

“As a longtime member, I have always appreciated STCU, but never as much as when we became casualties of the Oregon Road Fire.”

STCU WILDFIRE RESPONSE.

On Friday, August 18, 2023, two massive wildfires destroyed 366 homes in Spokane County. Throughout the weekend, STCU planned response actions, including leading the effort to secure more than \$1 million in community support.

In addition, STCU offered low-interest emergency loans, provided platforms for individual donations, supported community events, provided loaner iPads to members who had lost phones or other devices, and distributed \$26,500 in gift cards to members who suffered fire losses. The Credit Union National Association recognized STCU's efforts with a national Best-in-Show Diamond Award for Community Impact.

"This is just another example of STCU, its members, its staff, its leadership, stepping up and being there when people needed them most."

Ken Russell, Superintendent
Riverside School District

ENSHRINING A TRADITION OF COMMUNITY GIVING.

In January, STCU launched the Here for Good Foundation with a vision of building a \$10 million endowment for community giving. In its first year, the foundation delivered 41 grants, totaling more than \$450,000.

MEETING CLASSROOM NEEDS.

When West Bonner School District faced budget shortfalls in the final weeks before the start of fall quarter, STCU provided every teacher with a \$100 grant for classroom supplies.

HELPING STUDENTS AND FAMILIES.

Families attending after-hours FAFSA events in STCU branches received knowledgeable assistance with the task of completing the online financial aid form, a necessary step for anyone headed to college or workforce training programs.

SUPPORTING TRI-CITIES BIGGEST SUMMER WEEKEND.

When a longtime sponsor could not make the commitment, STCU stepped in to sponsor the Over-the-River Air Show, an important part of the Columbia Cup hydroplane races. At the same time, STCU was a major sponsor for the Art in the Park Festival, which draws 70,000 visitors to Howard Amon Park.

Other 2023 milestones



CAN WE BE FRANK WITH YOU?

STCU Business received a whole new look, and spokesperson, as part of a years-long effort to build up its technology, products, services, and team to better support business members.



NEW LOCATION.

As part of its ongoing commitment to underserved communities, STCU opened a new drive-through location in Othello, Wash.

BY THE NUMBERS:

- 489,626 phone calls to the STCU Contact Center.
- 12,117 volunteer hours logged by STCU employees.
- 5,672 coats collected by Coats4Kids.
- 96 employees serving in leadership positions for local non-profits and civic organizations.
- 43 back-to-school events at schools and colleges.
- 20 community fairs, rodeos and parades.

Statements of financial condition

Assets	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	\$260,383,817	\$242,660,433
Investments – available-for-sale, at fair value	441,769,495	455,259,341
Loans held for sale	1,064,701	1,510,486
Loans, net	4,750,809,127	4,602,669,542
Accrued interest receivable	20,656,004	17,630,173
Property and equipment, net	93,378,196	89,257,390
FHLB stock	29,796,900	25,156,200
NCUSIF deposit	41,570,449	43,351,289
Goodwill	7,737,626	7,737,626
Split-dollar loans receivable	43,409,164	42,340,023
Operating lease right-of-use asset	7,591,840	8,959,093
Other assets	90,107,359	89,293,743
Total assets	\$5,788,274,678	\$5,625,825,339

Liabilities and members' equity	Dec 31, 2023	Dec 31, 2022
Liabilities		
Total shares	\$4,592,564,852	\$4,591,171,521
Borrowed funds	636,012,327	529,253,564
Operating lease liability	7,711,088	9,027,197
Accrued expenses and other liabilities	61,860,401	54,076,729
Total liabilities	\$5,298,148,668	\$5,183,529,011
Members' equity		
Undivided earnings	547,767,423	506,095,808
Equity acquired in merger	15,235,700	15,235,700
Accumulated other comprehensive loss	(72,877,112)	(79,035,180)
Total members' equity	\$490,126,010	\$442,296,328
Total liabilities and members' equity	\$5,788,274,678	\$5,625,825,339

Statements of income

Interest income	Dec 31, 2023	Dec 31, 2022
Loans, including fees	\$233,953,632	\$180,791,915
Investments and interest-bearing deposits	21,499,792	12,643,497
Total interest income	\$255,453,424	\$193,435,412
Interest expense	Dec 31, 2023	Dec 31, 2022
Total shares	\$51,413,401	\$13,775,904
Interest on borrowed funds	27,220,864	10,786,432
Total interest expense	\$78,634,265	\$24,562,336
Net interest income	\$176,819,159	\$168,873,076
Provision for loan losses	25,367,423	17,028,547
Net interest income after provision for loan losses	\$151,451,736	\$151,844,529

Non-interest income	Dec 31, 2023	Dec 31, 2022
Service charges and fees	\$40,032,622	\$36,195,447
Mortgage servicing and loan fees	3,212,949	4,016,451
Gain on sales of loans	1,203,155	1,075,174
Other non-interest income	4,991,122	3,697,353
Total non-interest income	\$49,439,848	\$44,984,425
Non-interest expense	Dec 31, 2023	Dec 31, 2022
Employee compensation and benefits	\$94,032,605	\$80,979,504
Processing charges	13,480,454	14,670,447
Office operations	18,562,727	16,926,384
Office occupancy	8,897,784	8,363,654
Computer operations	11,913,823	9,383,578
Advertising and marketing	8,177,318	7,243,338
Total non-interest expense	\$155,064,710	\$137,566,905
Net income	\$45,826,873	\$59,262,049

Analysis of the financial position

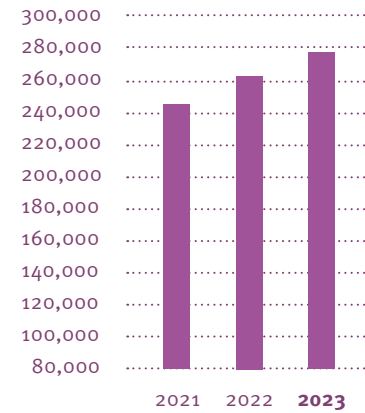
MEMBERSHIP

STCU ended the year with more than 275,000 members, a 3% increase from the prior year. That can be attributed to our continued commitment to members and being here for good in the community.

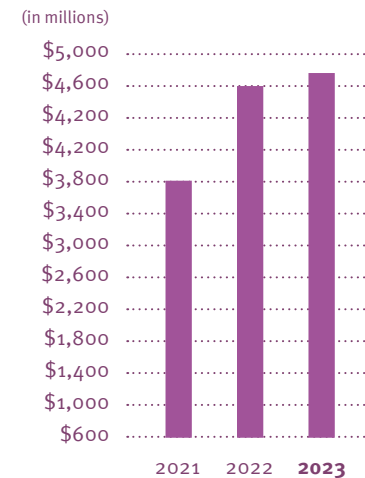
LOANS

STCU's loan portfolio grew 3% in 2023. The commercial loan portfolio experienced the largest growth. Additionally, the home equity, credit card, and personal loan portfolios saw expansions in 2023. Other loan portfolios experienced runoff during the year. Loan charge-offs increased from 0.23% in 2022 to 0.67% in 2023, and loan delinquencies rose from 0.16% in 2022 to 0.58% in 2023.

Membership



Net Loans



TOTAL SHARES

Member share growth was flat in 2023, despite growth in certificates. The commercial deposit portfolio grew 11% as STCU continued to focus on deepening relationships with business members.

NET INCOME

STCU generated \$45.8 million in net income in 2023, a 23% decrease from \$59.3 million in 2022. 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 \$7.9 million over 2022, due to loan growth and a rising rate environment. Operating expenses increased by \$17.5 million over 2022 due to rising costs. The provision for credit losses increased over \$8.3 million from the previous year, which can be attributed to reserving funds for potential loan charge-offs, implementing new accounting standards and the increase in net loans.

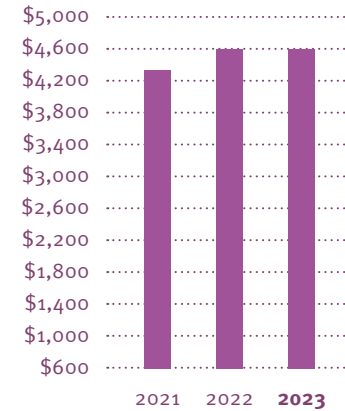
Return on assets decreased from 1.05% in 2022 to 0.79% in 2023. A primary factor was increased operating expenses that resulted from rising costs. Operating expenses as a percent of total assets increased from 2.45% in 2022 to 2.68% in 2023.

CAPITAL

On December 31, 2023, STCU's net worth ratio was 10.61%. 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.

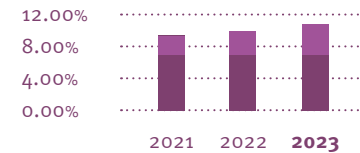
Total shares

(in millions)

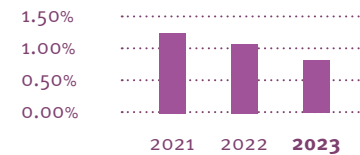


Net worth ratio

■ Regulatory minimum
■ Net worth ratio



Return on assets





2023 Annual Report
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