



Providence
FEDERAL CREDIT UNION

2023 ANNUAL REPORT



CHAIR & CEO REPORT

As a credit union, sound and steady stewardship is at the heart of our growth strategy. Deliver the financial services members need and want today while anticipating the hurdles and opportunities that lie ahead.

Throughout these challenging past few years, we never stopped doing all the things we should be doing to serve our members and communities. We continue to invest vigorously in digital services, strategy, and capabilities to stay in step with members' financial expectations. We launched a new website, added another convenient option to pay a loan, enriched our direct deposit, and enhanced our digital banking platform.

Despite our steady growth, rising interest rates, delinquencies, and inflation impacted all financial institutions in 2023. While we saw positive loan growth in 2022, our business model was stretched to new limits by unprecedented rising interest rates, loan losses, and increase in fraud.

Facing challenges head-on

Our business model in 2021 was based on significant membership growth from our UDW partners. While that initiative translated to a successful 4% membership growth, the credit union was negatively impacted by many dormant accounts.

We faced this challenge head-on, seizing the opportunity to streamline and simplify our operations. We closed dormant accounts, created a management system, and improved our overall operating processes.

These advances in efficiency are expected to drive significant savings in the years ahead, preserving stability and fueling future growth.

Continuing the good work

Our team moved into this year with a lot of energy, a renewed commitment to growth and a companywide focus on fundamentals and efficiency.

In 2024, we'll continue to leverage technology and innovation to foster financial inclusion and well-being. We're improving our online applications that will allow members to apply for a loan in less than five minutes. Meanwhile, we're building and developing competitive new products and services, including accounts that will continue to give back to the membership and enhance our relationships.

Moving forward for the long-term

As you know, we are champions of a credit union's essential role — its potential for bringing people together, lifting individuals and communities up, and being

FEBRUARY

NEW WEBSITE

Built a better virtual branch with a sleek new design and enhanced online experience.

PAYTRACE

Make a loan payment with a Debit or Credit Card online.

MAY

JUNE

EARLY DIRECT DEPOSIT

Get paid up to 2 days early.



a source of strength in difficult times. We have demonstrated remarkable resilience in just the past two decades, weathering challenges such as Y2K, the 9/11 attacks, the Great Recession of 2008, and the global pandemic. Our collective strength and unity have been pivotal in surviving and thriving, especially during adversity.

Looking ahead into 2024, we expect industry uncertainty, but we believe the groundwork we have laid will help us navigate it effectively. We are strengthening our product lines and technologies most relevant to our members while staying focused on gaining deposits, increasing membership, and monitoring expenses to build on our multiyear growth trajectory.

We're also realistic about the future, and how it will keep challenging us to be agile, resilient, and responsive as we sustain our steady record of caring for our members, PFCU team, and communities. We appreciate your continued support and look forward to the value we'll create together this year.



Mary Savage

Mary Savage, Board Chair



Shirley K. Cate

Shirley Cate, President/CEO

DIGITAL BANKING UPGRADE

New Online Banking and Mobile Banking App with LiveChat, free credit monitoring, and improved Video Banking.

OCTOBER





SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors to assist in overseeing Providence Federal Credit Union's (PFCU) accounting and financial reporting processes and auditing its financial statements.

As such, we represent members' interests by ensuring:

- Assets are adequately safeguarded
- Policies and procedures are in place
- Internal controls are effective
- Applicable laws and regulations are followed

The Supervisory Committee retained the services of the independent accounting firm Hauser Jones & Sas, which recently concluded its comprehensive of PFCU's financial statements for the period ending March 31, 2023.

The independent auditor's report confirmed that the financial statements fairly present, in all material aspects, the credit union's financial position and conform with generally accepted accounting principles.

The Supervisory Committee is pleased to report that PFCU remains financially sound. We'd like to thank volunteers and staff for their ongoing commitment to improving internal controls and strengthening the credit union, allowing us to prosper and maintain stability for the membership.

Bill Borquist, Chair

Rebecca Martinson, Member

Bert Sperry, Member



Financial Statements

AS OF DECEMBER 31, 2023

Statement of Income

INCOME	2023	2022
Loan Income	\$6,427,526	\$4,606,273
Investment Income	\$444,857	\$516,701
Fee Income	<u>\$1,705,239</u>	<u>\$1,566,149</u>
TOTAL INCOME	\$8,577,622	\$6,689,123
EXPENSES		
Operating Expenses	\$3,580,783	\$3,634,057
Compensation / Benefits	<u>\$3,042,167</u>	<u>\$2,632,460</u>
TOTAL OPERATING EXPENSES	\$6,622,950	\$6,266,517
Interest Expense	\$1,503,218	\$344,791
Provision for Loan Loss	<u>\$866,991</u>	<u>\$549,962</u>
Total Expenses	\$8,993,159	\$7,161,270
TOTAL NET INCOME/(LOSS)	(\$415,537)	(\$472,147)

Statement of Financial Condition

ASSETS	2023	2022
Loans	\$107,451,922	\$110,621,759
(Less Allowance for Loan Loss)	<u>-\$765,030</u>	<u>-\$366,000</u>
Net Loans	\$106,686,892	\$110,255,759
Cash	\$9,131,680	\$10,372,855
Investments	\$53,126,611	\$53,930,529
Other Assets	<u>\$3,559,499</u>	<u>\$3,859,339</u>
TOTAL ASSETS	\$172,504,682	\$178,418,482
Liabilities w/o Suspense	\$7,993,968	\$9,413,590
Shares	<u>\$147,873,696</u>	<u>\$152,824,059</u>
Equity	\$155,867,664	\$162,237,649
Retained Earnings	<u>\$16,637,018</u>	<u>\$16,180,833</u>
TOTAL LIABILITIES & EQUITY	\$172,504,682	\$178,418,482



DIRECT DEPOSIT

9,126

Members get paid up to 2 days early



FINANCIAL CALCULATORS

1,457

Members used online calculators to plan their future



LIVECHAT

2,312

Members used LiveChat to get answers in real time via online and mobile banking



ESTATEMENTS

73%

Online banking users switched to paperless bank statements



MOBILE BANKING

6,827

Members banked on the go using mobile banking app



ONLINE BANKING

6,212

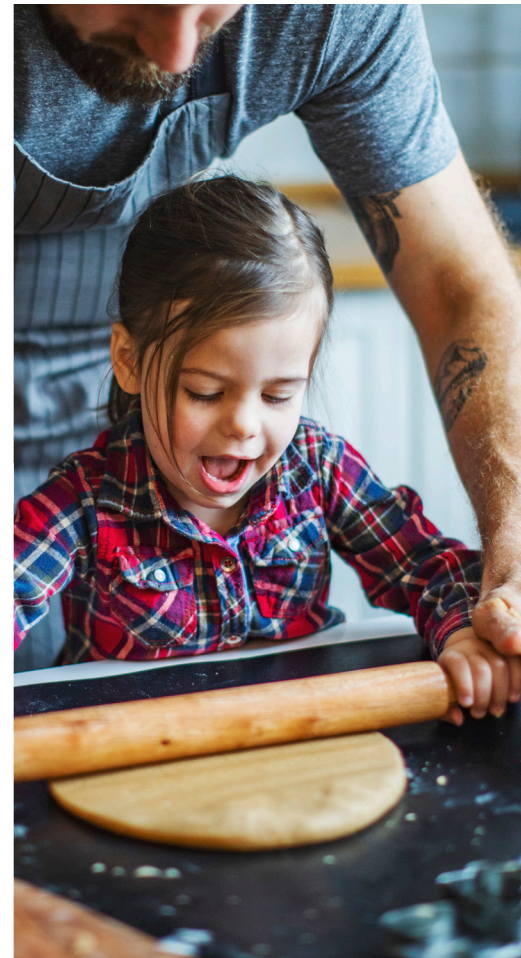
Members ditched waiting in line and banked online



ITMs

8,723

Interactive Teller Machine (an ATM + live Teller) transactions



BILL PAY

3,323

Members used free Bill Pay to pay their bills online

BE PART OF SOMETHING BIGGER

At Providence Credit Union, our core purpose is to positively impact the lives we touch. After all, as a health care credit union, it's in our DNA.

From volunteering our time to supporting charitable causes, we are committed to serving those around us in ways that go beyond financial services.

In 2023, we continued our tradition of supporting charitable organizations through donations, sponsorships, and volunteer initiatives. We are proud to have contributed to a variety of non-profit organizations including sponsoring Providence Holiday Craft Fair and SOLVE Oregon Beach Clean Up.

We've donated more than half a million dollars over the years, but we also support events that lift our communities and people.

During 2023, we were delighted to be involved in events like the Providence Festival of Trees, and the Willamette Falls Gala event.

Our employees were also humbled by requesting 20 gift tags from the Center for Medically Fragile Children at The Providence Child Center. Our compassionate team donated sensory toys, personal care items, and gift cards. Helping and being there for each other is what's needed in this world.

Here are just some of the contributions we made:

GoWest 2023 CULAC Holiday Giveaway Echo Show	\$280
Providence Milwaukie Foundation Sponsorship (<i>Foundation Partner in Health</i>)	\$1,500
Providence Portland Medical Foundation (<i>Employee Garden</i>)	\$5,000
Providence Portland Medical Foundation (<i>Providence Festival of Trees</i>)	\$5,900
Providence Willamette Falls Medical Foundation (<i>Gala at the Falls Games Sponsorship</i>)	\$3,000
Providence Willamette Falls Medical Foundation (<i>Gala at the Falls Donations</i>)	\$6,850
TOTAL	\$22,530



EXECUTIVE LEADERS



Shirley Cate
President/CEO



Bill Kearney
VP of Administration



Leo Lee
VP of Technology



Kasey Rockwell
VP of Operations



Annie Spencer
VP of Finance



Carolyn Mah
VP of Marketing



Aaron Wiggins
VP of Lending

OUR TEAM

Adam Alcalá Loan Underwriter
 Alberta Moranchel Member Services
 Amber Flores Assistant Operations Manager
 Andrew Cecka Internal Auditor
 Angela Allen Member Services
 Angela Hiestand Member Services
 Billy Cha Accounting Specialist
 Chris Nguyen Information Systems Analyst
 Cindy Light Member Services
 Crystal Thai Electronic Service & Payments
 Administrator
 Diana Fackrell Member Care Manager
 Dolores Gomez Member Services
 Jannet Figueroa Accounting Specialist
 Kathy Johnson Member Services

Katie Johnson Business Development
 Kelly Hottenroth Senior Collection Officer
 Linda Carlson Financial Advisor Assistant
 Luke Hooper Digital Marketing Coordinator
 Maria Ceapa Assistant Operations Manager
 Nora Griffin Electronic Service & Payments
 Administrator
 Olivia Wiley Interactive Video Teller
 Paul Ethier Loan Processor
 Rebecca Foord Loan Processor
 Sharon Hughes Business Development
 Sharon Popp Director of Operations
 Shelley Woodruff Member Care Specialist
 Tiffanie LaMotte Member Services
 Tuan Tran System Administrator

BOARD OF DIRECTORS



Mary Savage
Chair



Tammy Pierce
Vice Chair



Robert Berry
Secretary



Henry Vera
Director



Kevin Matheny
Director



Tam Everard
Director



Joann Pfister
Director

SUPERVISORY COMMITTEE



Bill Borquist
Chair



Rebecca Martinson
Member



Bert Sperry
Member



**MEMBER CARE
CALL CENTER SERVICE HOURS**
MON-FRI, 7:30AM-4:00PM



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