



COMMITMENT

CONVENIENCE

COMMUNITY

2018 ANNUAL REPORT



MESSAGE FROM OUR CEO

Good evening and welcome to the 2019 Annual Meeting of Eastex Credit Union. I'm delighted to be here with you at our 64th annual meeting.

The foundation of our unique cooperative business model, "One member, one vote," empowers every single one of you, as member-owners, to have a voice in your financial institution. By participating in your credit union's voting process, you're contributing to its future growth and potential, year after year. Thank you for being here.

I'm excited to report that credit unions across the country are doing extremely well. Texas has 461 credit unions with more than 8.8 million members and total current assets of \$79 billion. These figures reflect a robust and healthy credit union system, of which Eastex Credit Union is a part of.

Since the credit union's founders opened for business in 1954, we've grown our membership to 10,473, and our assets have grown to 83,646,520. We are very proud of how far we've come in 64 years. Our accomplishments would not have been possible without the commitment of our staff, and the belief that our members have in our principles and philosophies as a cooperative, not-for-profit entity.

I'd like to recognize our directors for their commitment, responsible stewardship of our principles, philosophy, and mission; our outstanding leaders for their insightful strategic planning and organization; our dedicated employees for embracing our values and goals and for delivering best-in-class service; and you, our loyal members who appreciate the many ways their credit union is a partner in their financial wealth. Because of the work we've all done together, this credit union is thriving.

From a business perspective, we joined our fellow credit unions in weathering an unsettling 2018 in the lead-up to the midterm elections. In fact, we can say that 2018 was one of the most controversial years in the history of the nation. And while a barrage of political headlines vied for our attention, we continued onward, with our focus finely tuned to the things that really matter to our members.

One of the biggest ongoing issues we faced in 2018 was data breaches, because merchants across the country continue to be vulnerable. A report from cybersecurity firm, Shape Security, showed that almost 90 percent of the log-in attempts made on online retailers' websites are hackers using stolen data. Ninety percent! Many of these breaches were caused by flaws in the retailers' payment systems that hackers found a way to take advantage of.

The good news is that Eastex suffered no data breaches, and I want to assure you that we have taken appropriate steps to ensure that your data remains secure. We are also committed to remaining vigilant to cyber threats.

Community involvement is just one of the things that make credit unions different from other financial institutions. The credit union motto of "People Helping People" keeps us focused on achieving our commitment to our communities.

Some of the things that embodied our commitment to the community during 2018 include:

- We raised 693.00 for the Children's Miracle Network
- We provided 6 college scholarships to deserving high school students
- We delivered "7" financial education seminars in "3" schools
- We taught a financial education seminar for Etreys in Marshall Texas
- We sponsor the fishing teams in Evadale, Buna and Kirbyville and various other community organizations such as little league, the reading program at the library, the Christmas parade, to name a few
- We support our local educators
- We received the Stand up for Texas Public Schools Award from Evadale ISD, which is the second time we have received this award from a public school

With the continued success of Eastex Credit Union, we're able to offer savings and other financial products and services that enhance your life, improve our delivery channels, and expand our community outreach.

With our commitment to the ideals outlined above, we implemented the following products and services to benefit you and your families:

3 ATM's in the Hardin County Courthouse, Annex Building and Jail

eSign for member services and loan documents

My Mobile Money and Card Valet for member card management

Evadale ATM moved from a walk-up model to a drive thru

New ATM at Silsbee location

As I said, because of our cooperative business model we're able to return profits to our members in the form of competitive rates, new products, enhanced services, and additional points of service to make it easier for you to reach your financial objectives. Our highest and best purpose in serving you includes some of the following objectives:

- We are committed to serving our community where we can make the greatest impact. Helping with financial literacy are some of the ways we can do that.
- We are committed to our mission to provide people the best financial solutions.
- We are committed to offering more and better resources that ensure our members are using the safest, most secure, and most convenient technology available.
- We are committed to growing our community impact through 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 are committed to helping you finance your life activities in a responsible way.

As we move into 2019, my commitment to you today is that Eastex Credit Union will continue to grow responsibly while listening and responding to your needs. We will explore innovative products and service solutions to enhance your financial life, and we'll develop our staff and board so they can confidently and wisely serve your interests.

Our member-owners are essential to our credit union family, and we are sincerely grateful that you've chosen Eastex Credit Union as your financial partner. We look forward enthusiastically to a prosperous 2019.

Thank you,

Loretta Chatagnier.

Loretta Chatagnier, President/CEO

TREASURER REPORT

The board of directors elected to retain Credit Union Resources, Inc., a division of the Cornerstone Credit Union League to conduct our annual audit. The work was performed in accordance with the requirements set forth in section 95.305 of the Texas Credit Union Department Rules and Regulations and included any additional procedures deemed necessary.

Credit Union Resources, Inc. performed 3 internal audits and 1 supervisory audit in 2018. The 1st internal audit performed reviewed corporate credit cards, sample of recently granted consumer loans, file maintenance reports, employee, official and family member accounts, use of loan exception reports, cash count at the Silsbee branch, individual retirement account procedures.

The 2nd internal audit performed reviewed safe deposit box procedures, cash counts in Silsbee, EDP restrictions in relation to employee's ability to process transactions on their own accounts and accounts of family members, cursory website review, collections, repossessions, recoveries, and charged off loans.

The 3rd internal audit performed covered the Bank Secrecy Act (BSA), Office of Foreign Assets and Control (OFAC), and ACH. Minor exceptions were noted during each internal audit and management made the appropriate corrections.

The Texas Credit Union Department and American Share Insurance conducted its annual examination of the credit union. The credit union is financially and operationally sound. Minor exceptions were notated, and management made the appropriate corrections.

Troyce Taylor,

Troyce Taylor.

Board of Director, Treasurer

MISSION STATEMENT

To provide people with the best financial solutions.

VISION STATEMENT

To be the community leader in financial solutions

BOARD OF DIRECTORS

(Term Expiration)

James Parsley	Chairman	(2021)
JE Martindale	Secretary	(2021)
Diane Etue	Vice Chairperson	(2019)
Marlene Lacy	Director	(2019)
Shannon Adams	Director	(2019)
Troyce Taylor	Treasurer	(2020)
Francis McDaniels	Director	(2020)

STAFF

Loretta Chatagnier	President/CEO
Christine Larsen	VP of Lending
Mona Duce	VP Silsbee Branch
Cheryl Loftin	VP Kirbyville Branch
Connie Hawthorne	VP of Operations
Renee Will-Cain	VP of Member Service
Denise Stark	AVP Member Service Kirbyville
Jessica Lee	AVP Member Service Silsbee
Megan McDonald	AVP Call Center/Accounting /BSA Officer
Michelle Spears	AVP Kountze Branch/ Loan Officer
Erin Williams	AVP Member Services Evadale
Alysha Brown	Financial Solutions
Elisha McDaniel	Financial Solutions
Melissa Jenkins	e-services/BSA Officer/ ACH Services
Brenda Davenport	Loan Officer
Polly Collier	Loan Officer
Penny Foxworth	Loan Officer
Robin Tilton	Loan Processor
Mikayla Ambrose	Member Service Rep
Hannah Cryer	Member Service Rep
Samantha Eubanks	Member Service Rep
KK Hentrich	Member Service Rep
Monica Hope	Member Service Rep
Katie Jasper	Member Service Rep
Laurie King	Member Service Rep
Kristen LaRue	Member Service Rep
Karli Powell	Member Service Rep
Cassie Rife	Member Service Rep
Christa Romero	Member Service Rep
Gwen Thompson	Member Service Rep
Pamela Yawn	Member Service Rep

ANNUAL MEETING MINUTES

The 63rd Annual Meeting for Eastex Credit Union was called to order at 7:00 pm on April 17, 2018 in the Evadale ISD Auditorium by James Parsley, Chairman of the Board of Directors. JE Martindale, Secretary, declared a quorum for the meeting. Board member Shannon Adams then opened the meeting with an invocation.

James Parsley asked for all members present to review the minutes on the last page of the 2017 Annual Report. James then motioned to approve the 2016 minutes. The motion was second by board member Francis McDaniel and approved by all members present.

James Parsley thanked all the members for their trust and confidence in the Board. He introduced the board members with their tenure on the board. He began with Troyce Taylor, the senior member who has served on the board for over 50 years. He spoke about Troyce being awarded Volunteer of the Year at the Volunteer Forum in 2017. James then introduced Diane Etue, JE Martindale, Francis McDaniel, Shannon Adams and Marlene Lacy, who was unable to attend. He reminded everyone that ECU has a volunteer board and their sole interests are the members' interests. James gave a brief summary of the 2017 highlights. He explained how ECU experienced strong asset growth considering the current economic environment. He was very proud of ECU's management and staff and their ability to overcome such challenges to grow and prosper during those tough times. He stated he is very optimistic for the future and has confidence in the management and staff to continue to provide ECU's members with the latest technology and services for their savings and loan solutions and continue to be a good impact on the communities.

Troyce Taylor presented the treasurer's report. Eastex CU has grown in assets by \$9 million since 2016. He then spoke about how Eastex CU has grown and changed over the past 50 years. Eastex CU is in a strong financial position.

Loretta Chatagnier, CEO, then addressed the audience. After welcoming everyone, she thanked them all for their continued support of Eastex CU. She spoke of the exciting year ECU had with its new Visa Platinum cards with rewards, Person-to-Person payments, Mad City Money classes at the local schools, the annual Breast Cancer walk, scholarships and the new Teachers Extra Credit Award. The 2018 strategic business plan addresses safety and soundness, security and improved services to the members. She introduced the staff and thanked them for their loyalty and dedication to Eastex CU. She then thanked the Go-Texans for providing the meal, Evadale ISD for the use of the auditorium and cafeteria and the businesses who donated door prizes. She urged everyone present to shop local when possible.

James Parsley then called for any unfinished or new business to be addressed. Nothing was presented so he introduced Rusty Minyard, Evadale High School Principal and member of the Nominating Committee.

Rusty Minyard thanked Eastex CU for their continued support of the schools and students. He then explained the importance of the volunteer board positions. He announced the two board members up for re-election, James Parsley and JE Martindale. Rusty then opened the floor up for nominations. There being no further nominations, the incumbents won by acclamation.

With all the business completed, James Parsley asked for a motion to adjourn the business meeting so door prizes could be awarded. The motion was made by Diane Etue, second by Shannon Adams and the business meeting closed. James then asked if anyone else wanted to purchase more tickets for the raffle. After all ticket sales were made, it was announced that Eastex CU had raised \$693 for Southeast Texas Food Bank. The floor was turned over to JE Martindale, Michelle Spears and iSaver Chloe Stark to draw for the cash prizes and the raffle gifts.

It was a fun filled evening to the 63rd annual meeting

STATEMENT OF FINANCIAL CONDITION

	2018	2017
ASSETS		
Catalyst Corporate FCU	3,240,308	4,289,533
Investments	21,179,340	20,809,340
Total Loans	54,361,318	52,785,564
Allowance for Loan Loss	-343,240	-323,197
Land & Buildings	2,977,772	2,485,711
Furniture & Equipment	859,493	672,296
ASI Share Insurance	953,904	842,572
Other Assets	417,625	1,055,565
TOTAL ASSETS	83,646,520	82,617,384
LIABILITIES & EQUITY		
Accounts Payable	566,083	728,415
Total Shares	73,843,593	73,335,443
Undivided Earnings	8,057,508	7,374,190
Regular Reserves	1,179,336	1,179,336
TOTAL LIABILITIES & EQUITY	83,646,520	82,617,384
INCOME		
Interest on Loans	2,781,166	2,633,778
Income From Investments	394,422	267,635
Other Operating Income	1,819,684	1,583,781
Total Interest Income	4,995,272	4,485,194
EXPENSE		
Employee Compensation	1,427,908	1,416,216
Travel & Conference	60,000	59,700
Office Occupancy	301,266	266,359
Office Operations	1,199,840	1,107,828
Education & Promotion	179,400	158,287
Loan Servicing	116,054	135,009
Professional & Outside Services	151,927	122,109
Provision for Loan Loss	280,106	353,000
Interest on Borrowed Money	3,904	269
Operating Fees	16,693	31,358
Miscellaneous Operating Expense	161,782	147,076
Total Operating Expense	3,898,880	3,797,211
Dividend & Interest Expense	413,073	318,190
Net Income	683,319	369,793



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Silsbee Evadale Buna Kirbyville Kountze

YOUR SAVINGS INSURED TO \$250,000 PER ACCOUNT

AMERICAN SHARE INSURANCE

By members' choice, this institution is not federally insured. Members' accounts are not insured or guaranteed by any government or government-sponsored agency.