

2020 ANNUAL REPORT





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CHAIRMAN AND PRESIDENT'S REPORT

A year defined by resilience

2020 was a year unlike any other. We faced unprecedented challenges on a global scale, as well as right here in our own community. The pandemic has had a dramatic effect on all our lives and has touched very close to home for many of us. However, through these difficult times we have realized our resilience and strength as a community. This is when the heart of the credit union movement of “people helping people” takes on even greater meaning.

Our goal throughout the pandemic has been to continue to provide exceptional service to our members while ensuring their safety and that of our Fortera employees. As we saw the virus gaining momentum in the first months of 2020, Fortera quickly developed and executed plans to maintain business continuity and service. We limited access or capacity in our branch lobbies, minimized in-person meetings, and launched an online appointment scheduling system and video chat solution.

We developed procedures to allow many of our support staff to work from home securely and implemented additional safety measures to protect member-facing staff working in our branches. When the spread of COVID-19 declined, we re-opened lobbies with preventative safety precautions. As we continue navigating the pandemic, Fortera will consistently execute our comprehensive strategy to ensure the well-being of our employees and members with minimal impact to the service we provide.

Fortera's focus has remained on serving our members and guiding them through the financial uncertainties that many have faced as a result of the pandemic. We have assisted our business members in applying for and securing Paycheck Protection Program (PPP) loans, provided members with mortgage and home equity relief, and offered a skip-a-payment program.

This has all been delivered by the steadfast commitment of our Fortera team who work alongside our members as a trusted financial partner, supporting them through even the most trying times. The dedication of our team has been nothing short of exemplary

and is reflected in our member loyalty and satisfaction ratings, which earned a net promoter score of 76.

Furthering our purpose to be a force for financial good, we desired to establish an entity dedicated solely to supporting our community impact initiatives. In 2020, the Fortera foundation was established to align our core values, resources and commitment to make meaningful investments in the communities we serve. The Foundation focuses its mission on combatting a high rate of poverty among single-parent families and helping break the cycle of generational poverty. Whether serving members or the community, Fortera strives to not only be a credit union of choice but to also be an organization of choice - inspiring others to join us in creating change.

Despite the year's challenges, Fortera continues to grow, seeing membership numbers reach 66,337, an 8.0% increase over 2019. We finished the year in a healthy, financially stable position with \$675 million in total assets, a one-year growth of \$79.5 million or 13.3%.

In the fourth quarter of 2020, Fortera began one of its most important initiatives, changing our charter from a community-based charter (only serving people in 5 counties) to a multiple common bond charter that allows us to expand our offerings throughout the state and ultimately throughout the country. Our expansion will initially focus on underserved markets in Tennessee and Kentucky that need more financial alternatives.

Fortera's entire team of employees and leadership share a solid vision, “to be the most admired organization in every community we serve.” This ambitious goal will be our guiding mantra as we strengthen our relationships with members, co-workers, and our community. Our mission statement, “to provide the right financial solution for you - every time,” defines the service we provide to our members each day.

Fortera looks forward to the coming year with excitement and renewed energy. We are grateful to all our members who continue this journey with us as your trusted financial partner. Thank you for another successful year, and thank you for choosing Fortera!

EDWARD “HAPPY” HIGGINS, BOARD CHAIRMAN
TOM KANE, PRESIDENT AND CEO, FORTERA CREDIT UNION



**Edward H. "Happy"
Higgins III**
Chairman



Tom Kane
President/CEO

BOARD OF DIRECTORS

Edward H. "Happy" Higgins III, *Chairman*

Rick Hackwell, *Vice-Chairman*

Linda Griffy, *Secretary*

Owen Schroeder, *Treasurer*

James Embry, *Director*

Richard Glass, *Director*

Nellynn Henson, *Director*

David Jones, *Director*

Leida Perez, *Director*

Jordan Harmon, *Board Advisory Council Member*

EXECUTIVE MANAGEMENT TEAM

Tom Kane, *President/CEO*

Jennifer Ventimiglia, *EVP/Chief Operating Officer*

Angela Andrews, *SVP, Operations*

Ginna Holleman, *SVP, Marketing*

Susan Peyret, *SVP, Financial Planning and Analysis*

Tara Decker, *VP, Enterprise Risk Management*

Jasmin Gammel, *VP, Digital Strategy*

Patty Hemmingsen, *VP, Organizational & Business Development*

Patricia Spencer, *VP, Business Intelligence*

Steve Von Mann, *VP, Fortera Real Estate Services*

Sharon Ward-Hermes, *VP, Human Resources*

Corey Watts, *VP, Technology*

Tim Wheeler, *VP, Consumer Lending*



Mark Boone
Chairman

SUPERVISORY COMMITTEE

Mark Boone, *Chairman*

Larry Carter

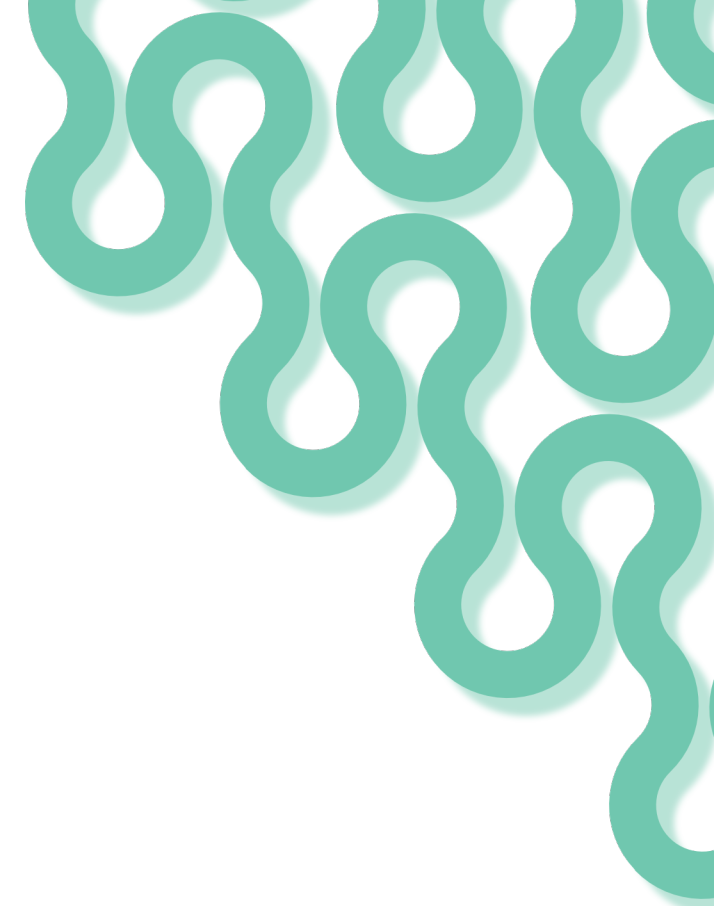
Richard Glass

Sandra Stevenson

The Supervisory Committee consists of board appointed member volunteers whose duty is to routinely review operations for compliance with government regulation, Board of Directors' policy, management established procedure, and the application of sound accounting principles. Because they are volunteers possessing varying degrees of familiarity with financial and accounting practices, they rely on two principal methods to fulfill our obligation.

1. The Committee employs and supervises an internal audit staff whose function is to conduct ongoing reviews and report to the Board of Directors and management the results of audits conducted during the year.

2. The Committee also engages a Certified Public Accounting firm to conduct an independent, annual, external audit of the Credit Union's financial statements and associated accounting practices.



SUPERVISORY COMMITTEE REPORT

Fellow Fortera Members:

I am Mark Boone, Chairman of the Supervisory Committee for Fortera Credit Union. The Supervisory Committee consists of member volunteers whose duty is to routinely review operations for compliance with government regulation, Board of Directors' policy, and management established procedure, as well as the application of sound accounting principles and strong internal controls. Because the Committee is comprised solely of member volunteers who possess varying degrees of knowledge relative to financial and accounting practices, we rely on two principal methods to fulfill our obligation.

First, we employ and supervise an internal audit staff. It is their job to conduct ongoing reviews and report to the Board of Directors and Management, through the Committee, the results of audits conducted during the year. The Committee routinely meets with the Internal Auditor to discuss his department's findings and related recommendations as documented in the monthly Board of Directors' report. I am pleased to report that none of the reviews conducted this past year revealed any significant issues or substantial control weaknesses.

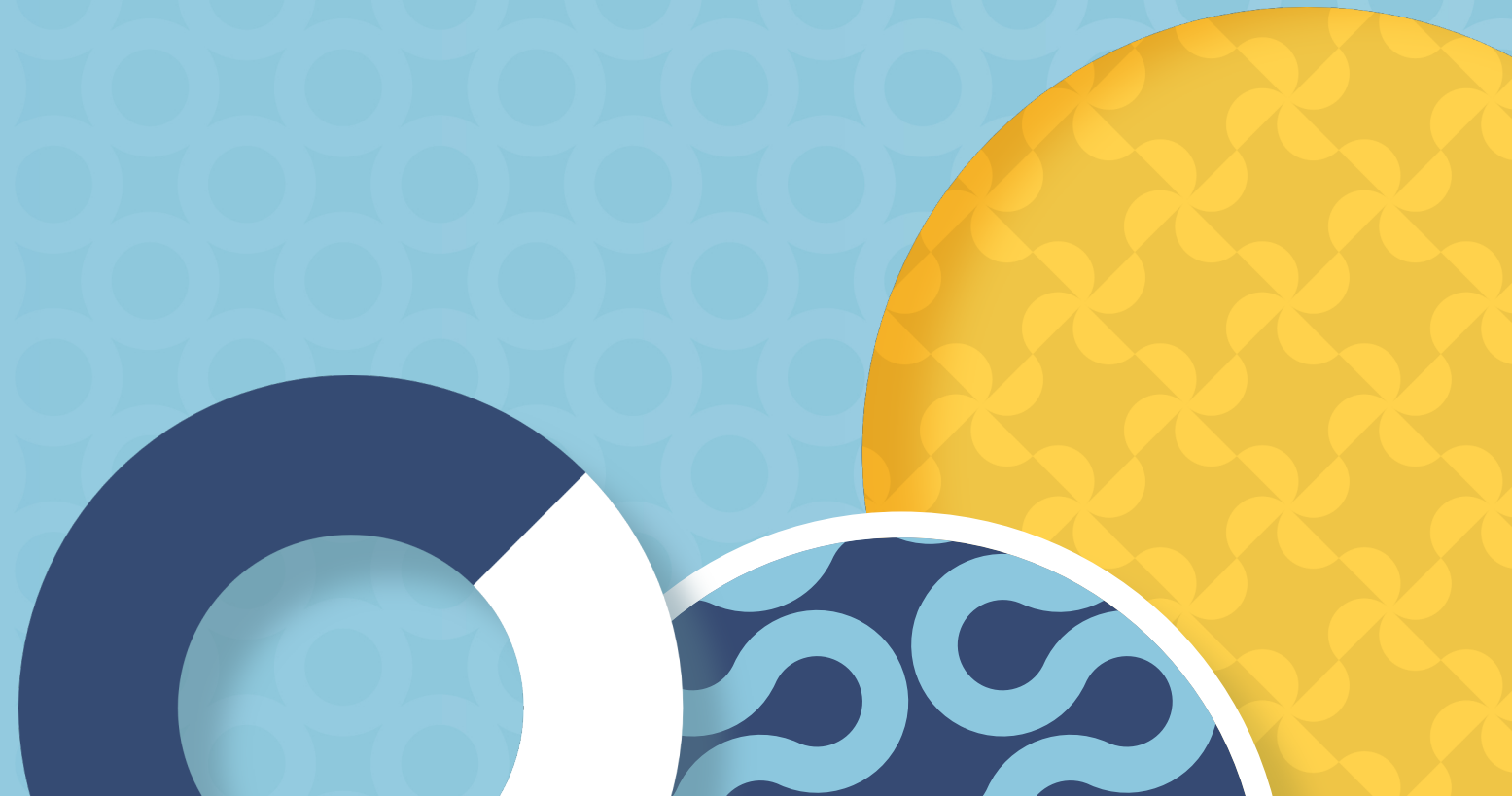
As an added measure of confidence, the Committee engages a Certified Public Accounting firm to conduct an independent, annual, external audit of the Credit Union's financial statements and accompanying accounting practices. In February 2021, Nearman, Maynard, and Vallez, CPA's, completed their engagement utilizing generally accepted auditing standards. It was their stated and documented opinion that the Credit Union's financial statements fairly represent the results of operations for the year ending December 31, 2020, as there were no associated negative findings communicated to the Supervisory Committee or Board of Directors.

Periodically, examiners from the National Credit Union Administration (NCUA), the federal agency responsible for credit union oversight, conduct a required regulatory review to confirm Fortera does not pose any extraordinary risk to the federal fund insuring member deposits. Due to the excellent results achieved last year, the Credit Union was placed on an extended schedule, meaning the next review will occur sometime after this year's Annual Meeting. This provides further evidence and

assurance that our Board of Directors and Executive Management continue to protect and promote our members' financial well-being.

In closing, thank you to my fellow Supervisory Committee members, Mr. Larry Carter, Mr. Richard Glass, and Ms. Sandra Stevenson, for their service. Also, the Committee commends the dedication and hard work demonstrated by our Board of Directors, Executive Management, and outstanding staff. We are proud of their combined efforts to provide dependable, quality service to our members, especially during these challenging and uncertain times. To our members, we genuinely value your ongoing support; we hope you and those you care about are well and that Fortera has, in some way, helped to lessen the burden inherent in meeting those challenges. We look forward to a brighter future and firmly believe Fortera will be here to help meet and exceed your financial needs and goals.

MARK E. BOONE,
CHAIRMAN, SUPERVISORY COMMITTEE



FINANCIAL PERFORMANCE

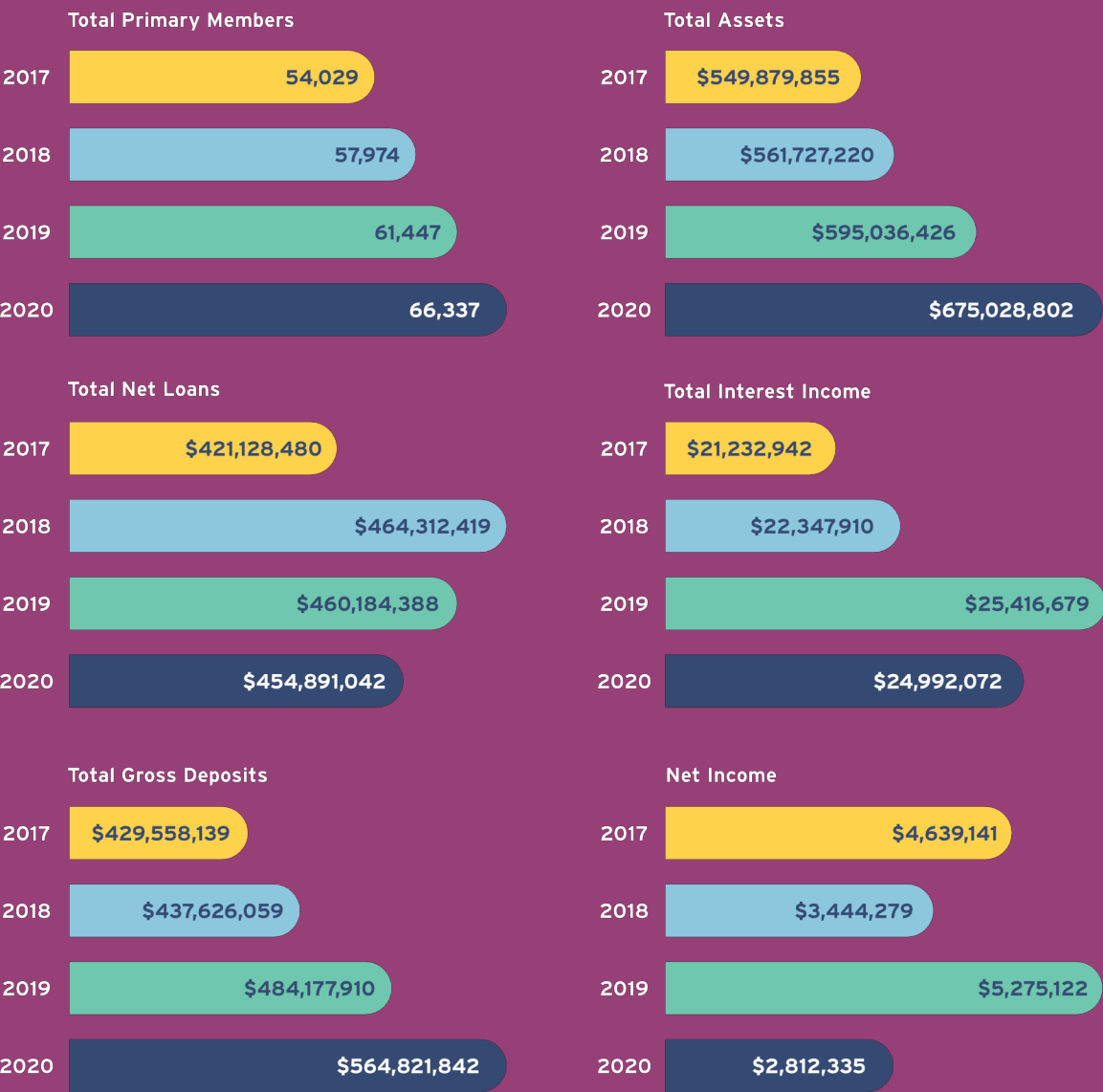
2020 will go down in the history books, not only for our country, but also for Fortera Credit Union. While 2020 had its challenges, Fortera ended the year with record-breaking numbers. We are serving more members than ever before, our total gross deposits soared to \$564M and our total assets have grown to a new high of \$675M!

Despite a somewhat shrinking loan balance, fairly lower than normal interest income, and a year of turmoil in the financial industry that included heavy market volatility, dramatic interest drops by the Federal Reserve and unemployment increases; Fortera was still able to help our members by offering loan deferrals, skip-payments and access to their stimulus checks all while boasting a modest \$2.8M net income for the year.

Our position of being well capitalized throughout the past few years gave us strength during this year of uncertainty. This capital allowed us to maintain our employee base and reconstruct our 'normal' routines to serve our members in a new way that was adherent to the CDC guidelines, keeping our employees and members safe.



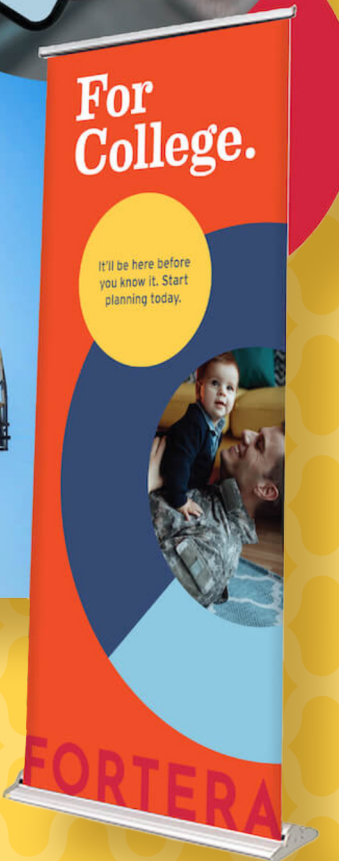
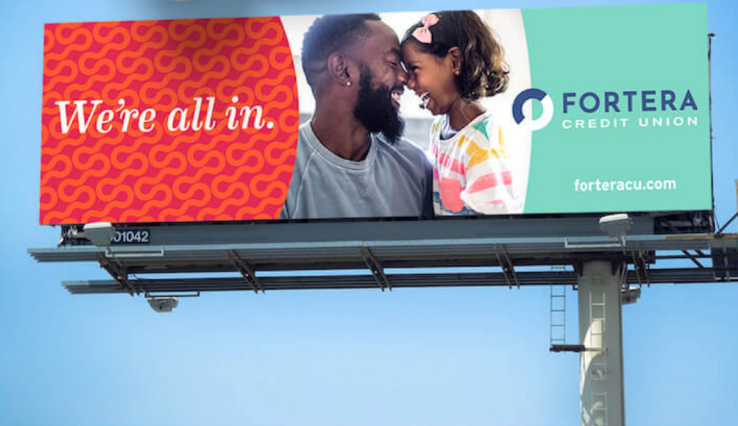
PERFORMANCE TRENDS



A BRAND NEW LOOK

Inspired by enthusiasm for our members and our “people helping people” mission, Fortera introduced a refreshed look for our brand identity in 2020. It's a bright expression of our friendly nature and a reflection of Fortera's full-circle commitment to help members go all in on their dreams. The new "O" in our logo is always connected, symbolizing Fortera's relationship with our members and the connection we share together as a community.

As we revolutionize Fortera for the future, our brand embodies the team who makes it all happen. We're fun, bold and different. We serve with purpose and we're in it to create big wins for all we serve.





We're all in.

CARRYING OUT OUR MISSION

We went all in ... and then we went all out. Little did we know that our “We’re All In” rally cry would resonate with extra meaning as the world turned in to shelter in place.

Fortera met the pandemic’s challenges with innovative and creative solutions to deliver services traditionally offered inside our branches - from remote banking to curbside convenience. With our members’ safety in mind, we enhanced and encouraged transaction methods that offer minimal-to-no contact including Online and Mobile Banking, video chat, texting, ATMs, drive-thru services, 24/7 Contact Center service and online appointment scheduling.

Whether on the front lines or behind the scenes, it’s the Fortera spirit within us that we project outward in every way. As we reimaged how to "carry out" our mission, the Fortera team successfully turned banking as we know it inside out.



BRANCHING OUT

What makes Fortera stand up and stand out is the real, personal care that we extend through each interaction. Our team members' hearts also showed up in big ways as we “branched out” to our community in need. Though we couldn't attend events in person this year, Fortera held true to our #WeServe core value and partnered with local non-profits to strengthen the communities in which we live and work.

Fortera and its teams members contributed \$44,589.16 to our local United Ways and provided resources to other organizations serving those most impacted by the pandemic. Among those partners, Fortera is proud to work with the F.U.E.L. program to ensure at-risk students in remote learning continue to receive nutritious meals. Fortera Big Brothers and Big Sisters also delivered summer enrichment goodie bags to the homes of our Littles, providing them with ongoing learning opportunities and support. Furthering our support of student's well-being and educational success, Fortera team members collected and contributed food for Austin Peay State University's SOS student Food Pantry and extended those donations to other local nonprofits.

As the year came to a close, we extended a welcoming home for the holidays, providing support to organizations in Clarksville and Hopkinsville that provide a safe haven for survivors of domestic violence. One randomly selected Fortera member, who serves in the military, also received a special "Home for the Holidays" surprise when we made a \$2,020 payment to the principal of their Fortera mortgage loan.

FORTERA FOUNDATION

Creating the Bridge to an Empowered Future.

Desiring to direct our resources for the greatest life-changing impact, the Fortera Foundation was introduced in 2020 to increase the quality of life for single parents and their children while breaking the cycle of generational poverty.

Within our communities, local demographics contribute to an especially high rate of poverty among single mothers, making it difficult for this growing segment to fulfill educational and occupational aspirations. While earning a post-secondary degree is a well-established pathway out of poverty, single parents face enormous logistical challenges made all the more difficult by low wages and limited access to childcare, affordable housing and transportation.

Fortera Foundation works to bridge the gap in these resources, empowering single-parent students to overcome challenges, enter college and graduate with a life-changing degree. In doing so, they pave the way to a more prosperous life for their families while inspiring educational goals for their children and the generations behind them.

In 2020, the Fortera Foundation established the Austin Peay State University Bridge Fund, providing twelve scholarships to single-parent students. Beyond providing financial assistance, the Foundation will also partner with Austin Peay and other educational institutions to offer financial literacy and coaching programs. Furthering a broader mission, the organization will support additional initiatives that strengthen the economic self-sufficiency of Fortera members and local residents.

Members of Fortera may support the Foundation's work by becoming a Fortera Foundation Lifetime or Sustaining Member. Enrollment is easy at each branch location or through our Contact Center. For more information on joining the Fortera Foundation, please visit www.forteracu.com/fortera-foundation.

Join now and help break the cycle of generational poverty.



BRANCH LOCATIONS

Clarksville

2050 Lowe's Drive
321 N. Spring Street
2193 Madison Street
500 Heritage Pointe Drive
145 Dover Crossing Road

Fort Campbell

Bldg. 88 Michigan Avenue

Hopkinsville

130 Griffin Bell Drive
300 Clinic Drive
3225 Lafayette Road

forteracu.com

