



CAPITOL VIEW

Credit Union

Iowa's Credit Union for State Employees

Annual Report

2017



Annual Meeting Agenda

1. Election and social hour 6-7 pm
2. Dinner buffet 7 pm
3. Business meeting following dinner
 - A. Ascertain quorum
 - B. Reading and approval of 2017 minutes
 - C. Approval of officer and committee reports
 - a. Old Business
 - b. New Business
 - c. Announcement of election results by election committee
 - d. Announcement of re-organizational meeting
 - D. Adjournment
3. Drawing for cash prizes

Cash prizes will be awarded throughout the evening for members who have purchased tickets. You must be present to win and your name should be printed on the back of the ticket. A total of twenty \$25 prizes will be awarded.

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

April 2018

Dear Members,

Welcome to the 2018 Capitol View Credit Union Annual Meeting.

Thanks to our members the credit union performed relatively well in 2017. As in recent years, 2017 presented many hurdles. This year was a new experience for me in working with all the moving parts of remodeling an office building which will become our new home very soon. I would like to thank Ben, Linda, Kyle, Doug, Jessica and Rachel for making the operational side of the credit union a success in 2017.

Capitol View members continue to be very loyal. Callahan and Associates is a credit union consulting company who created the Return of the Member Index for credit unions looking to measure their most important asset - their members' use of the credit union. Return to the member considers return to savers, return to borrowers and usage of credit union services. Capitol View ranks 29th out of 1,060 other credit unions in our peer group for Return of the Member. Your credit union truly provides a safe haven for your savings and investments. Your savings are federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government by the National Credit Union Administration. We have added to the safety and soundness of the credit union by adding to reserves and undivided earnings.

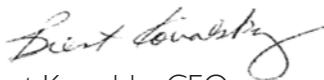
Capitol View is a very progressive credit union for our size in that we offer a full menu of online and mobile services. Those services include online banking, online bill pay, person to person and institution to institution transfers (Capview Connect), mobile app, mobile bill pay, remote deposit capture (deposit checks with your smart phone). We do this because we want to remain relevant to all members, but especially younger members.

As of the writing of this letter in late February we are still located at 1000 East Grand, but we will be moving shortly to our new offices at 623 East 12th Street, Des Moines, IA 50309. We are just a couple of blocks to the east of our former location. Driving east on Grand Ave, or Des Moines Street turn north on East 12th Street. We are adjacent to the lot that the old General Hospital was located. We will have plenty of parking and a drive up. Come check us out.

Our goal is to make our member's financial lives better. We offer many savings and lending products, including mortgage loans that give good member value. Most of all, it is the personal service we provide to you that sets us apart from our competitors. Our policy, "once a member, always a member", continues to stand. Our field of membership includes all state employees and state contractors and all of their family members. Your words to potential members describing your positive experiences with us are priceless.

Please review our 2017 annual report. Feel free to ask myself or a board member any questions you may have. I would appreciate any suggestions on how we can improve service to you.

Sincerely,

A handwritten signature in cursive script that reads "Brent Kowalsky". The signature is written in black ink and is positioned above the printed name.

Brent Kowalsky, CEO

REPORT OF THE CHAIRMAN

For the Year 2017

Your Credit Union Board continued in 2017 to look at what we feel are Capitol View's strengths and weaknesses by discussing at our monthly meetings new opportunities, economic trends, possible new products and enhancements. Priorities continue to be maintaining our financial goals while at the same time providing members a new facility at 623 East 12th Street, Des Moines that will include a drive up and drive up ATM, Safe deposit boxes, self-service coin counter and plenty of parking. We are always interested in identifying opportunities for membership growth.

Growth rates were balanced and continued to be promising with assets growing by 3.16%; loans by -0.94% and deposits by 2.70%. We need borrowers!

Legislative priorities of the Iowa Credit Union League, of which we are a member, for 2017 include maintaining the credit union tax status, tax and service equity for banks and credit unions, oppose efforts to alter payment card interchange, protect lowans' personal financial information, and provide state funding for individual development accounts. Other challenges for credit unions in 2017 implementing and enforcing federal regulations.

We had no staff changes this year and I am very pleased with the cooperative effort of all our staff in working as a team to share knowledge and experiences. This team work is the key to making your credit union successful and to meet the needs of our member. I and the other Board members extend a special thank you to Capitol View's staff (Brent, Ben, Linda, Kyle, Doug, Jessica and Rachel) for their continued hard work.

Thank you for your continued membership and support of Capitol View Credit Union. Our common goal through all of our efforts is to help our members remain financially healthy in order to reach their goals and dreams. We greatly appreciate any referrals of family or co-workers. We want you to know that no matter what stage of life you're in, Capitol View Credit Union will remain a place you can call "home".

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl Martin', written in a cursive style.

Carl Martin, Chairman of the Board

REPORT OF THE CREDIT COMMITTEE

For the Year 2017

During the calendar year 2017, the credit committee received and reviewed 7 loan applications for a total of \$531,327. The credit committee approved 7 loans in the amount of \$531,327 and rejected no loans. The loan officers received and reviewed 512 loan applications for a total of \$8,921,069. The loan officers approved 437 loans in the amount of \$8,171,414 and rejected 75 loans in the amount of \$749,654. Of the 437 loans approved 36 were home equity or mortgage loans in the amount of \$2,591,621. There were a total of 33 advances made on home equity lines during 2017, for a total of \$317,367. In addition, the credit union helped 18 members secure first mortgage loans through the credit union directly or our partner Premier Lending Alliance in the amount of \$2,801,598.

As of December 31, 2017 there were 872 Gold MasterCard or Classic MasterCard accounts issued of which 583 had balances. The total line of credit out was \$4,588,364 and actual balances of \$1,225,428.

The credit union had \$33,525 in principal reduction payments on business loan participations. We had no business participation advances. Outstanding business participations balances as of December 31, 2017 were \$267,900.

Total new loans and advances to credit union members and business loan participations during 2017 were 1070 amounting to \$12,710,608.



Tara Ganpat-Puffett, Chairperson



Mary L. Bryant, Secretary

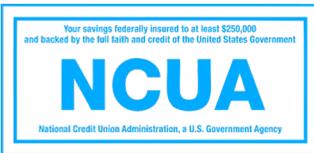


Penny Maxwell, Committee Member

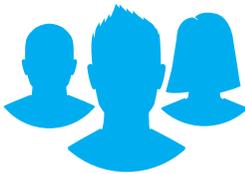
REPORT OF THE CHIEF FINANCIAL OFFICER For the Year 2017



Total shares and deposits increased from
\$28,111,841 on December 31, 2016 to
\$28,876,767 on December 31, 2017.

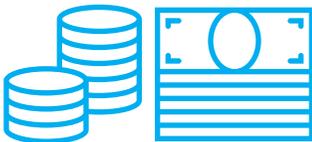


Your savings are federally insured to at least
\$250,000.00 and backed by the full faith and
credit of the United States Government.



There were
1,994
active members
as of December 31, 2017.

Loans to members decreased slightly from
\$22,039,959 on December 31, 2016 to
\$21,841,640 on December 31, 2017.



Dividends in the amount of
\$145,930
were paid to members
during calendar year 2017.

Services offered to CapitolView Credit Union members are:

- Share savings account
- Money market account
- Share draft checking account
- IRA account
- Roth IRA account
- Education IRA Account
- Christmas club account
- Share certificate
- IRA share certificate
- Longer term CD's
- Direct deposit
- Direct debit
- Payroll deduction
- Visa Debit cards EMV Chip enabled
- Tellers checks
- Atira gift cards (issued by VISA)
- Reloadable Visa cards
- New and used vehicle pricing information
- New and used vehicle loans
- Signature loans
- Share backed loans
- Certificate backed loans
- Private student loans through Aspire
- EMV Chip enabled Classic Gold MasterCard
- Mobile home loans
- Recreational vehicle loans
- Home equity loans and home equity lines of credit
- First mortgage loans
- Real estate lot loans
- Business loans through CBL
- Free \$1,000 accidental death and dismemberment insurance for members age 18-69 if enrolled
- Credit life and disability insurance available on loans
- Debt protection on home equity loans
- Vehicle warranty through Route 66
- GAP Insurance on vehicles
- Group auto and homeowners insurance through TruStage Insurance Agency-underwritten by Liberty Mutual
- CapitolView CLUB—for members over 60
- Free notary service
- Toll free watts line
- 24 hour a day voice response system
- Online banking with single sign on access to eStatements
- Online bill payment
- Online MasterCard information through MyCard Info
- Mobile application which allows you to access your accounts via a compatible smartphone
- Mobile Check Deposit
- "Capview Connect" - funds transfer tool
- Mobile Bill Pay

Our new office is located at 623 East 12th Street, Des Moines, IA 50309. It features ample parking, a drive up window, a drive up ATM, safe deposit boxes. Since it is only a few blocks from our current main office we will close the 1000 East Grand location. The 150 Des Moines Street office is already closed. We needed to make those changes to fully staff our new full service facility. We also participate in Shared Branching where CapitolView members can transact business on their CapitolView accounts at over 5,000 participating credit unions nationwide. We have ATMs in the State Capitol, Wallace Building, and hopefully in the IWD Building when we make the move to our new office. In addition members may access their accounts 24 hours a day through ATM's worldwide, and through our online banking platform, mobile app or voice response system.

On behalf of the CapitolView Credit Union board of directors I'd like to thank the membership for their continued support and patronage.



Anne Jackson
Chief Financial Officer

REPORT OF THE AUDIT COMMITTEE

For the Year 2017

During the calendar year 2017, the Audit Committee examined the credit union financial records and verified the cash on hand. In addition, financial statements were examined, expenses were audited, closed accounts were verified and home equity loans were reviewed. Provision for loan loss account was verified as adequate to meet anticipated needs. The ACH annual audit was completed as of November 1st, 2017. The Bank Secrecy Act annual audit was completed as of September 30th, 2017 by our CPA firm Gardiner Thomsen. Gardiner Thomsen also did an agreed upon procedures annual audit as of September 30, 2017.

An audit of all member accounts was included with the quarterly statements issued on June 30, 2017.

In our opinion, the financial statements for the year 2017 fairly represent the financial status of Capitol View Credit Union and reflect a very sound financial condition.



Justin Willier, Audit Chairperson



Suzanne Hutton, Audit Member



Matt McCormick, Audit Member

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2017

Assets

	2017	2016
Loans to Members*	\$21,841,640	\$22,039,959
Allowance for Loan Loss	(\$255,926)	(\$246,087)
Cash	\$5,012,783	\$4,632,117
Investments (Book Value)	\$5,905,100	\$5,403,500
Fixed Assets	\$8,029	\$14,143
Land and Building	\$853,081	\$485,836
Other Assets	\$766,378	\$751,666
NCUA Capitalization Deposit	\$273,143	\$263,151
Total Assets	\$34,404,228	\$33,344,285

Liabilities and Equity

Shares and Deposits	\$28,876,767	\$28,111,841
Notes Payable	\$0	\$0
Accounts Payable and Other	\$155,137	\$136,565
Legal Reserve & Other Reserves	\$1,118,810	\$1,111,867
Undivided Earnings	\$3,984,012	\$3,783,898
Net Income	\$269,502	\$200,114
Total Liabilities and Equity	\$34,404,228	\$33,344,285

*Unused Lines of Credit include:

MasterCard @ \$ 3,362,936

Home Equity @ \$ 500,214

Privilege Pay @ \$ 662,000

STATEMENT OF INCOME AND EXPENSE

As of December 31, 2017

	2017	2016	Change
Income			
Interest on Loans	\$1,012,952	\$997,811	\$15,141
Investment Income	\$125,365	\$82,711	\$42,654
Other Income	\$448,482	\$430,253	\$18,229
Gross Income	\$1,586,799	\$1,510,775	\$76,024
Expense			
Employee Compensation	\$560,825	\$534,332	\$26,493
Administrative Costs	\$26,572	\$27,689	(\$1,117)
Office Rent	\$900	\$900	\$0
Operating Costs	\$461,736	\$422,705	\$39,031
Account Service Costs	\$77,193	\$57,293	\$19,900
Provision for Loan Losses	\$37,262	\$129,851	(\$92,589)
Legal Reserve Expense	\$6,944	\$6,439	\$505
Dividend Expense	\$145,930	\$131,452	\$14,478
Total Expense	\$1,317,362	\$1,310,661	\$6,701
Net Income	\$269,437	\$200,114	\$69,323
Gain/Loss Disposition of Assets	\$65	\$0	(\$65)
Net Income After Non Operating Gain	\$269,502	\$200,114	\$69,388

CAPITOL VIEW CREDIT UNION

2017 BOARD MEMBERS

Anne Jackson	Retired	Term Expires 2018
Suzanne Hutton	Retired	Term Expires 2018
Randal Anderson	Iowa Lottery	Term Expires 2018
Mary Bryant	Retired	Term Expires 2019
Tara Ganpat-Puffett	Commerce	Term Expires 2019
Penny Maxwell	IWD	Term Expires 2019
Carl Martin	Retired	Term Expires 2020
Justin Willier	IWD	Term Expires 2020
Matt McCormick	Member	Term Expires 2020

CAPITOL VIEW CREDIT UNION STAFF

Member Service Representatives



Rachel

rachelh@capview.com



Linda

lindar@capview.com



Jessica

jessicah@capview.com

Loan Officers



Kyle

kyleh@capview.com



Doug

douga@capview.com

Managers



Ben

Assistant Manager

bens@capview.com



Brent

CEO

brentk@capview.com



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Credit Union

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