

2015

ANNUAL
REPORT



University Federal Credit Union was chartered on May 6, 1936, and opened for business with 30 members and \$855

in deposits.

From this

humble

beginning,

UFCU has

grown

to be a

leading

financial

institution

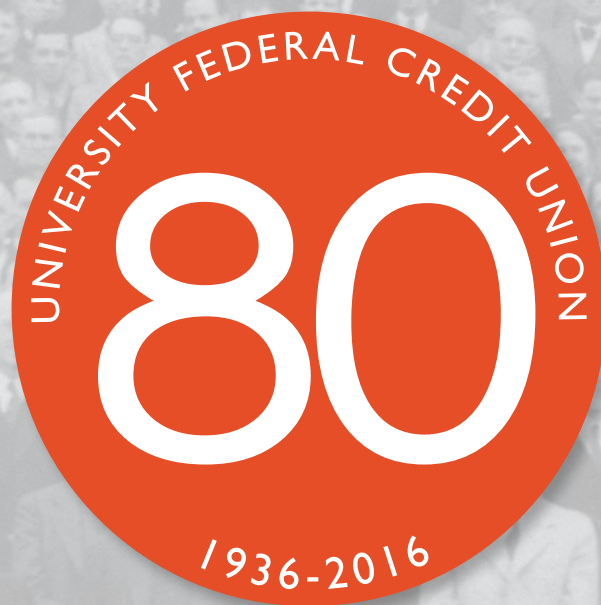
that excels

at providing

for the well-being of its member-owners

while maintaining the highest

ethical standards.





UNIVERSITY FACULTY
MARCH 10, 1936

1930
30 Members
\$855 in Deposits

First Credit Administration
Form C-131-111

DATE: May 1936

UNIVERSITY OF TEXAS, AUSTIN, TEXAS

JOURNAL AND CASH

MONTH	DATE	NAME ON ITEM	AMOUNT	DEBIT	CREDIT
May	1	Beth A. Allen			25
May	2	R. N. Riley			25
May	3	Charles A. Tamm			25
May	4	C. A. Tamm			25
May	5	George W. Stocking			25
May	6	George W. Stocking			25
May	7	H. J. Lee			25
May	8	W. G. Smith			25
May	9	Frederick C. Ebert			25
May	10	Frederick C. Ebert			25
May	11	Frederick C. Ebert			25
May	12	Frederick C. Ebert			25
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May	98	Frederick C. Ebert			25
May	99	Frederick C. Ebert			25
May	100	Frederick C. Ebert			25

ORGANIZATION CERTIFICATE

UNIVERSITY (No. 1367) FEDERAL CREDIT UNION.

To the Governor of the Farm Credit Administration:

We, the undersigned, with the common bond of association indicated hereafter, do hereby apply for permission to organize and to operate a Federal credit union for the purpose indicated in and in accordance with the provisions of Public Act No. 467 of the 73rd Congress entitled "An Act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for productive purposes through a national system of cooperative credit, thereby helping to develop the credit structure of the United States"; we agree to comply with the requirements of said Act, with the terms of this organization certificate and with all laws, rules and regulations applicable now or later to Federal credit unions; and we hereby certify that:

(1) The name of this credit union shall be
University (No. 1367) Federal Credit Union

(2) This credit union will maintain its office at
The University of Texas, Austin, Texas,
and will operate in the following territory
Austin, Texas.

(3) The names and addresses of the subscribers to this certificate and the number of shares subscribed by each are as follows:

FULL NAME	HOME ADDRESS	NO. OF SHARES SUBSCRIBED FOR
Charles A. Tamm	508 West 29th St., Austin, Texas.	2
Beth A. Allen	710 West 32nd St., " "	30
George W. Stocking	121 Leavelle Lane, " "	3
R. N. Riley	411 East 39th St., " "	3
Max Fichtenbaum	1004 West 29th St., " "	8

* AT LEAST SEVEN SUBSCRIBERS ARE REQUIRED.

FULL NAME	HOME ADDRESS	NO. OF SHARES SUBSCRIBED FOR
Thomasis S. Bedford	2008 San Gabriel, Austin, Texas	1
R. A. Cox	700 East 32nd St., " "	6
Charles F. Lay	2003 University Ave., " "	26
S. Louis Japhan	2912 Rio Grande, " "	1
Carl H. Rosenquist	1614 Northwood Road, " "	1
J. Alton Burdine	2008 Bonham, " "	1
Frederick C. Ebert	3108 Bonham, " "	1

(4) The par value of the shares of this credit union shall be \$5.00.

(5) The field of membership shall be limited to those having the following common bond of association, occupation or residence
Faculty members and employees of the University of Texas at Austin, Texas, and members of their immediate families.

(6) The term of this credit union's existence shall be perpetual; provided, however, that the privileges of the Farm Credit Administration may suspend or revoke this organization certificate upon his finding that this credit union is bankrupt or insolvent or has violated any provision of this organization certificate, of the bylaws of the Federal Credit Union Act including any amendments thereto or thereof, or of any regulations issued thereunder.

(7) This certificate is made to enable the undersigned to avail themselves of the advantages of said Act.

(8) The management of this credit union, the conduct of its affairs, and the powers, duties and privileges of its directors, officers, committees and membership shall be as set forth in these attached bylaws and any amendments thereto or thereof approved by the Governor of the Farm Credit Administration.

1940



UFCU moves to a permanent location at M Hall on The University of Texas at Austin campus.

M HALL

1953
Medical Branch Credit Union opens in Galveston.



MEMBERSHIP REACHES 1,000

IF WITHIN WHEREOF we have heretofore subscribed our names this 6 day of May, 1936.

SIGNATURE

Charles A. Tamm, R. N. Riley, George W. Stocking, Beth A. Allen, Max Fichtenbaum, Frederick C. Ebert

SIGNATURE

Charles A. Tamm, R. N. Riley, George W. Stocking, Beth A. Allen, Max Fichtenbaum, Frederick C. Ebert

AT LEAST SEVEN SUBSCRIBERS ARE REQUIRED.

State of Texas, County of Travis.

BEFORE ME, the undersigned, a Notary Public, in and for said State and County this 6th day of May, 1936, personally appeared Charles A. Tamm, R. N. Riley, George W. Stocking, Beth A. Allen, Max Fichtenbaum, Frederick C. Ebert, all of whom being duly sworn, depose and say that they are the subscribers to the foregoing Organization Certificate and acknowledged the same to be their free act and deed.

Notary Public

My Commission Expires June 1st, 1937

(SEAL)

The foregoing Organization Certificate is approved by me pursuant to the provisions of Section 4 of the Federal Credit Union Act.

Notary Public

Report of the Chairman & President



There aren't many financial institutions that can trace their history back nearly eight decades. But 79 years ago, 30 members signed charter documents and, with \$855 in deposits, started University Federal Credit Union. Today as we approach our 80th anniversary, UFCU continues to deliver on its mission to provide for the well-being of our members. Our team of nearly 600 employees and dozens of volunteer leaders worked tirelessly in 2015 on behalf of our members and their families to achieve some significant milestones.

Thanks to the trust members place in this financial cooperative and a strong local economy, UFCU's financial performance continued exceptionally strong. Assets exceeded \$1.9 billion in 2015, representing annualized growth of 9.7%. Additionally, audit and examination results were exemplary.

Noteworthy 2015 accomplishments include:

- *Opened a campus financial center at Texas State University in San Marcos. Through this facility, UFCU offers campus financial workshops for the Texas State community. Additionally, a full-service interactive financial center opened in central San Marcos in early 2016.*
- *Increased services to Galveston County members through opening of UFCU's first mainland facility at Victory Lakes on IH-45 in League City. This contemporary interactive financial center opened in September.*
- *Redesigned the Lakeway Mortgage Center into a full-service interactive financial center now positioned to better serve members in far west Travis County.*
- *Expanded services for small business owners, including a low-fee, low-balance business checking account, a more robust business debit card, and a deposit card that makes it easy for small business employees to conduct business at UFCU interactive financial centers.*
- *Launched Apple Pay™, bringing improved security, privacy, and mobile checkout features to our members. These technological enhancements reduce the likelihood of stolen card numbers and more fully protect personal data from shopper transactions.*
- *Began adopting chip technology-based debit and credit cards. These cards provide members with greater protection from fraudulent card transactions.*
- *Deployed three additional ATMs at Seton Healthcare facilities as part of continuing effort to better serve the healthcare community. UFCU now offers members ATMs at Seton Southwest Hospital, Dell Children's Medical Center, Seton's Administrative Office, and Seton Northwest Hospital.*
- *Enhanced services to the UT-Austin community with the addition of an ATM at the University of Texas Facilities Complex.*

As we continue to grow and expand products, services, and financial center locations, we do so with one singular focus---serving you, our 200,000 members. We thank you for giving UFCU the opportunity to provide for your financial well-being. We are honored to count you among the UFCU family.

Warm regards,

A handwritten signature in black ink that reads "Ellen E. Wood".

Ellen E. Wood
Chairman

A handwritten signature in black ink that reads "Tony C. Budet".

Tony C. Budet
President/CEO

1960

WAGGENER HALL ON THE UNIVERSITY OF TEXAS AT AUSTIN CAMPUS BECOMES THE SITE FOR UFCU'S OPERATIONS IN 1961.

ASSETS REACH \$3,600,000



UFCU relocates to Littlefield Carriage House in 1966.



UNIVERSITY FEDERAL CREDIT UNION
ANNUAL REPORT FOR 1960
OF THE BOARD OF DIRECTORS

TO OUR MEMBERS:

1960 was another successful year for the University Federal Credit Union. Income, loan volume, savings, number of members and share balances all increased significantly as shown in the summary table below:

	Total 1960 (1960)	Total 1959 (1959)	Per Cent Increase
Total Income	\$338,047	\$276,395	22%
Total Assets	\$5,741,358	\$2,601,585	55%
No. of Members	3,806	2,380	60%
Loans to Members	4,281	3,707	16%
Assets Outstanding	\$3,000,923	\$1,511,432	100%

Dividend payments to shareholders amounted to \$337,820, or compared to \$339,932 in 1959, and we were able to add to our Undivided Earnings that offset the amount we had to draw from this account to pay the June 30, 1960 dividends.

In both the first and second half of 1960, your Directors declared a 2.5 dividend on shareholders' deposits. We continue to provide these members who are fortunate to live here, straight forward loans, and bank statements, and those who have loan balances receive Member Income Statement.

In the early part of 1967, we moved from our new building at 120 West Sixth Street, and the reaction from our members has been very fine. In fact, this building will continue to be used for a long time with our members' best interests in mind.

1970

University Federal Credit Union
REPORT

Serving the financial needs of UT Faculty, Staff, and Employees since 1936
September 1975

UFCU Announces Auto Loan Rate Reduction

New car loans at a reduced rate of 9%—probably the lowest dollar cost for your financing anywhere. But we can talk rates, we prefer to talk actual finance charges in dollars and cents.

UFCU moves to its first off-campus location in 1975. Two buildings at the corner of 30th and Cedar Streets are purchased by the credit union and remodeled.



2015 Supervisory Committee Letter



The Supervisory Committee's purpose is to ensure management's financial reporting is timely and accurate, and that management practices safeguard members' assets. The committee assesses whether management has established and maintained effective internal controls, promptly and accurately prepared accounting records and financial reports, and properly administered relevant plans, policies and control procedures to safeguard assets.

The Supervisory Committee makes these determinations by conducting audits and verifications. The committee engaged the CPA firm of Orth, Chakler, Murnane & Co. to audit UFCU's 2015 financial statements. The committee is pleased to announce that the auditors expressed an unmodified opinion, meaning that they determined that 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.

The board-appointed, volunteer members of the Supervisory Committee also regularly review management practices to ensure safety and soundness. Members attend board meetings to stay apprised on matters of governance and meet with management to review and discuss risk, regulatory compliance, and operational issues. The committee also directs the internal audit activities of the Assurance Services function, including review of and follow-up on all audit issues.

The committee receives and promptly investigates and responds to member letters of complaint sent to UFCU's federal regulator, the National Credit Union Administration, to ensure issues are addressed fairly. Committee members also attend educational conferences and stay abreast of industry news and developments through professional publications.

The Supervisory Committee is appreciative of the collaborative working relationship it has with the UFCU Board of Directors, and commends UFCU management for its responsiveness and commitment to addressing all audit and NCUA examination issues.

For their time and efforts, I personally thank fellow committee members: Chris Plonsky, Faraz Khan, Leslie L. Blanke, Ph.D., and Brady Cole, RADM USN SC (Ret).

Sincerely,

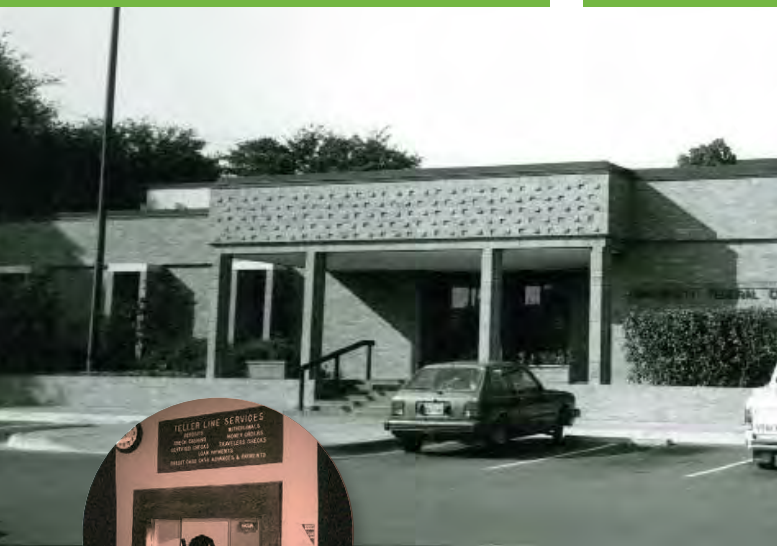
A handwritten signature in black ink, appearing to read "C. Brian Cassidy".

C. Brian Cassidy, Esq.
Supervisory Committee Chairman

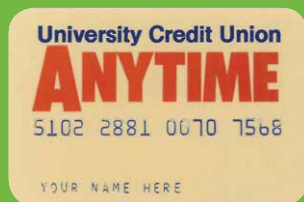


**University Federal
Credit Union**

1980



UFCU moves to main office facilities located at 46th and Guadalupe streets. The new building offers several member advantages over the Cedar Street location, such as ample parking, drive thru teller lanes and a safe deposit vault.



1981

The first ATM is installed

Assets Reach \$125 Million



1990

1996

Steck
branch
is built.



2015 Report Of The Treasurer



Last year, Austin's vibrant business environment, stable housing market and robust job growth combined to generate high member demand for credit and other financial services. University Federal Credit Union (UFCU) was able to meet that demand because of members' continuing support for their cooperative, UFCU's prudent lending practices, and our unwavering commitment to deliver high quality, competitive products and services.

In 2015, loan disbursements totaled \$1.28 billion, boosting total loans outstanding to \$1.55 billion, an increase of \$160 million, or 12%, from year-end 2014. Member deposits recorded growth of \$151 million, or 10%, bringing the year-end total to \$1.74 billion. Total assets ended the year at \$1.95 billion, representing annual growth of 10%. On total revenue of \$123 million, UFCU generated net income of \$17 million, representing a return on average assets of .89%, boosting member equity by 12% to \$161 million.

It is important to note that UFCU volunteers actively lead and influence the cooperative's financial performance and related decision-making through actions of the Asset Liability Management/Budget Committee, which is chaired by the board-elected treasurer and composed of five other volunteers, three of which also serve as directors. The Asset Liability Management/Budget Committee meets regularly to review national and local economic conditions, develop and recommend financial policies to the Board of Directors, determine long-term financial objectives and annual financial plans, and monitor ongoing financial performance relative to those objectives.

I am proud to report that UFCU remains financially strong, and is fully committed to further expanding and enhancing its products and services to meet the evolving financial needs of our 200,000 members.

Warm regards,

A handwritten signature in black ink, appearing to read "D. Michael Harris".

D. Michael Harris, Ph.D., CPA, CITP
Treasurer



UFCU strengthens its commitment to The University of Texas at Austin by contributing to the renovation of Disch-Falk Field Baseball Stadium.



2010 IMPLEMENTATION
OF MOBILE BANKING
SERVICES



Ben White
branch opens and
receives 5-star
rating from Austin
Energy in 2008.



Consolidated Statement of Financial Condition (Unaudited)

	As of December 31,	
	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 203,037,139	\$ 138,665,881
Investments	76,460,940	132,149,094
Loans to Members (net of allowance for loss)	1,539,790,512	1,380,227,300
Property and Equipment	79,737,535	81,972,309
NCUA Insurance Fund Deposit	16,130,012	15,149,174
Other assets	32,341,613	26,711,324
Total Assets	<u>\$ 1,947,497,751</u>	<u>\$ 1,774,875,082</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	\$ 1,737,197,576	\$ 1,585,961,983
Borrowed funds	-	-
Accrued expenses and other liabilities	49,523,428	45,057,739
Total Liabilities	<u>1,786,721,004</u>	<u>1,631,019,722</u>
Members' equity	160,776,747	143,855,360
Total liabilities and members' equity	<u>\$ 1,947,497,751</u>	<u>\$ 1,774,875,082</u>

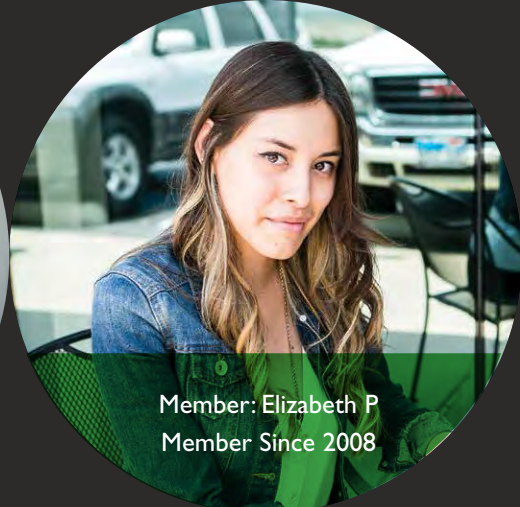
Consolidated Statement of Income (Unaudited)

	For the years ended December 31,	
	2015	2014
Interest income from loans to members and investments	\$ 68,779,896	\$ 65,717,032
Dividend expense paid to members' deposits and interest on borrowed funds	2,910,250	3,285,714
Net interest income	65,869,646	62,431,318
Provision for loan losses	8,539,089	8,657,289
	<u>57,330,557</u>	<u>53,774,029</u>
Non-interest income	56,950,805	48,923,265
Operating expenses	97,660,026	88,424,230
Net income	<u>\$ 16,621,336</u>	<u>\$ 14,273,064</u>

Thank you
for your
membership
and 80 years
of inspiration.



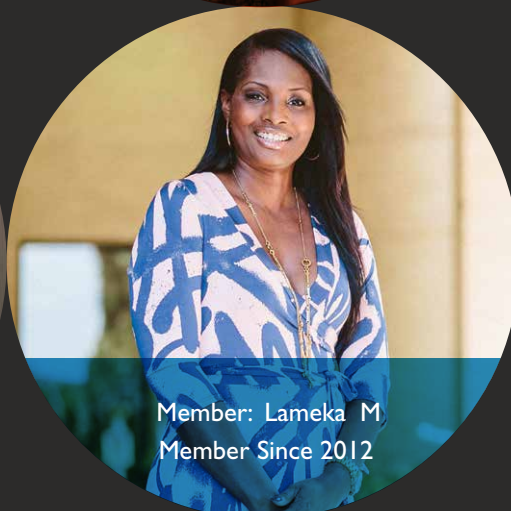
Member: Bartosz & Kamila S
Member Since 2002



Member: Elizabeth P
Member Since 2008



Member: Greg L
Member Since 2013



Member: Lameka M
Member Since 2012



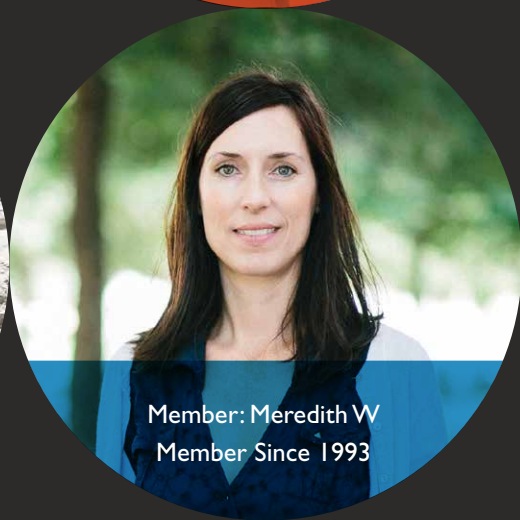
Member: Koushik S
Member Since 2014



Member: Robyn S
Member Since 2012



Member: Ben S
Member Since 2008



Member: Meredith W
Member Since 1993

Board of Directors

Board of Directors:

Ellen E. Wood, Chairman

John A. Martin, Vice Chairman

Cynthia A. Leach, Secretary

D. Michael Harris, Ph.D., CPA, CITP, Treasurer

Thomas J. Ardis, MBA

Neal E. Armstrong, Ph.D.

Carl E. Hansen, Ph.D.

Laura J. Kilcrease

C. Cale McDowell, J.D.

David W. Niesel, Ph. D.

Mary A. Seng

George K. Herbert, Ph.D., J.D., Director Emeritus

Frank J. Peters, Director Emeritus

Supervisory Committee:

C. Brian Cassidy, J.D., Chairman

Christine A. Plonsky, Secretary

Leslie L. Blanke, Ph.D.

Brady M. Cole, RADM USN SC (Ret)

Faraz Khan

Principal Officers:

Tony C. Budet, President/CEO

Yung V. Tran, CPA, Executive Vice President

Michael E. Crowl, CPA, VP, Finance/CFO

Heather M. McKissick, VP, Human Resources/Organizational Development

Aaron M. Persons, VP, Retail Operations/CRO

John C. Petrey, VP, Information Technology/CIO

Laurie A. Roberts, SVP, Lending/CLO

Ellen S. Simpson, VP, Enterprise Risk Management

Sheila Jo Wojcik, Ph.D., SVP, Communications/Corporate Affairs

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