

ANNUAL REPORT

20
22



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2022 Highlights

93RD ANNUAL MEETING

March 8, 2023

Great Wolf Lodge
1700 Nations Drive
Gurnee, IL 60031

Agenda:

- Welcome
- Mr. Scott Drabicki, Chairperson of the Board
- Call to Order
- Determination of a Quorum
- Report of the Registration Committee
- Reading and Approval of Agenda
- Approval of Minutes of 92nd Annual Meeting
- Report to the Members
- Report of the Nomination, Supervisory, and Finance Committees
- Election of Board of Directors
- Unfinished Business
- New Business
 - A. By Law Amendment - Board Indemnification
 - B.
- Adjournment

PRESENT & FORMER 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

CHAIRPERSONS:

- Scott Drabicki (2021-Present)
- John R. Janezic (2008-2021)
- James A. Mahnich, Sr. (2002-2008)
- Raymond W. DeWeerth (1979-2002)
- George Harro (1977-1979)
- Ernest W. Wooldridge (1975-1976)
- Helen Dragunas (1966-1974)
- Ellen (Sandvick) Nantz (1958-1965)
- Russ Alford (1948-1957)
- Jack Liukku (1930-1947)

BOARD MEMBERS:

- Scott Drabicki – *Chairperson*
- John Fiore – *Vice Chairperson*
- Denise Charts – *Secretary*
- Frank C. Soyka – *Treasurer*
- Spiro Giotis
- Demar Harris
- Bob Hubberts
- John R. Janezic
- Francine (Frankie) Masi
- Spiridoula (Litza) Mavrothalasitis
- Lucilia (Lucy) Rios
- Kenneth Robinson
- Saba Shibberu

ASSOCIATE BOARD MEMBERS:

- George Abraham
- Derek Christopher
- Jim Mahnich
- David Weisman

COMMITTEE MEMBER:

- Leslee Johnson

NOMINATION COMMITTEE:

- James A. Mahnich, Sr. *Committee Chairperson*
- Spiro Giotis
- Bob Hubberts
- Leslee Johnson

BOARD CANDIDATES *(as approved by the Nomination Committee):*

- Miten Champaneri (Applicant)
- Denise Charts (Incumbent)
- Scott Drabicki (Incumbent)
- John Fiore (Incumbent)
- Kenneth Robinson (Incumbent)
- Tricia Strong (Applicant)
- Kenya Tassin (Applicant)
- David Weisman (Applicant)

WILLIAM M. (BILL) REIDEL: A LEGACY OF LEADERSHIP

William M. “Bill” Reidel, who spent nearly 40 years with Consumers Cooperative Credit Union before retiring as its third President in 2004, passed away on June 20, 2022. During his time as President, CCU experienced record growth as a direct result of his leadership and vision, including the expansion of products and services and leveraging of technology. As a result, CCU grew to become a top 10 credit union in asset size in Illinois.

Bill began his career in 1964 as a loan collector, where he developed his passion for lending and helping Members and lived the credit union philosophy of “people helping people.” Thanks to his work, several generations of Members trace their roots to a “first loan” given to a parent, grandparent or relative.

His reputation for fair play enhanced his credibility with political leaders at the local, state and federal level, helping them understand the importance of the credit union movement. Illustrating their positive feelings about Bill, his retirement ceremony included resolutions from the Governor of Illinois, the Illinois House of Representatives and the City of Waukegan, along with a Letter of Commendation from the Illinois Senate.

Bill was also a champion for the credit union movement at the Chapter and State level, promoting the Illinois Credit Union League whenever and wherever he could. Bill also served many other organizations, including The Filene Institute, the College of Lake County Advisory Board and on the Lake County Chamber of Commerce Board of Directors, serving as Chairman of the Board from 1999 to 2000.

Bill helped build Consumers Credit Union into a leader in the financial services industry. Under his watch, credit union Membership grew from 16,185 to 47,000+ Members, assets

grew from \$14 Million to more than \$365 Million and CCU’s new products included checking accounts, mortgage loans, Online Banking and Bill Payment, as well as other electronic services.



In recognition of his hard work and commitment to the credit union movement, Bill was inducted into the Illinois Credit Union Hall of Fame in 2009. CCCU owes much of our success to the work of William M. (Bill) Reidel, whose legacy will live on for many years to come.

Following his retirement and induction into the Credit Union Hall of fame, Bill continued his legacy of servant leadership by holding the position of Vice President on the Board of Directors for CCU’s sponsor, Consumers Cooperative Association. During his time on the Board, he greatly influenced the Association’s scholarship program, leading to an expansion in both the number and size of scholarships awarded to deserving students. Bill continued to serve on the

board until his passing.

Consumers Credit Union’s CEO, Sean Rathjen, had fond memories of the 18 years he knew and worked with Bill. “I am very sad about the passing of Bill Reidel,” said Sean. “He was an incredible person on so many levels. While the entire Consumer’s Credit Union family is saddened by his passing, we take comfort in the knowledge that his memory will remain with us forever. The outpouring of love at CCU that accompanied our sadness would surely have made Bill smile, as it reflected just how much he was respected and adored. I can honestly say Bill is one of the finest men that I have ever met.”

A wonderful tribute for a wonderful man.

CHAIRPERSON & CEO

REPORT

As we look back upon another eventful year, we wish only the best for all our members, and hope you and your loved ones are healthy and happy. 2022 brought both familiar and unique challenges, but as always, we are truly grateful for the support of our members and employees – you’re the ones who make CCU shine.

Recovering from the impact of the pandemic and returning to the office required careful planning and attention to detail, allowing us to start the year almost as if things were back to normal. Shortly thereafter the financial market shifted and interest rates seemed to take on a life of their own, rising rapidly as the months passed. This understandably caused anxiety as the overall cost of consumer goods and services went up.

In response, CCU aggressively raised rates on our most popular savings products, giving you the opportunity to earn more. Our high-interest Certificate, Money Market and Rewards Checking accounts challenged – and in many cases exceeded – what the biggest financial institutions in the nation had to offer. We even added a new top-tier rate for our Money Markets for more earning potential.

Listening and Acting

Although the financial part of our operations is critical, member service is at the core of what we’re all about. We always welcome your feedback on how we are doing, and we made several significant changes due to your

comments including reconfiguring and enhancing our Online Banking platform to make it even easier to use.

To further support our goal of exceptional customer service we completed large-scale remodeling projects at the Carol Stream, Streamwood, and Schaumburg branches including the addition of more than a dozen Interactive Teller Machines (ITMs). The simplicity and accessibility of ITMs, including the ability to talk to a live teller via video, make them a popular choice for members to reduce wait time while still maintaining high security and service levels. Look for additional ITMs to be installed at other branches in the future.

Also exciting for this year was commencing the construction on our new Arlington Heights location expected to open in mid-2023. This new branch will offer members in the region a convenient and accessible location with drive-up services.

Growing and Helping

It’s satisfying to see that our member base grew in 2022 by approximately 10,000 to nearly 202,000, and that’s without any mergers. Most noteworthy is a big jump of more than \$100 million in assets which brought our total to

over \$3 billion. With this scale we are able to leverage our membership and assets with outside vendors to bring the best possible value to our members.

A big part of those assets are the loans we make to members. With the financial challenges of the last few years affecting folks far and wide, it’s no surprise many turned to CCU for a financial boost. As a result, loan growth reached nearly half a billion dollars in 2022, bringing the total to \$2.3 billion.

Of course, success at CCU is not measured by just the balance sheet. We refinanced nearly 4,700 vehicle loans to save millions of dollars for members who had loans at other financial institutions. Also, we provided over \$150 million in home financing to help members purchase their dream homes or refinance their current homes.

In Your Corner

While other institutions are quick to put a branch on every corner, we’re steadfastly in your corner, day in and day out. Any profit we make is returned to you in the form of reduced fees, higher savings rates, and lower loan rates. We will continue to do what worked best in 2022 – focus on your financial needs and provide the best member service possible.



Scott Drabicki
SCOTT DRABICKI
Chairperson of the Board



Sean M. Rathjen
SEAN M. RATHJEN
CEO

SUPERVISORY COMMITTEE REPORT

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, 2022, and the Annual Audit of our Financial Statements (Audit) for the year ended September 30, 2022. 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, 2022, 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, 2022 Board of Directors meeting, with each Director receiving a copy of these reports.

In 2022, WIPFLi also conducted limited scope audits of our 401(k) Plan and Trust and Defined Benefit Plans as of December 31, 2021 to comply with the annual reporting obligation under the Employee Retirement Income Security Act of 1974 (ERISA). These audits were provided to the Supervisory Committee. WIPFLi stated that the form and content of the information included in the 2021 financial statements and schedules, other than that derived from the information certified by the trustee (CUNA Mutual), have been audited and are presented in compliance with the Department of Labor's

Rules and Regulations for Reporting and Disclosure under ERISA.

WIPLFi also conducted a Bank Secrecy Act ("BSA") examination in 2022.

FORVIS, LLP conducted an Information Technology general controls audit in 2022.

In 2022, CCU was examined by the NCUA and the Illinois Department of Financial & Professional Regulation.

During 2022, CCU's Internal Audit function and CCU's Compliance function provided 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 loans, deposits, insider loans and shares, system access, mobile deposit, Zelle, ACH, wire transfers, investments, insurance, and accounts payable. The Compliance team separately reviewed policies and procedures for compliance in several areas of the credit union such as new accounts, collections, mortgage origination, ACH, branch signage, and the website. These reports are reviewed by the Supervisory Committee of the Board of Directors.

Supervisory Committee:

- Kenneth Robinson – *Chairperson*
- Denise Charts – *Recording Secretary*
- Frankie Masi
- George Abraham
- Derek Christopher

FINANCIAL CONDITION

ASSETS	2022	2021	Difference
Cash and Equivalents	\$ 194,464,495	\$ 148,183,304	\$ 46,281,191
Loans to Members	2,229,150,774	1,734,821,709	494,329,065
Investments	460,507,055	927,442,288	(466,935,233)
Fixed Assets, net	46,103,509	36,446,611	9,656,899
Other Assets	118,219,021	99,851,401	18,367,621
Total Assets	\$3,048,444,854	\$2,946,745,312	\$ 101,699,542
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities	\$ 45,745,264	\$ 29,657,220	\$ 16,088,044
Total Borrowed Funds	137,974,966	118,387,622	19,587,344
Members' Shares and Certificates	2,662,138,423	2,551,107,057	111,031,367
Total Reserves and Net Income	202,586,200	247,593,414	(45,007,214)
Total Liabilities and Members' Equity	\$3,048,444,854	\$2,946,745,312	\$ 101,699,542
TOTAL MEMBERS	201,861	191,063	10,798

OPERATING STATEMENT

INTEREST INCOME	2022	2021	Difference
Interest on Loans	\$ 106,339,011	\$ 83,298,318	\$ 23,040,693
Interest on Investments	22,424,737	6,565,745	15,858,992
Total Interest Income	\$128,763,748	\$ 89,864,064	\$ 38,899,685
INTEREST EXPENSE			
Member Dividends	\$ 13,806,752	\$ 8,863,489	\$ 4,943,263
Borrowed Funds	14,945,912	3,209,645	11,736,267
Total Interest Expense	\$ 28,752,664	\$ 12,073,134	\$ 16,679,530
Net Interest Income	100,011,085	77,790,930	22,220,155
Provision for Loan Loss	6,871,427	5,965,925	905,503
Net Interest Income After Provision	\$ 93,139,657	\$ 71,825,006	\$ 21,314,652
OTHER INCOME			
Service Charges and Other Fees	\$ 12,737,620	\$ 11,542,902	\$ 1,194,718
Other Operating Income	30,730,309	31,191,513	(461,204)
Total Other Operating Income	\$ 43,467,929	\$ 42,734,415	\$ 733,514
OPERATING EXPENSES			
Salaries and Benefits	\$ 50,492,601	\$ 43,927,688	\$ 6,564,914
Office Occupancy	7,719,072	4,727,282	2,991,790
Office Operations	16,151,105	16,654,227	(503,123)
Professional Services	9,941,759	12,618,523	(2,676,765)
Meetings, Travel, Conference	278,317	113,084	165,232
Marketing	1,020,497	727,417	293,080
Loan Servicing	19,057,280	15,703,358	3,353,923
Miscellaneous Operating Expense	3,665,940	1,813,183	1,852,757
Total Operating Expenses	\$ 108,326,570	\$ 96,268,762	\$ 12,041,807
Loss (Gain) on Investments/Loans/Assets	444,773	(20,091)	464,864
Other Re-Owned (OREO)	37,379	0	37,379
Total Other Income/Expense	\$ 482,152	\$ (20,091)	\$ 502,243
Net Income	\$ 27,798,865	\$ 18,294,749	\$ 9,504,116

LOAN SUMMARY

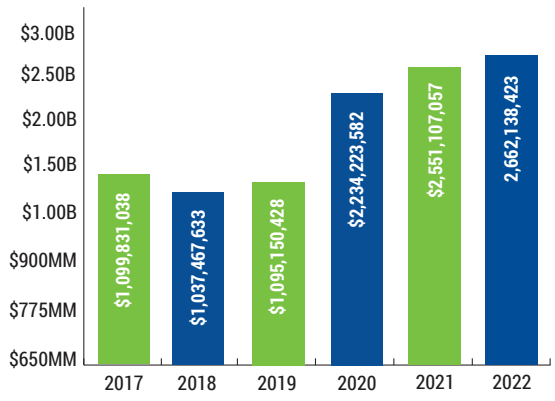
LOAN TYPE	2022 Number	2022 Amount	2021 Number	2021 Amount
New Auto	5,051	\$ 211,942,906	2,902	\$ 99,361,316
Used Auto	23,272	620,423,184	17,190	412,676,250
Motorcycle	350	4,417,332	312	3,349,730
Personal Watercraft, Snowmobiles, ATVs	103	3,772,372	162	4,853,682
Other Secured	1,260	20,043,077	951	13,174,407
Savings (includes Share and CD Secured)	136	2,284,357	124	1,643,754
Signature and Cosigner	1,934	15,872,750	1,470	11,196,727
Home Equity Loans	84	3,736,600	27	946,200
Home Equity Lines of Credit (HELOC)	220	8,168,767	263	15,187,757
First Mortgages	811	173,680,717	2,879	369,571,285
Commercial Loan	40	56,277,884	58	55,188,340
Total	33,261	\$ 1,120,619,945	26,338	\$ 987,149,448

LOAN RECAP

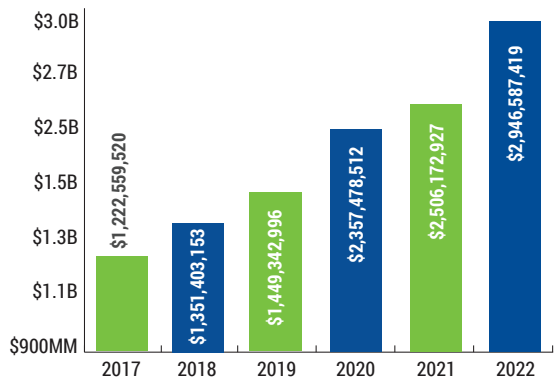
Rewrites and Extensions	745	\$ 16,601,668	701	\$ 23,091,116
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HISTORICAL DATA

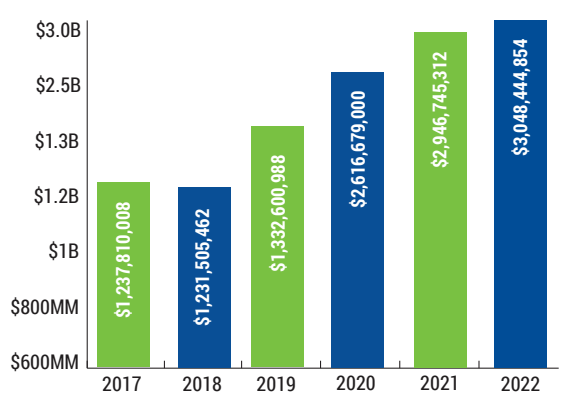
DEPOSIT BALANCES



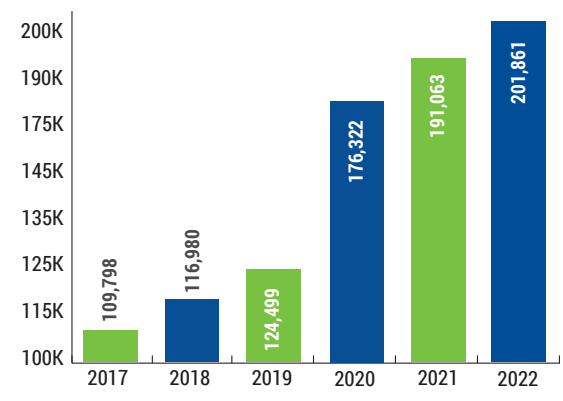
SERVICED LOANS



ASSETS



MEMBERS



Finance Committee:

- Frank Soyka – Chairperson
- Demar Harris
- Bob Hubberts
- John Janezic
- Saba Shibberu

HIGHLIGHTS

2022



More Members & Bigger Balances. Compared to 2021, last year's big jump of more than \$100 million in assets brought our total to over \$3 billion. A large part of those assets are the loans we made to members, and loan growth reached nearly half a billion dollars, bringing the total to \$2.3 billion. We're also excited that our member base grew by approximately 10,000 to nearly 202,000 – and that's without any mergers.

Construction & Convenience. We kept construction crews busy in 2022! Large-scale remodeling projects for our Carol Stream, Streamwood, and Schaumburg branches were started and finished. More than a dozen convenient Interactive Teller Machines (ITMs) were added to those locations. Last but not least, construction on our new Arlington Heights location began, which is expected to open in mid-2023.



Streamlining & Simplifying. For more and more of our members, the primary way to manage their CCU accounts is digitally. In 2022, we streamlined and simplified the navigation in online and mobile banking. We made it easier to retrieve your login information, add direct deposit to your account, and find the information or feature you need. And for members who have our popular and award-winning Rewards Checking account, balances that qualify for the different interest tiers can be easily found.

Helping & Giving. Success at CCU is not measured by just the balance sheet. We refinanced nearly 4,700 vehicle loans to save millions of dollars for members who had loans at other financial institutions. Also, we provided over \$150 million in home financing to help members purchase their dream homes or refinance their current homes. For the up-and-coming generation, 25 high school seniors graduating in the class of 2022 were each awarded a scholarship worth \$2,000, while an additional student received the Bill Reidel Honorary Scholarship worth \$10,000.



Awards & Accolades. We're both proud and humbled by the positive recognition we received from notable sources in 2022. Accolades included being named "Best for Rates" in the Wall Street Journal's roundup of "The Best Credit Unions of 2022," and Best Credit Union in the Daily Herald's annual "Readers' Choice Best of the Best" awards.



CONSUMERS
CREDIT UNION



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