



ANNUAL MEETING ORDER OF EVENTS

- ★ Call to Order and Ascertain Quorum
Reba Allison, Board Chairperson
- ★ Invocation
James Johnson, Director
- ★ Approval of Minutes - 65th Annual Meeting
Joel Hale, Board Secretary/Treasurer
- ★ Board of Directors' Report
Reba Allison, Board Chairperson
- ★ President's Report
Byron Norton, President/CEO
- ★ Credit Committee's Report
John Griffin, Senior VP/Lending Operations Manager
- ★ Financial Review
Debbie Pearce, Senior VP/Accounting Manager
- ★ Audit Committee's Report
Joel Hale, Board Secretary/Treasurer
- ★ Unfinished Business
- ★ New Business (Other Than Elections)
- ★ Nominating Committee's Report
Norma Wells, Committee Vice-Chairperson
- ★ Board of Director Elections
- ★ Adjournment
- ★ Prize Drawings and Refreshments

In 1953, East Texas Professional Credit Union began as a member-owned and operated financial cooperative with a membership of 13 East Texans and an initial asset size of \$65. Today, our membership has grown to more than 70,000 and our asset size exceeds \$639 million. Thank you for your continued support over the past 66 years. We value your membership and stand ready to help you achieve financial success.

Since 1953
East Texas Professional
A COMMUNITY CREDIT UNION

Federally Insured By NCUA



Annual Meeting Minutes

April 21, 2018

The 65th Annual Meeting of the East Texas Professional Credit Union was held at 409 E. Loop 281, Longview, Texas 75605 on Saturday, April 21, 2018. Chairperson of the Board, Reba Allison, called the meeting to order at 2:00 p.m. She began by ascertaining and recognizing a quorum of members (25) present. She then called on James Johnson, Director, to give the invocation. Following the invocation, Ms. Allison appointed Eddie Cannon to serve as Parliamentarian of the meeting. Eddie Cannon accepted the appointment.

Ms. Allison then called on Secretary/Treasurer, Joel Hale, to present the minutes of the 64th Annual Meeting (held April 22, 2017) for approval. Barbara Hale, member, made a motion to dispense with the reading of the minutes and approve them as printed. Jim Griffin, member, seconded the motion, and the motion carried without objection. Ms. Allison noted that these minutes would become part of the permanent file and would be available for future review.

Ms. Allison then proceeded with the introductions of our current Board of Directors. The Directors in attendance included: James Johnson from Longview, Texas; Maylene Neal from Nacogdoches, Texas; Bobby Moore from Laneville, Texas; Dr. Rutledge McClaran from Marshall, Texas; Wilma Jamerson from Longview, Texas; Joel Hale from Henderson, Texas; Dr. Marty Warren from Gilmer, Texas; Reba Allison from Carthage, Texas; and Eddie Cannon from Longview, Texas.

Ms. Allison then presented the Board of Directors' Report. The entire Board of Directors' Report was included in the Annual Meeting brochure. It focused on the successes of East Texas Professional Credit Union in 2017. She further stated that East Texas Professional Credit Union, with dedication from its Board of Directors, management and staff, is well positioned to face any challenges and seize any opportunities that present in 2018. Upon completion, she asked for any questions to be voiced. Hearing none, she submitted the report as part of the permanent Annual Meeting file.

Ms. Allison then called on Byron Norton, President/CEO, to present the President's Report. Mr. Norton stated the report was included in the Annual Meeting brochure, and asked if there were any questions. Ms. Allison stated the report has been received and will become part of the permanent Annual Meeting file.

Ms. Allison called on John Griffin, Senior Vice-President/Consumer Loan Operations, to present the Credit Committee's Report. The report reflected 14,264 loans granted to members, constituting a total amount financed of \$204,771,289. Total loans outstanding increased by over \$35.1 million for the year. Time was allowed for any questions to be voiced. Hearing none, Mr. Griffin submitted the report to become part of the permanent Annual Meeting file.

Ms. Allison then called on Debbie Pearce, Senior Vice-President, to

present the 2017 Year-End Financial Review. She gave a brief review of the Statement of Financial Condition. Time was allowed for any questions to be voiced. Hearing none, she submitted the report to become part of the permanent Annual Meeting file.

At this time, Ms. Allison called on Secretary/Treasurer, Judge Hale, to present the Audit Committee's Report for 2017. The report noted that due to changes in credit union regulations, the Texas Credit Union Department (TCUD) examination period was modified from September 2017 to December 2017. The results of the TCUD examination will be available at next year's Annual Membership Meeting. However, Doeren Mayhew performed their regulatory required independent audit as of September 30, 2017. Each closely reviewed all areas of operation and found the Credit Union to be in excellent financial condition. Doeren Mayhew also conducted an Annual Automated Clearinghouse (ACH) Audit. Internal audits and compliance audits were conducted quarterly in order to ensure safety and soundness as well as general compliance with federal and state regulations. Time was allowed for any questions to be voiced. Hearing none, he submitted the report to become part of the permanent Annual Meeting file.

Ms. Allison then asked if there was any unfinished business. Hearing none, she asked if there was any new business, other than the election of the board members. Being no further business, Ms. Allison called on Jim Griffin to present the Nominating Committee Report. Those members who served on the 2018 committee were James Brewer, Jim Griffin and Yolanda Brown. The committee met on Tuesday, March 6, 2018 to select a slate of nominees to present as candidates to serve on the Credit Union's Board of Directors. The committee voted unanimously to re-nominate Wilma Jamerson, Eddie Cannon, and Dr. Marty Warren. At that meeting, they also named Mr. Griffin as Nominating Committee Chairperson, and Mr. Brewer as Vice-Chairperson. On behalf of the Nominating Committee, Mr. Griffin submitted the names of Wilma Jamerson, Eddie Cannon and Dr. Marty Warren for consideration and approval. Time was allowed for any questions to be voiced. Hearing none, Ms. Allison proceeded with the elections.

Ms. Allison asked those present three (3) times for any other nominations from the floor. Hearing none, she declared nominations closed. Vera Hall, member, then made a motion to accept the slate of candidates by acclamation. Milton Fisher, member, seconded the motion. The motion carried by voice vote, with no opposing votes being cast. Ms. Allison then recognized Wilma Jamerson, Eddie Cannon and Dr. Marty Warren as re-elected board members, each to serve an additional three-year term.

Ms. Allison then allowed time for any further business to be introduced. Hearing none, she declared the business portion of the meeting adjourned at approximately 2:20 p.m.



Board of Directors' Report

It gives me great pleasure to welcome you to the 66th Annual Meeting of East Texas Professional Credit Union. I am proud of and humbled by the level of trust you have placed in me and my fellow board members.

In fact, I'd like to take this opportunity to thank my fellow board members for their dedicated service, commitment and passion, because they have contributed greatly to the success of East Texas Professional Credit Union.

As you see in the Annual Report, East Texas Professional Credit Union performed well in year 2018.

- ★ The members and owners of this institution have borrowed more than \$226.7 million in loans, adding more than 15,000 new loans.
- ★ I'm delighted that so many of you are turning to your credit union for your mortgage needs. In 2018, East Texas Professional Credit Union granted 356 home loans worth more than \$45.4 million.
- ★ Favorable interest rates and a strengthening economy motivated many of you to buy vehicles. In 2018, East Texas Professional Credit Union granted more than 6,000 vehicle loans worth more than \$137.6 million.
- ★ The median delinquency ratio in East Texas Professional Credit Union is now .47 percent, which tells me you're staying on top of your debt obligations, and that's a sure sign of a recovering economy.

Your ongoing participation in East Texas Professional Credit Union means that we will remain in a strong financial position to continue meeting your financial needs.

I think you all recognize that as not-for-profit cooperatives, credit unions are different than banks. Though we have to make a profit to keep the doors open, we don't have shareholders waiting with their hands out - there are no shareholders, we have member owners.

By exercising sound business and service strategies, we can help you navigate your life-cycle challenges, weather uncertain economic periods, and recognize the true benefits of your membership. We hope and plan for a bright future for us all, and in reaching for the stars, we want

to look at new and better ways of defining and redefining our success as we grow and learn and change.

For instance...

- ★ We want to offer more and better resources that allow us to focus more attention on our members using the most efficient and safe use of technology available;
- ★ We want to grow our community impact through basic interest payouts, financial capability programs, payment deferral during community emergencies, and working with members facing the challenges of the life phase they might be in;
- ★ We want to target particular segments of our community where we can make the greatest impact - for example, helping with financial literacy and account management for our members who are most vulnerable, such as pre-high school children, young adults, retirees and our elderly;
- ★ As members focus more on use and less on ownership, we will consider how our credit union can responsibly finance life activities, such as education, small businesses and transportation; and
- ★ We want to be a knowledge hub that places the credit union at the center of our members' financial lives by allowing them to trade peer advice and insights about budgeting, buying, retiring and saving.

My friends, with the continued success of East Texas Professional Credit Union, we can offer a wealth of savings tools and other financial products and services that enhance your life, improve our delivery channels, and expand our outreach in the community and beyond.

In closing, let me express my confidence in the leadership of Byron Norton, the guidance of our esteemed Board of Directors, the commitment of a dedicated staff, and the support and loyalty of our more than 70,000 members. And let me also assure you that East Texas Professional Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in 2019.

Thank you ladies and gentlemen, and all the best for the coming year!



Credit Committee's Report

It is my pleasure to present to you the Credit Committee's Report for 2018. During the course of the year, there were 15,299 loans granted to members, constituting a total amount financed of \$226,731,635. Loans increased by more than \$43.8 million overall. Automobile loans saw the largest increase at more than \$31.1 million for the year. An analysis of the Credit Union's loans outstanding as of December 31, 2018 is evidenced below:

1,398	New Car Loans	\$35,936,009
8,890	Used Car Loans	\$125,584,686
1,622	New Cars - Indirect Financing	\$38,399,701
2,805	Used Cars - Indirect Financing	\$41,853,440
1,667	Real Estate Loans (includes HI and HE Loans)	\$139,342,248
120	Commercial Loans	\$11,382,067
7,540	Credit Cards/Lines of Credit	\$10,051,901
7,664	All Other Personal Loans	\$34,305,135
31,706	Total Outstanding Loans*	\$436,855,187

*Total Outstanding Loans includes Allowance for Loan Loss and Repossessions and excludes Dealer Reserves	Allowance	\$1,790,971
	Dealer Reserves	-\$554,005
	Repossession	\$619,723

Statement of Financial Condition

AS OF DECEMBER 31, 2018 - AFTER CLOSING

CURRENT ASSETS	2017	2018
LOANS	\$392,932,613	\$436,789,469
ALLOWANCE FOR LOAN LOSS	(\$1,799,254)	(\$1,790,971)
NET LOANS	\$391,133,359	\$434,998,498
CASH AND INVESTMENTS	\$183,016,567	\$164,359,609
FIXED ASSETS	\$11,470,438	\$12,031,077
OTHER ASSETS	\$3,842,567	\$3,919,426
TOTAL ASSETS	\$589,462,931	\$615,308,610
CURRENT LIABILITIES		
ACCOUNTS PAYABLE & OTHER LIABILITIES	\$8,969,235	\$9,618,953
SHARES	\$167,829,900	\$181,695,377
MEMBER DEPOSITS	\$298,698,354	\$298,693,150
EQUITY		
RESERVES	\$12,435,322	\$12,435,322
UNDIVIDED EARNINGS	\$102,506,863	\$113,879,683
AFS	(\$976,744)	(\$1,013,875)
TOTAL EQUITY	\$113,965,441	\$125,301,130
TOTAL LIABILITIES & EQUITY	\$589,462,931	\$615,308,610

President's Report

Good afternoon and welcome. On behalf of the management and staff of East Texas Professional Credit Union, let me say how happy I am to be here on this our 66th Annual Meeting since our credit union was chartered in 1953. As it was then and remains to this day, our unique business model empowers every single member to have a voice, and that's "one member, one vote."

I'd like to express my earnest thanks to each and every member. When you participate in your credit union, you are contributing to its growth, and that's why this credit union continues to thrive year after year. In return, because of our cooperative structure, we're able to return our profits back to you, the owners and members, by offering competitive rates, new products, enhanced services, and additional points of service.

As a locally owned and governed financial institution, East Texas Professional Credit Union has a strong connection to the community, and we are well positioned to support East Texas' growing demand for a financial institution that cares about its community's financial future.

Now, it is my privilege to provide a "State of Our Credit Union" address at this 2019 Annual Meeting.

As our membership grows, so do our assets, which is the barometer of how well our members are receiving the products and services this credit union has to offer. As of 12/31/18, our assets were more than \$615 million. Membership at East Texas Professional Credit Union increased four percent in 2018 and stood at 70,830 members at year end.

As loan demand has increased 11.2 percent from 2017 to 2018, delinquencies remain low at .47 percent. This tells me that you value the competitive rates we are able to offer and that you have a strong commitment to honoring your financial obligations with your credit union.

Just as you are committed to East Texas Professional Credit Union, we are committed to you. The following are a few of the highlights from 2018 that demonstrate our dedication to providing products and services that benefit you and your families:

- ★ Continued enhancement of the infrastructure of our data processing center to support growth
- ★ Launched the MobilMoney app to offer enhanced debit card controls
- ★ Deployed an electronic cash management payment system to allow loan payments to be accepted over the phone and through our website
- ★ Offered cyber security education for members through our website

I'm thrilled to point out that East Texas Professional Credit Union is a well-capitalized financial institution, with a strong net worth ratio of 20.66 percent. To put that in perspective, a net worth position above seven percent is considered well capitalized by our regulators.

Our 2018 results illustrate that East Texas Professional Credit Union is a strong, sustainable, and efficient financial institution, but we are also an integral part of the community. That's important to us, and that makes us

significantly different from other financial institutions. Our commitment to and presence in the community can be seen in some of the activities we took part in during 2018. To name a few, in 2018, we:

- ★ Awarded 15 educational scholarships totaling \$20,000
- ★ Delivered more than 30,000 academic planner calendars to more than 100 area schools and daycares
- ★ Hosted two shred days for members to bring in documents containing sensitive information for safe disposal - and at no charge
- ★ Contributed to more than 150 philanthropic organizations and community affairs
- ★ Participated in and/or supported more than 50 area events
- ★ Provided Christmas gifts for 33 East Texas children in need
- ★ Raised money for the Muscular Dystrophy Association to help send disabled children to summer camp
- ★ Hosted a flu shot clinic as a service to our members
- ★ Conducted 63 "Project F.I.T." Financial Independence Training courses (in branch and partnerships with local high schools)

Our very talented team of professionals report to work every day with one objective: to help our members meet their financial goals. Our accomplishments would not have been possible without their steadfast commitment and unified efforts. Their passion inspires me, and I thank them for their loyalty and commitment to providing great service.

We also have a highly capable volunteer Board of Directors that shares an enormous amount of time, knowledge and expertise in guiding this organization. There's no doubt about their desire to ensure they remain a highly skilled and educated governing body. In 2018, our board of directors completed a total of 320 training hours.

As we grow, we will keep our focus on doing what's right. Locally, we will continue to provide better services and more convenience for our members. We will seek to help more people in our community get on solid ground through financial education and our charitable activities.

Through it all, we will continue to focus on people first. It's what makes your credit union different, and what makes us strong.

As we embark on the year ahead, my commitment to you today is that East Texas Professional Credit Union will continue to:

- ★ Grow responsibly, while listening and responding to your needs;
- ★ Explore innovative product/service solutions to enhance your financial life; and
- ★ Develop our staff and board so they can confidently and wisely serve you

Many thanks for being an integral part of our credit union family. On behalf of the entire staff, we look forward to a happy and successful 2019.



Audit Committee's Report

East Texas Professional Credit Union has a foundation of sound business practices and procedures. Annual examinations and audits of our operations provide valuable insight in maintaining these strong financial policies.

The Texas Credit Union Department (TCUD), in conjunction with the National Credit Union Administration (NCUA) conducted an annual exam as of December 31, 2017. In addition, the accounting firm Doeren Mayhew performed their regulatory required independent audit as of September 30, 2018. All areas of operation were closely reviewed and found the Credit Union to be in excellent financial condition. The Board reviewed the written reports of the findings and any exceptions were noted and corrected accordingly.

An annual account verification was conducted to ensure the accuracy of our member records. Random notices were sent as of June 30, 2018 asking members to review their accounts. Discrepancies were to be reported directly to Doeren Mayhew.

An annual automated clearing house (ACH) audit as of October 25, 2018 was conducted by Doeren Mayhew. In addition, internal audits and compliance audits were conducted quarterly in order to ensure safety and soundness as well as general compliance with federal and state regulations.



Board of Directors

Ms. Reba Allison
Chairperson

Mr. Eddie Cannon
Director

Dr. Rutledge McClaran
Director

Dr. Marty Warren
Vice-Chairperson

Mrs. Wilma Jamerson
Director

Mr. Bobby Moore
Director

Judge Joel Hale
Secretary/Treasurer

Mr. James Johnson
Director

Mrs. Maylene Neal
Director

Senior Management

Mr. Byron Norton
President/CEO

Mrs. Kerri Dalme
VP/Branch Operations Manager

Mr. Doug Martin
VP/Indirect Lending Manager

Mr. John Griffin
Senior VP/Lending Operations Manager

Mrs. Kelly Evans
VP/Branch Operations Manager

Mrs. Kristal Martin
VP/Product Development and Electronic Services

Mr. Scot Haines
Senior VP/Operations Manager

Mr. Greg Jeffery
VP/Kilgore Branch Manager

Mr. Kevin Wasson
VP/Information and Technology

Ms. Debbie Pearce
Senior VP/Accounting Manager

Mr. Flip Kraus
VP/Real Estate Manager