

2021 ANNUAL REPORT





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PEOPLE'S CREDIT UNION 2021 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.

Empathetic

We will listen to understand and compassionately support your needs.

Earnest

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

Trustworthy

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

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*

*Kent & Washington County Board
of Realtors*

New England Financial Marketing Association

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

Leadership

BOARD OF DIRECTORS

Edward T. Lopes, Jr. *Chair*
Christopher S. Ottiano, MD *Vice Chair*
William L. Douglas, Jr. *Treasurer*
Toni Lyn McGowan *Secretary*
Alyson Adkins, CPA
Louann Lawrence, CPA
Terri Marcucci Fitch
Thomas W. Vignali, CPA

SUPERVISORY COMMITTEE

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

Board of Directors and Supervisory Committee as of December 2021

EXECUTIVE OFFICERS AND SENIOR LEADERSHIP

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

MANAGERS

Melissa Barros *Wakefield Branch*
Lisa Camara *Consumer & Indirect Loans*
Estelle Chaves *Vice President Mortgage Operations*
Erin Connor *North Kingstown Branch*
Tiffany Costa *Deposit Operations*
Lisa DelGreco *Learning & Development*
Fatima Estrela *Bristol Branch*
Nicole Forte *Member Service Center*
Rosemary Hernandez *Loan Servicing*
Bethany Horan *Core Partner Solutions and Engagement*
Courtney Hunter *Marketing*
Erine Lewis *Fraud & Security*
Lori Marshal *Portsmouth Branch*
Deborah Maxwell *Middletown Branch*
Izilda Reis *Human Resources*
Carolyn Rogers *Controller*
Heather Sweeney *Newport Branch*
Benjamin Tallman *Facilities*
Andrew Thompson *Collections*

Management Team as of December 2021

A Message from the Board Chair and the President & CEO



In 2021 your People's Credit Union team reaffirmed the original purpose of our Credit Union – to promote thrift among our members with loan and deposit products that benefit the member. We surveyed you on how we can get better, how to improve our existing products, and what new products we could offer to meet your needs. In response, we continue our work on a new online/mobile banking application, consumer lending platform, and have embarked on developing credit cards for both consumers and businesses. Additionally, we will be renovating our Middletown Branch to better support our members with their current banking needs.

Our continued focus on employee development to better serve our members resulted in our first graduating class of Emerging Leaders. This program identifies future managers and prepares them for leadership roles before they are put in the position to lead. Additionally, we are training all our tellers to become member service representatives. This will provide members with a more well-rounded service team.

In 2021, we continued to **navigate** through the pandemic and deliver for our members in need. On the consumer side, for many members there were home and auto loans that we deferred payments on through September 2021. For local businesses, we closed an additional 183 loans totaling \$6.9 million. This was on top of the \$6.5 million of Paycheck Protection Program loans

closed in 2020. We also supported our business members through the SBA loan forgiveness process, obtaining loan forgiveness of 171 loans totaling \$5.5 million and as of the writing of this letter, are down to less than \$1 million still outstanding. This was another all-hands-on-deck initiative to ensure the businesses that have a positive impact on our communities got the help they needed. We also had the distinct honor of being recognized by Forbes as the “Best-In-State” credit union for Rhode Island. As the only credit union in Rhode Island with this designation, we will continue to strive to deliver the best member experience possible.

We are proud to report People's Credit Union's financial results for 2021. We grew Total Assets by 12% to \$620 million. Additionally, we earned a record \$5.9 million in Net Income; an increase of 22% over 2020, largely driven by a recovery from an investment written off in 2010. Loans grew 3.3% while member deposits grew 12.9%, aided by the government stimulus. These results will allow your Credit Union to continue to invest in people, products, and services to meet our members' needs.

As we embark on our 100th year of service we hope you will celebrate our centennial year with us through the events that are taking place in 2022. We truly appreciate your continued support and thank you for being a valued member of People's Credit Union.

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

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, 2021, along with the accompanying balance sheets and statements of income.

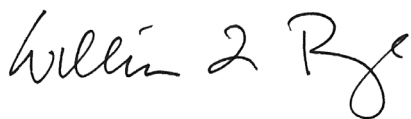
The Credit Union ended 2021 with total assets of \$619.9 million, representing an increase of 11.9% from 2020. The investment portfolio totaled \$53.5 million, representing an increase of 74.7%. Loans outstanding to members totaled \$459.0 million, net of reserves of \$3.1 million. This represents an increase of 3.3%.

Member deposits totaled \$548.8 million, representing an increase of 12.9%. Utilization of wholesale funding decreased 100% to \$0.

For the fiscal year 2021, the Credit Union realized net income of \$6 million versus \$4.9 million in 2020. This represents an increase of 22.2%.

Members' equity increased 8.1% to \$63.3 million. The Credit Union's regulatory capital ratio remains "well-capitalized" at 11.4%.

Respectfully submitted,



William L. Douglas, Jr.

Treasurer



Supervisory Committee Report

People's Credit Union's Supervisory Committee is responsible for making sure 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 compliance with all applicable laws, regulations, and policies. Those firms include 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 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,



David J. Fox, Esq.
Chairman



Committee Members:

Michelle S. Freitas, CPA

David J. Fox, Esq.

Kevin Chaves, CPA

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 2021.

	Number of loans	Amount
Residential mortgages	261	\$86,646,800
Home equity loans	318	\$35,777,814
Automobile loans	1,645	\$30,764,218
Savings secured loans	52	\$197,511
Personal loans	217	\$1,715,118
Mobile home loans	41	\$3,311,047
Business loans and lines	229	\$26,400,635
TOTAL	2,763	\$184,813,143

Respectfully submitted,
Credit Committee

Balance Sheets unaudited

(in thousands)

	December 31,		
	2021	2020	% change
Assets			
Cash and cash equivalents	\$71,452	\$52,752	35.4%
Investments	53,448	30,586	74.7%
Loans, net of allowance for loan losses	459,016	444,199	3.3%
Premises and equipment, net	15,777	15,917	-0.9%
Other assets	20,201	10,621	90.2%
	<u> </u>	<u> </u>	
Total assets	<u><u>\$619,814</u></u>	<u><u>\$554,075</u></u>	<u><u>11.9%</u></u>
Liabilities			
Member Deposits	\$548,759	\$485,913	12.9%
Wholesale Funding	0	1,345	-100.0%
Mortgagors' escrow accounts	1,523	1,790	-14.9%
Other liabilities	6,301	6,459	-2.4%
	<u> </u>	<u> </u>	
Total liabilities	<u><u>\$556,583</u></u>	<u><u>\$495,507</u></u>	<u><u>12.3%</u></u>
Members' equity			
Retained earnings	\$70,753	\$64,766	9.2%
Accumulated other comprehensive (loss) income	(7,442)	(6,198)	20.1%
	<u> </u>	<u> </u>	
Total members' equity	<u><u>63,311</u></u>	<u><u>58,568</u></u>	<u><u>8.1%</u></u>
	<u> </u>	<u> </u>	
Total liabilities & members' equity	<u><u>\$619,894</u></u>	<u><u>\$554,075</u></u>	<u><u>11.9%</u></u>

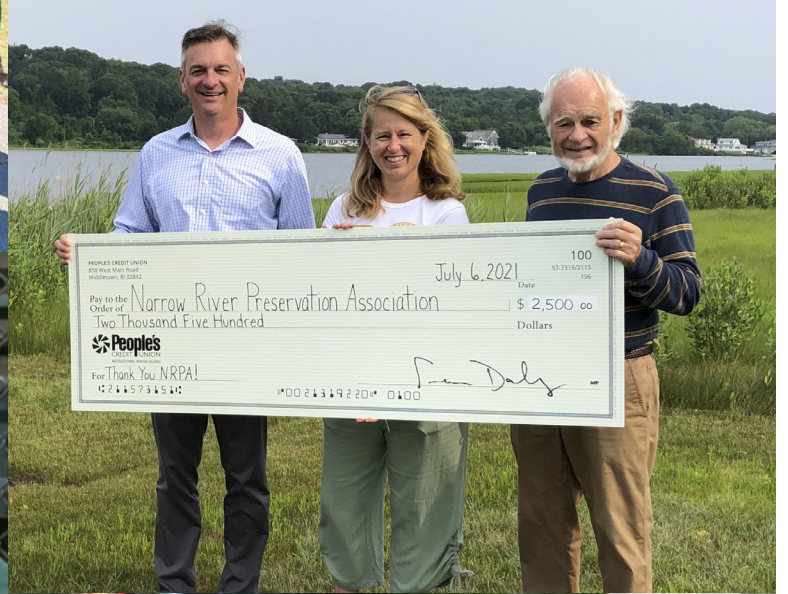
The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2021. The audit was performed by BerryDunn who issued an unmodified opinion on such financial statements. The financial statements, including all footnote disclosures, are available upon request.

Statements of Income unaudited

(in thousands)

	December 31,		
	2021	2020	% change
Interest and dividend income			
Loans	\$16,619	\$18,273	-9.1%
Investments	692	966	-28.4%
Other interest-earning assets	88	56	57.1%
Total interest and dividend income	\$17,399	\$19,295	-9.8%
Interest expense			
Interest on deposits	576	1,312	-56.1%
Interest on Wholesale Funds	9	581	-98.5%
Total interest expense	585	1,893	-69.1%
Net interest income	\$16,814	\$17,402	-3.4%
Provision for loan losses	105	1,000	-89.5%
Net interest income after provision for loan loss	\$16,709	\$16,402	1.9%
Non-interest income			
Member service fees	4,373	3,970	10.2%
Loan servicing fees and related income	1,041	553	88.2%
Gain on sales of loans, net	27	1,005	n/a
Miscellaneous income	2,181	618	252.9%
Total non-interest income	\$7,622	\$6,146	24.0%
Non-interest expenses			
Compensation and employee benefits	9,809	9,266	5.9%
Occupancy and equipment	3,739	3,393	10.2%
Marketing and Advertising	541	586	-7.7%
Loan Operations	348	491	-29.1%
Retail Operations	1,831	1,909	-4.1%
Professional Services	1,010	888	13.7%
Other expenses	1,066	1,115	-4.4%
Total non-interest expenses	\$18,344	\$17,648	3.9%
Net income	\$5,987	\$4,900	22.2%

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2021. 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.

"We are extremely grateful for the support and guidance of People's Credit Union throughout our farm brewery expansion project. Renovating an 1890's farmhouse into a retail taproom and converting an existing pole barn into a state of the art manufacturing facility is the biggest challenge we have ever taken on. PCU gave us the confidence that our vision for this property was the right one. We look forward to many great years ahead."

- Matt and Katie Gray, Owners, Ragged Island Brewing Company

"I have always had a very pleasant experience at People's Credit Union, The Branch Manager was very professional and accommodating. Made the experience so easy, no stress. Will definitely recommend People's to my friends and family."

- J. Tremblay

"I am always greeted with such friendly staff at People's Credit Union. Everyone goes above to make you feel welcomed and they are all so professional. You have a terrific staff from the tellers to the office staff, they are phenomenal. I can honestly say this branch is one of the best. Thank you."

- N. Bruno

Looking Forward

Celebrating 100 years



Helping people since 1922

A MESSAGE FROM PEOPLE'S CREDIT UNION TO OUR COMMUNITY

2022 is a milestone year for People's Credit Union as we embark on the Credit Union's second century of commitment to serving its members. One hundred years ago, twenty-seven local residents, seven of them the initial incorporators, founded People's Credit Union with the purpose of

"promoting thrift among its members, to give them an opportunity to save in small amounts and to obtain loans at moderate rates which promise to be of benefit to the borrower."

Many of the founders worked at the then United States Naval Torpedo Station on Goat Island in Newport Harbor. They all however held onto the principle of "people helping people" as the basic tenet that guided them to form The People's Credit Union.

As we now begin our centennial year of People's Credit Union's founding, that guiding principle of "people helping people" continues unwavering and without interruption for our members. Of course, many, many things have changed, evolved, and modernized since People's Credit Union opened its first branch up "on the hill" on Mill Street in Newport; however, our resolve to help people has not.

People's Credit Union's centennial year will be defined with celebration and a confident vision for the future. We will be having many year-long and longer events, as well as activities and programs for our members to enjoy.

- Throughout the year, in support of a greener today & tomorrow, we will be working in conjunction with the Arbor Day Foundation to plant 100 trees in each of the six markets we serve.
- Our partnership with Fill it Forward, an environmental sustainability company, will reduce plastic use; promote health and clean water hydration while enabling members to contribute to bettering the environment.
- Members will also see many local community activities with student-athletes from the University of Rhode Island, where People's is now the Official Credit Union of URI Women's Athletics.
- There will also be branch celebrations and opportunities for members to benefit from product promotions.
- And then, with an eye to the future, the Credit Union will be circulating a Time Capsule for contributions to be revealed to new generations 50 or maybe even another 100 years from now.

2022 will be a year of reflection, ceremony, and celebration; yet the centennial of People's Credit Union will be, as it was meant to be 100 years ago, another opportunity for **people to help people**.

We hope you will join us in that endeavour.

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

Sean Daly
President & CEO

You belong here



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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Federally Insured by NCUA