



2023 ANNUAL REPORT

OUR MISSION

To welcome all regardless of wealth; provide outstanding value and exceptional service; work with members experiencing financial challenge; and remain financially strong.



CEO & Board Chair Message

Last month I (Charlie) was walking across the Antigo main office parking lot and a member approached me and wanted to share a story. They shared that many years ago they had gone through a difficult divorce. Their former partner had always “managed” their finances and so it was quite a shock that for many months the bills were not paid on time or, in some cases, not paid at all. The individual shared that their credit score was below 500 when they came to CoVantage for help. A Member Service Representative helped the member reestablish credit through a small dollar loan. Over time, the individual explained to me that they bought a car and then a few years later, a home. They expressed their gratitude to me and how CoVantage was there when they most needed a helping hand.

These are challenging times for many individuals and businesses including credit unions. When 2023 final numbers are in, it is likely that for the first time since 1909 when credit unions were formed, the average credit union will not have added new members. As more individuals and businesses struggled to make loan payments, many financial institutions pulled back, reduced lending, and closed branches, or laid off staff. There are 200 fewer credit unions today than a year ago. An industry website, The Financial Brand, also recently reported that over 2,000 bank branches closed net of new branches in 2023.

Rising rates and inflation impacted many individuals and businesses, and we anticipated that 2023 would be a challenging year in terms of income. While 2023 income was just short of 2022 earnings, we did achieve our budgeted income, which was added to capital to ensure CoVantage is well positioned for times like today. The last line in CoVantage’s mission is to remain financially strong, and our Board of Directors and Management, both today and throughout our 71-year history, have positioned CoVantage to be able to weather times like these. Remaining financially strong is important, because that is what allowed your credit union to continue taking in deposits and lending while many pulled back. When you trust CoVantage with your financial needs, you not only receive outstanding value, but you provide a benefit to your neighbors and communities, where the deposits of one member fund the loans needed by others.

In 2023, people helped people in record numbers at CoVantage. We extended over \$1 billion in loans in 2023 alone. Loans grew \$470 million and were especially strong on the business lending side. Likewise, deposits grew \$432 million as members increasingly voted for CoVantage with their wallet. The cooperative’s assets now exceed \$3.5 billion and CoVantage now has the good fortune to serve 21 communities in Wisconsin, Michigan, and Illinois. Through long-time steady growth and strong digital offerings, we now serve over 166,000 member-owners across all 50 states. In a year when the average credit union did not grow members, it’s especially remarkable that we added 15,000 member-owners...for that we say THANK YOU for your loyalty and support!

Some additional ways CoVantage has benefited local communities in 2023 is we reached over 1,700 people with financial literacy materials. In 2023, we provided over 11,000 loans of \$1,000 or less and helped 3,500 people with home financing. We also provided over \$900,000 to worthy non-profit organizations throughout the communities we serve between CoVantage Credit Union and CoVantage Cares Foundation. Callahan and Associates (an independent credit union research company) ranked CoVantage’s member value as 2nd out of 4,744 credit unions. The average member received \$257 more in value than the average Wisconsin-based bank customer according to CUNA (Credit Union National Association). And because CoVantage remains financially strong, the Board of Directors authorized a record patronage of \$6 million that was paid on December 31, 2023.

We’re humbled and honored to serve you, our member-owners, and your businesses, and we realize inflation and rising rates have impacted many individuals and businesses. If we can ever assist you or your neighbors in any way, please don’t hesitate to ask; we cannot always help, but we do always try.



Charlie Zanayed, President/CEO



Dennis Haltinner, Chairperson

THANK YOU for being a loyal member of CoVantage Credit Union!

The highlights below show the value members receive by banking with CoVantage versus having comparable accounts with other financial institutions.

It **PAYS** to be a member-owner!

\$6 MILLION
in
PATRONAGE
in 2023



#2
in the
NATION
for providing overall
member value¹



Annual Value =
\$257 per MEMBER
OR
\$539 per MEMBER
HOUSEHOLD²
*The more banking you do at
CoVantage, the more value you receive!*



CoVantage members
collectively earned
\$7.5 MILLION
MORE
on savings accounts
than banks²



CoVantage provided
\$40 MILLION
in direct financial
benefits to members:

- Patronage
- Lower Loan Rates
- Higher Savings Rates
- Fewer Fees than Banks in 2023²



\$1.7
MILLION
additional benefit
from fewer
& lower fees



CoVantage checking is
FREE with
PAPERLESS STATEMENTS!³
NO NSF OR OVERDRAFT FEES EVER.
Based on the average number
of overdrafts at CoVantage,
that saves members
\$350 ANNUALLY⁴



CoVantage members
collectively earned
\$13 MILLION
MORE
on certificates
than banks²



CoVantage Great Rate Visa[®]
Credit Card interest rates were
7.5% LOWER
than banks and saved
members an average of
\$377 per MEMBER
per YEAR²



¹According to a leading industry research firm, Callahan & Associates, CoVantage is 2nd in the nation for providing value to members in the form of great rates and no fees as of September 30, 2023.

²CUNA CoVantage CU Membership Benefits Report Mid-Year 2023. Rates and fees as of 6/30/2023 compared to Wisconsin bank averages. Assumes 2.1 credit union members per household.

³\$5 monthly fee for paper statements on new accounts.

⁴Savings calculated based on an average of a CoVantage member overdrawing on their checking account up to 12 times a year.

Federally insured by NCUA.

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2023
In Thousands (\$)

Cash and Cash Equivalents	\$168,867
Investment Securities	353,315
Other Investments	35,561
LOANS:	
Consumer	950,329
Real Estate	1,270,105
Commercial	<u>608,700</u>
TOTAL LOANS	2,829,134
Allowance for Loan Losses	(18,423)
Loans Held for Sale	13,218
Premises and Equipment, Net	62,720
Goodwill	34,324
Foreclosed and Repossessed Assets	185
Other Assets	<u>58,114</u>
TOTAL ASSETS	<u>\$3,537,015</u>
Liabilities	\$35,855
Borrowings	\$180,000
DEPOSITS:	
Savings	776,127
Checking	405,838
Money Market	828,482
Term Share Certificates	<u>1,008,043</u>
TOTAL DEPOSITS	3,018,490
RESERVES:	
Members Equity	<u>302,670</u>
TOTAL LIABILITIES AND RESERVES	<u>\$3,537,015</u>

AUDIT COMMITTEE REPORT

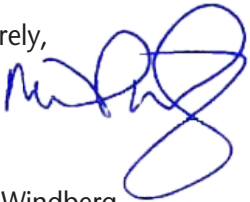
To the Board of Directors and Membership of CoVantage Credit Union:

We have retained CliftonLarsonAllen LLP to perform a financial statement audit of CoVantage Credit Union as of December 31, 2023.

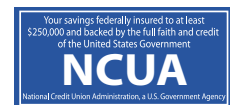
The audit has been performed in accordance with auditing standards generally accepted in the United States and is performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The final audit report will be on file at the credit union in February 2024, and copies will be available for inspection during regular business hours.

Sincerely,



Mike Windberg
Audit Committee Chair



STATEMENT OF INCOME

For the year ending December 31, 2023

In Thousands (\$)

INTEREST INCOME

Interest on Loans	\$139,083
Members' Patronage Loan Dividend.....	(4,278)
Interest on Investments	<u>31,638</u>
TOTAL INTEREST INCOME.....	166,443

INTEREST EXPENSE

Interest on Members' Deposit Accounts	66,817
Members' Patronage Deposit Dividend	1,899
Interest on Borrowings	<u>20,609</u>
TOTAL INTEREST EXPENSE.....	89,325

NET INTEREST INCOME	77,118
Provision for Loan Losses	<u>6,457</u>
NET INTEREST INCOME AFTER LOAN LOSSES	70,661

NON-INTEREST INCOME

Service Charges & Fees.....	2,271
Other Non-Interest Income	<u>21,591</u>
TOTAL NON-INTEREST INCOME	23,862

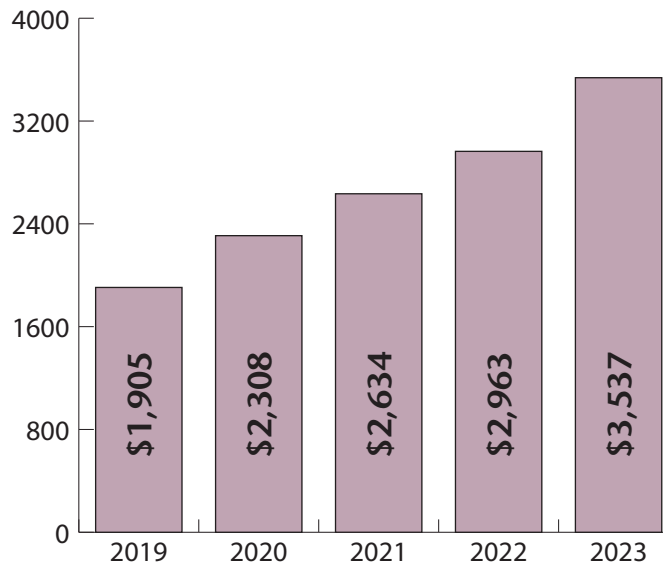
NON-INTEREST EXPENSE

Compensation and Benefits	39,310
Office Occupancy and Operations.....	5,024
Other Operating Expenses.....	15,782
Other Noninterest Expense.....	<u>15,195</u>

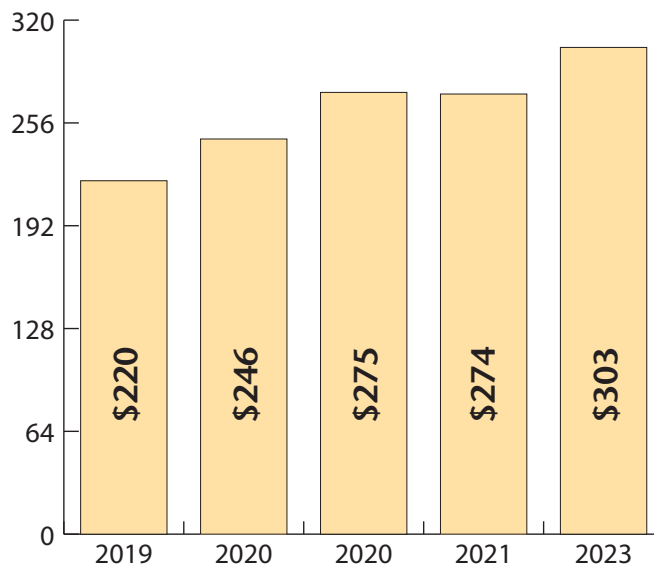
TOTAL NON-INTEREST EXPENSE	<u>75,311</u>
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NET INCOME (Transferred to Reserves).....	<u>\$19,212</u>
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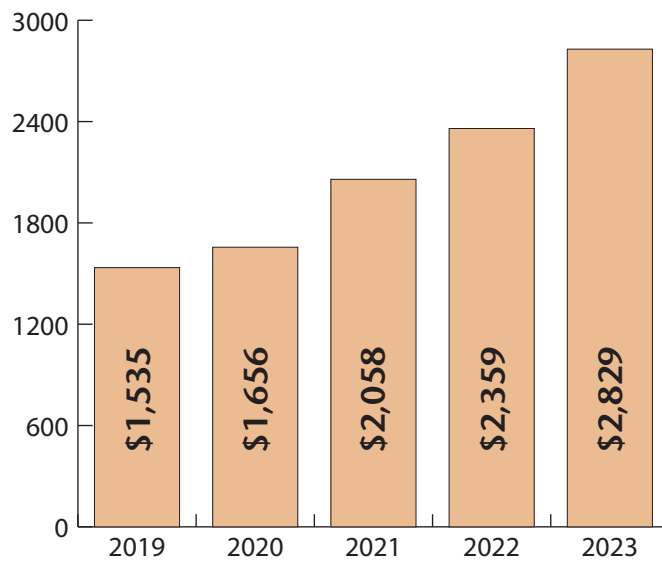
Assets



Members' Equity



Loans



INTERESTING FACTS FROM 2023

Number of Members	166,692
New Members	22,113
Number (Count) of Patronage Loan Dividends Paid	64,862
Number (Count) of Patronage Deposit Dividends Paid.....	22,409
Number of Calls Received by Contact Center.....	454,472
Number of Debit Card Transactions.....	25,395,292
Number of ATM & ITM Transactions	631,663
Number of MyCoVantage Logins	23,607,210
Number of Active MyCoVantage Mobile Accounts.....	71,127
Number of Employees	459

BOARD OF DIRECTORS

Dennis Haltinner, Chairperson
 Mike Windberg, Vice Chairperson
 Willis Qualheim, Treasurer
 Lee Siler, Secretary
 Julie Berndt, Director

Angie Close, Director
 Susan Gitzlaff, Director
 Matt Kolling, Director
 Eugene Shawano, Director



CoVantage Headquarters in Antigo, WI

LOCATIONS

Wisconsin:

Antigo	723 Sixth Avenue	715-627-4336
	432 Clermont Street	715-627-4336
	2209 Progress Boulevard	715-627-4336
Appleton	665 West Ridgeview Drive	920-731-0300
Crandon	502 West Pioneer Street	715-478-5100
De Pere	1225 Lawrence Drive	920-557-0418
Elcho	N11333 Antigo Street	715-275-3742
Menasha	1305 Oneida Street	920-727-0840
Neenah	625 Deerwood Avenue	920-720-2572
Plover	2931 Post Road	715-343-0601
Rhineland	905 Boyce Drive	715-369-3330
Rib Mountain	151220 Baltimore Lane	715-842-8469
Rothschild	1585 County Road XX	715-359-0488
Shawano	911 East Green Bay Street	715-524-8200
	604 South Main Street	715-524-8200
Stevens Point	1200 Badger Avenue	715-344-2110
Suamico	1670 Sunset Beach Road	920-401-4013
Wausau	303 South 1st Avenue	715-845-4351
Weston	4903 Schofield Avenue	715-359-3994

Michigan:

Crystal Falls	1 Credit Union Way	906-875-6686
Iron River	303 Fourth Avenue	906-265-5147
Menominee	1011 23rd Avenue	906-863-3854

Illinois:

New Lenox	1000 East Lincoln Highway	815-462-4300
Mokena	19102 88th Avenue	708-326-8300

