



# Annual Report 2022



## Leadership Report

2022 was a celebratory year for Credit Union 1. We achieved 70 years serving Alaskans, and we marked the occasion with a year-long celebration of our community values. Statewide, we partnered with 90 nonprofit organizations through volunteerism, fundraising and mission-focused giving. We distributed \$35,000 in scholarships to deserving Alaskan students in pursuit of higher education, and we gathered to honor our history of leaders, employees, volunteers and loyal members who made these 70 years possible.

When we look back over the decades, it is clear that we're here today because of our strong sense of community, our emphasis on service to others and our innovative spirit to improve the financial journey of Alaskans.

The credit union saw significant change and growth in 2022. We also welcomed Mark Burgess as our new President/CEO. Mark lives our values and leads with integrity and vision. He has a love and appreciation for Alaska and makes it a priority to be involved in each CU1 branch community.

Within each of our Alaskan branches, we continue to offer the services members have grown to expect and rely on while embracing technological advancements to improve their experience. Over the course of the year, we made progress toward installing new Interactive Teller Machines at each branch location. These ITMs offer efficient and personalized service, with the option to speak with a local member service representative via video who is prepared to assist and deliver the stellar service we pride ourselves on.

To recognize the ingenuity of longtime former President/CEO Leslie Ellis, our unique Learning Center that serves employee families was renamed in 2022 to the Leslie Ellis Learning Center. Leslie had the compassion and forward-thinking to recognize a need amongst CU1 employees, and she brought this on-site learning center to life in 2006 to support employees' childcare needs.

Being a member of a credit union is a unique experience – even more unique at Credit Union 1, where our state charter ensures we will always put Alaskans first. In 2022, Credit Union 1 experienced 4.8% membership growth. This means our membership grew by 4,482 members, year over year. As of December 31, 2022 Credit Union 1 is the credit union that 98,023 members trust to improve their financial wellbeing! Each of those members is represented by our volunteer Board of Directors. The Board of Directors consists of seven Alaskan community members elected by our membership to ensure the credit union truly prioritizes the needs of those we serve.

**We are Alaskans helping Alaskans. We are Credit Union 1.**

Speaking of serving our membership, in 2022 the credit union originated \$443.0 million in loans for members all over the great state of Alaska! These loans help our local community members move forward in life via new homes, vehicles, recreation toys and more. In 2023, we will continue to provide Alaska with accessible credit and market-leading interest rates. As a credit union, we are member-owned and member-focused.

One of our many responsibilities as a credit union is to continually ensure transparency with our members and offer each member a say in our practices and decisions. This is the concept of democratic member control – a unique principle that differentiates a credit union from other financial institutions! To join Credit Union 1, you must live or work in our state. Together, we are your friends and neighbors, with shared goals and experiences. We are committed to Alaska, now and always.

### **New frontiers, new communities.**

Credit Union 1 has experienced so much growth over our last 70 years serving Alaskans, and we have also maintained strong roots and ties to the community. We've listened to member feedback and want you to know that we value and appreciate your insights. With this in mind, we're excited to announce that we have purchased land in Wasilla to begin building our first branch in the Mat-Su Valley!

We look forward to expanding our branch network in 2023 and serving a growing membership of proud Alaskans. We will continue to prioritize our members and your diverse financial needs as we look forward to a bright future in our unique and beautiful state.



## **Board of Directors**



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

## **Executive Management**



**Mark Burgess**  
President/CEO

**Travis C. Frisk**  
Chief Financial Officer

**Erika Smith**  
Chief Retail Banking Officer

**Keith Bennett**  
Chief Technology Officer



## In the Community

CU1 employees are caring, committed members of Alaskan communities statewide. In 2022, we supported the health and wellbeing of these communities through volunteerism, fundraising, community events, a unique scholarship program and more!



Staff donated 1,007 hours of their time volunteering for causes they care about.



We fundraised over \$145,000 for 100 Alaskan nonprofit organizations.

Since our start as the Anchorage Teacher's Credit Union in 1952, youth and education have been a defining element of who we are. In 2022, we recognized the 35th year of our Bill Countryman Scholarship Program by providing \$35,000 in scholarships to 35 Alaskans looking to further their education and better our communities. For younger students statewide, we also donated 665 fully-stocked backpacks to organizations that care for local youth. These backpacks help ensure Alaskan children start their educational journeys equipped for success.

In our communities and on the road, we bring the best in service to Alaskans. Here's a small sample of how we celebrated and supported our local communities in 2022:

### Soldotna

At the start of the summer, the CU1 Mobile Branch traveled to the Kenai Peninsula Sports Show where we chatted with members about affordable loans and gave tours of our one-of-a-kind mobile banking truck.

We also sponsored the Relay for Life event in Soldotna and hosted a booth for walkers full of free gifts and bottled water to keep participants motivated as they raised funds for cancer research.

### Kodiak

The 2022 Kodiak Crab Festival was a huge hit! CU1 employees love chatting with community members at our booth to share our "people helping people" spirit. We also attended the Kodiak Coast Guard's "Welcome Aboard" fair, where new Coast Guard families were welcomed to Kodiak by local businesses like CU1.

### Fairbanks

In July, the CU1 Mobile Branch made its travel debut in the Golden Heart City. We visited one of our dealership partners and provided on-site financing options for their customers before joining in the fun at the Golden Days parade and festival.

### Nome

In August, we connected with our Nome community during the local Berry Festival and joined hands during a special CU1-sponsored city clean-up event. When Nome was hit by Typhoon Merbock, we provided clean-up supplies and food to community members who were impacted by the storm.





## Supervisory Committee Report

**Jeff Wood**  
Committee Chair

**Ross Risvold**  
Member

**Vincent Schmoyer**  
Member

CU1'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 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, 2022 through December 31, 2022 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 2022 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 2022 financial statements accurately reflect the strong financial position of this credit union.



## Treasurer's Report

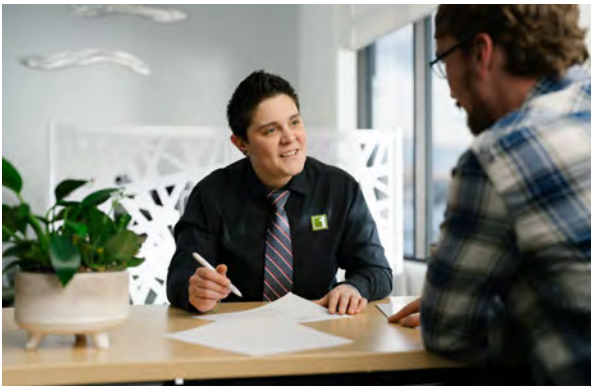
As of December 31, 2022, Credit Union 1's total assets had grown to \$1,475,579,183. This growth corresponded with an increase in member deposits to \$1,306,317,304. The 1.1% member deposit growth was driven by traditional deposit growth.

Net income for the 12 months that ended December 31, 2022 was \$11.241 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, 2022, Credit Union 1's return on average assets was 0.77%. 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 2022, the credit union's equity (or "capital") was 11.70% 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.





## Statement of Financial Condition

(in thousands)

### Assets

	2022	2021
Cash and Cash Equivalents	\$126,299	\$256,575
Certificates of Deposit	\$250	\$0
Investments	\$261,774	\$292,783
Loans (Net)	\$998,290	\$835,862
Fixed Assets (Net)	\$34,619	\$33,317
Other Assets	\$54,347	\$50,438
<b>Total</b>	<b>\$1,475,579</b>	<b>\$1,468,975</b>

### Total Liabilities and Members' Equity

	2022	2021
Members' Shares	\$1,306,317	\$1,291,745
Liabilities	\$22,346	\$17,882
Members' Equity	\$146,916	\$159,348
<b>Total</b>	<b>\$1,475,579</b>	<b>\$1,468,975</b>

### Statements of Income

	2022	2021
Loan Interest Income	\$44,093	\$40,004
Investment Interest Income	\$6,836	\$3,039
Interest Income	\$50,929	\$43,043
Dividends & Interest Expense	(\$3,935)	(\$4,259)
Net Interest Income Before Provision for Loan Losses	\$46,994	\$38,784
Provision for Loan Losses	(\$2,777)	(\$359)
Net Interest Income After Provision Loan Losses	\$44,217	\$38,425
Noninterest Income	\$26,831	\$27,694
Noninterest Expense	(\$59,807)	(\$51,598)
<b>Net Income</b>	<b>\$11,241</b>	<b>\$14,521</b>



# Credit Union 1

1941 Abbott Rd  
Anchorage, AK 99507  
(907) 339-9485  
membermail@cu1.org  
cu1.org

INSURED BY NCUA

For more than 70 years, our day-to-day focus has been to ensure we're helping each member achieve their unique financial goals through excellent service and value.