

ESTABLISHED IN TEXAS

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 base has grown to more than 62,000 and our asset size exceeds \$551 million. Thank you for placing your trust in us and for your continued support over the past 63 years. We value your membership and stand ready to help you achieve financial success.

FOR TEXANS

Annual Meeting Order of Events

Call to Order
and Ascertain Quorum
Maylene Neal, Board Chairperson

Invocation
James Johnson, Board Member

Approval of Minutes
62nd Annual Meeting
Reba Allison, Board Secretary/Treasurer

Board of Directors' Report
Maylene Neal
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
Reba Allison,
Board Secretary/Treasurer

Unfinished Business

New Business
(Other Than Elections)

Nominating Committee's Report
Rosemary Whitten
Committee Chairperson

Board of Director Elections

Adjournment

Cash Prize Drawings
and Refreshments

Since 1953
**East Texas
Professional**
A COMMUNITY CREDIT UNION



Federally insured by NCUA

Annual Meeting Minutes April 18, 2015

The 62nd Annual Meeting of the East Texas Professional Credit Union was held at the Credit Union's Longview loop office on Saturday, April 18, 2015. 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 James Johnson, Director, to give the invocation. Following the invocation, Maylene Neal appointed Eddie Cannon, to serve as Parliamentarian of the meeting. Mr. Cannon accepted the appointment.

Mrs. Neal then called on Secretary / Treasurer, Reba Allison, to present the minutes of the 61st Annual Meeting (held April 26, 2014) for approval. Jim Griffin, member, made a motion to dispense with the reading of the minutes and approve them as printed. Alvina Graves, member, seconded the motion. The motion carried by a show of hands. Mrs. 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: James Johnson from Longview, Texas; Maylene Neal from Nacogdoches, Texas; Bobby Moore from Laneville, Texas; Rutledge McClaran from Marshall, Texas; Eddie Cannon from Longview, Texas; Joel Hale from Henderson, Texas; Marty Warren from Gilmer, Texas; and Reba Allison from Carthage, Texas. Shirley Bratton was unable to attend.

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 2014. 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 itself in 2015. Upon completion, she asked for any questions to be voiced. Hearing none, she submitted the report as part of the permanent Annual Meeting file.

Mrs. Neal then called on Byron Norton, President/CEO, to present the 2015 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 the membership for 2015. 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/Loan Operations, to present the Credit Committee's Report. The report reflected 11,899 loans granted to members, constituting a total amount financed of \$122,452,089. Total loans outstanding increased by over \$42.8 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 to present the 2014 Year-End Financial Review. She gave a brief review, and then asked for questions to be voiced. Hearing none, she submitted the report to become part of the permanent Annual Meeting file.

At that time, Mrs. Neal called on Secretary/Treasurer, Reba Allison, to present the Audit Committee's Report for 2014. The report noted that the Texas Credit Union Department (TCUD), in conjunction with the National Credit Union Administration (NCUA) conducted its annual exam as of September 30, 2014. In addition, the accounting firm OCM and Co. performed an independent audit as of September 30, 2014. Each closely reviewed all areas of operation and found the Credit Union to be in excellent financial condition. OCM and Co. 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, 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. Being no further business, Mrs. Neal called on Clyde Hughes to present the Nominating Committee Report. Those members who served on the 2014 Committee were Jay Terry, Lisa King, and Clyde Hughes. The Committee met on Thursday, February 24, 2015, 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 Shirley Bratton, Eddie Cannon, and Marty Warren. At that meeting they also named Mr. Hughes as Nominating Committee Chairperson, and Mr. Terry as Vice Chairperson. On behalf of the Nominating Committee, Mr. Hughes submitted the names of Shirley Bratton, Eddie Cannon and Marty Warren 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. Jim Griffin, member, then made a motion to accept the slate of candidates by acclamation. Latoshia Banks, member, seconded the motion. The motion carried by a voice vote, with no opposing votes being cast. Mrs. Neal then recognized Shirley Bratton, Eddie Cannon and Marty Warren 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 2:27 p.m.

Refreshments were served following the cash prize giveaways. There were a total of one hundred fifty-one (151) members in attendance.



Board of Directors' Report

It is with great pleasure and pride that I welcome you to the 63rd Annual Meeting of East Texas Professional Credit Union. I am humbled by the trust you've 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. Our success is due in large part because of their efforts.

As you can see in the Annual Report, East Texas Professional Credit Union performed well in 2015.

As our CEO will note in his address, membership at East Texas Professional Credit Union stands at 62,762 members, representing an increase of 3.5 percent over the prior year.

- ★ In total, our 62,762 members have added more than \$12.6 million to their savings accounts.
- ★ You, the members and owners of this institution, have borrowed more than \$154.2 million, adding more than 13,252 new loans, which represents optimism in our economy and trust in your credit union.
- ★ I'm delighted that so many of you are turning to your credit union for your mortgage needs. In 2015, East Texas Professional Credit Union wrote nearly 515 home loans worth more than \$52.6 million.
- ★ Favorable interest rates and a strengthening economy motivated many of you to buy new vehicles. In 2015, East Texas Professional Credit Union wrote 3,319 auto loans worth more than \$62.8 million.
- ★ I'm thrilled to say the median delinquency ratio is now .49%. This tells me our members are working hard to stay on top of their debt obligations, and that they are able to do so is more evidence of a recovering economy.

Your ongoing acceptance and use of the products and services offered by East Texas Professional Credit Union means that we will remain in a strong financial position that allows us to continue meeting your financial needs.

As not-for-profit cooperatives, credit unions are different than banks. This isn't news to our valued members who recognize and appreciate how truly different we are. Though we have to make a profit to keep the doors open, we don't work for shareholders demanding to collect their profits. When we can, we like to distribute our profits back to you, the owners of East Texas Professional Credit Union.

By exercising sound business and service strategies, we can help you navigate your life-cycle challenges and weather uncertain economic periods like the recent Great Recession. Since credit unions were not the cause of that recession, it's nice to see that our movement remains extremely healthy—this, despite the onerous regulatory burdens placed on credit unions as a result of the detrimental practices of Wall Street and the banking industry.

We are excited about the bright future that lies ahead of us. It's a future we can all share in, and one that encourages our highest potential and ensures our best purpose in serving you, our members.

For instance...

- ★ We want to target particular segments of our community where we can make the greatest impact. Helping with financial literacy and the account management for our members who are most vulnerable, such as pre-high school children, young adults, retirees, and our elderly is one way we can do that;
- ★ We want to offer more and better resources that ensure our members are using the safest, most secure, and most convenient 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 whatever life phase they might be in;
- ★ We want to be a knowledge hub that places the credit union at the center of our members' financial lives, allowing them to trade peer advice and insights about budgeting, buying, retiring, and saving; and
- ★ We want to help you responsibly finance life activities, such as education, small businesses, and transportation. As a financial cooperative, we understand that we can most effectively serve you and strengthen the credit union movement by working through local, regional, national, and even international organizations. We are very involved in our local chapter of credit unions, for instance, which allows us to benefit from the training, tools, and resources available through our trade association, the Cornerstone Credit Union League.
- ★ We understand the impact of legislation on our ability to serve your financial needs, so we are very supportive of Cornerstone's advocacy efforts on a state level and Credit Union National Association's endeavors on a national level.

Unfortunately, tax reform is not yet off the table, and as federal legislators consider tax reform in 2016, we want to reiterate that a federal tax on your credit union is equivalent to a tax on you. Make no mistake; we are up against a massive banking lobby that's doing its best to convince our lawmakers that the credit union tax exemption puts them at an unfair disadvantage. Because of that, credit unions will need to remain vigilant in their advocacy efforts.

My friends, with the continued success of East Texas Professional Credit Union, we can offer beneficial savings and wealth-building tools and other financial products and services that enhance your life, improve our delivery channels, and expand our community outreach. In closing, I'd like to express my confidence in the leadership of Byron Norton, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of 62,762 members. We are extremely optimistic about the future because East Texas Professional Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in 2016.

Thank you ladies and gentlemen. I wish you the very best for the coming year!

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 at the 63rd annual meeting of East Texas Professional Credit Union. As it was then and remains to this day, our unique business model that empowers every single member to have a voice - and that's "one member, one vote."

And in that spirit, 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.

Now, it is my privilege to provide a "State of Our Credit Union" address at this 2016 annual meeting.

Let me begin by saying that 2015 was a significant year, not just for our credit union but also for our state and the nation. In addition to the headline-grabbing election cycle we're in, the credit union movement weathered another round of banker attacks, and not just on our credit union tax exemption. Cybersecurity became an even higher-profile matter in 2015, along with hot-button regulatory issues such as risk-based capital and onerous regulatory burdens. All of those critical issues demanded we allocate time and resources to advocating with our lawmakers on behalf of credit unions.

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. Our current assets are more than \$569 million. Membership at East Texas Professional Credit Union increased 3.5 percent in 2015 and now stands at 62,762.

Outstanding loan balances increased 15.4 percent from 2015 to 2016, while delinquencies remained low at .49 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 2015 that demonstrate our dedication to providing products and services that benefit you and your families:

- ★ Developed new lending programs, such as the First Time Auto Buyers Program and the Student Micro Loan Program
- ★ Purchased land for new office facilities in Hallsville and Carthage
- ★ Developed an ATM Select Network to alleviate foreign transaction fees for members at select ATMs throughout East Texas
- ★ Continued enhancements to the Mobile Banking platform by adding desired features such as Apple Pay and Mobile Deposit

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 18.3 percent. To put that in perspective, a net worth position above seven percent is considered well capitalized by our regulators.

Our 2015 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've taken part in during 2015. To name a few, in 2015, we:

- ★ Awarded 15 college scholarships totaling \$18,000

- ★ Delivered more than 28,000 academic planner calendars to more than 100 area schools and daycares
- ★ Hosted 2 shred days for members to bring in documents containing sensitive information for safe disposal - and at no charge
- ★ Launched 9 new products or services and conducted 8 system upgrades
- ★ Raised money for the Muscular Dystrophy Association to help send disabled children to summer camp
- ★ Organized and hosted Reality 101, a financial reality fair designed to simulate the types of financial decisions young people will make as adults through hands-on experience
- ★ Assisted Toys for Tots by serving as a collection site for new, unwrapped toys that were distributed as Christmas gifts to disadvantaged children in the community
- ★ Contributed to more than 100 philanthropic organizations and community affairs
- ★ Participated in more than 30 area events
- ★ Assisted with the collection of 50 blankets that were donated to the Women's Center of East Texas on behalf of the East Texas Chapter of Credit Unions
- ★ Hosted a flu shot clinic as a service to our members

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 2015, our board of directors completed a total of 359 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. Nationally and on the state level, we will remain vigilant in making sure our elected officials know that a tax on credit unions is a tax on all of our members; and we must be sure they understand the credit union difference.

Through it all, we will continue to focus on people first. It's what makes our 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 and 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 2016.

Credit Committee's Report

It is my pleasure to present to you the Credit Committee's Report for 2015. During the course of the year, there were 13,159 loans granted to members, constituting a total amount financed of \$145,723,117. Loans increased by more than \$42.8 million overall. Real Estate saw the largest increase at more than \$26.7 million for the year.

An analysis of the Credit Union's loans outstanding as of December 31, 2015 is evidenced below:



1,071	New Car Loans	\$ 24,663,649
7,241	Used Car Loans	\$ 91,342,032
1,114	New Cars - Indirect Financing	\$ 22,708,494
2,072	Used Cars - Indirect Financing	\$ 27,098,382
1,551	Real Estate Loans (Includes HI and HE Loans)	\$105,180,532
53	Commercial Loans	\$ 10,881,764
7,839	Credit Cards / Lines of Credit	\$ 10,394,302
6,448	All Other Personal Loans	\$ 28,010,144
27,389	Total Outstanding Loans	\$320,279,299

Statement of Financial Condition

As of December 31, 2015 - After Closing

Current Assets	2014	2015
Loans	\$277,589,934	\$320,355,539
Allowance for Loan Loss	(\$702,495)	(\$1,100,996)
Net Loans	\$276,887,439	\$319,254,543
Cash and Investments	\$231,493,180	\$212,194,787
Fixed Assets	\$10,988,527	\$10,891,296
Other Assets	\$15,937,081	\$8,734,978
Total Assets	\$535,306,227	\$551,075,604
Current Liabilities	Current Liabilities	Current Liabilities
Accounts Payable & Other Liabilities	\$5,267,044	\$4,971,610
Shares	\$135,373,448	\$148,036,925
Member Deposits	\$305,299,632	\$299,180,278
Equity		
Reserves	\$16,544,675	\$12,435,322
Undivided Earnings	\$74,505,231	\$87,791,472
AFS	(\$1,683,803)	(\$1,340,003)
Total Liabilities & Equity	\$535,306,227	\$551,075,604



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 September 30, 2015. In addition, the accounting firm OCM & Company performed an independent audit as of September 30, 2015. Each closely reviewed all areas of operation 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, 2015 asking members to review their accounts. Discrepancies were to be reported directly to OCM & Company.

An annual automated clearing house (ACH) audit as of October 15, 2015 was conducted by OCM & Company. 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. Maylene Neal
Chairperson

Judge Joel Hale
Vice-Chairperson

Ms. Reba Allison
Secretary/Treasurer

Mr. Eddie Cannon
Director

Mrs. Shirley Downs
Director

Mr. James Johnson
Director

Dr. Rutledge McClaran
Director

Mr. Bobby Moore
Director

Dr. Marty Warren
Director

Senior Management

Mr. Byron Norton
President/CEO

Mr. John Griffin
Senior VP/Lending Operations Manager

Mr. Scot Haines
Senior VP/Operations Manager

Ms. Debbie Pearce
Senior VP/Accounting Department Manager

Mr. Greg Gani
VP/Member Business Lending

Mr. Chris Graham
VP/Card and Fraud Department Manager

Mr. Greg Jeffery
VP/Teller Department Manager

Mr. Flip Kraus
VP/Real Estate Manager

Mrs. Sandy Krell
VP/Branch Operations Manager

Mr. Doug Martin
VP/Indirect Lending Department Manager

Mr. Kevin Wasson
VP/Information and Technology

