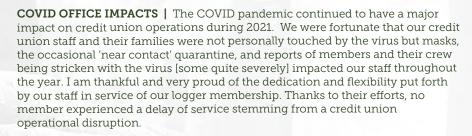




A MESSAGE FROM THE PRESIDENT



PPP ROUND 2 | A second round of SBA PPP lending again kept our credit officers busy during the initial four months of 2021. In addition to the 108 loans and \$17.5 millions of activity of 2020, the credit union originated an additional 19 PPP loans totaling \$4 millions during that time. By the end of 2021 only 8 loans totaling just \$2.2 millions remain outstanding. The PPP program was very beneficial to our membership and generated additional business for the credit union as well.

MBL ACTIVITY | The credit union's commercial lending saw an uptick. Full year originations of \$38.7 millions resulted with an increase of the commercial loan portfolio of 7% or \$4.5 millions after pre-payments and scheduled pay downs. The credit quality continues strong as delinquencies end the year at 1.14% and net charge offs were a modest 0.015% at \$10,629. This is a strong performance by our borrowing membership.

DEPOSIT GROWTH | A significant change in the credit union's balance sheet during 2021 was the \$5.1 millions / 10.2% increase in member/loggers deposits. This signifies not only the financial health of our membership but also their enduring trust in our financial institution. Due to the 'net borrower' character of our membership, management of the credit union's liquidity and funding needs will be a long-standing challenge. The increase in deposits and the strength of our borrowers allow the credit union to continue to offer competitive interest rate pricing as well as maintain a robust balance sheet; both help defend against future market volatility.

STRONG AND GROWING | Through all the uncertainties of market swings and viral surges, the credit union's financial condition continues to be strong. By year end the credit union's net worth had grown to more than \$15MM at 16.7% of Total Assets, and annual earnings were +\$2.3MM for an ROAA of 2.59%. See the comparison of 2020 – 2021 financial stats elsewhere in this report for our other strong operating results.

KUDOS TO ALL | My sincere thanks to the credit union staff and all our director and committee volunteers for their unflagging dedication throughout these extraordinary times as well as the continuing patronage of our logger membership. Thank you for your support.

A certainty for 2022 will be the continued uncertainty of the course of the COVID virus and the resulting disruptions in the economy. But you may also count on WCLA Credit Union to continue its focus of providing valuable financial services to its logging membership.

Your success is our goal.

BRIAN BAHS

PRESIDENT / CEO



SUPERVISORY COMMITTEE REPORT

The COVID pandemic continued to impact the Supervisory Committee in 2021 as most of our work was conducted remotely. Still, as a group we were able to continue our established routine at scheduled times and were able to perform our responsibilities. During the past year we oversaw 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 members' 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 2021, we hired Hauser Jones θ Sas, LLC to audit the operations of the credit union. The firm has many years of experience providing accounting and auditing services to credit unions. After the 2021 review, the auditors 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 Spring 2021, the credit union was visited by both state and federal examiners as part of their periodic examination routine. 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, Robert Thomsen, and especially Julie Hodges who is retiring from the committee after 9 years of dedicated service. 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.

CARMEN SMITH

ACTING 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. Robert Thomsen, Olympia, Thomsen Timber, LLC



A MESSAGE FROM THE CHAIRMAN

On behalf of your credit union's board of directors I am pleased to report that your credit union's financial position is strong and continues to grow stronger. After the work disruptions of 2020, the memberships borrowing activity resumed its historical pace with the credit union's commercial loan portfolio growing 7% by the end of 2021.

The membership's continued and 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.

As Carmen Smith noted in her Supervisory Committee Report, both the state and the federal examiners visited the credit union in 2021. Both determined that WCLA CU continues to operate in a safe and sound manner. These exams are a rigorous review of our policies, procedures, and practices. Receiving strong exam results is a testament to the competency of the credit union at all levels. It is good for consumers and communities when their financial institutions are acting with integrity and responsibility. I am proud that we are such a financial institution.

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.

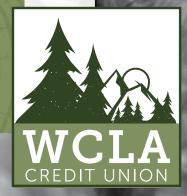
The credit union staff is also to be thanked for their efforts throughout the year. They have served the membership well and have put our vision for the credit union into action. I am proud of the extraordinary efforts to keep operations running smoothly during the unprecedented, disruptive nature of the past two years. In addition to going above-and-beyond during the pandemic, it is also important to note that, when compared to our credit union peers, it is amazing that we are able to operate a credit union of our size with only eight employees. That speaks directly to the hard work and dedication of each and every one of our staff.

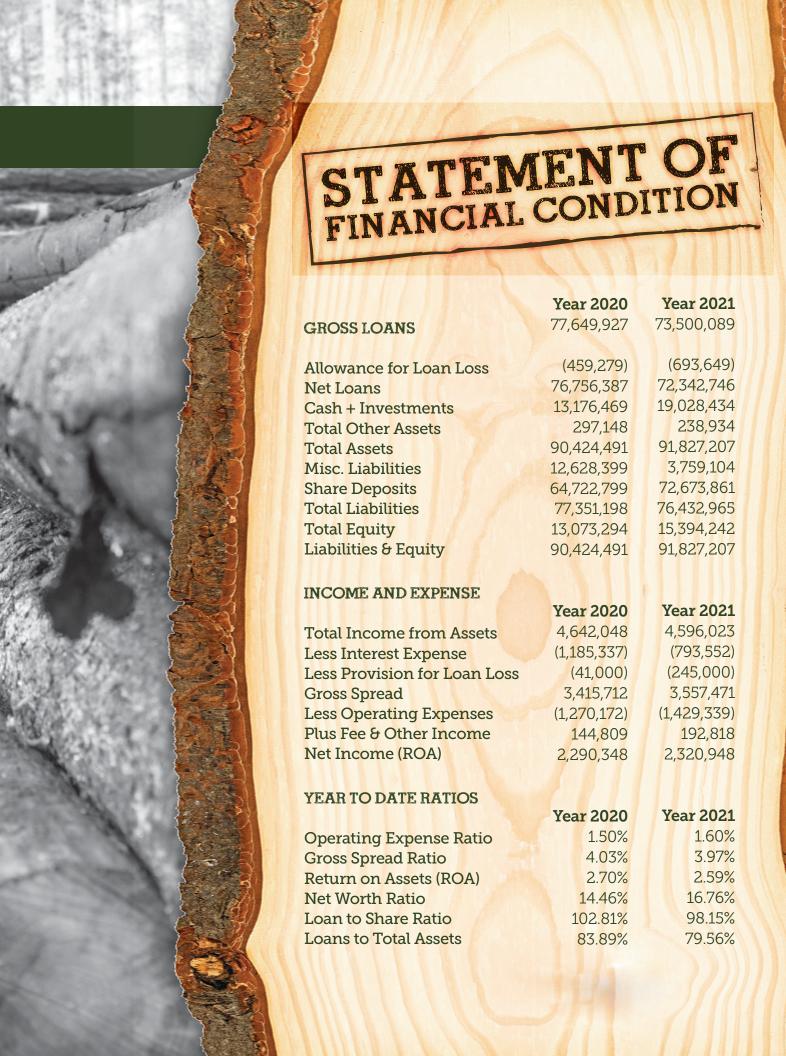
While we anticipate improving economic activity, the impacts of COVID-19 will likely continue to bring challenges for our families, our crew, and our companies. As you adjust and manage your business to the changing circumstance, the credit union can help with most of your financial needs. Whether it is checking, savings, credit cards, or equipment financing, your credit union is on your side.

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.
Roger Smith, Olympia, R. L. Smith Logging, Inc.





COMMERCIAL LOAN PORTFOLIO AS OF 12-31-21



