

2018

Annual Report

64th Annual Meeting

Superior

CREDIT UNION



Minutes from the Annual Meeting on April 18, 2017

The Superior Credit Union 63rd Annual Meeting was held on April 18th, 2017 at the Lima, Ohio Civic Center. 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 Young, Pam Shaw, and Stacy Deitering. Board Members Kelley Recker and Dave Watkins were excused.

Chairman Ray Hughes called the meeting to order at 6:02 p.m. He introduced the Board of Directors and thanked the members for their attendance. Chairman Hughes discussed several of the past year's accomplishments. He noted that membership has increased nearly 10,000 members since Superior converted to a State Charter in October 2015. Chairman Hughes also discussed the recent ranking of 2nd Best Performing Credit Union in the Country by S&P Global and congratulated staff on the achievement. For 2017, Chairman Hughes noted that several credit unions have decided to join Superior. First Choice Credit Union in Coldwater, Ohio and CINCO Credit Union in Cincinnati, Ohio have voted to merge into Superior. With the mergers, total members will be approximately 80,000 by the end of 2017.

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

Pam Shaw made a motion to dispense of the previous minutes. James Bacome seconded the motion. Motion carried.

Treasurer's Report

Treasurer Ron Snyder presented the Treasurer's Report. 2016 was a very good year as assets finished at \$662 million dollars increasing over 15% and loans grew 20% to \$411.7 million dollars. Income for the year was \$10 million dollars for a return on assets of 1.62%. Ron noted our asset quality continues to be outstanding at .21% delinquency while our capital percentage is well above peers at 14.22%.

Stacey Deitering made a motion to accept the Treasurer's report. Greg Shrader seconded. Motion carried.

President/CEO Report

President/CEO Phil Buell discussed Superior's mission is to provide members affordable financial services and work in the member's best interest. He noted over the past year, the credit union has provided valuable service to members while searching for new opportunities to provide member products and services relevant to their needs. One new service Superior will be offering members this year is Superior PLUS Realtors which is a full real estate brokerage service. Superior PLUS Realtors is expected to lower the costs for members while providing them convenience. Phil thanked the Members, staff, volunteers, and board for their support and noted they are the key to Superior's success.

Nominating Committee:

Chairman Ray Hughes announced the results of the Board of Directors Election. He noted the election was held in accordance with the credit union by-laws. This year, the nominees were Ron Snyder, Kelley Recker, and Greg Shrader. No other candidates were received and they were elected by acclamation to three-year terms.

Drawing for Door Prizes

The door prizes for the meeting were announced.

Bruce Campbell made a motion to adjourn. Ron Snyder seconded the motion. Motion carried. Meeting Adjourned at 6:28 p.m.

2017-2018 Board of Directors

Chairman	Raymond Hughes
Vice Chairman	Gregory Shrader
Treasurer	Ron Snyder
Secretary	James Bacome
Directors	Stacey Deitering, Kelley Recker, Pam Shaw, Dave Young, Dave Watkins
Director Emeritus	Bruce Campbell

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, 2017. 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 Lawson, Joel Parker, and Greg Shrader

Statement of Financial Condition

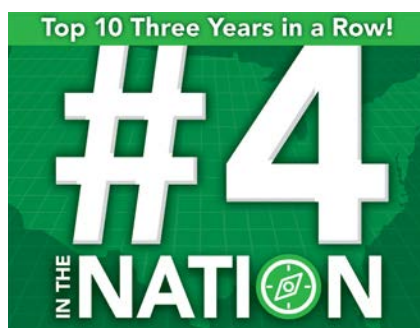
Assets	2017	2016
Cash and Cash Equivalents	\$69,321,682	\$77,322,040
Total Investments	\$193,676,325	\$131,522,134
Loans to Members , Less Allowance for Loan Losses	\$507,625,183	\$411,756,575
Property and Equipment	\$15,563,562	\$12,139,477
Other Assets	\$ 33,849,661	\$29,519,239
Total Assets	\$820,036,413	\$662,259,465
Liabilities and Equity	2017	2016
Members Shares	\$690,579,648	\$530,123,372
Notes Payable	\$0	\$25,000,000
Dividends Payable	\$373,842	\$283,094
Accrued and Other Liabilities	\$14,973,598	\$13,202,923
Total Liabilities	\$705,927,088	\$568,609,389
Members Equity	\$114,109,325	\$93,650,076
Total Liabilities and Equity	\$820,036,413	\$662,259,465
Income Statement	2017	2016
Loan Interest Income	\$16,649,489	\$14,727,265
Investment Interest Income	\$4,902,244	\$3,523,766
Total Interest Income	\$21,551,733	\$18,251,031
Interest Expense on Borrowings	\$202,253	\$12,942
Member Dividends	\$3,474,615	\$2,576,151
Total Dividend and Interest Expense	\$3,676,868	\$2,589,093
Net Interest Income	\$17,874,865	\$15,661,938
Provisions for Loan Loss	\$276,963	\$470,648
Net Interest Income after Provision for Loan Losses	\$17,597,902	\$15,191,290
Non-Interest Income	\$14,952,150	\$12,799,274
Non-Interest Expense	\$21,292,325	\$17,967,366
Net Income	\$11,257,727	\$10,023,198
Change in Unrealized Gain on Investments	\$31,142	(\$34,251)
Other Financial Information	2017	2016
Members	78,949	63,717
Capital to Assets	13.92	14.22
Return on Assets	1.37	1.62
Asset Growth	19.24	15.79

Superior CU Named #4 Best-Performing Credit Union in U.S.

S&P Global Market Intelligence recently released its ranking of 2017's 50 best-performing credit unions. Superior Credit Union, based in Lima, Ohio, was named the #4 Best-Performing Credit Union in the U.S.

The credit union is ranked in impressive company, as NO other credit unions in the top ten had assets of less than \$1 billion—and only one other Ohio credit Union was ranked in the top 50. Superior's asset size grew from \$663 million to \$820 million in 2017.

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 in the Top 10 for the third 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.”

President's Report

The Superior Credit Union Pledge to Members

At Superior, we appreciate you being a member of your financial cooperative. Our mission, our values, and our purpose are focused on your financial well-being. We realize there are many financial providers and solutions available to you. However, a credit union's pledge to members is unique when compared to for-profit banks. While a bank's ultimate purpose is to create value for their shareholders, Superior's mission is to create value for YOU, the credit union member. Over the past year, we have been true to our mission by concentrating on our unique purpose while delivering tremendous value. I would like to share a few of our accomplishments from 2017.

We Promise to Work in Your Best Interest

In 2017, we have strived to deliver value to members. Ever since the financial crisis of 2008, interest rates on savings have been very low. But over the past 12 months, the tides have changed. Since January 2017, the Federal Reserve has increased interest rates several times, allowing financial institutions to earn additional earnings on our investment portfolios. Superior immediately passed the Fed rate increases on to our members via higher dividend rates. Meanwhile, most other financial providers left their rates unchanged, benefiting their bottom lines. In some cases, our competitors even lowered their rates on deposits. As a result of these rate increases, we paid our members an additional \$1 MILLION dollars in dividends. Although market forces did not pressure us to raise dividend rates, we understand that we work for your best interest by passing our earnings on to you.

We Promise to Simplify your Life

Time is precious. We understand that everyone is busy. Having to deal with the daily chores of finances, paying bills, reviewing investments, and transferring money are burdens our members face daily. Superior worked diligently over the past year to simplify your life. Our call center continues to expand with hours beyond the traditional work day. Call center representatives are available for phone calls or live chats with extended hours from 7 a.m. to 7 p.m. Monday through Friday and Saturday morning. The evening hours have proven to be very popular with members and we hope to extend the hours even longer in 2018.

We are also perfecting a new automated teller service we have installed at St. Rita's Medical Center and the Elida Road (Lima) Office called an Individual Teller Machine (ITM). It is truly an automated teller - complete with an option to talk to a live-person if necessary. The ITM receives deposits by cash or check, dispenses cash, allows for loan transfers, and much more. Most importantly, it is also available for extended hours. We have contracted to purchase additional ITMs in 2018 in order to make them available at some of our other locations. Personally, I love the ITM. If you haven't used one, I encourage you to do so or ask one of our associates to show it to you. I think the ITM will simplify your life.

We Promise to Build your Financial Future

For most members, one of the largest assets they will ever purchase is their home. At Superior, we have one of the best mortgage programs in all of Ohio! Did you know your credit union is the #1 mortgage lender in West Central Ohio? Each week, The Lima News publishes the local mortgage rates and Superior is consistently the lowest rate available. Meanwhile, our knowledgeable mortgage staff provides outstanding advice on the finding the mortgage program that is best for you.

We also realize that home buying can be an overwhelming experience. Finding the right house and negotiating the best price can be a daunting task. Superior developed a program this past year which offers true one-stop shopping for future homeowners. Members have the option of using Superior PLUS Realtors, Superior Title, Superior Insurance Services, and a Superior Credit Union mortgage loan to help purchase their dream

home. Besides being convenient and simplifying your life, the home buying services are much, much more. With Superior PLUS Realtors, our agents can represent you as the buyer. By representing the buyer, we are your fiduciary - meaning it is our responsibility to look out for your best interest when negotiating the price for your home purchase. With Superior Title and Superior Insurance, we offer two additional services that are both low-cost and convenient. The addition of Superior Title and Superior Insurance makes the home buying experience virtually seamless which allows you to concentrate on what's most important - moving your family into the home of your dreams!

For members that use all four services, Superior takes an additional step and provides savings back to our member. Besides having competitive rates, fees, and insurance premiums, members that use Superior PLUS Realtors, Superior Title, Superior Insurance Services, and a Superior Credit Union mortgage loan receive a rebate equal to 20% of the buyer's real estate commission. For one local couple recently, we paid them \$1,156.00 after their mortgage loan closed. Superior provides additional value to members in building their financial future and simplifying their life. If you are buying a home, we encourage you to take advantage of this program!

We Promise to Provide Products and Services Relevant to Your Needs

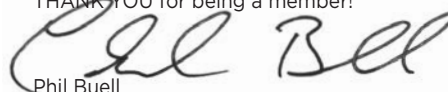
Superior continues to invest in technology. Our home banking and bill pay platforms are ranked among the best in the country by consumers, and our Superior Credit Union mobile banking app is rated 4.7 on the App Store. Meanwhile, we expect even more enhancements as our technology providers continue to spend dollars on research and development to improve the products. At Superior, we realize many members want to conduct as much of their business as possible via their mobile phones or tablets. It is our goal that we provide as many self-serve options as possible via technology portals. Meanwhile, we also believe the traditional branches still play a vital role as service centers, while being visible in the communities where we live.

We Promise to Protect Your Privacy

At Superior, we take protecting your financial privacy very seriously. Many of you may have read about the data breaches that have occurred in the past few years. At Superior, we take steps each day to protect your data. If you call in to our staff, we may ask questions to which only you should know the answers. Our role is to protect your information and account. Meanwhile, many scammers today may try to persuade you to send them money for some purpose. In return, they may promise you more money in return. We encourage you to talk to our staff before you ever send or wire money to someone you don't know. We have witnessed firsthand many scams which ultimately leave you as the victim. Please contact one of our staff members if you ever have any questions. As the old saying goes...if it sounds too good to be true, it probably is!

In closing, we hope you find value in being a member of Superior. We understand that we work for you. I believe part of our success is attracting new members to join the credit union. This past year our membership increased to 78,000 members as we welcomed over 15,000 new members. With new members from our community plus two new credit union memberships joining us from First Choice Credit Union in Coldwater and CINCO Family Financial Center in Cincinnati, Superior continues to grow and provide financial services to additional members. Please let us know how we are doing. It is our mission to improve your financial well-being.

THANK YOU for being a member!



Phil Buell
President & CEO