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24

2024 ANNUAL REPORT



WE'RE GROWING IN MICHIGAN.

IT MUST BE ALL THE FRESH WATER.

MEMBERS
105,334

ASSETS
\$1,011,363,063

TEAM MEMBERS
267

LOCATIONS
20



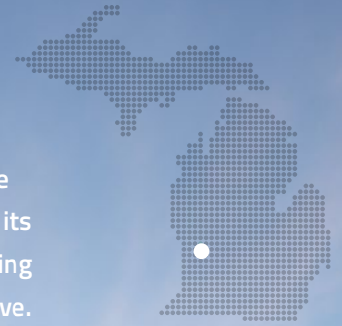
Intentional Growth

2023 was a year of unprecedented growth for 4Front. After 70 years of serving the communities of Northern Michigan, we launched an assertive growth strategy into new and thriving markets. We opened branches in West Michigan, including Holland, Muskegon, and Zeeland. We now have branches in the Upper Peninsula too. In all, we have 20 branch locations. Membership just topped 100,000. Our assets now exceed \$1 billion. And we're just getting started...

Such growth does more than sustain us; it allows us to implement new innovations that make banking smarter and simpler for our members, whether they live in Petoskey, Sault Ste. Marie, Holland, or Cadillac. In short, our expansion across Michigan will greatly benefit our members on their own personal financial journeys, wherever that may lead them. (Plus, the scenery is not bad either.)

New Partnerships

In 2023, 4Front partnered with Aquinas College in Grand Rapids to serve the financial needs of its students and staff. Efforts like this are promoting greater financial literacy in the markets we serve.



Welcome

Todd Rohrback Chairman

I am honored to reflect on the significant milestones and accomplishments 4Front Credit Union has achieved in 2023. We have made impactful strides in our commitment to financial well-being, community engagement, and sustainable growth. We opened five new branches, three in West Michigan and two in the Eastern Upper Peninsula. We now serve over 100,000 members and have 20 branch locations.

Our commitment to financial prudence has been unwavering. Throughout the year, the Board has worked closely with management to ensure the financial stability of 4Front. I'm pleased to report that our credit union remains robust and well positioned to navigate the dynamic economic landscape in 2024.

A credit union is not just a financial institution but a community. 4Front continued to engage with and support our communities by volunteering more than 2,000 hours. The second annual 4Front Foundation grant cycle awarded seven nonprofits \$35,000 in grants. Out of the more than 70 applications, Child & Family Services of Northwestern Michigan, Kids Hope USA, All County Search and Rescue (ACSAR), Challenge Mountain of Walloon Hills, Inc., Family Promise of Tuscola County, Kalkaska County Commission on Aging, and Women's Resource Center for the Grand Traverse Area came out on top as the 2023 grant recipients.

Strategic planning has been a focal point for the Board in 2023. We've collaboratively charted a course for sustainable growth, emphasizing innovation and member centricity. These strategic initiatives are designed to enhance the value we deliver to our members and solidify our position as a trusted financial partner by making banking smart and simple.

On behalf of the Board of Directors, I sincerely appreciate our members' trust and active participation. Together, we are building a credit union that truly reflects the needs and aspirations of its members. Your Board is dedicated to serving you with diligence, transparency, and a vision for a prosperous future. Thank you for the opportunity to serve; have a safe and prosperous 2024!

Sincerely,



Todd P. Rohrback, Chairman



Andy Kempf CEO

As we bid farewell to another remarkable year, I want to express our sincere gratitude for being an integral part of the 4Front Credit Union family. We've achieved incredible milestones and weathered challenges, emerging stronger than ever. I want to take a moment to reflect on the incredible journey we've undertaken together as a community at 4Front. This year has been a testament to our collective resilience, adaptability, and unwavering commitment to the financial well-being of our members.

We take pride in maintaining robust financial health. Despite economic uncertainties, our credit union is strong, stable, and continuing to grow. We kicked off the year by opening new branches in Muskegon, Zeeland, and Holland, and ended the year with the acquisition of Old Mission Bank. The bank acquisition provides us the opportunity to take our market-leading products and services to the UP, as we now have branches in Pickford and Sault St. Marie. We are also in both peninsulas, serving the great folks both above and below the Bridge. With our expansion, we are serving over 100,000 members with 20 branches.

Beyond financial services, 4Front plays an active role in community development. We've proudly supported over 300 local initiatives, charities, educational programs, and volunteered over 2,000 hours, fostering a sense of unity and empowerment within the neighborhoods we serve. Together, we are positively impacting the lives of those around us.

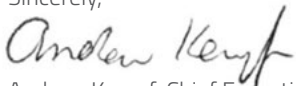
Embracing partnerships and improving financial literacy and wellness is a cornerstone of our mission. We proudly partner with more than 30 school districts to offer financial literacy software and in-class presentations. In 2023, we partnered with our first college, Aquinas College. From user-friendly mobile apps to personalized financial tools, we aim to make banking smart and simple, and to bring personal finances to the forefront of their college experience for a successful transition into their careers.

In order to provide support to our members and communities, we rely on our talented 4Front team. We strive to be an employer of choice, so we invest heavily in our staff to ensure they are equipped with the skills and knowledge needed to provide the exceptional member service you have come to expect. As we focus on staff development and engagement, we are honored to have been named a 101 Best & Brightest Company to Work for in the nation for the sixth consecutive year.

As we enter a new year, our commitment to you remains steadfast. 4Front will evolve, adapt, and innovate to continue to serve your constantly evolving financial needs. We are excited about the possibilities and grateful for your trust in us.

Thank you for being a valued member of 4Front Credit Union. Here's to a prosperous new year filled with financial success, growth, and shared achievements!

Sincerely,



Andrew Kempf, Chief Executive Officer



Karl Pagel CFO

In a year marked by unexpected challenges and the unsettling backdrop of multiple bank failures, 4Front has weathered the storm and emerged stronger than ever. As we reflect on the triumphs of our financial journey, it is crucial to acknowledge the resilience that sets us apart. While others faced uncertainty and setbacks, we stood firm, fortified by the strength of our financial foundations and the unwavering support of our members.

In addition to this strength, our operational achievements this year have been truly exceptional. We provided over 28,000 instant-issue cards in our branches, a testament to our commitment to smart and simple services for our members. Furthermore, we received over 55,000 Real-Time Payments transaction deposits, totaling an impressive \$18.5 million.

But our success isn't only measured by financial metrics; it's also about the positive impact we've had on the lives of our members. We went beyond traditional banking services to protect our members, preventing \$2.7 million in potential fraud-related losses. Our commitment to member well-being is further exemplified by the creation of Knowledge Quizzes on our website and our podcast, designed to empower members to spot scams and protect themselves.

Amidst the challenges of the broader financial landscape, 4Front has been a beacon of stability. Our commitment to sound financial practices, risk mitigation, and member-centric policies has been the bedrock of our strength. While some financial institutions faltered, we stood tall, a testament to the effectiveness of our strategic planning and risk management protocols.



Daniel Baker CLO

I am pleased to share a 2023 summary of the achievements and key highlights from 4Front's Lending Department. Our team demonstrated unwavering dedication and adaptability in the face of change, including fully integrating an AI underwriting platform and several loan operating system enhancements to make banking smart and simple. More importantly, we helped our members navigate a year of elevated and sustained inflation in an aggressively rising interest rate environment. Some members have never experienced anything like this before, but 4Front's lending team expressed empathy with our members as we educated and advised them along their financial journeys while navigating these new hurdles.

Our commitment to serving the community remained a top priority. We facilitated affordable and accessible credit solutions to our members, positively impacting their lives. By providing accessible and tailored financial solutions, we helped members achieve their goals, from purchasing homes to financing vehicles. 4Front proudly funded over \$250M in loans in the beautiful communities we serve.

2023 has been a testament to the resilience and innovation of 4Front and our lending teams. I want to thank our members for trusting us to be part of your journey and each team member for their hard work, dedication, and innovative spirit. Looking ahead, we remain committed to serving our members with excellence, embracing innovation, and navigating challenges with a forward-thinking approach. Here's to a successful year behind us and the exciting opportunities awaiting the new year.



Shelley DeYoung COO

2023 was a year of intentional growth to serve our members better. 4Front launched three new branches in West Michigan, acquired two branches in the UP, and added a satellite communication center in Zeeland! As a result of these expansion efforts, we now proudly serve and support more than 105,000 members across the state on their financial journeys.

We did not just expand in 2023 but also transformed our branch network: 4Front renovated four existing branches to “Branch of the Future” ITM lobbies. Branches of the Future empower members with smart, simple, and self-service options to decrease the lobby wait time to do basic transactions and allow staff the opportunity to engage in more personal and consultative member service. Additionally, we streamlined our account opening platform, enhanced our phone services with AI technology, and introduced self-service demos across multiple member service channels.

2023 marks the sixth consecutive year 4Front was honored as a Best & Brightest Company to Work for in the Nation and the seventh year named as one of the 101 Best & Brightest Companies to Work for in West Michigan! We take enormous pride in these awards and the recognition in the *Wall Street Journal*, as the designation is the direct result of our employees assessment of our workplace environment, DEI, engagement, work-life balance, and career opportunities. In 2023, we grew our 4Front family to nearly 270 employees and celebrated 47 promotions from within! Our Best & Brightest team keeps getting bigger and better!



Jack Martin CIO

Our team has demonstrated remarkable dedication to enhancing member experiences in the past year through strategic, innovative initiatives that make banking smart and simple.

Introducing the Meridian Link Account Opening system has simplified the onboarding process for our members. This innovative technology has streamlined account opening procedures, reducing wait times and paperwork while enhancing overall efficiency and accuracy. The implementation of Penny, our new phone concierge service, has further exemplified our dedication to member-centric solutions. Penny ensures that our members receive personalized assistance and information at their fingertips.

Our commitment to our members is also shown by successfully integrating more Interactive Teller Machines (ITMs) into our operations. This forward-thinking approach improves the efficiency of traditional banking transactions and emphasizes our adaptability in embracing emerging technologies. These enhancements reinforce our commitment to meeting the evolving needs of our members while maintaining a strong focus on delivering exceptional service in an ever-changing financial landscape. Cyber security is always top of mind, and we have made continuous investments to keep your information safe and sound. Our member's privacy is our number-one priority.

As we reflect on these accomplishments, we look forward to building upon these successes and continuing to evolve our offerings to exceed the expectations of our valued members.



Rachel Hunter CMO

In 2023, 4Front stayed true to its purpose by supporting our neighbors wherever they were on their financial journey. Empowering individuals with the knowledge to achieve their financial goals remains at the forefront of our community initiatives.

Throughout the year, 4Front forged strategic partnerships with local businesses, charities, and schools. By collaborating with community organizations, we've strengthened our impact and contributed to the overall prosperity of the areas we call home. We launched our partnership with Aquinas College in late 2023 and have begun to make banking smart and simple for the students who attend.

Our commitment to social responsibility is manifested through charitable contributions and volunteer efforts. 4Front employees dedicated over 2,000 hours to community service projects, supporting over 100 local causes that addressed homelessness, hunger, and education. Together, we made a tangible difference, one volunteer event at a time.

The 4Front Foundation had its second annual grant cycle and awarded \$35,000 to seven Michigan nonprofits. The foundation also awarded nine Michigan high school graduating students \$10,000 in scholarships. The 4Front Foundation continues empowering change and amplifying impact in local Michigan communities.



New Growth

4Front opened several branch locations in West Michigan this past year. We're now helping communities like Holland "grow" their financial health and wealth.



Local Communities

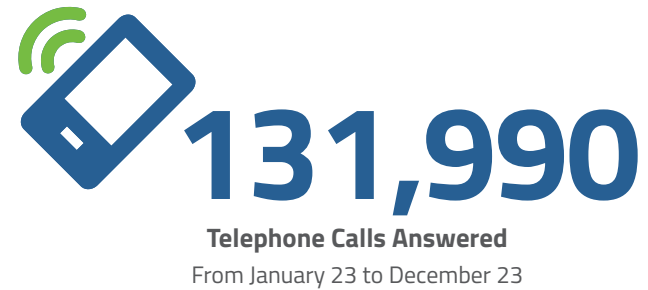
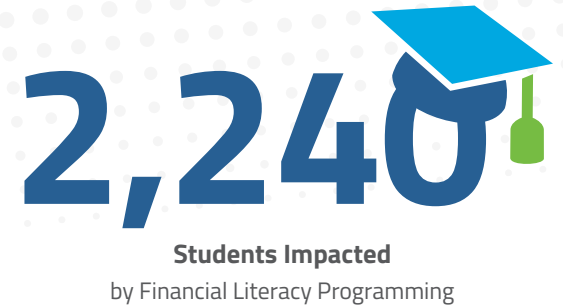
4Front expanded into the Eastern Upper Peninsula in 2023. We're now helping communities like Pickford and Sault Ste. Marie unlock their full financial potential. We're also active in these communities, volunteering at local events and offering financial support to local schools and organizations.



2023 Year in Review



Member Experience Survey Response Score





\$202,985

**Total Invested
In the Community**



2.58%
—THROUGH—
12.69%

Range

Member Experience Survey Response Rate



2.6M

Website Visits



2 min

Average Web Visit Duration

Financial Statement

| | HISTORY 12-2023 \$ Month End* | HISTORY 11-2023 \$ Month End* | Var \$* | HISTORY 12-2022 \$ Month End* | Var \$* |
|-------------------------------|-------------------------------------|-------------------------------------|--------------------|-------------------------------------|-------------------|
| Auto Loans | 326,982,646 | 332,863,786 | -5,881,139 | 351,957,293 | -24,974,647 |
| Business Loans | 163,750,819 | 159,874,482 | 3,876,337 | 111,003,585 | 52,747,234 |
| Real Estate Loans | 192,309,440 | 192,580,641 | -271,202 | 173,347,532 | 18,961,908 |
| Credit Cards | 13,398,985 | 13,201,536 | 197,449 | 13,036,195 | 362,790 |
| Other Loans | 85,241,185 | 85,724,565 | -483,380 | 81,255,541 | 3,985,645 |
| Total Loans to Members | 781,683,075 | 784,245,010 | -2,561,934 | 730,600,146 | 51,082,929 |
| Total Loan Loss Allowance | -7,639,628 | -6,841,302 | -798,327 | -1,923,727 | -5,715,902 |
| NET LOANS | 774,043,447 | 777,403,708 | -3,360,261 | 728,676,419 | 45,367,028 |
| TOTAL ACCOUNTS RECEIVABLES | 5,594,958 | 2,595,208 | 2,999,750 | 2,586,938 | 3,008,020 |
| TOTAL CASH | 36,969,461 | 42,935,378 | -5,965,917 | 23,988,703 | 12,980,759 |
| TOTAL INVESTMENTS | 177,126,164 | 187,444,191 | -10,318,027 | 189,324,849 | -12,198,685 |
| Land | 6,159,809 | 6,159,809 | 0 | 5,609,952 | 549,857 |
| Total Buildings | 36,727,987 | 36,304,173 | 423,814 | 29,902,757 | 6,825,230 |
| Furniture/Equipment | 7,271,649 | 8,004,302 | -732,653 | 8,701,021 | -1,429,372 |
| TOTAL FIXED ASSETS | 50,159,445 | 50,468,285 | -308,839 | 44,213,730 | 5,945,715 |
| TOTAL OTHER ASSETS | 34,281,636 | 33,680,221 | 601,415 | 14,507,659 | 19,773,976 |
| NCUSIF Deposit | 9,872,056 | 9,872,056 | 0 | 8,064,766 | 1,807,290 |
| TOTAL ASSETS | 1,088,047,166 | 1,104,399,046 | -16,351,880 | 1,011,363,064 | 76,684,102 |

*Figures are in whole dollars

Financial Statement

| | HISTORY 12-2023 \$ Month End* | HISTORY 11-2023 \$ Month End* | Var \$* | HISTORY 12-2022 \$ Month End* | Var \$* |
|---------------------------------------|-------------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| BORROWED FUNDS | 3,000,000 | 3,622,200 | -622,200 | 75,000,000 | -72,000,000 |
| Accounts Payable | -198,725 | 596,150 | -794,875 | 4,189,953 | -4,388,678 |
| Total Accrued Expenses | 3,037,253 | 2,623,713 | 413,539 | 2,908,189 | 129,064 |
| Other Liabilities | 1,938,383 | 960,824 | 977,560 | 3,270,158 | -1,331,775 |
| TOTAL OTHER LIABILITIES | 4,776,911 | 4,180,687 | 596,224 | 10,368,300 | -5,591,389 |
| Regular Shares | 240,241,379 | 242,211,691 | -1,970,312 | 266,686,208 | -26,444,829 |
| Checking | 298,442,064 | 311,387,936 | -12,945,872 | 290,281,791 | 8,160,273 |
| Money Market Shares | 136,267,149 | 136,083,400 | 183,749 | 160,157,807 | -23,890,658 |
| Share Certificates | 264,533,449 | 267,684,674 | -3,151,225 | 78,891,611 | 185,641,838 |
| IRA/KEOGH Accounts | 32,886,026 | 33,387,699 | -501,672 | 24,415,430 | 8,470,597 |
| All Other Shares | 25,368,880 | 26,020,460 | -651,580 | 28,955,165 | -3,586,285 |
| TOTAL SHARES | 997,738,948 | 1,016,775,860 | -19,036,912 | 849,388,012 | 148,350,936 |
| Regular Reserves | 2,906,664 | 2,906,664 | 0 | 2,906,664 | 0 |
| Unrealized G/L AFS Investment | -10,997,263 | -13,290,330 | 2,293,067 | -16,357,449 | 5,360,186 |
| Unrealized G/L EBPA AFS Invmnt | 0 | 0 | 0 | -394,798 | 394,798 |
| Equity Acquired in Merger | 22,579,511 | 22,579,511 | 0 | 22,579,511 | 0 |
| Undivided Earnings | 64,458,781 | 64,458,781 | 0 | 55,976,492 | 8,482,289 |
| Net Income | 3,583,614 | 3,165,673 | 417,941 | 11,896,332 | -8,312,718 |
| MEMBER CAPITAL | 82,531,307 | 79,820,299 | 2,711,008 | 76,606,751 | 5,924,556 |
| TOTAL LIABILITIES & EQUITY | 1,088,047,166 | 1,104,399,046 | -16,351,880 | 1,011,363,063 | 76,684,103 |

*Figures are in whole dollars

Community Investment

Giving back for the greater good

As a community-focused credit union, 4Front is committed to supporting local causes, events, and organizations that help improve the quality of life in the communities we serve. As part of our CU Cares Day initiative, we give team members a day off from work to volunteer at a designated event. Here are some of those activities and others that we supported in 2023 through volunteerism or direct financial assistance.

\$202,985

4Front's Total Community Investment for 2023

Aquinas College Move-in Day



CU Cares Day – Trail Cleanup



CU Cares Day – Recycle a Bike



4Front Foundation

Total Grants Awarded in 2023: **\$35,040**

Founded in 2021, the 4Front Foundation aids nonprofits in providing services to the community and supports education through scholarship and financial literacy programs. The Foundation also works to create innovative programs for our members and to increase our outreach and impact in the community.

In 2023, the 4Front Foundation awarded grants to the following recipients:



Women's Resource Center for the Grand Traverse Area



Child & Family Services of Northwestern Michigan



Kids Hope USA®



All County Search & Rescue (ACSAR)



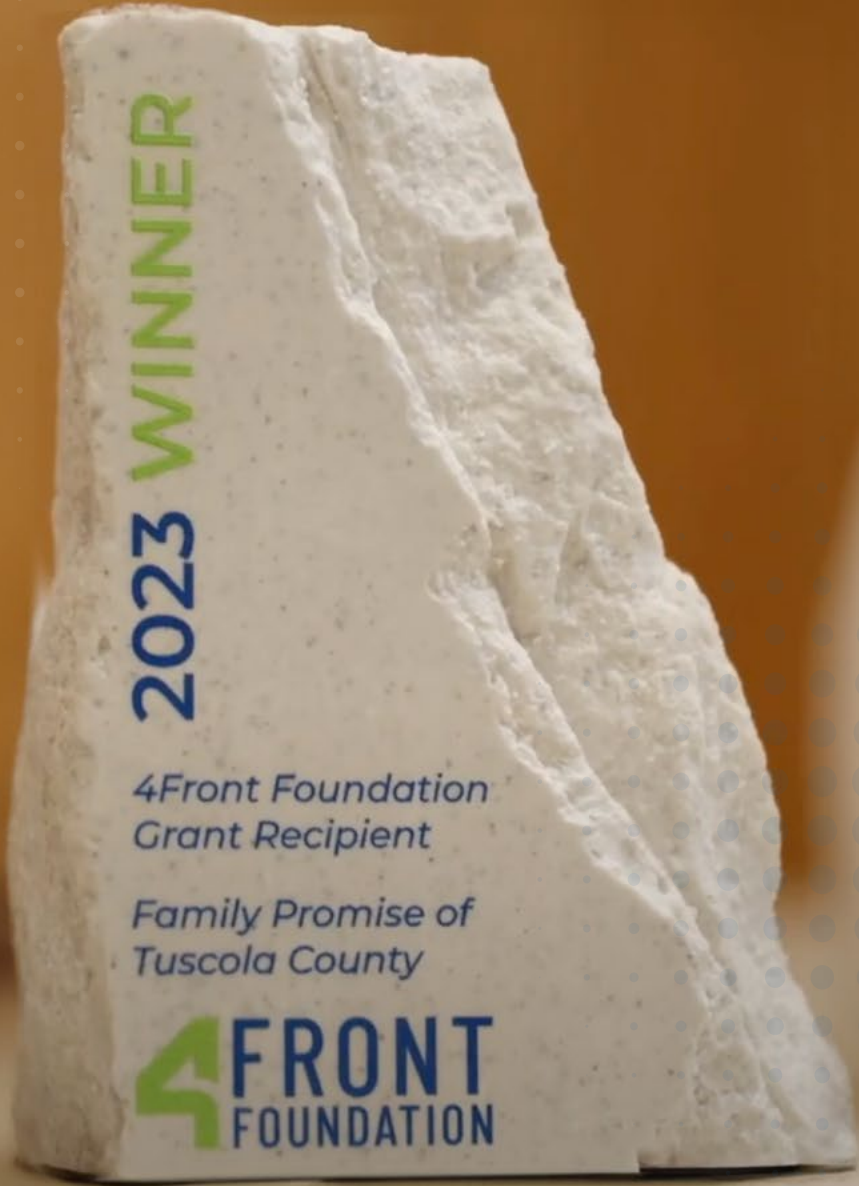
Challenge Mountain of Walloon Hills, Inc



Kalkaska County Commission on Aging



Family Promise of Tuscola County





Former Detroit Tiger (L)

Lance Parrish

after delivering opening comments
at 4Front Foundation's 2023 Evening
on the Diamond Gala

Join Us

It's the biggest hit of the season

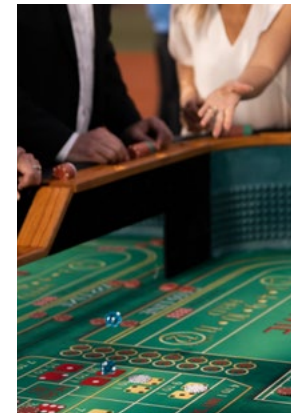
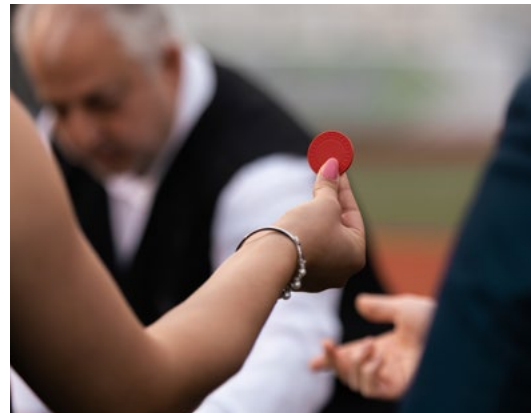
In addition to supporting local nonprofits, the 4Front Foundation created the Evening on the Diamond Gala, a singular event held at Turtle Creek Stadium in Traverse City, MI. The event brings together foundation supporters, community leaders, and special guests to enjoy an evening of baseball, black ties, and bright stars – all to benefit important community causes.



Evening on the Diamond

September 21, 2024
Turtle Creek Stadium
Traverse City, MI

4Frontcu.com/foundation





4frontcu.com

