



LIBERTY BAY
CREDIT UNION

2020 ANNUAL REPORT

Dedicated to our membership and to our community as we work together to overcome the obstacles of our new day-to-day.



Values That Drive Us

Members First

Uncommon Courtesy is predicated on the impact of how Liberty Bay goes the extra mile to help our members succeed. From offering financial education to using technology to make banking more convenient, to taking the time to know them by name, we believe in putting members first and creating exceptional experiences.

Do The Right Thing

In every decision we make we ask ourselves: “Is it the right thing for our members?” In our actions, we aim to build better banking relationships, to make personal loans more personal, and home mortgages more manageable.

Make a Difference

To be uncommonly courteous is to recognize that the little things are a big deal. To know the impact a friendly “hello” or a helping hand can have on a person’s life. Uncommon Courtesy means treating others as you would like to be treated. It’s a simple idea, and it’s at the heart of how we do business.

2020 Highlights



New Website

92,864 users

visited since July launch



FA\$Ttrack

14,798 users

in 2020



Home Loans

356 loans totaling
\$121,796,402



Vehicle Loans

691 loans totaling
\$19,481,865.28



Personal Loans

506 loans totaling
\$3,465,199.36



A MESSAGE FROM the Chairman of the Board



"ON BEHALF OF THE BOARD
OF DIRECTORS, I WISH YOU
CONTINUED HEALTH AND
PROSPERITY. I ALSO WISH TO
THANK THE EMPLOYEES OF
LIBERTY BAY FOR THEIR HARD
WORK AND DEDICATION, WHICH
IS WHAT MAKES THIS SUCH A
SPECIAL PLACE."

On behalf of the Liberty Bay Credit Union Board of Directors, I am pleased to present the 2020 Annual Report. 2020 is a year that will not soon be forgotten. Everyone, everywhere, was affected by the coronavirus and the impact it had on our economy, our political landscape and how we conduct our lives.

The number of people who lost their lives to this virus is hard to fathom, and the restrictions in place around gatherings and funeral services made it especially hard for those who have lost loved ones, whatever the cause. At Liberty Bay, several employees lost loved ones in the past year – not due to COVID in most cases – and we are very sorry for their losses. As a Board, we were not immune, and bade farewell last fall to Board member Dennis Siracusa whom we sorely miss. Each of our Board Meetings begins with a moment of silence in honor of our members and friends who have lost their lives or who are ill. In 2020 this practice seemed especially poignant.

Despite the difficulties of the past year, there were several bright spots. Before the outbreak, we had participated in the New England Boat show, which resulted in new boat loans. I imagine those members were fortunate in having an outlet for the stir-craziness caused by the lockdown! As an organization we demonstrated a high level of adaptability and responsiveness. We tailored our operations to best respond to the crisis and reduce the risk of Covid-19 exposure to our employees and members. We launched a new website in the summer, as well as an Uncommon Courtesy video featuring some faces that might have been familiar to you. Uncommon Courtesy may have been even more timely given the negativity and tension that was in great supply last year.

It is my hope that before long we will have returned to conducting our Board and Committee meetings in Braintree and that in 2022 we will be hosting you in person at the Annual Meeting. While video conferencing enables us to work together, it doesn't replace sitting in the same room.

Until then, on behalf of the Board of Directors, I wish you continued health and prosperity. I also wish to thank the employees of Liberty Bay for their hard work and dedication, which is what makes this such a special place. Congratulations to the management team and to all employees for having such strong financial results during such troubling times.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward R. Foley". The signature is fluid and cursive.

Edward R. Foley
Chairman of the Board

A MESSAGE FROM the President & CEO

I never imagined that my first full year in the CEO position would be during a global pandemic. When it struck, our strategic objectives became crystal clear: keeping our staff and members safe, meeting member needs and following prudent asset liability management practices to weather the storm.

Protecting our staff and members was job one. We were among the first credit unions in the area to shift branch operations to drive up and interactive teller machine only service. This decision was clearly the correct one to reduce the likelihood of virus transmission between the branch staff and the membership. We also quickly ramped up our capabilities for remote work, resulting in more than 80% of our staff being equipped to work from home. We consistently monitor the statistics produced by the State to determine when the branches can be open for business, or should be offering reduced, appointment-only service. Our prior technology investments, such as ITMs, mobile banking and VPN access for remote work, were extremely important success factors. Member adoption of non-branch channels vastly increased during the first surge as COVID-19 acted as a de facto marketing campaign for these offerings.

While we worked to ensure the safety of employees and members, we were also keenly aware of the financial impacts of COVID-19 on our membership. We were quick to provide PPP lending to our small business members, created mechanisms to support members dealing with hardships and, when COVID-19 caused interest rates to fall, we processed a record number of mortgages and refinances.

Our Asset and Liability Management philosophy adjusted to the changing times as well. When it made sense to do so, we sold mortgages on the secondary market, and repaid borrowings. While both activities act to reduce the assets on our balance sheet, we still completed the year above the \$700 million mark. Working against headwinds caused by record low interest rates, margin compression and the need to make significant provisions against potential future loan losses, LBCU had a fantastic year, earning \$1.3 million.

Looking back, I realize that we were well poised to handle what 2020 threw at us. Liberty Bay Credit Union employees are resilient and dedicated to our members. The management team is highly experienced and works well together. The Board of Directors remained highly engaged, albeit through remote meetings and phone calls. And our members, to whom I am most grateful, understood and appreciated the steps we took and remained loyal owner-partners.

I look forward to seeing where 2021 takes us all. Thank you.

Sincerely,



M. Lyndon Matteson
President & Chief Executive Officer



"LOOKING BACK, I REALIZE
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Helping Our Members Through The Pandemic

When tasked with executing a strategy that ensured the safety of our employees and our members while still providing exceptional service, our team implemented a series of comprehensive operational and safety measures that allowed our focus to remain on guiding our members through this time of financial uncertainty. These measures included:



Offering special relief options to help our members who may be adversely impacted by an interruption of income or other financial burden, by waiving penalties and fees.



Assisting our business members in applying for and securing Paycheck Protection Program (PPP) loans.



Providing our members with mortgage and home equity relief options.



Emphasizing transaction methods that required minimal to no contact, like our Online + Mobile Banking features, ATMS, drive-thru services, as well as our Member Service Center.



Offering a Skip a Payment program for several of our loan products.



Increasing and enhancing cleaning and sanitation procedures.



Utilizing masks, shields and protective barriers between members and employees.



Practicing all social distancing requirements as recommended by the Centers for Disease Control.



Liberty Bay remained dedicated to our membership and to our community as we worked together to overcome the obstacles of our new day-to-day.

Service Matters

Liberty Bay Credit Union remains committed to improving our members' digital experience, developing and implementing new tools and resources for members to conduct seamless online banking transactions. In 2020 the Credit Union launched a redesigned website, focused on providing an exceptional member experience using a cohesive data-driven, journey-based approach to create a more intuitive and faster site.



Throughout the year, the Credit Union has continued to update and launch security measures designed to protect members' data and private information. The Credit Union uses a variety of tools to keep members informed of potential security risks, such as SMS phishing scams, and other potentially vulnerable spots. The Fraud & Security Center and The Beacon Brief blog are great resources for members looking to learn how to keep their data safe. Our blog goes beyond security information. It also includes articles relevant to LBCU, including buying a home or a car, along with tips, insights, and guides to empower our members' lives with informed financial decisions. Stay up-to-date by visiting lbcu.org/beacon-brief and lbcu.org/security-center.



Throughout 2020, Liberty Bay used our social media profiles to engage with our members and keep them informed of any changes or service interruptions that affected members due to COVID-19. We saw a marked growth of followers and engagement in each of our social media sites during 2020, and our team appreciates being able to connect with our members through these channels. The Credit Union looks forward to increasing our engagement and providing our members with relevant information on these sites moving forward.

Technology Matters

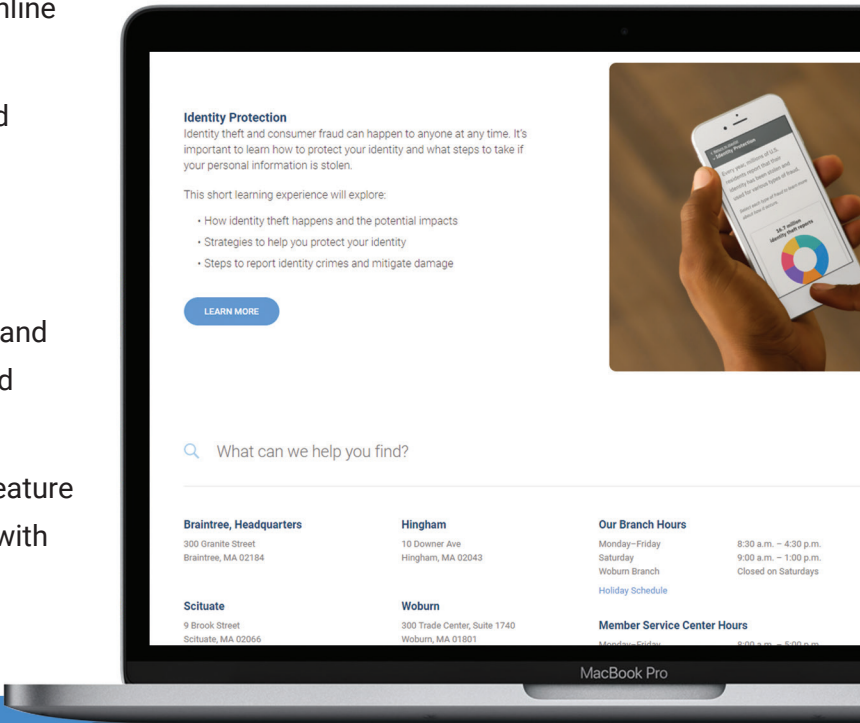
Liberty Bay strives to make banking remotely simpler and more reliable, while helping our members do more with their money.

New Website

We launched a completely new website to better serve our members. The improved navigation, seamless design, and helpful resources make it easier to learn about our products and services, access logins, and find useful information. The all-new website highlights our commitment to helping members along their financial journey through providing member service that goes beyond the expected.

- Launched in July 2020 to improve members’ online digital experience
- Responsive design across multiple devices and browsers to deliver a state-of-the-art digital experience for both desktop and mobile.
- Easy to navigate with robust functionality
- The Beacon Brief blog publishes tips, insights, and guides to empower members to make informed financial decisions.
- Live Chat is a secure online instant message feature that allows visitors to lbcu.org to chat directly with one of our Member Services representatives

	2020	2019
Online Banking Logins	10,806	10,453
Mobile Deposit Users	2,535	2,032
e-Statement Users	10,186	8,906



Digital Banking Enhancements

- Mobile Mortgage Application
- Mobile Chat and Email
- Mobile Money Management
- Mobile Skip a Pay
- QuickPay for easy loan payments
- Mobile deposit auto-enroll for all new members



Community
MATTERS

ORGANIZATIONS WE SUPPORTED

Braintree Firefighters

Braintree High School Credit for Life

Braintree Irish Festival

Charlotte's Run

DOVE

Father Bill's and Mainspring

Hingham Credit for Life

Scituate N.O.S.H

Interfaith Social

KANE USA

Marge Crispin Center Toy Drive

Marisa's Mission

Old Colony Hospice

Old Colony YMCA

Toys for Tots

COVID-19 didn't stop Liberty Bay from giving back to the community. In addition to awarding \$11,500 in scholarships to students, we donated over \$25,000 to local organizations whose purpose aligns with our three pillars of stewardship.

EDUCATE

Engage in activities that promote and improve financial inclusion and financial literacy.

EMPOWER

Work to foster leadership, provide access to education, and build stability and social prosperity.

ENRICH

Work to reduce inequities by providing personal guidance and activities that help ensure all people have the resources to thrive.

Liberty Bay focuses every day on giving back to our neighbors, and that focus grew stronger as the need grew greater during COVID-19. To assist with the huge increase in demand in 2020, we donated to food banks and pantries all over Eastern Massachusetts.

- Wellspring Multiservice Pantry
- Woburn Council of Social Concern
- Marshfield Food Pantry
- The Weymouth Food Pantry
- Braintree Community Food Pantry
- Marge Crispin Center
- Plymouth Area Coalition for the Homeless
- Germantown Neighborhood Center Food Pantry

Performance Matters

BALANCE SHEETS

Years Ended December 31,
(IN THOUSANDS)

	2020	2019
ASSETS		
Cash & Cash Due from Banks	\$ 38,297	\$ 29,995
Investments	172,244	160,490
Loans, Gross	466,025	454,487
Less: Allowance for Loan Losses	(3,601)	(2,635)
Loans, Net of Allowance for Loan Losses	462,424	451,852
Other Assets	28,167	27,527
TOTAL ASSETS	\$ 701,132	\$ 669,864
LIABILITIES		
Member Shares	\$ 373,513	\$ 323,409
Member Term Shares	156,532	158,527
Borrowings	60,000	81,000
Other Liabilities	4,200	4,454
Total Liabilities	594,245	567,390
EQUITY		
Regular Reserves	12,891	12,891
Undivided Earnings	91,249	89,917
Accumulated Other		
Comprehensive Income (Loss)	2,747	(334)
Total Equity	106,887	102,474
TOTAL LIABILITIES & EQUITY	\$ 701,132	\$ 669,864

STATEMENTS OF INCOME & EXPENSES

Years Ended December 31,
(IN THOUSANDS)

	2020	2019
Interest Income on Loans	\$ 18,355	\$ 20,048
Interest Income on Investments	2,905	3,757
Total Interest Income	21,260	23,805
Dividends on Shares	2,958	3,182
Interest on Borrowings	593	2,190
Total Interest Expense	3,551	5,372
Net Interest Income	17,709	18,433
Provision for Loan Losses	1,610	954
Net Interest Income, after Provision	16,099	17,479
Fee Income	1,278	1,399
Other Operating Income	2,366	2,403
Net Gain (Loss) on Sales of Assets	434	490
Net Gain (Loss) on Repossessed Assets	2	(25)
Total Non-interest Income	4,080	4,267
Employee Compensation	11,008	11,434
Office Occupancy & Operations	4,305	4,636
Professional & Outside Services	1,172	2,017
All Other Operating	2,362	2,600
Total Non-interest Expense	18,847	20,687
NET INCOME	\$ 1,332	\$ 1,059

Unaudited interim financial statements for the twelve months ended December 31, 2020 and December 31, 2019



LEADERSHIP



Lyn Matteson
*President &
Chief Executive Officer*



Kathy Peila
*Senior Vice President,
Chief Administrative Officer*



Fred Williams
*Senior Vice President,
Chief Financial Officer*



John Parillo
*Senior Executive Vice President
& Chief Operating Officer*



George Kelly
*Senior Vice President,
Chief Strategy Officer*



Paul Gravellese
*Senior Vice President,
Senior Lending Officer*

BOARD OF DIRECTORS

Edward R. Foley
Chairman of the Board

Edward McColgan
Vice Chairman

Peter S. Lincoln
Second Vice Chairman

Gerard L. Burn
Treasurer

Robert B. Foley, Jr.
Chairman of Audit Committee

Thomas J. Flynn
Chairman of Investment Committee

Gerard L. Burn
Chairman of Credit Committee

Sean Cashman
Clerk

Patrick J. Foley
Director

Stephen Kelley
Director

Eugene Leahy
Director

Michael F. McCarthy
Director

Robert Mitchell
Director

William Murphy
Director

Uncommon Courtesy

We stand for small gestures. For holding doors for others. And smiling at strangers. We believe in not-so-random acts of kindness. And a daily dose of doing good.

We hail helpful hands and fight for friendliness. We believe in better banking relationships. In making personal loans more personal. And home mortgages more manageable.

We believe in providing financial education for all, and an enhanced member experience. We believe financial peace of mind leads to a better life. And better lives lead to better communities.

We are Liberty Bay Credit Union. And we believe in Uncommon Courtesy.



LIBERTY BAY
CREDIT UNION

300 Granite Street
Braintree, MA 02184
617-439-6500

www.lbcu.org

 EQUAL HOUSING LENDER  MEMBER  MEMBER FDIC