

Annual Report 2019



OLYMPIA
CREDIT UNION

Embracing the Human Difference

President's Report

In 2019 we grew 3% in membership ending the year serving 4078 members! It is hard to believe how much we've grown from a handful of members as our founders in 1965, to what has today become a multi-branch, multi-service, diverse credit union. Thank you to our loyal members, volunteers, and employees who made Olympia Credit Union what it is today.

We reduced our loan portfolio by \$2.3 million. Some of the past loan growth stemmed from purchasing other credit union loan pools. Instead of purchasing additional pools in 2019, we rolled the funds into investments as part of the Credit Union's Liquidity Plan. As a result, we ended the year at 86.4% Loan to Share ratio. This was more manageable over the 97.5% in the prior year. We ended 2019 with assets of \$40,310,994 and a net income of \$195,594 (a 0.49% Return on Assets).

We maintained a capital ratio above 9% ending the year at 9.17% on average assets. We closely monitored our expenses and share growth, to facilitate the continued growth of our capital.

As of the first quarter 2019, all debit/credit cards now have the EMV chip for better security. In addition, our home banking platform has personalized notifications that can be setup by our members to email whenever a debit or credit card is used on their account.

We conducted a Member Survey in mid-2019. We were pleased to see an overall satisfaction score of 9.1 out of 10 from you, our loyal membership! We want to keep that rating high and look for ways to better serve you now, and into the future! The other results of the survey emphasized our membership's desire for more electronic payment options, extended hours, and rewards program for cards. We will be working toward these in 2020. Thank you for responding to our survey. Watch for another survey this summer – we want to hear from you!

In 2019 we focused on training for staff; enhancing our talent for the next level of responsibility. Our staff turnover remained very low in 2019, which made it possible to get back on track with our succession planning and training. Alexis Wharton was awarded a scholarship and completed her first year of Western CUNA Management School in 2019. This is the first employee to attend this training since Paula Vaughn graduated in 2012.

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

Wishing you and your family a wonderful 2020.

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 on financials as of March 31, 2019. Last year, the Supervisory Committee hired Daren B. Tanner, CPA to conduct audits. We continue to 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. The last financial audit was as of September 30, 2019. 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 six members: Ric Ordos, Sandy Jenkins, Denali Walden, Lisa Graber, Shana Oliver, and Mary Orazem. We are excited to have a team of six members who are all dedicated to their volunteer roles with the credit union. As the year continues, we will be performing cash audits, teller audits, loan reviews, reviewing bank reconciliation reports, paid- ahead loans, closed accounts, reviewing no mail 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 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, 2019, we added a net of 115 new members and total membership was up to 4,078. Total assets increased \$1.5 million from \$38.8 million up to \$40.3 million. While 2017 and 2018 were banner years for the growth of assets and total loans, demand for loans during 2019 returned to a more normal growth. Although loans and income were healthy during 2019, we are not experiencing the huge demand that we saw during 2017 and 2018. Members must still feel good about the economy because they are buying new cars and other items. But the huge pent-up demand we saw in the past two years has abated.

During 2019, OCU began increasing outside investments with banks and other credit unions because we now have enough cash on hand to loan to our own members. In fact, we are now at a point that your credit union is now actively advertising its new loan offerings. With interest rates as low as they are, now is the time to buy that new car or do some remodeling on your home.

Our overall financial health has continued to improve and our income for the year was \$186,000. We have been investing in slightly lower quality loans over the past few years but our losses on loans continues to run at an acceptable rate. These higher risk loans also come with a higher interest percentage which helps our bottom line.

OCU has a solid capital percentage of just over 9% and we are working hard to increase that percentage by keeping a close eye on costs while investing in systems needed to improve our services to members. This means that your board is forecasting a tighter budget for 2020 which, in turn, means our annual income will drop a bit. Some of the decrease in income is due to the additional costs of new operating systems which helps us compete with the big boys in the financial world. The remaining decrease in income is due to the reduction in interest rates.

During 2019, your Board included Larry Lufkin, Chair; John Gray, Vice Chair; Kathy Boos, Secretary; Steve Vessey; Brad Thompson; Shana Oliver; and our newest board member Shirley Legg. During 2019, Fay Vandenbrook resigned and was replaced by Shirley. Also, during 2019, Director Emeritus Wally Fisher passed. We will miss Wally and his personal history of OCU.

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 Economic stability has kept our loan volume steady in 2019. However, it is apparent the pent-up need to buy goods has finally slowed down. We had a net growth in member loans of \$678,154. In the past few years, we purchased pools of loans from other credit unions to reinvest our member deposits for a higher yield. In 2019 we let \$2.2 Million of those pools pay down. We ended 2019 with a little over \$31 million in total loans achieving our plan to reduce our loan to share ratio to 86.4%. Our lending team has worked hard, processing over 1,300 loan applications in 2019.

Our delinquent loans to total loans ratio ended at 0.51% with a total of \$174,948 net charged off loans. We have a well-funded reserve to handle these losses.

OCU is still a participant in CUDL (a Dealer Lending network) simplifying the process of financing your vehicle purchases through your credit union. You can apply online for a preapproved vehicle, ATV, Boat, Personal Water Craft, Motorcycle, and RV loan from our website. This service continues to contribute greatly to our loan growth and provides a convenience to our membership!

We continue to offer a 10-year and 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 service provider! 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 2020!

Respectfully Submitted

Your Loan Committee

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

Statement of Financial Condition 2019

Assets

Net Loans	\$31,649,914
Cash	\$2,325,865
Investments	\$5,609,481
Other Assets	\$725,734
Total Assets	\$40,310,994

Liabilities and Equity

Shares and Deposits	\$36,542,304
Other Liabilities	\$73,613
Regular Reserves	\$653,799
Undivided Earnings	\$3,041,278
Total Liabilities and Equity	\$40,310,994

Income and Expense

Interest Income	\$1,540,744
Interest Expense	\$0
Provision for Loan Loss	\$179,432
Other Operating Income	\$633,112
Operating Expense	\$1,736,615
Gain/Loss on Liquidation of Collateral	\$15,865
Other Non-Operating Expense	\$0
Net Earnings	\$273,674

Distribution of Net Earnings

Paid to Members	\$78,080
Increase to Undivided Earnings	\$195,594
Net Earnings	\$273,674
Total Members	4078
Total Loans	2101