



# 2017 ANNUAL REPORT

Federally insured by NCUA



Local. Trusted. Since 1934.

## TO OUR VALUED MEMBERS:

We are pleased to report that 2017 was an outstanding year for Westerra Credit Union. We surpassed \$1.5 billion in assets and exceeded our expectations for financial results, operating performance and enhancing the Westerra experience.

### WORKING ON BEHALF OF OUR MEMBERS TO PROVIDE VALUE –

Throughout the year, we worked on behalf of our members by adding new service offerings, expanding delivery channels, improving operational efficiencies and continuing to build on Westerra's financial strength. We reached out to our communities through corporate sponsorships and by serving as a resource for financial education; and, we worked to bring credit union membership to more people in the Denver metro area.

### DEPOSIT PRODUCTS HELP MEMBERS EARN MORE

We had an outstanding year in deposit growth as member deposits increased by \$102 million or 8.44%—the largest annual organic growth in Westerra's history. Members continued to take advantage of our CD Specials with options ranging from the ability to make additional deposits and rate bumps to shortening the term, penalty-free. Members are able to choose the features that work best for them. We also offered higher dividends for IRA CDs—10 basis points higher than our traditional CDs—to encourage our members to save for the future. Jumbo CDs, Preferred Money Markets and checking accounts also showed significant growth throughout the year.

### INCREASED SECURITY PROTECTS MEMBERS' ACCOUNTS

Enhancing security for members' card transactions, we upgraded Westerra ATMs to the EMV global technology in 2017. This followed the introduction of the new chip cards to all members in 2016. This new technology adds an extra layer of security with each transaction.

### ENHANCED ELECTRONIC SERVICE ACCESS AND CONVENIENCE

Throughout 2017, we continued to enhance convenience for members through our electronic services. In February, Westerra launched a new website which optimizes the experience for members with easier navigation, an updated look, and more educational articles and transactional resources. Members can find numerous self-help forms, the opportunity to make appointments in branches, and options to apply for loans and open accounts online. Members can also now use the new *External Transfers* option in Online Banking to transfer money to and from their accounts at other financial institutions—including the ability to make direct transfers to their Westerra loans. In August, we launched a new payment service through the website which enables members to make one-time payments to their Westerra loan, or deposit account, using a debit card from another financial institution.

At year-end, more than 30,000 members were using the Mobile Banking App to check balances, make deposits and transfer money—an increase of 25% since 2016. We made it easier for members to access Online Banking and Mobile Banking by adding the option to enroll in both through their mobile device. In 2017, we transitioned to a new telephone system and a new loan origination system, both offering greater efficiencies for more user-friendly interaction for our members. To assist in building relationships with new members, we implemented an automated system which sends emails based upon members' product relationships, sharing the value they can gain by choosing specific Westerra services. In October, a new branch opened in Castle Rock providing convenient access to members and potential members in this growing area.

### RETURNING MORE THROUGH FINANCIAL STRENGTH

Westerra's financial performance was outstanding for 2017. Net Income was \$5.2 million, exceeding the budget by nearly \$2.9 million, due to strong expense management and the continued sale of first mortgage originations. Total loans ended the year slightly over \$1.1 billion for an annual growth rate of 6.11%. Just 0.20% of loans were delinquent at year-end, which remains significantly below the national peer average. Westerra remains well capitalized, with a net worth ratio of 11.37%.

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*. In 2017, Westerra was featured in the *Best of Bauer Credit Unions* listing as one of only five Colorado credit unions that has earned the highest 5-Star ratings for 100 quarters or longer.

### RETURNING MORE THROUGH QUALITY SERVICE

During 2017, 84% 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 66%.

### SERVING AS A RESOURCE FOR FINANCIAL EDUCATION

In 2017, we continued to partner with Channel 7 to provide weekly financial tips for consumers during the *Managing Your Money* news segment. Financial tips were also shared with members and the community through our sponsor organizations and social media platforms. Throughout the year, we also encouraged members to complete a free financial checkup to identify ways they could improve their financial wellbeing and we offered a Mortgage Checkup to help members in the home buying or refinancing process. Additionally, we conducted first-time homebuyer seminars for members looking to buy their first home.

### PARTNERING WITH OUR LOCAL COMMUNITIES –

Partnering with our schools we provided 100 grants to schools in Denver, Jefferson, and Douglas County as well as other school districts. Through Westerra's Community Fundraising Program, we contributed to 43 fundraising groups, ranging from community partners, to school PTAs and school district foundations, to community programs and youth sports. In May, the Douglas County School District recognized Westerra as the *2017 Community Partner of the Year*.

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 243 schools now participating, impacting 150,000 students. As the *Presenting Partner for the Colorado Golf Association (CGA)*, Westerra helped to underwrite the CGA and Colorado Junior Golf Association tournament seasons that serve more than 700 Denver and Aurora school students and 365 additional adults and kids.

### INTRODUCING MORE PEOPLE TO CREDIT UNIONS –

With the belief that everyone should have the option to choose to use a not-for-profit credit union—as an alternative to the for-profit banking system—Westerra continued in 2017 to strive to help more people discover the financial education and opportunities that credit unions offer them and their families. We will continue to work with community and media partners as we seek to further maximize benefits to members by creating a bigger, stronger and more vibrant Westerra Credit Union. Special thanks to our employees, the Board of Directors and the Supervisory/Audit Committee for their unwavering commitment to serve our members!



Andy Raicevich, Chairman of the Board



John McCloy, President/Chief Executive Officer

## BALANCE SHEET (UNAUDITED)

ASSETS	2017	2016
Loans to Members (net of allowance for loan losses)	\$1,135,234,000	\$1,069,487,000
Investments	129,748,000	167,803,000
Cash and Cash Equivalents	208,491,000	143,054,000
Property and Equipment, net	28,479,000	25,978,000
National Credit Union Share Insurance Fund Deposit	12,510,000	11,324,000
Other Assets	20,544,000	19,435,000
<b>TOTAL ASSETS</b>	<b>\$1,535,006,000</b>	<b>\$1,437,081,000</b>

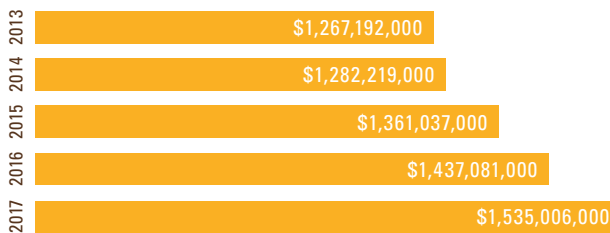
LIABILITIES AND MEMBERS' EQUITY	2017	2016
Members' Share and Savings Accounts	\$1,312,674,000	\$1,210,459,000
Borrowed Funds	20,000,000	35,000,000
Accounts Payable and Other Liabilities	24,546,000	18,946,000
Members' Equity	177,786,000	172,676,000
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,535,006,000</b>	<b>\$1,437,081,000</b>

## INCOME STATEMENT (UNAUDITED)

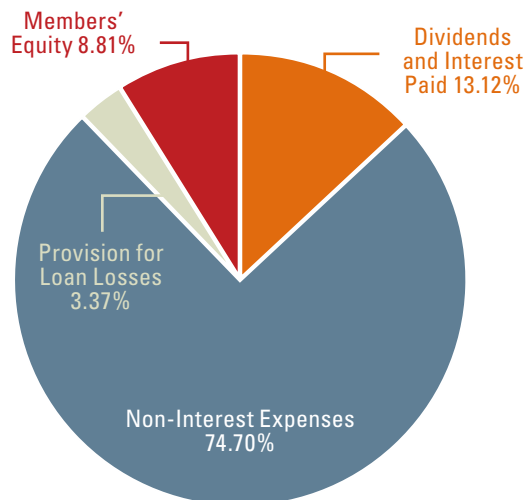
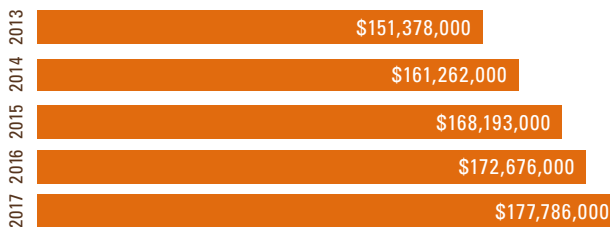
INCOME	2017	2016
Interest Income	\$44,430,000	\$38,229,000
Non-Interest Income	15,080,000	17,993,000
Dividend and Interest Expense	(7,809,000)	(6,612,000)
Provision for Loan Losses	(2,006,000)	(1,356,000)
Non-Interest Expense	(44,454,000)	(43,645,000)
<b>NET INCOME</b>	<b>\$5,241,000</b>	<b>\$4,609,000</b>

Audited financial statements are available upon request.

## TOTAL ASSETS



## MEMBERS' EQUITY



*"The Westerra employees are always friendly and courteous — they always provide service with a smile. Since I'm not originally from Colorado, I feel like I made the best choice for a local financial institution." ~ Benjamin*

## REPRESENTING YOUR INTEREST

### Board of Directors

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

### Supervisory/Audit Committee

Kim Martinez, Chairman  
Jack Swanzy, Vice Chairman  
Glenn Mohr, Secretary/Treasurer  
John-Thomas Gaietto  
Johnny Lydia  
Norm Ruggles

### Executive Leadership Team

John McCloy, President/CEO  
Betsy Guerrero, Executive Vice President  
Lee Damiano, Executive Vice President  
Jennifer Meyers, Chief Financial Officer

## PRODUCTS & SERVICES



### Convenience Services

1,000 Colorado Surcharge-Free CO-OP ATMs  
200 CO-OP Shared Branches  
Online Banking and Bill Pay Service  
Mobile Banking  
Apple Pay  
eStatements  
24-Hour Loan Applications  
24-Hour Phone Banking  
Direct Deposit  
Safe Deposit Boxes

### Savings and Checking Products

Savings Accounts  
Checking Accounts/VISA® Debit Cards  
Money Market Accounts  
Certificates of Deposit (CDs)  
Traditional and Roth IRAs  
Coverdell Education Savings Accounts  
Money Orders and Cashiers Checks

### Loan Products

Mortgage Loans  
Home Equity Loans  
Auto Loans  
VISA® Credit Cards  
Other Personal Loans

### Business Services

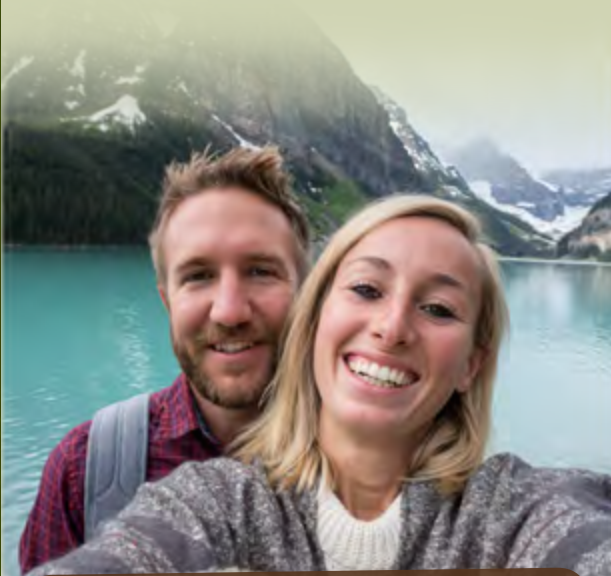
Checking Accounts  
Lines of Credit  
Commercial Loans

### Security Services

CardNav Mobile App  
EMV Chip Technology

### Financial Education & Community Services

Financial Literacy Online Hub  
Financial Awareness and Fundraising Program  
School Grant Program  
Classroom Presentations



*"I really like the ease of the mobile banking! It's great to be able to check my account when I need to — wherever I am." ~ Brian*

*"I am so grateful to have the ability to turn my cards on and off through Westerra's CardNav App. I recently received an alert for an authorization on a transaction that I did not complete. I was able to immediately turn my card off and stop the \$400 fraudulent transaction from posting to my account." ~ Claudia*

# WORKING FOR YOU IN 2017

- » 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. In 2017, Westerra was featured in the *Best of Bauer Credit Unions* listing as one of only five Colorado credit unions that has earned Bauer Financial's Top 5-Star Ratings for 100 quarters or longer. Westerra has earned the highest 5-Star financial ratings since 1992. See [bauerfinancial.com](http://bauerfinancial.com).
- » A new branch opened in Castle Rock in October providing convenient access to members and potential members in this growing area. The new design provides an inviting atmosphere for members to relax and discuss their financial needs.
- » Westerra's new website optimizes the experience with easier navigation, an updated look, and more educational articles and resources. The new site also includes more transactional and question and answer resource information, as well as self-help forms and the option to schedule appointments with branch personnel online.
- » New nontraditional mortgage products were introduced to provide more flexibility for first-time homebuyers and for borrowers who are self-employed.
- » Westerra provided grants to 100 schools in Denver Public Schools, Jeffco Public Schools, Douglas County Schools and other school districts to support important student programs and activities.
- » 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 2017, Westerra donated \$11,721 to 43 fundraising groups—each group received \$52.80 for every account they referred to the credit union, including savings, loans and checking accounts.
- » At year-end, 84% of our members reported being 90% or more satisfied with the service they receive from Westerra. These results support our value proposition of top-notch member service.

## OUR VISION

To be the leading credit union cooperative helping members achieve financial success.

## OUR MISSION

**Build... Innovate... Lead.**

Build lasting relationships;  
Innovate for success;  
Lead by example.



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Locally owned by our members since 1934



Federally insured by NCUA