



GUIDING YOU FORWARD



2019 ANNUAL REPORT



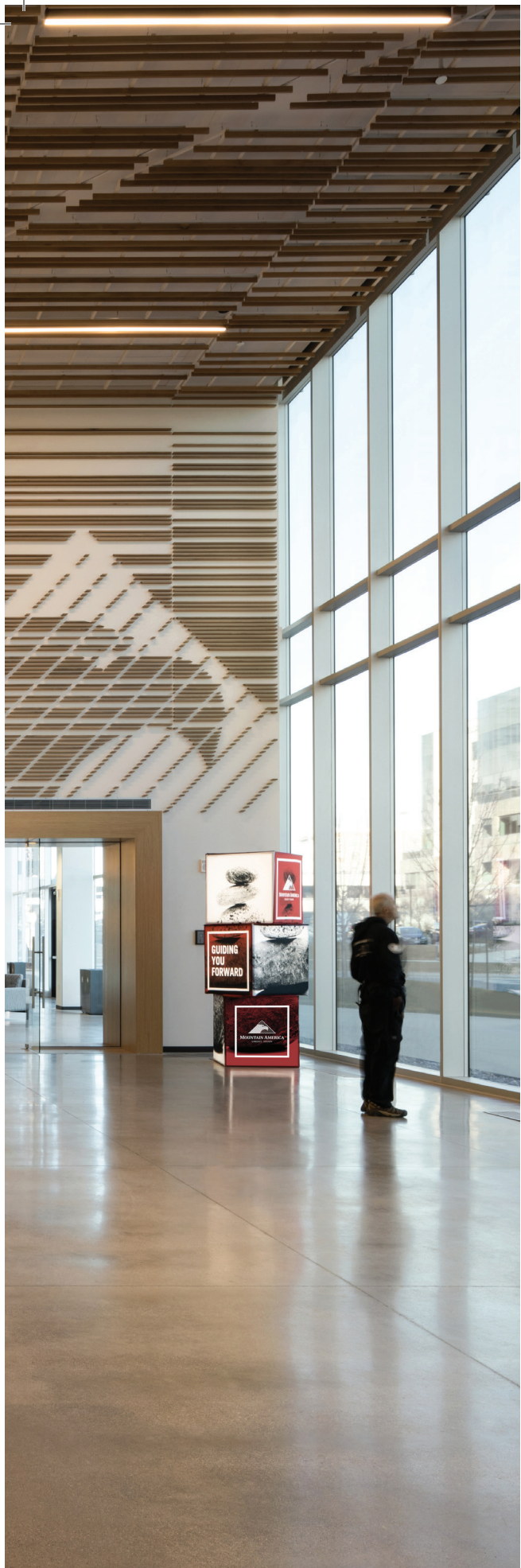


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PRESIDENT'S REPORT

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“We all have things we hope to accomplish in life. Many times we think too small because our real dreams seem out of reach. Look to your friends at Mountain America to help guide you toward your biggest dreams while helping you develop a pathway to get there.”

”

Thank you for the trust and confidence you place in Mountain America Credit Union. We don't take that trust lightly, and we seek to build on that trust with every interaction.

I'm often asked how I measure success at Mountain America. One of the main measures I look at is net new members. This may seem like a strange measure. Isn't it profitability or some efficiency ratio? While all measures have their place, our total net new members metric truly tells us how well we are taking care of the membership. We are only successful as a credit union if we live true to our commitment to take care of our members. When we do this, our members recommend us to their friends and family.

With those recommendations, we grow in membership—and we have grown. During 2019, net new members grew 83,073. That is a huge amount of growth for the credit union. In fact, it's the most we have ever grown in a calendar year in our history.

Over the past year, Mountain America updated its mission, vision and core values to ensure we are headed in the right direction.

Our mission is to provide exceptional member experiences while making it easy to do business with us. We do this by hiring and developing the best people, delivering quality service and technology, and providing valuable financial guidance.

Our vision is to help our members define and achieve their financial dreams. We are only successful if we help you to have a better financial future. We all have things we hope to accomplish in life. Many times we think too small because our real dreams seem out of reach. Look to your friends at Mountain America to help guide you toward your biggest dreams while helping you develop a pathway to get there.

Our dedicated employees have been given the training and resources they need to help you. Mountain America is committed to providing you with the wonderful experiences that you deserve. Our organization is constantly investing in technology to make your lives easier while providing reliable and safe access to your finances.

We have invested much in 2019, and it was a fantastic year by every measure. During 2020, you will see additional technological improvements to make the credit union even better.

Thank you for your business and for the confidence you place in Mountain America Credit Union.

Sterling Nielsen
President/CEO

CHAIRPERSON'S REPORT

With 2019 as an incredibly successful year behind us, we look to the future. Our remarkable employees care about our members by going out of their way to educate them and set them up for success. We have an amazing management team that works tirelessly to position Mountain America for continued growth and unparalleled success by developing talent and providing our members and employees with the right tools. I foresee much good being done for our members long into the future.

In order to be the best we can be, we have to continue focusing on the right things. Those things are the details that bring understanding and success to our members. When we do that, we will find personal satisfaction and true enjoyment in the performance of our assigned responsibilities.

We have so many incredible superheroes at Mountain America who are committed to our members' success. These superheroes can accomplish unbelievably amazing things with their superpowers.

One such superhero opened the night drop box at her branch to find a letter from an elderly, widowed member living on a fixed income. This member was falling behind on her bills because she was paying \$400 per month for insulin. Our superhero went to work to see how she could help. The member had one loan with a 35% interest rate along with other unsecured loans at another institution. Our superhero presented the member with several options that would give her the cash needed to get her finances back in order.

The member decided to consolidate the 35% APR loan and an unsecured loan using her vehicle as equity. When our member left the branch, she did so with tears of thankfulness knowing she didn't have to worry about paying for her insulin and other needs. The experience left our superhero grateful for the opportunity to use her superpowers.

If we have learned anything from our past years of success, it is that we do have superpowers. Power to change people's lives for good. Power to help members reach their dreams. Power to be there when they need us, either in person or through technology. Power to rescue people when things look hopeless. Power to position people for financial security as they move through their lives.

It is our challenge and charge to use our superpowers for the benefit of our members and realize the enjoyment that comes from using these resources to guide them.

It is my pledge to you that we as a board of directors will do our best to continue becoming one of the strongest and most successful credit unions in the country. We have focused on serving you, our members, and making sure your credit union is more than just a safe and sound financial institution. We will continue providing you with the cutting-edge tools and world-class service you need to be financially successful.

Scott J. Burt

Board Chair

SUPERVISORY AUDITS

The Supervisory Committee oversees ongoing credit union audits to ensure that internal controls are in place and followed. The audits also ensure that accounting records and reports accurately reflect the credit union's financial position and operations, thus protecting our members' assets.

DURING 2019:

- ▶ Internal audit conducted 60 branch audit engagements, 24 IT/operational/compliance audit engagements and 36 targeted/ad-hoc reviews of various credit union areas.
- ▶ The credit union was examined by the National Credit Union Administration (NCUA).
- ▶ The financial statements were audited by the independent certified public accounting firm of Moss Adams LLP.

BOARD OF DIRECTORS

Scott Burt, *Chair*

Lynn Ure, *Vice Chair*

Charlie Fulks, *Secretary*

Bruce Reading

Michael Allen

Sam Blundell

Joel Steadman

Julie Wray

David Swan

SUPERVISORY COMMITTEE

Matthew Taggart, *Chair*

David Kwant

Mike Ramsey

Melody Richardson

Ann Woodbury

IMPROVING MEMBERS' LIVES

We began our journey in 1936 with a commitment to guide our members toward their financial dreams. As part of this commitment, we have a long history of helping members consolidate debt to improve their overall financial position. Branch employees are trained to look for opportunities to help our members lower payments, reduce interest rates and decrease loan lengths.

These member stories highlight how Mountain America impacts people's lives by offering personalized service and support.

One member came into a branch to apply for a loan. The teller noticed she had a \$5,000 balance on a retail credit card. When the teller asked her about it, she stated she thought the balance was interest free for a while longer. After further review, they discovered that \$2,600 in deferred interest would be due in two weeks. As a result, the teller recommended the member take advantage of the balance transfer promotion to pay off the existing balance. The member was thrilled, stating, "I saved \$2,600 by walking into your branch today!"

Another member came into the branch after his wife received help consolidating debt to increase her credit score. He consolidated several credit cards into a low-rate signature loan and refinanced his auto loan. The branch employee helped the member decrease the vehicle's interest rate more than 13%, lower his payment by \$61 per month and shorten his loan term by 12 months.

A Mountain America member came into a branch with some concerns about her account. A manager sat with the member, answered her questions and showed her how to utilize the account to its fullest. The member was shocked to receive such caring service and stated she had never banked anywhere where she felt so valued.

HONORING EXCELLENCE

Mountain America continues to receive recognition and awards in a variety of categories:

- ▶ 2019 Best Credit Unions to Work For, *Credit Union Journal*
- ▶ Large Employers, Best Places to Work in Idaho™
- ▶ Best-In-State Credit Unions, Utah and Idaho, *Forbes*
- ▶ Utah Best of State, Financial Services category
- ▶ 2019 Best Credit Union, *Utah Valley Magazine*
- ▶ 2019 Best Financial Advisor, *Utah Valley Magazine*
- ▶ CUES Outstanding Chief Executive of the Year Award, Sterling Nielsen
- ▶ 2019 Top 20 Program Managers, Chad Waddoups, *Bank Investment Consultant*
- ▶ Top credit union lender for mortgages, *City Weekly*
- ▶ #1 in business deposit accounts, [ncua.gov](https://www.ncua.gov)
- ▶ CUNA Diamond Award recipient

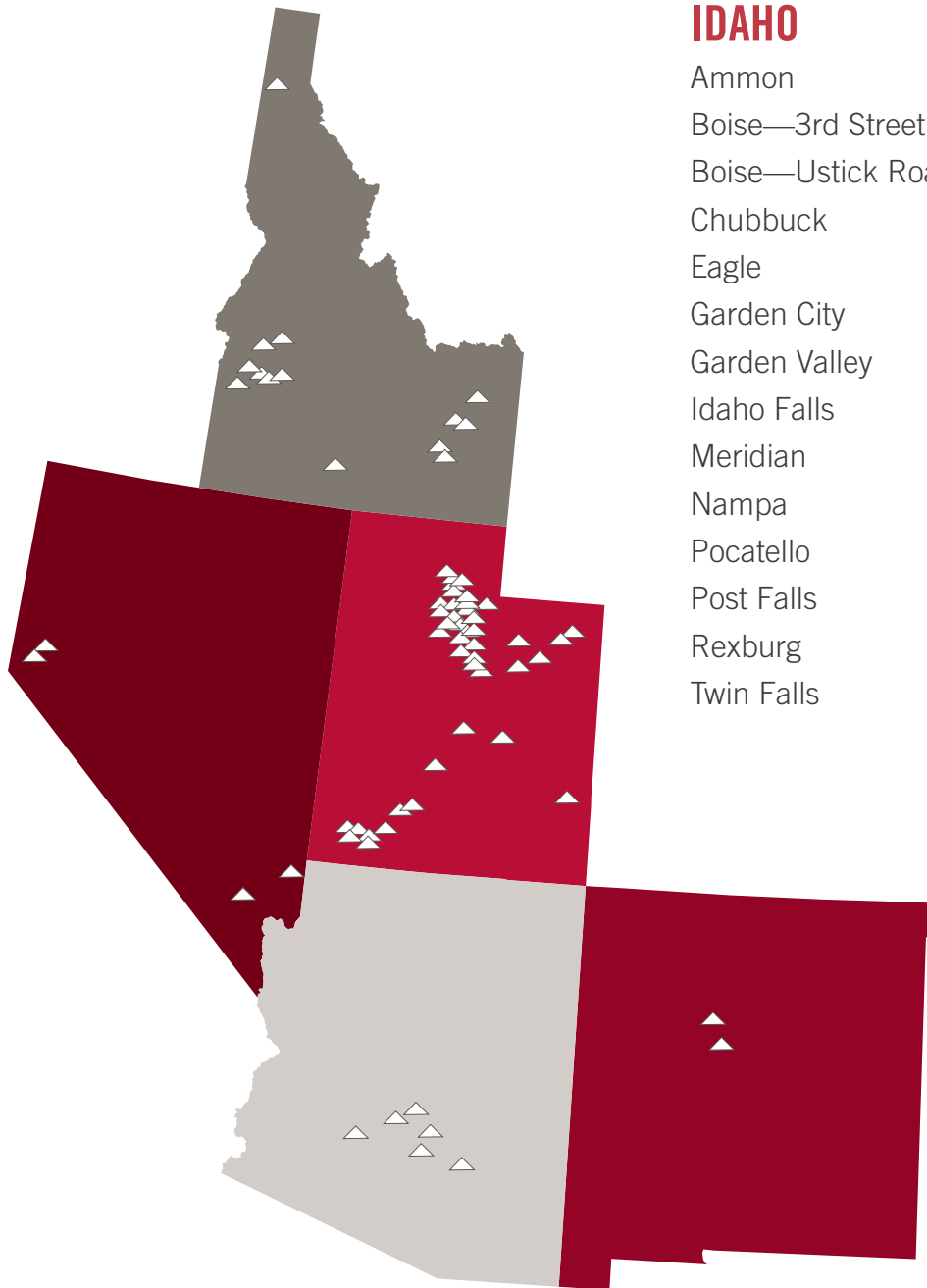
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| ASSETS | 2019 | 2018 |
|---|--------------------|--------------------|
| Cash and cash equivalents | \$681,751 | \$646,194 |
| Interest-bearing deposits with other financial institutions | 54,036 | 54,036 |
| Securities available-for-sale, at fair value | 10,301 | 11,927 |
| Federal Home Loan Bank stock, at cost | 21,255 | 23,512 |
| Loans held-for-sale | 27,173 | 9,993 |
| Loans, net | 7,959,708 | 6,940,319 |
| Accrued interest receivable | 28,033 | 25,414 |
| Foreclosed and repossessed assets, net | 5,568 | 5,709 |
| Premises and equipment, net | 373,667 | 347,184 |
| NCUSIF deposit | 70,741 | 60,506 |
| Goodwill, net | 997 | 1,197 |
| Prepaid expenses and other assets | 115,581 | 86,192 |
| TOTAL ASSETS | \$9,348,811 | \$8,212,183 |
| LIABILITIES AND MEMBERS' EQUITY | 2019 | 2018 |
| Shares and deposits | \$8,089,048 | \$6,999,452 |
| Borrowed funds | 285,000 | 375,000 |
| Official checks | 11,597 | 10,462 |
| Other liabilities | 82,361 | 61,510 |
| TOTAL LIABILITIES | \$8,468,006 | \$7,446,424 |
| MEMBERS' EQUITY | 2019 | 2018 |
| Regular reserve | \$63,045 | \$63,045 |
| Undivided earnings | 815,386 | 700,718 |
| Equity acquired in business combinations | 2,463 | 2,463 |
| Accumulated other comprehensive loss | (89) | (467) |
| TOTAL MEMBERS' EQUITY | \$880,805 | \$765,759 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$9,348,811 | \$8,212,183 |

CONSOLIDATED STATEMENTS OF INCOME

| INTEREST INCOME | 2019 | 2018 |
|--|------------------|------------------|
| Loans, including fees | \$420,353 | \$351,172 |
| Other | 20,446 | 9,822 |
| TOTAL | \$440,799 | \$360,994 |
| DIVIDEND AND INTEREST EXPENSE | 2019 | 2018 |
| Shares and deposits | \$91,335 | \$55,620 |
| Borrowed funds | 5,677 | 6,577 |
| TOTAL | \$97,012 | \$62,197 |
| NET INTEREST INCOME | \$343,787 | \$298,797 |
| Provision for loan losses | 63,750 | 51,750 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | \$280,037 | \$247,047 |
| NON-INTEREST INCOME | 2019 | 2018 |
| Fees and service charges | \$158,122 | \$136,964 |
| Net realized gain on sold loans | 15,222 | 10,968 |
| Other | 35,183 | 31,555 |
| TOTAL | \$208,527 | \$179,487 |
| NON-INTEREST EXPENSES | 2019 | 2018 |
| Compensation and benefits | \$199,064 | \$169,462 |
| Loan servicing | 50,224 | 43,210 |
| Occupancy and equipment | 42,423 | 33,380 |
| Professional and outside services | 27,438 | 18,282 |
| Education and marketing | 22,948 | 19,154 |
| Depreciation and amortization | 22,841 | 19,386 |
| Loss (gain) on disposal of premises and equipment, net | 674 | (325) |
| Loss (gain) on foreclosed and repossessed assets, net | 366 | (108) |
| Other | 7,918 | 9,496 |
| TOTAL | \$373,896 | \$311,937 |
| NET INCOME | \$114,668 | \$114,597 |

BRANCH LOCATIONS



IDAHO

- Ammon
- Boise—3rd Street
- Boise—Ustick Road
- Chubbuck
- Eagle
- Garden City
- Garden Valley
- Idaho Falls
- Meridian
- Nampa
- Pocatello
- Post Falls
- Rexburg
- Twin Falls

ARIZONA

- Gilbert
- Glendale
- Goodyear
- Mesa
- Queen Creek
- Tatum

NEVADA

- Las Vegas
- Mesquite
- Reno
- Sparks

NEW MEXICO

- Albuquerque—
Golf Course Road
- Albuquerque—
Paseo Del Norte
Boulevard

UTAH

| | | |
|----------------------------------|--------------------------------|----------------------------|
| Altamont | Logan—706 South | Sandy—94th South |
| American Fork | Logan—1425 North | Sandy—9640 South State |
| Cedar City—Main Street | Magna | Sandy—106th South |
| Cedar City—Providence | Midvale | Santa Clara |
| Centerville | Millcreek | Saratoga Springs |
| Clinton | Moab | South Jordan—104th South |
| Cottonwood Heights | Murray | South Jordan—River Park |
| Daybreak | Ogden—40th Street | Spanish Fork |
| Draper | Ogden—Five Points | Springville |
| Duchesne | Orem—North State Street | Stansbury Park |
| Ephraim | Orem—University Place | Sugar House |
| Farmington | Payson | Taylorsville—47th South |
| Heber | Price | Taylorsville—54th South |
| Herriman | Provo | Tooele |
| Holladay—Highland Drive | Richfield | Vernal—East Highway 40 |
| Holladay—Murray Holladay Road | Riverton | Vernal—West Highway 40 |
| Hurricane | Roosevelt | Washington |
| Kanab | Rose Park | Washington Fields |
| Kaysville | St. George—River Road | West Jordan—90th South |
| Kearns—4015 West | St. George—Sunset Boulevard | West Jordan—Jordan Landing |
| Kearns—5600 West | Salt Lake—325 South State | West Jordan—Redwood Road |
| Kimball Junction | Salt Lake—735 South State | West Valley |
| Layton | Salt Lake—County Building | Woods Cross |
| Lehi | Salt Lake—Redwood Road | |



MOUNTAIN AMERICA
CREDIT UNION

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YOU FORWARD