



CENTENNIAL ANNUAL REPORT 2022



Helping people since 1922

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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.

LEADERSHIP

BOARD OF DIRECTORS

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

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 2022

EXECUTIVE OFFICERS AND SENIOR LEADERSHIP

Sean Daly	<i>President & Chief Executive Officer</i>
Margaret McGill	<i>Executive Vice President & Chief Financial Officer</i>
Cormac McCarthy	<i>Executive Vice President & Chief Lending Officer</i>
William DeWitt	<i>Executive Vice President & Chief Marketing 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

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

Management Team as of December 2022

A MESSAGE FROM THE BOARD CHAIR AND THE PRESIDENT & CEO

As we close out 2022, we had another year of significant challenges, including rising inflation, a volatile stock market, substantial Federal Reserve rate increases, and COVID-19's lingering impacts. Despite these challenges, your Credit Union remained focused on its mission and strategic plan to provide improved products and outstanding member service delivered by an engaged, motivated workforce.

Some of the 2022 accomplishments included:

- We continued our technology investments to improve our product delivery and protect your assets from constantly adapting fraudsters. Your team identified and stopped nearly \$1 million of fraudulent transactions.
- We improved our member service delivery with extended hours, online chat functionality, and the ability to co-browse. The Member Service Center handled over 1410 live chats, with an average wait time of 21 seconds, and 20% of the chats were multi-engagement, chatting with more than one person at a time. In 2023, we plan to introduce a virtual assistant to our Member Service Center and provide artificial intelligence-based chat functionality for off-hours and high-volume time periods.
- We continued our focus on employee engagement and development. We completed the training of tellers to member service representatives to provide you with more effective and efficient financial service. We relooked at roles with an eye toward skills-first hiring, ensuring we did not screen out experienced and diverse workers.
- Our focus on employee engagement continues to deliver improvements, with our last engagement survey results of 63% of employees highly engaged and 27% moderately engaged, from 2020 results of 54% and 41%, respectively.
- We launched a Community Strategic Plan to maximize our impact by leveraging the collective talent, time, and financial support of the Credit Union and its team members and by aligning activities to the Credit Union's core values.

We are proud to report People's Credit Union's financial results for 2022. We grew total assets by 11% to \$688 million. Additionally, we earned \$4.8 million in Net Income. Loans grew 18%, while Deposits grew .2%. These results will allow your Credit Union to continue to invest in people, products, and services to meet our members' needs. 2023 is shaping up to be another formidable year of uncertainty and rapidly changing risks. Your Credit Union has withstood similar challenges over the past 100 years. We are confident that our strategy and focus will continue to provide valuable opportunities for you, our employees, and the community.



A handwritten signature in black ink that reads "Christopher S. Ottiano".

Christopher S. Ottiano, MD
Chair, Board of Directors

A handwritten signature in black ink that reads "Sean G. Daly".

Sean Daly
President & CEO

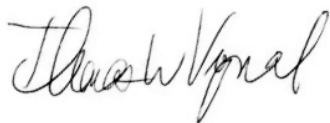
TREASURER'S REPORT

I am pleased to present the following report on the financial condition of People's Credit Union as of December 31, 2022, along with the accompanying balance sheets and statements of income. The Credit Union ended 2022 with total assets of \$688 million, representing an increase of 11.0% from 2021. The investment portfolio totaled \$83 million, representing an increase of 55%. Loans outstanding to members totaled \$541 million, net of reserves of \$3.5 million. This represents an increase of 18%. Member deposits totaled \$550 million, which was flat from year end 2021. Utilization of wholesale funding increased to \$67 million.

For the fiscal year 2022, the Credit Union realized net income of \$5 million versus \$6 million in 2021. This represents a decrease of 21%.

Members' equity decreased 3.5% to \$61 million. The Credit Union's regulatory capital ratio remains "well-capitalized" at 11.0%.

Respectfully submitted,



Thomas W. Vignali, CPA
Treasurer



BALANCE SHEETS unaudited

(in thousands)

	December 31,		
	2022	2021	% change
Assets			
Cash and cash equivalents	\$23,877	\$71,452	-66.6%
Investments	83,021	53,448	55.3%
Loans, net of allowance for loan losses	540,564	459,016	17.8%
Premises and equipment, net	15,456	15,777	-2.0%
Other assets	24,935	20,201	23.4%
Total assets	\$687,853	\$619,894	11.0%
Liabilities			
Member Deposits	\$549,944	\$548,759	0.2%
Wholesale Funding	66,600	0	n/a
Mortgagors' escrow accounts	1,954	1,523	28.3%
Other liabilities	8,262	6,301	31.1%
Total liabilities	\$626,760	\$556,583	12.6%
Members' equity			
Retained earnings	\$75,506	\$70,753	6.7%
Accumulated other comprehensive (loss) income	(14,413)	(7,442)	93.7%
Total members' equity	61,093	63,311	-3.5%
Total liabilities & members' equity	\$687,853	\$619,894	11.0%

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2022. 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,		
	2022	2021	% change
Interest and dividend income			
Loans	\$18,182	\$16,619	9.4%
Investments	1,548	692	123.7%
Other interest-earning assets	147	88	67.0%
Total interest and dividend income	\$19,877	\$17,399	14.2%
Interest expense			
Interest on deposits	\$619	\$576	7.5%
Interest on Wholesale Funds	733	9	8044.4%
Total interest expense	1,352	585	131.1%
Net interest income	\$18,525	\$16,814	10.2%
Provision for loan losses	445	105	323.8%
Net interest income after provision for loan loss	\$18,080	\$16,709	8.2%
Non-interest income			
Member service fees	\$4,671	\$4,373	6.8%
Loan servicing fees and related income	506	1,041	-51.4%
Gain on sales of loans, net	0	27	n/a
Miscellaneous income	1,062	2,181	-51.3%
Total non-interest income	\$6,239	\$7,622	-18.1%
Non-interest expenses			
Compensation and employee benefits	\$9,978	\$9,809	1.7%
Occupancy and equipment	4,023	3,739	7.6%
Marketing and Advertising	807	541	49.2%
Loan Operations	535	348	53.7%
Retail Operations	2,328	1,831	27.1%
Professional Services	784	1,010	-22.4%
Other expenses	1,112	1,066	4.3%
Total non-interest expenses	19,567	18,344	6.7%
Net income	\$4,752	\$5,987	-20.6%

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2022. 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.

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 2022.

	Number of loans	Amount
Residential mortgages	272	\$107,282,404
Home equity loans	151	\$13,981,200
Automobile loans	1,895	\$48,010,863
Savings secured loans	37	\$270,873
Personal loans	178	\$1,505,270
Mobile home loans	68	\$6,468,617
Business loans and lines	30	\$11,801,463
TOTAL	2,631	\$189,320,690

Respectfully submitted,
Credit Committee

Making a Collective Impact.

Serving our community is part of People's Credit Union's DNA. As a testament to this, in 2022, 100% of our employees volunteered their time, talent, and resources by providing over 1,000 volunteer hours to local nonprofits and schools in our community. We provided sponsorships, donations, and other support to over 40 organizations that deliver much needed services and programming.

We also celebrated 100 years of dedication to our members and the community. Events & activities took place throughout the year highlighting our century-long history. Here are just a few focused on our community:

- Distribution to members and area nonprofits of 600 free trees to be planted in our community.

- Partnership with an environmental sustainability company to reduce the amount of single use plastic in our environment and raise \$10,000 for a local nonprofit. A collaboration which earned us a national award.

- Centennial Scholarships to six high school students.

- Thanksgiving meals distributions to those in need.

- In-branch coat drives to keep our neighbors warm.

- Holiday toy drive to bring smiles to area young ones.

Looking forward, People's Credit Union will continue to pursue strategic partnerships to leverage our charitable giving. We are committed to increasing our impact on the community and to making a meaningful difference to all those we serve.





Let's Celebrate 100 Years!

Monthly Activities

- Centennial Trivia Contests
- Member Celebration Days
- Decade Days

February

- February 1st – Proclamation Day!
Our Centennial Celebration week begins!
Announce Partnership with:
 - Arbor Day Foundation – Community Tree Planting Project
 - Fill it Forward – an Environmental Sustainability Company
 - Time Capsule Project
- 1920's Decade Day for Employees

March

- March 1st – Announce Centennial Scholarship Program
- 1930's Decade Day for Employees

April

- April Kick Off Tree Planting Project
- 1940's Decade Day for Employees

May

- May 11th – 100th Day of 100th Year
– 100 Day CD Special Kick Off
- 1950's Decade Day for Employees

June

- Pay It Forward/Gratitude Shell Project Launch
- 1960's Decade Day for Employees

July

- July 1st – July 12th Announce Centennial Scholarship Winners
- Centennial Beach Giveaway
- 1970's Decade Day for Employees

August

- Centennial Beach Giveaway
- 1980's Decade Day for Employees

September

- 1990's Decade Day for Employees

October

- October 1st – In-Branch Coat Drive Launch
- 2000's Decade Day for Employees

November

- Thanksgiving Meal Distribution
- 2010's Decade Day for Employees

December

- Holiday Gift Distribution
- Employee Holiday Party
 - Trivia Prize Winner Announced
- 2020's Decade Day for Employees

January 2023

- January 31st – Last Member Appreciation Day and Closing of the Time Capsule



Helping Our Members Succeed.

"I have been with People's Credit Union for some time. I have always relied on them to help me out with any problem I've ever had. They have always been able to help me out."

– N. Smith

"People's Credit Union is the BEST. Thank you so much! I have always felt comfort in your motto "Owned by its members."

– M. Reed

"It's been a great experience working with your team in Bristol. Thank you for making positive decisions concerning your members."

– A. Lawrence

"I am always taken care of when I come into a branch or call in to talk with someone. Your staff is knowledgeable and cares. Thank you."

– T. Andrews

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 Association
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

50 Gooding Avenue, Bristol

858 West Main Road, Middletown

43 Memorial Boulevard, Newport

7490 Post Road, North Kingstown

2537 East Main Road, Portsmouth

150 Old Tower Hill Road, Wakefield



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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