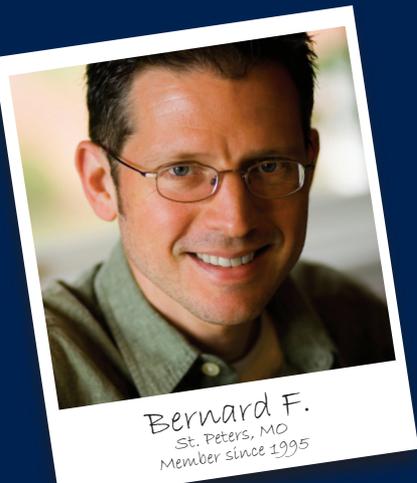


2009

ANNUAL REPORT



“The credit union is where
the **average person** saves
on **all banking services.**”

2009 Report from the Chairman and the CEO

First of all a big "welcome" to 2010! 1st Financial continued to weather the recession storm through 2009, facing the worse economic times since the great depression and came out of the storm a stronger and better institution. Although many challenges still lie ahead for the economy and the banking industry, recovery although slow, seems to be in sight. 1st Financial's strong net worth position going into 2009 allowed us to absorb the write down of capital in the corporate credit union system that was imposed upon us by potential losses as the mortgage market melted down. 1st Financial ended 2009 with over \$16 million in equity; a "well capitalized" designation, with a net worth ratio of 7.13%, while total assets grew by 13% to \$226 million.

As for growth, auto loans were at the forefront of the credit union's success with Indirect Lending. 1st Financial has relationships with nearly forty auto dealerships in the St. Louis area and during 2009 these relationships resulted in over 2300 loans totaling \$40 million, and 2075 new members. The Indirect Lending program continues to grow and in 2010 plans are underway to expand the program and establish relationships with RV, boat and motorcycle dealerships.

Continuing the positive growth trend was our newest location in western St. Charles County. Congratulations to the Wentzville branch for exceeding growth goals and expectations in its first year after opening mid-December 2008. In 2009 Wentzville closed over 300 loans for \$2.9 million and added 570 new members. Opening a new branch in Wentzville and the move of the corporate office has been a huge success. Operations continue to become more efficient as areas once separated are now operating under one roof. The Wentzville community has been very welcoming and gracious as 1st Financial was awarded "Business of the Year" by the Wentzville Chamber of Commerce in 2009.

On September 30, 2009 1st Financial sold its credit card loans to The Members Group (TMG). TMG is a group of credit unions that have pooled their resources to offer credit card services and products to credit union members through participating credit unions. The sale of our credit card portfolio was necessary because of increased losses due to deteriorating economic conditions, unemployment, and bankruptcies over the past several years. Losses in credit cards increased steadily over the past three years. During 2008 the credit union withstood an increase of 68% in credit card losses and an 80% increase in 2009. If 1st Financial had remained in the credit card business we would have been forced to do a complete overhaul of the program. After considering the options, it was determined that partnering with TMG was the best choice. The

TMG card program through Atira Credit offers a competitive and robust MasterCard rewards program branded by 1st Financial Federal Credit Union. We are confident in the success of this partnership for the entire credit union cooperative.

As the economy continues to improve 1st Financial is positioned to offer products and services that will meet the needs of our growing membership. In 2010 a comprehensive member survey is planned to gather member perceptions of our service, convenience factors, locations, products, and propensity to need business banking services. The survey findings will be used to further develop our product, service, and delivery strategies in the year(s) ahead.

In April 2010 1st Financial will launch its Investment Services Group; a full-service investment division with products and services to meet our members' investing and financial planning needs. At a time when members need a trustworthy source for their long term needs, 1st Financial is stepping up to help.

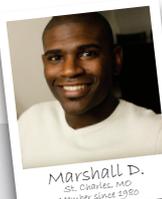
Not only do we want to be "The Better Way to Bank", but the mission and vision of 1st Financial's Board, Management, and Staff is to make a difference in the communities we serve. Originally community chartered in 1993, 1st Financial has built a strong community foundation by actively participating in the areas it serves. Whether supporting local high school teams, collecting coats for Warner's Warm Up, building a house for Habitat for Humanity or adopting several families during the holidays, 1st Financial continues the credit union philosophy of *people helping people* year after year.

Highlighting our mission is our past year's accomplishment as the #1 Credit Union in the state of Missouri for funds raised for the Children's Miracle Network (CMN) Credit Unions for Kids Program. We were honored to receive this accolade for the second straight year. Since joining the program in 1999, the credit union has raised \$128,900 for CMN of St. Louis, thanks to your support.

We want to again thank you, the membership, for your continued business, and the trust you have placed in us over the past 41 years. Particularly the years when we are all faced with economic challenges not felt in recent history. On behalf of all of the Volunteers and Staff, we look forward to serving you for many years to come.

Sincerely,
Robert Riccardi, Chairman
Nina G. Pilger, CEO

"I don't know where I would be without 1st Financial. I'll never bank anywhere else."



Supervisory Committee Report

The purpose of the Supervisory Committee is to ensure 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 2009, the Certified Public Accounting firm of Stephen Lang and 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 2009.

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,
James Combs, Chairman
Aileen Sandoval, Committee Member
Paul Schrupf, Committee Member

**"I appreciate the high level of service,
variety of products, and competitive rates."**



Comparative Balance Sheet

As of 12/31/09*

Assets	2009	2008
Loans to Members	\$ 151,112,000	\$ 150,319,739
Cash on-hand and in Banks	2,970,521	3,059,515
Investments & Deposits	41,695,757	32,625,989
Land, Office Properties, & Equipments	13,680,469	13,183,809
National Credit Union Share Ins. Fund	1,997,260	1,379,273
Accrued Interest Receivable	797,417	560,121
Other Assets	13,584,800	2,413,132
Total Assets	\$ 225,838,224	\$ 203,541,578

Liability and Equity

Liabilities

Member Shares	\$ 208,687,595	\$ 184,656,229
Accounts Payable	419,498	373,467
Accrued Dividends Payable	499,531	526,171
Other Accrued Expenses	131,825	115,778
Total Liabilities	\$ 209,738,449	\$ 185,671,645

Equity and Reserves

Regular Reserves	\$ 2,923,808	\$ 2,623,620
Reserve for Contingency	12,975,967	15,046,313
Undivided Earnings	200,000	200,000
Total Equity and Reserves	\$ 16,099,775	\$ 17,869,933

Total Liabilities, Equity & Reserves	\$ 225,838,224	\$ 203,541,578
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*Unaudited



“I have the convenience of banking everywhere I travel.”

Board Members and Management

Board of Directors

Robert (Rico) Riccardi
George Winka
James (Bo) Setzekorn
James Combs
Paul Sikorski
Robert Ochterbeck
Thomas McDuffey

Supervisory Committee

James Combs
Aileen Sandoval
Paul Schrupf

Senior Management

Nina G. Pilger - Chief Executive Officer
Frank Nelson - President
Mary Jo Garofalo - Chief Operations Officer
Carol Minges - Chief Information Officer
Carol Lupo - Vice President, Lending
Michelle McBride - Vice President, Finance
Michelle Rosner - Vice President, Marketing
Robyn Whalen - Vice President, Human Resources

Branch Operations

Karen Neel - Downtown, St. Louis Branch
Patricia Johnson - Wentzville Branch
Renee Markert - St. Charles Branch
Tanya Forsythe - Hazelwood Branch

Management

Chris Fine - Manager, Network
Chuck Holmes - Manager, Member Services
Greg Willman - Manager, Collections
Hatty Dorton - Manager, Lending
John Piper - Manager, Indirect Lending
Kaye McMullin - Manager, Quality Assurance

1st Financial Federal Credit Union exists to serve members, employees, and the community with a cooperative spirit of enriching lives one person at a time.



(636) 916-8300 | www.TheBetterWaytoBank.org

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

