



ASHLAND
Credit Union

2018

Annual Report

From Our President



2018 was a fantastic year for Ashland Credit Union (ACU) and our members. ACU had outstanding growth in loans of 17.6% and deposits of 12.5%. Our assets surpassed the milestone of \$250 million and grew 11.3% from the prior year. 2018 was a year of reaching new heights and setting new records while maintaining strong financials and remaining a well-capitalized financial institution. Being well-capitalized allows us to be well-positioned to meet the challenges that future economic conditions might bring.

When your credit union's staff and volunteers see these strong growth numbers - when we see the increased account usage - we do not see numbers. On the contrary, we see this growth as PEOPLE. People whom we are helping and people who are choosing to trust us with their financial needs.

While I am proud of our successes in 2018, I am also thankful for the employees and volunteers who worked so diligently on your behalf to bring you valuable products and services. I am also thankful for you, our member - that you are trusting Ashland Credit Union as your partner.

Although it is beneficial to look back at last year's success, I am also greatly looking forward to the plans we have for 2019 and beyond for ACU. We are developing some exciting new services and products which will allow us to continue to serve our members and help you maximize your financial well-being. After all, that is our mission!

Mission Statement

Vision Statement

Building lifelong financial relationships in order to maximize the financial well-being of our members, one member at a time.

Be the financial institution of choice by our members and potential members.



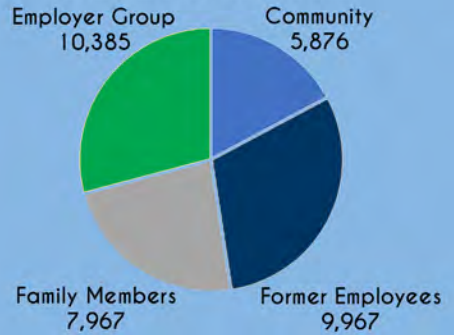
Growth

Like many credit unions, Ashland Credit Union started as a small organization serving only select employer groups (SEGs). Originally known as Ashland Oil Employees Credit Union, ACU's roots began by serving the employees of Ashland Oil and Refining.

As Ashland Oil evolved into Ashland Inc., the Credit Union grew as well, offering membership to companies such as Marathon, Valvoline and SuperAmerica. After years of continual growth and changes in the membership base, the Credit Union was renamed Ashland Credit Union.

While ACU continues to cultivate its relationship with the employees and families of its employer groups, it has spent the last decade expanding its reach and branching out (literally!) to include additional employers and local communities.

Membership By The Numbers 34,195 Total



Eligibility

Membership is extended to individuals who live, work, worship, or attend school in the following communities:

FIVCO Area Development District (Kentucky counties of Boyd, Carter, Elliott, Greenup, and Lawrence)

Bluegrass Area Development District (Kentucky counties of Anderson, Bourbon, Boyle, Clark, Estill, Fayette, Franklin, Garrard, Harrison, Jessamine, Lincoln, Madison, Mercer, Nicholas, Powell, Scott, and Woodford)

Minnesota (Minnesota counties of Washington, Dakota, Ramsey, or Hennepin)

Membership is extended to current and former full-time, part-time, and volunteer employees of our sponsor companies and their family members. Contract employees currently working at a sponsor company facility are also eligible. Family membership is also extended to immediate family of current members as well as any person who resides in the same household as an eligible individual. This includes spouses, parents, grandparents, children, grandchildren, siblings, aunts & uncles, nieces & nephews, stepbrothers & stepsisters, and in-laws.



In addition to the above, other employer group relationships include, but are not limited to the following organizations:

- Blackhawk Mining
- Big Sandy Superstores
- Bowie Resources LLC
- City of Cottage Grove
- SuperMom's Bakery
- Tri-State Industrial Supply

2018 Financial Summary

Balance Sheet* (\$,000)

As of December 31, Unaudited

Assets	2017	2018
Loans to Members (net)	\$165,733	\$194,849
Investments	52,907	50,297
Cash	891	930
Fixed Assets (net)	2,152	1,997
Other Assets	4,977	4,146
Total Assets	\$226,660	\$252,219
Liabilities and Equity		
Regular Shares	\$39,483	\$35,279
Share Certificates	53,261	74,870
Money Market Accounts	76,287	78,760
IRAs	6,923	10,010
Checking	13,883	14,279
Other Shares	5,505	6,533
Other Liabilities	3,614	2,137
Members' Equity	27,704	30,351
Total Liabilities and Equity	\$226,660	\$252,219

Statement of Income* (\$,000)

Year Ending December 31, Unaudited

	2017	2018
Loan Income	\$7,412	\$8,945
Investment Income	1,030	1,082
Insurance and Other Income	1,923	2,263
Total Income	\$10,365	\$12,290
Operating Expenses	7,251	7,228
Income Before Dividends	3,114	5,062
Share Dividends	331	459
Money Market Dividends	444	732
Share Certificate Dividends	658	1,032
Total Dividend Expense	\$1,433	\$2,223
Net Income (Loss)	\$1,681	\$2,839

2018 Financial Summary

Miscellaneous Statistical Information

Year Ending December 31

	2017	2018
Ratio of Loans to Shares	85.5%	89.2%
Liquidity Ratio	4.8%	6.9%
Net Capital Ratio	12.4%	12.2%
Year-End Net Loan Yield	4.7%	4.9%
Loans Written	4,782	5,879
Number of Members	32,482	34,195
Members with Loans	5,840	6,494

Loan Balances* (\$,000)

As of December 31, Unaudited

	2017	2018
Used Vehicles	\$39,647	\$48,942
Home Equity	34,956	38,961
New Vehicles	34,077	44,604
First Mortgages	37,745	40,304
Credit Cards	6,695	7,065
Unsecured	5,651	6,305
Motorcycles	2,776	3,526
Boats	2,851	3,267
Share and Certificate Secured	888	987
Other Secured	766	980
Commercial	937	995
Allowance for Loan Loss	(1,256)	(1,087)
Total Loan Balances	\$165,733	\$194,849

*2018 figures are unaudited. An annual audit of Ashland Credit Union financials is carried out by Crowe Horwath LLC. Copies of the annual audit can be made available to members upon request following its completion.

There is a strong correlation between GDP growth and credit union growth – when the economy is doing well, credit unions tend to do well. As the economy continued to expand during 2018, members continued to see the value offered by ACU's products and services, leading to growth in nearly all product categories. Nationally, the Federal Reserve raised short-term interest rates four times for a total of 100 basis points. A strong economy and increasing interest rates translated to a 20.7% increase (\$1.5 million) in loan income. In order to fund our 17.6% increase (\$29.1 million) in loan balances, deposits increased by 12.5% (\$24.4 million) resulting in a 55.1% increase (\$790 thousand) in dividend expense. As a result, net income increased by almost \$1.2 million (or 55%) as operating expenses were basically unchanged from 2017. Our year end capital ratio declined by 20 basis points to 12.2% as 2018 asset growth exceeded income growth which is still in excess of the 8% guideline of a well-capitalized financial institution.

Education

ACU recognizes the importance of financial literacy in our community. Making an impact on area schools and bringing education to our community members is our priority.



Seminars

ACU ON the GO provides the convenience of having the credit union come to you. Last Summer, ACU hosted eight weeks of financial seminars at no cost to the community at its temporary mall branch.

Schools Participating
in the ACU Affinity Visa®
Debit Card Program



Current Schools:

- Ashland Independent Schools
- Holy Family Schools
- Boyd County Schools
- Park High School
- East Ridge High Schools
- Raceland Worthington Independent Schools
- Fairview Independent Schools
- Rose Hill Christian School

Eagle Street Credit Union

Our first school-based, student-run credit union, Eagle Street was partnership between ACU and Fairview High School. Students received a hands-on experience by giving loans, opening accounts and taking deposits. ACU received the distinguished Kentucky Desjardins Youth Financial Education award for this effort.

Scholarships awarded
for Higher Education
in 2018

\$11,000

ACU established a scholarship program in 2016 to recognize outstanding overall achievement among high school seniors pursuing higher education after graduation. Emphasis is placed on academics, extracurricular activities and community service hours.

Earned by Affinity Card
Schools Using the Visa®
Debit Card Program in 2018.

\$10,881

Schools earned almost \$11,000 through their individual Affinity Card programs in 2018. These Funds go toward helping schools provide excellent opportunities for their students.

Donated to Affinity Card
Schools in 2018

\$23,560

In addition to scholarships and the Affinity Card funds, ACU's commitment is clear.

Community

2018 proved to be another great year of community involvement. ACU helped organize and participated in projects that provided over 60 beds to area youths with no place to sleep, provided over 200 blankets to area residents in need, and continuously worked with organizations in our community so that even small acts make a big impact.

ACU employees are encouraged to volunteer with community organizations and charities and are allowed excused time off each month during the work week to do so.

ACU also made our biggest move to date bringing branch access to community members by opening the first ACU ON the GO branch in the Ashland Town Center Mall in downtown Ashland, KY. This allowed

Credit Union membership and accounts to grow, provided a convenient location to hold seminars and offered on site banking, right in the middle of the mall.

Seeing a need and fulfilling it helps our members, strengthens our communities and gives hope for those who are struggling, financially or otherwise.

Staff

Looking back over the almost eight decades that ACU has served our members, one thing remains the same - having a remarkable staff. ACU could not be all that we are to members without the dedication and loyalty of our employees. Through growth and expansion, added responsibilities are greeted head-on. The flexibility of each employee to make new and creative ideas work is an unmatched benefit that places Ashland Credit Union employees among the best in the business.

Four
Branches

55
Staff

ACU has a lot to be proud of.



Photo by
Tiffany Black,
MCCU



Photo by
Caryl Carver,
The Daily Independent



The backbone of Ashland Credit Union is its volunteers. The credit union is led by its volunteer Board of Directors, which directs the CU's operations and maintains responsibility for the general direction and control of the organization. The volunteer Supervisory Committee safeguards member assets by ensuring adequate policies and procedures, organizes the CU's annual audit, and reviews and investigates escalated member complaints.

Board of Directors

Werner, Marita - Chairperson
Curry, Michael - Vice Chairperson
Spence, Matthew - Treasurer
Ray, Andy - Secretary
Dearing, Tom
Frisby, Robert
Hsu, Joseph
Mallonee, Josh
Noel, Leslie
Schifsky, Michael
Walters, RobRoy

Supervisory Committee

Crutcher, Wilma - Chairperson
Bruce, Carol
Caudill, Marjorie Ann
Cross, Janet
Dietrich, Mary
Gerrald, Rachel
Mottett, Christopher
Pousette, Gustav
Pruitt, Barbara
Thompson, Danielle
Thompson, Leeronna
Williams, Lesley
Wohlberg, Emily

Ashland Branch

Lucas, Larry - President
Rothenstine, Traci - Administration Sr. VP
Strader, Jason - Operations VP
Ulincy, Jon - IT/Marketing VP
Blevins, Jan - Member Services Mgr.
Dalton, Kim - Collections Mgr.
Short, Gretchen - Accounting Mgr.
Stewart, Donna - Call Center Mgr.
Wyatt, Josh - Operations Mgr.
Adams, Lisa
Barry, Crystal
Boggs, Brandi
Brown, Ginger
Brown, Jackie
Burriss, India
Bush, Summer

Butcher, Heather
Chaney, Lisa
Cox, Simeon
Evans, April
Fitch, April
Gambill, Mary
Garvin, Ernie Sue
Gillum, Hannah
Hatten, Bettie
Hensley, Elizabeth
Holland, Megan
Johnson, Amy
Lange, Tracy
Lynch, Desiree
Mabry, Emily

Mantle, Kevann
McClanahan, Janelle
McKenzie, Christy
Meade, Alex
Muncy, Tabitha
Nichols, Angie
Osborne, Robert
Revely, Amanda
Rothenstine, Lindsay
Salyers, Marla
Smith, Rita
Stanley, Candace
Sullivan, Rhonda
Tackett, David
Tackett, Laura

Cottage Grove Branch

Alexander, Tim - Branch Mgr.
Kellogg, Robin
Lewis, Linda
Moua, Malina
Sweeney, Jessica
Quast, John

Dublin Branch

Cornett, Martha
Hawkins, April

Lexington Branch

Leblanc, Tracy
Melendez, Miriam
Tillman, Brittany