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For Everyone.

2021 ANNUAL REPORT

Thursday, April 28, 2022

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84th Annual Meeting

Thursday, April 28, 2022

5:00 p.m.

MEETING AGENDA

1. Call to Order.
2. Determine Quorum and Majority Requirements.
3. Introduction of Directors and Executive Leadership Team.
4. Approve Minutes of the 83rd Annual Meeting.
5. Approve Reports:
 - a. Report of the Chair of the Board.
 - b. Report of the Supervisory Committee.
 - c. Report of the Credit Committee.
 - d. Report of the ALM Committee.
 - e. Report of the Membership Committee.
 - f. Report of the Board Governance & Nominations Committee.
 - g. Report of the President/CEO.
 - h. Report of Bylaw Amendments – None.
 - i. Report of the Nominating Committee.
 - j. Report of the Proxy Votes.
6. Elect Directors.
7. New Business.
8. Director Milestone Anniversary.
9. Adjournment.

GREAT LAKES CREDIT UNION
83rd ANNUAL MEETING
April 20, 2021

The 83rd Annual Meeting of the Members was held via teleconference call on Tuesday, April 20, 2021. Seventeen (17) members were in attendance.

The meeting was called to order by Stephen Park, Chair, at 5:00 p.m.

Stephen Park declared that a quorum was present and that 67,304 of 81,156 or 82.9% of the outstanding members were represented either in person or by proxy. The Chair declared that it was a legal meeting.

Motion was made and seconded to dispense with the reading of the minutes of the previous Annual Meeting. Carried.

Stephen Park presented his Report as the Chair.

Motion was made and seconded to accept all Committee reports as printed. Carried.

Steven Bugg presented his Report as the President/CEO.

The Chair reported there were no amendments made to the Bylaws during 2020.

On behalf of the Nominating Committee Chair, Pat Price, Stephen Park presented a slate of nominees for Directors for three-year terms. The nominees were Cathy Corbi, Jim Fabrie and Jim March.

Stephen Park reported that 67,304 proxies would be voted for each nominee that was presented by the Nominating Committee.

Motion was made and seconded to instruct the Secretary to cast a unanimous ballot for the slate of nominees. Carried.

Stephen Park presented a milestone anniversary award to Director Richard "Lee" Piekarz (20 years).

A motion was seconded and carried to adjourn the meeting at 5:27 p.m.



STEPHEN PARK, Chair



JIM MARCH, Secretary

2021 REPORTS

Board Chair Report – Stephen Park

During the last year, the Credit Union was challenged like most other businesses as to how to adapt to the ongoing Pandemic. Our team at GLCU really stepped up to become “Financial First Responders” and did it well.

Even with the impact from the Pandemic that was felt by everyone, our Credit Union volunteers and employees experienced the same effects, and yet dedicated themselves to drive the organization forward.

Without our dedicated employees, the Credit Union would not survive. We, like other businesses, were impacted by the “Great Resignation” or as many state, the “War on Talent”. Our turnover for 2021 was 42.44%, which impacts all employees and even the level of service we can provide to our members. Although turnover was high, we were able to promote many employees and upgrade our talent by hiring for the future needs of the business.

Great Lakes Credit Union did work with staff on their unique challenges, paying extra wages and bonus dollars through the Pandemic. We pivoted to a hybrid model to allow some employees to work remotely, and once we reopened the facilities still allowed some employees the ability to work remotely a portion of the week.

Our human resources team did a wonderful job recruiting by holding job fairs in parking lots during the Pandemic, in addition to the typical recruiting efforts. GLCU even enhanced the referral bonus for staff and added a signing bonus for new employees. In addition, the benefits team launched a new employee benefit, Access Perks, which offers employees an opportunity to take advantage of discounts on travel, food and entertainment.

Training during a Pandemic can be a challenge. However, the credit union did provide some training in a virtual environment. Once facilities reopened, the Credit Union once again provided in-person training, including leadership training and development. GLCU was also able to complete the 360-survey program for our leadership team and develop plans for the leaders.

We recognize the need to celebrate our employees’ successes and hosted a reception in their honor. GLCU was also able to host both a summer and holiday event this past year to thank employees for their hard work during the Pandemic and over the last year.

I am most proud of the contributions the Credit Union made to the communities we serve. Our volunteering efforts did not just stop due to the Pandemic. GLCU continued with several events, such as participating in the Illinois Credit Union League Credit Union Kind Day, during which 35 employees prepared diaper kits. We were able to get outside and support the Breast Cancer Awareness 5K Walk in Woodstock with 40 employees, families and friends participating. The Credit Union also collected coats and toys over the holidays for those most in need. We even volunteered at the Northern Illinois Food Bank a few times. Our support of United Way continued with the sponsorship of the Lake County Women United’s Power of the Purse event.

Many of our volunteers, leaders and employees volunteer countless hours of their own personal time for local charities and to serve on non-profit boards.

GLCU was glad to be back in person with our youth financial literacy program called “Mad City Money”, at Zion-Benton Township High School where our “Reality Fair” had over 300 students participate – a great way to relaunch this program post-Pandemic!

Thank you to our members and partners who joined Great Lakes Credit Union in our new “Summer Celebrations” at select branch locations. We had wonderful turnout and member feedback for these community events that replaced the in-branch member appreciation events.

In addition, our team supported the credit union movement by participating in International Credit Union Day, supporting the Credit Union Awareness Campaign, “Open Your Eyes” to build recognition for the credit union movement. Many of our leaders were able to participate on virtual Zoom calls with legislators as advocates for the credit union movement. GLCU was the first Illinois State-Chartered Credit Union to gain national approval of a Bank On certified checking account to aid those that are un-banked.

Great Lakes Credit Union’s efforts were recognized throughout the Chicagoland area, regionally and nationally with a lot of positive press which builds our brand. I am very proud of our employees who volunteered their time to participate on our Diversity, Equity and Inclusion (DEI) Committee. In fact, for their work and the strategic ongoing focus of DEI, Great Lakes Credit Union won the first-ever *CUES DEI: Catalyst for Change Award*. Although we won this amazing award, winning awards is not the purpose of designing programs. We all know that GLCU has and continues to serve a very diverse membership base. Great Lakes Credit Union takes pride in having products and services for our diverse communities and are equally proud of our diverse workforce and culture.

As I conclude, I want to thank our valued members for their continued support and trust. I know it has been a very challenging few years, however, the entire organization sincerely thanks you for your patronage. We realize you have several banking choices and appreciate you selecting Great Lakes Credit Union. That’s how we now have grown to over \$1 billion in assets – because of you!

I ask that when you interact with a GLCU employee or volunteer, please thank them for being a “Financial First Responder”.

Sincerely,

Steve Park

Supervisory Committee – Kevin Leman, Chair

Consisting of three members elected by GLCU’s Board of Directors, the Supervisory Committee ensures that a financially stable Credit Union operates in the best interest of its members. It does this by monitoring the Credit Union’s financial and risk reports, internal controls and operating policies and procedures.

The Supervisory Committee also oversees the annual audit conducted by Crowe, LLP, a certified public accounting firm. Crowe reviews GLCU’s operations throughout the year. The reviews include an assessment of the accounting, reporting and internal controls of GLCU operations. Based upon these reviews, recommendations are provided to the Supervisory Committee and Executive Leadership Team. The Supervisory Committee then evaluates the actions taken during the year by GLCU’s Executive Leadership Team. Crowe conducted an annual audit of GLCU’s consolidated financial statements for the year ending December 31, 2021, as required by the State of Illinois Department of Financial & Professional Regulation. Based on its evaluation, the Committee is pleased to report that the audit results indicate GLCU exhibits sound financial performance and prudent management.

In the Supervisory Committee’s opinion, GLCU’s operations are compliant with state and federal regulations. The Credit Union has internal controls in place protecting the Credit Union, its members, management and employees.

Credit Committee – Jim Fabrie, Chair

The GLCU Credit Committee is appointed by the Board of Directors and is responsible for the general supervision of all loans and lines of credit to members. The Credit Committee delegates loan approval authority to the Credit Union's loan officers and meets as necessary to review special loan requests, observe lending trends and ensure members have access to numerous loan products, consistent with the lending policies established by the Board of Directors.

GLCU lending successfully navigated another unique and challenging year in 2021. With more than \$502 million in new originations, GLCU successfully exceeded our targets by over 24%.

The Credit Union's competitive loan rates and terms, along with the expansion of our product suite and excellent service, helped make our products and services more attractive to those members looking to borrow.

The Committee proudly presents these results and looks forward to serving the needs of GLCU's members.

ALM Committee – Jim March, Chair

The ALM Committee is appointed by the Board of Directors and meets at least quarterly and works in conjunction with the Pricing Committee to monitor GLCU's asset and liability positions. The Committee operates on an "act and report" basis.

During 2021, the ALM modeling was completed by Vining Sparks model known as Risk Manager. Reporting was enhanced by adding additional support, a review of certain calculated results from the model to our policy limits. All of which have been well within our policy during the year. GLCU made the decision to outsource investment services to McQueen Financial Advisors. During that transition, McQueen will also become GLCU's ALM provider. Vining Sparks ended with the 4th quarter reporting, and McQueen will start with Q1 2022 reporting. Once McQueen completes the first ALM run, a validation of the model will be completed per our policy.

Membership Committee – Cathy Corbi, Chair

We had 3,665 new members join Great Lakes Credit Union in 2021, ending the year with a total of 78,518 members.

Board Governance & Nominations Committee – Cathy Corbi, Chair

In 2021, GLCU's Board Governance & Nominations Committee addressed a number of initiatives. We provided training for our Directors addressing the Bank Secrecy Act; Anti-Money Laundering, and Cybersecurity. We conducted the annual Board of Director Self-Assessment and we continued to work on enhancements for our *Board Governance Manual*, a repository of information for our Directors. These governance initiatives continue in 2022, along with policy manual amendments and accompanying procedure and guideline documents, and future Director outreach, recruiting efforts and succession planning.

President/CEO Report – Steve Bugg

As the impact from the Pandemic continued into 2021, Great Lakes Credit Union became the "Financial First Responder" for our valued member-owners and the communities we serve.

The need for financial literacy and other support services is great within the more diverse communities we serve. United Way of Lake County reports that the high school graduation rate in North Chicago is 67%, and Waukegan is 73% versus 97% in Lake Forest. United Way's 211 Service states the top needs have been Housing and Shelter, Utilities, Mental Health & Addictions, Food and Healthcare needs. 53% of households in Waukegan, North Chicago, Zion and the Round Lake area, together with 32% of households in Lake County, struggle to afford even the basic costs of living.

Our HUD Certified Financial Counseling Services were needed more than ever. The reach of our counseling program expanded with the approval to cover WI in addition to IL. The certified counselors stepped into the key role as "Financial First Responders" by assisting 437 unique households through one-on-one counseling, a 29% increase this year-over-year. We joined the Illinois Asset Building Group Wealth Stripping Committee, the Woodstock Institute's PLPA Coalition, the Bridge Communities Partner Program and Lake County's United Way 211 Program to advance our HUD Certified Counseling Program. One of our counselors was also accepted to join the Responsible Business Leaders Program 2021 Cohort through the United Way of Chicago.

Great Lakes Credit Union signed on as a supporter of the anti-predatory loan bill, which passed the Illinois General Assembly in the lame duck session in January. Due to this effort, the Economic Awareness Council nominated GLCU to be part of the Predatory Lending Prevention Act Group through the Woodstock Institute.

Grants received to support our HUD Certified Counseling program included IHDA's Rental Payment Program (ILRPP), CIBC for community outreach and IHDA (our largest funder). Our support for the Illinois Rental Payment Program reached 84,724 households that gained 2,360,028 impressions through social media with 9,918 clicks that directly resulted in processing 1,206 applications for assistance through our website with our counselors providing counseling services to 75 applicants. Our Credit Union was only one of 16 agencies selected to provide rental counseling assistance. GLCU was also one of eight agencies to co-facilitate a rental workshop with IHDA to obtain rental assistance for applicants.

GLCU was selected to participate in the Cook County Mortgage Foreclosure Mediation Program (CCMFMP). This opportunity allows our Cook County counselors to be on rotation at the courthouse directly assisting in foreclosure mediations with lenders on behalf of litigants.

The Credit Union also jumped in as Financial First Responders to aid members impacted by the Pandemic and completed hundreds of loan deferments for members totaling over \$3 million. Our team also aided in processing over 1,000 manual deposit exceptions to members' accounts during the second and third rounds of stimulus and for the child-care credits.

Great Lakes Credit Union reopened branch locations in early February to provide service to members who needed an appointment for their banking needs versus conducting banking virtually, over the phone or through our digital channels. During our closures, we also updated some of our branch lobbies. Even with our retail branch locations limiting in-branch services due to the Pandemic, our retail team welcomed 3,665 new members that brought \$4.4 million in new deposits to GLCU. The team added 3,390 new checking accounts totaling over \$5.3 million of new deposits. With the launch of our new business services the team added 268 new small business accounts for \$677,000 in new funds. Members added 572 new Money Market Accounts for \$20 million, 448 Share Certificates for \$9.8 million and 759 Savings Accounts for \$1.85 million. These new members and their deposits along with existing members banking more funds with the credit union allowed our growth to over \$1 billion in assets. Many of our members took advantage of our investment services offered in partnership with Tranel, which drove in additional business that resulted in our second highest year in referral income. Thank you for banking with and trusting Great Lakes Credit Union with your funds.

The credit union did experience many members paying down debt or paying off their loans with excess liquidity. However, Great Lakes Credit Union experienced strong loan growth with our commercial lending team adding \$47.42 million in production, along with an additional \$3.75 million in small business loans for a program that started mid-year with the addition of a new small business lending expert. Our consumer lending team also experienced growth in many loan categories like direct auto loans and unsecured personal loans. In 2021, GLCU added back into our lending mix boat loans and started a new solar loan product for IBEW members. Many of our members protected their loans with ancillary payment protection services that drove GLCU to have a record year in payment protection income.

Great Lakes Credit Union's mortgage team recorded record production in new purchase money loans and refinances and was named one of the top 300 credit union mortgage lenders in 2021 for several quarters. Our mortgage loan officers aided members in closing \$140,512,912 in loans, and our brokers closed \$179,762,615 in new jumbo mortgage loans. Thank you again to our members for their loans and for the hard work by many employees in our lending areas.

Due to the Pandemic, we continued to take a significant number of calls in our call center and with our dedicated call center agents, pulled staff from support teams to aid in answering calls, together with our branch employees helping as much as they could. We answered 185,532 calls in 2021 with March and November being our heaviest months for volume.

Part of our strategic plan was to enhance our member experience in several areas and although the Pandemic hampered our efforts on some initiatives, we were able to complete several major projects. One major enhancement on the digital forefront that members had been asking for was an upgraded mobile app and online banking product. We are pleased to report that our mobile app and online banking product are up and running and that we were able to make a significant technology investment in these areas for our members.

GLCU added functionality and will continue to enhance our digital services through the mobile app and online banking product.

We also realized that our Visa credit card products were not competitive with many large, national providers and that the investment to gain the market share needed for this product line could be better spent on our core products and services. We made the decision to partner with Elan Financial Services to offer better Visa credit cards for our members as well as for our business members. The Visa credit cards offered through the partnership have more robust rewards and GLCU now can offer a variety of cards to fit the needs of our membership. We realize any major change like this one is not always easy, and thank you for your patience. If you don't carry a GLCU Visa credit card, please check out our products on the GLCU website.

Many members had been asking for Visa debit card rewards and we were able to secure a partner that now works with the Credit Union to offer our Visa debit cards rewards points. You can earn points for making your purchases on your Visa debit card and exchange the points for some cool stuff! If you are not aware of the rewards program, it is provided for every Visa debit card, so check out the information on our GLCU website! You could be earning some valuable rewards points.

As we all know fraud is part of our everyday life. In response, GLCU enhanced our security settings with the launch of the new mobile app and online banking product. To aid validating members and reducing fraud, we launched our member text verification codes for those members with a mobile device for contacts GLCU through our call center.

Members with SafetyNet asked if we could change the daily limit to a monthly limit and this change was made. Based on your transaction history with the Credit Union, those members that opt-in for Safety Net now have a monthly limit that will be available in case they need it.

For GLCU members that have deposits coming in electronically, we now offer members the ability to receive their credits one day early. This has been a very popular choice for many of our members that receive their paychecks weekly and now have access to their funds typically one day early.

These are just a few examples of how the team worked throughout the year to enhance our service.

Great Lakes Credit Union recorded a record year in income and in many of the key financial metrics that we are judged upon, allowing the Credit Union to invest back into our business model and our membership. In fact, GLCU secured secondary capital that our leadership team and board of directors worked diligently on throughout the year, together with our state and federal regulators, GLCU gained approval, which will position the Credit Union to invest into our future at a quicker pace.

I applaud our team's efforts and our entire board of directors for their countless hours spent on ensuring Great Lakes Credit Union remains relevant today and in the future. Even during the continuation of the Pandemic, our Financial First Responders continued to make a positive impact on the lives of our members and those most in need throughout the GLCU footprint.

It's my continued pleasure to serve as your President and CEO.

Regards,

Steve Bugg

2022 DIRECTOR NOMINEES

- **David Goles, Esq.** – Partner, Swanson, Martin & Bell, LLP. Director since 2018. Supervisory Committee Member. Currently serving a three-year term expiring April 2022.
- **Pat Price** – President, The Price Group, Inc. and President of Multi Print and Digital. Director since 2013. Board Vice Chair and Executive Committee Chair, CEO Review & Compensation Committee Chair. Currently serving a three-year term expiring April 2022.
- **Krystal Topps, CPA, MBA** – Associate Director, Global Commercial Finance, Expense Management, AbbVie, Inc. Director since 2021. Board Governance & Nominations Committee and Credit Committee Member. Currently serving the unexpired portion of a three-year term expiring April 2022.

GREAT LAKES CREDIT UNION
BALANCE SHEETS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and due from financial institutions	\$ 67,892,255	\$ 57,585,131
Interest bearing deposits in other financial institutions	<u>7,962,605</u>	<u>3,476,973</u>
Total cash and cash equivalents	75,854,860	61,062,104
Interest bearing time deposits in other financial institutions	10,184,000	12,320,000
Equity Securities	3,408,362	3,187,165
Securities available-for-sale	128,727,861	181,457,248
Federal Home Loan Bank stock	7,570,519	7,570,519
Loans held for sale	128,000	689,375
Loans to members, net of allowance of \$3,657,209 and \$7,317,605 as of December 31, 2021 and 2020, respectively	763,988,535	705,911,940
Accrued interest receivable	2,639,137	2,800,204
Premises and equipment, net	18,871,090	20,525,520
Share insurance deposit	7,980,296	7,159,199
Servicing rights	845,767	670,898
Real estate owned	2	-
Corporate owned life insurance	12,555,309	12,296,680
Intangible assets	264,583	415,713
Other assets	<u>12,657,915</u>	<u>11,561,273</u>
	<u>\$1,045,676,236</u>	<u>\$1,027,627,838</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$ 827,973,880	\$ 781,479,475
Borrowings	93,507,045	144,748,295
Subordinated Debt	10,000,000	-
Accrued interest payable and other liabilities	<u>13,241,093</u>	<u>12,931,879</u>
Total liabilities	944,722,018	939,159,649
Members' equity:		
Undivided earnings	89,640,449	72,846,330
Equity acquired in merger	11,315,706	11,315,706
Accumulated other comprehensive income (loss)	<u>(1,937)</u>	<u>4,306,153</u>
Total members' equity	<u>100,954,218</u>	<u>88,468,189</u>
	<u>\$1,045,676,236</u>	<u>\$1,027,627,838</u>

GREAT LAKES CREDIT UNION
STATEMENTS OF INCOME
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Interest and dividend income		
Loans	\$ 28,261,147	\$ 30,891,926
Securities	2,278,051	3,216,345
Other financial institutions	603,868	696,893
Total interest income	<u>31,143,066</u>	<u>34,805,164</u>
Interest expense:		
Members' shares	2,435,394	3,793,080
Borrowed funds	2,325,944	2,625,570
Total interest expense	<u>4,761,338</u>	<u>6,418,650</u>
Net interest income	26,381,728	28,386,514
Provision for loan losses	<u>(2,645,514)</u>	<u>4,441,618</u>
Net interest income after provision for loan losses	29,027,242	23,944,896
Non-interest income:		
Service fees	4,210,770	4,114,023
Credit card and ATM card income	4,976,836	4,122,248
Gain on the sale of loans	5,065,741	3,018,960
Gain (loss) on the sale of securities	207,978	557,013
Gain on equity securities	221,197	172,962
Other	5,155,504	2,298,256
Total non-interest income	<u>19,838,026</u>	<u>14,283,462</u>
Non-interest expense:		
Salaries and employee benefits	16,230,012	17,403,367
Occupancy and operations	9,901,042	8,407,221
Loan collection and real estate owned	282,199	593,411
Credit card and ATM card	1,187,473	1,277,232
Depreciation	1,556,009	1,793,278
Advertising	1,341,189	642,316
Professional and outside services	832,598	1,731,146
Other	740,627	470,314
Total non-interest expense	<u>32,071,149</u>	<u>32,318,285</u>
Net income	<u>\$ 16,794,119</u>	<u>\$ 5,910,073</u>

GREAT LAKES

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