



# 2025

## BUSINESS PLAN

INCLUDES ANALYTICS, STRATEGIES, AND GOALS

# TABLE OF CONTENTS

<b>01</b> EXECUTIVE SUMMARY	<b>02</b> SITUATIONAL ANALYSIS	<b>04</b> CCCU HEALTH	<b>05</b> 2024 IN REVIEW
<b>11</b> 2024 ACHIEVEMENTS	<b>12</b> 2025 STRATEGIC INITIATIVES	<b>14</b> 2025 MARKETING PLAN	<b>17</b> PROJECTIONS & GOALS
<b>18</b> 5-YEAR PLAN (2028)	<b>19</b> 2025 OPERATING BUDGET	<b>22</b> FINANCIAL ASSUMPTIONS	<b>25</b> CONTACT

## EXECUTIVE SUMMARY

What a great year 2024 has been. Every year I am more and more excited for the next, and 2025 is no exception. Credit union wide, we are looking forward to welcoming Providence Federal Credit Union's (PFCU) employees and their members. It has been great working with this talented group of credit union professionals over the past six months as we work through the regulatory and member approvals.

Integrations will be a huge focus in 2025. Combining PFCU and CCCU departments, while also reorganizing workloads, will be a key factor in this merger. With some fine-tuning, these department integrations should be completed by the end of 2025. Our teams are currently working on product and system integrations for our June 1, 2025 conversion date. While very accelerated, we are committed to meeting a 12-month start to finish cycle for this merger. Both credit unions are dedicated to right-sizing the business model so we can focus on marketing our expanded services to the 188,000 Providence Medical Employees and 16,000 PFCU Members.

Yet again, this was a challenging year for most financial institutions. The NCUA states that 38% of all credit unions lost money by Q3 of 2024. In September, the Federal Reserve finally decreased interest rates 50 basis points, which should help improve the margins for all financial institutions. Inflation, jobs, and interest rate cuts will once again be at the forefront of 2025. Interest rates trending down will help the balance sheets of credit unions, but rates only decrease when the economy is really struggling. Next year will be another challenging year, but the competency of our staff, the credit union's overall financial strength and our strategic business model will drive our success. I am confident we will once again exit this recession, and this merger, in a better position than we entered it.

Community Development was again an emphasis for our organization last year. Our collaboration with the Urban League, our trade association (GoWest) and four other local credit unions (Unitus, Rivermark, Advantis and Point West) has proven to be a valuable partnership. We collectively provided 156 seminars of financial education to 2,979 of the Urban League's constituents. We have also deepened our relationship with the University of Portland by providing their student athletes financial education, and we are currently developing a co-branded debit and credit cards for their students, alumni and staff.

One of the benefits of successfully completing mergers, is that it also creates interest from other credit unions that are seeking a succession plan or struggling to perform within today's economic climate. I am confident that we will have additional merger opportunities in the near term, but our leadership team will continue to vet these opportunities and only act upon the ones that are mutually beneficial for each credit union. Now is the time for aggregation in our industry, and we are in a great place to leverage our strengths.

Even with these challenges, I am very excited for our organization's future and the opportunities the PFCU merger creates. With our expanded product offerings and PFCU's connections to the Providence Medical employees, we are primed for growth. These building blocks will be transformational for our credit union's future.

# SITUATIONAL ANALYSIS

## OREGON ECONOMY

The Oregon economy has been a mixed bag this year; interest rates are down, but the economy has been very resilient, employment has been very strong with an unemployment rate of 4.2% and an expected growth in jobs of 19,500 or 1% to reach over 2 million jobs in Oregon in 2024. Oregon's population is predicted to grow .1% over the next 5 years. Our gross state product (GSP) is expected to reach \$270 billion in 2024, growing 2.4% over the next 5 years. The top three sectors by total employment are real estate, healthcare and social services.

The lynch-pin for loan delinquencies is the strength of the job market. Unemployment has remained around 4.2% most of 2024, so a declining job market has not greatly impacted our members and their ability to repay their loans. Our loan delinquency has been much lower than our peers, which is a product of good underwriting and a strong collections department.

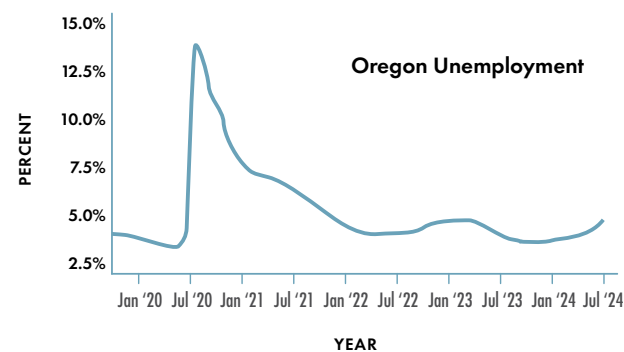
Interest rates finally dropped in September, which was a welcome sight, especially for our loan demand which has been fairly soft over the past 2 years. Declining rates should help increase demand; anytime mortgage rates drop we see a spike in volume. Consumers are ready to refinance their mortgage loans, especially if they were originated over the past 2 years.

The Oregon economy is like a teeter totter, economic factors could improve or they could get worse, there are multiple factors in flux over the next year. It will be interesting to see how the outcome of the election impacts the economy. On the plus side, the forecast is for the interest rates to decrease 1% to 1.5% over 2025, this will have a positive impact on our loan demand. This economy has been tough on Oregon credit unions, with rates declining it should decrease institutions cost of funds, improve the value of investments and loans on all our balance sheets and decrease payments for members;

all of which should help improve loan delinquency. As of the end of Q3 2024, the Portland metro and the Columbia Gorge housing markets were all slightly positive for the year, which is consistent to what we are seeing in the real estate market, with sellers offering more buyer concessions and members buying homes at less than the asking price. Interest rate buydowns also became a popular tool for sellers and lenders to help soften the effect of the higher rates for home buyers.

Last year Fed Chairman Jerome Powell said, "A soft-land is unlikely" and "The Fed's moves will bring some pain to households and businesses" and a year later he is saying, "We are no longer forecasting a recession and we revise our outlook for a soft landing." And yet, the employment numbers were really strong this year, so all the posturing of a "hard-landing" never really happened.

The predictions for Oregon's economy in 2025 are largely a repeat of 2024, with better interest rates. Which is again, a mixed bag; not great, but not robust. Very typical economic behavior as we exit a mild recession. The more concerning trend is how Oregon ranks among the other 50 states for economic outlook. Oregon dropped another 2 places to 44 for "individual fiscal freedom" in Oregon Business and Industries latest survey.



# SITUATIONAL ANALYSIS

## COMPETITION

Fintechs (technology companies) are the great potential disrupters in our industry. They are focused, nimble and, in many cases, they are not subject to the same financial regulations that govern banks and credit unions. There are many inefficiencies in the banking sector which create opportunities for fintechs to focus on a singular process or aspect of banking, rather than building a solution that encompasses the entire banking business model.

Banks and investment companies still hold 92% of the bankable assets and credit unions are a mere 8% of the market. Although community credit unions are gaining market share in Oregon, the national banks are still our greatest competition.

The new trend in banking is for community credit unions to purchase small community banks. This is happening now, because growth is at a premium. Everyone is fighting for scale and it cannot happen soon enough. Credit union mergers have also started to increase and the next 10 years will be a decade of mergers and acquisitions.



Yearly Average Real Estate Sales Prices			
	Average Sales Price 2023 YTD	Average Sales Price 2024 YTD	Yearly Change in Sales Price
Portland Metro	\$599,800	\$612,500	+2.10%
SW Washington	\$582,800	\$610,100	+4.70%
Mid-Columbia	\$516,800	\$535,400	+3.60%

Monthly Average Real Estate Sales Prices			
	Average August Sales Price	Average September Sales Price	Monthly Change in Sales Price
Portland Metro	\$620,800	\$617,200	-0.60%
SW Washington	\$620,300	\$608,200	-2.00%
Mid-Columbia	\$496,700	\$477,500	-3.90%

## ECONOMIC FORECASTS

<b>GDP GROWTH</b> 2.6% in 2024 2.0% in 2025		<b>INFLATION</b> 3.3% in 2024 3.1% in 2025	
<b>INTEREST RATES</b> 10-year rate staying between 3.5% - 4.0%.		<b>UNEMPLOYMENT</b> 4.3% in 2024 4.1% in 2025	
<b>CRUDE OIL</b> Trading near \$70/barrel Q4 2024		<b>CORPORATE EARNINGS</b> 13.4% projected earnings in 2025	

# CCCU HEALTH

ASSETS + LIABILITIES
<b>Assets:</b> Q3 2024   \$502.4MM
<b>Loans:</b> Q3 2024   \$381.4MM
<b>Deposits:</b> Q3 2024   \$403.5MM
<b>Equity Capital:</b> Q3 2024   \$68.6MM
<b>Loan Loss Allowance:</b> Q3 2024   \$0
<b>Unbacked Noncurrent Loans:</b> Q3 2024   \$345K
<b>Real Estate Owned:</b> Q3 2024   \$0

OVERALL
<b>NCUA#:</b> 9292
<b>Year Chartered:</b> 1954
<b>Employees:</b> 76
PROFIT MARGIN
<b>Return on assets YTD:</b> 0.60%
<b>Return on Equity YTD:</b> 5.02%
<b>Annual Interest Income:</b> \$21MM

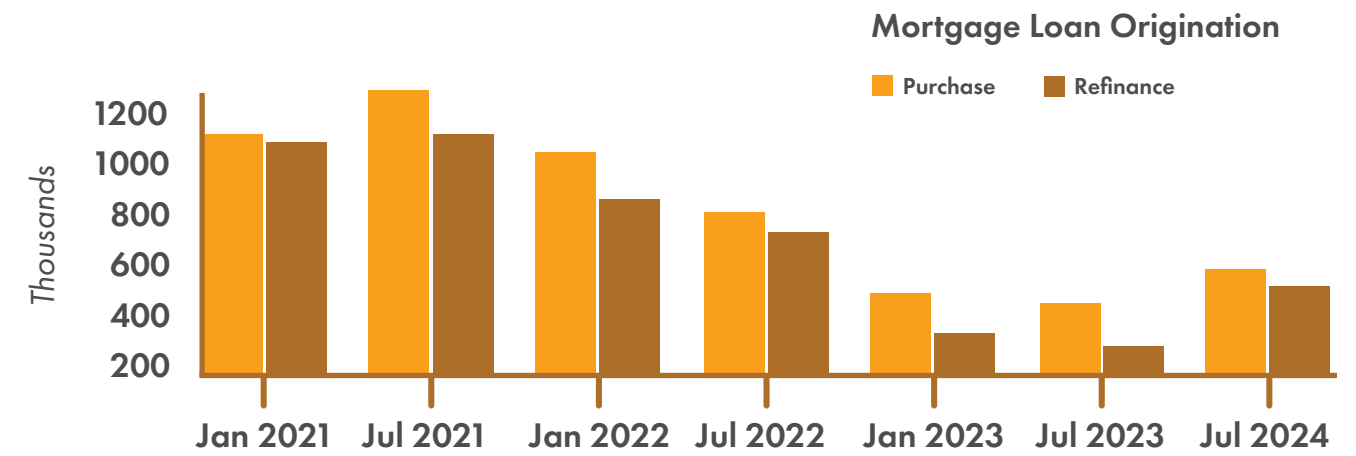
# S&P GLOBAL - ANNUAL CU RANKING

**#42**  
in the Nation

**#2**  
in Oregon

# 2024 IN REVIEW

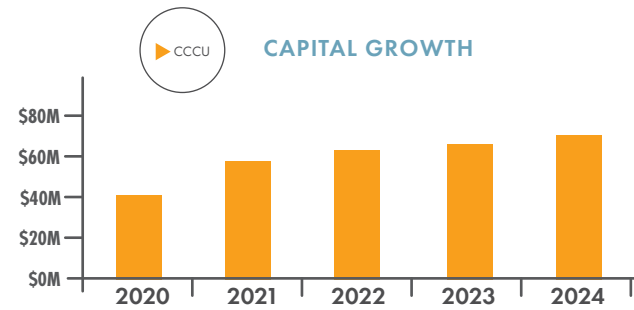
As of Q3 2024, 38% of all credit unions were losing money, primarily due to an increase in loan delinquency and charge-offs within the auto and unsecured loan categories. Increasing cost of funds, healthcare for employees and the general increase in vendor services also put pressure on financial institutions' bottom lines.



# 2024 IN REVIEW

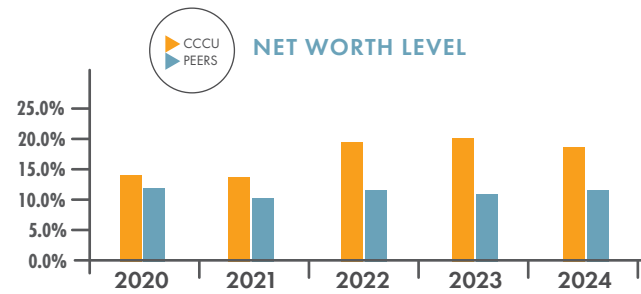
## INTEREST RATES

The one-year Treasuries decreased from 4.80% in January to 4.29% in October 2024. Interest rates are forecasted to continue to decrease into 2025. Fixed rate mortgages topped out at 7.26% this year, while home equity rates also increased to nearly 9%. These rate decreases will eventually help our loan demand. Our cost of funds has also increased this year from .96% to 1.69%, which has been a welcome increase for our members.



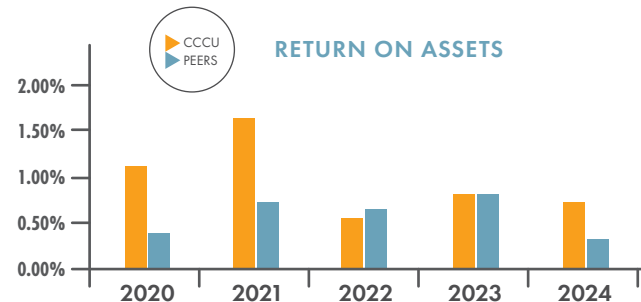
## CAPITAL

Capital-to-asset ratios decreased slightly this year, but that was due to our accelerated deposit growth. As an industry, net worth moved from 10.65% to 11.01% year over year. Our net worth is over 18%, giving us a sizable cushion if the economy slides into a deeper recession, or if we had a great growth opportunity in a credit union merger or bank purchase.



## RETURN ON ASSETS (ROA)

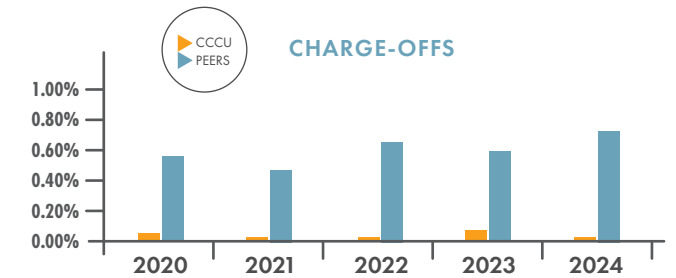
Most of the credit unions in our peer group will post returns of 24 basis points this year, but we'll be over 60 basis points. This return is largely due to the increases in interest and investment income and a slight bump in mortgage fee income.



# 2024 IN REVIEW

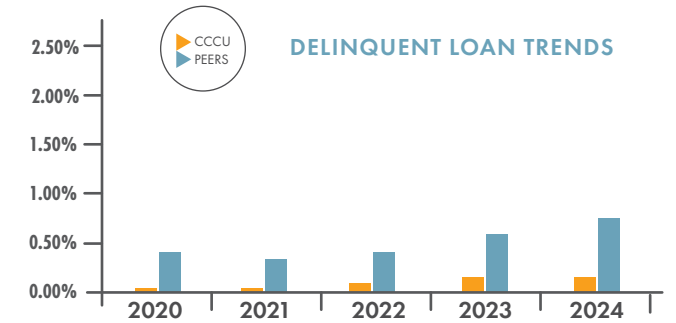
## LOAN LOSSES

This year loan losses will be slightly higher than last year; as of Q3 our total loan charge-offs were over \$89,016. We are projecting our loan losses to be around \$112,016 for 2024. Our credit union peer group has an average loss ratio of 66 basis points. This loss ratio would equate to over \$2 million in loan losses for our organization our size.



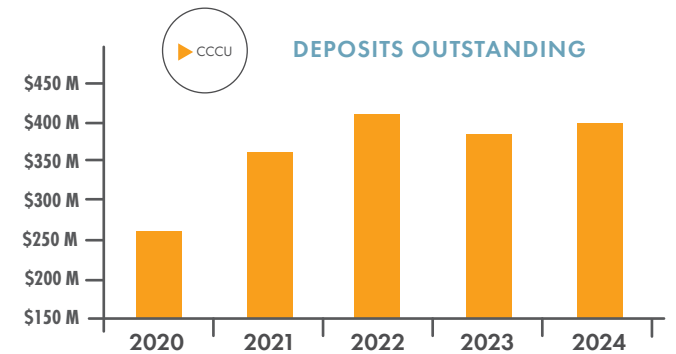
## LOAN DELINQUENCY

Our loan delinquency at the end of Q3 was .09%, which equates to less than \$346,000 in past due loans for a \$380 million loan portfolio. Typically, a credit union of our size would have loan delinquency of 70 basis points or over \$2.5 million in delinquent loans.



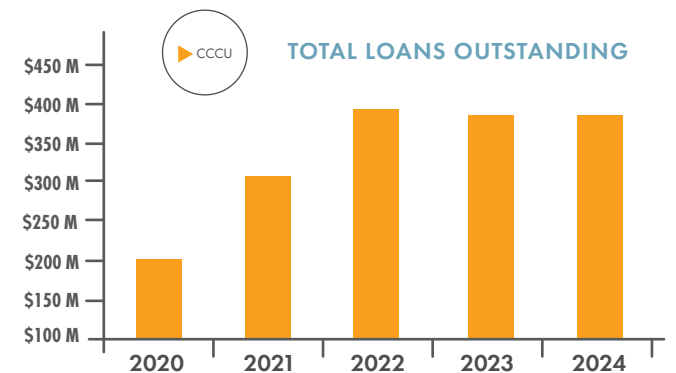
## DEPOSIT GROWTH

Usually, we have about 3% to 5% deposit growth in a normal year, but this year we are on pace to increase deposits 6% due to our very competitive deposit rates and the creation of our Apex Checking and Mega Money Market accounts. Through the end of Q3 we have opened over 800 new checking accounts.



## LOAN GROWTH

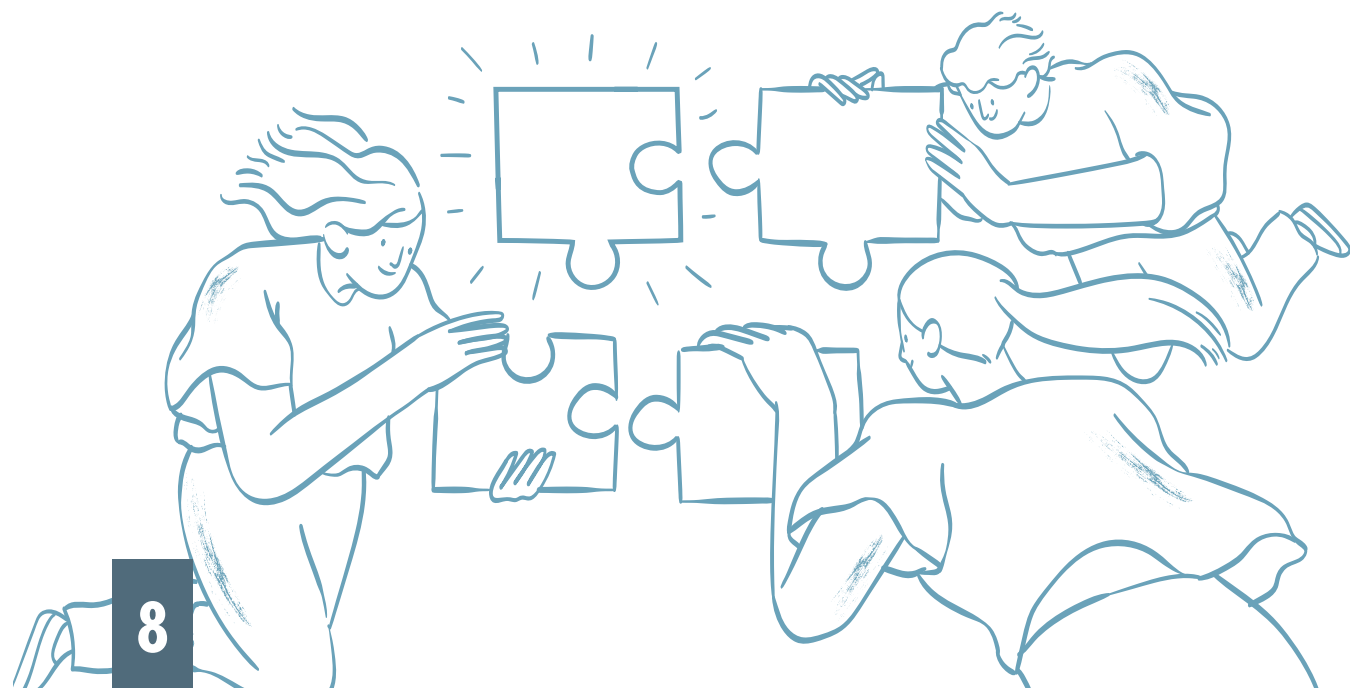
Loan demand has been flat since 2022; however, mortgage, home equity, and commercial real estate lending have been the bright spots. By end of the third quarter this year, we were up 7% in home equity loans and nearly 2% in mortgage loans.



# 2024 LOAN AND DEPOSIT GROWTH

FINANCIAL GOALS		
LOAN GROWTH	ORIGINAL GOAL	REVISED YEAR-END FORECAST
CONSUMER	(\$-8.80mm)	(\$-13.00mm)
HOME EQUITY	\$10.00mm	\$10.50mm
REAL ESTATE	\$0.00mm	\$2.00mm
MEMBER BUSINESS LOANS	\$2.00mm	\$2.5mm
<b>TOTAL</b>	<b>\$3.20mm*</b>	<b>\$2.00mm*</b>
DEPOSIT GROWTH		
SAVINGS	(\$-20.00mm)	(\$-16.5mm)
CHECKING	\$1.4mm	\$3.50mm
MONEY MARKET	(\$-6.00mm)	\$31.00mm
CERTIFICATES	\$12.60mm	\$5.00mm
<b>TOTAL</b>	<b>(\$12.00mm)</b>	<b>\$23.00mm</b>

\*Excluding loan participations.



# ASSET LIABILITY MANAGEMENT

## WHAT IS ASSET LIABILITY MANAGEMENT (ALM)?

Asset liability management (ALM) is the active management of our balance sheet to ensure adequate capital, stable earnings, and appropriate risk-taking; in order to maintain the safety and soundness of the credit union.

### ALM GOALS

- Utilize Brean Financials ALM modeling to monitor the change in income and risk as interest rates change.
- Monitor the liquidity of the credit union.
- Manage the interest expense of the credit union as interest rates rise.

### HOW WE ACHIEVE OUR GOALS:

- Manage Net Economic Value (NEV) so it doesn't exceed a 30% decline in any scenario, from up 3% to down 3% in interest rates.
- Maintain Net Interest Income (NII) so it doesn't exceed a 30% decline in any scenario, from up 3% to down 3% in interest rates.

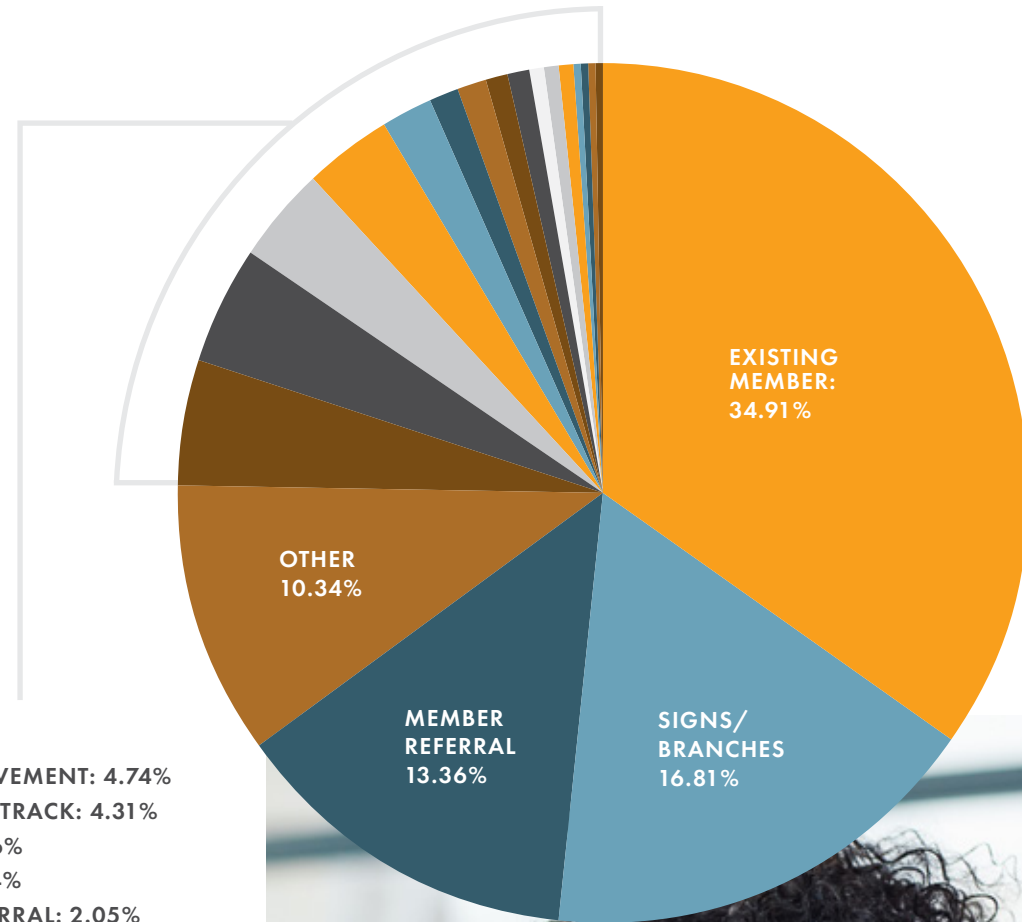
### NCUA INTEREST RATE RISK GUIDELINES

The following chart reflects NCUA's interpretation of NII and NEV risk level based on a plus 300 basis point environment.

BASIS OF MEASUREMENT	LOW RISK	MODERATE RISK	HIGH RISK
<b>NII (NET INTEREST INCOME)</b> <i>Earnings Simulation</i> (After shock change over any 12 mo. period)	<-20% Currently -5.8%	-20-30%	>30%
<b>NEV (NET ECONOMIC VALUE)</b> (After shock change in market value net worth)	<-25% Currently -1%	-25-50%	>50%

# NEW ACCOUNTS

Where did they come from?



- HOME IMPROVEMENT: 4.74%
- CUDL/DEALERTRACK: 4.31%
- GOOGLE: 3.66%
- DAIMLER: 3.34%
- REALTOR REFERRAL: 2.05%
- EMPLOYEE REFERRAL: 1.08%
- LEGACY HEALTH: 1.08%
- CCCU EMPLOYEE: 0.86%
- WEBSITE: 0.75%
- BILLBOARD: 0.65%
- RADIO: 0.65%
- ON-SITE VISIT: 0.32%
- TV: 0.32%
- APARTMENT BUILDING: 0.22%
- COMMUNITY EVENT: 0.22%
- ADIDAS: 0.11%
- E-MAIL: 0.11%
- CONWAY/XPO LOGISTICS: 0.11%

# 2024 ACHIEVEMENTS

*This year we focused on the Providence Federal Credit Union (PFCU) merger. At the end of October, we had received our regulatory approval from the NCUA and we had a 88% "yes" return on the PFCU member vote. This merger will be a great opportunity to increase our membership, but it will also come with some complications. We also had some great community engagement in 2024; we had our most active year in financial literacy training, continued our involvement with the Urban League, and partnered with the University of Portland to help educate their student athletes.*

## PROVIDENCE MERGER

The PFCU merger creates a once-in-a-lifetime opportunity for our credit union; with 2 branches, 16,000 members, 188,000 Providence Medical employees and \$162 million in assets. We have some work to do within the loan underwriting and collections areas, but the PFCU staff and management have been very cooperative and I am sure we'll have these areas inline by the end of 2025.

## COMMUNITY ENGAGEMENT

Through the Financial Empowerment Collaborative (FEC) with the Urban League (ULPDX) and the GoWest Credit Union Foundation, we continue to help advance the financial well-being of Black Oregonians a number of ways including presenting homeownership, credit building, and investment workshops to the public, developing/testing a credit union match app, providing staff for a Bite of Reality teen fair, participating in the ULPDX Housing Resource Fair,

and providing graphic design and marketing support. We also created partnerships with Hacienda CDC and Proud Ground; two nonprofits that focus on affordable homeownership opportunities for BIPOC residents. In addition, we supported the African American Alliance for Homeownership's Day of Service and their in-person Homeownership Fair. On top of these community partnerships, our HR team continues to excel at job recruiting within the BIPOC communities (including a summer intern hired through Emerging Leaders PDX) in an effort to improve racial and cultural diversity in our credit union and industry.

## PARTNERSHIP WITH THE UNIVERSITY OF PORTLAND

This year we increased our relationship with the University of Portland by creating a branded debit and credit card with the university. We will create a CCCU debit and credit card that will have

the UP logo on it. This is the first time a financial institution has partnered with UP to offer their students, faculty and alumni co-branded cards. We also created a financial education program for UP student athletes and their young professional staff. This is a great partnership that will allow us to tap into new and younger markets.

## IMPROVED EFFICIENCIES

As we grow, and our membership numbers and assets increase, it is important to hone our processes and improve how we transact business. If we do not, our growth will only magnify our inefficiencies and create a strain on our resources. Ultimately, impeding on our ability to offer top-notch products and services to our members. Over the past 2 years we have also saved over \$1.5 million in operating expenses.

# 2025 STRATEGIC INITIATIVES

*The PFCU merger increases our assets from \$500 million to \$660 million. I am confident that other merger opportunities will come up in the future, but we will be very thoughtful with future merger decisions to ensure they are good strategic and cultural partnerships. As we expand, we will also need to dedicate resources to help manage this growth and the evolution of our credit union's structure and departmentalization.*

## GROWTH

### Employees:

Focusing on our employees, departments, and processes will be an important initiative this year. Our departments and processes need to develop to meet the increased demands of our growth and keep up with the ever-evolving world of consumer banking. Our structure will become more complex as our assets grow.

### External Marketing:

We will continue to implement the external marketing plan we started in 2019, which enabled an expansion of our marketing efforts with Alpha Broadcasting, Comcast, and digital advertising to create more brand awareness and organic growth.

A benefit of these marketing strategies is the ability to measure the advertising media with our website traffic and the subsequent online account openings; it becomes a very powerful tool in analyzing the effectiveness of our marketing budget.

### Internal Marketing:

This coming year we will leverage our new website and its sales tools to target market our products and

services that will most benefit our members. As our ability to sort and extract our members data improves, we will build customized financial plans for these members. This will improve our efficiencies and build more credibility with our members.

### Future Mergers:

Mergers are complicated processes and are taxing on our resources, so we have to be very intentional in the partnerships we select, however they are a great vehicle for growth and an entry to new markets we would not normally serve.

The Cascade, Legacy and Providence mergers are great examples of how we can build on the success of these organizations to build a greater combined organization in the end.

## DIGITAL TRANSFORMATION

### Member experience:

During Q1 2024, we launched a text banking program called Eltropy, which allows us to communicate over text with our members. The initial benefits were first seen in our collections department, by eliminating our 30-day delinquency to zero loans past due.

Following text banking, we also launched Live Chat as an additional form of communication for members. When asked a question, the chat can either pull answers from our site's knowledge base or directs members to a Live Chat Representative. This addition has been especially beneficial during system outages, while also encouraging members to explore the website for more information.

### Employee tools:

This transformation will be deeper than just products to help our members, it also includes looking for opportunities to leverage technologies to enable our staff to perform their jobs more efficiently. In general, we need to reevaluate our current processes and tools to support our future growth and to scale efficiently. This year/ beginning of 2025 we will launch a new phone system and Microsoft 365 that will both enable us to serve our members and employees more efficiently.

# 2025 STRATEGIC INITIATIVES

## BRAND & CULTURE

We know that a diverse workplace is a successful workplace. That is why defining our culture and workplace is an ongoing DEI objective for our organization and a task with no real finish line. In order to improve diversity, equity, inclusion, and belonging within our CCCU team, we will continue recruiting a diverse slate of job candidates.

To grow as a more mindful financial services provider and community member, we will continue focusing on partnerships with BIPOC organizations that expand our understanding of under-represented groups, as well as expand access to our financial services. We have already created many meaningful partnerships through our CDFI designation and our affordable mortgage lending products (AAAH, ULPDX, Hacienda CDC, Point West CU, and Proud Ground). All of these organizations do a tremendous job serving various culturally-specific communities in Oregon.

### Love Where You Work campaign:

As our organization grows and changes, it's important for our employees to see that we value them and their contributions to the success of our credit union. CCCU's "Love Where You Work" employee recognition program does just that. Our Marketing team hosted a virtual bingo happy hour, an employee-appreciation event at Punch Bowl Social, conducted a number of friendly décor/costume contests and brought in a ton of snacks and lunches. We'll continue growing this "Love Where You Work" program to help employees build a sense of security in their value to CCCU, motivating them to continue great work.

## CREDIT UNION MORTGAGE PARTNERSHIPS

The partnerships we have developed through our mortgage lending program is a distinct competitive advantage for our credit union. This year we traveled to all our mortgage partners and trained their staff in anticipation of a refinance market in 2025. As our departments expand, I could envision our credit union providing a vast array of services to our mortgage partners. Another opportunity for our credit union is that our trade association expanded from WA, OR and ID to also merge in WY, AZ and CO, this will give us another 150 credit unions to market our real estate lending program. We have also met with many larger credit unions to discuss us processing their mortgage loans; this is due to the high costs of managing a mortgage lending program and the low volume of loans.





# 2025 MARKETING PLAN

We will evolve from an awareness campaign, to driving sales through the use of these marketing assets below.



## STRATEGIES

- Develop acquisition and retention campaigns that fuel membership growth
- Maximize Hubspot CMS and CRM for a personalized member experience
- Grow product and brand awareness to deepen relationships with Providence Medical Employees and PFCU members
- Create custom PFCU website and online banking platform
- Expand Credit Union Mortgage Program

## TACTICS

- TV - local & national channels
- Radio - music & talk radio
- STV - streaming television
- Lead generation through inbound campaigns
- Paid and organic social media - Facebook & Instagram
- PPC digital advertising
- Billboards in Hood River
- Partnership with University of Portland (Athletics sponsorship, co-branded debit and credit cards)
- Targeted campaigns for Providence Medical Employees
- Attend credit union conferences

## DIGITAL MARKETING AND TECHNOLOGIES

The merger with PFCU creates greater opportunities to leverage our website and the Hubspot sales enablement tool. Through their new website, we can use simple tracking and automation algorithms to recommend products and services based on their members or prospective members browsing history.

We can also auto-approve individuals for loans and mortgages right within digital banking, so they can see what they qualify for and their interest rates before they ever shop with a competitor. We will also leverage can "big data" within Online Banking to recommend account upgrades and changes at key moments, such as when individuals are graduating from college, buying their first home, or purchasing a car. We already have the data and will be working towards using it to deliver personalized offers or solutions.



# 2025 MARKETING PLAN

## SERVING PFCU MEMBERS AND PROVIDENCE MEDICAL EMPLOYEES

We'll use all available channels (web, email, online banking, and tv/radio ads, etc.) to promote our partnership with PFCU to members and Providence Medical Employees. Additionally, these same channels will also be used to promote the expanded products and services now available to them such as high interest checking, money market accounts, home equity lines of credit with no set-up costs, and more.

Also taking precedent, will be increasing wallet share and brand recognition among the 188,000 Providence Medical Employees. We'll utilize PFCU's current ITM technology to help connect with those employees at the eight facilities outside of our Portland and Hood River markets, as well as create targeted email campaigns to promote the new products and services available to them due to the merger.

## CREDIT UNION MORTGAGE PROGRAM

With the expansion of our trade association and the high costs of managing a mortgage lending program, there are a lot of opportunities to expand our Credit Union Mortgage Program.

There are an additional 150 credit unions we can promote our program to and we plan on tapping in to this market through direct mail, email marketing and creating a unique landing page for our real estate lending services. We will also create awareness and brand recognition among credit unions across the country by networking at more credit union conferences throughout the year.

## INCREASING PRODUCTS AND BRANCH GROWTH

### Increasing Products:

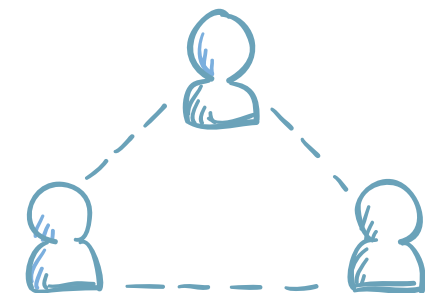
Sponsoring events and educational seminars at CCCU's legacy companies; Daimler, adidas, Legacy Health and Columbia Sportswear, proves to be a key mover in product growth and brand awareness. In 2025, we will expand these seminars beyond our legacy companies and will host events for Providence employees and the University of Portland further deepening our relationships with these organizations.

We will also continue making the most of virtual opportunities and sponsorships, as well as reaching out to more community organizations to leverage our knowledge and expertise of real estate lending.

### Hood River Branch/Market:

We will continue introducing CCCU Cascade to our Hood River neighbors by supporting local nonprofits, businesses, and schools through sponsorships, events, and financial education. We are also partnering with local media for radio, tv, and billboard advertising, as well as sending special product offers to members and non-members through print and digital marketing.

Merging with PFCU also creates a great opportunity for us to serve the employees of Providence Hood River Memorial Hospital providing them with greater convenience and a more robust product offering.



# MARKETING BUDGET

## 2025 BUSINESS PLAN

- TV: \$50,000
- Radio: \$10,000
- Streaming TV: \$40,000
- Social & Paid Search: \$30,000
- SEO: \$50,000
- Philanthropy: \$20,000
- Website: \$50,000
- Events: \$20,000
- Branded Swag: \$20,000
- University of Portland: \$50,000
- Mortgage Program
- Business Development: \$50,000
- Mortgage Program Marketing: \$50,000

**TOTAL: \$440,000**

## HOOD RIVER

- Business Development: \$10,000
- TV: \$30,000
- Radio: \$10,000
- Billboards: \$15,000
- Community Involvement: \$5,000
- Sponsorships: \$5,000
- Events: \$10,000

**TOTAL: \$85,000**

## PROVIDENCE

- Business Development: \$20,000
- Miscellaneous: \$15,000
- Philanthropy: \$40,000

**TOTAL: \$75,000**

**OVERALL TOTAL: \$600,000**

# PROJECTIONS & GOALS

## 2025 PROJECTIONS

FINANCIAL	2024	2025
Capital/Asset Ratio	13.83%	11.96%
Return on Assets	0.60%	.44%
Capital Growth	\$2.96mm	\$3mm
Loan/Deposit Ratio	94.03%	85.03%
Operating Expense/Average Assets	3.28%	3.37%
Loan/Delinquent Ratio	0.09%	0.24%
Charged-off loan ratio	0.03%	0.29%
Charged-off loans	\$150,000	\$1.6mm
Recoveries - Charged-off Loans	\$41,000	\$225,000
<b>Real Estate Loan Fee Income</b>	\$2.4mm	\$2.5mm

## 2025 FINANCIAL GOALS

LOANS	DEPOSITS	GROWTH
Auto/Consumer: (-12.5mm)	Savings: (-\$10.5mm)	<b>MEMBERSHIP:</b>
Home Equity: \$14.0mm	Checking: \$6.5mm	3% Growth
Real Estate: \$2.5mm	Money Market: \$12.5mm	<b>CHECKING ACCOUNTS:</b>
Commercial MBL: \$2.5mm	Certificates: \$7mm	5% Growth
<b>Total: \$6.5mm</b>	<b>Total: \$15.5mm</b>	

## 5-YEAR CREDIT UNION GOALS (2028)

<b>Assets</b> \$1 Billion	<b>ROA</b> 1%	<b>Capital</b> >11%	<b>Members</b> 30-40k
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# 2028 GROWTH PLAN

**Assets**  
\$1 Billion

**ROA**  
1%

**Capital**  
>11%

**Membership Growth**  
30,000 to 40,000

## CORE OBJETIVES

### Real Estate Lending/Credit Union Partners

We have established strong credit union mortgage processing partnerships in six western states and have developed relevant and competitive real estate products and services. As our departments expand, we can offer our credit union partners a wider offering of financial products and services.

#### Tactics:

- Outside sales team
- More CU partners/leverage GoWest association
- Evolve HELOC products
- Develop Commercial RE department

### Organizational management:

We have successfully implemented succession plans and have structured the organization to handle future growth via process improvement and employee development planning.

#### Tactics:

- Plan for retirements
- Develop departments – outsource vs. hire
- Evolve processes as we grow
- Define and leverage our differentiating factors that enable us to recruit the best talent.
- Employee development/career path

### Brand Value & Pricing:

We offer our members high value products and services which have created a loyal and stable membership base in alignment with our strong brand recognition with employees, members, credit union partners and the communities we serve.

#### Tactics:

- Evolve from always leading with price
- Invest in CCCU brand for external growth and employee alignment
- Leverage brand and price in future
- Commitment \$5 to \$7 million over 10 years

### Digital Transformation Strategy:

We meet our members expectations for digital convenience as well as have created an environment where employees have tools and processes that are efficient helping them to best serve our members and to represent our brand promise.

#### Tactics:

- Change in mindset to leverage technologies
- Fast follower – internal resources and capital
- Outsource vs. develop internally
- Member convenience and tools for employees
- Define our risk tolerances with technologies

### Growth

We have successfully grown into our \$1B asset size through controlled organic and inorganic means, a dedication to process improvements, discipline in using data to make decisions and adhering to our risk tolerance.

#### Tactics:

- Members/deposits/loans – core relationships
- Mergers and bank purchases
- Facilities (branch strategy/admin office)
- ECIP – secondary capital

# 2025 OPERATING BUDGET

## INCOME

	03/2025	06/2025	09/2025	12/2025	2025 YTD
Income From Loans	\$6,467,009	\$6,535,918	\$6,620,796	\$6,640,804	\$26,264,527
Investment Income	\$1,452,224	\$1,525,402	\$1,596,794	\$1,656,966	\$6,231,385
Fees/Charges	\$1,063,006	\$1,275,391	\$1,332,776	\$1,075,152	\$4,746,325
Miscellaneous Income	\$424,261	\$429,932	\$437,534	\$445,098	\$1,736,824
<b>TOTAL INCOME</b>	<b>\$9,406,499</b>	<b>\$9,766,643</b>	<b>\$9,987,900</b>	<b>\$9,818,020</b>	<b>\$38,979,062</b>

## EXPENSE

Employee Salaries	\$2,825,677	\$2,825,677	\$2,825,677	\$2,825,677	\$11,302,707
Employee Benefits	\$736,056	\$720,515	\$723,436	\$729,490	\$2,909,497
Travel/Conference	\$25,063	\$24,367	\$23,017	\$22,383	\$94,831
Association Dues	\$4,984	\$597	(\$3,788)	(\$8,159)	(\$6,367)
Office Occupancy	\$278,663	\$278,147	\$241,497	\$222,857	\$1,021,164
Postage & Telephone	\$83,262	\$75,547	\$67,703	\$62,200	\$288,712
Equip Maintenance	\$273,839	\$275,405	\$276,971	\$278,530	\$1,104,746
Stationery Supplies	\$33,242	\$33,484	\$33,727	\$33,968	\$134,421
Insurance Expense	\$41,944	\$42,468	\$42,999	\$43,536	\$170,947
Depreciation Expense	\$84,356	\$78,639	\$72,922	\$67,225	\$303,141
Personal Property Taxes	\$2,870	\$2,884	\$2,899	\$2,914	\$11,568
Bank/Share Draft Expense	\$62,227	\$60,612	\$59,335	\$58,008	\$240,182
ATM Expenses	\$188,979	\$189,264	\$189,509	\$189,433	\$757,186
Education/Promotion	\$182,789	\$176,742	\$184,554	\$185,010	\$729,095
Loan Service Expense	\$423,537	\$428,337	\$424,651	\$430,421	\$1,706,946
Professional/Outside	\$329,388	\$290,129	\$218,701	\$300,110	\$1,138,328
Provision for Loan Loss	\$437,500	\$437,500	\$437,500	\$437,500	\$1,750,000
Other Losses	\$35,870	\$43,392	\$47,266	\$54,708	\$181,236
Other Expenses	\$246,117	\$248,238	\$250,599	\$251,430	\$996,384

## TOTAL EXPENSES BEFORE DIVIDENDS

	<b>\$6,296,361</b>	<b>\$6,231,946</b>	<b>\$6,119,175</b>	<b>\$6,187,242</b>	<b>\$24,834,724</b>
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## DIVIDENDS

<b>TOTAL DIVIDENDS</b>	<b>\$2,602,554</b>	<b>\$2,735,309</b>	<b>\$2,866,716</b>	<b>\$2,971,621</b>	<b>\$11,176,201</b>
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## TOTAL NON-OP INC/EXP NET INCOME

	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>\$507,583</b>	<b>\$799,388</b>	<b>\$1,002,009</b>	<b>\$659,157</b>	<b>\$2,968,137</b>

# 2025 OPERATING BUDGET

## Proforma Statement of Financial Condition

ASSETS	03/2025	06/2025	09/2025	12/2025
Consumer Loans	\$72,313,984	\$69,177,369	\$66,049,553	\$62,966,593
Commercial Loans	\$746,633	\$746,633	\$746,633	\$746,633
Home Equity Loans	\$163,182,936	\$166,633,328	\$170,096,689	\$173,729,998
Visa Loans	\$9,776,080	\$9,801,080	\$9,826,080	\$9,851,080
Real Estate Loans	\$175,686,021	\$176,926,324	\$178,182,060	\$179,460,525
Non-Member Salal Loans	\$1,668,750	\$1,668,750	\$1,668,750	\$1,668,750
Non-Member Business Loans	\$0	\$0	\$0	\$0
Participation Loans Purchased	\$58,271,656	\$56,617,949	\$54,961,893	\$53,303,488
Participation Loans Sold	(\$3,157,312)	(\$3,138,861)	(\$3,120,210)	(\$3,101,358)
Loan Loss Allowance	(\$3,973,607)	(\$4,067,357)	(\$4,161,107)	(\$4,254,857)
<b>Loans to Members</b>	<b>\$474,515,141</b>	<b>\$474,365,215</b>	<b>\$474,250,342</b>	<b>\$474,370,853</b>
Accounts Receivable	\$2,669,099	\$2,681,111	\$2,635,284	\$2,511,048
Total Cash in Bank	\$56,816,840	\$52,242,761	\$47,880,813	\$48,181,370
Total Cash	\$3,032,839	\$2,772,429	\$2,571,743	\$2,307,388
<b>Cash in Bank/on Hand</b>	<b>\$59,849,680</b>	<b>\$55,015,191</b>	<b>\$50,452,557</b>	<b>\$50,488,759</b>
EBPA Investments	\$10,436,701	\$10,606,425	\$10,777,994	\$10,951,408
Other Bond Investments	\$74,663,652	\$84,404,445	\$94,142,421	\$98,877,579
Corporate CU Accts	\$14,679,888	\$14,727,241	\$14,779,323	\$14,836,150
CD Investments	(\$324,644)	(\$413,952)	(\$504,232)	(\$595,482)
Total other investments	\$7,216,667	\$7,216,667	\$7,216,667	\$7,216,667
<b>Investments</b>	<b>\$106,672,264</b>	<b>\$116,540,826</b>	<b>\$126,412,172</b>	<b>\$131,286,321</b>
<b>All Other Assets</b>	<b>\$22,505,313</b>	<b>\$22,263,491</b>	<b>\$20,686,301</b>	<b>\$20,444,716</b>
<b>TOTAL ASSETS</b>	<b>\$666,211,498</b>	<b>\$670,865,833</b>	<b>\$674,436,655</b>	<b>\$679,101,697</b>

# 2025 OPERATING BUDGET

## Proforma Statement of Financial Condition

LIABILITIES	03/2025	06/2025	09/2025	12/2025
Payables	1,368,117	1,408,460	1,450,101	1,493,041
Other Liabilities	10,151,292	10,205,605	8,947,831	9,000,686
Total Notes & Interest Payable	24,500,000	24,500,000	24,500,000	24,500,000
<b>ALL LIABILITIES</b>	<b>\$36,019,409</b>	<b>\$36,114,065</b>	<b>\$34,897,932</b>	<b>\$34,993,727</b>
<b>EQUITY</b>				
Regular Savings	129,471,508	126,968,703	124,487,429	121,996,314
Other Savings	14,444,127	14,391,994	14,339,294	14,496,827
Checking Accounts	144,034,835	145,631,793	147,249,175	148,957,819
Hi-Yield Money Market	160,149,514	163,293,519	166,453,053	169,520,673
IRA Shares	8,384,649	8,259,649	8,134,649	8,009,649
IRA Certificates	10,039,000	10,039,000	10,039,000	10,039,000
Certificates	84,655,437	86,433,802	88,230,936	89,895,399
Non-Member Deposits	1,009	1,009	1,009	1,009
<b>Member Shares</b>	<b>\$551,180,080</b>	<b>\$555,019,470</b>	<b>\$558,934,546</b>	<b>\$562,916,691</b>
Undivided Earnings	55,036,669	55,710,018	56,572,097	57,212,148
Equity Aquired in Merger	25,772,451	25,772,451	25,772,451	25,772,451
Other Comp Income (pension)	0	0	0	0
Other Comprehensive Income	46,215	46,215	46,215	46,215
Other Comprehensive Inc	(2,080,334)	(2,080,334)	(2,080,334)	(2,080,334)
Equity Income (Loss)	237,009	283,947	293,746	240,801
<b>Total Reserves</b>	<b>\$79,012,011</b>	<b>\$79,732,298</b>	<b>\$80,604,176</b>	<b>\$81,191,281</b>
<b>TOTAL EQUITY</b>	<b>\$630,192,091</b>	<b>\$634,751,767</b>	<b>\$639,538,721</b>	<b>\$644,107,972</b>
<b>LIABILITIES + EQUITY</b>	<b>\$666,211,498</b>	<b>\$670,865,833</b>	<b>\$674,436,655</b>	<b>\$679,101,697</b>

# FINANCIAL ASSUMPTIONS

## INCOME STATEMENT

### INTEREST ON LOANS

Computed based on loan category data. New growth projected at current market rates as of 10/31/2024.

### INVESTMENT INCOME

Computed based on average return on investments as of 10/31/2024. New growth projected at current market rates.

### FEES AND CHARGES

Loan Fees, late fees, VISA fees, share service charges and overdraft fees, based on historical trend. Mortgage and member business loan fee income estimated at \$2,545,000.

### MISC OPERATING INCOME

Insurance commissions, interchange income is based on historical trends.

## OPERATING EXPENSES

### COMPENSATION

Employee wages average increase 5%. Includes anticipated commissions for mortgage loans, business development and employee incentive program. Includes the addition of two new staff members. Assumes an accrual rate of 20% for year-end bonuses.

### EMPLOYEE BENEFITS

This includes social security taxes, unemployment insurance, workers compensation, medical/dental, and disability. Based on historical trend with projected increases where applicable.

### TRAVEL AND OFFICIALS

Includes expenses associated with both typical travel expenses and National Marketing Conferences, Symitar conferences and training, as well as local mileage and board meeting expenses.

### ASSOCIATION DUES

Credit Union Association dues projected based on our asset size and number of members and other misc dues based on historical trend.

### OFFICE OCCUPANCY EXPENSE

Includes current building depreciation, real estate taxes and rent as well as the amortization of the leasehold improvements for the NW office. Existing office occupancy expenses such as utilities and maintenance based on historical trends.

### POSTAGE & TELEPHONE

Telephone expense is based on existing circuits as including our disaster recovery site. Postage expense is based on historical usage.

### EQUIPMENT MAINTENANCE AND DATA PROCESSING

Hardware maintenance of computers, maintenance of furniture & fixtures and software maintenance. Based on historical and projected new contracts and software upgrades.

### STATIONERY AND SUPPLIES

Office forms and supplies, computer supplies, subscriptions. Based on historical trends.

### INSURANCE EXPENSE

Casualty, bond and package of protection. Based on historical rates plus 5%.

### DEPRECIATION EXPENSE

Depreciation of furniture and fixtures, computer hardware and software. Based on historical with allowances for new equipment including the routine replacement of aging PCs and servers.

### BANK SERVICE CHARGES/ SHARE DRAFT EXPENSE

Correspondent bank fees, money order fees, bill payment service fees, and check printing costs based on historical trends.

### ATM EXPENSES

Network fees for CO-OP, Plus, Cirrus and Exchange system, also FiServ processing fees, shared branching expenses and cost of ATM cards, receipts, and other ATM supplies and servicing expenses based on historical trends.

# FINANCIAL ASSUMPTIONS

## BALANCE SHEET

### ASSETS

#### CONSUMER LOANS

Projections are for the portfolio to decrease by \$12.5 million throughout the year.

#### HOME EQUITY LOANS

Projections are for the portfolio to increase by \$14 million throughout the year.

#### VISA LOANS

Projections are for the portfolio to decrease by \$100,000 throughout the year.

#### REAL ESTATE LOANS

Includes Commercial Real Estate. Projections are for the portfolio to increase by \$5 million in residential and commercial real estate loans.

#### PARTICIPATION LOANS PURCHASED

Projections are for the normal pay down of the participation portfolios.

#### PARTICIPATION LOANS SOLD

Assumes normal pay down.

#### ALLOWANCE FOR LOAN LOSSES

Projecting net charge-offs of \$1,375,000 for the year.

#### CASH

The bulk of surplus funds not loaned to members and move up and down in relation to variances in deposit and loan growth.

### ADVERTISING AND PROMOTIONAL

Education and training, gifts and goodwill, advertising and promotions based on historical expenses and projections based on current marketing strategies. Includes \$469,000 in marketing expenses.

### LOAN SERVICING EXPENSES

Credit reports, collection costs not passed through to member, recording fees, VISA processing fees and other loan servicing expense. Based on historical and projected fees associated with the promotion of loans with costs absorbed by the credit union.

### PROFESSIONAL AND OUTSIDE SERVICES

Legal, audit, accounting, data processing and other professional fees. Based on historical trend.

### PROVISION LOAN LOSS

Projected to be \$1,750,000 due to the PFCU merger

### OTHER LOSSES

Projected at \$181,236 based on historical average.

### OTHER EXPENSES

Includes the usual NCUA operating fee based on credit union asset size. Projected annual meeting and annual dinner expense, and historical miscellaneous operating expense.

### DIVIDENDS

Dividends based on the current yields with a projected market increase.

### INVESTMENTS

Includes EBPA Investments, CMOs, Agency bonds, Corporate Credit Union investments, and CDs.

### NCUSIF

Based on a percentage of assets.

### PREPAIDS

Based on historical trend.

### LAND AND BUILDING

Includes land and building for the Sandy office, the Administration building, parking lot and the Hood River, less accumulated depreciation.

### FURNITURE & EQUIPMENT/LEASEHOLD IMPROVEMENT

This includes normal depreciation of existing furniture and equipment and projected purchases for 2024 including replacement of aging PCs and other miscellaneous IT equipment and software licenses.

### ACCRUED INCOME

Based on historical trends.

# FINANCIAL ASSUMPTIONS

## LIABILITIES

### ACCOUNTS PAYABLE

This includes an estimate of the Credit Union checks outstanding. Based on historical.

### OTHER LIABILITIES

Based on historical trend.

## EQUITY

### REGULAR SAVINGS

Projections are for a decrease of \$10 million throughout the year.

### CHECKING

Projections are for an increase of \$6.5 million throughout the year.

### MONEY MARKET

Projections are for an increase of \$12.5 million throughout the year

### IRA SAVINGS

Projections are for a decrease of \$500,000 throughout the year.

### IRA CERTIFICATES

Projections are to remain flat throughout the year.

## CERTIFICATES

Projections are for an increase of \$7 million throughout the year.

## EQUITY ACQUIRED IN MERGER

Additional contributions due to PFCU merger.

## OTHER COMPREHENSIVE INCOME

Adjustments to this account are made in relation to the credit union pension and retirement plan accounting. Since these changes are unpredictable and do not affect the income statement, no changes are projected.

## UNDIVIDED EARNINGS - NET INCOME

Monthly earnings with previous monthly earnings going to undivided earnings.

# CONTACT

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