

**Serving** members.  
businesses.  
communities.  
in the moment.  
for the long haul.

**Here for good.**™

# Here for good, with intention.

From the start of the pandemic, STCU committed to coming alongside businesses, community organizations, members and employees, acting with intention to identify and meet their immediate needs. More importantly, we would help them envision and create a future filled with opportunity.

As 2021 began, that effort was recognized nationwide with a Credit Union National Association Diamond Award. As the year drew to a close, it was recognized again. This time, the Association of Washington Business named STCU one of three statewide finalists for the Washington Resiliency Award, presented to organizations that demonstrate leadership in addressing threats and community crises.

Between those two events, readers of the Inlander newspaper named STCU “best credit union” for the 16th consecutive year. Yet, the accolades we appreciated most are more personal.

“STCU listened. They came through,” wrote a grateful member who joined STCU years ago, facing difficult financial circumstances. Now, she is a homeowner.

“You made a wreck of a day a lot more tolerable,” wrote a woman who walked into our Othello branch on a 100-degree day, after her car broke down miles from home.

“I’m so thankful I came in your doors!” said the stranger in need who showed up at our Crossroads Branch.



## Welcoming new friends

Coulee Dam Federal Credit Union began serving Bureau of Reclamation employees in 1941, and grew to \$180 million with five branch locations. On October 1, 2021, the 14,000-member credit union merged with STCU, following unanimous votes by the boards of both credit unions, and a majority vote by CDFCU members.

The merger gives STCU its first locations in Douglas, Okanogan, Ferry and Lincoln counties.



## Argonne Branch opens

STCU’s newest location in Spokane Valley features a 22-foot mural by Spokane Valley artist Melissa Cole.



## Operation Fly Together

STCU joined in a partnership with Spokane Indians Baseball to honor and support local military veterans.

# Statements of financial condition

Assets	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	\$440,187,573	\$413,858,802
Investments – available-for-sale, at fair value	507,805,568	244,267,010
Loans held for sale	5,858,386	1,165,952
Loans, net	3,807,050,499	3,272,563,165
Accrued interest receivable	12,275,662	10,255,945
Property and equipment, net	83,059,340	78,177,692
FHLB stock	9,998,200	12,564,900
NCUSIF deposit	37,174,994	28,441,707
Goodwill	4,664,088	1,130,534
Split-dollar loans receivable	12,866,439	12,721,491
Other assets	28,848,261	17,815,804
Total assets	<b>\$4,949,789,010</b>	<b>\$4,092,963,002</b>

Liabilities and members' equity	Dec 31, 2021	Dec 31, 2020
<b>Liabilities</b>		
Members' shares	\$4,318,062,389	\$3,443,401,832
Borrowed funds	126,557,776	214,765,481
Accrued expenses and other liabilities	53,307,298	44,894,742
Total liabilities	<b>\$4,497,927,463</b>	<b>\$3,703,062,055</b>
<b>Members' equity</b>		
Regular reserves	\$13,417,250	\$13,417,250
Undivided earnings	433,416,509	372,467,779
Equity acquired in merger	15,235,700	-
Accumulated other comprehensive income	(10,207,912)	4,015,918
Total members' equity	<b>\$451,861,547</b>	<b>\$389,900,947</b>
<b>Total liabilities and members' equity</b>	<b>\$4,949,789,010</b>	<b>\$4,092,963,002</b>

# Statements of income

Interest income	Dec 31, 2021	Dec 31, 2020
Loans	\$153,006,178	\$138,173,814
Investments and interest-bearing deposits	8,612,561	5,025,239
<b>Total interest income</b>	<b>\$161,618,736</b>	<b>\$143,199,053</b>
Interest expense	Dec 31, 2021	Dec 31, 2020
Members' shares	\$15,877,385	\$21,182,799
Interest on borrowed funds	5,800,849	5,425,823
<b>Total interest expense</b>	<b>\$21,678,234</b>	<b>\$26,608,622</b>
<b>Net interest income</b>	<b>\$139,940,502</b>	<b>\$116,590,431</b>
Provision for loan losses	4,959,060	13,979,135
<b>Net interest income after provision for loan losses</b>	<b>\$134,981,442</b>	<b>\$102,611,296</b>

Non-interest income	Dec 31, 2021	Dec 31, 2020
Service charges and fees	\$31,579,377	\$23,766,164
Mortgage servicing and loan fees	3,408,619	2,221,914
Gain on sales of loans	6,339,824	6,975,526
Other non-interest income	4,040,688	2,054,225
<b>Total non-interest income</b>	<b>\$45,368,508</b>	<b>\$35,017,829</b>
Non-interest expense	Dec 31, 2021	Dec 31, 2020
Employee compensation and benefits	\$74,808,493	\$63,971,946
Processing charges	11,430,752	9,238,139
Office operations	11,253,952	10,034,349
Office occupancy	7,344,920	6,555,298
Computer operations	8,332,184	7,473,075
Advertising and marketing	6,230,919	6,043,204
<b>Total non-interest expense</b>	<b>\$119,401,220</b>	<b>\$103,316,011</b>
<b>Net income</b>	<b>\$60,948,730</b>	<b>\$34,313,114</b>

# Analysis of the financial position

## MEMBERSHIP

STCU ended the year with more than 246,000 members, representing a 13% increase from the prior year. That can be attributed to our continued commitment to members, and being here for good in the community.

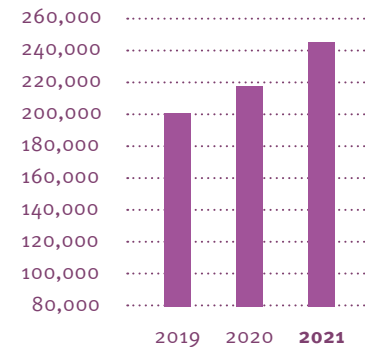
## LOANS

STCU's loan portfolio grew over 15% in 2021. Net loans grew nearly \$535 million, increasing in growth from the previous year. The personal loan portfolio was responsible for over 24% of net loan growth. The real estate portfolio also expanded, responsible for 23% of net loan growth. Loan charge-offs decreased from 0.16% in 2020 to 0.09% in 2021. Loan delinquencies remained low and decreased slightly, from 0.10% in 2020 to 0.09% in 2021.

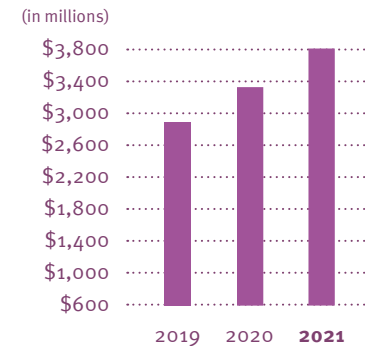
## MEMBER SHARES

Member shares grew over 25% in 2021. There is continued significant growth in such products as First 5 Savings, Standard Checking, and STCU Money Market. The commercial deposit portfolio grew 48% as STCU continued to focus on deepening relationships with business members.

## Membership



## Loans



## NET INCOME

STCU generated \$60.9 million in net income in 2021, an increase of \$26.6 million from 2020. While loan rates reached historic lows, strong growth in loan volume grew interest income by over \$18.4 million over 2020. There was a \$4.9 million decrease in interest expense, because while deposits grew at historic rates in 2020 and 2021, this growth was mainly in low interest products as rates reached historic lows. Net interest income grew by over \$23.4 million over 2020, strengthening STCU's ability to provide new technologies, desirable products and services, and competitive rates. The provision for loan losses decreased over \$9.0 million from the previous year, which can be attributed to historically low loan charge offs.

Return on assets increased from 0.84% in 2020 to 1.23% in 2021. A primary factor was the large increase to net interest income. Operating expenses as a percent of total assets decreased from 2.52% in 2020 to 2.41% in 2021.

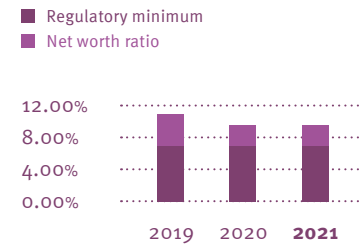
## CAPITAL

On December 31, 2021, STCU's net worth ratio was 9.34%. 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.

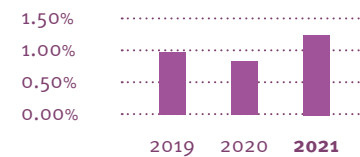
## Member shares



## Net worth ratio



## Return on assets





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