



2018 Annual Report

Chairman's Message

Luis Gendreau

On behalf of your Board of Directors, I'd like to thank you for making 2018 another successful year for your credit union.

With your support and engagement, Credit Union West was able to return more value to you through exceptional products and services, improved technology and great returns on your investment.

I am proud to share that in 2018 we completed construction on our new Corporate Office, an achievement that further supports our mission to inspire our members, employees and communities to achieve their financial goals and enhance their quality of life. As we continue to grow, our new headquarters will accommodate expansion for years to come.

With an eye toward building for the future, we also invested in implementing upgrades and improvements to our 12 branch locations. While not yet complete, we've made significant capital improvements to buildings, parking areas, signage, and security enhancements. Committed to excellent member service, great rates and lower fees, we are building an organization designed around you and your family's financial dreams. In the end, we want to make you proud to call Credit Union West home.

Our rich heritage with Luke Air Force Base continued to be an important part of our culture and vision. In 2018, we had the distinct honor of being named the Air Force Credit Union of the Year by the Office of the US Secretary of Defense, the highest possible award for an on-Base financial institution. As a national award, we were selected for our unwavering commitment serving Luke Air Force Base and the military, veteran and family causes in our community.

In all, we were proud of our accomplishments and how we delivered on our commitments to you. We grew to nearly 68,000 members and over \$714 million in assets. And, every day we strive to provide financial products and services that will help each person in our community grow their financial stability and success.

On behalf of the entire Board of Directors, Supervisory Committee and staff, we are grateful for your trust and confidence in us and look forward to another successful year.

President/CEO's Message

Karen Roch

2018 was a remarkable year for Credit Union West and I am proud to announce the state of the organization is strong.

Over the past year, we focused on finding additional ways to grow and continue to be our members' preferred choice for their financial institution. I am excited to report that we were able to grow our membership, increase lending, secure more deposits, and introduce new products and services to help our members save time and money.

We grew to nearly 68,000 members in 2018. While continued growth is the key to our success, we have been and will continue to be very strategic in our approach.

Each of our members have unique needs and dreams for the future. Our goal is to meet those needs and continue to be your trusted financial institution. We are proud to serve you as our member owners, and continue to meet your financial goals.

In a year of big accomplishments, one of our biggest accomplishments in 2018 was upgrading our Online Banking and Mobile App to include top-notch banking features that allow you to achieve savings goals, create budgets, and provided increased security.

We are dedicated to offering technology that is dynamic and evolves with your needs. This is also true for technology in our branches. Recently, we launched online appointment setting service that allows you to schedule time to speak with our staff in a branch location when it is most convenient for you. This enables us to serve you with dedication when you need it most.

Again this year, we supported many amazing organizations that share our passion and align with our core mission to positively impact our community. We did this through educational programs, charitable giving, volunteerism and our scholarship program. As always, we proudly supported our local economy and communities through partnerships, like; Fighter Country Partnership, Luke Air Force Base, Local First Arizona and others who are strong advocates for local banking.

For me, it is especially gratifying to work with our exceptional staff that are committed to giving back. Our employees voluntarily contributed to our Charity Fund Program, and donated over \$12,000 that was split between four local non-profit organizations. What a joy it has been to see our employees lead the way in supporting our local community!

Last year, we proudly accepted the distinction of being voted one of the Top Companies to Work for in Arizona. For 6 consecutive years, we've received this award based on feedback provided by our staff. Employees shared some of the many reasons why they love to work at Credit Union West, including easy accessibility to leadership, the opportunity to give back to the community, and a fun atmosphere. This award is a testament to the culture we've worked hard to create. Committed to you, we thrive as an organization of professionals dedicated to providing world-class member service.

As we move into 2019, we'll continue to enhance membership benefits by offering new and unique product offerings, more security enhancements and will continue to grow our community of members. Together, we can make 2019 our most exciting year yet.

We are proud to stand with you. Thank you for being a member at Credit Union West.

Supervisory Committee Report

Frances Laguna

Each year, your Board of Directors appoints a Supervisory Committee to serve as guardians of Credit Union West’s financial security, including its internal control structure and processes. Our volunteer committee is responsible for and committed to ensuring that the credit union’s financial records are maintained properly and accurately, and that the credit union is compliant with all applicable laws and regulations. We arrange for regular audit reviews of the credit union’s financial practices and procedures. In short, we are committed to and diligently work for you.

The Supervisory Committee concurs with both the external and internal audits conducted in 2018.

We conclude that the condensed 2018 financial statements contained in the report are accurate and correct, subject to audit. Rest assured that the oversight and affairs of your credit union are being conducted in a sound and consistent manner. The Supervisory Committee has observed that your credit union’s finances are being accounted for in accordance with generally accepted accounting principles.

Credit Manager’s Report

Bob Birr

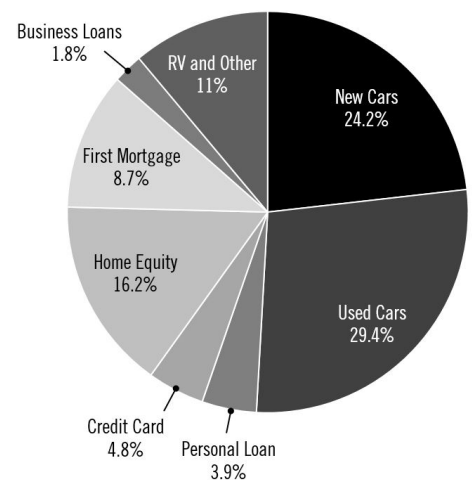
Credit Union West’s loan portfolio increased by 11.00% in 2018. The increase was driven by strong growth in several loan categories with a 15.65% gain in new vehicles, 18.05% gain in used vehicles, 15.87% gain in credit cards and a 15.95% gain in home equity loans.

In 2019 it is expected that mortgage volume will remain lower due to an increase in mortgage rates and a slowdown in the industry, but we foresee steady demand for home equity loans as consumers stay in their homes longer and remodel.

The credit union will continue to focus on maintaining a diversified lending portfolio of secured and unsecured loans with fixed and variable rate loans, helping to safeguard against potential credit and interest rate risks.

Sound underwriting and effective collection practices resulted in a very low combined delinquency and charge off rate of .50% at year-end.

2018 Loan Portfolio



Treasurer's Report

Pamela Chan

2018 was an excellent year for Credit Union West, its members and the communities we serve. Arizona experienced solid economic growth, outpacing the national average. In 2018, Arizona ranked fifth among the states for personal income gains, sixth for gross state product or output and seventh for job creation. Home values in the valley have gone up noticeably and Credit Union West members saved more money than ever with our great deposit and loan rates.

Focusing on our long-term strategic goals, in December, we moved to our new Corporate Office near Loop 101 and Glendale Avenue. Our new Corporate Office will support the needs of our members and staff for years to come. The building will include a new branch location on the first floor to serve west valley communities and members in the Westgate area. Delivering exceptional member service continues to be at the forefront of every decision we make.

The accompanying Financial Statements illustrates how we ended 2018. Operating earnings were strong so we were also able to add \$6,108,168 to our capital. Our capitalization ratio strengthened from 10.96% in 2017 to 11.20% in 2018, with our capital reaching \$74 million at year-end. These results continue to demonstrate our commitment to financial strength in maintaining a stable and sound financial institution that will protect members' assets and to meet our member's needs well into the future.

Total assets increased by \$39 million during the year, ending at \$714 million compared to \$675 million the previous year. Members' active participation and greater account utilization increased our members' deposits to \$606 million at year-end. We believe safe and sustainable growth ensures that every member can feel confident that Credit Union West is the financial institution to help them achieve their financial goals and fulfill their financial needs. At Credit Union West, growth for just growth sake is not our goal, however, as we get bigger, we also want to get better and stronger so we can continue providing excellent service to you, our valued members.

Total Assets \$ (in millions)



Credit Union West Financial Statements

Statement of Financial Condition

December 31, 2018	Unaudited
Assets	
Net Loans	\$ 582,447,700
Cash and Investments	\$ 88,486,236
Total Net Fixed Assets	\$ 30,355,248
Other Assets	\$ 12,958,826
Total Assets	\$ 714,248,010
Liabilities and Capital	
Liabilities	\$ 34,256,604
Shares and Certificates	\$ 605,992,367
Capital	\$ 73,999,039
Total Liabilities and Capital	\$ 714,248,010

Statement of Income

December 31, 2018	Unaudited
Income	
Interest on Loans	\$ 27,612,435
Investment Income	\$ 1,698,338
Other Income	\$ 11,141,568
Gross Income	\$ 40,452,341
Expenses	
Employee Compensation	\$ 16,386,627
Office Operation Expenses	\$ 6,283,644
Education and Promotion	\$ 943,056
Loan Servicing	\$ 3,632,065
Professional Services	\$ 869,430
Provision for Loan Losses	\$ 2,679,456
Operating Fees	\$ 67,287
Miscellaneous Expenses	\$ 164,052
Total Operating Expenses	\$ 31,025,617
Income from Operations	\$ 9,426,724
Less Dividends Paid to Members	\$ 2,847,773
Less Interest Paid on Borrowed Funds	\$ 464,967
Loss on Disposition of Assets	\$ 5,817
Net Income (Gain)	\$ 6,108,168

Sources of Income

