



Annual Report 2018



CREDIT UNION
of America

Welcome to Friendly

Springing Forward

Take pride in being part of a credit union that's committed to moving forward.

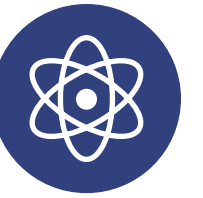


Frank Shoffner
Chief Executive Officer

Hello

When visiting with members, the community, and staff, I hear people wanting to have fun, life to be easier, longing for financial stability, and the desire for technology to be easy and helpful. A common thread is we all want quality experiences in our daily lives. Our members' experiences are a beacon for CUA. They guide us in the projects we choose, how we implement changes, and in measuring how well we meet member expectations. CUA created new plans in 2018 to improve our members' experiences going forward. Our plans encompass three primary areas.

Transformation



We're transforming the way we do business. From branch remodels to new technology that will make life easier. Even in how we train our staff, via video conference, allowing them more time serving our members.

Simplicity



We want to make it easy for you to conduct business at CUA and quickly address your needs. It needs to be simple for you to access the services you need whether you do business by a device, in-person, or calling in.

Knowledge



We're working to get to know you better and anticipate your financial needs and preferences. We aim to make your life easier, help you save, and be THE financial resource with the best experiences for you.

We commit to give you quality experiences through staff, services, technology, consultative financial education, and facilities!

Your credit union is alive, growing, and strong. We thank you for your membership and participation.

A handwritten signature in blue ink that reads "Frank Shoffner".



2018 Accomplishments

MERGER

Merged CKCU into CUA, expanding counties of membership, members and board members.

22

new counties of membership

5,150

CKCU members welcomed

2

new board members

74,786

members now own CUA!



More individuals chose CUA for their auto loan than any other lender in Wichita-Metro and Great Bend markets and among all credit unions in the state of Kansas



CUA ranked in the top three lenders of Sedgwick & Butler Counties in real estate dollars loaned to our members and number two for number of family homes financed

OVER 14,000

members carry a CUA Visa Credit Card



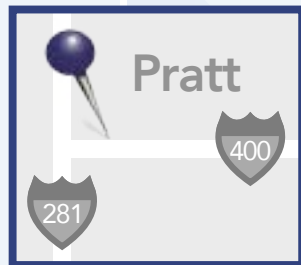
SERVICES

- Balance Boost Money Market
- Cash Back Signature Visa
- Give Back Platinum Visa
- Debit Card Perks
- FHA, VA, & Rural Development Home Loans
- Improved online loan decisions



BRANCHES

New locations in Hutchinson & Pratt, Kansas



2,694

member interactions with GreenPath® Financial Wellness, strengthening members' financial health

3,776

members attend CUA's 2nd Annual Zoo Day



OVER \$300,000

in donations and investments in our local communities



2019 Happenings



Full-Service Salina Branch
Opening Late Spring 2019
582 S. Ohio

BRANCH REMODELS AND/OR SIGNAGE UPDATES

S. Broadway
Great Bend

E. Harry
Salina



Free classroom and online financial literacy materials made available in January

tap teller

Access a consistent, secure, and friendly teller experience through new technology at Delano, South Broadway, East Harry, North Rock, and Salina branches in 2019.



David Blakemore
Chairman of the Board

Chairman's Report

2018 was an exciting year of change and progress for our cooperative. Frank Shoffner, a 25-year employee, executed a smooth transition as he took on the instrumental leadership role of CEO following the retirement of our former CEO. Frank led us through a merger with Hutchinson-based Central Kansas Credit Union. This merger added branches in Hutchinson and Pratt and expanded our counties of membership by 22. The merger also brought additional growth to our asset size and membership.

We shared our financial growth by giving over \$300,000 in donations and investments in our local communities. From classroom grants, scholarships, and assisting the homeless, to free shred days for our members and staff volunteering time with veterans, CUA stepped up in a big way. Most notable is our 5-year pledge to Ascension Via Christi's Project Renewal. Our pledge will help fund an activity complex within the new Behavioral Center on the St. Joseph campus. The Center brings state-of-the-art facilities and services to those afflicted with mental health issues and coordinates services through other providers, first care responders, and teachers.

I'm proud to have served as a volunteer Director for nine years at CUA. My term is now coming to an end. I thank the members and staff for this wonderful experience of learning more about our credit union and the opportunity to guide CUA in serving our members.



Clinton Koker
Committee Chairman

Supervisory Committee Report

CUA's Supervisory Committee is comprised of volunteers that oversee the Risk Management functions of the Credit Union, including Security, Internal Audit, and Compliance. We assist in the review of Board policies and practices. These responsibilities protect our members, ensure safety and soundness, as well as overall solvency of our financial cooperative.

In 2018, the Committee hired an external CPA firm to perform a financial statement audit as of December 31, 2017. The audit concluded that the financial statements fairly represent our financial condition and conform to generally accepted accounting principles. An independent audit was also performed on CUA's Information Technology. The results confirmed that our infrastructure provides appropriate security. Due diligence activities were performed on Central Kansas Credit Union (CKCU) prior to the July 2018 merger, confirming the financial records and internal controls were dependable.

On behalf of the Supervisory Committee, I am pleased to report that your Credit Union continues to be a strong and stable financial cooperative.



Richard Gilstrap
Treasurer

Treasurer's Report

Credit Union of America delivered strong financial results in 2018, providing the capacity to boost the benefits and services for our members. "Welcome to Friendly" service and every-day great rates attracted strong growth in loans, deposits, and assets.

Member-Driven Financial Highlights for 2018:

- Total Assets of \$890,895,000 – grew \$85.4 million, or 10.6%
- Member deposits grew \$74.2 million, up 11.6%
- Loans increased \$79.2 million, up 11.6%
- CUA members received a 52% higher average return on deposits than peer credit unions

Volunteer Leadership

Board of Directors
 David Blakemore – Chairman
 Cushman Miller – Vice Chair
 Dean Lang – Secretary
 Richard Gilstrap- Treasurer
 Warren Briggeman
 Kay Glasner
 Kevin Kienzle
 Stan Longhofer
 Brian McGuire
 Jim Means
 Mary Singleton

- Net income was \$11.1 million
- Dividends paid to members totaled \$7.01 million, up 22.5% from 2017

Successful Merger with Central Kansas Credit Union (included in totals above):

- Assets \$37.1 million
- Deposits \$33.9 million
- Loans \$20.9 million

Strong Financial Ratings:

- Net worth grew by \$14.0 million to a total of \$115.8 million for a Net Worth Capital ratio = 13.01%
- Superior 5-Star top rating from Bauer Financial

Financial Investments in Members and Growth:

- Innovative Balance Boost money market account
- Upgraded more ATMs to deposit-taking "smart" technology
- Debit card "Perks" reward program added
- High-rewards Visa Signature card introduced

CUA exemplifies our member-ownership through competitive lending rates and through above-average dividends paid only to members. Callahan & Associates, an independent analyst of credit union performance, evaluates the level of return provided to members. They designated CUA as the highest-rated credit union for RETURN TO MEMBERS in Kansas and as the ninth-highest rated of 246 credit unions nationwide with assets between \$500 million and \$1 billion. CUA strives daily to earn our members' business by being the leading choice for their financial services.

Supervisory Committee

Clinton Koker – Chairman
 Ken Blankinship
 Bill Calvert
 Joy McLain
 Randy Webster





CREDIT UNION
of America

Welcome to Friendly

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STATEMENT OF CONDITION

(Unaudited)

December 31, 2018

ASSETS

Loans & Loans Held for Sale 762,851,885
Less: Allowance for loan losses (8,127,688)

NET LOANS 754,724,197
Investments 74,154,887
Premises & Equipment 16,877,713
Other Assets 45,138,484

TOTAL ASSETS 890,895,281

LIABILITIES, SHARES AND EQUITY

Liabilities 62,293,184

MEMBER SHARES

Membership & Other Shares 118,705,817
Money Markets 157,108,012
Share Certificates 252,273,818
IRA 79,079,987
Checking 105,596,312

TOTAL SHARES 712,763,946

Reserves 5,623,179
Undivided Earnings 110,214,972

TOTAL EQUITY 115,838,151

MEMBER SHARES & EQUITY 828,602,097

TOTAL LIABILITIES, SHARES & EQUITY 890,895,281

STATEMENT OF OPERATIONS

(Unaudited) For the Period From January 1 To December 31, 2018

OPERATING INCOME

Interest from Loans \$35,048,313
Interest from Investments 2,461,945
Non-Interest & Misc Income 17,119,361

TOTAL OPERATING INCOME 54,629,619

OPERATING EXPENSES

Compensation and Benefits 14,803,964
Provision for Loan Losses 4,723,000
Office Operations 3,280,505
Loan Servicing 2,654,449
Checking, Debit Card & ATM 2,565,915
Professional and Data Services 2,156,124
Office Occupancy 1,985,830
Member Education & Marketing 1,615,920
Interest on Borrowed Funds 955,244
Merger Expenses 931,156
Other Expenses 818,781

TOTAL OPERATING EXPENSE 36,490,888

NET OPERATING INCOME 18,138,731

NON-OPERATING GAIN (LOSS/EXPENSE) (11,786)

NET INCOME BEFORE DIVIDENDS 18,126,945

MEMBER DIVIDENDS 7,010,686

NET INCOME \$11,116,259