



TruWest® Credit Union

Annual Report

2021

2021

Annual Meeting: Agenda

Meeting begins at 5:30 p.m.

Call to Order and Welcome Rick O'Connor

- Recognition of Guests and Leadership
- Approval of Minutes

Reports from Officials

- Chairman of the Board Rick O'Connor
- Treasurer Scott Johs
- Supervisory Committee Chairman Steve Benton
- President & CEO Alan Althouse

Board of Directors Election Report Tim Niesz

Questions from the Floor Rick O'Connor & Alan Althouse

Adjournment Rick O'Connor

Annual Report

Table of Contents

Chairman and President & CEO's Letter	3
Treasurer's Letter	6
Financial Report	8
Supervisory Committee's Letter	11
Senior Leadership	12
Board of Directors	14

Chair and President & CEO's Letter

Rick O'Connor & Alan Althouse



A Letter from the Chair and President & CEO



Rick O'Connor
Chair



Alan Althouse
President & CEO

2021 was a year of continued challenges – challenges from COVID-19, record low interest rates and more, but your credit union rose to the occasion with record financial performance.

TruWest maintained a solid capital position, ending the year with a strong capital ratio of 9.73%—easily surpassing the 7% level our regulatory authority requires for a “well capitalized” designation. As an indication of our financial strength, TruWest Credit Union once again received a five-star rating from Bauer Financial, their highest rating.

In 2021, TruWest reached several all-time financial performance records, including total deposits now over \$1.36 billion, assets well over \$1.5 billion, and net income of over \$12.6 million. Loans originated to our members was yet another record of over \$722 million.

Our ability to provide members with exceptional service and value is the cornerstone of TruWest’s financial stability. The definition of exceptional service evolved throughout the pandemic, requiring us to move to drive-thru service only in our branches for some time early in the year, during the height of the pandemic. Our robust mobile and online service capabilities were then used more than ever by members—providing the ultimate in social distancing safety. As usage of our digital channels and phone center rose, we shifted staff and other resources as necessary.

We survey our members every year through the Net Promoter Score (NPS) process, and in 2021 members gave TruWest another high vote of confidence with an NPS of 62%. This places us above such well-regarded brands as Apple and Amazon. Despite these elite results, we continue to strive for even better member support of our credit union. Members also gave TruWest a superior branch service quality score in 2021 of 6.82 (out of a maximum of 7.0).

Reduce Friction: We recognize that those companies that will grow and thrive in the coming years will be those providing ever faster and easier service to their consumers, and those having the efficient, low-cost operations necessary to deliver superior value to their consumers. Our Reduce Friction philosophy is about becoming faster, easier and lower cost for you, our members. This process of continuous improvement assures that we evolve as the financial world evolves in order to provide the best possible service and value to our members.

An example of a Reduce Friction initiative is “voice authentication”, which saves members over 60 seconds each time they call our phone center and reduces the risk of identity theft. In 2021, we enrolled over 17,500 members in voice authentication.

Another example is the recent conversion of our member mortgage application system to an innovative industry-leading solution. This change reduced the effort required to apply for a mortgage with TruWest, provided better communication to members as their loan was processed, and reduced the time from when the application was submitted to its ultimate funding by two days. It also reduced the credit union’s costs, allowing TruWest to offer lower mortgage rates to members.

In part, due to Reduce Friction initiatives like these, 2021 operating costs rose just 1.8%, well below the rate of inflation, even as our assets grew a full 11%.

Contributing Member Recognition: Some members have their direct deposit with TruWest and use multiple products with us. These members contribute to the cooperative. Others do not and are subsidized by the broad membership. This initiative is focused on growing and rewarding contributing members through special rates and other rewards. This growth, in turn, gives us the resources to do more in our communities, with a special focus on giving a helping hand to low-income households and others in need.

As a reward for those members who have their direct deposit with us, whether it be payroll, social security, pension benefits, or other items, in 2021 TruWest began posting direct deposits into member’s accounts as soon as we received notification that the funds were coming. This is typically one to three days before the funds are actually received by the credit union.

Other contributing member benefits include our Cash Back and High Yield Rewards checking accounts. Our High Yield account, for example, pays qualifying members a dividend of 3% on balances up to \$10,000. With the current low level of market interest rates, earning 3% on checking account balances provides members a safe haven and a true reward for their loyalty. In 2021, TruWest members earned over \$1.3 million in rewards as a “thank you” for their membership.

Our 2021 achievements could not have happened without the support of our members. As we look forward to the Credit Union’s 70th anniversary in 2022, we are grateful for our members who have made this exciting journey possible.



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Treasurer's Letter

Scott Johs

2021

As Treasurer for TruWest® Credit Union, I am pleased to report that the credit union had another outstanding year of growth and strong financial performance. As always, we remain steadfast in our commitment to protecting your financial assets and providing unsurpassed member service. Below is a recap of our 2021 financial results.

- TruWest continued having record asset growth, surpassing \$1.51B, an increase of 11.0% from the previous year, with total member deposits of \$1.36B, an increase of 12.3%
- As members chose TruWest for their lending needs, they helped the loan portfolio remain strong with \$944M in total loans outstanding
- TruWest's capital ratio, a key measure of financial stability and soundness, is at 9.73%
- Total TruWest revenue was \$64.1M
- Operating expenses were \$49.1M, supporting TruWest's mission of providing solutions for members to meet their financial goals
- TruWest's net income increased to \$12.6M, an all-time high
- Dividends paid to members in 2021 were \$3.2M
- Membership continued to be strong, ending the year at 90,461

As a member, you are also an owner and a valuable partner in TruWest's success. With that in mind, I join Rick O'Connor, Chairman of the Board, and Alan Althouse, President and CEO, in personally thanking you for your continued support. As always, we are committed and proud to serve you.



TOTAL ASSETS

TruWest continued having record asset growth, surpassing **\$1.51B**.



TOTAL MEMBERSHIPS

Membership continued to strong, ending the year at **90,461**.



NET INCOME

TruWest's net income increased to **\$12.6M**, an all-time high.

Financial Report 2021

Total Assets	2021	2020	2019
	\$1,519,187,668	\$1,368,227,248	\$1,213,835,938

Member Deposits	2021	2020	2019
	\$1,363,589,257	\$1,214,743,218	\$1,074,477,171

Member Loans	2021	2020	2019
	\$943,679,918	\$978,328,713	\$1,019,213,709

Net Worth Ratio	2021	2020	2019
	9.7%	9.9%	10.2%

Balance Sheet

Assets	2021	2020	% Change
Loan to Members	\$943,679,923	\$978,328,712	-3.5%
Allowance for Loan Loss	-\$4,528,559	-\$6,589,467	-31.3%
Net Loans	\$939,151,364	\$971,739,245	-3.4%
Total Investments	\$515,914,948	\$332,341,487	55.2%
Net Fixed Assets	\$12,514,909	\$13,255,353	-5.6%
Other Assets	\$51,606,447	\$50,891,163	1.4%
Total Assets	\$1,519,187,668	\$1,368,227,248	11.0%

Liabilities and Equity	2021	2020	% Change
Total Liabilities	\$12,775,009	\$17,454,181	-26.8%
Total Members Equity			
Total Savings	\$406,145,158	\$345,183,664	17.7%
Total Checking	\$398,855,888	\$347,065,293	14.9%
Total Money Market	\$433,686,711	\$374,457,669	15.8%
Total IRA	\$26,266,860	\$27,314,217	-3.8%
Total Certificates	\$98,634,640	\$120,722,375	-18.3%
Total Deposits	\$1,363,589,257	\$1,214,743,218	12.3%
Total Reserves	\$142,823,402	\$136,029,849	5.0%
Total Liabilities, Member Deposits and Reserves	\$1,519,187,668	\$1,368,227,248	11.0%

Highlights & Income Statement

Highlights	2021	2020	% Change
Members	90,461	93,767	-3.5%
Saving Accounts	102,720	105,877	-3.0%
Checking Accounts	52,720	52,400	0.6%
IRAs	2,807	2,987	-6.0%
Money Market	7,748	7,723	0.3%
Certificates	3,355	3,966	-15.4%
Online Banking Users	60,101	59,222	1.5%
Mobile Banking Users	53,687	49,131	9.3%
Bill Pay Users	22,278	21,402	4.1%

Income Statement	2021	2020	% Change
Interest on Loans	\$41,193,059	\$45,712,296	-9.9%
Interest on Investments	\$3,270,648	\$2,327,230	40.5%
Interest Expense	\$3,184,007	\$5,971,035	-46.7%
Net Interest Income	\$41,279,700	\$42,068,491	-1.9%
Non-Interest Income	\$19,565,310	\$21,945,889	-10.8%
Non-Interest Expense	\$49,098,202	\$48,247,157	1.8%
Provision for Loan Losses	-\$900,000	\$4,445,507	-120.2%
Net Income	\$12,646,808	\$11,321,716	11.7%

Supervisory Committee's Letter

Steve Benton, Brian Pickett, Rebecca Plantz

The TruWest Supervisory Committee is responsible to ensure sound internal controls, policies, procedures and accurate financial reporting are established to protect members' assets. The committee consists of volunteers who apply to serve and are appointed by the Board of Directors.

The committee oversees the activities of the internal audit function, selects the external auditing firm, and ensures required audits are performed. TruWest also engages with various other regulatory agencies including the National Credit Union Administration (NCUA), the Arizona Department of Financial Institutions and the Texas Credit Union Department for respective audits and compliance activities. Our external auditor, CliftonLarsonAllen, LLP was retained in 2021 as the financial auditor for TruWest.

The results of the independent financial audit, the annual exam performed by NCAU and duties performed by the committee, provide us the ability to report that the financial condition of the credit union is strong, accurately represented and a sound internal control environment exists.

The Supervisory Committee remains committed to the financial health of TruWest and serving our members. We thank you for making TruWest your trusted financial institution.



Experience the
TruDifference

Helping you
achieve your
financial goals

Senior Leadership

Our senior leadership team has decades of credit union experience and knowledge. More importantly, they have a passion for seeing that TruWest® Credit Union thrives and succeeds with the spirit of the *TruDifference*.



Our Mission

Our Mission

TruWest's mission statement serves as the anchor and fundamental reason for being in business:

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

Our Vision

Our Vision

TruWest's vision statement defines the future we strive to create for the organization and tells the story of what we want the credit union to become:

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

From Left to Right:

Jennifer Kimmell Senior Vice President and Chief Marketing Officer
Chris Kearney Executive Vice President and Chief Information Officer
Gary Bernard Executive Vice President and Chief Operations Officer
Farid Farbod Senior Vice President and Chief Lending Officer

Alan Althouse President and Chief Executive Officer
Mike Ward Senior Vice President and Chief Financial Officer
Alysse Medina Senior Vice President and Chief Legal Officer

Meet the Board Members

Advocates for members' needs and interests



Rick O'Connor (AZ)

Board of Directors
Position: Chair
Term Expiration: 2022



Mike Moulton (TX)

Board of Directors
Position: Vice Chair
Term Expiration: 2024



Scott Johs (AZ)

Board of Directors
Position: Treasurer
Term Expiration: 2023



Susanna DeFranco (AZ)

Board of Directors
Position: Secretary
Term Expiration: 2022



Tom Cummiskey (AZ)

Board of Directors
Term Expiration: 2024



Steve Benton (AZ)

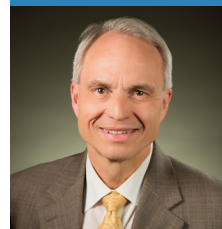
Supervisory Committee
Position: Committee Chair
Term Expiration: 2022

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.



Tim Niesz (AZ)

Board of Directors
Term Expiration: 2023



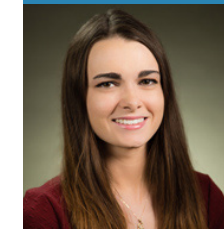
Jeff Homer (AZ)

Board of Directors
Term Expiration: 2022



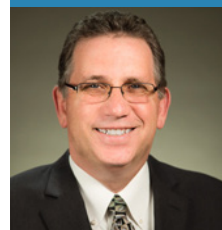
Brian Pickett (AZ)

Supervisory Committee
Term Expiration: 2024



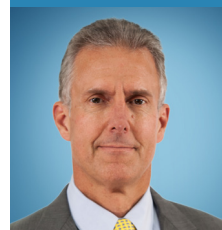
Caitlin Davison (AZ)

Advisory Committee
Term Expiration: 2022



Mike Vasko (AZ)

Board of Directors
Term Expiration: 2024



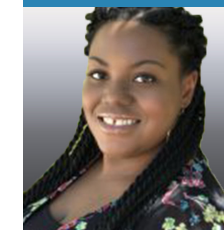
David Holody (TX)

Board of Directors
Term Expiration: 2023



Rebecca Plantz (AZ)

Supervisory Committee
Term Expiration: 2023



Stephanie Williams (AZ)

Advisory Committee
Term Expiration: 2022

TRUWest
CREDIT UNION



TruWest® Credit Union
Insured by NCUA

1667 N Priest Dr, Tempe, AZ 85281
1 (855) 878-9378
truwest.org
NMLS ID 640299

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