

# 2011 Annual Report



Above: HCU Support Center, renovated and opened October 2011 at 4000 N. Monroe in Hutchinson, KS

Above Right: HCU launched Mobile Banking Services in 2011 at [m.hcu.coop](http://m.hcu.coop) with apps for Android, Blackberry, iPad, iPhone and available to web ready mobile devices.

Right: HCU CUSO; Members Mortgage Services renovated and opened a new office building at 20 E. 29th Court in Hutchinson, KS

Below: Hutchinson Credit Union launched a facebook page in 2011; currently engaging 451 fans/members with this venue.



- **23<sup>rd</sup> Avenue branch** - 900 E. 23<sup>rd</sup> Avenue, Hutchinson, KS 67502
- **Avenue A branch** - 129 W. Avenue A, Hutchinson, KS 67502
- **Haven branch** - 103 S. Kansas Avenue, Haven, KS 67543
- **Newton branch** - 2201 S. Kansas Avenue, Newton, KS 67114
- **Wichita branch** - 245 North Waco, Wichita, KS 67202
- **HCU Support Center** - 4000 N. Monroe, Hutchinson, KS 67502

620.669.0177 • 800.428.8472 • [www.hcu.coop](http://www.hcu.coop) • [m.hcu.coop](http://m.hcu.coop)

Where **people** are worth more than money





23rd Branch



Wichita Branch



Ave A Branch



Haven Branch



Newton Branch

## AGENDA- ANNUAL MEETING / MARCH 27, 2012

### Call to Order

Determination of a Quorum .....	
Approval of Minutes and Agenda .....	Mark Woleslagel pg 2
Report of Chair .....	Mark Woleslagel pg 3
Report of Supervisory Committee .....	Ed Howard pg 3
Report of Treasurer .....	Kendal Pulliam pg 4
Report of Credit Committee .....	Pat Falter pg 5
Report of the President .....	Garth Strand pg 7
Report of Election .....	Mark Woleslagel

### Unfinished Business

### New Business

### Adjournment

## HCU VOLUNTEERS

### Board of Directors



Mark Woleslagel  
Chair



Lee Spence  
Vice-Chair



Kendal Pulliam  
Sec-Treasurer



John McCannon



Richard Carlisle



Roy Broxterman



James Woods

### Credit Committee



Pat Falter  
Chair



Leila Emack



James Ewert



Patsy Johnson



Leslie Sweasy

### Supervisory Committee



Ed Howard  
Chair



Marvin Schmucker



Caroline Phelps



Mike Juby



Lori Blakesly



The 63<sup>rd</sup> annual meeting of the Hutchinson Credit Union was held March 22, 2011, at the 23<sup>rd</sup> Ave branch of the Hutchinson Credit Union in Hutchinson, Kansas.

Chair Mark Woleslagel called the meeting to order. Thirty-eight members attended the annual meeting.

Jim Woods moved to accept the minutes of the 2010 Annual Meeting as presented. Seconded by Pat Falter. Motion carried.

Chair Mark Woleslagel referred to the printed report stating the Credit Union has successfully completed its 63<sup>rd</sup> year of operation and continues to be an active participant in the ever-changing financial services arena. The following are some of the important happenings at our credit union during 2010: HCU was assessed \$370,000 to meet our portion of NCUA's assessments to cover losses in the greater credit union industry; total assets were \$158.3 million and a net income of \$1,485,982; for the third time, a member participation bonus was declared, paying out an additional \$85,000 to members; we received a great CAMEL rating; HCU purchased the Monroe building to be used as additional office space; mortgage lending – HCU assisted members by providing 565 first mortgage loans totaling \$62,959,936; and we opened Prosperity Savings Branch at Prosperity School with savings now totaling \$5,000. Members Mortgage Services (MMS) is providing services to 19 different credit unions with mortgage loans totaling \$444 million. MemberSource continues to grow as well working with 735 HCU members. The initiatives mentioned above position our Credit Union for continued success in the future.

Ed Howard, Supervisory Committee Chair, stated the number one task of the Supervisory Committee is to safeguard the members assets by fulfilling the following responsibilities: review Policies and procedures; evaluate and review the CU's financial condition; interact with CU Management; Cooperate with Regulatory Agencies; review the activities of the Board of Directors and other committees; determine compliance with Consumer Credit Regulations. First, the certified Public Accounting Firm of Nearman, Maynard, Valley, P.A., was employed to conduct the Annual Audit as of 9-30-10. Their report concluded that our financial statements represent fairly and accurately the financial position of your Credit Union and conform with generally accepted accounting principles. Secondly, the committee cooperates fully with the regulatory examinations by the Kansas Department of Credit Unions and the National Credit Union Administration. Any records of actions made by these agencies are followed up by the Supervisory Committee. The most recent exam covered transactions up to the close of business on March 31, 2010. Lastly, the Committee continues to review procedures, policies, accounts and reports, attend Board Meetings, and invite staff to report to us on their operations in their respective departments. In summary, it was reported that all the funds and records are being maintained in a safe, sound and confidential manner. Lori Blakesley made the motion to accept. Seconded by Jim Woods. Motion carried.

Dan Springer, CFO, presented the treasurer's report. In 2010, a direct return to the members of \$2,328,128 was made in the form of share and certificate dividends. Our net income of

\$1,485,982 was placed in reserves and undivided earnings. This is necessary to meet state and federal regulations and to meet long term capital goals established by the Board of Directors. Reserves and undivided earnings are the "savings account" of the credit union and help to insure its future viability. Asset Growth—58%; Loan Growth—11.65%; Savings Growth—7.00%; and Capital Growth—10.87%. Our key ratios compare well to our peers.

Included in the 2010 net income is \$653,954 from MMS which represents 2010 earnings related to HCU's 44.7% ownership. HCU's investment in this mortgage servicing CUSO (started in 2004) has grown to almost \$1.75 million. This includes total contributed capital of \$450,000 and almost \$1.3 million from earnings. The Board of Directors believes Hutchinson Credit Union is a financially sound, well managed and capable of continuing to fulfill its mission of offering good financial services in a safe and sound manner.

Pat Falter stated the Credit Committee is responsible for ensuring the lending policies of the credit union, as established by the Board of Directors, are carried out by the loan officers. The Committee meets to review the reports on new loans, delinquencies, charge-offs and randomly review loan files to insure compliance. Types of loans, portfolio changes, the overall loan pricing structure as well as new products and services are also reviewed. Notable information during the year includes: loans for the year grew \$12.5 million or 11.6% to total outstanding loans to members of \$119,803,268. Delinquency at year-end was .88%. At year end, 84% of member shares are currently reinvested in member loans, a great sign of a healthy credit program.

Garth Strand, President, gave his report stating the previous reports have recapped a fine year at HCU...overall, perhaps one of the best! Excellent growth, high quality loans, growing capital, and bonus dividends. These accomplishments are the culmination of dedicated, unselfish leadership from our volunteers, the trust and support of our members and the excellent efforts of our staff.

### New Business

Garth Strand reported on the elections stating that there was no election conducted by ballot because there was only one nominee for each position to be filled. The following were elected by acclamation: Jim Woods and Richard Carlisle - Board of Directors; Mike Juby- Supervisory Committee. There are 2 nominees – Leila Emack and Leslie Sweasy for the two seats on the Credit Committee and will be appointed by the Board at their next meeting.

Unfinished business  
None.

### Adjournment

John McCannon made the motion to adjourn. Seconded by Jim Woods. Motion carried.

Thanks to our qualified staff, volunteers, and Hutchinson Credit Union members, 2011 was another positive and productive year ending with total assets of \$178.2 million and net income of \$1,070,055.

HCU, as is standard for all credit unions, is faced with meeting NCUA assessments to cover losses in the greater credit union industry. For 2011, HCU expensed \$228,215 for that purpose.

Some important highlights include:

- At year-end, HCU was made up of 17,165 members, 22 volunteers and 80 employees. Our two CUSOs, MemberSource and Members Mortgage Services, have an additional 3 and 15 employees respectively.
- Remodel of the Monroe street building which is now known as the HCU Support Center. Approximately 20 staff members are located there including accounting, loan processing, phone center, EFT and marketing. This building and campus provides much opportunity for the future growth of HCU.
- Remodel and occupancy of the new Member's Mortgage Services offices at 20 E. 29th Court in Hutchinson.
- Successful joint regulatory examination by the Kansas Department of Credit Unions and NCUA.
- Successful audit by Nearman, Maynard & Vallez, CPAs.
- MemberSource now works with 735 HCU members
- HCU is the 8th largest credit union in Kansas. A recent review of September 30th data from the largest 15 credit unions in Kansas shows the average margin of that group to be 5.52% HCU's margin is 4.02% which means on average, HCU members received about \$2.6 million in additional value or about \$150 per member. The next lowest margin closest to that of HCU, was 4.71% which again means HCU members received additional value of approximately \$1.2 million or about \$70 per member. While these numbers are just one comparison of member value, it is clear that HCU is a leader in providing value to members.

We are fortunate to have one of the best financial institutions in the area and I thank each of you for your continued support.

**Mark Wolesslagel, Chair**

The Supervisory Committee is charged with ensuring that Members' assets are safeguarded. They accomplish this through the following:

- Oversight of the Internal Audit Program
- Reviewing Policies and Procedures
- Evaluating and Reviewing the Credit Union's Financial Condition
- Interacting with Credit Union Management
- Cooperating with Regulatory Agencies
- Reviewing Activities of the Board of Directors and Other Committees

In order to fulfill these responsibilities and provide an objective view of the financial strengths and weaknesses of your Credit Union, the Supervisory Committee relies on and uses a variety of resources, including an Internal Auditor. This allows the Supervisory Committee to proactively monitor the high risk areas of the credit union on a regular basis.

The Certified Public Accounting Firm of Nearman, Maynard, Vallez, P.A. was employed to conduct the Annual Audit as of 9-30-11. Their report concluded that our records represent fairly and accurately the financial position of your credit union and conform to Generally Accepted Accounting Principles. Nearman, Maynard, Vallez, P.A. also audits the records of MemberSource in conjunction with the HCU audit and was found to be in good order. Our other CUSO, Members Mortgage Services, is being audited as of 12-31-11 and is still pending as of this writing.

In addition, the committee cooperates fully with regulatory examinations by the Kansas Department of Credit Unions and the National Credit Union Administration. Any records of action are followed up by the Supervisory Committee. The most recent exam covered transactions up to the close of business on March 31, 2011. There were no material deficiencies cited.

Finally, the Supervisory Committee relies on its own activities and findings:

- The Committee met several times during 2011 to conduct reviews of various policies, procedures, accounts and reports.
- Staff members from various areas report to us about their operations in their respective departments.
- Committee members take turns attending Board of Directors meetings.

In summary, the Supervisory Committee is glad to report to members that your funds and records are being maintained in a safe, sound and confidential manner.

**Ed Howard, Chair**

In 2011, a direct return to members of \$2,041,379 was made in the form of share and certificate dividends. Net income retained, of \$1,070,055, was placed in reserves and undivided earnings. This is necessary to meet state and federal regulations and to meet long term capital goals established by the Board of Directors. Reserves and undivided earnings are the "savings account" of the credit union and help to insure its future viability.

Included in 2011 net income was \$7,369 from Members Mortgages Services (MMS), which represents 2011 earnings related to HCU's 42.7% ownership. That net income only tells part of the story as there was a negative mark-to-market adjustment for the valuation of mortgage servicing rights of over \$1 million, which brings operational net income to more than \$1 million. As rates rise, we expect to see the mark-to-market adjustments bring a positive adjustment to the HCU bottom line. In addition, MMS passed a big milestone in 2011 when the portfolio of mortgage loans serviced surpassed \$500 million.

MemberSource Inc., also known as HCU Investments and Insurance (HCU I&I Services), had its best year ever in 2011. HCU I&I Services is a wholly owned CUSO of HCU and contributed \$27,585 to HCU's net income.

Overall, HCU's investment in these CUSO's have grown to over \$1.83 million. This includes total contributed capital of \$600,000 and \$1.23 million from earnings.

The Board of Directors believes your credit union is financially sound, well managed and capable of continuing to fulfill its mission of offering financial services in a safe and sound manner.

As member-owners, your continued support is vital to the sustained success of your credit union. Thank you for your support.

**Kendal Pulliam**  
Secretary- Treasurer

## RATIO COMPARISON ↓

<b>Asset Growth</b>	<b>12.57 %</b>
<b>Loan Growth</b>	<b>10.18 %</b>
<b>Savings Growth</b>	<b>12.25 %</b>
<b>Capital Growth</b>	<b>7.39 %</b>

	Hutchinson Credit Union				National Peers
	3/31/2011	6/30/2011	9/30/2011	12/31/2011	12/31/2011
<b>Capital Adequacy:</b>					
Net Worth/Assets	8.82%	8.92%	8.57%	8.73%	10.30%
<b>Asset Quality:</b>					
Delinquent Loans/Loans	0.83%	1.30%	1.45%	1.23%	1.45%
Net Charge Off/Loans	0.09%	0.13%	0.13%	0.18%	0.80%
<b>Earnings:</b>					
ROA*	1.25%	0.91%	0.49%	0.64%	0.48%
ROE	14.66%	11.37%	3.22%	7.12%	4.69%
Gross Income/Avg Assets*	6.24%	6.18%	5.98%	6.32%	5.57%
Cost of Funds/Avg Assets*	1.21%	1.25%	1.24%	1.23%	0.82%
Operating Expense/Avg Assets*	3.78%	4.00%	4.13%	4.32%	3.86%
<b>ALM:</b>					
Loans/Share	74.83%	77.67%	77.54%	77.48%	67.08%
Loans/Assets	67.42%	69.71%	69.90%	69.61%	58.93%
Cash+Short-term Inv./Assets	12.79%	7.64%	11.08%	6.82%	18.26%
Fixed Assets / Assets	2.18%	2.26%	2.67%	2.75%	3.15%
<b>Growth:</b>					
Asset Growth*	29.68%	15.61%	15.04%	12.57%	5.54%
Net Worth Growth*	14.20%	10.30%	5.63%	7.39%	5.19%
Share Growth*	29.72%	14.79%	15.14%	12.25%	5.59%
Loan Growth*	7.35%	11.35%	12.51%	10.18%	0.50%

	2010	2011
Total Number of Loans Made	22,950	23,109
Total Dollar Volume of Loans Made	\$119,305,490	\$106,012,267
Number of Loans Made Since April 1, 1948	320,548	343,657
Total Dollar Volume of Loans Since April 1, 1948	\$990,682,345	\$1,096,694,612
Loans Charged-off Since April 1, 1948	\$3,067,908	\$3,312,657
Recoveries From Charged-off Loans	\$299,278	\$328,601

## Purpose of the Credit Committee:

To represent the membership by maintaining a safe, sound, fair and responsive credit system.

The credit committee is responsible for insuring lending policies of the credit union, as established by the Board of Directors, are carried out by the loan officers. The committee meets to review the reports of new loans, delinquencies, charge-offs and randomly review loan files to insure compliance. Types of loans, portfolio changes, the overall loan pricing structure as well as new products and services are also reviewed.

Notable information and actions in the lending area during the year include:

⇒ Loans for the year grew \$8.2 million or 6.9% to a total outstanding loans to members of \$128,048,680.

⇒ Mortgage lending continued to command attention.

Historic low rates gave members the opportunity to refinance their existing mortgage loans at lower rates. During 2011, HCU originated and sold \$37.8 million in mortgage loans to the secondary market through Members Mortgage Services. That number is good enough to make HCU the number one residential mortgage lender in Reno County. For further perspective, out of approximately 7,400 credit unions nationwide, HCU was ranked #243 for mortgage originations as of 9-30-2011 although in terms of asset size, HCU comes in about #935.

⇒ Members Mortgage Services (MMS), our mortgage servicing CUSO, also benefited from all the mortgage activity. The MMS

servicing portfolio at year end consisted of 5,305 mortgage loans totaling \$515.9 million. There are currently 21 credit unions participating in MMS.

⇒ HCU member business loans total \$21 million and represent approximately 17% of our total loan portfolio. Based on our current asset size, this amount is as large as it can be by NCUA regulation. We are actively communicating with our legislative representatives to increase this cap.

⇒ Delinquency at year-end was at 1.226%, increasing from .88% since year-end 2010. Our credit union peer average at year-end 2011 was 1.45%

⇒ Charged-off loans for 2011 as a percentage of outstanding loans was .17% which was unchanged from 2010. Our credit union peer average at year-end 2010 was .83%. To put that in perspective, if the HCU charge-off ratio was the same as our peers for 2011, we would have taken an additional \$845,000 in loan losses.

⇒ At year end, 77.5% of member shares are currently reinvested in member loans compared to our peer number of 67%, a great sign of a healthy credit program especially with our low rates of delinquency and charge-off.

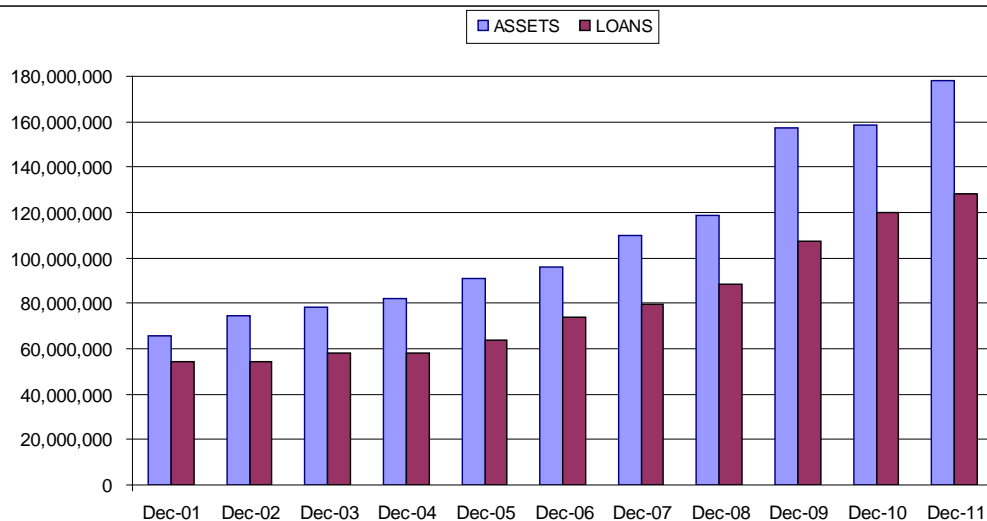
The credit committee met four times during the year to discuss and advance the issues above, review reports, and update policies, products & pricing.

**Pat Falter, Chair**

## ASSET/LOAN GROWTH ⇒

## LOAN QUALITY ⇩

Year-End	Delinquency	Net Charge-offs
Dec 01	0.770%	0.202%
Dec 02	1.405%	0.109%
Dec 03	1.142%	0.278%
Dec 04	1.013%	0.116%
Dec 05	0.862%	0.164%
Dec 06	1.092%	0.108%
Dec 07	1.899%	0.189%
Dec 08	0.792%	0.311%
Dec 09	1.423%	0.217%
Dec 10	0.884%	0.172%
Dec 11	1.226%	0.172%





## Year End Closings:

	12/31/2010	12/31/2011
<b>Assets</b>		
Cash Accounts	\$2,525,834	\$4,237,155
Real Estate Loans	47,545,346	49,841,633
Business/Agricultural Loans	19,674,262	21,784,885
Consumer Loans	52,583,660	56,436,842
Loan Loss Allowance	(1,047,255)	(1,121,830)
Investments	30,900,280	39,443,291
Building & Land (Net)	3,145,125	4,126,976
Furniture & Fixtures (Net)	472,341	692,961
Prepaid Expenses	227,779	261,295
Accrued Income	383,088	396,856
NCUSIF Deposit	1,346,004	1,443,601
Other Assets	487,051	595,229
<b>Total Assets</b>	<b>\$158,243,514</b>	<b>\$178,138,895</b>

## Total Assets

<b>Liabilities &amp; Equity</b>	<b>\$ 1,267,242</b>	<b>\$ 2,463,878</b>
Miscellaneous	142,564,815	160,034,605
Share Deposits	14,411,457	15,640,412
Reserves and Undivided Earnings	<b>158,243,514</b>	<b>178,138,895</b>

## Total Liabilities and Equity

## INCOME STATEMENT

	2010	2011
<b>Income</b>		
Income on Loans	\$6,720,760	\$6,579,742
Income on Investments	458,953	472,120
Other Income	3,312,276	3,651,289
<b>Total Operating Income</b>	<b>\$10,491,989</b>	<b>\$10,703,152</b>

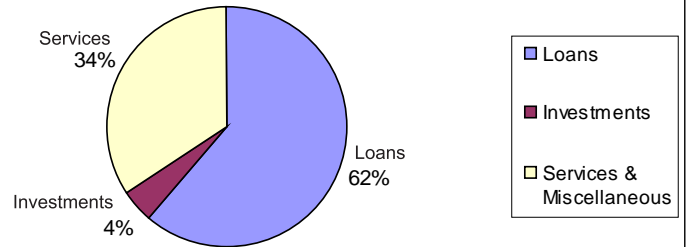
## Operating Expenses

Compensation	\$2,814,818	\$3,106,018
Employee Benefits	710,563	762,819
Travel & Conference Expense	144,272	144,140
Association Dues	38,697	50,173
Office Occupancy & Operations	2,000,020	2,214,170
Education & Promotion	294,889	319,862
Loan Servicing	245,467	196,635
Professional Expense	63,807	104,137
Provision for Loan Losses	277,000	290,000
Member Insurance	634,654	249,491
Regulatory Expense	34,621	36,302
Interest on Borrowed Money	1,089	25,035
Member Relations	14,529	15,617
Miscellaneous Expense	57,608	73,193
<b>Total Expenses</b>	<b>\$7,332,033</b>	<b>\$7,587,592</b>
Operating Income	\$10,491,989	\$10,703,152
Less Operating Expenses	(7,332,033)	(7,587,592)
Non-Operating Income /(Expense)	654,154	(4,126)

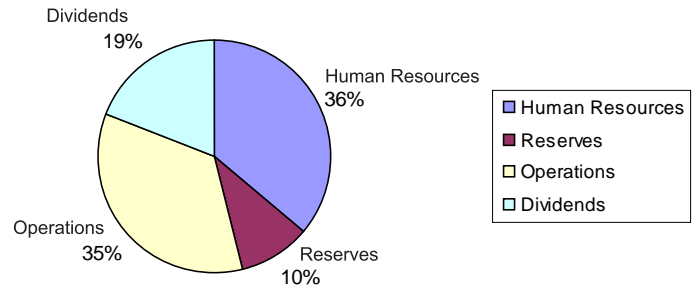
<b>Net Income Before Dividends</b>	<b>\$3,814,110</b>	<b>\$3,111,434</b>
Less Dividends	(2,328,128)	(2,041,379)

<b>Balance to Reserves</b>	<b>\$ 1,485,982</b>	<b>\$ 1,070,055</b>
----------------------------	---------------------	---------------------

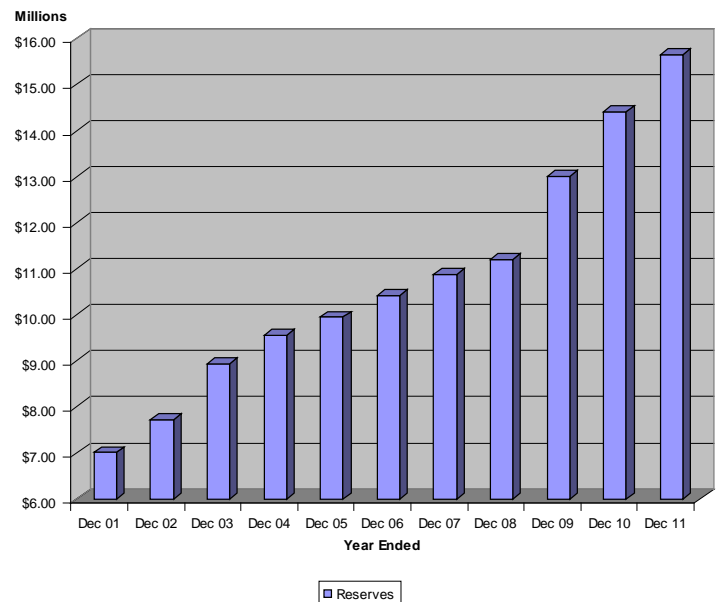
## INCOME SOURCES



## INCOME DISTRIBUTION



## TREND OF RESERVES

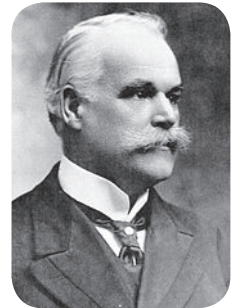


# “Remembering who we are”

Some years back in this report, I talked about the wise advice my mother gave me as my parents were dropping me off at college for the first time: “Garth Strand, you remember who you are.” Gee thanks Mom, from a nicely rambunctious 18-year old ready to finally experience freedom! None the less, it is advice that has kept me on the right track (and helped me get back on the tracks a few times!). In this the International Year of the Cooperative, as declared by the United Nations, it seems fitting and proper that as a credit union, we remind ourselves of who we are. That we are much more than just a financial institution. That we are part of the greater cooperative movement. That we have a purpose and mission centered around people.

As we struggle against things like competition, profit, regulation, economics and a few more human conditions such as pride & greed, let us rekindle our credit union passion with some of the following inspired thoughts from past credit union leaders:

*“A credit union is not an ordinary financial concern, seeking to enrich its members at the expense of the general public. Neither is it a loan company, seeking to make a profit at the expense of the unfortunates. The credit union is nothing of the kind; it is the expression in the field of economics of a high social ideal.”* Alphonse Desjardins ➡



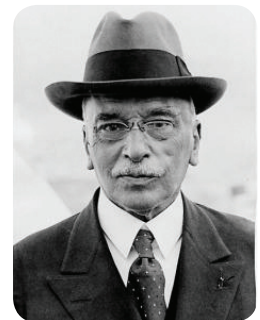
*“no institution – except the church – does more good for people than credit unions.”*  
Wright Pattman



*“The real job of a credit union is to prove, in modest measure, the practicality of the brotherhood of man.”*  
⬅ Roy F. Bergengren

*“Let’s keep in mind that it is the credit union member that furnishes all the billions of dollars we brag about – it is their money.”*  
Joseph S. DeRamus

*“The credit union movement. It is a great movement, worthy of great deeds, deserving of great loyalty.”*  
Edward Filene ➡



*“We must remember what we started out to do and then find ways to do it with the modern techniques available”*  
Louise McCarren Herring



As we look ahead, I challenge us all to always remember who we are and to strive to be the best credit union we can be.

May HCU always stay on the right tracks.

**Garth Strand, President**





# 2012 - International Year of COOPERATIVES



The United Nations General Assembly has declared 2012 as the International Year of Cooperatives, highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration.

With the theme of "Cooperative Enterprises Build a Better World"; The International Year of Cooperatives has three main objectives:

- 1. Increase awareness:** increase public awareness about cooperatives and their contributions to socio-economic development and the achievement of the Millennium Development Goals
- 2. Promote growth:** promote the formation and growth of co-operatives among individuals and institutions to address common economic needs and for socio-economic empowerment
- 3. Establish appropriate policies:**  
Encourage Governments and regulatory bodies to establish policies, laws and regulation conducive to co-operative formation and growth.

By raising awareness about cooperatives, the Year will help to encourage support and development of cooperative enterprises by individuals and their communities.

<http://www.un.org/en/events/coopsyear/>

## INTERNATIONAL COOPERATIVES PRINCIPLES

### Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

### Principles

- 1. Voluntary and Open Membership:** Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- 2. Democratic Member Control:** Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.
- 3. Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common

property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

- 4. Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

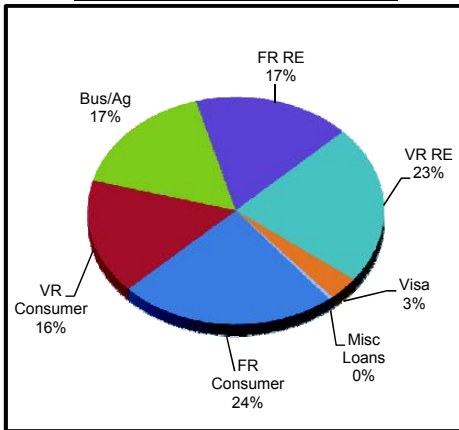
- 5. Education, Training and Information:** Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.

- 6. Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

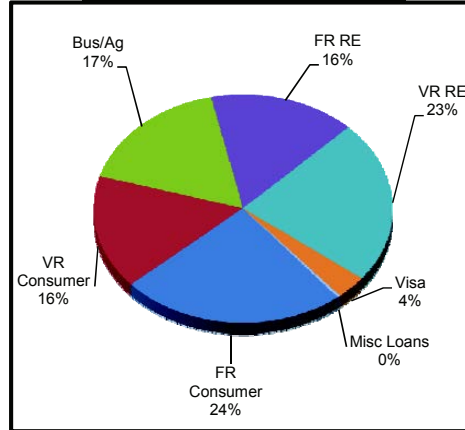
- 7. Concern for Community:** While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

## DISTRIBUTION OF LOANS

**December 31, 2010**

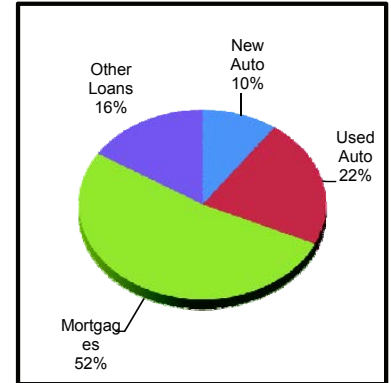


**December 31, 2011**



**National Peer**

9/30/2011



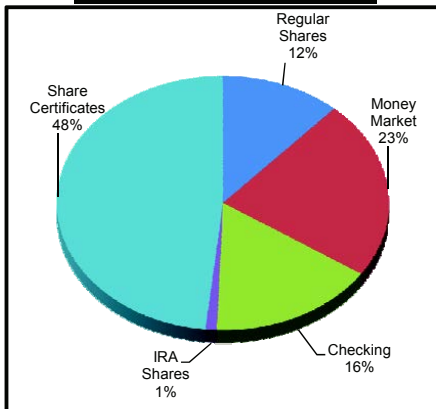
Loan Type	Balance
FR Consumer	\$ 28,393,012
VR Consumer	\$ 19,625,013
Bus/Ag	\$ 19,674,262
FR RE	\$ 20,538,112
VR RE	\$ 27,007,234
Visa	\$ 4,061,993
Misc Loans	\$ 485,491
<b>Total Loans</b>	<b>\$ 119,785,116</b>

Loan Type	Balance
FR Consumer	\$ 31,060,968
VR Consumer	\$ 20,660,180
Bus/Ag	\$ 21,784,885
FR RE	\$ 20,299,834
VR RE	\$ 29,541,799
Visa	\$ 4,276,600
Misc Loans	\$ 424,414
<b>Total Loans</b>	<b>\$ 128,048,680</b>

Year Change	
2,667,956	9.40%
1,035,167	5.27%
2,110,623	10.73%
(238,278)	-1.16%
2,534,565	9.38%
214,607	5.28%
(61,077)	-12.58%
<b>8,263,564</b>	<b>6.90%</b>

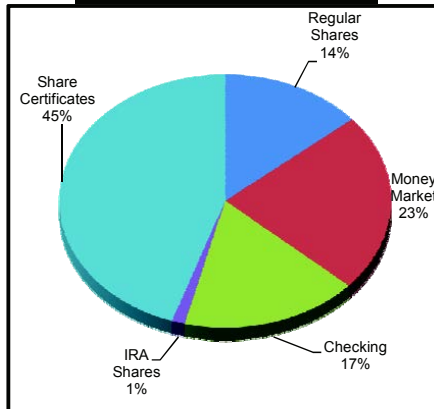
## DISTRIBUTION OF SHARES

**December 31, 2010**



Inv Port	Balance
Regular Shares	\$ 16,639,880
Money Market	\$ 32,465,491
Checking	\$ 23,060,361
IRA Shares	\$ 1,564,398
Share Certificates	\$ 68,870,434
<b>Total Shares</b>	<b>\$ 142,600,564</b>

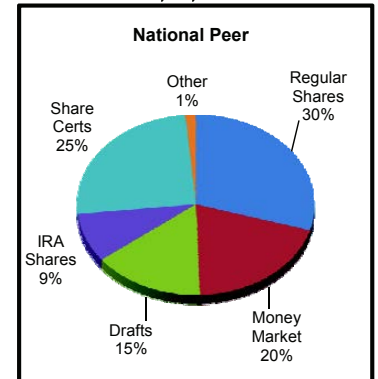
**December 31, 2011**



Inv Port	Balance
Regular Shares	\$ 22,151,717
Money Market	\$ 36,534,061
Checking	\$ 27,634,280
IRA Shares	\$ 2,035,266
Share Certificates	\$ 71,743,652
<b>Total Shares</b>	<b>\$ 160,098,976</b>

**National Peer**

9/30/2011



Year Change	
5,511,837	33.12%
4,068,571	12.53%
4,573,919	19.83%
470,868	30.10%
2,873,218	4.17%
<b>17,498,412</b>	<b>12.27%</b>

## **GARTH STRAND- President**

Amber Evans, Receptionist

## **DAN MCFADDEN, VP of Lending**

Connie Busick-Depew, Mortgage Officer  
Chris Hall, Mortgage Officer  
Joe Ackerman, Mortgage Officer  
Oscar Garcia, Mortgage Officer  
Tammy Martinez Real Estate Loan Processor

**LeeAnn Marker, Business Advisor**

**Troy Scarlett, Credit Analyst**

**Scott Cooley, Special Accounts Manager**

CC Mayberry, Special accounts advisor

**Bambi Stewart, Loan Processing & Servicing Mgr.**

Dana Hase, Loan processor  
Kasey Thiessen, Loan processor  
Kelsey Janzen, Loan processor

**Donna Miller, Consumer lending manager**

Angie Davenport, Loan Officer  
Margaret Sebastian, Loan Officer  
Tracy Ryan, Loan Office

## **MICHELLE WALN, VP of HR and Operations**

**Tasha Erickson, HR & Education Director**

Jeanette Miller, HR Assistant

**Debbie Ridpath, Cash Services Manager**

Debbie McClendon, Teller  
Debbie Zook, Teller  
Leah Alfaro Teller  
Michelle Griffith, Teller  
Suzie Parker, Teller

**Laura Oneal, Drive-thru supervisor**

Brenda Knox, Teller  
Judy Miller, Teller  
Joy Ann Jeffers, Teller

**Jeremy Stauffacher, Ave. A branch manager**

Angela White, Teller  
Amanda Barr, Teller  
Marva Terrell, Loan Officer  
Monica Roberts, Loan Officer  
Tara Montgomery, Teller

**Julie Caffrey, Haven branch manager**

Christie Nienstedt, Loan Officer  
Kristi Chamberlain, Teller

**Samantha Raybern, Newton branch manager**

Janell Mendenhall, Loan officer  
Kelsi Cubbage, Teller  
Sam Roth, Teller  
Steven Morgan, Loan officer/Mortgage officer

**Dee Lemen, Wichita branch manager**

Char Bigger, Loan Officer  
Jenna Ressler, Teller

**Leta Nachtigal, Phone center manager**

Ginny Chronister, Phone center advisor III  
John Warren, Phone center advisor III  
Tammy Nachtigal, Phone center advisor IV  
Teresa Dover, Phone center advisor IV  
Shayna Johnson, Phone center advisor IV

## **CASEY SWARTS,**

**VP Technology/Marketing & Special projects**

**Eric Sparks Marketing/Communications Director**

Ellen Dugan, Marketing Specialist

**Zack Clobes, IT Manager**

Kelly Newboles, Network Admin/Tech support  
Ryan Sperling, Programmer  
Scott Matthews, Tech support  
Wendy Hildebrand, Computer support

**Angie Mielke, Data Processing Supervisor**

Carol Kemp, Records manager  
Dillon Aumiller, Programmer

**Mike Armbruster, Building & Grounds Technician**

## **DAN SPRINGER,**

**VP of Finance/CFO**

**Jennifer Wright, Internal Auditor/Compliance Officer**

**Kristi Nuest, EFT manager**

Elaine Marques, Fraud Specialist  
Lisa Radloff, ACH/Drafts coordinator  
Lisa Gamber, Wires/Debit card coordinator  
Yvonne Yearout, Credit card coordinator

**Sandy Rush, Accounting Manager**

Diane Ryan, Accounting assistant

**Joel Andrew, Financial Analyst**

## **MONTE CROSS**

**HCU INVESTMENT & INSURANCE SERVICES MANAGER**

Bob Guthrie, Investment Advisor

Becky Goering, Administrative Assistant

## **TODD BRUNNER,**

**MEMBERS MORTGAGE SERVICES PRESIDENT /CEO**

**Angie Wiehl, Accountant**

**Jerry Grinstead, Vice President Production**

Ann Schrick, Loan consultant  
Evelyn Dohm, Loan consultant  
Jennifer Nuest, Loan consultant  
Kathleen Tolbert, Underwriter

**Pam Beshears, Shipping & Servicing Manager**

Brandi Caywood, Mortgage Servicing  
Nancy Conard, Mortgage Servicing  
Olivia Nisly, Mortgage Servicing  
Shelly Duncan, Mortgage Servicing  
Brittany Shipley, Special Accounts Assistant

**LaShauna Kempel, Director of Training**