

## **Audit Report**

The Board of Directors hired Green & Fillingim, PC Certified Public Accountants, to perform the 2020 annual audit. The audit was conducted through June 2020. 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 September 30, 2019.**

**Highlights of that examination are as follows:**

#### **Capital Adequacy:**

Capital position is strong, as evidenced by Net Worth/Total Assets Ratio of 12.60%.

#### **Asset Quality:**

Asset quality ratios remain controlled. The loan review found appropriate controls in place, sound underwriting criteria, and good loan documentation. Additionally, the review of the collection program revealed effective collection practices are utilized.

#### **Management:**

The credit union board and operational management are active and engaged. Budgeting and strategic planning objectives are reasonable and attainable.

#### **Earnings:**

Earnings performance is positive. The credit union has a good level of loan and investment income while fee income is below average.

#### **Liquidity:**

Liquidity is effectively monitored and managed. The credit union has written policies, monitors liquidity monthly, and no liquidity concerns were identified at this examination.

#### **Sensitivity to Market Risk:**

Sensitivity to Market Risk is well controlled. The Net Long-Term Assets/Assets Ratio is 13.89%.

#### **Overall Assessment:**

The credit union remains financially and operationally sound, with good credit administration practices, controlled delinquency and loan loss ratios, and positive earnings performance.

## **2020 State of the Credit Union Report from the President / CEO**

Good Morning and welcome to our 2020 Annual Meeting of Trans Texas Southwest Credit Union. I am grateful to be here with you at our 66<sup>th</sup> Annual Meeting.

When you joined our credit union with your initial deposit, you became one of the most important people in the credit union industry: a member-owner. I sincerely thank each of you for attending, and I applaud you for being truly connected member owners.

To our board of directors, I am grateful for your leadership, dedication, and passion for this credit union. The strength of your commitment is key to our long-term sustainability and prosperity.

To our members, I am grateful for the trust you have placed in us.

Let me tell you a little about the state of our industry. Texas has 446 credit unions with more than 9.1 million members and total assets of more than \$107 billion. These figures reflect a robust and healthy credit union system of which Trans Texas is a part.

As has been the case for several years, one of the biggest ongoing issues we faced in 2019 was the threat of data breaches and privacy concerns. The good news is that Trans Texas suffered no data breaches in 2019, and we continue to ensure that your data remains secure.

“State of the Credit Union” highlights:

### **Loan Activity Report 2020**

There were 493 loans made in 2020 for a total amount of \$11,257,995. Since organization, your Credit Union has made loans in the total amount of \$340,015,886. To date, the net loss from loans is only \$1,028,448 or 0.3%. Seven (7) loans and six (6) negative share accounts were considered uncollectible in 2020, which totaled \$17,301.

### **Financial Highlights 2020**

	<u>2020</u>	<u>2019</u>	<u>Diff.</u>	<u>%Diff.</u>
Loans	29,332,748	29,229,765	102,982	0.35%
Investments	9,714,488	9,349,060	365,428	3.76%
Total Assets	44,278,686	42,379,196	1,899,490	4.29%
Deposits	38,746,326	36,932,519	1,813,807	4.68%
Total Equity	5,447,630	5,354,443	93,187	1.71%

Dividends and Interest Paid to Members: \$221,157

Total Expense for 2020 \$1,830,769

Total Primary Members as of December 31, 2020: 2,786

Trans Texas is a well-capitalized with a strong net worth ratio of 12.30%.

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

Our commitment to community partnerships remains very strong and we continue to cultivate those partnerships with the following:

Angel Tree	National Prayer Breakfast
Angelo State University	Operation Warm Heart
Better Business Bureau	Rio Concho Manor East & West
Children's Advocacy Center	Rust Street Ministries
Coke County Livestock Association	Salvation Army
Community Matters	SACOP – Operation Blue Santa
Concho Christmas Celebration	San Angelo Chamber of Commerce
Concho Valley Home for Girls	San Angelo Chapter of Credit Unions
Cowboy Gathering	San Angelo Downtown Lions Club
Downtown San Angelo, Inc.	San Angelo Police Dept./ Drug Ed Program
Eldorado Eagle Boosters	San Angelo YMCA
Fort Concho – Frontier Days	Schleicher County Stock Show
Galilee Community Development	Sentinel Foundation
Hospice of San Angelo	Tom Green County Fair and Livestock Show
House of Faith	Trinity Lutheran Church
Meals for the Elderly	West Texas Counseling & Guidance
Momentous Home	Wounded Warrior Project
National MS Society	

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

American Cancer Society	Southwest Bible Institute
American Red Cross	St. Jude's Children's Research Hospital
Autism Society	Concho Valley PAWS
Lamar School	St. Mary's Catholic Church-Youth
Neighbor's Café	United Way
Pregnancy Help Center	West Texas Boys Ranch
San Angelo First Assembly of God Church	

As far as products and services, our staff worked through the conversion of our credit card program from mag-stripe to chip cards in 2019.

For 2020, our new website should launch in the next few weeks. Courtesy Pay is also in the queue for later this year.

As you know, we are already in the latter half of 2020. Our staff, board and membership have battled through the effects of COVID-19 in all areas of our lives. As a result of the virus, the Credit union closed its lobby to outside traffic at the close of business Friday, March 20<sup>th</sup>. Our staff quickly and near seamlessly converted our business model to drive through and electronic access as well as good old fashioned phone contact. I am extremely proud and grateful for each staff member's commitment, effort, and dedication. I feel quite sure that we will continue to face challenges of various types to our credit union. Please know that each of you are very special and there is no other team that I would rather serve with. It is my hope that the Credit Union is able to return to "normal" operations sooner rather than later. The safety of our members and staff is paramount.

Our member owners are integral to our credit union family, and we are sincerely grateful that you have chosen Trans Texas as your financial partner.

As you may have noticed, I have asserted the word grateful several times in my address today. Gratefulness is a trait that I think we should all make a special effort to project to those that we come in contact with. I truly believe it will make the world a better place.

Thank you for your attendance today. Be safe and be kind.

Toni A. Sudduth  
President/CEO