



2023
Annual Report



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MEETING *Agenda*

Call to Order & Welcome

Call to Order & Welcome

Rick O'Connor, Board Chair

Reports from Officials

President & CEO Report

Alan Althouse, President & CEO

Supervisory Committee Report

Steve Benton, Supervisory Committee Chair

Board of Directors Election Report

Jeff Homer, Nominating Committee Chair

Board Chair Report

Rick O'Connor, Board Chair

Organizational Updates

Board and Leadership Updates

Rick O'Connor/Alan Althouse

Adjournment

Rick O'Connor, Board Chair

Questions from the Floor

Rick O'Connor/Alan Althouse

MEET THE
*Senior
Leadership Team*





OUR *Mission*

TruWest Credit Union is a cooperative providing trusted financial solutions and services, so members can achieve their goals.

OUR *Vision*

Members can easily interact with TruWest from wherever they are, and experience the benefit of the TruDifference in their lives.

From Left to Right:

Nikki Badje Senior Vice President and Chief Human Resource Officer
Mike Ward Senior Vice President and Chief Financial Officer
Gary Bernard Executive Vice President and Chief Operations Officer
Alyse Medina Senior Vice President and Chief Legal Officer

Chris Kearney Executive Vice President and Chief Information Officer
Alan Althouse President and Chief Executive Officer
Farid Farbod Senior Vice President and Chief Lending Officer
Jennifer Kimmell Senior Vice President and Chief Marketing Officer

2023

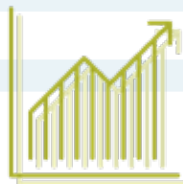
Highlights



91,126
MEMBERS



\$8,133,288
NET INCOME



\$1.81 BILLION
TOTAL ASSETS

\$1.8 MILLION+ in REWARDS CHECKING

Incentives paid to members



TruWest
CREDIT UNION®

zelle®

INTRODUCED ZELLE

a fast, safe, and easy way
to send and receive money



EMPLOYEE TURNOVER

at **10.6%**

a HISTORIC LOW at TruWest with

7+ YEARS

average term of employment



Renamed branches to

FINANCIAL SERVICE CENTERS

& certified managers and
assistant managers as

FINANCIAL COACHES



INTRODUCED

CONTACTLESS CARDS



A LETTER FROM THE *Chair and President & CEO*

To our members,

TruWest Credit Union achieved rapid growth in 2023. Total assets increased by \$295 million, totaling over \$1.8 billion. Loans outstanding rose by \$155 million, totaling over \$1.3 billion. Deposits increased by over \$78 million, totaling over \$1.45 billion.

Bauer Financial awarded TruWest the highest rating of five stars in recognition of the Credit Union's financial strength. TruWest's financial stability and the high dividends it offers played a part in its ability to grow deposits in 2023. This deposit growth was particularly noteworthy as many financial institutions suffered deposit outflows. The Credit Union's over \$500 million in borrowing capacity added an important additional layer of protection during the industry-wide financial stress of 2023. Dividends paid to members rose from less than \$4.3 million in 2022 to \$19.75 million in 2023. For much of the year, TruWest paid one of the highest Certificate of Deposit rates in the marketplace at 5.25% APY on members' 6-month CDs.

TruWest's revenue grew by 30.7% in 2023 due to strong loan growth, while the "Reduce Friction" initiative held operating expenses in check, with a modest increase of only 3.1% for the year. As a result, the Credit Union was able to reward its members with high dividends while still earning over \$8.1 million in net income.



The cornerstone of TruWest's success is its exceptional member service. To further improve member service in 2023, TruWest rebranded its branches to become Financial Service Centers (FSC). To initiate this transition, all FSC managers completed rigorous training in consumer financial counseling, providing them with tools to assist members in subjects such as budgeting. The Credit Union will conclude the transition in 2024 as all remaining FSC staff complete the training. On a scale of 1 to 7, members rated the Credit Union's service at 6.79 in 2023. Although we are pleased with these positive survey results, we will strive to surpass them in 2024.

A growing number of members define stellar service by digital or remote service delivery quality. Initiatives related to enhanced service in 2023 included the following:

- Rolled out Zelle, a user free person-to-person payment service available through the mobile app.
- Expanded video banking to include new memberships and opening deposit accounts.
- Utilized feedback from members to redesign the mobile app, making it easier to use.

To further enhance the member experience and provide tangible value, TruWest made other changes in 2023, including the following:

- Enhanced credit card rewards so that, among other benefits, members can earn 1.5% on purchases more quickly and easily redeem earnings in increments as low as \$25.
- Introduced contactless "tap to pay" credit and debit cards.
- Eliminated all non-sufficient funds (NSF) fees.
- Increased the amount in which checking accounts can go negative before items are returned unpaid from \$500 to \$1,000. The Credit Union subsequently increased the amount to \$1,500 in early 2024.
- Used artificial intelligence in auto loan underwriting to provide instant approval for qualifying loan applications while retaining live person underwriting to review loans that were not approved instantly.
- Implemented voice enabling for the telephone banking system.

continued...

Our promise to members is the TruWest's TruDifference – a promise of great rates and great service, delivered with a culture of caring. The people who deliver that outstanding service are the foundation of the TruDifference.

TruWest hires skilled professionals, provides them with robust training, and treats them with the respect they deserve so that they make careers at the Credit Union.

In 2023, TruWest's employee turnover fell to the lowest in recorded history. Member surveys show that the Credit Union's staff delivers outstanding member service each and every day.

The Credit Union embodies its culture of caring by making a difference in its members' lives and the community through contributions and volunteering at Phoenix Children's Hospital, Dell Children's Medical Center, Mesa Community College, the American Lung Association, and many more exceptional organizations. In 2023, TruWest focused on financial literacy education by providing free courses at organizations such as Mesa Community College, Save the Family, and the YWCA.

TruWest was able to reach its goals because of the support of its members and is grateful for its members' confidence in us. The Credit Union remains committed to helping its members achieve their financial dreams in the years ahead.

Sincerely,



Rick O'Connor

Chair



Alan Althouse

President & CEO



TruWest
CREDIT UNION

COMMUNITY *Involvement*



\$65,000

Member and employee payroll deduction donations



\$13,000

Member and employee payroll deduction donations



\$57,000+

Member and employee donations



84 Scholarships and more than
\$40,000 Grants
for *First-Year Experience* students
+food and clothing drives



SPONSORSHIPS & SPONSOR SUPPORT



50+ Arizona and Texas community organizations, schools & school districts, charities, partnerships, food banks & city chambers

WORKFORCE INITIATIVE SUBSIDY FOR HOMEOWNERSHIP (WISH) FOR FIRST-TIME HOMEBUYERS

Helped families purchase their first home through grants totaling more than **\$1.625 million**



BACKPACK DRIVES

Provided **125+** backpacks and school supplies to schools in Arizona and Texas for the 2023 school year



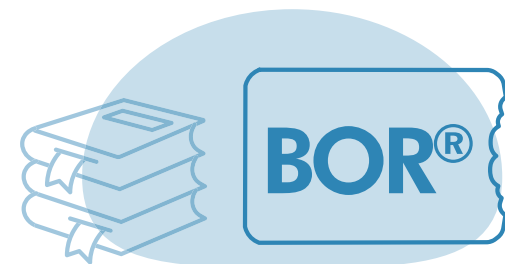
FINANCIAL LITERACY

Financial literacy courses provided to **759+** participants at multiple schools and non-profit organizations throughout Texas and Arizona



BITE OF REALITY

Hosted **220+** participants in financial literacy simulations throughout Arizona non-profits and schools



COATS 4 KIDS

66+ winter coats donated to children in our Austin community





Treasurer's LETTER

I am pleased to present the Treasurer's Report for the fiscal year 2023.

During the past year, TruWest Credit Union continued to maintain a solid financial position. Our total assets remain strong at \$1.8 billion, while our net income for the year was \$8.1 million. Our capital ratio remained above regulatory requirements at 9.0%.

One of our primary goals for the year was to continue to provide our members with competitive rates and low fees while also investing in the technology and infrastructure necessary to meet their evolving needs. To that end, we introduced several new products and services, including expanded mobile app functionality, launching video banking connecting members to branch employees, and launching Zelle, a fast and easy way for members to receive and send money.

Our loan portfolio also continued to grow, with total loans outstanding increasing by 13.4% to \$1.3 billion. We were able to maintain our low delinquency rate, a testament to the creditworthiness of our members and our prudent underwriting practices.

Looking ahead, we remain committed to providing our members with the best possible products, services, and customer experience. We are investing in technology and infrastructure to ensure that we remain at the forefront of innovation in the financial industry while also maintaining our strong financial position.

In closing, I would like to thank our members for their continued loyalty and support. We are proud to serve you and look forward to another successful year ahead.

Sincerely,



Susanna DeFranco (AZ)

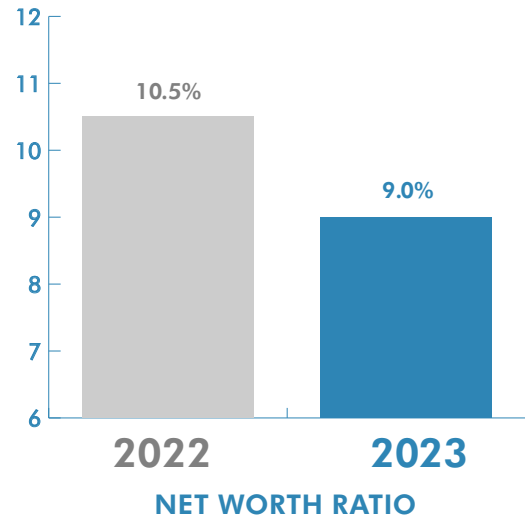
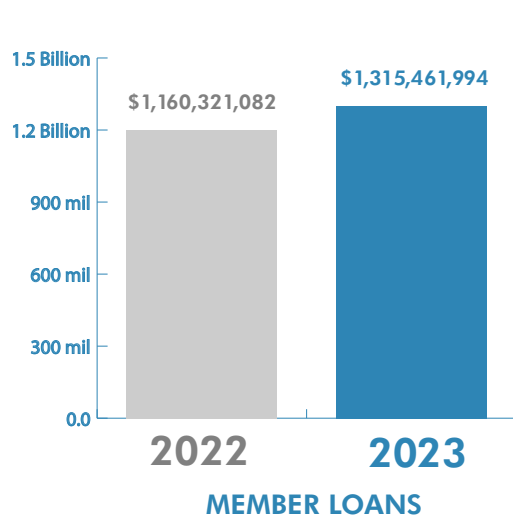
Board of Directors
Position: Treasurer

2023 Financials

BALANCE SHEET

ASSETS	2023	2022	% Change
Loans to Members	\$1,315,461,994	\$1,160,321,082	13.4%
Allowance for Loan Loss	-\$12,457,232	-\$3,444,554	261.7%
Net Loans	\$1,303,004,762	\$1,156,876,528	12.6%
Total Investments	\$435,079,985	\$294,114,564	47.9%
Net Fixed Assets	\$13,343,616	\$11,650,655	14.5%
Other Assets	\$58,806,627	\$52,140,009	12.8%
TOTAL ASSETS	\$1,810,234,989	\$1,514,781,756	19.5%

LIABILITIES AND EQUITY	2023	2022	% Change
Total Liabilities	\$227,408,255	\$20,448,170	1012.1%
Total Members Equity			
Total Savings	\$343,869,092	\$407,164,240	-15.5%
Total Checking	\$373,940,002	\$401,614,329	-6.9%
Total Money Market	\$294,570,649	\$386,477,620	-23.8%
Total IRA	\$18,439,895	\$23,487,174	-21.5%
Total Certificates	\$428,259,573	\$161,618,939	165.0%
Total Deposits	\$1,459,079,211	\$1,380,362,301	5.7%
Total Reserves	\$123,747,523	\$113,971,285	8.6%
TOTAL LIABILITIES, MEMBER DEPOSITS AND RESERVES	\$1,810,234,989	\$1,514,781,756	19.5%



HIGHLIGHTS & INCOME STATEMENT

HIGHLIGHTS

	2023	2022	% Change
Members	91,126	90,309	0.9%
Saving Accounts	103,478	102,662	0.8%
Checking Accounts	52,216	52,328	-0.2%
IRAs	2,946	2,733	7.8%
Money Market	7,488	7,630	-1.9%
Certificates	10,299	4,018	156.3%
Online Banking Users	66,089	62,634	5.5%
Mobile Banking Users	60,121	56,742	6.0%
Bill Pay Users	23,736	23,148	2.5%

INCOME STATEMENT

	2023	2022	% Change
Interest on Loans	\$68,191,753	\$46,980,742	45.1%
Interest on Investments	\$10,502,137	\$8,998,720	16.7%
Interest Expense	\$21,737,569	\$6,734,799	222.8%
Net Interest Income	\$56,956,321	\$49,244,663	15.7%
Non-Interest Income	\$13,964,253	\$16,262,702	-14.1%
Non-Interest Expense	\$55,207,771	\$53,566,112	3.1%
Provision for Loan Losses	\$7,579,515	\$109,325	6833.0%
Net Income	\$8,133,288	\$11,831,928	-31.3%

Supervisory Committee's LETTER



The Supervisory Committee of TruWest, appointed by the Board of Directors, plays a pivotal role in supporting the Board’s oversight capabilities in several critical areas. These areas encompass the integrity of the Credit Union’s financial statements, adherence to legal and regulatory frameworks, evaluation of the independent auditor’s qualifications, and the effectiveness of the internal audit function. The committee’s responsibility is integral to the institution’s framework of independent oversight, ensuring the safeguarding of member assets. Comprised of dedicated professionals appointed by the Board of Directors, the committee is committed to effective governance and accountability.

The committee’s responsibility includes independent oversight of the internal audit activities, the selection of the external audit firm, and the assurance that mandatory audits are executed effectively. In its regulatory compliance efforts, TruWest collaborates closely with several agencies, including the National Credit Union Administration (NCUA), the Arizona Department of Financial Institutions, and the Texas Credit Union Department to fulfill audit and compliance obligations. For 2023, CliftonLarsonAllen, LLP continued as the financial auditor.

The results of the independent financial audit, together with the annual examination by the NCUA and the diligent efforts of the committee, allow us to affirm the financial health of TruWest. These efforts collectively attest to the accurate representation of our financial position and the efficacy of our internal controls.

The Supervisory Committee remains focused on maintaining the financial well-being of TruWest and its members. We extend our deepest gratitude to our members for placing their trust in TruWest as their preferred financial partner.

Sincerely,



Steve Benton (AZ)
Supervisory Committee
Position: Committee Chair



Brian Pickett (AZ)
Supervisory Committee



Bill Cranker(AZ)
Supervisory Committee



MEET THE *Board Members*



Rick O'Connor (AZ)

Board of Directors
Position: Chair
Term Expiration: 2025



Mike Moulton (TX)

Board of Directors
Position: Vice Chair
Term Expiration: 2024



Susanna DeFranco (AZ)

Board of Directors
Position: Treasurer
Term Expiration: 2025



Scott Johs (AZ)

Board of Directors
Position: Secretary
Term Expiration: 2026



Tom Cummiskey (AZ)

Board of Directors
Term Expiration: 2024



Tim Niesz (AZ)

Board of Directors
Term Expiration: 2026



Jeff Homer (AZ)

Board of Directors
Term Expiration: 2025



Mike Vasko (AZ)

Board of Directors
Term Expiration: 2024



David Holody (TX)

Board of Directors
Term Expiration: 2026



Our Board Committee Members work to further the goals of TruWest® Credit Union and focus on member concerns. They listen to our members and communicate issues, needs and interests to the Board of Directors.



Steve Benton (AZ)

Supervisory Committee
Position: Committee Chair
Term Expiration: 2025



Bill Cranker (AZ)

Supervisory Committee
Term Expiration: 2024



Caitlin Davison (AZ)

Advisory Committee
Term Expiration: 2024



Brian Pickett (AZ)

Supervisory Committee
Term Expiration: 2024



Stephanie Williams (AZ)

Advisory Committee
Term Expiration: 2024

MEETING *Notes*

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TruWest® Credit Union
Insured by NCUA

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truwest.org
NMLS ID 640299

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