



2021 ANNUAL REPORT

92nd Annual Meeting



59,348
Members



\$115MM
Deposit Growth



\$568MM
Member Loans



Neighborhood
CREDIT UNION

NEIGHBORHOOD CREDIT UNION 92ND 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 91st 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, 2021, and was conducted in accordance with auditing standards generally accepted in the United States of America.

Message from the Chairman

All great organizations have supporting pillars that are critical to their success. At Neighborhood Credit Union, those pillars are our members, our employees, and the systems that deliver the services our members demand. 2021 was a good yet challenging year for all businesses. Throughout the many economic changes the second year of the pandemic brought, your credit union was here for you and working to make doing business with us even easier. Our members took advantage of low loan rates and knew they had a safe place to save their money. At Neighborhood Credit Union, we're an institution that seized opportunities and grew throughout 2021.

Your credit union had the following results this past year:

- Membership of approximately 59,348
- Loans originated by the membership were over \$568 million, indicating your confidence in us as the prime source of your lending needs.
- Deposit growth in excess of \$115 million, demonstrating the security your credit union offers in times of uncertainty.

Last year we broke ground on our new Waxahachie location, set to open in the spring of this year. We partnered with Southern Methodist University and became the Official Credit Union of SMU Athletics. We launched new technologies, like Nick, our AI driven telephone assistant, and Interactive Teller Machines, or ITMs, to make doing business on "your time" even more convenient. Your success is our success – and I appreciate your membership and loyalty during this past year.

There will undoubtedly be challenges in 2022, but by working together through the strength of a larger organization, we are well-poised to address whatever is ahead. Your participation places us in a strong financial position to continue to meet your lending needs, offer innovative savings products, such as Inflate Your Rate CD and free, rewards checking to ensure top-notch online and mobile services, and to contribute to the communities 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 2022.

Message from the President

In 2021, the success of our credit union continued despite the pandemic. We are a solid institution and have weathered many storms, and that is a tribute to the participation of you, our loyal members.

Your credit union is here to serve you in times of need and uncertainty. Throughout this past year we were able to assist our members by loaning over \$568 million. As a result of competitive rates and new products, our deposits grew over \$115 million. Our revenue continues to be robust, ensuring a healthy bottom line that allows us to give more back to you, our members. We awarded over \$100,000 in cash in 2021, including \$1,000 every week with our Prize Savings Account. We also paid over \$5.8 million to our members in dividends.

These results were not achieved by chance, but by the design of talented employees and an extremely dedicated board of directors, 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.

Last year we completed projects that have allowed us to better serve you by upgrading our product offerings and digital services. We broke ground on our new Waxahachie branch that will open in the spring of 2022 and launched new products and services to provide you a more superior banking experience. Every day we strive to be better as an organization and continue to empower your financial success.

In closing, I want to express my appreciation to our staff and volunteers. I also want to 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 serve you in 2022.

Director Information

Terms or Appointment Expiring – March 2022

Dwayne Boozer
Jimmy Slayton
Randy Till

Terms or Appointment Expiring – March 2023

Arthur Young
Ron Taylor

Terms or Appointment Expiring – March 2024

Jan Frum
John Logan
Lisa Salas

Bylaw Amendments

The bylaw amended in 2021 as follows:

Field of membership (FOM) was expanded to include all of Tarrant County to better serve the surrounding communities of Arlington and Ft. Worth.

Executive Changes

Jessie Swendig was promoted to Senior Vice President of Marketing & Communications

Tanya Cason promoted to Vice President of Operations Support

Rachel Pigman promoted to Assistant Vice President of Marketing

Gabriel Reyes was hired as an Assistant Vice President of Facilities

New Products and Services

Introduced the Inflate My Rate CD, a unique certificate of deposit that allows members the opportunity to match their rate to the standard 18-month CD rate during the term.

Debuted Nick, our Virtual Assistant. This AI-driven telephone assistant can provide answers to commonly asked questions like, 'What's my balance?' and 'How do I register for Online Banking' leaving our most valuable resource, our employees, available to answer more complex questions.

Updated our Online Banking and MyNCU Mobile app to include Upload a Document feature. Added new features to the MyNCU Mobile app with an enhanced look in the ATM and Shared Branching feature, a new External Funds transferred option and new and easy navigation under the 'More' tab.

Statement of Operations**2020****2021****Income**

Interest on Loans	\$29,512,269	\$27,688,445
Investments	2,608,677	3,134,521
Other Operating Income	<u>19,002,116</u>	<u>21,688,270</u>
Total Income	51,123,062	52,511,236

Expenses

Operating Expenses	30,573,637	32,981,115
Interest Expenses	7,886,006	5,860,895
Provision for Loan Loss	6,231,012	2,390,629
Other Non-Operating (Income) Expenses	<u>12,747</u>	<u>1,258,691</u>
Total Expenses	44,703,402	42,491,330
Net Income	<u>\$6,419,660</u>	<u>\$10,019,906</u>

Distribution of Income

Dividends Returned to Members	7,886,006	5,860,895
Transferred to Reserves	6,419,660	10,019,906
Total Distribution	\$14,305,666	\$15,880,801

Balance Sheet

Assets	\$943,015,270	\$1,066,752,639
Deposits	\$835,134,427	\$950,592,197
Loans	\$608,694,318	\$650,879,797
Members	56,877	59,348

Assets

Loans	\$608,694,318	\$650,879,797
Less Allowance for Loan Loss	<u>(7,412,945)</u>	<u>(7,775,384)</u>
Net Loans	601,281,373	643,104,413
Cash	97,428,484	92,629,656
Investments	189,851,345	268,656,111
Fixed Assets	32,265,629	35,465,194
Other Assets	<u>22,188,438</u>	<u>26,897,265</u>
Total Assets	<u>\$943,015,269</u>	<u>\$1,066,752,639</u>

Liabilities

Accounts Payable and Accrued Expenses	\$14,758,233	\$15,829,012
Dividends and Interest Payable	<u>51,201</u>	<u>53,580</u>
Total Liabilities	\$14,809,434	\$15,882,592

Membership Equity

Shares	\$207,054,927	\$245,272,184
High-Yield Savings	183,027,792	205,939,799
Share Drafts	175,140,838	213,633,310
Certificates of Deposit	186,416,723	207,342,260
IRA Deposits	54,101,425	51,555,083
Money Market Deposits	<u>29,392,719</u>	<u>26,849,560</u>
Total Membership Equity	\$835,134,424	\$950,592,196

Reserves

Regulatory Reserves	\$9,277,031	\$9,277,031
Investment Fair Value Adjustment	1,994,240	(819,225)
Equity Acquired Through Merger	20,990,974	20,990,974
Undivided Earnings and Net Income	<u>60,809,166</u>	<u>70,829,071</u>
Total Reserves	<u>\$93,071,411</u>	<u>\$100,277,851</u>

Total Liabilities, Membership Equity and Reserves	<u>\$943,015,269</u>	<u>\$1,066,752,639</u>
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