



Serving
CENTRAL FLORIDA
ANNUAL REPORT 2017



Owners,

Over my 25 years at the credit union, members have repeatedly expressed their desire to travel and move within central Florida but still have access to a MIDFLORIDA branch. Several years ago the board of directors set a goal of fulfilling these requests and laid plans to serve a large

geographic area that generally represented the primary travel patterns of our membership. This area also reflected population bases where we believed MIDFLORIDA could successfully grow and succeed.

We began our expansion more than 20 years ago by adding rural counties surrounding our legacy counties of Polk and Highlands. We expanded our reach farther during the financial crisis by merging with three credit unions serving the greater Tampa market. Over the past few years we have added additional counties and completed our basic geographic footprint with the merger of Martin Federal Credit Union serving the greater Orlando market. The map on the cover of this document reflects the 25 counties that now make up MIDFLORIDA's established service area.

During this odyssey, our goal has been to not only grow geographically but also grow in members and competencies. During the past several years we have gone beyond offering just consumer loan and deposit services, we now service more than one billion dollars in first mortgages, offer indirect auto lending in 300 dealerships and have the largest commercial lending portfolio of any Florida credit union.

Talking about growth, MIDFLORIDA now has more than \$3 billion in assets, nearly \$2.3 billion in portfolioed loans, 284,000 members and 50 branches. 2017 was another record year for MIDFLORIDA, net income was more than \$35 million, asset growth exceeded \$415 million and we acquired 36,000 new members. We also added six branches in Orlando, opened new facilities in Land O' Lakes and Clearwater and acquired building sites in South Tampa, Spring Hill and Port St. Lucie.

MIDFLORIDA's primary goal has always been to serve its members. We have now laid the foundation to serve them throughout central Florida.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "D. Kevin Jones".

D. Kevin Jones, CEO



CHAIRMAN'S REPORT

"Faith is taking the first step even when you don't see the whole staircase."

Martin Luther King Jr.

I've seen the board and senior management set ambitious goals and take many steps in faith to reach them in my 40 years of service, and last year was no exception. In 2017, we took a step to expand into the Orlando market which allowed us to add members, open more branches and increase staff. While there were other initiatives, that one step really changed our view. Now we stand as a \$3 billion institution with a service area that covers the entire center of the state. At this point some might think MIDFLORIDA has reached the top of the "staircase," but we are still on the "stairs" waiting to see the next step to take.

I want to thank my fellow board members and the senior management team for their vision and leadership as well as the staff for their support. Most of all, I want to thank our members who put their faith in MIDFLORIDA as their community credit union. I look forward to continuing to serve you and will work to help expand services to a diverse population, and cultivate our staff and management to be a reflection of that diversity.

Donald Williams, Sr.

Chairman, Board of Directors



TREASURER'S REPORT

As MIDFLORIDA expanded our geographic footprint this year, we were able to maintain strong financial success. Total assets increased by \$415 million, ending the year right over \$3 billion. Total loans increased by \$282 million, indicating 14 percent growth; and deposits increased by \$386 million, representing 18 percent growth over last year. Net income was a record at \$35 million for the credit union, resulting in a 1.24 percent return on average assets. Our net worth increased by more than \$40 million, ending the year with a strong 10.4 percent net worth ratio.

Zelda V. Abram

Chief Financial Officer

| ASSETS | 2017 | 2016 |
|--|------------------------|------------------------|
| Cash and cash equivalents | \$ 216,460,128 | 170,571,023 |
| Investments: | | |
| Available-for-sale | 200,540,062 | 220,465,558 |
| Held-to-maturity | 185,722 | 234,712 |
| Other | 139,910,192 | 56,079,095 |
| Federal Home Loan Bank (FHLB) stock | 10,037,600 | 10,564,800 |
| Loans held-for-sale | 6,437,490 | 4,456,582 |
| Loans receivable, net of allowance for loan losses | 2,264,890,155 | 1,985,260,211 |
| Accrued interest receivable | 6,790,685 | 5,830,450 |
| Premises and equipment, net | 112,882,162 | 100,703,241 |
| National Credit Union Share Insurance Fund deposit | 23,563,099 | 19,750,682 |
| Assets acquired in liquidation | 2,035,845 | 1,499,910 |
| Goodwill | 8,064,747 | 8,064,747 |
| Other assets | 63,716,412 | 57,465,254 |
| Total Assets | \$3,055,514,299 | \$2,640,946,265 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Liabilities | | |
| Members' share and savings accounts | \$2,532,173,826 | \$2,145,386,965 |
| Borrowed funds | 183,596,216 | 201,518,625 |
| Accrued expenses and other liabilities | 46,415,533 | 40,814,723 |
| Total Liabilities | 2,762,185,575 | 2,387,720,313 |
| Commitments and contingent liabilities | | |
| Members' Equity | | |
| Regular reserve | 10,923,475 | 10,923,475 |
| Undivided earnings | 290,626,406 | 255,195,702 |
| Accumulated other comprehensive income (loss) | (17,898,571) | (17,422,334) |
| Equity acquired in acquisitions | 9,670,664 | 4,522,359 |
| Non-Controlling Interests | 6,750 | 6,750 |
| Total Members' Equity | 293,328,724 | 253,225,952 |
| Total Liabilities and Members' Equity | \$3,055,514,299 | 2,640,946,265 |

| INTEREST INCOME | 2017 | 2016 |
|--|----------------------|----------------------|
| Interest on loans receivable | \$ 86,989,366 | 74,311,824 |
| Interest on investments | 8,051,004 | 6,698,476 |
| Interest income | 95,040,370 | 81,010,300 |
| INTEREST EXPENSE | | |
| Dividends on members' share and savings accounts | 10,175,907 | 7,679,707 |
| Interest on borrowed funds | 4,073,482 | 4,400,392 |
| Interest expense | 14,249,389 | 12,080,099 |
| NET INTEREST INCOME | 80,790,981 | 68,930,201 |
| PROVISION FOR LOAN LOSSES | 11,874,254 | 8,078,247 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 68,916,727 | 60,851,954 |
| NON-INTEREST INCOME | | |
| Other non-interest income | 30,254,904 | 27,529,971 |
| Fees and service charges | 28,643,850 | 25,571,397 |
| Gains on sale of mortgage loans, net | 4,297,764 | 4,105,449 |
| Gain on disposition of assets acquired in liquidation, net | 70,752 | — |
| Gains on sale of investments, net | 4,410 | 95,915 |
| Non-interest income | 63,271,680 | 57,302,732 |
| | 132,188,407 | 118,154,686 |
| NON-INTEREST EXPENSE | | |
| Compensation and employee benefits | 56,763,172 | 52,213,805 |
| Operations | 11,494,781 | 11,726,946 |
| Professional and outside services | 8,756,785 | 8,159,770 |
| Occupancy | 7,379,941 | 6,513,363 |
| Education and promotion | 5,644,168 | 5,921,572 |
| Loan servicing | 5,636,855 | 4,420,240 |
| Loss on disposition of premises and equipment, net | 929,164 | 156,142 |
| Loss on disposition of assets acquired in liquidation, net | — | 467,257 |
| Non-Interest expense | 96,604,866 | 89,579,095 |
| Consolidated Net Income | 35,583,541 | 28,575,591 |
| Less: Net income attributed to non-controlling interests | (142,938) | (161,528) |
| Consolidated Net Income Attributable to Controlling Interests | \$ 35,440,603 | \$ 28,414,063 |

2017 BOARD OF DIRECTORS

Donald Williams, Sr., Chairman
Gary Ruhle, Vice Chairman
Darrell Jensen, Treasurer
Harry Williams, Secretary
Shirley Pellarchy, Director
Kenneth Heubusch, Director
Chester Brojek, Director
Nick Sudzina, Director
Dan Pierce, Director
John Upperco, Director
Christopher Geiger, Director

SUPERVISORY COMMITTEE

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Connie Milito, Member
Terrence McGriff, Member
Kathryn Ashmore, Member
Derrick Hall, Member

SENIOR MANAGEMENT TEAM

Kevin Jones, Chief Executive Officer
Steve Moseley, President
Dennis Pershing, Executive Vice President, Consumer Lending
David S. Hand, Executive Vice President, Commercial Lending
Zelda V. Abram, Chief Financial Officer
Christopher David, Chief of Retail Delivery
Nancy Irvin, Chief Human Resources Officer
Jill Davis, Chief Marketing Officer
Richard Haggins, Chief of Risk Management
Michael Cheeseman, Chief Analytics Officer
Sterling Grubbs, Chief of Mortgage Services



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