

The Supervisory Committee met monthly to monitor and review credit union operations.

Our external auditors, WIPFLi Ullrich Bertelson LLP (WIPFLi), conducted the annual verification of share and loan accounts as of September 30, 2016, and the Annual Audit of our Financial Statements (Audit) for the year ended September 30, 2016. It is WIPFLi's opinion that the financial statements present fairly, in all material respects, the financial position of Consumers Credit Union (CCU) at September 30, 2016, and the results of its operations and its cash flows for the year then ended are in conformity with Generally Accepted Accounting Principles in the United States. The results of this Audit were reviewed at the December, 2016 Board of Directors meeting, with each Director receiving a copy of these reports.

In 2016, WIPFLi also audited our 401(k) Plan and Trust and Defined Benefit Plans as of December 31, 2015. These audits were provided to the Supervisory Committee at the September, 2016 Supervisory Committee meeting. In the opinion for these audits, WIPFLi stated that the form and content of the information included in the 2015 financial statements and schedules, other than that derived from the information certified by the trustee (CUNA Mutual), have been audited in accordance with Generally Accepted Accounting Principles in the United States and, in their opinion, are in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

WIPFLi also conducted an Information Technology examination in 2016. Recommendations have been reviewed and prioritized by management. Three Perimeter Vulnerability Assessments were also performed, two by WIPFLi in the first and third quarters and one by Haloc in the fourth quarter. Management continues to prioritize cyber security precautions.

The National Credit Union Administration (NCUA) and the Illinois Department of Financial and Professional Regulation - Division of Financial Institutions Credit Union Section (DFI) completed an audit to determine the financial condition of the credit union, and

our compliance with applicable Rules and Regulations as of June 30, 2016. The results of this audit were reviewed at the August, 2016 Board of Directors meeting, with each Director receiving a copy of the report.

CUNA Mutual, our fidelity bond insurer, conducted a review in October 2015 and made several recommendations. In late 2015, management evaluated the recommendations. In 2016, management finished implementing the vast majority of the recommendations. Management is in the process of implementing others that require more time due to system impacts and external vendor dependencies. CUNA Mutual bases their recommendations on industry trends and what they see occurring with respect to insurance losses. Their focus is making recommendations that may potentially reduce future insurance claims.

During 2016, CCU's Internal Audit function and Compliance function were segregated to enable a dedicated focus in each area. Management also established and implemented a risk-rated Internal Audit Plan for the year and established a separate Compliance Plan for the year. The Manager-Internal Audit conducted the required annual audits and additionally internal audits of many areas throughout the organization, such as Commercial Lending, Payroll, Debit Cards, Collections, Remote Deposit Capture, Automated Clearing House (ACH), Shared Branching, Fixed Assets, and the Allowance for Loan Loss. The Compliance Manager separately reviewed policies and procedures for compliance in several areas of the credit union. Additionally, management also hired WIPFLi and BKD to perform certain additional compliance reviews of policies and procedures.

Supervisory Committee:

Joseph M. Rajceвич – Committee Chairperson

Jerry P. Larson – Committee Secretary

Denise Charts

Spiridoula (Litza) Mavrothalasitis

Kenneth Robinson

James A. Mahnich, Sr.