2019 Annual Report

Your Life. Our Commitment.
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 Chairpersons:

- John R. Janezic (2008-Present)
- 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:

- 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

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.
Supervisory Committee Report

Supervisory Committee:

◆ Joseph M. Rajcevich – 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

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Equivalents</td>
<td>$ 70,566,741</td>
<td>$ 35,769,454</td>
<td>$ 34,797,287</td>
</tr>
<tr>
<td>Loans to Members</td>
<td>1,022,159,079</td>
<td>958,039,216</td>
<td>64,119,863</td>
</tr>
<tr>
<td>Investments</td>
<td>175,035,621</td>
<td>172,901,275</td>
<td>2,134,345</td>
</tr>
<tr>
<td>Fixed Assets, net</td>
<td>29,815,765</td>
<td>28,682,427</td>
<td>1,133,338</td>
</tr>
<tr>
<td>Other Assets</td>
<td>35,023,782</td>
<td>36,113,089</td>
<td>(1,089,307)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 1,332,600,988</td>
<td>$ 1,231,505,462</td>
<td>$ 101,095,526</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND MEMBERS’ EQUITY</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>$ 14,997,493</td>
<td>$ 13,107,810</td>
<td>$ 1,889,683</td>
</tr>
<tr>
<td>Total Borrowed Funds</td>
<td>113,815,114</td>
<td>80,790,933</td>
<td>33,024,181</td>
</tr>
<tr>
<td>Members’ Shares and Certificates</td>
<td>1,095,150,428</td>
<td>1,037,467,633</td>
<td>57,682,795</td>
</tr>
<tr>
<td>Total Reserves and Net Income</td>
<td>108,637,953</td>
<td>100,139,087</td>
<td>8,498,867</td>
</tr>
<tr>
<td><strong>Total Liabilities and Members’ Equity</strong></td>
<td>$ 1,332,600,988</td>
<td>$ 1,231,505,462</td>
<td>$ 101,095,526</td>
</tr>
</tbody>
</table>

| Total Members                 | 124,499      | 116,980      | 7,519       |

## Operating Statement

<table>
<thead>
<tr>
<th>INTEREST INCOME</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loans</td>
<td>$ 53,649,587</td>
<td>$ 46,689,833</td>
<td>$ 6,959,754</td>
</tr>
<tr>
<td>Income from Investments</td>
<td>7,253,672</td>
<td>8,390,473</td>
<td>(1,136,801)</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td>$ 60,903,259</td>
<td>$ 55,080,306</td>
<td>$ 5,822,953</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTEREST EXPENSE</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Dividends</td>
<td>$ 8,783,463</td>
<td>$ 7,552,943</td>
<td>$ 1,230,520</td>
</tr>
<tr>
<td>Borrowed Funds</td>
<td>5,854,073</td>
<td>4,878,882</td>
<td>975,192</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td>$ 14,637,536</td>
<td>$ 12,431,825</td>
<td>$ 2,205,712</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>46,265,723</td>
<td>42,648,482</td>
<td>3,617,241</td>
</tr>
<tr>
<td>Provision for Loan Loss</td>
<td>4,942,848</td>
<td>5,821,101</td>
<td>(878,253)</td>
</tr>
<tr>
<td><strong>Net Interest Income After Provision</strong></td>
<td>$ 41,322,875</td>
<td>$ 36,827,381</td>
<td>$ 4,495,494</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER INCOME</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Charges and Other Fees</td>
<td>$ 22,581,529</td>
<td>$ 22,117,529</td>
<td>$ 464,000</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>3,153,617</td>
<td>3,078,124</td>
<td>75,494</td>
</tr>
<tr>
<td><strong>Total Other Operating Income</strong></td>
<td>$ 25,735,147</td>
<td>$ 25,195,653</td>
<td>$ 539,494</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2019</th>
<th>2018</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$ 29,961,481</td>
<td>$ 25,569,273</td>
<td>$ 4,392,208</td>
</tr>
<tr>
<td>Office Occupancy</td>
<td>2,430,217</td>
<td>2,236,907</td>
<td>193,309</td>
</tr>
<tr>
<td>Office Operations</td>
<td>6,516,585</td>
<td>6,121,706</td>
<td>394,878</td>
</tr>
<tr>
<td>Professional Services</td>
<td>5,610,671</td>
<td>6,787,136</td>
<td>(1,176,465)</td>
</tr>
<tr>
<td>Meetings, Travel, Conference</td>
<td>348,357</td>
<td>314,394</td>
<td>33,963</td>
</tr>
<tr>
<td>Marketing</td>
<td>858,193</td>
<td>1,266,927</td>
<td>(408,734)</td>
</tr>
<tr>
<td>Loan Servicing</td>
<td>10,096,126</td>
<td>9,226,225</td>
<td>869,901</td>
</tr>
<tr>
<td>Miscellaneous Operating Expense</td>
<td>2,733,278</td>
<td>2,494,384</td>
<td>238,894</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$ 58,554,907</td>
<td>$ 54,016,952</td>
<td>$ 4,537,955</td>
</tr>
<tr>
<td>Loss (Gain) on Investments/Loans/Assets</td>
<td>-5,600</td>
<td>27,865</td>
<td>(33,465)</td>
</tr>
<tr>
<td>Other Re-Owned (OREO)</td>
<td>-32,081</td>
<td>117,816</td>
<td>(149,896)</td>
</tr>
<tr>
<td><strong>Total Other Income/Expense</strong></td>
<td>$ -37,681</td>
<td>$ 145,681</td>
<td>$ (183,361)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$ 8,540,795</td>
<td>$ 7,860,400</td>
<td>$ 680,395</td>
</tr>
</tbody>
</table>
LOAN SUMMARY

Loan Review Committee:

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

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

LOAN RECAP
Rewrites and Extensions 343 $4,981,684 275 $3,848,919

HISTORICAL DATA

DEPOSIT BALANCES

| ASSETS |

| MEMBERS |

Consumers Credit Union Annual Report
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.