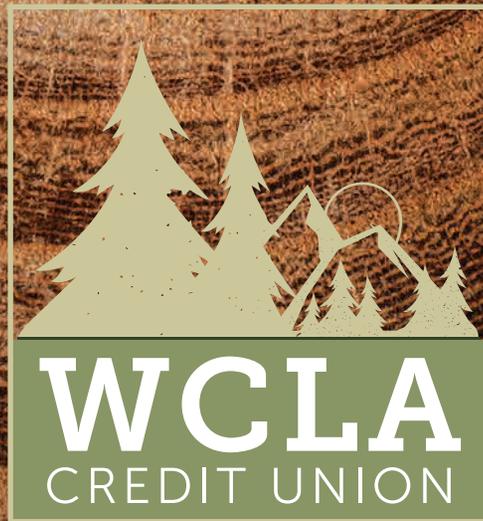
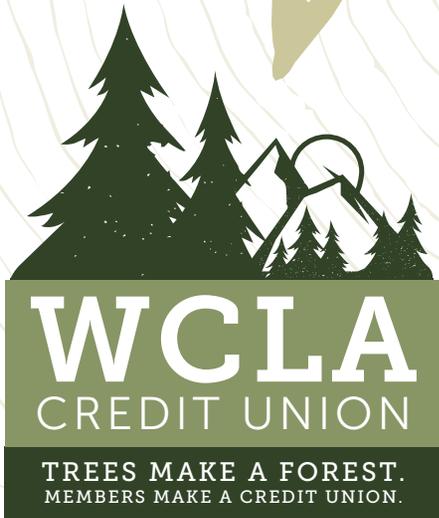


2018 ANNUAL REPORT

TREES MAKE A FOREST. MEMBERS MAKE A CREDIT UNION.



Our mission is
**TO SERVE THE
LOGGING
COMMUNITY.**



Credit Unions were designed all over the country for people, by the people, to do loans and savings transactions a whole lot easier. Since joining the WCLA Credit Union, which is designed for loggers and all affiliates, our lives have been just that. (A Lot Easier).

Les Allen, Allen Brothers Forest Management, Inc.

DEAR MEMBER, A MESSAGE FROM THE CHAIRMAN

Welcome to the 2019 Annual Meeting of the WCLA Credit Union.

On behalf of your credit union's board of directors I am pleased to report that your credit union is strong and growing stronger.

2018 was another year of remarkable growth for the credit union. Over the course of the year our balance sheet grew by 26% to over \$77MM. A large portion of that growth was in loans and those earning assets provide a sturdy foundation that drives the credit union's strong net income performance. Those earnings allow the credit union to maintain a strong capital position of almost 11.9% which, in turn, is the platform for providing continued service to the membership.

The membership's increasing use of the credit union for their financing needs is a vote of confidence in the quality and value of the service you receive. Thank you. Your continued patronage will provide benefits for your own business and add to the growing strength of the credit union. Together, we become stronger.

I wish to especially thank my fellow board members and supervisory volunteers for their time and diligence in working to make the credit union successful. Their efforts on your behalf are what determine the credit union's future. The credit union staff is also to be thanked for their efforts throughout the year. They have served the membership well and have put our vision for the credit union into action. We will continue to work hard month after month to justify your trust.

YOUR CREDIT UNION IS
STRONG AND GROWING
STRONGER.

2019 will bring some challenges but also holds great promise. As you adjust and manage your business to the changing circumstance, the credit union can help with most of your financial needs. Whether it is checking, savings, credit cards, or equipment financing, your credit union is on your side.



I really appreciate being able to discuss equipment financing with a lender that understands my logging business.
Jesse Helvey, Forks Fiber, Inc.

*Thank you,
Dan Richart, Chairman.*

THANK YOU.

A MESSAGE FROM THE PRESIDENT

Financially, 2018 was another banner year for WCLA Credit Union. Our net worth, often considered the most important indicator of a credit union's health, grew 26% to more than \$9 million. Our capital ratio was a strong 11.88%. We welcomed 150 new members into the credit union and paid out over \$676 thousand in dividends to our member/savers. We originated \$42 million in new lending to fund operating, timber, and equipment purchases.

And while the finances of any company are important, the real story of WCLA Credit Union lies in the relationship we have with our members and our timber community. We exist for the sole purpose of helping you achieve your goals – for your business and home finances.

[TOGETHER WE WILL CONTINUE TO
DO OUR PART TO MAKE LIFE BETTER
FOR THE TIMBER INDUSTRY.]

We are the credit union for loggers. We understand the challenges loggers face; from fluctuating log prices to talent shortages, from the vicissitudes of weather to mill curtailments. We also know the satisfaction that comes from honest work that is essential to improving the quality of life and economic vitality of our communities.

We are here for your milestones. We want to help you finance your next piece of equipment. We want to help you save for your next vacation,

your retirement, or just build up that rainy-day fund. Our products and services are all built with your unique needs in mind. Your success is our goal.

As I say every year, in order to maintain our capacity to meet the financing needs of a modern logging operation, we must continue to grow in deposits. We need our members to not only deposit their money into the credit union but encourage their friends and family to do the same. The more money we have on deposit, the more money we can lend to businesses in the industry. And while rates on savings accounts have been modest [to say the least] the past several years, our savings rates have been among the highest in the market. If you can find a better offer, tell me.

In closing, I would like to once again, thank our membership. Without you the credit union does not exist. We thank you for your business, for your trust, and for your continued patronage. We are extremely grateful that you choose to be a member of WCLA Credit Union. We hope that you reach out to your friends and family and encourage them to also support a cooperative alternative to 'for profit' banking.

I would like to thank the talented staff at WCLA Credit Union for their hard work, the dedicated board of directors for their strategic guidance, and the engaged supervisory committee's continuing oversight.

Together we will continue to serve our community and do our part to make life better, easier, and richer for the timber industry.



[We sometimes need to turn around a purchase transaction pretty quickly. The credit union has always performed for us. Quick and [mostly] painless. Derald Gross, Gross Construction Company, Inc.]

*Thank you,
Brian Bahs, President / CEO*

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee was kept busy in 2018. As a group we continued our established routine at scheduled times and were able to perform our responsibilities, including additional training on the role of a supervisory committee member. During the past year we conducted cash counts of the credit union's teller drawers and cash vault. We audited bills paid including the corporate credit card statements. We monitored delinquent account reports and the timely follow up for those accounts along with the completeness of the Allowance for Loan Loss Reserve. We reviewed Bank Reconciliations, Accounts Payable, Dormant Account and Employee Account Activity. We performed a quarterly verification of closed accounts and our bi-annual account verification. We found the credit union to be operating in a manner that protects the member's privacy while following established government regulations.

We are also responsible for insuring that the credit union is following prudent accounting practices and operating in a safe and sound manner. One way we do this is to hire an outside auditor, who is an expert in this arena, to review these practices. For 2018, we hired Hauser Jones & Sas, LLC, to audit the operations of the credit union. The firm of Hauser, Jones & Sas, LLC has many years of experience providing accounting and auditing services to credit unions. After the 2018 review, the auditors of Hauser Jones & Sas, LLC found the credit union to be following proper accounting practices, as well as finding the books and records of the credit union to be in proper balance.

Finally, we participated in the annual examination of the credit union as conducted by the State of Washington Department of Financial Institutions, Division of Credit unions. This examination covers adherence to current laws and regulations as established by the Department as well as their determination that the credit union is operating in a safe and sound manner. In early 2018, the credit union was visited by state examiners as part of their annual examination. The examiners were satisfied with the safety and soundness of the credit union's operations.

The supervisory committee will continue to be the watchdog of the credit union for board of directors and the credit union membership.

I wish to thank my fellow committee members Kathy Thomsen, Carmen Smith, Marcy Peterson and Robert Thomsen for their commitment and service this past year. I enjoy working with these individuals and respect the work they accomplished. Volunteer work is always appreciated.

Finally, thank you to the membership for using this credit union and recognizing it as a valuable partner in your financial transactions.

*Julie Hodges,
Committee Chairperson
WCLA Credit Union Supervisory Committee*

SAFE
SOUND
GROWTH



STATEMENT OF FINANCIAL CONDITION

	Year 2017	Year 2018	Change
GROSS LOANS	53,530,118	65,058,034	11,527,916
Allowance for Loan Loss	(387,255)	(441,961)	(54,706)
Net Loans	53,142,863	64,616,073	11,473,210
Cash + Investments	7,675,765	12,378,579	4,702,814
Total Other Assets	294,294	301,500	7,205
Total Assets	61,112,922	77,296,151	16,183,229
Misc. Liabilities	6,346,003	7,179,502	833,499
Share Deposits	47,266,754	60,931,815	13,665,061
Total Liabilities	53,612,757	68,111,317	14,498,560
Total Equity	7,500,165	9,184,834	1,684,668
Liabilities & Equity	61,112,922	77,296,151	16,183,229

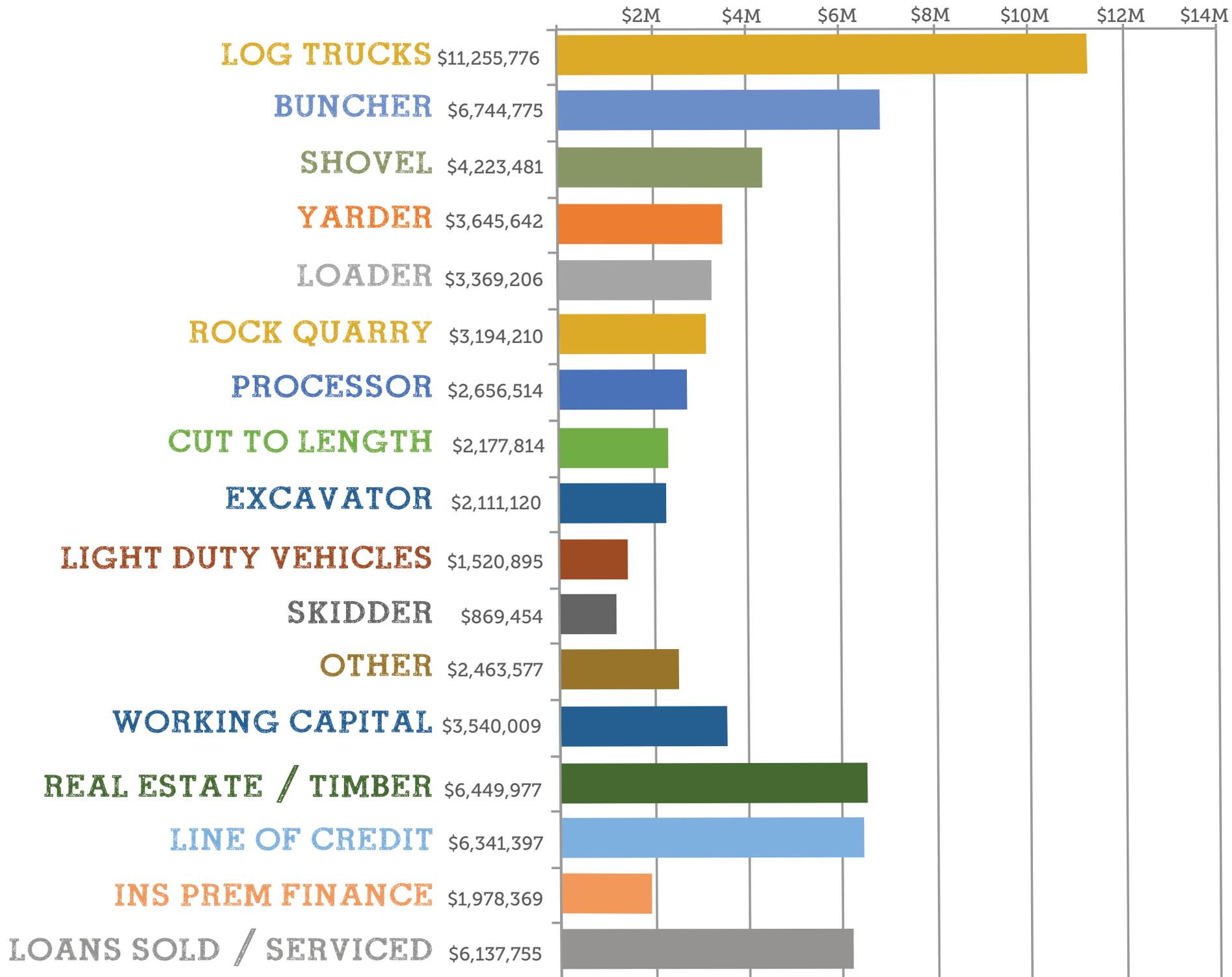
INCOME AND EXPENSE

	Year 2017	Year 2018	
Total Income from Assets	2,704,493	3,476,185	771,693
Less Interest Expense	(527,176)	(863,756)	(336,580)
Less Provision for Loan Loss	(54,000)	22,000	76,000
Gross Spread	2,123,317	2,634,429	511,112
Less Operating Expenses	(1,062,275)	(1,104,077)	(41,801)
Plus Fee & Other Income	135,904	154,315	18,411
Net Income (ROA)	1,196,945	1,684,668	487,723

YEAR TO DATE RATIOS

	Year 2017	Year 2018	
Operating Expense Ratio	1.74%	1.43%	-0.31%
Gross Spread Ratio	3.70%	3.71%	0.01%
Return on Assets (ROA)	2.11%	2.43%	0.32%
Net Worth Ratio	12.27	11.88	-39.00%
Loan to Share Ratio	112.02%	105.74%	-6.28%

12/31/2018 LOAN PORTFOLIO



MAKE AN IMPACT

GREAT DEPOSIT
RATES AND FUNDING
FOR LOGGERS

360-352-5033

WWW.LOGGERS.COM/CU

