



# Annual Report

2022



## From the Chair

Every single UFCU Member (and there are more than 360,000 of us) is supported by an amazing team of UFCU employees. Our Members rely upon UFCU to deliver products and services that help them build and maintain financial health, and our employees come to work every day with that goal in mind.

Equipping those employees to serve our Members is a key focus of UFCU's Board of Directors—the eleven individuals, all UFCU Members, who volunteer their time to oversee the strategic direction and activities of our cooperative.

In that regard, the Board makes no decision more important than the selection of a Chief Executive Officer for the organization. We had that opportunity in 2022, following the announcement of Tony Budet's retirement after a remarkable 38 years. Needless to say, we knew that appointing the next leader of the #1 credit union in Central Texas was of the utmost importance.

We knew that we needed a leader who could grow UFCU strategically to reach new Members, evolve our culture to one that embraces an entrepreneurial mindset—tech savvy, experimental, and innovative—all while maintaining UFCU's signature "People Matter" focus.

The Board conducted a months-long national search with the assistance of a leading global executive search firm. We were introduced to an array of exceptional candidates whose strong interest in the position is a testament to the strength and reputation of UFCU.

## From the CEO & President

I am honored to serve as UFCU's Chief Executive Officer (CEO) and President. It is indeed a privilege, and I am excited to lead us forward in elevating our great cooperative to even greater levels of positive impact.

While I stepped into the role of Co-CEO last October, I've served as your President since August 2021, overseeing all aspects of the credit union as we strive to bring forth our vision of a financially healthy community. I've been a proud UFCU Member and employee since 2005.

UFCU has an inspirational vision and mission, a revered brand, and reputation of excellent service. As we move into the future, I will continue working with the Board, executive leadership, our dedicated team of employees, and you, our Members, exploring the future of UFCU.

In 2022, we strengthened many partnerships, including Austin Community College District (ACC). We took our alliance to the next level with a \$5 million scholarship endowment. The program will help provide all-inclusive support to hardworking ACC students so they can focus on achieving their career aspirations. This will no doubt make a positive impact on many students, as well as their families and communities.

Ultimately, the Board concluded unanimously and without reservation that our very own Michael Crowl is the right person to lead UFCU into the future. He joined UFCU in 2005 and has served as President for more than a year. In that role, he has been leading alongside Tony Budet and overseeing all aspects of the credit union.

Michael has collaborated closely with the Board and executive team to help craft our new transformational strategic plan. There are big things to come for us in 2023: innovation, modernization, and continuing to bring forth our vision of a financially healthy community.

I am grateful to each member of the Board and particularly to the members of our Succession Planning Committee led by Director John Martin, for giving so generously of their time and expertise in support of the CEO search process.

I know the full Board joins me in congratulating Michael. We all look forward to seeing this wonderful organization reach even greater heights in support of its Members under his leadership.

It's a privilege to serve you,



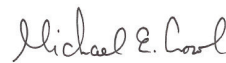
**C Cale McDowell, JD**  
Chair

As for what's next, we have exciting plans. It's all about you, the Member. You can expect a much improved experience when you interact with us digitally this year, including Online and Mobile Banking. You'll also see continued digital enhancements to how you borrow from UFCU.

We're going to launch easier ways to move your money, and soon we'll have contactless debit and credit cards. We're adding to our in-person locations this year, including one on wheels! Stay tuned for more information about our exciting new mobile branch, and much more.

We are well aware that the economy is challenging for many right now, and we want you to know that UFCU was built for times like this. We are here for you. People helping people—It's who we are.

Thank you to each of our Member-owners (more than 360,000 strong) for your trust and confidence. Let's see what's possible together.



**Michael E Crowl**  
CEO and President

## From the Supervisory Committee

At UFCU, we always strive to meet the highest standards. As your Supervisory Committee Chair, I lead the charge in overseeing our credit union's overall financial management and reporting practices. The committee is made up of myself and four other dedicated volunteer Members (Christine Plonsky, Steven Darnell, Dena Jansen, and Ellen Wood).

We work together to ensure that UFCU maintains internal controls, prepares accurate financial reporting, and develops relevant plans, policies, and procedures that adequately safeguard your assets. Our duties include reviewing management practices, risk, regulatory compliance, and operational issues. We monitor governance matters, direct internal audits, and ensure that any complaints sent to the National Credit Union Administration are addressed fairly. We also oversee the hiring of an outside firm to audit UFCU's

financial statements annually. In 2022, we hired the audit firm of Moss Adams LLP. Again, they 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. This audit report is available to Members upon request.

It is a privilege to serve our fellow UFCU Members. I appreciate every individual on the Board and management teams for their commitment to excellence.



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

## From the Treasurer

It is my pleasure to serve UFCU Members again as Treasurer. I work with the Asset Liability Management and Budget Committee to provide oversight of UFCU's financial performance, policies, and objectives. I am pleased to report, in the simplest of terms, UFCU is financially strong. Given the difficult economic climate for so many of us as we come through the other side of the global pandemic, that is especially good news. We are well positioned to continue to meet the needs of our more than 360,000 Members in the coming year.

In 2022, UFCU funded a total of \$2.4 billion in loans, boosting total loans outstanding to \$2.98 billion, an increase of \$484 million, or 19%, from 2021. Our competitive loan programs and highly rated lending teams helped Members finance 23,075 vehicles and 2,923 homes.

Member deposits grew by 0.4% in 2022, or \$14 million, bringing our year-end total to \$3.60 billion. Total assets grew by 1.3%, to \$4 billion. Together with over \$584 million in Member investments under UFCU's wealth management program and \$2.50 billion in loans sold with servicing retained, total assets under management and serviced amount to \$7.09 billion.

Net income in 2022 totaled \$28.9 million, a 0.73% return on average assets, bringing Member equity to \$275 million. A positive return on assets shows that UFCU earnings more than covered its operating and loan-related expenses.

Net worth is the primary measure of a credit union's financial strength. It provides a reserve against unforeseen or unusual losses and also may be used to invest in efforts that further serve the needs of our membership and our greater communities. As a percent of total assets, UFCU's net worth ended the year at 8.28%.

Many thanks to the dedicated volunteer Members who serve with me for their time and expertise. And many thanks as always to you, our Members, for your membership and trust in us.



**Leslie L Blanke, PhD**  
*Treasurer*

# Consolidated Statement of Financial Condition

*Unaudited*

|   | As of December 31      |                        |
|---|------------------------|------------------------|
|   | 2022                   | 2021                   |
| <b>Assets</b>                                       |                        |                        |
| Cash and Cash Equivalents                           | \$298,592,940          | \$792,194,034          |
| Investments   | 456,703,214            | 453,734,838            |
| Loans to Members (Net of Allowance for Loan Losses) | 2,977,543,200          | 2,493,465,675          |
| Property and Equipment                              | 94,230,769             | 82,474,567             |
| NCUA Insurance Fund Deposit                         | 32,951,623             | 31,525,665             |
| Right-Of-Use Asset - Leases                         | 37,930,022             | -                      |
| Other Assets  | 104,198,510            | 98,111,617             |
| <b>Total Assets</b>                                 | <b>\$4,002,150,278</b> | <b>\$3,951,506,396</b> |
| <b>Liabilities and Members' Equity</b>              |                        |                        |
| Members' Share and Savings Accounts                 | \$3,603,884,869        | \$3,589,842,055        |
| Borrowed Funds                                      | -                      | -                      |
| Lease Liability                                     | 38,298,153             | -                      |
| Accrued Expenses and Other Liabilities              | 84,498,686             | 69,827,781             |
| <b>Total Liabilities</b>                            | <b>\$3,726,681,708</b> | <b>\$3,659,669,836</b> |
| Members' Equity                                     | 275,468,570            | 291,836,560            |
| <b>Total Liabilities and Members' Equity</b>        | <b>\$4,002,150,278</b> | <b>\$3,951,506,396</b> |

# Consolidated Statement of Income

*Unaudited*

|   | For the Years Ended December 31 |                      |
|---|---------------------------------|----------------------|
|   | 2022                            | 2021                 |
| Interest Income from Loans to Members and Investments                     | \$123,134,011                   | \$105,591,666        |
| Dividend Expense Paid to Members' Deposits and Interest on Borrowed Funds | 4,286,765                       | 5,574,107            |
| <b>Net Interest Income</b>  | <b>\$118,847,246</b>            | <b>\$100,017,559</b> |
| Provision for Loan Losses   | 13,705,726                      | 4,042,688            |
| <b>Net Income after Provision for Loan Losses</b>                         | <b>\$105,141,520</b>            | <b>\$95,974,871</b>  |
| Non-Interest Income   | 100,709,689                     | 105,236,606          |
| Operating Expenses  | 176,973,998                     | 169,816,728          |
| <b>Net Income</b>   | <b>\$28,877,211</b>             | <b>\$31,394,749</b>  |

# Board of Directors & Executive Leadership

## Board of Directors

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

## Directors Emeritus

Carl E Hansen, PhD  
Cynthia A Leach

## Supervisory Committee

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

## Principal Officers

Michael E Crowl, CPA, CEO & President  
Michael F Clifford, EVP Business Transformation  
Thomas G Moore, EVP Strategic Growth  
Rhonda L Pavlicek, CPA, EVP Finance & Risk/CFO  
Chris J Turnley, EVP Member Experience  
Esther E Edevold, VP Insights & Innovation  
Bernardo D Meza, VP Communications and Marketing/CMO  
John T Orton, CPA, VP Enterprise Risk Management  
Kenyon Warren, VP Retail/Chief Retail Officer  
Dave Wagner, VP Information Technology/CIO  
Joe L Gonzalez, AVP Consumer Lending & Lending Innovation  
Janice H Matthews, AVP Retail & Lending Experience  
Mike G Woods, AVP Digital Development