

69th Annual Meeting

of Enrichment Federal Credit Union

March 15, 2019
Oak Ridge, TN



Our Mission, Our Promise

We pledge to *enrich* our members' lives by providing a lifetime of *exceptional* financial products with service that *exceeds expectations*.

Our mission is to make *members' financial solutions easy*.

Our goal is for our members to be able to transact business with us *anytime, anywhere in the world...* seamlessly.



Board of Directors

Rick Benson
Board Chairman

Dwight K. Potter
Vice Chairman

James M. Young, Jr.
Secretary/Treasurer

Patricia Bracket

John Clayton

Patsy Hamby

Beth Fee



Supervisory Committee

Steve Braden
Chairman

David Robinson

Tim Stallings



Financial Report

Statement of Financial Condition as of December 31, 2018

Assets	2018	2017
Loans	\$395,294,829	\$307,445,439
Allowance for Loan Losses	(537,616)	(285,110)
Cash on hand	7,535,135	6,285,563
Investments	74,404,897	125,899,745
Property & Equipment	14,822,366	14,182,621
Other Assets	5,741,923	5,278,526
Total Assets	\$497,261,534	\$458,806,784
Liabilities & Net Worth		
Line-of-Credit Borrowings	\$24,471,624	\$ -
Accounts Payable	4,534,226	3,492,737
Members Deposits	419,066,085	409,407,085
Total Liabilities	448,071,935	412,899,822
Members Equity	49,189,599	45,906,962
Total Liabilities & Net Worth	\$497,261,534	\$458,806,784

Statement of Income & Expense as of December 31, 2018

Operating Income		
Interest on Loans	\$14,069,433	\$11,048,314
Interest on Investments	1,215,536	1,891,911
Other Operating Income	5,498,079	4,875,747
Total Income	20,783,048	17,815,972
Operating Expenses		
Compensation & Benefits	7,761,550	7,188,884
Education & Promotion	190,829	227,731
Office Occupancy	1,156,813	1,079,705
Office Operations	1,543,621	1,389,261
Education & Promotion	681,009	573,587
Loan Servicing	556,123	391,843
Professional & Outside Services	3,421,929	2,967,932
Provision for Loan Losses	522,491	324,755
Examination Expense	121,207	101,328
All Other Operating Expenses	361,102	410,901
Total Operating Expenses	\$16,316,675	\$14,655,927
Member Dividend Expense	902,378	829,119
Interest on Borrowed Money	252,855	-
Non-operating (gain) loss	16,005	26,221
Net Income	\$3,295,135	\$2,304,705

Board Chairman & CEO Report

2018 marked the 10th anniversary of “the great recession,” a period where:

- 8.4 million people, or 6.1% of the workforce, lost their jobs as unemployment increased from 5% to 10% (2008 and 2009),
- 3 million people lost their homes when, for the first time, home values plummeted across the entire United States;
- GDP (real gross domestic product) growth fell (4.30%).

Much of the blame for the great recession was put on financial institutions for their risky behavior in making subprime mortgage loans to consumers who were not qualified and could not pay back their mortgages. Credit unions were not direct participants in subprime mortgage lending but lost money in the packaging of these subprime mortgage bonds, they purchased as investments. The bust of the subprime mortgage market decreased both housing construction and consumer spending for years.

No one has ever lost a penny in their credit union - but credit unions were still included along with the Wall Street Banks in the costly regulatory reform, the Dodd-Frank Act passed by Congress in 2010, designed to prevent banks from getting “too-big-to-fail” and creating a new Consumer Finance Protection Bureau (CFPB) designed to provide consumer protections and oversight.

With the recession, alongside with layoffs – companies froze their hiring, cut back on benefits, and moth-balled expansion plans. With a reduced workforce, businesses increased their utilization of technology and we saw the introduction of “fintechs” like Paypal, Quicken Mortgage, and Venmo, which provide digital-only financial services. Today, most clerical tasks can be completed through use of technology. As areas of commerce have been disrupted, consumers, especially millennials, are now used to a better experience – one that is faster, cheaper, and more convenient. The World, including credit unions, has experienced a technology revolution.

Beginning in 2016, to remain relevant in providing “members financial solutions made easy,” your Credit Union embarked on a long-term strategic plan to update the Credit Union’s infrastructure, its products/services, and its culture, to better serve you - our members. Our overarching goal is that members will be able to do their banking ... “24-hours-a-day, 7-days-a-week, from anywhere in the world.” We are not quite there yet, but we have made significant progress.

Treasurer's Report

Your Credit Union showed marked improvement in all financial areas during fiscal year ended December 31, 2018. The Credit Union's assets increased to \$497 million from \$459 million at December 31, 2017 – an 8% increase.

Loans

Loans increased to \$395 million from \$307 million at December 31, 2017 – a 29% increase. Your Credit Union made \$190 million in new loans to members during 2018 – a record year. At December 31, 2018 the Credit Union's loans-to-shares ratio is 94%, meaning that for every \$1 dollar deposited, the Credit Union is loaning out 94 cents of that dollar. This is our measure of how well we are fulfilling our mission of "loaning money to members for provident purposes".

Deposits

Members' deposits increased to \$419 million from \$409 million at December 31, 2017, an increase of \$10 million or 2%. During 2018 the Fed raised short-term interest rates four times, increasing the competition for all deposit types, but especially money market and certificates. The Credit Union always maintains competitive deposit rates and we survey market rates weekly to ensure that our rates remain competitive. Your Board increased the rates on all our certificates January 1, 2019 and, for a limited time, the Credit Union is currently promoting some great certificate specials.

Members

Your Credit Union added a record 3,751 members in 2018 and ended the year with 44,084 members, up from 42,749 at December 31, 2017, a 3% increase.

Profitability

Your Credit Union continues to be a well-capitalized credit union as defined by NCUA, ending 2018 with net worth ratio of 10.11%. Well-capitalized is defined as >7.0% net worth. The Credit Union's net income grew to \$3.3 million for 2018 versus net income of \$2.3 million for 2017, a 43% increase. Our improved profitability can be primarily attributed to increased interest income from the 29% growth in members' loans outstanding. Our mission is to make loans to our members; we also earn more on our members' loans than we do on idle investments.

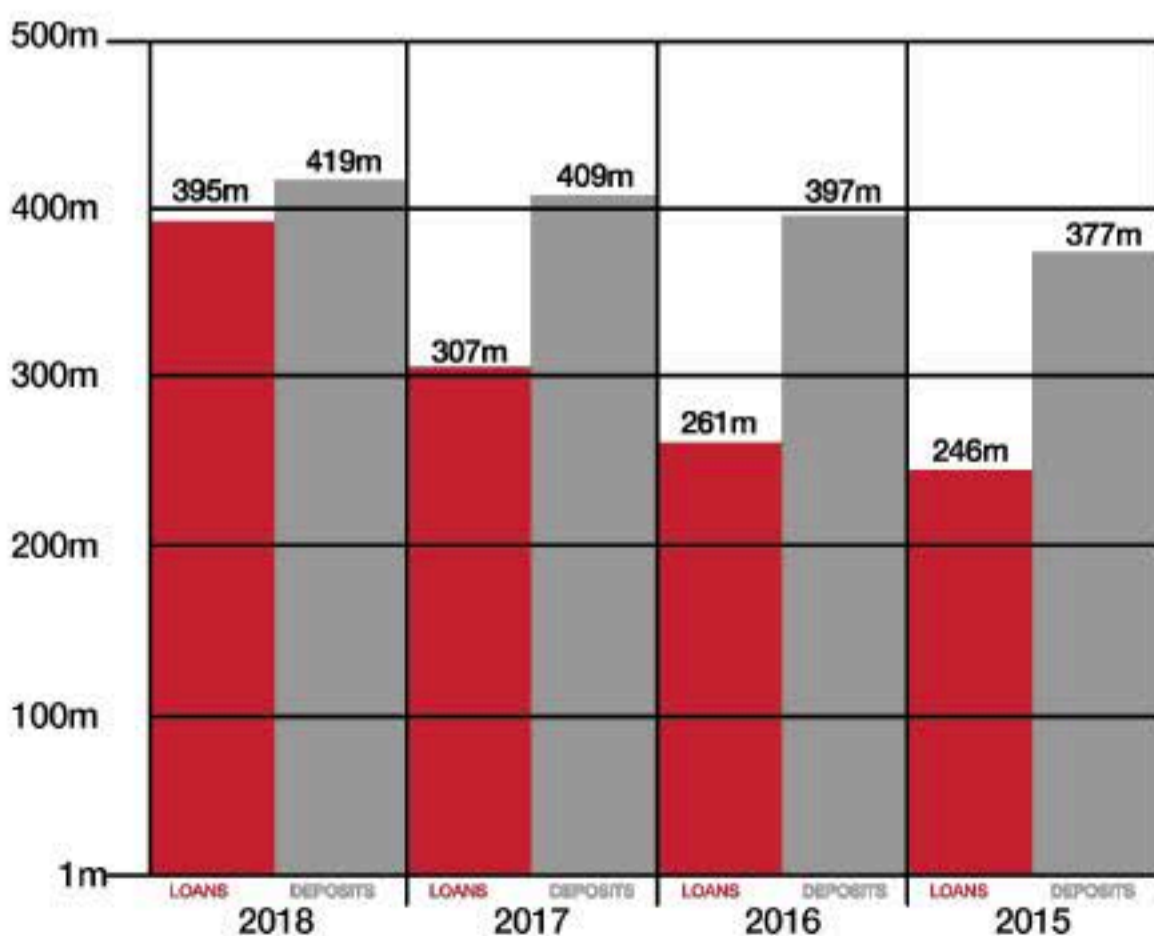
Supervisory Committee Report

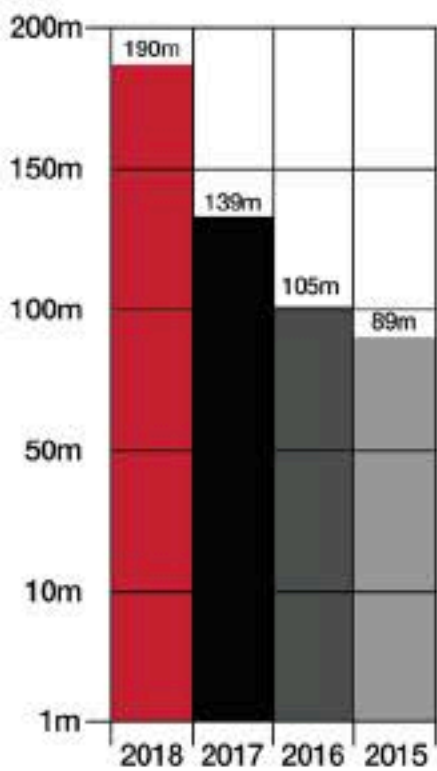
Your Supervisory Committee is composed of dedicated volunteers who are not employees of the Credit Union. Committee members are appointed annually by your Board of Directors. The Federal Credit Union Act holds the Supervisory Committee responsible for representing the members' interest in providing oversight of the Credit Union's Management, ensuring that safe and sound practices are being followed, ensuring that proper internal controls are maintained, and ensuring the accuracy of the Credit Union's financial statements.

During the year, the Committee has worked closely with our internal audit department, has engaged the services of independent auditors to conduct periodic audits of the Credit Union's operations, and engaged a separate independent auditing firm to conduct an audit of the Credit Union's financial statements for the year ended September 30, 2018. The Committee meets regularly and reviews the results of the operational audits and makes reports to the Board of Directors of the findings. The annual financial statement audit resulted in an unqualified or "clean" opinion on the Credit Union's financial statements.

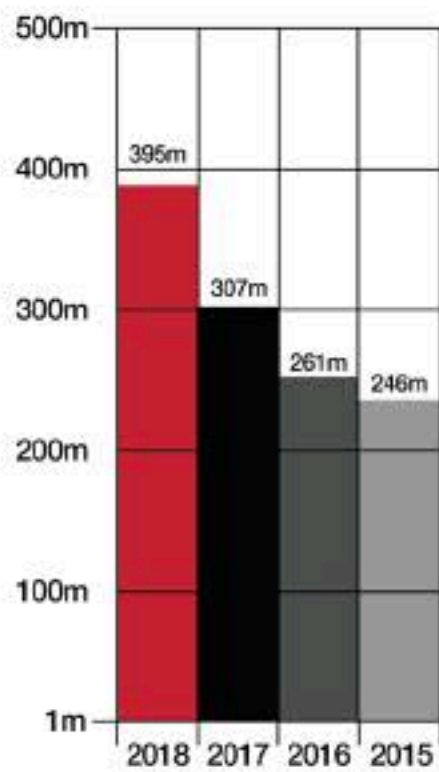
The Credit Union is also examined annually by the National Credit Union Administration (NCUA). The Committee is responsible for meeting and reviewing the NCUA examination and reporting the results of the examination to the Board of Directors and Management.

Loans v Deposits

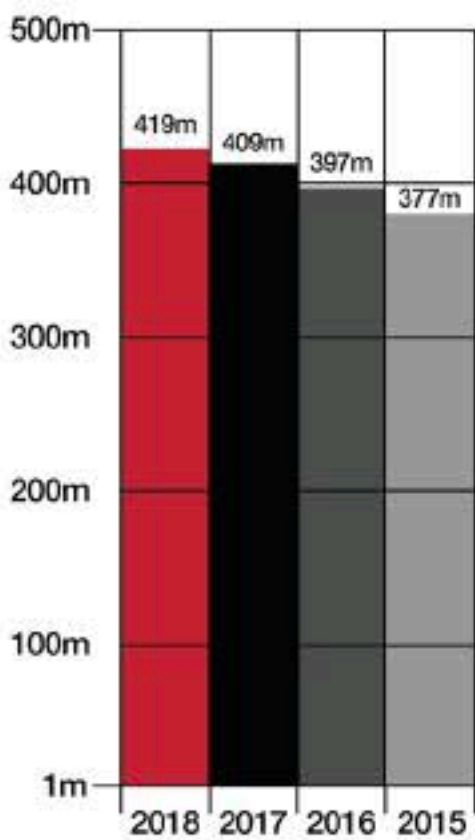




Loans Year To Date

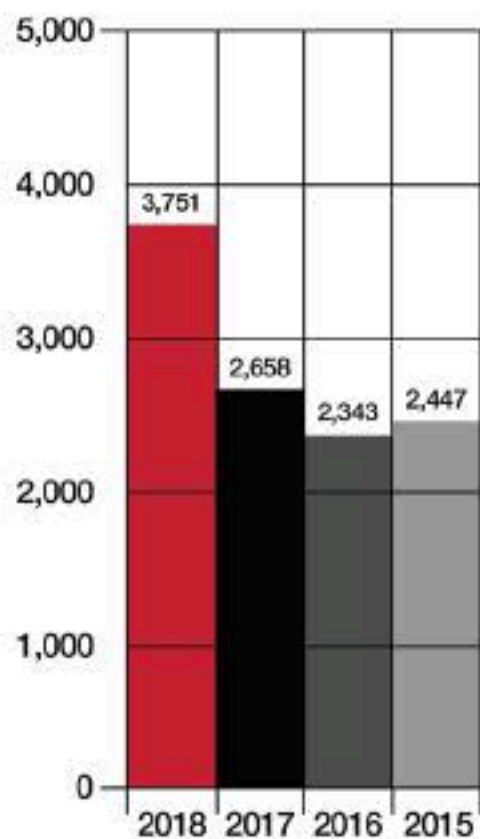


Loans Outstanding



Deposits

Memberships





Service Locations

NEW!

Digital Branch
enrichmentfcu.org

or call toll-free
800-482-0049

Oak Ridge Main Office

201 South Illinois Ave.
Oak Ridge, TN 37830
865-482-0045

West Knoxville

9210 Kingston Pike
Knoxville, TN 37922
865-531-4727

Clinton

1116 N. C. G. Seivers Blvd.
Clinton, TN 37716
865-457-1266

North Knoxville

5201 Schubert Road
Knoxville, TN 37912
865-688-0866

Kingston

1009 Bradford Way
Kingston, TN 37763
865-376-3451

Northshore

9419 S. Northshore Drive
Knoxville, TN 37922
865-531-1600

Midtown

1834 Roane State Hwy.
Harriman, TN 37748
865-376-3587

Halls

7005 Maynardville Hwy.
Knoxville, TN 37918
865-922-1414

New Tazewell

404 S. Broad Street
New Tazewell, TN 37825
423-626-5505



National Credit Union Administration,
a U.S. Government Agency -
Member accounts are federally
insured to at least \$250,000 and
backed by the full faith and credit of
the United States Government.