

**TEXAS TECH
FEDERAL
CREDIT UNION**



REPORT OF THE CHAIRMAN & CEO

First and foremost, we would like to recognize and thank Ellen Hein for more than 15 years of service as the Chief Executive Officer of Texas Tech Federal Credit Union. Ellen retired in August 2013 and leaves Texas Tech FCU a much better place than she found it.

It is an honor to present the Texas Tech Federal Credit Union 2013 Annual Report. Our vision is to Meet Needs and Create Value. We believe that the report shown reflects an unwavering commitment to this vision. We are excited about the exceptional growth we have experienced recently and look forward to the opportunity to better serve our members and to continue to grow in the Texas Tech and Lubbock communities.

In 2013, we crossed the \$100 million mark in asset size and closed the year approaching \$105 million. Total assets grew more than \$13 million, representing growth of 15 percent. Net worth remains healthy and closed the year near 9 percent. Earnings ended at 0.14 percent Return on Assets. We continue to make changes to our facilities, staff, products and services to meet the needs of our members. While we have experienced tremendous growth, member service remains a core strength of the Credit Union.

Highlights from 2013 include:

- We opened the Ravenwood Branch at 4005 98th Street in South Lubbock in March 2013. By all accounts, the branch has been a tremendous success, and we look forward to serving members at the branch for many years.
- We brought TTFCU members an exciting new free checking account product – the Kasasa Cash Back account – that pays members cash rewards for actively using the account (including debit card usage, automated draft, and e-statements). Members are able to earn 2 percent cash back on purchases made with debit cards on the first \$400 spent. Additionally, members are able to earn up to \$25 in ATM refunds per month. Texas Tech Federal Credit Union now offers one of the premier checking accounts in Lubbock.
- Our Mortgage Department originated almost \$60 million in mortgage loans in 2013. We offer sensible, fast and flexible mortgage options to our members. We never waver on our

commitment to make the home loan process at Texas Tech Federal Credit Union economically superior to the competition.

- Our commitment to the Texas Tech community remains evident. We continue to support students through the funding of the Raymond Green Undergraduate Scholarship and the Lawrence L. Graves Graduate Scholarship. We are an official sponsor of Raider Red. We continue to support Texas Tech Athletics. We also make regular contributions to the Texas Tech Alumni Association, the Rec Center and many other organizations on campus.

TTFCU now employs more than 50 staff, and we all believe that what we do matters to you, our members. We never forget that we are stewards of our members' money. We strive to create products and services that enhance our members' lives. We believe that Texas Tech Federal Credit Union is uniquely positioned to achieve this goal.

Our Board of Directors and our TTFCU team look forward to providing you exceptional products and services in 2014.

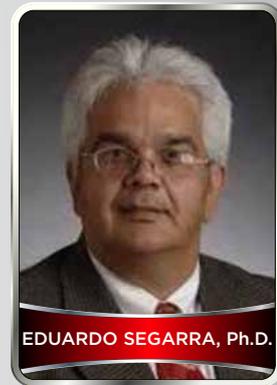
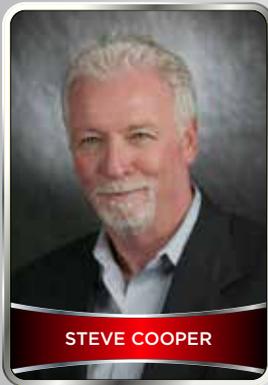
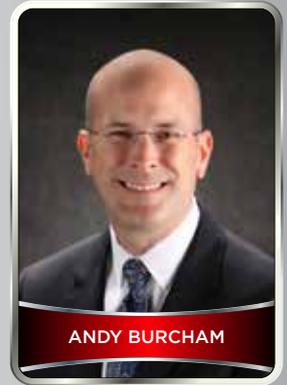
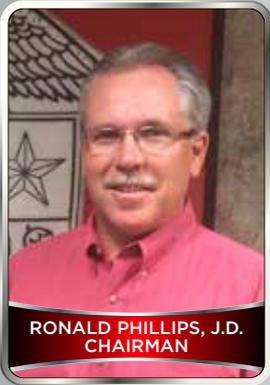


Ronald Phillips

Chris Hutson



BOARD OF DIRECTORS



SUPERVISORY COMMITTEE



CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (unaudited)

for the years ended December 31

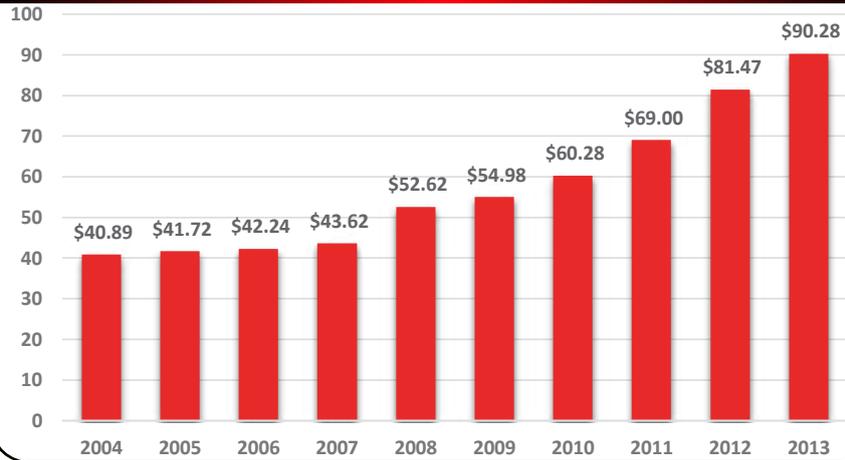
ASSETS	2013	2012
CASH AND CASH EQUIVALENTS	\$3,677,775	\$2,317,081
INVESTMENTS	\$6,661,211	\$10,867,346
LOANS TO MEMBERS (Net of Allowance for Loss)	\$83,578,537	\$68,844,597
PROPERTY AND EQUIPMENT	\$5,441,481	\$4,826,572
NCUA INSURANCE FUND DEPOSIT	\$874,251	\$754,492
OTHER ASSETS	\$4,480,766	\$3,801,457
TOTAL ASSETS	\$104,714,021	\$91,411,545
LIABILITIES AND MEMBERS' EQUITY		
MEMBERS' SHARES AND SAVINGS ACCOUNTS	\$90,282,232	\$81,491,477
NOTES PAYABLE	\$4,502,354	
ACCRUED EXPENSES AND OTHER LIABILITIES	\$669,511	\$498,196
TOTAL LIABILITIES	\$95,454,097	\$81,989,673
MEMBERS' EQUITY	\$9,259,924	\$9,421,872
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$104,714,021	\$91,411,545

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

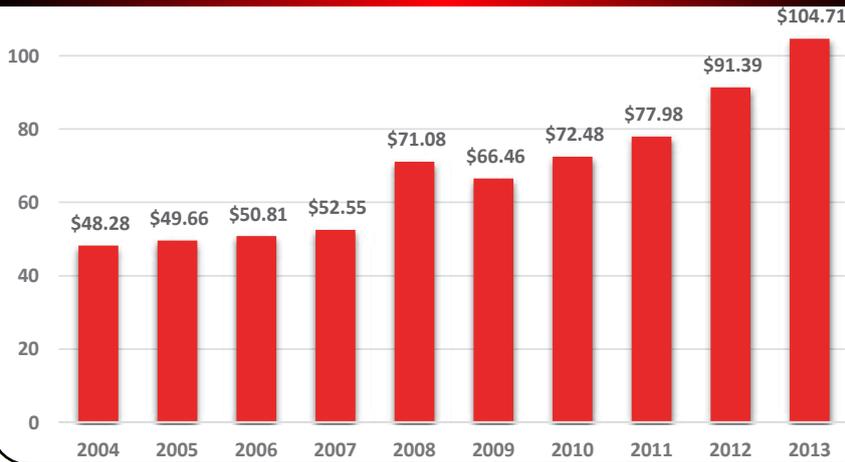
for the years ended December 31

	2013	2012
INTEREST INCOME FROM LOANS TO MEMBERS AND INVESTMENTS	\$4,544,316	\$3,944,684
DIVIDEND EXPENSE PAID TO MEMBERS' DEPOSITS	\$432,704	\$469,329
INTEREST ON BORROWED FUNDS	\$21,348	\$152
NET INTEREST INCOME	\$4,090,264	\$103,957
PROVISION FOR LOAN LOSSES	\$342,802	\$103,957
	\$3,747,462	\$3,371,246
NON-INTEREST INCOME	\$2,090,416	\$1,805,664
OPERATING EXPENSES	\$5,695,862	\$4,299,908
NET INCOME	\$142,016	\$877,402
UNREALIZED GAIN/LOSS ON INVESTMENTS	(\$283,362)	(\$10,225)

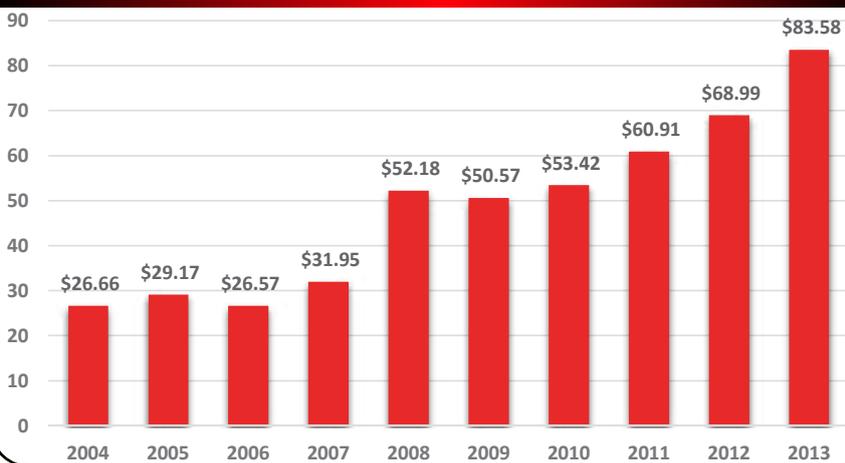
MEMBER DEPOSITS IN MILLIONS



TOTAL ASSETS IN MILLIONS



TOTAL LOANS IN MILLIONS



REPORT OF THE SUPERVISORY COMMITTEE



ERIC FISHER, CPA

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 auditing, information systems, human resources, banking, and finance.

The goals of the Committee are to ensure that the Credit Union has met required financial reporting objectives and that established practices and procedures 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. Certified public accountants Bolinger, Segars, Gilbert and Moss, L.L.P. perform these duties for the Credit Union. We are pleased to report that BSGM expressed an unqualified opinion in the 2013 audit.
- Engage and oversee an internal auditor to perform tests of internal controls. Waypoint Advisory Services, Inc. served as the Credit Union's internal auditor during 2013, performing periodic audits of accounts, policies, and procedures, reporting to Management and the Committee every two months. No major issues have been noted during these internal audits, and all concerns have been positively addressed by Management. The firm also conducted a required examination of the Credit Union's compliance with the Bank Secrecy Act and related federal anti-money laundering provisions, with no major findings noted. The Committee has engaged a new internal auditor, Orth, Chakler, Murnane and Company, for 2014.

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 period ending June 30, 2013. Credit Union management has positively addressed all concerns raised by NCUA.

In addition to overseeing the audit functions of the Credit Union, the Committee met and communicated regularly with the Board of Directors and Management.

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.

Finally, I would like to thank the Committee members for their dedicated service: Jodie Billingsley, Dr. Dottie Durband, Kay Rhodes, and Kim Turner, CPA.

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:

The Supervisory Committee
Texas Tech Federal Credit Union
Box 41098
Lubbock, TX 79409-1098

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Texas Tech Federal Credit Union proudly offers free Kasasa checking accounts for Red Raiders, past and present.

Go to Kasasa.com/TexasTechFCU for your free account.



**TEXAS TECH
FEDERAL
CREDIT UNION**

DON'T JUST BANK. KASASA.

Account approval, qualifications, limits and other requirements apply. See Texas Tech Federal Credit Union for details.

Federally Insured by NCUA

REPORT OF THE CFO

Texas Tech FCU experienced astounding growth in 2013! For the first time in our history, assets have exceeded \$100 million. This growth is made possible with our commitment to Meeting the Needs of our members and Creating Value. Our focus on product innovation and dedication to providing superior service allows Texas Tech FCU to provide financial services that enhance our members' lives.

In 2013, Texas Tech FCU posted net income of \$142,106 on \$104.7 million in total assets. This translates to a Return on Average Assets of 0.14 percent. Net Worth increased by \$111,189 to \$9.5 million yielding a strong Net Worth Ratio of 9.11 percent.

Texas Tech FCU's Mortgage Department continues to provide value and superior lending products to our members. As a result, they were able to generate \$58.7 million in loans in 2013 which is an increase of 77.3 percent. Total Real Estate lending represents 46 percent of the \$81.6 million in outstanding total loans as of December 31, 2013.

Asset quality remains well above industry averages. The Credit Union's charge-off ratio at December 31, 2013 was 0.26 percent, while the delinquency ratio was 0.54 percent. This led to \$342,802 in provisioning expenses for the year.

Membership growth was up 9.44 percent in 2013, giving Texas Tech FCU 11,122 members as of December 31, 2013.

We are focused on serving our members and look forward to growing alongside Texas Tech University.

Thank you for the trust you have placed in our institution. I'm looking forward to the year ahead and I'm thankful for the opportunity to continue Meeting Needs and Creating Value for all of you.



ERIC LUNDBERG, CFO

Eric Lundberg
Chief Financial Officer

Financial highlights for 2013 include:

- Loans disbursements to members totaled \$100.6 million, boosting total loans outstanding to \$81.6 million. This is an increase of \$16.5 million, or 25.3 percent.
- Increase in member deposits of \$8.8 million, or 10.8 percent, bringing year-end total deposits to \$90.3 million.
- Mortgage loan production of \$58.7 million.

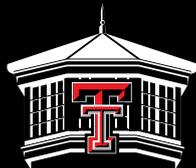




EXECUTIVE MANAGEMENT TEAM



L TO R: **ABBI BRICKEY**, CHIEF MARKETING OFFICER,
TODD EHLERS, CHIEF OPERATING OFFICER,
ERIC LUNDBERG, CHIEF FINANCIAL OFFICER,
CHRIS HUTSON, CHIEF EXECUTIVE OFFICER



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1802 Texas Tech Parkway

Health Sciences Center Branch
3601 4th Street, Room #1A98

Ravenwood Branch
4005 98th Street

texastechfcu.org
Federally Insured by the National Credit Union Administration