

WE'RE WITH YOU

2010 ANNUAL *report*



WE'RE WITH YOU



For more than 78 years, GECU has helped members manage their money to help guide them to a brighter financial future. That's the only reason we're here. Because wherever life's journey takes you, we're with you.



BOARD OF DIRECTORS
AND EXPIRATION OF TERMS

MANUEL R. YBARRA
CHAIRMAN OF THE BOARD
MARCH 2013

GREGORY J. WATTERS
VICE CHAIRMAN
MARCH 2012

FRANK GARCIA
SECRETARY/TREASURER
MARCH 2011

YOLANDA M. ESTRADA
ASSISTANT SECRETARY/
TREASURER
MARCH 2013

JOHN FERNANDEZ
MARCH 2013

ANNIE KOCH
MARCH 2011

JOSE I. QUIÑONEZ, JR.
MARCH 2012

ADVISORY MEMBERS

GUADALUPE GINER

ELIZABETH HILL

(left to right, front to back)
Yolanda M. Estrada - Assistant Secretary/Treasurer,
Annie Koch, John Fernandez, Jose I. Quiñonez, Jr.,
Elizabeth Hill, Frank Garcia - Secretary/Treasurer,
Manuel R. Ybarra - Chairman of the Board,
Guadalupe Giner, Gregory J. Watters - Vice Chairman

VISION *statement*

"We are the El Paso/Southwest solution to members' financial independence."

MISSION *statement*

"We provide a better financial future for our member-owners and the communities we serve."

Meeting the challenges of a difficult and unpredictable economy was GECU's mission in 2010. Even though the borderland was shielded from the full effects of the recession, we weren't immune. Many El Pasoans, as well as small and large businesses, felt the impact. While other financial institutions pulled back waiting for the economy to turn the corner, GECU was there for you, our member-owners. Owned by over 297,000 members, GECU didn't back away. We continued to provide loans, products and services to help our members weather an uncertain economy. Serving your financial needs is the only reason GECU is here. That's why we say, *we're with you* and that means during the best and worst of times.

Like everyone else, GECU made sacrifices throughout the year. We tightened our belts and did what was necessary to move forward. Sure, it meant continuing to operate conservatively, but our commitment to remain good stewards of your money was first and foremost in our minds. As a result, I'm pleased to report that as of December 31, 2010, we remained financially sound and strong. At the end of the year, GECU had \$1.70 billion in assets, \$1.55 billion in member deposits and over \$1.39 billion in net loans, representing a 90.67% loan to deposit ratio. That's quite an accomplishment, thanks to the hard work and dedication of your GECU management and staff team under the leadership of Harriet May, President and Chief Executive Officer. It was quite a feat and goes without saying, very much appreciated.

CHAIRMAN'S *message*

In 2010, a number of your board members pursued higher education to further enhance their skills to execute their duties and provide the leadership necessary to guide GECU in this ever-changing and highly complex financial environment. Additionally, the board as part of GECU's financial community outreach, amended the Bylaws to expand GECU's field of membership to include residents of Hudspeth County, a relatively underserved area of far west Texas. Opening GECU membership to residents of our neighboring county will level the financial playing field and improve their quality of life.

We are proud of our achievements during 2010. It wasn't easy, but working together we continued to grow and keep GECU financially stronger than ever. Even though many signs point to the end of the recession, we're not completely out of the woods. Recovery will be a slow journey. But, one thing is certain – no matter how rough the road, at GECU *we're with you*.



MANUEL R. YBARRA
CHAIRMAN OF THE BOARD



Even though we knew the road would be rough in 2010, our primary concern was to our members' financial well-being. Despite the challenges we experienced, at the end of 2010, membership climbed to over 297,000. The faith you had in GECU led to more than \$1.55 billion in deposits, \$1.70 billion in assets, over \$1.39 billion in net loans and a strong net worth of 7.97%. What does that say about GECU? It means we were open for business, making loans to our members when other financial institutions made the lending approval process difficult. And when we said we were making loans, we meant it. During 2010, GECU funded 37,766 loans for a total of \$700 million. This represented an increase of 9.41% from 2009. That means we were making mortgage, vehicle

and home equity loans to individuals and families and business loans to help local El Paso businesses grow.

Besides continued growth and increased deposits and loans, we also worked to increase our community outreach activities. We are proud of our accomplishments during 2010, which include:

eServices

GECU added two new eServices: eStatements on SmartBranch and *gecu2go*, GECU's mobile phone account information service. Both eServices were introduced to make it easier for members to manage their money, wherever they are, on their own schedule.



PRESIDENT'S *report*

Keys to the Good Life Parking Lot Pre-Approval Party and Financial "How-To"

The Keys to the Good Life Parking Lot Pre-Approval Party in April was a big success. Auto dealers showcased their vehicles, while members interested in purchasing an auto had the opportunity to pre-qualify for a GECU vehicle loan. This resulted in 73 pre-approved loans for a total of \$1.4 million. Members also attended financial seminars to learn about budgeting, managing their money, becoming a homeowner and requesting free copies of their credit reports.

Back in the Black – Savings Challenge 2010

Once again, El Pasoans followed our Savings Challenge participants on SmartBranch and local television during 2010. Throughout the year, four individuals and one young family learned to reduce their debt and manage their money for a brighter financial future.

Heather McBride, was this year's \$10,000 Grand Prize Winner, with our runners-up collecting \$2,500 each. After four years, Savings Challenge 2010 was GECU's last. We deeply appreciate all of our GECU coaches and Savings Challengers from 2007 – 2010 for their hard work, commitment and dedication.

Whether it was making loans, providing financial education or making our products and services more tailored and accessible to your needs, GECU was committed to helping you become financially stable and independent. We've been here for 78 years and we expect to be here another 78, because at GECU, *we're with you.*

Thank you for choosing GECU and for the privilege of serving you.


HARRIET MAY
PRESIDENT AND CEO

GECU'S LENDING ACCOMPLISHMENTS IN 2010

- Business Services had a banner year, increasing loans by 19.7% over 2010. The business loan portfolio was \$106.7 million at year-end.
- Indirect Lending remained steady with over \$261.7 million in vehicle loans funded for the year.
- SmartCall, GECU's call center, funded over \$63.9 million in consumer loans.
- Mortgage Loans funded \$58.2 million in home equity loans and \$59.5 million in first lien mortgages.
- SmartBranch, GECU's online banking channel, funded over \$14.0 million in consumer loans.

CONSUMER LOANS BY TYPE MADE IN 2010

LOAN TYPE	NUMBER OF LOANS	LOAN TOTALS
New Vehicles (Lobby/SmartCall)	290	\$ 7,396,168
Used Vehicles (Lobby/SmartCall)	6,512	\$ 91,470,280
New Vehicles (Dealerships)	6,133	\$180,173,191
Used Vehicles (Dealerships)	4,349	\$ 81,524,560
Other Installment Loans	18,009	\$ 82,915,184
Mortgage Loans (First Lien)	561	\$ 59,528,700
Home Equity Loans	958	\$ 58,193,600
Credit Card Advances	1,152,243	\$ 92,516,485



MANAGEMENT TEAM

HARRIET MAY
PRESIDENT AND CEO

RUDOLF KUEHNE
SENIOR VICE PRESIDENT
INFORMATION TECHNOLOGY

CRYSTAL LONG
SENIOR VICE PRESIDENT
CHIEF OPERATIONS OFFICER

STEVEN G. LUTZ
SENIOR VICE PRESIDENT
CHIEF FINANCIAL OFFICER

SARAH E. NEWMAN-ALTAMIRANO
SENIOR VICE PRESIDENT
GENERAL COUNSEL

MUSETTE BRACHER
VICE PRESIDENT
MARKETING

CECI DAVILA
VICE PRESIDENT
SALES AND SERVICE
OPERATIONS

BARBARA FRANCO
VICE PRESIDENT
INTERNAL AUDIT

ARTURO MORENO
VICE PRESIDENT
BUSINESS SERVICES

FERNANDO ORTEGA
VICE PRESIDENT
INFORMATION TECHNOLOGY
DECEMBER 2010

JANIE SHOCKLEY
VICE PRESIDENT
HUMAN RESOURCES

GECU membership comparison

DECEMBER 31, 2009
288,588

DECEMBER 31, 2010
297,874

AUDIT COMMITTEE

GREGORY J. WATTERS
CHAIRMAN

AMELIA CHAVEZ

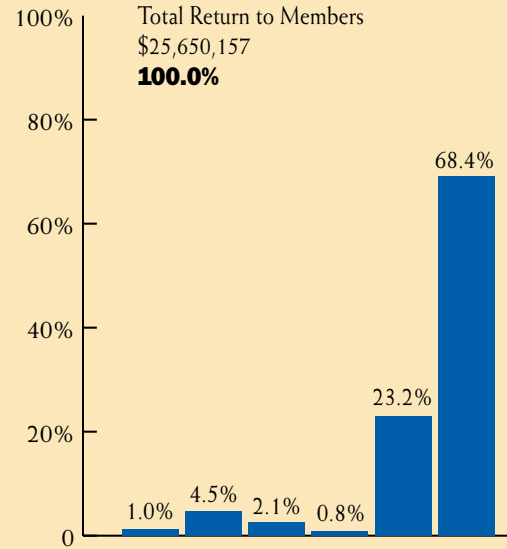
FRANK GARCIA

RICARDO SOTO

more
convenience with
eServices

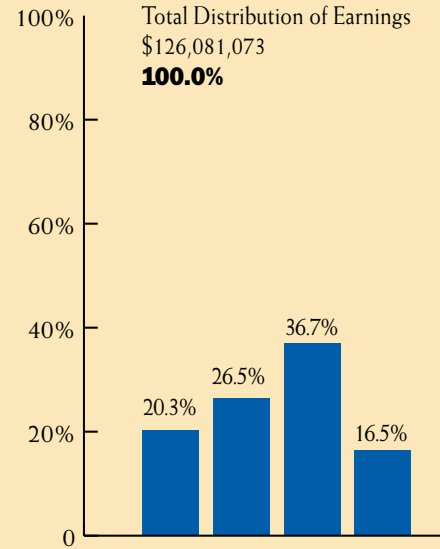


RETURN TO
members



Life Savings \$ 265,205 **1.0%**
 Dividends - Shares \$ 1,151,163 **4.5%**
 Interest - MMA \$ 532,189 **2.1%**
 Interest - Checking \$ 214,649 **0.8%**
 Interest - IRA \$ 5,956,611 **23.2%**
 Interest - CD \$ 17,530,340 **68.4%**

DISTRIBUTION OF
earnings



Return to Members \$ 25,650,157 **20.3%**
 Employee Compensation & Benefits \$ 33,454,438 **26.5%**
 Operating Expenses \$ 46,187,719 **36.7%**
 Reserves \$ 20,788,759 **16.5%**

The Audit Committee, comprised of four volunteer member-owners, oversees the Internal Audit Department which conducts comprehensive internal audits throughout the year ensuring 1) accounting records and reports are prepared promptly and accurately to reflect operations and results, 2) established internal controls are effectively maintained and adequately protect the credit union, its assets, members, management and employees, 3) each area of the credit union is carrying out the plans, policies and procedures for which it is responsible as directed by the board of directors.

The Audit Committee also oversees the annual comprehensive audit conducted by the independent certified public accounting firm of Lauterbach, Borschow

& Company, P.C. Their examination was conducted in accordance with generally accepted auditing standards as issued by the American Institute of Certified Public Accountants.

As a result of the internal and independent audits, the Audit Committee believes the financial statements included in the 2010 Annual Report fairly present the financial condition of GECU for the year ended December 31, 2010.

GREGORY J. WATTERS, CHAIRMAN
 AMELIA CHAVEZ
 FRANK GARCIA
 RICARDO SOTO

A full copy of GECU's 2010 financial statements may be obtained by contacting the office of Harriet May, GECU President and CEO.

AUDIT COMMITTEE *report*



(left to right)
 Ricardo Soto
 Gregory J. Watters, Chairman
 Frank Garcia
 Amelia Chavez

STATEMENTS OF *financial* CONDITION
DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Cash and cash equivalents	\$ 142,006,164	\$ 205,622,333
Investments:		
Available for sale	62,602,589	3,007,813
Held to maturity	4,928,765	7,449,391
Other investments	7,259,971	4,162,201
Loans held for sale	11,128,197	10,824,809
Loans receivable, net	1,393,212,683	1,306,490,623
Accrued interest receivable	5,732,924	5,567,742
Accounts receivable and other assets	6,072,667	6,227,129
Mortgage servicing rights	733,429	748,142
Property and equipment, net	50,885,102	51,509,127
NCUSIF deposit	14,647,927	13,147,344
Total assets	\$ 1,699,210,418	\$ 1,614,756,654
LIABILITIES AND MEMBERS' EQUITY		
Members' share and savings accounts	\$ 1,554,874,582	\$ 1,492,198,767
Interest and dividends payable to members	1,240,057	1,607,619
Accrued expenses and other liabilities	8,628,591	8,699,304
Total liabilities	1,564,743,230	1,502,505,690
Members' Equity		
Retained earnings, partially restricted	134,467,188	112,250,964
Total members' equity	134,467,188	112,250,964
Total liabilities and members' equity	\$ 1,699,210,418	\$ 1,614,756,654

STATEMENTS OF *income*
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Interest income		
Loans	\$ 90,259,271	\$ 89,937,922
Investments	761,421	581,857
	91,020,692	90,519,779
Interest expense		
Members' share and savings accounts	25,384,952	30,685,523
Borrowed funds	120	2,098
	25,385,072	30,687,621
Net interest income	65,635,620	59,832,158
Provision for loan losses	6,528,175	31,749,539
Net interest income after provision for loan losses	59,107,445	28,082,619
Non-interest income		
Service fees	24,279,101	24,864,592
Loan fees	2,973,093	2,914,883
Net gain on sale of loans	957,337	1,422,919
Mortgage servicing	227,787	381,203
Equity earnings (loss) in investment	2,253,057	(4,795,098)
Gain on sale of repossessed assets	644,334	1,591,419
Other	2,042,743	2,439,627
Total non-interest income	33,377,452	28,819,545
Non-interest expense		
Compensation and benefits	33,454,438	32,915,562
Office operations	24,156,347	23,117,630
Occupancy	4,534,745	4,469,336
Education, promotions and conferences	3,912,915	4,036,060
Other, net	1,866,283	1,377,539
Total non-interest expense	67,924,728	65,916,127
Income (loss) before extraordinary items	24,560,169	(9,013,963)
Extraordinary items		
Impairment of NCUSIF deposit	(3,771,410)	6,246,898
Net income (loss)	\$ 20,788,759	\$ (2,767,065)



mobile access
with gecu2go
launches
December 2010

SHARE AND DEPOSIT ACCOUNTS

Share (savings) Accounts
Christmas Club Accounts
No Excuse Savers Club Accounts
Certificates of Deposit (CDs)
Money Market Accounts
Personal Checking Accounts
Business Checking Accounts
Individual Retirement Accounts (IRAs)
No Excuse IRA CDs

LOANS

Personal Loans
New and Used Auto Loans
Home Mortgage Loans
Home Equity Loans
Home Improvement Loans
MasterCard® Credit Cards
Lines of Credit
Business Loans

SPECIAL SERVICES

ATMs
Automatic Transfers (between GECU accounts)
Business Cash Management System
Direct Deposit
Domestic Wire Transfers
IRnet International Remittance Network
(for international wire transfers)
MasterMoney® Debit Cards
Night and Lobby Depositories
Overdraft Privilege
Safe Deposit Boxes
SmartBranch (online services)
www.gecu-ep.org

- Bill Pay
- FinanceWorks™
- *gecu2go* – mobile access – *new in 2010*
- *eStatements* – *new in 2010*
- Knowledge Base, Email and Online Chat

SmartLine (24-hour account information)
SmartCall (new accounts and loans call center)
VIGO (wire transfers to Mexico)

LOCATIONS

Main Office:
7227 Viscount Boulevard
Airway Drive-thru:
1245 Airway Boulevard
Horizon Office:
14476 Horizon Boulevard
Northeast Office:
5625 Transmountain Road
West Offices:
5670 North Mesa Street
1500 North Resler Drive
East Offices:
10435 Vista Del Sol Drive
11987 Rojas Drive
3037 Trawood Drive (Drive-thru facility)
Lower Valley Offices:
8936 Alameda Avenue
10610 North Loop Drive
Downtown Office:
700 East San Antonio Street, 1st Floor, Federal Building
Operations Center:
1225 Airway Boulevard

MAILING ADDRESS

P.O. Box 20998
El Paso, TX 79998-0998

TELEPHONE NUMBERS

All Offices: 915.778.9221
1.800.772.GECU (4328)
SmartLine: 915.778.0009
1.800.772.0009
SmartCall: 915.778.9221
1.800.772.4328

WWW.GECU-EP.ORG



Federally insured by NCUA.

It's easy to become a member. Call GECU – your Greater El Paso's Credit Union at 778.9221 or 800.772.4328 today for more information.

