

2017

ANNUAL REPORT

THE GOOD WE DO

UNITED TELETECH FINANCIAL
FEDERAL CREDIT UNION



MESSAGE FROM THE CHAIR



Ruth Ann Kluin,
CHAIRMAN OF
THE BOARD

2018 marks the 51st year of our credit union's operation. We have come quite a long way in that time and are grateful for that good fortune and the support of our members. It is because of you that we are able to do so much good for the membership and in our communities. Thank you.

Member Journey Members often remark on how the experience here is so different than what they experienced at a bank. That's because the people that work here have a real commitment to our member journey. They serve members just like they are good neighbors. The products we offer and the programs we share with you are all driven by one goal: to help improve your financial peace

of mind. That focus on your benefit often underlies why the experience here is so different than other places.

Steady Growth This year we were fortunate to be selected by the members of the IFF Employees Federal Credit Union as their merger partner. We are honored that this long-time Hazlet-based institution looked to us to serve their membership. We welcome these members and look forward to sharing the UTF member journey with them. Our membership grew by nearly 8.5% in 2017 to over 24,500 members! More people are learning what so many of you have known for so long. UTF is a great place to do your banking.

Creating More Value You get a lot when you do business with us. It's not just the team that is ready to help you when you run into an issue. It's the education sessions such as the ones held regarding Equifax. It's how we teach people to buy homes, budget, and manage credit. It's also the extras like our new United Value app. Over 1,100 members have begun to use this tool to alert them to special offers where they shop or dine.

Thank You It's been a privilege to be your Board Chair for the past several years. I am fortunate to work with a dedicated group of professional volunteers on our Board and Supervisory Committee. They give countless hours to make sure that the credit union remains true to our mission and the good that we do: helping you improve your financial well-being. Thanks to them, the team that serves you each day, and to you for the honor of being part of this very special group of people.

BOARD OF DIRECTORS



Michael Hou,
1ST VICE CHAIR



Derek Mahoney,
2ND VICE CHAIR



Ann Weingartner,
TREASURER



Gilbert B. Harris,
SECRETARY



Robert Hodges,
BOARD MEMBER



Randall F. Weihs,
BOARD MEMBER



Bob Dowd,
BOARD MEMBER

OUR IMPACT BY THE NUMBERS



171

The amount of people we helped find the home of their dreams



10,000

The number of meals we helped provide to hungry children this summer with our Richer for Helping Others campaign



55,000

The number of surcharge free ATMs members now get with United Rewards Checking



69,944,732

The amount that United Teletech lent to the community so that members had a car, motorcycle, truck or home



1,101

The number of members that have downloaded United Value, our free mobile app that gives discounts to over 55 local businesses



1,820

The number of members who joined the United Teletech Family in 2017



100

The number of attendees at our Equifax data breach seminar

MEMBER JOURNEY: THE GOOD WE DO

As United Teletech Financial Federal Credit Union closes out its 50th year and embarks on the next, it is appropriate to reflect on the good that we do. That good has its roots back to the days of the Bell Labs "pioneers" that volunteered and gave so much of themselves to others in our community. For them, neighbors helping neighbors wasn't a slogan, it was just who they were.

That's the same with the team here at UTF!

That legacy of helping, of being there to support those that need a hand is integral to who this company is. Whether it's working to support our foodbank Fulfill, cleaning beaches with Clean Ocean Action, or teaching members about budgeting, the people at UTF act in ways that show they care.

It manifests in what we call our member journey: that experience our members get when they use our products and services or interact with one of our team members. It drives the why behind what we do. It is the commitment we make to help those that choose us for their financial dealings. Often it includes:

Providing simple, secure and electronically accessible products and services that meet member needs;

Gaining an understanding of the member's entire financial picture so that a holistic solution can be created with them;

Helping members budget and improve monthly cash flows through better budget or lending solutions;

Providing savings programs that help a member build an emergency fund and investment programs to help maximize returns on long terms savings nest eggs;

Creating awareness around the ways in which members can protect themselves and their legacy for their loved ones; and

Sharing our professional knowledge, as friends in the business, to help members make more informed financial decisions.

In all we do, we seek to approach every interaction as a friend seeking to help a friend.

We know it's not reasonable to think we can be perfect in every step along this journey, but it's what we strive for. It has served us well the past 50 years and will inform what we do for you in the next decades to come.

Thank you for allowing us to serve and to be part of your family these past 50 years. We remain indebted to our membership for their support and choices. We commit to helping you through the various stages of your journey no matter where your path leads.

Sincerely,
The United Teletech Financial Board, Leadership and Team



SUPERVISORY COMMITTEE REPORT



Irene Kurc,
SUPERVISORY
COMMITTEE
CHAIRMAN

The credit union's supervisory committee is appointed by the Board of Directors each year from the membership. Its mission is to provide an independent assessment of the credit union to ensure that the financial statements accurately reflect the financial condition of the credit union. To that end, the committee conducts independent reviews of various internal controls. Additionally, it engages an audit of the credit union each year by a Certified Public Accountant.

Our independent auditor, certified public accounting firm The Curchin Group, LLC, in Red Bank, N.J., confirmed the accuracy of our financial position and soundness of our operations as of September 30, 2017.

The Supervisory Committee consists of Chair Irene Kurc; members Lew Ackerman, Christine Coari, Nancy Miller; and Board Liaison Robert E. Hodges.

The committee along with the entire credit union family mourns the passing of Nancy Miller. We remain in her debt for her years of service to the membership. Member Randall F. Weihs was appointed to fill her seat.

Thanks to the management team, staff and members of the committee for their service to the credit union. Together we will continue to protect the interests of our members, both today and in the years to come.



Supervisory Committee: Christine Coari, Lew Ackerman and Irene Kurc (missing from photo is Robert Hodges and Randall Weihs)

A YEAR OF GIVING BACK

Since 1967, the year of our founding, United Teletech has been a proud servant of our community. From our origins at AT&T to our evolution into a community based credit union, we have always given back to those who are less fortunate and helped those who need it most. By partnering with non-profit organizations, volunteering and donating to great causes, educating our membership in financial topics, and improving the cash-flow of our members, we are very proud of all that we did in 2017.

We started the year by launching our United Value App – a free mobile app that saves our membership money at over 55 local businesses. In the first year over 1,000 people downloaded the app and received discounts at restaurants, local merchants, and popular chains like Target and Kohls.

In March, we were awarded the prestigious "Humanitarian of the Year Award" for our support to our long time friends, Fulfill (formerly The Foodbank of Ocean and Monmouth Counties) who strive to end hunger in our community.

The very next month we sponsored and volunteered at Clean Ocean Action's Beach Sweep at Sandy Hook. Our team proudly volunteered in

April, and again in October, to help keep New Jersey's beautiful beaches and waterways free from garbage and debris.

In August, we donated \$10 for every loan that closed with us during the summer months. We donated over \$5,000 to help Fulfill provide meals for over 30 children during the summer, a time of year where child hunger is at its highest. In September, we hosted several seminars educating our membership on the impact of the infamous Equifax data breach and ways members could monitor their credit and prevent identity theft and fraud if they were affected.

To finish off the year, we gave a family of three a Christmas they would never forget by donating and wrapping every gift on their wishlist.

As a credit union, we will always give back to those less fortunate and support our community. We are at our proudest, not when we are profiting, but when we are making a difference in the lives of others.





DREAMS DO COME TRUE – A HOMEBUYING JOURNEY

Finding a home can seem impossible in today's home market. With interest rates rising, home supply lagging, and crippling student debt hindering the youngest home buying generation, it can seem like a pipe dream to own your very own home.

At United Teletech, we strive to help our membership achieve that dream. Stephanie, a long time member at United Teletech, was someone who was faced with many difficulties when trying to buy a home. Stephanie wasn't able to get pre-approved for the amount she needed to achieve her dream and buy her first home, but when you have a dream home, nothing should stand in your way.

United Teletech's knowledgeable and experienced mortgage officers helped Stephanie increase her credit score by refinancing a loan, and giving her advice on how to budget and pay off debt. By following their advice Stephanie now had a much better chance of moving into the home she loved.

Although narrowed, there was still a gap between what she was pre-approved for and the home she wanted. Stephanie refused to accept that she wasn't able to buy this home. She went home and researched and researched. After scouring the internet she found a grant from Monmouth County. The grant amount? \$10,000. Just enough to get Stephanie into the home she fell in love with.

Stephanie asked United Teletech to help her secure the grant, not thinking she had any real chance. United Teletech applied for the grant and became an approved lender in Monmouth county – becoming the first credit union to do so. By doing this, Stephanie now had a fighting chance. United Teletech applied on her behalf for the grant.

After a stressful couple of weeks, she received a call. She was denied. Her heart was broken. She called us upset and disappointed. How could this be possible? United Teletech reached out to Monmouth county. After discussing the details and going over the documentation a second time, an error was made, and her grant was approved after all!

Stephanie was jubilant. After years of renting she could finally give her children a home. "Sometimes dreams do come true... I am finally able to spend my first Christmas in my own home," Stephanie told us as she finally held the keys to her first home.

MESSAGE FROM THE PRESIDENT

2017 was a pivotal year in the credit union's operation. Not only was it our 50th year, it also marked a significant move towards the achievement of a strategy that focuses our efforts more on the value we create for the membership and the good that we do in our communities.

The refined focus on our member journey has resulted in changes we have made to streamline our operations and pivot away from areas where we saw little member engagement and towards those that drove value for you. The refinement of our educational seminar offerings reflects our intention to help share ways in which you may create more financial wellbeing in your life.

We continue to leverage the investment we made in Member Support Services, LLC, our back-office subsidiary, as a means of improving service and reducing our costs. The money we save through this effort will enable us to improve our reserves and the types of services that will improve the ways in which we can help you.

2017 saw us refocus our management of our balance sheet so that it would be more responsive to shifts in interest rates and changing earnings goals. Though membership increased by nearly 8.5% to over 24,500 members, assets were reduced by nearly 6% to \$319.8 million and deposit balances declined by 3.7% to \$287.9 million. With this level of membership growth, we saw a beneficial diversification of our deposit base. We continue to reposition our loan portfolios to respond more favorably in a changing rate environment. Despite growth in new balances, overall loan balances fell by nearly 3% to \$269.9 million. Still, over 84% of our assets are working for our members in the form of loans.

Significant efforts have been made to modify the credit union's earnings structure so that it is better able to strengthen reserves and return value to the members. Earnings in 2017, prior to transfers for extraordinary reserves, were approximately \$1.29 million or 0.40% ROA. After transfers to reserves, the credit union showed negative earnings of \$9.62 million or -2.92% ROA.

Expenses increased during 2017 to \$15.72 million, reflecting various costs to restructure services and resolve troubled loans in our consumer and business loan portfolios. Net Worth to Assets decreased from the prior year to 7.23% or \$23.1 million. Total reserves, including reserves for Loan Losses, were \$33.5 million or 10.46% of assets. We remain well capitalized.

Loan delinquency fell significantly from the prior year to 3.09% of the loan portfolio. The credit union continues to work out various consumer,



Executive team: Connie Cinko, Director of Talent and Organizational Development; Leo Ardine, President/CEO; Francis James, EVP of Administration/CFO

mortgage and member business loan assets and is setting aside appropriate reserves for any exposure it may have for loan defaults.

In addition to its strong reserve and net worth positions, United Teletech Financial generates significant earnings from its loan and investment portfolios. These factors, combined with planned expense reductions accomplished through cost sharing agreements provide the credit union with a strong and stable earnings base for future needs.

As the credit union enters its 51st year of operation, it continues to enjoy a stable brand reputation with high usage of its products and services. These factors combined with its stable earnings base positions it for ongoing success in its communities. It does much good for its members and the communities it serves.

That good work would not be possible without the service of a dedicated group of volunteers and team that help members create financial wellbeing. Were it not for their efforts, we would not be as well positioned for the future as we are.

Thanks to this team for their good work and to the membership for choosing a small, locally-controlled organization to help with their financial needs.

Leo R. Ardine
President/CEO



STATEMENT OF FINANCIAL CONDITION

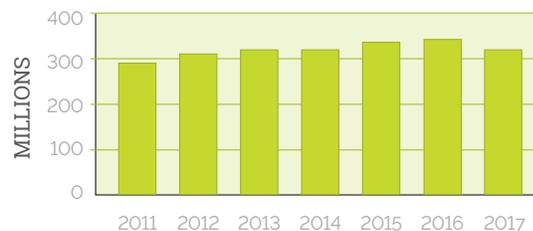
For the years ended December 31, 2017 and 2016

Assets	2017	2016
Loans	\$269,892,785	\$277,989,565
Allowance for Loan Losses	-\$10,325,888	-\$4,871,294
Loans Held for Sale	\$428,000	\$409,750
Net Loans	\$259,994,897	\$273,528,021
Cash & Cash Equivalent	\$2,304,564	\$2,774,695
Investments	\$45,998,291	\$54,360,573
Fixed Assets	\$2,987,594	\$3,363,558
Other Assets	\$8,554,383	\$5,675,035
Total Assets	\$319,839,729	\$339,701,881

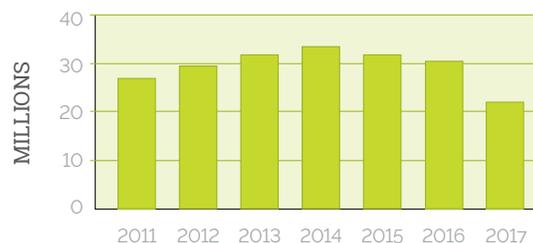
Liabilities & Members' Shares	2017	2016
Accrued Dividends	\$52,910	\$84,727
Other Liabilities	\$9,463,268	\$9,493,418
Total Liabilities	\$9,516,177	\$9,578,145
Members' Shares	\$287,884,104	\$298,977,904
Total Liabilities & Members' Shares	\$297,400,282	\$308,556,049

Members' Equity	2017	2016
Reserves	\$11,643,791	\$11,360,836
Retained Earnings	\$10,795,657	\$19,784,996
Total Equity	\$22,439,447	\$31,145,832
Total Liabilities, Shares & Equity	\$319,839,729	\$339,701,881

ASSET GROWTH



EQUITY GROWTH



STATEMENT OF INCOME AND EXPENSES

For the years ended December 31, 2017 and 2016

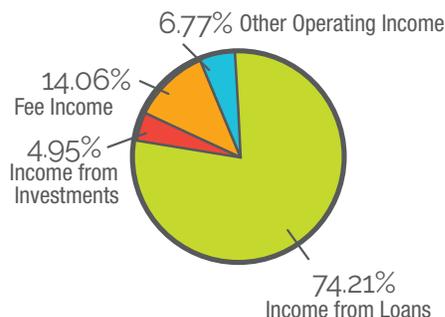
Operating Income	2017	2016
Income From Loans	\$13,769,656	\$13,579,457
Income From Investments	\$918,956	\$771,365
Fees & Charges	\$2,609,324	\$2,537,528
Other Operating Income	\$1,256,460	\$1,441,384
Total Income	\$18,554,396	\$18,329,735

Operating Expenses	2017	2016
Compensation & Benefits	\$6,308,737	\$6,674,549
Office Operation Expenses	\$9,330,921	\$7,835,186
Federal Operating Fee	\$80,578	\$60,891
Total Operating Expenses	\$15,720,235	\$14,570,626

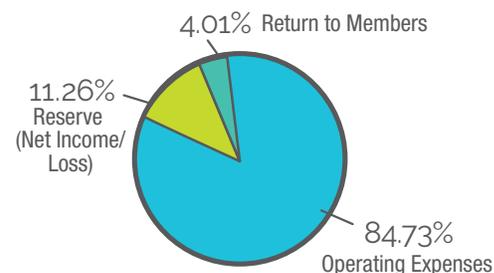
Non-Operating Gain/Loss*	2017	2016
Gain/Loss On Disposed Assets	\$0	\$431,315
Inc/Loss Before Dividends & Provision	\$2,834,161	\$4,190,424
Dividends	\$744,123	\$930,272
Provision for Loan Losses	\$11,711,888	\$4,903,276
Income before Adjustments	-\$9,621,850	-\$1,643,124
Net Income/Loss**	-\$9,621,850	-\$1,643,124

* Negative amount represents loss, Positive amount represents gain

2017 SOURCES OF INCOME



2017 DISTRIBUTION OF INCOME





You'll be richer for knowing us.

MARLBORO

67 US Highway 9 South
Unit #4
Morganville, NJ 07751

NORTH BRUNSWICK

The Shops at Commerce Place
2201 US Highway 1 South
Suite 119-B
North Brunswick, NJ 08902

NEPTUNE

3636 Highway 33
Neptune, NJ 07753

TINTON FALLS

205 Hance Avenue
Tinton Falls, NJ 07724

CAMPUS LOCATIONS

IFF

600 State Highway 36
Hazlet, NJ 07730

AT&T

200 Laurel Avenue
Middletown, NJ 07748



utfinancial.org

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