

ANNUAL REPORT



We Listen, We Serve, We Educate, We Care... *Always!*

2024



CHAIRMAN'S REPORT



In 2025, Peninsula Community Federal Credit Union proudly commemorates its 90th anniversary, a milestone celebrated under the theme, **"Grounded in our past. Growing a future together."**

Our story begins amidst the economic hardship of the Great Depression, following the 1929 Wall Street crash and the establishment of the Rayonier Pulp and Paper Mill in 1926. In 1935, seven Rayonier Mill workers, seeking to pool their resources and access essential tools, established a financial cooperative built on trust and community service. This marked the birth of the Rayonier Pulp and Paper Mill Employees Federal Credit Union. We stand firmly grounded in this rich history—a narrative woven with resilience and adaptation.

Through economic fluctuations, financial crises, and technological advancements, we have expanded our services far beyond simple savings and personal loans. Today, we offer comprehensive financial solutions, including checking accounts, certificates of deposit, online and mobile banking, real estate lending, and community development initiatives. Throughout this evolution, our core commitment remains unchanged: "To be recognized as being about more than just money!"

"Growing a future together" necessitates living our mission: to listen, serve, educate, and care for our

members. The Board of Directors remains dedicated to fostering a sense of belonging for all, including our Hispanic neighbors, empowering them and our entire community towards a more prosperous future. We are prepared to navigate the evolving financial landscape, always prioritizing the financial well-being of our members.

Looking ahead to the next 90 years, Peninsula Credit Union envisions a future characterized by highly personalized and digitally integrated financial services. We will maintain our unwavering commitment to community and financial well-being, serving an increasingly diverse and aging population. We will embrace adaptability, prioritize financial literacy, and seamlessly integrate technological advancements. As financial services become embedded in everyday devices and platforms, we will continue to uphold our core values: to listen, serve, educate, and care—always.

The Board of Directors extends heartfelt gratitude to every member, past, present, and future, for the trust you place in Peninsula Community Federal Credit Union.

Sincerely,

John Bolender
Chairman



PRESIDENT'S REPORT



Grounded in our Past. Growing a future together.

Peninsula Credit Union has an established 90-year history! Rooted in our rich history, we've experienced remarkable growth over the past decade, a testament to the unwavering trust placed in us by our members. Over the past ten years, this trust has fueled a 22% increase in membership and an impressive 84% growth in deposits, nearly doubling our financial strength. We deeply value the responsibility of safeguarding our members' hard-earned money.

Our commitment to financial well-being extends to all members, particularly those facing financial challenges. We've prioritized expanding access to checking accounts and providing lending opportunities to individuals with impacted credit scores, often due to circumstances beyond their control. We strive to find solutions and empower individuals through responsible lending practices. We actively engage with our community, connecting with potential members at locations like the Shelton YMCA and Poulsbo Library. Furthermore, our annual Financial Reality Fairs at Shelton and North Mason High Schools equip students with essential financial decision-making skills.

Recognizing the evolving demographics of our community, we are dedicated to fostering inclusivity. Our focused efforts to build relationships with our Hispanic neighbors have resulted in an 11% increase in Hispanic membership over the past four years, now representing 5.8% of our total membership. Our ITIN lending program empowers individuals to build credit, purchase vehicles, and achieve homeownership.

Member feedback is integral to our continuous improvement. Our recent 2024 Member Survey revealed a 72.9% were "happy fans" or promoters of the Credit Union, using a common survey tool called the Net Promoter Score (NPS). This score exceeds industry averages and reflects the exceptional service provided by our dedicated team.

Addressing member feedback regarding our online and mobile banking experiences, we conducted a comprehensive evaluation in 2024. This review led to a strategic decision to upgrade our digital banking solutions and core database system. This significant technological advancement, slated for implementation in July 2026, will enhance the member experience and position us for future growth. Expect further updates in early 2026.

Peninsula Credit Union has been, since 1935, and will continue to be for many years to come, a place where all members of our community can belong. They are served by a team of people who also feel good about the positive service they provide to our members every day.

Overall, we grow together into the future creating financial well-being for ALL!

Cooperatively,

Jim Morrell
President/CEO





SUPERVISORY COMMITTEE REPORT

The Credit Union's Supervisory Committee serves to ensure integrity, safe and sound operations, and to address any issues raised by members and staff.

Management is responsible for the preparation, presentation, accuracy and consistency of financial reporting. The financial summary provided in this Annual Report is developed from detailed statements prepared in accordance with generally accepted accounting principles. Statements that fairly present the financial position of the Credit Union.

During 2025, the Supervisory Committee engaged the accounting firm of Moss Adams, LLC, to conduct a full financial statements audit of financial condition as of March 31, 2024 and 2023. During the audit year, the Credit Union did adopt new accounting guidance related to accounting for loan losses. The auditor's opinion concluded, the financial statements present fairly, in all material aspects, the financial position of Peninsula Community Federal Credit Union as of March 31, 2024 and 2023. The results of the operations and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

The NCUA did not conduct a regulatory examination during 2024. However, a NCUA Exam was scheduled for the first two weeks of 2025. The spoiler alert for next year's Annual Report is that there were no major

issues (e.g. Documents of Resolution) discovered during this examination.

To ensure Management's accuracy and the strength of internal controls, the Supervisory Committee meets quarterly with our internal auditor and management. The purpose of these meetings is to review the quality of financial reporting, the regular completion of internal audits, various external operational audits, and that sound operations and compliance are in place.

The Supervisory Committee works on you, our members' behalf, to ensure that the credit union operates with the highest degree of integrity. This Committee is responsible for the safety and soundness of Peninsula Community Federal Credit Union.

Controls are in place to assure that your Credit Union conducts its operations and activities in a safe and sound manner. These controls provide reasonable assurance that transactions are authorized, assets safely guarded, and proper records are maintained.

On behalf of the Supervisory Committee, we would like to assure you that the Peninsula Community Federal Credit Union is managed well and financially sound.

Respectfully,

Mendy Harlow
Chair, Supervisory Committee



COMMUNITY IMPACT REPORT



In 2024, we continued our mission of fostering financial well-being and strengthening community connections. From expanding financial education efforts to advocating for inclusive policies, our commitment to service, education, and care remained central to our work.

Financial Education & Community Outreach

Financial literacy was a top priority, with our Community Financial Educator leading one-on-one coaching and workshops with organizations like Crossroads Housing, Olympic College, and Sound Learning. These sessions provided guidance on budgeting, credit-building, and debt management, helping members take control of their finances.

More than 600 students participated in Bite of Reality financial fairs at Shelton and North Mason High Schools, gaining hands-on experience in real-world financial decision-making. Through the Peninsula Education Grants program, we provided \$6,700 in funding to local educators to support financial and other literacy initiatives.

Advocacy & Community Partnerships

We strengthened our advocacy efforts by participating in Credit Union Day at the Capitol, where we met with legislators to discuss financial inclusion and cooperative banking. Additionally, our involvement with organizations like CIELO and the Kitsap Immigration Assistance Center allowed us to connect with local immigrant families, providing financial education and ITIN application assistance.

Hosting a delegation of credit union leaders from Kenya and Malawi through the ACCOSCA Learn and Share program further reinforced our role in the global credit union movement. We also expanded our Hispanic outreach, participating in Hispanic Heritage Month events and offering Spanish-language financial education resources.

Digital & Social Media Engagement

Our digital efforts continued to grow, with bilingual digital advertising campaigns focused on auto loans, homeownership, and financial wellness. Engagement with Spanish language content increased, showing a demand for culturally relevant financial education.

Website traffic remained steady, and social media engagement rose, with successful campaigns across our social media presence and financial wellness series helping members take proactive steps in managing their finances.

Volunteer & Staff Engagement

Peninsula Credit Union staff contributed significant time to volunteering and community outreach. Shelton Branch Manager Jennifer Duncan was recognized as "Boss of the Year," by the Shelton Mason County Chamber of Commerce, and CEO Jim Morrell was appointed to the World Council of Credit Unions Board of Directors, reflecting the leadership and dedication of our team.

Through partnerships with organizations like the YMCA, Mason General Hospital Foundation, and The Arc of the Peninsulas, we extended financial literacy programs and strengthened community ties.

Looking Ahead

As we reflect on 2024, we remain dedicated to financial education, advocacy, and community engagement. We're grateful to our members, staff, and partners for their support and look forward to continuing this work in the year ahead.



WOW STORIES

Throughout 2024, we continued to make a significant impact in the lives of our members by providing financial solutions that create lasting change. The following WOW stories showcase how we helped members navigate financial challenges, achieve their goals, and build stronger futures

Saving Porfirio's Home – From Predatory Loan to Homeownership Security

Porfirio was on the brink of losing his family home due to a predatory financing agreement. In a last-ditch effort, he arrived at our Shelton branch with a briefcase full of paperwork, hoping for a solution. Instead of turning him away, our team sprang into action. We uncovered unfair lending practices in his contract and worked swiftly to refinance him into a fair and stable home loan. Within days, Porfirio had a new loan that secured his home and brought peace of mind to his family. His story highlights the power of a community-focused lender that fights for its members' financial well-being.

Jennifer's New Roof and Financial Relief – Emergency Home Repair to Stability

Jennifer, a long-time member in Port Orchard, faced an urgent need to replace her aging roof. Initially denied a home equity loan due to a high debt-to-income ratio, she feared she had no options. But our Lending Manager reviewed her case and approved an exception based on her strong credit history. With this loan, Jennifer not only installed a new roof but also consolidated her debt into one manageable payment. This support gave her financial breathing room and long-term stability, showing how flexible, member-focused lending can provide solutions in times of need.

Kristina's Fresh Start – Rebounding from Repossession to Financial Independence

Kristina, a single mother of three, was hit with a devastating financial blow when her car was repossessed in the parking lot of her new job. Instead of feeling judged, she found support from our team. With a debt consolidation loan, she was able to retrieve her car and start rebuilding her financial life. Today, her credit score has improved, she feels

financially secure, and she is thriving in her career. Kristina's journey is a testament to the power of financial assistance and emotional support when it matters most.

A Journey to Financial Freedom – Coaching Away the Weight of Debt

One of our members was drowning in high-interest debt and struggling to make ends meet. That's when our Community Financial Educator stepped in. Through personalized financial coaching, the member was able to create a plan to eliminate bad debt, obtain a secured credit card, and start saving regularly. Now, with an improved credit score, this member is looking forward to purchasing a truck and a home—dreams that once seemed out of reach. Their transformation proves that with the right guidance, anyone can turn their financial situation around.

Sherry's Better Future – Smart Financial Moves for Long-Term Gains

Sherry was considering moving her accounts elsewhere for a better interest rate. Instead of letting her leave, our team worked with her to optimize her accounts at Peninsula. By upgrading her to a Premier Checking account and enrolling her in a prize-linked savings program, we helped her earn more while keeping her banking close to home. Sherry's story is a reminder that financial success isn't just about chasing higher rates—it's about maximizing opportunities with trusted advisors who have your best interests at heart.

Joseph's Credit Rebound – From Credit Struggles to a Home of His Own

Joseph, a young member, was stuck with a low credit score due to an old charge-off. He came to our Shelton branch looking for help, and that's exactly what he found. With the right financial coaching and a Payday Alternative Loan, Joseph started rebuilding his credit. Six months later, he returned with incredible news—his credit score had climbed significantly, and he was now pre-approved to buy his first home. This WOW moment showcases how financial guidance and second-chance lending can empower members to achieve lifelong dreams.

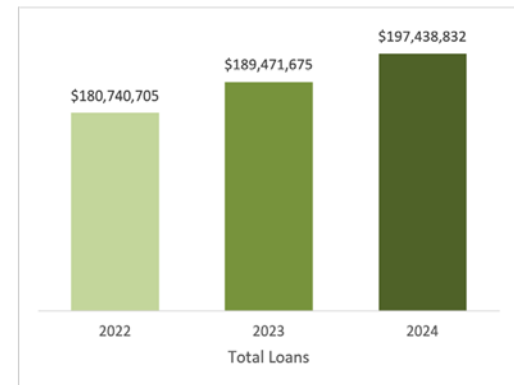
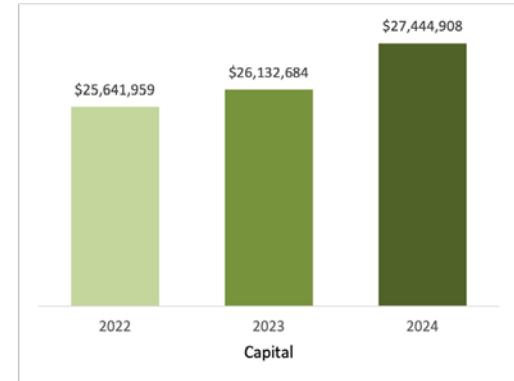
2024 FINANCIALS



Financial Summary

Statement of Financial Condition

	2023	2024	Change
Assets			
Cash on Hand and on Deposit	\$25,658,766	\$24,440,083	(\$1,218,683)
Loans	\$189,471,675	\$197,438,832	\$7,967,157
Allowance for Loan Loss	(\$1,770,783)	(\$2,203,017)	(\$432,234)
Investments	\$72,250,210	\$58,542,602	(\$13,707,608)
Land, Building, Fixed Assets	\$3,194,121	\$2,980,942	(\$213,179)
Other Assets	\$5,035,604	\$9,990,182	\$4,954,578
Total Assets	\$293,839,593	\$291,189,624	(\$2,649,969)
Liabilities			
Other Liabilities	\$1,160,828	\$2,191,357	\$1,030,529
Notes Payable	\$4,900,000	\$4,900,000	\$0
Total Liabilities	\$6,060,828	\$7,091,357	\$1,030,529
Equity			
Shares Held by Members	\$265,596,581	\$259,029,072	(\$6,567,509)
Regular Reserve	\$368,501	\$368,501	\$0
Undivided Earnings	\$25,764,183	\$27,076,407	\$1,312,224
Unrealized Gain (Loss) On Investments	(\$3,950,500)	(\$2,375,713)	\$1,574,787
Total Equity	\$287,778,765	\$284,098,267	(\$3,680,498)
Total Liabilities & Equity	\$293,839,593	\$291,189,624	(\$2,649,969)



Statement of Earnings

	2023	2024	Change
Income			
Loan Interest Income	\$9,044,414	\$11,516,419	\$2,472,005
Income from Investments	\$1,590,016	\$2,358,692	\$768,676
Other Income	\$3,499,738	\$3,537,436	\$37,698
Total Income	\$14,134,168	\$17,412,547	\$3,278,379
Expense			
Operating Expense	\$11,448,302	\$12,860,696	\$1,412,394
Interest on Borrowed Money	\$584	\$12,510	\$11,926
Total Expenses	\$11,448,886	\$12,873,206	\$1,424,320
Net Income	\$2,685,282	\$4,539,341	\$1,854,059
Distribution of Net Income			
Dividends to Members	\$1,616,912	\$3,227,117	\$1,610,205
To Reserves	\$1,068,370	\$1,312,224	\$243,854
Total Distribution	\$2,685,282	\$4,539,341	\$1,854,059

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SHELTON

521 W. Railroad Ave
Shelton, WA 98584

Monday - Thursday

Lobby 9:00 - 5:30
Drive-up 8:30 - 5:30

Friday

Lobby 9:00 - 5:30
Drive-up 8:30 - 6:00

BELFAIR

23550 NE State Route 3
Belfair, WA 98528

Monday - Thursday

Lobby 9:00 - 5:00
Drive-up 9:00 - 5:30

Friday

Lobby 9:00 - 5:30
Drive-up 9:00 - 6:00

PORT ORCHARD

1081 Bethel Ave.
Port Orchard, WA 98366

Monday - Thursday

Lobby 9:00 - 5:30
Drive-up 9:00 - 5:30

Friday

Lobby 9:00 - 5:30
Drive-up 9:00 - 6:00

POULSBO

21505 Market Pl NW
Suite 109
Poulsbo, WA 98370

Monday - Friday

Lobby 10:00 - 5:00

PORT TOWNSEND

1250 W Sims Way
Port Townsend, WA 98368

Monday - Friday

Lobby 9:00 - 5:30

800-426-1601 toll free
360-426-1601