

The journey starts with **you**

2021 REPORT TO OUR MEMBERS



TDECU[®]
YOUR CREDIT UNION



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NATIONAL FOUR

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NCAA

CHAIRMAN'S MESSAGE



From Richard Smith, Chairman, Board of Directors
A message for a pivotal year

This past year wasn't just about meeting goals, it was about changing lives and taking care of each other and the communities we serve. This shared sense of purpose has never been more meaningful and impactful than right now. It is with great satisfaction and pride that I can report to you, our Members, that 2021 was nothing short of a successful year, despite the uncertainty of these times and the challenges we faced.

TDECU's assets grew to \$4.5 billion, allowing us to do more for our Members. Our Membership grew by 17,863 to a total of more than 366,000 Members. The TDECU family welcomed 211 new employees in 2021. We provided over \$723 million in mortgage loans and more than \$659 million in auto loans enabling our Members to afford the homes and automobiles they wanted and needed to improve their lives.

We also enrolled over 250,000 Members in Digital Banking so they may have more convenient access to their funds and our services. This represented another step forward in our journey to be the preferred financial institution of our Members whenever they need us, wherever they may be.

As we grow, we remain equally focused on enriching and strengthening the communities we serve. We are an organization ready to make a difference and our dedication to the philosophy of "people helping people" will continue to ensure that happens.

In fact, TDECU Cares outreach efforts in 2021 allowed us to give back through financial literacy programs, scholarships for students, and support for local charities that serve as the backbone of our communities. In 2021, our employees volunteered more than 1,900 hours of their time to support over 40 different local charitable efforts and organizations.

In February of 2021, we responded to the state-wide freeze with over 8,000 hours of needed paid time off for Employees, and meal and water distribution to Employees and Members.

On behalf of the Board of Directors, our Leadership Team, and dedicated Employees, thank you for the trust you have placed in TDECU –Your Credit Union. Even as we continue to successfully embrace change, we are reminded that our purpose remains constant. We look forward to an exciting 2022, focusing on new and innovative ways to provide a better Member experience through digital transformation and enhanced technologies.

I thank you for the opportunity to serve as your chairman, and for your continued commitment to our vision, our values, and the future of TDECU.

All the best,

Richard Smith

Your Credit Union

2021 Highlights

366,068 Members

\$4.5 billion in assets

\$885 million in new loans

\$72.9 million in new business loans

\$700 million in new home loans

65.8+ million debit card transactions

\$2.2+ million saved with better rates and fee refunds

\$3.4+ million in student loans

2.9+ million ATM transactions

5.2+ million online banking transactions

1+ million calls answered by Member Care

\$114,000 awarded in scholarships

32,829 new checking accounts

1,528 new policies with TDECU Insurance Agency, LLC

\$329,207 donated to community organizations

3,450 Members served by TDECU Wealth Advisors

896 Employees

3,364 people served with financial education events

\$16,000 donated to Boys & Girls Club of Greater Houston from Texans Partnership



A job well done!



TDECU[®]
YOUR CREDIT UNION

OFFICIAL CREDIT UNION

Taking the bull by the horns

Houston and its surrounding areas are resilient, hopeful, and optimistic – and TDECU is proud to serve such a community. We are even prouder to partner with our hometown NFL team, the Houston Texans. Partnering with the Texans allows us to not only speak in a larger forum and expand our reach, but to give more people the opportunity to know us and love us.

Through our partnership with the Texans, TDECU has been able to give back to community organizations such as the Boys & Girls Clubs of Greater Houston by providing financial literacy education and opening savings accounts for youth that are a part of the organization. In fact, in 2021, our Red Zone sponsorship raised over \$16,000 for financial education to the Boys & Girls Clubs of Greater Houston.

Since its launch in October, the Texans co-branded debit card has continued to perform well with over 7,000 cards issued and more than 900 new Members added to the TDECU family.

Members with a Texans debit card were entered into a drawing before every home game for a chance to win a pair of tickets throughout the 2021 regular season. Beginning October 2021, Members who selected or switched to the Texans debit card were eligible to win one of four pairs of home game tickets.

It's no secret that Texans love football and the excitement that comes along with it. We want to carry on that excitement through this unique partnership. As the Texans build and strengthen their program, we want to show all Texans the value of a TDECU membership and our broad community outreach efforts.



PRESIDENT'S MESSAGE



From Isaac Johnson, JD, MBA, MS
President & Chief Executive Officer
Brigadier General, U.S. Army Reserves

A message to our Members

The year 2021 was another excellent example of just how much TDECU can accomplish when we live our motto of #OneTeam. Driven by integrity and our core values, we continued to partner with you, our Members, as we pursued excellence in every aspect of our delivery of service and management of your credit union.

Although not a newcomer to TDECU, this is my first opportunity to address our more than 366,000 Members as our credit union's chief executive. It is a role I embrace with deep humility. I approach the responsibility of helping all of you navigate your financial journeys with the same care and commitment I give to my own family.

When I was a young boy, I witnessed what would become one of my earliest memories of understanding how credit unions empower their Members. My mother needed a small loan to help cover our rent. She was first rejected by a larger financial institution, but she found the relief and reset our family needed at a credit union. Financial journeys are like most journeys, they include sections of smooth progress as well as times of unexpected difficulty. With guidance and a solid understanding of the desired destination or goal, we can successfully navigate the journey. TDECU provides that kind of guidance to our Members.

I am incredibly grateful the Board entrusted me to lead TDECU through a significant leadership change—first with an interim and later with a permanent appointment in June 2021. I immediately set out to strengthen our leadership ranks to allow us to refocus on our purpose and develop Member-focused, strategic plans. I must commend and recognize our nearly 900 team members who daily live our core values of embracing change, having fun, taking accountability, and bringing empathy with the added focus on integrity.

During the freeze of February 2021 and the storms that hit in late summer, our Employees served Members and the larger community by supporting emergency supply relief efforts. They also quickly adjusted services to provide relief loans and over \$180,000 in ATM fee forgiveness to Members who were suddenly hit with unexpected expenses related to the natural disasters. Our team members adapted in the face of the uncertainty brought on by the pandemic, collaborated to develop solutions, and still found a way to grow our team culture. So much so, we were named a Top Workplace for 2021 by the Houston Chronicle!

We rebuilt most of the TDECU leadership team by tapping into our internal talent pool and recruitment resources. Although we were operating during one of the most competitive labor markets in recent times, we are proud to have maintained over 80% retention of our employee base and recognized internal talent with nearly a fourth of Employees receiving promotions throughout the year. As we reflect on our 2021 performance, I'm pleased to report that we produced solid financial results. Our total assets grew by over \$442 million. This increase in assets was driven by a 3% growth in our Member loans and an 11% increase in our deposit balances. Finally, net income for 2021 was \$58.7 million against a budget of \$26.7 million, making 2021 TDECU's most profitable year on record.

Traditionally, we use profits to reinvest in TDECU to drive improvements, offer competitive rates, lower fees, and strengthen community partnerships to better serve you. Rest assured, these efforts will continue, however, we also recognize the challenges of the current times. So, in addition to the traditional use of profits, I am directing the leadership team to explore new innovative ways to return those profits to you, our Member owners. We believe your membership benefits should continue to both empower and reward you for your credit union's success.

Other accomplishments in 2021:

- **Top Workplaces Award:** TDECU was named a Top Workplace for 2021 by the Houston Chronicle, ranking 8th out of 175 large companies with 500 or more local employees. One of the most exciting things about this honor is that it is based on employee sentiment. Thank you!
- **Launched a New Way of Working:** To bring improved efficiency and collaboration, we transitioned work-from-home team members and employees from various satellite campuses across our footprint to our Sugar Land office locations.
- **Texans Partnership:** As the Official Credit Union of the Houston Texans, we created a TDECU & Houston Texans co-branded debit card which resulted in more than 7,000 card activations for new and existing Members. Our TDECU Red Zone sponsorship raised over \$16,000 for financial education to the Boys & Girls Clubs of Greater Houston.
- **A Better Digital Experience:** To better serve you, we improved our website experience by redesigning over 50 webpages, launched new online and mobile banking debit card options, and enhanced our online credit card payment system.

As I said before, 2021 was not easy, but united by the common goal of serving you, our team emerged stronger, better equipped, and proved we are an organization that can “thrive” during the ever-changing era in which we live. Looking at our road map for the future, we are well positioned to help more Members and continue to improve your service experience. I encourage everyone to take an active role as we partner with our Members to be the founders of our future. Thank you all for your continued support and I wish you all the best in 2022.

Sincerely,

Isaac Johnson

Thank you

★ Our Members are the real stars ★

To all of our Members and Employees who proved that together with dedication and commitment we could accomplish anything, thank you.

We're so grateful to have overcome the challenges of 2021 by working hand in hand with our Members and our Community. Through the familial bonds forged within the amazing TDECU team – and the partnerships we build with our incredible Members – we are improving lives by helping our Members navigate their financial journeys. Our commitment to helping others is at the core of what we do and who we are as a credit union. We are heartened to see this shared commitment.

Our Purpose

Helping people navigate
their financial journeys

TDECU EMPLOYEES GIVING BACK



Supporting our community

Through monetary (\$248,800), in-kind (\$25,982) donations and volunteer efforts (\$54,425), TDECU has contributed \$329,207 to support communities where employees live and work.

3,364

Community members received financial education

105,393

Meals provided to those who were food insecure

906

People attained gainful employment through our workforce development programs

1,907

Hours were volunteered to support our communities

8,253

Students K-12 received STEAM enrichment

(science, technology, reading, art and math)

4,083

Community members received emergency and prevention services

2,235

Youth were supported through life skills programs

EFFORTS AND ORGANIZATIONS

Alvin ISD
American Cancer Society
American Red Cross
Angleton ISD Education Foundation
Be a Champion
Bethel's Place
Blessings in a Backpack via Latin Women's Initiative
Boys & Girls Club of Brazoria County
Boys & Girls Clubs of Greater Houston
Brazoria County Community Foundation
Brazoria County Dream Center
Brazoria County Fair Association
Brazosport Cares Food Pantry
Brazosport ISD Education Foundation
Communities in Schools Brazoria County
Cornerstone Foundation
Fort Bend ISD Education Foundation
GMZ Dream Camp
Gulf Coast Regional Blood Center
Houston Food Bank
Junior Achievement of Brazoria County
Junior Achievement of Southeast Texas
Kids' Meals
Louisiana Home and Foreign Mission Baptist Convention, Inc.
Lucille's 1913
Pasadena ISD Education Foundation
Pearland ISD Education Foundation
Port Freeport
PX Project
Salvation Army of Brazoria County
Salvation Army of Greater Houston
Salvation Army of Victoria
Star of Hope
Sweeny ISD
Tejano Center for Community Concerns
True to Life Ministries
United Way of Brazoria County
University of Houston's Peeps Pantry
Victoria ISD Education Foundation

TDECU proudly supported more than
40
ORGANIZATIONS
and efforts in 2021.

In 2021, TDECU awarded
75 student Member
scholarships totaling
\$114,000.

TREASURER'S REPORT



From Roland Hendricks, Treasurer, Board of Directors

We've seen another incredible year for our Member-owned credit union. We invested in significant resources from a technology and human capital perspective to ensure that year-over-year, we make it easier to do business with TDECU. Throughout their financial journeys, our Members can rest assured that TDECU will continue to provide a solid financial foundation with strength, safety, and security.

I am pleased to report that in 2021, we saw an increase in assets of over \$442 million, ending the year at \$4.5 billion. We also grew our total capital to over \$406 million – an increase of 15% over the previous year.

In addition to the organization's financial growth, it is also important to note the success of our dedicated Members. In 2021, we returned over \$21.2 million in dividends to our hardworking Members and added over \$411 million in additional deposits. We grew our membership by more than 5%, ending the year at 366,068 Members. That's an additional 17,863 new Members gained in 2021 alone!

Finally, one of the most impactful ways we keep our Members connected with their money is through our Member-focused lending programs. In 2021, we funded over \$2.1 billion loans, providing fair and affordable solutions to help realize dreams like homeownership, living without the burden of high interest rate debt, securing higher education and more. In fact, our student lending program funded over \$3.42 million in student loans to cover gaps where traditional financial aid falls short.

We are so proud of what TDECU does to improve and enrich the lives of our Members and our local communities, and we look forward to a promising year ahead. I am thankful for the opportunity of membership and the opportunity to serve as your Treasurer.

FINANCIAL STATEMENT

Consolidated Statements of Financial Condition

As of December 31, 2021

Earning Assets

Total Loans, net of allowance	3,729,101,119
Total Investments	673,898,568
Total Earning Assets	<u>\$4,402,999,687</u>

Other Assets

Land, Premises & Equipment	53,724,952
Accounts Receivable	16,381,925
National Credit Union Share Insurance Fund Deposit	35,472,826
Miscellaneous Other Assets	33,208,328
Total Other Assets	<u>\$138,788,031</u>

Total Assets

\$4,541,787,718

Liabilities

Total Shares & Deposits	3,873,197,541
Other Liabilities	77,109,468
Borrowings	185,429,479

Equity

Retained Earnings (Capital/Member Equity)	406,051,230
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Total Liabilities and Equity

\$4,541,787,718

Consolidated Statements of Income

For the year ending December 31, 2021

Interest Income

Loans to Members	198,814,446
Investments and Cash Equivalents	1,107,653
Total Interest Income	<u>\$199,922,099</u>

Interest Expense

Shares & Deposits	21,152,944
Borrowed Funds	5,597,478
Total Interest Expense	<u>\$26,750,422</u>

Net Interest Income

173,171,677

Provision for Loan Losses	15,605,391
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Net Interest Income After Provision for Loan Losses	<u>\$157,566,286</u>
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Non-Interest Income

Loan Fee Income	11,311,619
Fee Income	22,297,883
Interchange Income	35,330,681
ATM Income	2,277,261
Other Income	13,571,523
Total Non-Interest Income	<u>\$84,789,016</u>

Non-Interest Expense

Operating Expenses	187,997,299
Non-Operating Income	4,375,354
Total Non-Interest Expense	<u>\$183,621,945</u>

Net Income

\$58,733,358

*Detailed audited Financial Statement with Report of Independent Auditors for the fiscal year ended December 31, 2021, and monthly interim audited Financial Statements are available for Members at each TDECU Member Center.

AUDIT COMMITTEE REPORT

TDECU's Audit Committee acts as your independent financial representative to ensure the credit union's financial condition is strong and secure. The Audit Committee is an extension of the Board of Directors and has oversight responsibilities for the financial reporting control process, the system of internal controls, the audit process, monitoring compliance with laws and regulations, and monitoring the compliance of operating policies and procedures for TDECU and its subsidiaries.

Throughout the year, internal audits, external audits, and regulatory examinations are performed to carry out these responsibilities in an efficient and prudent manner. The Texas Finance Code requires an annual audit of the credit union's financial records.

To accomplish this in 2021, the Audit Committee engaged the services of Doeren Mayhew, one of the top accounting firms serving credit unions in the United States, to audit the financial statements. Doeren Mayhew rendered an unmodified opinion on TDECU's consolidated statements and subsidiaries for the year ending December 31, 2021.

The Board of Directors' meeting fee was \$1,000 per Board of Directors' meeting and \$500 per committee meeting.

In 2021, the following bylaw changes were made:

1. Section 5.09 Duties and Powers of Directors was amended in April 2021 to align with the Texas Standard Bylaws for State and Chartered Credit Unions as updated on October 18, 2013.

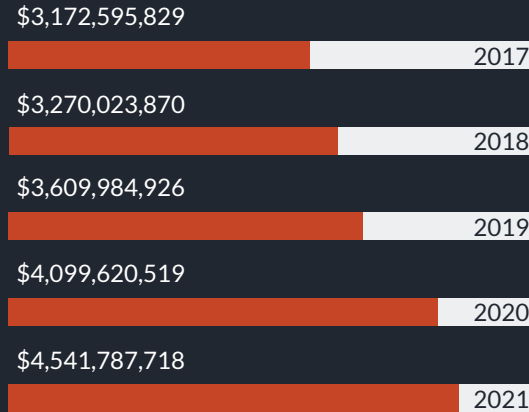
As TDECU grows, the Audit Committee reviews and edits the audit plan to ensure that new and emerging risks are reviewed and mitigated. On behalf of the Audit Committee, I would like to thank our TDECU team and volunteers for their dedication to improving lives and making 2021 a successful year.

From Roland Hendricks, Audit Committee Chairman, Board of Directors

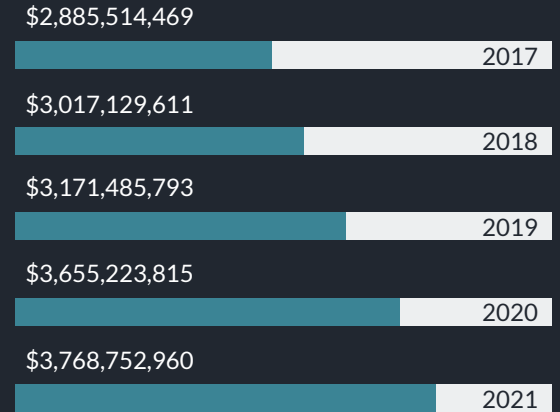
GROWTH OVER THE YEARS

Net income of \$58.7 million against a budget of \$26.7 million, making 2021 TDECU's most profitable year on record.

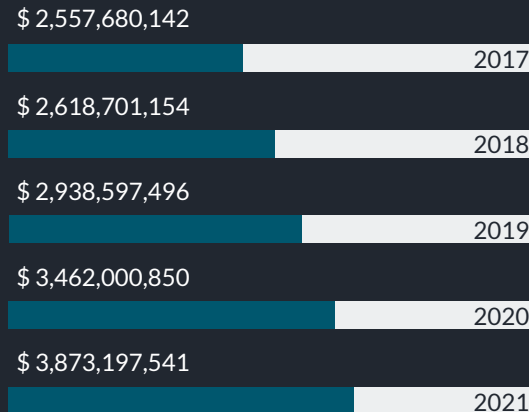
Assets



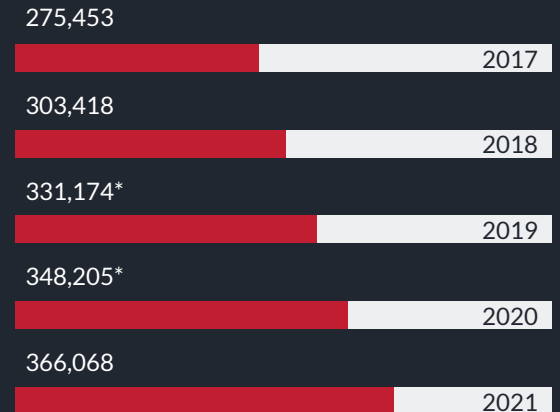
Loans



Deposits



Members



*In June 2021, the board approved a new definition of a Member, and we restated the 2019 and 2020 Member count on the call reports.

LEADERSHIP

BOARD OF DIRECTORS

Richard Smith

Chairman
(term ends March 2024)

Daniel Buche

Vice Chairman
(term ends March 2023)

Roland Hendricks

Treasurer
(term ends March 2024)

George Hornback, Jr.

Secretary
(term ends March 2024)

Frank Coe

Director
(term ends March 2024)

Peggy Miltenberger

Director
(term ends March 2022)

Anita Sehgal

Director
(term ends March 2023)

Edward Speed

Director
(term ends March 2022)

David Sikora

Director
(term ends March 2022)

Ed Zingleman

Director
(term ends March 2023)

Elizabeth Killinger

Advisory Board Member
(term ends March 2023)

Steven Murray

Advisory Board Member
(term ends March 2023)

Lynden Rose

Advisory Board Member
(term ends March 2023)

OFFICERS

Isaac Johnson

President
Chief Executive Officer

Rhonda Pavlicek

Executive Vice President
Chief Financial Officer

Qiara Suggs

Senior Vice President
Chief Human Resources Officer

Jason Schneider

Senior Vice President
Chief of Staff

Michael Plaia

Senior Vice President
Chief Risk Officer

Murshid Khan

Senior Vice President
Chief Information Officer

Jose Delgado

Senior Vice President
Chief Banking Officer

Michael Massey

Senior Vice President
Chief Audit Officer

Anthony Warden

Senior Vice President
Chief Member Experience Officer

SERVICE MILESTONES



10 years

Karina Delafuente

Relisa Franklin

Kristina Johnson

Brad LaSalle

Dawn McPherson

Yuri Navarro

Flora Perez

Brandy Phillips

Chelsey Reeder

Jackie Robotham

Timothy Spalding

Elisa Vega

Marilyn Washington



15 years

Susie Allen

Sena Clinton

Carol Doty

Nicole Fisher

Kimberly Flores

Sonya Goolsby

Christine Kiang

Madison Manning

Laura Martinez

Amber Newell

Tiffanie White



20 years

Stacy Baggett

Sylvia Barrera

Mandi Campbell

Deisy Gonzalez

Kathy Raciti

Imelda Robles

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[tdecu.org](https://www.tdecu.org)



Insured by NCUA.