



87TH ANNUAL REPORT

2020



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

Call to Order & Introduction of Board Chairman

Determination of Quorum

Approval of the Minutes

Report of Chairman

Report of President

Report of Treasurer

Old Business

New Business

Acknowledgements

Report of Nominating Committee

Election of Directors

Adjournment

Door Prizes
(must be present to win)

MINUTES OF THE 86TH ANNUAL SHAREHOLDER'S MEETING FOR ENERGY CAPITAL CREDIT UNION

The 86th 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, Wednesday February 26, 2020. L. Pearsall introduced Chris Ruisaard, Chair, 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 February 28, 2019 meeting was made by Randall Dixon and seconded by Karl Strobl and the motion was unanimously approved.

The Chair's Report was presented by Chris Ruisaard.

C. Ruisaard explained to the membership that 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.

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.

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% 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 18 hundred 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 this and future years. 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 executive managers with the guidance of your board of directors, the commitment of our dedicated staff, and the support and loyalty of you, our member-owners.

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

L. Pearsall stated that since a group of Humble Oil employees came together to form our credit union in 1934, we've grown from 732 members to 17,250, and our assets have grown from \$32 Thousand to more than \$224 Million. We are very proud of how far we've come in 86 years, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and wholehearted belief that our staff and members have in our Credit Union.

I'd like to recognize our committed directors for their 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 the best member service experience; and 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.

One of the most significant ongoing issues we faced in 2019 was data breaches and privacy concerns. We do not hesitate to reissue new cards quickly, so you're inconvenienced as little as possible. The good news is that your financial institution suffered no data breaches in 2019, and we continue to ensure that your data remains secure. We will 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 your data, protect your privacy, and foster fair-share responsibility.

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 well.

Our commitment to community involvement is just one of the things that make credit unions different from other financial institutions. We partnered with the Houston Area Women's Center for a School Supplies Drive that benefited the children that are

in their program. We also donated multiple care bags to the center that included toiletries and other items that they are always in need of. Our staff volunteered at multiple events for Hargrove Elementary in Cy-Fair ISD. Some of these volunteer opportunities included mentoring, donating Christmas and perfect attendance gifts, and helping students learn their bus routes on the first day of school. We hosted multiple financial education workshops in 2019. Some of the topics included Budgeting 101, Understanding Your Credit, Preparing Retirement with Social Security, and Home Buying Help. Our staff donated \$1,000 to Houston's Municipal Animal Shelter, BARC. We hosted two community Shred Days and shredded more than 20,000 pounds of paper.

In 2019, we also unveiled a new suite of Checking Accounts that will help us fit our members into the best account for their financial needs. All four of our new checking accounts do not have a monthly service fee. Our Energy Checking Account gives our members 2% APY on balances up to \$20,000. The 50-Watt Checking offers benefits for members who are 50 or older. Our Spark Checking offers a competitive interest rate. Our Star Checking is a free basic checking account.

The Report of the Treasurer was presented by Linda Pearsall for Cheryl Suter, Board Treasurer.

L. Pearsall explained that in 2019, our total assets increased by \$6.5 Million. Record breaking earnings enabled us to grow our capital to 10.68%; a 0.22% increase over 2018. This is the highest our capital has been in the last 10 years. Our ongoing commitment is to maintain high ratings for our 17,000+ members and steer our well-being for financial safety and soundness.

We generated over \$1.2 Million in net income in the 12 months ending in December 31st, 2019; As a result of increased earnings, we were able to pay out more than \$684 Thousand in dividends to our members, which is a 56% increase from the dividends paid in 2018.

Our members have more than \$200 million in deposit accounts with Energy Capital Credit Union, which shows a 3.49% increase over 2018. 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. Reserves at the end of 2019 were over \$23 Million with an ending capital to asset ratio of 10.68%. We also increased our asset yield from 3.53% to 3.87%.

Independent and external reviews that were conducted on Energy Capital Credit Union's processes and procedures. CliftonLarsonAllen conducted our Opinion Audit, Verification of Member Accounts, Deposit and Operations Review and Compliance Assessment, BSA (Bank Secrecy Act, CIP(Customer Identification Program), and OFAC (Office of Foreign Assets Control) Compliance, and Information Technology Audit. Credit Union Resourced Inc. conducted the review of ACH Transactions and ACH Risk Assessment. Trace Security conducted the Network Vulnerabilities and Remote Penetration Testing.

L. Pearsall also explained that we are working with FinTechs to enhance our marketing efforts and in other areas where they can help benefit our membership.

The Nominating Committee Report was presented by Chris Ruisaard.

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 G. Edwards, B. Short, G. Gessel, and Karl Strobel. Our board nominees are Greg Montgomery, Detra Johnson, and Sterling Jones.


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

Plaques

A gavel plaque was presented to Chris Ruisaard for his service as Chairman of the Board by L. Pearsall. A plaque was awarded to Greg Gessel for his service on the Board of Directors.

Adjournment

There being no further business a motion was made by Karl Strobl to adjourn the 86th Energy Capital Credit Union annual meeting at 12:28 p.m. The motion was seconded by Bill Ford and there was unanimous approval.



THE CHAIRMAN'S REPORT

Chris Ruisaard, Chairman of the Board

Over the course of our 87-year history as a Member-owned cooperative, we've learned a tremendous amount about how to best serve our Members. However, as 2020 began to unfold, the Credit Union along with the rest of the world began to experience an unprecedented event with the rapid spread and impact of COVID-19. As Chairman and member of your Board of Directors for more than 10 years, I have come to appreciate so many of the improvements and strategic projects initiated over last few years. In these challenging times filled with uncertainty, I take comfort in this credit union's ability, safety and soundness to meet whatever issues the future holds.

This credit union has historically been a well-capitalized financial institution. In 2020 Energy Capital has a net worth ratio of 10.60%, therefore the credit union is considered well capitalized and positioned to face these uncertain economic times. This means we can return more to our Members by investing back into the resources that have the greatest impact on our Member's lives, like improved digital services and good lending and dividend rates.

Another unique aspect of our financial strength is our ability to meet the loan needs of our members at time when Members may need access to credit. Our prudent and diligent fiscal management over time has afforded us advantages to look towards the economic issues with confidence. At the end of 2020 we reached an all-time high of just over \$181.9M in loans, a growth of 4.75% over 2019. We made \$9.5M in just real estate and home equity loans alone!

Another milestone was reaching a new high in assets ending the year with over \$234M. We did our best to invest in loans to limit the impact of short-term rates on our yields. The Federal Reserve Bank dropped rates to 1.50% overnight in March. Their equity buying program has dropped yields on permissible investments to less than 1% on a 5-year term.

Many of our members were severely impacted by COVID-19 and we provided support in several ways. First we waived fees for skip a payment on loans. As you can see by this chart the number of skip a pays really took off in March. We processed a total of 1,613 skip-a-pay's for over \$962k from March to the end of June an increase of 205% over all skip-a-pay's in 2019. We also waived ATM fees, adjusted limits for drive-thrus and through our mobile app modified the online-banking / remote deposits to make it easier to do business during the COVID crisis.

NOTABLE CHANGES

Changes to Management

Chief Financial Officer, Corey Cunningham was hired 2/1/2020

Vice President of Marketing, Katrina Esco was hired 1/25/2021

DJ Contreras was promoted to Vice President of Member Services

Deana Price was promoted to Vice President of Human Resources

Changes to Bylaws

Directors may serve up to three (3) consecutive terms of office. Additional terms may be served with a majority vote of the Board approving the term before the extended term(s) begins.

Changes to Articles of Incorporation

None

Important Notes to Changes to Financial Condition

None

Changes to Membership Size

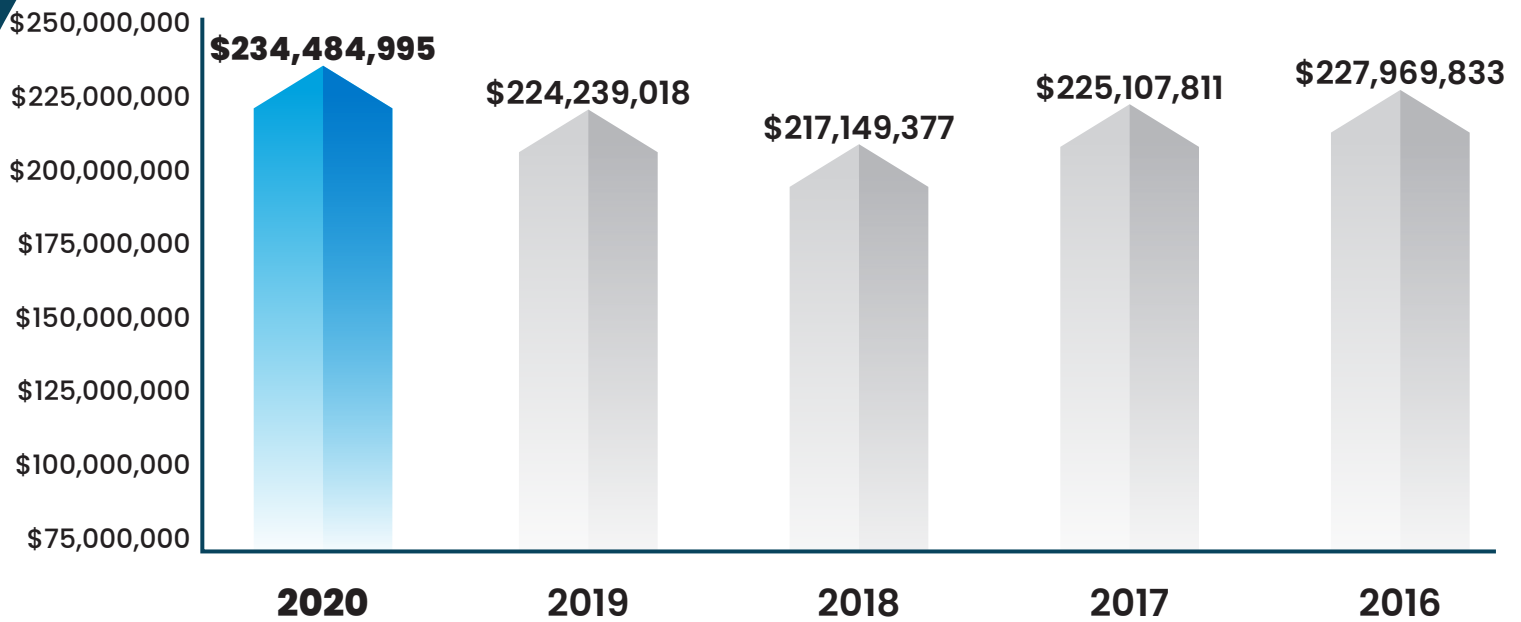
December 2019	17,250
December 2020	17,479
Net Member Increase (Decrease)	229

Services Offered Since Last Annual Meeting (February 2020)

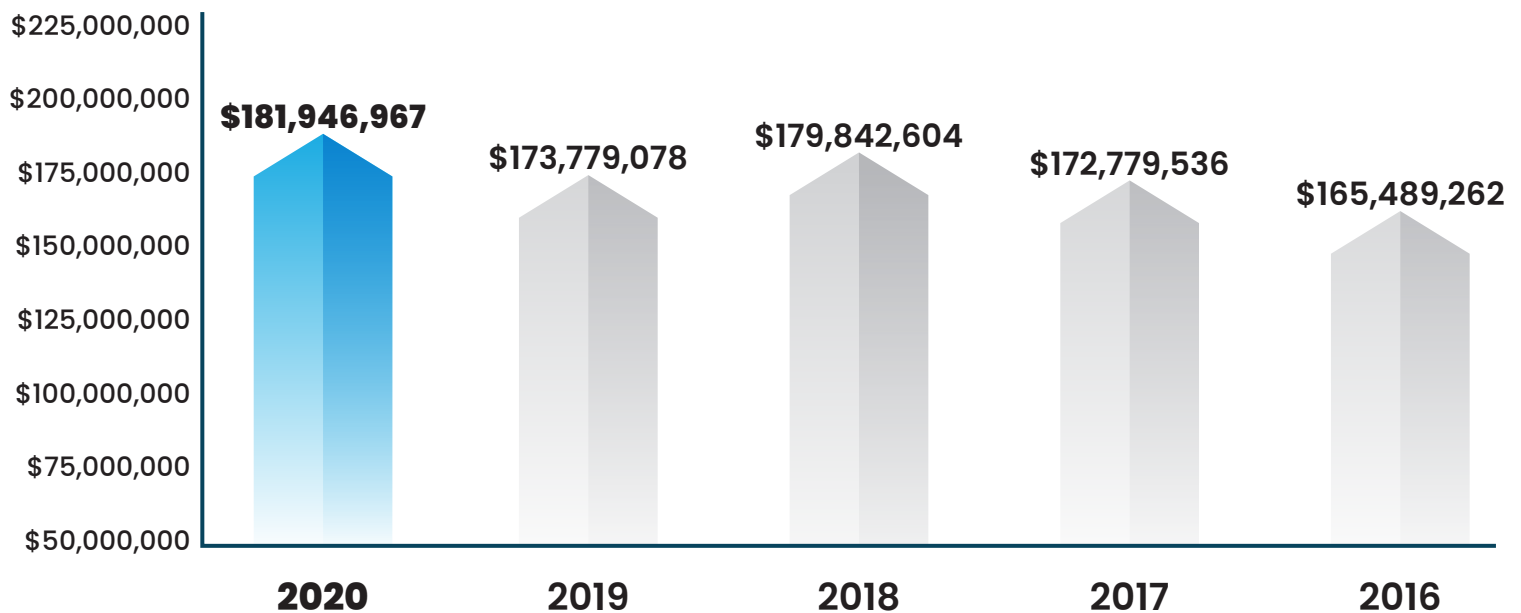
Samsung Pay, Google Pay, Apple Pay
CU Rate Reset
IVR (Interactive Voice Response)

2020 FINANCIALS

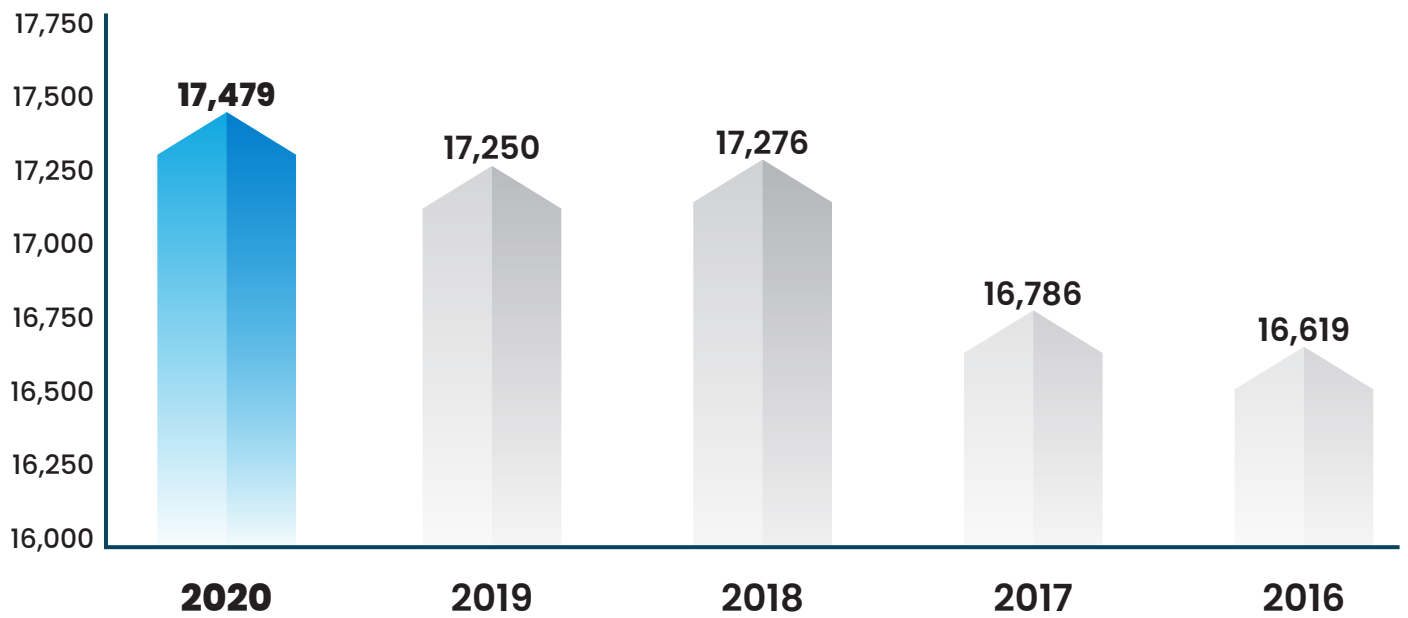
TOTAL ASSETS



TOTAL LOANS



TOTAL MEMBERS



COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL CONDITION

Thousands
December 31, 2020 & 2019

ASSETS	2020	2019
Loans	181,947	173,779
Cash In Bank	22,520	23,873
Investments	18,756	15,887
National CU Share Insurance Fund	1,796	1,756
Land	1,819	1,819
Building (net)	3,639	3,700
Other Assets	4,008	3,425
TOTAL ASSETS	\$234,485	\$224,239
LIABILITIES		
Payables & Other Misc. Liabilities	105	149
Dividends Payable	39	64
Member Savings, Checking, and Certificate Accounts	209,362	200,184
Reserves	24,979	23,842
TOTAL LIABILITIES & EQUITY	\$234,485	\$224,239

STATEMENTS OF INCOME

FOR PERIODS ENDING DECEMBER 31, 2020 AND 2019

Thousands

	2020	2019
Interest on Loans	7,637	7,829
Interest on Investments	504	722
Total Interest Income	8,141	8,551
Fees and Other Income	1,898	1,855
TOTAL INCOME	\$10,039	\$10,406
Operating Expenses	7,521	7,604
Provision for Loan Losses	1,073	821
Dividends	597	684
Total Expenses	9,191	9,109
(Gain)/Loss on Assets	(56)	63
Total Non-Operating (Gain)/Loss	(56)	63
NET INCOME/(LOSS)	\$904	\$1,234

BOARD OF DIRECTORS 2020

TERM EXPIRATION YEAR

Chairman: Chris Ruisaard 2023

Vice Chairman: George Edwards 2022

Secretary/Treasurer: Vince Elder 2022

Detra Johnson 2022

Greg Montgomery 2022

Chuck Smith 2021

Huy Tran 2022

Steve Wright 2021



Federally Insured
by NCUA