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# Annual Report 2018



# President's Report

In early 2018, we launched our new Home Banking platform. This new platform increased security and provided service enhancements, such as the ability to transfer funds to any other member of OCU as well as device detection; reformatting content layout for easier use on tablets and mobile smart phones.

For most of 2018 we were recruiting staff, replacing and adding to our talent pool. In a lower-than-normal unemployment rate for Washington the competition for talented staff is fierce. But, as always, there has been a silver lining - we've been able to recruit some really fabulously talented individuals. This new team of people are very intelligent, have huge hearts, and fully embrace the credit union movement of "people helping people". I'm so excited to continue getting everyone trained and moving our credit union forward!

In 2018 we grew 7.5% in membership ending the year serving 3963 members! It's hard to believe how much we have grown from a handful of members as our founders in 1965, to what has today become a multi-branch, multi-service, diverse credit union. Two "big thumbs up" to every loyal member, volunteer, and employee that has made Olympia Credit Union what it is today.

We grew \$3.5 million in loans. Some of that growth (\$1.2 million) stemmed from purchasing other credit union loan pools. This option increased our revenue as we were able to move funds from low yield earning certificates to higher yield earning loan pools. We ended 2018 with a healthy net income of \$339,540 (a 0.87% Return on Assets). Some of that income (\$25,000) came from a dividend paid to us from the National Credit Union Administration (NCUA) for the corporate stabilization assessments. You might recall back in 2009 we had to start paying large assessments to bail out our corporate credit unions for the high concentration of mortgage backed securities purchased by them. Needless to say, this caused a reduction to our capital over a period of several years. We are so glad that chapter is behind us. Corporates are deemed stable and the stabilization fund was dissolved.

We maintained a capital ratio above 8% ending the year at 8.89% on average assets. We kept a handle on our expenses and share growth to increase our capital. The tides turned at the end of 2018 as we were sitting at a 97.5% Loan to Share ratio with a strong capital, and began to focus on offering increased dividend rates (something we haven't been able to do for several years). That focus materialized with increased certificate and money market rates in the fourth quarter of 2018. Our plan is to maintain our core share deposits and even attract a little share growth in 2019.

Thank you to all our membership, staff, and volunteers for everything you do that makes OCU great!

Wishing you and your family a wonderful 2019.

Tammy Doles-Roberts, CEO

# Supervisory Report

We have had another busy and successful year here at Olympia Credit Union. Currently, the credit union has been working on projects that were outlined by DFI after the exam conducted as of May 31st, 2018, to build a foundation for the next phase of growth. This year, the Supervisory Committee hired Daren B. Tanner, CPA to conduct an audit; we truly appreciate the time he and his crew took to help support our credit union and we are looking forward to working with them in the future. This audit was as of November 30th, 2018. This was a very busy time for all the employees and I really appreciate everyone's hard work. It is important that these audits take place to ensure that the credit union is working properly and following regulations. During these audits there were minor areas of improvement and action was taken on site to correct them.

Currently the committee consists of four members; Ric Ordos, Sandy Jenkins, Denali Walden, and Lisa Graber. We continue to look for new recruits for our committee with the hope to have five members in future. I am pleased to report that even though our committee is small, we are all dedicated and committed to our volunteer role with the credit union. As the year continues we will be performing cash audits, loan reviews, reviewing bank reconciliation reports, paid-ahead loans, closed accounts, IT risk assessment, and other various tasks.

Our committee is looking forward to working with the credit union and ensuring another year of success. Thank you to management, staff, and the Board of Directors for all of your support and work. Let's get ready for another great year.

Thank you,  
Sandy Jenkins, Chair

# Board Chair Report

Your Olympia Credit Union is strong and continues to grow. As of December 31, 2018, total membership was 3,963 and total assets were steady at \$38.8 million. What a turnaround it has been this past year. Beginning in 2017 and continuing strong into 2018, loans to members have increased materially. Members must be feeling good about the economy because you are applying for loans at a rate not seen since before the 2008 recession began.

During 2018, OCU made two major changes in operations to meet this new loan demand. First, OCU has begun reducing outside investments with banks and other credit unions so that we have enough cash to loan to our own members. Second, Tammy hired additional loan officers to process all of the new loans. We now have 16 total staff, the most we've ever had.

Our overall financial health has continued to improve as our income increased almost 15% over what we earned in 2017. Our losses on loans continue to run at an acceptable rate. OCU has a solid capital percentage of almost 9% and we are working hard to increase that percentage. The board believes that the tough years following the 2008 crash have ended but there is much more work to do to stay abreast of new government regulations and financial conditions.

During 2018, your Board included Larry Lufkin, Chair; John Gray, Vice Chair; Kathy Boos, Secretary; Steve Vessey; Fay Vendenbrook; Brad Thompson; and Board Member Emeritus Wally Fisher. Bryson Bristol resigned during the year and was replaced on the Board by Shana Oliver. Your directors will be introduced at the Annual Meeting.

Thanks to all of our dedicated volunteers who do a lot of behind the scenes work to make your credit union what it is today. I also thank Tammy Doles-Roberts, our Chief Executive Officer, and our other management and staff for their dedication to OCU.

Respectfully submitted,  
Larry Lufkin, Chair

# Loan Committee Report

The continued economic growth has kept our loan volume growing in 2018. We grew \$2.3 million in member loans. In addition, we purchased other credit union loan pools increasing our loan participations by \$1.2 million for a total loan portfolio of \$3.5 million. At the end of 2018 we had a little over \$34 million in total loans achieving a 97.5% Loan to Share ratio. Our lending team has worked long and hard, processing over 1,600 loan applications in 2018. Wow! Yay team. In 2018, we increased the lending staff by one full time position to keep up with the loan application volume; helping more members with their lending and financial needs.

Our delinquencies ended the year at 1.48% delinquency to loans ratio and a total of \$122,062.52 in net charged off loans. We anticipated higher losses with a larger loan portfolio and have a well-funded reserve to handle these losses. The income benefit of those loans continue to outweigh the losses.

OCU is still a participant in CUDL (Dealer Lending network) simplifying the process of financing your vehicle purchases through your credit union. You can even apply online for a pre-approved vehicle, ATV, Boat, Personal Water Craft, Motorcycle, and RV loans at your convenience from our website.

In 2017 we rolled out EMV chipped cards on our Debit and Credit card programs. In 2018 we continued to escalate the card reissue time-lines to achieve our goal of all cards being EMV by first quarter 2019. There were a few hiccups with this process in 2018, but our agile team made adjustments to get this process back on track.

We continue to offer a 15-year fixed rate first mortgage program, which is low in fees, competitive in rate, and we will not sell your loan to another servicer! We hold all loans and servicing here to support our local community!

Thank you to all our membership for a successful year in loan growth. We know consumers have many choices, and love that our members choose to support their credit union and keep their money local.

Wishing you much success in 2019!

Respectfully submitted,  
Your Loan Committee

# Statement of Financial Condition 2017

## Assets

Net Loans	\$30,468,941
Cash	\$3,064,416
Investments	\$4,849,665
Other Assets	\$782,176
Total Assets	\$39,165,198

## Liabilities and Equity

Shares and Deposits	\$35,575,883
Other Liabilities	\$428,911
Regular Reserves	\$653,799
Undivided Earnings	\$2,506,605
Total Liabilities and Equity	\$39,165,198

## Income and Expense

Interest Income	\$1,180,184
Interest Expense	\$273
Provision for Loan Loss	\$115,975
Other Operating Income	\$605,328
Operating Expense	\$1,447,448
Gain/Loss on Liquidation of Collateral	<\$1,140>
Other Non-Operating Expense	\$0
Net Earnings	\$220,676

## Distribution of Net Earnings

Paid to Members	\$54,499
Increase to Undivided Earnings	\$166,450
Net Earnings	\$220,676
Total Members	3685
Total Loans	1983

# Statement of Financial Condition 2018

## Assets

Net Loans	\$34,020,260
Cash	\$1,807,742
Investments	\$2,133,872
Other Assets	\$798,848
Total Assets	\$38,760,722

## Liabilities and Equity

Shares and Deposits	\$35,191,896
Other Liabilities	\$69,345
Regular Reserves	\$653,799
Undivided Earnings	\$2,845,682
Total Liabilities and Equity	\$38,760,722

## Income and Expense

Interest Income	\$1,438,205
Interest Expense	\$686
Provision for Loan Loss	\$120,708
Other Operating Income	\$643,505
Operating Expense	\$1,588,513
Gain/Loss on Liquidation of Collateral	\$12,323
Other Non-Operating Income/Expense	\$0
Net Earnings	\$384,126

## Distribution of Net Earnings

Paid to Members	\$44,586
Increase to Undivided Earnings	\$339,540
Net Earnings	\$384,126
Total Members	3963
Total Loans	2115