



2019

Annual Report

65th Annual Meeting

Superior

CREDIT UNION



Minutes from the Annual Meeting on April 17, 2018

The Superior Credit Union 64th Annual Meeting was held on April 17th, 2018 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 Member Kelley Recker and Dave Watkins were excused.

Chairman Ray Hughes called the meeting to order at 6:00 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 20,000 members over the past year. For 2017, Chairman Hughes noted that several credit unions joined Superior. First Choice Credit Union in Coldwater, Ohio and CINCO Credit Union in Cincinnati merged into Superior in 2017. Classic Federal Credit Union and Toledo CO-OP will be joining Superior in 2018. Chairman Hughes also discussed the recent ranking of 4th 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

Greg Shrader 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. The credit union had record growth in 2017 as assets increased to \$820 million

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

dollars. Loans increased 23% to \$507.6 million dollars. Income for the year was \$11.2 million dollars for a return on assets of 1.37%. With the strong earnings, the credit union's capital percentage remained very healthy finishing at 13.92%.

Stacey Deitering 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 progress over the past 12 months. With the addition of new members, Superior serves approximately 80,000 members throughout Western Ohio. Phil thanked the members, staff, volunteers, and board for their support and noted they are the key to Superior's success.

Nominating Committee:

Nominating Chair Greg Shrader 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 Ray Hughes, Pam Shaw, and Jim Bacome. No other candidates were received and the nominees were 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. Stacy Deitering seconded the motion. Motion carried. Meeting Adjourned at 6:34 p.m.

2018-2019 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

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

S&P Global Market Intelligence recently released its ranking of 2018's 50 best-performing credit unions. Superior Credit Union, based in Lima, Ohio, was named the #20 Best-Performing Credit Union in the U.S. and #1 in Ohio.

The credit union is ranked in impressive company, as only three other credit unions in the top 20 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 \$820 million to \$917 million in 2018.

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 20 nationwide for the fourth 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	2018	2017
Cash and Cash Equivalents	\$49,112,169	\$69,321,682
Total Investments	\$247,019,579	\$193,676,325
Loans to Members , Less Allowance for Loan Losses	\$569,722,677	\$507,625,183
Property and Equipment	\$16,683,597	\$15,563,562
Other Assets	\$32,807,575	\$ 33,849,661
Total Assets	\$915,345,597	\$820,036,413

Liabilities and Equity	2018	2017
Members Shares	\$770,465,169	\$690,579,648
Notes Payable	\$0	\$0
Dividends Payable	\$494,167	\$373,842
Accrued and Other Liabilities	\$16,670,448	\$14,973,598
Total Liabilities	\$787,629,784	\$705,927,088
Members Equity	\$127,715,813	\$114,109,325
Total Liabilities and Equity	\$915,345,597	\$820,036,413

Income Statement	2018	2017
Loan Interest Income	\$22,381,810	\$16,649,489
Investment Interest Income	\$4,599,917	\$4,902,244
Total Interest Income	\$26,981,727	\$21,551,733
Interest Expense on Borrowings	\$151,475	\$202,253
Member Dividends	\$5,133,085	\$3,474,615
Total Dividend and Interest Expense	\$5,284,560	\$3,676,868
Net Interest Income	\$21,697,167	\$17,874,865
Provisions for Loan Loss	\$426,998	\$276,963
Net Interest Income after Provision for Loan Losses	\$21,270,169	\$17,597,902
Non-Interest Income	\$15,667,469	\$14,952,150
Non-Interest Expense	\$25,884,947	\$21,292,325
Net Income	\$11,052,691	\$11,257,727
Change in Unrealized Gain on Investments	(\$1,096,166)	\$31,142

Other Financial Information	2018	2017
Members	88,658	78,949
Capital to Assets	13.92	13.92
Return on Assets	1.27	1.37
Asset Growth	11.81	19.24

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, 2018. 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

Joe Patton, Joel Parker, and Greg Shrader

President's Message

E Pluribus Unum - Out of Many, One

Can you imagine 10 to 15 of your co-workers saving money and borrowing from each other? This is how our credit union originally began. Each week on payday at Lima's Superior Coach Corporation, co-workers signed up new members and collected a few dollars from each. When a co-worker at the funeral coach & bus manufacturer needed a loan, the savings fund would loan dollars to the borrower. In return, the borrower paid interest on the loan and dividends back to the savers. By design, the members were sharing their money with each other at affordable prices. All of this occurred in the cooperative spirit, believing that people could achieve a better standard of living by pooling their savings and making loans directly to their neighbors and co-workers.

What our members did over 60 years ago would be nearly impossible today. Regulations and technology costs make starting a new credit union cost-prohibitive. But, during the mid-1900's, credit unions popped up all across the United States. Credit unions grew rapidly to the point that by 1980, over 20,000 credit unions served employee groups, associations, and communities across America. In Ohio, credit unions had unique names with many named after the select employee group that started them. Lima area credit unions were named B&O, Member 1, Utelco, Circle Diamond, Randall Graphite, Duff, Superior Coach, Northstar, Habion, New Idea, Teamsters 908, and Ottoville St Mary's Parish. In Fostoria, Autolite employees formed First Ohio. In Toledo, employees of Owens-Illinois formed Great Lakes CU and Toledo CO-OP CU serviced local cooperatives. Credit unions like CINCO and Classic served public employees in the Greater Cincinnati area, including the University of Cincinnati, City of Cincinnati, and Clermont County teachers. Although each credit union was

unique, all of these credit unions shared a common mission of serving their members with affordable financial services.

All of the credit unions mentioned above now share another commonality. Each of these credit unions - across villages, towns, and cities such as Toledo, Fostoria, Tiffin, Coldwater, Lima, Amelia, and Cincinnati - now make up Superior Credit Union. Like the Latin phrase, E pluribus unum... Out of Many, One, all of these credit unions have come together and are united in the common goal of providing affordable financial services to their members. Although we each have unique histories, we are now one credit union. Just as those 10-15 co-workers pooled their resources together 60 years ago, we as credit unions have pooled resources together to provide our members with the best financial products and services. Now with over 90,000 members, our staff is united in their goal to serve you.

As we prepare for tomorrow, Superior is committed to providing our members great pricing and the best access to affordable financial services. Whether members are using online and mobile banking, live chat, or visiting a neighborhood branch, Superior will be there. Our staff is ready to serve you while providing the best financial advice. We are committed to working in your best interest.

On behalf of the Board of Directors, Management Team, and Staff, thank you for being a Superior Member. We are all ONE working for YOU!!!



Phil Buell
President & CEO

First Time Homebuyer Grant Program a Resounding Success

In early 2018, Superior Credit Union launched Superior First - a program aimed at building strong communities. This program offered grants to fund down payments and closing costs incurred during the purchase of a first home for low and moderate income homebuyers. Homebuyers could earn up to \$2,500 toward the purchase of their first home when they financed with Superior CU.



It didn't take long for the mortgage experts at Superior to make use of the entire allotment of funds. In just a few weeks, SuperiorFirst provided 20 grants at \$2,500 each for total of \$50,000.

"These funds were set aside specifically to help create home ownership opportunities for our members" said Phil Buell, President & CEO of Superior CU. "We believe home ownership is



important to each of our communities and we are committed to helping individuals realize the dream of owning their first home."

Plans are underway to continue the good work of this program in 2019.