

leadership

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- **Richard R. Benson**
Chairperson
- **Steven A. Schumacher**
Vice-Chairperson
- **Glen A. Yeager**
Secretary/Treasurer
- **Harry Balian**
- **Amy J. Fleischman**
- **Daniel M. Furlong**
- **Byron W. Hinson**
- **Alan R. Metzler**

Supervisory Committee

- **Natalie T. Brown**
Chairperson
- **Kimberlie L. Bortz**
- **Craig W. Fink**

Credit Committee

- **Kenneth C. Coutumas**
Chairperson
- **Michael A. Malone**
- **Joan M. Bausher**

Senior Management

- **Glen A. Yeager**
President/CEO
- **Kenneth C. Coutumas**
Sr. Vice President/
Chief Operating Officer
- **Patricia A. Zyma**
Sr. Vice President/
Chief Financial Officer
- **Walter A. Boquist, II**
Vice President -
Administration & Legal
Counsel

proud

We were extremely proud to be named one of the Best Places to Work in Pennsylvania for the first year in which UECU participated in the program.

BEST PLACES to work in PA 2010



11 Meridian Blvd. - Wyomissing, PA 19610
Call 800-288-6423 or visit uecu.org



member-centric

Because the Credit Union is a cooperative organization, owned by its members, we continue to enhance our financial products and services every year. Examples in 2010 included:

- an expansion of our mortgage lending program
- improvements to *Advantages Online*™, our home banking platform
- the addition of *E-Notifications*™, an "alert" system that can be tailored to a member's specific preferences regarding account types and dollar thresholds
- a partnership with SWBC to offer non-insured investment products such as mutual funds

2010 ANNUAL REPORT

uecu.org

growing

Member deposits increased by 12% during 2010 to \$760 million and total assets reached \$925 million. UECU's capital reserves were almost \$120 million, nearly double the amount necessary to be classified as "well capitalized" by the National Credit Union Administration.

While less than 60% of credit unions nationwide had any net income at all (over 40% lost money in 2010), UECU had another record year, paid our members some of the highest savings returns anywhere, and remained one of the financially strongest institutions in the country.



profitable

President's Message



Dear Member-owner,

Throughout the recession, while many institutions suffered – banks and credit unions alike – Utilities Employees Credit Union thrived. That's because you, as members, demonstrated loyalty to your Credit Union and because we have a team of strong individuals committed to your best interests.

Reflecting your confidence in UECU, member deposits increased by 12% during 2010 to \$760 million and total assets reached \$925 million. Our capital reserves were almost \$120 million, nearly double the amount necessary to be classified as "well capitalized" by the National Credit Union Administration. Loans to members increased only 2%, which was somewhat disappointing, but was far better than the net decrease in loans experienced across the credit union movement as a whole. Deposit growth was driven by gains in our *Advantages Money Market Savings*™ accounts, while mortgages and VISA® *Power Card*™ balances led the way in loan growth.

The bottom line? While less than 60% of credit unions nationwide had any net income at all (over 40% lost money in 2010), UECU had another record year, paid our members some of the highest savings returns anywhere, and remained one of the financially strongest institutions in the country.

Various aspects of our strategy affected the robust 2010 results, but the greatest contributor continued to be our low operating expenses. UECU's branchless "virtual credit union" model, along with other efficiencies, allowed us to operate with a staff less than 1/3 the size of most credit unions in our asset range. While our branchless approach feeds the payment of higher savings yields, lower loan rates, and lower or no fee services, it also provides 24/7 convenience that saves members the time and hassle of visiting a bank branch.

Our staff is comprised of outstanding professionals, who love the Credit Union as much as you do (they're all members too). We were extremely proud to be named one of the Best Places to Work in Pennsylvania for the first year in which UECU participated in the program. Why is this award important to you as a member? A key component of our strategy is to attract and retain exceptional employees who truly live *Our Values*, which include integrity, accountability, and commitment to the membership. Clearly we've succeeded and it shows in the praise we receive from members about the UECU team and in our member satisfaction surveys. It is both a pleasure and an honor to work with such a fine group of people.

Because the Credit Union is a cooperative organization, owned by its members, we continue to enhance our financial products and services every year. Examples in 2010 included an expansion of our mortgage lending program, both geographically and in the broad range of loan types available. Our *Advantages Online*™ home banking platform and the uecu.org website were substantially improved and the convenience of *E-Notifications*™ was added. *E-Notifications*™ is an "alert" system that can be tailored to a member's specific preferences regarding account types and dollar thresholds. Recently, we also began offering non-insured investment products, such as mutual funds. You'll find these options useful in long-term financial planning, such as building your nest egg through traditional or Roth IRAs and in making UECU your one-stop financial resource.

Our fiscal strength is recognized by national rating firms Bauer Financial and IDC Financial Publishing, which again gave UECU their highest ratings in 2010. We consistently receive a "clean" unqualified CPA opinion on our financial statements and our state and federal regulators rate your Credit Union as a safe and sound institution. On top of our financial stability, members' accounts are insured by the National Credit Union Share Insurance Fund to at least \$250,000 per account.

As we celebrate another successful year, I thank our staff for their commitment to the organization and for assuring that our members receive superior personal service every day. My sincere appreciation also goes out to our *volunteer* leaders on the Board of Directors and committees.

And finally, *thank you* for being a UECU member. We know you have choices and, through your loyalty, the Credit Union has evolved into a strong, full service institution that can fulfill all your financial needs. So, please think of us first and tell your co-workers and family that they too can prosper with UECU as their financial partner.

Best wishes,

Glen A. Yeager
President/CEO

Comparative Balance Sheet (In Thousands)

December 31

	2010	2009
ASSETS		
Loans to Members:		
Secured Vehicle	\$ 39,552	\$ 42,421
Other Personal	15,167	14,094
Real Estate Secured	150,697	146,572
Credit Card	19,727	17,165
Total Loans	<u>225,144</u>	<u>220,252</u>
Allowance for Losses	(1,908)	(1,580)
Net Loans	<u>223,236</u>	<u>218,672</u>
Investments:		
Overnight Investments	12,454	17,482
U.S. Government Agency Securities	-	9,239
Mortgage-Backed Securities	625,640	538,114
Mutual Funds	14,762	10,138
Other Investments	9,222	9,504
Total Investments	<u>662,078</u>	<u>584,477</u>
Deposit - NCUSIF	7,207	6,064
Other Assets	32,528	26,718
TOTAL ASSETS	<u>\$ 925,049</u>	<u>\$ 835,931</u>
LIABILITIES AND EQUITY		
Member Deposits:		
Checking	\$ 18,204	\$ 12,106
Money Market Savings	427,817	352,528
Share and Special Savings	202,579	209,892
Individual Retirement Accounts	64,594	55,850
Certificates of Deposit	48,324	48,181
Total Member Deposits	<u>761,518</u>	<u>678,557</u>
Notes Payable and Other Liabilities	31,172	39,992
Members' Equity	118,497	108,067
Unrealized Gain(Loss) on Available-for-Sale Securities, Net	16,511	11,743
Accumulated Other Comprehensive Income	(2,650)	(2,428)
TOTAL LIABILITIES AND EQUITY	<u>\$ 925,049</u>	<u>\$ 835,931</u>

Comparative Statement of Income (In Thousands)

Year Ended December 31

	2010	2009
INTEREST INCOME		
Interest on Loans	\$ 13,836	\$ 13,258
Interest on Investments	25,092	26,754
Total Interest Income	<u>38,929</u>	<u>40,012</u>
INTEREST EXPENSE		
Dividends Paid	13,479	15,905
Borrowed Funds	1,255	1,648
Total Interest Expense	<u>14,734</u>	<u>17,553</u>
NET INTEREST INCOME	<u>24,195</u>	<u>22,459</u>
Provision for Losses	1,173	1,145
Net Interest Income After Provision for Losses	23,022	21,314
Non-Interest Income	1,969	1,657
Operating Expenses	11,109	10,676
Non-Operating Income(Expense), Net	(3,453)	(2,742)
NET INCOME	<u>\$ 10,430</u>	<u>\$ 9,553</u>

2010

