



Focused on Our Member/Owners
2008 Annual Report



Sharon Custer
President/CEO



Kay Cooke
Board Chair



Executive Report

2008 will be remembered as a year of tremendous change and turmoil in the financial services industry. It seemed that every day the news headlines contained disturbing stories about shifts in the economy that ultimately affected the lives of BMI Federal Credit Union members. Throughout this confusion the officials of BMI FCU continued to focus on our members and on how we could provide the financial stability and convenience that is so important in our members' lives.

Upheaval within Wall Street during the past year created many questions about the security of deposits in financial institutions. The officials of your credit union took quick action to assure our members that deposits at BMI FCU are safe, sound and federally insured. A special Letter from the CEO was sent to members informing them of the increase in Federal deposit insurance from the National Credit Union Share Insurance Fund (NCUSIF) from \$100,000 to \$250,000. This, together with an additional \$250,000 per member in private deposit insurance from Excess Share Insurance (ESI) paid for by BMI FCU, provides up to \$500,000 of protection. This assurance of safety resulted in a net growth of over \$11M in member deposits in 2008.

While 2008 was a year of continued growth for your Credit Union, it also was a year of challenges. The downturn in the economy affected some members' ability to fulfill their payment obligations. Homeowners experienced a decline in the value of their properties and BMI FCU was not immune to the effects of the economy on the real estate market.

The Credit Union staff works diligently

with each member who has difficulty fulfilling their payment obligations, but we are not always successful in preventing mortgage foreclosure. During 2008, approximately \$5M in real estate secured business loans became delinquent. With the decline in the real estate market the value of these properties dropped well below the loan balances. In anticipation of potential losses when the properties are sold at sheriff sale, approximately \$2.5M was set aside at year-end in a reserve for loan loss.

Along with other sectors of the financial services industry, some credit unions across the country suffered losses which resulted in a decline in the balance of the NCUSIF. In late January 2009 the NCUSIF levied a special assessment on all credit unions that it insures to bring the fund back to its normal operating level. BMI FCU's share of that special assessment was approximately \$2.2M. Because the special assessment was the result of conditions that existed in 2008, the special assessment is included in the 2008 year-end financials.

The extraordinary reserve for future loan loss and the special assessment from our regulator resulted in a year-end net loss in income for the first time since 1983. This is not a situation BMI FCU officials take lightly. Our job is to safeguard the assets of your credit union and to keep the credit union operating in a fiscally responsible manner. The Board and Management have taken steps to reduce operating expenses and have developed a budget for 2009 that works toward restoring these losses. The primary measure of a financial institution's health is in its level of capitalization. Even with

<< *The new Corporate Office, Operations Center, and Dublin Branch positions BMI Federal Credit Union to serve Member/Owners more effectively.*

the net loss experienced in 2008, BMI Federal Credit Union has been given the rating of Well Capitalized by the National Credit Union Administration.

Regardless of the events within the financial services industry our members continue to give BMI FCU high marks for member service. On a scale of 1 to 5, our Member Satisfaction Surveys have remained in the 4.75 to 4.79 range throughout 2008. We're very proud of the philosophy of premier member service displayed by our staff.

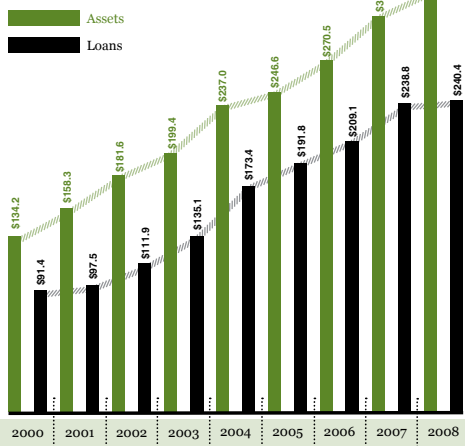
The officials of BMI FCU are always sensitive to the importance of convenient financial services. In June 2008, your credit union transitioned to a new operations center on Emerald Parkway in Dublin. This new facility included a new Dublin branch replacing the former location on Perimeter Loop. The new Dublin branch provides the convenience of drive-up tellers, drive-up ATM and safe deposit boxes.

Two other key member service features of the new Dublin operations center are the Contact Center and the Member Meeting Room. The goal of the Contact Center is to provide exceptional member service through fast response. The Contact Center is staffed with experienced member service representatives that make sure BMI FCU members' phone calls and emails are given prompt attention. In the short eight months since the opening of the Contact Center, it has averaged nearly 5,000 telephone calls and 900 emails per month. The Member Meeting Room is fulfilling the goal of physically bringing members to BMI FCU. This comfortable room seats 100 and is available for use by our business partners. It has been used for a variety of functions including the Board of Directors' Annual Strategic Planning Meeting, Members' Annual Business Meeting, Annual Business Partner Luncheon and a special luncheon for the Battelle Senior Associates.

The Officials, Management, and Staff of BMI Federal Credit Union thank our members for their loyalty and continued support. We will continue to keep the focus on providing our members premier financial service.

A Decade of Growth

In Millions of Dollars



2008 Highlights

Financial

- ◆ Assets increased over \$24.3 million for the year
- ◆ Total Deposits grew more than \$11.3 million
- ◆ Total Loans grew by more than \$1.6 million

Branch Development

- ◆ Opened new Corporate Office, Operations Center, and Dublin Branch in June

Member Service

- ◆ Maintained outstanding service quality rating of 95.6% satisfaction level from our members
- ◆ Selected as the best credit union in Central Ohio by the 25,000 subscribers of Columbus CEO Magazine

Technology

- ◆ Introduced BMiChange, your electronic change jar
- ◆ Surveyed our members for their input on how to improve our Web site
- ◆ Moved to a new state-of-the-art data center
- ◆ Improved online security with SSL encryption
- ◆ Introduced image-enabled ATM for check deposits
- ◆ Introduced Contact Center for centralized member support

Social Responsibility

- ◆ Awarded \$12,000 in college scholarships in 2008
- ◆ Contributed more than \$30,000 to 34 charities and civic associations, along with providing many hours of volunteer work by our staff
- ◆ Finalist for Business First Community Caring Award



Balance Sheet

	12/31/08	12/31/07
ASSETS		
Cash & Due From Others	\$5,298,267	\$6,241,844
Interest Bearing Deposits	22,468,751	24,676,308
Cash & Cash Equivalents	27,767,018	30,918,152
Time Deposits	22,616,000	18,799,000
Securities Available for Sale	21,090,335	3,869,562
Securities Held to Maturity	-	-
Loans to Members	240,454,832	238,797,556
Allowance for Loan Losses	(3,787,563)	(838,540)
Net Loans	236,667,269	237,959,016
Net Premises & Equipment	13,479,668	7,879,380
Accrued Interest Receivable	1,191,437	1,361,940
Capital Participation Certificates	900,100	900,000
NCUSIF Deposit	703,329	2,126,233
Other Assets	3,349,136	1,170,799
TOTAL ASSETS	\$327,764,292	\$304,984,082
LIABILITIES		
Members' Shares	266,705,916	255,383,432
Other Liabilities	34,953,273	20,609,918
Accrued Corporate Stabilization Premium	683,775	0
TOTAL LIABILITIES	\$302,342,964	\$275,993,350
MEMBERS' EQUITY		
Statutory Reserve	\$6,768,645	\$6,768,645
Retained Earnings	18,427,438	22,259,656
Other Comprehensive Income	225,245	(37,569)
Total Members' Equity	25,421,328	28,990,732
TOTAL LIABILITIES & MEMBERS' EQUITY	\$327,764,292	\$304,984,082



Income Statement

	12/31/08	12/31/07
INTEREST INCOME		
Loans, Including Fees	\$15,629,416	\$15,615,597
Time Deposits, Securities & Negotiable Certificates of Deposit	1,205,719	771,213
Interest Bearing Deposits & Federal Funds Sold	409,149	1,150,019
TOTAL INTEREST INCOME	\$17,244,284	\$17,536,829
INTEREST EXPENSE		
Members' Share Accounts	\$6,741,237	\$8,012,440
NET INTEREST INCOME	\$10,503,047	\$9,524,389
Provision For Loan Losses	(4,905,887)	(966,373)
NET INTEREST INCOME AFTER PROVISION	\$5,597,160	\$8,558,016
OTHER INCOME		
Fees & Commissions	\$2,187,650	\$2,222,296
Gain (Loss) On Investments	0	0
Gain (Loss) On Disposition of Assets	48,000	0
Gain (Loss) On Corporate Stabilization	(2,249,251)	0
Other Income	2,169,454	1,638,499
TOTAL OTHER INCOME	\$2,155,853	\$3,860,795
OTHER EXPENSE		
Salaries & Employee Benefits	\$5,136,280	\$4,997,366
Occupancy & Equipment	1,457,794	1,176,059
Advertising & Marketing	330,266	216,265
Card Processing	532,996	461,663
Other Expenses	4,127,896	3,552,816
TOTAL OTHER EXPENSE	\$11,585,232	\$10,404,169
NET INCOME	\$(3,832,219)	\$2,014,642

These financial statements are as presented by Management for 2007 and 2008 fiscal years, not audited financial statements. Complete audited financial statements are available upon request.

*Kirby Kangaroo always enjoys >>
meeting young members.
Families are important at BMI!*



Focused On Our Member/Owners

Selected the # 1 Credit Union in Central Ohio by the subscribers of Columbus CEO Magazine.

The focus on our Member/Owners is reflected in the outstanding value we deliver along with our excellent service. It was no surprise when your credit union was selected as the best in Central Ohio by the subscribers of *Columbus CEO Magazine*. BMI FCU has consistently delivered this level of performance, year after year.

There is no better place for you to save and borrow than your credit union! What does being picked the best credit union in Central Ohio mean to you, our member/owners? Simply put, it reflects our outstanding service, great loan rates, and competitive deposit rates. And this doesn't happen just by accident. It is a direct result of our focus on you, our member/owner!

Focused on Providing Easy & Convenient Member Access

BMiWay & *BMiPay*@www.bmficu.org

You can manage your credit union account 24/7 right from the comfort of your home or office with *BMiWay*, our PC home banking platform. You can even pay bills FREE with online convenience when you use *BMiPay*, our electronic bill pay service. Once you start using *BMiPay*, you'll be forever free from buying stamps and addressing envelopes to pay bills!

Shared Branching

What financial institution has the 3rd largest branch network in the country? If you guessed BMI Federal Credit Union, you are absolutely correct. We participate in the nationwide CU Service Center Shared Branching network. This network provides our members with access to over 3,000 shared branches across the country. You can conduct financial transactions at any shared branch location just like you were in your BMI FCU branch office.

BMiSearch

Our members have access to more than 30,000 Surcharge FREE ATMs and over 3,000 shared branches. But how do you find them? We've made it easy for you! With *BMiSearch*, we have created a new way for you to quickly and easily access this information. Just visit our web site at www.bmficu.org and click on *BMiTools* and then select *BMiSearch*. That will bring up our proprietary search engine, *BMiSearch*, and you can quickly find the nearest branch or closest ATM, anywhere in the country.

Find Shared Branch Locations 24/7 with your phone

Need to find a shared branch and you aren't near a computer to use *BMiSearch*? Just use your phone! You can call the voice activated Shared Branch Locator from any phone 24/7 and find the closest location in seconds!

Surcharge FREE ATMs

Your credit union also participates in two Surcharge Free ATM networks. Alliance One and Co-Op ATM networks provide our members with Surcharge Free access to more than 30,000 ATMs nationwide.

Text Message for Surcharge Free ATMs

Find Surcharge Free ATMs quickly and easily with your cell phone! Just text message MYCOOP and enter the zip code you are in.

2008 Business Partner Award Winners

We provide credit union membership to more than 300 progressive companies. We are proud to recognize our top business partners for 2008.

Ambassador of the Year

(more than 500 employees)

Tim Reed & Sally Slonacker, U.S. Post Office

Ambassador of the Year

(less than 500 employees)

Flo Lang, Five Star Staffing

Best Sponsor Group

(more than 500 employees)

U.S. Post Office, Columbus District

Best Sponsor Group

(less than 500 employees)

M-Corporation

Annual Scholarships

Each year BMI provides members with an opportunity to earn scholarship money. Since we began our scholarship program over ten years ago, we have distributed more than \$100,000 in funds to help finance the college education of our future business and community leaders.

*Kids 'n Kamp
was one of
many great
community
causes that
BMI supported
in 2008. >>*



*BMI volunteers
helped to raise
more than
\$100,000 for
Children's
Hospitals through
Marching Miles. >>*



Branch Locations

Corporate Office

6165 Emerald Parkway
P.O. Box 3670, Dublin, Ohio 43016-0340

Dublin Branch

6165 Emerald Parkway

South Columbus Branch

3865 S. High Street

Westerville Branch

12 S. Cleveland Avenue

Grandview Branch

760 Kinnear Road

Upper Arlington Branch

750 Bethel Road

Employer Based Branches

Battelle

King Avenue

BIRI (Roxane Labs)

Wilson Road

Downtown Federal Building

North High Street

U.S. Postal Distribution Center

Citygate Drive

Worthington Industries

Wilson Bridge Road

Worthington Industries

Dearborn Road

Electronic Branch

www.bmifcu.org

Online Loan Applications
with 24/7 approval

BMiWay

24/7 Online Home Banking

BMiPay

Free Online Bill Pay

Management

2008 Board of Directors

Kay Cooke, *Chair*

George Dailey, *Vice Chair*

Anne Broad, *Treasurer*

Steve Phillips, *Secretary*

Brad Ashbrook

Jodi Beekman

L. Ben Freudenreich

Steve Krzykoski

Gwen Von Holten

Directors Emeritus

Jack Conner

Denny Hockman

Phil McRury

Associate Directors

Bill Esch

Melita Garrett

James Ramey

Supervisory Committee

John Black, *Chair*

David Arnold

Stephanie Heffron

Elizabeth Oakley

Executive Management Team

Sharon Custer, *President and CEO*

Bill Allender, *Executive Vice President*

Connie Capuano, *Vice President Business
Development/Communications*

Mike Clark, *Vice President Lending*

Ray Porter, *Vice President Finance*

Jen Erb, *Human Resources Manager*

Melissa Gleadle, *Controller*

Greg Hopp, *Director of Technology*

Cindy Le Brun, *Director of Member Service*

Michael Spielman, *Communications Manager*



FEDERAL CREDIT UNION

We make banking personal.

