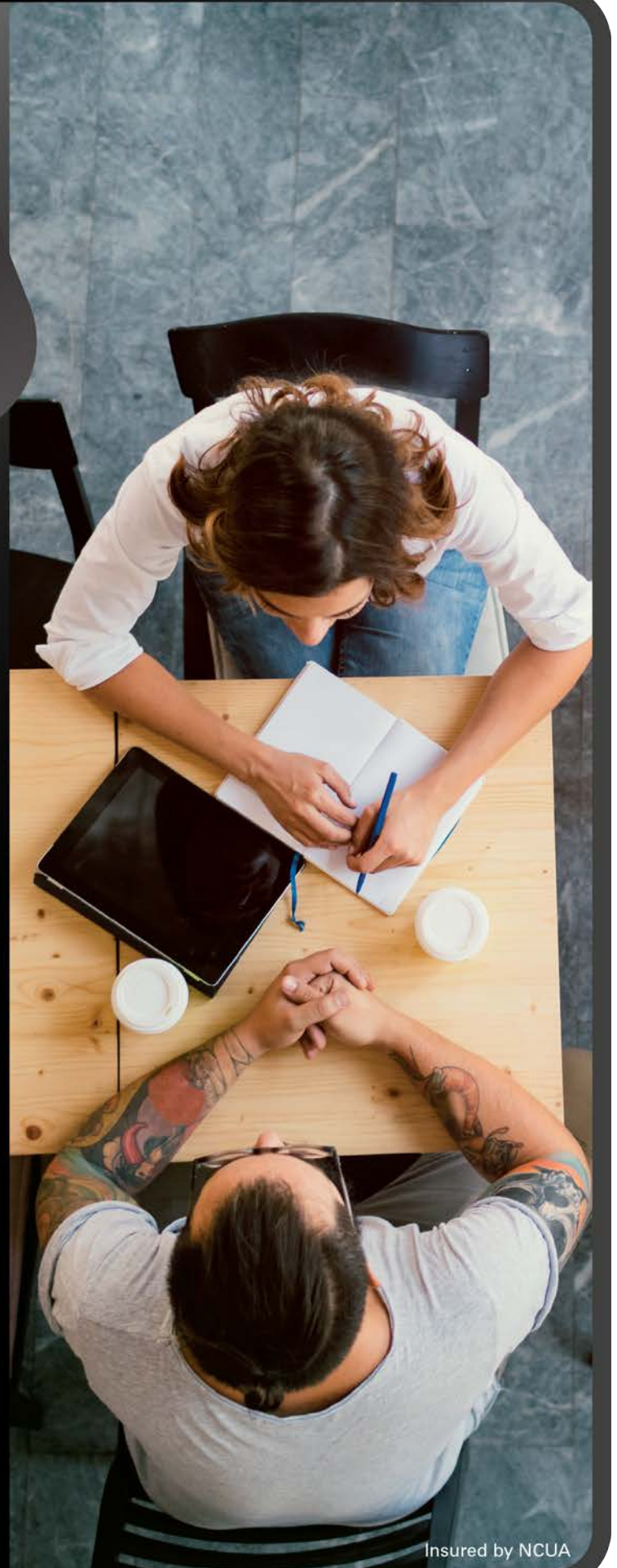


# Better Together

Annual Report 2018

**unitus**  
COMMUNITY CREDIT UNION



Insured by NCUA

# A MESSAGE

from Steven Stapp  
and Frank Chinn

Before we review our credit union's exciting developments in 2018, we would like to first say "thank you." Thank you to our members for your treasured partnership. Thank you for giving us remarkable opportunities to grow with you and your family. We achieve our successes together. We overcome our challenges together. Thank you as well to our Board of Directors, Audit Committee, Leadership Team, and our talented employees for committing to excellence and working well together. Thank you all for being with us and for helping to make life better for each other.

Re-envisioning the member experience was a key focus for our credit union in 2018. Making life better for members happens in small, everyday ways and through large, significant events. Last year saw plenty of both.

Members experienced a number of everyday victories last year. For example, on average, a member calling Unitus reached a member support specialist four times faster in 2018 than in 2017. Consequently, member call satisfaction increased 17% by year's end. Thousands of members "bumped up their savings" using one of our market-leading Certificate of Deposit rate specials. Unitus members referred more than 500 new members and earned extra cash through our fall "50/50" member referral program.

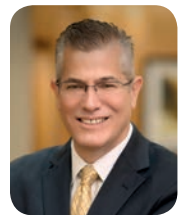
These successes were punctuated by larger, more sustained advancements. Two new branches in Westmoreland and Multnomah Village made it possible to build more personal relationships with more members. Since its groundbreaking launch in June, thousands of members have opened Go Savings accounts, earning as much as 3.00% Annual Percentage Yield (APY) in liquid personal funds. Unitus Mortgage now offers 100% financing to help first time homebuyers, helping members build better lives for their families.

Always at the heart of our mission, Unitus Community Involvement efforts soared in 2018. All told, our credit union gave more than \$255,000 to community organizations, charitable nonprofits, students seeking tuition scholarships, and credit unions facing devastating weather events. But giving extends far beyond money. Together, our employees volunteered more than 2,860 hours across 80 community organizations.

Next year will bring more exciting firsts for our credit union. Members will get a new online banking experience, rebuilt from the ground up based on their needs. Unitus will open a branch in Gresham, Oregon's fourth largest city. A member-focused initiative will change the very nature of banking, giving members extra rewards for keeping healthy habits instead of punishing them for those times they fall short. Together we've come a long way, and we're only just beginning. Let's get growing!

## Unitus in 2018

- won the Corporate Philanthropy Award from Portland Business Journal for outstanding contributions to charitable causes
- donated more than \$250,000 to charitable organizations throughout 2018 in support of our communities
- was named one of Oregon's Most Admired Companies by Portland Business Journal
- became the first Credit Union to receive Gold Certification from the City of Portland's Sustainability at Work program
- won the inaugural Age-Friendly Business Award from the City of Portland for excellence in serving our elders
- was named the 12th largest mortgage lender (and 3rd largest credit union lender) in Portland Metro by Portland Business Journal
- was named the 19th largest commercial lender in the Portland Metro Area by the Portland Business Journal
- sponsored The Portland Rose Festival, a century-old Portland institution, for 3rd straight year



*Steven Stapp*  
Steven Stapp, President/CEO



*Frank Chinn*  
Frank Chinn, Chair

**2** NEW BRANCHES

**11 BRANCHES TOTAL 93,305 MEMBERS**

**269** UNITUS  
EMPLOYEES

**\$1.18** BILLION  
IN ASSETS

**\$42,320** DONATED TO CHILDREN'S  
MIRACLE NETWORK  
**HOSPITALS**

**\$25,000** RAISED FOR OHSU  
DOERNBECHER



**IN 1 DAY!**

**635** HOME LOANS FUNDED  
FOR **\$172,936,383** IN TOTAL VALUE

**100% FINANCING AVAILABLE** FOR FIRST TIME HOMEBUYERS

**9,422** AUTO LOANS FUNDED  
FOR **\$181,921,357** IN TOTAL VALUE

**8,693** GO SAVINGS  
ACCOUNTS OPENED  
**\$139,188,584** EARNING HIGH INTEREST

**2,861**  
**HOURS**

VOLUNTEERED  
**ACROSS 80**  
COMMUNITY  
ORGANIZATIONS

**\$15,000**  
GRANTED IN STUDENT  
**SCHOLARSHIPS**

**1,425**  
**MEMBERS AND**  
**NON-MEMBERS**  
TAUGHT AT NO-COST  
FINANCIAL SEMINARS



**4,211**  
**CDs**  
OPENED  
MEMBERS SAVED  
**\$126,144,323**

# REPORTS of the Audit Committee and Independent Auditors

**The Audit Committee** is appointed by the Board of Directors to provide oversight of the financial reporting process, system of internal controls, monitoring of compliance with laws and regulations, and code of conduct activities. To fulfill its duties, the Committee utilized services of an independent audit firm and the credit union's internal audit function.

The independent accounting firm Moss Adams LLP was engaged by the Committee to conduct a financial statement audit as of December 31st and perform a verification of member accounts in accordance with federal and state laws. The Committee utilized internal audit to review, measure, and report on activities that ensure compliance with laws and regulations, as well as continued integrity of the internal control environment.

Based on reports and information received, it is the opinion of the Audit Committee that Unitus Community Credit Union's financial operations and system of internal controls are sound. Summarized financial statements have been included in this annual report. I would like to thank the Audit Committee members for their commitment, energy, and enduring effort throughout 2018.

## Report of Independent Auditors

To the Board of Directors and Audit Committee  
Unitus Community Credit Union  
Portland, Oregon

The accompanying summary financial statements, which comprise the summary statements of financial condition and the related summary statements of income, comprehensive income, and changes in members' equity, are derived from the audited financial statements of Unitus Community Credit Union (the Credit Union) as of and for the years ended December 31, 2018 and 2017. We expressed an unmodified audit opinion on those financial statements in our report dated March 1, 2019.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Credit Union.

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements.

### Auditor's Responsibility

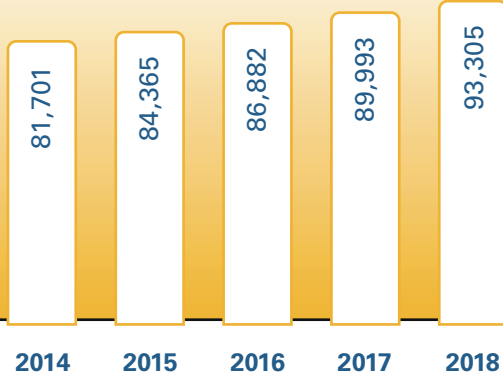
Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived.

### Opinion

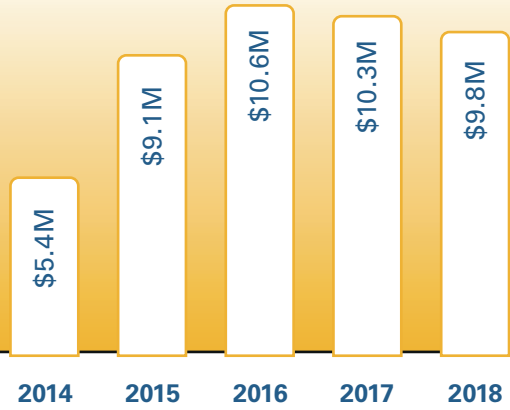
In our opinion, the summary financial statements of the Credit Union as of and for the years ended December 31, 2018 and 2017 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived.

Moss Adams LLP  
Portland, Oregon  
March 1, 2019

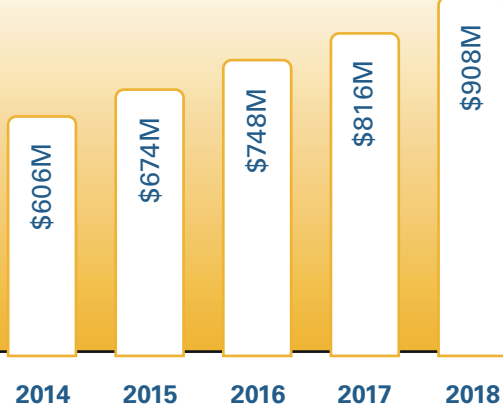
### MEMBERS



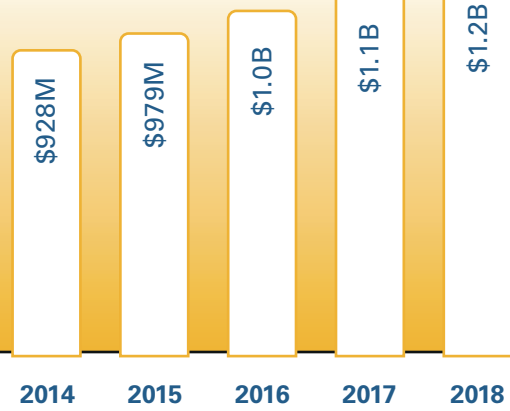
### NET INCOME



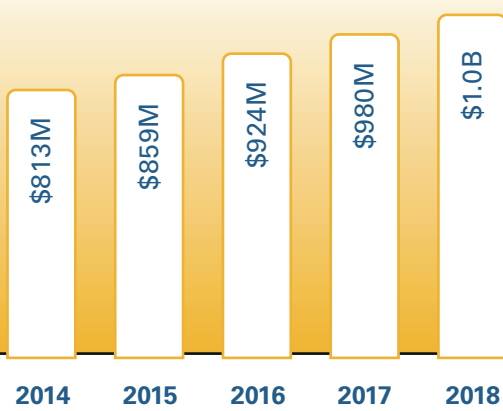
### LOANS



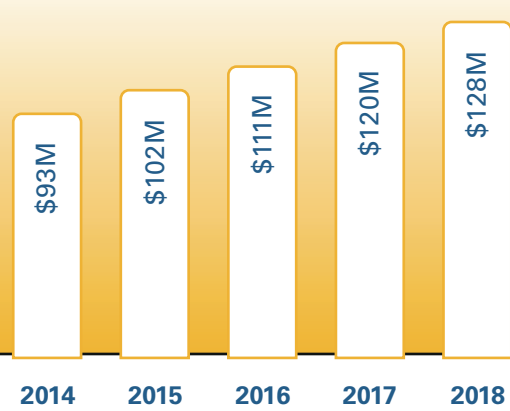
### ASSETS



### SHARES



### MEMBERS' EQUITY



# STATEMENTS of Financial Condition and Income

## Statement of Financial Condition

### Assets

Cash and cash equivalents	\$ 76,663,000	\$ 111,671,000
Investment securities available for sale, at fair value	171,049,000	166,037,000
Investment securities trading, at fair value	1,586,000	537,000
Restricted equity securities	1,342,000	1,258,000
Loans receivable, net	900,190,000	810,914,000
Accrued interest receivable	3,689,000	3,356,000
National Credit Union Share Insurance Fund deposit	9,776,000	9,329,000
Property and equipment, net	7,926,000	7,685,000
Other assets	7,953,000	7,237,000
<b>Total assets</b>	<b>\$ 1,180,174,000</b>	<b>\$ 1,118,024,000</b>

### Liabilities

Members' share and savings accounts	\$ 1,039,250,000	\$ 979,812,000
Borrowed funds	—	—
Accrued expenses and other liabilities	12,620,000	17,924,000
<b>Total liabilities</b>	<b>1,051,870,000</b>	<b>997,736,000</b>

### Members' Equity

Regular reserves	23,423,000	23,423,000
Undivided earnings	105,929,000	96,105,000
Accumulated other comprehensive (loss) income	(1,048,000)	760,000
<b>Total members' equity</b>	<b>128,304,000</b>	<b>120,288,000</b>
<b>Total liabilities and members' equity</b>	<b>\$ 1,180,174,000</b>	<b>\$ 1,118,024,000</b>

## December 31,

### 2018

### 2017

## Statement of Income

Interest income		
Loans receivable	\$ 32,575,000	\$ 28,613,000
Investment securities and cash equivalents	5,543,000	4,193,000
<b>Total interest income</b>	<b>38,118,000</b>	<b>32,806,000</b>
Interest Expense		
Dividends on members' share accounts	3,436,000	2,103,000
Borrowed funds	5,000	1,000
<b>Total interest expense</b>	<b>3,441,000</b>	<b>2,104,000</b>
<b>Net interest income</b>	<b>34,677,000</b>	<b>30,702,000</b>
Provision for loan losses	2,853,000	1,792,000
<b>Net interest income after provision for loan losses</b>	<b>31,824,000</b>	<b>28,910,000</b>
Non-interest income		
Service charges and fees	14,936,000	14,390,000
Mortgage banking and loan servicing income	4,132,000	4,917,000
Gain on sale of investment securities	691,000	—
National Credit Union Share Insurance Fund distribution	662,000	—
Other non-interest income	(96,000)	39,000
<b>Total non-interest income</b>	<b>20,325,000</b>	<b>19,346,000</b>
Non-interest expense		
Compensation and benefits	23,075,000	20,841,000
General and administrative	19,250,000	17,109,000
<b>Total non-interest expense</b>	<b>42,325,000</b>	<b>37,950,000</b>
<b>Net income</b>	<b>\$ 9,824,000</b>	<b>\$ 10,306,000</b>

## Years Ended December 31,

### 2018

### 2017

# STATEMENTS of Comprehensive Income and Changes in Members' Equity

## Statement of Comprehensive Income

	Years Ended December 31,	
	2018	2017
Net income	\$ 9,824,000	\$ 10,306,000
Other comprehensive (loss)		
Unrealized (losses) on securities	(1,117,000)	(980,000)
Reclassification adjustment for realized gains on sales of investment securities	(691,000)	—
Total other comprehensive (loss)	(1,808,000)	(980,000)
Comprehensive income	\$ 8,016,000	\$ 9,326,000

## Statement of Changes in Members' Equity

	Total Members' Equity	Regular Reserves	Undivided Earnings	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2016	\$ 110,962,000	\$ 23,423,000	\$ 85,799,000	\$ 1,740,000
Net Income	10,306,000	—	10,306,000	—
Other Comprehensive Loss	(980,000)	—	—	(980,000)
Balance at December 31, 2017	120,288,000	23,423,000	96,105,000	760,000
Net Income	9,824,000	—	9,824,000	—
Other Comprehensive Loss	(1,808,000)	—	—	(1,808,000)
Balance at December 31, 2018	\$ 128,304,000	\$ 23,423,000	\$ 105,929,000	\$ (1,048,000)

Financials have been rounded to the nearest 1,000<sup>th</sup>



## Annual Report 2018

### Board of Directors

**Frank Chinn**  
Chair

**Somnath Banerjee**  
Vice Chair

**Will Rader**  
Secretary

**Rhonda Cramer**  
Director

**Sue Iggulden**  
Director

**Matthew Micetic**  
Director

**Tiffini Mueller**  
Director

### Audit Committee

**Luke Watson**  
Chair

**Sarah Bang**  
Committee Member

**Jason Beane**  
Committee Member

**Rhonda Cramer**  
Committee Member

**Mary Nolan**  
Committee Member

**John Pierce**  
Committee Member

### Leadership Team

**Steven Stapp**  
President / CEO

**Jason Werts**  
EVP / Chief Operating Officer

**James Alexander**  
SVP / Chief Risk Officer

**Gayle Evans**  
SVP / Chief Human Resources Officer

**David Fehrer**  
SVP / Chief Information Officer

**Greg Spear**  
SVP / Chief Financial Officer

**Brian Alfano**  
VP / Chief Experience Officer

**Brian Devereux**  
VP / Chief Lending Officer

**Laurie Kresl**  
VP / Chief Marketing Officer

**Corlinda Wooden**  
VP / Chief Retail Officer