



2019

ANNUAL REPORT

TruStone Financial Federal Credit Union | Since 1939



*Celebrating 80 years of service
as your neighborhood credit union*

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MESSAGE FROM THE CEO



"From all of us here at TruStone Financial, thank you for another remarkable year."



I am pleased to report that in 2019 TruStone Financial again delivered remarkable results for our members, both financially and operationally. This includes generating record net income for the eighth consecutive year, which enhances our ability to invest in our infrastructure and provide the service, value and latest technologies members deserve.

We closed 2019 with assets of \$1.55 billion, net income of \$19.8 million, and a return on assets (ROA) of 1.37%. We ended the year with a net worth ratio of 10.87%, significantly above the 7 percent defined by our regulator as well-capitalized. Our strong financial results protect the long-term stability of the credit union. This means you can count on us to consistently offer superior service, low fees and competitive deposit and loan rates.

We had many operational successes in 2019. One important milestone was reaching \$1 billion in the servicing portfolio of our mortgage division, TruStone Home Mortgage. The servicing portfolio includes more than 5,500 loans, and both the size of the portfolio and the number of loans more than doubled in the last five years. From car loans to credit cards, real estate loans to business loans, lending truly is one of our great strengths.

We know the importance of the branch experience to our overall success as a credit union and we continue to make investments in order to improve that experience. In September, we relocated our Oak Creek

branch to a new, state-of-the-art location in an up-and-coming development in Greenfield, Wisconsin, increasing our footprint in the greater Milwaukee area. The new Greenfield location quickly exceeded our expectations in serving the community and continues to make strides in attracting new members.

We remain committed to leveraging technology to better serve you. In 2019, we rolled out the TruStone Financial Education Center, an online financial education program, accessible through our website, to help you navigate life's financial decisions. We also launched the TruStone Financial Tracker, a tool within our mobile banking app, to help you establish and maintain budgets, and see a complete picture of your finances. Additionally, TruStone was one of the first credit unions in Minnesota to release Visa® debit and credit cards with tap to pay technology. These features not only improve your banking experience, but they also allow us to maintain a competitive edge in the marketplace.

We are ever-mindful that our success is made possible by your willingness to entrust us with your financial needs. We are grateful for that continued trust.

TIM BOSIACKI
CHIEF EXECUTIVE OFFICER

MESSAGE FROM THE CHAIR



"As the Chairman of TruStone Financial's Board of Directors, I am pleased to report that your credit union continues to be successful, financially strong and totally committed to serving you, its members."



I've been a proud TruStone member for 29 years. I've had the honor of serving you as a volunteer for 13 years, the last two as chairman of the board. I'm grateful for the trust you've placed in the board of directors, and I am pleased to report another strong year for your neighborhood credit union.

As we look back over the past decade, particularly over the last few years, our consistent financial and operational success is a testament to your ongoing trust, loyalty and support, and our ability to be responsive to your financial needs. With a full suite of products and services, 14 branches, online banking, a mobile app, and a call center, we are committed to helping you get more out of your relationship with the credit union.

Our growth has outpaced our competition and is actively managed to maintain a sound financial position. We continue to make improvements to our branches and service offerings, and our mission remains to provide you with outstanding member service as well as the tools needed to successfully manage your finances.

As always, one of our most important corporate responsibilities is to strengthen the communities we serve. I am very proud of our commitment to service, which last year included:

- Each branch partnered with the TruStone Financial Foundation to give \$1,000 donations to local non-profits as part of our 80th year celebration;

- Our employees continued their annual involvement in CU Forward Day and volunteered more than 1,000 hours of service to 26 different organizations in Minnesota and Wisconsin;
- Together with the Foundation we raised \$10,000 for Junior Achievement;
- We continued our sponsorship of KARE 11's Prep Sports Hot Highlights program and awarded \$10,000 to the general athletic and activities funds of nine local high schools;
- We worked with the Foundation to award \$13,000 in college scholarships to local students; and
- Our employees, with matching funds from the Foundation, donated more than \$12,000 to charitable organizations as a part of our monthly Charity Casual initiative.

As we welcome a new decade, our focus remains the same as when we were first founded: serving you, our valued member. On behalf of the board and all TruStone Financial employees, thank you for providing us the opportunity to serve your personal banking, lending and business needs.

DOUG NESBIT
CHAIRMAN

LEADERSHIP

BOARD OF DIRECTORS

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

EXECUTIVES

Tim Bosiacki Chief Executive Officer	Dan Zaczkowski Chief Finance Officer
Hans Iverson Chief Operating Officer	Nathan Grunzke Director of Mortgage Operations
Steve Steen Chief Business Officer	Phil Young General Counsel

SENIOR VICE PRESIDENTS

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

VICE PRESIDENTS

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

SUPERVISORY COMMITTEE

Brian Lee, Chair
Lenny Newman, Secretary
Lori Bonin
Esmail Harunany

ASSOCIATE DIRECTORS

Nichole Anthony
Stuart Simek
Jennifer Whitlock



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 2019, 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





OUR MISSION

To provide simple and fairly priced financial tools that allow members to save, borrow and transact. We do this by engaging, educating and supporting our members to ensure they have the means to make their lives better.

OUR VISION

To create a financial institution that people respect, admire, and want to associate with because of our attitude about money and our ability to simplify the banking process.

OUR VALUES

TEACH – We will support, educate and promote the virtues of education, saving and thrift for our members and employees to help in achieving a healthy financial well-being.

RELATIONSHIP – We value our relationships with our members and strive to strengthen our rapport with every opportunity and contact.

UNDERSTANDING – We are part of the community of our members and aim to understand individual needs in order to provide real solutions that help make our members' financial lives stronger.

SAVINGS – We will provide products and services that encourage our members to save more. We will help our members plan creative and new savings strategies with competitive rates to support their financial goals.

TRANSPARENCY – We will be open and honest in explaining how the financial system works. Our products, services and fees will be straightforward. We will not rely on gimmicks to grow the business.

Let's take a deeper look into how we incorporated each of our values during 2019

VALUE TEACH

We will support, educate and promote the virtues of education, saving and thrift for our members and employees to help in achieving a healthy financial well-being.

HOW WE **SUPPORTED, EDUCATED AND PROMOTED** IN 2019



Provided 10 Scholarships
totaling \$13,000



Taught 250 hours
at 10 schools or locations



Launched online TruStone
Financial Education Center

Turn the page to learn more

TRUSTONE FINANCIAL FOUNDATION

The TruStone Financial Foundation is a not-for-profit 501(c)(3) organization founded in 2009 by TruStone Financial Federal Credit Union. The TruStone Financial Foundation was established to reinforce its commitment to financial education. Over the past decade, the Foundation has helped support our communities with education scholarships, donations to local non-profits, support for financial literacy programs and more.

You can help improve financial literacy in your community for many years to come with a donation to the Foundation. Visit **TruStoneFoundation.org** to learn more about what we do and how to donate.



\$110,000 2019 CHARITABLE CONTRIBUTIONS



ONLINE FINANCIAL EDUCATION

In the fall of 2019, we launched a new, free tool members can use to develop their financial know how. The TruStone Financial Education Center is a personalized digital program that helps you learn what you need to know to reach your financial goals. Have you checked it out yet?

Just answer a few questions and you'll get your unique lesson plan. Or, you can choose from a variety of lessons on subjects from insurance to retirement, and much more. Learn about the topics that matter most to you, a few minutes at a time.

Visit **TruStoneFinancial.org/Financial-Education** to continue your financial literacy.



JUNIOR ACHIEVEMENT

TruStone Financial is dedicated to helping its neighbors, including local non-profits. Junior Achievement is one such organization that the credit union partners with whenever possible. This non-profit provides financial education to more than 700 schools and hundreds of thousands of students in the upper Midwest.

In 2019, TruStone employees and the TruStone Financial Foundation supported Junior Achievement with volunteer work and donations. Over the course of the year, employees and the Foundation donated \$10,000 to the organization, and TruStone employees volunteered more than 250 total hours to the organization through fundraising events and Junior Achievement-sponsored educational events.

VALUE **2** RELATIONSHIP

We value our relationships with our members and strive to strengthen our rapport with every opportunity and contact.

HOW WE **VALUE OUR RELATIONSHIPS**

- » Getting to know our members
- » Events and sponsorships
- » Annual Member Photo Calendar
- » State-of-the-art Branch Experience

100+
EVENTS
PARTICIPATED IN
AND SPONSORSHIPS

1,800+
VOLUNTEER
SERVICE HOURS



Turn the page to learn more



GETTING TO KNOW OUR MEMBERS

From providing a warm cup of coffee to anyone who walks through our doors, to working with you to meet your financial goals, TruStone strives to be the neighbor you can depend on. We are here for you through every stage of life and every change, big or small. Stop in to cash a check, open a savings account, or just to say hi. You're always welcome.

EVENTS AND SPONSORSHIPS

We had a blast getting involved in our communities in 2019 through events, sponsorships and donations. Thanks for making our day by coming to our events, watching us in parades, attending our home seminars, chatting with us at Open Streets and donating to our local food drives. We're always happy to see you, inside and outside of our branches.

To stay in the loop about our events and sponsorships year-round, follow us on Facebook and Twitter.



SHRED EVENTS

TruStone Financial hosts shred events to help the community keep their personal information safe from identity theft. In 2019, the credit union securely shredded more than 39 tons or 78,098 pounds of confidential documents for the community at eight shred events in Minnesota and Wisconsin. During TruStone's spring events, more than 20 tons of documents were shredded, with the fall events yielding about 19 tons of shredded material.



TruStone Financial PHOTO CONTEST

In August, members submitted their best photo for our annual Member Photo Calendar Contest, and then the community voted for their favorites. The pictures with the most votes were featured in the 2020 Member Photo Calendar.

We welcome photos from the exciting and awe-inspiring moments in people's lives, whether they were on top of a mountain or in their own backyard. Popular subjects include nature scenes, animals, buildings and other eye-catching displays.

Mark your calendars for our upcoming Member Photo Calendar contest in August, and be sure to submit a photo or vote for your favorites!



STATE-OF-THE-ART BRANCH EXPERIENCE

TruStone Financial understands the importance of the branch experience, and we continue to make investments in order to improve that experience. In September, we relocated our Oak Creek branch to a new, state-of-the-art location in an up-and-coming development in Greenfield, Wisconsin. Located at 8400 West Forest Home Avenue, this new branch features the credit union's open-concept design and our full suite of products and services. Plus, with its ideal location in the 84South development, it offers the credit union more visibility in the community and ease of access for members. We are confident that this new location will enhance the strength and breadth of our footprint in the greater Milwaukee area.



VALUE **3**

UNDERSTANDING

We are part of the community of our members and aim to understand individual needs in order to provide real solutions that help make our members' financial lives stronger.

HOW WE **UNDERSTAND INDIVIDUAL NEEDS AND PROVIDE SOLUTIONS**

We know that in order to provide you exceptional member service, we need to understand your goals, your financial situation, and your life. Our staff is available to meet with you for a free financial check-up if you need help outlining a budget. We're ready to sit down with you and compare options point-by-point when you're making a tough decision. We're dedicated to matching you with the financial products that will best suit your needs.

USING FEEDBACK TO **IMPROVE YOUR MEMBER EXPERIENCE**

For TruStone, the value of understanding goes beyond just understanding our members on an individual basis; we make an effort to understand the needs of our membership as a whole. We gather member feedback through surveys, a "secret shopper" program, and the Branch Ambassador volunteer program. These methods not only open genuine communications with members, but provide valuable input that helps us improve the credit union. We're proud to say that for 2019, we had a member satisfaction score of 9.69 out of 10. (See page 22 for comparative scores.)

VALUE **4** SAVINGS

We will provide products and services that encourage our members to save more. We will help our members plan creative and new savings strategies with competitive rates to support their financial goals.

HOW WE **HELP PLAN CREATIVE AND NEW SAVINGS STRATEGIES**

- » Financial Calculators available on our website
- » Free Financial Check-ups
- » Financial Tracker to monitor spending and help meet your goals
- » Primary Share, Money Market, Certificate, IRAs



VALUE **5** TRANSPARENCY

We will be open and honest in explaining how the financial system works. Our products, services and fees will be straightforward. We will not rely on gimmicks to grow the business.

PRODUCTS

PERSONAL

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

BUSINESS

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

INVESTMENTS

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

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



FINANCIALS AND STATISTICS

As of December 31
(\$ in thousands)

BALANCE SHEET

2019 2018

ASSETS

Loans, net	1,172,569	1,048,473
Investments	271,566	218,292
Cash and cash equivalents	22,376	38,214
Property and equipment, net	32,312	31,796
Other assets	54,824	52,914
Total Assets	1,553,647	1,389,689

LIABILITIES AND MEMBERS' EQUITY

Member shares	1,280,187	1,113,772
Borrowed funds	80,000	107,000
Other liabilities	24,444	24,717
Total Liabilities	1,384,631	1,245,489

Members' Equity	169,016	144,200
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Total Liabilities and Members' Equity	1,553,647	1,389,689
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INCOME STATEMENT

2019 2018

NET INTEREST INCOME

Loans	53,759	46,521
Investments	5,993	6,117
Dividend/Interest expense	13,163	8,092
Provision for loan losses	1,208	1,628
Net Interest Income	45,381	42,918

NON-INTEREST INCOME

Loan sale and servicing	11,027	9,008
Service fees	7,184	6,066
Other non-interest income	9,175	8,751
Total Non-Interest Income	27,386	23,825

NON-INTEREST EXPENSE

Compensation and benefits	30,542	27,046
Occupancy and office operations	12,663	12,369
Other	9,756	9,100
Total Non-Interest Expense	52,961	48,515

Net Income	19,806	18,228
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KEY RATIOS

2019 2018

MEMBERS PER BRANCH	7,678	7,374
MEMBERS PER FTE	342	325
AVG LOAN OUTSTANDING	\$20,709	\$18,864
AVG LOAN ORIGINATED	\$57,549	\$44,168
AVG SHARES PER MEMBER	\$12,882	\$10,788
LOAN-TO-SHARE RATIO	92.0%	94.7%
EQUITY PER MEMBER	\$1,572	\$1,397
RETURN ON ASSETS	1.37%	1.37%

MEMBER SERVICE*

2019 2018

SATISFACTION SCORE	9.69	9.66
MEMBER EFFORT	9.65	9.62
OVERALL EXPERIENCE	9.31	9.25

*Member service scores based on 10-point scale

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BRANCHES

330

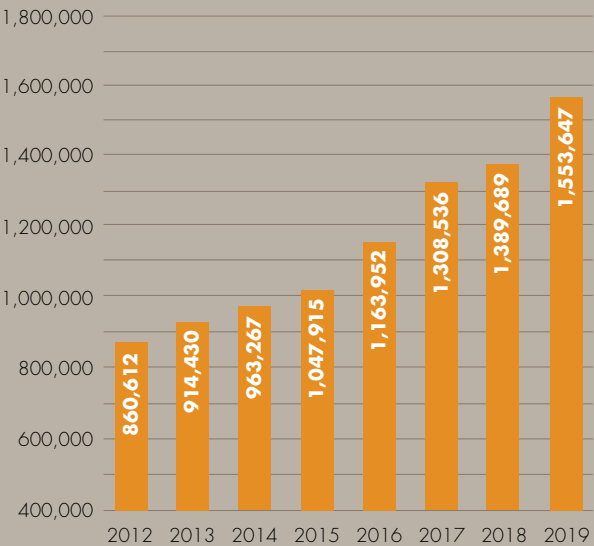
TOTAL EMPLOYEES

46

POSITIONS FILLED
INTERNALLY

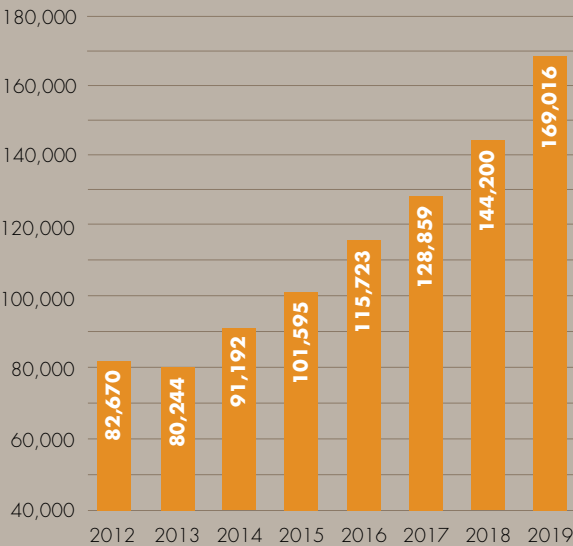
TOTAL ASSETS

(\$ in thousands)



MEMBERS' EQUITY

(\$ in thousands)



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

GREENFIELD

8400 West Forest Home Avenue
Greenfield, WI 53228

MILWAUKEE-CUDAHY

5570 South Packard Avenue
Cudahy, WI 53110

NORTHSIDE

2707 30th Avenue
Kenosha, WI 53144



FACEBOOK

@TruStoneFinancialFCU



TWITTER

@TruStoneFCU



LINKEDIN

TruStone Financial
Federal Credit Union



FEDERALLY INSURED BY NCUA



TRUSTONETM
FINANCIAL

Your Neighborhood Credit Union



Your
Neighborhood
Credit Union