

Board of Directors Report

On behalf of the B&V Credit Union (BVCU) Board of Directors, this report is submitted to the membership to summarize BVCU's financial results and operations for 2016, its 62nd year. BVCU continues to function in accordance with its charter and the basic principles on which it was founded. We attribute our success to the commitment of BVCU office team and our volunteer board and committee members, as well as the continued support of our sponsor, Black & Veatch Corporation.

Financial Highlights | The financial highlights discussed below are shown in the financial summaries and charts included at the end of this report.

Total assets remained consistent throughout 2016. A slight decrease is noted of just under \$31,000, in comparison for the same period for 2015 bringing Total Assets to \$66,650,942 for December 31, 2016. Our members' deposits, made up of *Regular Shares*, *Share Certificates* (CDs), and *Share Drafts*, also saw a small decrease during 2016 bringing the total to \$59.2 million, a decrease of \$240,000 from the end of 2015.

Investments decreased by approximately \$900,000 during 2016 but remained fairly consistent through the year finishing the year at \$49.9 million. This Investment total is subject to fluctuation as loan demand increases. The Investment Committee continues to be challenged to identify sound, safe investments that provide a reasonable rate of return while complying with KDCU requirements and the current FDIC insurance limit of \$250,000 at any one institution.

At the close of 2016, our outstanding loans to members increased to \$15.5 million, an increase of \$850,000 in total dollars. This increase brings our total loans to assets ratio to 23.3% for 2016. With the conservative nature of our field of membership increasing loan activity is certainly a challenge. We believe that with an improving economy our member's outlook on the future will lend to making a wide range of purchases for which we can provide financing, from auto loans to our very competitive Home Equity loan offering.

BVCU loan rates continue to be vastly competitive with other lending institutions. However, in an attempt to improve our loans to assets ratio and at the suggestion of our Credit Committee, the Board of Directors approved a "Spring Rate" promotion beginning in April. Our New Auto loan rates with a duration of up to 60 months were offered at a rate of 1.90%, a reduction of over .50% from our stated rate of 2.49%. The Credit Committee continues to analyze the credit union's loan offerings and makes recommendations for improving our loan programs.

Our total reserves and undivided earnings also increased during 2016. At the close of 2016 this balance sheet item totaled \$7,400,000, an increase of over \$200,000 for the year.

Dividend rates for 2016 remained unchanged during the year. BVCU continues to offer higher rates of return when compared to other financial institutions which continues to attract deposits. With that being said, a somewhat significant increase to our members Share Certificates (CDs) was made in December. This increase affected the longer term offerings, 18 month increased by .15% to a rate of .75%, 24 month up by .15% to a rate of 1.00% and the most significant is in the longest term available-a 60 month which increased by .25% to a rate of 2.00%.

Operations | BVCU continues the quest to become the primary financial institution of each member. During 2014, our credit union worked to implement a number of initiatives intended to enhance services. During 2015 and 2016 our focus was to refine these services as we are very dedicated on being able to provide the most current and relevant services to our membership.

In March of 2016, the BVCU Board of Directors, Supervisory and Credit Committee members as well as staff met for a Strategic Planning Session. This session was facilitated by Heartland Credit Union formerly Kansas Credit Union Association. By having an outside source conduct this session some comparisons were brought as to what other Credit Unions are offering and where we might still need to improve in our services. The focus continues to staying relevant on our electronic services which have overwhelmingly become a must in today's society.

Another primary focus identified is our need to increase our membership and bring awareness to the Credit Union and the services we offer to the new professionals of Black & Veatch as well as informing our current members of

our extended field of membership to include family members. Plans for 2017 will be to increase this awareness and the marketing of BVCU. Trips to Black & Veatch's regional offices will be scheduled to resume in 2017 in an effort to reach members and potential members outside of the greater Kansas City area.

Our website that was launched in 2014 continues to provide our members and those interested in becoming member's helpful information in regard to the Credit Union services. Through that website members can access their Virtual Branch accounts as well as apply for a loan through our electronically submitted Loanliner.Com service. Our Virtual Branch on-line banking continues to be well received with our membership base. BVCU now has a Mobile App which is becoming more relevant and user friendly. Everything that can be done on our Virtual Branch banking site can be done through our member's mobile device. This ranges from checking balances to transferring funds to using the Bill Pay feature.

Appreciation | The office staff level remained at three, full-time personnel for 2016. However, we would like to take this opportunity to welcome Kim Bankston who joined the Credit Union staff in December. On behalf of the credit union's board and committees, I would like to formally acknowledge and thank the credit union office team, Sandy, Lois, Jessica and Kim whose hard work and attention to detail in supporting the needs of our members and the daily operations of the credit union greatly simplifies our jobs. I also thank the board and committee members for the commitment of their time and talent to the ongoing success of BVCU. Finally, I want to recognize and thank Black & Veatch for their support of our credit union including providing us our office space from which to serve our members.

In closing, although economic conditions continue to challenge the credit union, we are confident that we can respond appropriately and continue to provide a superior level of financial services and products to our members.

2016 Board of Directors

William G. Stannard, *Chairperson*
Lawrence F. Beil, III, *Vice Chairperson*
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