

2022

# 89TH ANNUAL *Report*





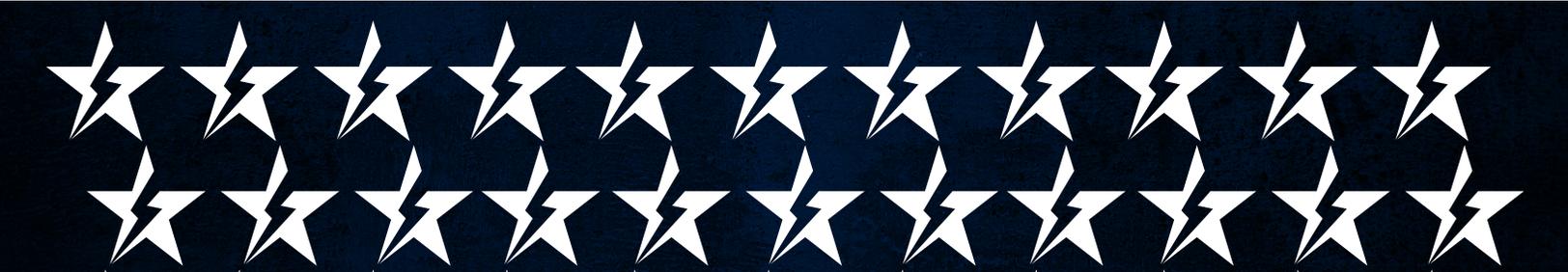
**WHY DO WE EXIST?**

To help you build the life of your dreams.

We positively impact members' quality of life.

We help make dreams happen.

We help those who may not be able to get help elsewhere.



# 1934



## AGENDA

- I Call to Order & Introduction of Board Chairman
- II Determination of a Quorum (25 Members)
- III Approval of Minutes
- IV Report of Chairman
- V Report of President
- VI Report of Treasurer
- VII Report of Nominating Committee
- VIII Old Business
- IX New Business
- X Acknowledgments
- XI Adjournment
- XII Door Prizes!  
(*Must be on the call to win*)

# MINUTES OF THE 88TH ANNUAL SHAREHOLDER'S MEETING FOR ENERGY CAPITAL CREDIT UNION



The 88th Annual Meeting of the shareholders of Energy Capital Credit Union (ECCU) was held virtually via Zoom on Tuesday February 22, 2022 at 6:00 p.m. K. Boutté introduced George Edwards, Chairman, who opened and presided over the meeting.

Vince Elder, Board Secretary and Treasurer, verified that a quorum was present for the meeting.

A motion to accept the minutes of the February 24, 2021 meeting was made by Gerallyn Jones and seconded by Chris Ruisaard and the motion was unanimously approved.

## **The Chair's Report was presented by George Edwards.**

G. Edwards noted despite the challenges that endured through 2021, Energy Capital Credit Union remained sound. In fact, ECCU is working on purchasing land for a fourth branch location. The new branch has a target opening date of early 2023 and will be located in the Katy area. As Chairman of your Board of Directors, I admire the leadership of this credit union and their ability to grow in areas where peers struggled this year. They have executed strategic initiatives that have positioned this credit union to experience its best years to come under the direction of its new CEO.

In 2021 Energy Capital saw a net worth ratio of 10.07%. The credit union remains well capitalized and prepared to withstand economic uncertainty. We are able to offer a greater return to Members by eliminating select service fees and maintaining competitive lending rates and generous dividend rates as you saw in 2021.

2021 was an impressive year for loan growth with an increase of more than 18% --more than triple the all-time high we achieved in 2020. Members needed access to credit, and we were able to deliver. Our greatest growth was in Auto Loans, but we also saw substantial increases in Boats, RVs, Signature Loans, and Credit Cards.

It is a pleasure to announce that Energy Capital Credit Union surpassed \$250M in assets in 2021– a growth of 10.18%. Federal Reserve Bank rates remained low, keeping investment yields low. However, our early decision to invest in loans to limit the impact of short-term rates on our yields proved effective.

## **The President's Report was presented by Kanika Boutté, CEO of ECCU.**

K. Boutté stated ECCU's financial condition, accounting practices, and compliance with applicable laws and regulations as a state-chartered credit union, are examined every 12 to 18 months by the State of Texas Credit Union Department in conjunction with the National Credit Union Administration. The effective date of the most recent examination was March 31, 2021.

Energy Capital received favorable ratings in all six performance areas which include Capital Adequacy, Asset Quality, Management, Earnings, and Asset-Liability Management. The Certified Public Accounting firm of Clifton Larson & Allen, LLP was retained to perform an audit of the Credit Union's financial records. From the audit period of July 1, 2020, to June 30, 2021, Clifton Larson & Allen found Energy Capital Credit Union to be both financially and operationally sound and issued an unqualified opinion.

In addition, Clifton Larson & Allen completed audits of our Lending/Real Estate, Bank Secrecy, and deposit operations of the credit union. ECCU also retained the firm CU Resources to review the ACH processes of the institution and the firm Security Compliance Associates to review the Information Technology processes of the Credit Union. The audits and examinations completed in 2021 have shown that Energy Capital Credit Union continues to function as a sound financial partner for our member owners.

In 2021, we focused on numerous initiatives to improve Member Experience and to enhance our core products and services across all channels. Enhancements include revising the Credit Card Rewards structure and Balance Transfer rates to align with our members' needs, eliminating fees for online loan payments by e-Check and transfers to external accounts, reducing fees for loan payments made via ECCU phone representative and same-day loan payments from external accounts, cyber security

enhancements to better protect member data, and adding a full suite of insurance solutions to our line of service offerings.

Energy Capital Insurance is our newest line of service created to save our members money and to expand our suite of solutions available to members. Energy Capital Insurance provides a range of coverage including auto, home, and life. To date, members and staff have saved an average of more than \$600 per year by switching to individually, customized coverages offered by Energy Capital Insurance.

Over the past three years we have seen a steady growth in membership with 2021 showing the most growth with more than 800 new members. In addition to the efforts of our frontline staff, the growth can be attributed to programs we implemented to improve our checking solutions and marketing initiatives within our field of membership.

This past year we continued to make strides in Cyber Security. ECCU staff is consistently trained to identify malicious and phishing emails. We also informed members of proposed legislation that would require financial institutions to report sensitive account details to the IRS and provided members with a way to act against it. As a result of your engagement and grassroots efforts, the legislation was not passed.

Although the pandemic limited our in-person activities, we were still able to contribute to our community through sponsoring participants in the Texas MS 150 bike race supporting the National MS Society, participating in the Houston Chapter of Credit Unions' annual food drive supporting The Houston Food Bank, being a designated drop-off location for the BEARing Gifts Toy Drive, hosting two community Shred Days at ECCU's Northwest and Spring locations, and awarding four members with a \$500 scholarship to pursue their college education.

As we look forward to 2022, your credit union will continue to expand services offerings by adding new tools to ease the setup of direct deposit and automatic payments, Zelle to allow for easy person to person transfers, as well as increasing accessibility to your credit union by adding a new location in Katy in 2023. We also plan to establish a charitable foundation to help fulfill one of the founding principles of all credit unions – service to our community.

### **The Report of the Treasurer was presented by Vince Elder, Board Secretary and Treasurer.**

V. Elder stated interest income remained lower in 2021 due to the continued low interest rate environment. With lower interest rates being offered on Loans, and lower yields available in the markets on Investments, margins have remained compressed for Credit Unions.

However, due primarily to strong Loan Growth, ECCU was still able to surpass \$1.2 million in Net Income for the year, while also paying out over \$400k in dividends to our members! The institution has remained financially sound while navigating through two years of the global pandemic.

In total, our members have more than \$228 million in deposit accounts with Energy Capital Credit Union, which is an increase of 9% over 2020. ECCU offered several CD specials throughout the year, and we were among the first in the Houston market to increase share draft rates as we raised our Spark Interest Checking rate during the year. This is one of the ways that we are able to return value to our membership. When we see people putting money away for the future, we hope our efforts to enhance the financial literacy of our members have contributed to this increase.

Our heaviest concentration continues to be in Federally Backed Securities (Mortgage-Backed Securities and CMOs). We have intentionally allowed our investment portfolio to draw down some in 2021 since the yields on investments in the market were very low. We have found that we are able to return more value for our members and produce better earnings for the Credit Union by investing in loans for the membership.

### **The Nominating Committee Report was presented by George Edwards.**

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 additional terms if approved by the Board.

Our board nominees for 2022 are George Edwards and Huy Tran.

A motion was made by Adrian Davila to approve the Board Officers as presented. The motion was seconded by DJ Jecker.

In closing, I would like to express my deepest confidence in the leadership of Kanika Boutté, the wisdom and guidance of our Board of Directors, the commitment of our dedicated staff, and the support and loyalty of You, our member-owners. We look optimistically into the future because Energy Capital Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in the new year. Thank you, ladies and gentlemen. I wish you and your families the very best in 2022.

There being no further business, the 88th Annual Meeting adjourned at 6:17 p.m. by acclamation.

# THE CHAIRMAN'S REPORT

CHRIS RUISAARD, CHAIRMAN OF THE BOARD

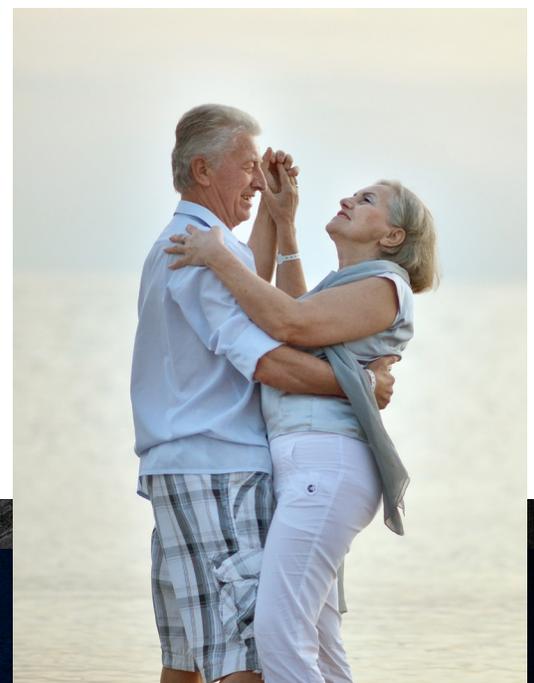
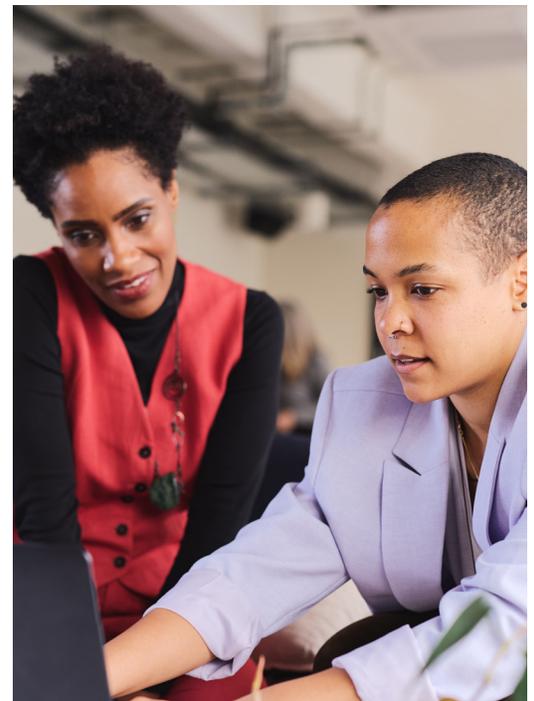
Despite the dramatic economic shift in 2022, Energy Capital Credit Union remained sound. In fact, ECCU was able to purchase land and break ground on the construction of its fourth branch location in Katy, Texas. The new branch has a target opening date of mid-2023 and will be located at State Highway 99 and Peek Road.

As Chairman of your Board of Directors, I would like to thank the leadership of this credit union and their ability to grow in areas where peers struggled this past year. They have executed strategic initiatives that have positioned ECCU for future growth while maintaining financial stability and its core commitment – to serve the members of ECCU.

In 2022 Energy Capital saw a net worth ratio of 9.93%. The credit union remains well-capitalized and prepared to withstand economic uncertainty. A strong net-worth also allows us to offer a greater return to Members by eliminating or reducing various service fees and maintaining competitive lending rates and generous dividend rates as you saw in 2022.

2022 was a great year for loan growth despite the sharp increase in loan rates across the country. ECCU grew loans by 7.94%. Members needed access to credit, and we were able to deliver. Our greatest growth was in Personal Loans, Credit Cards and Real Estate.

It is my pleasure to announce Energy Capital Credit Union surpassed \$275M in assets in 2022—a growth of 6.03%.





## NOTABLE CHANGES

### Changes to Bylaws

Expanded Field of Membership to include Harris, Montgomery, Fort Bend, Liberty, Brazoria and Waller Counties, Texas

### Changes to Articles of Incorporation

n/a

### Important Notes to Changes to Financial Condition

n/a

### Services Offered Since Last Annual Meeting (February 2022)

ECCU Cares Foundation, ClickSWITCH, High Yield Savings Account, Business Share Certificates, Zelle

### Changes to Membership Size

18,848

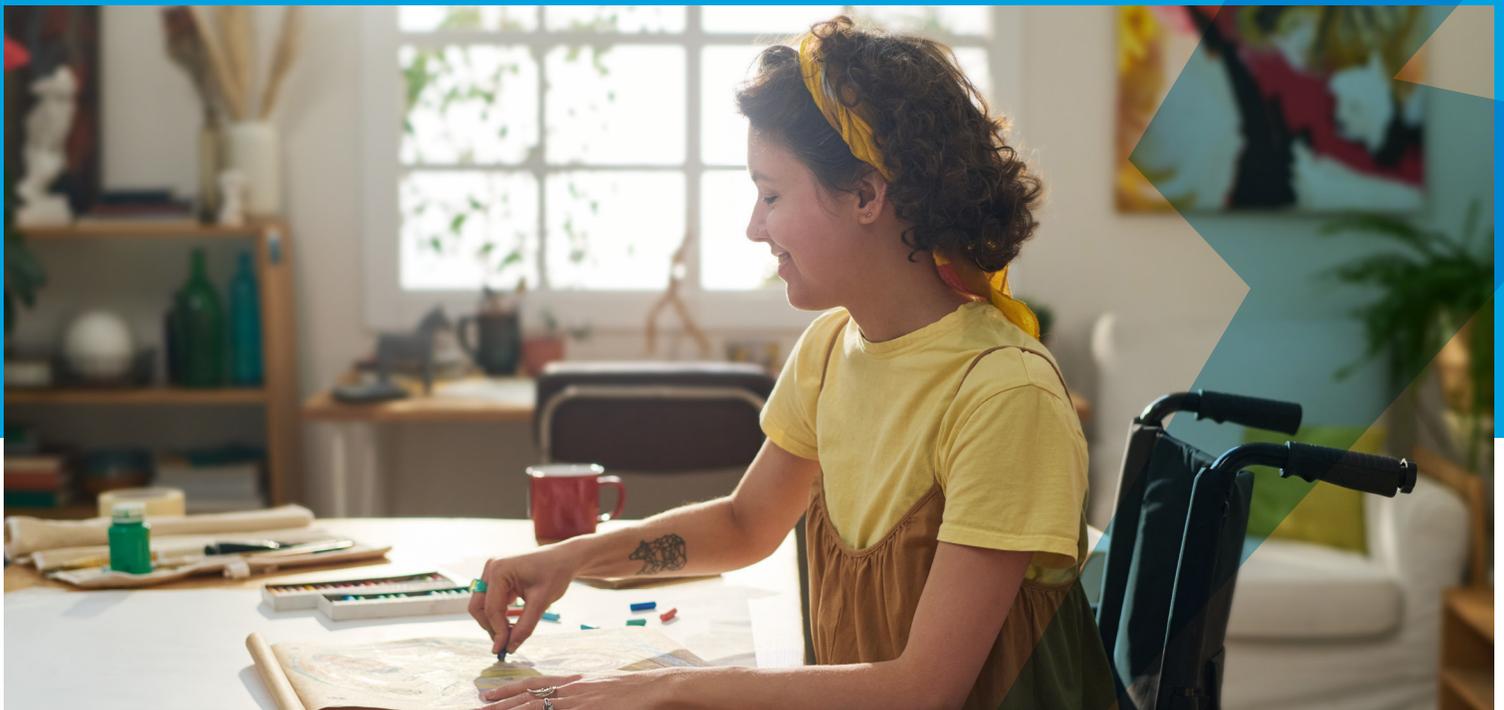
DECEMBER 2022

18,316

DECEMBER 2021

532

NET MEMBER INCREASE



## TOTAL ASSETS

2022 **\$275,309,619**

2021 **\$259,660,339**

2020 **\$234,484,995**

2019 **\$224,239,018**

2018 **\$217,149,377**

\$100,000,000 \$125,000,000 \$150,000,000 \$175,000,000 \$200,000,000 \$225,000,000 \$250,000,000 \$275,000,000

## TOTAL LOANS

2022 **\$230,072,245**

2021 **\$216,410,477**

2020 **\$183,084,107**

2019 **\$173,779,078**

2018 **\$179,842,604**

\$75,000,000 \$100,000,000 \$125,000,000 \$150,000,000 \$175,000,000 \$200,000,000 \$225,000,000 \$250,000,000





## TOTAL MEMBERS

2022

18,848

2021

18,316

2020

17,479

2019

17,250

2018

17,276

16,500 16,750 17,000 17,250 17,500 17,750 18,000 18,250 18,500 18,750 19,000

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# STATEMENT OF FINANCIAL CONDITION

PERIODS ENDING DECEMBER 31, 2022 & 2021

ASSETS	2022	2021
Loans	\$230,072,245	\$216,410,477
Cash In Bank	\$16,222,044	\$18,740,099
Investments	\$15,955,688	\$13,073,425
National CU Share Insurance Fund	\$2,011,225	\$1,811,708
Land	\$1,600,467	\$1,632,487
Building (net)	\$4,975,509	\$3,758,515
Other Assets	\$4,472,441	\$4,233,628
<b>TOTAL ASSETS</b>	<b>\$275,309,619</b>	<b>\$259,660,339</b>

LIABILITIES	2022	2021
Payables & Other Misc. Liabilities	\$5,833,181	\$6,886,595
Dividends Payable	\$186,560	\$38,764
Member Savings, Checking, and Certificate Accounts	\$243,716,998	\$228,272,188
Reserves	\$25,572,880	\$24,462,792
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$275,309,619</b>	<b>\$259,660,339</b>

# STATEMENTS OF INCOME

PERIODS ENDING DECEMBER 31, 2022 & 2021

	2022	2021
Interest on Loans	\$8,719,635	\$7,963,238
Interest on Investments	\$551,408	\$586,794
Total Interest Income	\$9,271,043	\$8,550,032
Fees and Other Income	\$2,428,181	\$2,480,228
<b>TOTAL INCOME</b>	<b>\$11,699,224</b>	<b>\$11,030,260</b>

Operating Expenses	\$8,727,754	\$8,691,423
Provision for Loan Losses	\$809,699	\$604,665
Dividends	\$968,131	\$441,206
Total Expenses	\$10,505,584	\$9,737,294
<b>NET INCOME/(LOSS)</b>	<b>\$1,193,640</b>	<b>\$1,292,965</b>





## BOARD OF DIRECTORS 2022

TERM EXPIRATION YEAR

### CHAIRMAN

Chris Ruisaard  
2024

### VICE CHAIRMAN

Detra Johnson  
2025

### SECRETARY/TREASURER

Vince Elder  
2023

George Edwards  
2025

Brent Rawson  
2024

Todd Reppert  
2024

Shannon Rives  
2024

Hermes Rubio  
2023

Huy Tran  
2025

Steve Wright  
2023

## ADVISORY BOARD OF DIRECTORS

TERM EXPIRATION YEAR

Kimberly Irchirl-Carter  
2024

Scott Rosenlund  
2024

# ENERGY CAPITAL

CREDIT UNION

[www.ECCU.net](http://www.ECCU.net)

832-604-4848



Federally Insured  
by NCUA

1954