

# 2020 Annual Report



# Message from the President/CEO



2020 was a year that no one will forget. Yet, through the challenges of the COVID-19 pandemic, we steadfastly held true to our credit union principles of people helping people, working tirelessly to help members during an unprecedented year. We continued to pivot, always keeping our staff and members' safety and well-being our number one priority, while maintaining the strength of the Credit Union.

As an essential business, all of our branches remained open so that we could provide much-needed services to our community. To keep our staff and visiting members safe, we followed CDC guidelines and implemented safety barriers, daily and weekly deep cleaning, and other precautionary measures in all of our branches and facilities. Branch staff were initially put on a rotation schedule to limit exposure while back-office staff were quickly equipped with laptops to work remotely. Knowing that many members would be financially impacted by the pandemic, we immediately offered payment deferrals and loan modifications which totaled over \$16 million. Business members received assistance in applying for the Payroll Protection Program (PPP) and, later on, applying for loan forgiveness.

Amidst the pandemic, there were some notable successes for Merrimack Valley Credit Union. We kicked off 2020 with the completion of our merger with Ocean Spray Employees Federal Credit Union (OSEFCU). We welcomed OSEFCU members who are now taking advantage of the full suite of products and services that Merrimack Valley Credit Union offers.

Early on in the year, mortgage rates declined to the lowest level in recent history. This gave members a significant refinancing and savings opportunity in a year that needed some good news. In 2020, we funded nearly \$220 million in mortgage and home equity loans.

In May 2020, Merrimack Valley Credit Union and our members contributed \$15,000 to help two groups hit hard by the pandemic: those on the front lines of health care and those in the restaurant industry. Through the "Feed the Frontline" program, we served 1,700 meals from seven local restaurants to the hardworking health care professionals at Lawrence General Hospital.

The Online and Mobile Banking system upgrade was launched in September 2020. This new platform provided enhanced features and benefits allowing members to bank more conveniently and safely from their home during the latter part of 2020.

During this challenging year, our members were very patient and understanding when we had to modify branch hours and procedures, and we were ever so grateful for their unwavering support and loyalty. Together, we will get through this pandemic stronger and more resilient than ever! Thank you to our courageous and caring team members who worked very hard to adapt to the changing environment while providing top-notch service to members.

As always, we value the infinite leadership and guidance from Dom Mazzocco, our Board Chairperson, as well as our Board of Directors who provide outstanding governance to our organization.

We wish everyone continued good health and safety.

Warmest regards,

A handwritten signature in black ink that reads "John J. Howard". The signature is fluid and cursive, with a large initial "J".

John J. Howard  
President/CEO

# Year in Review



**\$1.234B**  
*Total Assets*



**12.55%**  
*Asset Growth*



**8.55%**  
*Net Worth*



**82,575**  
*Total Members*



**\$1.025M**  
*Net Income*



**0.09%**  
*Return on Assets*



**2.75%**  
*Expense Ratio*



**\$1.084B**  
*Total Shares*



**\$731.42M**  
*Total Loans*



**3.11%**  
*Loan Growth*



**67.45%**  
*Loan to Shares*



**0.75%**  
*Delinquency Rate*

## Milestones:

**January 1, 2020:** Ocean Spray Employees Federal Credit Union (OSEFCU) officially merged with Merrimack Valley Credit Union (MVCU).

**May 2020:** MVCU and our members contributed \$15,000 to the "Feed the Frontline" program, serving 1,700 meals from seven local restaurants to the hardworking health care professionals at Lawrence General Hospital.

**June 1, 2020:** OSEFCU's systems conversion took place, allowing OSEFCU members to take advantage of MVCU's full suite of products and services.

**August 2020:** Eagle-Tribune readers again selected MVCU as the best Credit Union in the Merrimack Valley – and we are thankful to say, that we won this award two years in a row!

**September 2020:** In an independent Annual Banking Benchmark Survey, MVCU was rated #1 in the category of Community Contribution and #2 in the categories of Overall Quality, Customer Service, and Technology & Tools in the North Shore region.

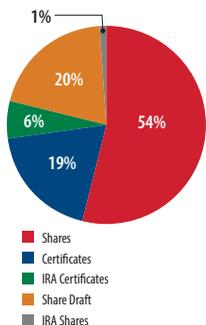
**September 16, 2020:** MVCU upgraded our Online and Mobile Banking system with many new enhanced features and benefits like FICO score, external transfers, account aggregation and more.

**On the Cover:** MVCU employees took time out to insulate a Habitat for Humanity home in Salisbury, MA. Left to right: Kristen Davis, Yean-Ai Long, Jon Bewsher, Theresa Hayes, Nancy Pierce, Digna Jhonson and Kristina Coddens.

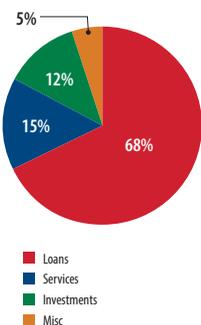
# Financial Results

	<u>2019</u>	<u>2020</u>
<b>ASSETS</b>		
Loans	\$ 709,336,992	\$ 731,423,763
Loan Loss Allowance	(4,073,407)	(5,799,037)
Notes Receivable	(3,835,643)	356,591
Net Loans	<u>\$ 701,427,942</u>	<u>\$ 725,981,317</u>
Cash & Receivables	\$ 23,874,670	\$ 27,391,442
Investments	313,663,421	445,991,368
Accrued Income	875,307	827,320
Prepaid & Deferred Expenses	1,312,828	1,646,910
Fixed Assets (Net)	15,843,492	15,080,917
Other Assets	9,005,383	7,650,990
Deposit in NCUSIF	8,572,333	9,793,692
<b>TOTAL ASSETS</b>	<u><u>\$ 1,074,575,376</u></u>	<u><u>\$ 1,234,363,956</u></u>
<b>LIABILITIES AND EQUITY</b>		
FHLB Borrowings	\$ 41,206,998	\$ 46,559,846
Accounts Payable	3,516,785	4,342,822
Accrued Expenses	1,371,950	(12,180,982)
Shares	924,154,406	1,084,462,709
Regular Reserve	9,357,881	9,357,881
Undivided Earnings	61,860,575	62,835,812
Equity Acquired from Merger	31,950,953	33,400,152
Unrealized Gain/Loss on Investments	1,155,829	5,585,716
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 1,074,575,376</u></u>	<u><u>\$ 1,234,363,956</u></u>

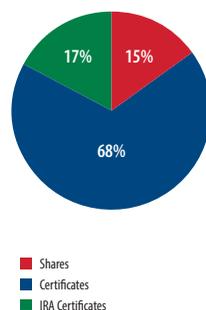
## Deposit Accounts



## Operating Income

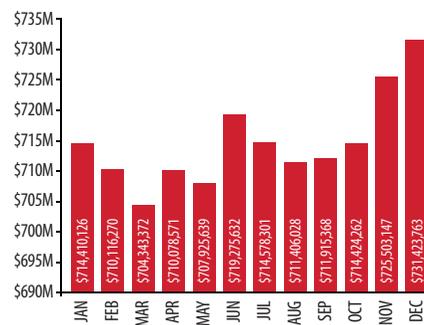


## Dividends Paid

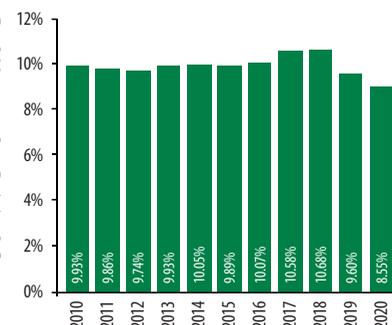


	<u>2019</u>	<u>2020</u>
<b>OPERATING INCOME</b>		
Interest on Loans	\$ 29,228,537	\$ 29,710,235
Income from Investments	7,207,010	5,454,659
Income from Services	6,127,048	6,352,029
Miscellaneous Operating Income	(395,760)	2,155,783
<b>TOTAL OPERATING INCOME</b>	<u><u>42,166,835</u></u>	<u><u>43,672,705</u></u>
<b>OPERATING EXPENSES</b>		
Compensation	\$ 11,311,751	\$ 13,048,264
Employee Benefits	2,866,466	3,612,877
Travel & Conference Expense	374,671	284,218
Association Dues	95,299	121,344
Office Occupancy Expense	2,480,976	3,124,769
Office Operation Expense	7,012,865	6,573,690
Marketing Expense	994,021	1,341,116
Loan Servicing Expense	1,535,381	1,526,638
Professional & Outside Services	1,437,510	1,814,731
Provision for Loan Losses	1,414,156	2,548,688
MSIC Insurance	48,140	236,209
NCUA Operating Fee	230,222	93,333
Cash Over and Short	(5,086)	(2,998)
Interest on Borrowings	527,807	884,295
Miscellaneous Operating Expense	452,726	(16,805)
<b>TOTAL OPERATING EXPENSE</b>	<u><u>30,776,905</u></u>	<u><u>35,190,369</u></u>
Income Before Dividends	11,389,930	8,482,337
Dividends Expense	7,522,050	7,457,082
<b>NET OPERATING INCOME</b>	<u><u>\$ 3,867,880</u></u>	<u><u>\$ 1,025,255</u></u>

## Total Loans



## Net Worth Ratio



# Community Engagement

## Feed the Frontline



Employees and members of the Credit Union raised \$15,000 to purchase 1,700 meals for staff at Lawrence General Hospital during the Covid-19 pandemic.

## Reading Across America



Teddy Muir read a book to a classroom of kids.



Quincy Branch Manager, Sam Sirisouk, and Financial Service Representative, Teddy Muir, visited Parker Elementary School for Reading Across America Week.

## Lawrence Public Library



MVCU pledged \$50,000 to support the Lawrence Public Library in developing a comprehensive literacy program for all ages.

## Chain of Hearts Fundraiser



Lawrence Branch Manager, Stephanie Castellanos, showcased the wall of hearts in support of Credit Unions Kids at Heart®.



Thanks to our generous members, the Credit Union's "Chain of Hearts" fundraiser at the Seabrook branch raised \$1,709.62 for Credit Unions Kids at Heart®.

# Board of Directors

Domenic Mazzocco, *Board Chairman*

Bernard J. Mulholland, *1st Vice Chairman*

Art O'Dea, *2nd Vice Chairman*

Maureen Ronayne, *Secretary*

Mukesh Davé, *Treasurer*

David London, *Assistant Treasurer*

Alan Dakers, *Director*

Alex Oski, *Director*

Augustine S. Longo, Jr., *Director*

Catherine M. DeBurro, *Director*

Leon M. Pratt, *Director*

Mary K. Briand, *Director*

Peter Mills, *Director*

Ronald J. Guilmette, *Director*

Stephanie Sousa, *Director*

# Senior Management

John J. Howard, *President/CEO*

Michael E. Valley, *Executive Vice President, CFO/COO*

Bradford Egan, *Executive Vice President, Chief Lending Officer & Corporate Strategy*

Anthony Marino, *Senior Vice President, Organizational Development*

Yean-Ai Long, *Senior Vice President, Marketing*

Cheryl A. Crowley, *Senior Executive Assistant to the President*

Susan L. Ferreira, *Executive Assistant to the Board*

Annette Yee, *Vice President, Member Growth*

Cherie Lisee, *Vice President, Risk Management*

Christine Ronca, *Vice President, Retail Banking*

Dante DiMassa, *Vice President, Residential Lending*

John Himmel, *Vice President, Collections*

John MacKenzie, *Vice President, Finance*

Lou Serio, *Vice President, Information Technology*

Robert Cabral, *Vice President, Consumer Lending*

Robert Piepenburg, *Vice President, Commercial Lending*

Stephanie Lee, *Vice President, Operations*

Theresa Hayes, *Vice President, Digital Channels*

Tracy Mermet, *Vice President, Human Resources*

Anita Parker, *Assistant Vice President, BSA/Compliance Officer*



NMLS #447563

[mvcu.com](http://mvcu.com) | 800.356.0067