



2024
ANNUAL
MEETING

Central Middle School
200 N. 17th Street

Tuesday, April 23, 2024
5:30 p.m.

VISION STATEMENT

The community's
first choice today and
tomorrow.

MISSION STATEMENT

MCT has a passion for our Members' financial well-being by responsibly delivering innovative products and services in a fun, friendly atmosphere while creating member loyalty.

BUSINESS MEETING AGENDA

1. Establish a Quorum
2. Approve 2023 Meeting Minutes
3. Board Chairman Remarks
 - Introduction of Board
 - 2023 Bylaw Amendment
4. CEO Report
 - Introduction of Credit Union Staff
 - Employee Service Recognition
 - CEO Remarks
5. Audit Committee Report
6. Old Business
7. New Business
 - Election of Directors
 - Door Prize Drawings
8. Adjournment

MCT Credit Union Annual Meeting Minutes

Date: February 28, 2023
Time: 5:30 p.m.
Place: Central Middle School

Directors Present: Randy Brown, Chairperson
Trent Devenzio, Vice Chairperson
Becky Demeter, Secretary/Treasurer
Dr. Kimberly Pitts
Dr. George Scott
Debbie Norris
Mike Laird
Jimmy Myers
Randy Chance

Directors Absent: None

Advisory Directors Present: Gary Tiner
Dr. Bobby Lopez
Zulema Escobedo

Advisory Directors Absent: Sheri Arnold

Also Present: Thad Angelle, Chad Powell, Karen Frederick,
Brandy Colunga, Magan Bordes
and Angela DeCuir

I. Call To Order

The meeting was called to order by the Chairman, Randy Brown, at 5:34 p.m.

II. Establishment of a Quorum

The Chairman, Randy Brown, asked if a quorum was established. A quorum was established by Angela DeCuir.

III. Annual Meeting Minutes

Randy Brown asked for a motion to dispense with the reading of the 2022 minutes.

Motion: A motion was made by Robert Withrow and seconded by Nellie Chance to dispense with the reading of the 2022 minutes. The motion carried with all in favor.

IV. Report of the Chairman

The Chairman, Randy Brown, introduced the members of the Board of Directors. He then called attention to the Chairman's report in the printed handout and made a statement.

V. Report of the President

Thad Angelle asked the staff to stand and be recognized. He also recognized three employees for their years of service; 20 Years - Michael Frazier, 10 Years - Trista Leonard, 10 Years - Christina Cousins
He gave a brief overview of the year 2022 and what's to come in 2023.

VI. Report of the Audit Committee

The Chairman called on Dr. George Scott, Audit Committee Chairman
George reported that the Texas Credit Union Department and American Share Insurance completed the primary insurance examination. Also, Moss Adams, LLP conducted the Opinion Audit, and all found the Credit Union in strong financial condition.

VII. Old Business

Randy Brown asked if there was any old business. There was no old business to discuss.

VIII. New Business

A. Election of Officers

The Chairman called on Randy Chance, Nominating Committee Chairman.
He reported the committee nominated the three nominees as follows:
Dr. George Scott, Rebecca Demeter, Mike Laird

The Chairman, Randy Brown, asked for a motion to approve the Nominating Committee's recommendation to appoint Dr. George Scott, Rebecca Demeter, and Mike Laird to the Board of Directors.

Motion: A motion was made by Joe Demeter, and seconded by Robert Withrow to elect the nominees. The motion carried with all in favor.

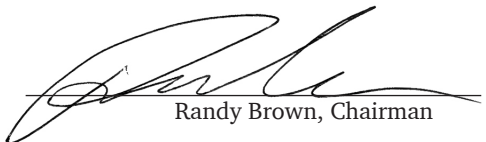
IX. Drawing of Door Prizes

Randy Brown called Mike Laird to conduct the drawing of the door prizes. The drawings for door prizes took place where 20 certificates for \$100 were given away, and in celebration of MCT's upcoming 70th anniversary one 70 inch television was given away.

X. Adjournment

There being no further business, the Chairman called for a motion to adjourn the meeting.

Motion: A motion was made by Mike Laird, and seconded by Joe Demeter to adjourn the meeting at 6:00 p.m. The motion carried with all in favor.


Randy Brown, Chairman


Becky Demeter, Secretary / Treasurer

CEO / CHAIRMAN REPORT

MCT Credit Union, and the financial industry as a whole, continued to rapidly evolve through inflationary and rising rate environments in 2023. The staff worked diligently to bring innovation and technology enhancements to advance the member experience. Knowledgeable staff and timely service continued to be a high priority for the Board of Directors and its Management Team. This collaborative effort resulted in another strong and financially sound earnings report for 2023.

The Credit Union's financial performance in 2023 was primarily defined by loan volume and investment fluctuations on the asset side of the balance sheet and deposit movement on the liability side. Loans increased in 2023 to \$233.7 million from \$221.2 million in 2022, which reflected a growth rate of 5.61%, down from 8.21% in 2022. This growth was driven by mortgage and commercial real estate loan increases of \$14.1 million. In addition, total investments declined from \$105.6 million in 2022 to \$89.3 million in 2023. The decline of total deposits from \$323.9 million in 2022 to \$312.8 million in 2023 had the most significant effect on liabilities. Shares and share drafts declined by \$19.4 million, while certificates and money markets increased by \$9.4 million. The 2023 financial reporting resulted in undivided earnings increasing from \$33.8 million in 2022 to \$34.6 million in 2023. Net earnings declined from 2022 but remained strong at \$1.0 million in 2023. The delinquency and charge-off ratios continue to be low and well below peer at 0.52% and 0.25%, respectively, reflecting a quality loan portfolio. Finally, the Credit Union recorded its largest increase in membership in over a decade at 7.05%, with total membership increasing from 19,763 in 2022 to 21,156 in 2023.

New projects and growth opportunities continued to be the major focus for 2023. For starters, the new Beaumont branch construction neared its completion. This will be the Credit Union's first fully automated branch utilizing the new Interactive Teller Machines (ITM). The ITM machines are operating in the Port Neches branch and are exceeding expectations, especially in the drive-thru operations. Also, as interest rates continued to rise, the Board of Directors approved the Kasasa Cash rate increasing from 2.50% to an industry best of 6.01% in 2023. We also enhanced the

financial literacy program to solidify our partnership with Lamar University and expanded the Banzai program to encompass 35 area schools. In addition, the youth account was completely rebranded to encourage more youth interaction and education. Finally, the Credit Union completed a website refresh to provide easier access to information and a better member experience.

The word of the year for MCT is “Evolve,” and that is precisely what the Credit Union will be doing in 2024. The new Beaumont branch, with its fully automated services and ITMs, is open for business and functioning great. The plans to convert all drive-thru operations to the ITM technology should begin later this year. Also, a new financial counseling program will be introduced to provide financial advisement and guidance that will assist the membership in managing their finances. The Credit Union will implement a new Person-2-Person (P2P) payment product, Payrailz, to provide fast and effortless transfer of funds. In addition, beginning the first quarter of 2024, member deposit accounts are insured for up to \$1 million per account with additional insurance coverage provided by Excess Share Insurance. Finally, the Credit Union will apply to expand its community charter by adding strategic surrounding counties designed to grow the membership.

As the MCT Team looks forward to another exciting year in 2024, the culture of the Credit Union, “Thank God It’s Monday,” continues to be its highest priority and the key to success. Thank you for your support and allowing us to meet your financial needs. As always, a big BOOYAH goes out to the Board of Directors for the vision and direction they provide and the Management Team and Staff for their commitment and caring attitudes while focusing on the membership. So together, let’s make 2024 the best year ever for MCT Credit Union. BOOYAH!

Thad Angelle
President/CEO

George G. Scott, Jr., DDS PA
Chairman of the Board of Directors

BALANCE SHEET

Assets	12/31/2023	12/31/2022
Cash	\$4,337,196	\$3,700,432
Personal Loans	\$86,191,797	\$88,944,898
Real Estate Loans	\$136,723,588	\$122,583,243
Business Loans	\$977,919	\$930,203
Credit Card Loans	\$9,828,376	\$8,851,565
Less Allowance for Loan Loss	\$(881,348)	\$(589,429)
Land and Building	\$10,179,035	\$8,164,598
Furniture and Fixtures	\$963,293	\$734,048
Investments	\$89,309,111	\$105,584,718
Other Assets	\$18,045,027	\$16,860,760
 Total Assets	 \$355,673,994	 \$355,765,036

Liabilities & Equity

Accounts Payable	\$4,262,741	\$4,632,653
Interest/Dividend Payable	\$221,859	\$103,327
Other Liabilities	\$8,588,191	\$481,230
Shares	\$160,473,457	\$169,681,628
Share Drafts	\$104,096,543	\$114,273,103
Certificates of Deposit	\$23,878,049	\$16,745,632
Money Market Funds	\$17,367,182	\$15,140,829
Individual Retirement Accounts	\$6,980,361	\$8,037,725
Other Comprehensive Income	\$(1,161,379)	\$(1,748,844)
Reserve Fund	\$3,933,574	\$3,933,574
Undivided Earnings	\$34,600,818	\$33,830,629
Accumulated Unrealized Gain (Loss)	\$34,600,818	\$33,830,629
On Available to Sale Securities	\$(7,567,402)	\$(9,346,450)
 TOTAL LIABILITIES AND EQUITY	 \$355,673,994	 \$355,765,036

Statistical Information

Number of Members	21,156	19,763
Growth in Membership	7.05%	0.04%
Operating Expenses as a Percent of Total Income	78.90%	84.67%
Total Loans as a Percent of Assets	65.71%	62.21%
Capital (Reserves & Undivided Earnings)	10.81%	10.60%
Investments as a Percent of Assets	25.11%	29.68%
Growth in Shares and Deposits	-3.42%	-1.47%
Growth in Loans	5.61%	8.21%
Growth in Assets	-0.03%	-2.01%

STATEMENT OF INCOME & EXPENSES

	12/31/2023	12/31/2022
Interest Income		
Income from Loans	\$11,273,866	\$9,462,671
Income from Investments	\$3,016,021	\$1,954,948
Total Interest Income	\$14,289,887	\$11,417,619
Interest Expense		
Dividends on Shares	\$671,866	\$305,738
Interest on Deposits	\$1,562,129	\$742,116
Interest on Borrowed Money	\$294,223	\$47,059
Total Interest Expense	\$2,528,218	\$1,094,913
Provision for Loan Losses	\$618,127	\$597,104
Non-Interest Income		
Fee Income	\$1,762,175	\$1,871,500
Other Operating Income	\$3,640,652	\$3,724,205
Gain(Loss) on Investments	\$ -	\$ -
Gain(Loss) on Disposition of Fixed Assets	\$(17,532)	\$78,562
Other Non-Operating Income (Expense)	\$632,212	\$524,550
Total Non-Interest Income	\$6,017,507	\$6,198,817
Non-Interest Expenses		
Employee Compensation and Benefits	\$7,845,809	\$6,857,885
Travel and Conference	\$282,563	\$273,313
Office Occupancy	\$1,056,307	\$901,620
Office Operations	\$3,720,817	\$3,286,130
Promotion and Marketing	\$1,135,595	\$967,019
Loan Servicing	\$386,134	\$443,614
Professional and Outside Servicing	\$1,628,788	\$1,534,631
Regulatory Fees	\$32,751	\$33,413
Miscellaneous	\$65,935	\$60,223
Total Non-Interest Expense	\$16,154,699	\$14,357,848
Net to Undivided Earnings	\$1,006,350	\$1,566,571

BOARD & ADVISORY DIRECTORS

NAME	TERM OF OFFICE EXPIRES
Jimmy Myers	2024
Randy Brown	2024
Trent Devenzio	2024
Randy Chance	2025
Debbie Norris	2025
Dr. Kimberly Pitts	2025
Dr. George Scott	2026
Rebecca Demeter	2026
Mike Laird	2026

ADVISORY

Gary Tiner
Dr. Bobby Lopez
Sheri Arnold

EXECUTIVE MANAGEMENT

Thad Angelle, Chief Executive Officer, President
Chad Powell, Chief Financial Officer, Executive Vice President
Karen Frederick, Chief Operations Officer