

EXPEDITION[®]

CREDIT UNION



2022 ANNUAL REPORT

expeditioncu.com



PRESIDENT'S REPORT

PAUL R. DAMMANN, PRESIDENT/CEO

GREETINGS EXPEDITION CREDIT UNION MEMBERS!

2022 was an exciting and challenging year at your credit union as we navigated the inflationary impacts to members' pocketbooks and the various ways members changed how they access their accounts and make payments since the pandemic began. Even though lingering effects of the pandemic are still around us, the Credit Union came through the last two years remarkably well.

Exciting aspects of last year include issuing newly branded Visa® cards and implementation of the new digital banking platforms as part of our transition to the new Expedition CU name & logo. The new debit and credit cards were the final piece to our rebranding project, and we are excited to continue serving you on life's financial journey as Expedition Credit Union. The new online and mobile banking system is loaded with new and improved aspects such as live chat with staff and enhanced person-to-person payments with integrated bill pay service that pulls your payee details together in one location. We are further developing the digital banking service in 2023 to easily manage your cards, offer digital issuance to replace lost or stolen debit/credit cards and more. The digital banking systems will be continually reviewed and improved to meet the evolving ways for how you use your credit union in these ever-changing and more mobile times.

Challenging for us, like everyone, was the high-inflationary environment in which we have been living. This prompted the Federal Reserve to increase short-term rates by 425 basis points, making setting deposit and loan rates an ongoing challenge. As we had to increase loan rates to offset increased operational costs passed on to us, we remained mindful of our depositors and feel the rates on money market accounts and certificate of deposit accounts are highly competitive.

Financially, your Credit Union remains operationally sound. While our deposit and asset growth were flat last year, strong earnings enabled our key financial strength ratio, the Net Worth Ratio, to increase from 9.06% to 9.67%. Expedition CU remains well above the regulatory requirement of being well-capitalized at 7%. We are pleased to report that our Delinquent Loan Ratio and Net Charge-off Ratio continued to remain below our peer averages.

Many operational and technology-related changes were made these past few years. These investments were made to help guide you through your life's Expedition with resources to be successful. Recent enhancements include access to 5,000+ branches at participating Shared Branch locations nationwide, a fully operational contact center with staff ready to help you on your financial trek, and our new Platinum Rewards Visa® Credit Card with attractive cash back rewards. In 2023, we are working to improve your experiences along with growing our cooperative with more members within our communities served. Whether informing members of pertinent promotions or through development of new products & services to tips on how to make the most of your membership, our focus will be on you!

We sincerely appreciate your business and look forward to being on an Expedition with you! Lastly, I would like to take this opportunity to thank our Board of Directors for their support and leadership and thank our staff for the expert job they do serving you, our members/owners!



DIRECTOR'S REPORT

RAMONA SPRINGIS-DOSS, BOARD OF DIRECTORS CHAIR

Greetings and welcome to the 66th Annual Meeting of Expedition Credit Union.

Thank you for being a member of Expedition Credit Union. We greatly appreciate the confidence and trust you place in your Credit Union. We are glad that you are a part of our cooperative as we venture on this trek together.

Each year, the purpose of the Annual Meeting is three-fold. First, to share with you the financial status at Expedition CU; second, to provide you with an overview of initiatives of the previous year; and third, to provide a strategic vision for Expedition CU's future.

Reports showing Expedition CU's financial condition are included in the Annual Report and are discussed by President/CEO Paul Dammann in the "President's Report." After several years of uncertainty worldwide caused by the pandemic, and the recent inflationary environment all of us have had to cope with, your credit union remains financially strong and dedicated to carrying out its mission to inspire and educate members on life's financial journey.

As an organization, a focus in 2022 included two planned retirements at key positions. The management team prepared and implemented a succession plan for the impacted positions. The day-to-day operations of the Credit Union are accurately carried out with expediency by our knowledgeable, kind, and caring staff. They really are the best and we appreciate the way they assist each Expedition CU member navigate their unique financial path. The management and internal teams at Expedition have worked tirelessly, and continuously seek, to provide the best financial services and options for you, our members.

Our roots run deep with Minnesota educators and since 1957 that has not changed. Expedition CU provides support to our education and community partners for education-related initiatives and needs. We are proud to support local schools by collecting school supplies & hat and mittens for students in need, providing financial literacy grants and educational content to teachers, and awarding scholarships to graduating high school seniors & for those pursuing degrees in education. Our ongoing support of educators includes Education Minnesota (EM) sponsored efforts like the Minnesota Educators Academy (MEA), Teacher of the Year, and the EM Foundation which provides additional grants and scholarship opportunities for its members.

Which brings me to sharing a vision for the future at Expedition Credit Union. Through your membership and use of Expedition CU we will continue to support education & Minnesota educators, make investments into systems to protect your data & accounts, deliver the great member service to which you are accustomed, and provide the very best financial options possible to you, our members. You are our inspiration, and your membership helps drive our vision – allowing us to thrive by providing relevant financial services, to give back to educators, and to be part of our community's success.

Again, a hearty thank you for being part of Expedition CU and we look forward to serving you on life's financial journey.



STATEMENTS OF FINANCIAL CONDITION

	2021	2022
ASSETS		
Cash and Cash Equivalents	\$32,368,205.36	\$1,129,200.65
Investment Funds	\$60,855,926.83	\$72,484,736.93
Net Loans	\$128,575,781.27	\$144,175,694.24
Accrued Interest Receivable	\$348,631.24	\$532,025.52
Property and Equipment	\$4,568,354.66	\$4,306,050.44
NCUSIF Deposit	\$2,015,592.52	\$2,013,318.82
Other Assets	\$8,360,752.79	\$5,958,814.49
Total Assets	\$237,093,244.67	\$230,599,841.09
LIABILITIES AND EQUITY RESERVES		
Member Deposit Accounts	\$215,085,499.70	\$206,547,971.63
Accrued Interest Payable	\$52,047.44	\$69,549.09
Accrued Expenses and Other Liabilities	\$1,095,649.19	\$7,487,630.61
Total Liabilities	\$216,233,196.33	\$214,105,151.33
EQUITY RESERVES		
Unrealized Gain/Loss on Securities	\$(613,131.10)	\$(5,797,869.79)
Statutory Reserve	\$2,536,406.48	\$2,536,406.48
Undivided Earnings	\$18,030,428.55	\$18,849,808.66
Merged in Equity	\$906,344.41	\$906,344.41
Total Members' Equity	\$20,860,048.34	\$16,494,689.76
Total Liabilities and Members' Equity	\$237,093,244.67	\$230,599,841.09

STATEMENTS OF INCOME

INTEREST INCOME		
Loan Interest Income	\$5,167,077.88	\$5,820,561.59
Investment Interest Income	\$660,994.69	\$935,367.87
Total Interest Income	\$5,828,072.57	\$6,755,929.46
Interest and Dividend Expense	\$557,179.75	\$738,413.54
Net Interest Income	\$5,270,892.82	\$6,017,515.92
Provision for Loan Loss	\$(110,652.09)	\$(165,261.21)
Net Interest Income after Provision	\$5,160,240.73	\$5,852,254.71
NON-INTEREST INCOME		
Service Charges and Fees	\$417,011.40	\$465,207.49
Other	\$1,804,961.29	\$1,335,481.84
Total Non-Interest Income	\$2,221,972.69	\$1,800,689.33
NON-INTEREST OPERATING EXPENSES		
Compensation and Benefits	\$2,510,630.06	\$2,799,998.69
Office Operations	\$1,548,944.36	\$1,776,225.81
Office Occupancy	\$695,385.03	\$638,901.54
Other	\$1,467,636.40	\$1,618,437.89
Total Non-Interest Operating Expenses	\$6,222,595.85	\$6,833,563.93
Net Income	\$1,159,617.57	\$819,380.11
NCUA Premium and Assessment	\$-	\$-
Adjusted Net Income	\$1,159,617.57	\$819,380.11

CREDIT REPORT

SHAWN LANNIER, CHIEF LENDING OFFICER

In 2022, we continued to work very hard on enhancing our lending platform to offer members competitive low rates and great lending promotions. During the year, a key focus was to streamline our loan processes to better assist members online and in person while providing an overall great experience for our members' borrowing needs.

Members work with Expedition's dedicated staff, along with our various partners, on their life's financial journey. As in past years, we have partnered up with third parties such as Tradition Mortgage, CU Alliance Corporation for new & used autos, and boat and recreational vehicle dealerships to help members thrive and achieve our lending goals.

2023 will provide challenges, as related to a changing rate environment and overall economic factors. We continue to focus on the technology initiatives which create efficiencies in our lending process with the goal of improved member experience.

Stay tuned as we continue to advertise lending promotions throughout the year that are designed to provide our members with affordable options when their financing needs arise. Thank you very much for your business. We sincerely appreciate your trust, and we look forward to being of service to you!

SUPERVISORY COMMITTEE REPORT

JIM LINDSTROM, SUPERVISORY COMMITTEE CHAIR

The Supervisory Committee are elected volunteers, who are responsible for the safeguarding of member assets in the Expedition Credit Union.

The committee meets on a regular basis during the year and the Supervisory Committee has fulfilled its responsibilities as required by our regulatory authorities and board of directors. These activities include, but are not limited to, performing internal audits of monthly documents, and required submission of semi-annual reports to the Minnesota Department of Commerce. The committee also received regulatory education providing an overview and update of the duties and responsibilities of the Supervisory Committee.

The committee is pleased to confirm that Expedition Credit Union is a safe, secure cooperative and is in sound financial condition.



BOARD OF DIRECTORS

CHAIR

Ramona Springis-Doss

VICE CHAIR

Steve Scarrella

SECRETARY

James Smola

DIRECTOR

Kany Seck

DIRECTOR

Jordan Ford

SUPERVISORY COMMITTEE

CHAIR

Jim Lindstrom

MEMBER

Jess Kenley

MEMBER

Jordan Ford

MEMBER

Dwayne Johnson

2022 SNAPSHOT



2021 2022

TOTAL ASSETS

237.1mm

230.6mm

MEMBER SHARES & DEPOSITS

215.1mm

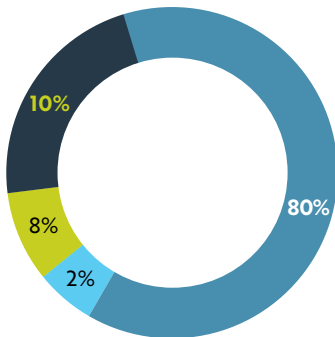
206.5mm

TOTAL MEMBERS

16,680

17,028

HOW WE SPENT OUR INCOME.



- OPERATING EXPENSES
- EQUITY RESERVES
- MEMBER DIVIDENDS
- PROVISION FOR LOAN LOSS

EXPEDITION
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ELECTRONIC SERVICES USAGE

ONLINE BANKING



8,977

ESTATEMENT



6,756

BILL PAY



1,200

MOBILE APP



5,877

MOBILE DEPOSIT



2,561



ESI
Insured by NCUA