

ANNUAL REPORT 2013



We make banking personal.

This credit union is federally insured by the National Credit Union Administration. Additional coverage up to \$250,000 provided by Excess Share Insurance Corporation, a licensed insurance company.

REPORT FROM President/CEO & THE Chairman



William P. Allender
President/CEO



Brad Ashbrook
Chairman

For over 75 years, BMI Federal Credit Union has provided its members with a breadth of services, designed to help them manage their money, and achieve their financial goals along the way. While much has changed since 1936, we have embraced these changes as we have grown through the years. However, we believe that it is nice to know that amidst all the change, some things remain the same, like our commitment to

improving the financial lives of our members all while making banking personal. This is what makes BMI FCU different, and we believe it is the number one reason that our members choose to bank with us.

We are proud of our legacy of excellent member service, and we believe that 2013 was reflective of the continued commitment of our employees to our membership and the community we serve.

The year 2013 was a period of mixed results. There were several unexpected business loan defaults and additional unfavorable impacts to our Other Real Estate Owned (OREOs) properties, which resulted in a large unfavorable impact on our financials. These two issues were significant, but we were able to overcome these issues and end the year delivering positive earnings. On the positive side, following on the heels of our charter change in 2012, we were able to achieve several significant milestones in 2013. The Credit Union had positive capital growth ending the year with a capital to assets ratio of 9.10%. Our net membership grew by 3%, which was the first period of significant growth in membership in seven years. New loans grew by 7%, increasing from \$229 million to \$246 million, and our loan-to-share ratio increased significantly as well. We believe that these milestones are significant, reflect growth, and tangibly demonstrate that the change in our charter to a community-based field of membership is having a positive impact on the central Ohio community that we are now readily able to serve.

Although 2013 did not turn out like we planned, we accomplished some great things. Sometimes greatness can best be defined by our performance when faced with overwhelming challenges, and given the difficulties of 2013, we still succeeded in improving capital, focusing on our members, and providing exceptional personal service.

We were awarded ThisWeek Community News' Readers' Choice for "Best Credit Union" for the second consecutive year, and "Best Mortgage Lender". Additionally, BMI FCU was recognized by the Ohio Credit Union League's 2013 Leadership Recognition Program as the first-place winner of the Desjardins Adult Financial Education Award and second-place winner of the Dora Maxwell Social Responsibility Community Service Award.

We were honored to receive recognition from the community for our products and services, but our major focus continued to be on improving the financial lives of our members, as well as strengthening our relationship with the central Ohio community through educational initiatives, charitable giving efforts and community involvement.

Already in its third year, our award-winning Money Management program is a great testament to BMI FCU's dedication to our members and the community we serve. Through our Money Management program, our members have access to free financial education workshops and free one-on-one financial counseling with one of our 20 Certified Financial Counselors. Our Business Development team also offers workshops to employer groups through this program. In

2013, 118 members took advantage of the individual one-on-one financial counseling. A total of 25 community workshops were held and attended by 485 individuals. Also, 52 financial education workshops were presented at employer groups and attended by 897 employees. In 2013, BMI FCU provided free personal finance education to over 1,500 adults and families in central Ohio.

*Our goal is
simple —
to improve the
financial lives of
our members.*

In the past year, we began preparing for several significant technology improvements that will take place in 2014, including a new online and mobile banking system which is now set to launch in May. We are very excited about this technology upgrade as it will provide greater ease and access to services for our members, and provides a platform with greater ability for us to adapt to advancing technologies into the future. However, this technology does not change who we are, we will remain committed to providing our members with a banking experience that is personal – whether using our online tools or visiting one of our branches.

While we are pleased with the milestones we achieved in 2013, we are looking forward in anticipation to an even more successful 2014 when we can continue to strive to make a positive impact on the financial lives of our members and the central Ohio community.

2013 **COMMUNITY INVOLVEMENT**

BMI Federal Credit Union has always been committed to improving the community it serves through ongoing charitable giving efforts, educational initiatives and community involvement.

In 2013, BMI FCU contributed more than \$40,000 to over 30 different charitable organizations.



BMI FCU hosted several community events, and BMI FCU employees volunteered their time to support numerous organizations in the community throughout the year.



RECOGNITION

For the fourth consecutive year, BMI FCU was named one of the top ten Best Employers in Ohio by the **Ohio SHRM State Council and Best Companies Group**.

The award honors the best places of employment based on employee surveys and evaluations of company policies, practices, philosophy and demographics.



OHIO SHRM STATE COUNCIL
& BEST COMPANIES GROUP
BEST EMPLOYERS IN OHIO

BMI FCU was named Best Mortgage Lender, and for the second consecutive year, Best Credit Union by **ThisWeek Community News** readers. Readers in every one of ThisWeek's 24 communities vote for their favorite business, in more than 100 categories.



The **Ohio Credit Union League's** Leadership Recognition Program recognizes persons, credit unions, and chapters that make exceptional contributions to the lives of others. BMI FCU was awarded a first-place Desjardins Adult Financial Education Award and a second-place Dora Maxwell Social Responsibility Community Service Award.

OHIO CREDIT UNION
LEAGUE LEADERSHIP
RECOGNITION
PROGRAM

BMI FCU received a first-place Desjardins Adult Financial Education Award for our Money Management financial education program. BMI FCU hosted more than 25 free workshops in 2013 for members and the community alike with Certified Financial Counselors covering a wide-range of topics from budgeting to identity theft. The program also offers free one-on-one financial counseling with one of our 20 Certified Financial Counselors. During 2013, 118 individuals took advantage of this financial counseling. Over the past year, BMI FCU provided financial education to over 1,500 adults and families in central Ohio.



BMI FCU received a second-place Dora Maxwell Social Responsibility Community Service Award for our 2013 Charitable Giving Campaign: raising funds for various organizations. Each year, staff votes to select twelve organizations that will receive a donation from BMI FCU. Employees choose their contribution amount and it is deducted from their payroll. In 2013, BMI FCU staff raised \$11,301.02 through employee donations for twelve organizations.



2013 HALLOFFAME

The BMI Federal Credit Union Hall of Fame recognizes individuals or corporations who have made significant contributions to our Credit Union, community, or the members the Credit Union serves.



L. Ben Freudenreich

Employed by Battelle, Ben retired after 33 years of service. He served on the Credit Committee (1981-1987), as well as the Board of Directors (1987-current). Ben has held various leadership positions on the Board including Chair, Vice Chair, Treasurer, and was

named Director Emeritus in 2012. Additionally, Ben was recognized for his excellence in credit union volunteerism and was named the Director of the Year in 2006 by the Credit Union Executives Society (CUES) Directors Educational Forum. Ben has a B.S. in Physics from Carnegie Mellon University. He has also been a construction volunteer with Habitat for Humanity since 1995, serving on the Habitat for Humanity - Greater Columbus Board of Trustees and was President of that Board from 2000 to 2003. Additionally, Ben has been a member of the Friends of Grandview Heights Public Library since 1991, and has served as Book Sale Chair since the late 1990s.



Jack Conner

After 23 years of work in nuclear metallurgy, coal cleaning, high level nuclear waste disposal and intellectual property with Battelle, Jack retired in 1988. Prior to Battelle he served in the U.S. Air Force in beryllium research at Wright

Patterson Air Force Base. Jack served on the Board of Directors (1982-2012), and held several leadership positions including Chair, Vice Chair and Secretary. He was named Director Emeritus in 2007 and held that position through July 2012. He holds both a B.S. in Metallurgy and a M.S. in Business Administration from Penn State University. Jack also volunteers his time to Riverside Methodist Hospital where he has been a volunteer for 20 years.

BMI FEDERAL CREDIT UNION

2013 SCHOLARSHIP RECIPIENTS

Each year BMI Federal Credit Union awards four scholarships to help further the education of our members. All four recipients are awarded \$2,000 to be put towards their continuing education efforts.

THE DICK PIERCE

MEMORIAL SCHOLARSHIP

Luke Hassenpflug
Katelin Coogan

THE JACK DEIBERT

MEMORIAL SCHOLARSHIP

Amanda Richmond
Brooke Laughlin



Pictured above: (L to R) Luke Hassenpflug, Rob Bachman (Director of Lending), Amanda Richmond, Michael Piscioneri (Mortgage Loan Officer), Brooke Laughlin
Not Pictured: Katelin Coogan

balance sheet

ASSETS	12/31/13	12/31/12
Cash & Due From Others	\$3,470,206	\$4,186,027
Interest Bearing Deposits	20,236,825	24,968,349
Cash & Cash Equivalents	23,707,031	29,154,376
Time Deposits	45,235,000	56,237,000
Securities Available for Sale	49,233,750	50,040,589
Securities Held to Maturity	-	-
Loans to Members	246,579,928	229,853,161
Allowance for Loan Losses	(1,141,543)	(1,543,105)
Net Loans	245,438,385	228,310,056
Net Premises & Equipment	12,204,320	12,404,873
Accrued Interest Receivable	1,112,420	1,079,287
Capital Participation Certificates	900,000	900,000
NCUSIF Deposit	3,026,984	2,957,401
Other Assets	5,658,575	5,328,298
TOTAL ASSETS	\$386,516,465	\$386,411,880
LIABILITIES		
Members' Shares	314,479,294	313,842,470
Other Liabilities	37,054,818	37,334,391
TOTAL LIABILITIES	351,534,112	351,176,861
MEMBERS' EQUITY		
Statutory Reserve	6,768,645	6,768,645
Retained Earnings	28,418,362	27,662,197
Other Comprehensive Income	(204,654)	804,177
Total Members' Equity	\$34,982,353	\$35,235,019
TOTAL LIABILITIES & MEMBERS' EQUITY	\$386,516,465	\$386,411,880

income statement

INTEREST INCOME	12/31/13	12/31/12
Loans	\$11,381,063	\$11,680,630
Time Deposits, Securities & Negotiable Certificate of Deposit	1,362,728	1,774,415
Interest Bearing Deposits & Federal Funds Sold	25,275	20,205
TOTAL INTEREST INCOME	\$12,769,066	\$13,475,250
INTEREST EXPENSE		
Members' Share Accounts	\$1,471,760	\$1,860,680
NET INTEREST INCOME	\$11,297,306	\$11,614,570
Provision For Loan Losses	(1,247,319)	(403,108)
NET INTEREST INCOME AFTER PROVISION	\$10,049,987	\$11,211,462
OTHER INCOME		
Fees	\$1,715,026	\$1,904,999
Gain (Loss) On Investments	0	4,777
Gain (Loss) On Disposition of Assets	(1,963,190)	(391,549)
Gain (Loss) On Loans Sold to FHLB	312,490	732,054
Other Income	3,315,643	2,496,242
TOTAL OTHER INCOME	\$3,379,969	\$4,746,523
OTHER EXPENSE		
Salaries & Employee Benefits	\$5,722,342	\$5,537,554
Occupancy & Equipment	1,540,512	1,610,953
Advertising & Marketing	448,901	269,634
Card Processing	578,653	558,566
Other Expenses	4,383,382	4,680,187
TOTAL OTHER EXPENSE	\$12,673,790	\$12,656,894
NET INCOME	\$756,166	\$3,301,091

Branch Locations

Dublin Branch / Corporate Office

6165 Emerald Parkway
Dublin, Ohio 43016

Kinnear Branch

760 Kinnear Road
Columbus, Ohio 43212

Westerville Branch

12 S. Cleveland Avenue
Westerville, Ohio 43081

Bethel Branch

750 Bethel Road
Columbus, Ohio 43214

Battelle Branch – Available to Battelle Staff Only

Online Banking - www.bmifcu.org



FEDERAL CREDIT UNION

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Management

2013 Board of Directors

Brad Ashbrook, Chair
Jim Ramey, Vice Chair
Steve Krzykoski, Treasurer
Steve Phillips, Secretary
Melita Garrett Abbey
Kay Cooke
George Dailey
Bill Esch
Gwen Von Holten

Associate Directors

Christine Adolph
Shawn Richard

Supervisory Committee

Dave Arnold, Chair
John Black
Sarah Musser
Katherine Sites

Director Emeritus

L. Ben Freudenreich
Denny Hockman

Management Team

William P. Allender, President/CEO
Mike Clark, Vice President Operations
Ray Porter, Vice President Finance
Rob Bachman, Director of Lending
Sarah Borland, Director of Business
Development & Public Relations

Melissa Gleadle, Controller
Greg Hopp, Director of Technology
Carolyn Hucek, Director of Marketing
Sonia Johnson, Director of Member Services
Stacy Toki, Director of Human Resources