

**CAMBRIDGE SAVINGS BANK**

—

**2022**





# PRESIDENT'S LETTER

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Before commenting on the excellent results of the past year, I feel compelled to comment on the more recent events affecting the banking industry. The failures of Silicon Valley Bank and Signature Bank, which dominated the news recently, have been viewed by commentators and bankers alike as resulting from the particular circumstances of those institutions, while also highlighting critical issues that are fundamental to safe and sound banking practices. As a community-based mutual bank, our business model is very different. We have a measured approach to growth, free of any short-term investor expectations, and remain focused on the long-term best interests of our customers, our employees, and the communities we serve. Moreover, we actively manage our business to avoid excessive concentration in any single line of business, asset class, or industry segment. To ensure we can meet funding needs, whether it's meeting our obligations on loan commitments or needing to fund withdrawals from deposit accounts, we maintain multiple and diverse funding sources. Our current level of uninsured deposits is inline or below industry and peer group benchmarks. We maintain active risk mitigation strategies on an ongoing basis. For example, we utilize hedging strategies and techniques to



protect the value of our assets and strength of our earnings against changes in interest rates, which in the current rate environment means protecting against the negative impact of rising interest rates on the current market value of our bond portfolio. In 2022, CSB received an investment-grade rating from Kroll Bond Rating Agency, a nationally recognized statistical rating organization, which reflects our strong position as a reliable business lender, and I am pleased to share that our rating was re-affirmed by Kroll earlier this year.

## **REMAINING STRONG AND STABLE**

We are extremely proud of the financial performance we achieved in 2022. Our results include earnings of \$47.8 million, up from the prior year. These results include a \$4 million donation to our charitable foundation, which will be used to continue our support of the communities we serve. In addition, we remain committed to donating 6% of our earnings back to the communities we serve—a definitive giving strategy we intend to continue in future years. Total assets were up over 21%, ending the year at \$6.5 billion. Our net interest margin also increased to 3.23%, up from 3.06% for the prior year, a result driven by rising interest rates and growth in loans and investments.

Loan growth was substantial in 2022, up more than 25%, with our portfolio ending the year at \$5.3 billion. Loan growth was spread among all our primary loan classes of Residential, Commercial Real Estate (CRE), and Commercial and Industrial (C&I) loans. We also expanded into several new industries on the Small Business Lending side, with multiple new relationships in professional services and construction.

Our efforts to acquire and retain deposits were significant this past year, as rates continued to rise, competition for deposits from both commercial and consumer customers increased dramatically during the 4<sup>th</sup> quarter and will most likely impact our net interest margin going into 2023.

With a nationwide focus on higher-rate deposits, Ivy Bank, the digital banking division of CSB, saw remarkable growth in both deposits and customers. Ivy Bank deposits grew 470% in 2022, ending the year at \$307 million, up from \$54 million the previous year.

Deposit growth and the acquisition and retention of core banking customers will remain a key priority into 2023, especially as we are seeing an increase in customer demand and renewed interest in higher cost deposit products such as Certificates of Deposit and higher rate Money Market accounts. With rising interest rates and the sources of competition for deposits continuing to increase at a rapid pace, reimagined deposit retention and growth strategies across all commercial and retail channels will be necessary to ensure sufficient stable funding for future asset growth, which is key in maintaining healthy, long-term earnings.

## **PRIORITIZING RELATIONSHIPS, EXPERIENCE, & FINANCIAL WELL-BEING**

Our overall objective, and one of our top priorities, is to cultivate meaningful relationships by gaining a deep understanding of what financial well-being means to each of our customers, anticipating opportunities and challenges, and providing solutions to achieve their financial goals.





In 2022, we continued to build upon our growing capabilities in data analytics, customer research, and digital transformation. We forged new sightlines into our product data to drive personalization and create value that enhances our customers' financial well-being.

As part of our effort to strengthen customer loyalty, retention, and advocacy, we launched our very first relationship survey to customers in 2022, which is designed to be an ongoing annual check-in with our customers to understand how we are doing overall. The results of the survey, which asked customers to rate us on several dimensions, will help us identify broader improvement areas and influence how we prioritize and optimize the CSB customer experience as we move forward.

Our customers embraced the opportunity to provide feedback and engagement levels surpassed expectations. These ongoing research efforts will evolve as we continue to solicit feedback, seek to learn, and strive to better understand customer wants, needs, and expectations.

This past year we also made great progress in our continued commitment towards improving our customer experience through the enhancement of digital capabilities and investing in purposeful use of branches and customer service support. Among many notable accomplishments, we launched an improved Business Online Banking platform that features a simplified user interface and an integrated payment center. We also enhanced operational efficiencies across our CSB and Ivy Bank digital experiences, using real-time data to mitigate risks for fraud prevention and eliminate customer friction points. Additionally, we continue to modernize our branches, renovating them to offer a more engaging and customer-friendly in-person banking experience.



We will continue making investments in these key areas of customer experience, digital transformation, and innovation as we make meaningful progress towards creating a more consistent and integrated multichannel delivery experience for our customers.

## **SUPPORTING OUR CUSTOMERS, COLLEAGUES, AND COMMUNITIES**

Our heritage is based on striving to do good: caring for our customers, doing right by our colleagues, and giving back to the communities we serve. We remain fully committed to deepening relationships with our communities and the people in them.

With 6% of our core earnings supporting our charitable giving, we remain committed to giving back in meaningful ways—through volunteerism, financial education programs, and significantly increased funding through our charitable foundation. We view giving back to our communities as a strategic priority, and we are committed to remaining informed about the needs of our communities so that we can support those needs as they may evolve in impactful ways.

At Cambridge Savings Bank, we embrace the varied experiences, viewpoints, and identities of our colleagues and our customers. We are committed to a diverse and inclusive workforce that serves our communities on an informed basis and with compassion and a sense of justice, helping colleagues and customers alike achieve greater financial well-being within their unique journeys.

There are many programs that contribute to our culture of diversity, equity, and inclusion, including employee resource groups (ERGs), which

are employee-led groups whose aim is to foster a diverse and inclusive workplace, and our Diversity, Equity, and Inclusion Council whose mission is to ensure enterprise-wide accountability to create an inclusive workplace, and to provide a safe space where colleagues can discuss topics of interest and importance.

## **A LOOK TOWARDS THE YEAR AHEAD**

Our mutuality and relationship-first culture are special—something that has been consistent over our 188-year history. I'm confident that, even during this current period of economic uncertainty, we will maintain our unwavering commitment to invest in our people, delivery channels, and products and services, to improve the financial well-being of our customers and the communities we serve. We are well positioned to continue to grow and fulfill our mission well into the future.

Always you,

A handwritten signature in dark ink, reading "Wayne Patenaude". The signature is fluid and cursive, with a prominent "W" and "P".

Wayne Patenaude  
President & CEO



# CSB CORE VALUES

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## CAMBRIDGE SAVINGS BANK IS

collaborative, creative, and empowered to deliver a superior customer-centric experience. Our success is driven by the unique contributions of each person. Each individual is important, but together, we are even better. We are committed to doing the right things for the right reasons, being a strong community partner through our support of organizations that make a difference, and treating people the way they want to be treated. We are CSB. We are committed to

**YOU.**



## **COMMITTED TO DIVERSITY, EQUITY, AND INCLUSION**

Collectively and individually, we respect the rich diversity of our colleagues, customers, community, and partners; strive for more equitable access, resources, and opportunities for all; and welcome all people into our organization, honoring their differences— including ethnicity, background, perspective, and identity.

## **GROUNDING IN INTEGRITY**

We are each personally accountable for the highest standards of behavior, including honesty and fairness in all aspects of our work. We do what is right, not what is easiest or most popular. Trust, respect, and integrity are at the foundation of all of our relationships.

## **DEEP COMMITMENT TO EXCELLENCE**

We believe that excellence is more than what we provide, it's how we think and act. It's more than just fixing a problem, it is having a focus on providing a superior experience each and every time.

## **PASSIONATE ABOUT CREATIVITY**

For us, creativity is a willingness to try new approaches with vigor, energy, and enthusiasm. It's having the courage to ask questions that push the boundaries. This value affirms our commitment to seek new approaches to service.

## **COMPASSION AND CARING FOR OTHERS**

We have a predisposition to help others and the desire to identify with their experience through empathy and consideration for their needs and values.

## **DEDICATED TO COLLABORATION**

We value the contributions of all and blend the skills and perspectives of individual colleagues to get a result that is greater than the sum of the individual parts. Our success is built on relationships and our ability to work together effectively.



# CAMBRIDGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets | Years Ended December 31, 2022 and 2021 (In Thousands)

## ASSETS

Cash and due from banks	
Short-term investments	
Total cash and cash equivalents	
Marketable equity securities, at fair value	
Investment securities available-for-sale, at fair value	
Investment securities held-to-maturity, at amortized cost	
Loans held for sale, net	
Loans	
Less - allowance for loan losses	
Net loans	
Premises and equipment, net	
Accrued interest receivable	
Deferred tax asset, net	
Bank-owned life insurance	
Goodwill	
Right-of-use asset	
Other assets	
Total assets	

## LIABILITIES AND EQUITY CAPITAL

### Liabilities:

Deposits	
Advances from Federal Home Loan Bank of Boston	
Subordinated debt, net	
Repurchase agreements	
Financing lease liability	
Lease liabilities	
Accrued expenses and other liabilities	
Total liabilities	

Commitments and contingencies (Notes 5, 12 and 13)

### Equity capital:

Undistributed earnings	
Accumulated other comprehensive income (loss)	
Total equity capital	
Total liabilities and equity capital	

2022

2021

\$53,615	\$53,928
47,253	206,469
100,868	260,397
16,525	18,762
581,715	469,943
105,159	109,101
2,845	5,079
5,318,400	4,241,399
(48,623)	(49,054)
5,269,777	4,192,345
56,476	59,025
20,373	13,982
28,888	19,129
77,945	76,323
19,942	19,942
27,984	-
160,476	95,949
\$6,468,973	\$5,339,977
\$4,755,155	\$4,440,812
960,299	263,704
69,022	-
25,650	34,688
6,792	7,118
34,806	7,123
94,078	73,488
5,945,802	4,826,933
549,396	501,582
(26,225)	11,462
523,171	513,044
\$6,468,973	\$5,339,977



# CAMBRIDGE FINANCIAL GROUP, INC. AND SUBSIDIARIES

Consolidated Statements of Net Income | Years Ended December 31, 2022 and 2021 (In Thousands)

	2022	2021
Interest and dividend income:		
Commercial real estate loans	\$105,323	\$88,058
Residential mortgage loans	42,456	34,248
Commercial and industrial loans	35,357	27,058
Other loans	3,958	2,999
Investment securities	20,333	15,612
Short-term and other investments	1,659	574
Total interest and dividend income	209,086	168,549
Interest expense:		
Deposits	21,502	13,800
Advances from Federal Home Loan Bank of Boston	10,239	2,129
Subordinated debt	2,183	-
Capital lease obligations and other borrowings	369	359
Total interest expense	34,293	16,288
Net interest and dividend income	174,793	152,261
Provision for loan losses	1,195	2,400
Net interest and dividend income after provision for loan losses	173,598	149,861
Noninterest income:		
Deposit account fees	5,973	5,404
Rental income	4,796	5,284
Gain (loss) on marketable equity securities, net	(3,137)	3,236
Gain (loss) on sales and calls of investment securities available-for-sale, net	(59)	4
Mortgage banking gains	662	6,706
Bank-owned life insurance income	1,569	1,780
Gain on sale of other real estate owned	-	3,290
Other	2,783	2,328
Total noninterest income	12,587	28,032
Noninterest expense:		
Salaries and employee benefits	72,517	66,686
Office occupancy and equipment	23,551	22,253
Other operating expenses	28,341	28,023
Total noninterest expense	124,409	116,962
Income before income taxes	61,776	60,931
Income tax expense	13,962	13,378
Net income	\$47,814	\$47,553



# DIRECTORS, TRUSTEES, CORPORATORS, & SENIOR OFFICERS

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## CFG TRUSTEES & CORPORATORS CSB DIRECTORS

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### Robert P. Reardon\*

Retired | Former Director of Assessment  
City of Cambridge

### Michael J. Costello

Retired | Former Partner  
PricewaterhouseCoopers LLP

### Jayne K. Donahue

Retired | Former Executive Vice  
President and General Auditor  
State Street Corporation

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Founder  
Hesler & Associates

### Howard B. Hodgson, Jr.

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Cabot Properties, Inc.

### Kurt V. Johnson

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Strategy and Corporate Development  
Beyond Identity Inc.

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Artis Senior Living

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C. Brendan Noonan & Company, Inc.

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Retail Leasing  
Cushman & Wakefield

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Cambridge Financial Group  
and Cambridge Savings Bank

### Mary Ann Pesce

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Global Personal Care  
Procter & Gamble

### Robert Ramsey

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AssuredPartners Northeast, LLC

### Harborne W. Stuart, Jr.

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### Robert M. Wilson

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CEO Cambridge Financial Group  
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## CFG TRUSTEES & CORPORATORS

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### Stephen J. Coukos, Esq.

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and Cambridge Savings Bank

### Robert Delhome

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Charter Companies

### John P. DiGiovanni

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### Michael Monestime

President  
Central Square BID

## CFG CORPORATORS

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### Allison R. Coleman

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Retired CFG Trustee and CSB Director

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Gregg, Hunt, Ahern & Embry

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Grace Capital

### Kevin J. Fitzgerald

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Cambridge Financial Group and  
Cambridge Savings Bank  
Retired CFG Trustee and CSB Director

### Peter Folan

President  
Catholic Memorial School

### Gary J. Gianino

Treasurer Collector  
Town of Burlington

### Frederick V. Gilgun, Jr., Esq.

Principal | Attorney  
Nicholson, Sreter & Gilgun, P.C.

### Allison Goodwin

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# DIRECTORS, TRUSTEES, CORPORATORS, & SENIOR OFFICERS

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**John T. Gosselin, Esq.**

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Brigham and Women's Hospital

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Owner  
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**Ara Krafian**

Chairman and CEO  
Symmes Maini & McKee Associates

**Charles R. Laverty, III**

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Laverty Lohnes Properties

**Charles H. Lyons**

President  
Lyons Consulting, LLC

**Edward L. Marsteiner, II**

Partner and Director of Acquisitions  
National Development

**Mary Modahl**

Chief Marketing Officer  
American Well

**Amey D. Moot**

Management Consultant  
Precision Thinking

**William J. Mostyn III**

Adjunct Professor of Law  
Northeastern University School of Law

**Julia McClennen Murphy**

Project Manager  
Vanasse Hangen Brustlin, Inc.

**Katherine Rafferty**

Director of Community Affairs  
Mt. Auburn Hospital

**Frederick Ryan**

Retired | Former Chief of Police  
Arlington Police Department

**Travis J. Snell**

President  
Concord Property Management

**Roberta G. Sydney**

President  
Sydney Associates, Inc.

**Douglas Thayer**

President | Owner  
Thayer & Associates, Inc.

**Monique D. Thompson**

Business Analyst | Interface Manager  
MA Department of Public Health

**Pamela J. Touloupoulos**

Co-Owner  
JVT Realty

**Nicola Williams**

President  
The Williams Agency

**Laura Vail Wooster**

Business Advisor and Social Entrepreneur

**Joanna Vanden**

Vice President, People  
Spindrift Beverage Co., Inc.

**Ada H. Wong**

President  
Lexington Enterprises, Inc.

## EXECUTIVE TEAM

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**Wayne F. Patenaude**

President and Chief Executive Officer

**Katie Catlender**

Executive Vice President  
Chief Customer Officer

**Stephen J. Coukos, Esq.**

Executive Vice President  
and General Counsel

**Michael Gilles**

Executive Vice President  
Chief Operating Officer

**Linda Grace**

Executive Vice President  
Chief Human Resources Officer

## SENIOR LEADERSHIP TEAM

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**Michael Bonsey**

Senior Vice President  
Chief Credit Officer

**Ian M. Brandon**

Senior Vice President  
Head of Commercial Real Estate

**Brian Farrell**

Senior Vice President  
Chief Risk Officer

**Vincent Fennell**

Senior Vice President  
Chief Data Analytics Officer

**Orla Furey**

Senior Vice President  
Head of Compliance and BSA

**Stephen Leonard**

Senior Vice President  
Head of Corporate Banking

**Anthony Macchi**

Senior Vice President  
Head of Digital & Products

**Kevin McGuire**

Senior Vice President  
Chief Information Officer

**Carlos Osornio**

Senior Vice President  
Head of Operations and Service

**Dana Philbrook**

Senior Vice President  
Chief Financial Officer

**Lisa Rodericks**

Senior Vice President  
Chief Marketing Officer

**Carol Sexton**

Senior Vice President  
Head of Retail Banking



## BRANCH LOCATIONS

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### **Arlington Center**

626 Massachusetts Avenue  
Arlington, MA 02476  
617.441.4204

### **Arlington Heights**

1300 Massachusetts Avenue  
Arlington, MA 02476  
617.441.4205

### **East Arlington**

188 Massachusetts Avenue  
Arlington, MA 02474  
617.441.4203

### **Bedford**

181 Great Road  
Bedford, MA 01730  
617.441.4206

### **Belmont Center**

40 Leonard Street  
Belmont, MA 02478  
617.441.4327

### **Burlington—3rd Ave**

140 Middlesex Turnpike  
Burlington, MA 01803  
617.441.7045

### **Burlington—Cambridge Street**

154 Cambridge Street  
Burlington, MA 01803  
617.441.4207

### **Cambridge—Central Square**

630 Massachusetts Avenue  
Cambridge, MA 02139  
617.441.4298

### **Cambridge—Harvard Square**

1374 Massachusetts Avenue  
Cambridge, MA 02138  
617.441.4154

### **Cambridge—Inman Square**

1378 Cambridge Street  
Cambridge, MA 02139  
617.441.4287

### **Cambridge—Porter Square**

53 White Street  
Cambridge, MA 02140  
617.441.4270

### **Charlestown**

1 Thompson Square  
Charlestown, MA 02129  
617.398.5700

### **Concord**

202 Sudbury Road  
Concord, MA 01742  
617.441.7115

### **Lexington Center**

1781 Massachusetts Avenue  
Lexington, MA 02420  
781.861.1980

### **Melrose**

638 Main Street  
Melrose, MA 02176  
781.665.2501

### **Newton Centre**

739 Beacon Street  
Newton, MA 02459  
617.441.7065

### **Somerville—Assembly Row**

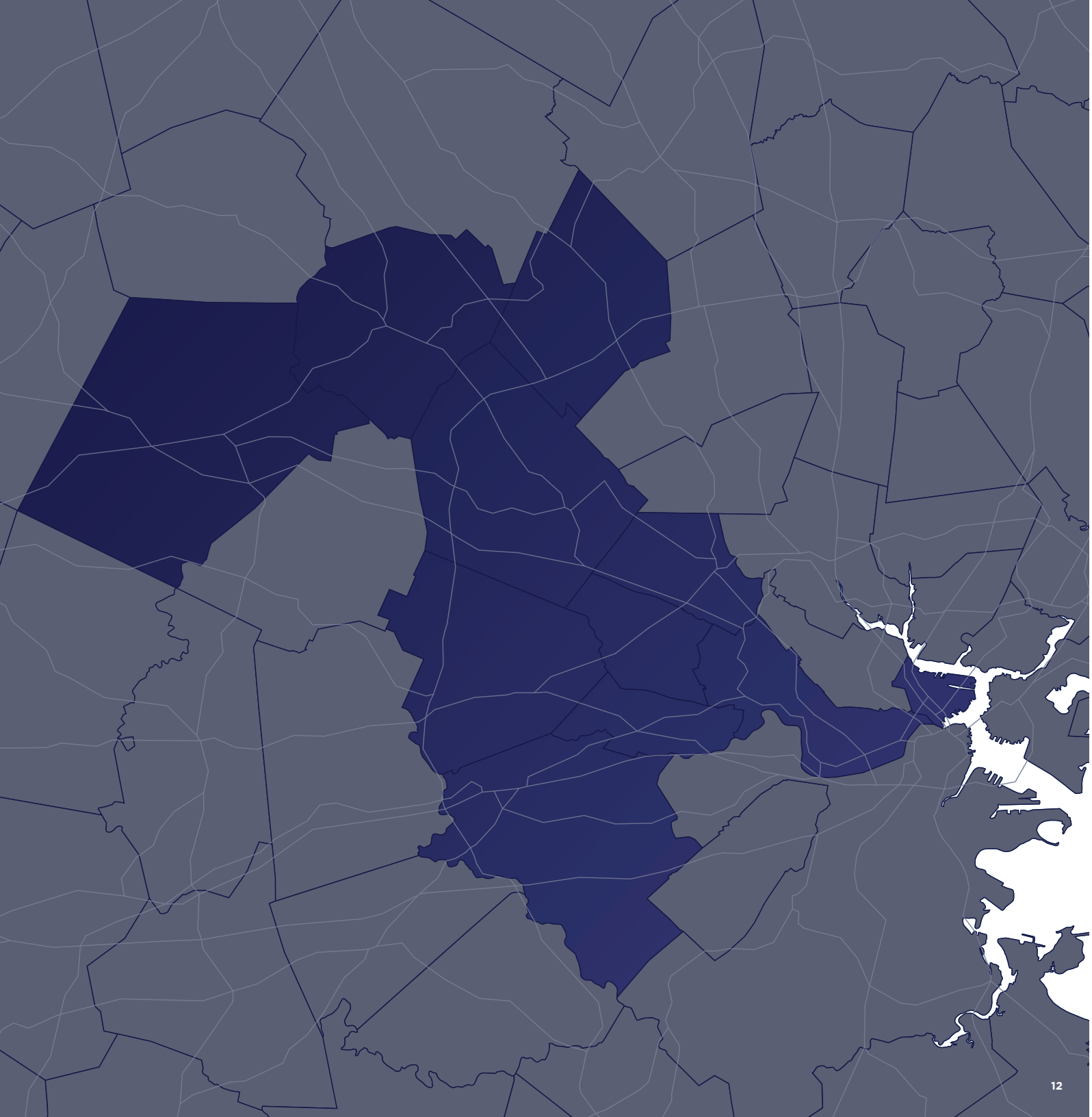
475 Foley Street  
Somerville, MA 02145  
617.684.6231

### **Watertown**

54 Arsenal Street  
Watertown, MA 02472  
617.441.7088
















*“As we look back on the year, I remain enormously proud and inspired by the dedication of our employees who are responsible for the tremendous success that CSB has achieved. Moving into 2023, we will continue to put our people first, always.”*

**WAYNE PATENAUDE  
PRESIDENT AND CEO**



CAMBRIDGE FINANCIAL GROUP, INC. IS THE MUTUAL HOLDING COMPANY FOR:



MEMBER FDIC |  EQUAL HOUSING LENDER