

Annual Report 2021



Everyone is a piece of our success

Message to Members

It is said that "it takes a village" to raise a child. This same sentiment can be applied to growing a credit union. It truly takes all of us – staff members and credit union members alike – with our unique backgrounds, different abilities, and diverse viewpoints to have the many successes EFCU Financial experienced in 2021.

More than 10,000 new members joined EFCU Financial in 2021. The difference your credit union offers to each and every member can be and has been measured. Callahan & Associates, an independent consulting firm in Washington D.C., measures the relational success of all credit unions and their members on a quarterly basis. The organization performs a Return of the Member (ROM) Index based on three factors: return to the saver, return to the borrower, and member service. For more than two full years, EFCU Financial remains number one in the state of Louisiana with a perfect score of 100%. More impressively, is the fact that your credit union is ranked number 59 out of all 5,025 credit unions in the U.S., and is also ranked in the top 5 in our peer group nationwide.

Many of you chose to save money in 2021 with Share (savings) Account deposits increasing more than \$110 million. In turn, we were able to assist more members with purchasing a new or used vehicle by loaning out over \$200 million in automobile loans. We were also able to assist many members in making home ownership a reality in 2021, loaning out over \$74 million in mortgage loans.

Also, in 2021, your credit union made a commitment to providing a workplace where every employee and member will be respected and not discriminated against based on biases. Steps we have taken to ensure this commitment include installing a Vice President of Diversity, Equity & Inclusion (DEI) to lead our efforts, formation of an all-inclusive and diverse staff council which meets quarterly to discuss key opportunities for growth in these areas, credit union-wide diversity training twice a year beginning in 2022, policy and procedure reviews, as well as a review of our third-party vendors for diversity.

To expand our DEI efforts for our members, we are also committed to offering financial products and services that change lives. With focus on access, transparency and affordability, we want to make sure we are there for those who need us most. With products like Rewards and Opportunity Checking and services like 55,000 service fee free ATMs nationwide, an annual review of our fees, and diligently looking for ways to improve accessibility, EFCU Financial continues to adapt and grow to assist everyone in the communities we serve.

We look forward to more growth and more successes in 2022 to benefit our credit union members and our staff members. Thank you for your support and loyalty, and we hope to see you at one of our locations very soon.



Darrell Langlois
Chair, Board of Directors



Tyler Grodi
Chief Executive Officer

Treasurer's Report

After a very challenging year in 2020, EFCU Financial along with our membership faced another tough time during 2021. As the COVID-19 pandemic continued, your credit union faced record low interest rates and an uneven economy, on top of the challenge of keeping our team members healthy while continuing to serve our membership. We did our best to continue to serve you with more digital solutions, fast access to electronic deposits, and unwavering dedication to serving member needs. All this while we continued to ensure that your credit union was financially healthy.

We were able to add 10,464 new members in 2021 and total assets grew 20%. We look for more growth in the future, as we have proven our systems and processes offer financial products and services that make a positive difference in our members' lives.

During 2021, we focused on working with our members to identify financial needs and opportunities to better our members' financial condition with our competitive loan products and rates. Our total loans to members increased almost \$98.8 million, a 19% increase over last year. Our loan-to-share ratio was 95%, meaning that for every dollar in deposits members brought to the credit union we loaned out 95 cents. Lending to our members has always been our best investment and will continue to be as we look forward to the coming years.

Our Member Solutions Department staff continued to work closely with our members to help them through normal financial challenges in addition to offering loan extensions and modifications for members who were financially impacted by the pandemic and Hurricane Ida. We were able to help thousands of members manage their loan obligations through this difficult time.

Operating expense management continues to be a key focus as we continuously evaluate our key vendor relationships and work to maximize the credit union's benefit from these relationships. For 2021, our total operating expenses (not including provision for loan loss expense) were 9% higher than 2020. The bulk of our operating expense increase was due to us offering new products to our members, continued growth in the number of members we serve, and inflation in general.

Although we are not a profit-driven organization, generating a positive bottom line is crucial to the sustainability of any business, including ours, as income is the only reliable way credit unions are able to increase net worth as they continue to grow. EFCU Financial ended the year with net income of \$9.5 million and a strong net worth ratio of 9.30%. To put this in perspective, to be considered "well capitalized" by the National Credit Union Administration (NCUA), credit unions must have at least a 7% net worth ratio as net worth affects everything we do, including:

- adding new branches
- introducing new products
- expanding our loan portfolio
- paying higher dividend rates

We are pleased to report that we exceeded the NCUA's "well capitalized" definition by 230 basis points! What this means to you, our members, is your credit union is financially strong and secure today and for the future.



Neal Chollette
Secretary/Treasurer



Rick Myers
Chief Financial Officer

Statements of Financial Condition

ASSETS	2021	2020
Cash and cash equivalents	\$ 97,278,233	\$ 76,289,995
Interest-bearing time deposits in other financial institutions	100,000	100,000
Investment securities available-for-sale	794,114	1,236,006
Loans receivable, net of allowance for loan losses	616,420,213	517,315,255
Accrued interest receivable	1,694,723	1,664,543
National Credit Union Share Insurance Fund deposit	5,484,332	4,828,045
Federal Home Loan Bank stock - at cost	2,268,900	2,255,700
Investment in credit union service organizations (CUSOs)	599,513	386,695
Premises and equipment - net	12,564,090	10,114,765
Assets held for sale	210,888	585,458
Prepaid pension plan benefit cost	2,986,659	2,388,004
Other assets	1,739,010	2,407,031
Total assets	<u>\$ 742,140,675</u>	<u>\$ 619,571,497</u>
LIABILITIES		
Members' shares and savings accounts	\$ 649,435,901	\$ 539,174,982
Notes payable	20,000,000	19,000,000
Subordinated Debt (new)	4,907,812	4,889,062
Accrued expenses and other liabilities	<u>4,763,454</u>	<u>3,412,491</u>
Total liabilities	<u>679,107,167</u>	<u>566,476,535</u>
COMMITMENTS AND CONTINGENCIES	-	-
MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED		
Regular reserve	7,444,267	7,444,267
Undivided earnings	56,559,627	47,089,862
Accumulated other comprehensive loss	(970,386)	(1,439,167)
Total members' equity	<u>63,033,508</u>	<u>53,094,962</u>
Total liabilities and members' equity	<u>\$ 742,140,675</u>	<u>\$ 619,571,497</u>

Statements of Operations and Comprehensive Income

	2021	2020
INTEREST INCOME		
Loans receivable	\$21,835,961	\$20,022,629
Investment securities, interest-bearing deposits in other institutions and other investments	<u>353,479</u>	<u>519,848</u>
Total interest income	<u>22,189,440</u>	<u>20,542,477</u>
 INTEREST EXPENSE		
Members' share and savings accounts	5,796,028	6,822,442
Notes payable	<u>730,164</u>	<u>742,741</u>
Total interest expense	<u>6,526,192</u>	<u>7,565,183</u>
 NET INTEREST INCOME	 15,663,248	 12,977,294
 PROVISION FOR LOAN LOSSES	 <u>12,096</u>	 <u>1,075,201</u>
 NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	 <u>15,651,152</u>	 <u>11,902,093</u>
 NON-INTEREST INCOME		
NSF fees, late charges, and other fees	2,714,650	2,062,570
Interchange income	4,352,111	3,459,818
Gain (loss) on disposition of assets - net	24,685	(10,376)
Other non-interest income	<u>4,074,967</u>	<u>4,014,082</u>
Total non-interest income	<u>11,166,413</u>	<u>9,526,094</u>
 NON-INTEREST EXPENSE		
Compensation and benefits	8,972,778	8,284,503
Office occupancy and operations	2,770,131	2,764,145
Professional and outside services	656,177	685,325
Servicing expenses	4,287,264	3,642,707
Other non-interest expense	<u>661,450</u>	<u>539,661</u>
Total non-interest expenses	<u>17,347,800</u>	<u>15,916,341</u>
 NET INCOME	 <u>9,469,765</u>	 <u>5,511,846</u>
 OTHER COMPREHENSIVE INCOME (LOSS)		
Amortization of net pension loss	103,654	115,368
Net pension gain (loss)	381,407	30,910
Unrealized net holding gain (loss), arising during the period	<u>(16,280)</u>	<u>45,711</u>
Total Other Comprehensive Income (loss)	<u>468,781</u>	<u>191,989</u>
 COMPREHENSIVE INCOME	 <u>\$9,938,546</u>	 <u>\$5,703,835</u>

Supervisory Committee Report

As we continue to navigate unprecedented times, the Supervisory Committee of EFCU Financial Federal Credit Union remains your vigilant representatives of our members' best interests.

The Supervisory Committee's function is to maintain oversight of the safety and soundness of the credit union. We perform this, with our Internal Audit staff, by ensuring that both the Board of Directors and Senior Management follow regulatory mandates and credit union policies, and that all activities are adequately designed to protect our members' assets. As such, we actively participate in monthly board meetings, planning sessions, and quarterly Committee meetings.

As the Supervisory Committee is charged with validating the financial condition of the credit union, we have engaged the independent auditing firm of Postlethwaite and Netterville to perform an annual verification of member accounts and an audit of our Financial Statements. We also benefit from a National Credit Union Administration examination which we anticipate in September 2022.

From the audit provided by Postlewaite and Netterville, we are pleased to announce for the year ending in December 31, 2021, we have received an unmodified opinion – all financial statements are presented fairly and the results are in conformity with Generally Accepted Accounting Principles.

We appreciate the opportunity to serve the membership again for the 2022 fiscal year. We would also like to encourage all members to take advantage of the many services and benefits offered by our credit union.

In your service,

A handwritten signature in blue ink that reads "R. M. Gremillion". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

R. M. Gremillion, Supervisory Committee Chair
David Dartez
Jim Phillips

Board, Staff & Info

Board Of Directors

Darrell Langlois, Board Chair
Celeste François, First Vice Chair
Jim Phillips, Second Vice Chair
Neal Chollette, Secretary/Treasurer
Kimberly Bardell
Joyce Dunn
Neal Elkins
Jack Haynes
Doug Vickers

Supervisory Committee

Reggie Gremillion, Chair
David Dartez
Jim Phillips

Credit Review Committee

Joyce Dunn, Chair
Jack Haynes

Senior Management

Tyler Grodi, Chief Executive Officer
Rick Myers, Chief Financial Officer
Billy McDonald, Chief Information Officer
Karon Musemeche, Chief Administrative Officer
Wynter Roy, Chief Operations Officer

