**74th Annual Report**

2013

# It's your credit union and it's all about you

MONTANA
FEDERAL CREDIT UNION
www.montanafcu.com

AGENDA

## 74th Annual Meeting

**Thursday, May 15, 2014**
Mansfield Convention Center
Great Falls, Montana

**I ..... Call to Order**

**II .....Establish Quorum**

**III ..... Introduction of Officials**

**IV..... Minutes of the 73rd Annual Report**

**V.....Report of Chairman**

**VI.....Report of Treasurer**

**VII .....Report of Supervisory Committee**

**VIII ..... President's Report**

**IX.....Old Business**

**X.....New Business**

**XI.....Election**

**XII..... Adjournment**

## Board of Directors

Chairman
**Coleen Balzarini**
Vice Chairman
**Randy Boysun**
Secretary
**Cheryl Patton**
Treasurer
**Dale Bimler**

Directors
**Paul Dockter**
**Mark Nash**
**Ed Naughten**
Associate Directors
**Joanie Agamenoni**
**Colleen Holzheimer**


MONTANA
FEDERAL CREDIT UNION
www.montanafcu.com

3 convenient locations to serve our members

901 8th Avenue South
Great Falls, MT 59405

540 Smelter Avenue NE
Great Falls, MT 59404

#15 14th Street South
Great Falls, MT 59401

**406-727-2210**
1-
Fax: 406-727-8655



Your savings federally insured to at least $250,000 and backed by the full faith and credit of the United States Government
NCUA
National Credit Union Administration, a U.S. Government Agency
Equal Housing Opportunity
America's Credit Unions

# President's Report

STEVE KING

2013 was a year where we had two strategies in mind: deliver at least one new and beneficial product for members, while building a foundation to implement new services for our members in 2014 and 2015. In fall 2013, we launched our exciting new myCashBack checking account, which has been widely received by our membership. We have already opened nearly 400 accounts since kicking off the program in October, which is tremendous growth for a new checking account. We are the only financial institution in our market to offer Cash Back and Rewards accounts, and they have been extremely well received. The myRewards checking account has steadily grown to over 1,700 accounts. These accounts offer outstanding rewards in terms of dividends and cash back to account holders, so if you have an interest in learning more about either of these accounts, please give any of our member services staff a call.

We have also seen great success with our Home Equity and Home Mortgage programs that continue to grow, helping our members achieve homeownership. We granted over $18 million dollars in loans between these two programs in 2013.

Looking forward, 2014 and 2015 promise to be just as ambitious as last year. To start, we have been working for several months to implement a very substantial training program for all employees, called Creating Member Loyalty. This program is designed to build on what I feel is already outstanding member service, taking our membership experience to the next level. Our Senior Management and Supervisors have all completed this comprehensive training program, and some of the staff are now in the initial phases of training. Creating Member Loyalty is a best practice program developed specifically for credit unions, and supports our credit union's Vision Statement, which is "Through our people, service and commitment to community, we will become the Financial Institution of choice." Our staff works tirelessly to serve our members on a daily basis, but we know we can always improve. We will never take your business for granted while we continue to strive to exceed your expectations.

In the coming months, we anticipate rolling out exciting technological conveniences for our membership, such as a mobile app for smartphone users, SMS text banking, remote deposit capture, and instant issue credit and debit cards. We understand these are ambitious undertakings, but will provide the modern conveniences that our membership wants and expects from their financial institution.

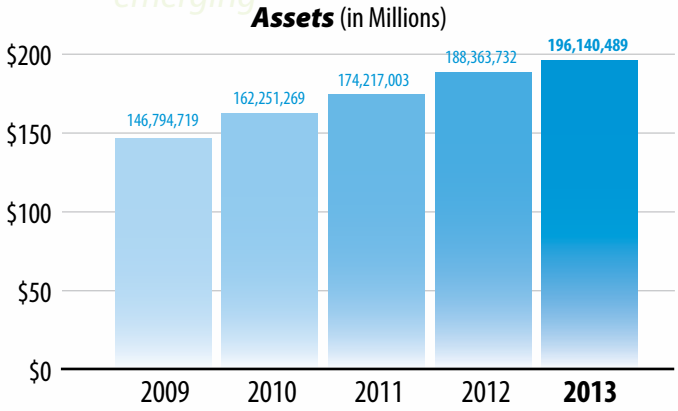
It is a very exciting time at Montana Federal Credit Union! We are working diligently to keep moving your credit union forward to continue to meet your ever-changing needs, and to become "your financial institution of choice!"

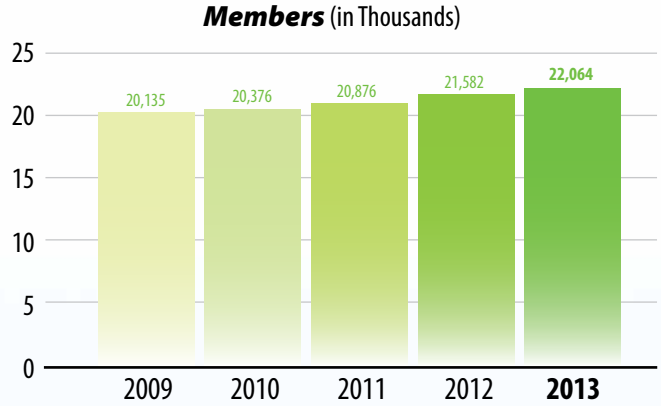
Respectfully,

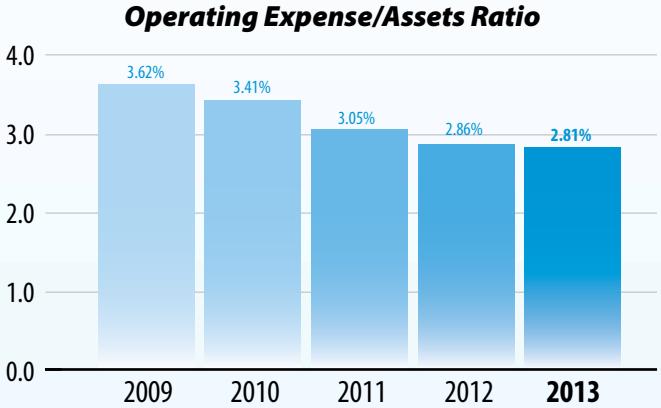
Steven E. King

**Steven E. King, President/CEO**

*"We are the only financial institution in our market to offer **Cash Back and Rewards** accounts"*


Assets (in Millions)
$200
$150
$100
$50
$0
146,794,719
162,251,269
174,217,003
188,363,732
196,140,489
2009
2010
2011
2012
2013


Members (in Thousands)
25
20
15
10
5
0
20,135
20,376
20,876
21,582
22,064
2009
2010
2011
2012
2013


Operating Expense/Assets Ratio
4.0
3.0
2.0
1.0
0.0
3.62%
3.41%
3.05%
2.86%
2.81%
2009
2010
2011
2012
2013

it's all about
you

## Comparative Statement of Financial Condition

| For Year Ended December 31 | 2013 | 2012 |
|---|---|---|
| Cash on Hand | $ 2,358,260 | $ 2,340,059 |
| Cash Deposits | $ 18,945,157 | $ 15,625,386 |
| Investments | $ 65,914,978 | $ 69,698,539 |
| Loans to Members (Net) | $ 98,544,697 | $ 94,435,410 |
| Land & building | $ 3,158,984 | $ 3,241,310 |
| Furniture, Fixtures, & Equipment | $ 317,551 | $ 278,028 |
| Accrued Income | $ 319,247 | $ 324,475 |
| Prepaid Expenses | $ 321,214 | $ 297,069 |
| Share Insurance Reserve | $ 1,738,258 | $ 1,628,69 |
| Other Assets | 4,441,919 | 431,799 |
| Total Assets | $ 196,060,265 | $ 188,300,773 |
| **Liabilities** | | |
| Accounts Payable | $ 147,452 | $ 307,229 |
| Other Liabilities | $ 295,374 | $ 132,434 |
| Total Liabilities | $ 442,826 | $ 439,663 |
| **Equity** | | |
| Regular Shares | $ 63,965,578 | $ 59,523,961 |
| Money Market Accounts | $ 54,485,589 | $ 52,277,616 |
| Share Drafts | $ 25,668,686 | $ 23,800,065 |
| Certificates | $ 23,013,297 | $ 24,952,871 |
| IRA's | $ 9,388,389 | $ 9,053,682 |
| Reserves | $ 2,242,968 | $ 2,822,575 |
| Undivided Earnings | $ 16,852,931 | $ 15,430,340 |
| Total Liabilities/Equity | $ 196,060,265 | $ 188,300,773 |

## Comparative Statement of Income and Expenses

| For Year Ended December 31 | 2013 | 2012 |
|---|---|---|
| **Income** | | |
| Interest on Loans | $ 4,355,996 | $ 4,530,031 |
| Investment Income | $ 946,076 | $ 894,117 |
| Other Income | $ 2,525,160 | $ 2,132,670 |
| Gross Income | $ 7,827,232 | $ 7,556,818 |
| **Expenses** | | |
| Salaries & Benefits | $ 2,685,586 | $ 2,554,780 |
| Association Dues | $ 43,432 | $ 37,273 |
| Office Operations | $ 787,191 | $ 771,062 |
| Advertising & Promotion | $ 229,299 | $ 213,387 |
| Outside Services | $ 783,530 | $ 787,501 |
| Allowance for Loan Loss | $ 277,642 | $ 110,431 |
| Other Operating Expenses | $ 867,092 | $ 813,531 |
| Total Expenses | $ 5,673,772 | $ 5,287,964 |
| Gain from Operations | $ 2,153,460 | $ 2,268,854 |
| **Earnings Distribution** | | |
| Dividends | $ 730,868 | $ 1,034,855 |
| Net Income | $ 1,422,592 | $ 1,233,999 |
| Total Earnings | $ 2,153,460 | $ 2,268,854 |