

2012 Report From The Chairman And The CEO



2012 was a year of transition and change for 1st Financial. Navigating an unpredictable economy while still providing exceptional value for our members was the primary focus of management and staff. And in this endeavor, 1st Financial was successful. Despite the many economic challenges we faced, 1st Financial continued to attract new members, who recognized the value in membership.

Throughout the year, 1st Financial experienced first hand a new wave of foreclosures in the St. Louis metropolitan area. While 2012 ended with a net loss due to real estate loans, 1st Financial still remained a well-capitalized financial institution.

A renewed focus on value and service for our members was a recurring theme in 2012. Defining our service promises and developing training for our staff to deliver on those service promises helped us focus our efforts on how to improve our members experience at 1st Financial.

Despite the economic challenges we faced, 1st Financial continued to make improvements to our products, services, and delivery channels, for the benefit of our membership. After a season of surveying and discussion with our members regarding their banking needs, we were excited to launch a new checking product in July of 2012. TailorMade™ Checking allows our members to choose the benefits that they want to receive as a reward for being loyal, invested members of 1st Financial. This puts our members in control of their benefits, and lets them create a checking account as unique as they are.

In November of 2012, we also rolled out a new and more convenient online banking and bill pay system for our members. Netbr@nch now gives 1st Financial members more functionality in managing their money by allowing them to transfer funds to another member electronically, and perform transactions with the all new free 1st Financial iPhone and Android mobile banking applications.

Convenience and value were at the forefront in 2012. Delivering on our mission of saving you money, making you money and saving you time, will continue to be our focus in 2013 and beyond.

Frank Nelson, President and CEO
James Combs, Board Chair



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 2012, 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 also conducted their examination of the credit union during 2012.

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,
Christina Mulvenna, Chairperson

Comparative Balance Sheet

As of 12/31/12*

Assets	2012	2011
Loans to Members	\$156,373,603	\$166,754,349
Cash on-hand and in Banks	3,854,526	3,097,937
Investments & Deposits	20,650,880	25,815,134
Land, Office Prop, & Equip.	13,171,895	13,778,640
National CU Share Ins. Fund	2,015,061	1,979,039
Accrued Interest Receivable	684,794	913,061
Other Assets	3,036,552	860,230
Total Assets	\$199,787,311	\$213,198,390
Liability and Equity		
Member Shares	\$184,206,555	\$196,597,310
Accounts Payable	804,708	588,708
Accrued Dividend Payable	0	0
Other Accrued Expenses	191,232	134,259
Total Liabilities	\$185,202,495	\$197,320,277
Equity and Reserves		
Regular Reserves	\$2,923,808	\$2,923,808
Reserve for Contingency	11,661,008	12,754,305
Undivided Earnings	0	200,000
Total Equity and Reserves	\$14,584,816	\$15,878,114
Total Liabilities, Equity & Reserves	\$199,787,311	\$213,198,390

*Unaudited