

CU1 assisted

**151**

organizations and projects in their diverse efforts to benefit Alaskans in need.

CU1 contributed and fundraised

**\$256,551**

Members donated a remarkable

**\$125,517**

of those funds via our monthly branch fundraisers.

CU1 employees

volunteered

**5,303**

hours of their time to statewide non-profits, schools, projects and more!



We are thrilled and humbled to have served our Alaskan communities with record-breaking philanthropy efforts in 2016. CU1 contributed and fundraised \$256,551 last year. Our employees volunteered 5,303 hours of their time, and combined we were able to assist 151 local organizations. The credit union's unique One for All Alaska Fund raised 77% more in 2016, and since this fund's inception in 2011, it has contributed \$267,381 to the causes you care for throughout Alaska.

Today and always, Credit Union 1 is passionately committed to its members and community. You're a vital part of our ongoing efforts and success, and we look forward to what 2017 will bring!



**BOARD OF DIRECTORS**

- Joe Towslee, Chair
- Colin Baxter, Vice Chair
- Damien Stella, Secretary
- Steve Cavin, Treasurer
- Becci Anderson, Director
- Jennifer Bernard, Director
- Fred Stassel, Director Emeritus

**EXECUTIVE MANAGEMENT**

- Paul Yang, President/CEO
- James Wileman, Chief Operating Officer

**SUPERVISORY COMMITTEE**

- Marietta Hall, Chair
- Andre Horton, Member
- Ross Risvold, Member
- Damien Stella, Member
- Yuliya Mitchell, Member

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A Better Experience



**Annual Report**  
2016



Federally Insured by NCUA.

Hello, Alaska! We're excited to share several unique achievements that highlight the health and well-being of your credit union as a whole. 2016 was a dynamic year on many fronts. We welcomed new President/CEO, Paul Yang, to the CU1 family. We lent an exceptional amount of money to help Alaskans reach their dreams, and we continued to provide the products and services you rely on for daily financial needs. Most importantly, we continued to serve our members with true enthusiasm and passion for your personal success!

As our credit union has connected with more and more Alaskans, we've seen corresponding growth in our lending portfolio. Most notably, our top-performing consumer category was Home Equity, which increased by an outstanding 37.0%! Growth in real estate also increased \$12.8 million, or 5.2% over 2015, and real estate will be a continued area of improvement in 2017 as we introduce enhanced home ownership options.

We're also here to reward you for your membership with us! In 2016, overall One for All Rewards points redemptions increased by 1.7%. This means that 46.3% of all points earned by our members have been used toward cash rebates, gift cards, certificate premiums and more. As an additional benefit to our members, we made significant progress on renovations to our Anchorage DeBarr Branch, and we look forward to renovating our Kodiak Branch in 2017.



**Paul Yang**  
President/CEO

**Joe Towslee**  
Board Chairman

## Financial Statements

Unaudited in thousands

*Overall, the credit union's dedication to responsible lending practices contributed to sound income and stability during 2016.*

Assets		
	2016	2015
Cash	\$14,187	\$10,419
Investments	\$171,462	195,383
Loans (Net)	\$733,115	703,420
Fixed Assets (Net)	\$36,096	33,281
Other (Assets)	\$37,352	34,539
<b>Total</b>	<b>\$992,212</b>	<b>\$977,042</b>

Total Liabilities and Members' Equity		
	2016	2015
Members' Shares	\$858,544	\$847,203
Liabilities	\$15,908	\$15,110
Members' Equity	\$117,760	\$114,729
<b>Total</b>	<b>\$992,212</b>	<b>\$977,042</b>

Income Statement		
	2015	2015
Loans	\$37,901	\$35,029
Investments	\$1,497	\$1,470
Interest Income	\$39,398	\$36,499
Dividends & Interest Expense	\$-2,543	\$-2,444
Net Interest Income Before Provision for Loan Loss	\$36,855	\$34,055
Provision	\$-10,413	\$-6,355
Net Interest Income	\$26,442	\$27,700
Operating Income	\$25,220	\$24,485
Operating Expense	\$-48,070	\$-43,948
Net Income From Operations	\$3,592	\$8,237
Non-Operating Income (Expense)	\$-91	\$-104
<b>Total Net Income</b>	<b>\$3,501</b>	<b>\$8,133</b>

## Supervisory Committee Report

The Supervisory Committee is appointed by the board of directors and is responsible for ensuring that the financial statements of the credit union are accurately and fairly presented by management. The committee also ensures that operational practices and procedures are sufficient to safeguard member assets. These duties are required by federal and state regulations. State of Alaska statutes summarize the committee's responsibilities and read as follows:

“ The Supervisory Committee shall conduct an annual audit of the accounts of the credit union and submit a report of the audit to the board of directors and a summary of the audit to the members at the next annual members' meeting of the credit union. The Supervisory Committee may conduct supplementary audits as it considers necessary or as ordered by the commissioner, and submit reports of the supplemental audits to the board of directors. ”

To fulfill these obligations, the Supervisory Committee hired the national professional services firm of CliftonLarsonAllen Wealth Advisors, LLC to perform an independent audit of our financial statements and confirmation of member accounts. The results of the audit, conducted as of and for the year ending September 30, 2016, indicate that the financial statements of Credit Union 1 are fairly stated. Additionally, the credit union's internal auditor reviews and evaluates the systems of management's control and reports the results to the Supervisory Committee and management on an ongoing basis.

Credit Union 1 is regulated by the State of Alaska and insured by the National Credit Union Administration (NCUA). The credit union is subject to examination by both entities on an annual basis.



As of December 31, 2016, Credit Union 1's total assets had grown 1.6% to \$992,212,478. This growth corresponded with a 1.3% increase in member deposits, to \$858,543,800! Net income for 2016 was \$3.50 million, and because we are entirely member owned, 100% of this income is recycled toward a more affordable and enjoyable experience for members like you.

Income earned by a financial institution is often measured as a percentage of total assets. For 2016, Credit Union 1's return on assets was 0.37%. These earnings have helped build equity within the institution and secure our ability to serve members' long-term needs.

At the end of 2016, the credit union's equity (or "capital") was 11.81% of total assets. As such, Credit Union 1 is designated "well capitalized" by the National Credit Union Administration (NCUA). This number is of unique importance because it allows the credit union to expand its services, upgrade facilities, maintain a strong workforce and enhance its products and services in future years. Our equity also insulates and protects the credit union during economic downturns and periods of interest rate uncertainty.

**Steve Cavin**, Treasurer

**Marietta Hall**  
Chair

**Andre Horton**  
Secretary

**Ross Risvold**  
Member

**Damien Stella**  
Member

**Yuliya Mitchell**  
Member