

UFCU PLAZA



Annual Report

2023



From the Chair & CEO/President

We first want to thank you — each and every Member — for your continued trust and membership with UFCU. This past year marked a year of transition and progress for our cooperative.

Notable Accomplishments in 2023

- Named a trusted banking partner at The University of Texas at Austin™
- Began serving Southwestern University in Georgetown — we now serve 16 higher education institutions in Texas
- Expanded our branch network with the opening of our new Georgetown location
- Added Greater Austin YMCA to our field of membership
- Continued to grow our partnership with Austin Community College District
- Introduced fee-free access to 55,000 ATMs nationwide
- Helped more people build lifetime wealth through homeownership than any other company in Central Texas for the eighth consecutive year

We acknowledge the rollout of the new mobile and online experiences could have been smoother. We appreciate your feedback and have already made several enhancements and introduced additional features. Making it easier for you to access your money when — and where — you choose is a priority for us.

Looking ahead to 2024, we have big plans to continue delivering greater value to you, our Members, by eliminating additional fees, improving the everyday banking experience, opening new branches, and introducing new products.

We are incredibly grateful to serve alongside our colleagues who are dedicated to empowering your financial success. Thank you again for your membership!

Michael Crowl, *CEO & President* and Cale McDowell, *Board Chair*

From the Supervisory Committee

UFCU's Supervisory Committee has been proud to participate in preparing this 2023 Annual Report. As the Chair, I speak on behalf of my fellow members including Steve Darnell, Dena Jansen, Ellen Wood, and Secretary Christine Plonsky. It is an honor to serve and together we monitor the credit union's financial position and ensure that reporting policies comply with the most rigorous benchmarks for excellence.

The committee's role includes overseeing internal controls, meeting financial reporting requirements, and ensuring that UFCU's plans, policies, and procedures are sufficient to protect Members' assets. This includes overseeing internal audits and regulatory compliance. We track management practices, risk, and governance and operational matters. We also ensure that fair consideration is given to any complaint that is submitted to the National Credit Union Administration.

An annual audit of UFCU's financial statements is conducted by an independent third party, and this is also in the committee's purview. For the 2023 review, we hired Moss Adams LLP, a respected audit firm, to evaluate the credit union's financial situation and practices. No material issues were

From the Supervisory Committee *(continued)*

encountered, and the firm's report documents that our financial statements accurately reflect the credit union's financial position and follow generally accepted accounting principles. Members can request a copy of the firm's audit report from UFCU.

The committee appreciates the support of the Board and management in upholding the highest levels of excellence. We also thank our fellow Members for this opportunity to serve and strengthen the UFCU community.

Brady M Cole, RADM USN SC (Ret)
Supervisory Committee Chair

From the Treasurer

As Treasurer, I have been in a unique position to watch as UFCU grew in 2023 despite wider economic challenges. Together with my fellow committee members who serve on UFCU's Asset Liability Management/Budget Committee, we oversee the financial performance of credit union assets. We are confident in reassuring Members that their credit union is in an excellent position to continue providing the top-quality service and products that have made it one of the top credit unions in the region.

UFCU is proud to have funded \$1.7 billion in loans in 2023, bringing our total loans outstanding to \$3.11 billion, an increase of \$137 million or 4.6% from 2022. Many thanks to our lending teams for enabling Members to finance 21,244 vehicles and 1,564 homes last year. This speaks to our competitive loan products and excellent service in lending.

Member deposits totaled \$3.37 billion, a decrease of 6.6% or \$238 million. Total assets totaled \$4.04 billion, an increase of 1.0%. Members held more than \$692 million in investments in UFCU's investment services program. Taken together with \$2.60 billion in loans sold with servicing retained, UFCU's total assets under management and serviced total \$7.33 billion.

Net income in 2023 totaled \$29.5 million, a 0.73% return on average assets, bringing Member equity to \$304 million. A positive return on assets demonstrates that UFCU's earnings exceeded its operating and loan-related expenses.

UFCU's net worth ended 2023 at 8.68% of total assets. This figure is often used to measure a credit union's financial strength because it acts as a reserve against unexpected losses. The reserve is also available for investment in projects that serve Members and the wider community.

Thanks to the Board and my fellow members of the Asset Liability Management/Budget Committee for their commitment to responsible growth. Thank you, Members, for placing your trust in us and allowing us to serve you.

Leslie L Blanke, PhD
Treasurer

Consolidated Statement of Financial Condition

Unaudited

As of December 31

	2023	2022
Assets		
Cash and Cash Equivalents	\$264,939,742	\$298,592,940
Investments (Net of Allowance)	381,888,332	456,703,214
Loans to Members (Net of Allowance for Loan Losses)	3,114,101,744	2,977,543,200
Property and Equipment	98,673,289	94,230,769
NCUA Insurance Fund Deposit	31,991,176	32,951,623
Right-Of-Use Asset – Leases	36,792,345	37,930,022
Other Assets	114,060,714	104,198,510
Total Assets	\$4,042,447,342	\$4,002,150,278
Liabilities and Members' Equity		
Members' Share and Savings Accounts	\$3,365,990,820	\$3,603,884,869
Borrowed Funds	251,000,000	–
Lease Liability	36,649,129	38,298,153
Accrued Expenses and Other Liabilities	84,337,261	84,498,686
Total Liabilities	\$3,737,977,210	\$3,726,681,708
Members' Equity	304,470,132	275,468,570
Total Liabilities and Members' Equity	\$4,042,447,342	\$4,002,150,278

Consolidated Statement of Income

Unaudited

For the Years Ended December 31

	2023	2022
Interest Income from Loans to Members and Investments	\$159,034,057	\$123,134,011
Dividend Expense Paid to Members' Deposits and Interest on Borrowed Funds	22,308,841	4,286,765
Net Interest Income	\$136,725,216	\$118,847,246
Provision for Loan Losses	20,703,366	13,705,726
Net Income after Provision for Loan Losses	\$116,021,850	\$105,141,520
Non-interest Income	92,647,102	100,709,689
Operating Expenses	179,167,568	176,973,998
Net Income	\$29,501,384	\$28,877,211

Board of Directors and Executive Leadership

Board of Directors

Cale McDowell, JD, Chair
Laura Kilcrease, Vice Chair
Molly Beth Malcolm, EdD, Secretary
Leslie Blanke, PhD, Treasurer
Linus Akanoh, Jr, CIA, CISA, CRMA, CGMS
Michael Harris, PhD, CPA, CITP
Kathryn Hoyt, MBA
Jason Kelley, MBA
John Martin
Thomas Miranda
David Niesel, PhD

Directors Emeritus

Carl Hansen, PhD
Cynthia Leach

Supervisory Committee

Brady Cole, RADM USN SC (Ret), Chair
Christine Plonsky, Secretary
Steven Darnell, CPA, MBA
Dena Jansen, CPA
Ellen Wood, CPA

Senior Officers

Michael Crowl, CPA, CEO & President
Michael Clifford, EVP Business Transformation
Tom Moore, EVP Strategic Growth
Rhonda Pavlicek, CPA, EVP Finance & Risk/CFO
Chris Turnley, EVP Member Experience

