

The background of the cover features abstract, overlapping shapes in various shades of blue and green, creating a sense of movement and depth. The text is centered and rendered in white for high contrast against the darker blue background.

Annual Report **2020**

NESC
CREDIT UNION

Federally insured by NCUA

Message from the Chairperson & CEO

NESC Federal Credit Union (NESC) is entering its 63rd year serving our growing membership within the local Merrimack Valley and beyond.

In 2020, we had a unique year due to the pandemic. Despite this, the credit union's assets grew by over 23%. We continued to see strong earnings and maintained our well capitalized capital base.

While our financials will be detailed in the treasurer's report, we would like to point out that deposits increased by over \$20.7 million and mortgage loans increased by over \$2.9 million. In addition to the growth, we maintained loan delinquency and losses well below our peer group.

At NESC, we continue to strive to improve our products for members, while at the same time increasing efficiencies for our staff to better serve you.

Here are just a few of the things we did to help our staff and membership in response to the Covid-19 pandemic:

- We updated our Methuen and Lawrence ATM machines to take check and cash deposits. This increased our ability to provide our membership with new "touchless" transaction that reduced the need for person to person contact during the pandemic.
- We enhanced our online consumer loan platform to allow for the closing of loans via electronic signature in May 2020. This allowed us to provide emergency help to members while maintaining safety measures pursuant to state and federal pandemic guidelines.

- In response to the pandemic, we provided many of our staff with new laptops capable of allowing secured work from home.
- We updated all branch locations with new personal protective equipment (“PPE”), increased cleaning and enhanced policies to comply with all local, state and federal guidelines.

We want to thank both the staff and all the volunteers that represent you; especially our Board of Directors for their hard work and dedication to the credit union.

In closing, the Board of Directors and the staff at NESC thank you, our membership, for your continued support. It’s an honor for all of us to be a part of the team that is here to serve you.

Elaine Sullivan
Chairperson

Johnathan Hildreth
CEO

Treasurer's Report

We continue a strong trend of growth and stability at NESC Federal Credit Union. We made significant financial gains as an institution and saw substantial growth in the areas of total assets, loans, and core deposits.

Total assets for 2020 were \$112.7 million, an increase of 23.37% from 2019 due to strong deposit growth within NESC. Due to the pandemic in 2020, we saw limited lending opportunities and saw the portfolio maintain a balance of \$79.8 million compared to \$79.9 million in 2019. On the core deposit side of the balance sheet we saw strong growth of around \$24.8 million in the past year, an increase of 37.91% over the previous year.

On the income statement, we had a solid year with net income of \$464,352 in 2020. This was on par with the \$468,540 that the credit union earned in 2019.

In 2020, our loan delinquency rate ended the year at 0.17% well below our peer's average of 0.63%. Also, the annualized loan charge off ratio was 0.08% was also below the most recent peer group average of 0.25%.

These 2020 figures mark another year of financial success that benefits all members of NESC Federal Credit Union.

2020 Financials

CONSOLIDATED BALANCE SHEET

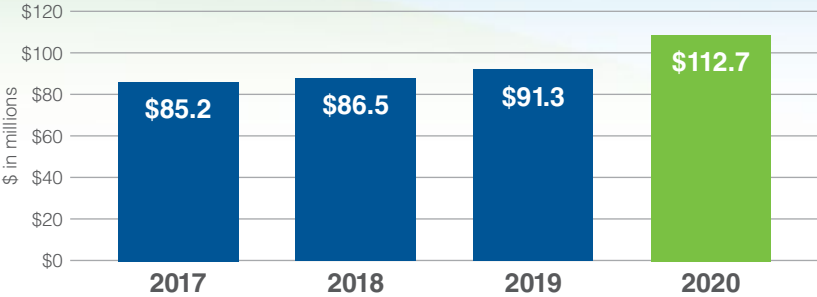
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,674,914	\$ 1,298,428
Investments	29,425,935	8,382,767
Loans to members, net	79,782,898	79,902,916
All other assets	1,794,925	1,746,165
Total assets	<u>\$112,678,672</u>	<u>\$ 91,330,276</u>
LIABILITIES AND CAPITAL		
Shares and savings	\$100,607,311	\$ 79,842,300
All other liabilities	672,181	553,148
Loans payable	2,000,000	2,000,000
Regular reserves	2,082,957	2,082,957
Undivided earnings	7,316,223	6,851,871
Total liabilities and capital	<u>\$112,678,672</u>	<u>\$ 91,330,276</u>

CONSOLIDATED STATEMENT OF INCOME

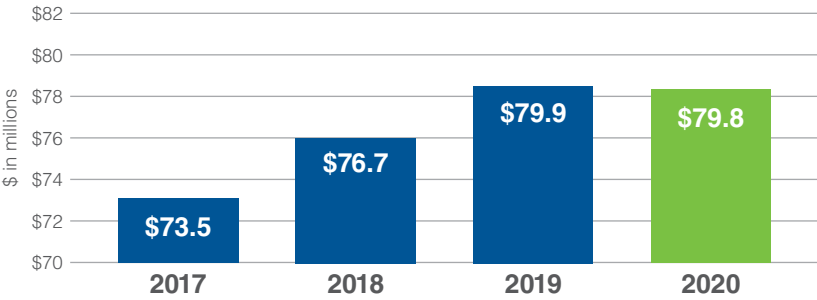
	<u>2020</u>	<u>2019</u>
Interest income	\$ 3,575,157	\$ 3,787,562
Interest expense	397,889	359,746
Provision expense	79,672	153,785
Net interest income	<u>3,097,596</u>	<u>3,274,031</u>
Non-interest income	945,649	1,049,298
Non-interest expense	3,578,893	3,854,789
Net income	<u>\$ 464,352</u>	<u>\$ 468,540</u>

2020 Financials

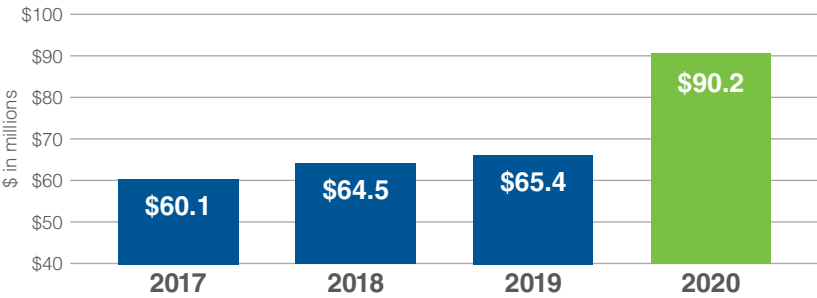
TOTAL ASSETS



NET LOANS TO MEMBERS



CORE MEMBER DEPOSITS



BOARD OF DIRECTORS

Elaine Sullivan, President
Mark Conway, Vice President
Brenda Wilson, Treasurer/Secretary
David Solomon
Ronald Martin
Kenneth Stackhouse
Johnathan Hildreth, CEO

SUPERVISORY COMMITTEE

Mark Conway
Jim Pickul
Robin Mitchell

NOMINATING COMMITTEE

Marlene Linehan
Drena DeCoito
Shaker Asmar

BRANCH LOCATIONS

Methuen Branch

244 Pleasant Street
Methuen, MA 01844

Lawrence Branch

14 Amesbury Street
Lawrence, MA 01840

Andover IRS Branch

310 Lowell Street
Andover, MA 01810

www.nescfcu.org
978-688-8800

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