



2023 ANNUAL REPORT



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PREPARED BY *Jill Stewart*

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Vision Everyone will have financial freedom and the ability to pay it forward.

Mission To equip members with resources that engage, educate, and simplify banking so they can focus on what matters.

Purpose We believe everyone deserves a financial partner they can count on.

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▲ 2023-2024

BOARD OF DIRECTORS



Lance Dixon



Sherri Griggs



Carma Gunter



Michael Pflueger



Doug Wiens



Lowell Wilhite

"Volunteers do not necessarily have the time; they just have the heart."

Elizabeth Andrew

REPORT OF THE CEO & BOARD CHAIR



Kevin Straub ▲
President & Chief Executive Officer



Lowell Wilhite ▲
Chairman, Board of Directors

On behalf of the Mutual 1st Team and the Board of Directors, we want to thank you for the privilege to partner and serve you this past year. We are grateful for your ongoing loyalty and confidence.

Building On 75 Years Of Trust

This year marks the 75th anniversary of your credit union. In 1949, a small group of visionary leaders formed a not-for-profit cooperative, based on a common bond, to help one another successfully pursue economic stability and prosperity. It was about people over profits.

While a lot has changed over the years, today, the credit union remains committed to its Vision:

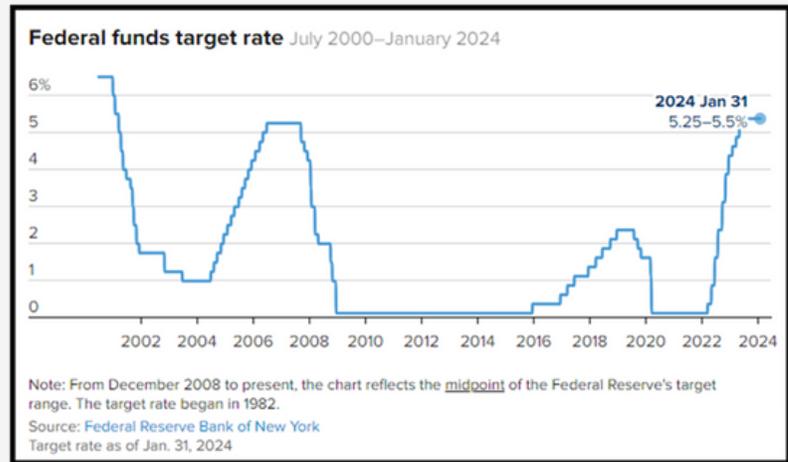
“Everyone will have financial freedom and the ability to pay it forward.”

REPORT OF THE CEO & BOARD CHAIR

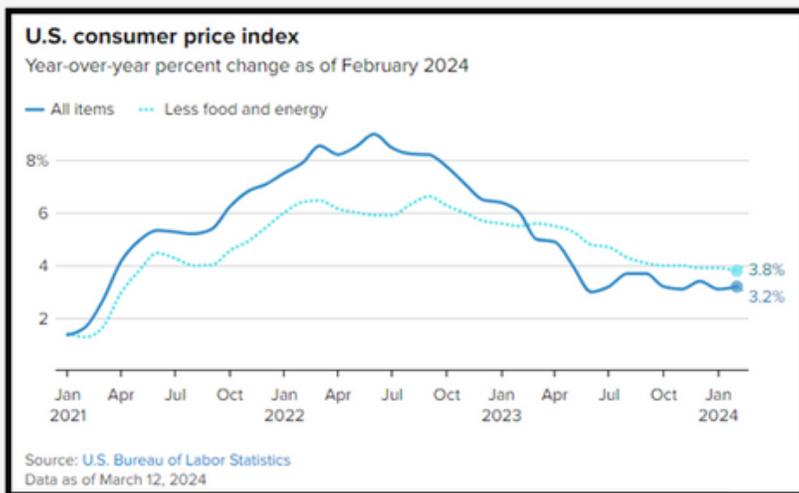
Together We Thrive

These past two years, our country and our community have experienced economic headwinds. Financial “headlines” capture the uncertainty that exists and the measurable impact.

The Federal Reserve (Federal Open Market Committee) has increased its benchmark rate eleven times since March of 2022, which has had meaningful influence on other interest rates (e.g., mortgage rates, auto loan rates, credit card rates, etc.).



The intent of the Federal Reserve’s rate hikes has been to slow down the economy and lower inflation. The Consumer Price Index (CPI), a broad measure of inflation, is captured in the graph below. The percentage change (year-over-year) has moved lower but is above the Federal Reserve’s target (2%).



Based on the information available, it appears the Federal Reserve will not lower rates in their March meeting (3/19/2024 – 3/20/2024). As such, higher interest rates and higher prices may be around for a while.

REPORT OF THE CEO & BOARD CHAIR

In times like this, we thrive based on a bond of people helping people.

Having the opportunity to be a partner in our members' stories is something we take great pride in. A couple recently shared that they were able to consolidate debt, lower their payment, and save interest expense by paying off their high interest rate credit cards. They shared, "lowering our payments by \$550 a month gives us such peace of mind; we are now investing those savings in our future."

Another member recently noted how excited she was, noting the below product enhancement and the ability to earn 6% on her checking account. She remarked, "I am moving more money to the credit union, so I can earn and save more."



REPORT OF THE CEO & BOARD CHAIR

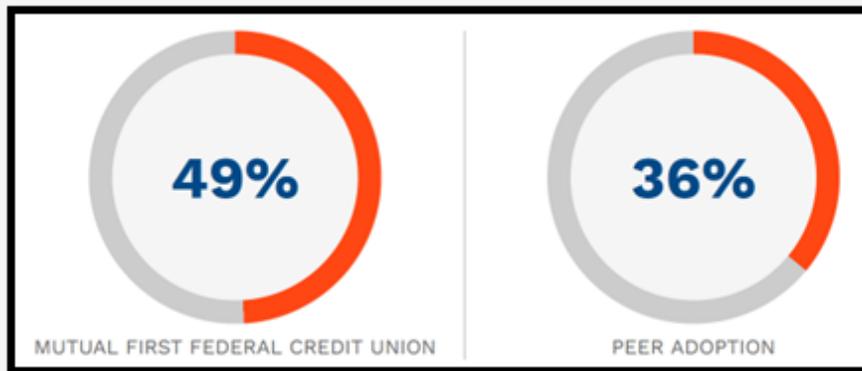
Together We Grow

The credit union, with intent to serve, wants to actively live its Mission:

“To equip members with resources that engage, educate, and simplify banking so they can focus on what matters.”

As you will note below, the credit union is pleased to share that members have adopted “Manage Your Credit Score” at a rate that exceeds the peer group. Within online and mobile banking, members can freely access their credit score, monitor their score, and utilize tools including a financial check-up and budget analysis. We are energized when members share they qualified for a lower interest rate on their loan after using the tool, which helped them take steps to increase their credit score.

Financial well-being makes a difference.



Another resource members are utilizing on their financial well-being journey is the Mutual 1st Academy. The interactive tutorials available have proven to be of value, influence actions taken, and start conversations.

REPORT OF THE CEO & BOARD CHAIR

Relationships Matter

This past August, the credit union hired Tom Bloomquist as Chief Experience Officer. In this newly created role, he is responsible for enhancing the overall member experience. A new survey was recently introduced, and we look forward to our members' feedback. We will use it to guide our efforts and growth. Our commitment is to those we serve; Tom stands prepared to be a "service champion".

We strive to remain at the forefront of cybersecurity best practices, employ the latest technologies and industry standards, and promote a culture of security awareness and education throughout our organization to keep member data safe.

Thank you for the opportunity to serve you. We are appreciative of your relationship and look forward to continuing to partner with you. As a member/owner, we are all in this together.

We also want to recognize and thank the Mutual 1st Team, and the volunteers who serve on the Board and on Committees. We are grateful for their dedication and commitment to members' financial wellness and the organization's health.

We are excited about the future, and our vision is fixed on you, our member. It's a year to celebrate our legacy with a focus on yours. You matter!



*More to come on our 75th Anniversary celebration.
Stay tuned! ★★★★★*



REPORT OF THE CFO

Scott Stevens ▲
Vice-President & Chief Financial Officer

In 2023, the Federal Reserve continued to increase the Fed Funds Rate four times during the first half of the year. As members were challenged with increased housing, food, and energy costs, they needed to utilize savings to help with their monthly living expenses. This impacted their ability to save compared to past years. These increased household expenses meant members' savings decreased for the year by \$4.6 million, ending the year at \$96.9 million.

As rates increased during 2023, we experienced slower loan production. The higher rate dramatically impacted home purchases and our first mortgage portfolio. We did see an increase in members utilizing their home's equity for improvements and other purchases. As a result, the credit union produced \$31.7 million in loans. This contributed to the overall loan portfolio decline of \$5.1 million, ending the year at \$97.1 million.

Net income for the year was a modest \$258,777. These results finished at a steady .21% return on assets (ROA) and exceeded the annual budget by 50%. Mutual 1st's net worth ratio continued to be strong at 8.56%, which is up .58% from 2022 and remaining well above NCUA's well-capitalized standard of 7.00%. This increase was due to our current year income and the decline in our assets, which was part of the 2023 plan. The reduction was due to paying down on our borrowings.

STATEMENTS OF FINANCIAL CONDITION

Assets	2023	2022
Cash and Cash Equivalents	\$2,633,607	\$674,635
Investments	\$12,905,886	\$13,123,123
Loans Receivable, net of allowance for loan losses	\$95,872,115	\$100,989,904
Fixed Assets, at cost, less accumulated depreciation	\$8,601,558	\$8,561,605
Other Assets	\$2,251,569	\$4,513,347
Total Assets	\$122,264,735	\$127,862,614

Liabilities and Retained Earnings	2023	2022
Savings Accounts	\$96,954,900	\$101,597,793
Borrowed Funds	\$13,589,104	\$15,186,100
Other Liabilities	\$2,066,285	\$1,730,999
Total Liabilities	\$112,610,289	\$118,514,893
Retained Earnings	\$10,464,709	\$10,205,932
Net unrealized holding gain/(loss) on investments available for sale	(\$810,263)	(\$858,211)
Net Retained Earnings	\$9,654,446	\$9,347,721
Total Liabilities and Retained Earnings	\$122,264,735	\$127,862,614

These preliminary numbers are subject to change based on the completion of the Petersen & Associates audit.

STATEMENTS OF INCOME

Interest Income	2023	2022
Loans	\$5,446,012	\$4,792,537
Investments	\$425,258	\$357,642
Total Interest Income	\$5,871,270	\$5,150,179

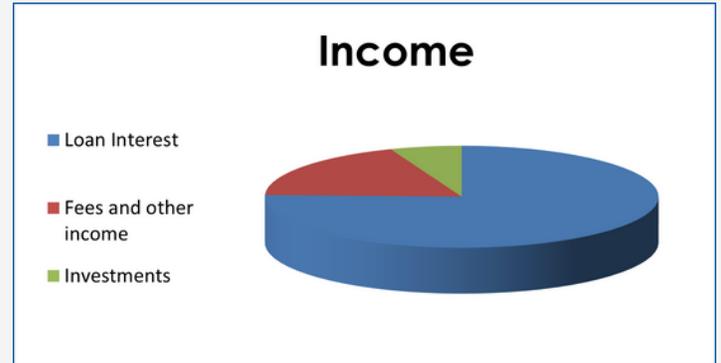
Interest Expense	2023	2022
Member Savings	\$888,931	\$472,431
Borrowed Funds	\$623,657	\$207,581
Total Interest Expense	\$1,512,587	\$680,012
Net Interest Income	\$4,358,683	\$4,470,167
Provision for Loan Losses*	\$500,000	\$670,000
Net Interest Income after Provision for Loan Losses	\$3,858,683	\$3,800,167
Other Operating Income	\$1,340,934	\$1,480,431
Other Operating Expenses	\$4,953,631	\$4,907,339
Net Income from Operations	\$245,986	\$373,259
Non-Operating Income	\$12,791	\$48,731
Net Income	\$258,777	\$421,990

*Net Charge-offs: \$478,724

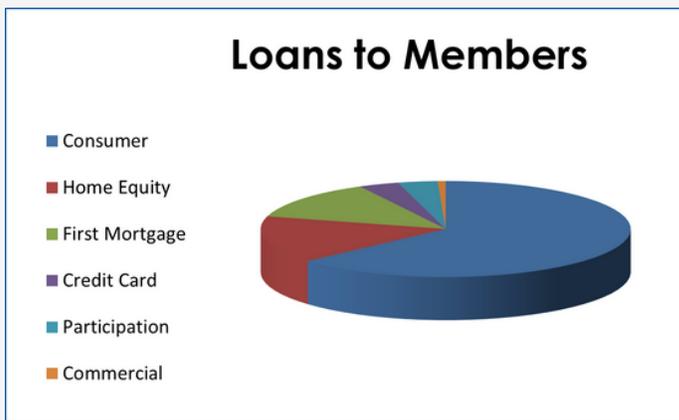
FINANCIAL GRAPHS

Operating Income

Loan Interest	\$5,446,011.90	75.511%
Fees and Other Income	\$1,340,933.67	18.593%
Investments	\$425,258.17	5.896%
Total Gross Income	\$7,212,203.74	100%



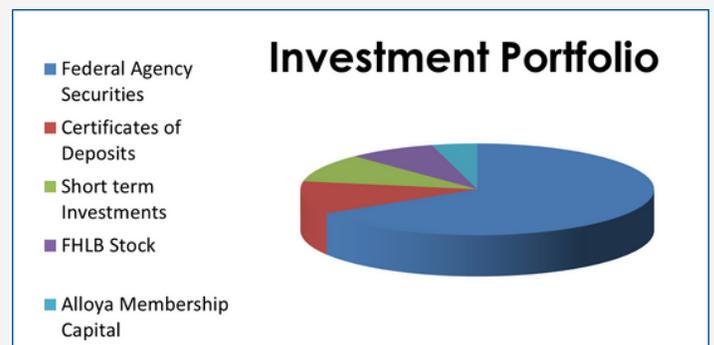
Loans to Members



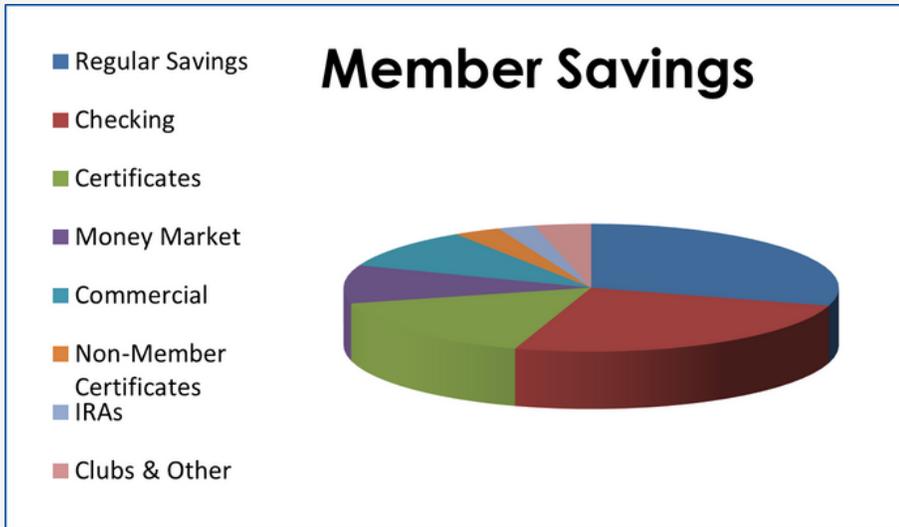
Consumer	\$61,521,128.48	63.361%
Home Equity	\$15,425,634.17	15.887%
First Mortgage	\$12,697,123.86	13.077%
Credit Card	\$3,394,055.68	3.496%
Participation	\$3,373,288.97	3.474%
Commercial	\$684,770.59	0.705%
Total	\$97,096,001.75	100%

Investment Portfolio

Federal Securities	\$8,540,901.91	66.18%
CDs	\$1,500,000.00	11.62%
Short-Term Investments	\$1,289,068.16	9.99%
FHLB Stock	\$1,038,600.00	8.05%
Alloya Capital	\$537,316.13	4.16%
Total	\$12,905,886.20	100%



FINANCIAL GRAPHS



Total Funds on Deposit

Regular Savings	\$28,671,420.90	29.572%
Checking	\$24,617,145.34	25.390%
Certificates	\$15,560,598.54	16.049%
Money Market	\$9,374,833.55	9.669%
Commercial	\$9,805,698.12	10.114%
Non-Member Certificates	\$2,978,000.00	3.072%
IRAs	\$2,328,516.39	2.402%
Clubs & Other	\$3,618,687.55	3.732%
Total	\$96,954,900.39	100%



REPORT OF THE CXO

Tom Bloomquist ▲

Vice-President & Chief Experience Officer

Several opportunities presented themselves in 2023 for the front-line staff at Mutual 1st. We opened a new branch in the new Antler View development, and we've been learning how to best engage in the community there. Our staff had a booth and attended Elkhorn Days last summer, where they handed out goodies and spoke to community members about how Mutual 1st can benefit them. We've also hosted numerous networking events and a Grand Opening member event. As 2023 turns into 2024, we are hitting our stride and will continue to grow at Antler View.

Our branches saw some personnel turnover at the beginning of 2023. As the year progressed, our new employees eagerly learned their jobs and served our members in a way that fits with our Purpose:

"Everyone deserves a financial partner they can count on."

By the end of the year, new branch personnel were highly motivated, continuing to learn in their new roles, and brought positive attitudes into our branches.

Marketing experienced a bit of a reshuffle as most of the advertising was focused on making the public aware of the new Antler View branch. Our advertising efforts included: social media, digital banners and videos, and video on YouTube. We took time to explore mostly digital marketing channels, finding what worked well and focusing on expanding successes in 2024. We are confident that the effort we put into marketing in 2023 will continue to bear fruit throughout the new year.



SUPERVISORY COMMITTEE

Steven Yang ▲
Chairman, Supervisory Committee

Your supervisory committee is committed to protecting our membership and their interests by providing oversight of the operations and policies of Mutual 1st FCU, as well as its Board of Directors. The volunteers who serve on this committee have various backgrounds and areas of expertise and use them as they actively participate in our monthly meetings. We carefully review all of the examination reports of the credit union.

Examples include quarterly reviews and the annual audit completed by Petersen & Associates (an independent audit firm); any examination by the National Credit Union Association (NCUA); IT audits; and other regulatory oversight reports. We also complete several other reviews that are considered best practices for Supervisory Committees.

In addition, one of our members attends every Board meeting throughout the year. I'm pleased to report that the credit union received a clean audit opinion for the last several years and that your credit union is well managed and financially stable.

We appreciate the opportunity to serve the membership of Mutual 1st Federal Credit Union.

COMMUNITY INVOLVEMENT TEAM

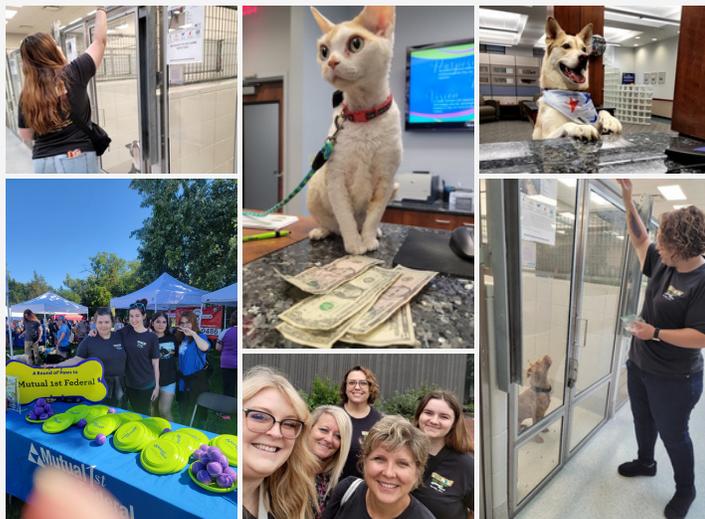
In 2023, we donated just over \$7,400 to four charities: **Open Door Mission, The Hope Center for Kids, Nebraska Humane Society, and The Dreamweaver Foundation.** We are honored to support the missions of these charities. Each of these organizations does essential work, and it was our honor to help them continue to provide services to our community. The Community Involvement Team strives to find fun and unique ways to support our charities and engage our staff and membership.

Employee Events

One of the ways we raise money for our charities is by holding events like Spirit Week, the Wheel of Doom nominations, Penny Wars, and food days like the Soup-er Bowl. Employees get to have some extra fun during the work day and raise money; it's a win win!



Employee Taylor smashes a pie in the face of her peer, Jay. Employees raised money by paying for votes and voting on which of their peers would spin the "Wheel of Doom".



Top left and bottom right: Employees Taylor and Malory give treats to very excited dogs at NHS. Middle and top right: Employees brought their pets to work for a photo shoot. Bottom left: Employees Amy and Michelle (along with family) at the Walk for Animals. Bottom middle: Employees Jill, Cheryl, Malory, Cheryl, and Taylor at NHS.

Getting Out

We collected string cheese and hot dogs for the Nebraska Humane Society, toured the facility, and made treat bags. The dogs were so happy to see us with those treats!

In addition, we hosted a booth at the annual Walk for Animals and gave out some coveted purple tennis balls!

To promote a supply drive for NHS, some employees brought their pets in for a photo shoot!

We participated in the Making Spirits Bright event at the Dreamweaver Foundation, where we were able to use our inflatable snow globe for pictures with Santa! Employees and their families in attendance also made holiday cards for area senior citizens at the event.

COMMUNITY INVOLVEMENT TEAM



Top left: Employees Amy and Michelle dress up for May the 4th during Spirit Week. Bottom left: Employees Michelle and Jay are the most patriotic during Spirit Week. Right: Showing some MFCU spirit are Jay, Scott, Derik, John, and Bruce.

Drives

We held drives collecting hygiene items for Open Door Mission, pet supplies for Nebraska Humane Society, and assorted gifts for Dreamweaver's Adopt-a-Senior program. We also held a bake sale benefitting The Hope Center during our annual Shred Day event.

We are already going strong in 2024 and look forward to supporting **The Women's Center for Advancement, The Dreamweaver Foundation, Nebraska Humane Society, and Food Bank for the Heartland**. We have a lot of fundraising opportunities planned, so stay tuned to see how you can get involved!

Community Involvement Team 2023

Amy Fauth, Michelle Yeaman, Denise Taylor

Community Involvement Team 2024

Amy Fauth, Jay Haas, Taylor Gibson, Michelle Yeaman, and Jill Stewart



Top left: Employee Kim shows off hygiene products collected. Bottom left: Employees pose for a picture after putting together hygiene bags for the Open Door Mission. Right: Employee Maya poses with the team trophy for making the most hygiene bags.



Top left: The Community Involvement Team poses with Santa in our snow globe during the Making Spirits Bright event. Bottom left: Employees show off their ugliest holiday sweaters. Right: Employees pose with the Adopt-a-Senior gifts.

"As you grow older, you will discover that you have two hands — one for helping yourself, the other for helping others."

Audrey Hepburn