

ANNUAL REPORT



2023

Message to Members

This year has been an amazing year and our members, team members, and community helped drive our continued growth and many accomplishments. It truly took all of us - with our unique backgrounds, different abilities, and diverse viewpoints to have the many successes EFCU Financial experienced in 2023.

More than 9,000 new members joined EFCU Financial in 2023. 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 three years, EFCU Financial remains number one in the state of Louisiana and ranks as one of the best in the United States.

Many of you chose to save money in 2023 with deposits increasing more than \$89 million. This share growth helped put our credit union over a billion dollars in assets. We were able to assist more members with purchasing a new or used vehicle by loaning out over \$215 million in automobile loans. We also assisted many members in making home ownership a reality in 2023, loaning out over \$114 million in mortgage loans.

We continue to be committed to offering financial products and services that change lives. With a focus on access, transparency, and affordability, we want to make sure we are there for those who need us most. With products like Rewards Checking and Opportunity Checking, market-leading rates on certificate of deposits, and services like over 33,000 service-fee-free ATMs nationwide, 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 many more successes in 2024 which will benefit our credit union members, our team members, and the greater Baton Rouge community. 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



Tom Kuslikis
Chief Executive Officer

Treasurer's Report

After managing through the pandemic, EFCU Financial along with our membership have continued to deal with some new challenges in 2022 and 2023. The backdrop shifted from a decade of low interest rates to fast paced 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, low rate borrowing options, and unwavering dedication to serving members' needs.

We were able to add 9,459 new members in 2023 and total assets grew 14%. We continue to 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 2023, 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 \$117 million, a 15% increase over last year. Our loan-to-share ratio was 103%, meaning that for every dollar in deposits members brought to the Credit Union, we loaned out a dollar and three 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 team 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. During the 2023 Holiday Season (November-January), we reinstated our Skip-A-Pay Program to offer members loan payment flexibility for a small fee. We were able to grant this flexibility to 3,200 member loans.

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 2023, our total operating expenses (not including provision for loan loss expense) were 16% higher than in 2022. Most of our operating expense increase was from offering new products and services to our members, continued growth in the number of members, 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 \$10.4 million and a strong net worth ratio of 9.71%. 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 271 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	2023	2022
Cash and cash equivalents	\$ 76,932,009	\$ 72,384,503
Interest-bearing time deposits in other financial institutions	100,000	100,000
Investment securities available-for-sale	369,839	512,319
Loans receivable, net of allowance for loan losses	909,377,490	794,701,797
Accrued interest receivable	3,593,993	2,334,038
National Credit Union Share Insurance Fund deposit	7,623,047	6,333,376
National Credit Union - CLF stock - at cost	2,061,073	1,792,145
Federal Home Loan Bank stock - at cost	2,410,900	2,297,700
Investment in credit union service organizations (CUSOs)	363,343	486,999
Premises and equipment - net	12,699,142	12,509,740
Assets held for sale	210,888	210,888
Prepaid pension plan benefit cost	3,202,635	2,971,044
Other assets	2,055,034	1,525,052
Total assets	<u>\$ 1,020,999,393</u>	<u>\$ 898,159,601</u>
LIABILITIES		
Members' shares	\$ 885,510,795	\$ 796,080,644
Notes payable	30,000,000	7,000,000
Subordinated Debt	14,768,591	14,703,738
Accrued expenses and other liabilities	<u>7,702,747</u>	<u>5,686,864</u>
Total liabilities	<u>937,982,133</u>	<u>823,471,246</u>
COMMITMENTS AND CONTINGENCIES	-	-
MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED		
Regular reserve	-	-
Undivided earnings	84,110,497	75,942,162
Accumulated other comprehensive loss	<u>(1,093,237)</u>	<u>(1,253,807)</u>
Total members' equity	<u>83,017,260</u>	<u>74,688,355</u>
Total liabilities and members' equity	<u>\$ 1,020,999,393</u>	<u>\$ 898,159,601</u>

Statements of Operations and Comprehensive Income

	2023	2022
INTEREST INCOME		
Loans receivable	\$40,583,281	\$27,412,885
Investment securities, interest-bearing deposits in other institutions and other investments	<u>3,144,661</u>	<u>1,246,016</u>
Total interest income	<u>43,727,942</u>	<u>28,658,901</u>
INTEREST EXPENSE		
Members' share and savings accounts	19,483,220	8,112,637
Notes payable	<u>1,508,822</u>	<u>784,334</u>
Total interest expense	<u>20,992,042</u>	<u>8,896,971</u>
NET INTEREST INCOME	23,243,355	19,761,930
PROVISION FOR LOAN LOSSES	<u>1,481,421</u>	<u>342,383</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	<u>21,254,479</u>	<u>19,419,547</u>
NON-INTEREST INCOME		
NSF fees, late charges, and other fees	3,132,833	3,552,171
Interchange income	4,670,473	4,526,633
Gain on disposition of assets - net	(14,860)	49,242
Other non-interest income	<u>3,555,600</u>	<u>3,553,625</u>
Total non-interest income	<u>11,344,046</u>	<u>11,681,671</u>
NON-INTEREST EXPENSE		
Compensation and benefits	11,131,832	9,664,495
Office occupancy and operations	3,470,940	3,308,235
Professional and outside services	813,406	643,257
Servicing expenses	5,683,126	4,787,768
Other non-interest expense	<u>1,052,650</u>	<u>759,195</u>
Total non-interest expenses	<u>22,151,954</u>	<u>19,162,950</u>
NET INCOME	<u>10,446,571</u>	<u>11,938,268</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Amortization of net pension loss	85,070	57,797
Net pension gain (loss)	61,558	(294,969)
Unrealized net holding gain (loss), arising during the period	<u>13,942</u>	<u>(46,249)</u>
Total Other Comprehensive Income (loss)	<u>160,570</u>	<u>(283,421)</u>
COMPREHENSIVE INCOME	<u>\$10,607,141</u>	<u>\$11,654,847</u>

Supervisory Committee Report

The Supervisory Committee of EFCU Financial Federal Credit Union appreciates the opportunity to serve our members for another year.

Appointed by the Board of Directors, the Supervisory Committee independently evaluates the soundness of the credit union's operations and activities, ensures that management implements internal controls, and maintains practices and procedures. The Supervisory Committee actively participates in planning sessions, board meetings, and quarterly Committee meetings directing internal auditing department activities. Such endeavors ensure the credit union is protecting and safeguarding members' assets.

Annually, the Supervisory Committee engages an independent auditing firm to audit our Financial Statements and to perform an annual verification of member accounts. This year was no exception as Eisner Amper, formerly Postlethwaite and Netterville, completed their review. We are proud to announce an unmodified opinion which expresses that the financial statements for the year ending December 31, 2023, are presented fairly, in all material respects, in accordance to generally accepted accounting principles (GAAP). To have an unmodified opinion means there is a reasonable assurance that the financial statements are free from material misstatements.

We believe this opinion is a direct result of the Board of Directors' guidance and Management's leadership. We extend our gratitude to the staff and volunteers for their ongoing commitment to strengthening EFCU Financial, allowing us to maintain stability and to prosper.

In your service,

A handwritten signature in black ink, appearing to read 'Slava Sotnikov', written in a cursive style.

Slava Sotnikov, Supervisory Committee Chair
David Dartez

Board and Senior Management

Board Of Directors

Darrell Langlois, Board Chair
Celeste François, First Vice Chair
Doug Vickers, Second Vice Chair
Neal Chollette, Secretary/Treasurer

David Dartez

Joyce Dunn

Neal Elkins

Jack Haynes

Jim Phillips

Associate Directors

Dr. James Hargrove

Slava Sotnikov

Supervisory Committee

Slava Sotnikov, Chair

David Dartez

Credit Review Committee

Joyce Dunn, Chair

Jack Haynes

Adam Brice

Senior Leadership

Tom Kuslikis, Chief Executive Officer

Rick Myers, Chief Financial Officer

Billy McDonald, Chief Information Officer

Karon Musemeche, Chief Administrative Officer

Adam Brice, Chief Lending Officer

Emily Shelton, Senior Vice President of Operations



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by **NCUA**