

TREASURER’S REPORT

Our merger with Group Service Employees Federal Credit Union (GSEFCU) was a very significant event that improved our ability to maximize the economies of scale. Furthermore, we significantly improved our all-important loan-to-deposit ratio from 51% to 69%.

Lifetime Federal Credit Union (LFCU) ended 2017 with assets totaling more than \$48.5 million, an increase of \$8.9 million over year-end 2016. Most of the asset growth was attributed to the merger.

We paid our members \$202,057 in dividends in 2017, an increase of \$21,955 over 2016. We made loans to our members totaling more than \$8 million in 2017. In addition, we increased our equity,

undivided earnings and reserves by over \$2.3 million to reach a new high of \$8.5 million.

Our 2017 results reflect that LFCU is a strong, sustainable and efficient financial institution, further evidenced by a net worth ratio of 17.4%, compared to our peer average of 13%.

Lifetime Federal Credit Union looks forward to serving you well in 2018.

Jack Arthur  
Treasurer

SUPERVISORY COMMITTEE REPORT

The credit union industry is highly regulated by various federal and state agencies. The Supervisory Committee of Lifetime Federal Credit Union (LFCU) is appointed by the Board of Directors to monitor the credit union’s operations and report its findings to the Board, as well as to manage the compliance requirements of the credit union.

LFCU’s most recent Supervisory Committee review of the accounting records was conducted by Credit Union Resources, Inc. for the period beginning October 1, 2016 through September 30, 2017. During the exit conference the auditors reported no major findings resulting from the audit.

The primary organization governing federally chartered credit unions like ours is the National Credit Union Administration (NCUA). NCUA generally conducts its examination of LFCU’s policies, procedures and accounting methods during the first quarter of each year. However, due to our March 31, 2018, data

system merger, NCUA’s next examination has been scheduled for September 2018.

The Mullins Group, Inc. was engaged to perform the annual Office of Foreign Assets Control (OFAC), Bank Secrecy Act (BSA) and Customer Identification Program (CIP) compliance review for the period beginning May 1, 2016 through July 31, 2017. No material exceptions were found related to the provisions of the BSA, CIP, OFAC policy or the USA Patriot Act.

Credit Union Resources, Inc. conducted the last verification of member accounts as of March 31, 2017. No material exceptions were noted. Our next verification of member accounts is scheduled for December 31, 2019.

Paul Garcia  
Supervisory Committee Chairman

MEMBERSHIP COMMITTEE REPORT

The Lifetime Federal Credit Union (LFCU) Membership Committee promotes the credit union’s benefits and services to our members and potential members, validates the eligibility of new member accounts and monitors the effectiveness of our products and services.

LFCU ended 2017 with 5,562 members, compared to 3,851 at year-end 2016, an increase of more than 1,700 members. Most of this growth was due to our merger with Group Service Employees Federal Credit Union.

We implemented a digital membership application in 2017 with our redesigned website. This feature allows eligible individuals to apply for credit union membership and fund their new account online 24/7. As a result, we are experiencing steady monthly membership gains that are directly attributable to the use of this feature by

newly hired HCSC employees in Texas. HCSC employees in Oklahoma gained access to this feature April 1, 2018.

We are extremely proud of the increased usage of our many credit union services. During 2017, we added 15 months of the most recent statement history for all e-Statement users to view, print or save. Our credit card membership continues to grow, and more members are now using e-Statements, online banking, our mobile app and other services.

In 2018, you can expect more of the same quality products and services. We encourage you to take advantage of our best-in-class products that are efficient, secure and allow you access anytime, anywhere.

Ann Colwell Tucker  
Membership Committee Chairperson



2017 Annual Report



lifetimefcu.org

BOARD OF DIRECTORS, SUPERVISORY COMMITTEE AND STAFF

Executive Officers

Bryant Phipps  
Chairman of the Board  
Laurie Wilmoth  
Vice Chairperson  
Jack Arthur  
Treasurer  
Jean Perkins  
Secretary

Board of Directors

Suzy Greer  
Jim Sires  
Mandy Smith  
Ann Colwell Tucker  
Jim Wilson

Supervisory Committee

Paul Garcia  
Chairperson  
David Guillory  
Charles Reed  
Dan Skidmore

Staff

Darryl Trammell  
President  
Ruth Aguilar  
Danielle Cooper  
Karla Cortés  
Mike Rollins  
Brandi Simpson  
Karen Spies  
Dana Trosper  
Christy Walker  
Jeff Wolverton  
Sharon Yosenick



# CHAIRMAN’S AND PRESIDENT’S REPORT

On October 1, 2017, Lifetime Federal Credit Union (LFCU) expanded its boundaries as a result of our merger with Group Service Employees Federal Credit Union (GSEFCU). On behalf of the entire Board and leadership team, we want to welcome the former GSEFCU members, employees and staff to the LFCU family. Today we are one credit union with locations in Texas and Oklahoma. And with the completion of our data conversion on March 31, 2018, all of our members enjoy the same products, services and pricing regardless of location.

In 2017, we witnessed an extraordinary event with the flooding that impacted over 200 HCSC employees in the Houston area, many of whom are members of our credit union. We're pleased to tell you that LFCU immediately reached out to the affected employees to provide financial assistance during their time of need.

Dan McCoy, M.D., President of Blue Cross and Blue Shield of Texas, hosted our ribbon cutting ceremony in August 2017 when we celebrated our new credit union brand. During that event, LFCU donated \$1,000 to the Caring for Children Foundation in support of the community service work of our sponsoring organization.

In addition to implementing a name change and a merger in 2017, we had other significant accomplishments that included a complete redesign of our website, the addition of a branded debit card and a branded LFCU app, and conversion to a new bill pay vendor that provides for transfers of money person to person, account to account and bank to bank at a much lower cost than the traditional bank wire fee. We also activated a feature that allows eligible individuals to apply for membership and fund their new accounts online 24/7.

The LFCU Board of Directors recognizes the importance of financial literacy and is making this a primary focus during the coming years. In 2017, the Board authorized a sizeable investment

in website content known as “Money IQ” that will be available to credit union members as well as to other HCSC employees. In addition, LFCU rolled out a branded auto research tool called “GrooveCar” to equip LFCU members and potential members with auto product knowledge, preferred LFCU auto vendor information and a quarterly “Auto Talk” newsletter.

During 2018, we will focus our resources on limiting the impact of merger-related issues to our new Oklahoma members. We will introduce a call center-style telephone system to distribute incoming member calls to available credit union staff at both branches. We also plan to introduce a product to give credit union members the ability to monitor their credit score online, in real time, with added tips to help improve scores.

As a financial cooperative, LFCU’s success is your success. When you participate in the credit union, whether you are a saver, a borrower or both, you are contributing to our growth. And because of our cooperative structure, we return our profits to you – the owners and members of LFCU – through competitive loan and dividend rates, new products and enhanced services to help you reach your financial goals.

Our success depends on a strong membership base, and we thank you for your trust. We are committed to serving you responsibly and responsively. We appreciate your support and are equally grateful for the support that HCSC has given to us over the years.

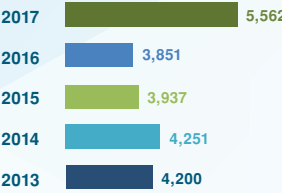
**Bryant Phipps**  
Chairman of the Board

**Darryl Trammell**  
President

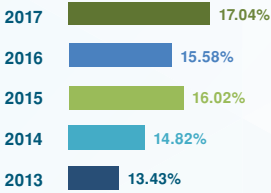
## CONSOLIDATED INCOME & EXPENSE STATEMENT

Income	12/31/17	12/31/16	Variance \$	Variance %
Investment Income	\$261,260	\$228,380	\$32,880	14%
Interest Income (Loans)	\$1,103,127	\$937,876	\$165,251	18%
Fee Income	\$435,259	\$458,909	(\$23,650)	-5%
<b>Total Income</b>	<b>\$1,799,646</b>	<b>\$1,625,165</b>	<b>\$174,481</b>	<b>11%</b>
Expenses	12/31/17	12/31/16	Variance \$	Variance %
Operating Expense	\$1,106,612	\$950,857	\$155,755	16%
Reserve for Loan Loss	\$173,824	\$136,366	\$37,458	27%
Dividend Expense	\$201,670	\$179,996	\$21,674	12%
<b>Total Expense</b>	<b>\$1,482,106</b>	<b>\$1,267,219</b>	<b>\$214,887</b>	<b>17%</b>
<b>Net</b>	<b>\$317,540</b>	<b>\$357,946</b>	<b>(\$40,406)</b>	<b>-11%</b>

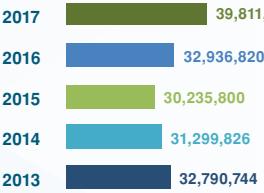
### MEMBERSHIP



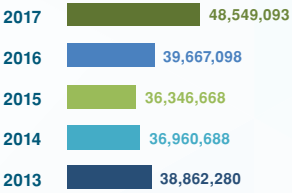
### CAPITAL RATIO



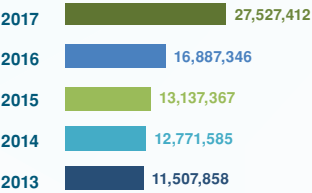
### DEPOSITS



### ASSETS



### LOANS

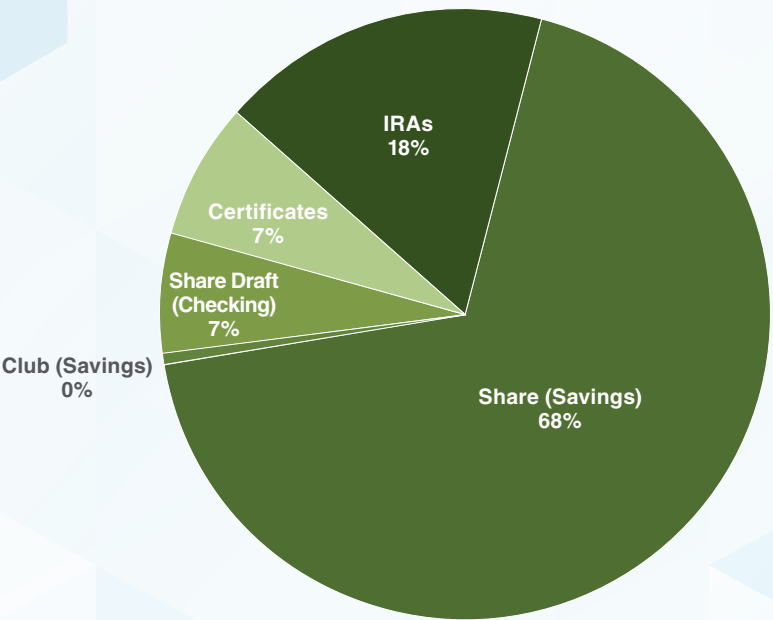


## 2017 FINANCIALS

### CONSOLIDATED BALANCE SHEET

Assets	12/31/17	% of Assets	12/31/16	% of Assets
Investments	\$20,254,378	42%	\$22,430,953	56.6%
Loans	\$27,591,327	57%	\$16,887,346	42.6%
Other Assets	\$1,062,196	2%	\$511,311	1.3%
Loan Loss Reserves	(\$387,123)	-1%	(\$198,544)	-0.5%
<b>Total Assets</b>	<b>\$48,520,778</b>	<b>100%</b>	<b>\$39,631,066</b>	<b>100%</b>
Liabilities & Equity	12/31/17	% of Liabilities	12/31/16	% of Liabilities
Shares	\$39,782,756	82%	\$32,900,788	83.1%
Dividends Payable	\$15,464	0%	\$15,973	0.0%
Accounts/Notes Payable	\$274,701	1%	\$533,063	1.3%
Reserves & Equity	\$8,447,857	17%	\$6,181,242	15.6%
<b>Total Liabilities &amp; Equity</b>	<b>\$48,520,778</b>	<b>100%</b>	<b>\$39,631,066</b>	<b>100%</b>

### 2017 DISTRIBUTION OF DEPOSITS



### 2017 DISTRIBUTION OF LOANS

