

UNIFY

FINANCIAL CREDIT UNION

Connect Your Way®

2020

ANNUAL REPORT

Federally Insured by NCUA.



SUPERVISORY COMMITTEE REPORT FOR THE 2020 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, 2021, 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,

Kathryn Matsubara
Chairwoman



MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In a year that brought immense challenge and immediate change at unprecedented levels to the entire world, one constant for UNIFY was the continued loyalty and commitment of our members—Thank You. Your continued participation and engagement, even in the most trying of times, was never more important than during this past year.

The rapid onset and high level of uncertainty caused by the coronavirus pandemic led to a topline focus of continuing to serve our members without interruption. Being considered an “essential business,” throughout the development of the pandemic, meant learning to quickly navigate CDC and local health authority safety guidelines to maintain and enhance best practice protocols for protection of members visiting our branch locations; steps taken included managed access, social distancing, and enhanced cleaning/sanitization methods. These new realities were also addressed by ensuring the health and well-being of our team. Through all efforts, members were able to reach and visit their Credit Union safely during the year, with very minimal disruption, across all our points of contact.

Support to Members through the Pandemic

As the weight of the pandemic began to result in job layoffs/losses and other related hardships for many members, your Credit Union took quick action to provide guidance and options to help address these financial challenges.

- Nearly 8,700 loans were deferred and various loan fees were waived to assist members.
- When the federal government introduced the Paycheck Protection Program (PPP) the Credit Union assisted 241 business owners to help support their more than 3,800 employees.
- Our Emergency Loan, typically reserved for natural-type disasters, was made available; over 700 loans were provided to members in need for more than \$800,000.
- The commitment to ongoing development of our digital technology that had begun, prior to 2020, played a key role in being well prepared for an upturn in member activity—there was a 27% increase in use of our digital services.
- Members doing in-branch transactions were supported through the introduction of touchless “eReceipts”; additionally, members now have the option to authenticate access to their accounts directly through their own digital devices—removing the need to handle or provide any physical identification.
- To further reduce the need for direct person-to-person interaction, an online appointment scheduling feature was introduced for members to schedule calls and speak with our team in areas such as Real Estate and Branches.



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Financial Performance

Due to the continued participation and engagement of our members, through these truly extraordinary circumstances and impact to the financial environment, your Credit Union remains financially solid. Our strong financial foundation and a favorable real estate environment proved to be impactful supports throughout the year.

- The Credit Union's Net Equity value rose to over \$287 million, while Net Income was \$12.8 million; Net Income was impacted due to provisions for loan losses placed at more than \$12 million—an amount significantly higher than would typically be held in this reserve and based on the uncertain continued influence of the pandemic moving into 2021. Credit Union assets increased to more than \$3.3 billion.
- Total loan volume for the year surpassed \$1 billion, and, as many members looked to maintain and add to their savings as much as possible, the Credit Union's share growth rose to \$2.8 billion.
- Real estate loan volumes were nearly \$395 million—a single-year highest total in real estate funding volume for your Credit Union.
- In a challenging year for growth, Credit Union membership was flat. New member acquisition will be a focus in 2021.

Community/First Responder Outreach

Being connected to the communities we serve took on a very special meaning in 2020. And, while virtual contact quickly became the predominant way to communicate, our team found ways to make a difference for those who were busy saving the lives of others. The founding credit union principle of "People Helping People" was never more evident, and we appreciated our opportunity to give special thanks and lend a friendly hand.

Our support of first responders included:

- The coordination and distribution of more than 1,000 meals to hospital and medical employees in our Oxnard community of Southern California.
- The coordination and distribution of nearly 500 meals to police officers, firemen, and grocery store employees in our Northwest Arkansas community.

Moving forward, while light does appear to be at the end of this once unthinkable tunnel—life is now different in many ways. What has not changed and you can always count on, is our unwavering commitment to serve you, our members, offering as much support as we can each and every day.

Please stay safe and be well. Thank you for your continued membership and trust in UNIFY.

Kindest Regards,

Lloyd Mistele
Chairman of the Board

Gordon Howe
President & CEO



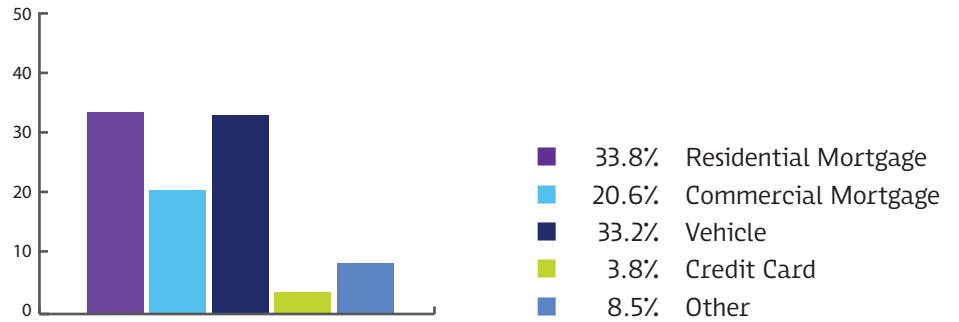
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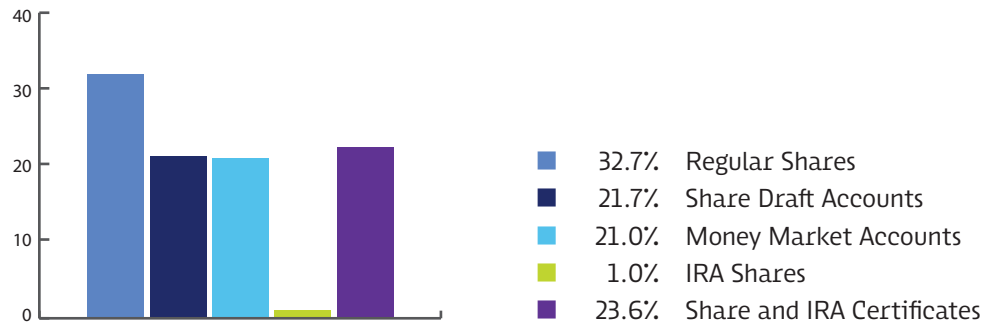
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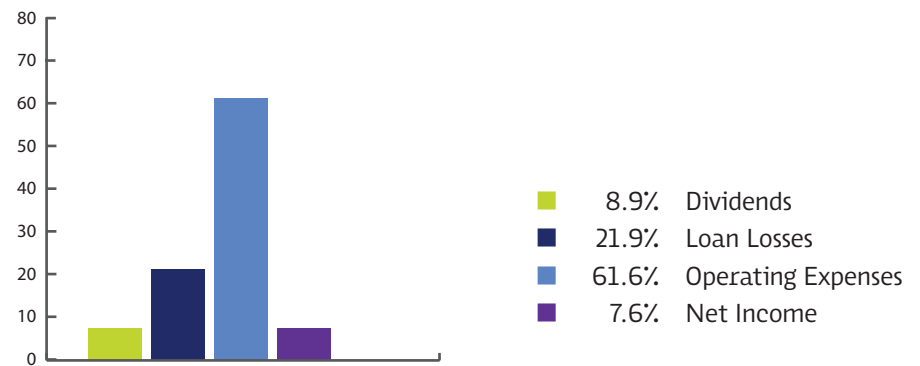
DISTRIBUTION OF LOANS



DISTRIBUTION OF MEMBERS' SHARES



DISTRIBUTION OF OPERATING INCOME



		2020	2019
Assets	Cash and Cash Equivalents	\$ 108,161,130	\$ 167,118,448
	Investments:		
	Available-for-sale	505,815,991	226,775,474
	Held-to-maturity	1,441	12,630
	Other	15,685,530	20,549,530
	Loans, net	2,485,622,097	2,482,753,671
	Accrued Interest Receivable	9,788,613	8,203,436
	Property and Equipment, net	19,656,069	24,207,736
	Share Insurance Deposits	25,738,742	22,862,549
	Other Assets	125,051,820	100,297,316
		Total Assets	\$ 3,367,521,433
Liabilities and Members' Equity	Liabilities		
	Members' Shares	\$ 2,882,225,035	\$ 2,441,380,225
	Borrowed Funds	150,000,000	293,000,000
	Accrued Expenses and other Liabilities	47,955,276	47,473,473
		Total Liabilities	\$ 3,080,180,310
	Commitments and Contingent Liabilities		
	Members' Equity		
	Retained Earnings	\$ 284,489,884	\$ 272,430,108
	Accumulated other Comprehensive (loss) Income	2,851,239	(1,503,015)
		Total Members' Equity	287,341,123
		Total Liabilities and Members' Equity	\$ 3,367,521,433

		2020	2019	
Interest Income	Interest on Loans	\$ 128,388,204	\$ 130,349,457	
	Interest on Investments and Cash Equivalents	4,990,747	7,268,098	
		Total Interest Income	\$ 133,378,951	\$ 137,617,555
Interest Expense	Interest on Borrowed Funds	5,568,746	8,959,217	
	Members' Shares	14,851,303	15,122,302	
		Total Interest Expense	\$ 20,420,050	\$ 24,081,519
		Net Interest Income	\$ 112,958,902	
Provision for Loan Losses		Net Interest Income After Provision for Loan Losses	36,698,675	
		\$ 76,260,227	\$ 89,191,740	
Non-Interest Income	Service Charges and other Fees	9,570,419	12,530,636	
	Interchange Income	11,697,899	11,860,657	
	Gains on Sale of Loans, net	8,101,160	3,810,846	
	Other Non-Interest Income	11,249,506	4,849,116	
		Total Non-Interest Income	\$ 40,618,984	\$ 33,051,254
Non-Interest Expense	Salaries and Benefits	58,992,843	63,170,106	
	Operations	32,261,490	36,861,236	
	Occupancy	12,172,559	9,540,332	
		Total Non-Interest Expense	\$ 103,426,892	\$ 109,571,673
	Gain on Sale of Buildings	646,678	-	
	Net Gain from Bargain Purchase	-	7,794,004	
	Net Income (loss)	\$ 12,805,640	\$ 20,465,324	