

EVERYONE IS TALKING ABOUT THE CREDIT UNION EXPERIENCE

“Credit Unions are a ‘terrific deal’ that offers loans and savings products that megabanks can’t match”
-CNN Money

“Credit Union Credit Cards Are Better”
-Forbes.com

“Consumers are ‘getting a better shake’ by choosing credit unions over banks”
-CBS Early Show

“I’ve had great experiences with credit unions”
-Suze Orman





REPORT FROM THE President AND THE Chairman

EXECUTIVE REPORT

Unprecedented economic times continued for consumers, and for BMI FCU members, in 2009. Economists differ on when the Great Recession actually started and if it has really ended. Regardless of economists' analysis, many BMI FCU members continued to face challenging financial decisions throughout the year. But in the midst of all this uncertainty, BMI FCU members knew they could turn to their Credit Union for solutions.

Throughout the past year credit unions were often identified in the media as a source of financial solutions. Suze Orman, *CNN Money* and *Consumer Reports* magazine were just a few of the experts who recommended consumers look to credit unions for great rates and low fees. BMI FCU members took that advice in 2009 as deposits in your Credit Union grew over \$14.4M.

While total loan volume dropped \$13.2M in 2009 it certainly was not because your Credit Union was not granting credit. In fact, it was just the opposite. Low mortgage rates, reduced prices on houses/condos and tax incentives created the perfect environment for our members to refinance or purchase a new home. During the year BMI FCU financed 146 mortgages totaling \$24.4M for our members. We provided great mortgage rates on these loans in part due to our relationship with the Federal Home Loan Bank of Cincinnati (FHLB). It is not prudent to hold in our loan portfolio long-term mortgage loans with extremely low rates. These loans were sold to FHLB, but the servicing of those loans was retained by BMI FCU. That means BMI FCU members always maintain the relationship with their Credit Union for payments and any other issues that may arise related to their mortgage. Providing great service is always a priority for BMI FCU.

2009 was also a good year for first-time home buyers. In addition to the low mortgage rates, tax incentives and reduced prices, BMI FCU offered, and continues to offer, a special program for members who are buying that first home. The officials of BMI FCU have always felt that financing our members' homes is one of the most valuable services we can offer. We're very pleased to have financed 19 first-time home buyer mortgages in 2009, which totaled \$2.6M.

We know that members sometimes need assistance in making difficult financial decisions, especially during the extraordinary times that we've experienced in the past year. During 2009 the staff of BMI FCU took steps to make sure they were prepared to provide that assistance. All BMI FCU branch managers and assistant branch managers completed the Certified Financial Counselor training provided by our national credit union trade association. This certification process provided staff the knowledge and skills needed to work with a member who has financial problems, assisting them in solving and preventing future financial problems.

The officials of BMI FCU are sensitive to the importance of convenient financial services and are always looking for ways to enhance the services we provide. A new website was launched in January 2009 which made accessing Credit Union information faster and easier. Also new in 2009 was CreatàCard, the program which gives members the ability to customize their debit or credit card plastic with a personal photo. And now members on the go can access their account information conveniently through BMI FCU's new mobile banking service.

“Providing great service is always a priority for BMI FCU”

While working hard to provide the financial services our members need, we were also working to make sure the Credit Union remained strong financially. Delinquent loans continued to rise during the past year. Consequently, the reserve for loan losses also increased, which resulted in a negative impact on net income. Over the past year Credit Union's officials continued to take steps to prudently manage operating expenses, but not sacrifice service to our members. As a result, BMI FCU had a net income of \$2.3M for 2009 and received one of the highest ratings for safety and soundness by our Federal regulator at our recent annual examination.

On behalf of the Officials, Management and Staff of BMI Federal Credit Union we want to thank our members for the opportunity to serve you. We also want to confirm our dedication to providing premier financial services to all our members.

What Our Members Are Saying About BMI FCU

"I'm always happy with the service"

"Since the 1950s you have served me well"

"Great Job!"

"I have always had a good relationship with BMI FCU"

"I'm so glad that I do all my banking at BMI"

*"This might be the best service
"Everybody is Great" I ever received. Thanks"*

"Thanks for the perfect years"

(L) Sharon Custer/CEO & (R) Kay Cooke/Board Chair



In 2009, BMI FCU was honored by **Columbus C.E.O. Magazine** for being voted the #1 Credit Union in Central Ohio.

For over 10 years BMI has provided our members the opportunity to receive scholarships for their college education. With over \$100,000 already handed out, this year we awarded 4 scholarships to BMI FCU members.

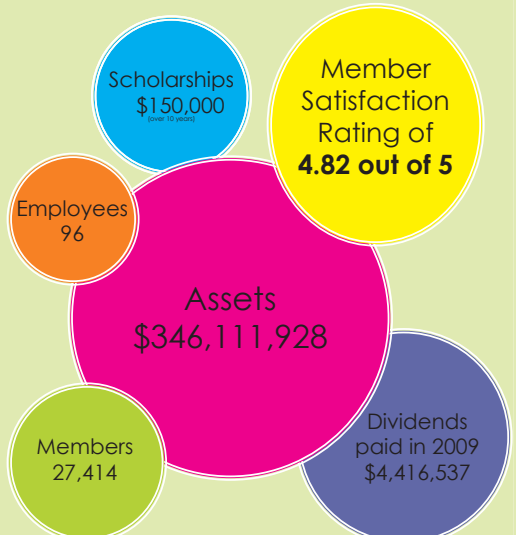


The Dick Pierce Memorial Scholarship

Ashton Brooker
Sarah Hambley

The Jack Deibert Memorial Scholarship

Brian Grzybowski-Cuff
Jennifer Means



balance sheet

	12/31/2009	12/31/2008
ASSETS		
Cash & Due From Others	\$3,828,710	\$5,298,267
Interest Bearing Deposits	29,017,372	22,468,751
Cash & Cash Equivalents	32,846,082	27,767,018
Time Deposits	37,852,920	22,616,000
Securities Available for Sale	30,324,059	21,090,335
Loans to Members	227,161,037	240,454,832
Allowance for Loan Losses	(4,772,351)	(3,787,563)
Net Loans	222,388,686	236,667,269
Net Premises & Equipment	13,728,647	13,479,668
Accrued Interest Receivable	1,072,921	1,191,437
Capital Participation Certificates	900,100	900,100
NCUSIF Deposit	2,626,792	703,329
Other Assets	4,371,721	3,349,136
TOTAL ASSETS	\$346,111,928	\$327,764,292
LIABILITIES		
Members' Shares	281,170,310	266,705,916
Other Liabilities	36,831,924	34,953,273
Accrued Corporate Stabilization Premium	0	683,775
TOTAL LIABILITIES	\$318,002,234	\$302,342,964
MEMBERS' EQUITY		
Statutory Reserve	\$6,768,645	\$6,768,645
Retained Earnings	20,771,824	18,427,438
Other Comprehensive Income	569,225	225,245
Total Members' Equity	28,109,694	25,421,328
TOTAL LIABILITIES & MEMBERS' EQUITY	\$346,111,928	\$327,764,292

income statement

	12/31/2009	12/31/2008
INTEREST INCOME		
Loans, Including Fees	\$14,168,655	\$15,629,416
Time Deposits, Securities & Negotiable Certificates of Deposit	1,548,607	1,205,719
Interest Bearing Deposits & Federal Funds Sold	71,591	409,149
TOTAL INTEREST INCOME	\$15,788,853	\$17,244,284
INTEREST EXPENSE		
Members' Share Accounts	\$4,416,537	\$6,741,237
NET INTEREST INCOME	\$11,372,316	\$10,503,047
Provision For Loan Losses	(3,192,885)	(4,905,887)
NET INTEREST INCOME AFTER PROVISION	\$8,179,431	\$5,597,160
OTHER INCOME		
Fees & Commissions	\$2,149,106	\$2,187,650
Gain (Loss) On Disposition of Assets	(195,482)	48,000
Gain (Loss) On Corporate Stabilization	0	(2,249,251)
Gain (Loss) On Loans Sold to FHLB	231,195	0
Other Income	3,589,405	2,169,454
TOTAL OTHER INCOME	\$5,774,224	\$2,155,853
OTHER EXPENSE		
Salaries & Employee Benefits	\$5,248,225	\$5,136,280
Occupancy & Equipment	1,595,891	1,457,794
Advertising & Marketing	204,893	330,266
Card Processing	498,227	532,996
Other Expenses	4,062,034	4,127,896
TOTAL OTHER EXPENSE	\$11,609,270	\$11,585,232
NET INCOME	\$2,344,385	\$(3,832,219)

These financial statements are as presented by Management for 2008 and 2009 fiscal years, not audited financial statements. Complete audited financial statements are available upon request.



Everyone Is Talking About The Credit Union Experience, Are You?

How many of you have been in a discussion with a friend, co-worker, or relative about their bad experience at a bank? Excessive fees, being treated like a number, hidden disclosures, or not being able to reach anyone at the bank who could help him/her are just some of the topics many of us have heard. Consequently, many consumers are looking for other options for their finances. If you see a good movie, do you share with others how great it was? Sure, we all do. Now is the time for you to “chime in” and share with your dissatisfied bank contacts the BMI FCU advantage.

If your children or grandchildren aren't members of BMI Federal Credit Union yet, clue them in on many of the “cool” electronic access tools BMI offers. Here are some examples of services the young people in your life will love:

- Text Messages for surcharge-free ATMs—just text message MYCOOP and enter the address of where you are on your cell phone; the service is Free
- Find shared branches with your cell phone using the voice-activated Shared Branch Locator and find the closest location in seconds; the service is Free
- Free Mobile phone banking—Get your balances, make transfers for Free.... on your cell phone
- Think we aren't everywhere? Think again. There are over 4,000 shared branch locations across the country where you can visit and perform a BMI transaction
- Scholarships—BMI FCU offers four scholarships annually
- Free E-statements
- Free E-alerts—letting you know if your checking balance is getting low
- Getting ready for college? Stop by any of our branches and speak with our certified financial counselors to start your financial life out the right way
- NEW! Private student loans. Once your line of credit is set up, no more applying, you can draw on your loan for up to five years

At BMI Federal Credit Union, we encourage you to “start talking” and share the credit union experience. No matter how old our children or grandchildren are, don't we always find ourselves sharing our knowledge of life's lessons? In doing so, we ask that you not forget to include the BMI Federal Credit Union experience. Knowledge is one of the most powerful tools we can pass on to future generations.

Branch Locations

Corporate /Dublin Office
6165 Emerald Parkway
P.O. Box 3670, Dublin, OH 43016

Grandview Branch
760 Kinnear Rd.

Upper Arlington Branch
750 Bethel Rd.

South Columbus Branch
3865 S. High St.

Westerville Branch
12 S. Cleveland Ave.

Employer Based Branches

Battelle
King Ave.
BIRI (Roxane Labs)
Wilson Rd.
Federal Building
North High St.
Worthington Industries
Wilson Bridge Rd. & Dearborn

Electronic Branch

www.bmficu.org

Online Loan Applications
with 24/7 approvals
BMiWay
24/7 Online Banking
BMiMobile
24/7 access via your phone

Management

2009 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
David Arnold
Stephanie Heffron
Elizabeth Oakley

Executive Management Team

Sharon Custer, *President and CEO*
Bill Allender, *Executive Vice President*
Connie Capuano, *VP Business Development*
Mike Clark, *VP of Lending*
Ray Porter, *VP of Finance*
Jen Erb, *Human Resources Manager*
Melissa Gleadle, *Controller*
Greg Hopp, *Director of Technology*
Cindy LeBrun, *Director of Member Services*
Rob Bachman, *Director of Lending*

