## Branch Locations

**LOUISVILLE**
Main Office
3740 Bardstown Road

Starks Building
455 South Fourth Street, Suite 117

Medical Towers South
234 East Gray Street, Suite 170

University of Louisville
2126 South Floyd Street

Dupont Square
4004 Dutchmans Lane

Stonefield Square
10486 Shelbyville Road

Riverport
7215 Riverport Plaza Drive

Mazzoli Building Downtown
600 Dr. Martin Luther King Jr.
Place, Room 166

Okolona
4816 Outer Loop

Sears Plaza CU Service Center
4917-B Dixie Highway

Westport CU Service Center
2925 Goose Creek Road

**LEXINGTON**
2549 Regency Road, Suite 105

**OWENSBORO**
933 Tamarack Road

**MAIL ADDRESS**
Kentucky Telco Federal
Credit Union
PO Box 18303
Louisville, KY 40261-0303
Fax: (502) 459-8004

Online Banking - www.kytelco.com

Telephone Teller - 502-451-1370 • 800-221-6279

KENTUCKY TELCO FEDERAL CREDIT UNION

*A World Beyond Banking*

**(502) 459-3000 / (800) 292-9490**
**www.kytelco.com**

EQUAL OPPORTUNITY LENDER

NCUA

# 2011

## ANNUAL REPORT

KENTUCKY TELCO FEDERAL CREDIT UNION

*A World Beyond Banking*

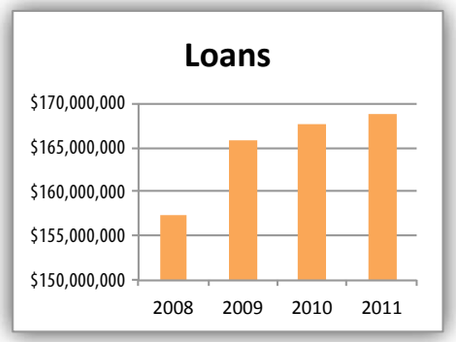
# FINANCIAL REPORT

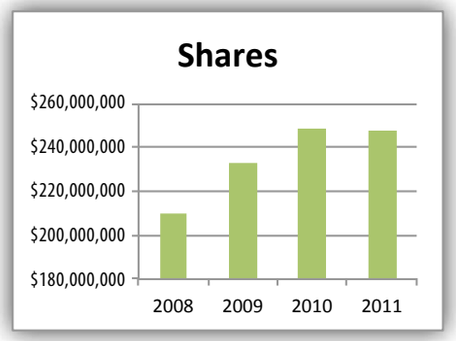
Kentucky Telco Federal Credit Union

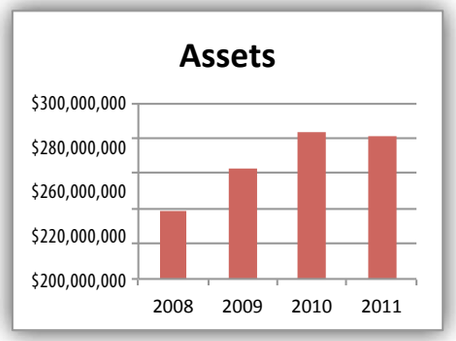
Statement of Condition • December 31, 2011

| ASSETS | |
|---|---|
| Loans to Members (net of allowance for loan loss of $1,554,447) | $168,701,341 |
| Investments | $102,391,365 |
| Cash | $1,587,779 |
| Land, Building, Equipment (net of accumulated depreciation of $4,681,570) | $3,608,169 |
| Other Assets | $4,419,009 |
| TOTAL ASSETS | $280,707,663 |

| LIABILITIES AND EQUITY | |
|---|---|
| Liabilities | $3,586,556 |
| Regular Share and IRA Share Accounts | $128,249,025 |
| Share Draft Accounts | $34,839,663 |
| Share and IRA Certificates | $84,975,358 |
| Reserves and undivided earnings | $29,057,061 |
| TOTAL LIABILITIES AND EQUITY | $280,707,663 |




KENTUCKY TELCO FEDERAL CREDIT UNION

# Volunteers & Executives

## Board of Directors

Chair, Cindy Hall, *Information Systems Solutions, Inc.*
Vice Chair, Tom Mueller, *Global Insurance Mgmt., Co., LLC*
Treasurer, Naomi Christian, *Retired, ProQuest*
Secretary, Jackie White, *Retired, Bellsouth*
Mark Booker, *U.S. Dept. of Justice*
Cora Brown, *Actors Theatre of Louisville*
Sheryl Distler, *Louisville Water Company*
Joan Harvey, *Mercer*
Mark Smith, *University of Louisville*

## Supervisory Committee

Chair, Sheryl Distler, *Louisville Water Company*
Donald Blanton, *Retired, Bellsouth*
Richard Dowdell, *LG&E*
Kevin Roberts, *CPA, Oldham & Roberts (Louisville) and Roberts & Company (LaGrange)*

## Associate Board

Kelly Cummins, *UPS*
Richard Dowdell, *LG&E*
Kevin Roberts, *CPA, Oldham & Roberts (Louisville) and Roberts & Company (LaGrange)*

*All Board and Committee Members are volunteers and serve without pay.*

## Executive Officers

Richard Reese, *President/CEO*
Keith Eskridge, *SVP/Lending*
Ronald Gagliardi, *SVP/Administrative Services*
Vickie Shellenberg, *SVP/Operations & Organizational Development*
Donna Workman, *SVP/CFO*

# President's Report

Thanks to our members, Kentucky Telco Federal Credit Union performed well in 2011, despite the challenging economy and limited lending opportunities. The credit union's assets were $281 million, comparable to the prior year. Our member deposits remained steady at $248 million. The loan portfolio grew to $170 million, a $1 million increase. The credit union's year-end membership exceeded 37,000.

Beyond balance sheet stability, 2011 was also marked by continued improvement in our overall financial position. Our regulator, the National Credit Union Administration (NCUA), noted our excellent financial condition and quality operations during their annual examination. Strong 2011 operating results enabled Kentucky Telco's total capital to increase by $2.6 million, ending the year at $29 million.

The credit union continued making member service improvements. Cash dispensing machines were installed at 3 branches, with more planned in 2012. New account opening software was installed to make the process easier and faster. Our consumer loan process is currently being streamlined, through new software, reduced forms, and administrative changes, to provide prompt decisions and improve your service experience. During 2012, several noteworthy projects will occur including: installation of new ATMs, expanding our surcharge-free ATM network, and improving our loan-by-phone operations.

Kentucky Telco is committed to improving our member service quality and remaining financially strong. We encourage you to contact your credit union first, whenever you need deposit, loan, or other financial products. Our focus remains clear: to provide you with outstanding service, comprehensive product offerings, and exceptional value.

Richard Reese
*President & CEO*

# Chair's Report

On behalf of Kentucky Telco's Board and staff, I want to thank you for the continued trust and support you have given us during 2011.

I am happy to report to you that your credit union continues to prosper. We increased our capital almost 10%, in spite of the difficult, complex economic environment. Our regulators and independent auditors confirmed our financial strength. This strength is a direct result of the leadership provided by a dedicated board and management team.

While we recognize that 2012 will continue to bring challenges, we are also preparing for the economic turn-around. We have put in place a strategic plan to address these challenges and opportunities, while continuing the emphasis on member service improvements.

While our strategic plan continues to be aggressive and comprehensive, we believe it will successfully guide us into the future. Our mission remains to be our member's preferred, lifelong financial services provider. To this end, we invite your suggestions regarding ways to improve service. Most importantly, we thank you for choosing Kentucky Telco to serve your financial needs.

Cindy Hall
*Chair, Board of Directors*

# Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors and is assisted in its work by an independent auditor.

Principal responsibilities of the Supervisory Committee include confirming the performance of audits to ensure that records and reports are prepared promptly and that they reflect the results of the credit union's operations and its financial position. Reviews of operations and internal controls are also made to ensure that they are effective and adequate to protect the credit union, its members, management, and employees. The independent firm of Mountjoy Chilton Medley will complete an audit covering the year 2011.

Sheryl Distler
*Chair, Supervisory Committee*

KENTUCKY TELCO FEDERAL CREDIT UNION