



***Frontier***  
CREDIT UNION

***88th Annual Membership Meeting Report***

2024



# AGENDA

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*Wednesday, May 1st, 2024*

Welcome	Nathan Downey
Meeting Called to Order	Nathan Downey
Approval of Agenda	Nathan Downey
Determination of a Quorum	Nicole Mattos
Approval of 2023 Minutes	Nathan Downey
Reports:	
Chairman	Nathan Downey
President	Dan Thurman
Treasurer	Josh Roos
Supervisory Committee	Bryan Forsmann
Credit Committee	Ethan Morriss
Election Results	Cindy High
Welcome New Board Members	Nathan Downey
Old Business	Nathan Downey
Adjournment	Nathan Downey

# FRONTIER CREDIT UNION LEADERSHIP

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## Board of Directors



**Nathan Downey**  
Chairman of the Board



**Justin Chipp**  
Vice Chairman



**Nicole Mattos**  
Secretary



**Josh Roos**  
Treasurer



**Tyler Brooks**  
Director



**Mark Hyndman**  
Director



**Josh Searle**  
Director



# FRONTIER CREDIT UNION LEADERSHIP

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## *Executive Team*



**Dan Thurman**  
CEO | President



**Cindy High**  
EVP | Chief Operations Officer



**Ethan Morriss**  
EVP | Chief Lending Officer



**Jeff Vogt**  
EVP | Chief Financial Officer



**Steven Foster**  
Chief Marketing Officer



**Robert Maynes**  
General Counsel



**Bob Hale**  
Chief information Officer



# FRONTIER CREDIT UNION

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## *Supervisory Committee*



**Bryan Forsmann**  
Chairman



**Mike Duke**  
Member



**Sherree Schell**  
Member



**Duane Adamson**  
Member



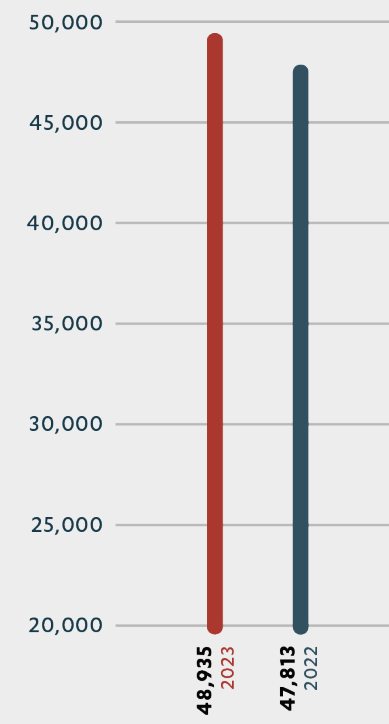
**Chad Ostergar**  
Internal Auditor



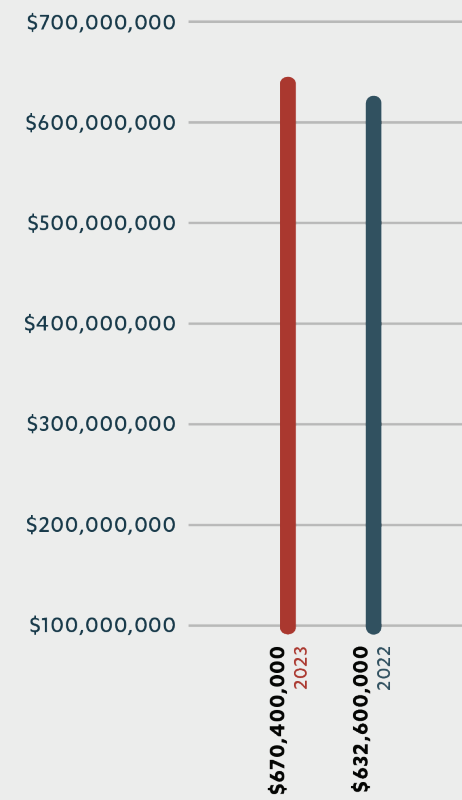
# FINANCIAL HIGHLIGHTS

As of December 31st, 2023

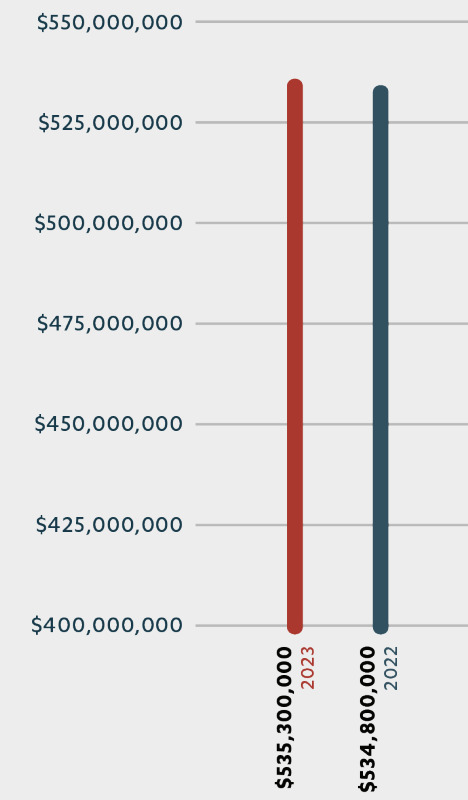
MEMBERSHIPS



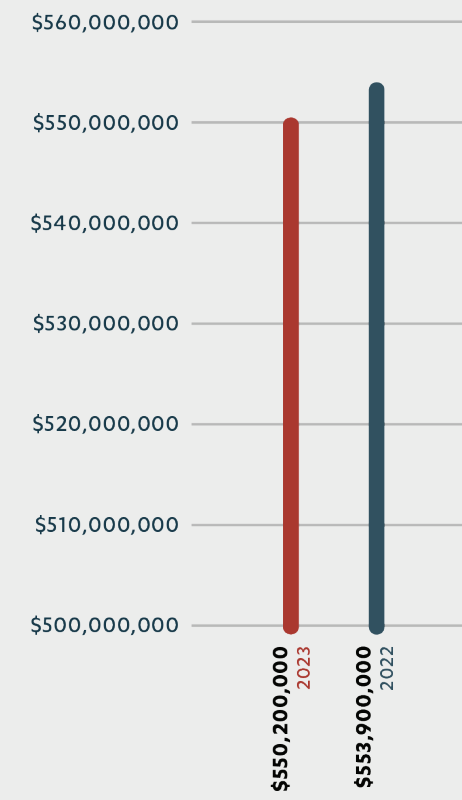
ASSETS



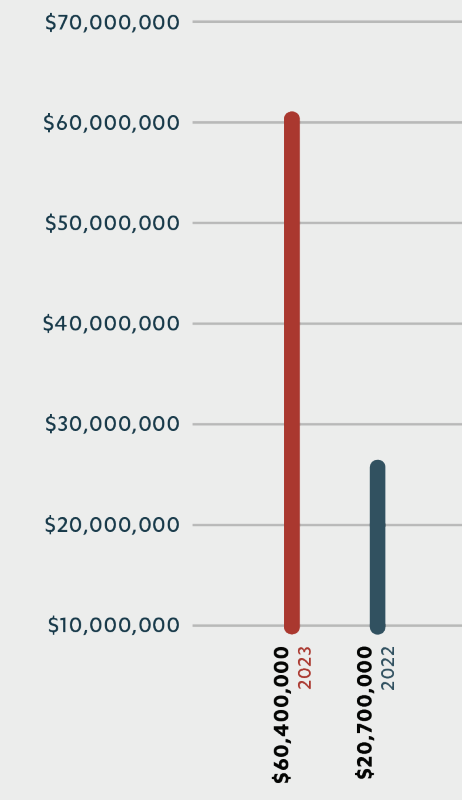
LOANS OUTSTANDING



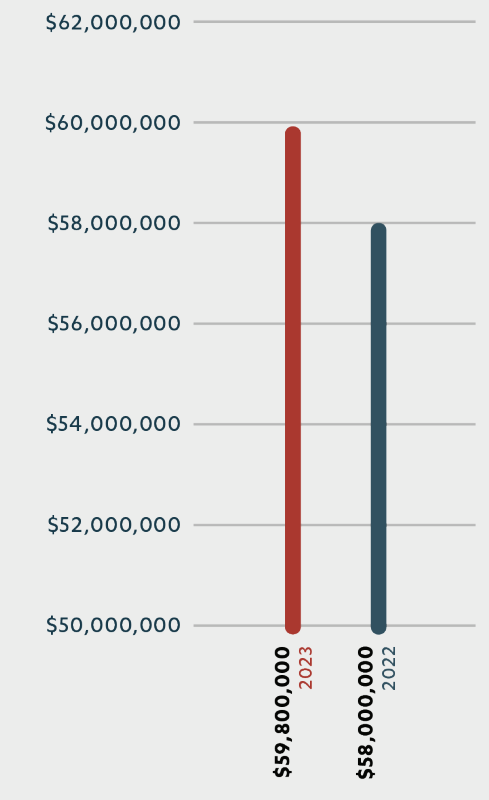
SHARE ACCOUNTS



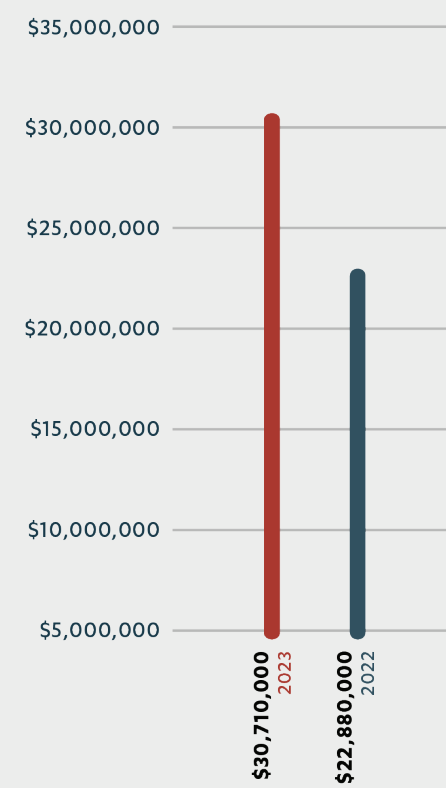
LIABILITIES



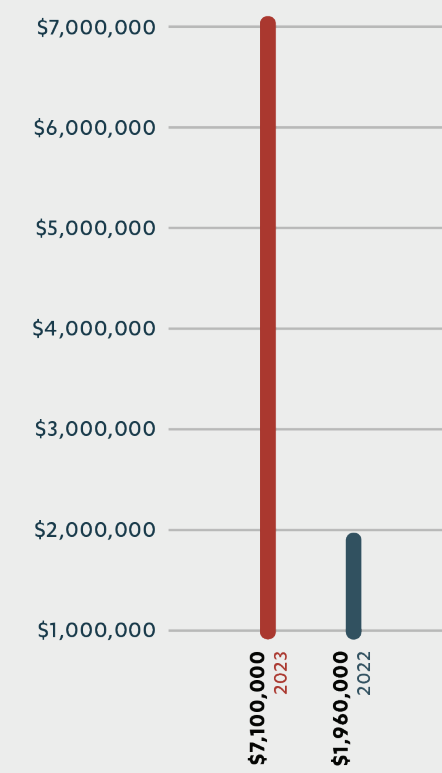
TOTAL EQUITY



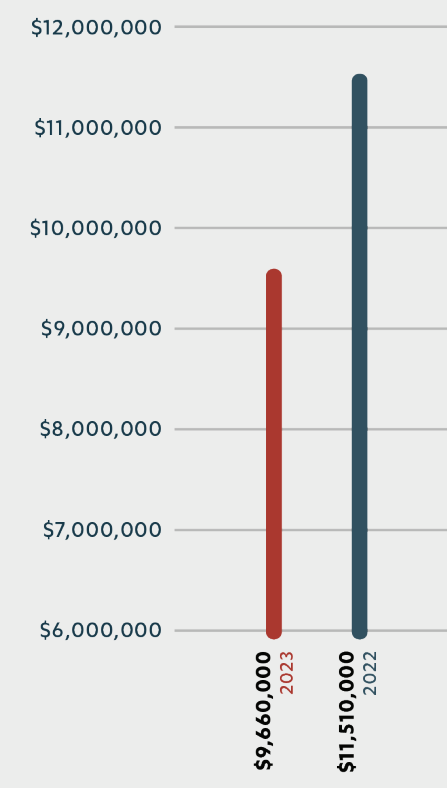
INTEREST INCOME



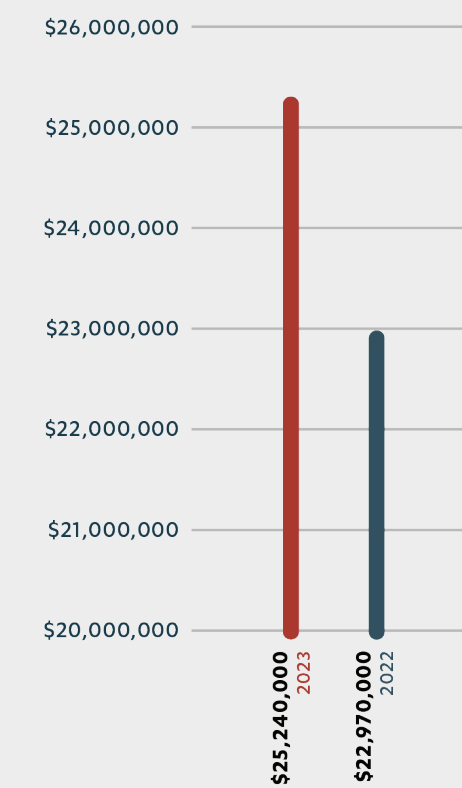
INTEREST EXPENSE



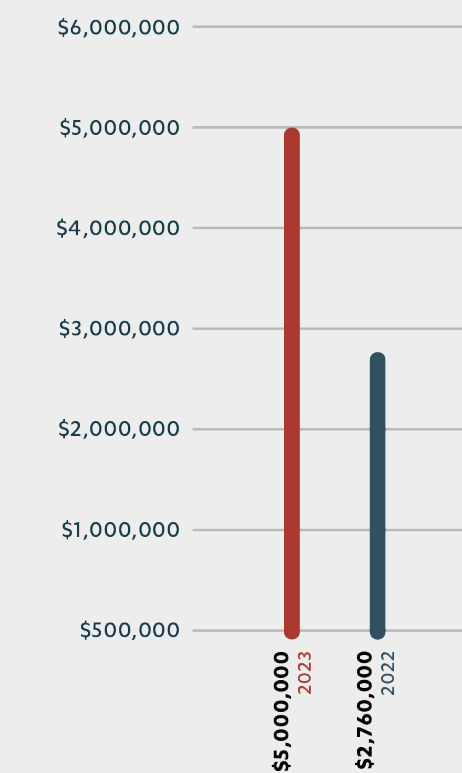
NON-INTEREST INCOME



NON-INTEREST EXPENSE



LOAN LOSS EXPENSE



NET INCOME



# CHAIRMAN'S REPORT

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2023 was a year that saw the kind of change our credit union has only seen a very few times in our almost 90-year history - we changed our name from East Idaho Credit Union to Frontier Credit Union. With this new name came a complete and total change to our brand, our buildings, and our logo, but some things that did not change include our people, our values, and our dedication to our goal of "Building Better Lives".

Since the reveal of our new name of Frontier Credit Union, I have been involved in several conversations with people who know of my association with this great organization and many of those conversations included questions similar to "Why did you change your name? Did you get bought out? Did you merge with someone?". Thankfully and excitedly I would respond by saying "No, not even close!" I then would have the great opportunity to explain that as much as we love our East Idaho roots, we were no longer a credit union that was just in East Idaho. I would tell those who asked that due to the fact that we were preparing to or had just opened a brand new branch in the Boise area and due to the plans that we are laying for future growth and expansion, the name and brand no longer worked for who we had become and for who we want to continue to become in the future.

As we went through the re-branding process and considered hundreds of different possibilities for a new name, Frontier was finally chosen and agreed upon by the re-branding committee. I love how the name Frontier reminds us of the generations that went before us that moved West and through their grit, determination, and rugged individualism established and settled this great area we call home. I also love how the name Frontier hints at the many future frontiers we will all go through in our personal lives. Whether it is starting a new family, getting an education, buying a home, expanding a business, or retiring after years in a career, we all have these frontiers, and Frontier Credit Union is prepared to be with us every step of the journey.

A large part of being a financially sound organization is maintaining the proper amount of profit while also providing our membership with highly competitive rates on savings and lending products. If we cannot do this, Federal and State examiners would be right here to tell us what we needed to do better (that is their job, after all). The management team and board of directors work closely together to ensure that Frontier Credit Union is performing in such a way so as to keep the examiners satisfied and our credit union prosperous. 2023 proved to be a year that Federal examiners around the country wanted all financial institutions to focus on liquidity and we were not exempt from this. Through the efforts of the entire Frontier team, our organization has been able to quickly respond to what the examiners have been asking throughout the financial industry and we are well positioned to achieve all that they wanted in or ahead of the expected time frame.

I am personally excited for the direction we are heading and the many great things happening here at Frontier Credit Union. Your board of directors is grateful for the trust and confidence you place in us as your elected representatives and we continue to strive to do what is best for you, our members, and our credit union.

Respectfully,

**Nate Downey** | Board Chairman



# PRESIDENT'S REPORT

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Our credit union has had a monumental and historic 2023.

I'm so proud of the management team, our employees and volunteers in their ability to work through the current economy and rate environment. It is a challenging time for all financial institutions, but I have been impressed and inspired daily to watch our team accomplish amazing things in spite of the current climate.

In 2023, we saw some amazing advancements that should be recognized and celebrated. Our Treasury Management and Commercial Lending programs saw amazing growth and success in 2023. As we continue to develop and advance our business services, we will become a foundation for our communities in our support of their small businesses. As we work together in this effort, we are already seeing an incredible impact not only with those businesses but the communities as a whole. We truly are partnering with communities to build better lives.

We officially launched our Frontier Foundation in 2022 with a focus on helping and providing support to kids in need in our communities. Since then, we have been extremely busy in our mission to lift the communities that we serve. There are too many projects and initiatives for me to list here, but there are a few that stood out to me. We raised \$64,000 for charitable causes around the state. Our Kicks for Kids initiative was able to put 1386 pairs of shoes on kids in need. We provided 11 scholarships so that we can improve the level of education in our state. We donated food and clothing to needy children in disadvantaged situations. Finally, there were countless hours from credit union staff that generously donated their time to people in our community who needed it.

I am very proud to report that we were able to make a significant contribution to the revitalization of what was formerly the Idaho Falls Civic Auditorium. While an important and historic facility in our community, it had fallen into some level of disrepair and lacked many of amenities that it needed to be successful into the future. With our contribution they will be able to repair and expand the building. There will be additional lobby space, new ADA accessible bathrooms and a new exterior façade. Our contribution also renamed the facility to the Frontier Center for the Performing Arts. As of the time of this publication the construction will begin in early 2025.

Since our last meeting, we have opened two new branches. The first is our Ten Mile branch in Meridian. This branch represents a historic move into the Treasure Valley that allows us to serve our nearly 8,000 members in the region. We also opened a branch in Driggs, Idaho in early 2024. Driggs is an amazing and vibrant community that represents some of the best of what Idaho has to offer. Both branches have grown rapidly in their early stages and we are excited to see them continue to grow through this year.

Finally, in 2023 we embarked on one of the most significant projects of my entire 22 year career. We made the bold decision to rebrand our organization. This is the fourth rebrand that we have had in our 88 year history. We worked diligently for several years, looked at countless names and designs and found a new brand that we felt represented and exemplified our past, present and future. As we continue to expand, we knew that we needed a name that would represent our entire membership well into the future. I want to give thanks to the expansive cross-functional team that worked tirelessly to bring this project to fruition. The entire leadership team, our employees, our members and myself are excited to face the frontiers of our future together.

With many thanks,

**Dan Thurman** | President & CEO





# TREASURER'S REPORT

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The Credit Union Industry was marked by two material trends that impacted 2023 earnings:

1. The fall of Silicon Valley Bank in early 2023 prompted the migration of funds out of the banking industry into Money Market Mutual Funds under the presumption that these would be safer than banks. This quickly drove up the rates that banks had to pay to retain their deposit, and it caused a trickle-down effect that bled into the credit union industry. As a result, the rates on our member's deposit accounts rose at a very rapid pace. Funding costs last year were at an all-time high for the credit union.

2. Along with some softening of the economy and subsequent job losses, loan losses picked up in 2023. Also in 2023 was the advent of a new GAAP loan loss methodology called CECL (which stands for Current Expected Credit Losses) that we were required to implement. This also required an additional \$1.6M of reserves to be put into our Allowance account.

We were also not immune to the effects of the industry challenges of last year. For Frontier, 2023 was a year of tempered growth in most areas. While member deposits were up slightly, loans were flat. This was a designed trajectory to match the deposit growth of last year. We hope to grow deposits at a much faster pace this year with the recent openings of our branches in Meridian and Driggs, Idaho.

Income was down from the prior year's record earnings, but still substantial at over \$3,000,000 in Net Income. Our NCUA-measured Net Worth Ratio finished the year at 9.19% of assets, which was well above the required level of 7.00% to be considered in the "well capitalized" group of credit unions in the country.

For over 88 years we've been providing for the financial growth of our members and the communities we serve. As the Treasurer of the Board of Directors I am happy to report that as an organization we are financially strong.

Thank you,

**Josh Roos** | Treasurer



# SUPERVISORY COMMITTEE'S REPORT

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Frontier Credit Union's Supervisory Committee is appointed by the Board of Directors and is responsible for ensuring that the credit union is operating within the policies and procedures set forth by the state and federal regulators and the Board of Directors of the credit union. The Supervisory Committee reports annually to the members and monthly to the Board of Directors.

Frontier Credit Union is a state chartered financial institution, and as such, is regulated by the state of Idaho Department of Finance. The state is required to examine the credit union to ensure state and federal regulations are followed. This year we also received a joint exam by the State of Idaho Department of Finance and the National Credit Union Administration (NCUA). The examiners were pleased with their findings and complimentary of our policies, our supervisory oversight, and financial performance.

Each year the Supervisory Committee engages an independent auditing firm to perform an external audit of the credit union's financial accounts for the completed year. The Supervisory Committee engaged the independent accounting firm Eide Bailly to perform the external audit for the period ending December 31, 2023.

As the Supervisory Committee we would like to thank the Board of Directors and the Senior Leadership Team for their continued vigilance in providing sustainable growth and monitoring risk in a sound and responsible manner.

Thank you,

**Bryan Forsmann** | Supervisory Committee Chairman





## 12 CONVENIENT BRANCHES

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**Main Branch**

865 S. Woodruff Avenue | Idaho Falls, ID 83401

**Freeman Branch**

1170 Science Center Drive | Idaho Falls, ID 83402

**Ammon Branch**

3255 E. 17th Street | Ammon, ID 83406

**Shelley Branch**

418 W. Fir Street | Shelley, ID 83274

**Pocatello Branch**

1700 Hurley Drive | Pocatello, ID 83202

**Arco Branch**

120 W. Grand Avenue | Arco, ID 83213

**Challis Branch**

1307 A Highway 93 S. | Challis, ID 83226

**Salmon Branch**

777 Shoup Street | Salmon, ID 83467

**Rexburg Branch**

310 N. 2nd E. | Rexburg, ID 83440

**St. Anthony Branch**

750 N. Bridge Street | St. Anthony, ID 83445

**Ten Mile Branch**

3087 W Milano Drive | Meridian, ID 83646

**Driggs Branch**

1105 ID-33 | Driggs, ID 83422

**FrontierCreditUnion.com**

PO Box 1865 | Idaho Falls, ID 83403

208.523.9068 | 800.727.9961



# EAST IDAHO CREDIT UNION ANNUAL MEETING MINUTES

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*Held at East Idaho Credit Union | 865 S. Woodruff Ave., Idaho Falls | May 3rd, 2023*

Nate Downey, the Board Chairman, called the meeting to order at 3:32 p.m.

Prior to approving the Agenda, there were minor changes noted: Ethan Morriss was not present to report on the Credit Committee. Steven Foster, the Chief Marketing Officer will report it. The Election Results will be shared by Josh Searle, board member and member of the Nomination Committee. The Determination of a Quorum was not listed on the Program Agenda. It will be included and Nicole Mattos, Board Secretary, will make that determination.

Nate asked for a motion to approve the updated Agenda, there was a motion and a second. The motion carried.

Nate then asked Nicole Mattos if we had a quorum in attendance. She replied, "Yes".

Nate asked for a motion to approve the 2022 Minutes. There was a motion and a second and the motion carried.

Nate stated the reports presented in today's meeting will come from the Annual Meeting Report booklet found digitally on the EICU website. Highlights will be shared in this meeting.

Nate Downey reiterated the East Idaho Credit Union motto which is, "Building Better Lives". It is something we believe in and is something that drives the credit union. He stated that everything we strive to do as your volunteer Board of Directors is to make the credit union better so that EICU is then able to provide the members the products and services they need to build that better life. One of the biggest challenges this year has been working to keep our deposit growth in line with our loan growth. Our consumer lending team has been working extremely hard all year to help our members build better lives by providing loans for prudent and provident purposes. East Idaho Credit Union continues to offer very competitive rates on all our lending products, and we continue to be ready to provide the members with the highest levels of member service that they have come to expect from our amazing team.

Nate asked Dan Thurman, President and CEO to give his President's Report.

Dan highlighted his report by stating the speed and rate that the Fed's raised interest rates was unprecedented and the credit union responded proactively to ensure that the organization stayed in front of any interest rate risk. Dan also stated EICU launched an East Idaho Credit Union Foundation in 2022 with a focus on helping and providing support to kids in need throughout our communities. Doing good for kids in our communities isn't something new to our organization. To now have a 501(c)(3) foundation is a huge step forward in our commitment to and ability to serve the communities we call home. The Foundation will help us tell our story about how we are building better lives.

Dan continued by sharing we have added contactless cards which allow for a quicker and more secure transaction when making your purchases. Members can now file card transaction disputes through eBranch and our mobile app. We also added Card management that allows members to report their card lost or stolen, put travel notes and continue to set alerts and controls on their cards. He concluded by thanking the members for placing their trust in us and being a partner in building better lives in our communities.



# EAST IDAHO CREDIT UNION ANNUAL MEETING MINUTES | 2

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*Held at East Idaho Credit Union | 865 S. Woodruff Ave., Idaho Falls | May 3rd, 2023*

Nate then asked the Board Treasurer, Josh Roos for his Report.

Josh shared that 2022 was another very robust year for the credit union. At the end of 2021 our balance sheet stood at \$526,700,000 in assets. By the end of 2022 we had grown another \$106,000,000 in assets and now sit at \$632,600,000; this was a growth rate of over 20%.

While our member shares last year grew over \$83,000,000 (a 19.3% increase), our member loans grew over \$146,000,000 (a growth rate of 37.6%). Our asset, share, and loan growth rates are among the tops in the nation.

We also had record earnings in 2022 of \$6,700,000. As a result of our earnings, coupled with the addition of \$10,000,000 in Supplemental Capital we raised last year, our NCUA-measured Net Worth Ratio is now at 9.34% of assets. Our Return on Average Assets (ROAA) was very strong at 1.15% vs peer group of .82%.

These incredible growth and income numbers are representative of the trust and support of our members, coupled with the hard work and efficiency of our amazing employees. For over 87 years we've been providing for the financial growth of our members and the communities we serve. As the Treasurer of the Board of Directors I am happy to report that as an organization we are financially strong.

Nate then asked the Supervisory Committee Chairman, Bryan Forsmann for his Report.

Bryan shared that some of his Supervisory Committee members were in attendance in this meeting and appreciated all of the Committee members' support this past year. East Idaho Credit Union's Supervisory Committee is appointed by the Board of Directors and is responsible for ensuring that the credit union is operating within the policies and procedures set forth by the state and federal regulators and the Board of Directors of the credit union. The Supervisory Committee reports annually to the members and monthly to the Board of Directors.

As stated in the Annual Meeting booklet on the website, "The Supervisory Committee engaged the independent accounting firm Eide Bailly to perform the external audit for the period ending December 31, 2021. Eide Bailly concluded the following: In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2021, and the results of its operations and its cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America."

Nate then asked Steven Foster to give the Credit Committee Report.

Steven stated the following:

Total 2022 loan production: \$391,342,922

- Direct Lending: \$58,532,355
- Indirect Lending: \$262,448,386



# EAST IDAHO CREDIT UNION ANNUAL MEETING MINUTES | 3

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*Held at East Idaho Credit Union | 865 S. Woodruff Ave., Idaho Falls | May 3rd, 2023*

- Mortgage Lending: 55,563,453
- Commercial Lending: \$14,798,727

## 2022 Lending Highlights:

- Construction Lending is now available to members as of July 2022.
- New mortgages are now being serviced by the credit union as of November 2022.
- We have a much-improved process of tracking insurance that has improved member service as of October 2022.
- Assisted numerous new businesses with a new micro-loan product implemented in May of 2022.
- East Idaho Credit Union ended 2022 with one of the highest net interest margins amongst Idaho credit unions.

Nate asked Josh Searle to go over the nominations for this year.

Josh Searle, who is on the Nominating Committee stated that there were two seats up for election this year. We had two incumbents who ran for the open positions and there were no other candidates. Because there were two candidates for the two positions the incumbents, Nate Downey and Tyler Brooks will be seated for a another three-year term.

Nate extended his welcome to Tyler Brooks, and he expressed his gratitude for continuing to be a board member for East Idaho Credit Union.

Nate said there was no Old Business.

There was a motion and a second to adjourn the meeting.

The meeting adjourned at 3:46 p.m.





***Frontier***

**CREDIT UNION**

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2024