

ORDER OF BUSINESS

1. Call to Order – *Dr. James McCaslin, Chair*
2. Ascertainment of Quorum
3. Introduction of Special Guests and Welcome
4. Reading and approval of minutes of the 2021 meeting – *Ann Mead, Secretary/Treasurer*
5. Report of the Directors – *Dr. James McCaslin, Chair*
6. Report of the Treasurer – *Ann Mead, Secretary/Treasurer*
7. Report of the Supervisory Committee – *Dr. Chris George, Chair*
8. Report of the President – *Rebecca Stone, President/CEO*
9. New Business – *James McCaslin, Chair*
10. Report of the Nominating Committee – *Ann Mead, Chair*
11. Elections – *Ann Mead, Nominating Committee Chair*
12. Adjournment – *Dr. James McCaslin, Chair*
13. Prize Drawings – *Rebecca Stone, President/CEO*

REPORT OF THE NOMINATING COMMITTEE

The 2022 Nominating Committee consisting of Board Members Ann Mead, Chair, Brenda Willoughby, and Carol Glaser respectfully recommends the following slate of candidates for election to Service One Credit Union's Board of Directors.

Richard Miller holds a Ph.D. in Psychology from the University of Houston and is a retired Emeritus Professor of Psychology at Western Kentucky University as well as an active adjunct faculty member in the Doctoral Program in Management at Colorado Technical University. He has contributed to the professional fields of stress and conflict management as well as team-building and trust-building in organizations throughout North America and has provided training for diverse professional groups such as medical and hospital personnel, credit unions and banking personnel, all management levels of state government, educators, law enforcement agencies, as well as industry management from front-line supervisors to top management both here and abroad aiding them in making the transition to participative, employee-driven organizations. Traveling extensively, he has professional experience in Asia, Australia, Africa, the Middle East (Israel), and Europe and was a recipient of a Fulbright-Hays fellowship in mainland China.

Involved in philanthropic activities with non-profit organizations, he is an active part of the local, national, and the international credit union movement, having served as a board member and board chair of Service One Credit Union as well as working with and individually supporting the World Council of Credit Unions (WOCCU) in their efforts to provide financial infrastructure to third-world countries.

J. Pat Stewart is a retired administrator from the Warren County Public Schools where he worked for 36 years. He is Board Chairman, Richlandville Volunteer Fire Department; President, Warren County Retired Teachers Association; board member, Car Seat Safety Matters; and a farmer. Pat has served on the Service One Credit Union Board of Directors since 2016 and previously served on the Supervisory Committee from 2007 to 2016.

MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING SOCU - APRIL 22, 2021

CALL TO ORDER

Chair J. Patrick Stewart called the 58th Annual Shareholders' Meeting of Service One Credit Union to order at 6:00 PM at the Vid Monster Production Studio, in Bowling Green, KY. Stewart requested Carol Glaser, Secretary/Treasurer, to determine if a quorum was present. Glaser declared a quorum present. Stewart welcomed all credit union members.

READING OF THE MINUTES

Chair Stewart informed members the 2020 Annual Shareholders' Meeting minutes were included in the electronic Annual Report and asked for any additions or corrections. Hearing none, the minutes were approved. Chair Stewart introduced the Board of Directors and expressed his gratitude for their dedication and commitment to the credit union.

Stewart reported on behalf of the Board of Directors, "It was an eventful and challenging time as your credit union completed a major conversion

to new "state of the art" data processing and digital banking systems. After two years of preparation, these new systems were installed even as we were beginning to feel the effects of the global pandemic. The long overdue changes to our processing and digital systems were made to give members a better banking experience. I hope you have personally experienced the improvements to our online and mobile banking products."

Regarding the global pandemic, Stewart said, "To assist members who experienced a loss or reduction in income as a result of the pandemic, our lending team helped by deferring loan payments, modifying loans, and delaying mortgage payments. Taken together, these special actions totaled more than 6.5 million dollars. Despite the economic slowdown, loans grew to \$137 million, a 5% increase from the prior year. Also, as a result of stimulus check distribution our total deposits increased 12%, ending the year at \$173 million, while total assets grew to \$195 million."

Stewart thanked the management and associates for their hard work and dedication they have shown in serving our members this past year. And thanked our members/owners for allowing Service One to be their trusted financial institution.

REPORT OF THE TREASURER

Dr. James McCaslin, Secretary/Treasurer, stated the credit union through diligent long-term planning and a strong capital position, was able to weather the pandemic and successfully adapt to the changing environment.

He noted Total Assets grew to 195 million from 175 million at the beginning of the year. Net loans ended the year at 136 million. While deposits grew 12%, ending the year at \$173 million. Since deposit growth outpaced loan growth by 6%, the Credit Union's cash and investments grew by nearly \$12 million.

McCaslin stated, "Our interest income was negatively impacted by the lower rates on new

loans. Additionally, non-interest income, which consists of fees, service charges, and other income, declined by 4%. This reduction was the result of decreased member spending, increased savings, and the Credit Union's efforts to help members in these difficult times.

To make up for the decline in revenues, the Credit Union closely managed operating expenses. Even though we had the extraordinary expense of the system conversion we were still able to reduce overall operating expenses. We ended 2020 with a net loss of \$51 thousand but maintained a strong capital position with a net worth ratio of 10.6%. A ratio over 7% is considered "well capitalized" by the National Credit Union Administration. Rest assured your funds are safe with Service One."

Dr. James McCaslin made a motion to accept the Treasurer's report and Dr. Richard Miller seconded. Chair Stewart asked for any questions or corrections. Hearing none, the motion carried.

REPORT OF SUPERVISORY COMMITTEE

Dr. Chris George stated the Supervisory Committee's mission and purpose are to protect the financial welfare of its members by examining the affairs of Service One Credit Union, directing and overseeing an annual Supervisory Committee audit of the Credit Union's policies and processes, and reporting to the appropriate regulatory agencies as required. The Committee provides independent advice, assistance, and recommendations to the Board in the oversight of the credit union's operations (internal and external) and audit functions and supports the Board of Directors in the fulfillment of its oversight responsibilities.

George welcomed the membership. He introduced the other committee members that have served this past year; Current members include Steve Winfrey, Chris Royse, Gary Meszaros, Jack Blaha, and Brooke Justice. Previous committee members include Dr. Peggy Crowe, Robert Deane, Brian Sullivan, and Judy Glass.

During 2020 the Supervisory Committee performed eighteen (18) audits, including multiple surprise cash counts, validation of credit union reconciliations, payroll, expense, examination of loans and loan origination controls, business lending controls, new and closed accounts, cash and investment controls, wire controls, and insider accounts. There were no significant findings in our internal audits and examinations.

Additionally, the Supervisory Committee evaluated proposals from seven external potential firms for the 2020 audit. The Committee selected Deming, Malone, Livesay and Ostroff to perform the 2020 audit. There were no significant findings and the credit union received good ratings.

In conclusion, the Supervisory Committee is pleased to report that the credit union ended 2020 in a strong position and enters 2021 in an excellent position to serve the financial needs of its members.

REPORT OF THE PRESIDENT

President Rebecca Stone welcomed the members and stated, "The global pandemic has made perfectly clear what matters most in life: our health, safety, and financial security; we understand that at Service One Credit Union. Throughout the crisis, the Credit Union remained ever present on the front lines, playing an essential role in the lives of those we serve.

In 2020, it was especially important to reach out and listen to our members and be empathetic when working with financial hardship. An organization's strategy can only achieve its desired outcomes when the right people are in place to lead and execute on it.

Our community faced a lot of uncertainty. But we also saw people's ability to set aside doubt and push forward, as they adapted in extraordinary ways. We did not have to look far, to find examples at Service One of that resilient spirit in action. I want to thank our associates for the incredible strength and resolve they have shown throughout the pandemic: all of you who adjusted to working from home, and the associates who never stopped coming to the branch every day, supporting our members and communities with the core services they rely on. Our associates found innovative ways around obstacles. They pressed forward, supporting their loved ones, their colleagues and Service One's members. Our Credit Union gains strength from the people and communities we are in business to serve. And we can count on that shared strength to propel all of us forward. Once again, let me thank our associates for their commitment, responsibility, and dedication, as well as for their outstanding efforts during the pandemic.

COVID-19 has highlighted the importance of digital technologies like never before. Thankfully, we finished our core and digital conversion, making those premium tools available just before the pandemic hit.

Our Credit Union is transforming every day, making sure we can serve the members who want and need digital tools, while continuing to bring financial services to those who want to utilize our branch lobbies or drive-throughs.

Moving forward our focus is on you, our members. Our goal is to expedite the delivery of our services and make it easy for you to bank with us. Not only have we invested in premium digital tools, Service One continues to invest in our security infrastructure, in an effort to keep your financial information safe. To assist you with securing your financial activity, we offer our members identity theft insurance and monitoring as an added value product with your checking account.

The challenges of the past year are not entirely behind us. The post-COVID story will not be a total return to the past. Because the world has changed forever, bringing new paradigms, new ways of thinking – and new opportunities. As we chart the best path forward, Service One has a clear plan, strong momentum, and a bold ambition for the future.

I look forward to meeting you face-to-face next year under normal circumstances. Until then, stay safe and well."

NOMINATING COMMITTEE/ ELECTIONS

Nominating Committee Chair, Brenda Willoughby reported the Nominating Committee had submitted and published the names of Dr. James McCaslin, Dr. Harold Little, and Ann Mead for three-year terms expiring on the Board of Directors. No additional nominations were received. Board Chair Stewart declared these nominees elected by acclamation.

NEW BUSINESS

There was no new business brought before the Chair.

ADJOURNMENT

Chair Stewart adjourned the meeting at 6:20 PM. He turned the meeting over to Rebecca Stone, President/CEO to conduct the prize drawing.

APPROVED:

J. Pat Stewart, Chair

RESPECTFULLY SUBMITTED:

Dr. James McCaslin, Secretary/Treasurer