



Annual Report

2020

From the Chairman and President/CEO

When we wrote our annual report message a year ago, we were only just beginning to recognize the initial impact of a global pandemic. Who could have fully imagined then, however, what truly lay ahead? Looking back on the professional and personal challenges we've all faced during the past year, it's now clear that we together have weathered one of the most difficult periods in our history.

It has been in challenging times that credit unions, and UFCU in particular, have always stepped up in compassionate, creative ways to support our Member-owners. It's what makes us different from other financial institutions; our commitment to our communities — and to you — is always priority one.

It was in another period of extreme financial stress, the Great Depression, that visionary men and women on staff at The University of Texas at Austin™ gathered together to charter UFCU. Those 30 colleagues pooled together \$855 in an effort to help their community meet dire financial hardships. Today, nearly 330,000 people are leaning on UFCU for the support they need to successfully maneuver these challenging times because, quite simply, UFCU was built for this.

This past year, we put all hands on deck to help our Members through the financial impacts of COVID-19. We expanded drive-through services. We extended Member Services hours to make it easier for you to reach us. We broadened online and telephone account access. We provided Member Relief loans as well as Paycheck Protection Program loans for business Members, helping to

save thousands of jobs in our communities. We suspended fees and delivered various options to skip loan payments and secure more credit.

At the same time, we never lost sight of our principles. UFCU is a diverse cooperative that stands against racism and discrimination. Our mission is to serve all the communities within which the credit union and our Members reside. We actively support the credit union movement advocating for social justice and financial inclusion.

We are proud and humbled that our service and support of Members in 2020 resulted in record-setting performance by any metric, including financial. UFCU was again named the number one credit union in Central Texas and, for the fifth consecutive year, we outperformed all other mortgage companies in the region. Our longstanding commitment to education earned UFCU the prestigious Outstanding Philanthropic Large Corporation honor by the Association of Professional Fundraisers Greater Austin Chapter.

We are honored to serve alongside our family of dedicated employees who, on a daily basis, display superhero powers and feats of flexibility to meet your needs. As we enter our 85th anniversary year, we look forward to continuing to earn your trust and confidence. Thank you as always for your membership and support. On to better days in 2021!

Warmest regards,

**D Michael Harris, PhD,
CPA.CITP**
Chairman

Tony C Budet
President/CEO

From the Supervisory Committee

Maintaining high standards of financial management is a longstanding priority of your credit union. It is the Supervisory Committee's job to oversee and regularly review UFCU's financial management and reporting practices. Our focus is on ensuring that UFCU maintains internal controls, prepares accurate financial reporting, and develops relevant plans, policies, and procedures that adequately safeguard Members' assets.

The committee's work includes regularly reviewing management practices, risk, regulatory compliance, and operational issues. Committee members monitor governance matters, direct internal audits, and ensure that any Member complaints sent to the National Credit Union Administration are addressed fairly.

In addition, we hire an outside firm to audit UFCU's

financial statements annually. In 2020, the audit firm of Moss Adams LLP reported no material issues and found UFCU's financial statements to represent the credit union's financial position fairly, in accordance with generally accepted accounting principles. The audit report is available to Members upon request.

We appreciate the opportunity to serve our fellow UFCU Members, and thank the UFCU Board and management for their commitment to addressing all audit and NCUA examination issues.



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

From the Treasurer

UFCU Members faced unprecedented challenges in 2020 as a result of COVID-19. Members counted on us during these uncertain times, and we listened. We modified financial products and services to meet Members' most critical needs and created new approaches to how we deliver financial services.

Loan disbursements in 2020 totaled \$2.6 billion, boosting total loans outstanding to \$2.45 billion, an increase of \$185 million, or 8%, from 2019. Our competitive loan programs and highly rated lending teams helped Members finance 21,465 vehicles and buy 3,439 homes. Member deposits grew by \$612 million, or 26%, bringing the year-end total to \$3.0 billion. Total assets grew by 25%, to \$3.34 billion. Together with over \$596 million in Member investments under UFCU's wealth management program and \$3.02 billion in loans sold with servicing retained, total assets under management and serviced amount to \$6.96 billion. Net

income in 2020 totaled \$28 million, a 0.94% return on average assets and bringing Member equity to \$269 million.

It is an honor to work with the volunteer Members of UFCU's Asset Liability Management/Budget Committee. They are a valued asset in providing financial performance oversight.

UFCU is financially strong and well positioned to deliver the financial products and services more than 328,000 Members have come to expect of the number one credit union in Austin.



Leslie L Blanke, PhD
Treasurer

Consolidated Statement of Financial Condition

Unaudited

	As of December 31	
	2020	2019
Assets		
Cash and Cash Equivalents	\$675,714,840	\$236,091,523
Investments	5,670,057	6,967,592
Loans to Members (Net of Allowance for Loan Losses)	2,435,753,725	2,256,073,790
Property and Equipment	81,563,148	80,845,377
NCUA Insurance Fund Deposit	26,527,221	21,845,944
Other Assets	115,623,617	78,241,641
Total Assets	<u>\$3,340,852,608</u>	<u>\$2,680,065,867</u>
Liabilities and Members' Equity		
Members' Share and Savings Accounts	\$3,000,953,282	\$2,388,929,229
Borrowed Funds	-	-
Accrued Expenses and Other Liabilities	71,178,192	50,758,552
Total Liabilities	<u>\$3,072,131,474</u>	<u>\$2,439,687,781</u>
Members' Equity	268,721,134	240,378,086
Total Liabilities and Members' Equity	<u>\$3,340,852,608</u>	<u>\$2,680,065,867</u>

Consolidated Statement of Income

Unaudited

	For the Years Ended December 31	
	2020	2019
Interest Income from Loans to Members and Investments	\$105,633,999	\$98,631,823
Dividend Expense Paid to Members' Deposits and Interest on Borrowed Funds	8,499,807	7,585,990
Net Interest Income	\$97,134,192	\$91,045,833
Provision for Loan Losses	14,218,351	14,501,252
Net Income after Provision for Loan Losses	\$82,915,841	\$76,544,581
Non-Interest Income	108,651,787	95,767,662
Operating Expenses	163,186,352	144,755,771
Net Income	<u>\$28,381,276</u>	<u>\$27,556,472</u>

Board of Directors & Executive Leadership

Board of Directors

D Michael Harris, PhD, CPA.CITP, Chairman

C Cale McDowell, JD, Vice Chairman

Laura J Kilcrease, Secretary

Leslie L Blanke, PhD, Treasurer

Linus N Akanoh, Jr, CIA, CISA, CRMA, CGMS

Thomas J Ardis, MBA

Kathryn E Hoyt

Molly Beth Malcolm, EdD, LPC

John A Martin

Thomas Miranda

David W Niesel, PhD

Directors Emeritus

Carl E Hansen, PhD

Cynthia A Leach

Mary A Seng

Supervisory Committee

Brady M Cole, RADM USN SC (Ret), Chairman

Christine A Plonsky, Secretary

Steven K Darnell, CPA, MBA

Dena Jansen, CPA

Ellen E Wood, CPA

Principal Officers

Tony C Budet, President/CEO

Michael F Clifford, EVP Operations & Strategy

Michael E Crowl, CPA, EVP Member Experience

Heather M McKissick, EVP Community Impact, Communications & Marketing

Jim M Brown, VP Lending/CLO

Esther E Edevold, VP Finance

Rhonda N Hall, VP Human Resources & Organizational Development

Chris F Miller, VP Enterprise Risk Management

Chris J Turnley, VP Retail

Dave Wagner, VP Information Technology/CIO