

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 2021, its 67th year. We are excited to hold our Annual Meeting in person after two years of restrictions related to COVID-19. We continue to function in accordance with its charter and the basic principles on which it was founded. We attribute our success to the commitment of the BVCU office team and our volunteer board and committee members, as well as the continued support of our sponsor, Black & Veatch Corporation.

2021 continued to be a challenging time due to the on-going effect of the global pandemic and COVID-19 precautions. Throughout the year member access to our office location at the Black & Veatch World Headquarters remained limited. We continued to work to provide electronic alternatives and offer "curbside" service for those wanting to transact in person. We continue to focus on creating bonds of relationships to grow with our members in keeping with the Credit Union philosophy of "People Helping People."

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 2021 showing just a slight increase of approximately \$280,000 for a year ending \$65,094,444 for Total Assets. Our members' deposits, made up of Regular Shares, Share Certificates (CDs), and Share Drafts, saw an increase of \$620,00 during 2021 bringing the total to \$56.9 million. Our members continue to view the Credit Union as a safe, reliable, and very competitive financial institution during the challenges the economy has faced during the past few years.

Investments increased by approximately \$2.3 million during 2021 finishing the year at \$44,298,654. The rate of return on investments has continued to remain low over the course of the year. We have continued to reinvest maturities to maintain our investment portfolio maturity schedule. 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 2021, our outstanding loans to members decreased by about 13% to \$18.6 million, a decline of \$2.7 million. This decrease brings our total loan to asset ratio to 28.6%, a significant decrease for 2021. The most substantial decreases were seen in our auto lending program. With the current state of the Auto Industry and their challenges of receiving the "chip" product from overseas, supply and demand has been significantly impacted. This in turn has a noteworthy influence on our auto lending program. Home Equity lending remained virtually unchanged during the year. After the impact of the pandemic the economy is slowly returning to a resemblance of what we saw pre Covid-19. However, with inflation increasing at a significant pace, we are facing new headwinds as our members deal with the higher costs of living resulting in our members becoming more cautious when making large purchases.

BVCU loan rates continue to be quite competitive with other lending institutions. As we continue to focus on increasing our lending, the Board of Directors maintained our low loan rates throughout 2021. We are confident that by maintaining these lower rates we will see a significant impact to member borrowings once supply and demand stabilizes. As always, we will continue to research and implement the best rates for our members.

Our total reserves and undivided earnings also increased during 2021. At the close of 2021 this balance sheet item totaled \$7,728,887.

Dividend rates for 2021 decreased throughout the year in alignment with low interest rates throughout our economy. The top tiers were reduced by .10%, .25% and .30% respectively while continuing to pay at a competitive rate while, in many cases, a higher rate over other financial institutions. A change to our Share Certificates (CDs) was made in June of 2021. After a year of these rates being unchanged it was determined by the Board of Directors to lower these slightly. Moving forward these rates will continue to be monitored and adjusted accordingly.

Operations | BVCU continues the quest to become the primary financial institution of each member. During the past several years, our credit union has worked toward that goal to implement several initiatives intended to enhance services. Our focus continues to be to refine these services as we are very dedicated on being able to provide the most current and relevant services to our membership.

The biggest highlight for 2021 was the addition of quicker and easier loan processing. With the addition of online applications and now electronic signing documents we can process loans for members quickly and efficiently while offering a much smoother more convenient experience for our members. Electronic signing of loan documents certainly came to the forefront for our members during the pandemic as a solution for not being able to visit the office in person. This was a crucial component that now provides versatility in servicing our members. This feature will expand through other service areas within the Credit Union to benefit our members.

BVCU current membership ended 2021 at 4,865, a decrease of just over 100 during the past two years during the pandemic. Membership growth continues to be a struggle reflecting the decrease of hiring during the pandemic and the new concept of professionals working remotely, we are not getting the exposure we had previously. We are working closely with Black & Veatch's Human Resource department to be included with their onboarding process for new professionals. We also continue to remind our members that their family members qualify to become members and benefit from the services of B&V Credit Union.

B&V Credit Union continues to realize the importance of communication with our members, this has become very evident during the pandemic. Recently, one of the best sources of communication is through texting via smart phones. We are looking forward to implementing a texting option for our members in the very near future. We are also eager to provide our members with an easier method for loan payments using a login through our secure website. This is a feature our members have been requesting and we are excited to be able to introduce this feature by mid-2022. We will continue to remain committed to listening to the needs of our members and research services to be reactive to ongoing changing trends.

The Home Equity lending option BVCU offers to its members is a Variable Rate loan that is tied to the national Prime Rate and can be adjusted twice a year, March 1st, and September 1st at a rate of Prime Rate minus .50%. In March of 2020 Prime Rate dropped dramatically to a rate of 3.25% and remained at that level during all of 2021. As a result, our Home Equity program for new loans were being processed at a rate of 3% which is the floor rate for our program. Also, the member loans saw a decrease during the adjustment periods of .50% to their rates which resulted in all existing Home Equity Line of Credit Loans being reduced to the floor rate of 3% as well.

Appreciation | The office staff level remained at four full-time personnel for 2021. On behalf of the credit union's board and committees, I would like to formally acknowledge and thank the credit union office team, Sandy, Jessica, Kim and Briana 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 Corporation 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.

Board of Directors

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