

# 2018 ANNUAL REPORT

Creating Authentic Community Impact



**TRAVIS CREDIT UNION**

# CREATING AUTHENTIC COMMUNITY IMPACT

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Since 1951, Travis Credit Union has taken pride in serving our members and our communities. Over the years, our members' financial needs have changed. We've purposefully positioned ourselves not only to listen but to anticipate these changes and to respond in a genuine, effective way that creates authentic community impact.

How do we create this impact? By transforming our branches to break down physical barriers that hinder open dialogue with our members. By opening up a real dialogue through community round table discussions. By becoming more than just a financial institution. And by providing educational programs and financial services that help people make informed monetary decisions. Through these efforts, Travis is helping our members – and our communities – enjoy both financial success and a better quality of life.

We're improving the lives of our members by giving them the tools they need to understand their own finances, save for the unexpected, and enjoy a healthy and bright financial future. This makes a real impact on their financial lives.

We invite you to view our 2018 Annual Report.

Thank you for your membership.

Travis Credit Union

# 2018 BY THE NUMBERS



**\$3.1 Billion**  
IN ASSETS



**#70 in US**  
LARGEST CREDIT UNION



**#13 in CA**  
LARGEST CREDIT UNION



**209,991**  
TCU MEMBERS

# Report from the President and Board Chair

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Barry Nelson  
PRESIDENT & CEO



Patricia Moreno  
BOARD CHAIR

In 2018, Travis Credit Union completed another successful year of service to our membership and to our communities. With more than \$3.12 billion in assets and more than 200,000 members, Pat and I are proud to say that the credit union continues to make a real difference for our members by creating value through authentic community banking.

## More value and convenience

In 2018, we continued to evolve to meet our members' needs through improvements in our technology and digital delivery services, in new products and services that provide even more value and convenience, and in a new Pleasant Hill branch that makes it easier for local residents to do business with us. We've made significant strides in improving the functionality and features of our Mobile App, too.



Also, last year we laid the groundwork for the early 2019 launch of the Travis Credit Union Foundation, a separate 501(c)3 nonprofit corporation that allows us to further advance our **Awesome Cause of Financial Education, Financial Literacy and Financial Advocacy**. It is through our Awesome Cause that we can build stronger communities, which is at the very heart of the credit union philosophy of people helping people.

### **Effective and efficient communications**

There were changes internally, too. In 2018, Travis became more effective with our internal communications by using the latest streaming technology to conduct live quarterly Town Hall meetings viewable by all employees. These live meetings, held at the start of the work day, allow us to efficiently reach all employees simultaneously to discuss important company topics in a regularly scheduled time-frame.

Another way we've kept up with the change in trends is by the installation of 10 electric vehicle charging stations in the parking lot of our corporate offices in Vacaville. We recognize that our employees want alternative, more environmentally friendly solutions when they commute to work.

Perhaps the most notable change, if you're reading this, is the size of this 2018 Annual Report. Reduced in size and content, this publication is another example of our effort to reduce paper use as well as be more effective in what we do. Rest assured all the pertinent financial information remains available in this Annual Report.

### **Finances remain strong**

Financially, our credit union's net worth remains well above the standards required by regulators, which puts Travis in a position of financial strength and security. This allows us to not only provide low-cost products and services but also continue our financial education efforts throughout so that we continue to create a positive impact.

Thank you for your membership.

### **Travis Credit Union**



## **TOP 200**

In 2018, DepositAccounts again named TCU one of the top 200 healthiest credit unions in America. This outstanding distinction and vote of confidence recognizes how well TCU is managed and operated.

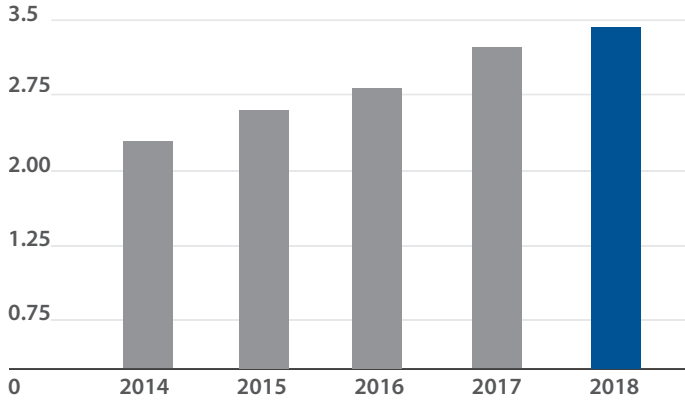
# 2018 Summary

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## TOTAL ASSETS

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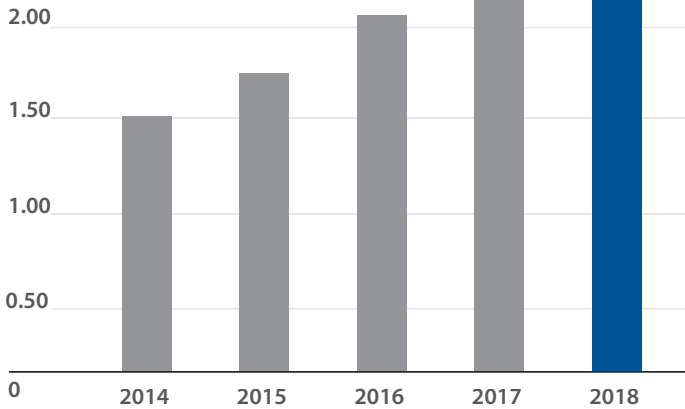
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## LOANS

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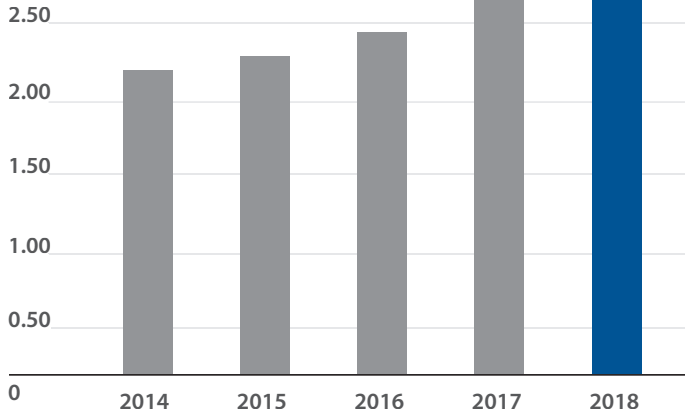
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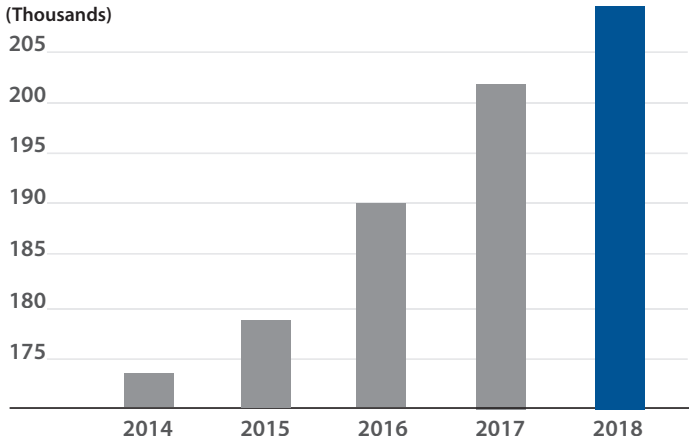
## SHARES

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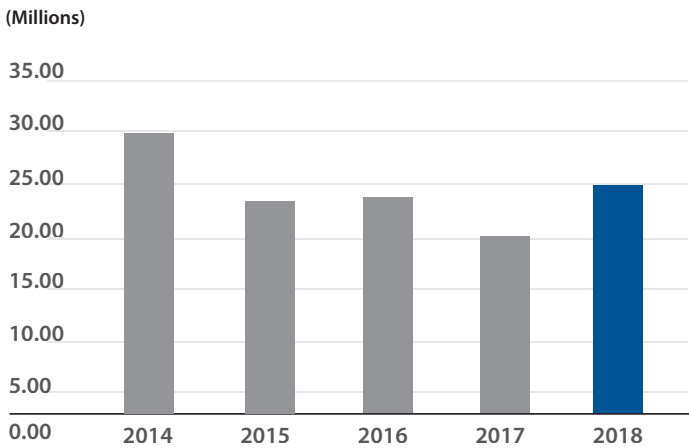
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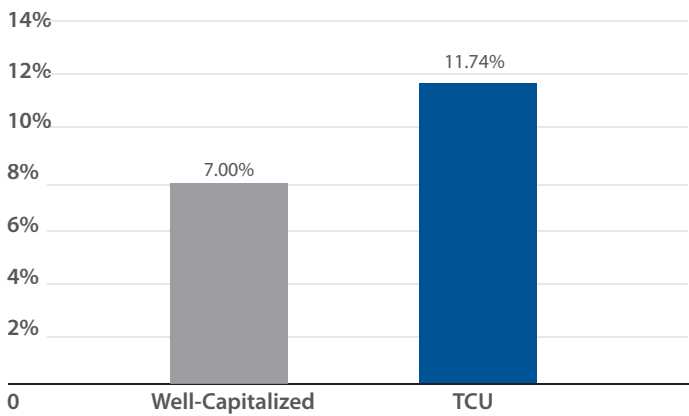
## MEMBERS



## NET INCOME



## NET WORTH





# CREATING AUTHENTIC COMMUNITY IMPACT

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Travis Credit Union has always had a mission to help our members and the communities we serve. For nearly 70 years we've been building relationships with generations of families and businesses to help them achieve their financial goals. Today, we're doing this through financial literacy, advocacy, and education, giving our members the tools they need to make informed decisions and take charge of their finances. Better lives, big impact.







# ENRICHING OUR COMMUNITIES

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**\$5,000,000**

Paid in 2018 in payroll, property, personal property and state sales taxes



**13,304**

Hours of personal time volunteered in 2018



**22,149**

Students reached through financial education efforts in 2018



**702**

Employees, and an annual payroll of more than \$54,000,000 in 2018



**\$911,522,231**

TCU's cumulative economic impact on the local counties we served in 2018\*



**252**

Free community seminars in 2018

\*Based on 2018 TCU loans granted, salaries and benefits paid, corporate giving and involvement in investment, and CUNA's Economic Benefit Multiplier (CUNA-September 2014).



## 568 Charities

Community events and local causes TCU sponsored and/or participated in during 2018



## 14,286 lbs.

Food donated by TCU employees and members, which translated to 11,328 meals and 3,776 families fed in 2018



## 289,333

Our recycling efforts saved 2,605 trees and kept 289,333 pounds of paper, plastic and glass out of our local landfills in 2018



## 4,831

Teens participated in MAD City Money young adult financial boot camp since its inception in 2009 - For every dollar spent, there was a \$52 community impact

## 2018 AWARDS

### BEST CREDIT UNION

*Vacaville Reporter*

### BUSINESS OF THE YEAR

*Dixon Chamber of Commerce*

### BEST CREDIT UNION

*Fairfield Daily Republic*

### EXCELLENCE IN BUSINESS

*Merced Sun-Star*

### BEST CREDIT UNION

*Vallejo Times Herald*

# Statements of Financial Condition

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$201,031,756	\$163,193,028
<b>INVESTMENTS</b>		
Securities available for sale	441,723,028	442,699,628
Other	10,775,700	10,914,000
Loans held for sale	369,000	719,000
Loans, net	2,325,694,977	2,253,876,590
Accrued interest receivable	8,506,114	8,193,717
Premises and equipment, net	42,584,016	37,673,259
National Credit Union Share Insurance Fund (NCUSIF) deposit	23,336,978	22,111,049
Prefunded Benefit Investments	48,412,163	13,103,492
Other assets	18,959,328	18,283,404
<b>TOTAL ASSETS</b>	<b>\$3,121,393,060</b>	<b>\$2,970,767,167</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Members' share accounts	\$2,728,043,774	\$2,609,245,956
Dividends payable	-	-
Accrued expenses and other liabilities	34,410,310	29,120,597
<b>Total liabilities</b>	<b>2,762,454,084</b>	<b>2,638,366,553</b>
<b>MEMBERS' EQUITY</b>		
Regular Reserves	15,445,198	15,445,198
Undivided Earnings	348,078,612	321,526,260
Accumulated other comprehensive income (loss)	(4,584,834)	(4,570,844)
<b>Total members' equity</b>	<b>358,938,976</b>	<b>332,400,614</b>
	<b>\$3,121,393,060</b>	<b>\$2,970,767,167</b>

# Statements of Income

	2018	2017
<b>INTEREST INCOME</b>		
Loans to members	\$110,453,013	\$96,724,780
Interest-bearing accounts and investments	11,831,591	9,928,607
<b>Total interest income</b>	<b>122,284,604</b>	<b>106,653,387</b>
<b>INTEREST EXPENSE</b>		
Interest on members' share accounts	14,241,455	10,311,866
<b>Net interest income</b>	<b>108,043,149</b>	<b>96,341,521</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>24,986,687</b>	<b>25,667,692</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>83,056,462</b>	<b>70,673,829</b>
<b>NON-INTEREST INCOME</b>		
Service charges and fees	10,565,058	10,139,912
Interchange income	16,443,699	14,861,022
Gain on sale of loans	2,366,055	3,879,670
Net accretion of credit loss discount	27,746	26,739
Other income	8,355,307	6,914,110
<b>Total non-interest income</b>	<b>37,757,865</b>	<b>35,821,453</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and benefits	54,124,665	50,780,844
Operations	35,278,355	32,949,453
Occupancy	4,858,955	4,848,112
<b>Total non-interest expense</b>	<b>94,261,975</b>	<b>88,578,409</b>
<b>NET INCOME</b>	<b>\$26,552,352</b>	<b>\$17,916,873</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>		
<b>NET INCOME</b>	\$26,552,352	\$17,916,873
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized holding loss arising during the period	(13,990)	(466,085)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$26,538,362</b>	<b>\$17,450,788</b>

CliftonLarsonAllen LLP conducted the annual audit of the 2018 financial statements of the credit union. The financial statements above are condensed for readability and do not meet full disclosure requirements of generally accepted accounting principles, and are not presented in their audited format. Full, audited copies of the financial statements are available at the credit union's administrative offices.

# Supervisory Committee Report

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The Supervisory Committee's major responsibilities are to safeguard our members' assets, ensure an independent audit is performed annually and verify members' accounts. In 2018, the committee performed its duties in collaboration with the credit union's internal audit department, certified public accountants, the National Credit Union Administration (NCUA) and the California Department of Business Oversight (DBO).



The Supervisory Committee engaged the auditing firm of CliftonLarsonAllen LLP to perform the annual independent audit of Travis Credit Union's financial statements. We are pleased to inform you that the audit for 2018 was completed successfully. Travis Credit Union's financial statements comply with generally accepted accounting principles and fairly represent the financial condition of the credit union.



Based on the results of the annual financial audit, TCU's internal audits and examinations conducted by the NCUA and DBO, the committee finds that Travis Credit Union is a financially sound organization, dedicated to serving its members. In addition, the committee commends the management team and board of directors for their diligence and support.

The Supervisory Committee continues to fulfill its duties to protect your interests in strict compliance with policy and all relevant laws and regulations.

Respectfully submitted,

**Arturo Reyes**  
Supervisory Committee Chair

***Top to bottom:***

Arturo Reyes, *Supervisory Committee Chair*

Johanna Benker, *Supervisory Committee Member*

Tim Truesdale, *Supervisory Committee Member*



# Board of Directors

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*Top row (L-R): Pat Moreno, Board Chair; Debra Aspling, Board Vice Chair; Tom Kulinski, Board Treasurer*

*Middle row(L-R): Mary Coburn, Board Secretary; Oscar Dominguez, Board Director; Len Augustine, Board Director*

*Bottom row(L-R): Curt Newland, Board Director; Doug Beaumont, Board Director; Dee Alarcón, Board Director*

Thank You For Your Membership



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