



56th
ANNUAL
REPORT

MISSION & VISION

Our **mission** is to provide opportunities for our members to build their financial well-being.

Our **vision** is to be the financial institution that members *choose first, use the most, and grow with throughout their lives.*



BOARD OF DIRECTORS UPDATE

As chair of your nine-member volunteer Board of Directors, I work together with the Credit Union's Executive Team to help grow the Credit Union and position us for future success. Together, we are devoted to tackling the goals that serve our growth while providing the innovative products and services that support the membership's financial future.

The world of financial services continues to progress. While our member's general financial needs remain the same, the way the Credit Union provides those services is ever evolving. In 2022, we continued to expand our virtual branch so we can serve members of our various communities regardless of where they are. We also remember to stay true to our roots as a local financial institution. Our beautiful new Astoria branch serves as a reminder of our ongoing commitment to maintaining and expanding a physical presence throughout our footprint.

As WCU readies itself for an expected turbulent year, we are prepared to be the proverbial port in the storm for those who need it, as well as the ladder that local businesses use to reach the next level.

I'd like to thank my fellow board members, the Supervisory Committee, and Wauna Credit Union's leadership and staff for another successful year. I'm privileged to work with such a wonderful group of dedicated and talented individuals.

— **George Dunkel**, Board Chair

FINANCIAL OFFICER UPDATE

I am the Financial Officer of the Board of Directors. I am pleased to announce that Wauna Credit Union had strong growth in 2022.

During 2022, the Credit Union's total assets grew \$27.9 million, or 7.7%, to \$391.7 million.

- Growth of the loan portfolio drove the increase in total assets; loans grew \$49.4 million, or 22.4%, in 2022, exceeding budget projections for the year. The Credit Union finished the year with a loan portfolio of \$270.1 million.
- Members shares also increased over the year, but at a slower pace. Total member shares are \$342.2 million at year end, an increase of \$11.1 million (3.4%).
- Even though member shares did increase overall, the last quarter of 2022 saw the Credit Union sharing the experience of declining deposits that many other financial institutions felt as well. The continued high level of inflation finally caused consumers to spend the excess deposits that had accumulated over the course of the pandemic. This late in the year decline, combined with strong lending, resulted in need for the credit union to borrow funds on an overnight basis. At year end, the credit union's overnight borrowings were \$24.2 million.

The Credit Union reported net income of \$2.7 million in 2022.

- Strong loan demand and higher interest rates contributed to a 20.9% increase in net interest income. For the year, net interest income was \$12.6 million.
- The growth in loans required the Credit Union to increase the funding of the allowance for loan and lease losses. To maintain the ALLL at a reasonable level, the credit union recorded \$956 thousand in provision for loan loss expense over the course of the year.
- Non-interest income was not quite as strong as the previous year. For 2022, non-interest income was \$7.9 million, \$454 thousand below 2021. The significant contributor to this was the rising interest rate environment which caused a slowdown in mortgage loans.
- Operational expenses were \$16.8 million for the year, \$983 thousand (6.2%) higher than the previous year.

Overall, the Credit Union's financial ratios were positive for the year.

- The loan to share ratio increased from 66.9 for 2021 to 79.3 for 2022.
- The net worth ratio grew by 15 basis points, up to 7.81.
- Return on average assets came in at 0.72, down 16 basis points from last year.
- Cost of funds increased three basis points due to the overnight borrowings late in the year, up to 0.12.

While the economic environment presented, and continues to present, challenges, I am happy to report that Wauna Credit Union has had another successful financial year. The Board and management team will, as always, work toward growth and financial stability.

— **Jennifer Teeter**, Board Financial Officer

STATEMENT OF FINANCIAL CONDITION

	2022	2021
<i>Assets</i>		
Cash & Cash Equivalents	\$9,160,603	\$9,438,986
Investments	\$78,161,393	\$102,311,740
Loan to Members, net the Allowance for Loan Losses	\$270,106,373	\$220,716,965
Accrued Income Receivable	\$1,036,426	\$808,317
Property & Equipment	\$16,008,835	\$15,886,073
National Credit Union Share Insurance Fund Deposit	\$3,268,791	\$3,158,747
Other Assets	\$13,923,250	\$11,409,067
Total Assets	\$391,665,671	\$363,729,895
<i>Liabilities & Equity</i>		
Members' Shares	\$342,160,577	\$331,067,193
Borrowed Funds	\$24,233,984	\$230,976
Accrued Expenses & Other Liabilities	\$5,213,290	\$5,935,199
Total Liabilities	\$371,607,851	\$337,233,368
Regular Reserves	\$0	\$1,763,438
Undivided Earnings	\$30,591,726	\$26,103,543
Unrealized Gains on Investments	-\$10,533,906	-\$1,370,454
Total Equity	\$20,057,820	\$26,496,527
Total Liabilities & Equity	\$391,665,671	\$363,729,895

Audited financial statements are available upon request by contacting the Wauna Credit Union internal auditor.

YEAR OVER YEAR COMPARISON



INCOME STATEMENT

	2022*	2021
<i>Interest Income</i>		
Loans to Members	\$12,061,374	\$10,180,624
Investments & Cash Equivalents	\$1,020,952	\$565,786
<i>Interest Expense</i>		
Dividends on Member's Shares	\$307,627	\$308,455
Interest on Borrowed Funds	\$156,499	\$2,226
Net Interest Income	\$12,618,200	\$10,435,729
Provision for Loan Losses	\$956,000	-\$92,399
Net Interest Income after Provision for Loan Losses	\$11,662,200	\$10,528,128
Non Interest Income	\$7,901,190	\$8,355,429
<i>General & Administrative Expenses</i>		
Salaries & Benefits	\$9,862,418	\$8,978,601
Occupancy, Equipment, Operations	\$4,519,941	\$3,884,527
Other Operating Expenses	\$3,407,903	\$3,045,071
Gain/Loss on Sale of Assets	\$951,617 gain	\$52,602 gain
Total Expenses	\$16,838,645	\$15,855,597
Net Income	\$2,724,745	\$3,027,960

Audited financial statements are available upon request by contacting the Wauna Credit Union internal auditor.

SUPERVISORY COMMITTEE UPDATE

The Supervisory Committee works alongside the Board of Directors and Executive Team to ensure your assets are aptly protected. The Committee consists of Wauna Credit Union volunteer members Santiago Estrada, Mike Avent, Jeff Engstrom, Lester Kahr, and myself, and works closely with WCU Internal Auditor, Sarah Jones, who is responsible for safeguarding the proper internal controls.

Through periodic meetings with officers, our internal auditor, and external auditors and examiners, we serve as an objective and independent group. Our aim is to confirm that management and the Board of Directors have established adequate policies and procedures. These ensure that financial statements are prepared with precision, reflecting the financial position and operating results of your Credit Union accurately.

The Supervisory Committee also facilitates the National Credit Union Association (NCUA) in their annual examination. The NCUA evaluates the Credit Union for compliance with federal laws and regulations as well as the soundness of the organization and recommends actions based on these findings.

The Supervisory Committee engaged the certified public accounting firm, CliftonLarsonAllen, LLP, to perform an audit of the Credit Union's financial condition. They issued an unmodified opinion on the Credit Union's 2022 consolidated financial statements as contained in this annual report.

These audited financial statements, along with the aforementioned internal and external reviews, indicate that Wauna Credit Union is financially sound, its operations are controlled, and it is conducting its affairs in a fiscally responsible manner. The statements presented in this report fairly represent the condition of your Credit Union at year end in 2022.

We would not have seen such growth in 2022 without the Board of Directors, my fellow committee members, and the Wauna Credit Union staff, and we look forward to continued success. The Supervisory Committee remains committed to preserving the sound management of your Credit Union for many years to come.

— **Dan Huggett**, Supervisory Committee Chair

CEO & PRESIDENT UPDATE

As the CEO and President of Wauna Credit Union, I report to our volunteer-led Board of Directors and oversee the day-to-day operations of the Credit Union. Just as importantly, I work to position Wauna Credit Union as the primary financial institution for our members.

Members are at the core of every decision the Credit Union makes. When they make WCU their PFI, we are succeeding in fulfilling our vision of being the credit union members choose first, use the most, and grow with throughout their lives.

In 2022, our Board of Directors set an ambitious loan growth goal to ensure the Credit Union had the capitalization and future revenue to continue to serve both our member-owners and our communities, which are increasingly underserved by traditional banks.

I am happy to report that, as a team, our employees not only met but exceeded this goal. Total Loans increased by 22.4% to \$271,541,899; Total Assets grew by 7.7% to \$391,526,143; membership numbers reached 24,492; and our Capital Ratio ended the year at 7.81%, which is well capitalized, according to National Credit Union Association guidelines.

We continue to enhance the Credit Union by adding key hires throughout the footprint, building a base to support our continued growth and the evolution of our financial offerings.

The Credit Union continues to develop strong relationships with local businesses, local schools, student scholarship programs, charities, and non-profits. Our corporate charity program, completely funded by WCU employees, raised more than \$23,000 for Michelle's Love, a local organization focused on supporting single parents undergoing cancer treatment.

It's a pleasure to be able to work with such an amazing group of individuals, and I would like to additionally thank our Board of Directors and Supervisory Committee for their efforts and dedication. I look forward to continuing to serve you – in 2023 and beyond.

— **Robert Blumberg**, CEO & President



INDIVIDUALS WELCOME

Because you're a **person**, not a **number**.

ASTORIA

CLATSKANIE

FOREST GROVE

LONG BEACH

SCAPPOOSE

SAINT HELENS

VERNONIA

WARRENTON



**Wauna
Credit Union**

800.773.3236

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