



# 2017 Annual Report

*63<sup>rd</sup> Annual Meeting*



# Superior

CREDIT UNION



[SuperiorCU.com](http://SuperiorCU.com)



## Minutes from the Annual Meeting on April 19, 2016

The Superior Credit Union 62nd Annual Meeting was held on April 19th 2016 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, Dave Watkins, Pam Shaw, and Stacy Deitering. Board Member Kelley Recker was excused.

Chairman Ray Hughes called the meeting to order at 6:02 p.m. He introduced the board and thanked the members for their attendance. Chair Hughes discussed several of the past year's accomplishments. He noted that the credit union converted from a federal credit union charter to a state charter in October. With the conversion, Superior can now accept members from 17 Ohio Counties. Chair Hughes also discussed the new branches Superior purchased in Fostoria and Tiffin. With the acquisition, Superior's membership is now over 62,000 members. Chair Hughes thanked the board for their service. He especially noted Bruce Campbell who retired from board service this year. Bruce started his board service in 1972 and served the credit union membership with a passion to see the members succeed. With his retirement, the Superior Board made Bruce a Director Emeritus for his service.

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

Dave Watkins 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. 2015 was a very good year as assets finished at \$574 million increasing over 20% and loans grew 12% to \$354 million. Income for the year was \$7.1 million for a return on assets of 1.34%. Ron noted our asset quality continues to be outstanding at .47% delinquency while our capital percentage is well above peers at 14.5%.

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

### President/CEO Report

President/CEO Phil Buell discussed Superior was ranked #7 in the nation for credit union health by S and P Global. He noted that although Superior may be financially very healthy, the credit union's number one priority is to deliver value to members. Whether it is offering Volunteer Income Tax Assistance Programs, reduced costs for title closing services, or freezing fees for the past decade, Superior is delivering value that doesn't show up in a financial statement but providing members enhanced value. Phil thanked the staff, volunteers, and board for their support and noted they are the key to Superior's success.

### Nominating Committee:

Nominating Chair James Bacome announced the results of the Election. He noted the election was held in accordance with the

credit union by-laws. This year, the nominees were Stacey Deitering, Ralph "Dave" Young, and Dave Watkins. No other candidates were received and they were elected by acclamation to three-year terms.

### New Business

Chair Ray Hughes then introduced a video tribute to Bruce Campbell for his 44 years of service to Superior as a volunteer director and as its President/CEO.

### Drawing for Door Prizes

The door prizes for the meeting were announced.

Tracy Strous made a motion to adjourn. Ron Snyder seconded the motion. Motion carried. Meeting Adjourned at 6:48 p.m.

## 2016-2017 Board of Directors

<b>Chairman</b> .....	Raymond Hughes
<b>Vice Chairman</b> .....	Gregory Shrader
<b>Treasurer</b> .....	Ron Snyder
<b>Secretary</b> .....	Jim Bacome
<b>Directors</b> .....	Stacey Deitering, Kelley Recker, Pam Shaw, Dave Young, Dave Watkins
<b>Director Emeritus</b> .....	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, 2016. 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	2016	2015
Cash and Cash Equivalents	\$77,322,040	\$74,763,244
Total Investments	\$131,522,134	\$123,226,085
Loans Net of Allowance for Loan Losses	\$411,756,575	\$341,027,049
Property and Equipment	\$12,139,477	\$13,124,474
Other Assets	\$29,519,239	\$19,850,903
<b>Total Assets</b>	<b>\$662,259,465</b>	<b>\$571,991,755</b>
Liabilities and Equity	2016	2015
Members Shares	\$530,123,372	\$465,286,873
Notes Payable	\$25,000,000	\$10,000,000
Dividends Payable	\$283,094	\$231,888
Accrued and Other Liabilities	\$13,202,923	\$12,811,865
Total Liabilities	\$568,609,389	\$488,330,626
Members Equity	\$93,650,076	\$83,661,129
<b>Total Liabilities and Equity</b>	<b>\$662,259,465</b>	<b>\$571,991,755</b>
Income Statement	2016	2015
Loan Interest Income	\$14,727,265	\$12,764,305
Investment Interest Income	\$3,523,766	\$1,660,221
Total Interest Income	\$18,251,031	\$14,424,525
Interest Expense on Borrowings	\$12,942	\$27,218
Member Dividends	\$2,576,151	\$2,216,547
Total Dividend and Interest Expense	\$2,589,093	\$2,243,765
Net Interest Income	\$15,661,938	\$12,180,760
Provisions for Loan Loss	\$470,648	\$365,582
Net Interest Income after Provision for Loan Losses	\$15,191,290	\$11,815,178
Non-Interest Income	\$12,799,274	\$10,297,965
Non-Interest Expense	\$17,967,366	\$14,992,636
<b>Net Income</b>	<b>\$10,023,198</b>	<b>\$ 7,120,506</b>
Change in Unrealized Gain on Investments	(\$34,251)	(\$770,139)
Other Financial Information	2016	2015
Members	63,717	54,306
Capital to Assets	14.22	14.71
Return on Assets	1.62	1.34
Delinquency Ratio	0.21	0.47
Asset Growth	15.79	16.41

## Superior CU Named 2nd Best-Performing Credit Union in U.S.

S&P Global Market Intelligence recently released its ranking of 2016's 50 best-performing credit unions. Superior Credit Union, based in Lima, Ohio, was named the 2nd Best-Performing Credit Union in the U.S.

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.

To be eligible for the ranking, a credit union had to report more than \$500 million in total assets and a net worth ratio of at least 7.0% as of December 31, 2016. Based on these criteria, 508 credit unions qualified for the ranking.



“Superior is very proud of this ranking” 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

What a REMARKABLE year... While delivering the highest dividend rates, lowest loan rates, and most affordable fees in our area, Superior remained focused on delivering member value. As we reviewed 2016, the credit union achieved several significant milestones we should celebrate.

### Exceptional Growth

Members are using the credit union's services at a rapid rate. In 2016, SCU experienced record DOUBLE digit growth in several key areas. This includes:

- Deposits increasing 13% or \$61 million dollars.
- Loans increasing 20% for \$70 million dollars in growth.
- Membership increasing by 17% to 63,500 members.
- Assets growing to over \$630 million in assets.

### Financial Strength

Superior's profitability remains in the top 10% of credit unions nationally with net income reaching \$9.5 million in 2016. Meanwhile, Superior's capital reserves remained twice the reserve requirement mandated by our state and federal regulators. As a sign of financial strength, SCU maintains over \$93 million in capital reserves, which is the most capital of any credit union in Northwest Ohio.

### New Offices in Tiffin, Fostoria, and at St. Rita's

In January, Superior added new branches in Tiffin and Fostoria, Ohio. With the new branches, Superior welcomed 7,000 new members. The Fostoria and Tiffin staff are doing a wonderful job serving our new members in Seneca, Wood, and Hancock Counties.

In October, SCU opened a retail office in St. Rita's Medical Center. SCU has over 1,500 members on the campus of St. Rita's Medical Center. The new office includes a full-time staff member and an Interactive Teller Machine (ITM) to service members.

### Shared Branching

Early in 2016, Superior joined the Shared Branching Network. Whether on vacation, moving away for college, or relocating, Superior members can make deposits, withdrawals, transfers, account inquiries, and get statements at 5,000 participating credit union branches nationwide.

### Bruce Campbell and Dorothy Thompson Awards



The **Bruce C. 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. Joyce Williams, an employee since 1998, is a Financial Services Officer in our Shawnee Office. She is a great member advocate and always

seeks to do what is in each member's best interest. We think members will agree that this award is much deserved - congratulations, Joyce!

The **Dorothy J. Thompson Action Award** honors a Superior Credit Union employee who makes a significant impact as an "Unsung Hero." Elizabeth Adkins, an employee since 1998, is an Accredited

ACH Professional (AAP). AAPs are an elite group of highly-skilled payment professionals nationally recognized for their electronic payments expertise. Elizabeth works quietly behind the scenes at SCU making sure members' funds are transferred accurately and securely. We are so fortunate to have her on our team!



### What's New in 2017

#### Innovation

Interactive Teller Machines were installed at two branches. Superior deployed its first self-serve Interactive Teller Machine (ITMs) at St. Rita's Medical Center. An ITM has also been installed at the Elida Office. The self-serve ITMs allow members to perform customary teller activities such as depositing cash and checks, transferring funds, and making cash withdrawals. With the support of Video Tellers, members will have expanded access to conduct financial transactions at the credit union. As members become comfortable with the new technology, we expect to deploy additional ITMs to new locations in 2017.

#### Call Center Hours Expanded

To better serve members, Superior is expanding hours in the call center. In February, the call center hours increased availability. New hours are 7 a.m. until 7 p.m. Monday through Friday and 9 a.m. to noon on Saturday. Additional hours may be added later in 2017.

#### Superior Plus Realtors

In November, SCU's subsidiary Superior Financial Solutions purchased Yocum Realty as a service to members. We are excited about Superior Plus Realtors and our ability to offer credit union members discounted real estate brokerage services. Whether members are buying a new home or selling their existing one, Superior members will have added convenience plus be eligible for discounts and rebates through Superior.

#### Higher Dividend Rates

Superior's dividend rates are already some of the best in the region. If you haven't checked our dividend rates recently, we encourage you to review our rates. Many of Superior's money market and CD rates were increased January 1st, 2017. With Superior's strong financial position and a changing marketplace, Superior is striving to return excess earnings directly back to our members in the form of higher dividend rates and better service.

### THANK YOU!!!

We certainly appreciate you being a member of Superior. With convenient services, lower fees, competitive interest rates, and trusted advice, Superior seeks to provide you the best and most affordable financial services. Thank you for being a member and we look forward to finding new opportunities to serve you in 2017.

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