-futures contracts, and standby commitments.
    e) Positions in financial futures contracts or other derivative securities.
    f) The status of the Company's capital plan filed with regulators.
    g) Sales of loans or other transfers of financial assets.
    h) The following information about financial instruments with concentrations of credit risk:
        i. The common activity, region, or characteristic that identifies the concentration.
        ii. The maximum loss that could result if the counterparties completely failed to perform their obligations and any collateral for the amounts due were worthless to the Company.
        iii. The Company's policy of requiring collateral to minimize the risk, the nature of this collateral, and information about the Company's access to the collateral.
    i) Lease obligations under long-term leases.

8) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

9) We have disclosed to you all of our—
    a) Nonperforming assets.
    b) Intentions to foreclose or repossess property.

10) If applicable, provision has been made for:
    a) Losses, costs, or expenses that may be incurred in the collection of securities, loans, leases, and real estate.
    b) Losses, costs, or expenses that may be incurred in the disposition of other real estate owned.
    c) Liabilities for interest on deposits and other indebtedness, including subordinated capital notes and participation loans.
    d) Other than temporary declines in the value of investment securities and other investment assets.

11) We agree with the findings of appraisers used and have adequately considered the qualifications of the appraisers in determining the amounts and disclosures in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to appraisers regarding the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the appraisers.

12) The classification of securities and other investment assets as held-to-maturity, available-for-sale, or trading correctly reflects management's ability and intent.

13) No transactions or activities are planned that would result in any recapture of the base-year, tax-basis bad debt reserve.

14) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

15) Material concentrations have been properly disclosed in accordance with U.S. GAAP.

16) Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

17) The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Company—Specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Information Provided

19) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
    d) Minutes of the meetings of stockholders, directors, committees of directors, credit/loan committee, asset/liability management committee, other relevant committees or summaries of actions of recent meetings for which minutes have not yet been prepared.
    e) All regulatory or examination reports, supervisory correspondence, and similar materials from applicable regulatory agencies, including communications about supervisory actions or noncompliance with, or deficiencies in, rules and regulations or supervisory actions.

20) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

21) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

22) We have no knowledge of any fraud or suspected fraud that affects the Company and involves:
    a) Management,
    b) Employees who have significant roles in internal control, or
    c) Others where the fraud could have a material effect on the financial statements.

23) We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, analysts, regulators, or others.

24) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

25) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations, or supervisory actions, whose effects should be considered when preparing financial statements.

26) We have disclosed to you all known actual or possible litigation, claims, and assessments, including any liabilities resulting from acting in a fiduciary capacity, whose effects should be considered when preparing the financial statements.

27) We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.

28) Related party transactions (including insider loans) have been entered into in compliance with existing regulations.

29) The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral or deposited in escrow as security, except as disclosed in the consolidated financial statements.

30) There are no regulatory examinations currently in progress for which we have not received examination reports.

Very truly yours,

ASSABET VALLEY BANCORP AND SUBSIDIARIES

Mark O'Connell,
President and Chief Executive Officer

Margaret Sullivan,
Chief Financial Officer

Jocelyn Arsenault,
SVP Internal Audit

Assabet Valley Bancorp and Subsidiary

Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

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BerryDunn

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Audit Committee
Assabet Valley Bancorp and Subsidiary

Report on the Financial Statements and Internal Control

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated financial statements of Assabet Valley Bancorp and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of net income, comprehensive income, changes in capital and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Assabet Valley Bancorp and Subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We also have audited Assabet Valley Bancorp and Subsidiary's internal control over financial reporting as of December 31, 2021, based on criteria established in the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, Assabet Valley Bancorp and Subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on criteria established in the Internal Control—Integrated Framework issued by COSO.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control Over Financial Reporting.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with U.S. generally accepted auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the consolidated financial statement audit in order to design audit procedures that are appropriate in the circumstances.

- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the consolidated financial statement audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles. Because management's assessment and our audit were conducted to meet the reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act, our audit of the Company's internal control over financial reporting included controls over the preparation of financial statements in accordance with U.S. generally accepted accounting principles and with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

We did not perform auditing procedures on Management's Assessment of Compliance with Designated Laws and Regulations, included in the accompanying Management Report Regarding Statement of Management's Responsibilities, Compliance with Designated Laws and Regulations, and Management's Assessment of Internal Control Over Financial Reporting, and accordingly, we do not express an opinion or provide any assurance on it.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
March 24, 2022

MANAGEMENT REPORT REGARDING STATEMENT OF MANAGEMENT'S RESPONSIBILITIES, COMPLIANCE WITH DESIGNATED LAWS AND REGULATIONS, AND MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Statement of Management's Responsibilities

The management of Assabet Valley Bancorp and Subsidiary (the Company) is responsible for preparing the Company's annual consolidated financial statements in accordance with U.S. generally accepted accounting principles; for designing, implementing, and maintaining an adequate internal control structure and procedures for financial reporting, including controls over the preparation of regulatory financial statements in accordance with the instructions to the Parent Company Only Financial Statements for Small Holding Companies (Form FR Y-9SP) (call report instructions); and for complying with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions.

Management's Assessment of Compliance with Designated Laws and Regulations

The management of the Company has assessed the Company's compliance with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2021. Based upon its assessment, management has concluded that the Company complied with the Federal laws and regulations pertaining to insider loans and the Federal and, if applicable, State laws and regulations pertaining to dividend restrictions during the fiscal year that ended on December 31, 2021.

Management's Assessment of Internal Control over Financial Reporting

The Company's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles and financial statements for regulatory reporting purposes, i.e., call report instructions. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles and financial statements for regulatory reporting purposes, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, as of December 31, 2021, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control - Integrated Framework* (COSO). Based upon its assessment, management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, is effective based on the criteria established in COSO.

The Company's internal control over financial reporting, including controls over the preparation of regulatory financial statements in accordance with the call report instructions, as of December 31, 2021, has been audited by Berry Dunn McNeil & Parker, LLC, an independent public accounting firm, as stated in their report dated March 24, 2022.

Assabet Valley Bancorp and Subsidiary

Consolidated Balance Sheets

December 31, 2021 and 2020

(In thousands)

	2021	2020
Assets		
Cash and due from banks	$ 279,698	$ 81,592
Federal funds sold	-	24,054
Cash and cash equivalents	279,698	105,646
Securities available for sale, at fair value	326,453	278,626
Equity securities, at fair value	28,286	22,145
Securities held to maturity, at amortized cost (fair value $11,697 in 2021 and $7,176 in 2020)	11,752	7,286
Federal Home Loan Bank stock, at cost	1,696	2,203
Loans held for sale	3,556	5,800
Loans, net of allowance for loan losses of $17,189 in 2021 and $16,652 in 2020	1,579,444	1,517,987
Premises and equipment, net	23,709	21,867
Bank-owned life insurance	28,547	25,350
Accrued interest receivable	6,266	7,077
Net deferred tax asset	5,872	4,062
Goodwill	11,936	11,936
Mortgage servicing rights	2,821	1,813
Other assets	13,749	8,623
	$ 2,323,785	$ 2,020,421
Liabilities and Capital		
Deposits	$ 2,079,223	$ 1,772,980
Federal Home Loan Bank advances	10,000	20,000
Subordinated debt	24,945	24,851
Mortgagors' escrow accounts	2,829	2,376
Accrued expenses and other liabilities	23,616	27,956
Total liabilities	2,140,613	1,848,163
Commitments and contingencies (Notes 3, 8, 9, 11 and 12)		
Capital:		
Retained earnings	183,999	166,716
Accumulated other comprehensive (loss) income	(827)	5,542
Total capital	183,172	172,258
	$ 2,323,785	$ 2,020,421

The accompanying notes are an integral part of these consolidated financial statements.

Assabet Valley Bancorp and Subsidiary

Consolidated Statements of Net Income

Years Ended December 31, 2021 and 2020

(In thousands)

	2021	2020
Interest and dividend income:		
Loans, including fees	$ 70,569	$ 65,961
Securities	5,147	5,751
Other	405	439
Total interest and dividend income	76,121	72,151
Interest expense:		
Deposits	3,980	7,019
Federal Home Loan Bank advances	589	628
Subordinated debt	1,469	1,469
Total interest expense	6,038	9,116
Net interest income	70,083	63,035
Provision for loan losses	3,125	5,900
Net interest income, after provision for loan losses	66,958	57,135
Non-interest income:		
Customer service fees	3,012	2,477
Net gain on sale of securities available for sale	337	1,242
Net recognized gains on equity securities	5,985	2,049
Merchant processing fees	7,951	4,933
Income on bank-owned life insurance	555	668
Mortgage banking income	3,978	4,111
Investment commissions	1,270	989
Debit card income	2,118	2,044
Credit card income	1,321	943
Other	1,574	2,379
Total non-interest income	28,101	21,835
Non-interest expense:		
Salaries and employee benefits	32,517	28,403
Occupancy and equipment	6,739	5,931
Data processing	13,159	12,409
Professional fees	2,121	2,087
Merchant processing	4,085	3,236
Deposit insurance	1,749	1,524
Advertising	2,106	1,501
Telecommunications	476	437
Problem loan and foreclosed real estate, net	311	363
Other general and administrative	8,892	7,967
Total non-interest expense	72,155	63,858
Income before income tax expense	22,904	15,112
Income tax expense	5,621	3,424
Net income	$ 17,283	$ 11,688

The accompanying notes are an integral part of these consolidated financial statements.

Assabet Valley Bancorp and Subsidiary

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020

(In thousands)

	2021	2020
Net income	$ 17,283	$ 11,688
Other comprehensive (loss) income:		
Securities available for sale:		
Unrealized holding (losses) gains arising during period	(8,299)	6,113
Reclassification adjustment for gains realized in income [1]	(337)	(1,242)
	(8,636)	4,871
Tax effect	2,267	(1,230)
Other comprehensive (loss) income	(6,369)	3,641
Comprehensive income	$ 10,914	$ 15,329

[1] Amounts are included in net gain on sale of securities available for sale on the Consolidated Statements of Net Income. Income tax expense associated with the reclassification adjustment for the years ended December 31, 2021 and 2020 was $95,000 and $348,000, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

Assabet Valley Bancorp and Subsidiary

Consolidated Statements of Changes in Capital

Years Ended December 31, 2021 and 2020

(In thousands)

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2019	$ 155,028	$ 1,901	$ 156,929
Comprehensive income	11,688	3,641	15,329
Balance at December 31, 2020	166,716	5,542	172,258
Comprehensive income	17,283	(6,369)	10,914
Balance at December 31, 2021	$ 183,999	$ (827)	$ 183,172

The accompanying notes are an integral part of these consolidated financial statements.

Assabet Valley Bancorp and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

(In thousands)

	2021	2020
Cash flows from operating activities:		
Net income	$ 17,283	$ 11,688
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of premises and equipment	2,510	2,410
Provision for loan losses	3,125	5,900
Deferred income tax expense (benefit)	457	(1,814)
Net realized gain on securities available for sale	(337)	(1,242)
Net recognized gains on equity securities	(5,985)	(2,049)
Gain on sale of loans	(2,207)	(3,716)
Loss on sale of bank premises and equipment	-	2
Gain on sale of foreclosed real estate	-	(50)
Net amortization of securities	201	173
Proceeds from sale of loans	104,672	145,422
Loans originated for sale	(100,221)	(144,802)
Amortization of subordinated debt issuance costs	94	94
Increase in cash surrender value of bank-owned life insurance	(541)	(489)
Net change in:		
Interest receivable	811	(2,262)
Other, net	(10,427)	9,274
Net cash provided by operating activities	9,435	18,539
Cash flows from investing activities:		
Securities available for sale		
Maturities, principal payments, calls and sales	91,188	146,718
Purchases	(147,515)	(192,682)
Securities held to maturity		
Maturities	-	1,000
Purchases	(4,466)	(6,783)
Equity securities		
Proceeds from sales	4,237	4,890
Purchases	(4,392)	(4,889)
Redemption of Federal Home Loan Bank stock	506	600
Purchases of Federal Home Loan Bank stock	-	(62)
Loan originations, net of principal payments	(64,629)	(248,859)
Death benefit proceeds from bank-owned life insurance	344	753
Purchases of bank-owned life insurance	(3,000)	-
Purchases of premises and equipment	(4,352)	(4,191)
Proceeds from sale of foreclosed real estate	-	238
Net cash used in investing activities	(132,079)	(303,267)

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

Assabet Valley Bancorp and Subsidiary

Consolidated Statements of Cash Flows (Concluded)

Years Ended December 31, 2021 and 2020

(In thousands)

	2021	2020
Cash flows from financing activities:		
Net change in deposits	306,243	340,183
Proceeds from issuance of long-term Federal Home Loan Bank advances	-	14,300
Repayment of long-term Federal Home Loan Bank advances	(10,000)	(24,300)
Net change in mortgagors' escrow accounts	453	(395)
Net cash provided by financing activities	296,696	329,788
Net change in cash and cash equivalents	174,052	45,060
Cash and cash equivalents at beginning of year	105,646	60,586
Cash and cash equivalents at end of year	$279,698	$105,646
Supplementary cash flow information:		
Interest paid on deposits and borrowed funds	$ 4,032	$ 7,075
Income taxes paid, net of refunds	5,769	1,254
Loans transferred to foreclosed assets	-	188

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Nature of Operations

The consolidated financial statements include the accounts of Assabet Valley Bancorp (the "Company"), a mutual holding company, and its wholly-owned subsidiary, Avidia Bank (the "Bank") and its subsidiaries, Hudson Security Corporation, Eli Whitney Securities Corporation and 42 Main Street Corporation. The Bank is a state-chartered savings bank that provides depository and loan products to individual and corporate customers primarily in the central Massachusetts region. Hudson Security Corporation and Eli Whitney Securities Corporation engage in the investment of securities. 42 Main Street Corporation was established to hold, manage and sell the Bank's foreclosed real estate property. All significant intercompany balances and transactions have been eliminated in consolidation.

Management has evaluated subsequent events through March 24, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that require the adjustment to or disclosure in the consolidated financial statements.

Use of Estimates

In preparing consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the realizability of deferred tax assets.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which mature within ninety days. Cash accounts at correspondent banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000; at times balances exceed this amount. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk with the cash in banks.

Reclassification

Certain amounts in the 2020 consolidated financial statements have been classified to conform to the 2021 presentation.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Debt securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive (loss) income, net of tax. Equity securities are carried at fair value, with changes in fair value reported in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resorting from observable price changes in orderly transactions for the identical or a similar investment.

Purchase premiums are recognized in interest income using the interest method over the lesser of the expected terms or the period to the earliest call date of the securities. Purchase discounts are recognized in interest income using the interest method through the maturity of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Each reporting period, the Company evaluates all securities classified as available for sale or held to maturity, with a decline in fair value below the amortized cost of the investment to determine whether or not the impairment is deemed to be other-than-temporary ("OTTI").

OTTI is required to be recognized if (1) the Company intends to sell the security; (2) it is "more likely than not" that the Company will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. For impaired debt securities that the Company intends to sell, or more likely than not will be required to sell, the full amount of the depreciation is recognized as OTTI through earnings. For all other impaired debt securities, credit-related OTTI is recognized through earnings and non-credit related OTTI is recognized in other comprehensive (loss) income, net of applicable taxes.

Federal Home Loan Bank Stock

The Company, as a member of the Federal Home Loan Bank ("FHLB") system, is required to maintain an investment in capital stock of the FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost subject to adjustments for any observable market transactions on the same or similar instruments of the investee. At its discretion, the FHLB may declare dividends on the stock. As of December 31, 2021 and 2020, no impairment has been recognized.

Tax Credit Investments

The Company invests in qualified affordable housing projects through limited liability entities to obtain tax benefits and to contribute to its local community. The Company has elected to account for these investments using the proportional amortization method whereby the amortization of the investment in the limited liability entity is in proportion to the tax credits utilized each year and amortization is recognized in the consolidated statement of net income as a component of income tax expense. These investments are reported in other assets in the consolidated balance sheets in the amounts of $2,125,000 and $2,328,000 at December 31, 2021 and 2020, respectively.

Loans Held For Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

The Company grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout central Massachusetts.

The ability of the Company's debtors to honor their contracts is dependent upon real estate values and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on loans, excluding credit card loans, is discontinued at the time a loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Credit cards are typically charged off no later than 120 days past due.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

General component

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative factors stratified by the following loan segments: residential real estate, home equity lines of credit ("HELOC") and second mortgages, commercial real estate, construction, commercial, personal, and credit cards. Management uses a rolling average of historical losses based on a time frame appropriate to capture relevant loss data for each loan segment. During 2020, the Company extended the time frame for the look-back period for historical data from three to ten years to better capture relevant loss information. The effect of the change was immaterial. This historical loss factor is adjusted for the following qualitative factors: levels/trends in delinquencies; trends in volume and terms of loans; effects of changes in risk selection and underwriting standards and other changes in lending policies, procedures and practices; experience/ability/depth of lending management and staff; and national and local economic trends and conditions. There were no changes in the Company's policies or methodology pertaining to the general component of the allowance for loan losses during 2021.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

Residential real estate – Loans in this segment consist of 1-4 family residential real estate loans. The Company generally does not originate loans with a loan-to-value ratio greater than 80 percent and does not generally grant loans that would be classified as subprime upon origination. Loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

HELOC and second mortgages – The Company generally has first or second liens on the property securing the loans in this segment and repayment is dependent on the credit quality of the individual borrower.

Commercial real estate – Loans in this segment are primarily income-producing properties. The underlying cash flows generated by the properties are impacted by the economy and vacancy rates, which thus will have an effect on the credit quality in this segment.

Construction loans – Loans in this segment primarily include speculative real estate development loans for which payment is derived from sale of the property. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

Commercial loans – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. The economy and consumer spending have an effect on the credit quality in this segment.

Personal and credit card loans – Loans in these segments consist of personal loans and credit cards. These loans may be secured or unsecured and repayment is dependent on the credit quality of the individual borrower.

Allocated component

The allocated component relates to loans that are classified as impaired. Impairment is measured by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. An allowance is established when the discounted cash flows (or collateral value) of the impaired loan is lower than the carrying value of that loan. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential real estate loans for impairment disclosures unless such loans are consumer troubled debt restructuring ("TDR") agreements.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a TDR. All TDRs are initially classified as impaired.

Bank-owned Life Insurance

Bank-owned life insurance policies are reflected on the consolidated balance sheet at cash surrender value. Changes in cash surrender value are reflected in non-interest income on the consolidated statement of net income and are not subject to income taxes.

Credit-Related Financial Instruments

In the ordinary course of business, the Company enters into commitments to extend credit. Such financial instruments are recorded as assets when they are funded.

Long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the estimated proceeds to be received, less cost to sell. To the extent that impairment is identified, the Company would reduce the carrying value of such assets. To date, the Company has not experienced any such impairment.

Premises and Equipment

Land is carried at cost. Buildings, leasehold improvements and furniture and equipment are carried at cost, less accumulated depreciation and amortization computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure less estimated selling costs, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations, changes in the valuation allowance and any direct write downs are included in problem loan and foreclosed real estate, net on the consolidated statement of net income.

Goodwill

Avidia Bank was created by a merger between Hudson Savings Bank and Westborough Bank in 2007. Goodwill of $11,936,000 resulting from the merger is not amortized but is evaluated for impairment on an annual basis. Impairment of goodwill is recognized in earnings. As of December 31, 2021, no impairment has been recognized.

Loan Servicing

Servicing rights are recognized as separate assets when rights are acquired through sale of financial assets and recorded at fair value. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Changes in fair value are reported in mortgage banking income.

Transfers of Financial Assets

Transfers of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets.

During the normal course of business, the Company may transfer a portion of a loan. In order to be eligible for sales treatment, the transferred portion of the loan must meet the criteria of a participating interest. If it does not meet the criteria of a participating interest, the transfer must be accounted for as a secured borrowing. In order to meet the criteria for a participating interest, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than representations and warranties and no loan holder may have the right to pledge or exchange the entire loan.

Revenue from Contracts with Customers

The Company earns merchant processing frees from transactions conducted through the payment network. Merchant processing fees from transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws in the period of enactment. A valuation allowance is established against deferred tax assets when, based upon the available evidence including historical and projected taxable income, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company does not have any uncertain tax positions at December 31, 2021 and 2020 which require accrual or disclosure. The Company records interest and penalties as part of income tax expense. No interest or penalties were recorded for the years ended December 31, 2021 and December 2020.

Comprehensive (Loss) Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the capital section of the balance sheet, such items, along with net income, are components of comprehensive (loss) income.

The components of accumulated other comprehensive (loss) income, included in capital at December 31, 2021 and 2020, are as follows:

	December 31,	
	2021	2020
	(In thousands)	
Net unrealized (loss) gain on securities available for sale	$ (1,145)	$ 7,492
Tax effect	318	(1,950)
Net-of-tax amount	$ (827)	$ 5,542

Risks and Uncertainties

As of December 31, 2021, local, U.S., and world economics continue to be impacted by the coronavirus disease (COVID-19). There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management expects this matter may have a financial impact on the Company's financial position and results of future operations, such potential impact cannot be reasonably estimated.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* This ASU is intended to improve financial reporting about leasing transactions and the key provision impacting the Company is the requirement for a lessee to record a right-to-use asset and a liability representing the obligation to make lessee payments for long-term operating leases. In June 2020, FASB issued ASU 2020-05, *Effective Dates for Certain Entities*, which approved an extended effective date for compliance with ASU 2016-02. The Company is now required to comply with ASU 2016-02 for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management has reviewed the impact this ASU will have on its consolidated financial statements and the impact will be immaterial.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* Among other things, these amendments require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Management is currently reviewing the ASU to assess the effect of adoption on the Company's consolidated financial statements, which could be material. Management has engaged with an outside vendor and is in the implementation process.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted to provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic.

In March and April, 2020, federal banking regulators issued an interagency guidance on accounting for loan modifications in light of the economic impact of the COVID-19 pandemic. The guidance interprets current accounting standards and indicates that a lender can conclude that a borrower is not experiencing financial difficulty if short-term (that is, six months or less) modifications are made in response to COVID-19, such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant, provided that the loan is less than 30 days past due at the time a modification program is implemented. The banking agencies confirmed with the staff of the FASB that short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs under FASB Accounting Standards Codification Subtopic 310-40, *Receivables – Troubled Debt Restructurings by Creditors*. Additionally, a provision of the CARES Act enacted in March 2020 provides that COVID-19 related loan modifications (including modifications that are not short-term) made to a loan between March 1, 2020 and the earlier of December 31, 2020 or the sixtieth day after the end of the COVID-19 emergency declared by the President will not require the loan to be treated as a TDR under GAAP, so long as the modified loan was not past due as of December 31, 2019. On December 27, 2020, the Consolidated Appropriations Act 2021 amended section 4013 of the CARES Act extending the date for loan modifications from December 31, 2020 to January 1, 2022.

2. SECURITIES

The amortized cost and fair value of securities available for sale and held to maturity, with gross unrealized gains and losses, follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
December 31, 2021				
Securities Available for Sale				
U.S. Government and government-sponsored enterprise obligations	$ 151,108	$ 2,305	$ (2,072)	$ 151,341
Municipal securities	10,724	390	(6)	11,108
Residential mortgage-backed securities[1]	131,428	608	(2,430)	129,606
Other	34,338	178	(118)	34,398
Total securities available for sale	$ 327,598	$ 3,481	$ (4,626)	$ 326,453
Securities Held to Maturity				
Corporate bonds	$ 502	$ -	$ (55)	$ 447
Subordinated debt securities	11,250	-	-	11,250
	$ 11,752	$ -	$ (55)	$ 11,697

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In thousands)		
December 31, 2020				
Securities Available for Sale				
U.S. Government and government-sponsored enterprise obligations	$ 121,981	$ 4,648	$ (155)	$ 126,474
Municipal securities	9,260	477	(5)	9,732
Residential mortgage-backed securities[1]	106,670	2,514	(129)	109,055
Other	33,223	207	(65)	33,365
Total securities available for sale	$ 271,134	$ 7,846	$ (354)	$ 278,626
Securities Held to Maturity				
Corporate bonds	$ 2,536	$ -	$ (110)	$ 2,426
Subordinated debt securities	4,750	-	-	4,750
	$ 7,286	$ -	$ (110)	$ 7,176

[1] Residential mortgage-backed securities are issued by government-sponsored enterprises or federal agencies.

The amortized cost and fair value of debt securities by contractual maturity at December 31, 2021 follows. Expected maturities will differ from contractual maturities because the issuers have in certain instances, the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
		(In thousands)		
Within 1 year	$ 57,401	$ 56,655	$ -	$ -
After 1 year through 5 years	53,680	55,174	2,000	2,000
After 5 years through 10 years	44,743	44,570	9,250	9,250
Over 10 years	6,008	6,050	502	447
	161,832	162,449	11,752	11,697
Other	34,338	34,398	-	-
Mortgage-backed securities	131,428	129,606	-	-
	$327,598	$326,453	$ 11,752	$ 11,697

Government-sponsored enterprise obligations with a carrying value of $20,300,000 and $21,800,000 were pledged as collateral at December 31, 2021 and 2020, respectively, for borrowings available through the Federal Reserve Bank of Boston discount window. (see Note 6)

For the years ended December 31, 2021 and 2020, proceeds from sales of securities available for sale amounted to $32,868,000 and $71,824,000, respectively. Gross realized gains amounted to $537,000 and $1,487,000, respectively. Gross realized losses amounted to $200,000 and $245,000, respectively.

Information pertaining to securities with gross unrealized losses at December 31, 2021 and 2020, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Twelve Months or Greater	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)			
December 31, 2021				
Securities Available for Sale				
U.S. Government and government-sponsored enterprise obligations	$ 1,197	$ 69,607	$ 875	$ 24,420
Municipal securities	4	1,312	2	251
Residential mortgage-backed securities	1,762	93,009	668	17,642
Other	25	975	93	908
	$ 2,988	$ 164,903	$ 1,638	$ 43,221
Securities Held to Maturity				
Corporate bonds	$ -	$ -	$ 55	$ 447

	Less Than Twelve Months		Twelve Months or Greater	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)			
December 31, 2020				
Securities Available for Sale				
U.S. Government and government-sponsored enterprise obligations	$ 155	$ 27,163	$ -	$ -
Municipal securities	-	-	5	451
Residential mortgage-backed securities	127	30,139	2	580
Other	-	-	65	936
	$ 282	$ 57,302	$ 72	$ 1,967
Securities Held to Maturity				
Corporate bonds	$ 34	$ 2,000	$ 76	$ 426

The Company's unrealized losses on investments in debt securities at December 31, 2021 relates to 55 investments within the financial services sector with aggregate depreciation of 2.1% from the Company's amortized cost basis. The Company's unrealized loss on investments in corporate bonds held to maturity relates to one investment within the financial services sector with aggregate depreciation of 10.9% from the Company's amortized cost basis at December 31, 2021. The Company's unrealized losses on investments in municipal bonds relates to 5 investments with aggregate depreciation of 0.4% from the Company's amortized cost basis at December 31, 2021. The contractual terms of these investments do not permit the issuers to settle the security at a price less than the par value of the investments. The Company currently does not believe it is probable that it will be unable to collect all amounts due according to the contractual terms of the investments. Therefore, it is expected that the securities would not be settled at a price less than the par value of the investments. The unrealized losses on investments in debt securities is attributable to changes in market interest rates. Because the Company does not intend to sell the investments and it is more likely than not that the Company will not be required to sell the investments before recovery of the amortized cost bases, it does not consider these investments to be other-than-temporarily impaired at December 31, 2021.

A summary of unrealized gains related to equity securities is as follows:

	December 31, 2021	December 31, 2020
	(In thousands)	
Net gains recognized during the year	$ 5,985	$ 2,049
Less: Net gains recognized during the year on equity securities sold during the year	(1,521)	(894)
Net unrealized gains recognized during the year on equity securities still held at end of the year	$ 4,464	$ 1,155

3. LOANS

A summary of the balances of loans is as follows:

	December 31, 2021	December 31, 2020
	(In thousands)	
Residential real estate:		
1-4 family	$ 322,933	$ 319,762
HELOC and second mortgages	49,574	52,513
Commercial real estate	418,695	354,895
Construction	38,207	43,779
Total mortgage loans on real estate	829,409	770,949
Commercial loans	754,654	750,793
Consumer loans:		
Personal	6,066	7,728
Credit cards	4,180	2,800
Total consumer loans	10,246	10,528
Total loans	1,594,309	1,532,270
Allowance for loan losses	(17,189)	(16,652)
Net deferred loan costs	2,324	2,369
Loans, net	$1,579,444	$1,517,987

CARES ACT PPP Loans

On March 27, 2020, the CARES Act was enacted to provide emergency assistance for individuals, families and businesses affected by the COVID-19 pandemic. Amongst other programs, the CARES Act created the Paycheck Protection Program ("PPP"), designed to incentivize small businesses to keep their workers on the payroll. The CARES Act provided for a second round of PPP loans in 2021. The Company received approval from the U.S. Small Business Administration ("SBA") for 1,253 applications for PPP Round 2 under the CARES Act with respect to $103,061,000 in loans. As of December 31, 2021, the Company had $3,276,000 in outstanding balances remaining from the first round of PPP loans in 2020 and $38,179,000 in outstanding balances remaining from the second round of PPP loans. During 2020, the Company had received approval for 1,714 applications for PPP loans under the CARES Act with respect to $195,575,000 in loans. As of December 31, 2020, $59,280,000 of the Bank's PPP loans had been forgiven by the SBA with $136,295,000 in principal remaining outstanding. PPP loans are classified as commercial loans.

Prior to December 27, 2020, the SBA paid the Bank a 1% to 5% origination fee on the principal balance of PPP loans depending on the size of the loan. On or after December 27, 2020, the SBA modified its fee structure for loans under $50,000 to the lesser of 50% of the loan or $2,500. The SBA further modified the origination fee structure on second-draw PPP loans during 2021, to 3% to 5% for loans over $50,000 and the lesser of 50% of the loan or $2,500 on loans under $50,000. As of December 31, 2021, PPP loan deferred origination fees of $1,885,000 were remaining on the consolidated balance sheets. The Company recognized $6,980,000 of PPP loan origination fees in income during 2021. As of December 31, 2020, the Company had PPP loan deferred origination fees of $3,872,000 recorded in loans on the consolidated balance sheets. In 2020, the Company recognized in income $3,518,000 of PPP loan origination fees. This income is recorded in loans interest income on the consolidated statements of net income.

The Company has transferred a portion of its originated commercial mortgage loans to participating lenders. The amounts transferred have been accounted for as sales and are therefore not included in the Company's accompanying consolidated balance sheets. The Company and participating lenders share ratably in any gains or losses that may result from a borrower's lack of compliance with contractual terms of the loan. The Company continues to service the loans on behalf of the participating lenders and, as such, collects cash payments from the borrowers, remits payments (net of servicing fees) to participating lenders and disburses required escrow funds to relevant parties. At December 31, 2021 and 2020, the Company was servicing commercial and commercial mortgage loans for participants aggregating $158,470,000 and $111,853,000, respectively.

Residential real estate mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of these loans serviced for others were $335,013,000 and $324,307,000 at December 31, 2021 and 2020, respectively. Servicing fee income was $989,000 and $957,000 for years ended December 31, 2021 and 2020, respectively. Certain of these loans were sold with recourse provisions. At December 31, 2021, the related maximum contingent recourse liability was $3,453,000 which is not recorded in the consolidated financial statements.

The Company records servicing rights ("MSRs") on residential real estate loans sold and serviced for others. The risks inherent in MSRs relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The Company accounts for MSRs at fair value. The Company obtains valuations from independent third parties to determine the fair value of servicing rights. Key assumptions and inputs used in the estimation of fair value include prepayment speeds, discount rates, default rates, cost to service, and contractual servicing fees. At December 31, 2021, the following weighted average assumptions were used in the calculation of fair value of MSRs: prepayment speed 12.9%, discount rate 9.5% to 13.5%, and default rate 0.3%. The following summarizes changes to MSRs during the year ended December 31:

	2021	2020
	(In thousands)	
Balance, beginning of year	$ 1,813	$ 2,247
Additions	76	240
Changes in fair value	932	(674)
Balance, end of year	$ 2,821	$ 1,813

Activity in the allowance for loan losses and allocation of the allowance to loan segments follow:

	Residential Real Estate	HELOC & Second Mtgs	Commercial Real Estate	Construction (In thousands)	Commercial	Consumer & Credit Card	Total
Year Ended December 31, 2021							
Allowance for loan losses:							
Beginning balance	$ 1,010	$ 331	$ 4,729	$ 218	$ 10,228	$ 136	$ 16,652
Provision (credit) for loan losses	(74)	(135)	1,091	142	1,972	129	3,125
Loans charged-off	-	-	(367)	-	(3,250)	(280)	(3,897)
Recoveries of loans previously charged-off	-	7	-	(154)	1,311	145	1,309
Ending balance	$ 936	$ 203	$ 5,453	$ 206	$ 10,261	$ 130	$ 17,189
At December 31, 2021							
Allowance for impaired loans	$ 61	$ -	$ 300	$ -	$ 57	$ -	$ 418
Allowance for non-impaired loans	875	203	5,153	206	10,204	130	16,771
Total allowance for loan losses	$ 936	$ 203	$ 5,453	$ 206	$ 10,261	$ 130	$ 17,189
Impaired loans	$ 1,063	$ -	$ 1,534	$ -	$ 3,277	$ -	$ 5,874
Non-impaired loans	321,870	49,574	417,161	38,207	751,377	10,246	1,588,435
Total loans	$ 322,933	$ 49,574	$ 418,695	$ 38,207	$ 754,654	$ 10,246	$ 1,594,309
Year Ended December 31, 2020							
Allowance for loan losses:							
Beginning balance	$ 1,063	$ 220	$ 2,583	$ 126	$ 8,200	$ 148	$ 12,340
Provision (credit) for loan losses	(29)	99	2,146	(64)	3,791	(43)	5,900
Loans charged-off	(24)	-	-	-	(2,014)	(72)	(2,110)
Recoveries of loans previously charged-off	0	12	-	156	251	103	522
Ending balance	$ 1,010	$ 331	$ 4,729	$ 218	$ 10,228	$ 136	$ 16,652
At December 31, 2020							
Allowance for impaired loans	$ 66	$ -	$ 170	$ -	$ 1,869	$ -	$ 2,105
Allowance for non-impaired loans	944	331	4,559	218	8,359	136	14,547
Total allowance for loan losses	$ 1,010	$ 331	$ 4,729	$ 218	$ 10,228	$ 136	$ 16,652
Impaired loans	$ 1,069	$ -	$ 3,417	$ -	$ 12,567	$ -	$ 17,053
Non-impaired loans	318,693	52,513	351,478	43,779	738,226	10,528	1,515,217
Total loans	$ 319,762	$ 52,513	$ 354,895	$ 43,779	$ 750,793	$ 10,528	$ 1,532,270

Assabet Valley Bancorp and Subsidiary

Notes to Consolidated Financial Statements (continued)

Years Ended December 31, 2021 and 2020

The following is a summary of information pertaining to impaired loans. No additional funds are committed to be advanced in connection with impaired loans at December 31, 2021 or 2020.

	December 31, 2021		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
		(In thousands)	
Impaired loans without a valuation allowance:			
Loans secured by real estate:			
Residential real estate:			
Residential 1-4 family	$ 90	$ 90	
Commercial	534	534	
Commercial loans	3,039	3,709	
Total	3,663	4,333	
Impaired loans with a valuation allowance:			
Loans secured by real estate:			
Residential real estate:			
Residential 1-4 family	$ 973	$ 973	$ 61
Commercial	1,000	1,056	300
Commercial loans	238	240	57
Total	2,211	2,269	418
Total impaired loans	$ 5,874	$ 6,602	$ 418

	Year Ended December 31, 2021		
	Average Recorded Investment	Interest Income Recognized	Interest Income Recognized on Cash Basis
		(In thousands)	
Residential real estate:			
Residential 1-4 family	$ 1,066	$ 204	$ -
HELOC and second mortgages	-	-	-
Commercial real estate	2,531	21	102
Commercial loans	7,816	56	219
Total	$ 11,413	$ 281	$ 321

	December 31, 2020		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
		(In thousands)	
Impaired loans without a valuation allowance:			
Loans secured by real estate:			
Residential real estate:			
Residential 1-4 family	$ 93	$ 93	
Commercial	1,750	2,189	
Commercial loans	5,917	7,217	
Total	7,760	9,499	
Impaired loans with a valuation allowance:			
Loans secured by real estate:			
Residential real estate:			
Residential 1-4 family	$ 976	$ 976	$ 66
Commercial	1,667	1,675	170
Commercial loans	6,650	11,160	1,869
Total	9,293	13,811	2,105
Total impaired loans	$ 17,053	$ 23,310	$ 2,105

	Year Ended December 31, 2020		
	Average Recorded Investment	Interest Income Recognized	Interest Income Recognized on Cash Basis
		(In thousands)	
Residential real estate:			
Residential 1-4 family	$ 1,551	$ 269	$ -
HELOC and second mortgages	-	16	-
Commercial real estate	2,523	22	3
Commercial loans	12,919	32	239
Total	$ 16,993	$ 339	$ 242

Commercial loans include factored accounts receivable in the recorded amount of $4,123,000 and $1,773,000 at December 31, 2021 and 2020, respectively, which is gross of cash reserves. At December 31, 2021 and 2020, cash reserves established from purchase price adjustments in total were $920,000 and $348,000, respectively. The aging status of these loans and underlying receivables is not presented in the delinquency and nonaccrual disclosure tables. The financing agreements permit the Company to create and maintain from the purchase price of funded receivables a cash reserve in an operating deposit account controlled by the Company. The amount of the cash reserve is determined based on the risk profile of the borrower and the aging of outstanding funded accounts receivable. The Company may require borrowers to repurchase any funded account receivable that remains unpaid following 120 days after its invoice date.

At December 31, 2021, funded accounts receivable unpaid 120 days or more in total were $500,000. At December 31, 2020, funded accounts receivable unpaid 120 days or more in total were $267,000. There were no impairments at year-end 2021 and 2020.

The following is a summary of past due and non-accrual loans at December 31, 2021 and 2020:

	December 31, 2021				
	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Past Due 90 Days or More, Still Accruing	Loans on Non-accrual
			(In thousands)		
Residential real estate:					
Residential 1-4 family	$ -	$ 203	$ 203	$ -	$ 203
HELOC and second mortgages	80	-	80	-	-
Commercial real estate	-	-	-	-	1,000
Commercial	471	2,248	2,719	-	2,563
Consumer:					
Personal	-	-	-	-	-
Credit cards	11	-	11	-	-
Total	$ 562	$ 2,451	$ 3,013	$ -	$ 3,766

	December 31, 2020				
	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Past Due 90 Days or More, Still Accruing	Loans on Non-accrual
			(In thousands)		
Residential real estate:					
Residential 1-4 family	$ 171	$ 385	$ 556	$ -	$ 385
HELOC and second mortgages	177	21	198	-	21
Commercial real estate	-	2,156	2,156	-	4,600
Commercial	1,468	6,131	7,599	-	10,028
Consumer:					
Personal	-	-	-	-	-
Credit cards	32	-	32	-	-
Total	$ 1,848	$ 8,693	$ 10,541	$ -	$ 15,034

The terms for loan modifications are determined on a loan-by-loan basis. In connection with TDRs, terms may be modified to fit the ability of the borrower to repay in line with their current financial status, which may include a reduction in the interest rate to market rate or below, a change in the term or movement of past due amounts to the back-end of the loan or refinancing. The borrower must meet minimum underwriting criteria to qualify for capitalization of the payment arrearage into the principal balance. TDRs are reported as impaired and nonaccrual loans unless the loan qualified for accruing status at the time of the restructure, or the loan has performed according to the new contractual terms for at least six months. To qualify for accruing status at the time of the restructure, the original loan must have been less than 90 days past due at the time of the restructure and the modification must not have resulted in an impairment loss. Management performs a discounted cash flow calculation to determine the amount of the impairment reserve required on each of the troubled debt restructurings and exercises judgment in determining the amounts and timing of cash flows. Any reserve required is recorded through the provision for loan losses. At December 31, 2021, no additional funds are committed to be advanced in connection with troubled debt restructurings.

No loans were modified as TDRs during 2021. Loans that were modified as TDRs during 2020 had a balance of $2,974,000 at December 31, 2020.

At December 31, 2021 and 2020, there was one residential real estate loan with an unpaid principal balance of $203,000 in process of foreclosure.

CARES ACT Modifications

The Company actively worked with borrowers impacted by the COVID-19 outbreak and as of December 31, 2021, a total of 3 loan modifications representing $4,206,000 in loan balances remain on the Company's balance sheet. At December 31, 2020, a total of 29 loan modification requests for interest-only payments or deferred payments had been completed in conformance with the Interagency Statement or CARES Act (See Note 1), representing $15,674,000 in loan balances.

Credit Quality Information

The Company utilizes a ten grade internal loan rating system for commercial real estate, construction and commercial loans as follows:

Loans rated 1 – 5: Loans in these categories are considered "pass" rated loans with low to average risk.

Loans rated M: Loans in this category are typically smaller loans that have met the Company's underwriting criteria and are monitored based on repayment history. Financial statements and other data may or may not be requested from the borrower.

Loans rated 6 – 7: Loans in this category are considered "marginally acceptable" and "special mention" respectively. These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 8: Loans in this category are considered "substandard." Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 9: Loans in this category are considered "doubtful." Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable. All loans rated 9 are impaired and individually evaluated.

Loans rated 10: Loans in this category are considered uncollectible and of such little value that their continuance as a loan is not warranted.

On an annual basis, or more often if needed, the Company formally reviews the ratings on substantially all commercial real estate, construction and commercial loans. Annually, the Company engages an independent third-party to review a significant portion of loans within these segments. Management uses the results of these reviews as part of its annual review process. Loans considered transactional in nature, such as residential and consumer are reviewed on an exception basis with emphasis placed on debt repayment performance. Factored accounts receivable and credit card loans included in commercial loans are not risk rated unless determined to be impaired.

The following tables present the Company's loans by risk rating:

	December 31, 2021		
	Commercial Real Estate	Commercial	Construction
		(In thousands)	
Pass	$ 387,283	$ 727,673	$ 38,207
Special Mention	750	10,399	-
Substandard	29,662	11,257	-
Doubtful	1,000	1,473	-
Loss	-	-	-
Not rated	-	3,852	-
	$ 418,695	$ 754,654	$ 38,207

	December 31, 2020		
	Commercial Real Estate	Commercial	Construction
		(In thousands)	
Pass	$ 317,977	$ 718,609	$ 43,779
Special Mention	11,787	6,199	-
Substandard	22,892	14,477	-
Doubtful	2,239	6,269	-
Loss	-	-	-
Not rated	-	5,239	-
	$ 354,895	$ 750,793	$ 43,779

Management monitors residential real estate and consumer loans based on delinquency reports.

Interest Rate Swaps

The Company enters into interest rate swap agreements executed with commercial banking customers to facilitate customer risk management strategies. In addition to the swap agreement with the borrower, the Company enters into a second "back-to-back" swap agreement with a third party; the general terms of this swap mirror those of the first swap agreement. In entering into this transaction, the Company has offset its interest rate risk exposure to the swap agreement with the borrower. All interest rate swaps are valued at observable market prices for similar instruments or observable market interest rates.

The following table presents summary information regarding the value of customer related interest rate swaps, which are included in other assets (liabilities) as of December 31, 2021:

	Net Asset (Liability) (in thousands)
Swaps receive fixed	$ 900
Swaps pay fixed	(900)
Net customer related swaps	$ -

The outstanding notional amounts of interest rate swaps entered into on behalf of customers at December 31, 2021 is as follows:

Swaps receive fixed	$ 45,063
Swaps pay fixed	(45,063)

4. PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation and amortization of premises and equipment is as follows:

	December 31, 2021	December 31, 2020
	(In thousands)	
Cost:		
Land	$ 2,735	$ 2,735
Buildings	19,666	14,035
Leasehold improvements	8,652	9,102
Furniture and equipment	21,871	20,532
Construction in process	477	2,950
	53,401	49,354
Accumulated depreciation and amortization	(29,692)	(27,487)
	$ 23,709	$ 21,867

Construction in process primarily represents renovations of the Westborough, Main Office and Financial Center as of December 31, 2021. Depreciation and amortization expense for the years ended December 31, 2021 and 2020 amounted to $2,510,000 and $2,410,000, respectively.

5. DEPOSITS

A summary of deposit balances, by type, is as follows:

	December 31, 2021	December 31, 2020
	(In thousands)	
NOW and demand	$ 810,194	$ 688,412
Money market	361,489	297,439
Regular and other savings	182,987	152,134
Brokered deposits	527,682	423,712
Total non-certificate accounts	1,882,352	1,561,697
Term certificate accounts of $250,000 and greater	62,670	67,686
Term certificate accounts less than $250,000	134,201	143,597
Term certificate accounts	196,871	211,283
Total deposits	$ 2,079,223	$ 1,772,980

A summary of the weighted average rate of certificate accounts by maturity is as follows:

	December 31, 2021		December 31, 2020	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in thousands)			
Within 1 year	$ 135,601	0.60%	$ 139,331	1.59%
Over 1 year to 2 years	42,961	1.46	34,171	1.36
Over 2 years to 3 years	12,713	1.41	28,072	2.05
Over 3 years to 4 years	3,147	1.16	6,736	2.34
Over 4 years to 5 years	2,449	0.62	2,973	1.21
	$ 196,871	0.85%	$ 211,283	1.63%

Brokered deposits in non-certificate accounts consist of health savings and demand deposit accounts at market interest rates.

6. FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

FHLB of Boston advances consist of the following:

	December 31, 2021		December 31, 2020	
Maturity	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in thousands)			
Within 1 year	$ -	- %	$ -	- %
Over 1 year to 2 years	-	-	10,000	3.06
Over 2 years to 3 years	-	-	-	-
Over 3 years to 4 years	-	-	-	-
Over 4 years to 5 years	-	-	-	-
Thereafter	10,000	1.21	10,000	1.21
	$ 10,000	1.21%	$ 20,000	2.14%

The Bank also has an available $500,000 line-of-credit with the FHLB at an interest rate that adjusts daily. There were no advances outstanding under this line-of-credit at December 31, 2021 and 2020. Borrowings under the line are limited to 2% of the Bank's total assets. All borrowings from the FHLB are secured by a blanket lien on the Company's residential real estate loans and certain commercial real estate loans in accordance with the FHLB's policy requirements for qualified collateral.

The Bank also has $18,000,000 in available lines-of-credit with correspondent banks. There were no advances outstanding under these lines-of-credit at December 31, 2021 and 2020.

The Bank has an agreement with the Federal Reserve Bank of Boston for borrowings at the discount window. The terms of this agreement call for the pledging of assets as security for any and all obligations of the Bank under this agreement (See Note 2). At December 31, 2021 and 2020, there were no borrowings outstanding under this agreement.

7. SUBORDINATED DEBT

On July 31, 2017, the Company issued $25,000,000 of subordinated debt to institutional investors. The subordinated debt is unsecured and subordinated on liquidation as to principal and interest to all claims against the Company that have the same or higher priority as deposit accounts. The subordinated debt is included in capital of the Bank. At the Company, the subordinated debt is classified as a liability but included in Tier 2 capital for regulatory capital. The Company used the subordinated debt to infuse capital into the Bank in the form of common equity to support capital levels and further growth and for general corporate purposes.

The subordinated debt is payable in full by August 2027; earlier prepayment is permitted after five years. Interest is paid semi-annually at a fixed rate of 5.50% until August 2, 2022 and thereafter is variable with quarterly adjustments equal to LIBOR plus 360 basis points. A comparable alternative to LIBOR has already been determined for when updates to the index are no longer available. For each of the years ended December 31, 2021 and 2020, contractual interest expense on the subordinated debt amounted to $1,375,000 and amortization of debt issuance cost was $94,000. At December 31, 2021 and 2020, respectively, the recorded balance of this debt is $24,945,000 and $24,851,000, respectively, which is net of debt issuance costs. Debt issuance costs are being amortized to interest expense over a five-year period.

8. INCOME TAXES

Allocation of federal and state income taxes between current and deferred portions is as follows:

	Years Ended December 31, 2021	2020
	(In thousands)	
Current tax provision:		
Federal	$ 3,533	$ 3,658
State	1,631	1,580
	5,164	5,238
Deferred tax provision (benefit):		
Federal	631	(1,167)
State	(174)	(647)
	457	(1,814)
Total income tax expense	$ 5,621	$ 3,424

The reasons for the differences between tax expense computed at the statutory federal income tax rate and the recorded tax expense are summarized as follows:

	Years Ended December 31, 2021	2020
	(In thousands)	
Tax at the statutory income tax rate of 21%	$ 4,810	$ 3,174
Increase (decrease) resulting from:		
State taxes, net of federal tax benefit	1,151	737
Tax exempt income	(120)	(117)
Dividends received deduction	(39)	(44)
Life insurance income	(117)	(140)
Other, net	(64)	(186)
Income tax expense	$ 5,621	$ 3,424

The components of the net deferred tax asset are as follows:

	December 31, 2021	December 31, 2020
	(In thousands)	
Allowance for loan losses	$ 4,832	$ 4,681
Employee benefit plans	3,316	3,098
Accrued expenses	1,322	1,193
Non-accrual interest	17	50
Net unrealized loss (gain) on debt securities	318	(1,950)
SBA PPP Fees	529	-
Partnership investments	84	24
Impairment loss on securities	52	52
	10,470	7,148
Valuation allowance	(20)	(20)
Deferred tax assets	10,450	7,128
Deferred loan costs, net	(583)	(523)
Mortgage servicing rights	(907)	(650)
Net unrealized gain on equity securities	(2,454)	(1,462)
Depreciation and amortization	(263)	(61)
Other	(371)	(370)
Deferred tax liabilities	(4,578)	(3,066)
Net deferred tax asset	$ 5,872	$ 4,062

A valuation allowance is provided when it is more likely than not that some portion of the gross deferred tax asset will not be realized. At December 31, 2021 and 2020, a valuation allowance was recorded related to the federal and state deferred tax asset on unrealized capital losses in the form of other than temporarily impaired write-downs of securities. Management believes that the remaining net deductible temporary differences which give rise to the net deferred tax asset will reverse during periods in which the Company generates net taxable income. In addition, gross deductible temporary differences are expected to reverse in periods during which offsetting gross taxable temporary differences are expected to reverse. Factors beyond management's control, such as the general state of the economy and real estate values, can affect future levels of taxable income, and no assurance can be given that sufficient taxable income will be generated to fully absorb gross deductible temporary differences.

For the years ended December 31, 2021 and 2020, the Company recognized $516,000 and $480,000, respectively, in tax benefits related to affordable housing tax credits.

At December 31, 2021, the Company's retained earnings includes approximately $3,528,000 of allowance for loan losses, representing the base year amount, for which income taxes have not been provided. If any portion of the reserve is used for purposes other than to absorb loan losses, approximately 150% of the amount actually used, limited to the amount of the reserve, would be subjected to taxation in the fiscal year in which used. As the Company intends to use the reserve solely to absorb loan losses, a deferred tax liability of approximately $992,000 has not been provided.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. The Company is currently open to audit under applicable statutes of limitations by the Internal Revenue Service and the Massachusetts Department of Revenue Administration for the years ended December 31, 2018 through 2021.

9. OTHER COMMITMENTS AND CONTINGENCIES

Leases

Pursuant to the terms of noncancelable lease agreements pertaining to banking premises, the Company had the following operating lease obligations at December 31, 2021:

Years Ending	Lease Obligations (In thousands)
2022	$ 440
2023	386
2024	364
2025	234
2026	203
Thereafter	2,550
	$ 4,177

Certain leases contain renewal options and obligate the Company for common building maintenance. Rent expense for the years ended December 31, 2021 and 2020 amounted to $480,000 and $474,000, respectively, and is included in occupancy and equipment expenses in the accompanying consolidated statements of net income.

Employment Agreements

The Company has entered into employment agreements with certain executives. The agreements generally provide for specified minimum levels of annual compensation and benefits for a certain period of time. In addition, the agreements provide for specified lump sum payments and the continuation of benefits upon certain events of termination, as defined.

Litigation

The Company is involved in various legal proceedings arising in the normal course of business, none of which is believed by management to have merit. Based on the advice of legal counsel, management believes that these matters are not material to the financial condition or operations of the Company.

Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the accompanying consolidated balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Off-balance-sheet financial instruments whose contract amounts represent credit risk include the following:

	December 31,	
	2021	2020
	(In thousands)	
Unadvanced lines of credit	$ 304,660	$ 274,851
Unadvanced construction loans	37,095	24,729
Residential mortgage loan commitments	11,653	13,365
Commercial and mortgage loan commitments	34,933	20,661
Standby letters of credit	2,221	2,994

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained upon extension of the credit is based on management's credit evaluation of the customer.

Collateral held varies but may include residential real estate, inventory, property, plant and equipment, and income-producing commercial real estate.

Letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Substantially all letters-of-credit have expiration dates within one year. The credit risk involved in issuing letters-of-credit is essentially the same as that involved in extending loan facilities to customers. The Company fully collateralized those commitments for which collateral is deemed necessary.

10. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates amounting to $4,764,000 and $3,354,000 at December 31, 2021 and 2020, respectively. Such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated customers, and did not involve more than normal risk of collectability. Deposits from related parties held by the Company at December 31, 2021 and 2020 amounted to $8,293,000 and $6,772,000, respectively.

11. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

The regulations require minimum ratios of total capital, common equity Tier 1 capital and Tier 1 capital to risk-weighted assets and a minimum leverage ratio for all banking organizations as set forth in the following table. Additionally, community banking institutions must maintain a capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5% of total risk-weighted assets to avoid being subject to limitations on capital distributions and discretionary bonuses. The capital conservation buffer and certain deductions from and adjustments to regulatory capital and risk-weighted assets were phased in over several years. The required minimum conservation buffer was 2.5% on December 31, 2021 and 2020. The Bank's capital conservation buffer was 4.9% and 5.2% at December 31, 2021 and 2020, respectively.

Capital ratios and requirements of the Company approximate those of the Bank. As of December 31, 2021 and 2020, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank must maintain minimum Total Risk-Based Capital, Common Equity Tier 1 Risk-based, Tier 1 Risk-based, and Tier 1 Leverage Ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios as of December 31, 2021 and 2020 are presented in the following table:

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
December 31, 2021:						
Total Risk-Based Capital:	$ 209,107	12.9%	$ 129,888	8.0%	$ 162,360	10.0%
Common Equity Tier 1 Risk-Based Capital:	191,918	11.8%	73,062	4.5%	105,534	6.5%
Tier 1 Risk-Based Capital:	191,918	11.8%	97,416	6.0%	129,888	8.0%
Tier 1 Leverage Capital:	191,918	8.2%	93,787	4.0%	117,234	5.0%

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
December 31, 2020:						
Total Risk-Based Capital:	$ 191,244	13.2%	$ 116,048	8.0%	$ 145,060	10.0%
Common Equity Tier 1 Risk-Based Capital:	174,592	12.0%	65,277	4.5%	94,289	6.5%
Tier 1 Risk-Based Capital:	174,592	12.0%	87,036	6.0%	116,048	8.0%
Tier 1 Leverage Capital:	174,592	8.6%	81,317	4.0%	101,647	5.0%

The Bank may not declare or pay a dividend if the total of all dividends declared during the calendar year, including the proposed dividend, exceeds the sum of the Bank's net income during the current calendar year and the retained net income of the prior two calendar years, unless the dividend has been approved by the Board of Governors of the FDIC.

12. EMPLOYEE BENEFIT PLANS

401(k) Plan

The Company offers a 401(k) Plan to employees. Employees may contribute a percentage of their compensation subject to certain limits based on federal tax laws. The Company makes matching contributions equal to 100% of the first 5% of an employee's compensation contributed to the Plan. For the years ended December 31, 2021 and 2020, expense attributable to the Plan amounted to $967,000 and $887,000, respectively.

Director and Executive Retirement Plans

The Company has adopted retirement benefit plans for the benefit of all members of the Board of Trustees of the Company and certain senior executives. Benefits are being accrued over the directors' and executives' required service periods. At December 31, 2021 and 2020, the Company has accrued $11,796,000 and $11,022,000 respectively, related to these plans. For the years ended December 31, 2021 and 2020, expenses related to these plans amounted to $2,298,000 and $1,399,000, respectively.

Incentive Compensation Plan

The Company has an Employee Bonus and Management Incentive Compensation Plan (the "Bonus Plan") in which employees are eligible to participate. The Bonus Plan provides for awards based on a combination of Company and individual performance objectives being met subject to the approval of the Board of Trustees. The amount charged to expense under the Bonus Plan amounted to $2,480,000 and $2,100,000 for the years ended December 31, 2021 and 2020, respectively.

Phantom Stock Plan

The Company maintains a Long-term Incentive Plan (the "Plan"). The Plan allows for the awarding of phantom stock appreciation shares which increase in value based on the Company's Tier 1 capital. Shares are granted at the discretion of the Board of Trustees and vest over four years, with expenses recognized annually over the vesting period based on the increase in phantom share value as defined in the Plan. For the years ended December 31, 2021 and 2020, expense related to this plan amounted to $890,000 and $815,000, respectively.

13. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair Value Hierarchy

The Company groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Securities				
Debt securities	$ -	$ 326,453	$ -	$ 326,453
Common stock	28,286	-	-	28,286
Mortgage servicing rights	-	2,821	-	2,821
	$ 28,286	$ 329,274	$ -	$ 357,560

	December 31, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Securities				
Debt securities	$ -	$ 278,626	$ -	$ 278,626
Common stock	22,145	-	-	22,145
Mortgage servicing rights	-	1,813	-	1,813
	$ 22,145	$ 280,439	$ -	$ 302,584

<u>Securities</u> - Fair value measurements are obtained from a third party pricing service and are not adjusted by management. The securities measured at fair value in Level 1 are based on quoted market prices in an active exchange market. The securities measured at fair value in Level 2 are based on pricing models that consider standard observable input factors such as benchmark yields, interest rate volatilities, broker/dealer quotes, credit spreads and new issue data for debt securities.

Servicing Rights- Fair value is based on the present value of estimated future servicing income.

There were no transfers between Level 1 and Level 2 assets during the years ended December 31, 2021 and 2020.

Assets Measured at Fair Value on a Non-recurring Basis

The Company may also be required, from time to time, to measure certain other assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. There are no liabilities measured at fair value on a non-recurring basis at December 31, 2021 or 2020.

The following table summarizes the fair value hierarchy used to determine each adjustment and the carrying value of the related individual assets as of December 31, 2021 and 2020.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Impaired loans	$ -	$ -	$ 181	$ 181

	December 31, 2020			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Impaired loans	$ -	$ -	$ 6,836	$ 6,836

Certain impaired loans were adjusted to the fair value, less costs to sell, of the underlying collateral securing these loans resulting in losses. The loss is not recorded directly as an adjustment to current earnings, but rather as a component in determining the allowance for loan losses. Fair value was measured using appraised values of collateral and adjusted as necessary by management based on unobservable inputs for specific properties. Losses on collateral based impaired loans outstanding at December 31, 2021 and 2020 were $57,000 and $1,695,000, respectively.

FORM FR Y-6
ASSABET VALLEY BANCORP
42 MAIN STREET
HUDSON, MA 01749

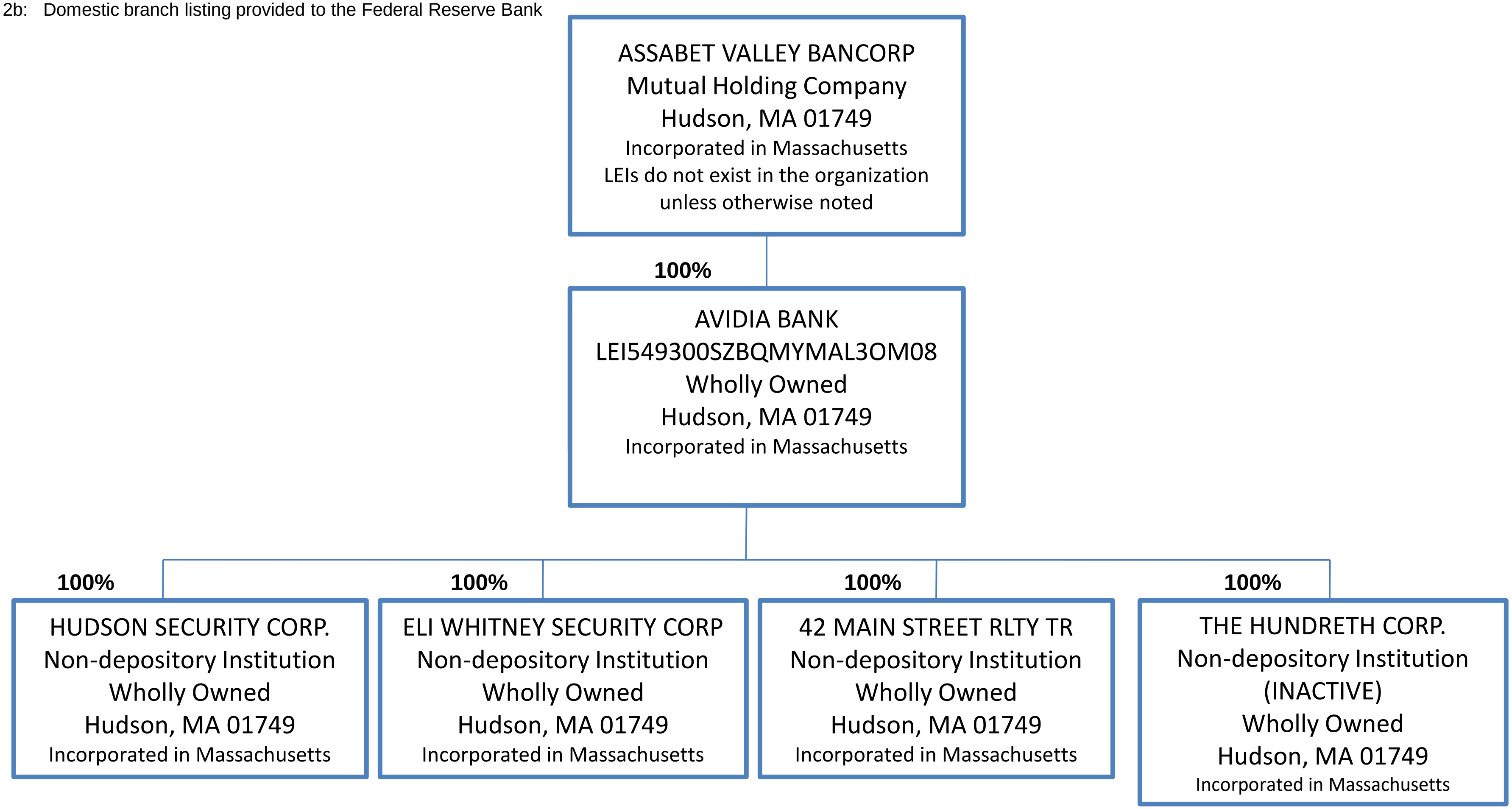
Report Item

1. The savings and loan holding company prepares an annual report for its securities holders and is not registered with the SEC. As specified by the responsible Reserve Bank, 2 copies are enclosed.

2a: Organizational Chart

Fiscal Year ending December 31, 2021

2b: Domestic branch listing provided to the Federal Reserve Bank



Results: A list of branches for your depository institution: AVIDIA BANK (ID_RSSD: 619701).
This depository institution is held by ASSABET VALLEY BANCORP (2465528) of HUDSON, MA.
The data are as of 12/31/2021. Data reflects information that was received and processed through 01/12/2022.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
		Full Service (Head Office)	619701	AVIDIA BANK	42 MAIN STREET	HUDSON	MA	01749	MIDDLESEX	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	3148882	CLINTON MAIN STREET BRANCH	1073 MAIN STREET, WOODRUFF PLAZA	CLINTON	MA	01510	WORCESTER	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	5193868	FRAMINGHAM BRANCH	270 COCHITUATE ROAD	FRAMINGHAM	MA	01701	MIDDLESEX	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
Change	6/7/2021	Full Service	684204	HUDSON SHOPPING CENTER BRANCH	196 WASHINGTON STREET	HUDSON	MA	01749	MIDDLESEX	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	5115392	POPE STREET FINANCIAL CENTER BRANCH	17 POPE STREET	HUDSON	MA	01749	MIDDLESEX	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	3374104	LEOMINSTER BRANCH	470 LANCASTER STREET	LEOMINSTER	MA	01453	WORCESTER	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	2572444	MARLBOROUGH BRANCH	256 MAPLE STREET	MARLBOROUGH	MA	01752	MIDDLESEX	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	891703	NORTHBOROUGH BRANCH	53 W MAIN ST	NORTHBOROUGH	MA	01532	WORCESTER	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	2616414	SHREWSBURY BRANCH	23 MAPLE AVENUE	SHREWSBURY	MA	01545	WORCESTER	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	
		Full Service	704906	WESTBOROUGH EAST BRANCH	100 EAST MAIN STREET	WESTBOROUGH	MA	01581	WORCESTER	UNITED STATES	Not Required	Not Required	AVIDIA BANK	619701	

Assabet Valley Bancorp

Name	Address	Principal Occupation	Title w/BHC (3a)	Title w/subsidiaries (3b)	Title w/other businesses (3c)	Shares w/BHC (4a)	Shares w/subsidiaries (4b)	Shares w/other businesses (4c)
Benjamin H. Colonero Jr	Shrewsbury, MA 01545	Retired	Trustee	Director	none	n/a	n/a	n/a
Brian Parker	Hudson, MA 01749	Retired	Trustee	Director	None	n/a	n/a	n/a
James Ball	Westboro, MA 01581	Financial Advisor	Trustee	Director	President	n/a	n/a	100%
Jeff Leland	Northboro, MA 01532	Attorney	Trustee	Director	President - Leland Law Assoc.	n/a	n/a	100%
Jeff Leland		Vice President/Leland Insurance Agency	Trustee	Director	Vice President - Leland Insurance Agency	n/a	n/a	50%
Joseph Grimaldo	Marlboro, MA 01752	CPA	Trustee	Director	CPA / O'Connor Maloney & Co	n/a	n/a	66%
Joseph MacDonough	Westboro, MA 01581	Retired	Trustee	Director	none	n/a	n/a	n/a
Lona Lamson	Hudson, MA 01749	Retired	Trustee	Director	none	n/a	n/a	n/a
M Neil Flanigan	Ashland, MA 01721	Certified Public Accountant	Trustee	Director	Partner / Flanigan, Cotillo & Mainzer, LLP	n/a	n/a	33.00%
Michael Girard, DC	Leominster, MA 01453	Chiropractor	Trustee	Director	Owner / Hudson Chiropractic	n/a	n/a	n/a
Nancy Carlson	Grafton, MA 01519	Retired	Trustee	Director	none	n/a	n/a	n/a
Michael D. Murphy	Bolton, MA 01740	Insurance	Trustee	Director	President/Murphy Group LLC & D&M Financial	n/a	n/a	25%
Paul W Blazar	Hudson, MA 01749	Retired	Trustee	Director	none	n/a	n/a	n/a
Paul McGrath	Westboro, MA 01581	CPA	Trustee	Director	none	n/a	n/a	n/a
Carol Gallagher	Bolton, MA 01740	Employee of the Mass Trial Court	Trustee	Director	none	n/a	n/a	n/a
Mark R O'Connell	Hudson, MA 01749	President of Avidia Bank	Trustee	Director	none	n/a	n/a	n/a
Margaret Sullivan	Hudson, MA 01749	CFO of Avidia Bank	None	Executive Vice President-CFO	none	n/a	n/a	n/a
Lee Thompson	Maynard, MA 01754	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Thomas J. Allain	Leominster, MA 01453	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Joseph G. Sova	Sterling, MA 01564	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Bartholomew H. Murphy	Holden, MA 01520	EVP Avidia Bank	None	EVP Avidia Bank	none	n/a	n/a	n/a
Stephen J McAndrew	Holden, MA 01520	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Robert Conery	Acton, MA 01720	EVP Avidia Bank	None	Executive Vice President - COO	none	n/a	n/a	n/a
Neil Buckley	Leominster, MA 01453	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Andrew Miller	Ashland, MA 01721	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Thomas Doane	Auburn, MA 01501	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Donald J. Frost III	Wrentham, MA 02093	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Sharon Quinn	Medway, MA 02053	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
James D. Wilkins	Hudson, MA 01749	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Nicolas Karmelek	Southboro, MA 01772	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Rita M Janeiro	Hudson, MA 01749	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Charles Budd	Ashland, MA 01721	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Emily Braga	Hudson, MA 01749	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Jocelyn Arsenault	Douglas, MA 01516	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Janel Maysonet	Hudson, NH 03051	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
CarrieAnne Cormier	Leominster, MA 01453	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Howard Himmel	Braintree, MA	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Avnish Puri	Hopkinton, MA	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Leonard Silva	Seekonk, MA	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
John O'Connor	North Attleboro, MA	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Andrew Sabine	Boston, MA 02135	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Robert Williamson	Princeton, MA 01541	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Clifford Thompson	Clinton, MA 01510	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Daniel Provencher	Rutland, MA	SVP of Avidia Bank	None	Senior Vice President	none	n/a	n/a	n/a
Trevor Bethel	Attleboro, MA	BSA Officer	None	BSA Officer	none	n/a	n/a	n/a