



Olive View
FEDERAL CREDIT UNION

2024-2028 Strategic Plan

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Executive summary.



In 1936, our Olive View Federal Credit Union was officially chartered and has since become an integral part of the Los Angeles County Olive View-UCLA Medical Center's campus. From the beginning, we have consistently served our members by providing competitive and affordable loans and banking services while maintaining fiscal responsibility.

Since 2019, we have grown substantially, with our total asset size increasing from \$49 million to \$63 million. This growth has allowed us to offer more services to our members.

Financially, our credit union's net worth exceeds that of similar-sized credit unions. We maintain healthy capital levels and uphold high standards asset and credit administration practices. Our Board of Directors and leadership team rigorously monitor and manage risk, cybersecurity, interest sensitivity and liquidity. Ensuring our overall fiscal health remains a top priority, and we are committed to continually enhancing our services to better serve our members.

Our strategic plan for the next five years outlines our key goals, which include membership and loan growth, as well as an upgrade of our core computer system. This upgrade will significantly improve operational efficiency and introduce new tools and features, including bill pay, online loan applications, Zelle®, etc. To support these initiatives, we will hire additional staff and engage third-party vendors to ensure success. With this plan, we aim to reaffirm our commitment to advancing our Credit Union and remaining our members' financial service provider of choice.

Mission statement.



Olive View Federal Credit Union strives to be the trusted provider of financial services to every member and to enhance the value of their lives and financial well-being while maintaining our fiscal strength.

Vision statement.



Our vision is to create a FIVE-STAR member experience.

Field of membership.



Membership is open to individuals working at:

- *Olive View-UCLA Medical Center*
- *Mid-Valley Comprehensive Health Center*
- *Glendale Health Center*
- *San Fernando Health Center*
- *South Valley Health Center*
- *North Hollywood Health Center*
- *Pacoima Health Center*
- *Antelope Valley Health Center*
- *Lake Los Angeles Community Clinic*
- *Littlerock Community Clinic*
- *High Desert Regional Health Center*
- *Antelope Valley Mental Health Center*
- *SPAs 1 & 2 Public Health Regional Health Office/Santa Clarita*
- *ITT Exelis located in Van Nuys*

Additionally, membership is available to the immediate family of qualified members, including spouses, sons, daughters, stepchildren, fathers, mothers, grandfathers, grandmothers, stepparents, grandchildren, brothers, sisters, in-laws and life partners. Membership is also available to individuals who retired from any of the worksites listed above.

Member benefits.



Olive View Federal Credit Union provides benefits to its members by:

- Encouraging habits of thrift through the safe accumulation of savings.
- Lending money to members at competitive interest rates.
- Providing quality and convenient credit union services and products.
- Extending financial services to members and their families.

Economic outlook and challenges.



As of December 2023, the Federal Open Market Committee decided to maintain the federal funds interest rate within a target range of between 5.25% to 5.50%. The Consumer Price Index (CPI) was 3.5% as of March 2024 which was a slight increase from previous months, and the real Gross Domestic Product (GDP) increased at an annual rate of 3.3% in the fourth quarter of 2023.

Of high concern for most credit unions is liquidity risk, meaning the risk that a credit union will not be able to convert assets, such as investments and other short-term obligations, into cash. High liquidity risk factors can negatively impact the financial stability of a financial institution. Intensified competition for savings and other member deposits can reduce member deposits in any one credit union and compel credit unions to increase deposit interest rates to attract higher deposits. Increasing deposit interest rates could place a credit union in danger of higher liquidity risk if not well managed and without proactively acting on increasing risk affecting the financial stability of the credit union.

Olive View Federal Credit Union is very well positioned to handle the current and predicted economic challenges, including liquidity risk (See Key Success Metrics). While we maintain competitive interest rates for our deposits, we assess all risks associated with any increase to ensure we maintain above average liquidity. We take a preventative and conservative stance when managing our risk

levels to ensure our members get the best opportunities for savings and to ensure we have more than enough to provide loans that meet our members' needs. We have very strict guidelines and policies in place to ensure the Credit Union maintains its fiscal stability while simultaneously meeting the ever-changing needs of our valued members.

Technology impact.



Advances in technology continue at a rapid pace in all industries, including the financial sector. These advancements allow individuals faster and more reliable access to their account information, but they also allow for an increased threat of cyberattacks, malware, ransomware, social engineering, and fraud. The risk of these types of crimes is high for all financial institutions, including credit unions.

The prevention of technology threats is of utmost importance to Olive View Federal Credit Union. Our cybersecurity program focuses on establishing safeguards of member data, both financial and personal. Our core banking system is managed and monitored continuously for any external threats, and we have strong policies to prevent fraudulent activity. While our core system is robust and meets all data security guidelines and requirements, it does not provide the reporting and information sharing capabilities nor the integration we need to function at a higher level, it restricts our ability to offer a full mobile banking platform and is inefficient for processing loan applications and paying bills. For these reasons, our credit union plans to transition to a new, improved core system by 2025.

Strategic goals and objectives.



Goal 1: Increase membership by adding 3,000 new members by Year End 2028.

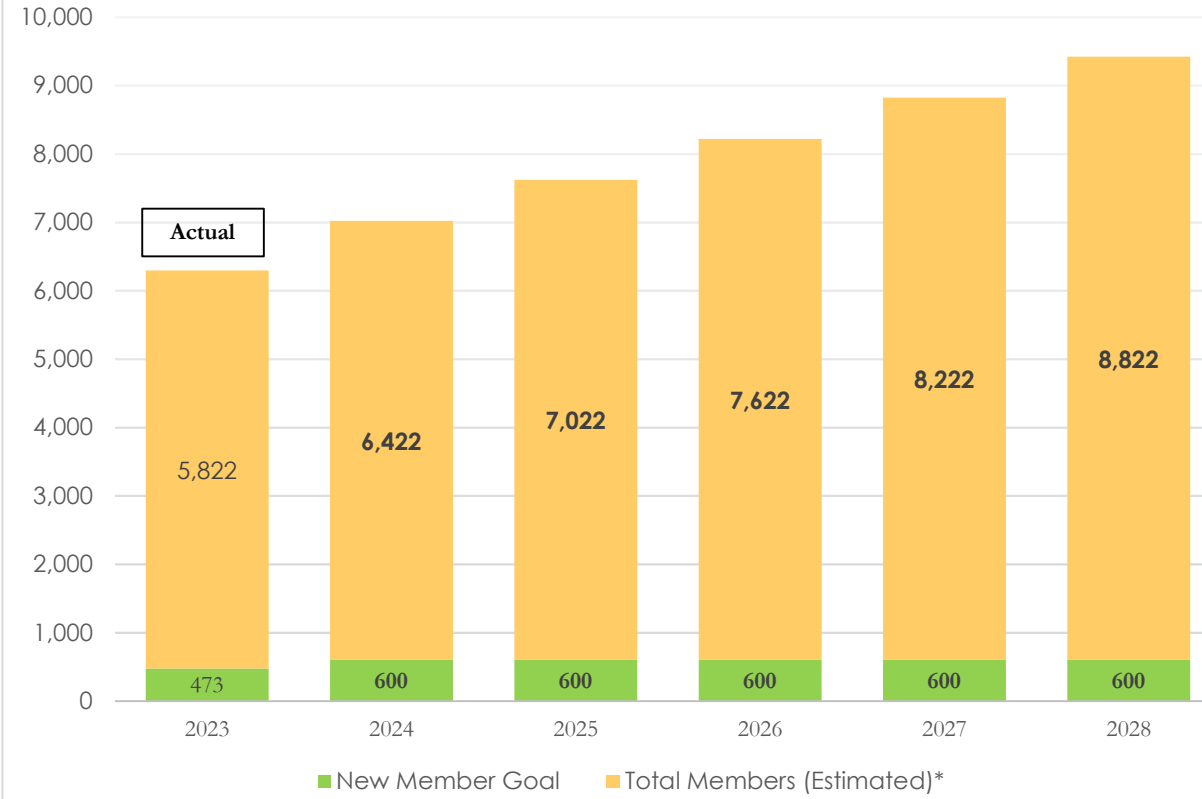
Members are the heart of our credit union, and we are committed to expanding our membership base to drive growth and enhance our mission. As a closed-membership credit union, we can only accept individuals as members who meet the criteria outlined in our Bylaws (refer to the Field of Membership section). Increasing our membership will not only add value but also ensure we continue to meet our members' needs effectively.

To achieve this goal, we will hire a dedicated marketing and outreach staff member. This individual will lead our marketing and outreach initiatives, including:


- Developing and managing print, online, and multimedia marketing materials.
- Ensuring consistent use of the Credit Union brand.
- Assisting in the strategic planning process.
- Organizing and participating in Credit Union events at all facilities and workplaces within our field of membership.
- Contributing to the Credit Union's reputation for quality, reliability, and member satisfaction.

Challenges to reaching this goal include branch staffing, access to facilities within our field of membership, and competition from larger credit unions. With the addition of a dedicated staff member and the expertise of our Credit Union leadership, we will actively address and overcome these barriers to success.

MEMBERSHIP GROWTH GOAL



* The actual number may vary based on the number of accounts closed throughout the year.

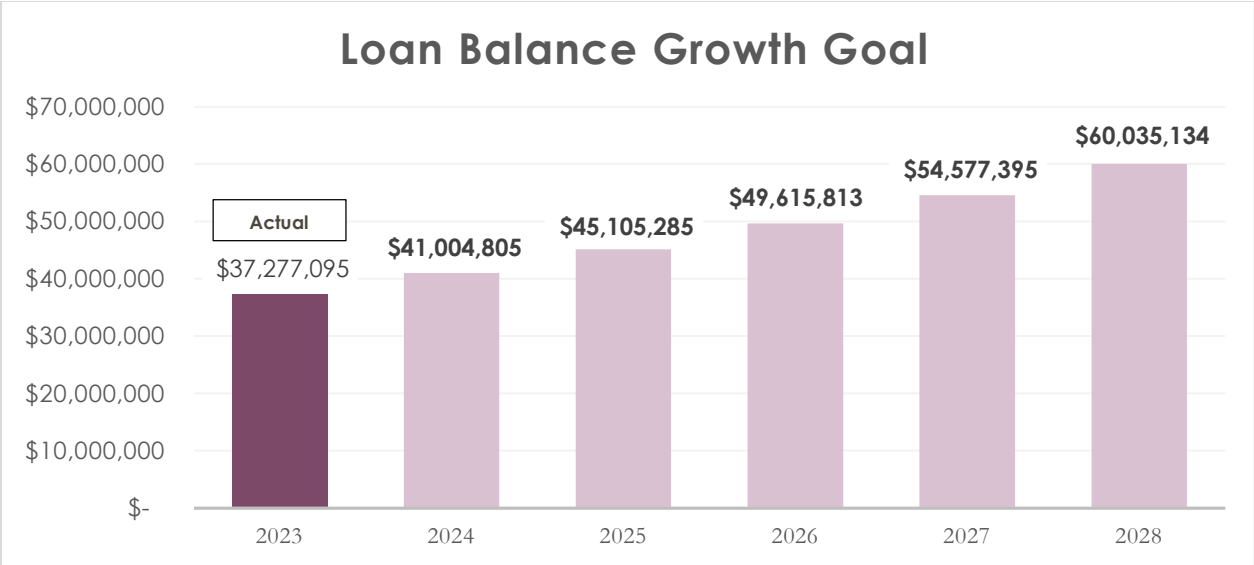


Goal 2: Loan Balance Growth.

Our credit union is dedicated to serving our members by offering competitive loan rates and innovative loan packages that cater to their diverse needs. While we do not provide real estate loans, we specialize in vehicle, personal, and credit card loans, aiming to help members achieve their purchase goals and build their credit.

To drive loan balance growth, we will focus on maximizing the funds available for member loans and providing loan packages that align with our members' financial objectives. Loan growth is closely tied to expanding our membership base and increasing share volume. Our enhanced marketing and outreach program will educate current and potential members about the advantages of our loan portfolio and share account options.

We are targeting a 10% annual increase in loan balances from 2024 through Year End 2028.



Goal 3: Implement core system upgrade.

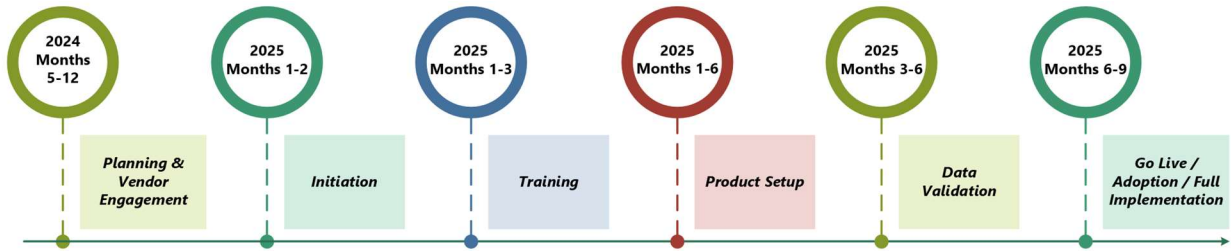
Our core system is crucial backend technology that handles daily financial transactions and updates accounts and financial records. Deployed in 2007, our current core system has been incrementally enhanced over the years to support new online services and functionality improvements. However, its efficiency, scalability, integration, and overall utility for both credit union operations and member services are outdated. The system currently requires time-consuming manual data collection, entry, and tracking, and lacks modern electronic tracking capabilities and detailed data reporting functionality.

To address these issues, the Credit Union will complete an upgrade of its core system by the end of 2025. This upgrade will:


1. *Enhance Member Experience: Improve online and in-branch interactions for a smoother and more efficient experience.*
2. *Advance Technological Capabilities: Equip us with the technology to better develop and deliver products and services.*
3. *Streamline Internal Processes: Increase operational efficiency by modernizing internal workflows.*
4. *Improve Data Reporting: Provide advanced data reporting capabilities to better inform decision-making and track progress towards our goals.*

Upon full implementation of the new core system, Credit Union leadership will develop a report of key metrics to ensure continuous quality improvement activities.

CORE SYSTEM UPGRADE TIMELINE



Key success metrics

 The following metrics are provided to measure success and overall performance.

Ratios		Olive View Year End 2023	Peer Average Year End 2023*	Olive View Percentile
Capital Adequacy	Net Worth	21.65	12.65	95
Asset Quality	Delinquency	1.33	0.84	82
Management	Net Worth Growth	6.70	7.48	53
Earnings	Return on Assets	1.05	0.75	74
Liquidity	Total Loans / Total Assets	58.21	56.81	52

* Peer Average: Represents the average ratio for 629 credit unions similar in asset size to Olive View Federal Credit Union (Asset Range: \$50,000,000 - \$100,000,000).