

TDECU+YOU



2022 REPORT TO OUR MEMBERS



tdecu.org

Better
banking,
coming
soon

TDECU
YOUR CREDIT UNION

CHAIRMAN'S MESSAGE

From Richard Smith
Chairman, Board of Directors



"In 2022, we invested in the foundational elements of our credit union so that we can be a trusted source of strength for our Members as we partner together to build a better tomorrow."

Building a future with YOU in mind

As chairman of the Board of Directors for TDECU, I have the sincere honor and pleasure of leading your credit union in providing support to you, our Member, through all the seasons of life's journey. It is our job to ensure that our Members have the opportunity to get what they need to live their best lives. It's a responsibility that I and our Board members take seriously. Each decision we make is made with **YOU** in mind.

Charting the course for a bright future

In 2022, we invested in the foundational elements of our credit union so that we can be a trusted source of strength for our Members as we partner together to build a better tomorrow. I am happy to report to you that 2022 was another successful year, and I'm excited about the road ahead.

TDECU's assets grew to **\$4.7 billion**, allowing us to do more for our Members. Our Membership grew by **16,308** to a total of more than **382,000 Members**. The TDECU family welcomed **373** new Employees in 2022. We provided over **\$535 million** in mortgage loans and more than **\$680 million** in auto loans enabling our Members to afford the homes and automobiles they wanted and needed to improve their lives.

We have over **231,000 Members** enrolled in Digital Banking so they may have more convenient access to their funds and our services. In fact, our Digital Banking strategies took a giant leap forward in 2022 as we partnered with **Zelle** to allow our Members to easily send and receive money from anywhere in the world. We are serious about our goal to be the preferred financial institution of our Members as we show up whenever they need us, wherever they may be.

Strengthening our Communities

We also take great pride in enriching and strengthening the Communities we serve. Our strong Lake Jackson roots mean that we value the philosophy of “**people helping people**.” In fact, TDECU Cares outreach efforts in 2022 allowed us to give back through financial literacy programs, scholarships for students, and support for local charities that serve as the backbone of the Communities we serve across the state of Texas. In 2022, our Employees volunteered more than **2,000 hours** of their time to support local charitable efforts and organizations.

One of the many highlights of our 2022 outreach efforts was joining forces with **Combined Arms** for the 13th annual Operation Santa event, hosted by **The Astros Foundation**. As the title sponsor, TDECU Employees collected more than **900 toys** for over 300 military and veteran families in Texas!

Also, in Brazoria County, TDECU Cares invested more than **\$128,000** in the Community via monetary and in-kind donations. Our partnerships included our work with **Brazoria County Dream Center**, **United Way of Brazoria County**, **Junior Achievement of Brazoria County** and numerous others. TDECU also donated **150 backpacks** filled with school supplies to benefit the **Boys & Girls Club of Brazoria County**.

Our shared future

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**. Our purpose remains constant. We are here for **YOU**.

I thank you for the opportunity to serve as your chairman and I hope you share my excitement for the future of TDECU.

All the best,

Richard Smith

TDECU[®]
YOUR CREDIT UNION

Your Credit Union

2022

HIGHLIGHTS

Improving the lives of our Members, Employees and Communities.

382,376 Members

\$4.7 billion in assets

\$926 million in new loans

\$535.1 million in new home loans

\$190.8 million in new business loans

68.1+ million debit card transactions

\$2.5 million saved with better rates and fee refunds

\$4,017,986 provided in student loans

2.8+ million ATM transactions

5.7+ million online banking transactions

951,756 calls answered by Member Care

\$159,000 awarded in scholarships to 106 student Members

32,829 new checking accounts

1,596 new policies with TDECU Insurance Agency, LLC

\$538,738 donated to community organizations

2,697 Members served by TDECU Wealth Advisors*

965 Employees

3,550 people served with financial education events

66,420 hours of financial education enrichment provided

\$17,100 donated to Boys & Girls Club of Greater Houston

from Texans Partnership

Wealth Advisors Footnote:

*This is based on the following criteria, and both must be true:

1. Unique tax ID

2. With at least 1 account > \$0

Awards and Achievements

In 2022, several institutions across the region saluted TDECU's commitment to excellence in Member service as we sought to build a stronger credit union. Below are highlights of some of the honors we received.

Jackson County Herald Tribune

Best Bank
Best Mortgage

The Facts

Favorite Bank
Favorite Financial Planner

Port Lavaca Wave

Best Credit Union
Best Car Lender

Houston Business Journal

Most Admired CEO (Isaac Johnson, President & CEO)
Outstanding Diverse Organization – Large Companies
Outstanding Head of Diversity (Isaac Johnson, President & CEO)
Women Who Mean Business (Qiara Suggs, Senior Vice President, Chief Human Resources Officer)

Houston Chronicle

Top Workplace (Large Companies)

Victoria Advocate

Best Financial Institution



STRATEGIC PARTNERSHIPS

In 2022, TDECU and the University of Houston (UH) announced a partnership extension that will expand the credit union's support of the University through at least 2034. The renewal builds on a partnership established nearly a decade ago and solidifies TDECU's investment in the growth and development of UH's more than 300,000 students and alumni.

This innovative extension means more UH students, faculty and the local community will have access to the benefits and services our Members already enjoy. TDECU can meet UH students when they begin their journeys on campus and walk with them through their college years and beyond.

The partnership expands beyond traditional sports agreements with a multi-tiered approach of programs and initiatives that support career development, financial literacy and community outreach. With the agreement, the credit union maintains naming rights of TDECU Stadium.

TDECU's partnership with UH has delivered significant mutual benefits and been instrumental in the ascent of Houston Athletics and TDECU's growth to more than 382,000 Members. As UH moves into the Big 12, the collaboration is well positioned to serve as an invaluable catalyst for continued progress.

Photo Credit: Tim Griffith

PRESIDENT'S MESSAGE

From Isaac Johnson, JD, MBA, MS

President & Chief Executive Officer

Major General, U.S. Army Reserve



"For us, winning is when we walk side-by-side with our Members as a trusted partner and aid them in reaching their financial goals."

A MESSAGE TO OUR MEMBERS

As you review our annual report, there's no shortage of facts and figures that help illustrate TDECU's strong performance in 2022. However, the key ingredient for what makes our cooperative a success isn't just a strong financial balance sheet. What makes us a successful credit union is YOU—our more than 382,000 valued Members!

This is purpose-driven work

At TDECU, we gladly live our purpose each day. We embrace the opportunity to show up across the Communities we serve so we can help people navigate their financial journeys. For us, winning is when we walk side-by-side with our Members as a trusted partner and aid them in reaching their financial goals. I am incredibly grateful to serve a cooperative that is powered by nearly 1,000 dedicated Employees who, each day, live our values while supporting our Members, our Community and each other.

We put YOU first

In 2022, TDECU built on our strategic priorities of Banking, Experience and Operational Excellence, while upholding our core values of embracing change, having fun, taking accountability, bringing empathy and demonstrating each value with integrity. We pursue excellence in every aspect of our delivery of service and management of your credit union.

This past year, we demonstrated accountability by finding new ways to do more for YOU—our Members. We made improvements to our digital banking platform so that you can more easily move your money between financial institutions and enhanced benefits for our Buc-ee's credit card users.

As we navigated the challenging economy, we embraced change and showed empathy for our Members by increasing interest rates for our CDs. This gives YOU more ways to make your money work to achieve your financial goals!

We also continued to build for the future by opening two new Member Centers (Champion Forest and The Woodlands Six Pines) and breaking ground on a much-needed location in North Victoria. These are our Member Centers of the future, and we'll continue to explore ways to expand to better serve YOU.

We were proud to introduce TDECU's first Market Presidents to serve the Brazoria County, Houston and Montgomery County areas. This focused approach ensures our Members in a specific region have an accessible leader from our cooperative to support investment, relationships and the needs in the region.

In the first six months, this approach led to TDECU's funding of a long-desired improvement for healthcare services in Brazoria County: the rebuilding of the Sweeny Community Hospital—and that's just the beginning!

Investing in the next generation

As TDECU continues to build strategic partnerships throughout our footprint that stretches from Dallas-Fort Worth to Lake Jackson, we will always be committed to strengthening our investments. In fact, we recently announced that we are improving service to our growing membership base and supporting the revitalization of downtown Lake Jackson with a new Member Center, urban park and land donation to the city.

A top workplace

Although it remains one of the most competitive labor markets in recent times, we are proud to have maintained an 80% retention rate for our Employee base. That means that you can count on our consistent Member-first service when you bank with us in-person, by phone, online or in whatever way is best for you.

A look ahead

Financial journeys are like most journeys, they include seasons of smooth progress as well as times of unexpected difficulty. Much has been forecast about the 2023 economic outlook. While none of us can speak with 100% certainty about what the year will bring, we remain optimistic as we offer our Members the trusted guidance and expertise they need to weather economic uncertainty. TDECU will always be here for YOU! Not just this year, but for the many years to come.

Sincerely,

Isaac Johnson

Our sincerest gratitude

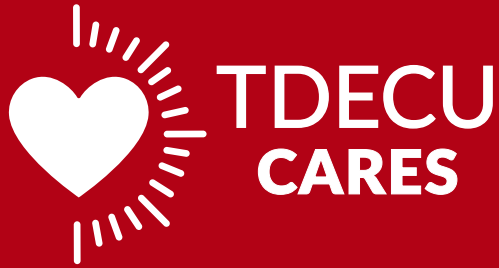
TDECU is proud to travel with you along your financial journey. Thank you for choosing us as your partner as you navigate life's milestones. Each day, we make every decision with you in mind. We will always seek to improve our Members lives by developing solutions for every financial milestone. Your trust in us fuels our journey as a credit union. We will always remain dedicated to our valued Members.



Our Purpose

Helping people navigate their financial journeys

TDECU EMPLOYEES GIVING BACK



Supporting our community

Through monetary (\$370,515), in-kind donations (\$9,223) and scholarship awards (\$159,000), TDECU has contributed \$538,738 to support communities where Employees live and work.

3,550

Community members received financial education

66,420

Hours of financial education enrichment provided

128,716

Meals provided to those who were food insecure

23,819

Students K-12 received STREAM enrichment

(science, technology, reading, art and math)

1,057

People attained gainful employment through our workforce development programs

4,083

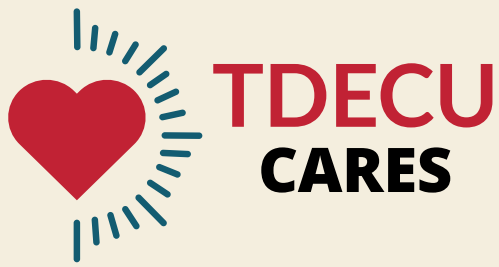
Community members received emergency and prevention services

2,046

Hours were volunteered to support our communities

700

Students were provided the necessary supplies for academic success



TDECU Volunteers Stuff Back-To-School Backpacks for Boys & Girls Clubs



In the summer of 2022, dozens of TDECU Employees stuffed 700 backpacks to benefit Houston, Brazoria, and Victoria counties.

Our Employee volunteers spent nearly two hours filling brand new backpacks with pencils, markers, paper, rulers and other school supplies to give students across our service territory a jump on their back-to-school preparations.

“Equipping students with the necessary school supplies promotes learning, boosts self-esteem and helps keep kids in school,” said Crystal Harris, TDECU’s Director of Community Development. “The unfortunate reality is that many families often have to make a difficult decision to buy school supplies or pay a bill. TDECU recognizes this and wanted to step in to help families in the communities where we live and work.”

The vision of the Boys & Girls Clubs of Greater Houston is to put success within reach for their Club members and keep them on track to graduate high school.

“Not every family has the financial stability to supply their child with the proper school equipment to succeed,” said Andrea Clark, Club Director of Mission Bend Boys & Girls Clubs of Greater Houston. “Large donations, like those given by TDECU and their volunteers, help ensure that everyone in the classroom is equipped with the fundamental tools to thrive in school.”

EFFORTS AND ORGANIZATIONS

American Cancer Society	Gulf Coast Regional Blood Center
American Red Cross	Houston Community College
Aspire Accessories	Hunters Glen Elementary
Bethel's Place	James Anderson American Legion Auxiliary Unit 561
Books Between Kids	Junior Achievement of Brazoria County
Boys & Girls Club of Brazoria County	Junior Achievement of Southeast Texas
Boys & Girls Clubs of Greater Houston	Kids' Meals
Boys & Girls Club of Victoria	Latin Women's Initiative
Brazoria County Dream Center	Lee College
Brazoria County Library System	Lucille's 1913
Brazoria County Fair Association	Lunches of Love
Brazosport Cares	McAuliffe Middle School
Briargate Elementary School	Natalie Woolsey Toy Drive
BridgeYear	North Texas Food Bank
Brothers in Arms	Pasadena ISD Education Foundation
Central EMS	PEEPS Pantry
Collaborative for Children	SER Jobs for Progress
Columbia High School--Brazoria ISD	Shadow Creek High School
Combined Arms	Star of Hope
Communities in Schools of Brazoria County	Sweeny ISD
Cornerstone Foundation	The Center for Pursuit
ECHOS	The Outreach Program
Food Bank of the Golden Crescent	The Women's Resource of Greater Houston
Fort Bend Education Foundation	True Life Ministries
Fort Bend Women's Center	Undies for Everyone
G-Unity Foundation	United Way of Brazoria County
Gathering Outreach	University of Houston
Genesys Works	Walker Station Elementary School
GRADcafe by Project GRAD	Wheatly High School
Greater Mount Zion (GMZ) Dream Camp	Women In Sports & Events (W.I.S.E.)
Gulf Coast Counseling Center	YMCA of Greater Houston

TDECU proudly
supported more than
65
ORGANIZATIONS
and efforts in 2022

In 2022, TDECU awarded
106 student Member
scholarships totaling
\$159,000

TREASURER'S REPORT

From Roland Hendricks

Treasurer, Board of Directors



"Throughout their financial journeys, our Members can rest assured that TDECU will continue to provide a solid financial foundation with strength, safety, and security."

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 2022, we saw an increase in assets of over **\$160 million**, ending the year at **\$4.7 billion**. We also grew our total capital to over **\$439 million** – an increase of **8%** 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 2022, we returned over **\$20.8 million** in dividends to our hardworking Members and added over **\$37 million** in additional deposits. We grew our membership by more than **4%**, ending the year at **382,376 Members**. That's an additional **16,308 new Members** gained in 2022 alone!

Finally, one of the most impactful ways we keep our Members connected with their money is through our Member-focused lending programs. In 2022, we funded over **\$2.4 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 **\$4+ 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 (Audited)

As of December 31, 2022

Earning Assets

Total Loans, net of allowance	\$4,294,471,856
Total Investments	252,691,350
Total Earning Assets	<u>\$4,547,163,206</u>

Other Assets

Land, Premises & Equipment	56,472,389
Accounts Receivable	20,260,366
National Credit Union Share Insurance Fund Deposit	37,463,006
Miscellaneous Other Assets	39,938,897
Total Other Assets	<u>\$154,134,658</u>

Total Assets

\$4,701,297,864

Liabilities

Total Shares & Deposits	3,910,406,211
Other Liabilities	79,809,232
Borrowings	271,798,751

Equity

Retained Earnings (Capital/Member Equity)	439,283,670
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Total Liabilities and Equity

\$4,701,297,864

Consolidated Statements of Income (Audited)

For the year ending December 31, 2022

Interest Income

Loans to Members	214,721,249
Investments and Cash Equivalents	4,786,328
Total Interest Income	<u>\$219,507,577</u>

Interest Expense

Shares & Deposits	20,771,131
Borrowed Funds	5,695,941
Total Interest Expense	<u>\$26,467,072</u>

Net Interest Income

Provision for Loan Losses	34,191,045
Net Interest Income After Provision for Loan Losses	<u>\$158,849,460</u>

Non-Interest Income

Loan Fee Income	8,402,379
Fee Income	28,779,813
Interchange Income	33,608,779
ATM Income	2,193,632
Other Income	14,310,481
Total Non-Interest Income	<u>\$87,295,084</u>

Non-Interest Expense

Operating Expenses	211,054,706
Non-Operating Income/(Expense)	(864,126)
Total Non-Interest Expense	<u>\$211,918,832</u>

Net Income

\$34,225,712

Detailed audited Financial Statement with Report of Independent Auditors for the fiscal year ended December 31, 2022, 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 2022, 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, 2022.

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

In 2022, the following bylaw changes were made:

1. Chapter 5, Section 5.04(2) (Meeting by Telephone or Electronic Means) was amended in October 2022 to better align with the Texas Standard Credit Union Bylaws.
2. Chapter 5, Section 5.07(1) (Removal of Directors) was amended in October 2022 to better align with the Texas Standard Credit Union Bylaws.

The Texas Credit Union Department approved the amendments on November 30, 2022.

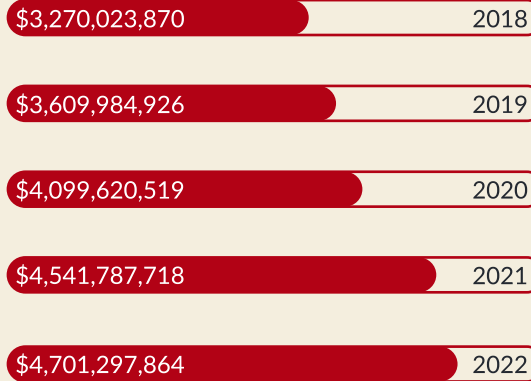
As TDECU grows, the Audit Committee reviews and edits the audit plan to ensure that new and emerging risks are reviewed and mitigated. On behalf of the Audit Committee, I would like to thank our TDECU team and volunteers for their dedication to improving lives and making 2022 a successful year.

From Roland Hendricks, Audit Committee Chairman, Board of Directors

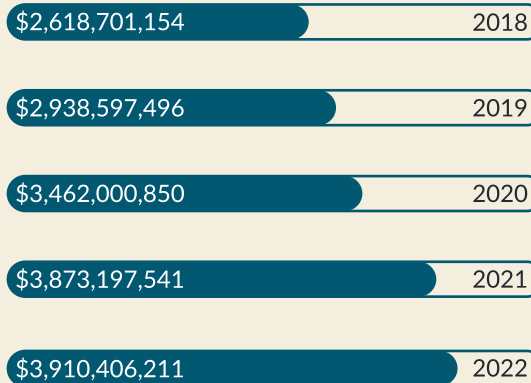
Growth over the years

Net income of \$34.2 million against a budget of \$25.6 million, making 2022 TDECU's second most profitable year on record.

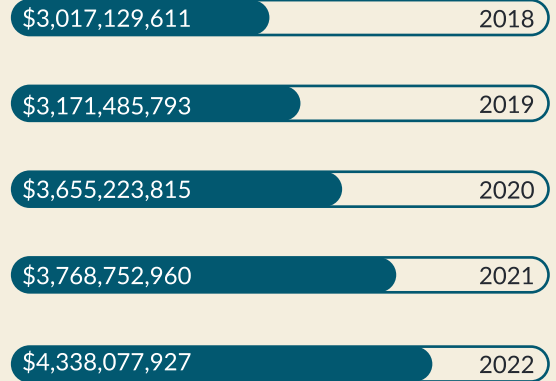
Assets



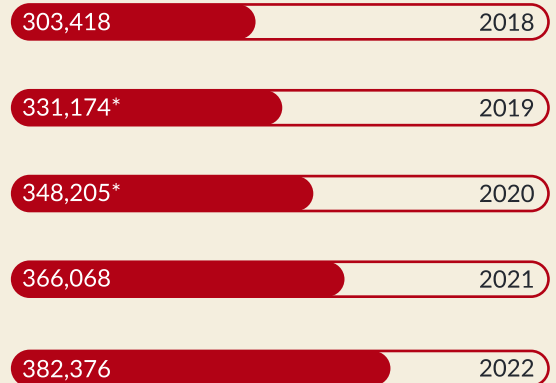
Deposits



Loans



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.

Exemplary 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 2025)

David Sikora

Director
(term ends March 2025)

Ed Zingleman

Director
(term ends March 2023)

Elizabeth Killinger

Board Member
(term ends March 2023)

Lynden Rose

Board Member
(term ends March 2025)

Ulises Rosas

Advisory Board Member
(term ends March 2025)

OFFICERS

Isaac Johnson

President
Chief Executive Officer

Jason Schneider*

Senior Vice President
Chief Financial Officer

Brandy Phillips*

Vice President
Chief of Staff

Qiaara Suggs

Senior Vice President
Chief Human Resources Officer

Michael Plaia

Senior Vice President
Chief Risk Officer

Sheiludis Moyett*

Senior Vice President
Chief Marketing Officer

Jose Delgado*

Senior Vice President
Chief Banking Officer

Michael Massey*

President
TDECU Holdings, LLC

Anthony Warden*

Senior Vice President
Chief Experience Officer

*Added in 2022

Service Milestones

5 YEARS

Ana Amaya
Misty Bailey
Justin Boxley
Errol Campbell
Kelly Childs
Carla Dixon
Laura Doremus
Victoria Fernandez
Taylor Fluitt
Breanna Garrett
Monica Glover
Evelyn Huete
Marlen Ibarra
Andrea Jasek
Jonathan Jaramillo
Toni Keith
Lindsey Larsen
Stephen Leggett
Shannon Lilley
Sam Matthews
Destiny McClelland
Ethan Pack
Alisha Palmer
Tania Peralez
Natalie Reece
Janet Rivera
Rami Sammour
Dennis Silva
Sandria Sims
Jason Smith
Katoya Smith
Latoya Tolbert
Gloria Trevino
Kevin Tuel
Sara Velazquez
James Wroblewski
Roz Yoder

10 YEARS

Patrick Beale
Gloria Christine Bump
Erika Casarez
Chad Craft
Whitni Crouch
Jennifer Garza
Shauna Gilmore
Jack Hamilton
Margaret Hartenstine
Jessica Lopez
David Mann
Melissa Manzano
Andres Marin
Angelina Martinez
Rachel Morgenroth
Sherri Osterlund
Stephanie Orta
Cecilia Rodriguez
Ciara Rodriguez
Janie Schwartz-Shaw
Kimberly Sohrt
Carmela Stevenson
Emily White
Kelly Wright
Laura York

15 YEARS

Courtney Craig
Gerald Fleet
Breannan Johns
Michelle Lynn Lewis
Jessica Lobpries
Wendy Hays
Amber Kohleffel
Diane Martinez
Katrina Otto
Sissi Reeves
Janice Rodrigue
Lisa Simmons
Jo Tieken
Lynda Thomas
Jody Tobias
Sabrina Vale

Service Milestones

20 YEARS

Steven Barrett
Bethany Davis
Jennifer Cunningham
Angie Johnson
Sandra Loeza
Holly Simonsen
Raynelle Torres
Ginna Villarreal
Chandra Walker

25 YEARS

Carey Grant

40 YEARS

Vicki Sweat
Denise Wortham

EMPLOYEE SERVICE ANNIVERSARIES



Left: Vicki Sweat | Right: Denise Wortham

Photo Credit: The Facts

TDECU has a rich history of Employees with years of dedicated service to our Members and the Community we serve. While many Employees take pride in their work service anniversaries, few Employees have made it to the "40 and over club."

In 2022, we celebrated Vicki Sweat, Specialist - Payment Operations 2, Service Operations Department, and Denise Wortham, Project Manager for Enterprise Projects, who reached 40 years of service to TDECU in May 2022.

"I always wanted to work at TDECU. I fell in love with doing my job and helping people get their money when they needed it. It's been a great career journey." –Vicki Sweat

Both Vicki and Denise are lifelong friends who met at Brazosport High School. They started at TDECU on the same day in Lake Jackson. The friends began their careers behind the teller line and their experience grew as the credit union grew. Both have loved the course of their careers and all of the changes that have happened at TDECU along the way.

Vicki recalls the time there was only one giant computer at the end of the teller line that processed receipts for Members and is grateful for the vast technology expansion over the years. Denise noted that although TDECU has become a large organization, we're still focused on our Members first.

"TDECU is always changing, growing, listening and serving our Members the way they need to be served. That's what makes it worth getting up every day and coming to work." –Denise Wortham

TDECU[®]
YOUR CREDIT UNION





tdecu.org



Insured by NCUA.