

ANNUAL REPORT

2012



TRUE NORTH

FEDERAL CREDIT UNION

Guiding Alaskans on their financial journey...for 65 years!



TRUE NORTH
FEDERAL CREDIT UNION

MISSION

True North Federal Credit Union is a member owned and locally managed credit union that provides quality financial solutions for its Alaskan members. True North is dedicated to improving the economic well-being of the members, employees, and communities it serves.

VISION

True North Federal Credit Union will be the Alaskan credit union of choice that dynamically improves the communities it serves, while offering cutting edge technology, above and beyond service, and a commitment to doing the right thing.

VALUES

Welcoming • Responsive to Member Needs • Trustworthy
Community Oriented • Dedicated to Member Service Excellence

Welcome to the 65th Annual Meeting

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TRUE NORTH
FEDERAL CREDIT UNION

65th ANNUAL MEETING

MARCH 21, 2013

MENDENHALL BRANCH
2777 POSTAL WAY
JUNEAU, ALASKA

AGENDA

- **Call to Order**
- **Ascertainment of Quorum** *(15 members)*
- **Introduction of Volunteers**
- **Approval of Minutes from March 15, 2012 Annual Meeting**
- **CEO Report**
- **Unfinished Business**
- **New Business**
 - Nomination Committee Report*
 - Elections*
- **Recognition and Awards**
- **Adjournment**

TRUE NORTH FEDERAL CREDIT UNION
**64th ANNUAL MEETING
MINUTES**
MARCH 15, 2012

The 64th Annual Meeting of True North Federal Credit Union was called to order at 5:30 p.m. in the lobby of the Mendenhall Valley Branch/Administration offices by Kim Garnero, Treasurer of the Board of Directors.

Kim asked Alicia Chilton how many members were in attendance, and Alicia reported 37. Kim declared a quorum had been reached.

Kim stated the meeting would be conducted under Robert's Rules of Order and appointed David Teal as Parliamentarian.

Lauren MacVay delivered a President's Report. She talked about continued heightened levels of regulatory activity, compressed margins and the NCUA corporate credit union assessments, which should be lower in coming years. She reported that TNFCU lenders disbursed over \$25 Million in Consumer Loans and \$30 Million in Mortgage Loans. Further, the new Business Loan Department disbursed \$3 Million in loans to Alaskan small businesses. 2011 was a strong year financially, and 2012 projections look equally strong. Lauren also reviewed the strategic priorities in coming years: continued focus on strong financial fundamentals, improving the member's electronic experience, branching options and strategies for growing member relationships with the Credit Union. Lauren thanked the volunteers and staff for their dedication and hard work in serving the members of True North.

The membership considered

approval of the minutes from the March 16, 2011 Annual Meeting. Kim stated that if there was no objection, she would adopt a motion to waive reading of the minutes. No objection was made and the reading of the minutes was waived. Kim stated that if there was no objection, she would approve a motion to approve the minutes of March 16, 2011. No objection was made and minutes were approved as presented.

There was no unfinished business.

The only item of new business was election of Board Officers. David Teal reported for the Nominating Committee the slate of candidates recommended was Mark Troupin, Gretchen Keiser and Creighton Laurent.

Kim asked if the candidates nominated would like to make a statement in support of their candidacy to the membership. Mark Troupin and Creighton Laurent made such statements, and Brad Pierce read a statement on behalf of Gretchen Keiser, who was unable to attend the meeting.

Kim asked if there were any nominations from the floor. One member, Steve Byers, nominated himself from the floor and made a statement in support of his candidacy. Kim asked if there were any other nominations from the floor. Hearing none, she closed nominations from the floor.

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Continued from page 4

Kim informed the membership that as there was a nomination from the floor, therefore, a vote would be taken by ballot. Members may vote for the candidates submitted by the Nominating Committee, or write in Steve Byers. As there are three seats open, she asked that members vote for a total of three candidates. She appointed Bill Peters and Darcy Stetson to gather and count the votes.

Lauren MacVay then recognized Crystal Hegel, Joy Johnson and Jerry Bryant for 5 years of service, and Brenda Heimbuch for 10 years of service. She recognized Alicia Chilton as the 2011 ASTRI winner, Wello Raidmae as the 2011 Leadership ASTRI winner, and Jayme Chatfield as the 2011 True Service Award winner.

Kim read off the names of the candidates receiving the highest number of votes. Those candidates voted on to the

Board were: Mark Troupin, Gretchen Keiser, and Creighton Laurent. Kim expressed her thanks to all who ran and stated her appreciation for their willingness to take on the responsibility of being on the Credit Union Board.

Kim asked for questions from the floor. There being none, she asked Nate to begin drawing names for Door Prizes.

There being no further business before the membership, Lauren took a moment to direct attendees to help themselves to food, and thanked all the staff for their hard work. Kim adjourned the meeting with no objection from the membership. The meeting adjourned at 5:50 p.m.

Respectfully submitted,

Kim Garnero, Chair
Brad Pierce, Secretary



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EXPAND
MY BUSINESS,
TRUE NORTH FCU
MADE IT HAPPEN.**

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CORPORATE



LAUREN MACVAY
CEO/PRESIDENT



JEFF VOGT
CHIEF FINANCIAL OFFICER



PATTY RAY
VP OF OPERATIONS



BILL PETERS
VP OF CORPORATE
DEVELOPMENT



TINAMARIE KILE
AVP OF BRANCH
OPERATIONS



JAMEY YOUNG
BUSINESS LENDING
MANAGER



SHERI VIDIC
MORTGAGE LENDING
MANAGER



MARLENE HUERTA
COMPLIANCE MANAGER



DREW BAIRD
CONTROLLER



CRYSTAL HEGEL
ACCOUNTS SERVICES
MANAGER



AARON MAR
IS MANAGER

BRANCH MANAGERS



SARA BOYER
ANCHORAGE



CINDY CEVASCO
FAIRBANKS



JACOB PARRISH
JUNEAU

BOARD OF DIRECTORS



**KIM
GARNERO**
CHAIR

**GRETCHEN
KEISER**
VICE-CHAIR

**DAVID
TEAL**
TREASURER

**MARK
TROUPIN**
SECRETARY

SUPERVISORY COMMITTEE



**BRAD
PIERCE**

**JIM
ANDERSEN**

**CREIGHTON
LAURENT**

**Laura Bruce, Chair
Kelly Brown**

**Rory Darling
Charlene Morrison**

Jeff Brink

ASTRI

service *resilience*
attitude *teamwork* *initiative*

WINNERS



LEADERSHIP
ASTRI
CINDY
CEVASCO

On an annual basis staff members have the ability to achieve an **ASTRI** Award for demonstrating the traits that best position True North to fulfill its Corporate Mission, Vision and Values. Those traits are **Attitude**, **Service**, **Teamwork**, **Resilience**, and **Initiative**. True North awards both an **Employee ASTRI** and a **Leadership ASTRI**. Additionally, we award one employee with the **True Service Award** for consistently exemplifying one of our Corporate Values ... the dedication to Member Service Excellence. Nominations for these awards come from the staff and are reviewed by management to determine the awardees. This year we are pleased to honor the following True Crew members:



EMPLOYEE
ASTRI
BRENDA
HEIMBUCH



TRUE
SERVICE
AWARD
KELLY
DUNIVIN

BOARD OF DIRECTORS ANNUAL REPORT

On behalf of the Board of Directors of True North Federal Credit Union, I am pleased to present our annual report to you. We have a proud history of serving Alaskans. Almost sixty-five years ago, Juneau Territorial Employees Federal Credit Union was chartered. In 1959, the year Alaska became a state, the name was changed to Juneau State Employees FCU. It then became Alaska State Employees FCU in 1978 after merger with Northern State Employees FCU and finally we changed our name in 2003 to True North Federal Credit Union. While the names may have changed, True North has been dedicated to meeting the financial needs of its members and supporting the communities it serves, and that continues to be our mission today.

I am happy to report 2012 was a year of strong growth for True North. Member deposits grew by 8% and member loans grew by 6%. Earnings were strong with an annual ROA of .76%, and Net Worth increased by 11.5%. True North lenders closed 1,858 loans for \$53,203,046, helping Alaskans with both their personal and business needs.

True North leadership is successfully navigating our current economic and regulatory environment. This has not been without challenge. Interest rates remain at an all time low. While this is good for member loan rates, it's putting increasing pressure on our margins. We will continue to see this dynamic until interest rates return to more normal levels. Also, the regulatory environment continues to be fraught with change. What this means for you is the possibility of future changes to our products or services as we evolve to comply with new regulations. Further, costs associated with compliance will continue to rise, as will the staff time associated with managing compliance in this environment. Regulatory relief is an active topic of conversation in Washington, D.C. and we hope to see an improvement in this area in the coming years.

In addition to serving the needs of our membership, True North continues to invest in communities. Among others, True North raised and provided funds for Relay for Life, Big Brothers Big Sisters of Alaska, United Way and we recently sponsored a high school student to attend Business Week at the University of Alaska, Fairbanks.

True North's dedication to providing excellent member service was recognized in 2012 by the readers of the Juneau Empire. The readership voted True North 2nd place in the Best Bank/Credit Union category and 3rd place in the Best Business Representing the 6 Pillars of "Character Counts" category. The 6 Pillars are trustworthiness, respect, responsibility, fairness, caring and citizenship. We were especially honored to receive this award as it so closely mirrors our own values. In Fairbanks, our teller Manoli Malamute was nominated as Best Teller in their Reader's Choice awards and our Fairbanks Branch Manager Cindy Cevasco was given an award from the Fairbanks Chamber of Commerce recognizing True North as the Member of the Month in July of 2012.

As indicated in our annual report last year, our focus for 2012 included an emphasis on the enhancement of our technology platforms. You will see the staff efforts in those areas bear fruit in 2013 starting with enhancements to Express PC, our Home Banking program, and the introduction of True North Mobile this spring. Further, we will be launching a redesigned website and offering additional new technologies later in the year.

We're excited to announce our downtown Juneau Branch will be relocating to the Foodland IGA Grocery Store, offering expanded hours and a deposit taking ATM which will be accessible 24 hours a day. Additionally, our Anchorage Branch will be receiving a much needed face lift this year.

2012 was a year of growth and preparation, and we look forward to seeing the fruits of that labor in 2013. We would like to thank our members for their continued loyalty and patronage, as well as the staff for their dedication to True North's Values and their very hard work.

True North is a locally managed credit union that provides quality financial solutions for its Alaskan members. As elected volunteers, we guide the direction of the Credit Union to meet the needs of the membership. We encourage you as a member-owner to forward your comments or concerns to us. Your input is important for True North's continued success.

Kim Garner, Chair

SUPERVISORY REPORT

The Supervisory Committee, appointed by the Board of Directors, monitors the activities of the Board, management and staff by reviewing the National Credit Union Administration (NCUA) exams, arranging for independent audits, and overseeing internal controls. Through these activities, the Supervisory Committee assists in ensuring the financial safety and soundness of the Credit Union.

In the spring of 2012, True North retained CliftonLarsonAllen, LLP (an independent auditing firm) to perform an annual Financial Statement Audit and verification of member accounts. CliftonLarsonAllen audited True North as of December 31, 2011 for the calendar year 2011. The result was an unqualified opinion, with no material weaknesses over financial reporting

found. This indicates to True North's members that the financial statements presented by management are a true and correct statement of our financial position.

True North's Supervisory Committee is composed of committed volunteers with diverse backgrounds and skill sets, and they meet monthly with members of True North's management team. It is a pleasure to serve on the committee and represent the members' interests in True North Federal Credit Union.

Laura Bruce, Chair
Jeff Brink
Kelly Brown
Rory Darling
Charlene Morrison

HOME LOANS...

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**Sheri
Vidic**



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Fairbanks (907) 328-4783
Juneau (907) 523-4710



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**Brenda
Heimbuch**

TRUE NORTH FEDERAL CREDIT UNION

COMPARATIVE INCOME STATEMENTS

DECEMBER 31, 2012 AND 2011



Income	2012	2011
Interest on Loans	4,880,510	4,750,903
Interest on Investments	331,810	402,806
Fees and Other Incomes	2,647,363	2,688,254
Total Income	\$7,859,683	\$7,841,963
Expenses		
Dividends on Members' Deposits	331,291	417,857
Provisions for Loan Loss	378,000	397,000
Operating Expenses	6,095,727	6,023,808
Total Expenses	\$6,805,018	\$6,838,665
Income Before Extraordinary Items	\$1,054,665	\$1,003,298
Extraordinary Items Income/(Expense)	(172,582)	(194,840)
Net Income	\$882,083	\$808,458

TRUE NORTH FEDERAL CREDIT UNION

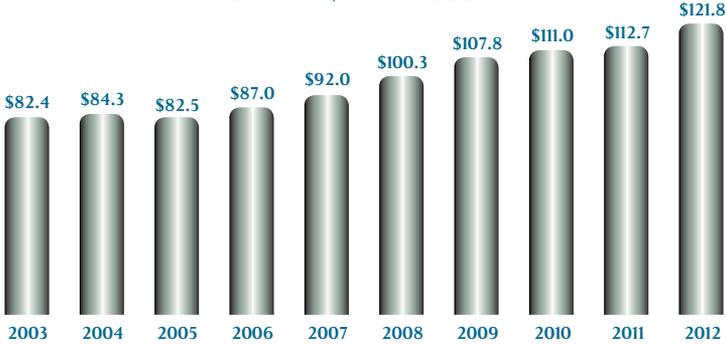
COMPARATIVE BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

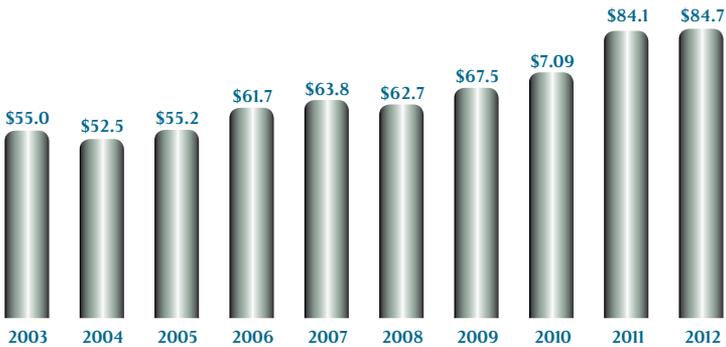
Income	2012	2011
Loans to Members	84,679,657	\$84,067,179
Less: Reserve for Loan Loss	(500,452)	(458,446)
Net Loans	\$84,179,205	\$83,608,733
Cash and Cash Equivalents	1,150,727	884,430
Investments/Fed Funds	28,837,357	19,334,986
Accrued Interest Receivable	269,135	259,507
Property and Equipment, net	5,391,573	5,504,451
NCUA Share Insurance Deposit	1,059,316	983,139
Prepaid Expenses and Other Assets	896,437	2,148,189
Total Assets	\$121,783,750	\$112,723,435
Liabilities and Members' Equity		
Shares	29,865,311	26,446,322
Share Money Market	34,909,787	22,100,490
Share Certificates	15,396,934	32,519,476
IRA's	2,595,281	2,783,907
IRA Certificates	3,674,505	3,942,788
Share Drafts	25,009,582	15,314,078
Accrued Dividends	99,212	107,229
Other Liabilities	1,380,901	1,570,855
Total Liabilities	\$112,931,513	\$104,785,144
Members' Equity		
Unrealized Gain/(Loss) on Securities	324,912	293,049
Regular Reserves	4,038,163	3,563,163
Undivided Earnings	4,489,162	4,082,079
Total Members' Equity	\$8,852,237	\$7,938,291
Total Liabilities and Members' Equity	\$121,783,750	\$112,723,435

TRUE NORTH FEDERAL CREDIT UNION GROWTH STATISTICS

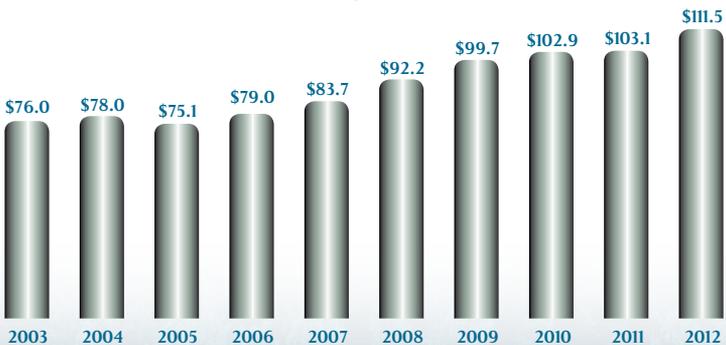
ASSETS – \$ IN MILLIONS



LOANS – \$ IN MILLIONS



DEPOSITS – \$ IN MILLIONS



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OPPORTUNITY

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