

2014 Recap:

BEST PLACES
to work in **PA** 2014

UECU was named as one of the Best Places to Work in Pennsylvania for the fifth consecutive year.



UECU welcomed 2,170 new members from across the country.



The average UECU member household saved \$66 in fees and received an extra \$232 in deposit earnings and loan interest savings, compared to the average U.S. credit union household, according to the Raddon Financial Group.



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.

MEMBER
LOYALTY BONUS

The UECU membership received a 2014 *Member Loyalty Bonus*™ totaling \$1.1 million – bringing the grand total of member bonus rewards to over \$4 million, since the program's inception in 2011.



UECU added *e-Posit*™ Mobile to its extensive suite of virtual banking services. The new mobile deposit service enables members to deposit checks from anywhere in the country, at any time of the day, with the UECU Mobile Banking App.



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- Patricia A. Zyma
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- Harry Balian
- Richard R. Benson
- Daniel M. Furlong
- Byron W. Hinson
- Alan R. Metzler

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- Natalie T. Brown
Chairperson
- Kimberlie L. Bortz
- Jamie P. Noon

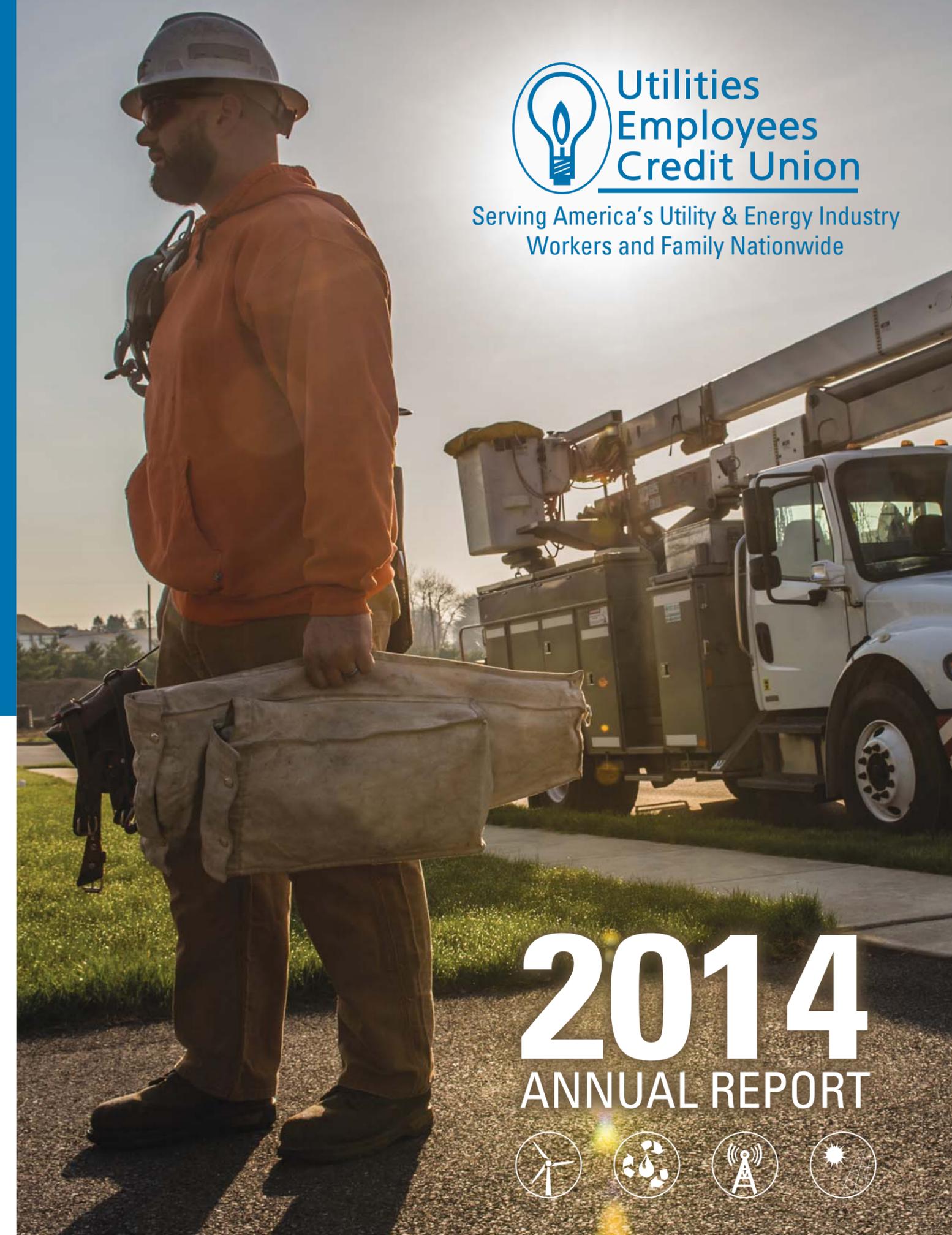


Serving America's Utility & Energy Industry
Workers and Family Nationwide

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



2014

ANNUAL REPORT



President's Message

Dear Member-owner,

2014 was another successful year at Utilities Employees Credit Union, marked by many positive organizational achievements. After 27 years of dedicated leadership, Glen A. Yeager retired as President/CEO on September 30th, allowing me the honor of stepping into the role of guiding this exceptional financial organization. We accomplished a smooth transition, with our dedicated management and staff in place and committed to carrying forward UECU's long history of providing superior value and service in enriching the financial lives of utility and energy workers and their families. We remain true to our member-focused mission.

UECU recognizes the unique needs of our nationwide membership. We continue to enhance electronic access and provide our members with greater convenience and ease of doing business with us. Mobile devices have become the tools that many consumers look to for their day-to-day business, and the use of these devices for mobile financial services is rapidly increasing. In 2014, we added new features to UECU's online and mobile capabilities. The uecu.org website was redesigned to achieve a consistent view across various devices, including mobile phones, tablets and PCs. Members now have the convenience of depositing checks by image transfer, through *e-Posit*™ Mobile. We also implemented a new online membership application, which can be accessed through the UECU Mobile Banking App and website.

We understand the need to be a leader in our industry and are dedicated to adding products and services that address the changing needs of our members. Wealth management services were introduced in 2011 and have been well-received, with assets under management increasing over 50% this past year. Our trusted financial advisors simplify the investment process, assisting our members in reaching their short and long-term financial goals. In 2014, trust accounts and long-term care insurance were added to our suite of value-added services. Our financial advisors also implemented new avenues for communicating with our members, by offering several informative webinars and a live video chat option. For our borrowers, a new Loan Payment Protection program was made available in May. This program offers more flexible coverage than its predecessor, providing peace of mind should a life event cause financial hardship.

In 2014, the Federal Reserve Board retained its low interest rate policy for the sixth straight year. A low interest rate environment favors borrowers, and UECU continues to offer its members competitive loan rates across a broad spectrum of products. However, this prolonged interest rate cycle has depressed the yields that financial institutions earn on loans and investments, resulting in lower deposit returns for savers. Despite this challenge, UECU held its savings account dividend rates unchanged throughout 2014, keeping the rates among the highest available in the industry. We often talk about "member giveback," and for UECU this goes far beyond high deposit and low loan rates. Through our *VantagePoints*™ reward program, members were awarded over 100 million points in 2014 which they could redeem for cash back, gift cards or loan discounts. Additionally, for the fourth consecutive year, UECU paid a year-end *Member Loyalty Bonus*™. Over \$1.1 million was awarded, bringing the total paid to over \$4 million since the program's inception. UECU remains among the top 1% of credit unions, based on the portion of earnings returned directly to our members.

UECU's financial strength has consistently allowed us to return more to our members. Our capital ratio totaled 13.77% at December 31, 2014, compared to the national credit union average of less than 11%. UECU continues to grow by adding new members, and with assets now totaling over \$1.1 billion, the Credit Union remains ranked among the top 3% of credit unions nationwide.

Beyond the numbers, our strategy is to attract and retain exceptional employees, who use their knowledge and skills daily to enthusiastically provide first-rate service to our members. We are proud to be acknowledged for the fifth year in a row as one of the Best Places to Work in Pennsylvania. As we celebrate another successful year, I want to also acknowledge our Board of Directors and Supervisory Committee, who volunteer their time and expertise in guiding and providing oversight for the Credit Union.

We take great pride in providing you, our member-owners, with superior value and service. Our success has been because of the support of our members, in making UECU the choice for all financial needs, and we will continue to work hard to maintain that loyalty and trust.

Sincerely,

Patricia A. Zyma
President and CEO



Comparative Balance Sheet (In Thousands)

December 31	2014	2013
ASSETS		
Loans to Members:		
Secured Vehicle	\$ 39,727	\$ 40,281
Other Personal	17,124	16,449
Real Estate Secured	183,029	177,163
Credit Card	22,710	21,701
Total Loans	262,590	255,594
Allowance for Losses	(1,900)	(1,748)
Net Loans	260,690	253,846
Investments:		
Overnight Investments	11,508	4,693
Available for Sale Debt Securities	776,904	754,184
Mutual Funds	23,582	22,537
Other Investments	1,801	3,730
Total Investments	813,795	785,144
Deposit - NCUSIF	8,709	8,568
Other Assets	18,186	29,203
TOTAL ASSETS	\$ 1,101,380	\$ 1,076,761
LIABILITIES AND EQUITY		
Member Deposits:		
Checking	\$ 39,590	\$ 35,443
Money Market Savings	598,849	580,074
Share and Special Savings	173,083	179,809
Individual Retirement Accounts	81,675	78,482
Certificates of Deposit	50,970	54,901
Total Member Deposits	944,167	928,709
Other Liabilities	5,887	7,416
Total Liabilities	950,054	936,125
Members' Equity	151,322	142,644
Unrealized Gain (Loss) on Available-for-Sale Securities, Net	2,816	(2,072)
Accumulated Other Comprehensive (Loss) Income	(2,812)	64
Total Equity	151,326	140,636
TOTAL LIABILITIES AND EQUITY	\$ 1,101,380	\$ 1,076,761

Comparative Statement of Income (In Thousands)

Year Ended December 31	2014	2013
INTEREST INCOME		
Interest on Loans	\$ 12,308	\$ 12,471
Interest on Investments	15,788	15,553
Total Interest Income	28,096	28,024
INTEREST EXPENSE		
Dividends Paid	8,809	9,039
Member Loyalty Bonus	1,152	782
Borrowed Funds	2	1
Total Interest Expense	9,963	9,822
NET INTEREST INCOME	18,133	18,202
Provision for Loan Loss	648	481
Net Interest Income After Provision for Loss	17,485	17,721
Non-Interest Income	2,671	2,552
Operating Expenses	12,466	12,253
Non-Operating Income (Expense), Net	963	(686)
NET INCOME BEFORE TAXES	8,653	7,334
Federal Income Tax Refund	25	37
NET INCOME	\$ 8,678	\$ 7,371

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 2014, the Committee contracted with Reinsel Kuntz Leshner LLP, which has expressed an unqualified opinion on UECU'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)

