



80 FOR 80

UNIVERSITY OF IOWA
COMMUNITY CREDIT UNION
2018 ANNUAL REPORT





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 2018 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 2018, 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 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 195,000 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 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 membership 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. Disterhofs, President / CEO





REPORT OF THE CHAIRPERSON SARAH FISHER GARDIAL

Sarah Fisher Gardial

2018 marked University of Iowa Community Credit Union's 80th year of service. It was a great year for our cooperative and you will see that in the numbers presented in this report.

There are a couple statistics that do not show up on our financial statement that you can also be proud of. First, our Return of Member score was in the top 1% of financial institutions nationwide. This means we are still very successful at putting money back into members' pockets in the form of better rates. Second, our membership growth held steady at 13.5%, which is twice the national average. So we continue to attract new members at a record pace.

While Annual Reports tend to look back at accomplishments of the previous year, it has never been more important to look to the future. The expectation of high quality, high accessibility continues to grow. Consumers want access to their finances far beyond brick and mortar branches. To that end, here are a few things we are working on:

The ability to open accounts 24/7. UICCU recently added a process by which members can open and fund their deposit or checking account online, any time they wish. For members that do not live near a branch, this is a wonderful option that guides them through the process automatically.

Advanced payment systems. As cash and check transactions decline, members want to be able to make payments and transfer funds with their smart devices or cards. We will continue to work on ways to give members secure access to features that allow them to monitor their accounts and move money easily anytime, from anywhere.

Further Development of our Call Center. Years ago a typical Call Center was a department that rerouted calls and answered simple questions. This is changing rapidly in our modern environment. So we have added staff, trained them on the new communication channels, and continue to streamline processes to greatly reduce our call and chat wait times.

Bolstering Financial Education. We need to be more than just a place members can deposit and borrow money. They need access to information that will help them become better money managers. We will continue evolve our online presence to be both informative and educational.

Today's consumer wants to be able to do everything from their smartphone or tablet. The next general of UICCU members not only wants this, they expect it. You may rest assured that your board members have their eye on the future. As the credit union continues to grow, we are dedicated to evolving our skills and expertise to match the opportunities before us.

Back in 1938 our cooperative began with a conversation and a handshake. No matter how "digital" our future looks, we will never lose site of the importance of the personal experience. We will always be here with our hand extended, ready to serve.

On behalf of our staff and volunteer board, we thank you for your membership and look forward to a great year ahead.

Respectfully submitted,
Sarah Fisher Gardial, Chairperson



REPORT OF THE AUDIT COMMITTEE FRED MIMS

F. 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 2018, the Credit Union received its examination by the Iowa Credit Union Division and the NCUA, as of September 30, 2018. This exam focuses on financial risk areas and your Board of Directors 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.

As your Credit Union continues to successfully grow, the Audit Committee has taken steps to ensure risks to the cooperative are appropriately recognized and managed. The committee in 2018 commissioned an external risk assessment from our accounting firm, RSM US LLP. The Audit Committee also reviews and ensures follow up by management on findings from the Iowa Credit Union Division and NCUA exam as well as from our internal audit department.

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

LORAS NEUROTH, CHAIR



It is with great pleasure we report another strong year for lending at the University of Iowa Community Credit Union. UICCU lending departments have worked to keep policies, procedures and products continually updated to serve our member's needs and to also protect the assets of our credit union. This has been key to another successful year at UICCU. All are supported by professional, highly trained and caring staff serving members by building personal relationships. This is a perfect example of members serving members. The credit union also hired talented individuals to support our lending teams so we grow responsibly. The goal of the credit union was to have significant but controlled growth. And, we achieved that goal with 16% loan growth for 2018.

Our overall delinquency ratio did see an increase to 0.76% (up from 0.63% a year ago) and net charge-offs increased 16% over 2017. The Account Resolution team also made some important changes. They welcomed their new manager in September. Two key strategies she has implemented are restructuring and specializing her team to focus on specific areas as well as analyzing the workflow, which has improved the overall process. Both will lead to more efficiency in 2019.

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:

MEMBER BUSINESS LENDING

UICCU strives to serve the needs of the business community while promoting growth within the communities we serve.

- Loan originations for 2018 were down slightly from 2017, but higher than all previous years, on track with the 2018 controlled growth plan.
- The member business loan portfolio balances grew a healthy 17% in 2018.
- Once again, credit quality remained exceptional as evidenced by low delinquency, with no charge offs.

MORTGAGE LENDING

Our mortgage department takes great pride in serving our members with their home loan needs. The department's Mission Statement is to provide our members with products and services tailored to meet their specific needs at the best rates and fees possible, while providing superior member service. They empower our employees by providing them with the tools, knowledge, and support in order to provide our members with the quality of service they deserve.

- We were the top mortgage producer in Iowa for the year, matching a record production of \$1.2 billion in total mortgages and helping over 6,000 families with their home loan needs.
- The in-house first mortgage loan portfolio grew 20% in 2018 (2% above budget).
- We continue to pride ourselves on low closing fees, which when combined with great pricing, allows our members the best opportunity in terms of a total financial package that will save them money.

RETAIL AND INDIRECT/DEALERSHIP LENDING

Credit cards, home equity loans and personal loans are areas where UICCU touches and serves many member on a continuous and ongoing basis. UICCU prides itself on giving great service, being easy to work with and offering our members low rates.

- We were the second leading vehicle lender in the state of Iowa, but the overall top lender in used vehicles. We also were the leading home equity lender in Eastern Iowa.
- We opened over 8,700 new credit cards, and as a result more members now carry a UICCU credit card than ever before in our history. Our credit card loan portfolio grew almost 12% (right at budget).
- We helped over 22,000 individuals/families through our indirect/dealership partners through closing a record \$498 million in indirect auto loans and our indirect loan portfolio grew 13% (4% above budget).
- Through our branch network, our call center and our mortgage department, we helped 6,800 individuals/families by closing \$125 million in vehicle loans; almost 3,600 individuals/families by closing \$113 million in home equity loans; and we helped 5,800 individuals/families by closing over \$50 million in personal loans. Car loan originated in the branch and call center grew 1% (11% below budget); personal loan balances grew 24% (9% above budget); and home equity and piggyback balances grew almost 16% (5% and 1% above budget respectively).
- In our second year of Platinum Financing, we had \$3.7 million in loan production (which is a 240% increase over 2017).

UICCU prides itself on the service we provide our members by offering products that will benefit them and their financial well-being. It is what sets us apart from the competition.

Thank you for giving us the opportunity to serve you.

Respectfully submitted,
Loras Neuroth, Chair, Credit Committee



**REPORT OF THE CHIEF
FINANCIAL OFFICER**
ANDRE PERRY

The University of Iowa Community Credit Union, a financial cooperative, earned net income of \$75.4 million during business year 2018. That is an 8% increase when compared to the cooperative’s \$69.7 million net income during 2017.

The number of UICCU member-owners increased 13% during 2018 to exceed 195,000 members. Membership growth and expansion of UICCU member service locations resulted in a 15% increase in total assets which totaled \$5.4 billion at the close of 2018.

Member-owner equity is \$468.0 million, a 19% increase during 2018. The cooperative maintains a strong capital position, with a total equity to total assets (“capital ratio”) of 8.70% on December 31, 2018.

Respectfully submitted,
Andre Perry, Chief Financial Officer

AUDITED FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2018 AND 2017

ASSETS	2018	2017
Net Loans	\$4,981,996,000	\$4,297,019,000
Cash & Cash Equivalents	\$122,799,000	\$121,181,000
Federal Home Loan Bank Stock	\$43,405,000	\$41,006,000
NCUSIF Deposit	\$34,234,000	\$26,003,000
Other Assets	\$100,092,000	\$103,668,000
Property and equipment	\$94,825,000	\$83,532,000
Total Assets	\$5,377,351,000	\$4,672,409,000

LIABILITIES AND MEMBERS' EQUITY	2018	2017
Members' Shares and Savings Deposits	\$1,382,447,000	\$1,390,421,000
Members' Certificate and IRA Deposits	\$2,721,564,000	\$2,140,105,000
Federal Home Loan Bank Advances	\$765,000,000	\$700,000,000
Other Liabilities	\$40,337,000	\$48,126,000
Members' Equity	\$468,003,000	\$393,757,000
Total Liabilities and Members' Equity	\$5,377,351,000	\$4,672,409,000

CONDENSED STATEMENT OF INCOME
YEARS ENDED 2018 AND 2017

	2018	2017
Interest from Loans	\$211,547,000	\$171,109,000
Interest from Investment Securities and Other Interest	\$6,149,000	\$4,017,000
Total Interest Income	\$217,696,000	\$175,126,000
Interest Paid on Borrowed Funds	\$15,907,000	\$7,929,000
Interest Paid on Member Shares and Savings Accounts	\$11,458,000	\$11,085,000
Interest Paid on Member Certificate IRA Accounts	\$52,793,000	\$35,313,000
Total Interest Expense	\$80,158,000	\$54,327,000
Net Interest Income	\$137,538,000	\$120,799,000
Other Operating Income	\$48,909,000	\$45,946,000
Other Operating Expense	\$89,981,000	\$77,427,000
Provision for Loan Losses	\$21,070,000	\$19,633,000
Net Income	\$75,396,000	\$69,685,000

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

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
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.
CEDAR RAPIDS NORTH, 1400 Blairsferry Rd. NE
WAUKEE, 1085 Hickman Rd.
ANKENY, 2610 SW White Birch Dr.

BOARD OF DIRECTORS

DEAN BORG—Iowa Public Radio (retired)
LAUREL DAY—Cedar Rapids Community School District
MJ DOLAN—Iowa Association of Community College Trustees
LYNSEY ENGELS—Mel Foster Co.
SARAH FISHER GARDIAL—University of Iowa Tippie College of Business
ANDRE PERRY—The Englert Theatre
FRED MIMS—University of Iowa Athletic Department (retired)
MARC MOEN—Moen Group
LORAS NEUROTH—Independent Insurance Services (retired)
MARK ROLINGER—Redfern, Mason, Larsen & Moore, P.L.C.
DAVE WRIGHT—Dave Wright Nissan Subaru

Cover/inside photos: In 2018, UICCU celebrated its 80th anniversary with a community giving project called the 80 for 80. Proceeds of the initiative benefited more than 35 non-profit organizations and donations made during the 80 for 80 celebration combined for more than \$22,000.

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

	UICCU	IOWA AVERAGE	ANNUAL UICCU BENEFIT TO IOWANS ²
AVERAGE LOAN RATE	4.58%	4.81%	\$11,334,400
AVERAGE DEPOSIT RATE	1.67%	0.38%	\$50,800,200
AVERAGE FEES ¹	0.84%	0.98%	\$7,420,000
			\$69,554,600

SOURCE: NATIONAL CREDIT UNION ADMINISTRATION

¹EXPRESSED AS % OF ASSETS.

²BASED ON ACTUAL UICCU BALANCES.



UNIVERSITY OF IOWA
COMMUNITY
CREDIT UNION

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1-800-397-3790 • www.uiccu.org