

USBancorp, Inc.



TOGETHER WE CAN DO MORE

2019

ANNUAL REPORT



THIS COMMUNITY IS OUR HOME

This community is our home. We have never lost sight of this for over 153 years. It's woven into everything we do for our community, customers and team members, so they can thrive. Why? Not only is it good business sense, but it's good common sense. Because when all members of our community thrive, the entire community gets stronger. Which is why we firmly believe — **together we can do more.**

In the following pages, we reflect on 2019. You'll see details of the initiatives, milestones and contributions we've made within our community to help move it forward. It's been quite a year and some of the highlights include:

- » Our team members volunteered over 10,000 hours to support local causes
- » We closed over \$7 million in first time home buyer loans
- » Our branch network conducted over 1,300 financial wellness check-ups for customers, so they can be the best version of their financial self
- » The USB Foundation's endowment continues to grow, passing the \$8 million mark; including a \$1 million contribution from the bank
- » We introduced some of the latest product security features, including USB VoiceID

I want to especially thank the more than 50,000 consumer households and area businesses who have chosen USB as their financial partner. We look forward to working together now and into the future, because working together we can do more.

On behalf of the Board of Trustees and all of us at Union Savings Bank, I thank you for your continued support.



Cynthia C. Merkle
President & CEO

Cynthia C. Merkle

2019 HIGHLIGHTS

DOING MORE FOR **OUR CUSTOMERS**

- » Served more than 45,000 consumer households and nearly 6,000 businesses
- » Originated over \$6.7 million in Community Development loans
- » Closed over \$7 million in first time home buyer loans through our innovative portfolio product and Connecticut Housing Finance Authority (CHFA) programs
- » Obtained FHA approval to serve more individuals in their quest for home financing
- » Participated in the Connecticut Smart E-loan program — offering low interest financing to customers upgrading their home energy performance
- » Closed over \$3 million in secondary education loans
- » Created a loan program for area federal workers affected by the government shut down
- » Conducted 1,300 financial wellness check-ups through our branch team
- » Simplified checking and savings account offerings tailored to customer needs
- » Introduced USB Digital Banking Tutors so our customers can learn how to better manage their finances via our digital channels
- » Launched, enhanced and simplified security features for our banking products — including debit card controls and USB VoiceID

DOING MORE FOR **OUR TEAM**

- » Continued to focus on learning and development opportunities for our team members, including community board training for employees serving in leadership roles for local non-profits
- » Encouraged employee development through tuition reimbursement for industry certifications and continued education
- » Provided biometric screenings and free flu shots to USB employees to promote healthy living
- » Conducted after work employee wellness and networking activities, such as hiking, bowling and game nights. The majority of our 400 employees participated
- » Built an energy efficient corporate gym for employee use

DOING MORE FOR **OUR COMMUNITY**

- » Union Savings Bank and the USB Foundation contributed nearly \$630 thousand in grants and donations, spread across more than 200 local organizations
- » The bank donated \$1 million to the USB Foundation, ensuring the availability of funds for contributions, regardless of economic conditions
- » Our team members volunteered over 10,000 hours to support local causes
- » Our team members continued to take on leadership roles, including our CEO, Cynthia Merkle, who was elected the first woman chair of the Connecticut Bankers Association (CBA)
- » Developed and deployed an online portal for donations, making it easier for local non-profits to apply

DOING MORE FOR **OUR ENVIRONMENT**

- » Installed over 400 energy-efficient LED light fixtures in our buildings
- » Recycled nearly 400 lbs. of lead acid batteries
- » Installed energy-efficient appliances in our buildings; including hand dryers and smart thermostats
- » Recycled 2,224 lbs. of e-waste, including computer monitors and printers
- » Nearly half of our customers are enrolled in eStatements reducing paper waste

HILLSIDE FOOD OUTREACH, INC.
KIDSPLAY CHILDREN'S MUSEUM
BROOKER MEMORIAL
KENNEDY CENTER
BIG BROTHERS BIG SISTERS OF SOUTHWESTERN CT
LITERACY VOLUNTEERS ON THE GREEN
LITCHFIELD COMMUNITY CENTER
DANBURY POLICE ACTIVITIES LEAGUE
NORTHWESTERN CONNECTICUT YMCA
NEWTOWN YOUTH AND FAMILY SERVICES
THE HORD FOUNDATION
WOMEN'S CENTER OF GREATER DANBURY
READ TO GROW
ABILITY BEYOND
OLIVER WOLCOTT LIBRARY
COMMUNITY CULINARY SCHOOL OF NORTHWEST CT
RIDGEFIELD VISITING NURSE ASSOCIATION
JUNIOR ACHIEVEMENT OF GREATER FAIRFIELD COUNTY
LATINO SCHOLARSHIP FUND
DANBURY GRASSROOTS ACADEMY
AND MORE...

EDUCATION IS IN OUR FOUNDATION

The USB Foundation was established in 1998 to provide the bank with an additional avenue to give back to needed initiatives, programs and causes that enhance the lives of our neighbors. The USB Foundation specifically provides funding to programs that educate, transform and enhance the communities we serve. Union Savings Bank is committed to making annual contributions to sustain the foundation's endowment — so that funds will always be available for community grants and donations. At the end of 2019, the USB Foundation had assets passing the \$8 million mark and is now positioned for greater impact in our communities.

\$340,750 Provided to organizations
by the USB Foundation

44 Organizations impacted
by the USB Foundation

OUR FEATURED PROGRAMS



USB TEACHERS' CLOSET



SHARE THE LOVE OF READING



USB GIVES BACK



FINANCIAL LITERACY

INVESTING IN OUR COMMUNITY

"We do more than simply support our community with financial contributions; I am proud of the thousands and thousands of hours our team members dedicate to helping our community grow and thrive."

— Cynthia C. Merkle
President & CEO



USB TEACHERS' CLOSET

What began as a project driven by a group of employees has grown into an organization-wide program that puts school supplies into the hands of teachers and students who need them most. Every August, we come together to help stock classrooms in our community with thousands of items donated during our USB Teachers' Closet Supply Drive. Since 2017, the USB Teachers' Closet has donated thousands of supplies to local elementary schools, affecting over 100 teachers and over 1,250 students.

60 Teachers impacted by USB Teachers' Closet in 2019

4,151 Supplies donated in 2019

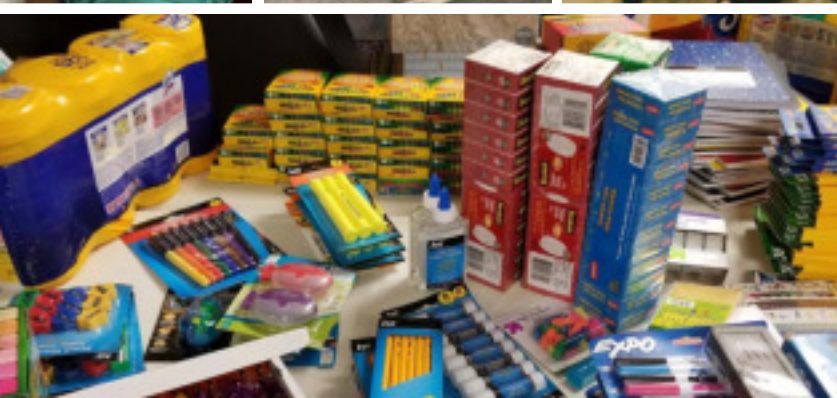
SHARE THE LOVE OF READING

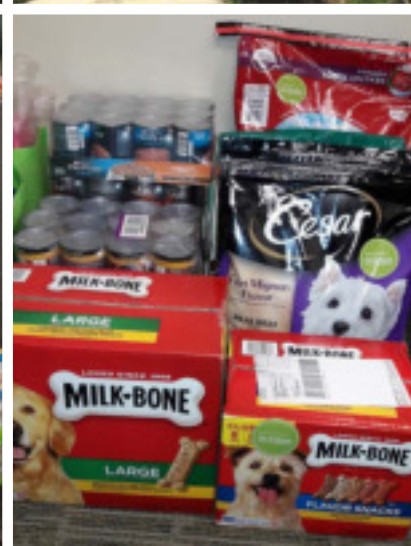
"Today a reader, tomorrow a leader." — Margaret Fuller

We're helping to inspire the next generation of readers — and leaders — through our annual Share the Love of Reading Book Drive. Since 2016, over 2,000 books have been collected and donated to children within the community and our book drive has supported over 20 local organizations.

10 Organizations supported by Share the Love of Reading in 2019

400 Books donated in 2019





USB GIVES BACK

We believe it's important to pay it forward. The annual USB Gives Back initiative empowers employees to join forces and give back to community causes that they are passionate about. Whether it's building a swing set or delivering much needed items to a local food pantry — you'll find USB employees involved.

33

Community projects completed in 2019

\$16,858

Donated in support of USB Gives Back projects in 2019



FINANCIAL LITERACY

Financial literacy is important to helping members of our community reach their goals. Through our FutureTrack Love to Save blog and many local ongoing events, we're bringing financial literacy to students, children and families across Western Connecticut — strengthening futures and transforming lives.

37

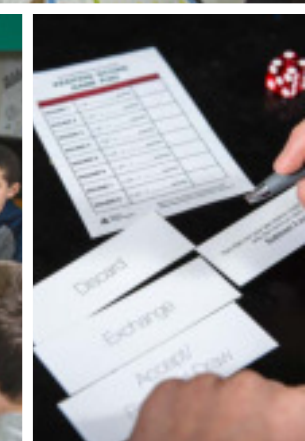
Employees participated in Financial Literacy events

34

FutureTrack Love to Save blog posts published

25

FutureTrack budgeting, saving and retirement presentations made to community members at locations such as senior centers, libraries and YMCA's



2019 FINANCIALS

- Business Highlights
- Financial Statements
- Corporators
- Trustees
- Branch Locations

BRANCH BANKING

Total deposits and retail repos were up nearly 6% year over year, bringing the total to nearly \$1.95 billion

MORTGAGES

Closed 224 units for \$79 million

COMMERCIAL SERVICES

Originated \$259 million in commercial loans

CUSTOMER EXPERIENCE

Launched USB VoiceID, an innovative biometric technology security feature that verifies customers by the sound of their voice when they call us, allowing fast and secure access to their accounts

Our customers concerns are reviewed daily and some of the changes we implemented in 2019 based on customer feedback were the following:

- » Implemented an upgrade to our ATMs so customers can now do multiple transactions and only insert their card once
- » Extended the length of time the login box on our website is visible to customers accessing Online Banking
- » Continued to provide customers self service options online through updated FAQs and digital banking tutors

WEALTH MANAGEMENT

Hired a new Chief Investment Officer of the Trust Department to continue to bring world-class knowledge and expertise to our customers

FINANCIAL STATEMENTS

BALANCE SHEETS

at December 31 (amounts in thousands) (unaudited)

	2018	2019
ASSETS		
Cash and due from banks	\$39,353	\$204,110
Securities	253,025	231,549
Federal Home Loan Bank stock	4,499	2,195
Loans, net	1,700,024	1,666,540
Premises and equipment	43,581	42,869
Other assets	118,776	129,164
Total assets	\$2,159,258	\$2,276,427
LIABILITIES AND CAPITAL		
Deposits	\$1,632,275	\$1,727,554
Repurchase agreements	206,175	221,922
Federal Home Loan Bank advances	28,167	145
Other liabilities	34,819	42,922
Capital	257,822	283,884
Total liabilities and capital	\$2,159,258	\$2,276,427

INCOME STATEMENTS

Years ended December 31 (amounts in thousands) (unaudited)

	2018	2019
Interest and dividend income	\$80,391	\$82,961
Interest expense	7,724	10,651
Net interest and dividend income	72,667	72,310
Provision for loan losses	828	596
Net interest and dividend income after provision for loan losses	71,839	71,714
Noninterest income	15,773	17,385
Noninterest expense	60,893	62,157
Income before income taxes	26,719	26,942
Provision for income taxes	4,909	5,101
Net income	\$21,810	\$21,841
Regulatory Capital Ratio	12.06%	12.55%

2018 numbers reflect Union Savings Bank and subsidiaries
2019 numbers reflect USB Bancorp, Inc. and subsidiaries

CORPORATORS

Michael Ackerman
Owner, The Pantry, Inc.

Michael J. Allen
President, Danbury Square Box Company

Cheryl A. Bakewell, CPA
Partner, Bakewell & Mulhare LLC

David Begin
President & CEO, Chemical Marketing Concepts

James J. Blansfield
President, Blansfield Builders, Inc.

Nancy Brault *
President & CEO, The Ultimate Companies, Inc.

Rebecca Butler *
Founder/Executive Director, Arts Escape, Inc.

Emile Buzaid
Retired Owner, Max Gun and Pawn LLC

Maureen Casey Gernert
Retired Director, Career Development Center, WCSU

Jacqueline Cassidy
Controller, Koster Keunen, Inc.

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Partner, Cirone Friedberg LLP

David M. Coelho
Electrical Instructor, IMTI - Industrial Management & Training Institute

Heather DaSilva
Managing Principal, Cleary Benefits Group

Sheila A. Denton
Senior Vice President, Corporate Secretary/General Counsel, Boehringer Ingelheim

Charles R. Ebersol, Jr., Esq
Partner, Ebersol & McCormick LLC

Mourad Fahmi
CEO/Principal Owner, Miller–Stephenson Chemical Corp.

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President, Credit Resources, Inc.

Thomas T. Fitzsimons
Executive Vice President, Channel Sources

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Chairman & CEO, Spinnaker Real Estate Partners LLC

Ann. L. Fowler–Cruz, Esq
Principal, Coben & Wolf PC

Martin Handshy
President, Charter Group Partners

Kathleen A. Harrison
Co–Owner, Fazzzone & Harrison Realty LLC

H. Thomas Hinman
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Partner, Robert Hensley & Associates LLC

Matthew Karpas
Managing Member, Karpas Strategies LLC

Michael R. Kaufman, Esq
Attorney, Jones, Damia, Kaufman, Borofsky & DePaul LLC

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Consultant

Jeffrey B. Kilberg
Vice President, Nicholas/Tobin Insurance, Inc.

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CPA/Financial Advisor, Landwehr & Spabo CPA's

Scott Lavelle
Real Estate Broker/Owner, Remax Experience

Richard J. Lipton, MD
Physician, Advanced Ear, Nose & Throat Care

Mark A. Malkin
Owner, Malkin & Daigle LLC

Martin Marola
President, Marola Motor Sales, Inc.

Wanda McGarry
Vice President, Corporate Secretary, Kovacs Construction Corp.

Stanley J. McKenney
Vice President, McKenney Mechanical Contractors, Inc.

Rute Mendes Caetano, Esq
Partner, Ventura Law

Anthony Mercaldo, CPA
Mittler, Mercaldo & Braun PC

Maurice A. Nizzardo
Real Estate Developer, Nizzardo Holdings LLC

Thomas J. Oneglia
Assistant Vice President, O&G Industries, Inc.

Sal Pandolfi
Real Estate Services & Development, Pandolfi Properties

Matthew Paul, MD
Eye Surgeon/Ophthalmologist, Danbury Eye Physicians & Surgeons

Larry Pereira, Esq
Attorney, Baker Law Firm

William M. Petroccio, Esq
Attorney, Russo & Rizio, LLC

Zachary S. Rapp
President, Sydney A. Rapp Land Surveying, PC

MaryJean Rebeiro
President & CEO, NY-CONN Corporation

Eugene Reelick
Owner, Hollandia Nursery

Anthony Rizzo, Jr.
President & CEO, The Rizzo Companies

Kristin Roberts *
Managing Partner, The Roberts Tax Group

M. Jeffers Ryer
President, Ryer Associates

Thomas S. Santa
President & CEO, Santa Energy Corporation

Lisa Scails
Executive Director, Cultural Alliance of Western CT

Valerie Sedelnick
President & CEO, Washington Supply Company

Gregory L. Steiner
Principal, Berkshire Corporate Park

Michael R. Sturdevant
Lieutenant, Danbury Police Department

Luis Tomas
Retired Owner, European's Furniture & Gifts

Lewis J. Wallace, Jr.
Director, Common Fund

William H. Webb, Jr.
President, Pegasys, Inc.

Arthur C. Weinshank, Esq
Partner, Cramer & Anderson LLP

Ralph Williams III
Principal, Connecticut Business Services LLC

Jordan Young
President, Fairfield Processing

Jack Zazzaro, DMD
Cosmetic & Family Dentistry

* New Corporators to be elected March, 2020

TRUSTEES

CHAIRMAN OF THE BOARD OF TRUSTEES*

Jeff Levine
Owner, Levine Automotive

VICE CHAIRMAN OF THE BOARD OF TRUSTEES

Arnold E. Finaldi, Jr.
Senior Vice President, Rose & Kiernan, Inc.

Ray P. Boa
Owner, A & J Construction Company

John A. Brighenti
Vice President & Owner, Avon Plumbing & Heating Co., Inc.

David S. Hawley
President, Hawley Management

Cynthia C. Merkle
President & CEO, Union Savings Bank

John M. Murphy, MD
President & CEO, Nuvance Health

Stephen G. Rosentel, CPA
President, Leahy's Fuels, Inc.

Frank A. Rowella, Jr., CPA
Managing Partner, Reynolds & Rowella, LLP

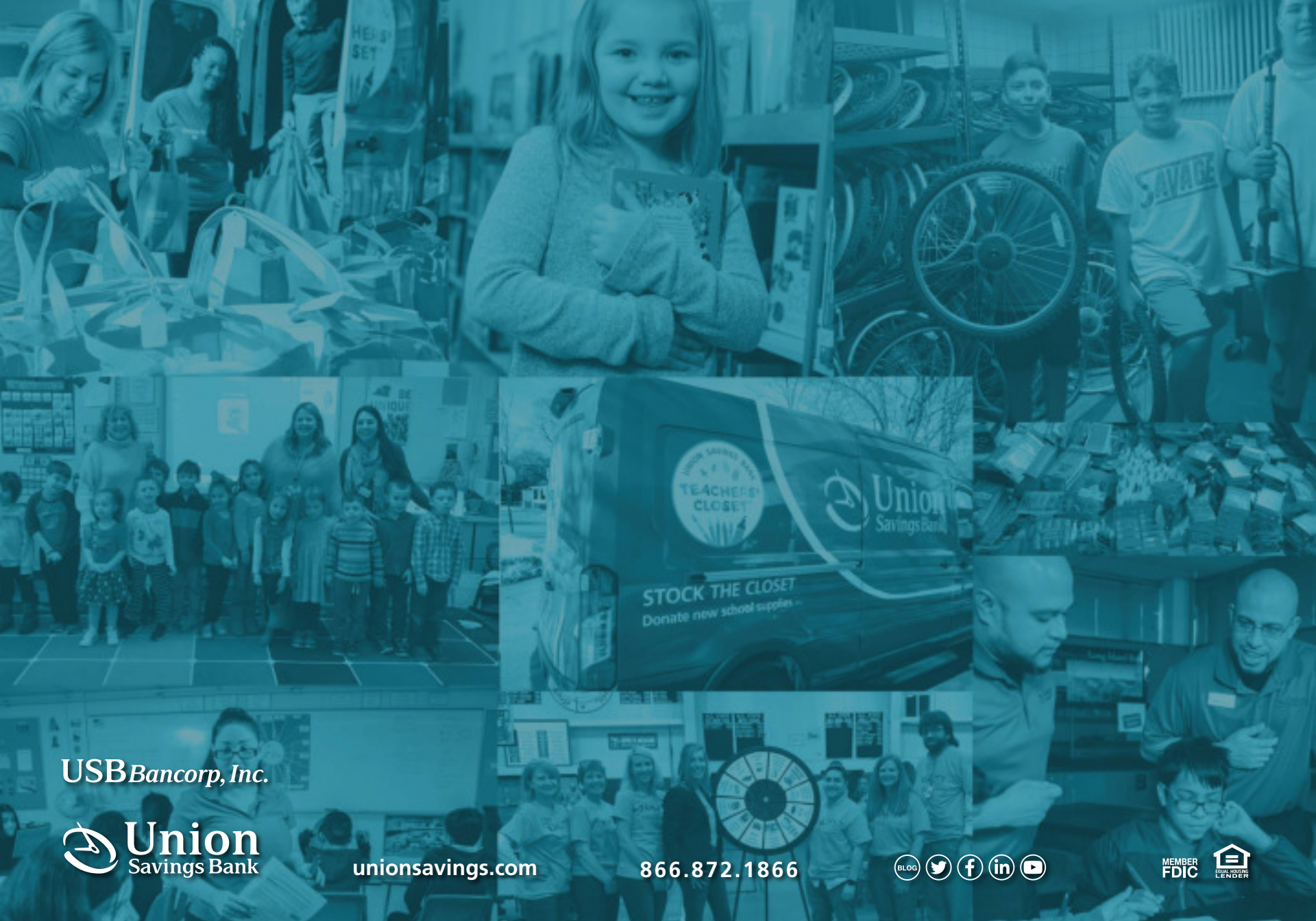
H. Ray Underwood, Jr.
Secretary & Treasurer, Underwood Services, Inc.

Lucie H. Voves **
CEO, Church Hill Classics

Trustees are also Corporators
**Term as Chairman of the Board of Trustees to expire February 1, 2020*
***Elected Chairman of the Board of Trustees February 1, 2020*

BRANCH LOCATIONS

Bethel	24 Grassy Plain Street 79 Stony Hill Road
Brookfield	200 Federal Road 828 Federal Road
Canton	188 Albany Turnpike
Danbury	71 Newtown Road 116 Main Street 226 Main Street 100 Mill Plain Road 126 North Street
Goshen	4 Sharon Turnpike
Kent	15 Kent Green Boulevard
Litchfield	13 North Street
Marble Dale	253 New Milford Turnpike
Monroe	411 Monroe Turnpike
New Fairfield	24 Route 39
New Milford	169 Danbury Road 41 East Street 100 Park Lane Road (ATM only)
Newtown	1-A Commerce Road
Ridgefield	100 Danbury Road
Roxbury	26 North Street
Southbury	406 Main Street South
Torrington	1057 Tarringford Street 397 Main Street
Washington Depot	7 Bryan Plaza



USB Bancorp, Inc.



unionsavings.com

866.872.1866

