



2018
Annual
REPORT





I'm delighted to say, as I and my predecessors have said for many years, that credit unions across the country are doing extremely well. Texas has 461 credit unions with more than 8.8 million members and total current assets of \$79 billion. These figures reflect a robust and healthy credit union system, of which Lone Star Credit Union is a part.

Since the credit union's founders opened for business in 1967, we've grown from a little more than 2,000 members to 10,866, and our assets have grown from 205 Thousand to 125.3 Million. We are very proud of how far we've come in 51 years, and I know our many accomplishments would not have been possible without the ongoing energy, optimism, commitment, and wholehearted belief that our people and members have in our purpose and good-business philosophy as a cooperative, not-for-profit organization.

2018 was a year of transition as Jerry Clancy, 25 year President and CEO, retired after more than 49 years with LSCU. I aim to continue incorporating Jerry's leadership style and uphold his legacy as we grow and evolve.

With the continued success of Lone Star Credit Union, we're able to offer beneficial savings, wealth-building tools, and other financial products and services that enhance your life, as well as improve our delivery channels and expand our community outreach.

Our Members are essential to our credit union family, and we are sincerely grateful that you've chosen us as your financial partner. We look forward enthusiastically to a great 2019.



Becky Reed

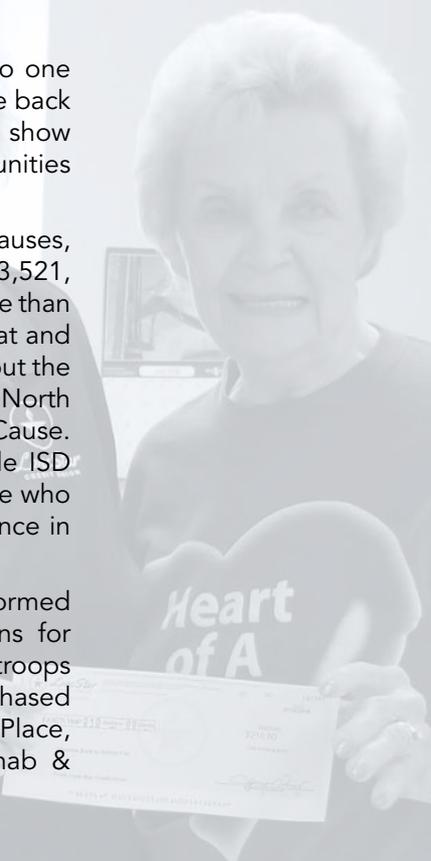
President & CEO

Community

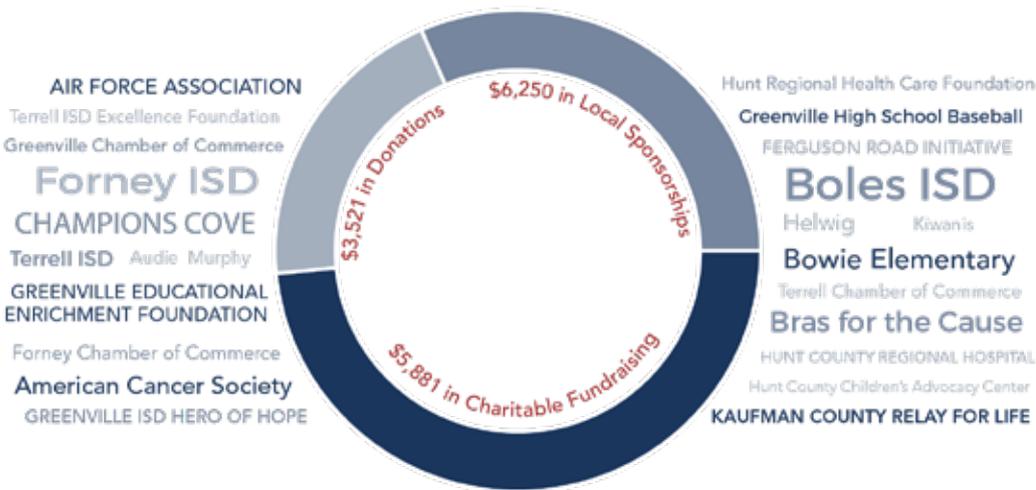
Our communities are how we are connected to one another. That's why it's not just important to give back but to strengthen, grow, and most importantly, show our gratitude. Without the support of our communities we would not be able to fulfill our mission.

In 2018, we championed for a variety of local causes, events, and organizations. We donated \$3,521, provided \$6,250 in sponsorships, and raised more than \$5,881 for charity. Our employees volunteered at and attended numerous community events throughout the year, such as the Kaufman County Relay for Life, North Texas Giving Day, and Greenville's Bras for the Cause. LSCU was also proud to sponsor the Greenville ISD Hero of Hope Award, which honors an employee who has gone above and beyond to make a difference in students' lives each month.

Our employees came together and performed quarterly good deeds. We collected donations for Jonathan's Place, sent supplies and letters to troops through Support Our Soldiers, and purchased holiday gifts for adopted angels at Jonathan's Place, Greenville's Salvation Army, and Windsor Rehab & Healthcare.



Donations & Sponsorships



Leadership

The board of directors is made up of Members from our local communities who volunteer their time. Directors are elected as representatives to guide LSCU in its mission, establish governance policies, and to monitor the performance of Lone Star Credit Union.

Board of Directors *(Term Expiration Year)*

Wayne Price, Chairman of the Board (2021)
Marki Holmes, Vice Chairman (2020)
Jerry Clancy, Treasurer (2021)
Jack Smith, Secretary (2019)
Dr. Graham Sweeney, Director (2020)
Kim Marszalek, Director (2021)
Ryan Holloway, Director (2020)

Advisory Board

Jason White

Audit Committee

Dr. Graham Sweeney, Chairman
Kim Marszalek, Vice Chairman
Marki Holmes, Committee Member

Executive Management Team

Becky Reed, Chief Operations Officer, was promoted to CEO in October 2018. Marcy Phillips, Director of Branch Operations, was promoted to Chief Operations Officer in October 2018.

Bylaw Amendments

There were no amendments to the Lone Star Credit Union Bylaws in 2018.

Audit Committee Report

| from Dr. Graham Sweeney, Audit Committee Chairman

The Audit Committee, appointed by the Board of Directors, is responsible for ensuring the credit union's established policies and procedures are followed and that the credit union operates in compliance with state and federal guidelines. Lone Star Credit Union is a state-chartered credit union insured by the National Credit Union Administration (NCUA). The annual state required supervisory audit was conducted by McGladrey LLP using financial data as of June 30, 2018.

Treasurer's Report

| from Board Treasurer, Jerry Clancy

Lone Star Credit Union is committed to providing excellent Member service and helping people achieve their financial goals. Throughout 2018, Lone Star Credit Union continued to grow stronger to meet these objectives.

Lone Star Credit Union ended 2018 with over \$125M in assets, a 3.6% increase over 2017. The loan portfolio reached \$100.7M in total loans outstanding, up a strong 9% from the prior year, indicating your confidence in us as a prime source for your lending needs. LSCU's capital ratio increased to 6.96%; remaining well-positioned to continue providing high quality, affordable financial services to our Members. Loan interest income for 2018 was \$4.7M, up over 6% from 2017. LSCU paid a total of \$536,710 in dividends to our Members in 2018. The net income for the year was \$598,298. At the end of 2018, Lone Star Credit Union is proud to serve 10,866 Members.

I wish to personally thank each Member for continuing your support of Lone Star Credit Union and for taking advantage of the great products and services we offer. We value your trust and look forward to helping you feel financially empowered now, and in the future.

New Services



Depreciation
Protection



Web Chat

Statement of Income

| | INCOME | 2017 | 2018 |
|--------------------------|---------|---------------------|---------------------|
| Interest on Loans | | \$ 4,423,034 | \$ 4,710,451 |
| Investments | | \$ 235,168 | \$ 373,302 |
| Non-Interest Income | | \$ 1,557,658 | \$ 1,775,876 |
| TOTAL INCOME | | \$ 6,215,860 | \$ 6,859,629 |
| | EXPENSE | | |
| Non-Interest Expense | | \$ 5,783,210 | \$ 5,445,105 |
| Total Interest Expense | | \$ 419,159 | \$ 536,710 |
| Provision for Loan Loss | | \$ 463,233 | \$ 636,510 |
| TOTAL EXPENSE | | \$ 6,665,602 | \$ 6,618,325 |
| Non-Operating Expense | | \$ (5,162) | \$ (356,994) |
| NET INCOME (LOSS) | | \$ (444,580) | \$ 598,298 |

Statement of Financial Condition

| | ASSETS | 2017 | 2018 |
|---|------------------------------|-----------------------|-----------------------|
| Loans | | \$ 100,793,703 | \$ 94,715,078 |
| Less Allowance for Loan Loss | | \$ (487,165) | \$ (599,358) |
| Net Loans | | \$ 100,306,538 | \$ 94,115,720 |
| Cash | | \$ 1,513,175 | \$ 973,354 |
| Investments | | \$ 12,398,208 | \$ 24,264,248 |
| Net Fixed Assets | | \$ 3,492,052 | \$ 3,207,989 |
| Other Assets | | \$ 3,075,702 | \$ 2,733,394 |
| TOTAL ASSETS | | \$ 120,785,675 | \$ 125,294,705 |
| | LIABILITIES, SHARES & EQUITY | | |
| Total Liabilities | | \$ 677,281 | \$ 177,127 |
| Shares | | \$ 112,002,325 | \$ 116,458,250 |
| Equity | | \$ 8,107,069 | \$ 8,659,329 |
| TOTAL LIABILITIES, SHARES & EQUITY | | \$ 120,785,675 | \$ 125,294,706 |
| | MEMBERS | 11,285 | 10,866 |



LoneStar
CREDIT UNION