

**UNIFY**

FINANCIAL CREDIT UNION

*Connect Your Way®*

2021

**ANNUAL  
REPORT**

Federally Insured by NCUA.



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## **SUPERVISORY COMMITTEE REPORT FOR THE 2019 ANNUAL REPORT**

The Supervisory Committee of UNIFY Financial Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures and practices. Our goal is to ensure all fiscal operations are performed accurately and in compliance with the Credit Union's Charter and federal regulations. The Supervisory Committee is also present at the monthly Board of Directors meetings and any special meetings called by the Chairman.

To assist the Supervisory Committee in monitoring the Credit Union's fiscal activities, we retained the services of Clifton, Larson, and Allen, Certified Public Accounts, to perform an audit of the financial statements and records. They have issued an unqualified report. This audit was performed in addition to the National Credit Union Administration's annual regulatory examination. A copy of the audited financial statements, scheduled to be available after March 31, 2020, can be obtained by calling 877.254.9328.

**The Supervisory Committee is pleased to report your Credit Union is financially strong and in compliance with the Credit Union's Charter and federal regulations.**

On behalf of the Supervisory Committee, it has been our pleasure to serve the UNIFY membership during the past year.

Respectfully submitted,

Richard Bendall  
Chairman



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## MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As your Credit Union, we are invested in you—our UNIFY members. Invested in your daily financial needs and long-term financial goals. And, as life happens, and your needs and goals get reprioritized, we are ready to adapt right along with you. We are committed to offering a wide variety of products and services that not only provide in-the-moment value, but also synchronize with you now and for the future. And, our UNIFY team is always ready to listen and lend a guiding hand to help get you where you want to go.

**In 2019, strong participation by members and our solid financial position helped pave the way for continued enhancements to our digital platform, building upon the member experience, and giving back to the partners and communities we help serve.**

Here is a look at some notable highlights:

### Key Performance Growth



Your Credit Union's financial position was supported by gains in Net Income to \$20.5 million, Net Equity up 16% to over \$270 million, and a Net Worth Ratio of 8.99%.



Product engagement and participation by our members was evident, resulting in loan funding volumes at \$958 million and total shares at \$2.4 billion.



More than 10,000 members made UNIFY their new credit union home in 2019. At year end, our total membership surpassed 260,000, and during the past three years over 50,000 members have opened accounts with us.



Members recognized the service received from our team throughout the year—overall satisfaction was rated high at 96.7%.

### Digital Development



Our eBanking service, including the eMobile app, continued to grow in popularity among members as a convenient and time-saving way to complete many transactions; compared to 2018, logins were up more than 35%, at nearly 25 million, and logins made by members through their mobile devices accounted for over half that total.



Additions to our eBanking platform included a new digital consumer loan application and a personal financial management tool, eBudget. Members showed strong interest and engagement with both these services—average monthly loan funding volume was \$12 million, more than double the average volume from 2018, and eBudget has been used by more than 20,000 members since introduction.



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As advancements in digital capabilities move forward, our focused efforts in this area will continue as well. A state-of-the-art mortgage loan application system, fully optimized for mobile devices, launches in early 2020, and more feature enhancements are planned for roll-out in eBanking.

## Member Experience Enrichment



Expansion of our branch network included two new employer locations—Ann Arbor, Michigan (Toyota facility) and Allentown, Pennsylvania (ADP facility). Offering on-site location service adds convenience and familiarity help to connect with existing and prospective members.



Members continued to take advantage of our 24/7 Contact Center for assistance with opening products and additional support. Aside from direct call assistance, use of our Live Chat feature increased over 70% and requests through Secure Messaging grew by more than 45%.



We introduced a new satisfaction survey, that random samples of members have been given the opportunity to complete, based on type of transactions made. The survey is digitally based, which provides nearly real-time response gathering. There is also a feature, based on a member's response or question, providing direct follow-up by our UNIFY team.

## Employer Partnerships and Community/Charitable Support



Fostering relationships with our employer partners is a significant part of building membership growth. Our business development efforts totaled more than 600 activities throughout the year including membership events, wellness fairs, focus groups, and financial education workshops.



Commitment to community outreach, as well as charitable giving through donations and volunteerism by our members and UNIFY team reinforced the strength and spirit of the credit union difference. During 2019, our participation in a variety of activities and events helped benefit others in many of the markets we serve. Several examples include:

- Skechers Friendship Walk (Manhattan Beach, CA)
- Local Food Bank Drive (Mesa, AZ)
- Petpalooza (Allen, TX)
- School Supply Drive (Las Vegas, NV)
- Los Angeles Rams Holiday Meal Donation (Los Angeles, CA)
- CHOC Walk/Children's Miracle Network-Credit Union For Kids (Orange County, CA)

Turning the page to 2020, we are energized by moving forward to start a new decade, consider new opportunities, and continuing to help our members in all facets of their financial lives. Thank you for your participation, patronage, and, most importantly, being part of the UNIFY family.

Warm Regards

Lloyd Mistele  
Chairman of the Board

Gordon Howe  
President & CEO



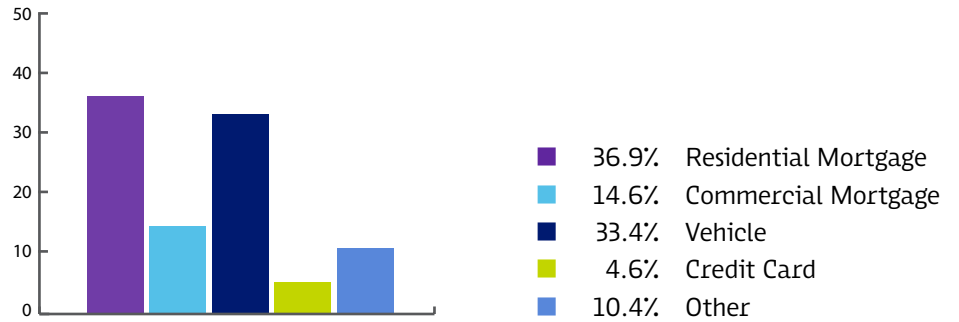
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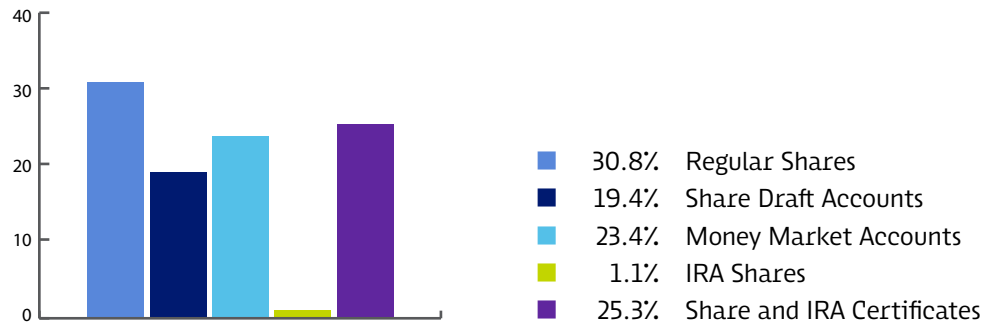
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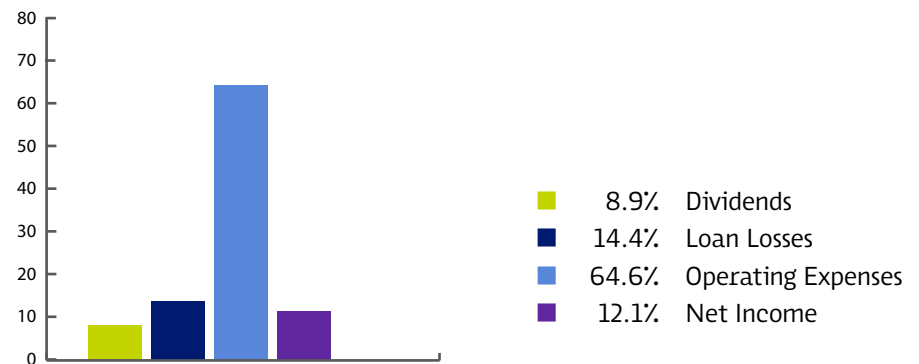
### DISTRIBUTION OF LOANS



### DISTRIBUTION OF MEMBERS' SHARES



### DISTRIBUTION OF OPERATING INCOME



		<u>2019</u>	<u>2018</u>
<b>Assets</b>	Cash and Cash Equivalents	\$ 167,118,448	\$ 108,662,341
	Investments:		
	Available-for-sale	226,775,474	250,287,955
	Held-to-maturity	12,630	13,518
	Other	20,549,530	27,896,555
	Loans, net	2,482,753,671	2,486,826,967
	Accrued Interest Receivable	8,203,436	8,153,004
	Property and Equipment, net	24,207,736	22,500,974
	Share Insurance Deposits	22,862,549	22,909,444
	Other Assets	100,297,316	96,631,180
		<b>Total Assets</b>	<b>\$ 3,052,780,791</b>
<b>Liabilities and Members' Equity</b>	Liabilities		
	Members' Shares	\$ 2,441,380,225	\$ 2,354,838,854
	Borrowed Funds	293,000,000	390,000,000
	Accrued Expenses and other Liabilities	47,473,473	45,539,180
		<b>Total Liabilities</b>	<b>\$ 2,781,853,698</b>
	Commitments and Contingent Liabilities		
	Members' Equity		
	Retained Earnings	\$ 272,430,108	\$ 240,985,388
	Accumulated other Comprehensive (loss) Income	(1,503,015)	(7,481,485)
		<b>Total Members' Equity</b>	<b>270,927,093</b>
		<b>Total Liabilities and Members' Equity</b>	<b>\$ 3,052,780,791</b>

		<u>2019</u>	<u>2018</u>	
<b>Interest Income</b>	Interest on Loans	\$ 130,349,457	\$ 116,209,358	
	Interest on Investments and Cash Equivalents	7,268,098	9,305,896	
		<b>Total Interest Income</b>	<b>\$ 137,617,555</b>	<b>\$ 125,515,255</b>
<b>Interest Expense</b>	Interest on Borrowed Funds	8,959,217	6,746,214	
	Members' Shares	15,122,302	11,222,242	
		<b>Total Interest Expense</b>	<b>\$ 24,081,519</b>	<b>\$ 17,968,456</b>
		<b>Net Interest Income</b>	<b>\$ 113,536,036</b>	
<b>Provision for Loan Losses</b>		24,344,296	18,470,274	
		<b>Net Interest Income After Provision for Loan Losses</b>	<b>\$ 89,191,740</b>	
<b>Non-Interest Income</b>	Service Charges and other Fees	12,530,636	15,016,609	
	Interchange Income	11,860,657	10,970,326	
	Gains on Sale of Loans, net	3,810,846	2,195,637	
	Other Non-Interest Income	4,849,116	4,857,361	
		<b>Total Non-Interest Income</b>	<b>\$ 33,051,254</b>	<b>\$ 33,039,932</b>
<b>Non-Interest Expense</b>	Salaries and Benefits	63,170,106	60,202,337	
	Operations	36,861,236	36,398,467	
	Occupancy	9,540,332	9,764,094	
		<b>Total Non-Interest Expense</b>	<b>\$ 109,571,673</b>	<b>\$ 106,364,898</b>
	Gain on Sale of Buildings	-	2,088,605	
	Net Gain from Bargain Purchase	7,794,004	-	
	<b>Net Income (loss)</b>	<b>\$ 20,465,324</b>	<b>\$ 17,840,163</b>	