



EECU





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Chairman and President's Report

October 2020

Dear Members and Friends,

As we reflect and report on the progress of EECU during the year 2019, we would be remiss without acknowledging the many challenges our communities and members have faced in 2020.

We have taken extraordinary steps to help those who are experiencing stress and hardship due to the COVID-19 pandemic. We have expanded member financial assistance programs, offered loan payment deferrals, waived fees and helped small business owners through the SBA Paycheck Protection Program.

While the future challenges of the pandemic are uncertain, EECU members can rest assured knowing their Credit Union is on solid financial footing. So before we reflect on the past, let us express our sincere hope that our members and their families are safe and healthy as we navigate our way through this unprecedented crisis.

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 these unprecedented times.

We know banking is an essential service and we will work hard to continue meeting your financial needs safely and conveniently. We want to thank you for

your understanding and patience as we implemented temporary changes to safely operate during this time.

We would like to extend appreciation for the leadership from our Board of Directors and the response of our staff and management during this pandemic. Certainly, there will be more challenges to overcome in the future, but as we take a moment to reflect on the results of 2019, we couldn't be prouder of our Teams and the support of our Members that made it possible.

Operating Performance

In many ways 2019 was a record year for our Credit Union. We welcomed 37,811 new members ending the year 222,571 members strong and provided over \$1 billion in loans to help members buy homes, cars, and acquire assets.

The Credit Union National Association's most recent report estimates that EECU provided over \$40.4 million in direct financial benefit to our Members in 2019, which compares favorably to other Texas financial institutions. That translates into an average annual savings or benefit of \$396 for Member households that utilize EECU as their primary financial institution.

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 \$2.5 billion in assets and a capital ratio of 12.23 percent. We continued



GEORGE THOMPSON JR.
Chairman



LONNIE NICHOLSON
President & Chief
Executive Officer



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.

Delivering A Better Way of Banking

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.

In 2019, our 15th financial center opened to serve Members in the North Richland Hills area. This location featured a new Personal Teller Machine experience, expanded drive-through hours, and the faster, friendlier experience our Members expect. Our expanded financial center network builds on our 85,000 free ATMs and 5,000 service centers available nationwide.

We continued to grow our digital experience by launching a brand new website, optimized for both mobile and desktop devices. Featuring a fresh new look and simplified navigation, it is easier than ever for Members to find the information they need. New website functionality includes an education portal that provides resources to help make smart financial decisions, and online appointment setting that allows Members to schedule meetings at their convenience with EECU Financial Consultants.

Both EECU and the communities we serve continue to evolve. To reflect that change, we launched our new brand identity and refreshed logo. Simple, fresh, and forward-thinking, it points forward with modern flexibility, while embracing our heritage. We continue to roll out the brand across all channels throughout 2020.

Investing In Our Communities

We believe helping our neighbors across the many communities we serve is a prerequisite for being a premier financial institution. That's why we are committed to enhancing the quality of life in our community and encouraging our members to improve their financial health.

In 2019, EECU employees volunteered more than 2,533 hours to non-profit organizations across the Fort Worth area. As part of those efforts we helped raise over \$178,000 for Cook Children's Hospital, donated over 7,000 pounds in non-perishable goods to the Tarrant Area Food Bank, and volunteered over 519 hours in classrooms teaching literacy to children in our community. We also provided over 12,000 hours of free financial literacy education to more than 3,600 students and donated over 12,000 books to elementary schools through the Fort Worth area.

As an organization with a heritage built on supporting the educational community, we're proud to continue providing college scholarships to our members. Through the Glenn Mandeville Memorial Scholarship, EECU

* 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.

awarded \$40,000 in scholarships to outstanding student members to help cover tuition and fees at the college of their choice.

To continue expanding and investing in our communities, we launched the EECU Community Foundation. As a non-profit charitable organization, its focus will be supporting the education, health, and well-being of Texans through scholarships, financial literacy, and other charitable programs that promote personal independence. You can learn about this exciting initiative by visiting eecucommunityfoundation.org

Looking Forward

At EECU, we are at our best when serving others. In that spirit, we continue to pioneer new opportunities to meet your financial needs safely and conveniently. We remain focused on making your financial lives easier through the development of emerging technologies, expanded convenience, and new product offerings.

2020 promises to exemplify that dedication. Already we have expanded our financial center network with the opening of our 16th location in Granbury and have launched new credit card designs featuring contactless payment functionality to help you and your family shop safer.

All of us at EECU – your board of directors, management and staff – thank you for your membership and loyalty. And while the COVID-19 pandemic has affected each of our lives, in times like this, you can continue to trust EECU to help fulfill your financial goals in 2020 and beyond.

Thank you for your continued support.



2019 HIGHLIGHTS

We are committed to offering products and services that help make the most of your money and improve your financial well-being. Here are some of the highlights from 2019.

WE OPENED OUR 15TH FINANCIAL CENTER



North Richland Hills

NEW WEBSITE

Our new website delivered a state-of-the-art digital experience for both desktop and mobile devices.



675,915 USERS VISITED
SINCE JUNE LAUNCH

INVESTMENT & RETIREMENT



\$45.9M

Assets managed on behalf
of our Members.

AUTO LOANS & BUYING SERVICES

25,464 VEHICLE LOANS
FUNDED



2,000+ MEMBERS
BENEFITED

from using our EECU Car
Buying Service.

PERSONAL LOANS



5,651 PERSONAL
LOANS FUNDED

Our personal loans help Members
save thousands compared to high-
interest debt.

GOING MOBILE IN 2019



5 OUT OF 5 STARS

WE MADE IT EASIER TO:



Open a
Savings
Account



Add New
Deposit
Accounts



Manage
Fraud
Alerts



Make
Online Loan
Payments

100,000+ MEMBERS
ENROLLED IN
ONLINE BANKING

HOME LOANS



1,300+ HOME LOANS
FUNDED

Our new Zero Down Mortgage
program helped more Members
become homeowners.

DEPOSITS



\$203M DEPOSIT
GROWTH

37,000+ NEW
MEMBERS

Treasurer and Credit Committee Report

At EECU, we strive to deliver consistent, sustainable, long-term financial results to our membership. With thoughtful planning, conservative investment strategies, and effective navigation of changing market rates, we are pleased to report EECU delivered another year of record setting financial performance.

Market uncertainty resurfaced in 2019, with the Federal Reserve Bank sensing growing economic confidence and increasing its target rate to 2.50%, but cutting the rate to 1.75% by the 4th quarter due to economic recession concerns. Nevertheless, your credit union effectively navigated this volatility, and accelerated asset growth from 8.1 percent in 2018 to 10.7 percent, reaching a record \$2.5 billion in total assets.

EECU generated a record \$31.9 million in net income, while returning a record \$21.7 million in interest and dividends back to the membership, a 41 percent increase over 2018. Moreover, we have consistently maintained industry-leading positions in key performance metrics of return on average assets (ROA), return on average equity (ROE), and efficiency ratio. Our ROA increased from 1.16 percent in 2018 to 1.34 percent, our ROE increased from 10.03 percent in 2018 to 11.32 percent, and our efficiency ratio remained steady at 65%. These results reflect the determination of our team members to provide our membership A Better Way of Banking®.

Core building blocks of long-term value creation – loans, deposits, and capital – continued to grow in 2019. At year end, total deposits reached \$2.17 billion, up 10.3 percent from the prior year, total net

loans outstanding finished 2019 at \$2.0 billion, up 11.9 percent, and total capital grew to \$297.8 million, up 12.1 percent. This is the first time since 2011 EECU has achieved double digit growth rates in assets, loans, deposits, and capital in the same year.

EECU's commitment to meeting the borrowing needs of our members resulted in over \$1.07 billion in loan originations, up 7.8 percent from 2018, while the credit quality of our loan portfolio continued to be strong, driven by solid performance in the consumer, residential real estate, and commercial real estate portfolios. EECU's overall rate of loan delinquency declined from 0.394 percent in 2018 to 0.358 percent in 2019, 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, increased from 12.3 percent in 2018 to 12.4 percent in 2019, well above our regulatory minimum of 7 percent. Membership growth, another critical measure of success, increased 8.1 percent, resulting in a year-end membership total of 222,571.

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



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.



FRANK MOLINAR
Treasurer, Chairman of
the Audit Committee



BRAD SCHONE
Chief Financial Officer

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
(2017-2020)



JOHNNY LARGENT
Director
(2017-2020)



KAREL RUCKER
Director
(2019-2022)



DR. NIKITA RUSSELL
Director
(2017-2020)



MAURO SERRANO
Director
(2019-2022)

2019: A Year of Growth

ASSETS

\$2.50 Billion

10.68%
Increase

Assets grew by \$241.7 Million

LOANS

\$2.00 Billion

11.96%
Increase

Loans grew by \$213.8 Million

DEPOSITS

\$2.17 Billion

10.33%
Increase

Deposits grew by \$203.5 Million

MEMBER'S EQUITY

\$297.8 Million

12.14%
Increase

Members' Equity grew by \$32.2 Million

NET INCOME

\$31.9 Million

25.76%
Increase

Net Income grew by \$6.5 Million

2019 RETURNS TO MEMBERS

DIVIDENDS & INTEREST PAID TO MEMBERS

\$21.7 Million

40.79%
Increase

Dividends & Interest paid to
Members increased by \$6.3 Million

Consolidated Statements of Financial Condition

Assets	2019	2018
Cash and cash equivalents	\$297,496,991	\$277,580,590
Investment securities		
Equity Securities	35,145,390	31,277,685
Available-for-sale	92,753,624	90,757,342
FHLB stock	1,681,700	1,642,900
Loans held-for-sale	–	–
Loans to Members, net of allowance for loan losses	2,000,934,563	1,787,154,066
Accrued interest receivable	5,788,018	4,941,002
Property and equipment	40,921,724	37,431,636
Share insurance deposit	18,691,355	17,308,857
Investments in CUSOs	100,000	100,000
Defined benefit pension plan	4,517,383	6,130,407
Other assets	6,794,657	8,835,958
Total Assets	\$2,504,825,405	\$2,263,160,443

Liabilities and Member's Equity	2019	2018
LIABILITIES:		
Members' shares and savings accounts	\$2,173,180,046	\$1,969,658,393
Borrowed funds	–	–
Accounts payable and other accrued liabilities	33,806,220	27,899,833
TOTAL LIABILITIES	2,206,986,266	1,997,558,226
COMMITMENTS AND CONTINGENT LIABILITIES		
MEMBERS' EQUITY - SUBSTANTIALLY RESTRICTED	297,839,139	265,602,217
Total Liabilities and Members' Equity	\$2,504,825,405	\$2,263,160,443

The consolidated financial information presented in the 2019 Annual Report on pages 12–13 are a condensed representation of the EECU December 31, 2019, 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	2019	2018
INTEREST INCOME:		
Loans receivable	82,975,906	70,852,718
Investment securities	7,641,951	6,263,488
TOTAL INTEREST INCOME	90,617,857	77,116,206
INTEREST EXPENSE:		
Interest and dividends on Members' savings accounts	21,701,008	15,413,364
Interest on borrowed funds	—	—
TOTAL INTEREST EXPENSE	21,701,008	15,413,364
NET INTEREST INCOME	68,916,849	61,702,842
Provision for loan losses	8,090,188	7,754,284
NET INTEREST INCOME after provision for loan losses	60,826,661	53,948,558
NON-INTEREST INCOME:		
Fees and charges	34,889,604	34,956,845
Gain/Loss on trading securities	3,929,469	(826,421)
TOTAL NON-INTEREST INCOME	38,819,073	34,130,424
NON-INTEREST EXPENSES:		
Compensation and benefits	34,124,621	33,022,904
Office operations	15,895,964	14,255,100
Occupancy	4,282,272	3,426,945
Operating expenses	13,451,477	12,014,864
TOTAL NON-INTEREST EXPENSES	67,754,334	62,719,823
Net Earnings	\$31,891,400	\$25,359,169

2019 GIVING BACK

We believe helping our neighbors across the many communities we live and work in, is a prerequisite for being a premier financial institution.



\$97,660

in charitable donations to support education & non-profits

**EECU EMPLOYEES
VOLUNTEERED**

2,533
HOURS

To support local charities.



READ FORT WORTH



519

VOLUNTEER HOURS

mentoring underprivileged
1st & 2nd graders to help
improve literacy rates

CookChildren's

HELPED RAISE

\$178,000+

To support the
Cook Children's Medical Center

WITH YOUR SUPPORT,

we launched the EECU Community
Foundation to support the education,
health, and well-being of our
community.



EECU COMMUNITY
FOUNDATION

WE GAVE

\$40,000 in scholarships
to deserving
students.

FORT WORTH FUTURE FUND



216 2ND & 3RD
GRADE
STUDENTS

enrolled in our
Future Fund Program
designed to help families
save for college

**TARRANT
AREA
FOOD
BANK**

7,000 lbs. donated

145,567 lbs. sorted &
distributed

non-perishable food
for families in need



480

MEALS PROVIDED

to home-bound
residents through
our partnership with
Meals on Wheels

**WE EMPOWERED OUR
YOUTH**

through free financial literacy

12,000+
LEARNING HOURS

3,600+
STUDENTS EDUCATED

12,000
BOOKS DONATED TO
K-5 STUDENTS



We're Moving Forward With You.



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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.