



2014 Annual Report



Chair's Report

During 2014, our 78th year, your credit union continued to be financially strong and committed to improving the member-owners' financial well-being.

In 2014, we showed our commitment to member-owners with continued exemplary service. In the 2014 Member Survey, 96% of our members rated the quality of our service as "Satisfactory" or "Very Satisfactory."

That satisfaction was demonstrated in increasing participation; your credit union's total assets grew by 7.1% from more than \$1.4 billion in 2013 to more than \$1.5 billion in 2014. Membership grew to more than 150,000 member-owners – by far the most of any locally owned credit union in New Mexico. Also during 2014, your deposits grew by more than \$98 million – a 7.3% increase over 2013. These valuable deposits enabled us to increase the amount of loans made to member-owners.

Total loans increased by more than \$151 million, growing from \$919 million in 2013 to more than \$1 billion in December 2014. We saw significant gains in credit cards, auto loans, mortgages, and business lending as you used your credit union for these crucial loan products.

Your credit union processed more than 7 million member transactions in branches and through the Call Center. Members increasingly accessed remote financial services in 2014, as well. More than 22,000 members registered for Internet Banking during 2014, and more than 9,000 members registered for Bill Payer service. Visitors made 1 million website page views per month by the end of the year.

Members using the Mobile Banking app increased by more than 25,000, to 66,296. Members using Mobile or Remote Deposit services increased by more than 4,300; there were over 153,000 deposits in 2014.

Because we are a not-for-profit cooperative, your Board of Directors approved Earn Your Return for all members in good standing. In 2014, between Community Rewards and Earn Your Return, your credit union distributed more than \$7 million to you, your fellow member-owners, and the communities we serve. Members earn returns for consolidating financial relationships with their credit union through Earn Your Return. In addition, through the Community Rewards program, members like you continued to earn cash rewards for themselves and their communities just by signing their Visa® Debit Card transactions. We have returned more than \$25 million to members and our communities since 2007.

Students in more than 50 NM schools, colleges, and community organizations are benefiting from your credit union's mission to help students succeed. We conducted more than 500 money management workshops, with more than 8,000 participants, and we conducted more than 20 university student orientations, reaching more than 10,000 students. We presented financial capability courses to 20,000 potential members among more than 500 Select Employer Group events.

Your participation in your credit union, by using more products and services, makes it one of the soundest and safest financial institutions in the state. We look forward to serving you, your family, and your communities throughout 2015.



Judy Cartmell
Chair of the Board



President's Report

Nusenda Credit Union, your newly renamed, member-owned, not-for-profit cooperative, is stronger than ever. With more than 150,000 member-owners and 16 branch offices, we are the largest locally-owned credit union in the state. With so many members participating, it's more important than ever to provide all the member benefits you've come to expect, along with strong financial performance and exemplary service.

Nusenda Credit Union's solid business practices have enabled us to assist members with their financial needs throughout 2014. Apart from the new name, we are operating in a "business as usual" manner, prudently managing your credit union to assure that your savings remain safe and secure. Evidence of that accomplishment: We received a Superior Rating from BauerFinancial Inc., the nation's most well-known independent rating service for banks and credit unions. As of December 31, 2014, BauerFinancial ranked your credit union with five stars for financial strength and security for 57 consecutive quarters.

In 2014, New Mexico Educators Federal Credit Union began the challenge of changing its name and look, introduced in February of this year. With a solid track record of accomplishments helping members thrive, Nusenda Credit Union is advancing who we are and what we do. We believe that these changes allow us to serve more participating members, improving our ability to sustainably return surplus income to members and communities in the years ahead.

More highlights of 2014:

- The White House honored your credit union's financial capability successes. The credit union's Community Relations and Human Resources teams were named Champions of Change for Running Start for Careers.
- Powering Success, a micro-assistance program that your credit union and the University of New Mexico partner in, was recognized as a winner by Ideas for Action. Powering Success aims to help improve graduation rates, student retention, and economic opportunities.
- The *Albuquerque Journal* readers named your credit union "Best Bank."
- The National Association of Federal Credit Unions (NAFCU) honored Robin Brule, assistant to the president and vice president of Community Relations, with the Professional of the Year award.
- The Bloomberg Foundation awarded Innovate ABQ, a partnership between the credit union and the city of Albuquerque, with a \$1.2 million grant for developing economic opportunities.

A stronger, more viable community will benefit member-owners for years to come. These are just examples of your credit union's longstanding commitment to community support and the seven guiding cooperative principles. Our approach is to do well, so we can do good - putting money back in your pocket and making an impact in your backyard.



Your credit union's bright future is a result of continued healthy growth, made possible by members' increasing use of financial products and services. When more members actively participate in the cooperative, you enjoy these benefits. Great things happen when people join together for common financial goals. It's what we call "The Power of WE®."

A handwritten signature in black ink that reads "Terry Laudick". The signature is written in a cursive, flowing style.

Terry Laudick
President/CEO

Statement of financial condition as of:

| | 2013 | 2014 |
|--|----------------------|----------------------|
| ASSETS | | |
| TOTAL LOANS | 919,234,388 | 1,071,996,005 |
| LESS: ALLOWANCE FOR LOAN LOSSES | (5,693,856) | (6,207,347) |
| CASH AND CASH EQUIVALENTS | 47,101,782 | 49,855,616 |
| TOTAL INVESTMENTS | 401,395,885 | 308,312,228 |
| LAND & BUILDING | 29,622,477 | 28,918,959 |
| OTHER FIXED ASSETS | 2,544,928 | 3,075,799 |
| OTHER REAL ESTATE OWNED | 1,655,960 | 1,965,570 |
| OTHER ASSETS | 37,235,132 | 78,139,897 |
| TOTAL ASSETS | 1,433,096,696 | 1,536,056,727 |
| LIABILITIES | | |
| TOTAL BORROWINGS | 7,646,714 | 4,873,093 |
| TOTAL SHARES AND DEPOSITS | 1,252,536,726 | 1,350,710,676 |
| ACCOUNTS PAYABLE AND OTHER LIABILITIES | 23,779,340 | 21,103,382 |
| EQUITY | | |
| REGULAR RESERVES & UNDIVIDED EARNINGS | 149,133,916 | 159,369,576 |
| TOTAL LIABILITIES AND EQUITY | 1,433,096,696 | 1,536,056,727 |
| INCOME AND EXPENSE SUMMARY | | |
| INCOME (OPERATING): | 2013 | 2014 |
| INTEREST ON LOANS (GROSS-BEFORE INTEREST REFUNDS) | 39,577,324 | 45,661,564 |
| INCOME FROM INVESTMENTS | 3,430,725 | 3,901,660 |
| FEE INCOME | 17,303,110 | 15,062,987 |
| OTHER OPERATING INCOME | 9,210,823 | 11,396,693 |
| TOTAL GROSS INCOME | 69,521,982 | 76,022,904 |
| EXPENSES (OPERATING): | | |
| EMPLOYEE COMPENSATION AND BENEFITS | 21,223,315 | 23,120,982 |
| TRAVEL AND CONFERENCE EXPENSE | 142,515 | 138,286 |
| OFFICE OCCUPANCY EXPENSE | 2,790,292 | 2,608,281 |
| OFFICE OPERATIONS EXPENSE | 10,311,657 | 11,446,386 |
| EDUCATIONAL AND PROMOTIONAL EXPENSES | 2,825,745 | 3,217,680 |
| LOAN SERVICING EXPENSE | 3,200,453 | 3,430,771 |
| PROFESSIONAL AND OUTSIDE SERVICES | 3,916,866 | 4,708,887 |
| PROVISION FOR LOAN LOSS | 3,971,000 | 4,720,000 |
| OPERATING FEES (EXAMINATION AND/OR SUPERVISION FEES) | 262,772 | 230,004 |
| MISCELLANEOUS OPERATING EXPENSES | 948,198 | 835,836 |
| TOTAL OPERATING EXPENSES | 49,592,813 | 54,457,113 |
| INCOME (LOSS) FROM OPERATIONS | 19,929,169 | 21,565,791 |
| NON-OPERATING GAINS OR LOSSES | | |
| NET NON-OPERATING GAIN/(LOSS) | 707,292 | 577,071 |
| INCOME (LOSS) BEFORE COST OF FUNDS | 20,636,461 | 22,142,862 |
| COST OF FUNDS: | | |
| INTEREST ON BORROWED MONEY | 696,632 | 485,611 |
| DIVIDENDS ON SHARES | 3,370,851 | 3,369,414 |
| NET INCOME BEFORE MEMBER REWARDS | 16,568,978 | 18,287,837 |
| LESS: | | |
| NCUSIF/TCCUSF STABILIZATION EXPENSE | 938,376 | - |
| EARN YOUR RETURN | 3,650,000 | 4,868,915 |
| NET INCOME (LOSS) | 11,980,602 | 13,418,922 |

Supervisory Report

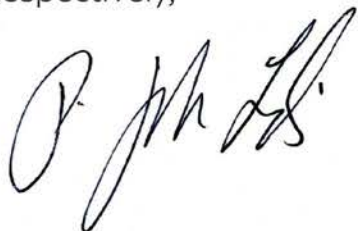
Your credit union experienced a good year in 2014. High quality service, efficient operations, and competitive products continue to sustain the credit union's financial position.

The Supervisory Committee of the credit union is appointed by the Board of Directors and oversees the audit function of the credit union. The internal and external audits performed at the credit union are 100% outsourced for efficiency and to ensure expertise. This arrangement has proven to be beneficial to the credit union. The internal audits are performed by Moss Adams, LLP and the opinion-audit of the financial statement is conducted by OCM & Company, CPAs. These audits verify the continuing efficiency of the operation and adherence to applicable regulations in order to safeguard the credit union's assets.

In addition to these audits, the National Credit Union Administration (NCUA), our federal regulatory agency, performed its annual examination of the credit union. The NCUA exam further ensures our continuing compliance with ever-changing regulatory requirements.

The Supervisory Committee continues to strive to assure members that the credit union's management practices are protecting members' assets as well as complying with laws, regulations, and Board policies and procedures. We welcome your questions or suggestions in order to better serve your interests. Please address these in writing to Nusenda Credit Union (formerly New Mexico Educators Federal Credit Union), c/o Supervisory Committee, P.O. Box 8530, Albuquerque, NM 87198.

Respectively,



John Landis, Chair
Craig Kallsen, Vice Chair
Javier Machuca, Secretary
Ann Brooks, Member
Ed Maestas, Member

2014
BOARD OF DIRECTORS

Judy Cartmell
Chair of the Board

Ann Brooks
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