

ANNUAL MEETING MINUTES

The 64th Annual Meeting for Eastex Credit Union was called to order at 7:00pm by Francis McDaniel, Director, inside the Evadale ISD Auditorium on April 23, 2019. JE Martindale, Board Secretary declared a quorum present for the meeting. Director Shannon Adams opened the meeting with an invocation.

Francis McDaniel asked all members present to review the minutes on the last page of the 2018 Annual report. Shannon Adams made the motion to accept the minutes as printed. The motion was seconded by Christine Larsen and approved by all present.

Francis McDaniel, Director, welcomed all present and applauded them for their interest in being member-owners. He recognized all the current board members who he works closely with, James Parsley, Chairman; Diane Etue, Vice Chairperson; JE Martindale, Secretary; Troyce Taylor, Treasurer; Marlene Lacy, Director and Shannon Adams, Director, for their leadership, dedication and passion for Eastex Credit Union (ECU). The strength of the Board’s commitment is key to ECU’s long-term sustainability and prosperity. Francis stated the Board is united in providing a competent, qualified and trustworthy management team to run the daily operations of the credit union. The annual report showed how well ECU performed during fiscal year 2017-2018. Francis highlighted membership at 10,473; assets at \$83,675,164; loan demand increased by 3% while delinquencies remain low at .21% and a net worth of 11.04%. Francis closed by expressing confidence in the leadership of the CEO, Loretta Chatagnier, the guidance of an esteemed Board of Directors, the commitment of a dedicated staff and the support and loyalty of ECU’s member owners. Francis stated Eastex Credit Union is well positioned to face any challenges and seize any opportunities presented in 2019.

Loretta Chatagnier, CEO, then addressed the audience. Loretta thanked ECU’s dedicated staff, the Go-Texans for providing the meal, the Evadale ISD for the use of the auditorium and cafeteria, the local businesses that donated the door prizes and Gary Fairchild and Rusty Minyard for serving on the nominating committee.

Francis McDaniel called for any unfinished business to be addressed. Nothing was presented so he introduced Rusty Minyard of the nominating committee to present this year’s board nominees.

Rusty Minyard thanked ECU for the continued support of the schools and students. He explained the importance of being a credit union director and announced three positions up for re-election. The three incumbents were Diane Etue, Marlene Lacy and Shannon Adams. After a brief summary on each director, Rusty opened the floor up for nominations. There being no further nominations, the incumbents won by acclimation.

With all the business completed, Francis McDaniel asked for a motion to adjourn the business meeting so door prizes and raffle prizes could be awarded. The motion was made by Christine Larsen, seconded by Troyce Taylor, approved by all and the business meeting closed. Kristen LaRue asked if anyone else wanted to purchase raffle tickets. After all sales were made, Lone Star Savers Westin Eubanks and Wyatt Eubanks helped JE Martindale, Michelle Spears and Kristen LaRue draw for the cash prizes and raffle gifts. The fun filled evening raised \$619 for the Southeast Texas Food Bank.

STATEMENT OF FINANCIAL CONDITION

| | 2019 | 2018 |
|--|-------------------|-------------------|
| ASSETS | | |
| Catalyst Corporate FCU | 7,914,158 | 3,240,308 |
| Investments | 21,542,340 | 21,179,340 |
| Total Loans | 53,245,884 | 54,361,318 |
| Allowance for Loan Loss | -199,947 | -343,240 |
| Land & Buildings | 2,905,353 | 2,977,772 |
| Furniture & Equipment | 729,159 | 859,493 |
| ASI Share Insurance | 960,470 | 953,904 |
| Other Assets | 720,470 | 417,625 |
| TOTAL ASSETS | 87,818,043 | 83,646,520 |
| LIABILITIES & EQUITY | | |
| Accounts Payable | 959,823 | 566,083 |
| Total Shares | 76,731,013 | 73,843,593 |
| Undivided Earnings | 8,947,871 | 8,057,508 |
| Regular Reserves | 1,179,336 | 1,179,336 |
| TOTAL LIABILITIES & EQUITY | 87,818,043 | 83,646,520 |
| INCOME | | |
| Interest on Loans | 2,889,626 | 2,781,166 |
| Income From Investments | 489,668 | 394,422 |
| Other Operating Income | 1,792,971 | 1,819,684 |
| Total Interest Income | 5,172,265 | 4,995,272 |
| EXPENSE | | |
| Employee Compensation | 1,569,226 | 1,427,908 |
| Travel & Conference | 69,571 | 60,000 |
| Office Occupancy | 292,775 | 301,266 |
| Office Operations | 1,304,875 | 1,199,840 |
| Education & Promotion | 156,998 | 179,400 |
| Loan Servicing | 143,631 | 116,054 |
| Professional & Outside Services | 156,708 | 151,927 |
| Provision for Loan Loss | -44,865 | 280,106 |
| Interest on Borrowed Money | 515 | 3,904 |
| Operating Fees | 29,199 | 16,693 |
| Miscellaneous Operating Expense | 154,046 | 161,782 |
| Total Operating Expense | 3,832,679 | 3,898,880 |
| Dividend & Interest Expense | 449,222 | 413,073 |
| Net Income | 890,364 | 683,319 |



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2019 Annual Report



Committment
Convenience
Community

MESSAGE FROM OUR CEO

Good evening and welcome to the 2020 Annual Meeting of Eastex Credit.

When you joined our credit union you became one of the most important people in the credit union industry: a member-owner. That initial deposit was your share in Eastex Credit Union, and it empowered your voice in your financial institution. Credit unions operate on a “one member, one vote” principle.

Let me take a moment to draw a distinction between not-for-profit, member-owned, and other financial institutions. Consider that when most banks hold their annual meetings, the room is filled with shareholders who bought their stock in the corporation, sometimes for large sums of money, and expect exorbitant returns for their investment, which are derived from their account holders. Those meetings are often filled with anonymous faces from around the country or even the world.

That’s not the way credit unions do it. Here, you’re surrounded by people like yourself who have an equal share of Eastex Credit Union. As a result, we can offer you lower rates on loans, higher rates on savings, and fewer fees—not to mention more personalized service. Across the country, credit unions provide more than \$12 billion in financial benefits to members annually. In short, credit unions put people over profits.

Texas has 446 credit unions with more than 9.1 million members and total assets of more than \$107 billion. These figures reflect a robust and healthy credit union system, of which Eastex is a part.

Since our credit union’s founders opened for business in 1955, we’ve grown our membership to 10,500, and our assets have grown \$87,818,043. We are proud of how far we’ve come, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and servant hearts of everyone involved in the operation of this credit union. Because of the work we’ve all done together, this credit union is thriving.

From a business perspective, your credit union continues its steady trajectory forward and upward, with our focus finely tuned to the things that really matter to our members. As such, we were able to bring our “people helping people” mantra to life in several ways that helped not only our members, but our communities.

As has been the case for several years, one of the biggest ongoing issues we faced in 2019 was data breaches and privacy concerns, because merchants across the country continue to be needlessly vulnerable. Yet, it’s not the merchant who must bear the cost of a breach or reissuing new cards to their affected customers. That responsibility

falls to your credit union who bears the cost associated with fraudulent card use and reissuing new cards, so you are inconvenienced as little as possible.

The good news is your financial institution suffered no data breaches in 2019, and we continue to ensure that your data remains secure. We’ll be joining our trade associations, Cornerstone Credit Union League and Credit Union National Association, to lobby Congress to enact a federal data security law that helps secure data, protect your privacy, and foster fair-share responsibility.

Our commitment to community involvement is just one of the things that make credit unions different from other financial institutions. Eastex Credit Union supports the surrounding communities in Hardin, Jasper and Newton counties in countless ways. We will continue our commitment in 2020.

With the continued success of Eastex Credit Union, we’re able to 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. Therefore, this year we’re implementing the following products and services to benefit you and your families:

In house Mortgage/Home Equity Loans

Credit Sense (home banking service)

Employee and Member Advocacy

Enhanced Mobile Banking

Our unique business model enables us to return profits to our members in the form of competitive rates, new products and enhanced services to make it easier for you to reach your financial objectives. Our highest 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, account management for our members who are most vulnerable, such as pre-high school children, young adults, retirees, and our elderly, are some of the ways we can do that.
- We are committed to be a knowledge center that allows our members to trade peer advice and insights about budgeting, buying, retiring, and saving.
- 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 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, such as education, home purchases, and transportation in a responsible way.

As we move into 2020, we promise that Eastex Credit Union will continue to grow responsibly while listening and responding to your needs. 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 wish you a healthy and prosperous 2020.

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 internal and annual audits. 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 include any additional procedures deemed necessary.

Credit Union Resources, Inc. performed 3 internal audits and 1 supervisory audit in 2019. The 1st internal audit performed reviewed file maintenance reports, corporate credit cards, sample of member loans, loan exception reports, employee, official and family member accounts, and IRA procedures.

The 2nd internal audit performed was a Bank Secrecy Act, Customer Identification Program Compliance review, Office of Foreign Assets Control Compliance review, and a cursory review of the website.

The 3rd internal audit reviewed collections, repossessions, recoveries and charged off loans, EDP system restrictions in relation to an employee’s ability to process transactions on their own accounts or family members accounts, safe deposit box procedures. Cash counts were performed at all branches, gift cards and ATM operations, replenishment and balancing procedures were reviewed. Minor exceptions were noted and corrected by management.

The Texas Credit Union Department and American Share Insurance conducted its annual examination of the Credit Union. Eastex Credit Union is financially and operationally sound. Minor exceptions were noted during the exit interview with the Board of Directors 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) |
| Marlene Lacy | Secretary | (2022) |
| Diane Etue | Vice Chairperson | (2022) |
| Shannon Adams | Director | (2022) |
| Rusty Minyard | Director | (2020) |
| Troyce Taylor | Treasurer | (2020) |
| Francis McDaniels | Director | (2020) |

| STAFF | |
|--------------------|---|
| Loretta Chatagnier | President/CEO |
| Connie Hawthorne | VP of Operations |
| Brenda Davenport | VP of Lending/Mortgage |
| Mona Duce | VP Silsbee Branch |
| Cheryl Loftin | VP Kirbyville Branch |
| 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 Loan/Mortgage Officer |
| Erin Williams | AVP Member Service Evadale |
| Alysha Smith | Financial Solutions |
| Christa Romero | Financial Solutions |
| Melissa Jenkins | e-Services/BSA Officer /ACH Services |
| Polly Collier | Loan Officer |
| Penny Foxworth | Loan Officer |
| KK Hentrich | Loan Processor |
| Kristen LaRue | Loan Processor |
| Monica Hope | Member Service Rep |
| Samantha Eubanks | Member Service Rep |
| Geraldine Boyett | Member Service Rep |
| Shannon Daffron | Member Service Rep |
| Laurie King | Member Service Rep |
| Becky Byrum | Member Service Rep |
| Kaleigh Jacobs | Member Service Rep |
| Pamela Yawn | Member Service Rep |
| Baylee McGallion | Member Service Rep |
| Hannah Cryer | Member Service Rep |
| Kelby Geisendorff | Member Service Rep |
| Madisyn Gore | Member Service Rep |
| Kelsey Solly | Member Service Rep |
| Kristy Giles | Member Service Rep |
| Amy Nugent | Member Service Rep |
| Kaden Ingram | EHS Student |