

2018 Annual Report



Year in Review



\$630.37M
Total Assets



\$4.22M
Net Income*



10.68%
Net Worth



0.69%
Return on Assets



\$416.15M
Total Loans



12.00%
Loan Growth



66.02%
Loan to Assets



1.38%
Delinquency Rate



\$553.73M
Total Deposits



50,141
Total Members



4.13%
Member Growth



2.73%
Expense Ratio

Milestones:

May 27, 2018: At the 2018 Banking Choice Awards, MVCU was named the #1 Credit Union in the North Shore Region for Community Contribution and Technology, and #2 in Customer Service.

August 1, 2018: The Board approved an increase in the Savings interest rate, raising the rate to 0.25% for Savings accounts and 0.50% for Premium and IRA Savings accounts.

September 24, 2018: Members voted in person and via ballots in favor of the change to a state charter.

October 1, 2018: Merrimack Valley Credit Union became a state-chartered credit union and was subsequently approved by MSIC to provide excess insurance coverage over \$250,000 for deposits accounts.

October 29, 2018: Members voted overwhelmingly for the merger with Bridgewater Credit Union.

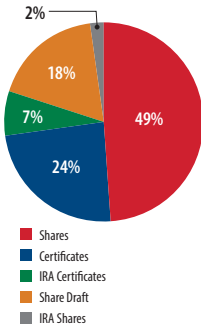
**\$500,000 reduction in net income due to a one-time expense for MSIC excess insurance.*

On the Cover: *Carrie Fitzgerald, MVCU's Plaistow branch manager, running the Boston Marathon for Credit Union Kids at Heart which raises funds for Boston Children's Hospital.*

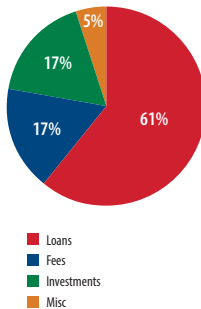
Financial Results

	2017	2018
ASSETS		
Loans	\$ 371,556,740	\$ 416,150,725
Loan Loss Allowance	(1,879,383)	(2,013,228)
Notes Receivable	377,267	1,009,670
Net Loans	<u>\$ 370,054,625</u>	<u>\$ 415,147,167</u>
Cash & Receivables	\$ 5,513,385	\$ 4,683,029
Investments	204,404,779	193,464,850
Accrued Income	342,326	357,598
Prepaid & Deferred Expenses	757,636	788,669
Fixed Assets (Net)	7,715,998	7,434,015
Other Assets	3,110,517	3,343,971
Deposit in NCUSIF	5,002,545	5,149,573
TOTAL ASSETS	<u><u>\$ 596,901,811</u></u>	<u><u>\$ 630,368,872</u></u>
LIABILITIES AND EQUITY		
Accounts Payable	\$ 12,569,878	\$ 12,333,607
Dividends Payable	47	747
Accrued Expenses	2,184,885	710,691
Shares	521,447,492	553,728,903
Regular Reserve	9,357,881	9,357,881
Undivided Earnings	53,771,274	57,992,693
Equity Acquired from Merger	6,740	6,740
Unrealized Gain/Loss on Investments	(2,436,386)	(3,762,390)
Total Liabilities and Equity	<u><u>\$ 596,901,811</u></u>	<u><u>\$ 630,368,872</u></u>

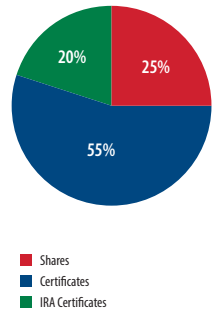
Deposit Accounts



Operating Income



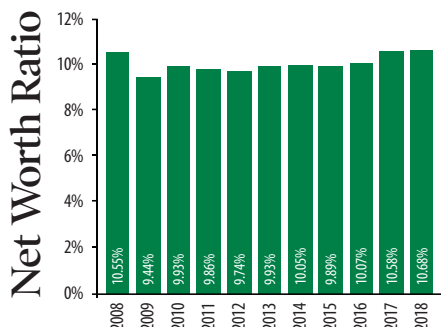
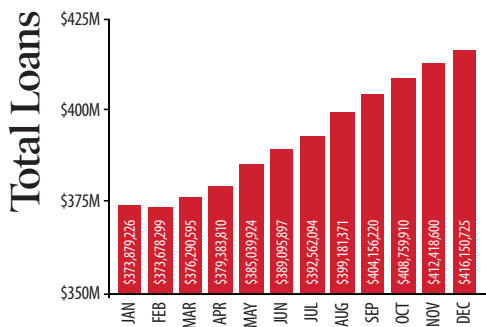
Dividends Paid



	2017		2018
OPERATING INCOME			
Interest on Loans	\$ 13,523,590	\$	15,448,481
Income from Investments	4,075,536		4,349,457
Fees and Charges	3,914,958		4,346,745
Misc. Operating Income	1,063,310		1,290,997
Total Operating Income	22,577,394		25,435,680
OPERATING EXPENSES			
Compensation	\$ 6,131,699	\$	6,630,178
Employee Benefits	1,727,369		1,948,256
Travel & Conf Exp	138,319		132,038
Association Dues	84,912		80,652
Office Occupancy Exp	1,515,720		1,513,587
Office Operation Exp	3,702,885		3,867,001
Marketing Exp	502,070		596,913
Loan Servicing Exp	871,269		994,264
Prof. & Outside Services	188,226		297,404
Prov. for Loan Losses	364,692		933,820
MSIC Insurance	0		499,757
NCUA Operating Fee	132,962		157,654
Cash Over and Short	11,621		(6,725)
Interest on Borrowings	157,153		157,153
Annual Meeting Expense	2,505		3,910
Misc. Operating Exp	10,351		19,222
Total Operating Expense	15,541,751		17,825,086
Income Before Dividends	7,035,643		7,610,594
Dividends Expense	2,555,144		3,389,175
NET OPERATING INCOME	\$ 4,480,498	\$	4,221,419
Actual Write-offs:	\$230,717		\$420,155

Highlight:

NCUA examiners gave Merrimack Valley Credit Union another excellent rating. This marked the 27th consecutive year where the credit union held a net worth ratio of 9.44% or higher.



Community Engagement



The winners of the Biggest Heart Awards were recognized at the Corporate Office in April 2018. There were winners from nine categories who were nominated and voted on by their peers throughout the Merrimack Valley.



Seabrook Branch Manager Christine Doucette participated in Emmaus, Inc's 4th Annual "Stepping Out with the Valley Stars" Dance Contest and Fundraiser. She was paired with a professional dancer and presented a traditional ballroom dance.

Over \$130,000 was invested into the community to support over 70 local non-profits.



Consumer Lending Manager Bonnie Tardugno explains the importance of a good credit score to a senior at Methuen High School during the 2018 Credit for Life Fair. The inaugural fair was a partnership between MVCU and Methuen High School.



Peter Matthews presented six graduating high school seniors from schools within the Merrimack Valley with \$1,500 scholarships. To be considered, students had to complete a scholarship application that included their high school transcripts, letters of recommendation, and a personal essay.



A group of MVCU employees continued the annual tradition of delivering turkey dinners to underprivileged families in the Greater Haverhill area.

Board of Directors

Domenic Mazzocco, *Board Chairman*

Alexander R. Oski, *1st Vice Chairman*

Michael M. Saylor, *2nd Vice Chairman*

Maureen Ronayne, *Secretary*

Mukesh Davé, *Treasurer*

Art O'Dea, *Assistant Treasurer*

Augustine S. Longo, Jr., *Director*

John J. McSweeney, Jr., *Director, retired 2018*

Ronald J. Guilmette, *Director*

Leon M. Pratt, *Director*

Catherine M. DeBurro, *Director*

Juan Bonilla, *Director*

Peter Mills, *Associate Director*

Senior Management

Peter J. Matthews, Jr., *President & CEO*

Michael Farren, *Vice President, Lending*

Yean-Ai Long, *Vice President, Marketing*

Anthony Marino, *Vice President, Operations*

Michael Pliskaner, *Vice President, Information Technology*

Laura J. Wante, *Vice President, Human Resources & Compliance*

Management

Rod Dauteuil, *Assistant Vice President, Internal Audit*

Tracy Mermet, *Assistant Vice President, Human Resources & Training*

Christine Ronca, *Assistant Vice President, Retail Operations*

Brett W. Terry, *Assistant Vice President, Retail Lending*

Jan White, *Assistant Vice President, Accounting*

Erin Antonino, *Central Plaza Branch Manager*

Kim DuSombre, *North Andover Mall Branch Manager*

Christine Doucette, *Seabrook Commons Branch Manager*

Carrie Fitzgerald, *Ethan Allen Plaza Branch Manager*

Digna Jhonson, *Riverwalk Branch Manager*

Wendi Moreau, *Village Mall Branch Manager*

Lisa Carrozza, *Mortgage Lending Manager*

Lisa J. Lewis, *Collections Manager*

Nancy Pierce, *Branch Operations Manager*

Bonnie Tardugno, *Consumer Lending Manager*

Joanne Tercho, *Business Lending Manager*

Farewell to Peter J. Matthews, Jr.

After serving as the President & CEO for the past 16 years, Peter retired in March 2019. During his tenure as the CEO, Peter has more than doubled the credit union's assets

while growing the credit union at a safe and steady pace. Before his retirement, Peter played a key role in the merger with Bridgewater Credit Union, and helped to transition his role to his successor, John J. Howard, President & CEO of Bridgewater Credit Union, who will lead the combined credit union going forward. Many thanks to Peter for his enduring leadership. And best wishes for a wonderful retirement.



A handwritten signature in black ink that reads "Domenic P. Mazzocco".

Domenic P. Mazzocco
Board Chairman



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