



Welcome to the 2021 Annual Stockholders Meeting

June 16, 2021

Remember this from last year's show?

2021: Back to an Action Flick

While most of you are too sophisticated for this franchise, **Fast & Furious** is the perfect title for what I hope we all anticipate for next year



F9

Full disclosure: We don't really go fast or get that furious over too much. But when you throw Charlize Theron's name into the mix, we're full-throttle on board. The South African goddess joins the on-screen pit crew for the next film in the *Fast Saga* as Cipher, a bowl-cut criminal mastermind and cyberterrorist who teams up with John Cena's Jakob to seek revenge on Vin Diesel's Dom. Cardi B makes an appearance, and Justin Lin is back in the driver's seat as director.

Original release date: May 22

Now set for: April 2, 2021

...Now on to the next 50 years!

Agenda

➤ Call to Order

- Review 2020 Minutes

➤ Chairman's Comments

- 2020: A Year for the Record Books
- Update on the CEO Succession Project

➤ 2021 Election

➤ CFO Report

- A Look at the 2020 Numbers
- A Great Year in Spite of the Asterisk

➤ CEO Report

- Awaken a Network: A New Commitment to Leverage Our Collective

➤ Adjourn



2020: A Year for the Record Books

CHAIRMAN'S REPORT

Scott McFarland, CU*Answers Board Chairperson

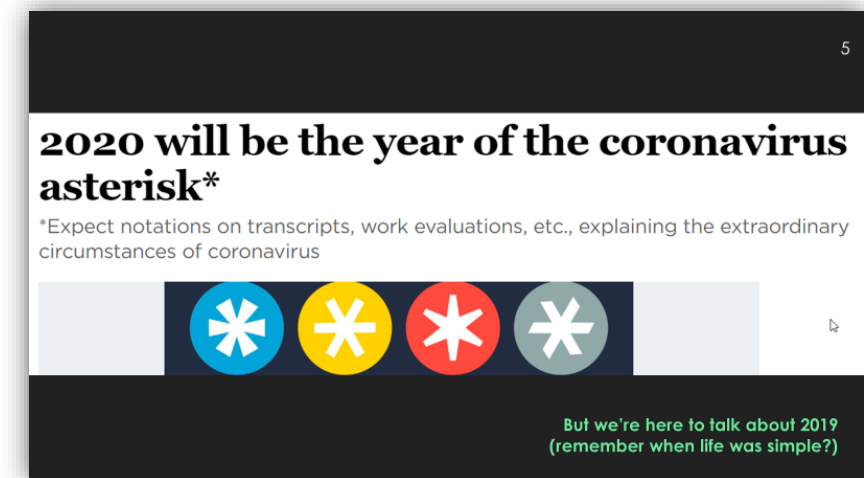
2020: A Year for the Record Books*

“The word asterisk comes from the Greek word ‘asteriskos’ meaning little star and is considered one of the oldest punctuation signs.”

Source: fontsmith.com/blog

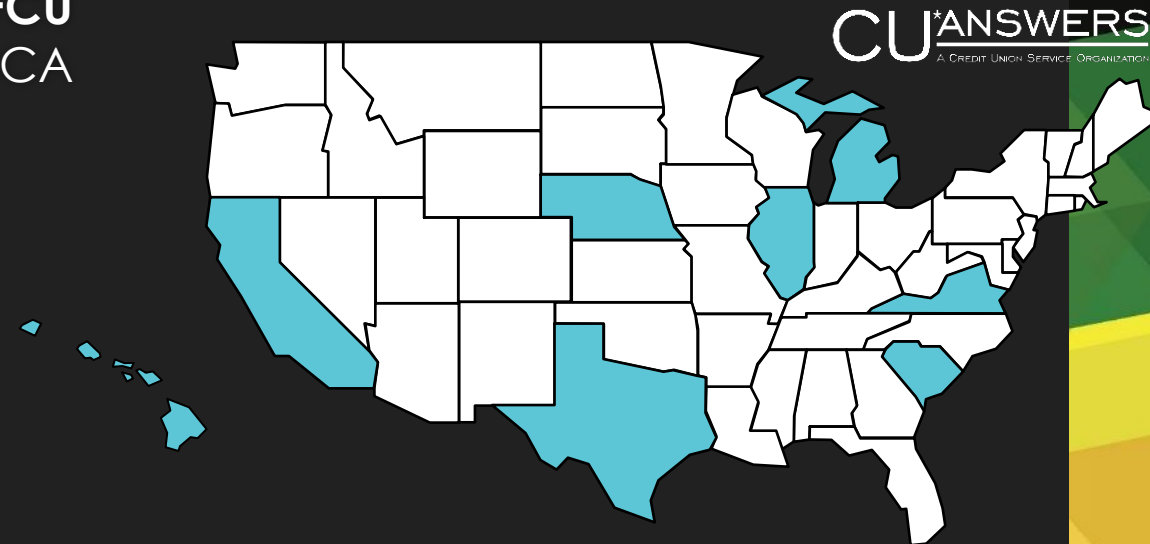
- To us, the asterisk is part of our brand
- But when it comes to the impact of COVID on trendlines, I’m not sure we want to be associated with the pain and chaos
- It’s likely 2021 will be another year of the asterisk
- What can we do to impact the trendlines of our network for the next 10 years?

**Remember this
from last year?*



Welcome to 12 new CU*Answers owners in 8 states!

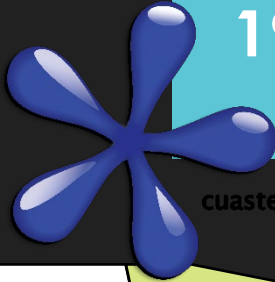
- **Chippewa County CU**
Sault Ste Marie, MI
- **Columbus United FCU**
Columbus, NE
- **Department of Labor FCU**
Merrifield, VA
- **Gabriels Community CU**
Lansing, MI
- **Great Lakes First FCU**
Escanaba, MI
- **Greenwood Municipal FCU**
Greenwood, SC
- **Limestone FCU**
Manistique, MI
- **Maui Teachers FCU**
Wailuku, HI
- **Meijer Credit Union**
Grand Rapids, MI
- **Mission City FCU**
Santa Clara, CA
- **Partnership Financial CU**
Morton Grove, IL
- **Rio Grande Valley CU**
Harlingen, TX



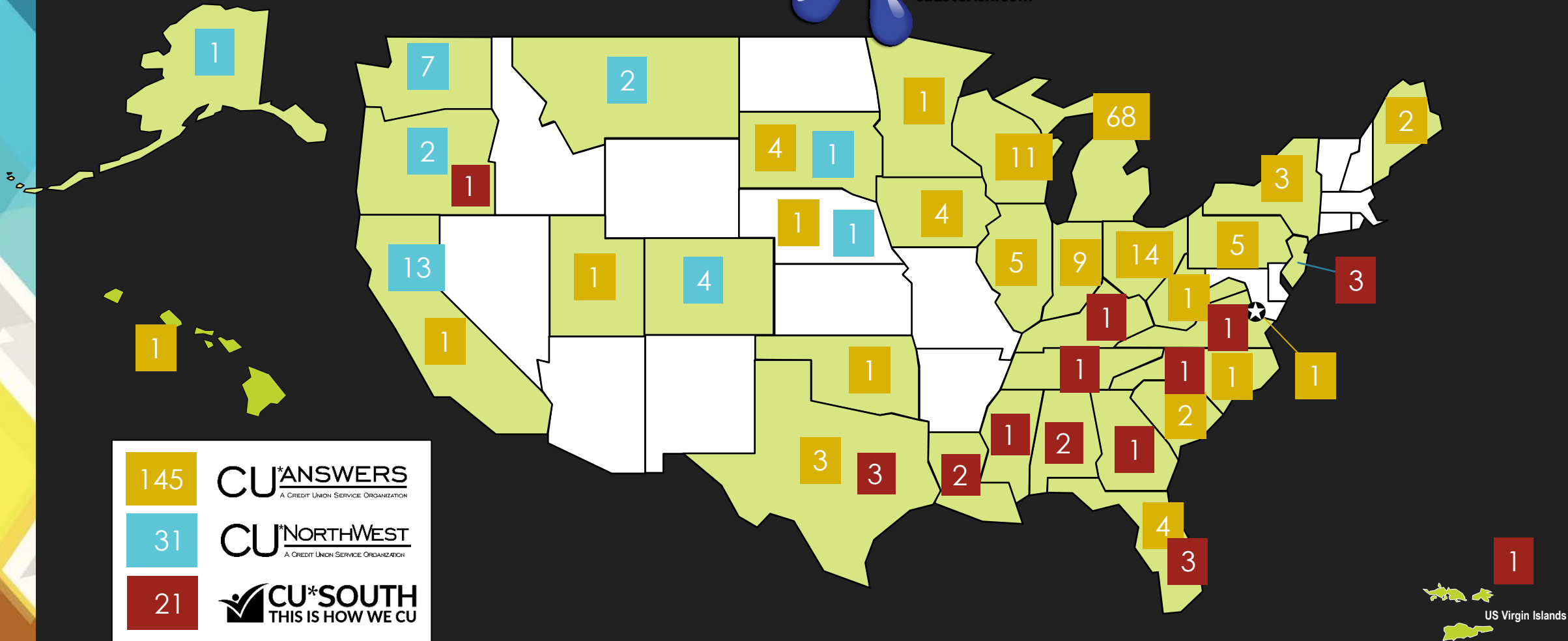
Member size range: 1,500 to 17,100 members
Average size: 7,300 members

Our Community of Owners

197 Credit Union Owners in **36** States
57% of all Client CUs



cuasterisk.com



145	CU*ANSWERS A CREDIT UNION SERVICE ORGANIZATION
31	CU*NORTHWEST A CREDIT UNION SERVICE ORGANIZATION
21	CU*SOUTH THIS IS HOW WE CU

Your 2020-2021 Board of Directors



Scott McFarland, Chairman
CEO, Honor Credit Union
Board Member since Aug 2009



Linda Bodie, Director
CEO, Element Federal CU
Board Member since Oct 2013



Tom Gryp, Director
President/CEO, Notre Dame FCU
Board Member since Oct 2016



Jeff Jorgensen, Director
CEO, Sioux Empire Federal CU
Board Member since Dec 2009



Kris Lewis, Director
CEO, Allegan Community CU
Board Member since Oct 2018



Dean Wilson, Director
CEO, FOCUS Credit Union
Board Member since Jan 2008



Vickie Schmitzer, Sec'y/Treas.
CEO, Frankenmuth Credit Union
Board Member since Oct 2007

ASSOCIATE BOARD MEMBERS

Bill Burke
CEO
Day Air CU



Carolyn Mikesell
CEO
Public Service CU



Thank you!

As always, I want to thank my fellow Board members for another great year, and for all their hard work

CEO Succession Project Update

A personal message from the Board about the ongoing process to find a successor for our retiring CEO



Scott McFarland
Chairman of the CU*Answers Board of Directors

2021 Board Elections

NOMINATING COMMITTEE

Dean Wilson, Nominating Committee Chair

Your 2021 Nominating Committee



COMMITTEE CHAIR
Dean Wilson



Vickie Schmitzer

COOPERATIVE SCORE This site is part of Cooperative Score. [Learn More](#)

CU*Answers Elections

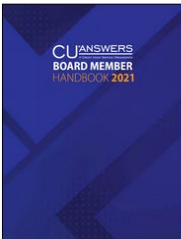
Home Rules About Meet The Candidates Contact Us

Welcome Owners!

We believe a lively democratic process is essential for a healthy Cooperative. And since we're a Cooperative just like your credit union is, CU*Answers is walking the talk with our owners.

On this site you can meet the candidates vying to fill a spot on the CU*Answers Board of Directors. This year's election will take place at the Stockholders Meeting on **June 16, 2021** but you can cast your vote early by participating in e-voting ([learn more](#)).


Check out this year's candidates. Read their story about how they plan to contribute on the Board and represent you as an owner. While you are here, read up on the election rules and find out more about how you can put *your* hat in the ring next year to serve on the Board!



COOPERATIVE PRINCIPLE #2
Democratic Member Control
CU*Answers is a democratic organization controlled by our members - those who buy our goods and use our services - who actively participate in setting policies and making decisions. [Learn more about the 7 Cooperative Principles](#)

CU*Answers Announces Opening of Annual Board of Directors Election

May 3, 2021 Casey Smith



GRAND RAPIDS, MI – MAY 3, 2021

Each year the 100% credit union owned CUSO holds an annual election for opportunities

This year's candidates

➤ Thomas Gryp

CEO, Notre Dame FCU
(Notre Dame, Indiana)

Incumbent



➤ Kris Lewis

CEO, Allegan Credit Union
(Allegan, Michigan)

Incumbent



➤ Scott McFarland

CEO, Honor Credit Union
(St. Joseph, Michigan)

Incumbent



This year's candidates

➤ Thomas C

CEO, N

Inc



➤ Scott McFarland

CEO, Honor Credit Union
(Joseph, Michigan)

Incumbent

Let's vote!

Or perhaps there's a motion
for a call for a unanimous
resolution?

Congrats
to our
winners!



A Look at the 2020 Numbers

A GREAT YEAR IN SPITE OF THE ASTERISK

CFO REPORT
Bob Frizzle, CFO

We are built for challenging times

It's easy these days for people to throw shade on our industry, on cooperatives, and on our viability as a vendor

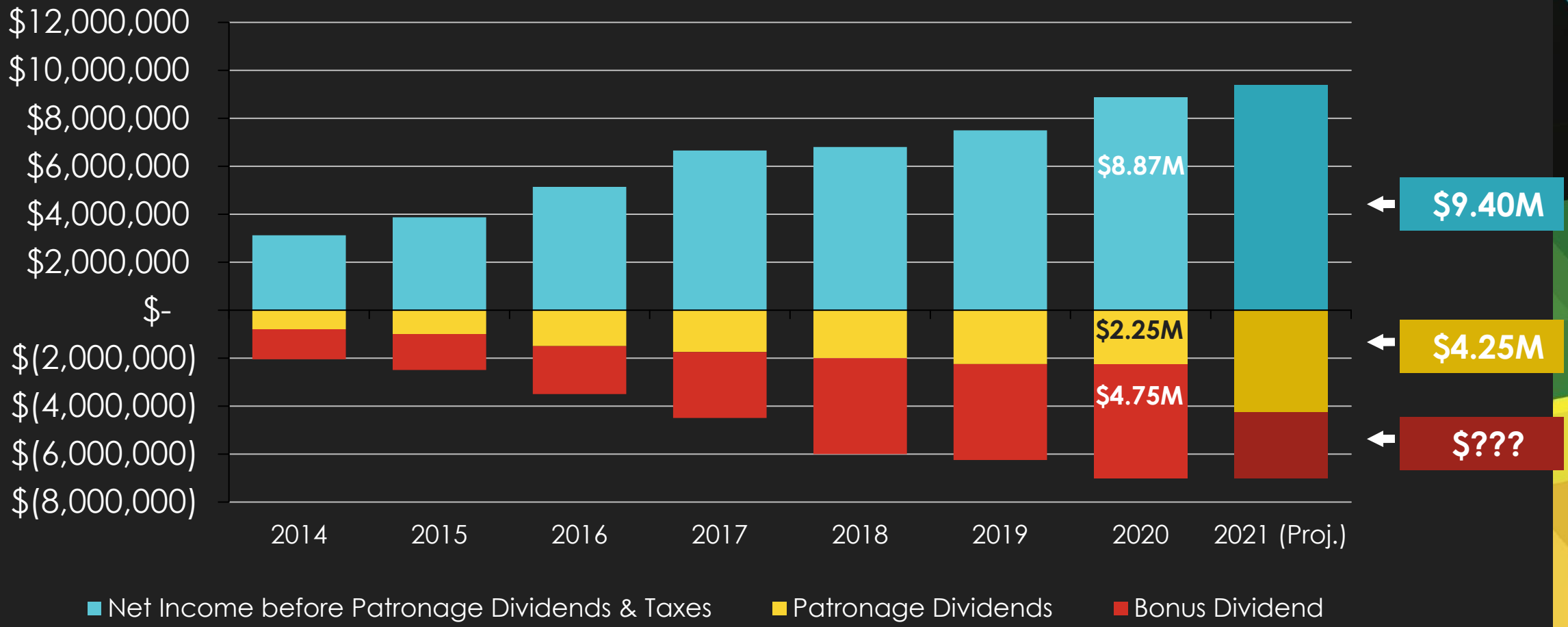
But I would tell you that we are built for moments just like this

We won't throw a party when we hit \$50 million in assets, but we do rely on the equity you bestow on us, and count on the cash for rocky moments

Vested owners, win-win attitudes, and everyone playing the long game will sustain us long into the future

Net Income & Patronage Dividends

What do shareholders get, and what are we putting away for our future?



2020 Numbers Worth Celebrating

Detail	YE 2019	YE 2020	2020-2019 % Change	2019-2018 % Change	2018-2017 % Change
Total Assets	\$42,539K	\$45,821K	7.72%	9.10%	14.35%
Total Liabilities	\$21,920K	\$23,282K	6.21%	12.06%	5.39%
Total Equity	\$20,618K	\$22,538K	9.31%	6.13%	25.05%
Retained Earnings	\$4,220K	\$4,740K	12.32%	8.85%	8.03%
Book Value of Class A Stock (\$ per share)	\$758.04	\$822.59	8.5%	5.40%	15.80%
Book Value of Ownership	\$151,608	\$164,518	8.5%	5.40%	15.80%

Year-end 2020 Dividend Payments

These numbers can flex, and I predict they will again in the future

Detail	YE 2019	YE 2020	2020-2019 % Change	2019-2018 % Change	2018-2017 % Change
Patronage Dividend (\$)	2,250,000	2,250,000	0.0%	12.5%	14.3%
Bonus Patronage (\$)	3,750,000	4,750,000	26.7%	-6.3%	45.5%
Ownership Dividend Rate	4.0%	4.0%	0.0%	0.0%	0.0%
Ownership Dividend (\$)	844,071	928,544	10.0%	8.8%	21.5%
Book Value of Class A Stock (\$ per share)	758.04	822.59	8.5%	5.4%	15.8%
Price to Purchase CUSO Ownership	330,000	330,000	0.0%	0.0%	13.8%

2021 Net Earnings as of May 2021:

\$3.4M after adjustments for \$2.8M patronage dividends and \$1.1MK taxes
(projected to be **\$4M** by 9/30/21)

2020 Return on Investment

2020 Gross Income Submitted by Owners to CU*Answers <i>(Excludes all vendor pass-throughs)</i>		\$ 31,029,637
2020 Patronage Dividends Paid	\$ 7,000,000	
2020 Class A Stock Dividends Paid	928,544 (4.0%)	
2020 Interest Paid Credit Unions on Loans	313,977 (~5.0%)	
Total Revenue Returned to Credit Unions		\$8,242,521

2020 Return Per Total Dollars Received: \$0.2656

$\$8,242,521 \div \$31,029,637$ (excludes vendor pass-throughs) = 26.56% return per CU*A \$ received

Understanding this formula is important to how we set the boundaries for our future

2018 Return Per Total Dollars Received: **\$0.2510**

$\$7,060,522 \div \$28,132,658$ (excludes vendor pass-throughs) = 25.10% return per CU*A \$ received

2019 Return Per Total Dollars Received: **\$0.2308**

$\$7,161,206 \div \$31,025,688$ (excludes vendor pass-throughs) = 23.08% return per CU*A \$ received

2020 Return Per Total Dollars Received: **\$0.2656**

$\$8,242,521 \div \$31,029,637$ (excludes vendor pass-throughs) = 26.56% return per CU*A \$ received

Investing in a community and building a network



site-four

20%
ownership stake



Xtend

1.11%
ownership stake



eDOC
INNOVATIONS

48%
ownership stake



TRUST EXCHANGE

10%
ownership stake



Payveris

<1%
ownership stake



CU* NORTHWEST
A CREDIT UNION SERVICE ORGANIZATION

3.12%
ownership stake



my VIRTUAL
StrongBox

A convertible
debt investment

Thinking About 2021 Year-end

cuasterisk.com Network Revenue Numbers Continue To Impress

CU*Answers Direct Revenues

Projected for 2021 **\$62M**

Our Network Partners

Projected
for 2020

eDOC Innovations **\$5.5M**

CU*NorthWest **\$5.6M**

CU*South **\$7.0M**

Xtend **\$4.4M**

Site-4 **\$932K**

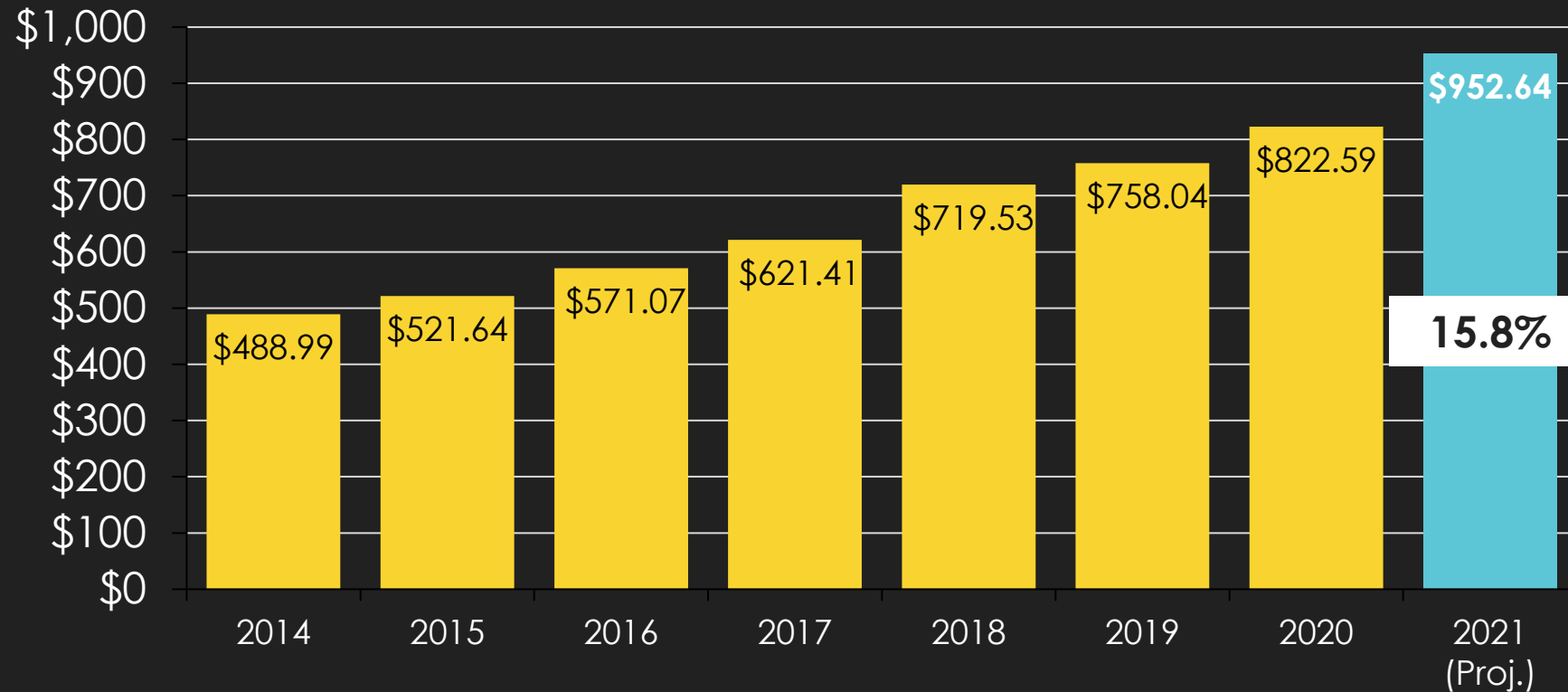
cuasterisk.com

Grand Total: \$85.4 million

Visit www.cuasterisk.com to keep up with network partners, products and services

Projecting Shareholder Value

Depending on when you bought in, your perspective is different

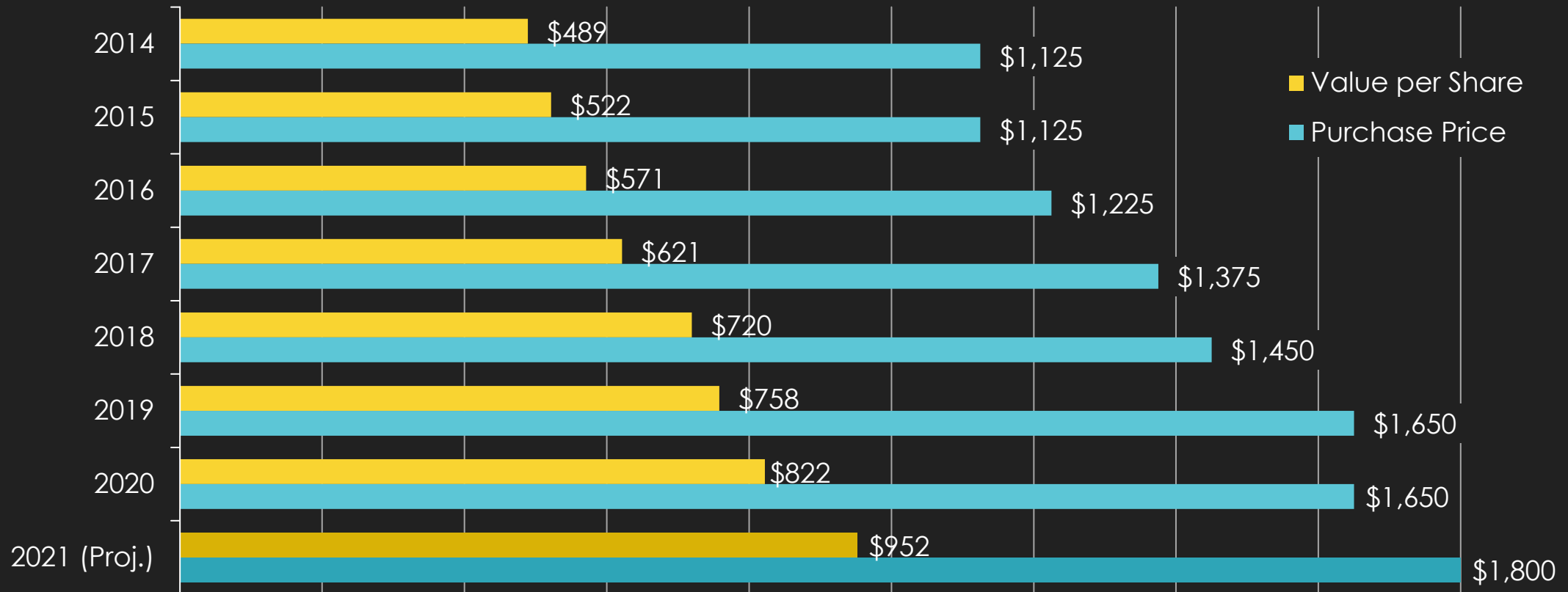


THE PRICE OF OWNERSHIP OVER THE YEARS

1991:	\$59.31
2000:	\$176.00
2005:	\$460.00
2010:	\$495.00
2015:	\$1,125.00
2020:	\$1,650.00
2021:	\$1,800.00

The Importance of Our Per-share Price

Balancing today's payback against the value of your equity



Let the Board know how you hope they vote: Current year dividends to help your operations, or shareholder value for the long term

Awaken a Network

A NEW COMMITMENT TO LEVERAGE OUR COLLECTIVE

CEO COMMENTS

Randy Karnes, CEO

**What does a
CEO emphasize
at his last
stockholder's
meeting?**

I will have all of next year to
coach and mentor
CU*Answers internal teams
(are you scared for them?)

But this is my last chance to
talk to you as shareholders,
and to encourage you as
the #1 resource for building
this business

What does a CEO emphasize at his last stockholder's meeting?

My five tips for driving a successful cooperative's future:

27

- 1. Do not over serve** the customers' short-term interests
 - *Know the difference between a customer and a user*
- 2. Feed the owner's heart**, and respect the need to pay for capital and the patronage of owners
 - *Budget their wins equally to the wins of internal stakeholders*
- 3. Invest in the owner's agenda**, and remember it's outside your own
 - *The success of your marketplace is the only chance you have at success*

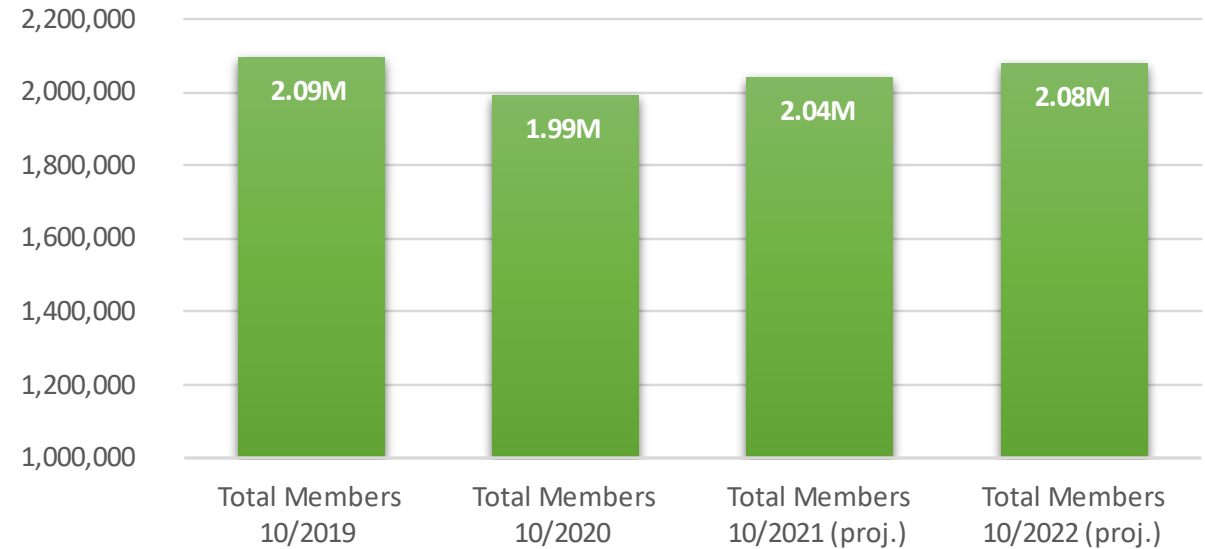
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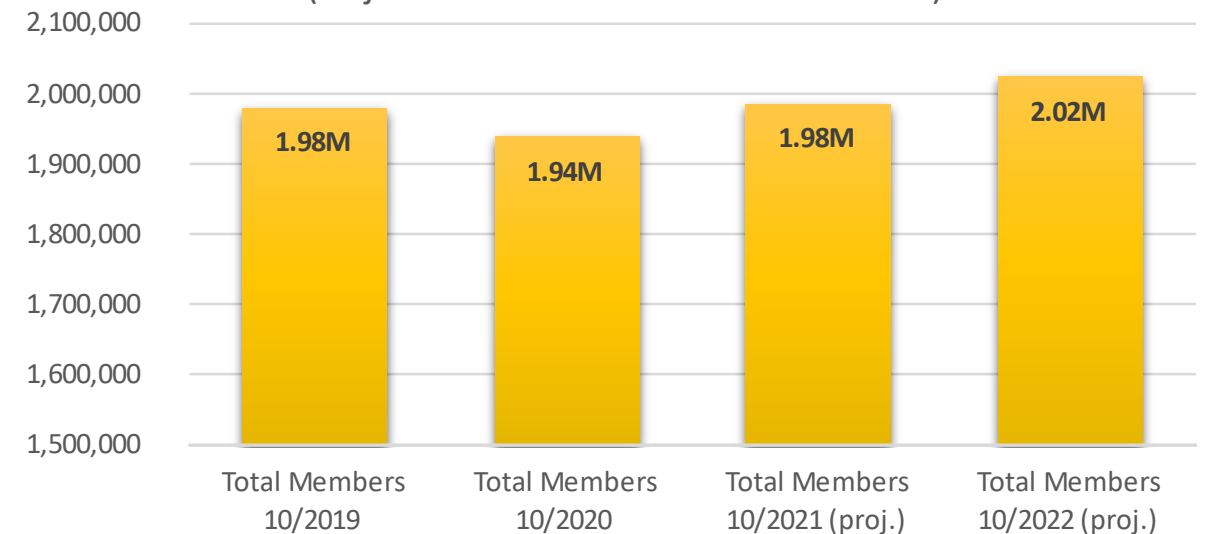
- 4. Know the difference** between evolution and revolution – **innovate**
 - *You survive on nuance, you thrive on meaningful intent*
- 5. Over share:** teach owners about and include them in the inside game
 - *Businesses are built by partners overcoming uncomfortable truths*

Online and In-House Members Served



Members Served

(Adjusted for In-House Revenue Effect)



Building tools is a game of leapfrog

Building companies is a game of changing focuses

Trust that our cooperative is more resilient than you think

But be ready to take on the challenge of changing the minds of the people entrenched in cookie-cutter, templated business plans

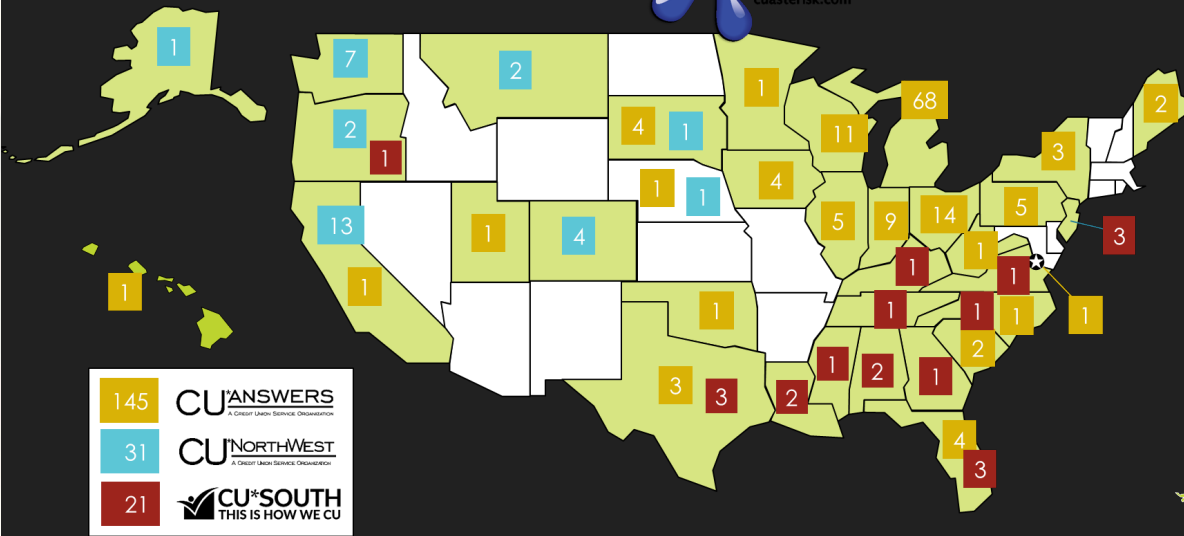
Inspiring collaboration is a never-ending investment

Our Community of Owners

197 Credit Union Owners in 36 States
57% of all Client CUs



cuasterisk.com



Every manager loves internally-managed delegation, but to win big, you need to count on external, empowered collaborators

What do you do when people's perceptions of who you are limit what you might become?

- You go to Vegas!
- A traditional branch for west of the Rockies
- A very unconventional branch, built with the intent to redefine who we might become
- A neutral site – no one has the home field advantage
- An center for innovation, air-gapped to hold our business developers' feet to the fire



**Our grand opening is
only 4 months away!**

Our first national CEO collaboration

- 3.5 CUSO communities
- 350 CEOs who think CUSO boundaries indicate where they should go
- A brand-new, neutral site, built to inspire a mind shift
- Selling the vision that CEOs should have the skills to change everything

2021 CEO Strategies | **November 8-10, 2021**

Monday, November 8
OUR NATIONAL EFFORT FOR CEO COLLABORATION
➔ 12:00noon-3:30pm
EVENING NETWORKING EVENT

Tuesday, November 9
ARE WE THE CEOS TO CHANGE IT ALL?
➔ 8:00am-5:00pm
EVENING NETWORKING EVENT

Wednesday, November 10
CEO ROUNDTABLE
➔ 8:00am-12:00noon

AWAKEN A NETWORK

CUANSWERS CEO STRATEGIES / NOVEMBER 2021 / LAS VEGAS

COVID & DOUBT BEHIND US

WELCOME TO Fabulous LAS VEGAS NEVADA

Watch for more news to come, later this summer

CEOs don't go to users' meetings – they go to events where they can flex their leadership muscles to define the future

A new job in 2022

What the heck is a “Director
of Special Projects?”

Join me next year
as I find out

Do you remember the excitement the first time you were about to graduate from something?

The sense of accomplishment from graduating high school...the awe that came from finally finishing college

Each time, you were full of enthusiasm and anticipation for the future

No matter what specific projects I’ll be working on next year, I plan to approach my next chapter with the same enthusiasm as a 22-year-old kid the day after college graduation



Back to Our Chairman

Do we have a motion to adjourn?



Thank you for attending!