



2022 ANNUAL *Report*

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Volunteer BOARD OF DIRECTORS



Karen Harbin
President / CEO, CPA



Randy Fawns
Chairperson



Donnie Rodgers II
Vice Chairperson, CPA



Rob Ellis
Secretary / Treasurer



Kenny Blackwell
Board Member, CPA



Jim Chadwell
Board Member, CPA



Mary Foster
Board Member



Regina Grubbs
Board Member



Kay Jones
Board Member



Bill Leach
Board Member



**Lt. Colonel
Douglas (Kelly) Smith**
Board Member

Who WE ARE

Your Friends, Neighbors, and Community Partners

We're your next-door neighbors, your friends, your family, and your acquaintances. At Commonwealth Credit Union, we better lives through our passion to serve. It goes beyond just our purpose, and is also our daily focus that continuously shapes our decisions both internally and within our communities. It's a commitment that we don't take lightly and a pledge that we have made to our members for our entire existence as a credit union. As such, giving back to our communities is a huge aspect of who we are - both as a financial institution and as a group of people who genuinely care about our members. We strive to be good financial stewards of our members' money within the walls of our credit union and to lift people up whenever we can.

We are owned by members like you, and everything we do is focused on you and empowering you to do more with your finances. We're proud of our members and the multiple generations we have served. We're proud of our employees, too. We're a family that's responsive to our members and our community, seeking opportunities to help wherever we can.

We named ourselves Commonwealth to remind us of who we are here to serve. Over the course of 70+ years, we have grown from only one employee to a team that is over 330 employees strong, with 17 branches throughout Central Kentucky and the Louisville Metro Area. We've been here supporting generations of families through good times and bad, staying up to date with technology but never losing sight of the value of our personal touch.

An award-winning culture. Empowerment through education. Employee benefits that are anything but ordinary. These are just some of the reasons Commonwealth Credit Union continues to push the boundaries of what a credit union should be. Our doors opened on April 2, 1951, with 122 shareholders, \$2,700 in assets, and a single volunteer. By 1976, six people were employed, and membership had grown to almost 6,000. Since 1976, Commonwealth Credit Union's assets have grown from \$2.8 million to more than \$2 billion.

Today, Commonwealth Credit Union serves more than 119,000 members from all over Kentucky, and all around the world, from all walks of life.



President's REPORT

As we continue to settle into 2023, it's important to reflect on the past year and celebrate another year of serving you and the communities we call home. Our consistency and commitment to excellence means that our service goes above and beyond inside our branches and out into our communities. We will always strive to instill confidence in the safety of your hard-earned funds.

With the recent collapse of Silicon Valley Bank and Signature Bank, it's understandable that members may have concerns about their own funds within our credit union. We know that hearing the words "bank collapse" can be frightening. Members can rest assured, however, that these banks operated very differently than Commonwealth Credit Union, and the collapse certainly emphasizes the importance of being able to trust your financial institution.

The majority of our accounts are consumer-based, and small commercial accounts make up less than 2% of our total membership. Our liquidity position remains strong, and our cash levels are closely managed and monitored daily. To give you further peace of mind, credit union members have never lost a penny of insured savings at a federally insured credit union.

Our credit union's growth has been strategically planned so that we can meet the needs of our members today and in the future. Part of our growth strategy is to meticulously plan upcoming branches to further our outreach in our communities. The newest community we serve, Owenton, will open its permanent location later this year.

Continuing our planned strategic growth, we're pleased to announce the addition of two new branches to our Commonwealth family. In a few months, our new Shelbyville West location will open to serve a rapidly growing area in Shelby County. Adding this second location allows us to reach more people than ever before and impact the community in more profound ways.

Our new Nicholasville branch will open late in 2023 and will help us expand our footprint in Jessamine County. We already serve this area, and with a solid member base, this new location was not just a need we identified but one requested by those members who call that community home.

Beyond new buildings, we've also been making continued advancements in other areas. A few years ago, we completely overhauled and revamped our Business Accounts. The end result? Superior business services with quick local decisions. We're the right fit to get the job done while still caring about the people. This team has seen tremendous success in both the Business and Commercial area. In 2022, we added new business account services, like Money Market Accounts, with more on the horizon for 2023.

As we have all seen, cyber security has never been more critical. With cybercrime rising, our dedication and commitment to keeping our members and their money safe are paramount. Our Information Systems team has battled numerous text scams and, all along the way, kept security as our top priority. Fraudsters are getting sophisticated, but the good news is that CCU stays on the cutting edge of technology. We have multiple layers of security to detect data theft, data loss, and other types of malicious activity to ensure the safety of our members' data.

Finally, I couldn't talk about our achievements without mentioning the Board of Directors overarching commitment to our communities and charitable giving initiatives. Giving back to the community is a cornerstone of our Commonwealth Credit Union identity. We focus our giving in areas that directly influence the financial well-being of our members. Through a strategic, intentional approach to corporate giving and social responsibility, we directly support and partner with organizations that will use our funds to better the lives of those living or working in the counties in which we operate. The primary focus of our involvement in charitable activities is directly related to improving the lives of women, children, and families and the belief that Health is the First Step To Wealth.

While a lot has changed since we first opened our doors in 1951, what hasn't changed is our commitment to the communities we serve. We will continue to provide an extraordinary experience to our current and prospective members on their journey toward a successful financial future. Thank you for allowing us to CU Differently.

Karen Harbin
President / CEO, CPA



Chair's REPORT

As Commonwealth Credit Union is a not-for-profit financial cooperative, we're dedicated to our members' financial success. Commonwealth Credit Union wouldn't be what it is and couldn't provide the extraordinary service you've come to know and trust without our amazing team members. Serving you is our passion.

We've been fortunate to celebrate multiple milestones throughout the years, but 2022 will stand out as the year we reached \$2 billion in assets! You read that right! There are nearly 5,000 credit unions nationwide, and only 200 have reached \$2 billion in assets. What does this mean to you? It means you can trust that your money and accounts are safe and that you're banking with a financially sound credit union. We're growing responsibly, ensuring that through our collaborative efforts, you continue to have access to innovative products, services, and resources to help you live life to the fullest.

In addition to our asset size, our footprint also grew last year. In June, we officially broke ground on our permanent branch home in Owenton. It was a highly anticipated event, and I am grateful for the community's open arms. I'm incredibly thankful to the Owenton City Officials for reaching out and realizing that better banking was just up the road. Owenton deserves options, and we're excited about the opportunity to fill that need.

With growth also comes renewal. As you may know, we reopened our newly renovated Louisville Road Branch early last year. It was a family reunion, if you will, after being closed for a little over a year. Then, in April of 2022, we began moving more than 70 percent of our team members into one central location, now known as the Louisville Road Admin Building, improving efficiency and collaboration - allowing us to serve you better now and in the future.

In designing the new admin building, emphasis was placed on creating a space to attract and keep top talent here in Frankfort. The remodeled building includes multiple huddle rooms, state-of-the-art meeting equipment, collaborative workstations, comfortable mother's rooms, and aesthetics that reinforce Commonwealth Credit Union's brand and culture. Why did we do this? Investing in our team members and our culture always has a strong return. It increases morale and drives each team member to fulfill our mission of bettering lives. Our goal was to create a world-class environment that could generate high-level results and even better service for you, our members.

We strive to be an Employer of Choice that values communication, collaboration, and care for others. We recently heard the news that we've been voted as one of the Best Places to Work in Kentucky again this year, marking our fifth consecutive appearance on this prestigious list. We were also once again ranked as one of Kentucky's Healthiest Employers, thanks to our Wellness Committee. Their work to encourage healthy habits for their fellow team members throughout the year is remarkable.

Our commitment to our communities has been recognized nationally, as we have been rated as Kentucky's #1 Best-In-State Credit Union by Forbes Magazine for the second year in a row, making the list four times. Locally, our hometown of Frankfort voted us as their Favorite Credit Union, Favorite Place to Work, and Favorite Mortgage Provider in the State-Journal's Frankfort Faves contest. This contest has been running since 2017, and Commonwealth Credit Union has been a winner every year. Our Lawrenceburg Branch defended its title as the Anderson News' Best "Bank" in Lawrenceburg, a title they've held for over a decade. Plus, for the first time in Shelbyville, a bank did not win The Shelbyville Sentinel's title for Best Bank. Instead, that honor went to our very own Shelbyville Branch!

Each decision we make is guided by our Common Purpose, to "Better Lives through our Passion to Serve." From product and service offerings to the team members we hire, bettering lives is our compass. Whether you've been a member for 30 days or 30 years, we hope you've seen at least a glimpse of how we live our purpose. Thank you for your trust and loyalty as we continue to blaze the path as one of Kentucky's leading financial institutions!

Randy Fanning
Chairperson



Bettering LIVES

Corporate Giveback and Social Responsibility

Our charitable giving and corporate giving initiatives align with our brand and corporate mission to positively impact the communities we serve.

Giveback Initiatives

Staying true to our mission of Bettering Lives, we focus our giving in areas that directly influence our members' financial "health" and well-being. In alignment with our branch and corporate mission, we positively impact the communities we serve through a strategic, intentional approach to charitable and corporate giving.

TEAM 1 GIVING

Team 1, our family of CCU employees, participates in giveback opportunities throughout the year, most of which are tied to branch and department activities. Dress Down Days, in which team members can pay \$2-\$5 to wear casual clothes and shoes or themed outfits, is a Team 1 favorite. The money collected from that day is then donated to a charity or other non-profit group in one of the communities we serve. The Dress Down Contributions from 2022 totaled almost \$42,000. These types of activities are driven and supported directly by Team 1 members.

COMMUNITY GIVING

As an integral part of the communities we serve, we often receive direct solicited charitable giving requests. These formal requests are reviewed by the Community Giving Committee, tracked, and reported to the Board of Directors. The Community Giving Committee is comprised of Team 1 members from different areas within the organization and is directed by the Chief Brand and Advocacy Officer. The work of this committee in 2022 resulted in over \$25,000 in community giving. We also awarded over \$30,000 in annual scholarships to high school seniors and college students to aid their higher education endeavors and prepare them for the future ahead.

MEMBER GIVEBACK

Commonwealth Credit Union provides products and services at a competitive cost for the benefit of our members. We are committed to giving back through direct product savings in accordance with the budget and as approved by the Board of Directors. Member Giveback occurs in the following areas:

- Limited offers to provide higher-than-market rates on savings products
- Limited offers to provide lower-than-market rates on loan products
- Special gifts and giveaways

Offers will be provided periodically throughout the year and marketed, providing members ample opportunity to participate. Offers may include:

- New Account Incentives
- New Checking Account Referral
- Mortgage and Lending Incentives
- Innovative Savings Programs
- New Member Referral Incentive
- Cash Back for Auto Refinances
- First-time Home Buyer Program
- Other specials and promotions

During our 2022 Member Appreciation Week, we gave back nearly \$5,000 in daily drawings. We offered specials for referring members, opening a Round UP Checking account, and the opportunity to grow their money with a certificate. Thanks to our Skip-A-Payment Program, which allows members to focus on life instead of payments, we approved 3,037 requests totaling \$1,020,996.98 in skipped payments.

We're honored to announce that in 2022, we gave back over \$13,000,000 in Team 1 Giving, Community Giving, and Member Giveback in direct support of our members and communities.

Corporate Giving

Commonwealth Credit Union has always sought to empower the communities we call home. Our mission of bettering lives calls us to support local charities and non-profit organizations to help make a positive difference. We donated more than \$660,000 through our Corporate Giving strategy.

AMERICAN HEART ASSOCIATION

Fighting stroke and heart disease, the #1 killer in America, is something that resonates with all of us. That's why we support the American Heart Association and continue to be a top fundraiser for the Central KY Heart Walk. The funds we help raise support research, provide education and advocate for policies that improve cardiovascular health, saving and improving lives in the Bluegrass.

AMERICAN RED CROSS

Our hearts broke as we saw the devastation in eastern and western Kentucky over the past two years, so we stepped up to support the American Red Cross in providing emergency assistance and disaster relief. We also partnered to host the "SOUND THE ALARM" event, which directly brings meaningful safety to families by installing free smoke alarms in homes in our local communities.



MAKE-A-WISH

We also support community activities like the Barbasol Championship. A huge component of this decision is because of their charitable arm, Caddie 127. One of the charities they support is Make-A-Wish, which we also partner with. This partnership works because our values closely align. As a corporate partnership award winner, we are united in our passion to inspire hope in the lives of these special young children.

YMCA

Working together with the YMCA of Central Kentucky, we are bringing financial education and empowerment directly to those in need. Through our support of YMCA Black Achievers, youth gain a sense of self, raise their academic standards, build character, develop cultural competence skills, gain exposure to diverse career opportunities, engage in community service opportunities, and receive hands-on service learning and field experiences.



BAPTIST HEALTH LEXINGTON

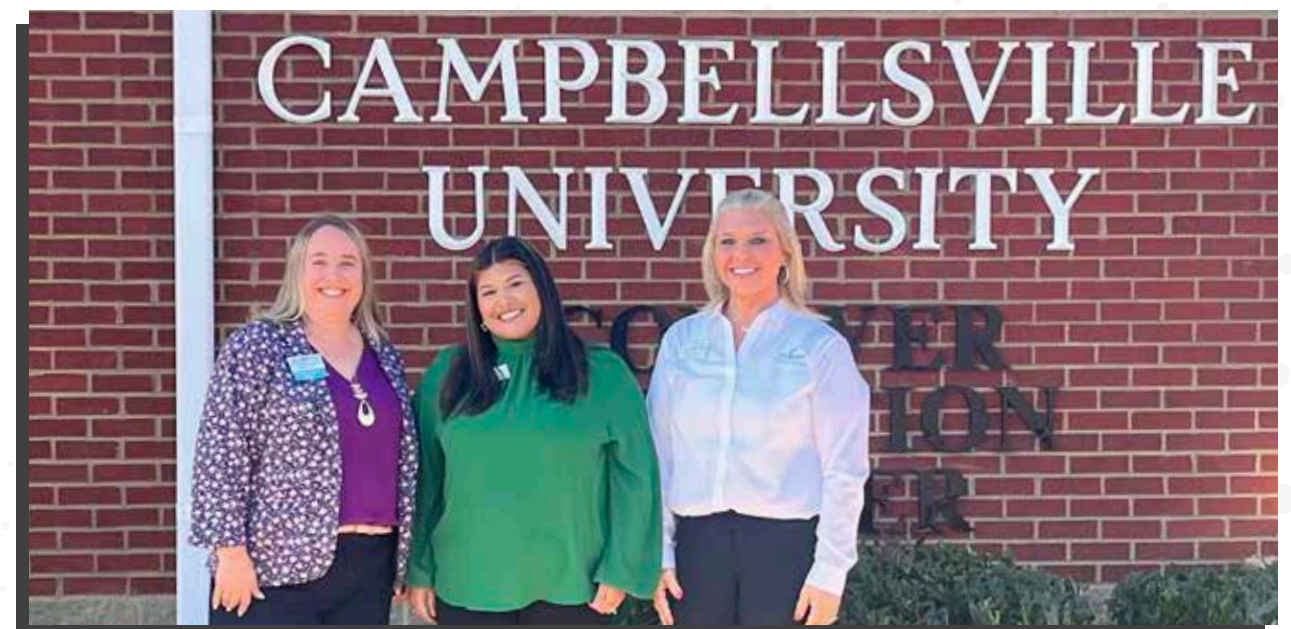
When it comes to bettering lives, Baptist Health and Commonwealth Credit Union continue to honor our legacies of care and ongoing commitment to growth and improved health. When Baptist Health Hamburg opens in 2024, thanks in part to the philanthropic partnership with Commonwealth Credit Union, thousands of patients will receive more convenient care through expanded outpatient services. Together, we are investing in the future of healthcare and the future of Central Kentucky.

COMMONWEALTH CARDINAL CUPBOARD

Through our \$1 million "Bettering Lives Fund," we partnered with the University of Louisville to support and renovate The Commonwealth Credit Union Cardinal Cupboard. This student-run food pantry will help address hunger concerns on campus so students can focus on their education and future success.

CAMPBELLVILLE UNIVERSITY, UofL MEDICAL MILE, NORTON HEALTHCARE SPORTS & LEARNING CENTER

We're proud to take on facility upgrades at Campbellville University and sponsor the UofL Medical Mile at the Health Sciences Center. Serving communities means investing in people, which is why we partnered with the Norton Healthcare Sports and Learning Center in conjunction with the Louisville Urban League. Serving as the exclusive credit union, this partnership allows Commonwealth Credit Union to offer financial literacy classes and the opportunity to step up, come together, and take action to better lives.



Community INVOLVEMENT



Financial EDUCATION

It's your money. It's your life. We help you make the most of both. With financial enrichment and education tools, we're empowering you to live life to the fullest. We believe that with the right tools, you'll feel motivated and inspired to make smart financial decisions and goals. We're here to help, and we want to see you succeed however you define it.

We strive to provide the information and resources you need to continue learning at every stage of life. From our online programs, in-person workshops, and customized financial education partnerships – our goal is to help you reach your goals. To do so, we provide robust online financial wellness platforms to meet you where you are in life.

COMMONCENTS

This platform is available to anyone in our service area, especially members, community partners like the YMCA, business partners like Zoeller Pump, as well as our own CCU team members. With CommonCents, we'll assess your finances — in less than 5 minutes — and recommend tools, content, and courses for your goals. CommonCents is great for anyone who wants to enhance their financial knowledge and skills. It's an especially great resource for members who want to build credit. CCU offers a Credit Card Conversion Program to help members with no or low credit move from a Shared Secured Credit Card to a MY Card, and completing financial education mini-courses is a big part of their experience! The program also requires the member to have 12 months of on-time payments, be current on any other loans, and hold a credit score of 600 or higher. In 2022, CCU had 26 members improve their credit and convert from a Shared Secured card to a MY Card. Now that's financial education in action!

COMMONCENTS ON CAMPUS

The communities we serve will tell you that Commonwealth Credit Union is no stranger to the classroom. That's why we were thrilled when Kentucky passed a law requiring all high school students to complete financial education programming. We immediately scaled up our program, CommonCents on Campus, which now fully aligns with - and exceeds - the Kentucky Department of Education's Financial Literacy Standards for grades 9-12. This program is provided for high schools and smaller colleges/universities in our service area that have created a relationship with CCU. Georgetown College, Frankfort High School, and Campbellsville University at Harrodsburg are just a few examples of the campuses impacted by our programming.

Both CommonCents and CommonCents on Campus focus on three broad categories: Managing Money, Paying for School, and Finding a Career. They offer engaging online courses, countless pieces of content, numerous tools, and personalization through a Financial Wellness Checkup, the Your Money Personality assessment, and a full Money Mindfulness hub.

Beyond our two base platforms, we also have platforms with the same great content but branded for specific partnerships: University of Louisville faculty, staff, alumni, and students enjoy Smart Card; Metropolitan College students engage with High 5; And Louisville Urban League staff and clients utilize the LUL platform branded specifically for them.

KFEC MONEY ACADEMY

2022 brought a new venture with our platforms, as well. When the Kentucky Financial Empowerment Commission published a Request for Proposal for an online, asynchronous financial literacy platform to help meet the new high school financial literacy graduation requirement for the state, CCU submitted a bid. With the breadth of offerings on our platform, we were able to show alignment with every aspect of the Kentucky Financial Literacy Standards for grades 9-12, which resulted in CCU winning the contract. We now manage KFEC Money Academy for the Commission. All high schools in Kentucky are eligible to apply to use KFEC Money Academy. The program is designed to help Kentucky students graduate with a greater understanding of how to build a bright financial future.

HARD WORK BRINGS RESULTS

By December 31, 2022, there were 4,934 registered users across all platforms who completed a total of 16,990 courses with an average knowledge gain of 52%. High school users account for 35% of registrants and 85% of course completions. Higher education users account for 41% of registrants and 11% of course completions. Other users account for 24% of registrants and 4% of course completions.

Beyond courses, 3,423 Your Money Personality assessments have been completed, along with 3,607 Financial Wellness Checkups. There have also been 3,073 visits to the Money Mindfulness Hub.

The financial education platforms also offer a personal touch. They utilize artificial intelligence and algorithms to help drive learning based on usage, assessments, and comments about what users may need help with on their finances.

BANZAI

In addition to our main platforms, CCU also sponsors the Banzai financial education platform in some locations. The platform offers a more basic experience but reaches audiences as young as 3rd grade. Usage is classroom based and physical learning booklets are provided by Banzai at a teacher's request. CCU currently sponsors this experience in all of the elementary schools in Frankfort, along with select middle schools in our service area. We have also made Banzai available for youth programming with the YMCA of Central Kentucky. In addition, there is a sector of the University of Louisville that utilizes Banzai. As of December 31, 2022, educators have ordered more than 1,600 booklets to use with their students.

WORKSHOPS AND EVENTS

CCU also engages with community groups, business partners, colleges/universities, and area schools through financial wellness workshops, which are all based on the materials found in our online platforms. There are currently 27 team members trained as CCU Certified Financial Educators who are prepared and sent out by the Financial Education Department. In 2022, this team covered more than 25 workshops and financial education events. Workshops have addressed a wide range of ages and circumstances.

OUR HISTORY

- **2021**
NuLu Branch at UofL HSC
- **2020**
Versailles Branch & Health Science Center Branch
- **2019**
Georgetown West Branch
- **2018**
LouChem Merger / Cane Run Rd. Branch, Harrodsburg Branch, LMPOCU Merger / Market St. Branch
- **2016**
Shelbyville Branch & University of Louisville Branch
- **2014**
St. Matthews Branch
- **2013**
1ST Georgetown Branch (East location) & Hamburg Branch
- **2010**
Lawrenceburg Branch
- **2008**
Meijer Way Branch: Replaces 1ST Lexington Branch
- **2001**
Louisville Rd. Branch
- **1997**
Our first Lexington Branch
- **1996**
Sower Branch
- **1985**
High St. Branch
- **1951**
Commonwealth Credit Union was established

Why Do You Love COMMONWEALTH CU?

CCU has been my bank even before I knew what a bank was! My parents had a savings account for me through CCU, from when I turned 18 and got my first job after high school to now as I'm working in my established career as a mental health technician. CCU has always taken care of my banking needs in an expeditious, caring, and professional manner!

- Ailis

I love CCU because of the kind and helpful employees! They made the car buying process easy as well as the process of opening my checking and savings accounts. I'm glad that I made the switch to CCU.

- Kayleigh

I love CCU because of the ease and convenience of having a savings and checking all in one place that allows me to transfer money from one account to the next without having to go into the actual branch. I can upload a check and it is direct deposited into my account within 24 hours. Hands down CCU is the best bank I've ever banked with!

- Carla

CCU covers every financial service I've ever needed! From checking to personal/auto loans, to credit cards, to Round UP savings. Both of my teen daughters have an account with them as well and it's so easy to monitor their spending and saving habits with our banking app to ensure responsible financial transactions before they become solely liable for all their finances. I'm glad I switched!

- Wendy

My family has banked with CCU for as long as I can recall, I started my first savings account with CCU when I was just 16. I then got a job and opened up a checking account and I have banked with CCU ever since! Always a pleasant experience, online and in person!

- Brittany

CCU makes banking easy and simple! There's always special promotions and ways that they give back to their members. Their Round UP Savings also helps you save money without having to think about it, which is a great help! The app is super easy to use, I always know the status of my bank account without any confusion!

- Camille

Being a member with CCU over the years has been amazing. Every question I've had or issue I had was answered or solved immediately. Not to mention programs like Round UP checking which most other places do not have. Allow me to always have a savings which as a father of two is very important. I used to use banks...never again they never showed me appreciation like CCU, I'm CCU for life!

- Antonio

If you have a Commonwealth CU story to tell, you can share it at [CCUKY.ORG/MYSTORY](https://www.ccu.org/mystory)

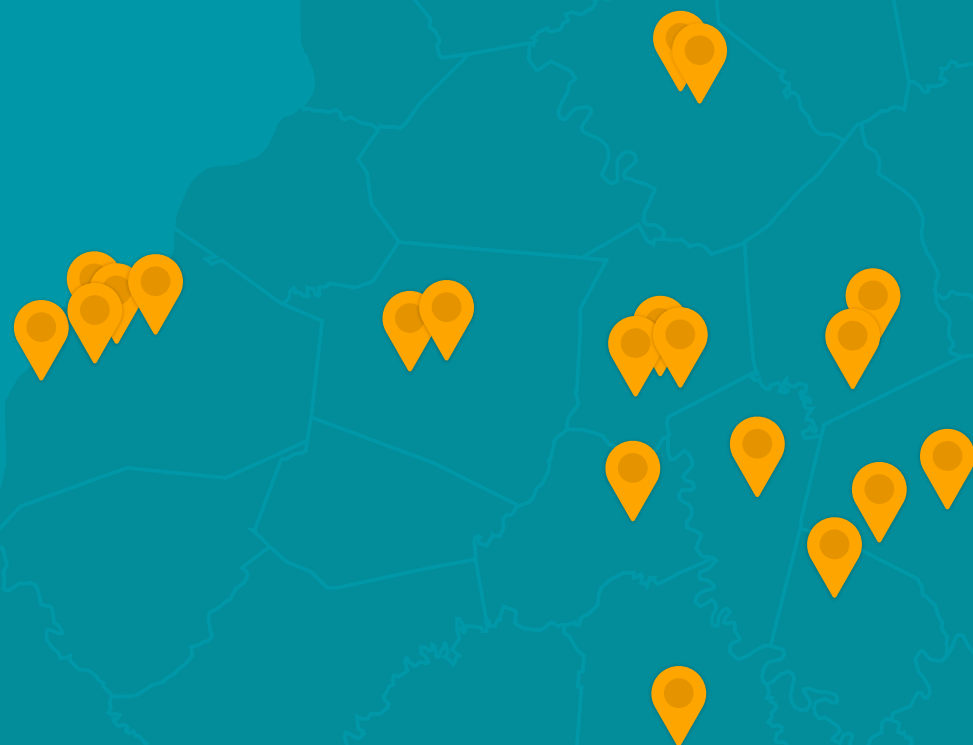
Expanding Our Presence

Our drive to provide an Extraordinary Experience extends beyond brick-and-mortar as we continually work to enhance your digital experience. From additional upgrades and features added in digital banking to a new and innovative loan application process, we are committed to our position as a technology-forward company.

To provide members with added convenience and better access to their money, we reopened one of our first branch locations and set the stage to open new branches within our service area. In 2001, we opened the doors of our Louisville Road Branch. Fast-forward 21 years, the branch now mirrors the look and feel of our other locations with cutting-edge technological upgrades. This renovation allows us to consistently provide the extraordinary experience you've come to expect, regardless of if you're visiting a branch in Frankfort, Lexington, or one of our other locations.

The belief that our current and potential members deserve the best regarding convenience and delivery channel options was the driving force behind constructing a permanent branch home in Owenton and our planned branch expansions in Shelbyville and Nicholasville. Adding these new locations allows us to deepen our ties to the community and become more active, present, and involved. We are proud to serve the following counties:

- Anderson County
- Bullitt County
- Bourbon County
- Boyle County
- Clark County
- Estill County
- Fayette County
- Franklin County
- Garrard County
- Harrison County
- Henry County
- Jefferson County
- Jessamine County
- Lincoln County
- Madison County
- Mercer County
- Nicholas County
- Oldham County
- Owen County
- Powell County
- Scott County
- Shelby County
- Spencer County
- Trimble County
- Woodford County



Shelbyville West



Nicholasville



Owen County



Treasurer's REPORT

As Treasurer for Commonwealth Credit Union, I am pleased to report that the credit union had another outstanding year of strong growth and profitability. Our focus is on serving our members and communities, and we remain committed to protecting your financial assets while prioritizing loan growth, share growth, and expense control.

Below is a recap of our 2022 financial results:

- Commonwealth continued having record asset growth, ending at \$2.0 Billion in total assets, an increase of 7.1% from the previous year.
- As more members chose Commonwealth for their lending needs, total loans grew \$215.5 million, or 17.2%, to end 2022 at \$1.5 Billion. The growth in loans was led by auto loans at \$98.2 million, or 28.7%, commercial loans at \$45.0 million, or 105.7%, unsecured loans at \$31.3 million, or 30.2%, and other secured loans at \$18.1 million, or 37.9%. The allowance for loan losses to total loans ended 2022 at 0.87% and the net charge-off and delinquency ratios were 0.27% and 0.34%, respectively.
- Total member deposits ended 2022 at \$1.7 Billion and grew 5.1% in 2022. Certificate balances grew by \$67.6 million, or 18.0%, checking grew \$22.8 million, or 8.1%, savings account balances had growth of \$17.2 million, or 2.6%, while money market balances fell \$24.8 million, or -8.1%.
- Commonwealth's net worth ratio, a key measure of financial stability and soundness, ended the year at 11.75%, making us a safe place for depositors.
- Commonwealth's net income for 2022 was \$13.7 Million, which translates to a return on average assets of 0.70%.
 - o The low interest rate environment eased throughout 2022 as the Fed aggressively raised rates to combat inflation. Yield on average assets increased to 3.55% for 2022 compared to 3.41% for 2021, while the interest expense to average assets was 0.46% for 2022 compared to 0.44% for 2021.
 - o Provision for Loan Losses increased from \$3.5 million in 2021 to \$4.5 million in 2022 as net charge-offs steadily climbed in the latter half of the year.
 - o Non-interest income was down 29.1% over 2021 due primarily to the volatility in the equity markets resulting in losses in our investment accounts.
 - o Non-interest expenses increased 5.0% due to increased salary and benefits costs, depreciation costs on fixed assets and increased costs for technology investments.
- Dividends paid to our members in 2022 totaled \$8.1 Million.

Our credit union was able to continue to grow and invest in the future by updating technological and digital offerings, improving our delivery systems to members. In 2022 we continued to invest in vital infrastructure to secure our data systems and complete the remodel of our Louisville Road operations center in Frankfort. We anticipate the completion of construction of our permanent branch in Owenton along with opening two new branches in Nicholasville and Shelbyville in 2023.

As a member of Commonwealth Credit Union, you are also an owner and a valuable partner in our success. With that in mind, I join Randy Fawns, Chairman of the Board, and Karen Harbin, President and CEO, in personally thanking you for your continued support. Our entire team works hard to maintain Commonwealth's 5-star "Superior" rating from Bauer Financial, demonstrating the credit union's strength as a financial institution. As always, we are committed and proud to serve you.

Rob Ellis
Secretary/Treasurer

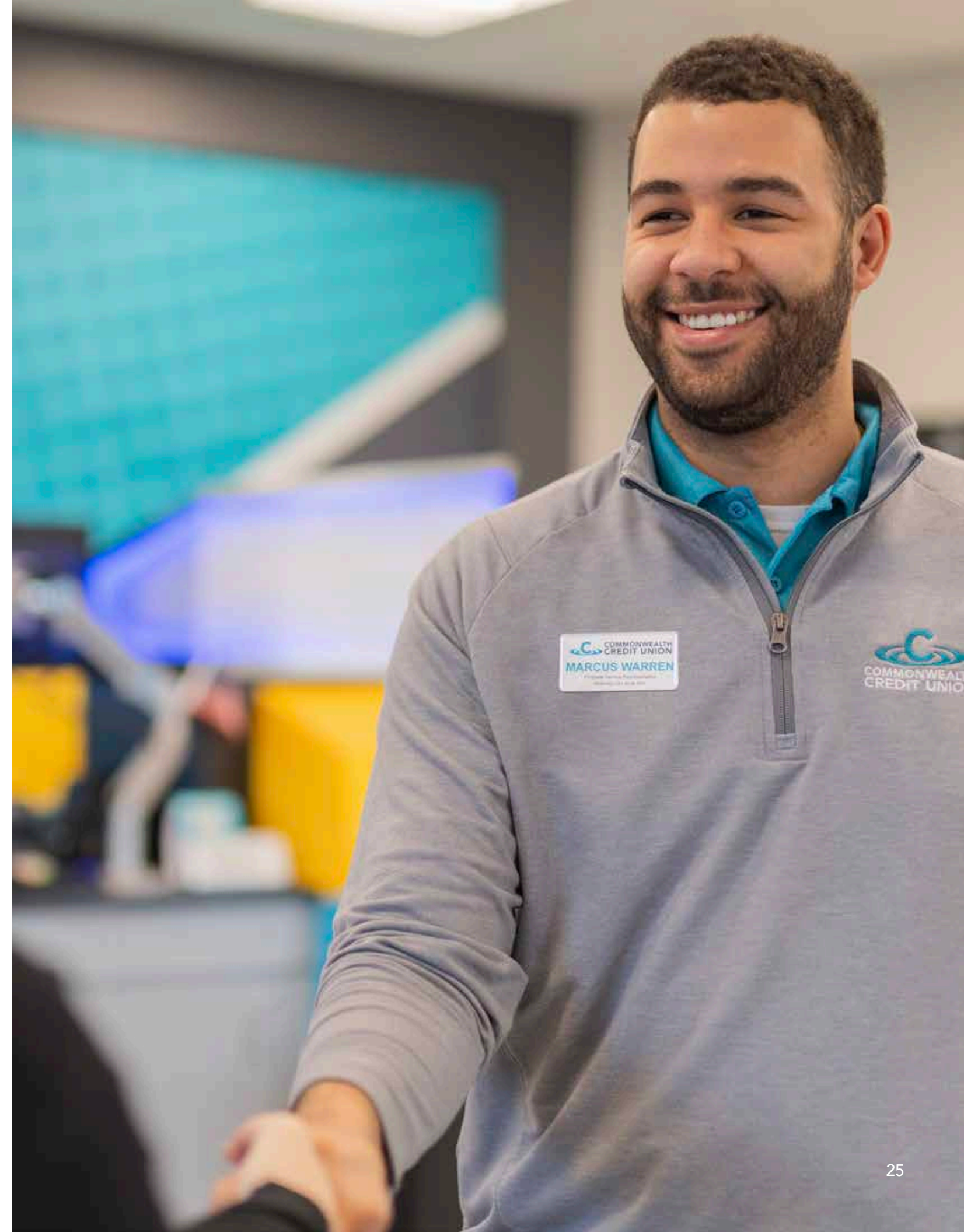
Financial REPORT

Balance Sheet

ASSETS	2022	2021
Cash & Overnight Balances	\$ 135,918,385	\$ 215,089,505
Investments	282,528,225	290,253,553
Net Loans to Members	1,469,262,627	1,253,738,357
Fixed Assets	51,715,834	45,848,264
Other Assets	86,020,029	86,160,671
Total Assets	\$ 2,025,445,100	\$ 1,891,090,350
LIABILITIES & EQUITY		
Member Shares	\$ 1,737,764,117	\$ 1,653,550,829
Borrowed Funds	60,000,000	-
Other Liabilities	41,741,565	26,871,071
Total Equity	185,939,418	210,668,450
Total Liabilities & Equity	\$ 2,025,445,100	\$ 1,891,090,350

Income Statement

	YTD 2022	YTD 2021
INTEREST INCOME		
Loan Interest	\$ 61,308,318	\$ 55,114,185
Investment Income	8,352,268	5,548,717
Total Interest Income	\$ 69,660,586	\$ 60,662,902
INTEREST EXPENSE		
Cost of Funds	\$ 8,128,892	\$ 7,868,271
Borrowing Expense	874,376	2
Total Interest Expense	9,003,268	7,868,273
Net Int Income before Prov	\$ 60,657,318	\$ 52,794,629
Provision for Loan Losses	4,461,818	3,480,332
Net Int Income after Prov	\$ 56,195,500	\$ 49,314,297
Non-Interest Income	23,513,545	33,159,105
Non-Interest Expense	66,045,470	62,899,026
Net Income	\$ 13,663,575	\$ 19,574,376



Supervisory COMMITTEE REPORT

The Supervisory Committee consists of five members appointed by the Board of Directors. The Committee's main duties are to oversee a comprehensive annual audit of the credit union and other audits as necessary. The Committee also performs a financial and management oversight role, independent of the Board of Directors, on behalf of the credit union membership.

The Supervisory Committee retained the services of Doeren Mayhew CPAs, an independent CPA firm specializing in credit union audits, to conduct the comprehensive annual audit as of December 31, 2022. The 2022 financial audit report may be reviewed upon request.

In addition to the annual audit, a team of internal auditors, who report directly to the Supervisory Committee, have developed a flexible three-year audit plan using appropriate risk-based methodology to conduct operational and compliance audits in specific areas as needed. During 2022, the Internal Audit staff completed and issued audit reports in numerous areas. The Internal Auditors' main responsibility is to assist the Committee in ensuring that internal controls are in place and operating as intended, member assets are being safeguarded, and credit union policies and procedures are followed.

We encourage members and credit union employees to express any concerns to the Supervisory Committee. The names of those expressing concerns will be held in the strictest confidence.

The Committee wishes to thank the Board of Directors and the staff of Commonwealth Credit Union for their assistance and cooperation in 2022.

Gary Forman

Supervisory Committee Chair, CPA

VOLUNTEER SUPERVISORY COMMITTEE



Gary Forman
Chair, CPA



LaTonya Bell
Vice Chair



Eric Satterly



Michelle Sutton
CPA



Alice Wilson
CPA

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