



MEMBERS TRUST

OF THE SOUTHWEST

FEDERAL CREDIT UNION

2018

*Annual Report
Annual Meeting*

*Experience the
CREDIT UNION
Difference.*

President's MESSAGE

As we complete our 82nd year of service to members and a very successful year for Members Trust, I cannot help but think of the many great companies that have succeeded beyond their wildest expectations and then for some reason the product or service they provide became either outdated or unneeded. The world around them changed; however, they did not adapt and were left in the past.

One of the fears that I have of success is that it can bring complacency. We know that the way we have always done things may not work in the future. This is true in the financial and credit union world as well. We have seen tremendous changes in our industry including debit cards instead of cash or checks; electronic funds transfer, now a single day process, instead of mailing a check; home banking on your computer or mobile device along with mobile deposit, all without a trip to the credit union. MTFCU is proud to offer all of this and more, but what will tomorrow bring?

That's a hard question to answer as there are always new developments on the horizon and the trick is figuring out what will stick and what will not. Will Bitcoin or some other cryptocurrency be the future? Will we be using robots to perform repetitive functions? Will cash be a thing of the past? What will we need to do to make your credit union relevant to you in the future? These are the questions that I think about because I want MTFCU to be here for you now but also for your children and grandchildren in the future. We know that what they will want in financial services will probably not be the same thing that you and I want.

Going off on a tangent here, but since it is rodeo and trail ride time in Texas, I will take the liberty. There was a time when horses were the main mode of transportation for traveling long distances and therefore the trail ride was hatched to mimic travel across the plains. People would have a horse and maybe a covered wagon and carry just what they needed to make the journey. Now on a trail ride, you see more pickup trucks, trailers with living quarters and campers than you do horses and wagons. Times have changed here too.

Personally, I believe we need to be forward thinking to serve the needs of younger generations while staying true to the service and products that have served us and our members well in the past. In the words of Darrel Royale, the legendary coach from an unnamed university in Austin, Texas, you need to "dance with who brung ya." This is both our challenge and opportunity.

We are very fortunate to have Board Leadership that understands the importance of making investments in the future. They have been proactive in keeping MTFCU on the forefront of technology both in service to our members but also in protecting the safety of your information. So, I would like to recognize their diligence in these important endeavors.

In my opinion, our staff and management team is second to none and they have a tremendous impact on the success of the credit union. The numbers are reflected in the adjacent page. Their guidance and work ethic are outstanding so I want to thank each employee for their efforts.

But most importantly are our members. You are the reason for our existence. Without you using Members Trust for your financial services, we would not succeed. Thank you.

Sincerely,

Brian C. Gilbert
President / CEO



Our Mission

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

Financial STATEMENTS

BALANCE SHEET

ASSETS	2018	2017
Loans	102,409,828	89,990,823
Less Allowance for Loan Losses	(387,449)	(422,369)
Net Loans	102,022,379	89,568,455
Cash	5,279,059	435,240
Investments	29,993,889	33,257,743
Land, Building and Equipment	4,360,569	3,824,955
NCUAIF	1,138,286	1,085,229
Other Assets	3,409,833	3,287,604
Total Assets	146,204,015	131,459,225
LIABILITIES		
Total Borrowings	0	0
Accounts Payable	772,290	679,279
Dividends Payable	24,752	10,856
Total Liabilities	797,042	690,135
EQUITY		
Shares	135,270,902	121,910,837
Member Capital	12,172,372	10,839,676
Other Unrealized Gain/(Losses)	(2,036,301)	(1,981,423)
Total Equity	145,406,973	130,769,090
Total Liabilities & Equity	146,204,015	131,459,225

INCOME & EXPENSE STATEMENT

INCOME	2018	2017
Interest on Loans	4,520,494	3,685,886
Interest on Investments	712,663	556,699
Other Income	1,252,729	1,034,886
Total Income	6,485,886	5,277,471
EXPENSES		
Operations Expenses	3,732,750	3,400,095
Provision for Loan Losses	65,396	312,067
Miscellaneous Expenses	41,131	41,317
Total Expenses	3,839,277	3,753,479
Less: Interest on Borrowed Money	(664)	(101)
Less: Dividends on Shares	(1,371,725)	(855,078)
Disp. of Fixed Assets: Gain/(Losses)	57,223	(4,215)
Gain or Loss Sale of Investments	1,254	17,766
NCUA Stabilization Expense	0	0
NET INCOME	1,332,697	682,364

Supervisory COMMITTEE REPORT

Appointed by the Board of Directors, the Supervisory Committee ensures that a comprehensive audit program for the credit union is established and implemented in accordance with all credit union rules and regulations. The committee is also responsible for ensuring that management adheres to policies established by the Board of Directors and maintains a strong internal control system. The current Supervisory Committee is comprised of Jorgen Jorgensen, James Harle and me.

To accomplish our responsibilities, the Supervisory Committee contracted with Credit Union Resources, Inc., Financial and Technology Resources which is a subsidiary of the Cornerstone Credit Union League, to conduct the 2018 annual audit. The audit dates period was from November 1, 2017 through October 31, 2018. The results of the audit indicate that the financial statements accurately represent the results of the operations and financial position for this period. No material weaknesses in internal controls were reported.

In addition to the external audit and regulatory examinations, the credit union Supervisory Committee members also attend and provide input at each board meeting; however, we do not vote on credit union issues.

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. As the credit union grows in size and complexity, we will continue to work with management and the Board, to build a strong risk management program that ensures Members Trust remains a trusted financial partner for our members.

It is a pleasure to serve with the Board and my fellow committee members and thank you for your membership with Members Trust Federal Credit Union.

Sincerely,

Leslie Schultz
Chairman





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, Branch Manager, Stephenville

Houston Office

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

Stephenville Office

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

Toll-Free Number

800-683-6455

www.MTFCU.coop



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