

INTERCORP CREDIT UNION

75TH Annual Meeting

Friday, April 1, 2016

RECOGNIZED BOARD MEMBERS, COMMITTEE MEMBERS, AND CREDIT UNION STAFF.

|   |                                 | <u>Terms</u> |
|---|---------------------------------|--------------|
| CHAIRMAN                                | GLEN DWYER                      | 2017         |
| VICE CHAIRMAN                           | MIKE CULP                       | 2018         |
| TREASURER                               |                                 |              |
| SECRETARY                               | MARLON FRANKLIN                 | 2016         |
| BOARD MEMBER /CHAIRMAN CREDIT COMMITTEE | CAL BRANNON                     | 2017         |
| BOARD MEMBER /CREDIT COMMITTEE          | FRED KIRBY                      | 2018         |
| BOARD MEMBER /CREDIT COMMITTEE          | JUDY LOVE                       | 2018         |
| BOARD MEMBER                            | ELISIO RODRIGUEZ<br>(appointed) | 2016         |
| PRESIDENT/MANAGER                       | KAREN ALLISON                   |              |
| LOAN OFFICER                            | DIANE HASSLER                   |              |

Products and Services Offered

Savings/Deposit Accounts

Share Savings Accounts  
Certificate of Deposits  
IRAs

Lending

New & used auto loan  
New & used boat, motor cycle loan  
New & used rv's and travel trailers loan  
New & used four wheelers, jet ski, snowmobile loan  
New & used Utility Trailers  
Signature loan  
Short Term loan  
Stock secured loan  
CD secured loan  
Share secured loan  
Bill consolidation loan  
Medical loan  
Miscellaneous Loan  
Master Card

Other Services

Credit Life & Disability Insurance  
Wire Transfers  
Payroll Deduction for Atmos Employees  
GAP (Guaranteed Auto Protection)  
Free Notary Service

Membership Size

Year 2014            812  
Year 2015            793

IN 2015 THERE WERE 13 ACCOUNTS OPENED AND 29 ACCOUNTS CLOSED

## 2015 at a Glance

### STATEMENT OF INCOME

|                                 |                   |
|---------------------------------|-------------------|
| <b>Total Income</b>             | <b>\$217,292.</b> |
| <b>Total Operating Expenses</b> | <b>\$186,169.</b> |
| <b>Dividends</b>                | <b>\$ 27,920.</b> |
| <b>Provision for Loan Loss</b>  | <b>\$ 29,185.</b> |

|   |                        |                       |
|---|------------------------|-----------------------|
| <b>ASSETS</b>   | <b>\$5,107,446</b>     | <b>dwn \$ 172,020</b> |
| <b>SHARES &amp; DEPOSITS</b>  | <b>\$4,329,316</b>     | <b>dwn \$ 143,397</b> |
| <b>LOANS</b>  | <b>\$3,004,436</b>     | <b>dwn \$ 122,945</b> |
| <b>DIVIDENDS &amp; INTEREST</b>   |                        |                       |
| <b>PAID TO MEMBERS</b>  | <b>\$ 27,920.41</b>    | <b>dwn \$ 5,064</b>   |
| <b>NET INCOME</b>   | <b>2015</b>            | <b>2014</b>           |
|   | <b>\$25,983 (loss)</b> | <b>\$6,877 (gain)</b> |
| <b>NET INCOME (LOSS)<br/>EXCLUDING STABILIZATION<br/>EXPENSE AND NCUSIF PREMIUMS \$0.00</b> |                        |                       |

CREDIT COMMITTEE REPORT -2015

THE CREDIT COMMITTEE IS APPOINTED BY THE CHAIRMAN  
OF THE BOARD TO OVERSEE THE LENDING AND  
COLLECTION ACTIVITIES OF THE CREDIT UNION.  
IN OUR CREDIT UNION THE CREDIT UNION STAFF IS AUTHORIZED  
BY THE COMMITTEE TO PERFORM MOST OF THE  
COMMITTEE'S RESPONSIBILITIES, BUT THE COMMITTEE  
MONITORS AND REVIEWS ALL TRANSACTIONS AND HAS THE  
FINAL AUTHORITY.  
IN 2015 103 LOANS WERE MADE TOTALING \$1,074,140.47.

THEY WERE AS FOLLOWS:

|    |                        |  |            |
|----|------------------------|--|------------|
| 05 | NEW AUTO<br>LOANS      |  | \$242,061. |
| 20 | USED AUTO<br>LOANS     |  | \$372,946. |
| 01 | USED RV                |  | \$30,525.  |
| 28 | SIGNATURE<br>LOANS     |  | \$ 99,320. |
| 01 | NEW FOUR<br>WHEELER    |  | \$ 13,848. |
| 01 | NEW UTILITY<br>TRAILER |  | \$ 15,025. |
| 07 | CHRISTMAS<br>LOANS     |  | \$ 16,685. |
| 12 | SUMMER PROMO<br>LOANS  |  | \$ 24,800. |
| 09 | MISCELLANEOUS<br>LOANS |  | \$ 50,260. |
| 08 | SHORT TERM<br>LOANS    |  | \$ 3,720.  |
| 01 | MEDICAL                |  | \$ 20,025. |
| 03 | BILL<br>CONSOLIDATION  |  | \$ 22,573. |
| 01 | SHARE SECURED<br>LOANS |  | \$ 3,030.  |
| 06 | CD SECURED<br>LOANS    |  | \$159,322. |

|                                     |            |
|-------------------------------------|------------|
| TOTAL NUMBER OF LOANS               | 284        |
| OUTSTANDING AVERAGE<br>LOANS        | \$9,003.   |
| TOTAL NUMBER OF<br>MASTERCARD LOANS | 118        |
| MASTERCARD ACCOUNT<br>TOTALING      | \$447,457. |
| OUTSTANDING AVERAGE MC<br>LOANS     | \$3,792.   |

## **Audit Report**

Waypoint Advisory Services performed the 2015 annual Audit for the audit period ending December 31, 2015. This procedure was conducted in accordance with Part 715 of the NCUA Rules and Regulations. This engagement was to apply agreed-upon procedures. Based on the report issued following the audit there were no issues to report.

**InterCorp Credit Union  
Treasures Report 2015**

**Statement of Financial Condition**

| <b>Assets:</b>                         | <b>2014</b>      | <b>2015</b>      |
|--|------------------|------------------|
| Consumer Loans                         | 2,680,452        | 2,556,979        |
| Credit Card Loans                      | 446,930          | 447,457          |
| Allow for Loan Loss                    | -13,384          | -33,326          |
| Cash                                   | 149,523          | 220,829          |
| Receivables/Prepaid/Deferred           | 20,298           | 38,206           |
| NCUA                                   | 38,914           | 44,727           |
| Catalyst Corp FCU                      | 294,422          | 433,554          |
| Other Investments                      | 1,634,000        | 1,338,000        |
| Furniture & Equipment                  | 6,425            | 16,983           |
| Bldg & Land                            | 21,886           | 44,037           |
| <b>Total Assets</b>                    | <b>5,279,466</b> | <b>5,107,446</b> |
| <b>Liabilities &amp; Capital:</b>      |                  |                  |
| IRA Accounts                           | 1,070,551        | 1,045,585        |
| Certificates                           | 1,604,873        | 1,575,617        |
| Shares                                 | 1,797,289        | 1,708,114        |
| Regular Reserves                       | 147,634          | 147,634          |
| Undivided Earnings                     | 642,640          | 616,657          |
| Accrued Payables                       | 16,479           | 13,839           |
| <b>Total Liabilities &amp; Capital</b> | <b>5,279,466</b> | <b>5,107,446</b> |

| <b>Profitability Calculations:</b> | <b>2014</b> | <b>2015</b> |
|------------------------------------|-------------|-------------|
| Asset Yield                        | 4.44        | 4.18        |
| Cost of Funds                      | 0.66        | 0.61        |
| Gross Spread                       | 3.78        | 3.64        |
| Net Oper Exp Ratio                 | 3.25        | 3.35        |
| Oper ROA                           | 0.53        | 0.29        |
| Loan Mix                           | 63          | 58          |
| Net Worth                          | 14.98       | 14.98       |
| Net ROA                            | 0.46        | 0.1         |
| Net Chg off/Avg Asset              | 0.11        | 0.19        |
| Del Loans/Loans                    | 0           | 1.77        |
| Ret of Average Assets              | 0.14        | -0.5        |

**Statement of Income**

| <b>Operating Income:</b>   | <b>2014</b>    | <b>2015</b>    |
|--|----------------|----------------|
| Interest on Loans  | 200,957        | 194,245        |
| Income from Investment   | 7,531          | 11,087         |
| Fee Charges & Other Income   | 12,796         | 11,959         |
| <b>Total Income</b>  | <b>221,284</b> | <b>217,291</b> |
| <b>Operating Expense:</b>  |                |                |
| Employee Comp/Expense  | 106,574        | 108,545        |
| Travel & Conference  | 622            | 828            |
| Association Dues   | 3,629          | 3,871          |
| Office Occupancy   | 9,734          | 9,602          |
| Office Operations  | 38,325         | 36,364         |
| Member Education/Promotion   | 280            | 555            |
| Loan Servicing   | 9,206          | 10,067         |
| Professional & Outside Services  | 5,178          | 5,946          |
| Member Insurance   | 0              | 0              |
| NCUA Stabilization Assessment  | 0              | 0              |
| Cash Over/Short  | 0              | 0              |
| Annual Meeting   | 1,800          | 1,800          |
| Miscellaneous Oper Expense   | 9,218          | 8,591          |
| <b>Total Operating Expenses</b>  | <b>184,566</b> | <b>186,169</b> |
| <b>Interest Expenses:</b>  |                |                |
| Dividends  | 32,984         | 27,920         |
| <b>Total Cost of Funds</b>   | <b>32,984</b>  | <b>27,920</b>  |
| <b>Provision for Loan Loss</b>   | <b>-3,144</b>  | <b>29,185</b>  |
| <b>Net Income Gain/Loss</b>  | <b>6,877</b>   | <b>-25,983</b> |
| <b>Net Income (Loss) Excluding Stabilization Expense and NCUSIF Premiums</b> |                | <b>0</b>       |