

AS OF DECEMBER 31

**INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF INCOME**

Description	2016	2017	CHANGE
INCOME:			
INTEREST INCOME ON LOANS	\$ 7,551,058	\$ 7,819,218	\$ 268,160
INTEREST INCOME ON INVESTMENTS	383,092	525,498	142,406
TOTAL INTEREST INCOME	\$ 7,934,150	\$ 8,344,716	\$ 410,566
INTEREST EXPENSE	504,824	539,737	34,913
NET INTEREST INCOME	\$ 7,429,326	\$ 7,804,979	\$ 375,653
PROVISION FOR LOAN LOSS	1,104,000	1,074,500	(29,500)
INTEREST INCOME AFTER PROVISION	\$ 6,325,326	\$ 6,730,479	\$ 405,153
NON-INTEREST INCOME	\$ 3,966,609	\$ 3,986,697	\$ 20,088
GAIN/(LOSS) ON ASSETS	332,894	9,069	(323,825)
INCOME BEFORE OPERATING EXPENSES	\$ 10,624,830	\$ 10,726,245	\$ 101,415
EXPENSES:			
SALARIES & EMPLOYEE BENEFITS	\$ 5,016,259	\$ 5,417,196	\$ 400,937
VOLUNTEER & EMPLOYEE RELATIONS	58,434	139,380	80,946
OFFICE OCCUPANCY	490,933	487,383	(3,550)
OFFICE OPERATIONS	1,703,323	1,686,385	(16,938)
MARKETING & MEMBER RELATIONS	429,625	482,340	52,715
LOAN SERVICING	836,462	782,500	(53,962)
PROFESSIONAL & OUTSIDE SERVICES	1,132,992	1,113,661	(19,331)
TOTAL EXPENSES	\$ 9,668,028	\$ 10,108,845	\$ 440,817
NET INCOME	\$ 956,802	\$ 617,400	\$ (339,402)

AS OF DECEMBER 31

**INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION**

Description	2016	2017	CHANGE
ASSETS:			
INVESTMENTS:			
AVAILABLE-FOR-SALE	\$ 4,121,374	\$ 5,656,132	\$ 1,534,758
OTHER	34,851,382	23,308,542	(11,542,840)
LOANS RECEIVABLE	125,458,626	143,816,322	18,357,696
LESS ALLOWANCE FOR LOAN LOSSES	(1,398,976)	(1,521,743)	(122,767)
PROPERTY AND EQUIPMENT, NET	8,097,780	8,542,194	444,414
NCUSIF DEPOSIT	1,575,242	1,696,683	121,441
REPOSSESSED ASSETS	413,898	478,431	64,533
OTHER ASSETS	8,628,925	8,291,259	(337,666)
TOTAL ASSETS	\$ 181,748,252	\$ 190,267,820	\$ 8,519,568
LIABILITIES:			
MEMBERS' SHARE AND			
SAVINGS ACCOUNTS	\$ 162,895,059	\$ 170,642,934	\$ 7,747,875
ACCOUNTS PAYABLE AND			
OTHER ACCRUED LIABILITIES	2,640,952	2,811,059	170,107
TOTAL LIABILITIES	\$ 165,536,011	\$ 173,453,993	\$ 7,917,982
MEMBERS' EQUITY	\$ 15,255,440	\$ 16,196,427	\$ 940,987
NET INCOME	956,802	617,400	(339,402)
TOTAL MEMBERS' EQUITY	\$ 16,212,241	\$ 16,813,827	\$ 601,586
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 181,748,252	\$ 190,267,820	\$ 8,519,568


**2017
ANNUAL
REPORT**
innovations



David A. Southall

David A. Southall
President/CEO



Rob Fernandez

Rob Fernandez
Chairman
Board of Directors

BOARD OF DIRECTORS

Craig Ellis
Vice Chairman

Trevor Walls
Treasurer

Kenneth White
Secretary

Anita Broughton
Director

Nancy Luther
Director

Kristopher McLane
Director

SUPERVISORY COMMITTEE

Bill Jones
Chairman

Jay Buddi
Member

Blaine Cook
Member

Don Gedeon
Member



2017
was a year of strong financials,
member and loan growth,
along with enhanced services.

Chairman and CEO Report

Year of Growth

In 2017 we continued our strategy of carefully managing strong loan and asset growth, along with monitoring expenses, and staying well above budget throughout the year. A healthy income statement and balance sheet consistently remains a priority along with exceptional member service. In 2017, as in 2016, significant dollars were added to net worth; however the net worth ratio remains flat due to asset growth. The trade-off of a flat net worth ratio was worth the market share growth; new members contribute to our future net worth growth.

Lending Program Enhancements

Loan growth remains a major strategic focus at Innovations. Our strategy is to let members know they can come to us for their lending needs and we can offer quick, local decision making. In 2017 our Member Business Lending Program, Octane, continued to grow and we have expanded our reach in Bay County to serve those small business owners by providing competitive business loans at great rates. In 2017 we began exploring options to create an enhanced Mortgage Department and are preparing to offer new products in 2018 to better serve our community's real estate needs.

Member Service

Innovations is always on the lookout for ways to provide enhanced member service. We continue to provide improvements to our Mobile Banking, Online Banking, Bill Pay, and SMS Text Banking, which are all great tools to help manage your finances. Our IGNITE checking account continues to pay generous rewards to our members. In 2017, we paid out \$156,136 to members enrolled in IGNITE! We also launched an internal information database system for our Team Members to use. It consistently provides up to date information on policies, procedures, and processes as well as essential regulatory information, all at their fingertips. All of this is vital to providing our members with the service that exceeds expectations they have come to expect from Innovations.

New Callaway Branch

Innovations purchased a building previously owned by a now defunct bank in the Callaway area with the intent to move our Callaway branch from its current location in a strip mall to this new facility. The new Callaway branch will bring more convenience for our members with drive thru lanes and a drive thru ATM, along with safe deposit boxes. Callaway has proven to be one of our strongest branches and this move is also more cost effective, safe, and is a better location for visibility and safety than the current site. We plan to open the new branch in early 2018.

Looking Forward

Our overall plan for 2018 is to keep our trend going with another successful year of managed growth and expense control. We will continue to look for ways to become more cost efficient without compromising member service. The outlook for 2018 and beyond is very positive for our credit union. Most importantly, we appreciate all of the faith and support your loyal membership provides. We remain committed to providing you with the very best products and services, delivered by the very best Team Members well into the future.

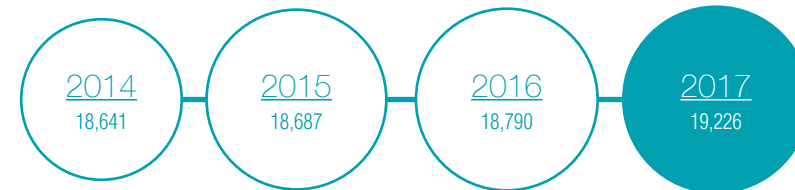


James R. (Jim) Kott

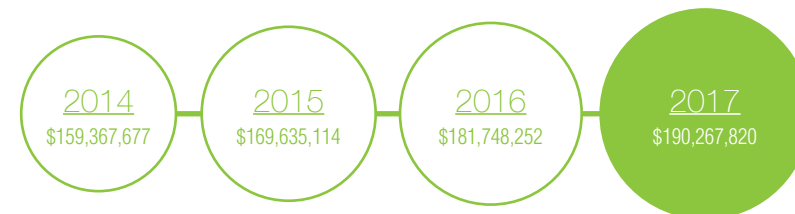
Beloved Chairman of Innovations Federal Credit Union
IN MEMORIAM (DECEMBER 27, 1940 - MAY 1, 2017)

Jim Kott volunteered countless hours for over twenty-five years on our Board of Directors, thirteen years as Chairman of the Board. His leadership and commitment to Innovations, along with his dedication and perseverance, will be forever in our hearts and remembered by those whose lives he touched.

MEMBER GROWTH



TOTAL ASSETS



OFFICE LOCATIONS AND HOURS

Thomas Drive Branch

910 Thomas Drive
Panama City Beach, Florida 32408
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

23rd Street Branch

700 West 23rd Street
Panama City, Florida 32405
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Callaway Branch

864 North Tyndall Parkway
Panama City, Florida 32404
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

Harrison Avenue Branch

1038 Harrison Avenue
Panama City, Florida 32401
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Lynn Haven Branch

2250 South Highway 77
Lynn Haven, Florida 32444
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Back Beach Branch

17900 Panama City Beach Parkway
Panama City Beach, Florida 32413
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

233.4400 • innovationsfcu.org



Federally insured by NCUA Equal Opportunity Lender
We Do Business In Accordance With The Federal Fair Housing Law and The Equal Credit Opportunity Act