Vibrant Credit Union Members:

Looking back on 2023, it was certainly a rollercoaster year for most credit unions and banks, and Vibrant was not immune to these factors outside of our control. For those of you that follow the markets, the early part of 2023 saw some larger bank failures along with significant increase in the cost of deposits and borrowing money. This was compounded by a supply/demand imbalance for liquidity in the market as the Federal Government continues to pull liquidity out of the economy at the same time dollars were leaving the banking industry and moving into brokerage money market accounts. On top of these economic factors, we continued to see significant affects from inflation through general expenses, benefits for our employees and from all of the vendors we use on a daily basis to ensure the protection of your money and personal information.

Around mid-2023 we started to identify several financial items in our balance sheet weighing down performance, including carrying costs of closed facilities, legacy software, fixed assets and other items that needed cleaning up. At the same time, we identified a few larger loans and investments on our books that had developed some impairment. The management team presented the Board of Directors with several options to handle these identified areas:

1. Continue to slowly recognize adjustments to these items over time;
2. Take a few larger portions at once and recognize the rest over time; or,
3. Accept all of these items in one month to help better demonstrate the current financial performance.

With these items in mind and with the continued weight of economic and market factors outside of our control that were already weighing on less than optimal performance for 2023, Vibrant decided to take the month of October to recognize all of these items at once. The Board and Management teams felt this would help us not only be able to impair and move forward with several fixed assets that needs sold or liquidated, but also to remove several items of legacy expenses that were being taken over time that were weighing down current financial performance.

In reading the attached annual financial statement summary you will see the resulting impact of these decisions for the year ended 2023. The net loss of approximately $4.65 million for the year includes the one-time adjustments for October of approximately $5.6 million, and without these one-time adjustments Vibrant would have ended the year with net income of approximately $1 million. A few highlights for 2023 compared to 2022:

- Total assets increased by approximately $22 million to $1.055 billion
- Total Share Deposits were up approximately $29.3 million
- Interest Income was up year-over-year by approximately $4.5 million
- Interest Expense was up year-over-year by approximately $8.6 million which includes the October adjustments and one-time items
- Operating Expenses were down year-over-year by approximately $700,000
- Vibrant has been able to manage its loan portfolio well during these challenging economic times as you'll notice our loan provision for loan loss expense was up over $1 million, and was mainly driven by an isolated loan in our portfolio

Some of you may notice a line item for Unrealize Gain (Loss) on Investments and if you follow the banking industry, this is caused by the change in Federal Reserve and the U.S. Treasury actions that moved the yield curve nearly 400 basis points in the last few years. We book our investment portfolio as Available for Sale (AFS) which requires us to compare these against the current market rates and recognize a balance sheet adjustment to show estimated market value (or book). We carry a strong investment portfolio that is comprised of highly rated instruments but similar to most banks and credit unions carry longer maturities, so as rates move up rapidly the price of these instruments moves inversely. Over time, this unrealized loss should continue to improve as these investments pay down monthly.

Vibrant is still recognized by our State Regulator and the National Credit Union Association, our insurer, as a well-capitalized financial institution. This foundation has allowed us to manage through one of the most unique times in the history of our industry. Vibrant is well poised for the continued changes facing community financial institutions and look forward to a successful 2024.

Statement of Financial Condition
As of December 31, 2023

	12/31/2023	12/31/2022
ASSETS		
Consumer Loans	237,998,809	257,753,933
Residential Real Estate	452,923,954	411,208,043
Commercial Loans	96,712,000	95,021,316
Gross Loans	**787,634,764**	**763,983,292**
Allowance for Loan Losses	(4,280,412)	(3,549,356)
Net Loans	**783,354,352**	**760,433,936**
Investments	118,371,780	132,969,254
Cash & Due From Banks	58,992,111	42,419,703
Other Assets	94,658,783	97,253,071
TOTAL ASSETS	**1,055,377,025**	**1,033,075,963**
LIABILITIES & EQUITY		
Demand Shares	470,807,434	534,090,584
Time Shares	332,097,914	239,570,161
Total Shares	**802,905,349**	**773,660,745**
Total Wholesale Funding	169,565,982	174,565,982
Total Other Liabilities	17,706,286	13,075,081
Member's Equity	93,758,688	98,378,632
Unrealized Gain (Loss) on Investments	(28,481,644)	(26,131,553)
Other Accumulated Income	(77,635)	(472,924)
TOTAL LIABILITIES & MEMBER'S EQUITY	**1,055,377,025**	**1,033,075,963**

Federally insured by NCUA

Income Statement
For the Period Ending December 31, 2023

	2023 Year Ended	2022 Year Ended
Interest Income		
Interest Income on Loans	32,427,564	30,036,181
Interest on Investments	5,693,215	3,619,605
Total Interest Income	**38,120,779**	**33,655,787**
Interest Expense		
Interest on Shares	8,846,340	3,211,948
Wholesale Funding	4,709,578	1,666,065
Total Interest Expense	**13,555,918**	**4,878,013**
Net Interest Income	**24,564,861**	**28,777,774**
Provision for Loan Losses	2,095,996	903,712
Net Interest Income After Provision	**22,468,865**	**27,874,061**
Fees & Other Income	7,003,821	12,070,203
Net Revenue	**29,472,686**	**39,944,264**
Operating Expenses	34,123,513	34,759,629
Net Income	**(4,650,827)**	**5,184,635**

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Unaudited