

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)*

As of December 31, 2013

EARNING ASSETS	
Total Loans, Net of Allowance	\$1,902,070,857
Total Investments	163,572,973
Total Earning Assets	2,065,643,830
OTHER ASSETS	
Land, Premises & Equipment	50,085,579
Accounts Receivable	21,766,477
National Credit Union Share Insurance Fund Deposit	15,872,384
Miscellaneous Other Assets	12,700,284
Total Other Assets	100,424,724
TOTAL ASSETS	\$2,166,068,554
LIABILITIES	
Total Members' Shares	1,823,228,437
Other Liabilities	17,256,962
Borrowings	130,168,546
EQUITY	
Retained Earnings (Capital/Member Equity)	195,414,609
TOTAL LIABILITIES AND EQUITY	\$2,166,068,554

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)*

For the year ending December 31, 2013

INTEREST INCOME	
Loans to Members	106,879,079
Investments and Cash Equivalents	260,578
Total Interest Income	107,139,657
INTEREST EXPENSE	
Members' Dividends	11,808,358
Borrowed Funds	2,334,014
Total Interest Expense	14,142,372
Net Interest Income	92,997,285
PROVISION FOR LOAN LOSSES	10,462,898
Net Interest Income After Provision for Loan Losses	82,534,387
NON-INTEREST INCOME	
Fee Income	23,012,676
Other	24,528,662
Total Non-Interest Income	47,541,338
NON-INTEREST EXPENSE	
Operating Expenses	99,187,363
NCUA Assessment/Impairments	1,255,971
Non-Operating Income	873,287
Total Non-Interest Expense	101,316,621
NET INCOME	\$28,759,104

*Detailed audited Financial Statements with Report of Independent Auditors for the fiscal year ended December 31, 2012, and monthly interim unaudited Financial Statements are available for members at each TDECU branch office. Federally insured by NCUA. C-0114-1096



IMPROVING LIVES

OF THOSE WE SERVE



TDECU
YOUR CREDIT UNION

2013 ANNUAL REPORT

AGENDA

Call to Order
Determination
of Quorum
Invocation
Approval
of Minutes

Reports

Chairman
Treasurer
Audit Committee
President/CEO

Board Election Results

Door Prizes

(Must be present to win)

Adjournment

Refreshments in
Halls A, B, C.

After adjournment,
TDECU's Board of Directors
will be in Halls A,B,C
to meet with members
and answer questions.

YOUR CREDIT UNION OFFICERS

- STEPHANIE SHERRODD, President & Chief Executive Officer
- COURTLAND CROUCHET, Senior Vice President, Chief Risk Officer
- RHONDA KLEINECKE, Senior Vice President, Chief Financial Officer
- ROBERT LOCKETT, Senior Vice President, Chief Strategy Officer
- CHUCK SMITH, Senior Vice President, Chief Lending Officer
- STEVE STEVENS, Senior Vice President, Chief Information Officer
- TANGY NAPIER, Vice President, Retail Delivery
- VANDI THERIOT, Vice President, Talent Services

YOUR TDECU BOARD

- MARCUS STEPHENSON, Chairman of the Board (term ends January 2016)
- PEGGY MILTENBERGER, First Vice Chairwoman (term ends January 2016)
- DICK SMITH, Second Vice Chairman (term ends January 2015)
- GEORGE HORNBACK, JR., Secretary (term ends January 2015)
- DAVID OZUNA, Assistant Secretary (term ends January 2014)
- ED ZINGLEMAN, Treasurer (term ends January 2014)
- MIKE TRACY, Assistant Treasurer (term ends January 2016)
- DANIEL L. BUCHE, Director (term ends January 2014)
- ROLAND HENDRICKS, Director (term ends January 2015)
- EDWARD SPEED, Director (term ends January 2016)
- FRANK COE, Advisory Board Director (term ends February 2015)
- EILEEN CAMPBELL, Advisory Board Director (term ends June 2015)

LETTER FROM THE CHAIRMAN



I'm pleased to report that 2013 was another successful year at TDECU.

Convenience and accessibility to credit union services were expanded significantly with the addition of eight new retail branches in Houston, Katy, Rosenberg, Sugar Land, and The Woodlands; and construction is underway for a ninth new location in Missouri City during the second quarter of 2014. As a result of these latest additions to the TDECU family, our bylaws were amended so we can serve these new communities. We also added three new mortgage offices in Missouri City, Katy, and The Woodlands, providing members greater access to our robust offering of mortgage products.

Services provided to members also expanded in 2013 as TDECU Insurance began to offer personal health insurance policies and access to expert advice on the regulatory changes impacting the health insurance industry. We also partnered with BALANCE, a financial education and counseling service, to help improve your financial well-being and to provide the peace of mind and financial independence you deserve.

These improvements, combined with our trademark REAL service, have helped to create a healthy and vibrant credit union that has grown to serve over 182,000 members (an 8.95% growth in 2013). With our growth has come increased strength and myriad resources that have yielded new products and services. Simultaneously, we have maintained the credit union's financial safety and soundness as indicated by the increase in the Net Worth ratio to 9.02%, which the NCUA classifies as a *Well Capitalized* credit union; the highest ranking possible. This is TDECU's safety net for the future so that you can have confidence we will be here for you and your family for generations to come.

Looking to the future, we look forward to continuing to serve you and your family's financial needs. We appreciate your trust in us and want you to know that whatever your needs, TDECU is here for you and stands ready to serve.

Marcus Stephenson, Chairman of the Board

AUDIT COMMITTEE REPORT



The Audit Committee of Texas Dow Employees Credit Union (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 control, 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 books and records of the credit union. To accomplish this, the Audit Committee engaged the services of Doeren Mayhew, one of the top accounting firms serving credit unions in the U. S., to audit the financial statements. Doeren Mayhew performed the financial audit as of December 31, 2012. Based on the audit, Doeren Mayhew rendered an unqualified opinion on the financial statements as of December 31, 2012. The audit report as of December 31, 2013, will be completed in the second quarter of 2014.

As TDECU continues to expand to become the preferred financial institution, the Audit Committee will continue to provide a matrix of specialty audit firms to audit various components of TDECU, which will exceed the expectations of our members and other outside stakeholders. The Audit Committee commends the entire TDECU staff and volunteers for serving the membership and making 2013 a successful year.

Roland K. Hendricks, Audit Committee Chairman

REPORT FROM THE TREASURER



In 2013, TDECU members received \$265,526,960 in mortgage loans, \$463,253,089 in auto loans (of which \$343,543,007 were made through dealerships), and \$45,980,949 in indirect loans and merchant lending. As one of the largest credit unions in Texas and the nation, TDECU assets grew to \$2,166,068,554 in 2013.

TDECU – Your Credit Union ended the year with a net income of \$28,759,104. Once again, our net income was impacted by the \$1.25 million NCUA insurance assessment in 2013. The NCUA

insurance assessments began in 2009 and will continue for the next 7 years to cover losses to corporate and natural person credit unions – losses we did not create.

TDECU remains committed to finding new and innovative ways to reward our members in the form of lower rates and new products and services. You can count on us to make financially sound decisions to ensure that TDECU – Your Credit Union is always here for you.

Ed Zingleman, Treasurer

TDECU
YOUR CREDIT UNION

TOP
WORK
PLACES
2013

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CHRONICLE
HoustonChronicle.com



VOTED
ONE OF THE
BEST FINANCIAL
INSTITUTIONS AND
ONE OF THE BEST
IN CUSTOMER
SERVICE