



ANNUAL REPORT
2022

UFS BANCORP



Brennan Campbell, VP, Senior Commercial Banking Officer, UniBank, Kevin Holmes, President/CEO of Advantage Truck Group, Michael Welch, CEO, UniBank, Chris Foley, President, UniBank, Sean O'Connell, Chief Lending Officer, UniBank.



Scan to view
Haulin' 4 Hunger
10-Year Anniversary
video

OUR COMPANY

UFS BANCORP is proud to be the holding company to UniBank. UniBank's subsidiaries include UniBank Fiscal Advisory Services, Inc. (UFASI), UniPayDirect, and Sterling Associates.

With 13 bank locations throughout Central Massachusetts, UniBank is proud to be the bank of choice for individuals, businesses and municipalities, serving over 22,600 households across Massachusetts and in surrounding New England states.

UniBank provides a sense of community and togetherness for our customers. We pride ourselves on getting to know our customers and ensuring all their banking needs are met. We give back to our local communities for the betterment of those in need. We believe by doing good we all do well, and we believe that is important for the overall well-being of our community. UniBank strives to ensure that each customer feels they are seen and known.

Our Vision

Our vision is to be the premier independent community bank servicing the financial needs of consumers, businesses, and municipalities.

Our Mission

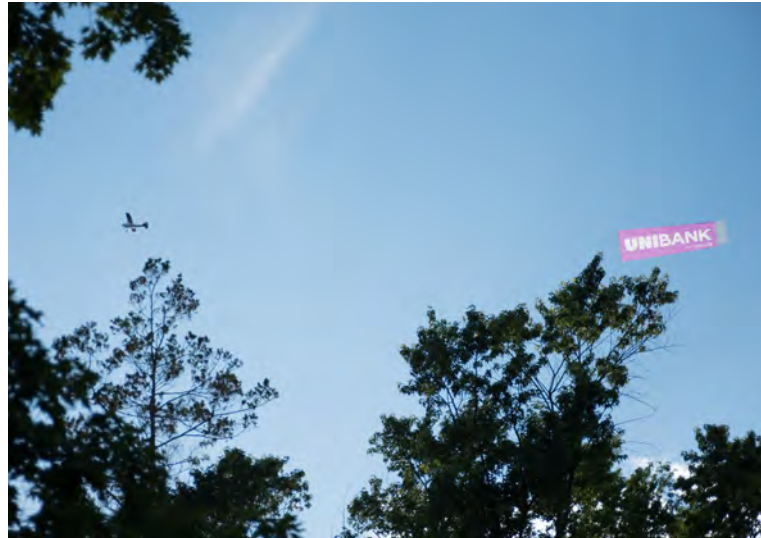
Our mission is to be your bank of choice, your trusted financial partner, and a respected corporate citizen. We accomplish this by listening to your needs, developing lasting relationships, and providing innovative solutions to achieve your financial goals.



A Celebration to Remember!



Christopher D. Foley, President, his wife Jennifer Foley, Bridget Welch, wife to Michael Welch, CEO at 150+2 Celebration.



UniBank's banner flew high over the skies of Whitinsville as the 150+2 Celebration carried on below.



Guests gathered under a tent at Whitin Park, the former site of the home of John C. Whitin, founder of Whitinsville Savings Bank.



Historic Living Statue greets Veronique Dolce, Relationship Branch Manager (NMLS #1842512) of UniBank's Worcester branch, upon arrival at the bank's 150+2 Celebration.



Page Of **Contents**

● Message from the CEO	6
● A Year of Growth and Celebration	8
● Charitable Foundation	12
● Community Outreach	14
● Financials	16
● Our Subsidiaries	18

Message from the CEO

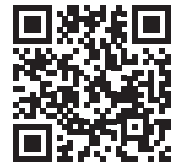


150+2 years is certainly an unusual milestone to celebrate. UniBank formulated plans to celebrate our 150th anniversary in June of 2020, but the pandemic had other plans. As a result of the pandemic that gripped our lives beginning in March of 2020 and lasting into 2022, we put the celebratory balloons, streamers and festivities aside, and once again rolled up our sleeves to serve our community during these days of challenge and at times crisis. At UniBank, we embrace the concept of servant leadership, so during these past twenty-four months, we have served individuals and businesses in a most impactful way – assisting them, their families, and their employees in navigating some of the most challenging days we have faced in generations.

Yet, it is not the first storm we have helped our community weather. The Civil War was a recent memory to our founders, having ended just five years prior to our founding. We withstood the 1918 influenza epidemic, the Great Depression, both World Wars, the Cold War, and 9/11.

As many of you know, I grew up in Worcester and am forever grateful to the people and institutions that helped shape the person I am today. I love the fact that I am from Worcester (and that my great grandfather immigrated in the 1800s to the Blackstone Valley to work in the mills), “we come with a certain stance in life.” There is a sense of what some would say is grit, determination, and hard work. My family taught me the importance of mutual obligation, formed in the idea that our personal work is not for our own self-aggrandizement, but we work (or serve) for the betterment of others. I understand that some people today, believe those are “old-fashioned” values, and even I recognize that there are fewer institutions that exist today, that manifest such ideals.

UniBank, at 152 years old, is one of those institutions that have remained focused on its’ mission. We are a non-stock mutual bank, thus profits earned, are not distributed to shareholders across the country. As a mutual bank, monies earned are directly reinvested into our commu-



Scan to view
150+2 Anniversary
video



Christopher D. Foley, President, Michael W. Welch, CEO, Michael J. Kroll, Clerk, and Timothy P. Wickstrom, Chairman of the Board, host 2021 Annual Meeting of UFS Bancorp.



Message from the CEO Continued

nity, whether it be helping homeless shelters, assisting organizations that serve senior citizens, funding non-profits that provide food for the needy, etc. The pandemic highlighted the importance that “local matters” - and we are proud to be from here.

Our values, ethics, commitment to serving others, may be more emblematic of an earlier era, but we at UniBank believe those are the elements most needed in today’s world. Our celebration of 150+2 years will serve (in part) to honor the past, but more importantly it serves as our opportunity to set course for the next 150 years. Today, we serve as the largest bank

headquartered in Central Massachusetts.

We are grateful for all the members of Team UniBank who make manifest the concept of servant leadership. We thank the many individuals and businesses who bank with us – it is because of your trust and loyalty – that we are positioned to serve our community into the future.



Michael Welch, CEO



UniBank officers, board members, and corporators gathered at the historic Northbridge Town Hall to observe the 2021 Annual Meeting.

A Year of Growth and Celebration

UniBank's 150th anniversary coincided with the height of the COVID-19 pandemic, so in 2022, after 2 years of caution, we were ready to celebrate our 150+2 year anniversary.

During this yearlong celebration, we continued to build for the next 152 years by focusing on our strengths as a mutual community bank. We exist for the well-being of our community and our employees embrace this mission. Unlike big banks who answer to stockholders, UniBank answers to the community it serves. We are proud of the work we have done and will continue to do to reinvest in Central Massachusetts and MetroWest.

In 2022, we remained committed to providing competitive and secure deposit, loan, and convenient banking solutions to our customers. We



Fife and Drum ceremony at 150+2 celebration in Whitin Park.

continued to provide sponsorships and donations to support local charitable organizations. In addition, we doubled down on our mission to giving back by making a \$5 million commitment to the UniBank Charitable Foundation.

Our bankers continue to build relationships with consumers, businesses, and municipalities across the region resulting in a year of growth.

As we joined together with our community to look back on and celebrate our 152 years of service, we are grateful to each member of the UniBank community for having helped us reach this milestone, and we look forward to the future with optimism.

Retail Banking

UniBank was named Best Bank in Central Massachusetts by Worcester Telegram & Gazette readers in 2022. This is a reader's choice title that was earned



UniBank Executive Board and Leadership Team at 150+2 celebration at Whitin Park.



Scan to view
Personal Banking
video



by providing top-notch customer service and products that meet customer needs, and by giving back to our communities.

The year marked a return to normalcy for UniBank's engagement with the community. Events that had been scaled back or postponed due to pandemic precautions returned and employees were eager and excited to get involved.

We were able to collaborate with the Town of Northbridge and the Town of Uxbridge to celebrate our 150+2 year anniversary by being a major donor to the Independence Day fireworks celebrations in both communities. These events drew large crowds for the highly energetic patriotic celebrations - a great way for us to thank the two communities where we laid our roots in 1870.

Always looking for ways to improve the customer experience, the branch teams refocused on guest service standards.

Commercial and Retail deposits ended the year at \$947 million in total balances.

Mortgage, Consumer Lending, and Specialty Lending

UniBank's Mortgage, Consumer Lending, and Specialty Lending departments had another successful and productive year. The mortgage team closed 506 mortgages in the amount of \$251.2 million. UniBank also closed 336 home equity loans and lines of credit totaling \$47.3 million and provided 137 consumer loans totaling nearly \$2 million.

The Specialty Lending team, which originates UniBank airplane, boat, and manufactured



UniBank is an Official Founding Partner of the Worcester Red Sox. The UniBank team in Grafton shows their WooSox pride. (L-R) Dwyane Camper (NMLS #1842297), Kelly Dresser (NMLS #1491387), Joshua Arancibia, Desiree Lacroix (NMLS # 2359349), Stephen Venezia (NMLS #2449501).

home loans, had a banner year in 2022. The team closed a total of 557 loans totaling \$283 million. This marks an increase of 24% over the prior year.

UniBank's Consumer Lending team added the Mass Save® HEAT Loan program to its product offerings in December of 2022. As a participating lender, UniBank now offers an interest-free way for customers to make energy efficient improvements to their homes.

UniBank customers continue to turn to us as their bank of choice and trusted partner for their borrowing needs. UniBank's local lending injects money back into the Central Massachusetts and MetroWest communities to strengthen the local economy.

A Year of Growth and Celebration Continued



Elizabeth Cruz, President, LABO with UniBank's Yessica Rivas, Relationship Banking Supervisor (NMLS # 2359344), Michael Welch, CEO, and Tania Medina, VP, Mortgage Originator (NMLS # 705602)

Commercial and Small Business Lending

Joining together with the Worcester Regional Chamber of Commerce, UniBank formed a collaboration with the Latin American Business Organization (LABO) to support economic development in the Latino business community.

For the 10th time, UniBank was named Best Bank by Worcester Business Journal readers. We are honored and humbled to receive this recognition again.

Overall, our Commercial Banking team had an outstanding year of growth in new loan commitments and commercial deposits.

Invest Worcester

Invest Worcester, UniBank's socially-responsible banking program, completed another suc-

cessful year. Since its inception, the program has grown to 251 accounts with \$11.4 million in deposits.

Having a positive impact, Invest Worcester provides loans in the City of Worcester within the areas of home ownership, business development, and community development. Outstanding loans ended the year at \$18.6 million. By continuing to invest in Worcester, we are playing a part in making the city a better place to live and work.



Scan to view
Business video



Scan to view
Commercial Banking
video



Government Banking

UniBank's Government Banking team celebrated its 25th anniversary in 2022 and had another successful year. The team continued to enhance services for customers including remote deposit capture and payroll/payables.

Security is always a focus, and in 2022 the Government Banking team worked closely with clients to encourage the use of Positive Pay, our automated fraud detection tool offered through our Cash Management services, to help detect fraudulent checks and protect municipalities. The team works diligently with municipal clients to protect against fraud and this will continue to be a focus in 2023.

Technology and Security

Technology upgrades and the cybersecurity posture were a focus in 2022. The year was filled with new requirements as the landscape continues to change. Leveraging advance technologies, the Bank has made additional investments in tools and dashboards for cybersecurity.

Several legacy systems and tools were retired, while others were migrated to the cloud. In addition, several capital projects were successfully completed.

Growth in talent is an ongoing initiative, and both the IT and Security teams have welcomed new staff and taken part in the Bank's successful internship program.

As the work continues, UniBank and its subsidiaries are meeting the challenges with stronger management and cutting edge tools at their disposal.

Looking Ahead

UniBank remains steadfast in its commitment to the communities we serve. We continue to look for opportunities to enhance customer experiences, products, and our offerings. Our customer-centric and community-centric approach to banking leaves us confident that we will continue to rise to meet the ever-changing needs of the local economy.

As we look to the future, we expect to grow and expand while remaining true to our roots as a mutual community bank.



Scan to view
Local Banking video



Government Banking celebrated 25 years of service. (L-R) Chris Currie, Justine DeNorscia, Sharon Searles, Stacey Johnson, Jessica Girouard, Cindy Gleason, and Lindsay Kuik.

Charitable Foundation

In June, UniBank gathered together with the local community to officially celebrate the 150+2 year anniversary of the bank. At this event, UniBank committed another \$5 million to the UniBank Charitable Foundation to be funded \$1 million a year for the next 5 years.

The UniBank Charitable Foundation was founded in 2018 and the bank has used the past few years to build the fund.

“What we have been faithful to over the course of our 152 year history, has been giving back and supporting the local communities,” stated Michael Welch, UniBank CEO. “We want our legacy of giving to live on in perpetuity and we are certain we will be able to achieve that through the Foundation.”

In 2022, The UniBank Charitable Foundation provided a \$20,000 donation to Children’s Haven in Douglas, MA. This local organization brings children from Worcester and the Blackstone Valley together for enriching summer programs.

A \$10,000 donation was made to the Douglas Historical Society to support the preservation of the E.N. Jenckes Store Museum located on Main Street in Douglas which was built in 1833.

The UniBank Charitable Foundation focuses on supporting organizations that promote youth and community development, affordable housing and environmental concerns.

Funding provided by the UniBank Charitable Foundation is separate and distinct from the donations and sponsorships UniBank provides to the community, which was in excess of \$674,000 in 2022.



UNIBANK

Charitable Foundation



Michael Welch presents \$20,000 Charitable Foundation donation to Ann Roon of Children's Haven.



Douglas Historical Society receives \$10,000 donation from the UniBank Charitable Foundation. (L-R) Historical Society representatives Dolores Colonero, Ursula Levi, Laurie Church, Susan Martinsen, Shirley Moczynski, Jean Dwinell, with UniBank CEO Michael Welch.

2018
Charitable Foundation Established.

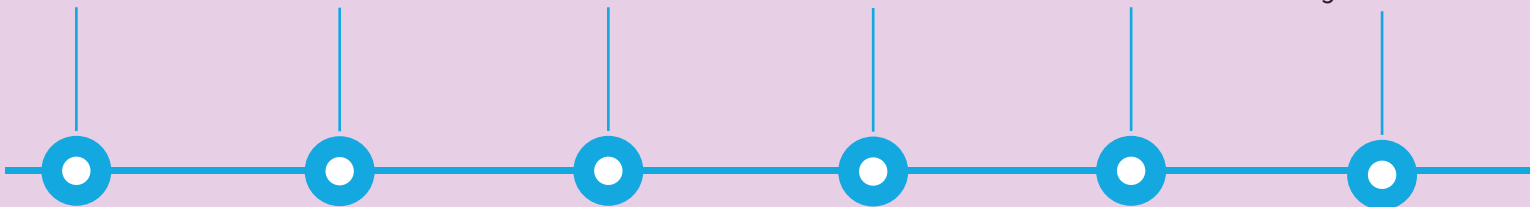
2020
Foundation introduced to public. First donations awarded.

2021
UniBank contributes \$1 Million to Foundation.

2021
\$50,000 distributed to charitable organizations.

2022
UniBank pledges \$5 million to Foundation as part of anniversary celebration.

2022
\$95,000 distributed to charitable organizations.



Community Outreach

Community comes first at UniBank.

UniBank provides funding to over 335 local organizations supporting youth development, community development, affordable housing, and environmental concerns.

As an Official Founding Partner of the Worcester Red Sox, UniBank has played a pivotal role in the revitalization occurring in Worcester. The ballpark draws attendees from throughout New England for wholesome fun and UniBank fireworks nights have become a mainstay on the city's skyline during baseball season.

Over 50 UniBank employees sit on non-profit boards throughout the region. Employees are visible volunteering through the community in schools, coaching youth sports, and in fund-raising efforts.

\$674,000

in donations and sponsorships

Local organizations supported with donation and sponsorship funding

335

- ▶ Food banks
- ▶ Fuel assistance programs
- ▶ College scholarships
- ▶ Local libraries
- ▶ Cultural organizations
- ▶ Emergency shelters
- ▶ Cultural organizations
- ▶ Disability services
- ▶ Youth organizations
- ▶ Elder services
- ▶ And many more





UniBank volunteers in the field at Community Harvest Project.



Donation to Community Harvest Project.



Donation to Peace of Bread Community Kitchen.



Founding partnership of the Worcester Red Sox.



Supplies donated to BVBGC as a Random Act of Kindness.



Donation to Quinsigamond Community College Foundation.

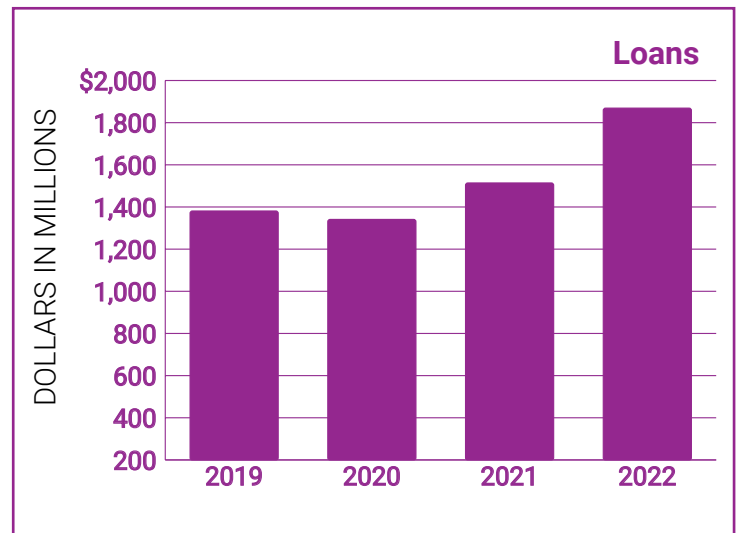
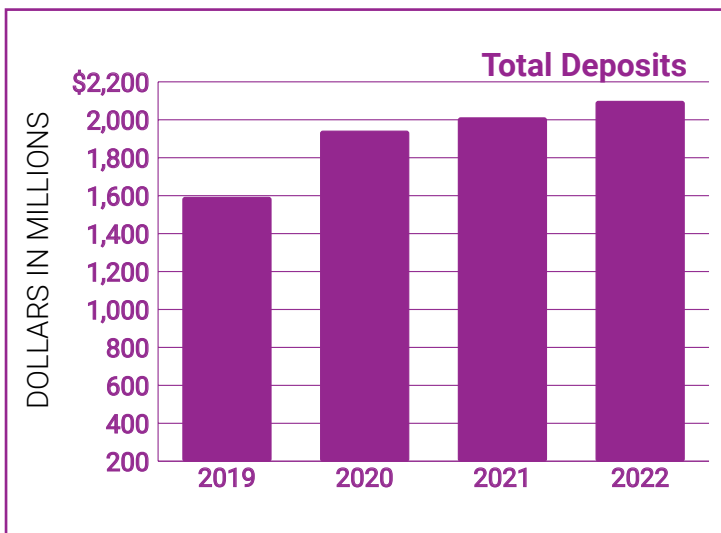
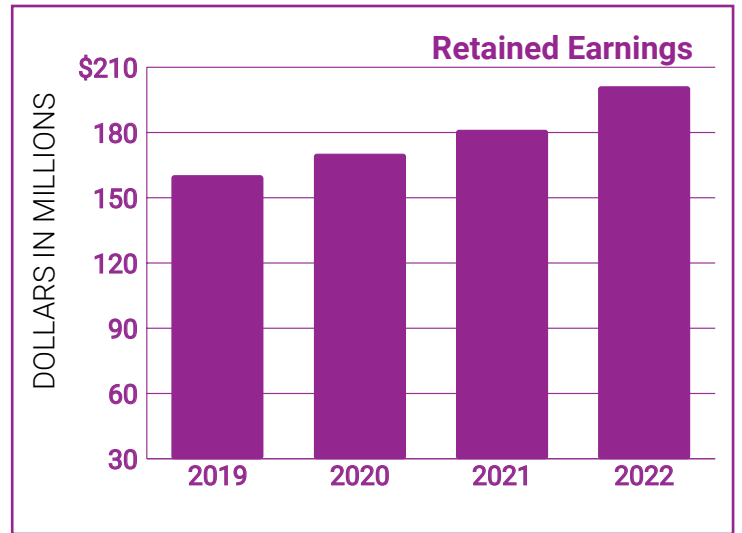
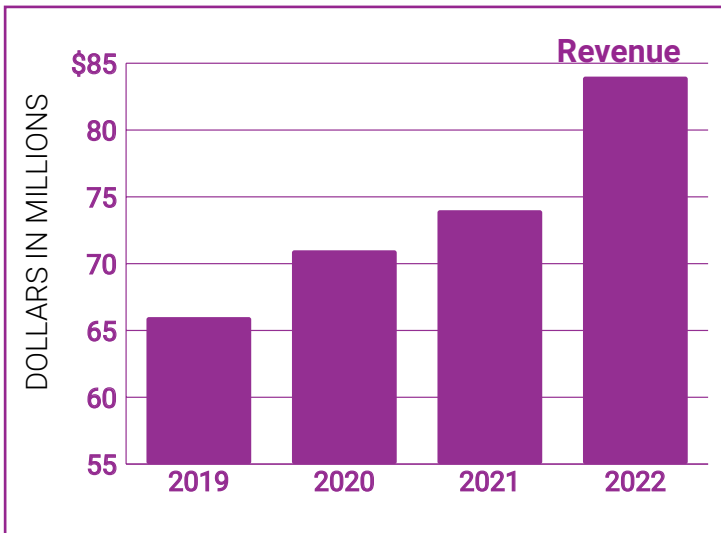
Financials

UFS Bancorp and Subsidiary - Consolidated Statements of Income (unaudited)

Twelve Months ended December 31 (Dollars in Thousands)

	2022	2021
Interest and dividend income:		
Loans, including fees	\$ 62,368	\$ 51,900
Debt securities	10,079	6,782
Equity securities	55	24
Interest-bearing deposits and short-term investments	1,169	387
Total interest and dividend income	73,671	59,093
Interest expense:		
Deposits	3,237	2,526
Borrowed funds	1,529	681
Total interest expense	4,766	3,207
Net interest and dividend income	68,905	55,886
Provision for loan losses	4,583	6,037
Net interest income, after provision for loan losses	64,322	49,849
Non-interest and dividend income:		
Customer service fees	7,199	7,355
Loan referral fees	3,792	3,896
Fiscal advisory service fees	2,453	3,022
Gain on sales of loans, net	10	1,179
Gain on sales of securities, net	-	151
Gain (loss) on OREO operations, net	(1)	1,446
Bank-owned life insurance	215	213
Other income	734	598
Total non-interest income	14,402	17,860
Non-interest expenses:		
Salaries and employee benefits	28,000	27,963
Occupancy and equipment	8,242	9,353
Professional services	1,934	2,479
Data processing services	1,999	1,760
FDIC deposit insurance	1,604	1,289
Advertising and marketing	1,859	1,787
Other expense	7,915	7,782
Total non-interest expense	51,553	52,413
Income before income taxes	27,171	15,296
Provision for income taxes	7,539	4,010
Net income	\$ 19,632	\$ 11,286





UniBank's Subsidiaries



Founded in 1991, Sterling Associates originates, underwrites, and closes marine, manufactured home, airplanes, and recreational vehicle loans.

In 2022, Sterling originated \$175 million in loans with UniBank. Net income was \$2.3 million in 2022, an increase of 21% over 2021. Over 61% of Sterling loans are booked in New England, and 11% in Florida.

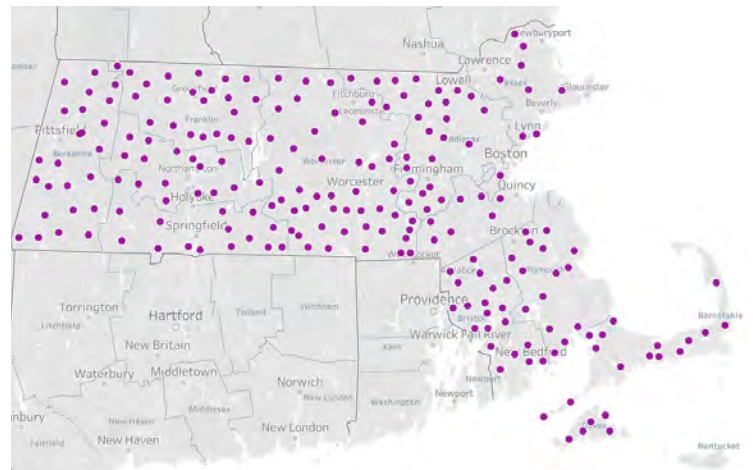
Sterling founder Tom Smith, who has led the group for 32 years, will retire in 2023. Shawn Rogan, a 23-year veteran of the company, has moved up to assume the role as president.

We are forever grateful to Tom for his leadership and friendship throughout the years. We look forward to our continued partnership with Shawn Rogan as he leads Sterling in further growth.

With offices in Massachusetts and Florida and representatives in California, Maryland, and South Carolina, the Sterling team looks to the future with optimism for growing market share along the east coast of the continental U.S.

UFASI UniBank Fiscal Advisory Services, Inc., is a financial advisory and consulting firm serving in excess of 300 local governments in Massachusetts, Connecticut, Maine, New Hampshire, and Rhode Island.

The debt issuance environment changed significantly in 2022 as interest rates rose throughout the year, most significantly for short term borrowing. These conditions were driven by tightening of monetary policy by the Federal Reserve Board to cope with inflationary pressures from global supply chain disruptions for food, energy, construction materials, and consumer staples, as well as a surprisingly resilient labor market.



UFASI Clients



This change reduced the attractiveness of possible bond refundings, and clients focused more on financings for capital projects that were already well along in the planning process. At the end of 2022, interest rates were still reasonable by historical standards, but UFASI and its clients were monitoring closely and looking at financing structures that could minimize the impact of higher interest rates.

In spite of some trepidation, production was steady in 2022 which resulted in revenue of approximately \$2.4 million. Specifically, 107 sales were brought to market with an aggregate par value of \$1.580 billion.

UNIPAY UniPay is UniBank's secure online payment solution. Offered to banks, municipalities, and partner organizations nationwide, UniBank also offers the UniPay solution to business and non-profit customers.

UniPay continues to experience strong growth in system new sales and transactional growth. The UniPay team added new clients and new transactions to the system for existing clients.

In total 66 new clients were added in 2022 with an additional 587 new transactions added throughout 2022. Over 2.87 million transactions and \$1.43 billion in receipts were processed through the system. System users grew by 14% over the previous year.

UNIVEST
INVESTMENT SERVICES

UniVest Investment Services* offered through LPL Financial, offers investment and financial planning services to clients. UniVest is led by John Lyons, CFP®, a seasoned advisor with over 31 years of experience (23 at UniVest).

2022 was another strong year for UniVest. Accounts Under Management (AUM) at year end 2022 was at \$119,750,000.

Due to continued growth, Matt Sexton joined the UniVest team to provide services to clients in Worcester, Grafton, and Shrewsbury.

*UniVest is not a UniBank subsidiary.


Not Insured by FDIC or Any Other Government Agency	Not Bank Guaranteed	Not Bank Deposits or Obligations	May Lose Value
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UFASI

UNIPAY



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