

2023

ANNUAL REPORT



Board of Directors:

Joseph Dragovits	Chairperson
Gerard Judge	Vice-Chairperson
Gary Haas	Treasurer
Robert Nolter	Assistant Treasurer & Secretary
Jessica Ryan	Director
Emrich Stellar	Director
Steven Sosnowsky	Director

 **People First**
BANK. BORROW. INVEST.

CHAIRMAN OF THE BOARD & PRESIDENT/CEO REPORT

Annual Meeting: March 20, 2024

Empowering Progress: People First FCU's Year of Triumph

We are elated to present People First FCU's annual report, underscoring our triumphs and forward momentum throughout this transformative year. Our unwavering dedication to our mission of delivering premier financial services has been the north star guiding our accomplishments. Through a strategic embrace of innovation and technology, we've not only streamlined our operations and elevated member experiences but also catalyzed notable growth.

This past year marked a significant milestone with our transition to a Multiple Common Bond charter. This strategic move has empowered us to extend our services across the state and beyond, unlocking unparalleled opportunities for expansion and engagement. Our investment in digital transformation, including mobile banking enhancements and the integration of artificial intelligence, has redefined convenience for our members. This modern, intuitive platform ensures that our members have swift and seamless access to their finances at their fingertips.

Our membership growth is a testament to our strategic direction, boasting an increase of 0.41% in 2023—a commendable achievement that significantly outshines the overall market trend in Pennsylvania. This growth is not just a number; it represents our deepening connection with the community and our expanding reach, particularly in areas beyond our traditional stronghold of Lehigh & Northampton County.

The surge in mobile banking engagement speaks volumes about the value our members place on convenience and efficiency. Our AI-powered chatbots have revolutionized member support, offering answers and assistance around the clock. Moreover, our dedication to financial education has empowered our members with the knowledge and tools essential for making informed financial decisions, thereby enhancing their financial wellness.

Reflecting on the year, our accomplishments extend beyond member service to make a tangible impact on our community's economic prosperity. We are proud to have contributed to the creation and sustenance of 771 jobs, injecting \$48.4 million into the local economy—a monumental contribution reflecting our commitment to community and economic development.

Our lending portfolio has seen robust growth, with notable increases in MBL Lending, First Mortgages, and Home Equity Loans. This growth, amidst a challenging economic landscape, underscores the trust our members place in us and the relentless demand for responsible lending solutions.

The introduction of contactless cards is yet another milestone in enhancing member service and security, responding to the growing preference for contactless transactions.

Our commitment to our team is as strong as ever. The launch of new engagement and development programs, including the innovative "Level Up Program" and revamped performance management processes, exemplifies our dedication to fostering a supportive and dynamic work environment. The result? A significantly lower attrition rate than the industry average, underscores our success in creating a fulfilling workplace.

In closing, People First FCU stands strong as a beacon of resilience and growth. We are more than a financial institution; we are a vibrant part of the community we proudly serve. Our heartfelt thanks go to our board of directors, our committed team, and, most importantly, you—our valued members. Your unwavering support fuels our journey forward, reinforcing our role as your trusted financial partner. Together, we look forward to a future brimming with promise and opportunity.



Joseph T. Dragovits
Chairperson



Howie Meller
President/CEO

“ Amazing workers,
always so nice
and respectful. ”
-Jovanny Z.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Balance Sheet

Assets

	12/31/2022	12/31/2023
Cash and Cash Equivalents	\$10,939,519	\$33,562,879
Securities - Available for Sale	\$293,280,076	\$244,812,915
Other Investments	\$6,781,563	\$5,517,799
Loans, Net	\$477,252,297	\$508,941,920
Accrued Interest Receivable	\$3,869,405	\$4,322,250
Premises and Equipment, Net	\$12,024,164	\$11,179,742
NCUSIF (National Credit Union Share Insurance Fund) Deposit	\$7,903,408	\$7,833,599
Other Assets	\$40,211,098	\$43,622,208
Total Assets	\$852,261,530	\$859,793,312

Liabilities & Members' Equity

Liabilities	12/31/2022	12/31/2023
Members' Share and Savings Accounts	\$794,750,399	\$808,450,982
Borrowed Funds	\$ 15,000,000	\$ 0
Accrued Expenses and Other Liabilities	\$ 8,368,776	\$ 7,420,207
Total Liabilities	\$818,119,175	\$815,871,189

Members' Equity	12/31/2022	12/31/2023
Undivided Earnings	\$71,363,902	\$73,274,654
Accumulated Other Comprehensive Loss	(\$38,356,775)	(\$30,699,630)
Equity Acquired by Acquisition	\$ 1,135,228	\$1,347,099
Total Members' Equity:	\$34,142,355	\$43,922,123
Total Liabilities and Members' Equity	\$852,261,530	\$859,793,312

SUPERVISORY COMMITTEE REPORT

To be able to assure the members of the credit union’s sound position, the Supervisory Committee utilizes the services of a certified public accounting firm, CLA (CliftonLarsonAllen LLP), of King of Prussia, PA. They conduct a comprehensive annual audit and complete the verification of members’ accounts as required by federal law. The credit union also utilizes third party consultants that review the credit union’s internal controls, policies and procedures in addition to the regular federal examination by the NCUA.

Federal credit union bylaws dictate that the Supervisory Committee is responsible for completing annual and supplemental audits to determine that accounting records and reports accurately reflect operations and actual results.

With the help of our Board of Directors, management, and staff, our committee is able to perform our duties and satisfy the legal responsibilities entrusted to us.



Jessica P. Ryan, Chairperson
Supervisory Committee

“ People First gave me the opportunity to fulfill my dream. They definitely put everything in place. They were there to support me the entire way. ”

-Zady P.



TREASURER'S REPORT

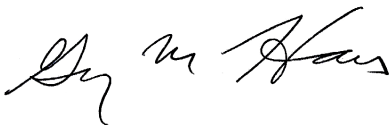
During 2023 People First Credit Union's assets grew to over \$859 million. This increase was primarily due to share growth of \$14 million as our members deposited funds into the credit union. Members have taken advantage of our high-yielding CDs by locking in our great rates, resulting in increased certificate balances of \$72 million.

Our loan portfolio increased by 7% in 2023. This steady growth was fueled by strong consumer and business demand, even as loan rates rose during the year. People First's mortgage and loan rates are among the best in our area and we have money to lend to our valued members.

People First recorded total income of \$46.3 million in 2023, derived from interest on loans of \$28.2 million, interest on investments of \$8.1 million and other operating income of \$10 million. Operating expenses and loan loss provisions totaled \$38 million and total interest expense was \$6.1 million. As a result, net income for the year was \$2.2 million, representing a return on assets of .25% and a net worth ratio of 8.68%. NSF and Courtesy Pay fees were lowered in 2023 as we endeavor to keep fees and costs low to serve our growing membership.

Your credit union is well-capitalized and delinquency on loans remains low as we look forward to another year of growth and financial stability in 2024.

Respectfully submitted,



Gary Haas, Treasurer

“ My wife and I have been doing business with People First for many years. We can always count on them for our investments and bank business. Great place to do business. ”

-Mike T.



The 72nd Annual Meeting of the People First Federal Credit Union was held as a “hybrid” meeting at the Fearless Fire Company. The meeting was called to order at 6:10pm by Chairman Emrich Stellar. Mr. Stellar welcomed and thanked everyone for attending. He informed all that the secretary determined a quorum of members was present.

Chairman Stellar introduced the board members: Vice Chairman: Joe Dragovits, Treasurer Jerry Judge, Assistant Treasurer Gary Haas, Secretary Robert Nolter, Jessica Ryan, and Fred Molchany. Supervisory Committee members are Chairperson Jessica Ryan, Jose Ozoa, and Steven Sosnowsky. The role of the Supervisory Committee is to assure the members of the credit union’s sound position. Our CPA firm, RKL, conducts a comprehensive annual audit and verification of members’ accounts as required by federal law. In addition to the NCUA’s regular federal examination, we utilize third-party consultants to review internal controls, policies, and procedures.

At this time, Howie Meller, President/CEO, took the opportunity to address the membership. Everything we do as a management team is based on strategic decisions. He thanked the Board, the Executive Team, and also the membership for banking with People First.

Emrich thanked Howie and mentioned he has enthusiasm and is surrounded with a good team. They are an asset to our organization.

MINUTES: Craig Gaumer made a motion to accept the minutes of the 71st annual meeting as printed, seconded by Kathy Micek and passed.

CHAIRMAN’S REPORT: Chairman Stellar addressed the membership stating 2021 was a challenging year coming out of the pandemic; however, we grew in earnings, net worth, lending, and deposits. At year end, we had a current capital ratio of 8.10%.

With a new strategic plan in place, we provided training to our frontline employees, improved our appointment scheduling by adding a link on our website for members to schedule at their convenience, and invested in technology to better serve our members. To increase our presence in the community, our marketing team refreshed the brand and content of our material. Downtown Allentown became the home of your new People First headquarters in December 2021.

The credit union remains active in the community supporting various organizations as well as raising funds for Habitat for Humanity and Tails of Valor through our 12th annual golf outing.

He thanked the membership for trusting the credit union as we strive to deliver the products and tools needed to secure a financial future.

TREASURER’S REPORT: Mr. Judge reported the credit union’s assets grew by 10% as members put their trust in us to protect their funds. Deposit rates remained low during 2021 with stimulus money and PPP loans flowing into financial institutions. The funds assisted small businesses to survive while consumers saw an increase in savings and decrease in debt.

Historically low mortgage rates continued in 2021 and members took advantage by refinancing existing loans. The business loan portfolio grew as we continued to invest in our community. With money to lend, our loan rates are among the lowest in the Lehigh Valley.

In 2021, we had total income of \$32.9 million, operating expenses of \$24.6 million, non-operating gains of \$1.1 million, and total dividend expense paid to members of \$1.5 million. This resulted in net income for the year totaling \$7.8 million or a .93% return on average assets. Having a net ratio of 8.10% is well above the requirement to be classified as a “well-capitalized” credit union. With a net worth ratio of 8.10% and continued low delinquency, your credit union is prepared to grow and remain financially stable in 2022.

UNFINISHED BUSINESS: None to discuss.

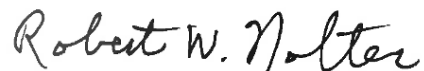
NEW BUSINESS: None to report.

ELECTION COMMITTEE: Jerry Judge presented the report of the Nominating Committee. In accordance with the credit union bylaws, the Nominating Committee was appointed by the Board of Directors. They selected incumbent directors Frederick A. Molchany and Jessica Ryan to fill the two positions on the Board of Directors for a three-year term. Notice of the positions up for election was provided to all members. Members were also advised that additional nominations may be made by petition, and if none received, a mail ballot election would not be held. Our bylaws do not allow nominations to be made from the floor.

Since there were no additional nominees, Jerry Judge asked that the candidates nominated by the Nominating Committee be elected to serve their term on the Board of Directors.

At this point, Chairman Stellar instructed the secretary to cast a single ballot for the candidates and declared the candidates nominated by the Nominating Committee elected to the Board of Directors for their designated term.

There being no further business, Denise Judge made a motion to adjourn the meeting, which was seconded by Nick Felegy and was carried. The meeting was adjourned at 6:25pm.

A handwritten signature in black ink that reads "Robert W. Nolter". The signature is written in a cursive, flowing style.

ROBERT NOLTER, BOARD SECRETARY

Dictation & Transcription:
DIANE MARIE MERKEL