

2021 Annual Report



Message from the President/CEO

Dear Valued Members,

I would like to begin by saying “Thank You!” Thank you for being outstanding members of Merrimack Valley Credit Union (MVCU) and for trusting us to continuously have your financial health at the forefront of everything our team members do each day. We have a passion to continue improving and developing our processes, products, and services with the intent of creating “The Best Place Our Team Members Have Ever Worked!” and “The Best Place Our Members Have Ever Banked!”



As we all know, 2021 continued to be a challenging year but that did not stop us from forging ahead. We continued our focus of making it easy to bank and borrow safely with MVCU while continuing to support our members and the community through a second year of the COVID pandemic.

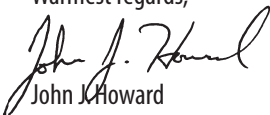
Our branches remained open with safeguards to protect members and team members while our Call Center ramped up to handle over 10,000 calls per month. Behind the scenes, our back office teams worked hard to implement new programs and services that provide member benefits such as rewards checking accounts amongst other things (see highlights on the following page).

I'm so proud of our teams. In the midst of the pandemic and economic challenges, MVCU has continued to grow in assets, shares, and loans demonstrating strong management and a resilient team. Our financial outlook continues to be excellent with net income growing from \$1.0 million in 2020 to \$3.1 million in 2021. Our net worth of \$108 million puts us in a strong position for long-term growth. While we continue to be cautiously optimistic during these challenging times, we are excited about the opportunities that lie ahead.

Thank you to all of our members for inspiring us to become better and to our team members for their passion and dedicated service to our members. To our volunteer Board members, we are always grateful for the strong and effective governance and guidance you give us.

We look forward to serving you and meeting your financial needs for many years to come.

Warmest regards,


John J. Howard
President/CEO

Year in Review



\$1.27B

Total Assets



\$3.12M

Net Income



8.54%

Net Worth



0.25%

Return on Assets



\$808.36M

Total Loans



10.52%

Loan Growth



63.53%

Loan to Assets



0.50%

Delinquency Rate



\$1.14B

Total Shares



73,247

Total Members



1.96%

Member Growth



2.42%

Expense Ratio

New Programs and Services Highlights

As a member-centric organization, MVCU is constantly looking for ways to implement new and innovative programs to better serve our members. Here are a few highlights:

- In **February** and **March**, we offered up to \$250 cashback for auto loans, which allowed members to put money back into their pockets as well as benefit from a low rate. On average, members with existing auto loans through outside lenders saved \$756 annually when they refinanced their auto loan with MVCU.
- In **June**, we introduced the My Mortgage App, a fast and easy app for mortgage application that allows users to upload documents, connect directly with MVCU's loan officers, and track the application from start to finish.
- In **June**, we added tax document access through online banking.
- In **October**, we upgraded our online account and loan application platform, to provide faster and easier online applications with higher completion rates. Members can now open an account online from our website in less than five minutes.
- In **November**, we developed a holiday loan as an alternative for members using high-interest rate credit cards during the holiday season. In support of our membership, this loan was set at below market rate with a closed-end term that members can pay off in less than 12 months.
- In **November**, we introduced two new rewards checking accounts – Kasasa Cash Back and Kasasa Cash. These accounts offer rewards to members just for using their checking accounts. With Kasasa Cash Back, members can earn cash back up to \$9.00 per month, and with Kasasa Cash they can earn interest up to 2.00% APY for balances up to \$10,000 on their checking account. These accounts are free with no monthly fee or minimum balance requirements.

On the Cover: A group of team members worked together to clean trails at the Blue Hills Reservation in Milton, MA.

Financial Results

Unaudited financials

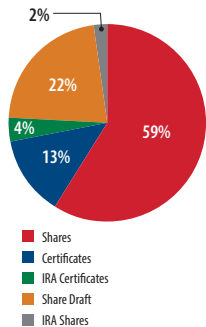
ASSETS

	2020	2021
Loans	\$ 731,927,218	\$ 809,893,209
Loan Loss Allowance	(4,251,817)	(6,464,930)
Notes Receivable	18,333,608	24,992,936
Net Loans	\$ 746,009,009	\$ 828,421,215
Investments	\$ 329,625,940	\$ 348,741,200
Cash & Cash Equivalents	126,437,904	62,735,320
Accrued Income	2,933,704	2,643,067
Prepaid & Deferred Expenses	1,143,455	2,134,881
Fixed Assets (Net)	15,080,917	14,215,353
Other Assets	3,339,335	2,885,693
Deposit in NCUSIF	9,793,692	10,633,149
TOTAL ASSETS	\$ 1,234,363,956	\$ 1,272,409,877

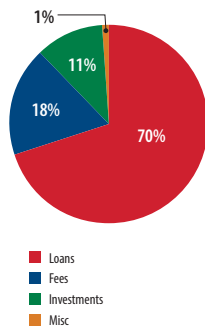
LIABILITIES AND EQUITY

FHLB Borrowings	\$ 46,559,846	\$ 25,000,000
Accounts Payable	4,342,822	5,695,325
Dividends Payable	0	0
Accrued Expenses	(12,180,982)	(1,096,941)
Shares	1,084,462,709	1,136,240,614
Regular Reserve	9,357,881	9,357,881
Undivided Earnings	62,835,812	65,954,158
Equity Acquired from Merger	33,400,152	33,400,152
Unrealized Gain/Loss on Investments	5,585,716	(2,141,312)
TOTAL LIABILITIES AND EQUITY	\$ 1,234,363,956	\$ 1,272,409,877

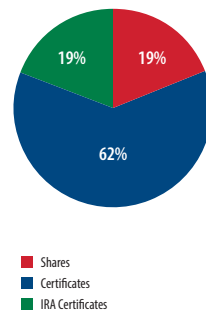
Deposit Accounts



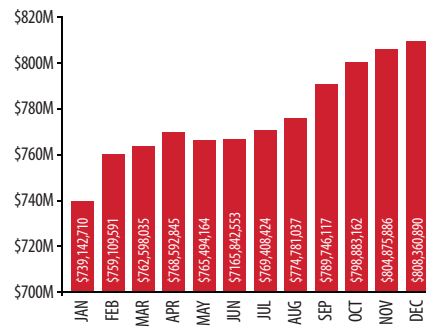
Operating Income



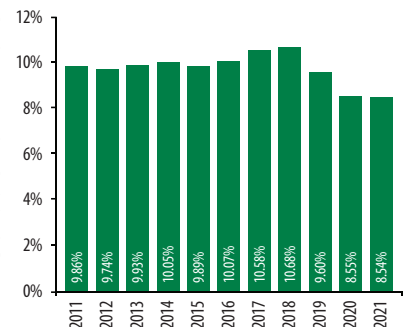
Dividends Paid



Total Loans



Net Worth Ratio



OPERATING INCOME

	2020	2021
Interest on Loans	\$ 29,710,235	\$ 28,789,972
Income from Investments	5,454,659	4,456,876
Fees and Charges	6,352,029	7,314,612
Miscellaneous Operating Income	1,350,730	332,055
TOTAL OPERATING INCOME	\$ 42,867,652	\$ 40,893,515

OPERATING EXPENSES

Compensation	\$ 13,048,264	\$ 12,850,425
Employee Benefits	3,612,877	3,446,098
Travel & Conference Expense	284,218	178,492
Association Dues	121,344	129,186
Office Occupancy Expense	3,124,769	2,920,272
Office Operation Expense	6,573,690	6,539,419
Marketing Expense	1,341,116	637,831
Loan Servicing Expense	1,526,638	1,110,965
Professional & Outside Services	1,814,731	2,192,073
Provision for Loan Losses	2,548,688	2,200,000
Members Insurance	236,209	29,640
NCUA Operating Fee	93,333	100,000
Cash Over and Short	(2,998)	(3,973)
Annual Meeting Expense	0	0
Miscellaneous Operating Expense	(13,807)	624,489
TOTAL OPERATING EXPENSE	\$ 34,309,072	\$ 32,954,918

NON-OPERATING EXPENSES

Interest on Borrowings	884,295	680,397
Other Non-Operating Income/Expenses	-805,053	64,039
TOTAL NON-OPERATING EXPENSE	\$ 79,242	\$ 744,436

Income Before Dividends

Income Before Dividends	8,479,339	7,194,162
Dividends Expense	7,457,082	4,075,813

NET OPERATING INCOME

NET OPERATING INCOME	\$ 1,022,255	\$ 3,118,348
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Community Engagement

Annual Food Drive



Olivia Pink, Marketing Coordinator, delivered 20 bags & 3 boxes of food donations to the Central Square Congregational Church in Bridgewater, MA.



Yean-Ai Long brought food donations for Emmaus, Inc. in Lawrence, MA.

Emmaus, Inc.

Anthony Marino, SVP Organizational Development & Learning, MVCU, Yean-Ai Long, SVP Marketing, MVCU, present MVCU's annual contribution to Steve Donahue, CFO, Emmaus, Inc.



Kasasa Launch



Team members at our Lawrence branch had fun engaging with members during our Kasasa Checking Account launch.

Emmaus Cycle for Shelter



John J. Howard, President/CEO, MVCU, and David Brown, President, Auto Advisors of New England LLC. at the 34th Annual Cycle for Shelter event.

Giving Tuesday



Our North Andover team surprised the Garcia Family, who run Fari's Diner, North Andover, MA, with a \$1,000 check after learning they lost their home in a house fire.

Board of Directors

Domenic Mazzocco, *Board Chairman*

Bernard J. Mulholland, *1st Vice Chairman*

Arthur O'Dea, *2nd Vice Chairman*

Maureen Ronayne, *Secretary*

Mukesh Davé, *Treasurer*

David London, *Assistant Treasurer*

Alan Dakers, *Director*

Alexander Oski, *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/Chief Executive Officer*

Michael E. Valley, *Executive Vice President,*

Chief Financial Officer/Chief Operating Officer

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

Anthony Marino, *Senior Vice President, Organizational Development & Learning*

Stephen Lynch, *Senior Vice President, Chief Information Officer*

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

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

Annette Yee, *Vice President, Project Development & CRA Officer*

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*

Louis 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*

Katherine Lowrey, *Assistant Vice President, Mortgage Lending Operations*

Megha Singh, *Assistant Vice President, Collections*

Susan Giesta, *Assistant Vice President, Commercial Loan Officer*



NMLS #447563

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