

ANNUAL MEMBERSHIP MEETING

ORDER OF EVENTS

April 23, 2022

Call to Order and Ascertain Quorum
Wilma Jamerson, Board Chairperson

Invocation
Greg Jeffery, VP/Branch Operations

Approval of Minutes - 68th Annual Meeting
Joel Hale, Treasurer

Board of Directors' Report
Wilma Jamerson, Board Chairperson

President's Report
Byron Norton, President/CEO

Credit Committee's Report
John Griffin, Senior VP/Lending Operations

Financial Review
Debbie Pearce, Senior VP/Accounting Manager

Audit Committee's Report
Joel Hale, Treasurer

Unfinished Business

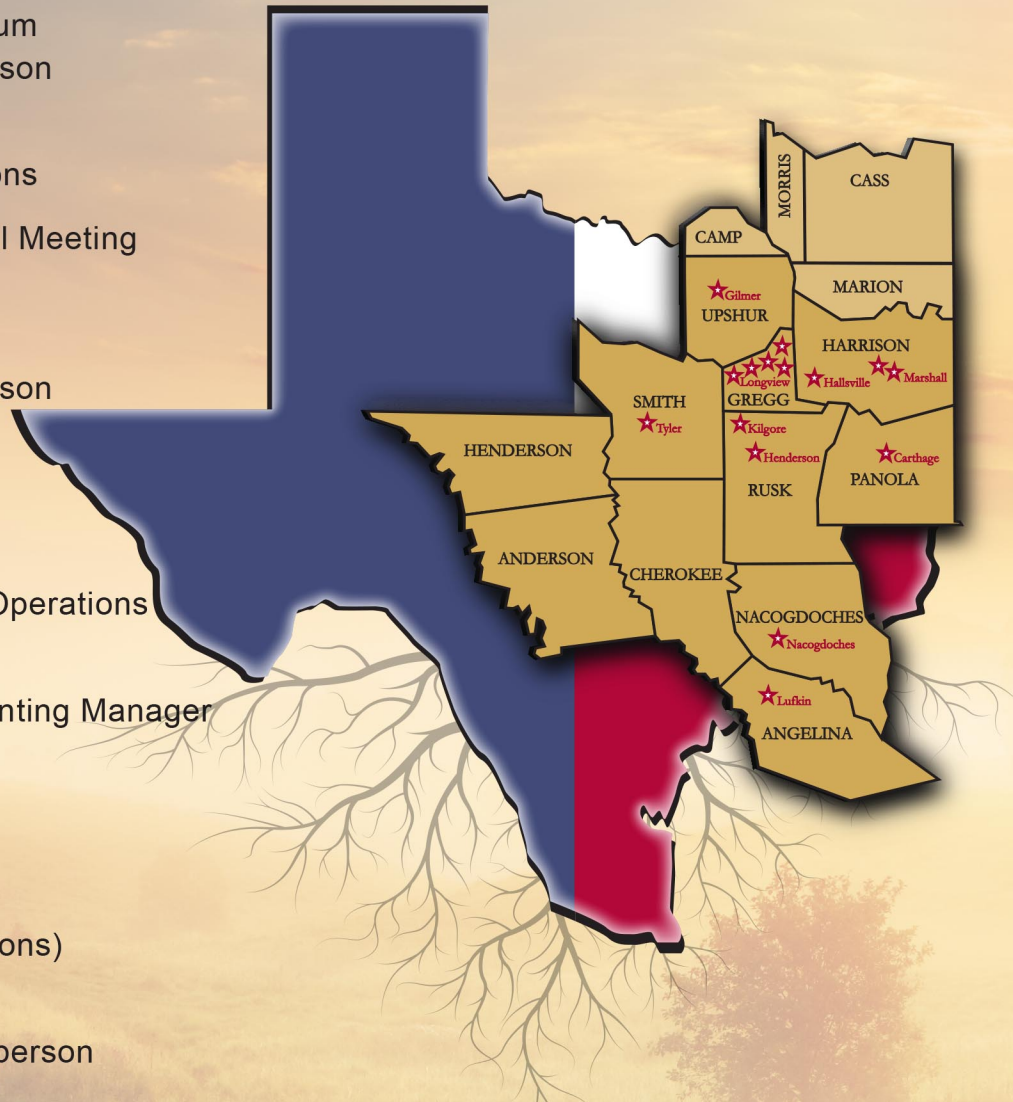
New Business (Other Than Elections)

Nominating Committee's Report
Marilyn Griffith, Committee Chairperson

Board of Director Elections

Adjournment

Cash Prize Drawings



OUR EAST TEXAS ROOTS RUN DEEP

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 78,000 and as of March 31, 2022 our asset size exceeds \$1 billion! Thank you for your continued support over the past 69 years. We value your membership and stand ready to help you achieve financial success.



Federally Insured by NCUA 

ANNUAL MEETING MINUTES ★ APRIL 17, 2021

The 68th Annual Meeting of the East Texas Professional Credit Union was held at the Holiday Inn Longview - North (300 Tuttle Cir, Longview, TX 75605) on Saturday, April 17, 2021. Chairperson of the Board, Maylene Neal, 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 Greg Jeffery, VP/Branch Operations Manager, to give the invocation. Following the invocation, Bobby Moore, Board Member, spoke to those in attendance about the history and expansion of ETPCU throughout the years. Mrs. Neal then appointed Dr. Rutledge McClaran, to serve as Parliamentarian of the meeting. Dr. McClaran accepted the appointment.

Mrs. Neal then called on Wilma Jamerson, Secretary, to present the minutes of the 67th Annual Meeting (held August 22, 2020) for approval. Arthur Lorenzo, member, made a motion to dispense with the reading of the minutes and approve them as printed. George Shankle, member, seconded the motion, and the motion carried without objection. Ms. Neal noted that these minutes would become part of the permanent file and available for future review.

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

After releasing the Chair to Vice-Chairperson, Vince Huerta, Mrs. Neal 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 2020. She further stated that East Texas Professional Credit Union, with dedication from its Board of Directors, management and staff, is well positioned to overcome any challenges and seize any opportunities that arise in 2021. Upon completion, she asked for any questions to be voiced. Hearing none, she submitted the report as part of the permanent Annual Meeting file and resumed the Chair.

Mrs. Neal then called on Byron Norton, President/CEO, to present the President's Report. Mr. Norton read the report that was included in the Annual Meeting brochure. He gave the state of the Credit Union address, and his commitment to our members for 2021. Upon completion, he asked for any questions to be voiced. Hearing none, he submitted the report to become part of the permanent Annual Meeting file.

Mrs. Neal called on John Griffin, Senior Vice-President/Lending Operations Manager, to present the Credit Committee's Report. The report reflected 14,066 loans granted to members, constituting a total amount financed of \$236,431,283. Total loans outstanding increased by over \$27.1 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.

Mrs. Neal then called on Debbie Pearce, Senior Vice-President/Accounting Manager to present the 2020 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, Mrs. Neal called on Secretary, Wilma Jamerson, to present the Audit Committee's Report for 2020. The report noted that the Texas Credit Union Department (TCUD) conducted its annual exam as of June 30, 2020. In addition, the accounting firm Doeren Mayhew performed an independent audit as of September 30, 2020. 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 as of November 12, 2020. 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, she submitted the report to become part of the permanent Annual Meeting file.

Mrs. Neal 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. Hearing no further business, Mrs. Neal called on George Shankle to present the Nominating Committee Report. Those members who served on the 2021 Committee were George Shankle, Ruth Williams and Edith Burrell. The Committee met on Tuesday, February 23, 2021, 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, Dr. Marty Warren and Vince Huerta. At that meeting, they also named Mr. Shankle as Nominating Committee Chairperson, and Ms. Burrell as Vice-Chairperson. On behalf of the Nominating Committee, Mr. Shankle submitted the names of Wilma Jamerson, Dr. Marty Warren and Vince Huerta for consideration and approval. Time was allowed for any questions to be voiced. Hearing none, Mrs. Neal proceeded with the elections.

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

Mrs. Neal then allowed time for any further business to be introduced. Hearing none, she declared the business portion of the meeting adjourned at approximately 2:32 p.m.

Cash prizes were then handed out at the conclusion of the meeting. There were a total of one hundred seventy-three (173) members in attendance.

BOARD OF DIRECTORS' REPORT

Welcome to the 69th Annual Meeting of East Texas Professional Credit Union.

I'd like to take this opportunity to thank my fellow board members for their continual commitment and service to ETPCU because that dedication has contributed greatly to its overall success.

Since its inception in 1953, ETPCU has persevered through every challenge and change brought to its doorstep, and 2021 was no different. The Credit Union staff and management team worked tirelessly to confront the changing realities of the pandemic, with the financial well-being of our members always at the forefront of our decisions. We continued to adapt in order to effectively meet the ever-evolving needs of our membership and continue providing top-quality service to our members.

We remain grateful for your steadfast confidence in ETPCU and for making us your financial institution of choice. Ultimately, we are here to represent you, our members, and we do not take that responsibility lightly. As shown in the Annual Report, despite all the unique challenges and obstacles that 2021 presented, East Texas Professional Credit Union has continued to perform well.

Last year, the members and owners of this institution borrowed a total of more than \$280.4 million with the number of new loans booked surpassing 14,500. Of those loans, 349 were home loans (equaling \$50.5 million) and 5,700 were vehicle loans (equaling \$162.8 million). Despite the increase in loan growth, the median delinquency ratio remained low at .20 percent. Even with all the difficulties presented in 2021, you all have continued to honor your financial obligations, and we are so appreciative of your

loyalty and commitment to East Texas Professional Credit Union.

I am also pleased to announce that construction of our new administrative building is well underway. The facility is scheduled to be completed later this year with administrative staff occupying the building in early fall. This new addition will centralize all administrative staff and ultimately allow for future growth.

Above all else, the Board remains focused on supporting you with products and services that help you attain your financial goals. The continued success of the Credit Union allows us to offer a wealth of savings tools, financial products, and services that enhance your life, improve our delivery channels, and expand our outreach in the community. By exercising sound business and service strategies, ETPCU strives to help you navigate your life-cycle challenges, endure uncertain economic periods, and recognize the true benefits of your membership with the Credit Union.

In closing, let me express my confidence in the leadership of Byron Norton, the guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our more than 78,000 members. I am proud of, and humbled by, the level of trust and support you have placed in your board of directors, and I look forward to another successful year for the Credit Union. While 2022 will undoubtedly present its own set of challenges, let me assure you that East Texas Professional Credit Union is well-positioned to overcome any obstacles, and seize all opportunities, that arise.

Thank you, ladies and gentlemen, and I wish you all the best for 2022!

PRESIDENT'S REPORT

Good Afternoon Members and Friends,

Welcome to the 69th Annual Meeting of East Texas Professional Credit Union (ETPCU). My name is Byron Norton, and I have the pleasure of serving as your Credit Union President and CEO. I am pleased to report to you that ETPCU experienced another strong year in 2021, both financially and operationally. While the past year was another year defined by the pandemic, ETPCU Board and staff remained focused on improving the financial lives of our Members both today and in the future.

In 2021, ETPCU was true to our mission statement by leveraging a blend of the latest technologies and services, combined with a high touch member experience, all designed to promote the financial well-being of our membership. Our efforts to provide our Members with one of the best and safest financial institutions in the country

was recognized by Weiss Ratings this past year, when ETPCU was once again awarded an overall "A+" superior rating. There are currently 9,871 banks and credit unions currently operating in the United States. There are only 44 financial institutions in the country who earned the highest "A+" Weiss Rating and ETPCU was among those. In the state of Texas, there are only four "A+" rated financial institutions and ETPCU is the only bank or credit union conducting business in Northeast Texas with this superior rating. This is ETPCU's 17th consecutive year to have this honor, placing us in the top 1% of all financial institutions in the country.

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 \$963,213,382 in assets and a capital ratio of 17.67 percent.

PRESIDENT'S REPORT (CONT'D)

Our Members equity position continues to well exceed the National Credit Union Administration's well-capitalized minimum of 7 percent, underscoring our financial strength.

ETPCU also had a strong year for Member growth, ending the year with 78,547 members. Our loan portfolio increased by \$18 million dollars to close the year at \$ 509,345,795 with asset quality at a record high with only 0.27% delinquency and 0.16% net charge off's.

Earnings were strong with a net gain to earnings of 1.40%. ETPCU provided our membership with the highest deposit rates in our local market, and for our borrowers, we were once again the leader in local auto lending with top of the market rates.

Helping Simplify our Members Lives - At ETPCU, 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. This past year, we deployed a new Internet Banking Solution, as well as a new Credit Union Website, to provide our Members with an updated user interface for both ease of navigation and convenience.

We listened carefully to our Members, and as a result, we added check images and credit card statements to our mobile banking platform. We simplified our account opening solution by adding Meridian Link Opening Act to our new account's platform during 2021. To better serve and protect our Members, we hardened our ATM fleet to help combat the ongoing brute force attacks seen throughout the state, and added three new deposit capable ATMs to our fleet.

During 2021, we also enhanced our facilities by adding one new Branch located at 2395 HG Mosley Parkway in Longview. We also began construction on our long-awaited new data center and administration office to be located at 3000 E George Richey Road in Longview. And in addition, we entered into a discussion of a potential strategic partnership with Northeast Texas Credit Union to further strengthen our convenience and footprint throughout East Texas.

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

Community Involvement - At ETPCU, 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.

ETPCU employees volunteered for many non-profit organizations across East Texas in 2021. We supported numerous events such as the East Texas Treatment Center, United Way, East Texas Casa, Local Police and Fire Departments, Wounded Warriors, and various school foundations and functions.

ETPCU participated in at least one school pep rally each

week throughout the 2021 football season and we sponsored both the Coach and Teacher of the Week throughout our East Texas communities. We were present on thirty different school campuses during Texas Public Schools Week and distributed more than 35,000 planner calendars during 2021. ETPCU also sponsored and taught more than 35 financial literacy classes for area students. Our financial literacy curriculum, known as our F.I.T. Program, is designed to give students the essential knowledge of how to navigate their financial decisions throughout their lives.

ETPCU awarded 15 local scholarships during 2021 to outstanding student Members to help cover tuition and fees at the college of their choice. And finally, during the Christmas season of 2021 ETPCU sponsored 40 families who had exceptional needs due to family loss, illness, and the pandemic.

We believe helping our neighbors, and working with local organizations, across the many communities we serve is a prerequisite for being a premier financial institution.

The Year Ahead - At ETPCU, we remain focused on making your financial lives easier through the development of emerging technologies, expanded convenience, and new product offerings.

In 2022, we will open our 15th Branch Location across from Wal-Mart in Marshall, Texas. In addition, we hope to move into our new data center and administration building in September of '22. We also have plans to launch a new lending platform with Meridian Link and streamline the loan application process offering multi-channel convenience. During 2022, our card services department will be implementing three new product offerings to include contactless payments, instant issue credit, and digital card issuance. In addition, new functionality will be provided integrating mobile banking with your ATM transactions.

With technology increasingly shaping how you engage with us day-to-day; we will continue to challenge traditional methods of banking to ensure your experience with ETPCU, regardless of how you conduct your business, delivers a better banking experience.

Conclusion - In closing, I'd like to express my extreme confidence in the guidance and wisdom shown by our Board of Directors. I fully applaud the hard work and dedication of our strong management team and capable staff, and I fully appreciate the loyalty and support given to us by our 78,000 member owners who have chosen ETPCU as their financial institution of choice. While we look back and celebrate our accomplishments in 2021, I want our members to know that ETPCU stands ready and is well positioned both financially and strategically to face all challenges and opportunities that 2022 may bring.

Once again, I want to express my gratitude for your trust and confidence and your continued support, and I wish each of you the very best that 2022 has to offer.

Thank you!

CREDIT COMMITTEE'S REPORT

It is my pleasure to present to you the Credit Committee's Report for 2021. During the course of the year, there were 14,526 loans granted to members, constituting a total amount financed of \$280,409,203. Loans increased by more than \$18 million overall. The used vehicle loan portfolio saw the largest net increase at more than \$12.4 million for the year.

An analysis of the Credit Union's loans outstanding as of December 31, 2021 is evidenced below.

1,735	New Vehicle Loans	\$49,042,283
9,328	Used Vehicle Loans	\$153,317,962
1,652	New Vehicles - Indirect Financing	\$46,951,538
2,566	Used Vehicles - Indirect Financing	\$48,649,441
1,776	Real Estate Loans (includes HI and HE Loans)	\$159,149,897
30	Commercial Loans	\$6,743,454
7,028	Credit Cards/Lines of Credit	\$8,921,801
7,338	All Other Personal Loans	\$36,569,420
31,453	Total Outstanding Loans*	\$509,345,795

*Total Outstanding Loans includes Allowance for Loan Loss and Repossessions and excludes Dealer Reserves	Allowance	\$1,232,608
	Dealer Reserves	(\$745,689)
	Repossession	\$113,876

STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2021 - AFTER CLOSING

Current Assets

	2020	2021
Loans	\$491,537,315	\$509,977,608
Allowance for Loan Loss	(\$1,701,044)	(\$1,232,608)
Net Loans	<u>\$489,836,272</u>	<u>\$508,745,000</u>
Cash And Investments	\$319,742,502	\$389,827,077
Fixed Assets	\$13,633,043	\$23,655,338
Other Assets	<u>\$2,963,619</u>	<u>\$40,985,968</u>
Total Assets	\$826,175,436	\$963,213,382

Current Liabilities

Accounts Payable & Other Liabilities	\$10,818,493	\$10,542,319
Shares	\$268,545,109	\$334,555,017
Member Deposits	\$389,796,940	\$449,141,054
Equity		
Reserves	\$12,435,322	\$12,435,322
Capital Acquired	\$4,781,292	\$4,781,292
Undivided Earnings	\$139,059,750	\$151,594,788
AFS	<u>\$738,531</u>	<u>\$163,591</u>
Total Equity	\$157,014,895	\$168,974,993
Total Liabilities & Equity	\$826,175,436	\$963,213,382

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) conducted an annual exam as of September 30, 2021. In addition, the accounting firm Doeren Mayhew performed their regulatory required independent audit as of September 30, 2021. 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, 2021, 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 15, 2021, 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

Mrs. Wilma Jamerson
Chairperson
Term Expiration: 2024

Ms. Reba Allison
Secretary
Term Expiration: 2023

Dr. Rutledge McClaran
Director
Term Expiration: 2022

Mrs. Maylene Neal
Director
Term Expiration: 2022

Mr. Vicente Huerta
Vice - Chairperson
Term Expiration: 2024

Judge Joel Hale
Treasurer
Term Expiration: 2023

Mr. Bobby Moore
Director
Term Expiration: 2022

Dr. Marty Warren
Director
Term Expiration: 2024

SENIOR MANAGEMENT

Mr. Byron Norton
President/CEO

Ms. Debbie Pearce
Senior Vice President
Accounting Manager

Mr. Doug Martin
Vice President
Indirect Lending Manager

Mrs. Kerri Dalme
Senior Vice President
Branch Operations Manager

Mrs. Kelly Evans
Vice President
Account Resolution Manager

Mrs. Meagan Staples
Vice President
Human Resource Manager

Mr. John Griffin
Senior Vice President
Lending Operations Manager

Mr. Greg Jeffery
Vice President
Branch Operations Manager

Mr. Kevin Wasson
Vice President
Information and Technology

Mr. Scot Haines
Senior Vice President
Operations Manager

Mr. Gerry Alexander
Real Estate Department Manager



NOMINATING COMMITTEE REPORT

Good afternoon. My name is Marilyn Griffith. I was honored to serve on the 2022 East Texas Professional Credit Union Nominating Committee, alongside Eddie Cannon and Jeretta Thompson. Our meeting was held on Tuesday, February 22, 2022 at the Longview Loop Office in Longview, TX. At that meeting, I agreed to serve as Chairperson of the Committee and Jeretta Thompson agreed to serve as Vice-Chairperson.

Our Credit Union Board of Directors is currently composed of eight individuals. Each director is responsible for serving a staggered three-year term, with two or three directors eligible for re-nomination or replacement each year. Our job, as the Nominating Committee, was to select a slate of three members to present to you as candidates to serve on the East Texas Professional Credit Union Board.

The three Board members whose terms will expire at today's meeting are Dr. Rutledge McClaran, Bobby Moore, and Maylene Neal. Each has expressed their desire to serve an additional term, and each returned an application for the Committee to review.

Throughout the course of our meeting, all applications were reviewed and discussed. The qualifications to serve, the amount of volunteer time committed, and the training required to be a Board of Director was disclosed. The current geographical makeup of the Board was also examined.

After review, our Committee voted unanimously to re-nominate each of the Board members whose terms expire at this year's Annual Meeting.

Therefore, as Chairperson of the 2022 Nominating Committee, I submit the following nominations for member approval:

- ★Dr. Rutledge McClaran
- ★Bobby Moore
- ★Maylene Neal

Marilyn Griffith
2022 Nominating Committee Chairperson

