



2022
ANNUAL
REPORT

 **TEXANS**
CREDIT UNION



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For Texans **By Texans**

*"We're here for you, ready
whenever, wherever."*

President and Chairman's Report

True to its mission, Texans Credit Union leveraged a blend of technology and services, coupled with elevated member service to promote the financial well-being of its membership.

Since 1953, Texans has stood tall through every challenge and change brought to its doorstep, and 2022 was no different. While the past year was once again defined with unexpected challenges, Texans remained focused on improving the financial lives of our members, both today and in the future.

One thing that has never changed is the loyalty and support of our members. Because of that loyalty, Texans ended the year with \$2.2 billion in assets and in the highest rated category of net worth at 9.26%, or well-capitalized. The management team continues to remain focused on supporting members with their financial goals through upgraded products and services.

In 2022, Texans rolled out a brand-new digital experience that included a new website and completely redesigned digital banking platform. You can transfer funds, deposit a check, open an account, and more within seconds at the touch of a finger. Additionally, brand new features were added like Credit Connection, which allows members to monitor their credit score, see pre-qualified offers, and help detect identity theft. Along with upgraded digital banking, a new TexansCU.org website was rolled out where members can find what they're looking for faster with simplified information and an improved navigation.

On top of an improved experience inside digital banking, Texans has made significant improvements to its online loan application. What used to take 15 minutes to apply for an auto loan, can now be done in less than 2 minutes, meaning members receive an answer to their application faster than ever. This is one more way Texans is striving to serve its members more efficiently. Currently, auto loans, personal loans, lines of credit, and credit cards are available through the updated digital application with more products being added in the near future.

Along with an updated application experience, Texans added several additional loan products in 2022. Golf carts, all terrain, and utility terrain vehicles can now be financed at Texans, joining our family of boat, motorcycle, and RV loans. The only question to ask yourself is four wheels, two wheels, or no wheels?

Always wanting to find innovative ways to serve its members, the credit union added interactive teller machines (ITMs) to its Parker and Alma drive-thru location. These new machines empower members to perform a variety of transactions without leaving their vehicle. With the greatest of ease, you can make a loan payment, video chat with a teller, receive a mini-statement, and of course make a deposit or withdrawal.

Serving our community continues to be a cornerstone of the credit union. In 2022, members of Team Texans served over 100 hours in the community, provided thousands of in-kind donations, and donated to charities such as Dress for Success and the North Texas Veteran's Center. Texans reaffirmed its commitment to the North Texas Food Bank and HopeKids North Texas by hosting events for the seventh consecutive year. This last year, members and employees donated over 2,000 non-perishable food items to help hungry North Texans, several hundred articles of clothing for Dress for Success, and hosted over 100 families of HopeKids to celebrate Halloween and Christmas.

While we look back and celebrate our accomplishments in 2022, we want our members to know that Texans stands ready and well-positioned both financially and strategically to face all challenges and opportunities that 2023 may bring. On behalf of the Board of Directors, management team, and all of Team Texans, we want to express our gratitude for your trust, confidence, and continued support. We are proud to be Texans, and we hope you are too.

Yours in service,



David Frazier
President | CEO



George Consolver
Chairman

Executive Leadership



David Frazier

President | CEO



Ben Hart

**Chief
Financial Officer**



Mike McWethy

**Chief
Experience Officer**



Jenni Short

**Chief
People Officer**



Matthew Moore

**Senior Vice President,
Retail**



Tracy Montez

**Senior Vice President,
Controller**



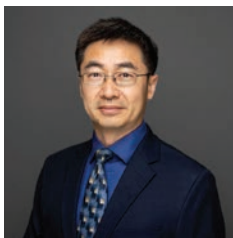
Angie Jackson

**Vice President,
Real Estate Lending**



Dan Mathews

**Vice President,
Consumer Lending***



JJ Bai

**Vice President,
Development & Host Systems***



Kris Jones

**Vice President,
Enterprise Risk Management***



Tanya Patterson

**Vice President,
IT Systems***

**Newly Appointed Vice President*

Board of **Directors**



George Consolver

Chairman

Term Expires 2024



Ed Fawcett

Vice Chairman

Term Expires 2023



Tom Boedecker

Treasurer

Term Expires 2025



Estella Martinez

Secretary

Term Expires 2023



Jurgen Arts

Director

Term Expires 2025



Fahad Awais

Advisory Director

Term Expires 2023



Lori Daniels

Advisory Director

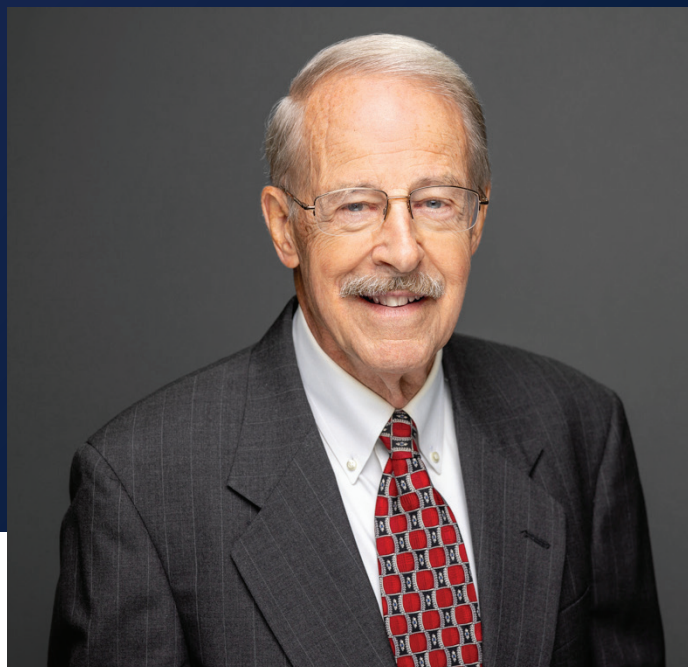
Term Expires 2023



Shyamal Parikh

Advisory Director

Term Expires 2023



Tom Boedecker
Audit Committee Chair

Shyamal Parikh
Audit Committee Member

Jeanne Clark
Audit Committee Member

In 2022, the Board of Directors decided to form an Audit Committee to further increase their role in governance. The Audit Committee is responsible for serving you, our Texans Credit Union members. The committee represents the best interests of the membership by ensuring safe and sound business practices and confirming proper internal controls are being followed. Your Chairman of the Board, George Consolver, appoints an Audit Committee. The three volunteer members, which consists of an existing Board Member, an Advisory Director and a Member at Large, demonstrate a high level of dedication and a deep understanding of Financial Statements and Internal Controls.

The Audit Committee monitors regulatory supervisory processes, oversees internal and external audit functions, and ensures Board Policy complies with regulatory requirements. To accomplish these responsibilities, the Texans Audit Committee relied on the services of Doeren Mayhew, LLP to conduct an independent financial audit. Results of this detailed audit led to Texans receiving an unqualified opinion on the consolidated financial statements for the year ending December 31, 2022. In addition, Texans Credit Union was examined by representatives of both the State of Texas Credit Union Department and National Credit Union Administration during 2022 per state and federal regulatory requirements. The audits and examinations were absent of material findings and verified the Credit Union is operating in a safe and sound manner. On behalf of the Audit Committee, I am proud to report that Texans is in excellent financial condition. Further, the policies and procedures are sufficient in score to safeguard the assets of our members.



Our **Growth**



Founded in
1953



Assets
\$2.2 billion



117,620
Memberships



11 Branches

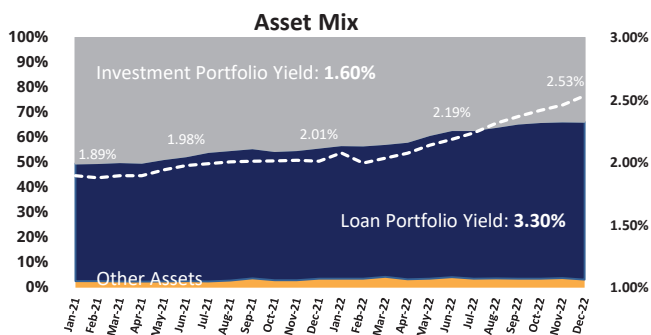


265
Employees



Ben Hart Chief Financial Officer

Throughout 2022, Texans Credit Union continued to benefit from strong member loan growth. Specifically, the loan portfolio increased from \$1.1 billion to \$1.4 billion, or 22.79%. To put in perspective, the average annual loan growth rate over the past 10 years was 5.32%. Strong long growth improved Texans' asset mix as member deposits were reinvested in member loans. Thus, a higher proportion of member deposits were used to fund member loans, which yield 3.30%. The subtle tilt in asset mix had a positive impact on interest income. Specifically, the earning asset yield improved by 52 basis points in 2022 before settling at 2.53% at year-end.



After several years of extraordinary growth, assets normalized in 2022. Specifically, total assets ended at \$2.2 billion after increasing by \$40.9 million throughout the year. Asset growth was largely attributed to member deposits, which grew by \$52.3 million throughout the year. As a result, asset growth was 1.93% while deposits gained 2.71% in net balances.

A more favorable asset mix, in conjunction with higher yields, had a positive impact on earnings. Specifically, net income settled at \$26.2 million compared to \$15.9 million the prior year. As a result, the Return on Average Assets (ROA) ended the year at 1.23% after finishing the prior year at 0.80%. One item worth mentioning, Texans received recoveries totaling \$7.0 million from the Corporate

Stabilization program administered by the National Credit Union Administration (NCUA). The recovery was classified as non-operating income. Not including the recovery, Texans' net income and ROA would have settled at \$19.1 million and 0.90%, respectively. Thus, core earnings improved when compared to the prior year.

Operating expenses remained controlled as evidenced by an operating expense to average assets ratio of 2.01%. Specifically, operating expenses settled at \$42.9 million after increasing by \$5.7 million compared to the prior year. Despite the increase, operating expenses continue to trend below industry averages. For comparison purposes, the operating expense ratio for peer is approximately 3.03%. Texans' favorable operating expense structure suggests the credit union is more efficient than peer counterparts.

Loan losses held relatively steady in 2022. Specifically, the charge off ratio ended at 0.04% after finishing the prior year at 0.02%. Moreover, the delinquency ratio ended at 0.10% compared to 0.11% last year. As a result, the provision for loan loss expense settled at \$1.1 million. The charge off and delinquency ratios continue to demonstrate that there are low amounts of credit risk within the loan portfolio.

In 2022, net worth benefited from positive earnings. Specifically, net worth increased by \$26.2 million before ending the year at \$199.7 million. As a result, the net worth ratio increased to 9.26% after ending the prior year at 8.21%. More importantly, Texans' has a strong capital position and considered well-capitalized as defined by NCUA Rules and Regulations.

I am proud to report that Texans Credit Union remains financially sound. Our strong financial condition is only made possible through Texans' membership. In 2022, the membership grew by 5.64% bringing the total membership count to 117,620 thousand. We are thankful for our members and their willingness to use Texans to meet their financial needs. We look forward to serving you and fellow Texans for generations to come.

Consolidated **Statement of Financial Condition**

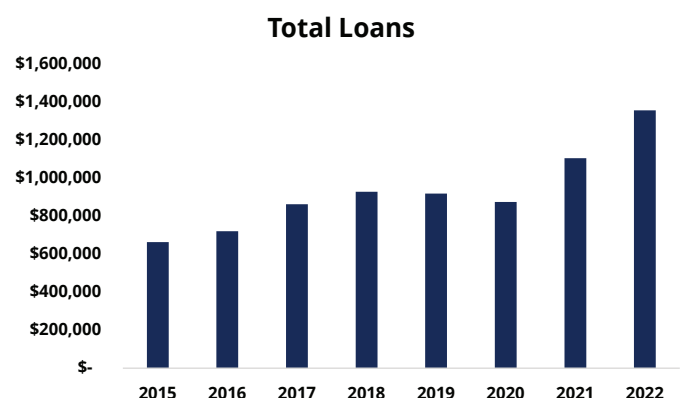
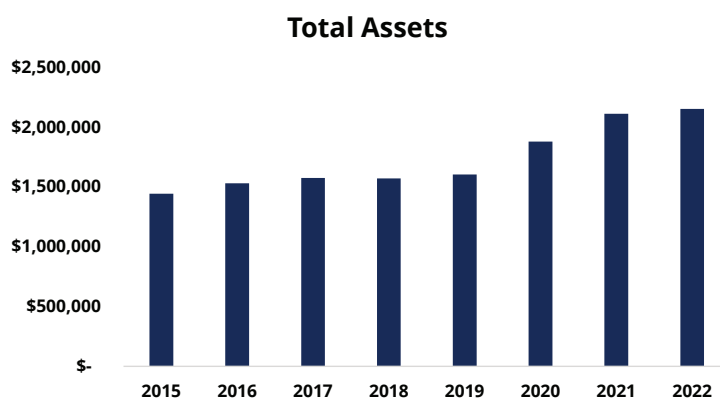
Assets

	2022	2021	2020
Cash and cash equivalents	\$64,995,028	\$157,271,014	\$286,885,244
Investments	\$662,034,425	\$774,427,221	\$668,521,295
Loans to members, net	\$1,357,516,856	\$1,106,666,136	\$875,643,220
Premises and equipment, net	\$26,022,178	\$25,605,885	\$26,088,398
National Credit Union Share Insurance Fund Deposit	\$18,301,285	\$16,998,865	\$15,504,505
Other assets	\$26,681,892	\$33,718,596	\$9,341,069
Total Assets	\$2,155,551,665	\$2,114,687,717	\$1,881,983,731

Liabilities and Equity

	2022	2021	2020
Liabilities			
Members' share and savings accounts	\$1,978,885,375	\$1,926,592,286	\$1,702,484,312
Accrued expenses and other liabilities	\$48,272,365	\$23,952,401	\$19,362,816
Total Liabilities	\$2,027,157,740	\$1,950,544,687	\$1,721,847,128
Unrealized Losses	\$(71,302,808)	\$(9,377,298)	\$2,562,506
Net Worth			
Regulatory Reserves	\$35,135,126	\$35,135,126	\$35,135,126
Undivided earnings	\$164,561,607	\$138,385,202	\$122,438,971
Total Net Worth	\$199,696,733	\$173,520,328	\$157,574,097
Total Liabilities and Equity	\$2,155,551,665	\$2,114,687,717	\$1,881,983,731

	2022	2021	2020
Total Members	117,620	111,325	108,927



Consolidated **Statement of Income**

Income

	2022	2021	2020
Interest on loans to members	\$40,822,141	\$33,620,638	\$33,147,235
Interest on investments	\$13,280,683	\$6,540,527	\$7,322,347
Fees and service charges	\$7,588,139	\$6,856,865	\$5,927,381
Other non-interest Income	\$13,738,944	\$8,072,181	\$6,274,598
Total income	\$75,429,907	\$55,090,211	\$52,671,561

Expenses

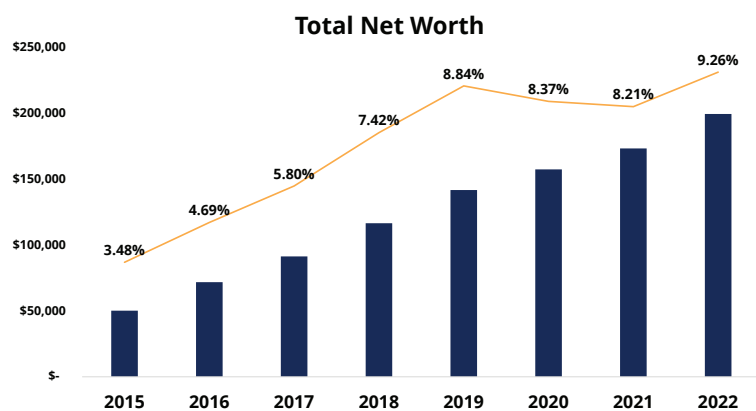
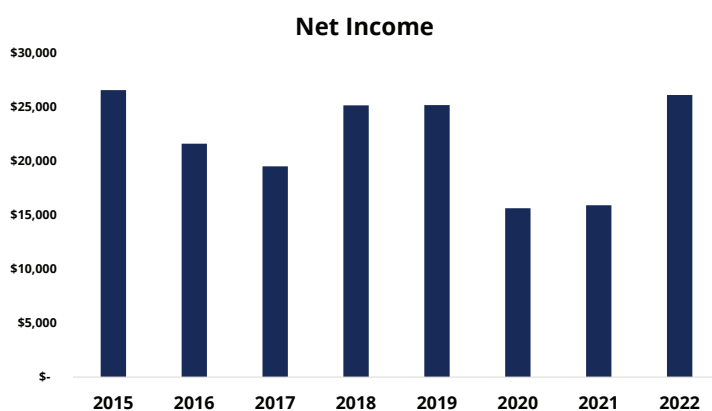
Operating expenses	\$42,924,202	\$37,243,014	\$33,984,374
Dividends to members and borrowings costs	\$5,203,968	\$1,564,233	\$1,885,878
Total Expenses	\$48,128,170	\$38,807,247	\$35,870,252

Provision for Loan Losses

\$1,125,332	\$336,733	\$1,132,441
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Net Earnings to Members' Equity

\$26,176,405	\$15,946,231	\$15,668,868
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Texans Gives Back



1,712

Gave 1,712 meals worth of food to NTFB for our Summer Canned Food Drive.



600

Over 13 boxes/600 toys delivered to Toys For Tots.



400

Over 400 pair of socks delivered to Veterans Center of North Texas for Socktober.



152

For Dress for Success Dallas, Texans delivered over 6,000 articles of clothing.



300

Over 300 gifts wrapped and delivered to HopeKids during the holiday time.

Ways We Gave Back!



Every December, Texans hosts a Christmas party for HopeKids North Texas. Texans is devoted to donating collected gifts for all ages to not only uplift spirits but to promote a positive memory with all of the Hopekids families that attend our event.





Texans is always here to make a difference!



1

Socktober

During the month of October, Texans donated new pairs of socks to help warm the feet of Veterans.



2

Summer Food Drive

Texans partnered with the North Texas Food Bank to deliver meals to hungry students during summer break.



3

Womens History Month Clothing Drive

Texans partnered with Dress for Success to collect lightly worn professional clothing to help women get back in the workforce.

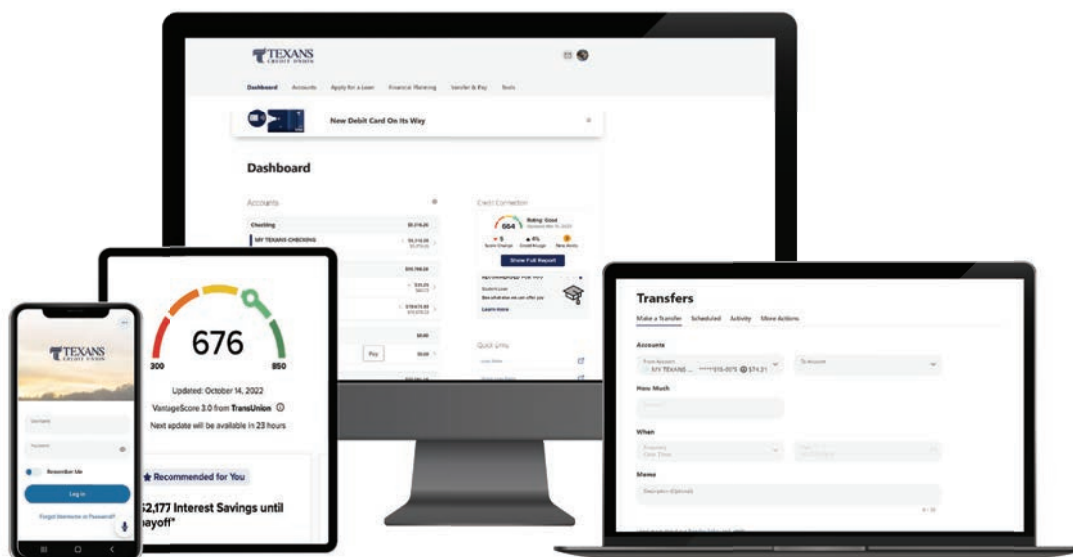


4

Toys for Tots

Texans loaded up 13 boxes of new, unwrapped toys to be delivered to Toys for Tots.

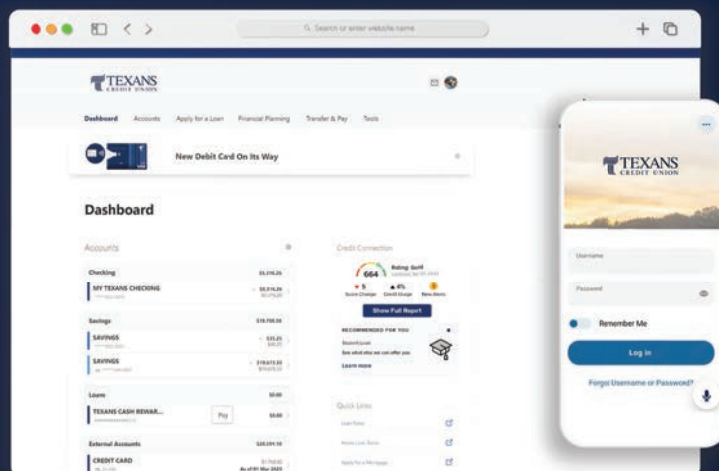
Texans Updated its **Digital Banking**



Dashboard

All the information you need to know, as soon as you login. The Dashboard is your first stop in the upgraded digital banking with the following features:

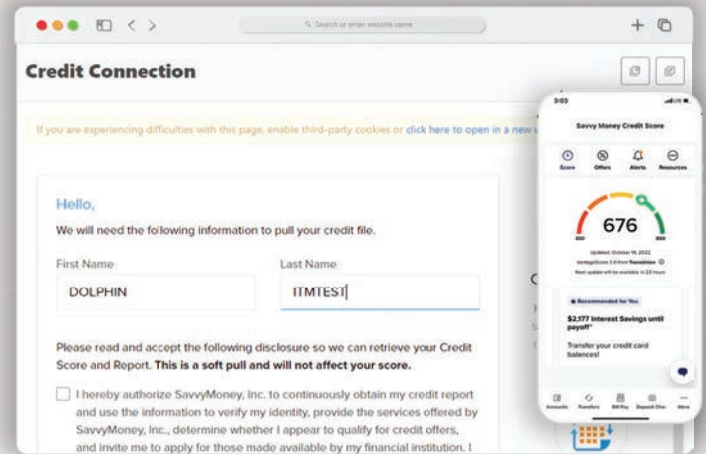
- **Actionable Alerts**
- **Accounts are divided into easy to read categories**
- **Members**
- **Recent and Upcoming Transactions**
- **Clicking an account**
- **Quick Links**



Credit Connection

One of the most exciting features to be incorporated into Texans new digital banking platform is Credit Connection powered by Savvy Money, a strategic third-party technology partner.

With Credit Connection, members can register to receive and monitor their credit score for free! Members will experience a very similar experience in mobile and desktop banking. This feature requires active enrollment on the part of the member. Texans cannot enroll on the member's behalf.



Quick Apply

Texans' new hub for adding a savings account and applying for a new loan or checking account.

Loan Application: Easily apply for any of Texans loan products through our new digital banking platform.

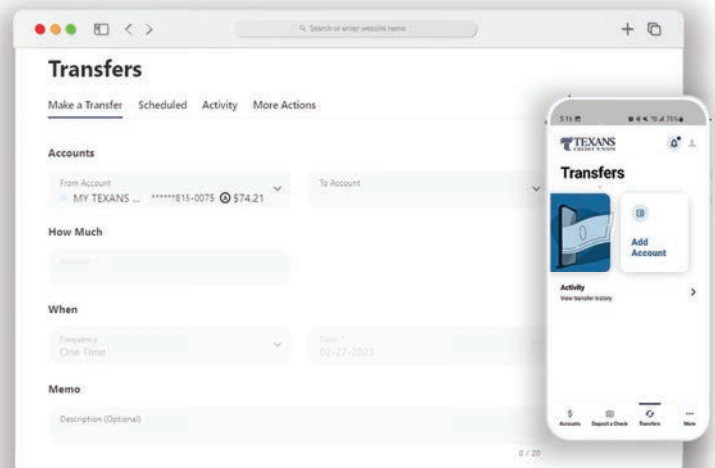
Checking Accounts: Add a My Texans Checking or Interest Checking Account to you family of products through our online account opening system.

Savings Accounts: Add a new savings account without ever leaving your digital banking account. It takes just a few seconds!

Money Transfer

The Transfer & Pay tab is the hub for money movement and currently includes:

- **Overdraft Protection**
- **Texans Credit Card Access**
- **Skip-a-Pay**
- **Courtesy Pay**
- **Pay My Loan**
- **Wire Transfers**
- **Transfers**
- **Bill Pay**





You're never far from Texans.

Allen – McDermott Dr

406 W McDermott Dr
Allen TX 75013

Carrollton – Josey Ln

3601 N Josey Ln
Carrollton TX 75007

Dallas – Irving Blvd

2241 Irving Blvd
Dallas TX 75207

Dallas – Preston Rd

5925 Forest Ln
Suite 100 Dallas TX 75230

Frisco – Main St

3232 Main St
Frisco TX 75033

Garland – Austin St

626 Austin St
Garland TX 75040

Garland – Telecom Pkwy

7220 Telecom Pkwy
Garland TX 75044

McKinney – Eldorado Pkwy

3174 S Hardin Blvd
McKinney TX 75070

Plano – Spring Creek Pkwy

101 W Spring Creek Pkwy
Suite 733 Plano TX 75023

Richardson – Campbell Rd

777 E Campbell Rd
Richardson TX 75081

Wylie – Hwy 78

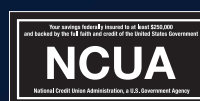
430 S Highway 78
Suite 199 Wylie TX 75098



Contact Info

Member Connect Call Center

Phone: 972.348.2000 | Text: 972.348.2045 | [TexansCU.org](https://www.TexansCU.org)



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