



MEMBERS TRUST

OF THE SOUTHWEST

FEDERAL CREDIT UNION

2017 ANNUAL REPORT | ANNUAL MEETING



Experience the **CREDIT UNION** *Difference.*

PRESIDENT'S MESSAGE

At year-end, it is fun to look back at the numbers to measure the success of the previous year... especially when you have been successful. Not so much true when there is a down year. I am happy to say that 2017 was a good year and we can look back with pride with what has been accomplished during the year.

MTFCU grew substantially during 2017. Assets grew from \$109 million to \$131 million an increase of over 20%. Loan growth was a robust 13.1% while membership grew at 4.79%. This growth was accomplished while maintaining a healthy 8.23% net worth to asset ratio. Return on assets for the year was 57 basis points, about equal to our peer group. Overall, a very good year number wise. Please take a few minutes to review the numbers on the adjoining page.

We did make it through the first full year of a core data processing change in 2017. As many of you may recall we made the transition to a new system in October of 2016. While we did a lot of training and work in advance, a major change like that is a learning process. We now have a cutting-edge system that we think will allow for future growth and adding newer products and services. Getting the first year under our belt is good.

But as with any accomplishment, whether it is a World Series championship or a Gold Medal in the Olympics or winning Grand Champion at the county fair, after a brief celebration and acknowledgment it is time to prepare to meet the next challenge and climb the next hill. The world will soon pass us by if we do not keep striving for the next success.

With that in mind, I cannot overemphasize the value and hard work that each employee of MTFCU brings to the table each and every day. The team effort of providing service to our members is critical to the success of the credit union. At the same time, the loyalty of our members participating in this cooperative effort to provide financial services to their peers, in their credit union community, is the foundation for the success of MTFCU. Thanks to our members, you are the reason that we exist and also the reason for our success.

What is on the horizon for 2018? There are a number of things, but a primary focus will be to enhance our ability to reduce the cost of identity theft, cybersecurity, and intrusions. Unfortunately, most of these breaches happen with third-party vendors, who store information without proper security measures. Sometimes, these vendors let their guard down and do things that allow for a cyber-thief to take advantage of the situation. Unfortunately, this appears to be the world we live in and we will continue to be vigilant every day to reduce the losses from these types of crimes.

Another is the need to expand the office in Stephenville, as I mentioned in last years' report. Because of the success of the credit union in the Stephenville community, we have outgrown the office we moved into in early 2000. In 2017, we started the planning process for an expansion to the Stephenville office, to accommodate our members and staff. But there will be some pain before the gain as we move through the process. We anticipate days where you may experience some temporary inconveniences so we ask that you be patient with this process as we move through 2018.

Finally, thanks to our board of directors and supervisory committee members. They give guidance, leadership and support that encourage Members Trust to serve its members in a safe and sound manner. Each serves as a volunteer, so thanks to each of them for their selfless support of time and talent.

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, Jorgen Jorgensen, James Harle 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 2017. 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, 2016, through October 31, 2017. 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 the services that Members Trust provides to our members, it is imperative that we are able to assure that 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,

Leslie Schultz
Chairman

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	2017	2016
Loans	89,990,823	79,589,509
Less Allowance for Loan Losses	(422,369)	(513,350)
Net Loans	89,568,455	79,076,160
Cash	435,240	1,016,015
Investments	33,257,743	21,344,426
Land, Building and Equipment	3,824,955	3,850,615
NCUAIF	1,085,229	888,364
Assets Acquired in Process of Liquidation	0	0
Other Assets	3,287,604	3,113,732
Total Assets	131,459,225	109,289,312
LIABILITIES		
Total Borrowings	0	0
Accounts Payable	679,279	882,370
Dividends Payable	10,856	11,181
Total Liabilities	690,135	893,552
EQUITY		
Shares	121,910,837	99,844,505
Member Capital	10,839,676	10,157,312
Other Unrealized Gain/(Losses)	(1,981,423)	(1,606,057)
Total Equity	130,769,090	108,395,760
Total Liabilities & Equity	131,459,225	109,289,312

INCOME & EXPENSE STATEMENT

INCOME	2017	2016
Interest on Loans	3,685,886	3,185,368
Interest on Investments	556,699	437,176
Other Income	1,034,886	935,583
Total Income	5,277,471	4,558,127
EXPENSES		
Operations Expenses	3,400,095	3,300,318
Provision for Loan Losses	312,067	(100,825)
Miscellaneous Expenses	41,317	36,162
Total Expenses	3,753,479	3,235,655
Less: Interest on Borrowed Money	(101)	(44)
Less: Dividends on Shares	(855,078)	(626,824)
Disp. of Fixed Assets: Gain/(Losses)	(4,215)	(278)
Gain or Loss Sale of Investments	17,766	54,732
NCUA Stabilization Expense	0	0
NET INCOME	682,364	750,058



MEMBERS TRUST

OF THE SOUTHWEST

FEDERAL CREDIT UNION

BOARD OF DIRECTORS

Kevin Kleb, Chairman
Johnny Leibham, Vice Chairman
Margaret "Meg" Moore, Treasurer/Secretary
Don Bornemann, Director
Wayne Benfer, Director
Clarence Helfrich, Director
Henry Schmidt, Director

SUPERVISORY COMMITTEE

Leslie Schultz, Chairman
Jorgen Jorgensen
James Harle

CREDIT UNION MANAGEMENT TEAM

Brian C. Gilbert, President/CEO
Liliana Canga, CFO
Mark Button, COO/Technology Manager
Karen Kime, Stephenville Branch Manager

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800-683-6455

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