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.

...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!

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

Member size range: 1,500 to 17,100 members
Average size: 7,300 members
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
2021 Board Elections

NOMINATING COMMITTEE
Dean Wilson, Nominating Committee Chair
Your 2021 Nominating Committee

COMMITTEE CHAIR
Dean Wilson

Vickie Schmitzer
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

- Scott McFarland  
  CEO, Honor Credit Union  
  (St. Joseph, Michigan)  
  Incumbent

- Thomas Gryp  
  CEO, Notre Dame FCU  
  (Notre Dame, Indiana)  
  Incumbent

- Kris Lewis  
  CEO, Allegan Credit Union  
  (Allegan, 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?

Net Income before Patronage Dividends & Taxes
Patronage Dividends
Bonus Dividend


$9.40M
$4.25M
$4.75M
$8.87M
2020 Numbers Worth Celebrating

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<tbody>
<tr>
<td>Total Assets</td>
<td>$42,539K</td>
<td>$45,821K</td>
<td>7.72%</td>
<td>9.10%</td>
<td>14.35%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$21,920K</td>
<td>$23,282K</td>
<td>6.21%</td>
<td>12.06%</td>
<td>5.39%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$20,618K</td>
<td>$22,538K</td>
<td>9.31%</td>
<td>6.13%</td>
<td>25.05%</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>$4,220K</td>
<td>$4,740K</td>
<td>12.32%</td>
<td>8.85%</td>
<td>8.03%</td>
</tr>
<tr>
<td>Book Value of Class A Stock ($ per share)</td>
<td>$758.04</td>
<td>$822.59</td>
<td>8.5%</td>
<td>5.40%</td>
<td>15.80%</td>
</tr>
<tr>
<td>Book Value of Ownership</td>
<td>$151,608</td>
<td>$164,518</td>
<td>8.5%</td>
<td>5.40%</td>
<td>15.80%</td>
</tr>
</tbody>
</table>
### Year-end 2020 Dividend Payments

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

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</thead>
<tbody>
<tr>
<td>Patronage Dividend ($)</td>
<td>2,250,000</td>
<td>2,250,000</td>
<td>0.0%</td>
<td>12.5%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Bonus Patronage ($)</td>
<td>3,750,000</td>
<td>4,750,000</td>
<td>26.7%</td>
<td>-6.3%</td>
<td>45.5%</td>
</tr>
<tr>
<td>Ownership Dividend Rate</td>
<td>4.0%</td>
<td>4.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Ownership Dividend ($)</td>
<td>844,071</td>
<td>928,544</td>
<td>10.0%</td>
<td>8.8%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Book Value of Class A Stock ($ per share)</td>
<td>758.04</td>
<td>822.59</td>
<td>8.5%</td>
<td>5.4%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Price to Purchase CUSO Ownership</td>
<td>330,000</td>
<td>330,000</td>
<td>0.0%</td>
<td>0.0%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

### 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 (Excludes all vendor pass-throughs)

- 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 ÷ $31,029,637 (excludes vendor pass-throughs) = 26.56% return per CU*A $ received
### 2018 Return Per Total Dollars Received: $0.2510

\[
\frac{7,060,522}{28,132,658} \text{ (excludes vendor pass-throughs)} = 25.10\% \text{ return per CU*A $ received}
\]

### 2019 Return Per Total Dollars Received: $0.2308

\[
\frac{7,161,206}{31,025,688} \text{ (excludes vendor pass-throughs)} = 23.08\% \text{ return per CU*A $ received}
\]

### 2020 Return Per Total Dollars Received: $0.2656

\[
\frac{8,242,521}{31,029,637} \text{ (excludes vendor pass-throughs)} = 26.56\% \text{ return per CU*A $ received}
\]

Understanding this formula is important to how we set the boundaries for our future.
Investing in a community and building a network

- **site-four**: 20% ownership stake
- **Xtend**: 1.11% ownership stake
- **eDOC Innovations**: 48% ownership stake
- **Payveris**: <1% ownership stake
- **CU NorthWest**: 3.12% ownership stake
- **myVirtual StrongBox**: A convertible debt investment
Thinking About 2021 Year-end

cuasterisk.com Network Revenue Numbers Continue To Impress

<table>
<thead>
<tr>
<th>CU*Answers Direct Revenues</th>
<th>Projected for 2021</th>
<th>$62M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Network Partners</td>
<td>eDOC Innovations</td>
<td>$5.5M</td>
</tr>
<tr>
<td></td>
<td>CU*NorthWest</td>
<td>$5.6M</td>
</tr>
<tr>
<td></td>
<td>CU*South</td>
<td>$7.0M</td>
</tr>
<tr>
<td></td>
<td>Xtend</td>
<td>$4.4M</td>
</tr>
<tr>
<td></td>
<td>Site-4</td>
<td>$932K</td>
</tr>
</tbody>
</table>

Grand Total: $85.4 million

Visit [www.cuasterisk.com](http://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

15.8%
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:

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

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

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
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
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
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!