

Delivering The Highest Total Return to Members!

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BMI
FEDERAL CREDIT UNION
We make banking personal.

Executive Report

Delivering the Highest Total Return to Our Members

Credit unions exist to serve members. The Board of Directors and Management of BMI Federal Credit Union are committed to providing the highest level of service to our members. Just as important as our commitment is the measurement of achieving that goal.

During 2007, we reported in our newsletter, CreditLines, that your credit union is ranked **#1 in Ohio for delivering the Highest Total Return to Members**. This ranking was done by Callahan and Associates, a leading credit union industry analyst that provides statistical analysis for the credit union industry. All four quarters of 2007, BMI FCU was ranked #1 for delivering the best combination of paying more on deposits, charging less on loans, and having the lowest fees.

That winning combination of great rates and low fees contributed to tremendous growth at BMI FCU during 2007. The volatility of the stock market, the security of Federal and private deposit insurance, and great rates resulted in \$29M in BMI FCU deposit growth. The greatest area of growth (\$17M) was in our PLUS accounts, where credit union members earned high rates on an easy access savings account. BMI FCU also helped members plan for retirement during 2007, with a growth of over \$4.6M in IRA account balances.

Those member deposits helped fund over \$29.6M in loan growth in 2007. The greatest area of loan growth was in residential first mortgages, which grew over \$20M. BMI FCU members have found that when they apply for a mortgage at their credit union they will be working with mortgage professionals that truly care about matching the right mortgage product and rate with the member.

The Return to Members ranking done by our industry analysts also considers member usage of credit union services. Without convenient access to credit union services BMI FCU simply would not have ranked #1 in Ohio. In March 2007, the BMI FCU Westerville branch was moved to a new location to provide better service delivery with drive-thru tellers and a drive-up ATM. In August 2007, BMI FCU introduced a new on-line banking and

bill-payment service that gives members more options in electronic banking. And, coming soon are expanded branch services for our members in the northwest quadrant of Central Ohio.

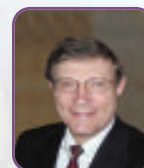
The commitment to convenient member access and the tremendous growth of your Credit Union resulted in the Board's decision in 2007 to develop a new Dublin branch and operations center. The current Dublin branch located in Perimeter Loop has served members well, but lacks much-desired services such as drive-thru tellers, drive-up ATM, and safe deposit boxes. The new branch/operations center, opening in the spring of 2008, will be located at 6165 Emerald Parkway and will provide all the convenient services our members have come to expect from their Credit Union.

BMI FCU's ranking as #1 in Return to Members has not gone unnoticed by other credit unions. BMI FCU was chosen by Columbus Federal Employees Credit Union (CFECU) as a merger partner in 2007. Employees of Federal agencies in 17 counties are now eligible for membership in BMI FCU. This expansion of current and potential members eligible to use BMI FCU services benefits everyone by creating an even stronger membership base for future services.

The Officials, Management and Staff of BMI FCU want to thank our member/owners for their loyalty and continued support. We are committed to delivering the best combination of paying more on deposits, charging less on loans, having the lowest fees, and providing convenient access, which made us #1 in Ohio.



Sharon Custer
President and CEO



Denny Hockman
Board Chair

“Your credit union is ranked #1 in Ohio for delivering the Highest Total Return to Members”

Sharon Custer, President/CEO

Delivering Leadership

2007 Board of Directors



Front row L to R: Gwen Von Holten, Denny Hockman, George Dailey, Ian Mercier
Back row L to R: Jack Conner, Ben Freudenreich, Anne Broad, Steve Krzykoski, Steve Phillips, Kay Cooke, Phil McRury

BMI Federal Credit Union Hall of Fame Members

1998 Gus Serio	2001 Arthur Brown
1998 Robert Stith	2002 Jack Clayton
1998 Jack Deibert	2003 Philip McRury
1999 Dorothy Phelps	2005 Battelle
2000 Shirley Unverzagt	2006 Mary Pierce
2000 Hal Kain	2007 Ian Mercier

2007 Hall of Fame Inductee

The BMI Federal Credit Union Hall of Fame recognizes individuals or corporations who have helped deliver success for your credit union. The leadership of these individuals helped foster the environment that allows your credit union to consistently deliver the highest total return to members.

We would like to recognize the late **Mr. Ian Mercier** as our 2007 inductee into the BMI Federal Credit Union Hall of Fame. Mr. Mercier was a BMI FCU member for more than 50 years. He served on the BMI FCU Board of Directors for twenty years and was Treasurer of the Board for the past ten years. Mr. Mercier passed away on December 20, 2007 and was unanimously selected as our 2007 Hall of Fame Inductee.

2007 Highlights

Financial

- Assets increased over \$34 million for the year, a 12.72% growth (This is more than twice the industry average for 2007.)
- Total deposits grew more than \$29 million, an increase of just under 13%
- Total loans also grew by more than \$29 million for an increase of over 14%, more than double the industry average

Branch Development

- Opened new Westerville Branch in spring of 2007
- Opened new Downtown Branch in the Federal Building in fall of 2007
- Began construction on new corporate office and Dublin Branch in 2007

Member Service

- Maintained outstanding service quality rating – 95.6% satisfaction level from our members
- #1 Ranked Credit Union in Ohio for delivering the Highest Total Return to Members

Technology

- Introduced new home banking platform, **BMiWay**
- Introduced new electronic bill pay system, **BMiPay**
- Introduced new branch, ATM, and Shared Branch search engine, **BMiSearch**
- Introduced new educational modules on web site, **BMiResources**
- Enhanced online security with introduction of Identity Verification

Social Responsibility

- Awarded \$12,000 in college scholarships in 2007
- Contributed more than \$20,000 to 34 charities and civic associations, along with our staff contributing many hours of volunteer work
- Finalist for *The Business First* Corporate Caring Award

Delivering Performance

Balance Sheet

	12/31/07	12/31/06
ASSETS		
Cash & Due From Others	\$6,241,844	\$5,938,132
Interest Bearing Deposits	24,676,308	27,667,728
Cash & Cash Equivalents	30,918,152	33,605,860
Time Deposits	18,799,000	9,249,000
Securities Available for Sale	3,869,562	9,812,948
Securities Held to Maturity	-	-
Loans to Members	238,797,556	209,114,695
Allowance for Loan Losses	-838,540	-724,016
Net Loans	237,959,016	208,390,679
Net Premises & Equipment	7,879,380	5,084,961
Accrued Interest Receivable	1,361,940	1,135,413
Capital Participation Certificates	900,000	900,000
NCUSIF Deposit	2,126,233	1,898,849
Other Assets	1,170,799	483,038
TOTAL ASSETS	\$304,984,082	\$270,560,748
LIABILITIES		
Members' Shares	255,383,432	226,120,161
Other Liabilities	\$20,609,918	\$18,187,971
TOTAL LIABILITIES	\$275,993,350	\$244,308,132
MEMBERS' EQUITY		
Statutory Reserve	\$6,768,645	\$6,463,145
Retained Earnings	22,259,656	19,943,613
Other Comprehensive Income	-37,569	-154,142
Total Members' Equity	28,990,732	26,252,616
TOTAL LIABILITIES & MEMBERS' EQUITY	\$304,984,082	\$270,560,748

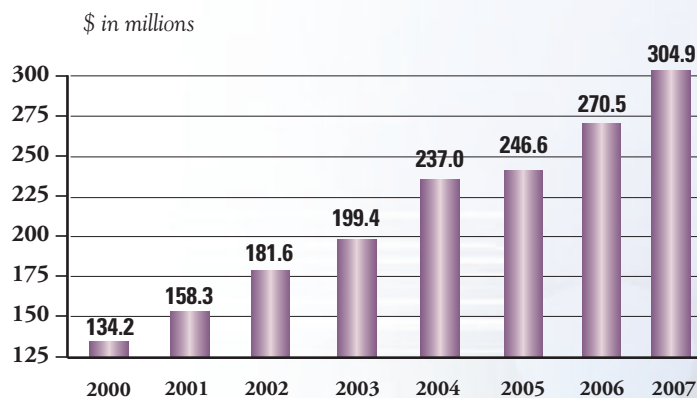
These financial statements are as presented by management for the 2006 and 2007 fiscal years, not audited financial statements. Complete audited financial statements are available upon request.

Income Statement

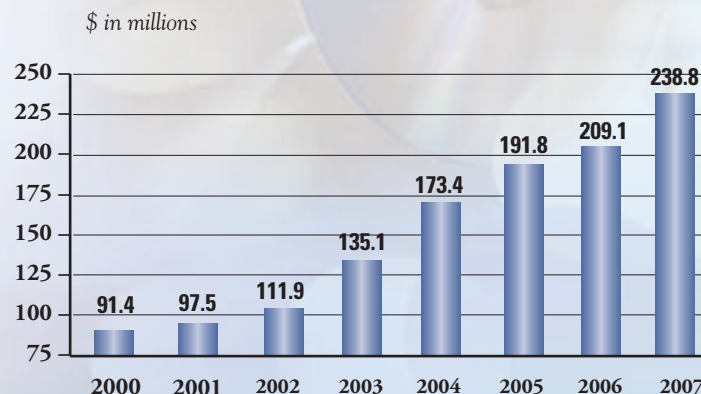
	12/31/07	12/31/06
INTEREST INCOME		
Loans, Including Fees	\$15,615,597	\$13,149,080
Time Deposits, Securities & Negotiable Certificates of Deposit	771,213	970,944
Interest Bearing Deposits & Federal Funds Sold	1,150,019	551,603
TOTAL INTEREST INCOME	\$17,536,829	\$14,671,627
INTEREST EXPENSE		
Members' Share Accounts	\$8,012,440	\$6,180,858
NET INTEREST INCOME	\$9,524,389	\$8,490,769
Provision For Loan Losses	-966,373	-553,257
NET INTEREST INCOME AFTER PROVISION	\$8,558,016	\$7,937,512
OTHER INCOME		
Fees & Commissions	\$2,222,296	\$2,024,759
Gain (Loss) On Investments	0	83,109
Gain (Loss) On Disposition of Assets	0	-21,428
Other Income	1,638,499	1,523,753
TOTAL OTHER INCOME	\$3,860,795	\$3,610,193
OTHER EXPENSE		
Salaries & Employee Benefits	\$4,997,366	\$4,471,845
Occupancy & Equipment	1,176,059	1,001,290
Advertising & Marketing	216,265	209,982
Data Processing	461,663	248,112
Other Expenses	3,552,816	3,409,604
TOTAL OTHER EXPENSE	\$10,404,169	\$9,340,833
NET INCOME	\$2,014,642	\$2,206,872

A Decade of Delivering Growth

Asset Growth



Loan Growth



Delivering for our Member/Owners



1 in Ohio for Delivering the Highest Total Return to Members

BMI delivers outstanding value along with providing excellent service. Your credit union is ranked #1 for delivering the Highest Total Return to Members. BMI FCU has consistently delivered this level of performance, quarter after quarter, for more than two years. There is no better place for you to save and borrow than your credit union!

The Total Return to Member Index is a tool industry analysts use to compare the performance of credit unions across the country. The index consists of 18 financial ratios covering the three core credit union functions: Lending, Savings, and Member Service Usage.

What does being ranked #1 mean to you, our member/owners? The index represents the industry standard for empirically measuring how much a credit union returns to members. Our consistency in delivering top performance quarter after quarter and year after year is your guarantee of safe, secure, and industry leading return for your savings and for your loans. Couple this with outstanding service and you can see how your credit union consistently delivers the Highest Total Return to Members.

Remote Access

BMiWay & BMiPay @ www.bmifcu.org

You can manage your credit union account 24/7 right from the comfort of your home or office with **BMiPay**, our new 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 6th 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.



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.

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.bmifcu.org and click on *Locations*. That will bring up our proprietary search engine, **BMiSearch**, and you can quickly find the nearest branch or closest ATM, anywhere in the country.

Business Partnerships

We provide credit union membership to more than 300 progressive companies and business services to a growing number of small business owners. We are proud to recognize our top business partners for 2007.

2007 Business Partner Award Winners

- | | |
|--|--|
| Best Sponsor (under 500 employees): | <i>OSI</i> |
| Best Sponsor (over 500 employees): | <i>BIRI/Roxane Labs</i> |
| Small Business of the Year: | <i>JRP Properties</i> |
| Ambassadors of the Year: | <i>Nellie Whitehill,
BIRI/Roxane Labs
Mary Gueulette, Value
City/Schottenstein</i> |

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.



Management

2007 Board of Directors

Denny Hockman, *Chair*
George Dailey, *Vice Chair*
Anne Broad, *Treasurer*
Steve Phillips, *Secretary*
Ian Mercier
Kay Cooke
L. Ben Freudenreich
Steve Krzykoski
Gwen Von Holten

Directors Emeritus

Jack Conner
Phil McRury

Associate Directors

Jodi Beekman
Bill Esch
Melita Garrett
James Ramey

Supervisory Committee

John Black, *Chair*
David Arnold
Brad Ashbrook

Executive Management Team

Sharon Custer, *President and CEO*
Bill Allender, *Vice President Finance*
Connie Capuano, *Vice President Business
Development/Communications*
Mike Clark, *Vice President Lending*
Jen Erb, *Human Resource Manager*
Greg Hopp, *Director of Technology*
Cindy LeBrun, *Director of Member Services*
Ray Porter, *Controller*
Michael Spellman, *Communications Manager*

Access Points

Branch Locations

Kinnear Road Branch

Corporate office
760 Kinnear Road

Bethel Road Branch

750 Bethel Road

Dublin Branch

6680 Perimeter Loop Road

Westerville Branch

12 S. Cleveland Avenue

South Columbus Branch

3865 S. High Street

Downtown Federal Building Branch

200 N. High Street, Suite 616

Employer Based Branches

Battelle, King Ave.
Schottensteins/Retail Ventures, Westerville Rd.
Worthington Industries, Wilson Bridge Rd.
Worthington Industries, Dearborn Dr.
BIRI, (Roxane Labs), Wilson Rd.

Electronic Branch

www.bmifcu.org
Free Online Bill Pay
24/7 Online Home Banking
24/7 Online Loan Applications

Opening in 2008

New Corporate Office and Dublin Branch

Opening Spring 2008

6165 Emerald Parkway
Dublin, Ohio 43016



BMI

FEDERAL CREDIT UNION
We make banking personal.

www.bmifcu.org
800.233.6880

