

2018

ANNUAL REPORT





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Letter from the CEO

Lake Trust has always loved all things Michigan. The industries and businesses, the amazing natural resources and beauty, the incredible universities, and the spirited pride and work ethic of the people who live here inspire everything we do. But our charter permitted services only to those who lived, worked, worshiped, or attended school in just 35 of our state's 83 counties.

Honestly it felt disingenuous to champion all things Michigan when we were limited to 42% of Michigan's counties. In 2018 we developed a business case and submitted an application to expand our charter to the entire state, and in December 2018 we earned those powers. We're excited by our potential and humbled to now be a difference maker all across Michigan.

A certified Community Development Financial Institution (CDFI) since mid-2017, Lake Trust works to foster growth and prosperity in Michigan's most underserved and impoverished communities. In 2018 our CDFI Fund grant request for our micro-loan program to support small businesses in those areas resulted in a \$975,000 award. Bringing nearly a million federal dollars back to help our neighbors is a significant first step for Lake Trust, but it's just that – a first step. We're inspired and emboldened to do even more and create new stories we'll share for years to come.

Enjoy this report knowing that we never rest in our efforts to improve the well-being of our members, partners, teammates, communities, and our amazing state of Michigan.



David A. Snodgrass

PRESIDENT + CEO

Setting the Stage





CDFI Grant

In spring 2018, we learned that we had been awarded one of the largest Community Development Financial Institution (CDFI) grants given to a financial institution in Michigan. To obtain CDFI status, a bank or credit union must prove that they are dedicated to providing services and opportunities that meet the needs of low income or underserved populations.

With our social purpose focus on helping Michigan residents meet their basic needs, this funding set the stage for the work we accomplished in 2018 and what we will accomplish in the years to come. We plan to use our grant dollars to create programs and products that help the underserved in Michigan, including a program that supports micro loans for small businesses.



Making a Bigger Impact

Establishing Our Statewide Charter

As we worked through our plans to utilize our CDFI status to help the underserved, we were faced with a problematic question: How could we truly make an impact on the entire state of Michigan when we only served 35 counties?

Late in 2018, we received our statewide charter. This important milestone enabled us to open membership to anyone who lives, works, worships, or attends school anywhere in Michigan. We're excited to welcome more members in 2019 and enhance the positive impact that we can make together.



Investing in Our Communities



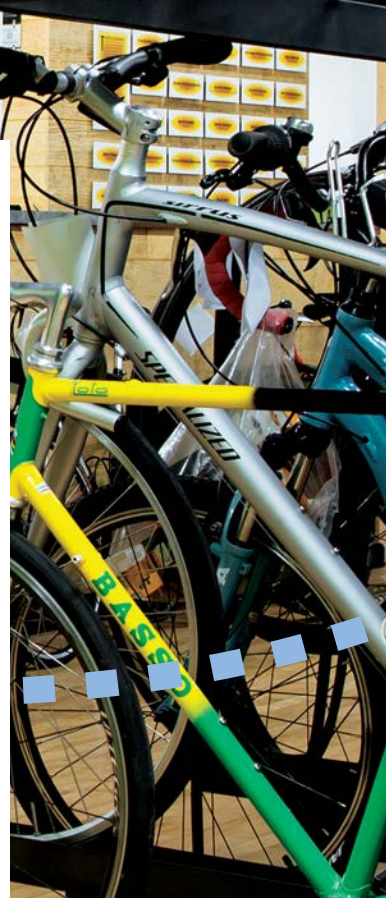
We won the 2017 SBA Michigan District Credit Union Lender of the Year Award, presented to us in 2018.



Commercial Services

We care about the well-being of Michigan business owners and the important role they play in creating vibrant communities. Our Commercial Services team demonstrated this commitment after learning about a grant opportunity that could help Shaun and Dawn, who are the owners of Hometown Bicycles LLC, in Brighton and Lake Trust commercial members. The Elevate Grant, offered by the Federal Home Loan Bank (FHLB) of Indianapolis, was created to help enhance local economic development, job creation, and business expansion.

Our team worked with Shaun and Dawn to help them apply for the \$25,000 grant. In September, Hometown Bicycles LLC was chosen as a grant recipient. The funds will help the business expand to include a larger bike repair shop and allow additional space for a small business incubator rental area.



Lending a Hand





Success in Lending

In 2018, **we granted more than 24,000 loans totaling nearly \$553 million** to our consumer and commercial members. We recognize that our lending offerings can have a positive impact on Michigan and help improve the financial health of our members and our communities. For example, lending to commercial members to expand or start a business can help local economies flourish and aid in job creation. By lending on an individual level, we can help members purchase a reliable car to help them get to work, find a home in a new community, or consolidate their debt to free up cash for their family.

Also, in alignment with our social purpose connection, we've cumulatively focused **\$28.4 million of our assets** to strengthen and support members, communities, and businesses that are focused on improving and building vibrant neighborhoods.

Lake Trust households saved nearly \$2.7 million in interest on their loans due to our low loan rates.*

*Source: 2018 Performance Analytics from Raddon – A Fiserv Company.



Sharing Our Mission

Lake Trust Foundation Golf Outing

For the sixth consecutive year, we gathered with our supporters for the Lake Trust Foundation Golf Outing. This important day is our biggest yearly fundraiser for the Foundation. The proceeds from this event help us give back to the community in the form of grants, donations, and scholarships.

We focused the day on providing more education on how the Foundation helps meet the basic human needs of food, shelter, clothing, health care, and education in Michigan neighborhoods.

Our supporters demonstrated their enthusiasm for our efforts. This year marked the most successful golf outing in the history of the Foundation **with a 54% increase in fundraising** from 2017!





Providing New Opportunities



In 2018, the Lake Trust Foundation awarded \$135,620 in grants, contributions, scholarships, and Cleary University Scholarships.



Lake Trust Foundation Scholarships

While exploring ideas to enhance our scholarship offerings, we realized that more opportunities were needed for non-traditional students. Skilled trade careers are in high demand in Michigan, so why don't more scholarships exist for these students? Why are there a limited number of opportunities for people changing their career path later in life?

With a strong desire to answer these questions and help more students realize their potential, we revamped the 2018 Lake Trust Scholarship Program. We created three new scholarship categories focused on different educational outlets: vocational school, college, or entrepreneurship. In August, **we awarded 10 individuals with scholarships** and celebrated the recipients' educational pursuits at a special ceremony held at HQ.



Providing New Opportunities (Continued)

Scholarship Stories

Joan

Social Entrepreneurial Scholarship Recipient

With shop and home economic classes being cut from area schools, many kids won't get the opportunity to explore hands-on careers. Joan volunteers with the Experimental Aircraft Association (EAA) Chapter 907 in Mt. Pleasant. She hopes to revitalize interest in aviation careers by teaching classes and hosting workshops for kids.

"We're going to have a shortfall in all things related to aviation in a few years: Instructors, builders, wiring experts, welders, plumbers. We want to keep those skills alive in our next generation."

Her \$2,000 scholarship will help her chapter of the EAA continue to provide education for aspiring students.





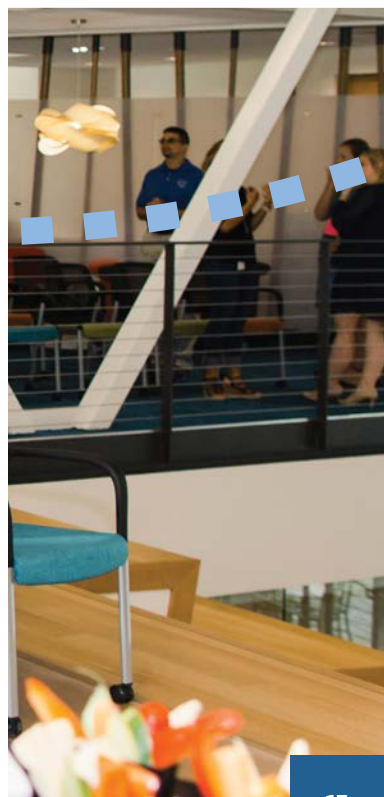
Linda

Community Impact Scholarship in Honor of Douglas Hawes

Linda teamed up with the local community outreach to start a food program in her hometown six years ago. On the fourth Friday of every month (when money is often short for struggling families), she serves a free, home-cooked community dinner. Her full-tuition scholarship to Cleary University will help with the costs of obtaining her master's degree.

“Getting this scholarship and being able to go back now and get my master’s degree is an opportunity that I never, ever dreamed possible before.”

Linda plans to use the skills she gains from her education to expand her monthly community dinner program into a daily offering to help those in need.



Taking Care of Our Team





We won the 2018 American Institute of Architects Detroit Honor Award for our HQ building.

Culture + Recruiting

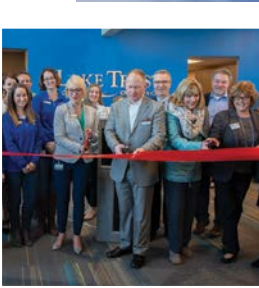
We value the importance of giving back, not only to our communities but to our team as well. In 2018, we expanded benefits for Team Lake Trust to include college student loan repayment, a well-being program, and more. In addition to our internal enhancements, we also received the following awards in recognition of our culture, benefits, and workplace environment:

- Crain's Detroit Business recognized us as a Cool Workplace*
- Listed as a Best and Brightest in Wellness® Workplace*
- Detroit Free Press named us a Top Workplace

*Two years in a row!



Expanding Our Reach





New Location in Howell

In February 2018, we opened a second location in Howell to meet the needs of this growing community. Our new branch includes two video teller machines, which offer extended service hours for our members and interaction with a live Member Experience Associate.

Leveraging the excitement around the new branch, we took this opportunity to **donate over \$6,500 back to the community**. We donated \$1,500 each to LACASA, Arc of Livingston, and Bountiful Harvest, all local non-profits that focus on meeting basic human needs. New members in Livingston County helped us continue giving during a one-month promotion. Upon opening a membership, they could choose to have an additional \$10 donation go to one of the three non-profits or the Lake Trust Foundation.

We opened 115 new memberships during our give back promotion period.

Sharing Our Passions

Community Reinvestment

In 2018, we revamped our sponsorship and contribution efforts to focus on supporting opportunities that would allow us to make a bigger impact on the communities we serve. **We invested more than \$270,000 in projects and events in Michigan** that support economic development, fulfill basic human needs, or offer programs for entrepreneurs.

We gave back \$1.4 million to our members through our Lake Trust Rewards program and helped members save an additional \$8.1 million by offering lower and fewer fees. *

*Source: 2018 Performance Analytics from Raddon - A Fiserv Company.





Our dollars were reinvested across the state to help several organizations, including:

- ▶ **LANSING** Impression 5 Science Center Exhibit and Education Program
- ▶ **ANN ARBOR** Ann Arbor SPARK
- ▶ **HOWELL** Gleaners Community Food Bank: Milk Movement
- ▶ **DETROIT** Capuchin Soup Kitchen
- ▶ **GRAND HAVEN** Love In Action of the Tri-Cities
- ▶ **MT. PLEASANT** Mt. Pleasant Area Community Foundation



Condensed Consolidated Statements of Financial Condition

As of December 31, 2018 and 2017

DOLLARS IN THOUSANDS

Assets.	2018	2017
Cash & Cash Equivalents	\$72,147	\$90,884
Investments	161,928	171,255
Loans	1,466,386	1,391,927
Property & Equipment	61,134	62,736
NCUSIF Deposit	15,375	14,950
Goodwill & Other Intangibles	40,514	43,399
Other Assets	42,868	42,108
Total Assets.	\$1,860,352	\$1,817,259

Liabilities & Members' Equity.	2018	2017
Members' Shares	\$1,619,914	\$1,588,969
Borrowings	37,000	34,000
Other Liabilities	10,756	11,053

Total Liabilities.	1,667,670	1,634,022
Members' Equity	192,682	183,237
Total Liabilities & Members' Equity.	\$1,860,352	\$1,817,259

Condensed Consolidated Statements of Income

Years ended December 31, 2018 and 2017

DOLLARS IN THOUSANDS

	2018	2017
Interest income	\$65,076	\$61,848
Interest expense	7,282	5,970
Net interest income.	57,794	55,878
Provision for loan losses	5,439	5,094
Net interest income after provision for loan losses.	52,355	50,784
Noninterest income	24,858	20,257
Noninterest expense	(66,308)	(62,343)
Net income	\$10,905	\$8,698



REPORT OF INDEPENDENT AUDITORS ON
CONDENSED FINANCIAL INFORMATION

Board of Directors

LAKE TRUST CREDIT UNION
BRIGHTON, MICHIGAN

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statements of financial condition of Lake Trust Credit Union as of December 31, 2018 and 2017 and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the years then ended; and in our report dated March 19, 2019, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



Crowe LLP

GRAND RAPIDS, MICHIGAN
MARCH 19, 2019

Moved By Good Day





Share your story at
MovedByGood.org.

One day, hundreds of smiles.

For our first Moved By Good Day, we asked Team Lake Trust if they'd spend a day giving back to causes that aligned with our social purpose. More than **300 team members donated their time at 22 volunteer sites across Michigan**. Two of these sites included Lansing Charter Academy and Detroit Premier Academy, schools with high poverty rates among their student population.

After learning about the significant impact that a winter coat can have on the academic life of young students, the Lake Trust Foundation donated **1,400 coats between the two schools**. Besides offering warmth, a coat can improve attendance and allow students the opportunity to play outside during recess. These are some of the many reasons we consider clothing to be a basic human need.

In one day, we gave back
1,236 combined volunteer
hours to our state.



Working Together to Give Back

Creative ways we help our communities

Bikes for Tykes

Every kid deserves the chance to feel the freedom of riding a bike. Partnering with our friends at Hometown Bicycles LLC, Team Lake Trust volunteered **174.5 hours of time to build 42 bikes** for kids in need. We then donated the bikes to 16 different charities in communities we serve.





Hygiene Drive

With the goal of helping more people meet their basic needs, we organized a hygiene drive during Homeless Awareness Month. Team Lake Trust collected deodorant, toothbrushes, toothpaste, soap, and razors to build **nearly 3,000 personal care packs**. The packs were donated to 8 shelters in Michigan.

Giving Tuesday

Keeping with our Giving Tuesday tradition, we donated one penny from every debit and credit card transaction that was made from Black Friday thru Cyber Monday. The community voted for Ele's Place, a non-profit dedicated to supporting grieving children and their families, to receive our **\$8,292 donation**.

We donated almost a full year of time in volunteer hours (7,000 hours) during 2018.



Building Partnerships

Business Development

Construction of Lake Trust Stadium at Cleary University was completed in fall 2018. The stadium will provide new opportunities for athletic and entertainment events, which will have a positive economic impact on the community. We're excited to play a role in the growth of this area through our strategic partnership with the only four-year university in Livingston County. An official grand opening for the stadium will take place in 2019.



Cleary University's baseball, softball, lacrosse and soccer teams will host games at Lake Trust Stadium.



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laketrust.org