

Credit Union 1 2023 Annual Report



Alaskans Helping Alaskans

Leadership Report

2023 was a year of service enhancements and process improvement for Credit Union 1—not only improving today’s member experience, but building a lasting foundation that will allow us to meet future financial needs of our fellow Alaskans. As always, Alaska continues to be our one-and-only home and focus.

In 2023, we completed our much anticipated systems upgrade, made strategic hires to our executive leadership team, and reinvigorated our strategy for growth, sustainability and equity. These accomplishments have created an energized sense of direction and vision that is **rooted in our mission to help members achieve their financial goals by focusing on excellent service and value.**

As you may know, the systems upgrade we completed in May 2023 was a big undertaking that has already presented enhanced services for members and created operational efficiencies. The new system exponentially levels up our technical capabilities, positioning us to achieve our long-term growth and scalability goals for communities across Alaska.

We welcomed new members to our executive team, which holds experienced and innovative leaders who each bring invaluable knowledge from financial institutions across Alaska and the nation. They are steadfast advocates for credit union principles, and they lead by example here in Alaska! Their dedication to our members and passion for community is evident and inspiring.

In 2023, Credit Union 1 experienced 2.2% membership growth, meaning our membership grew by 1,985 members,

year over year. As of December 31, 2023 Credit Union 1 is the credit union that 91,649 members trust to improve their financial wellbeing! Throughout 2023, the credit union originated \$328,901,595 in loans for members all over the great state of Alaska. These loans help our members make progress toward their financial goals through new homes, vehicles, recreation toys and more.

Thanks to the care and vitality of the CU1 team, our financials are in a healthy place. This brings us to a beautiful aspect of credit unions: we are not-for-profit. Through the principle of member economic participation, our profits are always reinvested in our members and toward thriving communities that foster financially fit Alaskans. In the year ahead, we’re thrilled to support several special events and fundraisers across Alaska, launch financial education programs, and continue to provide Alaska with accessible credit and market-leading interest rates.

We partnered with 100 nonprofit organizations in 2023 through volunteerism, fundraising and mission-focused giving, as you’ll see outlined in the enclosed Community Report. We also had the great pleasure of bringing back our beloved Member Appreciation Days. These celebrations, which extend to every CU1 branch community, offer the opportunity to meet and build valued relationships with our members. We are grateful for your attendance at these events and hope to see you at the 2024 slate of Member Appreciation celebrations!

We look forward to serving a growing membership of proud Alaskans in 2024. We will continue to prioritize our members and your diverse financial needs as we look forward to a bright future for all of Alaska.



BOARD OF DIRECTORS (Left to Right)

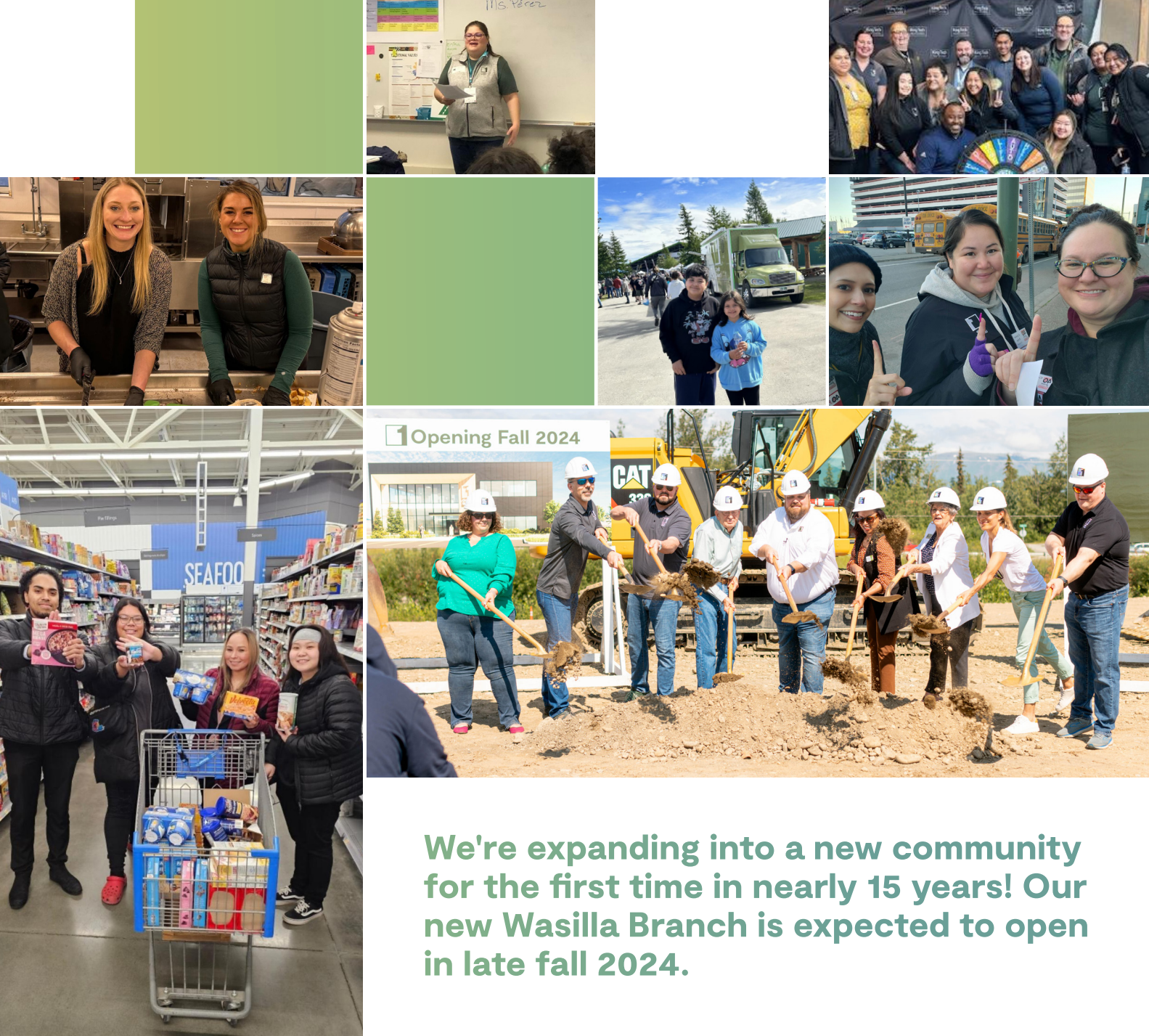
- Yuliya Mitchell, Director
- Steve Cavin, Chair
- Andre Horton, Director
- Colin Baxter, Treasurer
- Joe Towslee, Director
- Marietta "Ed" Hall, Secretary
- Jennifer Bernard, Vice Chair

SUPERVISORY COMMITTEE (Not Pictured)

- Jeff Wood, Chair
- Vincent Schmoyer, Secretary
- Ross Risvold, Member

EXECUTIVE MANAGEMENT (Top to Bottom)

- Mark Burgess, President/CEO
- Erika Smith, Chief Operating Officer
- Travis C. Frisk, Chief Financial Officer
- Keith Bennett, Chief Technology Officer



We're expanding into a new community for the first time in nearly 15 years! Our new Wasilla Branch is expected to open in late fall 2024.

Labor of Love

Community Involvement

CU1 employees have a passion for giving back to Alaska. In 2023, we were excited to connect with the many communities we serve through volunteerism, fundraising, community events, our unique scholarship program and more!

Volunteering

CU1 employees donated **2,079 volunteer hours** and over **\$250,000 to 100 different Alaskan nonprofit organizations** in 2023. We are committed to serving the communities where we live and work, not just through financial support but through the heartfelt donation of our time and care. A few of the many nonprofits that benefited from these efforts are shared below:

- **TEARS Foundation, Anchorage**
- **Nome Preschool Association**
- **Fairbanks Community Food Bank**
- **Kids Kupboard, Mat-Su**
- **WISH, Ketchikan**
- **Kenai Peninsula Boys & Girls Club**
- **Kodiak KINDNESS**
- **Eagle River Boys & Girls Club**

Scholarships & Educational Support

Since our start as the Anchorage Teacher's Credit Union in 1952, education has been an important part of who we are. In 2023, Credit Union 1 supported 35 Alaskans looking to further their education and better our communities by providing **\$35,000 in scholarships** through our Bill Countryman Scholarship fund.

We also donated over **1,000 backpacks** to organizations across the state working to support Alaskan youth. These backpacks help ensure local children start the school year ready for success.

Fighting Hunger in Alaska

Currently, 1 in 11 Alaskans and 1 in 13 children struggle with hunger. In 2023, we were able to help feed hungry families, children and seniors by donating **2,070 lbs of food and \$6,000 to food banks** across the state with the support of our generous members. CU1 employees also donated over 150 hours of volunteer time to distribute meals to hungry Alaskans.

2,070

LBS Food Donated

\$35,000

Scholarships Awarded

\$250K

100+ Nonprofits

\$6,000

Alaska's Food Banks

1,000

Youth Backpacks

2,079

Volunteer Hours

Well-Positioned for Growth

Supervisory Committee Report

Credit Union 1’s Supervisory Committee (the “Committee”) is appointed by our Board of Directors and is responsible for ensuring the financial statements of the credit union are accurately and fairly presented by management. The Committee has the responsibility of providing an independent appraisal of the safety and soundness of the activities of the credit union to ensure that operational practices and procedures are sufficient to safeguard our members’ assets. These duties are required by federal and state regulations. The Committee also assists Credit Union 1’s Board of Directors in fulfilling its oversight. State of Alaska statutes summarize the Committee’s responsibilities as follows:

"The Supervisory Committee shall conduct an annual audit of the accounts of the credit union and submit a report of the audit to the Board of Directors and a summary of the audit to members at the next annual members’ meeting of the credit union. The Supervisory Committee may conduct supplementary audits as it considers necessary or as ordered by the commissioner and submit reports of the supplemental audits to the Board of Directors."

In carrying out this responsibility, the Committee i) oversees the Internal Audit Function, which reports to the Committee; ii) monitors the policies established by the Board of Directors and ensures compliance with them; iii) evaluates the adequacy and effectiveness of the system of internal controls established by Credit

Jeff Wood
Committee Chair

Vincent Schmoyer
Secretary

Ross Risvold
Member

Union 1 management; and iv) investigates and responds to written member inquiries referred to the Committee. The Committee appoints an independent certified public accounting firm and reviews the policies and procedures for the audit engagement, including its scope, fees, and auditor independence matters. The Committee itself does not prepare financial statements or perform audits, and its members are not the certifiers or auditors of Credit Union 1 financial statements.

The Committee engaged the independent certified public accounting firm of Moss Adams LLP to render an opinion as to whether the Credit Union 1 financial statements for the period January 1, 2023 through December 31, 2023 are fairly presented in all material respects. Moss Adams LLP completed their audit, which was performed in accordance with generally accepted auditing standards, and issued an unqualified opinion.

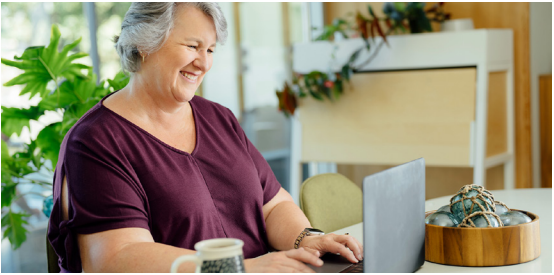
The Committee reviewed and discussed Credit Union 1’s 2023 audited financial statements with Moss Adams LLP, the credit union’s President/CEO Mark A. Burgess and Chief Financial Officer Travis C. Frisk. The Committee believes that appropriate internal controls are in place at Credit Union 1 and that the 2023 financial statements accurately reflect the strong financial position of this credit union.

Treasurer's Report

As of December 31, 2023, Credit Union 1’s **total assets had grown to \$1,519,582,740.** This growth corresponded with an increase in borrowings to \$150,000,000 offset by a decrease in member deposits to \$1,183,276,946. The 9.4% member deposit decline was driven by members spending their government stimuli funds received over the last few years and a rising rate environment.

Net income for the 12 months that ended December 31, 2023 was \$9.1 million. As a member-owned financial cooperative, **100% of this income is returned to member owners with lower loan interest rates, higher dividends, enhanced services and fewer fees** for our Credit Union 1 members.

Income earned by a financial institution is measured as a percentage of total assets. For the 12 months that ended December 31, 2023, Credit Union 1’s return on average assets was 0.64%. These earnings have helped build equity within the institution and secure our ability to serve the long-term needs of our members. Equity also insulates and protects the credit union during periods of economic downturn,



so that we can best serve our members when they experience difficult financial times. When local and national economies fluctuate, our credit union is well-positioned to navigate these changes while providing the financial support that our members rely on in times of need.

At the end of 2023, the credit union’s equity (or “capital”) was 11.96% of total assets, as reported in our audited financial statements. As such, Credit Union 1 is designated as “well-capitalized” by the National Credit Union Administration (NCUA). Credit Union 1 members directly benefit from this designation because it allows us to enhance services, upgrade facilities, maintain a strong workforce and expand our lending ability in support of Alaskans statewide.

100%
of Income Returned to Member Owners



Statement of Financial Condition (in thousands)

Assets

	2023	2022
Cash and Cash Equivalents	138,622	126,299
Certificates of Deposit	255	250
Investments	230,575	261,774
Loans (Net)	1,062,262	998,290
Fixed Assets (Net)	38,878	34,619
Other Assets	48,991	54,347
Total	1,519,583	1,475,579

Income Statement

	2023	2022
Loan Interest Income	56,398	44,093
Investment Interest Income	10,066	6,836
Interest Income	66,464	50,929
Dividends & Interest Expense	8,954	3,935
Net Interest Income Before Provision for Credit Losses	57,510	46,994
Provision for Credit Losses	10,452	2,777
Net Interest Income After Provision Credit Losses	47,058	44,217
Noninterest Income	25,960	26,831
Noninterest Expense	63,906	59,807
Net Income	9,112	11,241

Total Liabilities and Members’ Equity

	2023	2022
Members’ Shares	1,183,277	1,306,317
Borrowings	150,000	0
Liabilities	25,370	22,346
Members’ Equity	160,936	146,916
Total	1,519,583	1,475,579

\$328M
in Member Loans





Random Acts of Kindness Day
Anchorage, February 2023



Progress Days Parade
Soldotna, July 2023



Clean Air Challenge
Member Assistance
Talkeetna, May 2023



Giving Tuesday
Donation for The Door
Fairbanks, November 2023



Food Drive
Kodiak, September 2023



Real Estate Giving Tuesday
Donation for Beacon Hill Alaska, November 2023



Bear Paw Festival
Eagle River, July 2023



Food Drive
Soldotna, September 2023



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Insured by NCUA