

WESTERRA CREDIT UNION

# 2020 ANNUAL REPORT





## TO OUR VALUED MEMBERS

Amid the unexpected and unprecedented events of 2020, this was a remarkable year of progress for Westerra. Our focus in 2020 was to continue our efforts to develop and deploy improvements to enhance your member experience and improve ease of use in your interactions with us. As the realities of the COVID-19 pandemic became apparent in early March of 2020, we quickly implemented processes and procedures to continue to serve the financial needs of our members in this new environment, including relief plans for those whose lives were interrupted by illness or job loss. And we looked to the needs of our local businesses to offer our support through these challenging times.

*My Grandmother opened an account for me when I was five. I have kept my account open ever since. I have tried other banks and never received the service that Westerra has given me.*

*The staff is so kind and helpful no matter what branch you visit. They treat you like you are one of the family. I have opened accounts for both my children and I would recommend anyone to bank with Westerra.*

**~ Kathleen**



## SUPPORTING MEMBERS THROUGH COVID-19

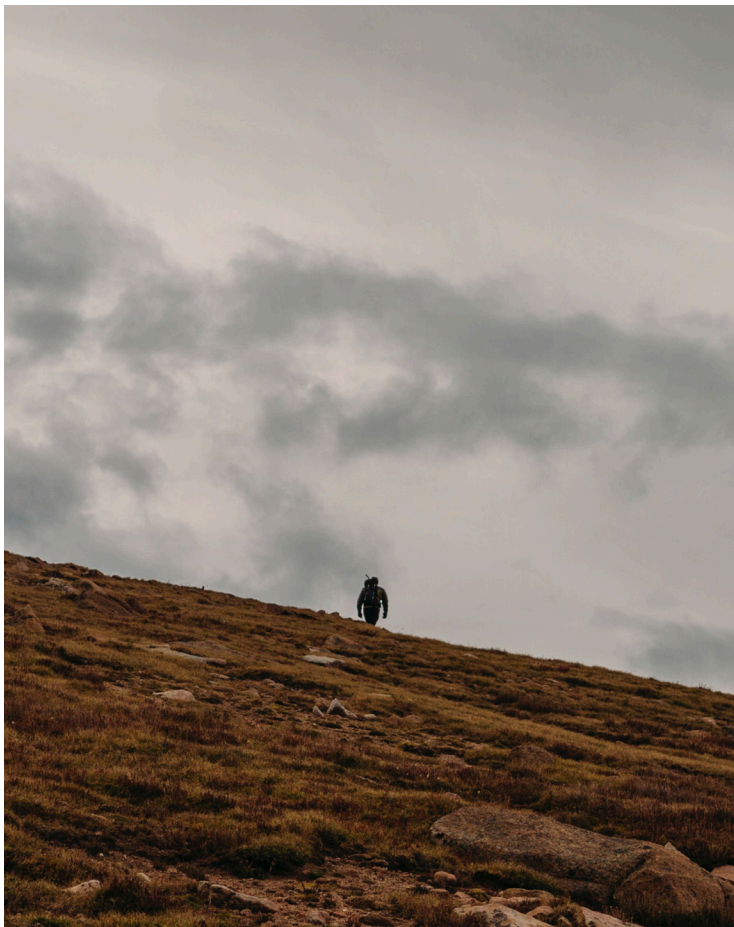
As COVID-19 began to impact our membership, we responded quickly with help for members and businesses by waiving fees and offering relief options specific to their situation. In late March of 2020, we waived most fees for all members, including fees for overdrafts, credit card cash advances, Certificate of Deposit early withdrawals, Regulation D withdrawal limits, money orders, ATMs outside the CO-OP Network, and fees when balances in Interest Checking dropped lower than the minimum. Many other fees were also eliminated, including External Transfer fees and Popmoney (Pay Other People) fees. A special email address ([westerracanhelp@westerracu.com](mailto:westerracanhelp@westerracu.com)) was established to help members get the assistance they needed quickly. We also established a new COVID-19 Resource Center on our website to provide members with the most current information regarding branch access, electronic services, fee waivers and relief options.

We assisted small businesses with their Paycheck Protection Program loans, and we established a new unsecured loan to provide an option for businesses to reduce their monthly payment obligations by consolidating debt and short-term financing. Assistance was provided to more than 4,300 members in the form of loan payment deferrals and extensions, helping those impacted by the economic fallout of the pandemic.

To gain input from members on how Westerra responded to COVID-19—and what we could do to help meet their expectations moving forward—a survey was emailed to members in May. Member overall satisfaction with Westerra's response was 4.39 on a scale of 1 - 5, with 5 being very satisfied.



## SUPPORTING OUR COMMUNITY DURING COVID-19



Throughout the year, we worked to help our business community and those impacted by reduced hours or lay-offs in response to the pandemic. Through our **Yes, Denver We're Open** program we used our marketing budget to provide online advertising assistance to more than 160 local businesses with customized ads promoting them in their targeted service areas, while also promoting each business to Westerra's 12,000 social media followers. This program resulted in over 2.8 million social media impressions for those small businesses, more than 12,000 clicks to their websites and generated more than 112,000 social engagements, including hundreds of positive comments of support. We supported local restaurants around our branches by purchasing nearly 1000 of their \$10 gift certificates and handing them out to Westerra members to thank them for their patience as they waited in drive-through lines. And, through our Mission Incredible initiative, each Westerra employee received a \$50 Visa® gift card to provide a random act of kindness to someone in need.



## BUILDING ON A SOLID FOUNDATION

Throughout 2020, we pushed forward with our focus on becoming a more member-centric digital banking leader to meet the needs of our members, and to position Westerra for the future. We worked on behalf of our members by strengthening employee engagement, focusing on improving the member experience, adding new loan products and continuing to build on Westerra's financial strength. In addition to these initiatives, we reached out to our communities through corporate sponsorships and by serving as a resource for financial education.



### **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. To that end, in 2020 we focused on our employee development program, improved our new hire on-boarding experience, and refined our performance management processes and compensation practices.

As a result of these and other initiatives, we improved our Employee Engagement fall survey score between 2019 and 2020, and we saw our employee retention rate improve year-over-year.



## Enhanced products and convenience

The low interest rate environment, 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 the More Space Mortgage for those needing more space for work, school and play, and the More Money Mortgage to help cover the cost of their home plus renovations. We also increased our abilities to offer FHA and VA financing, broadening our ability to serve more types of borrowers. 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 had such a good experience at Westerra. I've used them twice for mortgages and have had a 5-star experience both times. They are very communicative, they answered all my questions thoroughly. They have the lowest interest rates that I've seen compared to other lenders. Their staff are stellar—very kind, detailed and organized. I would highly recommend them to anyone looking to purchase or refinance a mortgage!*

**~ Ben**



## **Developing an improved digital experience**

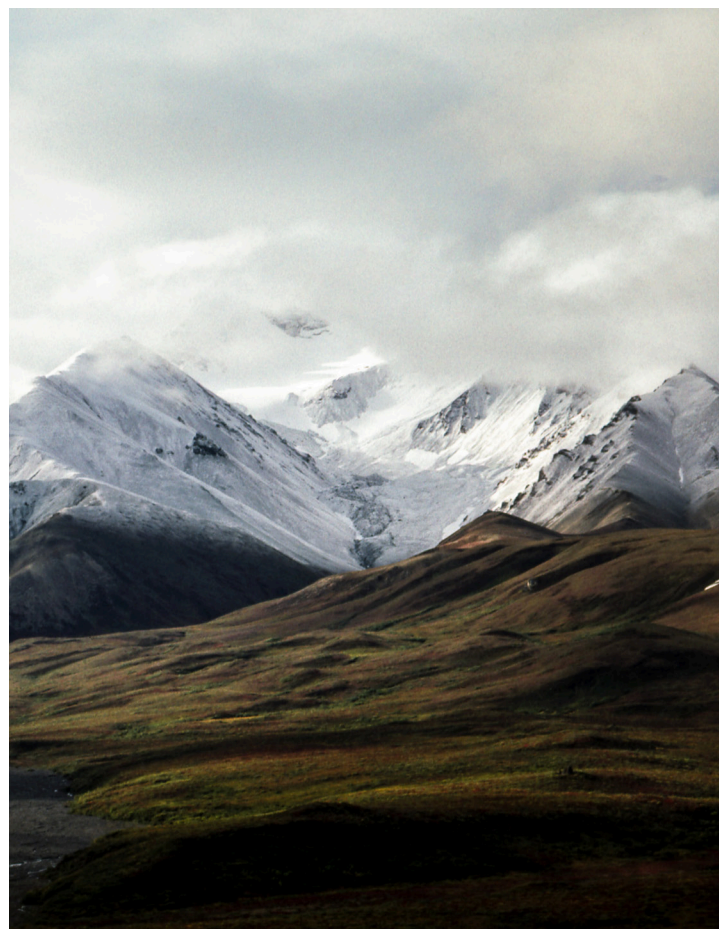
The impact of the pandemic on consumer behavior has verified the importance of improving all of our online and mobile products and services to meet our members' needs. Our work in 2020 and beyond is focused on creating an environment where the member experience is consistent, reliable, and values members' time. In 2021, we will begin by deploying exciting new technologies that will improve the member experience and reduce the amount of time it takes to apply for mortgage loans, automobile and home equity loans, and allow new and current members to open deposit accounts online in about five minutes. Our focus will be to continue to improve our operations in this arena to make members' lives easier.



## **Our never-ending focus on quality service**

The voice of the member is our clearest picture of their loyalty. During 2020, 82% of members surveyed rated Westerra a 9 or 10 out of 10 for the service they received. In addition, 71% of our members would refer a friend or family member to Westerra, compared to peer results of 70%.

We are proud of the work we have been doing to provide member experiences that are worth bragging about, and in 2020 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!





*I love this Credit Union. They have the best customer service I have ever seen. Everyone is polite, they go out of their way to help you. Best Credit Union ever! If you need a new place, this is it! Join.*

*~ Sherri*

### **Serving as 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 2020, we made virtual checkups 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. 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.



## Delivering financial performance

In 2020, Westerra remained profitable and experienced rapid growth as we helped our members deal with the impacts of COVID-19. During this time, we supported our members with a number of relief programs and were a safe haven for deposits in uncertain economic times.

Net income was \$2.5 million for the year, which fell short of budget by \$7.2 million. This variance was driven by the declining rate environment and reserving an additional \$2.7 million for potential loan losses stemming from the pandemic. Gain on Sale income from mortgage sales was a bright spot, exceeding budget by \$9.2 million for the year.

The auto loan portfolio decreased by \$159 million consistent with our strategy to reduce our concentration in this area. The credit union significantly increased our origination of first mortgage and commercial real estate loans, which contributed to growth of \$108 million and \$58 million in those categories respectively. Westerra was able to help more members than ever realize the dream of home ownership, increasing mortgage originations from \$191 million in 2019 to \$610 million in 2020.

Our members trusted Westerra with their money during the pandemic, driving deposit growth from 2.8% in 2019 to 17.5% in 2020.

This resulted in growth of \$280 million in cash and investments. Only 0.23% of loans were reportable as delinquent at year-end, which remains below the national peer average. The credit quality of our loan portfolio remains very strong.

Total assets increased by 15.6% in 2020, ending the year at \$1.817 billion. The 2020 net income to assets ratio (ROA) was 0.14%, a decline from 2019 due to the effects of the pandemic on the economy. The core earnings ROA, representing the earnings without non-recurring losses from non-operating transactions, equaled 0.26%. Westerra's Net Worth ratio decreased from 12.34% to 10.80% during 2020 due to rapid asset growth from the inflow of member deposits. Westerra's Net Worth position remains significantly higher than both the average of our peers and the 7% level at which the NCUA considers a credit union "Well Capitalized."

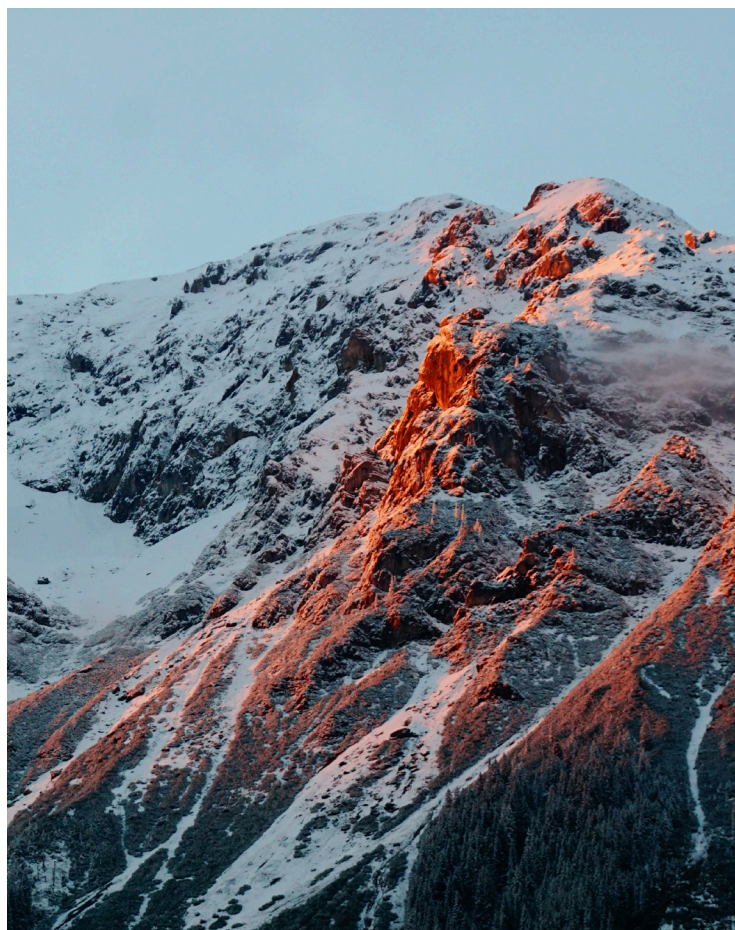
Since 1992, Westerra has earned the highest 5-Star financial rating by Bauer Financial, excelling in the areas of capital adequacy, profitability and asset quality. Westerra continued to be among the top 10% of credit unions nationwide to be recognized with the prestigious Sustained Superiority Award.



## PARTNERING WITH OUR LOCAL COMMUNITIES

Partnering with our schools, we provided 98 grants to schools in Aurora, Cherry Creek, DPS, Douglas County, Jeffco, and Westminster. Through Westerra's Community Fundraising Program, we contributed to 17 fundraising groups, ranging from community partners, to school PTSA's 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 2020, we reached this maximum!

At Westerra, we strive to work with organizations that demonstrate our same values of supporting families through local community, youth and educational initiatives. Through our partnership as the Official Credit Union of Special Olympics Colorado, we worked together to expand Special Olympics Unified Sports in more schools, with 413 Unified Champion schools now participating in service to more than 18,000 athletes and their athletic partners.





## LOOKING TO THE FUTURE



Through surveys and focus groups, we have had many in-depth conversations with our members to gain input as we map our journey forward. It matters that Westerra is able to navigate change and be a meaningful financial partner for members who tell us about their big dreams as well as those who are struggling with the storms that life brings. We are proud of the progress we made in 2020 to serve the immediate needs of our members while continuing to position Westerra for the future.

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

ANDY RAICEVICH,  
*Chairman of the Board*

JAY CHAMPION,  
*President/Chief Executive Officer*



## FINANCIAL HIGHLIGHTS

### BALANCE SHEET (UNAUDITED)

ASSETS	2020	2019
Loans to Members (net of allowance for loan losses)	\$910,159,000	\$935,901,000
Investments	255,912,000	271,069,000
Cash and Cash Equivalents	540,350,000	297,503,000
Property and Equipment, net	22,240,000	31,265,000
National Credit Union Share Insurance Fund Deposit	14,496,000	13,083,000
Other Assets	73,819,000	22,953,000
<b>TOTAL ASSETS</b>	<b>\$1,816,976,000</b>	<b>\$1,571,774,000</b>

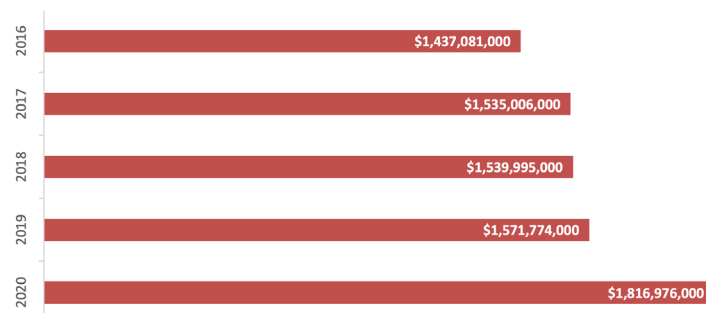
LIABILITIES AND MEMBERS' EQUITY	2020	2019
Members' Share and Savings Accounts	\$1,596,541,000	\$1,359,060,000
Borrowed Funds	0	0
Accounts Payable and Other Liabilities	16,031,000	14,720,000
Members' Equity	204,404,000	197,994,000
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,816,976,000</b>	<b>\$1,571,774,000</b>

### INCOME STATEMENT (UNAUDITED)

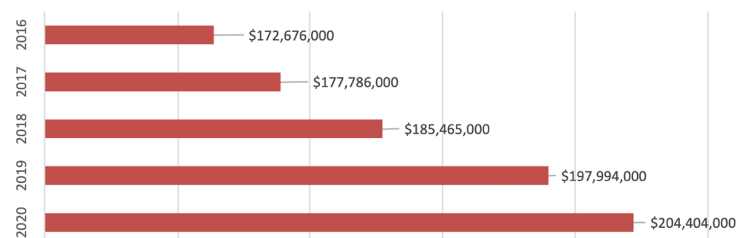
INCOME	2020	2019
Interest Income	\$43,241,000	\$52,679,000
Dividend and Interest Expense	(8,426,000)	(8,467,000)
Provision for Loan Losses	(3,332,000)	(3,441,000)
Non-Interest Income	26,330,000	19,399,000
Non-Interest Expenses	(53,489,000)	(50,037,000)
Gain/(Loss) on Non-Operating Items	(1,870,000)	0
<b>NET INCOME</b>	<b>\$2,456,000</b>	<b>\$10,133,000</b>

*Audited financial statements are available upon request.*

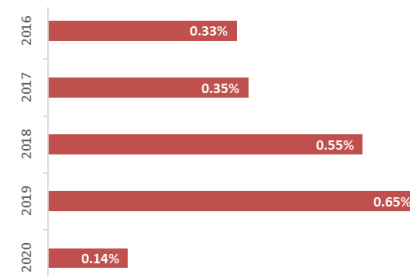
### TOTAL ASSETS



### MEMBERS' EQUITY



### RETURN ON ASSETS





## 2020 HIGHLIGHTS

### Member Relief

- Westerra worked throughout the year to help provide peace of mind to members and small businesses in our community who were impacted by the COVID-19 pandemic.
- » We waived fees for overdrafts, late payments on loans, credit card cash advances, Certificate of Deposit early withdrawals, Regulation D withdrawal limits, cashier's checks, teller checks, money orders, ATMs outside the CO-OP Network, and fees when balances in Interest Checking drop lower than the minimum.
- » We extended payments on 4,296 loans by a total of 11,134 months, providing relief to members in the amount of \$79 million. We also made 49 loan modifications, extending repayment terms and providing an additional \$42 million in relief to the membership.
- » Through our Yes, Denver We're Open program we utilized our own marketing budget to provide online advertising assistance to 160 local businesses with customized ads promoting them in their targeted service areas, while also promoting each business to Westerra's over 12,000 social media followers.
- » We supported small restaurants around our branches by purchasing nearly 1000 of their \$10 gift certificates and handing them out to members who waited in our drive-through lines.
- » Through our Mission Incredible initiative, each Westerra employee received a \$50 Visa® gift card to provide a random act of kindness to someone in need.

### Community Support

- Westerra provided grants to 98 schools in Denver Public Schools, Jeffco Public Schools, Douglas County Schools and other school districts to support important student programs and activities. Learn how each school used their grant at [westerracu.com](https://www.westerracu.com).
- 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 2020, Westerra donated \$4,500 to 17 fundraising groups—each group received \$52.80 for every account they referred to the credit union, including savings, loans and checking accounts.
- Over 70 employees participated in Westerra's Volunteer Time Off program, donating 730 hours to assist local nonprofits.

### Industry Recognition

- 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, for earning Bauer Financial's Top 5-Star Ratings for more than 100 consecutive quarters. Westerra has earned the highest 5-Star financial ratings since 1992. See [bauerfinancial.com](https://www.bauerfinancial.com).
- Forbes published its annual rankings of the Best-In-State Banks and Credit Unions in the United States, naming Westerra among the top five credit unions in Colorado based upon trust, terms and conditions, branch services, digital services and financial advice.



## MISSION INCREDIBLE

Westerra's Mission Incredible initiative provided \$50 gift cards to employees to share through a random act of kindness. Here is one of their stories:

*I recently moved to my neighborhood and with the recent quarantine there were several neighbors outside. My neighbor came out to talk to me about the yard work I was doing and during the conversation she stated that her husband had cancer and that she was a preschool teacher and had been let go due to COVID-19. I immediately knew this was the person I wanted to pay it forward with. When I gave her the gift card she started crying..*

*Thank you Westerra for being so awesome!*

**~ Michelle, Westerra Credit Union employee**





## PRODUCTS & SERVICES

### Convenience Services

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

### Savings and Checking Products

- Savings Accounts
- Holiday Savings
- Checking Accounts with Debit Card Rewards
- Money Market Accounts
- Certificates of Deposit (CDs)
- Traditional and Roth IRAs
- Coverdell Education Savings Accounts
- Money Orders and Cashier's Checks

### Loan Products

- Mortgage Loans
- Home Equity Loans
- Auto Loans
- Motorcycle Loans
- Recreation Vehicle Loans
- VISA® Credit Cards
- Personal Loans

### Business Services

- 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

Kathy Betts, Secretary

Barry Beal Jr., Treasurer

William S. Abbey

James Kullhem

Ron Walker

## EXECUTIVE LEADERSHIP

Jay Champion, President/CEO

Steve Schmidle, Chief Financial Officer

Jason Sasena, Chief Lending Officer

Wade Paschall, Chief Marketing Officer

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