

**To our
217,000
members,
whew! what a year.**

Here for good, in a challenging year.

Even for a credit union founded in 1934, there's never been a year like 2020.

STCU responded by helping our members, our community and our employees meet the challenges of a worldwide pandemic, remote learning, business closures, job losses, wildfires, and more.

We supported education by funding programs helping college students pay for the essentials and providing K-12 Idaho students with desperately needed technology, led an effort to celebrate high school seniors, and had 108 pizzas delivered to school district offices. Our own education efforts included 427 financial education workshops and story times for children. Adapting quickly to the pandemic, we offered 245 of those workshops (60 percent) as virtual experiences.

We sustained Spokane Food Fighters' delivery of 120,000 meals directly to doorsteps, and made substantial end-of-year gifts to 23 organizations that were meeting critical needs for families, and helping children make connections during a year of isolation. We provided 100 smart phones and cell service for heads of households to maintain uninterrupted access to education and mental healthcare services.

We helped thousands of members in challenging circumstances, with programs to skip payments, and through the efforts of our Financial Relief Services team. And for members in the fire-ravished town of Malden, we provided care packages and zero-interest loans.

We processed more than 1,000 forgivable federal Paycheck Protection Program loans for businesses, so their employees could keep their jobs. They weren't all STCU member businesses, either, because we helped fellow credit unions that lacked the resources to process the loans themselves.

We bought meals from local restaurants for distribution to veterans' homes and other organizations, and provided hundreds

of gift cards from local businesses to nonprofits and members in need. We surprised 16 chambers of commerce by paying double our dues on National Support Your Local Chamber of Commerce Day. And we lived up to our commitments, even when the pandemic forced cancelations of STCU-sponsored events.

We kept the doors open to serve members at a vast majority of STCU branch locations, while helping more than 300 employees transition to working from home. In a year when getting out was difficult, our employees documented more than 6,000 volunteer hours.

All of that, while growing to more than \$4 billion in total assets, and opening new branches in Pasco and Rathdrum. We also completed the largest acquisition in STCU history, acquiring four former Umpqua Bank branches in Medical Lake, Ritzville, Othello, and Coulee City.

In the process, we were voted "best credit union" for the 15th consecutive year. Because, when it really mattered, STCU was here for good.

2020 member data stories.

To our 43 members who live in Malden, you and your neighbors are in our thoughts.

To our 4,277 members who work at Eastern Washington school districts, your kids miss you.

To our 2,198 members turning 18 this year, your graduating class can make it through anything.

To our 152 members who work at Rosauers, way to make shopping safer for seniors.

Statements of financial condition

Assets	Dec 31, 2020	Dec 31, 2019
Cash and cash equivalents	\$413,858,802	\$146,237,265
Deposits in other financial institutions	250,000	250,000
Investments – available-for-sale, at fair value	244,267,010	143,665,716
Investments – paid in capital in other financial institutions	750,000	750,000
Loans held for sale	1,165,952	3,696,057
Loans, net	3,272,563,165	2,863,865,447
Accrued interest receivable	10,255,945	9,547,844
Property and equipment, net	78,177,692	74,590,392
FHLB stock	12,564,900	14,220,600
NCUSIF deposit	28,441,707	23,741,469
Goodwill	1,130,534	458,357
Split-dollar loans receivable	12,721,491	-
Other assets	16,815,804	13,894,414
Total assets	\$4,092,963,002	\$3,294,917,561

Liabilities and members' equity	Dec 31, 2020	Dec 31, 2019
Liabilities		
Members' shares	\$3,443,401,832	\$2,640,413,295
Borrowed funds	214,765,481	265,339,704
Accrued expenses and other liabilities	44,894,742	37,062,031
Total liabilities	\$3,703,062,055	\$2,942,815,030
Members' equity		
Regular reserves	\$13,417,250	\$13,417,250
Undivided earnings	372,467,779	338,154,665
Accumulated other comprehensive income (loss)	4,015,918	530,616
Total members' equity	\$389,900,947	\$352,102,531
Total liabilities and members' equity	\$4,092,963,002	\$3,294,917,561

Statements of income

Interest income	Dec 31, 2020	Dec 31, 2019
Loans	\$138,173,814	\$126,469,484
Investments and interest-bearing deposits	5,025,239	6,302,819
Total interest income	\$143,199,053	\$132,772,303
Interest expense	Dec 31, 2020	Dec 31, 2019
Members' shares	\$21,182,799	\$21,661,427
Interest on borrowed funds	5,425,823	5,358,340
Total interest expense	\$26,608,622	\$27,019,767
Net interest income	\$116,590,431	\$105,752,536
Provision for loan losses	13,979,135	9,168,528
Net interest income after provision for loan losses	\$102,611,296	\$96,584,008

Non-interest income	Dec 31, 2020	Dec 31, 2019
Service charges and fees	\$23,766,164	\$22,915,241
Mortgage servicing and loans fees	2,221,914	2,590,618
Rental income	554,259	409,109
Gain on sale of loans	6,975,526	883,834
Other non-interest income	1,499,966	1,338,963
Total non-interest income	\$35,017,829	\$28,137,765
Non-interest expense	Dec 31, 2020	Dec 31, 2019
Employee compensation and benefits	\$63,971,946	\$57,396,379
Processing charges	9,238,139	8,214,918
Office operations and other expense	10,034,349	10,569,093
Office occupancy	6,555,298	5,607,879
Computer operations	7,473,075	6,025,258
Advertising and marketing	6,043,204	4,624,931
Total non-interest expense	\$103,316,011	\$92,438,458
Net income	\$34,313,114	\$32,283,315

Analysis of the financial position

Everything starts with the heart of the member.

As every STCU employee knows, those red alabaster hearts on meeting tables and desks throughout the organization are packed full of meaning. When we talk about the heart of the member, we're talking about our commitment to our members' financial well-being. That commitment remains our top priority — and the key to our success as our numbers and geographic footprint continue to grow.

MEMBERSHIP

STCU ended the year with more than 217,000 members, representing a 9% increase from the prior year. That can be attributed to our continued commitment to the community and keeping the heart of the member as our top priority.

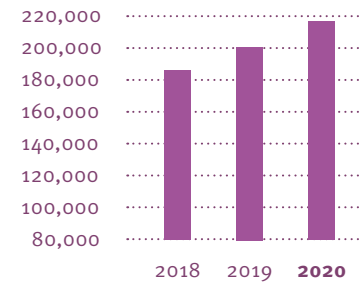
LOANS

STCU's loan portfolio grew 14% in 2020. Net loans grew over \$408 million, increasing in growth from the previous year. The real estate portfolio was responsible for over 58% of net loan growth. The commercial portfolio also expanded, responsible for 38% of net loan growth. Loan charge-offs decreased from 0.27% in 2019 to 0.17% in 2020. Loan delinquencies also decreased, from 0.22% in 2019 to 0.10% in 2020.

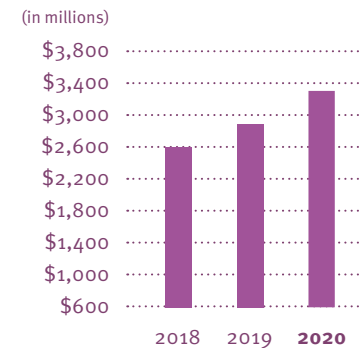
MEMBER SHARES

Member shares grew over 30% in 2020. There was significant growth in such products as First 5 Savings, standard checking, and Presidents Premium Money Market. The commercial deposit portfolio grew 78% as STCU continued to focus on deepening relationships with business members.

Membership



Loans



NET INCOME

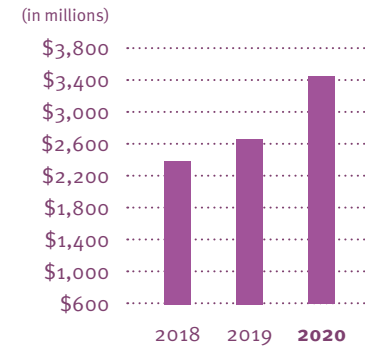
STCU generated over \$34.3 million in net income in 2020, an increase of \$2 million from 2019. While loan rates reached historic lows, strong growth in loan volume grew interest income by over \$10.4 million over 2019. There was a \$411,000 decrease in interest expense, because while deposits grew at historic rates in 2020, this growth was mainly in low interest products as rates reached historic lows. Net interest income grew by over \$10.8 million over 2019, strengthening STCU's ability to provide new technologies, desirable products and services, and rate promotions. The provision for loan losses increased over \$4.8 million from the previous year, which can be attributed to setting aside additional funds for the potential of pandemic related loan losses.

Return on assets decreased from 0.98% in 2019 to 0.84% in 2020. A primary factor was the increased provision expense for potential loan charge-offs resulting from the economic impact of the pandemic. Operating expenses as a percent of total assets decreased from 2.81% in 2019 to 2.52% in 2020.

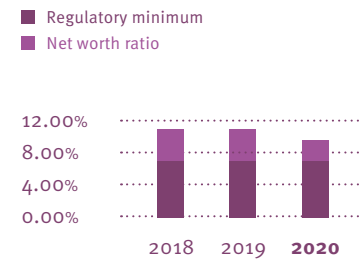
CAPITAL

On December 31, 2020, STCU's net worth ratio was 9.43%. The regulatory minimum net worth ratio is 7% to be considered a "well capitalized" credit union. STCU manages this ratio by investing in new technologies, providing competitive financial products, and building new branches to best serve our members.

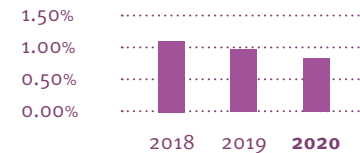
Member shares



Net worth ratio



Return on assets





2020 Annual Report
(800) 858.3750 | stcu.org