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Photo by Jessica W.



UNITED HERITAGE CREDIT UNION

2015 ANNUAL REPORT



Photo by Evan B.



Photo by Chad H.



Photo by Romina J.





United Heritage Credit Union

2015 ANNUAL REPORT

MISSION

To those we serve, United Heritage Credit Union is dedicated to providing quality, personalized service while maintaining a strong financial position.
United Heritage believes in the Credit Union philosophy of “People Helping People.”

VISION

To be the financial institution of choice.

IN MEMORIAM

Dale E. Lyon | *Former President and Member of Board of Directors*

Longtime United Heritage Credit Union Board member and former CEO Dale Eugene Lyon passed away on January 7, 2016 at the age of 86.

“Dale was a valued member of the United Heritage family. We truly appreciate his many years of service to the Credit Union and the contributions he made to our community,” United Heritage Credit Union Chairman May D. Lofgreen said. “His presence and friendship will undoubtedly be missed by everyone.”

Mr. Lyon joined United Heritage Credit Union, formerly Bergstrom Federal Credit Union,

during his time with the United States Air Force, where he achieved the rank of Chief Master Sergeant during his 29 years of service.

Mr. Lyon was an employee of the Credit Union for 16 years – including nine as CEO – before his retirement in 1994. He also served on the Board of Directors for 26 years, holding the position of Vice Chairman and Chairman during his tenure, and on the United Heritage Charity Foundation Board for nine years.

In 2003, Mr. Lyon graduated from The Credit Union Directors Leadership Institute, earning

the prestigious designation of Certified Credit Union Director.

United Heritage Credit Union CEO Buddy Schroeder said Mr. Lyon was a leader who served others in every aspect of his life and whose achievements were reflected in everything he did.





Photo by Kristin B.

BOARD OF DIRECTORS

May D. Lofgreen, CCD	Chairman	Term: 2013-2016
Harold Keyes, CCD	Vice Chairman	Term: 2015-2018
James E. North, CCD	Secretary / Treasurer	Term: 2013-2016
John T. Keller, CCD	Director	Term: 2014-2017
H. Ralph Wilburn, CCD	Director	Term: 2014-2017
Grady Elliott, CCD	Director	Term: 2015-2018
Dale E. Lyon, CCD	Director	Term: 2013-2016
Tommy W. Lueders	Assoc. Director	
Robert W. Spurck, Jr.	Assoc. Director	
Russ Miller	Assoc. Director	

The Certified Credit Union Director (CCD) certification recognizes an individual's thorough understanding of key issues such as risk management, succession planning and strategy. The certification honors outstanding professional development efforts and represents dedication to the credit union movement.

SENIOR MANAGEMENT

Buddy Schroeder	President / CEO
Michael Ver Schuur	Executive Vice President / CSO
Sebrina Crawford	Senior Vice President Operations / COO
Karen Wilkerson	Senior Vice President Risk Management / CRO
Nanette Courtney	Vice President Compliance / CCO
Rebecca Elliott	Vice President Finance / CFO
Kristie Simo	Vice President Consumer Lending / CCLO
Sara Vara	Vice President Human Resources / CHRO

Blake Richardson, Senior Vice President Lending / CLO, left the Credit Union in June 2015 after 13 years of service.

CHAIRMAN'S REPORT

May D. Lofgreen | *Chairman*

In 2015, United Heritage Credit Union experienced continued success over that of the previous year. Record member, share and loan growth drove Credit Union assets past the \$866 million mark, an achievement that could not have been accomplished without the support of our members. Knowing this type of success cannot be managed without pushing innovation and delivering competitive solutions to Credit Union members, we worked ardently to enhance our financial products and services throughout 2015.

Providing members with safe, secure and innovative features is one of the Credit Union's foremost commitments.

This year, we expanded our increasingly popular Austin-Area Member Appreciation event at the Dell Diamond from two days to three to allow more United Heritage members to participate. Because of the overwhelmingly positive response to the expansion, the 2016 Member Appreciation will span three days as well. Also in 2015, the Credit Union launched Mobile Check Deposit, a functionality added to the UHCU

Mobile App that allows members to conveniently deposit checks from their mobile device. Providing members with safe, secure and innovative features is one of the Credit Union's foremost commitments. We look forward to making a strategic investment in technology that not only meets, but exceeds the needs of our members now and in the future.

The Credit Union's superior service hinges on our employees and their commitment to our philosophy of "People Helping People." For the sixth consecutive year, the Austin American-Statesman recognized United Heritage Credit Union as a Top Workplace. The recognition is significant, as winners are determined solely based on employee responses to questions about work environment, leadership direction and company culture. It is the effort of such an exemplary staff that enables the Credit Union to thrive.

Our employees also epitomize the Credit Union's commitment to community with their enthusiastic involvement in Team United Heritage. Started in 2011, Team United Heritage is an organization of United Heritage staff members who donate their personal time to worthy causes. The group's efforts are supported by the United Heritage Charity Foundation, a nonprofit founded in 2003 to support projects and organizations in the local community. The Auto Raffle,

the Charity Foundation's flagship fundraiser, raised over \$65,000 last year. The funds raised during the fifth annual Auto Raffle enabled the United Heritage Charity Foundation to contribute \$88,906 to various charities in 2015, bringing the total monetary donations since the Charity Foundation's establishment up to \$1,331,520.

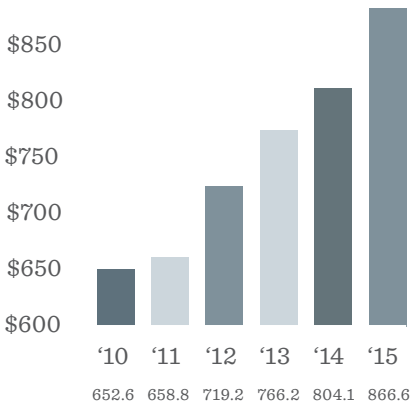
None of the Credit Union's achievements would be possible without the Board of Directors, who volunteer their time and knowledge to bettering the Credit Union. As United Heritage Credit Union members themselves, each Board member is personally invested in ensuring the Credit Union continues to provide superior, personalized service while remaining financially sound. All members of the Board, myself included, are honored to serve United Heritage Credit Union's 57,000-plus members and we look forward to new enhancements in the coming year.

Moving into 2016, the Credit Union maintains its objective to offer quality products and outstanding service to each and every member. At the same time, we remain mindful of our commitment to the community. We know it is with this strategic outlook that we will sustain the Credit Union's progress and success throughout 2016 and beyond.



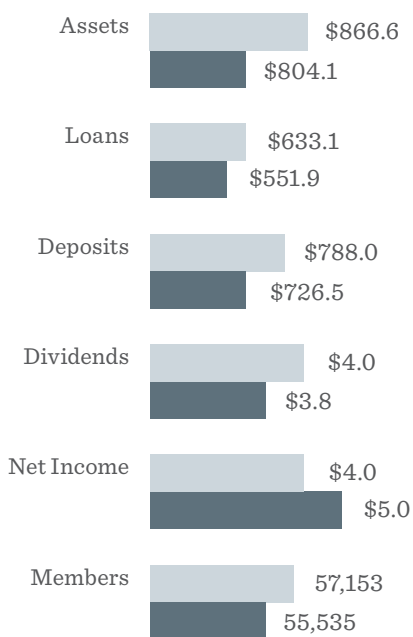
TOTAL ASSETS

Dollars in Millions



FINANCIAL SNAPSHOT

Dollars in Millions



2015 / 2014

PRESIDENT'S REPORT

Buddy Schroeder | *President and CEO*



By all measures, 2015 was an exceptional year for United Heritage Credit Union. We expanded our offering of financial products and services, strengthened our capital and grew our membership base to previously unrealized levels. Looking back on the year, I am incredibly proud of what we have been able to accomplish.

In terms of financial performance, 2015 was another strong year for the Credit Union, as evidenced by earnings, capital growth and assessments conducted by state and federal regulators. Fueled by record deposit levels, Credit Union assets exceeded \$865 million. Additionally, membership grew to more than 57,000 and loan originations reached a new high.

Providing members with superior digital services has become an integral part of the Credit Union's overall strategy. As the digital market grows at an exponential rate, so does the Credit Union's focus on providing members with innovative digital solutions. In 2015, we launched Mobile Check Deposit, a tool that gives members the convenience of depositing funds using their mobile device. Many new initiatives for 2016 – including an enhanced Online Banking experience, Visa Checkout functionality and more – are already in development.

Much of the Credit Union's success can be attributed to our team of dedicated employees, who work tirelessly to help

members build a successful financial future. In 2015, our senior management team was enhanced by the promotion of Kristie Simo to Vice President of Consumer Lending. Mrs. Simo has a lengthy tenure with the Credit Union and served in several positions prior to her promotion, most recently as Assistant Vice President of Consumer Lending.

Volunteers, too, are a crucial component in the Credit Union's accomplishments. We are incredibly fortunate to have a well-informed, committed group of Board members who generously give their time and talents to the Credit Union, ensuring member needs are paramount in every aspect of the Credit Union's operations. However, as we move forward in 2016, we do so without one of our own. Board member Dale Lyon passed away in early 2016 after more than 45 years of service to the Credit Union. His insight, vision and friendship are sorely missed.

Last but not least, we would like to thank every one of our members for giving us the opportunity to play a part in their financial prosperity. We understand there are many options when choosing a financial institution and we are proud to be the financial institution of choice for our members. We look forward to continuing our tradition of excellent member service this year and in years to come.

“We understand there are many options when choosing a financial institution and we are proud to be the financial institution of choice for our members.”



NET INCOME
Dollars in Millions

'15	\$4.0
'14	\$5.0
'13	\$4.3
'12	\$4.0
'11	\$3.2

DIVIDENDS PAID
Dollars in Millions

'15	\$4.0
'14	\$3.8
'13	\$4.0
'12	\$4.5
'11	\$5.3

RATIOS

Reserves	8.46%	8.60%
Fixed Asset Ratio	3.99%	4.34%

2015 / 2014

TREASURER'S REPORT

James E. North | *Secretary and Treasurer*

On behalf of the Board of Directors, I am pleased to report another outstanding fiscal year for United Heritage Credit Union. Over the years, United Heritage has established a foundation of stability and security for its members. At the same time, we have worked diligently to improve operating efficiencies and earnings. It is evident that our efforts led to continued financial success, as we maintained a quality loan portfolio, good earnings and a solid capital position in 2015.

The Credit Union's success is measured by more than just annual numbers; consistently meeting member needs, providing excellent service and achieving the upmost value is just as important to us.

Many aspects of the Credit Union's operations exhibited strong growth during the year. Assets increased from \$804 million at 2014 year-end to \$866 million at 2015 year-end. During that same time period, member deposits increased \$62 million to \$788 million and loans posted a record high \$633 million. Financial strength was also demonstrated in the Credit Union's 8.46% capital ratio, which indicates a well-capitalized designation by regulatory standards.

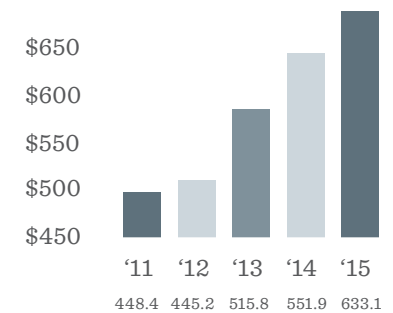
The Credit Union's success is measured by more than just annual numbers; consistently meeting member needs, providing excellent service and achieving the upmost value is just as important to us. Because of this, the Board of Directors and management deem it essential to assess product and program usage in addition to member satisfaction levels.

In 2015, a record 10,218 member loans totaling \$440 million were approved. The number of debit card transactions for the year reached 27 million. Many other services recorded similar degrees of achievement. For example, Online Banking sign-ins averaged 418,621 each month, while Mobile App usage climbed to an average of 147,839 sign-ins per month. Additionally, the Credit Union paid out \$4 million in dividends on members' shares this year, continuing a longstanding history of delivering a healthy return on member deposits.

The Credit Union's sustained financial progress in 2015 reflects the relevance and value we provide our member-owners and the community. As we remain committed to offering the highest-quality products, services and monetary guidance, we are well-positioned to tackle any challenges and achieve further success in the coming years.

TOTAL LOANS

Dollars in Millions



APPROVED LOANS

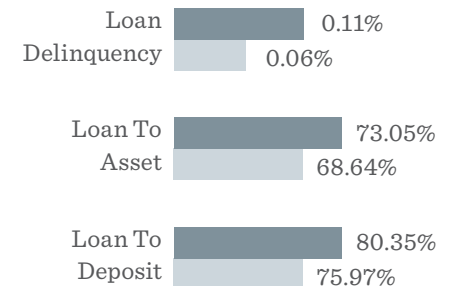
2015 / 2014



Dollars in Millions

RATIOS

2015 / 2014



AUDIT COMMITTEE REPORT

Harold Keyes, *Chair*; Grady Elliott; James North | *Audit Committee*

United Heritage Credit Union's Audit Committee is appointed each year by the Board Chairman. The three volunteer members who are selected show a high level of proficiency and commitment to the Credit Union. The Audit Committee monitors regulatory supervisory processes, oversees internal and external audit functions and works with the Risk Management Department to guarantee strategic and operational member service goals are fulfilled.

The Audit Committee is pleased to report United Heritage Credit Union is in excellent financial condition and management procedures are sufficient in scope to safeguard the assets of our members.

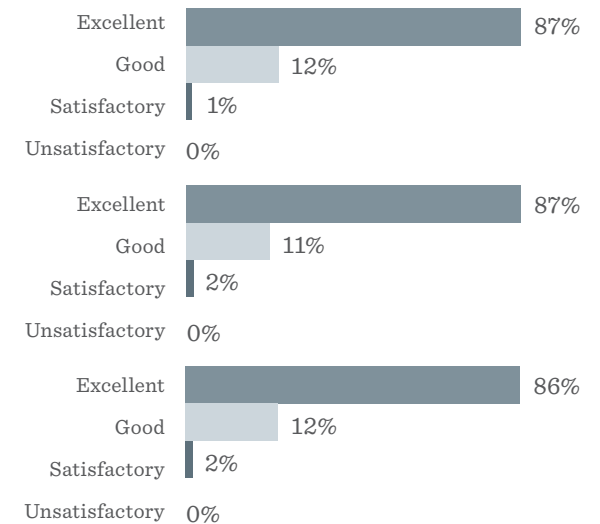
For 2015, the independent audit firm PMB Helin Donovan, LLP performed the financial audit of United Heritage Credit Union and its subsidiaries in accordance with Texas Finance Code requirements. Based on this in-depth external audit, United Heritage Credit Union received an unqualified opinion on the consolidated financial statements as of December 31, 2015.

United Heritage Credit Union was also examined by representatives of both the State of Texas Credit Union Department and the National Credit Union Administration in 2015 to satisfy state and federal regulatory requirements. Based on the cumulative findings of the state and federal regulatory examiners, the independent audit with the financial and operational statements for the year, the Audit Committee is pleased to report United Heritage Credit Union is in excellent financial condition and management procedures are sufficient in scope to safeguard the assets of our members.

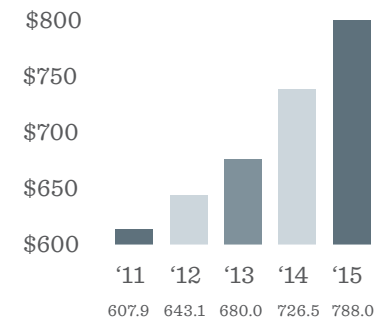
Because member service is a high priority to everyone at the Credit Union, the Audit Committee works collectively with the Risk Management Department to monitor member satisfaction levels. This year's 100 percent favorable service rating is reflective of sustained member support and satisfaction.

The Audit Committee is dedicated to maintaining the highest possible level of service to United Heritage Credit Union's 57,000-plus member-owners and remains committed to the mission and values of the Credit Union.

NEW MEMBER SATISFACTION
2015 / 2014 / 2013



TOTAL SHARE DEPOSITS
Dollars in Millions



2015 FINANCIAL REPORT

Statements of Financial Condition

<i>Assets</i>	<i>2015</i>		<i>2014</i>	
LOANS	\$	633,106,311	\$	551,893,059
LESS ALLOWANCE FOR LOAN LOSS	\$	(1,147,872)	\$	(1,031,719)
CASH / CASH ON DEPOSIT	\$	7,883,426	\$	7,406,967
INVESTMENTS	\$	176,714,333	\$	192,628,113
FIXED ASSETS	\$	31,717,652	\$	32,216,592
SHARE INSURANCE	\$	7,224,217	\$	6,806,369
OTHER ASSETS	\$	11,141,295	\$	14,137,892
TOTAL ASSETS	\$	866,639,362	\$	804,057,273

<i>Liabilities and Equity</i>	<i>2015</i>		<i>2014</i>	
ACCOUNTS PAYABLE	\$	4,827,524	\$	7,457,089
DIVIDENDS PAYABLE	\$	389	\$	424
OTHER LIABILITIES	\$	2,173,196	\$	2,327,862
MEMBER DEPOSITS	\$	787,970,134	\$	726,507,755
REGULAR RESERVES	\$	11,471,964	\$	11,471,964
UNDIVIDED EARNINGS	\$	60,662,027	\$	56,649,866
UNREALIZED GAIN / LOSS	\$	(465,872)	\$	(357,687)
TOTAL ASSETS	\$	866,639,362	\$	804,057,273

Statements of Income

<i>Income</i>	<i>2015</i>		<i>2014</i>	
LOANS	\$	22,039,338	\$	21,429,834
INVESTMENTS	\$	2,427,465	\$	1,629,033
GAIN ON SALE ASSETS	\$	92,983	\$	95,358
OTHER	\$	9,392,301	\$	9,421,406
GROSS INCOME	\$	33,952,087	\$	32,575,631




<i>Expenses</i>	<i>2015</i>		<i>2014</i>	
OPERATING EXPENSES	\$	13,981,374	\$	12,711,410
PROVISION FOR LOAN LOSS	\$	565,132	\$	65,325
NCUA / NCUSIF ASSESS	\$	—	\$	—
OTHER GENERAL & ADMIN	\$	11,377,402	\$	10,978,832
TOTAL EXPENSES	\$	25,923,908	\$	23,755,567

	<i>2015</i>		<i>2014</i>	
INCOME BEFORE DIVIDENDS	\$	8,028,179	\$	8,820,064
DIVIDENDS PAID	\$	4,016,018	\$	3,836,848
NET INCOME	\$	4,012,161	\$	4,983,216

<i>Members</i>	<i>57,153</i>	<i>55,535</i>
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2015 SERVICES REPORT

	2015	2014
 MOBILE BANKING SIGN-INS	1,772,700	1,044,196
 ONLINE BANKING SIGN-INS	5,023,450	4,417,946
 ATM & DEBIT CARD TRANSACTIONS	27,297,750	26,316,956

United Heritage Credit Union takes great pride in providing members with the tools necessary to manage their finances no matter where they are. In 2015, United Heritage launched Mobile Check Deposit, allowing members to deposit checks right from their mobile de-

vice using the UHCU Mobile App. Mobile Check Deposit joins many other convenient services – including Online Banking and a shared ATM network – that give members the power to manage their accounts anywhere, anytime.

DISTRIBUTION OF ASSETS



Loans, net	\$	631,958,439	73%
Cash / Investments	\$	184,597,759	21%
Fixed Assets	\$	31,717,652	4%
Share Insurance	\$	7,224,217	1%
Other Assets	\$	11,141,295	1%
TOTAL ASSETS	\$	866,639,362	

DISTRIBUTION OF INCOME



Expenses	\$	25,923,908	76%
Dividends	\$	4,016,018	12%
Reserves	\$	4,012,161	12%
GROSS INCOME	\$	33,952,087	



MEMBER CHECKS
PROCESSED

	2015	2014
MEMBER CHECKS PROCESSED	1,494,775	1,582,340



SHARED BRANCH
TRANSACTIONS

SHARED BRANCH TRANSACTIONS	150,645	152,302
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Shared branching offers branch facilities to credit union members from all over the country, giving members over 5,000 convenient locations at which to perform transactions, just as if they were in their home credit union.

Protecting members' private information is a main objective for the Credit Union. In an increasingly digitally-oriented world, the Credit Union implemented additional security measures and provided more education to better safeguard members' information online and on mobile devices. Throughout 2015, the Credit Union alerted members of widespread scams and provided timely self-protection tips via the Security Center on the UHCU website, uhcu.org. The Security Center includes articles on telephone fraud, cybersecurity breaches and more.

The United Heritage Blog contains financial advice, current news, giveaway details and information on

upcoming events. Reading it is a great way to stay up-to-date on financial news, charitable activities, events and contests happening at the Credit Union.

The Credit Union also strives to keep the community informed and engaged through social media outlets like Facebook, Instagram and Twitter. In 2015, the number of United Heritage Facebook fans grew from 6,722 to 7,654 and interaction on social media grew by 26 percent.

The Credit Union looks forward to continued progress in 2016 with the launch of several new products and services.



TEAM UNITED HERITAGE



United Heritage Credit Union employees consider involving themselves in and improving their surrounding communities an important and worthy objective. This shared ambition is why staff members join Team United Heritage, an organization of individuals who regularly volunteer their time and collect donations for various local charities.

This year, Team United Heritage consisted of 88 volunteers who participated in 20 events in and around the com-

munities the Credit Union serves. Team United Heritage donated a total of 391 volunteer hours and raised \$19,994 in funds and goods for charitable organizations.

Team United Heritage continues to positively impact the areas it serves. By consistently working to better Central and East Texas, this group of Credit Union employees sets the bar for philanthropic involvement.

ORGANIZATIONS SUPPORTED IN 2015

Big Brothers Big Sisters

Blue Santa

BookSpring

Capital Area Food Bank

Coats for Kids

Dress for Success

Empty Bowl Project

Go Pink Denim Day

Habitat for Humanity

Junior Achievement of the Greater Tyler Area

Keep Austin Beautiful Shoreline Cleanup

People Attempting to Help (PATH)

Red Heart Denim Day

Special Olympics East Texas

Walk to End Alzheimer's

Woof Walk Wrun

“By consistently working to better Central and East Texas, this group of Credit Union employees sets the bar for philanthropic involvement.”

“This year, Team United Heritage consisted of 88 volunteers who participated in 20 events in and around the communities the Credit Union serves.”



UNITED HERITAGE CHARITY FOUNDATION

May D. Lofgreen, *Chair*; Jesse Lofgreen, *Vice Chairman*; Harold Keyes, *Secretary / Treasurer*
H. Ralph Wilburn, Danielle Harris

The United Heritage Charity Foundation is committed to its mission of supporting deserving organizations that make a difference in their communities. We are dedicated to continue this support in the future. Established in 2003 by United Heritage Credit Union volunteers and staff, the Charity Foundation is an independent nonprofit that supports local projects and organizations.

The United Heritage Charity Foundation participated in several fundraising activities throughout 2015. The annual Charity Foundation Auto Raffle was once again the most effective fundraiser of the year, bring-

ing in \$65,887 through ticket sales. Grady Bell was randomly selected as the winner of a 2015 Honda Civic LX Sedan in partnership with Howdy Honda. In total, United Heritage Charity Foundation donated \$88,906 to various charities in 2015, making this another successful year for the Charity Foundation and bringing the total charitable contributions to \$1,331,520 since its inaugural year.

On behalf of all seven members of the United Heritage Charity Foundation Board of Managers, I would like to express our deepest gratitude to everyone who has aided the Charity Foundation's efforts. I would also like

to applaud Team United Heritage volunteers, a group of United Heritage Credit Union employees who dedicate their time and energy to help others. Their efforts to improve their surroundings through charitable service are both commendable and encouraging.

We will continue to contribute to deserving organizations that positively impact our communities and appreciate your ongoing support as we move into 2016.

Visit uhcf.org for more details.

UNITED HERITAGE COMMUNITY SCHOLARSHIP

The Charity Foundation annually awards two college scholarships to high school seniors who best exemplify the Credit Union philosophy of "People Helping People." On May 2, 2015, the United Heritage Community Scholarship Committee presented Olivia Hall and David Forrister each with \$5,000 scholarships. The

two Texas high school seniors were selected based on their exceptional level of community service, impressive extracurricular activities and superior academic performance. Dr. H. Ralph Wilburn, Scholarship Chairman, presided over the presentations.





Established in 2003 by United Heritage Credit Union volunteers and staff, the Charity Foundation is an independent nonprofit that supports local projects and organizations.”

CHARITIES SUPPORTED IN 2015

African American Youth Harvest Foundation
Alzheimer's Association
American Heart Association
American Legion Post 326
Big Brothers Big Sisters
Breast Cancer Resource Center
Catalysts Teen Center
Children's Advocacy Center of Smith County
Children's Medical Center Foundation
Children's Miracle Network
Comfort Crew
Cornerstone Credit Union Foundation
Drive-A-Senior
East Texas Food Bank
Goodwill Industries of Central Texas
Hays-Caldwell Women's Center
Hospice Austin
Joyful Horse Project
Junior Achievement
Lake Travis Christmas Hope
Literacy Coalition of Central Texas
Onion Creek Senior Citizens Center
Partners in Hope
The Arc of the Capital Area
Therapy Pet Pals of Austin
Williamson County Animal Shelter
Youth2Seniors



UNITED HERITAGE CREDIT UNION BRANCHES

GEORGETOWN

12 Waters Edge Cir, Georgetown 78626

CEDAR PARK

1801 E Whitestone Blvd (FM 1431), Cedar Park 78613

ROUND ROCK

301 Mays Crossing Dr, Round Rock 78664

NORTH AUSTIN

12208 N Mopac Expy, Austin 78758

RIVER PLACE

10815 RR 2222, Austin 78730

LAKEWAY

3317 S RR 620, Austin 78738

WESTLAKE

2009 S Capital of Texas Hwy, Austin 78746

SOUTHEAST AUSTIN

3 Drive-Thru Lanes at Austin Federal Credit Union
1900 Woodward St, Austin 78741

SOUTH AUSTIN

6400 Manchaca Rd, Austin 78745

SOUTHWEST AUSTIN

5011 W Slaughter Ln, Austin 78749

KYLE

5029 Kyle Center Dr (S FM 1626), Kyle 78640

TYLER

522 S Broadway Ave, Tyler 75702





United Heritage
Credit Union

512.435.4545 903.597.7484 800.531.2328

uheu.org

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