

2021 ANNUAL REPORT



TEXANS
CREDIT UNION



OUR MISSION

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

OUR VISION

To be a financial partner for all Texans, today and tomorrow.

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OUR MESSAGE

A year of tremendous growth has enabled Texans Credit Union to lay a foundation that moves the credit union into the future of banking.

As Texans enters a new day, the leadership team has invested in its future through embarking on a digital transformation, unparalleled growth, and focusing on member experience and relationships. There is much to report and be proud of when we look at 2021.

It is with great pleasure to report that Texans Credit Union remains financially strong. Our CPA Opinion audit results, as well as our Texas Credit Union Department examination, continues to indicate that your credit union is a well-run and financially sound institution. More importantly, the credit union is well positioned for continued success.

Our members' access to their accounts, security, and privacy remain our top priority. This past year, business continuity and disaster recovery efforts were bolstered by moving Texans secondary data center to a third-party co-location to create a safe and secure off-site disaster recovery system. This system ensures our members' information is protected and that in the event of a natural disaster the likelihood of downtime is significantly reduced.

The future of Texans Credit Union is being a high-tech, high-touch experience for every member, every time. In 2021, Texans further digitized the member experience by introducing new communication methods. Members can now communicate with Texans via text messaging on their mobile devices. Texans also introduced chat and video banking features, available on desktop, tablet, and mobile devices via our website. Getting the assistance you need, in the manner you want to communicate in is now truly at your fingertips.

To further elevate member service, Texans expanded the usage of eSignatures to almost every document and form. Now, your documents can be securely, digitally signed in-branch or wherever you need from your devices.

We introduced a new Student Loan program, enabling students to directly find and select Texans CU utilizing their local college application systems. Texans also invested in a branch remodel project and installed ten new ATMs on Texas Instruments and Raytheon campuses, with more planned for 2022.

Our strong focus on providing an exceptional member experience shone through on our member reviews. Every Texans branch reached a 4 out of 5 star ranking on Google in 2021, with an average ranking of 4.3 stars at the end of the year.

Our founding purpose is to serve Texans, and in the spirit of community, we continuously show people the heart of Texans Credit Union. Throughout 2021, our staff volunteered over 400 hours with five different organizations in the DFW community through our Texans Gives Back program.

Texans continues to support HopeKids North Texas through a variety of holiday events that provide Hope to over 200 families. In response to COVID and the needs of our community, we hosted four blood drives with The American Red Cross and donated enough units to save over 100 lives.

Other support, made possible through the generosity of our staff and members, included a monetary donation to the Veterans Center of North Texas, and toy donations to Toys for Tots. In addition, Texans provided an in-kind donations of socks to local homeless shelters through our new Socktober drive. We believe that all Texans are a family and are delighted to enrich the communities we serve each day.

We pledge to continue offering the products and services you need and want. As we move towards 2022 and beyond, our board of directors, our management team, and all employees thank you for being a part of our family.

We are by your side in every step of your financial journey, like a Texan should. Being a Texan comes with a feeling of pride, respect, hard work, and dedication to our community. It's a great day to be a Texan.

YOURS IN SERVICE,



David Frazier
President | CEO



George Consolver
Chairman of the Board

OUR DIRECTORS



**GEORGE
CONSOLVER**

CHAIRMAN
TERM EXPIRES 2024



**ED
FAWCETT**

VICE-CHAIRMAN
TERM EXPIRES 2023



**ESTELLA
MARTINEZ**

SECRETARY
TERM EXPIRES 2023



**TOM
BOEDECKER**

TREASURER
TERM EXPIRES 2022



**JURGEN
ARTS**

DIRECTOR
TERM EXPIRES 2022



**LORI
DANIEL**

ADVISORY DIRECTOR
TERM EXPIRES 2022

FAHAD AWAIS

ADVISORY GUEST

SHYAMAL PARIKH

ADVISORY GUEST

OUR FINANCIAL REPORT

In 2021, Texans Credit Union benefited from deposit and asset growth. Specifically, deposits and assets grew by 12.36% and 13.16%, respectively. For comparative purposes, the average growth rate over the past 10 years was merely 2.92%. Thus, the credit union experienced extraordinary amounts of growth over the last year. Similar to 2020, growth was largely attributed to monetary policy, federal stimulus, child tax credits, and strong demand for federally insured deposits. These economic initiatives increased member deposits, which settled as cash on the balance sheet. As a result, total assets increased by \$232.7 million, settling at \$2.1 billion.

The aforementioned deposit growth provided a stable source to fund new lending initiatives. Specifically, the loan portfolio grew by \$229.7 million, or 26.13%. In June, the portfolio crossed \$1 billion before settling at \$1.1 billion at year-end, the highest mark since September 2009. Strong strategic initiatives focused on re-investing member deposits into member loans in lieu of the credit union investment portfolio. Thus, a higher proportion of deposits were used to fund member loans, which yield 3.38% instead of the alternative yield of 0.69% provided through the investment portfolio. The improved asset mix caused our earning asset yield to increase to 2.01% after bottoming out at 1.88% in February. The credit union effectively managed deposit growth by tilting the asset mix into member loans.

In 2021, net worth benefited from positive earnings. Specifically, the credit union's net worth increased by 10.12%, or \$15.9 million. However, the net worth ratio diluted as result of asset growth. In December 2021, the ratio settled at 8.21% after ending the prior year at 8.37%. Net worth ratios diluted throughout the industry as earnings struggled to keep pace with asset growth. Regardless, Texans is considered well-capitalized by the National Credit Union Administration (NCUA). Further, the credit union is well positioned to transition to new capital standards that came into effect January 1, 2022. The new regulation, known as risk based net worth, focuses on capital in relation to the amounts of risk associated with a book of business.

Low yields continued to place downward pressure on credit union earnings. Further, asset growth had the same dilutive effect to the return on average assets (ROA) as mentioned above with the net worth ratio. In terms of dollars, net income settled at \$15.9 million, which represents a \$277 thousand improvement from last year. Despite the increase, the ROA diluted by 10 basis points, settling at 0.80%. As asset growth normalizes, the ROA and net worth ratio will improve.

Management continues to control operating expenses as evidenced by an operating expense to average assets ratio of 1.88%. The ratio held relatively steady when compared to last year when it settled at 1.95%. The low operating expense ratio suggests the credit union continues to benefit from efficiencies realized throughout the organization.

Lastly, loan losses were minimal in 2021. Specifically, the charge off ratio was 0.02% down from 0.08% last year. As a result, the provision for loan loss expense plummeted to \$336 thousand after settling at \$1.1 million in 2020. The delinquency ratio continues to demonstrate that there are low amounts of credit risk within the loan portfolio. At year-end, the ratio was 0.11% compared to 0.22% a year ago.

We are thankful for our membership and their willingness to use Texans to meet their financial needs. We look forward to serving our members for many years to come.



SINCERELY,

BEN HART

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

ASSETS

Cash and cash equivalents
Investments
Loans to members, net
Premises and equipment, net
NCUSIF Deposit
Other Assets

Total Assets

LIABILITIES AND EQUITY

Liabilities

Members' share and savings accounts
Accrued expenses and other liabilities

Total Liabilities

Unrealized losses

Net Worth

Regulatory Reserves
Undivided earnings

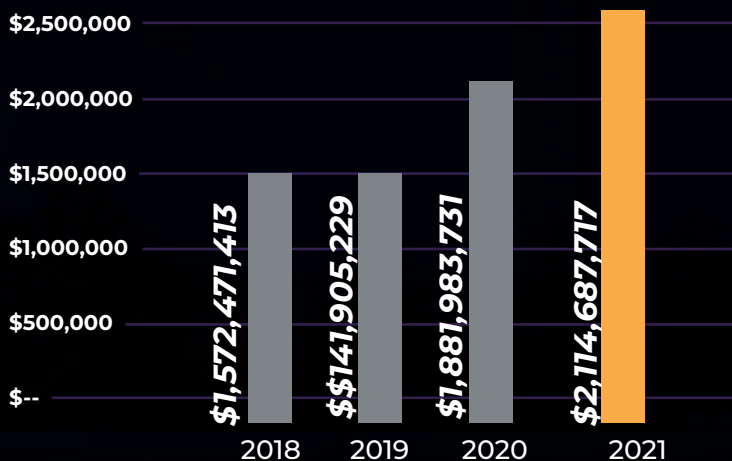
Total Net Worth

Total Liabilities and Equity

	AT YEAR END	
	2021	2020
\$	157,271,014	\$ 286,885,244
\$	774,427,221	\$ 668,521,295
\$	1,106,666,136	\$ 875,643,220
\$	25,605,885	\$ 26,088,398
\$	16,998,865	\$ 15,504,505
\$	33,718,596	\$ 9,341,069
\$	2,114,687,717	\$ 1,881,983,731
\$	1,926,592,286	\$ 1,702,484,312
\$	23,952,401	\$ 19,362,816
\$	1,950,544,687	\$ 1,721,847,128
\$	9,377,298	\$ 2,562,506
\$	35,135,126	\$ 35,135,126
\$	138,385,202	\$ 122,438,971
\$	173,520,328	\$ 157,574,097
\$	2,114,687,717	\$ 1,881,983,731

TOTAL ASSETS

Total Assets represents the size of the Balance Sheet.



CONSOLIDATED STATEMENT OF INCOME

INCOME

Interest on loans to members

Interest on investments

Fees and service charges

Other non-interest income

Total Income

EXPENSES

Operating expenses

Dividends to members and borrowings costs

Total expenses

Provision for Loan Losses

Net Earnings to Members' Equity

AT YEAR END

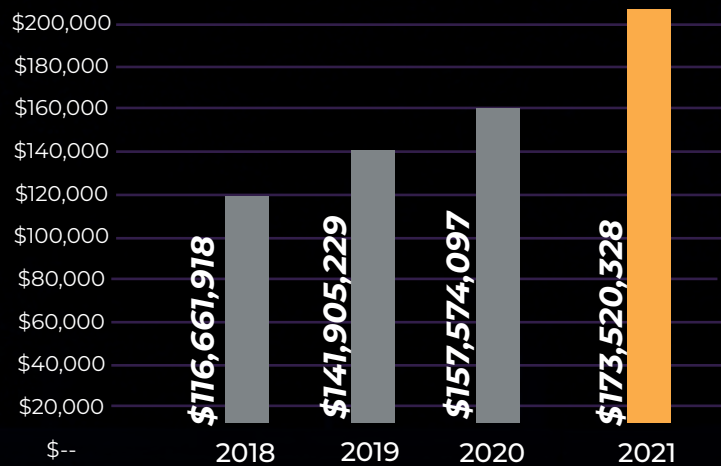
2021

2020

\$	33,620,638	\$	33,147,235
\$	6,540,527	\$	7,322,347
\$	6,856,865	\$	5,927,381
\$	8,072,181	\$	6,274,598
\$	55,090,211	\$	52,671,561
\$	37,243,014	\$	33,984,374
\$	1,564,233	\$	1,885,878
\$	38,807,247	\$	35,870,252
\$	336,733	\$	1,132,441
\$	15,946,233	\$	15,668,868

TOTAL NET WORTH

Net Worth represents the accumulation of regular reserves and undivided earnings.



FINANCIAL GROWTH



EXECUTIVE LEADERSHIP



**DAVID
FRAZIER**

**PRESIDENT &
CHIEF EXECUTIVE
OFFICER**



**BEN
HART**

**CHIEF FINANCIAL
OFFICER**



**MIKE
MCWETHY**

**CHIEF EXPERIENCE
OFFICER**



**JENNI
SHORT**

**CHIEF PEOPLE
OFFICER**



**TRACY
MONTEZ**

**SENIOR VICE
PRESIDENT -
CONTROLLER**



**MATTHEW
MOORE**

**SENIOR VICE
PRESIDENT -
RETAIL**



**ANGIE
JACKSON**

**VICE PRESIDENT -
REAL ESTATE LENDING**

CELEBRATING TEXANS GROWTH

COMMUNICATION, YOUR WAY

In 2021, we implemented three new ways to connect with us. Whether you want to talk, text, chat, or video call, now Texans has you covered.

BRANCHES IMPROVED

In 2021, we began a remodel and design project to bring each of our branches into the modern age, creating a comfortable environment and improving your in-branch experience.

ONLINE BANKING REIMAGINED

In 2021, Texans started down a path to completely reinvent our online banking platform in order to be more accessible, highly personalized, and enable you to manage all of your finances in one place.



9,700

Texans opened a membership at Texans Credit Union.

11,000

Loans opened by Texans members in 2021. Texans' loan portfolio crossed \$1 billion for the first time since 2009.

240,000

Text messages sent and received since implementation of our new text messaging service in October 2020.

550

Chats sent and received since implementation of our new website chat service in November 2021.

0:42

Seconds on average for our call center to answer a member's call.

MAKING A DIFFERENCE

Texans 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

100+

Lives saved through American Red Cross Blood Drive Donations.



TEXANS GIVE BACK

“A servant’s heart, always.”

EPIC MOMENTS

2,000+

New, wrapped toys donated to families in need across North Texas.

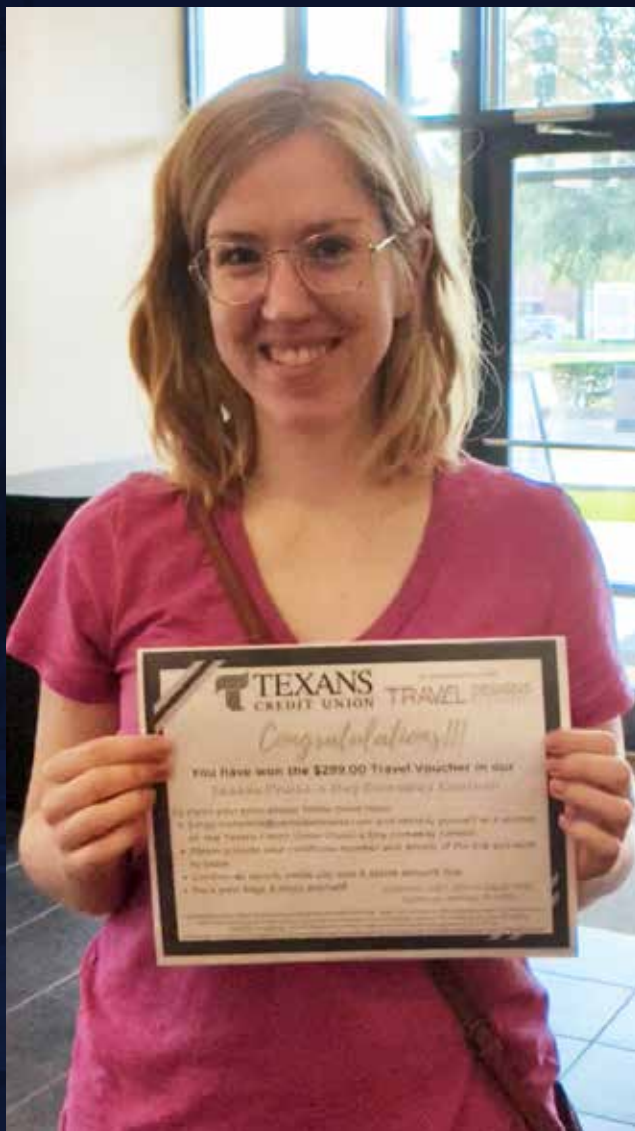


In 2021, Texans Gives Back enriched our local communities by volunteering over 400 hours and donating over 2,000 in-kind donation items. Charities included HopeKids North Texas, Veterans Center of North Texas, American Red Cross, the North Texas Food Bank, and Toys for Tots.



EPIC MEMBER MOMENTS

Texans Credit Union celebrated our members in more ways than one in 2021. We held multiple giveaways for our members throughout the year, gifting a total of fifty Microsoft Surface tablets, sixty cruise vouchers, twelve Texas Christmas baskets, and a Back-to-School teacher kit.



120+

Items gifted to members through giveaways.



TEXANS CREDIT UNION

Annual Report to Membership Regarding Changes to the Credit Union's Bylaws

On November 18, 2021 the Board of Directors adopted a new set of bylaws which incorporate the standard bylaws approved by the Credit Union Department of the State of Texas. These new state approved bylaws address a broad range of matters concerning the credit union's organization and governance, the relationship of the credit union to its members, and the procedures and rules the credit union follows. Copies of our bylaws are available and will be provided to any member upon request.

OUR BRANCHES

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

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 **TEXANS**[®]
CREDIT UNION

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