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REPORT TO OUR MEMBERS

# CHAIRMAN'S MESSAGE

This year marks TDECU's **65th anniversary**. And when I reflect on what makes this credit union of ours so remarkable, I can't help but see a connection between the organization and our steadfast commitment to our community. The nature of our credit union alone, started by ten employees wanting to lend a hand to a co-worker, truly speaks to what being a Texan is all about. With a mission to provide financial solutions to navigate the journey of life, it's always been about doing the right thing by our colleagues, our friends, our neighbors... the community that surrounds us. And whether you're a TDECU employee or a Member, one thing we can all rally around is improving lives. This has never been more meaningful and more impactful than now.

As I look at the enormity of what 2020 brought into our lives – a pandemic, economic challenges, and uncertainty throughout the country – what I see is an organization ready to make a difference. It's evident in 2019's body of work. Our teams were on the front lines of volunteerism with non-profits in local communities, dedicating more than **6,500 hours** to worthy causes. We provided **\$61,000 in scholarships** to 40 hard-working youth to help further their studies, while ensuring **670 kids** were immersed in

a 5-day STEM experience. We put **163,369 meals** on the tables of the hungry across our markets.



It is thanks to our hard work in 2019 that we are able to move, shift and perform so well as we navigate 2020, and I have a great deal of pride in the generous, unwavering spirit that helped us meet our Members where they needed us the most during these challenging times. We immediately restructured how we do business to be there for our Members while keeping them – and our teams – safe. And we launched customized programs to provide loan payment relief and easy access to cash when it was needed most, including funding over **\$33 million** in Paycheck

Protection Program loans to local businesses to keep them running strong and their employees paid.

We will continue to make a positive impact for change in the days ahead, in that I am confident. Because at TDECU, we're here to help improve the lives of our Members, our employees, and our communities. It's just that simple. Whether it's making our communities brighter, helping families put roofs over their heads, ensuring that hard-working families have the financial resources they need to make higher education a reality, or providing our employees with every opportunity to realize their dreams – large and small – it is our dedication to people-helping-people that makes it happen.

On behalf of the Board of Directors, I ask you to join with us as we move our credit union, our Members and our communities forward. Join us as we celebrate every aspect of life, together. And join us as we look to the next 65 years of making a meaningful impact in the communities we call home.

All the best,  
**Richard Smith**  
 Chairman, TDECU Board of Directors

# YOUR CREDIT UNION IN 2019

**341,195**  
Members

**\$3.6+**  
Billion in assets

**\$900+**  
Million in new loans

\$466+ million in new home loans

30+ million debit card transactions

\$4.6 million in student loans

1.8 million cleared checks

3.2+ million ATM transactions

3.7+ million online banking transactions

1+ million calls answered by Member Care

\$3.9 million saved at Buc-ee's with a TDECU Credit Card

\$61,000 awarded in scholarships

35,831 new checking accounts

1,828 policies with TDECU Insurance Agency, LLC

6,591+ volunteer hours in local communities

5,789 Members served by TDECU Wealth Advisors

813 Employees

## AWARDS

Victoria Advocate Best of the Best

Best of Calhoun County

HBJ Top Credit Union

The Facts Readers' Choice Award

Awards for Annual Report

Jackson County Best of the Best

# PRESIDENT'S MESSAGE

As we report on our results from 2019, it is with the perspective that our environment was certainly different today. We interacted, engaged, celebrated and embraced all that life brings - without a second thought. As a business leader charged with protecting your hard-earned dollars, 2019 was a successful year. A year that ended with 10% organic growth and more than **341,000** Members. But as I look at 2019 through the lens of a Member, I see the year was about something more. It was about dedication, thought and care of our team at TDECU who set us up to succeed in an environment no one could see coming.

One of our primary initiatives in 2019 was to collaborate on how to do more for our Members in an environment where anyone can use the internet to search for rates, apply for loans, or open new accounts. A key result of that collaboration was the realization that the same technology that offers us convenience, doesn't offer advice, empathy, or education. We set out on a path to bring these two critical experiences together for our Members by living our core values of embracing change, having fun, taking accountability, and bringing empathy in finding real-world solutions. We refocused with a determination to enhance access through technology, but ensure humanity leads the charge.

What we didn't know was just how timely this would be, and the result was a remarkable end to 2019 as efforts resulted in:

- **Helping 37,777 new Members save for rainy days**
- **Guiding more than 7,000 Members with financial planning and insurance solutions**
- **Introducing free and secure checking accounts to over 33,000 Members**
- **Supporting our local communities by funding 21 new businesses**
- **Providing affordable financing options on 17,000 vehicle loans**
- **Connecting over 2,100 Members with home loans just right for their lives**

And we did it all while giving back with over **6,500** volunteer hours at local charitable and community organizations.

As we look to 2020, we are in a changed world. We've adjusted to doing things differently. I go back to what we established as our values in 2019. Embracing change. Having fun. Taking accountability. Bringing empathy. This is our commitment to you as a Member. This is our commitment to lead by example in our communities. This is our commitment to do our part to improve lives.



Finally, I thank our Members and employees alike for how we adapted, and how quickly we stepped up together - while apart. To our community first responders, the delivery drivers that kept us stocked, the grocery store workers who kept our pantries full, the restaurants who kept us fed, the parents who kept things going - to each and every one of you - you are appreciated more than you know.

Thank you for your continued support and we look forward to serving you - we're open, just differently.

I wish you all the best in 2020.

Sincerely,  
**Stephanie Sherrodd**  
 President and CEO

## OUR **MISSION**

We provide financial solutions to navigate the journey of life.

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## OUR **VISION**

Better tomorrows for all the lives we touch.

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## OUR **PURPOSE**

To improve the lives of our Members, Employees and Communities.

Thanks to the continued dedication of our Members and commitment of our Employees

for entrusting your todays and your tomorrows to TDECU. We are honored to partner with you in helping you be your best, live your dreams and stride toward your brightest future. Through the family bonds forged within the amazing TDECU team – and the partnerships we build with our incredible Members – we are improving lives. The year 2019 was one of tremendous successes and fulfilled hopes, and we couldn't have done it without you. So, for all we have achieved, and for all we have yet to accomplish, thank you for allowing us to do it together.

# SUPPORTING OUR COMMUNITY

TDECU proudly supported the following organizations in 2019

Alvin Independent School District	Brazosport ISD	Greater Angleton Chamber of Commerce
Alzheimer's Association	Builders Association of Victoria	Greater Fort Bend Economic Development Council
Angleton ISD Education Foundation	Carbide Retirees Corps	Greater Houston Partnership
Bay City Chamber of Commerce & Agriculture	Cuero Livestock Show	Greater Houston Women's Chamber of Commerce
Bennett Outlar Baseball Park Inc	Dr. Marnie Rose Foundation, Inc.	Hallettsville Chamber of Commerce
Boys & Girls Club of Brazoria County	Economic Development Alliance for Brazoria County	Hallettsville Jr. Livestock Show
Brazoria Chamber of Commerce	Fort Bend Chamber of Commerce	Houston Hispanic Chamber of Commerce
Brazoria County Board of Realtors	Fulshear Katy Area Chamber of Commerce	Houston Hispanic Forum
Brazoria County Dream Center	Garland Chamber of Commerce	Houston Livestock Show and Rodeo, Inc.
Brazoria County Hispanic Chamber of Commerce	GMZ Education and Development Center	Junior Achievement of Brazoria County Inc.
Brazosport Area Chamber of Commerce	Greater Texas City-Lamarque Chamber of Commerce	Junior Service League of Brazosport Inc.
Brazosport College Foundation		
Brazosport Health Foundation		

65

Organizations

6,591

Volunteer Hours

Katy Christian Ministries

League City Regional Chamber of Commerce

Lemonade Day

Madden Elementary PTO

Matagorda County Fair & Livestock Association

Matagorda Regional Medical Center Foundation

MLK Jr. Celebration Committee of Brazoria County

National MS Society

New St. Phillips Missionary Baptist Church

Pasadena Chamber of Commerce

Pearland Chamber of Commerce

Pearland Citizens Police Academy Alumni Association

Rotary Club of Angleton Charitable Foundation, Inc.

Sam Houston State University

San Antonio Livestock Exposition, Inc.

Sugar Land Skeeters

St. Mark Lutheran Church

St. Mary of Carmel Catholic School

Susan G. Komen Breast Cancer Foundation Houston Affiliate

The Jim H. Green Kidz Harbor, Inc.

The Salvation Army-Texas Division

United Way of Brazoria County

University of Houston

University of Houston Alumni Association

Victoria Area Association of Realtors

Victoria Baseball Club, LLC

Victoria Livestock Show

Rice University

Women's Center of Brazoria County, Inc.

The Woodlands Chamber of Commerce

# EMPLOYEES GIVING BACK



Sometimes the smallest of our loved ones face the greatest challenges — such as childhood cancer. And to help children and families devastated with this diagnosis, employees at TDECU — Your Credit Union partnered with the Periwinkle Foundation, which develops and provides recreational programs and uplifting activities that raise confidence and provide peer and leadership support for children battling cancer. Together, TDECU Mortgage employees raised \$2,100 to support the Periwinkle Foundation in its inspiring work.

TDECU Employees volunteered a total of 6,591 hours to help the communities we serve in 2019.



## TDECU's Discover Day of Service 2019

Through Discover Day efforts, TDECU and our Employees provided 163,369 meals to those in need, packing 78,369 meals at the Houston Food Bank on Discover Day. TDECU supported its team's impressive efforts by providing \$20,000 in donations to the Houston Food Bank, Food Bank of the Golden Crescent (Victoria), and North Texas Food Bank (Plano) for a total of 85,000 meals provided.



### **Kristina Barrow-Booth**

Volunteered 321 hours in 2019

TDECU's top volunteer in 2019, Kristina Barrow-Booth was rewarded for her contributions with a \$2,000 check for the United Way of Brazoria County (UWBC). As TDECU Systems Operations Analyst, Kristina serves as a UWBC board member and Community Impact Advisory Council member with a passion for helping those in need.



### **Janie Schwartz-Shaw**

Volunteered 285 hours in 2019

Janie Schwartz-Shaw's impressive volunteerism earned her a \$1,000 check, which she presented to Gulf Coast STARS, a non-profit dedicated to rescuing homeless animals. A TDECU Compliance Officer with a heart for animals, Janie has been a foster for dogs for the past 5 years, caring for animals as though they were her own until they can find their forever homes.



### **Anne Allstott**

Volunteered 206 hours in 2019

To thank her for her active volunteerism, TDECU awarded Anne Allstott with a \$500 check for Junior Achievement of Brazoria County to help them provide high school financial literacy education. Anne, TDECU Senior Member Center Manager, was named the 2018 Angleton Chamber of Commerce Volunteer of the Year and gives her time to a number of organizations that work to bolster area communities.

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As we look toward our 65th year in 2020, I thank you for the continued privilege of serving our Members and the needs of this tremendous credit union. On behalf of the Board of Directors, I want to assure you we will continue to monitor the credit union's financials with your best interests in mind.

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## TREASURER'S REPORT

2019 marked another remarkable 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 journey, our Members can rest assured that TDECU will continue to provide a solid financial foundation with the strength, safety, and security as always.

I am pleased to report in 2019, we saw an increase in assets of over \$340 million, ending the year at \$3.6 billion. We also grew our total capital to over \$317 million - an increase of 9% 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 2019, we returned over \$23.5 million in dividends to our hard-working Members and added over \$320 million in additional deposits. We grew our membership by more than 12.45%, ending the year at 341,195 Members. That's an additional 37,777 new Members gained in 2019 alone!

And finally, one of the most impactful ways we keep our Members connected with their money is through our Member-centric lending programs. In 2019, we funded over \$1.6 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 over \$4.61 million in student loans that cover gaps where traditional financial aid falls short.

I am so proud of what TDECU is able to do to improve the lives of our Members and I am thankful for the opportunity of membership and to serve as your Treasurer.

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

# FINANCIAL STATEMENTS

## Consolidated Statements of Financial Condition (audited)\* As of December 31, 2019

### Earning Assets

Total Loans, net of allowance	3,143,006,757
Total Investments	346,111,261
Total Earning Assets	<u>3,489,118,018</u>

### Other Assets

Land, Premises & Equipment	54,256,841
Accounts Receivable	14,712,729
National Credit Union Share Insurance Fund Deposit	26,485,776
Miscellaneous Other Assets	25,411,562
Total Other Assets	<u>120,866,908</u>

### Total Assets

**\$3,609,984,926**

### Liabilities

Total Shares & Deposits	2,938,597,496
Other Liabilities	93,967,475
Borrowings	260,567,542

### Equity

Retained Earnings (Capital/Member Equity)	316,852,413
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### Total Liabilities and Equity

**\$3,609,984,926**

## Consolidated Statements of Income (audited)\* For the year ending December 31, 2019

### Interest Income

Loans to Members	163,879,650
Investments and Cash Equivalents	3,959,403
Total Interest Income	<u>167,839,053</u>

### Interest Expense

Shares & Deposits	23,520,340
Borrowed Funds	7,510,891
Total Interest Expense	<u>31,031,231</u>

Net Interest Income	136,807,822
Provision for Loan Losses	34,695,036
Net Interest Income After Provision for Loan Losses	<u>102,112,786</u>

### Non-Interest Income

Fee Income	62,253,632
Other Income	17,947,065
Total Non-Interest Income	<u>80,200,697</u>

### Non-Interest Expense

Operating Expenses	158,196,000
Non-Operating Income	(615,951)
Total Non-Interest Expense	<u>157,580,049</u>

### Net Income

**\$24,733,434**

\*Detailed audited Financial Statement with Report of Independent Auditors for the fiscal year ended December 31, 2019, 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 2019, 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, 2019.

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

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.

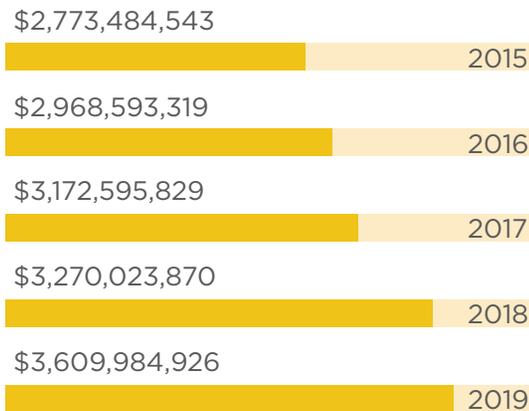
**Roland Hendricks**

Audit Committee Chairman, TDECU Board of Directors

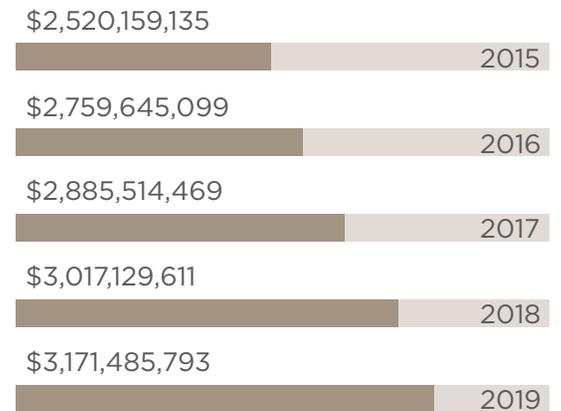


# GROWTH OVER THE YEARS

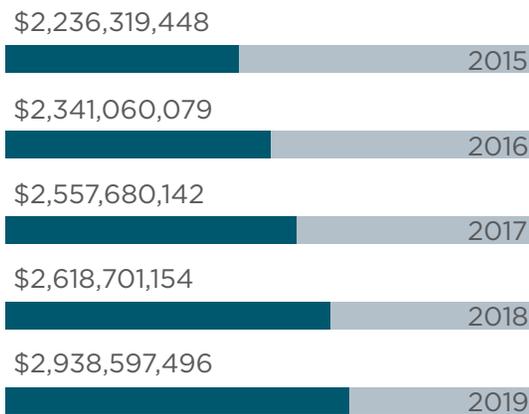
## Assets



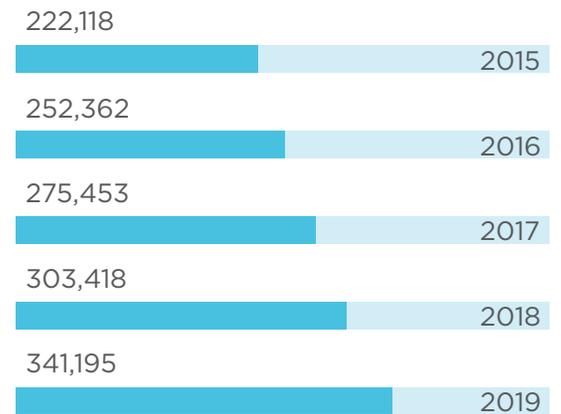
## Loans



## Deposits



## Members



TDECU is proud to partner with the University of Houston and made it easy for students and Cougar fans alike to learn more about the benefits of TDECU membership – even at the game!

# 2020 EMPLOYEE MILESTONE ANNIVERSARIES

## 40 YEARS

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**Cheryl Cuellar**  
**Janice Broussard**

## 35 YEARS

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**Minnie Ellis**

## 25 YEARS

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**Robert Jones**  
**Michelene Humphrey**

## 20 YEARS

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**Marlene Fletcher**  
**Angela Robles**  
**Raquel Wilkerson**  
**Keva Jones**  
**Imelda Robles**  
**Theresa Freeman**  
**Bessie Hobbs**

# IN MEMORIAM: THE INSPIRING LUCILLA HENDERSON

When TDECU's Lucilla Henderson passed away in the summer of 2019, she left behind more than a professional legacy of passionate advocacy for the credit union's core values. She left behind a following of admirers who cherished her friendship, her leadership, and her commitment to helping others – including the Members, communities, and teammates of TDECU. As our beloved vice president of community and business engagement, Lucilla Henderson's professional impact was great – yet equally as immense was her personal impact on those who knew her best.

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She was always so positive, so caring, and always willing to help. Every time I met with Lucilla, she would start the conversation by asking how my wife and sons were doing, and at the end of all our weekly meetings, she would ask, "Is there anything else I can be doing to help you be successful?" So I always smile when I reflect on Lucilla.

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## **Dennis Silva**

TDECU Senior Business Engagement Officer

In truth, Lucilla, who joined the TDECU team in 2008, made it her personal mission to help those around her achieve success. It is one reason community engagement was so important to her. Lucilla worked tirelessly to translate TDECU's core community values into actionable programs and meaningful partnerships designed to better both the community and our organization. She appreciated the immense value of relationships and how they can strengthen us individually and collectively, and both personally and professionally. She was an innovator, devising new and creative ways to deliver financial education to our Members and our communities, in the hopes of providing the tools people need to be successful. She was instrumental in developing TDECU's partnership with the University of Houston, which seeks to provide financial resources to a young audience in need of financial education.

TDECU Building and Facilities Manager Dianne Dannhaus, who at one time reported to Lucilla, recalls her as someone who brightened the atmosphere of any room. As they worked together, they forged a bond that Dianne will never forget. "She became my mentor, coffee buddy, but, most importantly, a treasured friend," she says.

"All the talks, prayers, laughs, and tears we shared over coffee will forever remain in my heart. I think of her often and smile as I try to emulate the goodness that was my amazing friend, Lu."

Emulating goodness is something Lucilla did well and inspired in others – especially in her work to help her community. Lucilla was an active community advocate, sponsoring community events – such as the Susan G. Komen Race for the Cure in Houston and the Junior Agricultural Mechanics Show in San Antonio – and volunteering countless hours to worthy causes and organizations each year. She also served the community on various board positions for organizations such as the Brazoria County Association for Children with Handicaps, Junior Achievement, SPCA, and City of Lake Jackson Parks and Development. She was also an active member of St. Michael's Catholic Church Youth Ministry and a dedicated supporter of the Brazosport Chamber of Commerce and Alliance of Brazoria County Economic Development.

When Lucilla was helping in the community, TDECU Compliance Officer Janie Schwartz-Shaw was frequently there by her side. "She often called on me to help out with her various

community activities because she had faith in me,” she recalls. “We played together, prayed together, and leaned on each other for support. She was truly an angel here on Earth, and I was so honored to be her coworker and her friend.”

Lucilla’s hard work attracted attention as much as her kind nature, earning her honors and recognition both within our credit union and within the community. Henderson was recognized for numerous accomplishments throughout her career, including selection to the Brazoria College Board of Regents, Female Executive of the Year from the Houston Hispanic Chamber of Commerce, and as a two-time Paul Harris Fellow with Rotary International, among other honors. A Certified Marketing Director, Lucilla was highly committed to personal and professional development, having earned a Bachelor of Business Administration, followed by certifications in Corporate Citizen Management from the Boston College Center for Corporate Citizenship and in Sales Leadership from the University of Houston Sales Excellence Institute. She was also a member of the Corporate Community Relations Council Houston and the Texas Council Board of the Credit Union Executive Society.

Of her many accomplishments, those Lucilla left behind at TDECU consider her most important one the personal impact she had on others.

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I’m honored to have known her. She loved her co-workers, her team, and she loved what we stand for as a community partner. We are a better organization because she worked here, and I am a better person for having her in my life.

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**Stephanie Sherrodd**  
TDECU President and CEO

As Dennis Silva aptly put it, “Lucilla was many things: a leader, a mentor, an advocate, a daughter, a mother, and a wife – yet, most of all, she was impactful. And I was fortunate to have been one of those she impacted.”

**Here at TDECU, so are we.**

Henderson is survived by her high school sweetheart and husband and three children.



# BOARD OF DIRECTORS/OFFICERS

## BOARD OF DIRECTORS

### **Richard Smith**

Chairman  
(term ends March 2021)

### **George Hornback, Jr.**

Secretary  
(term ends March 2021)

### **Anita Sehgal**

Director  
(term ends March 2020)

### **Ed Zingleman**

Director  
(term ends March 2020)

### **Daniel Buche**

Vice Chairman  
(term ends March 2020)

### **Frank Coe**

Director  
(term ends March 2021)

### **Edward Speed**

Director  
(term ends March 2022)

### **Roland Hendricks**

Treasurer  
(term ends March 2021)

### **Peggy Miltenberger**

Director  
(term ends March 2022)

### **David Sikora**

Director  
(term ends March 2022)

## OFFICERS

### **Stephanie Sherrodd**

President and Chief  
Executive Officer

### **Rhonda Pavlicek**

Senior Vice President -  
Chief Financial Officer

### **Murshid Khan**

Senior Vice President -  
Chief Information Officer

### **Dan Tabraham**

Senior Vice President -  
Chief Credit and Risk  
Officer

### **Alex de la Cruz**

Senior Vice President -  
Chief Growth Strategy and  
Marketing Officer

### **Andy Simescu**

Senior Vice President - Chief  
Community Experience Officer

### **Thomas Dallam**

Senior Vice President -  
Chief People Officer

# TDECU<sup>®</sup>

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YOUR CREDIT UNION

[tdecu.org](https://tdecu.org) | (800) 839-1154