



Utilities  
Employees  
Credit Union



# Ranked in the top 5% for 25 years!

A 5-Star rating indicates that UEGU is one of the strongest credit unions in the nation.



# 2015

ANNUAL REPORT

# PRESIDENT'S MESSAGE

Dear Member-owner,

Since our founding over 80 years ago, UECU's strong financial health and unique business model have contributed to our success and differentiated us from other financial institutions. Our branchless "virtual" credit union business model enables us to effectively fulfill our mission of helping our members and their families improve their financial well-being. We achieve this through the commitment of our dedicated staff, by delivering personalized service and new products that provide added convenience, and utilize new technological advancements available in our industry, and through providing our members with returns that rank us among the top in the industry.



## FINANCIAL HIGHLIGHTS

In 2015, UECU's financial results continued to be solid despite the pressure of the prolonged low interest rate environment on earnings. We finished the year with over \$1.1 billion in assets, and net income totaling \$6.5 million. Our year-end capital level was over 14%, compared to 11% for our peer credit unions. UECU's virtual credit union model, along with other efficiencies, allowed us to keep operating expenses low, without sacrificing service. Our operating expenses remained about one-third of the industry average, allowing us to put more dollars in our members' pockets.

UECU was awarded the Best of Bauer status in 2015, for having earned Bauer Financial's 5-Star Elite rating for 25 straight years. Fewer than 5% of the nation's credit unions have earned the Best of Bauer status. A 5-Star rating indicates that UECU is one of the strongest credit unions in the nation, excelling in such areas as capital, loan quality, and profitability.

## MEMBER CONVENIENCE

In serving our 44,233 members nationwide, we continued to expand our electronic services to provide our members with convenience and security to meet their changing needs. A summary of significant new additions for 2015 included:

- Live Chat was added to the [uecu.org](http://uecu.org) website, providing another channel for our members to reach UECU's financial representatives for guidance and questions.
- We launched TrueCar, an online, hassle-free car buying resource.
- In the fall, we began the transition of UECU Visa® credit cards to the latest chip technology, providing greater protection against fraud.
- Apple Pay® was introduced, providing members a more secure way to pay for purchases.
- Visa Checkout was made available to UECU Visa cardholders; it stores payment and shipping information, making online shopping even easier.

## PROGRAM ENHANCEMENTS

Throughout the years, we have expanded the financial education resources available to our members, to help them achieve financial success. Over the past year, several new programs were implemented to support this objective.

Utilities Employees Investments Services ("UEIS"), our personal investment business unit, expanded its service offerings and educational programs in 2015, to assist members with saving for college, a new home, or retirement.

- Our new website, [www.utilitieseis.com](http://www.utilitieseis.com), provides visitors with savings tools, calculators, informative videos, articles, and presentations that include tips on reaching short and long-term goals.
- The UEIS team hosted seminars and webinars on retirement topics including investing, securing social security, IRAs, and paying for long-term care.

Through UECU's Mortgage Department, our first-time homebuyer program afforded new borrowers lower down-payments and closing costs.

The security of our members' personal and financial information is a top priority for UECU, and education plays an important role in minimizing the risk that a member will become a victim of fraud or identity theft. In 2015, UECU introduced a new Fraud and Identity Theft Prevention Program. This online resource center, available at [www.uecu.org/protectyourself](http://www.uecu.org/protectyourself), provides members with current information on wireless security, on-line shopping safety, social media dangers, and many other topics.

## MEMBER GIVEBACK

As a financial co-operative, we maintained the focus of maximizing returns to our member-owners throughout 2015. We continued to offer competitive loan rates, deposit rates that exceeded most other financial institutions, and lower fees. In addition, a *Member Loyalty Bonus™* was paid for the fifth consecutive year. Since its inception in 2011, UECU has paid over \$4.7 million to its members through this program.

Through UECU's *VantagePoints™* reward program, members were awarded over 100 million points in 2015, which could be redeemed for cash back, gift cards, or loan rate discounts. Qualifying members also received an additional annual reward through the Platinum Rewards program. They were able to choose from a list of rewards that included extra *VantagePoints™*, an increase in ATM surcharge rebates, free identity theft protection, and a special high-yielding certificate of deposit. These aren't your everyday rewards programs; UECU members truly benefit from using the Credit Union's loans and savings products.

As we move into 2016, we remain committed to earning your business each and every day. There are many new initiatives planned for the coming year, including mobile banking enhancements, new, affordable lending options, and expanded financial education programs. We thank you for choosing UECU as your trusted financial partner, and look forward to serving you, our member-owners, in the many years to come.

Sincerely,

**Patricia A. Zyma**  
President/CEO

# Comparative Balance Sheet (In Thousands)

December 31

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Loans to Members:		
Secured Vehicle	\$ 41,434	\$ 39,727
Other Personal	18,524	17,124
Real Estate Secured	186,743	183,029
Credit Card	22,953	22,710
Total Loans	269,654	262,590
Allowance for Losses	(2,056)	(1,900)
Net Loans	267,598	260,690
Investments:		
Overnight Investments	29,717	11,508
Floating Rate Securities	333,253	342,458
Fixed Rate Securities	437,409	434,446
Mutual Funds	22,890	23,582
Other Investments	1,854	1,801
Total Investments	825,123	813,795
Deposit - NCUSIF	8,709	8,709
Other Assets	17,289	18,186
<b>TOTAL ASSETS</b>	<b><u>\$ 1,118,719</u></b>	<b><u>\$ 1,101,380</u></b>
<b>LIABILITIES AND EQUITY</b>		
Member Deposits:		
Checking	\$ 45,711	\$ 39,590
Money Market Savings	616,931	598,849
Share and Special Savings	170,684	173,083
Individual Retirement Accounts	81,152	81,675
Certificates of Deposit	47,626	50,970
Total Member Deposits	962,104	944,167
Other Liabilities	4,829	5,887
Total Liabilities	966,933	950,054
Members' Equity	157,833	151,322
Unrealized Gain (Loss) on Available-for-Sale Securities, Net	(3,247)	2,816
Accumulated Other Comprehensive (Loss)	(2,800)	(2,812)
Total Equity	151,786	151,326
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 1,118,719</u></b>	<b><u>\$ 1,101,380</u></b>

# Comparative Statement of Income (In Thousands)

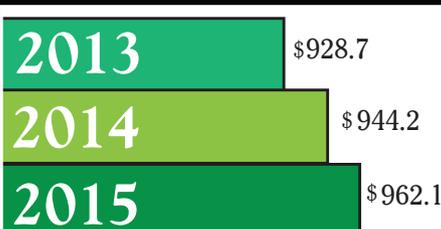
Year Ended December 31

	<u>2015</u>	<u>2014</u>
<b>INTEREST INCOME</b>		
Interest on Loans	\$ 12,229	\$ 12,308
Interest on Investments	13,990	15,788
Total Interest Income	26,219	28,096
<b>INTEREST EXPENSE</b>		
Dividends Paid	8,839	8,809
Member Loyalty Bonus	774	1,152
Borrowed Funds	1	2
Total Interest Expense	9,614	9,963
<b>NET INTEREST INCOME</b>	16,605	18,133
Provision for Loan Losses	600	648
Net Interest Income After Provision for Loan Losses	16,005	17,485
Non-Interest Income	2,858	2,671
Operating Expenses	12,866	12,466
Non-Operating Income (Expense), Net	514	963
<b>NET INCOME BEFORE TAXES</b>	6,511	8,653
Federal Income Tax Refund	-	25
<b>NET INCOME</b>	<b><u>\$ 6,511</u></b>	<b><u>\$ 8,678</u></b>

## 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 reviews, oversees the activities of UECU's Internal Audit Department and engages an independent CPA firm for the annual "opinion" audit. For 2015, 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)



# 2015 Recap:



UECU was awarded the Best of Bauer status for having earned Bauer Financial's 5-Star rating for 25 straight years!



UECU welcomed 2,336 new members from across the country.



The average UECU member household enjoyed an annual return of \$239 in deposit earnings and loan interest savings, as well as \$65 in fee savings, figures that are much higher than the average credit union household as measured by Raddon Financial Group.



Two \$2,000 awards were granted to students through the annual Glen A. Yeager Student Scholarship program, which supports student members' advanced training and higher education goals.



The UECU membership received a 2015 *Member Loyalty Bonus*™ totaling \$774,000 – bringing the grand total of member bonus rewards to over \$4.7 million, since the program's inception in 2011.



UECU's employees contributed over \$20,000 to the United Way.



UECU added Apple Pay® and Visa® Checkout to its digital payment services. TrueCar, a hassle-free car buying service, was offered to help members save time and money while shopping for their ideal vehicle online.

## PLATINUM REWARDS

The Platinum Rewards program was introduced to UECU members.



UECU began issuing Visa *Power Cards*™ and Home Equity Visa Platinum Cards with the latest chip technology; the chip adds another layer of protection against fraud.

## ID THEFT PROTECTION

An online Fraud and Identity Theft Protection Program was added to the UECU website at [uecu.org/protectyourself](http://uecu.org/protectyourself)



Utilities Employees Investment Services launched a new website, [utilitiessis.com](http://utilitiessis.com), where members can access online savings calculators, investment tips, videos, and retirement resources.



A new referral program was created to help members share referrals using email and social media.



Live Chat was added to the UECU website, helping members to conveniently connect to a UECU financial representative online.



# Utilities Employees Credit Union

Call 800-288-6423 | Visit [www.uecu.org](http://www.uecu.org)

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- Jamie P. Noon

