



# **Promise Credit Union Annual Meeting 2016**

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**FOR GOOD.**





# 2015 Review

## The Positives

- Tax Savings Match: over 284 accounts with \$210k saved by members
- Received our grant approval from CDFI
- Maintain positive net worth over 9% (above 7% required by the Credit Union Department)
- Delinquency ratio is at peer level



# 2015 Review

## The Challenges

- Lending growth slower due to reduction in approving higher risk loans.
- Break even still not obtained.
- Tougher compliance and state examinations requiring credit union to create revised business plan.
- Credit union placed on restrictions by TCUD/NCUA



# Changes To Operations

- Cease visits to other community centers.
- Implemented fee to checking accounts.
- Reduced credit union hours.
- Reduced interest rates to share/savings accounts as well as reduction in CD rates.





Neighborhood  
Centers Inc.

# PROMISE CREDIT UNION

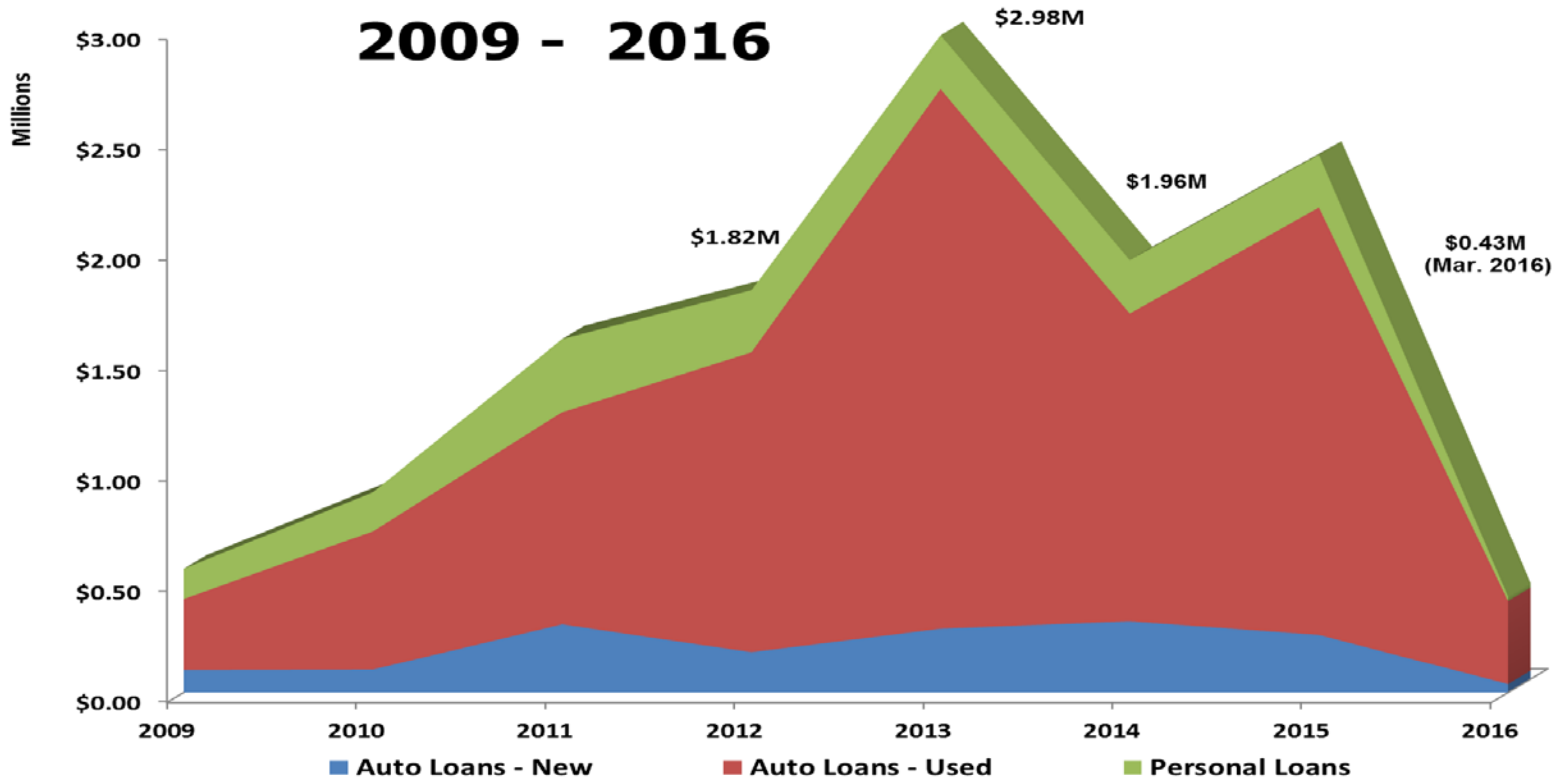
## Comparative Statement of Financial Positions

### Fiscal Years 2009 to 2016 (March)

(in \$000)	2016 (March)	2015	2014	2013	2012	2011	2010	2009
Cash and cash equivalents	1,612.7	1,124.7	1,197.5	1,085.8	1,016.3	1,080.1	419.9	229.5
Investments	-	-	105.2	105.1	105.0	104.9	104.5	102.0
Loans - net of allowance	3,646.4	3,738.9	3,514.5	3,707.7	2,406.3	1,788.2	1,067.4	538.3
Other Receivables	153.9	81.2	137.8	49.3	9.4	11.4	15.5	12.6
Fixed Assets, net of depreciation	5.4	5.9	17.9	23.1	30.0	39.1	46.5	73.1
Total Assets	<u>5,418.4</u>	<u>4,950.7</u>	<u>4,972.8</u>	<u>4,971.0</u>	<u>3,566.9</u>	<u>3,023.7</u>	<u>1,653.8</u>	<u>955.5</u>
Accounts Payable	245.9	267.2	400.7	326.5	210.9	106.1	12.0	2.5
Short Term Note Payable	0.0	0.0	30.0	40.0	40.0	50.0	0.0	0.0
Deposits	4,681.1	4,171.5	4,037.3	4,099.5	2,791.8	2,345.5	1,124.0	512.8
Non-Member Deposits	-	-	-	-	-	-	-	-
Secondary Capital Loan	352.5	350.5	343.2	345.5	342.8	350.1	363.0	305.8
Equity	138.9	161.5	161.5	159.5	181.4	172.0	154.8	134.4
Total Liabilities and Equity	<u>5,418.4</u>	<u>4,950.7</u>	<u>4,972.8</u>	<u>4,971.0</u>	<u>3,566.9</u>	<u>3,023.7</u>	<u>1,653.8</u>	<u>955.5</u>
<b>RATIOS:</b>								
Net Worth to Total Assets with 2nd Cap	9.07	10.34	10.15	10.16	14.70	17.27	31.31	46.07
Loan to Deposit Ratio	82.07	94.00	92.32	92.81	88.65	78.05	97.14	106.86
Loan Growth	-2.0%	5.2%	-2.0%	53.7%	35.2%	67.7%	99.2%	100.0%



# LOANS GENERATION 2009 - 2016



	2009	2010	2011	2012	2013	2014	2015	2016 (March)
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Auto Loans - New	\$ 101,658	\$ 104,333	\$ 308,882	\$ 182,998	\$ 289,124	\$ 322,505	\$ 261,078	\$ 38,144
Auto Loans - Used	\$ 321,436	\$ 625,227	\$ 959,856	\$ 1,356,262	\$ 2,442,328	\$ 1,391,812	\$ 1,933,924	\$ 375,811
Personal Loans	\$ 137,375	\$ 176,915	\$ 331,082	\$ 280,830	\$ 243,812	\$ 242,633	\$ 239,673	\$ 20,000
<b>Total Loans</b>	<b>\$ 560,469</b>	<b>\$ 906,476</b>	<b>\$ 1,599,820</b>	<b>\$ 1,820,090</b>	<b>\$ 2,975,263</b>	<b>\$ 1,956,950</b>	<b>\$ 2,434,675</b>	<b>\$ 433,955</b>

Annual Loan Write-off	\$ -	\$ 4,738	\$ 24,369	\$ 44,223	\$ 85,622	\$ 178,230	\$ 123,366	\$ 4,869
% write-off to loans generated (cumulative)	0.0%	0.3%	0.9%	1.5%	2.0%	3.4%	3.8%	3.7%



# Loan Portfolio at a glance

**2,385**

Number of loans generated since inception

FY 2009 - 80 loans

FY 2010 - 266 loans

FY 2011 - 420 loans

FY 2012 - 376 loans

FY 2013 - 425 loans

FY 2014 - 451 loans

FY 2015 - 321 loans

FY 2016 - 46 loans (as of March 2016)

**\$12.6M**

Amount of loans generated since inception. Loan portfolio balance \$3.85M at March 2016. Average loan amount is \$9,080.

**36.4%**

Percent of members who borrow. Peer group ratio is 38.7%.

**82.0**

Loan to Deposit ratio of Promise Credit Union at March 2016, compared to 55.5 for Peer group.

**1.4%**

Delinquent Loan to Total Loan ratio as of 03/31/2016, compared to 2.07 for peer group (over 2 or more months overdue)

**\$1.9M**

Expected loan production for fiscal 2016. The number of D- and E-graded loans have been considerably reduced to 16.9% of the loan portfolio balance at March 2016, compared to 17.08% in FY 2015; 25.4% in FY 2014; and 37.84% in FY 2013.

**8.82%**

Yield on average loans vs. 7% for Peer group.



# Board Recommendations

## Three (3) Positions for Re-Election

1. Scott Opdahl
2. Brian Cweren
3. Kirk Rummel

## Four (4) Positions for Election of Vacant Seats

1. Rahkee Daas
2. Estella Gonzalez
3. Bill Jayroe
4. Steve Rosencranz