



Annual Report 2021



OLYMPIA
CREDIT UNION

Embracing the Human Difference

President's Report

In a nutshell, 2021 felt almost like a wash, rinse, repeat of 2020. We all just became a little more savvy with virtual meeting and figured out more ways to work around the shifting pandemic challenges to continue serving our members.

Olympia Credit Union took in over \$3.8 million dollars in share deposit growth. We ended the year at \$53.3M in assets. This share growth was a little slower than we experienced in 2020, but nevertheless, the deposit growth outpaced the income necessary to grow our net worth ratio. Our net worth declined, but we still ended the year at 7.70% - above the National Credit Union Administration (NCUA) well-capitalized threshold of 7%. Our net earnings of \$103,910 put our Return on Assets (ROA) at 0.21%

In 2021, we continued to work with many of our members that were faced with financial challenges due to COVID-19. The majority of our members were able to stabilize in 2021 and we ended the year with only 0.35% in delinquent loans and 0.01% in net charge offs.

Our organic loan portfolio increased by \$150,583. Our members were not borrowing as much and there were interruptions to inventory supply. However, many of our members took advantage of the low mortgage rates, increasing home values, and refinanced their homes on a shorter term; taking out equity for those delayed improvements.

Our Loan Participation pools paid down by \$5.7M and there were no new pools purchased in 2021. Purchase offers have been extremely limited as credit unions, industry-wide, are seeing the same fast-paced growth of deposits and a slower demand for loans.

Our excess deposits that we were unable to loan out to members were invested in certificates of deposit at other institutions, earning a much lower income yield.

In 2021, we were informed that SPRIG, the mobile banking platform that provides you your Remote Deposit Capture will be retired as of 03/31/22. We are actively researching new mobile banking platform options. We want to offer more than just a mobile banking platform. A replacement digital banking service with added features, such as card controls, remote deposits, and more, will likely be rolled out by the end of 2022. We will keep you updated on the new and exciting services to come!

Our membership declined by 283 and we ended the year serving 3699 members. Our team continues to analyze this decline. Our goal is to grow our membership and provide value to our members and the community we serve.

Tell your family and friends about us and don't forget to share your experiences as a member of Olympia Credit Union. We are YOUR credit union and we would not be here without you. You have a voice and we want to hear it. Email: membervoice@olycu.org and share your thoughts.

Wishing you and your family much happiness and success in 2022.

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 June 30, 2021. The Supervisory Committee continues to work with Daren B. Tanner, CPA to conduct audits. We 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 30th, 2021. This was a 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 loan reviews, reviewing bank reconciliation reports, paid-ahead loans, closed accounts, reviewing no mail accounts, IT risk assessment, and other various tasks. We will be conducting our vault and teller audits later in the year due to current phase regulations.

Our committee is looking forward to working with the credit union and ensuring another year of success. This last year was difficult and uncertain for everyone. The credit union made wonderful choices and followed specific protocol to ensure the safety of their staff, members, and volunteers. We want to thank management, staff, and the Board of Directors for all your support and work. We look forward to the year 2022 as we continue to work as a team.

Thank you,

Sandy Jenkins, Chair

Board Chair Report

Your Olympia Credit Union weathered most of the after effects of the COVID pandemic but we need to work hard to remain financially independent. Membership as of December 31, 2021 stood at 3,699 members, down nearly 300 members from 2020. This reduction in membership was mainly due to closure of accounts that had been dormant and which were transferred to the state. Total assets increased just over \$4 million from \$49.2 million up to \$53.3 million. Demand for loans during 2021 continued to be slow even though interest rates remain the lowest they have been in recent decades. Members continue to hang onto every cent and continue to deposit those saved funds at OCU for safe keeping.

Although this safe haven for personal funds is great for our members, those extra funds cause problems in the various ratios and related evaluation standards that the Division of Financial Institutions uses to track OCU progress. As a result of the extra member deposits and fewer loans during the year, we now have excess cash on hand that must be invested elsewhere. Our outside investments in CDs increased materially and we now have almost \$20 million invested in very low interest rate CDs. As you probably know by now, CD rates are the lowest they have been in decades and are near zero for most offerings. In other words, almost 40% of our assets are invested in very low interest-bearing CDs. The net result is that OCU is earning far less income from loans and investments and overall, we must tighten our belts even more during 2022 to reduce expenses.

Even with all of this unusual financial activity over the past 12 months, our overall financial health continues to be relatively healthy. OCU has a capital percentage of just under 8% and we are working hard to increase that percentage. We are currently only investing in new systems that are required to maintain our services to members. This means that your board is forecasting a much tighter budget for 2022 which, in turn, means our annual income will drop significantly during the next year.

During 2020, your Board included Larry Lufkin, Chair; Steve Vessey, Vice Chair; Kathy Boos, Secretary; Shana Oliver; Shirley Legg; Greg Sullivan; and Jodi Peterson. 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 function smoothly. I also thank Tammy Doles-Roberts, our CEO for her tireless services in managing our staff and daily operations.

Respectfully submitted

Larry Lufkin, Chair

Loan Committee Report

The Economic insecurity, along with supply and demand has kept loan volume down in 2021. In 2021 with mortgage rates at an all time low, we had a lot of members refinance and/or pay off existing loans. We had a net increase in member loans of \$150,586. In the past few years, we've purchased pools of loans from other credit unions (Loan Participations) to reinvest our member deposits for a higher yield. Otherwise, those funds are invested into guaranteed funds at a very minimal yield. In 2021, we were not able to increase this pool, because of the industry issue of supply and demand and lack of loans. We ended 2021 with a total decrease in the purchased pools (Loan Participations) of -\$5,794,414. We ended 2021 with \$28,761,113 in total loans, for a total decrease in loans for the year of -\$5,643,828. Our lending team processed over 656 loan applications in 2021.

Our delinquent loans to total loans ratio ended at 0.35% with a total of \$22,908.58 in net charged off loans compared to 2020 at \$102,967. We have a well funded reserve to handle these losses. We expect to keep this reserve well funded into 2022, due to the unpredictable economy and lagging COVID financial hardships.

OCU is still a participant in CUDL (a Credit Union 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 members. After 5 years, we have been able to establish a preferred relationship with four dealers.

We have also established relationships with three dealers outside of CUDL. We booked more than 32 loans in the amount of \$339,189 in November and December 2021.

We continue to offer a 10-year and 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! 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 2022!

Respectfully Submitted
Your Loan Committee

Statement of Financial Condition 2020

Assets

Net Loans	\$34,216,360
Cash	\$7,672,793
Investments	\$6,614,227
Other Assets	\$781,751
Total Assets	\$49,285,131

Liabilities and Equity

Shares and Deposits	\$45,254,240
Other Liabilities	\$108,449
Regular Reserves	\$653,799
Undivided Earnings	\$3,268,643
Total Liabilities and Equity	\$49,285,131

Income and Expense

Interest Income	\$1,482,748
Interest Expense	\$42
Provision for Loan Loss	\$88,806
Other Operating Income	\$672,915
Operating Expense	\$1,758,833
Gain/Loss on Liquidation of Collateral	\$11,568
Other Non-Operating Income/Expense	\$0
Net Earnings	\$319,550

Distribution of Net Earnings

Paid to Members	\$92,196
Increase to Undivided Earnings	\$227,354
Net Earnings	\$319,550
Total Members	3982
Total Loans	1934

Statement of Financial Condition 2021

Assets

Net Loans	\$28,625,002
Cash	\$3,795,089
Investments	\$20,127,479
Other Assets	\$753,658
Total Assets	\$53,301,228

Liabilities and Equity

Shares and Deposits	\$49,140,601
Other Liabilities	\$134,265
Regular Reserves	\$653,799
Undivided Earnings	\$3,372,563
Total Liabilities and Equity	\$53,301,228

Income and Expense

Interest Income	\$1,294,700
Interest Expense	\$0
Provision for Loan Loss	<\$29,562>
Other Operating Income	\$788,891
Operating Expense	\$1,946,888
Gain/Loss on Liquidation of Collateral	\$3,378
Other Non-Operating Expense	\$0
Net Earnings	\$169,643

Distribution of Net Earnings

Paid to Members	\$65,734
Increase to Undivided Earnings	\$103,909
Net Earnings	\$169,643
Total Members	3699
Total Loans	1885