



# Peoples CREDIT UNION

 You Belong Here.

## 2018 Annual Report



# People's Credit Union 2018 Annual Report

## Table of Contents

Leadership	3	Supervisory Committee Report	6
Board Chair and President & CEO's Message	4	Credit Committee Report	7
Treasurer's Report	5	Balance Sheets	8
		Statements of Income	9

## Mission Statement

Provide banking solutions for your financial success.

## Statement of Core Values

- Provide an extraordinary member experience
- Provide an extraordinary employment experience
- Enhance the communities we serve
- Be a high trust organization

## Member Affiliations

Credit Union National Association  
CUNA Mutual Insurance Society  
Alloya Corporate Federal Credit Union  
Cooperative Credit Union Association  
Federal Home Loan Bank of Boston  
Credit Union Executive Society  
East Bay Chamber of Commerce  
East Greenwich Chamber of Commerce  
Newport County Chamber of Commerce  
North Kingstown Chamber of Commerce  
Southern Rhode Island Chamber of Commerce  
Portsmouth Business Association  
Kent & Washington County Board of Realtors  
Newport County Board of Realtors  
Rhode Island Mortgage Bankers Association

## 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



[peoplescu.com](http://peoplescu.com)

# Leadership

## Board of Directors

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

## Supervisory Committee

David J. Fox, Esq.	<i>Chair</i>
Michelle S. Freitas, CPA	<i>Vice Chair</i>
Stephen H. Chaffee	
Kevin Chaves, CPA	
Nelson Faustino	

*Board of Directors and Supervisory Committee as of March 1, 2019*

## Executive Officers and Senior Leadership

Ellen Ford	<i>President &amp; Chief Executive Officer</i>
Sean Daly	<i>Executive Vice President &amp; Chief Financial Officer</i>
Traci R.E. Carpenter	<i>Senior Vice President of Operations</i>
Kerry Parent	<i>Senior Vice President Human Resources &amp; Talent</i>
Christopher Eden	<i>Vice President Information Security &amp; 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>Indirect Lending</i>
Tiffany Costa	<i>Deposit Operations</i>
Bethany Cottrell	<i>Core Systems</i>
Lisa DelGreco	<i>Learning &amp; Development</i>
Nancy Demers	<i>Portsmouth Branch</i>
Barry Dunn	<i>Business Lending</i>
Fatima Estrela	<i>Bristol Branch</i>
Nicole Forte	<i>Member Service Center</i>
Jonathan Gruca	<i>Fraud &amp; Security</i>
Michael Hey	<i>Wakefield Branch</i>
Courtney Hunter	<i>Marketing</i>
Lori Marshall	<i>Newport Branch</i>
Deborah Maxwell	<i>North Kingstown Branch</i>
Stacy Mello	<i>Loan Underwriting</i>
Andrew Plante	<i>Finance</i>
Izilda Reis	<i>Human Resources</i>
Benjamin Tallman	<i>Facilities</i>
Andrew Thompson	<i>Collections</i>
Carol Ulak	<i>Sales &amp; Experience</i>

*Management Team as of March 1, 2019*



## A Message from the Board Chair and the President & CEO



I am proud to report the results of People's Credit Union. Over the past year, People's Credit Union has maintained its commitment to providing our members an extraordinary member experience while focusing on our mission to provide banking solutions for our members' financial success. Deeply rooted in our organization is the constant drive to find better ways to understand and serve our membership. As one of the largest and oldest credit unions in the state, we have a long history of helping residents living in Rhode Island and beyond with all of their banking needs. As part of this commitment, I am proud to say that in September of 2018, all of our offices and branches became tobacco free properties, contributing to the wellness of our members, our employees, and the environment.

At People's Credit Union we walk the talk. We are so committed to our members that in 2018 we conducted over 60 thousand Member Satisfaction, Trust, and Net Promoter Score (NPS) surveys. The results of the surveys confirm that we are in fact meeting the needs of our members and delivering an extraordinary member experience, receiving excellent results with a satisfaction rating of 4.62 on a scale of 1-5. As a financial institution, earning and maintaining our members' trust is not just a significant priority, it is one of our core values. We also survey our members on how trustworthy People's Credit Union is and again we received excellent results with our members rating trust at 4.77 on a scale of 1-5. Both of these scores saw a positive increase over the previous year. The results of our NPS surveys were 59 against a peer of 49.

As a community credit union, People's Credit Union is unwavering in its commitment to giving back to our community; this is demonstrated by making Enhancing the Communities We Serve, one of our core values. Each year, employees of People's Credit Union volunteer countless hours of service or coordinate fundraisers for local non-profit and social services organizations. In 2018, 97% of our employees gave back to our communities with their time, talent and treasure.

Maintaining a safe and secure financial institution for our members is an important measure of our success. To that end, 2018 was a very successful year financially as well, experiencing growth in Total Assets, Loans, Member Deposits and Net Income while maintaining a strong capital position. As a result of our financial strength, People's Credit Union has earned and maintained the Bauer Financial 5-Star Rating for 108 consecutive quarters, earning the distinction as a "Best of Bauer" credit union for maintaining a 5-star rating for 25 continuous years or longer.

By our very nature, we are a financial institution founded on the belief that cooperation, collaboration, teamwork, and best efforts translate into a truly extraordinary experience for those that choose to bank with us. Our employees are committed to helping others and our trusted, collaborative approach to banking has proven to be a recipe that works. We believe that providing a workplace that values its employees, provides growth opportunities, and maintains work-life balance, is important to attracting and retaining talent, and is vital to the Credit Union's success. I am happy to report that in 2018, People's Credit Union was again named Providence Business News Best Places to Work for the 6th consecutive year!

All of the above accomplishments over the past year would not have been possible without our talented and dedicated employees; it is truly an honor to work with an exceptional team of Board, management, and staff who are committed to providing service excellence, improving the lives of our members, all while maintaining People's Credit Union as a safe and sound organization.

Thank you for continuing to bank with your trusted financial institution – People's Credit Union.

Louann Lawrence, CPA  
Chair, Board of Directors

Ellen N. Ford  
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, 2018, along with the accompanying balance sheets and statements of income.

The Credit Union ended 2018 with total assets of \$494.1 million, representing an increase of 7.2% from 2017 levels. Loans outstanding to members totaled \$428.4 million, net of reserves of \$3.6 million. This represents an increase of 9.9%. The investment portfolio totaled \$30.6 million, representing an increase of 24.3%.

Member deposits totaled \$385.9 million, representing an increase of 3.3%. Utilization of wholesale funding increased 46.0% to \$53.8 million.

For the fiscal year 2018, the Credit Union realized net income of \$3.9 million versus \$3.2 million in 2017. This represents an increase of 24.3%.

Members' equity increased 9.0% to \$49.2 million. The Credit Union's regulatory capital ratio remains "well-capitalized" at 11.16%.

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 represented.

During the year, the Committee engaged several audit firms to review PCU's internal controls and ensure compliance with all applicable laws, regulations, and policies. Those firms include Wolf & Company, P.C., Sheshunoff Consulting + Solutions and GraVoc Associates, Inc. Additionally, the Committee engaged Berry Dunn McNeil & Parker, LLC, 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

# 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 2018.

	<u>Number of loans</u>	<u>Amount</u>
Real estate loans	137	\$40,645,133
Equity loans	194	\$13,822,510
Automobile loans	3,403	\$64,337,499
Savings secured loans	83	\$384,755
Personal loans	376	\$1,909,935
Personal lines of credit	61	\$344,350
Mobile home loans	46	\$2,595,796
Business loans and lines	31	\$8,081,680
<b>TOTAL</b>	<u><b>4,331</b></u>	<u><b>\$132,121,658</b></u>

Respectfully submitted,

*Credit Committee*

# Balance Sheets (unaudited)

(in thousands)

	December 31,		
	2018	2017	% change
<b>Assets</b>			
Cash and cash equivalents	\$12,203	\$23,452	-48.0%
Investments	30,643	24,656	24.3%
Loans, net of allowance for loan losses	428,445	389,916	9.9%
Loans held for sale	0	0	N/A
Premises and equipment, net	11,754	11,831	-0.7%
Other real estate owned	0	100	-100.0%
Other assets	11,061	10,790	2.5%
<b>Total assets</b>	<b>\$494,106</b>	<b>\$460,751</b>	<b>7.2%</b>
<b>Liabilities</b>			
Member Deposits	\$384,457	\$372,430	3.2%
Wholesale Funding	53,785	36,841	46.0%
Mortgagors' escrow accounts	1,518	1,170	29.7%
Other liabilities	5,127	5,145	-0.3%
<b>Total liabilities</b>	<b>444,887</b>	<b>415,586</b>	<b>7.1%</b>
<b>Members' equity</b>			
Retained earnings	55,127	51,155	7.8%
Accumulated other comprehensive (loss) income	(5,908)	(5,990)	-1.4%
<b>Total members' equity</b>	<b>49,219</b>	<b>45,165</b>	<b>9.0%</b>
<b>Total liabilities &amp; members' equity</b>	<b>\$494,106</b>	<b>\$460,751</b>	<b>7.2%</b>

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2018 and 2017. 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,		
	2018	2017	% change
<b>Interest and dividend income</b>			
Loans	\$18,017	\$16,333	10.3%
Investments	569	423	34.5%
Other interest-earning assets	251	257	-2.3%
<b>Total interest and dividend income</b>	<b>18,837</b>	<b>17,013</b>	<b>10.7%</b>
<b>Interest expense</b>			
Interest on deposits	1,326	1,244	6.6%
Interest on Wholesale Funds	839	799	5.0%
<b>Total interest expense</b>	<b>2,165</b>	<b>2,043</b>	<b>6.0%</b>
<b>Net interest income</b>	<b>16,672</b>	<b>14,970</b>	<b>11.4%</b>
Provision for loan losses	1,905	1,896	0.5%
<b>Net interest income after provision for loan losses</b>	<b>14,767</b>	<b>13,074</b>	<b>12.9%</b>
<b>Non-interest income</b>			
Member service fees	4,099	3,670	11.7%
Loan servicing fees and related income	592	531	11.5%
Gain on sales of loans, net	0	199	-100.0%
Gain on sale of assets	35	66	-47.0%
Miscellaneous income	404	86	369.8%
<b>Total non-interest income</b>	<b>5,130</b>	<b>4,552</b>	<b>12.7%</b>
<b>Non-interest expenses</b>			
Compensation and employee benefits	8,766	7,809	12.3%
Occupancy and equipment	2,305	2,219	3.9%
Marketing & Advertising	630	414	52.2%
Loan Operations	564	497	13.5%
Retail Operations	2,080	1,938	7.3%
Professional Services	445	512	-13.1%
Other expenses	1,135	1,042	8.9%
<b>Total non-interest expenses</b>	<b>15,925</b>	<b>14,431</b>	<b>10.4%</b>
<b>Net income</b>	<b>\$3,972</b>	<b>\$3,195</b>	<b>24.3%</b>

The above consolidated financial statements have been derived from the Credit Union's audited financial statements as of December 31, 2018 and 2017. 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.



**People's**  
CREDIT UNION  
 You Belong Here.

**Bristol**

50 Gooding Avenue  
401.253.6500

**Middletown**

858 West Main Road  
401.846.8930

**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

visit us online at [peoplescu.com](http://peoplescu.com)

