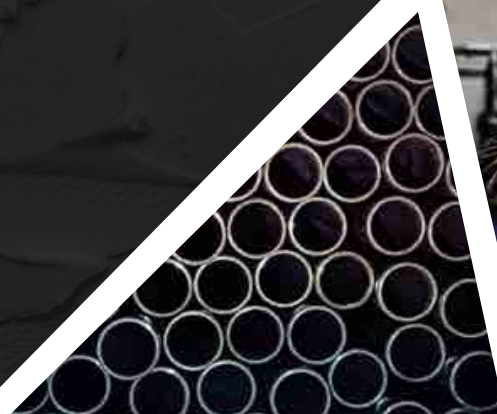




OEFEDERAL
CREDIT  UNION

<< 2020 >> ANNUAL REPORT



Our mission is to build
lifelong financial partnerships
with our **union members**
and **their families.**

>> **EXECUTIVE TEAM**

Mike Donohue, President/Chief Executive Officer

Jeff Hampton, EVP/Chief Operating Officer

Deepak Godhwani, Chief Financial Officer

Ron Poff, SVP Business Development

Mike Miller, VP Information Technology

Christina Boyd, VP Member Services

Jenna Anderson, VP Marketing & Training

Gabriel Ybarrolaza, VP Lending





>> BOARD CHAIR'S MESSAGE

Dear Members,

As Chair of the Board, I am pleased to report that 2020 was a good year for OE Federal Credit Union. In the past 12 months, members accessed more than \$403 million in low-cost loans while \$6.8 million was returned to members through deposit dividends and loan bonuses. This credit union continues to be one of the most financially strong in the industry.

In 2021, we are committed to maintaining the same principled goals: Provide members with the products, services, and guidance necessary to help them prosper financially. We understand that the financial well-being of our membership has a direct correlation to the well-being of OE Federal Credit Union, and that's why we are committed to partnering with each of our 86,438 members to provide a positive impact on their financial health and stability.

On behalf of all the Directors, I want to thank you for your patronage and your confidence and support in our stewardship of OE Federal Credit Union.

Sincerely,

Dan Reding

Dan Reding, Chair

>> CEO'S MESSAGE

To Our Valued Members,

OE Federal was founded on the principle of providing our union members with financial security. Today this fundamental idea is more relevant than ever. What we are experiencing in 2020 is unlike any thing we have ever experienced, or thought might happen.

Since March, we've focused on continuing to provide exceptional member service through our delivery channels, always with a priority on protecting the well-being of our members and team members. We've worked hard to ensure our Call Center and our branches remained open to serve you. We've continually enhanced our processes, systems and technology all while transitioning most of our support departments to a remote work environment. It's taken tremendous dedication from our team and patience among members as we've worked to maintain service continuity while protecting the health of individuals at our corporate office and branches. I'm grateful for all your support.

While it's uncertain what the economic toll of this crisis will ultimately be, OE Federal will continue to be here to help members secure their financial future. We remain an extremely strong and well-capitalized institution, healthy and prepared to weather the storm of this pandemic. However, true strength comes from something more. Our greatest source of strength comes from people. It's our team's commitment to our members that builds our strong foundation, and the loyalty of our members that drives us onward.

I wish you and your family safety and good health,

Mike Donohue

Mike Donohue, President/Chief Executive Officer

Comparative Statements-Assets, Liabilities, Capital
for years ending in June 2018, 2019 and 2020

	2020	2019	2018
ASSETS			
Cash and Cash Equivalents	88,523,285.07	32,154,411.81	42,116,232.19
Loans Outstanding	801,091,103.18	701,695,036.84	611,748,442.35
Allowance for Loan Losses	(11,047,908.00)	(7,416,658.38)	(6,443,429.00)
Investments	318,948,492.77	383,535,096.87	444,691,480.78
Land and Building	18,986,624.39	19,082,507.41	16,932,959.01
NCUA Share Insurance	8,197,775.39	7,801,762.75	7,570,045.49
Other Assets	7,759,041.71	8,655,436.20	8,295,765.75
Total Assets	1,232,458,414.51	1,145,507,593.50	1,124,911,496.57
LIABILITIES AND CAPITAL			
Share Accounts	422,763,131.16	379,143,355.47	371,256,173.96
Money Market Share Accounts	143,892,489.20	137,288,887.56	143,924,766.92
Share Draft Accounts	138,681,281.69	118,374,862.46	116,386,389.34
Share Certificate of Deposit	237,422,791.73	220,681,150.00	210,140,568.63
Individual Retirement Accounts	55,716,185.77	54,998,461.01	56,165,350.93
Total Shares and Member Deposits	998,475,879.55	910,486,716.50	897,873,249.78
Total Borrowings	41,937,639.00	49,538,759.00	59,917,833.00
Other Liabilities	6,276,159.07	12,034,292.16	6,546,934.58
Undivided Earnings	160,803,579.64	153,362,054.10	141,303,469.09
Unrealized Gain or (loss)	5,457,475.38	578,089.87	(237,671.75)
Regular Reserve	19,507,681.87	19,507,681.87	19,507,681.87
Total Capital	185,768,736.89	173,447,825.84	160,573,479.21
Total Liabilities and Capital	1,232,458,414.51	1,145,507,593.50	1,124,911,496.57

Comparative Income Statement
for years ending in June 2018, 2019 and 2020

	2020	2019	2018
Income			
Interest on Loans	37,795,811.59	34,102,330.43	29,379,929.88
Interest on Investments	8,368,220.46	10,692,492.08	9,459,285.35
Fee Income	4,912,327.77	4,794,634.38	4,183,590.16
Other Income	6,306,061.59	6,175,800.15	5,497,189.38
Non-Operating Gains (losses)	259,201.16	171,663.53	370,684.32
Total Income	57,641,622.57	55,936,920.57	48,890,679.09
Operating Expenses			
Employee Compensation and Benefits	19,577,362.61	18,082,469.50	17,102,442.31
Organizational Development Expense	398,929.50	436,022.75	421,436.04
Office Occupancy Expense	2,189,717.11	1,934,429.50	1,824,880.87
Office Operations Expense	9,643,610.61	8,908,394.59	7,885,826.37
Educational and Promotional Expense	1,044,727.98	1,006,973.39	795,985.92
Loan Servicing Expense	1,254,553.16	1,323,356.78	1,089,421.03
Professional and Outside Services Expense	1,195,368.53	1,158,252.76	591,886.44
Provision for Loan Losses	6,843,387.70	3,994,927.77	3,258,091.70
Member Insurance Expense	24,461.92	26,542.25	28,660.24
NCUA Operating Expense	314,385.66	295,839.48	258,168.85
Miscellaneous Operating Expense	157,539.02	210,508.57	263,106.86
Total Operating Expense	42,644,043.80	37,377,717.34	33,519,906.63
Cost of Funds			
Dividends Paid to Members	6,842,935.09	5,249,353.73	3,853,728.30
Interest on Borrowed Money	713,118.14	1,251,264.49	942,101.10
Total Cost of Funds	7,556,053.23	6,500,618.22	4,795,829.40
Net Income	7,441,525.54	12,058,585.01	10,574,943.06



TURNER, WARREN, HWANG & CONRAD AC
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS REPORT

Board of Directors and Supervisory Committee
Operating Engineers Local Union No. 3 Federal Credit Union

We have audited the accompanying financial statements of Operating Engineers Local Union No. 3 Federal Credit Union (the credit union), which comprise the statements of financial condition as of June 30, 2020 and 2019, the statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the credit union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operating Engineers Local Union No. 3 Federal Credit Union as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

On March 11, 2020, the World Health Organization declared a pandemic due to the spread of the coronavirus disease (COVID-19). The COVID-19 outbreak in the United States of America has caused business disruption through mandated and voluntary closures of businesses as well as stay-at-home orders in order to contain the coronavirus. Management is currently evaluating the impact that COVID-19 will have on future operations. Our opinion is not modified with respect to this matter.

Turner, Warren, Hwang & Conrad

Burbank, California
October 8, 2020

>> SUPERVISORY COMMITTEE

The OE Federal Credit Union Supervisory Committee is responsible for monitoring operations and ensuring compliance with federal regulatory requirements and internal policies and procedures to guarantee financial integrity. The Committee's goal is to help maintain OE Federal Credit Union's finances and safeguard member assets through fair and accurate representation.

At the conclusion of the audited year, June 2020, OE Federal Credit Union's financial records were audited by Turner, Warren, Hwang & Conrad, AC, Certified Public Accounts & Consultants. The Supervisory Committee is pleased to report that OE Federal Credit Union continues to maintain a healthy and financially strong position. In addition, OE Federal Credit Union continues to follow the guidelines of the National Credit Union Administration (NCUA), the government agency that oversees the financial strength of credit unions, to safeguard member and credit union assets.

The Supervisory Committee would like to extend a special thank you to the Board of Directors, Management Team, and Employees for their continued support in our mission to be fiscally sound. And a big thank you goes to our members. It's always a pleasure to serve you.

Yu-Ju Wu

Yu-Ju Wu, Chair Supervisory Committee





>> BOARD OF DIRECTORS

Dan Reding, Chair

Steve Ingersoll, Vice Chair

James Sullivan,
Secretary/Financial Officer

Justin Diston

David Harrison

Nate Tucker

Cynthia Guerzon

David Daneluz

Tim Keltner

James Spain

Mario Giovannetti

Randy White

Frank Rojas

Daniel Henry

Jerry Seiff

Stanley Green

Frank Fuller

Larry Watson

Steve Nichols

Justin Pentz

Jamie Harvest-Silva

>> SUPERVISORY COMMITTEE

Yu-Ju Wu, Chair

Bruce Noel

Tanisha Williams

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