

Transforming LIVES

Transforming...

Our members and communities

Our financials

Our footprint

Our products and services

...Lives

Our Mission:

To Improve the Lives of
Our Members and the
Communities We Serve



2018
ANNUAL REPORT

Meritrust
CREDIT UNION SM

Federally insured by NCUA.

Transforming our MEMBERS AND COMMUNITIES

Dear members:

Thank you to each of you – all 106,725 of our members – for choosing Meritrust to serve you and be your financial partner in life. Meritrust exists solely to serve each of you.

This commitment to serving you means a commitment to making sure our products and services are relevant for your life and help make your dreams a reality.

It also means we do our best to make sure every touch point you experience with us is exceptional, and that we're in the right place at the right time to help you and meet your needs.

Bottom line: We want to be the resource of knowledge you seek for financial guidance wherever you are in life. That's why we're here.

We understand the role our services play in our members' lives, and it's an honor to be trusted as your financial partner. We are proud of the enhancements to our products, services and footprint in 2018.

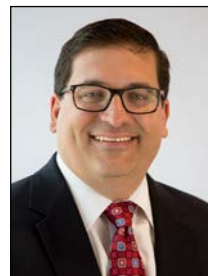
In these pages, you'll read the highlights of the improvements made in 2018 with our membership in mind. Meritrust opened three new branches, and renovated and reopened another, improving service experiences for members visiting that location. We continued to focus on providing an innovative digital experience combined with high-human-touch, to complement the personal advice and guidance members receive over the phone and in our branches. In drive thrus and in branches, members are enjoying the convenient service of the Interactive Teller Machines, now in their second year of serving Meritrust members.

Meritrust was also pleased to further expand our partnerships with businesses in the community, growing our business lending portfolio in 2018 by 20 percent. Finally, we were named an overall winner of the Wichita Business Journal's 2018 Best in Business Awards, being recognized for financial performance, innovation and community involvement.

We're proud to be a partner in transforming your life. Thank you for the opportunity to serve you.



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



James Nastars
President/CEO



Transforming our MEMBERS AND COMMUNITIES



Meritrust helping support emerging leaders through pledge to WSU program

Meritrust was proud to support career development through a multi-year pledge to Wichita State University's Shock the World Campaign to help launch the Professional Edge program. This program is designed to provide personal growth and development skills as an enhancement to the student's formal education in the W. Frank Barton School of Business. Through Professional Edge, industry experts present to students during soft-skills seminars, including presentations on communication etiquette, time management and creating opportunities for advancement in the workplace.



New wheels bring new possibilities for area kids

The faces inside Koch Arena during Wichita State Basketball games are always beaming, but it was a particularly special December night leading to big smiles for 12 local kids. Meritrust presented shiny new bikes during halftime to surprise these kids, all Big Brothers Big Sisters Littles who were attending the game with their Bigs. Meritrust was honored to help bring holiday joy to these Littles and their Bigs.



Longtime preferred partner recognizes Meritrust

Meritrust was recognized as the 2018 Supplier of the Year from preferred partner Spirit AeroSystems. For many decades, Meritrust has taken pride in serving the financial needs of the aviation community through Spirit AeroSystems and its predecessors. Meritrust was originally chartered in December of 1935 when employees from the Stearman Aircraft Company in Wichita organized an employees credit union located onsite at the campus. Over the last 83 years, the credit union has expanded to meet member needs and the evolving aviation community in the area. The credit union serves Spirit employees through financial education workshops hosted onsite and private one-on-one appointments with certified advisors. Out in the community, Meritrust is a partner in supporting causes important to the Spirit team, including the Good Neighbor Fund and the Salvation Army.



83 years of putting members first

The year was 1935. A loaf of bread cost 8 cents, Franklin D. Roosevelt was president and – earlier that year – Amelia Earhart flew a successful solo journey across the Pacific. Back in Wichita, aviation was booming, and on December 19, employees from the Stearman Aircraft Company in Wichita submitted a Charter application to organize an employees credit union. We're glad they did. Times have changed, but for 83 years, we have been proud to help make members' dreams and milestones in life a reality. To celebrate all the decades of service and all that is to come, Meritrust branches offered on December 19, 2018, celebratory refreshments to members and employees. Thank you to our communities in Kansas for the opportunity to serve you and improve lives all these years.

Transforming our MEMBERS AND COMMUNITIES



Celebrating Jayhawk students, community and tradition

The 34th Annual Late Night in the Phog kicked off a weekend of Kansas Athletics activities and signaled the official start of the University of Kansas' basketball seasons. Meritrust was a proud sponsor for this event featuring pep band and dance team performances, scrimmages, and coach and student-athlete introductions.



Supporting local non-profits through Dream 100 program

Meritrust is proud to partner with our Dream 100 homeowners in supporting the community through this 100% financing loan program. For every loan closed, \$100 is donated to a charity chosen by our members. In 2018, \$8,300 was donated through the Dream 100 program to charities in our communities, including Kansas Humane Society, Habitat for Humanity, Lawrence Humane Society, Boys and Girls Club and Victory in the Valley.



Dashing ducks in support of area youth

The Little Apple Duck Dash is a unique event supporting the Boys and Girls Club of Manhattan. For a donation, supporters virtually “adopt” rubber ducks that are then released down a hill of running water in the culminating “duck dash.” The quackest - or - quickest ducks bring prizes for the lucky supporters who adopted them.

Meritrust has been a sponsor of the Little Apple Duck Dash since it started in 2015. In 2018, Meritrust's support provided the Boys and Girls Club \$3,720 in donations, including 281 duck adoptions for the Meritrust team.



Encouraging financial education in our communities

A community that is empowered in personal money management has a positive impact on family dynamics, physical health and overall community wellness. That's why it's so important to us to offer ways for our membership and communities to expand their financial education.

- In 2018, Meritrust completed 1,014 private financial counseling sessions.
- Our website offered relevant articles and videos that were free and available to everyone on topics such as buying a new home, protecting personal information and saving for the future.
- Financial camps in all of our communities provided an interactive day of financial education and outdoor fun to 439 area schoolchildren, and at no cost. The camps are open to both members and non-members. In 2018, 13 camps were held in Lawrence, Manhattan, Junction City and Wichita.
- Financial education workshops were presented in our communities on topics such as budgeting and paying down debt. In total, 3,169 adults and students benefited from Meritrust's financial education programs.



Transforming our **MEMBERS AND COMMUNITIES**

Our people: The foundation for what we do every day

Thank you to our teammates who go above and beyond every day to make dreams a reality for our members and be a part of transforming our communities year after year.



Creating pathways to a stronger community

Meritrust's Ayerianne Hibler and Aaron Bishop were selected to participate in the 2018 Advance Kansas program. This program brings together leaders in the community to create and strengthen relationships and acquire skills for addressing diversity challenges and opportunities in businesses, organizations and in the community. Ayerianne, a Real Estate Loan Assistant, and Aaron, a Flex Member Consultant, worked with their teams to create programs that fill a need in the community or in organizations, including the creation of a diversity and inclusion toolkit for area organizations and bringing awareness for STEM (science-technology-engineering-math) education opportunities to area middle schools.



Honoring a leader who helps others to be successful

The work of human resources in an organization can't be understated: our people make what we do a reality. That's why we're so proud Meritrust's Chief Human Resources Officer Vicki Plank was recognized as a 2018 Women in Business honoree through the Wichita Business Journal. Leaders selected for this annual award are chosen based upon their career achievements, involvement in the community and their work to help other women be successful. Vicki has been transforming lives at Meritrust as a mentor, advisor, confidant and leader for nine years.



Meritrust community supporter chosen as 40 under 40

"People don't care how much you know, until they know how much you care." That's Meritrust's Director of Corporate Engagement Aggie Tuxhorn's personal motto, and it's one she lives by. She walks the walk of caring for others, including serving as a mentor, volunteering in the community (including nine years for Junior Achievement) and serving on local non-profits' boards. Her accomplishments led her to be honored as a 2018 Wichita Business Journal 40 Under 40 honoree, which recognized her outstanding community involvement and achievements. We're proud of Aggie's commitment to serving our members and the community.



Executive selected for nationally recognized leadership program

We're proud Senior Vice President Retail Banking/Chief Retail Officer Jamie Harrison was among the group of 40 individuals selected for the 2018 Leadership Kansas program. This year-long program focuses on developing and motivating leaders from around the state, discussing topics such as business, education, agriculture, public policy, economics and more. Graduates of the class gain enhanced communication skills, creativity, exposure to business trends and the ability to expand their thought process allowing them to better equip leadership responsibilities in their communities and workplaces. We're thankful for the leadership Jamie brings to Meritrust and in serving our membership.



Transforming **OUR FINANCIALS**

SUPERVISORY COMMITTEE REPORT

Appointed by the Board of Directors, your Supervisory Committee met throughout the year with Meritrust Credit Union management to ensure the effectiveness of internal controls, adherence to established policies and procedures, compliance with regulatory requirements and propriety of financial accounting and reporting. A comprehensive 2018 year-end audit was completed by the Certified Public Accounting firm Moss Adams. Meritrust received an unmodified opinion on the propriety of our financial statements.



Sincerely,
Jody Maupin
Chairman of the Supervisory Committee

Transforming OUR FINANCIALS

Deposits and Loans

Deposit Balances

Keeping your hard-earned money safe and secure.



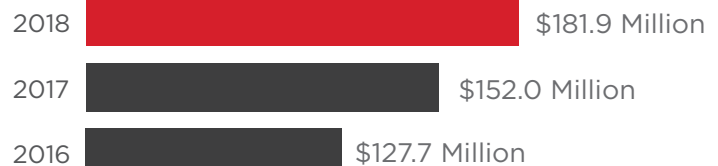
Small Business Deposits

Helping our community's businesses invest for the future.



Direct Auto

The key to whatever's ahead on the journey of life.



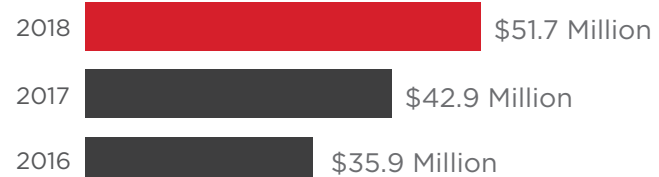
Home

It's more than a house, it's your happy place.



Small Business Loans

Helping you get your entrepreneurial dream started.



DEPOSIT BALANCES

LOAN BALANCES

Proud partners in community development and business growth

Starting and growing a business takes steadfast determination and a forward-thinking strategy. It's not easy, but the rewards far outweigh the challenges. It's been an honor for Meritrust Business Banking to be a partner for businesses in our community - sharing the same vision for their growth and believing in their goals. Meritrust's business lending portfolio grew by 20 percent in 2018.



Transforming OUR FINANCIALS

Assets

	2017	2018
Loans to Members, Net of Allowance For Loan Losses	\$1,044,901,406	\$1,049,299,508
Investment Securities	12,363,350	11,640,741
Interest Bearing Deposits in Financial Institutions	123,629,298	66,107,681
Fixed Assets, Net of Depreciation	34,358,899	37,666,917
Other Assets	48,863,275	49,747,197
TOTAL ASSETS	\$1,264,116,228	\$1,214,462,044

Liabilities and Equity

Savings Accounts/Total Member Equity	\$1,067,140,725	\$1,004,742,572
Other Liabilities	78,891,697	87,456,828
Owner's Equity	118,083,806	122,262,644
TOTAL LIABILITIES	\$1,264,116,228	\$1,214,462,044

STATEMENT OF INCOME

Interest Income

Interest on Loans	\$53,164,326	\$50,402,222
Interest on Investments	2,873,647	4,191,625

Interest Expense

Dividends on Deposits	\$10,283,852	\$10,174,779
Interest on Notes Payable	2,612,685	2,970,987
NET INTEREST INCOME BEFORE OPERATIONS	\$43,141,436	\$41,448,081

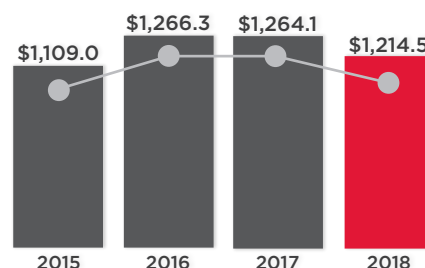
Provision For Loan Losses	\$16,461,330	\$6,671,014
Operating Expenses	43,561,997	51,268,034
TOTAL OPERATING EXPENSES	\$60,023,327	\$57,939,048

Other Operating Income	\$17,109,923	\$16,618,426
Non-Operating Gain (Loss)	2,366,642	4,085,693
NET INCOME	\$2,594,674	\$4,213,152

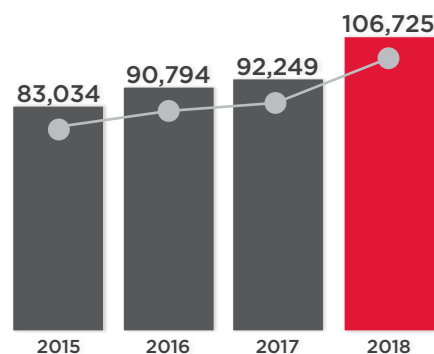
STATEMENT OF CHANGES IN EQUITY

Reserves		
Regular Reserves	17,430,129	17,430,129
Undivided Earnings	100,653,677	104,832,515
TOTAL EQUITY	\$118,083,806	\$122,262,644

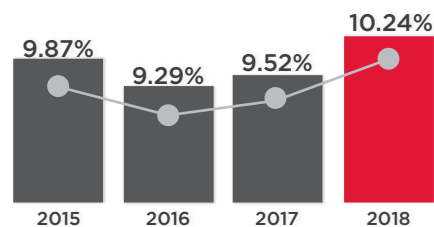
Total Assets



Total Members



Net Worth/Assets



Transforming OUR FOOTPRINT TO BETTER SERVE YOU.

Giving you the banking experience you want and need

Meritrust just finished year two of a multi-year transformation of the way we serve members through our branches, our experience and our technology. These changes in the branches give members what they want and need from a financial institution: convenient self-service options to do banking on their time, combined with access to experts and advisory consultants who will offer solutions for members' financial needs.

Banking your way

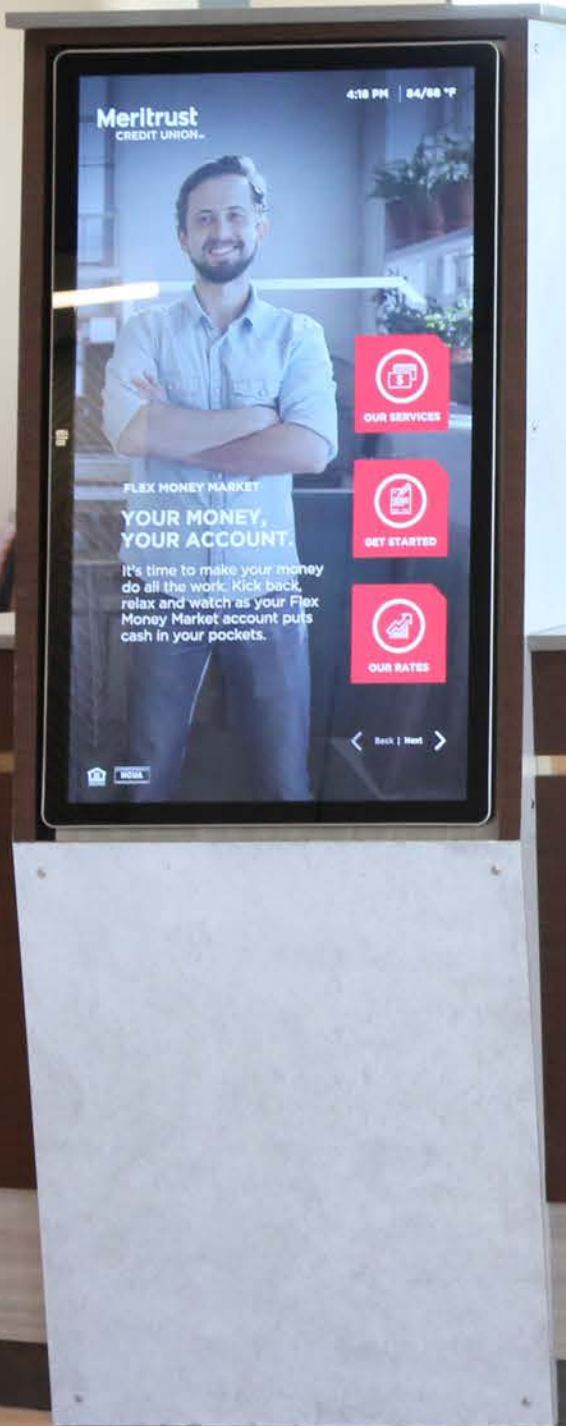
We understand life is busy, which is why we've crafted a holistic approach for offering multiple delivery channels for the member to conveniently check-off banking from their to-do list. Enhanced drive thrus offer interactive teller machines for members to quickly and conveniently complete banking transactions, either via a live Meritrust teller (during business hours), or all-day, all-night self-service eATM. Our online banking, mobile app and eDeposit make checking balances, opening accounts, depositing checks, applying for loans, paying bills or transferring money quick and easy to do.

Welcome home at Meritrust

Meritrust's new and transformed branches were designed to be warm and friendly. Traditional teller lines have been replaced by dialogue stations for members' side-by-side advisory conversations with Member Consultants. Interactive kiosks allow members to check rates, complete fun financially relevant quizzes or learn about the branch team and products and services.

An advisory experience

As a part of the transformation, the in-branch teams are now highly trained Member Consultants who provide a one-stop shop for most of members' needs. The consultants are members' financial problem solvers and are here to connect members with the solutions to meet their financial needs. They educate on products, open and close accounts, and connect members to lending, real estate, business services or other financial expert teams.





2018: An improved and expanded footprint

Meritrust celebrated these new branches and milestones in expanding our branch delivery in our communities.

Pawnee

This existing branch was renovated and reopened in June with a layout and amenities helping members feel right at home.

March

Prairie Village

Meritrust announced in March the purchase of space in the Prairie Village Shopping Center located at 13th and Woodlawn for a new branch to serve northeast Wichita. The location will open in 2020 and will replace and relocate Meritrust's nearby Tallgrass branch.

June

Andover

Our Andover branch opened in June and was our first branch designed completely for the new, transformed branch experience from start to finish.

June



Harry and Webb

This new location opened in October near this busy intersection where members live, work and play, and it offers the warm, friendly branch design and high-digital-touch experience.

New Meritrust Headquarters

Meritrust reached a significant milestone in December for relocating our headquarters into the heart of Wichita by officially closing on the building purchased from Cargill Meat Solutions. Meritrust also received recognition for the 151 N. Main purchase as a “Deal of the Year” honoree by the Wichita Business Journal. Renovation and construction is currently in progress for modifications to the building to fit the needs of our organization. To better serve our members, this location will also include a downtown branch location. Meritrust is looking forward to being a part of the downtown resurgence and expanding our commitment to Wichita’s economic development. Meritrust administrative departments are expected to move to the new location in late 2019.

October

December

December

December

Braeburn Square at Wichita State University

This high-digital-touch branch opened in December and features Wichita State branding prominently throughout the branch. It’s located in a retail shopping area near Airbus, The Joint Law Enforcement Training Center and new on-campus residence halls. Braeburn is Meritrust’s first cashless branch with innovative technology, giving members the opportunity to have a more interactive experience while completing their banking needs.

The branch serves local businesses, area residents, faculty and students, including a significant international student community. New accounts tailored to international students rolled out in late 2018.

Derby East

Meritrust began renovations to this existing branch in December. The changes will transform this location into a warm, friendly space for our members’ banking needs.



Transforming **OUR PRODUCTS AND SERVICES**

The enhanced drive-thru experience continues

In 2018, Meritrust celebrated one year of the convenience of Interactive Teller Machines (ITM) for our membership as the rollout of the ITMs continued. By year's end, 18 ITMs had been deployed to drive thrus of our branches to serve members, combining high digital touch convenience with the warmth of a Meritrust teller to serve banking needs. No more struggling to see or hear what's happening while tellers assist. ITMs also allow members to complete a more efficient drive-thru transaction directly at the machine, rather than passing information back and forth via tubes.

For members needing a deposit or quick cash withdrawal, the machines allow members to self-serve their transaction using the eATM function. Members are finding the machines to be intuitive and convenient to use.

ITM locations (as of end of 2018)

- Andover
- Braeburn Square at WSU
- Cross Pointe
- Derby East
- Derby West
- Harry and Webb
- Junction City
- Lakeside
- Maple
- Oliver
- Pawnee
- Tyler

Money Management makes tracking and budgeting even easier

Money Management, a robust online money management tool found in online banking, provides our members with an intuitive, user-friendly resource for managing their money. This new program replaced FinanceWorks and makes money management quick and convenient. It offers improved categorization, allowing members to take control of and monitor spending habits. Money Management also gives access to better representation of member spending data, including trend charts, assets & liabilities and budget bubbles.



Transforming **OUR PRODUCTS AND SERVICES**

New mortgage product a smart choice

A new Adjustable Rate Mortgage (ARM) product was created and launched for our members and is available to borrowers who are purchasing a home or refinancing an existing home. With an ARM, the rate is fixed for the first part of the term, then can change (increase or decrease) every five years thereafter until the end of the loan. With this product, members enjoy a lower interest rate compared to a conventional mortgage, which saves borrowers money on their home purchase or refinance.

The new way to buy a car

Carvana is a leading online experience providing another convenient way for car buyers to purchase their new vehicle - from the beginning of the search to keys-in-hand. Meritrust launched a partnership with Carvana, which gives consumers the option to buy online from the comfort of their homes.

Through the partnership, Meritrust helps save members time and money during the car-buying process, while also offering exemplary service and the convenience of Carvana and the new way to buy a car. With a preapproval from Meritrust, members can browse through over 7,000 Carvana-certified vehicles and complete their purchase online in a matter of minutes. Vehicles can be delivered or picked up by the member.

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Hector Cortez, Director
Brian Middleton, Director

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Evan Wilson, SVP/Chief Experience Officer
Cliff Shoff, VP/Chief Technology Officer
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