

2007 Annual Report



GROWING
WITH YOU.
CHANGING
FOR YOU.





“Our Credit Union is on the move.”

Our members have given management a request for additional services that will be of benefit and enhance privacy and security consistent with sound financial practices.

This past year has been filled with progress. We have completed our New Core Processing System conversion that will enable us to provide new products and services you have requested as members and we listened.

We at Coventry Credit Union don't tell our members what services they need, we listen to your requests and needs and act accordingly.

We are in the process of opening a new branch in North Kingstown, Rhode Island, with an expected opening date some time in the second half of 2008. Stay tuned for more details to come.

We have set in place a Small Business Commercial Lending Division and should begin servicing commercial members tentatively in the second half of this year.

Year 2008 will be a year that the credit union will use to consolidate all of our new additions and procedures to strengthen and perfect our service to you, our most **valued** members.

I would like to take this opportunity to thank our officers and staff for their excellent support and work ethics, because without them we could not provide the high degree of service to you, our members.

We especially want to thank **you** our reason for existing, for your loyalty and dedication.

Coventry Credit Union is our credit union and together we will make the journey into the future.

Respectfully Submitted,
Richard J. Gingell
 Chief Executive Officer



Our 2007 Coventry Credit Union High School Scholarship recipients: Carolyn Caruso, Mount Hope High School; Alyssa Harel, Exeter-West Greenwich High School; Emily Monti, West Warwick High School; James Mouchon, Coventry High School; Daniel Reeves, Lincoln High School received \$1,000 toward their college educations.



As I look back on 2007, I see a lot of change. Change, which will continue to be positive for Coventry Credit Union. This past year, we saw the appointment of a new CEO from within our credit union, Richard "Dick" J. Gingell.

Dick was appointed interim CEO and within two short months was promoted to CEO by your Board of Directors. His innovative style will continue to guide our credit union through change in a positive and productive way. Thanks to our senior staff and our dedicated employees that helped make this change seamless.

We also saw change within our Board of Directors with the addition of two new members, Richard Audette and James Rowe. Both have extensive experience that will compliment our Board of Directors and help keep our credit union at the forefront of the banking industry.

In 2007, we saw the implementation of many new ideas and ventures. We joined the Credit Union Association of Rhode Island in order to keep abreast of new developments affecting the state. We reorganized internal departments and introduced new staff titles that are more in line with current financial terminology. We formed new committees including the deposit products committee and implemented new promotional campaigns for direct deposit and reverse mortgages.

One of our biggest undertakings of 2007 was the upgrading of our Core System to improve our information technology and to make it possible to take the credit union into the future and to stay on the forefront of competition.

We have remained steadfast in our commitment to our members and communities through charitable and education efforts. Some examples are sponsorships of

the Coventry Credit Union Holiday Classic at Coventry High School and the Financial Symposium at University of Rhode Island. We hosted a Shred It Day and held collections for children's hats, scarves and mittens and have made fraud education a priority for our members through Insight, our newsletter, and on line articles.

Our annual report theme this year is Growing with you; Changing for you. This change is all rooted in trust. For over 50 years Coventry Credit Union has earned your trust and will continue to do so. We will continue this controlled growth keeping in mind our fiduciary responsibilities to you. We can all take pride not only in being a member, but also in being an owner.

Respectfully submitted,
Roger J. Laliberte
 Chairman



The staff of Coventry Credit Union is shown here walking and raising funds for the American Heart Association at Colt State Park in Bristol, RI. Standing left to right is Cynthia Clauson, Terri Snyder, Don Angelo, Tatiana Vaselieva and Kayleigh Degraide.

Supervisory Committee Report

As required by both State and Federal regulations, the Supervisory Committee authorized an annual audit of the credit union's books and records to be performed during 2007. David Root and Associates, CPAs, who also completed a verification of member accounts, completed the audit. The same firm rendered an unqualified opinion. In addition, a number of interim auditing steps were completed relating to selected areas of the credit union's operations. The committee, itself, reviewed the results of operations at each monthly meeting.

An examination by the Department of Business Regulation indicated that the credit union was operated in a safe and sound manner and management responded to all recommendations made as a result of that examination.

Respectfully submitted,

Jon L. Lussier

Supervisory Committee Chairperson

Credit Committee Report

During 2007, the Credit Committee reviewed 4540 loan requests. Of these requests, \$59,462,105.00 was approved and booked in Mortgage Loans, Consumer Loans and Lines of Credit.

On an annual basis, we report to you our portfolio of business/commercial loan balances. As of December 31, 2007 there was \$1,712,537.00 in loan balances for vehicles, equipment and real estate. In October, 2007 we entered into a partnership with CU Business Capital, LLC (CUBC) who will be assisting us in setting up our Business Services Division in 2008.

Respectfully submitted,

Maureen K. Jendzejec

Credit Committee Chairperson

COVENTRY CREDIT UNION STAFF

Mindy Andrews	Cheryl Cavanaugh	Song Edwards	William Holmes	Jean Major	Jeffrey Pennington	Theresa Snyder
Donald Angelo	Tammy Clark	Ronald Fabas	Brendin Hopkins	Nicole Mallozzi	Jennifer Petit	Virginia Sosnicki
Robert Avizinis	Cynthia Clauson	Carol Felingiere	Tracey Horn	Colleen Matthews	Chelsea Plantz	Karen St. Jean
Andrew Bacon	Deborah Colacone	Kerri Fisher	Maureen Jendzejec	Claire McLaughlin	Miriam Plitt	Gerard Tellier
Anna Barden	Diane Colwell	Kelly Furtado	Rita Johnson	Karen Mejia	Michael Price	Michael Therrien
Stephanie Barone	Linda Conlan	Dorothy Gendron	Lorraine Landry	Constance Meenagh	Ann Marie Rajotte	Karen Toth
Benjamin Baxter	Diana Copice	Ann Gilleeney	Nicole Lavoie	Joanne Mello	Denise Ramsdell	Tatiana Vasilieva
Karen Beland	Kenneth Cote	Richard Gingell	Tiffany Lavoie	Cynthia Mongeau	Kelly Richtarik	Richard Walker
Noreen Bourassa	Kayleigh Degraide	Sallie Goodhart	Linda-Rae Lawrence	Melissa Mott	Rebecca Roy	Jennifer Walsh
Marilyn Boyle	Susan DeResta	Corlis Gough	Dawn Leaman	Thomas Nichols	Priscilla Salzano	Denise Warburton
Nancy Buco	Kimberly DeSilva	Janice Guindon	Jennifer Lefrancois	Lori Noonan	John Searles	Margaret Wardle
Tania Butler	Patricia Dounetos	Kathleen Harris	Michaela Lombardi	Linda Noyes	Donna Shaw	Betty Wells
Jesse Cardarelli	Rita Drowne	Michelle Hayden	Kathleen Longley	Paul Olson	Arnold Silva	
Susan Carson	Nicole Dungca	Maureen Holmes	Louise Mainville	Ross Pelletier	Eleanor Silva	

Treasurer's Report

During 2007 we experienced declining interest rates compared to rising interest rates in 2005 and 2006. Also during 2007 we were faced with significant competition to attract deposits and declining loan demand.

The result of this interest rate pressure was a small increase in deposits for the year and an increase in loan balances outstanding on our balance sheet. Despite the turmoil in the markets, we continued to offer the products and services our members demand and deserve while maintaining sound financial practices and the trust we have established with our members.

The downward pressure on interest rates caused lower than expected income from loans and investments. As we sought to compete for deposits by offering higher rates on certain savings instruments, the result was a higher than expected cost of funds. These two dynamics led to a smaller than expected profit for the year. Nevertheless, we managed to maintain a strong equity position equal to \$20.2 million which represents 10.28% of assets.

Respectfully submitted,
Thomas F. Lacolle
Treasurer, Board of Directors

Secretary's Report

The Secretary reports that the Board of Directors held a total of 15 meetings in 2007. The Board also continued to hold its annual business and strategic planning sessions that have become an integral part of its activities. In addition to these meetings, subcommittees met and made their monthly reports at the monthly Board of Directors' meeting.

Respectfully submitted,
Bruce B. Hecker
Secretary, Board of Directors



Coventry Credit Union members Shannon, Benjamin, and Caitlin Levesque at the Car Seat Safety Event at the Manville branch along with 93.3 coast FM.

Assets	2007	2006
Cash and cash equivalents	\$2,591,335	\$3,133,191
Interest bearing deposits	4,358,999	2,057,337
Investments available for sale, at market value	24,574,395	36,641,981
Federal Home Loan Bank Stock Certificates	1,816,000	1,891,200
Loans to members, net of allowance for loan losses	153,072,982	144,508,242
Accrued interest receivable	810,510	915,112
Premises and equipment	5,022,001	4,946,487
Other assets	4,484,765	3,110,728
Total Assets	\$196,730,985	\$197,204,278
Liabilities and Members' Equity		
Demand deposits and savings accounts	\$125,719,898	\$120,737,251
Share accounts	22,559,525	24,041,817
Accrued interest payable to members	407,827	272,677
Advances payable to Federal Home Loan Bank	26,514,000	30,297,821
Other liabilities	1,314,634	2,605,183
Total Liabilities	176,515,885	177,954,749
Members' equity, substantially restricted	20,215,101	19,249,529
Total Liabilities and Members' Equity	\$196,730,985	\$197,204,278

STATEMENTS OF OPERATIONS
Years ended December 31, 2007 and 2006

Interest Income	2007	2006
Interest and fees on loans	\$9,415,919	\$8,377,050
Income from investments	1,765,478	1,736,658
Total Interest Income	11,181,397	10,113,708
Interest Expense		
Interest expense on savings accounts	2,805,934	1,933,131
Dividends on share accounts	168,437	184,055
Total Interest Expense	2,974,370	2,117,186
Net Interest Income	8,207,027	7,996,522
Provision for loan losses	119,350	119,900
Net Interest Income After Provision for Loan Losses	8,087,677	7,876,622
Realized gains on the sale of consumer mortgages	106,371	204,104
Other income and fees	2,141,051	2,107,268
	<u>10,335,099</u>	<u>10,187,994</u>
Non-Interest Expense		
Compensation and benefits	4,392,449	3,998,251
Occupancy expenses	635,329	584,469
Depreciation of fixed assets	425,376	470,692
Interest paid on borrowed funds	1,232,478	1,336,588
Data processing expense	350,692	348,970
Other operating expenses	2,960,907	2,837,492
	<u>9,997,230</u>	<u>9,576,463</u>
Net Income	\$337,868	\$611,531

BOARD OF DIRECTORS

Roger J. Laliberte, Chairman
Michael D. Airhart, Vice-Chairman
Bruce B. Hecker, Secretary
Thomas F. Lacolle, Treasurer
Richard A. Audet, Director
Leo R. Blais, Director
Robert H. Maguire, Director
James A. Rowe, Director
William A. Sheldon, Director
Paul E. Skaling, Director
Therese S. Stafford, Director
Richard P. Sullivan, Director

SUPERVISORY COMMITTEE

Jon L. Lussier, Sr., Chairman
Paul J. Krikorian, Secretary
Thomas P. Tighe, Member

CREDIT COMMITTEE

Maureen K. Jendzejec, Chairperson
William A. Heaton
Benjamin C. Baxter, Jr.

Lobby Hours:

Monday - Thursday
9:00 a.m. to 4:00 p.m.
Friday 9:00 a.m. to 7:00 p.m.

Quonset (Military clearance required.)

Tuesday - Friday 9:00 a.m. to 3:00 p.m.

West Greenwich (staffed)

Monday - Thursday
10:00 a.m. to 6:00 p.m.
Friday 10:00 a.m. to 7:00 p.m.

Drive Up Hours:

(Not available at Bristol, Quonset or West Greenwich.)

Monday - Wednesday
8:30 a.m. to 4:30 p.m.
Thursday 8:30 a.m. to 6:00 p.m.
Friday 8:30 a.m. to 7:00 p.m.

Saturday Hours:

9:00 a.m. to Noon at
Coventry - Main St. & Nooseneck Hill,
Bristol, Manville & West Warwick
10:00 a.m. to 3:00 p.m. at
West Greenwich - staffed

24 Hours:

For your convenience, Coventry Credit Union is open 24 hours through the following services.

Member Net (Internet Banking)

www.coventrycu.org

Touch Tone Teller

401-397-8021 or 1-800-822-8077

Coventry Credit Union's ATMs,
Credit Union Connection ATMs and
MoneyPass ATM Network

Our Mission:

To promote a cooperative spirit within the community and to respond to changing member needs, consistent with sound financial practices.

Coventry - 1584 Nooseneck Hill Road & 1076 Main Street

Bristol - 435 Wood Street

Manville - 56 Railroad Street

West Greenwich - 780 Victory Highway

West Warwick - 744 Main Street

Quonset - 1 Minuteman Way
Military Clearance Required

Operations Center - 2006 Nooseneck Hill Road, Coventry, RI 02816



401-397-1900 | www.coventrycu.org

