

2021 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.



2022 Annual Meeting Agenda

- I**Registration
- II**Call to Order
- III**Ascertainment of a Quorum
- IV**Minutes From the 2021 Annual Meeting
- V**Supervisory Committee's Report
- VI**President's Report
- VII**Board Member Election
- VIII**New Business
- IX**Adjournment



Board Chairperson's Report

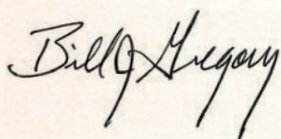
Welcome to United Texas Credit Union's 67th Annual Membership Meeting. My name is Bill Gregory, and I have proudly served as your Chairperson for the last eight years.

Board members who serve a Credit Union differ from a bank Board of Directors. Our Credit Union Board members perform their vital duties on a volunteer basis and donate their time to ensure that United Texas is the best financial option for those in our recently expanded field of membership.

With the acquisition of First Class American Credit Union in May 2021, your Board has increased in size from seven to nine members. We are responsible for setting policies and directing the Credit Union in the best interest of the membership. Board members are elected to three-year terms, and the credit union movement's "People Helping People" philosophy is our driving force.

The Board's primary responsibility is to make sure that both United Texas Credit Union and its members are successful. Our mission is to improve the financial well-being of our members and the communities we serve, and your support is key in accomplishing this goal.

Thank you for the opportunity to serve as your Chairperson. It continues to be an honor and a privilege.



Bill Gregory

Board Chairperson (2024)



Your 2021 Board Members



Rick Tobias

1st Vice Chairperson (2022)



James Wheeler

Treasurer (2023)



Richard Baggs

Secretary (2024)



Don Mann

(2022)



Rosaura Ramirez

(2023)



John Rees

(2022)



Anthony Sanchez

(2023)



Jodie Sanders

(2024)

(Year refers to term
expiration date.)



Supervisory Committee's Report

Your Supervisory Committee is comprised of four volunteers selected from the membership and appointed by the Board of Directors. The main responsibilities of the committee are to retain services for an examination of the financial condition of the Credit Union, monitor the review of internal controls, and ensure compliance with laws and regulations. Through these roles, the Supervisory Committee evaluates the soundness of United Texas Credit Union's operations and helps ensure that members' assets are safeguarded.

To help accomplish these important tasks, the committee engaged Fisher, Herbst, and Kimble, P.C. (FHK) Certified Public Accountants to perform a certified audit in accordance with regulatory requirements. Their results, along with the 2021 audit completed by the Texas Credit Union Department and American Share Insurance, indicate that United Texas Credit Union has kept accurate and timely accounting records, is in compliance with laws and regulations, and is being managed in a safe and sound manner.

Based upon the information gathered from these external audits, as well as our own internal audits to verify that controls are effectively maintained and adequately protect members, volunteers, management, and staff, it is the Supervisory Committee's opinion that the Credit Union is financially sound, and the interests of its member-owners are being well-served.

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

Rosaura R. Ramirez

Rosaura R. Ramirez

Supervisory Committee Chairperson



Supervisory Committee Members

Richard M. Adams • Lorraine Lewis • Jody Welchans





President's Report

All United Texas Credit Union members are important. Participation and ownership in your financial cooperative help enhance your life, your family's life, and the lives of your fellow members. Our collective efforts do not enrich an elite group of stockholders. Instead, our efforts improve the financial well-being of our members and the communities we serve.

Financial Performance

As mentioned, we exist to enhance members' lives. We continuously work to accomplish this mission by providing superior financial products and services. Financial success equates to a higher quality of life for all United Texas Credit Union stakeholders, and we sincerely appreciate your choice to partner with United Texas Credit Union when it comes to your finances.

The Credit Union continued to experience consistent improvement in financial performance in 2021. Though the ongoing pandemic was still a factor that slightly affected productivity, we implemented a number of initiatives to improve our financial strength and stability.

Loans

Our two main assets are loans and investments, with loans historically producing a higher yield. Yield on Average Loans decreased slightly to 4.37% from 4.60% one year ago, while Investment Yield fell to 0.75% from 1.12% in 2020. As a result, it is vitally important to concentrate on loan growth, which allows us to invest in improving our member offerings. Due to the merger of First Class American Credit Union's loans and deposits, Net Loans increased compared to 2020's total by over \$66 million, or 36.8%. While the vast majority of this growth occurred in participation and vehicle loans, we experienced slight increases in most of our other consumer loan categories as well.

Loans are the core financial service we provide to members, and this offering is vital to the success of the Credit Union. Therefore, we consistently ask members and our staff to let friends, family,

acquaintances, and anyone else know about United Texas so they can also benefit from our products and services. Even with the economy in its uncertain state, we believe that loans will continue to grow because of our focus on pricing, efficiency, and service.

Earnings

We strive to generate sufficient income to pay competitive rates on our deposit products and, at the same time, grow our capital as a cushion against unanticipated events. 2014 was the first year that United Texas started a recovery of Net Income. Here is a summary of earnings since 2014:

2014	\$	291,157	2018	\$	1,001,944
2015	\$	776,043	2019	\$	1,010,908
2016	\$	1,456,488	2020	\$	1,762,063
2017	\$	887,284			

In 2021, Net Income increased by 12.9% over the prior year to \$1,988,550. The Return on Assets (ROA) ratio decreased slightly, from 0.60% in 2020 to 0.56% this year. This ratio measures how well the organization uses its assets to produce revenue. Continuing to concentrate on meeting member needs will position the Credit Union to maintain a strong ROA in subsequent years.

Equity

Equity is a safety net when earnings waver. It helps the Credit Union grow and protects against insolvency. Total Equity grew from \$26.5 million in 2020 to almost \$31.9 million in 2021. It stands at 8.30% as a percentage of assets.

Assets

In 2021, Assets grew from \$292 million to \$382 million, which is an increase of 30.8%. The merger of First Class American’s assets with United Texas fueled the majority of this growth. However, members are still continuing to save at higher levels due to uncertain economic conditions. Management’s goal is to foster moderate and balanced asset growth so as to avoid diluting the institution’s capital base.

Member Savings

Total Member Shares increased by over 31% in 2021, from \$265.4 million to \$348 million. The vast majority of this increase was due to the merger of shares from First Class American. The ongoing pandemic has also continued to influence members' saving levels. While we want to pay the highest dividends possible, the Credit Union must strive to achieve steady share growth so the institution's capital is not diluted. While there are several Prime rate increases forecasted for 2022 in order to stave off inflation, deposit rates will adjust accordingly to local market forces.

The Credit Union's financial performance continued to improve in 2021. By continuing to focus on our mission and our members' needs, we are confident that our financial condition will continue to thrive.

Products and Services

2021 was a year of continued challenges, and even so, we implemented the following enhancements with your changing needs in mind:

Video Member Service: In February, we introduced a new way to serve you. This option allows one-way, or two-way, face-to-face interactions from the comfort of anywhere you have an internet connection. This service delivers an improved member experience, more efficient service, reduced wait times, and more personalized one-to-one service.

First Class American Merger: In May, First Class American Credit Union (FCACU) officially merged with United Texas. This endeavor took 10 months to complete, and data was finally merged on March 1, 2022, so both institutions are now combined. We are proud to serve the former FCACU members as United Texas.

Spirit Rewards: In July, we unveiled Spirit Rewards, which gives members an easy way to support education. It is currently set up for the Boerne Education Foundation (BEF), and our goal is to expand as more beneficiaries of the funds enroll in the program. By simply using your United Texas Debit Mastercard®, you earn cash back, which is donated to the BEF. There are no caps or minimums, so more transactions equal more funds to help the foundation accomplish its mission.

Stuff the Smart Car: This was the third year for this event. In July, we held a drive to benefit Boone Elementary School in Northside ISD and Curington Elementary School in Boerne ISD. We asked members and staff to donate to help the students. Again, the donations dwarfed the Smart

Car. For Boone, we donated 147 fully stocked backpacks, along with supplies for the teachers and students. This was a 30% increase over last year's total. For Curington, donations included \$1,050 in cash and supplies for the students.

Enhanced Ultimate Checking: In September, we launched a new and improved version of Ultimate Checking that helps to better protect members by providing ID protection services, accidental death and dismemberment insurance, cell phone protection, debit advantage, rideshare protection, roadside assistance service, and much more.

Roy Maas Youth Alternatives (RMYA): In November, we conducted a donation drive for the Boerne location of RMYA. Our generous members and staff donated over \$5,300, which we used to purchase a huge number of items on their wish list. This was over 250% more than last year's donation amount!

As we look ahead, 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 Pollreis
Administrative Assistant

Alfred Saker
Chief Financial Officer

Melissa Petoskey
VP Accounting

Tanner Ashley
Data Analyst

Melodie Flores
Accountant II

Elizabeth Hernandez
Accountant I

Haley Johnson
Special Projects

James Baumann
Chief Lending Officer

Pati Rhodes
VP Consumer Lending
& Compliance

David Contreras
Financial Services Officer

JoAnn Guzman
Lending Support Specialist

Raul Meza
Quality Control Auditor

Beverley Vidaurri
Title/Insurance
Coordinator

Gordon Chin
E-Branch Manager

Robert Watkins
E-Branch Financial
Services Officer

Jesus Castillo
VP Mortgage

Jon Llanes
Mortgage Loan Officer

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

Larry Hernandez
Member Solutions
Manager

Jackie Galindo
Member Solutions
Representative

Tammie Johnson
Chief Operations Officer

Rosanne Hernandez
VP Member Experience

Carol Smith
AVP Operations

Karina Hernandez
Senior Teller

Angela Hodo
Senior Teller

Juan Nunez
PT Financial Services
Officer

Jess Serna
Call Center Supervisor

Alicia Seaman
Call Center Supervisor

Noemi Aguilar
Call Center
Representative

Ashley Hernandez
PT Call Center
Representative

Abby Montalvo
Call Center/Fraud
Representative

Gadiel Munoz
Call Center
Representative

Virginia Munoz
Call Center
Representative

Maria Perez
Plastic Card Specialist

Debra Bradberry
VP Project Specialist

Mario Saldivar
Chief Information Officer

Michael Martinez
IT Systems Analyst

Karla Sarra
Marketing Director

Nancy Croix-Stroud
Director of CUSO
Development

Branch Staff

Medical Center Branch

7318 Louis Pasteur
San Antonio, TX 78229

Lisa Rakus
Branch Manager

Mitra Mandavi
Operations Supervisor

Marco Ortega
PT Financial Services
Officer

Mario Saldivar III
PT Financial Services
Officer

1604/Braun Branch

10023 West Loop
1604 North
San Antonio, TX 78254

Adolfo Martinez
Branch Manager

Marcy Trevino
Operations Supervisor

Catherine Aguirre
PT Financial Services
Officer

Boerne Branch

1440 South Main
Boerne, TX 78006

Kris Boiles
Branch Manager

Alexis Pastrano
Financial Services Officer

Jonathon Saldivar
PT Financial Services
Officer

Golden Triangle Branch

5120 Golden Triangle
Boulevard
Fort Worth, TX 76244

Richard Avina
Financial Services Officer

Shelby Johnson
Financial Services Officer

Layton Shelton
Mortgage Loan Officer

Polaris Branch

2595 Polaris Drive
Fort Worth, TX 76137

Curtis Sutton
AVP Regional Operations
– North Texas

Carmen Aguilera
Assistant Branch
Manager

Crystal Dunn
Operations Supervisor

Juana Montalvo
Financial Services Officer

Francheska Gonzales
Financial Services Officer

Bailey Meyer
PT Financial Services
Officer

Brenda Music
PT Financial Services
Officer

Brady Vanover
PT Financial Services
Officer

Easton Vanover
PT Financial Services
Officer



Statement of Financial Condition

Assets	2021	2020
Cash and Cash Equivalents	\$24,215,290	\$35,524,118
Investments	76,698,471	51,001,571
Loans to Members, Net	245,879,202	179,791,604
Accrued Interest Receivable	807,623	652,807
Property and Equipment	16,730,450	11,917,096
American Share Insurance Deposit	4,166,158	2,925,419
Other Assets	13,920,529	10,192,558
Total Assets	\$382,417,722	\$292,005,172
Liability and Members' Equity		
Liabilities		
Member Shares	\$348,031,039	\$265,365,901
Accrued Expenses and Other Liabilities	5,514,545	4,475,765
Net Liabilities	353,545,584	269,841,666
Members' Equity		
Reserves	\$5,282,372	\$5,282,372
Undivided Earnings	23,589,766	16,881,134
Net Reserves	28,872,138	22,163,506
Total Liability and Members' Equity	\$382,417,722	\$292,005,172

Statement of Income

Interest Income	2021	2020
Interest on Loans to Members	\$9,180,255	\$8,344,896
Investment Income	855,552	819,572
Total Interest Income	\$10,035,807	\$9,164,468
Interest Expense		
Dividends on Members' Shares	\$1,335,518	\$1,745,518
Total Interest Expense	\$1,335,518	\$1,745,518
Net Interest Income	\$8,700,289	\$7,418,950
Provision for Loan Loss	(95,467)	409,853
Net Interest Income After Provision Expense	\$8,795,756	\$7,009,097
Non-Interest Income		
Fees and Charges	\$1,463,145	\$1,255,485
Miscellaneous Income	2,890,909	1,977,232
Non-Operating Income (Expense)	280,848	402,514
Total Non-Interest Income	\$4,634,902	\$3,635,230
Non-Interest Expense		
Compensation and Benefits	\$5,823,306	\$4,595,981
Operations	5,618,802	4,286,283
Total Non-Interest Expense	\$11,442,108	\$8,882,264
Net Income	\$1,988,550	\$1,762,063

2021 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.

Bill then referred the attendees to the 2020 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 then continued to the new business – this year's Board nominations. The Board was pleased to submit Bill Gregory (re-election) and Richard Baggs (election) as nominees for three-year terms on the United Texas Board of Directors.

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

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 continued with the President/CEO's Report and Financials for 2020.

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

In 2020, Net Loans increased over 2019’s total by over \$2.04 million, or 1.15%. We experienced growth in Home Equity, Residential Construction, and Commercial Loans, which are all higher-yielding, lower-risk loans. We are confident that loan growth will continue its upward trend because we focus on loan pricing, efficiency, and stellar service.

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.

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.

The Credit Union’s assets grew by 16.4%, from \$250.8 million to \$292 million in 2020. 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 2020, Total Member Shares grew from \$224.9 million to \$265.4 million, which is an increase of almost 18%. Members have saved at a very high level due to the pandemic. The Credit Union strives to maintain stable, moderate share growth to avoid diluting the institution’s capitalization. Deposit rates are expected to remain low in 2021 due to continued uncertain economic conditions.

The Credit Union continued its path of steady improvement in 2020, with many financial indicators making progress. We remain confident that our financial condition will continue to prosper.

Operational Achievements for 2020 include:

- **Partnership Program** – This is a full suite of products and services offered to businesses as a free financial wellness benefit for their employees.
- **Easy Savings** – Mastercard offers this program which allows business debit and credit card holders the opportunity to take advantage of automatic rebates on qualifying purchases.
- **New Braun Branch** – The branch was relocated in July to a new, standalone facility just outside Loop 1604, with a universal employee concept for improved efficiency.
- **Stuff the Smart Car** – The Credit Union donated 112 fully loaded student backpacks, along with teacher supplies and custom face masks for the staff to Boone Elementary in the Northside School District.
- **CO-OP Conversion** – All of the Credit Union's card products were successfully converted to CO-OP Financial Services in July.
- **Roy Maas Youth Alternatives (RMYA)** – The Boerne Branch spearheaded this donation drive in November. Due to generous donations from members and staff, the Credit Union was able to donate over \$1,500 in cash and items to RMYA.

Kyle stated that, 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. 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.

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 7:50 pm.






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5500 UTSA Boulevard, San Antonio, TX 78249

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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.

