

Powerful, together.



2016 Annual Report





Belinda Walker

Chairwoman's Message

This year the credit union celebrated its 80th anniversary. To commemorate, our focus was on our members, and our theme was ***"The Magic of Membership."*** Special sweepstakes were held throughout the year to honor members for their continued loyalty.

The credit union continued its philanthropic activities in support of the Children's Miracle Network, DWP Science Bowl and the Los Angeles Department of Water and Power DWP Donors' Welfare Plan.

The year 2016, will also be remembered as the year we said farewell to our past President/CEO, Carl Stewart. When he became CEO in 1992 the credit union's assets were approximately \$250 million. Under his leadership WPCCU doubled our shares and loans and we more than tripled our capital reserves. Most importantly, we granted 150,000 loans and made many members' lives better by granting them. We thank Carl for his work — and wish him well.

And so a new chapter begins for WPCCU! Our new President/CEO is Barry Roach. Barry has been in the financial services industry since the age of eighteen, when he became a teller and worked his way up through the branch delivery ranks. Most recently, he was President/CEO of SafeAmerica Credit Union in Pleasanton, California. We welcome and support Barry as he takes the credit union to our next milestone, \$1 billion in assets.

A large, artistic image on the left side of the page. A hand is shown from the left, palm up, holding a bright, glowing sun. The sun's light creates a starburst effect and reflects on the water below, which is rippling. The background is a deep blue sky.

Belinda D. Walker

Belinda Walker, Chairwoman
Board of Directors

Letter from the New President/CEO

Against the backdrop of our 80th anniversary and *“The Magic of Membership”* commemorative theme, Water and Power Community Credit Union achieved very important milestones in 2016. We have much to celebrate! Our loan portfolio has transcended pre-recession heights to over \$253.2 million and exceeded \$600 million in total assets. We attribute the success to our staff, who flawlessly executed strategies to first and foremost serve our members.

In addition to offering the type of lending products that our members wanted, we made tremendous strides in keeping them safe. We launched new EMV chip-enabled credit cards and debit cards, which utilize the latest technology to mitigate fraud for our members and ultimately losses for our credit union.

We continued to expand our connection with our core sponsor group, the Los Angeles Department of Water and Power employees, and the communities they serve. We installed new ATMs at LADWP sites and increased our presence at the La Kretz Innovative Campus, located in the Arts District area of Downtown Los Angeles. This green energy incubation center, funded in part by DWP, promises to be at the forefront of cleantech innovation.

As we look to our future and embrace our new theme, **“Powerful, together,”** our outlook is positive. We have the support of our members. We have a vital and growing economy. And, I personally feel very privileged to be WPCCU’s new President/CEO.



Barry Roach, President/CEO



Barry Roach

Strategic Plan Group December 2016

Standing from left to right: Yvonne Westmaas, Belinda Walker, Craig Luna, Katrina Perez, Hassan Motallebi, Sonia Jazmin, Wesley Walton, Celeste Zibelli, Barry Roach, Mike Tufegdzych, Venest Henry-Evans and Louie Ferrar.

Seated: Carl Stewart (former CEO) and Nora Yusa (former VP of Compliance).



Los Angeles Department of Water and Power DONORS' WELFARE PLAN

Los Angeles Department of Water and Power employees and retirees, with the desire to help each other through difficult times, have supported the Donors' Welfare Plan since the early 1900s. This compassionate tradition now relies on your assistance to continue helping the less fortunate.

- Ahead with Horses
- Alisa Ann Ruch Burn Foundation
- Atwater Park Center
- Beacon Light Mission
- Blind Childrens Center
- Cancer Support Community
- Downtown Women's Center
- ECHO Horizon School
- Ettie Lee Youth and Family Services
- Free Arts for Abused Children
- Friends of the Family
- Guide Dogs of America
- Helping Young People Excel (HYPE)
- Independent Living Center
- The Jeffrey Foundation
- John Tracy Clinic
- Journey Out
- Junior Blind of America
- Mariposa Women and Family Center
- Oasis Women's Recovering Community
- Optimist Youth Homes and Family Services
- Para Los Niños
- Partners in Care Foundation
- Providing for Kids Foundation
- Rancho San Antonio Boys Home
- Southern California Rehabilitation Services
- Willie Ross Foundation



"For years, I had accounts with big banks and they gave me nothing but trouble and fees. When I made the switch to WPCCU, I discovered the credit union difference. The products, services and customer service are all what I was looking for. In 3 short years, I now have a new car, awesome checking and savings accounts. I am a WPCCU member for life."



Kimberly Thomas

Member since 2013



From left to right:

Carl Stewart (former CEO) Laurie James, AVP, Corporate Partnerships Foundation Department, Children's Hospital Los Angeles, Bill Younger (former Chair)



Earth Day Shred Event



Member Appreciation Day

Giving Back

"I have trust and confidence in the staff of WPCCU. The branch staff always keep me informed of important matters concerning my accounts and are always there to guide me in making the best decisions regarding my finances."

••••
Ray Garcia

Member since 1978



Center group from left to right: Carl Stewart (former CEO), Ann Marie De La Riva, President, Los Angeles Department of Water & Power Employees Association, Bill Younger (former Chair)



La Kretz Innovation Campus



La Kretz, Chat & Chew Event



Taste of Soul Event

CFO and Treasurer Report

Your credit union had another excellent year. Our shares grew 8.94% and our net income was \$3,611,127. The credit union achieved three milestones. We surpassed \$600 million in assets, have more than \$250 million in our lending portfolio, and we originated over \$100 million in new loans. Management could not have achieved these results without the support of you, our member.

The credit union does invest a significant portion of its balance sheet into various government guaranteed investments. Management has been increasing our investment yield over the last several years and that has covered the costs of several new services and the operation of your credit union. We have a solid foundation of earnings and look forward to a productive and prosperous new year.

In collaboration with an independent certified public accounting firm, Turner, Warren, Hwang & Conrad, Accountancy Corp., we have verified that the credit union's financial position is fairly and accurately represented in our financial statements. Our financial practices, policies and regulatory requirements are adhered to, measured, and audited on a regular basis to safeguard the assets of your credit union. Management believes that adequate financial, compliance and operational controls are in place, leaving us in a great financial position and poised for continued growth and success in 2017.



Wesley Walton, CFO



Michele Wilson, Treasurer

Increased membership to 34,766 at the close of 2016.

As of 2016, loan portfolio transcended to \$253.2 million.

Making the milestone of over \$600 million in assets.

Share growth 8.94%
\$103.6 million total loans in 2016.



Chief Lending Officer's Report

It was another fantastic year of loan growth and credit quality for the credit union. This will mark our fourth straight year of upward loan growth with a positive \$14.5 million net increase from last year. This puts our total loan portfolio at \$253.2 million at year-end.

Overall loan production for the year was outstanding. This production was primarily done through core growth via our diverse branch network encompassing both LADWP and community members. Branch loan production was at \$46.8 million or 118% of goal and the highest since 2003. Real estate lending also experienced enormous success, surpassing stretch goal with total production of \$56.1 million or 134% of goal.

On the collection front, we ended the year with all portfolios performing as expected. Overall delinquency remained stable while net loans increased. We have been very diligent in steadily growing our loan portfolios within board approved tier benchmark limits. This means that we are not approving high risk loans just for the sake of growth, but good quality core member loans. The credit union also performed an annual Credit Risk Management analysis which showed that the overall lending portfolio is extremely strong and poses very little risk to our net worth and capital. This analysis along with our year-end delinquency ratio of 1.45% and charge-off ratio of 0.39% provides strong evidence that our credit risk is low.

WPCCU continues to be diligent in expanding services to meet the growing needs of members. Not only do we continue to offer reasonable loan rates and flexible terms, we also provide a full portfolio of services to help members reach their financial goals through every stage of life. Thank you for your commitment as a member of WPCCU.



Mike Tufegdzych

A handwritten signature in black ink, appearing to read 'Mike Tufegdzych'.

Mike Tufegdzych
Executive Vice President of Lending and Sales



Statement of Financial Condition

As of December 31 (unaudited)

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 37,752,580	\$ 12,122,140
Investments	280,264,146	273,664,902
Loans to Members, Net	250,062,182	235,302,788
Property and Equipment	6,861,288	5,613,685
National Credit Union Share Insurance Fund Deposit	4,927,379	4,657,495
Other Assets	27,846,840	25,789,900
Total Assets	\$ 607,714,415	\$ 557,150,910

LIABILITIES & MEMBERS' EQUITY	2016	2015
Liabilities		
Members' Share Account	\$ 550,894,575	\$ 505,698,267
Accrued Expenses and Other Liabilities	6,846,346	5,158,399
Total Liabilities	557,740,921	510,856,666
Members' Equity		
Regular Reserve	9,923,909	9,923,909
Undivided Earnings	41,813,474	38,202,347
Accumulated Other Comprehensive Income	(1,763,889)	(1,832,012)
Total Equity	49,973,494	46,294,244
Total Liabilities & Members' Equity	\$ 607,714,415	\$ 557,150,910

Statement of Income

	2016	2015
Income		
Loans to Members	\$ 12,278,268	\$ 11,440,568
Interest from Investments	5,153,166	3,722,063
Non-Interest Income	6,190,350	6,916,349
Total Income	\$ 23,621,784	\$ 22,078,980
Expense		
Interest Expenses	\$ 1,648,534	\$ 899,957
Provision for Loan Losses	720,000	730,000
Compensation and Benefits	9,432,737	8,860,676
Office Occupancy	1,056,799	1,068,323
Office Operations	3,800,975	3,788,618
Marketing (Educational and Promotional)	903,526	797,962
Loan Servicing	756,374	669,879
Professional and Outside Services	650,341	587,092
Other	1,041,371	748,400
Total Operating Expenses	\$ 20,010,657	\$ 18,150,907
Net Income	\$ 3,611,127	\$ 3,928,073

Supervisory Committee Report

The Supervisory Committee is elected by the membership to independently evaluate the soundness of the credit union's operations and activities, and ensure that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles (GAAP).



Hassan Motallebi

The committee meets regularly and carries out the following responsibilities:

- Protecting members' funds and interests
- Safeguarding of assets
- Ensuring compliance with regulations, policies and procedures
- Maintaining the reliability of financial records

The Supervisory Committee members also serve on other standing and special committees at the request of the Board of Directors. Each member reviews specific areas in executing his or her responsibilities to the membership at large. These areas include: adherence to the Bank Secrecy Act, Electronic Funds Transfer Act (Regulation E), Expedited Funds Availability Act (Regulation CC), Home Mortgage Disclosure Act (Regulation C), non-deposit investments, privacy, information technology, wire transfers and other procedures. The committee works with management to make changes where necessary to further strengthen credit union policies and procedures.

The Supervisory Committee retained a certified independent accounting firm, Turner, Warren, Hwang & Conrad Accountancy Corp., to perform an annual financial audit and issue certified financial statements relating to the overall financial condition of WPCCU. Auditors also evaluated the credit union's employee defined benefit and 401(k) plans, and compliance to all Bank Secrecy Act standards. Based on the results of the 2016 annual audit performed by Turner, Warren, Hwang & Conrad Accountancy Corp., as well as audits conducted by the California Department of Financial Institutions and the National Credit Union Administration, the Supervisory Committee concludes that Water and Power Community Credit Union has adequate financial control, is financially sound, and that no further corrective actions are required.

Hassan Motallebi
Supervisory Committee Chair

Assets in Millions



Loans in Millions



2016 Overview





“As a DWP employee, I have extra banking convenience being a member of WPCCU. The credit union has been a tremendous help to me for over 30 years. The loan offerings, the locations for me to bank, all fit in perfectly for what I need from a financial institution.”



Sharon Moore

Member since 1980

80th Anniversary Celebration

ANNUAL MEETING, MARCH 19, 2016



“WPCCU makes banking easy – with locations, great rates and stellar customer service. From the moment I walk into any branch, I feel like I’m being greeted by family. I trust that the credit union staff are genuinely there to help me and that’s why I’ve been a member for over 20 years.”



Manuel Romero

Member since 1993



Board of Directors



Belinda Walker
Chair



Venest Henry-Evans
1st Vice Chair



Craig Luna
2nd Vice Chair



Michele Wilson
Treasurer



Bill Younger
Assistant Treasurer



Gladys Berry
Secretary



Louie Ferrar
Assistant Secretary

Supervisory Committee



Hassan Motallebi
Chair



Gerard Watson
Vice Chair



Katrina Perez
Committee Member



Monique Harrell
Committee Member

Executive Management Team



Barry Roach
President/CEO



Mike Tufegdzich
Executive Vice President
of Lending and Sales



Wesley Walton
CFO/Vice President
of Finance



Celeste Zibelli
Vice President of
Marketing and Financial
Services



Sonia Jazmin
Assistant Vice President
of HR and Admin

Branch Locations

Sunset Branch

Shared Branch

1053 West Sunset Blvd.
Los Angeles, CA 90012-2134

Westchester Branch

Shared Branch

8800 S. Sepulveda Blvd., Suite 2
Westchester, CA 90045-4851

Sun Valley Branch

Shared Branch

8413 Laurel Canyon Blvd.
Sun Valley, CA 91352-3817

Northridge/Granada Hills Branch

Shared Branch

16840 Devonshire St.
Granada Hills, CA 91344-7404

Hope Street Branch

Branch access for DWP employees only

111 North Hope St.
Los Angeles, CA 90012-2607

800-300-9728
wpcu.org

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