



MECU, Baltimore's Credit Union  
Working Hard for You  
Since 1936



## Chairman's & CEO's Message



It might be hard to imagine that MECU, Baltimore's Credit Union, opened its doors for business in 1936, and in the latter part of 2016 we will celebrate our 80th anniversary. At the end of 2015, MECU had over 113,000 members. And, over our 80 year history we've grown to be the largest Baltimore City based financial institution and one of the largest credit unions in the region with close to \$1.2 billion in assets. It's been an incredible and historic journey and we thank our members for their support and the continued privilege to serve them.

We believe that MECU has thrived for so many years because at the core of our existence we live by the credit union philosophy of "people helping people". At MECU, we put our members first and focus on how to improve their financial welfare by delivering products and services that meet their needs. We've also thrived because we have embraced our cooperative structure and returned profits to our members year after year after year. We're owned by our members and it's important that we return value. We've prospered because of our commitment to our community, which is demonstrated each year by our staff giving thousands of volunteer hours towards community projects. Most importantly, our success is because of you, our wonderful members. We at MECU celebrate you!

We know that you put your money and your trust in us every day. At the center of each decision that is made by your Board and Management is what is best for our members. In 2015, we welcomed our new Chief Executive Officer, John M. Hamilton. John understands the principals of sound financial management. Of equal importance, he understands community and how MECU must play a continued and increasing role in offering

affordable and competitive products to an expanding member base within diverse communities. We continue to assess the financial needs of our existing members and examine those of potential new members. As your financial partner, we also want you to know that your trust will never be taken for granted.

Throughout 2015 and into 2016, we remain focused on providing exceptional service, the most current technology offerings, value, and convenience. In the course of serving our members in 2015, the investment in our community was over \$197 million in loans. As a crowning achievement in 2015, we also returned \$3 million to our members from our corporate profits in the form of loan interest rebates and deposit cash bonuses. We have similarly done so every year since 1981. As your credit union, we focus on returning value to our members and their financial well being ahead of maximizing profits. Yet another achievement is that our staff worked over 4,250 volunteer hours towards community projects for many charitable organizations.

There's so much more exciting news in 2016. Just as we celebrate our 80th anniversary this year, we will also be moving our headquarters office and downtown branch location from 7 East Redwood in Baltimore to One South Street also in downtown Baltimore. We will move into this modern collaborative office space along with a new branch facility designed for convenience and a great member experience.

At MECU, we measure success by the number of lives that we can touch and the financial solutions that we can provide. We are grateful for the support of our member-owners. We hope you will help us to celebrate 80 years of service to Baltimore in 2016. With your continued support, we know we will celebrate our growth and prosperity for many decades to come.

Herman Williams Jr.  
Chairman of the Board

John M. Hamilton  
President & CEO

## Credit Committee



**Seated:** Stephanie Lansey-Delgado; Glenard S. Middleton Sr.; Neetu Dhawan-Gray **Standing:** Patricia A. Roberts; Harry Peaker; Marietta English; Reba Anderson-Graham

Appointed by the Board of Directors, the Credit Committee is responsible for reviewing and recommending MECU loan programs, policies and policy revisions, approving lending authority for qualified staff members, reviewing expelled members' requests for reinstatement, moratorium requests, reviewing the denied loans report and approval of real estate appraisers.

As part of its duties, the Credit Committee will review member loan applications that do not meet standard underwriting guidelines, such as those for members with credit or debt ratio issues and loan-to-value exceptions. They also review loan requests from credit union officials, Board and Committee members.

The Credit Committee will keep the best interest of MECU and its members in mind.

Glenard S. Middleton Sr.  
Chairman

## Supervisory Committee



**Seated:** Andrew Frank; Abraham M. Schwartz; J. Keith Scroggins; Troy Brogden; **Standing:** David B. Allen; Soula Lambropoulos; Mary Gintling; Jennell Rogers

The Supervisory Committee is appointed by the Board of Directors. Its responsibilities include ensuring that the financial statements accurately and fairly present the financial condition of the credit union and that management practices and procedures safeguard members' assets.

The Committee approves the annual audit plan of the Internal Audit Department. The Committee provides an annual report to the Commissioner of Financial Regulation in accordance with the Maryland Credit Union Act.

The Committee meets periodically with the independent accountants, as well as management, to review accounting issues, regulatory issues, and internal control procedures. The Committee also assists members with their concerns.

The Supervisory Committee engaged CliftonLarsonAllen, LLP, an independent public accounting firm as the credit union's external auditor. CliftonLarsonAllen audited MECU's financial statements in accordance with generally accepted auditing standards, and, in their opinion, the financial statements present fairly, in all material respects, the financial position of MECU as of December 31, 2015.

Abraham M. Schwartz  
Chairman

**If you would like a full copy of the financial statements for years 2015 and 2014, please send your request to:**

Audit Department  
MECU of Baltimore Inc.  
7 East Redwood St.  
Baltimore, MD 21202

# MECU OF BALTIMORE, INC. STATEMENTS OF FINANCIAL CONDITION

December 31, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	\$ 49,835,677	\$ 64,137,838
Certificates of deposits in other financial institutions	5,447,000	—
Investments:		
Available-for-sale	383,872,246	333,657,989
Held-to-maturity	25,981,675	39,973,271
Other	2,422,692	3,091,555
Loans to members, net	642,918,793	684,767,308
Loans available-for-sale	603,601	384,896
Accrued interest receivable	2,916,950	4,241,271
Property and equipment, net	5,463,522	4,933,968
National Credit Union Share Insurance Fund deposit	9,850,306	10,019,823
Cash surrender value of life insurance	38,638,137	37,897,402
Other assets	14,423,385	28,301,416
<b>TOTAL ASSETS</b>	<b>\$1,182,373,984</b>	<b>\$1,211,406,737</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Members' share and deposit accounts	\$1,018,761,948	\$1,035,420,191
Borrowed funds	24,793,200	38,161,983
Accrued expenses and other liabilities	12,575,405	12,399,256
Total liabilities	1,056,130,553	1,085,981,430
<b>Members' Equity</b>		
Retained earnings, substantially restricted	128,669,171	126,375,965
Accumulated other comprehensive income (loss)	(2,425,740)	(950,658)
Total members' equity	126,243,431	125,425,307
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,182,373,984</b>	<b>\$1,211,406,737</b>

# MECU OF BALTIMORE, INC. STATEMENTS OF INCOME

For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>INTEREST INCOME</b>		
Loans to members	\$ 38,008,562	\$ 44,269,745
Investments and cash equivalents	6,168,344	6,621,593
Total interest income	44,176,906	50,891,338
<b>INTEREST EXPENSE</b>		
Members' shares and deposit accounts	5,820,933	7,236,475
Bonus dividends	2,500,000	3,000,000
Borrowed funds	501,566	764,175
Total interest expense	8,822,499	11,000,650
<b>Net interest income before provision for loan losses</b>	<b>35,354,407</b>	<b>39,890,688</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>5,524,114</b>	<b>8,248,063</b>
<b>Net interest income after provision for loan losses</b>	<b>29,830,293</b>	<b>31,642,625</b>
<b>NON-INTEREST INCOME</b>		
Net gain on sale of available-for-sale investments	418,443	368,681
Service charges and other fees	10,213,415	9,757,711
Other non-interest income	7,953,598	8,366,211
Total non-interest income	18,585,456	18,492,603
<b>NON-INTEREST EXPENSE</b>		
Salaries and benefits	22,113,668	23,004,347
Operations expenses	9,242,439	8,839,800
Occupancy expenses	2,799,154	2,816,634
Educational and promotional expenses	2,102,783	2,240,215
Loan servicing expenses	2,901,032	2,710,104
Professional and outside services expenses	1,811,288	2,037,006
Net loss on disposal of fixed assets	392,585	—
Other non-interest expenses	4,759,594	4,287,644
Total non-interest expense	46,122,543	45,935,750
<b>NET INCOME</b>	<b>\$ 2,293,206</b>	<b>\$ 4,199,478</b>



## Board of Directors, Officers and Counsel



**Seated, left to right:** Lorretta Johnson, *American Federation of Teachers-AFL-CIO*; Ernest J. Glinka, *Vice Chairman/Retired, Employees Retirement Systems*; Herman Williams Jr., *Chairman/Retired, Chief, Fire Department*; John M. Hamilton, *President and CEO, MECU*; Harry Deitchman, *Director Emeritus*

**Standing, left to right:** James R. Brown III, Esq., *Counsel*; Kaloipe Parthemos, *Mayor's Office, Baltimore City*; Benjamin I. Meli Jr., *Department of Public Works*; Gary W. McLhinney, *Secretary/Retired, Police Department*; John T. Walker III, *Baltimore City Public Schools System*; G. Louise Green, *Treasurer, Department of Finance*; Peggy A. Peacock, *Housing & Community Development*; Roman L. Clark Sr., *Fire Department*; Deborah Moore-Carter, *Labor Commissioner, Baltimore City*

**Not Pictured:** John F. Brown, Esq., *Counsel*

## Leadership Team



**Seated:** Patricia A. Roberts, *Sr. Vice President and CBO*; John M. Hamilton, *President and CEO*; Kathy Day Shelton, *Sr. Vice President and COO*; Adrian S. Johnson, *Sr. Vice President and CFO*

**Standing:** Natalie J. Woomer, *Vice President and Controller*; Laurie S. Rush, *Vice President, Marketing*; Denise Jones-Frasier, *Vice President, Operations*; Michelle D. Williams, *Vice President, Human Resources*; Mary Gintling, *Assistant Vice President, Internal Audit*; Christopher R. Lumley, *Vice President, Information Services*; Sheila R. Lawson, *Vice President, Business Services*



**MECU of Baltimore, Inc.**  
7 East Redwood Street  
Baltimore, Maryland 21202



Federally Insured by NCUA