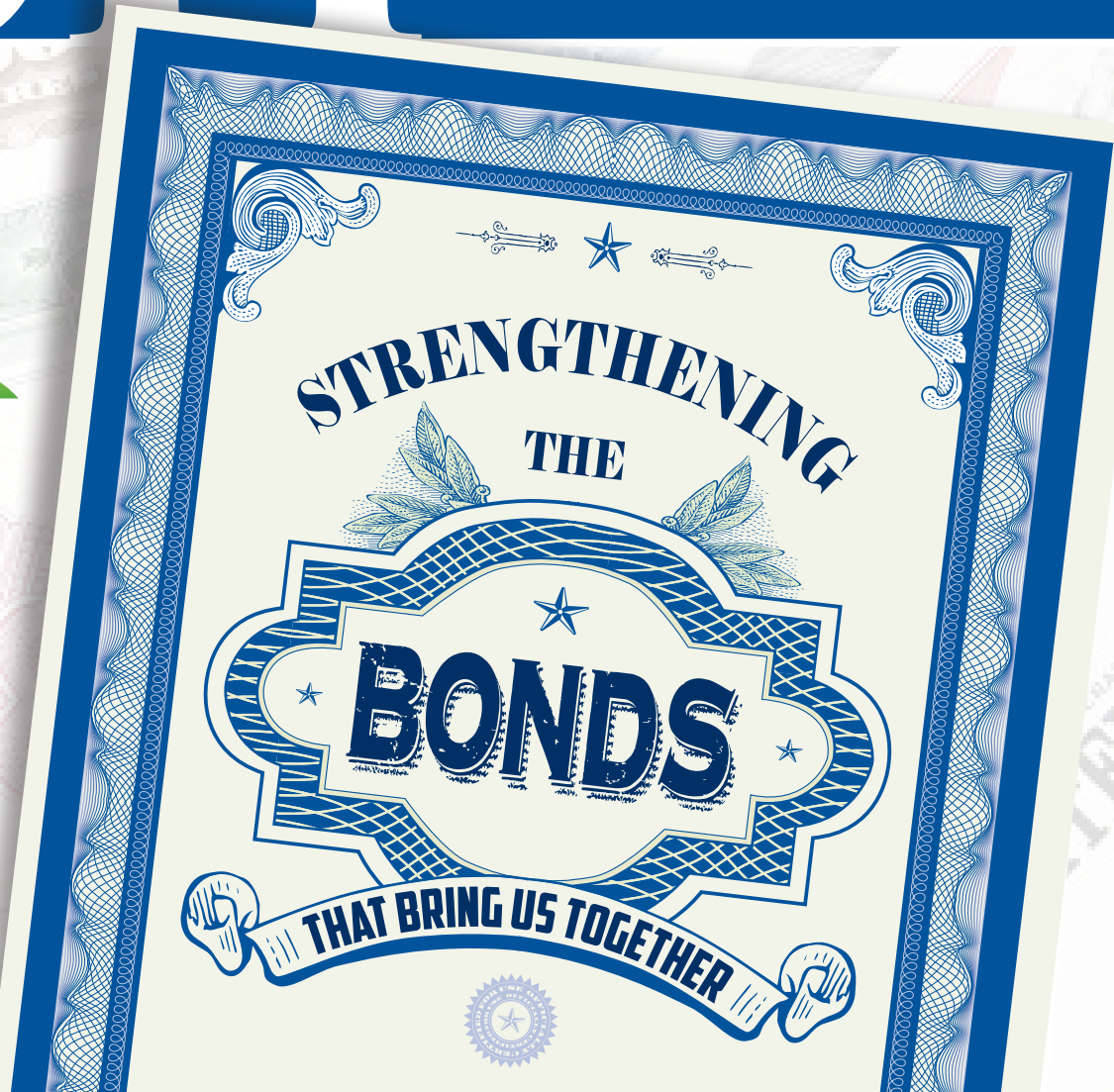
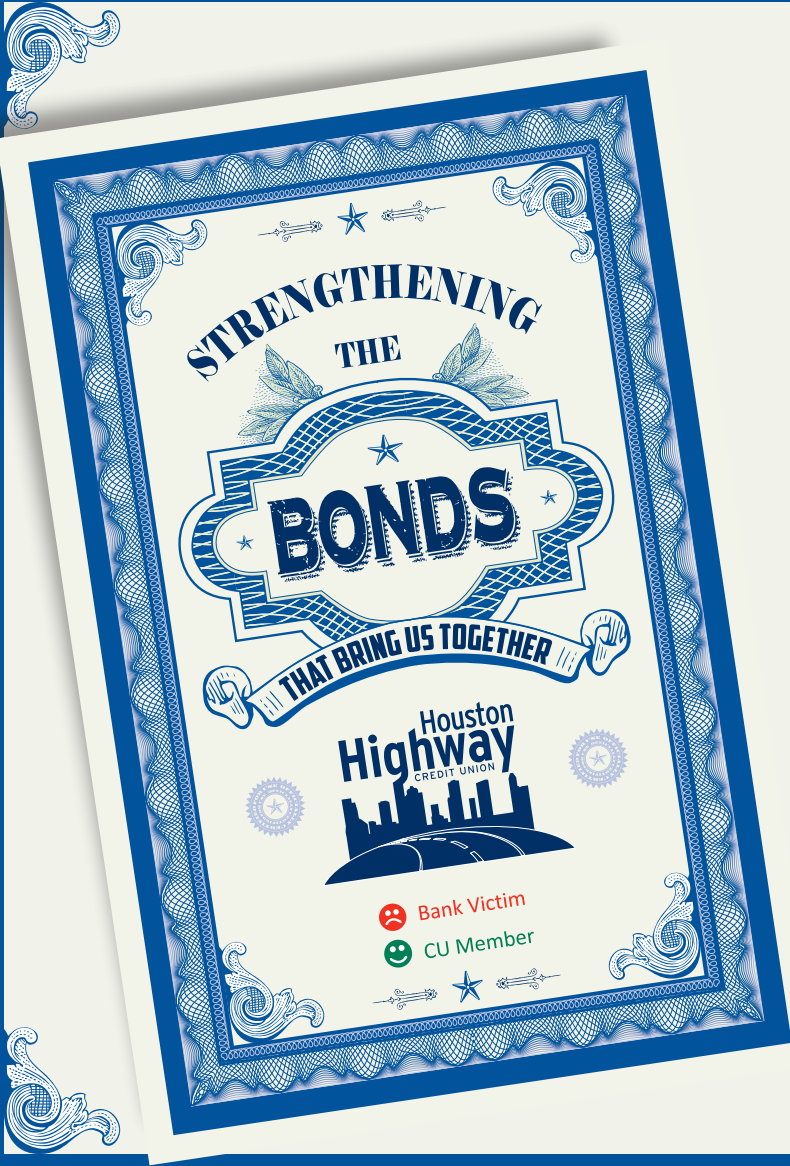


2014

ANNUAL REPORT

Houston
Highway
CREDIT UNION





WELCOME MESSAGE

Welcome to our 62nd Annual Meeting. The Board and Staff of Houston Highway are proud to celebrate 62 years of dedicated service to our Members and our community. As we assist more and more Members along the Road to Financial Success, our goal is to improve our financial standings for the benefit of all of our Member-Owners. Our people-first philosophy directs us towards whatever path our loyal members need us, good or bad. As the years pass we continually strive to improve for the betterment of the community as well as the products and services we can provide for our fiercely loyal members.

As we reflect on 2014, we are grateful for our steadfast Membership, dedicated staff and our devoted Board of Directors. Our collaboration is what makes us great, and we say thanks to each of you.

REPORT FROM THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I would like to present Houston Highway's 2014 Annual Report. As you know, we are a member-owned, not-for-profit financial cooperative. Our ongoing mission is to turn Bank Victims ☹️ into CU Members 😊 and we work to provide the innovative new products and services, and competitive rates our Members deserve. As the year comes to a close we recognize that our success directly represents the confidence and trust our members have in us as we work together to continue to improve their lives and communities. In response to managing a well-capitalized credit union, your Board of Directors, along with management, carefully constructed a plan to help the credit union to maintain its strength. Your Board of Directors recognizes that each of these actions may have had an impact on you, and we want to assure you that not one of them was taken lightly and without careful consideration.

There are actions that you, our membership, can take as well to help us improve our financial performance. By simply committing to consider and compare our services in the areas of transaction services (e.g., checking accounts), loans, and now investments, each time you have a need or opportunity, you can help to grow your credit union and your fellow members. I'm confident that you'll find our products and services to be as competitive as they've always been, and in some cases even more so.

Here at Houston Highway, we see success not in the form of possessions, status, or money but as a self-defined way of being, guiding beliefs and values that is always in moving forward. I am only able to take pride in HHCU because of our wonderful Membership. Our Members are the sole reason we aim for excellence, and we couldn't reach excellence without you. So thank you again, for trusting us, and for spreading the CU word to your friends, family and co-workers.

Mike Alford,
Chairman

2014 ANNUAL REPORT



REPORT OF THE PRESIDENT

Today we celebrate our 62nd Anniversary of serving our Members and the Houston community. Without you, it wouldn't be possible, so thank you for joining us today. 2014 was a year of building new bonds for HHCU, and with that we set about to secure the financial strength of your credit union with determination. Our Board of Directors and leadership team remain vigilant guardians committed to ensuring your credit union remains a place focused on our heritage and continue with a commitment to create value for you, our member-owners. We've had to make decisions based on the greater good. Some of these decisions have proven unpopular; however, as a financial cooperative our mission is to ensure our financial stability.

This past year, we have worked on advancing both technology and convenient service for our Members. While financial tools and technology are always changing, our core values and purpose remain steadfast to help unite us together. Entering into 2015, we will be focusing on how to best help our members meet their financial obligations while minimizing loan losses, improving the quality of our loan portfolio and enhancing earnings while reducing expenses. Knowing the importance of financial planning, we wanted to make financial advice and assistance more available to our Members. For that reason, we are excited to offer Members Financial Services and to introduce Corby Smith as a resource for you and your family.

I truly enjoy seeing our Members enjoying time together at our branch. I feel as though Houston Highway has given me the opportunity to make a meaningful contribution to the community. This past year we reached out to our community with a spring Shred-it event, and we hosted our second annual Kidtober event this past fall. In addition, we were able to give back to the community through our annual scholarship program, collecting donations for Goodwill Houston, and participating in the KHOU annual Toy Drive. As a credit union we believe we exist to help people, not make a profit. This year we would like to bring it back to our roots and rejuvenate the importance of our core values, to help strengthen the bonds that bring us together.

I would like to take this opportunity to thank our employees for remaining steadfast in their commitment to your credit union. While our Board of Directors and Leadership have had to make very difficult decisions, the burden of the execution has been entrusted to our staff. I would like to thank our Board of Directors for their leadership. They have been elected by you, our membership, as stewards of your trust and they have performed admirably in their volunteerism to serve for the better good of the credit union. We are better for their experience and guidance through their commitment. And most of all, I am thankful for our loyal members, especially those who, regardless of their personal circumstance, have met their obligations to our credit union. We exist by you and for you. Again, we are thankful that you are CU Members 😊 and not Bank Victims 😞. Thank you for joining us today.

Craig Atkinson,
President



REPORT OF THE NOMINATING COMMITTEE

The Nominating Committee, consisting of Quincy Allen, Karen Othon, and David Nitsch. We were charged with evaluating the individuals who chose to be considered for board of director positions. This year we had five qualified candidates, to fill the three open positions, and one unexpired term.

We received applications from the following candidates:

- **Rita Dennis** – long-term member, has served on the Board of Directors for the past 21 years. In addition she has served on the Audit Committee, Advisory Directors, and Delinquency Committee. Rita is currently the Vice Chair of the board and chairperson of the Policy and Procedures Committee.
- **Otto Maresh** – long-term member, has served on the Audit Committee, Delinquency Committee, Credit Committee and on the Advisory Board and Board of directors from 1960-1963 and continually since 1989. Otto Attended the University of Houston and is retired from TxDot after more than 46 years.
- **Gail Morea** – long-term member, has served on the Audit Committee from 1998-2001. Gail was an Advisory Director from 2001-2008 and a Board Member since 2008. She is a member of the ALCO. She is a Graduate of University of Houston and is currently a Texas Registered Professional Engineer.
- **Carl Holzwarth** – long-term member. Graduate of LeTourneau University with a BS in Business Management. He is currently employed in the telecom industry for the past 15 years.
- **Sharla Flores** – new member in 2014. Graduate of Texas A&M University with a BA in Speech Communications. She is currently retired from a career in Education and has held positions as the Health and Wellness Ambassador at Westchester Academy.

The committee has made the following recommendations:

- Position 3 – Rita Dennis**
- Position 4 – Otto Maresh**
- Position 5 – Gail Morea**

Quincy Allen,
Chairman



REPORT OF THE AUDIT COMMITTEE

As delegated by the Board of Directors, and as required by the Texas Credit Union Department regulations, the Audit Committee has the primary responsibility to review audited financial statements, internal controls, accounting policies and reporting procedures. The firm, John A. Weaver and Associates, was hired to conduct the annual audit for the period ending September 2014. That report received the highest ratings for accounting accuracy.

The Texas Credit Union Department, in cooperation with the National Credit Union Administration (NCUA) also examined our operations from the perspective of the regulators and deposit insurers, taking into account the safety, soundness and compliance with all applicable laws and regulations. The Audit Committee meets regularly throughout the year to review the operations of the credit union. We are pleased to find that the credit union has sound and efficient financial management practices. The credit union is well capitalized.

Gregory Ranft,
Chairman



2014 ANNUAL REPORT

ASSETS:

	2014	2013	2012
Loans	\$36,046,716	\$37,649,290	\$37,450,455
Cash	\$457,503	\$488,992	\$353,550
Investments	\$21,577,045	\$20,007,579	\$17,938,731
Other Assets	\$3,961,596	\$3,004,666	\$3,059,303
TOTAL ASSETS	\$62,042,861	\$61,150,527	\$58,802,039

LIABILITIES:

	2014	2013	2012
Shares	\$29,116,137	\$26,524,119	\$24,790,098
Certificates of Deposit	\$16,463,821	\$17,669,679	\$17,410,208
IRA's	\$3,688,133	\$4,261,973	\$4,396,519
Share Drafts / Money Market	\$8,128,282	\$8,033,492	\$7,464,197
Total Member Deposits	\$57,396,374	\$56,489,263	\$54,061,021
Equity Accounts	\$4,648,766	\$4,568,298	\$4,595,987
Other Liabilities	\$(2,279)	\$92,966	\$145,031
TOTAL LIABILITIES	\$62,042,861	\$61,150,527	\$58,802,039

Operations

Gross Income	\$3,109,842	\$2,942,021	\$2,781,878
Dividends & Interest Paid to Members	\$219,532	\$248,801	\$315,634
Net Interest Income	\$2,890,310	\$2,693,220	\$2,466,244
Operating Expenses/ Gains	\$2,521,131	\$2,298,470	\$2,197,538
Net Operating Income	\$369,180	\$394,749	\$268,706

Non Recurring Expenses

Total Non Operating Expenses	\$(275,059)	\$(41,305)	\$(130,461)
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Adjusted Net Income

	\$94,121	\$30,145	\$138,245
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Receive an additional **.05% APY*** on any new Certificate of Deposit up to a 1 year term, opened on or before April 30, 2015.

Receive **1.50% REBATE** for any credit card balance transferred from another credit card to a new or existing HHCU Credit Card, on or before April 30, 2015.

Receive an additional **.10% APY*** on any new Certificate of Deposit greater than 1 year but less than 2 years term, opened on or before April 30, 2015. Does not include 1 year term.

Special 4 year Certificate of Deposit WITH A RATE **1.25% APY*** on any new Certificate of Deposit opened on or before April 30, 2015.

Special 5 year Certificate of Deposit with a rate of **1.50% APY*** on any new Certificate of Deposit opened on or before April 30, 2015.

**Maximum of one coupon per transaction, coupons may not be duplicated. No cash value. APY= Annual Percentage Yield. Coupons may not be combined with any other discounts, including service and loyalty discounts. All coupons expire April 30, 2015. Normal credit criteria apply for auto loans and credit card applications. Loan rates are based on creditworthiness and are subject to change. Certificate rates are subject to change. Call for current rates.

CHANGES

- Changes to Management:
Kyle Nguyen- Chief Financial Officer
- Changes to Bylaws:
- None
- Changes to Articles of Incorporation:
- None
- Changes to Financial Condition:
- Assets 2013: \$61,150,527
- Assets 2014: \$62,042,861
- Changes to Membership Size:
- Members December 2013: 6,547
- Members December 2014: 6,321
- Services Offered Since Last Annual Meeting:
- Member Financial Services

Directors

Mike Alford, Chairman 2016
Rita Dennis, Vice Chairman 2015
David Eng, Director 2017
Liz Gerstenberger, Secretary 2016
Otto Maresh, Treasurer 2015
Gail Morea, Director 2015
Gregory Ranft, Director 2017

Advisory Directors:

Lonnie Johnson, Sr.
Janet Kurtz

Audit Committee:

Lonnie Johnson, Sr.
Janet Kurtz
Eliza Paul
Gregory Ranft, Chairman

ALCO Committee:

Mike Alford
Craig Atkinson, Chairman
Kevin Conn
Lois Krolcyk
Gail Morea

Executive Management:

Craig Atkinson- President
Kevin Conn- Executive VP
Kyle Nguyen- Chief Financial Officer

Branch Operations:

Kelli Clark
Shrunda Ervin- Assistant Branch Manager
Vicki Fleegeer
Nekitha Gracias
Kierra Lee
Maria Mahoney
Belinda Ramon
Sandi Rogers - Teller Supervisor
Juan Villegas - Branch Manager

Accounting/Audit:

Bryan Augullard
Nadine Bote
Lois Krolcyk

Member Advocacy/Marketing:

Joshua Alberto
Teresa Nicolas- Briggs- Manager
Jacky Tamez



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www.houstonhighwaycu.com



Bank Victim



CU Member



Federally Insured by NCUA