

The Annual Meeting of the membership of the Illinois State Credit Union was called to order at 7pm on January 23, 2025. Chairperson Larry Quane declared there was a quorum present. On the recorded date, January 23, 2025, there were 188 members present representing 13,293,238 shares represented by proxy totaling 22,075,436.

Members approved the 2024 Annual Meeting minutes. There were no suggestions for change.

Chairperson Quane listed the members of the Illinois State Credit Union Board of Directors in 2024: Alferink, Devlin, Fish, Johnson, Lytel, Navarro, Quane, Schroeder and Talbott. He thanked them for their service.

Quane explained that to be effective and to best serve membership, the Credit Union staff and Board of Directors have continually tried to “keep up with the world”. The tools available, the financial safety and risk acceptance strategies were always directed at preserving members’ deposits and growing the services of the Credit Union. The target has always been to serve the members.

He explained that he would speak on the credit union history, from 1960, to the present, to the future. The Normal ISU Credit Union was founded in March of 1960 in a small office in the University Union on the campus of Illinois State University, providing savings and checking accounts and making loans available to employees and retirees. Current and former students were added as members in 2000 and a community charter in 2006 extended membership to the larger community. The services available also grew including the variety of loans, credit cards, ATM stations and a basic home banking system. As the number of members grew, the amount of money on deposit and loaned during this early period grew to a net worth of \$31M in 2000 with 5000+ members. The world changed a lot during this early period and the services available to members grew carefully to “keep up with the times”.

Because of the steady membership growth, the Credit Union needed a larger and better space to serve members. A new building in Normal (away from campus) became available in 1997 when a local radio station moved to a new location. Soon after, the current President, Thom Ewen, assumed the leadership of the credit union in 1999. Thom’s MBA training at Illinois State provided the direction forward toward the Credit Union’s goal of becoming a full-service institution. The membership grew, the number of services increased, and more advanced financial management expanded the operation of and expectations for the Credit Union.

Some significant changes occurred after the country-wide financial crisis in 2008-2009. Because of the implementation of a stronger planning process and careful strategies, the Credit Union weathered that crisis and was strong with very good financial reserves. An emphasis was made to increase mortgage lending using responsible guidelines. Growth in membership continued and the Airport Rd. branch opened in 2011 followed by a branch in the Rockford area (now located in Loves Park) in 2014 and another branch in Ottawa in 2021. Our current membership is over 17,000 and our net worth is more than \$210M.

Up to a recent time, virtually all transactions involved going to or mailing something to the Credit Union using paper forms of some type. This process dominated everything we did. The digital age, however, was racing forward and, to “keep up with the world,” changes related to computer use were made. With greatly expanded and improved online banking services members increasingly found that they didn’t have to make trips to the Credit Union to get most of the information that they wanted and/or to conduct routine business. The use of paper in transactions has gradually switched from about 90% to less than 20%.

This opportunity to improve member services in more convenient ways has been transformative. For example, monthly statements are online, the balances in checking and various savings accounts are at our fingertips, bills can be easily paid electronically, checks can be deposited from virtually anywhere, and funds can be transferred between accounts. We can determine if a check has been deposited or cashed. Reward bearing credit cards that have cash rewards for card usage are available. We can obtain a new debit card or replace one on-site. And we can “chat” with a staff member on-line to quickly get solutions or assistance.

With this historical development in mind, it might be helpful to dream about what changes the future might hold. There will be “cashless” branches, coaching related to obtaining and improving credit scores, and additional branches will be established. But Thom Ewen can give us better information about future plans as we move more fully into this “digital age” in his remarks.

Quane closed his remarks with a “Thank You” to the Credit Union management and staff and the Board of Directors whose hard work provides all of us the great member services we receive every day.

Quane introduced Board Treasurer Johnson to give the Treasurer’s report.

Treasurer Johnson stated the Board was happy to report the credit union continues to make progress on the path charted by the Board of Directors and the management team. As noted in the accompanying financial statements, the credit union finished 2024 with just over \$219 million in Total Assets. She explained that the primary measure of financial

health is Net Worth. A credit union's Net Worth is the credit union's accumulated earnings since inception. It is in effect a rainy-day fund that allows the credit union to withstand economic downturns and unexpected hardships. In 2024, the credit union earned \$1.3 million in Net Income. With that added to accumulated earnings since 1960, the Net Worth to Assets Ratio was 10.87%. This is considered "Well Capitalized" by the NCUA.

The credit union ended 2024 with a membership of 17,086 members and \$163 million in total loans, \$193 million in shares, and paid more than \$2,887,000 in dividends on member savings. All financial indicators continue to move in the right directions, the credit union makes good on our primary mission of making loans to members and paying the highest dividends possible on savings while charging minimal fees.

Quane introduced Chairperson of the Supervisory Committee, Schroeder, to give the Supervisory Committee report.

Schroeder explained that the Supervisory Committee has responsibility and oversight over the internal and external audit, financial reporting, risk management and compliance functions of the credit union. This includes implementing an annual audit, that includes various reviews and tests of financial records of the credit union. The results are reported to the Board of Directors. The committee retained the Certified Public Accounting firm of Lively, Mathias, Hooper, & Noblet Ltd. to conduct the credit union's annual financial audit effective September 30th, 2024. The audit reported that our financial statements fairly represented the condition of our credit union with no qualifications. Also in 2024, the committee oversaw the continued development and improvement of the internal audit function. The internal audit's mission is to provide an independent review of the credit union's policies, procedures and operations giving management and the Board of Directors an additional tool and resource to ensure the continued financial and operations health of the credit union.

Ewen thanked the Events team for organizing the dual-format meeting. He acknowledged the Board of Directors for their strategic guidance and commitment, which is critical to the credit union function. He explained that the Directors are not paid, yet still contribute a great deal of their time and effort into the credit union. Ewen also thanked the staff, who were attending online.

Ewen built on Quane's comments to how the credit union go to where it is from a strategic perspective. Ewen explained that the mission statement hasn't changed since 2000, other than a name change. He highlighted long-term financial health as his primary responsibility, to ensure the credit union can provide better rates and better service. He explained that in 2000 the asset size was \$30M, there were 12 staff members, and 5,600 members, comparing to today with \$220M in assets, 65 employees, and 17,000 members. The strategic focus back then was simple, provide the best face-to-face service possible, be a full-service financial institution, and that growth would be key to success. All businesses must grow to survive, if nothing more than to keep up with inflation and provide pay raises to employees annually.

In the 2010's, the whole world was going online, the only question was how fast. He talked about the "Amazon-ization" of the world going digital. The credit union would focus on a human/digital hybrid service. The "it's my credit union" was developed in this time, creating an organization everyone was proud to be a part of.

In 2020, the world changed with COVID. The credit union was able to adapt easily with their technology setup, but not all banks and credit unions were able to make the transition so smoothly. Inflation also became a big issue facing businesses, which the credit union also survived. Between 2022 and 2024, the dividends to members increased four times.

Ewen also highlighted Overdraft Forgiveness, explaining that if someone overdrafts less than \$25 or brings their account positive before the end of the day, a charge will be refunded or not charged. A new change is that if a company sends multiple ACH retries, the credit union will refund the fees associated with secondary attempts.

In 2024, Ewen recalled the 2024 priorities and reported on the status of each. The "Human Member Service" priority, included improving service, eliminating service friction, and focusing on the member experience. He reported that in 2024 over 20 monthly friction identifications were made, staff communication software was improved, a CRM is in the process of implementation, and the credit union would start a large-scale automated member feedback initiative. The second priority was "Free Credit Reviews" which Ewen reported has started. Since August of 2024, there have been over 200 credit coaching sessions. Ewen explained that the credit union is still working to be good at this before advertising it. We are learning what the members need, learning how to do it, and figuring out what media is needed.

Ewen discussed the vision of "It'sMyCU Cares", where the credit union wants to be known for Member Financial Advocacy just as Habitat for Humanity is known for Building Homes. The direction of the credit union involves everything it takes to achieve this vision. Ewen stated this will be a focus every year until it is as good as it can be. He noted that the credit union can't compete in a world of "digital everything" so we must give non-members a reason to join and current members a reason to stay by truly caring and proving we care. The next steps for It'sMyCU Cares are to get better at coaching and do more of it. Once we are good at it, there will be advertising, and the program will expand depending on what people want.

Ewen announced that the credit union is in the design process of remodeling the Center Street branch, prioritizing more privacy, better individualized service, and faster technology.

Quane explained the election for positions on the Board of Directors for 2025, noting that Board members are not paid for service on the Board; attend monthly meetings of the Board and appropriate committee meetings, and are elected for a one-year term. He reported that the current members of the Board of Directors each decided to stand for election for another year. There were no additional nominations made. The slate for the

election of the Board of Directors for the Illinois State Credit Union for 2025 is set with the names of the continuing members of the Board of Directors.

The election of the continuing Board of Directors was approved.