

United Poles Federal Credit Union

Since receiving our federal charter in 1965, United Poles Federal Credit Union has been dedicated to serving the Polish-American community's unique financial needs. Our commitment to Polish heritage guides our mission to be your primary financial partner throughout life's stages.



By becoming a member-owner, you're welcomed into a family-friendly atmosphere with respect and courtesy. As a not-for-profit financial cooperative, we focus on your needs — offering higher dividends, lower loan rates, and fewer fees.

Membership is open to members of associated Polish-American organizations in the Perth Amboy, NJ area and their families. By joining, you're supporting a community-focused institution that is dedicated to enhancing your financial well-being.

United Poles FCU, proudly insured by the NCUA, stands as a testament to the resilience and prosperity of the credit union movement. This sets us apart from traditional banks. We are deeply grateful for our members' unwavering support, which has been integral to our success. At United Poles, your financial prosperity is our top priority.

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2023

ANNUAL REPORT



CELEBRATING 60 YEARS OF SERVICE TO THE COMMUNITY.



Where People Are Worth More Than Money

www.unitedpolesfcu.com



Where People Are Worth More Than Money

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Bank and Credit Union data compiled from financial data for the period noted, as reported to federal regulators. The financial data obtained from these sources is consistently reliable, although the accuracy and completeness of the data cannot be guaranteed by BauerFinancial, Inc. Since 1983, BauerFinancial has relied upon this data in its judgment and in rendering its opinion (e.g. determination of star ratings). BauerFinancial, Inc. is not a financial advisor; it is an independent bank research firm. No institution can pay for or opt out of a BauerFinancial rating. Star-ratings are all available for free at bauerfinancial.com.



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Note from CEO

Member loyalty was the cornerstone of our growth in 2023, for which I am most thankful. It shows that our offer remains competitive and relevant in today's difficult times. I would like to thank the Board and my staff for their efforts to make our Credit Union a better place to bank, and for swiftly adapting to the needs of the bumpy economy and rapidly expanding information technologies.

We are excited to have another branch office operating in New Jersey — this one with our first drive-up window and space for future ATM. The significant increase in operating expenses is related mostly to the new location. Increased inflation pressures had to be balanced with the need to maintain high information security and service excellence. We remained focused on stronger lending efforts and improving our service offer in 2023. We continue to invest in new technologies to better equip us to serve you in the digital era.

It's been a very solid lending year. We wrote over \$13.1mln in new loans last year with over \$6.9mln in car loans and \$5.5mln in mortgage loans, which helped our bottom line and capital position, but primarily matched the needs of our membership. What we take the most pride in is that our members recommend us and our services to their families and friends — that's how we get most of our business. Your trust and satisfaction with our service are the utmost compliment. We continue with our mission of helping our members become financially successful and measure our success with their success now entering our 60th year of service.

Thank You,
Iwona A. Karpeta, CEO



Income Statement Commentary

Net interest income increased by over \$161,000 as we grew our loan portfolio by over 13.6% compared to 2022. Credit Union paid out over \$325,000 in dividends as well. Real estate loans generate about 67% of our loan interest income. Investment income increased by over \$120,000 with the rates increasing for most of the year. Loan delinquencies remained almost unchanged last year, but because of increased lending volume we allocated over \$98,000 towards provision for loan losses. Operating costs increased by about 13% as we were faced with increased expenses across all categories — especially technology/ security expenses as well as plastic programs expenses. Our new branch office in East Brunswick was launched in December 2023 and costs associated with it added to the overall operating expenses throughout the year. Overall year 2023 ended with a very small loss of \$6,004. Regardless of that we increased our 2023 scholarship funds allowance to over \$15,000.

Income Statement

	2020	2021	2022	2023
Interest Income	\$1,440,738	\$1,381,766	\$1,487,8109	\$1,915,088
Investment Income	203,543	131,356	154,280	275,133
Total Interest Income	1,644,280	1,513,122	1,642,090	2,190,221
Dividend and Interest Expense	122,883	87,643	123,984	466,586
Net Interest Income	1,521,397	1,425,479	1,518,106	1,723,635
Provision for Loan Losses	36,247	(14,489)	53,331	98,393
Other Income	174,885	332,558	205,728	212,799
Employee Compensation	644,442	673,804	714,403	793,597
Office Operations	646,215	666,154	727,454	816,846
Professional and Outside Services	38,872	38,617	40,233	58,073
Promotional and Advertising	126,766	151,993	125,498	149,722
Other	27,716	22,567	21,706	25,807
Total Operating Expenses	1,484,011	1,553,135	1,629,293	1,844,045
Net income before share insurance expense and non-operating gains (losses)	176,025	219,391	41,210	(6,004)
Share Insurance Expense				
Gain (loss) on sale of assets				
Impairment expense				
Non-Operating Gains (Losses)	5,000	297,387	72,785	—
NET INCOME	181,025	516,778	113,995	(6,004)

Balance Sheet Commentary

Our core deposit base grew by over \$235,000 or 0.5% in 2023. We also issued almost \$4.2mln in non-member deposits to be able to fund another year of record-breaking lending. Our investment portfolio shrunk by over \$2mln, but mostly in the short-term categories. We wrote over \$13mln in loans (mostly car and mortgage loans) at increased pace in the second half of 2023.

Ratios illustrate some of our performance areas. Cost of funds increased to 1.13% as dividend rates continued to rise in 2023 and members shifted their savings into higher-yielding certificates. Our capital at the end of 2023 was over 7.985%, while the return on average assets was at -0.01%.

Balance Sheet

	2020	2021	2022	2023
Member Loans	\$32,155,161	\$32,641,439	\$39,696,565	\$45,179,085
Allowance for Loan Losses	(230,464)	(207,377)	(257,957)	(366,273)
Cash on Hand & Deposit	2,656,645	5,206,605	1,065,757	1,605,581
Investments	10,935,928	12,532,268	13,500,594	11,326,777
Fixed Assets	130,971	151,954	157,679	1,175,181
Other Assets	926,138	825,431	1,071,879	1,057,872
TOTAL ASSETS	46,574,380	51,150,320	55,234,517	59,978,224
Dividends Payable				15,164
Outstanding official checks	210,412	114,856	165,345	380,634
Accounts Payable	509,181	478,125	631,230	606,628
Loans Payable	—	—	—	—
Total Liabilities	719,593	592,981	796,575	1,002,426
Shares and Deposits	41,641,431	45,915,645	49,952,771	54,383,681
Regular Reserves	240,574	240,574	240,574	240,574
Undivided Earnings	3,972,781	4,401,120	4,244,596	4,351,542
Total Equity	45,854,787	50,557,339	54,437,941	58,975,797
TOTAL LIABILITIES & EQUITY	46,574,380	51,150,320	55,234,517	59,978,224
Cost of Funds	0.32%	0.20%	0.26%	1.13%
Return on Average Assets	0.41%	1.05%	0.21%	4.38%
Return on Loan Portfolio	4.59%	4.20%	4.07%	5.44%
Return on Investments	2.10%	1.08%	1.14%	2.56%
Capital Ratio	8.94%	9.15%	8.68%	7.99%