

**YOU BELONG
IN THE**

**nutmeg
state**

**financial
CREDIT UNION**

2022

**ANNUAL IMPACT
REPORT**



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Welcome to Nutmeg State

Our Values Drive Us



Integrity



Responsibility



Empathy



Engagement

Our Mission

Our mission is to create **multigenerational prosperity** throughout Connecticut communities through **education, collaboration,** and the **support of local commerce.**

Our Theory of Change

We believe prosperity for all people is possible through meaningful social and economic relationships and ensuring inclusive and equitable access to resources.

Our History

Nutmeg State Financial Credit Union is a member-owned, not-for-profit financial cooperative founded in 1936.

We are headquartered in Rocky Hill, Connecticut with 11 branches across the state serving more than 40,000 members.

Credit unions were built on the simple idea of people helping people. We work to build mutually beneficial relationships between people and a stronger sense of community.

We proudly embrace our roots and continue to serve as a responsible steward of the financial cooperative movement and offer values-driven leadership, intentional actions, and strategic investments to “be the change” in our community.

The Cooperative Principles

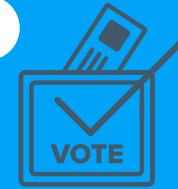
As a not-for-profit financial cooperative, Nutmeg State adheres to these seven principles:

1



Volunteer

2



Member Control

3



Members' Economic Participation

4



Autonomy & Independence

5



Education, Training & Information

6



Cooperation Among Cooperatives

7



Concern for Community

Financial Overview

A Message from Leadership

To our Members,

Heading into 2022 we recognized the year as an opportunity to reimagine our value proposition in a post COVID-19 world. We realized how fragile economic security can be, the stress a sudden crisis can inflict on our families and the need to address systems of inequity.

Our communities are still in crisis management mode and we have worked to support our members and their families as we all continue to recover together. In 2022, we worked to create more inclusive products and services to ease financial stressors and build economic stability for our members. We are happy to share some of what we have achieved:

- We are proud to share that we have eliminated NSF fees and Overdraft fees from savings transfers. These changes reflect our commitment to helping you, our members, better manage your cash flow and support your financial well-being.
- We launched new on-line auto and credit card applications focused on member experience, and made improvements to our credit card reward program offering even greater benefits and rewards to our members.
- We introduced on-line chat, providing you with immediate access to our knowledgeable and friendly staff.
- Financially, we closed out the year at a record high of \$554M in total assets (a 7.32% growth from prior year), still maintaining a strong capital ratio of 13.79% and a Net income growth of 18.23%.

Additionally, we are thrilled to announce our commitment to social impact, which will allow us to give back to the communities we serve in meaningful ways. Our goal is to positively impact the lives of those we serve, and we are proud to be able to make a difference.

In our 2021 Year in Review we wrote “Our goal is to establish wealth in families that transcends from grandparents to grandchildren, to create a legacy for economic security that passes from one generation to the next. By supporting programs and non-profits that help provide equitable access to financial tools and resources, educational workforce opportunities and promote justice, we will be operating in direct alignment with our mission. Our goal is to rise together and to support each other in dismantling systems of inequity.” These words continue to be true today. We continue to appreciate the trust, confidence and support you show us to create prosperity for all.

Sincerely,



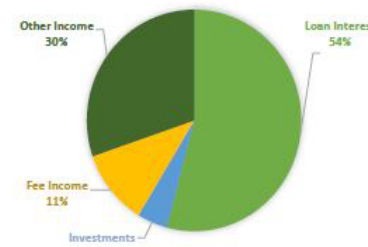
John Holt
Chief Executive Officer



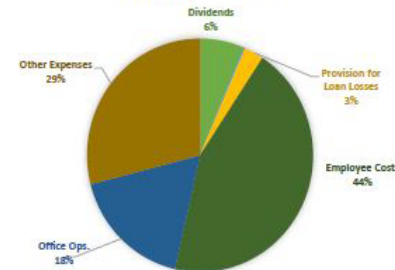
Dr. Luis Ramos
Chair
Board of Directors



HOW WE EARNED IT



HOW WE SPENT IT



Statement of Condition - 2022

Assets	
Total Cash and Other Deposits	\$ 46,337
Total Investment Securities	\$ 60,185
Other Investments	\$ 765
Other Assets	\$ 33,550
Total Loans	\$ 414,814
Loan Loss Allowance	\$ (2,164)
Total Assets	\$ 553,487
Liabilities and Equity	
Member Share Accounts	\$ 469,964
Other Liabilities	\$ 14,543
Equity	\$ 68,980
Total Liabilities and Equity	\$ 553,487
Statement of Income and Expense	
Income	
Interest Income	\$ 17,893
Income from Investments	\$ 1,738
Fee Income	\$ 11,074
Other Income	\$ 2,743
Dividends Paid to Members	\$ (1,720)
Provision for Loan Losses	\$ (752)
Interest Expense on Borrowings	\$ (62)
Non-Interest Income	\$ (1,064)
Total Operating Income	\$ 29,850
Expenses	
Employee Costs	\$ 12,072
Office Occupancy/Operations	\$ 4,745
Other Expenses	\$ 7,896
Total Operating Expenses	\$ 24,713
Net Income	\$ 5,137

Our Board are volunteer members that represent the interest of the collective.



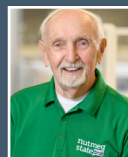
Mike Petti



Maria DeMarco



Beth Bunko



Wallace Abramson



PJ Cimini



Mike Godbout



Steven Hernandez

Supervisory Committee Report

The Supervisory Committee's primary responsibility is to ensure that the credit union is managed in a sound manner and that members' assets are adequately safeguarded. The committee, as the members' representative and official auditor, has the responsibility to review and evaluate the overall financial operations and performance of your credit union, including that of its management staff. The committee ensures that the Board of Directors and Management Team follow all the regulations, procedures and policies that govern this institution.

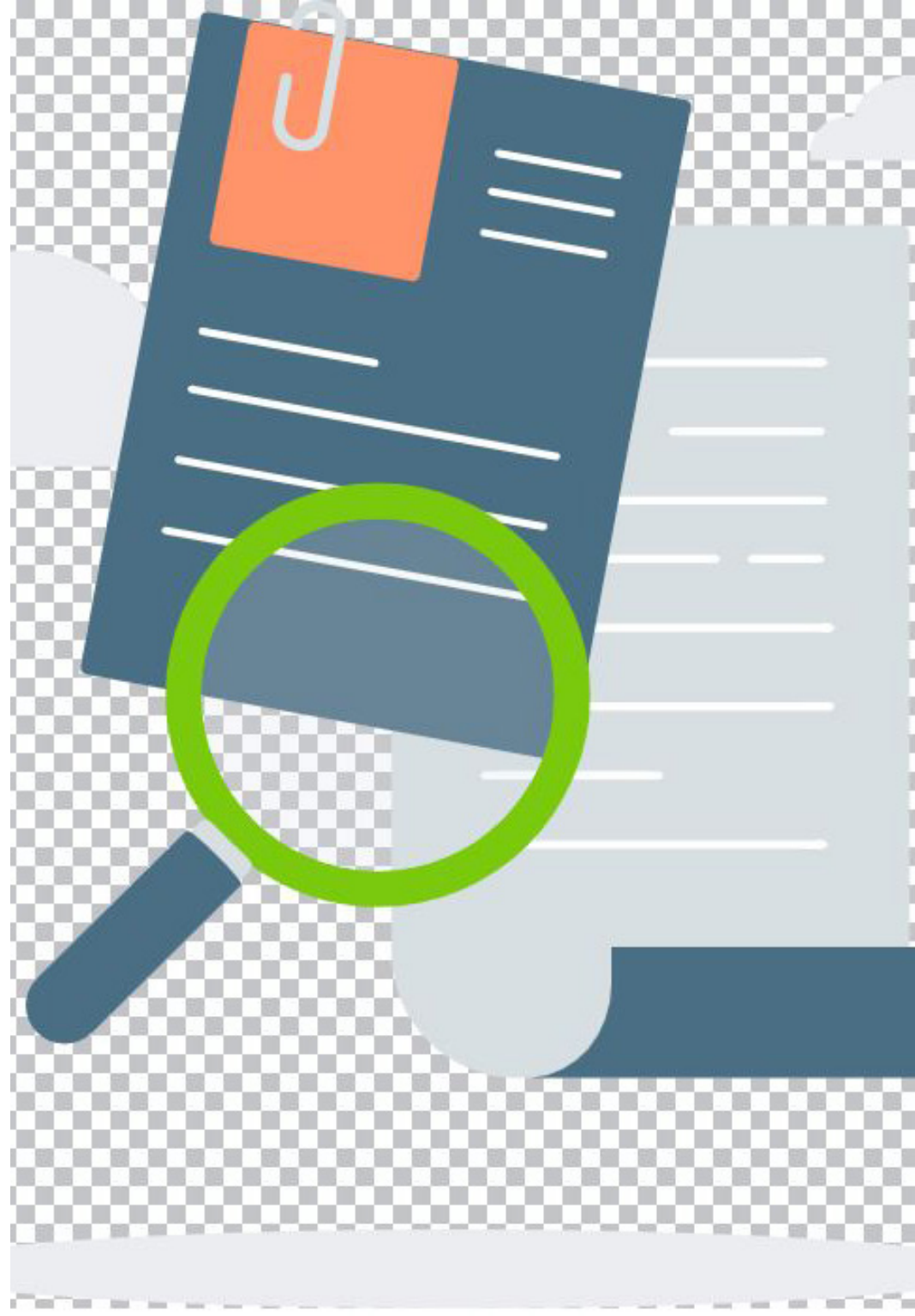
The Supervisory Committee retained the services of Nearman, Maynard, and Vallez, CPAs & Consultants, P.A. to conduct an independent opinion audit in accordance with the National Credit Union Administration (NCUA).

As your Supervisory Committee Chair, I am pleased to report that we received an opinion that the financial statements present fairly, in all material respects, the financial position of Nutmeg State Financial Credit Union as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,
Your Supervisory Committee



Maria DeMarco
Supervisory Committee Chair



Our Achievements

End of NSF Fees

Nutmeg State is proud to be the first credit union in Connecticut to end NSF (non-sufficient fund) and overdraft protection fees. The fee for non-sufficient funds – on top of a returned item transaction – puts people in even more financial distress than they were before.

Nutmeg State eliminated these fees knowing that, by removing financial obstacles to prosperity, it would benefit our most vulnerable members while we support their overall financial well-being.

Privilege Pay Reform

Privilege Pay supports our members to overcome cyclical debt patterns and provides them with credit reporting to leverage the program's benefits and build their credit. This year we began planning the enhancement of our Privilege Pay program to increase our member's access to credit while minimizing the service cost to them. High users of the program will have a dedicated support line to reach our Member Success team.



HOPE Program

Nutmeg State's new HOPE program provides low income families the opportunity for first time home ownership. We are helping families realize the dream of home ownership while strengthening their financial future. Paying their mortgage provides valuable equity that can lead to financial prosperity.

Winter Loans

This winter we launched a personal loan program to help our members pay costly utility bills, holidays expenses, or consolidate debt and reduce interest charges. During the campaign, we produced:

85 loans: | Average Loan **\$9,755**
Average Credit Score **707**



What Our Members Said

“

The was very simple and very straightforward. I am very grateful. I would refer anyone to the Working Wheels program. This vehicle is a blessing to my current living conditions. It relieves my spouse from having to bring to and from work or having to be left at home with no transportation in case of an emergency. It also allows me to assist other family members without inconveniencing my home situation.

-Ray

“

Maria is very, very nice and patient with me. I wasn't judged from my credit. She said things will work out went over every step with me. When I got approved she also made sure I was comfortable with my loan. I would recommend friends and family to this program. I will continue to do all my banking with Maria and Nutmeg State Financial Credit Union.

-Felisa

“

The process of this program is very simple and understandable. Everything is broken down and explained very clearly. Maria is a wonderful woman to work with. She is very understanding, empathetic, and caring. She gives people a great sense of hope when speaking to her. I would refer this program to all and anybody. This program and this vehicle has made it possible for me to keep my job. This vehicle has made me realize how important it is to value the little things in life. All my vehicles I have had have broken down, it feels amazing to have a good reliable vehicle.

-Nikki



Inclusive Programs & Services



Loans

50 First Mortgages \$17,359,387	580 Student Loans \$2,884,072
30 Working Wheels \$520,279	67 Small Business Loans \$28,850,850
174 Green Loans \$3,106,731	46% Affordable Homes \$4M in Affordable Loans



Savings

Overdraft Fees \$96,975	NSF Fees \$174,055
Member ATM Fees \$55,995	Reversed Fees \$624,612

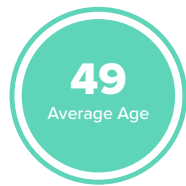


"We really listen to understand the financial challenges our members are experiencing then work to create products and services to solve those problems."

Dana Clark
Vice President



Our Members



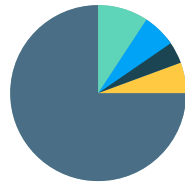
Demographics



GENDER
Female **53%**
Male **47%**

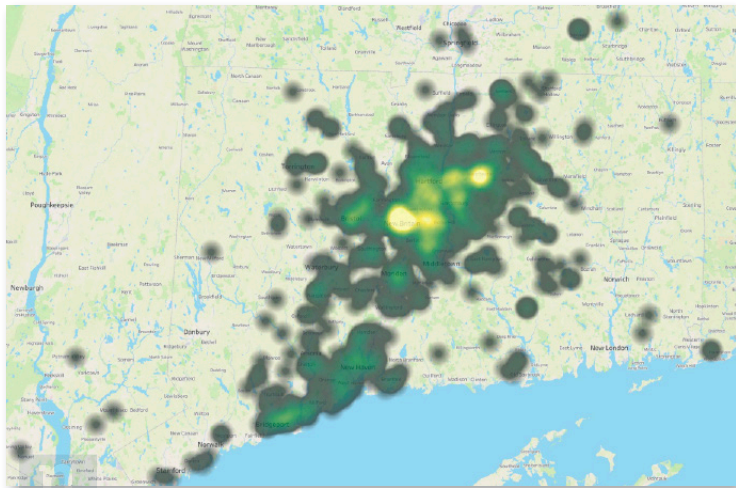


AGE
0-25 **20%**
26-35 **11%**
36-45 **14%**
46-55 **17%**
56-65 **18%**
>66 **20%**



RACE
Hispanic **13%**
European **75%**
African American **5%**
Asian American **3%**
Other **4%**

Geographical Heat Map of Members by area



Member Success

IN 2022, WE HANDLED:

Phone Calls	49,030
In-Branch Visits	163,462
Survey Responses	4,580
E-Banking Interactions	312,781



“We understand our members need us to be there for them. We want them to always feel like we are here to help, because we are.”

Javier Roman
Member Success



Joshua Tenner
★★★★★

This particular credit union is superb. They often help me out with my issues and make suggestions on my checking account. Calling customer service was never a problem and almost never had to elevate my call severity to get what I needed.

I prefer this credit union because of their "More than free checking" and I highly value the "Privilege pay" rates because they helped me get through some very rough patches when I needed to pay my bills.

Using this local brand was a big no brainer, and I would recommend this credit union to anyone who supports local businesses.

timmy c.
Newington, CT
@ 31 @ 20 @ 17

★★★★★

I've been with this credit union since 2010, and I haven't ever been disappointed. Automobile loan, education loan, savings account, and checking account... All fantastic. I have never had a bad experience with a teller, Loan officer or any other employee. Even the people helping you over the phone are always cheery and polite.

Kerryann
★★★★★ Verified Customer

I love them for their opportunities they provide!! I didn't think I was going to get the loan but the banker was patient and very helpful!

Mike
★★★★★ Verified Customer

Love doing my loan with them they are so much better the one I had before. I get to talk to actual people and will be using nutmeg for all my future cars

Verified Customer
★★★★★

Very helpful employees...They have good car loan rates and are willing to give people without much of a credit history a chance. I had given up all my cards years ago.

★★★★★ 1/15/2020

I have two loans with them and everything was smooth and easy. I am thinking of switching to them for all my banking.

People & Culture

This fall the Nutmeg State team ran a food drive collecting over 700 pounds of non-perishable food. All of the food was delivered before Thanksgiving to Hands On Hartford and House of Bread, non-profits serving the unhoused and underserved in the Greater Hartford.



Nutmeg State participated at LGBTQ+ events throughout the state while sharing stories of pride on social media.



Nutmeg State also celebrated various cultural events such as Hispanic Heritage Month, International Women's Day, and Veteran's Day.



"I am grateful to see my teammates, who are members themselves, show such great effort and care to help each other and their communities."

Marc Spencer
Engagement and Culture

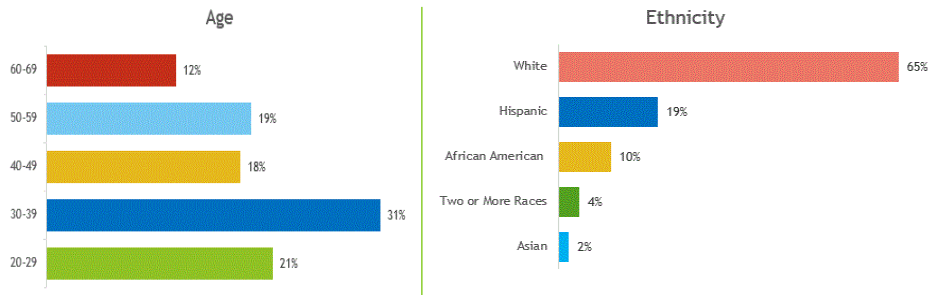


Our Team



98 Total Employees **FTE - 97 | PTE - 1**

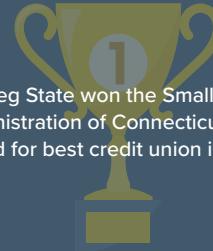
Employee Demographic Breakdown



"I am so proud of how hard our team works to provide the best experience, products, and programs to our members."

Greg Angelillo
Senior Vice President

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Nutmeg State won the Small Business Administration of Connecticut's Eagle Award for best credit union in 2022.



Awards given to Nutmeg State teammates who embody our values and helping us thrive.

Nutmeg State cares about our mission to build prosperity for all. We cannot achieve this goal without our colleagues that care for and about the needs of our members. Nutmeg is proud to have launched an initiative to recognize the hard work of some of our "unsung heroes" throughout the organization. CEO John Holt was pleased to present our first ever "Nutmeg Awards" to these employees who helped bring great professional value to Nutmeg State while embodying our mission and company values."



Robin Del Vecchio

"Robin's contribution to Nutmeg has left a profound impact," said John Korber, SVP. "Above all, Robin embodies Nutmeg's core values and is leading the way towards a better future for the organization."



Rich Conner

"Rich has been instrumental in Nutmeg State's evolution," said CEO John Holt. "He is beyond helpful and collaborative, enjoyable, and eager to learn and grow. He is so important to us."



Shayne White

"Shayne helps others understand what is possible so they can own and perform their own functions for the betterment of the community," said CEO John Holt. "We are fortunate to have him here."

Community Investments

\$156,000 Spend with Local businesses

\$55,676 Charitable Donations



We need to be intentional with the way we spend and invest our money or the organizations that we partner with to make sure the benefit of the collective is being served. It is important that we work with values-aligned organizations that care about other parts of that collective and our shared success.

Al Festini
Senior Vice President



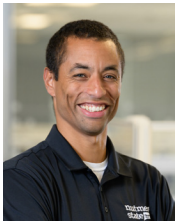
Community Wellness



Public yoga classes for all
to inspire and unite us.

Nutmeg State is a proud partner of Yoga In Our City, a non-profit program providing high quality yoga instruction and wellness education throughout Connecticut.

The program partners with ConnectiCare, AccessHealth, MentalHealthCT, and AARP to bring free yoga classes to public parks across the Nutmeg State with the goal of building happier, healthier communities through compassion, gratitude and mindfulness.



We believe that building stronger communities involves wellness of all sorts. Physical wellness, mental wellness, and yes, financial wellness. We are excited to be partnered with Yoga In Our City to make sure our communities achieve that holistic wellness.

John Korber
Senior Vice President



6
Cities

19
Parks

600+
Classes
Per Year

15,000+
Participants



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state** financial
CREDIT UNION



Public Policy

In 2015, Connecticut became the first state in the nation to pass legislation to codify a two-generational (2Gen) initiative into statute. State legislation in subsequent years has continued to bolster the state's commitment to securing economic stability that passes from one generation to the next.

This year Nutmeg State adopted Connecticut's 2Gen Initiatives as the foundation of our public policy platform as we use a whole family approach with our members to achieve multigenerational prosperity.

To be successful in this endeavor, the Board of Director's added Steven Hernandez to our Advisory Board. Steven is the Executive Director of the State of Connecticut's Commission on Women, Children, Seniors, Equity & Opportunity; a non-partisan agency of the Connecticut State Legislature responsible for two-generational policy work.



"I am inspired by the possibilities of working with a not-for-profit financial cooperative to build multigenerational prosperity with families in Connecticut."

Steven Hernandez
Advisory Board

2 GEN



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Looking Forward to 2023

In 2023, our primary goal is to deepen our relationship with the members we serve. We will continue to modernize our credit union by refining our website, deploying applications focused on member experience, creating products and services “with a purpose” and investing in meaningful community partnerships and programs for our members.

We want everyone in Connecticut to feel like they belong at Nutmeg State. Over the next year, we will seek to grow Nutmeg State’s membership by 5% and we will work to connect with prospective new members on our shared values, important mission and by offering financial products and services that solve their problems.

Nutmeg State will continue to stand up for our members by supporting social change in pursuit of multi-generational prosperity. We will review our policies, partnerships, and investments through a new strategic lens and join leaders across the state to serve on advisory boards to represent our members’ interests during the 2023 Legislative Session.

We are excited for the year ahead of us and our work to create prosperity for all.



