

2022
ANNUAL
REPORT



Message to Members

Reflecting on our strong results in 2022 undoubtedly gives us a sense of pride and accomplishment, but more important is the impact EFCU Financial had on the members of our Credit Union and on the communities we serve.

Welcoming more than 11,800 new members last year grew the Credit Union's total net membership to 60,825, exceeding our 2022 goal. This means we are assisting more and more individuals and families with their financial well-being, as we strive to offer products and services to make lives better.

Surpassing our loan goal for automobile and mortgage loans by more than \$115M allowed us to be a part of 7,628 members obtaining transportation and 332 members were able to build or purchase the home of their dreams. In addition, the EFCU Financial Foundation increased the number of scholarships to 24, awarding a total of \$30,000 to graduating high school seniors to help them with their higher education plans and their hope for a bright future.

Supporting our local communities is very important to our Credit Union. In 2022, we were able to help more than 30 non-profit organizations and schools with monetary and in-kind contributions. Also, the caring staff at EFCU Financial nominates charity recipients through our monthly employee giving campaign and all donations received are matched dollar-for-dollar by the Credit Union.

Educating through partnerships with the Louisiana JumpStart Coalition, BankOn Baton Rouge, and Junior Achievement is a major way the Credit Union brings financial literacy to schools and community events.

Participating with each of our local Chambers of Commerce has become a hallmark for EFCU Financial. Last year, Credit Union staff participated in more than 60 Chamber events, including 26 ribbon cuttings to support new local businesses.

Looking forward, EFCU Financial sees more opportunities to serve our membership with advancements in technology to increase service convenience. In November 2022, we rolled out a card management system for both debit and credit cards; and, in 2023, we are rolling out an account text alert system and the very popular account-to-account transfer system Zelle®. These are just a few examples of how your Credit Union continues to work diligently to provide you with the financial tools you want and need.

Impacting our members lives for the better is our commitment, and making our communities better is our goal for 2023. As always, we hope to see you in one of branch locations soon.



Darrell Langlois
Chair, Board of Directors



Rick Myers
Interim Chief Executive Officer

Treasurer's Report

After very challenging years in 2020 & 2021, EFCU Financial, along with our membership, experienced a year of transformative growth and some new challenges in 2022. The backdrop shifted from a decade of low interest rates to sudden interest rate increases. This, coupled with high inflation, presented a new set of challenges for the Credit Union. We did our best to manage the Credit Union's finances, while continuing to serve our membership in this new economic backdrop. We also did our best to continue to serve you with more digital solutions, fast access to electronic deposits, borrowing options, and unwavering dedication to serving member needs.

We were able to add 11,821 new members in 2022 and total assets grew by 21%. We look for more growth in the future, as we have proven that we are able to offer financial products and services that make a positive difference in our members' lives.

During 2022, 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 our rates. Total loans to members increased almost \$178 million, a 29% increase over last year. Our loan-to-share ratio was 100%, meaning that for every dollar in deposits members brought to the Credit Union, we loaned out a dollar. 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 job instability, personal tragedies, and changes in the overall economy.

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 2022, our total operating expenses (not including provision for loan loss expense) were 10% higher than in 2021. 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 general inflation.

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 a net income of \$11.9 million and a strong net worth ratio of 10.12%. 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
- charging competitive loan rates
- paying higher dividend rates

We are pleased to report that we exceeded the NCUA's "well capitalized" definition by 312 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
Interim Chief Executive Officer

Statements of Financial Condition

ASSETS	2022	2021
Cash and cash equivalents	\$ 72,384,503	\$ 97,278,233
Interest-bearing time deposits in other financial institutions	100,000	100,000
Investment securities available-for-sale	512,319	794,114
Loans receivable, net of allowance for loan losses	794,701,797	616,420,213
Accrued interest receivable	2,334,038	1,694,723
National Credit Union Share Insurance Fund deposit	6,333,376	5,484,332
National Credit Union - CLF stock - at cost	1,792,145	-
Federal Home Loan Bank stock - at cost	2,297,700	2,268,900
Investment in credit union service organizations (CUSOs)	486,999	599,513
Premises and equipment - net	12,509,740	12,564,090
Assets held for sale	210,888	210,888
Prepaid pension plan benefit cost	2,971,044	2,986,659
Other assets	1,525,052	1,739,010
Total assets	<u>\$ 898,159,601</u>	<u>\$ 742,140,675</u>
 LIABILITIES		
Members' shares and savings accounts	\$ 796,080,644	\$ 649,435,901
Notes payable	7,000,000	20,000,000
Subordinated Debt (new)	14,703,738	4,907,812
Accrued expenses and other liabilities	<u>5,686,864</u>	<u>4,763,454</u>
Total liabilities	<u>823,471,246</u>	<u>679,107,167</u>
 COMMITMENTS AND CONTINGENCIES	 -	 -
 MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED		
Regular reserve	-	7,444,267
Undivided earnings	75,942,162	56,559,627
Accumulated other comprehensive loss	<u>(1,253,807)</u>	<u>(970,386)</u>
Total members' equity	<u>74,688,355</u>	<u>63,033,508</u>
 Total liabilities and members' equity	<u>\$ 898,159,601</u>	<u>\$ 742,140,675</u>

Statements of Operations and Comprehensive Income

	2022	2021
INTEREST INCOME		
Loans receivable	\$27,412,885	\$21,835,961
Investment securities, interest-bearing deposits in other institutions and other investments	<u>1,246,016</u>	<u>353,479</u>
Total interest income	<u>28,658,901</u>	<u>22,189,440</u>
INTEREST EXPENSE		
Members' share and savings accounts	8,112,637	5,796,028
Notes payable	<u>784,334</u>	<u>730,164</u>
Total interest expense	<u>8,896,971</u>	<u>6,526,192</u>
NET INTEREST INCOME	19,761,930	15,663,248
PROVISION FOR LOAN LOSSES	<u>342,383</u>	<u>12,096</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>19,419,547</u>	<u>15,651,152</u>
NON-INTEREST INCOME		
NSF fees, late charges, and other fees	3,552,171	2,714,650
Interchange income	4,526,633	4,352,111
Gain on disposition of assets - net	49,242	24,685
Other non-interest income	<u>3,553,625</u>	<u>4,074,967</u>
Total non-interest income	<u>11,681,671</u>	<u>11,166,413</u>
NON-INTEREST EXPENSE		
Compensation and benefits	9,664,495	8,972,778
Office occupancy and operations	3,308,235	2,770,131
Professional and outside services	643,257	656,177
Servicing expenses	4,787,768	4,287,264
Other non-interest expense	<u>759,195</u>	<u>661,450</u>
Total non-interest expenses	<u>19,162,950</u>	<u>17,347,800</u>
NET INCOME	<u>11,938,268</u>	<u>9,469,765</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Amortization of net pension loss	57,797	103,654
Net pension gain (loss)	(294,969)	381,407
Unrealized net holding gain (loss), arising during the period	<u>(46,249)</u>	<u>(16,280)</u>
Total Other Comprehensive Income (loss)	<u>(283,421)</u>	<u>468,781</u>
COMPREHENSIVE INCOME	<u>\$11,654,847</u>	<u>\$9,938,546</u>

Supervisory Committee Report

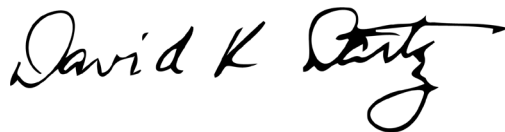
The Supervisory Committee of EFCU Financial Federal Credit Union appreciates the opportunity to serve for another year. As we continue to walk with you, our members, we are proud of the strides we have accomplished together.

As appointed by the Board of Directors, our function as the Supervisory Committee is to independently evaluate the soundness of the Credit Union's operations and activities, ensure that management implements internal controls, and maintain practices and procedures that adhere to generally accepted accounting principles (GAAP). The Supervisory Committee actively participates in planning sessions, board meetings, and quarterly Committee meetings. Such endeavors ensure the Credit Union is protecting and safeguarding members' assets.

As such, the Supervisory Committee has retained the independent auditing firm Postlethwaite and Netterville to perform an annual verification of member accounts and an audit of our financial statements. We are pleased to announce an unmodified opinion for the year ending December 31, 2022. In September 2022, the National Credit Union Administration exam was performed, and EFCU Financial continues to excel.

The Supervisory Committee extends our gratitude to the volunteers and staff for an ongoing commitment to strengthening the Credit Union and to our members for your trust and fidelity.

In your service,

A handwritten signature in black ink that reads "David K. Dartez". The signature is written in a cursive style with a prominent, sweeping flourish at the end of the name.

David Dartez, Supervisory Committee Chair
R. M. Gremillion
Neal Elkins

Board and Senior Management

Board Of Directors

Darrell Langlois, Board Chair

Neal Elkins, First Vice Chair

Doug Vickers, Second Vice Chair

Neal Chollette, Secretary/Treasurer

Joyce Dunn

Celeste François

Jack Haynes

Jim Phillips

Supervisory Committee

David Dartez, Chair

Reggie Gremillion

Neal Elkins

Credit Review Committee

Joyce Dunn, Chair

Jack Haynes

Adam Brice

Senior Management

Rick Myers, Interim Chief Executive Officer

Billy McDonald, Chief Information Officer

Karon Musemeche, Chief Administrative Officer

Adam Brice, Chief Lending Officer



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