



Greenwood

C r e d i t U n i o n

Since 1948

ANNUAL REPORT

— 2012 —

Annual Meeting: May 7, 2013



Chairman's Report



As the Rhode Island economy continues to lag behind the other New England states, as well as most of the country, Greenwood Credit Union continues to prosper through these uncertain times. At a time when most financial institutions are forced to stunt their asset growth in order to maintain their capital at an acceptable level, Greenwood's superior earnings have allowed it to continue to grow assets without sacrificing its capital ratio.

Greenwood Credit Union continues to pay the best deposit rates in the market, whether for basic savings, checking or time deposits, in some cases 2-3 times as much as the competition. At the same time we are able to offer extremely competitive rates on our ever-expanding product line of loan offerings for our membership.

The credit union continues to invest in infrastructure, as evidenced by our nearly completed branch renovation to help improve your member experience when you visit our branch. We have also invested in technology for when you are unable to get to our physical branch, by completely redesigning our web-site as well as our on-line banking platform to make them not only more pleasing to the eye but also more user-friendly. We have also added our new mobile application for when you are on the run.

Greenwood Credit Union is also very proud to continue our long history of community support by sponsoring various Warwick youth teams, the Warwick Boys and Girls Club, and other charitable organizations such as The Kent Center, The Trudeau Center and RI Special Olympics.

On behalf of the Board of Directors of Greenwood Credit Union I want to thank you for your membership and for the opportunity to serve you and your financial needs. I would also like to thank the management and staff of Greenwood Credit Union for their dedication to improving the membership experience at our institution.

Respectfully Submitted,
William Walaska, Chairman of the Board of Directors

Supervisory Committee Report

The Supervisory Committee oversees all aspects of the Credit Union to determine that it is being managed in a safe and sound manner and that members' assets are being adequately protected.

The Committee authorized the annual audit of the Credit Union's financial statements and records for the year ending December 31, 2012. Michael Garvey and Associates, C.P.A. completed the audit, as well as a verification of member accounts. In addition, a number of interim internal audits were completed relating to selected areas of the Credit Union's operations. The Committee reviews the results of these audit reports at their weekly meetings and conducts additional internal audit functions.

A joint examination was completed by the RI Department of Business Regulation and the National Credit Union Administration, indicating that the Credit Union was operating in a safe and sound manner. Management has responded to all recommendations made as a result of the examination.

Respectfully Submitted,
Arnold "Nick" Butziger, Supervisory Committee Chairperson

Treasurer's Report

2012 was another great year for Greenwood Credit Union, providing significant growth through market leading interest rates for our membership, while maintaining superior earnings for the credit union. Our total assets increased by \$31.3 million, from \$327.7 million at December 31, 2011 to \$359 million at December 31, 2012. Total loans to members increased by \$13.9 million, total deposits increased by \$28.5 million, and total investments increased by \$3 million during 2012. Member's equity for 2012 also increased by \$3.3 million for a total of \$32.9 million.

The performance of our balance sheet and our business operations were extremely successful as evidenced by our return on assets for 2012 of 95 basis points, even after the NCUA insurance assessment, which ranked us at the top of our peers in the state of Rhode Island.

Greenwood Credit Union looks forward to continued financial success in 2013 for our membership as well as the institution.

Respectfully Submitted,
John Bamford, Treasurer, Board of Directors

CEO's Report



2012 was an outstanding year for Greenwood Credit Union in spite of a sluggish Rhode Island economy which continues to be headlined by an unemployment rate of close to 10%. Assets grew at a healthy pace of 9.6%, ending the year at a record high of \$359 million. Maybe even more importantly, loans to our members increased by over 6% when many financial institutions saw little or no growth. Earnings continued to be strong with a Return on Assets (ROA) of .95% despite the continued requirement to fund the expense associated with the corporate credit union stabilization fund.

There have been a few bright spots. The real estate market appears to have bottomed out and is beginning a slow but steady recovery. The stock market has rebounded remarkably and consumer confidence is on the rise. Our own internal data has shown improvement, with delinquency rates and repossessions at a five year low. I am also proud to say that we had no foreclosures in 2012.

None of this would have been possible without the cooperative efforts of everyone so thanks to the employees, supervisory committee and board members; your tireless efforts are truly appreciated. And a special thanks to our members who continue to support us in so many ways. Without you there wouldn't be a Greenwood Credit Union.

Besides some of the great financial achievements GCU enjoyed in 2012, we also had additional accomplishments. We have completely revamped our website, adding features and making it much more user friendly. We expanded our loan products by offering "Heat Loans" through National Grid, and mobile home loans. We continued our commitment to our cross selling program, concentrating on product knowledge which we believe will allow all our employees to better serve our members. The major renovation of the branch started late in 2012 is now almost complete, with improvements such as cash recyclers that should also improve our members experience as they visit us.

I would be remiss if I didn't thank two recent retirees, Al Ferri and Jerry Leveille, for their many years of dedicated service. Al was replaced by Holly Pettis and Jerry was replaced by Will Thibodeau. We wish Al and Jerry happiness and health in their retirement.

Again, thanks for your support, and we look forward to another great year.

Respectfully Submitted,
James Irving, President/Chief Executive Officer

Credit Committee Report

During 2012, the Credit Committee reviewed 27,311 loan requests. Of these requests, \$140,567,041 was approved and booked in mortgage loans, consumer loans, commercial loans and lines of credit. As of December 31, 2012, there is \$41,286,498 in business/commercial balances on vehicles, equipment, inventory, real estate and lines of credit.

Overall Greenwood Credit Union outstanding loan balances grew during 2012 by \$13.9 million for a total of \$230.4 million at December 31, 2012.

Respectfully Submitted,
Will Thibodeau, Credit Committee Chairman

Secretary's Report

The Secretary reports that the Board of Directors of Greenwood Credit Union held a total of twelve regular and two special meetings during 2012. The Executive Committee held twelve monthly meetings as well, during 2012. In addition to those meetings, various subcommittees met as needed and/or required during the year and presented reports on those meetings at the subsequent regular Board of Directors meeting.

Respectfully Submitted,
Karen Grande, Secretary, Board of Directors

Statements of Financial Condition

Assets	2012	2011
Cash and cash equivalents	\$3,099,112	\$2,620,386
Interest bearing deposits	17,835,044	6,537,000
Investments	97,873,291	94,927,568
Federal Home Loan Bank Stock	357,900	328,200
Loans to members, net of allowance	228,510,265	212,388,483
Mortgages held for sale		1,688,500
Accrued interest receivable	1,036,644	1,114,218
Property and equipment, net	2,322,221	1,529,246
Foreclosed Automobiles	179,453	169,410
NCUA Deposit Insurance Fund	3,028,820	2,690,114
Other assets	4,790,090	3,741,673
Total Assets	\$359,032,840	\$327,734,798
Liabilities and Members' Equity		
Members' share accounts	\$111,346,769	\$93,066,808
Members' other deposit accounts	214,174,763	203,938,960
Accounts payable	112,499	52,482
Accrued expenses	502,507	1,080,850
Total Liabilities	326,136,538	298,139,100
Members' Equity	32,896,302	29,595,698
Total Liabilities and Members' Equity	\$359,032,840	\$327,734,798

Statements of Operations

	2012	2011
Interest Income		
Interest on loans	\$12,155,063	\$12,570,196
Interest on investments	1,305,150	1,497,874
Total Interest Income	13,460,213	14,068,070
Interest Expense		
Interest Expense	3,285,403	3,479,020
Dividends	787,411	768,437
Total Interest Expense	4,072,814	4,247,457
Net Interest Income	9,387,399	9,820,613
Provision for loan loss	114,659	248,767
Net Interest Income After Provision	9,272,740	9,571,846
Non-Interest Income		
Member service fees	2,423,138	1,959,382
Gain on sale of assets	43,301	31,288
Gain on sale of loans	336,490	29,408
Total Non-Interest Income	2,802,929	2,020,078
Net Income Before Operating Expenses	12,075,669	11,591,924
Operating Expenses		
Compensation and benefits	4,258,838	3,869,259
Operations expense	1,788,381	1,703,465
Occupancy expense	398,176	380,364
Depreciation of fixed assets	308,028	307,175
NCUA assessments	287,738	672,528
Data processing expense	1,220,188	1,159,096
Advertising and promotion	513,716	472,342
Total Operating Expense	8,775,065	8,564,229
Net Income	\$3,300,604	\$3,027,695

We are federally insured by the National Credit Union Administration

