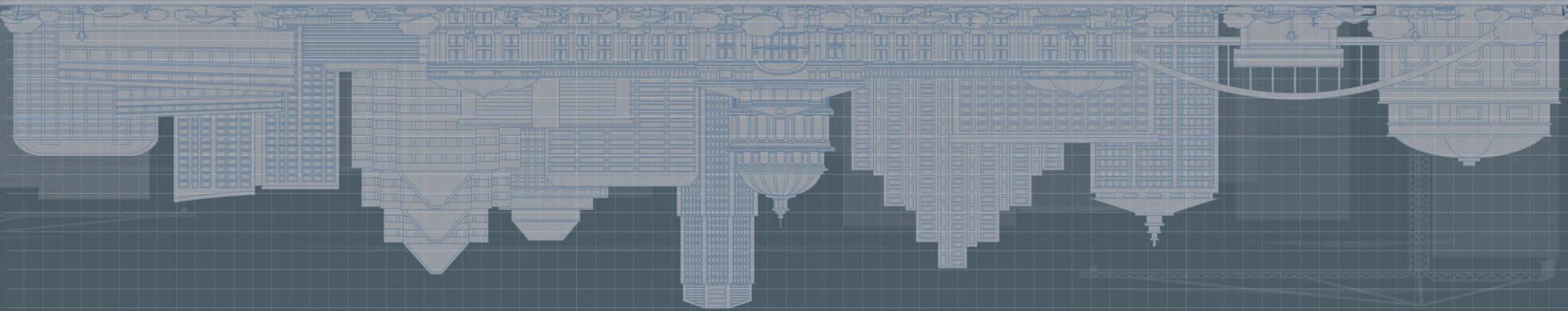




UNITED HERITAGE CREDIT UNION

2019

ANNUAL REPORT

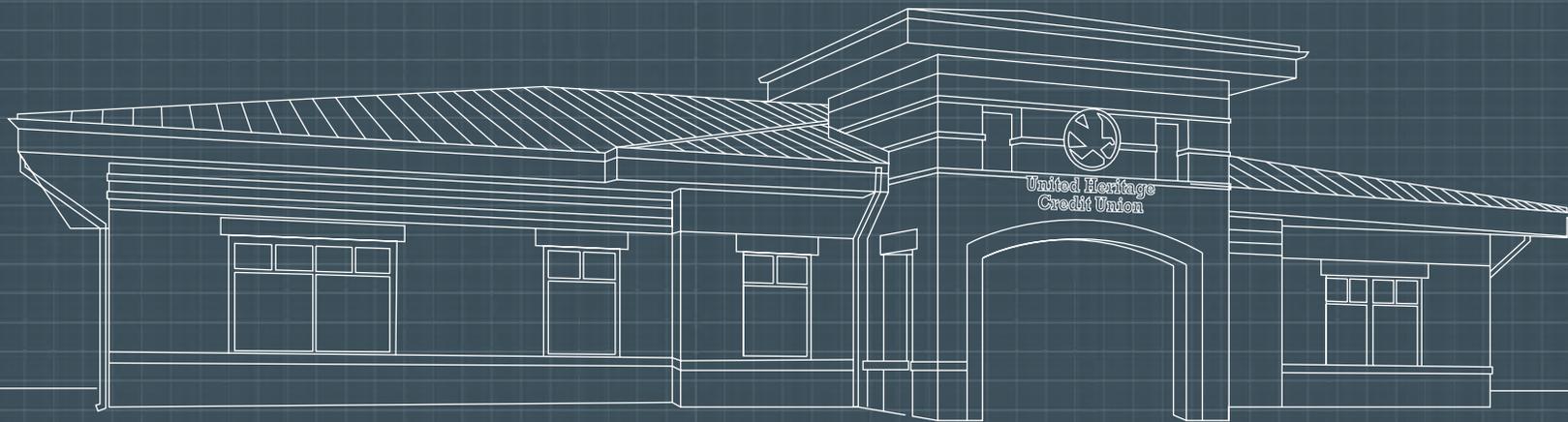


VISION

To be the primary financial institution of choice.

MISSION

To provide quality, personalized service while maintaining a strong financial position. United Heritage believes in the Credit Union philosophy of "People Helping People."



BOARD OF DIRECTORS

Harold Keyes, CCD	Chairman	Term: 2018-2021
Dr. H. Ralph Wilburn, CCD	Vice Chairman	Term: 2017-2020
James E. North, CCD	Secretary/Treasurer	Term: 2019-2022
Grady Elliott, CCD	Director	Term: 2018-2021
Tommy W. Lueders	Director	Term: 2019-2022
Robert W. Spurck, Jr.	Director	Term: 2017-2020
Val Velasquez	Director	Term: 2019-2022
Robert Hootkins, MD	Associate Director	
Mike Trevino	Associate Director	

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, ISO
Jake Bernhard	Vice President Real Estate Lending/CRELO
Nanette Courtney	Vice President Compliance/CCO
Rebecca Elliott	Vice President Finance/CFO
Joshua Robles	Vice President Commercial Lending/CCLO
Kristie Simo	Vice President Consumer Lending/CCLO
Sara Vara	Vice President Human Resources/CHRO



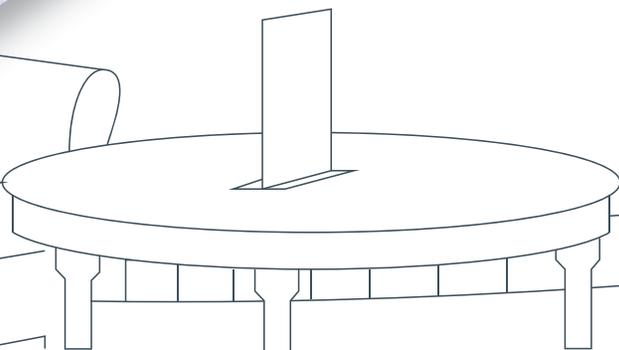


100% FINANCING VA LOANS

Hand Sanitizer

Lobby Teller

Lobby Teller



CHAIRMAN'S REPORT

In 2019, United Heritage Credit Union saw a change to our Board of Directors leadership, with the retirement of May Lofgreen after 36 years of service, 25 of those years as the Chairman of the Board of Directors. It was a privilege to have worked alongside her for these past 24 years and an honor to have been elected to lead United Heritage Credit Union to further growth and success. This new appointment has reaffirmed my dedication and commitment to providing our members with the tools and resources they need to reach financial prosperity.

As we look back on 2019, we do so with excitement, as the Credit Union continues to reach new milestones, including our asset growth and our increased membership. We have taken great strides in creating a steadfast foundation for our continued growth and success. By investing in our infrastructure, with a new corporate headquarters, new products and programs, as well as additional technological tools, we are taking steps to ensure we are able to exceed the expectations and needs of our members.

The investment in our infrastructure has proved advantageous, as this past year we have seen growth to every major facet, including our assets and our membership. This growth is made possible by the dedicated individuals that make up the Credit Union's team of employees, led by Buddy Schroeder who in my opinion is the most talented and knowledgeable CEO in the credit union industry today. United Heritage Credit Union's staff is comprised of top talent, retained through our commitment to their success, which is evident by the 51 employees who have been with the company for more than a decade. The Credit Union takes immense pride in the fact that all of our 209 employees

utilize a personalized approach to meeting and exceeding our member's goals, expectations and needs through the tools and services we provide.

United Heritage Credit Union's employees embody our values, which is never more apparent than when they formed Team United Heritage in 2011, which is a group who works to support our members and communities. In 2019, members of Team United Heritage gave 200 hours of personal time volunteering to help worthy organizations with the support of the United Heritage Charity Foundation.

We cannot mention the success of the Credit Union without commemorating the volunteer Board of Directors, whose leadership has been of paramount importance to our current and future endeavors. Each Board member provides a variety of knowledge and experiences to form a group that is dedicated to utilizing their expertise to ensure that the Credit Union remains a strong, viable institution and positions us for success year after year. I have had the honor of serving on the board for more than 24 years, and I'm privileged to lead this group of qualified experts in the upcoming years.

As we look to 2020, we do so with enthusiasm, as we continue forward with our commitment to serving our members to the best of our abilities. Our 63rd year will bring new trials and triumphs, and we will continue on our path to ensure our members' financial needs and goals are met in 2020 and the years to come.



BUDDY SCHROEDER | PRESIDENT AND CEO

PRESIDENT'S REPORT

2019 was another remarkable year for United Heritage Credit Union. We saw phenomenal growth in assets which continued to increase past \$1 billion, as well as in membership, which grew to over 67,100 members. As we look back at 2019, we recognize the fundamental building blocks we've created to ensure that we continue to strengthen our capital position and expand our offering of financial products and services. The Credit Union's staff, Board of Directors and members should be extremely proud of our growth and success.

Due in large part to sound financial and risk management practices, 2019 will be recognized as one of United Heritage's most successful years in our history. This is evidenced by our earnings levels, growth in loans, shares, assets and capital, and assessments conducted by state and federal regulators. The Credit Union's assets increased by 5.1% during 2019, while members continued to demonstrate their faith in the Credit Union as a place to save and borrow, with shares and loans increasing 8.74% and 3.92% respectively. Furthermore, United Heritage continued to maintain a well-capitalized position with well performing assets and a capital ratio of 9.63%.

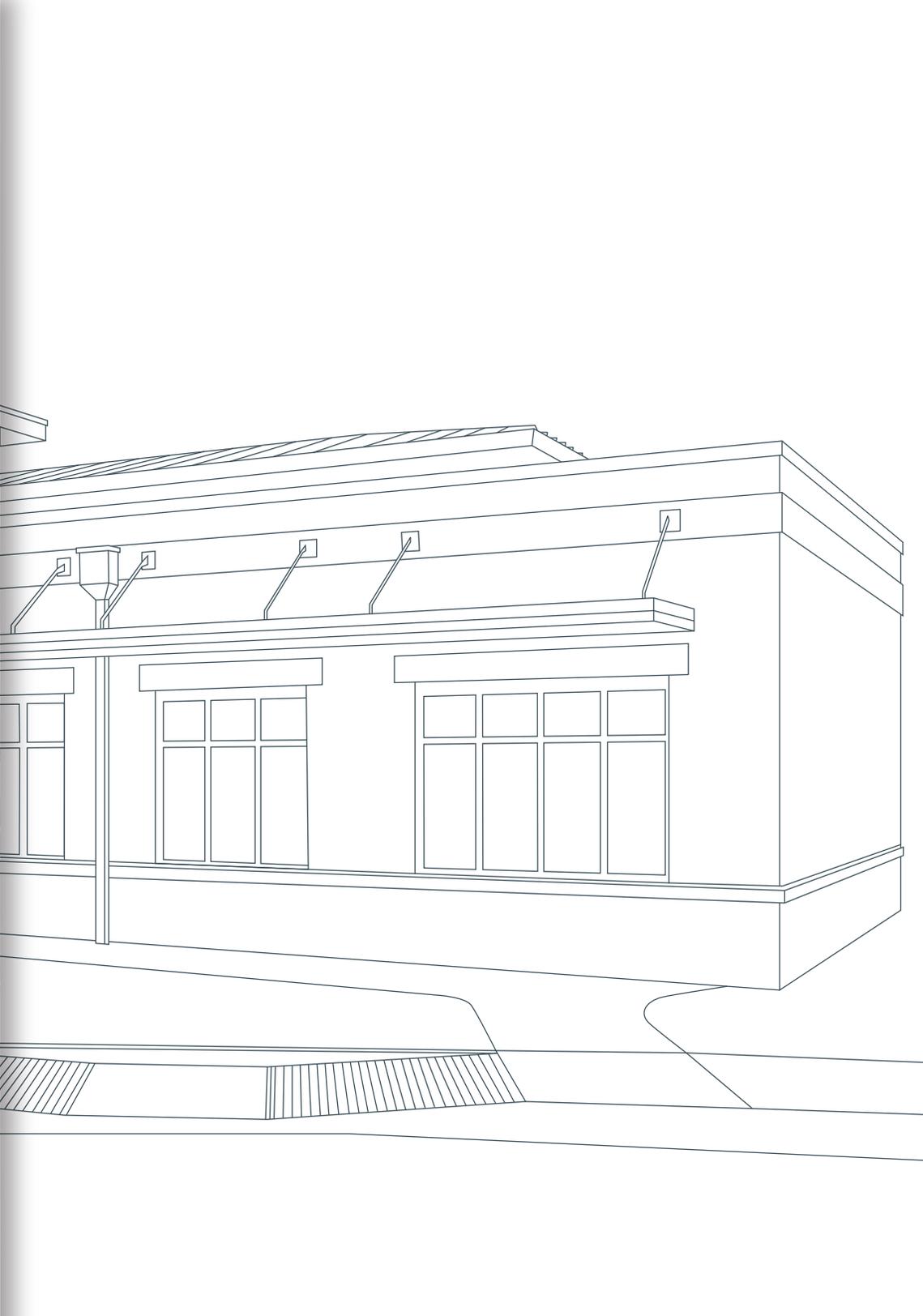
Throughout 2019, the Credit Union continued to invest in our technological future with new tools and resources aimed at improving the convenience, access and security of our services and products. Most evident to members was the launch of our updated and redesigned website, which focused heavily on improving member experience. Our commitment to these improvements and others supports United Heritage's dedication to our members' financial security.

Our employees continue to be United Heritage's greatest asset. Due to their continued dedication to providing exceptional member service, United Heritage is able to continuously meet and exceed members' expectations. Each employee epitomizes the Credit Union's philosophy of "People Helping People" in every aspect of their duties and responsibilities. We're sincerely grateful for every employee and the specific levels of expertise they bring to each area of the Credit Union.

Our Board of Directors are a vital component in the Credit Union's achievements. In 2019, we welcomed our new Chairman of the Board, Harold Keyes, who has served as a Board member for over 24 years and served as Vice-Chairman for six years. United Heritage Board members adhere to extensive ongoing meeting, training and educational requirements. Meeting attendance stipends totaled \$90,300 for 2019, consistent with expectations for 2020. Under Mr. Keyes' guidance the Board will continue to utilize their knowledge and expertise to ensure member expectations are at the forefront in every aspect of the Credit Union's operations.

We cannot look back on 2019 without acknowledging our member-owners. Our pursuit of success is to benefit you. Choosing the right financial partner is a significant decision, and it is our goal to make United Heritage Credit Union your first choice for all your financial needs. We are honored that you have chosen ownership in this Credit Union. The results of 2019 indicate the tangible and intangible value United Heritage provides its members, and we are confident that 2020 will bring about an even brighter future.





JAMES E. NORTH | SECRETARY AND TREASURER

TREASURER'S REPORT

As Secretary and Treasurer of the Board of Directors, I am pleased to report that 2019 was another successful year for United Heritage Credit Union. Assets continued to climb above the \$1 billion mark achieved in 2018. This is a direct result of our members' loyalty, as well as the steadfast commitment of our organization to growth and evolution. A strong foundation has been built to support continued financial success and we remain committed in the upcoming years to maintaining solid earnings, a quality loan portfolio and a strong capital position.

As United Heritage Credit Union's assets increased by \$52 million during 2019, other aspects of the operation demonstrated similar success. Responding to the demands of our members, outstanding loans jumped to \$873.1 million, up from \$842.9 million the year prior. Asset quality remained exceptional, reflected in low loan delinquency and charge-off levels. And the Credit Union's capital ratio rose to 9.63% during 2019, solidifying our position as a well-capitalized credit union, a designation the Credit Union has consistently maintained. While financial growth is a key metric used to measure success year-over-year, the Credit Union also relies on continued membership growth to gauge success. In 2019 membership increased more than 4.2% to 67,139 member accounts, up from 64,385 at 2018 year-end. As we look to this coming year we pledge that we will continue to serve our communities and our members, in turn, entrusting their hard-earned funds to the Credit Union.

2019 reflects a clear pattern of growth for United Heritage, financially and otherwise. However, without a frame of reference these totals

cannot be analyzed to determine the Credit Union's effectiveness meeting member needs, and ultimately maintaining a high level of member satisfaction. To complete this narrative, the Board of Directors and management team have determined that assessing product and program usage, in addition to member satisfaction levels, is an essential component in measuring the Credit Union's success.

In 2019, United Heritage approved a record 11,685 member loans totaling more than \$511.6 million. The number of debit card transactions on the year reached more than 36 million, and other services saw similarly strong increases in usage levels. As an example, sign-ins on the UHCU Mobile App climbed to a monthly average of 482,897, up from 384,408 in 2018. The Credit Union also paid out more than \$7.2 million in dividends on member deposits in 2019, demonstrating a commitment and deep-rooted history of delivering a strong return on member deposits.

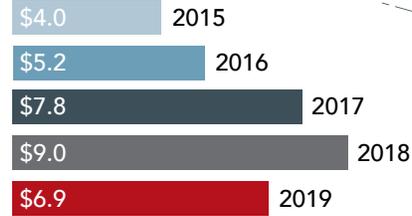
As we look towards 2020 and beyond, United Heritage Credit Union remains committed to our continued evolution and expansion of member services. Our focus on our members persists as we set new goals for 2020. United Heritage will continue to support our members' financial aspirations and needs in every way possible. We are dedicated to providing our members and the communities we serve with excellent, personalized service. We know that 2020 will be filled with new challenges and milestones, which we look forward to facing and working to reach respectively. We are honored to provide our member-owners with continued security, as we work to fulfill our mission.



APPROVED LOANS | DOLLARS IN MILLIONS



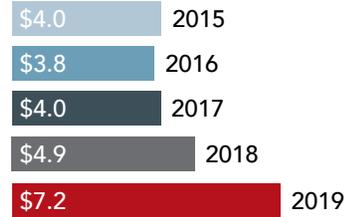
NET INCOME | DOLLARS IN MILLIONS



APPROVED LOANS | NUMBER



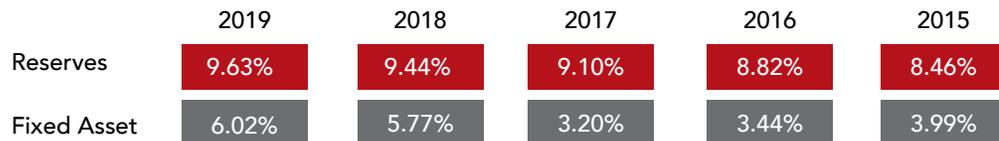
DIVIDENDS PAID | DOLLARS IN MILLIONS



RATIOS



RATIOS



H. RALPH WILBURN - CHAIRMAN
BOB SPURCK & GRADY ELLIOTT - AUDIT COMMITTEE

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of three members of the Board of Directors appointed annually by the Board Chairman. These three volunteers, selected for their dedication and knowledge of the Credit Union, fulfill a variety of critical needs. They monitor regulatory supervisory processes, oversee external audit functions, assist in assessment of the Board's individual and collective performance and ensure Board Policy adheres to regulatory requirements and organizational expectations.

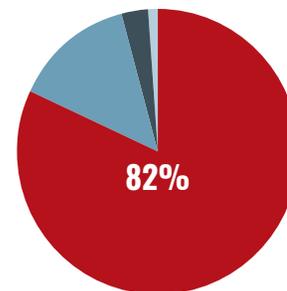
Clifton Larson, LLP, an independent audit firm, performed the 2019 financial audit of United Heritage Credit Union and its subsidiaries in accordance with GAAP and as required by the Texas Finance Code. Results of this comprehensive audit led to United Heritage Credit Union receiving an unmodified opinion on the consolidated financial statements for the year ending December 31, 2019.

In accordance with state and federal regulatory requirements, United Heritage Credit Union was also examined by representatives of both the State of Texas Credit Union Department and National Credit Union Administration during 2019. These examinations attest to the security of the Credit Union's operations. The Audit Committee is pleased to report that – according to the combined findings of independent auditors, state and federal regulatory examiners, and financial and operational statements – United Heritage Credit Union is in exemplary financial condition and management procedures are in place to protect the assets of the Credit Union's members; which is the utmost priority of our organization.

Board and staff realize that member service is paramount to the success of United Heritage Credit Union. The Credit Union's 99% favorable service rating during 2019 reflects success attaining this goal. This success was made possible by the hard work and commitment of staff across all aspects of the Credit Union's operations and is essential to our continued growth.

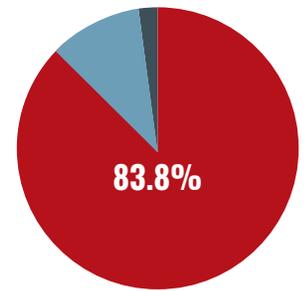
A commitment to the mission and values of United Heritage Credit Union continues to drive the Audit Committee in all efforts. The Committee appreciates the support of United Heritage's more than 67,000 members and the confidence shown entrusting the Credit Union with their hard-earned funds.

NEW MEMBER SATISFACTION



2019

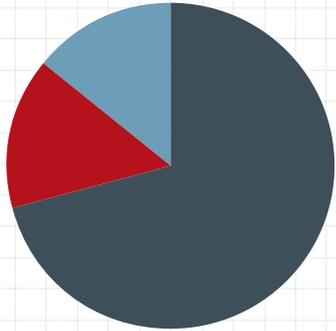
EXCELLENT
GOOD
SATISFACTORY
NEUTRAL
UNSATISFACTORY



2018

DISTRIBUTION OF INCOME

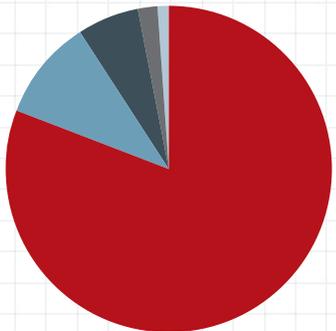
Expenses	\$34,703,943
Reserves & Undivided Earnings	\$6,850,048
Dividends	\$7,200,409
Gross Income	\$48,754,400



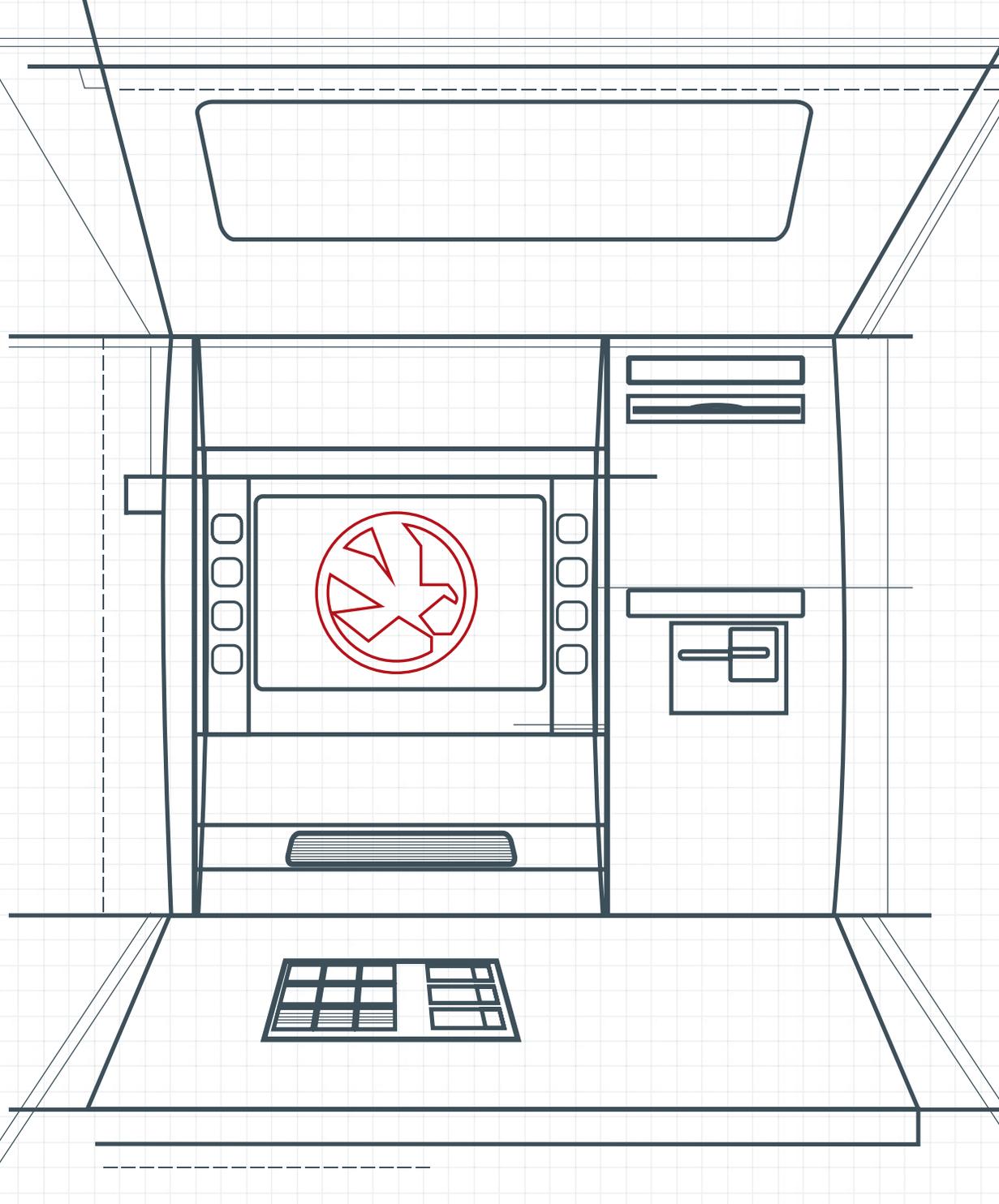
- 71% - EXPENSES
- 14% - RESERVES & UNDIVIDED EARNINGS
- 15% - DIVIDENDS

DISTRIBUTION OF ASSETS

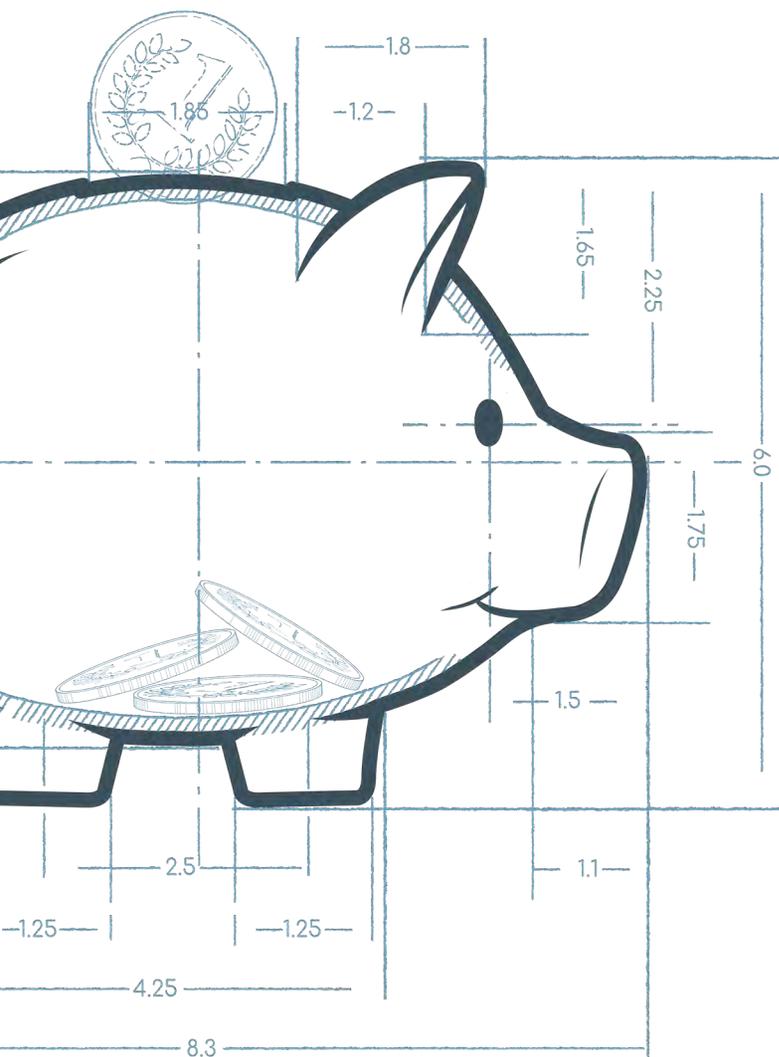
Loans	\$873,130,103
Cash/Investments	\$112,785,453
Fixed Assets	\$64,898,377
Other Assets	\$18,563,767
Share Insurance	\$8,637,935
Total Assets	\$1,078,015,635



- 81% - LOANS
- 10% - CASH/INVESTMENTS
- 6% - FIXED ASSETS
- 2% - OTHER ASSETS
- 1% - SHARE INSURANCE



2019 FINANCIAL REPORT



CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS

	2019	2018
Loans	\$875,942,392	\$842,923,103
Less Allowance for Loan Loss	(\$2,812,289)	(\$2,763,863)
Cash/Cash on Deposit	\$8,111,293	\$8,683,019
Investments	\$104,674,160	\$95,937,879
Fixed Assets	\$64,898,377	\$59,156,136
Share Insurance	\$8,637,935	\$8,356,284
Other Assets	\$18,563,767	\$13,639,531
Total Assets	\$1,078,015,635	\$1,025,932,089

LIABILITIES AND EQUITY

	2019	2018
Accounts Payable	\$8,797,351	\$42,375,117
Dividends Payable	\$691	\$584
Other Liabilities	\$3,804,983	\$2,955,936
Member Deposits	\$964,501,383	\$886,966,030
Regular Reserves	\$11,471,964	\$11,471,964
Undivided Earnings	\$89,500,316	\$82,635,268
Unrealized Gain/Loss	(\$61,053)	(\$472,810)
Total Liability & Equity	\$1,078,015,635	\$1,025,932,089



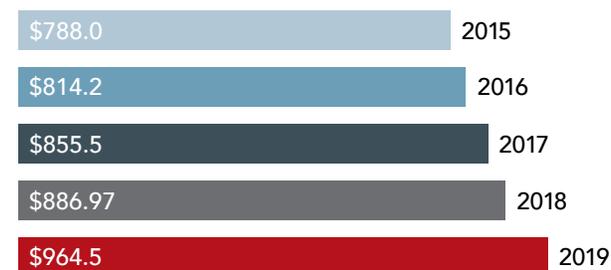
CONSOLIDATED STATEMENTS OF INCOME

INCOME	2019	2018
Loans	\$34,564,035	\$30,806,905
Investments	\$3,230,977	\$2,887,959
Gain on Sale of Assets	\$0	\$0
Other	\$10,959,388	\$11,132,408
Gross Income	\$48,754,400	\$44,827,272

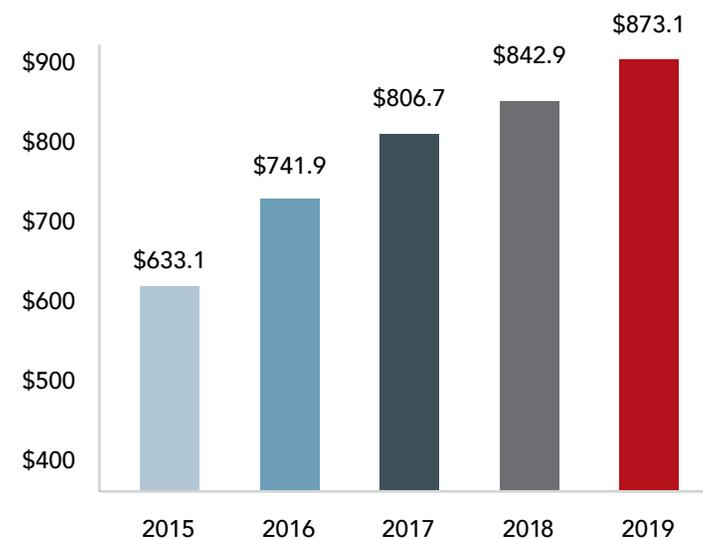
EXPENSES	2019	2018
Operating Expenses	\$16,968,401	\$15,218,227
Provision for Loan Loss	\$1,790,404	\$2,151,979
Other General and Admin	\$15,945,138	\$13,497,733
Total Expenses	\$34,703,943	\$30,867,939

Income Before Dividends	\$14,050,457	\$13,959,333
Dividends Paid	\$7,200,409	\$4,935,852
Net Income	\$6,865,048	\$9,023,481
Members	67,139	64,385

TOTAL SHARE DEPOSITS | DOLLARS IN MILLIONS



TOTAL LOANS | DOLLARS IN MILLIONS



The background of the page is a detailed architectural floor plan of a building. It shows various rooms, corridors, and structural elements like walls, doors, and stairs. The drawing is in black lines on a white background, with some areas shaded to indicate depth or material. The plan is oriented vertically, with a staircase visible in the upper left quadrant.

SERVICES REPORT

United Heritage Credit Union remains committed to improving our members' digital experience, developing and implementing new tools and resources for members to conduct seamless online banking transactions. In 2019 the Credit Union launched a redesigned website, focused on providing an exceptional member experience using a cohesive data-driven, journey based approach to create a more intuitive and faster site.

The award winning website redesign allowed for our members to more easily complete their online banking needs while providing them with financial information relevant to them. The updated site combines new AI technology with a streamlined design geared to improve our member experience.

We recognize more of our members are turning to the digital world to complete their banking transactions and to acquire financial information. One of our primary goals is the safety of our members' data. Throughout the year, the Credit Union has continued to update and launch security measures designed to protect members' data and private information.

The Credit Union uses a variety of tools to keep members informed of potential security risks, such as SMS phishing scams, and other potentially vulnerable spots. The Security Center and Blog are a great resource for members looking to learn how to keep their data safe. Our blog goes beyond security information. It also includes articles relevant to UHCU, including buying a home or a car, or information regarding the Credit Union's events such as monthly Shred Days. Stay up-to-date by visiting uhcu.org/securitycenter and uhcu.org/blog.

Throughout 2019, United Heritage Credit Union has used our social media profiles to engage with our members. Through sites such as Facebook, Twitter and Instagram, the Credit Union has informed our members of events, promotions, giveaways, product announcements and security updates. We saw a marked growth of followers and engagement in each of our social media sites during 2019, and our teams appreciate being able to connect with our members through these channels. The Credit Union looks forward to increasing our engagement and providing our members with relevant information on these sites in the upcoming year.



Mobile Banking Logins



Online Banking Logins



ATM & Debit Card Transactions



Member Checks Processed



Mobile Deposits Processed

2019

5,794,769

5,444,916

36,542,586

1,595,212

85,374

2018

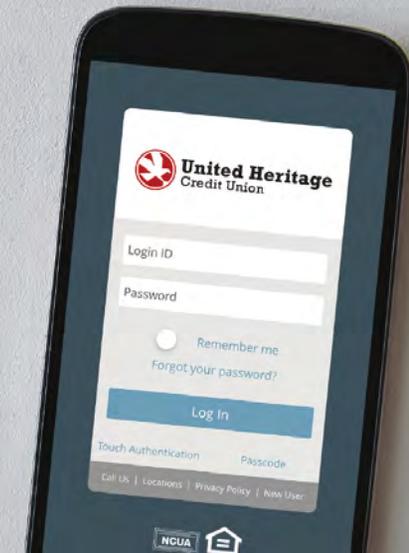
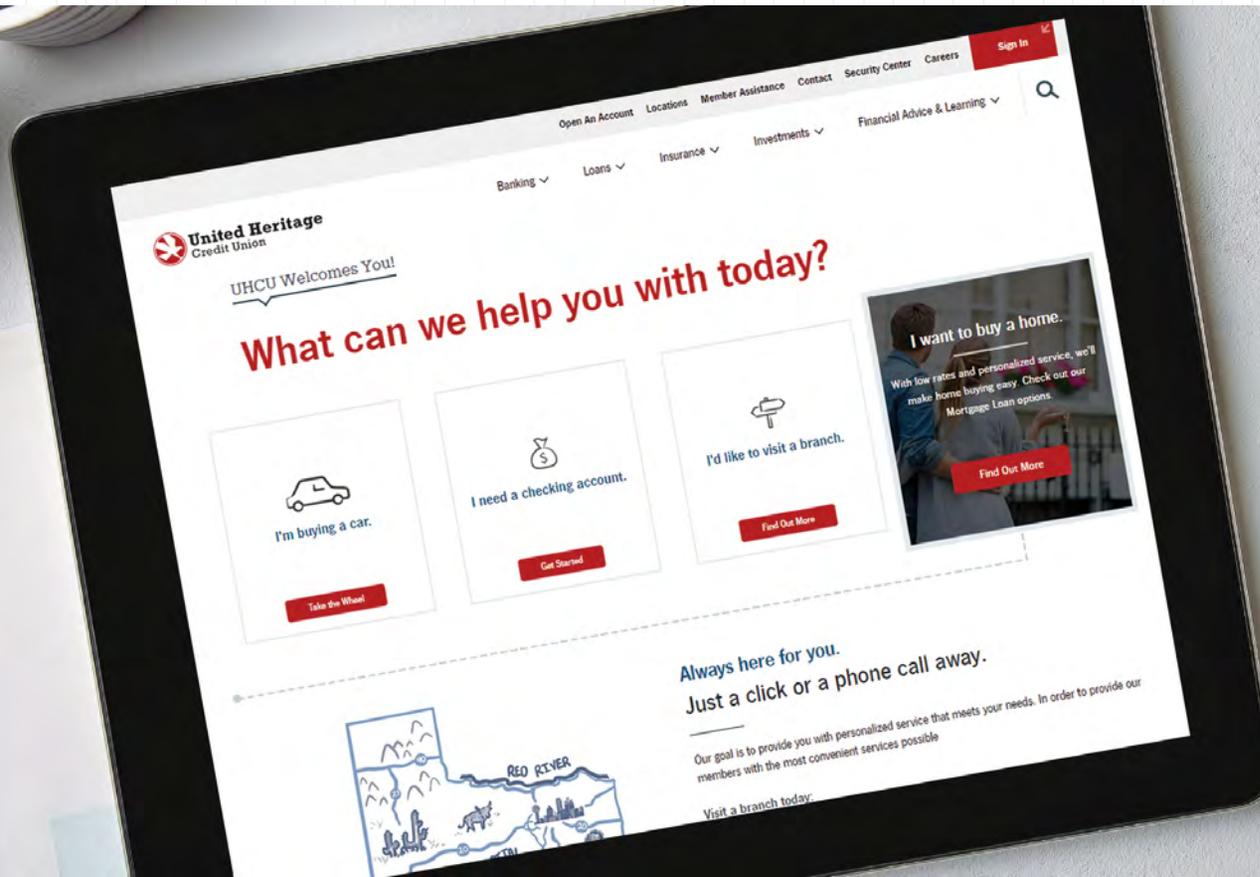
4,612,898

3,839,098

33,895,511

1,091,822

77,462



MEMBER APPRECIATION

United Heritage Credit Union hosted four Member Appreciation events in 2019, with three Austin-area Member Appreciation events at the Dell Diamond and one at the Tyler branch for our Tyler-area members.

At the Austin-area events, members enjoyed a Round Rock Express baseball game, got their faces painted, dined on burgers and hotdogs, entered to win awesome door prizes and even had their photo taken with Beaker, the UHCU eagle mascot.

Our Tyler members also enjoyed a Member Appreciation Day in October of 2019. With music, free food, face painting, door prizes, visits with Beaker and more, it was a great, family-friendly event. United Heritage looks forward to these events each year and enjoys the opportunity to visit with members in such a relaxed, fun environment.



TEAM UNITED HERITAGE

United Heritage Credit Union is proud to have employees dedicated to improving the Central and East Texas communities in which they live and work. It is the shared desire to help others that leads many staff members to join Team United Heritage, a group of Credit Union employees that routinely volunteers their time and resources to support a variety of local charitable organizations and initiatives.

In 2019, Team United Heritage had over 50 volunteers participate in seven events across Central and East Texas. On top of that, they gave hours of their free time and raised donations for local charities, like Keep Austin Beautiful and the Special Olympics.

Team United Heritage is committed to their philanthropic work to enrich Texas communities. Whether through an individual philanthropic endeavor or a group activity, participants of Team United Heritage continue to improve the lives of those in their community on a regular basis.



ORGANIZATIONS SUPPORTED BY TEAM UNITED HERITAGE

Special Olympics Texas

Austin Science Education Foundation

BookSpring

Keep Austin Beautiful

University of Texas Charter School System

Kids Matter International

Literacy Council of Tyler

Austin Empty Bowl Project

Partnerships for Children



UNITED HERITAGE CHARITY FOUNDATION

May Lofgreen, Chairman

Harold Keyes, Vice Chairman

Ralph Wilburn, Secretary & Treasurer

Bob Spurck, Director

Mike Trevino, Director

Ed Clements, Director



2019 was another successful year for the United Heritage Charity Foundation. Founded in 2003 as an independent nonprofit, the Charity Foundation maintained its commitment to its mission of supporting deserving organizations that make a difference in their communities.

The Charity Foundation would like to express their appreciation to everyone who has aided the Charity Foundation's efforts to make a difference in our communities. We are deeply pleased with the Charity Foundation's achievements throughout 2019 and will continue to provide key guidance to maintain the goals and objectives of the Charity Foundation.

The United Heritage Charity Foundation's largest fundraiser is the annual Auto Raffle. In 2011, the Charity Foundation held its inaugural Auto Raffle, raising \$39,989 to support local charities and organizations. With \$75,132 raised through 2019 Auto Raffle ticket sales, proceeds from the Auto Raffle now total \$541,818, and funds raised through ticket sales help facilitate the Charity Foundation's charitable mission throughout the year. Tamartha Darling was randomly selected as the winner of this year's Auto Raffle and took home a 2019 Jeep Cherokee Latitude.

On behalf of the United Heritage Charity Foundation Board of Directors, we would like to convey our thanks to everyone who contributed to the monumental success of the 2019 Auto Raffle. The money raised through the Auto Raffle is paramount to the Foundation to consistently achieve its goal of contributing to deserving organizations that positively impact the community.

Also in 2019, the Charity Foundation awarded \$10,000 in scholarships to college-bound high school seniors and donated another \$121,700 to local organizations. Since its inception, the Charity Foundation has distributed more than \$1.9 million to charitable causes in Central and East Texas.

With the support of United Heritage Credit Union and the community, the United Heritage Charity Foundation maintains the objective of improving the lives of fellow Texans as we enter 2020. Visit uhcf.org for more details.

CHARITIES SUPPORTED BY THE UNITED HERITAGE CHARITY FOUNDATION

2019 Beneficiaries:

A Gift of Time Adult Day Care
Alzheimer's Texas
Capital IDEA
Central Texas Food Bank
CHRISTUS Mother Frances Hospital
Cystic Fibrosis Foundation - Central Texas Chapter
Dress for Success Austin
Family Eldercare
Hill Country Community Ministries
Hospice Austin
Manos de Cristo
Marathon Kids

NAMI: National Alliance on Mental Health
New Milestones Foundation
Onion Creek American Legion Post 326
Open Door Recovery House
RED Arena
Restoration Ranch
Samaritan Center
Senior Access
The Arc of the Capital Area
The Center for Child Protection
The Comfort Crew for Military Kids
The Settlement Home for Children

UNITED HERITAGE COMMUNITY SCHOLARSHIP

The Charity Foundation awards college scholarships to high school seniors who exemplify the credit union philosophy of "People Helping People." In spring 2019, the United Heritage Community Scholarship Committee awarded Allison Agthe and Navya Janga with \$5,000 scholarships. The two Austin-area high school seniors were selected based on their outstanding community service, extracurricular activities, and academic performance. Dr. H. Ralph Wilburn and Mr. Harold Keyes presided over the scholarship presentation for Allison Agthe and May Lofgreen presided over the scholarship presentation for Navya Janga.



UNITED HERITAGE CREDIT UNION BRANCH LOCATIONS

CEDAR PARK

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

GEORGETOWN

12 Waters Edge Cir
Georgetown, Texas 78626

KYLE

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

LAKEWAY

3317 S RR 620
Austin, Texas 78738

NORTH AUSTIN

12208 N Mopac Expy
Austin, Texas 78758

RIVER PLACE

10815 RR 2222
AUSTIN, TEXAS 78730

ROUND ROCK

301 Mays Crossing Dr
Round Rock, Texas 78664

SOUTH AUSTIN

6400 Menchaca Rd
Austin, Texas 78745

SOUTHWEST AUSTIN

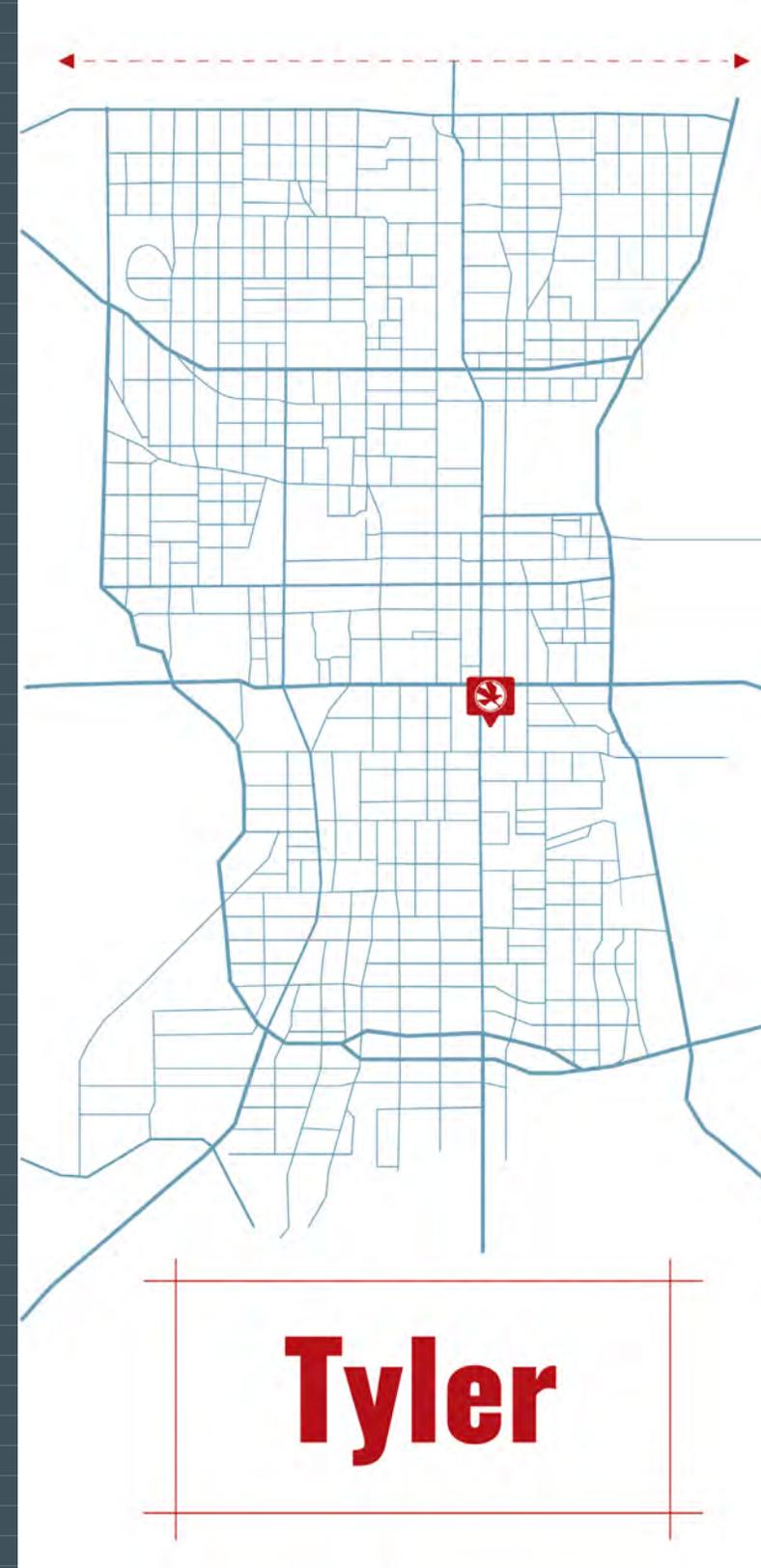
5011 W Slaughter Ln
Austin, Texas 78749

TYLER

522 S Broadway Ave
Tyler, Texas 75702

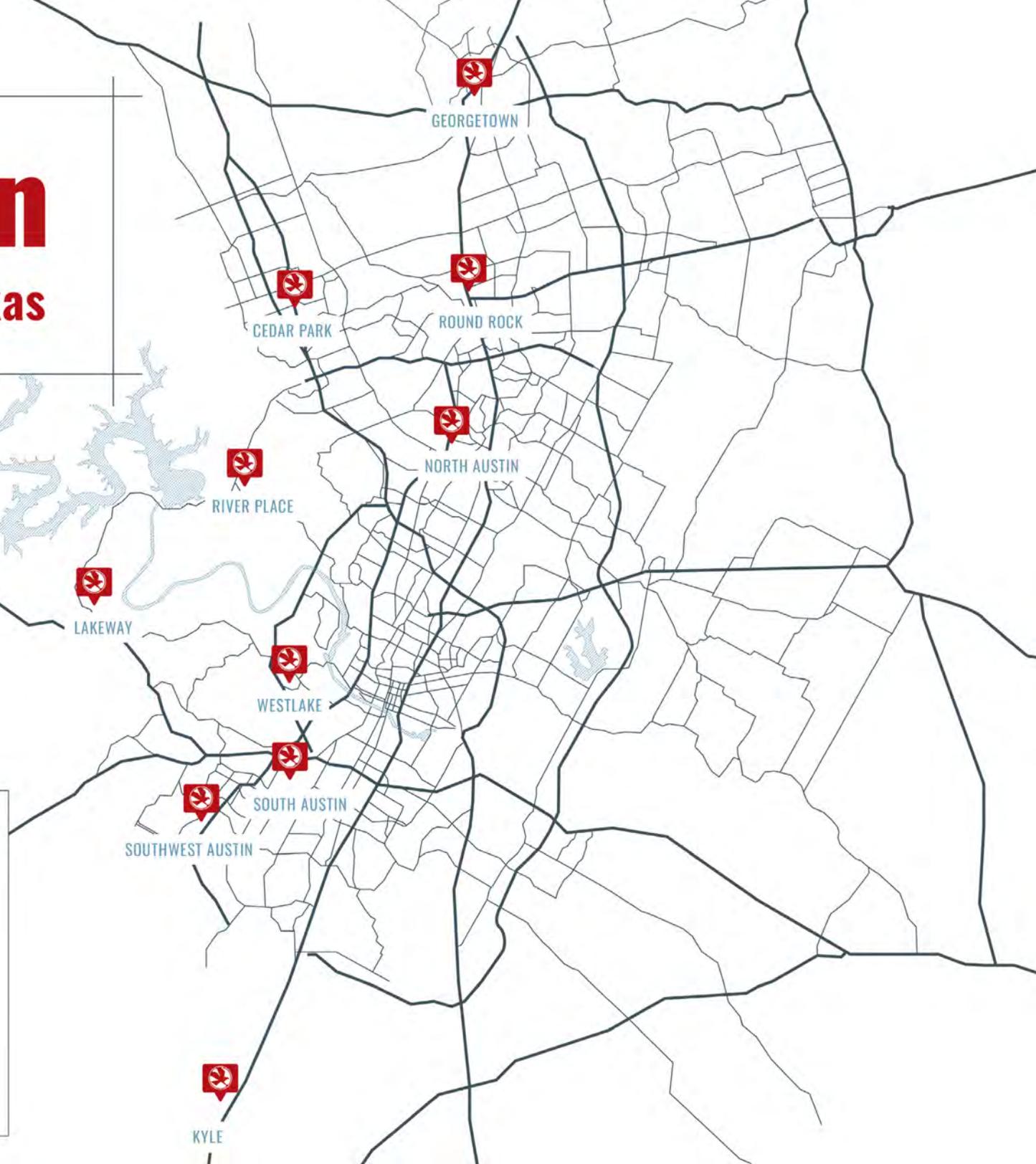
WESTLAKE

2009 S Capital of Texas Hwy
Austin, Texas 78746



Austin

& Central Texas





United Heritage

Credit Union

512.435.4545 | 903.597.7484 | 800.531.2328

uhcu.org



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