

2022 Annual Report

Loan Committee Report

Partners 1st Federal Credit Union continues to provide a wide range of competitively priced products to meet the financial needs of our members. In 2022, we disbursed the following loans:

Loan Product	Number of Loans	Total Dollar Amount Funded
Auto Loans	8823	\$256,995,849
ATVs, Boats, RVs	83	\$1,767,105
Closed-End Signature Loans	421	\$1,853,753
Real Estate Loans	388	\$56,843,067
Business Loans	47	\$6,318,190
Credit Cards*	657	\$1,741,650
Total	10,419	\$325,519,614

*Total Lines of Credit Granted

Supervisory Committee Report

Assessment of the credit union's internal controls, management practices, and financial statement accuracy were accomplished by the supervisory committee. This was done through performance of various audits, financial analysis, and procedural reviews by both the internal audit department and external audit firms.

Internal audit and risk management performs cash counts, loan underwriting audits (including consumer and monthly mortgage reviews), and other operating/compliance audits as well as compliance training for BSA and FACTA. Part of the credit union's ongoing efforts to reduce fraud include member and staff education and oversight and monitoring controls. The committee oversees a robust internal audit function and also retains external auditors Forvis, LLP, certified public accountants, and Cardinal CPA Group to enhance that function by reviewing financial statements, IT and BSA standards. These audits confirmed the internal controls in place and verified the health and strength of the credit union in 2022. All audits were performed in conformance with generally-accepted accounting standards, and no major discrepancies were noted. As reflected in these audits, we continue to see strong equity ratios and operating efficiencies.

In the opinion of the supervisory committee, the credit union operated in compliance with all applicable rules and regulations during the year ending December 31, 2022.

Board of Directors

Denny Baumgartner
Chairman

David A. Dent
Vice Chairman

Karen Johnston
Secretary

Gregory J. Gabet
Treasurer

Daryl D. Davis

Debora S. Heiny

Donald E. Schwegman

Adam Riegler

Jerry W. Fuhrmann

Loan Committee

Nancy Brandenberger
Chairwoman

Rhonda Smith

Kim Jehl

Supervisory Committee

Gary Baumgartner
Chairman

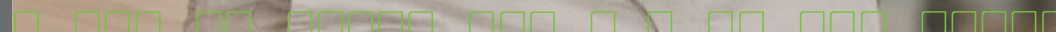
Debora S. Heiny

David Kaiser

Michael Eckroth



It's about...



Chairman's Report

Overall, 2022 was an amazing year for the credit union. We have seen tremendous asset growth over the last several years. In 2022, we broke \$600 million in assets for the first time in our long history.

We also achieved over \$177 million in loan growth, driven primarily by vehicle loans, which made up \$149 million of that growth. Even after two years of strong mortgage lending, we still were able to add \$25 million in first and second mortgages. We are truly serving our members' financial needs by providing excellent loan opportunities and a knowledgeable staff to assist.

Always looking to go beyond the transaction for our members, we embarked on a search for a new core computer system. We sought and found a system that is powerful and flexible--one that will provide us the efficiencies and functionality that will allow us to offer the products and services that you, our valued members, want. We will dedicate the majority of 2023 and part of 2024 to ensure that this computer upgrade is as smooth and frictionless as possible. This upgrade is expected to take place April 2024.

However, we will not allow a big project to stop us from further upgrading and adding to our product and service offerings. You can expect to see enhancements to our online and mobile banking in 2023. We will also be enhancing our member support capabilities to better serve you and more quickly answer your questions.

Living our mission to go beyond the transaction for you is central to all that we do. For us, "it's about U." We are honored to be your trusted financial partner.

I want to thank you on behalf of the Board of Directors and the entire staff. We look forward to our future together.

Denny Baumgartner
Board Chairman



As of Year End December 31, 2022

Balance Sheet

	<u>2022</u>	<u>2021</u>
ASSETS:		
Loans to members	523,294,336	345,429,361
Less: Allowance for Loan Losses	(773,857)	(2,116,046)
Net Loans	522,520,479	343,313,315
Cash and Investments	58,970,764	139,971,023
Land	3,547,170	3,547,170
Building, Furniture and Fixtures	12,823,183	11,323,479
Other Assets	<u>9,955,964</u>	<u>17,171,332</u>
TOTAL ASSETS	607,817,560	515,326,319
LIABILITIES/EQUITY:		
Dividends Payable	60,611	5,842
Other Liabilities	58,080,350	11,110,313
Member Shares and Share Certificates	496,521,680	455,850,197
Other Comprehensive Income	279,883	42,689
Unrealized Gain/Loss on Inv	(625,320)	(33,453)
Regular Reserves	13,392,171	13,392,171
Undivided Earnings	<u>40,108,185</u>	<u>34,958,560</u>
TOTAL LIABILITIES/EQUITY	607,817,560	515,326,319

Statement of Income

Loan Interest Income	14,998,024	11,540,473
Income from Investments	<u>575,253</u>	<u>1,037,580</u>
Total Interest Income	15,573,277	12,578,053
Dividends Paid to Members	(1,034,251)	(609,548)
Interest on Borrowed Funds	<u>(370,383)</u>	<u>0</u>
Total Interest Expense	(1,404,634)	(609,548)
Interest Margin	14,168,643	11,968,505
Provision for Loan Loss	<u>1,022,172</u>	<u>(208,208)</u>
Net Interest Inc Aft Prov for Loan Loss	15,190,815	11,760,297
Fee Income and Other Non-Interest Income	12,007,551	10,411,158
Total Non-Interest Expense	(22,048,741)	(20,421,732)
Net Income	<u>5,149,625</u>	<u>1,749,723</u>
Number of Members	46,633	41,605