

ONE STCU

Here for good.™

One STCU

In 2022, STCU passed the milestone of 250,000 members, each representing a unique relationship with their not-for-profit financial cooperative. They're busy and on-the-go, and may access their STCU accounts at any time, from anywhere.

The ongoing One STCU initiative was launched to ensure that each individual receives the same high level of service whether in person, on the phone, or through digital tools. Members viewed pages 11.6 million times on the STCU website, where online banking remains the primary destination. New members now enjoy digital onboarding designed to deliver the highest possible benefit from their STCU relationship.

At the same time, STCU continued to deepen its commitment to communities, stepping in where other financial institutions are pulling out. In 2022, the credit union acquired branch locations in the northeast Washington towns of Kettle Falls, Colville, and Chewelah. That acquisition nearly doubled STCU's Stevens County membership, while providing close-to-home access for more than 4,000 pre-existing members. The Hayden Branch was part of the same acquisition, growing STCU's Idaho presence to seven locations in Kootenai and Bonner counties.

Throughout the region, STCU supported rodeos, fairs, chambers of commerce and other community events, often providing the convenience of mobile ATMs. STCU worked with the Fox Theater to bring back National Geographic Live events after a two-year absence, renewed its commitment to STCU Best of Broadway, and worked with the Museum of Arts and Culture to make Spokane the first U.S. city to host the popular Dreamworks Animation exhibit.

In a changing economy, more people than ever sought financial education from a trusted source. STCU offered 146 adult financial education workshops, and 268 virtual and in-person youth financial education classes.



The Podium Powered by STCU is Spokane's newest public venue for athletic competitions, concerts and community events.

With the West Coast's only 200-meter hydraulic banked indoor track, the Podium is expected to draw 25,000 annual visitors and \$33 million in annual spending. Its first major event produced a world record, set by a women's relay team. Other track events followed, as well as wrestling, volleyball, basketball, rock concerts, graduations, and more.

By year's end, The Podium Powered by STCU had been voted the nation's "best new sports venue" by *Sports Travel* magazine.



In 2022, the groundwork was laid for an exciting new commitment to the communities of the Inland Northwest. Early in 2023, working with Innovia Community Foundation, STCU will launch the Here for Good Foundation with an initial investment of \$1 million and a goal of building a \$10 million endowment.

The foundation will award grants to impact areas of education, arts & culture, and economic development. It ensures STCU's deep commitment to community support will continue to guide the credit union in perpetuity, just as it has since our founding in 1934.



For the 17th consecutive year, readers of the *Inlander* newspaper voted STCU "best credit union." No other credit union has ever held the title.

Statements of financial condition

Assets	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	\$242,660,433	\$440,187,573
Investments – available-for-sale, at fair value	455,259,341	507,805,568
Loans held for sale	1,510,486	5,858,386
Loans, net	4,602,669,542	3,807,050,499
Accrued interest receivable	17,630,173	12,275,662
Property and equipment, net	89,257,390	83,059,340
FHLB stock	25,156,200	9,998,200
NCUSIF deposit	43,351,289	37,174,994
Goodwill	7,737,626	4,664,088
Split-dollar loans receivable	42,340,023	12,866,439
Operating lease right-of-use asset	8,959,093	-
Other assets	89,293,743	28,848,261
Total assets	\$5,625,825,339	\$4,949,789,010

Liabilities and members' equity	Dec 31, 2022	Dec 31, 2021
Liabilities		
Members' shares	\$4,591,171,521	\$4,318,062,389
Borrowed funds	529,253,564	126,557,776
Operating lease liability	9,027,197	-
Accrued expenses and other liabilities	54,076,729	53,307,298
Total liabilities	\$5,183,529,011	\$4,497,927,463
Members' equity		
Other reserves	-	13,417,250
Undivided earnings	506,095,808	433,416,509
Equity acquired in merger	15,235,700	15,235,700
Accumulated other comprehensive (loss) income	(79,035,180)	(10,207,912)
Total members' equity	\$442,296,328	\$451,861,547
Total liabilities and members' equity	\$5,625,825,339	\$4,949,789,010

Statements of income

Interest income	Dec 31, 2022	Dec 31, 2021
Loans, including fees	\$180,791,915	\$153,006,175
Investments and interest-bearing deposits	12,643,497	8,612,561
Total interest income	\$193,435,412	\$161,618,736
Interest expense	Dec 31, 2022	Dec 31, 2021
Members' shares	\$13,775,904	\$15,877,385
Interest on borrowed funds	10,786,432	5,800,849
Total interest expense	\$24,562,336	\$21,678,234
Net interest income	\$168,873,076	\$139,940,502
Provision for loan losses	17,028,547	4,959,060
Net interest income after provision for loan losses	\$151,844,529	\$134,981,442

Non-interest income	Dec 31, 2022	Dec 31, 2021
Service charges and fees	\$36,195,447	\$31,579,377
Mortgage servicing and loan fees	4,016,451	3,408,619
Gain on sales of loans	1,075,174	6,339,824
Other non-interest income	3,697,353	4,040,688
Total non-interest income	\$44,984,425	\$45,368,508
Non-interest expense	Dec 31, 2022	Dec 31, 2021
Employee compensation and benefits	\$80,979,504	\$74,808,493
Processing charges	14,670,447	11,430,752
Office operations	16,926,384	11,253,952
Office occupancy	8,363,654	7,344,920
Computer operations	9,383,578	8,332,184
Advertising and marketing	7,243,338	6,230,919
Total non-interest expense	\$137,566,905	\$119,401,220
Net income	\$59,262,049	\$60,948,730

Analysis of the financial position

MEMBERSHIP

STCU ended the year with more than 266,000 members, representing an 8% increase from the prior year. That can be attributed to our continued commitment to members and being here for good in the community.

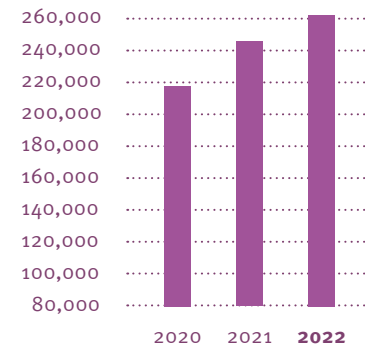
LOANS

STCU's loan portfolio grew over 20% in 2022. Net loans grew \$796 million in 2023, increasing the rate of growth compared to the previous year. The auto loan portfolio was responsible for over 24% of net loan growth. The net commercial loan portfolio also expanded, responsible for 22% of net loan growth as well as the personal loan portfolio growing 20% of net loan growth. Loan charge-offs increased from a historic low of 0.09% in 2021 to 0.23% in 2022. Loan delinquencies increased from 0.09% in 2021 to 0.16% in 2022.

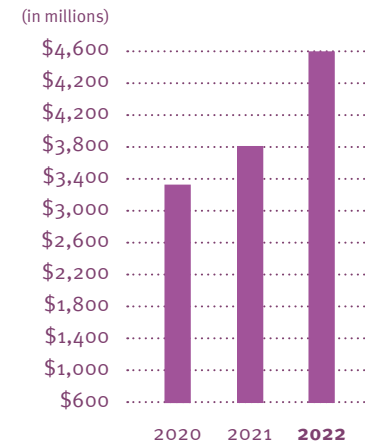
MEMBER SHARES

Member shares grew over 6% in 2022. Most of the growth was in our checking and certificate of deposit accounts. The commercial deposit portfolio grew 11% as STCU continued to focus on deepening relationships with business members.

Membership



Net Loans



NET INCOME

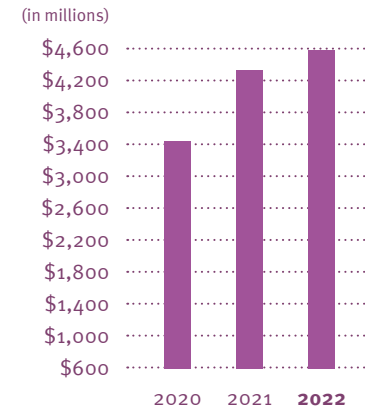
STCU generated \$59.3 million in net income in 2022, relatively flat from \$60.9 million in 2021. Strong net income supports STCU’s ability to provide competitive rates, new technologies, desirable products and services and competitive compensation. The net interest margin grew by \$28.9 million over 2021 due to loan growth and a rising rate environment. Operating expenses increased by \$18.2 million over 2021 due to rising costs and acquiring new branches. The provision for loan losses increased over \$12.1 million from the previous year, which can be attributed to reserving funds for potential loan charge-offs and the increase in net loans.

Return on assets decreased from 1.23% in 2021 to 1.05% in 2022. A primary factor was the increased provision expense for potential loan charge-offs resulting from the economic impact of increasing interest rates. Operating expenses as a percent of total assets increased from 2.41% in 2021 to 2.45% in 2022.

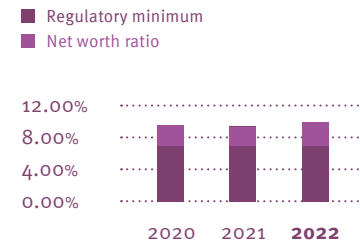
CAPITAL

On December 31, 2022, STCU’s net worth ratio was 10.13%. 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 expanding our geographical footprint to best serve our members.

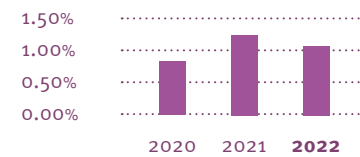
Member shares



Net worth ratio



Return on assets





2022 Annual Report
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