

2020

ANNUAL REPORT



The iconic Olympia Beer horseshoe lights the night sky above the Tenino Branch.

OBEE™ CREDIT UNION

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REPORT from the President and CEO



James Collins
President and CEO

The year 2020 was one of the most challenging in history. The COVID pandemic created extraordinary moments in all of our lives and continues to demand our attention. Its impact globally and nationally has been staggering, while locally, everyone was affected in some way. O Bee's efforts were drawn to our employees' safety and welfare, our neighbors, friends, and families.

Early on, we realigned our business model to focus on the unique demands of this emergency. Over \$30 million of member loans were deferred when the economy shuttered in April. We enhanced our online and mobile banking options and established drive-thru-only branches until it was safe to open our lobbies again. As we enter 2021, nearly 600 of our members remain unemployed (up from only about 30 in February of 2020). We remain committed to helping all our members through the challenges that remain.

The most significant impact on the industry as a whole is escalating deposits. O Bee's deposits grew by more than \$90 million for the year, compared to \$23M in 2019, because of increased deposits due to stimulus payments and enhanced unemployment checks. A general lack of consumer purchasing significantly contributed to this situation as well.

That said, the credit union is strong financially. Even after taking over \$1 million in additional reserves for potential loan losses, the credit union still made over \$2 million in net income for the year. Delinquency and charge-off remain low, and we hope that the funds we put away in reserve will not be needed. We had bright spots, too: mortgage lending was robust, as was our new business lending services. We reopened our branches and safely resumed normal services earlier than many thought possible — a testimonial to the great team here at the credit union.

While the pandemic continues to present challenges, we are moving forward with initiatives in 2021 to reshape our local communities through investing in our members and businesses. We plan to take our surplus deposits and put them to good use in the community. This is a crucial driver of our 2021 focus.

As always, the credit union promise of People Helping People remains our guiding focus.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'J Collins', written over a light gray horizontal line.

James Collins
President and CEO

REPORT from the Board Chair



Wilford "Will" Saunders
Board Chair

2020 was one of the tougher years on record for O Bee and the communities we serve, and the economic landscape around us has changed. Thankfully, O Bee members have come through fairly well overall. Members entrusted O Bee with significant savings and borrowed for businesses and projects to come. The O Bee team made this possible with safe branches, excellent judgment, and innovative ideas that have given us a foundation to build on as the country recovers.

Nonetheless, in the year to come, we are bracing for hardship in our communities. At this point, vaccines have reached about 10% of Washingtonians; however, it will be many months before people feel safe to connect and move about as we once did. Many of our neighbors and local businesses will continue to face significant struggles. But O Bee will be there for them.

O Bee is doubling down on our vision of accessible financial services for all. We are strategically focused on improving capital position, recruiting, and retaining members, and ensuring our services really serve members' needs. When we sought recognition as a low-income designated credit union, we equipped ourselves to serve communities with financial challenges. Recently we were named a Community Development Financial Institution. As such, we'll have access to resources that can offer new sources of capital to help grow local economies. Our new Business Services division has allowed us to be an active participant in Small Business Administration loans, and we are still one of only a few financial institutions in the country set up to work responsibly with Washington's growing cannabis businesses.

We have a long way to go before we really recover as a country, but O Bee is better positioned than ever to help when conditions allow. As a financial cooperative committed to the welfare of our members, we built strong services and relationships during good times that have sustained us during difficult times. The past year was tough — and the present is difficult for many — but the Board sees renewed opportunities for members and for our communities.

A handwritten signature in black ink, appearing to read "Will Saunders".

Wilford "Will" Saunders
Board Chair

***“ O Bee is doubling down
on our vision of accessible
financial services for all. ”***

A Year Like No Other

Over a few short days in early March, we realigned our business model to focus on the unique demands of the pandemic. Almost overnight our dedicated team began working remotely to maintain the exceptional level of service on which you depend.



Lifeline to Members

In 2020 O Bee deferred more than \$30M in loans at record speed, offering members a lifeline as the pandemic took hold. We additionally offered emergency loans at a very low annual percentage rate.

Helping Small Businesses

Our Business Lending team worked with the Small Business Administration (SBA) to assist business account holders to obtain low-interest loans, working capital and access to resources through the Paycheck Protection Program (PPP).



Branch Lobbies Reopen

With much planning and enhanced safety protocols in place, most branch lobbies reopened in June or earlier. This was sooner than we had expected and ahead of most other financial institutions in the area.

Masks for Charity

Masks became an important part of staying healthy. O Bee offered several masks with brewery-inspired designs (plus Berenstain Bears for the children!) in exchange for a donation. The response was overwhelming. We raised more than \$50,000 for local charities through our mask and t-shirt charity initiatives.



Scholarships Support Local Students

O Bee is proud to support hardworking scholars as they pursue their education and dreams. Seven local students were each awarded a \$3,000 scholarship to use toward continuing education.



Members Remained Loyal

Members remained loyal in 2020. Our employees faced complicated issues and long days, but through it all they handled the challenges with grace, care and yes, often humor. Our Net Promoter score ended the year at an outstanding 88%.



Keeping a Balance

At O Bee we have a long tradition of dressing up for Halloween. Our teams were not going to let a pandemic get in the way of some fun. With some clever costumes, masks, and holding our breath for photos we were able to have a fun day and keep a balance during a stressful time.

2020 ANNUAL REPORT **Financial Statement**



BALANCE SHEET

2019

2020

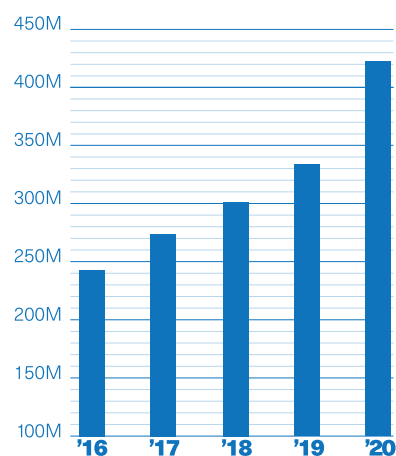
Assets

Cash & Cash Equivalents	\$23,421,687	\$91,264,530
Investments	777,593	807,443
Loans to Members, Net	291,312,457	311,171,378
Accrued Interest Receivable	1,068,669	1,023,287
Premises & Equipment, Net	8,337,843	8,514,140
NCUSIF Deposit	2,591,229	3,266,363
Other Assets	5,492,378	5,591,551
Total Assets	\$333,001,856	\$421,638,692

Liabilities, Shares & Equity

Shares	\$80,358,389	\$118,337,869
Share Drafts	78,898,340	116,322,487
Money Market	70,019,096	91,008,659
Share Certificates	48,757,220	43,590,030
IRA Shares & Certificates	11,895,678	12,068,161
Non-Member Deposits	3,000,000	0
Borrowings	4,000,000	3,000,000
Other Liabilities	9,376,159	8,521,455
Regular Reserves & Undivided Earnings	26,696,974	28,790,031
Total Liabilities, Shares & Equity	\$333,001,856	\$421,638,692

ASSETS



2020 ANNUAL REPORT **Financial Statement**



INCOME STATEMENT

2019

2020

Interest Income and Expense

Interest Income	\$15,476,846	\$15,374,550
Dividend & Interest Expense	1,859,209	1,603,261
Net Interest Income	13,617,637	13,771,289
Provision for Loan Losses	2,952,777	3,161,789
Net Interest Income after Provision for Loan Losses	10,664,860	10,609,500

Non-Interest Income and Expense

Non-Interest Income	\$7,223,533	\$8,223,782
Compensation & Benefits	\$7,465,530	\$8,860,641
Occupancy	1,375,715	1,641,829
Other Expense	7,051,835	6,237,752
Total Non-Interest Expense	15,893,080	16,740,222

Net Income

\$1,995,313

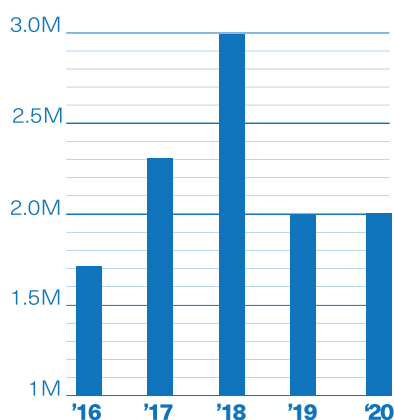
\$2,093,060

Total Membership

31,869

32,138

NET INCOME



TOTAL MEMBERSHIP

