

Annual Member Business Meeting

April 21, 2020



PointWest
CREDIT UNION

pointwestcu.com | 503.546.5000



A Message from Susan Brown, Your Board Chair



Greetings to my fellow Point West Credit Union members.

I hope you and your families are safe and healthy during the current COVID-19 pandemic. Your Board of Directors is proud to say your cooperative is safe,

sound and ready to ensure that your membership and this credit union will be here for the long run.

Thanks to decisive, fiscally responsible actions taken by the management team this past year, the credit union ended 2019 with a positive ROAA of 0.87% and net worth of 9.66%, a significant improvement over 2018. Your board works closely with management to ensure that revenue and expenses are balanced to maximize return to the cooperative and progress towards the credit union's strategic ends. This past year, Point West reduced its operating expenses by nearly 12%, minimized credit delinquency and loan losses through prudent changes to its underwriting and collections practices, and continued to help even more members directly with their financial wellness by providing affordable, equitable access to capital, deposit accounts and other critical financial services.

The board remains mindful of the current crisis and the potential impact it could have on the future of the credit union's ambitious goals. Rest assured, we will continue our work with management to be ever-vigilant stewards of your individual investments into this cooperative, find new ways to connect with and support marginalized communities, and remain laser-

focused on being a Point of Opportunity for every member that calls Point West their credit union.

If I have one ask of you this year, it's to consider serving as a volunteer on behalf of Point West. It continues to be my honor to work alongside the amazing group of volunteers who make up our Board of Directors and Supervisory Committee. Our cooperative is stronger when we have a diverse set of voices, experiences and skills brought to bear as we provide leadership on safety, soundness and the strategic direction of Point West. Thank you to all of my fellow volunteers, and to our members, I encourage you to reach out to me or the Point West team to get involved.

The unprecedented COVID-19 pandemic has completely shifted the ground beneath us all. Many of us are struggling due to loss of work or caring for children or family members at home. Many more are no doubt worried about when this situation will end safely and when we can get back to our "normal" lives. On behalf of your Board of Directors, we are with you, Point West Credit Union is with you, and together as a community, we will endure and emerge from this crisis stronger than before.

Sincerely,

A handwritten signature in black ink that reads "Susan M. Brown".

Susan Brown, *Chair of the Board*

Supervisory Committee Report

The Point West Credit Union Supervisory Committee meets quarterly with the CEO and on an as-needed basis to lead the audit program. The Supervisory Committee members also are encouraged to and regularly attend the credit union's monthly meetings with the Board of Directors. The audit program provides the Board with information to effectively oversee and update controls, policies, and procedures for the credit union. Each year, the Supervisory Committee also contracts with an experienced, reputable third-party accounting firm to perform a thorough financial audit of the credit union. In 2019, the Supervisory Committee chose Moss Adams, LLP to provide those independent audit services.

In summary, the audit findings for the credit union were minimal and resolved in a timely manner. Moss

Adams, LLP, provided its independent audit report to the Supervisory Committee, which showed that Point West Credit Union's 2019 operations and cash flows ended in conformity with generally accepted accounting principles (GAAP).

I would like to thank the Supervisory Committee members for their time and expertise. On behalf of the committee, we would like to thank the Board of Directors for giving us the opportunity to serve our members in this capacity. We would also like to thank Amy Nelson, President/CEO and the entire staff of Point West Credit Union for their efforts to provide safe, sound and inclusive financial services to all the credit union's members.

Kristy Mayer-Mejia, *Supervisory Committee Chair*

A Message from Amy Nelson, Your President & CEO



Wishing all of you financial and physical wellness during this difficult time. There's no denying the COVID-19 pandemic has created enduring hardships—we're here for you. We are working hard on your behalf to provide financial solutions to our members in need. Thanks to your credit union's efforts in 2019, we're ready to face 2020 with you head on.

Point West entered 2019 with its eyes wide open, determined to bring profitability back to the credit union in a safe, reasonable yet expedited fashion, after a challenging 2018. With approval of and in collaboration with the Board of Directors, our management team leapt into action in January 2019. A comprehensive review of all expenses led to significant, targeted reductions of nearly 12% over 2018 expenditures. We eliminated indirect vehicle lending, a convenient source of loan revenue that ballooned the credit union's loan delinquency and losses. And we made important changes to our underwriting and collection standards to bring our loan delinquency and charge off ratios back to manageable levels.

I'm happy to report that these changes resulted in 2019 being one of Point West's most successful years of the past decade. The credit union ended the year with net income of nearly \$800,000. The delinquency ratio declined by year end to 0.45% (a 47% reduction over 2018) and the charge-off ratio declined to 1.11% (a 27% reduction). The return on average assets (ROAA) improved 200% year-over-year, from -0.98% in 2018 to 0.87% in 2019, which fueled the credit union's strongest year-end net worth position in over 20 years.

Our successes weren't just on the financial front. Point West continued its work to help everyone in our community access affordable capital and financial services. 70% of all borrowers maintained or improved their credit scores since they originated their loan. We funded nearly \$3 million in new loans to non-citizen members. Nearly 50% of all funded loans in the past year were to lower-income borrowers, and 30% were to borrowers with little or damaged credit histories. Out of our entire loan portfolio, nearly 40% of all loans have been made to members of color. And we continued our strong relationships with community partners like Metropolitan Family Service,

CASA of Oregon, Innovative Changes and more, to help underserved members save more, spend less, and build credit.

For those struggling due to the COVID-19 pandemic, Point West is here for you. To date, we've provided hundreds of skip a payments and loan workouts on everything from credit cards to home equity loans for affected members. We launched a COVID-19 Emergency Loan program that is providing members with needed money now, at 0% with no payment due for 90 days. We've waived thousands of dollars in fees to ensure members can make payments without having to come to the branch. And we continue to explore opportunities with community partners and local foundations to bring additional resources and solutions to you. We recognize that there will be more people that need help before this is over. If you, your family, or your business is struggling, please let us know. As a cooperative, we understand the best way through tough times is by working together.

The success we experienced in 2019, and the rapid response to the COVID-19 crisis in 2020 is possible because of the amazing volunteers and staff at Point West. To our Board of Directors, our Supervisory Committee, the Point West member service teams and administrative staff, THANK YOU. And to our 11,000+ members, thank you for continuing to choose Point West Credit Union as your source for financial health and empowerment. Please be safe, and know that together, we will weather this storm and find success and opportunity in 2020 and beyond.

Cooperatively,

A handwritten signature in black ink that reads "Amy Nelson".

Amy Nelson, President/CEO



1,350 hours¹

VOLUNTEERED BY
POINT WEST TEAM MEMBERS

\$9,250¹

COLLECTIVELY DONATED BY
POINT WEST TEAM MEMBERS



25 Organizations

WERE VOLUNTEERED AT BY
POINT WEST TEAM MEMBERS

¹Data obtained from the credit union's internal tracking and reporting platforms.

Income Statement

	2018	2019
INTEREST INCOME		
Interest on Loans Receivable	4,155,266	3,947,854
Interest on Investments & Interest-Bearing Deposits	204,876	298,908
Total Interest Expense (Loss)	356,868	398,627
Recapture of Provision for Loan Losses	1,771,906	294,115
Net Interest Income After Provision	2,231,368	3,554,020
NON-INTEREST INCOME		
Service Charges & Fees	1,043,002	990,570
Gain on Insurance Premiums Receivable	20,215	14,768
Other Non-Interest Income	81,680	82,242
Total Non-Interest Income	1,227,176	1,132,017
NON-INTEREST EXPENSES		
Compensation & Benefits	2,070,806	1,796,241
Office Operations	981,335	879,865
Professional Services	478,988	444,958
Office Occupancy	361,707	348,021
Loan Servicing Expenses	160,820	104,812
Promotional	96,146	88,721
Other Non-Interest Expenses	288,003	225,236
Total Non-Interest Expenses	4,437,805	3,887,854
NET INCOME (LOSS)	(979,261)	798,183

The accompanying December 31, 2019 condensed financial statements have been derived from financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Audited statements will be available upon request by contacting the credit union at 503.546.5000.
Federally insured by NCUA.

Balance Sheet

	2018	2019
ASSETS		
Cash & Cash Equivalents	4,519,619	16,219,071
Interest-Bearing Deposits	5,010,459	2,719,839
Investment Securities Available for Sale, At Fair Value	709,686	571,023
Restricted Equity Securities	351,129	345,829
Loans Receiveable, Net	82,212,357	68,758,484
Accrued Interest Receivable	239,785	188,660
NCUSIF Deposit	923,997	824,136
Property & Equipment, Net	2,946,489	2,738,261
Other Assets	1,038,916	826,516
Total Assets	97,952,437	93,191,819
LIABILITIES & MEMBER EQUITY		
Liabilities		
Members' Share & Savings Accounts	88,402,091	83,096,034
Borrowed Funds	1,000,000	800,000
Accrued Expenses & Other Liabilities	1,067,483	1,017,886
Members' Equity		
Regular Reserves	5,104,555	5,104,555
Undivided Earnings	2,358,222	3,156,405
Accumulated Other Comprehensive Income (Loss)	20,086	16,939
Total Liabilities & Member Equity	97,952,437	93,191,819
CAPITAL/TOTAL ASSETS (NET WORTH)	8.70%	9.66%

