

## PRESIDENT'S REPORT

The recession that began in 2008 continued to impact the United States and world economy throughout 2009. The effects of the recession resulted in a national unemployment rate that exceeded 10% by the end of 2009 as millions of jobs have been lost throughout the U.S. Although the Corpus Christi area and the state of Texas have not been impacted as negatively as some other areas, most have been affected by this recession in some way. Consumers, businesses, non-profit organizations, and governments still are being affected by the lingering mortgage problems, slow job growth, budget deficits, government bailouts, and a growing number of bank failures. There were some signs of improvement in 2009 as a rising stock market resulted in the partial recouping of losses incurred in 2008 and economic growth did improve during the 4<sup>th</sup> quarter of 2009. However, the economic recovery is anticipated to be slow and is expected to impact our economy again in 2010.

The year 2009 provided many opportunities and challenges to our credit union. We completed our new building at Holly Road that provides a new full service facility to better serve our members. The drive thru opened in May with the entire office opening in June. We now have two locations serving our members. Much time was spent during the first half of 2009 finishing, furnishing, and staffing the new office. We are continuing the balance of properly staffing both offices while attempting to control operating expenses.

The addition of a new office has brought significant growth for our credit union in 2009 as deposits increased by \$10.45 million dollars or 33.1%. Even with a slow economy, loans grew by \$1.78 million dollars or 8.0%. Most of the deposit growth was put into investments which increased \$7.38 million or 75.9%. Assets grew by \$10,438,683 or 29.3%. Like most financial institutions, we did see a rise in delinquencies and loan losses in 2009. Net loan charge-offs rose to \$137,611 in 2009 which was less than the \$172,350 in loan and share draft allocations expensed for throughout the year in anticipation of rising loan losses.

Net Income for 2009 was affected by an increase in operating expenses associated with our new Holly office; rising loan losses reflective of a weak economy; a decline in interest rates; and slower consumer loan demand. However, two uncontrollable factors have negatively impacted the net operating income for ours and thousands of other credit unions throughout the United States.

In 2009, NCUA, the national deposit insurance program for federally insured credit unions initiated a special assessment to all federally insured credit unions. This special assessment amounted to \$48,815 for our credit union with additional assessments expected in 2010. These funds will be used by NCUA to absorb growing insurance losses in credit unions throughout the United States. NCUA is also dealing with substantial losses in the Corporate Credit Union System that have made large investments in Mortgage Backed Securities (MBS) and corporate credit unions are having to record billions of dollars of unrealized losses on their MBS portfolios. Like thousands of other credit unions, we were required by our regulatory agencies to make entries on our books in 2009 to account for the impairment of the capital investments we had made with our corporate credit union which resulted in a write-down of \$159,362 in 2009. These two uncontrollable items negatively impacted our net operating income by \$208,177 representing an operating loss for the year of \$100,859. Without these two outside factors we would have had positive net income of \$107,318. We plan to move forward in 2010 even during this period of economic uncertainty.

Our advertising campaigns will continue to reach out to our existing members and the community. We are working on the development of new services and delivering quality financial services at a reasonable cost. We will continue our conservative approach of conducting business in an effort to serve our members both now and for years to come.

I want to thank the Membership, Board, and Staff for your support and contributions to our success during a challenging year.

Sincerely,



David L. Brooks  
President

## MEMBERSHIP REPORT

In 2009, total membership increased from 5,978 to 6,285 members. Our field of membership includes:

1. Employees of the City of Corpus Christi.
2. Persons receiving retirement, pension, or other benefits as a result of prior employment by the City of Corpus Christi.
3. Spouses of persons deceased while within the field of membership.
4. Family members as defined in board policy.
5. Employees of the Port of Corpus Christi Authority.
6. Employees of Medina Engineering and Surveying.
7. Members of the Pan American Golf Association.
8. Employees of Corpus Christi Foundation Repair Company.
9. Eligible groups of employees or members of companies or associations located within ten miles of the Credit Union's office.
10. Persons who live, work, or attend school and businesses in Nueces County.

There have been no changes in the credit union bylaws or articles of incorporation in 2009.

## ANNUAL AUDIT REPORT

A Supervisory Committee audit was performed by Credit Union Resources, Inc Financial and Technology Services Department, as of August 31, 2009, to verify the accuracy of your credit union's records in accordance with requirements set forth in the Texas Credit Union Laws and Regulations.

The auditors noted that the overall records and operations were found to be well-organized, with no material exceptions noted. Internal controls were reviewed, and recommendations provided to enhance operations. Credit Union Resources, Inc, performed a 100% negative verification of members' accounts as of September 30, 2008.

Our regulatory agency, the Texas Credit Union Department, performs annual examinations to review the credit union's financial condition and to determine if it is in compliance with state and federal rules and regulations. Examiners from the National Credit Union Administration may participate in these exams. The last examination was conducted for the period ending June 30, 2009.

## BOARD OF DIRECTORS

LARRY OLIVAREZ, SR.  
*Chairman of the Board*  
Term Expires 2010

A.L. "FRED" VELA  
*Vice-Chairman*  
Term Expires 2012

LINDA A. RODRIGUEZ  
*Secretary/Treasurer*  
Term Expires 2010

VICTOR MEDINA, *Director*  
Term Expires 2011

PAUL RIVERA, *Director*  
Term Expires 2011

CEFE F. VALENZUELA, *Director*  
Term Expires 2012

LUIS VALLS, *Director*  
Term Expires 2012

No honorary or advisory board members were appointed by the Board in 2009.

## STAFF

Stevie Allen, *Teller Services*  
Savannah Balboa, *Teller Services*  
David L. Brooks, *President*  
Sabrina Calderon, *Teller/Member Services*  
Terry De Leon, *Member Services*  
Glenda Garcia, *Teller Services*  
Tanja Hamilton, *Receptionist*  
Christine Hinojosa, *Controller*  
Janice Howland, *Loan Officer*  
Maria Igou, *Teller Services*  
Millee Martinez, *Special Accounts*  
Debra Miller, *Loan Officer*  
Yolanda Montalvo, *Special Services*  
Nicole Noriega, *Teller Services*  
Candice Ortega, *Accounting Operations*  
Ruben Padron, *Teller Services*  
Cheryl Summers, *Teller Services*  
Elizabeth Tellez, *Member Services*  
Shani Turner, *Teller Services*  
Karen Work, *Vice President-Finance/Teller Operations*

There have been no changes in senior management staff in 2009.

## SERVICES

Share (Savings) Accounts  
GEM Checking  
Budget Checking  
Economy Checking  
Courtesy Pay  
Money Market Accounts  
ATM Cards (Pulse)  
Debit Cards (MasterCard)  
Term Share Cert. (CDs)  
Individual Retirement Accts  
Christmas Club Accounts  
Vacation Club Accounts  
Loans  
MasterCard  
Visa Gift Card  
Loan-by-Phone  
Travelers Checks  
Cashier's Checks  
Money Orders  
Movie Tickets  
Toll-Free Phone Access  
Direct Deposit  
Payroll Deduction  
Deposits Federally Insured to \$250,000 by NCUA

Audio Response (Teller-Line)  
Guaranteed Auto Protection (GAP)  
Extended Warranties (Autos)  
Online Banking  
Online Bill Pay  
E-Statements  
Drive-In Windows  
Saturday Hours  
Wire Transfers  
Pre-Authorized Drafts  
Credit Life & Disability Ins.  
Life Savings Accounts  
Credit Reference  
2 Locations  
Fax  
Online Car Pricing Guides  
CC Athletic Club Discounts  
Coin Counter  
Discount Theme Park Tickets  
Interactive Website  
Western Union Transfers  
Digital Check Images  
Online Calculators  
Night Depository  
ATM's



A COMMUNITY CREDIT UNION  
*Real People, Real Personal*

# ANNUAL REPORT 2009

**Corpus Christi City  
Employees Credit Union**

2140 Gollihar Rd  
Corpus Christi, TX 78416

3131 Holly Rd  
Corpus Christi, TX 78415

<http://www.ccecu.com>



## REPORT FROM THE CHAIRMAN

Our nation continued to weather a long and difficult recession in 2009 that has affected us all. The affects of this recession on our economy is continuously in the news and is challenging every industry including credit unions. Even though credit unions have fared better than most financial institutions, credit unions across the United States are still facing unprecedented challenges. Although we haven't been able to completely escape the effects of the recession, we are facing these challenges with a steadfast determination and optimism to move forward in providing reasonably priced services to our members and the community.

In May, 2009 we opened our second location at the corner of Holly and Kostoryz Roads. The completion of this beautiful new facility provides another source of convenience to our members and allows us to reach out to the community. The building adds five new drive-thru lanes, another ATM available 24/7, a night deposit, coin counter, and new office space for a growing staff.

The opening of a second office has already resulted in significant growth for our credit union in several areas. Assets increased 29.3% in 2009—nearly 3 times the national average. Assets have grown to \$45,999,939. Loans grew by 8.0 % in 2009 compared to the 1.2% increase seen by most U. S. credit unions. Membership grew 5.1% compared to the 1.4% industry average. (Source: CUNA U.S. Credit Union Profile Year End 2009). We've also seen a 27.9% growth in ATM activity at our ATM's and a 17.2% increase in new Debit Cards and ATM cards issued in 2009 over 2008.

In 2009 we expanded our advertising by reaching out in several types of media markets such as television, radio, newspaper, sporting events and community event sponsorships. We also reached out to new city employees by making presentations at new city employee orientation meetings to discuss the benefits of credit union membership. We will continue to expand on these efforts in 2010.

We have expanded our reach out to the youth from our membership with the Corpus Christi City Employees Credit Union Scholarship Program. In 2009 our credit union awarded twenty-two (22) \$500 college scholarships totaling \$11,000. Since the program began in 2007 fifty-seven (57) \$500 college scholarships have been awarded totaling \$28,500. We have seen several of our scholarship recipients go on to graduate since the program began. We look forward to awarding more scholarships for the 2010 Fall Semester.

As mentioned earlier, we continue to weather challenges - most notably from special assessments from our deposit insurer NCUA and write-downs of Corporate Credit Union capital deposits that is affecting our entire industry. Although these special events contributed to an operating loss in 2009; your Board of Directors have set up reserves for times such as these and will continue to focus on capital accumulation as we pass through this difficult financial period in our country's history.

As consumers tire of the massive bailouts of big banks charging high fees while increasing interest rates and fees to credit card holders, many consumers are looking more and more to credit unions as financial alternatives. National news networks and financial talk show hosts have spoken positively about the benefits of credit unions to the average consumer. As a community credit union we can provide many of these benefits to anyone living, working, or attending school in Nueces County as well as to employees of the City of Corpus Christi, the RTA, Port of Corpus Christi, and other select groups. We encourage you to tell your friends and neighbors about us so they too can join our credit union.

In 2009 we implemented a new logo and tag line for our credit union. The logo consists of a sand dollar representing our coastal heritage with silhouettes of individuals coming from all walks of life to form our credit union. We added a tag line of Real People, Real Personal to represent who we are and the type of service we provide to our members. We understand that trust and loyalty is critical in maintaining relationships with our members and we will continue to earn our members trust one transaction at a time.

I want to thank our members and board of directors for allowing me the opportunity to serve as your Chairman this past year. Although much has been accomplished, much more lies ahead. Come join us as we grow together!

Sincerely,

Larry Olivarez, Sr.  
Chairman

## BALANCE SHEET

Assets	2008	2009
Loans to Members	22,389,346	24,177,189
Allowance for Loan Loss	(160,431)	(195,169)
<b>Net Loans</b>	<b>22,228,915</b>	<b>23,982,020</b>
Cash	1,449,543	2,249,690
Investments	9,720,870	17,100,893
Accrued Interest Rec.	107,431	123,873
Property & Equipment	1,934,943	2,443,312
Other Assets	119,554	100,151
<b>Total Assets</b>	<b>35,561,256</b>	<b>45,999,939</b>
<b>Liabilities &amp; Equity</b>		
Dividends Payable	124,240	105,559
Other Liabilities	294,695	396,609
Member Deposit Accounts	31,578,453	42,034,763
Regular Reserves	549,177	549,177
Undivided Earnings	3,014,691	2,913,831
<b>Total Liabilities &amp; Equity</b>	<b>35,561,256</b>	<b>45,999,939</b>

## CREDIT COMMITTEE REPORT

During 2009 loans increased by \$1,787,843 or 8%. This included financing for new and used vehicles, boats and RVs, vacations, education, home improvements, home equity, member business loans, overdrawn share-draft accounts and personal expenses. As of December 31, 2009, there were 2,660 loans outstanding totaling \$23,513,357 and another \$663,832 in MasterCard loan balances representing 348 accounts. Combined, there are 3,008 loans outstanding totaling \$24,177,189.

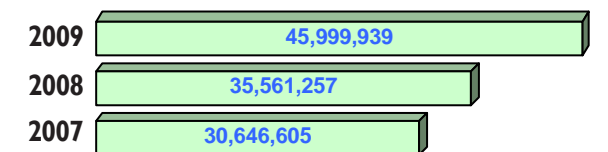
## STATEMENT OF INCOME

Operating Income	2008	2009
Interest from Loans	1,699,221	1,817,245
Income from Investments	354,998	326,075
Fee Income	609,946	642,708
Miscellaneous Income	93,974	80,445
<b>Total Operating Income</b>	<b>2,758,139</b>	<b>2,866,473</b>
<b>Operating Expense</b>		
Compensation	568,196	583,077
Benefits	173,880	183,569
Office Occupancy	79,698	143,732
Office Operations	264,448	353,754
Education & Promotion	80,491	98,853
Loan Servicing Expense	23,413	15,240
Professional & Outside Services	181,404	272,793
Members' Insurance	3,478	4,500
Supervision/Exam	6,339	6,763
NCUA Insurance Assessment	0	48,815
Cash Over/Short	541	720
Annual Meeting	8,400	12,750
Other Operating Expenses	95,675	109,577
<b>Total Operating Expenses</b>	<b>1,485,963</b>	<b>1,834,143</b>
Provision for Loan Losses	107,000	169,600
Provision for S/D Losses	2,500	2,750
Income Before Dividends and Extraordinary Items	1,162,676	859,980
Dividends	796,925	801,471
Interest-Borrowed Money	313	6
Non-Operating/Extraordinary Items		
Gain (Loss) Investment	0	(159,362)
NCUA (Gain) Write Down	0	200,147
NCUA (Loss) Write Down	0	(200,147)
Non-Operating Gain (Loss)	237	0
<b>Net Income (Loss) After Dividends</b>	<b>365,675</b>	<b>(100,859)</b>

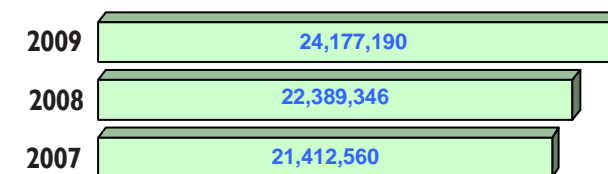
\* Note: A Total of \$208,177 was unusual and extraordinary expenses assessed the credit union during 2009. The NCUA Insurance Fund required additional assessments and Southwest Corporate FCU's (SWCFCU) member capital account in the U.S. Central FCU was declared a loss that resulted in the impairment of our membership capital deposit with SWCFCU. Without these items our net income would have been \$107,318.

## FINANCIAL TRENDS

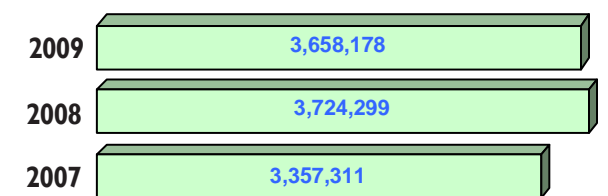
### Assets



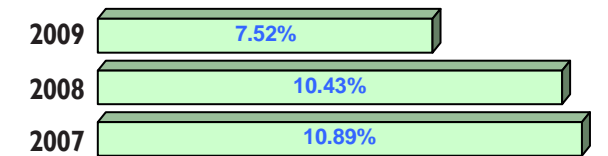
### Loans



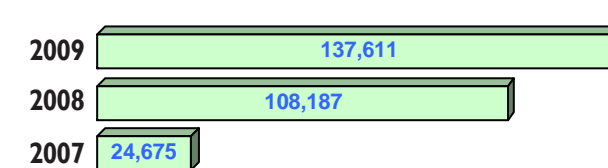
### Total Capital



### Capital/Asset Ratio



### Net Charge-Offs



## 2009 DEPOSITS

