

USB *Bancorp, Inc.*



ANNUAL REPORT  
2020



We're more than a bank.

*We're your neighbor.*





2020 was challenging on so many fronts, but with perseverance, patience and compassion, we moved forward as a community.

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# Letter from our President & CEO

When reflecting on our long, rich history, it's humbling to think about the role USB has played in helping our community grow and thrive, as well as helping our customers navigate through the toughest of times.

2020 was perhaps the most challenging year for all of us, but what we never lost during this unprecedented time was our strong sense of community and desire to help our neighbors in need. Whether it was keeping our branches and banking services accessible or providing donations and grants to organizations that support frontline workers and those reeling from food insecurity, as your neighborhood bank, **we knew our community needed us more than ever.**

Throughout the pandemic, our branches continued to **serve our customers while introducing social distancing best practices** to keep employees and customers safe. This was accomplished while simultaneously transforming much of our team into a remote workforce.

Additionally, starting in March and continuing throughout the spring, **USB and the USB Foundation contributed more than \$450,000 to**

**local organizations whose resources were showing signs of strain as a result of the pandemic.** Our support enabled them to purchase personal protective equipment (PPE) for healthcare workers, acquire ventilators for patients, stock the shelves at food pantries, as well as help fund several other programs that serve our community.

In the following pages, you'll learn even more about what made us **proud to be your neighbor throughout the year**; from the contributions we've made to our community, to the steps we've taken to better serve our customers as their trusted financial institution. Some of the highlights include:

To assist our small businesses struggling during the pandemic, USB helped secure **over \$131 million in SBA Paycheck Protection Program (PPP) loans** for 1,059 of our customers, which helped support over 14,000 local jobs.

USB's Residential Mortgage division recorded its largest production in decades, **closing over \$186 million in mortgages.**

In light of the increase in food insecurity, this fall we rallied our community partners and together we launched the **Feeding Our Neighbors Community Challenge**, which **raised more than \$117,000**

**to support food banks** in the Greater Danbury Area and beyond.

Finally, we were able to continue innovating, with the **launch of contactless USB Debit Cards** and the **Give to Charity feature** for online banking customers.

I want to especially thank our customers who have trusted USB as their financial partner during the uncertainty of this past year, as well as our team members who worked tirelessly to keep our branches and financial services up and running. It was challenging on so many fronts, but with perseverance, patience and compassion, we moved forward as a community. **Serving you makes us proud every day to be your neighborhood bank.**

On behalf of the Board of Trustees and all of us at Union Savings Bank, I thank you for trusting us to be your financial partner.

*Cynthia C. Merkle*

Cynthia C. Merkle  
President & CEO





# Union Savings Bank is doing more...

## HELPING LOCAL BUSINESSES

Assisted **1,059 business customers** in securing more than **\$131 million in SBA Paycheck Protection Program loans**, protecting over **14,000 local jobs.**

## INVESTING IN TECHNOLOGY

Introduced **contactless USB Debit Cards.**

**Give to Charity** was added to the **USB Online Banking experience**, allowing customers to manage their charitable giving all in one place.

**More than 15,000 customers** enrolled in **USB Voice ID**, allowing us to service customers faster.

## BRANCH BANKING

Total bank deposits, including repurchase agreements, increased 21%, to over

**\$2.3 BILLION.**

## CONTRIBUTIONS

In 2020, USB and the USB Foundation donated over

**\$674,000**

to local organizations.

## MORTGAGES

Closed over

**\$186 MILLION**

in home loans that supported

**538 home buyers and home owners,**

the highest amount in decades.

## NET INCOME

**\$17,750,000**

## TRUST & INVESTMENT

The Wealth Management team's new and committed assets were

**241% of goal.**

# ...for our Team Members

- To enhance the safety of customers and team members, our **branches were retrofitted with CDC recommended safety equipment and supplies**, including Plexiglass at work stations. Branches were also cleaned and sanitized on a daily basis.
- **Personal Protective Equipment (PPE) was distributed to team members** working at our branches so they could interact with customers and each other safely.
- When the pandemic started, USB quickly **transitioned a large portion of team members to a remote work setting**, implementing the IT equipment, software and strict security requirements necessary to ensure the privacy and security of our customer information.

- USB maintained its team member base while **hiring new team members remotely** throughout the pandemic.
- Following the roll-out of **our new Mission and Vision Statements**, all USB team members helped craft a new set of Core Values.
- We implemented **enhanced professional development and customer service strategies** to increase team member customer engagement skills and revised a branch cross-training program designed to **improve team member skills** on the teller line.
- **Increased participation in the Call Assist program** which enabled branch team members to serve as an extension of the Customer Service Center.



Individuality is good.

*Teamwork is great!*





# Union Savings Bank is doing more...

## Branch Banking

- USB branches remained open to serve our customers throughout the pandemic by quickly **implementing safety guidelines outlined by the CDC**.
- Total **bank deposits, including repurchase agreements, increased 21%, to over \$2.3 billion**.
- In the first round in 2020, we **processed more than 13,500 Economic Impact Payment direct deposits** for more than \$23.8 million.

## Business

- USB continued to **support our local business customers** by originating **\$214 million in commercial loans** in 2020.
- We assisted 1,059 business customers in **securing more than \$131 million in SBA PPP loans**, protecting 14,000+ local jobs.
- At the beginning of the Coronavirus pandemic, we **initiated policies for loan forbearance** and fee waivers for businesses facing immediate financial hardships. We granted temporary loan modifications for **220 commercial customers amounting to \$306 million**.
- The **Merchant Services team helped business owners** quickly transition their business to safer digital payment methods, such as online purchases and the acceptance of credit cards.

## Mortgages

- The Residential Mortgage team had its largest production year in decades, closing **over \$186 million** in home loans that supported 538 home buyers and home owners.
- USB originated **\$14 million in loans to first time home buyers**, doubling the 2019 output.
- We supported home owners by optimizing the value of their homes, originating over **\$26 million in Home Equity Lines of Credit (HELOC)**.
- USB issued **nine Community Development Loans at \$16.9 million** to help businesses and community facilities during a challenging year.
- To help our loan customers who had been hard hit as a result of the Coronavirus, **we created a temporary loan modification program** providing loan forbearance and fee waivers.

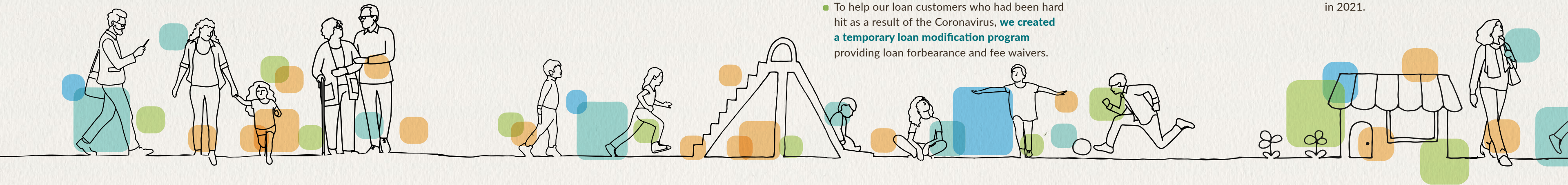
## Wealth Management

- The Wealth Management team's new and committed assets were **241% of goal**.
- The Raymond James team's new and committed assets were **153% of goal**.
- The Wealth Management and Raymond James teams pivoted to **virtual consulting and seminars** to help take care of client needs.

## FutureTrack

- Our FutureTrack initiative continues to be an area where we feel there is a unique opportunity to help our customers achieve financial wellness.
  - In 2020 we **focused on two key areas**:
    - **Increasing FutureTrack life-stage planning knowledge base** with a LifeStage Financial Consultant (LSFC™) certification program for our FutureTrack team members
    - **Developing digital tools** to help our customers live a financially strong life
- The impact of this work will be seen in 2021.

# ...for our Customers





And doing more...



Responded immediately in support of Nuance Health by **donating \$200,000 towards the purchase of ventilators and Personal Protective Equipment (PPE).**

**Donated \$25,000 in support of local Visiting Nurse Associations** as their resources were scarce due to the increased need for their services.

**Provided financial support of over \$36,000** in benefit of veteran programs, violence prevention and hospice care.

**Added 2,200 new school supplies** to our USB Teachers' Closet<sup>SM</sup> shelves that were generously donated during our annual drive.

**Provided \$75,000 to community health organizations** who were on the front lines of the pandemic.

Supported education initiatives with **donations of over \$105,000** applied to remote learning tools, scholarships and program delivery.

USB  
**\$232,762**

USB Foundation  
**\$441,600**

TOTAL  
**\$674,362**

Launched the **Feeding Our Neighbors Community Challenge** with a **\$15,000 donation**. The campaign **raised over \$117,000 in support of the Danbury Food Collaborative.**

**Donated over \$130,000** in support of schools, youth programs and community enrichment initiatives.

**Our team gave thousands of volunteer hours** in support of local community organizations.

**Provided support to the local business community** through chambers and economic development partners with **donations exceeding \$25,000.**

**Nearly \$60,000 was donated in support of community partners,** meeting the food insecurity needs of our neighbors.

...for our Community





# USB Continues to Invest in Technology

- **Contactless USB Debit Cards were introduced**, which makes on-the-go purchases simple, secure and safer.
- **Give to Charity was added to the USB Online Banking experience**, allowing customers to manage their charitable giving all in one place.
- **More than 15,000 customers enrolled in USB Voice ID**, allowing us to serve customers faster.
- The Wealth Management team **integrated the eMoney financial planning platform**, which helps deliver **personalized solutions to clients** while well-positioning the Bank in the marketplace.
- **Expedited the Paycheck Protection Program loan application process** with secure remote upload capabilities for our business customers.
- **Implemented an automated mortgage process**, thus both positively affecting the customer experience and creating efficiencies that increased capacity.
- **Made continued upgrades to the ATM fleet**, providing a better, more reliable, experience.
- Made **enhancements to the mobile banking experience** by adding self-service features such as the ability to reset passwords in the USB Mobile App and access statements electronically.
- Added **biometric access features to the UBS Mobile and Business Mobile Apps** on both Android and Apple devices, increasing security and convenience.
- **Launched online wire transfer capabilities** for our business customers.



# USB Financial Statements

## BALANCE SHEETS

at December 31 (amounts in thousands) (unaudited)

	2020	2019
<b>Assets</b>		
Cash and due from banks	\$247,416	\$204,110
Securities	461,739	231,549
Federal Home Loan Bank stock	2,125	2,195
Loans, net	1,829,012	1,666,613
Premises and equipment	40,556	42,868
Other assets	154,553	125,678
<b>Total assets</b>	<b>\$2,735,401</b>	<b>\$2,273,013</b>
<b>Liabilities and Capital</b>		
Deposits	\$2,156,770	\$1,727,554
Repurchase agreements	207,803	221,922
Federal Home Loan Bank advances	135	145
Other liabilities	63,173	41,984
Capital	307,520	281,408
<b>Total liabilities and capital</b>	<b>\$2,735,401</b>	<b>\$2,273,013</b>

2019 and 2020 numbers reflect USB Bancorp, Inc. and subsidiaries.

## INCOME STATEMENTS

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

	2020	2019
Interest and dividend income	\$75,328	\$82,961
Interest expense	7,245	10,651
Net interest and dividend income	68,083	72,310
Provision for loan losses	3,225	596
Net interest and dividend income after provision for loan losses	64,858	71,714
Noninterest income	18,075	17,385
Noninterest expense	60,917	62,157
Income before income taxes	22,016	26,942
Provision for income taxes	4,266	5,101
<b>Net income</b>	<b>\$17,750</b>	<b>\$21,841</b>
Regulatory Capital Ratio	11.01%	12.55%



# USB Corporators

Michael Ackerman  
*Owner, The Pantry, Inc.*  
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Cheryl A. Bakewell, CPA  
*Partner, Bakewell & Mulhare LLC*  
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*President, Blansfield Builders, Inc.*  
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*Developer and Property Manager, Victorian Associates/RDB Construction Co.*  
Nancy L. Brault  
*President & Co-Founder, 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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*Electrical Instructor, IMTI – Industrial Management & Training Institute*  
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\* New Corporators to be elected March 2021

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*Eye Surgeon/Ophthalmologist, Danbury Eye Physicians & Surgeons*

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*Cosmetic & Family Dentistry*

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

Trustees are also Corporators  
\*Elected March 2021

# 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 Torrington Street 397 Main Street
Washington Depot	7 Bryan Plaza





USB *Bancorp, Inc.*



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