

Despite continued economic and global challenges, Heritage never lost sight of the cooperative principles that have guided us over the past 87 years. We continued to help members purchase new homes, manage their money on-the-go, or save for their future.

Our members' savings balances increased in 2021, leading to continued deposit growth for HCU. Total deposits ended the year at \$377 million. Heritage experienced a slight increase in its loan portfolio in 2021, fueled by mortgage lending. Members took advantage of extremely low mortgage interest rates and refinanced existing loans to reduce their monthly payments or pay off the loan sooner. Other members were able to purchase their first home or upgrade to a new home. We anticipated slower growth in other loans such as auto and personal as we continue to navigate the effects of the pandemic, including supply chain constraints for the foreseeable future. Heritage assets grew to \$461 million in 2021, up from \$451 million in 2020. Net Income was healthy at \$3.58 million.

In November 2021, Heritage leadership and its board of directors announced the proposed merger of Connexus Credit Union, followed by the membership approval, effective March 1, 2022. This partnership will bring greater value to our members, staff, and community.

The merger will offer its combined 420,000+ members an enhanced experience, including optimizing and enhancing member convenience through online and mobile services, expanding call center hours and offerings, adding additional owned branches and shared branching services at 6,000+ locations, providing over 54,000 surcharge-free ATMs, as well as diversification of product and service offerings. The credit unions will continue doing business as Connexus Credit Union, with combined total assets approaching \$4.3 billion. The credit unions expect to finalize the operational conversion on August 1, 2022.

Connexus has committed to establishing the Heritage Credit Union Legacy Fund and will donate \$1 million to qualified organizations in 2022. Our Heritage Board of Directors will direct the distribution of \$500,000 to qualified organizations operating in communities served by Heritage Credit Union. Connexus Cares will donate an additional \$500,000 to organizations that provide basic humanitarian needs (like food, shelter, and crisis services) and those that work with at-risk youth, seniors, and veterans in communities also served by our branches. In total, the Heritage Credit Union Legacy Fund will provide \$1.75 million dollars to our communities over the next three years.

In closing, we would like to thank our members for their patience, understanding and continued support as we move through this transition and complete our partnership with Connexus Credit Union in 2022. We would also like to recognize and extend sincere gratitude to our employees for their unwavering dedication to Heritage Credit Union and to our members. 2022 will bring many new and exciting benefits to our member-owners and we are committed to providing exceptional service, competitive rates, money-saving product offerings and meaningful support to our community partners who need it most.

**Greg Cullen, Board Chairman**  
**Heather Ristow, Market President**

FINANCIAL SUMMARY

**ASSETS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Loans to Members	\$ 311,697,641	\$ 298,891,203	\$ 311,636,629
Allowance For Loan Loss	(1,380,952)	(1,621,522)	(1,393,600)
Cash & Due From Banks	28,974,338	50,928,682	19,791,331
Investments	72,321,166	56,764,843	26,272,585
Land	5,105,721	4,396,201	4,408,116
Fixed Assets-Net	21,380,745	21,902,497	11,175,147
Other Assets	19,460,520	16,417,343	14,628,842
NCUSIF Deposit	3,491,592	3,467,756	2,927,799

**TOTAL ASSETS**

**\$ 461,320,772    \$ 451,147,003    \$ 389,446,849**

**LIABILITIES & EQUITY**

Accounts Payable	\$ 32,921,973	\$ 42,083,066	\$ 32,336,131
Other Liabilities	275,018	156,977	470,023
Deposits	377,419,299	363,929,507	313,170,525
Reserves (Equity)	50,704,483	44,977,453	43,470,170

**TOTAL LIABILITIES & EQUITY**

**\$ 461,320,772    \$ 451,147,003    \$ 389,446,849**

**INCOME**

Interest on Loans	\$ 13,118,915	\$ 14,507,106	\$ 13,967,154
Interest Expense	(1,554,356)	(2,695,733)	(2,586,271)
Investment Income	571,122	670,172	791,732
Fees & Charges	3,324,447	3,051,894	3,129,725
Misc. Operating Income	1,476,664	1,420,380	1,417,566

**TOTAL OPERATING INCOME**

**16,936,792    16,953,819    16,719,906**

**EXPENSES**

Operating Expenses	14,639,655	13,126,700	13,365,698
Provision For Loan Loss	418,594	1,341,842	974,523

**Operating Net Income**

1,878,543    2,485,277    2,379,685

**Non-Operating Gain/(Loss)**

1,702,080    (15,250)    (18,567)

**NET INCOME**

**\$ 3,580,624    \$ 2,470,027    \$ 2,361,118**