



2015

*Moving Forward*



	2014	2015
<b>ASSETS</b>		
Loans	\$ 277,834,850	\$ 303,983,501
Loan Loss Allowance	-1,940,077	-1,813,885
Notes Receivable	125,088	1,113,208
Net Loans	\$ 276,019,861	\$ 303,282,825
Cash & Receivables	\$ 4,760,533	\$ 4,891,320
Investments	219,258,152	232,654,023
Accrued Income	982,415	1,089,522
Prepaid & Deferred Expenses	444,110	678,999
Fixed Assets (Net)	8,199,904	7,698,129
Other Assets	2,125,253	2,087,328
Deposit in NCUSIF	4,407,127	4,496,678
Total Assets	\$ 516,197,355	\$ 556,878,822

<b>LIABILITIES AND EQUITY</b>		
Accounts Payable	\$ 1,457,091	\$ 11,765,881
Dividends Payable	203	682
Accrued Expenses	923,087	1,605,951
Shares	462,132,236	489,227,874
Regular Reserve	9,357,881	9,357,881
Undivided Earnings	42,506,141	45,692,258
Equity Acquired from Merger	6,740	6,740
Unrealized Gain/Loss on Investments	-186,023	-778,445
Total Liabilities and Equity	\$ 516,197,355	\$ 556,878,822

	2014	2015
<b>OPERATING INCOME</b>		
Interest on Loans	\$ 10,223,123	\$ 11,027,102
Income from Investments	3,582,194	3,245,125
Fees and Charges	3,309,185	3,418,999
Misc. Operating Income	1,453,359	1,424,282
Total Operating Income	18,567,860	19,115,507

<b>OPERATING EXPENSES</b>		
Compensation	\$ 5,370,455	\$ 5,353,932
Employee Benefits	1,690,777	1,570,206
Travel & Conf Exp	182,199	152,597
Association Dues	79,607	83,899
Office Occupancy Exp	1,515,405	1,466,483
Office Operation Exp	3,092,622	3,323,932
Marketing Exp	504,886	510,827
Loan Servicing Exp	715,886	662,703
Prof. & Outside Services	230,356	234,656
Prov. for Loan Losses	0	0
Members' Insurance	0	0
NCUA Operating Fee	91,445	94,382
Cash Over and Short	-4,984	8,575
Interest on Borrowings	0	35,175
Annual Meeting Expense	4,183	2,539
Misc. Operating Exp	9,866	12,295
Total Operating Expense	13,482,702	13,512,201
Income Before Dividends	5,085,159	5,603,307
Dividends Expense	2,573,383	2,417,189
<b>NET OPERATING INCOME</b>	\$ 2,511,776	\$ 3,186,117
Actual Write-offs:	\$ 665,802	\$ 224,696

# Supervisory Committee Report

The Supervisory Committee is tasked with maintaining oversight of the Credit Union's financial and operational activities. Its basic regulatory requirements are to obtain an annual opinion audit and perform a verification of members' accounts at least every two years. In addition, the Supervisory Committee oversees and coordinates the Internal Auditing activity within the Credit Union.

On an ongoing basis, various financial, lending and operational audits are conducted by Internal Audit to ensure the Credit Union is properly accounting for operations and is operating in compliance with internal policies and various federal regulations. As the Board and Management continue to develop new policies and introduce new products, it is the Supervisory Committee's responsibility to ensure proper internal controls are established and the Credit Union's safety and soundness are not compromised.

Internal Audits conducted in 2015 evaluated the organization for satisfactory documentation of and conformance with internal Credit Union policies and procedures, National Credit Union Administration and other federal regulations. These audits were performed across a wide range of operational activities that are critical to financial stability and protection of members' interests. Audits conducted and the associated corrective actions implemented by Management met these objectives.

The Supervisory Committee has engaged the CPA firm of CliftonLarsonAllen, LLP for the December 31, 2015, annual opinion audit and verification of members' accounts. CliftonLarsonAllen has issued an unqualified opinion that the financial statements present fairly, in all material respects, the financial position of Merrimack Valley Federal Credit Union as of December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

## SUPERVISORY COMMITTEE

Domenic P. Mazzocco, *Chairman*

Peter A. Mills

Douglas R. Cokely

Rodney A. Dauteuil, CIA, CFSA, CUCE

*Director of Internal Audit*

# Chairman and President's Report

At Merrimack Valley Credit Union, we are constantly moving forward, taking steps to continually improve our services and provide more value to our members, while making a strong commitment to invest resources in the communities we serve. Writing this annual letter gives us an opportunity to reflect on what our Credit Union has accomplished in 2015, and how to build on the success this coming year and beyond.

## We're financially sound.

We exceeded 2015 projections, ending the year with higher growth in new members and loans compared to previous years, confirming that we are on the right course to continue growing at a strong, steady pace.

In terms of our financial performance, 2015 was another great year:

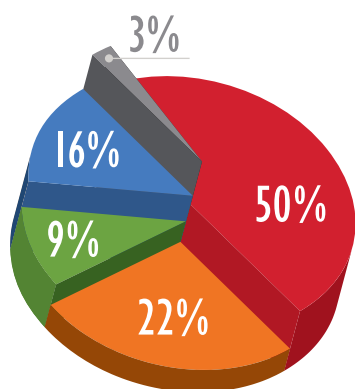
- **Our assets grew 7.88% to \$557 million**, an increase of \$41 million over 2014.
- **Our loans increased by 9.41% to \$304 million**, with very low delinquency rates and charge-offs. Over \$104 million in new loans were funded with over \$15 million in underserved areas of Merrimack Valley.
- **Our member base grew 1.69% to 46,246.**
- Despite the growth in loans, deposits and members, **our operating expense ratio declined to 2.51%**, well below our peer average.
- Our net worth was 9.89%, reflecting **twenty-four consecutive years with at least 9.44% net worth**. NCUA considers net worth of over 7% as well capitalized.
- **NCUA examiners gave us an excellent rating for our annual examination**, verifying that our Credit Union meets or exceeds all federal requirements.
- **Of twenty key financial trends, all are positive for our Credit Union.**

We are pleased to say that the financial state of Merrimack Valley Credit Union is very strong and sound.

## It's a pleasure to serve our members.

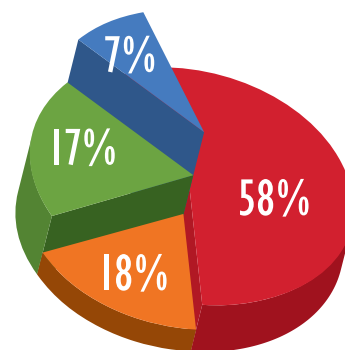
With a strong commitment to the members we serve, member satisfaction is very important to us. That means investing in training for our member-facing staff, ensuring that they have the skills to provide the highest level of service to members. With that in mind, we secured a Workforce Training Grant from the Commonwealth of Massachusetts with a matching training fund from us to provide training to over 65 staff.

## Financial Results



### DEPOSIT ACCOUNTS

Shares	\$244,225,379
Certificates	\$108,011,032
Share Draft	\$77,412,672
IRA Certificates	\$44,588,030
IRA Shares	\$14,990,761



It also means reviewing existing products and services, and investing in new technology to meet members' needs. To that end, we introduced these new or improved services in 2015:

- Private Student Loans through our Student Choice partner in the first quarter. These student loans provide an affordable way for families to supplement financial aid and federal loans.
- Remote Check Deposit available through Mobile Banking in June. This feature has received positive feedback and much usage from our tech-savvy members.
- Credit Cards with EMV chip issued to members as cards expired beginning in the summer.

Every year, in keeping with the Corporate Passion Statement, employees who "Live the Passion" and exhibit these ideals are nominated by their peers or managers for the Passion Award. In 2015, thirty employees were nominated, and eleven employees were selected as Passion Winners. We are so heartened to have employees who exemplify the Credit Union's values of quality, commitment, integrity, respect, community and spirit throughout our organization. Although it was difficult to narrow the field of deserving employees, Bob Donald was overwhelmingly selected as the recipient of the Annual Passion Award. Bob's dedication and kindness is evident in the community – members regularly praise his dedication, sensitivity and positivity. Bob is the first to work extra hours to ensure members receive the best service possible.

### We're proud to give back.

We are proud to have a board seat in the Lawrence Partnership, a private/public sector collaboration for the economic development and general improvement of the City of Lawrence. Our commitment to the City of Lawrence, where our corporate office is located, includes a \$250,000 investment in the Lawrence Partnership Venture Fund, which provides low-cost financing for new and existing small businesses in Lawrence. To date, three small business loans have been approved through the venture fund with forty-four new jobs created as a result of this venture.

As part of our member appreciation, we ran the Great Branch Giveaway from September 7th through October 10th, where we gave away \$7,000 worth of prizes, from a Samsung 55" Smart 4K Ultra HD TV to a KitchenAid® Artisan Series Tilt-Head Stand Mixer, \$100 VISA® Gift Card, myCharge AMP Prong Portable Charger and a \$10 Dunkin Donuts Gift Card. Over 1,000 members participated in the Great Branch Giveaway by following us on social media. To help members reduce the risk of identity theft and de-clutter at the same time, we hosted a Shred-It Day in the parking lot of the Lawrence branch in June, with a special shred truck and lots of refreshments on hand.

Throughout the year, our staff diligently work on a number of fundraisers that support non-profits and local charities. Here are some notable examples:

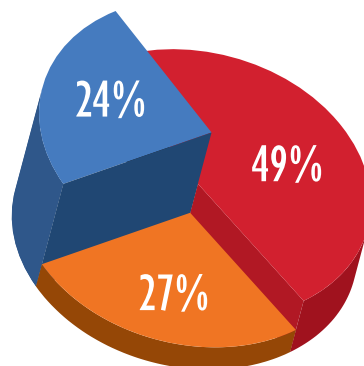
- The Annual Golf Tournament raised part of the \$30,000 annual sponsorship of Emmaus, Inc., a non-profit organization that helps homeless individuals and families rebuild their lives with dignity.
- The Credit Unions Kids at Heart raised over \$20,000 for Boston Children's Hospital Miles for Miracles Boston Marathon Program to fund research for childhood illnesses such as Moyamoya, Sturge-Weber Syndrome and brain cancer.

“Merrimack Valley Credit Union's partnership with Emmaus sets the bar high for corporate philanthropy. Their continued dedication and support brings hope to so many in need. Together we are finding solutions for one person, one family at a time.”

Jeanine Murphy  
Executive Director of Emmaus, Inc.

### OPERATING INCOME

Loans	\$11,027,102
Fees	\$3,418,999
Investments	\$3,245,125
Miscellaneous	\$1,424,282



### DIVIDENDS PAID

Certificates	\$1,198,406
IRA Certificates	\$642,538
Shares	\$576,245

- Over 300 local children and their families attended our 4th Annual Santa Party event and left with happy memories full of fun, joy and, of course, lots of candy! Many of the Santa Party-goers also generously donated to the Credit Union's food collection for the Neighbors in Need Food Pantry in Lawrence.
- 426 hours were donated by our staff to the Hennessey School Read Aloud program, by serving meals at Community Meals in Haverhill, and by helping to deliver turkey dinners to less fortunate families in the Haverhill area. The Turkey Brigade, hosted by Ocasio's True Martial Arts, is an annual tradition in the Merrimack Valley for the past 20 years. Ocasio's raises money all year long and collects donations of food for the Turkey Brigade baskets. We are pleased to partner in this great event, contributing \$2,000 toward the purchase of ingredients for the dinner baskets.

## We're forging ahead.

As we look ahead to 2016, we are excited about all the opportunities that we have to chart our growth. Below are initiatives that were started in 2015 and will be completed in 2016:

- Opening of new Seabrook, New Hampshire branch, providing a convenient location to serve members living in the southern end of the coast of New Hampshire on the border with Massachusetts.
- Installation of a new fleet of ATMs with an envelope-free deposit feature.
- Adding the security of the EMV chip on new and reissued Debit Cards.
- The convenience of new Visa® Gift Cards.
- Exciting member enhancements.
- A completely redesigned website that will make it easier for members to access our services.

Stay tuned on these initiatives and more by visiting our website or following us on social media.

We are motivated by the positive difference we're making in our members' lives by offering financial solutions that grow with them, whether it's an affordable car loan to get to work, or a mortgage with little down payment to buy a first home, or the right financial advice whenever they need it. Our members truly inspire us.

Finally, we want to thank our loyal members, Board of Directors, management team and staff for a successful 2015. Here's to another great year in 2016!

Respectfully yours,



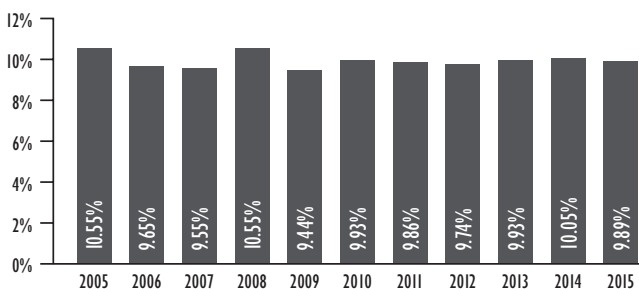
Alexander R. Oski  
Chairman



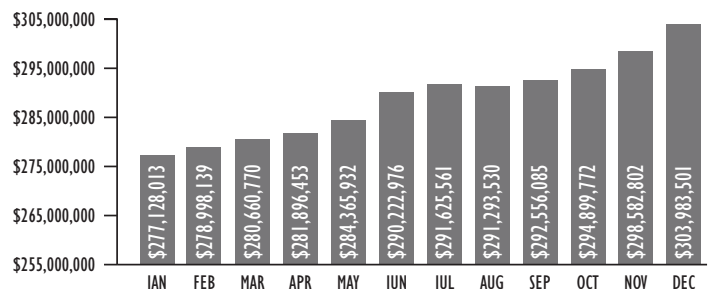
Peter J. Matthews, Jr.  
President/CEO

We will continue to work hard to achieve our passion and positively affect our members' lives and their financial success. Wherever life takes them, we'll be here to help.

## NET WORTH RATIO



## TOTAL LOANS



## Board of Directors

Alexander R. Oski, *Chairman* (36 years)  
Mukesh Dave, *1st Vice Chairman* (10 years)  
Michael M. Saylor, *2nd Vice Chairman* (32 years)  
Maureen Ronayne, *Secretary* (2 years)  
Augustine S. Longo, Jr., *Treasurer* (27 years)  
John J. McSweeney, Jr., *Assistant Treasurer* (37 years)  
Luis M. Barros, *Director* (10 years)  
Ronald J. Guilmette, *Director* (2 years)  
Dom Mazzocco, *Director* (1 year)  
Leon M. Pratt, Jr., *Director* (19 years)  
B. Robert Zingali, *Director* (34 years)  
Catherine M. DeBurro, *Associate Director* (2 years)  
Joshua L. Henry, *Associate Director* (1 year)  
Juan Yopez, *Associate Director* (1 year)

## Senior Management

Peter J. Matthews, Jr., *President/CEO*  
Donald Croteau, *Vice President of Finance and MIS*  
Michael Farren, *Vice President of Lending*  
Yean-Ai Long, *Vice President of Marketing*  
Anthony Marino, *Vice President of Operations*  
Laura J. Wante, *Vice President of Human Resources*

## Management

A. Richard Hanlon, *Assistant Vice President of Business Services*  
Tracy Mermet, *Assistant Vice President of Human Resources, Training and Compliance*  
John Obert, *Assistant Vice President of Strategic Planning*  
Michael Pliskaner, *Assistant Vice President of Information Systems and Technology*  
Christine Ronca, *Assistant Vice President of Operations*  
Brett W. Terry, *Assistant Vice President of Retail Lending*  
Jan White, *Assistant Vice President of Accounting*  
Rod Dauteuil, *Director of Internal Audit*  
Christine Doucette, *Ethan Allen Plaza Branch Manager*  
Carrie Fitzgerald, *Central Plaza Branch Manager*  
Digna Jhonson, *Riverwalk Branch Manager*  
Vacant, *North Andover Mall Branch Manager*  
Lisa J. Lewis, *Collections Manager*  
Wendi Moreau, *Village Mall Branch Manager*  
Elizabeth Pearl, *Branch Operations Supervisor*  
Bonnie Tardugno, *Consumer Lending Manager*  
Rhonda Doherty, *Call Center Manager*

Cover photos from bottom left to right:  
Jeanine Murphy, Executive Director of Emmaus, Inc. receives \$30,000 check from Peter Matthews

Santa Claus poses with his little fans at the Santa Party hosted by the Credit Union

Carrie Fitzgerald, Haverhill Branch Manager with Collin, making a difference for Credit Unions Kids at Heart

Bob Donald, 2015 Passion Award Recipient with his manager, Brett Terry, Assistant Vice President of Retail Lending



800.356.0067 [mvcu.com](http://mvcu.com)

Federally insured by NCUA

