

2015 ANNUAL REPORT

PREPARED FOR METRO'S
43RD ANNUAL MEETING



FRIDAY, MARCH 4TH

2016



2440 E RAND ROAD ARLINGTON HEIGHTS, IL 60004

43RD Annual Meeting

March 4, 2016

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
42nd Annual Meeting Held March 6, 2015
- 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

**Minutes of the 42nd Annual Meeting
Held March 6, 2015**

The 42nd Annual Meeting was called to order by Chairman, Susan Gwinnup at 6:05pm in the credit union facilities at 2440 East Rand Road, Arlington Heights, Illinois. It was verified that a quorum exists. Susan Gwinnup welcomed attending members to the 42nd Annual Meeting and thanked the credit union staff, board members, and committee members for their commitment to the credit union. Susan also commented and reminded the staff that they did an outstanding job during METRO's recent computer conversion.

Approval of Minutes

Kevin Gwinnup initiated a motion to approve the minutes of the 41st Annual Meeting as presented. Larry DeLegge seconded this motion, which was voted without discussion, and approved by unanimous vote.

Chairman's Report

Susan Gwinnup highlighted METRO's solid financial performance for year ending 2014. For the entire year, total assets reached \$37.9 million and loans outstanding reached \$18.7 million. Net income and contribution to undivided earnings was \$84,000, its healthiest earnings since the financial crisis.

Susan reported that during the year METRO added two new sponsoring employer groups and 140 potential members. Additionally, METRO hosted its first annual shred and recycling day. Susan also indicated that mobile deposit services will be available the 4th quarter of 2015.

President's Lending Report

Salvatore Fragale reported that METRO's lending operations continued strong in 2014 as outstanding loans reached \$18.7 million. Members booked 435 new loans for a total of \$5.3 million. METRO approved 97% of all loan applications received. Strong loan demand for vehicle loans and signature loans contributed to a positive year in loan originations. The break-down of new loans : 1st Mortgage and Home Equity loans 32%, Vehicle Loans 42%, and Signature loans 26%. Salvatore reported that METRO's average delinquency rate increased to 2.3% and yield on loans was at 5.3%.

Supervisory Committee Report

Lynda Neuner summarized the results of the 2014 Supervisory Audit conducted by Randall Gross & Co., CPAs and the periodic surprise audits performed by the committee itself. The NCUA Exam results for 2014 confirmed that METRO Credit Union continued to operate on a sound basis emphasizing safety and financial control.

Kevin Gwinnup initiated, and Lisa Kruzel seconded, a motion to accept the 2014 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 2015, only a voice vote confirming their election was required. Ernest Smith Jr. initiated, and Kevin Gwinnup seconded, a motion to re-elect the two announced candidates. This motion was accepted by acclamation; Dean Stewart and Larry DeLegge were certified for three year terms beginning in 2015.

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.

Garen Martirosyan initiated a motion to adjourn the meeting which was seconded by Kevin Gwinnup. 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

Chairman's Report

Susan Gwinnup

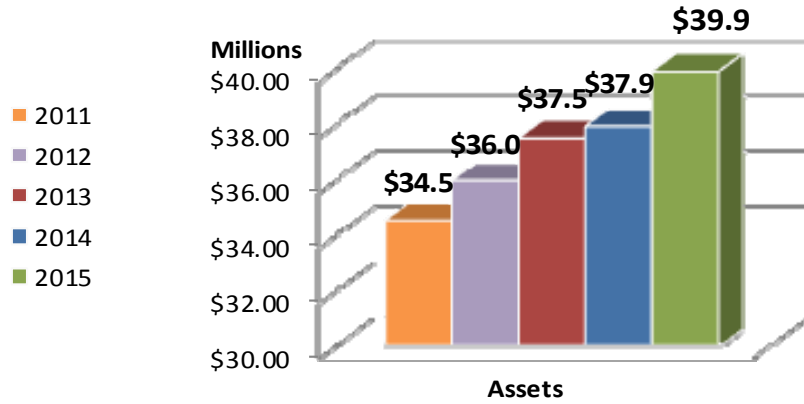
Welcome to METRO's 43rd Annual Meeting. METRO credit union experienced a solid financial year as economic conditions improved. METRO's operating results for 2015 outperformed the previous year. Total assets grew 5.2% to \$39.9 million (see chart). Total loans outstanding increased 4.01% to \$19.4 million. For the entire year of 2015, METRO's net income increased to \$109,000. As indicated on the chart, METRO's undivided earnings totaled \$2.9 million, or 7.30% of total assets. This reflects a well-capitalized credit union.

METRO Credit Union continues to grow and evolve each year, but this past year we have taken giant leaps in progress. Based on the input of our members, we have added significant new products and services. Our computer upgrade provided the gateway to new technology and applications. This new software provides for more efficient processing for our staff and new online and mobile services for our members.

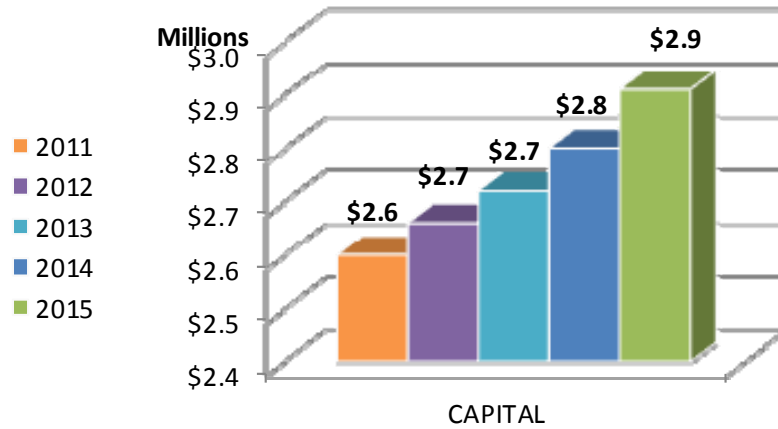
Perhaps our most important upgrade involved new enhanced online technology. The new single sign-on for online banking provides access to many features, including account access, online bill paying, eStatements, eNotices, tax forms, eAlerts, mobile app access, mobile check deposits, and an online loan applications.

Our goal is to become each member's primary financial institution through outstanding services and low fees. Finally, I would like to thank the staff for embracing the many changes implemented to improve the quality of service METRO provides and for helping us grow into a stronger, more viable financial institution.

CHANGE IN ASSETS



CHANGE IN CAPITAL



President's Report
Salvatore Fragale

The credit union's loan department experienced a year of solid performance. Loan origination reached 494 loans, of which 97% were approved. METRO's new loans granted by the credit union reached \$7.1 million. Total loans outstanding at 2015 year-end was \$19.4 million, and this reflects a 4.01% increase from the previous year.

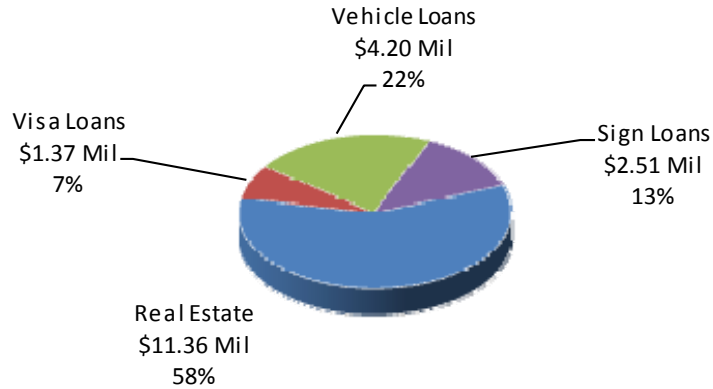
Loan Origination by Type:

- 1st Mortgages \$0.7 Million or 11%
- Home Equity \$1.9 Million or 27%
- Vehicle Loans \$2.4 Million or 34%
- Signature Loans \$2.0 Million or 28%

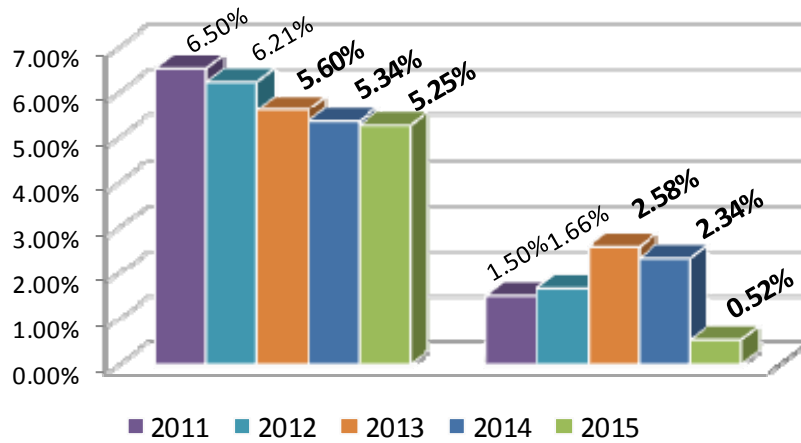
METRO's loan portfolio contains a balanced distribution of loans. For year-ending 2015, the average loan yield declined 7 basis points from the prior year to 5.25%. Total delinquent loans decreased significantly. METRO's delinquency ratio is now 0.52%.

	2011	2012	2013	2014	2015
Loans Outstanding (Millions)	\$15.7	\$17.4	\$18.8	\$18.7	\$19.4
Net Loan Yield (Interest Earned)	6.5%	6.2%	5.6%	5.3%	5.25%
Delinquency	1.5%	1.7%	2.6%	2.3%	.52%

2015 LOANS OUTSTANDING



LOAN YIELD & DELINQUENCY RATIO



Supervisory Committee Report

Stephen Lane

METRO's most recent Supervisory Committee Audit has re-confirmed that METRO continues to place a high priority on safety and control. During 2015, the Supervisory Committee retained the firm of Randall Gross & Co. to conduct its annual audit. Based on their CPA review and METRO's own assessments, the Supervisory Committee concluded that:

- METRO's financial condition remains healthy,
- METRO's financial statements and records accurately represent members accounts and the credit union's financial position, and
- 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 reviewed METRO's overall operations and records. NCUA again expressed confidence in the overall direction of the credit union and they had no material findings. The credit union has been determined financially safe and sound.

METRO FEDERAL CREDIT UNION
STATEMENT OF CONDITION
DECEMBER 2015

ASSETS	
LOANS TO MEMBERS	\$ 19,444,060
INVESTMENTS	18,599,986
OTHER ASSETS	<u>1,854,624</u>
TOTAL ASSETS	\$ 39,898,670
 LIABILITIES	
LIABILITIES	428,348
 MEMBERS EQUITY & RESERVES	
MEMBER SHARES	\$ 36,559,661
RESERVES	<u>2,910,661</u>
TOTAL RESERVES	39,470,323
 LIABILITIES, MEMBERS EQUITY & RESERVES	 \$ 39,898,670

STATEMENT OF INCOME
DECEMBER 2015

INCOME	
INCOME FROM LOANS	\$ 1,019,656
INVESTMENT INCOME	225,112
FEES AND CHARGES	247,805
MISCELLANEOUS INCOME	<u>16,612</u>
TOTAL INCOME	\$ 1,509,185
 EXPENSES	
EMPLOYEE COMPENSATION AND BENEFITS	\$ 626,066
PROFESSIONAL AND OUTSIDE SERVICES	323,904
OFFICE OCCUPANCY EXPENSES	281,230
OTHER OPERATING EXPENSE	<u>36,536</u>
TOTAL OPERATING EXPENSES	\$ 1,267,737
 DIVIDENDS ON SHARE DEPOSITS	 19,667
PROVISION FOR LOAN LOSSES	<u>112,271</u>
TOTAL EXPENSES	1,399,675
 NET INCOME (LOSS) AFTER DIVIDENDS	 \$ 109,510

DIRECTORS

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

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

MANAGEMENT

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

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