

**Friendly, Done Right.**

**2018**

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**Annual  
Report**





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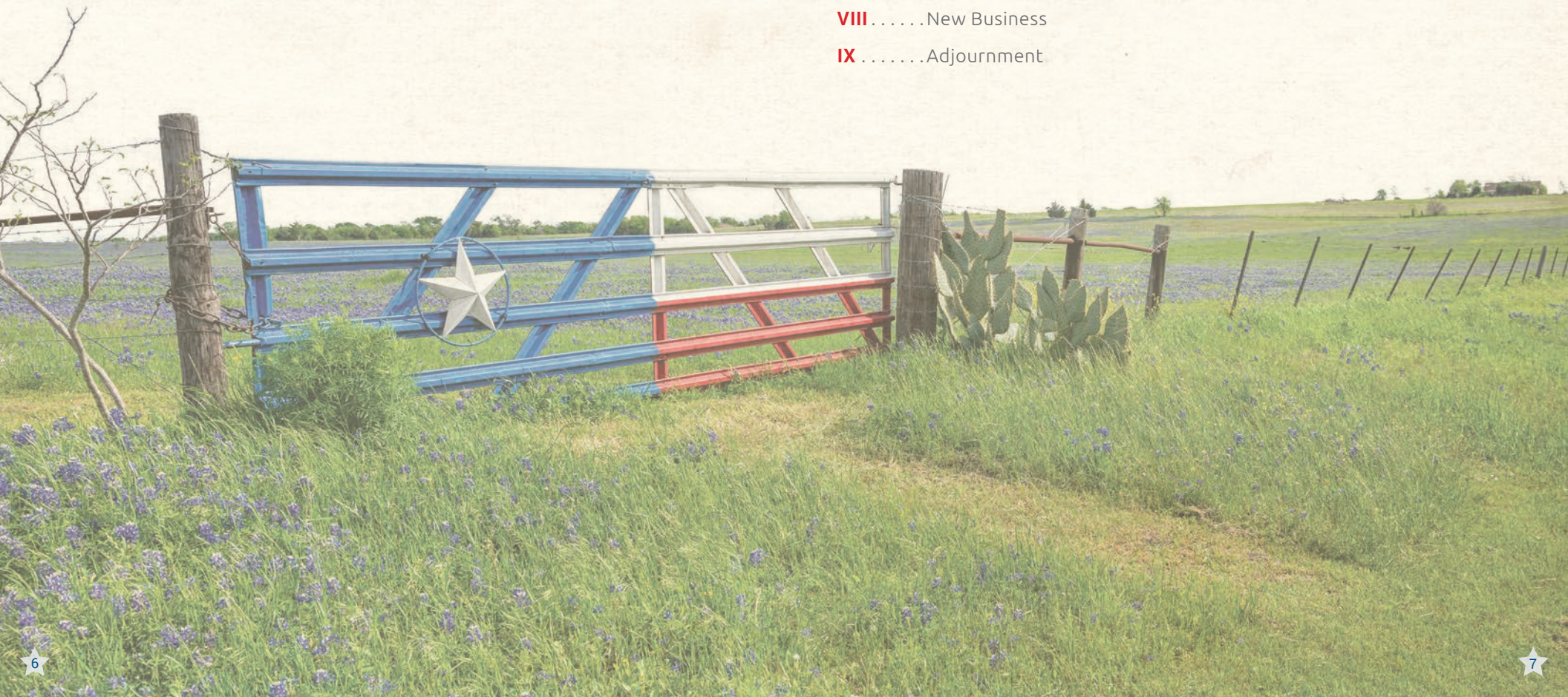
# Our Mission

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



# 2019 Annual Meeting Agenda

- I** .....Registration
- II** .....Call to Order
- III** .....Ascertainment of a Quorum
- IV** .....Minutes from the 2018 Annual Meeting
- V** .....Supervisory Committee's Report
- VI** .....President's Report
- VII** .....Board Member Election
- VIII** .....New Business
- IX** .....Adjournment





# Board Chairperson's Report

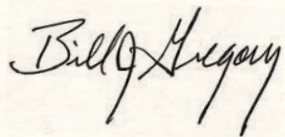
Welcome to United Texas Credit Union's 64<sup>th</sup> Annual Membership Meeting. My name is Bill Gregory, and I am proud to have served as your Chairperson for the last five years.

Your United Texas Board of Directors has an important difference when compared to the Board of a commercial bank. Credit Union Board members are not paid; they generously volunteer their time to ensure that United Texas is the financial institution of choice for those in our field of membership, which includes those who live, work, worship, attend school and own businesses in Bexar or Kendall County or the portion of Comal County west of U.S. Highway 281.

Our seven-member Board sets policies and directs the Organization in the best interest of the membership. Each member is elected to serve a three-year term, and they are firmly committed to the "People Helping People" philosophy of the credit union movement.

The Board is dedicated to ensuring the success of United Texas and its members. The Credit Union's mission is to improve the financial well-being of our members and the communities we serve, and your support is essential to accomplish our goals.

Thank you for the opportunity to serve as your Chairperson and for your continued loyalty.



**Bill Gregory**

Board Chairperson (2021)



# Your 2018 Board Members



**Rick Tobias**

1<sup>st</sup> Vice Chairperson (2019)



**James Wheeler**

Treasurer (2020)



**Richard Baggs**

Secretary (2021)



**Clark Crutchfield**

(2020)



**Charissa Power**

(2019)



**John Rees**

(2019)

(Year refers to term expiration date.)



# Supervisory Committee's Report

The Supervisory Committee consists of three unpaid volunteers selected from the membership and appointed by the Board of Directors. The committee donates their time to ensure the safety and soundness of the members' and Credit Union's assets, in addition to making certain that proper internal controls, policies and procedures are in place.

Every year, the Supervisory Committee ensures the completion of several on-site audits of various credit union operations. In 2018, Fisher, Herbst and Kemble, P.C. (FHK) Certified Public Accountants, the Texas Credit Union Department and American Share Insurance each completed comprehensive audits. The results showed that in all material respects, the financial condition, operations and cash flow of United Texas Credit Union conform to generally accepted accounting principles.

Because of these efforts, I am pleased to report the Credit Union and its assets are in sound financial condition. The Supervisory Committee will continue to strive to fulfill the expectations of both the membership and Board of Directors.

It has been a pleasure to serve as your Supervisory Committee Chairperson. On behalf of the committee members, I would like to thank the members and employees for their ongoing support and cooperation.



A handwritten signature in black ink that reads "Clark Crutchfield".

**Clark Crutchfield**

Supervisory Committee Chairperson



## Supervisory Committee Members

**Richard M. Adams**

**Jody Welchans**



# President's Report



At United Texas Credit Union, you are a valued member. You are not a nameless, faceless customer who contributes to stockholder profit. Because the Credit Union is a financial cooperative owned by members like you, every product and service you use supports you, your family and our larger community of members. We exist to improve your financial well-being, and building relationships is at the heart of that mission.

## Financial Performance

Financial success contributes to a higher quality of life for you and your family, your fellow members and our community. This is what drives us to provide exceptional financial products and services. We are honored that you have chosen to do business with an organization that partners with you to improve your financial well-being. The Credit Union's financial performance improved once again in 2018. We implemented several initiatives that helped us improve upon our financial strength and stability.

## Loans

Loans and Investments are our two principal assets, and Loans have historically produced a higher yield. Currently, the yield on Loans is 4.17% while Investment yield is at 1.93%, so it is essential to grow Loans and invest in the members. In 2018, Net Loans increased over 2017's total by almost \$5.1 million. As a percent from 2017, Loans grew almost 3%. Loans are our primary member service, and we empower our staff and encourage members to provide word-of-mouth marketing about United Texas. Even in this environment of rising rates, we project loan growth to continue its upward trajectory due to our focus on competitive pricing, efficiency and exemplary service.

## Earnings

We consistently strive to generate enough income to pay competitive dividends, while simultaneously growing a base of capital to fortify the Credit Union against unanticipated events. In 2014, the Credit Union started

on a path to profitability by producing Net Income of \$291,157. Net Income increased to \$776,043 in 2015. The following year, Net Income more than doubled to \$1,456,488. In 2017, Net Income decreased compared to 2016's number but was still a strong \$887,284. In 2018, Net Income grew to \$1,001,944. This equates to a Return on Assets (ROA) ratio of 0.42%, which measures how well the Credit Union is using its assets to generate revenue. We are confident that by focusing on meeting members' needs, we are positioning the organization to continue to produce outstanding ROA in subsequent years.

## Equity

Equity serves as a buffer against periods when earnings fluctuate. It supports growth and provides protection against insolvency. In 2018, Total Equity was \$22.6 million and stands at 9.5% as a percentage of assets.

## Assets

The Credit Union's Assets grew from \$229.4 million to \$239.5 million in 2018. This is an increase of 4.4%. We attribute this increase to two factors: our focus on providing competitive market rates for deposits, and members bringing deposits back after realizing that our conversion to private share insurance last year has no effect on the institution's strength and stability.

## Member Savings

Total Member Shares increased from \$205.3 million to \$216.3 million in 2018. This equates to a 5.4% increase. We have continuously adjusted our rates to attract deposits, and these efforts have garnered positive results. With the uncertain economic conditions for 2019, we will monitor the Federal Reserve's actions in terms of rate adjustments and follow suit to remain competitive in our local market.

The Credit Union's financial performance continued to improve in 2018, with many of our financial indicators making progress. Our financial condition will continue to thrive by maintaining focus on our purpose, and by continuously providing that "wow" factor in all member interactions.

## Products and Services

One thing that is constant in the financial industry is change. This past year was no exception. Our goal is to make each one a positive experience for our membership, while staying on the cutting edge of service offerings.

President's Report Continued on Next Page



**Mobile App Updates:** In January, we released improvements for our mobile app, including high-risk authentication so device activation is no longer required, the ability to view statements and documents on the app, the ability to schedule and manage transfers, additional loan payment options, and iPhone® X Face ID support.

**Google Pay™/Samsung® Pay:** In February, these convenient and secure services became available to allow members to make purchases on websites, in apps and in stores with the simple touch of a finger when using a compatible Near Field Communication (NFC) device. All United Texas card types can be set up for these services.

**Credit/Debit Card Reissue:** To help fight increasing instances of card fraud, we conducted the second wave of our mass reissue of debit and credit cards starting in February. The new cards contain an EMV chip, which increases the security of transactions. We reissued our consumer debit cards in 2017. Also, instant-issue debit cards available in all branches now come with an EMV chip for added security.

**In-House Home Loans:** In March, we rolled out our new online Home Loan Center to provide a streamlined experience for members and for staff who assist members with mortgage loans. The site is very similar to the application experience with Rocket Mortgage® from Quicken Loans®. The application process is dynamic and adjusts according to the member's answers. The communication with members and vastly improved document tracking will result in an easier experience for this lengthy and complicated loan type.

**Online Bill Pay eBill:** Beginning in April, members who were enrolled in our Online Bill Pay service could take advantage of eBill, which allows members to receive and pay electronic summary versions of paper bills directly from their Online Bill Pay account.

**Investment Real Estate Financing:** In June, we expanded our business loan offerings by adding a new fixed-rate business loan solution for members who wish to purchase or refinance non-owner-occupied property.

**New Employee Intranet:** In December, we released our new Hub intranet for employees. This new site was built from scratch with the goal of helping staff have the information they need to do their jobs at their fingertips. The Hub is now available outside the Credit Union's network, so employees can access the information with any internet-connected device. The site is also responsive, so the page layout is automatically optimized based on the device used to access the site.

**Increased Community Involvement:** Our employees represented the Credit Union through participation in various community activities and events in 2018. The cornerstone of our involvement this year was staffing a weekly meal delivery route for the Meals on Wheels program.

As we look to 2019 and beyond, United Texas will continue to offer affordable and convenient products and services to ensure our members are successful in their financial lives. On behalf of the Board, Supervisory Committee and staff, we sincerely appreciate your choice to be a United Texas Credit Union member. We look forward to serving you and your family now and in the future.

Respectfully,



**Kyle D. Ashley**  
President & CEO





# Staff

## Headquarters Location

5500 UTSA Boulevard  
San Antonio, TX 78249

### Kyle Ashley

President & CEO

### Elizabeth Pollreis

Administrative Assistant

### Bill McFeeters

Chief Financial Officer

### Melissa Petoskey

AVP Accounting

### Tanner Ashley

Data Analyst

### Melodie Flores

EFT Coordinator

### Elizabeth Hernandez

Accountant I

### Georgianna Vasquez

Accountant II

### James Baumann

Chief Lending Officer

### Pati Rhodes

VP Consumer Lending  
& Compliance

### Maria Beckwith

Financial Services Officer

### Jesus Castillo

Mortgage Loan Officer

### Joann Guzman

Lending Support Specialist

### Raul Meza

Lending Quality  
Control Auditor

### Alex Navarro

Funding Coordinator

### Diana Phipps

Title/Insurance Coordinator

### Jorge Rocha

Financial Services Officer II

### Deborah Gutierrez

AVP Member Solutions

### David Contreras

Member Solutions  
Representative

### Jackie Galindo

Member Solutions  
Representative

### David Gray

VP Member Business Lending

### Denise Swinson

Member Business  
Lending Administration

### Rex Ashley

Intern

### Tammie Johnson

Chief Operations Officer

### Carol Smith

AVP Operations

### Angela Hodo

Senior Teller

### Theadora Morales

Senior Teller

### Crystal De La Cruz

Operations Floater

### Virginia Munoz

Operations Floater

### Abraham Rosales

Teller

### Genie Stroud

Receptionist

### Jess Serna

Call Center Supervisor

### Abby Montalvo

Senior Call Center  
Representative

### Noemi Aguilar

Call Center Representative

### Leandra Mendoza

Call Center Representative

### Maria Perez

Plastic Card Specialist

### Debra Bradberry

VP Project Specialist

### 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

## 1604/Braun Branch

9910 West Loop 1604 North  
Suite 129  
San Antonio, TX 78254

### Adolfo Martinez

Branch Manager

### Marcy Trevino

Operations Supervisor

### Debra Villanueva

Financial Services Officer

### Amanda Miller

Teller

## Boerne Branch

1440 South Main  
Boerne, TX 78006

### Kris Boiles

Branch Manager

### Linda Hare

Operations Supervisor

### Lisa Rakus

Financial Services Officer

### Chris Robertson

Teller

## Redland Branch

2838 North Loop 1604 East  
Suite 117  
San Antonio, TX 78232

### Ricardo Guzman

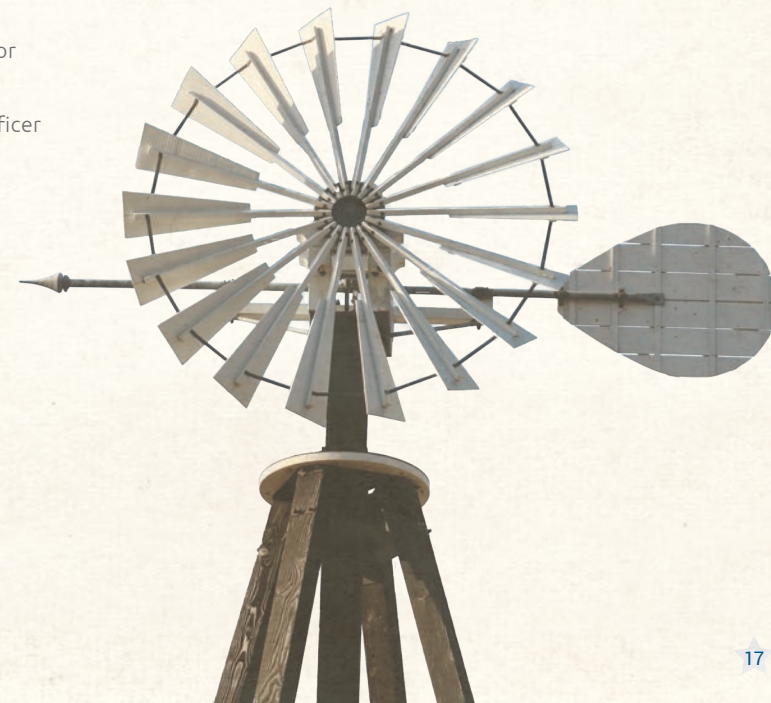
Branch Manager

### Robert Watkins

Operations Supervisor

### Jon Llanes

Financial Services Officer





# Statement of Financial Condition

Assets	2018	2017
Cash and Cash Equivalents	\$11,952,298	\$16,018,516
Investments	\$23,431,491	\$13,609,027
Loans to Members, Net	\$176,497,868	\$171,348,664
Accrued Interest Receivable	\$618,356	\$567,445
Property and Equipment	\$10,659,931	\$11,091,546
American Share Insurance Deposit	\$2,670,181	\$2,902,341
Other Assets	\$13,698,435	\$13,952,007
<b>Total Assets</b>	<b>\$239,528,560</b>	<b>\$229,489,547</b>
Liability and Members' Equity		
Liabilities		
Member Shares	\$216,325,836	\$205,345,616
Accrued Expenses and Other Liabilities	\$2,946,701	\$4,006,109
Net Liabilities	\$219,272,537	\$209,351,726
Members' Equity		
Reserves	\$5,282,372	\$5,282,372
Undivided Earnings	\$14,973,650	\$14,855,449
Net Reserves	\$20,256,023	\$20,137,821
<b>Total Liability and Members' Equity</b>	<b>\$239,528,560</b>	<b>\$229,489,547</b>

# Statement of Income

Interest Income	2018	2017
Interest on Loans to Members	\$7,278,228	\$6,979,190
Investment Income	\$711,308	\$474,088
<b>Total Interest Income</b>	<b>\$7,989,535</b>	<b>\$7,453,278</b>
Interest Expense		
Dividends on Members' Shares	\$1,411,072	\$1,012,300
<b>Total Interest Expense</b>	<b>\$1,411,072</b>	<b>\$1,012,300</b>
Net Interest Income	\$6,578,464	\$6,440,978
Provision for Loan Loss	\$220,931	\$305,627
<b>Net Interest Income After Provision Expense</b>	<b>\$6,357,533</b>	<b>\$6,135,351</b>
Non-Interest Income		
Fees and Charges	\$1,292,480	\$1,332,389
Miscellaneous Income	\$1,407,074	\$1,568,897
Non-Operating Income (Expense)	\$409,280	\$456,251
<b>Total Non-Interest Income</b>	<b>\$3,108,835</b>	<b>\$3,357,538</b>
Non-Interest Expense		
Compensation and Benefits	\$4,203,693	\$4,070,976
Operations	\$4,260,730	\$4,534,629
Total Non-Interest Expense	\$8,464,423	\$8,605,606
<b>Net Income</b>	<b>\$1,001,944</b>	<b>\$887,284</b>



# 2018 Annual Meeting Minutes

Bill Gregory, Board Chairperson, introduced himself and Kyle Ashley, President & CEO, and welcomed the members to the United Texas Credit Union Annual Membership Meeting. He called the meeting to order and ascertained that a quorum was present, so we could have an official meeting.

He had all the attendees stand and then asked those who had been a member for at least 10 years to continue standing. He then counted in 10-year increments and had one member standing at 50 years of membership.

Bill then referred the attendees to the 2017 Annual Report and asked for a motion to waive the reading of last year's Annual Meeting minutes. The motion carried.

Bill introduced the Board of Directors and noted that Clark Crutchfield was also the Supervisory Committee Chairperson.

Bill then continued to the New Business – this year's Board nominations. The Board was pleased to submit Richard Baggs (re-election), Bill Gregory (re-election) and Don Mann (re-election) as nominees for three-year terms on the United Texas Board of Directors.

Bill Gregory asked for a motion to approve the three candidates listed, and the motion carried. Bill congratulated all on their election to the Board of Directors for United Texas and asked for a round of applause from the attendees.

Bill then turned the meeting over to Kyle Ashley, President & CEO.

Kyle started with the scholarship presentations. He awarded college scholarships to four graduating high school seniors, presenting them with a check for \$1,000 each.

Kyle asked the attendees to give the United Texas staff a round of applause and then proceeded to recognize the 2018 United Texas Ambassador of the Year. Kris Boiles, Boerne Branch Manager, was selected as this year's winner.

Kyle moved on to the President & CEO's Report and financials for 2017. Loans increased to \$172 million, and 2017 was one of the best years ever in terms of loan growth.

The Credit Union continued to build its loan portfolio with quality paper. The Delinquency Ratio decreased from 0.60% in 2016 to 0.25% in 2017.

The Net Charge-Off Ratio for 2017 decreased from 0.46% in 2016 to 0.28% in 2017. The Misery Index fell from 1.05% last year to 0.53% for 2017.

In terms of expense control, management continued its laser focus on reducing expenses while building additional revenue streams. These actions have resulted in a resounding rebound in profitability.

For the third year in a row, Net Income continued to be strong and was \$887,284 for 2017. Net Worth was over \$21.7 million.

2018 Annual Meeting Minutes  
Continued on Next Page





**Operational Achievements for 2017 include:**

- Changing our name to United Texas Credit Union
- Changing our tagline to *"Friendly, done right."*
- Beginning operation of Credit Union Income Solutions: a wholly-owned Credit Union Service Organization (CUSO)
- Converting our charter from federal to state
- Converting our share insurance from federally insured (NCUA) to privately insured (ASI)
- Remodeling our branches
- Opening the Redland Branch to replace our Thousand Oaks location
- Adding the MobiMoney™ app to give members control over payment cards
- Adding Online Banking notifications to allow members to know about certain activities in their checking, savings and loan accounts
- Developing a new website with improved navigation and a fresh, modern look
- Reissuing all consumer debit cards to rebrand and adding an EMV chip for extra security
- Adding Online Account Opening that allows members to open new account suffixes online
- Making free Wi-Fi available at all locations

**2018 Strategic Goals include:**

- Building on our unique value proposition of building our business on personal relationships
- Continuing the transition from a contraction to an expansion mode
- Creating above-peer profits
- Growing the Loan portfolio
- Building Capital

**2018 Financial Goals include:**

- Increasing Loans by 6% to \$181 million
- Increasing Assets by 10% to over \$250 million
- Producing Net Income of \$1 million
- Increasing Net Worth to 9.5%

**Five-Year Financial Goals are:**

- Increasing Assets to \$304 million
- Producing yearly Net Income of almost \$3 million
- Building Net Worth to \$30 million
- Increasing Capitalization to 10.5%

**On the horizon for 2018:**

- Future Braun Branch: Purchased land to build a new branch at Loop 1604 and Braun Road
- Google Pay/Samsung Pay: Allows members with any United Texas card to make purchases with their compatible Android™ or Samsung device
- Instant-Issue Debit Cards: Have a chip for added security
- Intranet: New system built for employees to access documents quickly to better serve members
- Member and Community Involvement: Commitment to increase community activities

Kyle thanked everyone for attending and then began the drawings for the door prizes (20 door prizes of \$100).

The Annual Membership Meeting adjourned at 8:00 p.m.








*Friendly, done right.*

5500 UTSA Boulevard, San Antonio, TX 78249

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

