



PACIFIC NW
FEDERAL CREDIT UNION

2024
ANNUAL
REPORT



YOUR FINANCIAL PARTNER **FOR LIFE**

Cover photo by
Sarah Weber

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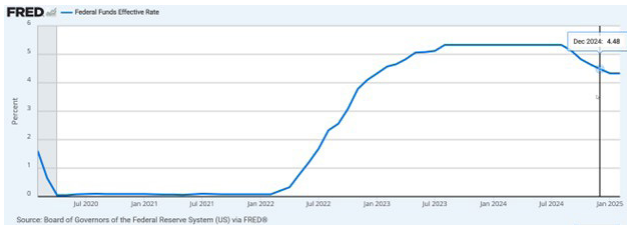


CHAIR & PRESIDENT'S REPORT

In 2024 inflation had a “rolling hills” look, dropping through September and then climbing again to end the year at 3.0%.



In 2024 the Federal Reserve dropped the target rate a small amount.



- As in 2023, 2024 had little mortgage lending due to the higher rates. The drop in 2024 wasn't enough to provide a financial incentive to refinance.
- Consumer lending also slowed down in 2024 as members were more cautious of adding credit in an uncertain economy and an election year.
- In 2024 PNWFCU started to employ Individual Teller Machines (ITMs), replacing the drive-up at Hood River and added a walk-up at Erin Way.
- Unfortunately, we have experienced multiple instances of vandalism and attempted theft, which has effectively shut down the ITM at Erin Way as we wait for parts.
- In 2024 PNWFCU has begun to employ Artificial Intelligence in our lending analysis to allow us to more quickly evaluate applications and get members answers quickly.

SHARA WOKAL, BOARD CHAIR

Shara's profession developed from an eclectic background of accounting/finance, HR, project management, and general leadership. Her diverse professional experience also provides the knowledge and experience needed to be an asset to the Board and our membership.



During the year 2024:

- Membership increased from 22,208 to 22,800 a net increase of 592.
- Made 2,110 consumer loans totaling \$52.0 million.
- Helped 82 members buy, refi, or tap equity in their homes for almost \$12.6M
- During 2023, to provide liquidity, PNWFCU took on over \$20 million in borrowings. In 2024 all of those borrowings were paid off.
- Due to paying off the 2024 borrowings total assets dropped from \$313.0 million to \$306.8 million.
- PNWFCU eliminated non-sufficient funds (NSF) fees in July.
- Total loans (held and serviced) ended the year at \$409.6 million.
- Teachers have downloaded 7,554 financial literacy modules to teach children from kindergarten through high school. This was over double the downloads from 2023
- Our Financial Literacy Specialist made over 150 classroom visits to teach financial literacy courses throughout Portland.
- To further our ability to serve members online we have added the Card Center to our app, allowing members to access card management from their phones.

During 2025 we will be positioning the credit union for the future:

- PNWFCU will be pursuing certification as a Community Development Financial Institution. Qualifying as a CDFI will enable PNWFCU to tap resources to better serve our members over the coming years.
- PNWFCU is also exploring Clean Energy Lending (lending to improve energy use such as home insulation, window replacement, EV vehicles).
- We have also expanded lending eligibility to serve members with Individual Tax Identification Numbers (rather than Social Security Numbers). A percentage of our members have ITINs for tax purposes and have not been eligible to borrow prior to 2024.
- 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.

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). 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

	2023	2024
ASSETS		
Cash & cash equivalents	\$ 16,154,208	\$ 27,503,029
Investment securities held to maturity	90,867,258	70,180,027
Loans held-for-sale	-	127,000
Restricted equity securities	265,104	276,204
Loans to members, net	196,982,235	193,821,986
Accrued interest receivable	769,591	722,028
Property & equipment, net	2,242,006	2,231,754
National Credit Union Share Insurance Fund (NCUSIF) deposit	2,409,094	2,528,704
Other assets	<u>3,355,129</u>	<u>9,419,321</u>
TOTAL ASSETS	<u>\$ 313,044,625</u>	<u>\$ 306,810,053</u>
LIABILITIES		
Members' shares	\$ 252,189,051	\$ 274,252,373
Borrowings	28,000,000	-
Accrued expenses & other liabilities	<u>5,254,881</u>	<u>4,020,995</u>
Total liabilities	<u>285,443,932</u>	<u>278,273,368</u>
MEMBERS' EQUITY		
Undivided earnings	<u>27,600,693</u>	<u>28,536,685</u>
Total members' equity	<u>27,600,693</u>	<u>28,536,685</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 313,044,625</u>	<u>\$ 306,810,053</u>

INCOME & EXPENSES

Year ended December 31

	2023	2024
INTEREST INCOME		
Interest on loans to members	\$ 9,926,577	\$ 10,820,121
Interest on investments	1,733,442	1,888,575
Total interest income	11,660,019	12,708,696
INTEREST EXPENSE		
Dividends on members' shares	850,459	2,665,644
Interest on borrowed funds	1,046,019	337,453
Total interest expense	1,896,478	3,003,097
NET INTEREST INCOME	9,763,541	9,705,599
PROVISION FOR LOAN LOSSES	989,632	1,174,600
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,773,909	8,530,999
NONINTEREST INCOME		
Interchange income, net	1,400,071	1,389,827
Employee retention credit	1,114,415	-
Mortgage banking income	444,842	460,168
Deposit account service fees	685,722	599,948
Loan fees	273,086	280,178
Other noninterest income	294,558	370,184
Total noninterest income	4,212,694	3,100,305
NONINTEREST EXPENSE		
Salaries & benefits	5,746,827	5,827,116
Operations	4,427,407	4,560,863
Occupancy	297,297	307,333
Total noninterest expense	10,471,531	10,695,312
NET INCOME	\$ 2,515,072	\$ 935,992

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 2024,

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, 2024, 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

“As of December 31, 2024, your Credit Union’s net worth was 9.34% compared to 8.88% as of December 31, 2023, which is considered “well capitalized” by NCUA standards.”

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 2024 were \$306.8 million, a decrease of \$6.2 million in assets from the prior year. As of December 31, 2024, your Credit Union’s net worth was 9.34% compared to 8.88% as of December 31, 2023, which is considered “well capitalized” by NCUA standards. The Credit Union ended 2024 with a net income of \$935,992.

Lastly, during 2024, 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 Paul Blackburn 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,

Ezekiel Rubio
Supervisory Committee Chair

COMMUNITY EFFORTS

LOCAL SUPPORT

We proudly supported these organizations in 2024:

- CU4 Kids - Doernbecher
- Hood River County Fair
- Hood River Farmers Market
- Hood to Coast
- Parkrose Educational Foundation
- Portland Literacy Council
- Portland to Coast
- Project Lemonade
- Schoolhouse Supplies
- World Forestry Center

SCHOLARSHIP WINNERS

PNWFCU has been helping members reach their educational goals for over two decades with our annual scholarship program. Each year, we offer two \$1,500 scholarships to deserving members. This year, our winning members were:



MATOSKA SILVA



GISELLE GONZALEZ

IN OUR COMMUNITY

PNWFCU donated dozens of toys to the KGW Toy Drive in December (*top left*). We also sponsored BPA's Hood to Coast team, the Electric Shorts (*top right*), and volunteered at Schoolhouse Supplies, stocking backpacks for students in August (*bottom*).



WHAT'S NEW AT YOUR CU

HIGH-YIELD EDGE DEBIT ACCOUNT

In November PNWFCU rolled out the Edge Debit Account, which caters specifically to members age 17 and younger. Our Edge Debit account offers a special high-yield rate, \$5 birthday deposits, financial education tools and lots of other great rewards. Plus PNWCU deposits the first \$55, starting young savers off right!

ITIN LENDING PROGRAM

PNWFCU is dedicated to promoting financial inclusivity and providing equal opportunities for everyone in our community.

In December, we rolled out our ITIN Lending program, which offers a variety of loan options to members with an Individual Taxpayer Identification Number (ITIN).

CARD CENTER

In December we also replaced Card Valet with an upgraded card management tool called Card Center. Card Center is accessible right inside PNWFCU's mobile and online banking and allows members to monitor charges, set spending alerts, add cards to their digital wallet, lock/report lost or stolen cards, and more!



PHOTO CONTEST

We received 109 entries in our 2024 'Flora & Fauna' Photo Contest. Thanks to everyone for participating! We donated \$550 to the World Forestry Center on behalf of our entries. After a staff vote, employees selected our winning entries, featured below.



Sarah Weber, 1st place (left); Amy Zuckerman, 2nd place (top right); Richard Weigel, 3rd place (bottom right)

THANK YOU

PRIZE SPONSORS

- Aspen Landscape Management
- BIT-OSG
- Cigna Health Care
- CO-OP/Velera
- CUBG
- CUDL
- TruStage
- Hunter-Davisson, Inc
- Meadow Outdoor
- Outfront Media
- ProFound
- SerTech
- SWBC
- USC
- Web Strategies

SERVICE AWARDS

Congratulations to our employees who celebrated milestones in 2024! Thank you for your hard work and dedication to PNWFCU.

5 YEARS

Amy Amundson
Kristin Mullady
Luis Ramos

10 YEARS

Cassie Skelton

20 YEARS

Ana Vargas



LEADERSHIP

BOARD OF DIRECTORS

Shara Wokal, Chair
Paresh Patel, 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

Ezekiel Rubio, Chair
Holly Howard, Member
Jackie Tran, Member
Paul Blackburn, 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



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