
2021 Annual Report



PACIFIC NW
FEDERAL CREDIT UNION

80
Years

Contents

Chairman's & President's Report	2
Financial Condition	4
Income & Expense	5
Supervisory Committee Report	6
Community Outreach	8
What's New at PNWFCU	10
Refer-a-Member	12
Our Team	13

REPORT FROM THE Chairman & President

During 2021 we, along with the rest of the world, worked to find a balance between the pandemic crisis and continuing to provide excellent member service. Along the way we:

- Now have over 20,000 members!
- Teachers downloaded 1,148 financial literacy modules to teach children from kindergarten through high school
- Continued to improve our remote access with the ability to make external transfers and loan payments through members' accounts outside the credit union
- Helped 31 members stay in their homes through loan modifications due to the pandemic
- Made 574 loan modifications to help members financially due to the pandemic
- Continued the Payment Protection Program (PPP) Business Lending program access for business members

Unfortunately, we determined that there wasn't enough activity in the branch at the BPA Headquarters near Lloyd Center to justify reopening

that branch. The branch had been temporarily closed since March 2020 due to COVID restrictions and the building occupancy changes. We made the difficult decision to give up the space. However, we are keeping the ATM for members to withdraw cash, and we remain committed to our BPA members and look forward to continuing to be a part of their community.

We continue to strengthen the quality of our loan portfolio and improve the quality of our overall balance sheet.

- Membership increased from 19,530 to 20,267, a net increase of 737.
- Made 2,115 consumer loans for \$43.6 million. A big increase over 2020 production of 1,346 and \$30.7 million.
- Helped 389 members buy, refinance or tap equity in their homes for \$110.5 million.
- Helped 59 member businesses through Payment Protection Program Loans for \$3.5 million
- Increased total assets from \$255.4 million to \$288.7 million.
- Increased total loans (held and serviced) to \$381.7 million.

During 2022 we are:

- Planning a new branch to expand physical access to services
- Getting back into business lending
- Continuing to expand our financial literacy program to 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 &
Thomas E. Griffith**

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

Income & Expense

	<i>Year ended December 31</i>	
	<u>2020</u>	<u>2021</u>
ASSETS		
Cash & cash equivalents	\$ 77,064,882	\$ 33,795,110
Certificates of deposit	3,087,000	497,000
Investment securities held to maturity	36,344,920	103,051,163
Loans held-for-sale	1,763,739	-
Restricted equity securities	320,904	395,442
Loans to members, net	127,723,773	143,212,416
Accrued interest receivable	440,289	513,370
Property & equipment, net	2,482,692	2,453,916
National Credit Union Share		
Insurance Fund (NCUSIF) deposit	1,977,792	2,370,895
Other real estate owned	341,024	341,024
Other assets	<u>3,861,433</u>	<u>2,104,300</u>
TOTAL ASSETS	<u>\$ 255,408,448</u>	<u>\$ 288,734,636</u>
LIABILITIES		
Members' shares	\$ 231,433,361	\$ 262,311,216
Accrued expenses & other liabilities	<u>2,330,896</u>	<u>2,322,064</u>
Total liabilities	<u>233,764,257</u>	<u>264,633,280</u>
MEMBERS' EQUITY		
Regular reserves	4,033,040	4,033,040
Undivided earnings	<u>17,611,151</u>	<u>20,068,316</u>
Total members' equity	<u>21,644,191</u>	<u>24,101,356</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 255,408,448</u>	<u>\$ 288,734,636</u>

	<i>Year ended December 31</i>	
	<u>2020</u>	<u>2021</u>
INTEREST INCOME		
Interest on loans to members	\$ 6,217,784	\$ 6,073,411
Interest on investments	1,024,516	1,143,530
Total interest income	<u>7,242,300</u>	<u>7,216,941</u>
INTEREST EXPENSE		
Dividends on members' shares	175,672	149,202
Interest on borrowed funds	114	370
Total interest expense	<u>175,786</u>	<u>149,572</u>
NET INTEREST INCOME	7,066,514	7,067,369
PROVISION FOR LOAN LOSSES	<u>1,030,966</u>	<u>7,000</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,035,548	7,060,369
NONINTEREST INCOME		
Mortgage banking income	3,458,207	2,077,812
Interchange income, net	1,155,496	1,493,681
Deposit account service fees	411,984	516,834
Loan fees	168,632	188,506
Other noninterest income	<u>795,263</u>	<u>964,344</u>
Total noninterest income	<u>5,989,582</u>	<u>5,241,177</u>
NONINTEREST EXPENSE		
Salaries & benefits	4,964,445	5,312,160
Operations	3,891,894	4,232,419
Occupancy	<u>290,538</u>	<u>299,802</u>
Total noninterest expense	<u>9,146,877</u>	<u>9,844,381</u>
NET INCOME	<u>\$ 2,878,253</u>	<u>\$ 2,457,165</u>

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

“Pacific NW Federal Credit Union’s assets as of the end of 2021 were \$288.7 million, an increase of \$33.33 million in assets over the prior year.”

opinion audit. The opinion audit allows us to better assess the risks and soundness of the Credit Union’s operations. In 2021, 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 at December 31, 2021, 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.

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 2021 were \$288.7 million, an increase of \$33.33 million in assets over the prior year. As of December 31, 2021, your Credit Union’s net worth was 8.35% compared to 8.47% as of December 31, 2020, which is considered “well capitalized” by NCUA standards. The Credit Union ended 2021 with a net income of \$2,457,165.

Lastly, during 2021, 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 Pat Melvin, Holly Howard, and Jackie Tran 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

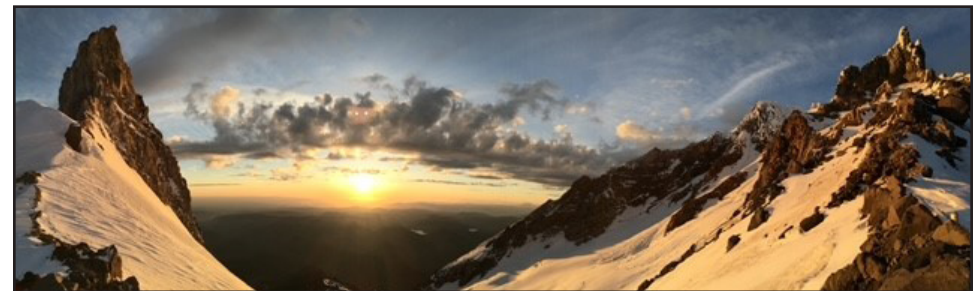


Photo by Janie Bos

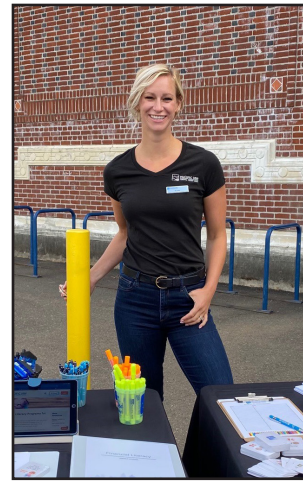
Community Outreach

We proudly supported these organizations in 2021.

- American Cancer Society
- CU4Kids
- Hood River Graduation
- Hood to Coast
- KGW Toy Drive
- Parkrose Graduation
- Parkrose HS
- Portland Literacy Council
- Scholarships
- Schoolhouse Supplies
- Sparrow Club
- World Forestry Center

\$16,000 for Schoolhouse Supplies

\$6,800 for CU4Kids in support of OHSU Doernbecher Children's Hospital



We treated local teachers to pastries and drinks from the Bella Luna coffee truck and told them about our financial literacy program, spearheaded by teacher Kristin Mullady (left). Here's our visit to Beverly Cleary Elementary School (right).



Members of our team packed back-to-school kits at Schoolhouse Supplies. Our ongoing support of the Tools for Schools program helps ensure that every child has the supplies they need for academic success.

\$1,000 SCHOLARSHIP WINNERS



KOBE



RACHEL

What's New at PNWFCU

OUTDOOR ADVENTURES PHOTO CONTEST

Thanks to everyone who shared your outdoor adventures in the photo contest. We had 90 entries and donated \$500 to the World Forestry Center. Congratulations to our winners!

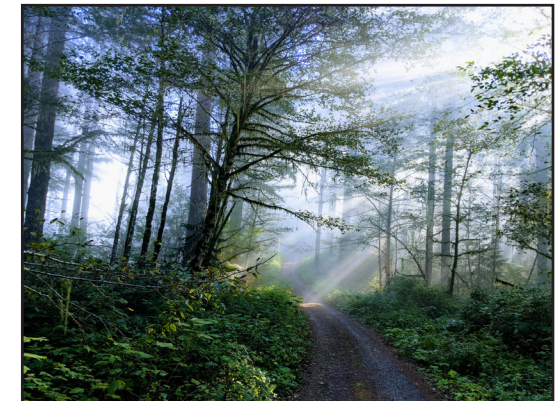
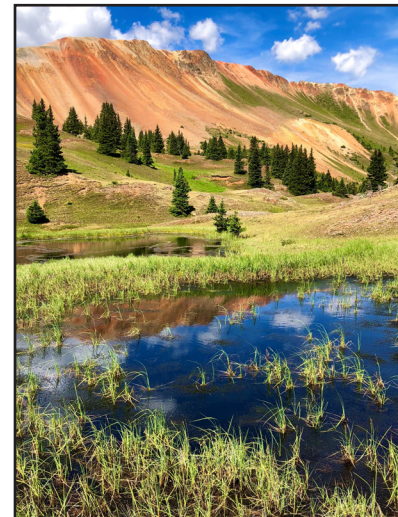


OUR 80th ANNIVERSARY

The credit union has been serving the Pacific NW since March 24, 1942, when we were formed by a group of Bonneville Power Administration employees. Here's a look back at our history.

- **1942:** BPA Federal Credit Union charter is signed.
- **1972:** Our name becomes NW Interior Federal Credit Union.
- **1977:** Our name becomes Pacific NW Federal Credit Union and we have \$10M in assets.
- **1993:** We open our first ATM in the BPA branch and become the first FI in Oregon to offer debit cards.
- **1995:** The Marx Street branch opens.
- **1996:** We hit \$50M in assets and become the first FI in the NW to offer online banking.
- **2000:** We merge with Mountain Valley Federal CU and open the Hood River branch.
- **2002:** Our Erin Way branch opens.
- **2018:** Our field of membership changes to a community charter including Clackamas, Columbia, Hood River, Multnomah, Washington, Yamhill, Clark and Skamania counties.
- **2022:** We celebrate our 80th anniversary at 20,300 members strong with \$288M in assets!

Thank you to our members, employees, Board of Directors and Supervisory Committee for being a part of the credit union through the decades.



Dan Madden, 1st place (top); Waldo Wollrabe, 2nd place (right); Mark Maher, 3rd place (left)

Refer-a-Member

Thank you for referring your friends, co-workers and family to PNWFCU! For every friend you refer, you'll have a chance to win \$250 each in our monthly drawing.

Here are two of our happy 2021 winners, Diego and Cynthia!

It's easy to enter...

- Use the referral form below.
- OR invite a friend to fill out a membership application online and enter your name in the referral field.



REFER A MEMBER, WIN \$250!

Fill out this referral card and share it with a friend, family member or co-worker. For every new member who joins PNWFCU, you'll be entered to win \$250 each, with a pair of winners drawn monthly.

**New member must be 18 or older and set up savings and checking OR savings and a loan to qualify for \$250. New member must meet account requirements for referring member to qualify for \$250. We will draw a pair of winners monthly. New member's earnings will be reported on form 1099 INT, as required. Program subject to change without notice.*

Current Member's Name

Current Member's Phone #

New Member's Name
(Welcome! Bring this card to your local branch to open an account.)

FOR OFFICE USE ONLY

DATE OPENED:	NEW MEMBER #:
TELLER #:	CURRENT MEMBER #:

Our Team

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
 Pat Melvin, Secretary
 Holly Howard, 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

SERVICE AWARDS

Congratulations to our employees who celebrated milestones in 2021. We thank you for your hard work and dedication to PNWFCU.

5 YEARS

Megan Bell
 Tara Besore

Carmen Esparza
 Jokabet "Joko" Hernandez
 Raul Marquez
 Ted Savage

15 YEARS

Jessica Nielsen

25 YEARS

Nikki George

YOUR FINANCIAL PARTNER for Life

ERIN WAY BRANCH

12005 NE Erin Way
Portland, OR 97220

HOOD RIVER BRANCH

1004 Pacific Ave.
Hood River, OR 97031

ROSS BRANCH

1650 NE Ross St.
Vancouver, WA 98663

pnwfcu.org | 503-256-5858



NCUA