



2019 Annual Report

Chairperson and President's Report

SELCO's mission is to improve our members' social and economic position. In order to achieve this mission, our activities revolve around four guiding principles: Safety and Soundness, Operating Efficiency, Quality Personal Service, and High Return to Member. Below are some of our most noteworthy accomplishments for 2019 in each of these areas:

Safety and Soundness:

SELCO's strong ROA (return on assets) drove the improvement of the capital ratio to 11.87%, which is considered well capitalized per the industry's standards for a safe and sound credit union as determined by the NCUA, the credit union industry's federal regulatory body. In 2019, state and federal examiners provided SELCO with a fully favorable examination report.

Operating Efficiency:

SELCO's ongoing focus on operating efficiency and expense-side management resulted in an operating expense to average asset ratio of 3.19%. SELCO's Strategic Execution Office evaluated and implemented organizational process improvements that resulted in greater operating efficiency and improved member service.

Quality Personal Service:

In 2019, SELCO branches processed 1.3 million transactions for our nearly 142,000 members. We funded 20,329 loans totaling \$438 million. SELCO Mortgage funded 1,264 mortgages totaling \$335 million, SELCO Insurance Services wrote 3,097 policies, and SELCO Investment & Retirement Services managed \$355 million in member investments.

Providing High Return to Members:

In 2019, SELCO provided direct benefits to members through lower account fees, higher interest rates on savings and checking accounts, and lower interest rates on loans. We continued to help SELCO members borrow sensibly, save smarter, and invest wisely with our extensive menu of products and services coupled with industry-leading rates.

Thank you for choosing SELCO as your financial partner. We exist because of you.

A handwritten signature in black ink that reads "Carol A Beckley".

Carol Beckley
Chair, SELCO Community Credit Union
Board of Directors

A handwritten signature in black ink that reads "Bob Newcomb".

Bob Newcomb
President/CEO
The SELCO Companies

Treasurer's Report

SELCO Community Credit Union Consolidated Statement of Financial Condition Unaudited – as of December 31, 2019

Assets

Cash and cash equivalents	\$219,015,976
Certificates of deposit	2,914,000
Trading securities	15,125,762
Securities available for sale, at fair value	123,799,196
Securities held-to-maturity, at amortized cost	–
Restricted equity securities	2,389,296
Loans receivable, net of allowance for loan losses	1,358,224,015
Accrued interest receivable	4,405,615
National Credit Union Share Insurance Fund (NCUSIF) deposit	13,893,623
Foreclosed and repossessed assets	455,031
Property and equipment, net	28,037,945
Core deposit intangible, net	–
Other assets	2,467,677
Total Assets	\$1,770,728,136

Liabilities

Members' share and savings accounts	\$ 1,544,050,132
Other liabilities	16,729,657
Total Liabilities	\$1,560,779,789

Members' Equity

Undivided earnings	\$187,969,425
Regular reserves	22,145,162
Equity acquired in merger	125,000
Accumulated other comprehensive income (loss)	(291,240)
Total members' equity	209,948,347
Total liabilities and members' equity	\$1,770,728,136

SELCO Community Credit Union Consolidated Statement of Operations Unaudited – as of December 31, 2019

Interest Income

Interest on loans	\$57,032,055
Interest on investments and interest-bearing deposits	5,695,383
Total interest income	\$62,727,438

Interest Expense

Members' share and savings accounts	\$8,712,628
Borrowings	23
Total interest expense	8,712,651
Net interest income	54,014,787
Provision for loan losses	2,675,786
Net interest income after provision for loan losses	\$51,339,001

Non-Interest Income

Service charges and fees	\$16,522,925
Interchange income	9,917,917
Gain on sale of investments, available-for-sale	157,370
Gain (loss) on sale of property and equipment	(9,920)
Net gain (loss) on sales of foreclosed and repossessed assets	(15,529)
Impairment of restricted equity securities	(1,107,105)
Realized gains on trading securities	(17,408)
Unrealized holding losses on trading securities	1,816,574
Other non-interest income	573,617
Total non-interest income	\$27,838,441

Non-Interest Expense

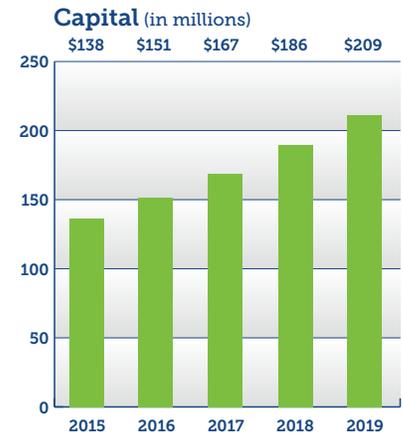
Compensation and benefits	\$35,950,492
Office operations	9,215,840
Loan servicing	4,445,918
Office occupancy	2,851,815
Member education and promotion	2,595,407
Impairment of foreclosed and repossessed assets	–
Other non-interest expense	2,213,886
Total non-interest expense	57,273,358

Net income **\$21,904,084**

SELCO Community Credit Union Consolidated Statement of Changes in Members' Equity Unaudited – as of December 31, 2019

	Undivided Earnings	Regular Reserve	Equity Acquired in Merger	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance, December 31, 2018	\$166,065,341	\$22,145,162	\$125,000	\$(1,380,729)	\$186,954,774
Net income	\$21,904,084	–	–	–	\$21,904,084
Cumulative effect of accounting change (CEAC)	–	–	–	–	–
Other comprehensive loss, net of CEAC	–	–	–	\$1,089,489	\$1,089,489
Balance, December 31, 2019	\$187,969,425	\$22,145,162	\$125,000	\$(291,240)	\$209,948,347

Other 2019 Results



SELCO Community Credit Union Official Family

Senior Leadership Team

President/CEO: Bob Newcomb
Senior VP of Finance & Member Solutions: Tiffany Washington
Senior VP of Lending & Business Solutions: Craig Carpenter
VP of Administration & General Counsel: Steve McIntire
VP of Information Services & Technology: Kirk Letourneau
VP of Operations & Human Resources: Babs Manion
Controller: Jeff Stevens

Board of Directors

Carol Beckley, Chair
Curt Heimuller, Vice Chair
Kaye LeFrancq, Director
Jim Lindly, Director
Richard Metzler, Director
Tony Saxman, Director
Harold Welborn, Director

Operations & Marketing Committee

Kaye LeFrancq, Chair
Richard Metzler
Tony Saxman
Harold Welborn
Craig Carpenter, Staff Liaison

Supervisory Committee

Todd Nelson, Chair
Jane Vered, Vice Chair
Brian Beck
Tammi Miller
Steve McIntire, Staff Liaison

Executive & Finance Committee

Carol Beckley, Chair
Curt Heimuller, Vice Chair
Jim Lindly
Bob Newcomb, Staff Liaison
Tiffany Washington, Staff Liaison
Steve McIntire, Staff Liaison

SELCO Group, Inc.

Bob Newcomb, Chair
Jim Antonini, Vice Chair
Kaye LeFrancq
Jim Lindly
Steve McIntire, COO
Tiffany Washington, Secretary/Treasurer