



Voices

2011 ANNUAL REPORT



st.mary's credit union

A Look Back . . .

And A Look Ahead



“Financially speaking, your credit union remains strong and positioned for continued growth!”

The year 2011 presented us at St. Mary's Credit Union a very mixed economic picture. While the beginning of the year was one of the slowest in memory in terms of member loan demand, the second half of 2011 saw very strong demand for both auto and mortgage loans. In total, we originated \$131.5 million in new loans and modified the interest rates on an additional \$ 6.8 million in mortgage loans. While the second half of the year's loan origination performance and other statistics may indicate a slowly strengthening local economy, many members continue to be impacted by unemployment, decreased home values or very low interest rates on their savings and term share deposit accounts.

Total assets grew to \$593.8 million during 2011 reflecting the slow economic growth and the sale of \$19.1 million in mortgage loans in an effort to reduce current and future interest rate risk. While deposits grew modestly in 2011, the credit union did experience a 12.8% increase in checking account balances, a reflection of increases in core deposit account relationships with

our members. Our strong 11.47% capital ratio is a .20% increase from 2010 and was bolstered by our earnings of \$2.6 million. Financially speaking, your credit union remains strong and positioned for continued growth!

We continued to improve our electronic delivery channels last year, with upgrades and improvements to our Online and Mobile Banking products. In an effort to strengthen security and introduce additional member convenience, we undertook an initiative to enhance member account numbers to support imaging technologies such as “Express Deposit” – a service that will allow members to remotely scan and deposit checks to their accounts.

The quality of our member service sets us apart from other financial institutions in our local area and for the second year, we closely monitored our service quality with telephone surveys and focus groups. The response continues to be overwhelmingly positive and we will look for new ways to make sure that we are listening to our members. I would like to thank all of our members who participated in this important dialogue.

Looking ahead to 2012, we are anticipating with great excitement and enthusiasm the opening of our newest branch in Westborough. This full service and very visible branch location will serve residents and businesses of Westborough, as well as our members living in the neighboring Town of Southborough.

I would like to thank our Board of Directors, our management team, our staff, and most importantly our members for helping to make the year 2011 another outstanding year. Next year – 2013 – is our Centennial Celebration. We plan to celebrate our 100th birthday in a variety of ways. It will be a milestone celebration for our credit union!

Sincerely,

John R. Caulfield

John R. Caulfield
President & Chief Executive Officer

“The quality of our member service sets us apart from other financial institutions in our local area.”

Board of Directors

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James F. Toohey (Clerk)
Clifford O. Avey
Joseph H. Bane
Philippe D. Bouvier
David B. Brumby
John R. Caulfield
Karen M. Gadbois
Kevin M. Mallett
Sandra M. Farrell
Richard Valarioti

Officers

John R. Caulfield – President & Chief Executive Officer
Paul J. Beaulieu – Senior Vice President, Operations & Technology
John R. Fraites – Senior Vice President & Chief Financial Officer
Maureen Noviello – Senior Vice President, Human Resources
Thomas J. Seymour – Senior Vice President, Lending
Anthony J. Battista – Vice President, Marketing
James F. Petkewich – Vice President, Retail Services
David J. McHugh – Vice President, Commercial Lending
Constance A. Banfill – Assistant Vice President, Accounting
Melissa A. Eagles – Assistant Vice President, Real Estate Lending
Dean A. Harris – Assistant Vice President, Consumer Lending
Daniel J. Hastie – Assistant Vice President, Compliance
John M. Hendrikse – Assistant Vice President, Indirect Lending
John A. LeBlanc – Assistant Vice President, Operations
Sherrie L. Maker – Assistant Vice President, Human Resources
Mark W. Millett – Assistant Vice President, Learning & Development
Christine G. Monteiro – Assistant Vice President, Branch Manager
Maria L. Penniman – Assistant Vice President, Branch Manager
Barbara A. Schrader – Assistant Vice President, Finance
Giuseppe Veglia – Assistant Vice President, Collections

Advisory Committee

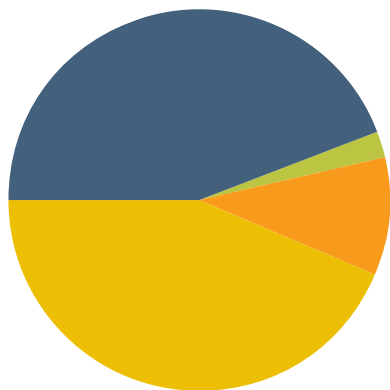
Francis P. Bastien
Brian J. Bouvier
Jennie L. Colosi
Joseph F. Delano, Jr.
Andrew T. Dowd
Jose M. Figueiredo

Comparative Financial Highlights (Unaudited)

	2011	2010	\$ Change	% Change
Total Assets	\$593,980,366	\$581,294,821	\$12,685,545	2.18%
Total Loans – Net	\$384,540,797	\$379,070,510	\$5,470,287	1.44%
Total Cash & Investments	\$200,731,494	\$192,974,999	\$7,756,495	4.02%
Total Deposits	\$523,497,618	\$513,702,970	\$9,794,648	1.91%
Total Capital	\$69,542,121	\$66,062,905	\$3,479,216	5.27%
Net Income	\$2,611,200	\$2,757,228	\$(146,028)	-5.30%
Loan Originations	\$131,539,867	\$137,428,903	\$(5,889,036)	-4.29%
Number of Members	44,856	42,584	2,272	5.34%

Loans

	Number Granted	Dollars Granted
Direct & Indirect Consumer Lending	3,949	\$62,604,397
Fixed and Adjustable Rate Mortgages	266	\$51,647,078
Home Equity Lines and Loans	170	\$14,391,460
Member Business Loans	15	\$2,896,933
Total	4,400	\$131,539,868



- Direct & Indirect Consumer Lending
- Fixed and Adjustable Rate Mortgages
- Home Equity Lines and Loans
- Member Business Loans

Fran Hurley Boys & Girls Club of MetroWest



The Boys & Girls Club is a home away from home for many children throughout the MetroWest community. The

Club provides social, educational, physical and cultural programming for children, which prepares them to be responsible and productive members of the community.

Fran Hurley, President of the Boys & Girls Club of MetroWest for the past seven years, knows how important community partnerships are to the success of the Club and recognizes St. Mary's Credit Union as a tremendous long-term supporter and loyal partner for decades.

"St. Mary's is one of our great Community Partners," Hurley stated. "This means that the Credit Union supports the Club at a very significant level, is directly involved with all of our events and is truly a wonderful friend of the Club."

St. Mary's employees volunteer at the Club as coaches and volunteers working directly with the kids after school. "All you have to see is the face of one of our kids beating Tony Battista, St. Mary's VP of Marketing,

at Nok Hockey to see how much fun the kids have with the St. Mary's volunteers."

St. Mary's also recently provided the Club with a business line of credit, which enabled them to balance their cash flow needs during the year. "The Club's revenue is more significant in the second half of the year, and by working with Dave McHugh, VP of Commercial Lending, we were able to setup a line of credit to balance our first half cash requirements.

We are able to serve over 650 kids a day with the help of St. Mary's Credit Union.

On behalf of our kids – I say THANK YOU ST. MARY'S!"



"We are able to serve over 650 kids a day with the help of St. Mary's Credit Union."

The Shaker Auto Group has been in business since 1927 when Joe Shaker's grandfather opened his first garage in Waterbury, Connecticut. Joe Shaker, a third-generation owner, now runs six dealerships in Massachusetts.

When other banks failed to see Shaker's vision for his Wellesley Auto Dealership, it was St. Mary's Credit Union that came through and made his dream a reality. Shaker's Wellesley Mazda is situated right on Route 9 near the Natick line, which means thousands of motorists pass by the family-run business daily—a great piece of property to say the least.

When the lease came up for renewal, Shaker recognized the opportunity to purchase the property and remodel the dealership to give it a new modern look. With the help of St. Mary's, he achieved both goals.



Joe Shaker
Wellesley Mazda

Shaker started the process with a larger bank but found them to be reluctant to provide him with the financing that he needed. He used that opportunity to present his plan to St. Mary's. "St. Mary's looks at a business for how well they do, how well they operate, how well their balance sheet is—all the right reasons whereas the big bank looked at the auto industry at that time and just asked more questions."

Shaker was fed up with the run-around he got from the "big bank" and likes that St. Mary's makes their business decisions locally. "In my belief and opinion, they're not only a great place to have a relationship, but they use really standard business acumen to make those decisions on whom they do business with."

Jeff Barton & Donna Todaro Water Fresh Farm

Water Fresh Farm of Hopkinton has been in business for almost 15 years growing hydroponic, pesticide-free produce for local grocers.

Local is very important to the brand of Water Fresh Farm, and owners Jeff Barton, Donna Todaro and Phil Todaro strive to run every aspect of their business locally. So, when it came to expand upon their dream of opening a retail store for their produce, they chose to stay local by turning to St. Mary's Credit Union for financing.

They met with Dave McHugh, St. Mary's VP of Commercial Lending, and, in Barton's Words, "He got it. He got what we were trying to do here."





“Local is very important to the brand of Water Fresh Farm and working with a local financial institution was equally as important to them.”

Together, they packaged a plan to bring to the Small Business Association and after a few months Water Fresh Farm received financing for their dream.

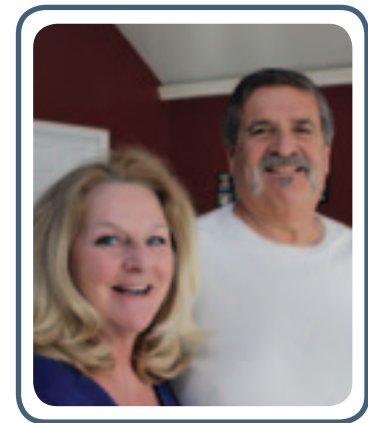
The Water Fresh Farm Marketplace, a beautiful post and beam barn located at 151 Hayden Rowe Street in Hopkinton, now offers the Farm’s hydroponic produce, sandwiches, salads, hot entrées and many other locally made products.

Barton says that for a small business, the financial part isn’t easy. “Working with someone who is willing to roll-up their sleeves and make things happen, like Dave McHugh did for us, takes away a lot of the financial pressures of being in business.”

Christo Driving School was founded in 1951 by George Christo. Now run by Donna and Rick Christo, the family-run business has taught thousands of young adults to drive safely. As you can imagine, the School has gone through more automobiles than you can count, and St. Mary’s Credit Union has helped them finance hundreds of vehicles for their business.

After getting married in 1973, the Christos opened up a joint personal account and soon after brought their business banking to St. Mary’s. For over 20 years, the Christos have been working with Dean Harris, AVP – Consumer Lending, who has not only guided them through countless auto loans for the business but also assists them with other business matters and gives them a voice of reason when they ask for it. “He’s looking out for us,” says Donna. “It’s a great feeling knowing that someone is watching your business for you.”

Aside from being in business, the Christos enjoy having their personal accounts at St. Mary’s. As frequent visitors to the Hudson branch, they feel like family every time they go in. “The minute I walk through the door I honestly feel like royalty,” says Donna. When she goes in with her grandchildren everyone at the branch wants to hold them and say hi. “It honestly is an extended family,” says Donna.



Donna & Rick Christo
Christo Driving School

Aaron Hutchins

“I just enjoy coming in and chatting.”



Aaron Hutchins, attorney and owner of Hutchins Law in Northborough, is a proud member of St. Mary's Credit Union. He credits St. Mary's as being instrumental in helping him obtain capital to get his practice off on the right foot. "I chose St. Mary's because my father has always praised the Credit Union for their friendly and helpful service. I needed financing to get my practice started, and St. Mary's was there for me."

Hutchins originally chose St. Mary's because his father, a former chief of police in town, recommended the Credit Union, but he stays because he likes the personal attention and responsiveness that he receives as a member. "The reason that I don't switch is because I value the great personal relationships that I have with the people here. Every time I make a call or send an email to the staff at the Northborough branch, I always get a timely response. That quick turnaround is crucial to my business."

Hutchins loves the enthusiasm of the branch staff. "I enjoy just coming in and chatting. They make it very easy to want to continue banking with St. Mary's."

Judy Hyotte of Westborough, has been a St. Mary's member for the last 20 years. "Years ago, a friend recommended St. Mary's to me and said they were easy to do business with. Now, I recommend St. Mary's to others because they actually listen to your needs and give you the best solutions to meet those needs. They really have your best interest at heart."

Hyotte feels great each time she walks into her branch. "You're a person, you're not some number out there; no matter what the issue, people take time for you." She feels that what St. Mary's does best is customer service.

During various times in her life when she faced certain personal challenges, Hyotte turned to her friends at St. Mary's to ask for help. "They always gave me great advice and found the best possible solutions for my personal situations."

“You're a person, you're not some number out there.”

Judy Hyotte



Justin Hubley

“It’s more than just business.”



A construction worker and handyman, Justin Hubley has built some great relationships with the staff at the Northborough branch. Hubley spent a lot of time with his grandparents growing up and says they were very good with their money. “My grandmother was very smart financially.” They always banked with St. Mary’s. “I’ve been around St. Mary’s my whole life.” Hubley opened an account at a large bank when he went off to college, but when he returned he realized that St. Mary’s was a far better banking experience. “It’s much warmer here.” Hubley says that after only two visits, the staff members knew him by name.

Hubley, through the assistance of the staff at the Northborough branch, was able to transfer his credit card from his college days to St. Mary’s. He felt great about the process and was encouraged by the new terms of his St. Mary’s credit card. He’s also gone through St. Mary’s to get an auto loan and says he not only thought the process was very smooth and easy but he also feels he got a great rate on his loan. “I’ve built relationships with the people that work here and it’s more than just business.”

There’s much to be said about Winifred Richardson, and it’s not because she’s 93 years old. She’s done so much in her life. She’s a former physical education teacher, recreational therapist and control tower operator in the Navy, and she still lives life to its fullest. Richardson has been a member of St. Mary’s Credit Union since 1993 when she opened her first Christmas Club account, and she has continued to be a loyal member ever since.

Richardson likes the convenience of where the branches are located in relation to her home, but she really comes to St. Mary’s Credit Union because of what she calls the congeniality of the staff. “You get to feel like you’re family here. It’s like you’re coming to visit old friends.”

Whenever she has had any issues or questions involving her accounts, she has felt that the staff at the Northborough Road, Marlborough branch has given her their full attention and helped her correct the issue. “They make it so easy. Everyone is so helpful, whatever the problem.”

“You get to feel like you’re family here.”

Winifred Richardson



Karen Walsh

“just like the way I’m treated in all areas of the credit union.”



As a little girl growing up on French Hill in Marlborough, Karen Walsh started banking at St. Mary’s at the old Lincoln Street branch with a small Christmas Club account. As years passed, she left the area for school and work, but she has had a wonderful relationship with St. Mary’s for most of her life.

Walsh’s family has had many accounts with St. Mary’s through the years, and she feels that her entire family is always welcome each and every time they enter the Northborough branch. “I just like the way that I’m treated in all areas of the credit union. Here, you’re truly treated like a person.”

Walsh feels that St. Mary’s does a number of things better than other financial institutions, including their interactions with members and being very clear about how they can help their members through different financial situations. She also likes seeing the same faces behind the counter week after week and thinks that St. Mary’s must take good care of their employees. “I think they tend to pay very good attention to who they hire because they always have very good people running the show.”

Years back, Kevin Pettijohn was looking for a new car and stumbled on his dream car: a 1983 completely restored Mercedes Benz. He went straight to St. Mary’s, was approved for his auto loan and got his Mercedes. He has also worked with St. Mary’s to obtain other loans for home improvements and other projects. “I’ve had a wonderful relationship with St. Mary’s. They are personable people and every time I come in, they know my name.”

Pettijohn also spent time offering his thoughts on the new St. Mary’s Online Banking system by sitting in on a focus group, and he likes what came out of the group. “The new online banking is wonderful. I am really a lot happier with the appearance of the new service. It’s much easier to navigate and everything is much clearer.”

“I can’t imagine going to another institution. I’m just so satisfied with the people here. The people that work here are what keep me here. I would recommend St. Mary’s to anyone.”

“I can’t imagine going to another institution. I’m just so satisfied with the people here.”

Kevin Pettijohn



George Esther

“They made my transition very easy.”



George Esther relocated to Massachusetts from the Milwaukee area and credits St. Mary's with helping to make his move less stressful. Esther received relocation funds from his employer, and after a couple attempts at other banks he came to St. Mary's where he was finally helped. "They made my transition very easy." Esther set up a checking and savings account, got some money in his pocket and was on his way. He's one of many members who now call the folks at St. Mary's his personal bankers.

Esther works in purchasing for a local company and negotiates prices all day. But when it was time to purchase a car for himself, he wanted the loan part of the experience to go smoothly. And, with St. Mary's, it did. In his words, "It was seamless."

Words he uses to describe St. Mary's and the people that work behind the counter are personal, courteous and friendly. "They get the job done."

"Coming to town and being new, the experience was very friendly. It made the transition very easy to do." Esther says that with everything he needed to do to move, including packing, finding a place to live and the many other things, the banking part of his relocation was the easiest to accomplish.

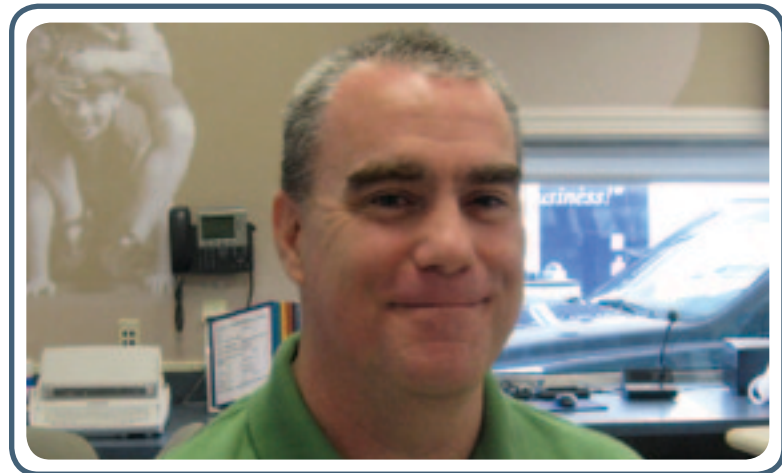
About 15 years ago, Adam Gilroy looked to switch his bank accounts from BayBank, because they were being acquired by another bank. One of his colleagues suggested that he move to a credit union because they're safe, secure and rarely get bought out by other companies. After shopping around, Gilroy chose St. Mary's Credit Union because they were "the best local choice and known for being even-keeled."

Gilroy enjoys the "no sales pressure" approach of St. Mary's. "One time, I mentioned to a Member Service Rep that we were putting a new sunroom on our house. After talking for a while, he mentioned that we should consider a home equity line of credit so that we wouldn't have to pay upfront with our savings. It was an option that we hadn't thought about, and it was the right decision for us financially. The nice part was they never tried to 'sell' me anything. He just made a recommendation like any friend would."

As the Principal of the Community Happenings television show, broadcast in Hudson, MA, Gilroy enjoys banking with a business that is an active member of his community. "I like the hometown, family feel of St. Mary's and the Hudson branch. The staff here knows me really well, so they're like close friends."

“I like the hometown, family feel of St. Mary's.”

Adam Gilroy



Marlborough

293 Boston Post Road West
Marlborough, MA 01752
(Corporate Headquarters and Loan Center)

133 West Main Street
Marlborough, MA 01752

133 South Bolton Street
Marlborough, MA 01752

1 Northboro Road
Marlborough, MA 01752

Hudson

439 Main Street
Hudson, MA 01749

Northborough

100 West Main Street
Northborough, MA 01532

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st. mary's credit union

