

President's Report *Sterling W. Nielsen*

In a tough economic environment, the Mountain America team brought its hard work and dedication to meet each of the many challenges of 2009. We saw higher than normal loan losses due to higher unemployment. As a result, we needed to cut expenses while being careful not to cut member service and value. The credit union was also faced with new regulations and compliance challenges. Despite being a difficult year for the financial industry, Mountain America Credit Union performed very well.

Mountain America stayed true to the mission of serving our membership. While many others in the financial industry were restricting loans, Mountain America had a record year in several areas. Some of the significant accomplishments include the following:

- Mountain America funded over \$512 million in mortgage real estate loans—an all-time high!
- Commercial real estate lending was up 20% over 2008!
- Investment volume increased by 54%!
- Membership grew by 22,154.
- Text banking and mobile phone applications were added to our list of services.
- Four new branch locations were opened during the year.
- Online Branch transactions increased by 17% to 5.4 million.
- Mobile account access users increased by 303% to 14,396.
- eStatements increased by 31%.

- ATM transactions increased by 6% to 5.3 million.
- Card transactions increased by more than 10% to 25.9 million.

The focus is now on 2010. We look forward to gradual improvements in the economy and an even stronger year financially. As the economy recovers and unemployment numbers improve, the credit union will see loan losses decline and financial performance strengthen. Regulation will increase as lawmakers try to prevent a similar economic downturn in the future. The proposed regulations will be costly and burdensome. Mountain America is committed to reducing the effect of these compliance issues on our membership as much as possible.

We were deeply saddened by the passing of our dear friend and Board Chairman, H. Floyd Tanner. We will miss him greatly. At the same time, I am grateful to our new Chairman, Roger Andrus, for accepting this important position on the Mountain America Credit Union Board of Directors. Lynn Ure will serve as Vice Chairman and Irene Grant as Secretary. All three of these great leaders, along with the other members of the Board of Directors and Supervisory Committee, are constantly looking out for the members. I appreciate their hard work and service on the members' behalf.

Mountain America continues to look for ways to enhance the service and value to the membership. Our goal is to have a safe and secure credit union that can meet all of our members' financial needs throughout their lifetime.

Sterling Nielsen

Mountain America Board of Directors

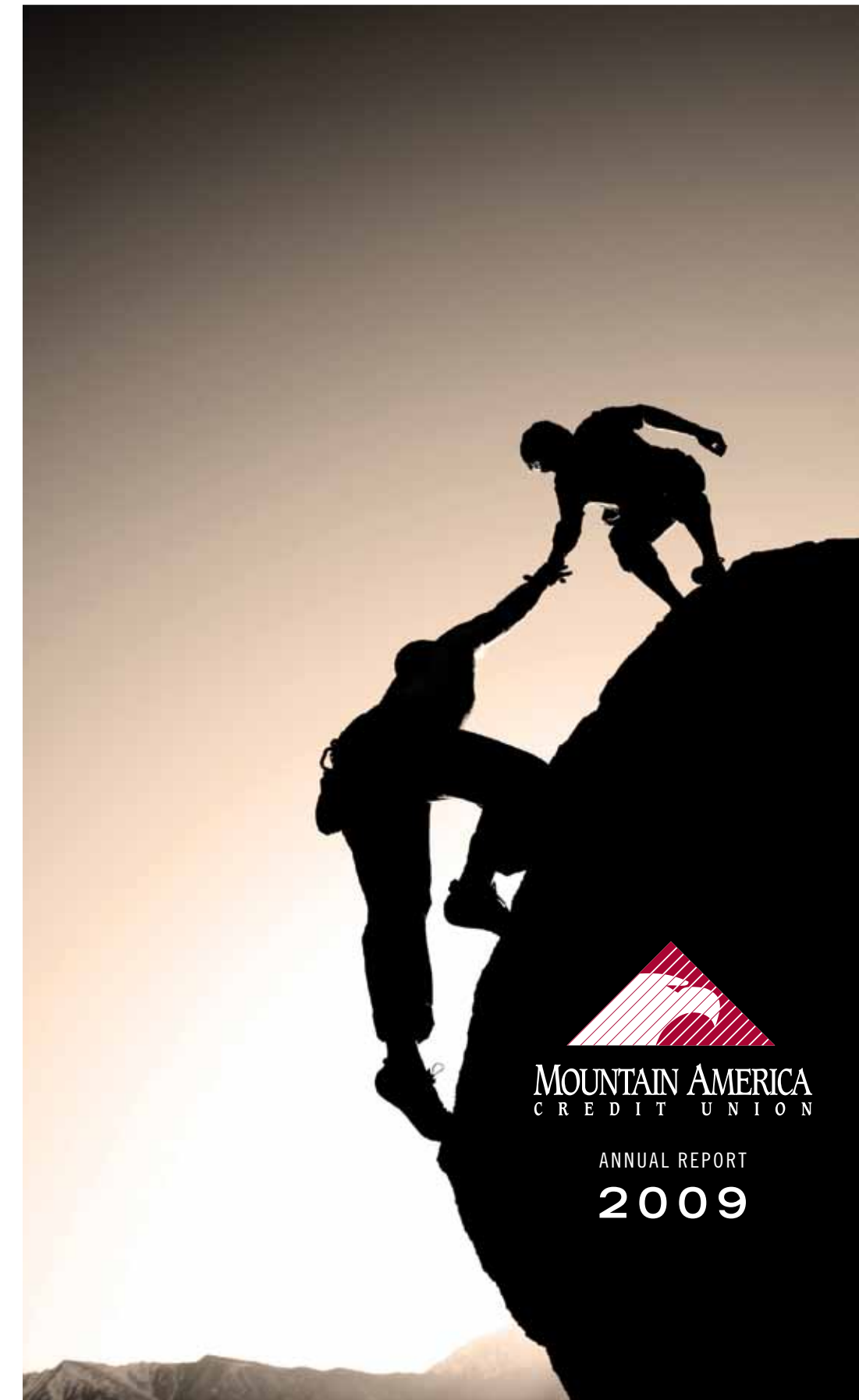
Roger P. Andrus <i>Chair</i>	Michael Allen	Diane Mansfield
Lynn Ure <i>Vice Chair</i>	Scott J. Burt	J. Bruce Reading
Irene Grant <i>Secretary</i>	Charlie Fulks	Charlyn Sorensen

Supervisory Committee

Sam Blundell *Chair*
David Swan
Kirk Wessel



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Chairman's Report *Roger P. Andrus*

Challenge is the one word that characterized 2009. We were coming off of the worst year in our 75-year history, when the credit union posted a \$50.476 million loss. Many of our fellow members were also being weighed down with unprecedented financial burdens. Working with these members, our employees were able to help many of them keep their homes and their dreams alive.

Our most recent challenge has been the loss of our Chairman of the Board, H. Floyd Tanner, to an untimely death. He will be missed. He always had his hand on the pulse of the credit union and a passion for ensuring that all members' financial needs were being met. We salute his memory and make helping our members achieve their financial dreams our highest priority.

During 2009, we met as a Board with the senior management team and collectively

pledged ourselves to "place members first" in all our decisions. I am proud to say that your Board of Directors did just that and remains committed to achieving this end. If we have failed to do this, we want to hear from you, because we truly value your feedback.

It was this approach to member service that allowed us to get back to our winning ways. In the end, our 339,114 members voted with their money and the credit union bounced back, posting a gain of \$4.426 million. This significant turn-around was possible only because of the exceptional leadership of our management team, support from our volunteers and business from our magnificent members.

Roger Andrus

Supervisory Audits

The Supervisory Committee oversees ongoing credit union audits to ensure internal controls are in place and being followed.

The audits also guarantee that accounting records and reports accurately reflect the credit union's financial position and operations, thus protecting our members.

During 2009, the following was performed:

- Internal auditors examined 37 branches and performed over 36 operational/compliance audits.
- 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 McGladrey and Pullen LLP.

Consolidated Statements of Financial Condition

As of December 31, 2009 and 2008 (Dollars in Thousands)

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 92,828	\$ 70,457
Interest-bearing deposits with other financial institutions	31,220	80,108
Securities		
Available-for-sale	-	1
Held-to-maturity	-	516
Total securities	-	517
Federal Home Loan Bank stock, at cost	5,332	4,816
Loans held-for-sale	20,408	8,403
Loans to members, net	2,364,099	2,387,616
Accrued interest receivable	10,654	12,577
Foreclosed assets, net	15,804	8,428
Premises and equipment, net	154,470	142,163
NCUSIF deposit	25,130	5,420
Notes receivable	10,847	9,663
Prepaid expenses and other assets	32,224	18,152
Cash flow hedges	(858)	(1,856)
TOTAL ASSETS	\$ 2,762,158	\$ 2,746,464

LIABILITIES AND MEMBERS' EQUITY

Members' shares and savings accounts	\$ 2,568,164	\$ 2,544,811
Official checks	5,541	6,406
Borrowed funds	-	4,152
Other liabilities	8,720	16,743
Total liabilities	2,582,425	2,572,112
Commitments and contingent liabilities	-	-
Minority interest	-	43
Members' equity		
Regular reserve	51,918	40,620
Undivided earnings	128,673	135,545
Accumulated other comprehensive loss	(858)	(1,856)
Total members' equity	179,733	174,309
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,762,158	\$ 2,746,464

Consolidated Statements of Earnings

Years ended December 31, 2009 and 2008 (Dollars in Thousands)

	2009	2008
INTEREST EARNINGS		
Loans, including fees	\$ 151,694	\$ 158,983
Securities available-for-sale	2	23
Securities held-to-maturity	67	-
Other	3,032	8,635
Total	154,795	167,641

INTEREST EXPENSE

Members' shares and savings accounts	58,879	74,958
Borrowed funds	9	673
Total	58,888	75,631

NET INTEREST EARNINGS

	68,646	58,062
PROVISION FOR LOAN LOSSES		
NET INTEREST EARNINGS AFTER PROVISION FOR LOAN LOSSES	27,261	33,948

NON-INTEREST EARNINGS

Fees and service charges	49,905	48,243
Gain (loss) on disposal of premises and equipment	46	(361)
Loss on sale of securities available-for-sale	-	(59)
Loss on foreclosed assets	(918)	(939)
Net realized gain on sold loans	7,707	2,312
Minority interest in loss of subsidiary	9	25
Impairment loss on capital in corporate credit unions	(888)	(6,751)
Recapitalization gain on NCUSIF deposit	14,786	-
Other	6,968	5,495
Total	77,615	47,965

NON-INTEREST EXPENSES

Compensation and benefits	52,625	52,985
General and administrative	35,607	43,779
Occupancy	5,921	6,380
Depreciation and amortization	8,956	8,030
NCUSIF deposit impairment	-	14,786
NCUSIF premium assessment, net	(2,659)	6,429
Total	100,450	132,389
NET EARNINGS (LOSS)	\$ 4,426	\$ (50,476)