

Our purpose at the University of Michigan Credit Union (UMCU) is to amaze our members, the community and our team by working together for our shared success. Growth and positivity were the themes of 2017 for UMCU, and we are thrilled to celebrate these accomplishments with our loyal members and team members who help us become better every day.

"The successes UMCU celebrated in 2017 made it clear there are no limits to what we can achieve as an organization. This year's growth has been a catalyst for the innovations we plan to implement in 2018. We are excited to continue helping and serving our members and surrounding communities, and thank you for your ongoing support."

- Tiffany Ford, UMCU President and Chief Executive Officer.

FINANCIAL HIGHLIGHTS

At the end of 2017, we had a total of 87,051 member-owners. This represents a net growth of 6,591 members since the end of 2016, an increase of **8.19%**.

We completed the year with a net income of **\$7,368,458** and a strong net worth of 9.26%. Total assets increased by **8.82%** to **\$793,668,991** with a return on assets of **0.97%**. UMCU was also incredibly successful generating new loans in 2017. At year-end, total loans were **\$573,870,467**, which is an increase of **23.08%** from the previous year.

BOARD OF DIRECTORS

Paul Kirsch.....Chairman
 Jeff Frumkin.....Vice Chairman
 Karen Parker.....Secretary
 Victoria Bennett.....Treasurer
 Earl Bell.....Director
 Frank Cianciola.....Director
 Susan McClanahan.....Director
 James Middlemas.....Director
 Shawn Pollack.....Director
 Lukeland Gentles.....Associate Director

UMCU HIGHLIGHTS

- UMCU was chosen to be the highlighted credit union in the state of Michigan for the PBS "Informed" documentary series hosted by Rob Lowe. This series is broadcasted at Public Television stations across the country.
- In December, UMCU was the presenting sponsor of Detroit Public TV's U-M bicentennial anniversary broadcast titled, "An Uncommon Education: Celebrating 200 Years of The University of Michigan."

AWARDS

- UMCU was recognized as a **2017 Top Workplace by the Detroit Free Press**.
- UMCU was named one of the **2017 Best and Brightest Companies to Work For in the Nation** by the National Association for Business Resources.
- UMCU was voted **2017 Best Bank/Credit Union in Ann Arbor** by The Michigan Daily readers.
- Readers of Current Magazine voted UMCU **2017 Best Bank/Credit Union of Washtenaw County**.
- UMCU's Talent Team was honored with an **Excellence Award from CUNA HR & Organizational Development Council** for their Rookie Training Camp orientation and onboarding program.

GRAND OPENINGS AND UPDATES



- UMCU's Jackson Road Branch received a modernizing remodel.
- UMCU expanded to Detroit by purchasing property downtown as an opportunity for us to serve the Detroit community!

* Eastern Michigan University Credit Union is a division of the University of Michigan Credit Union.



CHARITY AND COMMUNITY INVOLVEMENT

- UMCU Arts Adventures Endowment Program at UMS provided 312 free tickets and more than **\$2,700** in bus grants to K-12 students from eight underserved schools in Ann Arbor, East Detroit, Southfield, Southgate and Ypsilanti. These students would not have been able to visit U-M's campus for a UMS school day performance otherwise.
- For the ninth straight year, team UMCU sponsored and participated in the American Heart Association of Southeast Michigan's Heart Walk/Run Event. UMCU members donated more than **\$5,000** which will help provide one-on-one support to 2,400 stroke survivors and their families.
- UMCU sponsored and participated in the U-M Women's Softball Academy for the American Cancer Society.
- Thanks to our members and team members, UMCU raised more than **\$5,800** in toys and gifts for Michigan Medicine.



- UMCU was proud to partner with Special Olympics Michigan as an Athletes Sponsor for the 2017 Fall State Games.
- UMCU sponsored and participated in the Dance Marathon at U-M for the 17th year which benefits the pediatric rehabilitation programs at Michigan Medicine.
- EMUCU sponsored the Ypsilanti Meals on Wheels which provided 334 meals and 167 personal contact safety checks for homebound Seniors of the greater Ypsilanti area.
- EMUCU was also a proud sponsor of the Eastern Michigan University Fall Major Fest.

FINANCIAL EDUCATION

- In 2017, UMCU launched three new workshops: Homebuyer Education, Dealing with Debt, and a new financial reality simulation for high school and college students.
- UMCU facilitated more than 125 separate financial education events that positively impacted more than 2,700 people including:
 - UMCU and EMUCU Members
 - U-M, EMU and WCC campus community members (students, faculty, staff and alumni)
 - Various community members in Ann Arbor, Ypsilanti, Flint and Dearborn (schools, private employers, civic groups)

ASSETS

| | 2017 | 2016 |
|--|----------------------|----------------------|
| Cash and cash equivalents | \$29,705,188 | \$40,315,729 |
| Investment securities - Available for sale | 133,526,639 | 171,249,237 |
| Time deposits with other financial institutions | 4,332,000 | 6,960,000 |
| Loans to members - net allowance for loan losses | 573,870,467 | 465,488,917 |
| Premises and equipment - net allowance for loan losses | 33,443,353 | 25,981,789 |
| Accrued interest receivable | 2,341,169 | 2,231,448 |
| FHLB stock | 1,349,700 | 1,237,300 |
| Corporate Capital | 930,700 | 930,700 |
| Investment in CUSOs | 425,865 | 1,929,704 |
| NCUSIF deposit | 6,763,992 | 6,088,659 |
| Other assets | 6,979,918 | 6,896,095 |
| TOTAL ASSETS | \$793,668,991 | \$729,309,578 |

LIABILITIES AND MEMBERS' EQUITY

| | 2017 | 2016 |
|--|----------------------|----------------------|
| LIABILITIES | | |
| Members' share and savings accounts | \$711,434,133 | \$654,491,865 |
| Accrued and other liabilities | 8,486,823 | 9,270,918 |
| TOTAL LIABILITIES | \$719,920,956 | \$663,762,783 |
| MEMBERS' EQUITY | | |
| Regular Reserve | 5,567,068 | 5,567,068 |
| Equity Acquired in Merger | 4,415,593 | 4,415,593 |
| Undivided earnings | 63,544,603 | 56,176,145 |
| Accumulated other comprehensive income | 220,771 | -612,011 |
| TOTAL MEMBERS' EQUITY | \$73,748,035 | \$65,546,795 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$793,668,991 | \$729,309,578 |

INTEREST INCOME

| | 2017 | 2016 |
|------------------------------|---------------------|---------------------|
| Loans | \$ 24,040,769 | \$ 20,056,038 |
| Investment Securities | 2,383,886 | 2,314,624 |
| TOTAL INTEREST INCOME | \$26,424,655 | \$22,370,662 |

INTEREST EXPENSE

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Members' share and savings accounts | \$736,486 | \$679,669 |
| Borrowed funds | 130,867 | 4,583 |
| TOTAL INTEREST EXPENSE | 867,353 | 684,252 |
| Net interest income | 25,557,302 | 21,686,410 |
| Provision for loan losses | 3,578,885 | 2,175,244 |
| NET INTEREST INCOME AFTER PROVISION FOR LOSSES | 21,978,417 | 19,511,166 |

NON-INTEREST INCOME

| | 2017 | 2016 |
|----------------------------------|-------------------|-------------------|
| Service charges and other fees | \$ 9,792,173 | \$ 8,646,975 |
| Other | 1,861,815 | 1,442,486 |
| TOTAL NON-INTEREST INCOME | 11,653,988 | 10,089,461 |

NON-INTEREST EXPENSE

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Salaries and employee benefits | \$ 11,908,575 | \$ 10,560,265 |
| Occupancy | 3,321,075 | 2,959,330 |
| Operations | 7,982,244 | 7,462,760 |
| Other | 3,052,053 | 2,863,918 |
| TOTAL NON-INTEREST EXPENSE | \$26,263,947 | \$23,846,273 |
| NET INTEREST INCOME AFTER PROVISION FOR LOSSES | \$7,368,458 | \$5,754,354 |

UNIVERSITY OF MICHIGAN
CREDIT UNION

2017

ANNUAL REPORT