



2021

Annual Report

67th Annual Meeting

Superior

CREDIT UNION



Minutes from the Annual Meeting on June 18, 2020

The Superior Credit Union 66th Annual Meeting was held on June 18th, 2020, at the Ohio Job and Family Services Conference Room. A quorum of members was present. Board of Directors in attendance were Chairman Ray Hughes, Treasurer Ron Snyder, Secretary James Bacome, Dave Watkins, Dave Young, Kelly Recker, Pam Shaw, and Cheryl Lawson; Associate Board Members Lynn Carpenter and Joe Patton; Supervisory Committee Chairman Joel Parker. Board Member Greg Shrader was excused.

Chairman Ray Hughes called the meeting to order at 5:35 p.m. He introduced the Board of Directors and thanked the staff members for their attendance. Chairman Hughes discussed several of the past year's accomplishments. He noted that membership has grown to 96,000 in the past year. During the past year, Superior merged in Great Lakes Credit Union in Toledo and purchased a bank branch in Cincinnati. The credit union also passed an important milestone by crossing \$1 billion dollars in assets. Chairman Hughes congratulated the staff and discussed the recent ranking of Superior being the 25th Best Performing Credit Union in the Country by S&P Global. It is the 5th year in a row Superior has been in the Top 25.

Chair Hughes noted the Supervisory Committee Report was included in the Annual Meeting Report. The credit union's auditors GBQ issued an unmodified opinion that 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.

Dave Watkins 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 2019 as assets increased by over \$100 million dollars to \$1.034 billion dollars. Loans increased 15% to \$651.3 million dollars. Income for the year was \$14.6 million dollars for a return on assets of 1.49%. With these strong earnings, the credit union's capital percentage remained strong at 14.04%.

Pam Shaw made a motion to accept the Treasurer's report.

Jim Bacome seconded the motion

Motion carried.

President/CEO Report

President/CEO Phil Buell thanked the Board of Directors and committee members for their volunteer service to the boards. Phil

expressed his appreciation to the staff for their recent contribution during the COVID19 pandemic. He noted the credit union continued to serve members with uninterrupted service during the crisis. Looking forward, Phil announced CCC Van Wert Credit Union will be joining Superior and SCU will have branch facility in Van Wert County.

Nominating Committee

Nominating Chair Dave Watkins 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 Greg Shrader, Joe Patton, and Kelley Recker. No other candidates were received, and the nominees were elected by acclamation to three-year terms.

Special Award

Board Chair Ray Hughes presented out-going Board Member Ron Snyder with a Lifetime Service Award. Ron joined Superior's Board of Directors in 1987 when the credit union had \$17 million dollars in assets. As a volunteer director for 33 years, Ron helped guide and advise Superior to over one billion dollars in assets and 96,000 members. The Board of Directors, Staff, and Members are appreciative of Ron's lifelong contributions to the credit union.

Dave Young made a motion to adjourn.

Ron Snyder seconded the motion.

Motion carried.

Meeting adjourned at 6:38 p.m.

2020-2021 Board of Directors

ChairmanRaymond Hughes

Vice Chairman..... Gregory Shrader

Treasurer..... Cheryl Lawson

Secretary James Bacome

DirectorsJoe Patton, Kelly Recker,
Pam Shaw, Dave Young, Dave Watkins

Director EmeritusBruce Campbell

Associate Board MembersLynn Carpenter, Maria Rellinger

Statement of Financial Condition

Assets	2020	2019
Cash and Cash Equivalents	\$182,091,586	\$88,255,302
Total Investments	\$226,519,375	\$238,793,580
Loans to Members , Less Allowance for Loan Losses	\$788,394,457	\$661,078,488
Property and Equipment	\$15,720,777	\$14,979,793
Other Assets	\$63,162,360	\$29,455,729
Total Assets	\$1,275,888,555	\$1,032,562,892

Liabilities and Equity	2020	2019
Members Shares	\$1,059,815,214	\$869,488,326
Notes Payable	\$25,000,000	\$0
Dividends Payable	\$494,729	\$616,902
Accrued and Other Liabilities	\$22,129,870	\$17,407,038
Total Liabilities	\$1,107,439,813	\$887,512,266
Members Equity	\$168,448,742	\$145,050,626
Total Liabilities and Equity	\$1,275,888,555	\$1,032,562,892

Income Statement	2020	2019
Loan Interest Income	\$28,290,028	\$26,199,542
Investment Interest Income	\$7,441,917	\$10,037,858
Total Interest Income	\$35,731,945	\$36,237,400
Interest Expense on Borrowings	\$308,232	\$1,672
Member Dividends	\$5,727,701	\$7,113,654
Total Dividend and Interest Expense	\$6,035,933	\$7,115,326
Net Interest Income	\$29,696,012	\$29,122,074
Provisions for Loan Loss	\$1,040,794	\$507,689
Net Interest Income after Provision for Loan Losses	\$28,655,218	\$28,614,385
Non-Interest Income	\$25,978,527	\$15,489,483
Non-Interest Expense	\$33,736,980	\$29,412,062
Net Income	\$20,896,765	\$14,691,806
Change in Unrealized Gain on Investments	\$2,325,315	\$1,536,719

Other Financial Information	2020	2019
Members	97,445	94,584
Capital to Assets	13.18	14.04
Return on Assets	1.63	1.42
Asset Growth	22.15	12.81

Audit Committee Report

The Audit 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 Audit Committee to conduct an audit in accordance with generally accepted auditing standards for the year ended December 31st, 2020. 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 Audit 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.

Audit Committee

Joel Parker (Chairman), Greg Shrader, Terry Campbell, Dr. Jeff Unterbrink

President's Message

Superior annually develops new initiatives and goals to continually improve our products and services. Normally, we have a pretty good idea of what to expect and the challenges that may arise. However, our plans were disrupted by COVID-19 in 2020, just as many of you experienced. Although the pandemic created many new challenges, we maintained uninterrupted service throughout the year and supported our members in a variety of ways.

As the pandemic accelerated, we quickly noticed a shift in our member behavior. Members gravitated toward contactless payments versus using cash. Our branch lobby traffic decreased and drive thru usage rose. The demand for the call center, electronic loan closings, and online/mobile banking products all increased. Our members were not the only ones who shifted behavior - we did too. For several months, 25% of our team members successfully worked remotely from home. Although the pandemic disrupted the office environment with social distancing requirements, the level of member service and work quality remained the same as we continued to serve members.

The pandemic resulted in one positive for members - lower mortgage rates. At the onset of the pandemic, the Federal Reserve reduced interest rates that triggered mortgage rates to plummet to record lows. In turn, the low rates created a significant opportunity for members to refinance and save on their loans. Our mortgage team worked countless hours to help 4,000 members refinance mortgage loans totaling \$600 million dollars. The refinancing activity saved our members \$75 million dollars in interest over the terms of their mortgages.

The credit union helped with other COVID relief measures. Superior helped small business members access the Paycheck Protection Program provided in the CARES Act. The program was very successful, and Superior helped 350 small businesses obtain \$16.5 million dollars from the Small Business Administration. These loans helped keep our members employed. Additionally, Superior realized that first responders and others needed support as well. The Superior Foundation donated \$100,000 to COVID Relief Funds in our communities.

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

Through the disruptions the pandemic created, Superior stayed focused on product and service improvements in 2020. We replaced our ATM fleet and implemented new Interactive Teller Machines (ITMs) at many of our locations. The contactless ITMs are robust and can accept checks or cash deposits, make payments, and perform cash withdrawals. Improvements are also being made to our facilities. Superior purchased land in Cincinnati's Western Hills and Western Toledo to relocate offices. The offices will be highly automated and employ seasoned staff to help members. Another enhancement in December was the introduction of our new online and mobile banking solution. We appreciated our members' patience as 40,000 members transitioned to the new platform. Moving forward, we expect additional online and mobile banking enhancements to be available during the 1st quarter of 2021. We are committed to ongoing improvements to the digital platform which is so vital to many of our members.

Financially, Superior experienced a record-breaking year. Loans and deposits each increased 20% in 2020 as the credit union's assets grew to \$1.25 billion dollars. With the strong growth in 2020, Superior is currently Ohio's 4th largest credit union. Demonstrating this success, Superior

paid \$6 million dollars in dividends to members while maintaining \$165 million dollars in capital.

Despite the obstacles faced in 2020, we worked to improve the credit union for you. We believe we must continue to drive value by delivering exceptional member service and offering solutions to help you financially succeed.

Thank you for being a member! We look forward to continued success.



Phil Buell
President & CEO
pbuell@superiorcu.com

Bruce Campbell and Dorothy Thompson Awards

The **Bruce E. Campbell Achievement Award** honors a Superior Credit Union employee who exemplifies a lifelong commitment to member advocacy, member service, and promoting the credit union philosophy. Award winner Tracy Strous began his credit union career at Superior over 20 years ago. Initially as an employee for the CUNA Mutual Plan America Program, Tracy worked with our members to offer financial planning, life insurance, and brokerage services. Recognizing the member need and potential within the credit union, Tracy joined Superior in 2003 as an employee with the ambitious goal of creating a full-service wealth management division.



Like Bruce Campbell, Tracy exemplifies the best in character and integrity. With a strong work ethic and ability to teach, Tracy has helped numerous members achieve their financial dreams. Congratulations, Tracy!

The **Dorothy J. Thompson Action Award** honors a Superior Credit Union employee who makes a significant impact as an "Unsung Hero."

Jamie Tenney, award winner, joined Superior in September 1992 at Kibby Street. Throughout her career, Jamie has excelled at many positions including Receptionist, Member Service Representative, Accounting Clerk, Accounting Assistant, Electronic Services Coordinator, Project Manager / EFT Lead, and Director of Data Services.



By understanding the intricacies of each of the credit union programs, products, and services, Jamie's ability to provide overall support to members and staff is invaluable. Much like Dorothy, Jamie is behind the scenes making sure everything works seamlessly. Her ability to comprehend complex programs and patiently explain their uses to members and staff is commendable. Congratulations, Jamie!