

**HERITAGE**  
credit union



ANNUAL REPORT  
**2017**





## BOARD CHAIRMAN REPORT | JESSE SANDOVAL

What an amazing year for Heritage Credit Union! Our year-end data looks positive compared to our peer group:

- > Heritage's Net worth/Total assets ratio is above peer group
- > Earnings (return on average assets) is above peer group
- > Loan, asset and membership growth was similar to peer group
- > Net loan charge off was below peer group

We continue to look at methods to control costs while maintaining a high member service level. During 2017, the board met regularly to discuss and make decisions on the future direction for Heritage Credit Union. We met to make financial decisions, discuss technology upgrades and review safety and soundness measures to ensure Heritage remains a financially strong organization. The annual financial goals were met or exceeded, resulting in a stable net worth ratio.

Heritage purchased a parcel of land in Machesney Park, IL, for a branch office to serve our existing members and the greater Rockford metro area. This office is expected to be operational mid-year 2018. Our Prairie du Sac branch office was converted to an administrative/loan office to streamline the lending process.

Balancing physical branches with technology allows members to connect with Heritage in person, via computer or with a smart phone. Our mobile apps provide full access to a wide range of services. Our mobile technology was upgraded in 2017 enabling you to do even more financial transactions whenever, and wherever, it's most convenient for you.

In closing, my sincere appreciation to the Heritage members, management/staff and the rest of the board for their support in making 2017 a successful year. It's been a pleasure serving you.

# 2017



**111** devoted employees  
serving our members



**3,248** vehicles financed  
by our members

OUR MISSION simplify banking | meet p

## CEO REPORT | ANITA RAUCH

Heritage Credit Union has a long history of consistently delivering value to you, our member-owners. I am happy to report that 2017 was no exception. With return on assets measuring a strong .71% or \$2.3 million, Heritage was able to expand services and your access while sustaining the security and strength of the Credit Union. Our net worth ratio remained strong at 12.2%, far exceeding the 7% regulatory requirement to be considered a well-capitalized financial institution.

Our focus on serving you, the member, drives our actions and keeps us centered on doing the right things and doing them well. By offering competitive pricing and local servicing, our loan portfolio grew to \$260 million. Heritage extended \$32.5 million in 1st mortgage loans to help our members finance homes. We will be expanding our first-time buyer program in 2018 to make home ownership a reality for even more members.

Heritage's strong performance is a byproduct of living our Mission to simplify banking, meet people's financial needs and save people time. We are currently in the process of upgrading our account opening and lending systems. These upgrades will create internal efficiencies and improve the overall member experience whether transacting business in person or online. Members will soon be able to apply for consumer loans, sign documents and receive funds using a smart phone or home computer. The new system will also allow online opening of deposit and checking accounts. These new platforms will expand access to and control of your money. Watch for these new services in 2018.

I am proud of our accomplishments and believe we are well positioned for continued growth and success. All of this would not be possible without the tireless efforts of our dedicated staff, guidance from our Board of Directors and support from our loyal members. We appreciate your membership.



**\$115  
million**



given in member loans for cars,  
homes, motorcycles and more

**10,624** checks deposited  
with mobile banking



people's financial needs | save people time

# FINANCIAL SUMMARY

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Loans to Members	\$ 258,952,742	\$ 239,069,759	\$ 219,411,758
Allowance For Loan Loss	(1,077,346)	(1,009,800)	(1,258,874)
Cash & Due From Banks	16,775,469	14,023,439	14,977,402
Investments	46,854,001	47,423,029	38,939,366
Land	2,275,808	1,565,389	1,814,290
Fixed Assets-Net	8,663,247	8,519,513	8,852,990
Other Assets	3,575,418	3,508,402	4,404,895
NCUSIF Deposit	2,647,298	2,430,130	2,312,345
<b>Total Assets</b>	<b>\$ 338,666,637</b>	<b>\$ 315,529,860</b>	<b>\$ 289,454,172</b>
<b>LIABILITIES &amp; EQUITY</b>			
Accounts Payable	\$ 20,028,127	\$ 16,696,449	\$ 9,196,502
Other Liabilities	502,693	526,490	681,782
Deposits	279,120,167	261,522,544	243,553,585
Reserves (Equity)	39,015,650	36,784,377	36,022,303
<b>Total Liabilities &amp; Equity</b>	<b>\$ 338,666,637</b>	<b>\$ 315,529,860</b>	<b>\$ 289,454,172</b>
<b>INCOME</b>			
Interest on Loans	\$ 10,621,008	\$ 9,676,266	\$ 9,013,667
Interest Expense	(1,228,237)	(1,015,751)	(916,222)
Investment Income	884,767	651,119	548,843
Fees & Charges	2,668,253	2,571,543	2,421,884
Misc. Operating Income	863,398	672,058	400,658
<b>Total Operating Income</b>	<b>13,809,189</b>	<b>12,555,235</b>	<b>11,468,830</b>
<b>EXPENSES</b>			
Operating Expenses	10,942,215	10,229,206	9,814,114
Provision For Loan Loss	506,888	138,950	66,619
<b>Operating Net Income</b>	<b>2,360,086</b>	<b>2,187,079</b>	<b>1,588,097</b>
Non-Operating Gain/(Loss)	(38,598)	(28,804)	(38,153)
<b>Net Income</b>	<b>\$ 2,321,488</b>	<b>\$ 2,158,275</b>	<b>\$ 1,549,943</b>

