



# Westerra Credit Union 2021 Annual Report



# To our valued members



As we continued to navigate the challenges of a global pandemic throughout 2021, and the resulting societal and economic environment, we made tremendous progress in developing processes and solutions to better serve the financial needs of our members. This was a remarkable year for Westerra in enhancing member experiences—digitally and in person—and positioning us to ultimately deliver upon our purpose: *We exist to teach one another to prosper.* All our intentional efforts work together toward building the new Westerra—a *modern financial community where we all truly belong.*



# Transforming into a modern financial community

## A Refreshed Brand—A Renewed Commitment

When we set out to redesign our brand, we conducted extensive research with our members. We learned that our members really love banking with us, but in many ways, we were making it too difficult for them. Our transformation was set in motion to solve these issues and ensure that Westerra would be here for members now and for generations to come.

In November, we launched a refreshed brand with a new logo and a new website announcing—and reaffirming—our commitment to the best of our legacy qualities: purpose-driven service fueled by a commitment to human connection and support. We also heightened our dedication to deliver financial education and to provide the tools to easily manage your money—giving you more time for what's important to you.



## A Digital-First Ecosystem

Throughout 2021, we worked diligently to build and deploy exciting new technologies to make it easier to do business with Westerra. We launched the ability to open a spending account online in under five minutes.

We reduced the amount of time it takes to apply for a mortgage loan. We implemented text messaging fraud alert technologies—and members can look forward to contactless cards, Samsung Pay, Google Pay, and other easy-access touch points in the near future.

As Westerra transforms into a modern financial community, we want to provide you a five-star experience at every touch point. We will soon launch a new digital banking system built to provide the digital experience you expect—and as future releases are made, will revolutionize the way you interact with your banking, giving you the freedom to control your money, your way. This is just the beginning—we will continue to build on this best-in-class technology with exciting tools and enhancements in the months ahead.

We are also developing a member relationship management system to provide employees visibility to all member touch points, so they have the information they need for meaningful conversations with members to truly make a difference for their specific needs.

We are building the infrastructure to enhance the member experience and live into our brand.



### Overdraft Fees Eliminated

We backed up the promises we made in our refreshed brand by permanently dropping all overdraft fees for our members. Westerra is here to help people manage life's challenges, not make it more difficult by charging fees when they can least afford it. Instead, we are focused on providing tools and education to help people learn to manage their money. Westerra was one of the first financial institutions in Colorado, and among the first in the nation, to make this change.

And we went further than that. Most fees were waived for all members beginning in March 2020 to assist with the financial hardships of the pandemic—and most of those fees have now been permanently eliminated or reduced. We hope that the fee waivers over the last two years have helped you, your family, and the small businesses in our community gain greater peace of mind during the impacts of the COVID-19 pandemic.

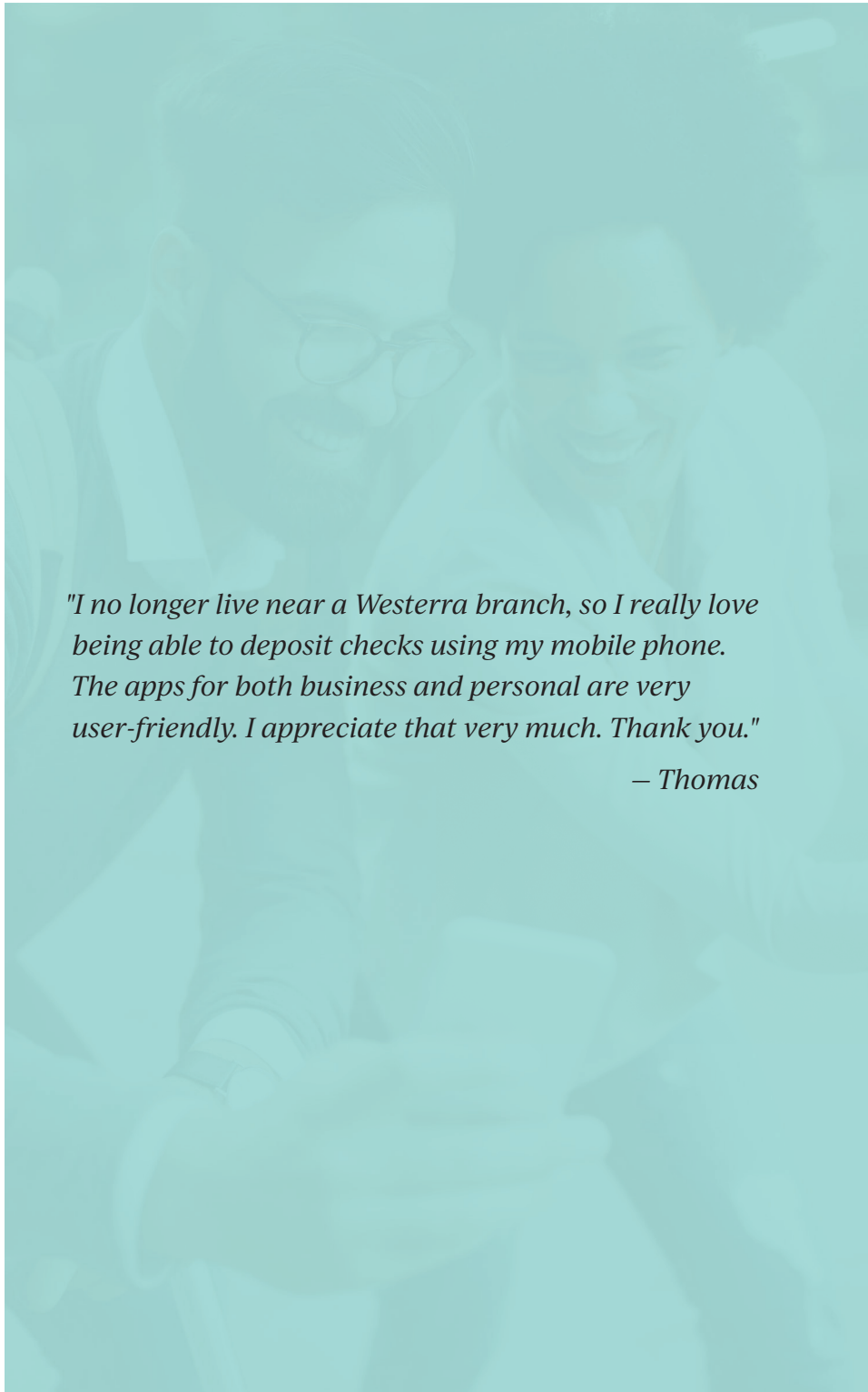


## New Products and Convenience

With the launch of our new brand and new website, we also launched our new Everyday Money spending account, which can be opened in less than five minutes. This new spending account was strategically designed to make Westerra competitive with fintechs. Everyday Money features getting paid up to two days early with direct deposit, cash back on purchases, fee-free overdrafts up to \$200, free ATMs, no Visa® foreign transaction fees, and no hidden fees—all combined with the elimination of all overdraft fees and non-sufficient funds fees, demonstrating our commitment to our members and their financial well-being.

With a commitment to our environment, and a commitment to making energy-efficient home improvements affordable, Westerra introduced options to fund projects to enhance a home's overall efficiency, such as solar panels or the purchase of new energy-efficient appliances.

The low interest rate environment throughout 2021, combined with an updated pricing strategy and new first mortgage products, allowed us to help over 2,000 members save money on the purchase or refinance of their home. Members took advantage of several new mortgage products, including bridge loans and a close-on-time guarantee. The growth and capital needs of our business members were enhanced through the addition of new commercial loan products, enabling us to serve more businesses than ever before.



*"I no longer live near a Westerra branch, so I really love being able to deposit checks using my mobile phone. The apps for both business and personal are very user-friendly. I appreciate that very much. Thank you."*

— Thomas





### **A Resource for Financial Education**

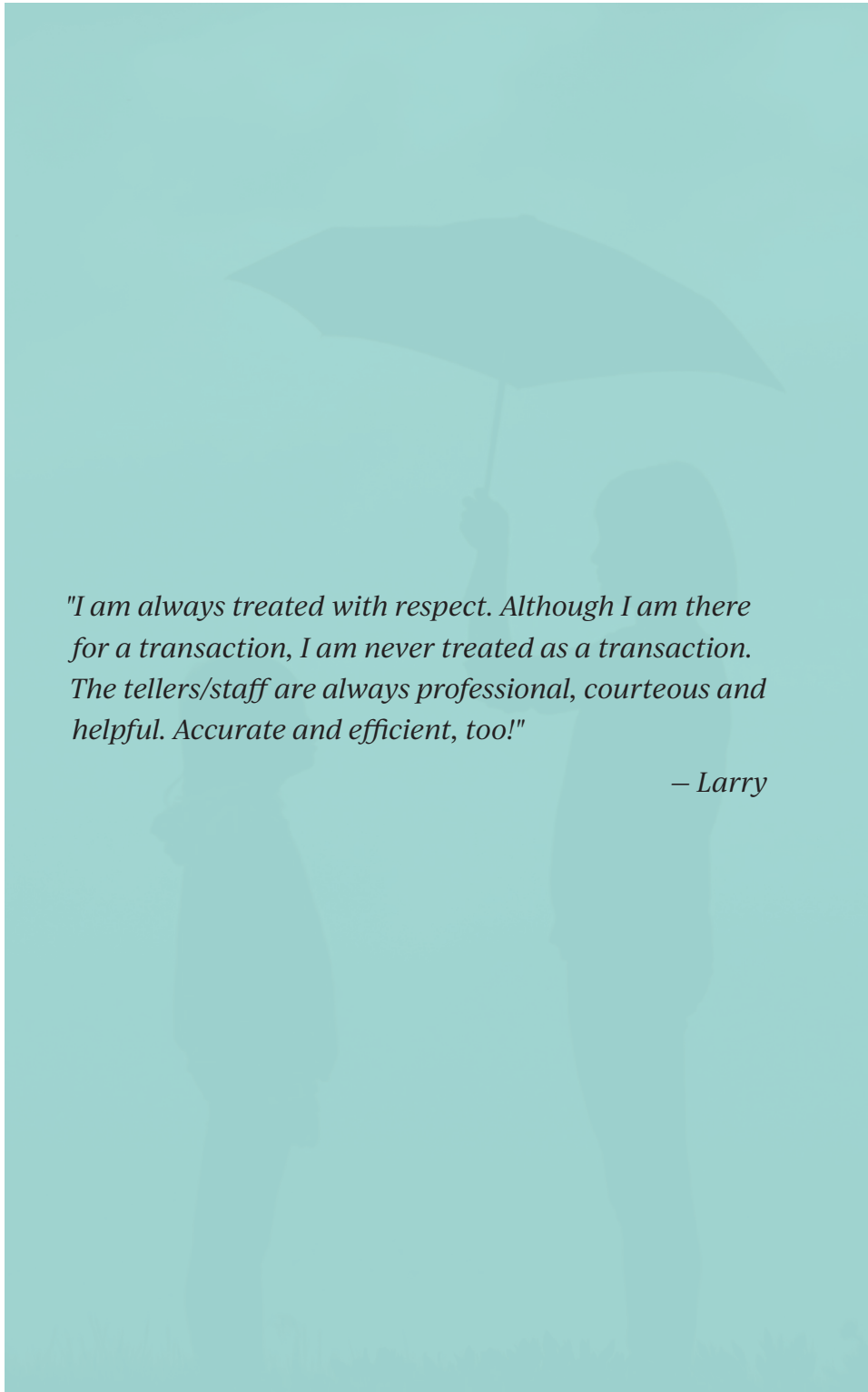
We encourage members to complete a free Financial Checkup to identify ways they could improve their financial well-being—and we offer a Mortgage Checkup to help members in the home-buying or refinancing process. In-person or virtual checkups are available to allow members to continue to look for ways to improve their financial well-being and to take advantage of the many cost-saving products available through Westerra. During financial checkups, we also help members understand how to use the digital tools available to them to help them manage their money. Educational videos are available on our website—and financial tips are also shared with members and the community through our sponsor organizations and social media platforms.



## Supporting Members during the Year's Challenges

As COVID-19 continued to impact our way of life throughout 2021, we continued to make relief options available to members and businesses based upon their specific situations. We enhanced virtual communications and adapted as a hybrid workforce composed of some employees working on-site, some working remotely, and some working with a blend of both. As always, our focus is on our member experience, our employee experience and the health of our communities.

In the wake of the fires in Boulder County on December 30, Westerra acted quickly to establish the Westerra Boulder County Fire Relief Fund which ultimately raised \$90,500 for those impacted by the fires, thanks to the generosity of members, employees, the general public and a Westerra corporate match. Through Westerra's Volunteer Time Off program, employees also donated time to help those needing assistance. The Lending team reached out to members identified as having suffered a loss or damage to their homes or property. Many of the ways we can help were established through the COVID-19 relief efforts nearly two years ago, and were quickly adapted to this tragedy.



*"I am always treated with respect. Although I am there for a transaction, I am never treated as a transaction. The tellers/staff are always professional, courteous and helpful. Accurate and efficient, too!"*

— Larry





### **Making Our Culture a Competitive Advantage**

Our success is dependent on shaping a culture that attracts and retains people who connect to our purpose by providing excellent service and helping members prosper. We believe that increasing diversity, ensuring equity, and fostering inclusion are essential to shaping our culture of belonging—for members and for employees. Our advancements in technology and our defined cultural commitments will create the full Westerra Experience, so that all members are truly empowered with our support to prosper.


We are so thankful for each member of Team Westerra. The journey of transforming into a modern financial community is a huge undertaking, and it is being fueled by the hard work of our amazing team.



## Our Focus on Quality Service

The voice of the member is our clearest picture of their experiences with Westerra. During 2021, 82% of members surveyed rated Westerra a 9 or 10 out of 10 for the service they received. In addition, 70% of our members would refer a friend or family member to Westerra, compared to peer results of 64%.

We are proud that for the second consecutive year, these efforts were recognized by Forbes in its annual rankings of the *Best-in-State Banks and Credit Unions in the United States*. Westerra was named among the top five credit unions in Colorado based upon trust, terms and conditions, branch services, digital services and financial advice. Nearly 25,000 customers in the U.S. were surveyed for their opinions on their current and former banking relationships—and Westerra rose to the top!



*"In October 2021, I completed my third mortgage refinance with Westerra. I go to you for all my refinances because of my mortgage officer's knowledge of finance, ratios, value, scores and procedures. She is one of your greatest assets. Also, each time I go to a branch office for transactions I am met with courtesy, friendliness and thorough customer service. Thank you!"*

— Liz



## Delivering Financial Performance

In 2021 Westerra remained strong while experiencing rapid growth, helping members deal with the impacts of the pandemic, and also investing to become a digital-first enterprise. We supported our members with relief programs and were a safe haven for deposits in uncertain economic times.

Auto loans decreased by \$79 million consistent with our strategy to reduce our concentration in the indirect automobile portfolio. The credit union increased first mortgage balances by \$79 million, and maintained a strong level of commercial real estate loans at \$195 million. Westerra was able to continue to help more members realize the dream of home ownership, delivering mortgage originations of \$431 million.

Our members trusted Westerra with their money during the pandemic, driving deposit growth 10% in 2021, on top of 17.5% growth in 2020. Total assets increased by 8.5% to \$1.97 billion at year-end. Net charge-offs of 0.06% of average loans remained lower than the peer average, evidencing the strong credit quality of our loan portfolio.

The revenue produced by this growth was purposefully reinvested back into the organization in the form of improved digital solutions and experiences.

As a result, the credit union recognized a \$1 million loss for the year, resulting in a net income-to-assets ratio (ROA) of -0.05%. Westerra's net worth ratio decreased from 10.80% in 2020 to 9.91% as of December 31, 2021, due to these earnings pressures and growth from the inflow of member deposits. Westerra's net worth position remains higher than both the average of our peers and the 7% level at which the NCUA considers a credit union "well capitalized."

We are continuing to invest heavily to modernize into a digital-first enterprise. Many of our top-tier projects are deployed and others are nearing launch. Completing these projects should help drive significant loan growth for the future as we enhance our ability to better serve our members.

Since 1992, Westerra has earned the highest five-star financial rating by Bauer Financial, excelling in the areas of capital adequacy, profitability and asset quality. Westerra continued to be among the top 10% of credit unions nationwide to be recognized with the prestigious *Sustained Superiority Award*.



# Partnering with our local communities



Partnering with our schools, we provided 101 grants to schools in Denver Public Schools, Jeffco Public Schools and Douglas County Schools. Through Westerra's Community Fundraising Program, we contributed to numerous fundraising groups, ranging from community partners, to school PTAs and school district foundations, to community programs and youth sports. We also supported the Colorado Homeownership Coalition by contributing \$20 for each mortgage financed with Westerra, up to a maximum of \$10,000—in 2021, we reached this maximum!

At Westerra, we strive to work with organizations that demonstrate our shared values of supporting families through local community, youth and educational initiatives. Through our partnership with Special Olympics Colorado, we worked together to expand Special Olympics Unified Sports in more schools, with 441 Unified Champion schools now participating in service to more than 18,000 athletes and their athletic partners.

Westerra has committed to a long-term focus on diversity, equity, and inclusion through our goals and actions aligned to create sustainable change throughout our organization and our communities.

*"Love my Westerra. Been a member for over 40 years. With the new online banking services, I no longer know my tellers by name, but I do like the convenience of Online Banking and Bill Pay. Westerra has been my go-to since I was 18 years old. Great service and friendly faces. Thank you, Westerra."*

*— Marge*





## Looking to the future

Throughout 2021 we made great strides toward becoming a more member-centric digital banking leader focused on meeting the needs of our members—and positioning Westerra for the future. We worked on behalf of our members by focusing on improving the member experience, adding products, strengthening employee engagement and continuing to build on Westerra's financial strength. In addition to these initiatives, we reached out to our communities through corporate sponsorships supporting areas of education, financial literacy and community basics, and by serving as a resource for financial education.

Our success this past year was accomplished by talented teams working together. This upcoming year will be equally important for us at Westerra as we continue with our transformation into a modern financial community where we all truly belong.

Special thanks to our employees and our Board of Directors for their unwavering commitment to serve our members!

ANDY RAICEVICH  
*Chairman of the Board*

A handwritten signature in black ink, reading "Andy Raicevich".

JAY CHAMPION  
*President/Chief Executive Officer*

A handwritten signature in black ink, reading "Jay Champion".



# Financial Highlights

## BALANCE SHEET (UNAUDITED)

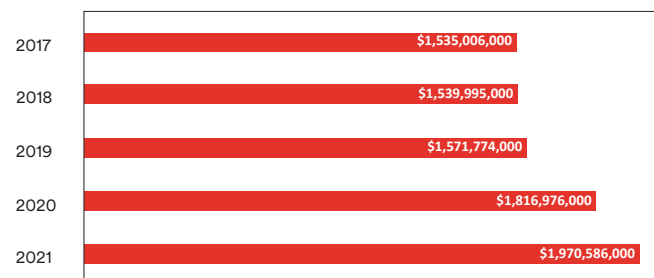
ASSETS	2021	2020
Loans to Members (net of allowance for loan losses)	\$927,972,000	\$910,159,000
Investments	499,827,000	255,912,000
Cash and Cash Equivalents	383,974,000	540,350,000
Property and Equipment, net	22,628,000	22,240,000
National Credit Union Share Insurance Fund Deposit	16,451,000	14,496,000
Other Assets	119,733,000	73,818,000
<b>TOTAL ASSETS</b>	<b>\$1,970,586,000</b>	<b>\$1,816,976,000</b>
LIABILITIES AND MEMBERS' EQUITY	2021	2020
Members' Deposits	\$1,755,659,000	\$1,596,541,000
Borrowed Funds	0	0
Accounts Payable and Other Liabilities	17,227,000	16,031,000
Members' Equity	197,701,000	204,404,000
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,970,586,000</b>	<b>\$1,816,976,000</b>

## INCOME STATEMENT (UNAUDITED)

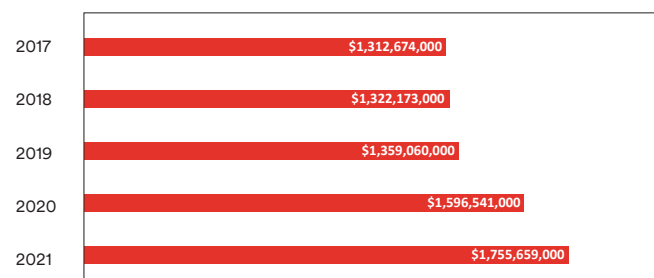
INCOME	2021	2020
Interest Income	\$41,281,000	\$43,241,000
Dividend and Interest Expense	( 6,563,000 )	( 8,426,000 )
Provision for Loan Losses	2,460,000	( 3,332,000 )
Non-Interest Income	18,740,000	26,330,000
Non-Interest Expenses	( 56,956,000 )	( 55,358,000 )
<b>NET INCOME</b>	<b>( \$ 1,038,000 )</b>	<b>\$2,456,000</b>

*Audited financial statements are available upon request.*

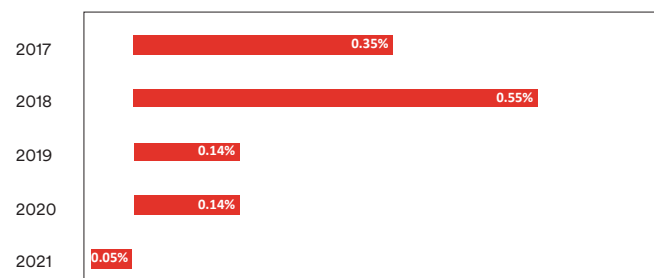
## TOTAL ASSETS



## MEMBER DEPOSITS



## RETURN ON ASSETS



## 2021 Highlights

- Westerra eliminated all overdraft fees and non-sufficient funds fees on spending/checking accounts, becoming one of the first financial institutions in Colorado, and among the first in the nation, to make this move.
- Nearly all fees were waived for members beginning in March 2020 to assist with the financial hardships of the pandemic—and most of those fees have now been permanently eliminated or reduced.
- Westerra provided grants to 101 schools in Denver Public Schools, Jeffco Public Schools, Douglas County Schools, and other area school districts to support important student programs and activities. Learn how each school used its grant at [WesterraCU.com](https://www.westerraCU.com).
- Westerra raised \$90,500 to support the Boulder County Wildfire Relief Fund, thanks to the generosity of members, employees, the general public and a Westerra corporate match.
- Over 70 employees participated in Westerra's Volunteer Time Off program, donating more than 700 hours to support nonprofits in our community.
- Westerra's Community Fundraising Program continued to help schools in Denver, Jeffco and Douglas counties as well as organizations throughout the Denver metro area. In 2021, Westerra donated to 12 fundraising groups—each group received \$52.80 for every account they referred to the credit union, including savings, loans and checking accounts.
- With a commitment to our environment and to make energy-efficient home improvements affordable, Westerra introduced financing for products such as solar panels and energy-efficient appliances.
- Westerra continued to be among the top 10% of credit unions nationwide to be recognized with the prestigious Sustained Superiority Award for capital adequacy, profitability and asset quality, earning Bauer Financial's top five-star ratings for more than 100 consecutive quarters. Westerra has earned the highest five-star financial ratings since 1992. See [Bauerfinancial.com](https://www.bauerfinancial.com).
- For the second consecutive year, Forbes named Westerra one of the Best-in-State Credit Unions in the United States. Only 3.6% of the 5,068 credit unions nationwide, and only five credit unions in Colorado, were selected for this top recognition based upon trust, terms and conditions, branch services, digital services and financial advice.



# Products & Services

## Convenience Services

- 1,000 Colorado Free CO-OP ATMs
- 200 Colorado CO-OP Shared Branches
- Online Banking
- Mobile Banking
- Bill Pay Service
- Auto Buying Resource Center
- CardNav App
- Apple Pay
- eStatements
- 24-Hour Loan Applications
- 24-Hour Phone Banking
- Direct Deposit

## Savings and Spending Products

- Savings Accounts
- Holiday Savings
- Spending Accounts with Debit Card Rewards
- Money Market Accounts
- Certificates of Deposit (CDs)
- Traditional and Roth IRAs
- Coverdell Education Savings Accounts

## Loan Products

- Mortgage Loans
- Home Equity Loans
- Auto Loans
- Energy Efficiency Loans
- Motorcycle Loans
- Recreation Vehicle Loans
- Visa® Credit Cards
- Personal Loans

## Business Services

- Spending/Checking Accounts with Debit Card Rewards
- Lines of Credit and Credit Cards with Rewards
- Online Banking, Mobile Banking and Bill Pay
- Auto, Equipment and Commercial Loans
- Electronic Payment Processing

## Financial Education & Community Services

- Financial Checkup and Mortgage Checkup
- Financial Literacy Online Hub
- Financial Awareness and Fundraising Program
- School Grant Program
- Classroom Presentations
- Financial Seminars



## Board of Directors

Andy Raicevich, Chairman  
Larry Ottele, Vice Chairman  
William S. Abbey, Secretary  
Barry Beal, Jr., Treasurer  
JT Gaietto  
James Kullhem  
Ron Walker

## Executive Leadership

Jay Champion, President/CEO  
Steve Schmidle, Chief Financial Officer  
Brooke Fleming, Chief Lending Officer  
Ellie Fordyce, Chief People Officer  
Laci Gettings, Chief of Staff  
Wade Paschall, Chief Marketing Officer  
Steve Stevens, Chief Digital Officer

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 **Westerra**  
Credit Union