

The background of the cover features a photograph of a calm lake with mountains in the distance under a cloudy sky. The image is overlaid with a large, dark blue, semi-transparent geometric shape that starts from the top right and extends towards the bottom left, creating a modern, layered effect.

2019

ANNUAL REPORT

President/CEO and Board Chair



Dave Boden



Patrick McGuiness

Greetings

Wow. This isn't the President/Chair Report we thought we'd be writing when our marketing team gently reminded us it was coming due several weeks ago. Truly, almost everything about life has changed. Things we used to take for granted — a dinner out, a glass of wine at an industry happy hour, full shelves at the closest grocery store — are now things we miss, and like many of you we will never take these things for granted again.

We have so much gratitude for so many people during this time. The retail store employees, delivery drivers, restaurant workers, and of course, credit union team members are working tirelessly to ensure we're able to meet our basic needs. Our healthcare workers and law enforcement are putting themselves quite literally on the front line of this pandemic. We're sending you all our thoughts, prayers and so many thanks.

A safe place for your money

While so much has changed, one thing remains steadfastly the same — the nation's financial system operations are still strong. Your money is safe at Hiway and remains fully insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. We remain extremely healthy and sound from an operational perspective, and we have plans in place to ensure we emerge from the pandemic in the same strong position.

If you have retirement accounts or other investments, it's been a tough run. At Hiway, we have options. If you're looking to earn a little better rate of return on your money, while insulating your savings from market volatility, I'd invite you to take a look at our certificates, our money market accounts, or our new high-yield checking account. Rates of return vary, but you'll never end up with less than you put in. Please contact us anytime; our investment and insurance team is here to help you with a free review of your situation, and may have other avenues for you to explore, too.

People helping people

As a not-for-profit credit union, we have long been committed to working with members along their 'road of life,' even — or maybe especially — when that road gets difficult. We've created relief measures for members and business members who are experiencing financial distress. Some of these include extended loan payment deferments (Skip-a-Pay), debt restructures, low-interest emergency loans, and fee waivers for hardship scenarios. As the situation evolves, we will consider additional offerings to help our members facing hardship.

In addition, we're supporting our communities in entirely new ways. We have been sending lunch from local restaurants to our essential workers, including childcare workers at the YMCA and healthcare workers at our VA Hospital, and we've challenged other credit unions to do the same. Our Foundation has also donated supplies and other essentials to support those most in need. We're continuing to explore more ways to give back during this time.



Board of Directors

Patrick McGuiness
Chair

Sue Mulvihill
Vice Chair

Jeff Schwalen
Secretary

Kim Collins
Director

Doug Differt
Director

John Dillingham
Director

Lori Hodapp
Director

Leonard Leitner
Director

Pam Tschida
Director

Sophia Xiong-Yang
Associate Board
Member

A look back

Of course, part of the reason for this report is to reflect on 2019, in the pre-COVID-19 days. And, in 2019, we had a lot to celebrate, thanks to your support. We are happy to report that 2019 was a record-setting year for Hiway in a number of different ways. Now in our 89th year, we have grown to serve more than 77,500 members. We finished the year with **\$1.24 billion in assets**, \$366 million in loan production (nice growth from our healthy \$328 million in 2018!), and record debit and credit card transactions of \$464 million (up from \$433 million). Our delinquency rate remains very low at 0.60%, and our charge off rate came in at 0.27%. In addition to our strong growth, we had a good income year as well. We were able to provide outstanding return to members with market-leading certificate rates, invest in the long-term success of the credit union, and build our reserves with a return on assets of 0.55%.

What do the above growth numbers mean to you? They can mean a lot to your own bottom line.

According to the Credit Union National Association (CUNA), Hiway provided **\$16,336,951 in direct financial benefits** to our 75,941 members during the 2019 calendar year. These benefits are equivalent to approximately \$215 per member, or \$452 per household. Our most loyal member households – those who use more Hiway products and services than average – received \$873 in direct financial benefits. Our not-for-profit model means our earnings are returned to you in the form of lower loan rates, higher savings rates, and fewer fees – the more you work with Hiway, the more you can save and earn.

Last year, we supported many different organizations and causes, including raising over **\$26,000 for our longstanding partner, Gillette Children's Specialty Healthcare**, by way of our popular summer cookouts and associate jeans days. Our Hockey Kids4Kids fundraising effort was again a success, with dozens of youth hockey teams raising more than **\$31,000 for Gillette** (our three-year total with this program is **nearly \$75,000!**). As part of our ongoing commitment to financial literacy in young people, Hiway Credit Union Foundation again awarded **\$10,000 in student scholarships**, as well as supported our educators with **\$12,200** in grants for field trips, concerts, and other curriculum enrichments.

We are here for you, and will remain here for you

Though we don't yet know when our operations can return to "normal," we're working through this difficult time together. We can't say enough about the spirit and dedication of our associates – continuing to work hard every day under difficult circumstances to provide essential financial services to all of you – our members. We know we will get through this, and will gradually return to normalcy, enjoying those once seemingly small outings and gatherings again. We are optimistic we will emerge stronger as an organization, a community and a country.

We're in this together. I'd like to thank you for your continued membership in Hiway Federal Credit Union. It's because of your loyalty that we can give so much back to our members, associates and communities, and because of your loyalty that we are in a strong position to help members financially affected by the pandemic.

We look forward to many more years *with you on your road of life.*

ENGAGEMENT
EXCELLENCE
COMMUNITY
INTEGRITY
RESPECT
INNOVATION

Supervisory Committee

Melissa Coutier
Chair

Daniel Kahnke
Committee Member

Gordon W. Kordosky
Committee Member

Larry Schmitz
Committee Member

Cory Starkweather
Committee Member

Supervisory Committee Chair



Melissa Coutier

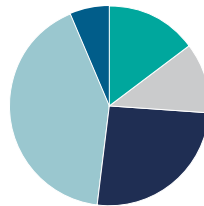
The Supervisory Committee, which consists of volunteer members of Hiway Federal Credit Union, provides oversight over financial management practices and procedures to ensure compliance with the National Credit Union Administration (NCUA) regulations and Hiway's bylaws and policies.

To assist the committee, the Risk Management Department monitors Hiway's day-to-day operations and performs financial and operational audits of its records and functions.

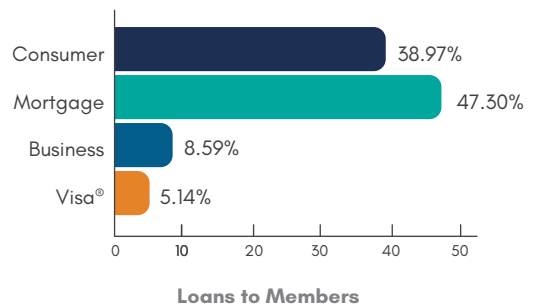
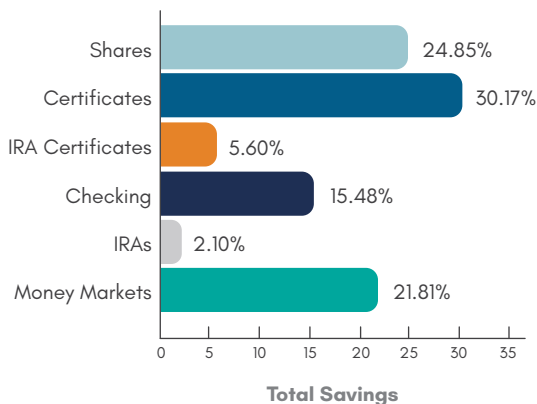
An annual audit of Hiway's financial statements was performed by the certified public accounting firm of CliftonLarsonAllen, LLP. Their report has expressed an unmodified opinion on these statements. The enclosed summary of financial information for 2019 and 2018 is extracted from the financial statements. Copies of the complete financial statements with related footnotes are available upon request.

In this sensitive time we are in, the Supervisory Committee thanks you, the members, for your loyalty and support. On behalf of my colleagues on the Supervisory Committee, I also thank the Risk Management Department, the officials and associates of Hiway for their commitment, adaptability and their commendable delivery of service to the members.

● Dividends Paid	14.93%
● Contribution to Reserves	11.45%
● Operating Expenses	25.74%
● Salary/Benefits Expenses	41.71%
● Provision for Losses	6.17%



Member Benefits & Expenses



Statements of Financial Condition*

	2019	2018
Assets		
Loans to members, net	\$ 850,007,859	\$ 805,929,437
Cash and cash equivalents	62,489,436	32,033,163
Investments	242,092,283	210,486,193
Accrued interest receivable	2,657,453	2,675,608
Property and equipment, net	23,531,762	17,336,593
National Credit Union Share Insurance Fund deposit	9,762,560	9,482,132
Other assets	47,262,988	33,418,927
Total assets	<u>\$ 1,237,804,341</u>	<u>\$ 1,111,362,053</u>
Liabilities & Members' Equity		
Liabilities		
Share accounts and certificates	\$ 1,095,363,471	\$ 981,006,037
Accrued and other liabilities	11,824,935	11,358,388
Total liabilities	<u>\$ 1,107,188,406</u>	<u>\$ 992,364,425</u>
Members' Equity	<u>\$ 130,615,935</u>	<u>\$ 118,997,628</u>
Total liabilities & members' equity	<u>\$ 1,237,804,341</u>	<u>\$ 1,111,362,053</u>

Statements of Income and Expense*

	2019	2018
Interest Income		
Interest on loans	\$ 35,569,644	\$ 32,023,769
Interest on investments	6,718,409	5,819,831
Total	<u>\$ 42,288,053</u>	<u>\$ 37,843,600</u>
Interest Expense		
Share accounts and certificates	\$ 8,429,452	\$ 5,552,494
Net interest income	<u>\$ 33,858,601</u>	<u>\$ 32,291,106</u>
Provision for Loan Losses		
Net interest income (after provision for loan losses)	<u>\$ 3,487,962</u>	<u>\$ 2,733,104</u>
Other Income		
Service fees	\$ 5,030,978	\$ 4,477,946
Gain/(Loss) on sale of assets	271,410	(132,141)
Other income	8,883,047	7,754,780
Total	<u>\$ 14,185,435</u>	<u>\$ 12,100,585</u>
Other Expenses		
Salaries and employee benefits	\$ 23,554,072	\$ 21,931,184
Occupancy expenses	9,196,649	8,593,275
Other operating expenses	5,338,975	3,208,205
Total	<u>\$ 38,089,696</u>	<u>\$ 33,732,664</u>
Net income	<u>\$ 6,466,378</u>	<u>\$ 7,925,923</u>

*Statements of Financial Condition and Statements of Income and Expense include the statements of Hiway Federal Credit Union and its wholly-owned subsidiary, Hiway CU Services, LLC.

Federally insured by NCUA

Year in Review



Sent military care packages to troops overseas, delivered a new lawnmower to a family with a deployed father and supported Burgers for the Troops through the City of Hugo's Yellow Ribbon Network. **Hiway's Beyond the Yellow Ribbon Committee** continually collects donations from associates for care packages, and looks for opportunities to support Minnesota's military community.

Sponsored **Lowertown Sounds**, a summertime concert series featuring live, local music in St. Paul's Mears Park – benefiting the St. Paul Yellow Ribbon Network.



Raised more than \$31,000 for Gillette Children's Specialty Healthcare through **Hockey Kids4Kids**, an award-winning collaboration with the Minnesota Wild, Wild goaltender Devan Dubnyk, Minnesota Hockey and Gillette. Hockey Kids4Kids encourages youth hockey teams to think beyond themselves and use their teamwork off the ice to come up with their own creative ideas to raise funds for Gillette. Twenty-nine teams from around Minnesota participated in the program's second year.



Sponsored the **Minnesota Hockey Rec League** for the 5th consecutive year to help encourage more kids in the Twin Cities metro area to experience ice hockey. The Rec League's volunteer coaches teach new players fundamental skills while fostering a spirit of sportsmanship, fair play and a love of the game.

Hiway is the Official Credit Union of the Minnesota Wild and Minnesota Hockey.

Volunteered to pay it forward with our 5th annual **Pave the Way** initiative, which included sorting and packing food at Second Harvest Heartland, making and serving meals at Ronald McDonald House, preparing sandwiches for the homeless delivered by Love One Another and making greeting cards for Cranes of Hope.

Donated more than \$2,100 and 1,000 toys to **Toys for Tots**. Members generously gave more than \$600 and our Foundation contributed \$1,500.

Donated \$7,500 to **United Heroes League** to help keep military kids active and healthy through engagement in sports.



Senior Vice President of Member Experience and Branch Operations Glen Durbahn was named a **Credit Union Rockstar** by Credit Union Magazine.

Community Outreach Administrator Tina Jones was named to the **Executive Committee** for The National Youth Involvement Board.



Raised more than \$26,000 for Credit Unions for Kids, which provides funds for **Children's Miracle Network (CMN)** affiliated hospitals, locally benefiting Gillette Children's Specialty Healthcare. Funds were raised through associate casual days, raffle tickets, summer cookouts, popcorn sales and more.

Received the **Dora Maxwell Social Responsibility Community Service Award** for our Foundation's Fundraising Curling Event and the **Louise Herring Philosophy-in-Action Member Service Award** for our GPS service excellence program. The statewide awards are sponsored by the Minnesota Credit Union Network (MnCUN) and the Credit Union National Association (CUNA), and recognize credit unions for the activities they coordinate that benefit their community and demonstrate the practical application of the credit union movement's principles in serving their members.

Contributed \$1,000 to sustain funding for the **American Council of Engineering Companies of Minnesota (ACEC/MN) Scholarship Program**. The joint endowment strategy launched in 2009 and annual Hiway contributions are based on aggregate financial transactions by ACEC/MN member firms or their employees.

Named to Kiplinger's Personal Finance list of the **10 Best Credit Unions Almost Anyone Can Join**.



Named one of the **Top Workplaces in Minnesota** by the StarTribune for the 6th consecutive year. Top Workplaces recognizes the most progressive companies in Minnesota based on employee opinions measuring engagement, organizational health and satisfaction.



Serve. Support. Strengthen.

Hiway Credit Union Foundation is an independent 501(c)3 non-profit organization dedicated to helping people be strong, financially stable and healthy. Our Foundation supports families, servicemembers, veterans, schools, disaster relief efforts and community initiatives through charitable donations and volunteerism.

Raised more than \$62,000 at our Foundation **2nd Annual Fundraising Event** at St. Paul Curling Club in November. Profits from the event will benefit financial literacy for underserved youth and be awarded in 2020.

2019 Charitable Donations

Teacher Grants	\$12,200
Student Scholarships	\$10,000
Junior Achievement Finance Park	\$5,000
College Possible	\$1,000
Various Community Donations	\$21,000

President/CEO Dave Boden was named to the **Board of Directors** for the Minnesota Credit Union Network.

Banking that's personal, easy and secure.

Mobile & Online Banking

- Mobile Deposit
- Bill Payment
- eDocuments
- Person-to-Person Payment
- Institution-to-Institution Transfer

Personal Savings

- Certificates
- WINcentive[®] Savings
- Retirement Accounts

Free Checking

- Hi Yield Accounts
- Mastercard[®] Debit Card
- 12 Free ATM Transactions per month
- 63,000+ Fee-free ATMs

Affordable Loans

- Auto
- Home
- Visa[®] Credit Cards
- Recreational Vehicles
- Personal
- Student

Youth Services

- Youth Clubs
- Savings Incentive Programs
- Teen Accounts

Business Solutions

- Savings & Checking
- Loans
- Merchant Services
- Visa[®] Credit Cards
- SBA Programs

With You on the Road of Life

Hiway Federal Credit Union[®] (Hiway) was founded in 1931 to serve the employees of the Minnesota Highway Department. We have since grown our membership to include state agency employees, military servicemembers, small businesses, individuals and families throughout Minnesota. Through the confidence and trust our members place in us and share with their families, friends and co-workers, Hiway now provides a full suite of financial products and services to more than 77,500 members across the country.

Members consistently share with us that it is simply a pleasure to work with Hiway, our service is excellent and our rates are always competitive. We will continue to embrace and deliver value as we serve those who choose Hiway as their preferred financial provider.

Locations

Main Office
111 Empire Drive
St. Paul, MN 55103

MnDOT Building Branch
395 John Ireland Boulevard, Room B-23
St. Paul, MN 55155
(Teller Services Only)

Fort Snelling Branch
5025 East 54th Street
Minneapolis, MN 55417

Hours available at hiway.org. In addition to our locations, you have access to 5,000 Shared Branches nationwide.

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hiway.org

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Phone
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