

Supervisory Committee Report

Committee members: Cindy Allen, Chairperson, Nancy Metzger, Tom Murphy and Dale Blom.

The primary objective of the Supervisory Committee is to safeguard members' assets. This objective is carried out through reviews and evaluation of SEG FCU's operating procedures, financial reporting and internal control systems. These responsibilities are administered through the combined efforts of the Supervisory Committee, Independent Credit Union Auditor and NCUA regulators. The findings and recommendations are communicated to the Supervisory Committee, Management and the Board of Directors.

The Supervisory Committee meets regularly and is responsible for several principal tasks to satisfy NCUA requirements including: (1) annual audit be conducted; (2) conduct a 100% negative account verification every other year; (3) verify new and closed accounts monthly; (4) regularly review and verify a sample of new loans; (5) conduct random cash counts; (6) meet a minimum of quarterly and maintain records of each meeting; and, (7) submit an annual report at the annual meeting of Credit Union members.

The Supervisory Committee hired Steiger CU Services to conduct the annual external audit pursuant to NCUA "Supervisory Committee Audit Guide – Minimum Procedures" audit guidelines. The Board of Directors, Supervisory Committee and President/CEO reviewed the report and recommendations.

If you have any questions or concerns, you can reach the Supervisory Committee Chairperson at: Supervisory Committee Chairperson, PO Box 44, Laurel, MT 59044.

Nominating Committee Report

As a not-for-profit cooperative financial institution, credit unions elect officials who volunteer their time and talent to serve the Credit Union. SEG FCU's five (5) members Board of Directors is an integral part of our Official Family. The Board determines the Credit Union's direction by adopting policies that provide the overall framework of Credit Union operations and hiring a President/CEO to carry out those directions.

SEG FCU's Board members are nominated from the membership and voted on by the members at the annual meeting. This year there is one expiring term up for election. Currently the incumbent has volunteered for re-election; however, the nominating committee is accepting nominations from within the membership. For more information or to volunteer, please call the Credit Union at (406) 628-7711 or visit with any current board member or employee. SEG FCU primary account owner membership is required. By regulation, Credit Union board members serve voluntarily on behalf of the members.

Attendance is required at regular Board meetings, regularly scheduled on the third Wednesday of each month beginning at 4:30 PM at Wood's Power Grip, Laurel. Meetings typically last 1 ½ hours to 2 hours.

Board members are expected to attend the Credit Union annual meeting held each year. Board training programs related to financial management, governance, risk management and other related subjects are offered as required or necessary. Annual BSA training is required. Board members also represent SEG FCU at other local and state events.

Eligible members interested in serving as an SEG FCU director may send a resume or letter containing qualifications and biographical data to the nominating committee at the following address:

Erin Riggs or Mike Lamphear
PO Box 69
Laurel, MT 59044

There is one three-year term open on the Board of Directors. The nominating committee, Erin Riggs and Mike Lamphear, place the following name into nomination for the Board of Directors: Dale Blom.

Dale has served as a volunteer Board member for years. Dale has served as Vice-Chairperson and is currently Board Chairperson. Dale is a retiree from Cenex Refinery, is married, and has a daughter, 7 grandchildren and one great grandchild. Dale is very active within his church and local Civic Organizations.

SEG FCU ANNUAL MEMBERSHIP MEETING
July 24, 2019
1 PM
SEG FCU

After determining a quorum was present, the meeting was called to order by Dale Blom, Board Chairperson.

Aaron Riggs, Secretary/Treasurer read the minutes from the July 17, 2018 meeting. Minutes approved.

Dale Blom, Chairperson, report was included in the meeting packet booklet.

Faye Wood, Supervisory Committee Chairperson, report was included in the meeting packet booklet.

The Treasurer's report was included in the meeting packet booklet.

Janice Lehman, President/CEO presented her annual report.

No unfinished business was brought before the membership.

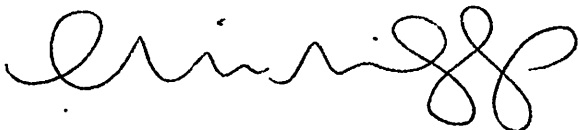
No new business was brought before the membership.

Ervin Wood, Nominating Committee Chairperson, placed the following members into nomination for the two open positions on the Board of Directors, Mike Lamphear and Curtis Hughes. President, Dale Blom, asked for nominations from the floor. There being no further nominations, Brad Wood made a motion and Faye Wood seconded to elect Mike Lamphear and Curtis Hughes to two year terms on the Board of Directors. Motion carried.

There being no further business, Faye Wood made a motion and Sharon Murphy seconded to close the meeting. Motion carried.

Respectfully submitted,

Erin Riggs, Secretary

A handwritten signature in black ink, appearing to read "Erin Riggs". The signature is fluid and cursive, with a large loop at the end.

Treasurer's Report as of December 31, 2019

Assets	16,699,732
Total Shares	14,424,751
Regular Reserve	109,423
Undivided Earnings	1,987,185
Investments	3,712,471
Cash on hand/banks	471,254
Total Loans Outstanding	12,276,033
Allowance for Loan Loss	86,410
Fixed Assets	162,346
2019 Interest on Loans	705,261
Investment Income	54,995
Fees & Charges	188,033
Miscellaneous Income	80,843
Operating expenses	852,493
Provision for Loan Losses	45,346
Dividend Expense	104,852
Net Income before PLL	221,986
Net Income after PLL	176,640

2019 Year in Review

Assets increased over year end 2018 by \$863,624.

Total share balances increased over year end 2018 by \$632,734.

Although changing regulations and compliance are an ongoing challenge, we have a good working relationship with NCUA (our Federal regulator), CUNA (Credit Union National Association) and MCU (Montana's Credit Unions) our State trade association. They provide education and training for Volunteers and Staff.

In 2019 our primary focus was reaching out to our current members, encouraging them to use our services and reaching out to potential members within our field of membership. Our field of membership reaches all of Carbon County, Stillwater County and numerous employee groups within Laurel and the surrounding area.

Community outreach is a major commitment of your Credit Union, staff and volunteers. In 2019 your Credit Union presented four Classroom Connection Grants, \$150 each, to teachers within the Laurel School District. Last fall, at the start of the 2019-2020 school year, we delivered 1st day of school lunch to the teachers in all five of the Laurel schools. We organized the High School Reality Fair at the Laurel High School and Park City High School and participated in the reality fairs in Roundup and Senior High Billings.

As a member of the Midland Empire Chapter of Credit Unions, your Credit Union participated in the Community Shred-a-Thon held in April at the Billings Federal Credit Union Grand Avenue branch in Billings. Donations received from this event plus a match from the Chapter was donated to the Billings Optimist Club Special Children's Camp. Donations from this year's event are being donated to the Children's Museum in Billings.

The Midland Chapter is a major sponsor of the Rubber Duck Regatta held each year on Grandparents' Day in September. Proceeds from this event support Prevention of Elder Abuse through Big Sky Senior Services. If you know of a senior who may need assistance, advise the senior to contact Senior Services at 406-259-3111.

This past year we implemented several new services including Online Account Opening, Online Loan Applications, E-Signature and text messaging. We are dedicated to providing financial products and services to you, our member/owners that enhance your financial wellbeing.

Technology changes every day. Because of that we are required to upgrade our computer system every few years. This is our year of change and upgrade. Within the next

couple months, we will be purchasing a new server and PC's for the office. On the day of the conversion, you may notice a slight interruption in service but it will be nominal:

Covid 19/Corona Virus. Your Credit Union is classified as an essential service; therefore we were not mandated to close. We did close the lobby for several weeks. I had sneeze guards built for each teller station. It is my plan to keep these in place as a safety precaution for the members and staff. I want to take this opportunity to thank staff for all of your help during this very difficult and stressful time. You have had to deal with your personal and family situations and then come to work and deal with members' situations. You have managed to keep a smile on your face and in your voice. We have done everything we possibly can to help each and every member.

Dale Blom, Board Chair Report 2020

Welcome to the 69th annual meeting of the membership of SEG FCU. The Board of Directors meets regularly each month to review and sign the financial statements, review and approve new and closed membership share accounts, review current policies and programs, develop new programs, review charged off loan and share accounts, review the Credit Union compliance policy and programs and participate in mandatory Bank Secrecy Act (BSA) training and testing and provide appropriate training for personnel.

Volunteers and staff are committed to support community projects and organizations such as Community Hope Board of Directors and Laurel Urban Renewal Agency (LURA). We are also active as youth activities coaches, school activities volunteer judges and coaches, various civic organizations and local, state and National Credit Union supported activities, organizations and events that support Credit Union advocacy, senior services and prevention of elder abuse.

Your Credit Union is governed by a volunteer Board of Directors elected by members at the Credit Union's Annual meeting. Each Board member is elected to a three-year term. Supervisory Committee members are appointed by the Board.

I would like to thank Board members – Brad Wood, Erin Riggs, Mike Lamphear and Curt Hughes for your volunteer service this past year. If you have any questions, please contact me.