

TRUSTONE FINANCIAL
80TH ANNUAL MEETING OF MEMBERS



2018
ANNUAL REPORT

St. Cloud, Minnesota | Opened August 2018

80 YEARS STRONG

The world of finance has changed dramatically since TruStone Financial's founding in 1939, but over the past eight decades, the credit union has remained true to our core values. We are here for our members—to teach them, to understand their goals and to help them secure their financial futures. All of the changes the credit union has undergone over the years have been made based on our dedication to supporting our members and our communities.

Our commitment to improving the financial well-being of our communities is the reason we offer financial advice, support financial literacy and always strive for the best—in products, technology, rates and service. As your neighborhood credit union, we're here for you, no matter your background or stage in life.



TRUSTONE[™]
FINANCIAL



LETTER FROM THE CHAIRMAN

Eighty years ago, a small number of teachers gathered in Carl Nelson's living room to form what is now known as TruStone Financial Federal Credit Union. Who would have imagined that their idea would grow to become the third largest credit union in Minnesota and the financial partner to almost 100,000 members in the Upper Midwest?

Those first volunteers and members laid the cornerstone for our success. Their vision remains alive in our board of directors, who are committed to providing you—our fellow members—with the best possible financial products and services. Our board members are all volunteers, your neighbors and friends, who take time from their busy personal and professional lives to serve the credit union. Many board members have served for more than a decade. We are thankful for all of their time and dedication.

TruStone Financial remains focused on improving the lives of our members by delivering good value, providing financial products and services that fulfill your needs and by giving back to the community. Our conservative management strategies and policies, the skills of our employees and the commitment of our board all combine to provide you with the financial products that meet your changing needs.

TruStone Financial believes that focusing on members also means providing exceptional member service. To measure how we are doing, we routinely solicit member feedback through surveys and a "secret shopper" program, as well as through the Branch Ambassador program where members share honest feedback with branch managers about their experiences. These methods not only open genuine communications with members, but provide valuable input that helps us improve the credit union. We are tremendously proud of the positive feedback that you routinely provide our employees.

TruStone Financial is one of the strongest credit unions in the region. Our commitment to serving your financial needs has contributed to our success since 1939. As we embark on a new year, you can be assured we will continue to grow and prosper. The board, volunteers and employees look forward to serving you now and in the future.

A stylized, handwritten signature in black ink, appearing to read "Doug Nesbit". The signature is fluid and cursive, with a large initial "D".

DOUG NESBIT
CHAIRMAN



LETTER FROM THE CEO

This year we celebrate TruStone Financial's 80th year as a credit union. As we reach this impressive milestone, it seems fitting to report to you that last year was the most successful in our history. TruStone Financial finished 2018 with all-time highs in assets and earnings. We closed 2018 with assets of \$1.39 billion, a net income of \$18.3 million, and a return on assets (ROA) of 1.37%. TruStone Financial is financially strong, and our ROA—which measures our success in utilizing our assets to generate income—is near the very top amongst our peers.

As proud as we are of our financial performance, we know that the truest measure of our success comes from you, our members, who choose every day to come to us for your banking needs. TruStone Financial was founded on the principle that providing great service and value to members will result in the long-term relationships necessary for growth. True to that principle, we remain committed to returning value to our members by offering a wide variety of products and services, as well as extremely competitive rates on all our products.

Whether you are buying that first house, a bigger car to accommodate a growing family, or saving for retirement, we have a solution that suits your needs. And if you're a business owner, we have lending and deposit products that are customized for you. We are stronger because of our ability to offer diversified options to our members.

Our financial strength allows us to continue investing in your member experience, whether you bank with us in one of our branches, online, or through a mobile channel. One such example is our relocated St. Cloud, Minnesota branch that opened late last summer offering a more convenient location and state-of-the-art services to our members. Also, we are pleased to announce we recently closed on the purchase of a building in Greenfield, Wisconsin, which we will renovate and open as a branch later this year. We carefully balance our capital investments in order to accommodate those members who still prefer the personal touch they receive in a branch, as well as those who expect the latest in online and mobile banking offerings.

As your neighborhood credit union, TruStone Financial is committed to serving the communities we call home. The credit union provides financial support to the TruStone Financial Foundation for its financial literacy and other charitable initiatives as well as its scholarship program for graduating high school seniors. We partner with Junior Achievement to provide financial education to school-aged children in the classroom. We support monthly charity casual days to raise money for charities selected by our employees. And, in October of 2018, our employees volunteered more than 1,220 hours to a variety of local charities as part of CU Forward Day, a day for credit unions to give back to the communities that support them.

We hope you are as proud as we are of our 2018 results. Thank you for your continued support of TruStone Financial. We appreciate the trust that you've placed in us, and we realize we must earn that trust every day.

A stylized, handwritten signature in black ink, appearing to read 'Tim Bosiacki'.

TIM BOSIACKI
CHIEF EXECUTIVE OFFICER

IN THE COMMUNITY



AT A GLANCE

	2017	2018	CHANGE
ASSETS	\$1.31 B	\$1.39 B	+6%
LOANS	\$0.92 B	\$1.05 B	+15%
SHARES	\$1.04 B	\$1.11 B	+7%
BRANCHES	14	14	-
EMPLOYEES	324	328	+4

2,500+
VOLUNTEER
SERVICE HOURS

KEY RATIOS

	2017	2018
MEMBERS PER BRANCH	7,773	7,374
MEMBERS PER FTE	345	325
AVG LOAN OUTSTANDING	\$17,568	\$18,864
AVG LOAN ORIGINATED	\$44,330	\$44,168
AVG SHARES PER MEMBER	\$9,557	\$10,788
LOAN-TO-SHARE RATIO	88.4%	94.7%
EQUITY PER MEMBER	\$1,184	\$1,397
RETURN ON ASSETS	1.05%	1.37%

\$110,000
CHARITABLE
CONTRIBUTIONS

51
POSITIONS FILLED
INTERNALLY

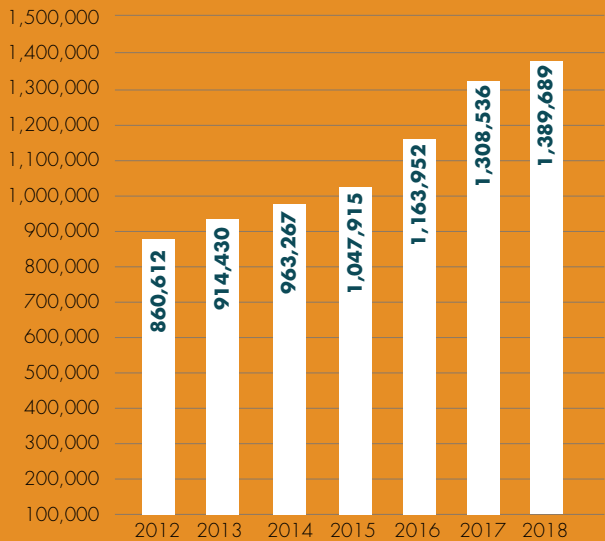
MEMBER SERVICE*

	2017	2018
SATISFACTION SCORE	9.67	9.66
MEMBER EFFORT	9.60	9.62
OVERALL EXPERIENCE	9.24	9.25

*Member service scores based on 10-point scale

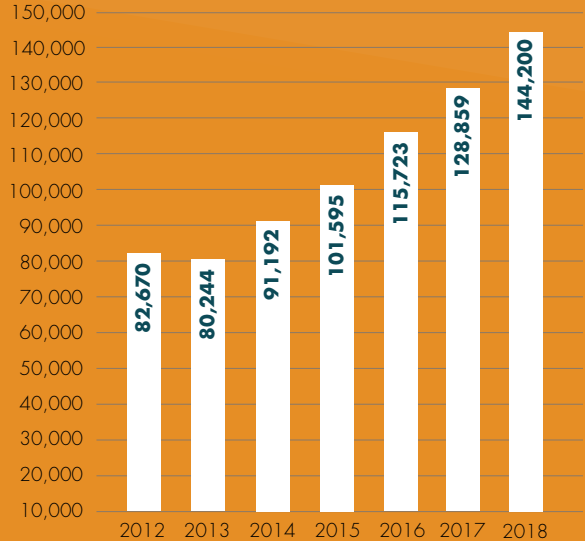
TOTAL ASSETS

(\$ in thousands)



MEMBERS' EQUITY

(\$ in thousands)



2018 FINANCIALS

Years ended December 31
In thousands

BALANCE SHEET

	2017	2018
ASSETS		
Loans, net	914,357	1,048,473
Investments	234,153	218,292
Cash and cash equivalents	81,822	38,214
Property & equipment, net	31,752	31,796
Other assets	46,452	52,914
Total Assets	1,308,536	1,389,689
LIABILITIES & MEMBERS' EQUITY		
Member shares	1,040,001	1,113,772
Borrowed funds	116,668	107,000
Other liabilities	22,988	24,717
Total Liabilities	1,179,677	1,245,489
Members' equity	128,859	144,200
Total Liabilities and Members' Equity	1,308,536	1,389,689

INCOME STATEMENT

	2017	2018
NET INTEREST INCOME		
Loans	39,455	46,521
Investments	5,662	6,117
Dividend/Interest expense	5,109	8,092
Provision for loan losses	2,181	1,628
Net Interest Income	37,827	42,918
NON-INTEREST INCOME		
Loan sale and servicing	9,278	9,008
Service fees	6,204	6,066
Other non-interest income	7,515	8,751
Total Non-Interest Income	22,997	23,825
NON-INTEREST EXPENSE		
Compensation and benefits	25,878	27,046
Occupancy & office operations	11,649	12,369
Other	10,294	9,100
Total Non-Interest Expenses	47,821	48,515
Net Income	13,003	18,228

MESSAGE FROM THE SUPERVISORY COMMITTEE CHAIR

The supervisory committee works with the internal auditor and external CPA firms to assess the safety and soundness of the credit union. The most recent audit of TruStone Financial supports our belief that the credit union is in sound financial condition. During 2018, the committee engaged CliftonLarsonAllen, LLP certified public accountants, to complete the annual independent audit. The audit opinion stated our financial statements fairly represent our financial position in conformity with accounting principles generally accepted in the United States of America. They also concluded that no reportable conditions were noted during their audit.



BRIAN LEE
SUPERVISORY COMMITTEE, CHAIR



Remembering Fred Sulzbach

In January of 2019, TruStone Financial was saddened to announce that long-time board member Fred Sulzbach had passed away from complications related to his long and courageous battle with cancer. He was 79 years old.

Fred was a true ambassador for TruStone Financial. He became a member in 1964 and began serving as a volunteer on the board of directors in 1967. That's right: Fred gave more than 50 years of uninterrupted volunteer service to the credit union.

Fred held numerous positions on the board of directors, from Treasurer to Chairman. He was known to have an insatiable desire to make our credit union better, to have put his heart and soul into TruStone Financial, and to be the one to always encourage and challenge everyone to improve. Most importantly, Fred was a great person to be around and to be associated with.

Fred served with humility and did not seek recognition for his many years as a credit union volunteer. Nonetheless, sometimes it found him: the Minnesota Credit Union Network recognized Fred in 2017 as its Volunteer of the Year, an award given to those who demonstrate excellence in leadership and who embody the credit union mission.

From his product ideas, to his strategic vision, to his ability to lead by example of how to treat each other with respect and professionalism, Fred's contributions to this credit union are too many to list here. As fellow board member Stephen Bohlig recognized, "There will not be another Fred Sulzbach in the history of TruStone."

"Fred Sulzbach devoted his time and career to volunteering with the credit union. As gratifying as it was for him to make a contribution and do the right thing for members, it is all of us who will be ever grateful for his dedication and service to TruStone Financial," said Doug Nesbit, Chairman of the Board.

While Fred will be missed, his influence and legacy will be with this credit union for generations.





NEW BRANCH

3240 West Division Street, St. Cloud, MN



LOCATIONS

MINNESOTA

BOONE AVENUE

605 Boone Avenue North
Golden Valley, MN 55427

BURNSVILLE

14300 Nicollet Court, Suite 100
Burnsville, MN 55306

HIGHLAND

757 Cleveland Avenue South
St. Paul, MN 55116

LYN-LAKE

2817 Lyndale Avenue South
Minneapolis, MN 55408

MAPLE GROVE

7851 Elm Creek Boulevard
Maple Grove, MN 55369

NORTHEAST MINNEAPOLIS

527 Central Avenue NE, Suite 2
Minneapolis, MN 55413

OAKDALE

7860 32nd Avenue North
Oakdale, MN 55128

PLYMOUTH CORPORATE CENTER

14601 27th Avenue North, Suite 104
Plymouth, MN 55447

ROGERS

14115 James Road, Suite 300
Rogers, MN 55374

ROSEVILLE

2150 Lexington Avenue North
Roseville, MN 55113

ST. CLOUD

3240 Division Street
St. Cloud, MN 56301

WISCONSIN

GREEN BAY ROAD

6715 Green Bay Road
Kenosha, WI 53142

MILWAUKEE-CUDAHY

5570 South Packard Avenue
Cudahy, WI 53110

NORTHSIDE

2707 30th Avenue
Kenosha, WI 53144

OAK CREEK

2121 East Rawson Avenue
Oak Creek, WI 53154

GREENFIELD - coming soon!

8400 West Forest Home Avenue
Greenfield, WI 53228

LEADERSHIP

BOARD OF DIRECTORS

Doug Nesbit, Board Chair
Tom Alagna, Vice Chair
Darrick Metz, Treasurer
Samuel Stern, Secretary
Stephen Bohlig
John Christenson
Stephen Hunziker

SUPERVISORY COMMITTEE

Brian Lee, Chair
Lenny Newman, Secretary
Stephen Hunziker

EXECUTIVES

Tim Bosiacki, CEO
Hans Iverson, COO
Steve Steen, CBO
Dan Zaczkowski, CFO
Nathan Grunzke, Director of Mortgage Operations
Phil Young, General Counsel

SENIOR VICE PRESIDENTS

Gary Maki
Lisamarie Meyer
Jeffrey L. Rothmeyer
Jeff Smrcka
Karen Greisinger
Darren Beckstrand

VICE PRESIDENTS

Tom Barkley	Kelly Smith
Justin Burnard	Kim Williams
Sheloa Fieldseth	Lisa Zimbeck
Gina Leyda	Diane Barkdull
Jess McClellan	David Christensen
Kacie Osten	Wayne Ertl
Frank Planton	

PRODUCTS & SERVICES

PERSONAL

Primary Share
Certificates of Deposit
Health Savings Account
Money Market Account
MoneyWise Youth Savings Account
Value Checking
Premium Checking
TruRate Checking

LOANS

Visa® Signature Credit Card
Visa® Share Secured Credit Card
TruStone Home Mortgage
Home Equity Line of Credit
Personal Loan
Personal Line of Credit
Auto Loan
Recreational Loan
Aircraft Loans

SERVICES

ATM Network
Visa® Debit Card
Online Banking
Mobile Banking
Bill Pay
Text Banking
eStatements
MobilePay (now with Fitbit Pay)
Mobile Deposit
PrePaid Visa® Gift Card
Overdraft Protection

BUSINESS

Primary Share
Certificates of Deposit
Money Market Account
Small Business Checking
Business Checking

INVESTMENTS

Individual Retirement Accounts
Retirement Plans
Asset Management
Income Investment Strategies
College Savings Plans
Long-Term Care Solutions



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FINANCIAL

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*Your
Neighborhood
Credit Union*