

2018

ANNUAL

REPORT

**ConneXus**<sup>®</sup>  
Credit Union

# 2018 FINANCIAL SUMMARY

| <b>BALANCE SHEET</b>                                       | 2017                    | 2018                    |
|--|-------------------------|-------------------------|
| <b>Assets</b>  |                         |                         |
| Cash & Investments   | \$ 140,257,200          | \$ 245,956,574          |
| Member Loans   | 1,468,561,577           | 1,927,953,618           |
| Fixed Assets, Net  | 8,304,103               | 12,987,434              |
| NCUA Insurance Deposits                                    | 13,429,669              | 15,692,642              |
| Other Assets   | 55,196,109              | 72,033,916              |
| <b>Total Assets</b>  | <b>\$ 1,685,748,658</b> | <b>\$ 2,274,624,184</b> |
| <b>Liabilities</b>   |                         |                         |
| Members' Share & Savings Accounts                          | \$ 1,441,048,291        | \$ 1,992,075,174        |
| Borrowed Funds   | 45,536,902              | 30,043,391              |
| Accrued Expenses & Other Liabilities                       | 17,901,263              | 15,678,997              |
| <b>Total Liabilities</b>                                   | <b>1,504,486,456</b>    | <b>2,037,797,562</b>    |
| <b>Member's Equity</b>                                     |                         |                         |
| Regular Reserves   | 11,011,690              | 11,011,690              |
| Undivided Earnings   | 91,250,437              | 123,592,561             |
| Acquired Equity  | 79,000,000              | 102,000,000             |
| Accumulated Other Comprehensive Income (Loss)              | 75                      | 222,371                 |
| <b>Total Members' Equity</b>                               | <b>181,262,202</b>      | <b>236,826,622</b>      |
| <b>Total Liabilities and Members' Equity</b>               | <b>\$ 1,685,748,658</b> | <b>\$ 2,274,624,184</b> |
| <b>INCOME STATEMENT</b>                                    |                         |                         |
| <b>Interest Income</b>                                     |                         |                         |
| Member Loans   | \$ 75,117,243           | \$ 104,288,934          |
| Investments  | 2,705,308               | 2,432,114               |
| <b>Total Interest Income</b>                               | <b>77,822,551</b>       | <b>106,721,048</b>      |
| <b>Interest Expense</b>                                    |                         |                         |
| Members' Account   | 15,780,488              | 24,396,561              |
| Borrowed Funds   | 938,954                 | 800,927                 |
| <b>Total Interest Expense</b>                              | <b>16,719,442</b>       | <b>25,197,488</b>       |
| <b>Net Interest Income</b>                                 | <b>61,103,109</b>       | <b>81,523,560</b>       |
| <b>Provision for Loan Losses</b>                           | <b>4,319,794</b>        | <b>5,802,669</b>        |
| <b>Net Interest Income After Provision for Loan Losses</b> | <b>56,783,315</b>       | <b>75,720,891</b>       |
| <b>Non-Interest Income</b>                                 | <b>14,018,621</b>       | <b>21,812,385</b>       |
| <b>Non-Interest Expense</b>                                | <b>45,394,946</b>       | <b>65,191,152</b>       |
| <b>Net Income</b>  | <b>\$ 25,406,990</b>    | <b>\$ 32,342,124</b>    |

The financial statements for the credit union are in order and were reported in accordance with generally accepted accounting principles (GAAP).  
Supervisory Committee: Ron Dins (Chair), Todd McDonald, Tom Seuntjens, and Shanna Yonke

Federally Insured by NCUA



Corporate Office in Wausau, WI

## WHO WE ARE

Serving more than 330,680 members across all 50 states, Connexus Credit Union is a member-focused cooperative with over \$2.27 billion in assets. Connexus is proud to return profits to member-owners through high yields for checking accounts and deposit products, as well as competitive rates for personal, home, and auto loans. Members benefit from a multi-channel service model which includes a robust Digital Banking platform that's available 24/7, a fully staffed and trained Member Contact Center, online chat support, and branches in four states.



**330,680**  
Members



**2.27B**  
Assets



**312**  
Employees

### OUR MISSION

To help our members achieve their personal financial objectives by anticipating their needs and exceeding their expectations through superior service and products.

## FAMILY VALUES

Connexus employees are proud to serve our members with dedication based on the organization's Family Values. These aren't simply words on a laminated sign in a hallway – these are the core values that dictate the actions of the organization and everyone within it. The values-based culture at Connexus is demonstrated in every personal interaction, every phone call, and every email – every day.



### INTEGRITY

We do what's right, demonstrating our core values and ethics to earn (and keep) the trust of our members.



### RESPECT

We value our members, and each other, and commit to fostering a member-focused environment.



### OPEN & HONEST COMMUNICATION

We uphold our members' privacy and security, while addressing their financial needs quickly and effectively.



### WORK HARD/PLAY HARD

We prioritize a healthy balance of work and life, so our employees can focus on doing their best work for our members.



### LEARN & GROW

We seek out every opportunity to invest in our members through continuous training and education.



### SYNERGY

We achieve together – our members' financial successes are our successes, and we want to be with them every step of the way.



*Branch Location in Wisconsin Rapids, WI*

## A MESSAGE FROM YOUR BOARD CHAIR AND PRESIDENT

Connexus Credit Union experienced substantial growth and success in 2018 through our focus on providing an exceptional experience for our valued member-owners, and support for the communities in which we operate. Our organizational strategies remain consistent year over year, but the highlights that stand out each year are always new and improved - and 2018 was no different. Progress was made on multiple initiatives, and in doing so created opportunities for growth and success of the Credit Union for years to come. These achievements ensure that Connexus will remain a relevant and competitive financial institution of choice for current and prospective members.

One of the most prominent highlights from 2018 was our merger with Bull's Eye Credit Union of Wisconsin Rapids, WI. With our Connexus headquarters in Wausau, expanding into the Wisconsin Rapids area was a natural progression for Connexus. We welcomed over 20,000 new members and 48 new employees. Our now-expanded team of over 300 Connexus staff are eager to serve members and enrich the communities in which we operate.

In the proceeding pages, you will see highlights of the many achievements and improvements that resulted from our dedication to the member experience and support of our communities throughout 2018. From reduced and eliminated fees, to participating in Shared Branching, to reaching our \$2 billion asset milestone, and being named the #1 Relay for Life fundraising team in Wisconsin - there is much to be proud of, and many reasons why it's great to be part of the Connexus family.

# A COMMITMENT TO MEMBERS

We are always seeking to provide robust Digital Banking solutions that are simple, secure, reliable, and relevant, along with exceptional experiences with our Member Contact Center and in each of our branches. In 2018, Connexus took great pride in:

Giving back over \$27.8 million to members overall, including:

**\$3.2M**

Charging \$3.2 million less in loan interest compared to the national average.

**\$22.5M**

Distributing \$22.5 million in dividends, which was \$15.6 million more than the national average.

**\$1.5M**

Saving \$1.5 million with Connexus Fee-Free services and fee savings compared to the national average.



Participating in Shared Branching as a service to our valued members, which offers greater convenience at any of the 5,600+ Shared Branching locations across the country.



Ending 2018 with 330,766 members, a net increase of 24,907 members.



Adding more than 2,100 new checking accounts to help members manage their money while earning interest.



Making it possible for more than 1,840 members to drive off in a new car, truck, or RV.



*The Connexus Jr. App offers youth financial education through mobile gamification.*



Helping more than 380 members purchase their dream home or refinance an existing one.



Welcoming over 20,000 new members from the Wisconsin Rapids and Stevens Point areas by adding Bull's Eye Credit Union to the Connexus family.



Leading the industry by offering the highest share certificate rates in the nation, as well as paving the path as the first financial institution to offer 4.00% APY on a 60-month share certificate.



Reducing and eliminating fees to members - we are truly a low-fee Credit Union.



Introducing the new Connexus, Jr. youth savings program, offering youth financial education through mobile gamification - which is something we know kids love!

# LEARNING & GROWING TO BETTER SERVE OUR MEMBERS

It is through the growth and development of our exceptional employees that we were able to meet and exceed our members' expectations, and therefore our talent strategy sat at the forefront of our organizational direction for the year. It was – and continues to be – critical that we foster a culture of collaboration, innovation, and dedication to retain our status as “Employer of Choice”.



Connexus welcomed 106 new employees over the course of the year, surpassing 300 total.



Of the 106 new employees joining us in 2018, over 40 of them were welcomed by way of the merger with Bull's Eye Credit Union, and we are thankful for all of their hard work leading up to and following their transition to Connexus.



In support of our fourth Family Value of “Work Hard/Play Hard”, Connexus was excited to offer employees and their families 16 different events and activities to choose from during our annual “Summer of Fun”.



Employees at all offices spent a day in Wausau collaborating with colleagues in department-based team building at our All-Staff Day of Development.



Connexus employees earned a total of 42,959 Learning & Development credits in 2018, which encompasses time spent in professional training and development throughout the year.

*Connexus employees enjoy team-building experiences, organization-wide summer activities, and collaboration opportunities with the goal of creating synergy to better serve our members.*



## CARING FOR OUR COMMUNITIES

Showing how much we care about our communities comes naturally to Connexus – whether it’s volunteering for the American Cancer Society’s Relay for Life, helping our peers, friends, and family, or assisting those most in need. Connexus made a big impact with gestures small and large by:

### \$130,000

Giving back over \$130,000 to community organizations!

### \$65,000

Donating over \$65,000 to the American Cancer Society’s Relay for Life, with Connexus named as the #1 Relay for Life fundraising team out of 915 in all of Wisconsin!

### \$16,000

Donating over \$16,000 to United Way through payroll deductions and one-time gifts.

### \$50,000

Contributing \$50,000 to the South Wood County YMCA and Boys & Girls Club’s “Building Futures Together” capital campaign.



Hosting an Easter Egg Hunt and Visits with Santa as special events for the local communities.



*Connexus is fortunate to be able to make a big impact in the lives of many, and is dedicated to supporting the causes and people who are most in need.*

## OPERATING WITH INTEGRITY

Connexus received numerous unsolicited industry accolades throughout the year. We were very appreciative to learn that our efforts to “do what’s right” were recognized within the industry:



Named a Top Credit Union of 2018 by NerdWallet - a prestigious industry achievement that Connexus has been fortunate enough to receive multiple years in a row.



Named 2018 Best Credit Union Runner-Up by Kiplinger - another industry achievement that we were proud to receive for the second year in a row.



Maintained 4.6 out of 5-star rating for the Connexus App - Our Digital Banking app is consistently top-rated in banking apps for both the Apple and Android App Stores.

- » Awarded a 5-star rating with Bauer Financial - an independent agency that analyzes and rates financial institutions for the sake of member confidence and transparency in the financial industry.
- » Named one of the 8 Best Credit Unions of 2018 by The Balance.
- » Recognized by Bankrate as the Best Credit Union for High-Yield Share Certificates.

We continue to thank the many individuals and families who trust us with their financial goals - we appreciate your support. Regardless of how long you've been with Connexus, we will continue to reward your loyalty through hard work and attention to your needs. Your opinions and suggestions are critical to our growth and improvement as we serve you.

The entire team at Connexus wishes you, our valued member-owners, happiness, health, and success in 2019. We have much to be excited about in the year ahead, and every confidence this year will be even better than the last.

Best Regards,

**J. David Christenson**  
President/CEO

**Ron Dins**  
Board Chair



**J. David Christenson, President/CEO**

As the leader of Connexus, Dave oversees a nationwide enterprise comprised of 300+ employees. He is focused on developing and delivering superior financial services to optimize member satisfaction, all while maintaining profitability of core operations. He was named to his current position in 1995, and continues the leadership role at Connexus.



**Ron Dins, Board Chair**

Ron Dins has been an employee of Liberty Mutual Insurance (previously Wausau Insurance) and a Connexus member for over 40 years. In his current role as a Regional Facility Manager with the Liberty Real Estate Services Group, he is responsible for the maintenance and operation of a portfolio of Liberty buildings across the country. He has been on the Connexus Board of Directors for 9 years, serving several years as Vice Chair, and for the last two years as Board Chair.

## BOARD OF DIRECTORS



**Mark Steinberg, Vice Chair**

Mark Steinberg is the Board Vice Chair. He joined the Connexus Board of Directors in 1999 and served as Chairman in 2008 and 2009. His 34-year career has been primarily comprised of sales and distribution senior management roles at leading insurance companies, including Wausau Insurance and Church Mutual Insurance Company, where he was the Chief Sales Officer at the time of his retirement.



**Steve Zeinemann, Director Emeritus**

Steve Zeinemann currently serves as a Director Emeritus, having served as a Director on the Board from 1995–2018. Steve has spent the last 8 years as a Financial Associate with Thrivent Financial. Prior to joining Thrivent Financial, he served in a variety of management positions at Liberty Mutual such as Service Operations Manager and Manager of Software Development.



**Kim Smith, Secretary**

Kim Smith serves as a Director and Board Secretary since 2016, and previously served as Chair of Cintel Federal Credit Union. Her 39-year career at Cincinnati Bell included many roles in Customer Service, Finance, and Human Resources, where she was the Senior Director of HR Operations and Compensation at the time of her retirement.



**Thomas Seuntjens, Director**

Thomas Seuntjens is a Director who joined the Connexus Board of Directors in 2014. Previously, Thomas was a Chair and Director for Endura Federal Credit Union in Minneapolis. Prior to his civilian career, he was a finance officer in the U.S. Army. Thomas is a retired executive of Honeywell International with 33 years of experience in finance, with responsibilities on a global scale for treasury, risk management, and accounting.



**Todd McDonald, Director**

Todd McDonald joined the Connexus Board of Directors in 2011. Professionally, he has more than 20 years of experience in design, utility coordination, and project management roles at leading civil engineering consulting firms such as Mi-Tech, Becher Hoppe, Graef, and Terra Resources.



**Shanna Yonke, Director**

Shanna Yonke serves as a Director on the Connexus Credit Union Board of Directors since 2018, and she previously served as a Board Associate in 2017. Shanna has spent the last six years as an attorney at Ruder Ware, L.L.S.C., in Wausau, Wisconsin, where she focuses her law practice on trust, estate, and business succession planning.



**Steven C. Derebey, Director**

Steven C. Derebey has been a Board member since October of 2015. Previously, Steve served as Chairman of the Board for the Air Line Pilots Association Federal Credit Union that merged with Connexus in 2015. Steve retired in 2016 as a Captain at United Airlines after a 42-year career in aviation.



**Kelsi Seubert, Director**

Kelsi Seubert has been a Board member since 2017. She currently serves as the Marketing & Public Relations Coordinator at Northcentral Technical College (NTC), where she has spent the last four years. Prior to her time at NTC, Kelsi spent her career in media at WAOW TV-9.



**Alita Lobner, Director**

Alita Lobner joined the Connexus Board of Directors in 2018. She was previously the Board Secretary for Bull's Eye Credit Union. Alita's 27 years of experience at Verso Corporation included various roles in finance, holding the position of Senior Financial Analyst at the time of her retirement.

## EXECUTIVE LEADERSHIP TEAM

**J. David Christenson**

*President/CEO*

**Boyd Gustke**

*Executive Vice President/Chief Operating Officer*

**Daryl Gessler**

*Chief Risk Officer*

**Mary Burgoyne**

*Chief Financial Officer*

**Chad Rogers**

*Chief Marketing & Member Experience Officer*

**Eric Huseby**

*Chief Lending Officer*

**Dave Stark**

*Chief of Staff*

**Jessica Huggenvik**

*Senior Vice President – Human Resources*

**Adam Dykman**

*Senior Vice President – Member Services*

**Paul Zyla**

*Senior Vice President – Business Technology*

## CONTACT INFORMATION

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