

# Mission Statement

MCT Credit Union will provide financial services, loan, and deposit products that will meet the needs and expectations of the field of membership and provide a fair and equitable return to the Credit Union. The membership includes any persons, as well as the financially underserved, living or working in the communities of Jefferson, Orange, and Hardin Counties. The Credit Union will strive to grow the field of membership by aggressively pursuing all persons in need of financial products and services and by continually enhancing the Credit Union's products to better serve the field of membership.

Motto:

MCT Credit Union will always strive to exceed your expectations.

## **Internet Branch**

**www.mctcu.org**

## **T.E.S.S.**

**(409) 724-3500 or (888) 610-3500**

## **Toll-Free**

**(800) 846-1751**

## **Port Neches**

2736 Nall Street • Port Neches, TX 77651 • (409) 727-1446 Fax 724-3509

## **Nederland**

524 Highway 69 • Nederland, TX 77627 • (409) 722-9133 Fax 722-9185

## **Bridge City**

4837 Highway 87 • Orange, TX 77630 • (409) 735-8777 Fax 792-8738

## **North Orange**

5401 N. 16th Street • Orange, TX 77631 • (409) 883-5506 Fax 883-3891

## **Lumberton**

94 N. LHS Drive • Lumberton, TX 77657 • (409) 751-4425 Fax 751-4603



**2010**  
**MCT**  
**Credit Union**

# ANNUAL MEETING

Port Neches Elementary  
2101 Llano



Thursday, February 18, 2010  
5:30 p.m.

## CEO'S REPORT



### BUSINESS MEETING AGENDA

- *Establishment of a Quorum*
- *Reading and Approval of Previous Meeting Minutes*
- *Report of Chairman.....Jimmy Myers*
- *Report of CEO .....Thad Angelle*
- *Report of Audit Committee .....Yvonne Grimes*
- *Old Business*
  - Election of Directors*
  - Drawing of Door Prizes*
- *Adjournment*

The year 2009 marks the 56th anniversary of MCT Credit Union's state charter. As was announced at last years meeting, Lee Robinson retired as Chief Executive Officer and I have begun my new position as the Credit Union's fourth CEO.

The Credit Union has continued its mission to offer quality financial products and services to its members and exceed their expectations by providing excellent services. However, in 2009 the credit union industry experienced new challenges.

The year was one of unprecedented economic crisis. On a national level, we experienced what some say was "the end of the Great Recession," but 132 banks and 17 credit unions failed. Because of the banking crisis, new legislation was and is currently being introduced and implemented, causing banks and credit unions alike to change the products they currently offer.

On a local level, the Credit Union had to face the devastation caused by Hurricane Ike. We assisted area communities and our member's recovery in putting their home and lives back together. We also had to deal with the recapitalization efforts of Southwest Corporate and the investment write-down of Town North Bank. Both of these situations had a significant impact on the Credit Union's net income as well as its net worth.

In 2009 the Credit Union's assets declined \$6,062,330 and deposits declined \$7,061,909. The good news is, this was only about a 4% loss of the Hurricane Ike deposits as compared to Hurricane Rita when the Credit Union lost 33% of those deposits.

The year brought positive performance in the Credit Union's loan growth, exceeding all projected goals in consumer, mortgage and commercial areas. The mortgage and commercial loans increased well over 55% from year end 2008 to 2009.

The effect of the economic and banking crisis on the Credit Union was not only noticed on its net worth, but overall earnings as well. However, across the nation over 60% of credit unions experienced negative earnings in 2009. But even with the challenges, MCT reported positive earnings once again as a result of the strong leadership of the board of directors, its experienced management team and excellent staff working together.

I look forward to the challenges and opportunities in 2010 and am proud to be your new CEO.

Respectfully Yours,

*Thad J. Angelle*  
*Chief Executive Officer*

**Board of Directors**

|                                       | <b>Term Of Office Expiration</b> |
|---------------------------------------|----------------------------------|
| Jimmy Myers, Chairman                 | 2012                             |
| Mike Laird, Vice Chairman             | 2011                             |
| Charles Lankford, Treasurer/Secretary | 2011                             |
| Yvonne Grimes                         | 2012                             |
| Randy Lupton                          | 2011                             |
| Durwood Johnson                       | 2011                             |
| Lee Robinson                          | 2012                             |
| Peggy Delahoussaye                    | 2010                             |
| Debbie Norris                         | 2010                             |
| Mike Guidry                           | 2010                             |
| Randy Chance                          | 2010                             |

**Advisory Board**

Ed White  
Rebecca Demeter  
Randy Brown

**Executive Management**

Thad Angelle, Chief Executive Officer  
Mary Fadhli, Executive Vice President  
Chad Powell, Chief Financial Officer  
Jill Forse, Human Resources Director  
Micheline Moody, Sr. Vice President/Branch Executive  
Karen Frederick, Chief Operations Officer

***CHAIRMAN'S REPORT***

I would like to thank our staff for their dedication and hard work.

During the last four years, we have experienced two major hurricanes, as well as a recession. The stress of the hurricanes on our members and employees was significant. The recession of the past year has taken a toll not only on our country, but also on our members. I commend MCT's employees for helping our members through these trying times.

I'm proud to say that despite some of the most trying times since the 80's, MCT has been profitable during 2009.

*Jimmy Myers  
Board Chairman*

# FINANCIAL REPORT

DECEMBER 31, 2009

| ASSETS                       | 12-31-08              | 12-31-09             |
|------------------------------|-----------------------|----------------------|
| Cash                         | \$ 3,227,375          | \$2,775,943          |
| Personal Loans               | \$ 56,608,490         | \$52,745,519         |
| Real Estate Loans            | \$ 52,644,894         | \$88,027,331         |
| Business Loans               | \$ 3,022,148          | \$3,232,330          |
| MasterCard Loans             | \$ 5,525,096          | \$5,742,393          |
| Visa Loans                   | \$ 35,287             | \$ 84,453            |
| Less Allowance for Loan Loss | \$ (1,102,522)        | \$(1,074,078)        |
| Land and Building            | \$ 7,330,599          | \$7,041,199          |
| Furniture and Fixtures       | \$ 935,923            | \$ 803,120           |
| Investments                  | \$ 50,065,673         | \$11,522,724         |
| Other Assets                 | \$ 4,076,195          | \$5,405,896          |
| <b>TOTAL ASSETS</b>          | <b>\$ 182,369,158</b> | <b>\$176,306,828</b> |

## LIABILITIES, SAVINGS & EQUITY

|                            |                       |                      |
|----------------------------|-----------------------|----------------------|
| Accounts Payable           | \$ 1,049,265          | \$1,808,595          |
| Interest/Dividend Payable  | \$ 234,470            | \$ 182,020           |
| Other Liabilities          | \$ 173,613            | \$ 603,020           |
| Shares                     | \$ 44,374,148         | \$40,932,089         |
| Share Drafts               | \$ 57,677,080         | \$50,348,041         |
| Certificates of Deposits   | \$ 38,484,166         | \$38,008,249         |
| Money Market Funds         | \$ 12,861,444         | \$15,557,021         |
| IRA's                      | \$ 11,161,386         | \$12,650,916         |
| Other Comprehensive Income | \$ (3,236,634)        | \$(3,236,634)        |
| Reserve Fund               | \$ 4,173,897          | \$3,945,417          |
| Undivided Earnings         | \$ 15,416,324         | \$15,508,094         |
| <b>TOTAL LIABILITIES</b>   | <b>\$ 182,369,158</b> | <b>\$176,306,828</b> |

## STATISTICAL INFORMATION

|   |        |        |
|---|--------|--------|
| Number of Members                               | 19,142 | 18,890 |
| Growth in Membership                            | 2.96%  | -1.32% |
| Operating Expenses as a Percent of Total Income | 70.77% | 69.91% |
| Total Loans as a Percent of Assets              | 64.61% | 84.47% |
| Capital (Reserves & Undivided Earnings)         | 10.68% | 10.97% |
| Investments as a Percent of Assets              | 27.45% | 6.54%  |
| Growth in Shares and Deposits                   | 35.72% | -4.29% |
| Growth in Loans                                 | 3.79%  | 27.15% |
| Growth in Assets                                | 29.38% | -3.32% |

# STATEMENT OF INCOME & EXPENSE

DECEMBER 31, 2009

|   | 12-31-08             | 12-31-09             |
|---|----------------------|----------------------|
| <b>INCOME</b>   |                      |                      |
| Income from Loans   | \$ 8,429,281         | \$ 9,405,411         |
| Income from Investments   | \$ 551,332           | \$ 704,052           |
| Other Income  | \$ <u>3,535,299</u>  | \$ <u>3,763,579</u>  |
| <b>TOTAL INCOME</b>   | <b>\$ 12,515,912</b> | <b>\$ 13,873,043</b> |
| <b>EXPENSES</b>   |                      |                      |
| Employee Compensation & Benefits                                      | \$ 4,079,493         | \$ 5,013,324         |
| Travel and Conference   | \$ 107,374           | \$ 149,717           |
| Office Occupancy  | \$ 661,729           | \$ 674,570           |
| Office Operations   | \$ 1,798,932         | \$ 2,096,249         |
| Promotion and Marketing   | \$ 844,552           | \$ 356,675           |
| Loan Servicing  | \$ 439,984           | \$ 479,585           |
| Professional & Outside Servicing                                      | \$ 848,040           | \$ 838,781           |
| Provision for Loan Losses   | \$ 173,993           | \$ 582,345           |
| Regulatory Fees   | \$ 19,676            | \$ 19,599            |
| Miscellaneous   | \$ <u>57,771</u>     | \$ <u>70,118</u>     |
| <b>TOTAL OPERATING EXPENSE</b>  | <b>\$ 9,031,545</b>  | <b>\$ 10,280,963</b> |
| Gain/(loss) Disposition On Fixed Assets                               | \$ 0                 | \$ 4,257             |
| Other Non-Operating Income Expense                                    | \$ 0                 | \$ (393,340)         |
| <b>NET INCOME</b>   | <b>\$ 3,484,367</b>  | <b>\$ 3,202,997</b>  |
| Interest Paid on Certificates,<br>Share Draft, IRA's & Other Deposits | \$ 2,972,042         | \$ 1,173,797         |
| Dividends on Shares   | \$ 367,304           | \$ 1,405,047         |
| Net Income after Dividends<br>and Interest paid                       | \$ 145,021           | \$ 297,240           |
| Transfer to Reserve   | \$ (61,435)          | \$ (228,480)         |
| <b>NET TO UNDIVIDED EARNINGS</b>                                      | <b>\$ 206,456</b>    | <b>\$ 91,770</b>     |