




2023

Annual Report

Building
Success
Through
Membership

HFCU *Houston Federal
Credit Union*

 Federally Insured by NCUA

Mission Statement



Be our member's advocate by helping them achieve their dreams with personalized financial solutions.

Core Values

- Integrity, Honesty and Respect.
- Passion, Commitment and Enthusiasm.
- Seek Excellence in All We Do.
- Work Hard and Have Fun.
- Friendly Service and Superior Value.

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What our Members Say

EMPLOYEE SPOTLIGHT ON

Erika Fuentes

“

What truly sets Erika apart is her commitment to member satisfaction. She went above and beyond to secure a loan with better terms and lower interest rates, saving me a significant amount of money in the long run. If you're looking for a dedicated, knowledgeable, and trustworthy professional to assist with your financial needs, Erika is the one to call. Her outstanding service and unwavering commitment to her clients make her an invaluable asset in the finance industry.

—Lindsey B.

Chairman's Report

In 2023, Houston Federal Credit Union experienced outstanding growth, which is evident from the increase in membership and strong financial performance.

HFCU has been a *People Helping People* financial institution since its founding in 1960, and our continuous focus remains on helping our members achieve their financial goals and aspirations through personalized financial solutions.

Integrity, Honesty, and Respect is the first core value of HFCU. It reflects our commitment to conduct business in a way that presents opportunities for members to add value to their lives. Our dedication to building member success is why we have maintained a healthy bottom line and experienced positive financial results each year.

Inflation in 2023 had an impact on many industries, including the Credit Union, but we continue to evaluate and adjust to ensure that we stay ahead of the curve with our deposit and loan rates.

Our goal is to offer loan options that are more reasonable than many other financial

institutions, and by the end of 2023, the Credit Union saved members a total of \$4,302,987 million in loan interest by refinancing their loans from other lenders.

HFCU also continued to raise rates for savings accounts throughout 2023, providing members with the opportunity to earn more dividends. Share certificate rates are reviewed and approved weekly to ensure members receive some of the highest rates available.

While our dedication to offering excellent rates has attracted many new members looking for a safe and reliable way to grow their hard-earned money, it is never a guarantee for positive results, and is only part of an overall picture of what sets HFCU apart from other financial institutions. Advocating for members through excellent service that exceeds their expectations remains a huge part of why the Credit Union continues to build success.

As a result, Houston Federal Credit Union had excellent financial results for 2023, with total assets reaching \$905,297,196 million, loans outstanding growing to \$589,059,124

million, and total membership increasing to 69,000 members.

Community outreach was outstanding for 2023. HFCU's connections and interactions with the community is important, and will continue to be a priority as we support local business and community organizations throughout 2024.

We thank these organizations for supporting HFCU as well. Involvement in the community really encapsulates the Credit Union's core value of *Work Hard and Have Fun*.

Organizations supported during 2023 were numerous, but highlights include: East Fort Bend Human Needs Ministry, Fort Bend Women's Center, Gulf Coast Regional Blood Center, Houston Christian University, Houston Pets Alive!, Literacy Council of Fort Bend, and Loaves and Fishes of Greenville, South Carolina.

In conclusion, HFCU has provided personalized financial solutions to our members for the past 63 years. We continue to build off that success by providing *Friendly*

Service and Superior Value. Thank you to all our members for their continuous support of Houston Federal Credit Union. This commitment is extremely important to the Credit Union's financial success, and we thank you for choosing us to serve all your financial needs.

Brent Holloway

Chairman of the Board

Building Success Through Community



HFCU Supports Houston Pets Alive!



HPA! acts as a safety net for shelters/impound facilities and serve at-risk animals by working alongside animal welfare partners to reduce euthanasia, pet homelessness, and animal suffering in the Houston area. They empower the community, through education, outreach, and accessible care, to share in their vision of a world where every cat and dog has a loving home.



EMPLOYEE SPOTLIGHT ON

Logan McAlister

“

Logan was BEYOND awesome! She assisted me throughout the entire process of my auto purchase. My work schedule can be hectic sometimes, but Logan made it super easy for me to communicate with her back and forth. She exceeded my expectations and went above and beyond to help me understand the entire process and purchase.

I loved how she answered all of my questions so quickly and honestly. She made my entire experience so wonderful! Thank you so much Logan at HFCU! You are the BEST!

**What our
Members Say**

-EA

President's Report

As Houston Federal Credit Union continues to grow, its commitment to its members remains steadfast. The Credit Union acknowledges that its success is shared with its members, who have helped us prosper through their own financial milestones and achievements. With the mission statement in mind, HFCU strives to *be its members' advocate by helping them achieve their dreams through personalized financial solutions*. The credit union operates on a foundation of *People Helping People*, with *Integrity, Honesty, and Respect* always at the forefront of its decision-making.

One recent example of HFCU's dedication to its members' safety and security is its decision to switch all cardholders over to contactless cards, and all members received their new cards by the second quarter of 2023. This new feature provides a safe and secure way for members to complete their transactions through a tokenization feature that keeps their account information secure from the possibility of fraudulent charges at the point of sale. In addition, HFCU also offers digital wallets with Apple Pay, Google Pay, and Samsung Pay, which work similarly to contactless cards when making a transaction, and are available to all members as an added layer of security.

Protecting member identities and personal account information is crucial to HFCU's mission, and card security is a small part to help us accomplish this. Through *Passion, Commitment, and Enthusiasm*, the Credit Union continues evaluating and implementing new innovative features through multiple channels with the purpose of safeguarding our members' financial information. The trust members put in HFCU to protect their identities and account information will never be taken for granted, and the commitment to this important aspect of the organization is another building block to its overall success.

The importance of financial education is as important as ever, and HFCU continues fulfilling its mission to make sure members and future members have resources available that provide them with knowledge and personalized financial solutions. Throughout this report, you will see different member experiences showcased that highlight the organization's dedication of *Seeking Excellence in All We Do*, and HFCU's financial counseling program, led by Certified Financial Counselor Zulika Diaz, exemplifies this core value by providing invaluable guidance to members seeking to enhance their credit score, budget

their money, or consolidate their debt. Financial Counseling Services will always be free to HFCU members, and has had a very positive impact on those who need guidance to help them achieve their own financial goals. The Credit Union realizes that not one person is alike in these matters, and undivided individual attention will always be a priority as a not-for-profit organization. This dedication really exemplifies our mission of advocating for each and every member.

The financial counseling services program also compliments the recently revamped ELEVATE Financial Education program, which offers an easy-to-use at-your-own-pace online platform available through the HFCU website. It is another resource available that features financial terminology, facts, and calculators to help people understand how to manage their finances. As a *People Helping People* organization, the ELEVATE Financial Education program is free to everyone, regardless of membership.

Also available to everyone regardless of membership status, is the HFCU Investment and Retirement Services program, led by Financial Advisor John Woltemate. John offers free consultations to anyone seeking guidance with their long-term financial plan in regards to retirement and investment opportunities that prepare them for the future. In 2023, John received recognition from the Houston Chronicle as the Winner of the Best of the Best Financial Advisor, beating out several larger, more well-known programs in the Houston area, based on votes cast by members of the public.

HFCU's dedication to its members is evident in its commitment to safety and security, and financial education and guidance programs.

These initiatives set HFCU apart from other financial institutions and demonstrate its commitment to building success and exceeding expectations for our members.

HFCU is also expanding and relocating branches to better serve its growing membership. The credit union's Kirby location will be moving to the Greenway Plaza area, while the Greenville branch is opening a second location in a more centralized area. Additionally, HFCU has a new branch opening in West Houston for Fluor employees, which presents an opportunity to attract new members and serve those working in the area. These new locations will provide better accessibility and convenience to members, and HFCU will continue providing *Friendly Service and Superior Value* that is second to none.

As 2024 progresses, HFCU will continue to advocate for our members by monitoring and assessing the economic climate, and making adjustments that allow the organization to offer competitive loan and deposit rates, ensuring they earn more from their savings, as well as save on their loans.

Established in 1960, HFCU remains committed to each member's financial goals and achievements, and its mission of *being their advocate by helping them achieve their dreams with personalized financial solutions*.

Chris Choat

President & CEO

Building Success Through Community



HFCU Supports Houston Art Car Parade

Houston's largest free cultural event and one of its most iconic celebrations started out nearly four decades ago and has become a world-wide phenomenon, drawing hundreds of thousands of spectators to witness the awe and splendor of mobile art on wheels. Community groups, public and private schools, and professional organizations have become regular participants.



What our Members Say

EMPLOYEE SPOTLIGHT ON

Alyssa Mata

“

Alyssa, THANK YOU for all your help in March 2023. You helped me for almost an hour, and you did it with patience and professionalism. You made several calls and figured out how to resolve the issue, which was the reason I came into the credit union. I hope I don't have any other problems, but if I do, I hope you are there or another employee with the same characteristics. Thanks HFCU for hiring great staff.

-Odell

Treasurer's Report

HFCU had a remarkable year in 2023, achieving its core mission of offering competitive loan rates that provide more savings to its members.

The Credit Union reported a total of 6,226 consumer loans, 395 mortgage loans, and 21 commercial loans contributing to exceptional financial results. The year-end loan portfolio reached \$589,059,124, which is a remarkable increase in loan growth at 6.10%.

At the end of the year, capital contributions (net income in a not-for-profit entity) totaled \$9,559,974, resulting in a total net worth of \$87,232,161. This brought HFCU's net worth to 9.64% as of December 31, 2023, which classifies the Credit Union as being "well-capitalized" under the National Credit Union Administration (NCUA) standards. Capital is essential for the organization to remain in business and being "well-capitalized" is a requirement by the NCUA, which serves as the Credit

Union's primary regulator and provider of Federal Deposit Insurance.

As the membership grows, HFCU continues to offer excellent share accounts with competitive rates that provide members more opportunities to grow their hard-earned money. This contributed to the Credit Union opening a total of 6,554 new accounts for 2023, and total deposits for HFCU were \$821,117,587 as of December 31, 2023, representing a slight decrease of 1.03%. End-of-the-year assets increased by 0.07% for a total of \$905,297,196.

Transactions are essential for HFCU to conduct business with the membership. Throughout 2023, almost 85% of all transactions were done electronically. Convenience of electronic transactions remains a focus for the organization, and the processes that are currently in place continue to be reviewed and assessed in regards to the safety and security of members' financial information.

While HFCU's eTeller online banking, eMobile banking app, and online applications have become the popular method for completing transactions, the organization fulfills its mission by meeting members half way where they are most comfortable. This also includes visiting one of our many conveniently located branches in person to complete their transactions.

HFCU's goal is to always present personalized financial solutions for everyone, when it comes to how they choose to manage their finances.

Sally McKnight

Treasurer

Financial Information

December 31, 2022 *Compared to* December 31, 2023

Assets

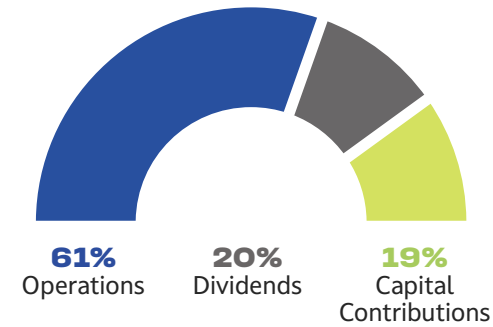
	2022	2023
Loans to Members	\$555,178,526	\$589,059,124
Less: Allowance for Loan Losses	\$1,657,004	\$3,840,068
Net Loans to Members	\$553,521,522	\$585,219,056
Cash & Investments	\$305,951,250	\$272,990,529
Fixed Assets	\$23,247,027	\$23,376,285
Other Assets	\$21,922,478	\$23,711,326
Total Assets	\$904,642,277	\$905,297,196

Liabilities & Equity

Accounts Payable	\$2,917,760	\$2,243,003
Accrued & Dividends Payable	\$798,254	\$2,369,541
All Other Liabilities	\$5,089,303	\$5,847,806
Total Liabilities	\$8,805,317	\$10,460,350
Shares	\$303,123,288	\$258,051,156
Club Accounts	\$97,751	\$99,984
Share Drafts	\$169,046,649	\$160,716,651
Health Savings Accounts	\$720,513	\$706,928
Term Share Accounts	\$148,018,946	\$242,027,928
IRAs	\$14,793,345	\$12,805,324
Insured Money Market	\$166,838,438	\$123,257,241
Business Accounts	\$26,907,305	\$23,452,375
CECL Required Reserve	N/A	(\$2,010,621)
Net Worth	\$77,672,187	\$87,232,161
Unrealized Gain/Loss on Investments	(\$11,381,462)	(\$11,502,281)
Total Equity	\$895,836,960	\$894,836,846
Total Liabilities & Equity	\$904,642,277	\$905,297,196

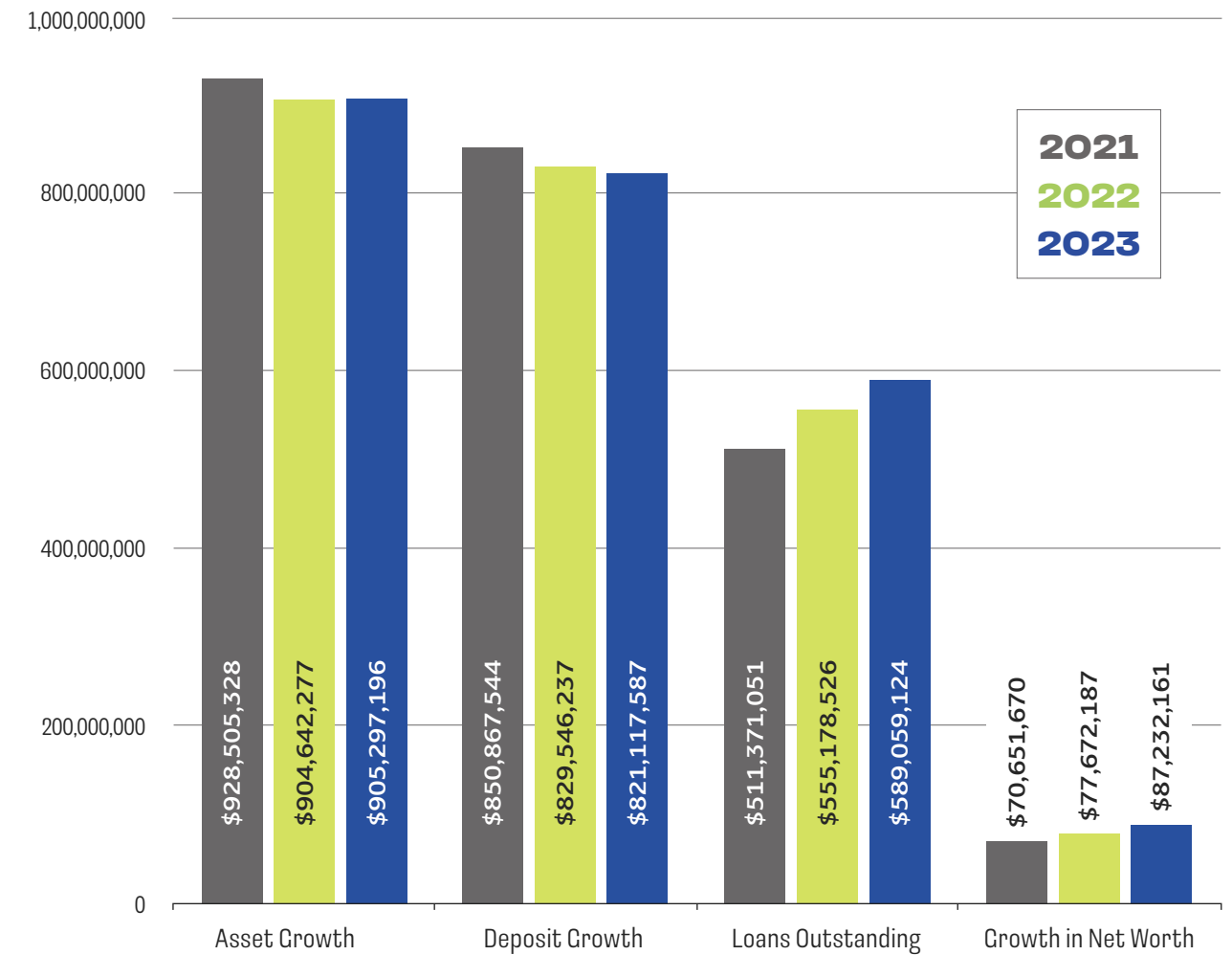
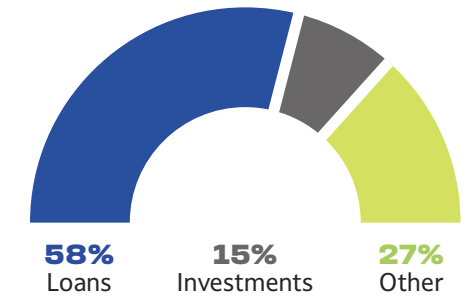
2023 Income

\$50,103,521



2023 Expenses

\$50,103,521



Building Success Through Community



HFCU Supports Fort Bend County Fair

The Fort Bend County Fair has grown into one of the largest and most successful fairs in the State. Residents of the county eagerly anticipate visiting with friends and neighbors at some of the many activities the Fair has to offer. Their mission is to help our youth achieve their educational goals through a scholarship program and auctions that are like no other in Fort Bend County.



What our Members Say

EMPLOYEE SPOTLIGHT ON

Zulika Diaz

“

I have struggled with financial literacy throughout my life. I received an email about Zulika Diaz and the financial help she offered to members and was hesitant at first, but Zulika took me under her wing and pointed me towards financial stability. In one year, I decreased my debt, and my credit score sky-rocketed. Thank you HFCU and Zulika for everything you've done for me.

– Arnulfo M.

Supervisory Committee's Report

In addition to the outstanding support we receive from members, Houston Federal Credit Union builds success as a strong financial institution through excellent financial management; meaningful policies, procedures, and internal controls; and compliance with relevant laws and regulations.

This continues to be a challenge in an industry where change can happen quite frequently, and is comprised of many complex laws and regulations. The safety and soundness of your Credit Union relies on these critical areas to be routinely reviewed, and the Supervisory Committee has been tasked to oversee the review and audit program to ensure it meets requirements.

The Committee's critical areas of focus include financial management, policies, procedures, and internal controls, and compliance with relevant laws and regulations.

The Committee comprises three Board-appointed volunteers devoted to serving the best interests of HFCU and its members.

Monthly meetings are organized to review and discuss the results of various reviews and audits conducted as part of an Internal Audit Plan, developed and approved annually based on compliance and regulatory expectations and risk assessments.

The Committee's duties take a holistic approach, covering the entire organization. The Committee is responsible for reviewing the financial condition of HFCU, completing a verification of accounts, and engaging an independent firm for a certified audit as required by law.

These assessments are designed with the following objectives:

- Minimize the risk of losses to HFCU in the areas of credit, transaction, reputation, and compliance
- Prioritize audit projects according to regulatory, compliance, high, moderate, and low risk areas
- Manage audit resources effectively and efficiently

- Determine the nature, timing, and extent of the audit scope and procedures in direct correlation to the risk

There are many reviews and audits that occur throughout the year, through both internal and external channels. These audits fall into one of four categories as follows:

- Regulatory audits, such as the review of our automated clearing house activities, information security, financial statement and reporting, and member verification of accounts
- Compliance audits, such as the review of wire activity, new accounts and loans, insider accounts, corporate credit card activity, and real estate lending
- High Risk audits, such as file maintenance activity, security overrides, cash count verifications, closed account activity, and new loan verifications
- Best practice audits, pertaining to the compliance program of HFCU and business lending

One of the most critical duties performed by the Committee is the review of the financial condition of HFCU and associated financial statements and reporting. Related to this process, is the completion of a verification of accounts. The last review was completed to the satisfaction of the Committee with an effective date of March 31, 2023. As a certified audit is required by law, the Committee engaged the independent firm of Nearman, Maynard and Vallez, Certified Public Accountants.

Additionally, HFCU's primary regulator, the National Credit Union Administration (NCUA), performed an examination of the Credit Union to evaluate safety and soundness with an effective date of June 30, 2023. The following risk areas were evaluated:

- Transaction risk
- Credit risk
- Liquidity risk
- Strategic risk
- Interest-rate risk
- Compliance risk
- Reputation risk

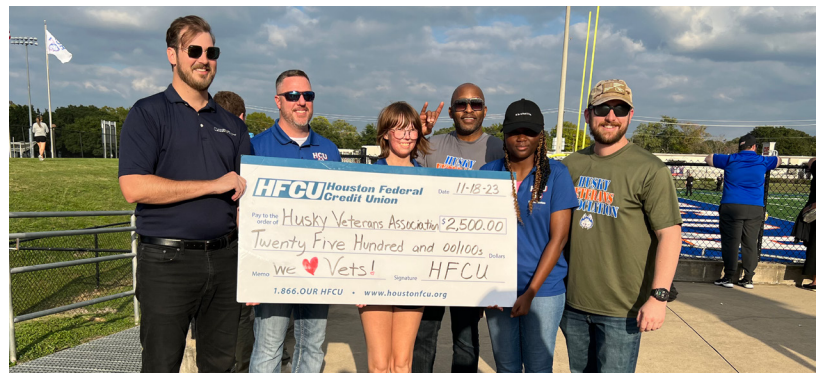
I am pleased to report that your Credit Union was found to be in good order during these reviews and audits conducted in 2023. I would like to offer my congratulations to the Senior Management Team and all HFCU employees for their contributions to these outstanding audit results.

Further, it is the Committee's belief that the organization remains a strong and viable credit union. On behalf of the Supervisory Committee, I wish to express our gratitude to serve our members in this capacity.

Clayton Forbes

Supervisory Committee Chairman

Building Success Through Community



HFCU Supports Houston Christian University

The HFCU and HCU Annual Military and First Responders Appreciation Game honors the men and women that protect our nation and communities. As a special thank you, HFCU offers FREE admission to the game along with snacks and giveaways for current or retired military, law enforcement, firefighters, emergency personnel, their families, friends, and supporters.



What our Members Say

EMPLOYEE SPOTLIGHT ON

Armando Cantu

“

Keep hiring people like Armando! I went in for a check and that young man gave me the fastest and friendliest service. He was extremely genuine as well. It was a pleasure conversing with him. This branch will be my go to from now on!

-Emily C.

Board of Directors



Brent Holloway
Chairman of the Board



Margaret Taylor
Assistant Secretary



Chris Choat
Director/President/CEO



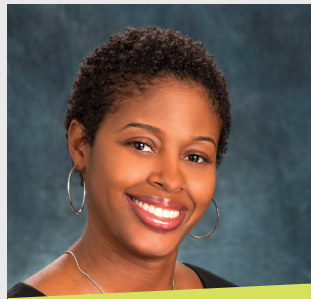
John Senna
Vice Chairman



Sally McKnight
Treasurer



Virgil Harris
Director



Samaria Chambers
Secretary



Mike Ciancarelli
Director



Nancy Breland
Director

Committee Members

Our Board of Directors and Committees consist of volunteers dedicated to making decisions that benefit the entire membership, and continue the success of Houston Federal Credit Union.

Advisory Directors

Richard Conley
Clayton Forbes
Carlos Sepeda, Sr.

Supervisory Committee

Clayton Forbes
Durenda Mason
Rebekah Riddle



What our Members Say

EMPLOYEE SPOTLIGHT ON

Julie Heath

“

Julie greeted me with a warm and friendly demeanor. She patiently listened to my needs and financial goals, taking the time to understand my unique situation. Her professionalism and knowledge of auto loans was evident as she guided me through the process. Thanks to her, I successfully secured an auto loan that met my needs and preferences. I highly recommend working with Julie. Her personalized approach and commitment to member satisfaction truly made a positive difference in my experience.

—Chukwuemeka N.

Branch Locations

Sugar Land

16320 Kensington Drive
Sugar Land, TX 77479

HFCU Mortgage

16255 Kensington Drive
Sugar Land, TX 77479

Kirby

3701 Kirby Drive, Ste 120
Houston, TX 77098

Branch Relocating Soon

24 Greenway Plaza, Ste 300
Houston, TX 77046

HCU

7459 Southwest Fwy, Ste 100
Houston, TX 77074

Fluor Houston

One Fluor Daniel Drive
Sugar Land, TX 77478

Branch Relocating Soon

777 N Eldridge Pkwy, Ste 300
Houston, TX 77079

Greenville

100 Fluor Daniel Drive C102U
Greenville, SC 29607

Second Greenville Location Coming Soon

901 Grove Road
Greenville, SC 29605

Southeast

8507 S. Sam Houston Pkwy E
Houston, TX 77075

Champions

5302 Cypress Creek Pkwy
Houston, TX 77069

Rosenberg

28050 Southeast Freeway
Rosenberg, TX 77471

Imperial

203 Matlage Way
Sugar Land, TX 77478

Website:

houstonfcu.org

Email:

talktous@houstonfcu.org

Houston-Area Local:

281-243-0500

Toll- Free:

866-OUR-HFCU
(687.4328)

Greenville Local:

864-676-7300

Remembering Virgil Harris



James Virgil Harris, Jr.
July 4, 1929 - January 6, 2024

James Virgil Harris, Jr. was a remarkable human being who passed away on January 6, 2024. He served with distinction on the HFCU Board of Directors, beginning in 2004, when HFCU acquired Oaktree Federal Credit Union. Virgil had a long history of volunteering in the credit union movement, dating back to 1960. He embodied the *People Helping People* spirit, and his exceptional character and positive attitude

were always on display. He left a lasting impact on everyone he worked with in the HFCU organization.

Aside from his service to HFCU, Virgil and his wife Barbara were very involved with their church, and became charter members of Christ Church in Sugar Land in the early 1980s. Their love and compassion for helping people extended into their community, where they were also involved in volunteer work for the East Fort Bend Human Needs Ministry organization. In honor and memory of Virgil, HFCU donated \$1,000 to the East Fort Bend Human Needs Ministry to continue making a difference in the lives of so many people in the community that Virgil cared so deeply for. Virgil believed in putting others before himself, and his community involvement and volunteer work will always be an inspiration to many.

Virgil is survived by his wife of 74 years, Barbara Harris, their daughter Beth Staton, as well as two grandsons and four great grandchildren. The Houston Federal Credit Union Board of Directors, volunteers, and staff are grateful for Virgil's 20 years of service to the organization. His volunteer work and many contributions to HFCU over the course of his life will not be forgotten.

HFCU *Houston Federal Credit Union*

HoustonFCU.org



Houston
Federal Credit
Union NMLS
#673404