



Western Federal Credit Union

2015

ANNUAL REPORT

This credit union is federally
insured by the National Credit
Union Administration.



SUPERVISORY COMMITTEE REPORT FOR THE 2015 ANNUAL REPORT

The Supervisory Committee of Western Federal Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures and practices. Our goal is to ensure all fiscal operations are performed accurately and in compliance with the Credit Union's Charter and federal regulations. The Supervisory Committee is also present at the monthly Board of Directors' meetings and any special meetings called by the Chairman.

To assist the Supervisory Committee in monitoring the Credit Union's fiscal activities, we retained the services of Crowe Horwath, Certified Public Accounts, to perform an audit of the financial statements and records. This audit was performed in addition to the National Credit Union Administration's regulatory examination. A copy of the audited financial statements can be obtained by calling 310-381-2300 or 877-254-9328.

The Supervisory Committee is pleased to report your Credit Union is financially strong and its fiscal operations for 2015 were performed accurately and in compliance with the Credit Union's Charter, federal regulations, and sound business practices.

On behalf of the Supervisory Committee, it has been our pleasure to serve the membership this past year.

Respectfully submitted,

David Clement
Chairman



CHIEF EXECUTIVE OFFICER'S AND CHAIRMAN'S JOINT MESSAGE

We are pleased to let you know through the continued loyalty and participation of our members, 2015 proved to be a notably successful year for your Credit Union. This performance helped pave the way for several key digital and service enhancements to make banking safer and more convenient for members, and also supported giving back to the communities we serve.

Our financial performance resulted in Net Income of \$9.5 million, while Net Worth remained strong at 9.36%. Our strong financial position is a testament to the engagement of our members choosing our highly competitive products in a sea of financial choices.

Membership increased by 7%, and we are proud to have more than 186,000 Western members nationwide and abroad. This growth was backed by an overall member satisfaction rating of 96.8%, which confirms our commitment to providing superior service to members.

Advancements in digital solutions, increasing service channels, and community involvement efforts were fixtures of 2015. Below are a few examples:

- The introduction of Apple Pay,™ a mobile digital payment service, allows members to pay for purchases using their Apple device without swiping their Western Visa Credit Card.
- We added the EMV chip to Western's Credit Cards to provide an enhanced level of security protection for card transactions.
- New regional service center offices were opened in Las Vegas, Nevada and Mesa, Arizona to help us serve members throughout the nation, while attracting new talent and opening new market opportunities.
- The opening of branch locations in Frisco, Texas, to support Toyota's headquarter relocation to Plano, Texas, and Lakewood, California, to support membership growth in the area.
- Your Credit Union and team volunteered time and donated nearly \$20,000 to charities in the communities we serve. Additionally, we partnered with one of our primary employer groups, First American, in the Susan G. Komen 5k Breast Cancer Awareness Race.

In November 2015, after nearly 22 years as Western's CEO, John Bommarito, moved to an Executive Advisory role to make way for the appointment of Gordon Howe as Western's new Chief Executive Officer. Mr. Howe worked several years directly with Mr. Bommarito preparing for this opportunity. Western's Board of Directors is confident in Mr. Howe's vision and strategy for profitable growth, passion for innovation, and commitment to providing superior member service.



Several significant activities are planned for 2016. Early in March, a name change and rebranding effort will be announced, designed to keep your Credit Union well positioned for the future. To increase the convenience of when you bank, our Contact Center will be available 24 hours a day, seven days a week. New branch locations are scheduled in Las Vegas, Nevada, Mesa, Arizona and Lexington, Kentucky. And, we will convert to a new eBanking and eMobile platform offering members a significant enhancement in their digital banking experience.

We will continue to give you reasons to choose your Credit Union first, and never forget the reason we are here, as our true measure of success is, and always will be, how well we continue to meet your financial needs.

On behalf of the Board of Directors and our Senior Management Team, we thank you for your membership.

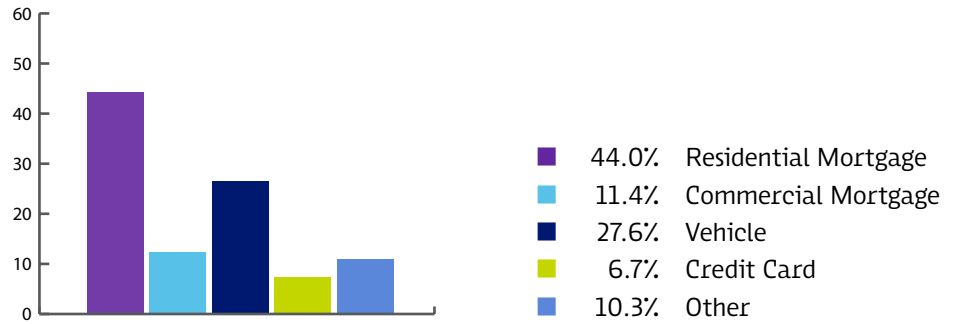
Sincerely,

Gordon Howe
CEO

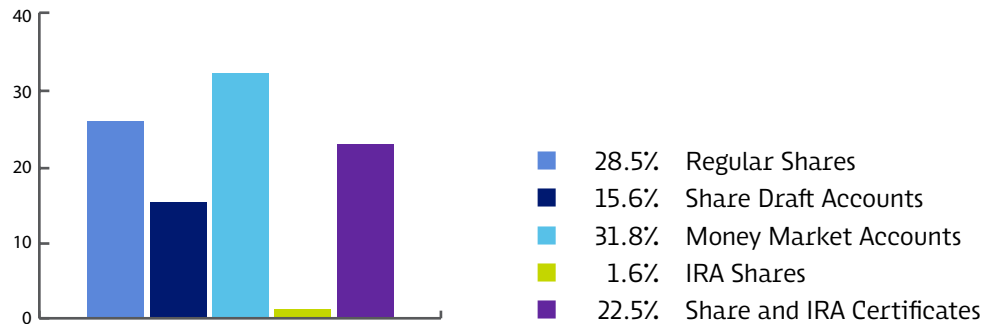
Lloyd Mistele
Chairman of the Board



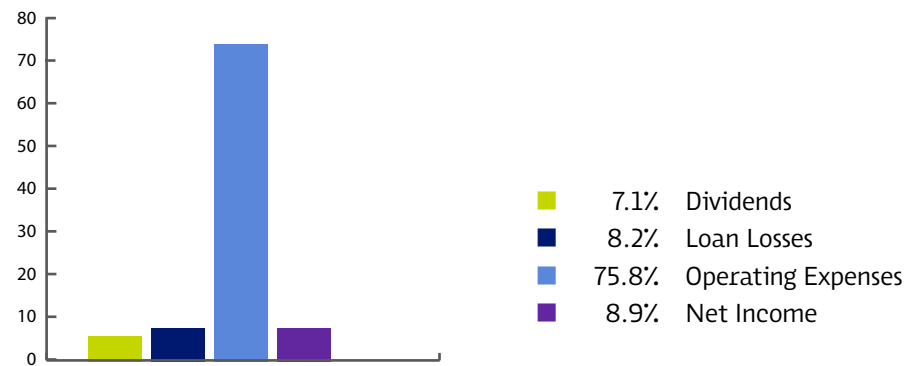
DISTRIBUTION OF LOANS



DISTRIBUTION OF MEMBERS' SHARES



DISTRIBUTION OF OPERATING INCOME



WESTERN FEDERAL CREDIT UNION AND SUBSIDIARY
Consolidated Statements of Financial Condition—December 31, 2015 and 2014

		2015	2014
Assets	Cash and Cash Equivalents	\$ 149,297,876	\$ 161,775,126
	Investments:		
	Available-for-sale	475,050,058	460,934,644
	Held-to-maturity	25,505	30,282
	Other	38,620,575	74,931,431
	Loans, net	1,429,781,919	1,254,293,325
	Accrued Interest Receivable	5,071,180	4,530,274
	Property and Equipment, net	35,877,896	34,597,985
	Share Insurance Deposits	17,730,903	16,540,079
	Other Assets	22,533,970	20,579,950
	Total Assets	\$ 2,173,989,882	\$ 2,028,213,096
Liabilities and Members' Equity	Liabilities		
	Members' Shares	\$ 1,917,337,787	\$ 1,736,837,126
	Borrowed Funds	42,410,597	77,355,156
	Accrued Expenses and other Liabilities	27,821,082	37,468,738
	Total Liabilities	1,987,569,466	1,851,661,020
	Commitments and Contingent Liabilities		
	Members' Equity		
	Retained Earnings	196,972,337	187,423,160
	Accumulated other Comprehensive (loss) Income	(10,551,921)	(10,871,084)
	Total Members' Equity	186,420,416	176,552,076
	Total Liabilities and Members' Equity	\$ 2,173,989,882	\$ 2,028,213,096

WESTERN FEDERAL CREDIT UNION AND SUBSIDIARY
Consolidated Statements of Income—for the Years Ended December 31, 2015 and 2014

		2015	2014
Interest Income	Interest on Loans	\$ 72,035,511	\$ 66,792,093
	Interest on Investments and Cash Equivalents	11,169,163	8,900,995
	Total Interest Income	83,204,674	75,693,088
Interest Expense	Interest on Borrowed Funds	712,037	24,397
	Members' Shares	7,641,984	5,751,702
	Total Interest Expense	8,354,021	5,776,099
	Net Interest Income	74,850,653	69,916,989
Provision for Loan Losses		8,730,325	4,942,527
	Net Interest Income After Provision for Loan Losses	66,120,328	64,974,462
Non-Interest Income	Service Charges and other Fees	11,178,405	11,396,864
	Interchange Income	7,121,801	6,535,762
	Gains on Sale of Loans, net	770,990	1,017,064
	Other Non-Interest Income	4,799,197	4,330,854
	Total Non-Interest Income	23,870,393	23,280,544
Non-Interest Expense	Salaries and Benefits	39,102,639	38,945,218
	Operations	35,447,532	27,705,860
	Occupancy	5,891,373	5,574,623
	Member Patronage Distribution	-	2,985,428
	Total Non-Interest Expense	80,441,544	75,211,129
	Net Income (loss)	\$ 9,549,177	\$ 13,043,877