

**MINUTES OF THE 65th ANNUAL MEETING
TUESDAY, MARCH 21, 2023**

The 65th Annual Meeting of the Meijer Credit Union Membership was held on Tuesday March 21, 2023, via Teleconference:

Tom Riddle, Chairman, called the meeting to order at 5:32pm with the following members present per voice roll call:

Matt Yanoschik
Bryan Richards
Tom Riddle
Sandy Siedlecki
Angie Patterson
Sheila Marshall
Jordan Kowalkowski
Keith Morris
Betty Honicutt
Jeff Powers
Charles Henderson
Kellen Wright

Total number of members in attendance : 12

Sheila Marshall, Board Secretary acknowledged that a quorum was present constituting an official meeting of the membership. According to our bylaws, a quorum exists with not less than 7 members present.

MINUTES OF THE PREVIOUS MEETING

The minutes of the 64th Annual Meeting were reviewed.

REPORTS

A. Elections Committee

See attached report

B. Chairperson

See attached report

C. Treasurer

See attached report

D. Member Service & Business Development

See attached report

E. Lending

See attached report

F. Supervisory Committee

See attached report

G. President

See attached report

OLD BUSINESS

There was no old business presented.

NEW BUSINESS

There was no old business presented.

ADJOURNMENT

A motion to adjourn the meeting at 5:52pm was made by Bryan Richards and seconded by Keith Morrison. The motion was carried.

Respectfully Submitted,

Tom Riddle, Chairman

Sheila Marshall, Secretary



**MEIJER CREDIT UNION
65th Annual Meeting
March 21, 2023
ELECTIONS COMMITTEE REPORT**

The Elections Committee members include Jeff Powers, Keith Morrison, and Bryan Richards.

Two Board of Director positions are up for election and the committee nominated Sheila Marshall and Charles Henricks for re-election.

Matt Yanoschik, President & CEO, has confirmed that no other nominations were received from the membership. As a result, the Credit Union bylaws state that the Secretary is to cast a unanimous vote for those nominated.

The term for each director will be 3 years.

The Credit Union would like to thank these individuals for volunteering their time to serve on the Board of Directors.

Sheila Marshall
Secretary



MEIJER CREDIT UNION

65th Annual Meeting

March 21, 2023

Chairman's Report

I again am very proud of the Meijer Credit Union staff and the efforts made to protect each other and assist our members as the Covid19 pandemic continues to wane.

There are many lingering impacts of the pandemic on our team and membership that include inflation, high interest rates, supply chain disruptions among others.

To help our members, the Meijer Credit Union developed a strategy to keep our loan rates competitive for the benefit of our members and to grow our loan portfolio to generate more income. This increased interest income will allow us to continue our competitive loan rates, reduce some of our fee's and offer very competitive savings and CD rates in 2023.

Our team experienced several challenges throughout the year with staffing, adapting to changing market conditions and regulatory and compliance requirements. Our Business Continuity team continued to be resilient and updated many of our processes to ensure that the Meijer Credit Union continued to be a safe and sound financial institution, as it has for the previous 64 years.

The collapse of Silicon Valley Bank, and the news of the fundamental errors they made in their institution, places the "safety and soundness" spotlight on Meijer Credit Union! Every day, our team's focus is on the fundamentals of Asset Liability Management and liquidity. We are in a very good position to continue to grow our membership, asset size and profitability.

I want to thank the entire Meijer Credit Union team for their care and service they provide to all Meijer team members, we appreciate all their efforts and look forward to a very successful 2023!

Tom Riddle
Chairman



MEIJER CREDIT UNION
65th Annual Meeting
March 21, 2023
Treasurer's Report

Member Equity and Total Assets decreased from 2021 as part of an industry wide draw down in member deposits.

	2022		2021	
Member Equity Change	\$ (3,203,770)	-3.9%	\$ 7,922,268	10.8%
Total Assets Change	\$ (3,616,506)	-4.0%	\$ 7,994,456	9.8%

Loan income increased due to higher demand and rising rates, as the loan portfolio increased over 2021.

	2022		2021	
Loan Interest Income	\$ 189,839	7.8%	\$ (325,050)	-1.2%
Net Loan Port Growth	\$12,468,309	31.5%	\$4,025,955	11.3%

Our capital ratio increased to 9.80% and was above our goal of 9.01 %.

Operating Expenses had a slight increase of \$174,655 over 2021, which was just over plan by \$47,220. Given the difficulties of inflation, this was a nice accomplishment by the management team.

2022 saw continued strong growth in loans, as the portfolio grew again, maintaining a trend from the prior year. Loan interest income increased as well, which reverses a 3-year trend of declining income.

The loan portfolio saw a slight increase in charge offs, which went from 0.42% in 2021 to 0.53% in 2022. However, the ratio is still below the credit union's stated goal of 0.62%. The increase was also well below its historical levels, and the timing of the reversal coincides with a larger, nation wide drawn down in deposits that are impacting member payments.

The Credit Union had net income of \$407,567 for the year, a decline of \$257,560 from the prior year and under plan by \$52,857. The large decline is attributable to declining opportunities for mortgage sales to the secondary market and a considerable drop off in mortgage demand in general. The credit union was below its budgeted income on mortgage sales by \$294,000 for the year, which more than makes up for the decline in income and the miss from the budget.

Controlling the operating expense growth will be very important in 2023, as the credit union looks to navigate a very different liquidity landscape during the year.

Jeff Powers
Treasurer



MEIJER CREDIT UNION
64th Annual Meeting
March 22, 2022
VP of Member Service & Business Development Report

Member Services and Marketing

2022 was a good year as the world worked to come out of the pandemic and back to a more normal state. As in the previous years, we continued to grow our membership base welcoming almost 4000 new members to the credit union and ending just shy of 15,250 members. That is a net growth of 3.4% and 497 net new memberships.

The economy and post pandemic recovery continued to impact staffing with absences due to sickness and open positions that took longer than normal to fill. As staffing shortages continued and Rockford branch transaction volume fell, we made the decision in the fall to close Rockford to lobby traffic. We continue to keep our ATM available for use.

Marketing messages continue to be the #1 way we communicate and generate new business. Constant Contact is our vehicle we use to send emails to our membership and potential members. We acquire names thru Meijer's onboarding of new employees where a Meijer Team Member is given the option to "opt in" to receive communication from the Credit Union. During 2021, we were able to add around 51,000 new names to our global contact list. That means when we send out a global email it goes to almost 145,000 people. Constant Contact also allows us to send custom lists which can be current members only, Michigan only, or other smaller targeted groups. During the year, we sent around 185 email communications and our open rates and click rates are above industry averages. Our other forms of communication continue to include our social media channels, Meijer 365 communication, TV Screens at Meijer.

During 2022, we ran several successful promotions including our Spring Loan Campaign, Winter Auto Loans, and MTM loans. Our annual Cyber Monday special was very popular again and generated many new memberships and loans.

Our Business Development officer was able to resume onsite visits at various stores and DFs for most of the year; however, Meijer Corporate Offices remained closed to external visitors. Sheila made sure to stay in contact thru phone conversations, email communications and Zoom meetings.

We introduced several new programs and products to make banking easier for our members.

- Debit Card Roundup – automatically rounds up all purchases made with a members debit card for the day and rounds that up to the nearest dollar. Then that amount is transferred to the whatever savings account the member has chosen.
- Expanded our texting and moved to Eltropy as our platform - Our lending team began using texting to communicate with members. Member Service piloted this in 2021. We also marketed to members that they could text in to us at any time with questions and we have had a good response on that.
- eStatements – we worked to convert members from paper statements to eStatements which are safer, less expensive and reduce waste
- Started a new tradition of celebrating the Credit Union anniversary with a special sale on that day similar to our Cyber Monday deals.

Sandy Siedlecki
Senior Vice President of Member Service & Operations



MEIJER CREDIT UNION
65th Annual Meeting
March 21, 2023
VP of Member Service & Business Development Report

Member Services and Marketing

2022 was a good year as the world worked to come out of the pandemic and back to a more normal state. As in the previous years, we continued to grow our membership base welcoming almost 4000 new members to the credit union and ending just shy of 15,250 members. That is a net growth of 3.4% and 497 net new memberships.

The economy and post pandemic recovery continued to impact staffing with absences due to sickness and open positions that took longer than normal to fill. As staffing shortages continued and Rockford branch transaction volume fell, we made the decision in the fall to close Rockford to lobby traffic. We continue to keep our ATM available for use.

Marketing messages continue to be the #1 way we communicate and generate new business. Constant Contact is our vehicle we use to send emails to our membership and potential members. We acquire names thru Meijer's onboarding of new employees where a Meijer Team Member is given the option to "opt in" to receive communication from the Credit Union. During 2021, we were able to add around 51,000 new names to our global contact list. That means when we send out a global email it goes to almost 145,000 people. Constant Contact also allows us to send custom lists which can be current members only, Michigan only, or other smaller targeted groups. During the year, we sent around 185 email communications and our open rates and click rates are above industry averages. Our other forms of communication continue to include our social media channels, Meijer 365 communication, TV Screens at Meijer.

During 2022, we ran several successful promotions including our Spring Loan Campaign, Winter Auto Loans, and MTM loans. Our annual Cyber Monday special was very popular again and generated many new memberships and loans.

Our Business Development officer was able to resume onsite visits at various stores and DFs for most of the year; however, Meijer Corporate Offices remained closed to external visitors. Sheila made sure to stay in contact thru phone conversations, email communications and Zoom meetings.

We introduced several new programs and products to make banking easier for our members.

- Debit Card Roundup – automatically rounds up all purchases made with a members debit card for the day and rounds that up to the nearest dollar. Then that amount is transferred to the whatever savings account the member has chosen.
- Expanded our texting and moved to Eltropy as our platform - Our lending team began using texting to communicate with members. Member Service piloted this in 2021. We also marketed to members that they could text in to us at any time with questions and we have had a good response on that.
- eStatements – we worked to convert members from paper statements to eStatements which are safer, less expensive and reduce waste
- Started a new tradition of celebrating the Credit Union anniversary with a special sale on that day similar to our Cyber Monday deals.

Sandy Siedlecki
Senior Vice President of Member Service & Operations



**Meijer Credit Union
65th Annual Meeting
March 21, 2023
Lending Department Report**

Consumer Lending

In 2022 the lending department continued their mission of serving our member base by providing fair & sound underwriting decisions as well as education & counseling as needed. 2022 also brought new faces and talent to the lending team. The internal focus to maximize efficiencies, streamline workflow, and expand education supported the credit unions lending philosophy and growth. Loan reviews completed in 2022 revealed implemented changes and training during 2021 and 2022, improved our lender's ability to underwrite with sound decision making resulting in quality loans. With rising rates, inflation, and overall financial volatility, we believe our due diligence practices will continue to help maintain lower delinquencies while supporting growth. Our lenders continue to focus on cross-selling to help our members refinance their debt, while saving them time, money, and adding peace of mind.

During 2022 management implemented monthly quality control audits on loan production. This practice reinforced our lending philosophy and expectations. It also allowed management to seek out any attributes that may indicate risk and provide direct counseling with the lending team.

The Meijer Team Member Loan has continued to drive membership growth. The 2022-dollar volume was higher than 2021 by 10%. Meijer Team Members received 2,463 loans written for \$2,255,000.00.

We opened 3,624 loans in 2022 which was a 13.6% increase over 2021, resulting in the highest number of loans funded by the credit union in a single year.

Our total loan portfolio increased this year by 31.5% which brought us from \$39,543,007 to \$52,011,316 in total portfolio loans. The yield on the portfolio decreased from 5.72% to 5.69% over the year. A slight decrease is due to the rate match policy for qualifying members, strategic competitive marketing, and discounts for long-term Meijer Team Members. Increasing our portfolio is critical to the long-term success of the credit union and we are focused on this goal in 2023. With continued rising rates predicted for 2023, we anticipate an increase in portfolio yield.

Mortgage Lending

In 2022 the Mortgage Lending team originated \$9,279,653 in production, which was a 55% decrease from 2022. The average loan amount decreased by 8% to \$168,000 with 50 mortgages booked.

The continued rising rate environment has impacted the affordability of home purchases and halted refinancing options. This combined with lack of affordable inventory and rising inflation directly impacted consumer confidence. To support the stability of the mortgage portfolio, mortgages originated were primarily written under Meijer Credit Union niche products and not sold to the secondary market.

Our waiver was renewed with Mortgage Guaranty Insurance Corporation (MGIC) to offer mortgage insurance (MI) secured niche products for their "Community Pro" program which is designed for low income and lower credit score (640+). We set our program income levels at 2.5 times the MSHDA state median income for each county. This waiver allows modest means families to obtain their first homes, when they wouldn't have qualified otherwise.

The combination of our niche products, partnership with MGIC, myCUMortgage, and Freddie Mac, allows us to support homeownership programs for low-income families.

*Angie Patterson
VP Lending*



**MEIJER CREDIT UNION
65th Annual Meeting
March 21, 2023
SUPERVISORY COMMITTEE REPORT**

The Supervisory Committee is a voluntary committee made up of two credit union members including: Mike Davey - Chairperson, and Kellen Wright.

The purpose of the Supervisory Committee is to ensure that:

- Management's financial reporting objectives have been met
- The Board of Directors works in the best interests of the members
- Policies and procedures are maintained and followed
- The assets of the Credit Union are properly safeguarded

In meeting these objectives, the Supervisory Committee participates in training sessions, meets independently each month and participates in the yearly planning session. At least one member of the Supervisory Committee attends the monthly Board of Director's meeting. The Supervisory Committee also performs several independent reviews throughout the year including compliance with the SAFE Act, and an Interest Rate Risk review. All results are reported to Management and the Board of Directors.

The Supervisory Committee meets with and contracts an external audit firm to perform a comprehensive annual audit and a bi-yearly membership verification audit. The Supervisory Committee also attends the exit meeting with The State of Michigan's Department of Insurance and Financial Services (DIFS) upon the completion of their examination and monitors the implementation of recommendations.

The Supervisory Committee also reviews audits performed by external auditors and monitors the implementation of recommendations.

The results of the audits and examinations completed for year ending December 31st, 2022 by the Financial Standards Group indicate that the financial of the Meijer Credit Union are properly stated and the internal control environment is adequate.

Respectfully Submitted,

Mike Davey
Supervisory Committee Chairperson



MEIJER CREDIT UNION
65th Annual Meeting
March 21, 2023
President's Report

I am very proud of the Meijer Credit Union Team and our performance and service to our members as we continue to emerge from the impact of the pandemic. Not only are we working with inflationary pressures in wages and expenses, but we are also experiencing a leveling of asset growth as the impact of these also hit our member's pocketbook.

Our promotional strategy has been to be in "price proximity" for loan interest rates and now with CD and savings rates. This strategy has been very successful for lending and our loan portfolio grew to record levels in 2022. Our loan interest income is rebounding and allows us to strategically review our fee structure and improve savings rates. We will continue to be safe and sound, and to provide more value in our services and the products we offer to all aspects of our membership.

We experienced turnover in several key roles in 2022, but our business continuity management practices demonstrated its value in how we approached this turnover with success and the hiring and placement of a stronger team. I am very grateful to our staff and how we worked together to overcome the challenges. These led to the opportunity to make organizational changes and gave us a very deep insight into the processes that make the CU successful. Our recent audits and exams show we continue to safeguard the assets and goodwill of the Meijer Credit Union.

I would like to thank the Board and the Supervisory Committee for the support and guidance provided to us this past year. The Meijer Credit Union has a very special relationship with our sponsor and the quality of our Board of Directors is evident to regulators and others in the credit union industry.

Matt
President & CEO