

SPECIAL
BIRTHDAY EDITION

TUCSON  FEDERAL

80

ANNUAL REPORT 2017

1937
2017
THANK YOU!



IT WAS OUR 80TH
BIRTHDAY, AND WE
CELEBRATED IT
BY SHOWING OUR
APPRECIATION TO YOU.

80 AND GRATEFUL

Tucson Federal Credit Union turned 80 in 2017 and we celebrated all year long! To do so, TFCU demonstrated the credit union mantra, “for people, not for profit;” showing our appreciation for the two things that make it all possible: our members and our community. At the beginning of the year, we promised to do 80 Acts of Kindness as our thank you for 80 years in business.

So, from the bottom of our hearts and vaults, thank you – to the members whose trust we’ve earned, and to the community of which we are grateful to be a part and make every effort to support. This community: its people, have allowed us to achieve the highest rating in financial institution stability since 2014, approval ratings high above the industry standard, and a legacy as an advocate of social responsibility.

We are TFCU and it's about you!

A SPECIAL BIRTHDAY MESSAGE FROM OUR CEO...

As your credit union, it is our primary goal to offer you the best value in financial products and services without compromising the integrity, value, trust, safety and soundness of TFCU.



Dear Members,

In 2017, TFCU celebrated its 80th anniversary as a Credit Union. We have come a long way since our first day in 1937. We have grown to \$434 million in assets and 59,000 member-owners. This amazing growth is due to the continued trust and support of YOU, our membership.

TFCU is in a strong financial position, and we are growing to meet your needs now and well into the future. At TFCU, our unwavering focus on community, advocacy and service have become an impactful demonstration of our determination to make a difference in the community we serve.

Whether it's help preparing a budget, investment counseling, purchasing a vehicle, financing a new home, or just someone to talk to face-to-face about your finances, call us first. As your credit union, it is our primary goal to offer you the best value in financial products and services without compromising the integrity, value, trust, safety and soundness of TFCU. We strive to earn your business every day and thank you for the privilege of serving you.

Sincerely,

Susan R. Stansberry



A WORD FROM OUR BOARD...



BRYAN J. BENZ
CHAIR



CORI RODRIGUEZ
VICE CHAIR



ROSEANN HAINES
TREASURER



EMILY RODRIGUEZ
SECRETARY



LUCAS CONWAY
DIRECTOR



RICHARD GASTELLUM
DIRECTOR



JAMES MARR
DIRECTOR

2017 was a special year for TFCU as it represented its 80th anniversary of supporting Tucsonans and the surrounding communities. It was marked by technological milestones combined with an ever-focused effort to give back to the community through the 80 Acts of Kindness campaign, commemorating the years of involvement since its founding as Tucson Teachers Federal Credit Union.

While community focus has always been a cornerstone at TFCU, the 80 Acts of Kindness campaign, spearheaded by the marketing department, took that belief and expanded it tenfold, while charitable donations once again highlighted additional efforts to give back to the community. Kicking off in December, the initiative emphasized philanthropy by way of employee group volunteer efforts and participation. Some examples include giving away gas and gift cards to members who were demonstrating personal hardships and was capped off by giving away an 80-inch television. In addition to the 80 Acts of Kindness campaign, we continued to donate to charitable foundations and causes that serve the community. Involvement included donations to the Erik Hite Foundation, Youth on Their Own, and Our Family Services. Events and donations such as these show the true level of compassion and empathy TFCU employees have for our members. All of us on the Board are thankful to be a part of it.

One of the most impressive feats of 2017 was the release of V-Tel, or the Virtual Teller Machine. With a host of abilities and features along with the capability to video chat real-time with employees, V-Tel is making things easier and more convenient for our members. We're proud that our TFCU was the first financial institution in the state to employ such technology. As fellow members, it's exciting to see the dedicated focus that management demonstrates to stay ahead of pace in our increasingly digital world. Their goal is to make managing your finances as seamless as possible while keeping our information safe.

Again, as fellow members, the Board continues to be excited about the direction the credit union is heading and the rich culture that thrives each day for our members, along with the community in which it serves. 2017 hosted several milestones and achievements which provided momentum as we transitioned into, and progress through, 2018. There are exciting plans on the horizon with new product offerings as well as community involvement and we are eager to continue to serve as your liaisons to provide a voice for all members.

AND OUR SUPERVISORY COMMITTEE...



The Tucson Federal Credit Union's Supervisory Committee (S.C.) continues working to protect membership and keep management on their toes. As the members' representative, the Committee's primary function is to oversee the audit functions to assure corporate records are prepared accurately, internal controls, policies and procedures are maintained and followed, and each employee/elected official is carrying out the basic duties for which he/she is responsible.

In 2017 the Supervisory Committee (SC) continued to outsource internal audits and the annual financial statements audit to outside CPA firms as well as the annual Information Technology Penetration Test Audit to a third party vendor.

There was no change in the five person Supervisory Committee personnel since last year's Supervisory Committee Annual Report. In order to stay informed, a member of the SC attends monthly board meetings, Risk Management meetings and ALM meetings. Committee members also participate in surprise cash counts for the various locations. Additionally, we were represented at the November 2017 Strategic Visioning session. We divide these duties so the entire committee is involved and enhancing their knowledge and skills in order to better serve the credit union's membership.

OUR BIRTHDAY WISH
OUR COMMUNITY.
MADE THAT WISH
WE BLEW OUT

WAS TO **GIVE BACK** TO
HERE IS HOW WE
COME TRUE AFTER
THE CANDLES...



RANDOM ACTS OF KINDNESS

We took member appreciation to a whole new level. The best part of our plan, was that it was completely unexpected. On National Random Act of Kindness Day, February 15th, 2017, we gave out \$80 gas cards to members who funded direct auto loans. All seven branches and the Experience Center got eight gas cards to give away, totaling \$5,120 in gifts. Their happiness was the best birthday gift we received.





WE APPRECIATE OUR PARTNERS

Because our partners play a significant role in our success, it was important to show them how special they are by way of giving back. Beginning on March 9th, our partners who drop off various communications, documents, and mail at the Corporate Office were greeted with a \$25 gift card to Eegee's and a thank you note.





WE HAD OUR CAKE + AND SHARED IT WITH YOU

April 19, 2017 – TFCU celebrated 80 years in Tucson. We greeted our members who visited us that day with gratitude, refreshments, and of course, cake! What else did we do for you ask? Well, we held a sweepstakes for the ultimate in home entertainment, an 80" TV! We also kicked off a special rate for a very limited time, more on that to come.





WE MADE LIVES A BIT EASIER

We kept our eyes and ears open throughout the year for ways we could improve our members' lives. Whether it was a financial or personal hardship, we did our best to brighten their day with a heartfelt message and gift from the members' favorite representative. Here are some of the things we did...

An employee gave a member who just had a baby, and was recovering from a brain tumor procedure, diapers and a \$200 Target gift card.

One of our members was laid off and is awaiting social security benefits. TFCU gave her a \$200 Fry's gift card to help with groceries during this time.

One of our members lost his job of 8 years and was awaiting unemployment benefits while facing collections. TFCU gave him a \$50 gift card to offset his challenging time.

A longtime member lost her husband, TFCU surprised her with flowers and a \$70 Massage Envy gift card for which she was very grateful.

A \$200 gift card was given to help with groceries for a mother and son with Down Syndrome and recent diabetes diagnosis

One member suddenly lost his wife in September of 2016 to Leukemia. TFCU sent a \$100 Fry's gift card, card, and flowers.



WE INVESTED WISELY

Tucson Federal Credit Union invests time, money, and resources back into the community. In 2017, we gave \$177,624.50 to local nonprofits through the Community Partnership Awards, the Legacy Fund, the New Account Donation Program, and much more.





EDUCATED THE COMMUNITY

We've positioned ourselves to assist nonprofits who are required to provide financial education by locating these organizations, creating the curriculum, and being available as needed. Some of which would not be able to afford the service without our assistance. By doing so, TFCU provided financial education courses to 358 adults, and 854 high school students for a total of 1,212 people. Under the umbrella of the Tucson Matters brand, TFCU continues to adapt to the ever-changing needs of Tucson's nonprofits, setting the credit union apart from our peers.





VOLUNTEERED LIKE CHAMPS

We had a pay-it-forward themed birthday party and everyone was invited. TFCU employees donated their time visiting schools, cooking meals, picking up trash, giving blood, and so much more. After five years of tracking, we've logged over 13,000 volunteer hours.



**THE ICING ON THE CAKE WAS OUR
ABILITY TO PROVIDE EXCELLENT SERVICE.**



V-TEL

In 1976, we became the first credit union in the state with an ATM and we set the bar high again! Introducing our virtual teller machine (V-Tel), the first of its kind in the state. The technology features the personalized service you've always gotten at the drive-thru, plus the convenience of an ATM. We promoted our new V-Tellers from within. You can meet them at the El Rio, Northwest, Midtown, and West Branch drive-thrus.

They'll be waiting on screen and can help you!





M3

TFCU’s Budget Counseling program expanded to help more people master their finances. We can help you create a budget, save for emergencies, improve credit, and plan for long term goals. We rebranded these efforts as M3 – My Money Management and our counselors provided 107 free personalized coaching sessions in 2017. We even expanded this service to those with a busy schedule but offering four all-day, weekend opportunities.



WE DID IT!

CU Direct selected TFCU for the Excellence in Direct Lending Award for exemplifying the industry's best practices. TFCU wants to be your primary financial institution and it's our expectation to offer a service-oriented loan process. Implementing a system for approving or denying certain loans automatically allowed us to become more efficient; one of the many reason for the recognition. It's about YOU!



CELEBRATED BY SAVING YOU MONEY

Our organization helps people save money by providing an alternative solution to big banks. In addition to maintaining low standard rates, TFCU offered promotional rates for more savings!



THE PARTY TRULY STARTED WHEN WE ADDED COMPETITIVE RATES...

1.80% APR AUTO REFINANCE

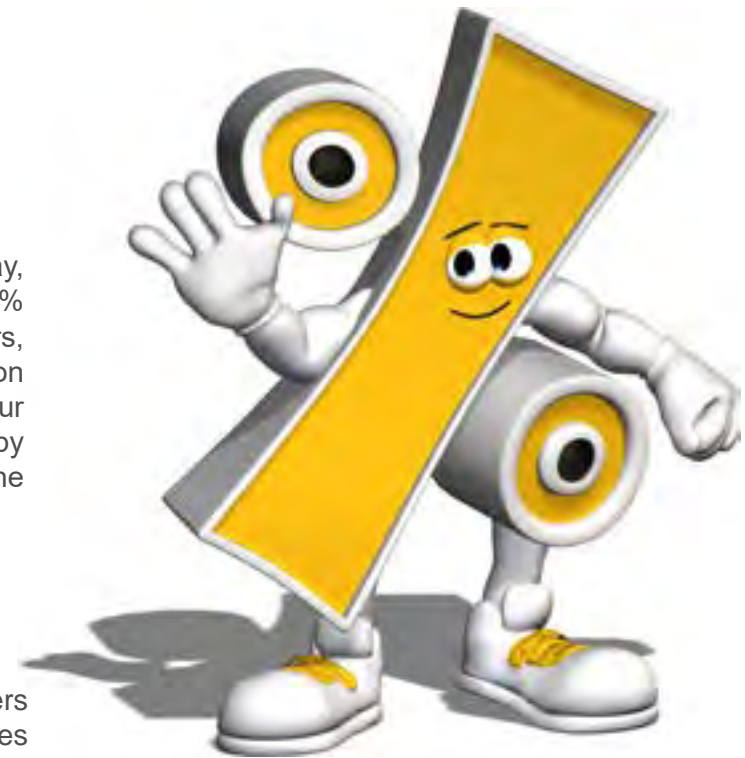
TFCU introduced our first ever flash sale on Wednesday, April 19th, the day of our 80th Anniversary. The 1.80% APR Auto Loan Refinance Promotion lasted 80 hours, including extended hours of operation, until 4pm on Saturday, April 22nd. This effort allowed us to save our members over \$2.6 million in auto loan refinances by the end of April from applications received during the promotion timeframe.

8.88% APR AUTO LOAN CREDIT REBUILDER

Our 8.88% APR Auto Loan Promotion freed members from their high rates. Those who have had credit issues in the past had the opportunity to cut their interest rate in half. By offering such a low maximum interest rate on purchases and refinances, 38% of the \$22 million in applications received from July 1st through August 31st were submitted using the 8.88% APR promo code.

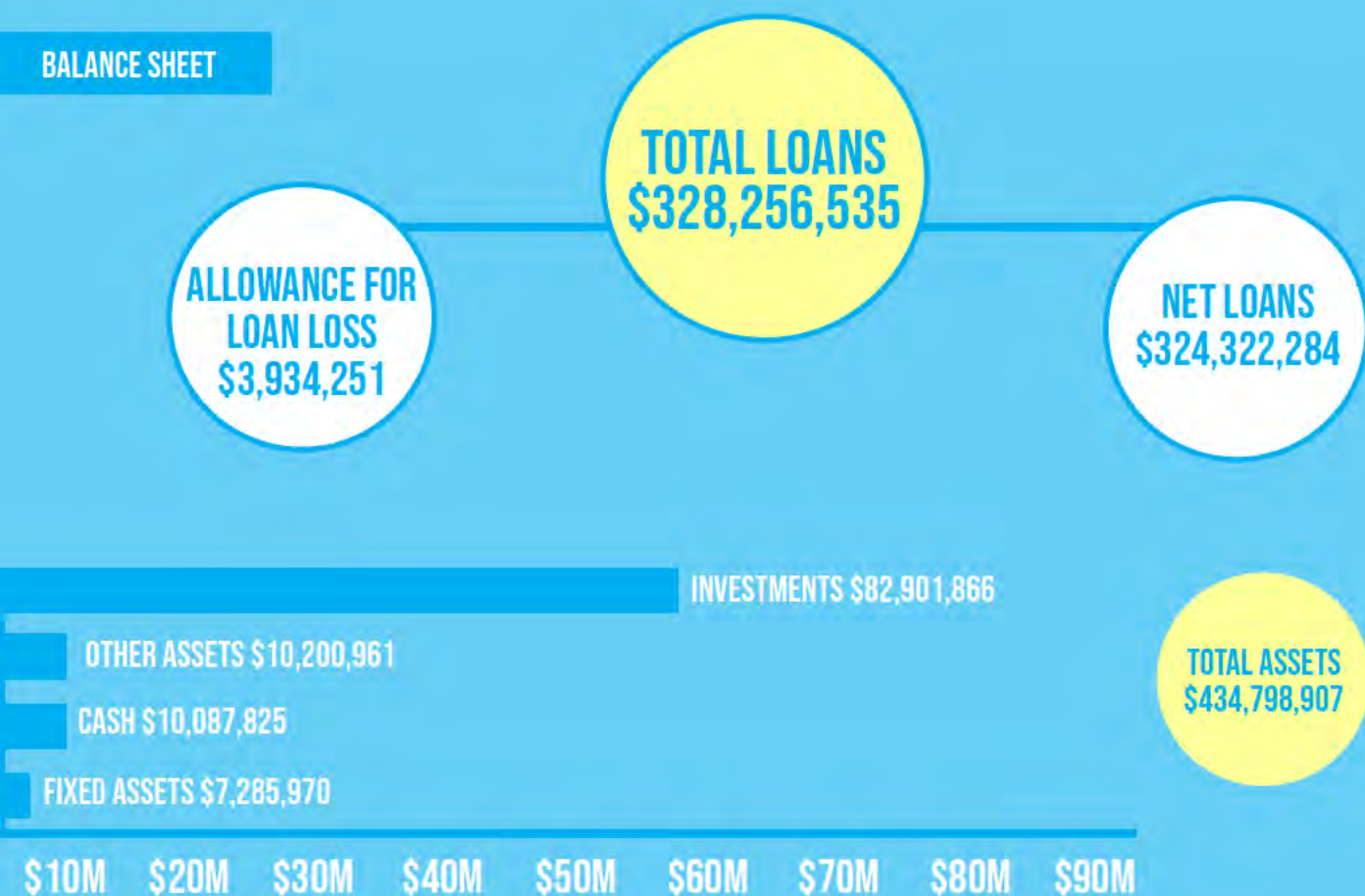
2.99% APR CREDIT CARD BALANCE TRANSFER

We began and finished 2017 with the 2.99% Balance Transfer Campaign with the intent to alleviate stress caused by additional holiday expenses. Between the two campaigns, TFCU saved our members over \$6.2 million in credit card balances.



BECAUSE OF YOU WE ARE FINANCIALLY
STRONG FOR MANY MORE BIRTHDAYS.

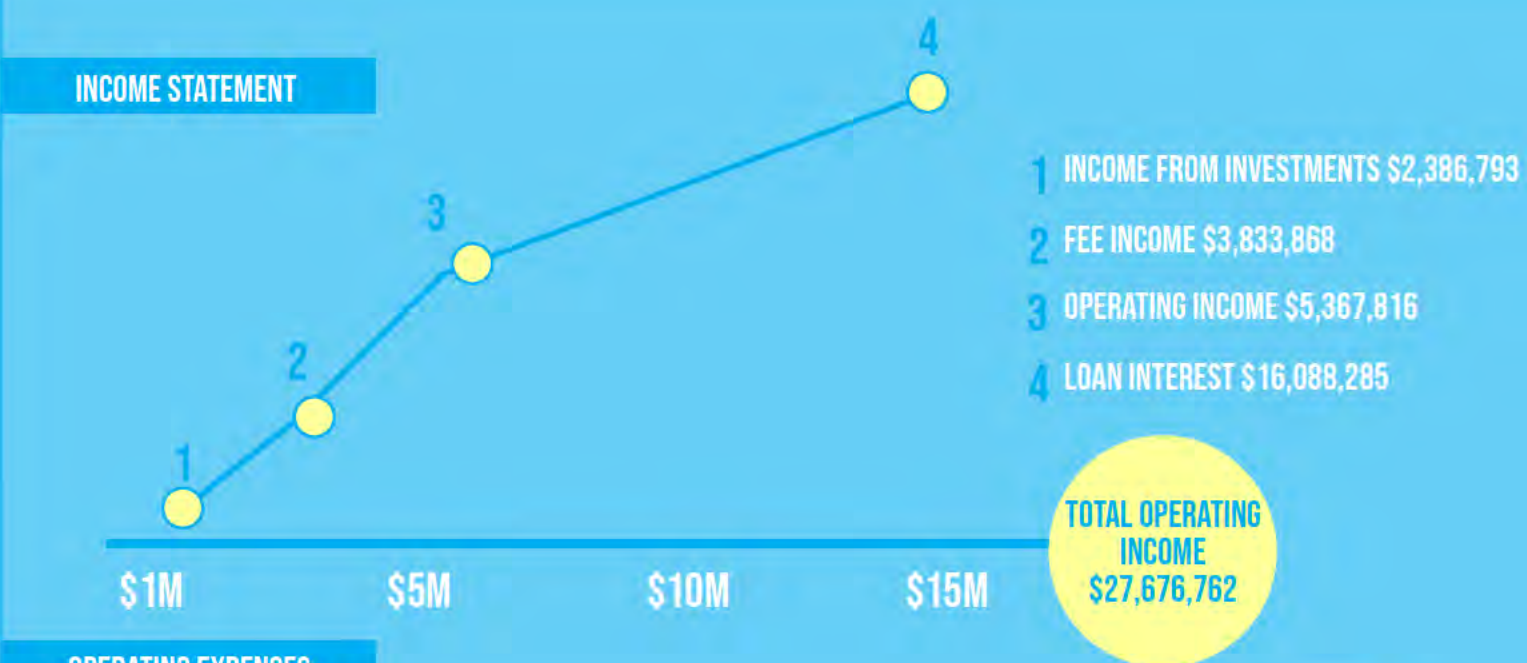
BALANCE SHEET



LIABILITIES



INCOME STATEMENT



OPERATING EXPENSES



NON-OPERATING GAIN (36,887)

PROVISION FOR LOAN LOSSES (4,612,432)

DIVIDENDS PAID (578,592)

TOTAL NET INCOME \$2,263,267



FROM THE BOTTOM OF OUR
HEARTS AND VAULTS, WE WANT
TO **THANK YOU** FOR MAKING
OUR 80TH BIRTHDAY ONE TO
REMEMBER.

Tucson Matters!



Tucson Matters!

IT'S ABOUT
YOU

WWW.TUCSONFCU.COM

LOCATIONS:

MIDTOWN
3801 E. SPEEDWAY BLVD.
TUCSON, AZ 85716-4021

EAST
8145 E. 22ND ST.
TUCSON, AZ 85710-8594

WEST
3755 S. MISSION RD.
TUCSON, AZ 85713-5624

NORTHWEST
7216 N. ORACLE RD.
TUCSON, AZ 85704-6303

SAHUARITA (INSIDE FRY'S MARKETPLACE)
15950 S. RANCHO SAHUARITA BLVD.
SAHUARITA, AZ 85629

MARANA (INSIDE FRY'S MARKETPLACE)
12100 N. THORNYDALE RD.
MARANA, AZ 85653

EL RIO
1740 W. SPEEDWAY
TUCSON, AZ 85745

CORPORATE CENTER
1160 N. WINSTEL BLVD.
TUCSON, AZ 85716-4023