

2018 ANNUAL REPORT



VERMONT FEDERAL
CREDIT UNION

SEE WHERE BETTER BANKING TAKES YOU.

SEE WHERE BETTER BANKING TAKES YOU IN VERMONT

We're Vermonters serving fellow Vermonters. Along with you, we call this beautiful state home. All decisions are made locally and your money stays right here in Vermont, where it belongs.

We understand our members, because we live similar lives. We know what it's like to buy our first home, welcome our first child, save for college, or pay down debt. We thrive in all 5 seasons (mud season included) and love spending time on Lake Champlain, seeing the leaves begin to change in autumn, and hitting the slopes when the snow starts to fall. We enjoy Vermont's unique culture with farm-to-table food, craft brews, technology and the arts.

We take pride in being a part of the financial decisions you make and strive to create the best products and services for the Vermont lifestyle. For YOUR lifestyle. Your journey is our priority, no matter where it takes you across the state and beyond.





JEAN GIARD
President/CEO



JOE FINNIGAN
Board Chair

CHAIR & PRESIDENT/CEO REPORT

In 2018, we reached an important milestone by welcoming our 40,000th member to Vermont Federal Credit Union. With 3,904 new members joining us, we ended the year with 40,198 member-owners. Financially, 2018 was another outstanding year. The Credit Union achieved an ROA of .97% and grew by \$46 million to \$559 million in assets. Our 16% loan growth represented \$175 million in loans generated to support our member’s needs for mortgages, auto, home equity, personal and business loans.

As a member-owned Credit Union committed to making a difference in our member’s lives, we are constantly evolving to create products and services to meet our members’ needs. In 2018, we introduced a fixed rate student loan for our college-bound members, initiated a call back feature in our call center to shorten wait times, and added handicap access to our branches. We also collaborated with Burlington Electric Company on a rebate program to reduce the cost of owning an energy efficient vehicle, and initiated our own energy efficiency program offering reduced rates on green loans. We created a pre-approved auto-check product that enables our members to bring a Credit Union check directly to the auto dealer for instant purchasing ability, and implemented a “Seed Money” down payment assistance program to help first-time home buyers in securing a home.

At the end of 2018, we quickly took the initiative to support our members affected by the Federal Government Shutdown and offered special low interest rate loan assistance and deferred loan payments to help bridge the gap during their difficult weeks.

We received a number of accolades during the year. We’re very proud that Forbes named Vermont Federal the “Best-in-State Credit Union”, the only credit union to receive that designation in Vermont. We are also proud of receiving, for the second year in a row, Vermont Business Magazine’s “Best of Business” award for Addison, Franklin and Grand Isle Counties. In addition, Vermont Housing Finance Agency (VHFA) named the Credit Union the state’s top mortgage producer.

Every policy, decision and strategy starts with our member in mind. As we move into 2019, we are committed to delivering an exceptional, member-focused experience in-branch, online, and through our contact centers. On behalf of our entire team of staff, volunteers, and the Board of Directors, we thank you for your commitment to Vermont Federal Credit Union and look forward to serving your needs now and into the future.

SUPERVISORY COMMITTEE AUDIT REPORT

The audit for Vermont Federal Credit Union for the period ended March 31, 2018 was conducted by Clifton Larson Allen LLP, external auditors.

The independent auditor’s examination is authorized by the Board of Directors in compliance with the National Credit Union Administration’s Rules and Regulations regarding the requirement for annual examination. It is the opinion of the Supervisory Committee that the financial statements presented to you by the Credit Union’s management fairly reflect, in all material respects, the financial position of the Credit Union as of December 31, 2018 and December 31, 2017. A formal audit is currently pending for our fiscal year end of March 31, 2019.

Board of Directors

- Joseph Finnigan, **Chair**
- Megan Manahan Bliss, **Vice Chair**
- Will Voigt, **Treasurer**
- Suzanne Lynn, **Secretary**
- Ethan Hutchins, **Director**
- Paul Politano, **Director**
- Lisa Rees, **Director**

Supervisory Committee

- Louise Thabault, **Chair**
- Paulette Bergeron
- C. Kirk Clarke
- Jennifer Kennelly
- Donald Turner, Jr.



Forbes 2018
**BEST-IN-STATE
CREDIT UNIONS**

Powered by STATISTA



ACHIEVEMENTS & AWARDS

WHAT WE ACCOMPLISHED WITH YOUR HELP

BEST-IN-STATE CREDIT UNION

We were one of 145 credit unions nationwide to be recognized by Forbes in their inaugural Best-In-State Credit Unions list, and the only credit union in Vermont to be named.

GOVERNOR'S EXCELLENCE IN WORKPLACE WELLNESS AWARD

This annual award creates a standard of excellence for worksite wellness initiatives, and recognizes employers' efforts to enhance productivity, bolster a healthy environment and improve employee wellbeing.

VERMONT BUSINESS MAGAZINE - BEST CREDIT UNION

We were rated the best credit union in Addison, Franklin, and Grand Isle counties by Vermont Business Magazine for the second year in a row.

TOP PERFORMER FOR VHFA

We were ranked the state's top performer for Vermont Housing Finance Agency (VHFA). Patricia Boyce, a mortgage originator at our St. Albans branch, was named the #1 overall VHFA producer for Vermont.

HIGH MEMBER EXPERIENCE SCORE

Through our mystery shopper's program, we were given a member experience score of 4.91 out of 5.0 for the question "Would you refer others to this credit union?".

2018 FINANCIALS

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2018 and 2017 (Rounded to the nearest thousands)

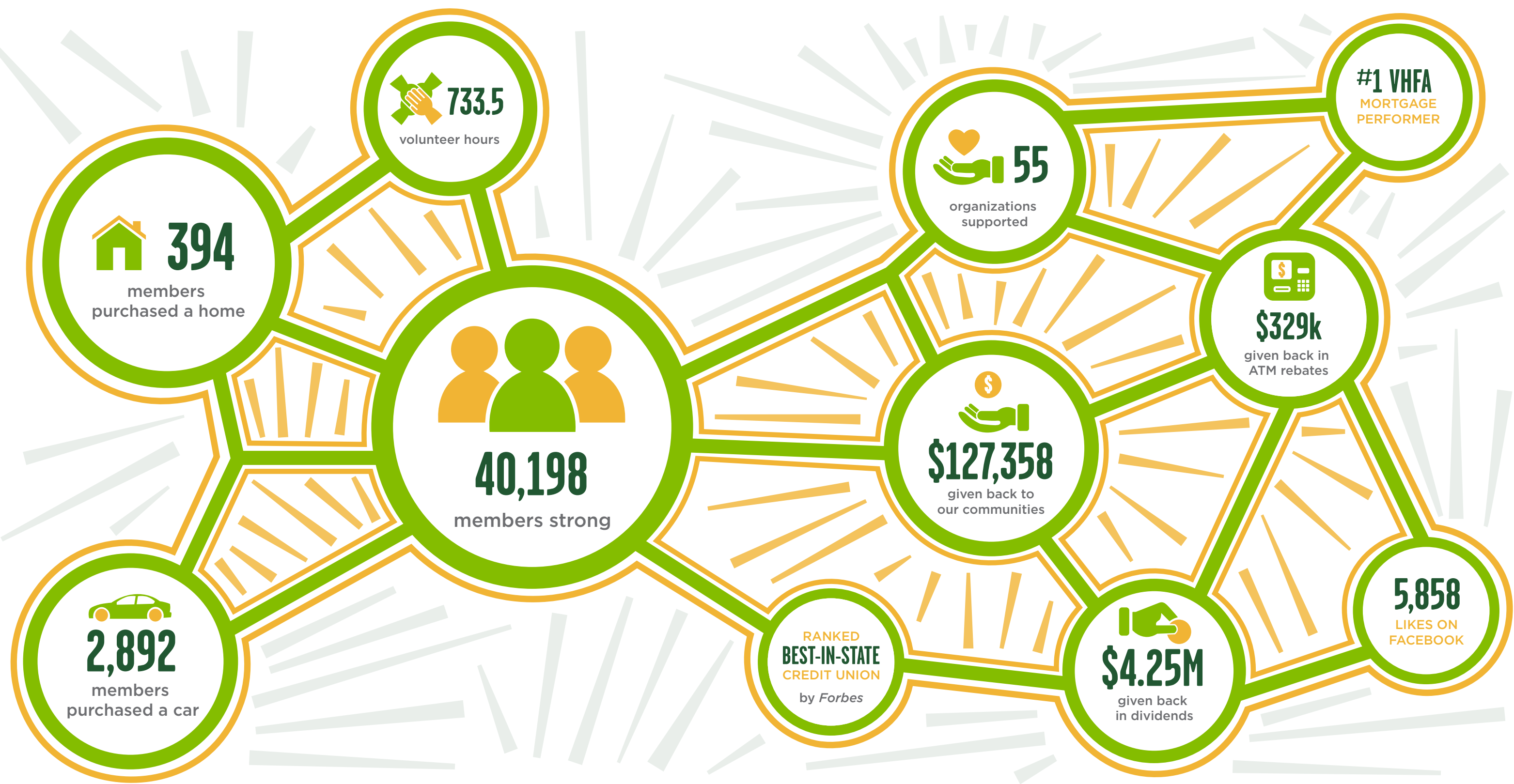
ASSETS	2018 (Unaudited)	2017 (Unaudited)
Cash and Cash Equivalents	\$15,175	\$17,895
Investments:		
Available for Sale	99,530	112,819
Other	14,400	14,497
Loans Held for Sale	945	2,401
Loans to Members, Net Allowance for Loan Losses	403,032	347,011
Property and Equipment	15,812	9,499
Other Assets	9,883	9,160
Total Assets	\$558,777	\$513,282
LIABILITIES & MEMBERS' EQUITY		
Members' Shares	\$485,639	\$458,945
Borrowed Funds	17,509	3,184
Accrued Expenses and Other Liabilities	6,739	6,187
Total Liabilities	\$509,887	\$468,316
MEMBERS' EQUITY		
Retained Earnings	\$48,890	\$44,966
Total Liabilities and Members' Equity	\$558,777	\$513,282

2018 FINANCIALS

INCOME STATEMENT

As of December 31, 2018 and 2017 (Rounded to the nearest thousands)

INCOME	2018 (Unaudited)	2017 (Unaudited)
Interest on Loans	\$16,936	\$14,121
Interest on Investments	3,107	3,058
Non-Interest Income	9,568	8,579
Total Assets	\$29,611	\$25,758
EXPENSE		
Dividends on Members' Share Accounts	\$4,256	\$3,608
Interest on Borrowed Funds	252	89
Provision for Loan Losses	1,110	871
Compensation & Benefits	9,811	8,909
Office Operations	5,284	5,043
Occupancy	985	873
Other Expense	2,700	2,102
Total Expense	\$24,398	\$21,495
Net Income	\$5,213	\$4,263



40,198
members strong



394
members
purchased a home



2,892
members
purchased a car



733.5
volunteer hours



55
organizations
supported



\$127,358
given back to
our communities



\$329k
given back in
ATM rebates



\$4.25M
given back
in dividends

5,858

LIKES ON
FACEBOOK

#1 VHFA
MORTGAGE
PERFORMER

RANKED
BEST-IN-STATE
CREDIT UNION
by Forbes



Andrea Boe

A recent graduate of Middlebury Union High School, Andrea is studying English at Tufts University.



Keagan Dunbar

Keagan graduated in June 2018 from Middlebury Union High School. She is studying Biology at Colby College.



Caitlin Flood

A recent graduate from Missisquoi Valley Union High School and is currently studying Criminal Justice at Norwich University.



Kimberly Howrigan

Kimberly is attending the University of Southern Maine where she is pursuing her Bachelor's Degree in Accounting and Finance. She graduated from Bellows Free Academy in 2015.



Kaylie Latulippe

Kaylie graduated from Milton High School in 2018. She is currently attending Bishop University in order to obtain her Bachelor's Degree in Psychology.



Makayla Macomber

Makayla is currently attending Vermont Technical College, studying business. She graduated from South Burlington High School in June 2017.



John O'Sullivan-Griffith

John is attending Cornell University in pursuit of his Bachelor's Degree in Business with a concentration in Finance. He is a graduate of Burlington High School, class of 2015.

2018 SCHOLARSHIP RECIPIENTS

Vermont Federal Credit Union has been awarding scholarships to deserving students for nearly 20 years. In 2018, \$12,000 worth of scholarships were awarded to seven students.

Our volunteer scholarship committee is made up of a rotating combination of staff, board and community members who proudly support our members' pursuits in higher education. Congratulations to our all of scholarship recipients.

2018
COMMUNITY EVENTS & INVOLVEMENT

An important element of our mission is connecting with our fellow Vermonters. Involvement in our communities is at the heart of who we are and what we do.

Vermont Federal Credit Union strives to make a difference in the communities that we serve. We are actively involved in supporting many different local charities, community events, youth and collegiate sports and higher education aspirations. We give back to Vermont organizations, which ensures the money is reinvested within the state.

In 2018, we donated over \$127,000 to organizations in our communities, such as Make-A-Wish, Spectrum Youth and Family Services, United Way, and the Vermont Foodbank. Our employees volunteered more than 700 hours at non-profits of their choice with our paid volunteer program. In total, we supported 55 local organizations in helping them achieve their missions. We are grateful for the opportunity to participate and support these worthy causes, and look forward to providing continued assistance when needed.





NMLS Institutional ID #466013

Insured by NCUA

VERMONT FEDERAL
CREDIT UNION