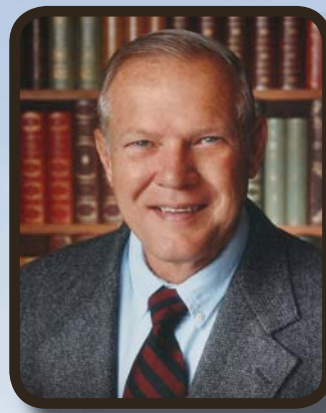


1<sup>st</sup> MidAmerica  
Credit Union

2016 Annual Report



## Message from the Chairman

Our credit union posted solid results with strong loan growth of 7.1% and deposit growth of 3.97% in 2016, while achieving progress in the execution of our strategic priorities. It was an active year, marked by solid performance and focused delivery across all of our business lines. It was also a year that demonstrated our ability to leverage our strong financial position to drive more value for members.

As we have remained in a low rate lending environment for the past several years, we have shifted our income focus to increasing non-interest income. Two vital

business lines experienced growth in 2016, resulting in a direct increase to non-interest income. We have experienced a rise in awareness and use of 1<sup>st</sup> MidAmerica Investment Services, now providing value to more than 740 members who are implementing retirement income strategies and finding ways to preserve the wealth that they have worked years to accumulate. More members are also discovering value in our home loans, choosing from a full menu of mortgages that include FHA, VA, and rural housing options. Mortgages financed through 1<sup>st</sup> MidAmerica Credit Union have increased to 4.9% of member households. Through our Fannie Mae partnership, we are able to lower our direct costs, minimize the impact of low interest mortgage loans to our balance sheet, and provide members with expanded mortgage services. We do this while retaining servicing of the loans for members and reaping the financial benefits of being a servicer for Fannie Mae, which has a direct impact on our non-interest income.

As we closed 2016, our assets increased to \$671 million, and we expanded financial services to a growing membership, ending with a total membership of 61,030. We also closed with a return on assets of .58%, which led to a strong capital-asset ratio of 10.55%, 22 basis points stronger than 2015. It is the strong strategic leadership, dedicated employees, and trust of our membership that continues to propel the success of the credit union.

Thank you for your continued confidence and membership in 1<sup>st</sup> MidAmerica Credit Union.

**Ted Klasner**  
Chairman of the Board

## Statement of Financial Condition

	Year Ended December 31	
	2016	2015
<b>Assets</b>		
Cash and Cash Equivalents	\$ 28,262,816	\$ 38,601,328
Investments	14,545,892	19,039,688
Loans to Members, Net	582,798,712	548,307,457
Accrued Interest Receivable	1,611,339	1,466,864
Property and Equipment	23,870,995	22,902,332
NCUSIF and Share Insurance Deposits	5,548,628	5,254,163
Other Assets	15,306,058	13,741,273
<b>Total Assets</b>	<b>\$ 671,944,440</b>	<b>\$ 649,313,105</b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities:</b>		
Member Shares	\$ 571,096,045	\$ 549,298,367
Notes Payable	20,000,000	27,000,000
Accrued Expenses and Other Liabilities	9,940,618	6,165,070
<b>Total Liabilities</b>	<b>\$ 601,036,663</b>	<b>\$ 582,463,437</b>
<b>Members' Equity:</b>		
Reserves	70,907,777	66,849,668
<b>Total Liabilities and Members' Equity</b>	<b>\$ 671,944,440</b>	<b>\$ 649,313,105</b>

## Income Statement

	Year Ended December 31	
	2016	2015
<b>Interest Income</b>		
Interest on Loans	\$ 27,448,173	\$ 24,414,218
Interest on Investments	323,928	349,903
<b>Total Interest Income</b>	<b>\$ 27,772,101</b>	<b>\$ 24,764,121</b>
<b>Interest Expense</b>		
Dividends on Members' Shares	\$ 3,377,248	\$ 2,909,954
Interest on Borrowed Funds	190,936	196,054
<b>Total Interest Expense</b>	<b>\$ 3,568,184</b>	<b>\$ 3,106,008</b>
Net Interest Income	\$ 24,203,916	\$ 21,658,113
Provision for Loan Loss	3,632,892	2,684,000
<b>Net Interest Income after Provision for Loan Loss</b>	<b>\$ 20,571,024</b>	<b>\$ 18,974,113</b>
<b>Non-Interest Income</b>		
Service Charges, Fees, and Other Operating Income	\$ 9,706,081	\$ 9,176,533
Gain on Bargain Purchase		
Net Gains (Losses) on Sale of Assets	41,312	(12,061)
<b>Total Non-Interest Income</b>	<b>\$ 9,747,393</b>	<b>\$ 9,164,472</b>
<b>Non-Interest Expense</b>		
Operational Expenses	\$ 26,275,017	\$ 23,930,720
Amort FV Core Deposit Intangible	150,251	150,251
<b>Total Non-Interest Expense</b>	<b>\$ 26,425,268</b>	<b>\$ 24,080,971</b>
<b>Net Income</b>	<b>\$ 3,893,149</b>	<b>\$ 4,057,614</b>



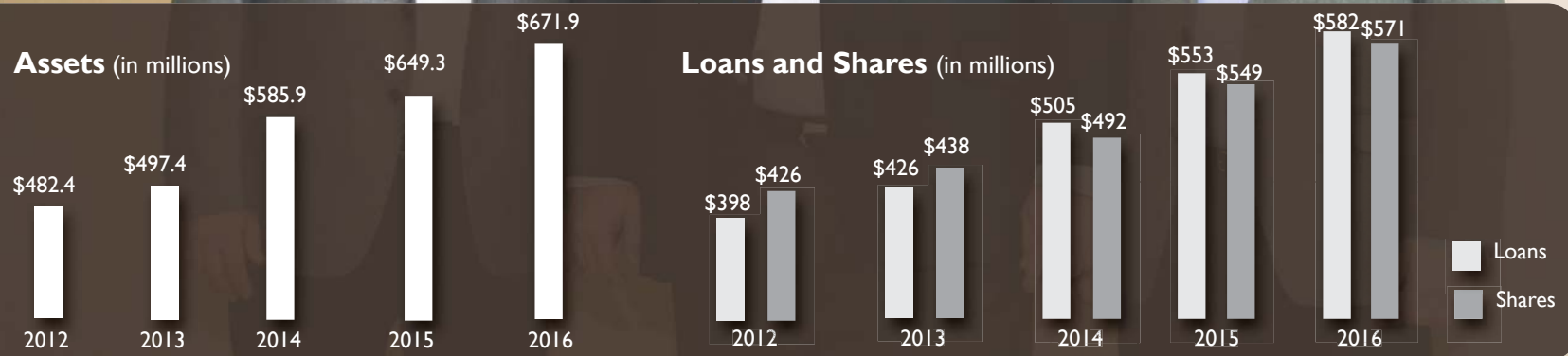
# 1<sup>st</sup> MidAmerica Credit Union



Bob Blacklock  
Chief Financial Officer

Alan Meyer  
President & CEO

Perry Withers  
Chief Lending Officer



## Message from the President

We operate in a rapidly changing environment where technologies, new competitors, and regulations continue to evolve. Our long-term focus continues to be on making strategic investments in people, technology, and products to better serve our growing and diverse membership. We are confident that our standards of service, community, trust, and value will play an important role in the future growth of 1<sup>st</sup> MidAmerica.

Much like 2016, the current year holds the promise of challenge and opportunity. The challenges we face as a growing financial institution are complex. They include navigation of the risks related to advancing technology and increasing regulatory burdens. As technology progresses and related product offerings expand, so do information and cyber security risks. In response to these, we advocate a growth strategy that has included investing in the necessary infrastructure and capacity to sensibly manage risk to the long-term benefit of our members.

Providing members with more secure payment options and expanded services to monitor their accounts has also been part of our overall security focus. The introduction of the Card Valet mobile application allows members even more control of their debit cards by allowing them to set transaction limits, receive alerts, or even deactivate their card if it is lost or stolen. We also expanded instant-issue debit cards in our branch network, and we began offering Apple Pay™, Samsung Pay, and Android Pay. Additionally, we launched the implementation of embedded microchip technology, making debit and credit card security stronger than ever.

Our team members continued their focus on serving our members' communities throughout 2016. Our employees provided over 4,000 hours of volunteerism and service to organizations that benefit both our members and their communities, including financial education in local high schools, fundraising for not-for-profit groups, and participating in programs that encourage financial empowerment. Overall, our employees, in combination with credit union donations and sponsorships, were able to impact local communities by over \$140,000 in 2016.

Our greatest asset is our people, and I am proud to be a part of a remarkable team here at 1<sup>st</sup> MidAmerica, including our employees and board of directors. I extend my gratitude for their dedication, hard work and engagement throughout 2016. It is their commitment to service that continues to drive our success and will allow us to capitalize on future opportunities.

**Alan Meyer**  
President & CEO

# Supervisory Report

The Supervisory Committee of 1<sup>st</sup> MidAmerica Credit Union contracted with Scheffel Boyle to perform verification of member accounts and an external audit as required by The Illinois Department of Financial and Professional Regulation. The Supervisory Committee reviews all results and provides formal reports to the Board of Directors.

As part of the annual examination, two percent of accounts were verified as of September 30, 2016. There were no discrepancies reported in the accounts verified. Scheffel Boyle was also contracted to perform periodic, agreed upon procedural audits. The audits verify that credit union transactions are performed in accordance with Board approved policies. All findings are reported directly to the Supervisory Committee. The Supervisory Committee forwards all findings to the Board.

# Lending Report

1<sup>st</sup> MidAmerica is committed to serving members with relevant solutions when they need credit or assistance in managing their debts. 2016 was another great year of loan growth for the credit union. Through car loans, home equity loans, mortgages, and member business loans, members realized the value of the financial solutions that we provide. In addition to these lending products, the total number of members finding value with our Platinum Visa Credit Card increased to 12,739, bringing total credit card balances to \$38,826,496. Many of these members took advantage of balance transfer offers that allowed them to transfer from high rate credit cards to a low rate for the life of the balance.

We maintain a well-balanced and financially sound mix within the loan portfolio, while losses and delinquency continue to be well below financial institutions of similar size.

Over the course of 2016, 18,027 loans were approved and \$280,332,946 in loans were extended to members.



Mortgage Services Team

Loan Type	Loans Approved	Total Loans	% of Total Loan Activity
Direct Loans (in branches)	5,199	\$49,221,267	17.6%
Home Equity	737	\$24,610,902	8.8%
Indirect Auto	11,383	\$160,209,220	57.1%
Mortgage	625	\$34,540,187	12.3%
Member Business	83	\$11,751,370	4.2%
<b>Total Loans</b>	<b>18,027</b>	<b>\$280,332,946</b>	<b>100%</b>





**Financial Education Team**

## Community Support

1<sup>st</sup> MidAmerica understands the unique challenges our communities face and we remain steadfast in our commitment to serving and supporting the communities where our members live and work. Improving the overall health and vitality of our local areas by supporting dozens of organizations, schools, and local programs is done with great pride. 1<sup>st</sup> MidAmerica is committed to giving, increasing our dedication each year, to help those in need through our various financial contributions and through the many hours that our employees volunteer.

**4,000+ Hours**  
employee volunteerism

**\$32,314**  
*Charity Golf Outing*  
for the Madison County Child Advocacy Center

**\$140,000+**  
Support in donations & sponsorships

### 2016 Volunteer Events

United Way Campaign • March of Dimes Walk • Godfrey Fall Festival • Memorial Day Parade • SIUE Merchant Days  
Adopt a Soldier • Relay for Life • MS Walk • Bark in the Park • Onsite Blood Drives • Blue Springs Parade  
Salvation Army Bell Ringing • Bucket Brigade • Veterans Day Parade • American Diabetes Walk • Community Christmas  
Wood River Triathlon • Winter Wonderland • Halloween Parades • Bark in the Park • Duck Pluckers Ball

## Financial Education

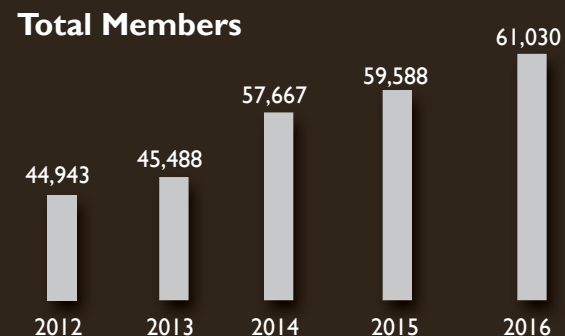
1<sup>st</sup> MidAmerica was recognized at the state level by the Illinois Credit Union League for several awards in financial education, including first place for the Desjardins Adult Financial Education Award for its 2015 - 2016 seminar series on various financial topics and its partnerships with area organizations that support adults in need of financial guidance. The seminar series included workshops on Avoiding Financial Fraud for the elderly in our communities, for which the credit union received the Louise Herring Award for putting the credit union philosophy of people helping people into action. More than 150 members attended our seminar series in 2016.

The credit union also received a first place award for the Desjardins Youth Financial Education Award. We continued our Mad City budget simulation at local high schools in 2016, presenting to more than 500 students through the year.

## Membership Report

1<sup>st</sup> MidAmerica Credit Union ended 2016 strong with 61,030 members. Our overall membership grew 2.42%. We added 8,824 members through our branch network and indirect lending program. Of those who joined in the branches, nearly 1,000 were direct referrals from existing members. Thank you for sharing the credit union with your family, friends, and coworkers.

Our mission is to exceed member expectations by focusing on providing members with quality products, exceptional service, and convenient access options. We hope that you continue to recognize our dedication and continue to make referrals so that more local residents can experience the value, convenience, and service provided by 1<sup>st</sup> MidAmerica.





# Exceeding Member Expectations

Since 1934



Jerseyville  
Member Service  
Team

## Total Savings: \$4,783,978

In 2016, 1<sup>st</sup> MidAmerica launched a program called Savings Tracker, aimed at tracking the amount of money members saved just by doing their business at the credit union. Whether refinancing an auto loan and saving interest over the course of the loan with a lower rate, transferring a high balance credit card over to a 1<sup>st</sup> MidAmerica Platinum Visa with a lower rate, or refinancing to a shorter mortgage term, team members logged success stories and added to the growing total throughout the year. A few stories, from the hundreds, submitted by our employees:

Member worked on improving his credit for the past year. He qualified for our credit card in August of 2015 and has been using it responsibly and has increased his score enough to transfer his car loan here at a low rate of 2.74% APR, saving him \$1,682.22 in interest and a minimum of three payments shorter term for a total savings of \$2,561.01. – Bethalto, IL

Member decided to refinance his car loan from an automotive finance company. He was at a rate of 4.95% APR for 72 months. We were able to drop his rate to 2.49% and take six months off of his term, for a total savings of \$4,246. – Alton, IL

Member transferred multiple credit card balances over to the credit union. The member went from a 22% APR to our low 5.9% APR, saving \$4,396. – Decatur, IL

Member refinanced a mortgage loan from a 30-year term to a 15-year term, reducing the rate from 7% to 2.875% APR, saving \$24,621. – Godfrey, IL

3553 College Avenue  
Alton, IL 62002

3401 E. Broadway  
Alton, IL 62002

731 E. Bethalto Drive  
Bethalto, IL 62010

202 E. Ash Avenue  
Decatur, IL 62526

3361 Fehling Road, Suite 7  
Granite City, IL 62040

419 N. Shamrock  
East Alton, IL 62024

301 Mechanical Lane  
East Alton, IL 62024

1611 Troy Road  
Edwardsville, IL 62025

5301 Godfrey Road  
Godfrey, IL 62035

19301 E. Valley View Parkway  
Independence, MO 64055

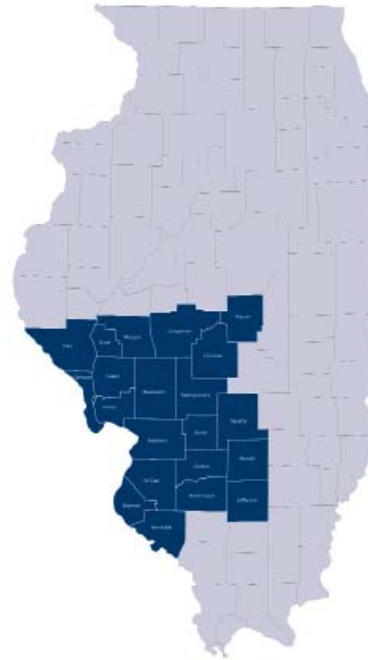
300 W. County Road  
Jerseyville, IL 62052

1795 E. Edwardsville Road  
Wood River, IL 62095

**Coming Soon:**

802 W. Union Ave.  
Litchfield, IL 62056

Member Support Center  
618-258-3168  
800-345-4216  
[www.1stMidAmerica.org](http://www.1stMidAmerica.org)



Our doors are open to anyone who lives or works in the following Illinois counties: Madison, Macoupin, Bond, Montgomery, Fayette, Calhoun, Greene, Jersey, Pike, Morgan, Scott, Sangamon, Clinton, Monroe, St. Clair, Macon, Christian, Randolph, Marion, Jefferson, Washington; and Jackson County in Missouri.

**Board of Directors**

- Ted Klasner - Chairman of the Board
- Rose Gibson - Vice Chair
- Chris Greer - Treasurer
- Dex Paddock - Secretary
- Andy Macias
- Tim Kallal
- Becky Alexander
- Hank Vize
- Bill Meyers
- Josh Evans, Associate Director

To serve members who do not live near a 1<sup>st</sup> MidAmerica branch or are traveling, we are affiliated with the Shared Branching network that allows members to conduct transactions at over 5,000 locations in 50 states. Visit us online to find a branch near you.



1<sup>st</sup> MidAmerica Credit Union has many convenient ATM locations and provides easy access to cash with surcharge free withdrawals at over 28,000 CO-OP ATMs nationwide. CO-OP surcharge free ATMs are located at all of our branches, CO-OP credit union branches, and select stand alone locations.

