

**Consolidated Statements of Financial Condition (Unaudited)\***

As of December 31, 2007

<i>Earning Assets</i>	
Total Loans	\$1,115,781,718
Total Investments	62,006,324
<b>Total Earning Assets</b>	<b>1,177,788,042</b>
<i>Other Assets</i>	
Allowance for Loan Losses & Net Origination Fees	4,666,106
Land, Premises & Equipment	22,216,021
Accounts Receivable	5,405,150
National Credit Union Share Insurance Fund Deposit	7,431,104
Miscellaneous Other Assets	4,536,541
Total Other Assets	44,254,922
<b>TOTAL ASSETS</b>	<b>\$1,222,042,964</b>
<i>Liabilities</i>	
Total Members' Shares	912,454,791
Other Liabilities	9,265,663
Borrowings	189,944,932
<i>Equity</i>	
Retained Earnings (Capital/Member Equity)	110,377,578
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,222,042,964</b>

**Consolidated Statements of Income (Unaudited)\***

For the year ending December 31, 2007

<i>Interest Income</i>	
Loans to Members	63,029,802
Investments and Cash Equivalents	3,869,589
<b>Total Interest Income</b>	<b>66,899,391</b>
<i>Interest Expense</i>	
Members' Dividends	24,482,510
Special Payment to Members	1,686,800
Borrowed Funds	8,736,729
<b>Total Interest Expense</b>	<b>34,906,039</b>
<b>Net Interest Income</b>	<b>31,993,352</b>
<i>Provision for Loan Losses</i>	
Net Interest Income After Provision for Loan Losses	3,491,293
<b>Net Interest Income After Provision for Loan Losses</b>	<b>28,502,059</b>
<i>Non-Interest Income</i>	
Fee Income	10,407,457
Other	5,787,437
<b>Total Non-Interest Income</b>	<b>16,194,894</b>
<i>Non-Interest Expense</i>	
Operating Expenses	39,365,872
Non-Operating Income	166,103
<b>Total Non-Interest Expense</b>	<b>39,199,769</b>
<b>NET INCOME</b>	<b>\$5,497,184</b>

\*Detailed audited Financial Statements with Report of Independent Auditors for the fiscal year ended December 31, 2006, and monthly interim unaudited Financial Statements are available for members at each TDECU branch office.

The power to  
**serve**

At TDECU,  
we have  
**SERVICE**  
written all  
over us!



## AGENDA

Call to Order

Determination  
of Quorum

Invocation

Approval  
of Minutes

### Reports

Chairman  
Audit Committee  
Treasurer  
CEO/President

Board Election  
Results

Door Prizes  
(must be present  
to win)

Adjournment  
Refreshments in  
the Plaza Room

After adjournment,  
TDECU's Board of  
Directors will be in the  
Plaza Room to meet  
with members and  
answer questions.

## letter from the chairman



At TDECU we are more committed than ever to providing the best in member service. With over \$1.2 billion in assets and more than 108,000 members, TDECU is continually growing to meet the needs of our membership and continues to offer the best financial products and services available in our market area.

With a new branch opening in Freeport this spring, and continuing growth in our Victoria area markets, TDECU's future continues to look bright. We helped members fulfill their dreams with over \$600 million in new loans, representing a 16.6% increase from 2006.

You, your family, and friends are invited to join us as we review the past and explore the plan for the future. Thank you for making TDECU your preferred financial institution. We look forward to serving you and earning your respect.

Marcus Stephenson, Chairman of the Board



Board of Directors: (front) Dick Smith, Daniel Buche, Peggy Miltenberger, Roland Hendricks; (back) Marcus Stephenson, Ed Zingleman, David Ozuna, George Hornback Jr., Mike Tracy

## report from the audit committee



The Audit Committee of TDECU acts as your independent representative to ensure the financial condition of the credit union is sound. The committee also has responsibilities for monitoring compliance with corporate policies and operating procedures. To carry out these responsibilities, both external and internal audits and a regulatory examination are performed throughout the year. The audits and examination help to ensure that an adequate system of internal control exists, corporate policies and procedures are followed, and the credit union is in compliance with applicable laws and regulations.

The Texas Finance Code requires an annual audit of the books and records of the credit union. To accomplish this, the Audit Committee engaged the services of Doeren Mayhew to audit the financial statements. Doeren Mayhew is one of the 40th largest C.P.A. firms in the United States and has a staff of financial institution audit professionals who are experienced in the credit union industry. Doeren Mayhew performed the financial audit as of December 31, 2006. Based on their audit, Doeren Mayhew rendered an unqualified opinion on the financial statements as of December 31, 2006 (statements not included in this report).

The Audit Committee commends the entire TDECU staff and volunteers for serving the membership and for making 2007 a successful year.

## report from the treasurer

As one of the largest credit unions in Texas and the nation, TDECU is proud to report yet another successful year with total assets at \$1,222,042,964. Your credit union ended the year with a net income of \$5,497,184.00. Unwavering in our dedication to member service, TDECU's members received \$168,605,118 in mortgage loans (an increase of 31.2% from 2006), \$160,812,256 in auto loans made through dealerships, and an incredible \$27,402,856 in business services loans – an increase of 76.8% from the previous year. Thanks to our successful year, your credit union provided more than \$1.7 million in bonus dividends/interest refunds for 2007 in addition to the excellent rates paid throughout the year. TDECU is proud to pass the rewards from a robust financial year on to our members in the form of lower rates and new products and services.

The Audit Committee and the Treasurer are pleased to report that your credit union is financially strong and sound and we look forward to yet another successful year in 2008.

Ed Zingleman, Audit Committee Chairman & Treasurer