



86TH ANNUAL REPORT

2019



MISSION STATEMENT

As a premier credit union, Energy Capital Credit Union provides professional representatives who offer our members opportunities for financial success through a variety of effective, competitive products and services.



AGENDA

Determination of Quorum
Approval of 2019 Annual Meeting Minutes
Report of Chairman
Report of President
Report of Treasurer
Report of Annual Audit
Report of Nominating Committee
Election of Directors
Adjournment
Door Prizes (Must be present to win.)

THE CHAIRMAN’S REPORT

Chris Ruisaard, Chairman of the Board

Good afternoon, and welcome to the 86th Annual Meeting of Energy Capital Credit Union. As member-owners, employees, and board members, we are all invested in the health and well-being of our credit union.

First, I would like to recognize my fellow board members for their leadership, dedication, and commitment to the Energy Capital Credit Union. Their strong commitment is crucial to our long-term sustainability and prosperity.

To our members, I’m greatly humbled by the trust you’ve placed my fellow board members and myself. As a united body of leadership, we are responsible for ensuring that we have a competent, qualified, and trustworthy management team, and I can confidently say that we do.

As a financial cooperative, we understand that the most effective way to serve you is to strengthen our credit union by engaging in the vast network of organizations and service groups available to credit unions. For instance, the participation in our local chapter of credit unions allows us to benefit from the training, tools, and resources that are available through our trade association, the Cornerstone Credit Union League, whose purpose is to support our endeavors and, by extension, support you.

As you can see in the Annual Report, Energy Capital performed well in 2019, and I would like to go over a few highlights included in the report.

Our assets are one of the primary indicators of how well our members are utilizing the products and services we offer. Our current assets total \$224,239,018, which is a 3% increase over 2018, and our total membership is at 17,250.



NOTABLE CHANGES

Changes to Management

None

Changes to Bylaws

Added Strike Industries Employees to Our Field of Membership

Changes to Articles of Incorporation

None

Important Notes to Changes to Financial Condition

None

Changes to Membership Size

Members December 2018: 17,276

Members December 2019: 17,250

Net Member Increase: (26)

New Services Offered Since Last Annual Meeting

Energy Checking Added

50 Watt Checking Added

Spark Checking Added

Interactive Voice Response

Energy Capital Credit Union has a history of being a well-capitalized financial institution, and we continued that trend in 2019 with a strong net worth ratio of 10.68%. Credit Union regulators consider a net worth position above 7 percent to be well-capitalized, so we are proud to say we are above the mark.

In 2019, we were able to help our members by loaning more than \$53 million, totaling more than 1,800 new loans during the year. This reflects our ability and commitment to serve you and your trust in us as your financial institution.

Our delinquencies to total loans remain low at 0.7%. This reflects our ability and commitment to serve you and your trust in us as your financial institution.

Every organization must evolve to better meet the challenges of the era we live in. With that in mind, we have made an important change to our bylaws. Our board of directors elected to add Strike Industries Employees to our Field of Membership. We did this, as always, with our member-owners in mind, and we're excited about the positive effects this change will bring.

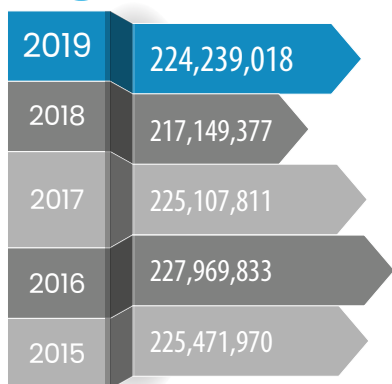
In closing, I'd like to express my deepest confidence in the leadership of Linda Pearsall, the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because Energy Capital is well-positioned to face any challenge and seize any opportunity that presents itself in 2020.



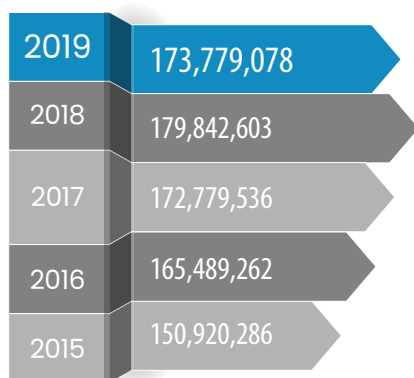
2019 FINANCIALS



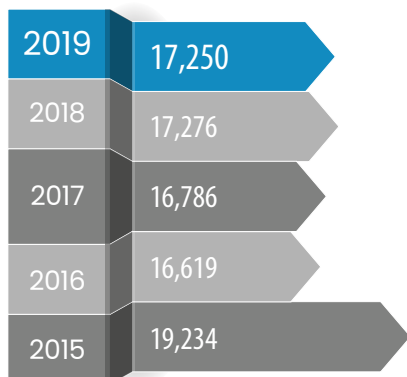
TOTAL ASSETS



TOTAL LOANS



TOTAL MEMBERS



Comparative Financial Statement

December 31

Thousands

ASSETS	2019	2018
Loans	173,779	179,843
Cash In Bank	23,873	9,669
Investments	15,887	16,814
National CU Share Insurance Fund	1,756	1,777
Land	1,819	1,819
Building (net)	3,700	3,767
Other Assets	3,424	3,461
TOTAL ASSETS	\$ 224,239	\$ 217,149

LIABILITIES

Payables & Other Misc. Liabilities	149	1,193
Dividends Payable	64	32
Member Savings, Checking, and Certificate Accounts	200,184	193,659
Reserves	23,842	22,265
TOTAL LIABILITIES & EQUITY	\$ 224,239	\$ 217,149

Statements of Income

December 31

Thousands

	2019	2018
Interest on Loans	7,829	\$ 7,477
Interest on Investments	722	324
Total Interest Income	8,551	7,801
Fee and Other Income	1,856	1,932
TOTAL INCOME	\$ 10,406	\$ 9,734
Operating Expenses	7,604	6,806
Provision for Loan Losses	821	918
Dividends	684	302
Total Expenses	9,110	8,027
(Gain)/Loss on Assets	63	146
Total Non-Operating (Gain)/Loss	63	146
NET INCOME/(LOSS)	\$ 1,234	\$ 1,561

MINUTES OF THE EIGHTY FIFTH ANNUAL SHAREHOLDER'S MEETING FOR ENERGY CAPITAL CREDIT UNION

The 85th Annual Meeting of the shareholders of Energy Capital Credit Union (ECCU) was held at 24400 I-45 North, The Woodlands, Texas and began at 12:00 Noon, Thursday, February 28, 2019. Linda Pearsall introduced Steve Wright, Chairman, who opened and presided over the meeting.

Linda Pearsall, in place of Cheryl Suter, the Secretary and Treasurer, verified that a quorum was present for the meeting.

A motion to accept the minutes of the 84th Annual Meeting was made by Bill Ford and seconded by Debra De Bram, and the motion was unanimously approved.

The Chair's Report was presented by Steve Wright.

Mr. Wright welcomed everyone to the 85th Annual Meeting of Energy Capital Credit Union and thanked members for their attendance. Mr. Wright explained that as a financial cooperative, we understand that we can most effectively serve you and strengthen the credit union movement by engaging in the vast network of organizations and service groups available. For instance, participation in our local chapter of credit unions allows us to benefit from the training, tools, and resources available through our trade association, the Cornerstone Credit Union League, whose purpose is to support our endeavors and, by extension, you. Energy Capital Credit Union performed well in 2018 with our year-end membership totals at 17,276 which reflects an increase of 2.83% over 2017. Our Credit Union continues to be well capitalized at net worth ratio of 10.47% and regulators consider 7% or more as well capitalized. Our deposits are growing. Members added over \$3.7 Million to CD Accounts in 2018 which is an increase over 2017 by 49.7%. Loans continue to grow with 2,156 new loans extended to members in 2018. The loan amount loaned exceeded \$64 Million. Delinquencies continue to remain low at 0.65% of total loans. We are expanding our home mortgage business with 16 new home mortgages exceeding \$3.5 million in 2018. In 2018, Energy Capital Credit Union wrote 1,245 auto loans worth more than \$39,655,669. Energy Capital Credit Union net income exceeded \$1.5 million and dividends grew by nearly 38% over 2017 to \$300,000. We look optimistically into the future because Energy Capital Credit Union is well positioned to face any challenge and to seize the opportunities that are presented in 2019.

The President's Report was presented by Linda. Pearsall, CEO of ECCU.

L. Pearsall welcomed the members to the annual meeting. 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 Energy Capital Credit Union is a part.

Since the credit union's founders opened for business in 1934, we've grown from 732 members to 17,276, and our assets have grown from \$32,428 to more than \$217 Million. We are very proud of how far we've come in 85 years, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and wholehearted belief that our people and members have in our principles and philosophies as a cooperative, not-for-profit entity.

We reopened our Spring Community Branch in April and included some flood friendly features and hope we never have to count on them again. We were able to bring our "people helping people" mantra to life in a number of ways that helped not only our members, but our communities. With the government shutdown that began in 2018 and continued into 2019, Energy Capital Credit Union stepped up to help. We know that all too many people live paycheck to paycheck, and through no fault of their own, many government workers faced dire circumstances when they didn't receive their paychecks. So, we allowed two loan payment skips to ease the burdens of furloughed employees.

We were selected as the City of Houston's Credit Union of Choice for their 2018 Hire Houston Youth initiatives in which we attended their summer youth hiring events sharing credit union benefits/ services and opened 55 new member accounts. We partnered with our community churches and delivered 12 full bags of clothes to low income families in our community. We sponsored donuts, juice and gifts to kindergartners at Hairgrove Elementary every 9 weeks during the 2017-2018 and 2018-2019 school year for their Perfect Attendance Party. Our staff volunteers as Cy-Fair ISD mentors to children at Hairgrove Elementary.

We delivered more than 50 Financial Literacy Workshops to different organizations in our community including non-profits, youth in foster care, job readiness, and workforce solution organizations. We hosted two community Shred Days and shredded more than 20,000 pounds of paper. Our staff donated \$1,040 to St. Jude Children's Research Hospital.

In late 2018 we unveiled our new Online and Mobile Banking platforms to our members who have commented on the look and feel and how much easier both platforms are to use. We also launched our new Power Checking account in 2018 which is loaded with benefits that are uncommon to many other financial institutions.

Another account that we debuted last year was our Rising Star Student account. This account is great for students ages 14-17 to help them ease into their first account. It also includes a benefit that pays \$2 for every A! Lastly, we recently launched our Reloadable Debit Card which is a perfect complement to the Rising Star account, because it works like a real debit card, but is not linked to a checking account and must be reloaded. It is our hope that all of these new products and services will continue to make yours and your family's financial lives easier.

The Report of the Treasurer was presented by Linda Pearsall for Cheryl Suter, Board Treasurer. We continue to focus on a balanced approach to growth, constantly monitoring both deposits and loans. A moderate asset growth rate helps to grow our reserve ratio which is a key indicator of economic strength for credit unions.

In 2018, assets decreased by \$9.6M due to large outflows in January as members moved money in to the equity markets and paid off home loans. Record breaking earnings enabled us to grow our capital to 10.47%; a 1.06% increase over 2017. This is the highest our capital has been in the last 9 years and we are proud to report we are setting new targets for 2025. Our ongoing commitment is to maintain high ratings for our 17,000+ members and steer our wellbeing for financial safety and soundness.

We are pleased to report the following results: We increased our loan mix ratio from 77.20% in 2017 to 83.31% by the end of 2018 which means that 83% of our total assets are in consumer loans to our members. We have exceed our target of 80% two years ahead of schedule outlined in our 2020 plan for the credit union. By reaching this goal we will have returned more to our members in the form of higher dividends.

We also increased our asset yield from 3.36% to 3.53%. Asset yield is comprised by a blend of loan and investment income as a percentage of total assets. Our first strategy to increase our asset yield was to redeploy maturing investments into loans which have a much higher yield. Our second strategy was to utilize higher yielding loans such as mortgage loans, boats and RVs to boost our asset yield. These strategies helped us achieve an all-time high in net income.

Energy Capital Credit Union has been serving members for over 85 years and our mission remains the same: great rates combined with a broad menu of products and excellent member service backed by a strong capital position.

Reserves at the end of 2018 were over \$22M with an ending capital to asset ratio of 10.47%. Regulatory capital required by NCUA is 7%. In 2018, our net income was \$1,560,988, boosted by the strong asset yield. We continued to monitor our deposit rates and have raised them to encourage deposit growth and return more dividends to our members. In 2018, we paid out \$302,371 to our members, an increase of 38% over 2017.

The Nominating Committee Report was presented by Steve Wright.

The bylaws of Energy Capital Credit Union require that a Board of nine directors be elected from the membership to provide general direction and control of the affairs, funds, and records of the Credit Union. The regular term of office for a director is three years with one third of the directorships expiring each year. The bylaws also provide that directors may serve more than one term.

The search for director candidates involves the efforts of a nominating committee appointed by the Board, as well as a direct appeal to members interested in serving as a director. The direct appeal was included in the quarterly Credit Union newsletter mailed to members last October. Those joining me on the Nominating Committee were Steve Wright, Chris Ruisaard, Cheryl Suter, Karl Strobl. Our board nominees are Huy Tran, Stephen Nguyen, and Bernard Leonard.

A motion was made by Karl Strobl to approve the Board officers as presented. The motion was seconded by Bob Thomas, and was unanimously approved by voice vote.

A gavel plaque was presented to Steve Wright for his years of service as Chairman of the Board by L. Pearsall. A plaque was awarded to Vince Elder and Don Daniels for their service on the Board of Directors.

There being no further business a motion was made by Erica Jones Riley to adjourn the 85th Energy Capital Credit Union annual meeting at 12:44 p.m. The motion was seconded by Shawn Simmons and there was unanimous approval.

Board of Directors 2019

Chairman: Chris Ruisaard	2020
Vice Chairman: Greg Gessel	2022
Secretary: Cheryl Suter	2022
George Edwards	2021
Bernard Leonard	2021
Gregory Montgomery	2021
Charles Smith	2021
Huy Tran	2021
Charles Wright	2020

Board Nominees

Dr. Detra Johnson

Detra is currently an Assistant Professor at the University of Houston, and holds multiple degrees, including a Bachelor of Business Administrations, Master of Science in Educational Administration and Leadership, Master of Education in Curriculum and Instruction and Mathematics, and a Doctoral Degree in Education Administration from Texas A&M University. Active memberships are held with the following: American Educational Research Association, University Council of Educational Administration, Southwestern Educational Research Association, and a Commonwealth Institute Scholar in Kentucky.

Detra is eligible for membership by living and working in Harris County. The opportunity to become a Board Member would be beneficial to the members because of the knowledge and experience in the education system, as well as being a community member. New insights and ideas can be presented and shared.

Sterling Jones

Sterling is currently a Senior Tax Attorney for ExxonMobil Corporation.

Receiving first a degree in Bachelor of Economics and Government from the University of Texas, and later graduating from the South Texas College of Law with a Doctorate of Jurisprudence in Law. And later receiving a Masters of Laws in Taxation and International Taxation from the Georgetown University Law Center. Sterling is a member of the American Bar Association, State Bar of Texas, and held an Executive Committee / Board of Directors position for the Garland R. Walker American Inn of Court.

Sterling became eligible for membership as an ExxonMobil employee.

Sterling's interest in being a Board Member of Energy Capital Credit Union is because experience in economics and the tax industry will be an asset to the credit union, and it's a great opportunity.

Greg Montgomery

Born in Georgia, Greg served in the US Army for more than 20 years. As an Acquisition Officer, he held a number of assignments at strategic, tactical and operational levels. Greg attended Park University for undergrad and the Florida Institute of Technology for grad school. He has a Master of Business Administration and a Master of Science in Acquisition and Contract Management.

Greg became eligible for membership of the credit union once he was hired by ExxonMobil in 2012. He is currently a Contract Engineer within the Global Projects organization.

Becoming a Board Member in the summer of 2019, his desire to continue to serve as a Board Member is because, as members, he and his family have a personal stake with the credit union. Additionally, the community structure of the credit union is appealing as a Board Member to ensure members' best interests and creating win-win situations for all



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