



RIGHT THERE WITH
MAKING
IT HAPPEN
YOUR WAY

2022 ANNUAL REPORT
MIDDLESEX BANCORP, MHC



Middlesex
Savings Bank®
right there with you






**KEEPING A
PERSONAL
CONNECTION
AT THE CENTER
OF IT ALL**

2022 was a unique year for the bank and perhaps for you as well. High inflation, rapidly rising interest rates, ongoing supply chain issues, and labor shortages created unprecedented challenges. Despite the external environment, the bank continued to stand strong and provide top-notch service for our customers. Our financial strength and unwavering commitment to customers and the community have enabled us to weather uncertain economic cycles throughout our long history. As one of the largest, oldest, and strongest mutual banks in Massachusetts, we continue to be an institution that our customers and the community can rely on.

To further enhance the customer experience, last year we improved our digital channels by introducing a new online and mobile user interface, live chat functionality, and an appointment booking feature. We continued the multiyear renovation of our branches to provide a more inviting atmosphere and expanded our geographic footprint with a new loan production office in Reading. Investments like these underscore our commitment to serving our customers whenever and wherever they want.

We also made further progress in our efforts to be better stewards of the planet, offsetting 87% of

our electrical consumption with solar energy and reducing our consumption of natural gas by 4%. As the communities we serve continue to become more diverse, we also continued on the path of becoming a more diverse group of colleagues, with 37% of our new hires in 2022 identifying as non-white.

And we were honored to be named *Best Bank* in the *Best of the Best MetroWest* awards, as well as a finalist in the Best for Home Mortgages category after garnering the top spot in that category the previous three years. Once again, we were also named one of the area's most charitable companies by the *Boston Business Journal*. While our business is banking, our mission is to serve and support the community, so these accolades inspire us to even greater heights.

With all that's new, we're proud to say we still haven't changed the foundational element of our success: the personal connection we make with customers. No matter what your dreams, plans, or daily financial needs are, we're dedicated to helping you get the most from your banking — and life.

With gratitude,

Mike McAuliffe, President & CEO

On behalf of your entire

Middlesex Savings Bank team



2022 LOOKBACK

MIDDLESEX BANCORP, MHC

Against the backdrop of a fully reopened economy and the Federal Reserve aggressively raising interest rates in an effort to tame inflationary pressures, Middlesex Bancorp had a strong year, generating net income of \$26.4 million.

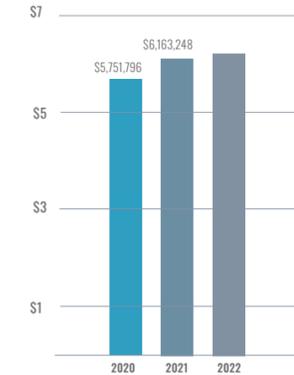
The healthy economy resulted in significant loan growth throughout the banking industry, and Middlesex was no exception. Total loans increased by \$545 million or 17%, a record growth year for the bank. Within the loan portfolio, commercial, commercial real estate, and construction loans increased \$413 million while residential mortgages, home equity, and consumer loans grew \$132 million. Complementing our loan growth, at year end, the bank's asset quality was also extremely strong, with a historically low level of delinquent loans.

Even with strong loan growth, the bank continues to have a relatively low loan-to-deposit ratio compared to our peers, as the bank's deposits grew an unprecedented amount over the past three years. Maintaining our financial strength has always been and always will be a long-term strategic goal of the bank. We continue to have a strong capital position and, combined with our large investment portfolio that provides the bank with ample liquidity, we ended the year in excellent shape.

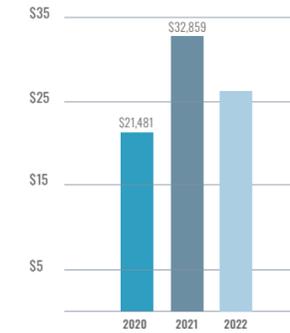
Although growth is projected to be materially lower in 2023 due to the higher interest rate environment, we still expect to have another solid year.

(DOLLARS IN THOUSANDS)

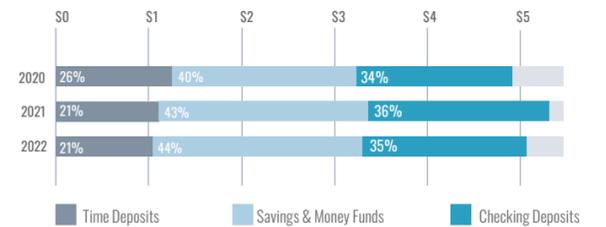
▲ **TOTAL ASSETS: \$6,200,892**



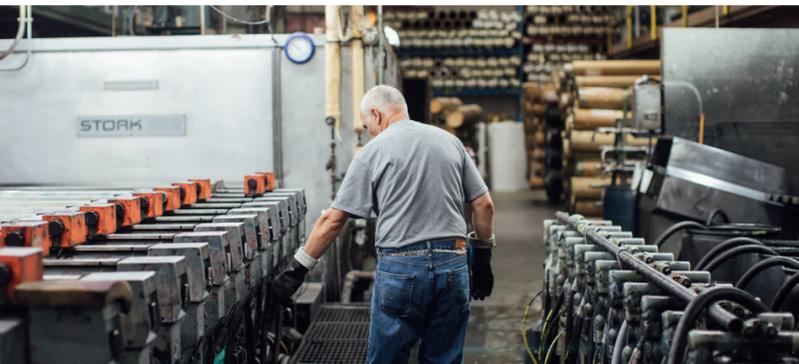
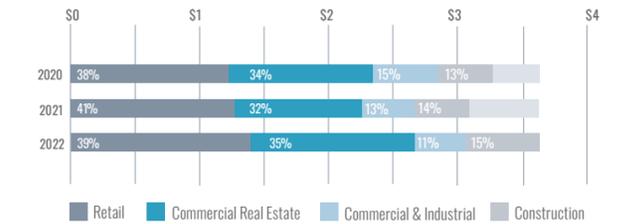
▲ **NET INCOME: \$26,363**



▲ **TOTAL DEPOSITS: \$5,093,242**



▲ **TOTAL LOANS: \$3,640,524**



Within the loan portfolio, commercial, commercial real estate, and construction loans increased \$413 million.



Middlesex opened a new loan production office at 55 Walkers Brook Drive in Reading.



A new team of seven commercial lending professionals staff the Reading office, supporting the bank's efforts to reach new markets.



In 2022, residential mortgages, home equity, and consumer loans grew \$132 million.

RIGHT THERE WITH

LIVING YOUR WAY

Launched new online consumer loan application



Redesigned online and mobile banking interface



Introduced new P2P payment system



Rolled out live agent chat



No matter how the world changes, Middlesex Savings Bank is committed to being right there with you.

Today, being right there with you means providing modern and comfortable branch locations, as well as up-to-date technology that makes banking from anywhere convenient.

In 2022, we renovated our Framingham-Nobscot and Franklin branch locations as part of our ongoing effort to modernize our buildings. Complementing our revitalized spaces is a new appointment booking feature. Now, when you want to secure a branch appointment ahead of time, you can simply visit our website to do so.

Other enhancements include a redesign of our online and mobile banking platforms. When logging in for a banking session, you are now greeted by a modern interface that makes navigation more intuitive and easier by reducing clicks. Additionally, you can now open a new deposit account directly within an online banking session. The benefit?

The system will recognize you and prefill information to make the process even quicker.

That's a lot, but it just scratches the surface of the list of advancements we made in 2022. We also introduced live agent chat and a new Person-to-Person (P2P) payment system that lets you send money to friends and family using your debit card, PayPal, or Venmo. And our new online consumer loan application allows you to apply for a loan and receive the funds with ease and a quicker turnaround time.

Speaking of loans, our residential mortgage portfolio grew over \$108 million in 2022. The rate lock feature allowed customers to secure their interest rate while they shopped for a home. This proved to be a critical feature as interest rates began to rise and it demonstrated our commitment to being right there with our customers.

Launched online appointment booking



Added account opening functionality to online banking



HELPING PEOPLE BANK BETTER



VOTED BEST BANK IN METROWEST:

We're grateful to have been named the *Best Bank* in MetroWest. We work hard every day to be right there with our customers and it seems to be working.

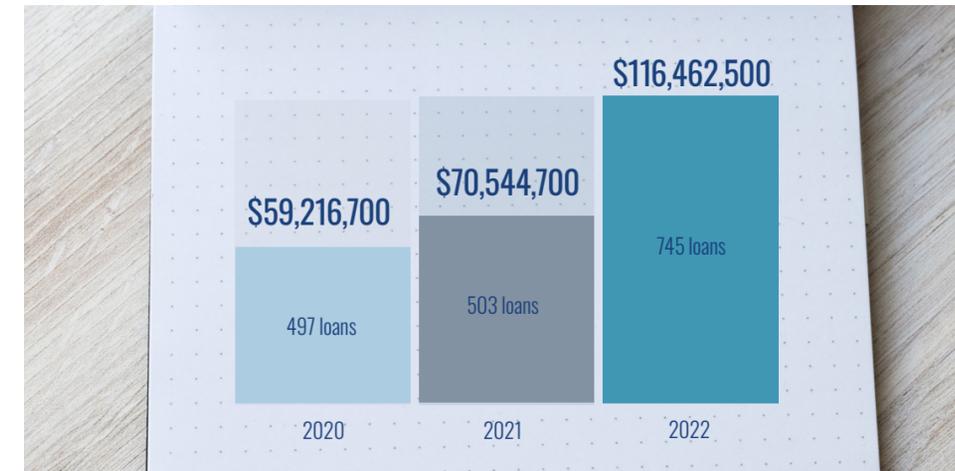
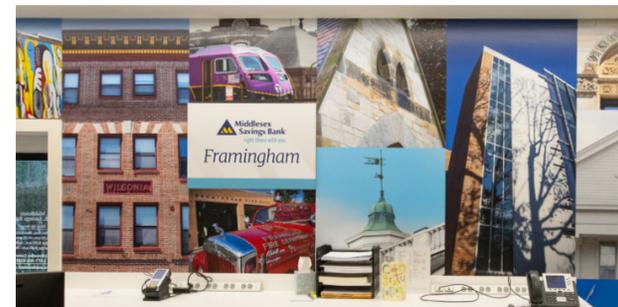
PROVIDED AFFORDABLE HOUSING LOANS:

We continued to make affordable housing loans to customers falling within certain income restrictions, including many first-time homebuyers.



RENOVATED BRANCHES:

The **Framingham-Nobscot** and **Franklin** branches were renovated to offer our customers and employees more modern and comfortable spaces in which to bank and work.



GREW OUR MORTGAGE PORTFOLIO:

As lending interest rates rose, equity loans and lines increased by \$132 million as customers renovated and improved their homes.



HELPED PREVENT FRAUD:

Through our efforts in fraud prevention, we helped customers avoid increasingly sophisticated attacks on their money and identity.

RIGHT THERE WITH

BUILDING YOUR DREAM



The mark of a good relationship is doing more business with existing customers.

Judging by the growth in business from current customers, our relationships are strong; we had excellent results, booking \$539 million in increased commitments to existing customers. 2022 was also a good year for adding customers, with \$442 million in new commitments to new customers. The combined \$981 million in booked commitments was by far a record number of commercial loan originations for the bank.

We've always taken great care to understand our customers' needs before suggesting a course of action. 2022 was no different. Supply chain issues, inflation, and rising interest rates were common challenges that required expertise and creativity to navigate. As flexibility in funding and maximizing cash on hand took on even greater importance, customers old and new were happy to work with seasoned professionals who helped them plan appropriately — and be as proactive as possible.

Another reason we were so successful with booking new loans was undoubtedly our

new commercial loan production office in Reading. By expanding the bank's physical presence north of Boston, we were able to reach into new markets and attract a broader cross-section of businesses in the state. We welcomed a new staff of seven to our commercial department, all seasoned professionals who embrace the bank's ethos regarding serving customers.

Lastly, we deepened our investments in ground-up construction, multifamily projects, and industrial flex space. We also funded renewable energy projects and commitments to renewable energy providers. We underwrote meaningful community projects around the state, such as providing an end loan for Project Just Because in Hopkinton to construct a new building, a mortgage for Franklin Food Pantry's new location, and bridge financing for Medway Community Farm while they waited on state grants for new equipment.

Added new Commercial Real Estate team in Reading



Helped 2,600+ PPP borrowers obtain loan forgiveness of \$325+ million





HELPING BUSINESSES GROW



FINANCED RENEWABLE ENERGY:

We had \$87 million in loan commitments to renewable energy projects and another \$30 million in commitments to renewable energy suppliers and services.



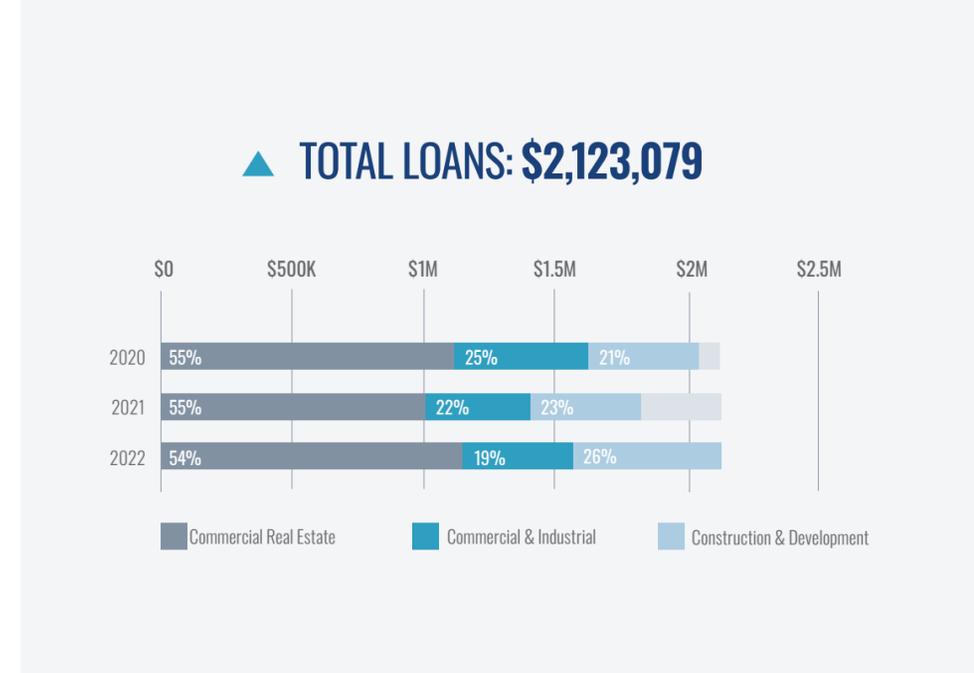
CELEBRATED GROUND BREAKING FOR CONCORD CHILDREN'S CENTER:

We underwrote new construction-to-permanent mortgage funding for the new school at 250 Old Bedford Road.



HOSTED CUSTOMER APPRECIATION NIGHT:

Our annual networking event once again honored and thanked many of our commercial banking clients.



STRENGTHENED OUR COMMERCIAL LOAN PORTFOLIO:

Despite recent economic challenges, our commercial portfolio continued to grow.



HELPED SUPPORT ECONOMIC DEVELOPMENT:

The bank held \$27 million in community development and CRA-qualified investments, including funds that support start-ups, businesses with revenues of less than \$1 million, and those that have difficulty obtaining financing.

RIGHT THERE WITH

CARING FOR THE COMMUNITY



Supported 552 nonprofits in 2022



Recognized founder and executive director of Dignity Matters, Inc., with our John R. Heerwagen Award for Nonprofit Leadership



In 2022, we proudly supported our community with grants, gifts, and sponsorships totaling \$2.7 million.

In 2022, we continued to support a number of local nonprofits through a combination of grants, sponsorships, contributions, and volunteerism. Additionally, the Middlesex Savings Charitable Foundation placed a special focus on helping provide food security for families affected by rising costs due to inflation.

The foundation continued its three-year, \$250,000 “challenge grant initiative” to support the South Middlesex Opportunity Council’s (SMOC) new Framingham Community & Cultural Center. This grant helped stimulate new supporters for this important community resource by matching gifts from new donors. We provided a \$75,000 challenge grant to Lovin’ Spoonfuls to support their creation of a second food delivery route within the community and a new three-year matching grant was made to the Foundation for MetroWest (FFMW) to support their Workforce Development Project. This program was created

to provide a path to financial stability for under-resourced youth and underemployed or unemployed adults by connecting them with resources that can ultimately lead to better wages and benefits.

Also of note: the bank made its second installment of a \$100,000 gift to MassBay Community College to help fund their new healthcare facility.

And, as always, our employees were directly involved in community support efforts through service on nonprofit boards and volunteering in local programs and at various festivals and fairs throughout the year.

For all these efforts, the *Boston Business Journal* once again recognized us as one of the most philanthropic companies in the state — a distinction we’ve received every year since the *Boston Business Journal* first created this acknowledgment.

Received the Community Leadership Award from the Foundation for MetroWest



Sponsored more than 325 local events





HELPING NEIGHBORS THRIVE



VOLUNTEERED AT LITTLETON COMMUNITY FARM:

Employee volunteers were happy to help support the farm by transplanting, harvesting, and preparing vegetables for distribution and helping build a greenhouse-like structure.



EARNED RECOGNITION:

Once again, the *Boston Business Journal* recognized us as one of the most philanthropic companies in Massachusetts.



JOINED TOWN CELEBRATIONS:

Sponsoring and participating in community events, such as Celebrate Holliston, brought us closer to customers.



MADE MEANINGFUL COMMUNITY DONATIONS:

Our donation will provide funding for construction of MassBay Community College's Center for the Health Sciences, Early Childhood, and Human Services, and the Middlesex Savings Bank Student Services Center on the Framingham campus.



WORKED TOWARD FOOD SECURITY:

Since nobody should go hungry, we've made it a priority to help those needing assistance by hosting food drives and supporting charities such as Meals on Wheels, Hospitality Common, and Lovin' Spoonfuls.



HELPED FURNISH HOMES:

With support from employees, Household Goods was able to provide furniture and other items to individuals and families in need.



SUPPORTED FORMERLY HOMELESS VETERANS:

Employees created care packages for recently arrived veterans at the Bedford Veterans Quarters.

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- ▲ Kelly A. Kober

- ▲ Brian D. Lanigan
- ▲ Michael G. McAuliffe
- Dana M. Neshe
- Ian E. Rubin
- ▲ Executive Committee
- ▲ Audit Committee

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- A. James Lavoie
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As of 12/31/2022



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 & Chief Financial Officer

Sean F. Burke
 Executive Vice President
 & Chief Technology Officer

Pictured from left to right



We're right there with you.

We're here to help make banking easier for you.

 [Find your closest branch](#)

 [Schedule an appointment](#)

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Bedford

Bellingham

Boxborough

Concord

West Concord

Framingham, Nobscot

Framingham, Route 9

Franklin

Groton

Holliston

Hopkinton

Hudson

Littleton

Maynard Crossing

Maynard, Powdermill

Medfield

Medway

Millis

Natick

Needham

Sherborn

Southborough

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Wayland Center

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Westborough

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 EQUAL HOUSING LENDER MEMBER FDIC

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