



MEMBERS TRUST

OF THE SOUTHWEST

FEDERAL CREDIT UNION



2015 ANNUAL REPORT

80TH ANNUAL MEETING

Experience the **CREDIT UNION** difference.

President's Message

As I think about the message in this report, I like to reflect a little on the past which includes the numbers for 2015. But also, as we move into 2016, we are embarking on our 80th year of service to our members, which in itself, is a big milestone, but the need to change and stay relevant for our members has never been greater. So, with that as the precursor, here is the report.

Houston Milk Producers Federal Credit Union was chartered in 1936 to serve dairy farmers in Harris County, Texas. Through the years, we have grown and merged with several other Credit Unions. In 2000, we changed our name to Members Trust of the Southwest Federal Credit Union, to more accurately reflect our diversified and growing field of membership. Despite the changes, Members Trust Federal Credit Union remains dedicated to the philosophy of "members helping members" in a professional environment, by providing all member-owners with quality financial services based on sound business practices and delivering these in an efficient and friendly manner.

Financially, 2015 was another good year for Members Trust Federal Credit Union and its member/owners, as you will see in the financial section of this report. We have been able to continue to increase the stability of the credit union by increasing net worth as well as growing our membership and overall assets. We owe thanks to our members for using us as their financial institution and also recommending us to your family and friends, to become members.

After almost 80 years of service, it was time to re-evaluate our brand and logo to ensure it positively and accurately portrayed the Credit Union and our members. After careful consideration, we decided on a new logo and design that represents our deep history within the agricultural industry but with a modern twist. In December, we rolled out our new website! We know that you depend on our services to effectively manage your finances, as well as, stay current on all the exciting things happening around the credit union. It's our goal to provide the best services for you and we feel this website update will do just that. Finally, as we continued to meet members' needs with new services, numerous internal processes and strategies were implemented, to be well positioned for 2016.

As stated previously, 2016 brings our 80th Credit Union Anniversary and we're excited about our plans for this year. We've already begun construction on our new Houston home office. As many of you know, in 2014 we purchased the adjoining property on the south side of our current location. As with most construction projects, it has taken longer than anticipated; however, renovations and an addition to the former bank property are underway. The new location will enhance our ability to serve members via our expanded lobby and drive through facility. We should be moving into our new building in the summer of 2016, according to our timeline.

Along with the much needed update to the Houston location,

we are outgrowing our Stephenville location. Fortunately, we have additional land to be utilized for expansion, but of course, time and planning are required. So, that is something that we will be looking at more carefully in 2017. The first phase will be to expand the parking lot, as we are running out of parking for our members on busy days of the week. While some of these things are challenging, they are good problems to have as they result from continued growth.

We are also working to convert our VISA Debit Cards to the new EMV Smart Card Technology, in late July / August. Because of supplier issues, this has been pushed back from our original conversion date in the second quarter 2016. These new cards will provide members with the highest level of card security available. EMV stands for Europay, MasterCard, and Visa and it's a global standard for cards equipped with computer chips and the technology used to authenticate chip-card transactions. Unfortunately, there is a huge increase in large-scale data breaches and increasing rates of counterfeit card fraud, which is the reason card issuers are migrating to this new technology. We want to protect against and reduce the cost of card fraud. As a matter of interest, this technology is already in use in Europe, so if you travel to that area of the world, your card will be more accepted.

In 2016, we will undergo a data processing conversion. This is really the largest project that we are undertaking at Members Trust. We are doing this to enhance our member service experience by increasing internal efficiencies, streamlining processes, and reduced errors. As with any data processing conversion, we know there will be inconveniences; however, we will work hard to keep you well informed about the changes, to minimize the impact to our members. Watch your newsletter and our website for announcements and information. One very important date is our "Go Live Date" on November 1, 2016. More importantly is that on Monday October 31, 2016, the credit union will be closed as we make this transition.

Finally, I extend a warm welcome to our new members and offer our thanks to our long-time, loyal members. We will always strive to better the Credit Union and remain well situated to meet your financial needs throughout all the stages of your life. Positive word-of-mouth advertising is the best advertising so we hope that you will share the Credit Union with your family, friends and coworkers. Also, I am very blessed to have such a great group of coworkers to work with each day, along with the board and supervisory committee members of MTFCU.

Sincerely

BRIAN C. GILBERT
PRESIDENT / CEO

Supervisory Committee Report

The Supervisory Committee is comprised of three members who are appointed by the Board of Directors and currently includes, Leslie Schultz, Jorgen Jorgensen and me. This committee is charged with overseeing that Members Trust FCU is operated in a safe and sound manner. This is an increasingly large responsibility as the credit union has grown and now serves more members with increasingly complex services.

The Supervisory Committee hired an audit team to conduct the annual audit in 2015. The auditors were from Credit Union Resources, Inc., Financial and Technology Resources which is a subsidiary of the Cornerstone Credit Union League. The audit dates period was from November 1, 2014 through October 31, 2015. I am happy to say that this audit revealed the "overall records and operations of the credit union were found in good condition and all noted exceptions were minor." In addition, to the external annual audit, internal audits are conducted quarterly and compliance audits are conducted semi-annually.

Supervisory Committee Members attend and provide input at each board meeting; however, we do not vote on credit union issues. We meet with NCUA Examiners as required, along with the board of directors. With the continued complexity of services that Members Trust provides to our members, it is imperative that we ensure we are providing a safe and sound financial environment for our members. I am confident that with the audit and review processes that we have in place, your funds are safe and secure.

It is a pleasure to serve with the board and my fellow committee members.

Sincerely

MARGARET "MEG" MOORE
CHAIRMAN

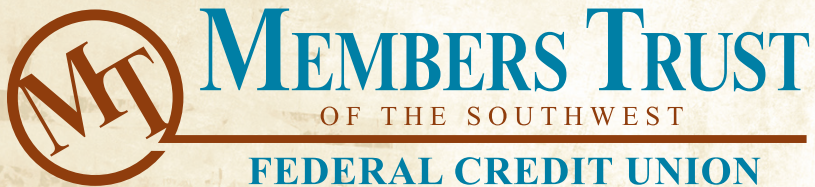
Financial Statements

BALANCE SHEET

ASSETS	2015	2014
Loans	63,631,195	57,509,357
Less Allowance for Loan Losses	(836,298)	(758,965)
Net Loans	62,794,897	56,750,392
Cash	1,366,277	839,486
Investments	28,998,760	27,597,555
Land, Building and Equipment	2,381,964	1,677,574
NCUAIF	843,517	768,068
Assets Acquired in Process of Liquidation	-	-
Other Assets	1,984,462	2,525,285
Total Assets	98,369,877	90,158,360
LIABILITIES		
Total Borrowings	-	100,000
Accounts Payable	940,185	782,078
Dividends Payable	221	59
Total Liabilities	940,406	882,137
EQUITY		
Member Shares	89,717,389	81,690,381
Member Capital	7,712,082	7,585,842
Total Equity	97,429,471	89,276,223
Total Liabilities & Equity	98,369,877	90,158,360

INCOME & EXPENSE STATEMENT

INCOME	2015	2014
Interest on Loans	2,906,225	2,860,731
Interest on Investments	474,660	409,607
Other Income	869,919	744,393
Total Income	4,250,804	4,014,731
EXPENSES		
Operations Expenses	2,817,810	2,671,250
Provision for Loan Losses	178,752	24,042
Miscellaneous Expenses	30,927	0
Total Expenses	3,027,489	2,695,292
Less: Interest on Borrowed Money	(11)	(664)
Less: Dividends Paid to Members	(534,782)	(475,198)
Disp. of Fixed Assets	-35	1,085
Gain or Loss Sale of Investments	13,675	3,483
NCUA Stabilization Expense	-	-
NET INCOME	702,162	848,145



BOARD OF DIRECTORS

Kevin Kleb, Chairman
Johnny Leibham, Vice Chairman
Lori Carter, Secretary
Don Bornemann, Director
Wayne Benfer, Director
Clarence Helfrich, Director
Henry Schmidt, Director

SUPERVISORY COMMITTEE

Margaret "Meg" Moore, Chairman
Leslie Schultz
Jorgen Jorgensen

OFFICE STAFF

Brian C. Gilbert, President/CEO
Liliana Canga, Vice President Accounting
Mark Button, Operations/Technology Manager
Karen Kime, Branch Manager, Stephenville
Jill Jameson, Loan Officer
Tom Dowell, Senior Credit Analyst/Loan Officer
Brenda Gaines, Loan Processor/Card Coordinator
Jose Jones, Teller Supervisor/Member Service Representative
Mary Lowe, Loan Processor/Collector
Neida Montez, Teller/Member Services Representative
Sharda Prasad, Loan Officer
Michelle Rose, Teller/Member Service Representative
Nadia Zlatkova, Accountant Assistant
Raina Morris, Accounting Clerk
Dora Morales, Teller/Member Service Representative
Pat Alderete, Teller/Member Service Representative
Christine Lowe, Teller/Member Service Representative
Amanda Treece, Credit Analyst
Ashley Torres, Teller/Member Service Representative
Blanca Jimenez, Teller/Member Service Representative
Samantha Pinckard, Teller/Member Service Representative
Leilani Sanchez, Credit Analyst
Kristy Wolfe, Teller/Member Service Representative

HOUSTON OFFICE

2315 Mangum Rd
Houston, TX 77092
Phone: 713-681-0339

STEPHENVILLE OFFICE

2311 Northwest Loop
Stephenville, TX 76401
Phone: 254-968-8543

TOLL-FREE NUMBER

(800) 683-6455

PRIVATE*LINE AUDIO RESPONSE

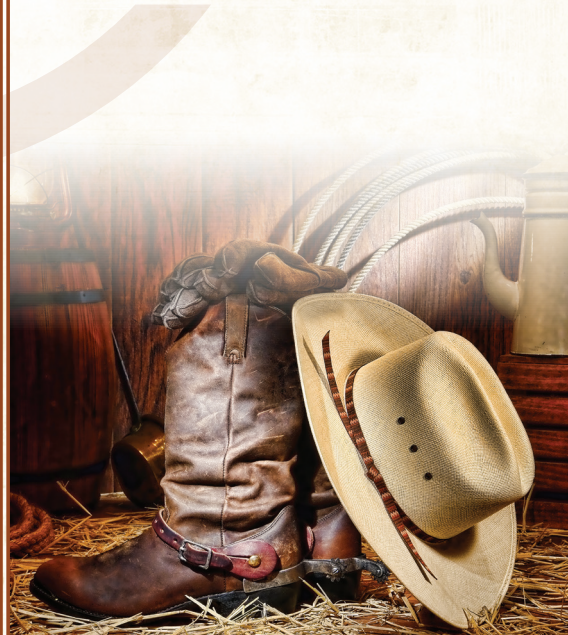
(800) 315-0553

WEBSITE

www.mtfcu.coop

MISSION STATEMENT

Members Trust FCU is dedicated to the philosophy of "members helping members" by providing quality financial services.



www.MTFCU.coop



Federally Insured by NCUA