



# 2016 Annual Report

*Helping people achieve their financial dreams.*





**Jim Combs**  
Chairman of the Board

## 2016 Chairman's Report

2016 brought another year of strong growth for 1st Financial. Our strategic focus continued to be in the areas of income growth, member experience, employee experience, and community presence. This controlled focus resulted in strong earnings and subsequent capital and asset growth ending the year at \$217 million.

Your Board of Directors is happy to report positive growth in our metrics related to loans made to members, new accounts, checking account growth, employee engagement scores, and community impact.

Our 2016 results reflect the fact that our team of employees at 1st Financial are committed to ensuring that we are improving the financial lives of our members while continuing to make a positive difference in the communities we serve.

The Board of Directors is looking forward to another year of continued positive impact and success for our members, employees, and the communities we serve in 2017.

Respectfully submitted,

**Jim Combs**  
Chairman of the Board

## Helping our Neighbors

Like all credit unions, we were created with a philosophy of 'People Helping People'. This means we have the pleasure of being more than just a checking account or auto loan service provider. We make decisions every day with the knowledge that we not only have the power, but the responsibility to invest in the financial success of the communities we serve.



**Mission: St. Louis**  
Helping People 1st – February '17

**43 hours**

Financial counseling for credit union members.

**1139 students**

Participated in at least one financial education program.

**290 members**

Participated in adult education programs held or sponsored by 1st Financial.

**450 hours served in the community**

Logged by *Helping People 1st*, 1st Financial's employee volunteer program.

**840 neighbors served** (i.e. good neighbor days, community events, etc.),

Community members that were educated on our core purpose and offered free credit reviews and financial consultations.

**142 small-dollar loans**

Provided to members, totaling \$141,051 with an average loan value of \$993.31.





## 2016 CEO Report

### Year in Review

2016 was a great year for our members and our credit union. Our assets grew by 4.31% to \$217M by December 2016. We had 6,283 members join our credit union and net membership growth of 7.43%. This growth rate was more than triple the rate of our peers. 5,327 members borrowed money from us which resulted in a total of \$86 million in new loans. Our outstanding loan portfolio grew by 5.8% in 2016 and our outstanding deposit accounts grew by 4%. Without support from our loyal members, these numbers would not be possible.

During the second half of 2016, we saw delinquency start to rise at a pace faster than expected. However, some quick analysis and slight changes to underwriting helped us identify and reverse this negative trend.

Steadily increasing capital allowed 1st Financial to give back to our members in 2016. We paid out \$207,000

in benefits to TailorMade checking account holders and increased our dividend rate to .60% for deposits greater than \$20,000. We refunded \$148,000 in Oops NSF Fee forgiveness. We removed the fee from our SnapDeposit product to allow members to remotely deposit checks from their mobile phone free of charge.

### Products and Services

In 2016 we rolled out a new investment program to better meet our members needs. We launched our 1st Financial Visa credit cards and more than 1,000 members are now carrying our card. We helped our members improve security by issuing more than 16,000 EMV chip debit cards. We rolled out Android and Samsung pay to allow our members to use their debit cards from their mobile phones. In June, we started offering instant issue debit cards in all of our branches. We also started a new service that gives our members the ability to make loan payments via their debit or credit card.

We implemented several new enhancements to our mobile banking application including person to person payments, fingerprint authentication, and the ability to send and receive money from another financial institution. We rolled out a new mobile app for our credit card holders. We introduced our RollUp savings account which rounds up debit card transactions to the nearest dollar and helps our members save by transferring that money into a savings account which pays 5% interest up to \$250. In late December, we rolled out our Get Real Blog/Vlog which provides our members with everything they need to know about credit unions and tips for managing money.

### Regulatory

2016 brought new regulations that credit unions had to determine how to implement. The Military Lending Act was the most significant. The complex and vague language in the regulation left most institutions, including ours,

scrambling to understand what would be required to implement.

A new proposed Consumer Financial Protection Bureau (CFPB) ruling regarding payday loans was well intended but ended up putting so many restrictions on the lenders that even the safe loans that credit unions offer were threatened. The CFPB continues to refuse to exempt credit unions from their rule making even though they are aware that credit unions are not abusing consumers.

These new regulations cost your credit union money and continue to impact our ability to make the best use of the funds you entrust us with. We regularly advocate in Jefferson City and Washington DC for the rights of credit unions and our members.

### Community

One of the biggest honors bestowed upon 1st Financial in 2016 was winning the Community Credit Union of the Year award for the programs we have implemented to help make a better St. Louis. We were one of two credit unions across the United States to receive this award and we are very proud to share it with our employees and our members.

Our Community Development Financial Institution (CDFI) Designation was renewed by the US Treasury which shows we are a credit union that is focused on helping people get out of poverty. Some of the ways we do this are

by participating in the VITA tax preparation program, providing credit building seminars, providing financial education seminars, and by performing credit reviews utilizing one of our on staff certified credit counselors. In 2016, we provided essential credit reviews for numerous members.

As part of our programs to give back, our employees spent 450 hours serving in non-profit organizations in our community. We also provided \$10,528 in grant funds to 16 of our local non-profit organizations. Giving back to the community for credit unions isn't required by a Community Reinvestment Act like it is for banks. It's part of who we are. I am proud of our team of employees for the passion they have to serve in our community *just because*.

### The Year Ahead

2017 will be another big year for 1st Financial and our members.

Our continued capital growth has allowed us to dream bigger.

### 2017 will bring:

- A new branch at 1721 Zumbehl Rd that should be open by September.
- A new mobile banking and online banking program that will provide better usability and functionality.
- A new appointment system that will save our members time by allowing them to set up appointments so they don't have to wait when they visit our branches.
- Coffee in our branches that will help make the branches a little more welcoming.

- Saturday hours at the Downtown branch that will help make us more convenient to our Downtown members.

- Online chat that will help our members save time by allowing them to connect with us via an additional delivery channel

- A credit builder loan that will allow our members to build good credit habits and help them raise their credit score

- Online account opening which will save our members time by not having to visit a branch to open up a new account

1st Financial Federal Credit Union is a locally owned, not-for-profit, financial cooperative that is owned by you, our members. We have a unique business model in that every single member has a voice. One member, one vote.

1st Financial is very blessed to have a dedicated group of Board and Supervisory Committee members that are committed to the success of our credit union and to ensuring we are meeting the needs of our membership. In addition, we have a passionate group of employees who care about the financial dreams of our members and work diligently to serve you. Thank you for playing a part in the continued growth of 1st Financial Federal Credit Union.

I look forward to another successful year in 2018

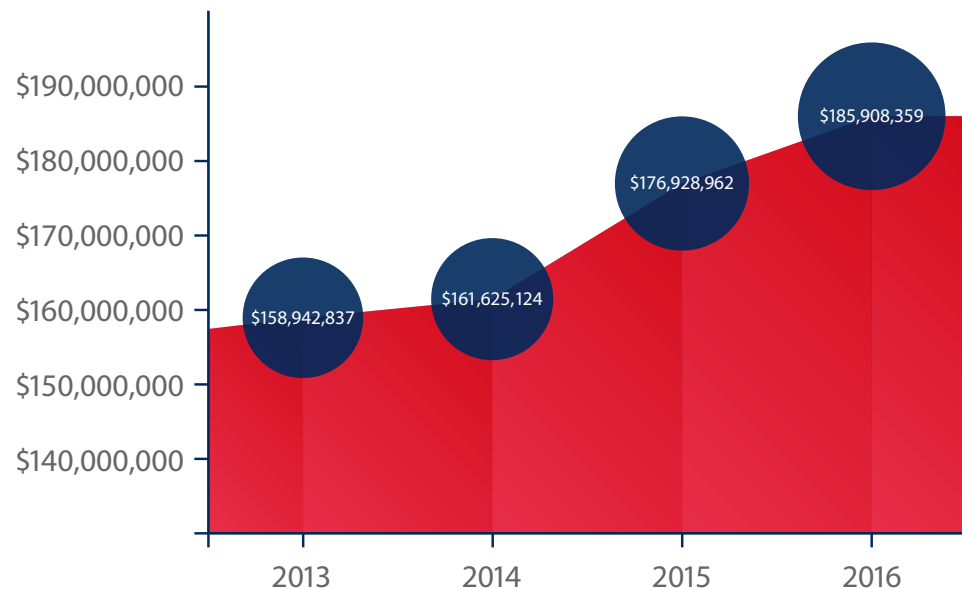
Respectfully,



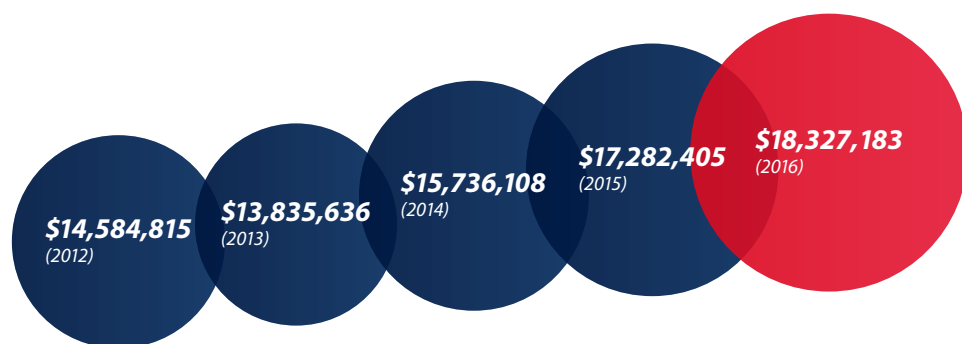
Carol Minges  
Chief Executive Officer

# Our Financial Growth (by year)

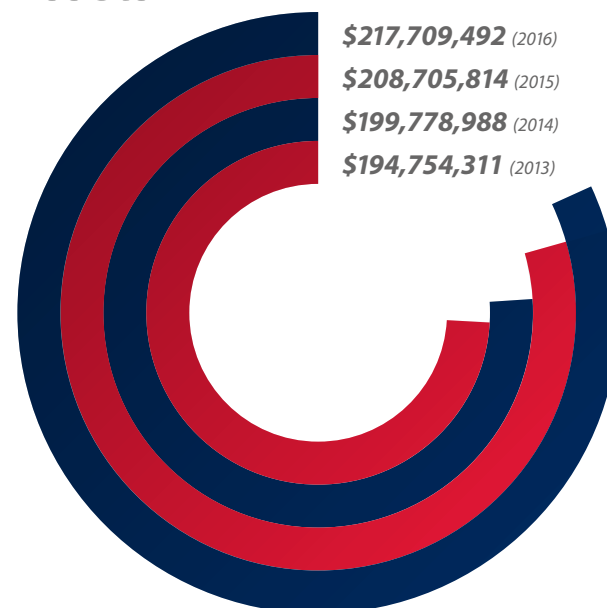
## Net Loan Growth



## Overall Capital Growth



## Total Assets





# Comparative Balance Sheet

Assets	2016	2015
Cash on-hand and in Banks	\$3,548,846	\$2,819,237
Investments & Deposits	\$12,009,461	\$12,687,131
Loans to Members	\$185,908,359	\$176,928,962
Land, Office Property, & Equip.	\$11,738,665	\$11,850,261
National CU Share Ins. Fund	\$1,870,220	\$1,812,607
Accrued Interest Receivable	\$800,070	\$702,595
Other Assets	\$1,833,871	\$1,905,021
<b>Total Assets</b>	<b>\$217,709,492</b>	<b>\$208,705,814</b>
<b>Liability and Equity</b>		
Member Savings	\$194,054,436	\$188,450,532
Accrued Expenses & Other Liabilities	\$5,327,873	\$2,972,877
<b>Total Liabilities</b>	<b>\$199,382,309</b>	<b>\$191,423,409</b>
<b>Equity and Reserves</b>		
Regular Reserves	\$2,923,808	\$2,923,808
Reserve for Contingency	\$15,585,940	\$14,377,914
Unrealized Gains (Losses) on Investments	(182,565)	(19,317)
<b>Total Equity and Reserves</b>	<b>\$18,327,183</b>	<b>\$17,282,405</b>
<b>Total Liabilities, Equity &amp; Reserves</b>	<b>\$217,709,492</b>	<b>\$208,705,814</b>

# Comparative Income Statement

Assets	2016	2015
Interest Income	11,152,129	9,266,198
Interest Expense	528,896	607,469
<b>Net Interest Income</b>	<b>\$10,623,233</b>	<b>\$8,658,729</b>
Provision for Loan Losses	4,132,837	1,741,069
<b>Net Interest Income After Provision</b>	<b>\$6,490,396</b>	<b>\$6,917,660</b>
Other Income	4,981,917	4,495,760
Other Non Interest Operating Expenses	10,264,287	9,842,743
<b>Net Income/(Loss)</b>	<b>\$1,208,026</b>	<b>\$1,570,677</b>

**Todd Grizzle**  
Supervisory Committee Chairman

## 2016 Supervisory Committee Report

The purpose of the Supervisory Committee is to ensure that the financial condition of the credit union is accurately and fairly presented in the credit union's financial statements; and the credit union's management practices and procedures are sufficient to safeguard members' assets. The Committee supervises an annual external audit of the financial condition of the credit union, verifies account information, and reports the results to the Board of Directors. In 2016, the Certified Public Accounting firm of Cummings, Ristau & Associates was retained by the Committee to perform the annual audit of the credit union's financial statements. The National Credit Union Administration conducted their examination of the credit union during 2016.

In addition to these audits and examinations, the Committee conducts periodic tests of the credit union's operations and accounting practices. All items disclosed by the above referenced audits, examinations, and tests have been addressed and any necessary corrective action(s) has been taken. It is the unanimous opinion of the Supervisory Committee that 1st Financial Federal Credit Union is a financially solid credit union and is being operated safely and soundly while providing quality member service.

Respectfully submitted,



Todd Grizzle  
Supervisory Committee Chairman

# Our Mission

Save you money. Make you money. Save you time. *That's why we exist.*

## Our Service Promises

- We promise to provide you with service so great you will never want to leave us
- We promise to listen to you and offer appropriate solutions
- We promise to recommend products and services that are in your best interest
- We promise to act with integrity
- We promise to take ownership of your requests
- We promise to make decisions that benefit you, the owners as a whole

## Our Core Purpose

*Helping people achieve their financial dreams.*

## Your Investment Into The Community

We are a not for profit financial institution, using our limited resources to change lives throughout St. Louis and St. Charles communities.

We have created community development programs that offer small monthly grants to nonprofits and government programs which are focused in the areas of providing sustainable housing, job training and education to our communities. These are the areas we see our members having some of the largest hurdles for financial success and it is our desire to use our limited resources to assist our community to overcome and succeed in each of these capacities.

We work hard to build strong relationships with local nonprofit organizations because we see a need to strengthen our community. 1st Financial Federal Credit Union is more than just a banking institution, we develop these partnerships with passionate individuals who also fill a need within the community.

Since early 2014 we have been able to donate over \$30,000 to these local nonprofit and government initiated organizations and offered over 1,100 paid employee volunteer hours to the people of St. Louis and St. Charles counties.

At 1st Financial, we want you to know that when you invest your money in one of our checking accounts or auto loans, you have done more than give yourself a low cost banking product. You have also invested into the future success and continued change in the communities you love.



**Michelle Rosner**  
Chief Lending Officer

**Winnie Caldwell**  
On The Money Magazine  
Community Partner

# Board Members and Management

## Board of Directors

Jim Combs	Chairman
Christina Mulvenna	1st Vice Chairperson
Bo Setzekorn	2nd Vice Chairperson
Paul Sikorski	Secretary
Bob Rutkowski	
Victoria Reed	
Gina Hakenewerth	

## Supervisory Committee

Todd Grizzle	Committee Chairman
Aileen Sandoval	Secretary
Sherron Rives	
Alex Heidari	
Tim Gossett	

## Executive Management

Carol Minges	Chief Executive Officer
Dave Franke	Chief Financial Officer
Michelle Rosner	Chief Lending Officer
Robyn Whalen	VP of Employee Experience
Laura Woods	VP of Marketing & Community Presence
Lone Callahan	VP of Member Experience
Steve Broadbent	VP of Technology



**Downtown St. Louis**  
1407 Washington Avenue  
St. Louis, MO 63103

**Hazelwood**  
5916 North Lindbergh  
Hazelwood, MO 63042

**St. Charles**  
1550 Country Club Plaza  
St. Charles, MO 63303

**Wentzville**  
1232 Wentzville Parkway  
Wentzville, MO 63385

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**2016 Community  
Credit Union  
of the Year**

