


MUTUAL 1ST FEDERAL CREDIT UNION



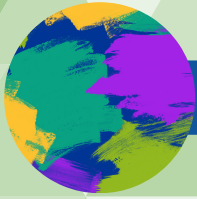
Respectfully Yours

2021 ANNUAL REPORT



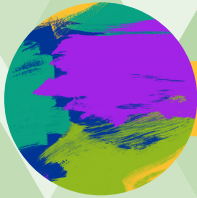
"We need to know with a fresh conviction that we all share a common humanity and that our diversity in the world is the strength for our future together."

Nelson Mandela



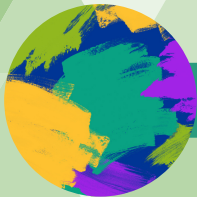
PURPOSE

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



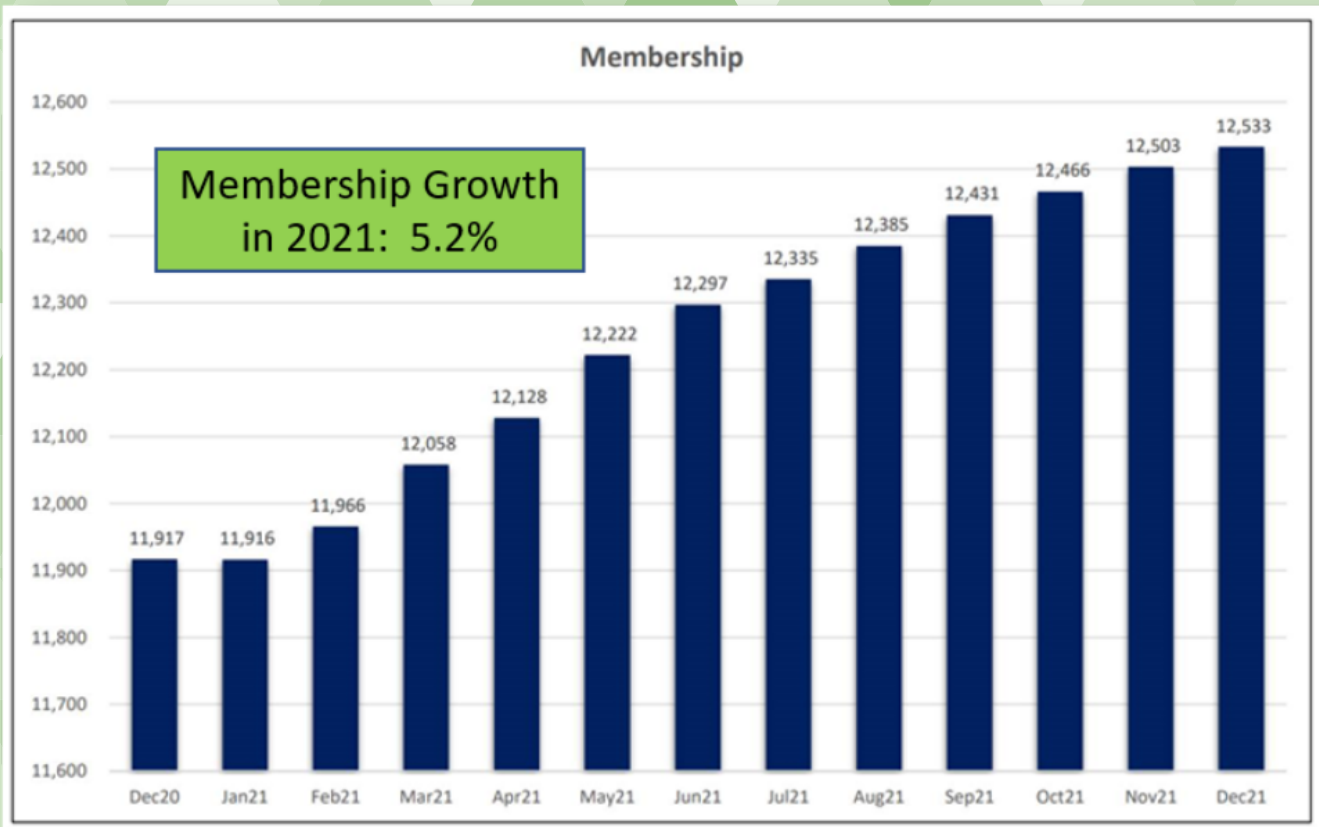
MISSION

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



VISION

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



REPORT OF THE CEO & BOARD CHAIR

KEVIN STRAUB Chief Executive Officer
LOWELL WILHITE Chairman of the Board

TO OUR MEMBERS...

The rapid pace of change, in these times, can be challenging and impact member's lives in many ways. The personal stories you share matter to our team, and we consider it an absolute privilege to serve you and focus on your financial well-being. Thank you for your trust.

In recognition of change and with an eye on the future, our team has been working diligently on strategic pursuits to turn possibilities into progress. One of the steps forward has been the design of a new branch.

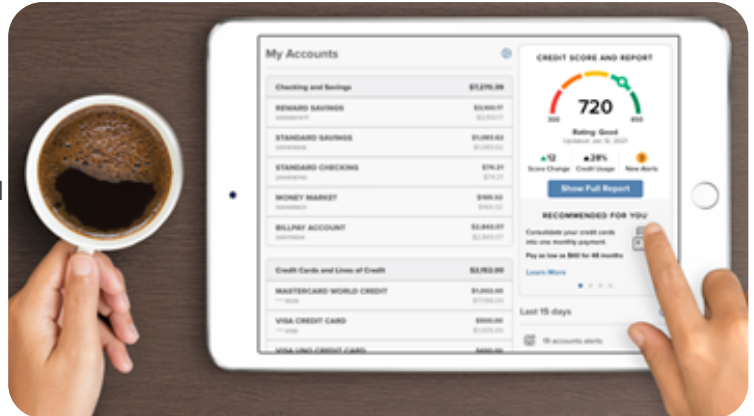
We are excited to share that we anticipate breaking ground this month on your new branch located in the Antler View Development at 183rd and West Maple Road. It is expected we will be able to serve you at this location in the fourth quarter of this year.

Our team is dedicated to equipping our members with resources that engage, educate, and simplify banking. Another step forward has been focused on the advancement of our online and mobile banking services, which remains a prioritized pursuit.



Recently, an upgrade was made to add functionality to the digital banking experience to provide member's more convenience and financial flexibility. We invite you to explore the possibilities to simplify your banking. Of note, we have been making investments in financial wellness and soon will provide the ability, within our online and mobile banking service, to review your credit score. You will also benefit from free comprehensive credit analysis, monitoring, and interactive tools all in one dashboard.

In addition, we will be sharing new financial education resources that we have been working on to add value to you and the community we serve. Additional information will be provided once we are set to release the content.



What's next? Our team will be sending out surveys to get your perspective, ideas, and thoughts. Collaboration is important as we collectively look to turn possibilities into progress. It's a benefit of being in a member owned financial cooperative. Your voice matters.

As we bring to a close this year's message, we want to acknowledge the dedication and efforts of the staff and volunteers who work diligently to add value to you, our members. They have proven once again a resilience and grit to take on change and persevere.

A quick review of the financial statement for 2020 shows the following changes in your credit union's financial condition:

- ➔ **Assets increased to \$119,058,187 or 6.6%**
- ➔ **Deposits increased to \$102,377,528 or 8.4%**
- ➔ **Loans increased to \$82,407,587 or 7.0%**
- ➔ **Capital increased to \$9,783,942 or 4.4%**

Thank you for your membership, relationship, and support.

FINANCIAL REPORT

SCOTT STEVENS Chief Financial Officer



2021 was another year of challenges as we saw several COVID-19 variants, continued low interest rates and an increase in cash from the stimulus programs. However, we continued to adapt to the environment and support the membership with their needs. As members adjusted their lifestyles and received federal stimulus money, they saved an additional \$7.9 million in deposits. The additional funds grew member deposits by 8.4% to \$102.4 million, which increased the credit union's total assets to \$119.1 million.

While we had modified branch operations for part of the year, we were still able to assist the members with their borrowing needs. The low mortgage rate environment continued into 2021, during which the membership took advantage of by refinancing and purchasing new homes. As a result, the credit union produced \$12 million in 1st mortgage loans. In total, we produced \$48.8 million in loans. This contributed to the overall loan portfolio growth of \$5.1 million or 6.6%, ending the year at \$82.4 million.

Net income for the year was a healthy \$410,000. These results finished at a steady .36% return on assets (ROA) and exceeded the annual budget by 35%. Mutual 1st's net worth ratio continued to be strong at 8.22% which remained above NCUA's well-capitalized standard of 7.00%.

STATEMENTS OF FINANCIAL CONDITION

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$9,024,117	\$7,730,869
Investments	18,693,129	17,653,076
Loans Receivable, net of allowance for loan losses	81,457,731	76,115,833
Fixed Assets, at cost, less accumulated depreciation	5,278,506	4,126,754
Other Assets	4,604,704	6,013,617
Total Assets	\$119,058,187	\$111,640,149
LIABILITIES AND RETAINED EARNINGS		
Savings Accounts	\$102,377,528	\$94,444,306
Borrowed Funds	5,500,000	5,500,000
Other Liabilities	1,467,679	2,371,540
Total Liabilities	\$109,345,207	\$102,315,846
Retained Earnings	\$9,783,942	\$9,373,710
Net unrealized holding gain/(loss) on investments available for sale	(70,963)	(49,407)
Net Retained Earnings	\$9,712,980	\$9,324,303
Total Liabilities and Retained Earnings	\$119,058,187	\$111,640,149

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

STATEMENTS OF INCOME

	2021	2020
INTEREST INCOME		
Loans	\$4,511,888	\$4,599,771
Investments	281,546	168,228
Total Interest Income	\$4,793,434	\$4,767,999
INTEREST EXPENSE		
Member Savings	\$545,444	\$699,678
Borrowed Funds	80,191	105,575
Total Interest Expense	\$625,635	\$805,252
Net Interest Income	\$4,167,800	\$3,962,746
PROVISION FOR LOAN LOSSES*	575,000	525,000
Net Interest Income After Provision for Loan Losses	\$3,592,800	\$3,437,746
OTHER OPERATING INCOME	1,375,358	1,280,278
OTHER OPERATING EXPENSES	4,584,918	4,805,753
Net Income from operations	\$383,240	(\$87,728)
NON-OPERATING INCOME	26,993	598,669
NET INCOME	\$410,233	\$510,941

* Net Charge Offs \$534,758

CREDIT REVIEW COMMITTEE

NICK HELM Chief Operations Officer

The Credit Review Committee (CRC) is responsible for the oversight and administration of the Credit Union's lending activities.

- Nick Helm (chair) - Chief Operations Officer
- Kevin Straub - Chief Executive Officer
- Scott Stevens - Chief Financial Officer
- Bruce Retzlaff - Senior Underwriter
- Mike Howe - Blondo Branch & Mortgage Manager



Committee Responsibilities:

- Review and approve credit criteria used to underwrite credit applications.
- Recommend loan officers (underwriters with lending limit) for appointment by the Board and oversee their activities.
- Monitor credit collection activities and recommend loans and negative share accounts with no opportunity for recovery to be charged off by the Board.
- Review lending activities to ensure compliance with all applicable state and federal laws and regulations.
- Monitor the adequacy of, and operational compliance with the following policies, as well as schedules and guidelines associated with them:
 - Consumer Lending
 - Real Estate Lending
 - Member Business Lending
 - Indirect Lending
 - Loan Participation
 - Collection

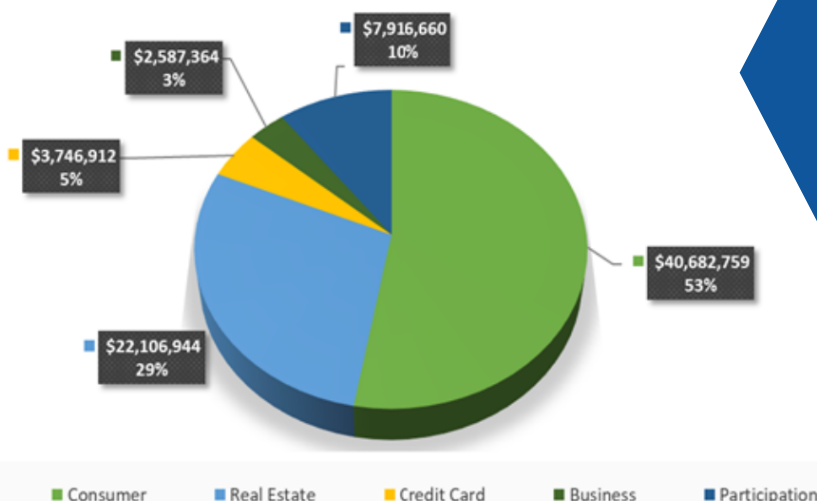
CREDIT REVIEW COMMITTEE

- Review credit portfolio risk (quality and concentration) and portfolio performance (trends). As appropriate, direct actions (strategy) to address safety and soundness.
- Participate and be accountable for the resolution of audit and examination issues pertaining to the loan portfolio and related lending activities.
- Authorize a designate to execute and deliver agreements related to acquisition, management, and disposition of real estate owned (REO).
- As needed, obtain assistance from legal, accounting, or other advisors to perform the committee's responsibilities.

Loans to Members:

CRC is pleased to report that lending activity remained strong with a 17% increase in loan amount originated over 2020. As part of Mutual 1st ongoing strategies and despite the economic impacts of the pandemic, members saw the benefits of borrowing from their credit union. Our lending teams funded 1618 loans totaling over \$37,913,182 in 2021. We have been able to do this by providing competitive products and services tailored to meet our membership's personal needs.

LOAN PORTFOLIO COMPOSITION AS OF 12/31/2021



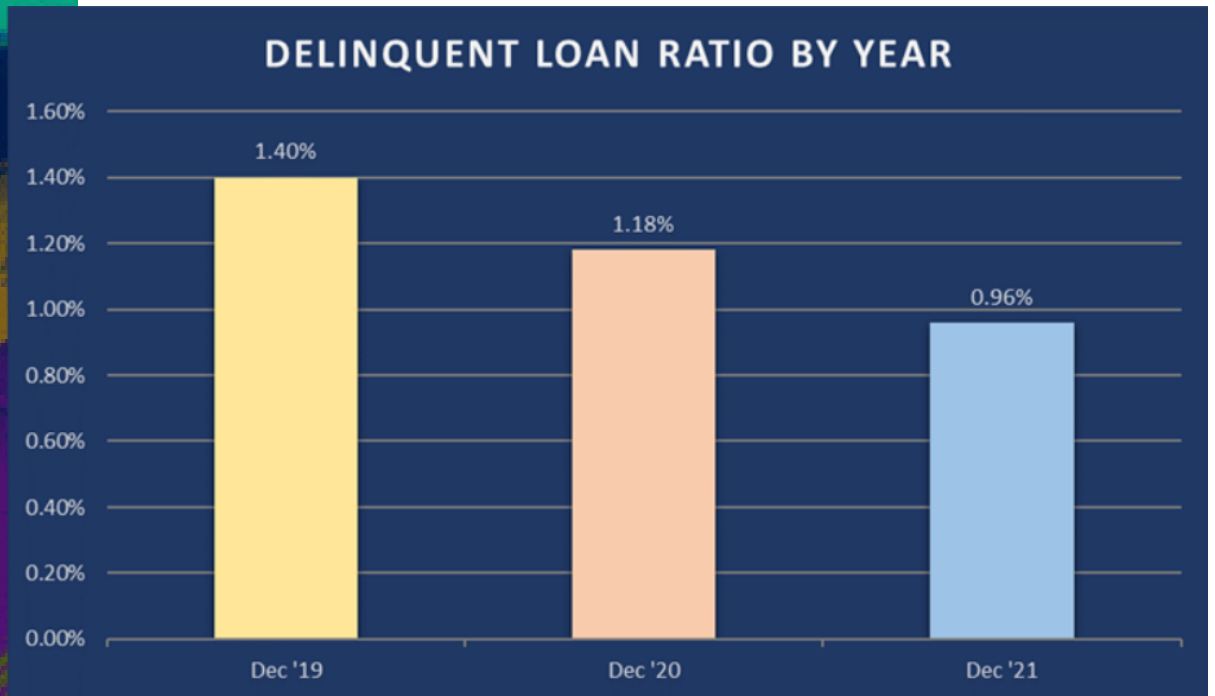
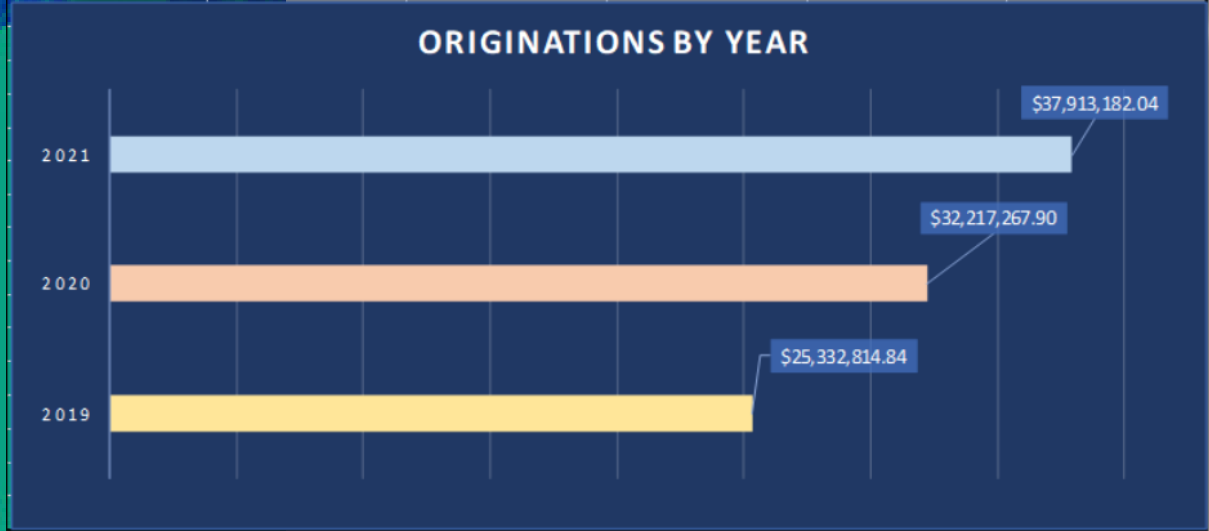
LOAN PORTFOLIO HIGHLIGHTS

Loan composition is predominantly Consumer Loans (53%) followed by residential real estate (29%).

Improved Asset quality with a lower Delinquent Loan Ratio under 1%

CREDIT REVIEW COMMITTEE

2021		2020		2019	
Amount	#	Amount	#	Amount	#
\$37,913,182.04	1,618	\$32,217,267.90	1,678	\$25,332,814.84	1,760



SUPERVISORY COMMITTEE

ELIZABETH POWELL Supervisory Committee Chair

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.

Some examples are: 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 IMPACT

JILL STEWART Community Involvement Team

One of our core values is serving our community. We strive to pay it forward to meaningful organizations in the metro area. In 2021, we donated just over \$6,200 to four charities: Big Brothers Big Sisters of the Midlands, Open Door Mission, ALS of the Heartland, and Child Saving Institute. We are honored to support the missions of these charities. The relationships we have built bring pride and humility to our credit union.

The Community Involvement Team strives to find fun and unique ways to support our charities and engage our staff and membership.

In February, we divided into teams and waged "Penny Wars" to raise money for Big Brothers Big Sisters and it was a success. We have a lot of competitive employees!

In June, we raised money for ALS by having an after-hours mini-golf tournament where participants created their own mini-golf holes. The creativity was amazing. We had Spirit Week in September to raise money for Open Door Mission, and every day was a different theme. It was a great week! We ended the year with Substitute Santa for Child Saving Institute, and we had a great turnout from employees and members alike.

Our four charities in 2022 are: Big Brothers Big Sisters of the Midlands, ALS of the Heartland, Nebraska Humane Society, and Child Saving Institute. We have a lot of fundraising opportunities planned for the year, so stay tuned to see how you can get involved.



Community Involvement Team 2021

Amy Fauth

Tim Fread

Krysta McAllister

Jill Stewart

Michelle Yeaman