

## Chairman's Message

2019 was yet another good year at PFCU.

We are now at a point where the dust has settled and the staff and management have operated as a strong team to support and maintain the 13 branches that are now part of the PFCU community.

We are constantly trying to better our online services and work to make sure that everything you can do in a branch, you can do at your convenience from your mobile device. The staff is doing a great job at marketing and monitoring the branches to operate as efficiently and conveniently as possible for our members.

2019 was also a great year financially for PFCU. Loan growth was up and staff is doing a great job at keeping an eye on our financials to make sure that we stay strong.

2020 is off to a great start and hopefully another great year at PFCU.

On behalf of the Board of Directors I want to thank the entire staff, volunteers, and members for their hard work and dedication.

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 an annual audit and verification of accounts of the members. The committee is also responsible for reviewing the performance of the officials and employees, and makes recommendations to the Board of Directors for improving operations within the credit union.

### Audit Committee

Jon Snellenberger, Chairperson  
Rose Mosser  
Kaye Bos  
Bill Carlton  
Jan Pohl  
Cindy Ward

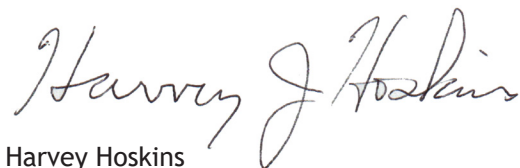
## President's Message

It has been 18 months since the successful merger of Portland Federal Credit Union and SageLink Credit Union. Our first full calendar year has been incredibly successful. We had solid income with .45% ROA, deposit growth of 6.02% and a very strong loan growth of 17.42%. Delinquencies and charge offs were controlled and very comparable to our peers. We worked throughout the year to build our company culture and grow together as a team.

We continue to stay competitive and relevant by upgrading our ATM & ITM software to provide dual functionality for members. Additionally, we are able to offer instant issue debit cards for members. This means that members are able to customize their cards with their own favorite photo and the cards are produced instantly in any of our 12 branch locations.

We continue our commitment to being actively involved in our communities. We participated in numerous parades, fairs, 4-H Sales, local festivals and many other activities. PFCU has been offering \$1,000 McCrumb Scholarships for the past 19 years and this year is no different. The purpose of the McCrumb Scholarship is to recognize and encourage scholastic achievement, community involvement and excellence in character. PFCU awards a total of 10 \$1,000 scholarships and encouraged students who were seeking education in a skilled-trade to apply as well. These young people are the future for the credit union as well as for our local communities as they go on to productive work careers and being viable members of our society.

We will continue to update our technologies and adjust services to provide our members with the best banking experience possible. The credit union is only as successful as you are so we are committed to help you be the best you. Together we are stronger.



Harvey Hoskins  
President/CEO

## 2019 Minutes

April 12, 2019

The 71st Annual Meeting was called to order at 7:26 by Chairman Mike Ward in Lansing Michigan. Chairman Ward praised all who make PFCU possible. The running of such a successful credit union takes a large group of committed individuals whether it is the volunteer board or audit committee or the fabulous staff or the committed membership. All have their part. 2018 was a trying year with the merger. There were many changes for the membership and staff.

The minutes of the 70th Annual Meeting were printed in the Annual Meeting brochure. Hearing no corrections or additions to the minutes, a motion was made by F. Morris and seconded by S. Blundy to approve the minutes from the 2018 Annual Meeting. Carried.

Financial Reports were presented by CEO Harvey Hoskins. Mr. Hoskins would like to thank the staff as they had a very difficult year with the merger. July 1, 2018 the merger was finalized. With the State Charter, PFCU can accept membership applications from anyone in the State of Michigan. The final piece to the merger is the credit card conversion. This will be concluded by the end of April. PFCU expects to begin to offer instant issuance of Debit/Credit cards in 2019. PFCU is always looking for the best ways to support our membership needs for their financial services and the support from the Board of Directors and membership is appreciated. A motion by F. Morris and seconded by C. Spitzley to approve the reports as presented in the Annual Meeting Brochure. Carried.

The nominating committee presented its report. There were no petitions received for election. The nominating committee selected Brad McFaul and Chad Burke for Board Seats. All were elected to 3 year terms. All nominees were elected by acclamation.

The 10- \$1000.00 McCrumb Scholarships were presented by Mr. Hoskins.

Meeting Adjourned: 7:56

## Loan Report

PFCU ended 2019 with strong double digit loan growth. Overall the loan portfolio grew by 17.42%. We had growth in lending to our businesses, in our mortgage area and with indirect lending done through our partnerships with PFCU's preferred dealers. The loan growth of 2019 can be attributed to many things including; continued expansion into the new state charter, a low interest rate environment and high demand for housing and autos. We also believe that the hard work and relationships built by our employees had a direct positive impact on not only the growth in our lending area, but the overall success of PFCU.

Looking forward into 2020, we anticipate the low interest rate environment to continue with opportunities of further expansion into our larger state charter. With our strategic mobile first initiative we are updating many of our loan processes and systems to offer even more conveniences to our members. As we continue to move forward, we know that PFCU will provide competitive rates along with a variety of loan products. Our long term value is in the relationships our teams build in helping members. We are excited to move into this new decade and confident that we will continue to be a lender of choice for our existing and future members.

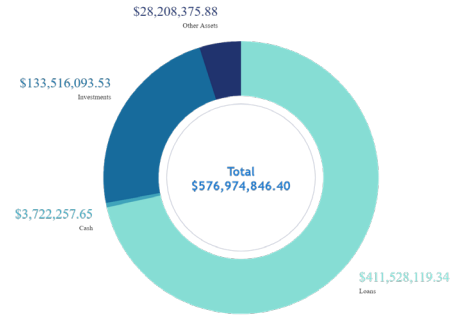
1st Mortgages	\$132,798,355.91
Used Autos	\$152,473,712.15
Miscellaneous Loans	\$55,947,618.95
New Autos	\$12,078,478.13
Home Equities	\$12,078,478.13
Credit Cards	\$12,682,138.84
Business Loans	\$8,790,493.36
Line of Credit Loans	\$1,162,345.75

## Financial Report

### Assets

Loans	\$411,528,119.34
Cash	\$3,722,257.65
Investments	\$133,516,093.53
Other Assets	\$28,208,375.88
<b>Total</b>	<b>\$576,974,846.40</b>

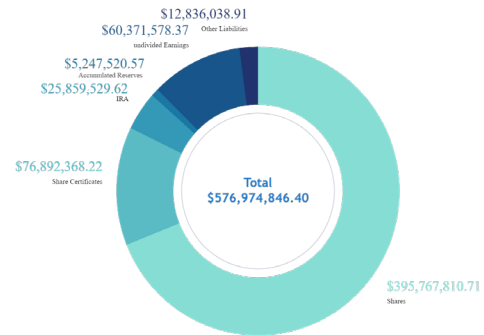
### Assets



### Liabilities

Shares	\$395,767,810.71
Share Certificates	\$76,892,368.22
IRA	\$25,859,529.62
Accumulated Reserves	\$5,247,520.57
Undivided Earnings	\$60,371,578.37
Other Liabilities	\$12,836,038.91
<b>Total</b>	<b>\$576,974,846.40</b>

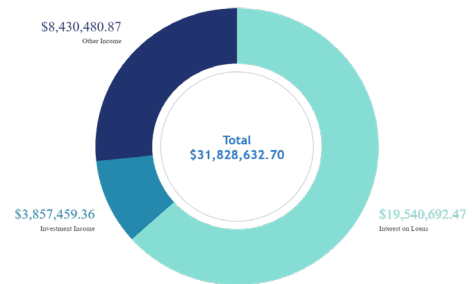
### Liabilities



### Income

Interest on Loans	\$19,540,692.47
Investment Income	\$3,857,459.36
Other income	\$8,430,480.87
<b>Total</b>	<b>\$31,828,632.70</b>

### Income



Compensation and Benefits	\$13,056,995.75
Office Occupancy	\$1,540,745.91
Office Operations	\$5,596,401.43
Member Insurance	\$8,522.85
Provision for Loan Loss	\$1,940,155.62
Association Dues	\$36,545.71
Annual Meeting	\$7,235.67
Education and Promotion	\$1,061,081.97
Computer Expense	\$1,311,252.87
Loan Service Expense	\$1,408,053.04
Professional and Outside Services	\$344,641.02
Other Expenses	\$487,379.87
<b>Total</b>	<b>\$26,799,011.71</b>

### Non Operating Gains (Losses)

Loss	-\$79,143.12
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### Distribution of Earnings

Reserves	\$0.00
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Dividends	\$2,619,389.96
Undivided Surplus	\$2,489,374.15
Interest on Borrowed Money	\$65,099.60

**\$28,326,724.97**  
Increase in Savings

**\$61,038,657.36**  
Increase in Loans

**51,254**  
Members

**1,935**  
Increase in Members

**\$43,730,777.13**  
Increase in Assets