

*The tradition of associating diamonds
with this 60 year milestone is due to the
gemstone's strength, durability, and the
ability to withstand extreme pressure.
Just like Olympia Credit Union!*



OLYMPIA
CREDIT UNION

Embracing the Human Difference



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Annual Report 2024



President's Report

As we reflect on 2024, we are excited to share the strides Olympia Credit Union has made in enhancing the services we provide and continuing our commitment to your financial well-being. This year, we focused on leveraging technology to make your financial experience faster, easier, and more secure, while also remaining actively engaged in our community.

In 2024, we introduced several key upgrades to our digital services: Zelle for easy electronic transfers; Purchase Rewards Program offering cash back on OCU debit card purchases; Integration with Quicken and QuickBooks for easier financial management; Secure communication through text messaging. Additionally, we streamlined our account opening process, and in early 2025, we will launch online account opening on our website.

In response to the increasing threats in the cybersecurity landscape, we made significant strides in strengthening our IT infrastructure. We outsourced our IT services and are in the process of transitioning to a modern cloud-based system that ensures consistent monitoring and mitigation of security risks. Our focus is on safeguarding your data and maintaining compliance with regulatory standards.

Your credit union remains on solid financial footing. We ended the year with \$52.3 million in assets and a capital ratio of 8.32%, above the NCUA's well-capitalized threshold of 7.0%. We posted an annual net income of \$1,754. Like many financial institutions, we faced challenges this year. Due to an increase in loan delinquencies and losses, we needed to allocate more than \$410,000 to our provision for credit losses in 2024, more than double the amount from 2023. These challenges are consistent with trends in our industry, including a rise in bankruptcy filings and the financial strain caused by overpriced used auto loans sold in 2022 that require costly repairs.

Though our membership declined slightly to 3,789, we remained deeply involved in our community. Our staff volunteered at community events like Capital City Pride, the Doug Beaulieu Memorial Golf Tournament, and the Cops, Cars, N Kids Car Show. We also provided financial & fraud education to community members rebuilding their finances. Additionally, we strengthened our commitment to education by partnering with a local elementary school as a Partner In Education (PIE Partner). These community efforts brought new members to Olympia Credit Union.

At the close of 2024, we bid farewell to our long-serving CEO, Tammy Doles-Roberts. She helped navigate OCU through significant challenges throughout her tenure, including the 2008-2009 financial crisis and the COVID-19 pandemic. We are grateful for her leadership and wish her the best in her retirement. Tammy shared the following message: "I wanted to thank all staff, volunteers, and members for giving me such a rewarding career for the last 28 years. The membership here has touched my heart. Being your CEO for the last 17 years has been very challenging at times, but overall fulfilling. I have many memories here that will forever be cherished."

As we enter 2025, we are excited about the future. We remain committed to your financial success and continue to evolve with the changing times. Whether through enhanced digital services, our involvement in the community, or our dedication to providing a secure and welcoming environment, we are here to serve you. Providing financial solutions that help you succeed remains at the heart of everything we do.

Thank you for your continued trust in Olympia Credit Union. We look forward to another year of growth, service, and success.

Jana Ayres, 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, 2024. 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, 2024. 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, Jodi Petersen, Mary Orazem, Charles Richardson, and Dottie LaRonge. 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, 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 2025 as we continue to work as a team.

Thank you,

Sandy Jenkins, Chair

Board Chair Report

Your Olympia Credit Union had a good year during 2024. Our big news for 2024 is that our long time CEO Tammy Doles Roberts decided to retire after many years with OCU. Tammy came to us from another credit union and took over the job of Loan Supervisor. When our previous CEO left suddenly in 2007, Tammy accepted the job as our interim CEO, and after a few months was promoted to be our permanent CEO. Tammy led us through several years of turbulent financial times and through her hard work and leadership kept OCU afloat. The Board selected Jana Ayres as our new CEO beginning January 1, 2025. Jana has been the Chief Financial Officer for OCU for many years and is fully qualified to lead us in 2025 and future years.

During 2024, OCU assets increased marginally to \$52.3 Million. Demand for loans decreased during 2024 to \$31.9 Million. Our Capital Ratio remains stable at 8.32% up slightly from 8.16% in 2023. Membership as of December 31, 2024 stood at 3,789 members, almost the same number as we had in 2023. Although our membership total remains relatively stable, we now find that we have more added and deleted members each month because of continued interest in the direct lending program. This program allows selected car dealers to take loan applications from buyers and then forward 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 these direct loans even though those buyers close their accounts later on.

Our investments in outside CDs decreased materially and our balance in these investments has dropped to \$5.9 million, down from \$9 million at the end of the prior year. OCU always obtains a higher interest rate from loans than it does in CDs. Overall, OCU maintained excellent liquidity.

We continue to invest in automated electronic systems that we need in order to improve our services to members and to protect our members personal data. As we update and replace our current operating systems, your online screens will look and feel different from the old online system. Many of our updated systems, however, are being installed so that our staff can assist members much better than before. For instance, our process for setting up a new account required a lot of manual effort by staff. When our new system is installed, most of that work will be automated.

During 2022, your Board included Larry Lufkin, Chair; Steve Vessey, Vice Chair; Kathy Boos, Secretary; Shana Oliver; Shirley Legg; and Jodi Petersen. We continue to search for a 7th board member and will appoint one when the time is right. Contact Jana Ayres 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 Jana Ayres, our new CEO for stepping up and accepting the responsibility for managing our staff and daily operations.

Respectfully submitted
Larry Lufkin, Chair

Loan Committee Report

The year 2024 began on a positive note with impressive loan growth in the first half of the year. As of June, we experienced a net increase in loans of \$2,951,148. However, maintaining this momentum proved to be a challenge in the second half of the year. By November, the net increase in loans had slowed to \$847,266. In recent years, we've strategically reinvested out member deposits by purchasing pools of loans from other credit unions (Loan Participations), allowing us to earn a higher yield compared to investing funds in low-yield, guaranteed options. In November 2024, we successfully purchased a loan participation for \$1,620,000, which helped bolster our loan portfolio. Despite the challenges faced in the latter part of the year, we ended 2024 with a net increase in loans totaling \$1,682,111, bringing out total loan portfolio to \$40,626,683. Our lending team played a crucial role in processing over 1,098 loan applications, reflecting our continued commitment to meeting the needs of our members.

At the end of 2024, our delinquent loans to total loans ratio stood at 1.59%, amounting to \$201,084.80 in net charge-offs. This represents an increase from the 2023 figures, where the ratio was .86%, and net charge-offs totaled \$75,256. Despite this uptick, we are confident in the strength of our well-funded loan loss reserve, which is fully equipped to absorb these losses. We remain committed to maintaining a robust reserve as we head into 2025. Looking ahead, we recognize the challenges presented by the current higher loan interest rates and the continued market unpredictability that may affect loan performance throughout 2025. Additionally, we are seeing lingering effects from the financial disruptions of the COVID-19 pandemic and its impact on vehicle values during 2020-2021. Throughout this period, we continue to work diligently with our members to identify and implement the best possible solutions to address any challenges they face. Our focus remains on supporting our members while maintaining the financial health of our organization.

For the eighth consecutive year, OCU continues its partnership with CUDL (a Dealer Indirect Lending network), offering a streamlined process for financing vehicles purchased through the credit union directly at the dealership. This service has been instrumental in driving our loan growth and providing added convenience to our members. Currently, we maintain preferred relationships with approximately eight dealerships. In 2024 CUDL loans on the books, saw an impressive increase of \$2,208,337.

We proudly offer both 10-year and 15-year fixed-rate first mortgage programs. In addition, we provide a Home Equity Line of Credit (HELOC) and a short-term second mortgage with competitive interest rates. Unlike many other lenders, we do not sell our loans to third-party service providers. Instead, we hold all loans and servicing in-house, ensuring that we remain committed to supporting our local community.

In 2024, we successfully completed Phase I of our project, focused on enhancing convenience and automation. Looking ahead, we plan to launch Phase II in 2025, which will introduce automated loan processing and underwriting. Our goal is to reduce the workload for our employees while providing greater convenience for our members.

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

Wishing you much success in 2025!

Respectfully submitted

Your Loan Committee

Statement of Financial Condition 2023

Assets

Net Loans	\$37,707,328
Cash	\$2,593,884
Investments	\$10,202,678
Other Assets	\$969,450
Total Assets	\$52,473,340

Liabilities and Equity

Shares and Deposits	\$47,997,564
Other Liabilities	\$123,387
Regular Reserves	\$653,799
Undivided Earnings	\$3,698,590
Total Liabilities and Equity	\$52,473,340

Income and Expense

Interest Income	\$2,062,542
Interest Expense	\$344
Provision for Credit Loss	\$182,862
Other Operating Income	\$645,217
Operating Expense	\$2,245,584
Gain/Loss on Liquidation of Collateral	\$2,550
Other Non-Operating Expense	\$0
Net Earnings	\$281,519

Distribution of Net Earnings

Paid to Members	\$155,641
Increase to Undivided Earnings	\$125,878
Net Earnings	\$281,519
Total Members	3800
Total Loans	2148

Statement of Financial Condition 2024

Assets

Net Loans	\$40,178,723
Cash	\$4,716,382
Investments	\$6,469,991
Other Assets	\$998,204
Total Assets	\$52,363,300

Liabilities and Equity

Shares and Deposits	\$47,757,489
Other Liabilities	\$251,670
Regular Reserves	\$653,799
Undivided Earnings	\$3,700,343
Total Liabilities and Equity	\$52,363,300

Income and Expense

Interest Income	\$2,612,446
Interest Expense	\$32
Provision for Loan Loss	\$410,803
Other Operating Income	\$619,996
Operating Expense	\$2,508,370
Gain/Loss on Liquidation of Collateral	\$0
Other Non-Operating Income/Expense	\$1
Net Earnings	\$313,236

Distribution of Net Earnings

Paid to Members	\$311,482
Increase to Undivided Earnings	\$1,754
Net Earnings	\$313,236
Total Members	3789
Total Loans	2106