KANSAS BLUE CROSS BLUE SHIELD CREDIT UNION
51st Annual Meeting
Tuesday, April 12, 2005
4:45 p.m.

Polk Auditorium
Business Meeting - Election of Officers

AGENDA

Welcome . . . . . Linda Pracht

Determination of a Quorum . . . . . Linda Pracht

Minutes of the Last Meeting . . . . . .Cathy Ryff

Manager's Report . . . . . Steve Unruh

President's Report . . . . . Linda Pracht

Treasurer's Report . . . . . .Bebo Lowery-Born

Credit Committee Report . . . . . Lyn Hutchinson

Supervisory Committee Report. . . . . .Mark Karle

Service Recognition Awards (for outgoing officers):
- Linda Pracht, Board of Directors
- Lyn Hutchinson, Credit Committee
- Mark Karle, Supervisory Committee

Election of Officers:
- Board of Directors – Cathy Holmes, Char Richards
- Supervisory Committee – Connie Thonen
- Credit Committee – Dean Wilson

Drawing for Door Prizes

Adjournment

KANSAS BLUE CROSS AND BLUE SHIELD CREDIT UNION
ANNUAL MEETING MINUTES
APRIL 27, 2004

CALL TO ORDER The Annual Credit Union Meeting was called to order by Butch Schroeder at 7:15pm. It was confirmed that 12 members were present which constituted a quorum.

MINUTES Manager Steve Unruh referred members to the minutes from last year's meeting in the annual report. A motion was made and seconded to approve the minutes as written. Motion carried.

MANAGER'S REPORT Steve Unruh recognized those who helped make our celebration possible – Henry's Grill, Kay's Cakes, Cruise Holidays, and the Planning Committee. Steve also recognized Mary Pasia, one of the first members of the CU when she joined on July 31, 1953. He introduced the staff and recognized their years of service. Steve introduced several guests representing our business partners – Becky Harwick & David Dick - Kansas Credit Union Association, Larry Eisenhauer & Judy Kampsula - Kansas Corporate Credit Union, Greg Winkler & Jennifer McCall - Credit Union Mortgage Services. Next, he thanked Blue Cross and Blue Shield of Kansas for allowing the Credit Union to maintain our offices on company property and Don Lynn, VP of Finance for never saying no when we ask for resources to improve service to the members. Steve then provided some historical information on the beginnings of the Credit Union. Francis Woods kept a metal cash box in his desk drawer to make small loans to co-workers, collected on payday, and charged a small amount for interest. This idea started the credit union on it's way. We began in July 1953 with $451 in shares and made our first loan on August 21, 1953. Today we are an $18.5 million dollar institution offering a wide variety of services. This would not be possible without quality staff and volunteers on the board and committees. We have been one of the highest rated credit unions in the state for the last several years. Thanks to our members for being loyal to us, making payments on time, bringing your children in to join, and thinking of us when you have a financial need.

PRESIDENT'S REPORT Butch Schroeder expressed his sincere appreciation for being allowed to serve on the credit union board and encouraged others to volunteer. He also informed the members of the continuance of our annual college scholarship for incoming freshman.

TREASURER'S REPORT Bebo Lowery-Born asked those present to reference the center two pages of the annual report. She pointed out the increases in assets, loans, deposits, and membership over the past year. Bebo also pointed out the Credit Union returned over 52% of our income back to the members in dividends in 2003.

CREDIT COMMITTEE REPORT Angela Wilson recognized the other members of the Committee, Lyn Hutchinson, and Diane Flynn. She reported that in 2003, 1,143 loans were reviewed and approved, totaling $9,004,376. At 12/31/2003, for every dollar deposited, $.96 was loaned out to fellow members.

SUPERVISORY COMMITTEE REPORT Becky Eigenman reported on the 2003 audit performed by the Supervisory Committee. There were no material findings. She thanked the staff for their assistance and cooperation with the audit.

SERVICE RECOGNITION AWARDS Ron Revelle asked all former board members, committee members, and staff to stand and be recognized for their part in the success of the Credit Union over the last 50 years. Service awards were presented to Diane Flynn - Credit Committee and Rusty Doty and Butch Schroeder - Board of Directors.

ELECTIONS Ron Revelle noted the Board of Directors as the nominating committee have submitted Barb Leeper and Cathy Ryff for the open Board positions, and Barbara Salyer for the open Credit Committee position. Ron moved the nominations cease. The motion was seconded and approved. He then asked for approval by acclamation. Motion seconded and carried.

DOOR PRIZES The winning prize tickets were drawn from all entries of members present. The grand prize winner of the $1,500 travel voucher was Grace Ann Dunn.

ADJOURNMENT With no further business, the meeting was adjourned at 7:45 p.m.

COMPARATIVE BALANCE SHEET

ASSETS	12/31/03	12/31/04
Loans	$15,024,377	$15,399,835
Allowance for Loan Loss	(85,148)	(69,242)
Prepaid Expenses	203,990	213,678
Accounts Receivable		
Investments & Cash	3,175,297	3,032,256
Total Assets	$18,318,516	$18,576,526
LIABILITIES & EQUITY		
Shares	12,119,170	11,997,488
Share Draft/Checking	627,917	692,682
Share Certificates	2,838,835	2,921,515
Regular Reserve	900,755	925,472
Contingency Reserve	1,822,444	2,027,481
Total Equity	$18,309,121	$18,564,638
Accounts Payable	9,395	11,889
Total Liabilities & Equity	$18,318,516	$18,576,526

2004 STATISTICS

Assets Increased	$ 258,011	1.41%
Loans Increased	$ 375,457	2.50%
Deposits Increased	$ 25,764	0.17%
Membership Increased	25	0.72%
Reserves Increased	$ 229,753	8.44%

LOAN PORTFOLIO

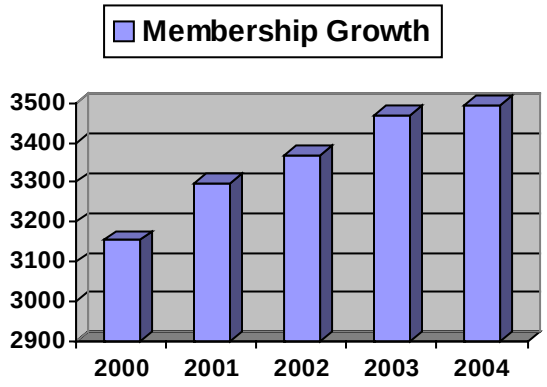
	# Outstanding	$ Amount
Consumer Loans	1,354	10,107,706
Real Estate Loans	56	3,863,598
VISA Loans	623	1,181,503
Leases	15	247,028
TOTAL	2,048	$ 15,399,835

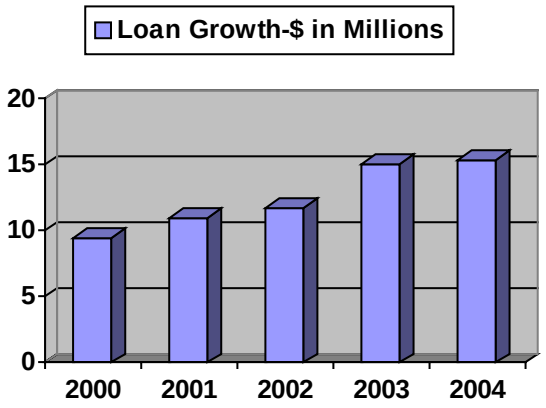
OPERATING STATEMENT

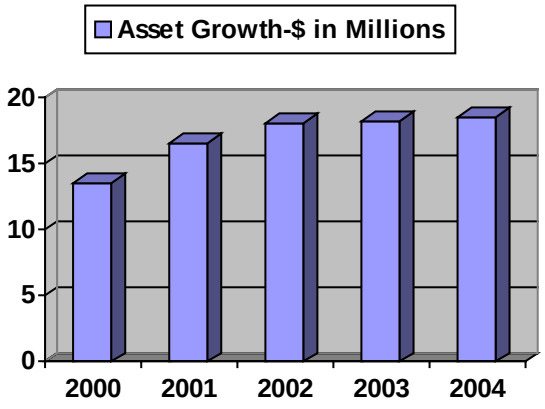
INCOME	2003	2004
Interest on Loans	$ 871,550	$ 899,245
Investment Income	130,425	77,906
Fee Income	146,415	153,569
Net Income	$1,148,390	$1,130,719
EXPENSES		
Contract Services	316,357	346,454
Marketing & Education	8,405	10,928
Association & Chapter Dues	12,626	13,508
Supplies	12,591	20,003
Bond/Officer & Staff Insurance	10,503	12,504
Bank Service Charges	96,870	88,955
Loan Servicing Expenses	11,371	16,228
Provision for Loan Losses	67,554	50,537
Life Savings Insurance	12,879	14,203
Loan Protection Insurance	30,896	19,433
Examination Fees	8,114	7,850
Annual Meeting Expense	2,226	7,819
Professional & Outside Services	35,562	40,223
Miscellaneous	1,131	2,551
Total Operating Expenses	$627,086	$651,195
Net Operating Income Before Dividends	$521,304	$479,524
Dividends Paid to Members	(271,342)	(249,771)
Net Income After Dividends	$249,962	$229,753

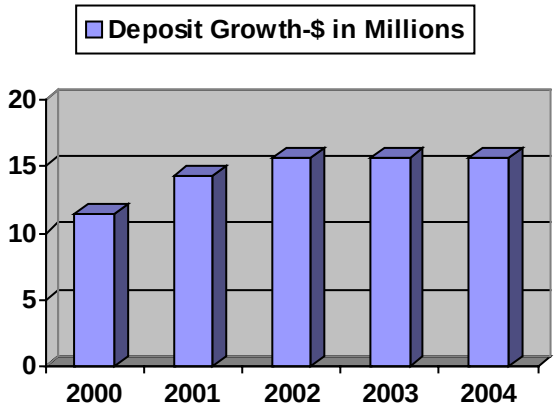
MEMBERSHIP STATISTICS

	12/31/03	12/31/04
Employees	1,537	1,492
Employees' Spouses	255	265
Employees' Children	1,111	1,121
Employees' Grandchildren	100	119
Retirees	202	210
Former Employees	263	286
Total Membership	3,468	3,493
Employee Membership	1,537	1,492
Total Employees	1,880	1,842
Percentage of Employees	82%	81%


Membership Growth
3500
3400
3300
3200
3100
3000
2900
2000
2001
2002
2003
2004


Loan Growth-$ in Millions
20
15
10
5
0
2000
2001
2002
2003
2004


Asset Growth-$ in Millions
20
15
10
5
0
2000
2001
2002
2003
2004


Deposit Growth-$ in Millions
20
15
10
5
0
2000
2001
2002
2003
2004

CREDIT UNION OFFICIALS AND STAFF

BOARD OF DIRECTORS

Linda Pracht - President
Brad Moser - Vice President
Cathy Ryff - Secretary
Beryl B. Lowery-Born - Treasurer
Barb Leeper - Board Member
Mary Shipps - Board Member
Lisa Toyne - Board Member

SUPERVISORY COMMITTEE

Mark Karle - Chair
Dan Bervert
Bill Davisson
Becky Eigenman
Mary Hawkins

CREDIT COMMITTEE

Lyn Hutchinson - Chair
Barbara Salyer
Angela Wilson

CREDIT UNION STAFF

Pete DiDio - Manager
Ron Revelle - Assistant Manager
Stacy Montgomery - Senior Financial Analyst
Angie Treinen - Loan & Member Service Representative
Anica Jones - Member Service Representative
Debbie Morgan - Member Service Representative
Tammy Pendleton - Member Service Representative
Amie Woodall - Member Service Representative
Deb Eamigh - Member Service Representative-Branch
Peggy Herzog - Temporary Member Service Representative