

2021

ANNUAL REPORT



uecu.org



Highlights

- Celebrated 25 years of giving to the United Way
- Created a Diversity, Equity, and Inclusion (DEI) Committee
- Launched a partnership with the Pennsylvania American Consumer Council (PACC) and expanded membership to PA residents



- Received 126th 5-Star "Superior" rating from BauerFinancial, Inc; UECU has received a top rating continuously since 1990
- Rolled out new BaZing benefits for Rewards Checking and Rewards Checking PLUS Accounts
- 4.1% Deposit Growth
- 26.8% Loan Growth

- Awarded \$842,000 in VantagePoints™ Rewards
- Issued \$127,000 in ATM surcharge rebates
- Welcomed 8 new partner companies
- Propelled UECU's Business Lending Program

A Message From Our President



Dear Member,

2021 was yet another challenging year, but one that was abundant with glimmers of hope. We experienced the emergence of two new Covid-19 variants, elevated unemployment levels, unprecedented supply chain issues, and a steady increase in the price of homes, vehicles, and consumer goods. But with the rollout of the Covid-19 vaccine, we also saw equity markets rise and record highs in the US stock markets resulting in significant gains in investments and retirement portfolios. While life as we knew it before the pandemic didn't quite return to what it had once been, we continued to move forward. We solidified membership opportunities with Elite Linemen Training Institute, Women in Energy, Inc., North Carolina Propane Gas Association, the Pennsylvania American Consumer Council (PACC), and additional partner companies across the US. With the help of your referrals, we also welcomed 2,581 new members. We had strong growth in deposits and assets under management with our Investment Services team as well as record growth in loans, including mortgage loans. I can't thank you enough for putting your trust and confidence in us again in 2021. We know that you have other options, but the fact that you chose UECU for your financial services and financial wellness programs means so much to us.

Financial Performance

As the global pandemic continued to bring about financial hardships for so many, UECU remained a beacon of hope for members, offering some of the highest savings rates in the nation¹. In 2021, we experienced a 4.1% growth in deposits, gaining \$47.5 million in total deposits and \$6.7 million in checking accounts. Utilities Employees Investment Services (UEIS) also increased assets under management from \$76 million in 2020 to almost \$88 million in 2021². As your trusted financial partner, we also kept our loan and mortgage rates competitive to help you save and keep your payments affordable. In 2021, our total loan portfolio grew \$96.1 million or 26.8%. We originated \$125.6 million in member loans and set a new record for mortgages, originating 231 mortgages for \$51.6 million – the most ever in a single year. While we experienced significant growth throughout the Credit Union, our net income rose to \$10,556,000.

Financial Wellness and Member Giveback

Holding true to our Credit Union mantra of *People Helping People*, we increased member giveback in 2021, issuing \$127,000 (previously \$119,000) in ATM surcharge rebates and awarded \$842,000 (previously \$780,000) in *VantagePoints™* rewards. We also expanded our Student Scholarship Program – awarding one \$3,000 Utility Partner Company Scholarship and one \$3,000 Community Scholarship for Reading, Pennsylvania. In support of our financial wellness initiatives, our National Account Representatives facilitated various CueltUp financial education presentations, and our Investment Services team hosted a series of virtual workshops for Retirement Planning, Social Security Optimization, and ID Theft Protection. In collaboration with the Safety Institute, we also hosted the webinar, "Who is Responsible for Safety?" Participants working in the utility and energy industries had an opportunity to learn best practices for creating a safe work environment, as well as earn a certificate for safety training hours.

Commitment to Community

In 2021, the Credit Union celebrated 25 years of giving to the United Way and made the single largest donation in UECU's history. Through

the care, compassion, and generosity of UECU's employees, we donated a total of \$37,445 in support of the United Way's vital programs that focus on education, financial stability, health, and safety net services. Employees also volunteered their time and made donations to the Children's Home of Reading, the Children's Miracle Network, New Journey Community Outreach, the Hope Rescue Mission, and many others. The Credit Union also partnered with a community group in Marrero, Louisiana, to help feed hundreds of Lineworkers, helping to restore power after Hurricane Ida.

Product and Program Innovation

For 88 years, we've been committed to providing you with streamlined financial products and value-added membership benefits, and 2021 was no exception. We launched our enhanced checking lineup with extra money-savings perks. The new BaZing-powered checking accounts come equipped with unique benefits like cell phone protection, roadside assistance, a health savings discount card, an ID Theft Aid, and access to our brand new app. With the Member Perks App, you can get local discounts and national retailer deals to save on travel, entertainment, dining, prescriptions, groceries, clothing, and more. We also launched the new UECU website to provide you with a better mobile experience on all of your Apple and Android devices. We expanded our Lending capabilities to offer equity and escrow loans in Maryland, as well as escrow loans in Illinois, Indiana, and Tennessee, and AutoDrafts in Florida. To enrich our Business Lending Program, we added a Business Lending Analyst to our team of lenders and partnered with a business lending Credit Union Service Organization to grow small business loans for members. To sustain optimal member service, we also completed the migration of our phone system to a cloud-hosted VoIP system with RingCentral™ to eradicate downtime for our in-house Call Center and work-from-home employees.

Our Commitment to You

It humbles me to share that UECU has once again received the Best of Bauer status from BauerFinancial, Inc., an independent firm that analyzes banks and credit unions. We have received this 5-Star Superior Rating consecutively for 31 years. Our continued success would not be possible without our valued partner companies, loyal members, exceptional team of employees, and dedicated Supervisory Committee and Board of Directors. As we look to the future and all the possibilities it brings, please know that we are committed to being your trusted financial partner, and we look forward to all we can achieve together.

Sincerely,

Bret Krevolin

President/CEO and UECU Member

¹ According to rates published on

<https://www.spglobal.com/marketintelligence/en/campaigns/ratewatch> in 2021.

² Securities and insurance products are offered through Cetera Investment Services LLC (doing insurance business in CA as CFGIS Insurance Agency), member FINRA/SIPC. Advisory services are offered through Cetera Investment Advisers LLC. Neither firm is affiliated with the financial institution where investment services are offered. Investments are:

*Not FDIC/NCUSIF insured *May lose value *Not financial institution guaranteed *Not a deposit *Not insured by any federal government agency. 11 Meridian Blvd Wyomissing, PA 19610

Comparative Balance Sheet (In Thousands)

| December 31 | 2021 | 2020 |
|------------------------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash, Cash Equivalents & Interest-Bearing Cash | \$ 42,958 | \$ 57,470 |
| Investments (Available-for-Sale & Equity) | 880,929 | 925,770 |
| LOANS | | |
| Real Estate Secured | 256,942 | 231,622 |
| Secured Consumer | 57,038 | 57,650 |
| Unsecured Consumer | 21,519 | 19,599 |
| Credit Card | 21,319 | 21,853 |
| Total Member Loans | 356,818 | 330,724 |
| Participation Loans | 97,196 | 27,231 |
| Total Loans | 454,014 | 357,955 |
| Allowance For Loan Losses | (2,746) | (2,684) |
| Net Loans | 451,268 | 355,271 |
| Property and Equipment | 9,462 | 9,838 |
| Deposit - NCUSIF | 11,469 | 10,670 |
| Accrued Interest Receivable | 2,928 | 3,120 |
| Prepaid and Other Assets | 14,898 | 11,494 |
| TOTAL ASSETS | \$ 1,413,912 | \$ 1,373,633 |
| LIABILITIES AND EQUITY | | |
| DEPOSITS | | |
| Checking | \$ 68,002 | \$ 61,312 |
| Money Market Savings | 753,125 | 695,638 |
| Share and Special Savings | 197,709 | 187,714 |
| Individual Retirement Shares | 55,860 | 53,751 |
| Certificates of Deposit | 135,146 | 163,946 |
| Total Deposits | 1,209,842 | 1,162,361 |
| Other Liabilities | 5,941 | 6,102 |
| Total Liabilities | 1,215,783 | 1,168,463 |
| Members' Equity | 206,720 | 196,164 |
| Accumulated Other Comprehensive Income (Loss) | (8,591) | 9,006 |
| Total Members' Equity | 198,129 | 205,170 |
| TOTAL LIABILITIES AND EQUITY | \$ 1,413,912 | \$ 1,373,633 |

Comparative Statement of Income (In Thousands)

| Year Ended December 31 | 2021 | 2020 |
|-----------------------------------------------------|------------------|-----------------|
| INTEREST INCOME | | |
| Interest on Loans | \$ 15,552 | \$ 15,521 |
| Interest on Investments | 12,211 | 16,365 |
| Total Interest Income | 27,763 | 31,886 |
| INTEREST EXPENSE | | |
| Dividends Paid | 7,109 | 12,189 |
| NET INTEREST INCOME | 20,654 | 19,697 |
| Provision for Loan Losses | 340 | 1,160 |
| Net Interest Income After Provision for Loan Losses | 20,314 | 18,537 |
| Non-Interest Income | 5,053 | 3,927 |
| Operating Expenses | 16,620 | 16,342 |
| Non-Operating Income, Net | 1,809 | 622 |
| NET INCOME | \$ 10,556 | \$ 6,744 |

2021 Supervisory Committee Report

The Supervisory Committee oversees the quality and integrity of UECU's financial statements and internal control framework to ensure UECU's financial position is fairly represented and the organization is operating within the guidelines and policies set forth by governing bodies. The Committee meets quarterly with Compliance, Internal Audit, and Executive Management of UECU to discuss audit plans, regulatory compliance, risk assessments, ethics and member issues.

The Committee engaged RKL LLP to perform the annual financial statement audit and they expressed an unmodified opinion on UECU's 2021 financial statements. In addition, the Pennsylvania Department of Banking and Securities and the National Credit Union Administration examine the credit union annually. All of these examinations are designed to review UECU's compliance with credit union policies and procedures, state and federal regulations, and Generally Accepted Accounting Principles and to confirm that UECU is well positioned financially and remains a safe and sound financial institution.

Respectfully submitted,
UECU Supervisory Committee

Kimberlie Bortz, Chairperson
Jamie Noon
Kathleen Lindsey

To contact the Supervisory Committee, please direct mail to PO Box 2283, Sinking Spring, PA 19608 or call 1-855-372-8345 (use code UECU).



Executive Team members featured from left to right: Scott Neave, Phillip Geiger, Terrance Larkin, Bret Krevolin, Jennifer Ewing, and Michael Malone



MEMBER REVIEWS

Another great experience, great customer service! I've been a member since 1973 and UECU continues to exceed expectations. Thank You!

Paul of FL

The loan professionals that handled my last 2 loans were outstanding. They exceeded my expectations and worked with speed to get my funds fast! Great people and great rates.

Kurt of NY

Everyone involved in our loan process went over the top in servicing us; even during this current pandemic! Everything went smoothly.

Michelle of PA

Everyone at the credit union is so very good to us. They are more like family than anyone else. Thank you to everyone for making our life so easy and always being there to help us.

Maresse of NY

UECU EXECUTIVE TEAM

Bret Krevolin
President | CEO

Jennifer Ewing
Vice President | General Counsel

Phillip Geiger
Vice President | Chief Financial Officer

Terrance Larkin
Vice President | Member Experience

Michael Malone
Vice President | Lending

Scott Neave
Vice President | Information Technology & Operations

BOARD OF DIRECTORS

Alan Metzler
Chair

Richard Benson

Joseph Deane
Vice Chair

Daniel Furlong

Andrew Koehler

Bret Krevolin
Secretary | Treasurer

Jaquana Miles

Thomas O'Brien

David Okuwobi

Kristine Pizzo

SUPERVISORY COMMITTEE

Kimberlie Bortz | Chair

Jamie Noon

Kathleen Lindsey

