

Utilities  
Employees  
Credit Union  
Annual Report

# Here to Help

With Strength and Commitment  
to our Members' Financial Future



# 2011

Financial Strength | Confidence | Cooperation

# President's Message



Dear Member-owner,

The recessionary period from which America is still recovering largely reshaped our country's financial sector. Major banks and brokerage firms suffered the most, but much of the carnage was of their own making. And, unfortunately, many that survived required government bailouts at the expense of all taxpayers.

What about your Credit Union? We did what we always do – kept our focus on the financial interests of UECU's members – and thrived throughout this period.

Over the last four years, our members showed confidence in the Credit Union by increasing their deposits 89%. When they needed to borrow, members knew who to call and total loans grew by 37%. At year-end 2011, member deposits totaled \$844 million and assets \$989 million. Our capital cushion was 13% of total assets compared to 10% for our peer credit unions and much less for banks.

UECU's financial strength is important, because it assures we'll be here to help as your personal needs evolve. As a member of a cooperative organization, you literally own the Credit Union, so our primary objective is always to serve you and give back to the membership in every way we can. That always means you'll get higher savings returns, attractive loan rates and terms, and lower or no fees on services for which others charge more every year. In 2011, it also meant introduction of a new way to "give back" – our *Member Loyalty Bonus*<sup>™</sup>.

The *Member Loyalty Bonus*<sup>™</sup> represents another tangible way to reward our member-owners and it reinforces the "patronage" philosophy – the more a member uses the Credit Union, the greater his or her reward. At year-end, we paid our members a bonus of 5% of all interest earned throughout the year on deposit accounts and interest paid on most types of loans. Any member who originated a mortgage during the year received an additional \$100 bonus.



The 2011 *Member Loyalty Bonus*<sup>™</sup> totaled more than \$1.2 million. This was in addition to over \$12 million of interest paid on members' savings, millions more saved on loans and fees, and more than \$750,000 in rewards through UECU's *VantagePoints*<sup>™</sup> Network program. While other institutions may further retrench, we plan to continue the *Member Loyalty Bonus*<sup>™</sup> and our rewards programs in 2012.

We're constantly improving our financial products and services for you. In 2011, we began offering mutual funds to assist in reaching your long-term financial goals – whether that means your retirement or your children's education. *Advantages Online*<sup>™</sup> home banking and the uecu.org website were enhanced and the convenience of *E-Notifications*<sup>™</sup> was added. This "alert" system can be personally tailored for specific accounts, transaction types, and dollar thresholds, with notifications delivered via text message or email. VISA<sup>®</sup> account *E-Statements* were introduced and our mortgage program was expanded.

UECU consistently earns the highest possible ratings from BauerFinancial and IDC Financial Publishing, the major firms that analyze financial institutions. Recently, Weiss Ratings also began analyzing and rating credit unions (in addition to banks and insurance companies) and UECU has received its highest "A+" rating. Only 28 credit unions of more than 7,000 nationally (less than half of 1%) earned an "A+." We always receive a "clean" unqualified CPA opinion on our financial statements and our state and federal regulators rate your Credit Union a safe and sound institution. On top of our financial stability, members' deposits are insured by the National Credit Union Share Insurance Fund to at least \$250,000 per account.

These financial accolades demonstrate your Credit Union's strength and staying power, but we are perhaps most proud of being named one of the Best Places to Work in Pennsylvania for two consecutive years. A key component of our strategy is to attract and retain exceptional employees who are committed to our membership and our values. The praise our team regularly receives from members and the results of our satisfaction surveys suggest that we're succeeding. It is both a pleasure and an honor to work with this fine group of people.

As we celebrate another successful year, I also want to express my sincere thanks to UECU's volunteer leaders on our Board of Directors and committees, who guide and oversee the organization. And finally, thank you for being a UECU member. We do not take your loyalty for granted and will do everything possible to earn it each day. Please share the benefits of Credit Union membership by encouraging your co-workers and family to make UECU their financial partner too. We'll be here when you need us.

Best wishes,

A handwritten signature in black ink that reads "Glen A. Yeager". The signature is written in a cursive, flowing style.

Glen A. Yeager  
President/CEO

## Comparative Balance Sheet (In Thousands)

December 31

	2011	2010
<b>ASSETS</b>		
Loans to Members:		
Secured Vehicle	\$ 42,632	\$ 39,552
Other Personal	15,428	15,167
Real Estate Secured	153,136	150,697
Credit Card	21,394	19,727
Total Loans	232,589	225,144
Allowance for Losses	(1,934)	(1,908)
Net Loans	230,655	223,236
Investments:		
Overnight Investments	11,021	12,454
Mortgage-Backed Securities	688,719	625,640
Mutual Funds	14,975	14,762
Other Investments	7,138	9,222
Total Investments	721,853	662,078
Deposit - NCUSIF	7,759	7,207
Other Assets	29,014	32,528
<b>TOTAL ASSETS</b>	<b>\$ 989,281</b>	<b>\$ 925,049</b>
<b>LIABILITIES AND EQUITY</b>		
Member Deposits:		
Checking	\$ 24,105	\$ 18,204
Money Market Savings	496,725	427,817
Share and Special Savings	195,481	202,579
Individual Retirement Accounts	73,484	64,594
Certificates of Deposit	54,530	48,324
Total Member Deposits	844,324	761,518
Notes Payable and Other Liabilities	10,051	31,172
Members' Equity	126,532	118,497
Unrealized Gain(Loss) on Available-for-Sale Securities, Net	14,006	16,511
Accumulated Other Comprehensive Income	(5,631)	(2,650)
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 989,281</b>	<b>\$ 925,049</b>

## Comparative Statement of Income (In Thousands)

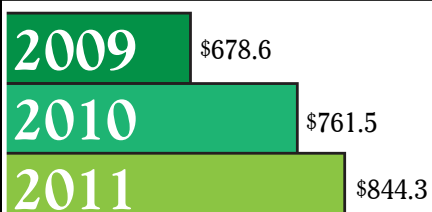
Year Ended December 31

	2011	2010
<b>INTEREST INCOME</b>		
Interest on Loans	\$ 13,684	\$ 13,836
Interest on Investments	22,669	25,092
Total Interest Income	36,353	38,929
<b>INTEREST EXPENSE</b>		
Dividends Paid	12,380	13,479
Member Loyalty Bonus™	1,224	-
Borrowed Funds	792	1,255
Total Interest Expense	14,396	14,734
<b>NET INTEREST INCOME</b>		
	21,956	24,195
Provision for Losses	601	1,173
Net Interest Income After Provision for Losses	21,355	23,022
Non-Interest Income	2,213	1,969
Operating Expenses	12,347	11,109
Non-Operating Income(Expense), Net	(3,071)	(3,453)
<b>NET INCOME BEFORE TAXES</b>	8,150	10,430
Federal Income Taxes	115	-
<b>NET INCOME</b>	<b>\$ 8,035</b>	<b>\$ 10,430</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 audit procedures, oversees the activities of UECU's Internal Audit Department and engages an independent CPA firm for the annual "opinion" audit. For 2011, 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 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)



# 2011 Annual Report

## Board of Directors

- 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

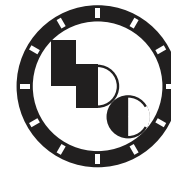
- Glen A. Yeager  
President/CEO
- Kenneth C. Coutumas  
Sr. Vice President/  
Chief Operating Officer
- Patricia A. Zyma  
Sr. Vice President/  
Chief Financial Officer
- Walter A. Boquist, II  
Vice President -  
Administration & Legal  
Counsel



In 2011, Utilities Employees Credit Union received the 5 Star Rating from BauerFinancial Inc, an independent firm that analyzes banks and credit unions.



In 2011, Utilities Employees Credit Union received the A+ Excellent Rating from Weiss Ratings, an independent firm that rates the financial strength of the nation's credit unions, banks and insurance companies.



## IDC Financial Publishing, Inc.

In 2011, Utilities Employees Credit Union received the Superior Rating from IDC Financial Publishing, Inc, an independent firm that provides key performance measurement data for government-reporting financial institutions across the country.



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Call 800-288-6423 or visit uecu.org

**BEST PLACES**  
to work in **PA**<sub>2011</sub>