



2024 ANNUAL REPORT

RED  ROCKS[®]
CREDIT UNION



RED ROCKS

9332





OUR PURPOSE

Enriching Lives™

OUR CORE VALUES

Relentless Care for Others

Do The Right Thing and Do It Well

Engaged Collaboration

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I.

A LETTER FROM OUR PRESIDENT/CEO & CHAIRMAN OF THE BOARD



DARIUS WISE

President/CEO



JOERI CARTY

Board Chairman

As we look at 2024, Red Rocks Credit Union celebrates the growth and resilience that took place among a volatile financial market. The Credit Union remained proactive in its approach to headwinds, which resulted in favorable outcomes on all key metrics. The Credit Union recorded its strongest financial results in four years. The 3-year strategic plan is well under way, and the Credit Union has crafted a vision and purpose to Enrich the Lives of current and future members.

In 2024, we focused on creating operational efficiencies, integration, automation, and system enhancements. Engagement and morale are up across the Credit Union, and we have attracted and retained top tier talent. There were significant improvements in member-facing technology, including an upgrade to our loan operating system and online account opening system.

Our Strategic Priorities Include:

- Being an employer of choice.
- Operating in the top quartile of member experience.
- Growing to \$500 million in assets

One of the most exciting developments of the year is the re-engagement of our relationship with Lockheed Martin, culminating in the launch of a new branch on the Waterton campus in January 2025. This partnership represents a significant milestone for our organization in marrying our history with our growing future.

We would like to express our deepest gratitude to our members for your loyalty, trust, and the opportunity to serve you. We remain committed to providing trusted support, tailored solutions, and unparalleled service over a lifetime. Our team couldn't be more excited about all that lies ahead in 2025!

Here's to Enriching Lives!

DARIUS WISE

President/CEO,
Red Rocks Credit Union

JOERI CARTY

Board Chairman,
Red Rocks Credit Union

BOARD OF DIRECTORS

JOERI CARTY

Chairman

TIFFANY WATTS

Vice Chair

JULIE MENSING

Treasurer

ANDREA PRICE

Secretary

JOE MASSAQUOI

Board Member

AGNES TUTTLE

Board Member

SENIOR LEADERSHIP

DARIUS WISE

President/CEO

TIM JANVRIN

Sr. Vice President of Lending

AMANDA KOBZA

Sr. Vice President of Finance

JOSH HENDERSON

Sr. Vice President of IT

REPORT OF THE TREASURER

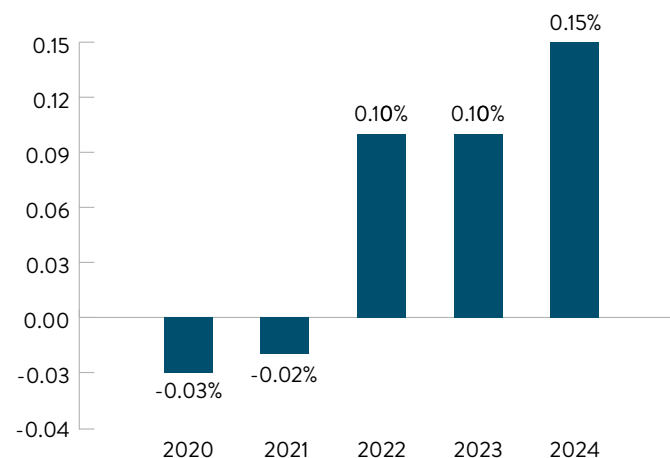
Since 1999, Red Rocks Credit Union has earned a 4-Star (excellent) or 5-Star (superior) financial rating by Bauer Financial, excelling in the areas of capital adequacy, profitability, and asset quality.

These ratings reflect our commitment to maintaining a safe and sound credit union so we can enrich the lives of our members and help them achieve their financial goals through trusted support, tailored solutions, and unparalleled service.

Competition for loans and deposits remained elevated in 2024, driven by continued inflationary pressures and the corresponding high interest rate environment. The Credit Union was able to offset net interest margin pressure through lower credit loss expenses and reduced operational expenses, coming in favorable to budget by 34.4% and 3.7%, respectively.

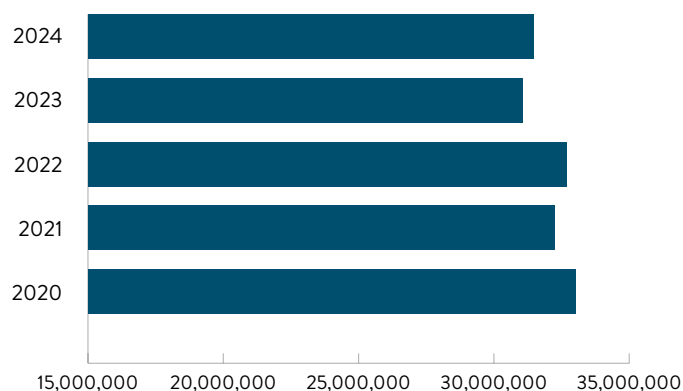
The Credit Union ended 2024 with a net income of \$497,000 and a return on assets ratio (ROA) of 0.15%.

RETURN ON ASSETS



Red Rock's Net Worth ratio, an average of quarterly assets, increased from 9.50% to 9.78% during 2024. Red Rock's Net Worth position remained higher than the 7% level at which the NCUA considers a credit union "Well Capitalized". Total Net Worth, also known as members' equity, ended the year at \$31.5 million, an increase of \$0.5 million from the previous year.

MEMBERS' EQUITY

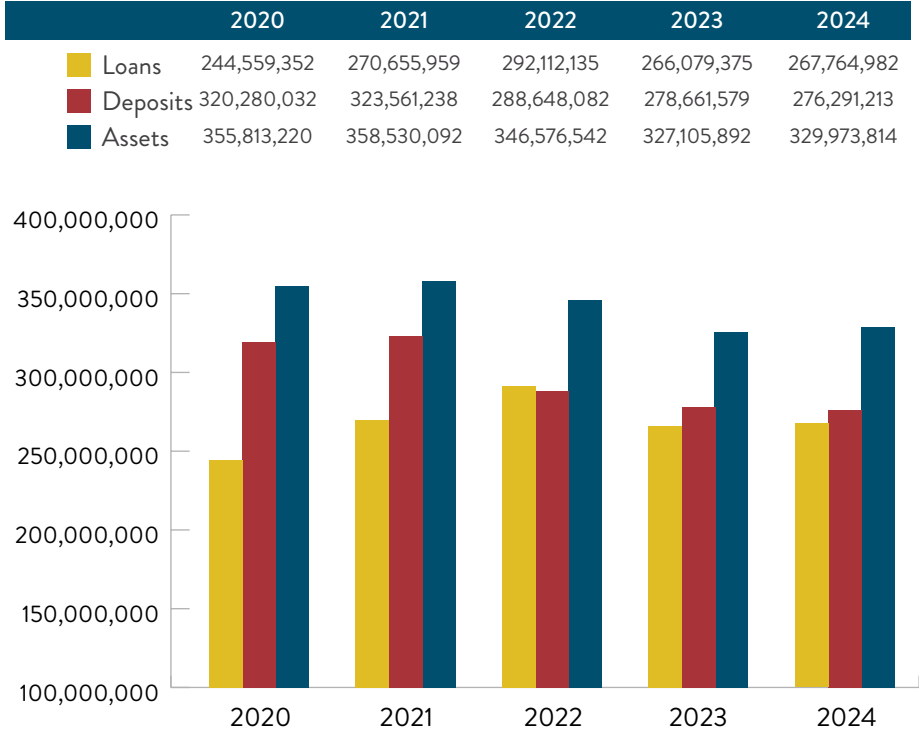


Liquidity continued to be a headwind for the industry in 2024, and Red Rocks experienced drawdowns in members’ savings.

The Credit Union continued the strategy to retain deposit volume through competitive savings and certificate deposit rates while maintaining sustainable margins. Additionally, the Credit Union purchased \$10.5 million in non-member CDs to fund loan growth and maintain deposit balances. Total deposits ended 2024 at \$276 million, a decrease of \$2.4 million from the prior year.

The high interest rate environment and liquidity considerations contributed to lower organic loan originations in 2024. Loan originations were focused in the Home Equity Line of Credit (HELOC) and auto loan portfolios. Red Rocks initiated two loan participation purchases in 2024 in the HELOC and 2nd Mortgage portfolios. Total loans ended 2024 at \$268 million, an increase of \$1.7 million from the prior year.

**FIVE-YEAR GROWTH TRENDS
ARE ILLUSTRATED BELOW:**



The Board of Directors and management of Red Rocks Credit Union remain committed to maintaining a safe and sound credit union for the benefit of the membership.

III.

REPORT OF THE CREDIT OFFICER

In 2024, our loan portfolio maintained strong performance, with the majority of new loans concentrated in higher credit tiers. Over 80% of loans, by balance, were extended to borrowers with credit scores of 700 or above.

We made a strategic effort to optimize our balance sheet by lending out nearly 100% of member deposits. As a result, we achieved modest growth in loan balances by year-end, even as deposit levels remained flat or declined.

PORTFOLIO GROWTH

Year Over Year

	DEC-24	DEC-23	GROWTH \$	GROWTH %
1st Mortgage Loans	76,071,075	78,909,795	(2,838,720)	-3.60%
2nd Mortgage Loans	134,849,379	122,931,192	11,918,187	9.70%
Auto Loans	32,086,467	35,919,762	(3,833,295)	-10.67%
Other Secured Loans	901,651	1,304,671	(403,020)	-30.89%
Credit Card Loans	3,545,089	3,994,137	(449,048)	-11.24%
Unsecured Loans	20,311,320	23,019,818	(2,708,497)	-11.77%
Total	267,764,982	266,079,375	1,685,607	0.63%

LOAN DELINQUENCY AND LOAN LOSSES INCREASED IN 2024 AS A RESULT OF:

1. Increased member outreach
2. Auto loan asset recovery strategy enhancement
3. Several riskier portfolio segments including acquired unsecured loans saw declining balances

In 2024, Red Rocks charged-off \$2,000,020 in loan losses. Of this amount, \$1,598,785 (62%) came from unsecured loan participations or acquired loans. To address delinquency in our on-book and internally serviced loans, we instituted a number of changes in 2024 including enhancements to our collection calling cadences and to our auto loan recovery process late in the year. These efforts yielded appreciable results as our fourth quarter monthly average balances for delinquent internally-serviced loans were 14% lower than they were in the third quarter.

LOAN QUALITY

Performance by product is shown below:

	BALANCE	DELINQUENCY	DQ %	NET LOSS \$	NET LOSS %
1st Mortgage Loans	76,071,075	144,451	0.19%	-	0.00%
2nd Mortgage Loans	134,849,379	1,220,907	0.91%	11,918,187	0.00%
Auto Loans	32,086,467	408,655	1.27%	200,969	0.58%
Other Secured Loans	901,651	-	0.00%	(8,125)	(0.78%)
Credit Card Loans	3,545,089	4,826	0.14%	212,875	5.82%
Unsecured Loans	20,311,320	225,928	1.11%	1,594,301	7.59%
Total	267,764,982	2,004,768	0.75%	2,000,020	0.75%

LOAN PRODUCTION

Loan production remains primarily in high quality credit tiers. Total internal loan production in the D/E tiers below a credit score of 640 was 3.54%.

Production by credit tier for internal loan production is as follows:

	A++ 780+	A+ 740-779	A 720-739	B+ 700-719	B 680-699	C+ 660-679	C 640-659	D 600-639	E <600	TOTAL
Auto	34.41%	16.03%	9.27%	7.50%	10.09%	8.79%	7.49%	5.37%	1.05%	100.00%
Other Secured	52.75%	0.00%	5.99%	0.00%	21.28%	0.00%	0.00%	19.98%	0.00%	100.00%
Real Estate	40.23%	33.60%	9.45%	5.29%	3.18%	3.20%	3.57%	0.75%	0.73%	100.00%
Unsecured	48.33%	12.82%	14.28%	9.35%	4.56%	5.17%	2.19%	2.58%	0.72%	100.00%
Total	38.44%	25.64%	9.61%	6.33%	5.99%	5.45%	5.00%	2.69%	0.85%	100.00%

We look forward to providing an outstanding lending experience for our members in 2025 and continuing to enrich the lives of our members.

IV.

SAFEGUARDING MEMBER ASSETS

The Board of Director's Audit & Risk Committee is responsible for ensuring Red Rocks' books and affairs are examined, at a minimum, on an annual basis and that the credit union policies, procedures, and internal controls are adequately designed to safeguard member assets.

The audit firm of SingerLewak was engaged to conduct the 2024 opinion audit of Red Rocks Credit Union. SingerLewak noted the financial statements for the year ending 2024, presented fairly the financial position of Red Rocks Credit Union. The audit further stated the results of Red Rocks' operations and cash flows were in conformity with generally accepted principles of the United States of America. The 2024 Audited Financial Statements are available for review upon request.

In 2024 the Audit & Risk Committee also engaged that audit firm of FORVIS MAZARS to conduct various audits related to credit union operations and controls. All areas reviewed were rated as Satisfactory.

Members of the Audit & Risk Committee include Board Members Julie Mensing as chairperson, and Tiffany Watts. This team brings decades of audit, accounting, and risk management experience to their roles, and will continue to provide high level oversight and expertise to the safeguarding of member assets.

JULIE MENSING

Audit & Risk Committee
Chairperson





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