



2020

Annual Report

66th Annual Meeting

Superior

CREDIT UNION



Minutes from the Annual Meeting on April 17, 2019

The Superior Credit Union 65th Annual Meeting was held on April 17th, 2019 at the Veterans Memorial Civic and Convention Center in Lima, Ohio. A quorum of members was present. Board of Directors in attendance were Chairman Ray Hughes, Vice Chair Greg Shrader, Treasurer Ron Snyder, Secretary James Bacome, Dave Watkins, Dave Young, Pam Shaw, and Cheryl Lawson. Board Member Kelley Recker was excused.

Chairman Ray Hughes called the meeting to order at 6:00 p.m. He introduced the Board of Directors and thanked the approximately 150 members for their attendance. Chairman Hughes discussed several of the past year's accomplishments. He noted that membership has grown to nearly 90,000 in the past year. For 2018, Chairman Hughes noted that several credit unions joined Superior. Classic FCU in Amelia, Ohio and CO OP Toledo Credit Union joined SCU last year. Great Lakes CU will be joining Superior in 2019. Chairman Hughes also discussed the recent ranking of Superior being the 20th Best Performing Credit Union in the Country by S&P Global and congratulated staff on the achievement.

Chair Hughes noted that the Supervisory Committee Report was included in the Annual Meeting Report. The credit union's auditors GBQ issued an unmodified opinion which confirms the financials submitted by management are accurate.

Minutes from Last Annual Meeting

Chair Hughes asked for a motion to approve the annual meeting minutes from last year.

Greg Shrader made a motion to approve the previous minutes.
James Bacome seconded the motion.
Motion carried.

Treasurer's Report

Treasurer Ron Snyder presented the Treasurer's Report. The credit union had strong growth in 2018 as assets increased by nearly \$100 million dollars to \$915 million dollars. Loans increased 12% to \$569.7 million dollars. Income for the year was \$11 million dollars for a return on assets of 1.27%. With the strong earnings, the credit union's capital percentage remained unchanged at 13.92%.

Dave Watkins made a motion to accept the Treasurer's report.
Jim Bacome seconded the motion
Motion carried.

President/CEO Report

President/CEO Phil Buell discussed Superior's recent achievements. Phil thanked the members, staff, volunteers, and board for their support and noted they are the key to Superior's success. A 2018 Year in Review video highlighted the credit union's achievements, new offices, and community support initiatives. Phil also thanked Jayne Vaske and Phil Schumann for their life-long contributions to the credit union and congratulated them on retiring in 2019.

Nominating Committee:

Nominating Chair Jim Bacome announced the results of the Board of Directors Election. He noted the election was conducted in accordance with the credit union by-laws. This year, the nominees are Dave Watkins, Dave Young, and Cheryl Lawson. No other candidates were received, and the nominees are elected by acclamation to three-year terms.

Drawing for Door Prizes

The door prizes for the meeting were announced.

Dave Young made a motion to adjourn.
Greg Snyder seconded the motion.
Motion carried.

Meeting Adjourned at 6:38 p.m

2019-2020 Board of Directors

Chairman	Raymond Hughes
Vice Chairman	Gregory Shrader
Treasurer	Ron Snyder
Secretary	James Bacome
Directors	Cheryl Lawson, Kelley Recker, Pam Shaw, Dave Young, Dave Watkins
Director Emeritus	Bruce Campbell
Associate Board Members	Lynn Carpenter, Joe Patton

Superior CU Named #1 Credit Union in Ohio Five Years in a Row

S&P Global Market Intelligence recently released its ranking of 2019's 50 best-performing credit unions in the nation. Superior Credit Union, based in Lima, Ohio, was named the #25 Best-Performing Credit Union in the U.S. and #1 in Ohio.

S&P Global Market Intelligence ranked the nation's credit unions using five core financial performance metrics: member growth, market growth, operating expense as a percentage of operating revenue, net charge-offs as a percentage of average



loans, and delinquent loans as a percentage of total loans.

"Superior is proud to be ranked #1 in Ohio and in the Top 25 nationwide for the fifth consecutive year," said Phil Buell, President and CEO of Superior Credit Union. "We feel that it represents our commitment to the cooperative principles of our organization. We strive to make sound financial decisions that will benefit our members and the communities that we serve."

Statement of Financial Condition

Assets	2019	2018
Cash and Cash Equivalents	\$88,255,302	\$49,112,169
Total Investments	\$238,793,580	\$247,019,579
Loans to Members , Less Allowance for Loan Losses	\$661,078,488	\$569,722,677
Property and Equipment	\$14,979,793	\$16,683,597
Other Assets	\$29,455,729	\$32,807,575
Total Assets	\$1,032,562,892	\$915,345,597

Liabilities and Equity	2019	2018
Members Shares	\$869,488,326	\$770,465,169
Notes Payable	\$0	\$0
Dividends Payable	\$616,902	\$494,167
Accrued and Other Liabilities	\$17,407,038	\$16,670,448
Total Liabilities	\$887,512,266	\$787,629,784
Members Equity	\$145,050,626	\$127,715,813
Total Liabilities and Equity	\$1,032,562,892	\$915,345,597

Income Statement	2019	2018
Loan Interest Income	\$26,199,542	\$22,381,810
Investment Interest Income	\$10,037,858	\$4,599,917
Total Interest Income	\$36,237,400	\$26,981,727
Interest Expense on Borrowings	\$1,672	\$151,475
Member Dividends	\$7,113,654	\$5,133,085
Total Dividend and Interest Expense	\$7,115,326	\$5,284,560
Net Interest Income	\$29,122,074	\$21,697,167
Provisions for Loan Loss	\$507,689	\$426,998
Net Interest Income after Provision for Loan Losses	\$28,614,385	\$21,270,169
Non-Interest Income	\$15,489,483	\$15,667,469
Non-Interest Expense	\$29,412,062	\$25,884,947
Net Income	\$14,691,806	\$11,052,691
Change in Unrealized Gain on Investments	\$1,536,719	(\$1,096,166)

Other Financial Information	2019	2018
Members	94,584	88,658
Capital to Assets	14.04	13.92
Return on Assets	1.42	1.27
Asset Growth	12.81	11.81

Supervisory Committee Report

The Supervisory Committee, as appointed by the Board of Directors, shares the Board's responsibility for: determining that management practices are protecting the member's assets; properly administering the Board's policies and procedures; and safeguarding against fraud and conflict of interest.

The Certified Public Accounting firm of GBQ was contracted by the Supervisory Committee to conduct an audit in accordance with generally accepted auditing standards for the year ended December 31st, 2019. Their complete audit report is available upon request.

Based on the results of the audits, examinations and on-going internal control reviews, along with evaluations of products and services against policies and procedures, the Supervisory Committee can assure members that Management and the Board of Directors have acted in their best interest to ensure continuance of a sound financial institution.

Supervisory Committee

Joel Parker (Chair), Joe Patton, and Greg Shrader

President's Message

Over the past decade, much has changed at Superior. New branches were added in St. Marys and Kenton, Ohio. Other credit unions in Fostoria, Tiffin, Coldwater, Cincinnati, Amelia, Mt. Orab, and Toledo joined with Superior. The past decade has witnessed significant growth for your credit union.

Although we have observed visible changes to Superior, the primary development the past 10 years is the digital and mobile revolution. Today, cellphones are part of our daily lives. We rely on them for instant communication, information, and entertainment. Looking back to 2010, not many members owned a smartphone. Little did we understand when the iPhone was first released in 2007 how it would forever change Superior's ability to provide member service. Today, Superior provides many products and services directly to our members via their phone. There is no need to visit our branches weekly to perform routine transactions. Members can review their accounts, make deposits, pay bills, or chat with the credit union directly from their phone.

As Superior has added new technology and branches the past 10 years, we remain focused on serving our members. Let's take a moment and reflect on some highlights from the past few years.

The Value of Membership (Fees Remain the Same)

Freeze the fees!!! While airlines, utility companies, and other financial providers seek to find new fees to increase profits, Superior froze deposit fees once again last year. For the 17th consecutive year, our overdraft fee remained at \$20.00 - saving our members over \$1.5 million in overdraft fees compared to the peer average. Our remaining deposit fees also remained unchanged, continuing to save members additional money. Superior strives to maintain a low fee structure to create value for our members. Recent studies show only 20 percent of financial institutions still offer free checking. Superior is one of the few financial institutions that offers free checking as a member benefit. We look forward to providing fee-free checking again in 2020.

Membership Doubles in 10 Years

	December 31, 2009	December 31, 2019
Members	44,000	94,000

For Superior, there are several keys to success. An important key to success is membership growth. We like to ask the question - are new members joining the credit union? Over the past 10 years, the credit union has experienced rapid membership growth by attracting new members. For Superior, our numbers doubled in the past 10 years. In fact, our growth has been near the highest in the country, growing from 44,000 to 94,000 members over the past decade. In the next few years, we expect our membership to cross another milestone when we reach over 100,000 members.

Assets Break 1 Billion Dollars

Imagine employees at the Superior Coach factory in 1954 saving a few dollars together with each other every week. These early members planted the seeds of our present-day credit union. Over

the next 65 years, one dollar became two, and two dollars became three. As the credit union continued to grow and add new members, new deposit dollars fueled the credit union's growth. During this past year, Superior reached an important milestone when our assets surpassed ONE BILLION DOLLARS, making Superior the fifth largest credit union in Ohio. Quite an achievement for a credit union that started out in a school bus factory.

Dividends Increase

In addition to keeping low fees this past year, the credit union paid a record dividend of \$7 million back to members while maintaining some of the lowest loan rates in our markets. Superior works to control expenses so we can always return the best rates to our members.

Safety and Soundness

Superior Credit Union's Board of Directors' number one responsibility is to protect your money and focus on safety and soundness. The best measure of safety and soundness is capital. Imagine capital as the money the credit union maintains

in its savings account for a rainy day. Superior is one of the best capitalized credit unions in the country. Superior has \$143 million dollars in capital, which is 14 percent of its assets and twice the required amount to maintain by federal and state regulations. If a downturn in the economy occurs, Superior is well positioned to remain strong and support our members when they need it most.

Your Financial Wellness

Everyone is busy, and sometimes we put planning for our finances aside for another day. At Superior, one of our core values is to help members improve their financial well-being. Spending just 30 minutes with one of our financial associates may help you make life-changing choices. Our staff understands budgeting, improving credit scores, saving for a home, planning for retirement, and more. We are here for you. Most importantly, we keep your best interest in mind and provide the advice that is best for you. Discussing your finances today could make a lifetime of difference tomorrow.

THANK YOU!!!

The Board of Directors and Superior staff enjoy serving you. Adding new members and opening new branches is wonderful, but helping each member have a bright financial future is the Superior difference. We want to provide our members with the financial tools and advice needed for success. Please reach out if you have ideas about how we can enhance the credit union. We are always searching for new ways to make your membership experience enjoyable. We understand and believe our financial cooperative is successful because of you.



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The mission of Superior Credit Union is to build trusted relationships by delivering personalized financial solutions.