

MAIN OFFICE
1001 N. Lee Ave
Odessa, TX 79761
Tel: (432)332-8171
Fax: (432)332-3572

52ND ST BRANCH
4440 E. 52nd St
Odessa, TX 79762
Tel: (432)362-1414
Fax: (432)362-6164

FT. STOCKTON OFFICE
401 W. Dickinson Blvd
Fort Stockton, TX 79735
Tel: (432)336-6291
Fax: (432)336-6429

WEST TEXAS EDUCATORS CREDIT UNION

ANNUAL REPORT 2016

Locations

LETTER FROM THE CFO

Valued Members,

The year of 2016 proved to be quite a challenge for the Credit Union both on the regulatory and economic side of the business. We have managed to keep our asset size at \$53.6M, a slight drop of 2.95% from 2015 levels. Despite the reduction of our total assets, we still succeeded to grow our loan portfolio by 3.61% now at \$26.5M. The regulatory restriction that was lifted in the early part of the year had the effect of reducing our interest income as much as 24.79%. We did, however, compensate for the reduced interest income earned during the year by generating a 41.33% increase in Home Equity Interest Income and a 20.96% increase in Investment Income. The return on assets (ROA) did go down to 0.13% from 0.33% as a result of declining interest income but we have grown our net worth to 8.209%, one of our highest year-end ratio since calendar year 2010.

Best Regards,

Glenn Tolentino
CFO

LEADERSHIP

Nicole Torans-Dominguez- CEO/President

Glenn Tolentino- CFO

Traci Sides- COO

Lisa Brooks- Branch Manager

Billie Jo- Assistant Branch Manager

Olga Rodriguez- Member Resolution
Manager

BOARD OF DIRECTORS

Steve Brown, *Chairman*

Patricia Sibley, *Secretary*

Carolyn Gonzalez, *Director*

Jack Felts, Director

Paul Pasqua, *Director*

Charles Roberts, *Director*

Donnie Norwood, *Director*

Mary Jaramillo, Director

Ricky Chandler, Director

■ = up for re-election 2016

EXPIRES

2019

2018

2018

2019

2018

2019

LETTER FROM THE CEO

Dear Members,

It has been a pleasure to serve you these past 4 years. We have seen many changes take place with the Credit Union. To name a few, we have overcome a flood at our downtown location, a robbery, a purchase of two new properties, renovations in Fort Stockton, a facelift to our landscaping at Lee and 52nd, changes in staff, changes in regulations, and most recently changes in our economy. We have also received approval from NCUA and TCUD to open up membership to other areas such as Ward, Crane, Andrews, and Winkler County. Even through all these changes we are still working hard to provide you with the best in class service, and we hope you can see the changes for the betterment of your financial institution.

We strive daily to be your primary banking resource. We want you to come to us for your daily banking and lending needs. Constantly we are looking for ways to improve our financial institution and online services to better accommodate you and your family. This year you will be seeing changes in our branding and logo for the Credit Union. West Texas Educators will have a makeover with our website as well to make it more intuitive and advanced for all your banking needs.

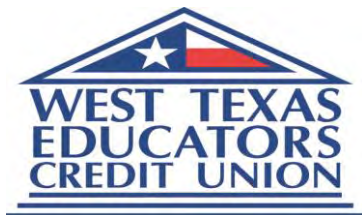
With everything we have been trying to accomplish we are holding strong at over \$53 million in assets. West Texas Educators Credit Union has grown the membership to a total of over 5,100 members. We are constantly seeing more opportunities for the Credit Union in growth, but we are trying to do it in a conservative way to make sure it is a healthy growth. We have been growing in this downtime due to going into the schools and offering free credit counseling. Our members are seeing this as a huge benefit to them and their families to becoming financially fit. We recommend each one of our members to come and see us to review their credit to ensure no identity theft, and to find new ways to get rid of that annoying marketing material. Then the added bonus of building their credit score comes with the credit counseling session that takes less than 30 minutes.

Right now we have 21 members on our staff. We have been extremely blessed to have a strong team with great individuals aspiring to grow and do more within the Credit Union, and that includes helping YOU. We want to know when you walk in you are feeling welcomed with a kind greeting and a big smile. In saying this, we welcome your feedback if you ever feel like you aren't part of the Credit Union family. We are constantly striving to bring more financial peace to your home environment.

Thank you for your valued membership.

Sincerely,

Nicole Torans-Dominguez
CEO/President



CONSOLIDATED BALANCE SHEET

As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Total Loans to Members	\$ 26,480,397.65	\$ 22,556,984.07
Total Allowance for Loan Losses	(284,678.44)	(298,046.62)
Total Cash and Cash Equivalents	25,302,316.55	28,369,524.19
Total Prepaid & Deferred Expenses	104,068.93	90,141.69
Total Fixed Assets	1,329,448.56	868,785.84
Total Accrued Income	125,771.04	128,155.26
NCUSIF	480,428.17	485,931.68
Other Assets	50,474.33	14,600.01
TOTAL ASSETS	<u>\$ 53,588,266.79</u>	<u>\$ 55,216,076.12</u>
LIABILITIES		
Total Accounts Payable	\$ 403,077.94	\$ 172,791.29
Total Accrued Expenses	28,007.13	20,165.64
Other Liabilities	(1,481.08)	27,465.40
Total Liabilities	<u>\$ 429,603.99</u>	<u>\$ 220,422.33</u>
DEPOSITS		
Total Members' Deposits	<u>\$ 48,759,495.65</u>	<u>\$ 50,669,883.08</u>
MEMBERS' EQUITY		
Reserve Account	\$ 1,607,952.04	\$ 1,607,952.04
Undivided Earnings	2,717,818.67	2,535,012.23
Current Earnings	73,356.44	182,806.44
Total Members' Equity	<u>4,399,127.15</u>	<u>4,325,770.71</u>
TOTAL LIABILITIES, DEPOSITS & EQUITY	<u>\$ 53,588,226.79</u>	<u>\$ 55,216,076.12</u>

CONSOLIDATED STATEMENT OF INCOME & EXPENSES

For the Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Interest Income:		
Interest on Loans	\$ 1,106,912.34	\$ 1,471,692.77
Interest on Real Estate Loans	316,142.24	223,693.57
Interest on MasterCard Loans	31,825.26	29,234.85
Investment Income	353,234.62	292,017.73
Total Interest Income	<u>\$ 1,808,114.46</u>	<u>\$ 2,016,638.92</u>
Interest Expense and Cost of Funds:		
Dividends on Share	\$ 11,001.38	\$ 11,565.09
Interest on Deposits	22,048.32	23,587.42
Total Interest Expense and Cost of Funds	<u>\$ 33,049.70</u>	<u>\$ 35,152.51</u>
Net Interest Income	<u>\$ 1,775,064.76</u>	<u>\$ 1,981,486.41</u>
Provision for Loan Loss Expense	<u>\$ 289,764.37</u>	<u>\$ 440,325.36</u>
Fees, Charges and All Other Income		
Service Fees	\$ 747,237.19	\$ 664,148.43
Total Fees, Charges and Other Income	<u>\$ 747,237.19</u>	<u>\$ 664,148.43</u>
Total Gross Income	<u>\$ 2,232,537.58</u>	<u>\$ 2,205,309.48</u>
Non-Interest Expenses		
Total Operating Expenses	\$ 2,159,181.14	\$ 2,022,503.04
Total Non-Interest Expenses	<u>\$ 2,159,181.14</u>	<u>\$ 2,022,503.04</u>
Net Income	<u>\$ 73,356.44</u>	<u>\$ 182,806.44</u>

Financials