

2017 ANNUAL REPORT

ufcu

“Life is so busy! But not so busy that I take for granted the top-notch service I’ve always received from UFCU!”

Member
Patty K

Member Since
2011



From the Chairman and President



John A Martin



Tony C Budet

As we reflect on the past year, we are inspired by the level of service and generosity demonstrated by Members and employees alike, who exhibited great strength and resolve to uplift our communities in a time of crisis. Hurricane Harvey was particularly difficult for many in our communities who, even many months later, continue in need. We are proud of and grateful for your kindness, determination, and generosity. Your resolve to come together in a time of great need is inspirational.

While some focused their 2017 efforts on rebuilding, others set out to realize their dreams, to begin their lives. For the second consecutive year, the Austin Business Journal named UFCU the largest mortgage lender in Central Texas. We're proud to have helped make the dream of home ownership a reality for over 3,200 Members and counting.

We also continued making banking as convenient as possible, so our Members can get things done quickly and get back to the business of life. We upgraded Online Banking, created a new Mortgage Services app to simplify home-buying, transformed our downtown location to include ATM kiosks for those who value banking on-the-go, and expanded services to include Small Business Administration loans.

UFCU continues to serve as one piece of a larger puzzle. When our community is strong, we are strong. And that was truly evident in 2017. Our assets under management grew 8.5% this year to \$2.7 billion at year-end. More importantly, 33,700 new Members joined the cooperative, a net growth rate of 8%, which is multiple times the growth rate of other organizations. This growth boosts our membership to more than 234,000. We're grateful so many have partnered with us for critical services, for financial health, and to benefit our broader communities.

Thank you for your membership and business. Together, we're making a difference!

Warmest regards,

A handwritten signature in black ink, appearing to be 'JAM'.

John A Martin
Chairman

A handwritten signature in black ink, appearing to be 'Tony C. Budet'.

Tony C Budet
President/CEO

“When our community is strong,
we are strong. Thank you for your
dedication to our community and
for your collective spirit.”

—Tony C Budet



From the Treasurer



Last year, Austin's business environment, housing market, and job growth combined to generate high demand for our services. We met that demand, thanks to Member support, prudent lending practices, and our commitment to high-quality service delivery.

In 2017, loan disbursements totaled \$1.6 billion, boosting total loans outstanding to \$1.93 billion, an increase of \$180 million, or 10%, from year-end 2016. Member deposits recorded growth of \$99 million, or 5%, bringing the year-end total to \$1.98 billion. Total assets ended the year at \$2.24 billion, representing annual growth of 6%. Together with Member wealth management deposits of over \$400 million, assets under management total \$2.7 billion. On total revenue of \$151 million, UFCU generated a net income of \$14 million, representing a return on average

assets of .64%, elevating Member equity by 8% to \$190 million.

Volunteers lead our financial performance through actions of the Asset Liability Management/Budget Committee, which reviews financial performance, establishes and monitors financial policies, and determines financial objectives.

I'm proud to report that UFCU remains financially strong and is committed to enhancing our products and services to meet the evolving needs of more than 234,000 Members.

A handwritten signature in black ink, appearing to read "C. Cale McDowell".

C Cale McDowell, JD
Treasurer

From the Supervisory Committee



Our purpose is to ensure accurate reporting and excellent management practices to adequately safeguard our Members' assets. We help to maintain internal controls, produce accurate financial reporting, and ensure relevant plans, policies, and procedures are in place.

This year, we engaged the CPA firm of Moss Adams LLP to audit UFCU's 2017 financial statements. We are pleased the auditors determined UFCU's financial statements present fairly, in all material respects, the financial position of UFCU in accordance with generally accepted accounting principles. Copies of the report are available to Members upon request.

We regularly review management practices, stay apprised of governance matters, and

review risk, regulatory compliance, and operational issues. We make determinations by conducting audits and verifications, and directing internal audit activities.

Our committee also handles Member letters of complaint sent to the National Credit Union Administration (NCUA), and we help ensure issues are addressed fairly.

Many thanks to the UFCU Board and management for their commitment to addressing all audit and NCUA examination issues.

A handwritten signature in black ink, appearing to read "Brady M. Cole".

Brady M Cole, RADM USN SC (Ret)
Supervisory Committee Chairman

Consolidated Statement of Financial Condition (Unaudited)

	As of December 31	
	2017	2016
Assets		
Cash and Cash Equivalents	\$136,991,147	\$169,309,357
Investments	26,585,752	57,372,529
Loans to Members (Net of Allowance for Loss)	1,916,580,481	1,739,183,509
Property and Equipment	82,079,548	80,471,659
NCUA Insurance Fund Deposit	18,574,192	17,433,822
Other Assets	56,048,364	51,901,584
Total Assets	<u>\$2,236,859,484</u>	<u>\$2,115,672,460</u>
Liabilities and Members' Equity		
Members' Share and Savings Accounts	\$1,980,681,958	\$1,882,019,646
Borrowed Funds	0	0
Accrued Expenses and Other Liabilities	65,862,725	57,408,732
Total Liabilities	<u>2,046,544,683</u>	<u>1,939,428,378</u>
Members' Equity	190,314,801	176,244,082
Total Liabilities and Members' Equity	<u>\$2,236,859,484</u>	<u>\$2,115,672,460</u>

Consolidated Statement of Income (Unaudited)

	For the Years Ended December 31	
	2017	2016
Interest Income from Loans to Members and Investments	\$80,213,125	\$74,896,523
Dividend Expense Paid to Members' Deposits and Interest on Borrowed Funds	2,397,627	2,373,785
Net Interest Income	77,815,498	72,522,738
Provision for Loan Losses	13,756,388	9,992,193
Net Income after Provision for Loan Losses	64,059,110	62,530,545
Non-Interest Income	71,108,989	67,803,498
Operating Expenses	121,225,962	115,085,244
Net Income	<u>\$13,942,137</u>	<u>\$15,248,799</u>

Community Impact Statement

Our credit union actively promotes the sustainable development of our communities. The UFCU DO GOOD employee volunteer program not only supports others in times of need, it also bolsters our employees who give of their own time, talent, and treasure. By year-end of 2017, only the second year of our DO GOOD program, our employees and non-profit partners went well beyond the call of duty. Together, they made a remarkable impact. Just a few of their efforts are highlighted here. We applaud all those who tirelessly strive to make our communities better places to live, work, and play.



Families staying at Ronald McDonald House Charities® will benefit from 12 months of toiletry bags assembled by UFCU volunteers.



Meals on Wheels Central Texas clients enjoyed 1,958 hot meals delivered by UFCU volunteer teams.



Hurricane Harvey victims received evacuee welcome kits, help clearing debris, and assistance salvaging their damaged homes from UFCU employees.

“The DO GOOD program embodies our ongoing effort to make a positive difference in our community.”

—Heather M McKissick, VP Community Impact

5,049
HOURS
VOLUNTEERED

54%
EMPLOYEE
PARTICIPATION

\$81,658
EMPLOYEE
GIVING
AND UFCU MATCH



“UFCU helped me start over.”

Member
Larry P

Member Since
1994



Leadership

Board of Directors

John A Martin, Chairman
D Michael Harris, PhD, CPA.CITP, Vice Chairman
Laura J Kilcrease, Secretary
C Cale McDowell, JD, Treasurer
Linus N Akanoh, Jr, CIA, CISA, CRMA, CGMS
Thomas J Ardis, MBA
Leslie L Blanke, PhD
Adriana R Cruz
Maninder (Mini) Kahlon, PhD
Molly Beth Malcolm, EdD, LPC
David W Niesel, PhD

Directors Emeritus

Carl E Hansen, PhD
Cynthia A Leach
Frank J Peters
Mary A Seng

Supervisory Committee

Brady M Cole, RADM USN SC (Ret), Chairman
Christine A Plonsky, Secretary
Calixto Balderas
Faraz Khan
Ellen E Wood

Committee Volunteer

Steven K Darnell, CPA, MBA

Principal Officers

Tony C Budet, President/CEO
Yung V Tran, CPA, EVP Operations & Strategy
Michael E Crowl, CPA, SVP Finance/CFO
Aaron M Persons, SVP Retail Operations/CRO
Laurie A Roberts, SVP Lending/CLO
Rhonda N Hall, VP Human Resources
& Organizational Development
Heather M McKissick, VP Community Impact
Ellen S Simpson, VP Enterprise Risk Management

UFCU.org

