

CELEBRATING



FULFILLING OUR MISSION TO
EXCEED MEMBER EXPECTATIONS

2020 Annual Report



WHAT IS TRACTION FOR LIFE'S JOURNEY?

In the good times, bad times and uncertain times, no matter the road you are on... since 1976, we've been going the distance together. Delivering greater impact that unites a common purpose: to better the lives of our communities for generations to come.

AGENDA

45TH ANNUAL MEETING

- I. Meeting Called to Order
- II. Quorum Ascertained
- III. Review of the 2020 Minutes
- IV. Chair's Report
- V. Treasurer's Report
- VI. Supervisory Committee Report
- VII. Nominating Committee Report
- VIII. Old Business
- IX. New Business
- X. Message From CEO
- XI. Prize Drawings
- XII. Adjournment

MINUTES—44TH VIRTUAL ANNUAL MEETING

The 44th virtual annual meeting of MTC Federal Credit Union was called to order by Mike Tolman, Chair of the Board, on December 16, 2020, at 12:00 pm EST. The meeting was held as a virtual meeting.

Chair Tolman welcomed all in attendance and announced that due to health and safety concerns, this year's meeting is virtual. Afterwards, Delcia Corbitt, Board Member, acknowledged that a quorum was present. Board members in attendance were: Randy Welch, Mike Tolman, Michael Hanna, Patricia Brandes, Mark King, and Delcia Corbitt. The attendees were provided the 43rd Annual Meeting Minutes online at MTCFederal.com/annualreport for review as information with no further action required.

Chair Tolman continued the meeting, noting that 2019 was a strong financial year and continues to reflect a healthy cooperative. The Chair stated that the credit union approved a number of initiatives to improve service to our members and is positioned to fulfill our mission to be our members' Only Financial Institution through competitive services, convenience, and deepening relationships.

Highlights from 2019 were:

MEMBERSHIP EXPANSION TO GEORGIA AUTOMOTIVE MANUFACTURERS ASSOCIATION
MEMBER ADVANTAGE MORTGAGE PARTNERSHIP
EDUCATION SCHOLARSHIP ANNOUNCED

Chair Tolman stated that to achieve success, the credit union must remain committed to its member-owners by growing deeper relationships, providing custom solutions, delivering more convenient ways to access services and expanding awareness and engagement.

The Treasurer's Report was given by Michael Hanna, Treasurer. He presented an overview of 2019 and reviewed the financial statements of MTC Federal, which included \$193.8M in assets and net income of \$1M. He noted continued growth in our member relationships and expansion of services will continue in 2020 and beyond. The Treasurer's Report was provided as information and no other action required.

The Supervisory Committee Chair, Alexa Horne, presented the committee report. The report stated that Doeren Mayhew Certified Public Accountants were engaged to perform the annual independent financial audit of the credit union. Based upon the review, it was the opinion of the Supervisory Committee that MTC Federal is in sound financial condition, operates in a controlled environment and maintains compliance with the guidelines mandated by the NCUA. The report was provided as information and no other action required.

The Nominating Committee Chair, Mike Tolman, presented the committee report. Nominations were not accepted from the floor because there is at least one candidate for each open position. Two open positions on the board were recommended to be filled by Michael Hanna and Delcia Corbitt, who were seeking re-election. The nominees were elected by acclamation to the Board of Directors.

Chair Tolman introduced Bill Love, CEO, for his credit union message. Mr. Love reminded the membership that even in unique times we continue to help our members by creating lifelong relationships using the OFI-Ideology as our foundation:

SERVE ONE MEMBER AT A TIME
PROVIDE FINANCIAL EDUCATION
CREATE CUSTOM SOLUTIONS
SHOW MEMBERS WHY WE WANT, NEED, AND EXPECT THE BUSINESS

Mr. Love thanked the staff for their dedication and service during extraordinary times and shared his commitment to staff training, its priority to the credit union and how it is essential to exceeding our members' expectations.

Chair Tolman gave his final thoughts to the membership. There being no further business, the meeting was adjourned on a motion from Michael Hanna and a second by Delcia Corbitt.



Mike Tolman, Chair



Delcia Corbitt, Secretary

CHAIR AND CEO REPORT

Welcome to the MTC Federal Credit Union 45th Virtual Annual Meeting. As we look back to 2020, an unpredictable year, it reaffirms the responsibility the credit union has to our members and employees. Despite a global pandemic and looming economic uncertainty, it is a privilege to be a part of the MTC Federal community. As we celebrate our 45th Anniversary milestone, we are poised more than ever to meet the future.

MTC Federal has been and will continue to be committed to fulfilling our mission of meeting your needs and exceeding your expectations.

By staying focused on you and our vision of being your ONLY Financial Institution, the credit union remains resilient. Through financial stability and member participation, we are meeting the future in digital and personal connectivity while serving as your trusted choice for financial services.

2020 Highlights:

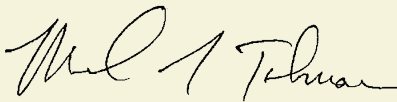
- Remote Service Delivery
- Member Service During The Pandemic
- Community Relief Response

Our vision for 2021 and beyond is to be the one our members turn to first for their financial needs. Extraordinary times remind us of who we are, what we value, and why we choose the MTC Federal Way. This belief is essential to service excellence and provides differentiating value through great rates, competitive fees, member perks, and loyalty rewards. Remaining relevant through service excellence, financial options, and convenience, let's go the distance together to deliver greater impact that unites around a common purpose: to better the lives of our communities.

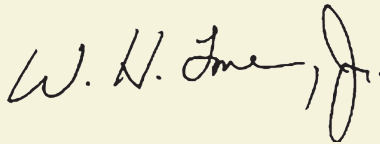
As we celebrate our 45th Anniversary, we reflect on a heritage of success prepared to welcome a new generation of member-owners. We look proudly to the future and will continue to serve our mission of improving the financial lives of the MTC Federal community.

We appreciate your membership and look forward to serving you and your family for years to come.

Sincerely,



Mike Tolman, Board Chair



William (Bill) H. Love, Jr., CEO

MISSION STATEMENT

Our mission is to exceed our members' expectations by providing competitive and convenient financial services in a professional, friendly atmosphere.

VISION STATEMENT

Our vision of what the credit union will become in the future is our members' ONLY financial service provider through innovative technology, quality educational resources, and superior member service that is second to no other, with pricing that creates outstanding value as well as member loyalty.

CORE VALUES

We care;
We treat everyone with respect and dignity;
We can be trusted;
We are member focused;
We are community focused;
We look for opportunities to collaborate.

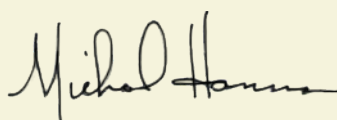
TREASURER'S REPORT

Our projection was to end 2020 with total assets of \$205 million and net income of \$1.4 million. Actual results for 2020 were total assets of \$232.2 million, 13.24% more than projected, and net income of \$983 thousand, (30.02%) less than projected. Loans outstanding for 2020 were projected to increase 9.64%. Actual loans outstanding for 2020 increased 1.19%, (8.57%) less than projected. During 2020, management remained focused on quality loan production, prudently investing funds, and navigating the pandemic.

In 2020, shares increased by 21.63%, investments increased by 54.75%, and assets increased by 18.20%, while capital increased by 3.15% for the year. Gross income decreased by (0.08%), while operating expenses increased by 5.51%. Dividend and Interest expense decreased by (7.96%).

The Board of Directors continues to place a high priority on maintaining a financially sound credit union while expanding services to meet the needs of our growing membership. We look forward to continued growth in our member relationships and expansion of services in 2021 and beyond.

Respectfully submitted,



Michael Hanna, Treasurer
Board of Directors

BALANCE SHEET	12/31/2019	12/31/2020
Assets		
Total Outstanding Loans	\$124,747,573	\$126,232,117
Less: Allowance for Loan Losses	(594,448)	(955,973)
Net Outstanding Loans	124,153,125	125,276,144
Total Cash on Hand	2,252,268	2,877,626
Federal Agency Security	11,000,000	39,000,000
Corporate Credit Union	15,998,684	16,987,932
Other Investments	34,318,669	38,900,378
Total Investments	61,317,353	94,888,310
Land & Building - Net	1,164,707	1,106,257
Other Fixed Assets - Net	596,335	446,943
NCUASIF	1,517,216	1,832,884
Other Assets	5,453,042	5,777,085
Total Other Assets	8,731,300	9,163,169
TOTAL ASSETS	\$196,454,046	\$232,205,249
Liabilities		
Accounts Payable and Other Liabilities	\$ 4,123,850	\$ 4,051,396
Regular Shares	58,075,571	69,487,980
Club Shares	313,262	295,405
Share Drafts	26,916,291	35,101,831
Money Market	50,261,741	62,888,224
Share Certificates	25,532,557	28,166,829
Total Shares	161,099,422	195,940,270
Regular Reserve	2,140,748	2,140,748
Undivided Earnings	29,090,026	30,072,835
Total Members' Equity	31,230,774	32,213,583
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$196,454,046	\$232,205,249

INCOME STATEMENT	12/31/2019	12/31/2020
Operating Income		
Interest on Loans	\$ 8,350,008	\$ 8,470,560
Income from Investments	1,250,167	1,358,776
Fees and Other Income	4,060,269	3,819,974
Total Operating Income	13,660,444	13,649,310
Operating Expenses		
Employee Compensation & Benefits	5,558,913	5,550,741
Travel & Conference	198,288	106,460
Association Dues	28,847	27,840
Office Occupancy Expense	354,040	370,435
Office Operations	1,196,923	1,096,030
Education & Promotion	333,992	493,840
Loan Servicing	558,985	551,328
Professional & Outside Services	2,250,243	2,243,720
Provision Expense	269,727	903,967
NCUA Operating Fee	48,537	52,749
Cash Over/Short	(16)	505
Annual Meeting Expense	11,820	7,935
Total Operating Expenses	10,810,299	11,405,550
Dividend and Interest Expense	1,374,760	1,265,373
Total Non-Op Expense	(3,129)	(4,422)
Net Income Before Relationship Dividend	1,478,514	982,809
Relationship Dividend	-	-
Net Income	\$ 1,478,514	\$ 982,809

SUPERVISORY COMMITTEE REPORT

MTC Federal Credit Union's Supervisory Committee consists of five volunteer members appointed by the Board of Directors. The committee's primary purpose is to inspect the credit union's records for accuracy and review the procedures for the proper use and handling of assets. The committee also ensures that an annual audit of the credit union is conducted.

For 2020, the Supervisory Committee engaged Doeren Mayhew Certified Public Accountants to perform the annual independent audit of the credit union. The report included the statement of financial condition and the related statements of income, members' equity and cash flow. Doeren Mayhew issued an unqualified opinion on the financial statements of the credit union for the year ended June 30, 2020.

The Supervisory Committee also contracted Doeren Mayhew, CPAs to perform various operational audit procedures throughout the year. No major areas of concern were noted.

Based upon the review and results of the audits described above, it is the opinion of the Supervisory Committee that the credit union is in sound financial condition, operates in a controlled environment and maintains compliance with the guidelines mandated by the National Credit Union Administration.

Respectfully submitted,



Alexa Horne, Supervisory Committee Chair

SUPERVISORY COMMITTEE

Alexa Horne, Chair

Alice Searcy, Member

Christina Herd, Member

Diana Godwin, Member

Marcella Kimbrell, Member

BOARD OF DIRECTORS

Mike Tolman, Chair

Randy Welch, Vice Chair

Michael Hanna, Treasurer

Delcia Corbitt, Secretary

Patricia Brandes, Board Member

Mark King, Board Member

Alexa Horne, Board Member

NOMINATING COMMITTEE REPORT

The Nominating Committee is one of the first committees organized in support of the Annual Meeting. The responsibility of this committee is to take nominations for the respective offices and evaluate the candidates. Serving on this committee this year were Randy Welch (Chair), Michael Hanna, Delcia Corbitt, Alexa Horne, and Bill Love. There will be no nominations accepted from the floor at the Annual Meeting, as there were no nominations by petition and there is at least one candidate for each open position.

The following people have been nominated to fill the three open positions on the MTC Federal Credit Union Board of Directors.

PATRICIA BRANDES

MTC FEDERAL YEARS OF SERVICE:
15, currently a member of the Board of Directors.

CREDIT UNION MEMBER SINCE: 1978

EMPLOYMENT: Michelin Retiree 2017.

EDUCATION: Bachelor of Arts in Accounting, Limestone University, 1998.

MARK KING

MTC FEDERAL YEARS OF SERVICE:
5, currently a member of the Board of Directors.

CREDIT UNION MEMBER SINCE: 2015

EMPLOYMENT: Michelin Retiree 2017.

EDUCATION: Bachelor of Electrical Engineering from Georgia Tech, 1981.

ALICE MELCHER

MTC FEDERAL YEARS OF SERVICE: 4, currently a member on the Supervisory Committee.

CREDIT UNION MEMBER SINCE: 1990

EMPLOYMENT: Michelin

EDUCATION: Bachelor of Arts in French, Furman University, 1987.

TRACTION FOR LIFE'S JOURNEY



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