



ANNUAL REPORT 2021

ONE
STEP

Committed
to always
going the
extra mile.

AHEAD



USBancorp, Inc.





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At Union Savings Bank, we are grateful to be part of our resilient Western Connecticut community. We are continually inspired by our amazing neighbors and local businesses, and 2021 was no different.

In 2021, we **strengthened our already significant commitment to our community**, including a \$300,000 contribution to the USB Foundation to continue our philanthropic efforts. Additionally, the Bank and Foundation donated \$700,000 to support causes that benefit our neighbors across the region. Your generosity during our collection initiatives, including the Feeding Our Neighbors Food Drive, Share the Love of Reading Book Drive, and USB Teachers' Closet™ School Supply Drive, enabled us to impact local children and families.

It was also a year full of **listening to our customers' needs and thinking one step ahead to support them in new and innovative ways**. One of these innovations was the launch of USB Spending Insights. This mobile, AI-driven financial tool helps our customers make sense of their spending patterns and makes USB the first community bank to offer this feature in our area. Another exciting achievement was the introduction of Early Payday, so that our customers with direct deposit automatically get access to their paycheck up to two days earlier.

We're also continuing to invest in our people. In 2021, we put a **special focus on equity and inclusiveness**, with 110 leaders at the bank completing comprehensive diversity training, something we plan to sustain in the years to come. USB also provided our team members with **meaningful training to help them excel in their roles each day and grow as leaders**.



These are just a few of our efforts from the last year, and I hope you take the time to read on to discover what else has made us grateful to be your financial partner.

Thank you again for being an important part of the Union Savings Bank community.

Cynthia C. Merkle

Cynthia C. Merkle
President & CEO

“ SPENDING INSIGHTS

Great to see that
Union Savings Bank
is looking out for me.

”

USB has continued to serve our personal and business banking customers since the pandemic started by keeping branches open, online and mobile banking humming, and refreshing and adding new digital products and services. One way we know we're on the right track is with our Net Promoter Score of 73.8, which reached an all-time high in 2021 and continues to remain well above the financial services industry average.

We've stayed one step ahead for our customers with innovations such as:

SPENDING INSIGHTS

Launched Spending Insights, offering AI-driven personal spending analysis to our customers.

We are the first community bank of our size in the area to offer this feature.

APPOINTMENT SCHEDULER

In March 2021, we launched the ability for our customers to **schedule in-person and online appointments on our website**. Approximately **750 have been scheduled** since the launch.

LAUNCHED INSTANT ISSUANCE OF DEBIT CARDS

in all our branch locations so **new customers can get a card immediately when opening an account and existing customers can get an instant replacement card when needed**. Not able to get to a branch?

We can also digitally issue a new card within USB Mobile to Apple Pay** before the new plastic card arrives in the mail.

UPDATED OUR ONLINE ACCOUNT OPENING SERVICE and added the ability to **OPEN CDS ONLINE**.

INTRODUCED EARLY PAYDAY so our customers with direct deposit **automatically get paid up to two days early**.

In November 2021, we added **3D SECURE**, a new layer of security for debit card purchases, just in time for the holiday shopping season. 3DS is an **advanced step-up authentication system used to challenge suspicious activity for e-commerce transactions**.

*Apple Pay is a registered trademark of Apple Inc.

BUSINESS CUSTOMERS

We took great pride in helping our business community navigate the challenging times brought on by the pandemic. Whether it was working with them on a commercial loan or setting up a line of credit, **our team went above and beyond to help our business customers** throughout the year, and our Merchant Services and Treasury teams continued to offer **customized solutions to further streamline and increase efficiencies.**

USB originated nearly
\$270,000,000
in **Commercial loans**, an increase of **31%** from 2020.

Generated
\$70,000,000
of **Round 2 PPP loans**, helping our businesses keep the lights on and employees paid. This brings our total PPP loan origination to **over \$200 million.**

Originated
\$5,400,000
in **loans to help local small businesses** streamline their activities and increase efficiencies and revenue.

Upgraded our **BUSINESS ONLINE BANKING** and **BUSINESS MOBILE APP** to provide our customers with a **more modern and intuitive digital experience.**

Launched **ADVANTAGE BUSINESS CHECKING**, a new product that bundles a number of cash management services, including fraud protection for the benefit of small-business customers.

Treasury also rolled out an enhancement to our **ACH ORIGINATION SERVICE** that allows our customers **greater automation for certain transactions.**

BRANCH BANKING

Total Deposits and Repos continued to increase with **year-over-year growth** of over
13.15%
or
\$358mm

Household growth continued with USB adding
1,418
new households or
3%
over 2020

RESIDENTIAL AND CONSUMER LENDING

Added two new **MORTGAGE ORIGINATORS**

FIRST MORTGAGE PRODUCTION

- Closed 488 units for **\$150.7 MM** that supported home buyers and home owners
- Began offering **FHA loans**

HELOC PRODUCTION

- Closed 274 units for **\$32.6 MM**, an increase of 19% from 2020

FIRST TIME HOMEBUYER PRODUCTS

- Closed 32 units (including CHFA) for **\$8.8 MM**

WEALTH MANAGEMENT

USB TRUST & INVESTMENT DIVISION AND RAYMOND JAMES

Our Trust & Investment Division combined with Raymond James continued to provide excellent customer service while exceeding their own goals for 2021.

Assets under management and administration as of 12/31/21 were

\$747,294,198



New and committed assets + fee-based assets were

\$29,177,641



Annual revenue totaled

\$4,222,807



USB TRUST & INVESTMENT DIVISION RAYMOND JAMES

FUTURETRACK

Conducted **1,100 FINANCIAL WELLNESS CHECK-UPS** through our branch team.

Continued to **HELP OUR CUSTOMERS ON THEIR FINANCIAL WELLNESS JOURNEY** with FutureTrack Love to Save blog content, educational seminars and webinars, and financial literacy.



FOR OUR EMPLOYEES

“USB equips and empowers employees to succeed and to meet their personal career goals.”

GODIVA CADENA,
BSA MANAGER

At USB, it's our belief that investing in a strong, dynamic, and local workforce not only benefits our organization but also our customers and our community. In 2021, we continued to focus efforts on deepening banking and financial expertise of our team members, and expanding their leadership and diversity education so that we can create a better bank culture for everyone.

OUR EMPLOYEES CONTINUE TO LEARN AND GROW

9,000+
hours of completed education
across USB in 2021

977
courses and exams
completed for 2021

We continued to **invest in our people** and graduated

21 EMPLOYEES

from our FutureTrack LifeStage Financial Consultant (LSFC™) program, a 6-month program designed to **enhance a banker's knowledge and skills.** In addition, we created several other certification programs to further **educate our employees** and expand their insight and expertise, including a **digital certification program.**

We continued to **remain vigilant in protecting our employees and customers** by following CDC-recommended Covid protocols for safety and well-being.

USB has strived to be an organization that **treats employees and customers with respect and dignity by embracing their differences.** Diversity training for managers continued its focus on Diversity, Equity, and Inclusion (DEI) with a specialized leadership program.

110 leaders went through **Diversity Training for Managers**

Building a culturally competent workforce is essential to **improving team collaboration, successfully offering products and services to diverse consumers, and dynamically responding to marketplace opportunities.** Our DEI efforts will continue with initiatives in 2022.



PROFESSIONAL DEVELOPMENT PROGRAM

The goal of our Professional Development Program is to **provide participants with a broad knowledge of the banking business and develop future leaders in our company.** This 18-month program provides participants with the unique opportunity to gain comprehensive, hands-on experience in a variety of departments and areas across the organization. Development includes **technical and soft skill training, cross divisional work experiences, performance coaching, mentoring, and participation on special projects.**

We also provide the opportunity for employees to participate in **other educational programs** such as:

- **ABA Stonier Graduate School of Banking**
- **Connecticut School of Finance & Management**
- **Leadership Danbury Program**
- **Leadership Northwest Program**



EMPLOYEE ENGAGEMENT SURVEY

We continue our focus on our employees by conducting Employee Engagement surveys to better understand the factors that contribute and drive engagement. This survey resulted in an **85% favorability rating for USB**, which is above the financial industry benchmark. The survey was conducted in June 2021 and included 68 questions broken into 9 categories that measure **employee Commitment, Intention to Stay, Connection, and Effort** exerted by team members on the job.

FOR 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 MERKLE,
PRESIDENT AND CEO,
UNION SAVINGS BANK

Over **2,200 children's books** were collected during our fifth annual **SHARE THE LOVE OF READING BOOK DRIVE**, sparking the idea to expand the program to now include **libraries at each of our locations** so all can enjoy the gift of reading.

Our fifth annual **USB TEACHERS' CLOSETSM SCHOOL SUPPLY DRIVE** was an overwhelming success with donations accepted at all branch locations as well as through an Amazon Wish List allowing us to **add over 2,000 new items to our shelves**.

Union Savings Bank and the USB Foundation donated

\$700,000

in support of **educational and enrichment programs, sponsorships, and countless other causes in our community.**

In 2021, **thousands of volunteer hours** were given by **USB team members** in support of charities along with **contributions of over**

\$30,000

toward our annual **United Way Employee Giving Campaign.**

The Feeding Our Neighbors Food Drive distributed over **800 pounds of food** and **donated over**

\$12,000

to local food pantries feeling the continuous strain in **meeting the food insecurity needs of our neighbors.**

We continued our **SUPPORT OF FINANCIAL LITERACY AND ENRICHMENT PROGRAMS** by partnering with Junior Achievement of Greater Fairfield County in the virtual delivery of their *More than Money* Curriculum and their new JA Inspire Virtual program. We also supported **Enrichment Programs** for children at **Danbury Grassroots Academy** and **Danbury Youth Services**, as well as **The Five Points Center for the Visual Arts in Torrington**.

2021 USB FINANCIAL STATEMENTS

Balance Sheet

ASSETS	2 0 2 1	2 0 2 0
Cash and due from banks	\$176,837	\$247,416
Securities	1,004,688	461,739
Federal Home Loan Bank stock	2,283	2,125
Loans, net	1,709,967	1,829,012
Premises and equipment	39,441	40,556
Other assets	154,889	154,553
TOTAL ASSETS	\$3,088,105	\$2,735,401

LIABILITIES AND CAPITAL

Deposits	\$2,531,761	\$2,156,770
Repurchase agreements	191,075	207,803
Federal Home Loan Bank advances	125	135
Other liabilities	53,840	63,173
Capital	311,304	307,520
TOTAL LIABILITIES AND CAPITAL	\$3,088,105	\$2,735,401

at December 31 (amounts in thousands)(unaudited)

INCOME STATEMENT

	2 0 2 1	2 0 2 0
Interest and dividend income	\$71,189	\$75,328
Interest expense	4,016	7,245
Net interest and dividend income	67,173	68,083
Provision for loan losses	–	3,225
Net interest and dividend income after provision for loan losses	67,173	64,858
Noninterest income	17,942	18,075
Noninterest expense	62,248	60,917
Income before income taxes	22,867	22,016
Provision for income taxes	4,455	4,266
NET INCOME	\$18,412	\$17,750
Regulatory Capital Ratio	10.16%	11.01%

at December 31 (amounts in thousands) (unaudited)
2020 and 2021 numbers reflect USB Bancorp, Inc. and subsidiaries.

USB CORPORATORS

Michael Ackerman
Owner, The Pantry, Inc.

Michael J. Allen
*President, Danbury Square
Box Company*

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

James J. Blansfield
President, Blansfield Builders, Inc.

Robert D. Botelho
*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*

Anthony W. Cirone, Jr., CPA
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David M. Coelho
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& Training Institute*

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Cleary Benefits Group, Inc.*

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Remax Experience*

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Mazzucco, Emerson LLC*

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*Editor & Partner,
Tribuna Newspaper;
President, The New American
Dream Foundation.*

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*Eye Surgeon/Ophthalmologist,
Connecticut Eye Consultants,
PC*

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Attorney, Baker Law Firm

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

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*President, Sydney A. Rapp
Land Surveying, PC*

MaryJean Rebeiro
*President & CEO,
NY-CONN Corporation*

Eugene Reelick
Owner, Hollandia Nursery

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*President & CEO,
The Rizzo Companies*

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*Managing Partner,
The Roberts Tax Group*

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*Senior Manager,
Danbury Fair Mall – Macerich
Property Management*

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Partner, Cramer & Anderson LLP

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*Principal, Connecticut
Business Services LLC*

Jordan Young
President, Fairfield Processing

Jack Zazzaro, DMD
Cosmetic & Family Dentistry

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CEO & Founder, Church Hill Classics

Vice Chairman of The Board of Trustees

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Levine Auto & Truck Parts*

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*President & CEO,
Union Savings Bank*

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

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

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

Trustees are also Corporators

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

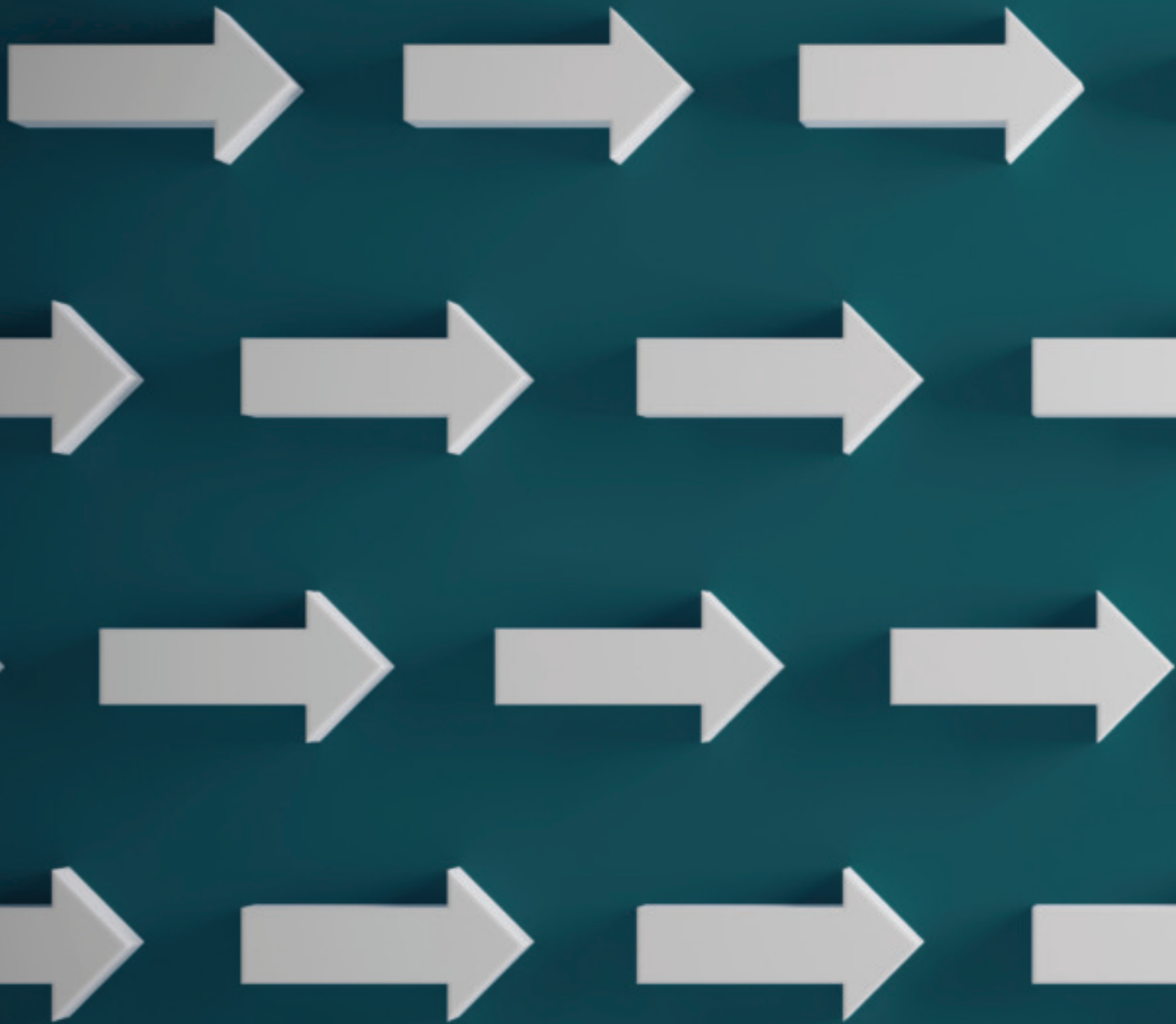
Roxbury
26 North Street

Southbury
406 Main Street South

Torrington
1057 Torrington Street
397 Main Street

Washington Depot
7 Bryan Plaza

* New Corporators to be elected March 2022



USBancorp, Inc.



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MEMBER
FDIC

