



2020 Annual Report

PEOPLE'S CREDIT UNION 2020 ANNUAL REPORT

OUR "PROPELLER"

The propeller is a metaphor for continually moving forward. For us, it's about being there to help direct you as a member while you navigate your ever-changing course. It signifies our ability and commitment to be ready for you whenever you need us.



OUR CORE VALUES

Genuine

We will be a reliable and honest partner.

Trustworthy

We will create an actively engaged culture built on a foundation of high trust.

Earnest

We are determined to ensure every interaction is aligned with credit union values of quality, equity and helping one another.

Empathetic

We will listen to understand and compassionately support your needs.

Resourceful

We will offer useful and practical solutions for your most challenging situations.

MEMBER AFFILIATIONS

Alloya Corporate Federal Credit Union

Cooperative Credit Union Association

Credit Union Executive Society

Credit Union National Association

CUNA Mutual Insurance Society

East Bay Chamber of Commerce

East Greenwich Chamber of Commerce

Federal Home Loan Bank of Boston

Greater Newport County Chamber of Commerce

Greater Providence Chamber of Commerce

Kent & Washington County Board of Realtors

Newport County Board of Realtors

North Kingstown Chamber of Commerce

Portsmouth Business Association

Rhode Island Mortgage Bankers Association

Southern Rhode Island Chamber of Commerce

BRANCH LOCATIONS

858 West Main Road, Middletown

43 Memorial Boulevard, Newport

150 Old Tower Hill Road, Wakefield

2537 East Main Road, Portsmouth

50 Gooding Avenue, Bristol

7490 Post Road, North Kingstown



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Leadership

BOARD OF DIRECTORS

Edward T. Lopes, Jr.	<i>Chair</i>
Christopher S. Ottiano, MD	<i>Vice Chair</i>
William L. Douglas, Jr.	<i>Treasurer</i>
William P. Dennis, Esq.	<i>Secretary</i>
Alyson Adkins, CPA	
David P. Faucher	
Louann Lawrence, CPA	
Terri Marcucci Fitch	
Toni Lyn McGowan	
Thomas W. Vignali, CPA	

SUPERVISORY COMMITTEE

David J. Fox, Esq.	<i>Chair/Secretary</i>
Michelle Freitas, CPA	<i>Vice Chair</i>
Kevin Chaves, CPA	
Nelson Faustino	
J. Kevin Hyman	

Board of Directors and Supervisory Committee as of December 2020

EXECUTIVE OFFICERS AND SENIOR LEADERSHIP

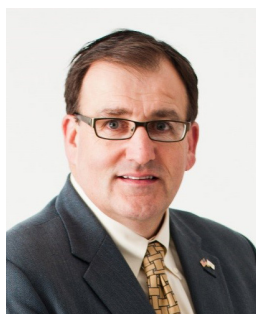
Sean Daly	<i>President & Chief Executive Officer</i>
William DeWitt	<i>Executive Vice President & Chief Marketing Officer</i>
Cormac McCarthy	<i>Executive Vice President & Chief Lending Officer</i>
Margaret McGill	<i>Executive Vice President & Chief Financial Officer</i>
Kerry Parent	<i>Senior Vice President Human Resources & Talent</i>
Christopher Eden	<i>Vice President Information Security & Technology</i>
Jane McDurman	<i>Vice President Retail Administration</i>

MANAGERS

Mary Belden	<i>Loan Servicing</i>
Cheryl Cady	<i>Middletown Branch</i>
Lisa Camara	<i>Consumer & Indirect Loans</i>
Estelle Chaves	<i>Vice President Mortgage Operations</i>
Tiffany Costa	<i>Deposit Operations</i>
Lisa DelGreco	<i>Learning & Development</i>
Arthur Diedrich	<i>Portfolio Manager</i>
Fatima Estrela	<i>Bristol Branch</i>
Nicole Forte	<i>Member Service Center</i>
Jonathan Gruca	<i>Fraud & Security</i>
Michael Hey	<i>Wakefield Branch</i>
Bethany Horan	<i>Core Systems</i>
Courtney Hunter	<i>Marketing</i>
Lori Marshall	<i>Newport Branch</i>
Deborah Maxwell	<i>North Kingstown Branch</i>
Irina Porto	<i>Portsmouth Branch</i>
Izilda Reis	<i>Human Resources</i>
Carolyn Rogers	<i>Controller</i>
Benjamin Tallman	<i>Facilities</i>
Andrew Thompson	<i>Collections</i>

Management Team as of December 2020

A Message from the Board Chair and the President & CEO



Like most people reflecting on 2020, we would like to forget how difficult the year was. COVID, the economic slowdown, and social unrest to name only a few of the challenges. These same challenges coupled with our support of the Payroll Protection Program (PPP) and the mortgage refinance boom required our team to recognize that we were in uncharted territory where we did not have all the answers and therefore needed to be creative and come together as a team. We also appreciated the patience and loyalty our members showed our team as we navigated through these challenges together. Although the challenges are not yet in the rearview mirror, your team across People's Credit Union is stronger as individuals and as a team.

Your Credit Union team sprang into action to support our members and community during COVID. Since the start of the pandemic, we deferred 74 residential mortgages totaling \$14 million, 391 auto loans totaling \$4.3 million, and 16 commercial loans totaling \$5.9 million. This relief allowed our members to focus on their individual challenges without the added stress of making loan payments. We also generated 159 PPP loans totaling \$6.5 million assisting any business in our community regardless of whether or not they were a current member. We have continued to provide this needed support for local small businesses in the current second round of PPP funding.

Additionally, while limiting branch visits to appointments only, we have been able to continue to service members across our branch footprint without any closures. This past year, we continued to exceed our targets with Member Satisfaction averaging 4.7 out of 5.0 and Member Trust averaging 4.7 out of 5.0.

We are proud to report People's Credit Union's financial results for 2020. We grew total assets 7.2% to \$554 million. Additionally, we earned a record \$4.9 million in net income; an increase of 3.4% over 2019. Loans grew by 2.2% while member deposits by 17.6%, aided by the government stimulus. These results allow your Credit Union to continue to invest in products and services to meet our members' needs.

We did not let these daily challenges overwhelm our strategic focus on the future. In 2021, we are investing back into your Credit Union with initiatives to improve the member experience. These investments include new ATMs, a new online banking platform, a data warehouse, and a new lending system. Additionally, we are investing in developing the team with leadership development programs and individual development initiatives. We are committed to developing our team as it directly results in better service to our members, higher employee retention and preparedness for unforeseen situations.

In an unprecedented year, we hope you and your family stay healthy and sincerely thank you for being a valued member of People's Credit Union.

A handwritten signature in black ink, appearing to read 'E. Lopes'.

Edward T. Lopes, Jr.
Chair, Board of Directors

A handwritten signature in black ink, appearing to read 'Sean Daly'.

Sean Daly
President & CEO



Treasurer's Report



I am pleased to present the following report on the financial condition of People's Credit Union as of December 31, 2020, along with the accompanying balance sheets and statements of income.

The Credit Union ended 2020 with total assets of \$554.1 million, representing an increase of 7.2% from 2019. The investment portfolio totaled \$30.6 million, representing a decrease of 29.6%. Loans outstanding to members totaled \$444.2 million, net of reserves of \$3.0 million. This represents an increase of 2.2%.

Member deposits totaled \$485.9 million, representing an increase of 17.6%. Utilization of wholesale funding decreased 96.9% to \$1.3 million.

For the fiscal year 2020, the Credit Union realized net income of \$4.9 million versus \$4.7 million in 2019. This represents an increase of 3.4%.

Members' equity increased 8.7% to \$58.6 million. The Credit Union's regulatory capital ratio remains "well-capitalized" at 11.7%.

Respectfully submitted,

A handwritten signature in black ink that reads "William L. Douglas, Jr." The signature is written in a cursive, flowing style.

William L. Douglas, Jr.
Treasurer

Supervisory Committee Report



People's Credit Union's Supervisory Committee is responsible for ensuring that members' assets are protected by, *inter alia*, ensuring the Credit Union is engaged in safe and sound practices and that its financial statements are accurately presented.

During the year, the Committee engaged several audit firms to review PCU's internal controls and to ensure compliance with all applicable laws, regulations, and policies. Those firms included Sheshunoff Consulting + Solutions, Cobblestone Management, LLC., Healy & Healy and GraVoc Associates, Inc.. Additionally, the Committee engaged BerryDunn to conduct an external audit of the Credit Union's financial statements.

It is the opinion of the Committee, based in part on the results of the internal and external audits noted above, that the members' assets are being adequately protected, the Credit Union is engaged in safe and sound practices, and the financial statements are being accurately presented.

On behalf of the Committee, I would like to thank the Board of Directors, Management and the Credit Union staff for their diligence and support throughout the year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. J. Fox".

David J. Fox, Esq.
Chair & Secretary

Committee Members:

Michelle S. Freitas, Kevin Chaves, Nelson Faustino & J. Kevin Hyman



Credit Committee Report

The Credit Committee reviews current Credit Union loan policies to ensure the safety and soundness of the Credit Union and is responsible for ensuring prudent loan policies are followed. Keeping the credit union philosophy in mind, the following loans were issued by People's Credit Union in 2020.

	Number of loans	Amount
Residential mortgages	393	\$109,658,200
Home equity loans	215	\$22,260,700
Automobile loans	1,366	\$23,873,892
Savings secured loans	71	\$327,170
Personal loans	215	\$1,900,377
Personal lines of credit	43	\$244,800
Mobile home loans	51	\$4,200,354
Business loans and lines	220	\$24,604,132
TOTAL	2,574	\$187,069,625

Respectfully submitted,
Credit Committee

Balance Sheets *unaudited*

(in thousands)

	December 31,		% change
	2020	2019	
Assets			
Cash and cash equivalents	\$52,752	\$11,731	349.7%
Investments	30,586	43,470	-29.6%
Loans, net of allowance for loan losses	444,199	434,732	2.2%
Premises and equipment, net	15,917	16,090	-1.1%
Other assets	10,621	10,845	-2.1%
Total assets	\$554,075	\$516,868	7.2%
Liabilities			
Member Deposits	\$485,913	\$413,355	17.6%
Wholesale Funding	1,345	42,792	-96.9%
Mortgagors' escrow accounts	1,790	1,875	-4.5%
Other liabilities	6,459	4,955	30.4%
Total liabilities	\$495,507	\$462,977	7.0%
Members' equity			
Retained earnings	\$64,766	\$59,866	8.2%
Accumulated other comprehensive (loss) income	(6,198)	(5,975)	3.7%
Total members' equity	58,568	53,891	8.7%
Total liabilities & members' equity	\$554,075	\$516,868	7.2%

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2020. The audit was performed by BerryDunn who issued an unmodified opinion on such financial statements. The financial statements, including all footnote disclosures, are available upon request.



Statements of Income *unaudited*

<i>(in thousands)</i>	December 31,		% change
	2020	2019	
Interest and dividend income			
Loans	\$18,273	\$19,517	-6.4%
Investments	966	945	2.2%
Other interest-earning assets	56	432	-87.0%
Total interest and dividend income	\$19,295	\$20,894	-7.7%
Interest expense			
Interest on deposits	1,312	2,067	-36.5%
Interest on Wholesale Funds	581	1,492	-61.1%
Total interest expense	1,893	3,559	-46.8%
Net interest income	\$17,402	\$17,335	0.4%
Provision for loan losses	1,000	516	93.8%
Net interest income after provision for loan losses	\$16,402	\$16,819	-2.5%
Non-interest income			
Member service fees	3,970	4,548	-12.7%
Loan servicing fees and related income	553	403	37.2%
Gain on sales of loans, net	1,005	56	1694.6%
Miscellaneous income	618	221	179.6%
Total non-interest income	\$6,146	\$5,228	17.6%
Non-interest expenses			
Compensation and employee benefits	9,266	9,396	-1.4%
Occupancy and equipment	3,393	2,703	25.5%
Marketing and Advertising	586	652	-10.1%
Loan Operations	491	592	-17.1%
Retail Operations	1,909	2,145	-11.0%
Professional Services	888	553	60.6%
Other expenses	1,115	1,266	-11.9%
Total non-interest expenses	\$17,648	\$17,307	2.0%
Net income	\$4,900	\$4,740	3.4%

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2020. The audit was performed by BerryDunn who issued an unmodified opinion on such financial statements. The financial statements, including all footnote disclosures, are available upon request.

Helping Our Members Succeed

"I love the staff at People's Credit Union. They are always friendly, knowledgeable, and always go above and beyond. They are why I love People's CU. Thank you for always being wonderful!"

- J. Stroble

"I have always had excellent customer service and the employees at People's Credit Union should be commended for their professionalism, banking knowledge, and positive customer satisfaction."

- J. Renza

"I have been a long time member of People's Credit Union and this Credit Union has been very, very good to me. I tell as many people as I can about People's."

- L. Eccleston

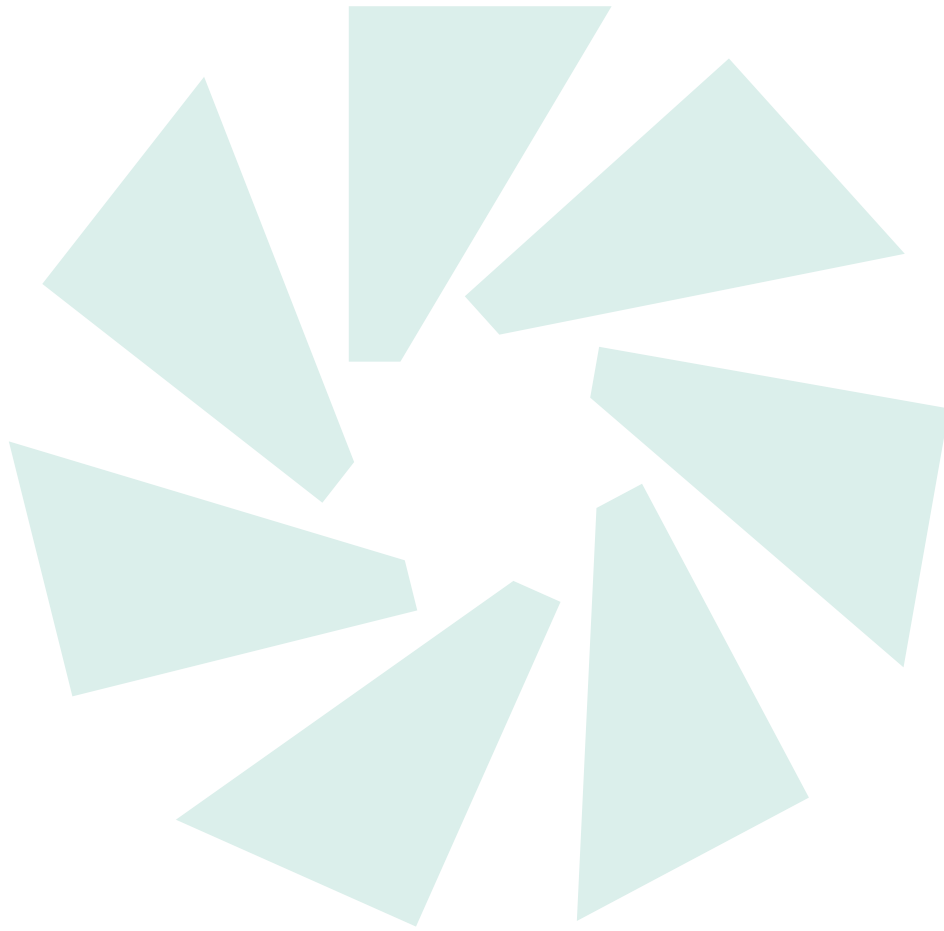
"I have been a member of People's Credit Union since the late 1980's and have always been very satisfied."

- J. Nappi

"I want to thank you and your incredible team for being on top of everything regarding the PPP loans. I cannot express enough my sincerest gratitude for all your help during these trying times. The support that People's has given us is immeasurable."

- T. Karousos, owner, Blue Plate Diner





BRISTOL

50 Gooding Avenue
401.253.6500

MIDDLETOWN

858 West Main Road
401.846.8935

NEWPORT

43 Memorial Boulevard
401.846.1965

NORTH KINGSTOWN

7490 Post Road
401.885.9660

PORTSMOUTH

2537 East Main Road
401.683.3166

WAKEFIELD

150 Old Tower Hill Road
401.789.5551

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