Report of the Chair

Greylock’s values of compassion, integrity, and stewardship provide guidance in the Board’s execution of its responsibilities. Greylock Federal Credit Union believes that if you stay committed to the community, we all thrive.

Greylock members share these values and choose to become partners in creating their own opportunities and those of the greater community. Greylock and our amazing employees partner with our members to make sure that the entire community thrives. We provide personalized financial coaching, first-time homebuyer classes, endless hours of community volunteering, significant fundraising efforts, and support for critical community and educational programs.

We also partner with state and local government on special projects and we are investing in the remodeling of our Kellogg Street branch in the heart of an under-served neighborhood.

Greylock is committed to strength at home and looks forward to helping our community grow in 2019. And I am very proud to continue my role as Chair and look forward to the opportunities in front of us. Thank you to the entire volunteer Board of Directors for sharing this journey with us and providing your vision and leadership to this vital community institution.

John L. Bissell
President and Chief Executive Officer

Message from the President

Last year, Greylock launched the tagline “Opportunity Grows Here.” The outstanding results for 2018, shared here by our CFO Michael Stoddard, highlight that sentiment.

• Opportunity for our community.
• Opportunity for our employees.
• And opportunity for you, our members.

According to a recent report, every major sector of the Berkshire economy is growing; home purchases are rising; auto sales are booming; and your Credit Union is helping to make it all happen! Thanks to your loyalty and trust, we provide more Berkshire mortgages and auto loans than any other lender.

We also know that some people need extra support to fully participate in this expanding economy, and promoting inclusion is a core part of who we are as a credit union. Greylock’s commitment to financial education and the success of our underserved and unbanked population is steadfast.

In 2019, we look forward to growing even more opportunities in our community. Our role is to enrich lives. We are not a bank—we are a financial partner committed to our community, our employees, and our members. Opportunity should be available to all of us.

Congratulations to everyone in the Greylock family; 2018 was a year filled with growth. As long as we continue to live our vision and make decisions based on our values, opportunities will always grow at Greylock.

John L. Bissell
President and Chief Executive Officer
Report of the Chief Financial Officer

During 2018, Greylock experienced robust loan growth as total loans now exceed $1 billion. That represents $74 million or a 7.7% increase in outstanding loan balances. Greylock continues to be the top originator of residential mortgage and consumer auto loans in Berkshire County. Loan growth exceeded the Credit Union’s $10 million growth in deposits during 2018. A reduction of cash equivalents of $19 million and increased borrowings from the Federal Home Loan Bank of $42 million were utilized to supplement funding. Asset quality continued at its improved level during the year as 60-day or greater delinquent loans equaled 1.01% of total loans compared to 1.08% of loans a year ago. Property and equipment increased by over $1 million as the Credit Union invested in new technology and began to renovate and improve a number of its buildings during 2018.

The Credit Union’s earnings grew at a pace that allowed it to meet the loan growth demands of its members while maintaining a healthy, well-capitalized capital position. Regulatory capital improved from 10.30% to 10.44% during 2018. Greylock’s net income increased to $8.4 million in 2018 compared to $6.7 million in 2017 as increased loan growth, improved net interest margin and a one-time refund/dividend from the National Credit Union Share Insurance Fund aided earnings during 2018.

Expenses grew at a higher level than in past years as employee health insurance costs, a move to a $15-per-hour minimum wage and a full year of the upgraded on-line and mobile banking systems contributed to higher ongoing costs.

Going forward into 2019, rising deposit rates, continued increases in employees’ health insurance, investments into the Credit Union’s facilities (Kellogg branch, Allendale operations center and Great Barrington branch) as well as more investments in technology are likely to move earnings a little closer to 2017 levels.

The strength of its balance sheet and its earnings capacity is what allows Greylock to continue to meet member lending needs. This also enables us to invest in our employees and in new technologies, positioning your Credit Union to serve the community well into the future.

Financial statements highlights:

- Total assets grew by $60 million or 5.2%.
- Net loan charge-offs at 0.31% of average loans, the lowest level since 2007.
- Net income improved to $8.4 million, which equals a return on assets of 0.71%.
- Net interest margin improved from 2.93% to 3.11%.
- Total Liabilities and Equity improved to $1.216671 billion.
- Top originator of residential mortgage loans.
- Loan servicing capacity is what allows Greylock to continue to serve the community well into the future.

Financial information contained in this report may be subject to adjustments following completion of Greylock’s annual audit.