

Sidney K.  
Books N Bros  
Act #14



# 2018 Annual Report

*Helping people achieve their financial dreams.*





**Gina Hakenewerth**  
Board Chairwoman

## 2018 Chairwoman's Report

2018 was 1st Financial's 50th year of existence and the strongest performance year in our history. The credit union saw our delinquency and charge offs stabilize which resulted in record earnings for the credit union. This allowed us to increase our capital to 8.53% continuing to reinforce our strong financial position.

As part of our continuing strategic focus, 1st Financial made significant progress on our four key strategic intents of income growth, member experience, employee experience, and community presence. The credit union measures our success in each of these areas with several key performance indicators. In 2018, we achieved 90% of these benchmarks resulting in strong progress in every area.

Your Board of Directors monitors the progress made by the credit union each month and is delighted to report that the credit union remains financially strong. This is evidenced by many positive trends including checking account penetration rates above our peers, increasing capital, high employee engagement scores, increasing products per member, increasing Net Promoter scores, and a growing number of low-income members served.

We know that our members have come to count on 1st Financial to help them achieve their financial dreams. Your Board of Directors and the employees of 1st Financial are committed to making a positive difference in the lives of our members and the communities we serve.

We look forward to another year of positive impact and success for our members, our employees, and our communities in 2019.

Respectfully submitted,

**Gina Hakenewerth**  
Board Chairwoman

## 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.



**Mike M.**  
Employment Connection  
Act #27

### **27 hours**

Financial counseling for credit union members.

### **\$465,328 stl youth deposits**

Total amount deposited into STL Youth Jobs checking accounts.

### **251 hours of financial education**

Youth and adult education programs held or sponsored by 1st Financial.

### **492 hours served in the community**

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

### **\$9,943 donated from 50 Acts of Cooperation**

**16** Member Nominated Acts, **11** Nonprofits Acts,  
**11** Volunteer Acts, **8** 1st Financial Department Nomination Acts,  
**4** Community Acts of Cooperation.





**Carol Minges**  
Chief Executive Officer

## 2018 CEO Report

### **Year in Review**

1st Financial is a not for profit financial cooperative, who for the past 50 years has been using our limited resources to change lives throughout the St. Louis and St. Charles communities.

We are more than just a banking institution. 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. We do that by helping people. Some who have been members for a long time and some who have been attracted to us by seeing how we serve the community and have decided to join our cooperative.

In 2018, we provided help to our members in many ways.

Our members increased their deposit account balances by more than \$13 million dollars in 2018 showing that our members trust us to provide them with a good return on their investment.

We also loaned out \$87 million dollars to 5,111 members in 2018 helping them purchase vehicles and homes, pay for weddings, consolidate their debt, and to help them achieve many other dreams.

The income we made in 2018 allowed us to build our capital to 8.53% which continued to keep the credit union in a strong financial position. We used a portion of that income to continue our responsibility of giving back to our loyal members. We paid out \$329,643 in benefits to TailorMade checking accounts. We were able to increase the interest rate on our High Yield Savings Account by 40 basis points to 1.40%. We also offered several certificates of deposit that were very

competitive in our market and saw our members deposit several million dollars into our top of the market 27-month certificate.

### **Products and Services**

In 2018, we rolled out several products and services to attract new members and to serve our existing members.

One service our members have been asking for is the ability to open new products online. In April 2018, we gave our members this ability by implementing a new service meeting our members where they are by allowing them to open and fund a new checking or savings account online from anywhere that is convenient.

In order to provide our members with an easier way to make their loan payments, in 2018 we implemented a service that allows members to make payments from a credit card or via ACH by phone 24 hours a day.

In the Spring of 2018, we developed a relationship

with Carvana, an online car buying service, allowing our members to purchase a vehicle from anywhere that is convenient to them including right from their own home. The loan can be funded via DocuSign and the car delivered right to their house. 1st Financial is continuing to find ways to provide convenience in everything we do.

### **Community**

Community Development Financial Institutions (CDFI) like 1st Financial, are mission-driven financial institutions dedicated to providing financial services to meet the needs of economically disadvantaged individuals within under-served communities.

Our CDFI certification was renewed by the US Treasury again in 2018 because of our focus on helping the underserved understand their finances and because of our ability to provide products and services that help people break free from poverty. Some of the ways we do this is by providing access to valuable checking and savings tools, participating in the VITA tax preparation program, providing credit building seminars, providing financial education seminars, and by performing credit reviews utilizing our on staff certified credit counselors.

An additional community based focus in 2018, was to begin fundraising to have the resources to open a micro branch within the Urban League in Ferguson. We are excited about this

new opportunity to build our growing relationship by providing products and services that meet their clients needs. We are also excited about the opportunity this brings to expand our footprint in another underserved market.

In 2018, 1st Financial provided 278 hours of financial literacy classes and one on one financial counseling to our members. In addition, our employees spent 492 hours serving at our non-profit partner organizations.

1st Financial is dedicated towards strengthening the communities in which we live and work.

### **The Year Ahead**

2019 will be a year of strategizing for future growth. We have worked to build capital over the past several years and we now have the opportunity to position the credit union for growth.

### **Several projects we have been working on that will come to life in 2019 are:**

- A better mortgage process to improve our member experience throughout the home buying process.
- A new online banking system to provide better features and functionality to meet members where they are.
- An online appointment tool which will allow our members to set up appointments with branch employees to reduce their wait time in the branch.
- And Health Savings Accounts which will provide a vehicle for our members to save for their healthcare needs.

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. That business model is what brings us all to this annual meeting each year. Thank you for continuing to support this unique cooperative.

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.

We are also lucky to have an amazing team of employees who tirelessly work to serve you to ensure we are helping you achieve your financial dreams. Your membership and support of our products and services helps 1st Financial Federal Credit Union continue to grow which, in turn, serves our greater community. Thank you for your membership.

I can't wait to see how we grow together in 2019.

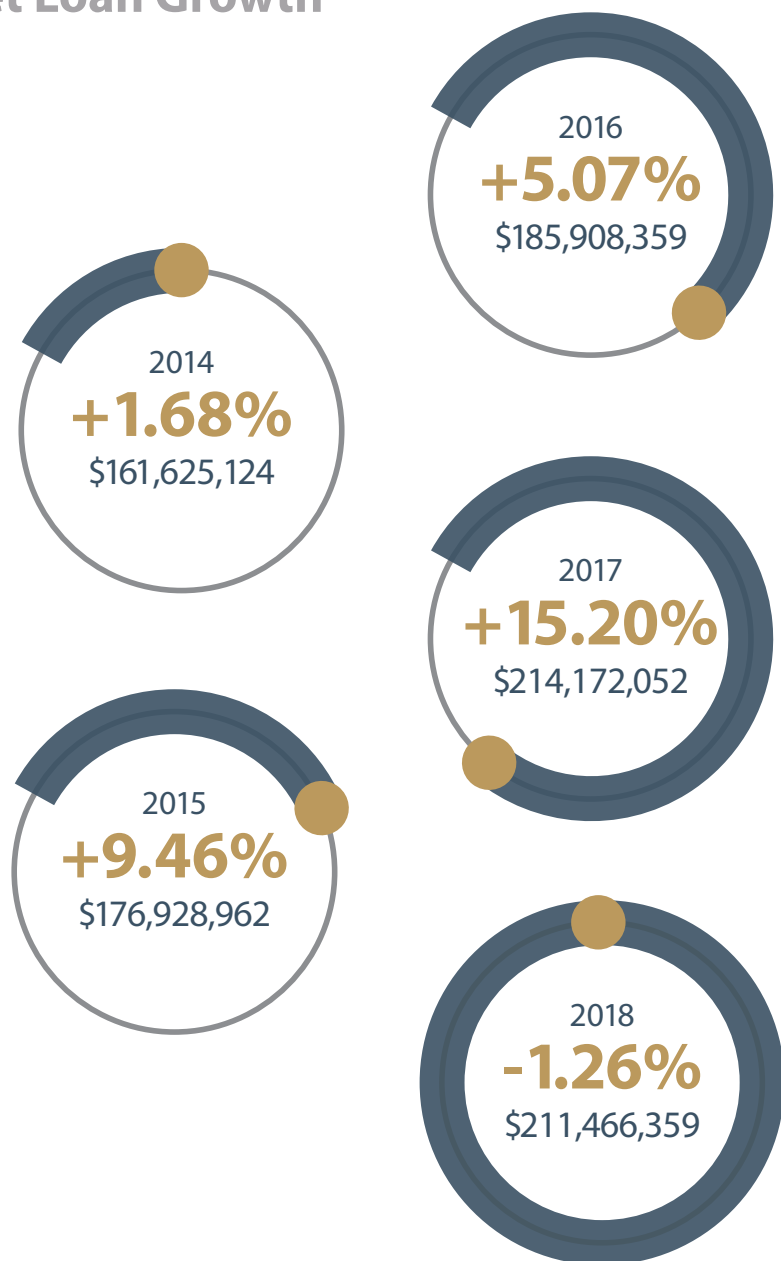
Respectfully,



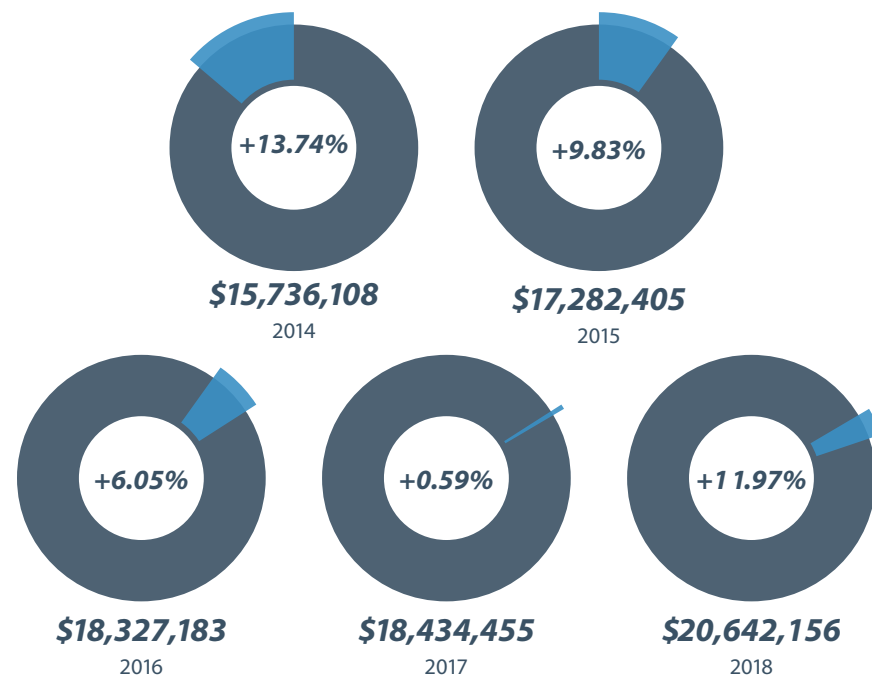
**Carol Minges**  
Chief Executive Officer

## Our Financial Growth (by year)

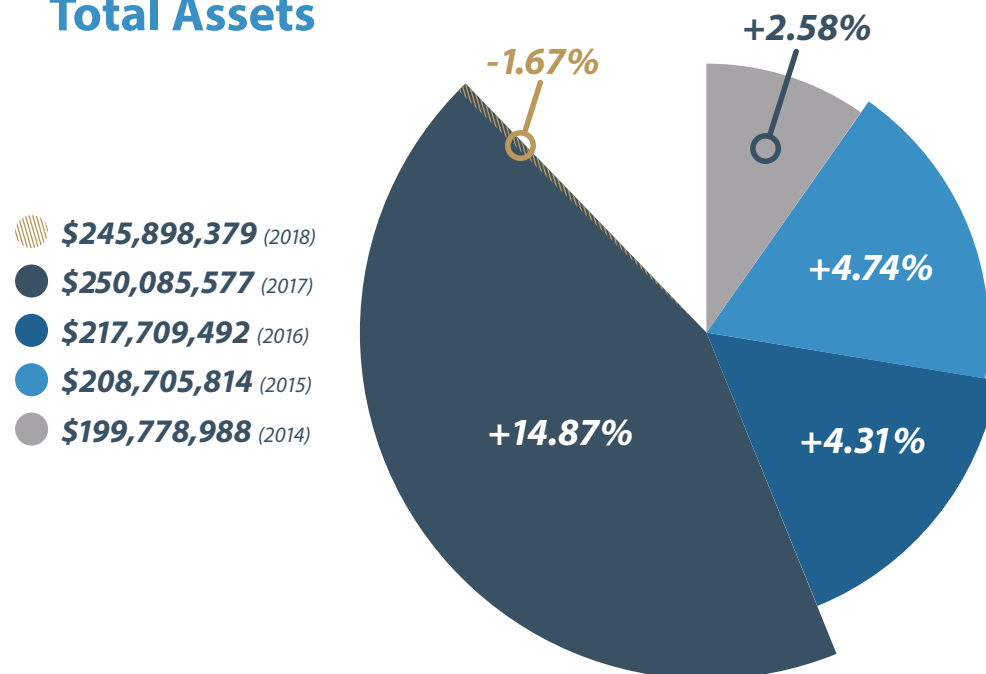
### Net Loan Growth



## Overall Capital Growth



## Total Assets



# Comparative Balance Sheet

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash on-hand and in Banks	\$3,712,516	\$3,795,087
Investments & Deposits	\$12,271,578	\$12,571,963
Loans to Members	\$211,466,359	\$214,172,052
Land, Office Property, & Equip.	\$12,904,055	\$14,138,840
Other Assets	\$5,543,871	\$5,407,635
<b>Total Assets</b>	<b>\$245,898,379</b>	<b>\$250,085,577</b>
<b>Liability and Equity</b>		
Member Savings	\$203,202,640	\$189,757,473
Nonmember Deposits	\$7,996,000	\$30,245,014
Accrued Expenses & Other Liabilities	\$14,057,583	\$11,648,635
<b>Total Liabilities</b>	<b>\$225,256,223</b>	<b>\$231,651,122</b>
<b>Equity and Reserves</b>		
Regular Reserves	\$2,923,808	\$2,923,808
Reserve for Contingency	\$18,060,121	\$15,632,298
Unrealized Gains (Losses) on Investments	(341,773)	(121,651)
<b>Total Equity and Reserves</b>	<b>\$20,642,156</b>	<b>\$18,434,455</b>
<b>Total Liabilities, Equity &amp; Reserves</b>	<b>\$245,898,379</b>	<b>\$250,085,577</b>

# Comparative Income Statement

	<b>2018</b>	<b>2017</b>
Interest Income	13,127,462	12,315,546
Interest Expense	1,056,012	770,401
<b>Net Interest Income</b>	<b>\$12,071,450</b>	<b>\$11,545,145</b>
Provision for Loan Losses	2,898,389	5,658,858
<b>Net Interest Income After Provision</b>	<b>\$9,173,061</b>	<b>\$5,886,287</b>
Other Income	6,215,459	5,295,128
Other Non Interest Expenses	12,960,697	11,135,057
<b>Net Income</b>	<b>\$2,427,823</b>	<b>\$46,358</b>

**Todd Grizzle**  
Supervisory Committee Chairman



## 2018 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 2018, 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 also conducted their examination of the credit union during 2018.

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 the 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 more than \$60,000 to these local nonprofit and government initiated organizations and offered over 2,518 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.

Gloria & Leo S.  
Members

Member Appreciation Event  
at  
MISSOURI BOTANICAL GARDEN

Melanie & Ezra  
Members

# Board Members and Management

## Board of Directors

Gina Hakenewerth	Board Chairwoman
Robert Rutkowski	Vice Chairman
James Setzekorn	Secretary
Christopher Wood	Director
Jennifer Coliny	Director
Robert Noonan	Director
Victoria Reed	Director

## Supervisory Committee

Todd Grizzle	Supervisory Committee Chairman
Nila Tuckson	Secretary
Lisa Gates	Committee Member
Kasie Orso	Committee Member

## 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



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1407 Washington Avenue  
St. Louis, MO 63103

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

**St. Charles**  
1721 Zumbuhl Road  
St. Charles, MO 63303

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

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