

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**
Casey Connors **VP-Commercial Lending**
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

BELGRADE

90 W. Madison Avenue, Ste. A
406.586.1505

BUTTE

2101 Yale Ave
406.723.5381

www.rmku.net



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2016

**ANNUAL
FINANCIAL
REPORT**



Chairman’s Report

During 2016, 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 \$32,717,643 through internal growth and the merger of Heritage Federal Credit Union in Butte during the fall of 2016. RMCU now has total assets of \$220,298,568. Total membership grew 3,899 members to bring the end of year number to 20,025 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 2016 is \$632,637 and yielded a return on average assets of .31%.

President’s Report

2016: A year of progress and challenges

2016 was a year in which the credit union experienced numerous projects taking place in our branches, projects to enhance electronic services and the welcoming of the Butte marketplace into the RMCU family with the merger of Heritage Federal Credit Union on October 1st.

Our desire to bring our style of financial services to our current and potential new members was strongly realized in 2016. Membership increased 3,899 members during the year with Heritage FCU injecting 2,146 of that total. Our growth in members, excluding the merger, was 10.86% and by far the strongest growth in new members for RMCU ever! Our quality of service and dedication of staff to help members achieve financial success is the engine driving our outstanding growth rate.

Total dollars lent to members in 2016 equaled \$125,400,905 to 5,062 members. The loan portfolio increased \$20.5 million, which resulted in a growth percentage of 7.54% after taking out \$11.3 million in loans added to the balance sheet from Heritage. The loan to share ratio ended the year at 89.73% or .89 cents of every deposit dollar was invested in loans to members in 2016.

Assets of RMCU increased \$32.7 million, of which \$20.7 was added to the balance sheet from the Heritage merger. The growth was fueled by share growth of \$30.3 million,

Throughout 2016, 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	2016	2015
Loans Granted	\$125,400,905 5,062	\$114,732,172 4,720
Members	20,025	16,126
Avg. Outstanding Loan	\$11,818	\$13,238
Avg. Share Balance	\$9,567	\$10,004

with Heritage adding \$18.1 million in transferred share balances. Net growth for the credit union was \$12.1 million and represents a 7.54% increase in member deposits. Net income for 2016 is \$632,637 and represents a Return on Average Assets of .31%.

In 2016 our credit union experienced some growing issues as more members were added to the RMCU family, which resulted in staff increases in operations, lending and real estate operations. These additions are all great things to talk about because you belong to an organization that is growing to meet your changing financial needs. Our pledge is to continue to provide value added services to all of our members for individuals and families.

Now entering my tenth year as your CEO, the credit union continues to improve its products, services, technology and staffing. These changes are continuously monitored by your Board of Directors and the management of this institution in an effort to bring our members exceptional service. 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. As we have always professed 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 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 2016 financial statements. This audit took place in the first quarter of 2017. No material misstatements of the financial position were noted during the audit. The supervisory committee oversees the audit process and ensures that management adequately addresses any findings noted in these audits.

The State of Montana Division of Banking and Financial Institutions performed an examination of Rocky Mountain Credit Union during 2016. These exams ensure we are operating in a safe and sound manner, in compliance 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 2016. Any findings from these internal audits have been addressed by management.

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

Our Mission

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

Our Vision

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

ASSETS	2016	2015
Consumer Loans	\$92,901,430	\$70,801,523
Real Estate Loans	\$59,394,388	\$56,907,899
Member Business Loans	\$19,615,690	\$21,677,372
Total Loans	\$171,911,508	\$149,386,793
Loan Loss Allowance	\$2,674,836	\$1,455,988
Net Total Loans	\$169,236,672	\$147,940,805
Cash & Cash Equivalents	\$14,735,091	\$11,977,725
Investments	\$16,066,423	\$11,625,252
NCUSIF	\$1,823,306	\$1,443,980
Property & Equipment	\$11,404,373	\$8,418,945
Other Assets	\$7,032,703	\$6,174,220
Other Assets	\$51,061,896	\$39,640,122
Total Assets	\$220,298,568	\$187,580,927
LIABILITIES & EQUITY		
Notes Payable	\$3,265,873	\$4,672,547
All Other Liabilities	\$2,935,738	\$2,759,221
Member Shares & Deposits	\$191,578,821	\$161,322,758
Regular Reserves	\$6,037,244	\$6,037,244
Equity Acquired in Merger	\$3,018,313	\$0
Undivided Earnings	\$13,462,579	\$12,829,942
Accum. Unrealized Gains (Losses) AFS 2016	\$0	\$40,785
Total Liabilities & Equity	\$220,298,568	\$187,580,927
INCOME		
Loan Interest Income	\$7,530,505	\$6,667,219
Investment Income	\$184,544	\$144,658
All Other Income	\$3,700,498	\$3,178,705
Total Income	\$11,415,547	\$9,990,609
EXPENSES		
Dividends Paid	\$620,062	\$498,415
Interest on Borrow Funds	\$70,855	\$75,295
Provisions for Loan Losses	\$1,742,000	\$1,204,500
Other Expenses	\$8,349,963	\$6,954,678
Total Expenses	\$10,782,910	\$8,732,888
Net Income	\$632,637	\$1,257,721