It is the opinion of the Audit Committee of VyStar Credit Union that the current financial operation, established internal controls and procedures of VyStar are sound. This opinion is based on the results of the audits performed by external auditors, Nearman, and examinations performed by our State and Federal Examiners.
Thanks to you, our valued members, 2018 was a year filled with exciting changes and growth for VyStar. Your credit union continued its strong financial performance and steady growth in membership, loans and deposits.

Our net income for 2018 was a record $80.4 million, which was 32.2% greater than 2017. Our net worth ratio was 8.70%, which is considered strong by the National Credit Union Administration (NCUA). A credit union is considered well capitalized if they have over a 7% net worth.

One of VyStar’s objectives is to always be a recognized and reliable borrowing source. During 2018, we disbursed over $1.9 billion in loans to our members and business members, helping them buy autos and homes, purchase business properties and refinance existing higher-rate mortgages, business properties and other loans. In 2018, net loans to members—including mortgage, automobile, credit card and business loans—reached almost $5.7 billion. Total mortgage loans were $2.5 billion—an increase of 5.9% over 2017—making VyStar the second largest mortgage lender by volume in Northeast Florida according to the July 20, 2018, edition of the Jacksonville Business Journal.

Member growth remained strong in 2018. By the end of the year, VyStar was serving 643,809 members with assets of almost $8.3 billion and managed investments of $680.6 million through VyStar Investment Services.

VyStar was also keenly focused on making a wide variety of exciting, innovative and impactful changes to even better serve our members, employees and communities.

“Believe in Better”

VyStar launched the “Believe in Better” program, a series of improvements that were designed to enhance VyStar’s products, services and member experience. Showing our true commitment to our tagline, “We never forget that it’s your money,” our credit union set the following changes into motion for our members:
• **Extended Call Center Hours:** Members can now access VyStar’s Call Center and VyChat representatives for assistance every day of the week, from 7:00 a.m. to 7:00 p.m., excluding holidays.

• **Fewer Fees:** Over half of our fees were lowered or eliminated in 2018, saving members more than $1 million annually, in addition to the millions we already save them every year.

• **Extended Nationwide Network of Surcharge-Free ATMs:** Members can now use their debit or ATM cards at more than 20,000 surcharge-free ATMs across North America, so your money is always within reach—wherever and whenever you need it.

• **Enhanced Business Services Offerings:** Our business mortgage product line was relaunched to better serve our business members.

• **Makeover of VyStar Branches and ATMs:** During the year, we upgraded our landscaping, signage and ATMs at our branches and added technology packages to each branch to enhance member service.

**New and Improved Employee Benefits**

We further improved VyStar’s already competitive employee offerings to help achieve the goal of making VyStar the best place to work—in not only Jacksonville, but the entire state of Florida. In October 2018, we announced an extensive set of new and improved benefits that were rolled out to our employees as of January 1, 2019, including:

- $15 full-time minimum wage + bonus opportunity
- Parental/family care leave
- Child adoption assistance
- Student loan payoff assistance
- Extra paid time off
- New/free medical insurance options
- Improved 401(k) benefits
- Tuition assistance, and much more

**VyStar Tower**

Being the best place to work isn’t just about offering great benefits to employees. It’s also about providing them with a comfortable workspace that supports their efforts, inspires creativity and fosters opportunity for growth. For this reason, during the summer of 2018, we showed our
commitment to our employees and the greater Jacksonville area by purchasing the VyStar Tower (formerly known as the SunTrust Tower) in the heart of Downtown Jacksonville, where we will transition our headquarters to by the end of 2019. By providing a positive working environment for the VyStar team, VyStar will continue to attract and retain a highly skilled and motivated workforce that supports our credit union’s vision and mission: to bring credit union services to more people and provide financial service to our members and communities.

**Community Service**

VyStar played an active, hands-on role in supporting various community organizations and events throughout 2018, such as the March of Dimes, the United Way of Northeast Florida, the Leukemia & Lymphoma Society, Youth Crisis Center, Feeding Northeast Florida, the Clara White Mission’s Mister Rogers’ Sweater Drive, the NAS Jax Air Show, First Wednesday Art Walk, the Jacksonville Lantern Parade, the River City Pride Parade, FSCJ Broadway Artist Series and many more. We also created a new Vice President of Community Engagement and Sponsorships position so VyStar can even further strengthen our support and contributions to the communities we serve. VyStar’s generosity and devotion to community service also extended beyond VyStar’s field of membership. For example, all proceeds raised at VyStar’s Downtown Jacksonville parking lot during the Florida vs. Georgia NCAA football game on October 27th were donated to Hurricane Michael relief efforts in the Florida Panhandle.

**Military Appreciation**

A vocal supporter of our country’s service men, women and families, VyStar made strides this September by donating the space and construction cost necessary to open the first USO PathfinderSM transition service center in Jacksonville—which is also the first of its kind to be built in Florida—at VyStar’s Naval Air Station Jacksonville (NAS Jax) branch. In keeping with our tradition of supporting our troops, this contribution made by VyStar to the USO Pathfinder program will help give service members the assistance they need to reintegrate into civilian life. The 758-square-foot facility serves as a site where transitioning members can go to work one-on-one with professional scouts to identify their personal and professional goals, create an action plan, get access to the resources they need to accomplish their goals outside of the military, and ensure that their transition is as smooth and successful as possible.
Expansion
In November and December, VyStar received approval from the Florida Office of Financial Regulation (FLOFR) to significantly expand our field of membership, allowing us to serve an additional 27 counties in Florida and four Georgia counties. We also announced our first merger and acquisition of Citizens State Bank (CSB), a Florida state-chartered bank headquartered in Perry, Florida. It will add $280 million in assets and provide 4 additional branch locations—two in Gainesville and our first Taylor County branches in Perry and Steinhatchee. We can now provide membership to anyone who lives or works anywhere in a total of 49 counties across Central to Northern Florida, including the Panhandle (Pensacola to Jacksonville) and the entire stretch of Central Florida (reaching as far south as Melbourne to the east, and across to Tampa/St. Petersburg on the west) as well as Ware, Charlton, Camden and Glynn counties in Southeast Georgia. This is a significant milestone in our vision to bring credit union services to more people.

VyStar also steadily continued its branch expansion plans during 2018, with new full-service branches opening in Gainesville Oaks, Orange City and DeLand. We are excited to keep the commitment we made to the residents and businesses in the Gainesville and Volusia County areas by continuing to grow in their communities. Additionally, in October, we held true to our promise of promoting financial education among our youth by opening our 14th High School Credit Union Branch at Yulee High School.

None of these exciting changes would be possible without the backbone of our credit union: our members. Thank you for your membership, and thank you for continually inspiring us to serve others and to give the very best of ourselves each day. We never forget that it’s your money.

Eric J. Hatfield  
Chairman of the Board

Brian E. Wolfburg  
President/CEO
Hurricane Michael relief efforts in the Florida Panhandle.

In keeping with our tradition of supporting our troops, VyStar made strides this September by donating the space and construction cost necessary to open the first USO PathfinderSM center to be built in Florida—at VyStar's Naval Air Station Jacksonville (NAS Jax) branch.

A vocal supporter of our country's service men, women and families, VyStar also steadily continued its branch expansion plans during 2018, providing membership to anyone who lives or works anywhere in a total of 49 counties across Central to Northern Florida, including the Panhandle (Pensacola to Jacksonville) and the entire stretch of Central Florida (reaching as far south as Melbourne to the east, and across to Tampa/St. Petersburg on the west) as well as Ware, Charlton, Camden, and Glynn counties in Southeast Georgia. This is a significant milestone in VyStar's union’s vision and mission: to bring credit union services to more people.

None of these exciting changes would be possible without the generosity and devotion to community service also extended beyond VyStar's support and contributions to the communities we serve. VyStar's Community Service Sponsorships position so VyStar can even further strengthen our commitment to our neighbors. VyStar played an active, hands-on role in supporting various community organizations and events throughout 2018, such as the Clara White Mission's Mister Rogers' Sweater Drive, the NAS Jax Air River City Pride Parade, FSCJ Broadway Artist Series and many more. We also created a new Vice President of Community Engagement and DeLand. We are excited to keep the commitment we made to the March of Dimes, the United Way of Northeast Florida, the Leukemia &...
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and acquisition of Citizens State Bank (CSB), a Florida state-chartered

bank headquartered in Perry, Florida. It will add $280 million in assets

and 50 years.

Consolidated Statements of Financial Condition
December 31, 2018 and 2017 (Dollars in thousands)

ASSETS
2018                          2017
Cash and cash equivalents $443,388 $806,327
Investments
Trading
39                          62
Available-for-sale
1,799,306 1,879,805
Other
74,902                       68,014
Loans to members, net
5,642,243 5,833,484
Accrued interest receivable
18,677                        14,892
Property and equipment, net
233,305                      151,896
National Credit Union Shares Insurance Fund deposit
34,382                       56,290
Other assets
18,819 10,210
Total Assets                  $12,204,175 $17,206,497

LIABILITIES AND MEMBERS' EQUITY
Liabilities
Deposits
$5,956,244 $5,464,640
Accrued expenses and other liabilities
67,759                        105,816
Borrowed funds
1,487,311                      1,152,805
Total liabilities
7,513,874                      6,820,261
Members' Equity
Accrued earnings
726,989                       640,580
Accumulated other comprehensive income
(164,072) (9,443)
Total members' equity
613,917                      621,137
Total Liabilities and Members' Equity $12,204,175 $17,206,497

Consolidated Statements of Operations
Years Ended December 31, 2018 and 2017
(Dollars in thousands)

Income from sold loans
183,210                      154,125

Net Income
218,981                      194,176

Loans to members, net
5,642,243 5,833,484
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Safety, Soundness and Security Report
From VyStar Credit Union’s Audit Committee

It is the opinion of the Audit Committee of VyStar Credit Union that the current financial operation, established internal controls and procedures of VyStar are sound. This opinion is based on the results of the audits performed by external auditors, Nearman, Maynard, Valliz, CPAs, our Internal Audit Department, as well as examinations performed by our State and Federal Examiners.

Jonathan Hogan
AUDIT COMMITTEE CHAIRMAN