



2013

Annual Report

59th Annual Meeting



Superior

FEDERAL CREDIT UNION

Lima • Delphos • Wapakoneta • Ottawa • St. Marys



SuperiorFCU.com



Minutes from the Annual Meeting on May 2, 2012

Chair Ray Hughes called the 58th Annual Meeting to order at the Apollo Career Center on May 2, 2012, at 7:02 p.m. A quorum of members was present for the meeting. Board Members in attendance: Kelley Recker, Greg Shrader, Jim Bacome, David Young, Dave Watkins, Ray Hughes, and Bruce Campbell. Excused were Pam Shaw and Ron Snyder.

Chairman Hughes introduced the Board and Supervisory Committee and thanked the volunteers for their service the past year. He thanked the staff and members for their support of the credit union. He also noted the Supervisory Committee report is included in the Annual Report.

Minutes from Last Annual Meeting

Ray Hughes asked for a motion to dispense with reading of last minutes.

Motion to Approve: Jim Bacome

Second Motion: Dave Young

Motion Carried by Acclamation

Treasurer's Report

Treasurer Bruce Campbell reviewed the annual financial report for members. He noted the credit union continued to grow serving over 46,000 members. He discussed the credit union's financials noting the credit union has over \$364 million in assets and nearly \$56 million in capital. He commented the credit union is doing very well and through the first quarter of 2012, the credit union is approaching \$400 million in assets.

Motion to Approve: Dave Watkins

Second Motion: Kelley Recker

President/CEO Report

Phil Buell thanked the members for participating in the annual meeting as over 100 members were in attendance. He reviewed the credit union accomplishments for the past year. He noted the credit union's mission is to improve the financial lives of SFCU members.

During the past year, the credit union helped members save over \$13 million in interest costs by refinancing mortgages. He also noted SFCU's mission goes beyond the financial services the credit union provides; SFCU also seeks to be a good community partner. In the past year, the credit union organized financial reality days, volunteer tax assistance

programs, and community events. He also recognized Marlene Olberding who is retiring at the end of May. Marlene has been a life-long credit union employee and her accomplishments are much appreciated.

Nominating Committee

The credit union had three Board seats open this year. There are three (3) seats for three (3) year terms. As of the Nominating Committee's deadline, the Committee received three nominees, one candidate for each of the three positions. The nominees are:

Ray Hughes Jim Bacome Pam Shaw

The election was performed in accordance with the credit union's By-laws. Members were then notified by mail of the nomination by petition process. The Nominating Committee received no additional nominations by petition as of the deadline. As a result, the nominees are elected by general consent or acclamation according to our By-laws.

Old Business

Ray Hughes called for any old business. There was no old business.

New Business

Ray Hughes called for any new business. There was no new business.

Bruce Campbell Recognition

Ray recognized Bruce Campbell for his board volunteerism and his professional career at the credit union. Bruce started as the Board Treasurer in 1972 while working for Superior Coach. When Superior Coach closed in 1981, Bruce became the manager of the credit union—a position he held until he retired in 2003. Over the past 40 years, Bruce has been the board treasurer and has witnessed the credit union grow from only a few million to \$400 million in assets. Ray showed a brief video highlighting Bruce's career and his contributions to Superior. Everyone was appreciative of Bruce's lifelong passion to see the credit union succeed.

Drawing for Door Prizes

The meeting ended with a drawing for cash door prizes.

Adjournment of Meeting 7:55 p.m.

Superior Coach Spotlight: Henrietta Spencer

At just a few months shy of 90, Henrietta Spencer can be forgiven if she occasionally forgets a thing or two. But her Credit Union member number is not one of those things.

In fairness, Spencer's member number is considerably easier to recall than most. She is member 23, which marks her as the longest tenured member of Superior Federal Credit Union, and a wealth of information on SFCU's early days.

"I can't remember what year it was I started off, but I know I was the first member other than the charter members, and the first woman in the group," Spencer said.

Now 89 and a resident of Elmcroft Senior Living Center in Lima, Spencer still recalls the day she was pulled in to help with what was then a small credit union serving the employees at Superior Coach.

In 1954, Spencer was working in the Timekeeping office at Superior Coach when employees decided to form their own credit union. Her office just happened to house the credit union office – more accurately, a cluttered desk and one part-time teller.

"We just had the one girl working in the office, and she took off at noon. Well, the boys would come in wanting their statements and things and I just ended up helping out," Spencer recalled.

The banking process was fairly informal in those early years, Spencer said. Workers could have money taken out of their checks and placed into what we now call savings accounts - in the early days, credit unions were not allowed to offer checking. Credit union tellers would keep track of accounts on hand-written ledger cards. The membership was

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Statement of Financial Condition

Assets	2012	2011
Cash and Cash Equivalents	\$57,698,073	\$39,474,935
Other Investments	\$45,130,785	\$34,760,200
Loans Net of Allowance for Loan Losses	\$246,730,774	\$232,056,897
Property and Equipment	\$7,726,241	\$6,833,564
Other Assets	\$13,297,258	\$11,378,458
Total Assets	\$424,813,750	\$376,381,956
Liabilities and Equity	2012	2011
Members Shares	\$348,579,188	\$310,476,904
Notes Payable	\$2,000,000	\$2,000,000
Dividends Payable	\$254,497	\$323,974
Accrued and Other Liabilities	\$4,995,204	\$3,759,358
Total Liabilities	\$360,993,369	\$321,263,154
Members Equity	\$63,280,381	\$55,118,802
Total Liabilities and Equity	\$424,813,750	\$376,381,956
Income Statement	2012	2011
Loan Interest Income	\$12,121,622	\$12,148,438
Investment Interest Income	\$1,162,423	\$1,256,624
Total Interest Income	\$13,284,045	\$13,405,062
Interest Expense on Borrowings	\$85,308	\$87,011
Member Dividends	\$2,644,145	\$3,063,260
Total Dividend and Interest Expense	\$2,729,453	\$3,150,271
Net Interest Income	\$10,554,592	\$10,254,791
Provisions for Loan Loss	\$288,413	\$192,525
Net Interest Income after Provision for Loan Losses	\$10,266,179	\$10,062,266
Non-Interest Income	\$12,142,955	\$9,307,526
Non-Interest Expense	\$14,015,271	\$12,264,428
Net Income (before NCUA assessment)	\$8,393,863	\$7,105,364
Special NCUA Corporate Stabilization Charge	(\$404,103)	(\$723,571)
Unrealized Gain on Investments	\$7,224	\$0
Net Income	\$8,401,087	\$6,381,793
Other Financial Information	2012	2011
Members	49,303	46,156
Capital to Assets	14.99	14.62
Return on Assets	2.09	1.78
Delinquency Ratio	0.17	0.29
Asset Growth	12.96	10.20

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, 2012. 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

Cheryl Deitering, Joel Parker, and Greg Shrader

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

We at Superior realize you have many choices to provide you financial services. Over the past year, we have strived to improve your financial life with great products, convenient access, valued pricing, and professional advice. Our ultimate success is dependent on making each of our members financially successful. As we reviewed 2012, there several significant accomplishments we should celebrate.

Financial Strength

SFCU is one of the strongest financial institutions in the U.S. The credit union grew 14% last year to \$425 million in assets. Meanwhile, SFCU's profitability remains in the top 2% of credit unions nationally with net income reaching a record \$8 million in 2012. One important measure of financial strength is capital. SFCU maintains over \$63 million in capital – twice the reserve required by the NCUA, our Federal regulator.

Members Borrow \$250 Million

With the great interest rates available in 2012, credit union staff was busy helping members finance their cars, homes, or small businesses. This past year, the credit union made over 7000 loans for \$250 million to members. Whether it was a member loan request for a \$500 note loan or a \$2 million small business loan, the credit union staff was ready to help members and provide them a financing solution to meet their needs.

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small enough that annual meetings were held in the manufacturer's front lobby.

"The credit union would have its annual meeting in the front lobby, which really wasn't very big. I remember the first time, before we could get started we had to have the night guards sign in so we'd have a quorum," Spencer said.

Spencer eventually was asked to join the credit union's loan committee. In those early years, if a member requested a loan, a volunteer committee of three people would review the request and make the call. It wasn't always an easy call to make.

"We had to review those guys and see if they deserved a loan or not. If you don't think that was hard, well, it was," Spencer said.

Spencer retired from Superior Coach in 1978, just four years before the company closed down. Her husband Ralph, who had been a guard at the plant, died that same year. Since then, she has remained active in the community. Until just recently, she was a volunteer at Lima Memorial Hospital and a regular at a range of public events, from Lima City Council meetings to the Friday night dances at Lincoln Park. Even now, she stills runs into old friends from Superior Coach and her early days with the Credit Union.

"I had a guy come up to me at the fair a couple years back and call me by name. I asked him how he knew me. He said 'Well, you used to give me my paycheck every Friday,'" Spencer said. "You met people then you'll know forever, That was probably the best part of it."

Community Outreach

SFCU believes strongly in financially supporting our community. Last year, Superior supported many local causes donating over \$150,000 to local events and charities. Our employees also donate a significant amount of their time to serve on community boards.

St Marys Branch

On November 30th, SFCU opened our tenth office in St. Marys, Ohio in the Shoppes at St. Marys. The new location complements SFCU's current branch structure with full-service amenities. Superior also placed a surcharge-free ATM in Joint Township District Memorial Hospital.

What's New in 2013

New Electronic Services

Just last week, SFCU members got their first look at our new innovative, state-of-the-art electronic services for Online Banking & BillPay, website, and Mobile Banking. We expect to phase-in more new electronic services over the coming months. We believe this new technology provides our members personalized access to the best electronic services solutions available in the local market.

Superior Insurance Services

This past fall, Superior Federal Credit Union created its own insurance agency, Superior Insurance Services (SIS). SIS offers insurance to members for their home, auto, or business. Superior Insurance Service offers insurance directly through carriers such as Progressive, Travelers, Grange, and Safeco to name a few. With access to numerous insurance carriers, our staff is able to find a competitive product for each of our member's insurance needs.

Thank You.....

The credit union's success is because of you... It wouldn't be possible without our volunteer Board of Directors, dedicated staff, and loyal membership. Together, we look forward to making even greater strides in 2013 as we seek to satisfy your financial needs.

2012-2013 Board of Directors

Chairman	Ray Hughes
Vice Chairman	Greg Shrader
Treasurer	Bruce Campbell
Secretary	Jim Bacome
Director	Kelley Recker
Director	Ron Snyder
Director	Pam Shaw
Director	Dave Young
Director	Dave Watkins