



2019

ANNUAL REPORT

Friendly, Done Right.



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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.



2020 Annual Meeting Agenda

- I** Registration
- II** Call to Order
- III** Ascertainment of a Quorum
- IV** Minutes from the 2019 Annual Meeting
- V** Supervisory Committee's Report
- VI** President's Report
- VII** Board Member Election
- VIII** New Business
- IX** Adjournment

Board Chairperson's Report

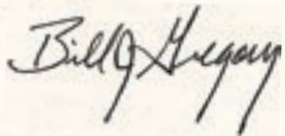
Thank you for attending United Texas Credit Union's 65th Annual Membership Meeting. I am Bill Gregory, and I am honored to have served for the last six years as your Chairperson.

Your Board members generously donate their time to ensure that United Texas Credit Union is the premier financial institution for those in our field of membership. This is an important difference when compared to the Board of a commercial bank.

The United Texas Board of Directors consists of seven members who set policies and direct the Organization in the best interest of the membership. Each Board member serves three-year elected terms, and they are dedicated to the credit union philosophy of "People Helping People."

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

I sincerely appreciate the opportunity to serve as your Chairperson and thank you for your continued loyalty.



Bill Gregory
Board Chairperson (2021)



Your 2019 Board Members



Rick Tobias
1st Vice Chairperson (2022)



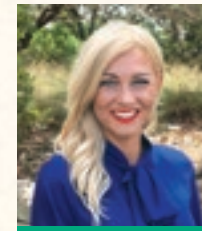
James Wheeler
Treasurer (2020)



Richard Baggs
Secretary (2021)



Clark Crutchfield
(2020)



Charissa Power
(2022)



John Rees
(2022)

(Year refers to term expiration date.)

Supervisory Committee's Report

The Board of Directors appoints the Supervisory Committee, which consists of four unpaid volunteers selected from the membership. The committee's primary function is to ensure the overall safety and soundness of the members' and Credit Union's assets. They also make certain that proper internal controls, policies, and procedures are in place.

The Supervisory Committee annually ensures that several on-site audits of various Credit Union operations are completed. In 2019, Fisher, Herbst and Kimble, P.C. (FHK) Certified Public Accountants; the Texas Credit Union Department; and American Share Insurance each completed comprehensive audits of the Credit Union. The results concluded that in all material respects, the financial condition, operations, and cash flows of United Texas Credit Union conform to generally accepted accounting principles.

As a result of these combined efforts, I am proud to report that United Texas Credit Union and its assets continue to be sound and financially secure. The Supervisory Committee will continue to do our best to meet the expectations of our membership and the Board of Directors.

It has been my honor to serve as Chairperson of your Supervisory Committee. On behalf of the committee members, I offer my sincere thanks to both the members and employees for their ongoing support and confidence.



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

Clark Crutchfield
Supervisory Committee
Chairperson

Supervisory Committee Members

Richard M. Adams • Rosaura Ramirez • Jody Welchans



President's Report

At United Texas Credit Union, you are not an anonymous customer who exists to enrich stockholders. You are a truly valued member, supporting yourself and your family with each product and service you choose to use with United Texas Credit Union. Because the Credit Union is a financial cooperative that members like you own, your loyalty helps to support our larger community of members as well. We are here to improve your financial well-being, and building relationships is the core of that mission.

Financial Performance

When you are financially successful, you and your family, fellow members, and our community all enjoy a better life. This fact motivates us to provide superior financial products and services. We sincerely appreciate that you have chosen this organization as your financial partner. The Credit Union's financial performance improved again in 2019. We implemented several initiatives that helped us to continue making incremental improvements to our financial strength and stability.

Loans

Our two principal assets are Loans and Investments, and historically, Loans have produced a higher yield. Yield on Average Loans jumped to 4.54% from 4.17% one year ago, while Investment Yield is at 2.22%, so it is very important to grow Loans and invest in the members. In 2019, Net Loans increased over 2018's total by over \$1.25 million, or by 0.7%. While we did not grow as much as anticipated, we saw growth in higher yielding, lower risk areas such as Home Equity, Residential Construction and Commercial Loans.

Loans are the principal financial service we provide for our members. To continue to foster loan growth, we empower our staff and ask members to provide word-of-mouth advertising about United Texas. Even in this environment of declining rates, we project loan growth to continue its upward trajectory, due to our focus on competitive pricing, efficiency, and extraordinary service.

Earnings

Our goal is to consistently produce sufficient income to pay competitive dividends, and at the same time grow capital to strengthen the Credit Union against unforeseen events. In 2014, the Credit Union started a turnaround on earnings 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, while Net income decreased compared to 2016, it was still a strong \$887,284. The next year, Net Income grew to \$1,001,944. Again in 2019, Net Income increased over last year to \$1,010,908. Our Return on Assets (ROA) ratio of 0.41% measures how well the organization is using its assets to generate revenue. We believe that by concentrating on meeting our members' needs, we are positioning the Credit Union to continue to produce a strong ROA in the years to come.

Equity

Equity is a cushion for periods when there are fluctuations in earnings. It helps us to grow and provides protection against insolvency. Total Equity grew from \$22.6 million last year to \$24.2 million and stands at 9.82% as a percentage of assets.

Assets

The Credit Union's assets grew from \$239.5 million to \$250.8 million in 2019. This is a 4.7% increase. Exceeding the \$250 million level is quite an achievement for this Credit Union. Savings, checking and certificate accounts all experienced solid growth rates of 22% each, while IRAs and Money Market accounts had excellent growth of 5% and 17%, respectively.

Member Savings

Total Member Shares increased from \$216.3 million to \$224.9 million in 2019. This equates to a 3.98% increase. We continuously adjust our rates to attract deposits, and these efforts have garnered positive results. With uncertain economic conditions expected for 2020, we will monitor any rate adjustments the Federal Reserve may make and follow suit to remain competitive in our local market.

President's Report Continued on Next Page

President's Report (CONTINUED)

The Credit Union's financial performance continued to improve in 2019, with many of our financial indicators making progress. We are supremely confident that our financial condition will continue to thrive by maintaining a laser focus on our purpose, and by keeping members' needs and wants a priority.

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 interaction a positive experience for our membership, while staying on the cutting edge of service offerings.

Kids Club Changes: In January, we changed our Kids Club to make it easier for members to earn prizes.

Year-Round Shredding: To make it more convenient for members to discard sensitive documents, in April we started offering this free service at the Main Office.

Carvana: In May, we started a partnership with Carvana, the leading e-commerce platform for buying used cars, to provide members with a simple, affordable and convenient car buying solution.

Website Accessibility: We deployed a new tool in May on our website for users who need an accommodation in order to use our website.

WOAI Campaign: During the second half of the year, we ran a media campaign with WOAI-TV with the goal of building our brand and increasing name recognition. The campaign included a weekly "Monday Money Minute" spot during the 6 pm news, a monthly live segment on SA Living, as well as other media. The spots reinforced our "Friendly, Done Right" tagline and helped to position us as a community financial expert. The campaign received a tremendous amount of positive feedback and WOAI even won a national award for the campaign.

Overdraft Privilege (ODP) Changes: Effective July 1, we revamped our Overdraft Coverage options and now allow all qualifying checking accounts to have \$600 of ODP. Business accounts may now have up to two accounts with an ODP limit of \$1,000 each. All accounts have the option to extend the coverage

to include ATM transactions and everyday debit card transactions.

Stuff the Smart Car: In August, we held a fundraiser for Wanke Elementary School in the Northside School District. We asked members and staff to donate school supplies to help those students in need. We received so many donations that the Smart Car was too small to contain them. Fifty students received a backpack full of school supplies for their specific grade. We also were able to donate a huge amount of supplies for the teachers. Each staff member also received a custom school bag sponsored by the Credit Union.

Mastercard® Click to Pay: This new service rolled out in October and allows our cardholders to take advantage of a new, advanced guest checkout option that balances intelligent security with password-free convenience.

2019 was a challenging, but exciting, year. While the financial industry continues to swirl with change, United Texas Credit Union has shown a remarkable ability to adapt and prosper. We all have great plans for the future of this Credit Union, and I'm confident each year will only get better. As we look to the future, United Texas will continue to offer exceptional products and services to ensure our members have financially successful lives. On behalf of the Board, Supervisory Committee and employees, we are so thankful that you have chosen to be a member. We look forward to serving you and your family now and in the years to come.

Respectfully,



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
Data Analyst

Melodie Flores
EFT Coordinator

Elizabeth Hernandez
Accountant I

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

Amanda Miller
Loan Funding Specialist

Jessica Pena
Financial Services Officer

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

Sharon Miller
Member Business
Lending Officer

Denise Swinson
Member Business
Lending Administration

Tammie Johnson
Chief Operations Officer

Carol Smith
AVP Operations

Angela Hodo
Senior Teller

Crystal De La Cruz
Operations Floater

Haley Johnson
Operations Floater

Virginia Munoz
Operations Floater

Genie Stroud
Receptionist

Gordon Chin
E-Branch Manager

Jess Serna
Call Center Supervisor

Abby Montalvo
Senior Call Center
Representative

Noemi Aguilar
Call Center Representative

Leandra Mendoza
Overdraft Privilege
Specialist

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

Lisa Rakus
Branch Manager

Alicia Seaman
Operations Supervisor

Beverley Vidaurri
Financial Services Officer

Abraham Rosales
Teller

Redland Branch

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

Robert Watkins
Operations Supervisor

Jon Llanes
Financial Services Officer

Deanna Hall
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

John Idrogo
Financial Services Officer

Gracie Segovia
Teller

Boerne Branch

1440 South Main
Boerne, TX 78006

Kris Boiles
Branch Manager

Linda Hare
Operations Supervisor

Chris Robertson
Teller



Statement of Financial Condition

Assets	2019	2018
Cash and Cash Equivalents	\$3,569,627	\$11,952,298
Investments	\$44,065,182	\$23,431,491
Loans to Members, Net	\$177,749,714	\$176,497,868
Accrued Interest Receivable	\$620,758	\$618,356
Property and Equipment	\$10,653,002	\$10,659,931
American Share Insurance Deposit	\$2,813,428	\$2,670,181
Other Assets	\$11,365,714	\$13,698,435
Total Assets	\$250,837,424	\$239,528,560
Liability and Members' Equity		
Liabilities		
Member Shares	\$224,924,408	\$216,325,836
Accrued Expenses and Other Liabilities	\$1,696,026	\$2,946,701
Net Liabilities	\$226,620,434	\$219,272,537
Members' Equity		
Reserves	\$5,282,372	\$5,282,372
Undivided Earnings	\$18,934,617	\$14,973,650
Net Reserves	\$24,216,990	\$20,256,023
Total Liability and Members' Equity	\$250,837,424	\$239,528,560

Statement of Income

Interest Income	2019	2018
Interest on Loans to Members	\$7,923,360	\$7,278,228
Investment Income	\$976,255	\$711,308
Total Interest Income	\$8,899,615	\$7,989,535
Interest Expense		
Dividends on Members' Shares	\$1,877,490	\$1,411,072
Total Interest Expense	\$1,877,490	\$1,411,072
Net Interest Income	\$7,022,126	\$6,578,464
Provision for Loan Loss	\$495,580	\$220,931
Net Interest Income After Provision Expense	\$6,526,546	\$6,357,533
Non-Interest Income		
Fees and Charges	\$1,309,834	\$1,292,480
Miscellaneous Income	\$1,318,928	\$1,407,074
Non-Operating Income (Expense)	\$456,823	\$409,280
Total Non-Interest Income	\$3,085,586	\$3,108,835
Non-Interest Expense		
Compensation and Benefits	\$4,324,107	\$4,203,693
Operations	\$4,277,116	\$4,260,730
Total Non-Interest Expense	\$8,601,223	\$8,464,423
Net Income	\$1,010,908	\$1,001,944

2019 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 the meeting could proceed.

He had all the attendees stand and then asked those who had been a member for at least ten years to continue standing. He then counted in ten-year increments, and several members were left standing at 50 years of membership.

Bill then referred the attendees to the 2018 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 Clark Crutchfield, Supervisory Committee Chairperson, to the attendees.

Bill then continued to the New Business – this year's Board nominations. The Board was pleased to submit Rick Tobias (re-election), John Rees (re-election), and Charissa Power (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 2019 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 2018. Overall loans to members grew by \$5 million from \$172 million to \$177 million. This is the highest level of loans in the Credit Union's entire history.

The Credit Union continued to build its loan portfolio with quality paper. The Delinquency Ratio increased slightly from 0.25% in 2017 to 0.27% in 2018 but remains one-third of our peer group average of 0.83%. The Net Charge-Off Ratio decreased from 0.28% in 2017 to 0.15% in 2018. The Misery Index fell from 0.53% in 2017 to 0.42% in 2018.

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

For the fourth year in a row, the Credit Union's Net Income was strong, producing just over \$1 million. Net Income this year increased compared to 2017's Net Income of \$887,284. Net Worth climbed to over \$22.6 million in 2018.

Operational achievements for 2018 include:

- Mobile App Updates – including high-risk authentication so device activation is no longer required
- Google Pay™/Samsung® Pay – allows members to make purchases using any United Texas card type with their compatible NFC device
- Credit/Debit Card Reissue – to take advantage of the greater transaction security of chip cards
- In-House Home Loans – offer members a streamlined experience for this product
- Online Bill Pay eBill – allows members to receive and pay electronic summary versions of paper bills directly from their Online Bill Pay account
- Investment Real Estate Financing – a new fixed-rate business loan solution for members who wish to purchase or refinance non-owner-occupied property
- New Employee Intranet – allows staff access at their fingertips to the information they need to do their jobs
- Increased Community Involvement – staff participated in various community activities, including a weekly meal delivery route for Meals on Wheels

On the horizon for 2019:

- Future Braun Branch – purchased land to build a new branch at Loop 1604 and Braun Road with better visibility and access. The project is scheduled for completion by the end of this year and opening in early 2020.

Kyle thanked everyone for attending and then began the drawings for the door prizes – 20 door prizes of \$100 were awarded.

The Annual Membership Meeting was adjourned at 7:45 pm.





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5500 UTSA Boulevard, San Antonio, TX 78249

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