

2024 State of the Credit Union Report from the President/CEO

Toni Sudduth, President/CEO gave the State of the Credit Union address. Ms. Sudduth welcomed Credit Union members, staff, and board of directors, to the 71st Annual Meeting of Trans Texas Southwest Credit Union. She began by stating that Credit Unions are different than other financial institutions, because our members are also owners. She thanked the members present for taking time out of their busy schedule to be at the meeting and taking an active role in their credit union.

Ms. Sudduth reviewed the 2024 overall picture for credit unions in Texas and stated it “is encouraging”. She reviewed Trans Texas loan activity and financial highlights for the year.

2024 upgrades for the credit union included mobile deposit and cybersecurity programs. 2024, we implemented and upgraded the credit union’s cybersecurity databases. Ms. Sudduth stated, at Trans Texas, we will continue to safeguard your assets, data, and privacy. Trans Texas will also, continue to prioritize outreach and involvement in our local community.

In 2024, Trans Texas helped sponsor the Community Splash Pad at Unidad Park, partnered with the Tom Green County Hunger Coalition for a food insecurity awareness campaign, and employees collected food donations for Neighbors Café lunch program.

Ms. Sudduth reviewed nationwide trends in the financial landscape and economy, there have been localized effects felt here in Texas, such as:

- ✓ Uncertainty about the economy; concerns about healthcare costs; increases on home prices; rising food, gas, and energy prices; higher mortgage rates, taxes, and insurance; and higher vehicle prices and interest rates.

She commented, at Trans Texas we are aware that these issues present unique challenges for all our members as well as employees, our board and staff are dedicated to continuing to support our members as we all navigate these circumstances together.

Trans Texas’ future is bright because our strong performance has positioned us to face challenges and seize opportunities that present themselves in 2025.

Ms. Sudduth remarked that the board of directors is a diverse group of talented individuals with a broad range of expertise. And, on behalf of the staff, she expressed appreciation for their wisdom and continual guidance through both good times and trying times. They are truly an outstanding asset to this credit union.

It is certain that we will face challenges in 2025. The economy, the changing political landscape, and the need for infrastructure improvements are but a sampling of possible challenges.

In closing, Ms. Sudduth commented, Trans Texas is your credit union. We are here to serve you, and we need your continued input and involvement to ensure the best outcomes for you and Trans Texas. We are sincerely grateful that you have chosen us as your financial partner

Toni A. Sudduth
President/CEO

Loan Activity Report 2024

There were 454 loans made in 2024 for a total amount of \$9,928,187. Since organization, your Credit Union has made loans in the total amount of \$388,985,468. To date, the net loss from loans is only \$1,069,494 or 0.27%. There were (6) six loans, and five (5) negative share accounts were considered uncollectible in 2024, which totaled \$23,861.

Financial Highlights 2024

	<u>2024</u>	<u>2023</u>	<u>Diff.</u>	<u>%Diff.</u>
Loans	35,904,460	36,182,352	(277,892)	(0.77%)
Investments	10,839,428	9,133,874	1,705,554	18.67%
Total Assets	50,078,506	48,516,540	1,561,966	3.22%
Deposits	43,492,697	42,296,189	1,196,507	2.83%
Total Equity	6,298,297	6,008,531	289,766	4.82%

Dividends and Interest Paid to Members: \$940,219

Total Expense for 2024 \$2,030,303

Total Primary Members as of December 31, 2024: 2,597

Trans Texas is a well-capitalized with a strong net worth ratio of 12.58%.

A net worth ratio above 7% is considered well capitalized by our regulators.

Community involvement is just one of the things that make credit unions different from other financial institutions. Some of the partnerships are with the following:

Angelo State Alumni Association	Runnels County Livestock
Angelo State University Foundation	Rust Street Ministies
Angelo State University Ram Club	S.A.C.O.P
Better Business Bureau	San Angelo ACT Community
Community Matters	San Angelo Chamber of Commerce
Concho Christmas Celebration	San Angelo Downtown Lions Club
Concho Valley PAWS	San Angelo Stock Show
Concho Valley Regional Food Bank	Schleicher County Stock Show
Downtown San Angelo	Sonrisas Therapeutic Riding
East Angelo Lions Club	Texas A&M AgriLife Field Day
Ft. Concho Frontier Days	Tom Green County Fair and Livestock Show
Galilee Community Development	Tom Green County Hunger Coalition
La Esperanza Clinic	VFW Post 1815
Meals for Elderly	Volunteer Services Council
Pregnancy Help Center	West Texas Counseling & Guidance

Trans Texas employees continue the commitment with personal contributions to the following community projects:

American Cancer Society	San Angelo Clubhouse
Celebration Church	St. Jude's Children's Research Hospital
Children's Advocacy Center	St. Mary's Catholic Church-Youth Program
Church International	United Way
Habitat for Humanity	West Texas Boys Ranch
Neighbor's Café	Young Life
Pregnancy Help Center	

Audit Report

The Board of Directors hired Rudolph A. Munoz, RAM, PLLC Certified Public Accountants, to perform the 2024 annual audit. The audit was conducted through June 2024. The records of the Credit Union were found to be in excellent condition. The auditor presented the report to the Board.

CREDIT UNION DEPARTMENT EXAMINATION

The Credit Union Department performed their last examination as of December 31, 2024. The examination covered a fifteen-month period. The credit union experienced positive trends in net worth growth, share growth, loan growth, asset growth and investment growth during the examination period. Management has proven to be successful at addressing known or potential problems and mitigating financial and operational risks.

Highlights of that examination are as follows:

Capital Adequacy:

The credit union remains “well capitalized”, as evidenced by the Net Worth/Total Assets Ratio for Prompt Corrective Action ratio of 12.57%. The capital position is sound relative to the credit union’s current prospective risk profile.

Asset Quality:

Asset quality ratios remain low and controlled. The delinquent loans/total loans ratio is 0.62%.

Management:

The credit union has a tenured board of directors and operating management team in place, who demonstrate the ability to effectively manage the credit union.

Earnings:

Earnings performance is positive. The Net Income/Average Assets (ROAA) Ratio is 0.59%.

Liquidity:

The liquidity risk is low. The liquidity position is well monitored and managed through sound policies and limits.

Sensitivity to Market Risk:

Sensitivity to Market Risk is effectively monitored and controlled. The NCUA’s Estimated NEV tool reflects a low-interest rate risk profile.

Overall Assessment:

The credit unions is well capitalized, delinquency and loan losses are controlled, and earnings trends remain positive, Asset liability management policies and procedures are generally satisfactory. The board of directors continue to provide good administrative oversight, and operational management has demonstrated the ability to effectively manage the day-to-day operations of the credit union.