

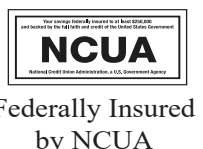


2021

Year In Review

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2021 Meeting Minutes

April 21, 2021

The 73rd Annual Meeting of PFCU was called to order at 4:32 p.m. by Chairman Mike Ward in Portland, Michigan.

Chairman Ward began by welcoming the membership to the meeting. Despite all the challenges that COVID has brought, management team stepped up and did a good job at getting the credit union through this challenge. Chairman Ward thanked the staff and management team for their commitment to ensure that the membership was served. Chairman Ward also thanked the current Board Members and previous Board Members for their service.

In addition, Leo Madarang and Christine Rockey were welcomed as new members of the Board. He would like to congratulate the staff on their ability to help all of the members in the best way possible.

The minutes of the 72nd Annual Meeting were printed in the Annual Meeting brochure. A motion was made by D. Schrauben and seconded by C. Burke to approve the minutes from the 2020 Annual Meeting. Motion Carried.

President/CEO, Harvey Hoskins, thanked everyone for attending the meeting and acknowledged that it has been a different year with the challenges of COVID. Mr. Hoskins reported that the credit union went from all employees working in the buildings to having 35% of the employees working from home for the past year, which has changed the atmosphere and culture at the credit union. With these changes, the staff has done an excellent job to provide service to the membership. Mr. Hoskins reported that it has been a phenomenal growth year. Starting at the end of 2019 to the end of the first quarter 2021, the credit union has grown from \$590M to \$749M in assets. With large growth rate, this has created challenges of keeping Capital in alignment. The credit union is doing well with loan growth and income is solid. We do expect that we will experience another solid year for 2021. During the pandemic, we were able to work with members early on, decreased our fees, waived late fees, and did our best to work with our membership through this tough time. Delinquency and charge-offs are the lowest that Mr. Hoskins has seen since beginning his career at PFCU. We are very pleased with where we are financially and look forward to 2021. No member questions.

A motion was made by D. Schrauben and seconded by E. Gorman to approve the reports as presented in the Annual Meeting Brochure. Motion Carried.

Old Business:

New Business:

The Chairman of the Nominating Committee, Dan Schrauben, reported that nominating committee submitted the following nominees to continue to serve on the Board; Mike Ward and Frank Mason. Mike Ward and Frank Mason were elected for another 3 year term and there were no petitions received for election. All nominees were elected by acclamation.

In addition, Mr. Schrauben, also announced the addition of two new Board Members, Leo Madarang and Christine Rockey. Both new members officially joined PFCU's Board of Directors in February 2021, after serving for a short time as Associate Board Members.

Mr. Schrauben recognized and thanked the following former Board Members, Jerry Bernath, Virgil Budd, Ron Green, Rachel Haskins, Jerry Johnson, Brad McFaul, Charlie Schaufele, and Ray VanHecke. Chairman Ward recognized the efforts of the Audit Committee, who are appointed by the Board, and serve as an essential part of the credit union. Although it has been a tough year for branch-to-branch auditing this year, Chair of the Audit Committee, Jon Snellenberger, has done a great job of taking care of this process. Chairman Ward thanked the members of the Audit Committee, Jon Snellenberger, Rose Mosser, Kay Bos, Bill Carlton, Jan Pohl and Cindy Ward for their time and dedication to the committee and the credit union.

Meeting Adjourned: 4:42 p.m.

Chairman's Message

2021...We made it through yet another year of Covid, market uncertainty and what seems to be constant change. Even with all of the change and struggles, PFCU had a great year for 2021. Our membership is strong and very dedicated to PFCU and without that we wouldn't be who we are today.

Every year seems to be filled with an abundance of new challenges and change. We are thankful to have the staff and management team that we have to get us through the ever changing times. We are also thankful for our members and want you to reach out with any questions, concerns, or ways to make your financial experiences easier or more convenient.

I want to thank all of the board members, and all of the other volunteers for their dedication and time.

We are looking forward to another good year for 2022 with continued growth and financial strength to serve our members.

Thank you,
Mike Ward
Chairman of the Board

Audit Committee

The Audit Committee is appointed by the Board of Directors and is an essential part of the credit union's management. The Audit Committee's major responsibilities include annual branch audits and review of closed accounts to determine if further member engagement is needed. Committee also has oversight of PFCU's corporate expenses, requiring a monthly review.

PFCU Audit Committee

Jon Snellenberger, Chairperson
Rose Mosser
Kaye Bos

Bill Carlton
Jan Pohl
Cindy Ward

Our volunteer Board of Directors believes strongly in the credit union mission of "People Helping People." At PFCU, they make decisions based on the overall good of the credit union and its membership, and they understand the economic and social environment in which the credit union must operate. Board Members participate in all board meetings and attend educational programs for self-improvement related to their duties for PFCU.

PFCU is proud to have a volunteer Board of Directors. We are incredibly grateful to our existing board and to all those that have volunteered over the years.

Mike Ward
Chad Burke
Dan Schrauben
Erin Gorman

Christine Rockey
Frank Mason
Leo Madarang

Loan Report

2021 was a year of both great challenges and opportunity for PFCU. We continued to navigate another year of COVID and its impact on employees and members. Overall, we ended 2021 with 7.37% of loan growth, which was up from the 5.67% growth of 2020. We realized growth in consumer lending, mortgages and indirect lending, which is done in partnership with our preferred dealers.

The business lending area stepped up and supported our local businesses with 155 new PPP loans for over \$3,950,000. They also assisted these borrowers in processing over \$5.5 million in PPP forgiveness. By the end of 2021 we had achieved net loan growth of over \$32 million dollars. This combined with historically low delinquency and charge-off, had a positive impact on PFCU financials.

Going into 2022, we are very excited about what we will achieve. We have become stronger through the challenges of the last two years. We will be launching new technology in 2022 which will enhance both the online membership and online consumer loan application. This will bring ease of use and convenience to our existing and new members.

As we continue to grow we are able to better centralize processes and services which brings efficiencies to better serve membership.

PFCU will be the lender of choice for our existing and future members. While we grow, change and enhance processes with technology, we know that our real value is in our employees. The relationships they build with our members are what sets us apart from all of our competition and the key to our continued success.

1st Mortgages	\$ 173,183,419.69
Used Autos	\$ 167,198,877.55
Miscellaneous Loans	\$ 57,515,694.51
New Autos	\$ 38,638,354.74
Credit Cards	\$ 11,210,588.76
Business Loans	\$ 9,104,502.57
Home Equities	\$ 9,231,731.87
Line of Credit Loans	\$ 848,325.52
\$ 466,931,495.21 Total Loans	

\$83,890,061.50
Increase in Savings

\$31,507,848.70
Increase in Loans

54,051
Members

1353
Increase in Members

\$86,789,057.10
Increase in Assets

Financial Report

Assets

Loans	\$466,900,628.49
Investments	\$281,380,972.80
Other Assets	\$26,616,700.94
Cash	\$1,790,177.09

Income

Interest on Loans	\$20,872,602.33
Other Income	\$9,629,847.87
Investment Income	\$2,570,006.41

Liabilities

Shares	\$598,447,295.36
Share Certificates	\$77,515,766.84
Undivided Earnings	\$66,991,200.04
IRA	\$26,034,351.56
Accumulated Reserves	\$5,247,520.57
Other Liabilities	\$2,452,344.96

- \$57,350.20
Non Operating Gains (Losses)
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\$6,259,302.23
Undivided Surplus
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\$0.00
Distribution of Earnings - Reserves
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\$0.68
Interest on Borrowed Money
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\$2,181,297.29
Dividends

Compensation & Benefits	\$13,476,885.10
Office Operations	\$4,965,966.56
Loan Service Expense	\$1,607,353.44
Computer Expense	\$1,506,439.16
Office Occupancy	\$1,431,484.06
Education & Promotion	\$826,836.80
Outside Services	\$295,853.39
Other Expenses	\$280,401.13
Prov. for Loan Loss	\$104,243.25
Association Dues	\$70,322.37
Member Insurance	\$8,721.63

This report is certified correct by Tammy Bengel, CFO