

# FOR US, IT'S YOU

2020 Report to Our Members

**TDECU**<sup>®</sup>  
YOUR CREDIT UNION



# CHAIRMAN'S MESSAGE



**Richard Smith**  
Chairman, Board of Directors

## FOR US, IT'S YOU.

There's not a year that goes by that doesn't make me incredibly thankful for our Members. But there was, obviously, something pretty unique about 2020 and how it brought into focus what truly matters – you – from our Members and Communities to our Employees and Volunteers, the many people who make this credit union all the amazing things it is. And for that, I am more grateful than ever.

In many ways, 2020 helped our credit union shine. Our teams shared the TDECU Cares spirit by surrounding our Communities and Members with love, meeting you where you needed us the most. We faced strong headwinds and challenges, but we aligned to our Mission, Vision, Purpose and most of all – our Values. And together, we accomplished more than ever before:

- Welcomed 13,058 new Members and 214 new Employees to the TDECU family
- Removed over 74,000 individual fees, allowing us to return more than \$3,000,000 to our Members
- Enrolled thousands of Members in Digital Banking for safe, convenient access to their funds
- Delivered over 105,000 meals and supported more than 19 emergency assistance efforts in response to COVID-19 and Hurricane Laura
- Funded \$11,209,235 in Member Assistance Loans to support 3,568 Members in need

- Provided loan payment relief, made it easier for Members to access their own funds by waiving fees and restrictions for CD account holders, refunded ATM fees and much more
- Supported small businesses by extending many Paycheck Protection Program (PPP) loans which helped save jobs throughout our communities
- Awarded more than \$90,000 in scholarships to 59 Students to help them achieve their dreams of higher education

I would also like to recognize the dedication and impact of our former President and CEO, Stephanie Sherrodd. Under Steph's leadership, our teams worked hard to achieve unprecedented growth, deliver expanded products and services to a growing membership base, and gain recognition for our organization as a best-in-class credit union across the industry.

As we look ahead at 2021, I am excited to welcome Isaac Johnson, TDECU's SVP, Chief Administrative, Legal and Diversity Officer, who is leading the organization forward as Interim CEO. We are confident Isaac is the right leader to ensure business continuity as we engage in a formal search for our next CEO.

On behalf of the Board of Directors, our Leadership Team, and Employees, we continue our unwavering commitment to provide you with the resources you need to improve your life through growth, innovation, and digital transformation.





# YOUR CREDIT UNION IN 2020

# \$4.1

BILLION IN  
ASSETS

# 354,253

MEMBERS

# \$2.37+

BILLION IN  
NEW LOANS

\$902+ million in new homes loans

57+ million debit card transactions

\$3.5+ million in student loans

1+ billion cleared checks

2.8+ million ATM transactions

4.4+ million online banking transactions

1+ million calls answered by Member Care

\$5.4+ million saved at Buc-ee's with a  
TDECU Credit Card

\$90,000 awarded in scholarships

27,118 new checking accounts

590 policies with TDECU Insurance Agency,  
LLC

1,145+ volunteer hours in local communities

3,350 Members served by TDECU Wealth  
Advisors

859 Employees



## VISION •

Better tomorrows for all the lives we touch

## MISSION •

Provide financial solutions to navigate the journey of life

## PURPOSE •

Improve the lives of our Members, Employees and Communities

## Thank you

**To all our Members and Employees who proved that together we could accomplish anything, thank you.**

We're so grateful to have overcome the challenges of 2020, working hand in hand with you – not only for our Members, but also for our Community. Our commitment to helping others is at the core of what we do and who we are as a credit union, and we're heartened to see this shared commitment. Despite its challenges, 2020 was a year of many successes, a time when TDECU was able to shine by doing what we do best: improving lives.

# SUPPORTING THE COMMUNITY

TDECU proudly supported the following  
organizations in 2020

Junior Achievement of Brazoria County, Inc. & of Southeast Texas

EverFi Financial Wellness

Fort Bend ISD Education Foundation

Pasadena ISD Education Foundation

UH Peeps Panty

United Way of Brazoria County

Peanut Butter Cannery

Houston Food Bank

Houston Food Bank (Employee & Community Donations)





Food Bank of the Golden Crescent

North Texas Food Bank

The Food Basket

Brazosport Cares

Brazoria County Dream Center

First Responder Meals

Be A Champion

Orange, TX Meal Distribution

Star of Hope

Bethel's Place

FBISD Meal Distribution

Boys & Girls Clubs of Greater Houston

James Anderson American Legion

BakerRipley

Gulf Coast Regional Blood Center

Communities in Schools - Southeast Harris  
and Brazoria County

Lake Jackson Water Distribution

Gulf Coast Regional Blood Center - Lake Jackson

Gulf Coast Regional Blood Center - Katy

Gulf Coast Regional Blood Center - Bay City

American Cancer Society

True to Life Ministries

Night to Shine

Gulf Coast STARS

Hallettsville ISD

# 42

## ORGANIZATIONS AND EFFORTS

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# 1,146

## VOLUNTEER HOURS



# FOR OUR COMMUNITY



Being made up of Member-Owners gives us a unique appreciation for our Communities – and for all the wonderful people who live here. This is what makes community service so important to TDECU. Giving back is simply part of who we are. In fact, our team members volunteered a total of 1,146 hours in 2020 and we donated a total of \$116,946 to causes near and dear to your hearts and homes. Here are some highlights from just some of our most memorable community service projects from 2020.

## TDECU DAY OF SERVICE

To honor all those who served our country, more than 20 TDECU volunteers spent Veterans Day distributing over 4,000 meals at Bethel's Place. To magnify the efforts, TDECU donated \$5,000 to the organization to provide an additional 2,500 meals.

## FOOD ASSISTANCE DURING COVID-19 PANDEMIC

When the coronavirus pandemic arrived, it brought along with it an increase in food insecurity. In response, TDECU provided more than 105,000 meals in 2020. We hosted a virtual food drive to benefit Houston Food Bank, raising an astounding \$7,219, and matched donations to provide a total of 43,313 meals for our community. TDECU also provided donations to The Food Bank of the Golden Crescent, North Texas Food Bank, The Food Basket, Brazoria County Dream Center and Brazosport Cares.

On October 17, TDECU volunteers partnered with the Houston Food Bank and Fort Bend ISD to distribute meals to nearly 800 adults and children. Just a few days later, on October 22, volunteers helped sort and bag food for families at The Food Basket in Clute.

## PARTNERS IN EDUCATION

To provide learning enrichment programs, we partnered with Communities in Schools and Pasadena ISD Education Foundation, which was also the beneficiary of our scholarship for Touch Math, designed to increase student performance in math and critical thinking. We also provided a \$14,400 grant to Communities in Schools – Southeast Harris and Brazoria County to provide mental health/crisis intervention and other services to 1,028 students and families.

## ORANGE, TEXAS RELIEF

In the wake of Hurricane Laura, TDECU provided 500 meals to the community and made a donation to the United Way of Orange County to provide disaster relief for our affected neighbors. Another \$5,000 donation helped Salvation Army clients with emergency rent and utility assistance.

## WATER DISTRIBUTION IN LAKE JACKSON

When Brazoria County fell victim to the emergency clean water crisis, dozens of TDECU volunteers jumped at the chance to help, distributing 336 cases of free water to affected households – TDECU Members and area residents alike.

TDECU Employees  
volunteered a total of 1,146  
hours to help the communities  
we serve in 2020.



# DISCOVER DAY 2020

For Discover Day 2020, TDECU took over the Fertitta Center on the UH campus. Our employees set off on an exploration of TDECU's core values, an illuminating journey led by some exciting guest speakers – including legendary Olympian Carl Lewis, rapper and Houston community leader Bun B, business icon and New York Times' best-selling author Tilman Fertitta and America's Got Talent singing sensation Kechi Okwuchi. Throughout the day, we embraced the values that make TDECU unique while rewarding and encouraging personal and professional development for our employees.



We grew our total capital to \$347 million – an increase of 10% over the previous year.

# TREASURER'S REPORT

2020 marked another remarkable year for our Member-owned credit union. Throughout their financial journey, our Members can rest assured that TDECU will continue to provide a solid financial foundation with the strength, safety and security they've always known.

I am pleased to report in 2020, we saw an increase in assets of \$490 million, ending the year at \$4.1 billion. We also grew our total capital to \$347 million – an increase of 10% over the previous year.

In addition to the organization's financial growth, it is important also to note the success of our dedicated Members. In 2020, we returned \$28 million in dividends to our hard-working Members and added \$523 million in additional deposits. We grew our membership by nearly 3.8%, ending the year at 354,253 Members. That's an additional 13,058 new Members gained in 2020 alone!

Finally, one of the most impactful ways we keep our Members connected with their money is through our Member-focused lending programs. In 2020, we funded \$2.37 billion in 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 \$3.5 million in student loans to cover gaps where traditional financial aid falls short.

2020 was a year unlike any other and I am so thankful TDECU was able to help our local communities and Members. We look forward to standing alongside you in 2021.

**Roland Hendricks**  
Treasurer, TDECU Board of Directors



# FINANCIAL STATEMENT

## Consolidated Statements of Financial Condition (audited)\*

As of December 31, 2020

### Earning Assets

Total Loans, net of allowance	3,608,791,110
Total Investments	365,820,390
Total Earning Assets	3,974,611,500

### Other Assets

Land, Premises & Equipment	52,160,646
Accounts Receivable	15,665,904
National Credit Union Share Insurance Fund Deposit	31,581,638
Miscellaneous Other Assets	25,600,831
Total Other Assets	125,009,019

### Total Assets

\$4,099,620,519

### Liabilities

Total Shares & Deposits	3,462,000,850
Other Liabilities	74,581,043
Borrowings	215,480,059

### Equity

Retained Earnings (Capital/Member Equity)	347,558,567
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### Total Liabilities and Equity

\$4,099,620,519

## Consolidated Statements of Income (audited)\*

For the year ending December 31, 2020

### Interest Income

Loans to Members	187,632,716
Investments and Cash Equivalents	1,906,850
Total Interest Income	189,539,566

### Interest Expense

Shares & Deposits	27,964,476
Borrowed Funds	6,085,217
Total Interest Expense	34,049,693

### Net Interest Income

Provision for Loan Losses	155,489,873
Net Interest Income After Provision for Loan Losses	45,308,953
	110,180,920

### Non-Interest Income

Loan Fee Income	17,946,160
Fee Income	20,484,073
Interchange Income	29,063,947
ATM Income	2,229,098
Other Income	13,210,929
Total Non-Interest Income	82,934,207

### Non-Interest Expense

Operating Expenses	166,036,622
Non-Operating Income	(3,348,908)
Total Non-Interest Expense	162,687,714

### Net Income

\$ 30,427,413

\*Detailed audited Financial Statement with Report of Independent Auditors for the fiscal year ended December 31, 2020, and monthly interim audited Financial Statements are available for Members at each TDECU Member Center.

# AUDIT COMMITTEE REPORT

The Audit Committee of TDECU acts as your independent representative to ensure the financial condition of the credit union is safe and sound. 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 financial records of the credit union.

To accomplish this in 2020, 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 the consolidated financial statements of TDECU and Subsidiaries for the year ended December 31, 2020.

The Board of Directors' meeting fee was \$750 per Board of Directors' meeting and \$375 per committee meeting.

In 2020, the following bylaw changes were made, which expanded TDECU's field of membership to the following areas:

- Contracted teachers and full-time employees of the following school systems of Orange County, Texas: West Orange-Cove Consolidated ISD, Little Cypress-Mauriceville ISD, Bridge City ISD, Orangefield ISD, Community Christian School, and St. Mary's Catholic Schools;
- Persons who are receiving retirement, pension, or other benefits as a result of prior employment by any school system within this field of membership.

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.

**Roland Hendricks**

Audit Committee Chairman, TDECU Board of Directors

## IMPROVING LIVES BY HELPING BUSINESSES THROUGH 2020

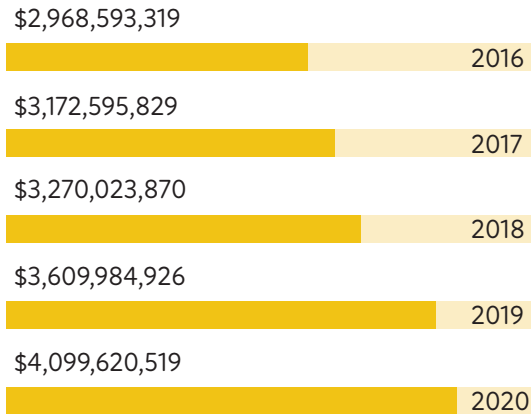
In 2020, TDECU focused on helping countless people throughout our Community as it reeled from the effects of the coronavirus pandemic.

That's why we ramped up quickly to assist local businesses by funding \$114 million through 838 business loans, including 690 Paycheck Protection Program loans to safeguard the livelihoods of more than 7,400 area employees. Even as other lenders ran out of funds, TDECU was able to put much-needed cash into the hands of business owners to help them keep their doors open through the pandemic.

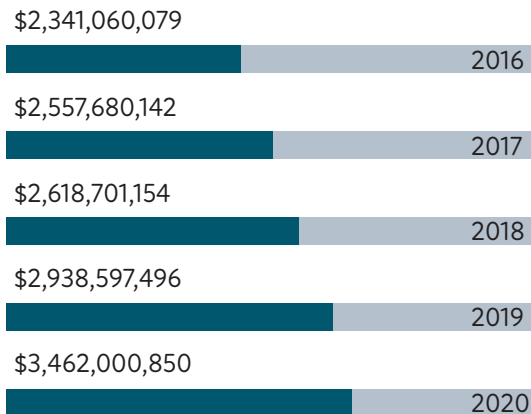
We understand how important small and local businesses are to the economy, so we were honored to help them protect what they have worked so hard to build.

# GROWTH OVER THE YEARS

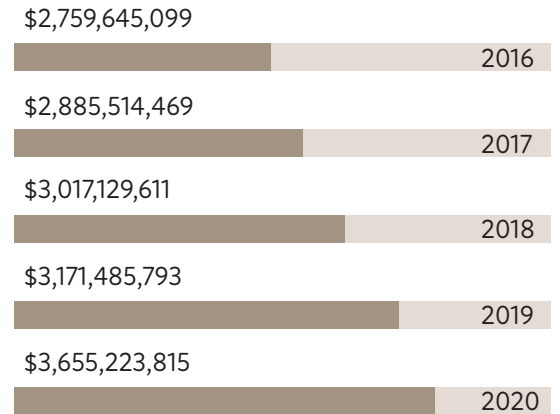
## Assets



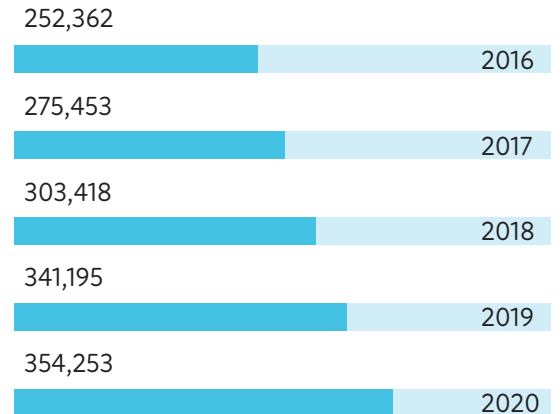
## Deposits



## Loans



## Members





# 2021 Employee Milestone Anniversaries

## 35 YEARS

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Minnie Ellis

## 25 YEARS

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Bob Jones

Mickey Humphrey

Janice Diggs

## 20 YEARS

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Theresa Freeman

Bessie Hobbs

Keva Jones

Cindy Martinez

Raquel Wilkerson



# BOARD OF DIRECTORS/OFFICERS

## BOARD OF DIRECTORS

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**Richard Smith**  
Chairman  
(term ends March 2021)

**Daniel Buche**  
Vice Chairman  
(term ends March 2023)

**Roland Hendricks**  
Treasurer  
(term ends March 2021)

**George Hornback, Jr.**  
Secretary  
(term ends March 2021)

**Frank Coe**  
Director  
(term ends March 2021)

**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 2021)

**Steven Murray**  
Advisory Board Member  
(term ends March 2021)

## OFFICERS

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**Isaac Johnson**  
Interim Chief Executive Officer  
Senior Vice President  
Chief Administrative,  
Legal and Diversity Officer

**Alex de la Cruz**  
Senior Vice President  
Chief Growth Strategy and  
Marketing Officer

**Rhonda Pavlicek**  
Senior Vice President  
Chief Financial Officer

**Andy Simescu**  
Senior Vice President  
Chief Community  
Experience Officer

**Murshid Khan**  
Senior Vice President  
Chief Information Officer

**Thomas Dallam**  
Senior Vice President  
Chief People Officer

**Dan Tabraham**  
Senior Vice President  
Chief Credit & Risk Officer

**Casey Wilcox**  
Senior Vice President  
President, TDECU Holdings, LLC



**TDECU**<sup>®</sup>  
YOUR CREDIT UNION



Insured by NCUA.