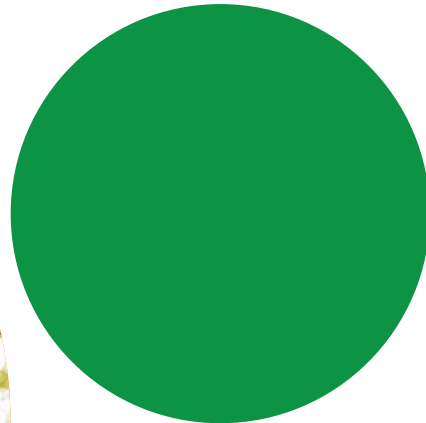




Striving for Financial Wellness Together

2025 | ANNUAL REPORT



Chairman's Report

Welcome to the 72nd Annual Meeting of Your Lubrizol Employees' Credit Union.

We have come a long way since our beginning in 1953, and we are proud of the strength and progress we continue to achieve together.

Executive Summary

Your Lubrizol Employees' Credit Union remains very strong, and we strive to continue improving while providing the best benefits and solutions for our members. A key indicator of strength is our capital-to-asset ratio, which remains exceptional at 19.08%, an increase from 17.63% at the end of last year. Total assets decreased by \$2,129,351 (4.15%) during 2025, ending the year at \$49,186,928. Total loans increased by \$1,479,406 (4.60%), ending the year at \$26,128,994. Net income decreased to \$337,034, compared to \$588,085 last year. This income was added to capital, helping ensure that your credit union continues to be a safe and secure place for your money.

Membership

Members, thank you for your trust and for being a strong, active, and loyal membership. The number of members increased last year, bringing us to 3,466 members, with over 2,800 home banking users and nearly 200 members taking advantage of our bill pay services. We cannot succeed without you, our members.

How Are We Different?

Your credit union offers many FREE, exclusive member benefits including notary public services, coin machine, our Discount Marketplace, a large ATM network, and more! You know the staff – and they know you. Need a new car for you or a family member? Planning a trip or home upgrade? Our Loan Department team, Emma and Jackie, can help find the right solution. Looking for help with day-to-day banking? Contact Susie for payment services or connect with Hedda and Charlie for teller support and new

account assistance – we're here to support you every step of the way.

Remember that your credit union is open to Lubrizol employees and their families, including spouses, children, parents, siblings, in-laws, grandchildren, grandparents, aunts, uncles, nieces, nephews, and cousins. Recommend your credit union to your family – we love meeting new members.

And remember: Friends don't let friends use banks!

2025 Accomplishments

- Increased membership by attending Lubrizol events and new-hire orientations
- Modernized member services by reducing paper statements and replacing ATMs at Bayport and North Admin
- Improved lending competitiveness by strengthening staffing and growing our loan portfolio by 4.6%
- Increased member engagement through email communications

2026 Major Highlights

- Continue increasing membership through events and communications
- Continue growing our loan portfolio with quarterly loan promotions
- Add Funds Transfer Services, including accepting card payments for loan payments
- Improve Mastercard experience with digital wallets and contactless capability
- Add more self-service tools in online banking
- Conduct an in-depth review of additional mobile app capabilities
- Implement internal core processor upgrades

Credit Union Movement

The credit union movement is strong, and we are proud to be part of it. Credit unions are not-for-profit financial cooperatives. We, the members, are the owners, and all members benefit through better and more cost-effective services.

Our Mission: To build lifelong relationships through family-friendly service and provide beneficial and progressive financial services.

Our Vision: To be the members' financial services provider of choice, enriching the lives of our members and employees.

At the Lubrizol Employees' Credit Union, it is truly about people helping people.

The first credit union in the United States was formed in 1909 in Manchester, New Hampshire, as St. Mary's Cooperative Credit Association. By 1934, there were an estimated 1,000 credit unions, and the Federal Credit Union Act was passed to establish a national system of member-owned cooperatives. Credit unions peaked at nearly 24,000 in 1969. By the last quarter of 2025, there were approximately 4,331 credit unions nationwide, including 405 in the State of Texas, of which 160 are state-chartered like yours.

The decline in number is largely due to mergers and some credit unions converting to banks. However, membership continues to grow steadily, now exceeding 145 million members nationwide, including over 10 million members in Texas.

Your Primary Financial Institution

We want to be your primary financial institution. Take advantage of our wide array of online and remote services, allowing you to do business

conveniently no matter where you live or travel. Remote services include our mobile banking app, remote deposit, electronic signatures via eDocs, two ATM networks with over 90,000 ATMs worldwide and digital-wallet-compatible debit cards. We will continue to add new services so members can do business both remotely and in person. We strive to be the BEST credit union in the State of Texas.

Please let us know what additional services could help make your credit union your primary financial institution!

Summary

Your Lubrizol Employees' Credit Union remains very strong. This is confirmed by the positive examinations conducted by the State of Texas Credit Union Department. In addition, we reaffirm our strength through an independent outside audit every year. Each year, we continue to improve and grow your credit union.

As stated above, we have a fantastic staff of experienced professionals who provide service and solutions to meet your financial needs and personal goals. With a strong and active membership, outstanding leadership by CEO Rose Flores, and a dedicated Board of Directors and 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, Julia and Jackie.

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

The current state of LZECU's financial performance remains stable. In 2025, we saw several reductions in federal fund interest rates, reducing investment rates but allowing for reduced loan rates for our membership. Loans made up 53.1% of LZECU's assets in 2025, up from 48.0% in 2024. In turn, this reduced Investments from 40.9% of Assets in 2024 to only 33.5% of Assets in 2025. Operating expenses increased by \$347,214 year over year.

Key 2025 performance measures to highlight:

- Total Assets decreased by \$2,129,351 (-4.1%) from the end of 2024.
- Total Income was up 2.9% to \$2,680,759. Loan income was up 7.5% to \$1,553,108.
- Total Annual Net Income decreased by \$251,051 from 2024 to \$337,034.

LZECU's performance compared with our peer group (defined as other credit unions with assets ranging from \$50-\$100 million) continues to indicate that our financial health is in line with or better than peer:

- Our Return on Assets of 1.01% is in line with our peer group at 1.05%.
- Our Asset Yield of 4.66% is also in line with peer at 4.75%.
- Our Capital-to-Assets Ratio increased further in 2025 to 19.08% compared with peer at only 13.14% (and well above "safe" regulatory guidance at greater than 9%).
- Our Delinquency Ratio of 0.58% remains well below peer at 0.94%.

Our LZECU continues to maintain a robust financial position, stable liability management, and a strong Capital-to-Asset ratio that facilitates competitive service offerings to our members. Our investments continue to be closely monitored and optimized. Our results reflect disciplined financial planning and a steadfast commitment to our members. Our performance continues to remain in line with or better than our peer group. We anticipate ongoing success and financial stability in the coming year.

Joseph J. Morris, LZECU Treasurer

SUPERVISORY COMMITTEE'S REPORT

Appointed by the Board, the Supervisory Committee is responsible for overseeing audits 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 2025:

- The Committee contracted CPA Lois Rothrock with CU-Consulting to conduct a comprehensive annual audit for the period ending on December 31, 2024. The results of this audit indicate adherence to proper practices and procedures and that the accounting records accurately reflect the Credit Union's operations.
- The Texas Credit Union Department conducted its most recent examination for the period ending September 30, 2025. LZECU received a composite CAMEL rating of 1 – the highest possible – confirming that the Credit Union remains financially and operationally sound.
- The Committee completed a full verification of cash on hand during 2025, with no discrepancies found.

The Supervisory 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

	2025	2024
Assets		
Loans	\$26,128,400	\$24,648,994
Cash	\$1,671,309	\$1,453,767
Investments	\$16,463,000	\$20,989,000
Building & Land	\$2,506,388	\$2,595,440
Other Fixed Assets	\$314,297	\$327,394
Other Assets	\$2,103,534	\$1,301,683
Total Assets	\$49,186,928	\$51,316,279
Liabilities & Equity		
Member Shares	\$39,511,388	\$41,959,742
Liabilities	\$270,884	\$288,914
Reserves	\$749,468	\$749,468
Undivided Earnings	\$8,655,188	\$8,318,154
Total Liabilities & Equity	\$49,186,928	\$51,316,279

income and expense statement

Interest on Loans	\$1,553,108	\$1,444,176
Income from Investments	\$790,506	\$821,851
Other Income	\$337,145	\$338,359
Total Income	\$2,680,759	\$2,604,386
Operating Expenses	\$2,091,104	\$1,743,890
Non-Operating Expenses	\$0	\$0
Dividends	\$252,620	\$272,412
Total Expenses	\$2,343,725	\$2,016,302
Net Income	\$337,034	\$588,085

member statistics

Total Members	3,466	3,411
Total Share Draft Accounts	2,124	2,059
Total IRAs	126	129

Agenda



Ascertain Quorum
Minutes of Last Annual Meeting
Reports to the Membership

Elections
Unfinished Business
New Business
Door Prizes
Adjournment

71st Annual Meeting Minutes | March 4, 2025

The 71st Annual Meeting of Lubrizol Employees' Credit Union was held on Tuesday, March 4, 2025, at 7:00 p.m. at the Deer Park Theatre and Courts Building. Refreshments were served as members and guests registered for the meeting. Everyone received the 2024 Annual Report, a door gift and a ticket for the door prize drawings.

Call to Order: President/CEO Rose Flores welcomed everyone and called the meeting to order. A motion was made by Ami Kennedy that a quorum was present. The motion was seconded, and it carried.

Approval of the Minutes: Ms. Flores called for a reading of the 2024 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. Motion was seconded by Neil Greene, and it carried.

Reports: Ms. Flores gave the President's Report. She stated that Lubrizol Employees' CU is financially strong and has outlived a lot of big and small financial intuitions. She thanked the membership and attributed LZECU's success to their loyalty and support. Ms. Flores spoke about the differences between banks and financial cooperatives, such as LZECU. Being a member-owner, elected Board of Directors, and profits being returned to the membership were highlighted as the main differences.

Ms. Flores went over a couple of new services implemented in 2024: Mobile Banking Push Notifications and Early Direct Deposit. A few 2025 objectives were detailed: Tap to Pay and Digital Wallets for Mastercard®; and External, Member-to-Member and Person-to-Person Transfers. Ms. Flores informed all 2025 objectives and 2024 accomplishments are found in the Chairman's Report.

Ms. Flores thanked the volunteer Board and Committees for their service. The Staff was recognized and thanked for their hard work and loyalty to LZECU.

Ms. Flores honored Chairman Rich Miller with a 40-year service award and Secretary Delinda Dutton with a 20-year service award for their volunteer service on the LZECU Board. Ms. Flores thanked them for their dedication.

In closing, Ms. Flores thanked the member-owners for being an integral part of LZECU and choosing LZECU as their financial partner. Ms. Flores turned the meeting over to Chairman Rich Miller.

Mr. Miller gave the Chairman's Report, which is included in the 2024 Annual Report. Mr. Miller informed that LZECU is very strong. A key indicator of strength is the capital-to-asset ratio, which LZECU grew from 15.66% to a very strong 17.63%. Total Assets stabilized and ended at \$51,316,279. Loans ended at \$24,758,363. Total income of \$588,085 was added to capital. Mr. Miller discussed the importance of membership and growing LZECU through immediate and extended family, as well as spreading the word to LZ co-workers. Mr. Miller discussed the ongoing examinations by the TX CU Dept. LZECU scored a 1, the highest rating, in each of the following areas: Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk. Mr. Miller thanked CEO Rose Flores, the Staff and Board for their work in making LZECU the BEST Credit Union in the State of Texas. Mr. Miller went over the ease of using LZECU's remote services and asked the membership to make LZECU your primary financial institution.

Chairman Miller informed the Treasurer's Report and the Supervisory Committee Report can be found in the

2024 Annual Report. Next, employee Susie Morley was honored with a 30-year service award.

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 open Board positions, each for 3-year terms. Mr. Miller called for nominations from the floor. No nominations were offered. A motion was made from the floor and seconded by several that the incumbent nominees be elected by acclamation. Motion carried unanimously.

Old Business: None

Door Prize Drawings: There were 27 prizes for members 13 years of age and over; 15 prizes for members 12 years of age and under. Waynisha Edwards won the \$300 Adult Grand Prize. Sadie Clark won the \$100 Kid's Grand Prize.

Adjournment: Chairman Rich Miller asked for a motion to adjourn the meeting. Motion was made, seconded, and vote carried to adjourn the business meeting. The business meeting adjourned at 7:45 p.m.



Leadership

board of directors

	Term Ends
Rich Miller, Chairman of the Board	2027
Danny Koons, Vice Chairman of the Board	2027
Joe Morris, Treasurer	2027
Delinda Dutton, Secretary	2028
Gary Aldrich, Director	2028
Gabe Aguilar, Director	2026
Greg Drummond, Director	2026

supervisory committee

Waynisha Edwards, Chairman
AJ Jones, Member
Heath Jones, Member

nominating committee

AJ Jones Pickle
Danny Koons
Delinda Dutton

credit union staff

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