



2018

ANNUAL REPORT



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NUMERICA
CREDIT UNION

Dear Fellow Members,

2018 marked a year of great achievements for Numerica and as I look back on how far we've come, I really could not be more proud of this great organization. I am very pleased to report that thanks to more than 146,000 loyal members, a dedicated Board of Directors and a first-class staff, your credit union is in better financial health than ever.

Through wise stewardship of our members' resources we continue to build a strong, thriving organization ready to withstand future challenges. We are equally passionate about helping our members do the same. But the truth is, few of us were taught to properly manage our finances. According to a 2017 study by the Federal Reserve on *Economic Well-Being of U.S. Households*, 25% of Americans have no retirement savings, and 40% of Americans cannot cover a \$400 emergency expense.

That's why we think it's time for the Money Talk to help our members take charge of their financial well-being. Money Talk features honest conversations via social media, email, website or in-person on the often-difficult topic of money. By offering easy to implement tips and tools on how to save, budget, improve a credit score or afford a home, we're helping members improve their financial fitness. We hope you will join us as we continue these important conversations in 2019.

Of course, taking care of our members means taking care of the communities we live in, and in 2018 Numerica gave an amazing \$1,705,957 in total community contributions while our dedicated employees spent 18,772 hours volunteering.

We also established the Numerica Charitable Fund which allows us to do an even better job of enhancing lives, fulfilling dreams and building communities. I am particularly proud of this Fund,

because it's fueled entirely by our Skip a Pay program where members choose to donate \$30 to the fund so that they can defer a loan payment. Last year, the Fund made a significant impact in our communities with 13 charities receiving major gifts totaling \$296,825. Your extraordinary generosity supported our community partners in profound ways which you can read about in this report.

Numerica continues to invest in innovative technologies to make your member experience easier, and in 2018 we introduced texting as a convenient way for members to communicate with their credit union. Numerica was also the first credit union in the region to offer the Amazon Alexa skill, a voice activated technology that gives members a convenient (and cool!) tool to manage their accounts. Not surprisingly, mobile banking continued to be wildly popular, but members still love their local branches. So, we were excited to break ground on our newest building in Wenatchee where our distinctive and open interior design continues to draw rave reviews.

On behalf of your amazing Numerica team, as we look back on 2018, I would like to thank you for being a Numerica member and trusting us with your financial well-being. Our growth and success is a direct indication of how well we take care of your financial needs. If you haven't already, I invite you to join the Money Talk conversation at a branch, on our website, by email or on social media. We're ready to help you achieve your very best financial future.

Carla Cicero
President and CEO



INNOVATION *and* SERVICE ENHANCEMENTS

Numerica is committed to fostering well-being in the lives of our members through innovation and increased service options that reduce the stress and anxiety associated with managing one's finances.

Alexa, Ask Numerica...!

We love to help our members live well by offering them innovative money management tools. That's why in 2018, we celebrated the launch of our new Amazon Alexa skill. Our members can simply ask...

- "Alexa, ask Numerica what's my checking balance."
- "Alexa, ask Numerica to transfer \$10 from savings to checking."
- "Alexa, ask Numerica to tell me about my auto loan."

Voice banking lets our members command their money with just their voice. We can't wait to reveal even more innovative enhancements that are on the way. Stay tuned!



Numerica Welcomes Monad Federal Credit Union

We merged with Monad Federal Credit Union of Pasco, Washington in 2018 and have proudly welcomed their members to Numerica. This merger allowed us to begin delivering financial services to an additional 2,500 people in the Tri-Cities. Our newest members have been able to take advantage of an additional 20 branches, along with our combined technology and resources. In addition, the merger benefited all our Tri-Cities members with a conveniently located branch on Sylvester Street.

Agriculture in Central Washington

A major pillar of Washington's economy, Agriculture is a unique industry that sees many ebbs and flows. Because life on the farm is in constant motion, and so is money, Numerica is proud to provide financial services that are flexible and can be customized for farm owners' needs. We work hard to help support their ever-changing world with loan options that include agriculture real estate, equipment and vehicles and crop protection lines of credit that allow our members to live well.

"ALEXA, ASK NUMERICA..."





LET'S HAVE
the money
TALK.

Supporting our Member's Financial Well-Being

We believe that the pathway to financial success is built upon a foundation of education and understanding of one's finances. While each of our member's financial goals and journeys are unique, one thing remains the same: our commitment to being there every step of the way. In 2018, Numerica demonstrated that promise through education-based content that guides our members and community toward true financial well-being.

Saving & Budgeting

Whether it's the dream of owning a home, retiring early or graduating college without debt, Numerica knows that accomplishing that dream starts with a budget. By helping our members learn to build and manage a budget, Numerica is honoring its commitment to fulfilling dreams.



Credit and Lending

A credit score is so much more than a number. It's a reflection of one's financial trustworthiness and can ultimately impact a member's ability to achieve their financial hopes and dreams. That's why Numerica is committed to helping our members build, and re-build their credit score through education and financial counseling.



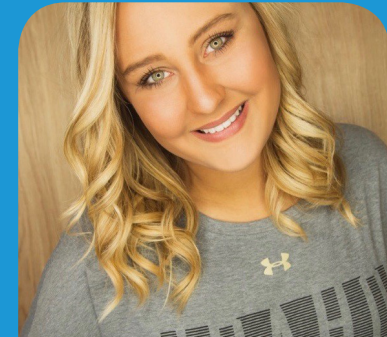
Studies show that parents would prefer to have the “birds and the bees” talk rather than having the money talk with their children. That’s why Numerica is proud to provide a robust educational experience for both our members and the general community. Through our financial education curriculum, we are leading financial conversations today in efforts to build a more-positive relationship with money tomorrow.

of hours taught: **700**

Number of partner schools and organizations: **57**

REWARDING *Financial* AWARENESS

In 2018, Numerica awarded two \$2,500 Scholarships to students who invested in their financial futures by participating in the credit union’s Financial Education programs.



“NUMERICA’S PROGRAM *WILL* help me MAINTAIN FINANCIAL STABILITY THROUGH SMART PLANNING and BUDGETING.”

Alison Forster



“I WILL BE THE FIRST PERSON IN my family TO ATTEND COLLEGE, SO THIS SCHOLARSHIP will help TREMENDOUSLY TO PAY FOR MY TUITION.”

Hailee Siron

CHAIRMAN'S LETTER

Despite an unpredictable and somewhat turbulent year for the economy, 2018 was a time of dynamic growth and innovation at Numerica, and we finished the year with outstanding results across the organization. Thanks to prudent financial stewardship of your credit union's assets, our financial position remained safe and stronger than ever. Highlights included seeing our membership climb to more than 146,000, growing loans by more than 13.3% and deposit accounts by 10%.

Numerica finished the year with \$2,259,137,118 in total assets, a 10.3% increase over 2017, and our net worth increased to \$230,825,832. These excellent results demonstrate how we continue to build our capital for a rainy day, when economic times may not be as robust.

The Central Washington region continued to grow, and in February, our strong financial position helped us secure a merger with Monad Federal Credit Union of Pasco. We were excited to welcome 2,500 new members to the Numerica family and a new branch, our sixth in the Tri-Cities. Our agricultural lending program continued to gain momentum across this rich farming region, and in December we broke ground for our new Wenatchee branch, to be completed later this year.

I am honored to lead a highly skilled, volunteer board of directors that guides the strategic direction of Numerica. We spend a

great deal of time working with Carla and her senior leadership team, anticipating complex economic and regulatory issues and preparing to respond to changing conditions while ensuring strong governance of this \$2.2 billion organization.

This year, we added two new student director positions to the board in an exciting new partnership with Gonzaga University's School of Business. With the guidance and support of board mentors, these bright college students participate in the governance and inner workings of a large financial institution, making them better leaders no matter where they land in their professional lives. It's a unique program and one more way we're investing in the financial literacy of the next generation.

Today, more than 550 Numerica employees stand ready to take care of your financial well-being. That means getting to know you, listening to your needs and offering the tools and expert advice to help you live well. Rest assured, we'll be here when you need us, today, tomorrow and long into the future as we continue to fulfill our core purpose of enhancing lives, fulfilling dreams and building communities.

On behalf of the Numerica board, here's to your financial health!

Ron Hupp
Chairman of the Board



AUDIT COMMITTEE Report

The mission of the Audit Committee is to ensure that Numerica's financial records are in order and that internal control practices are in place to protect the assets of the credit union and its members. The Audit Committee meets regularly with management to stay fully informed of the financial condition of the credit union and evaluate Numerica's plans, policies, and control procedures. To assist the committee, Numerica engages with an independent firm to conduct audits of the credit union's processes and functions. This firm reports directly to the Audit Committee.

The committee is also charged with engaging independent auditors to conduct the annual audit of Numerica's financial statements. In 2018,

our independent auditors, Moss Adams LLP, issued an unqualified opinion, indicating that our financial statements accurately reflect the financial condition of Numerica.

The goals of the board of directors, the leadership team, the employees and the Audit Committee are to operate the credit union in such a way that we improve the lives of our members and position the credit union for future growth and opportunity. In our opinion, Numerica Credit Union continues to be successful in achieving these goals.

Nicole Floyd
Audit Committee Chairman



2018 Numerica Charitable Fund Grant Recipients

Big Table	\$25,000
Boys & Girls Club of Benton & Franklin Counties	\$30,000
Children's Reading Foundation	\$29,825
Family Promise Spokane	\$20,000
Daybreak Youth Services	\$30,000
Northwest Museum of Arts & Culture	\$10,000
Spokane Library Foundation 24/7 Library Kiosk	\$50,000
Spokane Public Schools Foundation	\$5,000
The Spokane Symphony	\$20,000
Volunteers of America – Hope House	\$40,000
Wenatchee Valley Humane Society	\$5,000
Women & Children's Free Restaurant	\$15,000
YWCA Spokane	\$17,000
Thank you, members, for your collective impact of	\$296,825

COMING TOGETHER *to* MAKE LIFE BETTER

Numerica Charitable Fund 2018 Impact

On its own, a Numerica member's \$30 donation through the Skip A Pay program may not always be associated with changing lives. But the truth is, when combined with other \$30 donations, the collective impact of Numerica's membership is making a huge difference in the lives of individuals and families in need.

The Road to Success...

Partner Nonprofit: Boys & Girls Club of Benton and Franklin Counties

Like many teens attending the Boys & Girls Club of Benton and Franklin Counties, Jose has grown up modestly. He had never traveled outside of the Tri-Cities, let alone imagined leaving home to pursue college or a career. However, the Boys & Girls Club of Benton and Franklin Counties saw much more in Jose.

Thanks to Numerica's \$30,000 grant to support Boys & Girls Club's "Road to Success" program, individuals like Jose had the opportunity to imagine a brighter future through a four-day college tour. Through this experience, Jose realized higher education was not only a possibility, but something he was excited to explore!



So no child ever has to experience homelessness again...

Family Promise of Spokane

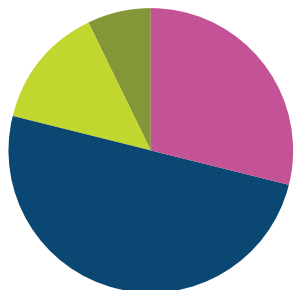
Imagine loading up your family – including three young children – to move across the country, only to arrive and learn your promised housing was no longer available. For a local family, this was their reality and how they first found themselves in the care of Family Promise of Spokane.

Homelessness, issues in the classroom for the children, and struggles to achieve employment were all addressed through the support of case managers at Family Promise. Five months after arriving at the shelter, the family remains in safe and stable housing and is flourishing! Numerica's \$20,000 donation to Family Promise is truly changing lives by keeping families like this from ever experiencing homelessness again.



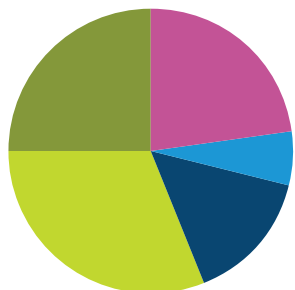
Distribution of Loans

- 46% Auto / Boat / RV
- 15% Real Estate
- 7% Credit Card / Unsecured
- 32% Commercial



Distribution of Shares

- 14% Savings
- 32% Certificates
- 25% Money Market
- 23% Checking
- 6% IRAs



Statement Of Financial Condition

	2018	2017	\$ Change	% Change
ASSETS				
Loans Net of Allowance	1,826,920,223	1,612,636,213	214,284,010	13.29%
Cash on Hand & Investments	297,109,496	318,617,316	(21,507,820)	-6.75%
Other Assets	135,107,399	117,013,739	18,093,660	15.46%
TOTAL ASSETS	\$2,259,137,118	\$2,048,267,268	\$210,869,850	10.30%
LIABILITIES AND MEMBERS' EQUITY				
Share Accounts	1,898,669,917	1,726,211,947	172,457,970	9.99%
Notes Payable and Other Liabilities	129,641,369	115,992,725	13,648,644	11.77%
Members' Equity	230,825,832	206,062,596	24,763,236	12.02%
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$2,259,137,118	\$2,048,267,268	\$210,869,850	10.30%

Statement Of Earnings

Interest Income	95,693,977	81,677,232	14,016,745	17.16%
Interest Expense	17,918,303	14,490,544	3,427,759	23.66%
Net Interest Income	77,775,674	67,186,688	10,588,986	15.76%
Provision For Loan Losses	11,964,000	12,750,000	(786,000)	-6.16%
Non-Interest Income	41,299,577	35,056,731	6,242,846	17.81%
Operating Expenses & NCUSIF Expense	82,229,145	71,314,802	10,914,343	15.30%
NET INCOME	\$24,882,106	\$18,178,617	\$6,703,489	36.88%

Spokane • North Idaho
 Tri-Cities • Wenatchee Valley
numericacu.com
 800.433.1837

Board of Directors

Ron Hupp | Wes Mortensen | Susan Nielsen | Scott Clark | Scott Plumb
 Liesel Kittlitz | Adam Benson | Yvonne Smith | Gloria Ochoa-Bruck, JD

Audit Committee

Nicole Floyd | Steve Wuerst | Richard Boutz | Ryan Herzog | Scott Plumb