

2015

ANNUAL REPORT

Better, Not Bigger Banking[®]



HR*CU*
HOLY ROSARY CREDIT UNION

President's Message

I can't thank the staff and members enough for a remarkable 2015. We broke ground on our new Brock Street lobby redesign and expansion in July. Though challenging, our staff managed to move all of our lobby business into our operations center and members quickly got used to using our temporary space. Throughout the renovation and despite the inconveniences, everyone pulled together to make it work. I was so proud to see the smiling faces and experience the positive attitudes from our staff (the hallmark of our service here at HRCU), even at the most trying of times. Our members were also very gracious and patient, though we had a rather tight space for doing business and parking was cut in half.



Brian F. Hughes
President & CEO

On February 1, 2016, the doors to our new lobby opened - welcome to the new HRCU! Members have been very happy with both our new look and the new way we serve them. We are pleased to present you a much more personal way to bank. Over the years, we have seen many barriers between customers and money - starting first with walls, and then the iron bars of the wild west. Even into the 21st century, many financial institutions carried on with this concept, sporting yards of thick glass and troughs for passing paper and money back and forth. Ever-changing times have allowed us to shorten waits, remove barriers and reconnect person-to-person. In our minds here at HRCU, this is the way banking should be – a quality, personal experience each and every time you walk through our doors.

Through all the changes, and as always, we still remember that no two of our members are the same. We love the fact that you are as unique as we are! HRCU is not a one-size-fits-all institution - we work hard every day to understand your individual situation so we are ready to help when you want to learn the ins and outs of a home mortgage or how to buy your first car. You can also depend on us to bring you face-to-face with partners like Bernier Insurance and Northeast Planning, who assist us in making sure that you are financially well protected, both now and in the future. Our staff and volunteers' number one task is to help our members, friends and neighbors achieve their financial goals.

We are striving to make every experience you have with us excellent and the best we can possibly give you. Whether you want to come in to cash a check, make a deposit using your smartphone, or need some advice on your retirement - we stand ready to help you. This is what sets HRCU apart, and more importantly what our mission is. In 2015, with a collaborative effort between our Board of Directors and members of the management team, we took the time to carefully define what "serving our members" means. Not only are we a not-for-profit financial institution, we also put our values into practice every day by doing what is right for the member first and foremost. We take great pride in that, and it is what makes HRCU unique!

Every day, we strive to demonstrate compassion, embrace innovation, remain flexible and provide exceptional service. All of us here at HRCU continually work within this premise – you can see it from the moment you walk through our doors, call us on the phone, email us, or send us a message on Facebook. You always hear from a real person who cares and values you as a member.

We also continue our tradition of being a local, community-focused organization. In 2015, we were so happy to be able to donate over \$50,000 to local community organizations and charities. With the help of many involved members, volunteers and staff, \$11,000 was fund raised by the HRCU Crusaders - our Relay For Life team helping the American Cancer Society fight cancer. We awarded over \$9,000 of college scholarships in 2015 – which brings the total amount of awarded scholarships over the years close to \$180,000. We are very proud to support so many of our young, college-bound members!

I am pleased to report that 2015 was an exceptional year for HRCU financially. Asset, loan and share growth all continue to perform exceptionally well, as you can see from our financial report on pages four and five. Our portfolios are also nicely diversified, which illustrates our institution's stable yet steady growth path over the years. We are very excited for 2016 - you will continue to see us providing new technology, improving our facilities, and educating our younger members in financial literacy – all while helping each of our members to the utmost of our ability, day in and day out.

A handwritten signature in black ink, appearing to read "Brian F. Hughes". The signature is fluid and cursive.

Brian F. Hughes
President & CEO

What was new in 2015

- New Location for Shred Day
- New Auto Promotions
- Vacation Home Financing
- Start of Brock St. Remodeling
- Staff Training Event
- Mobile App Fingerprint Log In

Spreading Our Wings

As 2015 began, we started putting last year's operational improvements to work and also tested many new ideas.

Our most popular membership event, Shred Day, moved to a new location at our Spaulding High School branch. We had much more space to work with and a day that went off without a hitch thanks to the new location, good planning and a great staff effort! We would especially like to thank Spaulding High School for helping us re-locate the event to our SHS branch, and for letting us do it there again in 2016.



It was rather chilly, but we still brought in over 190 members to Shred Day!

New Auto Promotions

We offered two extremely popular auto promotions last year: Refi Rewards and our Beep! Beep! 0.99% Auto Loans. We made a lot of existing members happy, and both promotions helped us pick up new members too.

Refi Rewards gave cash rewards for refinancing an auto with us, and was our first exercise in using our core computing system data to target marketing efforts. Turns out, it was pretty unique for our core service provider too - they wrote a case study about the success of our promotion, and have even nominated it for a CUNA Diamond Award!



Our Beep! Beep! promotion had a great rate as its cornerstone. But even better, it wasn't just for new cars - it offered as low as a 0.99% rate for refinances! Since that kind of refinance rate is so rare, our consumer lending department quickly found themselves with a surge of applications, which they turned in record time and really showed the value of our prior streamlining efforts. In just one month with this promotion, we made over \$2.4 million of new auto loans, and got a nice group of new members too!

Vacation Home Financing

2015 saw the launch of a major addition to our real estate lending products: Vacation Home Financing. We now offer fixed and adjustable rate loans for both year-round and seasonal vacation homes! Given the large number of seasonal properties within our state and the limited financing options available for them, we expect to see steady growth in this portion of our Real Estate portfolio.

Brock Street Lobby Remodeling

Summer found us beginning construction and moving business to the Operations side of the building. We thank you for your patience, and a big thanks goes out to our front-line staff who were as cheerful and welcoming as normal through the whole event. You will still see some finishing touches being added inside and out as spring comes around, but we are pleased to report we have had an overwhelmingly positive response from our members. We're so glad you love our new space!

Staff Training Event

We held a special staff training event in November for all staff members with John Thomas of the Jack Henry Company. During the first day, he performed an assessment of our lobby traffic and interactions, and observed our back office environment. In the afternoon, he worked with all our managers to develop their individual working personality profiles. An all-staff day followed on Veteran's Day, and went through branding training plus a complete "Improving Customer Service, Inside and Out" session with John. Our staff found it enlightening and very useful!



John Thomas bringing the best in customer service practices to all our staff

Mobile App Fingerprint Log In

We closed out the year by giving all our mobile banking members a new feature - fingerprint log in for our mobile banking application. It's very slick - no more having to try to type your password correctly on your phone or tablet. Give it a try if you haven't yet, we think you will really like it!

What's coming in 2016

- Two CU 4 Reality Events
- Deposit Enabled ATM at Brock St.
- Personal Line of Credit
- EMV Chip Credit & Debit Cards

STATEMENT OF FINANCIAL CONDITION

(As of December 31, 2015)

ASSETS	2015	2014
Loans to Members	\$ 163,533,538	\$ 152,080,070
Less: Allowance for Loan Losses	(797,690)	(858,042)
Net Loans to Members	\$ 162,735,848	\$ 151,222,028
Cash & Equivalents	9,909,816	5,051,269
Investments	36,320,297	42,062,720
Fixed Assets	5,591,204	4,573,844
Accrued Loan Interest	787,784	872,487
Other Assets	6,711,019	1,282,644
NCUSIF Deposit	1,898,352	1,798,538
Total Assets	\$ 223,954,320	\$ 206,863,530

LIABILITIES & EQUITY

Member Shares	199,833,970	188,142,314
Notes Payable	3,000,000	2,500,000
Other Liabilities	671,973	(2,363,862)
Regular Reserves	2,125,672	2,125,672
Undivided Earnings	18,325,529	16,471,653
Unrealized Gain (Loss) on AFS Investments	(2,824)	(12,247)
Total Liabilities & Equity	\$ 223,954,320	\$ 206,863,530

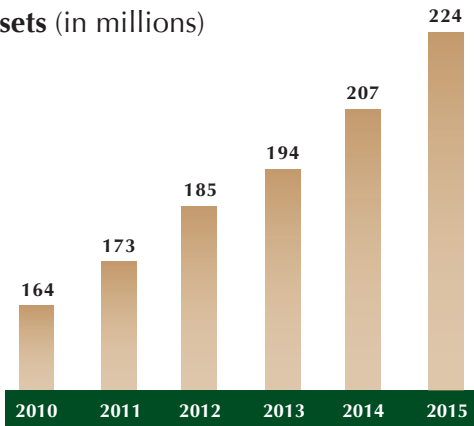
STATEMENT OF INCOME

(Year-to-Date)

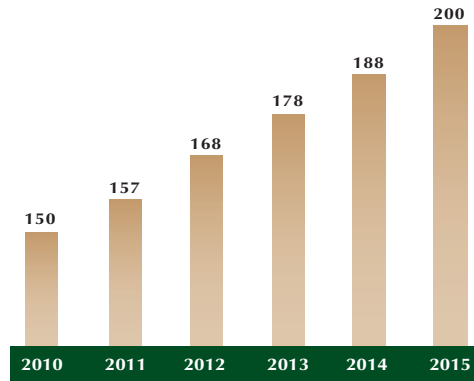
INCOME	2015	2014
Interest on Loans	\$ 7,840,745	\$ 7,377,168
Interest on Investments	337,671	336,216
Other Income	2,867,985	2,695,656
Total Operating Income	\$ 11,046,401	\$ 10,409,040
LESS		
Compensation and Benefits	3,908,992	3,676,559
Other Operating Expenses	4,089,724	3,797,208
Total Operating Expenses	\$ 7,998,716	\$ 7,473,767
Dividends and Interest Expense	983,443	978,115
Provision for Loan Losses	436,143	629,000
NCUA Assessments	—	—
Non-Operating Gains (Losses)	225,776	8,484
Net Contribution to Capital	\$ 1,853,875	\$ 1,336,642



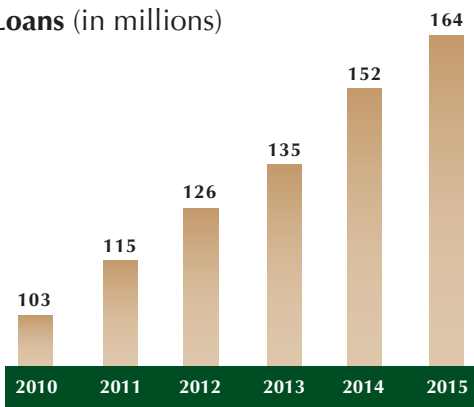
Assets (in millions)



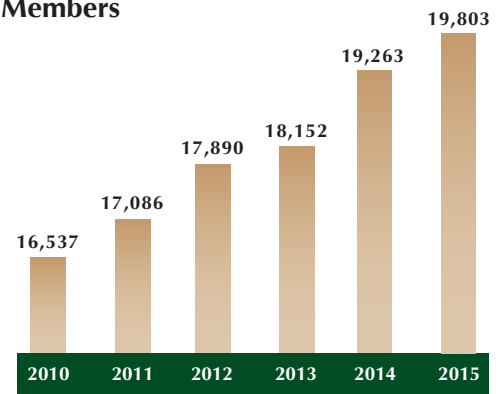
Deposits (in millions)



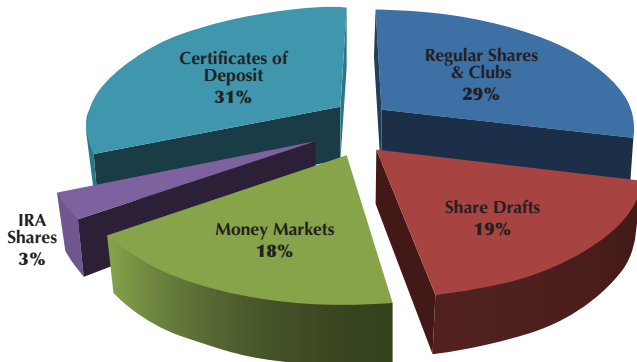
Loans (in millions)



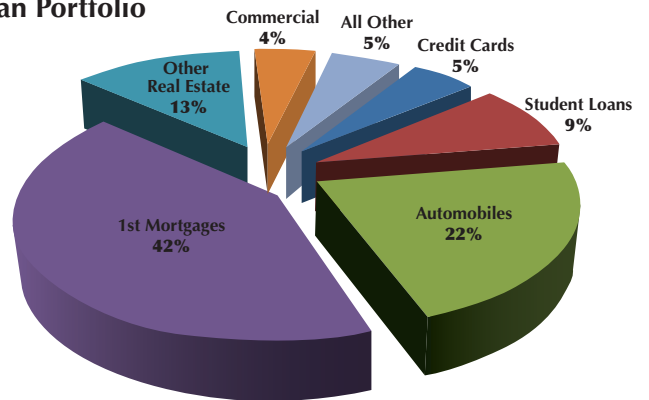
Members



Deposit Composition



Loan Portfolio



2015 Employee Award Winners

President's Award



Megan Cote
Asst. Branch Manager,
Farmington

Difference Makers



Bill Shields
Maintenance Supervisor

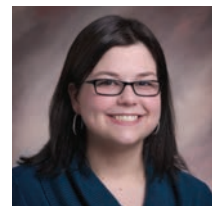


Debbie Smith
Senior Loan Officer



Jason Lawrence
Northeast Planning
Associates

CCUA Rising Star Award



Kristy Methot
Asst. Vice President,
Financial Services

2015 Christmas Caring Campaign

We had such a tremendous response to our Christmas Caring Campaign in 2014 that we wanted to do it again 2015! Once again, we did a lot of legwork to identify local organizations with high levels of need who provide services making a significant impact within our community. This year, we expanded our giving to three more organizations, and were even able to include a group working with the opioid epidemic that is pervading our area - you can find out more about them below.



Barrington Community Food Pantry



Christmas for the Elderly

Our staff and volunteers started the series of gift deliveries to each organization beginning in early December and continued up to the week before Christmas. We spent time with people from each organization learning how they put our gifts to work, and our recipients were thrilled to share their missions, show us their pantries, and tell us how they make sure they serve the neediest in our communities. We gave a total of \$25,000 in monetary donations and physical items to organizations in 6 of our local communities this year!

Like last year, we highlighted all of our visits in a coordinated series of press releases that were designed to bring to light what our donations meant to each organization, to inspire others in our community to also give during the holiday season. Spreading the word went very well this time around - to our surprise we even got a call from the Credit Union League of the Dakotas recognizing us for our work!

Our giving has clearly had a real, tangible impact to these organizations. We really appreciate the support of our members who enable us to help others - together we are making a huge difference in the lives of the less fortunate in our community.

Our Christmas Caring Campaign recipients this year were:



CAP of Stafford County

- The Community Food Pantry, Somersworth**
- Interfaith Food Pantry, Farmington**
- Christmas for the Elderly, Rochester**
- On Belay, Newmarket**
- Dover Police Charities**
- Seymour Osman Community Center, Dover**
- Barrington Community Food Pantry**
- Hope on Haven Hill, Rochester**
- Friends of Hyder House Family Hospice, Dover**
- Seeds of Faith, Somersworth**
- SHARE Fund, Rochester**
- Rochester Youth Reach**
- Somersworth SHARE Fund**
- Spaulding High School Raider Station Student Pantry**
- Community Action Partnership of Stafford County**
- St. Elizabeth Seton School, Rochester**
- The Rotary Club of Rochester**
- Homeless Center for Stafford County**

You Can Make A Difference...

Our community involvement once again brought us some amazing information - an OB-GYN and her nurse alone were trying to tackle a huge problem - opioid-addicted expectant mothers. These ladies saw it first-hand locally at the Community Health Center, and their determination to help one patient gave rise to Hope on Haven Hill - the only program of its kind in Northern New England.



The doctor decided to start by donating her personal home to become a holistic in-patient treatment and counselling center that would treat addicted expectant moms and their babies during the pregnancy and after delivery. When the doctor and nurse started spreading the word in the community about what they were doing and that they wanted to open as a Level IV center, we felt we could help by supplying funds for their certification fees - only one piece of the puzzle, but a big step to opening.

You can find out more about Hope on Haven Hill at www.hopeonhavenhill.org. You can help by participating in one of their fund raisers, like walking or running with Hope's team in the Red's race. There will be a benefit golf tournament in June too. You can also make a donation of money, goods, services or volunteer time as they work to gain their 501(3) non-profit designation and their Level IV certification. Though they anticipate opening this fall at maximum capacity, with enough help they may be able to open this summer!



Friends of Hyder House Family Hospice

HRCU Management



Brian F. Hughes
President & CEO



Rosemary Shields
Chief Operating Officer



Brian Therrien
Chief Financial Officer



Lisa Rodman
Vice President of Lending



Chris Patrowicz
Vice President of Human Resources

Board of Directors



Left to right, seated: Kathleen Simoneau; Dana R. Flanders, Chairman; Ronald G. Vachon, Vice Chairman. **Standing:** Paul Auger, Treasurer; Paul Turner; James Brock; Richard Brunelle; Nancy Gilbert, Secretary. **Absent from photograph:** Richard Falardeau.

Supervisory Committee



Left to right, seated: Don Doyon, Chairman; Robert Langelier. **Standing:** Constance Hamann, Barry Checchi, Rachel Gilman.

Council of Trustees



Left to right, seated: Richard Sylvain, Robert Chasse. **Standing:** Gerry Bisailon, Lucien Gagne, Normand Lanoie, Andre Therrien.

www.HRCU.org

Branch Locations

Rochester, NH

Main Office:

133 Brock St., P.O. Box 2078, Rochester, NH 03867
Telephone: (603) 332-6840
Fax: (603) 335-2730

Spaulding High School Branch:

140 Wakefield St., Rochester, NH 03867
Telephone: (603) 332-1609
Fax: (603) 332-1087

Dover, NH

490 Central Ave., Dover, NH 03820
Telephone: (603) 743-3999
Fax: (603) 740-9438

Farmington, NH

341 Route 11, Farmington, NH 03835
Telephone: (603) 755-5000
Fax: (603) 755-9023

Bank your way!

We offer the convenience of today's technology

Though we love to see our members face-to-face, we know today's busy lifestyles need a variety of technology options from their financial provider. We offer:

- **Online & Mobile Banking**
- **Online Auto Center**
- **Online Account Opening**
- **Mobile Deposit & Electronic Person-to-Person Payments**
- **Online Loan Applications**
- **Instant-Issue VISA® Cards**

Coming Soon
to Brock Street!

- **Walk-Up Deposit Taking ATM**



Better, Not Bigger Banking®

A few words from our members...

I am extremely happy with the way HRCU has treated me and mostly special thanks to Debbie S. loan manager. I have been a member of another institution for 20 years and when I needed a loan they would not even take the time to help me out. I was not even a member of HRCU and Debbie on good FAITH approved my loan. She has been amazing and excellent to work with. Thank you to my old institution for the 20 years but I am saying goodbye and look forward to many years with HRCU!
- Stephanie B.

It's really nice how much HRCU does to help other people.
- John F.

I have been a member for years, won't switch - customer service is wonderful!
- Lisa B.

Best CU around!! Never do business with banks...
- Deb J.

Switched from another financial institution to HRCU, love it, better rates, friendlier staff, and a lot less hassles, will not go back to my old bank.
- Barry G.

Everyone at HRCU makes you feel special and they appreciate your business!! It is a pleasure to bank at HRCU.
- Debbie G.

I've been a proud member for 25 years. Their customer service is excellent. I've used the free notary service many times.
- Pete S.

I joined Holy Rosary two years ago, and it's a choice I don't regret.

From day one, they've always done their best to make sure everything's clear and that I understand what they're telling me. As someone who's fairly new to having a bank account I know that things can get very confusing and frustrating, so the customer service was very helpful and I'm not sure what I would've done without them there to guide me.

I'm not very good with banking, so having a group of people there to tell you what's going on is very, very helpful. I'm definitely glad that I chose Holy Rosary!



Still don't have your
50th Anniversary HRCU
history book?
Just ask for one the next
time you are in!



HRCU
SINCE 1962
HOLY ROSARY CREDIT UNION