

Board & Staff

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*
Don Bornemann
Leslie Schultz

Office Staff

Brian C. Gilbert, *President/CEO*
Liliana Burasi 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 Assistant/Processor*
Jose Jones, *Teller Supervisor*
Mary Lowe, *Loan Processor/Collector*
Neida Montez, *Teller/Member Services Representative*
Lisa Ortiz, *Teller/Member Services Representative*
Sharda Prasad, *Loan Officer*
Michelle Rose, *Teller/Member Service Representative*
Nadia Zlatkova, *Accounting Clerk*
Jon Sykora, *Teller/Member Service Representative*
Pat Alderete, *Teller/Member Service Representative*
Tonya Vaughn, *Teller/Member Service Representative*
Shelly Wakefield, *Teller/Member Service Representative*
Krystal Henderson, *Teller/Member Service Representative*

Locations

Houston Office

2315 Mangum Road
Houston, TX 77092
(713) 681-0339

Stephenville Office

2311 Northwest Loop
Stephenville, TX 76401
(254) 968-8543

Toll-Free Number

(800) 683-6455

Private*Line for 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.



Annual Report 2012



Experience the CREDIT UNION difference.



Federally Insured by NCUA

Experience the CREDIT UNION difference.

www.mtfcu.coop

President's Message

For 2012, I am again pleased to be able to announce that MTFCU had a good year financially. While the credit union is not in business to make a large profit for stock holders, it is very important to build retained earnings to assure financial stability. This is a basic requirement to help assure the credit union will be around to serve its members in the future.

MTFCU ended the year with \$71,791,498.98 in assets and income of \$848,962.88. These numbers indicated a moderate growth in assets of 6.15% and a very good return on assets (ROA) of 1.21% for the year. Our credit union peer group had an average ROA of .49% for 2012. MTFCU was able to exceed our peer group in this area again for 2012.

The overall economy is still not as strong as we would like, but there seems to be some progress. Unemployment and under employment are still an issue, but Texas has been spared some of the hardship other areas of the country have experienced. There are a number of reasons, but one major positive has been the oil and gas sector in Texas. While at year end the average un-employment rate for the country was 7.8, Texas was 6.2%, still high, but a good number relative to the average. There are some issues that underlie this number including how many people have dropped out of the labor market and how many are in lower paying jobs. These issues affect our members and therefore the credit union.

MTFCU deals with these economic issues through Asset Liability Management. We have an Asset, Liability & Investment Committee (ALICO) that meets monthly or more often as needed to strategically discuss the balance sheet of the credit union and plan for pricing of products and take action on investments. These recommendations are reviewed by the board and action is taken as appropriate.

The first order of business for this committee is to assess risk so to provide a strong credit union for the future. Risk can take the form of taking too many chances by mis-matching assets and liabilities but also, staying too liquid and not having any return on assets is a risk also. If earnings are low in the short term, it is impossible to meet additional reserve requirements and pay a dividend to our members.

While speaking of member dividends, we are in a very low rate environment. Our saving members have suffered on their return on investment. MTFCU is trying to enhance the value of your membership by paying an above market rate on the Super Saver, money market account. We have been paying .60% on the top tier (\$50,000 or greater) since December 2012. This rate it is about 1.5 times the average rate on this type of account.

Member growth is another important factor that we face. We actually have lost some numbers in total over the last year. Many of the members lost were inactive members and

were not using MTFCU for financial services, so it may have actually helped the bottom line of MTFCU to have purged some of these members. However, we do not want this trend to continue. We want new members and we want them to be active members. Therefore in 2013, we will be implementing additional strategies to encourage member growth. But the best method of advertising is still word of mouth references. So, we are encouraging our current members to promote MTFCU to your family and friends. We feel like the credit union model is still the best option in the market.

We are continuing to embrace technology as a part of our ongoing member service. We want to be convenient for our members. That may mean transacting business from your home computer or your smart phone. With that in mind, we will be rolling out our mobile check capture by the end of the second quarter of 2013. In addition to your ability to make transactions from your computer or smartphone, you will also be able to deposit checks into your account utilizing technology on your smart phone. This level of service without ever having to travel to a credit union office puts your credit union on the cutting edge of electronic transactions. I have said for years that we are only as far away as your phone. This is true today more than ever.

MTFCU exists for one reason and that is to provide financial services to our members, so again, I express my appreciation to our members who use the credit union. There is strength in numbers, so thank you. To our board elected by the members to represent them and the supervisory committee who is appointed by the board, both of which serve in a voluntary capacity, I thank you for your time given to assure the safety and soundness of MTFCU. Finally, thank you to our staff. They are second to none. They are here to serve our members and are always willing to go above and beyond the call of duty.

Thanks for a successful 2012 and looking forward to 2013.

Brian C. Gilbert,
President/CEO

Supervisory Committee Report

The Supervisory Committee is comprised of three members who are appointed by the Directors. They must be from the membership of the credit union and none can be paid employees. Only one of the committee members may be a director of the credit union. The Committee is listed separately within this annual report.

The committee's function as defined by NCUA is to assure the safety and soundness of the credit union. This includes evaluation of the employees and board of director's performance in maintaining the records and assets of the credit union. Recommendations and/or suggestions are made to enhance operations to the benefit of the membership.

As in years past, the Supervisory Committee hired an outside audit team to conduct the annual audit in 2012. The auditors were from Credit Union Resources, Inc., Financial and Technology Resources which is a subsidiary of the Texas Credit Union League. The audit dates period was from November 1, 2011 through October 31, 2012. 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 very minor. In addition, to the external annual audit discussed above, internal audits are conducted quarterly and compliance audits are conducted semi-annually.

Supervisory Committee Members attend board meetings and have input at each meeting. While committee members do not vote on the issues, they are able to voice their opinions and take positions on each issue. We meet with NCUA Examiners as required, along with the board of directors.

I would say that as regulatory challenges increase, it becomes a more difficult each year to keep up with rules, regulations and laws. However, it is the opinion of this committee that Members Trust is meeting those requirements.

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

Sincerely,

Margaret "Meg" Moore,

Financial Statements

BALANCE SHEET

As of 12/31/2012 As of 12/31/2011

ASSETS		
Loans	49,407,456	48,352,678
Less Allow for ln losses	(999,502)	(1,190,978)
Net Loans	48,407,954	47,161,701
Cash	910,366	1,744,376
Investments	18,313,312	14,663,756
Land, Building and Equipment	681,833	683,027
NCUA	616,548	600,914
Assets Acquired in Process	637,969	769,336
Other Assets	2,223,517	1,977,652
Total Assets	71,791,499	67,630,762
LIABILITIES		
Total Borrowings	84,368	0
Accts. Payable	343,108	437,075
Dividends Payable	79	51
Total Liabilities	427,555	437,126
EQUITY		
Member Shares	65,771,940	62,053,422
Member Capital	5,592,004	5,140,214
Total Equity	71,363,944	67,193,636
Total Liabilities & Equity	71,791,499	67,630,762
INCOME & EXPENSE STATEMENT		
INCOME	2012	2011
Interest on loans	3,044,071	3,288,300
Interest on Investments	356,956	381,848
Other Income	570,748	572,325
Total Income	3,971,775	4,242,472
EXPENSES		
Operations Expenses	2,314,789	2,017,507
Provision for loan losses	213,285	367,666
Miscellaneous Expenses	26,991	18,553
Total Expenses	2,555,065	2,403,726
Less: Interest on Borrowing	(1,694)	(1,624)
Less: Dividends paid to Mbrs	(506,673)	(660,766)
Disp of Fixed Assets: gain/(loss)	(808)	27,661
NCUA Stabilization Expense	(58,572)	(150,229)
NET INCOME	848,963	1,007,593