

Chairman's Message

Luis Gendreau

On behalf of your Board of Directors, thank you for playing an active role in your credit union. It is because of your active membership that Credit Union West is able to return value to you through exceptional products and services, improved technology and better rates on deposits and loans.

In 2017, one of our biggest accomplishments was breaking ground on our new Corporate Office in Glendale. As an organization, we have always been very deliberate and strategic in how we approach growth. Our new office will be large enough for us to grow into for years to come. The office will even include a state of the art branch to assist members in the Westgate area.

With a clear goal of protecting member information, we continued to significantly invest in technology for stronger and safer data security. Due to the increase in national cyber security threats, we also introduced Member Security Alerts this past year. Security alerts are delivered via email if a retailer or national consumer agency announces a data breach. The alerts provide valuable tools and next steps that allow our members to take protective action quickly and efficiently.

To strengthen our communities, as an organization, we supported a variety of organizations and programs throughout Maricopa and Yavapai counties. We proudly supported our military and first responders through events with Luke Air Force Base. We also supported our local economy and communities through a partnership with Local First Arizona. This nonprofit organization is a strong advocate for supporting local businesses and tirelessly shares the economic and cultural benefits that come from having a strong local economy.

We are proud of our accomplishments in 2017. We reached 64,000 members and \$675 million in assets and did so while staying true to our commitment to providing excellent service. We are grateful for your trust and confidence in us and we look forward to another successful year.

You are our member-owners and we are here to serve you.

President's Message

Robert W. MacGregor

2017 marked our 66th year as a credit union and the state of the organization is strong.

Over the course of the year, we focused on continuing to find ways to grow and become our member's preferred choice for their financial institution. I am pleased to report that we were able to accomplish our financial goals by earning new members, increasing loans, securing more deposits, introducing valuable new services and earning an award for financial strength.

Our membership grew to over 64,000 in 2017. While continued growth is key to our success, we have been very strategic in our approach. We understand that every member has unique needs and plans for the future. Our goal is to meet those needs and be your choice for trusted financial services. After all, you own the credit union and we are proud to serve you.

In 2017, we've communicated many exciting new products and service improvements created to make it easier and more convenient to do all your banking with us. As an organization, we are committed to enhancing membership benefits through exemplary member services. We launched a free in-person Credit Guide program to help our members better understand and build their credit scores. In addition, our popular "skip-a-pay" program continues to help our members during the busy holiday season.

Once again, Credit Union West has been rated 5-Stars for financial strength by Bauer Financial, Inc., the nation's leading bank and credit union rating firm. We continue to thrive thanks to a solid business model, visionary leadership and a committed team of professionals dedicated to providing world-class member service.

Over the years, we have supported organizations and businesses that are aligned with our core mission and dedicated to making a difference through educational programs, charitable giving, volunteerism and scholarships. It is especially gratifying to work with our exceptional staff that are committed to giving back. Our employees voluntarily contribute to our Charitable Giving Fund, which supported several local nonprofits in 2017. What a joy it has been to see our employees lead the way in supporting our local community!

One of my favorite sayings is "happy employees make happy members". We are excited that we made the list of the azcentral.com Top Companies to Work for in Arizona for the fifth year in a row. To me, this award is special because it is earned based on employee ratings.

Thank you for your loyal membership and continued business.

Supervisory Committee Report

Frances Laguna

Every 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.

This 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 diligently work for you – our members.

The Supervisory Committee concurs with both the external and internal audits conducted in 2017. We conclude that the condensed financial statements contained in the report are accurate and correct, subject to audit. Rest assured that the 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

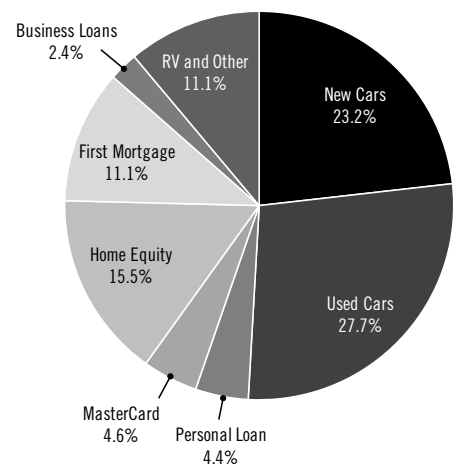
Credit Union West’s loan portfolio increased by 9.45% in 2017. The increase was driven by strong growth in several loan categories with a 17.68% gain in new vehicles, 10.77% in used vehicles, 11.21% in mortgages, 29.62% in personal loans, 18.83% gain in credit cards and a 7.80% gain in other loans.

In July of 2016 Credit Union West suspended business lending in order to focus resources on our core consumer lending products. The suspension of business lending resulted in an anticipated business loan decrease of 24.63% in 2017.

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.

Sound underwriting and effective collection practices resulted in a very low combined delinquency and charge off rate of .38% at year-end.

2017 Loan Portfolio



Treasurer’s Report

Robert W. MacGregor

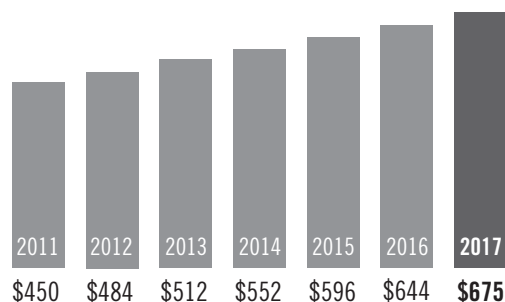
2017 was a very productive year for Credit Union West employees and members. Arizona generated solid economic growth, outpacing the nation. The stock market saw solid gain, while home values in the valley have gone up noticeably and Credit Union West members saved more money than ever with our great deposit and loan rates.

Focusing on our long-term goals, on October 27, 2017, we broke ground on the new site of our future Corporate Office and branch location. Located in Glendale, 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 members in the Westgate area. Delivering exceptional member service continues to be at the forefront of every decision we make.

The accompanying Financial Statements detail how we ended 2017. Operating earnings were strong so we were also able to add \$5,060,500 to our capital base in 2017. Capital, also known as net worth, reflects a company’s ability to withstand a period of negative earnings. Building a strong capital base is crucial to ensuring that our credit union continues to be a viable financial institution to meet our member’s needs well into the future. Our net worth ratio strengthened from 10.70% in 2016 to 10.96% in 2017.

Total assets increased by \$31 million during the year, ending at \$675 million compared to \$644 million the previous year. 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 just for the sake of growth is not our goal, however, as we grow larger, 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, 2017	Unaudited
Assets	
Net Loans	\$ 523,846,245
Cash and Investments	\$ 108,981,522
Total Net Fixed Assets	\$ 19,047,581
Other Assets	\$ 22,891,115
Total Assets	\$ 674,766,463
Liabilities and Capital	
Liabilities	\$ 15,491,801
Shares and Certificates	\$ 592,190,120
Capital	\$ 67,084,542
Total Liabilities and Capital	\$ 674,766,463

Statement of Income	
December 31, 2017	Unaudited
Income	
Interest on Loans	\$ 24,519,608
Investment Income	\$ 1,652,557
Other Income	\$ 9,627,591
Gross Income	\$ 35,799,756
Expenses	
Employee Compensation	\$ 14,896,204
Office Operation Expenses	\$ 5,968,619
Education and Promotion	\$ 870,320
Loan Servicing	\$ 3,252,606
Professional Services	\$ 937,865
Provision for Loan Losses	\$ 1,787,369
Operating Fees	\$ 53,594
Miscellaneous Expenses	\$ 159,981
Total Operating Expenses	\$ 27,926,558
Income from Operations	\$ 7,873,198
Less Dividends Paid to Members	\$ 2,831,385
Gain on Disposition of Assets	\$ 18,687
Net Income (Gain)	\$ 5,060,500

Sources of Income

