

Main Branch

1500 S. Sepulveda Blvd. Los Angeles, CA 90025

UCLA Campus Branch

308 Westwood Plaza, Los Angeles, CA 90095 A-Level



www.UCU.org · (800) UCU-4510



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by NCUA



EQUAL HOUSING
OPPORTUNITY
NMLS #409731

Designed by: Oindi Ghosh



ANNUAL REPORT 2017

Expanding our Horizons!



UNIVERSITY
CREDIT UNION

Mission, Vision & Core Values

Core Values

Credit Union Philosophy

We embrace and are committed to the people helping people credit union philosophy, and we will practice it daily to all diverse members of the credit union.

Service Excellence

We strive to provide excellent service by doing it right the first time, following up incessantly, being courteous, always showing professionalism, and going the extra mile.

Utmost Integrity

We will conduct our business with the utmost integrity.

Continuous Improvement

We know efficiency will be a critical part of our operation. We are always looking for better ways for our processes and for making continuous improvements.

Delivering on Accountability

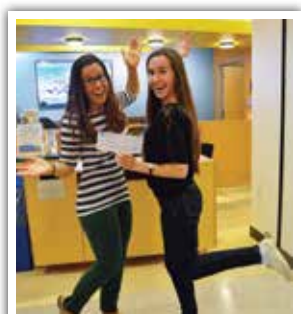
We acknowledge that we depend on each other for the credit union to be successful. We hold dearly how important accountability is. We promise to be accountable for what we are responsible. We take ownership and deliver for the ultimate success.

Fulfill Financial Dreams

We will do everything we can to bring financial dreams to reality for members. We will be advocates and supporters of each member whenever possible.

Having Fun

We strive to have fun in what we do. We are passionate about what we do and we show that through our actions. We are excited to help our members and we show it in our faces.



UCU Grant Winners



Father's Day Winner



UCU Logo Contest Winner

Mission Statement

To responsibly assist all members to achieve their financial dreams through INNOVATION, PASSION and EMPATHY.

Vision Statement

To be the Credit Union of Choice for All Members of the Educational Communities.

Report of the Chair and CEO

The Year in Review

On behalf of the Board of Directors and our Management Team, we are excited to report to you University Credit Union's performance and financial results. 2016 was an excellent year for our credit union due to positive growth in net worth, market share, loans, assets and membership. UCU has bold visions for your financial future and how we can bring significant value to you with each and every new product and service we offer. We are laser-focused on helping you reach your financial dreams. Our goal is to keep UCU at the forefront of our university communities with a few simple principles. We want to offer you best-in-class tools and resources to help make your finances easier. We want to be the credit union of choice for the educational community to help you navigate through life's stages. We want to keep our products dynamic and relevant in this ever-changing environment. Plus, we want to pursue a forward-looking growth strategy that will appeal to existing members and attract potential new members, which will ensure UCU remains a healthy financial organization.

Our board volunteers, management, and staff are dedicated to delivering outstanding service with the objective of improving each member's financial well-being. Members like you have depended on UCU to purchase homes, autos, complete interior and exterior renovations, pay off student loans, and consolidate other debt and much more. We believe our growth and achievement over the last few years reflects the fact that UCU offers consistent, convenient, and lasting value.

Our strength and success come from serving you with excellence as the standard. Last year, we were able to help refinance hundreds of members' loans, saving them thousands of dollars; provide free access to 30,000 ATMs, saving members significantly in fees; and made it a priority to give back higher dividends on deposit accounts and certificates of deposit, helping our members earn a higher yield on their hard-earned money.

We reached many milestones during 2016. UCU continues to be a financially sound credit union that is well-capitalized with a high efficiency ratio. We are the financial home to over 35,000 members. UCU had 10% growth in assets to \$597 million, our total loan balances increased 3.4% to \$238 million, our share growth was up by 10% to \$550 million, and our return on assets was .53%. UCU remains safe and secure with a net worth ratio of 8.9%. As members, your active participation in our UCU cooperative means we are in a great financial position to continue to meet our members' needs now and in the future.

Here are more of our accomplishments:

- Introduced the Hometown Hero Account, Solar Loans, Person-to-Person transactions, and initiated the Student Loan Refinance program,
- Upgraded existing ATMs and placed new ATMs at several locations,
- Enhanced our insurance, investment, and retirement planning offerings,
- Increased our MasterCard functionality making seamless and real-time payments easier,
- Conducted meaningful outreach to the Universities we serve with our Alumni partnerships,
- Donated funds to support our Select Employee Groups (SEGS) such as: UCLA Food Pantry and SOLE student organizations,
- Engaged in building relationships with our members on social media, demonstrating solid results
- Increased our Net Promoter score, and
- Conducted 35 in-person workshops and 24 webinars to educate our members on a multitude of financial topics.

For 2017, it is time for us to assess our budget, goals, objectives and develop new initiatives. UCU continues to resolve to provide you with the very best in products and services for the coming years.

This coming year will be even more exciting with new initiatives such as:

- Upgrading technology to a new more powerful online and mobile banking platform,
- Launching Card Alerts to inform you of real-time transactions to assist with fraud prevention,
- Re-branding UCU for future growth,
- Continuing to build relationships with our partner universities, and
- Leadership training and talent development of our personnel.

Reflecting on the challenges, opportunities, and successes of 2016, one thing is for certain: 2017 will be another transformational year for UCU. While we know that change is constant, we remain dedicated to providing you with all of the tools and resources to successfully and securely manage your financial goals now and into the future.

We appreciate your continued loyalty and hope you will share the excellent benefits of UCU membership with your eligible family and co-workers. Thank you for supporting UCU. We look forward to a lifelong relationship.



Norma Iadevaia



Steve Sercu

Norma Iadevaia

Norma Iadevaia
Chair of the Board

Steve Sercu

Steve Sercu
Interim CEO

Volunteer Board of Directors



Norma Iadevaia
Board Chair



Jane Permaul
Board Vice-Chair



Elizabeth Yzquierdo
Board Secretary/Treasurer



Kathleen Kiser



Lea Howe



Edward McCloskey



Brian Thomason



Anita Cotter



UCU Management Team



Steve Sercu
Interim CEO



David Spivack
SVP, Chief
Financial Officer



Kim Mathis
Vice President,
Support Operations



Sara Stern
Vice President,
Marketing



Sandra VanOver
Vice President,
Administration



Angela Alberti
Assistant Vice President,
Enterprise Risk Management



Scott Ko
Assistant Vice President,
Special Projects



Supervisory Committee

Supervisory Report

To protect our members' financial safety, University Credit Union's volunteer Supervisory Committee audits the credit union's financials and operations. The Committee's specific duties are to:

- Review and ensure, through internal and external auditors, that the proper internal controls of the credit union exist.
- Audit the books, financials, and business operations of the credit union using an appointed independent auditor.
- Validate and verify the accounts of members against the credit union's records.
- Review the affairs of the Board of Directors, officers, and management for adherence to University Credit Union bylaws and policies, and all regulations provided by government agencies.
- Maintain the reputation of the credit union by thoroughly investigating any and all claims made to the credit union and acting on the findings.

RSM, an independent Certified Public Accounting (CPA) firm, was selected by the Supervisory Committee to audit the credit union's financial statements and ensure that they were reported according to Generally Accepted Accounting Principles (GAAP).

An excerpt from the RSM letter states: In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Credit Union as of December 31, 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We are pleased to announce that University Credit Union's financials and operations, to ensure the safety and soundness of the credit union, were confirmed by the independent audit.

Albert E. Aubin, Committee Chair

Patricia Lowe, Committee Member

Dori MacDonald, Committee Member

To obtain a complete copy of the audited financial statements (including the audit opinion), contact: Supervisory Committee, 1500 S. Sepulveda Blvd., Los Angeles, CA 90025.



Albert Aubin



Patricia Lowe



Dori MacDonald



UCU Family



UCU PHOTOS

1. Special Olympics
2. Member donating for Million Pennies
3. Grant Winners
4. Special Olympics
5. Shred Day
6. LMU Winner
7. Mattel Children's Hospital, Book/Toy Drive
8. UCLA Alumna
9. I Heart Walk
10. UCLA Bruin Day
11. Grant Winner
12. UCLA Alumna

Statements of Financial Condition

December 31, 2016 & 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 60,493,117	\$ 48,162,938
Investments:		
Securities available for sale	204,483,134	164,576,677
Other	70,506,873	78,157,237
Loans receivable, net of allowance for loan losses	236,829,853	229,021,668
Accrued interest receivable	1,209,156	996,426
Property & equipment, net	9,963,462	9,258,539
National Credit Union Share Insurance Fund (NCUSIF) deposit	4,920,858	4,424,593
Credit Union owned life insurance	8,012,249	6,598,328
Prepaid expenses and other assets	731,305	1,596,793
TOTAL ASSETS	597,150,007	542,793,199
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	549,781,995	499,520,490
Accounts payable and other liabilities	2,854,467	2,272,754
TOTAL LIABILITIES	552,636,462	501,793,244
Members' equity:		
Retained earnings	52,936,091	49,890,347
Accumulated other comprehensive loss	(8,422,546)	(8,890,392)
TOTAL MEMBERS' EQUITY	44,513,545	40,999,955
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 597,150,007	\$ 542,793,199



Statements of Income

December 31, 2016 & 2015

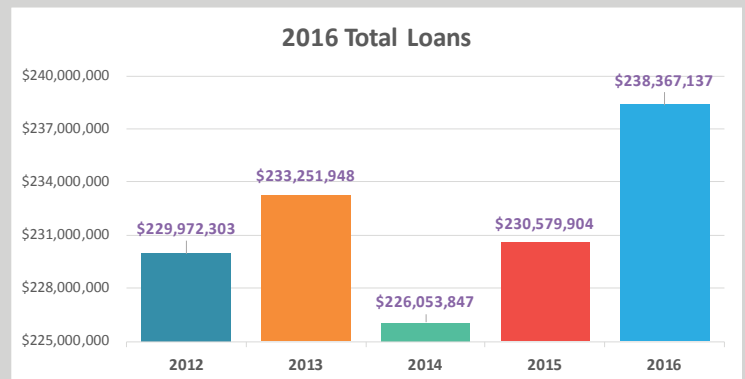
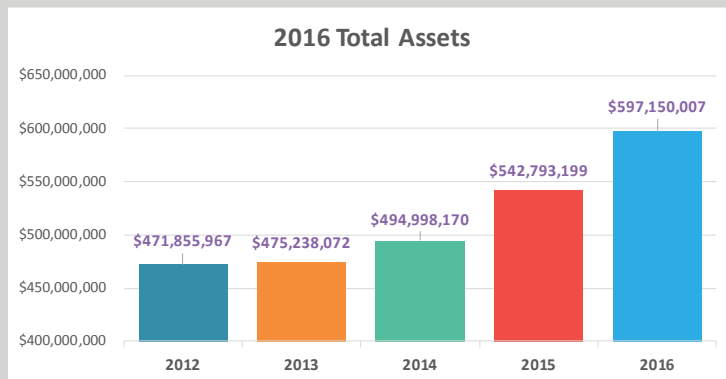
	2016	2015
INTEREST INCOME		
Loans	\$ 10,136,742	\$ 9,509,333
Investments	3,516,179	2,700,356
TOTAL INTEREST INCOME	13,652,921	12,209,689
INTEREST EXPENSE		
Members' share and savings accounts	1,647,814	941,734
NET INTEREST INCOME	12,005,107	11,267,955
Provision for loan losses	255,518	(431,674)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,749,589	11,699,629
NON-INTEREST EXPENSE		
Services Charges and other fees	4,141,171	2,948,753
Gain on sale of investments	63,384	350,438
Gain on sale of loans	38,218	107,950
(Loss) gain on sale of premises and equipment	(1,917)	44,525
Other non-interest income	713,519	872,009
TOTAL NON-INTEREST INCOME	4,954,375	4,323,675
NON-INTEREST EXPENSE		
Salaries and benefits	7,549,326	6,490,215
Office operations	5,468,772	4,081,223
Occupancy	640,122	632,256
TOTAL NON-INTEREST EXPENSES	13,658,220	11,203,694
NET INCOME	\$ 3,045,744	\$ 4,819,610



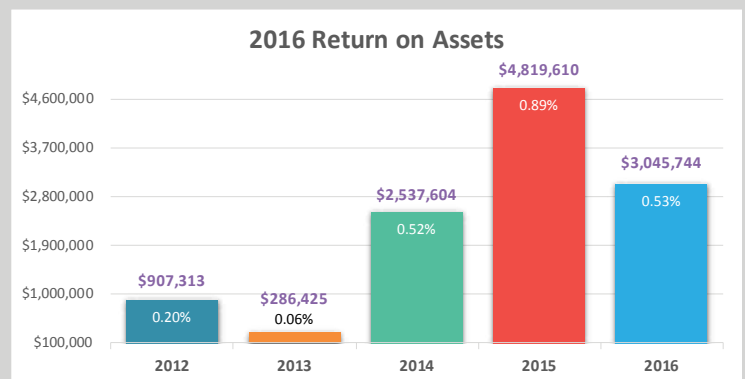
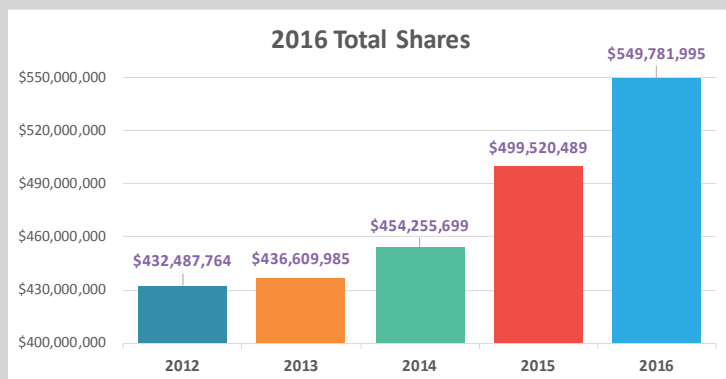
UCLA Sports Day
Winners

Our Commitment to Service

UCU by Numbers



“UCU had 10% growth in assets to \$597 million, our total loan balances increased 3.4% to \$238 million, our share growth was up by 10% to \$550 million, and our return on assets was .53%. UCU remains safe and secure with a net worth ratio of 8.9%.”





Testimonial

“UCU has helped me finance all the cars I have owned throughout my life. I would not go anywhere else for a loan. UCU offers the best rates and they treat me like family.” – **Glenn Angeles**”



169 Members educated

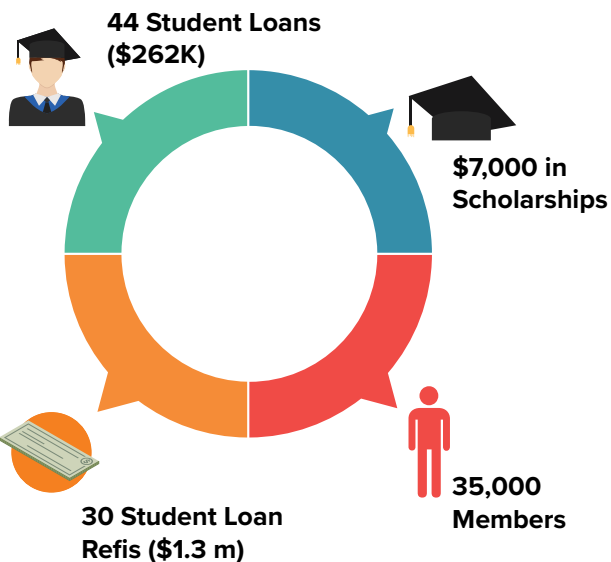
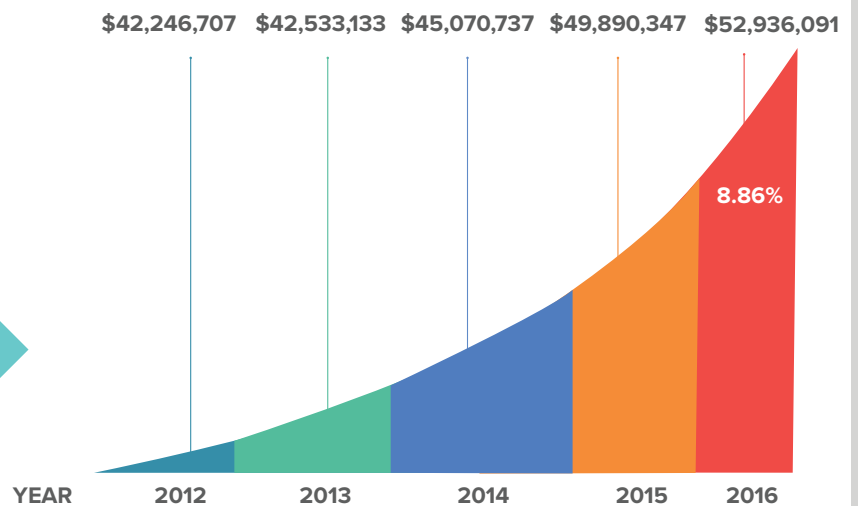


**\$10,000 donated to Mattel Children’s Hospital UCLA
+ 500 Books and Toys**



UCLA Bruin Walk

2016 Net Worth



“Quick and easy. Lenny was great. Low stress”
– **Troy Carter**”



Testimonial