



**BUILDING  
LEADING  
THRIVING**



# BUILDING LEADING THRIVING

## TABLE *of* CONTENTS

- 4. Chairman of the Board Report
- 6. President/CEO Report
- 8. Community Events
- 12. The Board of Directors & Managing Committee
- 13. Audit Committee Report & Key Performance Metrics
- 14. 2019 Financial Statements

# CHAIRMAN of the BOARD REPORT

For more than six decades of service, our credit union has prospered and thrived from a solid foundation rooted in a steadfast mission to promote the financial health of our members and enrich the larger community. Driven by a clear vision of this shared purpose, we attained new levels of financial strength and growth in 2019 under our highly capable leadership and staff dedicated to professional integrity and excellence. In accordance with our core principles, each milestone of success we achieve is best defined in terms of its potential to build enduring value for our members and the communities we serve.

As a financial cooperative, our credit union is collectively owned by all of our members. While commercial banks are for-profit enterprises constrained by the need to satisfy outside stakeholders, UNCLE's unique organizational structure enables us to always put the interests of our members first. Rather than distributing profits to stockholders, our surplus income is re-invested in the credit union to provide our members with competitive rates, significantly reduced fees and an exceptional member experience with a focus on leading-edge technology. Our earnings also drive the growth that is necessary to ensure our viability for years to come in an industry facing intense pressures and market volatility.

Steady on our course of sustainable growth, we now hold over \$482 million in assets and are more than

28,000 members strong. With strategic growth, we produce healthy returns that enable us to invest in the innovative financial solutions that best support our members' priorities, lifestyles and financial objectives. In recent years, this has expanded to include a full spectrum of investment and financial planning services that complement our ever-evolving offerings in personal and business banking, consumer loans and mortgage products. Through our partnership with CUSO Financial Services, LP (CFS), UNCLE has developed a Wealth Management Division that combines a strong team of experts with award-winning technology to help individuals and families reach their financial goals.

In today's environment, delivering an outstanding level of service means making it as easy, convenient and secure as possible to do business with us. To this end, we are continually upgrading every touch point of a member's banking experience, from our contact center and branches to our digital channels. This includes an ongoing investment in our mobile and online capabilities with expanded functionality, enhanced performance and the most advanced security features. Through strategic partnerships with financial technology firms, we are also adding helpful online financial tools through our mobile banking application. In terms of our branch network, a major new development in 2019 included Saturday hours at our March Lane Financial Center.

To adhere to our commitment to exceptional service, it's critical that we provide regular opportunities for our members to tell us what they want from their credit union, and what we can improve. One especially useful method for monitoring this is our annual membership survey, conducted in partnership with Raddon Financial Group, Inc. We're pleased to report that member satisfaction was measured at 95.5 percent in December 2019. In June, we were thrilled to have been named "Best in East Bay" for credit unions by the East Bay Times Readers' Choice Awards for the second consecutive year. This title is awarded based on polling results from readers of the East Bay Times, the Bay Area News Group's daily publication serving Contra Costa County and eastern Alameda County. We sincerely thank our members for this recognition, and are humbled by the opportunity to continue to meet and exceed your expectations in the times ahead. As a member, you can also take pride in knowing that your credit union remains highly committed to supporting worthy nonprofits and key initiatives that foster community well-being. Most recently, we learned that we are to be recognized for these efforts with the coveted Business Philanthropy Award from the Pleasanton Chamber of Commerce.

Attesting to our overall financial health and long-term earnings power, UNCLE attained a 5-Star Superior rating from Bauer Financial in each quarter of 2019. A rating that

our credit union has held for 32 consecutive quarters, it is based on financial data obtained directly from federal regulators and other public records. The national source for unbiased bank and credit union ratings, Bauer allows no financial institution to pay for their rating, nor do they provide an option for providers to opt out. As the highest ranking that Bauer assigns, 5 Stars indicates that UNCLE Credit Union is among the strongest credit unions in the nation according to criteria that includes capitalization, earnings, liquidity, historical data, regulatory compliance, loan quality and more. Given the fierce competition among our peers and other financial institutions, we were highly honored to be recognized in this way for our financial strength and security.

One of the most important responsibilities of our credit union's Board of Directors is to ensure the financial safety and soundness of our credit union. In this capacity, we took careful, deliberate action in our decision to put to a vote of the membership for a resolution to form an Audit Committee in lieu of our Supervisory Committee. After a majority vote in a Special Meeting of the Members on October 24, 2019, we adopted an Audit Committee with oversight responsibility for our credit union's internal controls and financial reporting. Like our Supervisory Committee, the Audit Committee will ensure compliance with policies and regulations, safeguard our members' assets, maintain the independent audit process and

evaluate risk management for the credit union. However, this new amendment in our bylaws will facilitate due diligence more efficiently by streamlining compliance practices, and avoiding duplication of tasks. The newly named Audit Committee will allow for a more effective response to changing regulations and market trends, so that we may more readily optimize new opportunities that benefit our members.

In a financial climate of intensified competition, increased regulatory burdens and a rapidly accelerating pace of innovation, UNCLE Credit Union remains on solid financial footing along a course of strategic growth. From this strong foundation, we are increasingly empowered in our ability to provide the enhanced financial solutions and resources that help our members build prosperity and long-term security for themselves and their families. We owe this success to the confidence and trust our members continue to place in us, our highly-competent and visionary leadership, and the invaluable contributions of our entire staff. On behalf of the Board of Directors of UNCLE Credit Union, I sincerely thank you.



**Chung Bothwell, JD, LLM**  
CHAIRMAN, BOARD OF DIRECTORS



**WE'RE BUILDING A  
LIFELONG RELATIONSHIP  
WITH PEOPLE, AND  
EVERY GREAT  
RELATIONSHIP HAS TO  
BE BUILT ON TRUST."**

– Angela Ahrendts, American Business Executive

## PRESIDENT/CEO REPORT

An organization's success and leadership can be measured in many ways – in terms of growth, employee engagement and performance. Thanks to leadership at every level of our organization, 2019 was an exceptional year for UNCLE Credit Union. We exceeded our financial, developmental and growth goals set for our institution, a testament to the hard work of our volunteer Board of Directors and employees. We achieved these goals by focusing on making the financial lives of our members fundamentally better.

Financially, we grew our loans by 15 percent, more than double our goal for the year. This marks the seventh year in a row UNCLE has had double-digit loan growth. Additionally, our Mortgage Loan Officers generated more than \$80 million in first mortgages – an all-time record for the credit union and tangible proof of our positive community impact. We ranked 376 out of 5,316 U.S. credit unions in first mortgage real estate originations in 2019. This means we rank in the top 7 percent of all credit unions nationwide.

Growing the number of UNCLE members is a critical part of our thriving credit union. We were proud to see substantial member growth this year as well – nearly 6 percent.

Of course, we couldn't have done any of this without an engaged and committed staff, and that attitude starts from within. UNCLE strives to cultivate a positive environment. This means engaging and informing each and every one of our staff members. We focus on giving our employees the tools, training and education they need to best serve our members. This was directly reflected in our 2019 employee engagement rating as well. Our motivated, engaged and knowledgeable employees ensure each of our 28,000 members have the best member experience possible.

With another successful year behind us, we are in the perfect position to transition to an exciting year ahead and beyond.

UNCLE strives to be a leader in our community by providing a safe and secure banking experience to our members, state-of-the-art technology and the most up-to-date products and services in our industry. And, as we look to 2020 and beyond, we will continue to meet the demands of our members' evolving needs.

Our members and staff can expect to see exciting new technology in the near future as well. We recently

achieved a huge goal internally by implementing a secure Virtual Desktop Interface for our employees. This puts our software programs on a cloud platform, thus better protecting our members' data and providing more consistency. This was an 18-month undertaking, and we are excited to see it completed. Later this year, we will be launching a new chat feature on our website, so our members will have the ability to quickly get answers to any questions they have. This will give us another channel of communication to better interact with our members, providing up-to-the-minute service.

Another focus is our business banking practice. We are increasing our dedicated business banking staff with the goal in 2020 to substantially grow our portfolio. We offer a variety of services including business banking accounts, loans and tools to help businesses succeed.

Finally, our growth continues with a new financial center opening in Stockton in 2020. This is the result of merging two smaller credit unions into UNCLE in 2018 and making the decision to consolidate these locations into one larger, technology-centered branch location for this marketplace. This full-service branch will have an

updated digital experience without sacrificing the personal touch our members expect.

Our Board, staff and members made 2019 a tremendously successful year filled with progress and excitement. It is with this enthusiasm that we look ahead to 2020 and beyond, positioned for more growth and opportunity. Leading an organization is no easy feat, but it is easier with the dedication of our Board of Directors and staff who work hard every day to further UNCLE's vision. On behalf of our Board of Directors and dedicated staff, I want to thank you for your membership and commitment to UNCLE Credit Union.



*Harold Roundtree*  
PRESIDENT/CEO

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“LEADERSHIP AND  
LEARNING ARE  
INDISPENSABLE  
TO EACH OTHER.”

– *John F. Kennedy*

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# STRIVING TO BE OUR BEST IN THE COMMUNITIES WE SERVE

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The team at UNCLE has spent the better part of more than six decades working to promote financial wellness and an overall positive impact in every community we serve. Each year is another opportunity to contribute financially – through sponsorships and donations – and physically – by showing up and putting in the work. This past year UNCLE collectively donated \$92,000 to support the communities we serve. We put thoughtful decisions behind every contribution, initiative and experience we provide the community, knowing we can make an impact on the overall quality of life.

In 2019, the East Bay Times named UNCLE the Best Credit Union in the East Bay for the second year in a row. We are so honored by that title, and we want to make sure we live up to it.

That's why we strive to be even more involved in the communities we serve, so much so that we had a dedicated group of staff volunteers spearhead a new initiative. We launched the Community Engagement Task Force in 2019 to provide opportunities for employees to make a positive impact on the cities we serve through acts of service and kindness. The task force created quarterly projects to achieve this goal.

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# MAKING A DIFFERENCE MATTERS

Social responsibility, comprised of community involvement, a sense of mission and “people helping people,” is a driving value at UNCLE Credit Union. The organization, volunteers and staff donate time and money to make our communities better. Whether through our employee-based

Community Engagement Task Force or by directly donating to worthy causes, all of us focus on improving the community. Our quest to make a difference also means contributing to others who are making a difference in their respective fields.



## Community Engagement Employee Task Force

We donated over 750 furry stuffed bears to the St. Joseph’s Medical Center and other Tri-Valley organizations through Good News Bears. Plus, our budding employee artists painted and decorated rocks to be placed around our community at local parks and businesses. We also rolled up our sleeves and participated in the Love Stockton community service event to clean up local parks in September. We sorted clothing, toy and household items to be donated for the holidays at Tri-Valley Haven. A great first year for this employee task force!



## Livermore Lab Foundation

UNCLE is proud to have supported the Livermore Lab Foundation since it was founded in 2017. Each year, including in 2019, we have contributed \$5,000 to the organization, which was formed to provide philanthropic support of scientific research and educational endeavors. We know education is the key ingredient to financial, personal and overall success, and we love being a part of helping those in our communities succeed.



## Toys for Tots

Our members and employees donated close to 200 toys to our local firehouse as part of the Marine Corps Reserve Toys for Tots drive last December.



## San Joaquin Delta College

As a credit union, we believe financial education is one of the most valuable resources we can provide, not only to our members but to the communities we reside in. That’s why we teamed up with San Joaquin Delta College in Stockton to provide a free workshop for students, to help with financial literacy, including how to “Plan Your Paycheck.”



## Financial Education and Wealth Management

In January of 2019, we presented an Estate Planning Seminar for the Lawrence Livermore National Laboratory, hosted by our Wealth Management Division, available through CUSO Financial Services, LP (CFS\*). We also hosted or participated in a variety of seminars throughout the year at multiple locations and covered diverse topics such as:

- “Myths and Realities of Buying and Selling Real Estate”
- “Negotiating Your Best Deals in Auto Buying”
- “Military Mortgage Bootcamp: VA Loans”
- “Long-Term Care, Investing Essentials and Retirement Options”



## Livermore Valley Performing Arts Center

UNCLE also strives to support local arts and culture, which we know is the heartbeat of many communities. We were the sole corporate sponsor of the 2019-2020 season of the Livermore Valley Performing Arts Center, Bankhead Theater. All forms of art create a vibrant community, and we are proud to fund an organization so committed to making the arts accessible to all. Our members also benefit from this sponsorship, providing a 10 percent discount on “Bankhead Presents” performances throughout the performance season.



## San Joaquin Hispanic Chamber of Commerce

UNCLE proudly supports the San Joaquin Hispanic Chamber of Commerce’s mission to expand business opportunities for Hispanic businesses and individuals. In 2019, we sponsored the Annual Golf Tournament, the Latina Business Conference and the Annual Business Forecast, among other events.



## Greater Stockton Chamber of Commerce

UNCLE continued our support in 2019 of the Greater Stockton Chamber of Commerce by volunteering and sponsoring the Annual Golf Tournament, State of the City and other valuable events.



## Livermore Chamber of Commerce

In 2019, we again actively supported Livermore Chamber of Commerce events including the State of the City, Wine Country Luncheons, Leadership Livermore and multiple chamber mixers. We actively showed our commitment to the chamber throughout the entire year and are also proud to report that our CEO Harold Roundtree was installed as Chairman of the Board for the 2020-2021 term.



## Tracy Chamber of Commerce

In 2019, we showed a premier level of support for the Tracy Chamber of Commerce, including the Annual Winter Gala, State of the City, Hire Me First, the Annual Golf Tournament and other events.



## Pleasanton Chamber of Commerce

We supported multiple events in Pleasanton, such as the State of the City, Annual Golf Outing, mixers and the Concert in the Park. Our CEO Harold Roundtree was Chairman of the Board, and UNCLE was a Gold Circle of Influence Member.



## Livermore Community Events

In 2019, UNCLE financially supported and volunteered at Las Positas College Livermore Downtown, Farm to Table Livermore Downtown and the Relay for Life, among other crucial community events.



## Member Appreciation Day

As a not-for-profit financial cooperative, it is our members who are at the helm of our success. Without your investment and trust in us, UNCLE wouldn’t be where it is today. That’s why we hold events to show our members how much we appreciate them. In 2019, we held a Member Appreciation Day every quarter to provide refreshments and treats to any member who came in to visit one of our branches. Because we know identity theft and financial fraud are top concerns among our members, we provide shred events twice a year in Pleasanton, Livermore, Tracy and Stockton to securely discard documents containing personal information. These events are free to our members. Our members support us, and we support our communities.

This may seem like a lot, but it’s only a fraction compared to how much our members do for us. As UNCLE Credit Union continues to grow, we will further strengthen our investment in the communities we serve. We are so grateful you named us the “Best Credit Union in the East Bay,” and we will constantly strive to exceed our members’ expectations, in 2020 and beyond.

\*Non-deposit investment products and services are offered through CUSO Financial Services, LP (CFS), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. The Credit Union has contracted with CFS for investment services. Atria Wealth Solutions, Inc. (“Atria”) is a modern wealth management solutions holding company. Atria is not a registered broker-dealer and/or Registered Investment Advisor and does not provide investment advice. Investment advice is only provided through Atria’s subsidiaries. CUSO Financial Services, LP is a subsidiary of Atria.

## BOARD OF DIRECTORS



Pictured from left to right: Lee Neely, Bob Corey, Neda Gray, Hugh Bussell, Robin Morris, Chung Bothwell, John Freeman, John Stein, Mila Shapovalov, Clay Smith, Peter Goldstein

## MANAGING COMMITTEE



Pictured from left to right: James Fisher, Andrea Brooks, April Ingram, Gina Bloomfield, Ariana Balch, Karl Goin, Dree Johnson, Fidela Hernandez, Harold Roundtree

## AUDIT COMMITTEE REPORT & KEY PERFORMANCE METRICS

*"To be successful, you have to have your heart in your business, and your business in your heart."*  
 – THOMAS WATSON, SR., FORMER CEO, IBM

The Audit Committee of UNCLE Credit Union independently evaluates the soundness of UNCLE Credit Union's operations and activities. Throughout the year, the committee meets with management to monitor the internal controls and initiatives implemented.

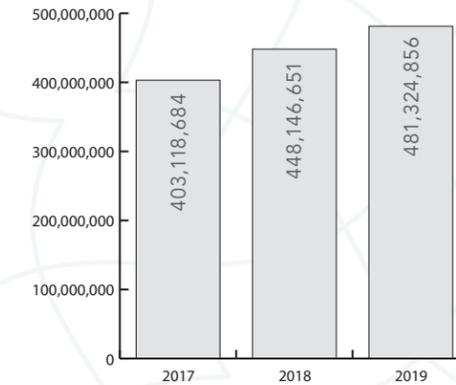
The Audit Committee also meets with various regulators and oversees the internal audit function, as well as meeting with the financial statement auditors to discuss the annual audit.

Based on the results of the December 31, 2019, annual audits performed by Turner, Warren, Hwang and Conrad, certified public accountants, as well as examinations conducted by state and federal regulators, we conclude that UNCLE Credit Union has adequate financial controls and is financially sound.

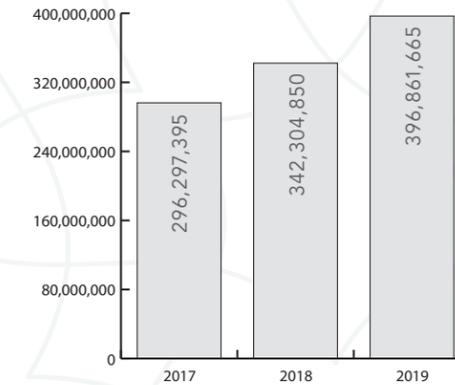


**Neda Gray**  
 AUDIT COMMITTEE CHAIR

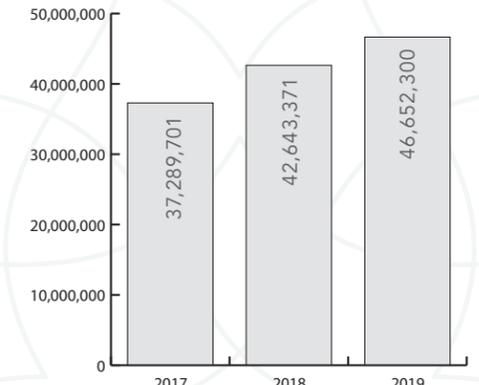
### ASSETS



### LOANS



### REGULATORY NET WORTH



# 2019 FINANCIAL PERFORMANCE

<i>Statement of Financial Condition</i>	2017	2018	2019
<b>ASSETS</b>			
Loans to Members	296,297,395	342,304,850	396,861,665
Allowance for Loan Losses	(1,011,844)	(1,403,034)	(2,056,736)
Cash & Cash Equivalent	49,028,580	51,853,193	35,880,648
Total Investments	37,170,793	32,074,503	20,586,992
NCUSIF	3,284,677	4,045,965	3,817,989
Land & Building	2,587,022	3,279,159	2,350,483
Other Fixed Assets	1,430,584	2,267,305	2,337,394
Other Receivables	1,178,801	1,295,715	1,404,294
Other Assets	13,152,676	12,428,995	20,142,127
<b>TOTAL ASSETS</b>	<b>403,118,684</b>	<b>448,146,651</b>	<b>481,324,856</b>

<b>LIABILITIES</b>			
Accounts Payable & Other Liabilities	4,367,999	4,443,403	5,350,446
Notes Payable	0	0	10,000,000
<b>TOTAL LIABILITIES</b>	<b>4,367,999</b>	<b>4,443,403</b>	<b>15,350,446</b>

<b>SHARES &amp; DEPOSITS</b>			
Shares & Deposits	328,921,534	363,992,358	372,153,895
Share Certificates	34,265,509	39,807,435	49,321,864
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>363,187,043</b>	<b>403,799,793</b>	<b>421,475,759</b>

<b>EQUITY</b>			
Regular Reserves	5,252,406	5,252,406	5,252,406
Accumulated Unrealized Gain (Loss) Available for Sale Securities	(100,792)	(506,221)	0
Accumulated Unrealized Gain (Loss) Pension	(1,625,267)	(2,929,774)	(2,849,728)
Undivided Earnings	32,037,295	34,860,354	38,869,283
Equity Acquired in Merger	0	3,226,690	3,226,690
<b>TOTAL EQUITY</b>	<b>35,563,642</b>	<b>39,903,455</b>	<b>44,498,651</b>
<b>TOTAL LIABILITIES, SHARE &amp; EQUITY</b>	<b>403,118,684</b>	<b>448,146,651</b>	<b>481,324,856</b>

<i>Income &amp; Expenses</i>	2017	2018	2019
<b>INCOME</b>			
Interest on Loans	10,551,294	13,329,460	16,341,028
Income on Investments	2,200,503	1,813,021	1,557,586
Other Income	4,376,537	5,015,393	5,407,454
<b>TOTAL INCOME</b>	<b>17,128,334</b>	<b>20,157,874</b>	<b>23,306,068</b>

<b>EXPENSES</b>			
Salary & Benefits	5,982,509	7,436,072	7,363,879
Travel & Conference	209,869	244,020	360,854
Office Expenses	3,463,872	4,210,410	4,672,525

<i>Income &amp; Expenses Continued</i>	2017	2018	2019
Education & Promotion	659,506	658,361	706,931
Provision for Loan Losses	498,151	1,484,231	2,023,669
Professional & Outside Services	998,578	2,194,909	1,546,016
Loan Servicing Expense	870,981	1,041,439	1,194,067
Operating Fees	38,784	47,217	55,052
NCUSIF Assessment Expense	0	0	0
Miscellaneous Expenses	125,286	144,762	222,377
<b>TOTAL EXPENSES</b>	<b>12,847,536</b>	<b>17,461,421</b>	<b>18,145,370</b>

<b>DIVIDENDS &amp; INTEREST EXPENSE</b>			
Paid to Members	563,374	838,929	1,200,852
Interest on Borrowed Money	695,476	0	28,932
<b>TOTAL</b>	<b>1,258,850</b>	<b>838,930</b>	<b>1,229,784</b>

Gain (Loss) on Disposition of Assets	0	965,535	98,606
Gain (Loss) on Investments	0	0	(20,591)
<b>NET INCOME (LOSS)</b>	<b>3,021,948</b>	<b>2,823,059</b>	<b>4,008,929</b>

<i>Statement of Capital Reserves</i>	2017	2018	2019
<b>REGULAR RESERVES</b>			
Beginning Balance	5,252,406	5,252,406	5,252,406
Net Regulatory Transfer	0	0	0
<b>TOTAL</b>	<b>5,252,406</b>	<b>5,252,406</b>	<b>5,252,406</b>

<b>UNDIVIDED EARNINGS</b>			
Beginning Balance	29,015,347	32,037,295	34,860,354
Net Regulatory Transfer	0	0	0
Net Income (Loss)	3,021,948	2,823,059	4,008,929
<b>TOTAL</b>	<b>32,037,295</b>	<b>34,860,354</b>	<b>38,869,283</b>
EQUITY ACQUIRED IN MERGER	0	3,226,690	3,226,690

<b>ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Unrealized Gain (Loss) on Available for Sale Securities	(100,792)	(506,221)	0
Unrealized Gain (Loss) Pension	(1,625,267)	(2,929,774)	(2,849,728)
<b>TOTAL CAPITAL</b>	<b>35,563,642</b>	<b>39,903,455</b>	<b>44,498,651</b>

<i>Statement of Allowance for Loan Loss</i>	2017	2018	2019
Beginning Balance	966,434	1,011,844	1,403,034
Minus Charged-Off Loans	(720,400)	(1,280,396)	(1,623,036)
Recoveries of Charged-Off Loans	267,659	187,355	253,069
Provision Expense	498,151	1,484,231	2,023,669
<b>TOTAL</b>	<b>1,011,844</b>	<b>1,403,034</b>	<b>2,056,736</b>

## UNAUDITED

Full, audited copies of the financial statements are available at the credit union's administrative offices. Turner, Warren, Hwang & Conrad Accountancy Corporation conducted the annual audit of the 2019 financial statements of the credit union. The financial statements are condensed for readability and do not meet full disclosure requirements of generally accepted accounting principles, and are not presented in their audited format.

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28,000 members strong. With strategic growth, we produce healthy returns that enable us to invest in the innovative financial solutions that best support our members' priorities, lifestyles and financial objectives. In recent years, this has expanded to include a full spectrum of investment and financial planning services that complement our ever-evolving offerings in personal and business banking, consumer loans and mortgage products. Through our partnership with CUSO Financial Services, LP (CFS), UNCLE has developed a Wealth Management Division that combines a strong team of experts with award-winning technology to help individuals and families reach their financial goals.

In today's environment, delivering an outstanding level of service means making it as easy, convenient and secure as possible to do business with us. To this end, we are continually upgrading every touch point of a member's banking experience, from our contact center and branches to our digital channels. This includes an ongoing investment in our mobile and online capabilities with expanded functionality, enhanced performance and the most advanced security features. Through strategic partnerships with financial technology firms, we are also adding helpful online financial tools through our mobile banking application. In terms of our branch network, a major new development in 2019 included Saturday hours at our March Lane Financial Center.

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One of the most important responsibilities of our credit union's Board of Directors is to ensure the financial safety and soundness of our credit union. In this capacity, we took careful, deliberate action in our decision to put to a vote of the membership for a resolution to form an Audit Committee in lieu of our Supervisory Committee. After a majority vote in a Special Meeting of the Members on October 24, 2019, we adopted an Audit Committee with oversight responsibility for our credit union's internal controls and financial reporting. Like our Supervisory Committee, the Audit Committee will ensure compliance with policies and regulations, safeguard our members' assets, maintain the independent audit process and

evaluate risk management for the credit union. However, this new amendment in our bylaws will facilitate due diligence more efficiently by streamlining compliance practices, and avoiding duplication of tasks. The newly named Audit Committee will allow for a more effective response to changing regulations and market trends, so that we may more readily optimize new opportunities that benefit our members.

In a financial climate of intensified competition, increased regulatory burdens and a rapidly accelerating pace of innovation, UNCLE Credit Union remains on solid financial footing along a course of strategic growth. From this strong foundation, we are increasingly empowered in our ability to provide the enhanced financial solutions and resources that help our members build prosperity and long-term security for themselves and their families. We owe this success to the confidence and trust our members continue to place in us, our highly-competent and visionary leadership, and the invaluable contributions of our entire staff. On behalf of the Board of Directors of UNCLE Credit Union, I sincerely thank you.



**Chung Bothwell, JD, LLM**  
CHAIRMAN, BOARD OF DIRECTORS



**WE'RE BUILDING A  
LIFELONG RELATIONSHIP  
WITH PEOPLE, AND  
EVERY GREAT  
RELATIONSHIP HAS TO  
BE BUILT ON TRUST."**

– Angela Ahrendts, American Business Executive

## PRESIDENT/CEO REPORT

An organization's success and leadership can be measured in many ways – in terms of growth, employee engagement and performance. Thanks to leadership at every level of our organization, 2019 was an exceptional year for UNCLE Credit Union. We exceeded our financial, developmental and growth goals set for our institution, a testament to the hard work of our volunteer Board of Directors and employees. We achieved these goals by focusing on making the financial lives of our members fundamentally better.

Financially, we grew our loans by 15 percent, more than double our goal for the year. This marks the seventh year in a row UNCLE has had double-digit loan growth. Additionally, our Mortgage Loan Officers generated more than \$80 million in first mortgages – an all-time record for the credit union and tangible proof of our positive community impact. We ranked 376 out of 5,316 U.S. credit unions in first mortgage real estate originations in 2019. This means we rank in the top 7 percent of all credit unions nationwide.

Growing the number of UNCLE members is a critical part of our thriving credit union. We were proud to see substantial member growth this year as well – nearly 6 percent.

Of course, we couldn't have done any of this without an engaged and committed staff, and that attitude starts from within. UNCLE strives to cultivate a positive environment. This means engaging and informing each and every one of our staff members. We focus on giving our employees the tools, training and education they need to best serve our members. This was directly reflected in our 2019 employee engagement rating as well. Our motivated, engaged and knowledgeable employees ensure each of our 28,000 members have the best member experience possible.

With another successful year behind us, we are in the perfect position to transition to an exciting year ahead and beyond.

UNCLE strives to be a leader in our community by providing a safe and secure banking experience to our members, state-of-the-art technology and the most up-to-date products and services in our industry. And, as we look to 2020 and beyond, we will continue to meet the demands of our members' evolving needs.

Our members and staff can expect to see exciting new technology in the near future as well. We recently

achieved a huge goal internally by implementing a secure Virtual Desktop Interface for our employees. This puts our software programs on a cloud platform, thus better protecting our members' data and providing more consistency. This was an 18-month undertaking, and we are excited to see it completed. Later this year, we will be launching a new chat feature on our website, so our members will have the ability to quickly get answers to any questions they have. This will give us another channel of communication to better interact with our members, providing up-to-the-minute service.

Another focus is our business banking practice. We are increasing our dedicated business banking staff with the goal in 2020 to substantially grow our portfolio. We offer a variety of services including business banking accounts, loans and tools to help businesses succeed.

Finally, our growth continues with a new financial center opening in Stockton in 2020. This is the result of merging two smaller credit unions into UNCLE in 2018 and making the decision to consolidate these locations into one larger, technology-centered branch location for this marketplace. This full-service branch will have an

updated digital experience without sacrificing the personal touch our members expect.

Our Board, staff and members made 2019 a tremendously successful year filled with progress and excitement. It is with this enthusiasm that we look ahead to 2020 and beyond, positioned for more growth and opportunity. Leading an organization is no easy feat, but it is easier with the dedication of our Board of Directors and staff who work hard every day to further UNCLE's vision. On behalf of our Board of Directors and dedicated staff, I want to thank you for your membership and commitment to UNCLE Credit Union.



*Harold Roundtree*  
PRESIDENT/CEO

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“LEADERSHIP AND  
LEARNING ARE  
INDISPENSABLE  
TO EACH OTHER.”

– *John F. Kennedy*

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# STRIVING TO BE OUR BEST IN THE COMMUNITIES WE SERVE

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The team at UNCLE has spent the better part of more than six decades working to promote financial wellness and an overall positive impact in every community we serve. Each year is another opportunity to contribute financially – through sponsorships and donations – and physically – by showing up and putting in the work. This past year UNCLE collectively donated \$92,000 to support the communities we serve. We put thoughtful decisions behind every contribution, initiative and experience we provide the community, knowing we can make an impact on the overall quality of life.

In 2019, the East Bay Times named UNCLE the Best Credit Union in the East Bay for the second year in a row. We are so honored by that title, and we want to make sure we live up to it.

That's why we strive to be even more involved in the communities we serve, so much so that we had a dedicated group of staff volunteers spearhead a new initiative. We launched the Community Engagement Task Force in 2019 to provide opportunities for employees to make a positive impact on the cities we serve through acts of service and kindness. The task force created quarterly projects to achieve this goal.

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# MAKING A DIFFERENCE MATTERS

Social responsibility, comprised of community involvement, a sense of mission and “people helping people,” is a driving value at UNCLE Credit Union. The organization, volunteers and staff donate time and money to make our communities better. Whether through our employee based

Community Engagement Task Force or by directly donating to worthy causes, all of us focus on improving the difference also means contributing to respective fields.



## Community Engagement Employee Task Force

We donated over 750 furry stuffed bears to the St. Joseph’s Medical Center and other Tri-Valley organizations through Good News Bears. Plus, our budding employee artists painted and decorated rocks to be placed around our community at local parks and businesses. We also rolled up our sleeves and participated in the Love Stockton community service event to clean up local parks in September. We sorted clothing, toy and household items to be donated for the holidays at Tri-Valley Haven. A great first year for this employee task force!



## Livermore Lab Foundation

UNCLE is proud to have supported the Livermore Lab Foundation since it was founded in 2017. Each year, including in 2019, we have contributed \$5,000 to the organization, which was formed to provide philanthropic support of scientific research and educational endeavors. We know education is the key ingredient to financial, personal and overall success, and we love being a part of helping those in our communities succeed.



## Toys for Tots

Our members and employees donated close to 200 toys to our local firehouse as part of the Marine Corps Reserve Toys for Tots drive last December.



## San Joaquin Delta College

As a credit union, we believe financial education is one of the most valuable resources we can provide, not only to our members but to the communities we reside in. That’s why we teamed up with San Joaquin Delta College in Stockton to provide a free workshop for students, to help with financial literacy, including how to “Plan Your Paycheck.”



## Financial Education and Wealth Management

In January of 2019, we presented an Estate Planning Seminar for the Lawrence Livermore National Laboratory, hosted by our Wealth Management Division, available through CUSO Financial Services, LP (CFS\*). We also hosted or participated in a variety of seminars throughout the year at multiple locations and covered diverse topics such as:

- “Myths and Realities of Buying and Selling Real Estate”
- “Negotiating Your Best Deals in Auto Buying”
- “Military Mortgage Bootcamp: VA Loans”
- “Long-Term Care, Investing Essentials and Retirement Options”



## Livermore Valley Performing Arts Center

UNCLE also strives to support local arts and culture, which we know is the heartbeat of many communities. We were the sole corporate sponsor of the 2019-2020 season of the Livermore Valley Performing Arts Center, Bankhead Theater. All forms of art create a vibrant community, and we are proud to fund an organization so committed to making the arts accessible to all. Our members also benefit from this sponsorship, providing a 10 percent discount on “Bankhead Presents” performances throughout the performance season.



## San Joaquin Hispanic Chamber of Commerce

UNCLE proudly supports the San Joaquin Hispanic Chamber of Commerce’s mission to expand business opportunities for Hispanic businesses and individuals. In 2019, we sponsored the Annual Golf Tournament, the Latina Business Conference and the Annual Business Forecast, among other events.



## Greater Stockton Chamber of Commerce

UNCLE continued our support in 2019 of the Greater Stockton Chamber of Commerce by volunteering and sponsoring the Annual Golf Tournament, State of the City and other valuable events.



## Livermore Chamber of Commerce

In 2019, we again actively supported Livermore Chamber of Commerce events including the State of the City, Wine Country Luncheons, Leadership Livermore and multiple chamber mixers. We actively showed our commitment to the chamber throughout the entire year and are also proud to report that our CEO Harold Roundtree was installed as Chairman of the Board for the 2020-2021 term.



## Tracy Chamber of Commerce

In 2019, we showed a premier level of support for the Tracy Chamber of Commerce, including the Annual Winter Gala, State of the City, Hire Me First, the Annual Golf Tournament and other events.



## Pleasanton Chamber of Commerce

We supported multiple events in Pleasanton, such as the State of the City, Annual Golf Outing, mixers and the Concert in the Park. Our CEO Harold Roundtree was Chairman of the Board, and UNCLE was a Gold Circle of Influence Member.



## Livermore Community Events

In 2019, UNCLE financially supported and volunteered at Las Positas College Livermore Downtown, Farm to Table Livermore Downtown and the Relay for Life, among other crucial community events.



## Member Appreciation Day

As a not-for-profit financial cooperative, it is our members who are at the helm of our success. Without your investment and trust in us, UNCLE wouldn’t be where it is today. That’s why we hold events to show our members how much we appreciate them. In 2019, we held a Member Appreciation Day every quarter to provide refreshments and treats to any member who came in to visit one of our branches. Because we know identity theft and financial fraud are top concerns among our members, we provide shred events twice a year in Pleasanton, Livermore, Tracy and Stockton to securely discard documents containing personal information. These events are free to our members. Our members support us, and we support our communities.

This may seem like a lot, but it’s only a fraction compared to how much our members do for us. As UNCLE Credit Union continues to grow, we will further strengthen our investment in the communities we serve. We are so grateful you named us the “Best Credit Union in the East Bay,” and we will constantly strive to exceed our members’ expectations, in 2020 and beyond.

\*Non-deposit investment products and services are offered through CUSO Financial Services, LP (CFS), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. The Credit Union has contracted with CFS for investment services. Atria Wealth Solutions, Inc. (“Atria”) is a modern wealth management solutions holding company. Atria is not a registered broker-dealer and/or Registered Investment Advisor and does not provide investment advice. Investment advice is only provided through Atria’s subsidiaries. CUSO Financial Services, LP is a subsidiary of Atria.

## BOARD OF DIRECTORS



Pictured from left to right: Lee Neely, Bob Corey, Neda Gray, Hugh Bussell, Robin Morris, Chung Bothwell, John Freeman, John Stein, Mila Shapovalov, Clay Smith, Peter Goldstein

## MANAGING COMMITTEE



Pictured from left to right: James Fisher, Andrea Brooks, April Ingram, Gina Bloomfield, Ariana Balch, Karl Goin, Dree Johnson, Fidela Hernandez, Harold Roundtree

## AUDIT COMMITTEE REPORT & KEY PERFORMANCE METRICS

*"To be successful, you have to have your heart in your business, and your business in your heart."*  
 – THOMAS WATSON, SR., FORMER CEO, IBM

The Audit Committee of UNCLE Credit Union independently evaluates the soundness of UNCLE Credit Union's operations and activities. Throughout the year, the committee meets with management to monitor the internal controls and initiatives implemented.

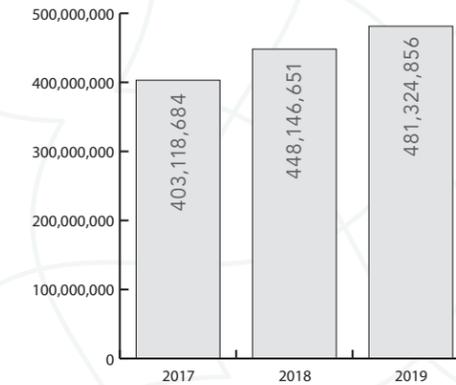
The Audit Committee also meets with various regulators and oversees the internal audit function, as well as meeting with the financial statement auditors to discuss the annual audit.

Based on the results of the December 31, 2019, annual audits performed by Turner, Warren, Hwang and Conrad, certified public accountants, as well as examinations conducted by state and federal regulators, we conclude that UNCLE Credit Union has adequate financial controls and is financially sound.

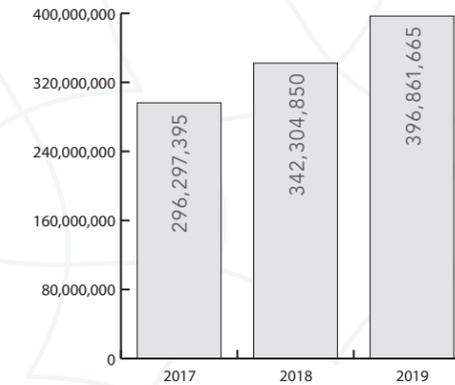


**Neda Gray**  
 AUDIT COMMITTEE CHAIR

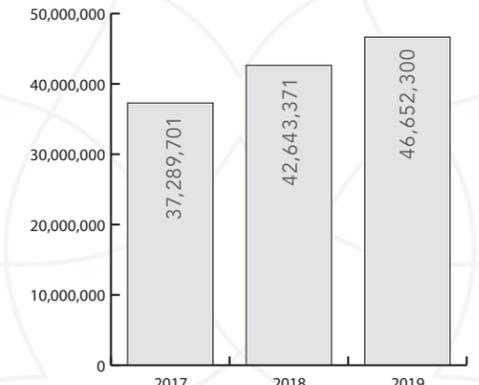
### ASSETS



### LOANS



### REGULATORY NET WORTH



# 2019 FINANCIAL PERFORMANCE

<i>Statement of Financial Condition</i>	2017	2018	2019
<b>ASSETS</b>			
Loans to Members	296,297,395	342,304,850	396,861,665
Allowance for Loan Losses	(1,011,844)	(1,403,034)	(2,056,736)
Cash & Cash Equivalent	49,028,580	51,853,193	35,880,648
Total Investments	37,170,793	32,074,503	20,586,992
NCUSIF	3,284,677	4,045,965	3,817,989
Land & Building	2,587,022	3,279,159	2,350,483
Other Fixed Assets	1,430,584	2,267,305	2,337,394
Other Receivables	1,178,801	1,295,715	1,404,294
Other Assets	13,152,676	12,428,995	20,142,127
<b>TOTAL ASSETS</b>	<b>403,118,684</b>	<b>448,146,651</b>	<b>481,324,856</b>

<b>LIABILITIES</b>			
Accounts Payable & Other Liabilities	4,367,999	4,443,403	5,350,446
Notes Payable	0	0	10,000,000
<b>TOTAL LIABILITIES</b>	<b>4,367,999</b>	<b>4,443,403</b>	<b>15,350,446</b>

<b>SHARES &amp; DEPOSITS</b>			
Shares & Deposits	328,921,534	363,992,358	372,153,895
Share Certificates	34,265,509	39,807,435	49,321,864
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>363,187,043</b>	<b>403,799,793</b>	<b>421,475,759</b>

<b>EQUITY</b>			
Regular Reserves	5,252,406	5,252,406	5,252,406
Accumulated Unrealized Gain (Loss) Available for Sale Securities	(100,792)	(506,221)	0
Accumulated Unrealized Gain (Loss) Pension	(1,625,267)	(2,929,774)	(2,849,728)
Undivided Earnings	32,037,295	34,860,354	38,869,283
Equity Acquired in Merger	0	3,226,690	3,226,690
<b>TOTAL EQUITY</b>	<b>35,563,642</b>	<b>39,903,455</b>	<b>44,498,651</b>
<b>TOTAL LIABILITIES, SHARE &amp; EQUITY</b>	<b>403,118,684</b>	<b>448,146,651</b>	<b>481,324,856</b>

<i>Income &amp; Expenses</i>	2017	2018	2019
<b>INCOME</b>			
Interest on Loans	10,551,294	13,329,460	16,341,028
Income on Investments	2,200,503	1,813,021	1,557,586
Other Income	4,376,537	5,015,393	5,407,454
<b>TOTAL INCOME</b>	<b>17,128,334</b>	<b>20,157,874</b>	<b>23,306,068</b>

<b>EXPENSES</b>			
Salary & Benefits	5,982,509	7,436,072	7,363,879
Travel & Conference	209,869	244,020	360,854
Office Expenses	3,463,872	4,210,410	4,672,525

<i>Income &amp; Expenses Continued</i>	2017	2018	2019
Education & Promotion	659,506	658,361	706,931
Provision for Loan Losses	498,151	1,484,231	2,023,669
Professional & Outside Services	998,578	2,194,909	1,546,016
Loan Servicing Expense	870,981	1,041,439	1,194,067
Operating Fees	38,784	47,217	55,052
NCUSIF Assessment Expense	0	0	0
Miscellaneous Expenses	125,286	144,762	222,377
<b>TOTAL EXPENSES</b>	<b>12,847,536</b>	<b>17,461,421</b>	<b>18,145,370</b>

<b>DIVIDENDS &amp; INTEREST EXPENSE</b>			
Paid to Members	563,374	838,929	1,200,852
Interest on Borrowed Money	695,476	0	28,932
<b>TOTAL</b>	<b>1,258,850</b>	<b>838,930</b>	<b>1,229,784</b>

Gain (Loss) on Disposition of Assets	0	965,535	98,606
Gain (Loss) on Investments	0	0	(20,591)
<b>NET INCOME (LOSS)</b>	<b>3,021,948</b>	<b>2,823,059</b>	<b>4,008,929</b>

<i>Statement of Capital Reserves</i>	2017	2018	2019
<b>REGULAR RESERVES</b>			
Beginning Balance	5,252,406	5,252,406	5,252,406
Net Regulatory Transfer	0	0	0
<b>TOTAL</b>	<b>5,252,406</b>	<b>5,252,406</b>	<b>5,252,406</b>

<b>UNDIVIDED EARNINGS</b>			
Beginning Balance	29,015,347	32,037,295	34,860,354
Net Regulatory Transfer	0	0	0
Net Income (Loss)	3,021,948	2,823,059	4,008,929
<b>TOTAL</b>	<b>32,037,295</b>	<b>34,860,354</b>	<b>38,869,283</b>
EQUITY ACQUIRED IN MERGER	0	3,226,690	3,226,690

<b>ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Unrealized Gain (Loss) on Available for Sale Securities	(100,792)	(506,221)	0
Unrealized Gain (Loss) Pension	(1,625,267)	(2,929,774)	(2,849,728)
<b>TOTAL CAPITAL</b>	<b>35,563,642</b>	<b>39,903,455</b>	<b>44,498,651</b>

<i>Statement of Allowance for Loan Loss</i>	2017	2018	2019
Beginning Balance	966,434	1,011,844	1,403,034
Minus Charged-Off Loans	(720,400)	(1,280,396)	(1,623,036)
Recoveries of Charged-Off Loans	267,659	187,355	253,069
Provision Expense	498,151	1,484,231	2,023,669
<b>TOTAL</b>	<b>1,011,844</b>	<b>1,403,034</b>	<b>2,056,736</b>

## UNAUDITED

Full, audited copies of the financial statements are available at the credit union's administrative offices. Turner, Warren, Hwang & Conrad Accountancy Corporation conducted the annual audit of the 2019 financial statements of the credit union. The financial statements are condensed for readability and do not meet full disclosure requirements of generally accepted accounting principles, and are not presented in their audited format.



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