

board of **directors**

Kristin Bouchard **Chair**
Lyle Manley **Vice Chair**
Tim Bottenfield **Secretary**
Josh Knoedler **Treasurer**
Kathy Shea **Director**
Mike O'Connor **Director**
Josh Allen **Director**

executive **management**

Ed Stofko **President/CEO**
Steve Sendon **Executive Vice President**
Matt Stolle **VP-Finance/CFO**
Dean Olsen **VP-Information Technology**
Erin Johnston **VP-Consumer Lending**
Cyrus Malkin **VP and Comptroller**
Brandi Mergenthaler **VP-Operations**
Holly Lane **VP-Human Resources**

rmcu **locations**

HELENA

1820 11th Avenue
3400 N. Montana Avenue
406.449.2680

BOZEMAN

8645 Huffine Lane
406.586.1505
1840 Baxter Lane
406.602.4800

BELGRADE

90 W. Madison Avenue, Ste. A
406.586.1505

BUTTE

2101 Yale Ave
406.723.5381

www.rmcu.net



Federally insured
by the NCUA.



Our Mission

To provide financial service
relationships of lasting value
that exceed member and
community expectations and
reward members for their loyalty.

**ANNUAL
FINANCIAL
REPORT**



Chairman’s Report

During 2017 RMCU witnessed another year of strong growth and I feel privileged to report to you as your Chairman of the Board of Directors. Your Board and staff continue to move Rocky Mountain Credit Union in the direction of building member relationships through quality products and services our members need.

By year-end, RMCU’s assets increased \$12,004,744 through internal growth. RMCU now has total assets of \$232,303,312. Total membership grew 790 members to bring the end of year number to 20,815 members. Our credit union staff continues to build strong financial relationships with all of our members and this effort is driving our growth. Net income in 2017 is \$100,708 and yielded a return on average assets of .04%.

Throughout 2017, the Board and staff continued to strengthen our commitment and help our members with their finances by providing them with the products and tools they need to manage their lives. Once again, thank you for being a member of Rocky Mountain Credit Union.

Kristin Bouchard
Chairman of the Board

FINANCIAL STATISTICS	2017	2016
Loans Granted	\$123,333,525 4,560	\$125,400,905 5,062
Members	20,815	20,025
Avg. Outstanding Loan	\$12,530	\$11,818
Avg. Share Balance	\$9,584	\$9,567

President’s Report

2017: A year of expansion and challenges

During 2017, the credit union began the final construction of our Baxter branch in Bozeman. In 2016, the foundation work was completed and then we waited until spring weather in 2017 to start the construction of the 5500 square foot branch building. This was an exciting project for those of us involved with it directly in the credit union. The process of designing the building, finding land and working with architects and city planners kept those of us directly involved very busy throughout the year. This construction project was one of the few I have worked on in my career that did not have very many issues to deal with once approval was received from the City of Bozeman. By the end of summer, we began to hire individuals to staff the new branch and make plans for the opening of this branch on November 1. With this branch addition, we now have a facility on the north side of Bozeman to provide easy access to members living near this facility and for new members to come and join our credit union family.

2017 was a year in which we had to deal with a number of problems in our loan portfolio. The initial signs of trouble appeared in early 2016 and by the end of the first quarter of 2017 I realized we had issues that were going to require large amounts of income to rectify the losses we were beginning to realize. Our net income in 2017 is \$100,708 and represents a return on average assets of

.04%. Our capital to assets ratio at December 31, 2017 is 9.74%. Although income was not strong at year end, our capital to assets ratio still remains very strong. At year end, I believe we have put those loan problems behind us and are better positioned to return our net income to peer levels in 2018.

Total dollars lent to members in 2017 equaled \$123,333,525 to 4,560 members. The loan portfolio increased \$15.9 million, which resulted in a growth percentage of 9.11%.The loan to share ratio ended the year at 94.03% or .94 cents of every deposit dollar was invested in loans to members in 2017. Assets of RMCU increased \$12 million during the year, while shares grew \$7.9 million. Net new member growth in 2017 was 3.95% or 790 new memberships resulting in a total membership of 20,815 by year-end.

On November 12, I celebrated 10 years at the helm of Rocky Mountain Credit Union. Since coming here in November 2007, my work with the Board of Directors and my management staff has added three branching locations, merged Heritage FCU into RMCU, doubled the members, and increased the size of the credit union by almost 1.5 times the assets held in 2007. Loans to members increased from \$54 million in 2007 to \$188 million at year-end 2017. This growth is the result of the many products and services we have delivered to the membership over the last ten years. Another reflection of our growth success is that it now takes 80 staff to service the membership whereas in 2007 35 staff provided services to our members. 2017 may have been a tough year but there are still many great

things that have happened that will keep us growing and strong for the future membership of RMCU. As always, we, the Board and staff at RMCU, are dedicated to continuing to provide the best financial services in the markets we live and work in. We stand ready to help you with your financial needs and hope that when you need help you will turn to RMCU, your first choice in financial services! Thank you for being a member of RMCU!

Sincerely,
Ed Stofko,
President/CEO

Supervisory Committee Report

The supervisory committee of Rocky Mountain Credit Union oversees the audit process and ensures that management adequately addresses any findings noted in these audits. The supervisory committee is required by Montana law to have a comprehensive annual audit of the books and affairs of the credit union. In order to comply with these requirements, the credit union engaged the CPA firm of Moss Adams, LLP to perform an independent external audit of the year-end 2017 financial statements. This audit took place in the first quarter of 2018. No material misstatements of the financial position where noted during the audit.

The State of Montana Division of Banking and Financial Institutions performed an examination of Rocky Mountain Credit Union during 2017. These exams ensure we are operating in a safe and sound manner, incompliance with applicable laws and regulations, as well as operating within our own established policies and procedures. The supervisory committee also retained Moss Adams, LLP to perform various internal audits in 2017. Any findings from these internal audits have been addressed by management.

Supervisory Committee Members
Stefanie Griffith, Chairman, Chris Lemon, Gaylen Black, James Auer, and Michael Bertagnolli

Our Vision

Providing premier financial services that cause our members to think of RMCU first.

ASSETS	2017	2016
Consumer Loans	\$98,478,586	\$92,901,431
Real Estate Loans	\$72,805,024	\$59,394,388
Member Business Loans	\$16,396,993	\$19,615,690
Total Loans	\$187,680,603	\$171,911,509
Loan Loss Allowance	\$2,306,891	\$2,674,836
Net Total Loans	\$185,373,712	\$169,236,673
Cash & Cash Equivalents	\$9,402,091	\$14,735,090
Investments	\$13,776,432	\$16,066,423
NCUSIF	\$1,918,306	\$1,823,306
Property & Equipment	\$13,372,716	\$11,404,373
Other Assets	\$8,459,838	\$7,032,703
Total Assets	\$232,303,312	\$220,298,568
LIABILITIES & EQUITY		
Notes Payable	\$6,738,232	\$3,265,873
All Other Liabilities	\$3,452,868	\$2,935,737
Member Shares & Deposits	\$199,493,368	\$191,578,822
Regular Reserves	\$6,037,244	\$6,037,244
Equity Acquired in Merger	\$3,018,313	\$3,018,313
Undivided Earnings	\$13,563,287	\$13,462,579
Total Liabilities & Equity	\$232,303,312	\$220,298,568
INCOME		
Loan Interest Income	\$8,475,038	\$7,390,460
Investment Income	\$275,456	\$184,544
Non-Interest Income	\$4,148,761	\$3,718,322
Total Income	\$12,899,255	\$11,293,336
EXPENSES		
Dividends Paid	\$527,701	\$620,062
Interest on Borrow Funds	\$85,263	\$70,855
Provisions for Loan Losses	\$1,546,265	\$1,742,000
Non-Interest Expense	\$10,639,318	\$8,227,757
Total Expenses	\$12,798,547	\$10,660,704
Net Income	\$100,708	\$632,632