

2019 Annual Report

Your Life. Our Commitment.



90th Annual Meeting of Consumers Credit Union

March 11, 2020

Great Wolf Lodge

1700 Nations Drive

Gurnee, IL 60031

Hal Coxon, *Master of Ceremonies*

Agenda:

- ◆ *Welcome & Introduction of Guests*
- ◆ *Mr. John R. Janezic, Chairman of the Board*
- ◆ *Dinner*
- ◆ *Call to Order*
- ◆ *Determination of a Quorum*
- ◆ *Report of the Registration Committee*
- ◆ *Reading and Approval of Agenda*
- ◆ *Approval of Minutes of 89th Annual Meeting*
- ◆ *Report to the Members*
- ◆ *Report of the Nominating, Supervisory,
and Loan Review Committees*
- ◆ *Election of Board of Directors*
- ◆ *Unfinished Business*
- ◆ *New Business*
 - A. *Bylaw Change:*
WMECU Field of Membership
 - B. *Bylaw Change:*
Attendance at Meetings via the Telephone
 - C. *Bylaw Change:*
*Chief Management Official
is the Chief Executive Officer*
 - D.
- ◆ *Adjournment*

Present and Former Consumers Credit Union Leaders



SEAN RATHJEN
CEO
2004-Present



WILLIAM REIDEL
President
1979-2004



ANTON KERZIC, JR.
President
1970-1978



ANTHONY PIERCE
President
1956-1970



LEO SAARI
President
1930-1956

Present and Former Chairpersons:

- ◆ John R. Janezic (2008-Present)
- ◆ George Harro (1977-1979)
- ◆ Ellen (Sandvick) Nantz (1958-1965)
- ◆ James A. Mahnich, Sr. (2002-2008)
- ◆ Ernest W. Wooldridge (1975-1976)
- ◆ Russ Alford (1948-1957)
- ◆ Raymond W. DeWeerth (1979-2002)
- ◆ Helen Dragunas (1966-1974)
- ◆ Jack Liukku (1930-1947)

Board Members:

- ◆ John R. Janezic – *Chairman*
- ◆ Ann Campanella – *Vice Chairperson*
- ◆ Frank C. Soyka – *Treasurer*
- ◆ Denise Charts – *Secretary*
- ◆ Shawn Clisham
- ◆ Scott Drabicki
- ◆ Spiro Giotis
- ◆ James A. Mahnich, Sr.
- ◆ Spiridoula (Litza) Mavrothalasitis
- ◆ Joseph M. Rajcevich
- ◆ Michael Raysakis
- ◆ Dr. John R. Schwab

Committee Members:

- ◆ Demar Harris
- ◆ Leslee Johnson
- ◆ Kenneth Robinson

Nominating Committee:

- ◆ James A. Mahnich, Sr.
Committee Chairman
- ◆ Leslee Johnson
- ◆ Kenneth Robinson

Board Candidates (as approved by the Nominating Committee):

- ◆ Gail Becke (Applicant)
- ◆ Denise Charts (Incumbent)
- ◆ Shawn Clisham (Incumbent)
- ◆ Scott Drabicki (Incumbent)
- ◆ John R. Janezic (Incumbent)
- ◆ Jodi Johnson (Applicant)
- ◆ Spiridoula (Litza) Mavrothalasitis (Incumbent)
- ◆ Nancy Sgarbossa (Applicant)
- ◆ Natalia Silverman (Applicant)
- ◆ Carol Skarlat (Applicant)
- ◆ Stanley Tinsley (Applicant)

Chairman & CEO Report



John R. Janezic
JOHN R. JANEZIC
Chairman of the Board



Sean M. Rathjen
SEAN M. RATHJEN
CEO

A Decade of Expansion

We are proud to report on another successful year for Consumers Credit Union (CCU). Our continued growth is a reflection of the organization's commitment to putting our Members first in everything we do. When this philosophy is applied to every aspect of our operations, we believe we will always succeed in building an even stronger credit union. Looking back and realizing the impressive growth and progress the credit union achieved over this past decade, certainly reinforces this belief.

Since 2009, we've seen credit union assets grow from \$539 million to over \$1.3 billion. Our Membership base continued to broaden from approximately 51,000 Members to over 124,000 Members nationwide. We've also expanded our physical footprint – from six to eleven locations spanning across both Lake and Cook County, IL. We also built a broader CCU team to better serve our Members and are proud to have increased employment opportunities, within our local communities, in the past ten years from 171 to 374.

This impressive growth allows the credit union to expand our product and service offerings and provide Members market-leading rates on deposits and loans, in order to help support our Members' financial dreams. Equally important is being able to increase Member satisfaction by delivering a best-in-class Member experience. Providing Members with a consistent and exceptional service experience increases the trust Members place in CCU as their financial partner. Consumers Credit Union's commitment to exceeding expectations and improving the experience through both in-person and digital channels will remain a focus into the new decade. We will continue to work diligently to anticipate Members' changing needs, engage Members for feedback, and provide the solutions they are looking for.

As we enter the new decade, we thank you, our Members who are the heart of our organization, our volunteer Board of Directors whose dedication has guided the organization toward success, and our hard-working employees for always doing what's right for the Member.

A Decade of Strong Growth

73,000 Members joined to bring our credit union family to over **124,000 strong**

Assets grew **\$761M** to **\$1.3 Billion**

Loans grew **\$650M** to over **\$1 Billion**

The CCU Team increased to **374** to serve Members

2019 Highlights



CCU welcomed Waukegan Municipal Employees Credit Union Members after we were selected as their merger partner. We enjoyed introducing our full suite of financial services to our new Members and are proud to be their credit union of choice.



We opened a new service center for employees at Honeywell UOP offering concierge banking with all the digital conveniences for modern banking needs.



We implemented a Service Promise aligned with our top priority, taking care of our Members. Our **PROMISE** reinforces everything our employees work to provide our Members and each other, each day: Professionalism Resolution Opportunity Member Focus Integrity Support Educate



We listened to you. Understanding what does and doesn't work well for Members is critical. We implemented an improved Member survey experience, empowering Members to share their feedback quickly and effectively. This direct insight to the Member experience helps us swiftly address needs and understand what Members enjoy and want us to continue providing.



Interactive Video Teller/ATM kiosks connect Members with remote tellers using a two-way video connection to complete everyday transactions from cashing checks to making loan payments. These kiosks double as an ATM after-hours and for those not needing teller assistance. More kiosks locations are on the way!



The accolades keep coming as Consumers Credit Union was recognized again as a Best-in-State Credit Union by Forbes, the best online checking account by WalletHub and the best high-yield checking account by NerdWallet.



We launched Smart Saver, a new savings account paying over 20X the national average savings rate! Smart Saver encourages Members to put their savings on "autopilot" while earning one of the highest saving rates nationwide.



We added convenient services to help make banking easier for Members such as touch ID for the CCU Mobile App, an updated website design for easier mobile navigation, and contactless credit and debit cards!



CCU is lending in all 50 states! With our Membership spanning nationwide, it was inevitable that CCU would be assisting Members with their financing needs across the country. Every state is now represented in our loan portfolio!



People helping People is the credit union model. We were proud to support numerous organizations working to improve our local communities with sponsorships and donations. CCU employees were also able to make a positive difference by donating their time, talent and resources to various non-profit organizations throughout the year.



Partnering Support
for WINGS Program



Partnering Support
for Northern Illinois Food Bank



Volunteering at
Feed My Starving Children



Supporting the Rec Plex Scary
in the Prairie 5k/10k



Collecting for
Northern Illinois Food Bank



Collecting for Palatine Township
Food Pantry - Thanksgiving Meals



Packaging Children's books at
Bernie's Book Bank



Volunteering at
the Canine Carnival



Crafting Cards for Distribution at
Lurie Children's Hospital



Supporting Local Heroes



Supporting Outrun the Cops & Walk
for the Children

Supervisory Committee Report

Supervisory Committee:

- ◆ Joseph M. Rajceвич – Committee Chairperson
- ◆ Denise Charts – Recording Secretary
- ◆ Spiridoula (Litza) Mavrothalasitis
- ◆ James A. Mahnich, Sr.
- ◆ Spiro Giotis
- ◆ Scott Drabicki

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

Our external auditors, WIPFLi, LLP (WIPFLi), conducted the Annual verification of share and loan accounts as of September 30, 2019, and the Annual Audit of our Financial Statements (Audit) for the year ended September 30, 2019. It is WIPFLi's opinion that the financial statements present fairly, in all material respects, the financial position of Consumers Cooperative Credit Union (CCU) at September 30, 2019, 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 2019 Board of Directors meeting, with each Director receiving a copy of these reports.

In 2019, WIPFLi also audited our 401(k) Plan and Trust and Defined Benefit Plans as of December 31, 2018. These audits were provided to the Supervisory Committee. In the opinion for these audits, WIPFLi stated that the form and content of the information included in the 2018 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 a Bank Secrecy Act ("BSA") examination in 2019.

BKD, LLP conducted an Information Technology general controls audit in late 2019.

In 2019, CCU was examined by the NCUA and the Illinois Department of Professional and Financial Regulation.

In 2019, CCU also engaged Doeren Mayhew to conduct external financial due diligence on Andigo Credit Union. CCU subsequently announced a merger with Andigo in August 2019. The merger, which has been approved by boards of both credit unions, is anticipated to close in 2020, pending regulatory and Member approval.

During 2019, CCU's Internal Audit function and CCU Compliance function continued to provide internal audit coverage and compliance review coverage. Management executes a risk-rated Internal Audit Plan for the year and a separate Compliance Review Plan for the year. The Internal Audit team conducted the required annual internal audits. Additionally, Internal Audit reviewed several areas throughout the organization, such as Commercial Lending-New Accounts, Threat Monitoring, Quality Assurance-New Accounts, CECL Readiness, Escheat, Automated Clearinghouse (ACH), and Wire Transfers. The Compliance team separately reviewed policies and procedures for compliance in several areas of the credit union. These reports are reviewed by the Supervisory Committee of the Board of Directors.

FINANCIAL CONDITION

ASSETS	2019	2018	Difference
Cash and Equivalents	\$ 70,566,741	\$ 35,769,454	\$ 34,797,287
Loans to Members	1,022,159,079	958,039,216	64,119,863
Investments	175,035,621	172,901,275	2,134,345
Fixed Assets, net	29,815,765	28,682,427	1,133,338
Other Assets	35,023,782	36,113,089	(1,089,307)
Total Assets	\$1,332,600,988	\$1,231,505,462	\$ 101,095,526
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities	\$ 14,997,493	\$ 13,107,810	\$ 1,889,683
Total Borrowed Funds	113,815,114	80,790,933	33,024,181
Members' Shares and Certificates	1,095,150,428	1,037,467,633	57,682,795
Total Reserves and Net Income	108,637,953	100,139,087	8,498,867
Total Liabilities and Members' Equity	\$1,332,600,988	\$1,231,505,462	\$ 101,095,526
TOTAL MEMBERS	124,499	116,980	7,519

OPERATING STATEMENT

INTEREST INCOME	2019	2018	Difference
Interest on Loans	\$ 53,649,587	\$ 46,689,833	\$ 6,959,754
Income from Investments	7,253,672	8,390,473	(1,136,801)
Total Interest Income	\$ 60,903,259	\$ 55,080,306	\$ 5,822,953
INTEREST EXPENSE			
Member Dividends	\$ 8,783,463	\$ 7,552,943	\$ 1,230,520
Borrowed Funds	5,854,073	4,878,882	975,192
Total Interest Expense	\$ 14,637,536	\$ 12,431,825	\$ 2,205,712
Net Interest Income	46,265,723	42,648,482	3,617,241
Provision for Loan Loss	4,942,848	5,821,101	(878,253)
Net Interest Income After Provision	\$ 41,322,875	\$ 36,827,381	\$ 4,495,494
OTHER INCOME			
Service Charges and Other Fees	\$ 22,581,529	\$ 22,117,529	\$ 464,000
Other Operating Income	3,153,617	3,078,124	75,494
Total Other Operating Income	\$ 25,735,147	\$ 25,195,653	\$ 539,494
OPERATING EXPENSES			
Salaries and Benefits	\$ 29,961,481	\$ 25,569,273	\$ 4,392,208
Office Occupancy	2,430,217	2,236,907	193,309
Office Operations	6,516,585	6,121,706	394,878
Professional Services	5,610,671	6,787,136	(1,176,465)
Meetings, Travel, Conference	348,357	314,394	33,963
Marketing	858,193	1,266,927	(408,734)
Loan Servicing	10,096,126	9,226,225	869,901
Miscellaneous Operating Expense	2,733,278	2,494,384	238,894
Total Operating Expenses	\$ 58,554,907	\$ 54,016,952	\$ 4,537,955
Loss (Gain) on Investments/Loans/Assets	-5,600	27,865	(33,465)
Other Re-Owned (OREO)	-32,081	117,816	(149,896)
Total Other Income/Expense	\$ -37,681	\$ 145,681	\$ (183,361)
Net Income	\$ 8,540,795	\$ 7,860,400	\$ 680,395

LOAN SUMMARY

Loan Review Committee:

◆ Frank Soyka – Committee Chairperson ◆ Demar Harris ◆ Michael Raysakis

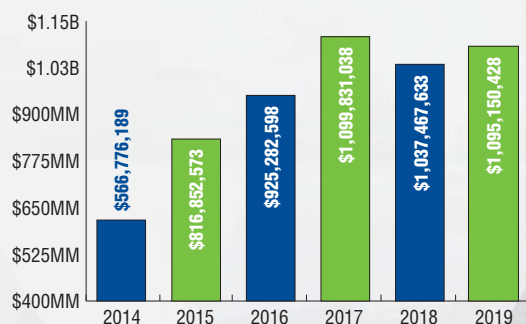
LOAN TYPE	2019 Number	2019 Amount	2018 Number	2018 Amount
New Auto	3,797	\$ 115,119,847	2,677	\$ 82,550,774
Used Auto	8,042	163,589,866	8,928	188,458,828
Motorcycle	354	3,307,434	422	3,901,096
Boats, Campers, and Motorhomes	0	0	0	0
Personal Watercraft, Snowmobiles, ATVs	100	2,328,950	127	3,921,931
Other Secured	1,115	11,413,114	1,199	11,797,999
Savings (includes Share and CD Secured)	147	1,282,032	158	1,618,794
Signature and Cosigner	1,737	9,379,068	1,302	5,627,826
Home Equity Loans	128	4,620,650	83	2,625,200
Home Equity Lines of Credit (HELOC)	366	14,437,526	441	27,662,378
First Mortgages	668	125,422,960	440	75,266,819
Commercial Loan	47	28,198,794	72	42,113,249
MCU Loans	0	0	1,566	9,925,348
Total	16,501	\$ 479,100,242	17,415	\$ 455,470,241

LOAN RECAP

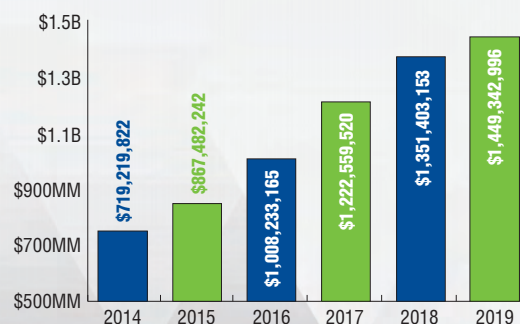
Rewrites and Extensions	343	\$ 4,981,684	275	\$ 3,848,919
-------------------------	-----	--------------	-----	--------------

HISTORICAL DATA

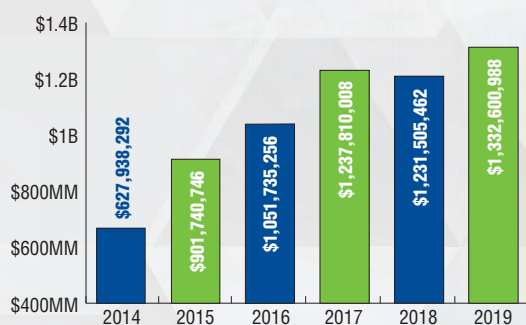
DEPOSIT BALANCES



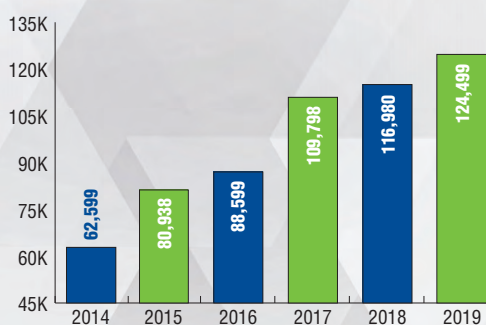
SERVICED LOANS



ASSETS



MEMBERS



Locations

Headquarters

1075 Tri-State Parkway
Gurnee, IL 60031
(Limited access, by appointment only)

CCU Service Centers

- ◆ **DES PLAINES**
Honeywell UOP
25 E. Algonquin Road, Bldg. A
Des Plaines, IL 60016
(Employee access only)
- ◆ **GURNEE**
4946 Grand Avenue
Gurnee, IL 60031
- ◆ **KILDEER**
20413 N. Rand Road
Kildeer, IL 60074
- ◆ **MUNDELEIN**
1210 S. Lake Street
Mundelein, IL 60060
- ◆ **NORTHBROOK**
1334 Shermer Road
Northbrook, IL 60062
- ◆ **NORTH WAUKEGAN**
3737 N. Lewis Avenue
Waukegan, IL 60087
- ◆ **PALATINE**
2401 Plum Grove Road
Palatine, IL 60067
- ◆ **ROUND LAKE BEACH**
2626 N. IL Route 83
Round Lake Beach, IL 60073
- ◆ **SCHAUMBURG**
22 W. Schaumburg Road
Schaumburg, IL 60194
- ◆ **VOLO**
195 E. Route 120
Volo, IL 60073
- ◆ **WAUKEGAN**
2750 Washington Street
Waukegan, IL 60079

Mission

To serve our Members by providing financial solutions that improve their lives.

Brand Promise

To educate while creating and delivering positive experiences that help Members achieve financial success.

Strategic Vision

To become the partner of choice with our Members, employees, and all business relationships while pursuing profitable growth, allowing further investment in the credit union, our employees, Members and the communities we serve.



Your life. Our commitment.

