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All About U

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2016 ANNUAL REPORT

Message To Members

We are proud to report that 2015 was a record year for our credit union. We could not have accomplished all that we did without our talented staff and your support. As you recall, 2015 saw E Federal Credit Union re-brand into EFCU Financial. A total new look and logo, a Brand Promise to do what is in the best interest of our members and our community, and an updated Mission Statement are just parts of the whole that is EFCU Financial. We supported the new brand with a well-rounded advertising campaign. In addition, we stepped up our involvement in the community. We attended more chamber functions, sponsored more events and helped more charitable organizations than in years past. We participated in Leadership Ascension, we held financial education seminars at the new EBR Main Library on Goodwood, and we were selected as one of the Top 10 Best Places to Work in the Greater Baton Rouge Area, just to name a few highlights.

As we strive to offer member-centered financial solutions, technology continues to be a main focus. In 2015, we launched a new website with user-friendly online banking plus a new and improved smart phone app. We added an online mortgage loan application and we rolled out mobile check deposit. EFCU Financial was also the first credit union in Louisiana to offer Apple Pay, a testament to our advancements in technology over our competitors. In addition to our technology upgrades, we added a First Time Auto Buyer program, we partnered with Champion Wealth Strategies, a well-known local investment services provider, and we blazed the trail with a one-of-a-kind variable rate certificate. All of these were done with you in mind.

The growth we experienced in 2015 is evidence of our commitment to providing quality financial products alongside world-class member service for you. We ended the year with 34,969 members up from 31,992 members at the beginning of 2015. Total loan growth increased over \$26.9 million or 12% and savings increased \$23.3 million or 9%. Two of our largest increases were in Rewards Checking and Business Checking up 48% and 28% respectively and our total assets grew by \$23,943,628 or 8%. We hit a new milestone with net income, closing out 2015 with \$2,009,131.

As always, we thank you for your membership and we hope that you are excited about your credit union and that you will invite your friends and family to become members, as well. We look forward to seeing you in our branches and to serving all of your financial needs – because after all, it is all about you!



Bergeron II

Rick Bergeron
Chair, Board of Directors



Tyler Grodi

Tyler Grodi
Chief Executive Officer



Treasurer's Report

The year 2015 was a year of change and growth for EFCU Financial. With over 5,400 new members joining us in 2015 and growth in total assets of almost 8%, we strengthened the membership base and the future of the credit union. We look for more growth in 2016 as we have the systems and processes in place to offer financial products and services that make a positive difference in our members' lives.

During 2015, 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 outstanding increased over \$26.9 million, a 12% increase over last year. We funded a good deal of this loan growth by continuing to draw down our investment portfolio. Investments held by the credit union declined by 4% during 2015, as we focused on investing in our members through our various lending channels. Lending to our members has always been our best investment and will continue to be as we look forward to the coming years.

We continued our focus on reducing delinquency and loan losses as we kept the percentage of delinquent loans at a very low 0.26%. Through the tireless efforts of our Member Solutions Department staff, who work closely with our members to help them through various financial challenges, we are able to assist more members in realizing their dream of financial well-being.

Operating expense management continues to be a key focus as we evaluate our key vendor relationships and work to maximize the credit union's benefit from these relationships. For 2015, our total operating expenses were 4% higher than 2014 as more members started taking advantage of things like online and mobile banking options; which while an added expense, allows us to more efficiently serve our members.

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 way credit unions are able to increase net worth as they continue to grow. EFCU Financial ended the year with net income of \$2,009,131 and a strong net worth ratio of 9.94%. 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
- expanding our loan portfolio
- introducing new products
- paying higher dividend rates

We are pleased to report that we exceeded the NCUA's "well capitalized" definition by 294 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



Statements Of Financial Condition

ASSETS	2015	2014
Cash and cash equivalents	\$25,510,557	\$7,271,947
Interest-bearing time deposits in other financial institutions	8,202,000	19,250,000
Investment securities available-for-sale	20,025,068	29,769,927
Loans receivable, net of allowance for loan losses of \$628,262 and \$804,694 respectively	258,929,854	231,882,946
Accrued interest receivable	801,268	732,734
National Credit Union Share Insurance Fund deposit	2,667,906	2,503,740
Federal Home Loan Bank stock - at cost	1,560,800	1,550,400
Investment in credit union service organizations (CUSOs)	165,997	147,194
Premises and equipment - net	9,377,196	9,705,521
Land held for sale	1,106,776	1,106,776
Prepaid benefit cost	1,754,387	2,339,961
Other assets	<u>1,239,590</u>	<u>1,136,629</u>
Total assets	<u>\$331,341,399</u>	<u>\$307,397,775</u>
LIABILITIES		
Members' shares and savings accounts	\$283,825,602	\$260,504,702
Notes payable	15,000,000	16,000,000
Accrued expenses and other liabilities	<u>1,381,444</u>	<u>1,277,148</u>
Total liabilities	<u>300,207,046</u>	<u>277,781,850</u>
COMMITMENTS AND CONTINGENCIES	-	-
MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED		
Regular reserve	7,444,267	7,444,267
Undivided earnings	25,503,907	23,494,776
Accumulated other comprehensive loss	<u>(1,813,821)</u>	<u>(1,323,118)</u>
Total members' equity	<u>31,134,353</u>	<u>29,615,925</u>
Total liabilities and members' equity	<u>\$331,341,399</u>	<u>\$307,397,775</u>

AS OF DECEMBER 31, 2015 & 2014



Statements Of Operations & Comprehensive Income

INTEREST INCOME	2015	2014
Loans receivable	\$10,142,977	\$9,278,235
Investment securities	585,030	727,113
Total interest income	<u>10,728,007</u>	<u>10,005,348</u>
INTEREST EXPENSE		
Members' share and savings accruals	1,692,185	1,470,550
Interest on borrowed money	89,032	41,218
Total interest expense	<u>1,781,217</u>	<u>1,511,768</u>
NET INTEREST INCOME	8,946,790	8,493,580
PROVISION FOR LOAN LOSSES	<u>155,580</u>	<u>74,994</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>8,791,210</u>	<u>8,418,586</u>
NON-INTEREST INCOME		
NSF fees, late charges, and other fees	1,674,146	1,516,914
Interchange income	1,830,932	1,518,489
Gain (loss) on disposition of assets - net	70,531	(6,671)
Other non-interest income	1,688,982	1,340,607
Total non-interest income	<u>5,264,591</u>	<u>4,369,339</u>
NON-INTEREST EXPENSE		
Compensation and benefits	6,217,811	6,149,768
Office occupancy and operations	2,225,233	2,313,985
Professional and outside services	453,922	448,150
Servicing expenses	2,358,626	2,228,305
Other non-interest expense	791,078	492,397
Total non-interest expenses	<u>12,046,670</u>	<u>11,632,605</u>
NET INCOME	<u>2,009,131</u>	<u>1,155,320</u>
OTHER COMPREHENSIVE INCOME - NET		
Amortization of net pension loss	102,349	83,306
Net pension loss	(672,522)	(258,151)
Unrealized net holding gains, arising during the period	79,470	472,629
Total Other Comprehensive Income (loss)	<u>(490,703)</u>	<u>297,784</u>
COMPREHENSIVE INCOME	<u>\$1,518,428</u>	<u>\$1,453,104</u>



AS OF DECEMBER 31, 2015 & 2014

Supervisory Committee Report

The Supervisory Committee's major responsibilities are to ensure that an independent audit is performed at least annually and the account balances of the membership are verified. To carry out these responsibilities, the Supervisory Committee employs certified public accountants to perform auditing and account verification work under its supervision. In this regard, the Supervisory Committee hired Postlethwaite & Netterville to perform an annual audit of EFCU Financial's financial statements to ensure they comply with generally accepted accounting principles and fairly represent the financial condition of EFCU Financial.

In addition, the Supervisory Committee works with the National Credit Union Administration (NCUA), our federal regulator, when it conducts its annual examination of EFCU Financial. The Supervisory Committee also oversees the internal audit function to ensure EFCU Financial's operations are in compliance with EFCU Financial's policies and procedures and that internal controls exist to protect member assets.

We are pleased to report the annual audit conducted by Postlethwaite & Netterville for 2015 was completed successfully and EFCU Financial's financial statements were certified without qualification in February, 2016. The Supervisory Committee concurs with this assessment. The Committee is pleased to report that EFCU Financial is a financially sound organization dedicated to serving its members.



Doug Vickers, Chairman
David Bretz
Darrell Langlois

Board, Staff & Info

Board Of Directors

Rick Bergeron, Chairman
 Jim Phillips, 1st Vice-Chair
 Jack Haynes, 2nd Vice-Chair
 Neal Chollette, Secretary/Treasurer
 Kim Bardell
 David Bretz
 Keith Carpenter
 Neal Elkins
 Celeste François

Supervisory Committee

David Bretz
 Darrell Langlois
 Doug Vickers

Credit Review Committee

Joyce Dunn, Chairman

Executive Management

Tyler Grodi, Chief Executive Officer
 Keith Cranfield, Chief Risk Officer
 Tom Hayden, Chief Lending Officer
 Billy McDonald, Chief Information Officer
 Karon Musemeche, Chief Administrative Officer
 Rick Myers, Chief Financial Officer
 Wynter Roy, Chief Operations Officer

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