

2020 | Annual Report



Chairman's Message

Luis Gendreau

In a year marked by challenges, Credit Union West relied on its core values to expand market position and reputation through exemplary products and services, while demonstrating an unparalleled commitment to its members and community. Due to the support of our members and dedicated staff, Credit Union West completed 2020 with \$921.2 million in assets and over 77,000 members.

The success of the past year is owed entirely to the resilience and adaptability of our business model that puts our members first with an understanding that their success is our success.

With this members' first mindset, Credit Union West continued to make investments that increase access. In 2020, we opened two new branch locations and continued to enhance our digital platforms and member services.

Investing in our products, services and member-facing branches provided a strong platform for continued growth vital to future success. By creating a financially stable foundation, Credit Union West was able to support the financial goals of our members and employees and help them navigate an extremely difficult year.

Thanks to a robust financial standing, the credit union was well-positioned to provide critical relief programs to our members and meaningfully contribute to local community organizations. Members experiencing financial hardship due to the COVID-19 pandemic had access to low-interest loans, payment flexibility and more.

Additionally, Credit Union West donated much needed financial assistance and food to more than twelve organizations in Maricopa and Yavapai counties this past year, in part through the EmployeesCARE program. Contributions to the EmployeesCARE program comes directly from the generosity of our employees. In addition to local charity support, employees held a special vote to provide free meals to many healthcare heroes at Dignity Health St. Joseph's Westgate Medical Center, HonorHealth Scottsdale Osborn Medical Center and Yavapai Regional Medical Center.

For almost 70 years, Credit Union West has aimed to inspire our members, employees, and communities to achieve their financial goals and enhance their quality of life, while also focusing on long-term strategic growth that will enable us to continue serving members for the next 70 years.

As the Chairman of the Board, and on behalf of the entire Board of Directors, Supervisory Committee and credit union staff, I thank you for your ongoing trust and assure you that Credit Union West will continue to prioritize our members with every action and strategic decision made to move the institution, and our community, forward.

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President/CEO's Message

Karen Roch

During 2020, Credit Union West remained committed to our purpose—enhancing quality of life through long-term relationships, providing sound ethical advice and delivering superior service.

Despite the unprecedented nature of the past year, I'm proud to share that the Credit Union West team rose to the challenge and persevered to meet the needs of our members and our communities.

As a not-for-profit credit union, we work to reinvest our profits back into the financial well-being of our members and communities. We ended 2020 with more than 77,000 members and \$921.2 million in assets. Our work this past year ensures that Credit Union West remains in a strong financial position so that we can help support our employees, members and communities during times of economic uncertainty.

With 13 branch locations and continued expansion across 11 counties in Arizona, we showcased that we are a trusted financial institution that has continued to grow—not just our membership but also our positive impact in the larger community.

In response to the COVID-19 pandemic, we offered resources to our members who experienced financial difficulty. To recognize these hardships, we allowed members to skip multiple loan payments, eliminated savings withdrawal fees so members could more easily access emergency funds and provided low-interest COVID-19 loans to members in need.

Our members and the communities we serve remained our top priority. As a homegrown credit union, we not only took care of our members, but we gave back to our communities.

Throughout the year, we supported organizations across the state that align with our values and uplift the communities where we operate. The positive impact we had across many communities is a point of pride for the Credit Union West team.

In 2020, we supported numerous nonprofit and community organizations, including Luke Air Force Base Special Programs, Veterans Medical Leadership Council, Big Brothers Big Sisters, Phoenix Children's Hospital and the Honor Health Foundation. In addition to these efforts, we were honored to offer cash prizes to the winners of Glendale Community College's 2020 Innovation Summit, an event that provided a platform for Credit Union West to support budding entrepreneurs. Through the generosity of our EmployeesCARE program, our team members provided donations to Gabriel's Angels, Teen Lifeline, Wounded Warrior Project and Yavapai Casa for Kids.

Our community giving wasn't limited to the support we gave as a company. It included additional organizations and multiple meals for healthcare heroes' events that our team supported through our EmployeesCARE Program.

As we look ahead, I am proud of our resiliency, and I know that our core values will carry us forward as we continue to provide excellent products and services to our members. Credit Union West members can rest assured that we will continue to stand firmly as a trusted resource for them and the community we serve.

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Supervisory Committee Report

Dr. Veronica Gatling

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 2020.

We conclude that the condensed 2020 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.

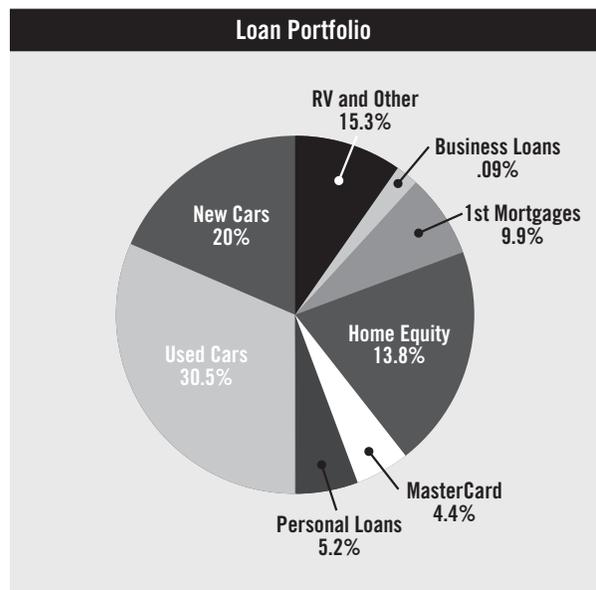
Credit Manager's Report

Bob Birr, Chief Lending Officer

Credit Union West's loan portfolio increased by 8.19% in 2020. This increase was driven by substantial growth in several categories, including a 48.10% gain in recreational vehicles, a 7.20% gain in automobiles and a 26.55% gain in personal loans.

With an emphasis on maintaining a diversified lending portfolio, the credit union holds a robust mix of secured and unsecured loans with fixed and variable rate loans. Our focus on diversification provides a safeguard against potential credit and interest rate risks.

During 2020, total real estate loans as a percentage of all loans decreased from 26.4% to 23.7%. In the year ahead, we will leverage the strength of our reputation and services to increase this percentage. Overall, sound underwriting, effective collection practices, in addition to government stimulus funds to members impacted by the pandemic, resulted in a very low combined delinquency and charge-off rate of .33% at year-end.



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Treasurer's Report

Connie Loveland, Chief Financial Officer

The past year has been marked by many unique challenges, not just for Credit Union West employees and members, but the entire United States. Through it all, our team worked diligently to ensure our members still received the service they expect in an environment that prioritized safety and performance for everyone.

Following the onset of the pandemic, many Arizonans were significantly impacted by the virus and the dramatic change in day-to-day life. Most notably, the state's unemployment rates rose to 13.4% in April.

In response to unemployment rates and economic conditions, the Credit Union West team remained steadfast and continued to meet the needs of our members. We provided payment forgiveness, COVID-19 relief loans and promptly processed relief payments from the federal government.

Fortunately, as the state and local leaders made strides toward containing the virus and limiting spread, the state economy has started to recover with 65% of jobs lost being replaced and the state's unemployment rate falling to 7.5% in December.

Even in these conditions, the credit union continued its expansion by opening two new branch locations, one in Scottsdale's Kierland area and one in Glendale's Westgate area. This expansion furthered our goal to deliver exceptional and accessible services to our members. Moreover, it allowed us to increase the opportunity for new members to experience our renowned products and services.

As compared to credit unions statewide, Credit Union West grows at or above average trends year after year—and 2020 was not an exception. We once again increased our membership and now boast more than 77,000 members. This growth is a direct result of the credit union's ability to continue offering competitive rates on deposit accounts, low loan rates and electronic banking. These offerings, coupled with our first-class member services, encourage existing members to increase their business with us while simultaneously attracting new members.

The accompanying Financial Statements detail how Credit Union West finished 2020. Operating earnings were strong, allowing the credit union to add \$6,186,184 to our members' equity. Our capitalization ratio remained strong at 10.02%, with our members' equity reaching \$89.7 million at year-end, an increase from \$82.4 million the previous year. These results demonstrate our commitment to financial strength and maintaining a sound financial institution that protects members' assets.

Total assets increased by \$148.7 million during the year, ending at \$921.2 million compared to \$772.5 million the previous year. Members' active participation and greater account utilization increased our members' deposits to \$812.4 million at year-end.

With growth and strong earnings, members can feel confident that Credit Union West is a sound financial institution that will continue to meet our members' needs and provide reliable financial resources well into the future.

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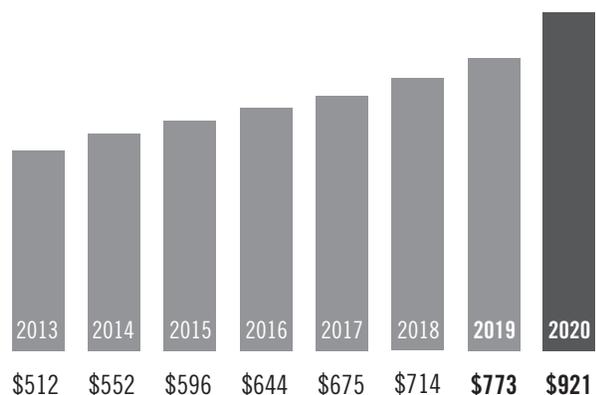


Credit Union West Financial Statements

Statement of Financial Condition	
December 31, 2020	Unaudited
Assets	
Net Loans	\$ 677,221,540
Cash and Investments	\$ 187,167,005
Total Net Fixed Assets	\$ 31,053,057
Other Assets	\$ 25,801,294
Total Assets	\$ 921,242,896
Liabilities and Members' Equity	
Liabilities	\$ 19,137,820
Shares and Certificates	\$ 812,442,548
Members' Equity	\$ 89,662,528
Total Liabilities and Capital	\$ 921,242,896

Statement of Income	
December 31, 2020	Unaudited
Income	
Interest on Income	\$ 33,047,648
Investment Income	\$ 1,303,601
Other Income	\$ 11,049,948
Gross Income	\$ 45,401,197
Expenses	
Compensation and Benefits	\$ 17,026,528
Office Operating Expenses	\$ 7,352,305
Education and Advertising	\$ 909,404
Loan Servicing	\$ 4,469,335
Professional and Outside Services	\$ 1,463,876
Provision for Loan Losses	\$ 2,780,087
Other Expenses	\$ 78,151
Total Operating Expenses	\$ 34,079,686
Income from Operations	\$ 11,321,511
Less Dividends Paid to Members	\$ 4,611,773
Less Interest Paid on Borrowed Funds	\$ 520,079
Less Loss on Disposition of Assets	\$ 3,475
Net Income	\$ 6,186,184

Total Assets \$ (in millions)



Sources of Income

