



Vantage West
CREDIT UNION

Annual Report **2021**



Vantage West
CREDIT UNION

OUR PURPOSE

Investing in people today to
achieve a more prosperous tomorrow.

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DOUG ZIMMERMAN

Chair, Board of Directors

Dear Members,

I am honored to share this message on behalf of the Board of Directors. We hold the responsibility of representing the Vantage West Membership and ensuring that the credit union operates in a safe and sound manner. To that end, I'm pleased to report that 2021 was an impactful and solid year for the credit union.

As Sandra shares in her message, she and her team spent the past year acting on your feedback and implementing solutions focused on enhancing your overall experience with Vantage West. The impact of these efforts not only resulted in solutions that make it easier to bank with the credit union, but also put money back in your pockets.

According to the CUNA Member Benefits Report*, Vantage West provided its Members \$18.7 million more in benefits in 2021 compared to Arizona banks. This represents an increase of 27.5% over last year's reported benefits. These savings average out to \$114 per Member and \$239 per Member household.

We are always proud to share that we provide financial benefits through lower loan rates, higher savings rates, and fewer fees than banking institutions. These numbers help back up those words. To borrow a line from our marketing, "We're truly not a bank." We are your credit union!

As your credit union's elected officials, we work to serve you. So, we'll continue to seek your feedback and leverage your suggestions to inspire innovations that strengthen the credit union. We'll also support efforts to help more Members in more ways, and we'll continue to collaborate with our neighboring local businesses to help them thrive because in the end this benefits us all.

I am optimistic about where the credit union is headed. I look forward to hearing and sharing new stories about the unique role Vantage West will play in helping Members from all walks of life succeed in their financial journeys and create a legacy of financial success for future generations.

In closing, you have my word that the Board is fully committed to representing the Membership and supporting Sandra and her team as they continue to invest in people today to achieve a more prosperous tomorrow.

I also want to extend a special thank you to the entire Board of Directors for their commitment to the Membership and to the credit union.

Sincerely,

Doug Zimmerman

Chair, Vantage West Credit Union Board of Directors

* 2021 Member Benefits Report from Credit Union National Association (CUNA)



SANDRA SAGEHORN-ELLIOTT

President/Chief Executive Officer

Dear Members,

As I reflect on the past year, I'm proud of what we've accomplished together.

Our top priority is improving your overall experience, and here are a few examples of enhancements we have recently implemented:

- User-friendly and streamlined loan application
- Google Pay and Samsung Pay for your debit or credit card
- Courtesy callbacks giving you the flexibility to receive a call back rather than wait on hold
- Functionality enabling you to lock and unlock your credit and debit cards online
- Relaxed check hold policy for Members who meet established criteria
- Improved online appointment scheduling providing greater convenience and flexibility
- Remodeled our popular University Branch to provide more flexible service in a beautiful new environment

Looking ahead, we will continue to act on your feedback and evolve to meet your unique financial needs by delivering innovative solutions that offer convenience and value. In fact, several enhancements are already underway.

In response to your overwhelming feedback, we will soon launch Zelle for person-to-person payments. We are also preparing to introduce call center enhancements that will enable us to answer your questions more quickly. We are equally excited to launch secure text messaging as another channel for you to choose from when communicating with us.

To supplement all the digital enhancements, we are planning to relocate our aging Black Canyon branch in Phoenix to 43rd Ave. and Peoria in Glendale within the next 12 months. This will allow us to serve more Members and create opportunities to welcome new ones.

We will keep you informed about the progress of these exciting changes and more as we continue to honor our commitment to serving you.

In closing, I want to thank you for the trust you have placed in Vantage West and extend my gratitude to all of our dedicated team members at Vantage West who make it a priority to serve your needs.

Sincerely,

Sandra Sagehorn-Elliott

President/CEO



\$18.8M

**IN FINANCIAL BENEFITS
TO OUR MEMBERS**

20,000

NEW MEMBERS IN 2021

HOPE SCHAU

Treasurer, Board of Directors

Dear Members,

Our credit union's purpose is investing in people today to achieve a more prosperous tomorrow. While many banks are focused on profits and the bottom line, Vantage West has been focused on serving Members like you for 67 years.

Over the past year, Vantage West invested in you by opening our Crismon Gateway branch in Mesa and modernizing our University Branch in Tucson. We also implemented new digital, mobile, and contact center enhancements to keep up with the growing demand for remote service. In fact, Members logged on to online and mobile banking more than 23.6 million times in 2021, a 10% increase in one year!

BALANCE SHEET GROWTH

The pandemic has continued to impact the economy, yet amid challenging conditions throughout 2021 Vantage West continued to grow. Last year, we welcomed more than 20,000 new Members and now proudly serve more than 168,000 individuals and small businesses whose participation helps us support local communities. These Member relationships are reflected in the strength of our balance sheet, as we grew total assets to \$2.5 billion in 2021.

This growth came from an increase in deposits as many Members chose to save their hard-earned dollars during uncertain times. We also lent more than \$1 billion in 2021, financing the dreams and supporting the everyday lives of Arizonans. This level of Member engagement allows us to reinvest our earnings into new technology and additional service channels for you.

NET WORTH GROWTH

One sign of financial stability is a credit union's net worth, which measures cumulative earnings over time. Under National Credit Union Administration (NCUA) regulations, a credit union's net worth must exceed 7% to be classified as "well-capitalized." Vantage West ended 2021 significantly above that measure with a net worth ratio of 11.06%. Managing our budget responsibly is part of how we support our purpose, and how we can reinvest the profits we have accumulated on your behalf to better serve you.

In closing, I want to thank you for your Membership and the trust you place in the Vantage West team to help you achieve your financial goals.

Sincerely,

Hope Schau

Treasurer, Vantage West Credit Union Board of Directors



KATHLEEN ORTEGA

Chair, Supervisory Committee

Functioning independently of the Board of Directors and management, Vantage West Credit Union's Supervisory Committee provides oversight of operations through independent audits of financial statements, review of internal controls and risk analysis. The Committee is statutorily charged with ensuring the Board of Directors and credit union management meet financial reporting objectives and have practices in place to safeguard Members' assets. In addition, the Committee is tasked with determining that the credit union's internal controls, practices, and procedures comply with applicable laws and regulations.

On behalf of the Supervisory Committee, I am pleased to provide an overview of the Committee's activities and report to the Membership that Vantage West Credit Union continues to be financially strong and well managed with sound policies and programs. Our strength as an institution has been especially important in supporting our Members during the pandemic, and we remain vigilant as to Vantage West's financial stature during ongoing economic challenges.

As part of each Supervisory Committee meeting, the agenda includes discussion with members of the Internal Audit department, who review financial risk performance, fraud prevention, and the effectiveness of governance, risk management, and control processes. Credit union senior managers also report on their activities and projects at appropriate times. In addition, the Committee communicates regularly and provides periodic updates of its activities to the Board of Directors and stays appropriately informed of Board actions.

The Supervisory Committee is charged with engaging independent outside auditors to report on the financial condition of the organization. The independent audit report, issued by Doeren Mayhew, CPAs and Advisors, for the year ended December 31, 2021, confirmed the financial statements fairly present, in all material aspects, the financial condition of Vantage West Credit Union and conform with generally accepted accounting principles. The 2021 audited Statements of Financial Condition and the Statements of Income are included in this annual report.

The Committee maintains open and clear communication with both internal and external stakeholders. This includes the National Credit Union Administration (NCUA), the Arizona Department of Insurance and Financial Institutions (AZDIFI), and most importantly you, our credit union Members. We regularly review and monitor Member feedback to ensure your comments are properly and promptly administered. As always, your comments and suggestions are most welcome.

The Committee extends our gratitude to the Board of Directors, management and staff for an ongoing commitment to improving internal controls and strengthening the credit union, which allows Vantage West to prosper, grow and maintain stability for our Membership.

Sincerely,

Kathleen Ortega

Chair, Supervisory Committee



\$2.5B

TOTAL ASSETS

STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31

| ASSETS | 2021 | 2020 |
|--|------------------------|------------------------|
| Cash & cash equivalents | \$234,350,049 | \$321,053,681 |
| Investments | 678,528,586 | 490,715,293 |
| Federal Home Loan Bank Stock | 7,627,900 | 6,125,900 |
| Loans held for sale | — | 9,931,600 |
| Loans to Members, net of allowance for loan losses | 1,505,710,921 | 1,441,228,769 |
| Accrued interest receivable | 6,810,517 | 5,515,147 |
| Prepaid and other assets | 25,459,441 | 23,156,693 |
| Property and equipment, net | 37,262,244 | 39,038,710 |
| ACH Payments receivable | 20,108,039 | 36,319,662 |
| NCUSIF deposit | 20,653,431 | 18,413,391 |
| TOTAL ASSETS | \$2,536,511,128 | \$2,391,498,846 |

LIABILITIES

| | | |
|--|------------------------|------------------------|
| Shares and savings accounts | \$2,225,270,460 | \$2,026,122,799 |
| Interest payable | 99,487 | 216,968 |
| Accrued expenses and other liabilities | 36,296,994 | 100,138,514 |
| TOTAL LIABILITIES | \$2,261,666,941 | \$2,126,478,281 |

EQUITY

| | | |
|---|--------------------|--------------------|
| Regular reserves | 14,105,367 | 14,105,367 |
| Undivided earnings | 263,461,471 | 242,191,048 |
| Accumulated other comprehensive income (loss) | (5,522,651) | 5,924,150 |
| Equity acquired through acquisition | 2,800,000 | 2,800,000 |
| TOTAL MEMBERS' EQUITY | 274,844,187 | 265,020,565 |

| | | |
|--|------------------------|------------------------|
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$2,536,511,128 | \$2,391,498,846 |
|--|------------------------|------------------------|

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31

| INTEREST INCOME | 2021 | 2020 |
|------------------------------|-------------------|---------------------|
| Loans to Members | \$69,088,152 | \$75,386,770 |
| Investments | 7,641,163 | 6,904,588 |
| TOTAL INTEREST INCOME | 76,729,315 | \$82,291,358 |

DIVIDEND AND INTEREST EXPENSE

| | | |
|-----------------------------|-----------|--------------|
| Shares and savings accounts | 5,874,996 | \$12,449,965 |
| Other interest | 29,460 | 55,428 |
| Total interest expense | 5,904,456 | \$12,505,393 |

| | | |
|---------------------|------------|--------------|
| Net interest income | 70,824,859 | \$69,785,965 |
|---------------------|------------|--------------|

| | | |
|--|-------------|--------------|
| (Recapture of)/provision for loan losses | (1,685,585) | \$13,509,453 |
|--|-------------|--------------|

| | | |
|--|-------------------|---------------------|
| NET INTEREST INCOME AFTER PROVISION | 72,510,444 | \$56,276,512 |
|--|-------------------|---------------------|

NON-INTEREST INCOME

| | | |
|-----------------------------------|---------------------|---------------------|
| Interchange income | 15,191,842 | 11,818,117 |
| Fees and service charges | 11,974,627 | 11,720,712 |
| Gain on equity investments | 1,758,300 | 2,323,588 |
| Miscellaneous non-interest income | 1,624,627 | 1,171,191 |
| Gain on sale of loans | 546,441 | 3,201,606 |
| TOTAL NON-INTEREST INCOME | \$31,095,837 | \$30,235,214 |

NON-INTEREST EXPENSE

| | | |
|-----------------------|------------|--------------|
| Salaries and benefits | 42,601,971 | \$39,738,445 |
| Office operations | 30,028,520 | 29,137,561 |
| Other expenses | 5,149,409 | 4,170,252 |
| Office occupancy | 4,555,958 | 4,181,819 |

| | | |
|-----------------------------------|---------------------|---------------------|
| TOTAL NON-INTEREST EXPENSE | \$82,335,858 | \$77,228,077 |
|-----------------------------------|---------------------|---------------------|

| | | |
|-------------------|---------------------|--------------------|
| NET INCOME | \$21,270,423 | \$9,283,649 |
|-------------------|---------------------|--------------------|



LEADERSHIP

as of March 31, 2022

BOARD OF DIRECTORS

- Doug Zimmerman Chair
- Manny Lucero Vice-Chair
- Hope Schau Treasurer
- Jose Rincon Secretary
- Bob Logan Director
- Kara Riley Director
- Maricela Meza Director
- Naomi Guerrero Director
- Stephen Peary Director

SUPERVISORY COMMITTEE

- Kathleen Ortega Chair
- John Zatarski Member
- Stacey Spink-Cohen Member

CONTACT INFORMATION

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ONLINE

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Info@VantageWest.org

CORPORATE ADDRESS

2480 N. Arcadia Ave.
Tucson, AZ 85712

MAILING ADDRESS

P.O. Box 15115
Tucson, AZ 85708

2021 COMMUNITY IMPACT

MEMBER BENEFITS



SAVINGS

\$114 PER MEMBER* & **\$239** PER MEMBER HOUSEHOLD*

\$18,792,155 IN DIRECT FINANCIAL BENEFITS TO MEMBERS*



1,112 HOURS PAID TO ASSOCIATES TO VOLUNTEER IN THE COMMUNITY



931 NUMBER OF MEMBERS WE HELPED GET INTO OR REFINANCE A HOME



\$9,530 EMPLOYEE DONATIONS TO GO CASUAL FOR A CAUSE



LOANED **400** LOCAL BUSINESS MEMBERS

\$54 MILLION IN FUNDING TO HELP THEM GROW THEIR BUSINESSES

EDUCATIONAL SUPPORT



EDUCATIONAL CLASSES TO PROMOTE FINANCIAL WELLNESS

20

SEMINARS & CLASSES

569

ATTENDEES



\$12,500

SCHOLARSHIPS AWARDED

*Credit Union National Association (CUNA) Member Benefits Report (year-end 2021). Estimated savings in direct financial benefits when compared to Arizona banks.

VantageWest.org



NMLS# 485751
Federally insured by NCUA.