

# 2020

## ANNUAL REPORT



Friendly, Done Right.





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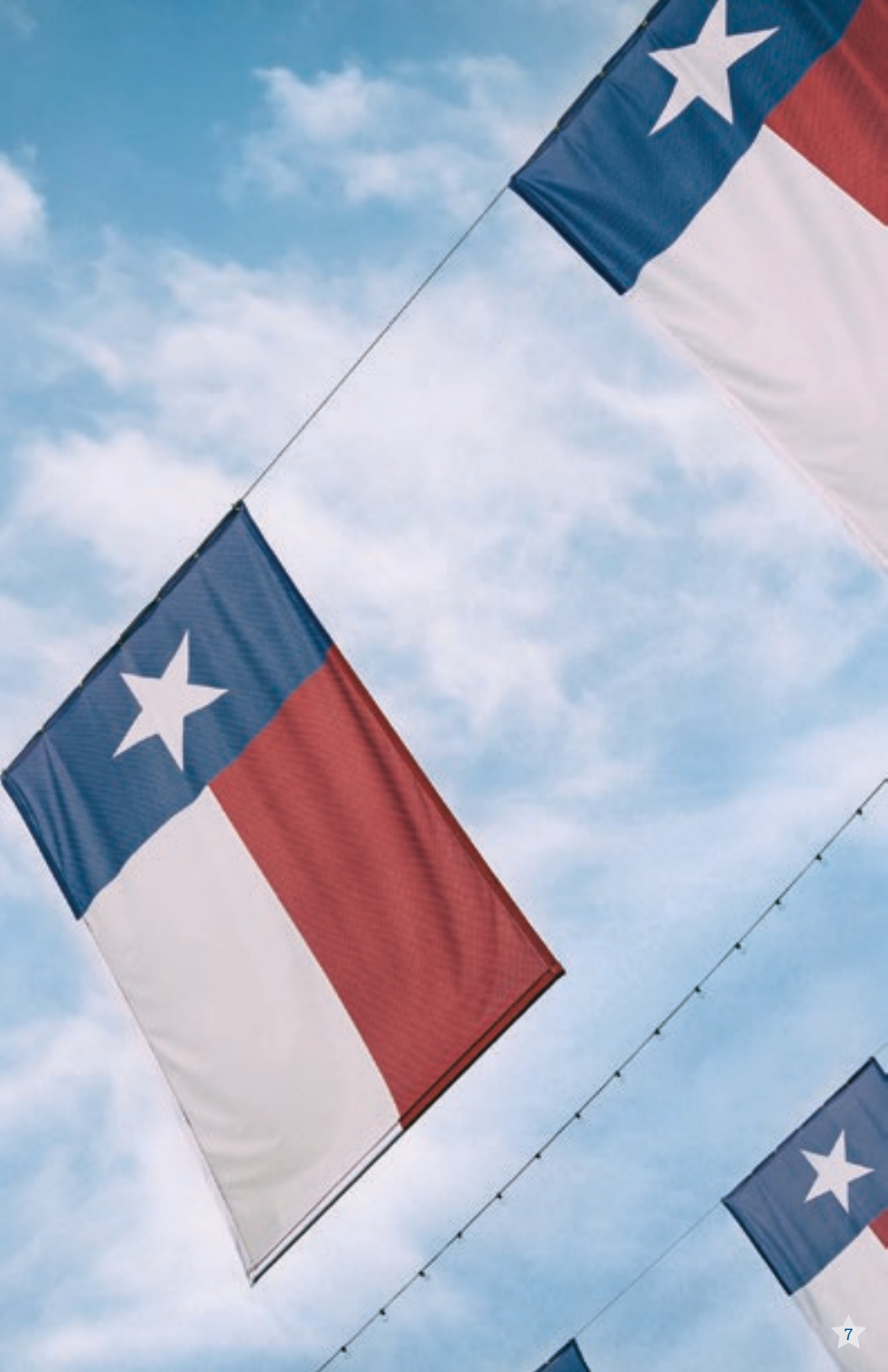
# Our Mission

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



# 2021 Annual Meeting Agenda

- I** . . . . .Registration
- II** . . . . .Call to Order
- III** . . . . .Ascertainment of a Quorum
- IV** . . . . .Minutes From the 2020 Annual Meeting
- V** . . . . .Supervisory Committee's Report
- VI** . . . . .President's Report
- VII** . . . . .Board Member Election
- VIII** . . . . .New Business
- IX** . . . . .Adjournment



# Board Chairperson's Report

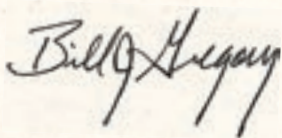
Welcome to the 66th Annual Membership Meeting of United Texas Credit Union. I am Bill Gregory, and it has been my honor to serve as your Chairperson for the last seven years.

Your Board of Directors are unlike those who serve on the board of a commercial bank. Credit Union Board members are unpaid volunteers who donate their time to ensure that United Texas Credit Union continues to be the ultimate financial cooperative for people and businesses in our field of membership.

The seven-member Board is charged with setting policies and directing the Credit Union in your best interest. They each serve three-year elected terms, and the "People Helping People" philosophy of the credit union movement is their driving force.

The Board is committed to ensuring the success of United Texas and its members. Our mission is to improve the financial well-being of our members and the communities we serve, and we depend on your support to accomplish our goals.

I am proud to serve as your Chairperson and sincerely appreciate your loyalty.

A handwritten signature in black ink that reads "Bill Gregory". The signature is fluid and cursive, with the first and last names clearly legible.

**Bill Gregory**

Board Chairperson (2021)



# Your 2020 Board Members



**Rick Tobias**

1<sup>st</sup> Vice Chairperson (2022)



**James Wheeler**

Treasurer (2023)



**Richard Baggs**

Secretary (2021)



**Don Mann**

(2022)



**Rosaura Ramirez**

(2023)



**John Rees**

(2022)

(Year refers to term expiration date.)

# Supervisory Committee's Report

Your Supervisory Committee is an oversight working group comprised of three volunteers selected from the membership and appointed by the Credit Union Board of Directors. 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 ensures each year that audits of several Credit Union operations are completed. In 2020, Fisher, Herbst and Kimble, P.C. (FHK) Certified Public Accountants; the Texas Credit Union Department; and American Share Insurance each completed comprehensive Credit Union audits. The results determined that, in all material respects, the financial condition, operations, and cash flows of United Texas Credit Union conform to generally accepted accounting principles.

The Supervisory Committee's opinion is that United Texas Credit Union is in sound financial condition. Proper policies and procedures are in place to maintain the integrity of the members' accounts, and the Credit Union's assets are properly safeguarded.

It has been my pleasure to serve the Credit Union as Supervisory Committee Chairperson. On behalf of the committee, I would like to thank the members and the Credit Union staff for their support and cooperation.



*Rosaura R. Ramirez*

**Rosaura R. Ramirez**

Supervisory Committee Chairperson

# Supervisory Committee Members

Richard M. Adams • Jody Welchans





# President's Report

As a United Texas Credit Union member, you matter. Our members are not anonymous accounts in an institution that builds wealth for stockholders. You are truly valued, and with each product and service you use with your Credit Union, you are helping to enhance your life and your family's life. Since we are a financial cooperative that you own, your support also helps to strengthen our larger member community.

## **Financial Performance**

Our primary motivation in providing superior financial products and services is to improve our members' financial well-being. Financial success ensures that you, your family, fellow members, and our community all enjoy a higher quality of life. We are proud to be your chosen financial partner.

The Credit Union continued its course of steady improvement in financial performance in 2020. While the pandemic affected productivity slightly, we put several initiatives into action to assist us in making continuous improvements to our financial strength and stability.

## **Loans**

Loans and investments are our two main assets, and loans have historically produced a higher yield. Yield on Average Loans increased slightly to 4.60% from 4.54% one year ago, while Investment Yield fell to 1.12% from 2.22% in 2019. Therefore, it is crucial to concentrate on loan growth to allow us to continue to invest in improving our member offerings. In 2020, Net Loans increased over 2019's total by over \$2.04 million, or by 1.15%. While our loan growth was not as high as we predicted, we did experience growth in Home Equity, Residential Construction, and Commercial Loans, which are all higher-yielding, lower-risk loans.

The core financial services we offer to members are our loan products. Because this area of our business is vital to success, we

consistently ask members and our staff to spread the word about United Texas. Even in this uncertain economic environment, we are confident that loan growth will continue its upward trend, because we maintain a laser focus on loan pricing, efficiency, and stellar service.

**Earnings**

Management strives to generate enough income to pay fair dividend rates on our deposit offerings and concurrently grow our capital base as a buffer against unanticipated events. 2014 marked the beginning of the Credit Union’s recovery regarding Net Income. Here is a brief rundown of earnings since 2014:

2014: \$ 291,157	2017: \$ 887,284
2015: \$ 776,043	2018: \$1,001,944
2016: \$1,456,488	2019: \$1,010,908

In 2020, Net Income increased by 74.3% over the previous year to \$1,762,063. Our Return on Assets (ROA) ratio increased from 0.41% in 2019 to 0.60% this year. ROA is a measure of how well the organization uses assets to produce revenue. We will continue to concentrate on meeting our members’ needs in order to position the Credit Union to continue to produce a strong ROA in future years.

**Equity**

Equity acts as a buffer to fluctuations in earnings. It supports growth and protects against insolvency. Total Equity grew from \$24.2 million last year to \$26.5 million in 2020 and stands at 9.08% as a percentage of assets.

**Assets**

In 2020, assets grew by 16.4%, from \$250.8 million to \$292 million. This asset growth is being driven primarily by increased member deposits. Members saved more due to the uncertain economic conditions that came with the worldwide pandemic. In order not to dilute the capital base of the institution, management strives to achieve moderate and balanced asset growth.

## **Member Savings**

Total Member Shares grew from \$224.9 million to \$265.4 million in 2020, which is an increase of almost 18%. The pandemic has caused members to save at very high levels. While management strives to pay the highest dividends possible, the Credit Union must strive to achieve stable, moderate share growth in order to not dilute the institution's capitalization. With uncertain economic conditions expected to continue in 2021, we expect that deposit rates will remain low.

The Credit Union's financial performance continued its path of steady improvement in 2020, with many of our financial indicators making progress. We remain confident that our financial condition will continue to prosper by continuing to 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. When it comes to 2020, this was a year of incredible change and challenges. Our goal continues to be to ensure that every interaction a member has with us is a positive one, while staying on top of the latest service offerings.

**Partnership Program:** In February, we unveiled a full suite of products and services we offer to businesses as a free benefit for their employees. The program promotes financial wellness to employers.

**Easy Savings:** In March, we enrolled in the Mastercard® Easy Savings program to allow our business debit and credit card holders to take advantage of automatic rebates on qualifying purchases.

**New Braun Branch:** We relocated our branch at Loop 1604 and Braun in July from a leased space to a beautiful, new standalone building just outside the loop. This new branch provides a universal employee concept that allows us to be as efficient as possible in serving members at this location.

**Stuff the Smart Car:** This was the second year for this event. In July, we held a fundraiser for Boone Elementary School, which is a Title I elementary school in the Northside School District. We asked members and staff to donate school supplies to help needy students. Again, there were so many donations that the Smart Car was too small

to hold all of them. We more than doubled our results from the prior year by providing 112 students with a backpack full of school supplies for their specific grade. We also were able to donate a large number of supplies for the teachers. In addition, each staff member received a custom face covering sponsored by the Credit Union.

**CO-OP Conversion:** We successfully completed a conversion in July of all our card products to CO-OP Financial Services. The conversion helped us to streamline processes, provide members with faster resolution on card issues, implement 24/7 live telephone support, and save money over our previous processor.

**Roy Maas Youth Alternatives (RMYA):** In November, our Boerne Branch spearheaded a holiday donation drive for the Boerne location of RMYA. From many generous donations from members and staff, we were able to donate over \$1,500 in cash, in addition to toys, clothing, hygiene items, bedding, and even a bicycle!

As we look ahead, we also reflect on 2020, which was a year like no other. Despite the challenges that this past year presented, your Credit Union was able to adapt to the changes quickly and thrive. I am excited for the future of United Texas Credit Union. We will continue to dedicate our efforts to ensuring that you have access to a full range of products and services on the cutting edge of the dynamic financial industry. As always, your financial success is our primary goal. On behalf of the Board of Directors, Supervisory Committee, and staff, we sincerely appreciate your choice to be a member, and 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 Ramirez**

Administrative Assistant

### **Bill McFeeters**

Chief Financial Officer

### **Melissa Petoskey**

AVP Accounting

### **Tanner Ashley**

Data Analyst

### **Melodie Flores**

Accountant II

### **Elizabeth Hernandez**

Accountant I

### **James Baumann**

Chief Lending Officer

### **Pati Rhodes**

VP Consumer Lending  
& Compliance

### **David Contreras**

Financial Services Officer

### **JoAnn Guzman**

Lending Support Specialist

### **Raul Meza**

Lending Quality  
Control Auditor

### **Diana Phipps**

Title/Insurance Coordinator

### **Jesus Castillo**

VP Mortgage

### **Jorge Rocha**

Mortgage Loan Officer

### **Amanda Miller**

Mortgage Loan Processor

### **David Gray**

VP Member Business Lending

### **Sharon Miller**

Member Business  
Lending Officer

### **Denise Swinson**

Member Business  
Lending Administration

### **Laura Hickok**

Member Business  
Lending Coordinator

### **Deborah Gutierrez**

AVP Member Solutions

### **Jackie Galindo**

Member Solutions  
Representative

### **Jeremy Schreiner**

PT Member Solutions  
Representative

### **Tammie Johnson**

Chief Operations Officer

### **Carol Smith**

AVP Operations

### **Angela Hodo**

Senior Teller

### **Juan Nunez**

PT Operations Floater

### **Genie Stroud**

Receptionist

### **Gordon Chin**

E-Branch Manager

### **Jess Serna**

Call Center Supervisor

### **Alicia Seaman**

Senior Call Center  
Representative

### **Noemi Aguilar**

Call Center Representative

### **Abby Montalvo**

ODP/Fraud Representative

### **Virginia Munoz**

Call Center Representative

### **Maria Perez**

Plastic Card Specialist

### **Robert Watkins**

E-Branch Financial  
Services Officer

### **Debra Bradberry**

VP Project Specialist

### **Rosanne Hernandez**

VP Member Experience

### **Mario Saldivar**

Chief Information Officer

### **Michael Martinez**

IT Systems Analyst

### **Karla Sarra**

Marketing Director

# Branch Staff

## Medical Center Branch

7318 Louis Pasteur  
San Antonio, TX 78229

**Lisa Rakus**  
Branch Manager

**Crystal De La Cruz**  
Operations Supervisor

**Beverley Vidaurri**  
Financial Services Officer

**Mitra Mandavi**  
Financial Services Officer

## Redland Branch

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

**Jon Llanes**  
Branch Manager

**Deanna Hall**  
Financial Services Officer

**Alexis Pastrano**  
PT Financial Services Officer

## 1604/Braun Branch

10023 West Loop 1604 North  
San Antonio, TX 78254

**Adolfo Martinez**  
Branch Manager

**Marcy Trevino**  
Operations Supervisor

**Jessica Pena**  
PT Financial Services Officer

## Boerne Branch

1440 South Main  
Boerne, TX 78006

**Kris Boiles**  
Branch Manager

**Linda Hare**  
Operations Supervisor

**Haley Johnson**  
Financial Services Officer

# Statement of Financial Condition

Assets	2020	2019
Cash and Cash Equivalents	\$35,524,118	\$3,569,627
Investments	51,001,571	44,065,182
Loans to Members, Net	179,791,604	177,749,714
Accrued Interest Receivable	652,807	620,758
Property and Equipment	11,917,096	10,653,002
American Share Insurance Deposit	2,925,419	2,813,428
Other Assets	10,192,558	11,365,714
<b>Total Assets</b>	<b>\$292,005,172</b>	<b>\$250,837,424</b>
Liability and Members' Equity		
<b>Liabilities</b>		
Member Shares	\$265,365,901	\$224,924,408
Accrued Expenses and Other Liabilities	4,475,765	1,696,026
Net Liabilities	269,841,666	226,620,434
<b>Members' Equity</b>		
Reserves	\$5,282,372	\$5,282,372
Undivided Earnings	16,881,134	18,934,617
Net Reserves	22,163,506	24,216,990
<b>Total Liability and Members' Equity</b>	<b>\$292,005,172</b>	<b>\$250,837,424</b>

# Statement of Income

Interest Income	2020	2019
Interest on Loans to Members	\$8,344,896	\$7,923,360
Investment Income	819,572	976,255
<b>Total Interest Income</b>	<b>\$9,164,468</b>	<b>\$8,899,615</b>
Interest Expense		
Dividends on Members' Shares	\$1,745,518	\$1,877,490
<b>Total Interest Expense</b>	<b>\$1,745,518</b>	<b>\$1,877,490</b>
Net Interest Income	\$7,418,950	\$7,022,126
Provision for Loan Loss	409,853	495,580
<b>Net Interest Income After Provision Expense</b>	<b>\$7,009,097</b>	<b>\$6,526,546</b>
Non-Interest Income		
Fees and Charges	\$1,255,485	\$1,309,834
Miscellaneous Income	1,977,232	1,318,928
Non-Operating Income (Expense)	402,514	456,823
<b>Total Non-Interest Income</b>	<b>\$3,635,230</b>	<b>\$3,085,586</b>
Non-Interest Expense		
Compensation and Benefits	\$4,595,981	\$4,324,107
Operations	4,286,283	4,277,116
Total Non-Interest Expense	\$8,882,264	\$8,601,223
<b>Net Income</b>	<b>\$1,762,063</b>	<b>\$1,010,908</b>

# 2020 Annual Meeting Minutes

Due to a recent Bexar County executive order, the Annual Meeting was delayed for a second time due to COVID-19. Therefore, the meeting venue was moved to the Credit Union's Main Office, where several members are employees. The meeting was also streamed on Facebook Live.

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.

Bill then referred the attendees to the 2019 Annual Report and asked for a motion to waive the reading of last year's Annual Meeting minutes. The motion carried.

Bill then reviewed the Supervisory Committee Report for the attendees and asked for a motion to approve the report. The motion carried.

Bill introduced the Board of Directors to the attendees.

Bill continued to the new business – this year's Board nominations. The Board was pleased to submit Jim Wheeler (re-election) and Rosaura Ramirez (election) as nominees for three-year terms on the United Texas Board of Directors. Bill also announced he was pleased to submit Don Mann to fulfill the unexpired term of Charissa Power for a two-year term.

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 Credit Union.

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

Kyle continued with the President's Report and Financials for 2019.

The Credit Union's financial performance was once again exceptional in 2019.

The Credit Union's assets grew \$11.3 million, from \$239.5 million to \$250.8 million in 2019, which was a 4.7% increase. In 2019, total member shares increased by over \$8.5 million to \$224 million. Every sector of the Credit Union's share base exhibited growth. Growth in shares coupled with strong profitability allows the institution to grow in a balanced, stable manner.

Loans increased by \$1.1 million, from \$177 million to \$178.3 million, which equates to a growth rate of 0.6%. The Credit Union saw growth in higher-yielding, lower-risk areas, such as Home Equity, Residential Construction, and Commercial Loans. These areas of lending are comprised of excellently underwritten loans with acceptable effective yields. Management plans to continue building these areas of lending to build net income and strengthen the Credit Union's capital base.

For the fifth year in a row, the Credit Union's net income was strong. Net income for 2019 was \$1,010,908, an increase from 2018's net income of \$1,001,944. This equates to a Return on Assets of 0.41%, which is a measure of how well the Credit Union is using its assets to generate revenue. The Credit Union continues to be above peer in its earning capacity. Consistent positive income, which builds the members' capital base, allows the organization to grow assets in a balanced manner.

The Credit Union has been very successful at maximizing revenues while being miserly with expenses. Revenues continue to increase, even in a lower interest rate environment, while the Credit Union's expense structure is now \$1 million dollars a year less than it was a decade ago. By focusing on meeting the members' needs, while vigilantly focusing on the financial details, the organization will continue to produce outstanding net income for many years to come.

Management strives to always continue to improve service and add convenience for the membership. Since in-person encounters must be minimized due to COVID-19, the standalone E-Branch lending service was recently created. E-Branch is a fully functional lending

department dedicated to providing loan products for members in a totally digital platform. This has been a great success.

Kyle added that the Credit Union recently opened a new facility at Braun and 1604. The branch moved from a leased space to a beautiful new facility just outside the Loop on 1604 and Braun Road.

Kyle then spoke about the Credit Union's response to the COVID-19 crisis and plans for returning to normal operations.

As a regulatory-designated essential employer, the Board and management understand the Credit Union's vital role in keeping our members' financial affairs functioning and the economy moving.

Kyle announced that management's primary goal is to protect the long-term viability of the institution. We also understand we are here to help our members and make sure they can navigate through uncertain financial times. The pandemic's effects have varied across society. The Credit Union has taken a case-by-case approach to helping our members. We believe that by reviewing every situation on its own merits, we can better help those members in need while protecting the Credit Union. Because of this focused approach, asset quality remains high, and unnecessary losses have been avoided.

2020 has been like no other year. Fortunately, United Texas continues to be a beacon of goodwill and success. We will continue to offer affordable and convenient products to ensure that our members are successful in their financial lives. We will continue to place our members first and operate in a safe and productive manner. On behalf of the Board, Supervisory Committee, and staff, we sincerely appreciate your choice to be a Credit Union member.

Kyle thanked everyone for attending.

The Annual Membership Meeting was adjourned at 5:45 p.m.






*Friendly, done right.*

5500 UTSA Boulevard, San Antonio, TX 78249

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