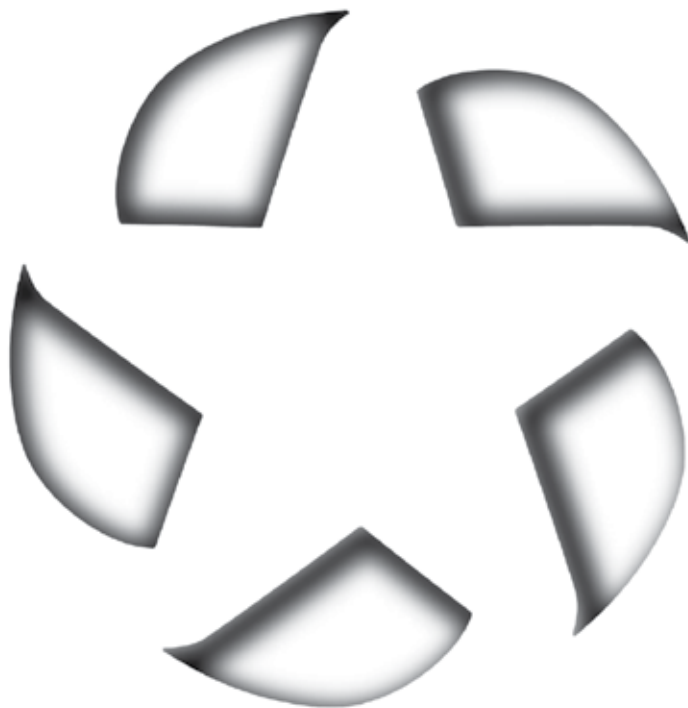




ALLIANCE CREDIT UNION

Annual Report

MAY 9, 2019



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For people, not profit.

ANNUAL MEETING MINUTES

May 10, 2018

I. CALL TO ORDER

Board Chairman Rex Andrews called the Annual Meeting to order at 6:55 p.m. Board Secretary Patsy Wilson confirmed a quorum was present. All actions approved in this meeting are unanimous unless otherwise noted.

II. INVOCATION

Bob Clemmons, member of the board of directors, gave the invocation.

III. MINUTES

Chairman Andrews presented the Minutes of the last Annual Meeting. There were no changes or corrections; therefore, the Minutes were approved as written.

IV. CHAIRMAN AND CEO REPORT

Chairman Andrews presented the Chairman Report and Matt Grannan, President and CEO, presented the President and CEO Report as printed in the Annual Report distributed at the meeting. A motion and second were made to dispense with the reading of all reports. The motion carried.

V. FINANCIAL REPORT

Chairman Andrews presented the Financial Report as printed in the Annual Report. A motion was made to accept the Financial Report. The motion carried.

VI. SUPERVISORY COMMITTEE REPORT

None.

VII. NOMINATING COMMITTEE REPORT

Chairman Andrews recognized the Nominating Committee members and thanked them for their commitment and service to the credit union. The nominating committee nominated Bob Clemmons and Kent Ballard for the two Board vacancies. Nominations by petition were called for earlier in accordance with the bylaws. Subsequently there were no candidates nominated by petition. A motion was made to accept the nominations by acclamation. The motion carried.

VIII. OLD BUSINESS

None.

IX. NEW BUSINESS

New Business was called for in writing earlier and none was submitted. A technology demonstration was given by Josh Wade, COO. Several drawings were held and a total of \$3,000 was given away to members.

X. RECOGNITION

Chairman Andrews thanked the members, board of directors and spouses, management, and employees for supporting ALLIANCE.

XI. ADJOURN

There being no further business, a motion was made to adjourn the meeting at 7:45 p.m.

AGENDA

CALL TO ORDER

Rex Andrews

INVOCATION

Bob Clemmons

ASCERTAINMENT OF A QUORUM

Rex Andrews

APPROVAL OF 2018 MEETING MINUTES

Rex Andrews

CHAIRMAN'S REPORT

Rex Andrews

NEW BUSINESS

None Submitted

CEO REPORT

Matt Grannan



CHAIRMAN'S REPORT

REX ANDREWS, *Board Chairman*

Welcome to the 79th annual meeting of ALLIANCE Credit Union. I am proud to be a member of ALLIANCE and am thrilled to see so many of my fellow member-owners engaging with our credit union here tonight. Thank you for all you do to support this outstanding financial institution. We are the stakeholders in this credit union, and we are all invested in its success. I want to recognize our board for its leadership, dedication, and passion for ALLIANCE Credit Union. We constantly look for ways to better serve you and are greatly humbled by the trust you've placed in us. As a united body of leadership, we are responsible for ensuring that we have a successful and trustworthy management team, and I can say with certainty that we do.

Rex Andrews, *Chairman*
Dewain Collins, *Vice Chairman*
Vicki Ritcherson, *Treasurer*
Patsy Wilson, *Secretary*
Bob Clemmons
Darrel Crump
Kent Ballard

As you can see in the Annual Report, ALLIANCE Credit Union performed very well in 2018. Our primary goal is to ensure your credit union stays financially healthy and well positioned to lead the credit union movement here in West Texas. We focus on offering our members the best interest rates possible, while ensuring you have access to reliable, industry-leading technology in conjunction with modern physical locations to interact with your credit union in the safest, most convenient manner possible.

Some of the highlights of our 2018 annual report include:

- *The number of accounts at ALLIANCE has increased to 23,893, representing year over year membership growth of 1,398 accounts or 6.2 %. This gives me confidence that we are serving your needs well enough to be referred to your friends and family.*
- *As our credit union membership grows, so does our asset size, which is one of the primary indicators of how well our members are receiving the products and services we offer. We ended 2018 with total assets of \$252 million, representing year-over- year asset growth of 5.3%.*
- *I'm very pleased to announce that once again ALLIANCE Credit Union is a well-capitalized financial institution, with a strong net worth ratio of 15.57%. To put that in perspective, a net worth position above 7% is considered well capitalized by our regulators.*
- *You, the member-owners of this institution, borrowed more than \$84 million, which added more than 3,993 new loans in 2018 and reflects the continued optimism in our economy and trust in your credit union.*
- *As loan demand has increased 11% from 2017 to 2018, delinquencies remain low at less than 1 %. This reflects the competitive rates we're able to offer and your strong commitment to honoring your financial obligations.*
- *It's a testament to our strength as a financial institution that so many of you are turning to your credit union for your mortgage needs. In 2018, The ALLIANCE Home Loan Center funded 158 home loans worth nearly \$21 million.*
- *Favorable interest rates and a robust regional economy motivated many of you to finance vehicles. In 2018, ALLIANCE Credit Union financed 1,820 vehicle loans worth more than \$42 million.*

Your board of directors is proud of the outstanding staff at ALLIANCE Credit Union. We stand behind President and CEO Matt Grannan with a shared vision for a successful future.



As a longtime advocate of the credit union movement, I believe we should promote the benefits of credit union membership to our friends and families whenever possible, so I want to leave you with a challenge: invite one person you know to experience the credit union difference this year. We firmly believe that ALLIANCE offers the best solutions to the everyday financial needs of our community and feel everyone should know the benefits their local credit union can provide.

In closing, I'd like to express my deepest confidence in the wisdom and guidance of our esteemed board of directors, the commitment of our dedicated staff, and the support and loyalty of our member-owners. We look optimistically into the future because ALLIANCE Credit Union is well positioned to face any challenge and seize any opportunity that presents itself in 2019.

I want to again express my gratitude for your trust and your continued membership, and I wish you and your families the very best in 2019.



Rex Andrews



**“We firmly believe
that ALLIANCE
offers the best
solution to the
everyday financial
needs of our
community...”**

PRESIDENT & CEO REPORT

MATT GRANNAN

President/CEO

The credit union movement is alive and well in West Texas! ALLIANCE Credit Union ended 2018 stronger than ever with a growing membership and record overall performance. We grew our membership base by 5.2% resulting in a year-end total of 23,893 primary member accounts! As our membership has increased so have our total assets, allowing ALLIANCE to finish the year at an all-time high of \$252,021,671.00 in total assets. We achieved an impressive 12.5% growth in our loan portfolio, ending the year with \$185,943,117 in total loans while maintaining a healthy, below average, delinquency rate of 0.88%. In 2018, ALLIANCE Credit Union recognized \$3,270,293.00 in net profit, allowing your credit union to achieve a remarkable return on assets (ROA) of 1.35%. 2018's outstanding performance, combined with a long history of positive earnings, ensures your credit union remains extremely well capitalized at an industry leading 15.57% net worth! This is more than double the regulatory requirement of 7% and means that ALLIANCE Credit Union is well insulated from all types of risk.

ALLIANCE Credit Union grew in many positive directions over the past year. Physically, we witnessed the demolition of our old 34th Street branch and the completion of its replacement, ensuring that ALLIANCE is positioned to continue serving the financial

needs of members in this area for generations to come. If you have not stopped by, I highly encourage you to do so. We also completed a sorely needed remodel of our Quaker Avenue branch lobby and broke ground on what will be our newest full-service branch and corporate headquarters, located at Spur 327 & Justice Avenue. We look forward to completing construction on this project in October of this year. In addition to enhancing our physical presence, we took great strides to roll out new and improved services, allowing the credit union movement to reach more people than ever. This includes the ability to instantly issue EMV chip enabled debit cards at three of our branches and new online account opening capabilities, allowing members of our community to join ALLIANCE 24/7 from the convenience of their mobile devices. We achieved full integration with DocuSign in 2018, giving our members the ability to securely sign and send documents electronically. Additionally, we invested in Digital Onboarding, making it easier than ever to introduce all the benefits of the credit union to our new members, while partnering with ClickSWITCH to give our members the most convenient option to bring their entire banking relationship to ALLIANCE. We are proud to give back to our members through these investments and remain hard at work to ensure we are the best and most convenient choice for all your banking needs.

As Lubbock has grown, so has demand for membership at ALLIANCE. Part of this demand consistently comes from our surrounding counties, many of which have historically found it difficult to fit into our field of membership. In October, ALLIANCE

Credit Union was granted permission by the Texas Credit Union Department to expand our field of membership to include people who live, work and worship in Lubbock and all of its surrounding counties. This means more people have access to ALLIANCE Credit Union than ever before, ensuring the credit union difference will impact more lives across the South Plains.

Giving back is an important part of the credit union mission. In 2018, ALLIANCE employees volunteered more than 116 hours of their time to organizations such as Meals on Wheels, Salvation Army, Race for the Cure, American Heart Association, Run 2 Rescue, and many more. We believe in supporting our community and are proud to have a caring staff dedicated to the credit union mission.

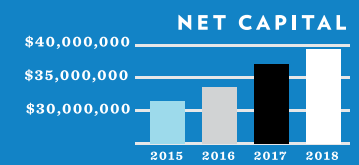
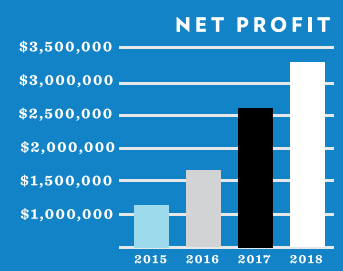
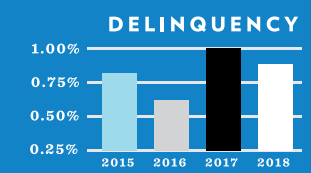
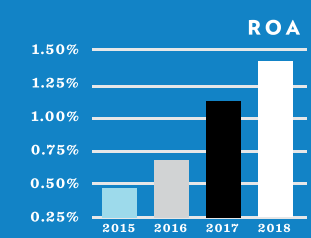
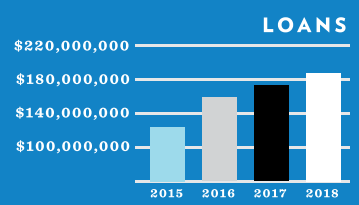
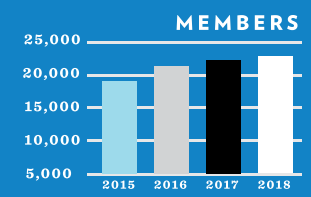
As a not-for-profit financial cooperative, our member-owners are integral to our credit union family, and we are sincerely grateful that you continue to choose ALLIANCE Credit Union as your financial partner. I thank our dedicated board of directors for its continual selfless support of our great institution. They volunteer their time and energy day in and day out to make ALLIANCE the resounding success you see today. I also thank our professional staff for all they do to improve ALLIANCE and the financial well-being of its members. The future remains bright for the credit union movement. We are for people, not profit. We are ALLIANCE Credit Union!



Matt Grannan



“We are people helping people; we are making a difference financially.”



ALLIANCE

CREDIT UNION



OUR 2018 ACCOMPLISHMENTS

A Record Year

\$252 MILLION

2018 ALLIANCE CU assets

2018 MEMBERS

22,950

AWARDED

Best Of The West:
Best Credit Union

BROKE GROUND

New Main Office (Spur 327)

INCREASED NETWORK/ WIFI

Speed at all branches

REMODELED LOBBY

At our main branch
(8401 Quaker Ave.)

NEW CENTRAL BRANCH

(2224 34th)

ADDED BANZAI DIRECT

Online education for all ages

ADDED CLICKSWITCH

Easy account “switching”
for direct deposits and
recurring payments

ADDED WARRANTIES

New Warrantech for RV's,
Boats and Motorcycles



More Counties, Greater Impact.

The articles and bylaws were amended to expand into 7 additional counties, bringing our total number of counties served to 9.

CROSBY

FLOYD

GARZA

HALE

HOCKLEY*

LAMB

LUBBOCK*

LYNN

TERRY

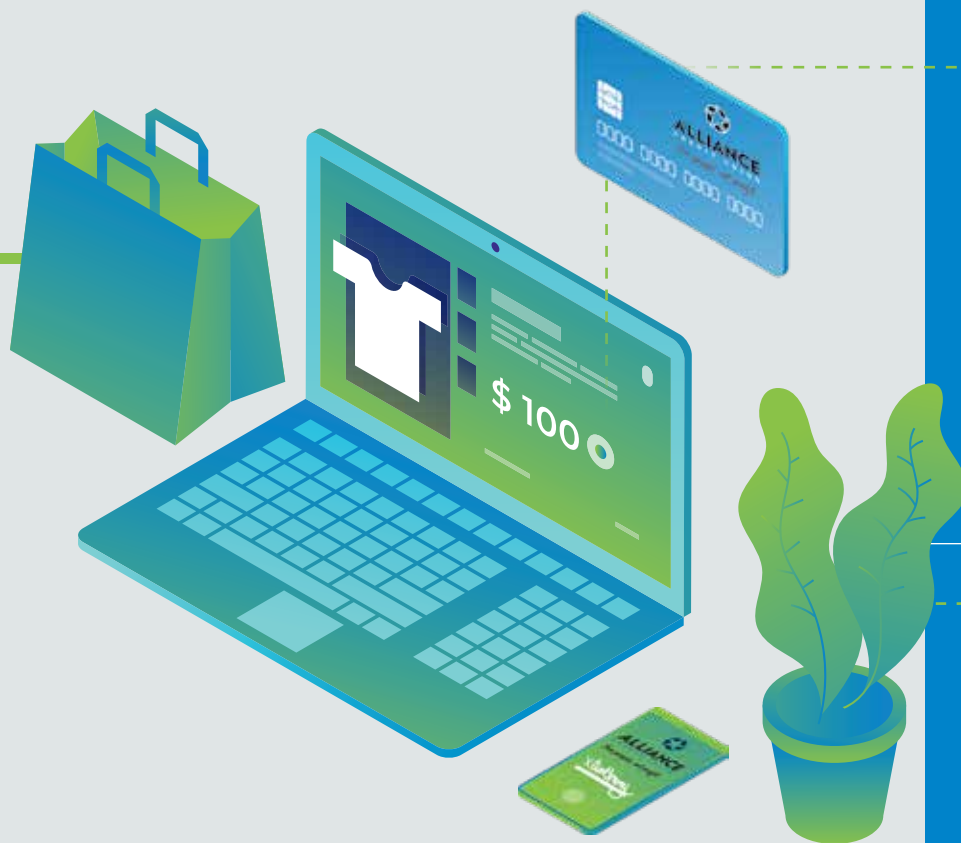


Tech Yeah!

OUR ONLINE IMPROVEMENTS INCLUDE:

- Online account opening
- Online loan applications
- DocuSign integration
- New online payment center





Tightening Security

REDUCED CARD FRAUD

60% Reduction in card fraud from 2017, totaling \$60,000.

EMV INSTANT ISSUE DEBIT CARDS

This is a permanent issue card replacement available at select locations.

E-RECEIPTS EFFECTIVE 2019

After 2018, we no longer give out non-member receipts.

We're Eco

MAKING STRIDES TO GO PAPERLESS

We added e-receipts service, Digital Onboarding for new member & new employee onboarding, paperless meetings, replaced paper cups with RTIC coffee mugs for employees, etc.

Serving the Underserved

ALLIANCE DOWN PAYMENT ASSISTANCE PROGRAM

This is an assistance program that allows borrowers to receive up to 7% of their loan to use on closing costs. Borrowers who have lower income can receive up to \$2500 on top of the 7% assistance. This makes homeownership a possibility for those who may not have the funds saved to get started.

MEMBER BUSINESS LENDING (MBL)

MBL is a credit union service organization (CUSO) that removes barriers to business lending, allowing ALLIANCE to affordably develop a quality business loan portfolio, while simultaneously serving the financial needs of small businesses.

Government in Action

S. 2155 PASSED

Your credit union, in partnership with its peers, successfully advocated for the passage of Senate Bill 2155. This critical, credit union friendly legislation allows ALLIANCE to provide members better financing options on their residential investment properties. We are committed to advocating for legislation that will positively impact our members and the entire credit union movement and are proud to be able to offer you more through this legislative win.



BOARD of DIRECTORS

	Term
REX ANDREWS <i>Chairman</i>	2019
DEWAIN COLLINS <i>Vice Chairman</i>	2020
VICKI RITCHERSON <i>Treasurer</i>	2019
PATSY WILSON <i>Secretary</i>	2020
BOB CLEMMONS	2021
DARREL CRUMP	2020
KENT BALLARD	2021

“**ALLIANCE is bigger than the physical presence we maintain throughout our seven branches; it is the ongoing commitment to the credit union movement that is present in every one of our directors, employees, and members.**”

— Matt Grannan





ASSETS	2018	2017
CONSUMER LOANS	\$84,869,688.23	\$74,477,323.93
CREDIT CARD LOANS	\$4,764,784.68	\$4,524,449.46
HOME LOANS	\$40,967,841.01	\$43,318,139.76
BUSINESS LOANS	\$53,812,703.28	\$52,943,237.16
LOANS HELD FOR SALE	\$1,528,099.76	\$1,404,641.00
TOTAL LOANS	\$185,943,116.96	\$176,667,791.31
ALLOWANCE FOR LOAN LOSS	\$(536,884.66)	\$(548,094.43)
NET LOANS OUTSTANDING	\$185,406,232.30	\$176,119,696.88
CASH	\$13,454,159.14	\$5,986,185.38
TOTAL INVESTMENTS	\$36,584,683.44	\$45,988,926.64
TOTAL FIXED ASSETS	\$12,721,868.26	\$8,951,359.08
TOTAL OTHER ASSETS	\$3,854,727.53	\$3,675,519.63
TOTAL ASSETS	\$252,021,670.67	\$240,721,687.61

SHARES & EQUITY	2018	2017
ACCOUNTS PAYABLE	<i>\$1,616,772.70</i>	<i>\$14,434,876.37</i>
REGULAR SHARES	<i>\$57,444,817.53</i>	<i>\$53,654,628.75</i>
SHARE DRAFTS	<i>\$36,158,826.70</i>	<i>\$34,809,942.65</i>
MONEY MANAGEMENT	<i>\$35,119,308.37</i>	<i>\$37,608,097.36</i>
IRA	<i>\$16,349,856.21</i>	<i>\$18,118,411.81</i>
SHARE CERTIFICATES	<i>\$65,469,433.91</i>	<i>\$45,390,598.49</i>
TOTAL SHARES	<i>\$210,542,242.72</i>	<i>\$189,581,679.06</i>
TOTAL OTHER LIABILITIES	<i>\$633,881.42</i>	<i>\$358,264.39</i>
RESERVE & UNDIVIDED EARNINGS	<i>\$39,228,773.83</i>	<i>\$36,346,867.79</i>
TOTAL LIABILITIES, SHARES & EQUITY	<i>\$252,021,670.67</i>	<i>\$240,721,687.61</i>

MEMBERSHIP		
SHARE ACCOUNTS	<i>23,893</i>	<i>22,495</i>
MEMBERS	<i>22,950</i>	<i>21,688</i>
MEMBERS INCLUDING JOINT	<i>29,368</i>	<i>27,919</i>

OPERATING INCOME

LOAN INTEREST INCOME

\$9,443,085.66

INVESTMENT INTEREST INCOME

\$1,316,625.81

OPERATING INCOME

\$4,806,441.26

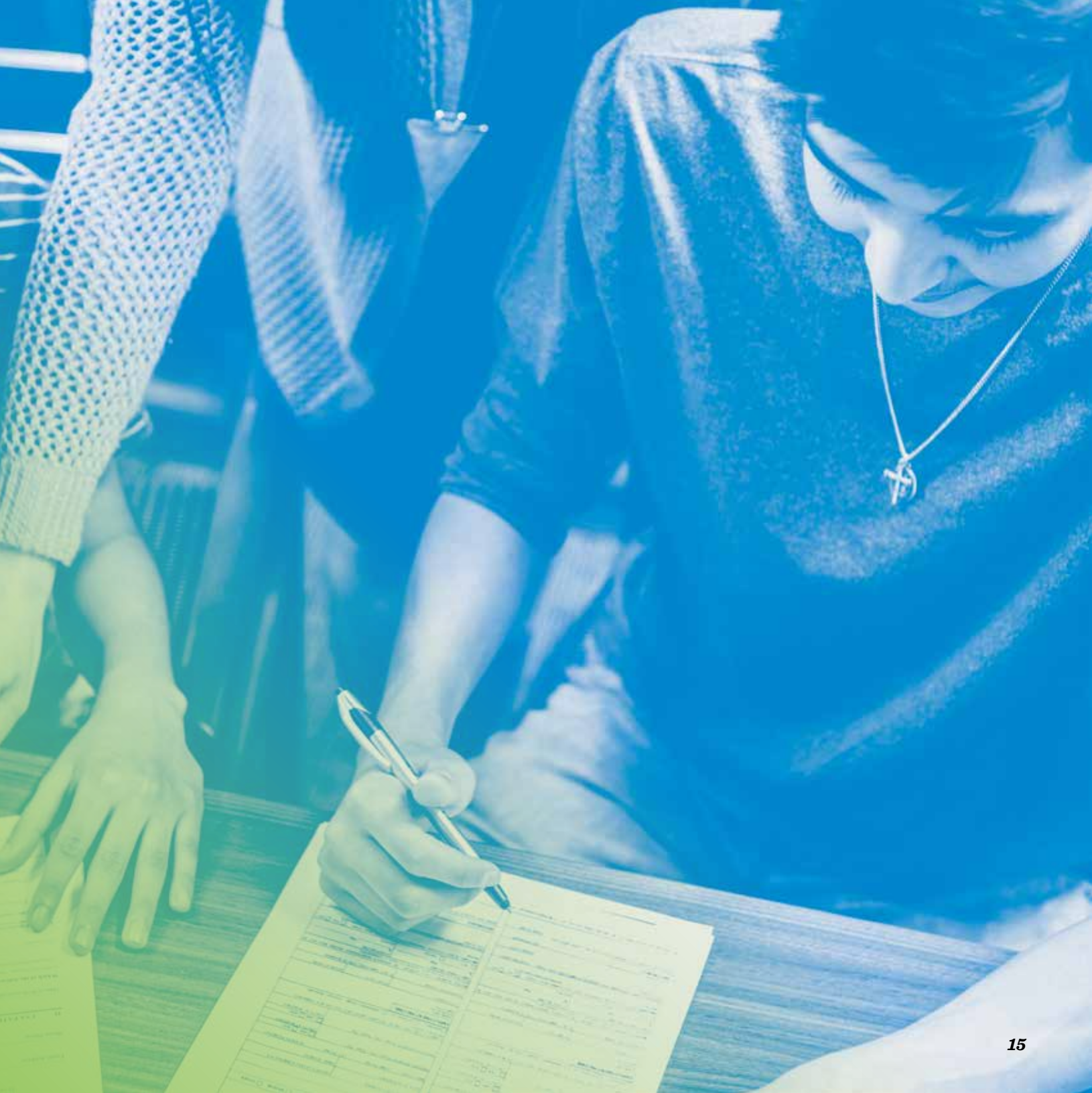
TOTAL GROSS REVENUE

\$15,566,152.73

SHARES & EQUITY

2018

EMPLOYEE COMPENSATION	\$4,212,861.05
EMPLOYEE BENEFITS	\$1,286,861.98
TRAVEL & CONFERENCE	\$182,715.05
ASSOCIATION DUES	\$84,937.14
OFFICE OCCUPANCY	\$911,414.60
OFFICE OPERATIONS	\$957,267.01
EDUCATION & PROMOTION	\$458,073.80
LOAN SERVICING	\$614,675.55
PROFESSIONAL SERVICES	\$1,288,983.76
PROVISION FOR LOAN LOSS	\$384,133.04
REGULATOR OPERATING FEES	\$39,784.58
MISC. OPERATING EXPENSE	\$144,107.86
TOTAL OPERATING EXPENSE	\$10,565,815.42
NET INCOME BEFORE DIVIDENDS	\$5,000,337.31
DIVIDEND & INTEREST EXPENSE	\$(1,829,392.46)
GAIN/(LOSS) ON INVESTMENTS	\$0.00
GAIN/(LOSS) ON DISPOSITION OF ASSET	\$2,165.00
GAIN/(LOSS) ON SALE OF PARTICIPATION	\$97,183.77
NET INCOME	\$3,270,293.68



STAFFING

Changes to our management staff are as follows:

Marketing Manager*

Abbie Jones

VP of Business Solutions*

Vacant

AVP Mortgage Solutions*

Richard Beauchamp

**Reflects Management Change*

LEADERSHIP

Matt Grannan

Jonathan Brunson

Josh Wade

OPERATIONS CENTER

Shannon Dunlap

Tim McClellan

Devannie Buck

Holly Donham

BUSINESS SOLUTIONS

Abel Perez

Ashley Barker

McKinzie Smith

John Ricker

HUMAN RESOURCES

Pam Bruce

Brittany McIntire

ACCOUNTING

Clay Beardemphl

Judy Alvarado

Traci Moore

Brenda Cambron

COMPLIANCE

Amber Cook

Laura Boles

Emily Hanby

MARKETING

*Abbie Jones**

Juliet Janet

CONSUMER LENDING SUPPORT

Matthew Davis

Azzeneth Carabali

MORTGAGE

Tracy Weatherly

*Richard Beauchamp**

Brooke Frizzell

Stephanie Ratty

Roxanne Montes

Michelle Helm

Candice Gerron

Normalinda Vasquez

INFORMATION TECHNOLOGY

Clint McQuerry

Amy Wilkinson

Devon Allen

COLLECTIONS

Michael Lopez

Drew Phillips

FACILITIES

Bobby Johnston



BRANCHES

Credit Union Bylaws have been amended to include “person(s) who live, work, attend school, or worship in and businesses and other legal entities in Lamb, Hale, Floyd, Crosby, Garza, Lynn and Terry Counties, Texas” in ALLIANCE Credit Union’s field of membership.

MAIN

**8401 QUAKER AVE
LUBBOCK, TEXAS 79424**

*Dalton Cockerham
Roxy Rammage
Cody Mayfield
Charles Jones
Lauren Williams
Klair Stoeppelman
Joann Wales
Veronica Tello
Bullett Manale*

NORTHWEST

**1008 FRANKFORD AVE
LUBBOCK, TEXAS 79416**

*Tammy Cox
Kristen Luke
Josh DeLuna
Caul Blakley
Kayla Pena
Shawn Yates*

MIDTOWN

**6601 INDIANA AVE
LUBBOCK, TEXAS 79413**

*Krystal Hedrick
Brittainy Trigg
Dorothy Holland*

MEDICAL

**3802 24TH STREET
LUBBOCK, TEXAS 79410**

*Camie Crump
Vickie Reynolds
Janna Walker
Bailey Rollins*

CENTRAL

**2224 34TH STREET
LUBBOCK, TEXAS 79411**

*Susan Urrutia
Andrew Marmolejo
Marisol Rios
Morgan Sirilo
Noah Shedd
Zach Hall
Crystal Delgado
Krisha Saucedo
Mary Joe Gonzales*

SOUTH

**2404 82ND STREET
LUBBOCK, TEXAS 79423**

*Lauri Moreno
Mari Corredor
Laura De Los Santos
Lorena Juarez
Chloe Respondek*

SOUTHWEST

**6716 82ND STREET
LUBBOCK, TEXAS 79424**

*Roger Rivas
Mary Ann Rinehart
Sande Starr
Juanita Garza
Tyler Hudson
Laura Mendoza*

E-SOLUTIONS

*LeAnn Robbins
Katy Mire
Sarah Garcia
Jeremiah Stewart
Aaron Bracy
Jay Mancilla
Ashley Lovette
Christina Gonzales*

CONTACT

PHONE

806.798.5554 / 800.687.4328

WEBSITE

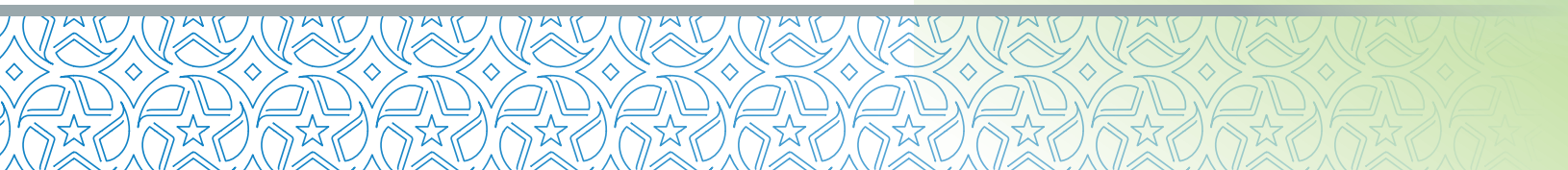
alliancecutx.com

EMAIL

info@alliancecutx.com

MAILING ADDRESS

PO Box 64970 / Lubbock, TX 79464





ALLIANCE
CREDIT UNION



ALLIANCE
C R E D I T U N I O N

ALLIANCECUTX.COM

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