



2020

ANNUAL REPORT



Dave Boden



Patrick McGuinness

Greetings.

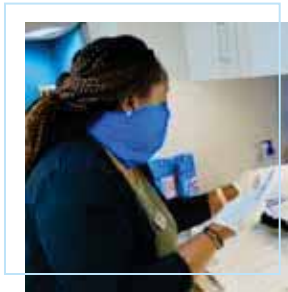
Welcome to SPRING! (We will try not to jinx us, but it has been really feeling good outside.) It's been a year since we put together our last annual report message, and though we didn't know it at the time, we were just beginning what would be an extraordinary year. While it is too early to declare victory over COVID-19 just yet, the pace with which we are vaccinating Americans is promising. At Hiway, we are moving cautiously, as it's important to stay the course, continue to do the right things to slow the spread, and maintain this generally positive trend.

Of course, 2020 was more than COVID (though it's easy to forget that sometimes). It was a year full of tragedy and challenge, but also a year of hope. And, beyond the sunshine, we do have much to be optimistic about.

First, a shout-out.

So many of our fellow citizens have shined this year, and we

have so much gratitude for them. Our healthcare workers have been true heroes, but they certainly aren't alone. Our retail store employees, delivery drivers, restaurant workers, law enforcement officers, and so many others have been working tirelessly for more than nine months now. If you're an essential worker, we are sending you all our thoughts, prayers and so many thanks. And, of course, we'd be remiss not to send a big shout-out to our own Hiway associates — the financial first responders.



Service your way — safely.

Throughout the year, we needed to rapidly shift our operational model in response to mandates and guidance from our state leaders and public health experts. We are so grateful for your understanding and flexibility as we worked through new ways to serve you.

Our new digital channels.

We've been seeing increased usage in our various digital service channels — online and mobile banking, remote check deposit, bill pay – and added a new channel for those of us who still like to see a smiling face as they work through their financial life. Our [Hiway Live Banking \(video chat\)](#) is a great alternative to a branch visit, and our associates can help you face-to-face, from wherever you may be. (Check out our website for a video featuring our new brand

ambassador, 20-year Hiway member and Olympian Carrie Tollefson, trying out the new Hiway Live.)



If you haven't explored our technologies already, now is a great time — you can do almost anything you need to without driving to a branch or leaving the comfort of your couch. We really encourage you to take advantage of everything you can do to complete your business with us with convenience and ease, anytime and anywhere.

If you've been in a branch lately, you may have noticed something a little different — clean, crisp, “fresh mountain” air. Our facilities team has implemented a new air filtration system which uses ionization technology to continuously clean and purify the air we breathe, along with surfaces in the office, drastically reducing germs and particulates. In addition to the incoming fresh, clean air, we have installed touchless sinks and toilets in the restrooms. While these improvements can't 100% eliminate the possibility of any COVID transmission, it will greatly minimize the likelihood and keep us healthier all around.

Giving back — and a renewed commitment.

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.

This is not new to Hiway, but our philosophy has been truly demonstrated over the past year, when a global pandemic met civil unrest, and when racial justice issues were brought into sharp relief.

Throughout the spring and summer, we were energized by our [#CUs4U challenge](#), which inspired other credit unions to support both local businesses and essential workers by providing meals or other necessities. Along with Hiway, more than 40 credit unions from around the state provided thousands of dollars in food and other support. Our Foundation has also donated essentials, including hotspots for St. Paul students needing assistance for remote learning, and supported our educators who have shown great adaptability and creativity, changing lesson plans on a dime for virtual learning.

Our [Hiway Foundation](#) continued their good works throughout 2020, too. In partnership with our associates, we raised and donated [\\$28,000](#) for Gillette/Children's Miracle Network. The Foundation also provided more than \$52,000 in student scholarships, teacher grants financial education efforts and many worthy community organizations.

In addition, we renewed our focus on our [Diversity, Equity & Inclusion](#) efforts. Our Community Action Team moved immediately to support businesses and individuals who had been affected by the unrest, and our internal DEI group has been working to find causes to support and educating our associates on various topics through a series of writings as well as virtual lunch & learns and other

activities. Some great dialogue and learnings have come from these efforts, and we're grateful to have such a diverse team that allows us to learn from each other, and that reflects the diverse makeup of our home communities. Working with our DEI team, to honor Juneteenth and the freedom granted to all enslaved Americans, we made donations to the Urban League of the Twin Cities, Center for Economic Inclusion, and BEAM (Black Emotional and Mental Health), all of which do terrific work on issues facing our Black community. Hiway remains committed to the mission of diversity, equity and inclusion, and we pledge to keep working to do even better.



A new charter, a new look – and new branches.

Despite the challenges, we have had a very strong year — and are excited to offer you even more value. We are now officially [Hiway Credit Union](#) and our charter change opens membership to anyone who lives, works, worships or volunteers in the seven-county metro area and poises us for future growth. Our modern, award-winning brand look pays homage to our transportation history and reflects our commitment to make a positive impact on you on your “road of life.” If you look at the new icon one way, you'll see stripes on a highway; another way, an “H.”

And, perhaps most exciting, we will be opening [two new](#)

BOARD OF DIRECTORS

Patrick McGuiness
Chair

John Dillingham
Director

Sue Mulvihill
Vice Chair

Lori Hodapp
Director

Jeff Schwalen
Secretary

Leonard Leitner
Director

Kim Collins
Director

Pam Tschida
Director

Doug Differt
Director

Sophia Xiong-Yang
Associate Board
Member

[branches](#) — Roseville is newly opened as you read this, and our Woodbury location will be opening in early 2022. While our mission is to be the BEST credit union, not the biggest, expanding our branch footprint will help us attract a broader member base and provide needed service locations, helping us to continue to bring you more and more value — whether by great rates or by new technologies, products and services.



And now, the numbers.

As a not-for-profit credit union, Hiway had a strong 2020, thanks to your loyalty. Now in our 90th year, we have grown to serve more than **79,100 members**. We finished the year with **\$1.5 billion in assets** and **\$922 million in loans**, with strong **mortgage activity** contributing **\$284M** of our portfolio. Our **delinquency rate** remains **very low at .28%**, and our **charge off rate came in at .24%**. We had a strong year in both asset growth and earnings, allowing us to maintain a **solid capital ratio of 9.75%**, which speaks to our financial soundness.

In addition, we were honored to help our consumer and business members who faced struggles due to the pandemic

and economic shutdown(s). We helped hundreds of members who needed a loan modification or deferral, totaling **\$97,834,004**. We provided **disaster relief/PPP loans** to both business and consumers totaling about **\$3.7M**. As a credit union, helping our members when they're dealing with challenges is an important part of our mission. The road of life isn't always smooth, and we're here for you along every part of it.

All these numbers mean good things for our membership. According to the Credit Union National Association (CUNA), Hiway provided **\$9,941,594 in direct financial benefits** to our members last year. These benefits are equivalent to approximately **\$267 per**

household. The households who use more Hiway products and services than average earn more than that number. As a cooperative, our earnings are returned to you in the form of lower loan rates, higher savings rates, and fewer fees — so our most active members receive the most in financial benefit. We'd be happy to help you find more ways to work with us!

Thank you.

We're getting through this, and hopefully by this time next year, the pandemic will be in our rearview mirror. As we move ahead, thank you for your continued membership in Hiway Credit Union. Here's to the journey along your road of life!



Melissa Coutier

Loans to Members

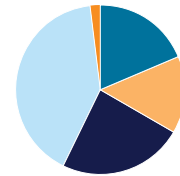
Consumer	34.14%
Mortgage	51.49%
Business	10.17%
Visa®	4.21%

Total Savings

Shares	26.63%
Certificates	27.21%
IRA Certificates	4.94%
Checking	17.47%
IRAs	1.77%
Money Market	21.97%

Member Benefits & Expenses

● Dividends Paid	18.68%
● Contribution to Reserves	14.73%
● Operating Expenses	23.85%
● Salary/Benefits Expenses	40.87%
● Provision for Losses	1.87%



SUPERVISORY COMMITTEE

Melissa Coutier
Chair

Daniel Kahnke
Committee Member

Gordon W. Kordosky
Committee Member

Bill Leifheit
Committee Member

Cory Starkweather
Committee Member

The Supervisory Committee, which consists of volunteer members of Hiway Credit Union, provides oversight over financial management practices and procedures to ensure compliance with the National Credit Union Administration (NCUA) regulations, state laws, 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 2020 and 2019 is extracted from the financial statements. Copies of the complete financial statements with related footnotes are available upon request.

The Supervisory Committee thanks you, the member, 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 and their commendable delivery of service to the members.

	2020	2019
Assets		
Loans to members, net	\$ 917,787,978	\$ 852,305,511
Cash and cash equivalents	74,691,015	62,489,436
Investments	426,304,791	242,092,283
Accrued interest receivable	3,020,401	2,657,453
Property and equipment, net	27,911,202	23,940,953
National Credit Union Share Insurance Fund deposit	11,910,421	9,762,560
Other assets	43,943,357	44,477,059
Total assets	<u>\$ 1,505,569,165</u>	<u>\$ 1,237,725,255</u>
Liabilities & Members' Equity		
Liabilities		
Share accounts and certificates	\$ 1,348,358,747	\$ 1,095,363,471
Accrued and other liabilities	12,608,183	11,745,849
Total liabilities	<u>\$ 1,360,966,930</u>	<u>\$ 1,107,109,320</u>
Members' Equity	<u>\$ 144,602,235</u>	<u>\$ 130,615,935</u>
Total liabilities & members' equity	<u>\$ 1,505,569,165</u>	<u>\$ 1,237,725,255</u>

STATEMENTS OF *INCOME AND EXPENSE*

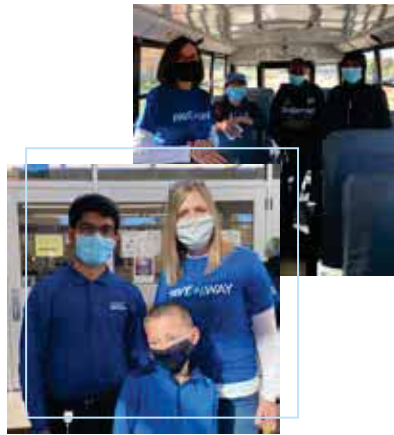
	2020	2019
Interest Income		
Interest on loans	\$ 36,166,641	\$ 35,569,644
Interest on investments	6,283,698	6,718,409
Total	<u>\$ 42,450,339</u>	<u>\$ 42,288,053</u>
Interest Expense		
Share accounts and certificates	\$ 11,071,984	\$ 8,429,452
Net interest income	<u>\$ 31,378,355</u>	<u>\$ 33,858,601</u>
Provision for Loan Losses	<u>\$ 1,110,239</u>	<u>\$ 3,487,962</u>
Net interest income (after provision for loan losses)	<u>\$ 30,268,116</u>	<u>\$ 30,370,639</u>
Other Income		
Service fees	\$ 5,044,467	\$ 5,030,978
Gain/(Loss) on sale of assets	(26,603)	271,410
Other income	11,819,647	8,883,047
Total	<u>\$ 16,837,511</u>	<u>\$ 14,185,435</u>
Other Expenses		
Salaries and employee benefits	\$ 24,232,407	\$ 23,554,072
Occupancy expenses	9,674,076	9,196,649
Other operating expenses	4,468,361	5,338,975
Total	<u>\$ 38,374,844</u>	<u>\$ 38,089,696</u>
Net income	<u>\$ 8,730,783</u>	<u>\$ 6,466,378</u>

2020

YEAR IN REVIEW

Established a partnership with **African-American Credit Union Coalition (AACUC)**. The partnership will allow Hiway to help support AACUC's mission, and strengthen Hiway's commitment to establish and support an environment where everyone is welcome and all members and associates feel comfortable.

Created a **Community Action Team** to help communities affected by tragic events and civil unrest as our country calls for change. We worked with metro-based partners on immediate, short-term relief efforts and the team's mission will focus on what we can do to help in our communities longer term.



Volunteered to pay it forward with our 6th annual **Pave the Way** initiative, which included holding a virtual food drive for the Hallie Q. Brown Community Center, packing meals for Feed my Starving Children, working with St Paul Schools to deliver lunches to students, creating greeting cards for retirement home residents, working with the Kids in Need Foundation and more! Our Pave the Way Day is part of CU Forward Day, where credit unions state-wide come together to spread kindness and see how many lives we can touch in a single day when we demonstrate the credit union philosophy of "people helping people."

Named to Kiplinger's Personal Finance list of the **10 Best Credit Unions Almost Anyone Can Join** and awarded with the second-place Silver in the national category.

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

Named one of the **Top Workplaces in Minnesota** by the StarTribune for the 7th consecutive year.

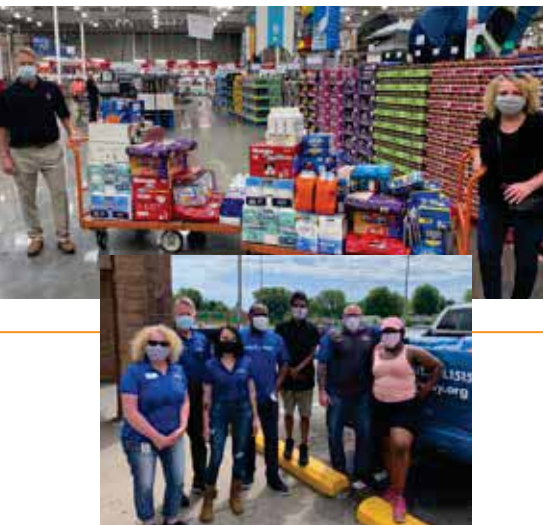
Sent several military care packages to troops overseas throughout the year. Hiway's **Beyond the Yellow Ribbon Committee** continually collects donations from associates for care packages, and looks for opportunities to support Minnesota's military community. Hiway is a proud Yellow Ribbon Company.



Selected as a finalist for the **Twin Cities Business 2020 Best Credit Union**. The awards honor companies that exemplify true excellence in a variety of categories, and one winner and two finalists are chosen through peer voting.



Launched the **#CU4U Challenge**, an opportunity to support both local small businesses and essential workers. Hiway kicked it off by purchasing a meal from a local business and donating the meal to a group of essential workers, then challenged another Minnesota credit union to do the same or similar. Throughout the spring and summer, more than 40 credit unions from around the state provided thousands of dollars in food and other support.



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



Sponsored the **Minnesota Hockey Rec League** for the 6th consecutive year to help encourage more kids in the Twin Cities metro area to experience ice hockey.



Raised more than \$24,000 for Gillette Children's Specialty Healthcare through **Hockey Kids4Kids**, an award-winning collaboration with the Minnesota Wild, 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-three teams from around Minnesota participated in the program's third year during the 2019 - 2020 hockey season. Since inception of the program, more than \$75,000 has been raised for Gillette.

HOCKEY Kids4Kids



Grand Prize Winners, Blaine Bantum B2

Andy Deans, Mortgage Servicing Manager — named **Civilian Beyond the Yellow Ribbon Supporter of the Year** by the 133rd Airlift Wing of the Minnesota Air National Guard. Andy is co-chair of St. Paul Beyond the Yellow Ribbon and an active supporter of many other military-related organizations.

Christine Cordell, Senior Vice President of Organizational Effectiveness — elected to the **National Credit Union Foundation (NCUF) Board of Directors**. The NCUF is the charitable arm of the U.S. credit union movement.

Deb Cariveau-Rogers, Marketing Manager — named **Volunteer of the Year** by the Minnesota Credit Union Network (MnCUN) for her contributions to MnCUN's Foundation Scholarship Council. Deb has served on the council since 2011.



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 \$40,000 at our Foundation Virtual Fundraising Event. 100% of funds raised from the event will benefit financial literacy for underserved youth and be awarded in 2021.

2020 Charitable Donations

\$8,000	Teacher Grants
\$19,000	Student Scholarships
\$13,675	Financial Literacy Efforts
\$20,000	Various Community Organizations
\$28,000	Credit Unions for Kids

Credit Unions for Kids provides funds for Children's Miracle Network (CMN) affiliated hospitals, locally benefiting Gillette Children's Specialty Healthcare. Funds were raised through associate casual days and a contribution by Hiway.

Serve. Support. Strengthen.

With you on the road of life.

Hiway Credit Union® was founded in 1931 to serve the employees of the Minnesota Highway Department. In the many decades since, we have grown our membership to include state agency employees, military servicemembers, small businesses, individuals and families throughout Minnesota. Through the confidence and trust that 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 79,100 members, primarily in the Twin Cities metro area, but also throughout the country.

Your partner for personal, easy and secure financial services.

Remote Services

- Mobile & Online Banking
- Live Banking (video chat)
- Text Banking
- Cards App
- 64,000+ Fee-free ATMs

Savings & Checking

- Certificates
- WINcentive® Savings
- Retirement Accounts
- Free Checking
- Hi Yield Checking
- Youth Accounts

Affordable Loans

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

Business Solutions

- Savings & Checking
- Loans
- Merchant Services
- Cash Management Services



Federally Insured by NCUA

EXCELLENCE
COMMUNITY
INTEGRITY
RESPECT
INNOVATION
ENGAGEMENT

LOCATIONS

St. Paul
111 Empire Drive
St. Paul, MN 55103

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2465 Fairview Ave N
Roseville, MN 55113

Minneapolis
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Minneapolis, MN 55417

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St. Paul, MN 55155
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