



**Educational
Employees**
CREDIT UNION

Experience the difference.

We are
**CENTRAL
VALLEY.**
And
PROUD OF IT.

EDUCATIONAL EMPLOYEES CREDIT UNION

2009 Annual Report



A Message from the **CHAIR & PRESIDENT**

Educational Employees Credit Union has been part of the Central Valley for **76 years**. **We take pride in our community** and consider ourselves fortunate to live, work and play in such a beautiful part of California and our nation. From our bountiful farmland, to our abundant sunshine, to our cultural diversity, to our friendly residents – **there are so many reasons to love the Valley!**

We love our members, too! In 2009, we introduced the We Take You Personally campaign. When you become a member of EECU you're more than just a number – you become part of our family. Our goal is to provide you with financial options that fit you perfectly, and to provide you with personal, unrivaled service.

Since we opened our doors in 1934, **EECU has become one of the most respected credit unions in the United States**. As of December 31, 2009, EECU is the 60th largest credit union in the U.S., the 12th largest in California, and the largest locally-based in the Central San Joaquin Valley; in 2009 our membership grew to over 178,000, and assets grew to over \$1.8 billion. Your satisfaction is important to us, and we are proud to report that last year's annual member survey showed that 98.2 percent of our members were "satisfied" or "very satisfied" with the quality of service that we provide.

While serving our members is a primary concern, **EECU also recognizes the importance of giving something back to the communities we serve**. In 2009 we sponsored a number of events, including the Civil War reenactment, UC Merced graduation commencement, Break the Barriers fundraiser, March of Dimes Walk, Extreme Home Makeover Fresno home project, and Children's Hospital Central California Kids Day. Our employees gave their time and money to support the American Cancer Society, St. Jude Dream Home, Boy Scouts of America, Children's Miracle Network, and the Community Food Bank, to name a few. In addition, the credit union provides significant funding to support programs and organizations that enrich the overall quality of life far beyond the limits of our membership throughout the Central Valley.

We make financial literacy a top priority, and our financial education program continues to grow. Since January 2009, we have provided over 300 workshops to nearly 14,000 students from kindergarten through college, as well as faculty, parents, non-profits, and other business organizations. We make financial literacy a top priority, especially for our younger members. Our efforts will have far-reaching benefits as our students mature into productive and financially secure adults.



Your credit union Board members, management, and staff take great pride in the success of your credit union. While we continue to develop new products and services to meet the financial needs of our membership as a whole, we also promise to meet our members' individual needs. **At EECU, we really do take our members personally.**

We would like to thank the volunteer officials, management, and staff of the credit union for providing exceptional service to our members. And we also thank you, our valued members, for your continued loyalty and trust in EECU. **We wouldn't be where we are today without your support.**

Barbara Thomas
Chair, Board of Directors

Elizabeth J. Dooley
President/CEO

A Message from the
**SUPERVISORY
COMMITTEE**

I am pleased to report that our year-end financial statement audit conducted by an independent third-party indicated that your credit union's financial statements were properly prepared and presented in accordance with generally accepted accounting principles, resulting in an "unqualified opinion." Combined with periodic regulatory examinations, members should feel confident that **the credit union's financial performance and operations are regularly evaluated for safety and soundness.**

William G. Clark
Chair, Supervisory Committee

Board of
DIRECTORS

Barbara Thomas
Chair

Frank V. Powell Ph.D.
Vice Chair

Rick Browning
Treasurer

Derek Scharton
Secretary

Cleo Bauer-Papagni
Dean Clark
Paul Hokokian
Carol Munshower
David A. Roberts

Supervisory
COMMITTEE

William G. Clark
Chair

Walter A. Franzell
Secretary

Stephen Corl
Tom Harrison
Darel Mehrten







BALANCE SHEET

As of March 31, 2010

Assets

| | |
|-----------------------------|----------------------|
| Member Loans | \$902,220,806 |
| Allowance for Loan Losses | (30,457,221) |
| Deferred Loan Fees | 2,031,262 |
| Net Loans to Members | \$873,794,847 |

| | |
|---|------------------------|
| Accrued Interest Receivable | \$7810,379 |
| Cash/Cash Equivalents | 166,939,203 |
| Investments | 750,420,469 |
| Unrealized Investment Holding Gain (Loss) | 1,471,327 |
| Property and Equipment | 15,022,760 |
| NCUSIF | 16,402,498 |
| Other Assets | 35,505,787 |
| Total Assets | \$1,867,367,270 |

Liabilities & Equity

| | |
|----------------------------|------------------------|
| Liabilities | \$15,253,718 |
| Regular Shares | \$556,393,027 |
| IRA Shares | 13,114,511 |
| Special Share Certificates | 737,892,838 |
| IRA Certificates | 147,628,203 |
| Share Drafts | 230,036,525 |
| Total Member Liability | 1,685,065,104 |
| Total Liabilities | \$1,700,318,822 |

| | |
|---|------------------------|
| Retained Earnings | \$166,106,611 |
| Unrealized Investment Holding Gain (Loss) | 1,471,327 |
| Unrecognized Postretirement Gain (Loss) | (529,490) |
| Total Liabilities and Equity | \$1,867,367,270 |

EECU Size Ranking (as of 12/31/09)

| | |
|----------------|----|
| Central Valley | 1 |
| California | 12 |
| United States | 60 |

CONSOLIDATED INCOME STATEMENT

April 1, 2009 - March 31, 2010

Revenue

| | |
|--------------------------------|----------------------|
| Income from Loans | \$57,797,025 |
| Income from Investments | 28,079,250 |
| Fees and Charges | 10,448,004 |
| Miscellaneous Operating Income | 11,387,204 |
| Total Revenue | \$107,711,483 |

Interest Expense

| | |
|-------------------------------|---------------------|
| Dividend Expense | \$24,033,927 |
| SIP Interest Expense | 21,827 |
| Total Interest Expense | \$24,055,754 |

Operating Expense

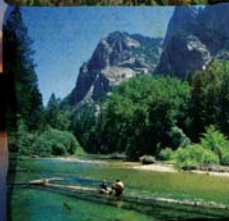
| | |
|------------------------------------|---------------------|
| Employee Compensation and Benefits | \$21,118,682 |
| Education and Development | 316,084 |
| Office Occupancy Expense | 3,004,482 |
| Office Operations Expense | 8,135,401 |
| Educational/Promotional | 3,189,651 |
| Loan Servicing Expense | 4,898,173 |
| Professional and Outside Services | 2,485,756 |
| Provision for Loan Losses | 28,578,186 |
| Miscellaneous Expense | 390,754 |
| Sundry Expense | 542,730 |
| Total Operating Expense | \$72,659,899 |

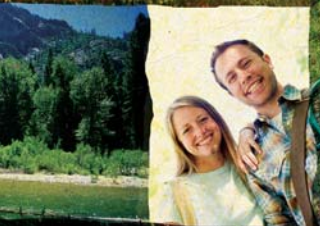
Net Income before NCUSIF Recapitalization

and Premium Assessment. \$10,995,830

| | |
|-----------------------------------|--------------------|
| NCUSIF Recapitalization Income | \$10,524,790 |
| NCUSIF Premium Assessment Expense | 655,729 |
| Total NCUSIF Adjustment | \$9,869,061 |

Net Income **\$20,864,891**





June 12, 2009

ANNUAL MEETING MINUTES

Call to Order

Elizabeth J. Dooley, President/CEO welcomed everyone. She introduced Eddie, the credit union's mascot, and asked the children to join him on the playground.

President/CEO Dooley offered Annual Reports that were distributed by staff. She noted that copies of EECU's full audited statement of financial condition as of year-end 2008 were available from Elena Martin, Controller. She introduced Attorney Jan Perkins of Perkins, Mann, and Everett, who would serve as parliamentarian for the evening. She then introduced Barbara Thomas, Chair of the Board.

Chair Thomas called the business meeting to order on Friday, June 12, 2009, at Cobb Ranch, at 7:38 pm and again welcomed those present. She announced that once again members chose EECU as the best credit union in the Central Valley (for 2008) and thanked the members who voted.

Chair Thomas said that the Board of Directors and the Supervisory Committee wanted to recognize President/CEO Elizabeth Dooley for her leadership, and she thanked the employees for their outstanding work and commitment to excellent member service.

Chair Thomas stated the purpose of the meeting – to celebrate EECU's 75 years of great success, have a little fun, and to fulfill the legislative requirement to have an annual meeting of the membership. The agenda included:

Presenting the Annual Report which contains the financial statements. Presenting the results of the election process. Announcing the recipients of EECU's grant programs.

Introduce Officials

Chair Thomas introduced the members of the Supervisory Committee present: Officials Willie Clark – Secretary, Walter Franzell, Tom Harrison, and Darel Mehrtens. Board of Directors present: Frank Powell – Vice Chair, Rick Browning – Treasurer, Derek Scharton – Secretary, Cleo Bauer-Papagni, Dean Clark, Paul Hokokian, Carol Munshower, and Dave Roberts.

Roll Call

Chair Thomas referred to EECU's Bylaws, which state that a quorum of at least 25 members must be present to conduct the Annual Meeting. She reported that attendance totaled 2,150, and she thanked everyone for coming.

Approval of Minutes

Chair Thomas referred to the minutes of the last Annual Meeting included in the Annual Report and asked for a motion of approval.

ACTION

Dominic Papagni moved to approve the minutes of the Annual Meeting of EECU held on June 13, 2008, as presented. The motion, seconded by Guadalupe Flores, was voted on and passed.

President/CEO's Report

Chair Thomas asked President/CEO Dooley to talk about what is going on in the financial world.

President/CEO Dooley remarked:

EECU celebrated its 75th anniversary this year, as one of the largest credit unions in the San Joaquin Valley, 13th largest in California, and 57th largest in the United States. "...the basic credit union philosophy and commitment to excellent member service has remained the same." Despite the current economic conditions, EECU is still showing positive gains in membership and deposits. The credit union industry has also been impacted by the unprecedented economic environment – 18 credit unions failed in 2008, 5 so far in 2009, and 2 large corporate credit unions were placed into conservatorship. Credit unions are insured by the National Credit Union Administration (NCUA), which is financed by assessments on credit unions; so credit unions pay their own insurance costs. The recent credit union failures put a strain on the NCUA insurance fund, so the remaining credit unions faced significant additional assessments. The bottom line impact on EECU was an overall significant net adjusted loss for 2008, a year that would have otherwise shown positive income and been profitable. EECU still is in very good shape in spite of these considerable NCUA assessments.



We continue to be well capitalized and continue to make loans to qualified borrowers. In fact, deposits grew by over \$100 million in the first quarter of 2009, and a new branch will be opened in Visalia later this year. Amidst all of this economic turbulence, EECU remained an active partner in our community. We provided a financial literacy program that touched over 9,100 people in 2008; and we were involved in a number of other activities, such as the William Saroyan Celebrations. EECU's employees continued their community support with generous donations of time and money. For example, over \$50,000 went to an array of organizations – American Cancer Society, United Way, etc. – and to groups of children in low income areas who needed shoes, books, and computer equipment.

“So you see, we really do Take You Personally!”

We are starting to see the light at the end of the tunnel; but until that happens, our experienced Board of Directors and management team will continue to make the prudent decisions necessary to keep EECU on a very solid financial footing. Thank you for your membership!

EECU Education Grants

Chair Thomas said that education is the cornerstone of our society, and EECU's Board has designated money to members of the credit union for education grants. She recognized Michelle Hernandez, Product Manager, who has done a fantastic job of administering the program for seven years. She also acknowledged the volunteer grant readers, members who spend countless hours reviewing the grant applications. She referred to the poster listing all of the recipients and read the names of the five-time, three-time, two-time, and first-time recipients present.

Chair Thomas recognized the recipients of the Employee Grant Program, awarding 20 \$1,000 grants to dependents of employees, 13 of whom were present.

Election Report

Chair Thomas asked Dick Ashjian, Senior Vice President (SVP) Risk Management, to give the report. SVP Ashjian said that each year EECU seeks volunteers

from the membership as potential candidates for the Board of Directors and Supervisory Committee, starting in November 2008 through January 2009. This year there was no contest for the available positions. Therefore, as provided in the EECU Bylaws (*Section 501(c) noted below*), the Board of Directors will declare that those nominated and qualified to be elected are elected without the need for an election. They are as follows:

(Section 501(c) of EECU's Bylaws states that if no more nominations are received than the number of vacant positions, the Board may decree that those nominated and qualified are elected. Because the number of candidates nominated and qualified are the same, the Board of Directors has resolved that those nominated and qualified to serve on the Board and Supervisory Committee are elected. Those elected for three-year terms are as follows.)

Board of Directors

Dean Clark (one-year term)
Paul Hokokian (three-year term)
Frank Powell (three-year term)
Derek Scharton (three-year term)

Supervisory Committee

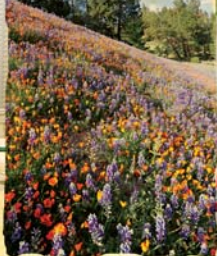
Willie Clark (three-year term)
Darel Mehrten (one-year term)

The Chair and the Secretary of EECU hereby certify the results of this election conducted in conformity with the provisions of applicable law and our Bylaws.

Adjournment

Chair Thomas declared the business meeting adjourned at 8:06 pm. There was a drawing for door prizes, and the table centerpieces were given to those with birthdays closest to the date of the Annual Meeting. All of those present were invited to enjoy the activities until 9:00 pm.

Barbara Thomas, Board Chair
Derek Scharton, Secretary
M. Levandusky, Executive Secretary



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Mailing Address

P.O. Box 5242, Fresno, CA 93755

Toll-Free Nationwide

1-800-538-EECU (3328)

Personal Telephone Access

1-800-649-4PTA

Internet Access

www.myeecu.org

Branch Locations:

Clovis
Fresno
Hanford
Merced
Reedley
Selma
Visalia

Branch Hours

Mon. – Thurs. • 9 am – 5 pm
Fri. • 10 am – 6 pm

Member Service Center Hours

Mon. – Fri. • 7 am – 7 pm
Sat. • 9 am – 1 pm

