



your vision. our purpose.

69th Annual Membership Business Meeting

2023 Financials & Reports



Board of Directors



David Outon
Chair



Donna Sauls
Vice Chair



Paul Jordan
Secretary



Michael Black
Treasurer



Kent Radney
Board Member



Joe Morris
Board Member



**Rhonda
Lawson**
Board Member



Advisory & Associate Board of Directors



Bob Gadberry
Advisory Board
Member



Mary Lauderdale
Advisory Board
Member



David Palmer
Associate Board
Member



Juan Rojas
Associate Board
Member



68th Annual Membership Business Meeting Minutes

The 68th Annual Membership Business Meeting for Texas DPS Credit Union was held in person at the credit union and remotely via Zoom. The Annual Meeting was called to order Thursday, March 23, 2023, at 6:06 pm by Chairperson David Outon. A quorum was ascertained by Chairperson Outon. He appointed Sarah Wirth as recording secretary and appointed Bob Gadberry as Parliamentarian.

Chairperson Outon called for a motion to approve the 67th minutes found in the 2023 Annual Meeting presentation. A motion and a second to approve the minutes were made from the floor. The motion carried.

The Credit Union reports were presented including the Chairman's Report, Audit Committee's Report, Treasurer's Report, and President's Report. The Audit Committee report was presented by Chairperson Outon, and the Treasurer's report was presented by Cassy Sass.

There was no Old Business and no New Business from the floor.

On behalf of the nominating committee consisting of Joe Morris, Rhonda Lawson, and Bob Gadberry, Outon introduced the nominees. There were three vacancies for the Board and the nominees were Michael Black, Kent Radney, and Donna Sauls. David Outon announced the election results by acclamation. The new Board Members are Michael Black, Kent Radney, and Donna Sauls.

The meeting moved to the Question-and-Answer portion of the meeting. Questions were asked by the membership that attended in person and virtually and addressed by Cassy Sass and David Outon.

With there being no further business, Chairperson Outon adjourned the meeting. The Annual Membership Business Meeting for Texas DPS Credit Union was adjourned at 6:32 pm.





Chairman's Report

David Outon, Board Chair



Chairman's Report

As I pointed out this time last year, and as you know personally, we continue to be living in difficult economic times, which creates a number of challenges not only for you, but your Credit Union. With that in mind, we want you to know that the Credit Union remains strong financially and continues to work to provide you with the best possible rates and financial products.

As we all know, the competition for your hard-earned dollars is probably at an all-time high and your continued loyalty is very much appreciated. We only exist to serve our members and with your continued support and the excellent staff and leadership of the Credit Union, we will continue to remain strong.





Audit Report

Donna Sauls,
Board Vice Chair



Audit Committee Report

The credit union utilized the support of an independent auditing firm, Harold Antao & Company to ensure effectiveness of internal checks and balances, adherence to established policies and procedures, and the overall safety and soundness of the credit union. The Other Supervisory Committee Audit conducted by Harold Antao & Company as of December 31, 2022, indicated that the overall records and operations of the Credit Union were found to be in good condition.

Based on the information gathered from the auditing firm and the internal audits, it is the Board's opinion that the credit union is financially sound, and the interests of its member owners are being well-served.





President's Report

Cassy Sass, President/CEO



President's Report

Thank you for joining us tonight for our 69th Annual Membership Business Meeting, and for taking an active role in your credit union.

We all know that credit unions are different. That's why we're here today, right? As members, you are equal owners of the credit union, and we are accountable to you. You make the decisions and participate through your vote; and we appreciate you!

I am pleased to reflect on the journey we've shared in 2023 and extend my gratitude for your continued trust in Texas DPS Credit Union. With a dynamic financial landscape, our Credit Union has weathered the challenges of 2023 – thanks to your unwavering support. While growth is critical to financial viability, our primary goal is to work in the best interest of our members and provide value across the gamut of financial needs.

I am proud that our employees know that we exist to serve you, our members – not to earn record profits or increase the stock price. We will continue offering competitive rates and the security and technology to manage your financial lives both safely and conveniently.





Rate Hikes

Inflation

Economic Shifts

Technological Advancements

Increased Consumer Expectations

In 2023, the financial services industry underwent significant transformations: Federal Reserve rate hikes, elevated (yet cooling) inflation, economic shifts, technological advancements, and increasing consumer expectations. Through it all, Texas DPS Credit Union has been resilient – adapting and innovating to meet the evolving needs of our members. Our commitment to financial inclusion, personalized service, and community engagement endured.

I am proud to report that Texas DPS Credit Union has maintained a solid fiscal position, despite economic headwinds. Our financial management, coupled with the loyalty of you, our members, has allowed us to offer competitive rates and expand our suite of financial management tools.





Each year brings new opportunities for all of us at Texas DPS Credit Union to create financial solutions for you, and we are excited about the possibilities and challenges that await us in 2024. We remain dedicated to empowering financial well-being, enabling transportation through affordable auto loans, helping create safety nets of personal savings, freeing people from excessive debt and predatory lending, and repairing credit.

It's how we strive to **Educate, Enhance, and Empower** you in every way. We are committed to making a positive impact in the lives of our members and the communities we serve. This year our credit union is celebrating its 70th birthday – and I am privileged to be a part of this organization and its continued growth and success as we move into the future!



We have an excellent team of professionals who report to work every day with the intension of helping our members meet their financial goals. This credit union's accomplishments would not be possible without their energy, commitment, and belief in our vision. We also have extremely dedicated volunteers that serve on our Board of Directors who share an enormous amount of their time, knowledge, and expertise in guiding this organization; we thank you!

I want to express my deepest appreciation to you, our members, for your trust and partnership. Your support is the driving force behind our success, and we are eager to continue growing together in the coming year. I wish you and your family a healthy and prosperous 2024!





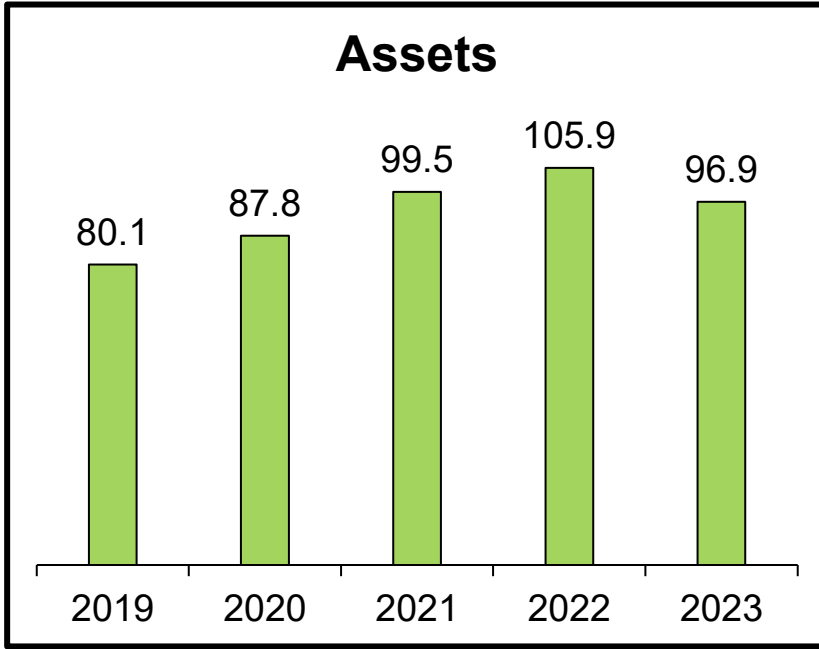
Treasurer's Report

Michael Black,
Board Treasurer

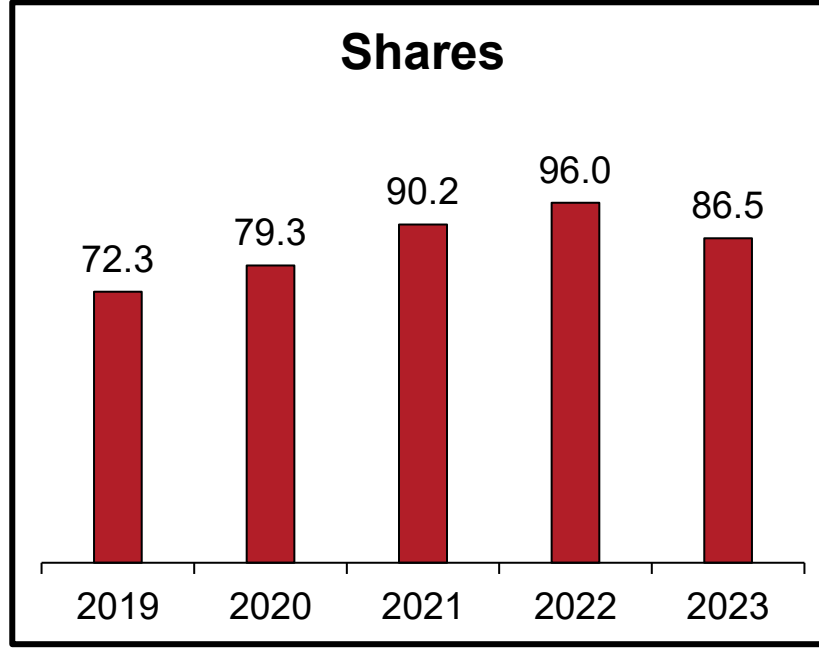


Financial Review

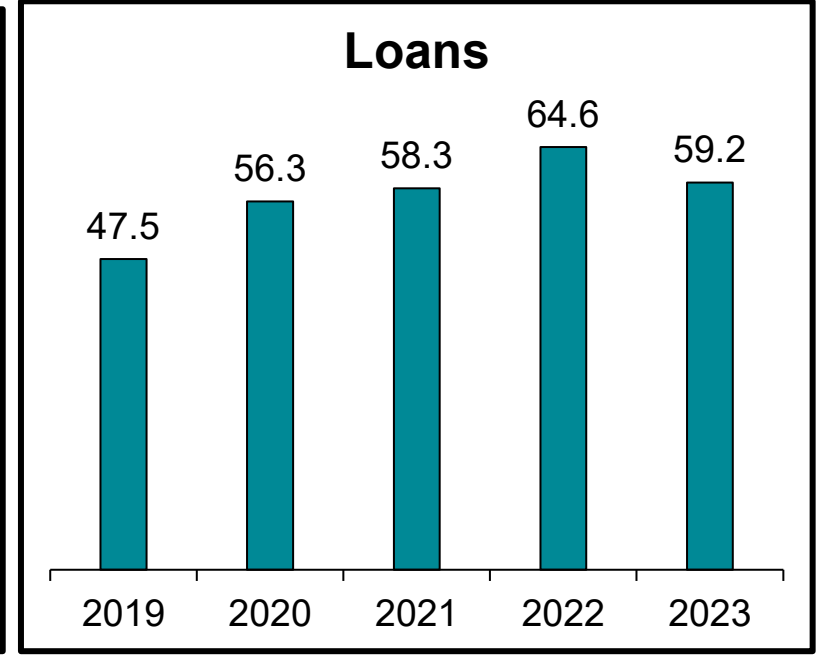
Assets



Shares



Loans



Membership Net Growth: (108)



Despite the challenges brought on in 2023, last year marked another solid financial year for Texas DPS Credit Union. With a healthy balance sheet and income statement, we ended the year with over \$96.8 million in assets. Due to higher interest rates, inflation, and the rising cost of living in 2023, member behavior shifted. Rather than borrowing funds for new vehicles and home purchases, members utilized their savings to pay down debt to “make ends meet”.

The credit union experienced a decrease in Share & Loan balances for the first time in over a decade. Borrowers also struggled with the ability to repay loans due to the economic conditions, and we saw an increase in our delinquent and charged-off loans. Despite the increase, the credit union losses were well within the expected tolerances, much lower than our peers, and the loan portfolio continues to perform extremely well. The credit union is well-capitalized, and this strong capital position allows us to balance member needs and financial stability.



Financial Review

| INCOME | | 2023 | 2022 | \$ Change |
|------------------------------|-----------|------------------|------------------|------------------|
| Loan Interest Income | \$ | 3,040,803 | 2,647,223 | 14.87% |
| Investment Income | | 523,622 | 398,227 | 31.49% |
| Fee Income | | 399,271 | 381,398 | 4.69% |
| Other Income | | 456,420 | 637,723 | -28.43% |
| TOTAL INCOME | \$ | 4,417,215 | 4,064,571 | 8.68% |
| EXPENSES | | | | |
| Operation Expense | \$ | 3,339,782 | 3,038,275 | 9.92% |
| Provisions for Loan Loss | | 187,949 | 110,389 | 70.26% |
| Dividend & Interest Expenses | | 209,687 | 126,148 | 66.22% |
| TOTAL EXPENSES | \$ | 3,737,418 | 3,274,813 | 14.13% |
| NET INCOME | \$ | 679,797 | 789,759 | -13.92% |

With the rising rate environment in 2023, the credit union was able to increase our loan interest income by over 14% over the previous year, and our investment income also rose by over 31%. The credit union's investment portfolio continues to provide strong returns while maintaining low risk, safety, and security for the credit union. In 2023, many members took advantage of the higher deposit rates and invested in share certificates which drastically increased our dividend expense by over 66%.

Despite the increased expense from our cost of funds and provisions for credit loss, the credit union was able to add over \$679 thousand in net income to our capital. This addition brings our Net Worth Ratio to 10.44% which is an increase of 1.45% over 2022.

I am proud to report that Texas DPS Credit Union continues to thrive and provide valuable financial services to our membership throughout the state of Texas. Texas DPS Credit Union is healthy, and your credit union remains committed to continued safety and soundness, while seeking to enhance the value of your membership. We look forward to another great year in 2024.





Thank you for your membership!

