

TEXAS TECH CREDIT UNION



2019

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REPORT OF THE CHAIRMAN & CEO



Ronald Phillips, JD
Chairman



Chris Hutson
Chief Executive Officer

Texas Tech Credit Union and our almost 25,000 members enjoyed a successful 2019. We experienced strong growth with total assets ending the year exceeding \$220 million. We enthusiastically welcomed new members from FCS Credit Union, based in Floydada, and Lynn-Co Credit Union, based in Tahoka, which merged with Texas Tech Credit Union in 2019. Led by a committed and innovative Board of Directors, we continue to execute on our vision to meet needs and create value for members. These efforts drove great results. We are pleased to present the 2019 Annual Report.

Milestones achieved in 2019 include:

- We opened a state-of-the-art headquarters building on the Texas Tech campus which provides unrivaled technology and service.
- We welcomed more than 2,000 members through mergers with FCS Credit Union and Lynn-Co Credit Union, bringing our total membership to almost 25,000.
- We originated almost \$200 million in mortgage loans.
- Total assets grew to \$220 million. Net income of almost \$1.9 million resulted in net worth of 11.43%. We experienced strong growth in consumer loans and deposits.

We remain well positioned in our markets to serve the unique needs of our members. Our investments in technology, people, and facilities allow us to deliver high-technology, high-touch solutions with convenience and competitive pricing while continuing to provide quality service to our members.

Our field of membership represents one of the brightest sources of growth for Lubbock and the surrounding communities. We recognize and support the following membership groups:

Texas Tech University and Texas Tech Health Sciences Center faculty and staff · Texas Tech University students · Texas Tech Alumni Association members and employees · University Medical Center employees who work in Lubbock · Lubbock Christian University faculty and staff · Children's Home of Lubbock employees · South Plains Electric Co-Op employees · Caprock Hospital District employees · Central Plains Center employees · Floyd County and Floydada City employees · Lynn County Hospital District employees who work in Tahoka · Lynn and Garza County employees · City of Tahoka employees · City of O'Donnell employees · Lubbock Cooper ISD · Floydada ISD · Frenship ISD · Idalou ISD · Lockney ISD · Lorenzo ISD · Lubbock ISD · Memphis ISD · Motley County ISD · New Deal ISD · New Home ISD · O'Donnell ISD · Patton Springs ISD · Post ISD · Ralls ISD · Roosevelt ISD · Shallowater ISD · Slaton ISD · Southland ISD · Spur ISD · Tahoka ISD · Turkey-Quitaque ISD · Wilson ISD

We never lose sight that our members own Texas Tech Credit Union. We will never stop pursuing what is best for you, and we look forward to another successful year in 2021. Thank you for your trust.

Ronald Phillips *Chris Hutson*

TTCU
2019 ACHIEVEMENTS



**New TTCU
Main Branch Building**

We opened a state-of-the-art headquarters building on the Texas Tech campus which provides unrivaled technology and service.



FCS Credit Union Merger

We welcomed more than 2,000 members through mergers with F.C.S. Federal Credit Union and Lynn-Co Credit Union, bringing our total membership to almost 25,000.

BANKING ON THE GO.



Take control of your busy day.

Manage your account, make transfers, pay bills, and deposit checks from wherever you are.

Learn more: [TexasTechFCU.org](https://www.texas-tech-fcu.org)



HOME BUYING MADE EASY.

Texas Tech Credit Union Mortgage is here to guide you through the home-buying process one step at a time. We have an in-house mortgage program for buying and refinancing. We'll help find the loan that's right for you! Talk to a loan officer today.



Jay Herrin
Mortgage Director
806.252.0675 | NMLS# 338837
jay.herrin@texastechfcu.org



Jennifer Lopez
Mortgage Loan Officer
806.767.0480 | NMLS# 1055310
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Tom Couture
Mortgage Loan Officer
806.773.0496 | NMLS# 842717
tom.couture@texastechfcu.org



Savanna Holton
Mortgage Loan Officer
806.928.1090 | NMLS# 1142161
savanna.holton@texastechfcu.org



Brandon Eckert
Mortgage Loan Officer
806.544.1741 | NMLS# 1499695
brandon.eckert@texastechfcu.org



Ashley Laycock
Mortgage Loan Officer
806.681.7095 | NMLS# 1279963
ashley.laycock@texastechfcu.org

Mortgage Services

- New + Refinanced Mortgage Loans
- Conventional, FHA, VA Loans
- HAT Downpayment Grants
- Home Equity Loans
- Second Liens
- Jumbo Loans





**BOARD OF
DIRECTORS**



Ronald Phillips, JD
Chairman

Will Armstrong, Ph.D.
Vice-Chairman

Kim Turner, CPA
Secretary



Russell Dabbs, Ph.D.

Dale Duhan, Ph.D.

Dottie Durband, Ph.D.



Eric Fisher, CPA

Jeff Klotzman

Kay Rhodes

**SUPERVISORY
COMMITTEE**



Ben Lagasse
Chairman

Vince Fell

Eric Gossett

Sherelle Vaughn

**EXECUTIVE
MANAGEMENT**



Chris Hutson
Chief Executive Officer

Eric Lundberg
Chief Operating Officer

Monty Long
Chief Financial Officer

Raider Red
Chief Spirit Officer





REPORT OF THE CFO



Monty Long
Chief Financial Officer

The financial statements are the “one” place you can go in any organization to see everyone’s efforts represented. Here at Texas Tech Credit Union (TTCU), we continue to benefit from a strong membership that is willing to use our products and services. In addition, TTCU is led by a member-focused Board that is complimented by an innovative and talented staff. As a result, the financial condition of the credit union continues to thrive.

There is no doubt that we live in a time when large commercial banks and financial technology companies, or “FinTechs,” are gaining market share. Commercial banks benefit from scale while FinTechs provide innovation that appeals to the market base. As a result, TTCU has made significant capital investments over the last year with member service in mind. Enhancements in technology, branch space, and software upgrades have allowed us to better serve members and protect long-term viability. We have deployed new service channels that rival anyone in the marketplace without compromising the personal touch. We are pleased to see these capital investments materialize into stronger financial performance.

The year was highlighted by the merger with F.C.S. Federal Credit Union (FCS) headquartered in Floydada, Texas. FCS was chartered to serve school districts in the area in addition to several Select Employer Groups. Given the commonalities of our fields of membership, the merger made strategic sense. Specifically, the merger allowed us to realize economies of scale while expanding the product offering to the FCS members. The merger was effective October 31st. The transaction resulted in an additional \$13.8 million in assets and \$9.7 million in member deposits. Thus, the merger brought \$4.1 million in members’ equity which increased the consolidated net worth ratio to 11.36 percent. Most importantly, the merger brought two employees, Karrie Williams (FCS Manager), and Kristen Hopper to the TTCU family. We are especially grateful for their support through the merger process. Further, we appreciate the FCS Board’s willingness to consolidate resources to improve member service.

Over the last year, the balance sheet grew by \$31 million or 16 percent. Approximately \$14 million was a result of the aforementioned merger, while \$17 million was attributable to gain in market share. The additional assets were invested in loans to

members, which grew by \$13 million or 8.2 percent. We also made capital investments in the spirit of member service which grew fixed assets by \$5 million.

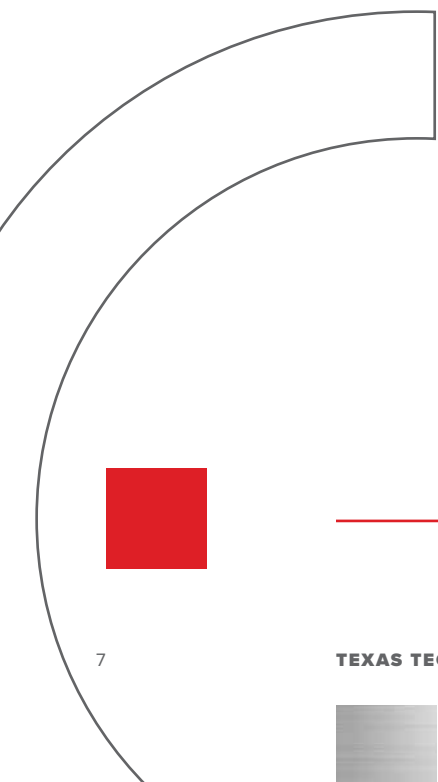
Asset growth was primarily funded by member deposits. Specifically, deposits increased by \$24.5 million, or 15 percent. We are pleased to see more members willing to take advantage of our deposit products which continue to be priced competitively to the market.

Earnings performance was strong, as evidenced by a Return on Average Assets of 0.91 percent as compared to 0.53 percent a year ago. Specifically, net income was \$1.86 million. Income benefitted from strong loan production. In 2019, our mortgage department originated \$204 million in loans, which was a 30 percent increase from a year ago. In addition, our consumer loan department originated \$48 million and sold over 4,000 ancillary insurance products. Lastly, debit card transactions increased by 20 percent. Higher loan production and debit card usage increased our gross revenue by \$4 million or 27 percent.

Higher loan production and capital investments increased our operating expenses for the year. Specifically, non-interest expense increased by \$2.5 million, which is equivalent to 18.6 percent. However, dividends paid back to members increased by 74%. We paid the members \$1.7 million in dividends! We remain committed to price our deposits and loans as competitively as possible when compared to the market.

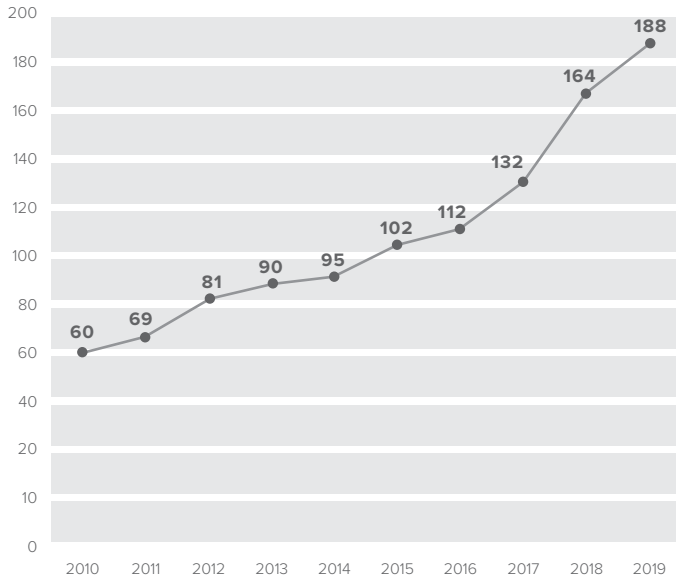
I am grateful to have the opportunity to serve this membership as the credit union’s Chief Financial Officer. We had a phenomenal year and look forward to serving you for many years to come.

Monty Long
Chief Financial Officer



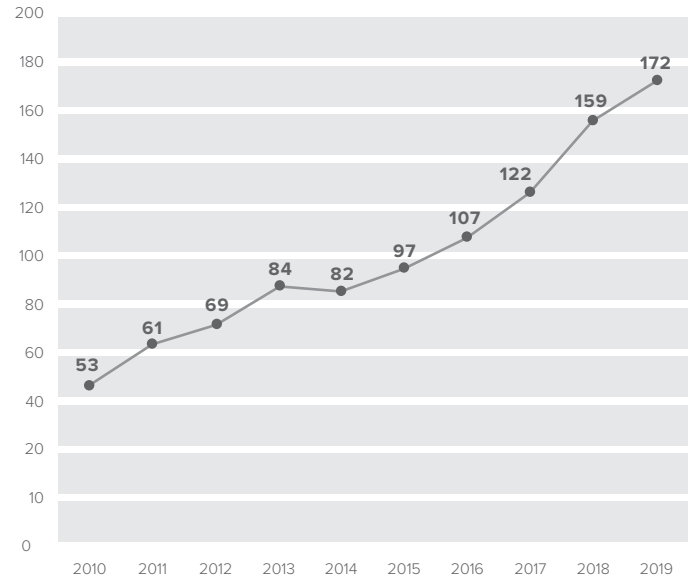
MEMBER DEPOSITS

IN MILLIONS



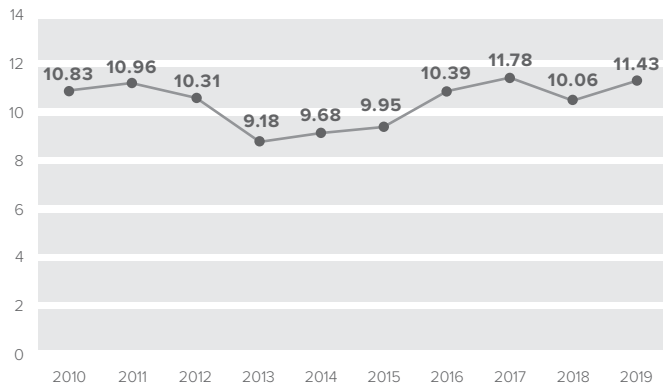
TOTAL LOANS

IN MILLIONS



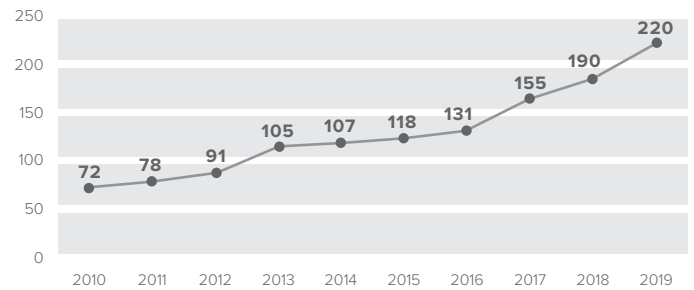
NET WORTH

IN MILLIONS



TOTAL ASSETS

IN MILLIONS





REPORT OF THE SUPERVISORY COMMITTEE



Ben Lagasse
*Supervisory Committee
Chairman*

The Supervisory Committee consists of board-appointed volunteer members committed to ensuring the safety and security of the assets of the Texas Tech Federal Credit Union. Collectively, the members of the Supervisory Committee possess experience in education, information systems, human resources, and finance.

The goals of the Committee are to ensure that the Credit Union has met required financial reporting objectives and that management has established practices and procedures to sufficiently safeguard members' assets. In order to achieve those priorities, the Committee annually undertakes the following steps:

- Engage an external audit firm to perform an audit and conduct a verification of members' accounts. The CPA firm of Bolinger, Segars, Gilbert and Moss, LLP, performs the annual financial statement audit and member verification for the Credit Union. We are pleased to report the firm expressed an unqualified opinion in the 2019 audit.
- Engage and oversee an internal auditor to perform tests of internal controls. This year the Committee engaged Lam & Company to serve as the Credit Union's internal auditor. Lam & Company periodically performs risk assessments and has scheduled periodic audits of accounts and reviews of policies and procedures, with periodic reporting to Management and the Committee. We are pleased to report that, to date, no significant internal control gaps have been identified.
- Engage the firm Waypoint Advisory Services, Inc., to conduct the required examination of the Credit Union's compliance with the Bank Secrecy Act and related federal anti-money laundering provisions. We are pleased to report the firm had no major findings with the program.

In addition to the internal and external audits, the National Credit Union Administration (NCUA) performs regulatory examinations every 12 to 18

months covering major risk areas of the Credit Union's operations. NCUA conducted the latest examination for the one-year period ending December 31, 2018. Credit Union Management has positively addressed all concerns raised by NCUA.

The Supervisory Committee meets regularly with the Board of Directors, the Management of the Credit Union, and as a committee. We are engaged with continued examination of our policy and practice. This committee meets quarterly to learn more about the operations of the Credit Union each year and to ask questions of our staff about their work.

As of this writing, we are pleased to report that the Credit Union's operations are safe, sound, and in compliance with all laws and regulations. We commend the Board of Directors and Management for another great year and appreciate the support given to the Committee.

If any member has a concern regarding the Credit Union, the Supervisory Committee is the entity to contact. All communications will be treated in an impartial and independent nature. Members may correspond confidentially with the Committee at:

TTCU Supervisory Committee
c/o Audit Services
Box 41104
Lubbock, TX 79409-1104

Ben Lagasse
Supervisory Committee Chairman

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BEST CU TO WORK FOR FIVE YEARS RUNNING

Texas Tech Credit Union
Named **"Best Credit Union to Work For"**
2015, '16, '17, '18 And 2019 by *Credit Union Journal*

BEST OF LUBBOCK 2019

Texas Tech Credit Union Voted Lubbock Avalanche Journal's
"Best of Lubbock" Best Credit Union





MAIN BRANCH

1802 Texas Tech Parkway
Lubbock, TX 79409

RAVENWOOD BRANCH

4005 98th Street
Lubbock, TX 79423

HSC BRANCH

3601 4th Street, Room #1A98
Lubbock, TX 79430

KW MORTGAGE

10210 Quaker Avenue
Lubbock, TX 79424

FCS BRANCH


230 West California Street
Floydada, TX 79235

CYPRESS WATERS BRANCH

8704 Cypress Waters Blvd. Ste. #150
Irving, TX 75063

TexasTechFCU.org



 Equal Housing Lender

Federally insured by **NCUA**

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