



Committed to our members and the communities we serve.

2020
TCU Annual Report



Vision

Partnering with our communities to achieve their financial success one member at a time.



Mission

Commitment to listen, understand and explore solutions to help you on your path to achieving financial success.



Chairman's Report

Listen, understand, and explore solutions – these words are central to TCU's mission of helping our members achieve financial success and they were embraced by our team this past year as we helped our members face uncertainty and challenges amid the pandemic.

As businesses began shutting down, our team acted quickly, reaching out to make personal calls to more than 37,000 members to check-in and see how TCU could help. When a member was struggling, we offered customized solutions to help them make ends meet. TCU deferred more than 26,000 loan payments, waived more than 20,000 fees, offered member assistance loans, a 90-day mortgage forbearance, as well as skip-a-payment programs for credit cards and home equity lines of credit.

We also helped our own team members, offering additional paid time off and creating a team member assistance program for those experiencing hardship. While this program was created during the pandemic, it has been embraced by our team and will continue with financial support from the credit union and team members who are eager to help a colleague in need.

This past year, we faced another challenge as our country's racial divide intensified. TCU responded boldly, reaffirming our stand against racism and prioritizing diversity, equity, and inclusion. Our members and team members must feel valued, safe, respected, and justly treated at the credit union regardless of their race, gender, or religion.

TCU convened a taskforce and added a new role to ensure diversity, equity, and inclusion throughout the credit union. We also reached out to members and team members, inviting them to share their experiences and offer insight on how TCU could better serve them and our community.

Our commitment to the communities we serve remains strong. This past year, TCU and the TCU Foundation donated more than \$800,000 to nearly 200 community organizations. Our team members continued to give back too, volunteering more than 4,500 hours to causes close to their hearts.

This passion for service is what makes TCU so special. We are glad that you have chosen us as your financial partner. Thank you for your support!

Respectfully,



Vincent Henderson
Board Chair



President's Report

This past year will be remembered in history as a challenging and difficult time for our nation. Yet, through this uncertainty, our team stayed focused on our mission and core values and reported many accomplishments, including our best year ever!

While there were many successes, I am most proud of the excellent service that our team continued providing to our members. The credit union earned a record-high member satisfaction score, an indication of our members' strong satisfaction with the service they receive from the credit union.

TCU also experienced unprecedented growth this past year. Deposits increased 23% and loan balances exceeded \$3 billion for the year. TCU set a record of \$500 million in commercial loans outstanding and \$481 million in conventional mortgage production, another record. While loan demand increased substantially, these numbers are a result of the hard work and resourcefulness of our team. TCU Investment Services also reached a milestone, exceeding \$1 billion in assets under management. These accomplishments contributed to TCU's record year and helped the credit union surpass \$4 billion in assets!

Throughout the year, the credit union found ways to pivot to help our members with the challenges they faced due to the pandemic. We continued investing in our digital channels and promoted online and mobile as safe and convenient banking options. The credit union enhanced our website chat features, added online appointment scheduling, virtual investment seminars and online financial education programs for all ages, part of our continued focus on our members' financial wellness.

TCU completed the acquisition of New Buffalo Savings Bank, adding three locations in Michigan and enhancing our small business lending expertise. Fort Wayne was another area of growth, as we expanded TCU's mortgage lending services into northeast Indiana by adding an experienced well-known team of local mortgage lenders. We also completed an extensive remodeling of our corporate headquarters and relocated the TCU Insurance Agency's main office into our Jefferson Boulevard location.

At the close of the year, I was elected to serve on the board of directors of CUNA, our national association of credit unions. I am honored to represent TCU and our fellow credit unions in this capacity.

As we celebrate TCU's record performance in 2020, we look forward to commemorating the 90th anniversary of our 1931 founding. Times certainly have changed, but our support for our members and the community remains steadfast. Thank you for your commitment to TCU.

Best regards,



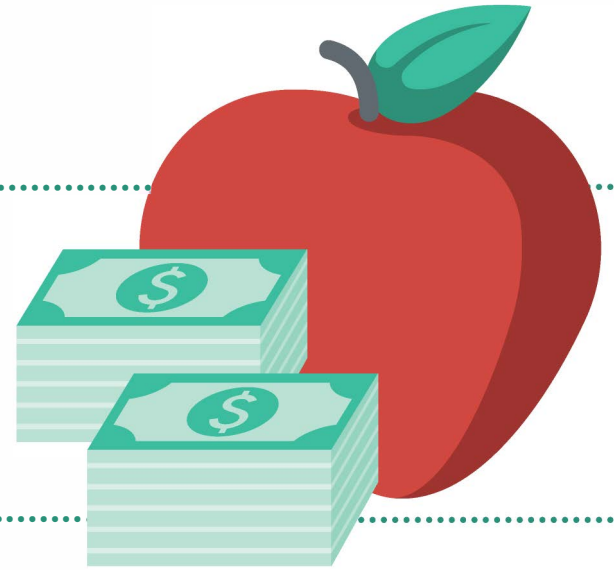
Paul A. Marsh
President and CEO



ABOUT TCU

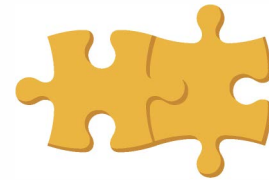
History

Ninety years ago, a small group of teachers pooled their savings to lend to others in need of credit. From these humble beginnings, TCU has grown to become Indiana's largest credit union.



Service

TCU helps its members achieve their goals by offering honest advice and personal service, treating them like people, not account numbers.



Cooperation

TCU doesn't profit off members — it invests in them. Earnings are returned to members through better rates, lower fees and enhanced products and services.



Personal Banking

TCU offers top-of-the-line financial services like checking, savings, loans, mortgages and credit cards, as well as specialized services like trusts, investments and insurance.



Business Services

From business checking to cash management and commercial lending, TCU is experienced at providing financial solutions for businesses of all sizes.

**Gives members
cash back**
for using their
TCU debit card



More than
\$4 billion
in assets



Free access to more
than **700 ATMs** in
Indiana and
Michigan and more
than **30,000**
reduced-fee ATMs
nationwide



Serving
306,123
Members



57
Service Centers



**Offering the
latest**
in online and
mobile banking



Provides access to more
than **5,600** shared
branches nationwide

HIGHLIGHTS



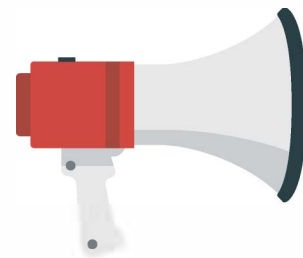
Pandemic Relief

Reached out to thousands of members during the pandemic to offer support and relief:

37,000 members called

26,000 loans deferred

20,000 fees waived

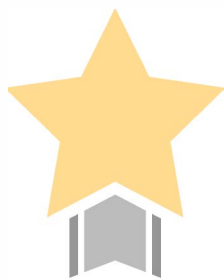


New in 2020

Strengthened focus on diversity, equity and inclusion, adding a new director and taskforce

Updated our corporate office in South Bend with an extensive remodel

Introduced student loans and refinances, expanded mortgage offerings and introduced online appointment scheduling



Outstanding Service

Highest member satisfaction rating on record for TCU

Benefits to Members

Gave back **\$4,166,870** to members via debit rebate

Members saved **\$8,354,419** with Round-Up Savings

Members earned more than **17,905,000** points with the Signature Rewards Credit Card



Growth

Acquired New Buffalo Savings Bank with **three locations** in New Buffalo, Sawyer and Three Oaks, Michigan strengthening TCU's presence in southwestern Michigan



Investment Services

Exceeded **\$1 billion** in member assets under management

Hosted online seminars to offer guidance to members during the pandemic



Insurance Agency

Recognized as premier agency by multiple insurance companies

Relocated agency headquarters and redesigned website to better serve members



Indirect Lending

Maintained top lender status with nearly **\$600 million** in loan production

Added motorcycles to indirect lending program



Mortgage

Doubled mortgage production to nearly **\$500 million**, a TCU record

Introduced **Hometown Heroes Program** to help law enforcement, medical personnel and firefighters become homeowners



Trust Services

Provided members outstanding personal service, protection and peace of mind



Business Services

Increased balances by **20%** and added **2,345** new accounts



Commercial Lending

Surpassed **\$500 million** in commercial loans while also helping businesses navigate the Paycheck Protection Program

NMLS# 686706. See TCU Round-Up Savings terms and conditions for details. See TCU Debit Mastercard® terms and conditions for details. See TCU Visa® Signature Rewards Credit Card terms and conditions for details.

TCU Insurance Agency: TCU Insurance Agency, LLC is a subsidiary of TCU. Insurance products are offered through various approved carriers. **TCU Trust Services:** Trust services available through MEMBERS Trust Company, 14025 Riveredge Drive, Suite 280, Tampa, FL 33637, a Federal Thrift Chartered by the Office of Thrift Supervision. This is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant. **TCU Investment Services:** TCU Investment Services offered through CUNA Brokerage Services, Inc., a broker/dealer focused on serving credit union members. CUNA Brokerage Services, Inc. is an affiliate of CUNA Mutual Group. For more information about CUNA Brokerage Services, Inc., please visit cunabrokerage.com. *TCU Investment Services Representatives are registered representatives of CUNA Brokerage Services, Inc. Representatives are registered, securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, which is not an affiliate of the credit union. CBSI is under contract with the financial institution to make securities available to members. **Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.** CUNA Brokerage Services, Inc. is a registered broker/dealer in all fifty States of the United States of America. FR-3480577.1-0321-0423

COMMUNITY



TCU Foundation

Approved grants supporting financial literacy, college scholarships, high-impact educational programs and matching-fund initiatives of special interest for our members, including:

- Challenger Learning Center of Northwest Indiana
- Youth Service Bureau of St. Joseph County
- Indianapolis Public Library
- The United Negro College Fund
- Elkhart County Youth Symphony
- Girl Scouts of Northern Indiana-Michiana
- Boys and Girls Club

Committed to our Communities

TCU and the TCU Foundation donated more than **\$800,000** to nearly **200** community organizations

Team members volunteered more than **4,500** hours with causes close to their hearts

For TCU's annual Day of Giving, **donated \$25,000** to support local parks throughout Indiana and southwest Michigan.



Personal Finance Program

Expanded to provide adults an engaging learning experience through a series of interactive modules, including topics on savings, buying a home and more

TCU's free online financial education programs impacted more than **12,630 people**



Financial Empowerment Program

Designed to educate and promote financial wellbeing, students had access to state-approved programming in school or at home



Amid the pandemic, CU's support for community events continued:

- Summer Concert Series in Valparaiso
- Art Beat in South Bend
- Falloween Fest Food Fair
- Drive-thru teacher appreciation breakfast in South Bend
- Christmas at the Zoo in Indianapolis



Innovate! Business Challenge

Recognized business members who evolved their businesses amid the pandemic

Certell.org, an Indianapolis nonprofit developer of online courses and educational materials, was selected as the winner and **received \$15,000**

Four other honorees — Bamar Plastics, Scarpe, Sip & Share Wines and Unity Gardens — **received \$5,000 each**

Balance Sheet

	<u>2020</u>	<u>2019</u>
Assets		
Cash and due from banks	\$275,173,395	\$205,493,044
Interest-bearing time deposits	-	106,599
Available-for-sale securities	487,688,208	323,903,773
Loans held for sale	2,670,375	-
Loans, net of allowance for loan losses of \$24,334,766 and \$19,828,169	3,056,993,623	2,656,660,705
Premises and equipment	62,694,271	55,923,506
Federal Home Loan Bank stock	20,754,700	20,287,100
National Credit Union Share Insurance Fund and other deposits	29,077,699	24,180,954
Alloya membership shares	2,759,747	2,759,747
Goodwill	13,466,480	1,640,866
Intangible assets, net of accumulated amortization of \$6,328,853 and \$5,950,455	2,097,613	2,163,363
Other assets	69,744,893	57,010,032
Total assets	<u><u>\$4,023,121,004</u></u>	<u><u>\$3,350,129,689</u></u>
Liabilities		
Members' share accounts	\$3,603,599,553	\$2,932,842,626
Nonmember share accounts	5,212,000	3,664,000
Borrowings	41,576,878	76,382,300
Other liabilities	38,326,247	30,187,020
Total liabilities	<u><u>3,688,714,678</u></u>	<u><u>3,043,075,946</u></u>
Members' Equity		
Regular reserve	217,927,038	205,452,190
Undivided earnings	112,423,375	101,183,366
Accumulated other comprehensive income	4,055,913	418,187
Total members' equity - substantially restricted	<u><u>334,406,326</u></u>	<u><u>307,053,743</u></u>
Total liabilities and members' equity	<u><u>\$4,023,121,004</u></u>	<u><u>\$3,350,129,689</u></u>

Income Statement

	2020	2019
Interest Income		
Loans and leases	\$121,686,634	\$112,003,402
Investment securities	7,173,235	9,113,449
Other interest and dividend income	1,893,642	1,618,365
	<u>130,753,511</u>	<u>122,735,216</u>
Interest Expense		
Share accounts	29,325,827	31,309,707
Borrowings	998,773	1,372,427
	<u>30,324,600</u>	<u>32,682,134</u>
Net Interest Income	100,428,911	90,053,082
Provision for losses on loans	11,000,006	9,031,948
Net Interest Income After Provision for Losses on Loans	<u>89,428,905</u>	<u>81,021,134</u>
Other Income		
Service charges and fees on share accounts	32,282,949	34,852,570
Annuity and other commissions	8,706,703	8,049,699
Gain on investments	1,030,121	224,838
Gain on sale of VISA stock	10,168,294	-
Gain on other real estate owned and repossessions	579,908	258,762
Gain on sale of loans	4,562,266	486,106
Other income	1,942,152	2,829,625
	<u>59,272,393</u>	<u>46,701,600</u>
Other Expenses		
Salaries and employee benefits	66,177,102	54,715,091
Net occupancy expenses	7,510,394	7,348,190
Equipment and data processing expenses	17,010,674	14,360,763
Printing and office supplies	2,006,187	2,054,772
Marketing and public relations	4,090,294	3,413,518
Loan expenses and fees	2,863,729	2,433,806
Plastic card processing	5,754,782	5,535,518
Professional outside services	8,142,518	3,099,467
Other expenses	11,574,431	10,473,529
	<u>125,130,111</u>	<u>103,434,654</u>
Net Income	<u>\$23,571,187</u>	<u>\$24,288,080</u>

Statement of Cash Flows

	2020	2019
Operating Activities		
Net income	\$23,571,187	\$24,288,080
Items not requiring (providing) cash		
Provision for loan losses	11,000,006	9,031,948
Investment securities amortization, net	2,850,330	1,829,245
Net loan origination cost accretion, net	(2,037,512)	(1,160,431)
Gain on sale of investments on the financials	(1,030,121)	(224,838)
Gain on sale of loans	(4,562,266)	(486,106)
Gain on other real estate owned and repossessions	(579,908)	(258,762)
Depreciation	6,164,464	5,826,431
Amortization of intangible assets	413,750	407,741
Gain on sale of VISA stock	(10,168,294)	-
Change in		
Loans held for sale	(2,670,375)	-
Interest receivable	2,544,494	885,511
Interest payable and other liabilities	7,423,781	(3,245,244)
Prepaid expense and other assets	(6,150,168)	(1,576,419)
Net cash provided by operating activities	<u>26,769,368</u>	<u>35,317,156</u>
Investing Activities		
Net change in interest-bearing time deposits	106,599	7,707
Acquisition, net of cash acquired	(7,184,211)	-
Purchase of FHLB stock	(467,600)	-
Purchase of securities available for sale	(267,728,186)	(228,554,655)
Proceeds from maturities and paydowns of securities available for sale	82,306,190	43,370,591
Proceeds from sales of securities available for sale	23,455,078	15,733,543
Proceeds from sale of VISA stock	10,168,294	-
Other receivable for related parties	-	(13,200,000)
Proceeds from sales of real estate owned and repossessions	6,712,677	8,105,743
Proceeds from sale of portfolio loans	-	118,806,918
Net change in loans	(326,139,453)	(46,957,689)
Purchases of premises and equipment	(9,432,953)	(10,887,908)
Increase in NCUSIF and other deposits	(4,896,745)	(1,702,375)
Net cash used in investing activities	<u>(493,100,310)</u>	<u>(115,278,125)</u>
Financing Activities		
Net change in		
Certificates of deposit and individual retirement accounts	(107,462,025)	137,480,866
Other share accounts	681,534,420	135,247,083
Net change in nonmember share accounts	1,548,000	(2,084,000)
Proceeds from borrowings	3,868,745	30,000,000
Repayment of borrowings	(43,621,517)	(33,596,355)
Net change in short-term borrowings	-	(117,000,000)
Membership fees received	143,670	141,006
Net cash provided by financing activities	<u>536,011,293</u>	<u>150,188,600</u>
Net Change in Cash and Cash Equivalents	69,680,351	70,227,631
Cash and Cash Equivalents, Beginning of Year	205,493,044	135,265,413
Cash and Cash Equivalents, End of Year	<u>\$275,173,395</u>	<u>\$205,493,044</u>

Additional Cash Flows and Supplementary Information

Interest paid	\$30,385,108	\$32,446,229
Transfer of loans to other real estate owned and repossessions	5,719,688	8,641,136

The fair value of noncash assets acquired and liabilities assumed in the business combination with New Buffalo Savings Bank effective June 5, 2020, was approximately \$109,532,000 and \$102,347,000, respectively.



Consolidated Statements of Members' Equity

Years ended December 31, 2020 and 2019

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2019	\$197,009,061	\$85,197,409	\$(4,382,058)	\$277,824,412
Net income		24,288,080		24,288,080
Other comprehensive loss			4,800,245	4,800,245
Regulatory transfers, net	8,302,123	(8,302,123)		-
Membership fees received	141,006			141,006
Balances, December 31, 2019	205,452,190	101,183,366	418,187	307,053,743
Net income		23,571,187		23,571,187
Other comprehensive income			3,637,726	3,637,726
Regulatory transfers, net	12,331,178	(12,331,178)		-
Membership fees received	143,670			143,670
Balances, December 31, 2020	<u>\$217,927,038</u>	<u>\$112,423,375</u>	<u>\$4,055,913</u>	<u>\$334,406,326</u>

Board of Directors



VINCENT HENDERSON
Chair



THEA KELLY
Vice Chair



JOHN MYERS
Secretary



PAUL A. MARSH
Treasurer



DAVID ARANOWSKI
Board Member



JIM DUBOIS
Board Member



SHIRLEY GOLICHOWSKI
Board Member



DIANE MAAS
Board Member



JACKIE MORALES
Board Member

Supervisory Committee



TRACY WEBER
Chair



ADELA CREASY
Committee Member



GREG FREEHAUF
Committee Member



DERRICK TORAN
Committee Member

Supervisory Committee Report

The Supervisory Committee of TCU is responsible for independently monitoring and assessing the credit union's financial condition and operations. Policies, procedures, and internal controls are evaluated by the Committee via discussions with internal/external auditors and state/federal regulators, as well as reviews of audit and examination reports. In addition, the certified public accounting firm of BKD, LLP was retained to perform a comprehensive year-end audit of the credit union's financial statements.

BKD's 2020 audit was conducted in accordance with generally accepted auditing standards, and resulted in an Unmodified, or "Clean" opinion issued on the consolidated financial statements for the year ended December 31, 2020. A portion of the audited financial statements is included in this report and a full copy is available upon request. Based upon the results of all audits and examinations performed during 2020, it is the opinion of the Supervisory Committee that TCU is in sound financial condition. We can assure the membership that management's policies, programs, and practices are effective.

Executive Management



PAUL A. MARSH
President &
Chief Executive Officer



NICOLE ALCORN
Senior Vice President &
Chief Member
Experience Officer



LOUISE ARSENAULT
Senior Vice President,
General Counsel &
Chief Compliance Officer



TODD BROWN
Senior Vice President &
Chief Financial Officer



CHAD DOUGLASS
Senior Vice President &
Chief Lending Officer



DAN ROUSSEVE
Senior Vice President &
Chief Information Officer



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