

2015 ANNUAL REPORT



Serving New Mexico

Families for Generations



RIO GRANDE
- CREDIT UNION -

This is home.

Share Your #NMRROOTS

If you're connected to the community, we want to connect with you.

Rio Grande Credit Union is an organization with plenty of enthusiasm for its home state and its residents. To capture that pride, Rio Grande Credit Union launched a #NMRoots social media campaign. The credit union challenged members and employees to share their #NMRoots on Instagram. The result was a compilation of member generated images that are authentically New Mexican. Some are on display to the right.

"It's the 'why' of everything we do," says Bill Daily, Vice President of Marketing & Member Experience. "We are obsessively proud of New Mexico, Albuquerque, and the South Valley. It's the reason we say 'This is Home.'"





highlights of 2015

2015 Rio Grande Credit Union Accomplishments

Rio Grande Credit Union had a very busy 2015 filled with smart accomplishments and great innovation.

For our members, we:

- Launched a new Visa Credit Card program with Euro MasterCard Visa (EMV) chip protections to keep our members safer from identity theft when they shop.
- Launched business deposit services for our small business members.
- Enrolled over 500 in Prosperity Kids Individual Development Accounts (IDAs). These accounts provide groundwork for future prosperity.
- Received a "Top 200" award for overall financial soundness from DepositAccounts.com. Our ranking was 2nd in New Mexico and 1st in Albuquerque. For perspective, this is out of 6,655 credit unions across the country.
- Received a "5 Star" award from Bauer Financial and "A" from Weiss Ratings.
- Reached over 1,000 followers on our Facebook page – our primary social media tool and great way to stay in touch with Rio Grande Credit Union. Join us at facebook.com/rgcu.org

For our community, we:

- Achieved recognition for the community service we perform every day. These recognitions came in the form of our Low Income Designation, Community Development Financial Institution (CDFI) certification, and Juntos Avanzamos designation granted from the Federation of Community Development Credit Unions and the Cornerstone Credit Union League. The Juntos Avanzamos designation ceremony was attended by Congresswoman Michelle Lujan Grisham, Bernalillo County Commissioner Art de la Cruz, and other local dignitaries.
- Completed our annual Sock Drive for Veterans last November. We were able to provide Veterans with 1,029 pairs of socks and 55 blankets from our employees and members.
- Provided over \$8,000 in donations to the South Valley Economic Development Center and Siete del Norte from the 3rd Annual Rio Grande Credit Union Golf Classic at Santa Anna Golf Club.
- Participated in the City of Albuquerque Zoo Boo. Our Lomas branch dressed up as Busy Bees to welcome 13,287 people to the Albuquerque BioPark.
- Became an Isotopes corporate sponsor.
- Raised over \$3,000 for Lung Force sponsored by the American Lung Association.
- Had over 50 Rio Grande Credit Union employees participate in Mudd Volleyball, South Valley Parade, Breast Cancer Walk, and Giving Tree fundraisers.

For our employees, we:

- Created a system to reward bilingual employees.
- Successfully graduated an elite group of employees from our first Leadership Begins with Me program.
- Enhanced our overall employee benefits package to include free gym membership and vision insurance.
- Graduated the VP of Human Resources, Lily Currin, from Western CUNA Management School.
- Created an Associate Vice President of Branch Administration to assist the overall Member Experience and develop the branch staff.
- Introduced a Teller II position to create a clear career path and help reduce teller turnover at the branches.



Taste Your
#NMROOTS



RIO GRANDE
- CREDIT UNION -



letter from the President



Dear Members,

I am pleased to report that Rio Grande Credit Union experienced another outstanding year during 2015. Let me briefly highlight a few of the Credit Union's financial indicators to support this assessment:

- Total assets ended at \$273,191,320. This represents a growth of 9.14% since 2014.
- Total member shares ended at \$232,435,409. This represents a growth of 8.70% since 2014.
- Total member loans ended at \$217,671,737. This represents a growth of 11.84% since 2014.
- The Credit Union's earned net income for 2015 was \$3,923,205. The year-end return-on-assets ratio was a very strong 1.5%.
- Net worth ended at 14.29%. NCUA defines a well-capitalized credit union as above 7%.
- The total number of members as of December 31, 2015 is 28,239.

Rio Grande Credit Union's financial performance continues to be positively recognized on a national level. We were ranked the 81st healthiest credit union in the United States by depositaccounts.com. This made us the 2nd healthiest credit union in New Mexico and the healthiest in Albuquerque! Bauer Financial rated us as 5 stars, the highest rating available. Weiss Ratings rated us as an "A" which they defined as excellent. We also continue to out produce peer average in both net worth and return on assets.

Rio Grande Credit Union also completed several strategic initiatives, including the purchase of property on Cabazon and Unser for a new branch; the implementation of business deposit services; obtaining a Community Development Financial Institution (CDFI) designation; becoming the first credit union in New Mexico to receive the Juntos Avenzamos designation for serving an Hispanic population. Overall, our success and positive publicity continues to serve us well because we can demonstrate to potential members that Rio Grande Credit Union is extremely safe and secure and serves a mission to help develop our community.

For 2016, Rio Grande Credit Union is implementing several strategic initiatives that will impact our future. First, we've already rebranded and reissued all of our debit cards. During this process, we switched to VISA and implemented the new Euro MasterCard Visa (EMV) chip. This new card offers greater security for our membership when utilizing card technology. Second, we are building our Cabazon Branch in southern Rio Rancho. This new branch will better serve both existing and potential members who live in northwest Albuquerque and Rio Rancho. The expectation is our Cabazon Branch will be open around the beginning of October 2016. Third, we will continue to develop new programs through our CDFI designation to better serve the underserved population in Albuquerque.

Finally, I want to recognize the wonderful work our Board of Directors, Supervisory Committee, and the staff do to make Rio Grande Credit Union such a positively recognized credit union. Without their dedication to our mission, our success would not be possible. It has been my pleasure to serve you as President/CEO since 2002. I wish you all continued success throughout 2016.

Sincerely,

Chris Fitzgerald
President/CEO

Support Your
#NMROOTS





letter from the Board Chair

Here's Looking at You!

It has been quite a few years since I have come before you expressing our appreciation for your loyalty and devotion to the Rio Grande Credit Union, on behalf of the Board of Directors.

Since my career as a board director for Rio Grande Credit Union, we have experienced a tremendous amount of accomplishments. We've gone from operating out of the 5th floor at City Hall with one employee, 850 members, less than \$5 million in assets and offering only savings and loan products, to a full service, progressive, safe and well managed financial institution with 5 branches (6 by end of 2016), 111 employees, 28,700 members and \$273,191,320 in assets. How about our Rio Grande Credit Union?

As your Board, we are always looking for additional services for you, our members, to ensure continued growth and success. The Board recognizes that it is you, the membership, that makes Rio Grande Credit Union a success. We are always making a strenuous effort to become every member's primary financial institution by offering utmost products and services available in our community at the most competitive and affordable rates. Our philosophy of "People Helping People" has never changed.

I would like to take this opportunity to thank the Board of Directors and the Supervisory Committee for their volunteer time spent each month on behalf of our membership. Thank you for your dedication and commitment. And I must not forget to thank our CEO and our staff for their hard work. You, my dear friends, are the pillars of Rio Grande Credit Union.

It has been a privilege to serve as your Board Chairwoman this year, and because we are elected by you, it is our duty to ensure that your financial need requests are adhered to when at all possible. We thank you for your continued support and always welcome your suggestions and value your opinions.

Sincerely,

Lucy Sedillo
Board Chairwoman



Lucy Sedillo, Board Chairwoman and
Chris Fitzgerald President/CEO



Lucy Sedillo,
Board Chairwoman



Dan Mayfield,
1st Vice Chairman



Cynthia Borrego,
2nd Vice Chairman



Irene Serna,
Secretary/Treasurer



Ron Maestas,
Director



Mark Sanchez,
Director



**Dianne
Montoya-Brown,**
Director



report from the Supervisory Committee

Create Your
#NMROOTS



During 2015, the Supervisory Committee undertook activities to ensure the safety of your assets at Rio Grande Credit Union. This included participation in numerous trainings, meetings, conferences, and audits.

Training Sessions

Supervisory Committee members participated in the following training sessions administered either by the RGCU Risk Manager or National Credit Union Association (NCUA):

- Bank Secrecy Act
- Sexual Harassment
- Supervisory Committee (Roles & Functions)
- NCUA Requirements and Guidance Certification
- Directing Effective Teams
- Credit Union History & Philosophy
- Financial Reporting
- Managing Risk

All committee members participated in a workshop entitled "CUNA Supervisory Committee Handbook," and successfully passed all parts of the accompanying exam.

Also of note, the Supervisory Committee Chairperson, Susan Biernacki, received the Edward A. Filene Volunteer Achievement Program (VAP) Award.

Conference and meeting attendance

In 2015, Supervisory Committee members attended:

- Credit Union Association of New Mexico (CUANM) Annual Convention
- CUANM Fall Leadership Conference
- RGCU Strategic Planning
- RGCU Budget Meeting
- RGCU 2015 Annual Meeting



Auditing

The Supervisory Committee reviewed the December 31, 2015, annual external audit with Jaramillo Accounting Group, the firm conducting the audit. Rio Grande Credit Union received an “unqualified” audit opinion, the highest opinion possible. There were no material findings or weaknesses found during the audit.

The Committee reassigned the existing three year contract with Nagel CPAs to RPC CPAs & Consultants, LLP to maintain consistency with our lead auditor.

The Committee prepared the 2015 Risk Assessment and Internal Audit Plan. We commissioned, reviewed and approved the following internal audits and related matters:

- Indirect Auto Lending
- Collections
- Vendor Monitoring Procedures & Internal Controls
- Loan Processing
- Lending- Secured and Unsecured
- ATM Controls
- Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)
- Home Mortgage Disclosure Act
- Indirect Lending, Consumer Lending & Credit Cards;
- Home Banking and IT
- Record Retention Procedures
- Symitar Follow Up
- Privacy
- Review of Critical Audit Exception Reports
- Bank Secrecy Act

Regulatory

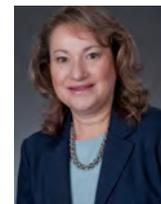
The Supervisory Committee attended a meeting with our external regulators from the New Mexico Financial Institutions Division (FID) and National Credit Union Association (NCUA) regarding pre-audit communications. During 2015, the Supervisory Committee also met with FID and NCUA to review Supervisory Committee processes and procedures.



Susan Biernacki,
Chair



Patty French,
Member



Lisa Wilson,
Member

Embrace Your
#NMROOTS



RIO GRANDE CREDIT UNION
Consolidated statements of financial condition for the periods ending
December 31, 2015, 2014, and 2013

BALANCE SHEET

ASSETS	2015	2014	2013
Loans to Members - Net of Allowance for Loan Losses	215,827,818	193,173,268	173,365,910
Cash	1,737,273	1,887,790	1,808,186
Investments	38,844,736	39,404,817	44,915,376
Accrued Interest Receivable	746,656	729,425	659,623
Fixed Assets	11,431,946	10,890,470	11,257,578
NCUSIF Deposit	2,169,878	2,039,192	2,009,072
Other Assets	2,433,013	2,192,581	1,920,061
TOTAL ASSETS	273,191,320	250,317,543	235,935,806
LIABILITIES AND EQUITY			
Member Shares	232,435,409	213,828,134	204,179,009
Accrued and Other Liabilities	1,685,632	1,327,125	1,107,204
Reserves and Undivided Earnings	39,070,279	35,162,284	30,649,593
TOTAL LIABILITIES AND EQUITY	273,191,320	250,317,543	235,935,806



At the December 14, 2015 Juntos Avanzamos proclamation ceremony, US Congresswoman Michelle Lujan Grisham remarked, *“The type of work that Rio Grande Credit Union does here helps to create a generation of financial security.”*

INCOME STATEMENT

INTEREST INCOME

	2015	2014	2013
Interest on Loans	11,450,856	10,680,031	10,405,607
Interest on Investments	451,901	497,664	516,093
Fee Income	5,621,928	5,222,213	4,830,590
TOTAL INTEREST INCOME	17,524,685	16,399,908	15,752,290

OPERATING EXPENSES

Employee Compensation/Benefits	5,507,577	5,341,922	5,014,328
Office Operations/Occupancy	2,999,105	2,751,576	2,825,908
Conference and Promotions	483,889	384,582	477,292
Provision for Loan Losses	1,819,400	1,015,250	1,657,450
Miscellaneous	1,416,214	1,505,443	1,344,682
TOTAL OPERATING EXPENSES	12,226,185	10,998,773	11,319,660

DIVIDEND EXPENSE

Dividends paid to Members	1,403,184	1,335,871	1,465,578
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ASSESSMENT/GAIN (LOSS)

NCUSIF Recovery/(Expense)	0	0	(160,726)
Gain(Loss) on Investments/Disposition of Assets	27,889	4,143	(53,071)

NET INCOME

Reserves and Undivided Earnings	3,923,205	4,069,407	2,753,255
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Our Mission

Create a trusted partnership with our members that demonstrates excellent member service by providing financial education and solutions, competitive pricing, and convenience.

Our Vision

To be recognized as the financial partner of choice in our communities.



Federally insured by NCUA.
We do business in accordance with the Fair Housing Law.



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- CREDIT UNION -

Rio Grande Credit Union

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@RGCUNM



@RioGrandeCU



/RGCU.org