

FOR YOU NOT PROFIT

2017 Annual Report



**CBI Federal
Credit Union**

**13717 S. Route 30
Unit 157
Plainfield, IL 60544**

www.cbifcu.org



CBI Federal Credit Union

54th Annual Meeting

March 14, 2018

AGENDA

4:30 p.m.	Registration	
4:45 p.m.	Welcome and Introduction to 54th Annual Meeting	Dave Lacey
	Call to Order and Read Notice of Annual Meeting	Dave Lacey
	Determination of Quorum is Present - Secretary of the Board	Michele Timpe
	Approval of the Minutes of CBI FCU's 53rd Annual Meeting	
	Report of the Directors	Dave Lacey
	Treasurer's Report	Robert Doty
	Credit Committee	Ray Moen
	Supervisory Committee	Doug Miller
	Unfinished Business	
	New Business	
	<ul style="list-style-type: none">• Report of the Nominating Committee• Call for Additional Nominations from the Floor• Election of Directors• Service Recognition	
	Member Questions	
	Door Prize Drawing- Plainfield & The Woodlands	
	Motion for Adjournment	



CBI Federal Credit Union

2017/2018

Board of Directors

David Lacey, President
Gerald Pettit, Vice President
Robert Doty, Treasurer
Richard Poirier, Secretary
Jeff Garrison, Director
Andrew Gould, Director
Thomas Mullen, Director
Nancy Nelson, Director
Eugene Sheeren, Director

Executive Committee

Richard Poirier
David Lacey
Andrew Gould

Supervisory Committee

Douglas Miller, Chairperson
Jong T Hwang
Robert Latzke
Chris Patti
Tyler Schofield

Credit Committee

Ray Moen, Chairperson
Monique Antos
Dan Carroll
Rae Jensen
Deanna Young

Credit Union Employees

Michele Timpe, Manager
Fran Parkison, Assistant Manager
Monique Antos, Loan Officer
Kathleen Wilkinson, Member Service Rep

CBI FEDERAL CREDIT UNION
Minutes of the 2017 (53rd) Annual Meeting

The 2017 53rd Annual Meeting of the CBI Federal Credit Union was held on March 8, 2016 in the Illinois Conference Room at the office of CB&I in Plainfield, Illinois, and via video link with members attending from The Woodlands, TX office. Director Bob Kruger chaired the meeting and Dave Lacey was the Secretary. Monique Antos supervised the recording of the attendance at the Plainfield office and Jerry Pettit at The Woodlands office.

The meeting was called to order at 4:45 p.m. by the Chair, who read to the assembled members the Notice of the Annual Meeting (a copy is attached to these minutes) which was posted on the bulletin boards throughout CB&I's Plainfield and Woodlands, TX offices. The meeting notice was also mentioned in our quarterly newsletter and mailed to all members. Michele Timpe reported to the Chair that a quorum was present.

It was moved by Deanna Young, and seconded by Paul Atkinson, to accept the minutes of the 2016 52nd Annual Meeting. This motion was approved unanimously by the members.

Bob Kruger gave the **Director's Report** prepared by President Dick Poirier, and stated that CBI Federal Credit Union continues to be a financially sound institution. Our major sources of income are interest from loans to members and interest on fully-insured Certificates of Deposits, Money Market Accounts and Government Bonds. During 2016, the Board increased the Term Share Certificate dividend rate from 0.15% to .020% and adjusted Loan rates to remain competitive.

In August 2016 the Management of CB&I asked the Credit Union to create new loans for CB&I employees that were devastated by the August floods in Baton Rouge, LA. This large project provided more than \$3 million in loans to 350 new accounts in less than two months, demonstrating membership benefit to those impacted. This effort provided greater awareness of our Credit Union services to employees in the Baton Rouge area. We also increased our marketing by offering borrowers 1.0% Cash-Back on any new or used vehicle loan and offered a reduced VISA Credit Card intro rate at less than 3.0% for 12 months. Total Loans in January 2017 exceeded \$12M, with more than 60% of our Assets now loaned out. Since financially we had a good year, we declared a year-end bonus dividend of 0.15% on December 31, 2016.

Security and fraud protection efforts continued with the roll-out of Debit Cards utilizing new EMV chip-technology, which complements our EMV-chip Credit Cards rolled out in late 2015. Our 2016 strategic initiatives included: revamping our website (currently under 3rd party development); increased marketing to CB&I offices; and hiring a new office Manager. Bob Doty, our Credit Union Manager for more than 15 years, retired in December, 2016. Michele Timpe, our new Manager was hired in Sept 2016. We welcome Michele and look forward to supporting her in her new role as the CBI Federal Credit Union Manager.

As we look toward the coming year, we will continue to welcome as members the employees at all CB&I companies and locations. The CBI Federal Credit Union has consistently upheld its commitment to our members and continues to be a viable and healthy financial cooperative. We focus on our trustworthy, reliable and friendly staff taking the time to get to know you and to better serve the members' financial needs. On a motion by Thomas Mullen, and seconded by Jeff Baker, the Director's Report was unanimously approved by the members.

Michele Timpe presented the **Treasurer's Report** prepared by Pat Dywan. The report included a brief summary of the Balance Sheet and Income Statements as of December 31, 2016. Total Assets increased from \$19.35M at the end of 2015 to \$19.73M as of 12/31/16. Savings and Share Draft accounts were up by \$556K and Member IRA Certificates and Term Share Certificates were down about \$234K for a net gain of \$322K in member's accounts.

Net Loans increased in 2016 by almost \$4.2M to a new record level. Our Real Estate Loans (First Mortgages and Home Equity Loans) saw a net increase of \$36K and Regular Loans increased by \$4.1M, as we focused on increasing loans to members. VISA balances increased by \$106K. Net Investments (at low current market rates) decreased by \$3.8M, to \$7.3M, as investment dollars were used to fund new loans.

Total Income for 2016 was down \$3.6K, due to non-reoccurring expenses for the Flood Loan program and management transition expenses. Operating Expenses were up \$36K and the Provision for Loan Losses increased by \$6K due to increased loan activity. Regular Net Income for 2016 was \$61.1K.

Our membership increased by 496 over the prior year. Non-performing loan charge-offs totaling \$11.2K were

CBI FEDERAL CREDIT UNION
Minutes of the 2017 (53rd) Annual Meeting

made in 2016, for Auto, VISA, Signature and Instant Advance Loans. The Loans-to-Assets ratio increased from

42% to 62% during 2016, which is nearly 50% higher than 2015. Our capital ratio of 8.5% is above the 7.0% standard set by the federal regulator and exceeds the 5.0% standard set for banks. Our philosophy of "People Helping People", and our adherence to conservative investing, has kept the Credit Union profitable. There was no extraordinary funding required by the NCUA CU Stabilization Fund. In 2016, settlements totaling \$3.2B were won by the NCUA, but the distribution of any excess funds to us will not occur until 2021. On a motion by Krista Smerz, and seconded by Bob Doty, the Treasurer's Report was unanimously approved by the members.

The **Credit Committee Report** was presented by Ray Moen, who reported that the committee consists of Dennis Bass, Chris Patti, Deanna Young, Monique Antos and Ray Moen, as Chairman. The committee meets weekly to review loan applications, with the exception of Mortgage, Instant Advance and Flood Loans, as stipulated by policy. During 2016 the committee approved 198 new loan applications requesting more than \$2.8M, which was an increase of 28% from the \$2.2M approved in 2015. We currently have 680 VISA card accounts on file. In 2016, loans not required to be reviewed by the Credit Committee included: 2 new First Mortgage Loans for \$488K; 45 new Instant Advance Loans for \$44K, and 327 CB&I Secured Flood Loans for \$3.2M. The total amount of new loans written in 2016 increased by \$3.3M over 2015, for an increase of 105%.

The Committee thanked Christopher Patti for his years of service on the Credit Committee along with encouraging fellow members to consider the Credit Union for their borrowing needs, especially with our 1.0% cash-back on vehicle loans and other special loan programs. On a motion by Jessica Stratton, seconded by Jeff Baker, the Credit Committee report was unanimously approved by the members.

The **Supervisory Committee Report** was presented by Doug Miller. The committee consists of Robert Latzke, Tyler Schofield, Deidre Sinchak (Director Rep.), and Doug Miller (Chairman). During 2016, Dennis J. Wagner, an independent Credit Union Consultant, was selected to perform the Annual Supervisory Committee Audit as required by NCUA rules. This audit was completed in October 2016 for the financial period of October 1, 2015 through September 30, 2016. Two recommendations were made and no material concerns were noted. Mr. Wagner also conducted our annual Bank Secrecy Act Audit in October 2016 and provided two recommendations and noted the Credit Union has policies and procedures in place, which are being followed.

During the past 12 months, the Supervisory Committee performed a total of 18 internal audit checks including: four surprise cash counts; membership; share and loan account verification; oversight and disposition of dormant accounts; a review of Allowance for Loan Losses; and audits of on-going file maintenance. No significant discrepancies were noted. The committee thanked retiring former committee Chair Deidre Sinchak for her many years of service on the Supervisory Committee and the Board. On a motion by Shelley Lacey, and seconded by Paul Atkinson, the Supervisory Committee report was unanimously approved by the members.

Copies of all four reports, Agenda of the Annual Meeting, and the attendance list are attached to these minutes.

Unfinished Business:

There was no unfinished business from last year's meeting.

New Business:

The Chair then called for nominations for the election of three Directors. Bob Kruger of the Nominating Committee gave the report. The Nominating Committee consisted of Andrew Gould, Jerry Pettit, Dave Lacey and Bob Kruger as Chair. The Committee nominated Richard Poirier, Eugene Sheeren and Jeff Garrison to be Directors for three-year terms to March, 2020, and Robert Doty and Thomas Mullen for two-year terms to March 2019. These five nominated persons were contacted and have volunteered to serve the members of the Credit Union. Mr. Kruger called for any additional nominations from the floor, and there being none, a motion was made by Dave Lacey, and seconded by Andrew Gould, to elect these five nominated members. This motion was unanimously approved by the members.

CBI FEDERAL CREDIT UNION
Minutes of the 2017 (53rd) Annual Meeting

On behalf of the Credit Union Directors, Committees, Staff, and members, Bob Kruger thanked and presented commemorative plaques to the following retiring Directors for their dedicated service to the CB&I Federal Credit Union.

Pat Dywan	21 years, including 16 years as Treasurer
Bob Kruger	19 years, including 6-years as President, 7-years as Vice President
Deidre Sinchak	10 years, including 3-years as Director, and 7-years on Supervisory Committee

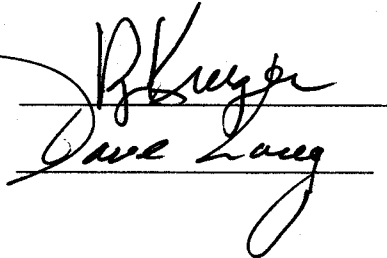
The Chair asked if there were questions, for which the following items were discussed: the possibilities of having a Credit Union presence in Texas; what is the new demographic distribution of the membership (with new members now in Louisiana and Texas); and what marketing is under consideration.

A drawing for five \$50 door prizes was held. Winners were: Michele Timpe, Doug Miller, Jeff Baker, Katye Wilkinson and JT Hwang.

There being no further business to come before the meeting, the meeting was adjourned at 5:40 p.m., on a motion by Fran Parkison, and seconded by Thomas Mullen. This motion was unanimously approved by the members.

Bob Kruger, Chairman

Dave Lacey, Secretary

The block contains two handwritten signatures. The first signature, for Bob Kruger, is written in dark ink and is positioned above a horizontal line. The second signature, for Dave Lacey, is also in dark ink and is positioned below the first signature, also above a horizontal line.

Chairman's Report

As I report on behalf of the Board of Directors, we say it's an honor and a privilege to represent the membership by serving on the CBI Federal Credit Union Board. Those of us on the board are members of the credit union just like yourselves and many of us have vehicle loans, checking accounts or term share certificates here as well. We have a vested interest in not just the financial success of our credit union, but the well-being of you, our fellow members.

Therefore, it is our top priority as board members to guide and support the credit union's manager, staff and volunteer committee members in ensuring that the mission and values of CBI Federal Credit Union are upheld. Just as we value financial strength and stability, it is equally important that we never lose sight of our reason for existence, which is the member-owners of this cooperative. At this credit union, you are more than just an account holder, we believe it is the personal relationship that we have with our members that drives our growth and retention of our existing members.

Members who follow our financials will also be pleased to see that our net worth increased again this year to a net worth ratio of 9.11%. Since our regulator, the National Credit Union Administration, considers 7% to be well-capitalized, CBI FCU is clearly on a solid footing.

This past year, we have seen growth within our credit union, which further attests to the strength of our mission as more people see the benefits of credit union membership. Some highlights of our 2017 performance are:

- Welcomed 178 new members
- Completed 262 loans valued at over \$4.26 million (total all loan categories)
- Closed 5 home loans valued at \$1.28 million (included in total loans above)
- Paid members over \$55,000 in dividends
- Achieved a record 65% loans to assets ratio
- Launched a new easier to navigate, more secure website, suitable for mobile devices
- Updated technology suite of hardware and software through Fiserv, improving efficiency

More financial details will also be shared through our Treasurer and Credit Committee reports.

Maintaining sound stewardship in 2018 is already underway with financial goals and objectives established in our January 2018 budget planning session. These objectives will be further defined during our two-year strategic planning session facilitated by the Illinois Credit Union League in the 2nd quarter of 2018. Four key initiatives will be: 1) tailored training of volunteers based on role needs; 2) exploring growth opportunities through the McDermott / CB&I merger; 3) solicit feedback through member surveys, enabling us to evaluate our existing products and services; and 4) completing a security assessment of all facets of our business processes and systems, which was started in 2017. Cyber security remains an important focus of the board and credit union staff.

We take great pride in the fact that we participate in a financial cooperative, in which each of us plays a part in our mutual growth and success. I would like to recognize the employees, my fellow board members, and all committee volunteers for their dedication and commitment to CBI Federal Credit Union. I also thank our fellow members, for your participation in using the products and services of the credit union, and for the trust you have demonstrated in our employees and Board of Directors. It is with confidence that I say that CBI Federal Credit Union is well positioned to seize all opportunities that present themselves in 2018, and I am optimistic and excited for our future.



David Lacey, President



Chairman's Report

2017 Accomplishments

- Welcomed 178 new members
- Completed 262 loans valued at over \$4.26 million (total all loan categories)
- Closed 5 home loans valued at \$1.28 million (included in total loans above)
- Paid members over \$55,000 in dividends
- Achieved a record 65% loans to assets ratio
- Launched a new easier to navigate, more secure website, suitable for mobile devices
- Updated technology suite of hardware and software through Fiserv, improving efficiency

2018 Objectives

- Strategic plan for the next two years
- Exploring growth opportunities through McDermott/CB&I Merger
- Member survey
- Security Assessment of all facets of business processes and systems

Manager's Report

I want to welcome you to our 54th Annual Meeting. The year of 2017 will go down as possibly a year of significant changes. One of the major changes we experienced was the transition of our Manager and CEO. Mr. Robert Doty retiring with 15 years of service with CBI FCU. Bob retired at the end of December 2016 and worked through February 2017 as a consultant to transition our new Manager/CEO Michele Timpe. We thank Robert Doty for his many years of service to the credit union and the membership.

As the new Manager/CEO, I have much to learn about CB&I but look forward to the challenges and opportunities that come my way. The one thing I know for certain is there is constant changes in our life; and changes will continue as we look to the future.

Each and every day, we base our decisions on bringing value to our entire membership in the form of new services, new ways to interact with you, and superior member satisfaction. Also as the financial needs of members continue to change, we recognize that we must continually evolve and keep pace with advances in technology and security. Helping people financially is at the heart of what we do, so we are all proud to have helped more people than ever last year.

As you'll learn in the Treasurer's Report, the Credit Union was profitable and our net worth increased. We are proud of these successes, and we believe they are made possible by the commitment to member service and satisfaction exhibited by our team.

Our success goes hand-in-hand with the success of our members, and our solid growth last year means we have more earnings to give back to you, the member-owners. As a not-for-profit financial cooperative, we are able to pass our profits onto the members by offering better rates, new products, and a few more services. For the second year in a row, we were also able to pay a special Bonus Dividend to our members as a way to individually thank you for your continued support and trust in your credit union.

The Bonus Dividend is one of the many ways that we continually put our members first. We strive to deliver Outstanding Service to our members with products and services that genuinely improve your financial wellbeing and with a team of employees committed to making a positive difference in your lives. Outstanding Service is a part of who we are at CBI FCU, and I am proud to be a part of an organization that truly takes that motto to heart.

Many of you have seen some of these changes already in 2017:

- New Website to further educate the membership on the wide array of products and services we offer.
- Enroll online to sign up for Virtual Branch
- Placed additional security protocols for Wire Transfers
- Capability to receive same day ACH

As we move forward in 2018 we will continue to upgrade and enhance our systems, products and services such as:

- Enhance electronic access channels to add the convenience of online Loan and Membership Application
- Capability to send secure email
- Continue further education in IRA's

In closing, I like to thank each of our employees, the Board of Directors, Supervisory Committee and Credit Committee and most important you- the members which are an integral part of the credit union. It is because of your participation that I can report another successful year at CBI FCU. We will continue to listen to you so that we can continue to build the products and services that you want and need. Your vision and support will no doubt lead the credit union to new heights, and I am looking forward to the joy and success that 2018 will bring for all of us.



Michele Timpe

Michele Timpe, Manager/CEO

CBI Federal Credit Union

Treasurer's Report for 12/31/17

With improved financial results in 2017, the CBI Federal Credit Union is ready and able to serve our members' needs. Operational stability is due to the capital reserves that members have helped us build over the last 54 years. Our 9.1% capital ratio is above the 7% standard set by our federal regulator and exceeds the 5% standard set for banks. Our philosophy of "People Helping People" and our adherence to conservative investing have kept us profitable.

Please turn to Page 1 of the Annual Report. In the Assets section, Regular Loans decreased by \$100,000, as Baton Rouge Flood Loans are being paid-off, while First Mortgages increased by \$681,000 and VISA balances increased by \$78,000. Net Loans increased in 2017 by \$533,000 to a strong level. Net Investments decreased by \$800,000, to \$6.5 million, as investment dollars were used to fund new loans.

In the Equity section, Members' Savings and Share Draft accounts were down \$329,000 while IRA Certificates and Term Share Certificates were up \$186,000, for a net reduction of \$143,000 in member's accounts. Regular Reserves and Undivided Earnings is now a record amount of almost \$1.8 million, and Total Assets grew by \$13,000 to \$19.74 million as of 12/31/17.

On Page 2, Total Income for 2017 was up \$108,000 due to growth in new loans. Operating Expenses were up \$24K, due mostly to increased processing costs. The Provision for Loan Losses increased by \$19K, and Dividends were up by \$8K. These figures produced a Net Income of \$118,600 for 2017, which was \$57K more than last year.

At the bottom of the page there are no entries for special assessments by the National Credit Union Association in 2016 or 2017.

On Page 3, our Number of Members was up by 30 over the prior year. We charged-off \$44,571 in non-performing loans. At the end of 2017 we had a large amount of Delinquent Loans due to slow-pays, and we are working on these. Our Loans-to-Assets ratio increased from 62% to 64% during 2017, and our goal for 2018 is to keep this ratio at more than 62%. There was an increase in the Net Income Return on Assets (ROA) from 0.31% to 0.60% which is above the 0.40% that the NCUA wants us to achieve.

During 2017, our dividend rate remained consistent at 0.20% and we paid a special year-end bonus dividend as well. Interest rates in the market-place are expected to increase during 2018 from current low levels.

With the December announcement of a CB&I merger with McDermott International in the next 3 months, we will be making efforts to reach out to the new corporate management. With good loans and sufficient reserves making the Credit Union well capitalized, we expect our financial stability to continue in 2018.


Robert Doty, Treasurer



CBI FEDERAL CREDIT UNION
13717 S. Route 30, Unit 157
Plainfield, IL 60544

Charter Number 15848

Page 1

Financial and Statistical Report

12/31/2017

12/31/2016

BALANCE SHEET

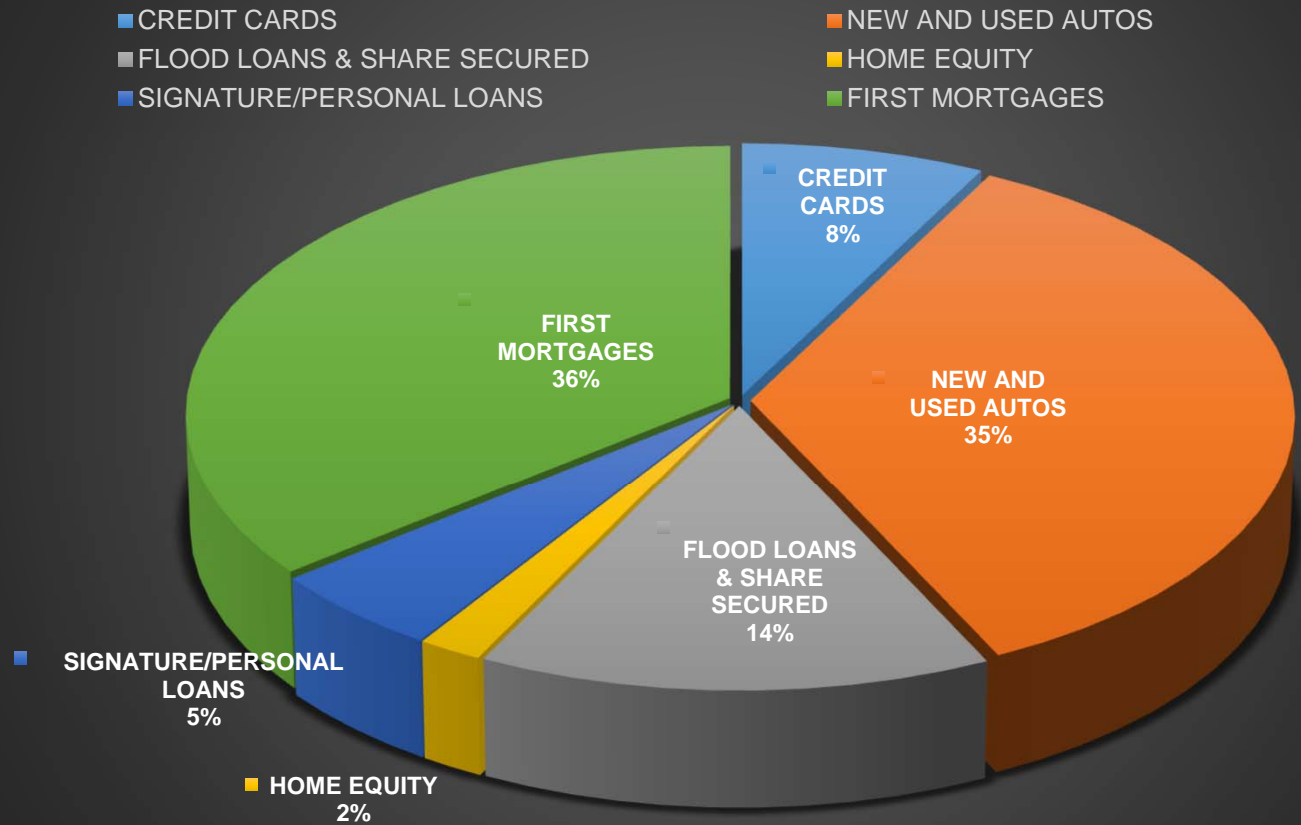
Assets

Regular Loans	6,987,585	7,087,391
First Mortgage Loans	4,572,533	3,891,127
Home Equity Loans	231,727	356,719
VISA Balances	980,183	902,475
Total Loans	12,772,028	12,237,712
Less: Allowance for Loan Losses	(73,996)	(73,126)
Net Loans	12,698,032	12,164,586
Cash	272,421	133,135
Federal Agency Securities / U.S. Gov't Obligations	800,000	800,000
Alloya Corporate F.C.U. Deposit	669,156	915,481
Alloya Corp. Certificates of Deposit	0	0
Certificates of Deposits at Banks & CUs	4,348,131	4,668,153
Money Market Accounts at Banks & CUs	513,138	749,273
VISA Clearing Fund	41,739	43,297
NCUSIF Capital Deposit	177,169	172,924
Net Investments	6,549,333	7,349,129
Furniture, Equip. and Office Space (net of depreciation)	1,402	2,186
All Other Assets (prepaids and accruals)	221,961	80,956
Total Assets	19,743,150	19,729,992

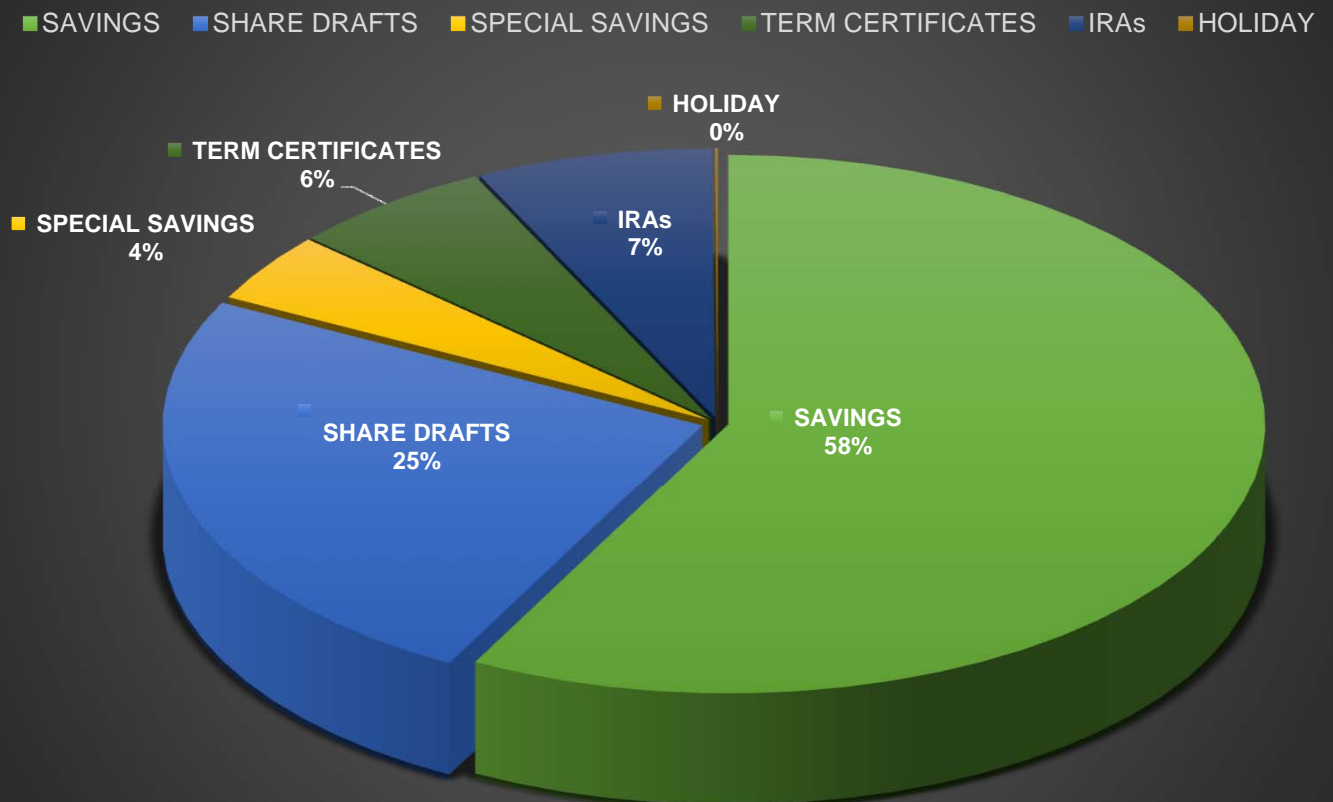
Liabilities and Equity

Accounts Payable & Disputes Pending	12,441	6,129
VISA Payments in Process	0	(60)
Dividends Payable	0	0
Taxes Payable	29	11
Accrued Expenses	18,242	14,999
ATM in Transit or Drafts in Process	42,991	14,629
Total Liabilities	73,703	35,707
Members' Savings	11,061,919	11,130,220
Holiday Club Savings	15,706	17,388
Share Draft Accounts	4,427,156	4,687,107
Term Share Certificates	1,093,427	1,036,647
Individual Retirement Accounts	1,271,786	1,142,057
Total Shares	17,869,994	18,013,418
Regular Reserve	500,000	500,000
Undivided Earnings	1,299,452	1,180,867
Total Liabilities and Equity	19,743,150	19,729,992

Loan Portfolio as of December 2017



Shares/Deposits as of December 2017





CBI FEDERAL CREDIT UNION
13717 S. Route 30, Unit 157
Plainfield, IL 60544

Charter Number 15848

Page 2

Financial and Statistical Report

12/31/2017

12/31/2016

STATEMENT OF INCOME

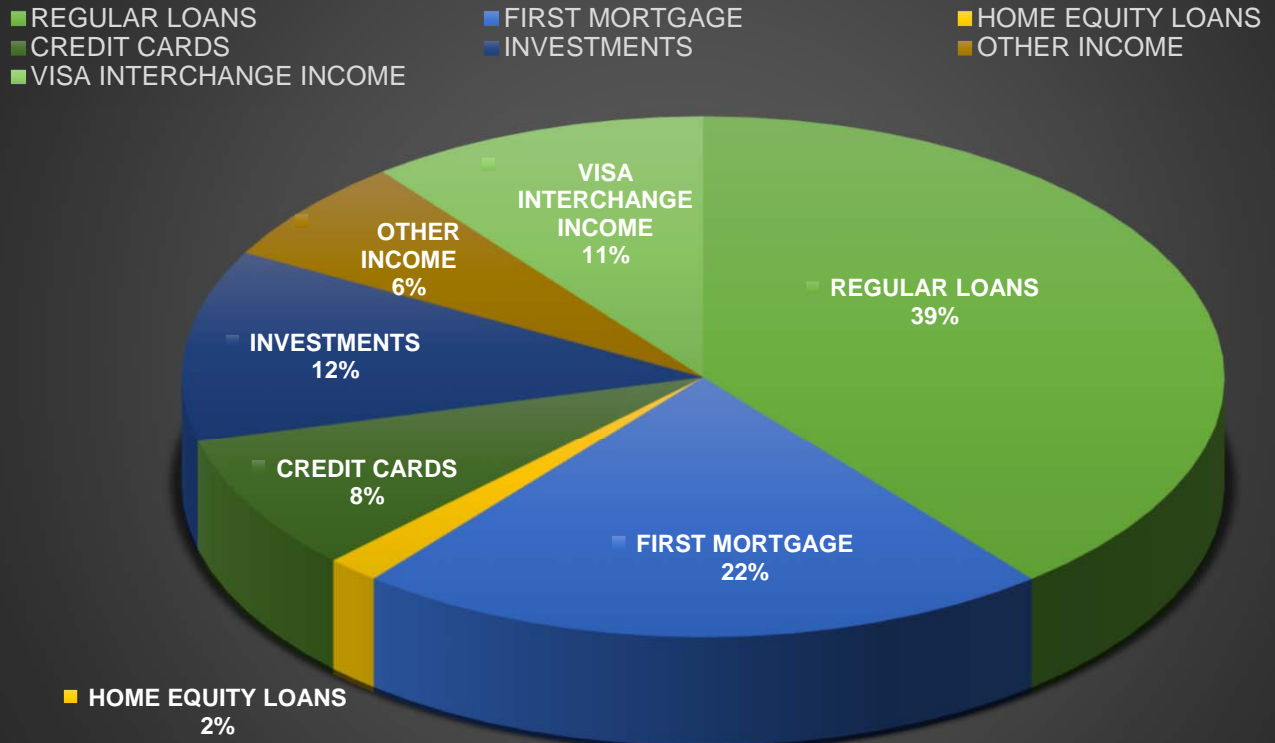
Income

Interest from Regular Loans	299,984	187,008
Interest from First Mortgage Loans	166,353	162,137
Interest from Home Equity Loans	12,729	14,101
Interest from VISA	65,154	57,752
Total Income From Loans	544,220	420,998
Interest from Investments	91,080	130,755
Total Interest Income	635,300	551,753
VISA Interchange Income (Debit & Credit Cards)	80,859	76,808
Other Income (Fees and FML Referral Income)	49,963	34,480
Gain on Investments (or Loss)	0	(5,040)
Other Non-Operating Gain (or Loss)	26	3
Total Income	766,148	658,004

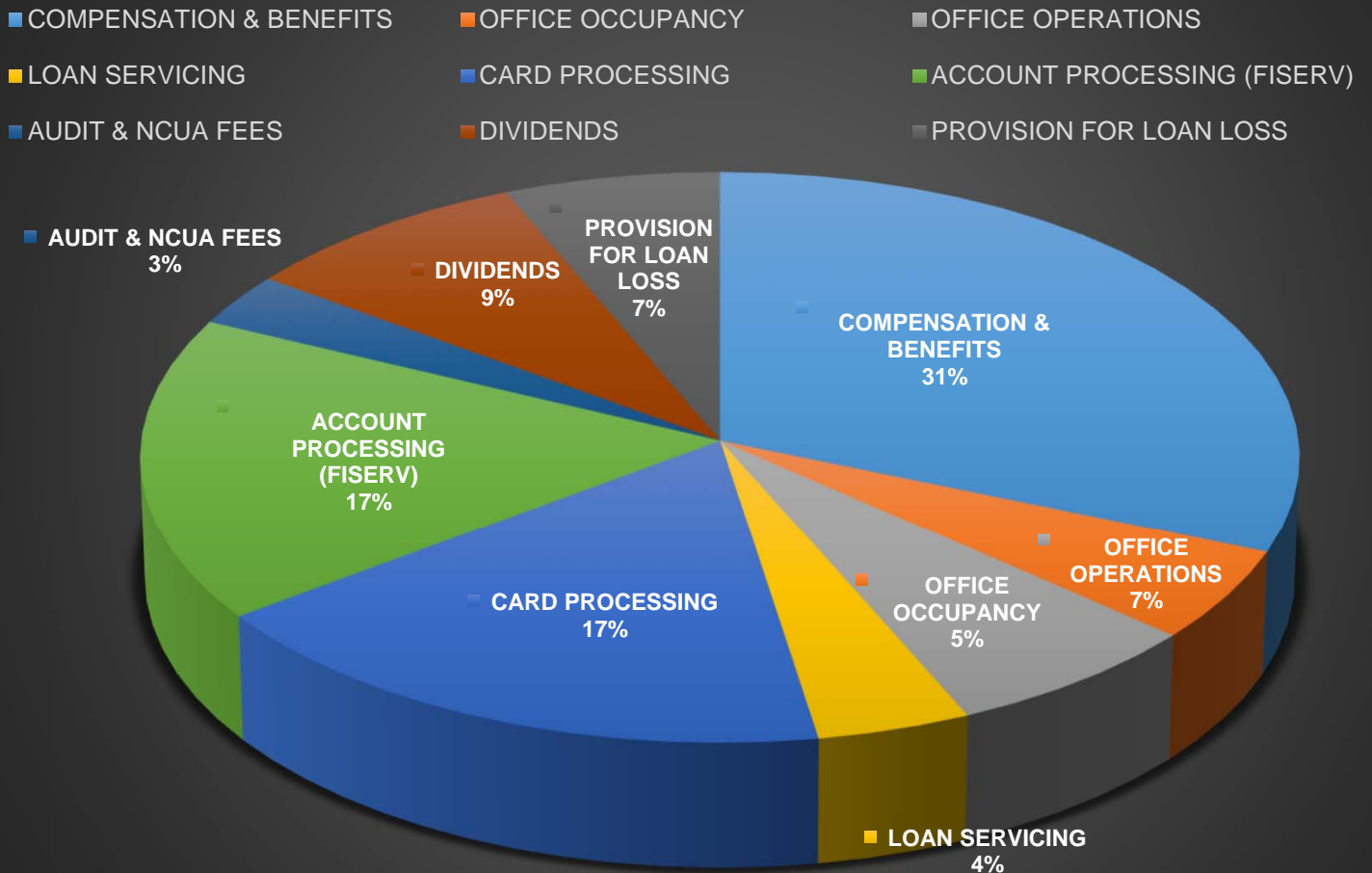
Expenses

Employee Compensation	176,974	185,648
Employee Benefits	24,145	28,340
Association Dues (ICUL)	11,563	11,035
Office Occupancy	33,417	32,903
Office Operations	44,419	49,934
Loan Servicing + FML Costs	26,085	16,067
Card Processing Expenses (CSCU/FIS, LSC/ICUL)	111,604	101,283
Account Processing Services (Fiserv, FSCC, CO-OP)	110,890	94,307
Audit and NCUA Examination Fees	7,660	6,402
Miscellaneous (incl. Fraud Losses of 3,882 in '17 & 1,497 in '16)	4,532	1,697
Total Operating Expenses	551,289	527,616
Provision for Loan Losses	41,000	22,000
Interest Paid on Borrowed Money	0	0
Total Expenses Before Dividends	592,289	549,616
Dividends Paid (Dec. Bonus Div. of 0.20% in '17 & 0.15% in '16)	55,274	47,294
Total Expenses	647,563	596,910
Regular Net Income (before Extraordinary Expenses)	118,585	61,094
NCUA Corporate Stabilization Plan (5 yrs. = \$121K)	0	0
NCUA Assessment for NCUSIF (none was required)	0	0
Reported Net Income (after NCUA Assessments)	118,585	61,094

Distribution of Income



Distribution of Expenses





CBI FEDERAL CREDIT UNION
13717 S. Route 30, Unit 157
Plainfield, IL 60544

Charter Number 15848

Page 3

Financial and Statistical Report

	12/31/2017	12/31/2016
Amount Transferred To Regular Reserve	0	0
Net Income Transferred To Undivided Earnings	118,585	61,094
Number of Members at Year-End	2,091	2,061
Dollar Amount of Loans Made During the Year	3,927,684	6,529,385
Number of Net New Loans Made During the Year	234	572
Dollar Amount of Loans Made Since Organization	76,554,036	72,626,352
Number of Loans Made Since Organization	12,411	12,177
Dollar Amount of Delinquent Loans at Year-End	522,522	40,280
Loans Charged-Off	44,571	11,166
Recoveries on Loans Charged-Off	4,436	2,180
Home Equity Lines of Credit	707,700	1,017,700
Number of Active Home Equity Loans	7	9
VISA Lines of Credit	4,752,220	4,246,920
Number of VISA Credit Cards on File	780	687
Number of Active Classic Cards	267	229
Number of Active Platinum Cards	186	176
Loans / Shares Ratio	71.47%	67.94%
Loans / Assets Ratio	64.69%	62.03%
Total Investments / Assets Ratio	33.17%	37.25%
Total Reserves + ALL / Assets Ratio	9.49%	8.89%
Total Reserves + ALL / Total Loans	14.67%	14.33%
Delinquent Loans / Total Loans	4.09%	0.33%
Return on Average Assets (ROA)	0.60%	0.31%
NCUA Net Worth / Assets Ratio (Capital Ratio)	9.11%	8.52%
Regular Net Income Percent of Total Income (before NCUA Assessments)	15.48%	9.29%

Credit Committee Report

The Credit Committee is appointed by the Board and is responsible for reviewing all individual Loan and VISA applications, approve or decline them based upon Credit Union's Loan Policy, member's credit report and their debt to income ratio.

Believing in our members, giving them a chance, and helping them make their dreams come true are some of the key reasons why we enjoy what we do. At a minimum we meet weekly to review all applications received by the Credit Union during the previous week. The only exceptions are applications for First Mortgage Loans, and Instant Advance Loans, that are not reviewed by the Credit Committee.

During 2017 the Committee approved 213 applications (7%) for new loans requesting more than \$2.9 million dollars. This amount of new loans that the Committee approved in 2017 increased by 4% from the \$2.84 million approved last year. Our most popular loan products this year were new and used automobiles.

In addition, we currently have 780 VISA Credit Card accounts on file which were reviewed by the committee during the years of application and any subsequent time of line of credit changes.

Other loans in 2017 consisted of the Credit Union closing on 5 new First Mortgage Loans for more than \$1.2 million dollars. Through our partnership with Any Hour Mortgage we are able to assist in providing mortgage services to many members. The Credit Union evaluates all applicants and chooses to service only the loans that best fit our long-term goals. Also 43 new Instant Advance Loans were written for \$36K. These two groups of loans are not reviewed by the committee.

Your Credit Committee are Members too. We encourage fellow Members to consider the Credit Union for their borrowing needs, especially during our loan promotions. In the coming year, you can expect to see more loan products and promotions.

The Credit Committee Chair wishes to express its appreciation for the excellent work performed from our volunteers who serve: Deanna Young, Dan Carroll, Rae Jensen, and Monique Antos.

Respectfully Submitted:



Ray Moen
Chairman of the Credit Committee

CBI Federal Credit Union
Supervisory Committee Report
Annual Meeting on March 14, 2018

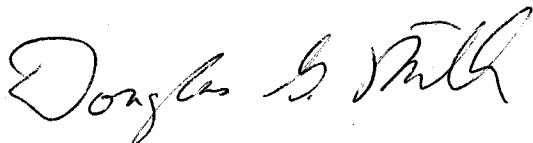
The Supervisory Committee for the past year has consisted of Robert Latzke, Tyler Schofield, Chris Patti, JT Hwang, and Doug Miller (Chairman). As volunteers, we conduct our activities with the utmost privacy for all of our members.

During 2017, Dennis J. Wagner, an independent Credit Union Consultant, was selected by the Supervisory Committee to perform the Annual Supervisory Committee Audit as required by NCUA Rules. This audit was conducted during July and September of 2017 for the period from October 1, 2016 thru June 30, 2017. The period was less than 12 months because of our desire to shift the Supervisory Committee audit to a separate time from the NCUA examination which happens in the Fall. Mr. Wagner's report was received in September. It provided six recommendations, but no material concerns were noted.

In addition, Mr. Wagner conducted our annual Bank Secrecy Act Audit during July and September for the same period of time. Mr. Wagner's report provided two recommendations but stated that the credit union has policies and procedures in place to follow regulatory guidelines and that these appear to be followed.

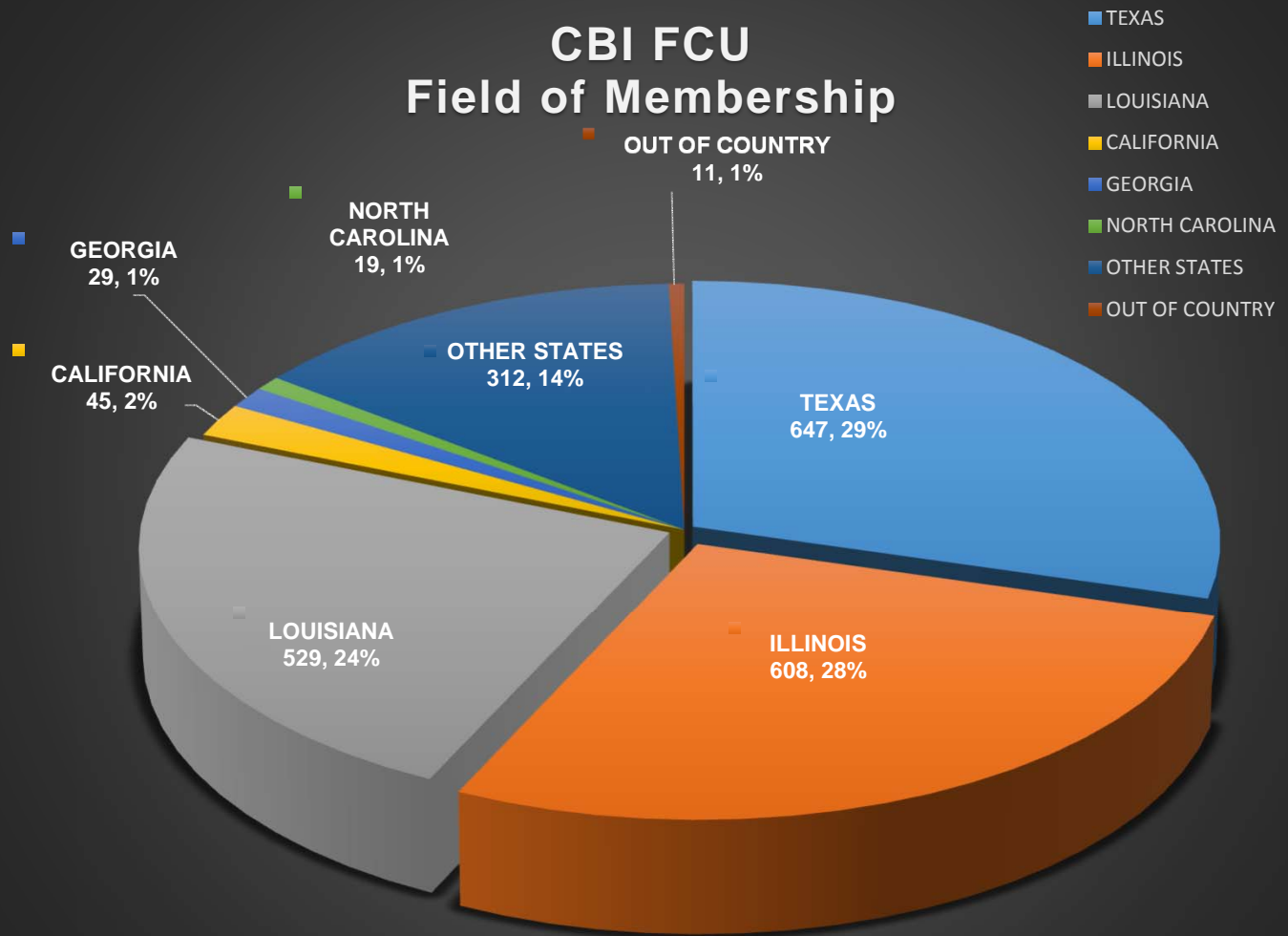
During the past 12 months, the Supervisory Committee has continued to perform some auditing functions for the Credit Union. A total of 21 internal audit checks were conducted. Among the projects and audits completed were the Biannual Account Verification, three surprise cash counts; membership, share and loan verifications; oversight of the disposition of dormant accounts, two reviews of our Allowance for Loan Losses, a file maintenance audit and for the first time a data processing audit. No significant discrepancies were noted, but worthwhile improvements to credit union practices resulted from some observations. Both our outside auditor and the NCUA examination reported an active Supervisory Committee function. It is also noted that these activities allowed the Credit Union to save the cost of having these tasks outsourced.

Respectfully Submitted: March 14, 2018

A handwritten signature in cursive script, appearing to read "Douglas B. Miller".

Douglas Miller
Chairman, Supervisory Committee

CBI FCU Field of Membership





Products and Services

Savings Made Easy

Basic Share Account, Holiday Club Account

- Each of these accounts offers you the convenience of Direct Deposit which automatically deposit funds from your paycheck into the account designate.

A Checking Account with a Difference

VISA Debit Cards or Bill Payer

- Enjoy ultimate convenience with our different types of checking accounts. Save money with no minimum balance or monthly service charge. A VISA Debit card is available for easy account access

Investments

Share and IRA Certificates- Traditional and Roth IRAs

- Choose from a number of investment opportunities that benefit from exceptional dividends.

Loans and VISA

- New and Used Vehicles
- VISA Credit Card with Cash Back
- Personal Loans/Signature
- Share Secured Loans
- Boat Loans and Recreational Vehicle
- First Mortgages

Electronic Services

- ACH Transfers
- Virtual Branch
- E-Statements
- Bill Pay

Other Member Service Highlights

- Shared Branching
- Wire Transfers
- Notary Services
- Quarterly Newsletter

