



**2016**  
ANNUAL REPORT

Federally insured by NCUA.



CREDIT UNION SM





To our members:

Thank you for trusting Meritrust for your financial needs. Every day, we make it a priority to live our mission of improving the lives of our members and the communities we serve. We take this responsibility seriously, and know how important it is to help you, our member-owners, achieve your financial goals. Meritrust's core values are at the heart of what we do and it's our goal that each interaction is based upon our principles of integrity, safety and security, courage, leadership, passion and teamwork.

During 2016, one of our top priorities was to improve your experience with Meritrust.

- We improved the member experience at two of our busiest locations by remodeling our Tyler and Oliver branches. These new designs allow a more personal interaction with our staff.
- We made several enhancements to mobile and online banking, including adding the convenience of Samsung and Android Pay.
- We launched new and improved online account opening and online loan application technologies to make it easier and more convenient for you to access these services when you need them.
- We introduced new and expanded Purchase Rewards for your Meritrust checking account.

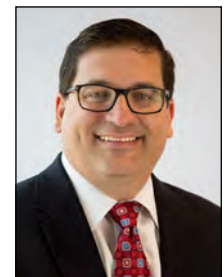
As Meritrust grows, our focus remains on providing the best products, services and solutions for our members and giving back to those in the communities we serve. In 2016, Meritrust employees and members partnered with over 30 community organizations in the Wichita, Lawrence, Manhattan and Junction City communities to provide needed resources. We also provided financial counseling, education and assistance to members and those in the community.

Meritrust is safe, secure and primed for continued growth. We want to say thank you to our nearly 90,000 member-owners for your partnership in the Meritrust financial cooperative. We look forward to serving you in the years to come.

Best regards,



**Marci Johnson, Ph.D.**  
*Chairman of the Board of Directors*

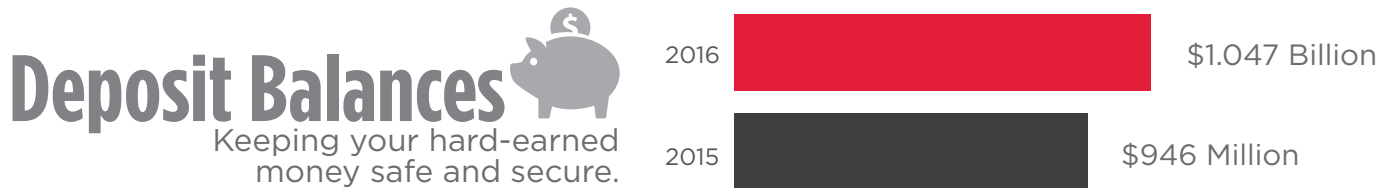


**James Nastars**  
*President/CEO*

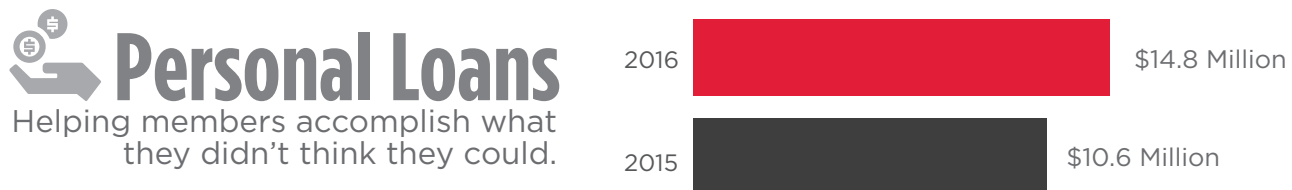
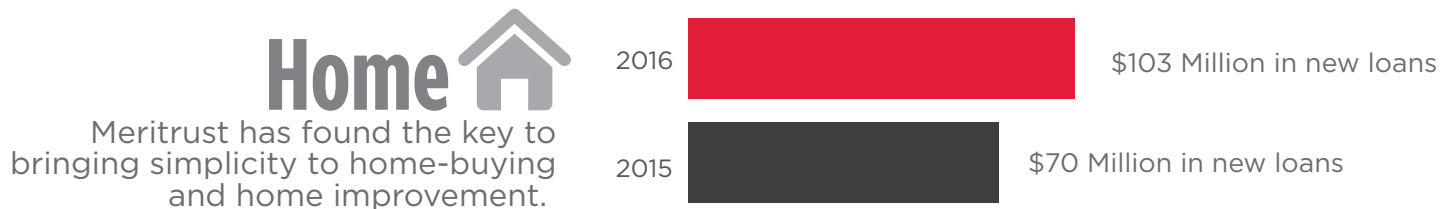
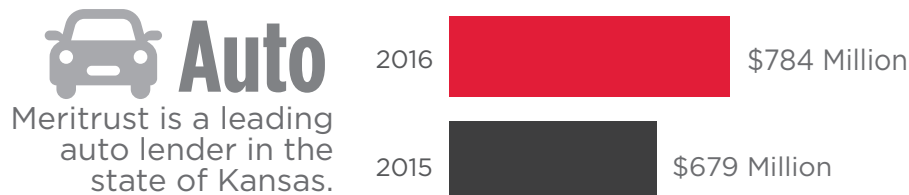
# Improving The Lives Of Our Members

Meritrust is proud to be a financial cooperative. As a member of Meritrust – and not just a customer – your participation in the financial cooperative means more benefits for you. When you take out a loan at Meritrust, we know you are making your dreams come true by moving into the home you've always wanted, buying your first car, taking the vacation of a lifetime or building the picture-perfect deck to relax. And when you need a safe place to grow your savings, Meritrust can help you save for the next step of your journey, whether that's college for the kids, retirement or building a nest egg for financial security. The financial success of our members is our top priority, and we're honored to play a role in helping you reach your goals.

**Deposit Balances** Saving is just the first step to financial success.



**Loan Balances** Our members dream big. We help them go for it.



Loans and accounts subject to approval. Terms vary.

# Improving The Lives Of Our Members

## Four Members Receive Meritrust 2016-2017 Scholarships

Each winner received a \$1,000 scholarship to be applied to his or her 2016-2017 school year. Congratulations to the following recipients.

- Jessica Gayle (Valley Center), Wichita State University
- Anna Guess (Lawrence), Kansas State University
- Jordan Ruckman (Mulvane), University of Kansas
- Tara Greiving (Derby), Newman University

## Financial Education Program Empowers Members and Changes Lives

As a membership benefit, members who need money management assistance can meet with our certified financial counselors at no cost to develop a customized plan, giving them the tools needed to gain financial confidence. More than 600 members visited with our financial counseling team.

**600 MEMBERS  
IMPACTED** 

Many of the members served by our financial counselors have loans at risk of falling behind due to changes in their financial situations. A monthly average of \$768,000 in loan dollars was protected for members who benefitted from our financial counseling service. For Meritrust members who had loan accounts elsewhere with higher interest rates, our team was able to restructure their loans and bring over \$930,000 loan dollars to Meritrust - allowing our members to better manage their loan amount through lower interest rates and/or more practical terms.

## Students Learn about Money Management at Financial Bootcamps

Budgeting can be fun! Meritrust hosted 366 students at our free financial bootcamps this past summer in all our communities. These day camps featured lessons on saving, budgeting, goal-setting and planning, with some outdoor summer camp activities along the way.

## Insurance Services Protect What Matters Most to Members

Through our partnership with First Line Insurance Services, Meritrust is able to offer our members discounts on their insurance<sup>1</sup>. Meritrust Insurance Services by First Line is a full service, licensed insurance agency. Together, we provide a variety of business and personal products to fit the varying needs of our members.





# Improving The Lives Of Our Members

## Financial Report

Meritrust remains financially strong, well-capitalized and is fully committed to further expanding and enhancing our products and services to meet the changing needs of our 90,000 members. In 2016, new loans totaled \$570.4 million, increasing total loans outstanding to \$1.11 billion, an increase of \$131 million, or 13.4%, from 2015. Member deposits grew by \$101 million, or 10.7%, bringing total deposits outstanding to \$1.05 billion. Total assets ended the year at \$1.27 billion. On total revenue of \$71.4 million, Meritrust generated net income of \$8.1 million, representing a return on average assets of .68%. Our capital ratio remained a strong 9.29%. Meritrust volunteers, working with management, actively lead and influence our financial performance and regularly monitor national and local economic conditions, develop policies, determine long-term financial objectives and monitor ongoing financial performance.

## Statement of Financial Condition

### Assets

	2015	2016
Loans to Members, Net of Allowance For Loan Losses	\$968,154,017	\$1,098,611,542
Investment Securities	20,172,805	13,316,094
Interest Bearing Deposits in Financial Institutions	60,626,643	86,241,020
Fixed Assets, Net of Depreciation	27,665,823	30,099,710
Other Assets	32,877,735	38,056,866
<b>TOTAL ASSETS</b>	<b>\$1,109,497,023</b>	<b>\$1,266,325,232</b>

### Liabilities and Equity

Savings Accounts/Total Member Equity	\$945,713,781	\$1,046,507,298
Other Liabilities	56,456,976	107,385,694
Owner's Equity	107,326,266	112,432,240
<b>TOTAL LIABILITIES</b>	<b>\$1,109,497,023</b>	<b>\$1,266,325,232</b>

## STATEMENT OF INCOME

### Interest Income

Interest on Loans	\$44,486,305	\$51,496,945
Interest on Investments	856,985	1,230,030

### Interest Expense

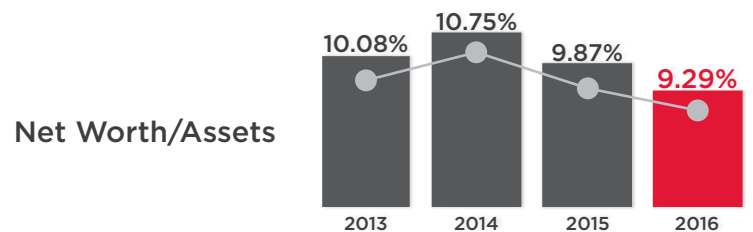
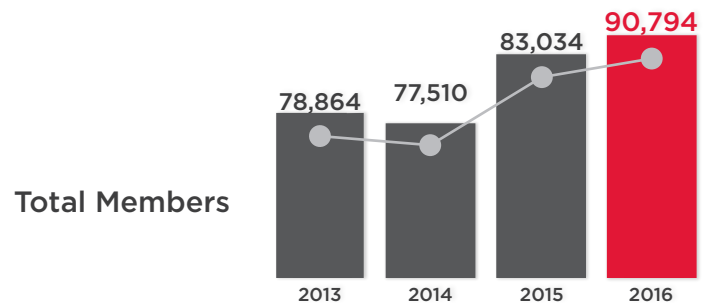
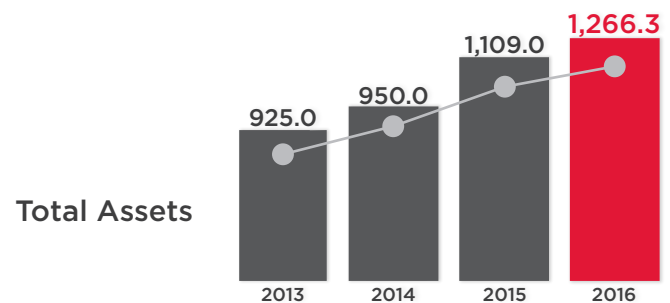
Dividends on Deposits	\$6,980,179	\$9,687,648
Interest on Notes Payable	1,481,411	1,787,071
<b>NET INTEREST INCOME BEFORE OPERATIONS</b>	<b>\$36,881,700</b>	<b>\$41,252,256</b>

Provision For Loan Losses	\$9,191,803	\$10,213,222
Operating Expenses	36,990,083	42,016,959
<b>TOTAL OPERATING EXPENSES</b>	<b>\$46,181,886</b>	<b>\$52,230,181</b>

Other Operating Income	\$14,871,459	\$16,185,950
Non-Operating Gain (Loss)	1,675,775	2,892,494
<b>NET INCOME</b>	<b>\$7,247,048</b>	<b>\$8,100,519</b>

## STATEMENT OF CHANGES IN EQUITY

Reserves		
Regular Reserves	17,430,129	17,430,129
Undivided Earnings	89,896,137	95,002,111
<b>TOTAL EQUITY</b>	<b>\$107,326,266</b>	<b>\$112,432,240</b>



## Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors and serves Meritrust Credit Union members by ensuring that the credit union operations are effective in protecting credit union assets and financial statements are accurately reported. The Committee fulfills its obligation by monitoring the effectiveness of internal controls, adherence to established policies and procedures, compliance with regulatory requirements and propriety of financial accounting and reporting. A comprehensive 2016 year-end audit was completed by the Certified Public Accounting firm of Doeren Mayhew, CPAs & Advisors (formerly known as Orth, Chakler, Murnane & Co.). Meritrust received an unqualified opinion from our auditors on the propriety of our financial statements.

Sincerely,



Harold Peterson  
Chairman of the Supervisory Committee

# Providing Member Convenience

Being a Meritrust member means additional conveniences for your banking needs, at no extra cost. Free perks and services that answer to you are just a few of the ways Meritrust is making banking easier for you.

## **ATM Network Offers Nationwide Convenience**

Meritrust has our members covered during their travels with the convenience of CO-OP Shared Branch and surcharge-free ATM locations nationwide. The nearly 30,000 CO-OP network ATMs keep members connected to their accounts whether they're close to home or thousands of miles away. Transactions performed at a CO-OP ATM are surcharge free, just as if it were a Meritrust ATM.

## **eOpen Provides Account-Opening Convenience**

We were proud to launch an improved online account-opening experience in 2016. Streamlined and user-friendly, eOpen allows you to open an account anytime and anywhere. It's simple, secure and takes only minutes. Documents can be signed electronically for added convenience.

## **Android and Samsung Pay**

Paying with your Meritrust debit or credit card became even easier. In addition to Apple Pay, we welcomed Android Pay and Samsung Pay, allowing members to pay with their smart phones, instead of reaching for their wallets, at over a million locations across the U.S.

## **Purchase Rewards - Earning Cash Back**

Meritrust was pleased to introduce members to our free, simple and convenient debit card cash-back program, Purchase Rewards. Now, members can earn cash back in their checking accounts simply by activating offers in online banking and using their Meritrust debit cards for shopping and purchases at retailers and restaurants. In just the first three months, participating members earned over \$5,270 in cash back.

## **Oliver and Tyler Branch Renovations**

Renovations of our Oliver and Tyler branch locations provided an improved and more efficient experience for our members. The new design at the Oliver location honors the aviation history of the area with photography, graphics and an aircraft wing constructed by Kansas Aviation Museum volunteers.

## **eDeposit Allows Members to Deposit Checks Whenever, Wherever**

Meritrust's mobile eDeposit feature is available for iPhone and Android devices. It's as easy as tap, snap, deposit! Simply verify the deposit amount, sign the check and snap a picture of the front and back. eDeposit is also available for desktop computer use with a scanner.

Nearly 22,000 members have enjoyed the convenience of eDeposit, depositing over 190,000 checks using their smartphones in 2016.

**190,000 CHECKS DEPOSITED  
USING SMARTPHONES** 

Enrollment in Online Banking or Mobile Banking required for participation. Standard carrier rates may apply. Purchase reward offers range from 5% - 15%; earnings vary by consumer. Subject to approval as applicable.





# The Meritrust Core Values

At Meritrust, our employees are dedicated to exemplifying our core values in their everyday roles. We asked employees which core values stand out while serving members and each other. Here are a few of their responses.



**Julie C. | Retail Assistant Manager**

“I speak proudly about Meritrust, because I know we are always showing **integrity** and doing the right thing for our members. Integrity is the basis for fitting our members with the products and services best for them.”



**Jennifer C. | Accounting Associate II**

“**Teamwork** is crucial, and I’m lucky to work with amazing people. We work together to ensure tasks are completed on time without errors. No matter what challenge comes our way, we work as a team to get the job done!”



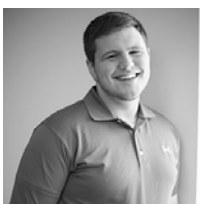
**Emily S. | Special Projects Manager**

“I am committed to the credit union mission of people helping people. I have the **courage** to stand up for our members by participating in credit union advocacy.”



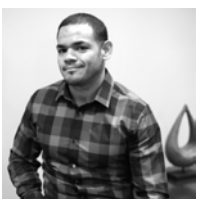
**Ayerianne H. | Real Estate Loan Assistant**

“Over the years I have learned that people may not remember what you say, but they will always remember how you made them feel. I allow **passion** to radiate through my interaction with members by providing positive and friendly service.”



**Jason G. | Teller II**

“I utilize our **safe and secure** core value every day by ensuring all member transactions are processed in a professional, discrete manner, and storing documents and valuables securely. Members may rest easy knowing their private information is safe with my team and me.”



**Jason L. | Member Support Manager**

“I show **leadership** by encouraging and supporting my team. As a manager, it is crucial I lead by example. If I take care of my employees and their needs, I know they’ll positively handle the needs of our members.”







## Serving Our Communities



### Kansas Big Brothers/Big Sisters Littles Surprised with Bicycles in Lawrence

At Meritrust-sponsored University of Kansas women's and men's basketball games, Meritrust was honored to donate 12 bicycles to Big Brothers Big Sisters Littles. The Littles and their Bigs were brought onto the court during halftime presentations to receive their bicycles. A presentation was also made at a Meritrust-sponsored Wichita State University men's basketball game.



### EMAW! Purple Power Play

Meritrust was a proud sponsor of Purple Power Play in the Park in Manhattan. The fun-filled weekend kicked off the Kansas State Wildcat's first football game of the season. At this free community event, attendees enjoyed live music, games and food.



### Record-Breaking Year for Tour de Cure - Wichita

Meritrust President/CEO James Nastars served as Campaign Chairman for the 2016 Tour de Cure in Wichita, a fundraiser for the American Diabetes Association (ADA). Meritrust developed and sponsored a media campaign for the event featuring five-year-old Cooper. At 8 months old, Cooper was the youngest known case of type 1 diabetes diagnosed in Kansas - an extremely rare diagnosis for infants. From day one of his diagnosis, his parents Ric and Taryn found support through their involvement with the ADA. Cooper continues to serve as an inspiration for all impacted by diabetes.

Thanks to the efforts of Team Meritrust and our community partners, the 2016 Tour de Cure event raised a record-breaking \$600,000 to help provide life-saving resources for Americans with diabetes and support local youth programs. It was an honor to partner with Spirit AeroSystems to support the ADA.





# Serving Our Communities



## Helping Shock the World

Meritrust was proud to pledge \$324,000 to Wichita State University to help launch a career-development program, Professional Edge, and teach financial education to students. The donation will be made over three years and supports WSU's Shock the World campaign.



## Meritrust Named Chili Cookoff Grand Champions

Team Meritrust won Grand Champion honors at the 33rd annual Wichita Wagonmasters Chili Cookoff. Judges cited a combination of tasty chili, a creative booth theme and Meritrust team spirit as the winning combination. The winning chili recipe was provided by Meritrust teammate Michelle P.



## Byron G. Stout IV Spotlight on Wellness Award

To honor the memory of our beloved champion of wellness, Byron Stout, Meritrust partnered with the Health and Wellness Coalition of Wichita to create the Byron G. Stout IV Spotlight on Wellness Award. A leader at Meritrust, Byron passed away in 2015 after a courageous battle with cancer. Daniel Fowler, Health and Wellness Program Coordinator for Via Christi Health's Cancer Outreach and Risk Assessment program, was chosen as the award's inaugural recipient. Fowler's community involvement and desire to inspire others to live a healthy lifestyle made him the perfect recipient of this award.





## **2016 Board of Directors**

Dr. Marci Johnson, Chair  
Steve Dunn, Vice Chair  
Ken Greteman, Secretary/Treasurer  
Rick Dodds, Director  
Duane Van Camp, Director

## **Supervisory Committee**

Harold Peterson, Chairman  
Jody Maupin, Committee Member  
Brian Middleton, Committee Member

## **Principal Officers**

James Nastars, President/CEO  
Wade Bruendl, EVP Strategy  
Karen Callaway, VP/Chief Risk Officer  
Brian Davidson, SVP/Chief Lending Officer  
Randy Doerksen, VP of Administration/Chief Financial Officer  
Cliff Shoff, Chief Technology Officer  
Jamie Taulbee, VP of Retail Banking/Chief Retail Officer  
Evan Wilson, VP/Chief Experience Officer

## **Asset-Liability Management Committee**

Randy Doerksen, Chairman  
Hector Cortez, Committee Member  
Rick Dodds, Committee Member  
James Nastars, Committee Member  
Wade Bruendl, Committee Member  
Brian Davidson, Committee Member



1 Amount of savings may vary by consumer and are not guaranteed. Insurance products are offered through various insurance companies in association with Meritrust Credit Union ("Credit Union"). The insurance products are not federally insured and are not obligations or guaranteed by the credit union, or any affiliated entity. The credit union may not condition an extension of credit on (1) the member's purchase of an insurance product from the credit union or its affiliate; (2) the member's agreement not to obtain an insurance product from an entity not affiliated with the credit union; or (3) a prohibition on the member from obtaining an insurance product from an entity not affiliated with the credit union.

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