

# 2009 Annual Report



Top Row: Hutchinson Credit Union sponsored Hutch Rod Run Fashion Show; attendees and display table. 2009 HCU Youth Week's Scottie Saver winner Katie Ediger shares with twin, Sarah.



Second Row: Hutchinson Credit Union sponsored several USD's Teacher Convocations; Breakfast at USD308 and teachers. HCU Sponsored Hutchinson Monarch's Baseball Game.



Third Row: Hutchinson Credit Union sponsored HCC White-out Section with HCU T-shirts. Shown HCC Band, Family of Fans and HCC field staff with referee.

“Where **people** are worth more than money”

- **23rd Avenue & Severance office** - 900 E. 23rd Avenue, Hutchinson, KS 67502
- **Avenue A & Adams branch office** - 129 W. Avenue A, Hutchinson, KS 67501
- **Haven branch office** - 103 S. Kansas Avenue Haven, KS 67543
- **Newton branch office** - 2201 S. Kansas Avenue Newton, KS 67114
- **Wichita branch office** - 245 North Waco Wichita, KS 67202  
www.hcu.coop

620.669.0177 ● 1 800 428.8472 ●





23rd Branch



Wichita Branch



Ave A Branch



Haven Branch



Newton Branch

## AGENDA- ANNUAL MEETING / MARCH 23, 2010

### Call to Order

Determination of a Quorum .....	Roy Broxterman	
Approval of Minutes and Agenda .....	Roy Broxterman	pg 2
Report of Chair .....	Roy Broxterman	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 .....	Roy Broxterman	

### Unfinished Business

### New Business

### Adjournment

## HCU VOLUNTEERS

### Board of Directors



Roy Broxterman  
Chair



Richard Carlisle



John McCannon



Kendal Pulliam  
Sec-Treasurer



Lee Spence



Mark Woleslagel  
Vice Chair



James Woods

### Credit Committee



Pat Falter  
Chair



Leila Emack



James Ewert



Patsy Johnson

### Supervisory Committee



Ed Howard  
Chair



Marvin Schmucker



Caroline Phelps



Kendall Griggs



Mike Juby

The 61st annual meeting of the Hutchinson Credit Union was held March 24, 2009, at the 23<sup>rd</sup> Ave branch of the Hutchinson Credit Union in Hutchinson, Kansas.

Chair Roy Broxterman called the meeting to order. Thirty-seven members attended the annual meeting.

Mark Wolesslagel moved to accept the minutes of the 2008 Annual Meeting as presented. Seconded by Kendal Pulliam. Motion carried.

Chair Roy Broxterman referred to the printed report stating the Credit Union had successfully completed its 61st 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 2008: Assets topped the \$119 million mark and a net of 643 new members joined our credit union. At year end HCU was serving 14,980 members. Last year we celebrated our 60<sup>th</sup> anniversary. The board completed work on a new governance model. We introduced a new Platinum Rewards Visa along with instant issue HCU debit and credit cards and added a drive-thru lane at the Haven branch. Members Mortgage Services continues to grow. At year end, MMS was servicing 2,400 mortgage loans totaling \$215 million. There are now 15 credit unions participating in MMS representing over \$1.3 billion in credit union assets. MemberSource continues to grow as well. 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 McGladrey and Pullen, LLP, was employed to conduct the Annual Audit as of 8-31-08. 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. 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. Lee Spence made the motion to accept. Seconded by Loretta Fletchall. Motion carried.

Kendall Pulliam, Secretary-Treasurer, presented the treasurer's report. In 2008, a direct return to the members of \$2,415,451 was made in the form of share and certificate dividends. Our net income of \$794,116 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 – 8.2%; Loan Growth – 10.6%; Savings Growth – 7.0%; and Capital Growth – 7.3%. Our key ratios compare well to our peers. We believe Hutchinson Credit Union is a financially sound, well managed and capable of continuing to fulfill its mission of offering good financial services for everybody.

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. Notable information during the year includes: loans for the year grew \$9.1 million or 10.6% to a total outstanding loans to members of \$88,304,495. Good mortgage loans make up 44% of our loan portfolio and business loans 17%; delinquency at year-end was .79%; charged off loans for 2008 was .31% compared to .19% from 2007. At year-end, 83% of member shares are currently reinvested in member loans. The Credit Committee met four times during the year to discuss and advance the issues above, review reports, and update policies, products and pricing.

Garth Strand, President, gave his report. He mentioned the coupons attached to the Annual Report from some of our business members. He then discussed the Cooperative Principles listed in the report and the definition of values in a cooperative. Our decisions lean towards what is best for our members. In 2008, due to a statute that was passed we have had to limit our field of membership in Kansas from 105 counties to about 24 counties. Strand also explained the situation with U.S. Central Credit Union. We will continue our mission of "Delivering Solutions, Earning Trust, Building Relationships."

### 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: Kendal Pulliam, Mark Wolesslagel and Lee Spence – Board of Directors; Ed Howard and Marvin Schmucker – Supervisory Committee. There are 3 nominees – Pat Falter, Patsy Johnson and Robert Mielke - for the 2 seats on the Credit Committee and will be appointed by the Board at their next meeting. Roy Broxterman administered the Oath of Credit Union Volunteers.

### Unfinished business

Garth Strand thanked Loretta Fletchall for her 27 years of serving on our Board of Directors. Roy Broxterman was also thanked for his leadership on the Board last year.

### Adjournment

Mark Wolesslagel made the motion to adjourn. Seconded by Marvin Schmucker. Motion carried.

I am pleased to report that our credit union has successfully completed its 62nd year of operation and continues to be an active and successful participant in the ever-changing financial services arena. Nothing to be taken for granted after the last 18 months or so. It appears many of the financial players have been focusing too much on profits... you might even say, excessive profits or greed. Please know that your credit union remains steadfast in upholding the not-for-profit, cooperative principles to make available fair and equitable service and services to all members. Along with the highlights of the committee reports, following are important happenings at our credit union during 2009:

- At year-end, HCU was made up of 16,196 members, 22 volunteers, 67 employees and \$147 million in assets. Our two CUSOs, MemberSource and Members Mortgage Services, have an additional 12 employees.
- A net of 1,216 new members joined our credit union, representing an increase of 8.1%. A growing, demographically balanced membership is critical to the ongoing success of HCU.
- For the second time in 3 years, a member participation bonus was declared, paying out an additional \$83,000 to members.
- Both Credit Union Service Organizations (CUSOs) that HCU has an ownership stake continue to do well. Members Mortgages Services (MMS) now has 17 credit unions participating representing approximately \$1.5 billion in credit union assets. At year end, MMS was servicing almost 3,400 mortgage loans totaling \$323 million. In 2009, MMS hired its own full-time CEO. MemberSource plays a strategic role in the overall success of HCU by providing insurance & investment services to HCU members with an emphasis on education vs. just selling products. Monte Cross was recently hired to become the MemberSource manager as long-time manager Bob Guthrie transitions to part-time.
- Our official field of membership was finalized to meet new state statutes
- Your Board of Directors adopted a new Board Governance policy to reflect the changing needs of our growing credit union.
- Planted an important seed for the future by establishing the "Hutchinson Credit Union Helping Hand Fund" with the Hutchinson Community Foundation.
- Began consideration of long-term space needs...actually some immediate space needs if you've noticed our "shrinking" park lot here at 23<sup>rd</sup> Street!
- Your credit union was given the highest rating after an exam by the Kansas Department of Credit Unions.

The initiatives mentioned above are consistent with our mission of **"Delivering Solutions, Earning Trust, Building Relationships"** and position our credit union for continued success in the future. That success also requires support from the members, steady and unselfish guidance from volunteers and best efforts from the staff. That's cooperation and that's what we are, a not-for-profit cooperative of people helping people.

**LeRoy Broxterman, Chair**

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

- 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
- Determining Compliance with Regulations

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.

First, the Certified Public Accounting Firm of McGladrey and Pullen, LLP was employed to conduct the Annual Audit as of 9-30-09. Their report concluded that our records represent fairly and accurately the financial position of your credit union and conform to Generally Accepted Accounting Principles. McGladrey and Pullen 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 12-31-09 and is still pending as of this writing.

Secondly, 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 30, 2009. There were no actions required or material deficiencies cited.

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

- The Committee met several times during 2009 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.

Finally, the Supervisory Committee has made the recommendation to hire an Internal Auditor for the credit union. This will allow the Supervisory Committee to proactively monitor the high risk areas of the credit union on a regular basis. This position should be filled soon.

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 2009, a direct return to members of \$2,301,325 was made in the form of share and certificate dividends. Net income retained, of \$1,805,557, 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 2009 net income is \$762,171 from Members Mortgages Services (MMS), which represents 2009 earnings related to HCU’s 42% ownership. MMS had a very strong year in 2009 and continues to be a strong performer. HCU’s investment in this mortgage servicing CUSO (started in 2004) of \$450,000 has grown to almost \$1.1 million.

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

<b>Asset Growth</b>	<b>32.75 %</b>
<b>Loan Growth</b>	<b>18.21 %</b>
<b>Savings Growth</b>	<b>26.87 %</b>
<b>Capital Growth</b>	<b>16.13 %</b>

## ▼ RATIO COMPARISON

	Hutchinson CU				National Peers
	3/31/2009	6/30/2009	9/30/2009	12/31/2009	12/31/2009
<b>Capital Adequacy:</b>					
Net Worth/Assets	8.06%	8.50%	8.46%	8.26%	10.18%
<b>Asset Quality:</b>					
Delinquent Loans/Loans	0.99%	1.27%	1.45%	1.44%	1.71%
Net Charge Off/Loans	0.07%	0.20%	0.18%	0.23%	0.94%
<b>Earnings:</b>					
ROA	0.67%	1.88%	1.61%	1.31%	0.01%
ROE	8.62%	21.06%	18.06%	14.92%	0.09%
Gross Income/Avg Assets	7.57%	7.77%	7.58%	7.47%	6.50%
Cost of Funds/Avg Assets	1.76%	1.78%	1.76%	1.72%	1.61%
Net Operating Expense/Avg Assets	4.08%	3.78%	3.59%	3.52%	3.11%
<b>ALM:</b>					
Loans/Share	75.04%	75.23%	77.11%	76.90%	73.49%
Loans/Assets	62.52%	62.99%	64.93%	65.12%	63.58%
Cash+Short-term Inv./Assets Minus Sip	21.61%	10.58%	16.01%	17.90%	18.17%
Fixed Assets / Assets	2.71%	2.58%	2.48%	2.21%	3.23%
<b>Growth:</b>					
Asset Growth	77.60%	46.84%	37.11%	32.75%	11.70%
Net Worth Growth	7.78%	22.25%	19.38%	16.13%	0.28%
Share Growth	49.07%	33.23%	28.63%	26.87%	12.71%
Loan Growth	8.31%	12.60%	17.99%	18.21%	4.41%

	2008	2009
Total Number of Loans Made	18,541	20,706
Total Dollar Volume of Loans Made	\$61,244,561	\$111,855,185
Number of Loans Made Since April 1, 1948	276,892	297,598
Total Dollar Volume of Loans Since April 1, 1948	\$759,521,670	\$871,376,855
Loans Charged-off Since April 1, 1948	\$2,574,585	\$2,824,799
Recoveries From Charged-off Loans	\$216,731	\$252,989

*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, exceptions 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 \$19 million or 18.2%, to total outstanding loans to members of \$107,316,195. The strong growth was well rounded with consumer, credit card, mortgage and member business lending.
- As interest rates reached record lows, many members took advantage of HCU's mortgage program to refinance or purchase a home. 1<sup>st</sup> Mortgage originations for HCU reached an astonishing \$59 million, placing HCU amongst the leaders in the country for credit unions of its size.
- Delinquency at year-end was at 1.44%, this was an increase

from year-end 2008, but well within our credit union peer average. During these difficult economic times, the HCU Special Accounts Department worked hard to help members through their individual circumstances.

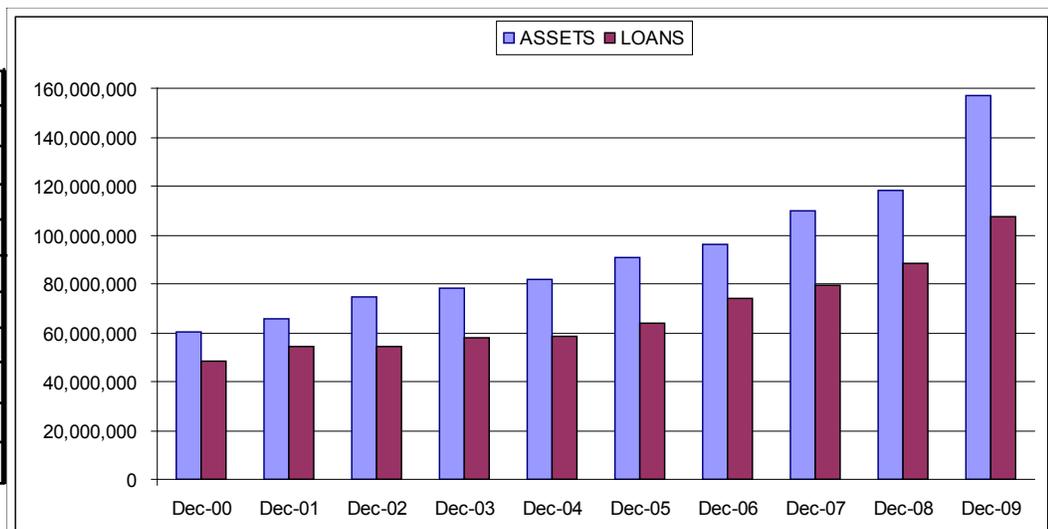
- Charged off loans for 2009 as a percentage of outstanding loans was .23% compared to .31% from 2008. This decrease was opposite of what our credit union peers experienced in 2009. The peer average at year-end 2009 was .94%.
- Indirect Lending grew by a considerable pace of 29% in 2009 as HCU was successful in establishing strategic relationships with auto dealers throughout the State.

The credit committee met four times in 2009. In addition to its regular agenda of reviewing all functions of the lending area, the committee focused on three projects during the year; an analysis of large loans, a complete loan policy update and the construction of our in-house online consumer loan application. 2009 was truly a year of great accomplishment for the Credit Committee and HCU's loan program.

**Pat Falter, Chair**

## ASSET/LOAN GROWTH CHART

MO/YEAR	ASSETS	LOANS
Dec 00	60,084,502	48,335,688
Dec 01	65,967,647	54,475,975
Dec 02	74,373,958	54,591,214
Dec 03	78,231,883	58,083,941
Dec 04	81,857,289	58,281,058
Dec 05	90,768,173	63,597,224
Dec 06	95,945,483	73,955,331
Dec 07	109,939,325	79,265,980
Dec 08	118,503,515	88,304,495
Dec 09	157,308,014	107,306,196

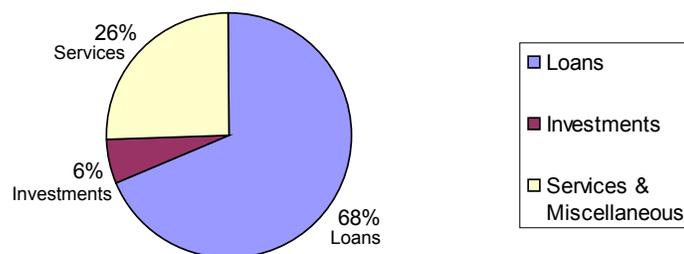


## Year End Closings:

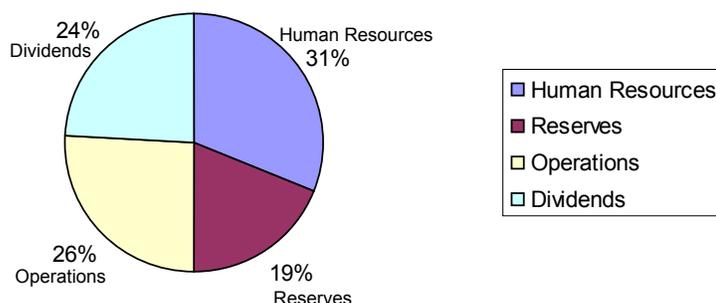
Assets	12/31/2008	12/31/2009
Cash Accounts	\$3,606,085	\$3,953,615
Real Estate Loans	39,117,369	45,954,531
Business/Agricultural Loans	14,244,091	16,567,725
Consumer Loans	34,943,035	44,783,940
Loan Loss Allowance	(592,031)	(967,075)
Investments	22,074,609	41,611,793
Building & Land (Net)	2,848,997	2,763,395
Furniture & Fixtures (Net)	484,282	459,839
Prepaid Expenses	215,893	214,912
Accrued Income	359,146	374,601
NCUSIF Deposit	442,150	1,167,619
Other Assets	759,890	423,119
<b>Total Assets</b>	<b>\$118,503,515</b>	<b>\$157,308,014</b>
<b>Liabilities &amp; Equity</b>		
Miscellaneous	\$2,288,078	\$11,088,387
Share Deposits	105,010,162	133,221,295
Reserves and Undivided Earnings	11,205,276	12,998,332
<b>Total Liabilities and Equity</b>	<b>118,503,515</b>	<b>157,308,014</b>

## INCOME STATEMENT

Income	2008	2009
Income on Loans	\$5,947,241	\$6,586,437
Income on Investments	932,329	546,055
Other Income	2,050,711	2,412,474
Total Operating Income	\$8,930,281	\$9,544,965
<b>Operating Expenses</b>	<b>\$ 2,202,808</b>	<b>\$2,455,126</b>
Compensation	501,950	511,359
Employee Benefits	107,005	75,539
Travel & Conference Expense	36,263	34,633
Association Dues	1,788,082	1,887,959
Office Occupancy & Operations	319,870	325,015
Education & Promotion	199,600	256,750
Loan Servicing	47,165	52,446
Professional Expense	148,433	589,000
Provision for Loan Losses	520,288	427,106
Member Insurance	31,824	34,401
Regulatory Expense	27,566	74,652
Interest on Borrowed Money	32,946	18,297
Member Relations	44,017	47,108
Miscellaneous Expense		
<b>Total Expenses</b>	<b>\$6,007,871</b>	<b>\$6,789,392</b>
Operating Income	\$8,930,281	\$9,544,965
Less Operating Expenses	(6,007,817)	(6,789,392)
Non-Operating Income /(Expense)	(199,569)	1,351,308
<b>Net Income Before Dividends</b>	<b>\$2,722,895</b>	<b>\$4,106,882</b>
Less Dividends	(2,414,904)	(2,301,325)
<b>Balance to Reserves</b>	<b>\$ 307,991</b>	<b>\$ 1,805,557</b>



## INCOME DISTRIBUTION



In January 2009, HCU participated in the Corporate Stabilization plan that was administered by the National Credit Union Administration (NCUA). Our participation required us to borrow and invest \$10,000,000 simultaneously. The transaction was fully guaranteed by NCUA and we earned interest income by participating. This transaction had an impact on our Balance Sheet and various ratios and expired in January 2010. Here are two examples of the affect on our ratios and Balance Sheet:

- The overall affect of the transaction increased our total assets by \$10,000,000 for one year, which is included in the numbers in this report. HCU's Total Assets reported at year-end are \$157.3 million; however when this transaction is not included, our Total Assets are \$147.3 million.
- Another example of how this affected our ratios is that net worth is reported at 8.26%; however without this transaction it is actually 8.82%.

Are we really living in challenging times or does it just feel that way because it's happening to us? Market fluctuations, burdensome debt, natural disasters, unemployment, hunger, wars and now...Toyota's with no brakes! I believe all of those things have happened previously--- in modern times and before. Okay, maybe the Toyota problem is a new one.

Whether or not today's challenges are in fact new and different is not really the issue. What is most important is that we know what it takes to not only survive but to thrive in what ever scenarios come our way. The easy answer is "be adaptable". But how exactly do we as a credit union, "be adaptable"?

At our last strategic planning meeting, our presenter gave us a list about what depression era economics taught us. It went something like this:

- Stay calm
- Make adjustments along the way
- Continue to market yourself
- Focus on value to the members stressing core values of the organization
- Continue learning and training
- Deliver the basics better than any one else
- Take some calculated risks
- Continue to plan for both the short and long term
- Reward performance
- Most importantly, maintain confidence, hope and a positive attitude

Few of us were around for *The Great Depression* but clearly history tells us it demanded many adaptations just to survive. I believe the list above represents some very tangible advice about how to be adaptable regardless of depression, recession or prosperity.

Some additional how-to-be-adaptable advice comes from Peter Drucker, one of the 20<sup>th</sup> century's better known consultants who suggested that the right questions don't change as often as the answers do. Mr. Drucker's three most important questions for organizations were: "What is our business?" "Who are our customers (members)?" and "What does the customer (member) want?" To proactively adapt, we need to keep asking ourselves these questions.

I believe HCU has been a very successful, adaptable organization from the start and has clearly been able to both survive and thrive through numerous ups and downs over our 62-year history. I have no doubt that if we continue to work at being adaptable and stay focused on our members instead of profits, our chances of being part of the future will be greatly enhanced.

**Garth Strand, President**

## • 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.

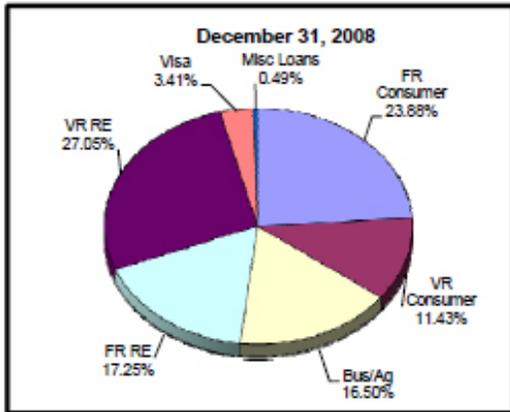
**4. Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members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

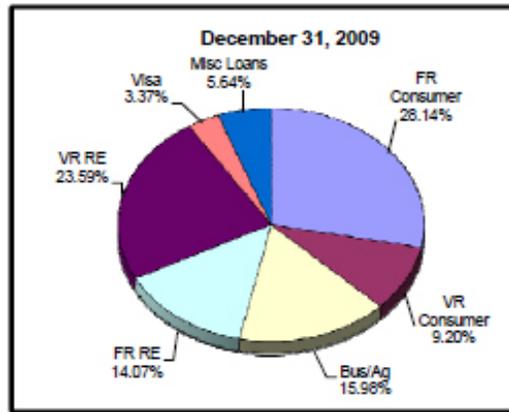
**6. Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

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

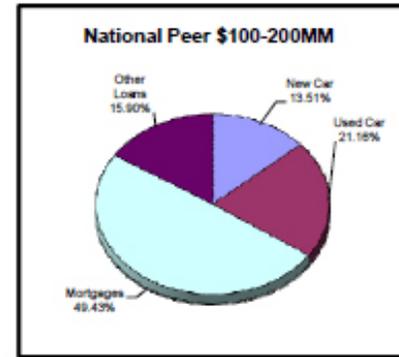
## DISTRIBUTION OF LOANS



Loan Type	Balance
FR Consumer	21,085,226
VR Consumer	10,089,392
Bus/Ag	14,567,942
FR RE	15,230,223
VR RE	23,887,146
Visa	3,011,229
Misc Loans	433,337
<b>Total Loans</b>	<b>\$ 88,304,495</b>

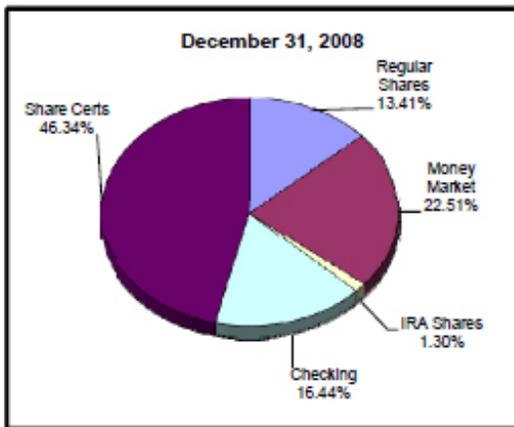


Loan Type	Balance
FR Consumer	30,195,925
VR Consumer	9,875,790
Bus/Ag	17,150,650
FR RE	15,093,013
VR RE	25,318,601
Visa	3,620,603
Misc Loans	6,051,614
<b>Total Loans</b>	<b>\$ 107,306,196</b>

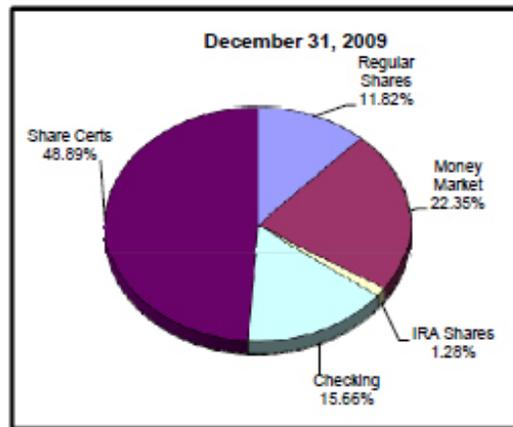


Yearly Change	
9,110,699	43.21%
(213,602)	-2.12%
2,582,708	17.73%
(137,210)	-0.90%
1,431,455	5.99%
609,374	20.24%
5,618,277	1296.51%
<b>19,001,701</b>	<b>21.52%</b>

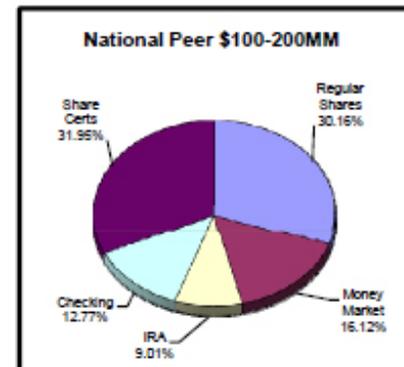
## DISTRIBUTION OF SHARES



Share Type	Balance
Regular Shares	14,088,010
Money Market	23,658,781
IRA Shares	1,370,318
Checking	17,274,702
Share Certs	48,691,796
<b>Total Shares</b>	<b>\$ 105,083,607</b>



Share Type	Balance
Regular Shares	15,756,854
Money Market	29,782,765
IRA Shares	1,706,920
Checking	20,866,639
Share Certs	65,163,442
<b>Total Shares</b>	<b>\$ 133,276,620</b>



Yearly Change	
1,668,844	11.85%
6,123,984	25.88%
336,602	24.56%
3,591,937	20.79%
16,471,646	33.83%
<b>28,193,013</b>	<b>26.83%</b>

**GARTH STRAND- President**

Amber Evans, Receptionist

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

**Malynda Lightsey, HR & Training Manager**

Jeanette Miller, HR Assistant

**Debbie Ridpath, Cash services manager**

Chris Cook, Advisor I

Debbie McClendon, Advisor I

Debbie Zook, Advisor I

Echo Blubaugh, Advisor I

**Laura Oneal, Drive-thru supervisor**

Brenda Knox, Advisor I

Judy Miller, Advisor I

Monica Roberts, Advisor I

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

Angela Hanson, Advisor I

Elaine Marquez, Advisor I

Jayme Pelley, Advisor IV

Marva Terrell, Advisor IV

Patti Gomez, Advisor I

**Julie Caffrey, Haven branch manager**

Christie Nienstedt, Advisor III

Trudy Littlestar, Advisor II

**Misty Vinduska, Newton branch manager**

Julie Ohl, Advisor III

Kelsi Cabbage, Advisor II

Sam Smith, Advisor I

**Dee Lemen, Wichita branch manager**

Char Bigger, Advisor III

Kristen Armstrong, Advisor II

**Leta Nachtigal, Phone center manager**

Ginny Chronister, Phone center Advisor III

Tammy Branin, Phone center Advisor IV

Teresa Dover, Phone center Advisor IV

**CASEY SWARTS,**

**VP technology/marketing & special projects**

Ben Griffith, Marketing assistant

**Ellen Dugan, Marketing manager**

**Zack Clobes, IT manager**

Angie Mielke, DP specialist

John Griggs, Network admn/tech support

Ryan Sperling, Programmer

Scott Matthews, Tech support

Wendy Hildebrand, Computer support

**TODD BRUNNER, VP lending**

LeeAnn Marker, Business advisor

Troy Scarlett, Credit analyst

**Scott Cooley, Special accounts manager**

CC Mayberry, Special accounts advisor

**Michael Lizalde, Mortgage manager**

Connie Busick-Depew, Mortgage officer

**Pam Beshears, Loan processing & servicing mgr.**

Janell Mendenhall, Real Estate loan processor

Kelsey Janzen, loan processor

Tammy Martinez, loan processor

**Donna Miller, Consumer lending manager**

Angie Davenport, Advisor IV

Bambi Stewart, Advisor IV

**DAN SPRINGER,**

**VP of Finance/CFO**

**Kristi Nuest, EFT manager**

Carol Kemp, Back office clerk

Deb Stofer,

Records manager/overdrafts coordinator

Kristen Brady, ACH/Debit card coordinator

Olivia Nisly, Back office clerk

Yvonne Yearout, Credit card coordinator

**Sandy Rush, Accounting manager**

Diane Ryan, Accounting assistant I

**MONTE CROSS**

**HCU INVESTMENT & INSURANCE SERVICES MANAGER**

Bob Guthrie, Investment Advisor

Karon Knauss, Administrative Assistant

**PAUL BIEL,**

**MEMBERS MORTGAGE SERVICES PRESIDENT /CEO**

**Angie Wiehl, Accountant**

**Jerry Grinstead, MMS/VP Operations**

Jennifer Hoffman, MMS loan consultant

Terry Franklin, MMS loan consultant

**LaShauna Wintamute, MMS Servicing Manager**

Brandi Caywood, MMS loan consultant

Nancy Conard, MMS loan consultant

Shelly Duncan, MMS Mortgage Servicing