

Directors:

Chairman

David E. Williams

Vice Chairman

Michael W. Alford

Treasurer

Rita K. Dennis

Secretary

Liz K. Gerstenberger

Director

David N. Eng

Director

Gail E. Morea

Director

Otto Maresh

Advisory Directors:

Greg Ranft

Audit Committee:

Chairman

Greg Ranft

Eliza Paul, Janet Kurtz, Lonnie Johnson Sr.

Education & Promotion Committee:

Chairman

Rita K. Dennis

Liz K. Gerstenberger, Gail E. Morea

Staff:

President

Craig A. Atkinson

Vice President

Lois Krolczyk

Loans

Lynette Cannon, Gwen Sweet, Rony Molina

Accounting Assistant

Melissa Randles

Chief Teller

Gloria Garcia

Tellers

Kita Leyva, Maria Mahoney, Paul Castillo

Services:

Automated Teller Machine (ATM) Cards

Bank Wire Transfers

Bill Payer

Boat Loans

Car Title Transfer Forms

Certificates of Deposit

Checking (Share Draft) Accounts

Chrome Car Book

Credit Life & Credit Disability Insurance

CU@Home Internet Banking

Debit Cards

Direct Deposit

Drive-Thru Tellers

Education Loans

Home Improvement Loans

IRA Deposit Accounts

MasterCard® Platinum

MasterCard® Gold

MasterCard® Classic

Money Orders

Night Depository

Notary Public Service

NADA E-Valuator

Personal Loans

Recreational Vehicle Loans

Safe Deposit Boxes

Savings (SHARES) Accounts

Share Secured Loans

Travelers Checks (American Express)

Unimproved Property Loans

Vehicle Loans (New & Used)

Western Union Wire Transfers



Moving **Forward** Together



CELEBRATING 56 YEARS OF SERVICE
Annual Report 2008

AGENDA

I. Call meeting to Order	V. President's Report	IX. Election of Directors
II. Determination of Quorum	VI. Audit Committee Report	X. Adjourn
III. Minutes of Last Meeting	VII. Unfinished Business	Note: Door Prizes will be awarded after business meeting.
IV. Directors' Report by Chairman	VIII. New Business	

REPORT FROM THE BOARD OF DIRECTORS

I would like to welcome you to our 56th annual meeting. I'm honored to be here and to celebrate with you another successful year in serving our members and the community in which we call home.

I am happy to report to you that Houston Highway Credit Union is safe and sound. In these troubled economic times, it is refreshing to be associated with a financial institution that has not been part of the downward spiral which has affected so many financial institutions. It is clear by our strength as well as the strength of the overall credit union system, that the non-profit financial cooperatives truly exist to serve member needs rather than to take unnecessary risk in search of every penny of profit.

As a volunteer board of director, every decision that we make is focused on improving services and benefits to our membership. This past year we had a vote on merging with another credit union. It was clear by the outcome, that our members are committed to the credit union. In addition, we were faced with the retirement of our president, Barbara Spaulding, who had been a loyal and faithful employee for many years. In searching for her replacement, we found a native Houstonian, with an entire career in credit unions. Craig Atkinson became our new president on January 1, 2009. He is committed to Houston Highway Credit Union and its members.

Our goal is to be your primary financial institution, and to continue to offer products and services that benefit members and their every day lives. We look forward to serving you in the coming year, and appreciate your continuous commitment to our credit union.

David Williams

Chairman

REPORT OF THE PRESIDENT

It is my pleasure to welcome everyone to our annual meeting and join with you in celebrating another successful year for our credit union. I became the President in January after Barbara Spaulding's retirement effective December 31, 2008. I am quite aware that I have big shoes to fill and I make a commitment to each of you to do just that. I am a native Houstonian and have worked my entire career in credit unions, since graduating from The University of Houston with a degree in Finance.

Houston Highway Credit Union has a solid reputation in the credit union movement, and as members, each of you can be extremely proud of that accomplishment. Financially, we are strong and together we will continue to make each other's lives better as we have over the past 56 years.

Over the coming year and years, it is my desire that Houston Highway Credit Union become the only financial institution that our members use. In addition, I would like to grow the HHCU family to include as many new members as possible. In the current economic climate, many of us have concerns. Rest assured that your credit union is safe, strong and not part of any economic bail-out. In addition, we have many products and services available to help. Whether that's money for a new car, or just the convenience of our new Debit Card that debuts in a week, we are here to serve you. Make sure you let us know how we can SERVE you.

Thanks for coming to this evening and your participation in your credit union's 56th Annual Meeting and welcoming me to OUR credit union. If you are ever in the credit union lobby, make sure to stick your head in and say "Hi". I look forward to meeting each and every one of you and earning your confidence and trust.

Craig Atkinson

President

REPORT OF THE NOMINATING COMMITTEE

The Nominating Committee consisted of Sharlene Roehen, Alexine Stittiams-Ward and John Gaynor. We were charged with evaluating the individuals who chose to be considered for board of director positions. This year we had several qualified candidates, however we are required to nominate only 3 individuals, one for each position.

We received applications from the following candidates:

- **Rita Dennis** – long-term member, served on the Audit Committee, Policy Committee, Board of Directors, Delinquent Loan Committee and Advisory Board for the years 1994 thru current.
- **Gail Morea** – long-term member, served on the Audit Committee 1998-2001. Advisory Board 2001-2008. Board Member 2008-current.
- **Stephen Godinich** – long-term member.
- **Joseph Rogerson** – long-term member, served on Audit & Credit Committee, 1977-1983.
- **Otto Maresh** – long-term member, served on Audit Committee, Delinquent Loan Committee, Advisory Board and Board of Directors from 1989 thru current.
- **Hassan Sadeghi** – long-term member.

The committee has made the following recommendations:

Position 1 – Otto Maresh **Position 2** – Rita Dennis **Position 3** – Gail Morea

John Gaynor

Chairman

REPORT OF THE AUDIT COMMITTEE

The Audit Committee, at the direction of the Board of Directors, and as required by the Texas Credit Union Department regulations, has conducted the prescribed audit of the Credit Union's operations.

The firm of Hereford, Lynch, Sellars and Kirkham, Certified Public Accountants, continue to assist in the audit of the accounting records, internal controls and general operations.

The Texas Credit Union Department, in cooperation with the National Credit Union Administration (NCUA) also examined our operations from the regulator's and deposit insurer's perspective – safety, soundness and compliance with all applicable laws and regulations.

The Audit Committee meets regularly throughout the year to review the operations. The committee is pleased to find the management of our credit union to be sound and efficient.

Gregory Ranft

Chairman

COMPARATIVE STATEMENTS

At Close of Business 12/31/08

	2008	2007
ASSETS		
Loans	14,730,866	14,738,851
Cash	(12,118)	471,298
Investments	22,655,038	20,932,342
Other Assets	1,420,586	1,497,115
TOTAL ASSETS	38,794,372	37,639,606
LIABILITIES		
Shares	17,215,781	15,129,204
Certificates of Deposit	8,750,663	9,803,897
IRA's	3,681,375	3,762,360
Share Drafts	3,860,051	3,976,400
Reserves & Undivided Earnings	5,044,588	4,618,036
Other Liabilities	241,914	349,709
TOTAL LIABILITIES	38,794,372	37,639,606
DISTRIBUTION OF INCOME		
Expenses	1,124,242	1,135,597
Added to Reserves & Undivided Earnings	412,375	257,914
Dividends & Interest Paid to Members	649,493	873,113
GROSS INCOME	2,186,110	2,266,624
Dividend Rate	1.00%	1.50%
Membership	5,395	5,621
Reserves/Loans Ratio	7.11%	7.07%
Capital/Assets Ratio	13.00%	12.27%