



A RELATIONSHIP THAT GROWS WITH YOU
WESTMARK
CREDIT UNION

ANNUAL
REPORT

MINUTES OF THE 69TH ANNUAL MEETING

WESTMARK CREDIT UNION – APRIL 19, 2023

THE 69TH ANNUAL MEETING OF WESTMARK CREDIT UNION WAS HELD APRIL 19, 2023, AT THE WATERFRONT ON EVENT CENTER DRIVE IN IDAHO FALLS, IDAHO. **TOM YEARSLEY**, FIRST VICE CHAIR OF THE BOARD OF DIRECTORS, CALLED THE MEETING TO ORDER AT 7:00 P.M. AND WELCOMED EVERYONE TO THE MEETING. PARLIAMENTARIAN **JANNA BIRCH** CONFIRMED A QUORUM WAS PRESENT. MR. YEARSLEY INTRODUCED THE BOARD, SUPERVISORY COMMITTEE, BOARD ASSOCIATES, CANDIDATES AND MANAGEMENT THEN TURNED THE TIME OVER TO **DENISE TEUSCHER, BOARD CHAIR**.

Denise Teuscher, Chair of the Board of Directors, called attention to the minutes of the 68th Annual Meeting which were included in the Annual Report. Mrs. Teuscher stated the minutes are kept by the Board Secretary and reviewed by the Board and management. The minutes contain a true and accurate account of the events of the 68th Annual Meeting. Mrs. Teuscher requested a motion to approve the minutes of the 2022 Annual Meeting. **Tom Yearsley** made a motion to approve the minutes. **Derik Nielsen** seconded the motion. Motion carried unanimously.

Mrs. Teuscher stated 2022 was a year of increasing interest rates. Over the past year interest rates were increased several times in order to help curb inflation. Westmark has performed well in competitive product pricing, enhancing services, improving technological services and upgrading services all while controlling expenses. Mrs. Teuscher expressed appreciation to the employees who worked so hard over the past year to implement an upgraded core computer system at the credit union.

Mrs. Teuscher reported Westmark continues to have low loan losses and expressed appreciation to members for paying their loans and keeping their financial commitments. The credit union is performing well, and the Board is comfortable with management's approach to continue to earn income as well as to maintain the security and stability of the credit union. Mrs. Teuscher stated the Board, Supervisory Committee, Board Associates, management and staff are proud to be associated with Westmark and will continue to focus on the membership. Mrs. Teuscher expressed appreciation for the trust the membership places in the credit union.

The meeting was turned over to **CEO Rich Leonardson**. **Mr. Leonardson** stated Westmark experienced excellent results once again in 2022 including adequate net income and healthy growth in net worth, new members, member loans and member deposits. Total member deposits now exceed **\$1.1 billion** and assets under management through Westmark Investment Services exceed **\$280 million**. **Mr. Leonardson** stated the strong financial health and growth experienced by Westmark is because of employees who work diligently every day to make the credit union successful, the Board and other volunteers who willingly fulfill their responsibility to provide direction and oversight, and the loyalty of over **70,000 credit**

union members who belong to Westmark and utilize the services provided. Credit unions are mutual financial cooperatives where members pool their savings and use those funds to offer loans and banking services to the members of the cooperative. The ownership of credit unions is comprised of the members who equally share ownership in the institution and elect a Board of Directors to oversee and direct the organization. This cooperative system has been very successful nationally and for Westmark.

Westmark has had a prosperous journey over the past nearly **70 years**. At the close of the first year of business in 1954, the credit union had **54** members and **\$454.96** in member deposits. The maximum shares allowed on deposit for each member was **\$200** and the maximum amount that could be loaned out to any one member was **\$100**.

Mr. Leonardson stated credit unions across the nation, and particularly Idaho credit unions, have performed very well for many years. **Mr. Leonardson** presented and discussed charts highlighting credit union performance. **Mr. Leonardson** stated it is anticipated rates will remain higher for some time. Because of higher interest rates, Westmark and other financial institutions will see a reduction in annual new loan production and an increase in member deposits with a significant amount of funds moving from savings into higher paying term certificates. This is natural consumer behavior when rates are higher and during times of economic downturns. This will create a shrinking interest margin for Westmark and other institutions. Net income will return to a more moderate level as was experienced prior to COVID.

Mr. Leonardson assured the membership that their money is safe with Westmark where deposits are insured by the NCUA. Decisions made about investments or products and services offered are based on what is best for the members and for Westmark. Westmark has **\$110 million** in reserves and is well prepared to weather economic storms. Westmark does not invest in risky long term investment instruments. Well over **90%** of Westmark funds, which consist of member deposits, are invested in loans to our members. Westmark's delinquency ratio is among the lowest of all financial institutions in the nation and the credit union's investment portfolio is very safe and sound. Westmark officials and employees have a vested interest in the

growth of the credit union. **Mr. Leonardson** stated Westmark is our credit union too and we take great pride in the credit union being a strong, healthy and thriving institution.

Mr. Leonardson stated the past 12 months have been all hands on deck as the conversion to a new core computer system was completed. Thousands of hours were spent by most all employees to ensure the conversion to the new system was as seamless as possible for the membership. There were a few pain points, but the new system is up and going and will help meet the future needs of the membership for many years. **Mr. Leonardson** expressed a special thank you to the conversion committee who did the heavy lifting to make sure the conversion process went well. **Mr. Leonardson** stated the rest of 2023 and beyond will be fun-filled and action packed as the focus continues to retain the trust and confidence of the credit union members and to maintain a financially safe and sound institution. **Mr. Leonardson** expressed appreciation to those attending the Annual Meeting and for their interest in Westmark.

The floor was turned over to **Derik Nielsen** for the Treasurer's Report. **Mr. Nielsen** reported the credit union had very strong financial performance over the past year with continued strong growth in loans and deposits. In addition to very solid growth in loans, the credit union realized growth in other income providing assets, experienced great control of write-offs and good stable control of expenses. Management continues to focus on maintaining the required ratios for financial stability putting the credit union in a position to experience strong financial stability, growth and profit. The credit union truly had an exceptional year setting new records by passing **\$1.3 billion** in assets and achieving net income of **\$12.6 million**. Equally or more important to this great financial performance, Westmark also provided great services to the membership. **Mr. Nielsen** stated the Board is pleased with the financial performance of the credit union and with management and is looking forward to continued growth and financial stability.

The floor was then turned over to **Will Jenson, Chair of Westmark's Supervisory Committee**. **Mr. Jenson** explained the Supervisory Committee is appointed by the Board of Directors to act as the audit oversight representatives for the membership. This includes both internal and external audits. In 2022 **Poston Denney & Killpack** conducted the external audit in accordance with auditing standards generally accepted in the United States of America. The audit results stated that the financial statements present fairly in all material respects the financial position of Westmark Credit Union. The Supervisory Committee meets quarterly with the credit union's Internal Auditors and with the Information Security Committee. The Supervisory Committee meets monthly with Westmark managers to get insight on credit union operations, controls and outcomes. **Mr. Jenson** reported the Supervisory

Committee also meets regularly with State and NCUA regulators and addresses member concerns if they occur.

Mr. Jenson stated it is the opinion of the Supervisory Committee that Westmark Credit Union is operating effectively, that the financial statements present fairly, in all material respects, the financial position of Westmark and that operations are handled in conformity with generally accepted accounting principles and related regulations.

In his role as **Teller of Election**, **Mr. Jenson** announced the results of the election for the two open positions on the Board. **Nate Stevens and Tom Yearsley** were the only candidates nominated by the Nominating Committee. No other nominations were received for said vacancies. As stated, the positions were uncontested so said individuals were elected to the Westmark Board of Directors. **Mr. Jenson** congratulated the two candidates.

Mrs. Teuscher asked if there was any new business. No new business was reported. **Mrs. Teuscher** reported for some time the Board has recognized that several of the credit union management team are close in age and are likely to retire at the same time. The Board has developed a succession plan to prepare for such an event. Westmark's CEO, **Rich Leonardson**, is planning to retire in the near future, and Westmark's Board has selected **Mike Schneck to become the next CEO of Westmark**. **Mr. Schneck** has worked at Westmark for nearly 30 years. **Mr. Schneck** has managed two Westmark branches, has been a member of senior management for nine years and a member of Westmark's executive team for three years. **Mr. Schneck** is a Veteran who served in the U.S. Marine Corp for six years. He used the G.I. bill funding to pay for college and earn a Bachelor's Degree in Finance from the University of Idaho in 1991, and took advantage of Westmark's tuition reimbursement program to earn his MBA at Idaho State University in 2004. **Mr. Schneck** grew up in Idaho Falls and graduated from Skyline High School. He understands the culture, values and financial service needs of Idahoans. He is passionate about Westmark and the opportunity to continue the credit union's mission to be a great place for employees to work, a great place for members to do their banking and ensuring Westmark remains a strong and stable financial institution for years to come. **Mrs. Teuscher** expressed congratulations to **Mr. Schneck**.

Mrs. Teuscher announced the door prize winners were **Robert Paige, Albert Gius, Cam Stradley, Thomas Lange, Arthur Mulcahey and Jim Cuddihy**. **Mrs. Teuscher** called for a motion to adjourn. **Craig Simpson** made a motion to adjourn. **Mike Ehlers** seconded the motion. Motion passed unanimously. Meeting adjourned at 7:31 p.m.

MESSAGE FROM CEO

MIKE SCHENCK

The results of operations reported in the 2023 Annual Report of Westmark Credit Union represent the commitment of the Board of Directors, management and staff to ensure the long-term financial health of the credit union and to remain relevant and appealing to credit union members. Including 2023, the credit union has experienced thirty-three consecutive years of positive net income and growth.

Westmark has a unified mission and purpose to serve our members. We engage in teamwork to make Westmark the best place to work, we unite in making Westmark the best place for our members to do their banking, and we have unity and resolve to make Westmark a strong and enduring financial institution. This in turn allows us to give back to our members and the great Idaho communities in which we live.

2023 was a year of challenges for the credit union and our members. Elevated inflation put pressure on members' budgets and high interest rates made financing homes and major purchases difficult and costly. However, where higher rates presented a challenge for our borrowing members, our members looking to earn more on their deposits experienced better savings rates than have been seen in many years. These economic and interest rate conditions resulted in a very minimal drop in overall outstanding loans at the credit union but an increase in overall deposits to over \$1.2 billion as well as an increase in total assets to \$1.38 billion. The economic conditions

additionally resulted in a significant number of credit unions nationally posting annual losses in their earnings. This was not the case for Westmark. Although the credit union posted reduced profits from the previous two years, the credit union was successful in maintaining adequate profitability with just shy of \$4 million in net income at the conclusion of the year.

In January of 2024, Westmark experienced the retirement of Rich Leonardson, our long-tenured President & CEO for the past 32 years. Retiring alongside Rich were two other long-tenured executives with over 30 years of service. Gil Birdsong, our Chief Operations Officer and Craig Simpson, our in-house Legal Counsel. We are grateful for over three decades of service, leadership, and friendship with these three seasoned executives. They have left an indelible mark of excellence on the credit union! They will be missed, but we wish them the very best in their retirement.

Westmark celebrated its 70th birthday on April 12, 2024. The significant advances in technology, banking services, and member expectations during this time-frame has been immense and challenging. It has been the privilege of our Board, Supervisory Committee, Board Associates, and credit union employees to have risen to this challenge and work hard in providing the financial products and services that you need. Westmark will continue to invest in technology and innovation to meet the future needs of all members. We look forward to the next 70 years as we remain committed to building relationships with our members and assisting our members in achieving their financial goals and dreams.

2023

TREASURER'S REPORT

	December 31, 2023	December 31, 2022	Increase/{Decrease}
Total Loans	\$1,195,597,000	\$1,206,700,000	{.9%}
Total Assets	\$1,379,747,000	\$1,345,000,000	2.6%
Total Shares	\$1,211,272,000	\$1,098,340,000	10.3%
Net Capital	\$112,815,000	\$109,916,000	2.6%

2023 TREASURER'S REPORT

DERIK NIELSEN, TREASURER

I am pleased to report the financial performance of Westmark Credit Union for the calendar year 2023. As indicated in the table below, Westmark continues to maintain resilient financial performance and continues to focus on loans and deposits in a year of rising interest rates.

The year brought a focus of maintaining loans, combined with growth in other income providing assets, control of write-offs, as well as good control of expenses. Management continues to focus on maintaining the required ratios for financial stability throughout the year putting the Credit Union in position to continue to experience strong financial stability, growth, and profit.

The credit union truly had a great year continuing to grow to nearly \$1.4 billion in assets and achieving a net income of \$3.9 million in a year with a high cost of funds.

\$3,900,000
NET INCOME

Equally or more important to this good financial performance, Westmark also provided great services to us as members, helping us save money and keep our assets safe.

As a Board, we are pleased with the financial performance of the Credit Union and with Management. We look forward to continued financial stability and a growth in the future.

WESTMARK GROWTH

\$1.4B in assets

BOARD OF



BOARD OF DIRECTORS:

Denise Teuscher, Chair
Nathan Stevens, 1st Vice Chair
Rebecca Adams, 2nd Vice Chair
Steve Hammon, Secretary
Derik Nielsen, Treasurer
Michael Ehlers, Director
Will Jenson, Director

SUPERVISORY COMMITTEE:

Darin Fullmer, Chair
Mike Parker
Mike Thompson

BOARD ASSOCIATES:

Sadie Budge
Colter Hansen
Joseph Drasso

2023 BOARD CHAIR REPORT

DENISE TEUSHER, CHAIR

In 2023 we saw a year of increasing interest rates. As we learn of interest rate changes, Westmark makes appropriate changes to remain competitive and continue the growth of the credit union.

The credit union has continued to perform well in product pricing, enhancing our services, and improving our technological services, while controlling expenses. We continue to have loan losses and delinquencies and management continues to make improvements in these areas. Although we continue to have loan losses and delinquencies, we continue to outperform our peers.

Last year we announced that Rich Leonardson, our CEO would retire in January of 2024 and Mike Schenk had agreed to accept the position as CEO. Mike brings with him a great enthusiasm for Westmark. He has a great appreciation for its members, an interest in growing the credit union, and continuing to build upon the great work that has been done in the past. We have several new members of the Executive Team and we would like to thank them, as well as all of the employees for their support and enthusiasm as we go through these changes and look to the future of Westmark.

The credit union is doing a great job and the Board is comfortable with management's approach to continue to earn income, as well as the security and stability of the credit union.

The Board, Supervisory Committee, Board Associates, management and staff are proud to be associated with Westmark and will continue to focus on its members and continued growth. Thank you for the trust you place in each of us.





2023 SUPERVISORY COMMITTEE REPORT

DARIN FULLMER, CHAIR

The Supervisory Committee is appointed by the Board of Directors, and our role is to provide oversight and risk protection for the credit union membership. The Committee works closely with the Board, management, internal auditors, and independent auditors in reviewing and maintaining the credit union's internal controls and making sure the credit union is soundly managed.

One of the primary roles of the Committee is to oversee the annual independent audit. Poston, Denney, & Killpack, PLLC was selected to conduct the annual audit for 2023. The auditors examined the credit union's records to obtain sufficient evidence supporting the amounts and disclosures reported in the financial statements. They conducted their audit in accordance with accounting principles generally accepted in the United States of America. Those standards require that they plan and perform their audit to obtain a reasonable level of assurance about whether the financial statements are free of material misstatement. The results of the independent audit show the financial statements of Westmark Credit Union, which includes statements of financial condition, earnings, comprehensive earnings, members' equity, cash flows, and related notes, are presented fairly in all material respects. According to the audit findings, the financial position of Westmark Credit Union and the results of its operations ended in accordance with generally accepted accounting principles in the United States of America.

In addition to the annual independent audit, the Supervisory Committee meets with members of management to learn more about the credit union's

operations, internal controls, audit findings, and overall outcomes. The Supervisory Committee also meets quarterly with the internal auditors to review internal audit reports and findings. The results of these discussions have provided the Supervisory Committee with a high level of confidence that all departments and employees of Westmark make every effort to consistently achieve high operational standards and successfully execute their fiduciary responsibilities. In addition, the Supervisory Committee is represented on the Information Security Committee, which reviews the departmental risk assessment plans, testing, and verification results. Finally, the Supervisory Committee responds to concerns expressed by members and ensures timely resolutions are made when needed. Contact information for the Supervisory Committee is available on the Westmark website should members feel the need to reach out at any time.

It is the opinion of the Supervisory Committee that Westmark Credit Union is operating effectively. Employees, including members of management, are eager to serve the members of the credit union and uphold all state and federal regulations. It is also the Committee's opinion that the financial statements present fairly, in all material respects, the financial position of Westmark Credit Union, and that operations are carried out in accordance with generally accepted accounting principles and related regulations.



COMMUNITY ACTIVITIES



Our Financial Literacy Classes for students elementary all the way into college. In 2023, we provided financial literacy education to 4500 students throughout our communities.



BALANCE SHEET

WESTMARK CREDIT UNION BALANCE SHEET/INCOME STATEMENT COMPARISONS 2023 - 2021

*Financials were audited thru April 30, 2023

STATEMENT OF FINANCIAL CONDITION

ASSETS:

CASH AND INVESTMENTS
LOANS TO MEMBERS & PARTICIPATIONS PURCHASED
LESS: ALLOWANCE FOR LOAN LOSSES
NET PROPERTY, EQUIPMENT, LEASEHOLD IMPROVEMENTS
ALL OTHER ASSETS

TOTAL ASSETS:

LIABILITIES:
NOTES, INTEREST, DIVIDENDS PAYABLE
ACCOUNTS PAYABLE AND OTHER LIABILITIES

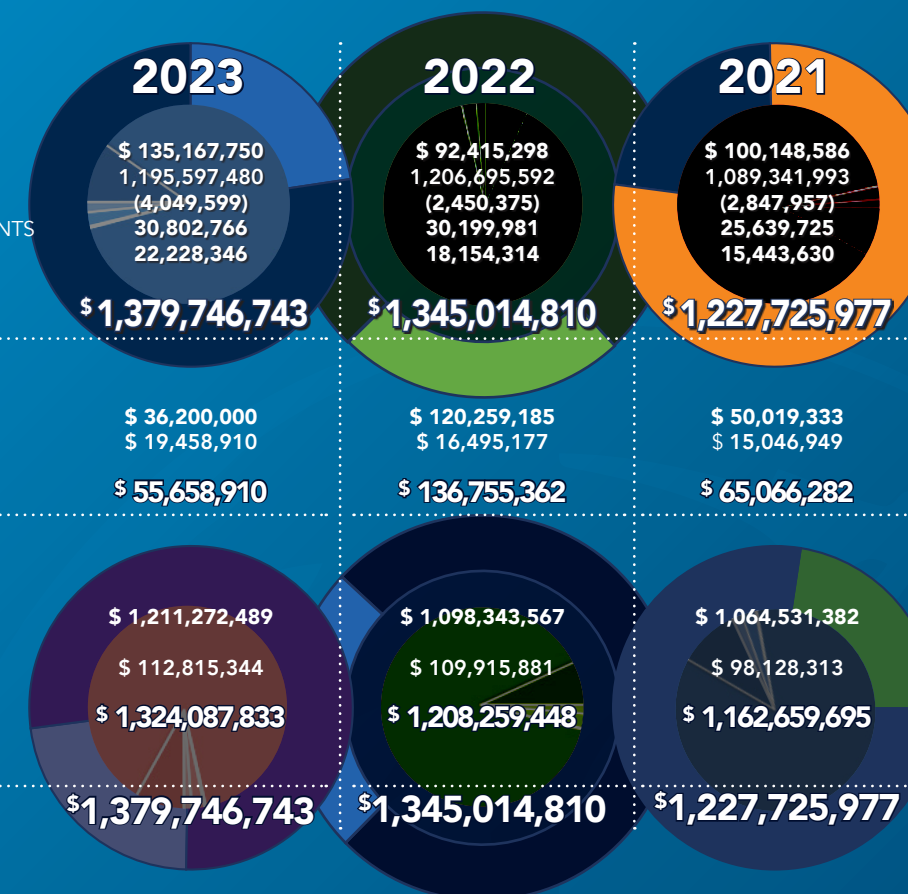
TOTAL LIABILITIES:

EQUITY:

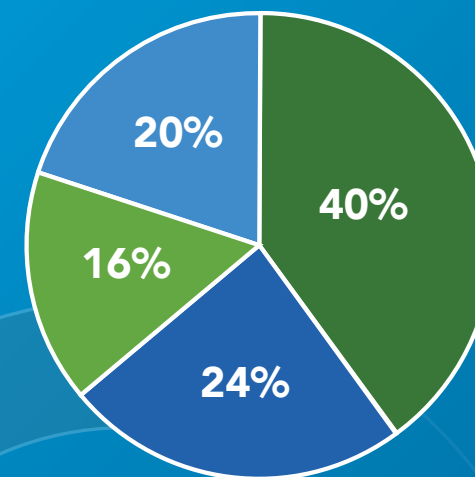
MEMBER DEPOSITS
STATUTORY RESERVES, ADJUSTMENT FOR
AFS SECURITIES, UNDIVIDED EARNINGS

TOTAL EQUITY:

TOTAL LIABILITIES AND EQUITY:

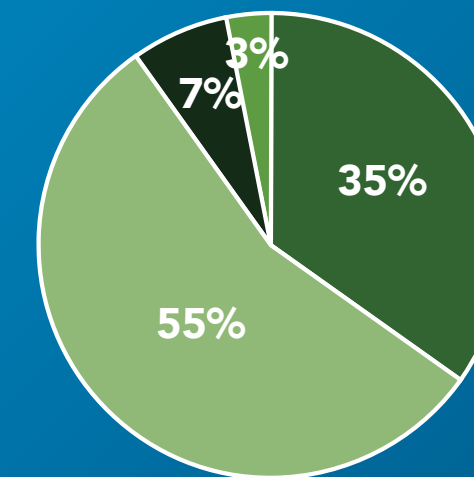


STATEMENT OF EARNINGS	2023	2022	2021
INTEREST AND OTHER INCOME:			
INTEREST ON LOANS	\$ 55,067,501	\$ 43,594,543	\$ 37,918,89
INTEREST ON INVESTMENTS	4,653,417	1,406,066	1,262,37
OTHER OPERATING INCOME	11,656,006	11,732,193	12,270,227
TOTAL INCOME	\$71,376,924	\$56,732,802	\$51,451,498
INTEREST, DIVIDENDS AND OPERATING EXPENSES:		2022	2021
DIVIDENDS ON MEMBER DEPOSITS & INTEREST EXPENSE	\$ 24,450,504	\$ 5,587,269	\$ 2,960,759
OPERATING EXPENSES	39,480,725	37,670,454	33,215,370
PROVISION FOR LOAN LOSSES	3,655,130	925,000	—
TOTAL EXPENSES	\$67,586,359	\$44,182,723	\$36,176,129
NET OPERATING INCOME	3,790,565	12,550,07	15,275,369
NON-OPERATING EXPENSE (INCOME)	(124,258)	(81,652)	100,630
NET INCOME	\$3,914,823	\$12,631,731	\$15,174,739



MEMBERSHIP DEPOSITS - BY ACCOUNT TYPE

- Term Certificates
- Savings & IRAs
- Checking
- Money Market



MEMBERSHIP LOANS - BY TYPE

- First Mortgages/Commercial
- Auto/RV
- 2nd Mortgage/Home Equity
- Credit Cards/Unsecured

	2023	2022	2021
TOTAL ADULT MEMBERS	74,176	72,609	69,719
TOTAL DEPOSITS (in Millions)	\$1,211.3	\$1,098.3	\$1,064.5
OUTSTANDING LOANS (in Millions)	\$1,195.6	\$1,206.7	\$1,089.3
ONLINE BANKING USERS	50,665	53,788	49,406
YOUTH PROGRAM MEMBERS	5,233	6,836	6,435
LOAN DILINQUENCIES (60+ Days Past Due)	0.19%	0.21%	0.10%

TOTAL DEPOSITS

2023	\$1,211,300,000
2022	\$1,098,300,000
2021	\$1,064,500,000

a **relationship**
that grows with you

family • community
inspiration
devotion • energy
dedication **solutions**
passion

