

Chairman's Message

Luis Gendreau

For nearly 69 years, Credit Union West has put its members' interests first. In 2019, the credit union demonstrated its passion for serving members by providing valuable financial solutions, expanding our services and continuing our tradition of supporting local communities. With your support, your credit union finished the year at nearly \$773 million in assets and just over 72,000 members.

We invested in technology that provides convenient, secure financial services to our members. Recently, we added a new mortgage loan platform to meet our members' needs in obtaining affordable and convenient financing. We also upgraded our ATMs offering full depository services at all of our branches, and we began construction planning for two branches scheduled to open in 2020.

In order to deliver exceptional service, we need to be an institution with a solid financial footing. Based on industry standards, Credit Union West is financially strong and poised for continued growth, which will allow us to continue our mission of inspiring our members, employees and communities to achieve their financial goals and quality of life.

A key measure of our success is member service and satisfaction—the promise of serving our members by providing exceptional, caring service and products that enhance our members lives. Ongoing surveys of our members continue to show that Credit Union West is in the top tier of credit unions nationwide in providing exceptional service to our members.

Another important measure is the promise to improve the lives of those in the communities we serve—both members and non-members. I believe we continue to deliver on that promise. In 2019, during the partial government shutdown, we offered special programs to help federal employees whose direct pay was affected and our philanthropic effort does not stop there, in 2019 we were able to give back nearly \$76,000 to our local communities. We are especially proud of our dedicated staff, who through our Employees CARE program, gave their time and generously donated over \$12,000 to support local organizations throughout Arizona.

Ultimately, I am most inspired by the loyalty of our valued members who place their trust in us. On behalf of the Board of Directors, Supervisory Committee and Staff, I can assure you that we will never take your trust lightly and will continue to earn your trust in everything we do.

President/CEO's Message

Karen Roch

2019 was another banner year for Credit Union West and we are very proud of the progress we made to strengthen the credit union, give back to the communities we serve, and help enhance our employees and members' lives. We are pleased to be the credit union of choice for over 72,000 members. Member satisfaction is a high priority and our members continue to give us exceptional marks for service and satisfaction every year.

With nearly \$773 million in assets, our current financials reflect strong performance and risk management practices. Credit Union West remains well capitalized with excellent loan quality, demonstrating safety and soundness for our members.

This year we continued to enhance our existing branches with additional renovations planned in 2020 and we're excited to be opening doors for two new locations in this coming year. We are also exploring new locations for additional branches to provide greater convenience for our growing membership.

As a testament to our commitment of building a strong employee-centric culture, this past year Credit Union West was once again recognized as one of the Top Companies to Work for in Arizona. We have received this honor for the past seven consecutive years. The award is based on a comprehensive employee survey and a rigorous workplace evaluation. Our staff pointed to a collaborative and fun workplace, internal career development and our organization's practice of promoting from within as key reasons for why Credit Union West is a great place to work.

We were especially proud of the difference Credit Union West made in the communities we serve. We were passionate about giving back through involvement with organizations that support youth, education, and the health and care of our veterans. We continued to encourage our employees to become even more involved in the communities where they live and work, and their participation and giving has been outstanding. Organizations we have proudly supported include Fighter Country Partnership, Luke Air Force Base, Local First Arizona, Stand Up for Veterans, Big Brothers Big Sisters, Glendale Community College, Maricopa K-9 Search and Rescue, Phoenix Children's Hospital, The Joy Bus Meal Delivery Program and more. We were also proud to offer a Scholarship Program for local high school seniors to pursue higher education.

We appreciate our members' trust in us to provide financial security and value – from improved and newer branch locations, to financial education, to peace of mind that their money is safe and sound. Our members can always count on us to provide an exceptional member experience, and to be committed to the communities we serve.

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 2019.

We conclude that the condensed 2019 financial statements contained in the report are accurate and correct. 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 in the United States of America.

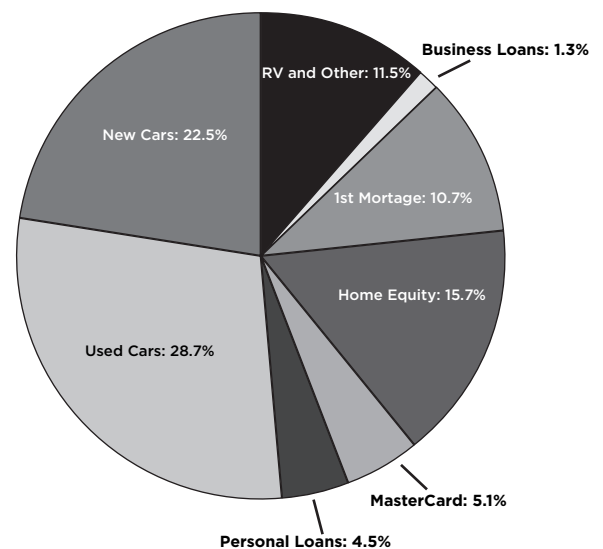
Credit Manager’s Report

Bob Birr

Credit Union West’s loan portfolio increased by 7.46% in 2019. The increase was driven by strong growth in several loan categories with a 33.08% gain in mortgages, 13.18% gain in credit cards and a 22.12% gain in personal loans. While growth in mortgages was strong at 33.08%, mortgages as a percentage of the entire loan portfolio remains low at 10.7%.

The credit union focuses 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. In 2019 there was a rebalancing in the concentration of loans in the portfolio as auto lending decreased as a percentage of all loans, and mortgages and unsecured lending slightly increased. Sound underwriting and effective collection practices resulted in a very low combined delinquency and charge off rate of .43% at year-end.

2019 Loan Portfolio



Treasurer's Report

Pamela Chan

The Arizona economy is on pace to post another year of strong growth. Job gains in Arizona are robust, supporting solid increases in wages, income, and retail sales. Supporting our plans for expansion, across the state, Maricopa County is producing a significant portion of Arizona's growth and Yavapai County continues to gain momentum as well. As demonstrated by increased loan demand, home values in the valley have increased and overall the state economy has continued to far outpace the national average.

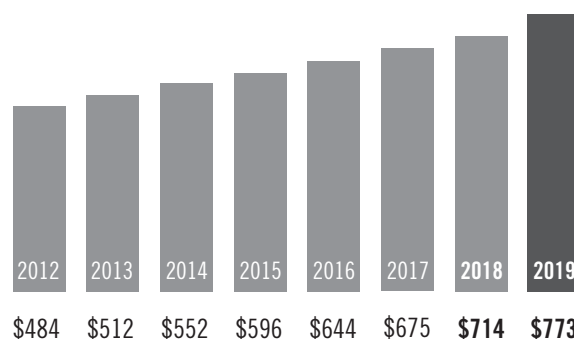
During 2019, Credit Union West's membership took advantage of the great products and services the credit union offered including very competitive rates on deposit accounts, low loan rates, and electronic access through Mobile and Online Banking. Credit Union West is now serving over 72,000 members. As compared to credit unions statewide, Credit Union West has enjoyed continued growth at or above average trends year after year and 2019 was no exception. All of this can be attributed to attracting new members and expanding existing member relationships.

The accompanying Financial Statements detail how we ended 2019. Operating earnings were strong and as a result we were also able to add \$6,091,921 to our members' equity. Our capitalization ratio continues to exceed the regulatory definition of "well capitalized" at 11.15%, with our members' equity reaching \$82.4 million at year-end, up from \$74.0 million the previous year. These results continue to demonstrate our commitment to financial strength in maintaining a stable and sound financial institution that will protect members' assets and meet our members' needs well into the future.

Total assets increased by \$58.2 million during the year, ending at \$772.5 million compared to \$714.3 million the previous year. Members' active participation, demonstrated by new member growth and expanded relationships, increased our deposits to \$650.0 million at year-end.

Management believes safe and sustainable growth ensures that every member can feel confident that Credit Union West is the financial institution that will help them achieve their financial goals today and well into the future.

Total Assets \$ (in millions)



Credit Union West Financial Statements

Statement of Financial Condition

December 31, 2019	Unaudited
Assets	
Net Loans	\$ 625,577,921
Cash and Investments	\$ 98,814,942
Total Net Fixed Assets	\$ 27,948,665
Other Assets	\$ 20,189,688
Total Assets	\$ 772,531,216
Liabilities and Capital	
Liabilities	\$ 40,085,086
Shares and Certificates	\$ 650,022,284
Capital	\$ 82,423,846
Total Liabilities and Capital	\$ 772,531,216

Statement of Income

December 31, 2019	Unaudited
Income	
Interest on Loans	\$ 30,782,776
Investment Income	\$ 1,781,355
Other Income	\$ 9,948,190
Gross Income	\$ 42,512,321
Expenses	
Employee Compensation	\$ 16,193,570
Office Operation Expenses	\$ 7,410,167
Education and Promotion	\$ 1,154,668
Loan Servicing	\$ 4,054,492
Professional and Outside Services	\$ 1,028,709
Provision for Loan Losses	\$ 2,661,486
Other Expenses	\$ 169,141
Total Operating Expenses	\$ 32,672,233
Income from Operations	\$ 9,840,088
Less Dividends Paid to Members	\$ 3,775,196
Less Interest Paid on Borrowed Funds	\$ 355,531
Add gain on Disposition of Assets	\$ 382,560
Net Income (Gain)	\$ 6,091,921

Sources of Income

