InTouch Credit Union (ITCU) had a very busy and productive 2019. In the ongoing effort to fulfill a strategic promise made to our membership, to provide more convenient and efficient digital service options, we initiated several key projects. We introduced our new online account opening and loan application platforms; launched a web-based loan payment tool; and started the process of converting to a new core system. These components interface with each other to provide a seamless service experience.

The new online membership application makes joining ITCU as a member easier than ever. The prospective member completes an application, answers a few security questions to validate their identity, and uploads their driver’s license into the system. An approval message is sent within seconds and the new member then selects how they want to fund their new account. We provide the option of transferring funds from another financial institution, as well as using a debit or credit card. Current members may also choose to use the online application to open supplementary accounts with ITCU.

The new electronic loan application is more streamlined than our previous application and the processing time is faster. When the application is completed, the member receives a pre-approval or a notification that an ITCU lender will contact them for further information. The addition of the pre-approval component has been well-received by members as it gives them peace of mind they will be able to obtain the funds they need to make a purchase, take a trip, pay a bill, or buy an auto.

We also instituted an online option that provides members with multiple choices for making their loan payments. Members may choose to pay with funds from their ITCU account, an account at another financial institution or a debit card. This methodology supports the member’s preference for managing their loans and monthly budget.

Lastly, in our 2018 Annual Report, we announced that a new prize-linked savings account called Save to Win® was introduced to our membership. In 2019, we opened 272 of these special accounts and 123 members won a total of $7,475 in prizes. We are very pleased to offer this great way to save and earn monetary prizes to our members. We also paid our members $5.2 million in dividends in 2019, which was an increase of $700,000 over the prior year. Helping our members continue to strengthen their financial well-being remains our primary goal.

The Board of Directors, senior leadership, and staff are dedicated to serving our membership to the very best of our ability. We will continue to search for ways to meet your financial needs by providing convenient, no- or low-cost, efficient service channels. Thank you for your continued business and loyalty.

Sincerely,

Nancy Pressel
Chairman, Board of Directors
The Audit Committee pursued educational opportunities in 2019 to ensure we continued to strengthen our knowledge of potential high-risk areas for the Credit Union. Based on information obtained from multiple sources, the Committee, senior leadership, and Risk Management Team developed a comprehensive audit review plan for the year.

In-depth audits were performed on cybersecurity protocols, social engineering threats, compliance with the Bank Secrecy Act, loan quality, general regulatory standards, and operational accuracy. The Audit Committee utilizes internal and external sources to validate adherence to these policies and procedures.

Nearman, Maynard & Vallez, a certified public accounting firm, conducted a comprehensive annual audit and discussed the results with the Audit Committee and senior staff. Within the scope of their 2019 audit, no material internal control weaknesses were identified. Additionally, they found the Credit Union’s financial statements conform to accounting principles generally accepted in the United States of America.

The internal auditors, Credit Union Resources, Inc., and the Risk Management Team conducted numerous reviews in 2019. These reviews have consistently found the Credit Union functions in an operationally secure manner.

A complimentary copy of the audited financial statements may be obtained at any branch, by contacting Member Care at (800) 337-3328, option 5, or submitting an email request to reports@itcu.org.

Respectfully,

Theresa M. Tschirky
Chairman, Audit Committee
In 2017, we began deploying a strategic plan to enhance the digital service options we offer, and we have made great strides over the past two years. The most recent year, 2019, saw the launch of new delivery channels as described in the Chairman’s Report, as well as fine-tuning our InTouch Teller® Interactive Teller Machine (ITM) procedures, rebranding our branches, and the selection of some new digitally-delivered products that will be introduced in 2020. The primary purpose for this strategic direction was to enable the Credit Union to effectively serve members in different economic and health environments.

I am thrilled to report that membership satisfaction with the ITMs increased from 50% in 2017, to 93% at the end of 2019 according to independent third-party surveys. We are very pleased that most of the membership supports and appreciates the value of conducting transactions in an efficient and secure manner that keeps employees safe. Also, by conducting transactions at the kiosk through a Personal Financial Assistant (PFA), fewer germs are transmitted, which is extremely important during cold, flu, and virus seasons. The keyboard and screen are frequently disinfected by branch staff and hand sanitizer is available for each member to use. One of our key priorities is to continue delivering service both digitally and personally, ensuring both your monetary well-being and physical well-being are safeguarded.

We are delighted to share we are rebranding all branches with a more contemporary and colorful look. The new branch model includes privacy cubicles for our ITMs, an electronic informational touchscreen, and a more streamlined design. Two of our eleven branches were completed in 2019, with the remainder scheduled over the next two years. We have received very positive feedback from members that have visited the two completed locations, and we look forward to bringing this updated look to your preferred branch location.

We began the steps in 2019 to bring you a much more effective way to transfer funds to friends and family. The Zelle® network will replace Popmoney® in June of 2020 and will provide you with the option of sending funds with greater flexibility. This will be a significant improvement over the current system we offer today. Zelle processes more transactions than any other transmittal service in the United States and will be provided to members at no charge. This new service offers ease of use and peace of mind when transferring money to those closest to you.

Lastly, 2020 digital introductions will include a self-serve branch appointment scheduler, online mortgage application, webchat, and some new electronic notice features. These are just a few of the new service offerings we plan to deliver because we want you to feel safe and connected as we offer easy, convenient, and beneficial ways to help you manage your money to achieve your financial dreams.

The Board of Directors, leadership, and staff value your loyalty, trust, and commitment to InTouch Credit Union. We never take your business for granted and are dedicated to helping you financially succeed.

Sincerely,

Kent L. Lugrand
President & Chief Executive Officer
STATEMENT OF INCOME

INTEREST INCOME
January through December
Interest on Loans to Members 2019: $31,090,979  2018: $27,873,878
Interest on Investments 2019: $3,064,133  2018: $2,882,157
Total Interest Income 2019: $34,155,112  2018: $30,756,035

INTEREST EXPENSE
Dividends on Members’ Shares 2019: $5,180,576  2018: $4,450,695
Interest on Borrowed Funds 2019: $2,996,749  2018: $2,596,586
Total Interest Expense 2019: $8,177,325  2018: $7,047,281

NON-INTEREST INCOME
Service Charges, Fees, and Other Operating Income 2019: $8,635,235  2018: $9,429,855
Unrealized Gains (Losses) from Asset Market Value Changes 2019: $6,800,129  2018: $(2,875,655)
Realized Gains (Losses) from Sales/Disposals of Assets 2019: $0  2018: $1,989,585
Total Non-Interest Income 2019: $15,435,364  2018: $8,543,785

NON-INTEREST EXPENSE
Compensation and Benefits 2019: $15,586,133  2018: $15,562,766
Operations 2019: $15,873,178  2018: $16,250,612
Net Income 2019: $3,981,252  2018: $(4,301,464)

STATEMENT OF FINANCIAL CONDITION

ASSETS
As of December 31
Cash and Cash Equivalents 2019: $23,132,709  2018: $33,551,544
Investments 2019: $679,906,404  2018: $72,490,199
Loans to Members, Net 2019: $693,638,547  2018: $772,451,008
Accrued Interest Receivable 2019: $2,083,275  2018: $1,543,456
Property and Equipment 2019: $10,766,399  2018: $10,823,611
National Credit Union Share Insurance Fund Deposit 2019: $6,751,544  2018: $6,901,985
Other Assets 2019: $8,469,944  2018: $10,037,250
Total Assets 2019: $812,748,822  2018: $907,799,272

LIABILITY AND MEMBERS’ EQUITY
Liabilities
Member Shares 2019: $705,115,899  2018: $735,055,597
Accrued Expenses and Other Liabilities 2019: $31,362,381  2018: $103,227,689

MEMBERS’ EQUITY
Liabilities
Unrealized Gain (Loss) on Investments 2019: $(1,061,313)  2018: $76,408,625
Reserves 2019: $70,577  2018: $812,748,822
Total Liability and Members’ Equity 2019: $812,748,822  2018: $907,799,272

INTEREST INCOME
January through December
Interest on Loans to Members 2019: $31,090,979  2018: $27,873,878
Interest on Investments 2019: $3,064,133  2018: $2,882,157
Total Interest Income 2019: $34,155,112  2018: $30,756,035

INTEREST EXPENSE
Dividends on Members’ Shares 2019: $5,180,576  2018: $4,450,695
Interest on Borrowed Funds 2019: $2,996,749  2018: $2,596,586
Total Interest Expense 2019: $8,177,325  2018: $7,047,281

NON-INTEREST INCOME
Service Charges, Fees, and Other Operating Income 2019: $8,635,235  2018: $9,429,855
Unrealized Gains (Losses) from Asset Market Value Changes 2019: $6,800,129  2018: $(2,875,655)
Realized Gains (Losses) from Sales/Disposals of Assets 2019: $0  2018: $1,989,585
Total Non-Interest Income 2019: $15,435,364  2018: $8,543,785

NON-INTEREST EXPENSE
Compensation and Benefits 2019: $15,586,133  2018: $15,562,766
Operations 2019: $15,873,178  2018: $16,250,612
Net Income 2019: $3,981,252  2018: $(4,301,464)
PRODUCTS AND SERVICES

InTouch Credit Union is proud to provide a wide range of deposit and loan products to its 90,340 members.

Products include:
- Auto Loans (new and used)
- Motorcycle, Boat and RV Loans (new and used)
- Checking and Savings Accounts
  - Personal
    - Momentum One Checking
    - Momentum Plus Checking
    - Prime Checking
    - High-Yield Checking
    - Fresh Start Checking
    - Regular Savings
    - Save to Win® Savings Accounts (Not Available in All States)
    - Money Fund Accounts
    - Health Savings
    - IRAs
    - Holiday Club Savings
  - Business
    - Regular Checking
    - Nonprofit Checking
    - Regular Business Savings
    - Business Money Fund Savings
- Nonprofit Savings
- Youth & Young Adult Checking and Savings Accounts
  - Chip’s Kids Club (Ages 0-12)
  - Geared Up! (Ages 13-17)
  - On My Own (Ages 18-24)
- Certificates of Deposit (CDs)
  - 3-60 Month Terms
  - Business CDs
  - IRA CDs
  - High-Yield Checking CDs
  - Limited Time CD Specials ("Bump" Rate CD)
- ITCU Mastercard® Platinum and Platinum Rewards Credit Cards
- Mortgages
- Home Equity Loans and Home Equity Lines of Credit (HELOCs)
- Home Improvement Loans (Texas-only)
- Personal Loans
- Seasonal Loan Specials
  - Holiday Loan (Available October–December)
  - Skip-a-Pay (Available Twice Yearly to Members via Mail)
- Business Loans
- Business Credit Cards
- Certificates of Deposit (CDs)
- 3-60 Month Terms
- Business CDs
- IRA CDs
- High-Yield Checking CDs
- Limited Time CD Specials ("Bump" Rate CD)
- ITCU Mastercard® Platinum and Platinum Rewards Credit Cards
- Mortgages
- Home Equity Loans and Home Equity Lines of Credit (HELOCs)
- Home Improvement Loans (Texas-only)
- Personal Loans
- Seasonal Loan Specials
  - Holiday Loan (Available October–December)
  - Skip-a-Pay (Available Twice Yearly to Members via Mail)
- Business Loans
- Business Credit Cards

Services include:
- InTouch Teller® Interactive Teller Machine
- Payment Protection Advantage®/Debit Protection
- ACH and Wire Transfers
- Apple Pay® and Google Pay™ Digital Support
- Debit Mastercard® with Ampre Cashback Programs
- MobiMoney™ Card Management for Debit and Credit Card
- Electronic (Paperless) Services
  - eReceipts, eStatements, eNewsletters
- Online and Mobile Banking
  - Bill Pay
  - Money Management Personal Financial Management Tool
  - Credit Sense™ Credit Score Provider
  - Instant Balance (Mobile-Only)
  - Touch ID® (Mobile-Only)
  - Mobile Deposit Capture (Mobile-Only)
  - Text Message (SMS) Banking (Mobile-Only)
- The InTouch Credit Union Car Buying Service Powered by TRUECar®
- Business Merchant Services
- Business Credit Card Processing
- Investment Services
- Safe Deposit Boxes (Where Available)
- Shared Branch Network Services
  - Access to 5,000+ Branch Locations
  - Access to 30,000+ Surcharge-Free ATMs
- Other Products and Services Partnerships for Discounts to Members
  - Accidental Death & Dismemberment Coverage
  - Travelers® Auto/Home/Renters Insurance Program
  - TruStage® Auto/Home/Life Insurance Program
  - CU Solutions Member Discounts

(Visit ITCU.org for complete registration requirements, any applicable message and data rates, applicable fees and relevant disclosures.)

InTouch Credit Union is proud to work for the financial well-being of our members, and we do so through an encompassing range of products and services.