



2020 ANNUAL REPORT

Together While Apart



Our Mission

The United Nations Federal Credit Union is dedicated to '*serving the people who serve the world*' by enriching the lives of its members.



Chairperson Report

2020 was an extraordinary year. We all needed to act locally, while also needing access to global services. UNFCU's significant investment in digital transformation over the past few years was especially beneficial during this time. It enabled us to maintain our unwavering focus on keeping our members' money safe and secure, despite a year marked with the difficulties of a pandemic.

We quickly pivoted to a secure remote work model and continued serving members' needs seamlessly with enhanced digital capabilities. This resulted, remarkably, in a 10.3% growth in membership and a record growth in deposits of 15.6%.

To assist those financially impacted by COVID-19, we introduced loan and fee payment relief initiatives. We collaborated with UN staff and retiree associations to conduct 77 virtual presentations across 26 countries. In partnership with the UN Department of Operational Support, our educational resources are now on the UN Intranet. We also launched the Member Referral Program, making it easier to refer eligible family members and colleagues to join UNFCU.

Social responsibility took on even greater importance in 2020. We drew strong attendance at our virtual United in Sustainability Summit for credit unions across North America. As part of our Diversity, Equity, and Inclusion initiatives, our staff led courageous conversations on social injustice, LGBTQ+, and women's rights. In addition to its grantees, the UNFCU Foundation supported the World Health Organization's COVID-19 Solidarity Response Fund. It also championed relief efforts in Lebanon following last year's devastating explosion.

William (Bill) Predmore retired as UNFCU's president and CEO in December after 31 years of service. On behalf of the Board, I thank Bill for his service, dedication, and leadership, especially navigating through unprecedented times. The Board appointed John Lewis as UNFCU's president and CEO, effective 1 January 2021. John is a seasoned senior leader. He worked at UNFCU for 19 years before assuming his new role. This underscores our belief in the organization's ongoing strategy and direction.

UNFCU remains dedicated to providing members with financial peace of mind. I would like to express the Board's gratitude to our members for your loyalty, and to our staff for your ingenuity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kumiko Matsuura-Mueller', written in a cursive style.

Kumiko Matsuura-Mueller

Chairperson



President/CEO Report

2020 was a difficult year on many fronts. Yet, due to the extraordinary efforts of our staff and volunteers, and the support of our members, UNFCU remained financially strong. We continued to grow—with assets reaching almost \$7 billion. This exemplifies the power of the cooperative.

I would like to thank William (Bill) Predmore for his years of service to UNFCU. I truly appreciated his mentorship over the past 19 years. I am honored to now serve the membership as UNFCU's president and CEO, continuing our commitment to provide financial peace of mind to the UN community.

To give members more control, we introduced a broad range of self-service tools in Digital Banking in 2020. These included card management tools, mobile money transfers, and the ability to open deposit accounts online. We also developed new educational videos and guides to help members utilize these resources. Members can now better manage their accounts from anywhere at any time. With record low interest rates in the US, our mortgage lending peaked in 2020.

Despite the economic challenges caused by the COVID-19 virus, UNFCU generated \$43 million in net income in 2020. UNFCU did, however, record an extraordinary provision of \$20 million. This was related to the insolvency of a product provider for our subsidiary, UNFCU Advisors, LLC. This provision reduced our net income to \$23 million, still keeping us quite profitable. Our capital to asset ratio, a key indicator of our financial strength, remained strong in 2020 at 9.38%. This is well in excess of regulatory minimums. More details related to the provision are available in note 18 of our full financial statements posted at unfcu.org/2020Financials.

During such a challenging year, we are especially proud that UNFCU remained profitable and well capitalized. We continue to invest in enhancing our products and services. In 2020, we started building our new representative office in Kampala, Uganda; and renovating our representative office in Rome, Italy. We also introduced shared branching in the US, giving members access to more branches via a network of credit unions. Given the success of our mobile money transfers, we continue to expand the countries where this service is available.

Thank you to our members for your confidence and trust in UNFCU. Your deposits with us remain safe and secure. We look forward to continuing to serve your needs and to provide you with financial peace of mind.

Sincerely,

A handwritten signature in black ink, appearing to read "John Lewis". The signature is fluid and cursive, written over a white background.

John Lewis
President/CEO



Financials

Consolidated Statements of Financial Condition

AS OF 31 DECEMBER

	2020	2019
ASSETS		
Cash and cash equivalents	\$201,900,368	\$216,288,012
Investments	2,577,703,292	2,007,075,186
Loans held for sale	3,915,105	607,600
Loans, net	3,801,091,315	3,529,506,684
Mortgage servicing rights	2,229,907	2,439,747
Accrued interest receivable	18,869,829	18,071,828
Property and equipment, net	108,801,076	110,464,492
National Credit Union Share Insurance Fund deposit	51,177,491	45,426,308
Other assets	66,668,815	50,795,112
Total assets	\$6,832,357,198	\$5,980,674,969
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	6,179,751,156	\$5,345,669,054
Accrued expenses and other liabilities	39,899,966	43,932,680
Total liabilities	6,219,651,122	\$5,389,601,734
Members' equity		
Retained earnings	641,295,143	617,624,064
Accumulated other comprehensive loss	(28,589,067)	(26,550,829)
Total members' equity	612,706,076	591,073,235
Total liabilities and members' equity	\$6,832,357,198	\$5,980,674,969

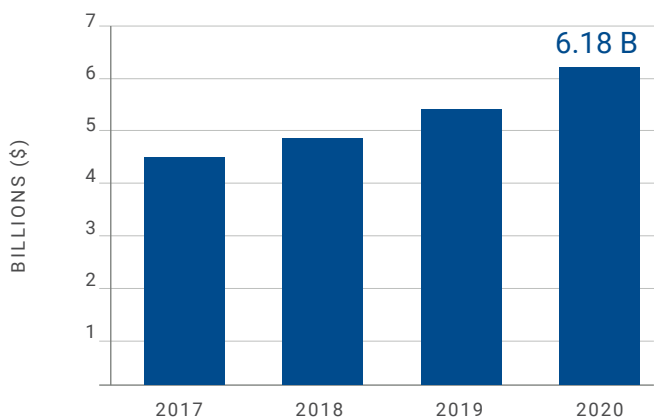
Consolidated Statements of Income

YEARS ENDED 31 DECEMBER

	2020	2019
INTEREST INCOME		
Interest on loans	\$155,154,700	\$153,915,659
Interest on investments and cash equivalents	35,594,659	43,985,646
Total interest income	190,749,359	197,901,305
Interest expense	34,057,904	43,645,876
Net interest income	156,691,455	154,255,429
Provision for loan losses	16,275,000	10,150,000
Net interest income after provision for loan losses	140,416,455	144,105,429
Total non-interest income	45,445,129	41,025,491
	185,861,583	185,130,920
NON-INTEREST EXPENSE		
Salaries and benefits	89,578,724	77,546,859
Operations	44,669,573	46,688,607
Occupancy	7,788,651	7,548,994
Provision for Northstar loss	20,153,557	0
Total non-interest expense	162,190,504	131,784,460
Net income	\$23,671,079	\$53,346,460

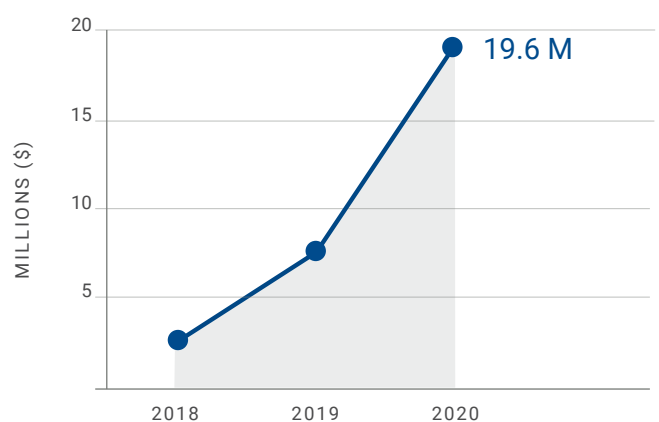
Deposit Growth

YEARS ENDED 31 DECEMBER



Digital Wallet Transaction Growth

YEARS ENDED 31 DECEMBER



Supervisory Committee Report

The Supervisory Committee (the "Committee") is primarily responsible for assisting the UNFCU Board of Directors in fulfilling its oversight responsibility. The Board is responsible for providing an independent appraisal of the safety and soundness of the operations and activities of the Credit Union.

In carrying out this responsibility, the Committee oversees the Internal Audit Department, which reports functionally to the Committee and administratively to the President and CEO of UNFCU. Primarily through the work of Internal Audit, the Committee i) monitors compliance to the policies established by the Board of Directors; ii) evaluates the adequacy and effectiveness of the system of internal controls established by UNFCU management; iii) investigates and responds to written member inquiries referred to the Committee; iv) appoints an independent certified public accounting firm to conduct an audit of UNFCU's financial statements; and v) reviews the policies and

procedures of the audit engagement including its scope, fees, and auditor independence matters.

The Committee itself does not prepare financial statements or perform audits. Its members are not the certifiers or auditors of UNFCU financial statements. The Committee engaged the independent certified public accounting firm of CliftonLarsonAllen LLP to audit and render an opinion as to whether the UNFCU financial statements for the period 1 January 2020 through 31 December 2020 fairly present, in all material aspects, the financial position of UNFCU.

CliftonLarsonAllen LLP has completed its audit, which was performed in accordance with auditing standards generally accepted in the United States of America. Its unqualified opinion, along with the Credit Union's audited financial statements, are available on the Credit Union's website at unfcu.org/2020Financials.

VOLUNTEERS

Board of Directors

Kumiko Matsuura-Mueller, Chairperson
Julie Anne Mejia, Vice Chairperson
Michael Zilberg, Treasurer
Pedro Guazo, Assistant Treasurer
Theresa Panuccio, Secretary
Clemens M. Adams, Director
Ana Maria Alvarez Herrera, Director
Laura Rockwood, Director
Ursula Wynthoven, Director

CUSO Board

Thomas A. Bieler, Chairperson
Julie Anne Mejia, Vice Chairperson
John Lewis, Director

Loan Review Committee

Yiping Guo, Chairperson
Melissa Dias Buerbaumer, Vice Chairperson
Sanjeeb Bhattarai, Member
Marco De Luca, Member
Francesca Jean, Member
Lin Zhuo, Member

Nominating Committee

Pedro Guazo, Chairperson
Victor Kisob, Member
Theresa Panuccio, Member

Supervisory Committee

Charalambos Constantinides, Chairperson
Dominik Jaksekovic, Secretary
Paul Gravenese, Member
Ajay Lakhnopal, Member
John Rutere, Member

SENIOR MANAGEMENT

William Predmore (Retired in 2020)
President/CEO

John Lewis (President/CEO as of 2021)
Senior Vice President,
Corporate Affairs & General Counsel

Pamela K. Agnone
Executive Vice President

James W. Fenimore
Senior Vice President, Operations

David Gosstola, CPA
Senior Vice President, Finance

Prasad Surapaneni
Senior Vice President
Chief Information Officer

Eric Darmanin
Chief Lending Officer

Faye Fardshisheh
Chief Marketing Officer

Lynne Healey
Chief Human Resources Officer

Manisha Shah, Esq.
Chief Legal Officer & General Counsel

Christopher Sullivan, CFA
Chief Investment Officer

William Thomas
Chief Member Operations Officer

Richard Colavecchio, CFA
First Vice President, Investment Management

Nelson Conde
First Vice President, Finance

Rossana Creo
First Vice President, Strategic Planning

Srinivasanarayanan Govindan
First Vice President,
Enterprise Applications & Services

Kumararaja Periasamy
First Vice President, Digital Transformation



United Nations Federal Credit Union
Court Square Place, 24-01 44th Road
Long Island City, NY 11101, USA
unfcu.org

This credit union is federally insured by the National Credit Union Administration (NCUA).

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