

Energy One
Federal Credit Union



Report of the President/Treasurer

The Merriam-Webster dictionary defines *change* as: A method of undergoing a transformation or transition. Energy One Federal Credit Union has long been a leader in the ever-changing environment of credit unions across the country, including the transformations technology has brought to the banking industry. Advances in technology continue to stretch the limits of providing financial services at the touch of a button. The credit union continues to move forward in its ability to provide these products and services to meet the ever-changing financial demands of the members and employer group partners we serve.

2016 marks the 80th Annual Meeting of Energy One Federal Credit Union, an existence that started out in 1935 with nine members and \$405 in deposits. It was a humble beginning but one at a time when people needed to bond together to help each other during the days of the Dust Bowl and the Great Depression. Credit unions were just starting out as a way to avoid paying outrageous interest rates to the banks. Fast forward 80 years later and credit unions continue the same mission, and that mission has never been stronger. The concept of People Helping People continues to prevail today.

2015 Changes

Over the past 80 years, Energy One has endured the ups and downs of the economy. The board members and staff appreciate the confidence and assurance our members have in our ability to make changes to the credit union during the down years in efforts to reverse negative trends. 2015 was a perfect example of a year when changes were needed in order to reverse a negative earnings trend and prepare the credit union to endure the downturn of oil and gas into 2016.

One of the biggest changes in 2015 included the change of leadership. I came on board on April 1, 2015 as the President for Energy One with the primary goal of reversing a two year earnings deficit during a time when oil and gas prices were continuing to fall and the threat of layoffs and downsizing was looming at the employer groups Energy One serves. I am happy to report that earnings closed in the positive as you will see below.

During the second quarter of 2015, Energy One finalized a very large software conversion that improved the internal workings of the credit union and gave members a fresh look for online banking. The changes allowed Energy One to improve the present system software condition and prepare for the future as technology continues to mold the industry and the immediate speed at which members expect to receive credit union services. We continue to work to act on the online banking improvement requests made by our members as we move towards a faster and simpler means of doing business.

The world we live in today continues to push the definition of banking convenience. Making things simple and easy are the two primary words heard from our membership. In the second quarter, the credit union announced its partnership with CU Direct Lending. The partnership took Energy One financing directly to the auto dealerships and eliminated the need for members to make additional arrangements to finance a vehicle. Today, we have partnered with major dealerships in the Tulsa area, as well as Dallas, Houston, Bakersfield, and Effingham County (near Savannah, Georgia). Feel free to shop and finance with Energy One in one convenient, after hours visit at the dealership!

Report of the President/Treasurer, continued

The pace at which members have adopted the technological convenience of online banking, mobile deposit, ATM, and debit card usage has caused a decline in the number of branch visits members make. Technology has allowed the credit union to consolidate branches and reallocate the savings back to the membership in the form of advanced technology, quicker loan servicing, additional products, and credit union equity. Needless to say, it has allowed the credit union to once again show a positive return and it is back on track for the improved financial performance you as members expect. In December of 2015, Energy One posted a positive net income for the year of \$638,681.93, up from the negative 2014 number of (\$324,773.00). This upward swing of nearly one million dollars summarizes the impact and results of the changes made. In addition, assets slightly fell to \$250,589,561 as the low interest environment continued, which allowed members to reallocate and invest portions of their savings dollars with our wealth management program at Energy One. Income for the credit union grew by 3.4% while expenses declined by 11% for the year. Overall, the credit union ended up with a positive return on your assets.

	2014	2015	Difference
Income	\$(324,773)	\$638,682	\$963,455
ROA	-0.13%	0.29%	0.42%
% Inc Growth	-1.70%	3.40%	5.10%
% Exp Growth	0%	-11.00%	-11.00%

What's Ahead?

As the 2015 changes continue to post a positive financial impact, they begin to position the credit union in a way that allows us to re-evaluate existing

areas of giving back to you. We will strive to offer better rates and lower fees. In addition, we plan to partner with a nationwide company to increase the number of surcharge free ATMs for your convenience. In the next few months, technological advances will be available to allow each member the freedom of blocking and unblocking their debit cards from certain areas, during certain times or at any time a member feels the need to be more secure. As we move into 2016, I look forward to the continued changes and how they can help Energy One bring quicker service while improving the overall quality of service to the membership. We thank you again for your confidence.

Steve McNabb

President & Chief Executive Officer

Statement of Financial Condition

As of December 31, 2015

Assets	
Member Loans	133,702,006
Allowance for Loan Loss	(735,378)
<i>Total Loans</i>	<i>132,966,628</i>
Cash and Cash Equivalents	14,001,706
Investments	89,899,582
Fixed Assets – Land and Building	2,314,272
Intangible Assets	58,704
NCUSIF Capital Deposit	2,129,826
Other Real Estate Owned	150,179
Other Assets	9,068,664
TOTAL ASSETS	250,589,561
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Liabilities	
Accounts Payable/Accrued Expenses	4,794,939
Member Equity	
Ownership Shares	55,642,060
Money Market Accounts	66,836,746
Share Draft/Checking Accounts	54,935,440
Certificates	38,157,314
IRAs	12,537,466
Non-member Shares	485,885
<i>Total Member Equity</i>	<i>228,594,911</i>
Reserves	
Regular Reserves	6,867,729
Undivided Earnings	10,435,452
Unrealized Gains (Losses)	(103,470)
<i>Total Reserves</i>	<i>17,199,711</i>
TOTAL LIABILITIES AND EQUITY	250,589,561

Statement of Income and Expense

As of December 31, 2015

Income	
Interest Income	6,438,111
Operating Income	2,413,037
Non-operating Income	(79,703)
<i>Total Income</i>	8,771,445
 Expenses	
Employee Compensation and Benefits	3,865,881
Occupancy Expense	845,678
Operating Expense	2,105,513
Loan Servicing Expense	115,004
Allowance for Loan Loss	(108,529)
Miscellaneous Expense	592,480
<i>Operating Expenses</i>	7,416,027
 Interest Expense	 716,736
 NET INCOME	 638,682

Report of the Chairman of the Board

Eighty years. More than the life expectancy of the average person. Just about the right age for a good bottle of wine. Energy One Federal Credit Union is like most 80 year olds: experienced, wise, and full of stories. The world has changed a lot in 80 years and your credit union has adapted to those changes in ways we would never have thought possible all those years ago.

And like a house that has been standing 80 years, we have a strong foundation and are well-maintained. We have weathered many storms and provided shelter to generations of families.

There aren't many institutions that stay in business 80 years. A Small Business Administration study revealed only about 25% of companies started in 1995 are still in operation (SBA, 2012). Part of these failures are certainly because companies didn't make the changes necessary to stay relevant to the population they serve. In 2015 Energy One made many changes to position the credit union to stay in business another 80 years. Even when it's for the best, change is always hard. I have to applaud our staff and members for making it through a year that brought many changes while keeping the bigger picture in mind.

Everyone, currently or formerly, at Energy One Federal Credit union has been proud to serve our members since 1935 and look forward to serving the next generation.

Respectfully submitted,

Troy Reavis
Chairman of the Board

Board of Directors

Troy Reavis, Chair
Doug Rowley, Vice Chair
Randy Neel, Secretary
Susan Croley, Treasurer
Bob Barnes
Bill Gallagher
George Marlatt
Christi Standridge
Kenny Workman

Volunteer Committee

Beth Ezarik, Personnel
Yvonne White, Personnel
Jerry Conrad, Supervisory
Matt Earnest, Supervisory

Report of the Supervisory Committee

During 2015 credit union records and procedures were audited by the CPA firm of Waypoint, LLC for the period ending September 30, 2015. These audits were performed in compliance with the requirements of the Supervisory Committee guidelines for federal credit unions and generally accepted accounting principles.

Several specialized audits were performed during the last twelve months. The Cornerstone Credit Union League performed the Bank Secrecy Act audit in December 2015, which deals with member identification and government reporting of certain transactions. An annual audit is also required for ACH processing (electronic transactions such as direct deposits and automated payments). This ACH audit was also completed in December 2015. Specialized audits for IT and member business lending were being conducted by the National Credit Union Administration (NCUA) at the time of the writing of this report.

The NCUA is also scheduled to perform their annual examination in April of 2016 for the year ending December 2015.

The most recent member account verification was conducted in September 2015. In September 2016 we will be conducting another full member account verification. Watch for the notice on your statement this fall.

Jerry Conrad and Matt Earnest also serve as members of the Supervisory Committee and we thank them for their volunteer work. The Committee is pleased to report that your credit union staff is adhering to rules, regulations, and accounting as required and that internal controls are in place to protect the members' assets.

Respectfully submitted,

Kenny Workman
Supervisory Committee Chair

Report of the Nominating Committee

The terms of three incumbent members of the Board of Directors expire with this meeting.

TROY REAVIS retired in 2015 from Occidental Petroleum Corporation and returned to Oklahoma from Texas. After earning a degree in Technical Education from Oklahoma State University, he started his career with Cities Service Company in 1974 and joined the credit union at that time. Troy has been a member of the Board of Directors since 1984 and has served as the Chairman since 1985. He has also served on the Executive and the Asset Liability committees.

SUSAN CROLEY is the Supervisor of Joint Interest Accounting for WPX Energy in Tulsa. She previously worked for Cities Service and Occidental from 1973 to 1998. She has an accounting degree from East Central Oklahoma State University and a law degree from the University of Tulsa. Susan has served on the Board since 1987 and also serves as the chair of the Asset Liability Committee. She has been a member of the credit union since 1974.

CHRISTI STANDRIDGE is a Business Manager for Occidental Chemical Corporation in Dallas. She began her career with OxyChem in 2001 and joined the credit union at that time. She has a bachelor's degree in Finance from Oklahoma State University and an MBA from Southern Methodist University. She is also a Certified Public Accountant in the state of Texas. Christi joined the board in 2013.

The committee unanimously nominates Troy Reavis, Susan Croley, and Christi Standridge to serve three year terms.

Respectfully submitted,

Bill Gallagher
Nominating Committee Chair

ENERGY ONE
Federal Credit Union
1935-2015



Headquarters

6100 S Yale Ave, Ste 100
Tulsa, OK 74136
918-699-7100
1-800-364-3628

Branch Office Locations

Oklahoma

Downtown Tulsa

220 W 7th St
Tulsa, OK 74119

Corporate Woods

4500 S 129th E Ave
Suite 120
Tulsa, OK 74134

Texas

CITGO Headquarters

Not open to the public

La Porte

Not open to the public

Greenway Plaza

5 E Greenway Plaza
Suite 110
Houston, TX 77002

Occidental Tower

5005 LBJ Freeway
Suite 155
Dallas, TX 75244

Georgia

Effingham County

2940 Highway 21 S
Rincon, GA 31326

Duluth

3970 Peachtree Industrial Blvd
Suite 100
Duluth, GA 30096

California

Bakersfield

10000 Stockdale Hwy
Suite 103
Bakersfield, CA 93311

www.energyone.org