

IU Credit Union



A Strong Foundation
2016 Annual Report

IU Credit Union

Chair and President's Report



Emily Springston
Board Chair



Bryan Price
President & CEO

We are pleased to report that 2016 was one of the most remarkable years in the history of IU Credit Union. In addition to record financial performance, we celebrated our 60th anniversary. Like all credit unions, IU Credit Union started with just a handful of members and a good purpose. From these humble beginnings, the Credit Union has grown to nearly \$900 million in assets and serves more than 64,000 members. Since our founding in 1956, we have been led by outstanding volunteers who have served on our Board of Directors and Supervisory Committee.

Today, we rank among the largest and strongest credit unions in the state and are well positioned to meet the growing needs of our membership. We accomplished significant and unprecedented achievements in 2016.

IU Credit Union proudly supports our community with scholarships, various sponsorships and financial contributions. In 2016, we committed \$30,000 to the Bloomington Boys and Girls Club. IU Credit Union matched its employee donations to the United Way Campaign, once again contributing a total of \$40,000. We were honored to accept two distinguished awards in 2016: the United Way Pillar Award and the Bloomington Chamber Large Business of the Year Award.

***"IU Credit Union
proudly supports
our community."***

In 2016, we made significant investments to our facilities. In the Greenwood market, we opened the new 31 & Smith Valley Road branch, which followed the opening of our Center Grove branch at the end of 2015. We consolidated the Fort Wayne offices into a newly renovated space that has been appreciated by members and employees alike. We added our Business Lending Center, providing significant exposure and growth potential.

Other notable achievements in 2016 include reengineering our website, introducing a new loan pre-approval program, and launching instant issue debit cards.

In 2017 we will bring exciting new products and services to our membership, including Apple, Android and Samsung Pay, a Cash Rewards Credit Card option and a Skip-A-Pay program for members with consumer loans.

IU Credit Union achieved a number of record breaking results in 2016. Auto loan balances increased by \$17 million, or over 15%. We remained the leader in residential real estate lending, closing the highest number and amount of mortgages in Monroe County. Business loan balances increased nearly \$20 million, or 13%, after a similar increase in 2015, resulting in one of the largest business loan portfolios among Indiana credit unions. These increases culminated into record loan growth of \$56 million with total balances in excess of \$613 million.

Total share balances increased a record \$52 million. Our loan to share ratio, an important financial measure, reached 80%—the highest level in 19 years. Net income in 2016 was also at a record level.

Total assets increased by \$62 million, or 7.5%. Net worth, a key indicator of safety and soundness, surpassed \$115 million, or 13% of total assets.

We thank you for your continued confidence in IU Credit Union and look forward to serving you in the coming year.

Treasurer's Report

Hannah Buxbaum
Treasurer



IU Credit Union ended 2016 with assets of almost \$900 million, an increase of \$62 million, or 7.5% from 2015. Total loan balances increased \$56 million, or 10%. Total share and certificate balances increased \$52 million in 2016.

Net income for 2016 was \$7.5 million. As a result, the Credit Union's total equity increased to \$115 million or 13% of assets.

Statement of Condition as of December 31, 2016 and 2015

Assets	2016	2015
Cash and due from banks	\$9,091,269	\$9,348,214
Interest bearing deposits with other financial institutions	57,074,647	72,546,140
Certificates of deposit with other financial institutions	7,654,533	10,251,196
Securities available for sale, at market value	155,441,939	152,791,362
Federal Home Loan Bank stock, at cost	3,605,400	3,605,400
Loans held-for-sale	1,444,325	945,120
Loans to members (Note 1)	611,326,451	555,271,084
Accrued interest receivable	1,802,087	1,690,812
Premises and equipment, net	13,763,630	12,600,240
Business Owned life insurance	20,081,115	—
National Credit Union Share Insurance Fund capitalization deposit	7,104,131	6,719,649
Prepaid expenses and other assets	1,464,863	1,508,693
TOTAL ASSETS	\$889,854,390	\$827,277,910

Note 1 - Net of allowance for possible loan losses

Liabilities and Members' Equity	2016	2015
Accrued expenses and other liabilities	\$11,869,497	\$8,742,969
Shares and certificates	762,554,654	710,128,395
Statutory reserves	37,777,010	34,294,748
Undivided earnings	77,551,900	73,567,428
Unrealized gain on securities, net	101,329	544,370
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$889,854,390	\$827,277,910

Statement of Income for the years ended December 31, 2016 and 2015

	2016	2015
Interest income	\$24,999,275	\$22,641,381
Interest expense	1,992,920	1,427,199
Net interest income	23,006,355	21,214,182
Provision for possible loan losses	876,386	861,866
Net interest income after provision	22,129,969	20,352,316
Other income	10,077,585	9,856,417
Other expenses	24,740,820	22,870,320
Net income	\$7,466,734	\$7,338,413

Supervisory Committee Report



Vivian Winston
Supervisory Committee Chair

The primary objective of the Supervisory Committee is to determine that members' assets are adequately safeguarded. This objective is carried out through reviews and evaluations of IU Credit Union's operating, financial reporting, and internal control systems. These responsibilities are administered through the combined efforts of the Audit Services Department, independent certified public accountants and others. The findings and recommendations of these audits are communicated to the Supervisory Committee, Management and the Board of Directors on a regular basis.

IU Credit Union Officials

Board of Directors

Emily Springston (Chair)	Chief Student Welfare and Title IX Officer, Indiana University
Bruce Jaffee (Vice Chair)	Emeritus Professor of Business Economics and Public Policy
Larry Polley (Secretary)	Retired, Controller, Dynamic Medical Practice Services
Hannah Buxbaum (Treasurer)	John E. Schiller Chair in Legal Ethics at the Maurer School of Law, Indiana University
Brad Heim	Professor, School of Public and Environmental Affairs, Indiana University
Dana Palazzo	Vice President, Bloomington Economic Development Corporation
Doris Sims	Housing and Neighborhood Development Director, City of Bloomington
Scott Smart	Director, Corporate Finance Academy, Indiana University
Tim Thrasher	Director of Business Operations, Monroe County Community School Corporation
Don Weaver	Retired, Assistant to the President for State Relations, Indiana University
John Whikehart	Retired, Chancellor, Ivy Tech Community College Bloomington; and Deputy Mayor, City of Bloomington

Supervisory Committee

Vivian Winston (Chair)	Kelley School of Business, Accounting Department, Indiana University
Dennis Cromwell	Associate Vice President, Enterprise Infrastructure, Indiana University
Roy Elkes	Professor of Accounting, Ivy Tech Community College
Marcy Shepardson	Assistant Professor of Accounting, Indiana University
Gregory Udell	Chase Chair of Banking & Finance, Indiana University

Director Emeriti

Sue Talbot	Retired, former Indiana University Trustee
P.A. Mack	Retired, Former Indiana University Trustee, Former NCUA Board Member

Senior Management

Bryan Price	President & Chief Executive Officer
Andy Allard	Vice President, Chief Operating Officer
Julie Ragsdale	Vice President, Chief Administrative Officer
Teddie Gambler	Vice President, Information Technology
Chris Hawk	Vice President, Finance
David Sipes	Vice President, Marketing & Business Development

Community Matters



Community matters. In fact, it matters a great deal to IU Credit Union since serving our community is at the heart of what we do. Pictured above is a sampling of our community involvement in 2016.

From top left going clockwise: Our Member Service Support team makes a holiday donation to the Community Kitchen after their annual Supermarket Sweep competition; IUCU leaders accept the Bloomington Chamber of Commerce Large Business of the Year Award; IUCU is awarded the United Way Pillar Award; donations are given to Red Hawk's Nest Food Bank in Gary and to the Boys and Girls Clubs of Bloomington; employees walk in the Greenwood Freedom Festival Parade, and IUCU employees participate in Bowl for Kids' Sake.

We invite you to visit iucu.org and click on Community Matters at the bottom of the home page to learn more.

www.iucu.org



Purpose & Vision Statements

IU Credit Union Purpose Statement

To provide financial solutions for everyone, consistent with the not-for-profit cooperative spirit on which we were founded, by creating value for our members, promoting financial education and well-being, and contributing to the betterment of our community.

IU Credit Union Vision Statement

To build long-term relationships with our members as a trusted financial partner.



IU Credit Union

**We started a credit union
and created a community.**