

**CELEBRATING
★★ 85 YEARS ★★**

**of Dedicated Service
to Our Members**


2017
ANNUAL REPORT

CELEBRATING
85
YRS
USE CREDIT UNION

Chairman's Message

Every member-owner of USE Credit Union plays a key role in the success and growth of our credit union. Together, we're building an organization that is making a difference for each other and our communities. As you know, USE Credit Union was originally chartered in December 1933 so we're especially excited to celebrate our 85th anniversary in 2018! And, what better way to celebrate than to thank our members for your membership and loyalty.

As members of your volunteer board, we are responsible for ensuring your Credit Union is operating safely and soundly. We are tasked with confirming that USE has a solid financial foundation and I'm proud to say that we've had another successful year. We attribute that success to our members, employees, and leadership team.

Our membership continued to grow in 2017, and we are proud to say that we now serve more than 7,000 members at two Houston locations and hundreds of shared branching locations. We remain committed to our mission statement to "Encourage members' personal success through exceptional financial services today and tomorrow."

We will continue to add new products, services, and technologies to make it easier to do business with us. We always want to offer robust and affordable services, which benefit our members, so that you can save time, money and gain convenience.

As we look forward to 2018, we want to celebrate our 85th anniversary with you and our community. We've got a lot of great things planned for the year but be sure to watch for our Fun Fridays throughout the year where you could win \$85! Just close a loan at USECU and you're automatically entered to win!

USE Credit Union is not just a financial institution, and you're not just a number. As a member-owner you can be proud of what you are doing for yourself, your fellow members and your community. On behalf of the Board of Directors and our entire team, thank you! We are grateful for the opportunity to serve you and are excited about our future together!

Clarence Brooks
Chairman of the Board

Mission Statement

Encourage member's personal success through exceptional financial services today and tomorrow.

Management Team

Jessica Gillen
CEO/ President

Debbie Gonzalez
VP of Operations

Sandy Childers
VP of Information
Technology

Marina Izvekova
VP of Accounting

President's Message

In 1933 during the height of the depression, 21 people pooled their resources and founded the Houston Railway Postal Clerks Credit Union for the sole purpose of helping people. On January 8, 1940, 74 members attended the Annual Meeting, where it was reported that the credit union had net annualized earnings of \$727.15. In October 1957, the credit union had grown to \$412,000 in assets and 1,508 members.

Eighty-five years later, our name has changed to USE Credit Union, our assets have grown to \$80.5 million, and our membership has reached beyond 7,000 people. While we have certainly grown over the years, one constant remains – our commitment to people-helping-people. To this day, our common purpose of helping people to better their lives still exists.

Just like you, we experienced the highs and lows of 2017. We had a successful financial year at USECU; however, we felt our member's pain as they struggled to recover from Hurricane Harvey and the subsequent flooding. We responded quickly to ease the financial burdens by automatically rolling loan due dates, waving overdraft protection fees, late payment fees and offered additional mortgage and personal loan assistance. Many members were grateful and we were honored to help.

We were also very excited about our Houston Astros World Series win! What an exciting time for our city! We'd like to think we sent good vibes to our Houston Astros with our Spring Baseball promotion, where two of our members won a family 4-pack of tickets to a game!

In 2017, we offered \$500 to all members who closed a mortgage loan during the spring. We amped up our sales and service training to ensure we provide the best service to our

member-owners. And last, we increased our cybersecurity efforts to ensure your information remains safe and confidential, in light of the Equifax breach.

Financially, 2017 was another good year for USE Credit Union, as you will see in the financial section of this report. I do want to mention that we experienced loan growth of over 20% and share growth of over 3%, which we could not have achieved without our loyal members.

Our focus in 2018 will be to continue to provide high-quality member service while boosting growth in loans and shares. We are also very excited to celebrate our 85th anniversary with you so be sure to look for ways you can win \$85 on our Fun Fridays or get some awesome gifts when you close a loan with us this year. It's our birthday but we want to share the gifts with you!

I am pleased to look back at 2017 and see that we're working to provide you with products and services to help you manage

your personal finances. While we look forward to continued financial strength and growth, we understand that members are at the heart of everything we do. We will continue our focus on creating an outstanding service experience for you.

In closing, I want to thank our Board of Directors and volunteer committee members for their dedication to the credit union. As members, you elect these individuals to represent your best interests, and they continue to fulfill this important duty for your financial cooperative. I also extend my whole-hearted thanks to our employees for living our values and delivering on our mission statement. And most importantly, I am grateful that you chose to be a member of USE Credit Union because, at the end of the day, we exist for you!

Jessica Gillen
CEO/President

Treasurer's Message

2017 was a financially successful year for USE Credit Union and we are looking forward to an exciting year as we celebrate our 85th anniversary. We continue to embrace the Credit Union philosophy of "people helping people" by providing members affordable financial services and comprehensive financial education, so you can build assets and financial stability.

As your Treasurer, I am officially reporting to you that the fiscal year 2017 ended as of December 31, 2017. Here are some of the financial highlights:

- USE Credit Union ended 2017 with assets of \$80,531,271.12.
- We had a net income of \$51,644.03.
- We funded over \$39 million in loans for members.
- USECU ended with shares of \$73.5 million.

During 2017, our Credit Union engaged Doeren Mayhew CPA and Advisors for our annual audit and received a positive review. Credit Union regulators define a well-capitalized Credit Union as having at least 7% of its assets in reserve. USE Credit Union finished the year at a very healthy 7.67%. Overall, your Credit Union is financially strong and well positioned to meet the financial needs of our member-owners for the foreseeable future.

We are committed to you, our member-owners, and to our mission to **"Encourage members' personal success through exceptional financial services today and tomorrow."** Thank you for putting your trust in USE Credit Union.

Charles Konikoff
Secretary/Treasurer

2017 Board of Directors

Each volunteer board member is elected to a three-year term and is responsible for setting policies, participating in the development of the strategic plan, reviewing and approving the annual budget

Clarence Brooks	Chairman of the Board	Term expires 2018
Michael Foster	Vice Chairman	Term expires 2020
Charles Konikoff	Secretary/Treasurer	Term expires 2019
Ray Biggerstaff	Director	Term expires 2018
Troy Conner	Director	Term expires 2019
Pamela Edwards	Director	Term expires 2020
Michael Larrivee	Director	Term expires 2018
Bernard Middleton	Director	Term expires 2019

Statement of Financial Condition

December 31, 2017

ASSETS

Loans	39,718,056.13
Cash	650,685.28
Investments	36,020,172.46
Fixed Assets	3,031,896.18
Other Assets	1,110,461.07
Total Assets	80,531,271.12

LIABILITIES, SHARES & EQUITY

Payables Miscellaneous	836,200.55
Dividends & Interest Payable	13,052.89
Total Member Deposits	73,503,973.78
Regular Reserves	1,234,019.11
Other Capital Accounts	4,944,024.79
Total Liabilities & Equity	80,531,271.12

Statement of Income & Expenses

December 31, 2017

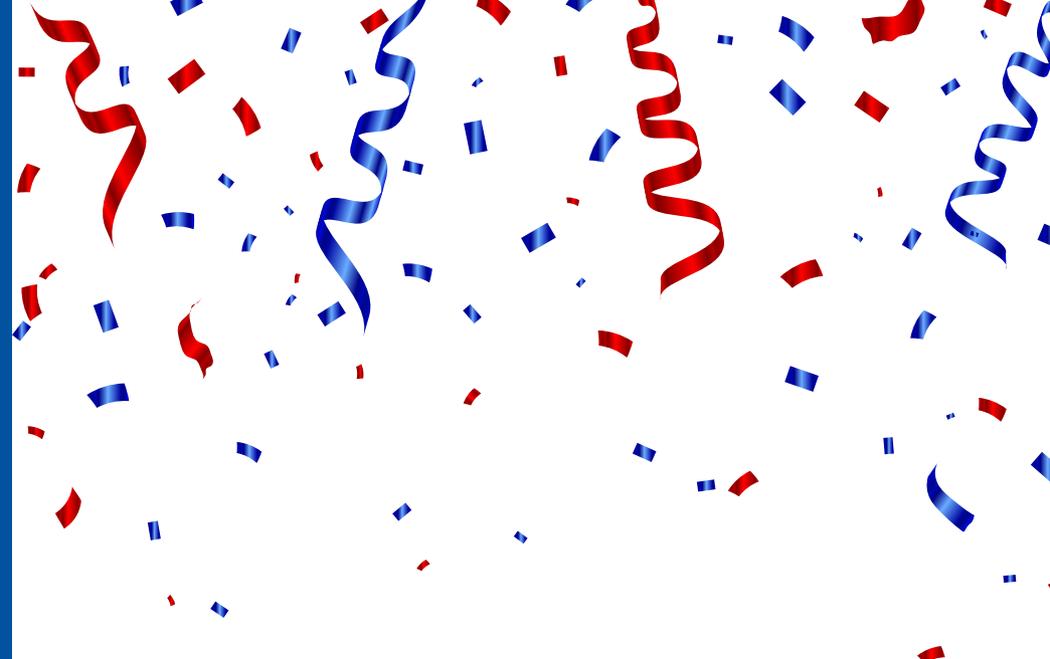
INCOME

Income From Loans	1,570,422.20
Investment Income	544,833.80
CUSO Investment	14,408.18
Fees And Charges	967,122.28
Miscellaneous Operating	18,768.23
Total Gross Income	3,115,554.69

EXPENSES

Compensation	1,044,091.26
Employee Benefits	247,553.11
Travel & Conference	12,243.92
Association Dues	15,595.73
Office Occupancy	185,599.91
Office Operations	773,516.83
Education & Promotion	86,861.87
Loan Servicing	178,869.11
Shared Branch	77,756.27
Professional Services	136,638.04
Supervision & Exam Fee	14,401.36
Interest On Borrow Funds	5,031.33
Annual Meeting	2,215.45
Miscellaneous Operating	3,668.50
Total Operating Expenses	2,784,042.69

Dividends	127,892.44
Provision For Loan Loss	164,200.00
Gain (Loss) In Assets Dis.	12,224.47
Net Gain / Loss	51,644.03



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 **USE** CREDIT UNION

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