HEARTLAND CREDIT UNION
82ND ANNUAL MEETING
May 22, 2018

1. Call to Order
2. Determination of Quorum
3. Introductions
4. Approval of 2017 Annual Meeting Minutes
5. Chairman/President’s Report
6. Treasurer’s Report
7. Supervisory Committee Report on Applying Agreed-Upon Procedures
8. Loan Officer’s Report
9. Nominating Committee Report/Announcement of Election Results
10. Old Business
11. New Business
12. Adjournment
The Board of Directors is comprised of members who live and work in our communities and volunteer their time. You elect them as your representatives to guide the organization in its mission, establish governance policies and provide strategic vision for our future.

Executive Management

Sally Dischler
President & CEO

Steve Farnsworth
Executive Vice President

Kevin Crowe
Vice President, Finance

Angela Hanson
Vice President, Human Resources

Dianne Jentz
Vice President, Business Lending

Robin Marohn
Vice President, Marketing & Business Development

Lorraine Ochalla
Vice President, Administration

Shawn Redman
Chief Lending Officer

Executive Management & Committees

Member Volunteers

Supervisory Committee

Lucy Harr
Chairman

Eric Christiansen
Credit Union Member

James Dalton
Credit Union Member

Kevin Smith
Credit Union Member

Becky Rahn
Credit Union Member

Kristin Ama
Internal Auditor/Compliance Manager

Asset/Liability

Management Committee

Rhonda Hollfelder
Chairman

Steve Farnsworth
Executive Vice President

Kari Juadis
Director

Kevin Crowe
Vice President, Finance

Dale Burmester
Director

Shawn Redman
Chief Lending Officer

Paul Ledin
Credit Union Member

Ginny Holley
Finance Manager

Sally Dischler
President & CEO
The 81st Annual Meeting of Heartland Credit Union was called to order at 7:00 p.m. at the East Side Club in Madison, Wisconsin. A remote site for our Southwestern members to unite was held at the Platteville Golf and Country Club in Platteville, Wisconsin. Chairman Rhonda Hollfelder presided and introduced the remaining members of the Board of Directors, Lois Grans, Vice Chair; Paul Beloungy, Secretary; Marc Jones, Treasurer; and Directors Jim Drogue and Lucy Harr. Committee members present included Dale Burmester and Paul Ledin, Asset Liability Management Committee and Jim Dalton, Supervisory Committee. She also introduced Sally Dischler, President/CEO.

The minutes of the annual meeting held on May 19, 2016 were approved as printed and distributed.

Sally reported that 2016 was an exceptional year for growth; maintaining positive earnings, and a strong “well capitalized” position. She indicated that our first priority is to provide members with the best financial services ranging from the traditional deposit and loan products to the new emerging technologies such as mobile check deposit and remote electronic signatures. Our mission of partnering with the communities we serve in giving back with donations, employee volunteerism, and sponsorships continues. Our 2016 Give Local Campaign raised $11,900 for Porchlight.

The Treasure’s Report and the Financial Statements were provided in the annual report. Chairman Hollfelder asked if there were any questions on the financial performance. Hearing none, the Chair reported that the reports will be filed for audit.

The Supervisory Committee Letter was included in the annual report. The membership was notified that a copy of this letter and the report referenced in the letter is retained for review by government regulatory authorities.

In 2016, Heartland Credit Union loan officers originated new loan volume in the amount of $73.7 million for personal loans; $58.6 million for real estate loans; and $14.0 million for business loans. Total loans outstanding increased $15.3 million to $197.1 million as of December 31, 2016.

The Nominating Committee, comprised of Lois Grans, Lucy Harr, and Jim Drogue placed the names of four members in nomination as candidates for two Director positions with terms expiring at the close of this annual meeting. All ballots received according to the time period requested were tabulated. The result was Rhonda Hollfelder was re-elected and Dale Burmester was elected to the board of directors. The Chairman instructed the Secretary to destroy the ballots no sooner than 30 days following the meeting.

The meeting adjourned at 7:30 p.m.

Respectfully submitted,

Lorraine M. Ochalla
Corporate Secretary
In 2017, Heartland Credit Union continued to experience steady growth in all areas. Your financial cooperative remains well capitalized and in a position of strength across our balance sheet. We believe our goal to remain focused on the needs of our member/owners is what leads to our success and it’s at the heart of everything we do. Our Heartland team drives home that core concept each and every day as they strive to provide the best service possible. The stories member/owners share regarding those efforts are heartwarming. So, too, are those shared by team members describing incredible acts of service to our member/owners. You can see those stories on our Facebook page and YouTube channel.

Our digital banking experience grew stronger in 2017 with a new website and mobile app. Our mobile app includes an easy-to-use mobile check deposit tool as well as mobile bill pay and access to all your accounts at Heartland. You can find the mobile app for Android and Apple devices in the Google Play and iTunes stores.

In the coming year look for service improvements in our call center allowing you more channels with which to communicate with your credit union.

It’s an unfortunate truism that many member/owners of Heartland and other credit unions don’t know they’re part of something different. However, it is also true that many are aware of the reputation Heartland has established for strong, ethical governance. It’s not bragging but pride when we say we work very hard to make sure our standards remain high while providing the products and services our member/owners want and need.

The difference between your financial cooperative and a bank can be distinct but also fuzzy. Some would say we look like a bank so … they call us their “bank.” Just remember – it’s not what we do but why we do it and how we do it.

• Heartland and other credit unions are financial cooperatives. We’re owned by our members. Our member/owners expect service. Banks are owned by shareholders and they expect a profit.

• Credit unions pay every tax a bank pays except one – corporate income tax. Why? Because our income is returned to our member/owners in the form of lower fees and loan rates, higher rates on savings and better service.

Why is this important? You’ll see banks will continue to attack credit unions on the issue of taxation more and more over the coming months claiming that credit unions don’t pay taxes. Now you know we DO pay taxes. It doesn’t matter how big or small the credit union is, we are all governed the same and are financial cooperatives.

Remember what matters. Remember the difference between a bank and a credit union is not what we do … but why we do it and how we do it.

Rhonda Hollfelder
Chairman

Sally Dischler
President/CEO
Heartland Credit Union continues to achieve growth and be financially well-positioned. We remain well-capitalized. Heartland posted $1.98 million in net income. These earnings are added to capital reserves to maintain financial strength. The capital ratio of 10.02% is well above the regulator’s “well capitalized” level of 7.0%.

Savings balances grew by 6.89%, an increase of $15.2 million. Total savings reached $236.3 million. Assets grew by $20.5 million, to $267.7 million.

With ample liquidity available, we continue to meet member needs for consumer, home mortgage, agricultural and business loans. Member loan advances of all types totaled $153.4 million. Our lending portfolio continues to reflect the management approach of safety and soundness and prudent lending practices. At year-end, loans delinquent as a percent of total loans was .52% which is below peer average of .90%.

Respectfully submitted,

Marc A. Jones
Treasurer
May 22, 2018

Dear Members:

We retained CliftonLarsenAllen, LLP, to perform an agreed-upon procedures engagement for Heartland Credit Union as of and for the twelve-month period ended September 30, 2017.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The procedures they performed were outlined in Appendix A of the NCUA’s Supervisory Committee Guide for Federal Credit Unions, and are the minimum procedures which an independent accountant must perform in order to complete the annual audit requirements under Part 715 of the NCUA Rules and Regulations. These procedures included reconciliation of cash accounts, reconciliation of all investments, wire transfer procedures, teller controls, and reconciliation of loan and member share subsidiary ledgers to the general ledger. In addition a sample of loans were reviewed to ensure that loans are properly documented, along with a review of loan and share file maintenance procedures.

The results of this engagement have been provided to the Board of Directors and will be on file at the credit union.

Based on the results of this engagement, as well as Heartland Credit Union’s continued strengthening of capital and asset quality, the Supervisory Committee is confident that Heartland Credit Union is successfully functioning as a strong financial cooperative dedicated to meeting and exceeding the needs of its members.

Respectfully submitted,

Lucy Harr
Supervisory Committee Chair
In 2017, Heartland Credit Union loan officers originated $153.4 million in new loan advances.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>$91.3 million</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$48.8 million</td>
</tr>
<tr>
<td>Business</td>
<td>$13.3 million</td>
</tr>
</tbody>
</table>

Total loans outstanding increased $18.7 million to $215.8 million as of December 31, 2017.
For the year ending December 31, 2017.

**Balance Sheet**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loans to Members</td>
<td>$214,512,712</td>
</tr>
<tr>
<td>Cash &amp; Investments</td>
<td>$23,034,469</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>$7,728,511</td>
</tr>
<tr>
<td>All Other Assets</td>
<td>$22,444,856</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$267,720,548</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables &amp; Other Liabilities</td>
<td>$7,204,216</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>$0</td>
</tr>
<tr>
<td>Member Savings</td>
<td>$236,328,451</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>($2,633,141)</td>
</tr>
<tr>
<td>Reserves</td>
<td>26,821,022</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$267,720,548</strong></td>
</tr>
</tbody>
</table>

**Operating Statement**

**Income**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$9,313,101</td>
</tr>
<tr>
<td>Income on Investments</td>
<td>$304,224</td>
</tr>
<tr>
<td>Other Income</td>
<td>$4,530,837</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$14,148,162</strong></td>
</tr>
</tbody>
</table>

**Expenses**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>$5,707,788</td>
</tr>
<tr>
<td>Marketing &amp; Education</td>
<td>$888,253</td>
</tr>
<tr>
<td>Office Occupancy</td>
<td>$835,039</td>
</tr>
<tr>
<td>Office Operations</td>
<td>$3,346,152</td>
</tr>
<tr>
<td>Provision for Loan Loss</td>
<td>$684,000</td>
</tr>
<tr>
<td>Extraordinary (Income)/Expense</td>
<td>($101,127)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,360,105</strong></td>
</tr>
</tbody>
</table>

Cost of Funds $803,801

Net Income $1,984,256

**Distribution of Gross Income**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>$803,764</td>
</tr>
<tr>
<td>Interest on Notes Payable</td>
<td>$37</td>
</tr>
<tr>
<td>Undivided Earnings</td>
<td>$1,984,256</td>
</tr>
<tr>
<td>Expenses</td>
<td>$11,360,105</td>
</tr>
</tbody>
</table>

ST Attement of Financial Condition
In 2017, we took a unique approach to our annual Give Local campaign. We recognized that lack of funding made it nearly impossible for teachers to do special projects that engage students. We wanted to change that.

Since education is important to us, Heartland Credit Union developed We ♥ Schools – a community alliance to support local teachers and students.

With help from the community and local Heartland business members, we established a school grant. The money donated was put to use directly in local classrooms to fund creative classroom projects to keep teachers and students inspired.

Our grant funded calligraphy pens and ink so students studying Colonial Williamsburg could practice writing in Old English. Before we helped obtain these supplies, the students were using toothpicks and black paint.

We donated a new convection oven to a classroom to help students learn life-long skills, and donated new band equipment for a local middle school.

At the holidays, we reconnected with our friends at Transition Education Program (TEP) and started a campaign to help provide needed services for kids experiencing homelessness.

With generous gifts from our member-owners and a matching $5,000 grant from Heartland Credit Union, we proudly raised over $14,000 for local schools and TEP.

Thank you for making the heartland a better place for all of us to live.
In 2017, Heartland Credit Union contributed $108,000 to more than 100 organizations within the communities we serve. Below are just a few of those organizations. Giving back is one of the many reasons “It’s different in the heartland.”