



2018 EECU ANNUAL REPORT

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Chairman and President's Report



George Thompson Jr.
Chairman



Lonnie Nicholson
President & Chief
Executive Officer

Dear Members and Friends,

Building A Better Future, Today and Tomorrow

At EECU, it's our privilege to serve as your trusted financial partner, providing you with A Better Way of Banking® through best-in-class personal service focused on your individual needs, guidance you can count on, and highly competitive financial products and services to help you manage your financial life.

How we fulfill this is illustrated by stories from Members like you. For example, Leann Shaw and her husband have been Members for eight years and shared how we helped their family over the years by offering financial solutions that have really made a difference in their lives.

"What makes EECU different is that they are focused on what is best for you and your family, helping improve your financial well-being," said Leann Shaw. "I love their auto loans and no one else can match their rates. The lower interest rate and lower payment allowed us to save a little extra each month in case of an unexpected expense. They treat you so well and with respect ... they're like family. I wouldn't dream of going anywhere else," said Leann.

We strive to make every Member's experience with EECU just as rewarding as the one shared by the Shaw family.

Staying true to our mission along with your continued trust and loyal support, led to another outstanding year. We achieved several EECU milestones in 2018. This past year, EECU added 34,428 members, including our 200,000th Member - and by year-end our membership grew to 205,766. We had a record year serving the needs of our members, originating over \$1 billion in loans, including purchasing or refinancing their homes and cars, financing personal loans or getting new credit cards.

At EECU, our commitment to our Members and, in return, their support of the credit union led to another solid year financially. We ended the year with \$2.23 billion in assets and a capital ratio of 12.23 percent. We continued to exceed the NCUA's well-capitalized minimum of 7 percent, underscoring our financial strength. Our strong financial condition places us in a great position to continue investing in our Members and the future of EECU.

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. Increasingly, one of the most popular ways Members manage their money is

through online and mobile banking. Nearly half of our Members rely on our online and mobile app to manage their finances with EECU. In 2018, we introduced a new online mobile banking experience and refreshed the online banking design. The new experience simplified account navigation and increased functionality including personal financial management tools to help Members track their spending, create budgets and view their credit score. It enhanced security allowing Members to turn on/off their debit card and receive text messages when certain activities occur in their accounts.

Along with strengthening our digital channels, our Member Contact Center and 14 Financial Centers continued to provide the important personal touch while reinforcing our commitment to delivering best-in-class technology - helping build trust and engagement with our Members.

We continue to expand our financial center network for your convenience by securing our 15th location in North Richland Hills scheduled to open in the summer of 2019. In addition, we added several new ATMs at local high schools.

Listening to Members share ways we can improve their credit union experiences with us is a top priority of EECU. As a result, EECU enhanced your checking and certificate of deposit mobile and online account opening experience. Now, Members can open a new account online in less than five minutes.

We expanded our mortgage programs and enhanced the mortgage process to be simpler, easier, and faster, making EECU the home lender of choice for our Members and the DFW community.

We also introduced a new retirement and investment

services program supported by CUSO Financial Services (CFS)* allowing Members to enjoy both a "high-tech" and "high-touch" experience with retirement and investment services. Members can now view their retirement and investment account information alongside their EECU checking and savings account.

From their online banking account, Members can view and manage their investment accounts on the go through a mobile app, and have access to an online trading tool that allows Members to trade mutual funds and stocks anytime, anywhere. Equally important, Members can also meet face-to-face with our team of licensed financial advisors.

Your Community is Our Community

Throughout 2018, EECU participated in several programs to enhance the quality of life in our community. More than simply making donations, we aspired to make philanthropic investments that create measurable results. During the year EECU employees proudly volunteered over 1,900 hours for the Cook Children's Radiothon, Tarrant Area Food Bank, and Meals on Wheels, benefiting those in need in the Fort Worth community. We provided financial literacy education to over 5,500 students at 31 high schools and donated 25,000 books to elementary schools throughout the Fort Worth area.

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

We believe that helping our neighbors across our many communities is a prerequisite for being a premier financial institution for Texans. These efforts didn't go unnoticed. EECU was named "Best Bank/Credit Union in Ft. Worth"

* Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member FINRA / SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. The Credit Union has contracted with CFS to make non-deposit investment products and services available to credit union members.

Star-Telegram

FORT WORTH

Best Bank/Credit Union

FORT WORTH BUSINESS PRESS

Corporate Philanthropy Awards

Business *of the* Year

Kennedale, Southlake, and
White Settlement

by the Star Telegram. We were also awarded the “Corporate Philanthropy Award” for a small employer by the Fort Worth Business Press. EECU was also selected “Business of the Year” by the Kennedale, Southlake and White Settlement Chambers of Commerce.

Looking to the Future

In 2019, we will continue to focus on delivering A Better Way of Banking® and 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 the redesign of our website, EECU.org. The new website will deliver a user experience with improved navigation, functionality and expanded content. We will also introduce a fresh forward-thinking new brand identity and a refreshed EECU logo in 2019 that provides modern flexibility. With this new brand, we’re honoring our heritage while reinforcing our focus on helping our Members move forward.

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 2019 and beyond.

Thank you for your continued support.

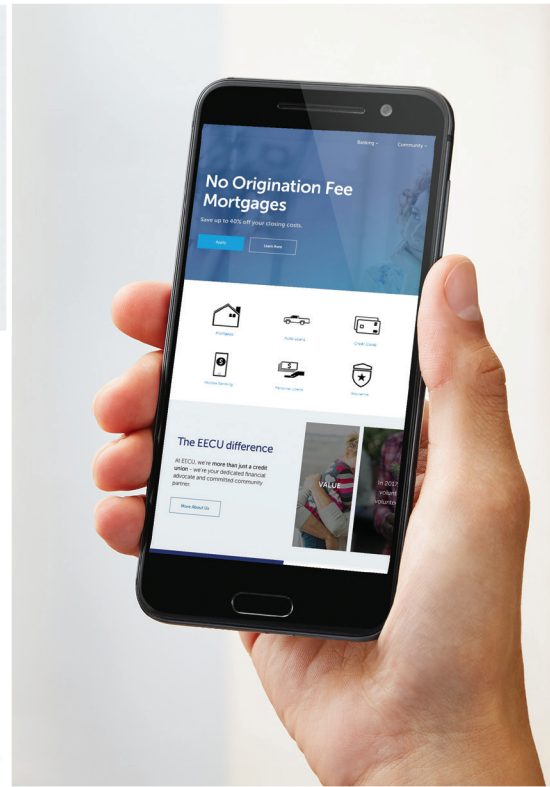


George Thompson Jr.
Chairman



Lonnie Nicholson
President & Chief
Executive Officer

Moving Forward with You



Treasurer and Credit Committee Report



Frank Molinar
Treasurer, Chairman of
the Audit Committee



Johnny Largent
Chairman of the
Credit Committee

Once again, we delivered solid financial performance for the membership, and achieved several milestones along the way. With careful planning, effective navigation of shifting market rates, and conservative investment strategies, EECU generated net income of \$25.3 million in 2018, while returning over \$15 million in interest and dividends back to the membership, a 39 percent increase over 2017. These results reflected the determination of our team members and the benefits of our cooperative business model to provide our membership A Better Way of Banking®.

EECU has consistently maintained industry-leading positions in key performance metrics of return on average assets (ROA), return on average equity (ROE), and efficiency ratio. In 2018, our ROA increased from 1.14 percent in 2017 to 1.16 percent, our ROE remained steady, moving from 10.10 percent in 2017 to 10.03 percent, and our efficiency ratio slightly increased from 63.8 percent the prior year to 65.4 percent.

In 2018, the Federal Reserve Bank raised its benchmark interest rate each quarter, signaling increased confidence in the health of the economy. However, this rapid rise in interest rates produced a highly competitive market environment for all financial institutions. Yet, your credit union accelerated its asset growth from 5.72 percent in 2017 to 8.13 percent in 2018, reaching a record \$2.26 billion in total assets.

Core building blocks of long-term value creation – loans, deposits, and capital – continued to grow in 2018. At year end, total deposits were \$1.96 billion, up 8 percent from the prior year, while our loan portfolio (net of allowance for loan losses) finished 2018 at \$1.79 billion, up 12 percent from 2017. EECU's commitment to meeting the borrowing needs of our members resulted in a record \$1 billion in loan originations, up 12 percent from 2017. EECU's regulatory ratio of net worth to total assets, a measure of financial strength and stability, increased from 12.1 percent in 2017 to 12.3 percent, well above our regulatory minimum of 7 percent. The credit quality of our loan portfolio continues to be strong, benefiting from a healthy economy and a disciplined approach to credit risk management. Net charge-offs of 0.34 percent of average loans and loan delinquency of 0.39 percent of total loans remained at historic lows, reflecting sound lending policies and our members' dedication to meeting their payment obligations.

New Member growth is another critical measure of success. We are pleased to report that over 34,000 new Members joined EECU in 2018, growing total membership to a record 205,766 members.

Regardless of the future economic and financial challenges that may lie ahead, we remain well positioned with a high-quality loan portfolio, safe, liquid investments and a strong membership base. We thank you for your membership, continued support, and placing your trust in EECU.

A handwritten signature in black ink that reads "Frank Molinar".

Frank Molinar
Treasurer, Chairman of
the Audit Committee

A handwritten signature in black ink that reads "Johnny Largent".

Johnny Largent
Chairman of the
Credit Committee

Audit Committee Report

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Frank Molinar
Treasurer, Chairman of
the Audit Committee

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.



Brad Schone
Chief Financial Officer

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.

A handwritten signature in black ink that reads "Frank Molinar".

Frank Molinar
Treasurer, Chairman of
the Audit Committee

A handwritten signature in black ink that reads "Brad Schone".

Brad Schone
Chief Financial Officer

Board of Directors



George Thompson Jr.
Chairman
(2018-2021)



Dr. Rich Dear
Vice Chairman
(2018-2021)



Dr. Joe Bean
Secretary
(2018-2021)



Frank Molinar
Treasurer
(2016-2019)



Ben Davis
Director
(2017-2020)



Johnny Largent
Director
(2017-2020)



Karel Rucker
Director
(2016-2019)



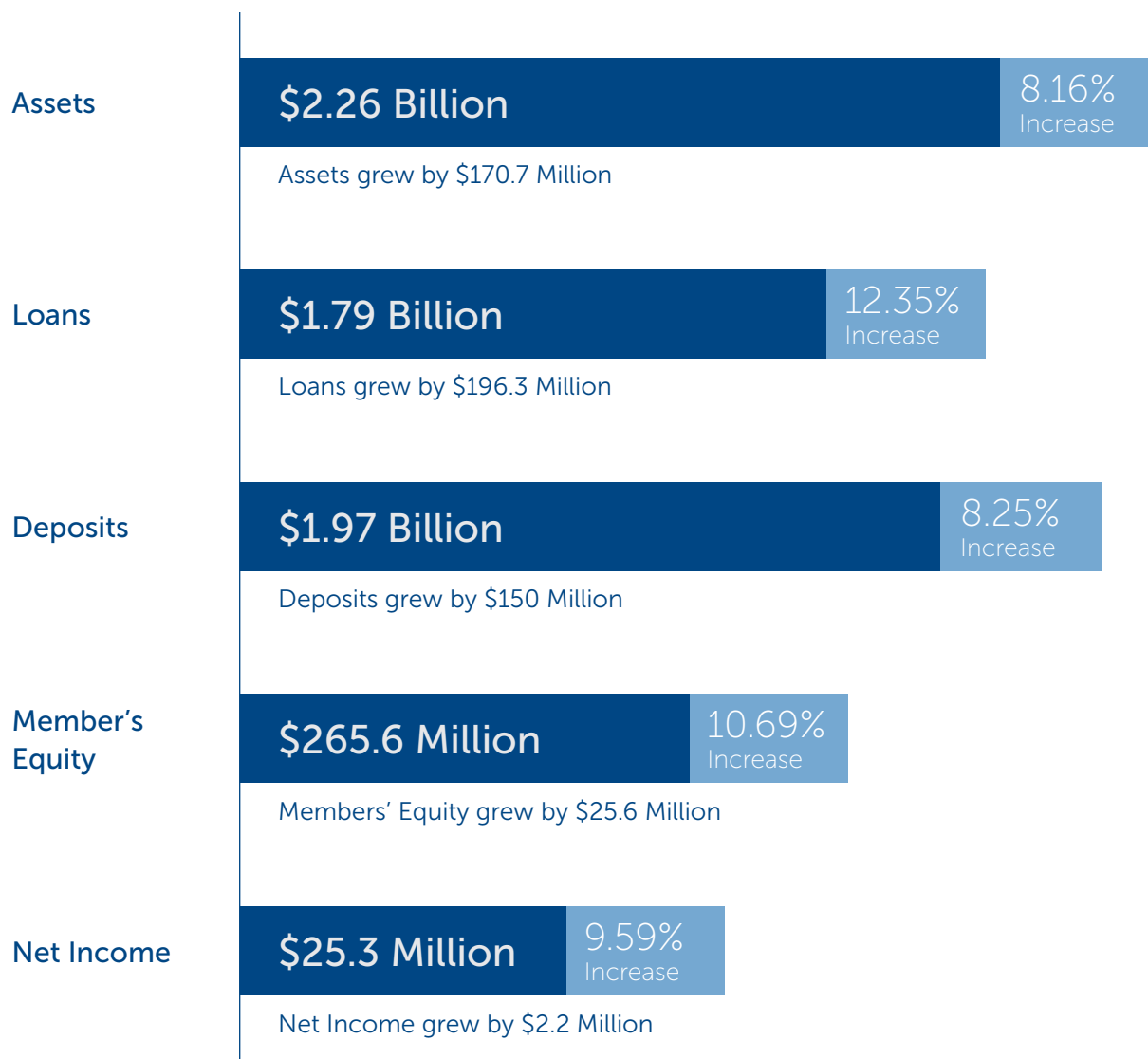
Dr. Nikita Russell
Director
(2017-2020)



Mauro Serrano
Director
(2016-2019)

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 \$2 billion in assets.

2018: A Year of Growth



2018 Returns to Members



Consolidated Statements of Financial Condition

Assets	2018	2017
Cash and cash equivalents	\$277,580,590	\$280,781,864
Investment securities		
Trading securities	31,277,685	32,078,416
Available-for-sale	90,757,342	115,741,286
FHLB stock	1,642,900	1,614,500
Loans held-for-sale	-	1,429,147
Loans to Members, net of allowance for loan losses	1,787,154,066	1,590,759,549
Accrued interest receivable	4,941,002	4,399,451
Property and equipment	37,431,636	34,288,073
Share insurance deposit	17,308,857	16,337,522
Investments in CUSOs	100,000	100,000
Defined benefit pension plan	6,130,407	6,540,665
Other assets	8,835,958	8,376,516
Total assets	\$2,263,160,443	\$2,092,446,989

Liabilities and Member's Equity	2018	2017
Liabilities:		
Members' shares and savings accounts	\$1,969,658,393	\$1,819,605,402
Borrowed funds	-	-
Accounts payable and other accrued liabilities	27,899,833	32,897,459
Total liabilities	1,997,558,226	1,852,502,861
Commitments and contingent liabilities	-	-
Members' equity - substantially restricted	265,602,217	239,944,128
Total liabilities and Members' equity	\$2,263,160,443	\$2,092,446,989

The consolidated financial information presented in the 2018 Annual Report on pages 9–11 are a condensed representation of the EECU December 31, 2018, 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.

Consolidated Statements of Earnings

Earnings	2018	2017
Interest income:		
Loans receivable	70,852,718	60,539,258
Investment securities	6,263,488	5,061,728
Total interest income	77,116,206	65,600,986
Interest expense:		
Interest and dividends on Members' savings accounts	15,413,364	11,125,421
Interest on borrowed funds	-	615,097
Total interest expense	15,413,364	11,740,518
Net interest income	61,702,842	53,860,468
Provision for loan losses	7,754,284	8,361,393
Net interest income after provision for loan losses	53,948,558	45,499,075
Non-interest income:		
Fees and charges	34,956,845	30,826,036
Loss on trading securities	(826,421)	2,246,085
Total non-interest income	34,130,424	33,072,121
Non-interest expenses:		
Compensation and benefits	33,022,904	28,641,698
Office operations	14,255,100	12,850,208
Occupancy	3,426,945	3,046,056
Operating expenses	12,014,864	10,892,535
Total non-interest expenses	67,719,823	55,430,497
Net earnings	\$25,359,169	\$23,140,699

Making An Impact

Charitable Giving



\$70,000

In local non-profit donations



\$52,000

Donated from our Charitable Donation Accounts



\$40,000

In college scholarships

Employee Volunteerism



1,915

Volunteer hours



70

Tons of non-perishable food sorted for families in need



600

Meals delivered to home-bound residents

Financial Literacy



15,500

Learning hours



5,000

Students educated



25,000

Books donated to K-3 students

Community Support



\$126 Million

Originated in EECU home loans



\$5.2 Million

In loans to lower-to-moderate income communities



\$9.6 Million

In Member business loans

2018 Awards

Star-Telegram

FORT WORTH

Best Bank/Credit Union

FORT WORTH BUSINESS PRESS

Corporate Philanthropy Award

Business of the Year

Kennedale, Southlake, and White Settlement



We're Moving Forward With You.



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.