

EECU

2020 EECU Annual Report

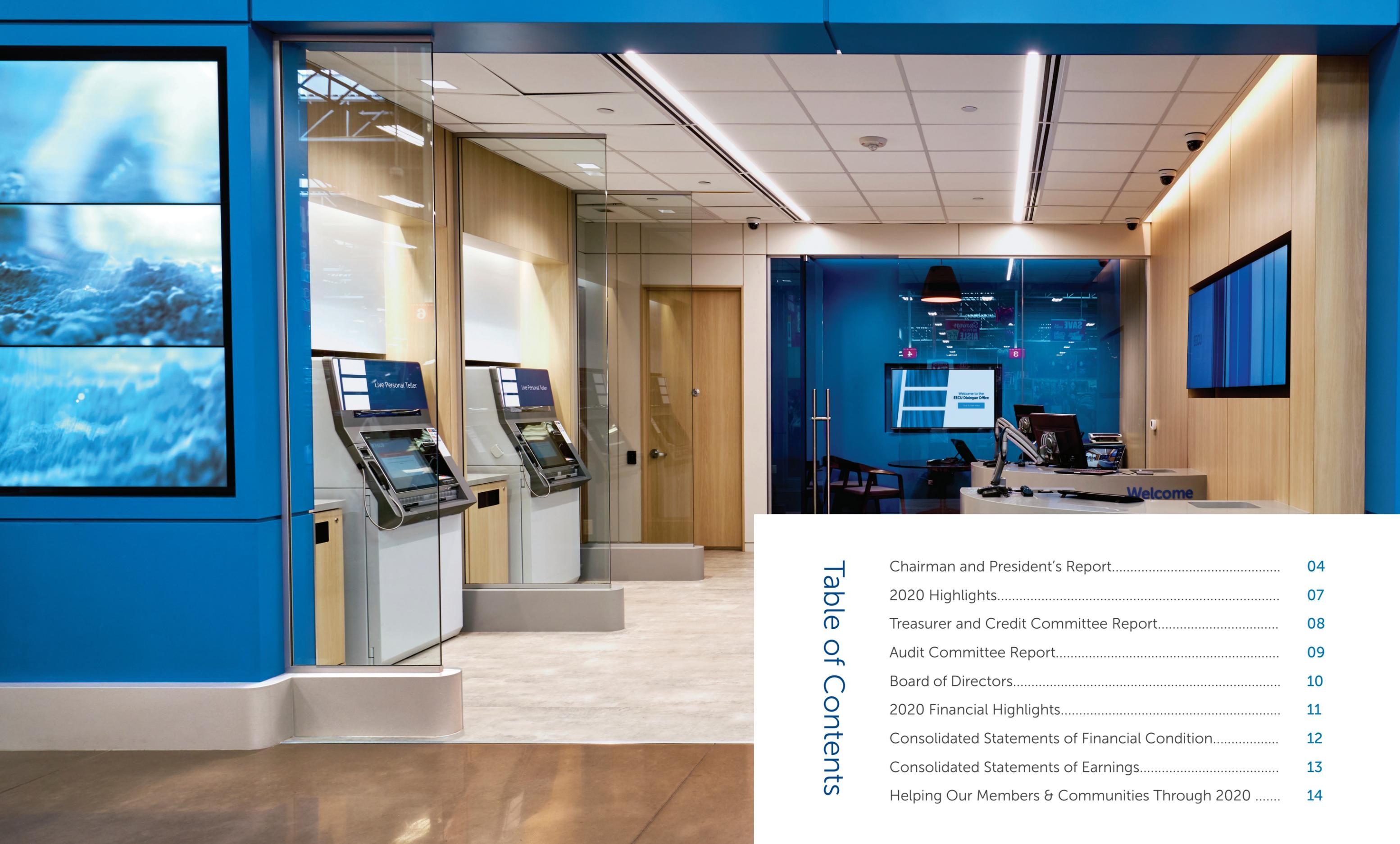


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Chairman and President's Report

March 2021

Dear Members and Friends,

We are pleased to report that EECU recorded a strong year for you, our Members, both financially and operationally in 2020. This was a particularly positive achievement in light of the unprecedented challenges posed by the global pandemic.

All of us have been affected by the stress and uncertainty caused by COVID-19 and many of our Members have faced income loss and illness. Despite all of these sobering realities, EECU continued to serve Members during the crisis. We expanded member financial assistance programs, offered loan payment deferrals, temporarily waived fees, and helped small business owners through the SBA Paycheck Protection Program.

Our history of prudent and conservative business practices has built EECU for times just like these. Our financial strength allows us to assist Members through this unprecedented period, and enables us to maintain low fees, competitive deposit and loan rates, and deliver a faster, friendlier personalized experience.

Certainly, there will be more challenges to overcome in the future, but as we take a moment to reflect on the results of 2020, we couldn't be prouder of our Teams'

actions and the support of our Members that made it possible.

Operating Performance

Our commitment to our Members and their support of the credit union, led to another solid year financially. We ended the year with \$2.9 billion in assets and a capital ratio of 11.7 percent. Our Members' equity position continues to be well in excess of the NCUA's well-capitalized minimum of 7 percent, underscoring our financial strength. We also had an exceptional year for Member growth, welcoming 35,496 new Members, which brought our year-end membership total to 238,336.

Helping Make Our Members' Lives Simpler

At EECU, we take great pride in delivering convenient, secure, and personalized banking. Our Members balance many roles in their day-to-day lives and it's our goal to make their lives simpler.

To better serve our Members, we expanded convenience by opening a new Financial Center in Granbury, our first location in Hood County and 16th in the DFW metroplex. We look forward to serving our Members in the area and adding new Members who live and work in this rapidly growing community.

This past year, we also introduced contactless credit cards to help our Members shop safely while also strengthening credit card security by launching new real-time text and email alerts.

We listened carefully to our Members and, as a result, we simplified our mobile and online auto application.

Whether at an EECU Financial Center, on the phone, or online, we invite you to give us feedback through our Member experience survey to ensure we are continually improving and exceeding your expectations. We review all feedback, making Member ideas a reality at EECU.

Your Community is Our Community

At EECU, we have a strong commitment to giving back to the community, by fostering economic and social well-being, as well as encouraging our Members to improve their financial health.

EECU employees volunteered for many non-profit organizations across Fort Worth in 2020. They supported events such as the Cook Children's Radiothon, helping raise more than \$443,000 to serve local patients and their families.

And, through the annual EECU Glenn Mandeville Memorial Scholarship, we awarded \$45,000 in

scholarships to outstanding students to help cover tuition and fees at the college of their choice.

In 2020, in a remote learning environment caused by the pandemic, 64 high schools utilized our online financial literacy curriculum designed to give students the essential knowledge of how to navigate their financial decisions.

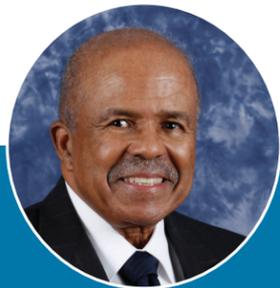
We believe helping our neighbors across the many communities we serve is a prerequisite for being a premier financial institution.

The Year Ahead

In 2021, we continue to focus on making your financial lives easier through the development of emerging technologies, expanded convenience, and new product offerings, all with a focus on safety. We continue to challenge traditional methods of banking to ensure your experience with EECU, regardless of how you conduct your business, is the absolute best experience possible.

A Team Dedicated to Success

We realize that running a successful credit union is the collaborative effort of a focused team of skilled professionals and strong leadership. As in years past, EECU's Board of Directors is firmly at the helm, driving the organization forward, while the management team



GEORGE THOMPSON JR.
Chairman



LONNIE NICHOLSON
President & Chief
Executive Officer



and employees execute the business strategy. We applaud these outstanding individuals and the critical contributions they made in 2020 to ensure exceptional service to our Members and the financial stability of the credit union, despite the global pandemic.

All of us at EECU – your board of directors, management, and staff – thank you for your membership and loyalty. We remain keenly aware that our Members have a choice of financial service providers. We wouldn't be here

today without you. And while the COVID-19 pandemic has affected us all, in times like this, you can continue to trust EECU to help fulfill your financial goals in 2021 and beyond.

Thank you for your continued support.



2020 HIGHLIGHTS

We are focused on leveraging modern technologies, expanding convenience, and developing new products designed to help make our Members' lives simpler.

WE OPENED OUR
16TH FINANCIAL
CENTER



Granbury

CONTACTLESS



Contactless payment technology was integrated into our credit card program in 2020 allowing for fast, secure and convenient credit card usage.

MEMBERSHIP
GROWTH
34,498
NEW MEMBERS

AUTO LOANS
& BUYING SERVICES
24,315
VEHICLE LOANS
FUNDED

PERSONAL
LOANS



2,334 PERSONAL
LOANS FUNDED
Our personal loans help Members save thousands compared to high-interest debt.

Allowing Members To Bank Safely During Covid-19

We launched a series of initiatives to keep banking safe, for example:

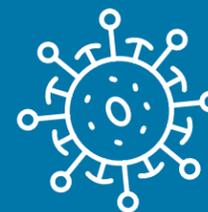
Plexiglass Barrier Installation

Daily Deep Cleanings

In-Person Appt Banking

Expanded Drive-Thru Services

Implemented Social Distancing Best Practices & Provided Masks



HOME LOANS



2,112 HOME LOANS
FUNDED

Our Zero Down Mortgage program helped more Members become homeowners.

DEPOSITS



\$365M

DEPOSIT
GROWTH

Treasurer and Credit Committee Report

Over the course of its 86-year history, EECU's cooperative business model has consistently proven its strength, even in the face of market uncertainty and strong economic headwinds. In a year marked by a global pandemic, we are pleased to report EECU again delivered strong financial performance, while enriching the lives of our members, communities, and colleagues.

The nature and scale of the COVID-19 crisis necessitated strong responses from governments, central banks, and regulators. Our Federal, State, & Local governments took unprecedented actions to protect public health, the Federal Reserve slashed its benchmark interest rate to zero and launched a new round of quantitative easing activities, and the US Congress passed a \$2.2 trillion economic stimulus bill, known as the CARES Act.

Nevertheless, your credit union worked in concert with these efforts, while continuing to enhance the core building blocks of long-term value creation – loans, deposits, and capital. At year end, total deposits reached \$2.54 billion, up 16.8 percent from the prior year, total net loans outstanding finished 2020 at \$2.14 billion, up 6.7 percent, and total capital grew to \$322.3 million, up 8.2 percent. Overall, total assets grew from 10.7 percent in 2019 to 15.8 percent, reaching a record \$2.9 billion.

EECU generated \$28.8 million in net income, while returning a record \$21.8 million in interest and dividends to the membership. Moreover, we have maintained industry-leading positions in key

performance metrics, such as return on average assets of 1.07%, return on average equity of 9.32%, and efficiency ratio of 70%. These results reflect the determination of our team members to provide our membership A Better Way of Banking®.

EECU's commitment to meeting the borrowing needs of our members during this unprecedented time resulted in a record \$1.2 billion in loan originations, up 12.4 percent from 2019, while the credit quality of our loan portfolio continued to strengthen, driven by solid performance in the consumer, residential real estate, and commercial real estate portfolios. EECU's overall rate of loan delinquency declined from 0.358 percent in 2019 to 0.293 percent in 2020, reflecting our 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, declined from 12.4 percent in 2019 to 11.7 percent in 2020, due higher than expected asset growth, but still well above our regulatory minimum of 7 percent. Membership growth, another critical measure of success, increased 7.1 percent, resulting in a year-end membership total of 238,336.

Regardless of what future economic and financial challenges lie ahead, EECU remains well-positioned with a high-quality loan portfolio, safe and liquid investments, a strong and stable membership base, and substantial 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



JOHNNY LARGENT
Chairman of the
Credit Committee



FRANK MOLINAR
Treasurer, Chairman of
the Audit Committee



BRAD SCHONE
Chief Financial Officer

Audit Committee Report

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.

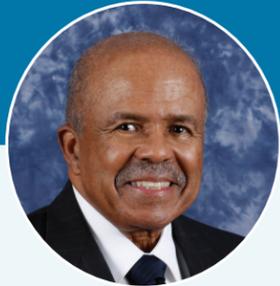
Through comprehensive standards, measurements, and oversight, we work diligently to ensure the continuation of EECU's fiscal health and sound operations. To accomplish its oversight and fiduciary responsibilities, the Audit Committee is assisted by the auditing services of Doeren Mayhew CPAs & Advisors. 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.

Board of Directors

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 \$2.5 billion in assets.



GEORGE THOMPSON JR.
Chairman
(2018-2021)



DR. RICH DEAR
Vice Chairman
(2018-2021)



DR. JOE BEAN
Secretary
(2018-2021)



FRANK MOLINAR
Treasurer
(2019-2022)



BEN DAVIS
Director
(2020-2023)



JOHNNY LARGENT
Director
(2020-2023)



KAREL RUCKER
Director
(2019-2022)



DR. NIKITA RUSSELL
Director
(2020-2023)



MAURO SERRANO
Director
(2019-2022)

2020 Financial Highlights

ASSETS



Assets grew by \$394.8 Million

LOANS



Loans grew by \$135.0 Million

DEPOSITS



Deposits grew by \$365.2 Million

MEMBER'S EQUITY



Members' Equity grew by \$24.4 Million

2020 RETURNS TO MEMBERS

DIVIDENDS & INTEREST PAID TO MEMBERS



Returned a record in interest and dividends to the membership.

Consolidated Statements of Financial Condition

Assets	2020	2019
Cash and cash equivalents	\$518,898,553	\$297,496,991
Investment securities		
Equity Securities	38,783,442	35,145,390
Available-for-sale	126,400,439	92,753,624
FHLB stock	1,697,000	1,681,700
Loans held-for-sale	–	–
Loans to Members, net of allowance for loan losses	2,135,979,876	2,000,934,563
Accrued interest receivable	6,277,849	5,788,018
Property and equipment	40,287,574	40,921,724
Share insurance deposit	21,889,193	18,691,355
Investments in CUSOs	100,000	100,000
Defined benefit pension plan	–	4,517,383
Other assets	9,287,948	6,794,657
Total Assets	\$2,899,601,874	\$2,504,825,405

Liabilities and Member's Equity	2020	2019
LIABILITIES:		
Members' shares and savings accounts	\$2,538,388,519	\$2,173,180,046
Defined benefit pension plan	1,438,796	–
Accounts payable and other accrued liabilities	37,507,835	33,806,220
TOTAL LIABILITIES	2,577,335,150	2,206,986,266
COMMITMENTS AND CONTINGENT LIABILITIES		
MEMBERS' EQUITY - SUBSTANTIALLY RESTRICTED	322,266,724	297,839,139
Total Liabilities and Members' Equity	\$2,899,601,874	\$2,504,825,405

The consolidated financial information presented in the 2020 Annual Report on pages 12–13 are a condensed representation of the EECU December 31, 2020, 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	2020	2019
INTEREST INCOME:		
Loans receivable	88,369,904	82,975,906
Investment securities	2,892,846	7,641,951
TOTAL INTEREST INCOME	91,262,750	90,617,857
INTEREST EXPENSE:		
Interest and dividends on Members' savings accounts	21,787,452	21,701,008
Interest on borrowed funds	–	–
TOTAL INTEREST EXPENSE	21,787,452	21,701,008
NET INTEREST INCOME	69,475,298	68,916,849
Provision for loan losses	8,966,921	8,090,188
NET INTEREST INCOME after provision for loan losses	60,508,377	60,826,661
NON-INTEREST INCOME:		
Fees and charges	22,600,543	21,007,925
Gain/Loss on trading securities	3,709,410	3,929,469
TOTAL NON-INTEREST INCOME	40,553,511	38,819,073
NON-INTEREST EXPENSES:		
Compensation and benefits	37,108,777	34,124,621
Office operations	16,476,500	15,895,964
Occupancy	5,207,463	4,282,272
Operating expenses	13,370,257	13,451,477
TOTAL NON-INTEREST EXPENSES	72,162,997	67,754,334
Net Earnings	\$28,898,891	\$31,891,400

HELPING OUR MEMBERS & COMMUNITIES IN 2020

TEMPORARILY WAIVED
FEES



Early Withdrawal Penalties
on CDs
Online Loan Payments
Out of Network ATM Fees

\$107M
COMMERCIAL LOAN
PAYMENTS DEFERRED

DEFERRED AUTO &
PERSONAL LOAN
PAYMENTS

\$11M+



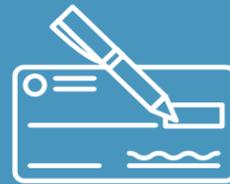
SKIP-A-PAY



22,100
CONSUMER SKIP-A-PAY
PAYMENTS PROCESSED

\$289,000+
MORTGAGE PAYMENTS
DEFERRED

PAYCHECK PROTECTION
PROGRAM LOANS



FUNDED OVER
\$18M

in paycheck protection
program loans for
small businesses



WE GAVE
\$130,000

in charitable donations to support
education & non-profits

CookChildren's

HELPED RAISE
\$443,700
To support the
Cook Children's Medical Center



WE GAVE
\$45,000

in scholarships to
deserving students.

WE EMPOWERED
OUR YOUTH
through free financial literacy

13,238
LEARNING HOURS

6,109
STUDENTS EDUCATED

64
SCHOOLS IMPACTED



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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.