

**Notice of Special Meeting of the Members of
Kane County Teachers Credit Union**

The Board of Directors of Kane County Teachers (KCT) Credit Union has called a "special meeting" of the members of this credit union at the Seigle Auditorium, Building E, Elgin Community College, located at 1700 Spartan Dr. Elgin, Illinois 60123, on Thursday, October 17, 2024, at 5:00 p.m.

The purpose of this meeting is to consider and act upon a plan and proposal for merging KCT Credit Union with and into Consumer Credit Union ratify, confirm and approve the action of the Board of Directors in authorizing the officers of KCT Credit Union, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger. The proposed merger will enhance our services, provide access to more technology, and expand the branch footprint to twenty-two local branches. All assets and liabilities of the KCT Credit Union will be merged with and into the Continuing Credit Union. All members of KCT Credit Union will become members of the continuing Credit Union and will be entitled to/will receive shares in the continuing Credit Union for the shares they own in KCT Credit Union. The proposed effective date of the merger is December 1, 2024.

KCT Credit Union will appoint two persons to serve as members of the board of directors of the continuing credit union and one associate board member. This is to ensure that the interests of KCT Credit Union legacy members are represented in the continuing credit union.

Illinois permits voting on merger proposals only at the "special meeting" or by proxy. If you have a proxy on file to vote in favor of the merger, you may attend and vote in person at the "special meeting" or do nothing and the Board of Directors will vote in favor of the merger in your stead.

If you do not have a proxy on file and cannot attend the "special meeting" to vote in person, please find enclosed a proxy form. Please note that a proxy form will only be enclosed if you do not already have a proxy on file at the credit union.

To vote against the merger, you must either attend in person and vote at the meeting or designate another member who is attending the meeting as your proxy. If there is no proxy enclosed with this notice, you have a proxy of file with the credit union, and to vote no, you must revoke that proxy by giving written notice to the board secretary:

To: Carole Medal, KCT Board Secretary
Attn: Administration Assign Proxy Dept
111 S Hawthorne Street, Elgin, Illinois 60123

You can then assign a new proxy to an attending member.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://www.ncua.gov/support-services/credit-union-resources-expansion/resources/comments-proposed-credit-union-mergers> or mail to:

NCUA - Office of Credit Union Resources and Expansion
1775 Duke Street, Alexandria, VA 22314 - RE:
Member-to-Member Communication for Kane County Teachers Credit Union.

The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirements of its regulations.

Other Information Related to the Proposed Merger:

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions, as well as the projected combined financial statement of the continuing credit union, follow as separate documents. In addition, the following information applies to the proposed merger.

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because:

- Expand by combining the best available products and services from both Credit Unions, resulting in better Member product options and experience.
- Combine and expand the credit union's Field of Membership in the diverse and distinct Select Employee Groups (SEGs) and Locations in the communities each credit union serves.
- Access to more and better technology.
- Increased efficiency and economies of scale
 - lower costs
 - better rates
 - increased workforce talent pool
 - stronger credit union (e.g., higher return on assets, more growth, etc.)
- Complimentary workplace cultures and credit union not-for-profit philosophy
- More branch offices/locations combined for Members of both Credit Unions.

The branch offices of the continuing credit union will be as follows:

1. 1334 Shermer Road, Northbrook, IL 60062
2. 950 E. Rand Road, Arlington Heights, Illinois 60004
3. 20413 N. Rand Road, Suite 106, Kildeer, IL 60074
4. 2626 N. IL Route 83, Round Lake Beach, IL 60073
5. 1210 S. Lake Street, Mundelein, IL 60060
6. 195 E. Route 120, Volo, IL 60073
7. 4946 Grand Avenue, Gurnee, IL 60031
8. 2750 Washington Street, Waukegan, IL 60079
9. 3737 N. Lewis Avenue, N. Waukegan, IL 60087
10. 426 E. Army Trail Road, Carol Stream, IL 60188

11. 1310 N. Meacham Road, Suite 101W, Schaumburg, IL 60173
12. 990 S. Barrington Road, Streamwood, IL 60107
13. 25 E. Algonquin Road, Building A, Des Plaines, IL 60016 (restricted access)
14. 21440 West Lake Cook Road, Deer Park, IL 60010 (restricted access)
15. 1303 E. Algonquin Road, Schaumburg, IL 60196 (ATM only)
16. 28 N. 5th Street, Geneva, IL 60134
17. 320 E. Indian Trail Road, Aurora, IL 60505
18. 121 S McLean Blvd., Suite A, South Elgin, IL 60177
19. Renner Academic Library, Building C, 1700 Spartan Drive, Elgin, IL 60123
20. 111 S. Hawthorne Street, Elgin, IL 60123
21. 270 N Grove Avenue, Elgin, IL 60120
22. Elgin Mental Health Facility, 750 State Street, Room 242-243. Elgin, IL 60123 (restricted access)
23. 350 Lake Marian Road, Carpentersville, IL 60110

Dual-purpose ITMs/ATMs are located at branch numbers 1 – 14, and ATMs are located at branch numbers 15 – 22.

Net worth:

The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. Kane County Teachers Credit Union does have a higher net worth ratio than Consumers Credit Union. As of February 29, 2024, Kane County Teacher's Net Worth is 9.32%. and, Consumers Credit Union's Net Worth is 9.14%. The combined Credit Union net worth is 9.16%.

Effective Date of Merger:

December 1, 2024

Employee Representation:

All employees of KCTCU will be offered employment with the continuing credit union. No KCT employees are retiring as a result of the merger.

Share adjustment or distribution:

Kane County Teachers Credit Union will not distribute a portion of its net worth to its Members in the merger. The board of directors has determined a share adjustment or other distribution of Kane County Teachers Credit Union's net worth is unnecessary because the net worth ratios for both credit unions are similar, and the membership gains through the merger combination by the enhancement of products and services offerings such as access to improved technological services, access to more branches, and operational efficiencies.

Changes to services and member benefits:

KCT Credit Union members will receive expanded benefits and services in a wide range of areas, such as business services and lending, enhanced technology, the expansion from seven to twenty-two local branches, ITMs, and digital solutions.

Merger-related financial arrangements:

NCUA Regulations require merging credit unions to disclose certain increases in compensation to be received as a result of the merger by the chief executive officer, each of the four most highly compensated employees other than the chief executive officer, and any member of the board of director or the supervisory committee.

After the merger, R. Michael Lee (President and CEO) will be the continuing credit union's President Emeritus. His compensation following the merger would decrease significantly. He will advise and contribute to the continuing success of Credit Union. Mr. Lee and the continuing credit union will enter into an employment agreement that guarantees payment of his compensation through December 31, 2026, unless employment is terminated by the employer for cause or by the employee without good reason.

After the merger, Joseph Menolascino (Executive VP of KCTCU) will become the continuing credit union's Vice President of Profitability and Analytics. His salary is expected to increase by \$10,000. His incentive pay would range from no increase (\$0) to an increase of up to \$52,984 in short-term incentive pay and no increase (\$0) to an increase of up to \$74,598 in long-term incentive pay. Both will depend upon organization performance and are subject to vesting requirements based on the employee's continued employment with the combined credit union. Although not merger-related, in September 2023, Mr. Menolascino received a salary increase of \$ 46,901 in connection with a promotion and company reorganization.

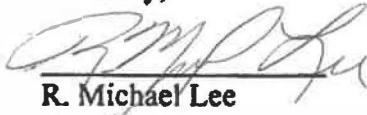
After the merger, Sergio Rodriguez (Senior VP of KCTCU) will become the continuing credit union's Vice President of Technology and Innovation. His salary is expected to increase by \$14,599. His incentive pay following the merger would range from no increase (\$0) to an increase of up to \$53,925 in short-term incentive pay and no increase to an increase of up to \$62,136 in long-term incentive pay. Both will depend upon organization performance and are subject to vesting requirements based on the employee's continued employment with the combined credit union. Although not merger-related, in September 2023, Mr. Rodriguez received a salary increase of \$33,919 in connection with a promotion and company reorganization.

Benjamin Bernal (VP of Operations of KCTCU) will not receive a material increase in compensation as a result of the merger. To encourage his retention as a valued employee, in the first quarter of 2024, KCTCU and Mr. Bernal entered into a Split Dollar Agreement ("SDA") that gives Mr. Bernal access to a life insurance policy that accrues cash value over time, subject to various vesting requirements. The premium is treated as a loan, and through a collateral assignment by Mr. Bernal of the policy and all funds advanced by KCTCU pursuant to the policy, the right of KCTCU to fully recover the funding upon his death is secured. KCTCU has funded \$284,194 in life insurance premium payments under the terms of the SDA.

Jeremy Shipley (VP of Finance of KCTCU) will not receive a material increase in compensation as a result of the merger.

Based on KCTCU's record financial performance during the ten-year period ending in 2023, in the first quarter of 2024 a bonus was paid to all employees with at least one year of service. These bonuses included the following: Mr. Menolascino: \$37,565; Mr. Rodriguez: \$30,095; Mr. Shipley: \$24,579; and Mr. Bernal: \$18,200. Mr. Lee did not participate in the foregoing bonus program, but rather received a \$45,000 bonus in anticipation of his retirement, which was approximately \$20,000 less than if he had participated in the program.

Sincerely,



R. Michael Lee
President/CEO
KCT Credit Union



Melanie Meidel
Board Chair
KCT Credit Union