

2021

ANNUAL REPORT

Building Stronger Communities Together



Letter from Chairman and President



Dave Kintz

Chairman

Your credit union, KCT, continues to strive to bring you the service you deserve as member/owners in the midst of challenging times. We are happy to report that not only does KCT remain a very safe and sound financial institution, but we continue to grow with your help!

Here are some highlights for 2021:

- 2,842 New Members
- 2,564 New Checking Accounts
- 3,822 New Consumer Loans
- 359 Mortgages and 291 Home Equity Loans
- Increased our Affinity Card Giveback 46.3% to \$38,317
- 25% increase to 686 Premier Memberships
- KCT assets increased 15% to \$376.2 million
- Loans grew 21% (\$46.9 million)
- Developed a 65+ Benefit Program
- Launched a Visa Signature Cash Back Card
- Conducted 75 Financial Wellness Seminars

In addition to the growth that happened in 2021, KCT is investing in the future with new capabilities to make doing business with KCT even easier. Later in 2022, we will be launching the functionality to become a member, open an account, and get a loan/credit card from the comfort of your home or office. These capabilities will give you the option to do all of your banking remotely, but with the same immediate response you expect when coming into a branch.

We want to thank you for your continued support and appreciate you working alongside KCT to enable us to fulfill our motto of "Building Stronger Communities Together!"



R. Michael Lee

President/CEO

KCT Board of Directors

Chairman



Dave Kintz

ECC Chief of Police

Vice Chairman



Kim Wagner

Vice President of Business and Finance at ECC

Treasurer & Secretary



Melanie Meidel

Retired U-46 Administrator



Jaime Garcia

Executive Director at Centro de Informacion



Tony Sanders

Superintendent at School District U-46



Patrick Mogge

Dir. of Community Engagement & Outreach, Township High School District 214



Keith McTyler

Safety Officer at Elgin Mental Health Center



Ray Denning

Retired Educator



Carole Medal

Chief Executive Officer at Gail Borden Public Library



Angela Smith

*Assistant Superintendent of Operations
West Aurora School District 129*

Affinity Cards and Partnerships

For 2021, KCT's Affinity Card programs continued to raise money for school districts U46, D300, Batavia, Geneva, East/West Aurora, Gail Borden Public Library and Elgin Community College. With every purchase made using an affinity card, a portion of the transaction is given to the affinity partner.

We are pleased to announce that a total of \$38,317 was raised last year as part of KCT's Affinity Card giveback and piggy bank sales. To learn more about these programs and to get your very own affinity card showing your support, visit kctcu.org/affinity.



DISTRICT 300



Partnerships

In 2021, KCT's Business and Community Outreach team added 489 new memberships from our SEG partners, attended 12 New Teacher Orientations (6 onsite) and held 24 Credit Union Days. A successful KCT awareness campaign was also launched in conjunction with teacher appreciation week that resulted in 618 individuals accessing our social media platforms and over 1,500 entries for giveaways.

The ever-popular KCT Shred Events continued to help our communities safely dispose of sensitive documents with five shred events in 2021. KCT also collaborated with our SEG partners, including the U46 Superintendent's Scholarship, Regional Office of Education (ROE) Educator of the Year, Elgin Police, Kane County Sheriff and ECC Project Backpack. KCT was also proud to have awarded KCT/ROE classroom grant money across all school districts in Kane County with over 100 applications resulting in \$8,513 awarded to classrooms.

Statement of Financial Condition

Assets	2021	2020
Loans	\$266,627,453	\$219,729,638
Allowance for Loan Losses	(2,874,680)	(2,567,516)
Cash and Cash Equivalents	46,892,017	36,713,175
Investments	34,302,877	42,637,319
Fixed Assets, Less Depreciation	5,337,966	5,684,356
Other Assets	25,898,444	24,505,641
Total Assets	\$376,184,077	\$326,702,612
Liabilities		
Accounts Payable, Other	\$1,878,593	\$1,747,534
FHLBC Advances	5,000,000	4,000,000
Reserves		
Regular Reserves	\$18,300,000	\$16,100,000
Undivided Earnings	13,932,869	14,360,001
Equity Acquired in Merger	741,673	741,673
Other Comprehensive Income (Loss)	(307,282)	308,414
Total Reserves	\$32,667,260	\$31,510,088
Members Equity		
Regular Shares	\$177,715,179	\$155,516,246
All Other Shares	158,923,045	133,928,744
Total Members' Equity	\$336,638,225	\$289,444,990
Total Liabilities, Members' Equity, Reserves	\$376,184,077	\$326,702,612

Report of the Credit Committee



Kim Wagner

Vice Chairman & Credit
Committee Chairman

KCT Credit Union's commitment to serving and keeping our Membership and Employees safe during the COVID pandemic continued to be KCT's priority in 2021. The KCT designed forbearance & deferment programs helped our Members immensely for those experiencing financial stress during the COVID pandemic. While sustaining another year of positive loan growth, our Select Employee Groups and the Communities we serve continue to recognize the enormous savings KCT loan products offer. Members look to KCT when they have a financial need because KCT provides safe and affordable loan products.

KCT's net loan growth as of the year ending December 2021 was \$46.9 million, or 21%, over December 2020. KCT experienced tremendous loan growth in Real Estate loans as KCT promoted the enormous savings our Members would receive. December 2021 Loan-to-Share and Loan-to-Assets were 79.20% and 70.88%, respectively, compared to December 2020 ratios of 75.91% and 67.26%.

Statement of Income

Operating Income	2021	2020
Interest on Loans	\$11,232,781	\$10,343,647
Income Investments	753,198	842,861
Service Charges on Deposits and Loans	789,479	798,614
Other Operating Income	3,370,354	3,336,718
Total Operating Income	\$16,145,812	\$15,321,840
Operating Expense		
Compensation and Benefits	\$6,609,217	\$6,120,053
Office Occupancy	730,229	669,108
Office Operations	841,728	877,991
Professional and Outside Services	911,063	776,676
Loan Servicing	509,907	629,214
Marketing and Promotion	176,878	159,174
Operating Expense, Misc.	1,513,416	1,271,269
Provision for Loan Losses	2,310,580	1,807,488
Borrowing Interest	208,280	319,599
Supervisory, IDFP	65,854	65,934
Total Operating Expense	\$13,887,151	\$12,696,506
Net Operating Income Before Dividends	2,268,661	2,625,334
Dividends Paid to Members	607,737	622,562
Net Income from Operations	\$1,660,924	\$2,002,771
Non-Operating Income (Expense)		
Gain (Loss) on Investments & Loans	175,119	97,253
Gain (Loss) on Disposition of Assets	-	(1,937)
Other Non-Operating Income (Expense)	(63,175)	(1,259,988)
Total Non-Operating Income (Expense)	\$111,943	(\$1,164,672)
Net Income	\$1,772,868	\$838,099

Report of the Supervisory Committee



Ray Denning
Supervisory Committee
Chairman

The Supervisory Committee's responsibility is to serve KCT's members by ensuring that the Credit Union is operated in accordance with its By-Laws, the Illinois Credit Union Act, and Generally Accepted Accounting Principles. This committee receives and reviews member inquiries and resolves any problems that may exist. The Supervisory Committee contracted the accounting firm Selden Fox Ltd, of Oak Brook, Illinois to perform an annual audit of the credit union. Their report, dated February 16, 2022, states that their audit was performed in accordance to auditing standards generally accepted in the United States of America. Selden Fox CPAs concluded that the financial statements present fairly, in all material respects, the financial position of Kane County Teachers Credit Union as of December 31, 2021 and 2020, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. KCT Credit Union contracted Selden Fox for quarterly compliance and procedural assessments. These proactive assessments address emerging regulations and protect our members.

KCT Visa Signature Cash Back Card

In November 2021, KCT officially launched the KCT Visa Signature Cash Back Card, a new kind of rewards card for members that offers 1.5% cash back on purchases. New cardholders also receive \$100 when they spend \$5,000 in the first three months. This card replaced the Platinum Rewards credit card. Numerous benefits come with the Signature Cash Back Card, many of them travel related.

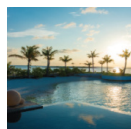
Here are the perks and benefits of the Signature Cash Back Card, in addition to the 1.5% cash back:

- No annual fee*
- No foreign transaction fees*
- No cash back categories to manage
- Your purchases are protected with Visa's Zero Liability Policy*
- Track your cash back with KCT Online and the KCT Mobile App
- Tap and pay wherever you see the Contactless Symbol at checkout
- Visa Signature Cash Back APR for purchases is 10.99%-19.99%*



*For complete program details and disclosures, visit signature.kctcu.org

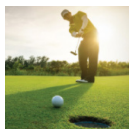
Benefits



Visa Signature Luxury Hotel Collection



Rental car privileges



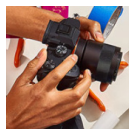
Golf



Sonoma Wine Country



Shipt



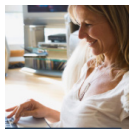
Skillshare



Sofar



Roadside Dispatch



ID Navigator Powered by NortonLifeLock



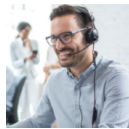
Concierge



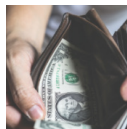
Lost or Stolen Card Reporting



Travel and Emergency Assistance Services



Cardholder Inquiry Services



Emergency Card Replacement/Cash Disbursement

Report of the Membership Committee



Jaime Garcia
Membership Committee
Chairman

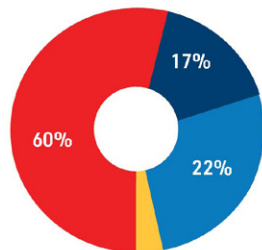
In 2021, KCT Credit Union added 2,842 new members increasing total Membership to 26,852. As the COVID pandemic continued into 2021, KCT Credit Union's new membership signings surpassed 2019 & 2020. As we continue to monitor the federal and state guidelines to minimize risks of COVID, KCT continues to serve our communities and Select Employee Groups by providing electronic resources for member enrollment, a safe in-branch environment, and virtual financial wellness seminars.

Year in Review

Debt Protection

Members have the option of purchasing KCT's Debt Protection service in case of the unexpected, such as disability, death, involuntary unemployment or family medical leave. Qualifying claims could cancel the member's loan balance or payments up to the contract maximums. 2021 saw a total of 139 claims paying out a total of \$233,872.21. For more information, visit protection.kctcu.org.

● Disability 60% ● Life 22% ● Unemployment 17% ● Family Leave 1%



\$233,872.21 in claims paid to our members in 2021

Guaranteed Asset Protection (GAP) Plus

Guaranteed Asset Protection can help fill the gap between what your vehicle insurance will pay and what you owe on your vehicle loan.

\$28,473.90

13 Claims Paid Total

\$2,190

Average Claim Paid

Mechanical Repair Coverage (MRC)

Big unexpected repairs can happen after your factory warranty expires. Mechanical Repair Coverage can help limit the cost of covered breakdowns.

\$72,556

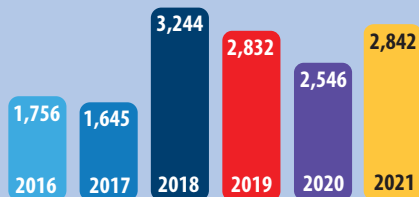
28 Claims Paid Total

\$2,591

Average Claim Paid

New Memberships

In 2021, new memberships grew by 2,842, more than the previous two years.

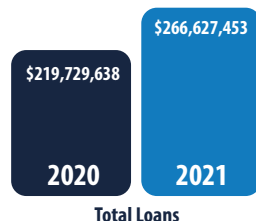
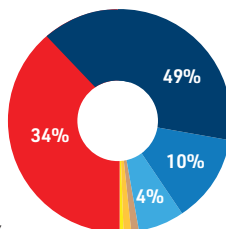


Loans

Total loan assets grew 21% in 2021 to \$266,627,453 compared to \$219,729,638 in 2020.

Mortgages are the largest percentage of our loans.

● Mortgage 49% ● Consumer 34% ● Home Equity 10%
● Credit Cards 4% ● Participation 2% ● Student <1% ● Other <1%





MISSION STATEMENT

A member-owned and controlled financial institution.

VISION STATEMENT

We (KCT) strive to build lifelong relationships with staff, members, and communities based on total disclosure.



Your savings insured to \$250,000 per account. This institution is not federally insured.