



UnitedTexas  
CREDIT UNION



Annual  
Report

20  
17



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- A decorative graphic at the bottom of the page features a blurred background of a river with a small log floating in the water. Overlaid on the right side is a thick, curved line with three distinct colors: red, white, and blue, flowing from the bottom right towards the center.



## OUR MISSION

The mission of United Texas Credit Union is to improve the financial well-being of our members and the communities we serve.





# AGENDA

- I. Registration
- II. Call to Order
- III. Ascertainment of a Quorum
- IV. Minutes from the  
2017 Annual Meeting
- V. Supervisory Committee Report
- VI. President's Report
- VII. Board Member Election
- VIII. New Business
- IX. Adjournment

# BOARD CHAIRPERSON'S REPORT

Welcome to the 63rd Annual Membership Meeting of United Texas Credit Union. I'm Bill Gregory, and I have served as your Chairperson for the last four years.

The Board of Directors who serve United Texas Credit Union is very different from those who serve as commercial bank board members. Your Board members are unpaid volunteers and they generously donate their time to ensure that the Credit Union is a financial institution of choice for those in our field of membership who live, work, worship, attend school in, and businesses in Bexar, Kendall and the portion of Comal County west of U.S. Highway 281.

Our nine-member Board is responsible for setting policies and directing the Organization in the best interest of the membership. They each serve three-year elected terms, and their commitment to the Credit Union philosophy of "People Helping People" is the driving force for their service to the membership.

The Board is firmly committed to the success of both the Credit Union and its members. The mission of United Texas Credit Union is to improve the financial well-being of our members and the communities we serve. Your support is crucial in order to accomplish our goals. I am proud to serve as your Chairperson and I sincerely appreciate your loyal support.



A handwritten signature in black ink that reads "Bill Gregory". The signature is written in a cursive style.

Bill Gregory  
*Board Chairperson (2018)*



# YOUR 2017 BOARD MEMBERS



Rick Tobias  
*1st Vice Chairperson (2019)*



Richard Baggs  
*Secretary (2018)*



Peter Hugdahl (2020)



John Rees (2019)

Don Mann  
*Treasurer (2018)*



Clark Crutchfield (2020)



Charissa Power (2019)



James Wheeler (2020)



*(Year refers to term expiration date.)*

# SUPERVISORY COMMITTEE REPORT

The Board of Directors appoints a Supervisory Committee to protect and safeguard members' assets. The committee ensures that records are properly and accurately maintained and that policies are carried out faithfully. Supervisory Committee members serve as unpaid volunteers and selflessly donate their time in support of the Credit Union's best interests.

The Supervisory Committee's primary duty is to oversee the overall safety and soundness of United Texas Credit Union, in addition to the Credit Union's adherence to operating policies and procedures. We annually reaffirm our commitment to ensuring that United Texas remains a financially stable institution and delivers superior member service.

Every year, the Supervisory Committee ensures the completion of a number of on-site audits of various credit union operations. In 2017, Fisher, Herbst and Kimble, P.C. (FHK) Certified Public Accountants, the National Credit Union Administration, the Texas Credit Union Department and American Share Insurance each completed comprehensive audits of the Credit Union. The results showed that in all material respects, the financial condition, operations and cash flows of the Credit Union conform to generally accepted accounting principles.

As a result of these efforts, I am pleased to report that United Texas Credit Union and its assets remain financially sound and secure. The Supervisory Committee will continue to do our best to meet the expectations of the membership and Board of Directors. It has been my honor to serve as your Supervisory Committee Chairperson this past year and I sincerely appreciate your support.



A handwritten signature in black ink that reads "Clark Crutchfield". The signature is written in a cursive, flowing style.

Clark Crutchfield  
*Supervisory Committee Chairperson*



# SUPERVISORY COMMITTEE MEMBERS

Richard M. Adams

Jeannie Scott, Ph.D.

Jody Welchans

# PRESIDENT'S REPORT

At United Texas Credit Union, you are not a nameless, faceless, customer who enriches stockholders. You are a valued member. Every Credit Union product and service you use supports you, your family, and our community of fellow members. Our commitment to building member relationships and being your primary source to make educated financial decisions is the reason we exist.

## FINANCIAL PERFORMANCE

When you are financially successful, you, your family, United Texas members, and our community all have a better life. This is our motivation to provide exceptional financial products and services. You have chosen to do business with an organization which partners with you to improve your financial well-being and we are honored that you have made that choice. Overall, financial performance of the Credit Union improved again in 2017. We implemented several initiatives that helped us continue our positive trajectory towards financial strength and stability.

## LOANS

Our two principal assets are Loans and Investments, and historically, Loans produce a much greater yield. Currently, Loan yield is 4.15% while the yield on Investments is at 1.36%, so it is important to grow Loans and invest in our membership. In 2017, Net Loans increased over 2016's total by almost \$8.3 million. As a percent from 2016, Loans grew over 5.1%. Loans are the principal service we provide to members because we empower our staff and encourage members to spread the word about United Texas. We project Loan growth to continue its upward trend next year and beyond, due to our focus on competitive pricing, efficiency, and outstanding member service.

## EARNINGS

Our goal is to produce sufficient income to pay competitive dividends, while at the same time growing a capital base to strengthen the Credit Union. In 2014, the Credit Union began a turnaround by producing Net Income of \$291,157. In 2015, Net Income increased to \$776,043. In 2016, Net Income more than doubled again, to \$1,456,488. In 2017, Net Income was less than 2016's amount, but still strong at \$887,284. This dollar amount of Net Income equates to a Return on Assets ratio of 0.38%, which measures how well the Organization is using all of its assets to generate revenue. While we experienced a slight decline in ROA for 2017, we are positioning the Organization to produce outstanding ROA in the future.

## EQUITY

Equity is a cushion when there are fluctuations in earnings. It supports growth and provides protection against insolvency. As of December 31, 2017, Total Equity was \$21.7 million and stands at 9.27% as a percentage of assets.

## ASSETS

United Texas experienced a decline in Assets last year, from \$237.5 million to \$229.4 million. This equates to a reduction of 3.4%. We attribute this to our conversion to private share insurance, which will be explained in more detail later in this report.

## MEMBER SAVINGS

In spite of an intense member education effort related to our conversion to private share insurance in 2017, total Member Shares declined over \$11.1 million to \$205.3 million. We are confident these funds will return as time goes on and members realize that our

## PRESIDENT'S REPORT (CONTINUED)

strength and stability is unaffected by our insurance provider. We have also made some adjustments to our rates to attract additional deposits and these efforts are beginning to show positive results. With the steady economic growth the country is experiencing, we predict the Federal Reserve will continue to adjust market interest rates upward for the foreseeable future and the Credit Union will follow suit to remain competitive in the local market.

The financial performance of the Credit Union continued to improve in 2017, with many of our financial indicators making progress. We are supremely confident that our financial condition will continue to thrive.

### PRODUCTS AND SERVICES

This past year was full of major changes and our goal is to make each one a positive experience for our membership. The financial industry experiences constant change and we will stay on the cutting edge of service offerings.

**Name Change:** Our name officially changed to United Texas Credit Union on April 1. United Texas better reflects our broad field of membership that includes Bexar, Kendall, and part of Comal County. Management is excited about the opportunities our new name provides. We have had an overwhelmingly positive response from our members and the community.

**Share Insurance Conversion:** We conducted a member vote to convert from NCUA insurance to private insurance with American Share Insurance. This change was effective August 1. Members voted in favor of the change and now enjoy insurance coverage of up to \$250,000 on their accounts with no limit on the number of insured accounts. The new insurance provides significantly more protection than in the past and doesn't require members to "jump through various hoops" as they had to with federal insurance.

**Conversion from Federal to State Charter:** After much due diligence, we determined that making this change would be in the best interest of our membership and earlier last year, members supported this change by a majority vote. The Credit Union will save significantly in regulatory fees, enjoy greater powers to grow the Credit Union and operate under laws more in tune with the needs of Texans and local Credit Union members.

**MobiMoney:** As of April 1, this app is available to members with debit and credit cards and provides transaction alerts either via text message or email.

**Online Banking Notifications:** In May, we introduced enhancements to our mobile app that allow members to set up notifications when they have certain activities in their accounts.

**Website:** In August, we updated our website from the ground up and now offer visitors the convenience of our navigation assistant Rose, who can help direct you to where you want to go on the site.

**Redland Branch:** In August, we closed our Thousand Oaks Branch and opened our newest branch, in the Redland Trails Shopping Center at Loop 1604 and Redland Road. This is the first branch where we have implemented a universal employee concept, to improve both efficiency and member service delivery.

**Branch Remodels:** In September, we completed the remodeling of all of our branch locations. The lobbies all now have a cohesive look that's modern, fresh, and inviting.

**Debit Card Reissue:** To help fight increasing instances of card fraud, we conducted a mass reissue of all consumer debit cards in September. The new cards contain an EMV chip, which increases the security of transactions. We will reissue the remainder of our cards in early 2018.

**Online Account Opening:** This convenient service rolled out in October and allows current members to open new suffixes for their accounts online. We also have an option that makes it easier for new members to open their initial savings account with us.

**Free Wi-Fi:** As a convenience to members in all of our lobbies, we now offer free Wi-Fi.

**Loan Payment Center:** In December, we released a new and improved Loan Payment Center for members who choose to make their loan payments via credit card or a non-United Texas account.

As we look to the future, United Texas will remain steadfast in our commitment to ensuring our members' success by offering affordable and convenient financial products and services. On behalf of the Board, Supervisory Committee, and staff, thank you for your choice to be a United Texas Credit Union member. We look forward to helping you and your family prosper financially.



Respectfully,

A handwritten signature in black ink, appearing to read 'Kyle D. Ashley'.

Kyle D. Ashley  
*President & CEO*

# STAFF

## HEADQUARTERS LOCATION

5500 UTSA Boulevard  
San Antonio, TX 78249

Kyle Ashley  
*President & CEO*

Elizabeth Ramirez  
*Administrative Assistant*

Bill McFeeters  
*Chief Financial Officer*

Melissa Petoskey  
*AVP Accounting*

Tanner Ashley  
*Financial Analyst*

Melodie Flores  
*EFT Coordinator*

Elizabeth Hernandez  
*Accountant I*

Georgianna Vasquez  
*Accountant II*

James Baumann  
*Chief Loan Officer*

Pati Rhodes  
*VP Consumer Lending &  
Compliance*

Maria Beckwith  
*Financial Services Officer*

Crystal De La Cruz  
*Financial Services Officer*

Jesus Castillo  
*Financial Services Officer II*

Jorge Rocha  
*Financial Services Officer II*

Joann Guzman  
*Lending Support Specialist*

Raul Meza  
*Lending Quality Control Auditor*

Diana Phipps  
*Title/Insurance Coordinator*

Deborah Gutierrez  
*AVP Member Solutions*

Jackie Galindo  
*Member Solutions  
Representative*

Andre Cave  
*Collection Clerk*

David Gray  
*VP Member Business Lending*

Denise Swinson  
*Commercial Business  
Development Officer*

Tammie Johnson  
*Chief Operations Officer*

Carol Smith  
*AVP Operations*

Theadora Avila  
*Senior Teller*

Angela Hodo  
*Senior Teller*

Kaela Eby  
*Operations Floater*

Virginia Munoz  
*Operations Floater*

Ivan Romero  
*Part-Time Operations Floater*

Abraham Rosales  
*Teller*

Genie Stroud  
*Receptionist*

Jess Serna  
*Call Center Supervisor*

Abby Montalvo  
*Senior Call Center  
Representative*

Noemi Aguilar  
*Call Center Representative*

Elyela Garcia  
*Call Center Representative II*

Laura Luna  
*Fraud Claim Processor*

Maria Perez  
*Plastic Card Specialist*



Bill Smith  
*Facilities Manager*

Debra Bradberry  
*VP Enterprise Risk Management*

Rosanne Hernandez  
*VP Member Experience*

Mario Saldivar  
*Chief Information Officer*

Mark Alejandro  
*IT Network Administrator*

Michael Martinez  
*IT Systems Analyst*

Karla Sarran  
*Marketing Director*

## **BRANCH STAFF**

### **Medical Center Branch** 7318 Louis Pasteur San Antonio, TX 78229

Gordon Chin  
*Branch Manager*

Alicia Seaman  
*Operations Supervisor*

Beverley Vidaurri  
*Financial Services Officer*

Starr Moreno  
*Teller*

Luis Patino  
*Teller*

### **Redland Branch** 2838 North Loop 1604 East Suite 117 San Antonio, TX 78232

Ricardo Guzman  
*Branch Manager*

Robert Watkins  
*Operations Supervisor*

Alex Navarro  
*Senior Teller*

Maria Todisco  
*Teller*

### **1604/Braun Branch** 9910 West Loop 1604 North, Suite 129 San Antonio, TX 78254

Adolfo Martinez  
*Branch Manager*

Marcy Trevino  
*Operations Supervisor*

Jason Guerra  
*Financial Services Officer*

Andrea Li  
*Teller*

Amanda Miller  
*Teller*

### **Boerne Branch** 1440 South Main Boerne, TX 78006

Kris Boiles  
*Branch Manager*

Linda Hare  
*Operations Supervisor*

Christopher Robertson  
*Teller*

# STATEMENT OF FINANCIAL CONDITION

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents	\$16,018,516	\$25,058,607
Investments	13,609,027	23,723,357
Loans to Members, Net	171,348,664	162,861,789
Accrued Interest Receivable	567,445	561,009
Property and Equipment	11,091,546	9,844,253
NCUSIF Deposit	2,902,341	2,125,862
Other Assets	13,952,007	13,359,560
<b>Total Assets</b>	<b>\$229,489,547</b>	<b>\$237,534,436</b>

## LIABILITY AND MEMBERS' EQUITY

Liabilities		
Member Shares	\$205,345,616	\$216,531,612
Accrued Expenses & Other Liabilities	4,006,109	2,529,229
	<u>209,351,726</u>	<u>219,060,841</u>
Members' Equity		
Reserves	\$5,282,372	\$5,282,372
Undivided Earnings	14,855,449	13,191,223
Net Reserves	<u>20,137,821</u>	<u>18,473,595</u>
<b>Total Liability and Members' Equity</b>	<b>\$229,489,547</b>	<b>\$237,534,436</b>





# STATEMENT OF INCOME

INTEREST INCOME	<i>2017</i>	<i>2016</i>
Interest on Loans to Members	\$6,979,190	\$7,019,928
Investment Income	474,088	462,740
Total Interest Income	<u>7,453,278</u>	<u>7,482,667</u>
INTEREST EXPENSE		
Dividends on Members' Shares	<u>\$1,012,300</u>	<u>\$994,861</u>
Total Interest Expense	\$1,012,300	\$994,861
Net Interest Income	\$6,440,978	\$6,487,806
Provision for Loan Loss	305,627	268,620
Net Interest Income after Provision Expense	<u>\$6,135,351</u>	<u>\$6,219,187</u>
NON-INTEREST INCOME		
Fees and Charges	\$1,332,389	\$1,423,405
Miscellaneous Income	1,568,897	1,471,905
Non-Operating Income (Expense)	456,251	91,810
Total Non-Interest Income	<u>\$3,357,538</u>	<u>\$2,987,120</u>
NON-INTEREST EXPENSE		
Compensation & Benefits	\$4,070,976	\$3,555,790
Operations	4,534,629	4,194,028
Total Non-Interest Expense	<u>\$8,605,606</u>	<u>\$7,749,818</u>
<b>Net Income</b>	<b>\$887,284</b>	<b>\$1,456,488</b>

# 2017 ANNUAL MEETING MINUTES

Bill Gregory, Chairperson of the Board, introduced himself and welcomed the members to the 62nd UNITED SA Federal Credit Union Annual Membership Meeting. He briefly addressed the membership and then continued with the meeting. He declared that a quorum was present in order to proceed.

He recognized the guests by asking all to stand. Bill asked those who had been members for at least ten years to continue standing. He then counted up in five-year increments and had two members still standing at 40 years of membership.

Bill then directed the members to the 2016 Annual Report and asked for a motion to waive the reading of the 2016 Annual Meeting minutes. The motion carried.

Bill introduced Clark Crutchfield, Supervisory Committee Chairperson, and the Board of Directors to the attendees.

Bill announced the new business, which was the Board election. The Nominating Committee was pleased to submit Clark Crutchfield, Pete Hugdahl, and James Wheeler (all for re-election) as nominees for three-year terms on the Board of Directors. He asked for a motion to approve the nominees as presented and the motion carried.

He then gave special recognition to Rosaura Ramirez, a long-time Board member who resigned in January.

Bill turned the presentation over to Kyle Ashley, who recognized the staff in attendance and presented the Ambassador of the Year Award to Karla Sarran, Marketing Director.

Kyle then presented awards of \$1,000 each to the following UNITED SA Scholarship Winners:

- Neil Crisostomo – Brandeis H.S.
- Gareth Hobbs – International School of the Americas
- Nathaniel Perry – Central Catholic H.S.
- Kelsey Walla – East Central H.S.

For the first time, the scholarship is renewable for up to four years, for a total of up to \$4,000. He congratulated the winners and asked for a round of applause.

Kyle stated that he was pleased to report UNITED SA's progress for 2016. The Credit Union continues to be financially strong and committed to improving our members' financial well-being.

In 2016, Assets grew over \$12.2 million, from \$225.3 million to \$237.5 million. In order to not dilute the Capital base of the institution, we strive to achieve moderate and balanced Asset growth.

Within certain sectors of our Loan portfolio, we had excellent growth. Auto loans grew by \$1.5 million, which was due to increased direct auto lending. Home Equity loans increased by \$3.5 million. Credit Cards decreased by \$1.2 million, primarily due to working through delinquencies attributed to past weak underwriting practices. Mortgages were purposely allowed to decline as we made room for shorter durations.

In terms of Loan quality, our Delinquency Ratio decreased from 0.85% to 0.60%, which is lower than our peer group average of 0.83%. The Charge-Off Ratio was 0.46%, which is on par with the industry average of 0.42%. We expect charge-

offs to be lower in 2017 as we focus on quality lending. Combining these two ratios provides the Misery Index ratio, which for us is 1.05%, compared to an industry average of 1.25%. This is a true measure of Asset quality.

For the third year, Net Income grew. In 2016, Net Income was \$1.456 million. We are continuing to develop new income streams, exercise tight expense controls, and embody a member service spirit that results in increased referrals, foot traffic, and sales opportunities in the branches.

We have reversed the trend of negative earnings and Capital depletion and are again on a positive trajectory of strengthening the Organization. Net Worth climbed to over \$20.7 million.

While financial strength is important, it's the operational aspects that touch members. We rolled out several new products and services in 2016 to enhance membership benefits:

- Chip Cards
- Apple Pay®
- Member Relationship Management System
- Concierge Service
- Expanded Saturday Services
- New E-Teller Online Banking

**For 2017, our Strategic Goals are as follows:**

- Expand on our unique value proposition of building our business on personal relationships
- Continue from a mode of contraction to one of expansion
- Create above-peer profits
- Grow the Loan portfolio
- Build Capital

**Our 2017 Financial Goals are:**

- Increase Loans by 6% to \$173 million
- Increase Assets by 3% to almost \$243 million
- Produce Net Income of \$1.2 million
- Increase Net Worth to 9.0%

**The Five-Year Financial Goals are:**

- Increase Assets to \$300 million
- Produce yearly Net Income in excess of \$2 million
- Build Net Worth to \$30 million
- Increase Capitalization to 10.0%

While our goals are ambitious, I'm confident that we will not only meet these goals, but exceed them.

**On the horizon for 2017:**

- Name change to United Texas CU
- Conversion from Federal to State Charter
- Share insurance conversion from NCUA to American Share Insurance
- Instant Issue Credit Cards
- Improve branch facilities
- New and improved website
- New employee intranet
- Increased member and community involvement

While there are a multitude of changes, our goal will be to maintain the core values that have built this organization, while being cutting-edge in our acceptance of new technologies and service offerings.

Kyle thanked everyone for attending and then began the drawings for 20 Door Prizes of \$100 each.

The 62nd Annual Membership Meeting adjourned at 8:00 P.M.





**UnitedTexas**  
CREDIT UNION

*Friendly, done right.*

5500 UTSA Boulevard  
San Antonio, TX 78249

[utxcu.com](http://utxcu.com) ★ 210.561.4500 ★ 1.800.531.8456

YOUR SAVINGS INSURED TO \$250,000 PER ACCOUNT

 AMERICAN SHARE INSURANCE

This institution is not federally insured. Members' accounts are not insured or guaranteed by any government or government-sponsored agency.

