2023 ANNUAL REPORT

Report of The Board of Directors & President

As we reflect on 2023, our focus continues to be the connection between U+Me. The UMe philosophy of U+Me is the core of who we are — engrained in our everyday actions, guiding our decisions, remaining at the heart of our vision and mission. We are dedicated to providing value to you, our members, by providing enhanced products and services and delivering world class service at every touchpoint.

Over the last few years, we have significantly invested in new technologies, including a new website, a card processing conversion, core system upgrades, and a new document management system — and in 2023, we upgraded our Online and Mobile Banking platforms, to provide our members with an elevated digital banking experience, improved branding elements, and a more secure platform. The new UMe Mobile App and Online Banking went live in April, and by the end of the year, we had over 12,000 members using the systems. Additionally, in a year where we updated the touchpoint members use most, we far-exceeded our Member Service Goals, earning the highest annual service score in our history, a 4.93 out of 5! Congratulations to the UMe Service Team for going above and beyond for our members!

Financially, 2023 was a challenging year, as liquidity was a constant issue in due to the interest rate market, and the competition for deposits fierce. Total deposits decreased slightly by 3.2% — from $304.1 million in 2022 to $294.3 million in 2023. With the unprecedented rapid rise in interest rates, our cost-of-funds increased, due to increased dividend and borrowing costs, which depressed earnings throughout 2023. Our net worth ratio ended the year at 7.93%, and overall, we remain well-capitalized. Lending growth continued to be healthy, as it increased by almost 9% in 2023.

UMe believes in community. In fact, we consider ourselves "helpers" more than "bankers." Our UMeHelps initiatives support the Burbank community and are another way we live our U+Me philosophy. As an organization, we have contributed to and given back to Burbank in many ways, including supporting the Burbank Unified School District through donations to the Burbank Arts and Education Foundation, Financial Literacy workshops in schools, Student Scholarships and overall support. In 2023, we also supported many local organizations through volunteerism and support, such as Home Again LA, Kiwanis Club of Burbank, Leadership Burbank, Burbank Police Foundation, Operation Thank-a-Solider, and Burbank Coordinating Council, to name a few. In November 2023, we launched our UMeHelps Volunteer Program, requiring every UMe employee to volunteer 8 hours of paid work time each year to support charitable efforts in Burbank. We don't simply say U+Me, we live it and we love it.

Thank you for choosing to bank with us at UMe Credit Union. We take your business and your trust very seriously. We feel like chosen family and are dedicated to providing you with a financial partner for life. Again, it's our relationship — U+Me — that means everything to us. We would like to thank our dedicated staff who support our members every day, and our Board of Directors and Supervisory Committee for volunteering their time and effort to support our Members. And finally, we want to thank you, our members, because you're the reason we are here, all 17,261 of you! **U** matter to **Me** at **UMe**!

Edward F. Hill, Chair, Board of Directors
Robert Einstein, CEO & President

UMe™ federal credit union

Treasurer's Report

UMe is dedicated to maintaining financial strength, safety and stability. These traits are crucial to the success of any credit union, and set the foundation for member trust and growth.

As we navigated through the challenges of a tight liquidity environment and a highly competitive deposit market in 2023, marked by unprecedented spikes in interest rates, credit unions across the board faced weakened earnings, lower net worth ratios, and reduced net interest margins.

Our 2023 Financial Statements demonstrate positive performance with a $350,056 net income for the year, resulting in a Return-on-Assets of 0.11%. We maintained a well-capitalized position, with reserves exceeding $27 million — and total assets above $344 million.

The Credit Union recorded another strong year of loan growth in 2023. Total Loan portfolio expanded by over $13 million, achieving an 8.98% year-over-year growth. High loan growth occurred in both Real Estate Home Equity and Consumer Loan categories. Loans remained our largest revenue source. Due to the competitive rate market, the Credit Union experienced deposit outflows of $9.8 million or 3.23% during the year 2023, with year-end Total Shares at $294 million.

Overall, we view 2023 as a tough, but successful year for the Credit Union. We are grateful for the ever-growing trust our members place in us. We are committed to prudently managing our financials and adjusting our operations with proactive measures to ensure sustained positive earnings.

Thank you for your support — we look forward to providing exceptional financial products and services in 2024 and beyond.

David Goodlaw, Treasurer, Board of Directors

Supervisory Committee Report

The responsibility of the UMe Supervisory Committee is to represent the members of UMe Credit Union in overseeing the financial stability of our Credit Union.

I am pleased to report that UMe remains secure, stable, and in good financial health, even while navigating a year of tight liquidity challenges.

The findings of our annual audit, conducted by an independent CPA firm, confirm that UMe remains financially safe and sound. The National Credit Union Administration (NCUA), our federal regulators, have also echoed this sentiment in their 2023 audit.

The Supervisory Committee extends its deepest appreciation to the Board of Directors, Management Team, and all UMe employees for their ongoing support in our commitment to financial integrity. And to U, our members — we express our utmost gratitude! It is a privilege to serve, and we are truly thankful for the opportunity. We eagerly anticipate another fantastic year together at **UMe**, where **U** matter to **Me** (to all of us)!

Anita Schackmann, Chair, Supervisory Committee

UMe Volunteers

BOARD OF DIRECTORS

Edward F. Hill / Chair

Steven A. Falchini / Vice Chair

David Carletta / Secretary

David Goodlaw / Treasurer

Larry Auzene, Jr. / Director

Jan Hacker / Director

Bonnie Joachim / Director

SUPERVISORY COMMITTEE

Anita Schackmann / Chair

Ken Barnes / Member

Albert Hernandez / Member

Bonnie Joachim / Member

Anna Lee / Member

Jan Loporchio / Member

2023 Statement of Financial Condition

Assets			2023
Total Loans			$ 157,921,463
Vehicle Loans	$	25,575,651	
Credit Cards	$	8,088,874	
Personal/Signature Loans	$	3,518,776	
Real Estate Loans	$	110,293,987	
Other Loans	$	583,424	
Participation Loans	$	9,860,750	
Investments			$ 169,115,807
Other Assets			$ 17,303,598
Total Assets			**$ 344,340,867**
Liabilities & Equity			
Total Liabilities			$ 32,310,643
Total Shares			$ 294,318,554
Membership Shares	$	96,416,439	
Summer Savings	$	733,822	
Checking	$	51,997,611	
Money Market	$	76,513,836	
Certificates	$	58,780,285	
IRAs	$	6,003,551	
IRA Certificates	$	3,873,010	
Reserves			$ 27,302,593
Unrealized Gain/Loss on Investments			$ -9,590,923
Total Liabilities & Equity			**$ 344,340,867**

2023 Statement of Income and Expense

Income		
Income from Loans		$ 7,457,505
Income from Investments		$ 2,907,450
Other Income		$ 2,997,440
Total Income		**$ 13,362,395**
Expenses		
Operating Expenses		$ 9,575,973
Dividend Expenses		$ 3,426,366
Total Expenses		**$ 13,002,339**
Total Net Income		**$ 360,056**

umecreditunion.com
3000 W. Magnolia Blvd. | Burbank, CA 91505
t (818) 238-2900 f (818) 238-2930