



2022 | ANNUAL REPORT

LIVE YOUR PURPOSE





We believe in a better and more inspiring world where people live out their hopes, dreams and aspirations; where they have a sense of purpose and live their lives intentionally; where they inspire others, have a sense of belonging and a feeling of peace.

RED ROCKS **IN** 2022

What's most remarkable about the year, however, is how aligned and attributable our efforts are to our core values.

- Message from Board of Directors

922 NEW MEMBERS

5.7% Growth from last year

"We delivered major system upgrades that greatly improved the member experience, and we leaned into the incredible giving nature of our teams to reactivate our volunteerism and commitment efforts in the communities we call home."

- Darius Wise, President and CEO

A Year to Inspire. A Year to Thrive.

2022 was remarkable for our organization in so many ways. We successfully navigated major shifts in leadership, significant upgrades to the member experience, and made a tangible impact on the community we call home. What's most remarkable about the year, however, is how aligned and attributable our efforts are to our core values.

We Provided Relentless Care for Others.

While financial success for most credit unions begins and ends with the balance sheet, we take things a step further at Red Rocks. Our measure of success takes a deeper look at what our numbers really mean in the lives of our members. As an example, in 2022, with the help of our members, we made an impactful donation to the Denver Rescue Mission. We also committed a day's work to serve our community, mulching trees. Plus, our employees' daily service to go above and beyond for our members to learn about their stories and unique ways to serve them.

We Did the Right Thing, and We Did it Well.

Our team executed system upgrades, and continue to work towards providing the best possible member experience daily. The care and consideration taken to ensure our more than 17,000 members maintained easy access to our systems throughout the process was a solid reminder that doing the right thing – and doing it well – pays off!

We Embraced the Path of Servant Leadership.

Our credit union changed the course of leadership with positive shifts in several key positions. Placing Darius Wise – our recently appointed CEO – at the helm certainly tops the list of accomplishments that make us incredibly proud. Darius embodies our organization's mission to help our members realize their hopes, dreams and aspirations. His strategy delivers speed and simplicity to differentiate the member experience, and he leads his team by empowering a culture of success and fulfillment to attract and retain the very best talent. His commitment to our organization and to the members and community we serve are a shining example of just how much we value servant leadership and its impact on our success!

We Excelled at Being Purpose Driven.

Being purpose driven for this organization means delivering the very best for the individual financial journeys of our members. We are pleased to report that through these efforts we not only aligned on our values in 2022, we enjoyed a return to profitability – something our member-owners can celebrate in a year of market unrest and uncertainty.

As we look to an even more impressive year in 2023, the Board of Directors and the team here at Red Rocks say 'thank you' from your credit union.

Joeri Carty
Chairman

The Board of Directors

Joeri Carty – Chairman

Cesar Amicarella – Vice Chairman

Julie Mensing – Treasurer

Tiffany Watts – Secretary

Andrea Price

Joe Massaquoi

Your volunteer Board of Directors is tasked with providing direction and oversight to the institution.



Darius Wise
President and CEO

Living Our 'Why'

As I look back on 2022, I struggle for the words to express my gratitude for our incredible member-owners, our dedicated team, and the Board of Directors who entrusted us to run toward success. We weathered the storm of tough economic conditions including multiple rate hikes by the Federal Reserve and talks of recession at every turn, and we delivered a return to profitability for the credit union in spite of it all. We delivered major system upgrades that greatly improved the member experience, and we leaned into the incredible giving nature of our teams to reactivate our volunteerism and commitment efforts in the communities we call home.

This year, I've challenged our team with a fresh set of goals and trust that they will run quickly toward them. We will develop and launch a seamless digital strategy and experience for our members. We will grow our credit union by attracting new members through the speed and simplicity of doing business with Red Rocks. We will show you that we know you by using your transaction journey to deliver a more customized and 'you focused' experience. And we will leverage our Made to Impact Foundation to create tangible impact within our community. This team will not back down from success, and will continue to surpass expectations every step of the way.

On a personal note, I want to say thank you to the Board for entrusting me with this incredible organization. For our members and our team, you have my commitment to guide the organization on an upward trajectory, and I look forward to continuing to do the great work our team has been so focused on in recent years. For those of you who know me, you know that I am proud of what we have accomplished to date. You also know that I am never finished improving.

Here's to great things to come in the years ahead!

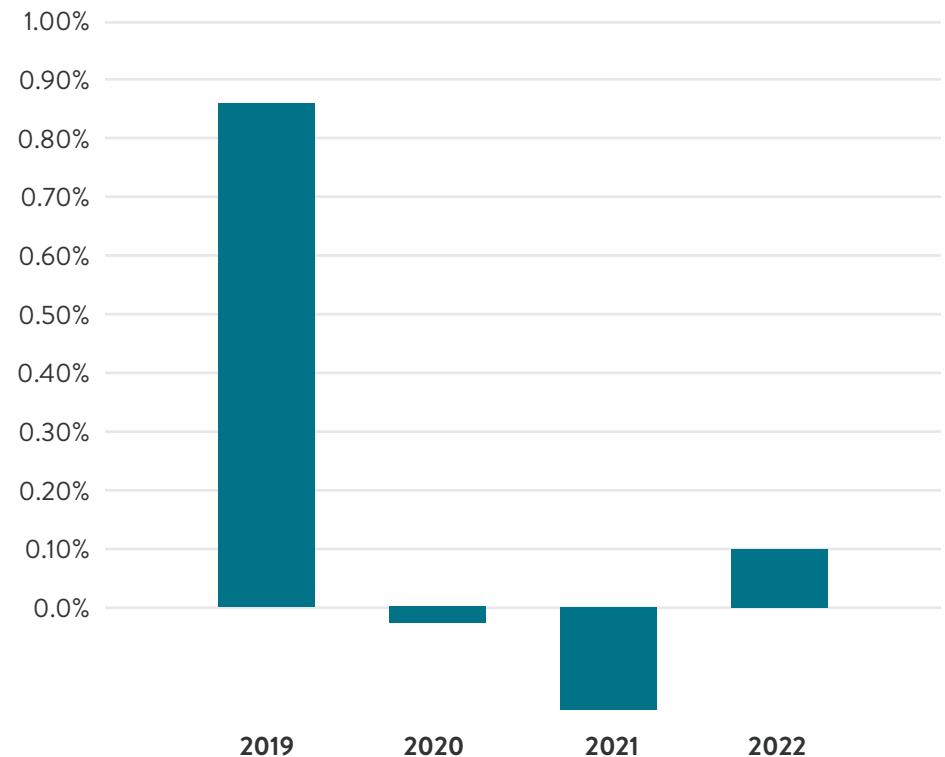
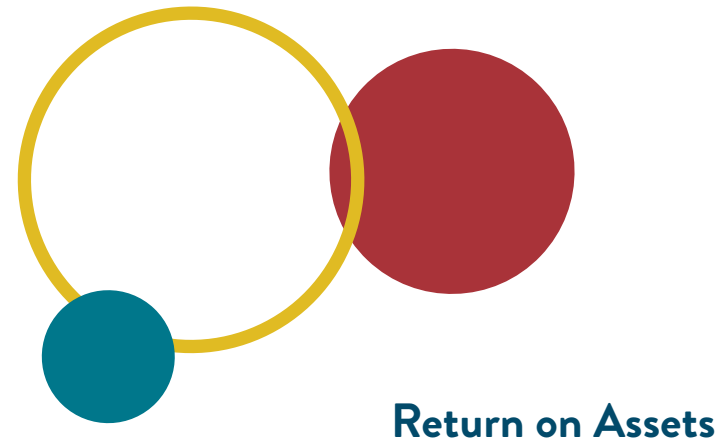
Darius Wise

President and CEO, Red Rocks Credit Union

Red Rocks 2022

In 2022, Red Rocks Credit Union exhibited strong execution in the face of an adverse environment. The industry as a whole was met with volatility, with an unprecedented rising rate environment and a decrease to liquidity levels as fiscally accommodative policies from the Federal Bank ended. Red Rocks was able to navigate these challenges and meet our goal of returning to profitability through active management of our loan and deposit portfolios and through focus on our operating income and expenses. The Credit Union ended 2022 with a net income of \$352,000. The quick rise in the rate environment increased the Credit Union's interest and dividend expenses, which were partially offset by increased interest income. The Credit Union was able to mitigate risk to increased operating expenses in the inflationary environment, coming in just 1.5% over budget. The end result was a return on assets ratio (ROA) of 0.10% for 2022. The 2022 results represent a return to profitability and an almost \$1.1 million improvement over 2021.

Red Rock's Net Worth ratio as an average of quarterly assets, increased from 8.91% to 9.35% during 2022. 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 above \$32 million.

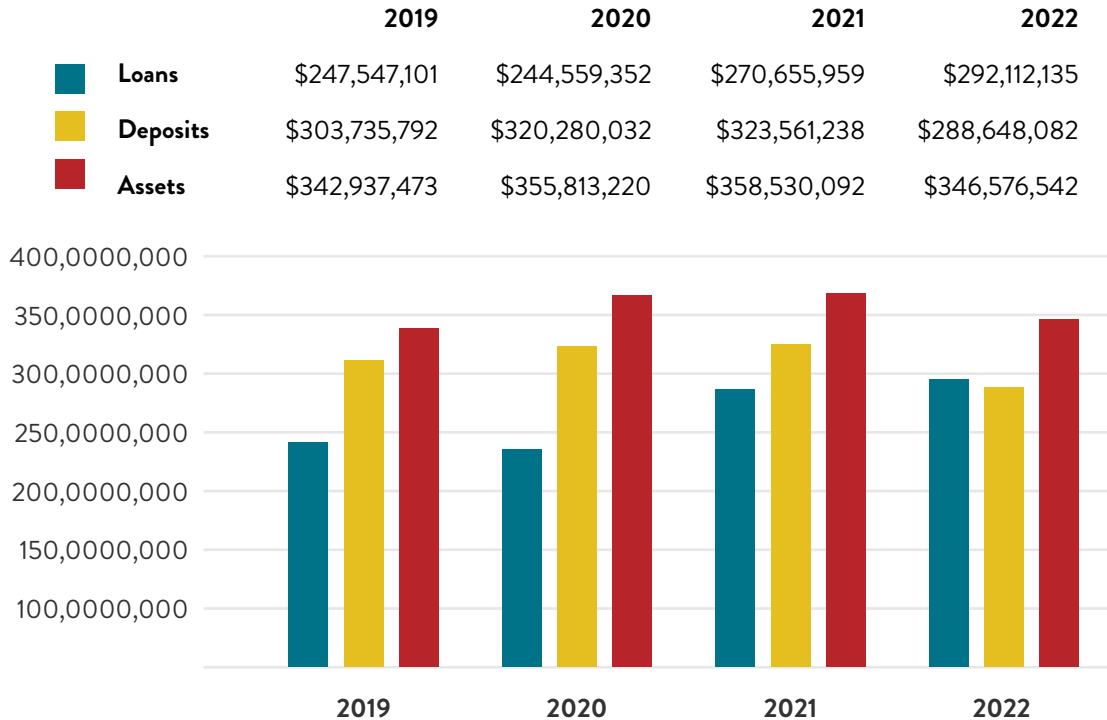


As part of our continued strategy to diversify our loan portfolio, Red Rocks made a total of three additional unsecured loan purchases in the first half of the year for a total of \$7 million. Red Rocks also partnered with Upstart Network, Inc., creating a new channel to provide unsecured loans to new members, originating \$16 million during 2022.

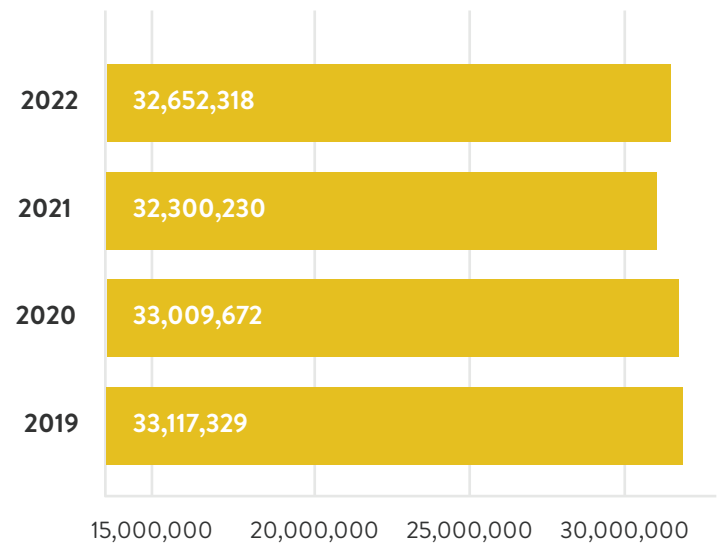
Although the Credit Union deemphasized loan growth in the latter half of 2022 to reduce our loan to share ratio, Red Rocks did help members obtain loans in the rising rate environment. Members were able to lock in lower rates on Second Mortgage loans or take out Home Equity Lines of Credit, with those portfolios growing 18.5% and 20.9% respectively. The total loan portfolio increased by \$21.5 million in 2022 for a growth rate of 7.9%.

Similar to others, Red Rocks experienced a decrease in deposits over the course of the year as Certificates of Deposits (CD) matured and as members drew down on savings. As part of the Credit Union's strategy, several initiatives were introduced to provide support for our members' deposits in the difficult economic environment, including creating a Reverse-Tier Savings account, creating additional CD terms and special promotions, and increasing savings rates. Total deposits decreased by \$34.9 million, ending at \$289 million. Similarly, total assets declined \$12 million to \$347 million.

Growth Over the Years



Members Equity





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 be our members' partner in their life's journey, helping them achieve their hopes, dreams, and aspirations by providing sound financial advice, affordable rates, and great local services.

We look forward to executing on our 2023 strategic objectives to build a solid foundation for sustainable growth and success.

Safeguarding Member Assets

As prescribed by regulation, Red Rocks' Supervisory Committee ensures Red Rocks' books and affairs are examined, at a minimum, on an annual basis and that credit union policies, procedures and internal controls are adequately designed to safeguard member assets.

In carrying out its duties the Supervisory Committee oversees and reviews the financial operations and internal controls of the credit union. The Committee takes steps to ensure that an annual financial statement audit is performed by an independent accounting firm.

The audit firm of Jones Mertsching CPAs, P.C. was engaged to conduct the 2022 opinion audit of Red Rocks Credit Union. Jones Mertsching noted the financial statements for the year ending 2022, 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 accounting principles of the United States of America.

A copy of our 2022 Audited Financial Statements is available for download and review at <https://www.redrocks.org/about-us/governance/>.

In 2022 the Committee also engaged the audit firm of FORVIS to conduct various internal audits related to the credit union operations. We are pleased to report that all areas reviewed were rated as Satisfactory.

Jim Davis
Supervisory Committee Chairperson

Presented by:
Christina Maul
VP, Risk and Compliance



For our members and our team, you have my commitment to guide the organization on an upward trajectory, and I look forward to continuing to do the great work our team has been so focused on in recent years.

Darius Wise, President and CEO



Portfolio Growth – Year Over Year

| | Dec-22 | Dec-21 | Growth \$ | Growth % |
|---------------------|--------------------|--------------------|-------------------|--------------|
| 1st Mortgage Loans | 85,620,579 | 88,669,392 | (3,048,813) | -3.44% |
| 2nd Mortgage Loans | 124,922,921 | 104,525,841 | 20,397,080 | 19.51% |
| Auto Loans | 40,768,954 | 41,060,642 | (291,688) | -0.71% |
| Other Secured Loans | 1,609,954 | 1,319,181 | 290,773 | 22.04% |
| Credit Card Loans | 4,163,323 | 4,082,065 | 81,258 | 1.99% |
| Unsecured Loans | 35,026,465 | 30,998,838 | 4,027,627 | 12.99% |
| | 292,112,136 | 270,655,959 | 21,456,177 | 7.93% |

In 2022 the loan portfolio continued to perform well, and new loans added to our portfolio were primarily in high quality credit tiers. The loan portfolio increased by \$21,456,177 or 7.93% to \$292,112,136 in 2022.

Loan quality remains strong, with a loan delinquency at 0.55% and a net loan loss ratio of 0.10%.

Loan Quality

| | Balance | Delinquency | DQ% | Net Loss \$ | Net Loss % |
|---------------------|--------------------|------------------|--------------|----------------|--------------|
| 1st Mortgage Loans | 85,620,579 | - | 0.00% | - | 0.00% |
| 2nd Mortgage Loans | 124,922,921 | 1,047,039 | 0.84% | - | 0.00% |
| Auto Loans | 40,768,954 | 241,819 | 0.59% | - | 0.00% |
| Other Secured Loans | 1,609,954 | - | 0.00% | 6,776 | 0.42% |
| Credit Card Loans | 4,163,323 | 29,692 | 0.71% | 69,833 | 1.68% |
| Unsecured Loans | 35,026,465 | 297,153 | 0.85% | 205,114 | 0.59% |
| | 292,112,136 | 1,615,703 | 0.55% | 281,723 | 0.10% |

Loan production remains primarily in high quality credit tiers. Total loan production in the D/E tiers below a credit score of 640 was 1.78%. Production by credit tier is as follows, in the chart below.

We look forward to providing an outstanding lending experience for our members in 2023 consistent with living out our ‘Why’ as a Member-owned credit union.

Loan Production by Credit Tier

| | A++ | A+ | A | B+ | B | C+ | C | D | E | |
|---------------|--------|---------|---------|---------|---------|---------|---------|---------|-------|---------|
| | 780+ | 740-779 | 720-739 | 700-719 | 680-699 | 660-679 | 640-659 | 600-639 | <600 | Total |
| Auto | 31.71% | 30.59% | 10.26% | 7.64% | 6.28% | 4.66% | 3.06% | 3.04% | 2.77% | 100.00% |
| Other Secured | 24.06% | 44.81% | 14.87% | 2.50% | 3.57% | 5.14% | 5.04% | 0% | 0% | 100.00% |
| Real Estate | 34.34% | 23.58% | 25.19% | 6.60% | 3.80% | 3.33% | 2.49% | .63% | 0% | 100.00% |
| Unsecured | 10.73% | 17.90% | 14.72% | 17.30% | 18.74% | 9.76% | 7.66% | 3.07% | 0.11% | 100.00% |
| Total | 30.30% | 23.88% | 21.31% | 8.36% | 6.47% | 4.51% | 3.38% | 1.35% | 0.43% | 100.00% |



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