

# 2017 ANNUAL SUMMARY



## PRESIDENT'S MESSAGE

The year 2017 marked our 50th anniversary as an institution and proved to be another successful year for University Credit Union (UCU). Our balance sheet continued to grow throughout the year, and our ending assets of \$289 million marks an institution record high while our income statement showed continued and increased profitability over the prior year. As a member-owned financial cooperative, strength in our balance sheet and income statement gives us the ability to provide our members with enhanced products and services coupled with outstanding rates on deposits and loans.

The loan growth that we experienced through the past year continued to be positive with a net increase of 5% while our member deposit growth outpaced loan growth to end the year with an increase of 7% which allowed us to continue the trend of reducing our borrowed funds. Our continued growth in lending and member deposits is a testament that UCU members find value in the various products and services we offer, and the continued growth in our total membership has also confirmed this viewpoint. Total members at UCU grew to 27,992 in 2017. Just like our record-setting growth in total assets, our new membership number is another credit union record high. In addition to loans, deposits and membership totals, I am also pleased to report that we continued to build on the members' equity section of our balance sheet which grew by more than 5% to end the year in a well-capitalized position of more than \$26 million dollars.

In addition to the continued financial success of UCU, we also had an exciting year with the expansion of our services. Our video teller fleet was expanded during the year allowing more UCU members to be served remotely and conveniently with live service. We also were able to renovate some existing branches in Portland and Orono to provide for a more efficient and interactive lobby. As in the past, we continue to be pleased with our ability to keep the dividend rates on our Kasasa Cash checking and saver accounts unchanged at the above-market, high return that it has been at, coupled with the continued offering of Kasasa Cash Back checking which has become popular as well. We are pleased that we are able to offer these and other great products and services which continue to help UCU fulfill its mission of Prepare, Progress, Achieve...to actively advance the financial wellbeing of our members in every stage of their lives.

In conclusion, 2017 was once again a strong year for UCU, and we could not have achieved these successes without the guidance of our Board of Directors and without our employees who have shown such hard work, dedication and continued service to our members. Thank you to our employees, and thank you to our members for your continued credit union membership and support.

Respectfully submitted,

*Matthew J. Walsh*

Matthew J. Walsh, CPA

President / CEO

# FINANCIAL CONDITION

As of December 31, 2017 and 2016 (in \$1,000s)

	2017	2016	
<b>ASSETS</b>	<b>Assets</b>		
	Cash and cash equivalents	\$ 4,239	\$ 6,534
	Investments	36,395	31,884
	Loans receivable, net	230,521	219,817
	Property and equipment, net of accumulated depreciation	10,231	10,371
	NCUSIF deposit	2,274	2,069
	Investment to fund deferred compensation plans	2,821	2,731
	Other assets	2,525	2,632
	<b>Total assets</b>	<b>\$289,006</b>	<b>\$276,038</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>	<b>Member deposits</b>		
	Shares	\$ 100,655	\$ 94,971
	Share drafts	36,332	34,141
	Kasasa Cash	46,588	42,531
	Money markets	10,593	9,383
	Share certificates	26,468	26,139
	Clubs and all other deposits	12,832	11,598
	<b>Total member deposits</b>	<b>233,468</b>	<b>218,763</b>
	Borrowed funds	25,707	29,224
	Accrued expenses and other liabilities	3,333	2,884
	<b>Total liabilities</b>	<b>262,508</b>	<b>250,871</b>
	<b>Members' equity</b>		
	Regular reserves	13,246	12,612
	Undivided earnings	13,630	12,869
	Net unrealized appreciation on securities available for sale	(378)	(314)
<b>Total members' equity</b>	<b>26,498</b>	<b>25,167</b>	
<b>Total liabilities and members' equity</b>	<b>\$289,006</b>	<b>\$276,038</b>	

# INCOME

For the years ended December 31, 2017 and 2016 (in \$1,000s)

	2017	2016	
<b>INTEREST INCOME</b>	<b>Interest income</b>		
	Interest on loans receivable	\$11,319	\$10,993
	Interest on investments	837	765
	<b>Total interest income</b>	<b>12,156</b>	<b>11,758</b>
	<b>Interest expense</b>		
	Dividends	1,055	1,002
	Interest on borrowed funds	307	274
	<b>Total interest expense</b>	<b>1,362</b>	<b>1,276</b>
	<b>Net interest income</b>	<b>10,794</b>	<b>10,482</b>
	Provision for loan losses	1,150	1,007
<b>Net interest income after provision for loan losses</b>	<b>9,644</b>	<b>9,475</b>	
<b>NON-INTEREST INCOME</b>	<b>Non-interest income</b>		
	Other operating income and fees	4,698	4,608
	Gain (loss) on sale of property and equipment	(8)	(124)
	<b>Total non-interest income</b>	<b>4,690</b>	<b>4,484</b>
	<b>Non-interest expense</b>		
	Compensation and benefits	6,136	6,129
	Travel and conferences	121	149
	Office occupancy	1,054	1,028
	Operations	4,095	3,873
	Advertising	535	497
	Loan Servicing	563	569
	Professional Fees	347	309
Miscellaneous	89	100	
<b>Total non-interest expense</b>	<b>12,940</b>	<b>12,654</b>	
<b>Net income</b>	<b>\$1,394</b>	<b>\$1,305</b>	

These 2017 Consolidated Statements are unaudited.

# UCU LEADERSHIP & REPRESENTATIVES

## BOARD OF DIRECTORS

Gerald W. Hayman, Jr	Chairperson
Ency A. Whitehill	Vice Chairperson
Hugh A. Morrison	Secretary
Carolyn L. Cheney	Director
Richard H. Borgman	Director
Betsy J. Uhuad	Director
Peter R. Reid	Director
Anna Soule-Williams	Advisor to the Board

## EXECUTIVE MANAGEMENT

Matthew J. Walsh, CPA	President / CEO
Debra A. White-Rideout	Senior Vice President of Operations
Renee D. Ouellette, CPA	Senior Vice President of Finance
April D. Gleason	Vice President of Lending
Eileen M. Byram	Vice President of Risk Management

## AUDIT COMMITTEE

Ency A. Whitehill	Chairperson
Carolyn L. Cheney	Director
Betsy J. Uhuad	Director

## ELECTIONS COMMITTEE

Quinn A. Paradis	Chairperson
Henry B. Metcalf	Committee Member
Irvine Marsters	Committee Member

## MISSION STATEMENT

*Prepare, Progress, Achieve...*

To actively advance the financial well-being of our members in every stage of their lives.



## 51<sup>st</sup> ANNUAL MEETING

Wednesday, February 14<sup>th</sup>, 2018

5:15 PM

Buchanan Alumni House  
Orono, Maine

## MEETING AGENDA

Roll Call

Reading of previous minutes

Report of the Chairperson

Report of the President

Report of the Audit Committee

Unfinished business

New business

Report of the Elections Committee

Meeting adjournment