



**Inspiring
Hope for a**

Brighter Tomorrow

Chairman's Report

Welcome! To the 69th Annual Meeting of Your Lubrizol Employees' Credit Union.

In the past year we have found that there was a constant, and that was change. The pandemic appears to be over, the Fed has continued to raise rates, and inflation has continued to be the worst it has been in 40 years. We have demoed the old credit union building and the new building is going up as I write this report. In addition, and thankfully, we missed the tornado that went thru Deer Park by about a mile.

Throughout all this there was another constant, and that is that Your Credit Union remains strong and we continue to improve.

Primary Financial Institution

We truly believe that we can be your PRIMARY financial institution. Members continue to use our vast array of online services allowing them to do business conveniently no matter where they live or happen to be in the world. Our remote services include our mobile banking app, remote deposit, electronic signatures via DocuSign, two ATM networks with over 85,000 ATMs worldwide and digital wallet debit cards. We continue to add services so members can easily continue doing business remotely and in person. We strive to be the BEST credit union in the state of Texas.

Give us feedback on additional services that we can provide to make Your Credit Union your primary financial institution.

Membership

We have a very strong, active and loyal membership and an experienced staff that serves our members. The number of members increased last year and we are approaching 3400 members. We continue to attend new-hire orientation to promote the credit union and our services.

Remember that YOUR Credit Union is open to both Lubrizol Employees AND their families. That includes spouses, kids, parents, brothers, sisters, in-laws,

grandkids, grandparents, aunts, uncles, nieces, nephews and cousins. Recommend YOUR Credit Union to your family.

2022 Highlights

- Demoed old building and in process of building our new credit union
- Increased membership by nearly 3% through communication and incentives
- Loan growth via promotions
- Online submission form for member testimonials complete - feel free to enter your testimonial

2023 Major Highlights

- Complete new building
 - > Complete construction of our new credit union building and transition to new building
 - > Schedule is to complete and move in by mid-year
 - > Grand opening is tentatively planned in July
 - > Thanks to the entire staff - they have worked tirelessly handling the building process in addition to servicing our members
- Continue to increase membership via communications with incentives and social media
- Continue to increase loan portfolio with quarterly loan promotions

Credit Unions versus Banks

The Credit Union National Association (CUNA) defines the structural difference between credit unions and banks.

Credit unions are not-for-profit financial cooperatives and, unlike banks, have no shareholders demanding a market return on their investment. This structural difference allows credit unions to pass profits onto their member-depositors in the form of

lower loan interest rates, higher yields on savings and fewer/lower fees.

Bottom-line, we, the members, are the owners, and all members benefit by providing better and more cost-effective services than banks.

Our Mission is to build lifelong relationships through family friendly service and provide beneficial, progressive financial services.

Our Vision is to be the financial services provider of choice, enriching the lives of our members and employees.

At Lubrizol Employees' Credit Union, it is about people helping people. Remember, friends don't let friends use banks.

Your Credit Union is Everywhere You are Members can use OUR credit union from just about ANYWHERE. That is a PRIMARY financial institution.

We have four board members that live outside the Houston metropolitan area. I am one, having retired to the Texas Hill Country. I can attest that I can use our credit union as my primary financial institution. I do not need another financial institution. I can do everything I need to do on my phone, my laptop and my iPad. When I need cash, I can go to a local CVS a couple miles from my house and use a free ATM. In travels since retirement, I have used free ATMs in Ireland, England, Scotland, France and Australia.

Another board member was on assignment overseas and he used the credit union to inspect and purchase an SUV. Members get transferred to Ohio frequently and still use the credit union as their primary financial institution.

There are many stories where members continue to use the credit union after relocating.

In this day and age, our members can use the credit union services from anywhere. Your credit union is everywhere you are.

Strengths

Your credit union is very strong. Total assets increased by \$873,618 +{1.6%} during 2022 ending the year at \$54,378,340. Total loans increased by \$950,294 {3.9%} ending the year at \$25,528,672. A total of \$449,304 was added to our capital during the year. Capital to asset ratio is very strong at 14.67%.

Summary

Lubrizol Employees' Credit Union remains very strong. This is confirmed by the positive examinations by the State of Texas Credit Union Department. We also confirm this by using an outside auditor each year to examine the financials. We strive to be the BEST credit union in the state of Texas. Each year we continue to improve and grow your credit union.

Again, make Your Credit Union your PRIMARY financial institution. Our offerings of mobile services on our mobile app, online services and other services are really second to none. We have everything you need at Lubrizol Employees' Credit Union. In addition, we have a fantastic staff that you can call and talk to personally for help and troubleshooting. With a strong and active membership, an exceptional staff led by Rose and a group of dedicated volunteers, we are very well-positioned for continued growth and improvement.

In closing, I want to thank and recognize our very exceptional staff: Rose, Susie, Emma, Hedda, Agatha, Charlie, Michele & Abbi.

On behalf of your Board of Directors,

Rich Miller
Chairman of the Board

mission

Our mission is to build lifelong relationships through family friendly service and provide beneficial, progressive financial services.

vision

Our vision is to be the financial services provider of choice, enriching the lives of our members and employees.

core values

- > Excellent Member Service
- > Honesty
- > Integrity
- > Trust & Respect internally & externally
- > Open/Candid with those we serve internally & externally

- > Safety/Soundness/ Financial Strength
- > "People Helping People" philosophy
- > Community responsibility

Adhering to our core values guides us to treat others with the courtesy and respect that we wish for ourselves. LZECU believes that through these actions we can achieve our primary goal of delivering an excellent member experience at all times.

TREASURER'S REPORT

LZECU continued to demonstrate consistent growth, strong fiscal performance, and significant levels of stability and security throughout the unique circumstances of 2022. LZECU's size, as measured by Total Assets, increased by \$873,618 (1.6%) to \$54,378,340. Member shares grew by \$578,515 (1.3%) to \$46,299,586. Total Loan Balances increased by \$950,294 (3.9%) to \$25,528,672, helped through ongoing expansion of Home Equity Loan offerings. Operating Expenses only increased \$107,020 (8.6%) from 2021 to \$1,354,533, though this remained 6.7% under 2022's planned budget. \$151,573 was distributed to members in the form of Dividends (an increase of 23.4% over 2021 Dividend Distributions).

LZECU's peers continue to be defined as credit unions with Total Assets within the range of \$50-100 million. LZECU's Net Worth Ratio of 14.67% vs. peer of 10.38% (LZECU is significantly more stable/secure), Net Operating Expense Ratio of 1.77% vs. peer of 2.03% (LZECU is significantly more efficient to operate), and LZECU's low Delinquency Ratio of 0.17% vs. peer of 0.63% all remain significantly better than peers or considered "best-in-class." LZECU's Loan Yield of 4.81% vs. peer of 4.73%, Investment yield of 1.26% vs. peer of 1.07%, and Operating Return-On-Assets Ratio of 0.84% vs. peer of only 0.60% all also continue to outperform peers. LZECU continues to demonstrate fiscal health as we continue to outperform our peers as measured by these key financial ratio measurements.

LZECU remains a trusted financial partner, keeping the needs of our members front and center as member services continue to expand and improve. In this inflationary environment, expenses continue to be managed appropriately and kept exceptionally low. LZECU's investment portfolio continues to be closely managed to capitalize on increasing interest rates while controlling levels of investment risk. All told, LZECU remains well-poised to remain the financial cornerstone of our members for years to come.

Joseph J. Morris
LZECU Treasurer

SUPERVISORY COMMITTEE'S REPORT

Appointed by the Board, the role of the Supervisory Committee is to perform audit oversight on behalf of the Board of Directors. The Supervisory Committee is responsible for ensuring that the credit union meets required financial reporting objectives and follows all necessary procedures to protect members' assets. The Committee employs certified public accountants to perform auditing, account verification, and other work under its supervision. To carry out these responsibilities, the Supervisory Committee completed three key activities in 2022:

- The Committee contracted CPA Lois Rothrock with CU-Consulting to conduct a comprehensive annual audit for the period ending December 31, 2021. The results of this audit indicate adherence to proper practices, procedures and that accounting records accurately reflect the credit union's operation.
- The Texas Credit Union Department conducted the annual examination of books and records for the period ending December 31, 2021. No material concerns were identified. The credit union was found to be financially and operationally sound.
- The Committee completed a full verification of member accounts on Q4 2022 statements.

In early 2022, James Garza (the previous Supervisory Committee Chairman) passed away. He was committed to LZECU, and we miss him immensely. I, Waynisha Edwards, have accepted the Supervisory Committee Chairman role, and we are excited to announce that AJ Jones has joined the Supervisory Committee as well. AJ and I will be participating in Verification Audits going forward.

The Committee is pleased to report that Lubrizol Employees' Credit Union continues to operate in a financially sound manner and remains dedicated to serving its members.

Waynisha Edwards
Supervisory Committee Chairman

statement of financial condition

	2022	2021
Assets		
Loans	\$25,528,672	\$24,578,378
Cash	\$2,597,111	\$1,863,754
Investments	\$24,347,083	\$25,842,331
Building & Land	\$706,773	\$45,016
Other Fixed Assets	\$28,477	\$30,117
Other Assets	\$1,170,226	\$1,145,127
Total Assets	\$54,378,340	\$53,504,722
Liabilities & Equity		
Member Shares	\$46,299,586	\$45,721,071
Liabilities	\$91,891	\$246,093
Reserves	\$749,468	\$749,468
Undivided Earnings	\$7,237,394	\$6,788,090
Total Liabilities & Equity	\$54,378,340	\$53,504,722

income and expense statement

Interest on Loans	\$1,209,408	\$1,186,094
Income from Investments	\$350,428	\$316,580
Other Income	\$395,679	\$466,877
Total Income	\$1,955,515	\$1,969,551
Operating Expenses		
Operating Expenses	\$1,354,533	\$1,247,513
Non-Operating Expenses	\$106	\$0
Dividends	\$151,573	\$122,786
Total Expenses	\$1,506,212	\$1,370,299
Net Income	\$449,304	\$599,252

member statistics

Total Members	3,387	3,298
Total Share Draft Accounts	1,976	1,843
Total IRAs	134	136



Agenda

- Ascertain Quorum
- Minutes of Last Annual Meeting
- Reports to the Membership
- Elections
- Unfinished Business
- New Business
- Door Prizes
- Adjournment

68th Annual Meeting Minutes

March 1, 2022

The 68th Annual Meeting of Lubrizol Employees' Credit Union was held on Wednesday, March 1, 2022, at 7:00 p.m. at the Deer Park Theatre and Courts Building. Refreshments were served as members and guests registered for the meeting. Members eligible to vote were given ballots. Everyone received the 2021 Annual Report, a door gift and a ticket for the door prize drawings.

Call to Order:

Mr. Miller welcomed everyone, called the meeting to order and ascertained that a quorum of 25 or more members were present.

Approval of the Minutes:

Mr. Miller called for a reading of the 2021 Annual Meeting Minutes. A motion was made by Joe Fitzpatrick to dispense with the reading of the minutes and accept the minutes as presented in the Annual Report. Mark Turvey seconded the motion and it carried.

Reports:

Mr. Miller gave the Chairman's Report, which is also located in the 2021 Annual Report. Chairman Miller informed us that LZECU remains financially strong. Total Assets increased \$2,227,562 [4.3%] during 2022,

ending the year at \$53,504,722. A total of \$599,252 was added to Capital during the year. The Capital to Asset Ratio is a strong 14.1% compared to the required minimum of 7%. Mr. Miller encouraged all members to make LZECU their primary financial institution and to refer all family members to join the credit union. Mr. Miller went over 2021 accomplishments and informed attendees of the new goals for 2022. The major goal of 2022 is to build a new office building at the existing location. Mr. Miller informed members that the existing building will be demolished. The staff will work out of a temporary office trailer on site during construction. The new building is scheduled to be completed in Q1 of 2023. Mr. Miller went over a brief history of the credit union and its growth throughout the years. Mr. Miller informed that an updated office building will support the expanding growth and meet LZECU's future needs. Service awards were given to staff members Emma Anderson (25 yrs), Rose Flores (25 yrs), Hedda Dangleben (20 yrs) and Agatha Anariba (10 yrs). Board Director Gary Aldrich was given a 30-year volunteer service award. Mr. Miller thanked each staff member for their dedication and valuable service to LZECU.

Chairman Miller informed the Treasurer's Report and

Supervisory Committee Report can be found in the 2021 Annual Report.

In closing, Mr. Miller thanked the Membership, Staff and Board for their support and making LZECU successful.

Election:

Chairman Miller reported that the Nominating Committee unanimously nominated Board Incumbents Gary Aldrich and Delinda Dutton to fill the two (2) open Board positions, each bearing a 3-year term. Miller called for nominations from the floor. No nominations were offered. A motion was made by Mark Turvey and seconded by Steve Alexander that the nominees be elected by acclamation. Motion carried.

Old Business:

None

Door Prize Drawings:

There were 25 prizes for members 13-years of age and up and 15 prizes for members 12-years of age and under. Tanya White won the \$300 Adult Grand Prize. Eli Hernandez won the \$100 Kid's Grand Prize.



Leadership

board of directors	Term End
Rich Miller, Chairman of the Board	2024
Danny Koons, Vice Chairman of the Board	2024
Joe Morris, Treasurer	2024
Delinda Dutton, Secretary	2025
Gary Aldrich, Director	2025
Gabe Aguilar, Director	2023
Greg Drummond, Director	2023

supervisory committee

Waynisha Edwards, Chairman
AJ Jones, Member

nominating committee

Delinda Dutton
Joseph Morris

credit union staff

Rose Flores, President/CEO
Michele Vargas, Accounting Manager
Agatha Anariba, Marketing, Project & IT Administrator
Susie Morley, Payment Services Specialist
Emma Anderson, Loan Manager
Abbi Littlejohn, Loan Officer
Hedda Dangleben, Member Service Supervisor
Charlie Riggs, Member Service Representative