



ANNUAL REPORT

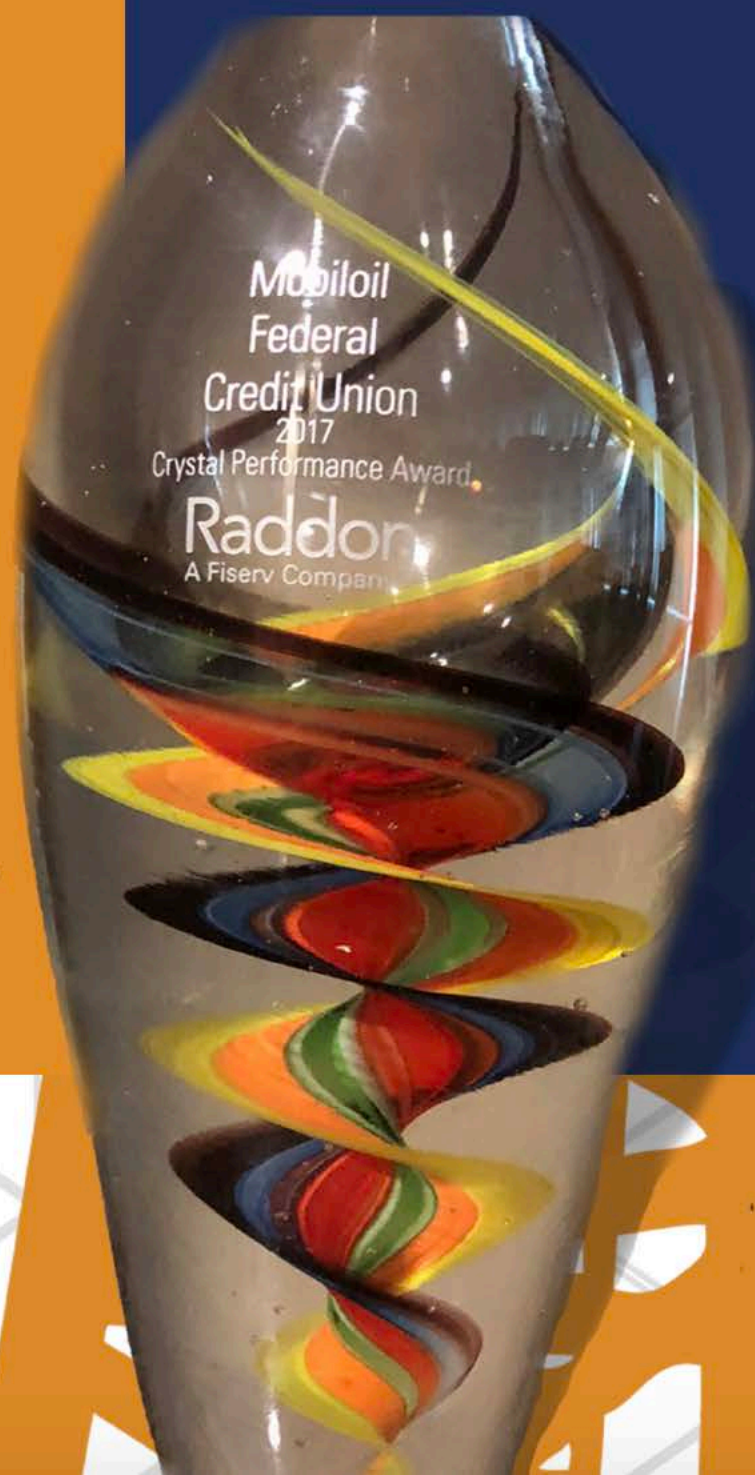
2018

Mobiloil
CREDIT UNION

CRYSTAL

PERFORMANCE AWARD

For the sixth year in a row, The Crystal Performance Award was designed to recognize credit unions for achieving a top ten ranking based on the Raddon Performance Index™, a balanced scorecard measurement of growth, income, efficiency and margin management. Each year, more than 500 credit unions were evaluated for the Crystal Performance Award through Raddon's Performance Analytics program. Each of the winners ranked among the top two or three percent of all credit unions analyzed by Raddon for two consecutive reporting periods. Eligibility for the Crystal Performance Award is determined by a credit union's participation in the Performance Analytics program for an in-depth analysis of the credit union's financials, sales, products and member household relationships. Beginning in 2009, Raddon recognized the top credit unions in two asset classes based on their performance: credit unions above \$500 million and below \$500 million in assets.





AGENDA

CALL TO ORDER

RICHARD HEGELE

1

INVOCATION

FLOYD PRICE

2

ASCERTAINMENT OF A QUORUM

PAUL WHEELINGTON

3

PRESENTATION OF REPORTS

RICHARD HEGELE

4

MINUTES OF 83RD ANNUAL MEETING

The 83rd Annual Membership Meeting was held at Mobiloil Federal Credit Union, 1810 N. Major Drive, Beaumont, Texas 77713 on Thursday, March 8, 2018 at 6:20 p.m.

Chairman, Richard Hegele, called the meeting to order at 6:30 p.m. He welcomed everyone to the 83rd Annual Membership Meeting and stated that he would present financial reports, and election results. He added that like last year, tonight's meeting would follow the suggestions of the League and CUNA, covering the minimum requirements for the annual membership meeting as prescribed by the by-laws. The Membership Meeting will begin with a prayer.

Giacomo Figlia, a Credit Union volunteer gave the invocation. The Chairman thanked Mr. Figlia.

Chairman Hegele asked Mr. Wheelington to affirm the presence of a quorum. Chairman Hegele thanked Mr. Wheelington. Having so affirmed, the minutes of the 83rd Annual Meeting were presented for approval. A motion to approve the minutes was made by Ronnie Sciarrilla and seconded by Tony Lucenti. The membership unanimously approved the minutes as presented in the members' programs.

Chairman Hegele announced that there were four (4) Board positions requiring re-election by the membership. As prescribed by our credit union by-laws, the Board Nominating Committee made one nomination per Board position. Notices were mailed to all members announcing the election and the annual meeting time and place. There were no nominations made by membership petition, therefore, by acclamation, the four (4) nominees stand re-elected to the Board of Directors for a three (3) year term.

Congratulations to: Richard Hegele, Scott McCauley, Ronnie Sciarrilla, and Gary Waldrop.

The four board members should be familiar faces to all of the members. These four Directors have over 90 years of volunteer service on the Board and to the members. Thank you for your dedication and continued commitment to the Mobiloil Federal Credit Union. Special thanks to Phillip Brent for leading the Nominating Committee this year and for assuring that all the mail outs and required paper work was handled correctly. All the directors and volunteers were asked to stand while everyone showed their appreciation with a thank you.

The chairman shared with the members that for their review, the required financial reports were in the program. There were no questions about any of the reports.

It was announced that the business portion of the program was concluded. The chairman asked for a motion to adjourn. James Nezat made the motion and Tonya Tanner seconded the motion. The motion to adjourn carried. The meeting adjourned at 6:30 p.m. Chairman Hegele thanked everyone for coming and indicated he hoped to see all of them next year.

PRESIDENT'S MESSAGE

2018 was another exciting year of growth and innovation at Mobiloil Credit Union. We ended the year with a total of \$656 million loaned to members and attained a record-high of \$805 million in assets. We are in a strong position financially as we move forward in the coming year. As the largest credit union in Southeast Texas, our primary mission is to focus on enhancing the lives of our members, staff, and community while meeting your financial needs at every stage of life. After all, this is why we exist.

Our steadfast commitment to providing the highest standard of service while going above and beyond to provide a memorable experience is the purpose that guides our 2018 initiatives. We successfully implemented updates to a number of software platforms, improved upon our online and mobile channels by adding new features, and conducted a record number of free financial education seminars both to our membership and the public. We deployed a modern online mortgage processing system that allows our members to have a simplified and streamlined experience when working with our mortgage team.

As we continue to move forward, we are positioning your credit union for the future. In 2019, Mobiloil CU looks to streamline wait time for lobby traffic by rolling out Smart Solutions at select locations. We also plan to increase our geographical footprint by adding a branch in Dayton, Texas. We recently purchased property in Silsbee, Texas and will be building a branch in the near future. We also plan to re-open our original Mid County location which sustained extensive damage from Hurricane Harvey. It will have a completely new look and feel, as we introduce a more contemporary branch layout. It is the credit union's vision to build relationships that empower a lifetime of personal and financial well-being. We carry that out daily through our member-focused approach – whether helping the first time car buyer, assisting families in purchasing their first home or fulfilling the dreams of businesses.

I would like to note that we are in an increasing interest rate environment. With that being said, we are very sensitive to the needs of our members. While you may have seen some rate increases on both loans and deposits, our objective will be to manage this new economic environment in order to benefit our overall membership.

I would be remiss if I didn't take this opportunity to share what an absolute honor it is to have been chosen to serve as President and CEO of Mobiloil Credit Union. For almost a decade, our previous President and CEO, Bob Hamer, lead our credit union to substantial growth while maintaining a financially sound institution. He retired in July, 2018. I am very blessed to have been able to work with Mr. Hamer over those years. I would personally like to thank him for his dedication to our organization. I also would like to thank the Board of Directors for their confidence in me, as well as our dedicated staff. Our staff's commitment is unparalleled to any other institution in our area.

Thank you again for allowing me the privilege to serve the members of Mobiloil Credit Union. On behalf of the Board of Directors, Management and our more than 220 employees, please accept our sincere appreciation for your membership and the trust you place in us.

John Doucet
President/CEO

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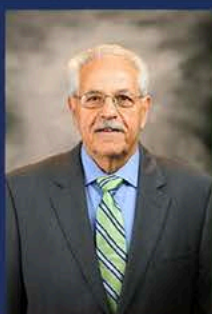
BOARD OF DIRECTORS



Richard Hegele
Chairman



Gary Waldrop
Director/1st
Vice Chair



Tony Lucenti
Director/2nd
Vice Chair



Paul Wheelington
Director/Secretary &
Treasurer



Richard D. Newton
Director
Supervisory
Committee Chair



Phillip Brent
Director/Membership



Giacomo Figlia
Director



Scott McCauley
Director



**Raul "Lito"
Morales**
Director



Floyd Price
Director



Ronnie Sciarilla
Director

Associate Board Members



David L. Bost



Brenda Maldonado

SENIOR MANAGEMENT TEAM



JOHN DOUCET
President/CEO



CLINT WALTERS
Senior Vice President/COO



JONATHAN HASKETT
VP of Lending



KEISHA SMITH
VP of Human Resources & Training



LISA MILLER
VP of Branches



LAEDRA JONES
VP of Virtual Services



TABETHA FRANKLIN
VP of Marketing



BAMBI MCGINN
VP of Information Systems & Technology

SUPERVISORY COMMITTEE REPORT

Efficient and effective internal controls, as well as compliance with regulations, policies, and procedures, are paramount in the Supervisory Committee's responsibilities in ensuring the overall soundness of Mobiloil Federal Credit Union. This is accomplished through regular external examinations and internal reviews. The annual financial audit was performed by Wathen, DeShong, and Juncker, a local CPA firm, and covered the twelve (12) months ending June 30, 2018. The audit was performed in accordance with generally accepted audit standards and included evaluation of the credit union's financial statements.

The auditors considered the financial statements acceptable, thus rendering an unqualified or "clean" audit opinion, which is optimal. The last regular NCUA Federal Examination was performed as of March 19, 2018. This examination indicated very sound financial condition and management. The next NCUA Federal Examination is anticipated to be in the first half of 2020.

As your representative of Mobiloil Federal Credit Union, I attest that the Supervisory Committee will continue to monitor credit union operations while striving to make the credit union the very best financial institution in Southeast Texas.

Richard D. Newton

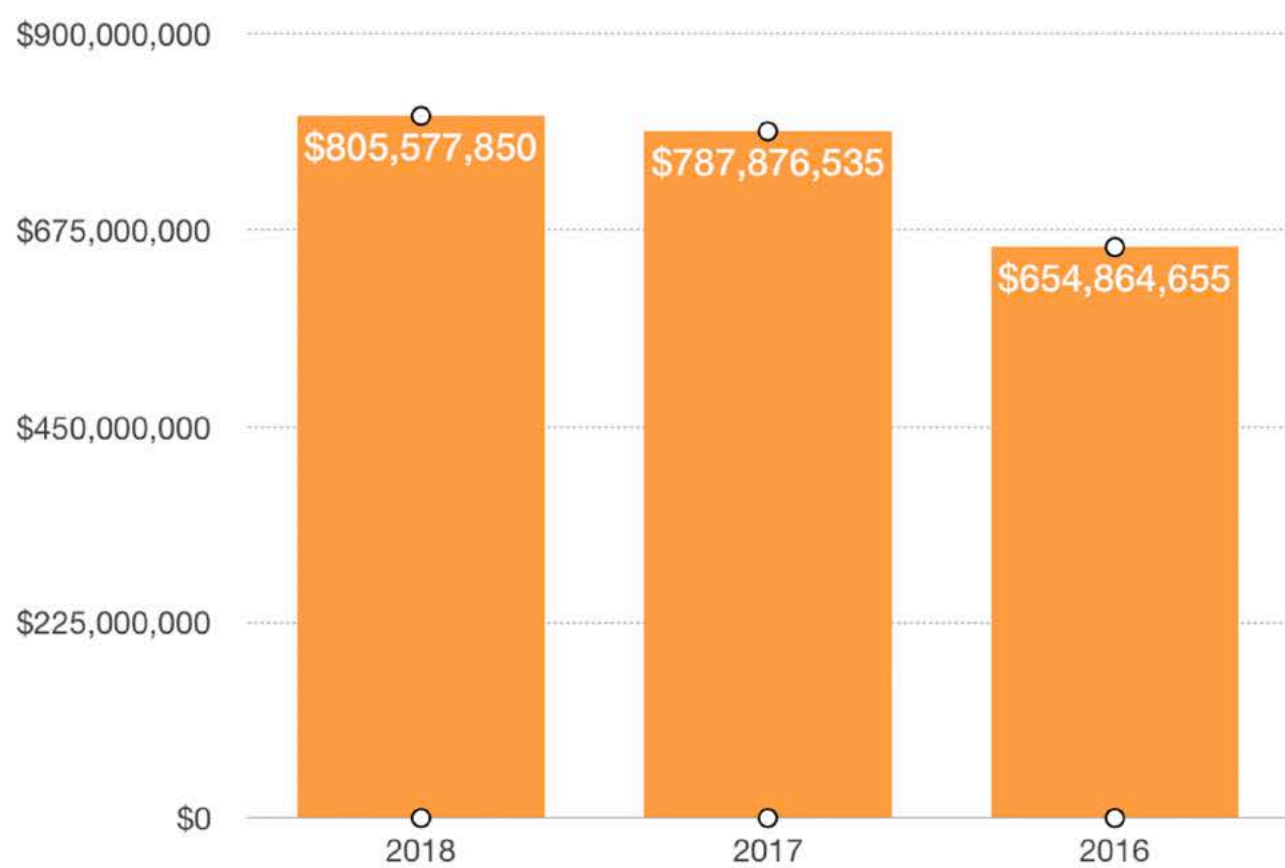
investing in **you.**

ANNUAL REPORT 2018

ANNUAL FINANCIAL REPORT 2018

	Dec 2018	Dec 2017	Dec 2016
Assets			
Loans	\$656,060,927	\$600,552,449	\$559,353,480
Allowance for Loan Loss	(\$6,243,916)	(\$5,803,320)	(\$5,233,338)
Accounts Receivable	\$217,488	\$159,003	\$111,285
Cash	\$79,430,413	\$126,499,454	\$47,109,249
Investments	\$28,100,204	\$23,265,383	\$29,235,921
Other Assets	\$48,012,733	\$43,203,565	\$24,288,059
Total Assets	\$805,577,850	\$787,876,535	\$654,864,655
Liabilities and Equity			
Other Liabilities	\$114,870,118	\$80,099,748	\$93,153,080
Shares and Deposits	\$591,910,928	\$620,552,373	\$483,226,947
Regular Reserves	\$3,043,080	\$3,043,080	\$3,043,080
Undivided Earnings	\$95,753,724	\$84,181,335	\$75,441,548
Total Liabilities and Equities	\$805,577,850	\$787,876,535	\$654,864,655
Income			
Interest on Loans	\$30,013,067	\$27,993,615	\$25,428,123
Interest on Investments	\$1,814,126	\$914,793	\$577,665
Other Income	\$13,404,952	\$11,299,908	\$10,272,661
Total Income	\$45,232,145	\$40,208,317	\$36,278,450
Expenses			
Salaries and Benefits	\$13,661,977	\$12,881,406	\$10,989,033
Provision for Loan Loss	\$3,563,785	\$4,244,331	\$3,332,368
Operating Expenses	\$13,200,283	\$11,240,808	\$10,124,401
Total Expenses	\$30,426,045	\$28,366,545	\$24,445,803
Non-Operating Inc (Exp)	\$290,049	\$193,237	\$23,232
NCUSIF Stabilization Exp	\$0	\$0	\$0
Net Earning Distribution			
Undividend Earnings	\$11,572,389	\$8,739,787	\$8,906,941
Dividends	\$3,523,761	\$3,295,222	\$2,948,938
Total Net Earning Distribution	\$15,096,149	\$12,035,009	\$11,855,879
Total Mobiloil FCU Members	56,518	51,886	47,784

ASSET GROWTH TREND



LENDING REPORT

In 2018 we focused on updating our commercial underwriting software, we migrated from our credit bureau provider Equifax over to Experian and completely overhauled our mortgage department. With our continued focus on providing great products and service in lending we continued to see a strong growth in our loan portfolio and exceeded our loan growth goal by over \$25MM. As we want to continue to maintain and grow our loan portfolio in 2019, we will need to be more aware of the rising rate environment and pay more attention to our cost of funds. The lending area will need to play an important part in bringing more deposits in to the credit union. A concentration will be placed on relationship pricing. Providing opportunities for rate discounts based on the amount of services a member or potential member is willing to utilize Mobiloil for will help to increase our product usage and deposits. 2019 will be a year for the lending area to help drive more business to all of areas of the credit union.



SMART CHANGE FINANCIAL EDUCATION

Smart Change is Mobiloil Credit Union's financial wellness program dedicated to providing resources and tools to help our community better understand their personal finances. Smart Change is also available to area businesses and their employees.

This is a free service, with no cost to the employer or employee.

In addition to great products and services, your company or organization can take advantage of the many other benefits that Smart Change has to offer. These benefits include associate engagement opportunities and seminars at your office.

Below is a list of our current suite of seminar topics.

- Credit Score Management
- Build a Basic Budget
- Identity Theft Protection
- Car Buying 101

4527 TOTAL NUMBER OF ATTENDEES
128 TOTAL NUMBER OF SEMINARS

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Mobiloil

CREDIT UNION

SCHOLARSHIP RECIPIENT

Kelsey Payne
Benjamin Jeansonne
Caleb Garza
Mason Caillier
Rylee Smith
Meghan Jordan
Katherine Kirchmer
Matthew Powers
Kathy Tran
Jordyn King
Isabella Kimball
Matthew Peckham
Mason Caillier
Meghan Jordan
Ezra Lovett
Heaven Relford
Mason Caillier
Paityn Brumley
Ezra Lovett

The logo features a large, stylized letter 'M' composed of several overlapping geometric shapes in shades of orange and dark blue. The background is white with a faint, light gray grid of triangles.

Mobiloil **CREDIT UNION**

www.mobiloilcu.org

Follow us on |      | @mobiloilcu