



VERMONT FEDERAL

CREDIT UNION

ANNUAL REPORT 2023

WELCOME TO VERMONT'S CREDIT UNION

Everything you love about living here
is now available in a Credit Union.

Vermont isn't your typical state; it's a distinctive and cherished place we proudly call home. This is why we strive to offer a superior banking experience that every Vermonter deserves.

We're not just a financial institution – we're Vermonters who love the great outdoors, supporting local businesses, and rolling up our sleeves for a good cause. Life is brimming with significant moments like purchasing your first home, choosing the perfect vehicle, enrolling in a degree program, and embracing the arrival of your first child. That's why we provide innovative banking solutions to assist you at each significant milestone.

Banking with us means you're more than a member; you're a vital part of the Vermont community. Our Credit Union is dedicated to helping you achieve your goals, as your success is the foundation of our success. Together, we can enhance Vermont as a place to live, work, and prosper. Let's build a brighter future for all of us, one success story at a time.



JEAN GIARD
President/CEO



MEGAN MANAHAN BLISS
Board Chair

CHAIR & PRESIDENT/CEO REPORT

Vermont Federal Credit Union continues to play an integral part in our members' lives and the communities we serve. Our purpose as an organization is to help Vermonters prosper, no matter where they may be on life's journey. Our Credit Union is all about people helping people, and more specifically, helping Vermonters by offering them the best financial products and solutions and supporting the communities where we live and work. Vermont Federal Credit Union is an inclusive organization run by Vermonters, for ALL Vermonters. The growth, accomplishments, and accolades we received in 2023 are a testament to the fact that our Credit Union continues to make a real difference in the lives of our members.

2023 was another year of continued growth and evolution for Vermont Federal Credit Union. At the end of the year, our Credit Union was comprised of over 53,000 members, with assets over \$932 million. Our consumer loans increased by \$78 million, which represents an annualized growth rate of 12%. We were able to help 190 members finance or refinance their homes and we provided car loans to more than 2,900 members. Our Business Banking team provided over 230 commercial loans to help local businesses start or expand their operations. We ended the year with over 26,000 active Reward Checking accounts. We returned over \$9.5 million in dividends and more than \$270,000 in ATM fees. Despite a challenging rate environment in 2023, our Credit Union had a net income of \$7.7 million, representing a return on assets of 0.83%, and our membership grew at a rate of 6.88%.

In our relentless pursuit of excellence, we continued to evaluate our products and services to provide our members with an unparalleled experience. In 2023, we introduced Cannabis Banking and have welcomed over 300 new Cannabis Banking members to our Credit Union with approximately \$12.6 million in deposits. We introduced a new Vehicle Search Tool, which allows our members to shop for a variety of vehicles directly on our website. We introduced a new Solar Loan to help members reduce their energy bills and carbon footprint. Our team worked to upgrade our consumer loan origination system to provide our members with a more efficient and seamless member experience. We evaluated our Contact Center experience and implemented numerous new features and best practices to enhance our member support. Additionally, our retail teams received extra coaching and training to improve the branch experience. We also conducted a thorough analysis of our Online Banking platform and have introduced a new and improved Online Banking experience for our members in 2024.

We continuously look for areas and communities where we believe we can make a significant contribution, and we are extremely proud to announce the opening of our newest branch, located at 315 North Main Street in the heart of Barre, Vermont. This new facility improves the convenience and accessibility of our branches, and underscores our commitment to supporting the residents and businesses within Barre and the surrounding communities. This 2024 expansion represents

another example of our unwavering dedication to delivering top-notch financial services to communities throughout all of Vermont.

As a local Credit Union, we are proud to serve and support the communities that we call home. Community engagement, outreach, volunteerism, and charitable giving are a cornerstone of our Credit Union. In 2023, our employees devoted over 2,000 hours supporting local events and causes throughout Vermont. As an organization, we sponsored and supported 85 local events and contributed over \$220,000 to local organizations. We donated financial support to 40 charitable organizations across the state, including Spectrum Youth and Family Services, The Vermont Foodbank, Capstone Community Action, Help Overcome Poverty's Effects (HOPE), Pride Center of Vermont, LUND, and many others. We also partnered with local news outlets such as NBC5, FOX44, and WCAX to collect food, school supplies, and winter coats for those in need. In addition, we provided \$30,000 in scholarships to deserving students from our membership, and through partnerships with The National

Guard Association of Vermont, Burlington Cars, Boys and Girls Club of Burlington, and Spectrum Youth and Family Services.

Our commitment to Vermont and our unwavering support of our members has not gone unnoticed in the communities we serve. We were awarded the Forbes Best-in-State Credit Union in 2023, and we are the only Credit Union in Vermont to have received this award 5 times in the past 6 years. Our Credit Union was given the Best of Business award for Franklin/Grand Isle/Addison/Windham/Windsor counties by Vermont Business Magazine. We were also awarded the Raddon 2023 Crystal Performance Award, which highlighted 21 Credit Unions across the United States. Vermont Federal Credit Union was among the top 5% of Credit Unions whose results and metrics were analyzed by Raddon. Vermont Federal Credit Union was also recognized as a Top Performer in 2023 by the Vermont Housing Finance Agency (VHFA) and was awarded the 2023 Best of the Best Award by MemberXP, which is an organization that evaluates Credit Unions across the country based on member feedback. Our Credit Union ranks among the

top in the country and was ranked #1 in the state of Vermont by the independent research group Callahan & Associates for the amount of value that we give back to our members each year in the form of higher deposit rates, lower loan rates, and fewer service fees. And finally, we received a 2023 Governor's Excellence in Worksite Wellness, which is a reflection of our dedication to our team.


We are extremely proud of all that we accomplished in 2023. Our members and their needs are at the forefront of all that we do, and we can feel good about how we have helped so many Vermonters prosper. Our team demonstrated an unwavering dedication and commitment to our members and our community, and we are extremely grateful for their hard work and dedication.

We are Vermonters, serving fellow Vermonters. We are proud of what we accomplished in 2023, and we are committed to your continued success in 2024. On behalf of our entire team, volunteers, and the Board of Directors, we thank you for your membership and we look forward to serving your needs now and in the future.



OUR PURPOSE

Helping Vermonters prosper, no matter where they may be on life's journey.



CORE VALUES

- We do the right thing, always
- We go above and beyond for members and each other
- We're genuine, generous, and kind
- We respect each other, regardless of our differences
- We believe wholeheartedly in what we do



WHAT WE ACCOMPLISHED

In 2023, our Credit Union had a remarkable year filled with achievements and accolades for our innovative banking services. We were truly honored to receive recognition from both our industry peers and loyal members, reaffirming our dedication to providing exceptional service to the community of Vermont. As we look ahead, we remain committed to upholding our values and delivering top-quality financial solutions that meet the diverse needs of our members.



MemberXP 2023 Best of the Best Award

The coveted Best of the Best award is given annually to credit unions that consistently provide exceptional service, as reported by their own members. Vermont Federal Credit Union received awards for Best Online Banking Experience and Mobile Banking App Experience.



Forbes - Best In State Credit Union

Vermont Federal Credit Union was recognized in Forbes’ list of Best-In-State Credit Unions in 2023. This prestigious award is given to only five percent of credit unions annually.



Vermont Business Magazine - Best Credit Union

We received the 2023 Best of Business Award for the Best Credit Union in Franklin, Grand Isle, Addison, Windham, and Windsor Counties by Vermont Business Magazine readers.



Top Performer for VHFA

We have once again been ranked a Top-Performing Lender by the Vermont Housing Finance Agency (VHFA) for 2023. This ranking is a testament to our dedication to providing affordable housing solutions to Vermont residents.



Crystal Performance Award Winner

Vermont Federal Credit Union has been honored with the prestigious Crystal Performance Award by Raddon®. Out of over 500 credit unions evaluated nationwide, Vermont Federal Credit Union was one of 21 credit unions selected for this prestigious award.



Governor’s Excellence in Workplace Wellness Award

In 2023, we were recognized as a Vermont Worksite Wellness Award recipient by the Vermont Department of Health. We strongly advocate for a healthier workforce, as evidenced by our seven consecutive years of receiving this award.



CUNA Diamond Award Winner

In 2023, we were honored to receive two prestigious Diamond Awards from CUNA’s Marketing & Business Development Council. Vermont Federal Credit Union was recognized with two Diamond Awards for its innovative Out-of-Home Campaign (CCTA bus design) and captivating Annual Report.



Callahan & Associates – Return to Member Award

In 2023, our Credit Union secured the prestigious title of Vermont’s #1 Credit Union as recognized by the independent research group Callahan & Associates. This accolade celebrates our commitment to providing unmatched value to our members through competitive deposit rates, reduced loan rates, and minimal service fees.

COMMUNITY IMPACT & SPONSORSHIPS



At the core of our mission lies the vital connection we establish with our fellow Vermonters. Our commitment to actively engage in our communities defines our identity and shapes our actions.

At Vermont Federal Credit Union, we are committed to positively impacting the communities we serve. We strive to give back to Vermont organizations by actively participating in local charities and community events, and supporting Vermonters in their aspirations for higher learning. We give back to Vermont-based organizations, which ensures resources are reinvested within the state.

In 2023, we contributed over \$220,000 to various community organizations such as Camp-Ta-Kum-Ta, Green Mountain Habitat for Humanity, and the Vermont Foodbank. What truly sets Vermont Federal Credit Union apart is the extraordinary generosity of our dedicated employees. By supporting 40 local charitable organizations, we played a crucial role in helping them achieve their missions. We are incredibly grateful for the opportunity to actively participate in and support these admirable causes.



2023 HIGHLIGHTS



WE HELPED A LOT OF MEMBERS!

Our valued members are the heartbeat of our Credit Union and we're privileged to have supported thousands of members in achieving their financial aspirations throughout 2023. From fulfilling the dream of owning a new home, embarking on a fresh entrepreneurial journey, or driving away in a brand-new car, we took immense pride in being there for our members every step of the way in 2023.

190

Members financed their homes in 2023, resulting in \$50 million in total mortgage loans.

2,907

Members purchased a new or pre-owned vehicle in 2023, resulting in \$78 million in total auto loans.

233

Commercial loans were provided to business members in 2023, resulting in \$20 million in total commercial loans.

26,926

Reward Checking accounts were active at the end of 2023 with a total balance of \$171 million.

8,000

Deposit accounts were gained in 2023.

443

Home Equity Line of Credit (HELOC) accounts were originated in 2023 that resulted in a total credit limit of \$45 million.

1,522

Credit card accounts were opened in 2023, resulting in a total credit limit of \$7 million.

32,146

Members were utilizing our Online Banking platforms at the end of 2023.

PRODUCTS & SERVICES



PRODUCTS & SERVICES

In our relentless pursuit of excellence, we continuously evaluate and refine our products and services to provide our members an unparalleled experience. Throughout 2023, we implemented numerous enhancements and initiatives to cater to the evolving needs of our members. Moreover, we have expanded our service capabilities, empowering our members to conveniently bank anywhere they desire.

FINANCIAL WELLBEING

We expanded our Financial Wellbeing programs by partnering with Greenpath Financial Wellness, which assists our members with finding their path to financial health. They offer free counseling and coaching sessions with certified financial wellness experts. We also introduced a financial checkup via SavvyMoney, which offers credit score monitoring, a financial health score, and budget analysis.

A HOME FOR ALL VERMONTERS

We partnered with the Vermont Housing Authority (VHFA) to offer grant assistance to first-generation homebuyers. This program offers an additional \$15,000 fully forgivable grant, which has provided crucial support for covering closing costs or contributing towards down payments for qualified applicants.

AN EASIER WAY TO APPLY FOR LOANS

We upgraded our mortgage and consumer loan systems to improve your application process and provide a better member experience. These systems now make it easier to understand where you are in the loan process by providing a borrower portal to securely communicate with us, send and receive documents, and in some cases provide instant loan approvals.

TAPPING INTO THE POWER OF THE SUN

We proudly introduced a new consumer loan specifically tailored to Solar Loans. The Solar Loan product boasts best-in-market interest rates and offers reduced monthly payments in conjunction with the Federal Income Tax Credit. Let the sun shine in!

AN EASIER WAY TO BUILD

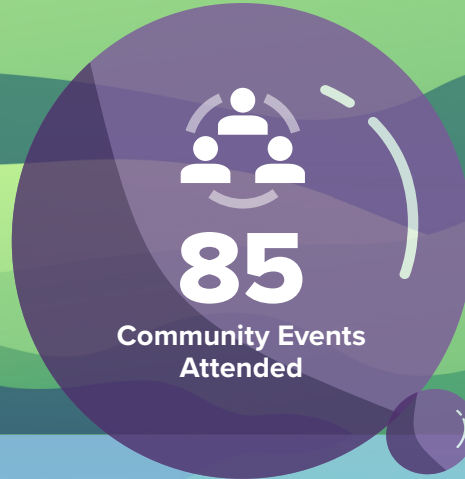
We launched our new Construction Loan to provide our members with the financial resources needed to build their dream home. Vermont Federal Credit Union's Construction Loans can help make your dream a reality. Whether you want to build a single-family home or a multi-unit property, our Construction Loans offer you the flexibility and affordability you need to start your project.

CANNABIS BANKING

In 2023, we began offering financial services to support cannabis-based businesses. Since then, Vermont Federal Credit Union has become a go-to resource and one of the few financial institutions in Vermont to meet the needs of this community.



2023



SCHOLARSHIPS



WHAT WE ACCOMPLISHED

In 2023, Vermont Federal Credit Union granted scholarships to five exceptional students in our community and formed strong partnerships with The National Guard Association of Vermont, Burlington Cars, Boys and Girls club of Burlington, and Spectrum Youth and Family Services to further support their outstanding scholarship programs. Collaborating hand in hand, we are molding a brighter tomorrow for Vermont through continued academic success.

2023 RECIPIENTS

BOYS AND GIRLS CLUB OF BURLINGTON

We partnered with Boys and Girls Club of Burlington by donating \$5,000 to support graduates of their Early Promise Program, which provides academic mentoring to children, beginning in kindergarten.

NATIONAL GUARD ASSOCIATION OF VERMONT

We awarded \$1,000 scholarships to four students whose family members serve in the Vermont National Guard, helping them gain access to high-quality education.

BURLINGTON CARS - DRIVE FOR EXCELLENCE

We partnered with Burlington Cars for their Drive For Excellence program to award three High School students with \$1,000 scholarships to support their educational journey.

SPECTRUM YOUTH AND FAMILY SERVICES

Through our partnership with Spectrum Youth and Family Services, we had the incredible opportunity to make a difference in the lives of at-risk youth. We awarded \$8,000 in scholarships to the Spectrum team so they could help local youth achieve their dreams of pursuing higher learning.

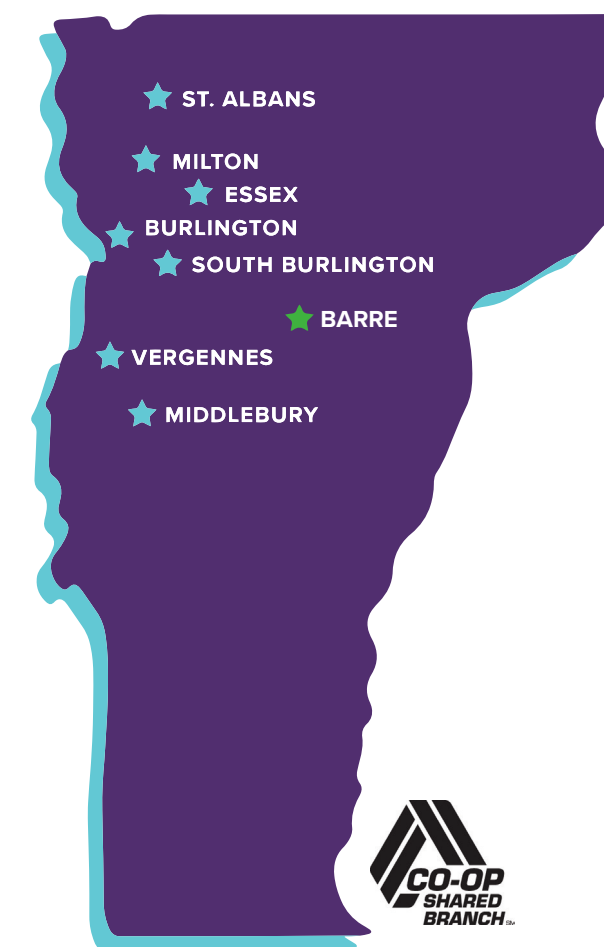
PROUDLY SERVING ALL VERMONTERS



PROUD TO SERVE ALL VERMONTERS

We are proud to serve the entire state of Vermont and believe that our purpose is to help Vermonters prosper, no matter where they may be on life's journey. We are proud to introduce our newest branch, located at 315 North Main Street in Barre. This branch will provide improved access to the Central Vermont region.

While we continue to expand our physical footprint, our robust digital banking resources allow us to reach members in far corners of the state without nearby access to a branch. Additionally, our members can access their Vermont Federal Credit Union accounts and perform transactions through Shared Branching at thousands of Credit Unions across the United States.





FINANCIAL CONDITION STATEMENT

This past year, rising interest rates and tightening liquidity have tested the strength and agility of financial institutions throughout the United States. In response to these economic pressures, we honed in on what truly matters - deposits, robust capital, liquidity, and prudent risk management. As a result, in 2023 we maintained a strong financial position with solid earnings and high capital levels. The Credit Union’s focus has enabled us to grown and innovate, offering the best products and services to our member-owners.

As of December 31, 2023 and 2022 (Dollar Amounts in Thousands)

ASSETS	2023 (Unaudited)	2022 (Unaudited)
Cash and Cash Equivalents	\$37,138	\$55,350
Investments:		
• Available for Sale	120,549	191,865
• Other	7,116	11,258
Loans Held for Sale	468	1,364
Loans to Members, Net Allowance for Loan Losses	730,904	653,151
Property and Equipment	19,869	20,059
Other Assets	16,947	14,546
Total Assets	\$932,991	\$947,593
LIABILITIES & MEMBERS’ EQUITY		
Members’ Shares	\$827,192	\$836,801
Borrowed Funds	16,265	35,315
Accrued Expenses and Other Liabilities	13,163	11,564
Total Liabilities	\$856,620	\$883,680
MEMBERS’ EQUITY		
Retained Earnings	\$76,371	\$63,913
Total Liabilities and Members’ Equity	\$ 932,991	\$947,593

INCOME STATEMENT

As of December 31, 2023 and 2022 (Dollar Amounts in Thousands)

INCOME	2023 (Unaudited)	2022 (Unaudited)
Interest on Loans	\$ 33,808	\$25,980
Interest on Investments	3,493	3,111
Non-Interest Income	11,183	10,322
Total Income	\$ 48,484	\$39,413
EXPENSE		
Dividends on Members’ Share Accounts	\$9,552	\$3,679
Interest on Borrowed Funds	567	121
Provision for Loan Losses	1,110	831
Compensation & Benefits	15,887	14,558
Office Operations	8,062	6,832
Occupancy	1,480	1,428
Other Expense	4,056	2,240
Total Expense	\$40,714	\$29,689
Net Income	\$7,770	\$9,724



SUPERVISORY COMMITTEE



AUDIT REPORT

Under the Federal Credit Union Act, the Supervisory Committee is responsible for obtaining the annual audit of the Credit Union's financial statements. The Supervisory Committee retained the independent public accounting firm, Crowe LLP, to perform an audit of the Credit Union's financial statements as of and for the year, ending on March 31, 2023. The Supervisory Committee has reviewed and discussed the 2023 audited financial statements with crowe LLP and believes that the March 31, 2023 financial statements fairly reflect the financial position of the Credit Union.

OUR LEADERSHIP TEAM

BOARD OF DIRECTORS

MEGAN MANAHAN BLISS
Chair

ETHAN HUTCHINS
Secretary

NEAL ROBINSON
Director

WILL VOIGT
Vice Chair

LISA REES
Director

EMILY BYRNE
Director

JOSEPH FINNIGAN
Treasurer

PAUL POLITANO
Director

MICHAEL COSTA
Director

SUPERVISORY COMMITTEE

DONALD TURNER
Chair

JASON PLAZA
Member

LOUISE THABAULT
Member

JOE GOLDSBURY
Member

PAULETTE BERGERON
Member

SENIOR MANAGEMENT

JEAN GIARD
President & CEO

HARRY JACOBSON
Chief Financial Officer

DOUG FISHER
Chief Operating Officer

MARIBETH SPELLMAN
Chief People Officer & General Counsel

TIM DANISKA
Chief Lending Officer

LINCOLN WHITE
Chief Information Officer

In Loving Memory



Lisa Rees

It is with profound sorrow that we honor the memory of Lisa Rees, whose untimely passing has left us with heavy hearts. Lisa was not just a member of our Board of Directors, but a cherished part of our Credit Union family. Her unwavering dedication, compassionate leadership, and generous spirit were the hallmarks of her service to our community.

Lisa's contributions extended far beyond the boardroom; she was a beacon of kindness and a tireless advocate for the causes she believed in. Her legacy of fearlessness, joy, and kindness will continue to inspire us all.

As we reflect on Lisa's remarkable life and the indelible impact she made, we extend our deepest sympathies to her husband, Grant Rees, her family, friends, and all who were fortunate enough to know her. Lisa's memory will forever be a guiding light for our credit union, reminding us of the difference one individual can make in the lives of many.

We are grateful for the time we shared with Lisa and for the wisdom she imparted. Her memory will be eternally etched in the history of our institution and in our hearts.



VERMONT FEDERAL CREDIT UNION

275 Kennedy Drive
Post Office Box 2147
South Burlington, VT 05407-2147

Phone: (802) 658-0225
Toll-Free: (888) 252-0202
Fax: (802) 864-6938

www.vermontfederal.org

