

NorthCountry Federal Credit Union
2015 Annual Report



Report of the CEO and Board Chair

In 2015, NorthCountry completed a three year strategic plan which brought about notable benefits to its four stakeholder groups: members, employees, the community, and the dedicated volunteers who serve on the Board of Directors and Supervisory Committee. As an organization, in 2015 we:

- Contributed over \$400,000 to non-profit organizations serving northern Vermont, more than half of which went to programs related to youth and education
- Transitioned to new loan origination software, improving speed, accuracy, and efficiency
- Refined how we serve the community with volunteers and financial support
- Implemented the Net Promoter Score program to assess member satisfaction
- Crafted individual development plans to guide employees along their desired career path at the credit union
- Held Member Advisory Councils throughout our field of membership to identify potential future Board and Supervisory Committee volunteers, and to gather feedback regarding our members' experience when interacting with us
- Organized a Reality Fair at a state college, giving students the opportunity to choose a career and then customize a lifestyle appropriate to their means.

While doing all this, we engaged outside vendors to provide unbiased measurements of the service we were providing to members and employees. Their assessments reflected that our efforts were generating the intended results:

NorthCountry provides its members with more value than 96% of the nation's similarly-sized credit unions

(SOURCE: CALLAHAN & ASSOCIATES)

NorthCountry's Net Promoter Score is consistently in the 60's, making it a top performer. In two separate months in 2015, NorthCountry ranked #1 nationwide for member satisfaction with new products.

(SOURCE: MEMBER LOYALTY GROUP)

NorthCountry places in the top 7% of businesses worldwide for employee satisfaction.

(SOURCE: GALLUP)

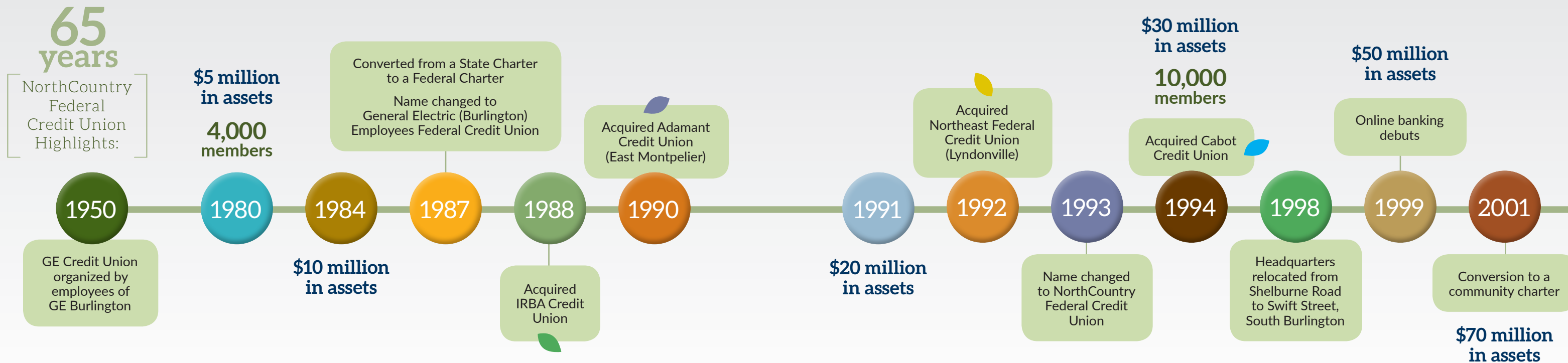
In late 2015, the completion of the previous strategic plan prompted the credit union's management team to recommend



Robert Morgan
CEO



Kathleen Sweeten
Board Chair



that the plan be closed and a new one created. This time, the process began by identifying three major components of our business:

Concentrating on these three areas and how they relate to each of our stakeholder groups has already generated new ideas among our team and a renewed degree of excitement about what the future holds for NorthCountry.

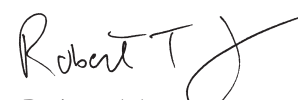
- **Acquisition:** Growth enables the credit union to add new products and services, reflects how successfully we're serving our stakeholders, and supports efficiency.
- **Development:** Investments in the professional development of our staff ensure that the credit union remains a healthy, vibrant organization committed to service. We also want to develop our relationships with our members by providing them with the financial services and products they need to achieve their goals.
- **Experience:** We follow through on our promises, and will continually strive to provide all of our stakeholders with a world-class experience every time.

Concentrating on these three areas and how they relate to each of our stakeholder groups has already generated new ideas among our team and a renewed degree of excitement about what the next two to three years hold for NorthCountry. We are actively pursuing new branch locations so more of you can get to know us face-to-face and have a convenient place to go when you need our help. We're also committed to redesigning our website to serve you better, and to provide a consistent service experience across all platforms. You can also expect more electronic services, as they become available for us to offer. We recognize that the way people interact with their financial institutions is changing, and are taking regular steps to ensure we are positioned to serve our members well into the future, as well as now.

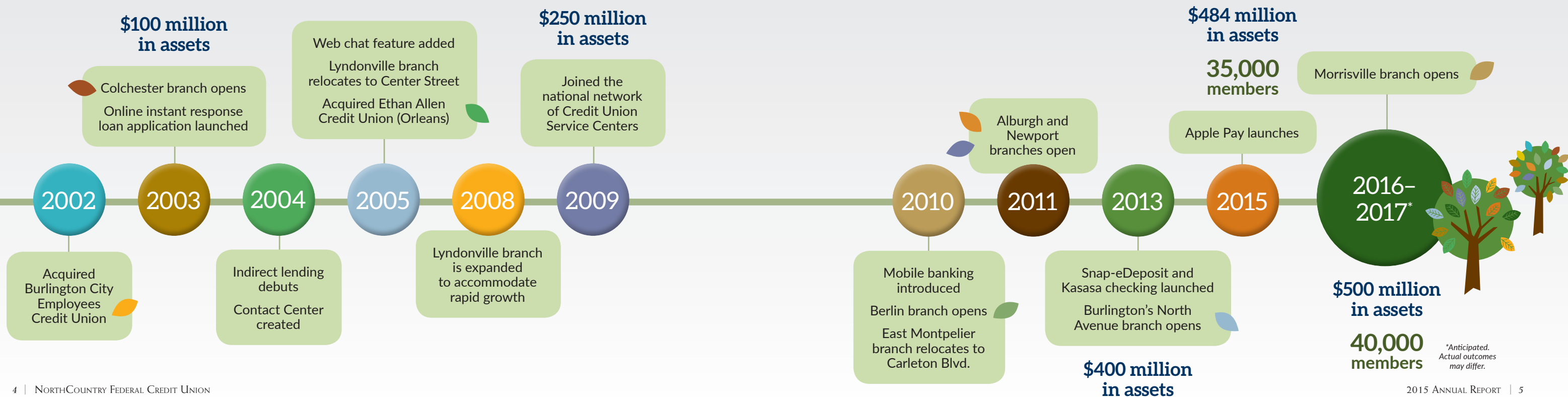
We are also committed to a few things that won't change. For example, you can count on us to continue supporting the organizations and programs that make northern Vermont special, such as the Greater Burlington YMCAs youth programs, Central Vermont Adult Basic Education, and the Vermont Foodbank. We will continue to invest in our staff, providing them with the continuing education and training they need to take care of our members. You can also rely on us to keep an eye on what's new in the marketplace, and make it available to members as quickly and affordably as possible.

You can count on us to continue supporting the organizations and programs that make northern Vermont special.

We thank our members, employees, volunteers, and communities for partnering with us in the cooperative spirit of "people helping people", and for contributing to the success of our 65th year of business. The credit union's Board of Directors is comprised of member volunteers from varied professional backgrounds who work together to ensure your voice is heard. If you have questions, concerns, or suggestions for the credit union, please feel free to contact any member of the Board. Thank you for allowing us to serve you in 2015. We look forward to serving you in 2016.


Robert Morgan
CEO


Kathleen Sweeten
Board Chair



A Message from the Supervisory Committee

The charter of the NorthCountry Federal Credit Union Supervisory Committee is to safeguard the assets of the credit union and protect the interests of its members. The committee met those obligations by collaborating with the Board of Directors, Executive Management, the internal auditor, external auditors, and the National Credit Union Administration (NCUA) to ensure fulfillment of our fiduciary and control responsibilities and to advocate for our members.

The Supervisory Committee continued to safeguard member assets in 2015 by providing for:

- The annual audit and opinion of the credit union's financial condition in conjunction with the accounting firm, A.M. Peisch & Company, Certified Public Accountants
- The audit and verification of members' accounts as required by the NCUA
- Internal audits and monthly reviews of credit union compliance with established policies, federal regulations, and sound financial practices
- Special audits requiring external technical assistance, such as in the area of information technology and other emerging issues
- Representation at the Board of Directors meetings, conveying any committee concerns or recommendations
- The thorough and impartial research, analysis and resolution of member complaints in coordination with the NCUA

NorthCountry's operations were consistently healthy and well managed with an emphasis on member service, strong investment strategies, new products, and strategic growth. With the assistance of the Internal Auditor, Director of Risk Management, and Supervisory Committee, we have provided due diligence on emerging issues such as cyber-attacks, fraud, and a host of new regulations. A review of these areas by the committee coupled with the external audit and NCUA review indicate a healthy, vibrant, and growing credit union.

As we move into 2016, interest rate risk, information and technology security, and fraud prevention and regulatory compliance will represent areas of continued focus that NorthCountry is well positioned to successfully address. The Supervisory Committee will continue to work closely with the management team and Board of Directors on strategic planning efforts and the delivery of quality credit union member services.


Paul Simon
Supervisory Committee Chair

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January

All nine NorthCountry branches competed to see who could raise the most money for Vermont Children's Hospital's Big Change Roundup!

April

Former Disney executive Dennis Snow shares stories and service culture insights at the Annual Meeting.

February

Over 40 NorthCountry employees and their friends jumped into freezing lake waters for Special Olympics' Penguin Plunge.

June

We put the pedal to the metal for our first ever NorthCountry Night at Thunder Road!

July

A team of NorthCountry folks put together a Financial Reality Fair at Johnson State College that gave high school students a taste of "real world" challenges.

October

We partnered with the YMCA and presented the Halloween Fun Run and Family Day at Camp Abnaki.

March

The 3 Carat Retail Success program officially kicks off.



May

The 2nd annual NorthCountry Cares Day was held in the Northeast Kingdom. More than 70 staff volunteers raked, cleaned and planted at five different sites.

August

NorthCountry swung into summer fun and sponsored the Caledonia and Orleans county fairs, the Alburgh and Derby summer festivals and the YMCA golf tournament.

November

NorthCountry signed a purchase and sales agreement for a Morrisville branch location!

September

The Kasasa Rush truck rolled into town and got everyone at the Champlain Valley Fair talking about NorthCountry!

December

Team NorthCountry reprised Ugly Sweater Day to raise money for Lund's programs for children and families and celebrated the end of the year as title sponsor of First Night Burlington.

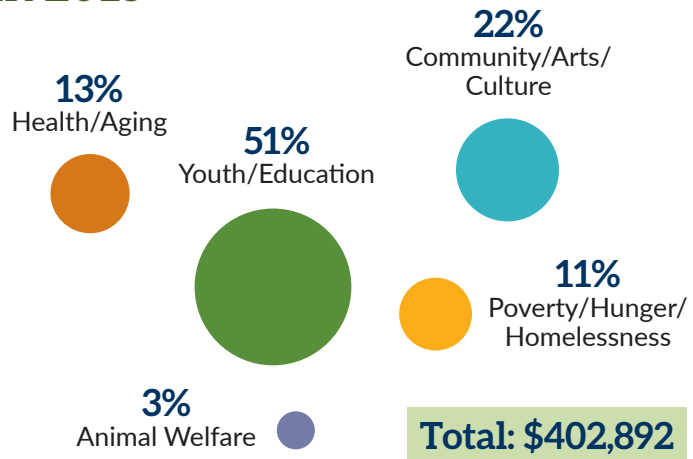
2015: Year in Review

Financials

	2015	2014
Assets	484,525,438	454,735,113
Loans Outstanding	389,487,130	357,867,408
Shares, Checking, MMAs, IRAs	258,227,234	231,842,909
Share Certificates	170,925,728	170,703,098
Gross Income	26,814,562	25,424,729
Members	36,732	33,808
Reserves	44,841,492	41,267,844
Dividends	3,872,903	3,902,606

Community Giving in 2015

NorthCountry Federal Credit Union serves all of northern Vermont's counties: Addison, Caledonia, Chittenden, Essex, Franklin, Grand Isle, Lamoille, Orange, Orleans and Washington. If you know of a non-profit community project that benefits this area, consider submitting a grant request. For more information, contact the credit union.



Volunteer Officials

Board of Directors

Kathleen Sweeten, *Chair*
 Rachel Allard, *Vice Chair*
 Frank Thompson, *Secretary*
 Steve Kirby, *Treasurer*
 Francis Taginski
 David Cannamela
 Mary Burns
 Thomas Critz

Supervisory Committee

Paul Simon, *Chair*
 Teresa Kajenski, *Secretary*
 Phil Provencher
 James Reagan
 Denis Gravelin

Nominating Committee

Frank Thompson
 Rachel Allard
 Francis Taginski

Contact

email: memberservices@northcountry.org
Call toll free: (800) 660-3258
www.northcountry.org
www.facebook.com/NorthCountryFCU
www.twitter.com/northcountrycu
 NMLS# 415758



Federally insured
by NCUA