Our Catalog of Services

Share Savings, plus:
- Savings Certificates
- High Yield Accounts
- Christmas Club Accounts
- IRA Accounts

Favorable Loans:
- Loans by Mail
- Preapproved Loans
- First Mortgage Loans
- Second Mortgage Loans
- Home Equity Line of Credit
- Car Loans, Personal Loans

Checking:
- Interest-bearing Accounts
- Overdraft Protection

VISA

CU-Card for ATM use

Discount Brokerage

Self-directed IRA's

US Savings Bonds
- Sell & redeem

On-Line Computer Service

Convenience Services:
- Direct Deposit
- Payroll Deduction
- Automatic Transfers
- Travelers Checks
- Money Orders

Transfers:
- Western Union Transfers
- Wire Transfers
- Telephone Transfers
  (limited by Regulation D
  to 3 per month)

Free Notary Service

Financial Counseling

New & Used Car Cost Guides

Consumer Information

At Hutchinson Only:
- Safe Deposit Boxes
- Drive-up Facilities
- After-hours Depository

HUTCHINSON
CREDIT UNION

Hutchinson Office
900 East 23rd
P.O. Box 1645
Hutchinson, KS 67504-1645
316-669-0177

Wichita Downtown Office
245 North Waco, Suite T-600
Wichita, Kansas 67202
316-266-5141

1989 ANNUAL REPORT

HUTCHINSON
CREDIT UNION

Agenda

Annual Meeting / March 17, 1990

Hospitality Hour
Call to Order
- Roll Call
- Introduction of Guests
- Approval of Minutes and Agenda .... James Woods
- Report of Board of Directors .... James Woods
- Report of Treasurer .... Dennis Blick
- Report of Supervisory Committee .... Lee Spence
- Report of Credit Committee .... George Sanders
- Report of the President .... Garth Strand
- Unfinished Business

New Business
Election of Officers
Program .... Credit Unions Under Attack
Speaker .... Joe Lieber, Executive V.P.
Kansas Cooperative Council

Board of Directors

James E. Woods
Chairman

Loretta Fletchall
Vice Chairman

Dennis Blick
Secretary-Treas.

Ed Switzer

LeRoy
Broxterman

Mark
Woleslagel

Lynn Rogers
Wichita Office

Minutes of the Annual Meeting

Annual Meeting / March 11, 1989

The forty-first annual meeting of the Hutchinson Credit Union was held March 11, 1989 at the Hutchinson Holidome. Approximately 400 members attended.

The meeting began with an hors d'oeuvre buffet and music. Chairman James Woods called the meeting to order. Reverend Don Moor gave the invocation. Mr. Ben Gum sang the National Anthem. Roll call was taken by members signing their tickets.

Chairman Woods presented the agenda for the meeting. Dan McNeely moved the minutes of the 1988 annual meeting be approved as printed. After a second by Mrs. Jim Pattinson, the motion was approved.

Chairman Woods' report highlighted events of the past year and future changes. Lynn Rogers moved to accept the report. Second by Harold Jones. Motion carried.

The treasurer's report was presented as printed by James Hayes, acting secretary. The report was accepted by Chairman Woods.

Ed Switzer, Supervisory Committee Chairman, reported on both the State Department audit and the independent supervisory audit done by the certified public accounting firm of Pierce-Faris, Inc. A motion for the approval of the report was made by Mr. Switzer, seconded by Arriel Perrill. Motion carried.

Lee Spence, Credit Committee Chairman, gave his report. Both the number and dollar amount of loans were dramatically up from the previous year. Mr. Spence made a motion for the acceptance of the report. Second by Rod Dietz. Motion carried.

As chairman of the Nominating Committee, Bernard Smith presented the slate of nominees for the various committees as follows:

Board of Directors	**Nominees**
Two to be elected - 3 year term	Roy Broxterman, Dennis Blick
Credit Committee	
One to be elected - 3 year term	Lee Spence
Supervisory Committee	
One to be elected - 3 year term	Warren Peterson

Mr. Smith called for nominations from the floor. Hearing none, Mr. Smith moved the nominations cease and the nominees be elected by a unanimous ballot. Second by Irvin Strand. Motion carried.

Congressman Dan Glickman spoke on current events in Washington and the world. He also spoke in support of the credit union system.

Vern Hoglund, Dan McNeely and Dennis Hofts all reminisced about Margaret Banker's service to the credit union, in honor of her announced retirement. Chairman Woods presented Margaret with a ring on behalf of all the credit union. Margaret expressed her appreciation for the opportunity to serve, reminisced about her career and offered challenges for the future.

Garth Strand conducted the drawing for door prizes.

There being no further business the meeting was adjourned.

Loretta Fletchall
Loretta Fletchall
Secretary-Treasurer

James E. Woods
James E. Woods
Chairman

Report of the Chairman

Welcome again to the annual meeting of the Hutchinson Credit Union. This meeting is an open and visible example of people - you and I - coming together for the mutual benefit of all. This idea - the credit union idea - was born more than a century ago during the time when people had no other choice but to rely on and help one another. This same idea is still working today. In response to problems in the Savings and Loan industry, Congress is being pressured to eliminate the credit union system as we know it today! I urge you to write your legislators, whose addresses are shown below, and express your feelings about your credit union and your rights to freedom of choice.

Letter

Your credit union enters the 1990's well-prepared for success. We have just completed a successful transition of management. We are still working towards a beneficial change in our building or location. We are financially healthy. We have a responsive menu of products and services. We have dedicated volunteers and a competent, professional staff. Most importantly we have the support of you, the member. George Washington said it best, "There is no power on earth like the power of people joined together in cooperation one with another."

This will be my last term as chairman of the board and I would like to take this opportunity to express my appreciation to a number of people. First, to my fellow board members: Thank you for your dedication, time, expertise and support. You have made Hutchinson Credit Union a high priority in your activities. You have been super to work with. Second, to Garth, Wanda and all Hutchinson Credit Union staff: You have made Hutchinson Credit Union what it is today. Through tough economic times and a managerial change you have remained professional, efficient, and unselfish. Thank you. Third, to you, the members of Hutchinson Credit Union: Thank you for your continued support of me as a board member, but, above all, for your continued support of Hutchinson Credit Union. This we cannot do without. Please continue to support your credit union. Contact your legislators. Make them aware of the advantages of credit unions. We don't want to be "just another small bank." We are different, so protect that difference! It has been a pleasure serving you.

James E. Woods,
Chairman

Senator Nancy Landon Kassebaum
United States Senate
302 Russell Senate O.B.
Washington, D.C. 20510

Senator Bob Dole
United States Senate
141 Hart Senate O.B.
Washington, D.C. 20510

Representative Dan Glickman
House of Representatives
1212 Longworth House O.B.
Washington, D.C. 20515

Report of the Treaurer

The actual asset, liability, income and expense totals comparing 1988 and 1989 are shown on the following pages. Key measurements are as follows:

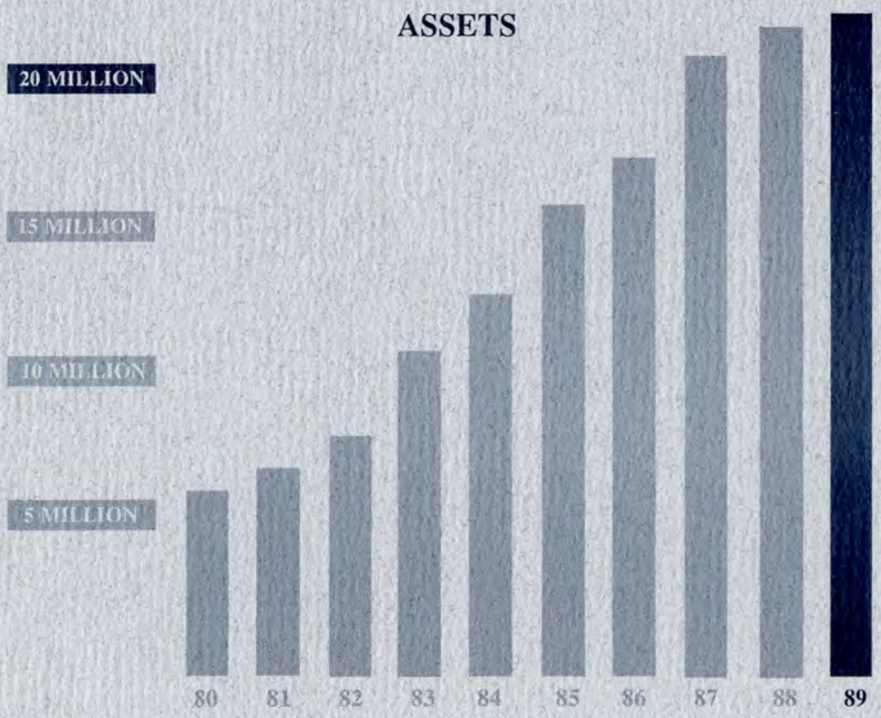
Asset Growth 5.07%	Loan Growth 14.44%
Savings Growth 4.94%	Capital Growth..........16.50%

A direct return to the members of $1,302,081.00 was made in the form of share and certificate dividends. To meet state and federal reserve requirements, $130,958.90 was placed in reserves. Reserves are the "savings account" of the credit union and help to insure its future viability. The balance of our net income, $62,006.68, was placed in a special reserve account to help fund anticipated changes in our facility requirements.

The review of the credit union's records and controls by independent auditors and regulatory agencies did not reveal any material deficiencies or variances. The board of directors believes your credit union is finacially sound, well-managed and capable of sustaining orderly growth.

The continued support of you, the member is essential to maintain the credit unions commitment to progress, service, safety and soundness.

Dennis Blick
Secretary-Treasurer



Financial Statement

YEAR END CLOSINGS

ASSETS	December 31, 1988	December 31, 1989
Cash Accounts	$ 683,887.02	$ 627,123.04
Loans to Members	17,723,539.99	20,282,462.49
Investments	3,484,430.54	2,152,613.31
Building and Land	409,977.36	391,953.96
Furniture and Fixtures	80,637.48	53,856.89
Prepaid Expenses	89,328.63	112,255.13
Accounts Receivable	20.00	0.00
Accrued Income	18,554.69	10,124.52
Total Assets	$ 22,490,375.71	$ 23,630,389.34
LIABILITIES		
Total Shares	$ 11,714,230.25	$ 10,968,529.70
(Regular Shares)		
(Christmas Club)		
(Club Shares)		
(High Yield)		
(IRA)		
Shares Certificates	6,868,643.69	8,318,519.60
Expandachek	2,447,045.40	2,781,387.00
Accounts Payable	181,613.71	142,639.44
Reserves	884,731.74	1,000,416.32
Undivided Earnings	285,031.96	362,311.96
Unearned Interest	109,078.96	56,585.32
Total Liabilities	$ 22,490,375.71	$ 23,630,389.34

Distribution of Income

INCOME	1988	1989
Interest of Loans	$ 1,742,725.40	$ 2,131,671.45
Income from Investments	396,616.40	247,822.46
Other Income	202,722.92	239,684.06
Total Operating Income	$ 2,342,064.72	$ 2,619,177.97
OPERATING EXPENSES		
Compensation	$ 331,419.76	$ 381,224.53
Employee Benefits	55,290.94	63,089.34
Travel and Conference Expense	12,325.23	10,184.65
Association Dues	16,265.53	16,920.06
Office Occupance and Operations	258,356.78	276,684.24
Education and Promotion	40,521.11	37,930.51
Loan Servicing	11,417.99	19,777.95
Professional Expense	132,647.36	144,052.37
Provision for Loan Losses	74,400.00	77,280.00
Members Insurance	55,598.57	43,003.65
Supervisory Expense	6,898.49	7,572.71
Interest on Borrowed Money	21,798.71	17,948.90
Annual Meeting Expense	14,257.39	15,503.34
Miscellaneous Expense	11,588.02	12,960.14
Total Expenses	$ 1,042,785.88	$ 1,124,132.39
Gross Earnings	$ 2,342,064.72	$ 2,619,177.97
Less Operating Expense	(1,042,785.88)	(1,124,132.39)
NET OPERATING INCOME	$ 1,299,278.84	$ 1,495,045.58
Non-Operating Income	0.00	0.00
NET INCOME BEFORE DIVIDENDS	$ 1,299,278.84	$ 1,495,045.58
Less Dividends on Shares	(718,371.37)	(710,442.37)
Less Certificate Dividends	(471,289.52)	(591,638.63)
Balance to Undivided Earnings	$ 109,617.95	$ 192,964.58

Orderly growth
Risk Reserves 200,000
5% increase
Planning session
Update.
Industry data
Compares favorably.

131
62 Special cong fund.

Report of the Supervisory Committee

A professional firm of Certified Public Accountants was again employed to conduct an audit of all credit union records as of 12-31-89. In accordance with generally accepted auditing standards, each asset, liability, income and expense account was tested. The final report indicated all records and documentations are accurate.

A second audit which is conducted annually by the Kansas State Department of Credit Unions was completed April 30, 1989. Again, all records were found to be in good order and all requirements being met.

With these proper checks and balances, it is clear that the credit union philosophy of "People Helping People" continues to function effectively and efficiently.

Lee A. Spence,
Chairman

Supervisory Committee
Lee Spence, Maggie Mullins, Warren Peterson

Report of the Credit Committee

	1988	1989
Total Number of Loans	8,992	9,103
Total Dollar Volume of Loans Made	$12,438,768	$12,257,529
Number of Loans Made Since April 1, 1948	53,514	62,617
Total Dollar Volume of Loans Since April 1, 1948	$74,009,103	$86,266,632
Loans Charged-Off Since 1948	$265,942	$296,133
Recoveries From Charged-Off Loans	$24,499	$26,253

One of the basic functions of a credit union is to provide a place for members to save and to borrow. As of year end, 92% of the credit union's deposits were being used as loans back to the members. It seems apparent that the credit union is indeed meeting its basic functions.

The major duty of the Credit Committee is to monitor and review the overall lending program and products. The above information indicates the lending program is providing good loans in a fair and equitable environment.

George Sanders,
Chairman

Mark Payne

John McCannon

Credit Committee
George Sanders, Charlene Lind, Kendall Griggs

RESOLUTION

"Credit Unions: True to Their Heritage"

WHEREAS, the recent crisis in the thrift and banking industries has raised grave concern about the safety and soundness of the nation's financial system and the place and functions of the elements within it; and

WHEREAS, competitors of credit unions, in particular the trade associations of the banking industry, have taken advantage of this unrest and uncertainty by attempting to discredit and disparage the nature, purpose and integrity of credit unions; and

WHEREAS, credit unions are unique institutions, chartered to serve as democratic, cooperative, not-for-profit alternatives to the for-profit financial system for the purpose of providing low-cost financial services to working people and their families; and

WHEREAS, they fulfill both a social and an economic purpose by providing a means for ordinary people to guide and manage their own economic destinies to their own benefit, to the benefit of their fellow members, and to the nation at large; and

WHEREAS, credit unions are living up to their responsibility as consumer-oriented financial cooperatives by providing their members with low-cost financial services, fair returns on savings, consumer education and advice, and the opportunity to participate in the ownership and control of the credit union; and

WHEREAS, credit unions are carrying out their historical mission by adhering to their basic philosophy, practices and principles, and are remaining true to their fundamental purpose of serving and supporting their members;

NOW THEREFORE BE IT RESOLVED, that we hereby pledge ourselves to the preservation and protection of the Credit Union System and its freedom to carry out its mission of service; and

BE IT FURTHER RESOLVED, that we call upon government leaders and officials, both elected and appointed, to refrain from any action that would lessen the autonomy, independence and effectiveness of credit unions as unique financial cooperatives.

The credit union system is something I believe in very strongly. The operating principles listed below, aided by the miraculous power of volunteerism, certainly prove out the practicality of the brotherhood of man. As a part of this cooperative system I believe we all have a responsibility to be involved. With the current legislative threats to our very existence, there has never been a greater opportunity to fulfill this responsibility. Please take a few minutes to write your elected legislative officials, encouraging them to support this system which allows individuals a voice in determining their own future.

I am honored to have been selected to carry on the leadership of your credit union. I accept this role as a position of trust and pledge to fulfill it with open and dedicated service. The many words of support and encouragement have been very much appreciated.

Hutchinson Credit Union has possessed the recipe for success for 42 years. Dedicated volunteers and staff, delivering good service and good services for the mutual benefit of a supportive membership. I look forward to carrying this recipe into the future.

Garth Strand,
President

International Credit Union Operating Principles

- Open and Voluntary Membership
- Democratic Control
- Non-Discrimination
- Service to Members
- Distribution to Members
- Building Financial Stability
- On-Going Education
- Cooperation Among Cooperatives
- Social Responsibility