

2018 ANNUAL REPORT



Taking Dreams Higher Together



Our Mission:

To assist our members and communities by providing superior service and innovative financial solutions, meeting their dynamic needs, wherever life leads.



Chairman's Report

Consolidated Financials

We are honored to report that FreeStar Financial is in a strong financial position and growing to meet your needs now and well into the future. In 2018, our membership reached 20,211 and continues to increase as a result of your loyalty, engagement, and referrals. Thank you to those who actively tell friends, family, co-workers, and neighbors about the incredible value and service that FreeStar Financial offers.

In 2018, members voted FreeStar Financial as Macomb Daily's Best of the Best in the Reader's Choice Award category for credit unions. Thank you for naming FreeStar Financial as the best credit union in Macomb County for the seventh year in a row! Helping you achieve financial success is what inspires our Board of Directors and motivates employees every day.

This year's Member Survey satisfaction rating was 96%. The staff works hard to deliver superior service and appreciates your trust and confidence. As a member-owned credit union, your support is integral to our success, and we are proud to serve you.

FreeStar Financial also received the Desjardins Award for Adult Financial Education in 2018. This award honors leadership within the credit union movement for their contributions to financial literacy. We strive to create member and community wealth by providing tools that make managing money easier and more impactful. Financial education programs are hosted throughout the year to help you plan and take action for better financial wellness.

We have exciting news! FreeStar Financial is expanding to open two additional branch locations. The credit union operates as a full-service financial institution in 10 counties in southeast Michigan and serves all military members throughout the entire state. To meet the needs of this diverse field of membership, a 2,500 square foot branch will open this summer in Shelby Township at 56350 Van Dyke Avenue (south of 26 Mile Road). Our sixth branch will open in St. Clair Shores by the beginning of 2020 as we continue investing in our communities.

Together, we will work to deepen relationships with current members at our four existing locations and look forward to expanding our presence in these new markets. We hope you, as members, are proud to be part of a financial cooperative focused on creating financial security for you and your family. FreeStar Financial looks forward to building a stronger community with all of you in 2019 and beyond.

R. W. White Jr.

Raymond White Jr.
Board Chairman

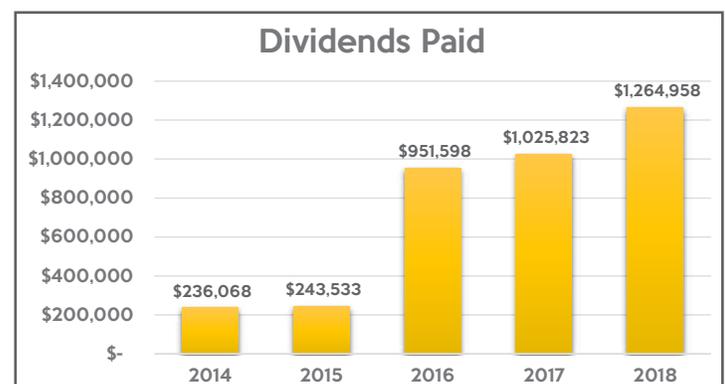
| | Dec. 31, 2018 | Dec. 31, 2017 |
|-------------------------|----------------------|----------------------|
| Assets | | |
| Loans | 180,246,562 | 174,410,113 |
| Allowance for Loan Loss | (1,735,968) | (1,680,579) |
| Cash | 1,826,081 | 1,377,422 |
| Cash on Deposit | 11,034,147 | 2,538,825 |
| Investments | 12,588,245 | 19,833,586 |
| Land & Building | 6,071,655 | 4,056,825 |
| Other Assets | 5,899,165 | 7,376,810 |
| Total Assets | \$215,929,887 | \$207,913,002 |

| | | |
|---------------------------------------|----------------------|----------------------|
| Liabilities & Equity | | |
| Shares | 51,989,297 | 48,812,136 |
| Money Management | 43,101,197 | 48,064,241 |
| Share Drafts | 26,347,512 | 24,917,659 |
| Certificates | 63,141,080 | 61,489,957 |
| Other Liabilities | 8,624,210 | 3,226,472 |
| Total Equity | 22,726,591 | 21,402,538 |
| Total Liabilities & Equity | \$215,929,887 | \$207,913,002 |

| | | |
|---------------------|---------------------|---------------------|
| Income | | |
| Loan Interest | 8,626,010 | 7,819,609 |
| Investment Interest | 443,742 | 428,617 |
| Other Income | 3,545,683 | 3,605,073 |
| Total Income | \$12,615,435 | \$11,853,299 |

| | | |
|------------------------|---------------------|---------------------|
| Expenses | | |
| Operating Expense | 9,850,993 | 9,161,408 |
| Dividends Paid | 1,264,958 | 1,025,823 |
| Interest on Borrowings | 105,823 | 48,783 |
| Total Expense | \$11,221,774 | \$10,236,014 |

| | | |
|-------------------|--------------------|--------------------|
| Net Income | \$1,393,661 | \$1,617,285 |
|-------------------|--------------------|--------------------|





President/CEO's Report

As your President and CEO, it is my great honor and privilege to report another consecutive year of strong financial performance and growth in loans, assets, and membership. We thrive because of your trust and contributions. On behalf of the management and staff, thank you for your loyalty and involvement in our Credit Union.

FreeStar Financial's mission is to assist our members and communities by providing superior service and innovative financial solutions to meet your dynamic needs, wherever life leads. This includes helping each member improve their financial future and quality of life by benefiting from new products, convenient services, and competitive rates.

As an organization, we helped members build their future by giving out \$62.4 million in loans in 2018. Staff continued to put their expertise to use, serving those buying homes, consolidating debt or purchasing a new vehicle.



In June 2018, a new website was launched featuring improved search and navigation capabilities. The site also made it easy to join FreeStar Financial online, so when you recommend us to your family and friends, it's easy for them to join and enjoy the benefits, too.

New ATM machines were installed at Chesterfield and Clinton Township, and we upgraded the ATM at Sterling Heights. Now you no longer need envelopes to make your deposit.

We are excited to share additional technology related developments to benefit you in 2019:

- Enhanced online and mobile banking capabilities to promote ease of use and added security
- Interactive Teller Machines (ITMs) at the new branches with more advanced features than ATMs
- In-branch printing of debit cards, allowing members to receive and activate their new debit card at account opening



FreeStar Financial is committed to the following goals to increase the value of participating in our credit union:

- Secure and protect member data by staying current on the latest security issues
- Maintain financial strength and stability to safeguard your financial future
- Deliver superior service and expertise in every interaction
- Continuously improve standards and processes to ensure consistency and accurate transactions
- Actively promote teamwork and professionalism among co-workers
- Develop leadership capabilities that instill a culture of excellence

Our staff is here to serve you, and we remain committed to providing quality products and financial services that offer value, convenience, and security at competitive rates. FreeStar Financial's mission is to improve the lives of our members. We are honored to partner together to help Take Your Dreams Higher!

Drema D. Isaac
President and CEO

20,211
MEMBERS

\$1,264,958
Dividends Paid

96%
Member Satisfaction

\$62.4 Million
New Loans

Loan Revenue
↑10%

\$1.3 Million
Net Income

Board of Directors



Raymond White Jr.
Chairman



Edward Cotter Jr.
Vice Chairman



Jeffrey Bruss
Secretary



Clifford Brown
Treasurer



James Ellis
Director



Thomas Churchwell
Director



Catherine Patyi
Director



Supervisory Committee



Charles Larsen
Chairman



James Tenney



Karen Chaves



James Safian



Henry Sommerstorfer

Executive Team

Drema Isaac
President/CEO

Eric Heinrich
Chief Financial Officer

Jennifer Martines
Executive Vice President

Anne Lester
Vice President of Branch Operations

Paula Rose
Vice President of Marketing

Tim Strenk
Vice President of Information Technology



FreeStar Financial Credit Union

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www.freestarfinancial.com
586-466-7800

Branch Locations

Chesterfield
Clinton Township
Shelby Township (*Summer 2019*)

Selfridge
Sterling Heights