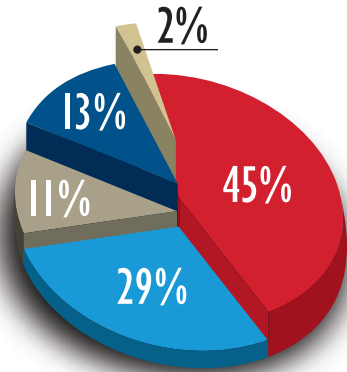


Merrimack Valley CREDIT UNION

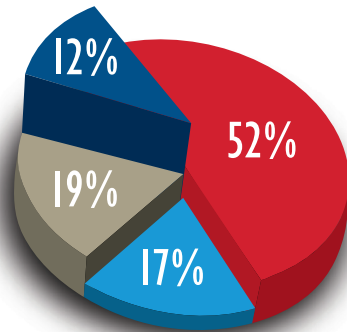


Financial Results



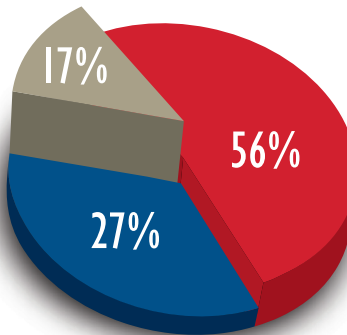
DEPOSIT ACCOUNTS

Shares	\$204,831,705
Certificates	\$129,718,019
IRA Certificates	\$48,434,240
Share Draft	\$59,345,940
IRA Shares	\$8,086,967



OPERATING INCOME

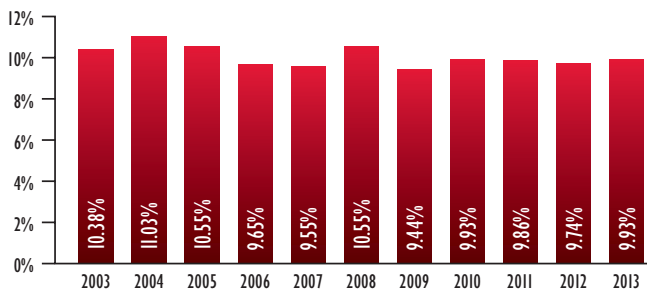
Loans	\$9,393,918
Fees	\$3,016,109
Investments	\$3,541,476
Miscellaneous	\$2,162,763



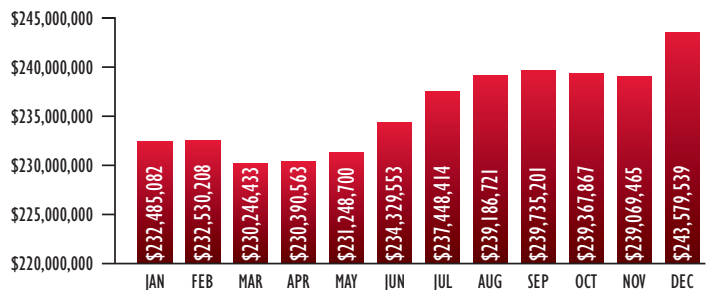
DIVIDENDS PAID

Certificates	\$1,537,008
IRA Certificates	\$732,211
Shares	\$479,915

NET WORTH RATIO



TOTAL LOANS



Chairman and President's Report

PASSION DEFINED

As we projected last year, our Credit Union has continued its positive momentum in 2013. We ended the year with a 9.93% net worth and \$495.6 million in total assets, an increase of \$10.9 million over 2012.

The year began with a thorough examination of our brand. We held several meetings with our team, from the tellers who transact your business every day to our executive team who leads the Credit Union's future course. This exercise yielded valuable insights about who we are today, what we stand for, and who we strive to be. Among many telling insights, our meetings revealed that there is great pride in our rich beginnings as the personal finance arm for employees of Western Electric and then Lucent Technologies. There is also great pride in our status today as a community cooperative and true community partner.

We also learned how our employees want our members and potential members to think about us. There was a consensus of recurring words that define us: trust, community, spirit, honesty, respect, initiative, integrity and commitment. The unmistakable conclusion from this research was that the majority of the men and women of Merrimack Valley Credit Union share a powerful trait – Passion. In the midst of trying to craft a mission statement, we found that a Passion statement was really what was in order. The message within the heart in this report is the result of putting our passion to paper. Now, we are ready to share it with you, our members, and the community. There is no mistaking our intent. We want all of our members today and tomorrow to know that we understand that to really “get it” we must “give it”.

Two thousand thirteen was a year of giving back to those we serve. We conducted our first Financial Literacy seminars for the staff and students at Merrimack College. They were very well received and future seminars are planned. We also co-hosted a successful business strategy seminar with the Small Business Administration at our Lawrence headquarters.

We continue our active sponsorship of the Merrimack Valley YMCA and Emmaus, Inc. This support helps thousands of children and families from all over our community. Through the generosity of our members and business partners at events such as our Annual Charity Golf Tournament, we were able to donate \$15,000 to the YMCA and \$30,000 to Emmaus. Merrimack Valley is Emmaus' largest private corporate donor again in 2013.

Two thousand thirteen was also a year innovation, in our promotions and our products for our members. We introduced a one-percent cash back program and an initial three-month “no payments” promotion for the re-financing of existing auto loans. These programs have proven very popular and will continue to help members save some extra cash in 2014.

The Credit Union also introduced an on-line “Live Chat” service. This secure tool allows us to service our members in a way they prefer and is convenient for them. To access Live Chat, simply go to our home page and click on the “Live Chat” button.

We will introduce remote deposit capture service for our mobile banking users in 2014. This is a very convenient service and we look forward to providing this tool to our members. We also began a partnership with More Than Wheels, an award-winning nonprofit organization that helps people with credit challenges get the best deal on a reliable vehicle and rebuild their financial future.

Our members' security continues to be a top priority for the Credit Union. We perform regular maintenance, updates, and risk assessments routinely on all of our systems and services. As much as we do to protect our members, we are unable to prevent the negligence of others. As the year drew to a close, over two thousand of our members were victim of the Target Stores data breach. A team of Merrimack Valley Credit Union employees immediately notified members and issued new cards. We were among the first financial institutions to take this action to protect those members from potential fraud.



One of our truly remarkable hallmarks of this year was being named The Small Business Administration's Massachusetts Credit Union Lender of the Year. This prestigious award was the result of a lot of hard work and dedication to helping businesses grow in the Merrimack Valley. We are eager to lend to businesses of all sizes and needs, and receiving this honor is evidence of just that. Every member of our commercial team is to be congratulated; with special recognition to AVP of Business Lending, Richard Hanlon.

We concluded 2013 with our annual visit from Santa and Mrs. Claus at our "We Love Santa Party". It was attended by approximately 1,000 people and was a huge success for kids of all ages. The joy our members and their families experienced makes it easy to see why we are passionate about what we do every day.

We jump started 2014 by surprising hundreds of Merrimack Valley residents with "Free Gas" at a local service station in January. A very chilly team of Merrimack Valley employees were thrilled to positively impact the day of so many people in our community. The Credit Union anticipates the next rendition of this event to be even bigger.

Everything we do begins with you, our members. We thank you for your support. We also thank our employees for demonstrating their passion every day, and our Board of Directors for providing us with the direction to succeed. This year our Credit Union recognized Board Chairman Alexander Oski for achieving a special milestone – 35 years of dedicated service to the Credit Union. We are truly indebted to him.

These are very exciting times for our Credit Union. We are making a positive difference in people's lives every day, are financially strong, and are passionate about you, our members.

Respectfully Submitted,

Alexander R. Oski

Alexander R. Oski
Chairman

Peter J. Matthews, Jr.

Peter J. Matthews, Jr.
President/CEO

Supervisory Committee Report

The Supervisory Committee is tasked with maintaining oversight of the Credit Union's financial and operational activities. Its basic regulatory requirements are to obtain an annual opinion audit and perform a verification of members' accounts at least every two years. In addition, the Supervisory Committee oversees and coordinates the Internal Auditing activity within the Credit Union.

On an ongoing basis, various financial, lending and operational audits are conducted by Internal Audit to ensure the Credit Union is properly accounting for operations and is operating in compliance with internal policies and various Federal regulations. As the Board and Management continue to develop new policies and introduce new products, it is the Supervisory Committee's responsibility to ensure proper internal controls are established and the Credit Union's safety and soundness are not compromised.

Internal Audits conducted in 2013 evaluated the organization for satisfactory documentation of and conformance with internal Credit Union policies and procedures, National Credit Union Administration and other Federal regulations. These audits were

performed across a wide range of operational activities which are critical to financial stability and protection of members' interests. Audits conducted and the associated corrective actions implemented by Management met these objectives.

The Supervisory Committee has engaged the CPA firm of Clifton Larson Allen, LLP for the December 31, 2013 annual opinion audits and verification of members accounts. Clifton Larson Allen has issued an unqualified opinion that the financial statements present fairly, in all material respects, the financial position of Merrimack Valley Federal Credit Union as of December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Supervisory Committee:

Domenic P. Mazzocco, Chairman

Peter A. Mills

Douglas R. Cokely

Rodney A. Dauteuil, CIA, CFSa, CUCE

Director of Internal Audit

	2012	2013
ASSETS		
Loans	\$ 235,013,532	\$ 243,579,539
Loan Loss Allowance	(2,652,504)	(2,497,628)
Notes Receivable	676,290	242,809
Net Loans	\$ 233,037,318	\$ 241,324,720
Cash & Receivables	\$ 5,000,928	\$ 4,203,530
Investments	230,104,962	233,548,222
Accrued Income	449,999	394,367
Prepaid & Deferred Expenses	177,305	309,364
Fixed Assets (Net)	9,460,384	8,871,722
Other Assets	2,368,834	2,648,167
Deposit in NCUSIF	4,115,737	4,337,372
Total Assets	\$ 484,715,467	\$ 495,637,463
LIABILITIES AND EQUITY		
Accounts Payable	\$ 1,952,548	\$ 1,440,390
Dividends Payable	287	222
Accrued Expenses	-1,487,721	-1,826,770
Shares	434,004,563	450,416,871
Regular Reserve	9,234,084	9,234,084
Undivided Earnings	37,959,825	39,994,365
Equity Acquired from Merger	6,740	6,740
Unrealized Gain/Loss on Investments	3,045,142	-3,628,438
Total Liabilities and Equity	\$ 484,715,467	\$ 495,637,463

	2012	2013
OPERATING INCOME		
Interest on Loans	\$ 9,974,372	\$ 9,393,918
Income from Investments	3,661,670	3,541,476
Fees and Charges	2,944,281	3,016,109
Misc. Operating Income	2,749,856	2,162,763
Total Operating Income	19,330,179	18,114,267
OPERATING EXPENSES		
Compensation	\$ 4,946,289	\$ 5,024,125
Employee Benefits	1,532,423	1,592,505
Travel & Conf Exp	143,037	137,733
Association Dues	65,181	73,096
Office Occupancy Exp	1,478,417	1,489,972
Office Operation Exp	3,140,799	3,050,548
Marketing Exp	575,145	653,118
Loan Servicing Exp	621,771	581,776
Prof. & Outside Services	201,813	195,398
Prov. for Loan Losses	503,369	28,708
Members' Insurance	385,553	346,990
NCUA Operating Fee	99,493	109,594
Cash Over and Short	1,372	11,300
Annual Meeting Expense	31,825	23,318
Misc. Operating Exp	11,173	12,411
Total Operating Expense	13,737,660	13,330,592
Income Before Dividends	5,592,519	4,783,675
Dividends Expense	2,836,543	2,749,134
NET OPERATING INCOME	\$ 2,755,976	\$ 2,034,540
Actual Write-offs:	\$ 958,296	\$ 422,145

BOARD OF DIRECTORS

Alexander R. Oski, *Board Chairman*
Leon M. Pratt, Jr., *1st Vice Chairman*
Michael M. Saylor, *2nd Vice Chairman*
Mukesh Dave, *Secretary*
Augustine S. Longo, Jr., *Treasurer*
John J. McSweeney, *Assistant Treasurer*
Luis M. Barros
Marianne Fantini
Ronald J. Guilmette
Domenic Mazzocco
B. Robert Zingali
Catherine M. DeBurro, *Associate*

SENIOR MANAGEMENT

Peter J. Matthews, Jr., *President/CEO*
Donald Croteau, *VP Finance & MIS*
John J. Howard, *VP Operations*
Michael Shuman, *VP Lending*
Laura Wante, *VP Human Resources*

MANAGEMENT

Jay Caldwell, *AVP Retail Lending*
Jennifer Grenier-Spiecker, *AVP Marketing*
Richard Hanlon, *AVP Business Lending*
Anthony Marino, *AVP Operations*
Tracy Mermet, *AVP Human Resources & Training*
Michael Pliskaner, *AVP MIS*
Jan White, *AVP Finance*
Dale Dyer, *Branch Manager*
Carrie Fitzgerald, *Branch Manager*
Karen Green, *Branch Manager*
Digna Jhonson, *Branch Manager*
Lisa Lewis, *Collections Manager*
Wendi Moreau, *Branch Manager*
Brett Terry, *Mortgage Manager*
Rebeca Urena, *Call Center Manager*
Kellie Gallant, *Member Service Supervisor*
Nikki Hill, *Member Service Supervisor*
Elizabeth Pearl, *Branch Operations Supervisor*
Marie Petroni, *Member Service Supervisor*
Bonnie Tardugno, *Consumer Lending Supervisor*
Kelly Tracy, *Member Service Supervisor*
Lisa Williams, *Member Service Supervisor*

COVER PHOTOS

- A.** Face painting at the We Love Santa Party.
- B.** Mrs. Claus poses for a picture with her fans.
- C.** Peter Matthews presents Emmaus, Inc. with a \$30,000 donation.
- D.** Credit Union volunteers deliver Thanksgiving dinners to the less fortunate.
- E.** Wendi Moreau and Patrice Exilus collect goods for the Merrimack Valley Food Drive.
- F.** Players in our Charity Golf Tournament take a break for a photo.
- G.** Credit Union volunteers show their Haverhill pride in the Santa Day parade.
- H.** The company car is in the Holiday spirit!
- I.** A Merrimack College Money Booth winner!
- J.** Merrimack Valley is presented with the SBA Massachusetts Credit Union Lender of the Year Award.
- K.** A happy free gas recipient.



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Federally insured by NCUA