



# 2021 ANNUAL REPORT

 **CENTRAL ONE**  
FEDERAL CREDIT UNION

# MISSION STATEMENT

Central One Federal Credit Union strives to be its members' Primary Financial Institution by providing access to a comprehensive set of financial products and services at an industry-leading level of service quality.

# 2021



## Central One is proud to have received the following awards in 2021:

- Voted one of the Top Three Credit Unions in Central MA-Worcester Telegram & Gazette readers
- Named a Top 50 fastest growing lender by Banker and Tradesman for January-June, 2021
- A 2021 Top Lender in MA-Credit Union by Banker and Tradesman:
  - #9 for Single Family Loans by Volume
  - #10 in Number of Loans
  - #10 in Number of Condo loans
  - Lori Gaskins (#3) and Jillian Hildebrand (#5) named Top Credit Union Loan Originators in Central MA by Banker and Tradesman
  - Lori Gaskins (#3) for Number of Loans
- Feefo Gold Trusted Service Award

# ENHANCEMENTS & NEW PRODUCTS

- Merged with Saint Vincent Hospital Credit Union, acquiring a branch location in Worcester
- Redesigned our credit and debit cards to include contactless technology
- Introduced Signature® Visa Credit Card
- Branch renovations: completed dialogue banking pods in Westborough, Shrewsbury office redesign
- W.F. Financial rebranded to Central One Retirement & Investment Center
- As a member of the Credit Union Partnership with the Worcester Red Sox, we are one of the sponsors of the Plymouth Street Playground within Polar Park

# FROM THE CHAIRMAN

I am pleased to report that 2021 was another very good year for Central One Federal Credit Union.

Our dedicated leadership team and staff continued to meet every challenge presented by the second year of the global pandemic. During this time, we continued to offer our entire slate of world-class member services in a safe and secure environment. Central One also enjoyed strong growth, ending the year with \$734 million in assets.

Earlier this year, President and CEO David A. L'Ecuyer announced that he would be retiring after a long and successful career guiding Central One to its predominant position among area financial institutions.

Dave has been Central One's top executive since 1994. During his 28-year leadership tenure, the credit union's assets have grown seven-fold, and membership has risen from 14,000 to over 35,000. As chief executive, Dave has overseen our transition from a small occupational-based credit union for New England Electric System employees to one of central Massachusetts's largest federal credit unions.

In 1998, Dave led Central One's change to a community-based credit union, paving the way for enhanced products and services and branch expansion in more communities. Today, Central One has modern branches in Shrewsbury, Northborough, Auburn, and Westborough as well as a new state-of-the-art administrative support center in Auburn. Construction is also underway for a modernized branch at a new location within Saint Vincent Hospital in Worcester. Through this expansion, Dave and his team have taken great pride in providing world-class service to members and earned extremely high member satisfaction ratings.

Last year, Dave led a four-fold expansion of Central One's field of membership to 114 Massachusetts cities and towns with a population of almost 2 million. His belief in team-building, training, employee empowerment, and supporting technological

advances has allowed Central One to deliver more services and security to its members, from extensive mobile

and web-based services to shared branching with thousands of other credit unions across the U.S. In addition, in his goal to provide members with a "one-stop-shop" for all their financial service needs, Dave oversaw the launch of Central One Retirement & Investment Center and Oak Tree Insurance Agency.

The Board and I appreciate how Dave has led our credit union for these last 28 years. Thanks to his insightful and collaborative management style, his leadership has been instrumental in allowing this organization to grow and thrive. We are deeply grateful for his years of service and wish him well in his retirement.

Our Board of Directors has embarked on an ongoing nationwide search to find the most qualified internal and external candidate to successfully lead the credit union into the future. Dave's successor will become the third President and CEO in Central One's 70-year history.

I wish to thank my fellow Board and Committee members for their support, cooperation, and direction in the last year. I'd also like to thank the entire staff and leadership of the credit union for their dedication and tireless commitment to member satisfaction. Lastly, and most importantly, I'd like to thank our members who continue to entrust Central One to meet their financial needs.



**ROBERT H. MCLAREN**  
Chairman of the Board

A handwritten signature in black ink that reads "Robert H. McLaren". The signature is fluid and cursive, written on a white background.

**Robert H. McLaren**  
Chairman of the Board

# CUSO<sup>\*</sup> INFO

**3,366** accounts at  
Central One Retirement & Investment  
Center (Formerly W.F. Financial) and  
Oak Tree Insurance Agency

## OAK TREE INSURANCE AGENCY

Added **374 new policies** in 2021. Book of Business increased **3%**

## CENTRAL ONE RETIREMENT & INVESTMENT CENTER

Added **114 new clients** in 2021

Assets under management **\$265 million - up by 12.4%**

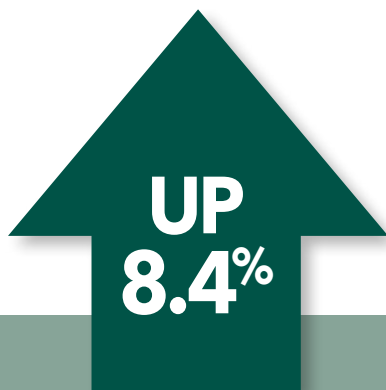
## AUTO ADVISORS

**\$1.9 million** in member vehicle loans.

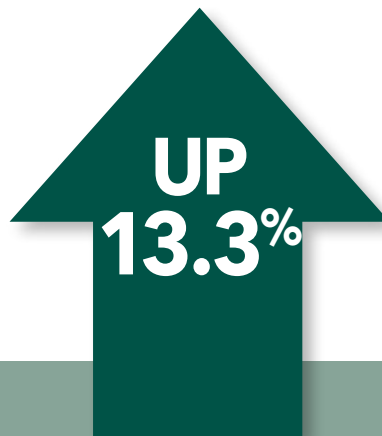
Members saved an average of **\$1,966** per transaction in market  
where 82% of all vehicles sold at or above book value.

Average loan to value ratio: **76%**

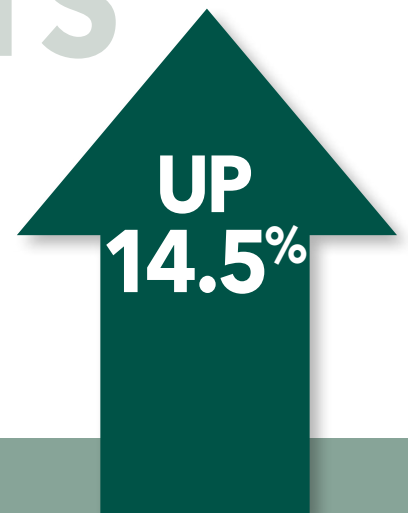
# 2021 LOAN & DEPOSIT HIGHLIGHTS



Member Business Loans



Asset Growth



Deposit Growth

\* Credit Union Service Organizations

# FROM THE PRESIDENT



**DAVID A. L'ECUYER**  
President/CEO

Your credit union had another tremendously successful year in 2021, and I am incredibly proud of our accomplishments. We managed through a worldwide pandemic, performing admirably with financial strength while completing numerous planned and unplanned projects. During this time, the credit union received its highest member satisfaction scores in our 20-plus-year history of surveying the membership.

Your credit union is exceptionally well prepared for its future. The increase in available workstations due to the Main Office renovation (Shrewsbury) and the completed construction of the new Member Support Center on Southbridge Street in Auburn, provides the credit union with space to double its non-retail staff. Additionally, the credit union received approval from the NCUA to expand its Field of Membership (FOM) in Central and Eastern Massachusetts. This approval increased the qualifying towns serviced by Central One from twenty-five to one hundred fourteen. The credit union also invested heavily in new technology to improve member services and provide back-office efficiencies for years to come.

This annual report will be my last, as my expected retirement date is at the end of August 2022. I leave the credit union in very skilled hands. Our professional team, along with our immensely experienced Board, will continue to drive the credit union's success into the future.

I want to personally thank the Board and Committee members, past and present, for their support during my 32-year tenure. I would also like to recognize the staff for their continued drive to succeed; I could not ask for a better, more committed, and driven group.

I thank you all and will never forget my time at Central One.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. L'Ecuyer". The signature is fluid and cursive, written over a white background.

**David A. L'Ecuyer**  
President/CEO

# 2021 BY THE NUMBERS

Central One's goal continues to be a supportive partner to help make your life easier, not only for today, but for the future.

ONLINE LOAN  
APPLICATIONS  
WENT UP

15% ↑

ONLINE DEPOSIT  
APPLICATIONS  
INCREASED

35%

MOBILE DEPOSIT  
USERS INCREASED

9% ↑

SHARED BRANCH  
GUEST TRANSACTIONS

↑ 14%  
INCREASE

MEMBERS USING SHARED  
BRANCH AT  
OTHER LOCATIONS

33% ↑  
INCREASE

ESTATEMENT  
ADOPTION  
INCREASED

16%

3,395

ONLINE CHATS

SUPPORTING SMALL BUSINESSES  
PPP LOANS TO

**316 BUSINESSES**

TOTALLING OVER

**\$11 MILLION**

SINCE PROGRAM LAUNCHED

## Financial Education

Central One's Financial Education  
Online Center available

**24/7**

**3,909** USERS IN 2021

ZOGO Financial Education  
Mobile App

**40,701**

MODULES COMPLETED  
AND

**1115**

APP USERS IN 2021

**4** SHRED DAY EVENTS:  
**15 TONS**  
OF PAPER SHREDDED

# CFO'S LETTER



**JOSEPH D. ROLLO**  
CFO

Despite the challenges of the second year of a global pandemic, Central One Federal Credit Union's financial results reflect stability and strong performance. Central One's total assets increased by 13.3 percent to \$734 million at year's end, up from \$648 million in 2020. On December 31, 2021, total loans were \$532 million, an increase of \$4 million. Central One continued to process and approve Payroll Protection Program Loans in 2021, with 316 loans totaling over \$11 million in funding since the program was launched in 2020 to support local small businesses. The credit union ended the year with \$644 million in share balances, up from \$563 million in 2020, an \$81.6 million or 14.5 percent increase. As a result of the strong deposit growth, cash and investments grew by \$76 million.

The credit union's capital is the foundation for developing growth programs and adding new products and services for our membership. Capital on December 31, 2021, was \$63.1 million. As a result of strong asset growth, the net worth ratio is 8.60 percent, down from 8.87 percent in 2020. The NCUA, our regulator, considers a net worth ratio of 7% or higher to be "well-capitalized".

Central One Federal Credit Union earned \$4.55 million in net income compared to \$3.72 million in 2020. As interest rates remained at historic lows for most of the year, the credit union's net interest margin increased by 2.5%, or \$405,000. As the economy returned to a more normal state, non-interest income climbed by 13.8 percent. With the opening of a new member support center in Auburn, a new branch at Saint Vincent's Hospital because of a merger, and continued improvements to our products and services, operating expenses increased by 5.5 percent. I want to thank the

employees for their dedication and hard work and our members' continued loyalty, which helped us achieve a successful 2021.

Sincerely,

A handwritten signature in black ink that reads "Joseph D. Rollo". The signature is written in a cursive style.

**Joseph D. Rollo**  
CFO

## In 2021:

Total assets grew to  
**\$734 MILLION**

Member savings increased to  
**\$644 MILLION**

Loans to members grew to  
**\$532 MILLION**

# CONSOLIDATED BALANCE SHEETS

Years ended December 31, 2021 and 2020 (In Thousands)

Assets	2021	2020
Cash and due from banks	\$ 73,239	\$ 49,728
Investment securities held to maturity, at cost	67,168	20,151
Investment securities, available for sale	5,271	2,068
Other investments, at cost	13,112	11,160
Deferred compensation plan assets	5,502	5,117
Loans to members, net of allowance of \$1,547 and \$1,273 in 2020 and 2019, respectively	530,334	525,822
Premises and equipment, net	20,770	20,331
Accrued interest receivable	1,553	1,529
Foreclosed real estate	—	176
Prepaid expenses and other assets	9,911	5,749
Stock of the Central Liquidity Facility	1,423	1,226
National Credit Union Share Insurance Fund deposit	5,911	4,972
	<u>\$ 734,194</u>	<u>\$ 648,029</u>
Liabilities and Members' Equity		
Members' share accounts	\$ 644,244	\$ 562,642
Non-member deposits	8,037	8,037
Short term borrowings	—	248
Accrued and other liabilities	2,640	5,701
Long term borrowings	19,199	19,199
	<u>674,120</u>	<u>595,827</u>
Total liabilities		
Members' equity		
Regular reserve	4,982	4,982
Undivided earnings	58,122	52,478
Accumulated other comprehensive loss	(3,030)	(5,258)
	<u>60,074</u>	<u>52,202</u>
Total members' equity	<u>\$ 734,194</u>	<u>\$ 648,029</u>

# CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2021 and 2020 (In Thousands)

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2019	\$ 4,982	\$ 48,756	\$ (3,449)	\$ 50,289
Comprehensive income (loss)	—	3,722	(1,809)	1,813
Balance, December 31, 2020	4,982	52,478	(5,258)	52,202
Equity acquired in business combination	—	1,091	—	1,091
Comprehensive income (loss)	—	4,553	2,228	6,781
Balance, December 31, 2021	\$ 4,982	\$ 58,122	\$ (3,030)	\$ 60,074



# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years ended December 31, 2021 and 2020 (In Thousands)

	<u>2021</u>	<u>2020</u>
Interest income		
Loans	\$ 19,059	\$ 20,250
Investment securities	651	538
Interest-bearing deposits	<u>145</u>	<u>192</u>
Total interest income	<u>19,855</u>	<u>20,980</u>
Dividend and interest expense		
Members' share accounts	2,820	4,201
Borrowings	<u>476</u>	<u>625</u>
Total dividend and interest expense	<u>3,296</u>	<u>4,826</u>
Net interest income	16,559	16,154
Provision for possible loan losses	<u>30</u>	<u>605</u>
Net interest income after provision for possible loan losses	<u>16,529</u>	<u>15,549</u>
Non-interest income		
Customer service fees and commissions	2,356	1,714
Credit and debit card income	2,118	1,748
Loan and servicing fees	1,691	1,960
Unrealized gain on deferred compensation plan assets	385	525
Realized gain on sale of foreclosed real estate	172	—
Other income	<u>135</u>	<u>78</u>
Total non-interest income	<u>6,857</u>	<u>6,025</u>
Non-interest expenses		
Compensation and employee benefits	11,647	11,724
Occupancy costs	1,146	743
Operating expenses	<u>6,040</u>	<u>5,385</u>
Total non-interest expenses	<u>18,833</u>	<u>17,852</u>
Net income	4,553	3,722
Other comprehensive income (loss)		
Net adjustments pertaining to defined benefit and other post employment benefit plans	2,296	(1,795)
Net unrealized losses on investment securities, available for sale	<u>(68)</u>	<u>(14)</u>
Comprehensive income	<u>\$ 6,781</u>	<u>\$ 1,913</u>

Notes to Consolidated Financial Statements: (as of December 31, 2021)

The accounting firm Bollus Lynch LLP conducted the audit of our consolidated financial statements.

The complete disclosure and footnotes are available at the Credit Union upon request.

# BOARD OF DIRECTORS



Robert H. McLaren,  
Chairman  
Term Expires 2024



Anthony C. Pini,  
Vice Chairman  
Term Expires 2023



Jeffrey M. Pond,  
Secretary/Treasurer  
Term Expires 2023



Christine A. Baril  
Term Expires 2022



Stephen Caravella  
Term Expires 2023



Deborah J. Drew  
Term Expires 2022



Charles M. Giacoppe  
Term Expires 2024



Michael T. Gregory  
Term Expires 2024



Thomas J. McCarthy  
Term Expires 2022

## ASSOCIATE DIRECTORS



Elizabeth Hamilton  
Appointed 2021



Scott McCarthy  
Appointed 2021



Gregory J. O'Connor  
Appointed 2003

# COMMITTEES 2021-2022

**The Personnel Committee** oversees the staff and VP goals programs, pay scale grades and the CEO's performance and compensation.

With the announcement of David L'Ecuyer's impending retirement later this year, the Personnel Committee has engaged the recruiting firm of D. Hilton to conduct a thorough search to identify the most qualified leader to fill the role of President/CEO. The Committee's search focuses on a candidate who understands our members and the communities we serve. It is essential that we select a leader for this critical role who will ensure employee engagement, member satisfaction, and the continuation of growth with industry-leading products and services that Mr. L'Ecuyer has prescribed over his 32-year tenure.

Christine A. Baril, Chairperson, Charles M. Giacoppe, Jeffrey M. Pond

**The Executive Committee** is the leadership of the Credit Union's Board of Directors, consisting of the Board officers.

Robert H. McLaren, Chairperson, Anthony C. Pini, Vice Chairperson, Jeffrey M. Pond, Secretary

**The Asset Liability Management Committee** is responsible for the review and analysis of the interest rate risk and liquidity risk in the balance sheet.

Joseph D. Rollo, Chairperson, Stephen G. Caravella, Jeffrey A. Dunn, Charles M. Giacoppe, Michael T. Gregory, David A. L'Ecuyer, David V. Kaiser, Thomas J. McCarthy

**The Member Business Loan Committee** is responsible for establishing member business loan policy, as well as reviewing and approving large member borrowing relationships.

Anthony C. Pini, Chairperson  
David A. L'Ecuyer, Vice Chairperson  
Joseph D. Rollo, Secretary  
Jeffrey A. Dunn, Michael T. Gregory, Michael T. Murphy

### Election Committee

Anthony C. Pini, Chairperson, Stephen G. Caravella, Gregory J. O'Connor

### Nominating Committee

Jeffrey M. Pond, Chairperson, Charles M. Giacoppe, Michael T. Gregory

### Security Officer

Jill A. Rogers

### IT Steering Committee

Neal R. Reardon, Chairperson, Ryan A. Angelo, Jeffrey A. Dunn, Deborah J. Drew, David V. Kaiser, David A. L'Ecuyer, Joseph D. Rollo, Thomas J. McCarthy, Karen E. Mills

# COMMITTEEREPORTS

## THE SUPERVISORY COMMITTEE

is the members' link to their Credit Union. The Committee plays a critical role in helping to safeguard the Credit Union's assets by ensuring adherence to established internal controls, an ongoing examination of accounting records, and loan documentation.

Additionally, the Committee is involved in evaluating and reviewing policies and procedures in terms of their effect on the quality of services and safety of the members' funds. The member satisfaction survey has been an excellent source by which we measure your satisfaction. Whether critical or complimentary, we can make improvements and provide better service based on your comments to these surveys. Our 2021 survey results showed over 98% member satisfaction.

The Supervisory Committee is also responsible for the annual audit. The annual audit has certified that Central One Federal Credit Union conforms to generally accepted accounting principles. In addition, the management letter that was issued disclosed no material weaknesses or reportable

conditions in the internal controls.

As an organization, we also engage the services of Wipfli, LLP to perform quarterly internal control audits of our operations to ensure that the Credit Union complies with federal rules and regulations regarding credit unions and our internal policies and procedures.

The Committee wishes to thank the Board of Directors, Management, Staff, and most importantly, the Members for their support, ensuring your Credit Union's continued success.

Respectfully submitted,  
Gregory J. O'Connor, Chairperson

**Supervisory Committee:** Gregory J. O'Connor, Chairperson, Christine A. Baril, Diane L. Collins, Elaine M. Racine



Diane L. Collins



Elaine M. Racine

## THE PLANNING COMMITTEE

provides management assistance and direction in facilities improvements, branch expansion, and periodic charter review.

As mentioned elsewhere in this annual report, in 2021, we completed the merger with the Saint Vincent Hospital Credit Union. As part of the merger process, we are relocating the branch in the hospital to a much more accessible area, near the food and gift shop. At such time, hospital members and any member of Central One will be able to use the newly relocated branch.

As we have mentioned in prior years, we are continually looking for appropriate new branch sites. Well, in 2021, we found a great location in Milford. We are acquiring the site

and remodeling the existing structure with a 2023 planned opening.

Your Planning Committee Members, Deborah Drew, Jeffrey Pond, and I will continue to provide you, our members, with the very best service for your current and future financial needs. But, most importantly, we thank you for your steadfast support in the continued success of Central One Federal Credit Union.

Respectfully submitted,  
Anthony C. Pini, Chairperson

**Planning Committee:** Anthony C. Pini, Chairperson  
Deborah J. Drew, Jeffrey M. Pond

# OURTEAM

## MANAGEMENT

President/CEO, David A. L'Ecuyer  
Chief Financial Officer, Joseph D. Rollo  
SVP of Lending, Jeffrey A. Dunn  
SVP of Operations & Information Systems, Karen E. Mills  
SVP of Retail Services, David V. Kaiser  
VP of Commercial Lending, Michael T. Murphy  
VP of Information Systems & Technology, Neal R. Reardon  
VP of Human Resources, Kerry R. Crutchley  
AVP of Administration and Training, Kathryn E. Shaw  
AVP of Member Support, Christine Bates  
AVP of Retail Services, Owen J. Russell  
Director of Card Services, Eva M. Polymeros  
Director of Consumer Lending, Kellie A. Drew

Director of Facilities, William P. Hamilton  
Director of Residential Mortgages, Deborah J. Cormier  
Accounting Manager, Vanessa Marchand  
Compliance Manager and Security Officer, Jill A. Rogers  
Data Operations Manager, Mandy L. Burke  
Electronic Services Manager, Jen A. Ogle  
IT Project Manager, John A. LeBlanc  
Marketing Manager, Susanne R. Drugge  
Senior Network/Server Manager, Ryan A. Angelo  
Project Manager, Sandra H. Dunay  
System Support Manager, Charles A. Frail

## BRANCH MANAGERS

Auburn & Worcester, Bryan C. Stockhaus  
Northborough, Heather L. Forchilli  
Shrewsbury, Owen J. Russell  
Westborough, Barbara Sharma



*We're not a bank. We're better!*

**800-527-1017 | [centralfcu.com](http://centralfcu.com)**

Auburn | Northborough | Shrewsbury | Westborough | Worcester

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