



**When Our
Community
Is Strong,
We Are Strong**

2019 Annual Report



Jonathan G
Member Since 1998

From the Chairman and President/CEO

2020 brings with it a new decade and new challenges for all of us. These are uncertain times, but after more than 83 years providing for the well-being of our Members, we have a solid footing within our communities. We are proud of the incredible employees and Members who make us who we are, and we're confident that we will get through this together.

We've seen many changes to financial services and to our communities over the past eight decades. What has not changed is the persistence of young Members to achieve their dreams, like Consulate W, one of our first UFCU Scholars. We've witnessed inspirational leadership from employees like Karen C, who gives back to her community in meaningful ways. We've watched personal and professional growth of Members like Jonathan G, who joined as a teenager and has since bought his first car, financed his first home, and launched his first community-centric business, all with UFCU on his side. We're grateful they've allowed us to be part of their journeys, and we are inspired by them to do more.

Now more than ever, we are activating our vision of social purpose and financial health to generate lift in our communities. It begins with people. From Members to employees to our partners in philanthropy and higher education, we are all on this journey together, building strong, resilient communities.

Our cooperative is well positioned to significantly impact three notable issues that form the basis

of financial health: postsecondary education, middle skills employment, and housing affordability. These areas not only represent great need in the communities we serve, but also prompt passion on the part of our leadership, employees, and Members.

In 2019, we expanded our financial health offerings, modernized our lending application process, delivered instant-issue, chip-enabled debit cards, opened the Trinity Interactive Financial Center, and more. These achievements, along with great certificate and loan rates, are all about serving you better.

Now, we're even more strongly prioritizing the needs of our Members, partners, and greater communities while leveraging long-time partnerships and forging new ones. Of course, we'll continue enhancing technology, delivering new apps, boosting responsiveness, opening new financial centers, and as always, keeping a close eye on data to keep you safe. We continue to select leaders and hire new employees who will execute on our vision while maintaining the values that have brought us to where we are today. We're here for you, we care about you, and we're grateful for your membership and business.

Warmest regards,



D Michael Harris, PhD, CPA.CITP
Chairman



Tony C Budet
President/CEO

“From Members to employees to our partners in philanthropy and higher education, we are all on this journey together, building strong, resilient communities.”

—Tony C Budet, President/CEO

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From the Supervisory Committee

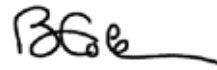
The Supervisory Committee is charged with ensuring that UFCU maintains accurate reporting and excellent management practices to adequately safeguard our Members' assets. We focus on helping to maintain internal controls, produce accurate financial reporting, and ensure that relevant plans, policies, and procedures are in place.

As part of the committee's ongoing work, we regularly review management practices, risk, regulatory compliance, and operational issues. We also monitor governance matters, direct internal audits, and respond to Member letters of complaint sent to the National Credit Union Administration (NCUA). We strive to make sure all issues are addressed fairly.

Each year, we engage a third party to audit UFCU's financial statements. Based on the 2019 audit

conducted by Moss Adams LLP, we are pleased to report 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. Members may access the audit report upon request.

We appreciate the support and commitment of the UFCU Board and leadership team for their assistance in addressing all audit and NCUA examination issues.



Brady M Cole, RADM USN SC (Ret)

Supervisory Committee Chairman

From the Treasurer

Austin's popularity as a place to live, work, and do business continued in 2019. The strong economy, thriving job opportunities, and brisk housing market kept our financial services in high demand. Members turned to UFCU for high quality, competitively priced products and exceptional customer service — and we are proud to have met those needs.

Loan disbursements in 2019 totaled \$2.1 billion, boosting total loans outstanding to \$2.27 billion, an increase of \$143 million, or 7%, from 2018. We helped Members buy 19,000 vehicles and 2,800 homes. Member deposits grew by \$248 million, or 12%, bringing the year-end total to \$2.39 billion. Total assets at year-end were \$2.68 billion, a 12% annual growth rate. Together with more than \$536 million in Member investments under our wealth management program, total assets under management amount to \$3.22 billion. On revenue and gain from sale of investments totaling \$194

million, UFCU generated a net income of \$28 million, representing a return on average assets of 1.08%, elevating Member equity by 13% to \$240 million. At year-end, our net worth ratio was a healthy 9.20%.

We are indebted to the many volunteers who devote their time and expertise to the Asset Liability Management/Budget Committee. The committee reviews our financial performance, establishes and monitors financial policies, and determines financial objectives. Through our continued financial strength, UFCU is well positioned to continue meeting the evolving needs of our 315,000 Members.



Leslie L Blanke, PhD

Treasurer

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (UNAUDITED)

As of December 31

	2019	2018
Assets		
Cash and Cash Equivalents	\$236,005,168	\$115,601,695
Investments	6,967,592	8,178,232
Loans to Members (Net of Allowance for Loan Losses)	2,256,073,790	2,114,491,507
Property and Equipment	80,845,377	81,088,531
NCUA Insurance Fund Deposit	21,845,944	19,813,822
Other Assets	78,327,996	61,482,893
Total Assets	<u>\$2,680,065,867</u>	<u>\$2,400,656,680</u>
Liabilities and Members' Equity		
Members' Share and Savings Accounts	\$2,388,929,229	\$2,141,416,559
Borrowed Funds	0	0
Accrued Expenses and Other Liabilities	50,758,552	46,488,299
Total Liabilities	<u>2,439,687,781</u>	<u>2,187,904,858</u>
Members' Equity	240,378,086	212,751,822
Total Liabilities and Members' Equity	<u>\$2,680,065,867</u>	<u>\$2,400,656,680</u>

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the Years Ended December 31

	2019	2018
Interest Income from Loans to Members and Investments	\$98,631,823	\$88,371,144
Dividend Expense Paid to Members' Deposits and Interest on Borrowed Funds	7,585,990	4,255,479
Net Interest Income	91,045,833	84,115,665
Provision for Loan Losses	14,501,252	10,555,409
Net Income after Provision for Loan Losses	76,544,581	73,560,256
Non-Interest Income	95,767,662	80,154,005
Operating Expenses	144,755,771	131,402,997
Net Income	<u>\$27,556,472</u>	<u>\$22,311,264</u>

Your Goals Are Our Goals

At UFCU, our vision is a financially healthy community of empowered individuals. Your success is our priority, and you can rely on us to help you at each point along your journey.

We're ready to help you reach your goals. Visit [UFCU.org](https://www.ufcu.org) to learn more.





Growing Community — Game On!

Jonathan G is many things: a college grad, a CPA, an entrepreneur. He's the Assistant Director of student accounts at St. Edward's University and a long-time Member of UFCU. But most of all, Jonathan's a gamer. He loves board games, community, and the results when those two things come together.

Since he was a kid, Jonathan always loved games. As an adult, he has a better understanding of why he loves them: because he believes they create community. According to Jonathan, games give people a reason to come together. They create a structure for adults and children not only to have fun, but also communicate, relate to one another, and spend time together. Jonathan felt that adults especially were not getting enough of that quality time together, so he decided to do something about it.

"I found that there were so many people that wanted to play games, I started my own convention," Jonathan said. "Board Game Bash is a convention where people make friends and develop

relationships. I love being able to create something unforgettable for people. It's really a rewarding and incredible experience."

Community has long been a core value of UFCU, so we are especially thrilled to see Members like Jonathan go the extra mile to deepen relationships and expand ties in our community. A UFCU Member since he was only 17 years old, Jonathan has relied on UFCU as a partner for many years.

"At every stage of my life, UFCU has been the first place I've turned to. They helped me with my first credit card, first loan, first car, first home, and my first business. They stood by me when I was a nervous kid entering college, and they're still standing by me today."

We're proud of Jonathan and grateful to him for doing his part to strengthen our community.

Visit [UFCU.org/MemberStories](https://www.ufcu.org/MemberStories) to read Jonathan's complete story.

“Any time we can **come together and develop relationships**, our community is growing.”

Jonathan G
UFCU Member Since 1998



Creating Paths to College

Kate Garrett

Director of Corporate Partnerships at Breakthrough Central Texas

UFCU is helping to shape a positive future for

disadvantaged youth in Central Texas.

In 2019, we invested thousands of employee volunteer hours to support our partners who put students on the track toward higher education. As a social purpose credit union, our goal is to enable everyone in our community to achieve greater levels of prosperity. We also believe UFCU is uniquely suited to positively impact three issues that form the basis of financial health: education, employment, and housing. Success in each of these areas can create a cycle — in which more opportunities lead to more success, to more opportunities, and so on, thus reinforcing a virtuous circle of opportunity.

One of our partners and an innovative nonprofit with a high rate of success is Breakthrough Central Texas. They create a path to college for students who will become the first in their families to earn a degree. Devoted to educational equity, they begin with middle school students from low-income communities and continue supporting them through college graduation, a remarkably long time for this kind of work.

Breakthrough belongs to the Austin College Access Network (ACAN), powered by the E3 Alliance, which increases postsecondary success for underserved students. UFCU supports ACAN with the hope of ensuring success for all Central Texas students. Kate Garrett is the director of corporate partnerships at Breakthrough.

“We’ve been fortunate to have a comprehensive partnership with UFCU. Their funding, donations, and of course their fantastic volunteer participation — We can really feel the impact,” Garrett said.

UFCU will continue supporting organizations like Breakthrough who align to our mission, particularly those who improve education access, which in turn leads to improved employment and housing opportunities. In this way, the virtuous circle continues.

Visit **[BreakthroughCTX.org](https://www.breakthroughctx.org)** to learn how you can help shape education in Central Texas.



Building a Better Planet, One Scholar at a Time

Consulate W is a proud participant of the first cohort of UFCU Scholars at The University of Texas at Austin. The program delivers tools for financial health, career readiness, networking, and more. Each scholar receives tangible benefits:

- A monetary scholarship
- A summer savings program worth up to \$150
- Online financial health education
- A personal financial consultation

"I am lucky enough to be a UFCU Scholar, so I take advantage of the program as much as possible," Consulate shared. "I opened a savings account and learned a lot. UFCU breaks things down very well, and it has really helped me." On track to graduate in 2021, Consulate is majoring in sustainability studies. She's learning how to make the best use of our planet's natural resources, which she believes is crucial to the state of our planet.

"My goal is to help underserved populations find their way to green infrastructure. If I can help others find an ethical way to build, I'd like to do that."

Senior Relationship Management Specialist Christine Hickey helped design the inaugural Scholars program.

"We're eager to extend the program to all of our higher education partners," Hickey said. "We designed this program to allow each partner to customize and meet the unique needs of their students. We want to position students to succeed so they can also give back. We can't wait to see what great things come to our communities as a result."

We're proud of Consulate and grateful to her and all of our scholars for making our first cohort a success!

Visit [UFCU.org/MemberStories](https://www.ufcu.org/MemberStories) to read Consulate's complete story.

“I am lucky enough to be a UFCU Scholar. **It has really helped me.**”

Consulate W
UFCU Member Since 2018



Driving Financial Health

Monica Andry

Manager of Financial Health Programs

UFCU Employee Since 2001

The UFCU approach to **financial health focuses on empowering individuals** to take control of their future.

Financial health is often misunderstood. It not only applies to those who struggle, financial health is important for people of all walks of life. Monica Muñoz Andry leads UFCU toward measurably improving people's lives through our financial health programs.

"Independent of income, debt, or credit score, financial health means achieving goals while handling life's uncertainties," said Andry. UFCU's step-by-step approach focuses on education, action planning, and resources for putting people in control of their future:

1. **Raise Awareness** — A financial health score and recommendations for action items to save, plan, borrow, and spend wisely lead to a better understanding of where participants fall on the financial health spectrum.

2. **Build Resilience** — Program participants create goals, develop a plan, and connect to resources, including a personal financial advisor. Every plan is individualized and delivers a solid path to progress. The definition of success is no longer an unknown,

which is a real stressor for most people.

3. **Create a Safe Space** — Sharing personal goals, dreams, and struggles is key to success. Financial topics are often taboo, but most people are surprisingly transparent when it comes to sharing their experience to help others.

Put these steps together, and you've got a comprehensive program to meet the unique needs of anyone who wants to take control of their financial future.

In 2020 and beyond, UFCU Members will be able to choose from free seminars, money meet-ups, one-on-one personal financial sessions, an online education center, a mobile app, and more, all targeted at empowering individuals to improve their financial health their way, at their pace.

"We've long held that a community can truly prosper when its Members are financially healthy, and that's what we're going for," Andry said.



Partnering for Prosperity

As a social purpose credit union, we promote greater levels of prosperity through meaningful investments in our community. Goodwill Central Texas helps at-risk individuals find employment. They empower more than 10,000 people annually through education, career training, and employment. A longstanding partner who has been with our credit union for years, Goodwill employees have taken advantage of our financial health program since 2019.

Rachel Hampton seized the opportunity to participate, as a UFCU Member and as director of workforce advancement for Goodwill. She understands that education is key to empowerment.

“We want to bring financial wellness to as many people as we can. We want to impact entire generations, so partnering with UFCU to raise awareness around financial health was easy to say yes to,” she said. Goodwill knows that success requires reliable employment, a stable income at a living wage, and access to many other resources that lead to self-sufficiency.

Finding Financial Freedom

If you ask Hampton, financial health is really all about freedom: to know your bills will be paid and you can still live the life you want to live. The focus on building resilience through savings is essential.

“From the perspective of trying to increase equity for all, financial health is so important, and it is on a spectrum,” she said. “We all need to understand our finances and take control; we need the empowerment to be successful. This is not just for the vulnerable. Even people who are thriving need guidance. We all need support.”

Finances — The Final Frontier

Hampton also reiterated the need for safe spaces to discuss finances. “We have become more open as a society, but finances are still a private matter,” Hampton noted. “It’s the final frontier! The one-on-one sessions offer a fantastic balance of privacy, compassion, and accountability that helps participants be successful!”

Visit [GoodwillCentralTexas.org](https://www.GoodwillCentralTexas.org) to learn how you can help empower members of our community.

Rachel Hampton

*Director of Workforce
Advancement at Goodwill
Central Texas*

UFCU Member Since 2012

UFCU works for improved prosperity through **meaningful community investments.**

The Year in Achievements

The work we did in 2019 positioned us well to continue serving our Members and our communities. We're proud, grateful, and eager to maintain this momentum in 2020 and beyond.

Elevating Service

- Designated one of the top five credit unions in Texas by Forbes®
- Ranked #1 Credit Union and #1 Mortgage Producer by *The Austin Business Journal*
- Voted "Best Mortgage Lender" and "Best Bank" by *Austin American-Statesman* readers
- Named Education Business Champion by the Austin Chamber of Commerce

Enhancing Offerings

- Provided even more convenience by opening the Trinity Financial Center
- Gave Members more flexibility by introducing the electronic Vehicle Buyer's Check (eVBC)
- Expanded benefits and improved prices for GAP and debt cancellation products
- Launched our auto loan program to empower small businesses
- Delivered a new instant-issue debit card solution for immediate access
- Modernized our online loan applications to reach Members anytime, anywhere
- Expanded our credit card programs with benefits and rewards
- Streamlined phone services to make reaching a representative quicker and easier

Uplifting Community

- Donated 3,000 employee volunteer hours and matched donations for more than \$160,000
- Donated support for the UFCU Lounge in the new Texas One Stop Student Support Center in the UT Tower
- Started partnership with Foundation Communities to support housing affordability through the Prosper Center
- Launched our Financial Health program with Goodwill Central Texas employees
- Refined our UFCU Scholars program to guide college students toward financial health and career development

Nothing would be possible without our outstanding Members. Remember, your UFCU membership directly supports us, a not-for-profit cooperative working to fuel Member and community prosperity. Thank you!



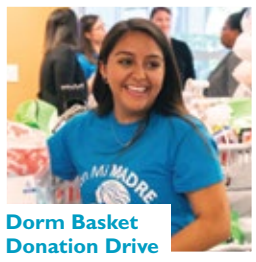
MS150 Team



UFCU Disch-Falk Field Fan Appreciation Day



Housing Affordability Summit



Dorm Basket Donation Drive



Inaugural UFCU Internship Cohort



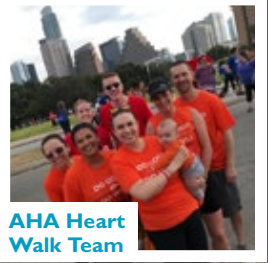
UFCU Trinity Ribbon Cutting



Neighborhood Longhorns Program Donation



Voted Best of the Best



AHA Heart Walk Team



Veterans Appreciation



Holiday Volunteering



Empowering Women to Work

Karen Coker

*Manager of Strategic
Vendor Relations*

UFCU Employee Since 2015

UFCU's DO GOOD program supports mission-driven organizations dedicated to improving financial health.

Our DO GOOD program empowers UFCU employees to give back with 32 annual hours of paid volunteer time off for the sustainable development of our communities. Karen Coker makes good use of this benefit by giving back to Dress for Success Austin® (DfSA).

The DO GOOD program supports many mission-driven organizations dedicated to improving financial health in our communities. Coker was introduced to DfSA by the DO GOOD program and drawn to their mission. They empower women to achieve economic independence via professional attire and career services. With a staff of only four, DfSA hosts more than 300 active volunteers and 1,000 clients annually because 97% of what they do is thanks to volunteers like Coker.

"I come from humble beginnings. My parents and grandparents joined forces so we could move into a more affluent neighborhood. Their collaboration had a powerful influence on me," Coker shared. Her philosophy is always to give, knowing others may not.

"DfSA creates a comfortable experience so women feel

empowered. That can be life changing," Coker said.

Candy Cantrell, who manages volunteers and inventory at DfSA, emphasized the remarkable change that often takes place inside the walls of DfSA.

"We are fortunate to see great transformation here," she said. "Our UFCU volunteers are really helping women in Central Texas. The clothing is just one part of it. Participants get an immediate confidence boost, make connections, and learn how to remove barriers to success," Cantrell explained.

Coker and her fellow DO GOOD volunteers demonstrate how powerful personal philanthropy can be. Coker summed it up nicely: "When I can help make a connection and help make things better, that's when I feel that I've really done something."

You can read Karen Coker's complete story at [UFCU.org/EmployeeStories](https://www.ufcu.org/EmployeeStories), and visit [Austin.DressforSuccess.org](https://www.austindressforsuccess.org) to learn how you can get involved.



Internships Boost Student Success

After years of planning, UFCU and St. Edward's University (SEU) leveraged our long-standing partnership to develop a comprehensive internship program designed to decrease the time between graduation and gainful employment. The first cohort successfully completed their internships during the summer of 2019.

On the surface, an internship program simply connects students with summer jobs. But at its best, an internship can introduce young professionals to organizations that make a difference, to leaders and individual contributors who make positive change, to the qualities and culture that make us who we are as a community.

Jason De La Rosa, interim director of career and professional development at SEU, believes it's all about connections: "Who better to recommend to our students for experiential learning than our own partner? UFCU — who we know to be a reputable presence in our community, who already has a significant connection point to our university. It's very

easy for us to say, this is an excellent organization who cares a lot about the students and our community." Community is, after all, of utmost importance to SEU and UFCU.

De La Rosa believes this is a powerful takeaway for students, and he's excited about pushing ahead. Giving students a comprehensive way to discover their best selves and uncover their ideal career path can't happen without experiential learning and good old-fashioned interactions.

"We're grateful to UFCU for their willingness to partner with us to create such an amazing experience for our students and for Austin. This is really about building relationships and strengthening our community," De La Rosa said.

UFCU plans to host more interns this summer, and opportunities will extend to all of our higher education partners (The University of Texas at Austin, Austin Community College, Concordia University, Huston-Tillotson University, and Texas State University).

“We want to provide pathways for students that show them **this is how we succeed**; this is how we connect; and this is how we serve our community.”

Jason De La Rosa

*Interim Director of
Career and Professional
Development at St.
Edward's University*

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“UFCU stood by me when I was a nervous kid entering college, and they’re still standing by me today.”

Member
Jonathan G

Member Since
1998

UFCU.org

