

# 2014 ANNUAL REPORT

PREPARED FOR METRO'S  
42<sup>ND</sup> ANNUAL MEETING



FRIDAY, MARCH 6<sup>TH</sup>

# 2015



2440 E RAND ROAD ARLINGTON HEIGHTS, IL 60004

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# 42<sup>ND</sup> Annual Meeting

March 6, 2015

METRO Federal Credit Union  
2440 E Rand Road  
Arlington Heights, Illinois

## Meeting Agenda

- A. Call to Order—6:00 P.M.
- B. Approval of Minutes  
*41st Annual Meeting Held March 7, 2014*
- C. Chairman's Report— Susan E. Gwinnup
- D. President's Report — Salvatore Fragale
- E. Supervisory Committee Report — Stephen Lane
- F. Election of Directors (Acclamation Vote)
- G. Old Business
- H. New Business
- I. Adjournment

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## **Minutes of the 41st Annual Meeting Held March 7, 2014**

The 41st Annual Meeting was called to order by Chairman, Susan Gwinnup at 6:00pm in the credit union facilities at 2440 East Rand Road, Arlington Heights, Illinois.

### **Approval of Minutes**

Kevin Gwinnup initiated a motion to approve the minutes of the 40th Annual Meeting as presented. David Schultz seconded this motion which was voted without discussion and approved by unanimous vote.

### **Chairman's Report**

Susan Gwinnup welcomed attending members to the 41st Annual Meeting and highlighted METRO's solid financial performance for year ending 2013. For the entire year, aggregate deposits grew approximately 4.50% while loans outstanding increased 8.40%. For 2013, METRO's net earnings reached \$51,000, its healthiest earnings since the financial crisis.

Susan provided a brief summary of the upcoming computer conversion and improvements to office operations. Finally, Susan Gwinnup noted that Dick Marra will retire effective 3/28/2015. Salvatore Fragale has been appointed to succeed as President of METRO Federal Credit Union.

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## **President's Lending Report**

Salvatore Fragale reported that METRO's operations improved in 2013 as members continued to borrow. New loans written grew 19.0% over 2013 levels with \$7.0 Million in new credit approved during the year. Total loans outstanding by year-end grew 8.4% to \$18.8 million. Salvatore indicated that lending performance was strong with a balanced distribution of loan originations. Salvatore reported that METRO's average delinquency rate increased to 2.1% and aggregate yield on loans was at 5.6%.

## **Supervisory Committee Report**

Salvatore Fragale (for Stephen Lane) summarized the results of the 2013 Supervisory Audit conducted by Desmond & Ahern, CPAs and the periodic surprise audits performed by the committee itself. The NCUA Exam results for 2013 confirmed that METRO continued to operate on a sound basis emphasizing safety and financial control.

David Schultz initiated and Lisa Kruzel seconded a motion to accept the 2013 Financial and Supervisory Committee Reports as presented. This motion, which was voted without discussion, was unanimously approved.

## **Election Results**

Salvatore Fragale confirmed that since only two candidates applied for the two Director's positions available in 2014, only a voice vote confirming their election was required. Kevin Gwinnup initiated and Ernest Smith seconded a motion to re-elect the two announced candidates. This motion was accepted by acclamation; Susan Gwinnup and Ed Geiss were certified for three year terms beginning in 2014.

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**Old Business**

No old business was introduced for discussion.

**New Business**

No new business was introduced for discussion.

**Adjournment**

Susan Gwinnup polled members regarding any additional business for discussion; none was introduced.

David Schultz initiated a motion to adjourn the meeting which was seconded by Larry DeLegge. This motion was accepted by voice vote. Susan Gwinnup adjourned the meeting at 6:20 pm.

Respectfully submitted,

*Donna L. Wilson, Secretary*

Certified as correct,

*Susan E. Gwinnup, Chairman*

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## **Chairman's Report**

### **Susan Gwinnup**

Welcome to METRO's 42nd Annual Meeting. METRO credit union experienced a solid financial year as economic conditions remained stable. METRO's operating results for 2014 improved over the previous year. Member deposit growth was at 3.7% to \$34.7 million. Outstanding loans remained unchanged from previous year at \$18.7 million. For the entire year of 2014, METRO's net income increased to \$84,000. This represents a 65% improvement from previous year.

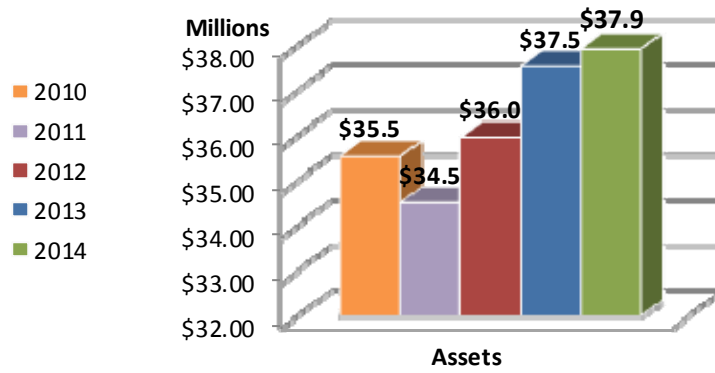
During 2014 METRO added two new Sponsoring Employer Groups, Elk Grove Township and Indian Trails Public Library District. Together, the two new groups bring 140 potential new members. Additionally, METRO hosted its first annual Member Shred and Recycling Day.

As we look forward to the new year, interest rates are expected to remain stable during the first half of 2015, however the Federal Reserve Bank may increase short term interest rates in late 2015. METRO's priority remains the same, which is to increase its capital ratio base. This will be accomplished by increased earnings. METRO will continue to offer opportunities for members to purchase new vehicles and consolidate debt at attractive financing rates utilizing its new online loan application process. Members will also have the opportunity to take advantage of new online self service options, including mobile account access and mobile check deposit.

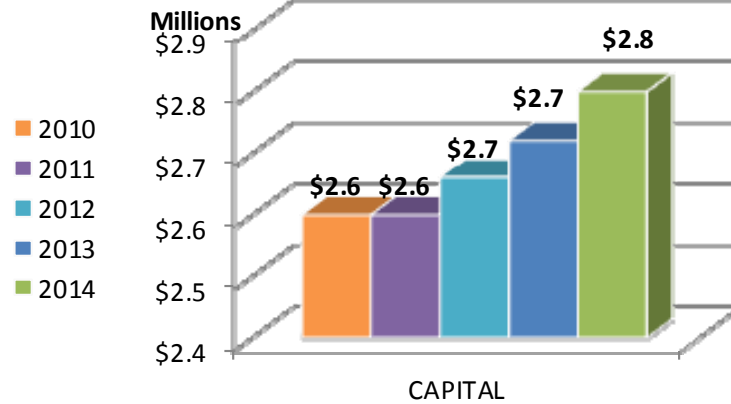
METRO remains committed to its members by providing products and services which will allow them to manage their finances.

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## CHANGE IN ASSETS



## CHANGE IN CAPITAL



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## **President's Report** **Salvatore Fragale**

The credit union continued to experience positive performance and stability from its portfolio of loans in 2014. Total new loans granted by the credit union reached \$5.3 million on 435 loan originations. Total loan outstanding at year-end 2014 was \$18.7 million.

### **Loan Origination by Type:**

- 1<sup>st</sup> Mortgages & Home Equity      \$1.7 Million or 32%
- Vehicle Loans      \$2.2 Million or 42%
- Signature Loans      \$1.4 Million or 26%

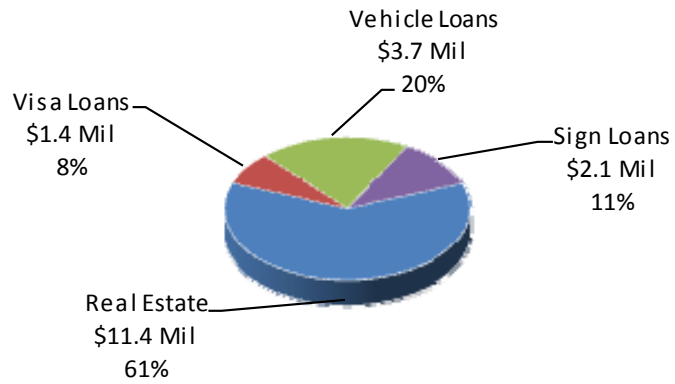
The basic soundness of the overall loan portfolio was mixed with year end delinquency rate rising to 2.3% and yield (income) shrinking to 5.3%. Loan yield continues to show downward pressure as higher yielding loans are repaid and reinvested at lower rates.

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Loans Outstanding (Millions)	\$14.4	\$15.7	\$17.4	\$18.8	\$18.7
Net Loan Yield (Interest Earned)	6.7%	6.5%	6.2%	5.6%	5.3%
Delinquency	2.0%	1.5%	1.7%	2.6%	2.3%

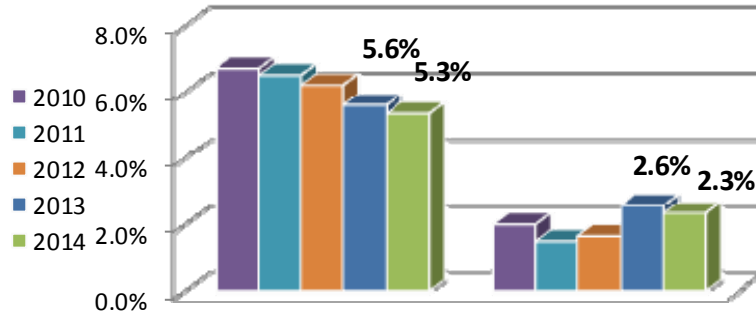


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## 2014 LOANS OUTSTANDING



## LOAN YIELD & DELINQUENCY



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## **Supervisory Committee Report Stephen Lane**

We would like to welcome David Schultz and Debra Barrett to the Supervisory Committee. They will be a valuable addition to our committee.

METRO's most recent Supervisory Committee Audit has re-confirmed that METRO continues to place a high priority on safety and control. During 2014, the Supervisory Committee retained the firm of Randall Gross & Co. to conduct its annual audit. Based on their CPA review and its own assessments, the Supervisory Committee concludes that:

- METRO's financial condition remains healthy.
- METRO's financial statements and records accurately represent members accounts and the credit union's financial position.
- Management policies and procedures are adequate to provide a superior level of security for member assets.

During the annual examination by the National Credit Union Administration (NCUA), they thoroughly review our overall operations and records. They again expressed confidence in the overall direction of the credit union and had no material findings. The credit union has been judged to be financially safe and sound.

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**METRO FEDERAL CREDIT UNION**  
**STATEMENT OF CONDITION**  
**DECEMBER 2014**

<b>ASSETS</b>	
LOANS TO MEMBERS	\$ 18,694,839
INVESTMENTS	16,623,452
OTHER ASSETS	<u>2,607,739</u>
<b>TOTAL ASSETS</b>	<b>\$ 37,926,030</b>
<b>LIABILITIES</b>	
LIABILITIES	388,625
<b>MEMBERS EQUITY &amp; RESERVES</b>	
MEMBER SHARES	\$ 34,736,254
RESERVES	<u>2,801,152</u>
<b>TOTAL RESERVES</b>	<b>37,537,406</b>
<b>LIABILITIES, MEMBERS EQUITY &amp; RESERVES</b>	<b>\$ 37,926,030</b>

**STATEMENT OF INCOME**  
**DECEMBER 2014**

<b>INCOME</b>	
INCOME FROM LOANS	\$ 1,021,089
INVESTMENT INCOME	204,223
FEES AND CHARGES	268,913
MISCELLANEOUS INCOME	<u>10,542</u>
<b>TOTAL INCOME</b>	<b>\$ 1,504,767</b>
<b>EXPENSES</b>	
EMPLOYEE COMPENSATION AND BENEFITS	\$ 701,896
PROFESSIONAL AND OUTSIDE SERVICES	324,970
OFFICE OCCUPANCY EXPENSES	276,341
OTHER OPERATING EXPENSE	<u>32,124</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,335,331</b>
DIVIDENDS ON SHARE DEPOSITS	19,424
PROVISION FOR LOAN LOSSES	<u>66,000</u>
<b>TOTAL EXPENSES</b>	<b>1,420,755</b>
<b>NET INCOME (LOSS) AFTER DIVIDENDS</b>	<b>\$ 84,012</b>

## ***DIRECTORS***

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Board Chairman	Sue Gwinnup
Vice-Chairman	Roger Mueller
Treasurer	Dean Stewart
Secretary	Donna Wilson
Director	Ed Geiss
Director	Ted Loesch
Director	Larry DeLegge

## ***SUPERVISORY COMMITTEE***

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Chairman	Stephen Lane
Member	Merilee McCracken
Member	Lynda Neuner
Member	David Schultz
Member	Debra Barrett

## ***MANAGEMENT***

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President	Salvatore Fragale
Operations Officer	Kasey Smith
Operations & Control Specialist	Lisa Kruzel

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