

FORWARD



John L. Bissell

*President and
Chief Executive Officer*

ANNUAL REPORT --- 2021

Message from the President

At Greylock, we are always moving forward. Despite the pandemic, 2021 was no exception. We continued to open opportunities for all people across our communities.

People like the Loyola-Ramos family, who came to the United States 22 years ago with a dream of buying a home. Even with substantial savings, they were turned down for a mortgage by a local bank. Then they met our Latinx Financial Coach Gloria Escobar. We are happy to report that they are now under contract to buy their first house.

And when the federal government created the Paycheck Protection Program (PPP) to help small businesses meet payroll and keep their doors open, Greylock responded in force. In 2021, in the second year of the program, we issued 567 PPP loans that injected \$32 million into our economy. Over the life of the program, Greylock helped secure over 7,500 jobs. Due to these efforts, the Small Business Administration named Greylock the #1 Lender for Rural Businesses in Massachusetts.

We recently heard from Mitch Nash, co-owner of BlueQ in Pittsfield, about his experiences with the PPP. "With Greylock holding our hand, things went smoothly, through two years of the Program. As a result, the company was able to keep its entire staff intact, avoiding a lot of heartache and a huge loss of our investment in this tight team."

We moved forward with many strategic projects in 2021. We made it easier for our Members in Columbia County, New York to work with us by opening a new branch in Greenport/Hudson. We brought the Credit Union of the Berkshires under our wing and our sister company, Greylock Insurance Agency, acquired the Roger Butler Agency in Westfield, Massachusetts.

At Greylock we adapt to what's happening, we find solutions and we keep moving forward. We will continue working every day to earn your trust and help you see that when you partner with Greylock, you invest in a stronger community.



Stanley B. Walczyk

*Chairperson
Board of Directors*

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

Krystle A. Blake

Gerard E. Burke

Colleen W. Holmes

Tyrone A. Jackson

Kelly J. Krok

Sheila A. LaBarbera

Anthony J. Rinaldi, Jr.

Supervisory Committee

Allison L. Bedard,
Chairperson

Krystle A. Blake

Lori E. Broderick-Bean

Bryan E. House

Catheryn Chacon Ortega

Directors Emeriti

Richard DeFazio

Jean Doak

Daniel Donovan

J. Paul Dube

Alfred Shogry

Marilyn Sperling

Report of the Chairperson

Being the Chairperson of Greylock's volunteer Board of Directors is a tremendous honor. This diverse group has one thing in common, a passion for this community. We are pleased to foster an organization that is built by and for our Members. Greylock is dedicated to our Members' success.

I hope you feel as I do and appreciate the value of being a Member of Greylock. While many financial institutions focus on making a profit, your Credit Union focuses on driving positive impacts in the lives of your fellow Members and our community every day.

With a company-wide commitment to build meaningful relationships with our Members to support our partners across the region, Greylock can truly say we are a Credit Union that is BY the community, FOR the community and will continue to grow WITH the community.

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 • Creativity
Compassion • Stewardship
Fiscal Responsibility



Michael R. Stoddard

*Executive Vice President and
Chief Financial Officer*

Financial Statement Highlights

- Total assets grew by \$136 million or 10%
- Loans declined by \$26 million or 2%
- Deposits grew by \$145 million or 12%
- Regulatory capital increased from 9.93% to 10.12%
- 60-day past due loans reduced from 0.72% to 0.59% of total loans
- Net loan charge-offs decreased from 0.14% to 0.09%
- Net income equaled \$12.7 million, which equals a return on assets of 0.85%
- Net interest margin improved from 2.83% to 3.02%

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



Report of the Chief Financial Officer

We entered 2021 with plenty of uncertainty and volatility created by the pandemic, yet the year turned out to be even stronger than last year as robust deposit growth continued, loan losses declined to a 27-year low and net income for the year reached a historic high. Greylock's rock solid balance sheet, strong capital and solid earnings stream have positioned the Credit Union to meet our Members' financial needs and support our community today and for generations to come. During 2021, Members continued the cautious trend of increasing savings and borrowing less than previous years as we all faced more pandemic-induced economic uncertainty. In more detail, deposits grew by \$145 million—the second-highest annual growth in our history—while loans decreased by \$26 million, our first decrease since 2013. Approximately \$10 million of the reduction in loans was due to the continued forgiveness of Payroll Protection Program (PPP) loans. Deposit growth was also assisted by Federal stimulus checks sent to members in early 2021. Overall, total assets increased by \$136 million, or 10%, during the year to \$1.5 billion.

Although the strong growth in total assets during the year would have normally reduced our regulatory capital ratio, record earnings were enough to lift the capital ratio upwards from 9.93% to 10.12% at December 31, 2021. Evidence of the quality of our loan portfolios continued during 2021 with net loan charge offs to average loans ratio dropping from 0.14% to 0.09%, the lowest we have experienced since 1994. Our 60-day or greater loan delinquency percentage continued to decline from 0.72% in 2020 to 0.59% in 2021, which was our lowest since 2006.

Net income increased from \$8.5 million in 2020 to a record level of \$12.7 million in 2021. The increase in earnings was driven primarily by income earned from PPP loan originations recorded in interest income, lower funding costs and a \$3 million reduction in provision for loan losses compared to the prior year due to continued low charged-off loans. Another active year in originating mortgages, higher interchange income from

use of our debit and credit cards, and higher insurance and investment services income all contributed to a \$2 million jump in our non-interest income. At the same time, our non-interest expenses increased by \$5 million as we experienced pressure on wage and benefits costs and higher processing expenses as well as continued investment in technology and systems security.

Our Greenport/Hudson branch opened in February 2021 and is on track to meet its first-year goals. We also integrated the Roger Butler Insurance Agency into the Greylock Insurance family during the year, increasing our insurance presence in Westfield. We relocated our Merrill Road branch in Pittsfield to the nearby Allendale Plaza in the same facility as our Greylock Insurance office and operations center. And wrapping up a busy year, we completed the merger and integration of the Credit Union of the Berkshires into the Greylock family during the last quarter of 2021.

As we go forward into 2022, we expect our earnings will move back down closer to prior years' levels as the income from PPP loans and mortgage originations will decline to more normalized levels from their highs in 2021. We also expect to continue to see wage pressures as we compete for talent, retain our outstanding employees, and experience higher expenses in general. Overall, we still expect a solid earnings performance next year.

STATEMENTS OF CHANGES IN EQUITY

Dollars in Thousands

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (loss)</u>	<u>Total Equity</u>
Balance at December 31, 2019	\$ 132,499	\$ 905	\$ 133,404
Net income	8,500		8,500
Change in net unrealized gain (loss) on securities available for sale		3,169	3,169
Balance at December 31, 2020	\$ 140,999	\$ 4,074	\$ 145,073
Net income	12,665		12,665
Retained earnings acquired through business combination	2,644		2,644
Change in net unrealized gain (loss) on securities available for sale		(6,404)	(6,404)
Balance at December 31, 2021	<u>\$ 156,308</u>	<u>\$ (2,330)</u>	<u>\$ 153,978</u>

STATEMENTS OF CONDITION

Dollars in Thousands

ASSETS

<i>At December 31,</i>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 186,378	\$ 93,736
Investment securities	241,953	167,433
Loans held for sale	2,199	11,431
Loans	1,081,768	1,107,280
Less: Allowance for loan losses	<u>(6,305)</u>	<u>(8,414)</u>
Loans, net	1,075,463	1,098,866
Property and equipment, net	19,149	19,166
Other assets	31,655	29,817
Total Assets	<u>\$ 1,556,797</u>	<u>\$ 1,420,449</u>

LIABILITIES AND EQUITY

<i>At December 31,</i>	<u>2021</u>	<u>2020</u>
Deposits	\$ 1,386,488	\$ 1,241,357
Borrowings	450	18,650
Accrued expenses and other liabilities	<u>15,881</u>	<u>15,369</u>
Total Liabilities	1,402,819	1,275,376
Total Equity	153,978	145,073
Total Liabilities and Equity	<u>\$ 1,556,797</u>	<u>\$ 1,420,449</u>

STATEMENTS OF INCOME

Dollars in Thousands

<i>Years ended December 31,</i>	<u>2021</u>	<u>2020</u>
Interest and dividend income:		
Loans	\$ 42,794	\$ 42,852
Investments and Fed Funds	<u>2,962</u>	<u>3,468</u>
Total interest and dividend income	45,756	46,320
Interest expense:		
Deposits	4,644	8,003
Borrowings	<u>54</u>	<u>1,099</u>
Total interest expense	4,698	9,102
Net interest income	41,058	37,218
Provision for loan losses	(1,125)	2,330
Other income	20,229	18,519
Operating expenses:		
Salaries and employee benefits	28,145	25,725
Occupancy (includes depreciation expense)	5,254	5,043
Loan servicing	1,873	1,856
Data processing	7,354	6,263
Other general and administrative	<u>7,121</u>	<u>6,020</u>
Total operating expenses	49,747	44,907
Net Income	<u>\$ 12,665</u>	<u>\$ 8,500</u>

Greylock Branch & ATM Locations

PITTSFIELD, MA

150 West St. • (413) 236-4000
71 Elm St. • (413) 997-4400
75 Kellogg St. • (413) 443-5114
5 Cheshire Rd., Ste. 26 • (413) 445-5555
Berkshire Medical Center
725 North St. • (413) 997-6300
General Dynamics (*employees only*)
100 Plastics Ave. • (413) 443-0554

ADAMS, MA

2 Park St. • (413) 743-7333

GREAT BARRINGTON, MA

250 Stockbridge Rd. • (413) 644-9234

LANESBOROUGH, MA

1664 North St. • (413) 997-4888

LEE, MA

47 Main St. • (413) 243-2121

LENOX, MA

68 Main St. • (413) 637-4999

NORTH ADAMS, MA

131 Ashland St. • (413) 664-4477

WILLIAMSTOWN, MA

455 Main St. • (413) 458-4441

GREENPORT/HUDSON, NY

464 Fairview Ave. • (518) 660-7650

Please visit www.greylock.org/locations for current hours of operation.

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.
North Adams • 71 Hospital Rd.



150 West Street, Pittsfield, MA 01201-9114
(413) 236-4000 • www.greylock.org