



E I G H T Y - F I F T H

ANNUAL

Business Meeting



2022 ANNUAL REPORT

AGENDA

Call to Order by the Chair

Ascertain Presence of Quorum

Reading of Minutes of 2022 Business Meeting

Moment of Silence

Chair & President's Report – pg. 4

Supervisory Committee Report – pg. 5

Unfinished Business

New Business

Meeting Adjourned



EXECUTIVE MANAGEMENT & BOARD OF DIRECTORS

2022 BOARD OF DIRECTORS

Doug Mushlitz – Chair
Tara Leer – Vice Chair
Tom Pfliger – Treasurer
Michelle Bly – Secretary
Jerry Cummins – Director
Tod Dickeson – Director
Wanda Keefer – Director
Brett Kinzer – Director
Kyle Morscheck – Director

SUPERVISORY COMMITTEE

Tom Luper – Chair
Doug Mushlitz
Becky Sturmer

EXECUTIVE MANAGEMENT

Chris Loseth
President & CEO

Troy Sandvick
Chief Data Officer

Craig Emerson
Chief Financial Officer

Michael Vogeler
Chief Operations Officer

Brent Gifford
Chief Information Officer

Jana Erny
Chief Experience Officer

Richard Paige
Chief Lending & Strategy Officer



A MESSAGE FROM OUR CHAIR & PRESIDENT & CEO

On behalf of our Staff, Management and Board of Directors, we want to thank you for attending our 85th Annual Business Meeting. We remain committed to bringing value to our member's financial lives and are committed to enhancing the quality of life in the communities we serve as we move into our 86th operational year. These are traits we are known for and traits that have become our brand. This has been our tradition for 85 years and we are continually building on these traits for the benefit of our members.

P1FCU continues to experience strong membership growth with net New Members growth of 5,867 this year for a 12-month growth rate of 5.10%. Our assets continue to grow as more members use the credit union with an increase of \$78,235,215 or 4.03% in assets for 2022. Lending also had excellent growth for 2022. Our loans grew \$157,318,849 from 2021 to 2022 for a growth rate of 10.32%, This is outstanding performance, and we cannot say enough about the quality, dedication and commitment of our Staff, Management and Board in their efforts to serve our members' needs throughout the year.

Callahan & Associates, who tracks every credit union's financial performance in the United States, has once again given P1FCU excellent ratings as of 9/30/22. P1FCU is rated in the 93rd percentile of all credit unions in the United States for Total Return to Members, a rating based on Return to Savers, Return to Borrowers, and Member Service Usage. P1FCU is positioned in the top 5% nationwide, based on asset size, of all credit unions in the United States.

As we continue to expand across our three-state field of membership in Idaho, Washington, and Oregon, we recently opened a branch office in Garden City, Idaho. We are in the planning and building process for new branch offices in Eagle and Meridian, Idaho while anticipating a mid-April opening of our new branch in Pullman, Washington, near the Pullman Regional Hospital and our current Walmart location. Upon the opening of our new branch location, we will be moving out of our current Pullman Walmart location. We are continually evaluating additional branch location opportunities as we move into the various regions of our three-state field of membership. We keep moving the credit union forward for the benefit of the many residents of the community areas we are proud to serve.

Our Board of Directors and Executive Management Team met this fall to develop our Strategic Business Plan and analyze the operations of the credit union, the environment we operate in and develop strategies and objectives to keep P1FCU strong and relevant to our members while positioned for continued success. This has been an extremely challenging economic time in the United States and the world this year and P1FCU has continued our competitive position in this financial market that demands close attention to all the details of our operations and ongoing analysis of the financial environment.

As part of our Strategic Business Planning, we revisited our ROOTS Core Values to be Relatable, to be Original, to Openly Empower, to be Transparent and to have Sincere Gratitude. Our ROOTS Core Values will continue to guide us in member engagement, staff relationships and community relations. Our ROOTS are integrated into our P1FCU brand as we are always working to be better in all that we do each day.

We want to thank Tara, Tom, Kyle, Wanda, Michelle, Jerry, Tod, and Brett along with Doug for their volunteer service on our Board of Directors in 2022. Additionally, we want to recognize Tom, Doug, and Becky for their volunteer service as Supervisory Committee Members. The dedication of your volunteers is commendable and valuable to the members of P1FCU.

Thank you, our members, along with our Board, Staff, and Executive Management for making our credit union what it is today and for attending our 85th Annual Business Meeting.

Sincerely,



Board Chair



President & CEO

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is charged with the responsibility of ensuring the operations of your credit union not only meets the regulations mandated by the Idaho Department of Finance, our primary regulator, and the National Credit Union Administration, an agency of the United States Government, our federal regulator, but also serves you, the members, professionally and efficiently.

We are also charged with safeguarding the assets and shares of the credit union. We engage Eide Bailly, LLC, to assist with our internal auditing and to conduct additional studies for the Supervisory Committee. Each year we have a co-examination conducted by the State of Idaho, Department of Finance, our primary regulator, and our federal regulator, the National Credit Union Administration, as an assurance that the assets of your credit union are carefully guarded.

**Your credit union is sound and growing.
During the past year our growth was as follows:**

MEMBERSHIP
GREW FROM 113,022 TO

118,889

REGULATORY CAPITAL
GREW FROM \$160,463,222 TO

\$173,625,224

SUPERVISORY COMMITTEE REPORT

Your funds on deposit at the Credit Union are federally insured to benefit our membership. The National Credit Union Administration (NCUA), an agency of the United States Government, oversees the National Credit Union Share Insurance Fund, which provides \$250,000 of coverage per individual share account. There are more combinations of accounts, joint owners, individual retirement accounts and trust accounts that can increase your coverage beyond the \$250,000. We encourage you to meet with our credit union staff to discuss account options to increase your coverage by using various account structures that allow federal deposit insurance coverage well in excess of \$250,000.

Brochures are available at the credit union pertaining to the National Credit Union Share Insurance Fund or their website, www.ncua.gov.

ASSETS

GREW FROM \$1,942,580,116 TO

\$2,020,815,331

SHARES

GREW FROM \$1,817,301,042 TO

\$1,865,567,165

LOANS

GREW FROM \$1,524,987,447 TO

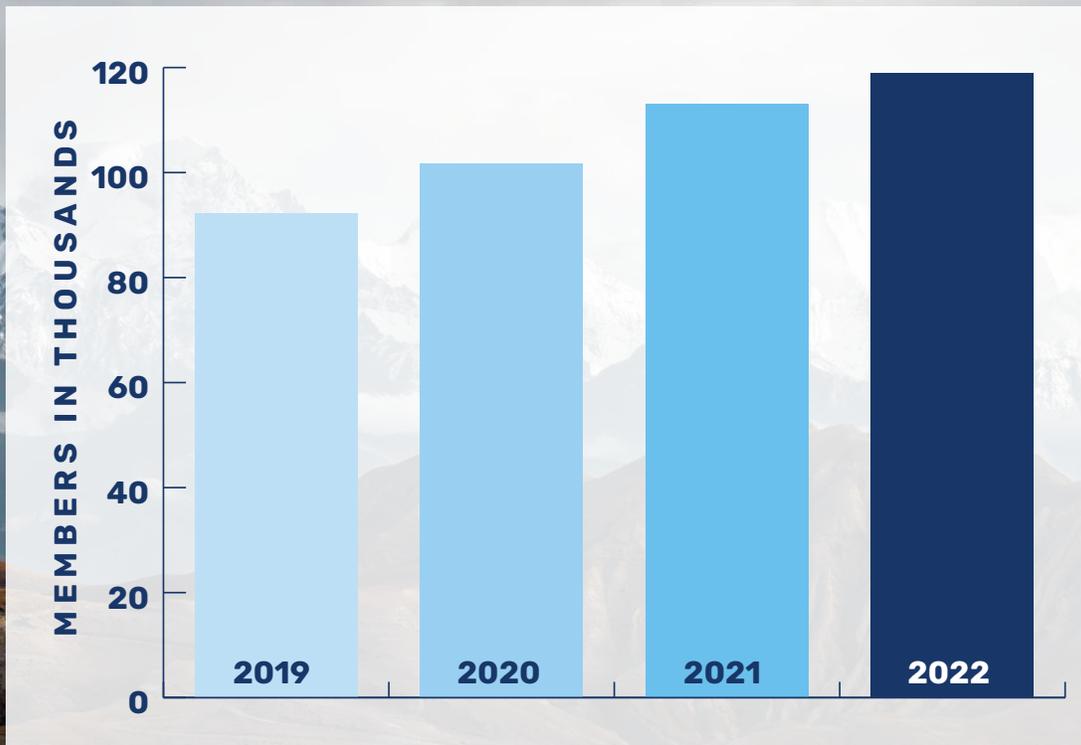
\$1,682,306,295

FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

P1FCU's 2022 financial results have been very impressive. We have experienced increases in all our major financial areas and our membership. The credit union has increased its financial stability to record levels while providing quality lending products and services to an ever-increasing membership base.

MEMBERS

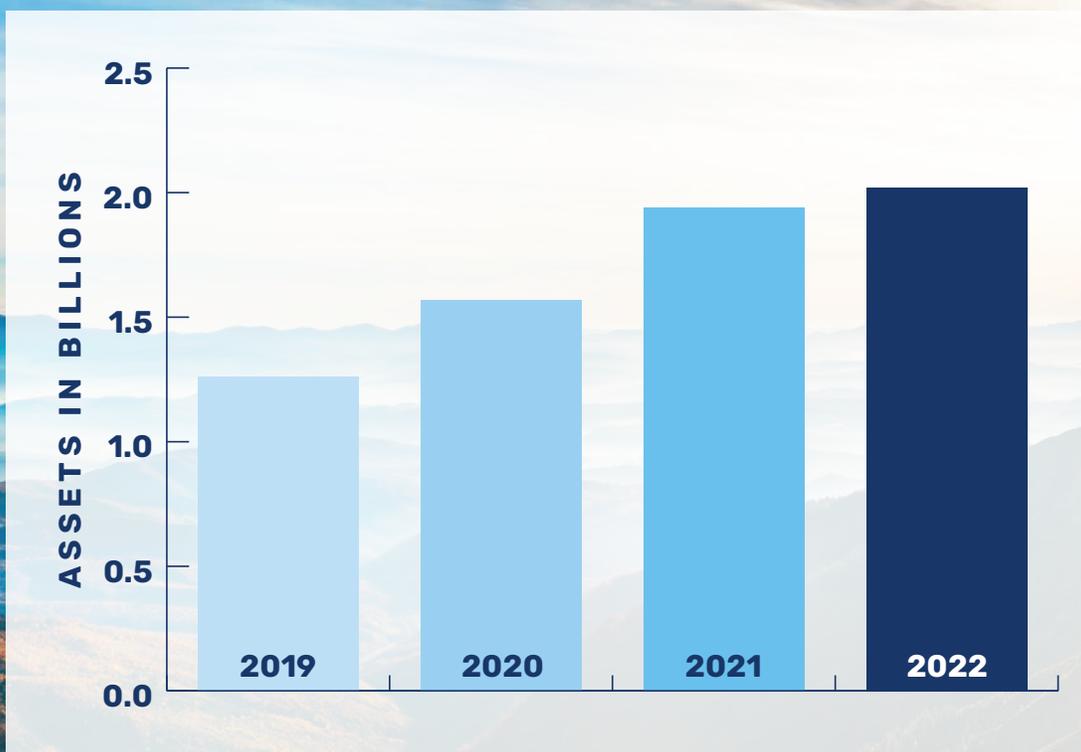
Membership continues to grow in our credit union at a rate of 5.19% for 2022 with 5,867 net new members during the year. With the opening of 10 new branch offices in Idaho, Washington and Oregon during 2020, an additional 3 branches opened during 2021, expansion of our field of membership into the Boise/Nampa area with the Mountain Gem Credit Union merger completed during 2022, and with 3 new branches scheduled to open during 2023, we expect membership growth to continue. We now have well over 100,000 members with 118,889 members at year-end. The national member growth rate average for all credit unions with \$1 billion to \$3 billion in total assets was 3.92% through September of 2022. Continued growth is consistent with our long-term objectives to strengthen P1FCU.



FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

ASSETS

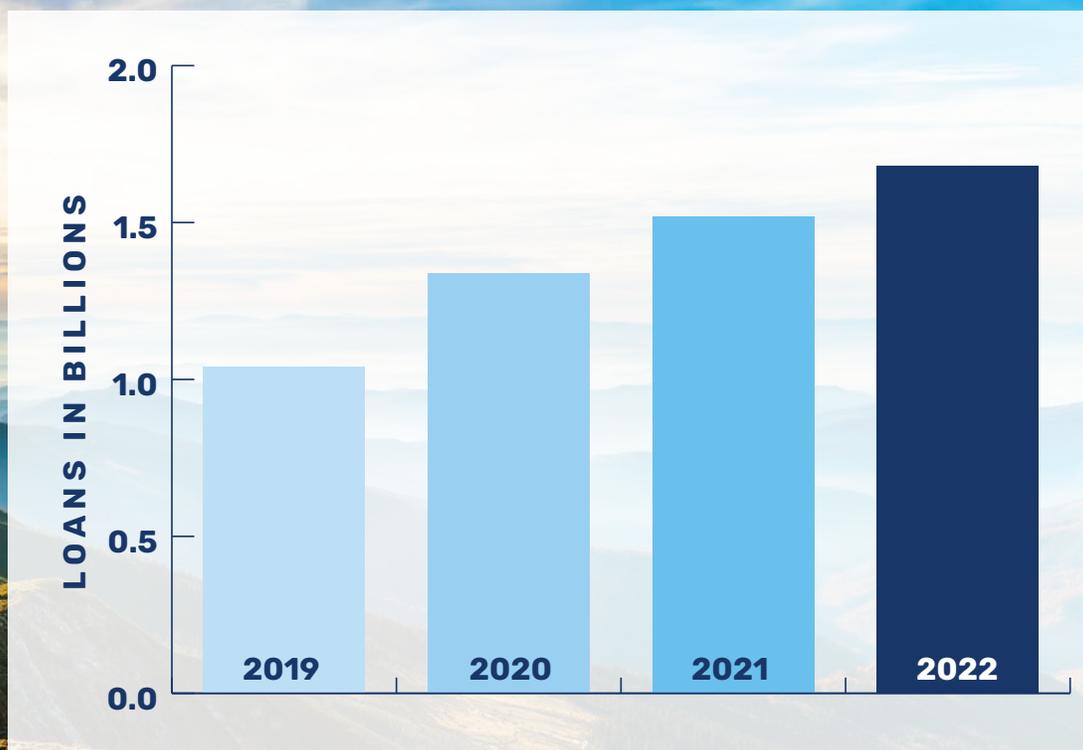
P1FCU's asset growth rate for 2022 was 4.03% compared to our 5-year average asset growth rate of 15.74%. This growth is represented by an increase in assets of \$78,235,215 from 2021 to 2022. The asset growth rate in 2020 and 2021 averaged 24.13% driven by government stimulus programs resulting from the Covid pandemic. The reduced growth rate seen in 2022 was reflective of the significant reduction during the year of these stimulus programs and is closer to the average asset growth rate of 11.85% seen during 2017 through 2019. While slowing somewhat in 2022, P1FCU's growth rate has remained strong over the last several years allowing good control over our operational environment. Economic trends have continued to be very dynamic following the Covid pandemic, and during this time P1FCU has closely monitored these trends and adjusted our operations accordingly for the benefit and financial protection of our members.



FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

LOANS

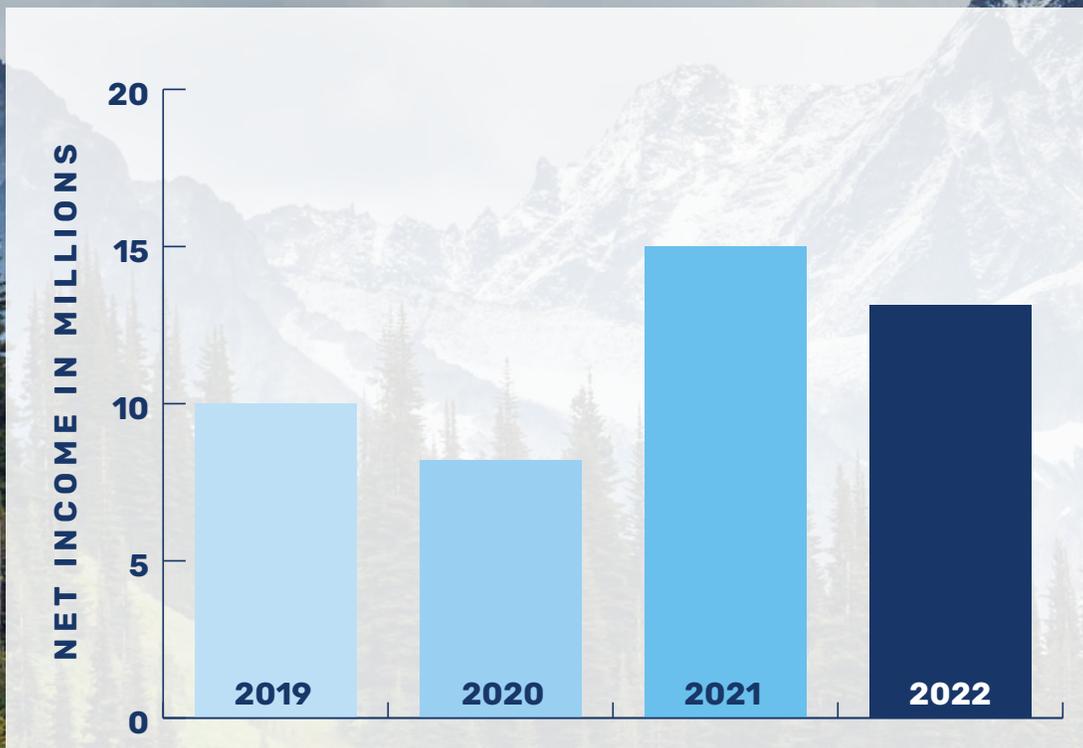
Lending for our members is at the core of P1FCU's operations. The Executive Management Team and Board of Directors spends much time analyzing the financial market and needs of our members within our lending programs. Loan growth for 2022 was 10.32% resulting in \$157,318,849 of increased loan balances at the end of 2022. We continue our efforts to offer what our members need with consumer loans, mortgage loans, and business loans. In addition, a new credit card program was initiated during the year.



FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

NET INCOME

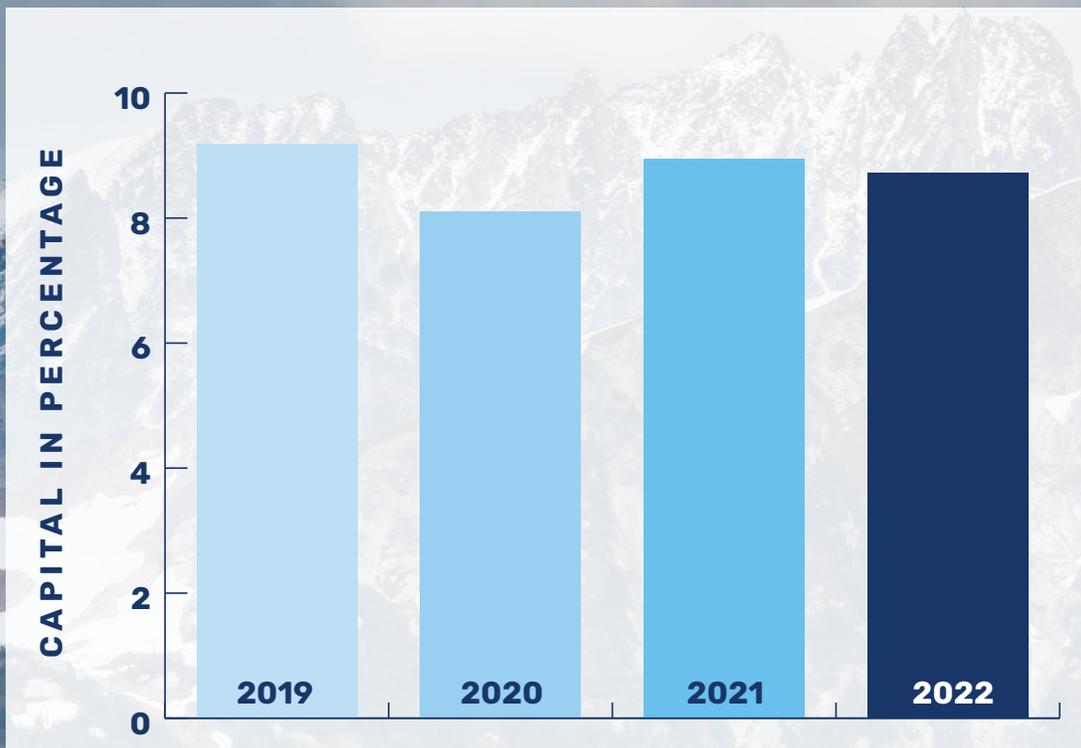
P1FCU generated \$13,162,002 in Net Income for 2022 compared to our five-year average from 2018 through 2022 of \$11,343,644. Total Gross Income increased in 2022 due primarily to lending growth and investment income growth while expenses during 2022 were higher than prior periods due to increased salary expenses and asset funding costs. Net Income exceeded budgeted projections for 2022 by \$1,818,358. The Staff and Board Asset Liability Management Committees spend much time throughout the year reviewing operations and planning for our financial performance. P1FCU's Loan Loss Reserves are well funded to help the strength of the credit union and our consistent Net Income over the last 5 years has helped increase our overall financial reserves, which in turn allows the credit union to increase products and services available to our members.



FINANCIAL RESULTS & OPERATIONAL HIGHLIGHTS

CAPITAL

P1FCU's Net Worth Ratio on 12/31/22 is 8.72% with Regulatory Capital of \$173,625,224. P1FCU's Net Worth Ratio is 24.6% above the 7.0% regulatory level of Net Worth Ratio to be considered "Well Capitalized," the highest regulatory ranking available, and Regulatory Capital in excess of the "Well Capitalized" level was \$34,213,777 at the end of 2022. Increased capital requirements were implemented by the NCUA during 2022 in the form of a new risk-based capital (RBC) ratio. The RBC ratio for P1FCU at the end of 2022 was 11.13% which is well above the 10.0% regulatory level of RBC to be considered "Well Capitalized". We focus on the financial health of the credit union for the benefit of our members. P1FCU has not only weathered economic downturns in the United States over the years but has actually flourished while keeping the credit union financially stable. P1FCU is looking forward to our member's future with a wide array of affordable products and services for our members while still maintaining competitive loan and share interest rates for our members' benefit.



STATEMENT OF FINANCIAL CONDITION

ASSETS	2020	2021	2022
TOTAL LOANS	\$1,346,498,553	\$1,524,987,447	\$1,682,306,295
Less: allowance for loan losses	(\$6,721,367)	(\$7,121,367)	(\$5,139,367)
Cash and cash equivalents	\$20,580,889	\$25,304,162	\$24,653,129
NET LOANS & CASH	\$1,360,358,055	\$1,543,170,241	\$1,701,820,057
Investments			
Overnight funds-corporate credit union	\$81,214,290	\$243,322,952	\$21,716,682
Mortgage Backed Securities	—	—	\$83,178,764
All other Investments	\$4,473,454	\$5,472,852	\$6,789,397
TOTAL INVESTMENTS	\$85,687,744	\$248,795,803	\$111,684,843
TOTAL OTHER ASSETS	\$125,039,012	\$150,614,072	\$207,310,431
TOTAL ASSETS	\$1,571,084,811	\$1,942,580,116	\$2,020,815,331



STATEMENT OF FINANCIAL CONDITION

LIABILITIES, SHARES & EQUITY	2020	2021	2022
TOTAL LIABILITIES	\$32,460,440	(\$21,884,704)	\$16,076,821
Shares & Deposits			
Share drafts	\$241,575,204	\$373,397,082	\$423,435,443
Regular shares	\$393,211,072	\$548,604,983	\$556,380,668
IRA/Keogh & Retirement Accounts – Certificates	\$74,171,356	\$75,610,907	\$67,702,225
IRA/Keogh & Retirement Accounts – Shares	\$9,845,354	\$12,851,633	\$13,849,881
Money market shares	\$355,472,589	\$431,120,862	\$336,693,271
Share certificates	\$353,671,666	\$375,715,574	\$467,505,675
All other shares & deposits (non-member)	–	–	–
TOTAL SHARES & DEPOSITS	\$1,427,947,240	\$1,817,301,042	\$1,865,567,165
TOTAL EQUITY	\$110,677,130	\$147,163,779	\$139,171,345
TOTAL LIABILITIES, SHARES, & EQUITY	\$1,571,084,811	\$1,942,580,116	\$2,020,815,331



STATEMENT OF INCOME

INCOME	2020	2021	2022
TOTAL INTEREST ON LOANS TO MEMBERS	\$51,990,287	\$58,399,760	\$66,450,816
Income from investments	\$596,498	\$274,844	\$8,856,373
Fee income	\$11,006,903	\$12,534,162	\$9,144,937
Other operating income	\$9,949,826	\$12,560,768	\$13,860,392
TOTAL GROSS INCOME	\$73,543,514	\$83,769,535	\$98,312,518
EXPENSES			
OPERATING EXPENSES	\$49,007,622	\$61,069,323	\$70,865,268
INCOME (LOSS) FROM OPERATIONS	\$24,535,892	\$22,700,212	\$27,447,250
Less: provision for loan losses	\$2,943,188	\$1,751,830	\$1,599,032
INCOME FROM OPERATIONS AFTER PROVISION	\$21,592,704	\$20,948,382	\$25,848,218
NON-OPERATING GAINS OR (LOSSES)	\$509,542	\$4,105,850	\$3,255,008
COST OF FUNDS	\$13,896,075	\$10,030,892	\$15,941,224
NET INCOME	\$8,206,172	\$15,023,340	\$13,162,002



2022 RETIREMENTS

ON TO THE NEXT ADVENTURE

We'd like to recognize six exceptional employees who retired in 2022. Our Executive Vice President Patti Meshishnek retired after 43 years with us. We're thankful for her excellent work. Mike Moser, our Vice President of Mortgage Services, also retired. Mike started here in February 1999 and played a role in our mortgage department. Brent Hardin, our Appraisal Review Manager, retired from the credit union in April after 14 years with us. Brenda Imel, one of our mortgage loan officers, also retired in April after 12 years of serving our members. Mary Upton, a Member Service Center Loan Officer, retired in July after nearly 15 years as part of our team. Debbie Merkuris, one of our mortgage servicers, also retired after seven years with the credit union this September. We are thankful for all the hard work and dedication put in by each of these employees to continually make the credit union a better place. We wish Patti, Mike, Brent, Brenda, Mary, and Debbie a wonderful retirement!



Patti Meshishnek



Mike Moser



Debbie Merkuris



Mary Upton



Brent Hardin



Brenda Imel



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