

Welcome
⚓ aboard

Annual Report
2022



OLYMPIA
CREDIT UNION

Embracing the Human Difference

President's Report

I don't know where the year went. Your credit union staff was very busy in 2022. Lending staff processed over 1,100 loan applications, opened 478 new accounts, management signed a contract with a new digital banking provider and began the implementation project in August. This new digital banking project was and still is very labor intensive and requires a lot of our resources to learn the new products, and stay on target with our live date that is set for 1st quarter of 2023. Our initial live date will include our core digital banking, with bill payer and a mobile app for apple and android users. But wait, there's more. We will have a phase II and possibly a phase III rollout in second and third quarter of 2023 which will include added features such as remote deposit capture, credit score monitoring with tools on how to improve your score, card management where you can block and unblock your cards, and so much more! Stay tuned for news and updates in 2023!

We ended the year at \$53.8 million in assets; a net worth ratio of 7.87% - above the National Credit Union Administration (NCUA) well-capitalized threshold of 7%; net earnings of \$247,927 for a return on average assets at 0.45%. Our deposit growth stabilized from the prior years, and loans grew over \$9 Million putting us in a position of needing growth on the deposit side of the balance sheet. We introduced our "Member Appreciation" certificate for a 13-month term at 3.75% (3.81% APY) in December. As this report is published, the certificate promotion has ended but be sure to check out our new offering rates!

We had a net membership increase, bringing our membership count to 3731 by year end. We would like to serve more members in our community, so please spread the word by telling your family and friends about your credit union! We are YOUR credit union, and we would not be here without you. We appreciate you!

Wishing you and your family much happiness and success in 2023!

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 September 30th, 2022. 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 October 30th, 2022. 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 five members: Ric Ordos, Sandy Jenkins, Denali Walden, Jodi Petersen, and Mary Orazem. We are excited to have a team of five members who are all dedicated to their volunteer roles with the credit union. As the year continues, we will be performing loan reviews, teller audits, 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. We want to thank management, staff, and the Board of Directors for all their support and work. We look forward to the year 2023 as we continue to work as a team.

Thank you,

Sandy Jenkins, Chair

Board Chair Report

Your Olympia Credit Union had a much better year during 2022. We generated total income of over \$248,000 in 2022, over twice as much income as the \$104,000 we generated in 2021. Total assets increased marginally from \$53.3 up to \$53.8 million but that marginal increase was achieved by design in order to help maintain more desirable operating ratios. Demand for loans increased in 2022. This increase in demand occurred because many more OCU members took out new loans, and direct lending loan applications from car dealers increased in number too. The increase in loans resulted in an increase in income for the year which helped support our Capital Ratio. Our Capital Ratio remains stable at 7.8% up slightly from 7.7% in 2021.

Membership as of December 31, 2022 stood at 3,731 members, up only 32 members from 2021. Although our membership total remains stable, we now find that we have more added and deleted members during the year because of the direct lending program. This program allows selected car dealers to take loan applications from buyers and then forwards these applications to OCU. Once the loans are approved by OCU, these buyers become members of OCU, but we are finding that most close their accounts after their loans are paid off. The program benefits OCU because we gain considerable interest income during the year from them even though those buyers close their accounts later on.

Our outside investments in outside CDs decreased materially and our balance in these investments has dropped to less than \$15 million, down from \$20 million at the end of the prior year. This large drop in CDs occurred because members began taking out new loans during 2022. The net result of these changes was a reduction in the number of very low interest-bearing CDs and the addition of higher interest-bearing loans. Our members benefit from this change by earning higher interest on savings accounts while also obtaining loans at very reasonable rates.

We are currently investing in new systems that are required to maintain our services to members. By far the most significant change members will see in 2023 is a whole new online banking system. This new system, planned to go live in late March, will look and feel much different from the old online system. Older members such as I will probably need more time to adjust to the new system but I believe we all will be glad we changed once we learn how to use it.

During 2022, your Board included Larry Lufkin, Chair; Steve Vessey, Vice Chair; Kathy Boos, Secretary; Shana Oliver; Shirley Legg; Greg Sullivan; and Jodi Peterson. Late in the year, Greg Sullivan resigned from the Board and we now need a replacement for him. Contact Tammy at OCU if you are interested in serving on the Board or if you want to recommend a member for the position. 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

With the anticipated increase in loan rates along with the increased demand for used autos with better mpg in 2022, our loan volume skyrocketed. After February 2022 when mortgage rates started increasing, the pay offs and consolidation of loans really slowed down. We had a net increase in member loans of \$4,705,471. 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 2022 we were able to increase this pool, which was a pleasant surprise. We ended 2022 with a total increase in the purchased pools (loan participations) of \$4,534,811. We ended 2022 with \$38,001,396 in total loans, for a total increase in loans for the year of \$9,240,282. Our lending team processed over 1,199 loan applications in 2022.

Our delinquent loans to total loans ratio ended at .54% with a total of \$30,501.16 in net charged off loans compared to 2021 at \$22,908.58 and 2020 at \$102,967. We have a well-funded reserve to handle these losses. We expect to keep this reserve well-funded into 2023, due to the unpredictable economy and lagging COVID financial hardships.

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. After 6 years, we have been able to establish a preferred relationship with 7 dealers. This keeps the loan department quite busy. In 2022 \$3,241,794 of our loan growth was attributed to CUDL.

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 2023!

Respectfully Submitted
Your Loan Committee

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

Statement of Financial Condition 2022

Assets

Net Loans	\$37,877,922
Cash	\$360,673
Investments	\$14,678,713
Other Assets	\$885,965
Total Assets	\$53,803,003

Liabilities and Equity

Shares and Deposits	\$49,405,652
Other Liabilities	\$123,052
Regular Reserves	\$653,799
Undivided Earnings	\$3,620,500
Total Liabilities and Equity	\$53,803,003

Income and Expense

Interest Income	\$1,477,858
Interest Expense	\$2,190
Provision for Loan Loss	\$17,865
Other Operating Income	\$769,492
Operating Expense	\$1,937,107
Gain/Loss on Liquidation of Collateral	\$11,568
Other Non-Operating Income/Expense	\$105
Net Earnings	\$290,293

Distribution of Net Earnings

Paid to Members	\$42,366
Increase to Undivided Earnings	\$247,927
Net Earnings	\$290,293
Total Members	3731
Total Loans	2031