



## 75 YEARS OF SHARED VALUES



VSECU  
2021 Annual Report

—  
[www.vsecu.com](http://www.vsecu.com)  
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**"A PEOPLE THAT VALUES  
ITS PRIVILEGES ABOVE  
ITS PRINCIPLES SOON  
LOSES BOTH."**

DWIGHT D. EISENHOWER

## Supervisory Committee Report

According to the provisions of the Title 8, Vermont Statutes Annotated, Chapter 221, Section 31306; the Supervisory Committee oversaw an extensive audit of the books and affairs of VSECU for the twelve months ending September 30, 2021; performed by Doeren Mayhew, Certified Public Accountants and Advisors; an independent auditing firm from Miami, Florida.

The Committee reviewed the audited financial statements and supporting footnotes to the financial statements and the results of the audit were presented by the auditing firm to the Board. The Committee is satisfied that the work of the audit firm is accurate and complete.

A copy of the opinion and financial statement audit report presented by Doeren Mayhew is available upon request.

**Eugene Wescott**  
Chair

**Renee Sullivan**

**Donna Rae Heath**

## VSECU Leadership

### Senior Management Team

**Robert Miller**  
CEO

**Terence Field**  
SVP Finance Officer

**Yvonne M. Garand**  
SVP Marketing & Business  
Development Officer

**Rick Hommel**  
SVP Technology &  
Operations Officer

**Valerie Beaudin**  
SVP Lending Officer

**Gregory Huysman**  
Director of Business  
Lending and Services

### Board of Directors

**Spencer Newman**  
Chair

**Michael Hogan**  
Vice Chair

**Janet Hollner**  
Treasurer

**Heather Neuwirth Lovejoy**  
Secretary

**James Larsen**

**Julie Lineberger**

**Norman D. McElvany**

**Stephanie Meunier**

**Owen Milne**

**George Sales**

**Carrie Simmons**

# CEO AND BOARD CHAIR REPORT

# LEADING WITH VALUES



**MESSAGE FROM  
ROB MILLER  
& SPENCER  
NEWMAN**

We feel such gratitude and appreciation for our employees, who exhibited dedication and commitment to our purpose of improving the lives of our members. Their resilience, bravery, and determination to uphold this promise in a year that caused widespread fatigue, was extraordinary.

We also appreciate and are thankful for you, our members, who were willing to join us in meeting the ongoing turbulence. Together, we explored new ways of doing business, practiced patience and forgiveness when resources interfered with our ability to deliver exceptional service, and most importantly, expanded our trust in the cooperative banking movement.



## We Came Together for a Common Purpose

Seventy-five years ago, VSECU's founding members conceived a spirited notion that when people come together for the purpose of lifting others up, we all grow stronger. Our credit union was formed to provide equitable financial resources so that more people could achieve a better life. It's fitting that on this milestone anniversary of our credit union, we can reflect on, and experience, the living spirit of that one unwavering principle that continues to guide us regardless of the changing times and challenges around us.

Disruption and fallout from a perpetual pandemic, a labor shortage, supply chain issues, and fears of inflation rounding out the year created the most perfect storm. Yet VSECU, no stranger to helping members through difficult times, relied on its cooperative values and principles to navigate the storm and help members adapt to new norms.

As a result, we more than weathered the storm. We surpassed 70,000 members and reached over one billion dollars in assets. This is no small feat for a credit union chartered in one of the smallest states in the nation.

As a credit union, we act as a conduit for member funds, allowing them to flow in from member deposits and out through member loans. From there, we manage the ebb and flow of the balance sheet to ensure that profits go back to the membership and out into the community. Years into a low-interest-rate environment, this pooling of member resources has favored borrowers more than savers.

Despite lower interest rates, deposits were up \$97 million from last year. We saw a shift away from our longer-term options (CDs) as members opted to keep their funds liquid, relying more heavily on our shorter-term accounts like the Share Savings and VGreen

Money Market. Importantly, funds saved in the higher-return VGreen Money Market accounts are used to fund energy efficiency and solar projects. This is an excellent choice not only for the environment, but also local job growth and the quality of life of our members. Speaking of the job market, with the pandemic continuing to weigh on small business owners, we were called on to provide an additional \$9 million in Paycheck Protection Program loans this year, enabling over 1,000 people to keep their jobs.

Another way we act as a conduit of funds is through philanthropic giving. In 2021, we incorporated a private foundation to help us bring these giving efforts to the next level by opening up greater opportunities for giving over the coming years. From year to year, we increase our giving, and this year boosted donations by \$197,861, distributing a total of \$449,619 to support the economic health of 80 non-profits. In addition, we raised \$122,567 through our annual Point to Point riding and running event to support the Vermont Foodbank's mission of reducing hunger in Vermont.

Members didn't take a break from buying or refinancing homes in 2021. We underwrote \$208 million in mortgages and home equity loans, which was only \$7 million below our all-time high in 2020 of \$215 million. After two years of tribulation in the automobile industry due to continued disruptions in chip production, shipping delays, and low inventory of both new and used autos, members continued to put off auto buying due to lack of inventory and high prices. This resulted, understandably, in a reduction to our auto loan portfolio of \$8 million.

We continued to invest in digital banking technology improvements to create a seamless and more convenient online and mobile experience. The digital utilization gap between younger and older members narrowed, signaling that our members are becoming more comfortable in and trusting of the digital ecosystem. In recognition of the need for human connection, we have focused resources on technology that supports safe human interaction.

We expanded our drive-through video teller services across many branches, implemented online appointment scheduling, and invested in more training and coaching to help employees advise and advocate for our members on financial matters.



Heading into the new year, we will keep the health and wellbeing of our employees and members top of mind and will expand our focus and leverage our collective resources to create greater value for our members and communities. As our younger generations emerge into adulthood, their reliance on technology to improve their financial health has our attention. We face increased competition from the big banks that are entering our Vermont market and members' lives but know that success will require a mix of forward thinking and human connection to support an emerging high-tech, high-touch world.

In keeping with the spirit of unwavering cooperation, we look forward to finding more opportunities and using our innovative capacity to help create a brighter future for more people in 2022. Thank you for being a member and using your money to make a difference in your community and the lives of your fellow Vermonters.

# HOW OUR VALUES BENEFIT MEMBERS



The values of the membership are at the heart of VSECU's vision to empower the possibilities for greater financial, environmental, and social prosperity. Decisions made by the Board and by management all begin with our eight cooperative principles, the principles of values-based banking and good old fashioned Vermont values. We continuously seek out ways to follow through on these shared values in a number of ways, which you'll see documented throughout this report. We believe it is this commitment to the things that matter most to our membership that allows us to thrive, even in the face of extreme difficulty, and create positive returns for our members and communities. What did that look like in 2021? Keep reading to find out.

**"ANY PERSON WHO  
CONTRIBUTES TO  
PROSPERITY MUST  
PROSPER IN RETURN."**

**EARL NIGHTINGALE**

# Recirculation of Wealth IN ACTION

## WE VALUE:

THE RECIRCULATION OF WEALTH THROUGH LOCAL COMMUNITIES

Our size and diversity facilitate the recirculation of wealth in our communities. Aging and established members accumulate wealth in our vaults, which younger members borrow to establish themselves as parents and homeowners. As they age, they pay off their loans and put away savings that support the next generation. The same is true of our business members, who grow their careers on the earnings and savings of seasoned members with established businesses. Members create jobs and spend money close to home with every purchase, nurturing the local economy. As a result, local ecosystems grow stronger. This is why credit unions, run by local volunteers rather than investors, are the preferred banking option for many.



We developed the **VERMONT Platinum credit card in 2011** to incentivize members to shop locally by offering card users lower interest rates on their Vermont-based purchases. Each local purchase leads to a stronger economy that keeps Vermonters employed and employed Vermonters are more likely to spend their paychecks locally. In 2021, cardholders made nearly 50% of their purchases at Vermont-based businesses.



Since 2017, our **VGreen Money Market account** has allowed members to save money at a higher interest rate in an account used to fund green loans used by other members to make energy efficiency and solar purchases. Most of the purchases made with these funds are made locally, which fuels our Vermont economy.



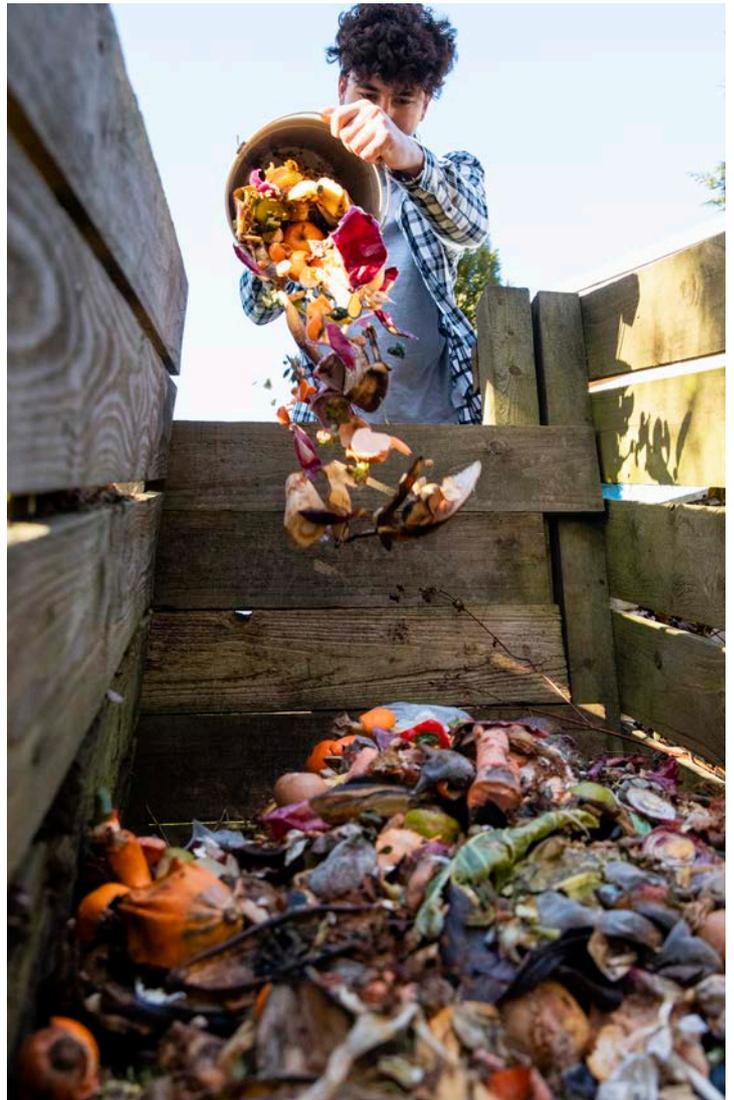
**2018 marked the first year of our ownership of the Point to Point, powered by VSECU**, a sporting event that raises funds for the Vermont Foodbank. Since then, we have grown the event to include running options, in addition to bike riding. We also moved the venue to Montpelier, from Brownsville, to provide a more central location in closer proximity to the Vermont Foodbank's Barre headquarters. This event not only keeps money local but provides much-needed meals for food-insecure Vermonters.



2021 COMMUNITY SUPPORT

## HOW WE GIVE IS WHAT MAKES US UNIQUE

As a credit union, we are expected to give, so we are not unique in this arena. How we give is what makes us unique. Not only do we donate funds to local charities, but we also make it easy for our members to direct money to the organizations that most closely mirror their values. Our priority for giving in 2021 was to support basic human needs, targeting organizations that improve food security, warm and safe shelter, environmental sustainability, individual financial education, and healthy behavior around money.



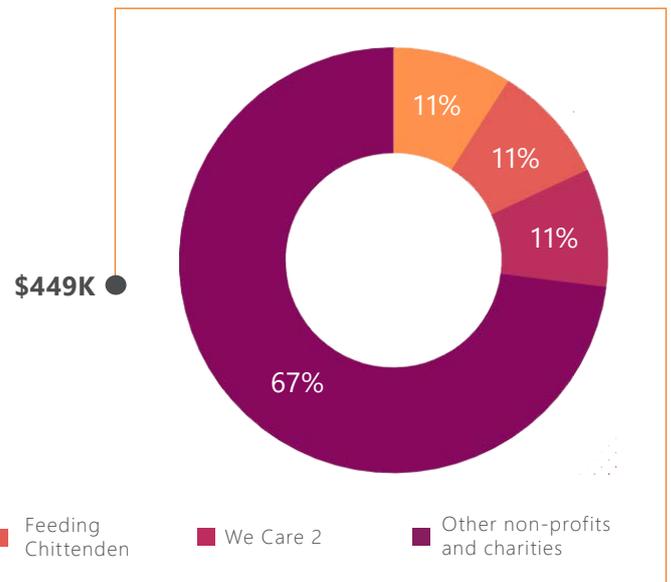
## COMMUNITY GIVING

We gave a total of **\$449K** to nearly 80 community non-profits and charities in Vermont.

**We gave \$50K to Capstone Community Action** to increase the reach and adoption of the Financial Energy Coaching program which works one-on-one with low-income Vermonters to build financial capability and reduce excessive energy costs.

**We gave \$50K to Feeding Chittenden** for their Online Market Initiative, which increases access to healthy, nutritious food for those who are left out of the charitable food system.

**We gave \$50K as part of We Care 2**, our member-directed giving program, which empowers members to determine how donations will impact their communities. This program was launched in 2012.



Capstone Community Action

Feeding Chittenden

We Care 2

Other non-profits and charities

## WE CARE 2 RECIPIENTS

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Here are the recipients of We Care 2, our member-directed giving program.

### CLARINA HOWARD NICHOLS CENTER

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**\$11.1K** to provide safe shelter for domestic abuse survivors and their children in Lamoille County.



### ReSOURCE

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**\$10.8K** to deliver the Random Acts of Carpentry program which trains youth in basic trades to benefit the quality of life for low-income elders with weatherization and home safety projects.



### GREATER BENNINGTON INTERFAITH COMMUNITY SERVICES

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**\$7.4K** to support primary medical care, food security, and economic assistance to the Bennington community.



### US COMMITTEE FOR REFUGEES AND IMMIGRANTS VERMONT

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**\$10.8K** as a contribution to the Neighborhood Emergency Relief Fund to support refugee and immigrant families in Chittenden County through the COVID-19 pandemic.



### NORTH CENTRAL VERMONT RECOVERY CENTER

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**\$9.9K** to enable the sustained recovery of individuals with substance abuse disorders and their families.



## Focusing on the Real Economy

# IN ACTION

### WE VALUE:

THE REAL ECONOMY & SMALL, LOCAL BUSINESSES

Thriving local businesses are the backbone of our communities. That's why we back the real economy. The real economy is the part of the economy that includes products you can touch and services you experience (as opposed to the financial economy, which fuels the stock markets). You support the real economy by buying from your local shop owners. We support it by providing financing for local businesses.



### BUSINESS LENDING

VSECU started offering business products and services in 2006 to provide primarily for the needs of small local businesses and entrepreneurs who wanted to start or expand their businesses. In 2021, despite the challenges of the pandemic, professionals continued to rely on us for financing that helped them achieve their business goals.

## 389

TOTAL NEW LOANS

## \$36.2M

IN NEW LOAN FUNDING

## \$93.1K

AVERAGE LOAN AMOUNT

### PAYROLL PROTECTION LENDING

The Payroll Protection Program, developed by the federal government and administered by small business associations, kept businesses afloat during the pandemic. By facilitating the distribution of funds, we ensured that Vermonters remained employed in 2021.

## \$9.1M\*

DISTRIBUTED

## 1K

JOBS ENSURED

## \$37.2K

AVERAGE LOAN AMOUNT

## 4.1

AVERAGE STAFF SIZE OF BORROWERS

\* Payroll Protection Program amounts represent a portion of overall business lending.

# Economic Inclusion IN ACTION



## WE VALUE:

### SUPPORTING ECONOMIC INCLUSION

The more we can equal the playing field for all community members, the stronger we are as a community. Hoarding resources and shutting people out of the economy doesn't increase our wealth. It depletes it. The reality is that when our neighbors are struggling, we struggle with them. We help lighten the load if they can't find work or make their payments. We remove barriers to prosperity by providing a foundation for them to become more educated, find better work, and become part of a thriving economy.

## GREENPATH

GreenPath has been our financial literacy partner since 2016, providing valuable guidance for members who are struggling to build credit and sustainable financial habits. According to their 2021 data for the state of Vermont:

**230K**

households don't have three months' worth of savings.

**81K**

households relied on payday loans or other fringe services.

**60%**

feel stressed about money.

**76%**

could benefit from professional financial advice.

What did GreenPath do to provide VSECU members the tools to improve their financial situation during 2021?

**506**

members worked with an advisor.

**1439**

calls were answered by consultants.

**\$397K**

of debt was resolved through debt management plans.

## EDGE PAY

We created the **Edge Pay debit card in 2019** to offer a range of credit, health, and card protections and a unique round up savings feature with a monthly bonus match. It is an excellent product for anyone but has proven particularly useful for people who live on a lower income or are entering the financial system as a consumer for the first time. This modern transaction account doesn't assess overdraft fees, which often worsen debt for those who tend to have lower account balances. The round up feature supports micro-saving to automate saving at an affordable level. Edge Pay teaches users to budget and make better financial decisions because card owners can only spend what they have.

**\$50.9K** Total Rounded up (micro-savings)

**\$13.7K** Total Match (bonus from VSECU)

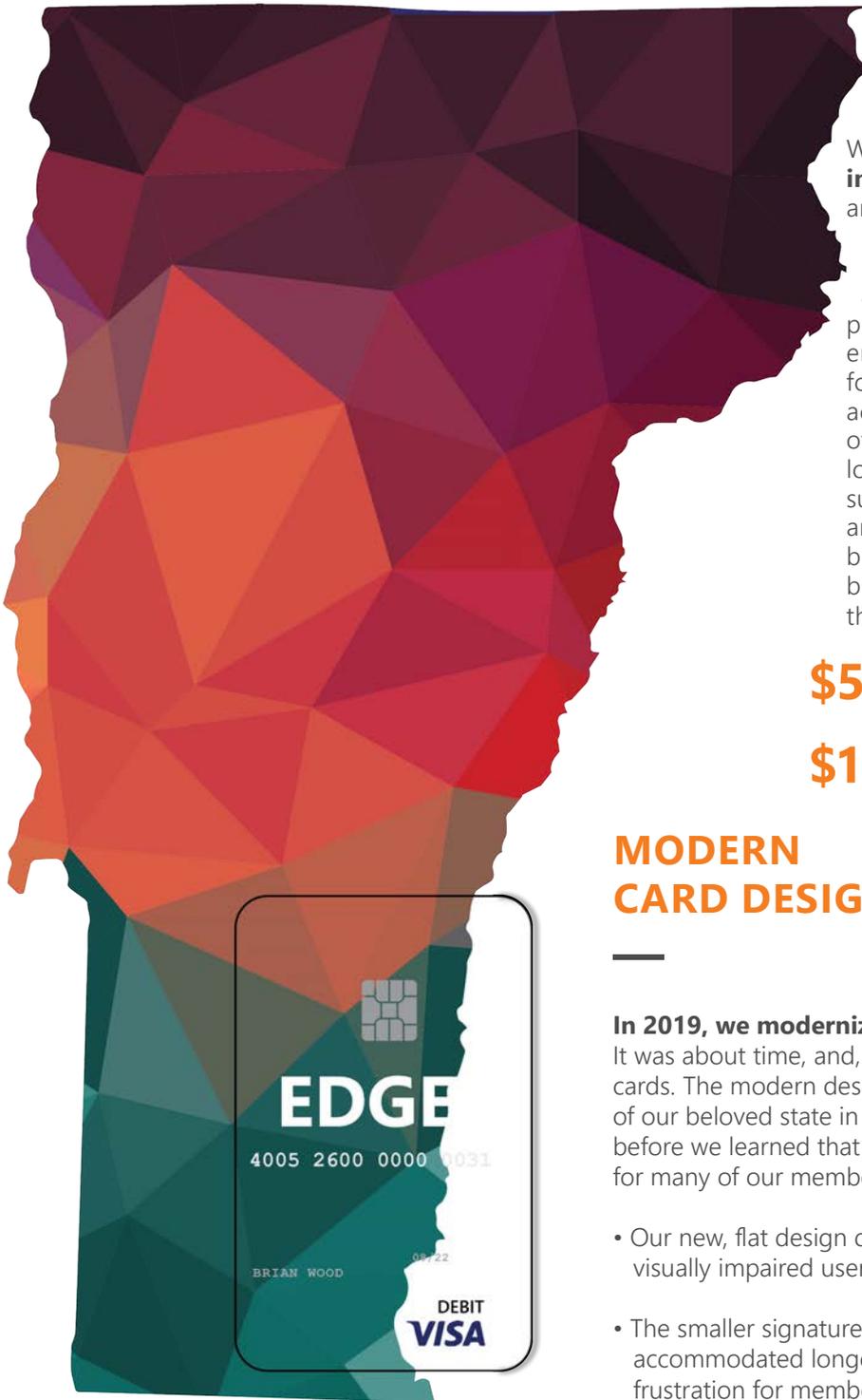
## MODERN CARD DESIGNS

In 2019, we modernized all our cards with an exciting new design. It was about time, and, overall, members were happy with the new cards. The modern design featured geometric shapes reminiscent of our beloved state in an exciting palette of colors. It wasn't long before we learned that some of our design choices created barriers for many of our members:

- Our new, flat design did not have the raised characters used by visually impaired users to read their account numbers.
- The smaller signature line on the updated card no longer accommodated longer ethnic surnames. This can exacerbate frustration for members who are asked to prove their identity more frequently than white members.

**What we discovered through this experience** is that we are going to make mistakes and the only way we are going to create experiences that exceed our members' needs is to listen to their concerns with an open heart and practice the self-awareness necessary to undo harms we have caused. Though we have not resolved both issues to our satisfaction yet, we are working toward a better experience with our cards. Here's where we've landed:

- Because the flat design is a security measure, we have not moved back to a raised-print card style. Card design, across the industry is heading in the same direction. We have not resolved the issue yet, but we have looked into different cards designed for the visually impaired in search of a cost-effective solution.
- The signature line was easy, and we fixed it as quickly as we could, ordering new inventory with an extended line that accommodates longer names.



# Creating a Transparent and Engaged Culture IN ACTION

## WE VALUE:

### A TRANSPARENT AND ENGAGED CULTURE

We are committed to our staff and nurture an internal culture that feels comfortable and secure and ultimately leads to better overall health and happiness for those who work here. How does that affect our membership? Happy employees greet them with a smile and meet their needs through custom experiences, products, and services.

At VSECU, we recognize staff who exemplify our internal values, which we refer to as our “Be” values. **We began this practice in 2019 during our first employee gala** to celebrate colleagues who contribute to the culture we aspire to. We honored the following employees in 2021:

#### BE BRAVE

##### AMANDA MORWAY

For challenging the norm, trying new things, and learning from mistakes

#### BE REAL

##### HANNA MORRIS

For embracing who you are, saying what you mean, and doing what is right

#### BE HUMAN

##### CATHY FLEURREY

For living in the moment, making connections, and fostering relationships

#### BE SELFLESS

##### MELISSA CANE

For acting in kindness, uplifting others, and giving back

#### BE PLAYFUL

##### DIANA CLARKE

For nourishing your inner child, not sweating the small stuff, and laughing together



### EMPLOYEE OF THE YEAR

#### NATE MESSIER

For embodying all values



### LEADER OF THE YEAR

#### JEVONNE MCLAUGHLIN

For embodying excellence in leadership



## 52 HOURS PROJECT

As any business owner knows, you won't succeed just by working **IN** your business. You also have to work **ON** your business. Professionals in any industry need to get out of the day-to-day grind in order to see areas where they can improve and engage in opportunities for growth. That's why **we instituted the 52 Hours Project in 2020**, which allows employees an hour each Wednesday to learn, whether they're attending staff-wide or department-specific seminars or focusing on personal learning tracks.



## PROJECT TOPICS



### ERGONOMICS

for a more productive work or home office



### CHANGE MANAGEMENT

and cultural transformation



### FINANCIAL LITERACY

from our financial advisory team



### TALENT OPTIMIZATION TRAINING

for better interpersonal communication, professional development, and personal insight



### DEPARTMENTAL UPDATES

for better organizational understanding and cross-departmental collaboration

# Helping Members through Relationships IN ACTION

## WE VALUE:

ENGAGING IN RELATIONSHIPS THAT HELP MEMBERS

We don't like to brag, but we've got connections. These, along with a deep understanding of the needs of our members and some good old-fashioned ingenuity and out-of-the-box thinking, have helped us develop a portfolio of products that meet the unique needs of our members.

## THE HEAT SAVER LOAN

**In 2014, we worked with the State of Vermont to develop the Heat Saver Loan** as a pilot program. The program was designed to reduce the finance cost of energy efficiency projects for low- to moderate-income Vermont households for energy upgrades to their homes. **In 2018, the program transitioned to Efficiency Vermont and is now known as the Home Energy Loan.**

The program has continued to grow and in 2021 achieved:

**258**

NEW LOANS

**\$1.3K**

SAVED IN TOTAL FINANCE PER BORROWER

## ENERGYFIRST MORTGAGE

We launched the EnergyFirst Mortgage pilot in 2021. It was developed in coordination with the Energy Futures Group and with support from a grant through the Vermont Department of Energy. The purpose of the pilot was to help homeowners improve the energy efficiency of their homes through low-interest rate refinancing. Through this pilot, nine Vermont residents had access to an energy coach and preferred contractors and received a home energy label that will improve the future resale value of their home. As a result of this program, members saved money and energy:

**\$16.7K**

AVERAGE TOTAL FINANCE SAVINGS

**\$969**

AVERAGE ANNUAL ENERGY SAVINGS

## VHEAT PROGRAM

**Our VHeat program was developed in 2005** in coordination with home fuel providers from around the state. By pooling our membership, we were able to establish lower home heating fuel rates that save members money. In 2021, VHeat had a significant positive financial impact on members:

**\$451K**

SAVED ON HEATING FUEL

**\$164**

AVERAGE ANNUAL SAVINGS PER MEMBER



## Environmental Stewardship IN ACTION

Our innovative VGreen Program, launched in 2012, is a direct result of our environmental mission, providing affordable clean energy financing to our members and helping us support Vermont as it reaches toward its clean energy targets. In the sections above, you'll see other VGreen products that display other values as well, including the VGreen Money Market account on page 7 and the EnergyFirst Mortgage, described on page 15.



### 2021 VGREEN FINANCING

Here, you can see how members use our VGreen loans to support the environment:



**\$362K** BATTERY STORAGE



**\$86.0K** BICYCLES



**\$231K** BOILERS AND FURNACES



**\$623K** PELLET BOILERS AND WOOD STOVES



**\$19.5M** SOLAR



**\$1.8M** HEAT PUMPS



**\$953K** WEATHERIZATION



**\$1.0M** VEHICLES



**\$304K** OTHER ENERGY EFFICIENCY FINANCING

### WE VALUE:

ENVIRONMENTAL STEWARDSHIP AND MITIGATING CLIMATE CHANGE

In 2006, we established an Environmental Mission Statement, which has provided a foundation for more sustainable product development. The health of our environment is essential to the health of our members, so we take this value seriously and have made sustainable products a prominent offering at VSECU. As a result, we have become a leader in the green lending space, something our members and our state appreciate.



## SUSTAINABLE EQUITY LOANS

In addition to the previous, members rely on the equity in their homes to make sustainable choices as well. Here's how those numbers break down:

**\$3.6M**

IN SOLAR LOANS

**\$1.1M**

IN WEATHERIZATION LOANS

## OUR ENVIRONMENTAL IMPACT

We don't just help members reduce their negative impact on the planet. We also take responsibility for our own impact through branch design and sustainability initiatives.

### FOR EXAMPLE:

- We invest in 100% renewable energy that offsets more than 50% of the electricity used at our branches.
- Our Rutland branch was LEED Gold certified in 2015. We were the first financial institution in Vermont to achieve that rating.
- Our St. Johnsbury branch, while not certified, was built to meet the standards set by our Rutland branch and received ENERGY STAR certification in 2015.
- Our Waterbury branch also received ENERGY STAR certification in 2015.
- We are currently renovating our Berlin branch to meet the same standards. Additionally, we will rely on heat pumps to heat and cool the building, which means we will have no on-site stack emissions from the burning of fossil fuels.
- While we also strive to achieve Energy Star certification at all locations, the pandemic has made this more difficult. Pre-pandemic, we maximized energy savings by programming our HVAC system to reduce activity when the buildings were unoccupied. During the pandemic, we needed to maximize air exchange and therefore ran our HVAC systems 24/7 wherever possible.
- In 2019, we made a commitment to a global effort by banking institutions to track and monitor the carbon impacts of their portfolio known as the Climate Change Commitment, or 3C initiative. As part of this commitment, we helped develop the Platform for Carbon Accounting Financials (PCAF) methodology and began to measure our impact in 2021. We look forward to sharing the results of this work.



## Supporting Financial Health

# IN ACTION

### WE VALUE: FINANCIAL HEALTH

The financial health of the membership is one of our main priorities. The more our members know about their finances and the broader range of products and services they can use to achieve their financial goals, the more prosperous they will be.

### EDUCATION

VSECU has provided access to MEMBERS Financial Services at its branches since 1995. Today, we support the retirement and savings needs of 1,960 clients to ensure their financial security.

## \$233M

ASSETS UNDER  
MANAGEMENT IN 2021

To promote sound investment and retirement planning practices, our financial advisors offered regular virtual seminars, throughout the year, on topics including Social Security and retirement, Medicare, how to weather a bear market, rollover planning, women and investing, and much more.

## 27

EDUCATIONAL  
SEMINARS

## 782

MEMBERS IN  
ATTENDANCE

Since 2015, our blog has offered members valuable information to help them live a more prosperous life. Topics cover areas as diverse as car maintenance, best practices for buying a house, how to survive a pandemic, and how to make low-cost holiday gifts. This year:

## 13.0K

PEOPLE READ  
OUR BLOG

## 8.5K

READERS  
SUBSCRIBERS

### LOAN PRODUCTS

Auto loans, first offered at VSECU in 1950, were our first loan products. Now, we provide a whole host of loans, which we offered at much lower rates during the pandemic, to make it easier for members to reach their goals without having to do a lot of legwork.

## \$36.2M

IN AUTO  
LOANS

## \$3.8M

IN PERSONAL  
LOANS

## \$8.1M

IN RECREATIONAL  
VEHICLE LOANS

In 1983, we offered our first residential home loans and in 1998 expanded to cover second home mortgages. In 2007, we began accepting mortgage applications online. Our mortgage originators were busier than ever in 2021, helping members take advantage of low interest rates as they purchased or refinanced their home, or used their home equity to help them cover other costs.

## 948

HOMES  
PURCHASED

## \$185M

IN HOME  
FINANCING

## 712

MEMBERS USED  
THEIR HOME'S  
EQUITY

## \$22M

IN HOME EQUITY LOANS  
AND LINES OF CREDIT

VSECU issued its first debit cards in 2000. Since then, they have become an essential tool for members who have come to embrace digital technology and rely on their debit cards to conveniently make purchases online or at the register.

## 6.8M

TRANSACTIONS

## \$314M

TRANSACTIONED



## SERVICE AND TECHNOLOGY

This past year wasn't easy on our members, who couldn't, or opted not to, come into a branch. In response to this need, we created safer and more convenient banking options. For example, we replaced our Berlin and Rutland ATMs with video teller machines so that our tellers can speak face-to-face with members via video, offering traditional one-on-one support without the associated health risks. We created a video teller machine lead position to improve staff training and member service while providing additional support to our video teller staff. These numbers illustrate how busy our video tellers were in 2021:

### 205K

SESSION  
REQUESTS  
FULFILLED



### 244K

TRANSACTIONS  
PERFORMED



**Digital Banking, which we first offered in 2000**, is one of the safest ways to bank during a pandemic because you can do it from the safety of your own home. With the **VSECU Mobile Banking app (first launched in 2013)**, you can even deposit checks. In 2021, our members made good use of this technology to conduct transactions.

**LOGINS: 5.5M**

**TRANSACTIONS: 804K**

**CONSUMER LOAN APPLICATIONS: 5.6K**

**LOAN DOLLAR AMOUNT BOOKED: \$36.7M**

**DEPOSIT ACCOUNTS OPENED ONLINE: 4.7K**

**INITIAL DEPOSITS: \$10.9M**

**In 2021, we implemented an online branch scheduler on our website**

and made it available to members in mid-September. Members now can schedule their appointments online with our branch member service consultants. Since implementation, more than 2,427 appointments have been scheduled using the new technology.

Banking isn't simple and our members reach out regularly with questions about financial concerns and requests for support in opening accounts and applying for loans. This keeps the member service consultants in **our Contact Center (which answered its first calls in 2000)** quite busy:



**We answered 173K calls.**



**Our partner answered 16.9K after-hours calls.**



**We managed 10.8K secure messages in Digital Banking.**



**We responded to 2.2K emails.**



**We booked 2.2K loans for a total of \$24.4M.**



**We opened 2.6K memberships online.**



**4.3K accounts were opened electronically.**



As a financial institution, we are vigilant about the safety of our members' money. Our fraud team, in coordination with other departments, uses technology, manual processes, and wisdom built on years of experience to prevent criminals from accessing member accounts.

**Fraud Attempted in 2021**

**\$548K**

**Fraud Prevented in 2021**

**\$476K**

# HOW WE MEASURE IMPACT

The Essential Intent Scorecard is how we assess performance and progress on our business strategy.

Essential intent is both aspirational and concrete, enabling us to clearly articulate our purpose through measurable objectives, and set realistic goals based on our mission and vision.

The scorecard captures our performance relative to our goals of serving member needs and creating member value (return on member), financial resiliency and sustainability (capital, return, and asset quality), and social impact (member funding, real economy assets, real economy revenues, and triple-bottom-line assets).

We measure ourselves against these metrics to ensure we are delivering on our mission and promise to improve the lives of our members and Vermonters.

## Essential Intent SCORECARD Q4 2021

Essential Intent Scorecard	Actual	Target	vs. Target	% Target	Weight	Weighted Score
Capital	8.85%	9.00%	-0.15%	98.3%	5.0%	4.9%
Return	0.93%	0.63%	0.30%	147.6%	5.0%	7.4%
Asset Quality	0.39%	0.31%	-0.08%	74.2%	2.5%	1.9%
Member Funding	90.2%	75%	15%	120.3%	5.0%	6.0%
Real Economy Assets	84.8%	75%	10%	113.1%	7.5%	8.5%
Real Economy Revenues	96.7%	80%	17%	120.9%	5.0%	6.0%
Return on Member (ROM)	56.3%	75%	-19%	75.0%	50.0%	37.5%
Triple Bottom Line Assets	48.2%	55%	-7%	87.5%	20.0%	17.5%
<b>Overall Weighted Score:</b>						<b>89.7%</b>

At the end of 2021, we achieved an **overall weighted score of 89.7%**. The red and green indicators illustrate how well we performed in each area relative to our target. The highest weighted metrics in the scorecard are return on member and triple bottom line assets. This year, we maintained triple bottom line assets but lost ground on creating member value as measured by return on member. We continue to exceed our goals related to the recirculation of local dollars into the local economy. Member funding (loans funded with member deposits), real economy assets (percent of assets in tangible goods and services), and real economy revenues (percent of revenue generated by real economy assets) all were well above targets recommended by the Global Alliance for Banking on Values.

## Treasurer

# REPORT

VSECU experienced a major milestone in January 2021, with total assets exceeding \$1 billion for the first time. Total assets increased over \$100 million during the year, reaching \$1,088,463,473 at year-end. Asset growth was fueled by \$97.5 million of member deposit growth. Net member loans increased \$47.3 million, as members continued to take advantage of the low interest rates in real estate secured loans.

Net income ended the year at over \$13 million, up from \$6.7 million in 2020, the strongest performance in our history. More than half of the increase in net income over the prior year was a decrease of \$3.7 million in the provision for loan loss expense. VSECU staff and members worked closely together during unprecedented times, avoiding loan defaults and allowing us to reverse some of the estimated losses expensed in 2020. The net worth ratio (capital as a percent of assets) at year-end was 8.85%, having increased from 8.45% one year ago. Our strong net worth ratio creates a solid foundation to return financial, environmental, and social prosperity back to our membership and community.

Our success is grounded in the values outlined in the Essential Intent Scorecard, measuring the impact we have on our members, the environment, and local communities. Thank you for your continued commitment and support, which directly impacts the financial wellbeing of all VSECU members and Vermonters.

**Janet Hollner,**  
Treasurer

## STATEMENT OF FINANCIAL CONDITION

ASSETS	12/31/2021	12/31/2020
Member Loans, Net ALL	\$873,339,460	\$826,040,316
Investments	\$163,605,553	\$111,616,419
Fixed Assets	\$14,120,069	\$14,944,238
NCUA SIF	\$8,871,998	\$7,862,727
Other Assets	\$28,526,393	\$24,627,651
<b>Total Assets</b>	<b>\$1,088,463,473</b>	<b>\$985,091,351</b>

LIABILITIES, MEMBER DEPOSITS AND EQUITY	12/31/2021	12/31/2020
Liabilities	\$10,540,926	\$9,966,294
Borrowed Funds	\$385,000	\$385,000
Member Deposits	\$982,222,241	\$884,700,375
Non-Member Deposits	\$-	\$4,527,000
Regular Reserves	\$11,953,743	\$11,953,743
Undivided Earnings	\$84,347,198	\$71,261,709
Other Comp. Gain/(Loss)	\$(985,635)	\$2,297,230
<b>Total Liabilities and Equity</b>	<b>\$1,088,463,473</b>	<b>\$985,091,351</b>

## STATEMENT OF INCOME

FOR THE YEAR ENDED	12/31/2021	12/31/2020
Member Loan Interest	\$33,973,929	\$32,684,114
Investment Interest	\$1,885,151	\$1,689,092
Total Interest Income	\$35,859,080	\$34,373,206
Dividend Exp on Deposits	\$1,713,524	\$3,858,592
Interest Expense on Borrowing	\$4,470	\$296,664
Total Interest Expense	\$1,717,994	\$4,155,256
<b>Net Interest Income</b>	<b>\$34,141,086</b>	<b>\$30,217,950</b>
Provision for Loan Loss Exp	\$(614,723)	\$3,092,889
Net Interest Income, after PLL.	\$34,755,809	\$27,125,061
Non-Interest Income	\$12,388,336	\$10,619,932
Non-Interest Expense	\$33,708,401	\$31,080,169
Non-Operating (Loss)/Gain	\$(350,254)	\$16,650
<b>Net Income</b>	<b>\$13,085,490</b>	<b>\$6,681,474</b>



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