

# ESTABLISHED IN *Texas* FOR TEXANS

## ANNUAL MEETING ORDER OF EVENTS

- ★ Call to Order and Ascertain Quorum  
Maylene Neal, Board Chairperson
- ★ Invocation  
James Johnson, Director
- ★ Approval of Minutes - 63rd Annual Meeting  
Dr. Marty Warren, 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  
Dr. Marty Warren, Board Secretary/Treasurer
- ★ Unfinished Business
- ★ New Business (Other Than Elections)
- ★ Nominating Committee's Report  
Jeretta Thompson, 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 base has grown to more than 65,000 and our asset size exceeds \$564 million. Thank you for your continued support over the past 64 years. We value your membership and stand ready to help you achieve financial success.

Federally Insured by NCUA



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



# Annual Meeting Minutes April 23, 2016

The 63rd Annual Meeting of the East Texas Professional Credit Union was held at the Credit Union's Longview loop office on Saturday, April 23, 2016. 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 Rutledge McClaran, to serve as Parliamentarian of the meeting. Dr. McClaran accepted the appointment.

Mrs. Neal then called on Secretary / Treasurer, Reba Allison, to present the minutes of the 62nd Annual Meeting (held April 18, 2015) for approval. Euneva Taylor, member, made a motion to dispense with the reading of the minutes and approve them as printed. Sherry McAlister, 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; Shirley Downs from Longview, Texas; Joel Hale from Henderson, Texas; Marty Warren from Gilmer, Texas, and Reba Allison from Carthage, Texas. Eddie Cannon 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 2015. 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 2016. 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 2016. 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 13,159 loans granted to members, constituting a total amount financed of \$145,723,117. 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 2015 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, Reba Allison, to present the Audit Committee's Report for 2015. 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, 2015. In addition, the accounting firm OCM and Co. 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. 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 Rosemary Whitten to present the Nominating Committee Report. Those members who served on the 2016 committee were Rosemary Whitten, Kevin Emberton and Maurice Cook. The committee met on Thursday, February 25, 2016, 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 Bobby Moore, Rutledge McClaran and Maylene Neal. At that meeting they also named Ms. Whitten as Nominating Committee Chairperson, and Mr. Emberton as Vice Chairperson. On behalf of the Nominating Committee, Ms. Whitten submitted the names of Bobby Moore, Rutledge McClaran and Maylene Neal 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. Glenda Henigan, member, then made a motion to accept the slate of candidates by acclamation. Euneva Taylor, member, seconded the motion. The motion carried by a voice vote, with no opposing votes being cast. Mrs. Neal then recognized Bobby Moore, Rutledge McClaran and Maylene Neal 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 2:28 p.m.

Refreshments were served following the cash prize giveaways. There were a total of one hundred forty four (144) members in attendance.



# Board of Directors' Report

Welcome to the 64th annual meeting of East Texas Professional Credit Union. It's wonderful to see so many people in attendance. I can see you not only care about your financial future, but the future of your Credit Union as well. I applaud you.

I'm delighted to speak to you today and humbled by the trust you've placed in me and my fellow board members whose leadership, dedication, and passion for credit unions are integral to our success.

As a Credit Union member, you can take comfort in knowing that, unlike for-profit financial institutions such as banks, your board of directors serves on a volunteer basis and doesn't profit from that service. Though the credit union needs to make a profit to keep the doors open, we don't work for shareholders demanding to collect high profits. Our sole interests are in your interests. We are the stakeholders in this Credit Union, and we all share in its future.

Your board of directors also has a responsibility to ensure that we have a capable, competent, qualified, and trustworthy management team, and I can say unequivocally that we do.

I'm proud to say that your Credit Union is not just one financial institution, but one of thousands in a credit union movement that spans the globe. We each serve as a supporting pillar in this movement, and that means that the success of one credit union is a success for the entire movement.

As a financial cooperative, we understand that we can most effectively serve you and strengthen that movement by engaging in the vast network of organizations and service groups available.

As you can see in the Annual Report, East Texas Professional Credit Union performed well in 2016. Some of the highlights of that report include:

- ★ As our CEO will note: membership at East Texas Professional Credit Union now stands at 65,048, representing an increase of 3.6 percent over the prior year.
- ★ In total, our 65,048 members have added more than \$6.4 million to their savings accounts. When we see people putting money away for the future, we hope our efforts to enhance the financial literacy of our members has contributed to this increase.
- ★ You, the members and owners of this institution, have borrowed more than \$195 million, which added more than 13,900 new loans in the 2016 year and reflects the continued optimism in our economy and trust in our Credit Union.
- ★ I'm delighted that so many of you are turning to your Credit Union for your mortgage needs. In year 2016, East Texas Professional Credit Union wrote nearly 383 home loans totaling \$33,944,536.
- ★ Favorable interest rates and a strengthening economy motivated many of you to buy new vehicles. In 2016,

East Texas Professional Credit Union wrote 5,236 auto loans worth more than \$110 million.

The delinquency ratio is now .44 percent. This is a strong indicator that our members are diligently staying on top of their debt obligations. This is also more evidence of a strengthening economy, something for which we can all be grateful.

In addition to establishing policies and ensuring that the credit union adheres to pertinent laws, regulations, and sound business practices, we are also charged with making sure new products and services are developed as needed. 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.

Our highest and best purpose in serving you includes some of the following objectives:

- ★ 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 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.
- ★ 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 that face challenges in whatever life phase they might be in; and
- ★ We want to help you finance life activities, such as education, small businesses, and transportation in a responsible way.

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 our 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 2017.

Thank you, ladies and gentlemen. I wish you and your families the very best in 2017.





# President's Report

Good afternoon and welcome to our 2017 Annual Membership Meeting. On behalf of both the management and the staff of East Texas Professional Credit Union, let me say how happy we are to be here at the 64th annual meeting since our credit union was chartered back in 1953.

"One member, one vote." That's the foundation of our unique cooperative business model, and it empowers every single member to have a voice in your financial institution. When you participate in your credit union's voting process, you're contributing to its growth year after year. In return, because of our cooperative structure, we're able to return our profits to you in the form of competitive rates, new products, enhanced services, and additional points of service.

It is my special privilege to provide a "State of Our Credit Union" address at this time.

Let me begin by saying that 2016 was one of the most significant years in recent memory for the nation, and for the credit union movement as well. In addition to the headline-grabbing election cycle, the credit union movement weathered another round of banker attacks, not only regarding our tax exemption, but field of membership rules. Bankers went so far as asking a federal court to nullify the regulations, which are based on the Federal Credit Union Act and give the National Credit Union Administration the authority to implement and modify such membership rules to mitigate regulatory burden.

Through our advocacy efforts, we will continue to push back when the bankers lobby tries to undermine our cooperative system. In fact, we will encourage Congress to do more to expand consumer access to credit unions.

With continued data breaches in the headlines, cyber security ranked high on our list of 2016 priority items, under the heading of advocacy. Some of the other items we watched with interest include financial regulatory improvement, capital access for small businesses, member business lending, overtime rules, the Truth in Lending Act and Real Estate Settlement Procedures, and payday alternative loans.

All of those issues demanded we allocate time and resources to advocating with our lawmakers on behalf of credit unions. The good news is that, in 2017 we have excellent opportunities to see credit union advocacy victories on the regulatory relief front. With CUNA and credit unions joining forces like never before, we intend to be engaged and help drive the Campaign for Common-Sense Regulation.

You know, whether you're a member or not, credit unions benefit all consumers. The reason is competition. Our very presence in the financial services industry helps to drive down the cost of financial services for everyone. To compete effectively, other financial institutions are forced to offer quality products and services at a reasonable cost.

As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our

members are receiving the products and services we offer. Our current assets, as of 12/31/2016, are \$564,097,844. Membership at East Texas Professional Credit Union increased 3.6 percent in 2016 and now stands at 65,048.

I'm happy to report that during 2016, we were able to increase our loan portfolio by 11.8 percent and delinquencies remain low at .44 percent. This is a reflection of two things: the competitive rates we're able to offer and your strong commitment to honoring your financial obligations with us.

I'm very pleased to announce that again this year, East Texas Professional Credit Union is a well-capitalized financial institution, with a strong net worth ratio of 19.08 percent. To put that in perspective, a net worth position above 7 percent is considered well capitalized by our regulators.

Just as you are committed to your financial institution, we are committed to you. The following few high points from 2016 demonstrate our dedication to providing products and services that benefit you and your families:

- ★ Launched Project FIT. (Financial Independence Training) for young members ages 12-22 with the following offerings: Financial Independence Training course, special 5% Term Share Certificate, First Time Auto Program and a Micro Loan Program
- ★ Opened two new branch locations serving Hallsville and Carthage
- ★ Debit cards were upgraded to feature an additional level of security in the form of EMV Chip & Signature Technology
- ★ Enhancement to mobile banking to include mobile enrollment, password reset, picture pay and card controls

Our 2016 results illustrate that we're a strong, sustainable, and efficient financial institution. That financial well-being enables us to maintain an integral presence in our community. Community involvement is just one of the things that make credit unions different from other financial institutions. The following activities were just some of the things that embodied our commitment to the community during 2016.

- ★ Awarded 16 educational scholarships totaling \$20,000
- ★ Delivered more than 29,000 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 11 new products or services and conducted 12 system upgrades
- ★ 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



- ★ Contributed to more than 100 philanthropic organizations and community affairs
- ★ Participated in and/or supported more than 20 area events
- ★ Conducted 4 Financial Independence Training courses for young members
- ★ Assisted with the collection of school supplies that were donated to the Hiway 80 Rescue Mission on behalf of the East Texas Chapter of Credit Unions
- ★ Hosted a flu shot clinic as a service to our members

We have an excellent team of professionals who report to work every day with the intention of helping our members meet their financial goals. This credit union's many accomplishments would not have been possible without their energy, optimism, commitment, and wholehearted belief in our cause. Their passion is inspiring, and I thank them for their loyal 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. They have a strong desire to be a well-skilled and educated governing body. In 2016, our board of directors completed a combined total of 371 training hours.

As we move into 2017, 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.

We are sincerely grateful that you are an integral part of our credit union family. I'm highly optimistic about our future, and on behalf of the entire staff, we look forward to a happy and successful 2017.



## Credit Committee's Report

It is my pleasure to present to you the Credit Committee's Report for 2016. During the course of the year, there were 13,957 loans granted to members, constituting a total amount financed of \$195,619,784. Loans increased by more than \$37.6 million overall. Automobile loans saw the largest increase at more than \$22.1 million for the year. An analysis of the Credit Union's loans outstanding as of December 31, 2016 is evidenced below:

1,083	New Car Loans	\$25,899,414
7,678	Used Car Loans	\$102,558,027
1,277	New Cars - Indirect Financing	\$28,218,084
2,264	Used Cars - Indirect Financing	\$31,271,098
1,562	Real Estate Loans (includes HI and HE Loans)	\$115,913,932
112	Commercial Loans	\$11,432,742
8,962	Credit Cards/Line of Credit	\$10,210,478
6,849	All Other Personal Loans	\$32,221,833
<b>29,787</b>	<b>Total Outstanding Loans</b>	<b>\$357,725,608</b>





# Statement of Financial Condition

AS OF DECEMBER 31, 2016 - AFTER CLOSING

CURRENT ASSETS	2015	2016
LOANS	\$320,355,539	\$357,725,608
ALLOWANCE FOR LOAN LOSS	(\$1,100,996)	(\$1,350,845)
NET LOANS	\$319,254,543	\$356,374,763
CASH AND INVESTMENTS	\$212,194,787	\$192,612,465
FIXED ASSETS	\$10,891,296	\$12,295,424
OTHER ASSETS	\$8,734,978	\$2,815,192
TOTAL ASSETS	\$551,075,604	\$564,097,844
CURRENT LIABILITIES	2015	2016
ACCOUNTS PAYABLE & OTHER LIABILITIES	\$4,971,610	\$7,611,604
SHARES	\$148,036,925	\$154,646,085
MEMBER DEPOSITS	\$299,180,278	\$295,554,318
EQUITY		
RESERVES	\$12,435,322	\$12,435,322
UNDIVIDED EARNINGS	\$87,791,472	\$94,552,009
AFS	(\$1,340,003)	(\$701,494)
TOTAL EQUITY	\$98,886,791	\$106,285,837
TOTAL LIABILITIES & EQUITY	\$551,075,604	\$564,097,844

## 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, 2016. In addition the accounting firm OCM & Company 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. The Board reviewed the written reports of the findings and any exceptions were noted accordingly.

An Annual Account Verification was conducted to ensure the accuracy of our member records. Random notices were sent as of June 30, 2016 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, 2016 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

Ms. Reba Allison  
Vice-Chairperson

Dr. Marty Warren  
Secretary/Treasurer

Mr. Eddle Cannon  
Director

Mrs. Shirley Downs  
Director

Judge Joel Hale  
Director

Mr. James Johnson  
Director

Dr. Rutledge McClaran  
Director

Mr. Bobby Moore  
Director

# Senior Management

Mr. Byron Norton  
President/CEO

Mr. John Griffin  
Senior VP/Lending Operations

Mr. Scot Haines  
Senior VP/Operations

Ms. Debbie Pearce  
Senior VP/Accounting Manager

Mr. Greg Gani  
VP/Member Business Lending

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 Manager

Mr. Kevin Wasson  
VP/Information and Technology

