



Credit Union 1
Celebrating 70 Years

Annual Report | 2021

PROUD OF OUR PAST. READY FOR THE FUTURE.

70

2021 was a year of opportunity for Alaskans to display the hardiness and perseverance we're known for. The COVID pandemic continued to impact our economy and the financial well-being of many families, but in those times of need, Credit Union 1 was here to support you through the challenge. We continue to lead change, uplift others and value people in everything we do. We continue to shine with our commitment to serving others and strengthening our communities when you need us most.

At the core of what defines a credit union – what sets us apart from other financial options – is the guiding philosophy of “people helping people.” In 2021, we applied this philosophy in big and small ways, from your daily transactions to life-changing loans. Each day, we live our mission to help members achieve their financial goals by focusing on excellent service and value. We are Alaskans helping Alaskans, and we're proud to do so.

As we enter 2022, Credit Union 1 continues to be a safe and secure financial institution to conduct transactions and deposit funds. We offer the services you count on while also navigating a dynamic financial marketplace. For example, in 2021 we celebrated the opening of an innovative and re-imagined new space for our members to receive service at Financial Center South in Anchorage. People-first technologies in this space provide financial empowerment paired with video technology, which will benefit Alaskans statewide as we move into the coming years.

Our beginnings.



Anchorage Teachers Federal Credit Union is founded.

1952

1979

Now called Alaska School Employees Credit Union, a Soldotna Branch opens.



The credit union becomes Frontier Alaska State Credit Union with a new expanded field of membership. Anyone living or working in Alaska can join.

1982

1983

Leslie Ellis is named Frontier's general manager.



Credit Union 1 experienced 4.0% membership growth in 2021, which equates to 3,594 members. As co-owners of our cooperative, each one of our members is represented by our volunteer Board of Directors. The Board of Directors consists of Alaskan community members elected by our membership to ensure we best serve the people who need us. This is a responsibility we do not take lightly. As of December 31, 2021, Credit Union 1 is the credit union that 93,541 members trust to improve their financial future.

Speaking of serving our membership, in 2021 the credit union originated \$293.6 million in loans for members all over the great state of Alaska. We were able to provide these loans by taking great care to meet our members where they are at in their financial journey. In 2022, we will continue providing our members with access to the credit they need and market-leading interest rates.

One of our many responsibilities as a credit union is to ensure all earnings are returned to our membership via economic participation – a unique principle that differentiates the credit union industry from other financial institutions. Every dollar earned by Credit Union 1 is recycled back into our membership! Funds not invested in the enhancement of member services – or paid in member dividends – are directed to our net worth, also known as members' equity. This net worth allows us to effectively serve our members, even in the most difficult of economic times. As we brace for another potentially volatile economic year nationwide, Credit Union 1 is at your side and ready to provide the very best support.

Cheers to the year ahead! 2022 marks our 70th year of serving Alaskans, and we can't wait to celebrate it with you.



Board of Directors

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

Executive Management

Mark Burgess
 Interim President/CEO and Chief Technology Officer

Rachel Langtry
 Chief Operating Officer

Chad Bostick
 Chief Financial Officer

1986

Frontier offers members 24/7 account access by phone.



Frontier is the first credit union in Alaska to offer credit cards.

1985



Named after a longtime board member, the 1st annual Bill Countryman Scholarships are awarded.

1987

1995

FedAlaska Federal Credit Union (founded in 1948) merges with Frontier, creating Credit Union 1.



COMMUNITY OUTREACH REPORT

As a community-based cooperative, Credit Union 1 is passionate about giving back to Alaska. 2021 was no exception, as members and employees united behind our community outreach efforts across the state. We're proud to have a positive impact on the communities we serve through volunteerism, donations, fundraising, our scholarship program and more!



Employees **volunteered over 685 hours** of their time in 2021 with a variety of local nonprofit organizations. From community clean-ups to distributing meals to homebound neighbors, our employees love supporting their fellow Alaskans.



Employees **assembled and donated over 800 hygiene packs to young women across Alaska.** These packs also included reusable items for individuals in rural communities where supplies are more difficult to access.



Through the Bill Countryman Scholarship program, we **contributed \$24,000 to help 24 unique Alaskans further their education.** These students will use their education to improve our state and world, and we're proud to be a part of it!



Our multiple Dollar Dog Marketplaces helped teach young Alaskan entrepreneurs the value of money and enterprise, and in 2021, we were able to **support the business dreams of over 30 Alaskan youth** at our winter and summer events.



To help ease the burden of back to school season during a time when many Alaskans were struggling, we **donated 622 backpacks to youth-focused organizations statewide.** These supplies helped local youth start the school year ready for success.



Employees and members donated over 2,500 pounds of food to The Children's Lunchbox in 2021 to support their mission of ensuring access to nutritious meals for Alaskan families.

Through our overall community outreach efforts last year, the credit union also contributed more than \$100,000 toward the health and well-being of our Alaskan neighbors. We are incredibly thankful for the continued support of our CU1 members. We couldn't do this without you!



Ketchikan's Ward Cove Federal Credit Union (founded in 1954) merges into Credit Union 1.

Online banking services are offered.

1997

1998

Credit Union 1 offers members check cards and online bill payments.



North Country Credit Union (founded in 1952) merges into Credit Union 1.

Two new Fairbanks branches are built and Credit Union 1 extends into Nome.

2004



2005

We celebrate 10 years as Credit Union 1 by opening our new headquarters building.



Credit Union 1 becomes the first financial institution in Alaska to open an on-site children's learning center for employee families.

A new Eagle River Branch opens.

2006



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 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, 2021 through December 31, 2021 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 unmodified opinion.

The Committee reviewed and discussed Credit Union 1's 2021 audited financial statements with Moss Adams LLP, the credit union's Interim President/CEO Mark Burgess and Chief Financial Officer Chad Bostick. The Committee believes that appropriate internal controls are in place at Credit Union 1 and that the 2021 financial statements accurately reflect the strong financial position of this credit union.



Supervisory Committee

Jeff Wood
Committee Chair

Ross Risvold
Member

Vincent Schmoyer
Member

2008

The Credit Solutions department is formed to help members with past credit problems get back on their feet.

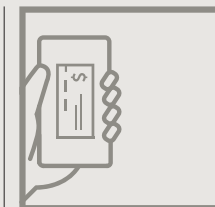


Credit Union 1 opens a Learning Lab at Anchorage's West High School.

2009

2010

Credit Union 1 becomes the first financial institution to enter the Mountain View community of Anchorage in over 20 years.



Mobile check deposit capabilities debut.

2013

TREASURER'S REPORT



Jennifer Bernard
Treasurer

As of December 31, 2021, Credit Union 1's total assets had grown to \$1,468,974,903. This growth corresponded with an increase in member deposits to \$1,291,745,282. The 14.9% member deposit growth was driven by traditional deposit growth in combination with COVID-19 economic stimulus relief received by members and remaining on deposit.

Net income for the 12 months that ended December 31, 2021 was \$14.521 million. As a member-owned financial cooperative, our 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, 2021, Credit Union 1's return on average assets was 1.05%. These earnings have helped build members' equity within the institution and secure our ability to serve the long-term needs of our members. 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 2021, the credit union's equity (or "capital") was 11.50% 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.

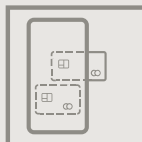


Longtime CEO, Leslie Ellis, retires after 30 years of dedicated service.

2014

2016

Credit Union 1 launches digital wallets, beginning with Apple Pay.



In honor of longtime board member Colin Baxter, the Employee Hand Up program is created to provide financial assistance to employees.

Indirect lending services are offered.

2018

2019

Plans are drawn up to manufacture Alaska's first mobile banking truck, to help serve the underserved in Alaska.



A global pandemic strikes and we help distribute over \$84 million in grants to 2,000+ businesses in communities across our state as part of Alaska's AK CARES grant program.

2020

FINANCIAL STATEMENT

(in thousands)

Statements of Financial Condition

ASSETS	2021	2020
Cash and Cash Equivalents	\$256,575	\$172,416
Certificates of Deposit	\$0	\$747
Investments	\$292,783	\$202,772
Loans (Net)	\$835,862	\$836,994
Fixed Assets (Net)	\$33,317	\$32,606
Other Assets	\$50,438	\$48,379
Total	\$1,468,975	\$1,293,914

TOTAL LIABILITIES AND MEMBERS' EQUITY

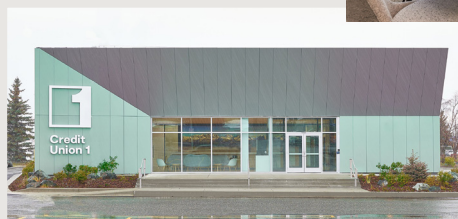
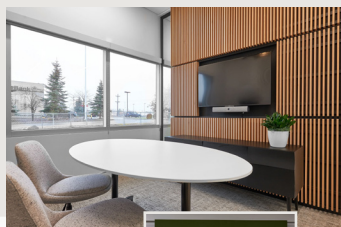
	2021	2020
Members' Shares	\$1,291,745	\$1,124,597
Liabilities	\$17,882	\$19,626
Members' Equity	\$159,348	\$149,691
Total	\$1,468,975	\$1,293,914

STATEMENTS OF INCOME

	2021	2020
Loan Interest Income	\$40,004	\$40,901
Investment Interest Income	\$3,039	\$3,006
Interest Income	\$43,043	\$43,907
Dividends & Interest Expense	(\$4,259)	(\$4,264)
Net Interest Income Before Provision for Loan Losses	\$38,784	\$39,643
Provision for Loan Losses	(\$359)	(\$1,422)
Net Interest Income After Provision Loan Losses	\$38,425	\$38,221
Noninterest Income	\$27,694	\$21,382
Noninterest Expense	(\$51,598)	(\$53,074)
Net Income	\$14,521	\$6,529

2021

Credit Union 1 opens Financial Center South with a new member experience and refreshed visual identity.



Focusing on what matters.

When Alaskans need us most, we remain true to the credit union philosophy of “people helping people.” This philosophy has been the guiding light in everything we represent and everything we continue to do. Through the good times and the tough times alike, we live our mission to help members achieve their financial goals by focusing on excellent service and value.

2022 and beyond



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Celebrating 70 Years

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

Insured by NCUA
Equal Housing Opportunity
NMLS #537375