


LIBERTY FEDERAL CREDIT UNION

Annual Report

2023



Federally Insured by NCUA

NAFCU  NAMES

LIBERTY FCU NATIONAL CREDIT UNION *of the* YEAR

The National Association of Federally Insured Credit Unions awarded Liberty FCU its top honor for 2023 in recognition of returned value, financial performance, and community involvement.



“ We’re humbled by this honor. But, more importantly, we are proud that our continued success has allowed us to provide a higher financial return to both our members and the community. On behalf of our entire team, thank you for choosing Liberty Federal Credit Union to meet your financial needs. ”

Bill Schirmer
Liberty FCU President & CEO

2023 PERFORMANCE HIGHLIGHTS

Total Members:
262,608

Total Employees:
780

New Checking Accounts:
14,249

Total Checking Accounts:
126,245

Real Estate Lending:
\$826 Million

Total Lending:
\$1.27 Billion

Total Loans Outstanding:
\$3.16 Billion

Total Assets:
\$3.83 Billion

#1

**Ranked #1 in *Evansville Courier & Press*
2023 Readers' Choice Awards**

Best Credit Union

Best Mortgage Lender

Best Place to Work

Best Overall Leadership

Best Financial Planning *Liberty Wealth Services*



MINUTES OF THE EIGHTY-SEVENTH ANNUAL MEETING

The eighty-seventh annual meeting of the Liberty Federal Credit Union was held at the DoubleTree Hotel in Evansville on March 7, 2023. Approximately 83 members attended the meeting.

Jane Magary, chairwoman of the board, welcomed members to the business portion of the meeting at 6 p.m. She introduced current president and CEO Bill Schirmer, LFCU Board of Directors, and Supervisory Committee Members. Chairwoman Magary also recognized LFCU management and staff in attendance.

Secretary Bob Suhrheinrich ascertained a quorum was present, and Chairwoman Magary received approval of the minutes of the eighty-sixth annual meeting.

Ms. Magary reported on behalf of the Liberty Federal Credit Union Board of Directors; Pete Hillenbrand, chairman of the supervisory committee, reported on behalf of the committee; Aaron Veech, vice president and chief financial officer, reviewed the financial reports for 2022; and Bill Schirmer, LFCU president and CEO, presented the President's Report.

Secretary Bob Suhrheinrich thanked the four candidates who ran for the board in this year's election and announced that Wayne Kinney, Jim Watson, and Ken Wempe were elected to three-year terms on the board.

Door prizes were awarded to members in attendance. Door prizes consisted of five \$50 gift cards. There being no further business, the meeting adjourned at 6:17 p.m.

"It's so easy to earn great rewards. I use my Liberty FCU credit card every time I make a purchase!"

SAMANTHA EVANSVILLE

"Liberty FCU gave me a low rate and a payment that works for me. The app makes it really easy to make my payment and view my balance."

JOHN Vincennes

Liberty Federal Credit Union Board of Directors



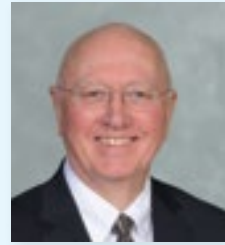
Jane Magary
Chairwoman



Wayne Kinney
Vice Chairman



Harold Smith
Treasurer



Bob Suhrheinrich
Secretary



Pam Blessing



Andrew Guarino



Gary Hackney



Connie Ralph



Lori Sutton



Jim Watson



Ken Wempe

LETTER FROM OUR PRESIDENT & BOARD CHAIRWOMAN

Interest rates have remained elevated for the past eighteen months due to inflation concerns. In the face of these headwinds, 2023 proved to be a challenging yet successful year for Liberty Federal Credit Union.

Several key highlights for 2023 are shown below.

We welcomed **15,993 new members** into the LFCU family. Total membership at year-end was 262,608.

We increased net worth by **\$20.8mm** for the year. Total equity finished the year at \$392mm.

Total loans outstanding grew by 8% or **\$220mm** to a total of \$3.16 billion.

Despite interest rates rising throughout 2023, it was another solid year for residential real estate lending as we funded an aggregate 4,132 mortgages in the amount of \$826 million.

Our Business Lending Team funded \$37mm in commercial loans.

Our Consumer Lending Teams funded an aggregate \$261mm in auto and other consumer loans.

The amount of loans we service increased by **\$100 million** to a total of \$7 billion.

Total assets grew by **\$373mm** or 11% to a total of \$3.83 billion.

Due to higher deposit interest rates, our certificate of deposits increased by a record high **\$360mm** and finished the year with \$1.4 billion in total deposits.

Our Investment Division, Liberty Wealth Services, continues to serve the membership well with a total of \$559mm of invested assets.

During 2023 LFCU received the following national and state recognition for our superior value and service to our members:

Recognized by the National Association of Federally Insured Credit Unions as the **National Credit Union of the Year**, out of 4,760 credit unions, based upon our return to the member, strong financial condition, and community involvement initiatives.

Recognized by Investopedia as the nation's **Best Credit Union for Checking**.

Liberty FCU's Vertical Checking was recognized by Newsweek as **America's Best High-Yield Checking Account**.

#1 in the 'Total Return to the Member' category in the state of Indiana as rated by Callahan & Associates, a nationally recognized independent credit union rating organization.

For the eleventh consecutive year, LFCU received the **Platinum Award for Best Credit Union** in the Tri-State region in the *Evansville Courier & Press* Readers' Choice Awards.

For the fourth consecutive year, LFCU was named **Best Mortgage Lender** in the *Evansville Courier & Press* Readers' Choice Awards.



Bill Schirmer
President and Chief Executive Officer

Jane Magary
LFCU Board Chairwoman

For the second consecutive year, LFCU was honored as Best Place to Work in the Tri-State in the *Courier & Press* Readers' Choice voting.

LFCU also received *Courier & Press* Readers' Choice awards for Best Overall Leadership, Best Financial Planning Service and Best Investment Firm (Liberty Wealth Services), and Best Insurance Agency (Liberty FCU Insurance Group).

We are very thankful for our past success and recognition. However, our focus remains on our financial return to the membership. In that regard, LFCU paid a record-high **\$49 million** to members who took advantage of our certificate of deposit interest rate specials. This amount represents a **\$37 million increase** from the amount returned to members in 2022 from certificate account programs. Our Vertical Checking account returned an additional \$12 million to our members and was **rated by Newsweek** as the country's **Best High-Yield Checking Account**. The total return to members through our checking, savings, money market, and certificate of deposit account holders was a **record \$62 million**.

During 2023, we added three new branch locations. The first was on Highway 231 in Jasper, Indiana. The second was opened on Southwalk Drive in Nolensville, Tennessee, while the third office was opened on St. Andrews Drive in Murfreesboro, Tennessee. We are excited to be in a position to better serve our members in these regions.

Our contemporary mobile banking application allows members to apply for an auto loan or mortgage online, review credit scores, make LFCU loan payments from outside accounts, turn debit or credit cards on or off, report debit or credit cards lost or stolen, review progress toward checking rewards, reset personal identification numbers, deposit a check online, open a new account, transfer funds to and from external accounts, pay bills online, review credit union statements and tax documents, track personal spending versus budget goals, as well as view LFCU and outside brokerage account balances on one page. These features allow your desktop computer or digital device to be your personal banker. Be sure to review these and our other innovative mobile banking features designed to simplify your financial life.

In conclusion, 2023 was another rewarding year thanks to our dedicated Board of Directors, Supervisory Committee, and 780 staff members. From our tellers to our senior staff, we are here to provide you with the absolute best in financial products and services. Thank you for choosing LFCU as your financial institution of choice and recommending us to your friends and family. We greatly appreciate your business and look forward to serving all your financial needs in 2024.



SUPERVISORY COMMITTEE REPORT

Pete Hillenbrand, Supervisory Committee Chairman

The success of Liberty Federal Credit Union continued through 2023, with another year of growth and opportunity and a focus on delivering the best services to our valued members. In accordance, the Supervisory Committee is pleased to report another accomplished year for its five-member volunteer team.

During 2023, the Supervisory Committee met monthly to:

- Work with the Chief Risk Officer to address risks within the financial environment.
- Facilitate and review the various internal and external audits as required by regulation.
- Remain apprised of fraud detection and prevention.
- Address member concerns and grievances.
- Seek ways to assist with member communications.

The annual financial statement audit assured that the credit union's financial records remain in conformity with generally accepted accounting principles of the United States of America.

A heartfelt thanks goes out to those who served on the Supervisory Committee during this past year.



Kathryn Kornblum-Zelle



Andy Owen



Mike Russ



Doug Wurmnest

Volunteer Management Committee
LFCU Service Organization, LLC
LFCU Lending Services, LLC

Marina Flory-Jenkins
Vic Chamness

Scott Edmond
Bill Pedtke

Brenda Scheidler
Ken Wempe

STATEMENT OF FINANCIAL CONDITION



Aaron Veech, Senior Vice President of Finance and Chief Financial Officer

STATEMENT OF FINANCIAL CONDITION

	December 31, 2023	December 31, 2022
LOANS		
Consumer Secured Loans	\$ 274,366,504	\$ 375,787,558
Consumer Unsecured Loans	77,807,494	82,643,191
Real Estate Loans	2,076,076,732	1,843,532,174
Commercial Loans	730,387,780	636,382,992
TOTAL LOANS	3,158,638,510	2,938,345,915
Allowance for Loan Loss	(6,100,764)	(4,055,364)
NET MEMBER LOANS	3,152,537,746	2,934,290,551
Cash	250,382,050	126,835,883
Available-for-Sale Securities	73,553,755	79,204,864
Other Investments	41,295,035	29,026,477
NCUSIF	27,656,413	23,601,735
Accrued Interest Receivable	10,082,777	7,973,250
Fixed Assets (Net of Depreciation)	164,753,420	148,716,893
Other Assets	109,849,929	106,996,853
TOTAL ASSETS	\$ 3,830,111,125	\$ 3,456,646,506
LIABILITIES		
FHLB Advances	424,000,000	164,000,000
Other Liabilities	67,989,818	78,942,429
TOTAL LIABILITIES	491,989,818	242,942,429
SAVINGS		
Shares	1,561,764,580	1,816,780,081
Deposits	1,400,793,087	1,040,350,401
TOTAL SHARES	2,962,557,667	2,857,130,482
EQUITY		
Regular Reserve	25,457,400	25,457,400
Undivided Earnings	295,683,741	257,631,694
Uninsured Secondary Capital	50,000,000	50,000,000
Unrealized Gain / (Loss) on Investments	(16,412,302)	(16,593,039)
Net Income	20,834,801	40,077,540
TOTAL EQUITY	375,563,640	356,573,595
TOTAL LIABILITIES & EQUITY	\$ 3,830,111,125	\$ 3,456,646,506

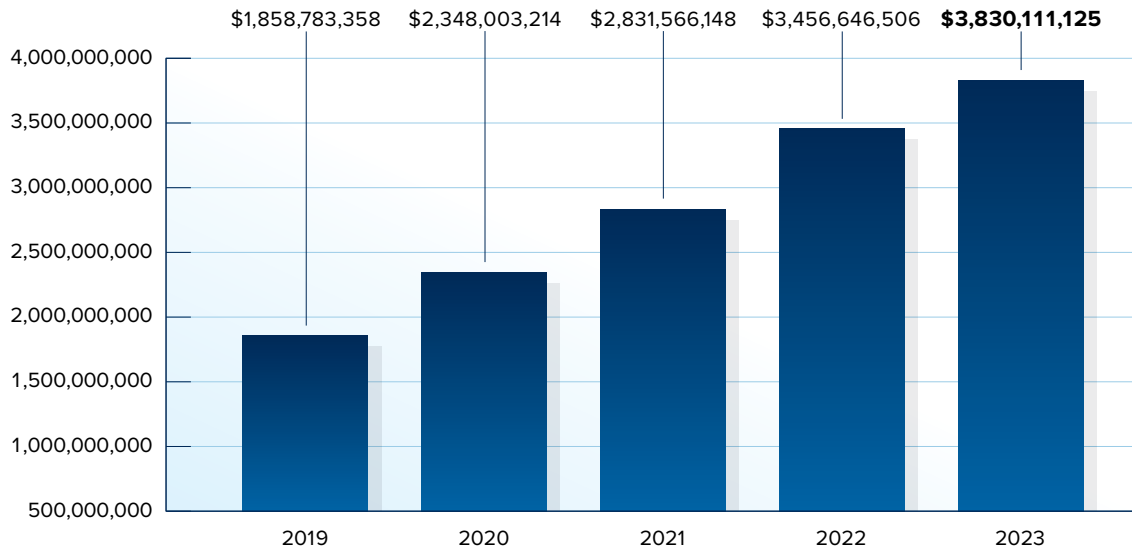
STATEMENT OF FINANCIAL CONDITION

STATEMENT OF INCOME AND EXPENSES

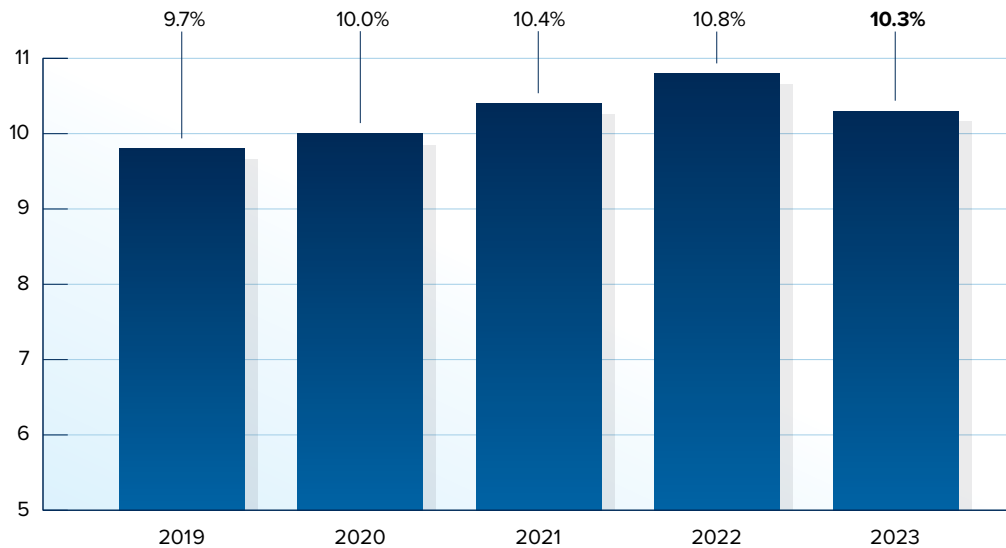
	FOR THE YEAR ENDED	
	December 31, 2023	December 31, 2022
INTEREST INCOME		
Interest on Loans	\$ 133,785,391	\$ 103,342,319
Interest on Investments	14,908,092	3,584,505
TOTAL INTEREST INCOME	148,693,483	106,926,824
COST OF FUNDS		
Dividends	12,576,405	13,743,732
Interest on Deposits	49,353,686	11,955,947
Interest on Borrowed Funds	11,475,091	4,255,555
TOTAL INTEREST EXPENSE	73,405,182	29,955,234
NET INTEREST INCOME	75,288,301	76,971,590
PROVISION FOR LOAN LOSSES	3,580,000	1,155,000
NET INTEREST INCOME AFTER PLL	71,708,301	75,816,590
NON INTEREST INCOME		
Fee Income	19,138,410	19,980,082
Other Operating Income	45,946,070	63,963,315
TOTAL NON INTEREST INCOME	65,084,480	83,943,397
OPERATING EXPENSES		
Compensation	47,877,546	52,850,767
Employee Benefits	11,735,532	11,710,084
Travel and Conference	367,013	272,305
Association Dues	227,792	223,993
Office Occupancy	7,370,645	7,435,240
Office Operations	21,095,254	21,149,967
Education and Promotional Expenses	4,470,744	4,218,687
Loan Servicing	17,215,577	19,167,219
Professional Fees	5,179,083	4,633,425
NCUA Operating Fees	410,196	372,128
Cash Over and Short	4,355	3,545
Annual Meeting Expense	19,639	3,264
Miscellaneous Operating Expense	9,754	9,336
TOTAL OPERATING EXPENSES	115,983,130	122,049,960
INCOME FROM OPERATIONS	20,809,651	37,710,027
Gain / (Loss) on Sale of Assets	(3)	2,369,212
Gain / (Loss) on Sale of Real Estate Owned	25,153	(1,700)
Gain / (Loss) on Sale of Investments	—	—
TOTAL GAIN / (LOSS) ON SALE OF ASSETS	25,150	2,367,512
NET INCOME	\$ 20,834,801	\$ 40,077,540

STATEMENT OF FINANCIAL CONDITION

ASSETS



CAPITAL/ASSETS

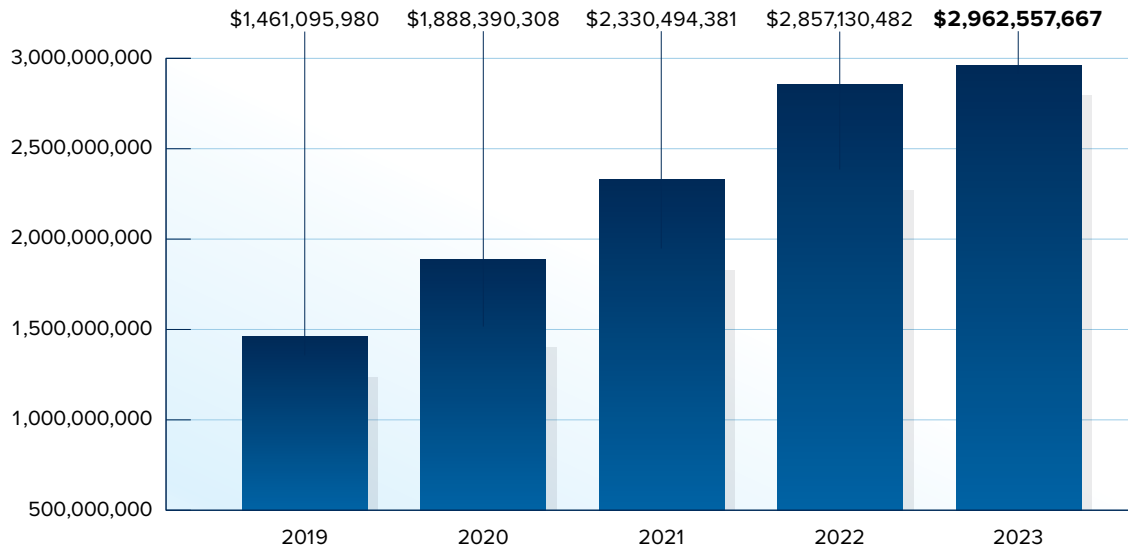


*"From our very first phone call, your staff made the borrowing process very easy.
Thank you for helping us buy our new home!"*

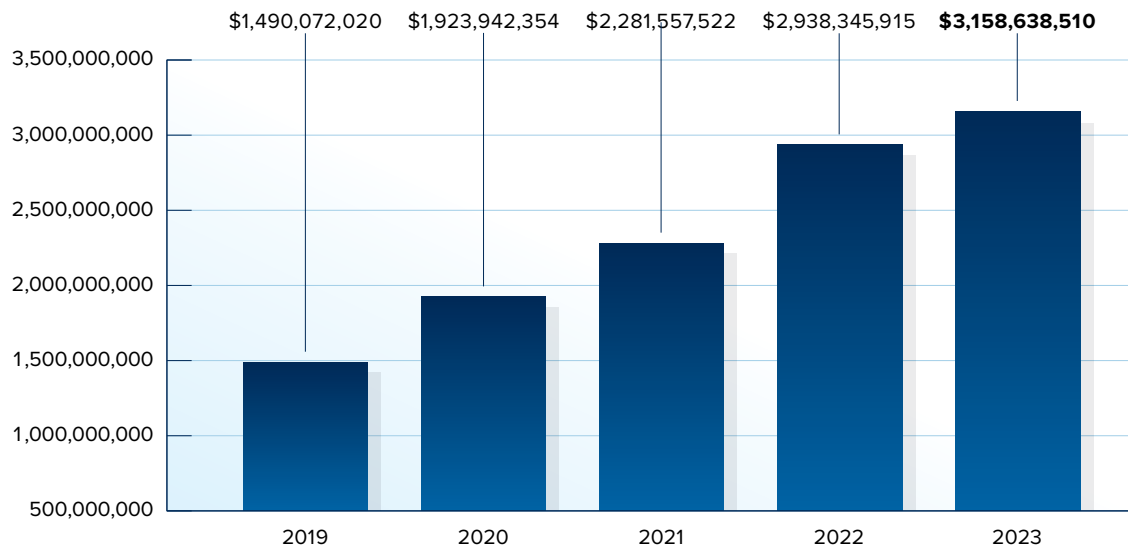
SUSAN Bowling Green

STATEMENT OF FINANCIAL CONDITION

SHARES OUTSTANDING



LOANS OUTSTANDING

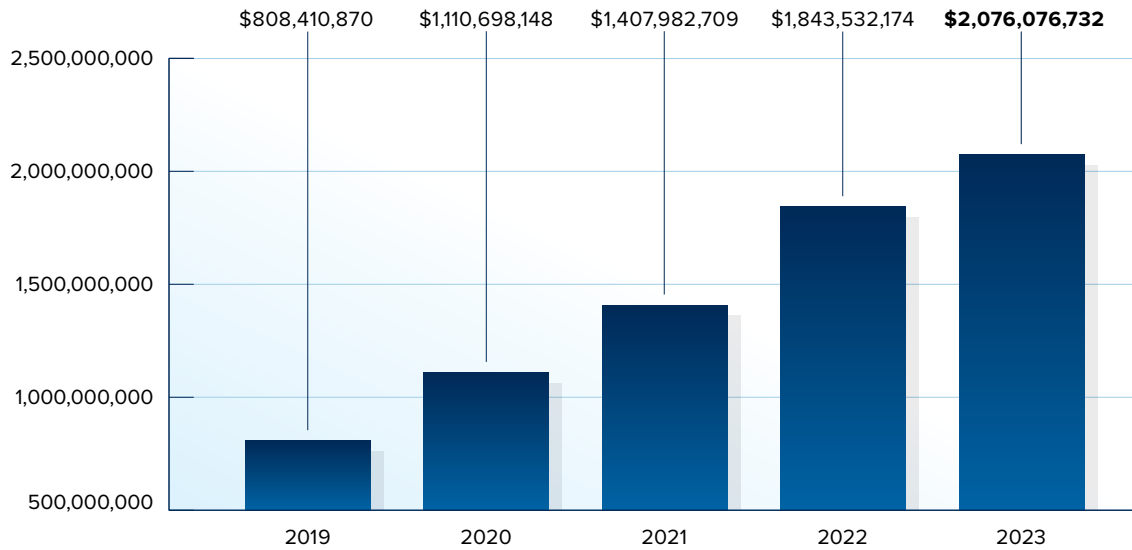


"Vertical Checking is a really great checking account. The interest rate is great, but I really love that you pay the fee when I use another ATM!"

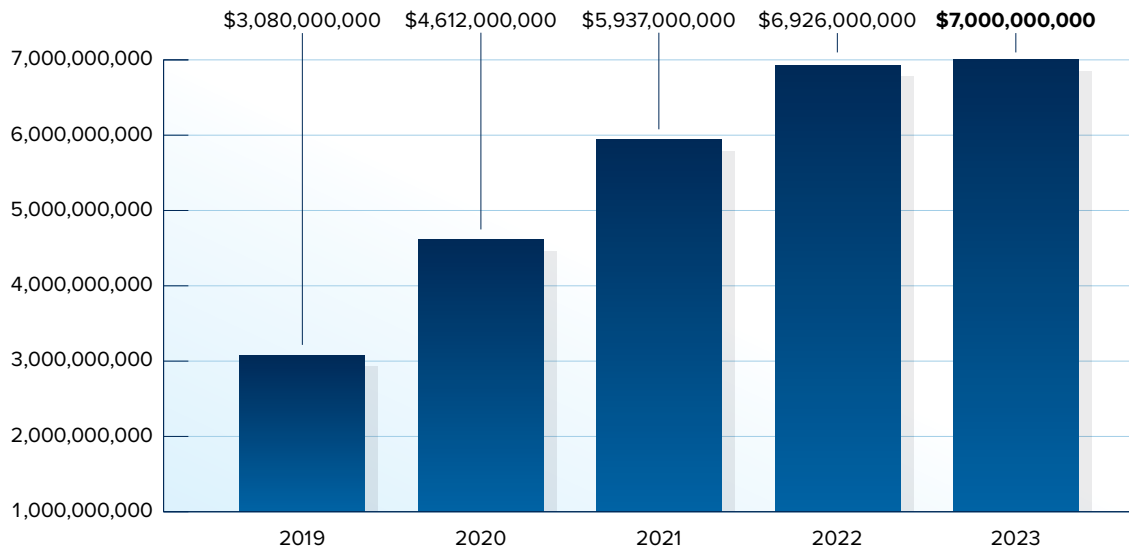
BAILEE Evansville

STATEMENT OF FINANCIAL CONDITION

REAL ESTATE LOANS OUTSTANDING



TOTAL LOANS SERVICED



*"We had a truly great experience from application to closing.
I highly recommend Liberty FCU!"*

JENNIFER Owensboro

2023 COMMUNITY HIGHLIGHTS

Liberty FCU contributed more than
\$1,000,000
back into the community through scholarships,
sponsorships, and donations

Including



More than
\$150,000
to Habitat for Humanity

More than
\$100,000
to the EVSC Foundation,
EVSC, and its schools



Nearly
\$75,000
to the United Way



More than
\$20,000
to Cops Connecting with Kids



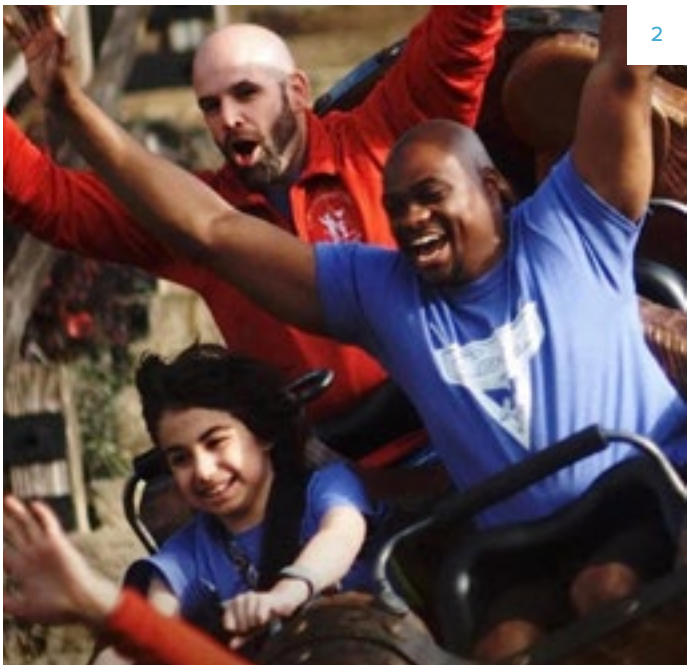
\$50,000
to graduating
high school seniors
through the Ted Hitch
Scholarship program

Other community partners include





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2

- 1 Liberty Federal Credit Union volunteers work with Habitat for Humanity of Evansville to build the sixth home fully funded by the credit union. LFCU made a donation for each new checking account opened throughout the year.
- 2 LFCU was again a top sponsor of the Cops Connecting with Kids Disney Adventure. More than 80 local middle-school students who had displayed good work in the classroom were awarded a five-day trip to Orlando, experiencing—many for the first time—flights, hotels, dining out, and all that Disney has to offer.
- 3 In September, Liberty FCU representatives presented a check for \$50,120 to help support Castle Bands' trip to Pasadena, California, where they performed at the Parade of Roses. Liberty matched community donations up to \$25,000.

3



12

Website libertyfcu.org

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Facebook facebook.com/mylibertyfcu

