

# 2016 ANNUAL REPORT

**Technology**

**Growth**

**Convenience**



*Financial Solutions For Life*

Federally Insured by NCUA

## Message from the Chairperson & CEO

Technology-powered innovation led the way to a year of notable gains for Market USA. Our 2016 year-end financial results demonstrate continued progress in areas important to the strength and growth of the Credit Union. We believe that Market USA's strong financial performance, as well as product and service accomplishments, are a reflection of the hard work by volunteers and staff to support our commitment to high-quality member service and experiences.

### Strong Financial Performance

We are pleased to report that current and new members increasingly turned to the Credit Union for their loan needs. We posted an outstanding 30% increase in loans for the year, from \$45.7 million in 2015 to \$59.5 million in 2016. Deposits also saw an increase, from \$74.6 million in 2015 to \$78.2 million last year; and our upward trajectory in total assets continued, rising from \$94.7 million to \$99.5 million. We continue to be a strong and growing financial institution, well positioned to serve members' financial needs into 2017 and the future.

### Technology & Convenience

Harnessing the power of technology, we provided a number of convenient and valuable new services for our members in 2016:

- **A new lending platform** significantly improves the loan process with an enhanced online experience featuring automated, quick decisions.
- **FlexPay** helps eligible members extend their auto and personal loan terms and reduce payments, all easily accomplished online.
- **Loan Comparison Tools** enable members to see how much they could save by moving their auto and personal loans and credit cards to the Credit Union – all in a snap, right from our website.
- **Additional technology upgrades** include: chip-enabled Visa® Platinum credit cards for increased security, mobile banking capability via web browser so that members have the option of accessing their accounts through the website or through apps, and the ability to reset Internet Banking passwords online.
- Our **relaunched indirect lending program** enables nonmembers to apply for a Market USA vehicle loan at the dealership. This has significantly boosted loan growth, resulting in improved income for our financial cooperative.

A number of improvements in other areas added to the membership experience. We fully implemented convenient e-signing of most loan documents. Relationship Pricing means that the more you use our services, the better rates we can offer you, and this was enhanced in 2016 with members receiving .50% off most consumer loan rates with e-Statements and \$500 or more direct deposited to a checking account. Making an in-person deposit is easier now that deposit slips are no longer required at Market USA branches. Maryland members began enjoying

new Saturday branch hours in 2016 and an eye-catching state flag design option on Platinum credit cards.

### 'People Helping People' Core Value

Market USA has always had a strong commitment to the "people helping people" core value of the worldwide credit union movement. Financial education is particularly important to us, and in 2016 we offered free Credit Score Management Seminars to both members and nonmembers. We took a significant step in reaching out to help the wider community by establishing the Market USA Cares Foundation, dedicated to promoting a better life for our members and their communities. The foundation's first beneficiary was Turning Point of SC, located near the Mauldin Branch, which offers alcohol and drug recovery services. In early 2017, we began working with a Maryland high school to promote youth financial education by establishing a Millionaire's Club and launched a secured Visa in 2016 to assist members in building credit. Our Fresh Start Checking Account will be revamped in 2017 to allow more members to obtain checking accounts.

### An Active Year Ahead

A number of exciting new products and services are on the agenda for 2017. Digital banking will be better than ever with a new platform that will allow transfers to/from outside institutions, check card controls and many more options. Additional innovations will include Apple, Android and Samsung Pay; online and mobile membership account opening; and the ability to use a credit card to pay loans from our website and within our new digital banking platform. Instant Issue Visa Check Cards, greatly reducing the turnaround time for receipt of a new card, will be launched and chip-enabled Visa Check Cards will be implemented. A revamped Fresh Start program for those building or rebuilding credit was already launched in January of 2017. The new Fresh Start Loan Program no longer requires a Fresh Start Savings Account. Later this year, Fresh Start Loans will be automatically funded from a request in our new digital banking platform. First-time home buyers will benefit from our participation in the Federal Home Loan Bank's Affordable Housing Program, which provides \$5,000 grants. We will continue efforts to keep member costs low by removing the Bill Pay low activity fee and educating members on how to avoid fees.

Because we are a member-owned financial cooperative, our top priority is serving you, our members. When you succeed, we succeed. We are grateful for your loyalty and support. We're also appreciative of the volunteers and staff whose efforts make all that the Credit Union does possible. Many thanks to you all.

**Robert D. Evans**  
Chairperson

**Laura Tacker Hassan**  
Board Member, President & CEO

## Supervisory Committee Report

The Supervisory Committee, appointed by the Board of Directors, is charged with the responsibility of overseeing Market USA's management and financial records to ensure the institution's financial condition is fairly presented. The Supervisory Committee also works to strengthen the financial internal controls and to protect the assets of the Credit Union.

An integral part of ensuring the fair presentation of financial condition is the execution of the annual independent audit. This year we appointed the firm of CliftonLarsonAllen LLP to fulfill that responsibility. We are pleased to report their audit resulted in an unmodified opinion.

In addition, each year an exam is conducted by the National Credit Union Administration (NCUA). The governmental body provides oversight for all US federally chartered credit unions.

The Supervisory Committee attends all Credit Union Board meetings to ensure that updated policies and procedures are presented and approved. In addition, the Supervisory Committee participates regularly in the Credit Union Oversight Committee meetings.

Our goal, through these activities, is to provide the Credit Union membership with independent assurance that the Credit Union Board and staff are meeting their fiduciary responsibilities.

**Steve Marks**  
Supervisory Committee Chairperson

## STATEMENTS OF FINANCIAL CONDITION

Balances As Of December 31

ASSETS	2016	2015
Unsecured Loans	8,671,160	8,228,229
Mortgage/Home Equity Loans	15,462,748	13,307,226
New and Used Vehicle Loans	28,380,639	19,968,724
All Other Loans	6,995,184	4,234,192

**TOTAL LOANS \$59,509,731 \$45,738,371**

Allowance for Loan Losses (788,843) (702,953)

**NET LOANS TO MEMBERS \$58,720,888 \$45,035,418**

Cash & Investments 35,350,828 44,544,514

Accrued Interest Receivable 218,526 182,122

Land & Building 3,205,469 3,256,269

Other Fixed Assets 227,871 262,594

Other Assets 1,757,648 1,441,175

**TOTAL ASSETS \$99,481,230 \$94,722,092**

### LIABILITIES & EQUITY

Accounts Payable/Accrued Expenses 1,437,870 1,180,088

Members' Accounts 78,195,088 74,598,326

Reserves and Undivided Earnings 19,848,272 18,943,678

**TOTAL LIABILITIES & EQUITY \$99,481,230 \$94,722,092**

## STATEMENTS OF INCOME

Balances As Of December 31

	2016	2015
Interest on Loans	3,117,322	2,627,734
Interest on Investments	540,675	520,202
Other Income	3,520,887	3,368,939

**TOTAL REVENUE 7,178,884 \$6,516,875**

Operating Expenses 5,588,957 5,421,808

Provision for Loan Losses 489,749 346,132

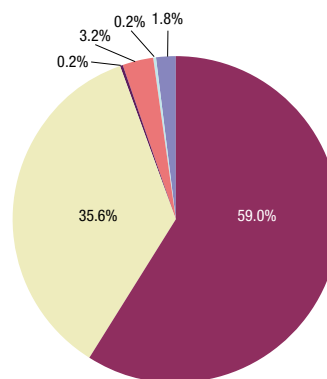
Gain/(Loss) on Disposition of Assets 0 (5,897)

Dividends Paid to Members 220,745 188,277

### ADDITIONS TO RESERVES

**& UNDIVIDED EARNINGS \$879,433 \$554,761**

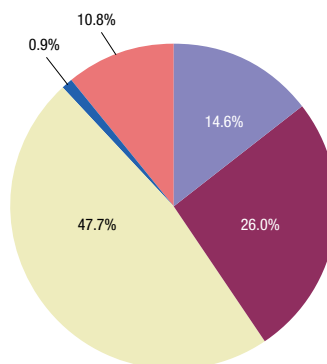
### ASSET COMPOSITION



As of December 31, 2016

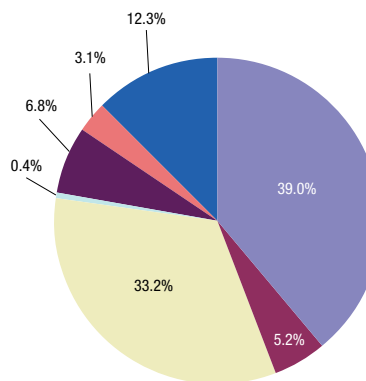
- Net Loans
- Cash & Investments
- Accrued Income Receivable
- Land & Building
- Other Fixed Assets
- Other Assets

### LOAN PORTFOLIO



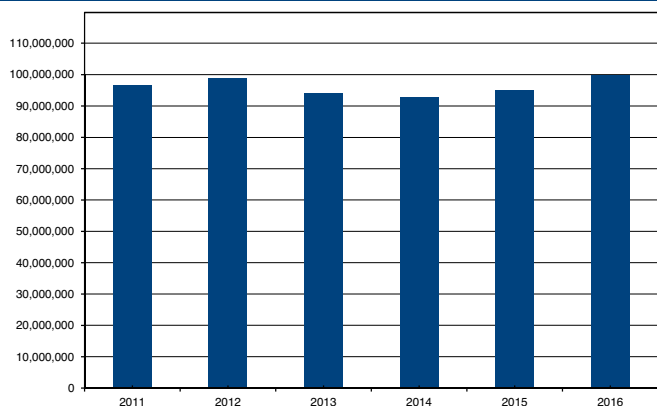
- Unsecured
- Mortgage/Home Equity
- New & Used Vehicles
- Other Secured Loans
- Loan Participations

### DISTRIBUTION OF 2016 REVENUES

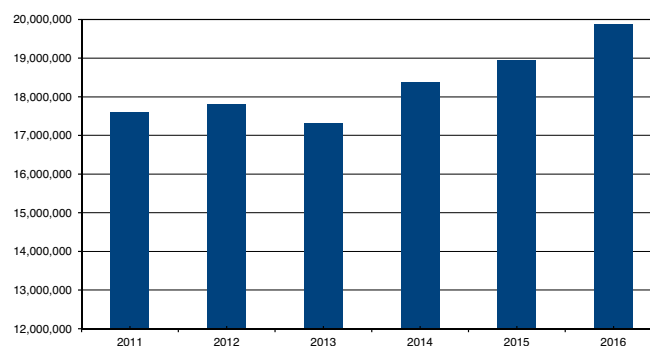


- Personnel
- Office Occupancy
- Office Operations
- Other Expense
- Net Charge-Offs
- Dividend
- Undivided Earnings

### Total Assets



### Reserves & Undivided Earnings



Note: The financial statements presented in this annual report are for informational purposes only. Copies of the completed audited financial statements will be made available per member request.



## Board of Directors



**Robert D. Evans**  
Chairman



**Robert Watts**  
Vice Chairman



**Ricky Barnes**  
Treasurer



**Becki Havard**  
Secretary



**Robin Anderson**



**Gary Boozer**



**Chris Caldwell**



**Ward Kraemer**



**John Latham**



**Kitty Lewis**

## Supervisory Committee



**Steve Marks**  
Chairman



**Scott Latchaw**



**Tom Reed**



**Millicent Rice**



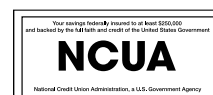
**Laura Tacker Hassan**  
President and CEO  
Board Member



*Financial Solutions For Life*



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Federally Insured  
By NCUA