

THRIVE



John L. Bissell

*President and
Chief Executive Officer*

Message from the President

As your credit union, Greylock provides all the tools you need to manage your financial life and achieve your personal goals. Membership benefits include reduced fees, more access, greater flexibility, and better rates. But we provide so much more.

In 2019, Greylock opened its first Community Empowerment Center at our Kellogg Street branch in the *Morningside* Neighborhood of Pittsfield. This is a space where anyone can access the tools and resources they need to thrive and grow. There, you can find: financial education programs for schools and adults; special loan programs; member education classes; and financial wellness coaches. We even provide community space for our non-profit partners to deliver supportive services for our members. You can now attend a first-time homebuyer's class, build your family budget, repair your personal credit, apply for fuel assistance, have your blood pressure checked and file your taxes all in one place.

These efforts show that Greylock is not your average financial institution. And membership is more than just a means to an end. Your membership delivers value to you AND makes these things possible. Choosing Greylock shows your compassion and dedication to your neighbors. You are choosing to be part of the solution.

I am extremely grateful that together all of us as Greylock members can make an impact in the lives of so many of our neighbors.

**ANNUAL
REPORT**

2019

INSURED BY NCUA





Michael R. Stoddard

*Executive Vice President and
Chief Financial Officer*

Report of the Chief Financial Officer

I am pleased to report another year of excellent results for your Credit Union. Earnings were just slightly below the record results we experienced in 2018. We also continued solid loan growth and achieved our highest deposit growth in the last ten years.

Our loans grew by \$34 million, primarily in residential mortgage loans. Deposits increased by \$54 million, mostly in certificates of deposit. This level of deposit growth allowed us to reduce our borrowed funds by \$27 million. Our capital ratio continued its steady growth to 10.7% compared to 10.4% last year.

We also saw our delinquent loans continue to improve from 1.0% to 0.9% during 2019 while our net loan charge-off ratio remained low, slightly below last year's level.

The year saw the completion of our Kellogg Street branch renovation, the creation of the Community Empowerment Center, and the expansion and renovation of our Allendale operations center. These investments, along with continued investments in technology and security, raised our property and equipment value up by nearly \$5 million during 2019. In 2020, we expect to invest in our new Hudson, New York branch.

Our net income decreased slightly from \$8.4 million in 2018 to \$7.5 million in 2019, mostly because of a lower dividend from the NCUA of \$170,000 compared to \$824,000 last year. Otherwise, an improvement in net interest income of \$2.5 million was offset by an increase in non-interest expense. The increase in net interest income resulted from steady growth in auto and residential mortgages over the past few years. The increase in non-interest expense was mostly due to normal salary increases, continued significant increases in health insurance expense, major upgrades in technology, and security expenses.

Looking towards 2020, we expect our net interest income to experience some pressure as the interest rate cuts by the Federal Reserve are expected to tighten our margins. In addition, our expansion into the Hudson, New York area will increase our expenses.

In summary, we expect to continue to generate solid earnings and capital to continue to meet the financial needs of our membership.

FINANCIAL STATEMENTS HIGHLIGHTS

- Total asset growth of \$38.8 million or 3.2%
- Loan growth of \$34 million or 3.3%
- Deposit growth of \$54 million or 5.3%
- Regulatory capital improved from 10.4% to 10.7%
- 60-day past due loans decreased from 1.0% of total loans to 0.9%
- Net loan charge-offs at 0.3% of average loans, slightly below last year
- Net income is \$7.5 million, which equals a return on assets of 0.61%
- Net interest margin improved from 3.11% to 3.14%

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

ASCEND

STATEMENTS OF CHANGES IN EQUITY

Dollars in Thousands

	Retained Earnings	Other Comprehensive Income (loss)	Total Equity
Balance at December 31, 2017	\$ 116,530	\$ (653)	\$ 115,877
Net income	8,384		8,384
Change in net unrealized gain (loss) on securities available for sale		(864)	(864)
Total comprehensive income			7,520
Balance at December 31, 2018	\$ 124,914	\$ (1,517)	\$ 123,397
Net income	7,585		7,585
Change in net unrealized gain (loss) on securities available for sale		2,422	2,422
Total comprehensive income			10,007
Balance at December 31, 2019	<u>\$ 132,499</u>	<u>\$ 905</u>	<u>\$ 133,404</u>

STATEMENTS OF CONDITION

Dollars in Thousands

ASSETS

<i>At December 31,</i>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 27,611	\$ 18,376
Investment securities	123,801	114,653
Loans held for sale	3,299	810
Loans	1,067,469	1,033,225
Less: Allowance for loan losses	<u>(7,599)</u>	<u>(8,541)</u>
Loans, net	1,059,870	1,024,684
Property and equipment, net	16,614	11,913
Other assets	24,231	46,235
Total Assets	<u>\$ 1,255,426</u>	<u>\$ 1,216,671</u>

LIABILITIES AND EQUITY

<i>At December 31,</i>	<u>2019</u>	<u>2018</u>
Deposits	\$ 1,078,429	\$ 1,023,961
Borrowings	31,600	58,400
Accrued expenses and other liabilities	<u>11,993</u>	<u>10,913</u>
Total Liabilities	1,122,022	1,093,274
Total Equity	133,404	123,397
Total Liabilities and Equity	<u>\$ 1,255,426</u>	<u>\$ 1,216,671</u>

STATEMENTS OF INCOME

Dollars in Thousands

<i>Years ended December 31,</i>	<u>2019</u>	<u>2018</u>
Interest and dividend income:		
Loans	\$ 43,758	\$ 38,234
Investments and Fed Funds	<u>3,165</u>	<u>2,752</u>
Total interest and dividend income	46,923	40,986
Interest expense:		
Deposits	8,799	5,685
Borrowings	<u>1,073</u>	<u>724</u>
Total interest expense	9,872	6,409
Net interest income	37,051	34,577
Provision for loan losses	1,655	1,616
Other income	14,569	15,038
Operating expenses:		
Salaries and employee benefits	24,864	23,118
Occupancy (includes depreciation expense)	4,571	4,653
Loan servicing	1,172	1,082
Data processing	5,315	4,260
Other general and administrative	<u>6,458</u>	<u>6,502</u>
Total operating expenses	42,380	39,615
Net Income	<u>\$ 7,585</u>	<u>\$ 8,384</u>



Stanley B. Walczyk

Chairperson of the Board

Report of the Chairperson

I am honored to have served as Chair of the Board of Directors in 2019 and to be re-elected to continue my service in 2020.

Greylock's Board is comprised of eleven community members with diverse backgrounds and skill sets. We each bring a unique perspective to our role. While we recognize and celebrate our many differences, the one thing we all have in common is a passion for our community and for the mission of Greylock. I am very humbled to serve on a board comprised of people with such high levels of integrity, compassion and stewardship.

The members of Greylock's Board of Directors do not get paid, unlike a traditional bank director who receives a hefty stipend for their governance. Greylock Board members are volunteers.

So why do we do it? We do it because we believe in the Credit Union philosophy. We believe that Greylock provides more than just financial services. We know that being a part of the Greylock family means we are making a difference in the lives of our loved ones, friends and neighbors.

Volunteer Board of Directors

Stanley B. Walczyk
Chairperson

John C. Law
Vice Chairperson

Peter T. Lopez
Clerk/Treasurer

JamieEllen Moncecchi
Assistant Clerk/Recording Officer

John L. Bissell
Gerard E. Burke
Tyrone A. Jackson
Kelly J. Krok
Sheila A. LaBarbera
Krystle A. Blake
Anthony J. Rinaldi, Jr.
Colleen W. Holmes

Supervisory Committee

Ozias C. Vincelette
Chairperson

Allison L. Bedard

Lori E. Broderick-Bean
Krystle A. Blake
Angelo Borsello, Jr.

Greylock Branch & ATM Locations

PITTSFIELD

150 West St. • (413) 236-4000

71 Elm St. • (413) 997-4400

75 Kellogg St. • (413) 443-5114

660 Merrill Rd. • (413) 445-5555

Berkshire Medical Center

725 North St. • (413) 395-7699

General Dynamics *(employees only)*

100 Plastics Ave. • (413) 443-0554

ADAMS

2 Park St. • (413) 743-7333

GREAT BARRINGTON

250 Stockbridge Rd. • (413) 644-9234

LANESBOROUGH

1664 North St., Rte. 7

(413) 997-4888

LEE

47 Main St. • (413) 243-2121

LENOX

68 Main St. • (413) 637-4999

NORTH ADAMS

131 Ashland St. • (413) 664-4477

WILLIAMSTOWN

455 Main St. • (413) 458-4441

Additional Greylock ATM Locations

Pittsfield • 188 Elm St.

Pittsfield • 777 North St.

Dalton • 633 Main St.

Great Barrington • 29 Lewis Ave.

Lenox • 444 Pittsfield Rd.,
Routes 7&20

North Adams • 71 Hospital Rd.

Vision

Our vision is to
enable our
community to thrive.

Mission

Our mission is to be a
community credit union
that partners with you
and provides the keys
to enrich your life.

Values

Integrity • Passion
Compassion
Creativity
Stewardship
Fiscal Responsibility



Opportunity Grows Here

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