

**Serving the Financial Needs of
America's Utility Industry
Workers and Families
– Everywhere They Serve America.**



**Utilities
Employees
Credit Union**



2 0 1 3

ANNUAL REPORT

President's Message

Dear Member-owner,

Your Credit Union continued to prosper in 2013, building upon a strong foundation from which to serve our members' financial needs. Over the last five years, member deposits increased 75% to \$930 million, while total assets reached \$1.08 billion at year-end, ranking UECU in the top 3% of credit unions nationwide. During the same five-year period, loans outstanding to our members grew by \$64 million. Although maximizing profit is never a priority at your cooperative Credit Union, we do need earnings to sustain the organization and enhance product and service offerings for our members. Net income for calendar 2013 totaled \$7.3 million. Our year-end capital level exceeded 13% of total assets, compared to less than 11% for our peer credit unions.



UECU's financial strength allows us to reward our members, whether they maintain their savings at the Credit Union, borrow when financial needs arise – or both. As a member of a cooperative organization, you and your fellow members literally own the Credit Union. There aren't any stockholders. Therefore, our primary objective is always to give back to the membership in every way possible – higher savings returns, attractive loan rates and terms, and lower or no fees on services for which others charge more every year. UECU's consistent position in the top 1% of credit unions, based on the portion of earnings returned directly to members, reflects our commitment to this cooperative philosophy.

UECU also offers members a slate of rewards programs that we believe are unmatched by any financial institution. Our *VantagePoints*[™] program provides members with cash, gift cards, or loan discounts – you decide – by redeeming the points earned for using various services. A member who uses multiple services can select an additional reward annually through the *MyChoice*[™] program. And 2013 was the third year that UECU paid members a year-end *Member Loyalty Bonus*[™]. It was designed to reinforce the cooperative “patronage” philosophy – the more a member uses the Credit Union, the greater his or her reward. On December 31st, our members received a bonus totaling 4% of all interest they earned throughout the year on deposit accounts and interest they paid on most types of loans. Any member who originated a mortgage during the year received an additional \$100 bonus. Over its three-year history, the *Member Loyalty Bonus*[™] has returned nearly \$3 million to UECU members.



We strive to improve the Credit Union for our members every year. During 2013, the *Advantages Online*[™] home banking system was completely redesigned, with broader options for members to manage their finances, perform transactions, and customize their online experience. We also introduced mobile banking, so that most banking activities can now be efficiently accomplished from a member's smart phone or tablet and further enhancements are planned for 2014. The mobile banking website is accessible from any device and both Apple[®] and Android[™] users can simplify life by downloading the free UECU Mobile Banking App. Our Wealth Management team began offering life insurance to members. With a variety of options and more than 40 insurance carriers to choose from, members can acquire outstanding coverage at excellent rates.



The Credit Union also offers value-added benefits for our sponsor companies and their employees. In 2013, our team helped coordinate a Health Savings Account program with a utility's healthcare plan. With another company, they introduced a Financial Wellness education series, using both in-person and video formats, in order to engage employees at remote locations.

My sincere thanks go out to UECU's *volunteer* leaders on our Board of Directors and Supervisory Committee, who guide and oversee the organization. Our staff is comprised of exceptional employees, all of whom are committed to our membership and our values. It is a pleasure and an honor to work with these fine groups of people.

And I want to *thank you* for being a Credit Union member. We genuinely appreciate your loyalty and trust. Please share the benefits of membership by encouraging your co-workers and family to make UECU their financial partner too.

Best wishes,

Glen A. Yeager

Glen A. Yeager
President/CEO



Comparative Balance Sheet

(In Thousands)

December 31	2013	2012
ASSETS		
Loans to Members:		
Secured Vehicle	\$ 40,281	\$ 41,600
Other Personal	16,449	14,719
Real Estate Secured	177,163	159,676
Credit Card	21,701	21,418
Total Loans	255,594	237,413
Allowance for Losses	(1,748)	(2,004)
Net Loans	253,846	235,409
Investments:		
Overnight Investments	4,693	12,370
Mortgage-Backed Securities	754,184	742,822
Mutual Funds	22,537	21,591
Other Investments	3,730	5,943
Total Investments	785,144	782,726
Deposit - NCUSIF	8,568	8,196
Other Assets	29,203	29,787
TOTAL ASSETS	\$ 1,076,761	\$ 1,056,118
LIABILITIES AND EQUITY		
Member Deposits:		
Checking	\$ 35,443	\$ 29,656
Money Market Savings	580,074	544,223
Share and Special Savings	179,809	188,897
Individual Retirement Accounts	78,482	77,176
Certificates of Deposit	54,901	56,633
Total Member Deposits	928,709	896,584
Other Liabilities	7,416	10,524
Members' Equity	142,644	135,273
Unrealized Gain(Loss) on		
Available-for-Sale Securities, Net	(2,072)	17,715
Accumulated Other Comprehensive Income	64	(3,979)
TOTAL LIABILITIES AND EQUITY	\$ 1,076,761	\$ 1,056,118

Comparative Statement of Income

(In Thousands)

Year Ended December 31	2013	2012
INTEREST INCOME		
Interest on Loans	\$ 12,471	\$ 13,223
Interest on Investments	15,553	18,523
Total Interest Income	28,024	31,746
INTEREST EXPENSE		
Dividends Paid	9,039	10,476
Member Loyalty Bonus	782	877
Lease Obligation	1	1
Total Interest Expense	9,822	11,354
NET INTEREST INCOME	18,202	20,391
Provision for Losses	481	348
Net Interest Income After Provision for Losses	17,721	20,043
Non-Interest Income	2,552	2,489
Operating Expenses	12,253	13,201
Non-Operating Income(Expense), Net	(686)	(600)
NET INCOME BEFORE TAXES	7,334	8,730
Federal Income Tax Refund	37	11
NET INCOME	\$ 7,371	\$ 8,741

Supervisory Committee Report

The Supervisory Committee assists the Board of Directors through oversight of the internal and external audit functions, to assure that UECU's financial position is fairly represented and the organization is operating within the guidelines and policies set forth by governing bodies. The Committee conducts quarterly audit procedures, oversees the activities of UECU's Internal Audit Department and engages an independent CPA firm for the annual "opinion" audit. For 2013, the Committee contracted with Reinsel Kuntz Leshner LLP, which has expressed an unqualified opinion on the Credit Union's financial statements. The annual regulatory examination was completed by the Pennsylvania Department of Banking and Securities and the National Credit Union Administration, and the results reinforced that UECU is well positioned financially, and remains a safe and sound financial institution.

Member Deposits (in Millions)



Loans (in Millions)



Assets (in Millions)





Utilities
Employees
Credit Union

Call 800-288-6423 | Visit www.uecu.org

Board of Directors

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

Supervisory Committee

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

2013 Recap: A Year of New Financial Benefits for Utility Industry Workers & Families

- UECU's enhanced **Advantages Online™** Home Banking system debuted with new personalized member dashboards, budgeting tools, transaction search options, and updated mobile alerts
- Two \$1,000 awards were granted to students through the annual **UECU Student Scholarship program**, which supports student members' advanced training and higher education goals
- UECU launched its **Mobile Banking Advantages Online™** tools, with a custom banking site for all mobile devices and apps for Apple® and Android™ users
- **Life insurance options** were added to our suite of Utilities Employees Investment Services – UEIS now offers term, whole, universal, and variable universal life insurance policies and consultation
- **The average UECU member household saved \$70 in fees and received an extra \$252** in deposit earnings and loan interest savings, compared to the average U.S. credit union household – and saved even more compared to most bank customer households (*Source: Raddon Financial Group*)
- Many members with UECU real estate loans saved even more when UECU lowered **home equity loan rates** and offered “**mortgage alternative**” refinance options
- UECU's **PAL™** system was upgraded with new menus and an enhanced voice response tool for members who use **phone line banking**
- Members at several UECU partner sponsor companies enjoyed new workplace financial benefits by employer request, including new **health savings** programs and **financial wellness** education resources
- The UECU membership received a **2013 Member Loyalty Bonus™** totaling **\$800,000** – bringing the grand total of member bonus rewards to \$3 million, over the program's three-year history

UECU has been providing exclusive financial benefits to America's utility and energy employees and their families since 1934.



This credit union is federally insured by the National Credit Union Administration. Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government.