



2015

Annual Report

61st Annual Meeting



Superior

FEDERAL CREDIT UNION

Lima • Delphos • Wapakoneta • Ottawa • St. Marys • Kenton



SuperiorFCU.com



Minutes from the Annual Meeting on May 14, 2014

Board Chairman Ray Hughes called the 60th Annual Meeting to order at the Apollo Career Center on May 14, 2014 at 7:06 p.m. Chairman Hughes noted a quorum of members was present. Board Members in attendance: Dave Watkins, Bruce Campbell, Pam Shaw, Jim Bacome, Greg Shrader, Ron Snyder, and David Young. Kelley Recker was excused.

Chairman Hughes introduced the current board members to those in attendance. He thanked the membership for attending the meeting and noted this is the 60th Annual Meeting of Superior FCU. Chairman Hughes discussed SFCU's history and noted today's credit union is comprised of 9 different credit unions. He noted the Supervisory Report is included in the Annual Report as Superior FCU received a clean audit from GBQ, our internal audit company. Chairman Hughes thanked the Board and Management Team for their commitment to the membership as 2013 was another successful year.

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 Watkins, Motion Carried by Acclamation.

Treasurer's Report

Bruce Campbell presented the Annual Treasurer's report. In 2013 the credit union finished with \$446.39 million dollars in assets, \$276.7 million dollars in loans and paid members 2.3 million dollars in dividends. Net income for the 2013 was 6.7 million dollars. He also noted the credit union has over \$70 million dollars in capital.

Motion to Approve: Pam Shaw, **Second Motion:** Greg Shrader, Motion Carried by Acclamation.

President/CEO Report

Phil Buell acknowledged the volunteer and member contributions to Superior. He noted the credit union has paid members over 80 million dollars in dividends since the credit union's inception in 1954. Meanwhile, the credit union has originated over 3 billion dollars in loans. He also discussed the credit union has new initiatives to deliver value to members such as Superior Title, The Superior Foundation, member call center, and new Kenton Branch.

Nominating Committee:

Dave Watkins reported the credit union has three Board seats open for three year terms. As of the Nominating Committee's deadline, the Committee received only three nominees, one candidate for each position. These nominees are Kelley Recker, Ron Snyder, and Greg Schrader. The election was performed in accordance with the credit union's By-laws. Members were 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 By-laws.

New Business

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

Drawing for Door Prizes

The meeting ended with a drawing for cash door prizes.

Hearing no objections, the meeting was adjourned at 7:42 pm by Ray Hughes

Our Commitment to Technology

We strive to make banking as effortless as possible for our members. Convenient services like text banking, mobile banking, and online banking allow you to manage your finances from virtually anywhere. Check your balances, transfer funds, deposit checks—all from your cell phone—24 hours a day, 7 days a week.

Online & Mobile Banking

MagnifyMoney, a New York based educational and financial product comparison website, recently evaluated iOS and Android banking apps from more than 100 banks and credit unions, including the 50 largest banks and credit unions, as well as some online direct banks.



MagnifyMoney noted that of the 10 highest rated apps, nine used an interface from Digital Insight, an external app developer. **Superior Federal Credit Union has worked with Digital Insight since 2013 to provide our online and mobile banking services.**

"I think this shows that credit unions have done an exceptional job in committing to their mobile banking devices," Nick Clements, co-founder of MagnifyMoney said. "Credit unions, especially the ones using Digital Insight, have outsourced their mobile banking app activities to companies that look closely after customer needs."

Online Loan Applications

In 2014, we spent significant time developing online loan applications for both consumer and mortgage loans. The consumer loan app will launch in 2nd quarter of 2015. The new and improved mortgage and home equity loan application will launch later in 2015. Much thought and time were spent on both of these projects, to make sure that the final product best suits the needs of our members.

Website

Knowing that our website is one of the key ways we communicate with our members, we are planning a website upgrade for late 2015. In the 3rd quarter of 2015, we will begin working with researchers from Miami University to analyze the design and maximize the usability of our website for both desktop and mobile browsers.

Contact Center

In 2014, we invested in state-of-the-art contact center software to assist our staff in managing our inbound call volume and electronic member communication. After six months, the Contact Center now manages over 5,000 calls per month. In the future, we may expand hours even more as member demand increases.

Rest assured that your credit union is committed to staying at the forefront of technology, providing you with the industry-leading services you want and need.

Statement of Financial Condition

Assets	2014	2013
Cash and Cash Equivalents	\$63,235,176	\$36,118,652
Other Investments	\$25,837,386	\$40,294,351
Loans Net of Allowance for Loan Losses	\$304,490,298	\$276,721,712
Property and Equipment	\$10,806,294	\$8,512,979
Other Assets	\$13,855,251	\$13,440,091
Total Assets	\$491,585,939	\$446,393,376
Liabilities and Equity	2014	2013
Members Shares	\$383,413,407	\$365,713,692
Notes Payable	\$20,000,000	\$0
Dividends Payable	\$207,750	\$217,237
Accrued and Other Liabilities	\$4,173,428	\$4,245,725
Total Liabilities	\$414,306,290	\$375,854,184
Members Equity	\$77,279,649	\$70,539,552
Total Liabilities and Equity	\$491,585,939	\$446,393,376
Income Statement	2014	2013
Loan Interest Income	\$11,927,411	\$11,868,449
Investment Interest Income	\$1,893,206	\$1,128,011
Total Interest Income	\$13,820,617	\$12,996,460
Interest Expense on Borrowings	\$12,270	\$62,990
Member Dividends	\$2,110,651	\$2,322,511
Total Dividend and Interest Expense	\$2,122,921	\$2,385,501
Net Interest Income	\$11,697,696	\$10,610,959
Provisions for Loan Loss	\$508,176	\$197,629
Net Interest Income after Provision for Loan Losses	\$11,189,520	\$10,413,330
Non-Interest Income	\$9,092,868	\$10,247,835
Non-Interest Expense	\$13,718,265	\$13,847,868
Net Income (before NCUA assessment)	\$6,564,123	\$6,813,297
Special NCUA Corporate Stabilization Charge	\$0	(\$382,213)
Unrealized Gain on Investments	(\$175,974)	(\$94,126)
Net Income	\$6,740,097	\$6,719,171
Other Financial Information	2014	2013
Members	51438	50,386
Capital to Assets	15.70	15.76
Return on Assets	1.38	1.56
Delinquency Ratio	0.41	0.92
Asset Growth	9.84	5.25

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, 2014. 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

A Note From Our CEO

OUR PURPOSE IS YOU..... At Superior, we realize you have many options.

Whether you are seeking financial advice, a loan, transaction services, or a convenient branch, we always want you to think of your credit union first. It is our goal to provide you trusted financial services with the greatest value possible. Experiencing meaningful benefits as a credit union member is important to your team at Superior.

As we reviewed 2014, we worked hard to make your membership a little more meaningful and there are several significant accomplishments we should celebrate.

60th Anniversary

In October of 1954, 20 employees of the Superior Coach Corporation signed a charter creating the Superior Coach Employees Federal Credit Union. In 2014, Superior celebrated our 60th Anniversary with a year-long celebration which included an auto loan payoff giveaway, t-shirts for members, and special anniversary rates.

Financial Strength and 51,000 Members

SFCU remains one of the strongest financial institutions in both Ohio and the U.S. SFCU's profitability remains in the top 10% of credit unions nationally with net income reaching \$6 million in 2014. Meanwhile, Superior's capital reserves are twice the reserve required by our Federal regulator. SFCU maintains over \$75 million in capital which is the most capital of any credit union in Northwest Ohio.

The Area's Mortgage Leader – The 21 Day Guarantee

Superior has traditionally been innovative in providing mortgage products to West Central Ohio. 2014 was no exception. This past spring, we began offering The 21 Day Guarantee for closing your mortgage—your loan closes in 21 days or we pay you \$500. By reorganizing our mortgage processing department and obtaining ownership in Superior Title Agency, we reduced the time from application to closing by 30%. Superior continues to be the #1 mortgage leader in Allen, Auglaize, and Putnam Counties.

Kenton Office

On November 20th, SFCU opened our 10th office in Kenton, Ohio. The new 2,100 square foot branch is conveniently located in front of the Walmart Shopping complex on State Route 67. The new location complements SFCU's current branch structure with full-service amenities. During the first few months, over 100 new members joined the credit union and deposited over \$2.5 million into savings accounts. We look forward to continued success in Hardin County

Extended Hour Call Center

During the summer, we invested in a call center to manage our inbound call volume and electronic member communication. After six months, the call center now manages over 5,000 calls per month. In the future, we may expand hours even more as member demand increases.

What's New in 2015

Member Rewards

We appreciate the members who use the credit union's services. We are currently researching ways to improve and enhance member benefits.

One idea we are exploring is a member rewards program. SFCU already has some of the lowest fees and best rates in the region. But, we will be working on a reward program that will further enhance your member experience.

Superior Wealth Management

Over the past year, Superior Wealth Management has been expanding its team. There are now five experienced professionals who manage nearly \$200 million dollars for members. Superior Wealth Management helps members with private banking, financial planning, strategic savings programs, retirement preparations, and estate planning. Their mission is clear—to support members in designing a financial roadmap to achieve their goals.

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

The Superior Foundation

Superior FCU provided \$100,000 seed money and a commitment of \$50,000 annually to fund the Superior Foundation. The Foundation is currently completing its organizational structure and will be fully operational in 2015.

We look forward to The Superior Foundation and its role in helping our community.

Thank You!

THANK YOU FOR BEING A MEMBER. The credit union's success is because of you. By working together, we can improve your financial success. If you have any ideas about how we can enhance the credit union, please feel free to reach out to us. We are always searching for new ideas. As we begin 2015, we will continue our focus, which is serving YOU.

Phil Buell
President & CEO
pbuell@superiorfcu.com

2014-2015 Board of Directors

ChairmanRay Hughes
Vice Chairman.....Greg Shrader
Treasurer..... Bruce Campbell
Secretary.....Jim Bacome
Directors..... Kelley Recker, Ron Snyder, Pam Shaw,
Dave Young, Dave Watkins