

SAVERS BANK 2021 ANNUAL REPORT

A Message From Our President and Chief Executive Officer



Since 1910, Savers Bank has been firmly rooted in our communities, and the "Be Simply Better" concept is a true reflection of how we interact with our customers throughout our service region. Our people, relationships, technology, and culture are important factors for the continued growth and success of Savers Bank, and that is mirrored in our ongoing fiscal health.

Once again, I am happy to report that Savers Bank has a solid financial foundation made up of strong capital and earnings. The Capital Ratio remains incredibly robust at 10.90%. Gross originations for the year totaled \$58.5 million in residential loans and \$52.7 million in commercial loans. Total retail deposit growth totaled \$34.5 million, representing an increase of 6.90%, and despite a challenging interest rate environment, the Bank finished 2021, exceeding Net Income budget expectations by \$1.2 million.

Our earnings are vital to the Bank's long-term growth and stability as a mutual institution, just as the ability to adapt and develop new systems allows us to be responsive to the ever-changing needs of our customers. Our core system technology upgrade has been the main project we have been working on since the summer of 2021, and a significant amount of effort has gone into making this dream a reality.

As I expressed when we began the upgrade process, I had the utmost confidence that we would achieve the following milestones: open communication with no surprises; on time upgrade completion date of April 11; positive employee and customer experience; best practices and process improvements; and most importantly, a unified team that came together to help lay the foundation vital to the Bank's continued success and longevity. I am pleased to report that these milestones and outlooks are being met and exceeded as we go into the upgrade home stretch.

We have also introduced a payment network, called CHUCK, that will be integrated into our mobile banking app in Q3 2022. An open and instant payment network for P2P payments like Venmo, Zelle, and CashApp, CHUCK will allow our customers to send money where they want it to go, including some of the popular networks like Venmo. In December 2021, Savers Bank became one of eight founding banks to partner with PayRailz to build this payment network.

Lastly, as we move closer to a new fiscal year, I look back on 2021 with pride, satisfaction, and unwavering confidence in our employees. Our team is actively creating the "Simply Better" atmosphere in every aspect of our work. I applaud the Savers Bank team for their effort, spirit, and dedication to customer excellence.

Warmly,

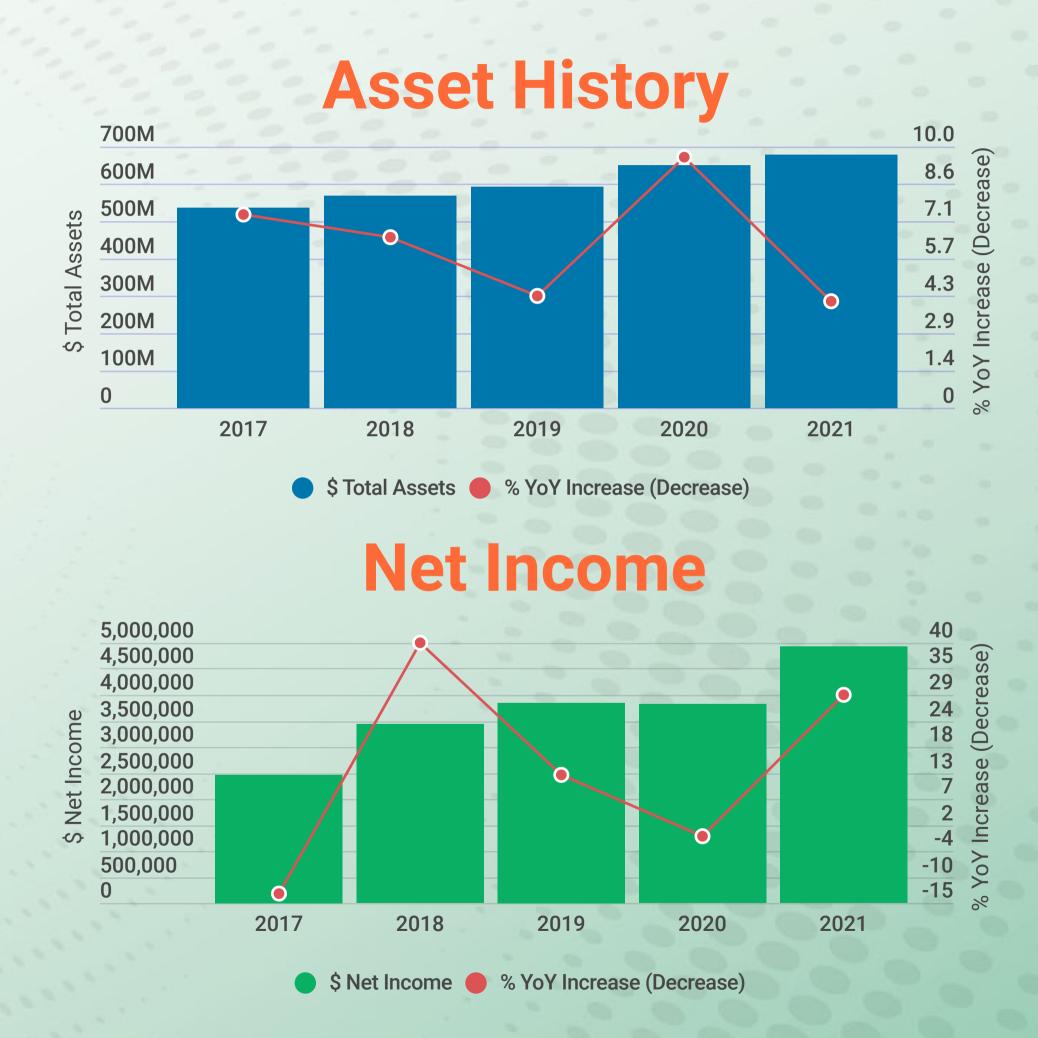
Rosemary Picard, CEO

Financial Highlights

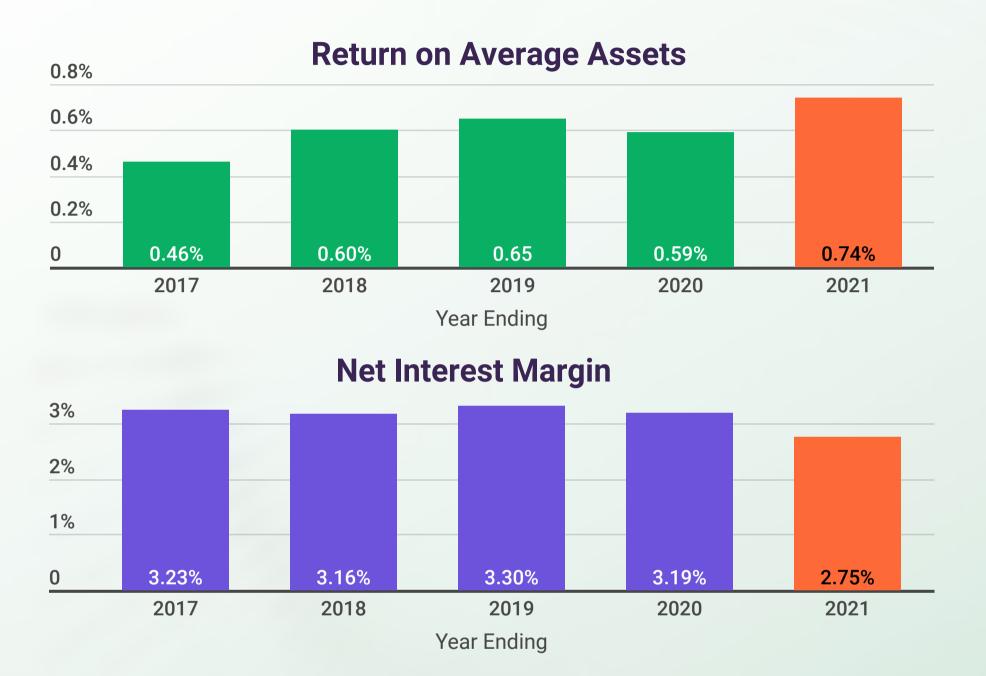
Savers Bank ended 2021 with a strong financial performance. Over the past five years total assets have grown by over \$142 million closing our year-end balance sheet at \$677.5 million which represents a 4.14% increase over 2020.

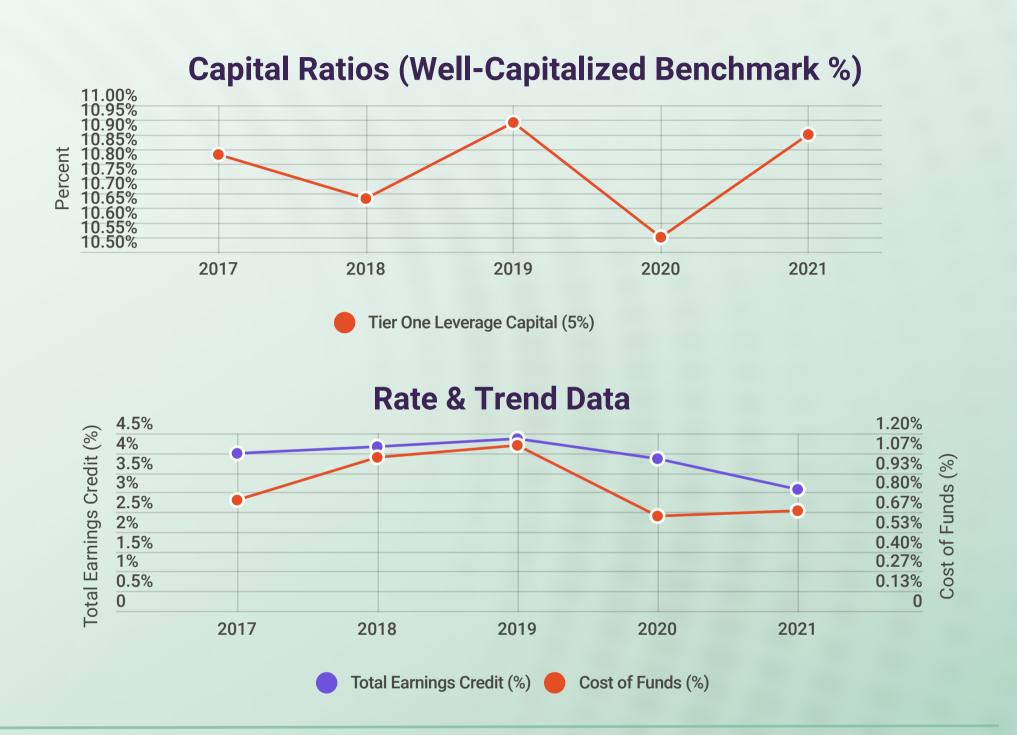
Net income totaled \$4.9 million which is an increase of \$1.1 million over 2020 or 29%. Included in the net income increase were gains from PPP loan fees and a one-time tax credit, which totaled approximately \$1.9 million. Mortgage servicing rights expense decreased by \$222 thousand as compared to 2020 and provision for loan loss decreased by \$360 thousand mostly attributable to lower loan delinquencies.

2021 continued to have interest rate margin compression, but some additional cost of funds relief as compared to 2020. The bank had a net interest margin of 2.75% for the 2021 year compared to 3.19% in 2020.



Key Financial Ratios Performance Ratios



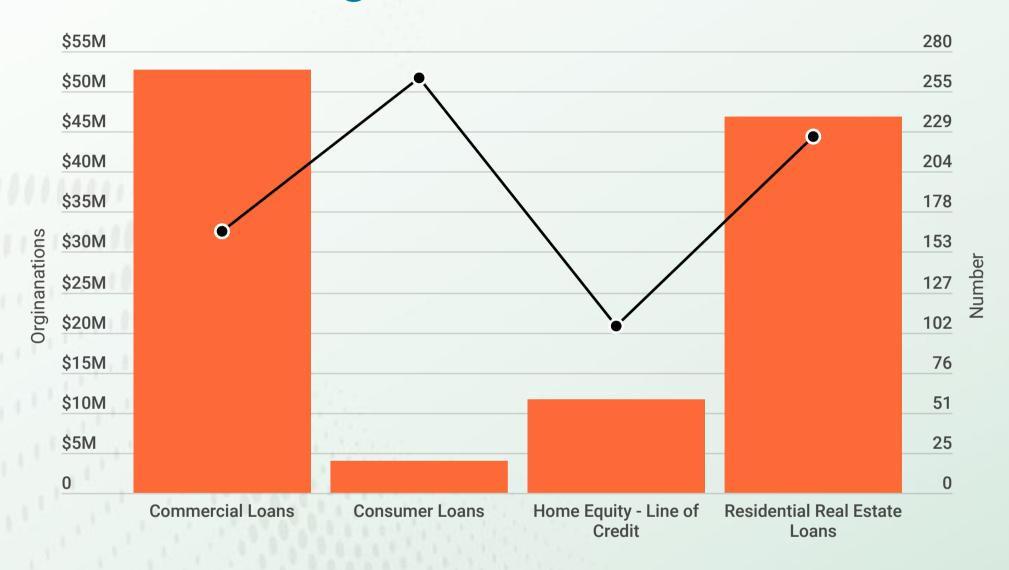


Credit Quality Data

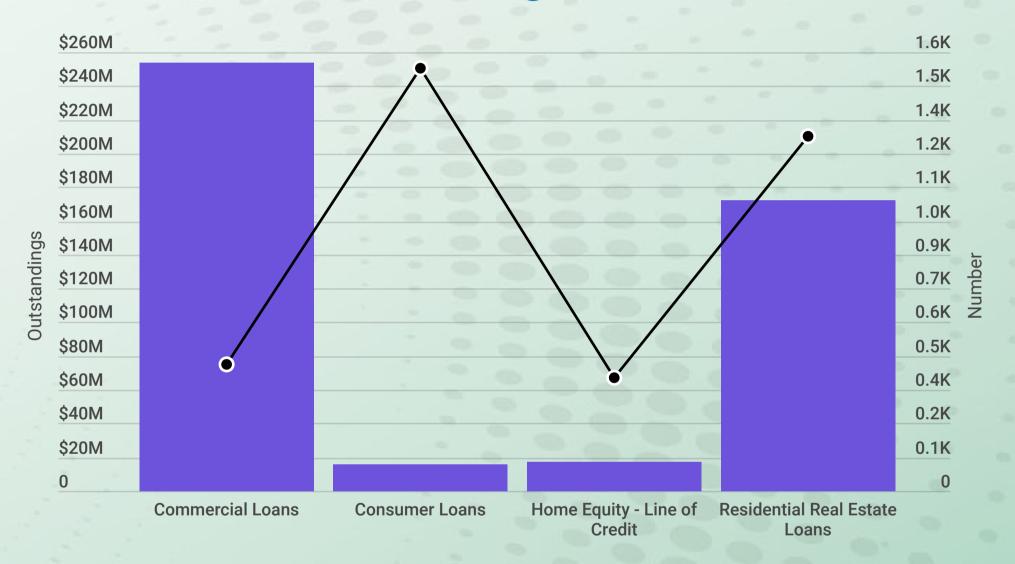
	2017	2018	2019	2020	2021
Total Past Due & Non-Accural/Gross Loans	1.48%	1.24%	1.20%	2.13%	1.19%
Total 90+ Days Past Due & Nonaccural - Gross Loans	0.96%	0.54%	0.44%	0.53%	0.42%
ALLL / Gross Loans	0.91%	0.88%	0.93%	1.00%	1.09%
Classified	\$ 6,395,246	\$ 5,369,738	\$ 4,488,850	\$ 4,849,975	\$ 3,880,436
Classified / Capital ratio	11.12%	8.84%	6.86%	6.95%	5.26%

2021 Loan Production

New Fundings

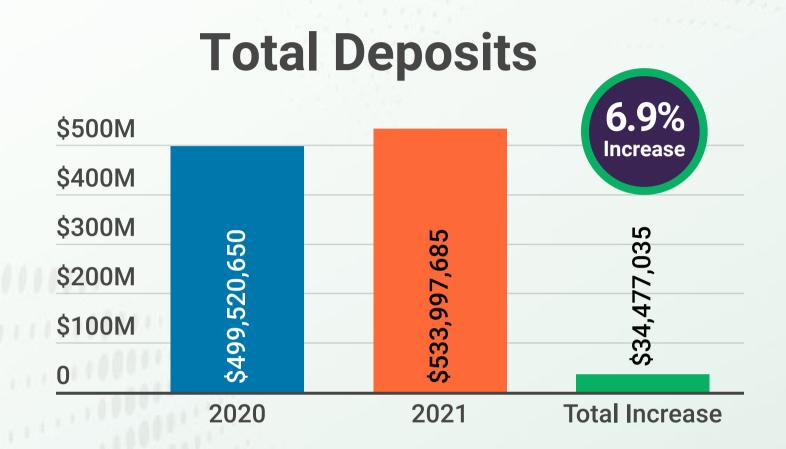


Portfolio Outstandings



Commercial loan fundings exceeded our corporate goal target despite the lingering impacts of Covid-19. First quarter sales were off but rebounded to finish the year off at \$52.7 million. Residential real-estate loans including home equity lines of credit had a very strong year with over \$58 million in booked originations. With the historical low mortgage rate environment during 2021, refinances dominated as consumers responded to low rates. Consumers loans experienced growth over last year but was still stunted by the shortage of used car inventory for purchase and the chip shortage which hampered new car sales.

Deposit Growth



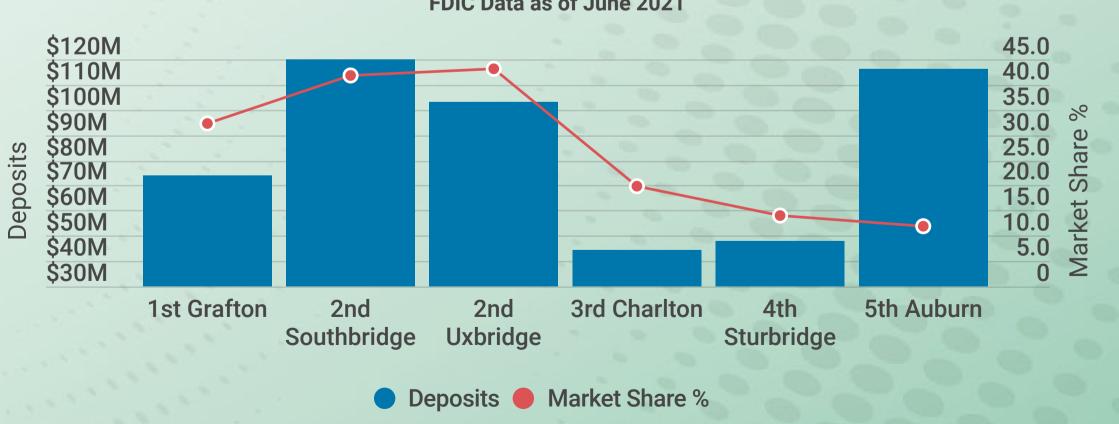
Total Bank deposits grew by \$34.5 million primarily in our liquid products. We have seen a migration from long term CD investments to shorter terms and liquid products as many consumers are waiting out the future of the economy and the direction of interest rates.

Consumer and business checking and savings account balances have increased primarily due to consumers not renewing their CDs and moving their funds to these more liquid products. It is anticipated that deposit rates will increase and therefore many traditional CD customers are waiting to see what the rate environment will bring to be nimble in moving funds should rates increase.

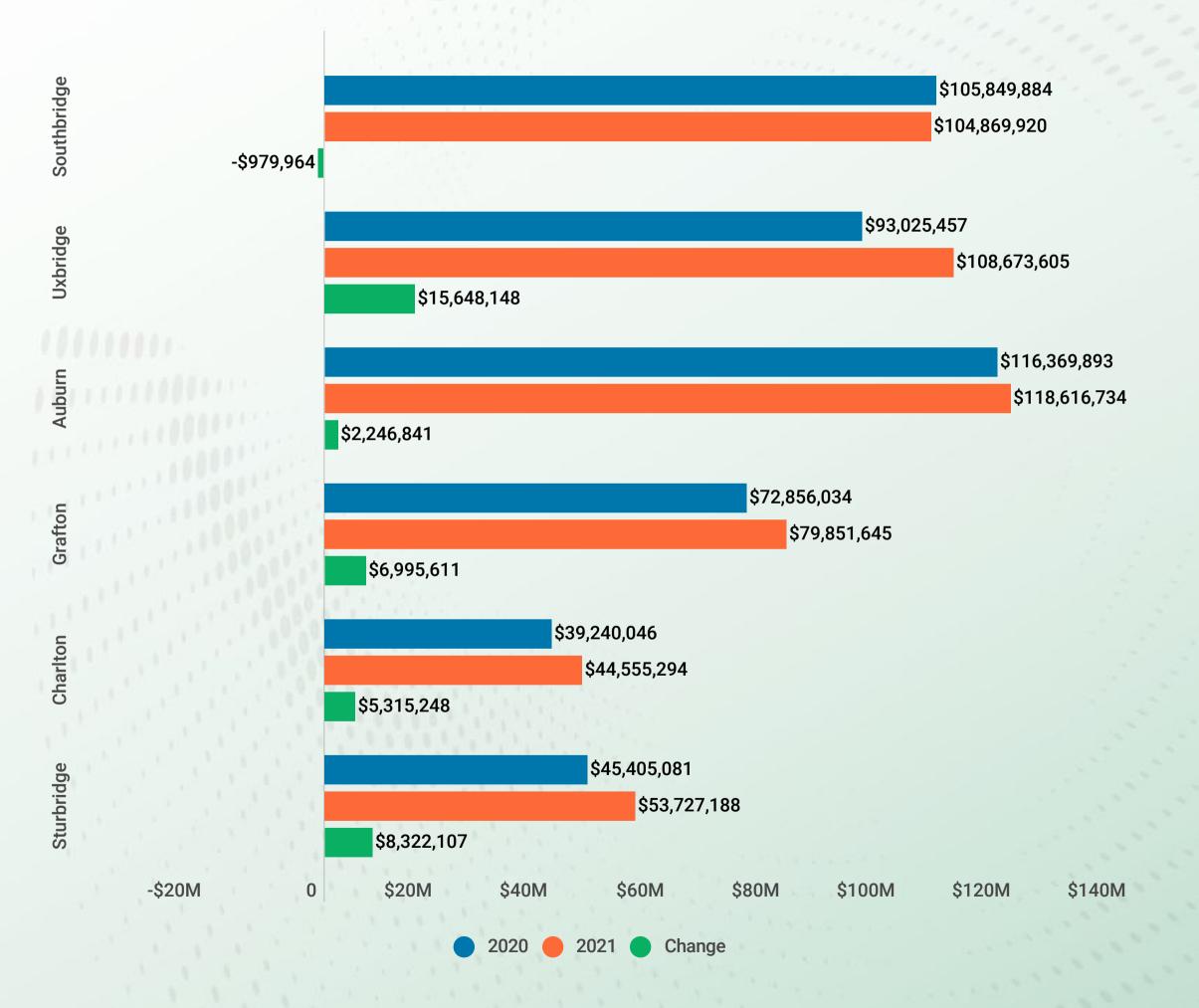




Deposit Market Share Ranking



Branch Deposit Balances



Branch deposit balances continued to grow throughout 2021 as consumers are still seeking the safety that comes with traditional bank products. This has been a pattern across our branch network. With the volitality of the stock market, our Certificate of Deposit products have seen solid retention but with a shift in shorter terms. Checking accounts, money market and statement/passbook accounts experienced the largest growth as many are using these products to park funds due to the uncertainty of the financial market.

Savers Bank has received another 5 Star Bauer Financial rating for 104 consecutive quarters. This along with the dual FDIC/DIF Insurance, provided the safety and soundness comfort for customers which helped spur the deposit growth.

Our Uxbridge branch joined Auburn and Southbridge with having deposit balances over \$100 million in 2021.



New Checking Accounts

Personal Checking



1150

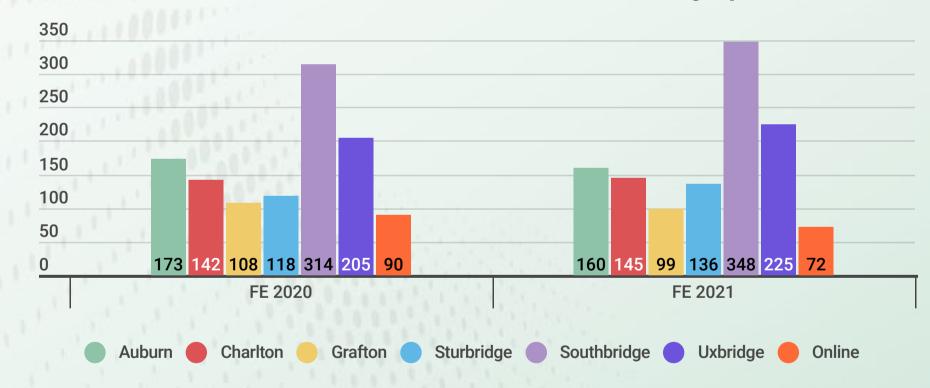
Added in FE 2020



1185

Added in FE 2021

3.0% Increase in Total Personal Checking Opened



Business Checking



240

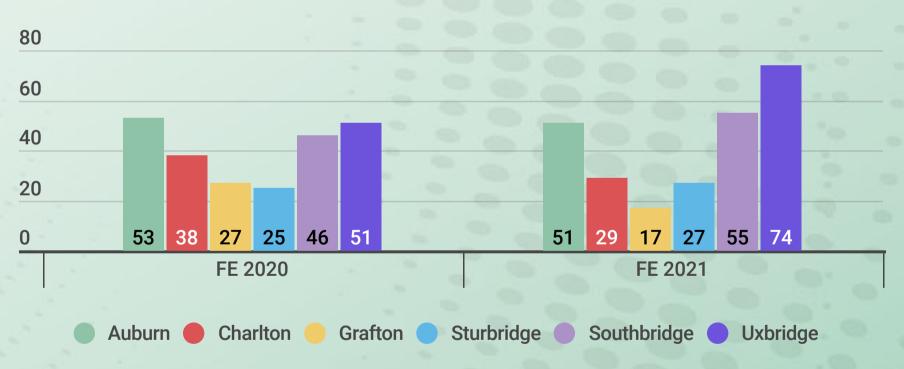
Added in FF 2020



253

Added in FE 202

5% Increase in Total Business Checking Opened



Savers Bank continues to see a shift in new checking acquisition to a younger demographic. Our checking product mix offers a variety of choices for customers across all generations that suite their financial lifestyle needs. This combined with our digital banking services has fueled the age trend downward for new customers to Savers Bank. We continue to see over 40% of the total personal checking accounts opened are brand new to the Bank. 59% of these new accounts were opened by either GEN X and GEN Y age groups. This is a highly desirable demographic as GEN X has been experiencing the transfer of wealth from the Boomer generation. GEN Y and GEN Z are critical to capture and market to. These next generations are either entering or maturing in the workface earning good salaries to be used for home purchases, savings growth and future investment needs.

Debit Card Reward Program

Debit Card Sales & Interchange Income



uChoose Consumer Registration



uChoose Business Registration



Our Debit Card Rewards program is designed to help drive interchange by rewarding both consumer and business customers with points to use towards merchandise, gift cards, cash back options and more. We continue to see interest gaining in the uChoose Rewards program with increases in enrollment since our introduction. The interchange received helps us provide this reward program that offers added value to their checking account relationship.

Monthly interchange has been increasing year over year now at \$102 thousand per month. Both consumer and business debit card usage contribute to total interchange however, business transactions generate higher fee income and remains a focus of growth for the Bank.

LIVING THE SIMPLY BETTER BRAND















At Savers Bank we strive to be Simply Better at delivering products and services to our customers. We are Simply Better because of all of our dedicated employees. In 2021 we introduced our Living the Simply Better brand by showcasing our teammates to each other and our customers to let them know what it means to be Simply Better.

Supporting Business & Housing Programs







Savers Bank continued to support our local businesses in 2021 and participated in two Federal Home Loan Bank Grant Programs for businesses that were negatively impacted by the Covid-19 pandemic. Savers Bank awarded a total 12 of grants to local businesses totaling \$150,000.

Mortgage Programs

Savers Bank secured two FHLB grants totaling \$250,000 for grants under the Housing our Workforce and the Equity Builder Program. The program assists income-eligible households realize their goal of home ownership. We are committed to helping customers through major milestones throughout life.



Sponsorships

Highlights



\$10,000

Health Related



\$8,954

United Way Employee Match



\$16,700

YMCA & Family Services



\$2,500

Various food pantries and shelter initiatives



\$15,000

Academic Programs



\$2,000

Green Environmental Initiatives



\$24,700

Community Social Services



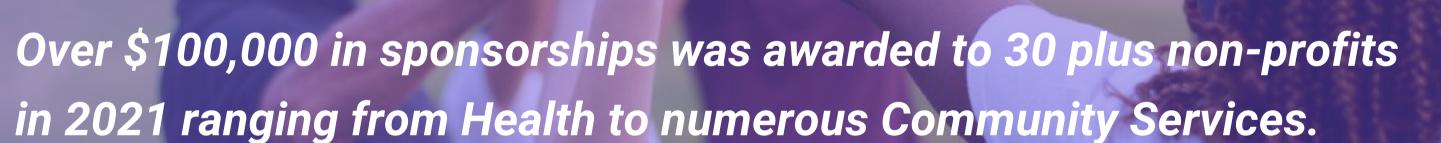
\$750

Animal Causes



\$4,100

Local Chambers & Business Partnerships



Our commitment to support the communities we serve is part of the essence of Savers Bank. We are continually looking for ways to best serve our non-profits across our market area. We proudly support our community non-profits with both monetary sponsorships and through employee volunteerism. Again in 2021 due to Covid many people served by these non-profits were again in need and Savers Bank and our employees were there to lend assistance. Our employees volunteer over 500 hours each year working with Meals on Wheels and various school and community out-reach programs. Many employees hold board seats to offer their professional services.

Today, customers demand faster, easier, and multi-channel access to financial services any time, any where, and any place that is convenient for them.

At Savers Bank we are doing our part to make that happen.

Innovation



Innovating in 2021 to seek out ways to meet and exceed our customer's expectations was part of our strategic initiatives to make it happen. 2021 and beyond focus on how we can deliver on this expectation through various infrastructure improvements, collaborative partnerships, and technology improvements to be a leader among community banks that can compete with big bank customer delivery and experiences.

Key Innovations 2021



COCC- Insight Core 2021 prep work

- This nimble core will be launched on April 11, 2022, and promises to deliver easier, faster, and multi-channel delivery options to our customers.
- This improved infrastructure will provide efficiencies across all bank business lines



New P2P Payment Platform

- Savers Bank in partnership with Alloy Lab joins other founding banks for CHUCK the Open
- The CHUCKTM payment network allows customers to use their existing banks mobile and desktop app while the recipient chooses where it is delivered



New Marketing Branding Initiatives

- Continuous refresh of TV commercials with a new mortgage commercial added in 2021
- Launch of our "Be Simply Better" Living the Brand employee showcase in May 2021



New and improved Instant Issue Debit Card Service

- Improved debit card imagery that offers scenic iconic scenes representative of Central MA
- New custom images for personalized debit cards
- Fresh new personal and business debit card design
- Now offering tap and go contactless debit card payment option



New IT Infrastructure

- Facilities Helpdesk Ticketing System with improved reporting/tracking system of facility issues Employee Self-Service password Reset and Unlock Solution
- New firewall platform inclusive of Microsoft MFA Multi-Factor Authentication for our remoted users. This reduced complexity and cost while improving IT Infrastructure security



New GL Accounting System

Oracle conversion completed

Partnership



Savers Bank is a member of the Alloy Labs Alliance, a consortium of community and mid-sized banks that joined together to adopt technology more effectively and efficiently. The goal of the consortium is to quicken the pace of innovation, helping to level the playing field and enable institutions like Savers to compete against large, national players. Being part of the Alloy Labs Alliance will allow us to bring new innovations to the market quickly and efficiently.

The Transformation Continues

Auburn Branch



Savers Bank is continuing with our branch transformation with the recent Savers Bank Board approval to move forward with renovation of our largest deposit branch, Auburn. The project will redesign the interior similar to the look and brand standards established at our Sturbridge office but also will include an exterior update to include brand towers as depicted in the rendering above. Our plan will also consist of renovating our remaining offices within the next three years to complete our branch transformation.





Savers Bank Board of Directors





Dr. Dewey J. Tiberii



Patrick S. Morrill

Meet our dedicated and experienced Board of Directors who guide Savers Bank in providing the best financial services to consumer and business customers. Our Board of Directors are uniquely diverse in their areas of expertise and together provide sound guidance for the Bank.





















