

Board of Directors

Board of Directors

Cynthia A. Leach, Chairman
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Mary A. Seng, Treasurer
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D. Michael Harris, Ph.D., CPA, CITP
George K. Herbert, Ph.D., J.D., Director Emeritus

Supervisory Committee

Ned H. Burns, Ph.D., Chairman
Neal E. Armstrong, Ph.D.
C. Brian Cassidy, J.D.
Chris A. Plonsky
Marilla D. Svinicki, Ph.D.
Les W. Carter, D.B.A., Associate Member

Principal Officers

Tony C. Budet, President/CEO
Steve E. Kubala, SVP Operations/COO
James A. Nastars, SVP Lending and Collections
Yung V. Tran, CPA, SVP Finance/CFO
Steve M. Ewers, VP Information Technology/CIO
Becky M. LeBlanc, VP Leadership
Sheila Jo Wojcik, Ph.D., VP Membership



Branch Locations

BEN WHITE 130 E Ben White Blvd, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7:30 - 7
Saturday 9 - 2

BRODIE 9925 Brodie Ln, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7:30 - 7
Saturday 9 - 2

DOWNTOWN 702 Colorado St, Austin, TX
Monday - Friday 9 - 5:30

GALVESTON 428 Postoffice St, Galveston, TX
Monday - Thursday 8 - 4
Friday 8 - 5
Drive-Thru Monday - Friday 7 - 6
Saturday 9 - 1

HIGHWAY 79 201 W Palm Valley Blvd, Round Rock, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7:30 - 7
Saturday 9 - 2

LAKELINE 13860 US Hwy 183 N, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7:30 - 7
Saturday 9 - 2

N GUADALUPE 4611 Guadalupe St, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7 - 7
Saturday 9 - 2

S MoPac 5033 US Hwy 290 W at MoPac, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 8 - 7
Saturday 9 - 2

STECK 3305 Steck Ave, Austin, TX
Monday - Friday 9 - 5
Saturday 10 - 2
Drive-Thru Monday - Friday 7 - 7
Saturday 9 - 2

TAYLOR 407 N Main St, Taylor, TX
Monday, Wednesday, Friday 9 - 4
Tuesday, Thursday Closed

UNIVERSITY 2244 Guadalupe St, Austin, TX
Monday - Friday 8:30 - 6

YOU CAN REACH US BY DIALING
Austin (512) 467-8080
Galveston (409) 797-3300
US Toll-free (800) 252-8311
TDD Number (512) 421-7477

MAILING ADDRESS
PO Box 9350
Austin, TX 78766-9350

WEB ADDRESS
ufcu.org



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Cynthia A. Leach



Tony C. Budet

Report of the Chairman & President

In its 72nd year, a year of unprecedented challenges on many fronts, University Federal Credit Union (UFCU) again excelled at meeting the financial needs of its member-owners in Austin, Galveston and around the world. Amidst a marketplace in which many banks and investment firms declared heavy losses and in some cases failed, the safety and soundness of UFCU remains rock solid. By focusing on the right things – serving our members with excellence while maintaining the highest ethical standards

– UFCU generated remarkably strong results. UFCU membership grew 8.41 percent, a rate more than four times the national average, to 131,000. Assets reached almost \$1 billion and financial performance, audit, and examination results were exemplary. Several milestones are worthy of mention:

- In order to better serve St. Edward’s University and Southeast Austin communities, the new Ben White branch opened for business October 6, 2008, and was awarded a 5-Star energy rating from Austin Energy. Future UFCU branches also will be constructed in accordance with Austin Energy green building best practices. Properties for future branches were purchased at Parmer Lane at Scofield Farms Drive and Highway 79 at A.W. Grimes Road.
- A new core computer system was purchased and will go “live” in May 2009. It is anticipated to greatly enhance member service and support continued growth in years ahead.
- Servicing on UFCU mortgage loans was transferred to Midwest Loan Services in May in order to strengthen member service, including enhanced access to loan histories, expanded payment options, and 24/7 availability.
- UFCU’s checking accounts were completely restructured and simplified in order to boost convenience and add value for members.
- Despite a weak economy, UFCU’s real estate subsidiary, Members Home Advisor®, experienced record growth in 2008 by offering members attractive loan options discontinued by many competitors in markets we serve.
- UFCU worked with 11 member families victimized in a fraudulent home purchase scheme, allowing them to legitimately purchase and retain their homes.
- In response to damage in Galveston and Houston-area communities from Hurricane Ike, UFCU offered impacted members assistance in a variety of ways, including payment deferrals on consumer and mortgage loans, low-interest loans for emergency needs, and assistance with processing

- insurance claims. UFCU reestablished Galveston-area services soon after the Hurricane, temporarily operating from an interim location at AMOCO Federal Credit Union, a sister organization through which we confirmed the credit union collaborative spirit is alive and well.
- UFCU remains committed to offering student loans despite tight credit markets and evolving Department of Education guidelines. As a university credit union, we have an obligation to help parents and students responsibly finance higher education.

As our credit union approaches \$1 billion in assets, you, our members, remain our only focus. This is your financial cooperative. We are unique in our structure, unique in our mission and unique in how we’ve measured success for 72 years.

Thank you for your membership and business!

Warm regards,

Cynthia A. Leach
Chairman

Tony C. Budet
President/CEO

2008

Consolidated Statements of Financial Condition (unaudited)

ASSETS	As of December 31,	
	2008	2007
Cash and Cash Equivalents	\$63,990,151	\$31,271,861
Investments	145,050,685	83,576,161
Loans to members (Net of Allowance for Loan Losses)	728,715,868	668,874,350
Property and Equipment	26,683,912	20,076,299
NCUA Insurance Fund Deposit	7,605,202	6,583,088
Other assets	11,938,603	8,077,430
Total assets	\$983,984,421	\$818,459,189
LIABILITIES AND MEMBERS’ EQUITY		
Members’ share and savings accounts	\$875,682,511	\$713,856,291
Borrowed funds	617,874	10,676,009
Accrued expenses and other liabilities	26,895,767	19,875,865
Total liabilities	903,196,152	744,408,165
Members’ equity	80,788,269	74,051,024
Total Liabilities and Members’ Equity	\$983,984,421	\$818,459,189

Consolidated Statements of Income (unaudited)

	For the years ended December 31,	
	2008	2007
Interest income from loans to members and investments	\$53,391,902	\$49,099,098
Dividend expense paid on members’ deposits and interest on borrowed funds	19,261,183	17,715,419
Net interest income	34,130,719	31,383,679
Provision for loan losses	6,996,654	5,125,944
	27,134,065	26,257,735
Non-interest income	24,133,955	22,952,518
Operating expenses	44,749,150	42,133,750
Net Income	\$6,518,870	\$7,076,503



Report of the Supervisory Committee

Ned H. Burns, Ph.D.

The primary responsibility of the Supervisory Committee is to ensure that University Federal Credit Union’s (UFCU) financial statements are fair and accurate. To accomplish this goal, the committee retained certified public accountants Orth, Chakler, Murnane & Company to audit the financial statements. I am pleased to announce our CPA firm expressed an unqualified opinion in its independent auditors report, meaning it agreed with UFCU’s reporting of financial position and results of operations. Copies of the report are available upon request.

The board-appointed, volunteer members of the Supervisory Committee are concerned with all issues of safety and soundness. We regularly review management practices to ensure assets of the credit union are adequately protected. We attend board meetings to stay apprised on matters of governance, and meet with management on a regular basis to review UFCU policies, regulatory compliance and risk management. The committee also directs the internal audit activities of Assurance Services, including review and follow-up of all audit issues.

In addition, the committee is responsible for answering member letters of complaint sent to the federal regulator, the National Credit Union Administration (NCUA), to ensure issues are addressed fairly. Throughout the year, we attend educational conferences and stay abreast of industry news through professional publications.

The Supervisory Committee is grateful to the board of directors for its support and for the exemplary working relationship we have established. We commend management for its responsiveness and commitment to all audit and NCUA examination issues, as well as network and information security, member privacy, and employee safety.

For their time, efforts, and devotion to committee goals, I personally thank individual committee members: Chris Plonsky, Dr. Neal Armstrong, Dr. Marilla Svinicki, C. Brian Cassidy and associate member Les W. Carter.

Warm regards,

Ned H. Burns, Ph.D.
Supervisory Committee
Chairman



Report of the Treasurer

Mary A. Seng

The year 2008 was a challenging period for global financial markets, perhaps the worst since the Depression era, due to collapse of sub-prime mortgage lending and its detrimental impact on equity and credit markets. Considerable government intervention was necessary to prevent bank failures, inject liquidity into financial markets, and spur economic growth. These events redefined the financial services landscape and gave rise to new competitors and greatly expanded financial oversight of financial institutions.

University Federal Credit Union (UFCU) is fortunate that, despite such conditions, we recorded exceptional 2008 financial performance due to members’ continuing support for our cooperative and our unwavering commitment to deliver unequaled products and services to meet members’ financial needs. This is evidenced by loan disbursements to members totaling \$619 million, which boosted total loans outstanding to \$734 million, an increase of \$61 million, or 9 percent, and growth of \$162 million, or 23 percent, in members’ deposits, bringing the year-end total to \$876 million. Total assets ended the year at \$984 million, representing annual growth of 20 percent. On total revenue of \$78 million, UFCU generated net income of \$6.5 million, representing a return on average assets of .72 percent. Members’ equity grew 9 percent to \$81 million.

It is critical that you know UFCU volunteers actively lead and influence the cooperative’s financial performance and decision-making through actions of the Asset Liability Management/Budget Committee, which is chaired by the board-appointed treasurer and composed of five volunteer directors. This committee meets monthly, reviews national and local economic conditions, develops and recommends financial policies to the board of directors, determines long-term financial objectives and annual financial plans, and monitors ongoing financial performance relative to those objectives.

I am proud to report that, despite an extremely challenging financial environment, UFCU remains strong and fully committed to further expanding and enhancing its products and services to meet the evolving financial needs of its 131,000 members.

Warm regards,

Mary A. Seng
Treasurer