

2013 GROWING FOR THE FUTURE ANNUAL REPORT





76th Annual Meeting

Tuesday, April 15, 2014

5:00 p.m. Pledge of Allegiance.

MEETING AGENDA

1. Call to order.
2. Determine quorum and majority requirements.
3. Introduction of Directors and Senior Management.
4. Approve minutes of the 75th Annual Meeting.
5. Report of the Chair of the Board.
6. Report of the Supervisory Committee.
7. Report of the Credit Committee.
8. Report of the Membership Committee.
9. Report of the President/CEO.
10. Report of Bylaw Amendments.
11. Report of the Nominating Committee.
12. Report of the Proxy Votes.
13. Elect Directors.
14. New business.
15. Member inquiries/suggestions.
16. Adjournment.

THE DIRECTORS

Daniel Doyle
James Fabrie
James March

Bertine Nixon
Stephen Park
Pat Price

R. Lee Piekarz
James Rhoades
Shirley Solberg

Door prizes will be drawn immediately following the meeting. Employees, Directors & Director's Spouses will not be eligible.

GREAT LAKES CREDIT UNION
75th ANNUAL MEETING
April 16, 2013

1. The 75th Annual Meeting of the Members was held at Great Lakes Credit Union, North Chicago on Tuesday, April 16, 2013. Fifty seven (57) members were in attendance.
2. The meeting was called to order by James Fabrie, Chair, at 5:00 p.m.
3. Bertine Nixon, Secretary, declared that a quorum was present and that 29,968 of 41,111 or 72.89% of the outstanding members were represented either in person or by proxy. The Chair declared that it was a legal meeting.
4. Motion was made and seconded to dispense with the reading of the minutes of the previous Annual Meeting. Carried.
5. Jim Fabrie presented his Report as the Chair.
6. The following reports were presented:
 - A. Supervisory Committee Report – Daniel Doyle
 - B. Credit Committee Report – Stephen Park
 - C. Membership Committee Report – Shirley Solberg
 - D. President/CEO Report – Vikki KaiserMotion was made and seconded to accept all reports as printed and discussed. Carried.
7. The Chair reported amendments made to the Bylaws during 2012. A motion was made and seconded to dispense with the reading of the Bylaw amendments and to approve the Bylaw amendments made in 2012. Carried.
8. Shirley Solberg, Nominating Committee Chair, presented a slate of nominees for Directors for three-year terms. The nominees were Robert Green, Bertine Nixon and James Rhoades.
9. Bertine Nixon, Secretary, reported that 29,968 proxies would be voted for each nominee that was presented by the Nominating Committee.
10. Motion was made and seconded to instruct the Secretary to cast a unanimous ballot for the slate of nominees. Carried.
11. James Fabrie asked if there was any new business or comments from the floor. Attachment 1.
12. Ron Cullen, from the Illinois Credit Union League, presented Great Lakes Credit Union with a 75th anniversary plaque and three social responsibility awards for 2012.
13. A motion was seconded and carried to adjourn the meeting at 5:44 p.m.
14. A drawing was held for meeting attendees. There were 20 cash prizes of \$75 each to mark GLCU's 75th anniversary.


JAMES FABRIE, Chair


BERTINE NIXON, Secretary

Q: Is Great Lakes Credit Union going to open any branches in McHenry County?

A: Great Lakes Credit Union is always looking out for opportunities to expand into new areas. There are also some shared branching facilities in the McHenry area for members to utilize. The member was advised to check out the shared branching network on GLCU's website to find the nearest shared branch that would be more convenient for them.

Chairman's Report to the Membership

2013 was a milestone year for Great Lakes Credit Union not only was it our 75th anniversary, we merged with three credit unions: Hawthorne CU, Thornton Township High Schools CU and Chicagoland Electrical Industry CU in DuPage and Cook Counties respectively.

Through these mergers we added \$138 million in assets: \$3.88 million in Net Worth: \$90.60 million in loans; and 14,764 new members in addition to four new branches in Naperville, Bolingbrook, South Holland and Willow Springs!

GLCU ended the year with \$643 million in assets: \$408 million in loan balances and 56,430 members with a net worth ratio of 9.41%.

GLCU funded over \$73 million in first mortgage loans in 2013 which indicates that members are still taking advantage of the historical low mortgage loan rates. We also generated over \$30 million in home equity volume. Following the merger with Hawthorne CU we added GLCU Mortgage Services. The experienced staff in our mortgage department offers expertise in every area of Mortgage Lending from purchasing to refinancing a home. We have access to a full range of mortgage resources. All of our lending specialists are dedicated to finding our members the right loan with the best rates, terms and costs to meet their unique needs, including the addition of reverse mortgages for our members aged 62 and better.

We also saw an increase of 38% in consumer loan applications in 2013 as well as a 10% increase in VISA applications!

Our Ultimate Checking Account continued to grow as we opened 3,817 new Checking accounts in 2013—growing our checking accounts by 34% since we began offering the high interest checking account in 2011! I am pleased to report that 45% of our members now have a GLCU checking account.

Deposits were up by \$111 million in 2013. Net Income for the year was \$698K or 3% above plan. Net Income increased by 86% from the prior year. Total Operating Expenses were up by \$5 million in 2013, due to merger expenses and new branches. Included in the total was \$1 million in one-time expenses for contract terminations and data conversions. In addition, Salaries and Benefits increased due to a jump in the headcount as a result of the mergers and expanded mortgage operations.

We added some new electronic services in 2013: Mobile Bill Pay for one and in January of this year Remote Deposit Capture (eZDeposit) that allows members to deposit checks into their accounts from mobile devices by simply taking a photo of it!

GLCU's electronic services is the fastest growing area within GLCU. We are now processing an average of 19,000 payments monthly through our bill payment service; we have over 12,000 members using GLCU's mobile applications and we had 3,405 online loan applications in 2013. Our Members are already taking advantage of the new Remote Deposit Capture service – the convenient service for check deposits, savings them time and a trip to a branch – I am sure they especially appreciated that following the winter weather we experienced this year.

GLCU also kept up its focus on youth financial education in 2013. We hosted 56 events seeing 3,548 students at various educational events like Mad City Money, a budget simulation exercise for teens, as well as conducting two college planning aid webinars.

We opened 1,647 new youth accounts in 2013, and out of those, 793 were On Your Way accounts for members 16 to 23 years of age. In addition we ended 2013 with over \$2 million in student loan balances.

Plus, we won two social responsibility awards in 2013—The Dora Maxwell Award for community involvement and the Desjardins Youth Financial Literacy Award. We also became the first Certified Female Friendly Credit Union relating to auto purchasing!

GLCU continued to assist wherever possible in the communities in which we have branches. We hosted a Child Safety Day at the Round Lake Branch branch: offered Shred Days at Antioch, Naperville & Bolingbrook branches and continued our credit union wide annual events of Stuff the Bus, Giving Dinner, Food & Warm Clothing Drives.

As GLCU moves forward into 2014, we continue to be committed to providing the most innovative, convenient products and services to our members, in keeping our products and services as affordable as possible, as well as giving back to the community.

Thank you.



James Fabrie
Chair

Great Lakes Credit Union 2013 Bylaw Amendments

ARTICLE III – MEMBERSHIP

Section 1

Added to field of membership:

Professional Association of Clergy, Primary membership shall be limited to clergy in good standing with the United Church of Christ, Disciples of Christ, and affiliated churches within the State of Illinois. Employees of the credit union and members in good standing with the preceding churches may also be considered for primary membership.

Teamsters Local 705, Chicago, Illinois.

IBEW Local 134

New Select Employee Groups:

American Information Technologies (AMERITECH), NCR, AT & T Corporation,
Lucent Technologies, or any of their affiliated subsidiaries, and employees of:

The Former Hawthorne Credit Union

Culinary Enterprises Inc., Naperville, IL

DuPage Precision Products, Naperville, IL

The Town of Cicero, Cicero, IL

Truxes Company, Naperville, IL

H.J. Pokorny, Inc., Naperville, IL

Davis Automotive Services

Resources Information Management Systems, Inc.

Little Friends, Inc.

Morton College

Versatile Card Technology, Inc., Chicago, IL

University Subscription Service

Unique Embossing Services, Inc.

Unique Mailing Services, Inc.

JDK Enterprises, Ltd., Glen Ellyn, IL

Downers Grove Yamaha, Downers Grove, Illinois

May & Speh. Inc., Downers Grove, IL

Inlech Consultants, Inc., Downers Grove, IL

Mulay Plastics, Addison, IL

Dopaco, Inc., St. Charles, IL

ABB Raymond, Lisle, IL

Edward George Company, Alsip, IL

Promac, Inc., Elgin, IL

American Benefit Administrative Services, Chicago, IL

Assurance Technologies. Inc., West Chicago, IL

Butera Finer Foods, Elgin, IL.

Joe B. Foods, Inc., Elgin, IL

Lord Label and Manufacturing Company, Skokie, IL

Steve's Equipment Service, Inc., West Chicago, IL & Gary, IN

Cost Care, Huntington Beach, CA

Joslyn Corporation, Chicago, IL

American Osteopathic Association, Chicago, IL

St. Rita High School, Chicago, IL

Interventions, Chicago, IL

ACE Metal Refinishers, Inc., Chicago, IL

American Bar Association, Chicago, IL

Frankel & Company, Chicago, IL

Bison Gear & Engineering Corp., Downers Grove, IL

Mark Shale
PHH Homequity, Oak Brook, IL
Rodman & Renshaw, Inc.
Dearborn Financial Publishing, Inc.
Plastiform Industries, Wheaton, IL
J.L. Clark, Downers Grove, IL
Builders Plumbing and Heating Supply Company, Addison, IL
Sommer and Maca, Chicago, IL
Westell, Inc., Oswego, IL
Nike Securities, Lisle, IL
Boockford and Company, Oakbrook, IL
Coleman Safety & Security Products, Inc., Downers Grove, IL
Helios Container Systems, Inc., Bloomingdale, IL
Brink's Incorporated and Family members including, "Parents, spouses, and Children" due to Merger with Service First Credit Union (previously Brink's Employees Credit Union)
Barrett Varnish Company, Cicero, IL
Esselte Meto, Morris Plains, NJ
William Zinsser & Associates, Chicago, IL
Bolingbrook Lincoln-Mercury, Bolingbrook, IL
Everpure, Inc., Westmont, IL
JK Pontiac, Downers Grove, IL
MTI Corporation, Aurora, IL
DuPage Oakbrook Message Center, Hinsdale, IL
ServiceMaster Company, Downers Grove, IL
Pace Motor Sports, Lombard, IL
Chicago Child Care Society, Chicago, IL
Parkway HealthCare Center, Wheaton, IL
Lesman Instrument Company, Elmhurst, IL
Amerihome Mortgage, Rosemont, IL
121 Marketing Resources, Inc., Wheaton, IL
Suncast Corp., Batavia, IL
L.A. Fasteners, Inc., Lyon, IL
Mazur Corporation, Indian Head Park, IL
AdminaStar Federal, Chicago, IL
Camp Flooring & Concrete Coatings. Inc., Hickory Hills, IL
Marshall, Gerstein, Borun, LLP, Chicago, IL
Teamsters Local 705, Chicago, IL
Thornton Township High School District 205, Cook County, IL
MCT – Marketing Card Technology, LLC, Darien, IL
Electrical Contractors under agreement with Local IBEW 134
The following joint service industries organizations:
The Electrical Joint Arbitration Board
The Electrical Joint Apprenticeship and Training Trustees
The Electrical Insurance Trustees
The Seniority System
The Electrical Joint Industry Study Board
The Chicago Electrical Contractors Association
The Village of Willow Springs

and persons who live or work in the Community bounded on the south by Will-DuPage County Line, and that portion of the City of Naperville that is south of the Will-DuPage County Line, on the east by Route 53, on the North by Route 38, Roosevelt Road, and on the west by the Elgin, Joliet and Eastern Railroad Tracks, the eastern edge of Fermi Lab, from Route 38 to Route 56, Butterfield Road, west along Route 56 to Eola Road, then south to Route 34, Ogden Avenue, and from there directly south to the Will-DuPage County line. Anyone living or working in the counties of DuPage, Kane, Kendall, Will and west of Route 83 in the county of Cook.

Great Lakes Credit Union
Balance Sheets
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash and due from financial institutions	\$ 47,775,251	\$ 36,637,774
Interest bearing deposits in other financial institutions	19,459,292	4,345,260
Total Cash and Cash Equivalents	<u>67,234,543</u>	40,983,034
Interest bearing time deposits in other financial institutions	9,121,322	2,574,167
Securities available for sale	115,028,357	119,384,767
Securities held to maturity (fair value - 2012 \$69,096)	-	69,096
FHLB Stock	2,879,784	2,334,994
Loans held for sale	1,183,900	517,000
Loans to members, net	401,275,148	330,282,917
Accrued interest receivable	1,875,242	1,798,455
Premises and equipment, net	21,246,339	15,800,505
Land held for sale	554,823	554,823
Share insurance deposits	5,587,661	4,461,553
Service rights	376,125	267,235
Real estate owned	2,799,327	1,150,346
Corporate owned life insurance	8,799,139	
Other assets	5,791,451	5,554,051
	<u>\$ 643,753,161</u>	<u>\$ 525,732,943</u>
LIABILITIES AND MEMBERS' EQUITY		
Interest bearing deposits	\$ 557,733,592	\$ 446,229,922
Borrowings	8,600,000	17,650,000
Investment - traded but not settled	10,000,000	-
Accrued interest payable and other liabilities	7,502,872	4,604,159
Total liabilities	<u>583,836,464</u>	468,484,081
Members' equity		
Regular reserve-restricted	11,188,904	11,188,904
Undivided earnings	49,337,488	44,706,791
Accumulated other comprehensive (loss) income	(609,695)	1,353,167
Total members' equity	<u>59,916,697</u>	57,248,862
	<u>\$ 643,753,161</u>	<u>\$ 525,732,943</u>

Great Lakes Credit Union
Statements of Income
December 31, 2013 and 2012

	2013	2012
Interest and dividend income		
Loans	\$ 20,218,326	\$ 18,024,963
Securities	1,315,150	2,136,456
Balances with other financial institutions	119,395	142,434
Total interest and dividend income	21,652,871	20,303,853
Interest expense		
Members' shares	2,799,346	3,361,434
Borrowed funds	527,915	1,091,179
Total interest expense	3,327,261	4,452,613
Net interest income	18,325,610	15,851,240
Provision for loan loss	3,530,618	3,425,203
Net interest income after provision for loan loss	14,794,992	12,426,037
Non-interest income		
Service fees	3,719,857	3,292,030
Credit card and ATM card income	2,957,622	2,473,994
Gain on the sale of loans	1,656,411	507,205
Other-than-temporary impairment (OTTI) loss		(230,939)
Gain on the sale of securities	756,584	942,826
Gain from bargain purchase (merger)	197,249	-
Other Income	1,022,165	207,494
Total non-interest income	10,309,888	7,192,610
Non-interest expense		
Salaries and employee benefits	13,140,661	9,933,889
Occupancy and operations	6,573,553	4,939,317
Loan collection and REO	508,606	525,671
Credit card and ATM card	1,160,159	892,961
Depreciation	1,715,516	1,604,598
Advertising	400,584	396,303
Professional and outside services	199,976	286,571
Insurance premium assessment	430,516	423,848
Other	277,076	253,774
Total non-interest expense	24,406,647	19,256,932
Net income	\$ 698,233	\$ 361,715

2014 DIRECTOR NOMINEES

- Daniel M. Doyle - First Vice President & Chief Operating Officer, Retired, Federal Reserve Bank of Chicago. Masters Degree in Finance. Joined GLCU in 1983. Director since 1992. Chair of the Supervisory Committee and member of the Executive Committee. Currently serving a three-year term expiring April 2014.
- Richard Lee Piekarz, CPA – Senior Manager, Deloitte Financial Advisory Services, LLP. Joined GLCU in 1996. Director since 2001. Vice Chair and Chair of the Executive Committee. Currently serving a three-year term expiring April 2014.
- Stephen M. Park – Senior Vice President, The Alter Group. Masters degree in City Planning & Masters of Business Administration. Joined GLCU in 2004. Treasurer, Credit Committee Chair and member of the Executive Committee. Currently serving a three-year term expiring April 2014.