

2022 Annual Report

47

years

TRACTION FOR LIFE'S JOURNEY

AGENDA

47TH ANNUAL MEETING

- I. Meeting Called to Order
- II. Quorum Ascertained
- III. Review of the 2022 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. Adjournment

MINUTES—46TH VIRTUAL ANNUAL MEETING

The 46th Virtual Annual Meeting of MTC Federal Credit Union was called to order by Mark King, Chair of the Board, on March 30, 2022 at 4:30 pm EST. The meeting was held as a virtual meeting.

Chair King welcomed all in attendance to the 46th Virtual Annual Meeting. Afterwards, Alexa Horne, Secretary, acknowledged that a quorum was present. Board members in attendance were: Mark King, Delcia Corbitt, Alexa Horne, Michael Hanna, Randy Welch, Patricia Brandes, and Alice Melcher. The attendees were provided the 45th Annual Meeting Minutes online at MTCFederal.com/AnnualReport for review as information with no further action required.

Chair King continued the meeting, noting that 2021 proved to be another record year of change and unknowns and that growth is achievable, agility is key, and responsiveness is essential. He affirmed the responsibility the credit union has to our members and the mission of meeting their needs and exceeding their expectations. The Chair stated that the credit union's future is clear with one vision: to serve our members as their Only Financial Institution.

Highlights from 2021 were:

NAVIGATING WITH AGILITY

LOAN GROWTH

COMMUNITY IMPACT

Chair King stated that it is important to meet our members in their life's journey in every way possible and to give more reasons to share and prosper through relationships. Communication and access will continue to be drivers of change, and the credit union will continue to expand awareness where our members live and work. Service excellence, financial options, great rates, lower fees, and convenience will be why members choose MTC Federal and will be how we will achieve a stronger financial future together.

The Treasurer's Report was given by Delcia Corbitt, Treasurer. She presented an overview of 2021 and reviewed the financial statements of MTC Federal, which included \$247M in assets and net income of \$938 thousand. She noted that continued growth in our member relationships and expansion of services will continue in 2022 and beyond. The Treasurer's Report was provided as information and no other action required.

The Supervisory Committee Chair, Patricia Brandes, 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.

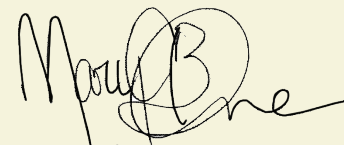
The Nominating Committee Chair, Alice Melcher, presented the committee report. Nominations were not accepted from the floor because there is at least one candidate for each open position. Two open positions on the board were recommended to be filled by Alexa Horne and Randy Welch, who were seeking re-election.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

Chair King introduced Bill Love, CEO, for his credit union message. Mr. Love introduced excerpts from members who shared their stories of how MTC Federal gave them traction for their life's journey.

Chair King 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 Alexa Horne.



Mark King, Chair



Alexa Horne, Secretary

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.

CHAIR AND CEO REPORT

Welcome to the MTC Federal Credit Union 47th Annual Meeting. When we reflect on 2022, we see a year of financial challenges for our members. The challenges created by high inflation, a changing rate environment, and economic uncertainty. The challenge of meeting members' needs where they are in their life's journey has never been more important. With this commitment, our strategy is to help our members navigate the tough times by aiding members to maintain or gain "Traction for Life's Journey."

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, we make sure we consider the impact that each of our decisions has on you, our member.

2022 Highlights:

- Moved into our new corporate headquarters and branch at the Brookfield Parkway location
- Rolled out Commercial Services
- Higher Dividend for members
- Technology upgrades

During 2022, we moved our staff into a new corporate office, which allowed us to bring our staff back to the office for the first time since March 2020. In doing so, our intent was to create a better work environment through improved collaboration with all of our team members, which ultimately allows us to better meet the needs of our members.

In the past year, we took our first step to offer Commercial Services to our members. This new line of service will not only help members who own a business but also help the credit union to continue growing to remain competitive and improve our economy of scale.

Also, during 2022, our members benefited from a higher deposit rate environment. As we navigate the higher rate environment, we have offered higher dividend rates on members' money markets and share certificate accounts. This should help depositors navigate the significant inflation we all face.

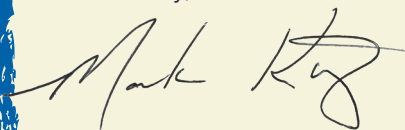
Finally, we continue to make investments in technology. Our focus on new technology is not only to improve efficiencies but also to improve ease of use and accessibility for our members.

Staying true to the course, our vision in 2023 is to help our members find financial traction in every way possible and to provide even more reasons to share and prosper through relationships. Communication and access are drivers of change throughout our credit union, and MTC Federal promises to be there by offering the services you need both in our digital and traditional spaces.

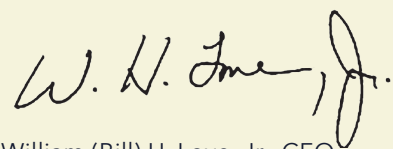
As a cooperative, participation is key, and serving you as a trusted financial partner for greater returns, member loyalty, and community impact is what differentiates us as the MTC Federal Community. Together is how we achieve a stronger financial future.

We look forward to serving you, your family, and our communities for years to come.

Sincerely,



Mark King, Chair



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

TREASURER'S REPORT

Our projection was to end 2022 with total assets of \$262.8 million and net income of \$1,131,959. Actual results for 2022 were total assets of \$255.2 million, (2.90%) less than projected, and net income of \$2,058,342, 181.84% more than projected. Loans outstanding for 2022 were projected to increase 8.31%. Actual loans outstanding for 2022 increased 8.03%, (0.28%) less than projected. During 2022, Management remained focused on quality loan production and prudently investing funds.

In 2022, shares decreased by (0.78%) and loans outstanding increased 8.03%. Investments decreased by (10.87%). Assets increased by 0.57%, while capital increased by 6.00% for the year. Gross income increased by 10.40%, while operating expenses increased by 2.58%. Dividend and Interest expense increased by 24.11%.

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 2023 and beyond.

Respectfully submitted,



Delcia Corbitt, Treasurer
Board of Directors

BALANCE SHEET

12/31/2021

12/31/22

Assets

Total Outstanding Loans	\$133,675,854	\$144,413,737
Less: Allowance for Loan Losses	(470,269)	(730,243)
Net Outstanding Loans	133,205,585	143,683,494
Total Cash on Hand	3,098,067	2,332,472
Federal Agency Securities	33,650,000	66,600,000
Corporate Credit Union	54,165,229	16,675,447
Other Investments	17,992,865	11,033,410
Total Investments	105,808,094	94,308,857
Land & Building - Net	1,208,176	2,585,978
Other Fixed Assets - Net	345,323	556,949
NCUASIF	1,995,074	2,124,840
Other Assets	8,052,490	9,569,051
Total Other Assets	11,601,063	14,836,818
TOTAL ASSETS	\$253,712,808	\$255,161,641

Liabilities

Accounts Payable and Other Liabilities	\$ 4,258,481	\$ 5,334,876
Regular Shares	74,735,987	73,671,354
Club Shares	270,276	279,369
Share Drafts	36,782,956	37,438,656
Money Market	77,705,125	72,712,249
Share Certificates	25,665,777	29,372,590
Total Shares	215,160,123	213,474,218
Regular Reserve	2,140,748	2,140,748
Undivided Earnings	32,153,457	34,211,799
Total Members' Equity	34,294,205	36,352,547
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$253,712,808	\$255,161,641

INCOME STATEMENT

12/31/2021

12/31/2022

Operating Income

Interest on Loans	\$ 8,582,035	\$ 9,302,924
Income from Investments	785,770	1,430,204
Fees and Other Income	4,389,307	4,547,961
Total Operating Income	13,757,112	15,281,089

Operating Expenses

Employee Compensation & Benefits	6,172,789	6,245,813
Travel & Conference	55,902	96,165
Association Dues	31,853	34,509
Office Occupancy Expense	334,072	404,853
Office Operations	755,076	774,818
Education & Promotion	600,790	737,114
Loan Servicing	628,905	729,383
Professional & Outside Services	2,521,098	2,365,284
Provision Expense	(147,419)	828,687
NCUA Operating Fee	48,885	41,758
Cash Over/Short	505	494
Annual Meeting Expense	6,658	13,796
Total Operating Expenses	11,009,116	12,272,676
Dividend and Interest Expense	876,376	1,087,627
Total Non-Op Expense	(209,003)	(137,557)
Net Income	\$ 2,080,623	\$ 2,058,342

SUPERVISORY COMMITTEE REPORT

MTC Federal Credit Union's (Credit Union) 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 2022, 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, 2022.

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,



Patricia Brandes, Committee Chair
Supervisory Committee

SUPERVISORY COMMITTEE

Patricia Brandes, Chair
Christina Herd, Member
Diana Godwin, Member
Vacant, Member
Vacant, Member

BOARD OF DIRECTORS

Mark King, Chair
Michael Hanna, Vice Chair
Delcia Corbitt, Treasurer
Alexa Horne, Secretary
Patricia Brandes, Board Member
Randy Welch, Board Member
Marcella Kimbrell, 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 Patricia Brandes, Mark King, 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 three open positions on the MTC Federal Credit Union Board of Directors.

MICHAEL HANNA

MTC FEDERAL YEARS OF SERVICE:

12, currently a member of the Board of Directors.

CREDIT UNION MEMBER SINCE: 1997.

EMPLOYMENT: Michelin since 1997.

EDUCATION: Bachelor's in Business Administration from University of Georgia, 1990; Master's in Business Administration from Clemson University, 1992; Bachelor's of Engineering (Mechanical) from Clemson University, 1996; Master's of Engineering from University of South Carolina, 2002; Master's in Industrial & Systems Engineering from Auburn University, 2011.

DELICIA CORBITT

MTC FEDERAL YEARS OF SERVICE:

19, currently a member of the Board of Directors.

CREDIT UNION MEMBER SINCE: 1997.

EMPLOYMENT: Velux since 2021.

EDUCATION: Bachelor of Science in Accounting from South Carolina State University, 1991; Master's in Business Administration from Clemson University, 1995; Certified Treasury Professional.

MARCELLA KIMBRELL

MTC FEDERAL YEARS OF SERVICE:

3, currently a member of the Board of Directors.

CREDIT UNION MEMBER SINCE: 2011.

EMPLOYMENT: JTEKT since 1995.

EDUCATION: Bachelor of Science in Marketing and Management (Human Resources Management) from University of South Carolina, 1989; Master of Management, Human Resource Management from University of Phoenix, 2010.

TRACTION FOR LIFE'S JOURNEY



MTCFederal.com | 800-442-7792

All Rights Reserved.  