

STATEMENT OF FINANCIAL CONDITION

	2020	2019	2018
ASSETS:			
Cash And Investments	\$ 97,984,792	\$ 72,198,564	\$ 70,554,523
Loans To Members	885,976,733	762,981,041	711,365,558
Less: Allowance For Loan Losses	(3,192,642)	(2,150,084)	(2,259,058)
Net Property, Equipment, Leasehold Improvements	24,747,194	24,847,987	21,957,139
All Other Assets	13,438,756	11,433,574	10,233,970
TOTAL ASSETS	\$ 1,018,954,833	\$ 869,311,082	\$ 811,852,132
LIABILITIES:			
Notes, Interest, Dividends Payable	\$ 20,170,271	\$ 21,530,639	\$ 44,611,235
Accounts Payable And Other Liabilities	11,063,507	8,880,906	7,504,561
TOTAL LIABILITIES	\$ 31,233,778	\$ 30,411,545	\$ 52,115,796
EQUITY:			
Member Deposits	\$ 904,649,442	\$ 764,283,703	\$ 691,488,469
Statutory Reserves, Adjustment For AFS Securities, Undivided Earnings	83,071,613	74,615,834	68,247,867
TOTAL EQUITY	987,721,055	838,899,537	759,736,336
TOTAL LIABILITIES AND EQUITY	\$ 1,018,954,833	\$ 869,311,082	\$ 811,852,132
STATEMENT OF EARNINGS:			
INTEREST AND OTHER INCOME:			
Interest On Loans	\$ 34,352,723	\$ 31,778,381	\$ 26,660,231
Interest On Investments	1,233,871	1,208,686	1,074,447
Other Operating Income	10,515,638	8,674,143	8,053,850
TOTAL INCOME	\$ 46,102,232	\$ 41,661,210	\$ 35,788,528
INTEREST, DIVIDENDS AND OPERATING EXPENSES:			
Dividends On Member Deposits & Interest Expense	\$ 5,932,179	\$ 6,896,097	\$ 4,402,195
Operating Expenses	29,705,739	26,845,517	24,070,658
Provision For Loan Losses	2,105,000	1,730,000	1,125,000
TOTAL EXPENSES	37,742,918	35,471,614	29,597,853
NET OPERATING INCOME	8,359,314	6,189,596	6,190,675
NON-OPERATING EXPENSE (INCOME)	(90,745)	(35,782)	(16,472)
NET INCOME	\$ 8,450,059	\$ 6,225,378	\$ 6,207,147

2020 SUPERVISORY COMMITTEE REPORT – Derik Nielsen – Chairperson

The Supervisory Committee is appointed by the Board of Directors and its role is to be the audit oversight representatives for the credit union membership. The Committee works closely with the Board of Directors, management, internal auditors and the independent auditors in reviewing and maintaining the credit union's internal controls and making sure the credit union is soundly managed. The primary focus of the Committee is to ensure an independent audit of the credit union's financial statements is performed annually.

As of April 2020 a local CPA firm, Poston, Denney & Killpack, PLLC, was selected to conduct the annual audit. The auditors examined the credit union's records to obtain evidence supporting the amounts and disclosures reported in the financial statements. They conducted their audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that they plan and perform the audits to obtain a reasonable level of assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In addition to the independent audit, the Supervisory Committee meets with different members of management to learn more of the details of credit union operations, and review internal controls, audit processes, and outcomes. The Supervisory Committee also meets quarterly with the internal auditor 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 reviewing the departmental risk assessment plans, testing, and verification results.

It is the opinion of the Supervisory Committee, that Westmark Credit Union is operating effectively. It is also the committee's opinion 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.

2020 BOARD OF DIRECTORS

Michael Ehlers, Chair
Denise Teuscher, 1st Vice Chair
Charles A. Collins, 2nd Vice Chair
Tom Yearsley, Treasurer
Nathan Stevens, Secretary
Jim Cuddihy
Stephen Hammon

2020 SUPERVISORY COMMITTEE

Kim Duncan, Chair
Rebecca Adams
Derik Nielsen

2020 BOARD ASSOCIATES

Darin Fullmer
Will Jensen
Mike Parker



MINUTES OF THE 66TH ANNUAL MEETING – WESTMARK CREDIT UNION – AUGUST 28, 2020

THE 66TH ANNUAL MEETING OF WESTMARK CREDIT UNION WAS HELD AUGUST 28, 2020, AS A VIRTUAL, ONLINE MEETING FROM CORPORATE HEADQUARTERS IN IDAHO FALLS, IDAHO. MIKE EHLERS, CHAIR OF THE BOARD OF DIRECTORS, CALLED THE MEETING TO ORDER AT 7:00 P.M. AND WELCOMED EVERYONE TO WESTMARK'S ANNUAL MEETING. PARLIAMENTARIAN CRAIG SIMPSON CONFIRMED A QUORUM WAS PRESENT. MR. EHLERS INVITED MEMBERS WITH QUESTIONS OR COMMENTS TO SUBMIT THEM USING THE CHAT FEATURE IN ZOOM.

Mr. Ehlers called attention to the minutes of the 65th Annual Meeting which were available on the credit union's web page and included in the Annual Report. Mr. Ehlers 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 65th Annual Meeting. Mr. Ehlers requested a motion to approve the minutes of the 2019 Annual Meeting. Nate Stevens made a motion to approve the minutes. Mr. Ehlers seconded the motion. Motion carried unanimously. Mr. Ehlers invited anyone with concerns about the minutes to contact Kathy Jo Davis at 208-523-2722 extension 0553.

Mr. Ehlers expressed appreciation to everyone who joined the Annual Meeting via Zoom. Mr. Ehlers reported 2019 was another outstanding year for Westmark. The credit union continues to be financially strong and innovative in the products offered to the membership. Mr. Ehlers stated the board and management at Westmark are a good blend of individuals from many different occupations. Mr. Ehlers stated the board and management have excellent discussions and a respect for all opinions. A focus on training for board, management and all employees continues to be a priority. Mr. Ehlers expressed appreciation to the membership for the trust they place in Westmark.

The meeting was turned over to CEO, Rich Leonardson. Mr. Leonardson expressed appreciation for the patience, understanding and support of Westmark's employees and members as the credit union worked through the daily challenges of dealing with COVID-19. All of the decisions made by Westmark's management were based on efforts to comply with health department orders, show support for those who have been affected by COVID, be responsible citizens and to protect those who are in our facilities.

Mr. Leonardson discussed financial results and successes for Westmark in 2019 which included a record number of new members joining the credit union, record deposit growth and record loan volume. Including 2019, Westmark has experienced 29 consecutive years of positive net income. The continued low delinquencies and charge offs also speak to the financial health of the credit union.

Mr. Leonardson reported that Westmark officials have been very concerned about the financial consequences of COVID-19 specifically about high unemployment, the impact on the businesses in the region, and the potential for decreased loan volume and increased delinquencies which could potentially greatly impact earnings. Mr. Leonardson stated he was pleased to report that Westmark and the membership are weathering this potential financial storm well. Thus far in 2020 deposit growth has increased 80% over results for the same period in 2019. Loan delinquencies have decreased from 1.3% in July 2019 to .09% in July 2020. During the months of May, June and July the credit union opened 3,750 new memberships and funded \$168 million in new loans compared to 2,760 new memberships and \$98 million in new loans during the same period in 2019.

Mr. Leonardson discussed Westmark's Purpose Statement and Motto and stated the credit union's long-term financial strength, being the best place for members to achieve their financial goals and being the best place for employees to work

are always considered when making strategic decisions for the credit union. Mr. Leonardson expressed appreciation to Westmark's members, the Board of Directors, Supervisory Committee, Board Associates and employees for supporting the credit union.

The floor was turned over to Nate Stevens for the Treasurer's Report. Mr. Stevens reported the credit union had very strong financial performance over the past year. The credit union saw a solid increase to loans and other income, great control of write offs and good stable control of expenses that yielded an incredible 100% increase to net income. Total shares and net capital increased during the year. Management was able to maintain all the required ratios for financial stability putting the credit union in a position to continue to experience growth and profit. Equally important to this great financial performance, the credit union also provided great services to the members helping us save money and keep our assets safe. Mr. Stevens stated the Board is pleased with the financial performance of the credit union and with management and looks forward to continued growth, profitability and financial stability.

The floor was then turned over to Derik Nielsen who serves on Westmark's Supervisory Committee. Mr. Nielsen 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 2019 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 Auditor 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. Nielsen reported the Supervisory Committee also meets regularly with State and NCUA regulators and addresses members concerns if they occur.

Mr. Nielsen 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. Nielsen 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 not contested so said individuals were elected to the Westmark Board of Directors. Mr. Nielsen congratulated the two candidates.

Mr. Ehlers stated there was no unfinished business from the previous Annual Meeting. There being no further business, Mr. Ehlers called for a motion to adjourn. Rich Leonardson made a motion to adjourn. Derik Nielsen seconded the motion. Motion passed unanimously. Meeting adjourned at 7:19 p.m.

MESSAGE FROM THE CEO - Richard Leonardson

The results of operations reported in the 2020 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 the members of the credit union. Including 2020, the credit union has experienced **thirty consecutive years of positive net income and growth** resulting in the accumulation of over \$83 million in reserves including \$8.4 million in earnings added to reserves in 2020.

The events of 2020 were beyond anything our Nation has ever experienced in its history. Thank you, Westmark members, for the trust you placed in us as we have worked together through the COVID-19 pandemic to protect you and our employees while fulfilling our social responsibility to help minimize the spread of the virus. We truly appreciate your understanding and support. Westmark has worked with hundreds of members who suffered financial hardship resulting from these extraordinary times and will continue to help and support when and where we can. Regardless of the extraordinary economic conditions, Westmark has experienced one of its best years in financial results and low loan losses.

The Westmark Purpose or Mission Statement helps us to focus on what is most important: *"Our purpose is to ensure Westmark Credit Union remains relevant because of our commitment to be a financially strong and enduring institution, the best place for members to achieve their financial goals and dreams, and the best place to work."* The overall results of business for the calendar year 2020 demonstrate our commitment to "Our Purpose." Westmark grew a record \$140 million in member deposits, granted a record \$561 million in new loans to its members and opened a record 11,100 new memberships during 2020. Westmark Investment Services added \$17 million in new member investments with total assets under management exceeding \$200 million.

Westmark loan delinquencies and loan losses continue to outperform losses experienced by other credit unions both nationally and locally. In 2020, loan delinquencies averaged less than 10% of total loans compared to an average of 50% for our peer group which consist of the 650 largest credit unions in the United States. Annual loan losses during the year were 1.3% of total loans compared to 30% for the peer group. Westmark has consistently outperformed its peers in loan quality for decades signifying sound lending practices and a loyal membership base.

The credit union membership base extends to most residents within 34 counties in eastern, southern and western Idaho. To improve market share and increase potential for growth, Westmark has added five new branch locations since 2015, in Meridian, Twin Falls, Boise and two in Idaho Falls. Collectively these new locations had \$14 million in new loan volume and added \$15 million in new member deposits to the credit union during 2020.

The Board, Supervisory Committee, Board Associates, Management and the 230 employees of the credit union are proud of the accomplishments and successes of Westmark. We express our appreciation to all Westmark members for your loyalty and support over the past 65 plus years. I express my gratitude to the dedicated employees of Westmark for the importance they place in their responsibilities and the contributions they make to the success of the credit union. It continues to be gratifying to witness the increased utilization by our existing members of credit union services and the large number of new members joining Westmark every year. We will continue our commitment and focus to retain your trust and confidence and maintain a financially safe and strong institution.

MESSAGE FROM THE CHAIR - Michael Ehlers

2020 was a year of many firsts for Westmark Credit Union. We not only survived the COVID-19 Pandemic but exceeded our goals for 2020. It was challenging as we weathered through an unknown path not always knowing fact versus fiction. We had our share of COVID-19 in the credit union but followed guidelines we were given and kept the credit union open for business. We are grateful for the employees who persevered and for you as members who kept going forward. The CEO report will cover all of the great milestones we passed as a credit union. It was a good year. Thank you for your support and our condolences to those of you who have had challenging times this past year and for those who have suffered and those who have lost loved ones. We forward together trying to help each other along the way.

TREASURER'S REPORT – Tom Yearsley

Dear Members, I am pleased to report the financial performance of Westmark Credit Union for the calendar year 2020. As indicated in the table below, Westmark had a very strong financial performance and set records in loans, deposits, and net income.

There was a very solid growth to loans, combined with growth in other income providing assets, great control of write-offs, and good stable control of expenses that yielded an incredible 36.3% increase to net income. Total shares and net capital grew at a great increase during the year as well. Management was able to maintain all the required ratios for financial stability throughout this growth, putting the credit union in a position to continue to experience strong financial stability, growth, and profit.

The credit union truly had an exceptional year setting new records by passing \$1 billion in assets, and achieving an all-time high net income. All this was done while safely navigating the challenges of COVID-19.

Equally or more important to this great 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 growth, profitability,

	December 31, 2019	December 31, 2020	Increase/(Decrease)
Total Loans	\$763,000,000	\$ 886,200,000	16%
Total Assets	\$869,300,000	\$ 1,018,900,000	17%
Total Shares	\$764,300,000	\$ 904,600,000	18%
Net Capital	\$74,600,000	\$ 83,100,000	11%
Net Income	\$6,200,000	\$ 8,450,000	

MEMBERSHIP DEPOSITS – by Account Type MEMBERSHIP LOANS – by Type

Term Certificates	27%	First Mortgages/Commercial	35%
Savings & IRAs	41%	Auto/RV	57%
Checking	20%	2nd Mortgage/Home Equity	5%
Money Market	12%	Credit Cards/Unsecured	3%

CREDIT UNION STATISTICS 2018 - 2020

	2018	2019	2020
Total Adult Members	58,117	60,794	64,715
Total Member Deposits (in millions)	\$691.5	\$764.3	\$904.6
Outstanding Loans to Members (in millions)	\$711.4	\$762.9	\$886.2
Online Banking Users	33,617	36,260	41,700
Youth Program Members	6,303	5,890	6,388
Loan Delinquencies 60+ Days Past Due	1.6%	1.2%	1.0%

