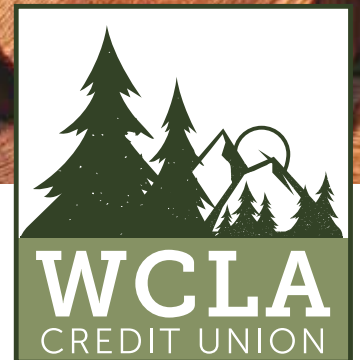


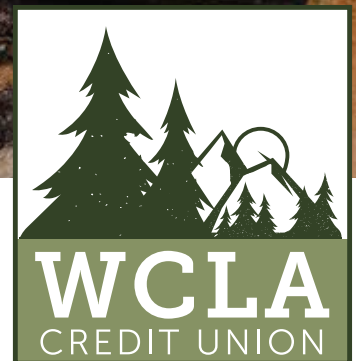
ANNUAL REPORT

2019



OUR
MISSION

TO SERVE THE
LOGGING
COMMUNITY.



DEAR MEMBER,

A MESSAGE FROM THE CHAIRMAN

Welcome to the 2020 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 remains a safe, sound, and strong financial institution.

We continued to see growth in 2019, though the pace of that growth had slowed from recent years. Over the course of the year, our balance sheet grew by 2% to slightly more than \$79MM. A large portion of that growth was in loans and those earning assets provide the foundation that drives the credit union's strong net income performance. Those earnings allow the credit union to maintain an enviable capital position of over 13%, which, in turn, is the platform for providing continued service to the membership.

We thank our membership for your continued confidence evidenced by the increasing use of the credit union for your financing needs. We stay committed to providing you quality service and good value. Your continued patronage will benefit your own business as well as adding to the 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 guide the credit union's future. The credit union staff also

deserves recognition for their efforts throughout the year. They serve the membership well and put the vision of the credit union into action. We all continue to work hard in order to maintain your trust.

There will undoubtedly be both challenges and opportunities in 2020. As you adapt your business to the ever-changing marketplace, we are here to help as a reliable source for your financial services needs.

**THANK YOU,
DAN RICHART, CHAIRMAN.**

BOARD MEMBERS:

Adam Lee, Castle Rock, Adam's Timber Service, LLC
Dan Kipp, Amboy, Modern Machinery-Territory Manager
Dan Richart, Chewelah, Richart Company, Inc. – Retired
Greg Horsley, Castle Rock, Horsley Timber and Construction, Inc.
Justin Seekins, Washougal, TJ's Mechanical Cutting, LLC.
Roger Smith, Olympia, R. L. Smith Logging, Inc.

MORE MEMBERS LIKE YOU

A MESSAGE FROM THE PRESIDENT

For several years WCLA Credit Union enjoyed growth and financial performance that led all credit unions in Washington State. While 2019 was a solid year for us, our asset growth was tempered by the slowed pace of timber harvest volumes and that effect on our logger membership. The credit union grew 2% in loans and total assets, while earnings of \$1.6MM maintained a strong Return on Average Assets (ROAA) of 2.01%.

We welcomed 153 new members into the credit union and paid out just over \$1MM in dividends to our current members. We also supported the timber industry by granting over \$32MM in loans to fund operating, timber and equipment purchases. Consistent earnings with stable assets boosted our capital ratio to a healthy 13.62%.

The most visible development of 2019 is our new website. We are happy to kick off a new year with a refreshed site that is more useful and visually appealing. The new website features photos from real members, in their real environment. In the year ahead, we will continue to use the site to highlight our logger-members and encourage you to send us your photos to be added to our story.

Also in 2019, we purchased ad space in many of the regional logging and timber publications including The Springboard, AOL Mainline, Loggers World, Northwest Woodlands, Timberwest, and Western Forester. Not only do we support publications important to our communities, we seek to remind people to think of WCLA CU when they have money for savings or business needs to finance.

Which brings me to a persistent theme: The WCLA Credit Union exists for the sole purpose of serving the logging and timber industry. From

1984 to 2020, this credit union has maintained that focus. All our activities are in pursuit of that mission.

However, for us to maintain this focus in the years ahead, we must continue to gain new members that share our ties with timber. New members who have an enduring connection to logging and the timber industry - New members that earn their livelihood from timber or they support the people that do.

A key for the credit union's future success is its ability to finance the ever-increasing equipment needs of its members. To accomplish this, we must continually grow the membership's group of Savers as well as its Borrowers. Make an impact with your savings. When you deposit your money in the credit union or you recommend your acquaintances do the same, you can be assured you are receiving a competitive rate AND helping the prosperity of the logging industry.

In closing and always, I thank our membership. Without you, the credit union does not exist. I thank you for your trust, your business, and we hope your future referrals. I also thank the talented staff at WCLA CU for their hard work, the board of directors for their strategic guidance, and the supervisory committee for their engagement and oversight.

We look forward to serving you, your family, and your co-workers this year and well into the future.

**THANK YOU,
BRIAN BAHS, PRESIDENT / CEO**

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee was kept busy in 2019. As a group we continued our established routine at scheduled times and were able to perform our responsibilities. 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 account. We reviewed Bank Reconciliations, Accounts Payable, Dormant Account and Employee Account Activity. We also performed a quarterly verification of closed accounts. 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 ensuring 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 2019, we hired Hauser Jones & Sas, LLC, a firm with many years auditing experience in the credit union industry, to audit the operations of the credit union. They found the credit union to be following proper accounting practices and 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 2019, the credit union was visited by both state and federal 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 the 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

SUPERVISORY COMMITTEE MEMBERS:

Carmen Smith, Olympia, R. L. Smith Logging, Inc.
Kathryn Thomsen, Olympia, Thomsen Timber, LLC
Julie Hodges, Kelso, Hadaller Logging, Inc.
Marci Peterson, Aberdeen, Peterson Logging, Inc.
Robert Thomsen, Olympia, Thomsen Timber, LLC





STATEMENT OF FINANCIAL CONDITION

	Year 2018	Year 2019
GROSS LOANS	65,058,034	66,540,691
Allowance for Loan Loss	(441,961)	(431,688)
Net Loans	64,616,073	66,109,003
Cash + Investments	12,378,579	12,715,708
Total Other Assets	301,500	208,641
Total Assets	77,296,151	79,186,677
Misc. Liabilities	7,179,502	6,468,854
Share Deposits	60,931,815	61,934,866
Total Liabilities	68,111,317	68,403,720
Total Equity	9,184,834	10,782,957
Liabilities & Equity	77,296,151	79,186,677

INCOME AND EXPENSE

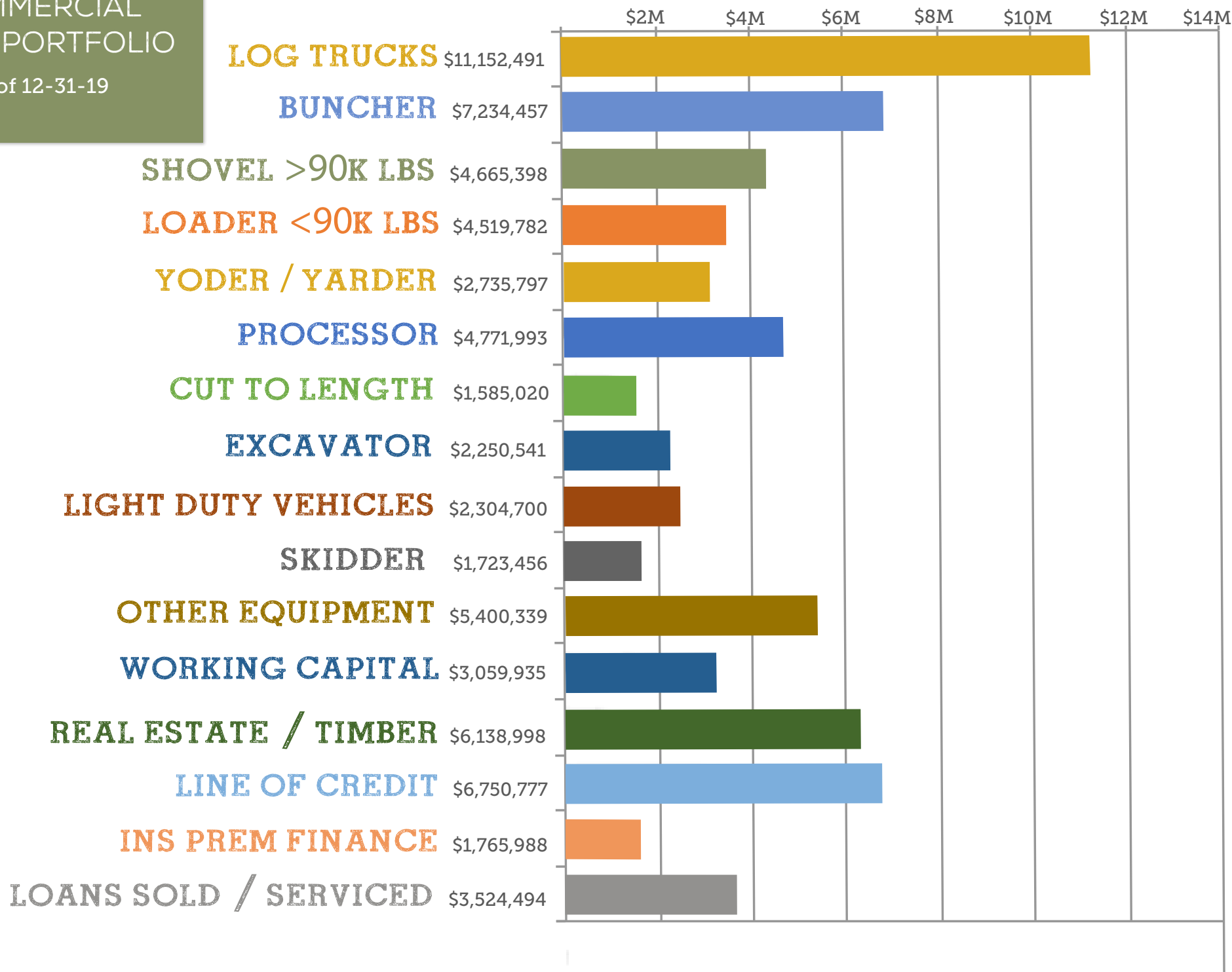
	Year 2018	Year 2019
Total Income from Assets	3,476,185	3,953,084
Less Interest Expense	(863,756)	(1,226,293)
Less Provision for Loan Loss	22,000	(63,000)
Gross Spread	2,634,429	2,663,790
Less Operating Expenses	(1,104,077)	(1,198,163)
Plus Fee & Other Income	154,315	132,495
Net Income (ROA)	1,684,668	1,598,123

YEAR TO DATE RATIOS

	Year 2018	Year 2019
Cost of Funds	1.34%	1.77%
Operating Expense Ratio	1.55%	1.51%
Gross Spread Ratio	3.71%	3.36%
Return on Assets (ROA)	2.37%	2.01%
Net Worth Ratio	11.76%	13.62%
Loans to Total Assets	87.52%	87.35%

COMMERCIAL LOAN PORTFOLIO

as of 12-31-19





**YOUR CREDIT UNION.
YOUR DEPOSITS.**

TOGETHER WE FINANCE
THE TIMBER INDUSTRY