



PACIFIC NW
FEDERAL CREDIT UNION

**20
22**

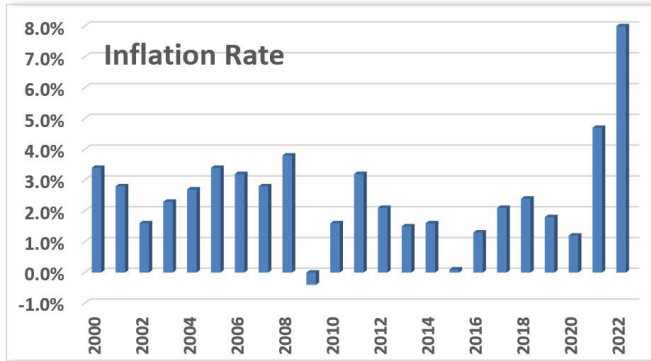
*Annual
Report*

At a Glance

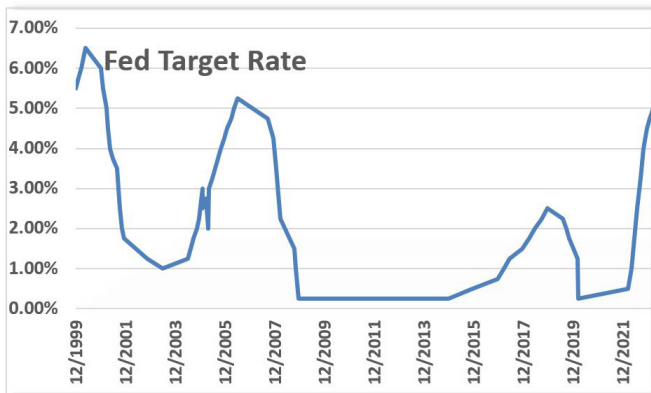
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REPORT FROM THE Chairman & President

2022 was a year of shifting to accommodate a rapidly changing economic environment. Inflation was the highest it had been in decades (after another year of increased inflation in 2021).



To combat these high inflation rates the Federal Reserve quickly raised the target rate from 0.25% to 4.50% in 2022, also the fastest increase in two decades.



This significant change to the economic environment, and the attendant economic uncertainty, changed PNWFCU's plans:

- We took a cautious approach to growth.
- We put our plans to add a new branch on hold.
- We scaled back our reentry into business services and lending.

Despite the economic uncertainty of 2022 we:

- Added over 1,500 new members bringing our net members to 21,298.
- Funded 2,803 consumer loans totaling \$69 million.
- Funded 197 real estate loans totaling almost \$39 million.
- Ended the year with \$294.6 million in total assets.
- Ended the year with \$419.2 million in loans held and serviced.
- Teachers downloaded almost 5,000 financial literacy modules to teach children from kindergarten through high school.
- Taught over 100 hours of financial literacy courses in many classrooms.

During 2023 we will continue to adjust PNWFCU's response to the economic uncertainty by:

- Reviewing operating expenses and processes to manage expenses.
- Monitoring and managing our net margin to ensure we can continue to offer excellent member service.
- Continuing to expand our financial literacy program; both in-class instruction and additional learning modules.

Throughout all of this, our main goal is to be your financial partner for life. Thank you for your membership.



Paresh Patel, PhD, MBA, Chairman of the Board

Paresh is a lifelong entrepreneur who has founded several companies in the Portland area, most recently PayRange, a mobile payment solution. He brings a balanced business perspective to the PNWFCU Board of Directors. As Chairman of the Board since 2000, he has worked to help ensure our credit union's stability, while at the same time ensuring we meet our members' needs now and into the future.



Thomas E. Griffith, CMA, Chief Executive Officer

Tom has been in the credit union industry since 1989. He holds a Bachelor's in Accounting from Portland State University and is a Certified Management Accountant (CMA). After spending five years as an accountant for a market research firm, he became Controller of a small credit union. He spent eleven years as the Chief Financial Officer for a \$600 million credit union before joining Pacific NW Federal Credit Union in 2003 as the CEO.

Financial Condition

	Year ended December 31	
	2022	2021
ASSETS		
Cash & cash equivalents	\$ 6,839,034	\$ 33,795,110
Certificates of deposit	-	497,000
Investment securities held to maturity	100,638,859	103,051,163
Loans held-for-sale	99,387	-
Restricted equity securities	634,804	395,442
Loans to members, net	179,909,449	143,212,416
Accrued interest receivable	586,131	513,370
Property & equipment, net	2,181,704	2,453,916
National Credit Union Share Insurance Fund (NCUSIF) deposit	2,508,742	2,370,895
Other real estate owned	-	341,024
Other assets	1,204,241	2,104,300
TOTAL ASSETS	\$ 294,602,351	\$ 288,734,636
LIABILITIES		
Members' shares	\$ 261,746,512	\$ 262,311,216
Borrowings	5,000,000	-
Accrued expenses & other liabilities	2,452,532	2,322,064
Total liabilities	269,199,044	264,633,280
MEMBERS' EQUITY		
Other reserves	-	4,033,040
Undivided earnings	25,403,307	20,068,316
Total members' equity	25,403,307	24,101,356
TOTAL LIABILITIES & EQUITY	\$ 294,602,351	\$ 288,734,636

Income & Expense

	Year ended December 31	
	2022	2021
INTEREST INCOME		
Interest on loans to members	\$ 6,675,443	\$ 6,073,411
Interest on investments	1,413,419	1,143,530
Total interest income	8,088,862	7,216,941
INTEREST EXPENSE		
Dividends on members' shares	142,377	149,202
Interest on borrowed funds	21,938	370
Total interest expense	164,315	149,572
NET INTEREST INCOME	7,924,547	7,067,369
PROVISION FOR LOAN LOSSES		
	5,000	7,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,919,547	7,060,369
NONINTEREST INCOME		
Interchange income, net	1,343,905	1,493,681
Mortgage banking income	764,838	2,077,812
Deposit account service fees	616,166	516,834
Loan fees	213,169	188,506
Other noninterest income	489,610	964,344
Total noninterest income	3,427,688	5,241,177
NONINTEREST EXPENSE		
Salaries & benefits	5,633,839	5,312,160
Operations	4,047,328	4,232,419
Occupancy	364,117	299,802
Total noninterest expense	10,045,284	9,844,381
NET INCOME	\$ 1,301,951	\$ 2,457,165

Supervisory Committee

REPORT

The Supervisory Committee (the “Committee”) is comprised of independent volunteers who are primarily responsible for ensuring the Board of Directors and Management of the Credit Union meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members’ assets, in accordance with the Federal Credit Union Act.

To help accomplish this, we meet every other month with Credit Union Team Members, which include audit and risk personnel, to review, among other things, the results of internal and external audit services, internal controls and risk management processes, and examinations by regulatory agencies. In addition, we attend various board and strategic planning meetings.

The Committee also appoints an independent CPA firm to complete the annual financial statement opinion audit. The opinion audit allows us to better assess the risks

and soundness of the Credit Union’s operations. In 2022, the Committee engaged Moss Adams LLP to perform the financial statement audit of the Credit Union. Moss Adams LLP expressed an audit opinion that your Credit Union’s financial statements, which include the statement of financial condition on December 31, 2022, and the related statement of income, changes in members’ equity, and cash flows for the year then ended, were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

“Pacific NW Federal Credit Union’s assets as of the end of 2022 were \$294.6 million, an increase of \$5.87 million in assets over the prior year.”

In performing an opinion audit, the independent CPA firm considers the Credit Union’s internal controls over financial reporting as a basis for designing its audit procedures. Audit procedures include examining and testing supporting evidence for the amounts and disclosures presented in the Credit Union’s financial statements. A copy of their audit report is available to members upon request.

Ultimate responsibility for the accuracy of the financial statements is held with the Credit Union’s Management. The management team and the Board of Directors continually evaluate the financial condition and monitor the state of your Credit Union. Pacific NW Federal Credit Union’s assets as of the end of 2022 were \$294.6 million, an increase of \$5.87 million in assets over the prior year. As of December 31, 2022, your Credit Union’s net worth was 8.62% compared to 8.35% as of December 31, 2021, which is considered “well capitalized” by NCUA standards. The Credit Union ended 2022 with a net income of \$1,301,951.

Lastly, during 2022, your supervisory committee also ordered other audits as required by NCUA regulations, in compliance with the Bank Secrecy

Act (BSA), Office of Foreign Assets Control (OFAC) and the USA Patriot Act.

I would like to express my appreciation to fellow Committee Members Holly Howard, Jackie Tran, and Ezekiel Rubio for their time and commitment throughout the year. On behalf of the Committee, I would also like to commend the Board of Directors, Management, and the entire Pacific NW Federal Credit Union team for continuing to provide extraordinary value to you, our members. Additionally, I would like to thank you for your loyalty and support in our pursuit as your preferred financial partner for life!

Sincerely,

Justin Jenks
Supervisory Committee Chair

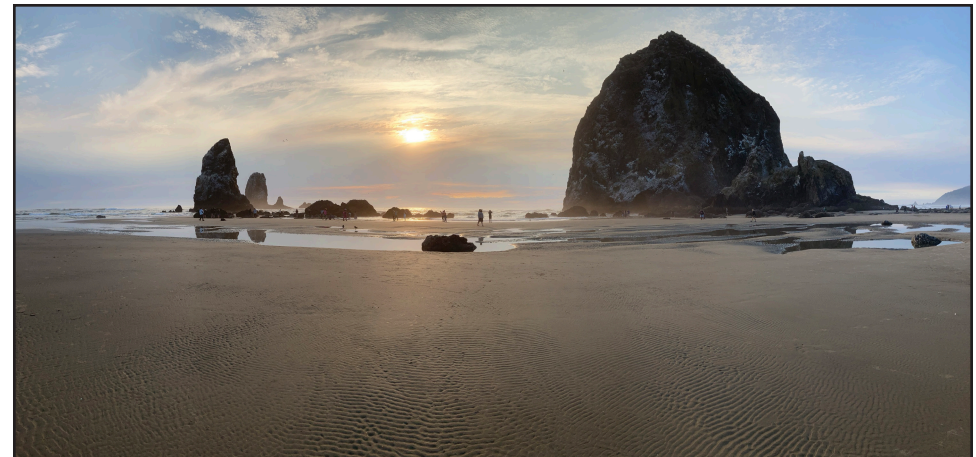


Photo by Kerry-Lynne Brown

Community Outreach

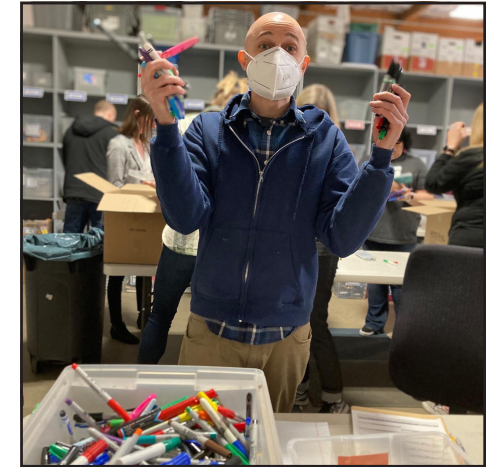
We proudly supported these organizations in 2022.

- Columbia Gorge Children's Advocacy Center
- CU4Kids
- Family of Friends
- Gorge Grown Food Network
- Hood to Coast (BPA)
- KGW Toy Drive
- Parkrose High School
- Passion Athletics
- PNWFCU Scholarships
- Portland Literacy Council
- Schoolhouse Supplies
- Sparrow Club
- World Forestry Center



PNWFCU's Kristin Mullady went on KOIN 6 AM Extra to talk about our financial education program! Kristin built a K-12 curriculum to help empower students with money skills for life.

\$11,600 + LOTS OF LOVE FOR SCHOOLHOUSE SUPPLIES



Our team volunteered at Schoolhouse Supplies, organizing supplies for the Free Store for Teachers in April and stocking backpacks for students in August. Plus, the credit union donated \$11,600 to provide school supplies for the Parkrose School District, setting kids up for success.

What's New at PNWFCU

EXPANDED BUSINESS SERVICES

We now offer a suite of lending products, budgeting software, payroll services and more to support businesses. Contact our business experts to learn more at 503-256-5858 or business@pnwfcu.org. You can also come meet them by appointment at our Hood River and Erin Way branches.

BRIDGE LOANS TO SIMPLIFY YOUR NEXT MOVE

You can use a 12-month fixed-rate bridge loan to finance your down payment on a new home without first selling your current house. The payments on a bridge loan are more manageable since they are interest-only payments. The purchase of the new home needs to be with PNWFCU.

EDUCATOR'S MORTGAGE APPRECIATION PROGRAM

We launched a special mortgage program to help K-12 educators and classified employees buy or refinance their homes.

- \$1,000 closing cost credit
- Free appraisal for a home purchase
- Donation from PNWFCU to a school program (\$400 for a home purchase or \$200 for a refinance!)
- Entry in monthly drawing for a \$500 gift card to purchase school supplies, uniforms, work supplies, or whatever is needed
- Mortgage On-Time Closing Guarantee
- Access to closing cost and down payment assistance programs based on qualifying income levels

**Educator's Mortgage Appreciation Program is available to teachers and classified employees of K-12 schools, and is valid on mortgage purchases and refinances. Program subject to change without notice.*

FAVORITE TRAVEL DESTINATIONS PHOTO CONTEST

PNWFCU members sent us 109 beautiful travel photos for the 2022 photo contest. Congratulations to the prize winners!



Ingo Thurein, 1st place (top); Deysi Lopez, 2nd place (left); Mark Bauser, 3rd place (right)

Thank You

SERVICE AWARDS

Congratulations to our employees who celebrated milestones in 2022. We thank you for your hard work and dedication to PNWFCU.

5 YEARS

Jennifer Money
Christopher Thornton

10 YEARS

Patty Calotis

15 YEARS

Eric Keyser

30 YEARS

Oralia Robles



PRIZE SPONSORS

- Arch Mortgage Ins Co
- Aspen Landscape Management
- Auto Mentors
- Bankcard Compliance
- CFS
- Comcast
- Cook Solutions Group
- CU Benefits Alliance
- CUBG
- CUNA Mutual Group
- Genesys/Avtex
- Land Gorilla
- Meadow Outdoor
- Mike Caro
- NCR
- Outfront Media
- Paulson Printing
- Rob Lipsky
- State National
- SWBC
- Triverity
- USC
- WebStrategies

Leadership

BOARD OF DIRECTORS

Paresh Patel, Chairman
Shara Wokal, Vice Chair
Ron Miller, Secretary
Spencer Wedlund, Treasurer
Holly Howard, Director
Larry Long, Director
Linda McKinney, Director
Harry Speropulos, Director
Henry Tieu, Director

SUPERVISORY COMMITTEE

Justin Jenks, Chairperson
Holly Howard, Member
Ezekiel Rubio, Member
Jackie Tran, Member

SENIOR MANAGEMENT

Tom Griffith, President/CEO
Diane Calvin, SVP CLO
Eric Keyser, SVP CIO
Jessica Nielsen, SVP COO
Kaylee Brophy, VP HR & Training
Dana Eaton, VP Marketing
Karina Pérez, VP Risk Management

Photo by Izzy Flores

YOUR FINANCIAL PARTNER

for Life

ERIN WAY

12005 NE Erin Way
Portland, OR 97220

HOOD RIVER

1004 Pacific Ave.
Hood River, OR 97031

ROSS

1650 NE Ross St.
Vancouver, WA 98663



Photo by Tony Morrell

pnwfcu.org | 503-256-5858



NMLS #421709