

SOUND FEDERAL CREDIT UNION began in 1952 when Stamford Municipal Employees Credit Union was chartered to serve the Stamford city workforce and their families. Since renaming the Credit Union in 2020 to reflect our evolution and expansion, **Sound has grown to over \$128 million in assets, with 9,459 Members**, and we have broadened our reach in Connecticut across Fairfield, New Haven, and Litchfield Counties.

Throughout our history, our Members have embarked on countless, exciting, and sometimes challenging journeys to achieve what they've imagined for themselves and their families. Every generation meets different challenges, and often holds different expectations, and we have always looked to help these varied journeys with innovative, Member-focused, products and services. Today we embrace a technological age that offers tremendous benefits in convenience, and in keeping with that we have significantly advanced our technical capabilities to provide superior online banking, and even video banking, so Members can enjoy all their banking wherever they are and whenever they want. We are a Credit Union and not a bank; our Members are the most important people in our organization, so whether the path you've imagined is easy or difficult, know that your Credit Union is dedicated to supporting you every step of the way to help ***Make the Imaginable Possible.***

Some of our recently introduced innovative services include - **more service locations, online text or video chat capability, video teller ATMs, expanded service hours, first-time homebuyer programs with no downpayment, and other market beating products like our high interest checking accounts paying up to 5%**. These are on top of our excellent existing range of products, like cashback credit cards, great savings and retirement accounts, low-rate loan programs...in fact we offer low fees and excellent rates across our portfolio.

Our well-planned journey with you will ensure you have a Sound financial partner that will deliver more value for your Membership... now and into the future. And remember, your journey with us is protected not only by Sound's financial strength, but with the full faith and credit of federal insurance provided by the NCUA.

On behalf of our amazing, dedicated group of professionals, we'd like to extend a heartfelt welcome to our family as you start this incredible journey with us.



Over our 72-year history, **SOUND FEDERAL CREDIT UNION** has continually changed to deliver what our Members have asked us for... **innovative services, best in class interest rates, low fees, and more convenience.** The enduring changes we've made over the years, changes focused on you and not on profit, have transformed Sound Federal into the innovative, Member-focused Credit Union it is today. As your Board Chair, I'm proud to report that again, in 2023, we asked... you spoke... and Your Credit Union listened to our growing Membership, continuing our step-by-step journey to bring you the real changes you've wanted.

The Member surveys conducted in 2023 found our Membership wanting even more changes to their Credit Union; **changes designed to improve service, provide better value, and deliver more convenience.** Your Credit Union listened and, as a result, delivered additional industry-leading changes to our programs and service delivery. Here are just some of the programs we delivered this past year in response to your requests... all designed to change the way you bank and improve the value of your Membership.

- A new First-Time Home Buyer program was created that, among so many other features, requires no down payment.
- A better checking account... Unique Checking... was introduced with an interest rate that has paid over 5.0% APY.
- We launched an exceptional service that allows you to speak to a live representative online, face to face, giving our Members the ability to have an in-branch service experience from anywhere using their mobile phone, desktop computer, or pad device.

As you look through this Annual Report, you'll see that the enduring changes we've delivered have brought continued growth and prosperity for our 9,500 Members. You've trusted us to care for \$129 million of your combined assets and we've provided more than \$97 million in loans to help you make the imaginable possible. But perhaps more importantly, Your Membership with Sound Federal has given us the ability to pay close to \$1.3 million in dividends and interest to you... nearly \$1 million more than we delivered to you in 2022!

On behalf of the Board of Directors, Supervisory Committee, and the entire Credit Union Team, I would like to thank you for the privilege of providing these enduring changes for you. With you, we are committed to continuing our exciting journey of enduring, positive change together to help make all you imagine possible!

Warm Regards,

Peter Privitera,
Board Chair



“Times and conditions change so rapidly that we must keep our aim constantly focused on the future.” —Walt Disney

It was true then and, perhaps, even more so now. Rapid change, Technology, the economy, and the pace of everyday life demand a constant focus from your Credit Union to ensure a vibrant financial future for our Members. Again in 2023, you asked your Credit Union to continue making important changes to help improve your financial future and better your lives. And we listened!

You asked for more convenience... We brought you additional branch locations, extended service hours, and an innovative state of the art eBranch combining digital convenience with face-to-face, all-inclusive personalized service through real-time video. **You asked for better returns on your savings & deposits...** We brought you a market-beating new checking program, Unique Value Checking, that pays up to 5.0% APY on your everyday money. **You asked for more help to buy your first home...** We brought you our game-changing First-Time Buyers Home Loan Program, helping Members fulfill their dream of home ownership without the need for a down payment.

These are just some of the changes your Credit Union delivered to you to assure a bright future and help with your journey to achieve what you've imagined. **Coming soon...** even more convenience using video teller machines, more branches where you shop, and a new surcharge-free service through CoinStar that will allow you to deposit coin and cash directly into your Sound Federal account!

I'm pleased to report that, with our Team of outstanding professionals, and our dedicated Board and volunteers, **SOUND FEDERAL CREDIT UNION** produced historic results from the changes you asked for. Here are just some of the historic accomplishments your Credit Union brought to you this past year.

Because of your loyal support...

- ✓ *Our service and overall value was rated by you as one of the best in the industry, with more than 92% of our Members telling us they're highly satisfied.*
- ✓ *We now serve almost 9,500 Members in Fairfield, New Haven, and Litchfield Counties.*
- ✓ *We provided \$37 million in home, consumer, and small business loans to our Members.*
- ✓ *We increased the assets you've entrusted us with to just under \$129 million.*
- ✓ *We strengthened total reserves to over \$11 million.*
- ✓ *We delivered \$1.29 million to our Members in dividends and interest... almost \$1 million more than in 2022.*
- ✓ *We seamlessly integrated our two newest Membership groups from Tri-Town Teachers Federal Credit Union and Merritt Federal Credit Union.*
- ✓ *We welcomed a new Credit Union to our family, Faith Tabernacle Baptist Federal Credit Union.*
- ✓ *We began construction of our new branch at 37 North Avenue in Norwalk, and*
- ✓ *We donated over \$60,000 to local charities to provide needed support services and feed the hungry.*

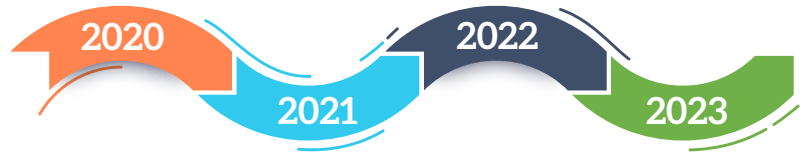
On behalf of the dedicated professionals and devoted Board of Directors here at Sound Federal, I'd like to thank you for your continued support and extend a heartfelt invitation to each of you to continue sharing your thoughts on how to make your Credit Union better. We are listening and continue our commitment to focus on building a vibrant Credit Union to bring all you imagined to your lives.

Edward H. Fox,
President and Chief Executive Officer

KEY MILESTONES & GROWTH

2020–2023

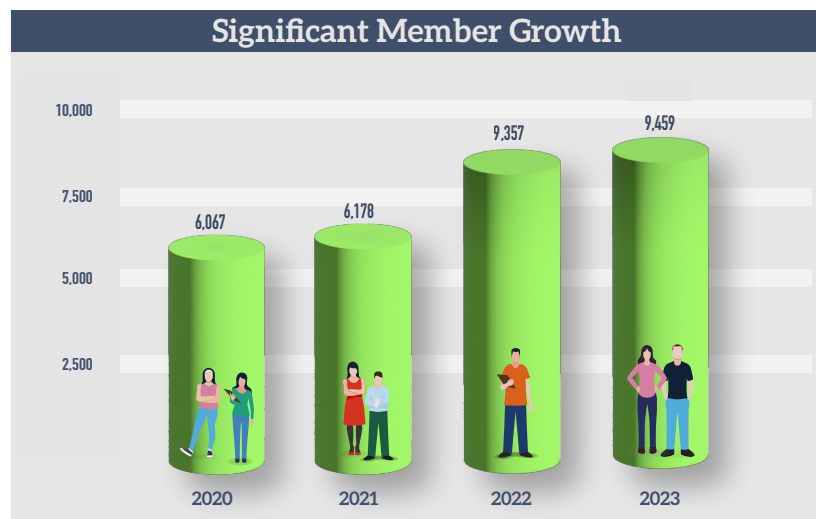
SIGNIFICANT MILESTONES



- New President/CEO
- New name and rebranding
- Launch new website
- Purchase new 30,000 sq. ft Administration and Member Service Center
- Expand Field of Membership – Fairfield, New Haven & Litchfield Counties
- Mergers with Tri-Town Teachers and Merritt Federal Credit Unions
- Add new branch locations in Westport & Wilton
- Introduced new state-of-the-art Member technology

SIGNIFICANT GROWTH

	2020	2021	2022	2023
Loans Growth \$	50,030,000	58,328,000	88,664,000	97,674,334
Total Deposits \$	69,179,000	73,343,000	107,875,000	107,589,685
Total Equity \$	7,361,000	7,510,000	10,399,000	11,052,591
Total Assets \$	77,250,000	81,863,000	120,637,000	128,897,767
Members	6,067	6,178	9,357	9,459



 *One call, and loans are approved! ~Paul P.*

Excellent rate. Good service. Overall timely processing as well. Thank you! ~Treadwell L.

SOUND KEY GROWTH

2020-2023



Great experience and very professional.

~Duvan G.

Easily accessible, high interest rate on checking account!

~Gary P.

In a word, they are awesome! from a very happy Member.

~Hannah T.

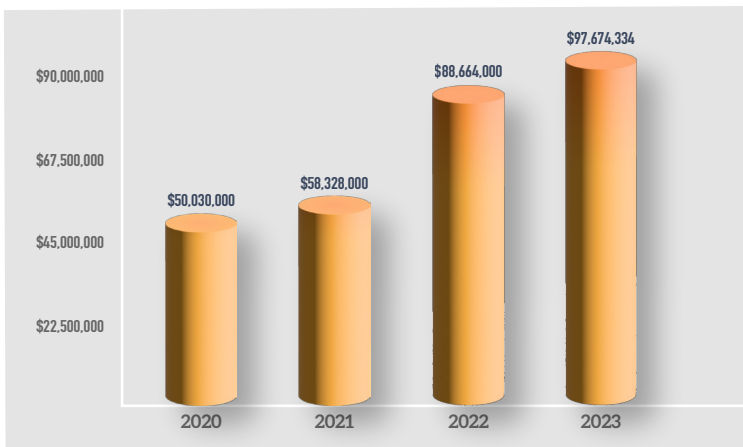


▲ Total Equity



The personal interaction between myself and the employees, their flexibility and understanding, their willingness to help resolve problems.

~ Christine Z.

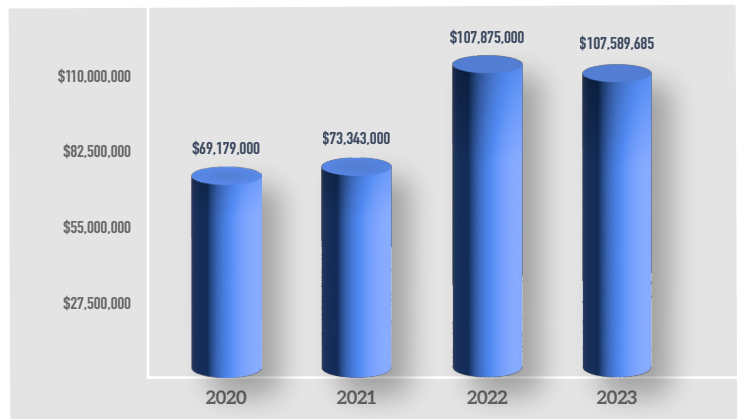


▲ Total Loans



Excellent customer service. Rates and fees are reasonable, and the employees always act in the best interest of the customer first, not what will generate the highest fees!

~Joseph G.

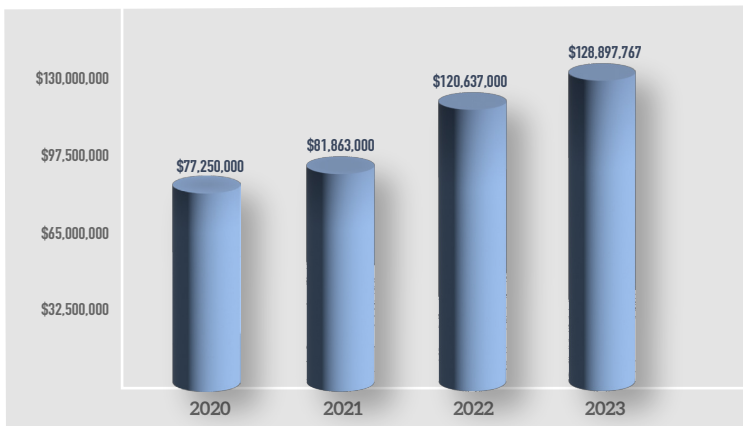


▲ Total Deposits



Incredibly easy service, everything was done online very quickly. . . they are all outstanding in the way they deal with their customers.

~Eric K.



▲ Total Assets

On behalf of the Board of Directors, Management, and Staff, I'm pleased to report the following exceptional results for 2023.

Soundness and Asset Quality

Confidence and trust in a financial institution is paramount. Rest assured that Sound Federal's performance in 2023 reinforces that your Credit Union remains safe, sound, and secure.

- ✓ Total Deposits remained stable at \$107.6 million.
- ✓ Total Loans increased by over 10% to \$97.7 million.
- ✓ Total Assets grew by more than 6.8% to just under \$129 million
- ✓ SFCU produced record net income for 2023, coming in at just over \$400,000.
- ✓ With strong growth & profitability, the Credit Union finished 2023 with Net Worth Ratio of 8.30%; well above the NCUAs standard for well-capitalized Credit Unions of 7.00%.

Lending

Members continued to benefit from some of the most competitive lending products in the market today, along with unmatched service, to finance their personal, home, and small business dreams.

- ✓ More than \$15 million in consumer loans were disbursed in 2023, with
- ✓ Almost \$16.5 million in real estate-secured loans, and
- ✓ More than \$5.2 million in small business loans to help our Members prosper!

Assets Under Management and Investments

Members trusted us to be good stewards for their savings, investments, and retirement funds in 2023, helping bring what they imagined ever closer to reality.

- ✓ Member savings, checking and retirement funds grew to over \$81 million, and
- ✓ Member certificate investments grew to \$20.8 million.

2023 truly was another outstanding year for your Credit Union and we look forward to delivering even more exceptional performances to you in 2024 and beyond. Thank you for choosing **SOUND FEDERAL CREDIT UNION** to be your trusted financial partner, allowing us to help *Make What You Imagine Possible.*

Pamela Scott,

Treasurer

SUPERVISORY COMMITTEE'S REPORT

As Member advocates, we are dedicated to doing what is in our Members' best interest and committed to the Credit Union operating at the highest levels of safety, soundness, & security. Part of this commitment includes regular and ongoing inspection of the Credit Union's annual financial statements, information systems review, operational & compliance reviews, & internal controls reviews. Each year, Sound Federal Credit Union's Supervisory Committee, serving independently from the Credit Union, appoints a third-party accounting firm to conduct an unbiased financial condition audit. In 2023, the accounting firm, Whittlesey, again conducted the audit.

Based upon the independent external audit & ongoing internal audits conducted by Whittlesey on behalf of the Supervisory Committee, I am pleased to report that **SOUND FEDERAL CREDIT UNION'S** operations continue to be well-managed.

Anthony Romano,

Committee Chair

CONSOLIDATED FINANCIAL STATEMENTS

2023

*Unaudited

Assets	As of December 31, 2022	As of December 31, 2023
Net Loans to Members	88,430,452	97,130,636
Cash & Equivalents	7,385,891	7,014,129
Investments	7,736,719	8,958,262
Fixed Assets	8,806,879	7,888,627
All Other Assets	8,277,904	7,906,1134
Total Assets	120,637,845	128,897,767
Liabilities & Member Equity	As of December 31, 2022	As of December 31, 2023
Accounts Payable & Liabilities	2,362,134	10,811,013
Member Shares & Deposits	107,875,739	107,589,685
Reserves & Undivided Earnings	10,399,972	10,497,069
Total Liabilities & Member Equity	120,637,845	128,897,767
Statement of Income	As of December 31, 2022	As of December 31, 2023
Interest on Loans	3,634,606	6,115,256
Investment Income	100,104	614,083
Other Income	1,411,198	1,372,460
Total Income	5,145,908	8,101,799
Operating Expenses	4,361,272	6,447,988
Provision for Loan Losses	174,100	204,000
Non-Operating Gains/(Losses)	—	—
Dividends and Interest	300,334	1,049,668
Total Expenses	4,835,706	7,701,656
Net Earnings	310,202	400,143

THE SOUND DIFFERENCE



Seeing how society is evolving, and from talking with all our Members, it is our belief that nowadays there is a huge desire for a “branch location” wherever you are. Consequently, we have invested in state-of-the-art technology to provide an online experience second to none. Whether using our mobile app, video or text chatting on our website, or using our video teller machines, we can deliver all your banking needs quickly, conveniently, and totally. Gone will be the days of having to visit a branch office for service... *the branch is right in the palm of your hand.*

However, we do recognize that some Members prefer the in-branch experience and so we are introducing additional locations using the latest technology to improve service and convenience. This innovative convenience, along with so much more, is what you can expect as you start your journey with us to help you ***Make your Imaginable Possible!***

We also look at our products and programs with a different mentality - our high interest checking account, for example, recognizes that your everyday money should still be working for you not anyone else, making you money, after all it is your money!

As a not-for-profit organization, we have Members as our stakeholders and accordingly act in your interests. We deliver our earnings back to you in the form of lower rates on loans and higher rates on deposits. Our approach to advice is to be holistic in our overview and recommendations, so you benefit from our guidance and expertise. ***You have joined our family, and you are most welcome!***

We Help Make the Imaginable Possible

