



UNIVERSITY OF IOWA COMMUNITY CREDIT UNION 2016 ANNUAL REPORT

4,125

UICCU
EMPLOYEE
VOLUNTEER
HOURS

\$1,162,163

TOTAL
CORPORATE
DONATIONS

500

IOWA
CHARITIES
SUPPORTED



“UICCU’S SPONSORSHIP AND ACTIVE PARTICIPATION IN OUR TOY PROGRAM HELPED TO PROVIDE OVER 1,200 CHILDREN WITH A TANGIBLE GIFT OF HOPE THIS UPCOMING HOLIDAY SEASON. THE SALVATION ARMY OF JOHNSON COUNTY IS GRATEFUL FOR THE ONGOING SUPPORT OF THE UNIVERSITY OF IOWA COMMUNITY CREDIT UNION.”

– TRISHA SMITH, REGIONAL DEVELOPMENT DIRECTOR, THE SALVATION ARMY

YOUR COMMUNITY.
YOUR CREDIT UNION.



FROM THE PRESIDENT
JEFFREY A. DISTERHOFT



As we reflect on the year that was, we are excited to share with you the accomplishments and accolades that made 2016 a success. But try as we might, a year's worth of efforts cannot be effectively encapsulated into any annual report. What we hope you take away from this year's report is that every employee and Board member of the credit union takes tremendous pride in serving our members, communities and employees to the best of our ability. And while we believe we served those groups well in 2016, there's no doubt that our success is dependent on the contributions of the very people we strive to serve: our employees, communities, and member-owners.

And so with that as a backdrop, we want to express our gratitude...

We're grateful for the collective efforts of our fellow **employees**. Our family of teammates is the finest group I've ever had the pleasure of working with. They remain passionate about the service they provide to our members and our communities, and tireless in their contributions. They've truly dedicated themselves to providing the highest level of service to our 150,000 member-owners, and continue to come forward with ideas to improve upon that service.

We're grateful to each of the **communities** we serve throughout Iowa. They have welcomed us with open arms, just as we have embraced our role to support these markets with financially and through volunteerism. Over the years these communities have become more than trusted partners – they have become our neighbors and valued friends.

We're grateful to each of you as **member-owners** of the cooperative for both your patronage of our credit union as well as your support of the credit union philosophy as a whole. The "people helping people" mantra adopted by the credit union industry a century ago remains the cornerstone of operating principles today.

In closing, we are also grateful for our volunteer **Board of Directors** and the unwavering leadership and visionary direction they have provided over the past year. Their commitment to our employees, communities, and member-owners is the glue that bonds us together and unifies our values in a way that makes the UICCU a pleasure to serve, and a pleasure to be served by.

Respectfully submitted,
Jeffrey A. Disterhoft, President/CEO

“UICCU HAS BEEN
THERE EVERY
TIME FOR US
WHEN MOST
OTHER FINANCIAL
INSTITUTIONS
WOULD NOT
HAVE BEEN!”

– DOUGLAS L., UICCU MEMBER



REPORT OF THE CHAIRPERSON
KARIN FRANKLIN

2016 was another great year for University of Iowa Community Credit Union. While it's often reflected in the loan and deposit growth figures we share, there are other things to consider when determining the true value of your cooperative. Allow me to touch on some of the highlights.

- **We maintained our position as Iowa's #1 auto and mortgage lender.** UICCU originated nearly \$2 billion in loans to members. When you consider how much lower our prices and fees are compared to some of our competitors, it means we put millions of dollars back into the pockets of Iowans.
- **We contributed time, talent, and treasure.** For the first time, UICCU contributed over \$1.1 million dollars to support over 500 charitable events and organizations. Our staff volunteered over 4,000 hours to support their communities. As we grow in size and staff, so too does our commitment to give back.
- **We created more access points for member service.** UICCU opened new branches in Bettendorf and Des Moines in 2016. We also increased the staff in our Call Center.
- **We invested in new convenience features for members.** In its first full year, our remote deposit capture service allowed members to deposit nearly 100,000 checks using their mobile device. We also introduced a way for members to couple their UICCU credit and debit card to their smartphone for easy payments at merchants accepting Apple Pay, Samsung Pay, or Android Pay.
- **We took steps to become even more efficient.** UICCU invested in a system that allows all staff to share ideas on how to operate more efficiently. Thousands of hours have been saved, and wasteful or redundant processes have been removed. One byproduct is a reduction in paper output by nearly 5 million sheets a year. Of course, the more efficiently we operate, the more we can return to our members and the communities they live in.

We need your help. As we grow, so too does the political pressure placed on us by the large banks. Despite controlling over 80% of Iowa's assets, banks continue to come after credit unions in our state. To learn more about how you can help, I encourage you to visit the Advocacy section of our website, under the "About Us" menu option.

On behalf of our volunteer Board of Directors, thank you for your membership. We look forward to a great year together.

Respectfully submitted,
Karin Franklin, Chairperson



**REPORT OF THE
AUDIT COMMITTEE**
FRED MIMS

As authorized by the Credit Union's by-laws, the Audit Committee retained the accounting firm of RSM US LLP (formerly McGladrey LLP) to provide external auditing services during the past year. As in years past, RSM's comprehensive audit report indicated that the Credit Union's financial statements are presented in accordance with generally accepted accounting principles.

Your Credit Union also conducts internal audits of all areas of the UICCU to evaluate the adequacy of internal controls, adherence to internal policies and procedures, as well as compliance with state and federal rules and regulations. The Credit Union also engages external auditors to supplement internal audit activities in specialized areas such as information technology and member business lending. The Audit Committee wishes to commend the Internal Audit department for their continued good work on behalf of the Credit Union's membership.

During November 2016, the Credit Union received its examination by the Iowa Credit Union Division and the NCUA, as of September 30, 2016. This exam focuses on financial risk areas and your Board of Director's and Credit Union management's oversight and operational management of these areas. The exam focuses on the UICCU's lending and investment policies, its asset – liability management policies, and its ongoing performance as measured by several key financial ratios such as earnings and capital adequacy. Your Credit Union received a favorable examination report from its regulators.

All Credit Union accounts are federally insured up to \$250,000 by the National Credit Union Share Insurance Fund (NCUSIF). In addition to deposit insurance, the Credit Union also maintains a multi-million dollar faithful performance bond, which provides coverage for our professional staff and volunteer directors.

Respectfully submitted,
Fred Mims, Chair, Audit Committee



REPORT OF THE CREDIT COMMITTEE
MARK ROLINGER, CHAIR

It is with great pleasure we report another strong year for lending at the University of Iowa Community Credit Union, serving thousands of members with convenient, low-cost credit. Our overall delinquency ratio saw a modest increase to 0.53% (from 0.45% a year ago). Net charge-offs increased 35% as well, while we saw overall loan growth of \$648 million (22%) over the year.

UICCU staff love the opportunity to help members with their borrowing needs. They get to share in the excitement that members feel when buying a new car, building a new home, financing a real estate development, or consolidating and eliminating high interest debt. This passion for lending is reflected in some very impressive facts and figures:

COMMERCIAL LENDING

- We have enhanced our loan systems to automate several functions within the department, allowing us to better serve new and existing markets.
- 2016 marked the third consecutive year that our commercial loan portfolio grew over 30%.
- The commercial loan portfolio experienced zero loan losses for the year.

MORTGAGE LENDING

- We were the top mortgage producer in Iowa for the year, closing a record \$1.1 billion in first mortgages - helping some 5,500 families with their financing needs.
- We continued to improve efficiency within the department by enhancing our loan origination system. Through automation of loan functions, we reduced paper utilization by 50%.
- We continue to pride ourselves on low closing fees which includes no origination fees. This, combined with great pricing, allows our members the best opportunity in terms of the total financing package.

RETAIL LENDING

- We were the leading vehicle lender in the state of Iowa for the second consecutive year and the leading home equity lender in Eastern Iowa for the second consecutive year.
- We opened 6,000 new credit cards, and as a result more members now carry a UICCU credit card than ever before in our history.
- We helped 18,000 individuals/families through our indirect partners through closing \$400 million in indirect auto loans.
- Through our branch network, our call center, and through online applications, we helped 7,100 individuals/families by closing \$123 million in vehicle loans; we helped 3,300 individuals/families by closing \$116 million in home equity loans; and we helped 4,600 individuals/families by closing \$37 million in personal loans.

Our professional lending staff understands that smart lending begins with a keen understanding of what each borrowing member needs. It also means being responsible and not burdening members with debt that they may not be able to handle. It is essential to us that members have a positive experience with UICCU, whether it is getting a loan for a new car or the house it is parked at. It is what sets us apart from the competition.

Thank you for giving us the opportunity to serve you.

Respectfully submitted,
Mark Rolinger, Chair, Credit Committee

65%
OF THE CONSUMER
LOANS MADE
IN 2016 HAVE
BEEN TO PEOPLE
MAKING LESS
THAN IOWA'S
MEDIAN
HOUSEHOLD
INCOME.

NEARLY
25%
OF THE
MORTGAGE
LOANS MADE
IN 2016 HAVE
BEEN TO PEOPLE
MAKING LESS
THAN IOWA'S
MEDIAN
HOUSEHOLD
INCOME.



**REPORT OF THE CHIEF
FINANCIAL OFFICER
DEAN BORG**

The University of Iowa Community Credit Union, a financial cooperative, earned net income of \$56.6 million during business year 2016. That is a 20% increase when compared to the cooperative's \$47.2 million net income during 2015.

The number of UICCU member-owners increased 8% during 2016 to exceed 151,000 members. Membership growth and expansion of UICCU member service locations resulted in a 22% increase in total assets which totaled \$3.9 billion at the close of 2016.

Member-owner equity is \$323.9 million, a 21% increase during 2016. The cooperative maintains a strong capital position, with a total equity to total assets ("capital ratio") of 8.30% on December 31, 2016.

Respectfully submitted,
Dean Borg, Chief Financial Officer

AUDITED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2016 AND 2015

ASSETS	2016	2015
Net Loans	\$3,542,796,000	\$2,912,235,000
Cash & Cash Equivalents	\$128,531,000	\$97,713,000
Federal Home Loan Bank Stock	\$33,448,000	\$28,265,000
NCUSIF Deposit	\$22,897,000	\$18,883,000
Other Assets	\$94,351,000	\$63,467,000
Property and equipment	\$80,269,000	\$75,607,000
Total Assets	\$3,902,292,000	\$3,196,170,000

LIABILITIES AND MEMBERS' EQUITY	2016	2015
Members' Shares and Savings Deposits	\$1,255,390,000	\$1,019,229,000
Members' Certificate and IRA Deposits	\$1,774,688,000	\$1,547,663,000
Federal Home Loan Bank Advances	\$494,000,000	\$333,000,000
Other Liabilities	\$54,345,000	\$29,491,000
Members' Equity	\$323,869,000	\$266,787,000
Total Liabilities and Members' Equity	\$3,902,292,000	\$3,196,170,000

CONDENSED STATEMENT OF INCOME YEARS ENDED 2016 AND 2015

	2016	2015
Interest from Loans	\$139,107,000	\$115,111,000
Interest from Investment Securities and Other Interest	\$3,237,000	\$2,271,000
Total Interest Income	\$142,344,000	\$117,382,000
Interest Paid on Borrowed Funds	\$5,020,000	\$4,548,000
Interest Paid on Member Shares and Savings Accounts	\$9,052,000	\$8,198,000
Interest Paid on Member Certificate and IRA Accounts	\$31,422,000	\$23,878,000
Total Interest Expenses	\$45,494,000	\$36,624,000
Net Interest Income	\$96,850,000	\$80,758,000
Other Operating Income	\$40,949,000	\$34,713,000
Other Operating Expense	\$67,769,000	\$57,991,000
Provision for Loan Losses	\$13,452,000	\$10,243,000
Net Income	\$56,578,000	\$47,237,000

The complete audited financial statements including the independent auditors' unqualified report are available upon request.

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ONCE AGAIN, UICCU WAS RANKED 1ST IN THE NATION OVER 13,000 OTHER FINANCIAL INSTITUTIONS FOR RETURNING PROFITS IN THE FORM OF BETTER RATES ON LOANS AND DEPOSITS.

(SOURCE: CALLAHAN & ASSOCIATES RETURN OF MEMBER SCORE).

OUR MISSION

To improve the quality of life in communities we serve
by promoting the financial well-being of their residents.

WE OFFER THESE SERVICES

LOAN SERVICES

Home Loans
Auto Loans
Credit Cards
Home Equity Loans
Personal Loans
Private Student Loans
Recreational Vehicle and Boat Loans
Commercial Loans

DEPOSIT SERVICES

Checking Services
Savings Accounts
Money Market Accounts
Certificates of Deposit
Individual Retirement Accounts

INVESTMENT SERVICES* & INSURANCE**

Trust Services
Brokerage Services
401(k) Plans
Retirement Planning
Asset Management
Mutual Funds
Pension Rollovers
Auto, Home, Business & Life Insurance**
**Investment services listed are through UICCU Wealth Management*
***Insurance Services listed are through UICCU Insurance*

LOCATIONS

WESTSIDE IOWA CITY, 825 Mormon Trek Blvd.

DOWNTOWN IOWA CITY, 500 Iowa Ave.

EASTSIDE IOWA CITY, 2525 Muscatine Ave.

CORALVILLE, 1151 2nd St.

NORTH LIBERTY, 585 W. Penn St.

NORTH LIBERTY FINANCIAL CENTER, 2355 Landon Rd.

GRINNELL, 705 6th Ave.

DOWNTOWN CEDAR RAPIDS, 716 A Ave. NE

HIAWATHA, 405 S. Blairsferry Crossing

WESTDALE, 2340 Edgewood Rd. SW

MARION, 727 Oakbrook Dr.

CEDAR FALLS, 3409 Cedar Heights Dr.

WATERLOO, 930 Tower Park Drive

DAVENPORT, 3402 Elmore Ave.

BETTENDORF, 2123 53rd Ave.

WEST DES MOINES, 390 Jordan Creek Pkwy

COMING SOON!

CEDAR RAPIDS NORTH, 1400 Blairsferry Rd NE

BOARD OF DIRECTORS

DEAN BORG—Iowa Public Radio (retired)

LAUREL DAY—Cedar Rapids Community School District

SARAH FISHER GARDIAL—University of Iowa Tippie College of Business

KARIN FRANKLIN—Chair, City of Iowa City (retired)

TOM LEPIC—Lepic-Kroeger Realtors

ANDRE PERRY—The Englert Theatre

FRED MIMS—University of Iowa Athletic Department (retired)

MARC MOEN—Moen Group

MARK MOSER—Vice-chair, University of Iowa Hospitals and Clinics

MARK ROLINGER—Redfern, Mason, Larsen & Moore, P.L.C.

DAVE WRIGHT—Dave Wright Nissan Subaru

UICCU'S TAX BENEFIT: IS IT WORTH IT TO IOWANS?

	UICCU	IOWA AVERAGE	ANNUAL UICCU BENEFIT TO IOWANS ²
AVERAGE LOAN RATE	4.36%	4.64%	\$9,400,000
AVERAGE DEPOSIT RATE	1.38%	0.46%	\$23,800,000
AVERAGE FEES ¹	0.99%	1.29%	\$11,100,000
			\$44,300,000

SOURCE: NATIONAL CREDIT UNION ADMINISTRATION

¹EXPRESSED AS % OF ASSETS.

²BASED ON ACTUAL UICCU BALANCES.



UNIVERSITY OF IOWA
COMMUNITY
CREDIT UNION

Equal Housing Opportunity • Federally Insured by NCUA

1-800-397-3790 • www.uiccu.org