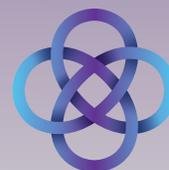


ANNUAL REPORT

2021



Federally Insured by NCUA



**UNIFY**

FINANCIAL CREDIT UNION

*Connect Your Way®*



**UNIFY**  
FINANCIAL CREDIT UNION

*Connect Your Way®*

## **SUPERVISORY COMMITTEE REPORT FOR THE 2017 ANNUAL REPORT**

The Supervisory Committee of UNIFY Financial Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures and practices. Our goal is to ensure all fiscal operations are performed accurately and in compliance with the Credit Union's Charter and federal regulations. The Supervisory Committee is also present at the monthly Board of Directors' meetings and any special meetings called by the Chairman.

To assist the Supervisory Committee in monitoring the Credit Union's fiscal activities, we retained the services of Clifton, Larson, and Allen, Certified Public Accounts, to perform an audit of the financial statements and records. They have issued an unqualified report. This audit was performed in addition to the National Credit Union Administration's regulatory examination. A copy of the audited financial statements can be obtained by calling 310.381.2300 or 877.254.9328.

The Supervisory Committee is pleased to report your Credit Union is financially strong and in compliance with the Credit Union's Charter and federal regulations.

On behalf of the Supervisory Committee, it has been our pleasure to serve the membership this past year.

Respectfully submitted,

Sharon Gibson  
Chairperson



## **MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

As a financial cooperative, meeting our members' needs and being there for them are part of the difference and inherent value we aim to provide. This past year saw good financial performance by your Credit Union, and we kept more members connected to their accounts anytime, anywhere, highlighted by several enhancements through our electronic channels.

Last year, however, was unlike any other for many of our members due to the harrowing circumstances created by the hurricane and wildfire natural disasters. The fact we were able to provide assistance, on several fronts, made the personal connections we have with our members all the more meaningful in the level of service we strive for each and every day.

### ***Performance Highlights: Record Loan and Membership Growth***

During 2017 our financial position was healthy, made possible by the collective participation and engagement by our existing and new members.

- We ended the year with \$2.8 billion in total assets, net income of \$5.4 million, and a net worth ratio of 8.3%. Our net income was impacted over the past two years, primarily due to our four recent merger efforts. In 2016 we realized gains from the business acquired out of these mergers, while this past year's net income was lower based on the resulting merger integration costs. However, these collective mergers and other efforts helped increase our net worth by 12.0% in 2017. This financial stability means we were able to give back to members through competitive loan and savings rates while maintaining low to no fees on our products.
- Notably, there was record loan volume growth of nearly 32.0% as we focused on helping more members with their home, vehicle, and personal lending needs.
- Significant growth was seen in our membership, including several months of record gains that resulted in an overall increase of nearly 12.0% to more than 235,000 members nationwide. And, even as our membership base continued to grow, the overall satisfaction rating from members was 96.3%—indicating strong satisfaction with our service performance.

### ***Expanded Footprint: Market Growth***

We reached several new markets, and pushed ahead along our path to bring members increased access in more locations.

- During the past year, we completed a successful merger with the former ADP Federal Credit Union and entered four new markets including Roseland, New Jersey; Alpharetta and Augusta, Georgia; and El Paso, Texas.
- We ended 2017 with 58 branches in 17 states across the country, and three new locations are already planned for 2018.
- Ensuring we have the right structure and internal resources to support our growing national footprint and membership, we opened a regional operations center in Allen, Texas. We now have four operations centers including our other existing locations in Torrance, California, Las Vegas, Nevada, and Mesa, Arizona.



### ***Connect Your Way: Account Access Enhancements***

Automated access is an essential complement to our growing branch geography. We continued to develop our electronic service platforms to help streamline delivery of anytime, anywhere banking.

- Within eBanking, we introduced features such as person-to-person payments, a skip payment option to help members with their loan payments, additional ePay capabilities, and eStatements made available on mobile devices. Beyond new functionality, we continued to evaluate and update the security protection of our electronic systems to ensure the safeguard of our members' assets.
- Our 24/7 Contact Center, which is one of the primary service channels for our members, handled more than three-quarters of a million calls in 2017.
- Members can now take advantage of surcharge-free access at nearly 100,000 ATMs, more than doubling previous availability, through the addition of the Allpoint and CUHere networks.

### ***Living our Credit Union Values: People Helping People***

We remain grounded and are often reminded in the founding credit union ideal of "People Helping People." The immensely challenging natural disasters of 2017 reminded all of us how quickly life can change for so many. Having a nationwide presence, we feel fortunate we were able to lend a helping hand to our members whether in Texas, Florida, or California.

Our team made over 7,000 calls to members, who were in potentially impacted areas by the disasters, to check on their well being and offer our assistance.

As one of our members, affected by the wildfires in California, told us:

***"I am so grateful that you called, not just to offer [financial] help but to just check and see how I was doing... I can't tell you how much this means to me right now."***

- For those members impacted by the hurricanes in Texas and Florida, and the wildfires in California, we provided over \$7 million in Emergency Relief Assistance Loans. We also gave nearly \$40,000 in support through gift cards to members and their families who were displaced from their homes.
- Our Credit Union also donated to the CUAid Disaster Relief Fund, an industry effort to aid credit union members throughout the country in impacted areas.

Most importantly, knowing our Credit Union could help make a relatively small but in-the-moment difference for many of our impacted members, at the most difficult of times, truly speaks to the very nature of credit union member service.

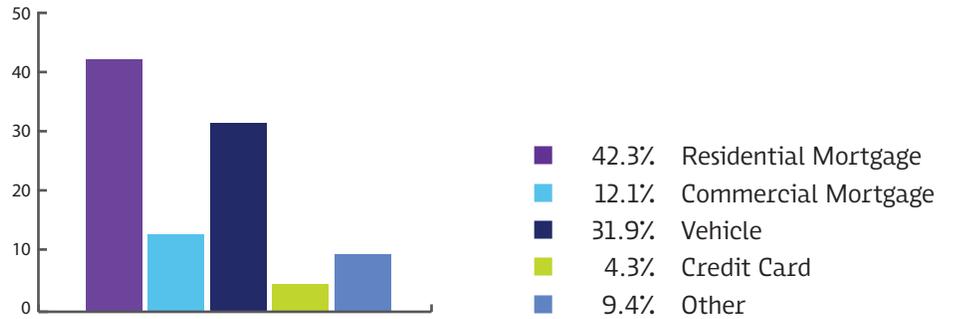
Thank you for your continued loyalty, participation, and support. We are grateful for your membership.

Lloyd Mistele  
Chairman of the Board

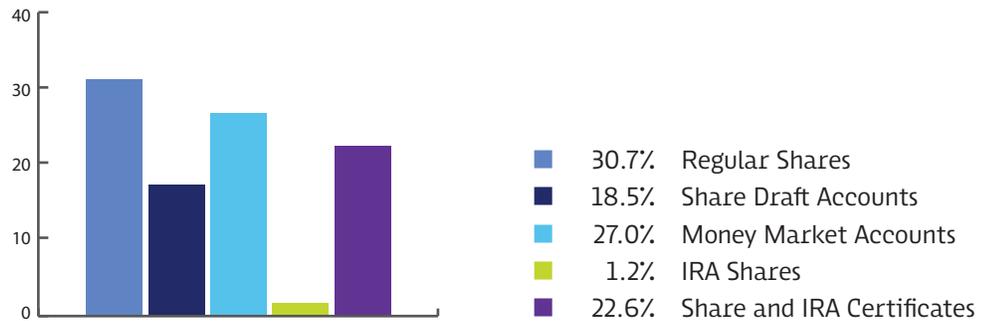
Gordon Howe  
President & CEO



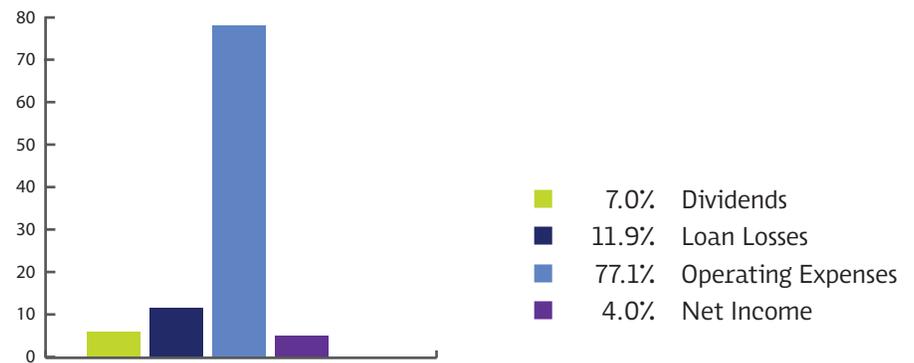
**DISTRIBUTION OF LOANS**



**DISTRIBUTION OF MEMBERS' SHARES**



**DISTRIBUTION OF OPERATING INCOME**



		<u>2017</u>	<u>2016</u>
<b>Assets</b>	Cash and Cash Equivalents	\$ 93,805,548	\$ 180,458,835
	Investments:		
	Available-for-sale	304,217,357	474,518,474
	Held-to-maturity	14,317	15,124
	Other	51,763,039	58,848,350
	Loans, net	2,220,560,839	1,689,624,245
	Accrued Interest Receivable	7,057,299	5,380,670
	Property and Equipment, net	26,339,925	23,557,140
	Share Insurance Deposits	22,628,999	20,481,910
	Other Assets	109,362,115	57,731,624
		<b>Total Assets</b>	<b>\$ 2,835,749,437</b>
<b>Liabilities and Members' Equity</b>	Liabilities		
	Members' Shares	\$ 2,385,803,079	\$ 2,219,664,742
	Borrowed Funds	180,000,000	41,592,297
	Accrued Expenses and other Liabilities	46,256,751	41,531,055
		<b>Total Liabilities</b>	<b>\$ 2,612,059,831</b>
	Commitments and Contingent Liabilities		
	Members' Equity		
	Retained Earnings	\$ 232,708,267	\$ 221,238,731
	Accumulated other Comprehensive (loss) Income	(9,018,660)	(13,410,453)
		<b>Total Members' Equity</b>	<b>207,828,278</b>
		<b>Total Liabilities and Members' Equity</b>	<b>\$ 2,835,749,437</b>

		<u>2017</u>	<u>2016</u>	
<b>Interest Income</b>	Interest on Loans	\$ 94,537,170	\$ 83,000,167	
	Interest on Investments and Cash Equivalents	16,661,994	13,064,290	
		<b>Total Interest Income</b>	<b>\$ 111,199,164</b>	<b>\$ 96,064,457</b>
<b>Interest Expense</b>	Interest on Borrowed Funds	5,436,878	2,128,924	
	Members' Shares	9,545,641	8,814,857	
		<b>Total Interest Expense</b>	<b>\$ 14,982,519</b>	<b>\$ 10,943,781</b>
		<b>Net Interest Income</b>	<b>\$ 96,216,645</b>	
<b>Provision for Loan Losses</b>		<b>Net Interest Income After Provision for Loan Losses</b>	<b>11,599,053</b>	
		<b>\$ 80,055,024</b>	<b>\$ 73,521,623</b>	
<b>Non-Interest Income</b>	Service Charges and other Fees	12,326,591	11,891,171	
	Interchange Income	9,478,760	7,767,879	
	Gains on Sale of Loans, net	953,675	1,362,473	
	Other Non-Interest Income	6,998,718	5,344,500	
		<b>Total Non-Interest Income</b>	<b>\$ 29,757,743</b>	<b>\$ 26,366,023</b>
<b>Non-Interest Expense</b>	Salaries and Benefits	59,905,799	49,810,582	
	Operations	36,269,052	40,234,051	
	Occupancy	8,476,997	7,019,990	
	Member Patronage Distribution	-	-	
		<b>Total Non-Interest Expense</b>	<b>\$ 104,651,848</b>	<b>\$ 97,064,623</b>
		Gain on Sale of Buildings	-	3,315,064
	Net Gain from Bargain Purchase	239,165	7,044,859	
		<b>Net Income (loss)</b>	<b>\$ 13,002,946</b>	