



2022 ANNUAL REPORT

93rd Annual Meeting



61,001
Members



\$33MM
Deposit Growth



\$649MM
Member Loans



Neighborhood
CREDIT UNION

NEIGHBORHOOD CREDIT UNION

93rd ANNUAL MEMBER MEETING AGENDA

- I. Welcoming Remarks
- II. Meeting Call to Order
- III. Appointment of Parliamentarian and Recording Secretary
- IV. Introduction of Head Table
- V. Ascertain Presence of a Quorum
- VI. Reading of 92nd Annual Meeting Minutes
- VII. Chairman's Report
- VIII. President's Report
- IX. New Business
- X. Nominating Committee Report / Election
- XI. Results of Election XII.
- XII. Adjournment

Executive Committee Report

The Board of Directors is responsible for ensuring the credit union's established policies and procedures are adhered to and that the credit union's operations are performed in compliance with state and federal guidelines. Neighborhood Credit Union is a state-chartered credit union insured by the National Credit Union Share Insurance Fund (NCUSIF). Because of this unique structure, our financial operations are examined annually by the Texas Credit Union Department and the National Credit Union Administration (NCUA). Neighborhood Credit Union has a professional internal audit group on staff. Their job is to review, evaluate and make recommendations to strengthen internal controls and to provide oversight of our operations.

The credit union received an "unqualified" opinion with regards to the financial statements and results of operations and cash flows certified by the independent public accounting firm DorenMayhew. DorenMayhew's financial statement audit was as of June 30, 2022, and was conducted in accordance with auditing standards generally accepted in the United States of America.

Message from the Chairman

Many things must come together to ensure an organization's success and Neighborhood Credit Union continues to rise to the challenge. Throughout the economic uncertainty of 2022, your credit union was here for you and working to make sure our members are prepared and thriving. Our members took advantage of high deposit rates knowing they had a safe place to save their money. At Neighborhood Credit Union, we're an institution that seized opportunities and grew throughout 2022.

Your credit union had the following results this past year:

- Membership of approximately 61,001
- Loans originated by the membership were over \$649 million, indicating your confidence in us as the prime source of your lending needs.
- Deposit growth of \$33 million, demonstrating the security your credit union offers in times of uncertainty.

Last year we opened two new locations: our Waxahachie branch continues to grow in a thriving community, and our Oak Cliff branch was voted Business of the Year at Spotlighting the Cliff. We launched a new debit card rewards program and continued to install new Interactive Teller Machines, or ITMs, around North Texas to make doing business on "your time" even more convenient. We are also pleased to have launched Credit Score, a free online banking service that will further help our members stay in control of their financial health. Your success is our success – and I appreciate your membership and loyalty during this past year.

We are expecting economic challenges in 2023, but by working together through the strength of a larger organization, we are prepared to address whatever is ahead. Our financial position is strong because of our loyal members, and we will not stop working to surpass your expectations with competitive rates, savings products, and free, rewards checking in the neighborhoods we serve.

In conclusion, I want to thank my fellow board members for their passion, commitment, and dedicated service. I am confident that under Chet's leadership, the guidance of the board of directors, the commitment of a dedicated staff, and the support and loyalty of our members, that Neighborhood Credit Union will continue to seize every opportunity to build the financial success of our membership in 2023.

Message from the President

Our credit union's continued success despite economic uncertainty in 2022 is a testament to our hard-working staff and you, our dedicated members.

Your credit union has been preparing to serve you in these times of uncertainty with competitive savings products and financial education. Throughout this past year we were able to assist our members by loaning over \$649 million. As a result of competitive rates and new products, our deposits grew over \$33 million. We also continue to work hard to ensure a healthy bottom line that allows us to give more back to you, our members. Over \$1 million in cash was awarded in 2022, including \$1,000 every week with our Prize Savings Account, and over \$7 million was paid to our members in dividends.

Last year we completed projects that have allowed us to better serve you by upgrading our product offerings and digital services. We opened our new Waxahachie branch and happily returned to our roots in Dallas with a new branch in the Oak Cliff neighborhood. We also welcomed new members in an exciting merger with Pollock Employees Credit Union. Our dedicated employees work to ensure new products and services that will elevate your banking experience are successfully launched every year. Every day we strive to be better as an organization and continue to empower your financial success.

I want to express my appreciation to our staff and volunteers, all focused on taking care of our members. And my commitment to you is that we will continue to serve you to the best of our abilities.

Once again thank you, our members, for your confidence in Neighborhood Credit Union. True success comes from the service we give to others. It's our privilege and our pleasure to continue serving you in 2023.

Director Information

Terms or Appointment Expiring – March 2023

Arthur Young
Ron Taylor

Terms or Appointment Expiring – March 2024

Jan Frum
John Logan
Lisa Salas

Terms or Appointment Expiring – March 2025

Dwayne Boozer
Randy Till

Executive Changes

Carolyn Jordan promoted to Chief Growth Officer
Kenny Cooper promoted to Senior Vice President of Lending & Collections
Cherie Brown promoted to Vice President of Strategic Programs & Innovation
Cameron Smith promoted to Vice President of Lending
Claudiu Inocan hired as Vice President of Call Center Operations

New Products and Services

Introduced a new Debit Card Rewards program that makes it easier than ever for our members to earn cash back by activating offers before they shop. Additionally, members can earn points on everyday spending and redeem prizes through MyPoints Rewards, a debit card rewards program. Credit Score, a free service that gives members access to a full credit report, credit monitoring and alerts, was introduced in the Online Banking and MyNCU Mobile App platforms. It is a tool for members to further educate and provide more control over their financial health.

A new kids' savings account, called Cub Account, was successfully launched featuring the Berenstain Bears and makes saving fun with prizes and activities. Members can also now utilize Near Real Time Alerts in online banking and receive alerts within the hour for high balance, low balance, large deposit, and large withdrawals, enhancing our members' ability to monitor their accounts more efficiently.

Statement of Operations	2021	2022
Income		
Interest on Loans	\$27,688,445	\$30,234,328
Investments	3,134,521	3,747,445
Other Operating Income	<u>21,688,270</u>	<u>23,257,350</u>
Total Income	52,511,236	57,239,123
Expenses		
Operating Expenses	32,981,115	36,912,206
Interest Expenses	5,860,895	7,107,964
Provision for Loan Loss	2,390,629	2,265,469
Other Non-Operating (Income) Expenses	<u>1,258,691</u>	<u>808,745</u>
Total Expenses	<u>42,491,330</u>	<u>47,094,384</u>
Net Income	<u>\$10,019,906</u>	<u>\$10,144,739</u>
Distribution of Income		
Dividends Returned to Members	5,860,895	7,107,964
Transferred to Reserves	<u>10,019,906</u>	<u>10,144,739</u>
Total Distribution	\$15,880,801	\$17,252,703
Balance Sheet		
Assets	\$1,066,752,639	\$1,091,093,692
Deposits	\$950,592,197	\$983,709,655
Loans	\$650,879,797	\$740,551,478
Members	59,348	61,001
Assets		
Loans	\$650,879,797	\$740,551,478
Less Allowance for Loan Loss	<u>(7,775,384)</u>	<u>(5,014,959)</u>
Net Loans	643,104,413	735,536,519
Cash	92,629,656	54,538,473
Investments	268,656,111	221,781,037
Fixed Assets	35,465,194	38,082,327
Other Assets	<u>26,897,265</u>	<u>41,155,336</u>
Total Assets	<u>\$1,066,752,639</u>	<u>\$1,091,093,692</u>
Liabilities		
Accrued Expenses & Other Liability	\$15,882,592	\$14,987,632
Total Liabilities	\$15,882,592	\$14,987,632
Membership Equity		
Shares	\$245,272,184	\$246,165,920
High-Yield Savings	205,939,799	203,721,864
Share Drafts	213,633,310	218,695,457
Certificates of Deposit	207,342,260	239,868,531
IRA Deposits	51,555,083	51,028,232
Money Market Deposits	<u>26,849,560</u>	<u>24,229,650</u>
Total Membership Equity	\$950,592,196	\$983,709,654
Reserves		
Regulatory Reserves	\$9,277,031	\$9,277,031
Investment Fair Value Adjustment	-819,225	(19,303,758)
Undivided Earnings and Net Income	<u>91,820,045</u>	<u>102,423,133</u>
Total Reserves	<u>\$100,277,851</u>	<u>\$92,396,406</u>
Total Liabilities, Membership Equity and Reserves	<u>\$1,066,752,639</u>	<u>\$1,091,093,692</u>