



ANNUAL REPORT 2022



A MESSAGE FROM ERIK M. SHAW

President and CEO

Welcome to the 2022 annual meeting of membership of 5Point Credit Union. Last year saw us return to a bit more normal circumstances as society, in general, became more adept at dealing with COVID and case numbers decreased. The year was not without challenges, however, as the economy was faced with rapidly increasing inflation. This led the Federal Reserve to begin a series of rate increases that are expected to continue into 2023. As a result, financial institutions have been and will continue to be forced to raise rates on both deposits and loans, bringing an end to one of the longest periods of a low rate environment in American history. It will be interesting to see how the marketplace and consumers in general react to a scenario that many have not experienced before.



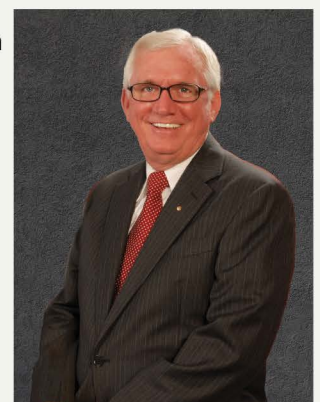
One thing that has remained the same is our need to adapt and adjust to the challenges brought about by the ever-changing world in which we live. We stand at a point where things have never changed so quickly, while being faced with the prospect that this may be as slow as it gets with regards to change moving forward. More than ever, we have challenged ourselves to look at how we do things, both internally as well as how we deliver our products and services to you. We have been challenged to stretch our thinking and continue to evaluate the rapidly changing future of this industry. The good news for our credit union is that even in the face of this rapidly developing environment, we have still managed to be a growing, viable, and successful financial institution. Once again, we experienced growth in deposits, loans, and overall membership. We finished 2022 with growth in assets and now stand at \$874 million in total assets with loans totaling over \$650 million. The total membership for the credit union now stands at over 51 thousand as we continue to grow in this area as well. We remain an extremely healthy credit union and are positioned to thrive and grow for years to come.

As we move forward from 2022, we remain committed to bringing you the absolute best in financial services and we will continue to emphasize convenience for our members. In today's fast paced and ever-changing world, we know that flexibility and easy access are very important when it comes to your financial services. We remain committed to giving you options when it comes to how you conduct business with us and we will work to ensure that you receive the same level of service you have come to expect no matter which 5Point delivery channel you choose or when you choose to visit us. Whether you prefer to do business with us face to face or via many of the new and exciting technological options we offer, our goal is the same; to provide you with an easy and pleasant way to conduct your financial business. No matter the delivery method, our commitment remains the same and is clearly stated in our mission, "To Improve the Quality of Life for Our Members and the Community." We promise to stay focused on that mission, and we also sincerely thank you for your continued membership.

CHAIRMAN'S REPORT

R. Glenn Johnson

Welcome to the 87th Annual Meeting of 5Point Credit Union. Once again, our credit union continues to be a leading independent, not-for-profit financial institution due to the continued overwhelming support of our members, volunteer directors, and our staff. We take pride in our community involvement each year, and 2022 was no different. We sponsored and supported many community events, walks, and also provided financial education to local schools. We awarded eleven scholarships to deserving high school seniors, attended local holiday parades, and contributed to several school events and sports programs throughout our Southeast Texas and North Houston markets. We also launched an employee scholarship, awarding 10 employees, or their children, with funds for ongoing education. Employees raised over \$5,000 through our CARE fund this year. The total amount raised was then matched by the credit union and donated to Sleep in Heavenly Peace and Child Abuse & Forensic Services Inc. We were also proud to provide Christmas gifts to families in need through KFDM's Toyfeast.



We continued making impacts through the 5Point Kindness Project, an initiative to promote good deeds and give back to the communities we serve. We provided gift cards to blood donors, volunteered to help kids with disabilities play baseball, celebrated "High-Five Day" by passing out \$5 bills in the community, built beds for kids, provided gas cards to help combat high gas prices, fulfilled teacher wish lists, and provided holiday joy during Thanksgiving and Christmas.

I am proud to serve as Chairman for the Board of Directors at 5Point Credit Union. I want to thank the members for their continued loyalty and support. Also, I express my appreciation to the volunteer Board of Directors and the volunteer Supervisory Committee for their dedication. Without the committed staff, volunteer Board of Directors, and Supervisory Committee, the credit union could not attain the success it enjoys today. With this continued support and dedication, we will remain a leader in the credit union movement.

BOARD OF DIRECTORS

R. Glenn Johnson <i>Chairman</i>	3 years up for re-election	2026
Joe Dickson <i>1st Vice-Chairman</i>	3 years up for re-election	2026
John Comeaux <i>2nd Vice-Chairman</i>	3 years up for re-election	2026
James R. Saxon <i>Secretary-Treasurer</i>	1 year up for re-election	2024
Angelo "Louis" Anselmo	1 year up for re-election	2024
Hilton Ferguson, Jr.	3 years up for re-election	2026
Karol Russell	3 years up for re-election	2026
Jack Thornton	2 years up for re-election	2025
Denny Winter	2 years up for re-election	2025

SUPERVISORY COMMITTEE

Karol Russell | *Supervisory Committee Chair/Board Representative*
Troy Robinson
Allen Sedtal
Tierrany Decuir
Chad Womack
Jamie Evans

CHANGES TO BOARD, SUPERVISORY COMMITTEE, SENIOR MANAGEMENT, OR BYLAWS AND ARTICLES OF INCORPORATION IN 2022:

Debbie Spear retired as Vice President of Operations
Wendi Christian resigned as Vice President of Accounting
Helen Puckett promoted to Vice President of Accounting
Vicki O'Dell retired as Sr. Vice President of Human Resources
Amanda White promoted to Sr. Vice President of Human Resources

Bylaw Amendments:

There were not any bylaw amendments for the year 2022.

Credit Union Operational Changes:

Opened an ATM/Live Teller at 2609 Nall Street, Port Neches, TX 77651
Changed safe deposit box drilling fee to market cost
Bridge City's drive-thru was converted to Live Teller Systems/ATMs
Port Arthur's drive-thru was converted to Live Teller Systems/ATMs
Port Arthur location began the remodel of their lobby and building

5Point Credit Union Offers:

Savings and checking accounts, online banking, loans, safe deposit boxes, and investments.

SUPERVISORY COMMITTEE REPORT

Karol Russell

The Credit Union Department of the State of Texas and National Credit Union Administration (NCUA) conducted their joint regulatory and safety and soundness examination of 5Point Credit Union as of September 30, 2022. The State Credit Union Department is the state agency responsible for oversight of all state chartered credit unions in Texas. NCUA is the federal government agency that issues insurance for the credit union deposits. The examination findings continue to be positive and all findings are being addressed by management. Regulators informed the credit union that existing operations were sound. The internal auditor conducted internal control reviews under the direct supervision of the Supervisory Committee in 2022. The purpose of these reviews was to identify and strengthen any observed areas of concern that management need to be aware of, if any. It was the opinion of the C.P.A. firm Doeren Mayhew Certified Public Accountants and Advisors that the credit union financial statements present fairly, in all material aspects, the financial position of the credit union as of December 31, 2021. The following records of 5Point Credit Union for the year ended December 31, 2022, will be audited by the C.P.A. firm Doeren Mayhew Certified Public Accountants and Advisors: statements of financial condition, related statements of income and statements of changes in members' equity and cash flows. These records will be audited in March of 2023.

TREASURER'S REPORT

James R. Saxon

We ended the year with assets at \$874,862,124. This number grew by \$41,391,715 from yearend 2021 with the major increase coming from loans and member deposits. Total income before expenses and dividends was \$49,433,754; expenses including taxes and dividends were \$44,488,513, leaving a net income of \$4,945,242.

KEY AREAS

Our key ratios from 2021 to 2022 showed the following changes: shares +6.61%, total assets +4.97% and total loans +13.90%. 5Point Credit Union remains well capitalized at 10.04%. The credit union's loan growth is a direct result of the community's confidence in the stability of our credit union, competitive products, and the You Belong Here culture cultivated by our employees.

MEMBERSHIP UPDATE

2022 was a very busy year for 5Point Credit Union with a total membership of 51,429 members as of December 2022. This reflects a 3.8% increase for 2022. The increase is a result of our continued efforts of outreach in identifying dormant accounts.

MEMBER APPRECIATION

The Board of Directors thanks you for your continued support, trust and confidence because without you, the credit union would not continue to grow and operate efficiently. The Board of Directors' ongoing goal is to provide members quality products and services, a fair rate of return, to safeguard deposits and maintain a well-capitalized and financially sound credit union. Thank you for allowing us to serve you, the members.

FINANCIAL STATEMENT	2021	2022
STATEMENT OF EARNINGS Balance Sheet		
Cash on Hand	91,075,956	56,630,705
Loans (Net of Allowances for Loss)	568,812,958	648,253,333
Investments	119,095,904	111,170,195
Furniture and Equipment	25,507,037	27,176,287
Other Assets	28,978,554	31,631,604
Total Assets	<u>\$833,470,409</u>	<u>\$874,862,124</u>
LIABILITIES AND EQUITY		
Liabilities:		
Accounts Payable and Accrued Expense	5,680,208	5,987,822
Notes Payable	-	-
Dividends Payable	-	-
Total Liabilities	<u>\$5,680,208</u>	<u>\$5,987,822</u>
MEMBER SHARES/DEPOSITS AND EQUITY		
Member Shares/Deposits	745,474,927	794,721,062
Statutory Reserve Fund	3,782,208	3,782,208
Undivided Earnings	79,376,513	84,321,755
Unrealized Gain on Investments	(843,447)	(13,950,723)
Total Member Shares/Deposits and Equity	<u>827,790,201</u>	<u>868,874,302</u>
Total Liabilities and Equity	<u>\$833,470,409</u>	<u>\$874,862,124</u>
INCOME STATEMENT		
Operating Income:		
Loan Income	27,626,679	30,035,609
Investment Income	1,217,135	2,215,255
Other Income	16,426,958	17,182,890
Total Operating Income	45,270,773	49,433,754
Total Operating Expenses	36,270,411	40,078,583
Net Operating Income (Before Gains/Losses)	9,000,362	9,355,171
Non-Operating Gains and (Losses)	537,402	(288,103)
Net Income (Before Taxes and Dividends)	9,537,764	9,067,068
Federal Income Taxes	-	-
Dividends	3,712,467	4,121,826
Net Income	<u>\$5,825,298</u>	<u>\$4,945,242</u>