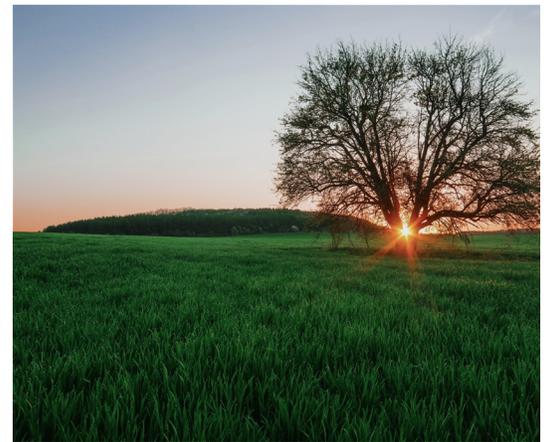
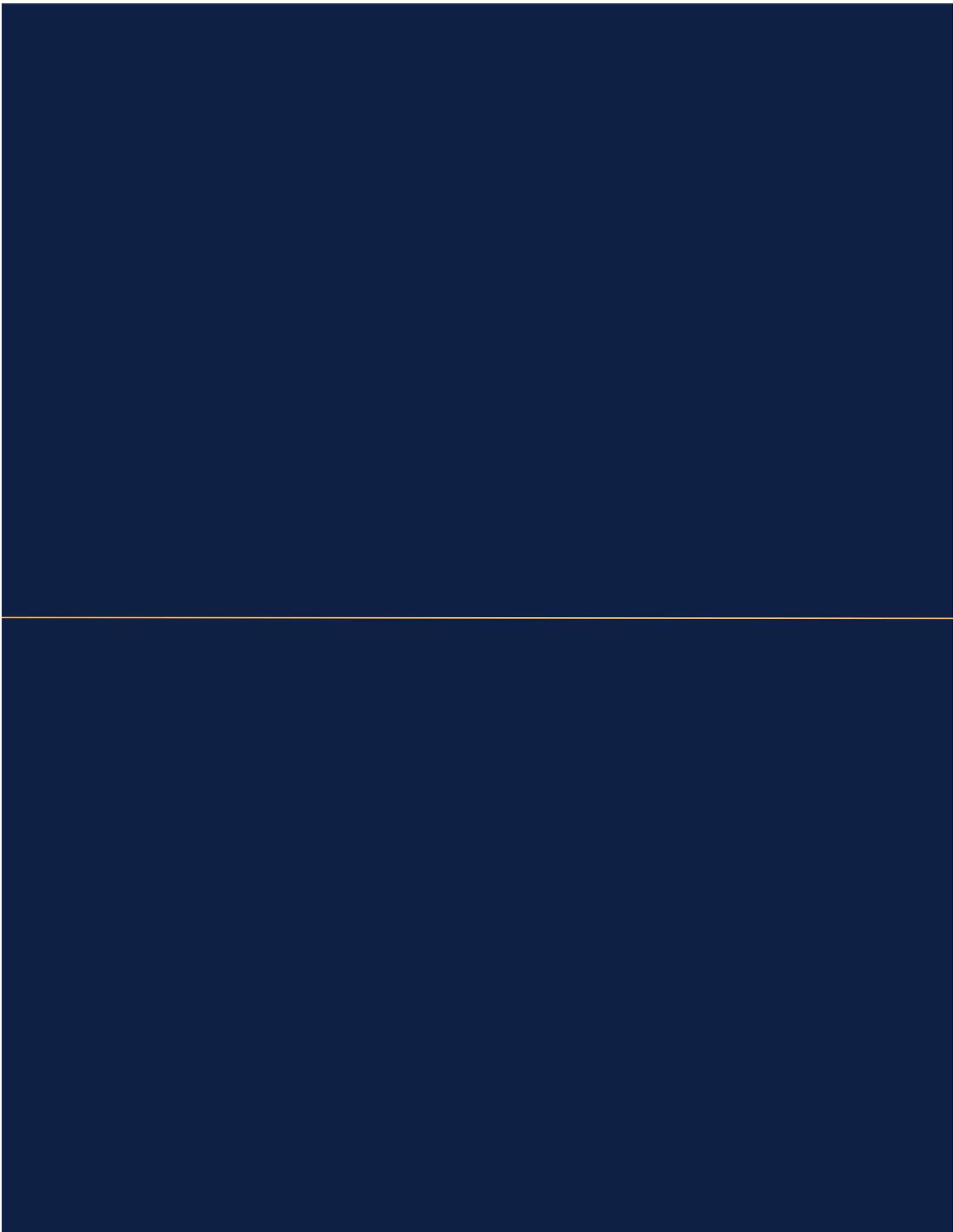


 **TEXANS**  
CREDIT UNION  
for texans, by texans



**2020**  
annual report



At **Texans Credit Union** we  
are committed to making our  
members' lives better while  
serving our communities

# our message

## An unprecedented year provided Texans Credit Union opportunities to grow, change, and open the door to a new day.

**T**hrough a year of great change, Texans has laid the foundation for an improved member experience, continues to navigate the ongoing pandemic, and remained financially sound and secure.

As a result of our unwavering commitment to being a trusted financial partner for all Texans, we were able to maintain a solid capital ratio and are poised to weather the economic storm brought from the pandemic.

As a means to support our members during COVID-19, Texans provided assistance in the form of short-term relief loans, fee-free payment deferrals on loans, and expanded drive-thru services at each branch location to assist in social distancing. Over the course of 2020, Texans processed over 5,000 payment deferrals to members, giving them money in their pockets when they needed it most. To continue serving you as well as keep our employees safe and healthy we equipped over 100 Texans with the ability to work remotely. During this time there was zero reduction in employee benefits and had zero employee layoffs, furloughs, or reduction in hours. In fact, we are proud to share that we hired 65 new team members during 2020.

To better serve our members, Texans successfully completed a comprehensive system upgrade in 2020. This IT transformation included leading-edge equipment and systems to ensure the Texans infrastructure is highly available, extremely secure, and operating at optimal efficiency. Our team continues to embrace this new system, called Symitar, and is already looking for new ways to improve our member service, products and services, and other convenience factors that are now available to Texans.

At the branch level, our branch employees and members will benefit from a more user-friendly system

so they can easily access information and quickly complete tasks. Teller capture, signature pads, and driver's license scanners are only some of the new or upgraded technology bringing efficiencies to Texans branches.

With assurance that our systems utilize the latest technology and functionality, members are now able to access more products and services through mobile devices. Our goal is to improve the member experience both in the branch and online. We are focused on providing more control, more transparency, and faster service in order to deliver a frictionless experience for members. Part of this process was launching our new credit card mobile application. Now our cardholders have absolute control over their credit card right in the palm of their hand. Easily set alerts and controls, freeze and unfreeze your card, and even request a new card – all whenever or wherever you are.

Beyond a technological foundation, Texans was also able to lay a geographical foundation for future growth within the metroplex as well as provide clarity with the existing field of membership. During 2020, Texans Credit Union was approved to expand its charter into seven new counties: Cooke, Denton, Ellis, Fannin, Hunt, Kaufman, and Tarrant. This is the first charter expansion for the credit union in nearly 25 years. We are looking forward to serving these new Texans for many years to come.

In addition to technology upgrades and an expanded field of membership, Texans invested in new leadership during 2020. A brand-new executive team is energized and ready to lead Texans to reaching its full potential envisioned by the eleven original founders. The team's focus is on creating an elevated member experience and ensuring that all members of Team Texans are valued, heard, and provided adequate growth opportunities. We look forward to sharing the successes of this new leadership team in future editions of this report.

Coupled with our focus on delivering solid financial results to our members, Texans maintains a compassionate commitment to the communities

we serve. Our Texans helping Texans philosophy is foundational to our institution.

We are proud to report that in 2020, Texans Gives Back supported 15 local North Texas charities and safely volunteered over 400 hours. Texans donated over 5,000 in-kind items to various organizations across the metroplex including the North Texas Food Bank, HopeKids North Texas, Good Samaritans of Garland, and Allen Community Outreach to name a few. Many of the items donated benefited Texans right in our backyard who had been displaced and in need due to the impact of the coronavirus pandemic.

Texans ensures compliance with state and federal regulations, Generally Acceptable Accounting Principles, policies and internal controls through a comprehensive audit process conducted by the Texas Credit Union Department, National Credit Union Administration, the national CPA firm Doeren Mayhew and our internal compliance and internal departments.

Remaining financially sound and secure during a turbulent year is exactly what was needed to ensure the future success of Texans. We are pleased to bring you this report with the good news that Texans is building for 2021 and beyond. Through conservative financial management, Texans is one of the few financial institutions in the country to have been able to provide for both members and employees. We are all Texans, and we are all working hard for the brightest future.

We look forward to continue delivering on our mission of being a trusted financial partner for all Texans while serving our communities.



*Yours in service,*  
**George Consolver**  
Chairman of the Board



**David Frazier**  
President | CEO

**Jurgen Arts**  
*term expires 2022*  
**Tom Boedecker**  
*term expires 2022*  
**George Consolver**  
*Chairman, term expires 2021*  
**Ed Fawcett**  
*term expires 2023*  
**Estella Martinez**  
*term expires 2023*



# board of directors

# our financial report

**I**n 2020, the Texans Credit Union financial condition stabilized despite unprecedented challenges posed by the COVID-19 pandemic. Monetary policy, stimulus bills, and strong demand for federally insured deposits lead to high levels of balance sheet growth. Generally, growth was funded by regular shares, money markets, and checking accounts, or what is referred to as “core member deposits.” As deposits entered the organization, cash balances settled on the balance sheet which grew assets at a pace of 17.18%. Specifically, total assets grew by \$275.96 million during 2020, which exceeded expectations.

High growth rates caused several of our key metrics to dilute throughout the year. The net worth ratio settled at 8.37% down from 8.84% a year ago. However, in terms of dollars, net worth benefitted from positive earnings and grew by \$15.67 million. Despite dilution in the net worth ratio, the credit union is considered well-capitalized by regulatory standards. We have sufficient capital and are well-protected from the risk exposure associated with our book of business.

Similarly, our return on averages assets (ROA) ratio declined in 2020; but remained well above peer averages. Specifically, the ROA settled at 0.90% compared to 1.59% a year ago. The biggest contributor to the declining trend was falling investment yields throughout the market. The Texans’ investment portfolio generated an average yield of 0.92% compared to 2.05% last year. In terms of dollars, the investment portfolio earned \$5.13 million less than what was earned in 2019. Consequently, revenue earned from the investment portfolio declined by 41%.

The adverse trend was felt throughout the industry and not just specific to Texans Credit Union.

Despite the loss in investment revenue, Texans still generated net income totaling \$15.67 million. Positive income was attributed to controlled operating expenses and low loan losses. The credit union continues to benefit from the efficiencies found within a low operating expense structure. Specifically, the operating expense to average asset ratio settled at 1.95% compared to 2.11% the prior year.

Loan losses were minimal in 2020, as evidenced by a net charge off ratio of 0.08% and a delinquency ratio of 0.22%. These asset quality metrics demonstrate low levels of credit risk within the loan portfolio. As a result, the provision for loan and lease loss expense held steady at \$1.13 million and considered low when compared to industry standards.

We are proud to report that Texans Credit Union remains financially strong. Our strong financial condition is only made possible by the members and cooperative ownership. As employees of Texans Credit Union, we are fortunate to get to serve the best membership in the credit union movement. Our employees are committed to serving you for many years to come.



*Yours in service,*  
**Benjamin Hart**  
Chief Financial Officer

# executive leadership



## TOP ROW

|               |                                      |
|---------------|--------------------------------------|
| David Frazier | <i>President   CEO</i>               |
| Jenni Short   | <i>Chief People Officer</i>          |
| Mike McWethy  | <i>Chief Experience Officer</i>      |
| Matthew Moore | <i>Senior Vice President, Retail</i> |

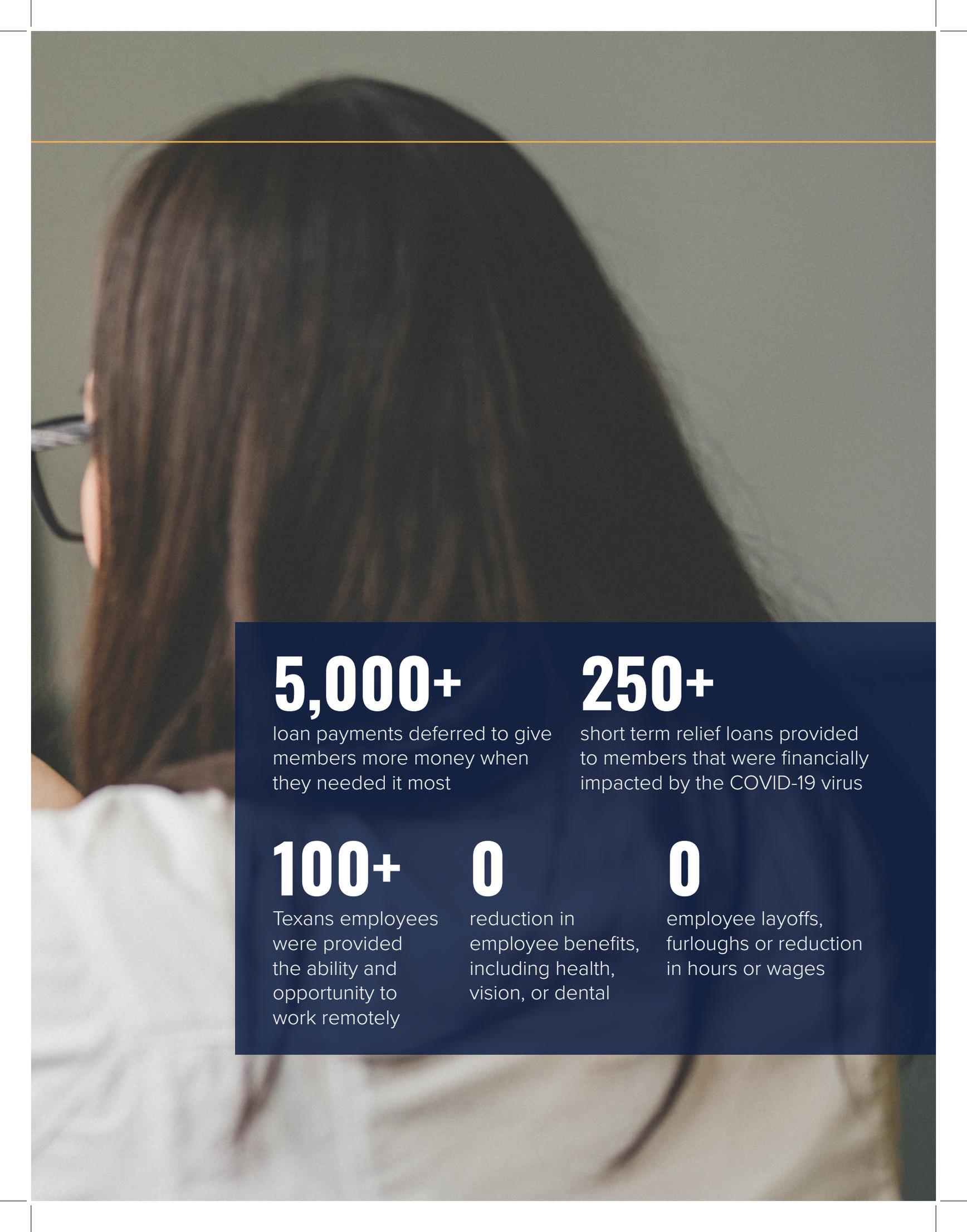
## BOTTOM ROW

|               |  |
|---------------|--|
| Tracy Montez  | <i>Senior Vice President, Controller</i> |
| Benjamin Hart | <i>Chief Financial Officer</i>           |

— supporting our members & staff —

# DURING A PANDEMIC





**5,000+**

loan payments deferred to give members more money when they needed it most

**250+**

short term relief loans provided to members that were financially impacted by the COVID-19 virus

**100+**

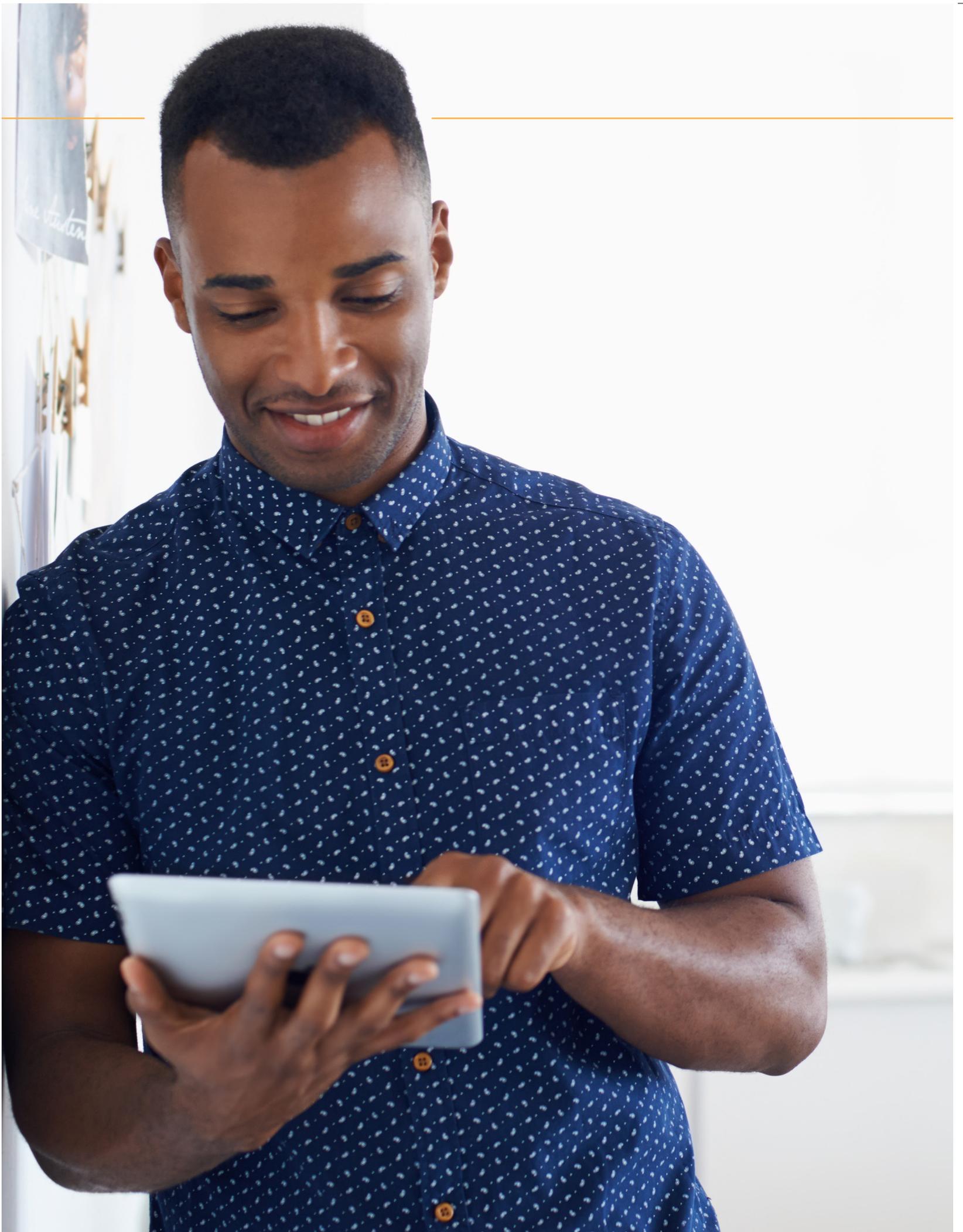
Texans employees were provided the ability and opportunity to work remotely

**0**

reduction in employee benefits, including health, vision, or dental

**0**

employee layoffs, furloughs or reduction in hours or wages



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# introducing **SYMITAR**

## **CORE SYSTEM** UPDATE

At Texans Credit Union, we always strive to find ways to enhance member service and provide a seamless experience for you. As part of this effort, Texans CU completed a major system upgrade, providing us the foundation for an improved member experience. The new system, named Symitar, allows us to focus on offering you better products, more convenient services, and provide faster member service at almost every touchpoint.

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## **epic moment**

**3,500+**

training hours invested for all employees in preparation for Symitar

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## LEADERSHIP FULFILLED

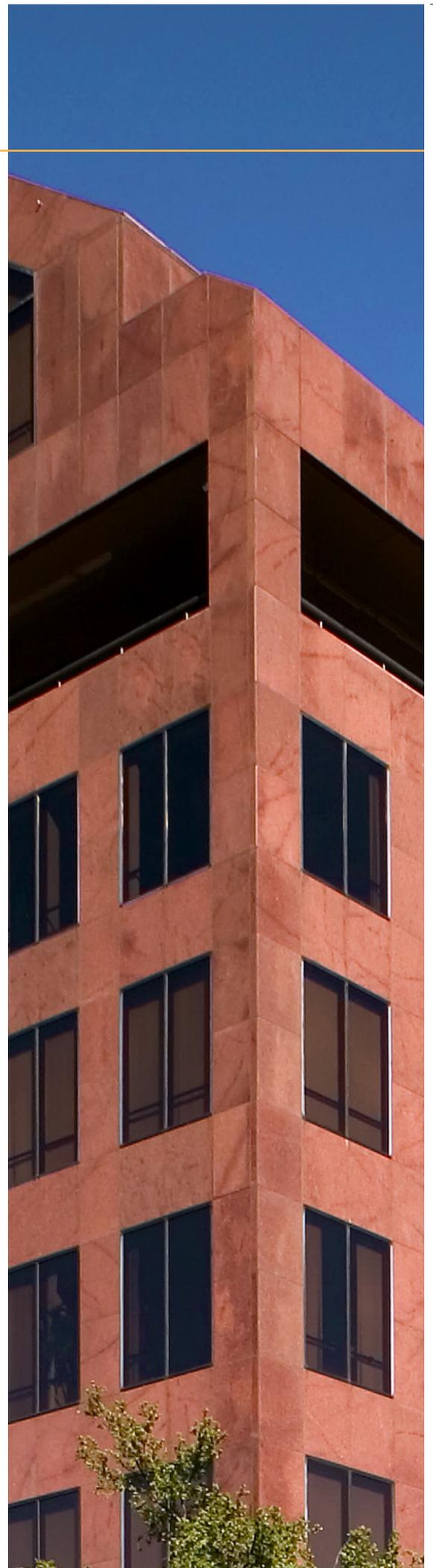
With a new and energized leadership team at the helm, Texans CU is poised for a future of growth and innovation. Our focus will be centered around better serving our members, staff, and the communities surrounding us.

## LOAN ADVISOR DEPARTMENT

We are excited to announce the creation of a Centralized Sales Team, known as Loan Advisors, that will be charged with providing excellent, high-volume, consumer lending production. Centralizing and narrowing the scope of this team to 'loans only' will allow for a more consistent and high-quality delivery of lending from online and over-the-phone loan applications.

## FIELD OF MEMBERSHIP EXPANSION

For the first time in over 20 years, Texans CU has expanded its field of membership, allowing us to serve more Texans than ever before. The expanded counties eligible for membership include Cooke, Denton, Ellis, Fannin, Hunt, Kaufman, and Tarrant. We are excited at the opportunity to serve every Texan and look forward to growing with these communities.



celebrating

# TEXANS GROWTH

**32**

Texans employees promoted to new roles within the organization

**65+**

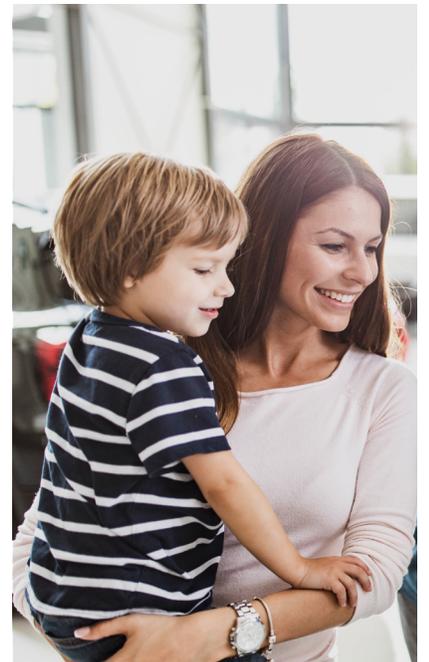
new Texans employees hired throughout all of 2020

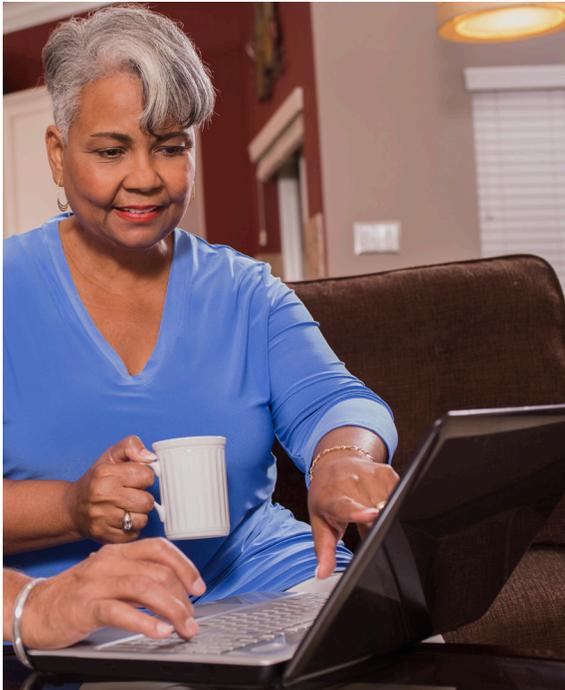


TEXANS CREDIT UNION



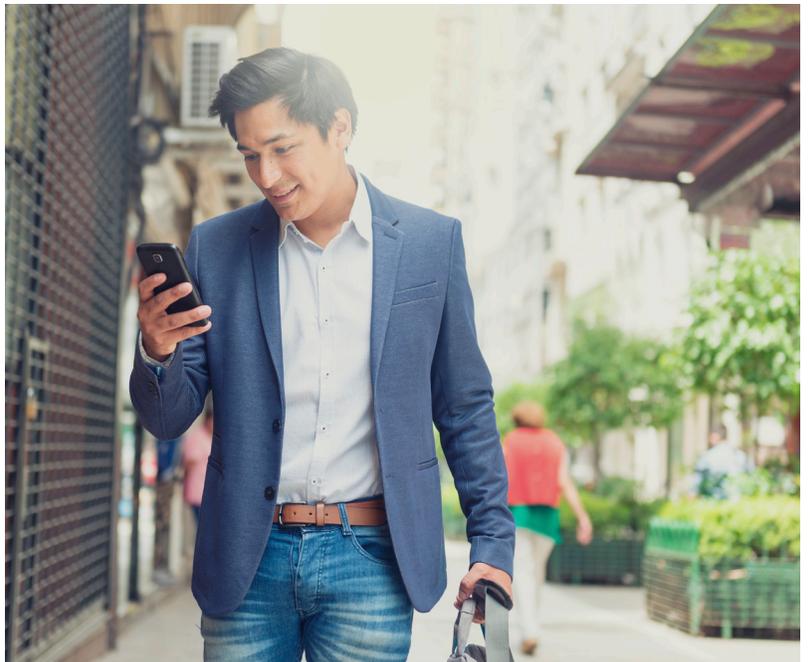
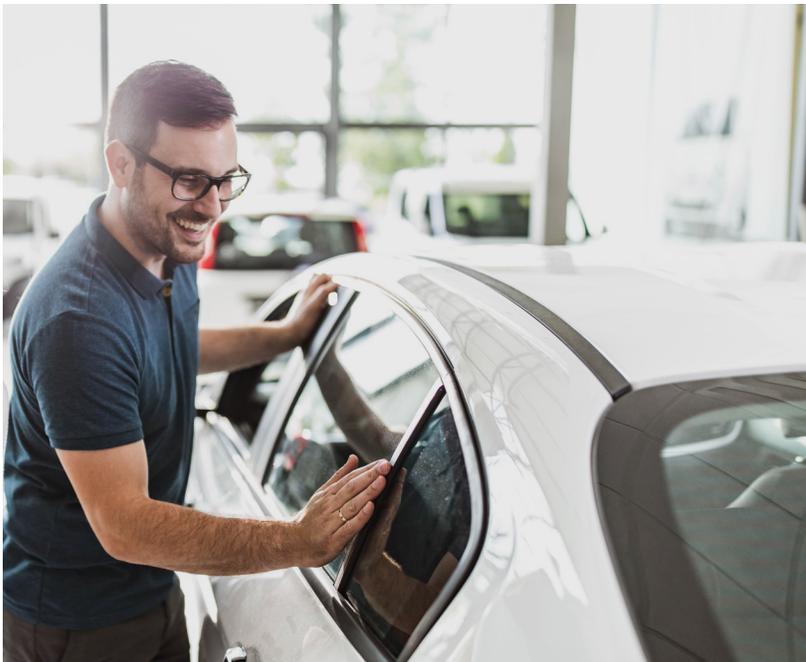
# taking a **STANCE**





# #ALLTEXANS | DIVERSITY, EQUITY, INCLUSION

With all the obstacles Texans Credit Union faced throughout 2020, we were certain about one thing, our stance on racism, discrimination and the injustices we as a nation are facing. At Texans, this is unacceptable. Texans was founded on the philosophy of Texans helping Texans, a motto that's inclusive of All Texans. We envision ourselves being a financial partner to all Texans, Today and Tomorrow. That vision directly connects to how we see diversity, equity and inclusion as a credit union, All Texans. The leadership team at Texans is committed to making sure all employees and members feel welcomed, appreciated, and valued through additional education, training, and resources.



# consolidated statement of financial condition

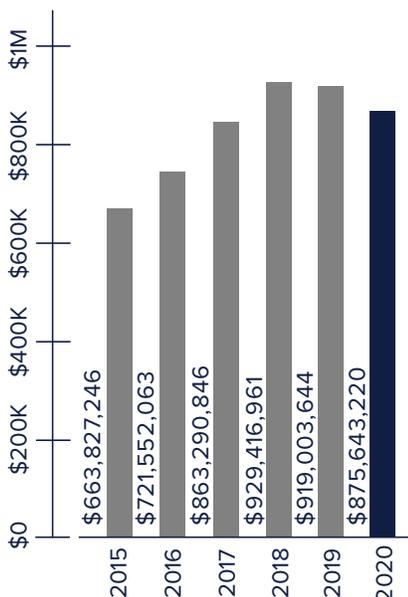
|  | <b>AT YEAR END</b>       |                          |
|--|--------------------------|--------------------------|
|  | <b>DECEMBER 31, 2020</b> | <b>DECEMBER 31, 2019</b> |
| <b>ASSETS</b>                          |                          |                          |
| Cash and cash equivalents              | \$ 286,885,244           | \$ 222,666,099           |
| Investment Securities                  | 668,521,295              | 416,164,163              |
| Loans to members, net                  | 875,643,220              | 919,003,644              |
| Premises and equipment, net            | 26,088,398               | 25,087,817               |
| NCUSIF Deposit                         | 15,504,505               | 14,218,256               |
| Assets acquired in liquidation         | 300,653                  | 424,653                  |
| Other assets                           | 9,040,416                | 8,458,171                |
|  | <b>\$ 1,881,983,731</b>  | <b>\$ 1,606,022,803</b>  |
| <b>LIABILITIES AND MEMBERS' EQUITY</b> |                          |                          |
| <b>Liabilities</b>                     |                          |                          |
| Members' share and savings accounts    | \$ 1,702,484,312         | \$ 1,453,243,772         |
| Accrued expenses and other liabilities | 19,362,816               | 15,710,355               |
| <b>Total Liabilities</b>               | 1,721,847,128            | 1,468,954,127            |
| Accumulated other comprehensive loss   | 2,562,506                | (4,836,553)              |
| <b>Net Worth</b>                       |                          |                          |
| Regulatory Reserves                    | 35,135,126               | 35,135,126               |
| Undivided earnings                     | 122,438,971              | 106,770,103              |
| <b>Total Net Worth</b>                 | 157,574,097              | \$141,905,229            |
| <b>Total Liabilities and Equity</b>    | <b>\$ 1,881,983,731</b>  | <b>\$ 1,606,022,803</b>  |

# consolidated statement of income

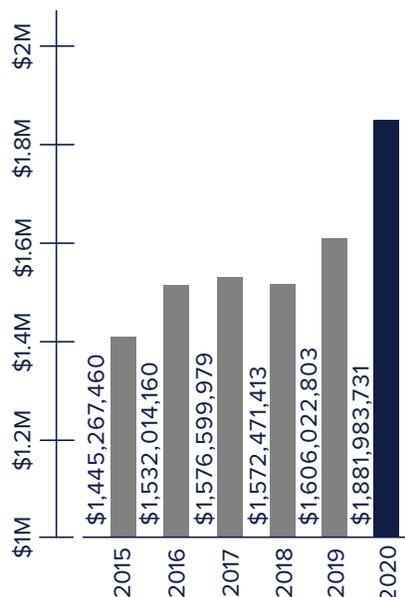
|  | AT YEAR END         |                     |
|--|---------------------|---------------------|
|  | DECEMBER 31, 2020   | DECEMBER 31, 2019   |
| <b>Total Income</b>                    |                     |                     |
| Interest on loans to members           | \$ 33,147,235       | \$ 35,024,732       |
| Interest on investments                | 7,322,347           | 12,455,013          |
| Fees and service charges               | 5,927,381           | 7,367,675           |
| Other non-interest income              | 6,274,598           | 6,745,084           |
| Total Income                           | 52,671,561          | 61,592,504          |
| <b>Total Expenses</b>                  |                     |                     |
| Operating expenses                     | \$ 33,984,374       | \$ 33,556,590       |
| Dividends on members' accounts         | 1,885,878           | 1,763,164           |
| Total expenses                         | 35,870,252          | 35,319,754          |
| <b>Provision for Loan Losses</b>       | <b>\$ 1,132,441</b> | <b>\$ 1,029,439</b> |
| <b>Net Earnings to Members' Equity</b> | <b>15,668,868</b>   | <b>25,243,311</b>   |
| <b>Membership Size</b>                 | <b>108,927</b>      | <b>110,904</b>      |

## FINANCIAL GROWTH

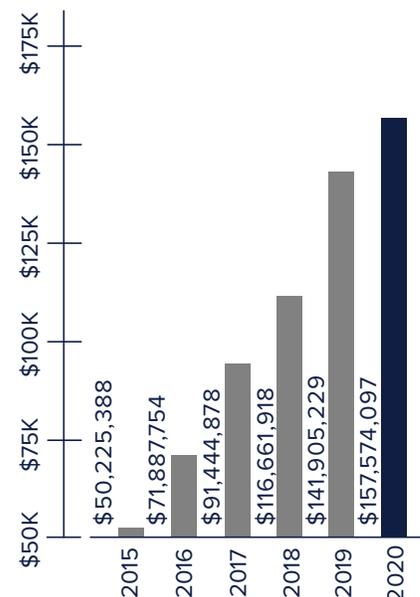
Net Loans  
Year ended December 31



Total Assets  
Year ended December 31



Net Worth  
Year ended December 31



# making a **DIFFERENCE**



## epic moment

**3,000+** pounds of non-perishable food items  
donated to the North Texas Food Bank



**T**exans Credit Union is committed to making a positive impact on our members and our communities by helping them achieve financial security, and ultimately, their dreams. Because of our members' involvement, we are able to invest in our communities to help create a positive place where people are proud to live, work, and visit. From donating to charitable organizations to creating lasting memories for children with life-threatening medical conditions, we are dedicated to our core value of giving back to the communities we serve.

## epic moment

**2,000+** pairs of new socks donated to 12 different North Texas homeless shelters



1. Donating to North Texas Food Bank for families in need
2. Socktoberfest Sock Drive collecting new sock donations for various outreach organizations across North Texas
3. HopeKids Christmas event, providing families with presents, a goodie bag with holiday activities, and non-perishable holiday food items
4. Toys for Tots Toy Drive for children in need
5. HopeKids Trick-or-Treat event that provides terminally ill children with a safe place to go trick-or-treating
6. Supplying non-perishable Christmas dinners to local food banks for families in need





p: 972.348.2000

[www.texanscu.org](http://www.texanscu.org)

@texanscu

