



Stanley B. Walczyk
Chair of the Board

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.

Volunteer Board of Directors

Stanley B. Walczyk
Chair

John C. Law
Vice Chair

Pete Lopez
Clerk /Treasurer

JamieEllen Moncecchi
Assistant Clerk/Recording Officer

John L. Bissell

Gerard E. Burke

Tyrone A. Jackson

Kelly J. Krok

Sheila LaBarbera

Krystle Gallo

Anthony J. Rinaldi, Jr.

Colleen Holmes

Supervisory Committee

Ozias C. Vincelette
Chair

Isa Ali

Allison L. Bedard

Lori Broderick-Bean

Angelo Borsello, Jr.

Greylock Branch 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) 329-7699

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.

Lenox • 444 Pittsfield Rd.,
Routes 7&20

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

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

GROW



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.

**ANNUAL
REPORT
2018**
INSURED BY NCUA





Michael R. Stoddard
Executive Vice President and
Chief Financial 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 grew 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 investment 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.



IMAGINE

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
- Loan growth of \$74 million or 7.7%
- Net income improved to \$8.4 million, which equals a return on assets of 0.71%
- Deposit growth of \$10 million or 1.0%
- Net interest margin improved from 2.91% to 3.11%
- Regulatory capital improved from 10.30% to 10.44%
- Net interest margin improved from 2.91% to 3.11%
- 60-day past due loans decreased from 1.08% of total loans to 1.01%

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

STATEMENTS OF CHANGES IN EQUITY

Dollars in Thousands

	Retained Earnings	Other Comprehensive Income (loss)	Total Equity
Balance at December 31, 2016	\$ 107,037	\$ (161)	\$ 106,876
Equity acquired in merger	2,784		2,784
Net income	6,709		6,709
Change in net unrealized gain (loss) on securities available for sale		(492)	(492)
Total comprehensive income			6,217
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

STATEMENTS OF CONDITION

Dollars in Thousands

	2018	2017
ASSETS		
<i>At December 31,</i>		
Cash and cash equivalents	\$ 18,376	\$ 37,128
Investment securities	114,653	113,322
Loans held for sale	810	1,607
Loans	1,033,225	959,088
Less: Allowance for Loan Losses	(8,541)	(10,058)
Loans, net	1,024,684	949,030
Property and equipment, net	11,913	10,867
Other assets	46,235	44,885

Total Assets **\$ 1,216,671** **\$ 1,156,839**

LIABILITIES AND EQUITY

	2018	2017
<i>At December 31,</i>		
Deposits	\$ 1,023,961	\$ 1,014,155
Borrowings	58,400	16,000
Accrued expenses and other liabilities	10,913	10,807
Total Liabilities	1,093,274	1,040,962
Total Equity	123,397	115,877

Total Liabilities and Equity **\$ 1,216,671** **\$ 1,156,839**

STATEMENTS OF INCOME

Dollars in Thousands

	2018	2017
<i>Years ended December 31,</i>		
Interest and dividend income:		
Loans	\$ 38,234	\$ 32,814
Investments and Fed Funds	2,752	2,407
Total interest and dividend income	40,986	35,221
Interest expense:		
Deposits	5,685	4,233
Borrowings	724	93
Total interest expense	6,409	4,326
Net interest income	34,577	30,895
Provision for loan losses	1,616	1,945
Other income	15,038	13,417
Operating expenses:		
Salaries and employee benefits	23,118	20,554
Occupancy (includes depreciation expense)	4,653	4,292
Loan servicing	1,082	964
Data processing	4,260	3,613
Other general and administrative	6,502	6,235
Total operating expenses	39,615	35,658
Net Income	\$ 8,384	\$ 6,709