



Established In

# Texas For Texans

## ANNUAL MEETING ORDER OF EVENTS

- ★ Call to Order and Ascertain Quorum  
Reba Allison, Board Chairperson
- ★ Invocation  
James Johnson, Director
- ★ Approval of Minutes - 64th 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/Loan Operations
- ★ 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  
Jim Griffin, Committee 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 69,000 and our asset size exceeds \$600 million. Thank you for your continued support over the past 65 years. We value your membership and stand ready to help you achieve financial success.



#ETPCU65YEARSSTRONG #ETPCUTEXASLEGACY



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# Annual Meeting Minutes April 22, 2017

The 64th Annual Meeting of the East Texas Professional Credit Union was held at 409 E. Loop 281, Longview, Texas 75605 on Saturday, April 22, 2017. 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, Mrs. Neal appointed Eddie Cannon to serve as Parliamentarian of the meeting. Mr. Cannon accepted the appointment.

Mrs. Neal then called on Secretary/Treasurer, Dr. Marty Warren, to present the minutes of the 63rd Annual Meeting (held April 23, 2016) for approval. Vera Hall, member, made a motion to dispense with the reading of the minutes and approve them as printed. Milton Fisher, member, seconded the motion, and the motion carried without objection. 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; Dr. Rutledge McClaran from Marshall, Texas; Shirley Downs 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.

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 2016. 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 2017. 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 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 2017. 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/Consumer Loan Operations, to present the Credit Committee's Report. The report reflected 13,957 loans granted to members, constituting a total amount financed of \$195,619,784. Total loans outstanding increased by over \$37.6 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 2016 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/Treasurer, Dr. Warren, to present the Audit Committee's Report for 2016. 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, 2016. Each closely reviewed all areas of operation and found the Credit Union to be in excellent financial condition. In addition, the accounting firm OCM and Co. performed an independent audit as of September 30, 2016. 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 Clearing House (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 Jeretta Thompson to present the Nominating Committee Report. Those members who served on the 2017 committee were Jeretta Thompson, Tonya Emberton and Aris Johnson. The committee met on Thursday, March 2, 2017 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 Reba Allison, James Johnson, and Joel Hale. At that meeting, they also named Ms. Thompson as Nominating Committee Chairperson, and Mrs. Johnson as Vice Chairperson. On behalf of the Nominating Committee, Ms. Thompson submitted the names of Reba Allison, James Johnson and Joel Hale 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 nominations closed. Pinkie Bush, member, then made a motion to accept the slate of candidates by acclamation. Judith Peltier, member, seconded the motion. The motion carried by voice vote, with no opposing votes being cast. Mrs. Neal then recognized Mrs. Allison, Mr. Johnson and Mr. Hale 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.



# Board of Directors' Report

It gives me great pleasure to welcome you to the 65th 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 2017.

- ★ You, the members and owners of this institution, have borrowed more than \$148.2 million in consumer loans, adding more than 10,825 new loans.
- ★ Whether you were a new home buyer or a property pro, I'm thrilled that you turned to your credit union for your mortgage needs. In 2017, East Texas Professional Credit Union wrote nearly 364 home loans, worth more than \$39.4 million.
- ★ Favorable interest rates and a strengthening economy motivated many of you to buy vehicles. In 2017, East Texas Professional Credit Union wrote 5,848 vehicle loans worth more than \$122.8 million.
- ★ The median delinquency ratio in East Texas Professional Credit Union is now .59 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. When we can, we distribute those profits back to you.

By exercising sound business and service strategies, we can help you navigate your life-cycle challenges, weather these 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 68,000 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 2018.

Thank you ladies and gentlemen, and all the 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, I want to say what a pleasure it is to be here with all of you. Because of your trust and involvement, your credit union is able to thrive and provide so many important benefits, not only to our members, but to our community.

As a financial cooperative, our success is your success. When you participate in the credit union, you are contributing to its growth. And because of our cooperative structure, we are 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 2018 annual meeting.

As our membership grows, so do our assets, which indicates that you are taking full advantage of the products and services we have to offer. Our assets as of December 31, 2017 were \$589,462,931 and membership at East Texas Professional Credit Union at year-end was 68,039.

I am pleased that as loan demand has grown 9.8 percent in 2017, delinquencies remained low at .59 percent. This tells me that you value the competitive rates we're 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, and the following are but a few highlights from 2017 that demonstrate this:

- ★ Continued enhancement of the infrastructure of our data processing center to support growth
- ★ Researched and initiated a new Electronic Cash Management system that allows members to make loan payments from other financial institutions via phone, internet banking or the mobile app
- ★ Enhanced our Mobile Banking platform adding many leading edge features including mobile lending and the ability to place a stop payment on a check

I'm delighted to point out that East Texas Professional Credit Union is a well-capitalized financial institution, with a strong capital ratio of 19.64 percent. To put that in perspective, seven percent is the industry standard.

Our 2017 results illustrate that East Texas Professional Credit Union is a strong, sustainable and efficient financial institution. Indeed, we are confident in our ability to meet all of your financial services' needs. But we are far more than an institution that offers financial products and services.

Here are but a few differentiators that make East Texas Professional Credit Union special:

We have a real presence in this community. In 2017, we:

- ★ Awarded 17 educational scholarships totaling \$21,000
- ★ 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 100 philanthropic organizations and community affairs
- ★ Participated in and/or supported more than 50 area events
- ★ Provided Christmas gifts for 29 East Texas children in need
- ★ Hosted a flu shot clinic as a service to our members
- ★ Conducted 27 "Project F.I.T." Financial Independence Training courses (in branch and partnerships with local high schools)
- ★ We have a team of talented professionals who report to work every single day with one objective: to help you meet your financial goals. Our accomplishments would not have been possible without the heartfelt commitment and unified effort of our dedicated credit union staff, volunteers, board of directors, and committees. Their passion is truly inspiring, and I am continuously moved by their steadfast desire to serve the credit union movement. I thank them for their continuous commitment and I thank you, our members, for having the confidence in these individuals who help drive the success of your credit union.
- ★ We also have a highly capable volunteer board of directors who share their expertise and knowledge to guide this organization toward continued success. In 2017, our board of directors completed over 330 training hours, and I think that illustrates their strong desire to ensure they are a highly skilled and educated governing body.
- ★ And, we have a unique business model that empowers every single member to have a voice: One member, one vote.

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 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 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 2018 for us all.

# Credit Committee's Report

It is my pleasure to present to you the Credit Committee's Report for 2017. During the course of the year, there were 14,264 loans granted to members, constituting a total amount financed of \$204,771,289. Loans increased by more than \$35.1 million overall. Automobile loans saw the largest increase at more than \$22.7 million for the year. An analysis of the Credit Union's loans outstanding as of December 31, 2017 is evidenced below:

1,185	New Car Loans	\$28,574,300
8,224	Used Car Loans	\$112,656,794
1,477	New Cars - Indirect Financing	\$33,797,285
2,581	Used Cars - Indirect Financing	\$35,590,079
1,499	Real Estate Loans (includes HI and HE Loans)	\$126,234,132
125	Commercial Loans	\$12,496,893
7,647	Credit Cards/Lines of Credit	\$10,345,709
7,279	All Other Personal Loans	\$33,620,450
<b>30,017</b>	<b>Total Outstanding Loans*</b>	<b>\$393,315,641</b>

*Total Outstanding Loans includes Allowance for Loan Loss and Repossessions and excludes Dealer Reserves	Allowance	\$1,799,254.00
	Dealer Reserves	-\$472,138.41
	Repossession	\$855,166.78



# Statement of Financial Condition

AS OF DECEMBER 31, 2017 - AFTER CLOSING

CURRENT ASSETS	2016	2017
LOANS	\$357,725,608	\$392,932,613
ALLOWANCE FOR LOAN LOSS	<u>(\$1,350,845)</u>	<u>(\$1,799,254)</u>
NET LOANS	\$356,374,763	\$391,133,359
CASH AND INVESTMENTS	\$192,612,465	\$183,016,567
FIXED ASSETS	\$12,295,424	\$11,470,438
OTHER ASSETS	<u>\$2,815,192</u>	<u>\$3,842,567</u>
TOTAL ASSETS	\$564,097,844	\$589,462,931
CURRENT LIABILITIES		
ACCOUNTS PAYABLE & OTHER LIABILITIES	\$7,611,604	\$8,969,235
SHARES	\$154,646,085	\$167,829,900
MEMBER DEPOSITS	\$295,554,318	\$298,698,354
EQUITY		
RESERVES	\$12,435,322	\$12,435,322
UNDIVIDED EARNINGS	\$94,552,009	\$102,506,863
AFS	<u>(\$701,494)</u>	<u>(\$976,744)</u>
TOTAL EQUITY	\$106,285,837	\$113,965,441
TOTAL LIABILITIES & EQUITY	\$564,097,844	\$589,462,931

# 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.

Pursuant to changes in credit union regulations, the Texas Credit Union Department (TCUD) examination period was modified from September 30, 2017 to December 31, 2017. The results of the TCUD examination will be available at next year's Annual Membership Meeting. However, accounting firm Doeren Mayhew performed their regulatory scheduled independent audit as of September 30, 2017. 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, 2017 asking members to review their accounts. Discrepancies were to be reported directly to Doeren Mayhew.

An annual automated clearing house (ACH) audit as of August 17, 2017 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. 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

Mr. Greg Gani  
VP/Member Business Lending

Mrs. Kerri Dalme  
VP/Branch Operations Manager

Mr. John Griffin  
Senior VP/Loan Operations

Mr. Greg Jeffery  
VP/Kilgore Branch Manager

Mr. Doug Martin  
VP/Indirect Lending Manager

Mr. Scot Haines  
Senior VP/Operations

Mr. Flip Kraus  
VP/Real Estate Manager

Mr. Kevin Wasson  
VP/Information and Technology

Ms. Debbie Pearce  
Senior VP/Accounting Manager

