

# EECU

2023 EECU ANNUAL REPORT

The image shows the exterior of a modern, light-colored building with large glass windows. The EECU logo is prominently displayed on the upper left side of the building. The building is surrounded by landscaping, including trees and grass. A paved area is visible in the foreground.

EECU

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# Chairman and President's Report



George Thompson Jr.  
Chairman



Lonnie Nicholson  
President & Chief  
Executive Officer

## Thank you for being a Member of EECU. At EECU, we are owned by our Members – not shareholders. Our mission each day is to serve you.

We are pleased to report that EECU had another outstanding year in 2023. Thanks to your loyalty and support, we achieved growth on many fronts, with increases in membership, deposits, and loans.

While the past year was defined by inflation, rising interest rates, and shifting economic conditions, EECU remained focused on improving our Members' financial well-being. Our history of prudent and conservative business practices has built EECU for times like these. By anticipating these challenges and responding proactively, we continued to deliver more value to our Members through lower interest rates on loans, higher savings rates, and expanded delivery options.

### Operating Performance

At EECU, our commitment to our Members and their commitment to the credit union led to another solid year financially. We ended the year with \$3.7 billion in assets and a capital ratio of 12.4 percent. We continued to exceed the NCUA's well-capitalized minimum of 7 percent, underscoring our financial strength. We also welcomed over 38,000 new Members in 2023, which brought our year-end membership total to over 279,000.

### Managing Your Money Should Be Easy

Members' interactions with EECU should always be convenient, personalized, and secure whether by phone, online, or at your local EECU Financial Center. Our Members balance many roles in their day-to-day lives and it's our goal to make their lives simpler.

In 2023, we expanded our network of Financial Centers to enhance Members convenience, by opening new Financial Centers inside the H-E-B Frisco and Plano Flagship Stores, our first locations in Collin County.

We refreshed our Arlington and Burleson Financial Centers with a clean and more modern look.

We launched our High Yield Savings account, enabling Members to earn more on their funds transferred to EECU from other financial institutions.

We listened carefully to our Business Members and, as a result, launched a new mobile experience for small businesses, providing a simple way for them to manage their finances on the go.

Along with our focus on enhancing your digital experience, we continued to deliver best-in-class member engagement through the personal touch of our Financial Centers and Contact Center. In 2023, EECU's 18 Financial Centers performed over 1.2 million transactions and our Contact Center answered over 600,000 phone calls, chats, and text messages.

We are proud to report that our commitment to delivering *A Better Way of Banking*® is recognized as our Member satisfaction rankings for EECU's Financial Centers, Contact Center, and Digital branch, all score a 9 or higher, out of 10, in Member satisfaction.

### Investing in our Communities

Throughout 2023, EECU supported organizations making a difference in the lives of individuals who work and live in the Dallas/Fort Worth Metroplex. More than simply making donations, we aspired to make philanthropic investments that create measurable results.

During the course of the year, EECU employees proudly volunteered over 1,000 hours to non-profit organizations across DFW. They supported events such as the Cook Children's Radiothon, helping raise over \$1 million to serve local patients and their families, delivered over 2,000 winter clothing items to Fort Worth ISD students in need, and painted houses for low-income families through the Cowtown Brush Up.

We provided financial wellness courses to over 9,300 students at over 50 high schools and Tarrant County

Community College campuses. In addition, we educated over 2,600 adults through our self-guided digital financial wellness program.

And through the EECU Glenn Mandeville Memorial Scholarship, EECU awarded \$40,000 in scholarships to outstanding students to help cover tuition and fees at the college of their choice.

The overwhelming spirit of volunteerism demonstrated by our employees toward these causes was one of our greatest accomplishments in 2023. We believe helping our neighbors across the many communities we serve is a prerequisite for being a premier financial institution for Texans. These efforts didn't go unnoticed. EECU was named "Best Regional Bank and Credit Union" by *Newsweek* and "Best Northwest Tarrant County Credit Union" by *Living Magazine*.

We were also awarded the "Community Engaged for Excellence Award" from Arlington ISD and "Best Financial Literacy Program" by EVERFI.

### A Team Dedicated to Success

A successful credit union requires a collaborative effort by a focused team of skilled professionals, and that begins with strong leadership. As in years past, EECU's Board of Directors is firmly at the helm, driving the organization forward, while the management team and employees execute the business strategy. We applaud these outstanding individuals and the critical contributions they made in 2023 to ensure exceptional service to our Members and the financial stability of the credit union.

**The Year Ahead**

In 2024, we will continue to focus on improving the financial well-being of our members. EECU will leverage modern technologies, expand convenience and develop new products designed to help make our Members' lives simpler.

One of our efforts already underway is refreshing our Weatherford Financial Center with a fresh, clean, and more modern look.

We will open new Financial Centers at The Shops of Chisholm Trail Ranch and in Hudson Oaks. These new Financial Centers will feature Personal Teller Machines and video conferencing capabilities, enabling our members to easily connect with our mortgage, investment, or insurance advisors for personalized assistance.

We will enhance our Contact Center platform to deliver a seamless experience across your phone, chat, and texting interactions.

We will introduce new debit card readers at our Financial Centers, designed to enhance the Member experience at the teller line. These new readers will offer improved security, convenience, and electronic receipt functionality.

We remain keenly aware that you have a choice of financial service providers. All of us at EECU—your board of directors, management, and staff—thank you for your membership. You can continue to trust EECU to deliver *A Better Way of Banking*® in 2024 and beyond.

**Thank you for your continued support.**



George Thompson Jr.  
Chairman



Lonnie Nicholson  
President & Chief  
Executive Officer

# Serving Our Members

## Together, We Are 279,000 Members Strong



### New Members

Welcomed over 38,000 new Members.



### Dividends Paid

Paid over \$55 million in Member Dividends.



### Personal Loans

Over 8,500 Members received a personal loan to fund their dreams.



### Refreshed

Updated the Arlington and Burleson Financial Centers with a clean and more modern look.



### Serving You Where You Are

Performed over 1.2 million transactions at our 18 Financial Centers, and answered over 600,000 phone calls, chats, and text messages.



### Savings Account

Introduced High Yield Savings accounts, helping Members earn more.



### Auto Loans

Funded over 27,000 auto loans for our Members.



### Home Loans

Helped over 1,600 Members in their journey to homeownership.



### New Financial Centers

Opened new Financial Centers inside the H-E-B Frisco and Plano Flagship Stores.



### Mobile Experience

Launched a new mobile experience for small businesses, providing a simple way for them to manage their finances on the go.



## Treasurer and Credit Committee Report



Frank Molinar  
Treasurer, Chairman of  
the Audit Committee



Mauro Serrano  
Chairman of the  
Credit Committee

At EECU, we strive to deliver consistent, sustainable, long-term financial results to our membership. During 2023, EECU continued to demonstrate resilience and strength despite navigating economic disturbances, such as interest rate volatility, increased competition, liquidity challenges, inflationary pressure, and general economic uncertainty. With thoughtful planning, conservative strategies, and effective navigation of changing markets, we are pleased to report EECU delivered another solid year of financial performance.

EECU generated \$46.4 million in net income, a slight decrease of \$1.8 million or 4 percent from 2022, while returning a record \$55.3 million in interest and dividends back to the membership. Even with a significant increase in deposit and loan competition, we maintained industry-leading positions in key performance metrics of return on average assets (ROA), return on average equity (ROE), and efficiency ratio. Our ROA decreased from 1.42 percent in 2022 to 1.29 percent, our ROE decreased from 12.72 percent in 2022 to 10.96 percent, and our efficiency ratio slightly increased from 60 percent in 2022 to 63 percent. This continued financial performance has provided the resources necessary to continue investing in digital capabilities and key business initiatives to provide you with A Better Way of Banking®.


Core building blocks of long-term value creation – loans, deposits, and capital – continued to grow in 2023. At year end, total deposits reached \$3.2 billion, up 8.1 percent from the prior year, total net loans outstanding finished 2023 at \$2.9 billion, up 9.5 percent, and total capital grew to \$447 million, up 12.0 percent.

EECU's commitment to meeting the borrowing needs of our members resulted in over \$1.4 billion in loan originations, slightly down 10 percent from 2023, while the credit quality of our loan portfolio remained strong, driven by solid performance in the consumer, residential real estate, and commercial real estate portfolios. EECU's rate of loan delinquency normalized in late 2023, after abnormally low rates experienced since the pandemic. Overall delinquency increased from 0.21 percent in 2022 to 0.43 percent in 2023, however this rate is consistent with pre-pandemic levels, is still considerably lower than our PEERs, and continues to reflect sound lending policies and our members' dedication to meeting their payment obligations.

EECU's regulatory ratio of net worth-to-total assets, a measure of financial strength and stability, increased from 12.3 percent in 2022 to 12.4 percent in 2023, and remains well above our regulatory minimum of 7 percent. Membership growth, another critical measure of success, increased 4.6 percent, resulting in a year-end membership total of 279,332.

Regardless of what future economic and financial challenges lie ahead, EECU remains well-positioned with a high-quality loan portfolio, safe, liquid investments, a strong, growing membership base, and a considerable net worth position. We thank you for partnering with us for your financial needs. You are the reason we exist, and our success depends on you!

  
Frank Molinar  
Treasurer, Chairman of  
the Audit Committee

  
Mauro Serrano  
Chairman of the  
Credit Committee

## Audit Committee Report



Frank Molinar  
Treasurer, Chairman of  
the Audit Committee



Brad Schone  
Chief Financial Officer

Your audit committee meets on a regular basis to oversee the credit union's audit function. Its mission is to ensure accurate and fair presentation of the credit union's financial condition, and to assist management in evaluating the effectiveness and efficiency of risk management practices, resource management, internal controls, regulatory compliance, and overall governance.

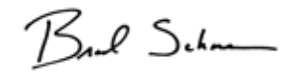
Through comprehensive standards, measurements, and oversight, we work diligently to ensure the continuation of EECU's fiscal health and sound operations. To accomplish its oversight and fiduciary responsibilities, the audit committee is assisted by the auditing services of Doeren Mayhew CPAs & Advisors. Working on the committee's behalf, Doeren Mayhew performs auditing services to ensure the credit union's financial statements are presented in accordance with generally accepted accounting principles, and obtain reasonable assurance that internal controls are in place and are followed to protect Member assets.

The audit committee meets on a routine basis to establish auditing plans, review audit results, and ensure timely correction of deficiencies by operating management. Regulatory examinations are performed on an annual basis by the Texas Credit Union Department and the National Credit Union Administration. These examinations focus on EECU's financial condition, safety and soundness, credit administration practices, operating results, and management oversight. The audit committee is pleased to report EECU remains operationally and financially safe and sound.

The Annual Report and related financial statements are true and correct to the best of our knowledge and belief, and present fairly the financial condition and statement of income for the period covered.



Frank Molinar  
Treasurer, Chairman of  
the Audit Committee



Brad Schone  
Chief Financial Officer

## Board of Directors



George Thompson Jr.  
Chairman  
(2021-2024)



Dr. Rich Dear  
Vice Chairman  
(2021-2024)



Dr. Joe Bean  
Secretary  
(2021-2024)



Frank Molinar  
Treasurer  
(2022-2025)



Randall Armstrong  
Director  
(2023-2024)



Ben Davis  
Director  
(2023-2026)



Karel Rucker  
Director  
(2022-2025)



Dr. Nikita Russell  
Director  
(2023-2026)



Mauro Serrano  
Director  
(2022-2025)

Meet the members of EECU's Board of Directors. Each director works in the best interest of our Members to meet the demands of governing a financial institution with over \$3.7 billion in assets.

Board service demands a great deal of time—not just attending meetings, but also serving on governance committees, a commitment to education and training, and taking on the greater fiduciary liability of the credit union. So, in recognition, the credit union paid \$57,875 in director fees in 2023 and is expected to pay approximately \$58,500 in director fees in 2024.

## 2023 Financial Highlights

### Assets

**\$3.7 Billion**

8.5%  
Increase

Assets grew by \$291 Million

### Loans

**\$2.9 Billion**

9.5%  
Increase

Loans grew by \$256 Million

### Deposits

**\$3.2 Billion**

8.1%  
Increase

Deposits grew by \$243 Million

### Members' Equity

**\$447 Million**

12%  
Increase

Members' Equity grew by \$48 Million

### 2023 Returns to Members

#### Dividends & Interest Paid to Members

**\$55.3 Million**

219%  
Increase

Dividends & Interest paid to Members increased by \$37.9M

## Consolidated Statements of Financial Condition

Assets	2023	2022
Cash and cash equivalents	\$439,533,434	\$391,723,780
Investment securities:		
Equity Securities	40,564,611	37,003,464
Available-for-sale	173,838,823	203,159,338
FHLB stock	1,796,200	1,714,800
Loans held-for-sale	5,038,389	4,307,820
Loans to Members, net of allowance for loan losses	2,966,352,959	2,710,222,311
Accrued interest receivable	10,097,524	7,405,913
Property and equipment	39,984,141	37,851,835
Share insurance deposit	27,343,180	26,791,329
Investments in CUSOs	100,000	100,000
Defined benefit pension plan	17,130,565	13,097,142
Other assets	17,695,096	14,514,744
<b>Total Assets</b>	<b>\$3,739,474,922</b>	<b>\$3,447,892,476</b>
Liabilities and Members' Equity	2023	2022
<b>LIABILITIES:</b>		
Members' shares and savings accounts	3,248,747,077	\$3,005,099,202
Accounts payable and other accrued liabilities	43,247,317	43,325,220
<b>TOTAL LIABILITIES</b>	<b>3,291,994,394</b>	<b>3,048,424,422</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
Members' equity		
Regular reserve	8,650,023	8,650,023
Undivided earnings	455,645,355	415,615,925
Accumulated other comprehensive loss	(16,814,850)	(24,797,894)
<b>TOTAL MEMBERS' EQUITY</b>	<b>447,480,528</b>	<b>399,468,054</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$3,739,474,922</b>	<b>\$3,447,892,476</b>

## Consolidated Statements of Earnings

Earnings	2023	2022
<b>INTEREST INCOME:</b>		
Loans receivable	\$135,344,951	\$97,390,828
Investment securities	21,215,718	11,775,403
<b>TOTAL INTEREST INCOME</b>	<b>156,560,669</b>	<b>109,166,231</b>
<b>INTEREST EXPENSE:</b>		
Interest and dividends on Members' savings accounts	55,309,969	17,322,481
<b>NET INTEREST INCOME</b>	<b>101,250,700</b>	<b>91,843,750</b>
Provision for loan losses	9,525,483	2,914,983
<b>NET INTEREST INCOME</b> after provision for loan losses	<b>91,725,217</b>	<b>88,928,767</b>
<b>NON-INTEREST INCOME:</b>		
Fees and charges	20,858,064	23,213,472
Corporate Stabilization Recoveries	-	7,167,993
Interchange Income	17,458,013	17,366,858
Gain/Loss on trading securities	3,679,258	(4,655,152)
<b>TOTAL NON-INTEREST INCOME</b>	<b>42,022,335</b>	<b>43,093,171</b>
<b>NON-INTEREST EXPENSES:</b>		
Compensation and benefits	42,675,366	42,682,060
Office operations	20,159,882	19,024,862
Occupancy	5,107,807	5,170,352
Operating expenses	19,410,456	16,923,749
<b>TOTAL NON-INTEREST EXPENSES</b>	<b>87,353,511</b>	<b>83,801,023</b>
<b>Net Earnings</b>	<b>\$46,394,041</b>	<b>\$48,220,915</b>

The consolidated financial information presented in the 2023 Annual Report on pages 10-11 are a condensed representation of the EECU December 31, 2023, financial statements without cash flows, changes in equity, and comprehensive footnotes, prepared by our independent certified public accounting firm Doeren Mayhew in the audited consolidated financial statements, which are available for review in the executive offices of EECU, Fort Worth, Texas.

## Making An Impact

### Charitable Giving


 **\$1 Million**  
Helped raise for Cook Children's

 **\$125,000**  
Donated to non-profits from our charitable donation account

 **\$40,000**  
In college scholarships

### Employee Volunteerism

 **1,000+**  
Employee volunteer hours

 **2,000+**  
Donated winter clothes items to Fort Worth ISD students in need

 **650+**  
Meals delivered to home-bound seniors

### Financial Literacy

 **25,000+**  
Learning hours

 **9,000+**  
Students educated

 **50+**  
Schools impacted

### Community Support

 **\$218.5 Million**  
Originated in EECU home loans

 **1,800 Members**  
Provided small dollar loans

 **\$1 Million**  
In SBA loans

## 2023 Awards & Recognition



Community Engaged  
for Excellence Award



America's Best Regional Banks  
and Credit Union



Best Financial Literacy  
Program-Midwest Region



Best of Northeast Tarrant  
County Readers' Choice  
Winner for Credit Unions



Breakthrough Award

### Senior Management Staff Changes

In August, 2023, the following officer changes took place: Matt Kaudy was promoted from Chief Growth & Strategy Officer to EVP & Chief Growth Officer; Paula Holcomb was promoted from SVP, HR & Training to Chief People Officer; and Robin Harris was promoted from Chief Operations Officer to Chief Member Experience Officer. In September, 2023, Chris Brown was hired as EECU's Chief Lending Officer.





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Federally insured by NCUA. National Credit Union Association, a U.S. Government Agency - Member accounts are federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government.