



ANNUAL REPORT

— 2018 —

Jefferson Financial 
FEDERAL CREDIT UNION

Welcome to the 52nd Annual Meeting

The journey we've traveled together has brought us to a remarkable place. One of strength and stability. Of remarkable growth. Of forward-thinking vision and Member-focused innovation. And we're not stopping now. We're going farther, building bridges to new, exciting destinations we never imagined. To places where service and value meet unparalleled innovation... where we can honor our history as we embrace the future. And we're going there... together.





BOARD OF DIRECTORS

Susan Bloom
Board Chair

Joann Tassin
Vice-Board Chair

Floyd Grayson
Treasurer

Nathan Winesberry
Secretary

Sharon Wegner
Director

Lloyd Clark
Director

Barbara Duplantis
Director

**Feliciano Mendoza,
Jr.**
Director

George Horne
Director



MINUTES OF THE 51ST ANNUAL MEETING

The meeting was called to order by Board Chairwoman Bloom at The Four Columns, 3711 Westbank Expressway, Harvey, on the 7th day of April 2018, at 10:00 a.m.

It was confirmed that there was a Quorum present.

Minutes

Moved by Lloyd Clark, seconded by Floyd Grayson, and unanimously approved to dispense with the reading of the April 2017 Annual Meeting minutes and to accept as presented the Annual Meeting booklet.

CEO's Report

CEO Mark Rosa presented the Board Chair's report and stated that Jefferson Financial Federal Credit Union had a successful year. He informed members that Jefferson Financial is now the second largest credit union in the state and is positioned to take on a leadership role in the credit union industry. Rosa shared insight into the credit union's successful mergers with Coastland and Selma – and that with continuous growth, he believes that the credit union will be able to reach \$1 billion in assets in 2019.

Supervisory Committee Report

Tony Filos, Supervisory Committee Chairman, presented the Supervisory Committee Report as printed in the 2017 Annual Report booklet. Filos stated that the credit union engaged the services of Carr, Riggs & Ingram, who performed an opinion audit on the financial books and records. An opinion audit is the highest auditing standard available and that the credit union is not required to have an audit of this level. The CPA firm reported an “unqualified” or “clean” opinion, the highest result possible. After reporting no irregularities, Filos introduced our new supervisory committee members, Natasha Haynes and Craig Melancon, to the credit union members.

Staff Recognition

The Board of Directors' Annual Longevity Awards were presented to the following employees:

Rob Crowley – *Chief Information Officer – 5 Years* | Serein Mohamad – *Human Resources Specialist – 5 years*
Kineta Hilton – *Loan Officer – 5 years* | Carl Duplessis – *Business Development Rep – 5 years*
Cheryl Landry – *Mortgage Processor – 5 years* | Catrina Jackson – *Member Service Representative – 5 years*
Trenese Gibbs – *Mortgage Servicing Clerk – 5 years* | Magic Joseph – *eServices Processor – 5 years*
Kristan Taylor – *Member Service Representative II – 5 years* | Amber Wilson – *Ops Support Manager – 10 years*
Angelle Kliebert – *Loan Processor – 10 years* | Candice Chaisson – *Branch Manager – 10 years*
Theresa Billiot – *Branch Manager – 10 years* | Denise Wiemers – *Accountant – 15 years*
Judy Cimo – *Member Service Representative – 15 years* | Michelle Cooper – *Senior Loan Officer – 20 years*

Unfinished Business

Board Chair Susan Bloom called for any unfinished business. There was none.

New Business

Board Chair Susan Bloom then called for any new business. There was none.

Door Prizes

Door prizes were awarded and a 50/50 cash drawing for Children's Hospital was conducted.

Open Discussion

None

Adjournment

Board Chair Susan Bloom called for any further questions from the floor. Moved by Lloyd Clark, seconded by Nathan Winesberry, and approved to adjourn the meeting at 11:00 a.m.



BOARD CHAIR & CEO REPORT

Welcome to the annual membership meeting of Jefferson Financial Federal Credit Union. Nothing has slowed down at Jefferson Financial. We operate in an industry that is rapidly changing, largely due to people's habits, significantly influenced by technology.

Last year I reported the following merger transactions: THREE credit unions partnered with us last year: The \$1 million GECO Federal Credit Union in Harvey, the \$40 million Riverdale Credit Union of Selma, Alabama and the \$100 million Coastland Federal Credit Union in Metairie. We were flattered that they considered Jefferson Financial a place that could benefit their members through our products and services.

Your credit union's capital is strong, provided by a healthy net income each year. Investments in infrastructure and technology have not only served the membership but have positioned us to grow into the future, a necessary component to succeed. We continue to be the 2nd largest credit union in Louisiana.

JFFCU HIGHLIGHTS

2018

Number of Employees - 190

Total Loans - \$619,814,486

Total Shares - \$689,529,025

Total Assets - \$963,180,884

Total Capital - \$87,208,272

2017

Number of Employees - 190

Total Loans - \$546,554,383

Total Shares - \$735,196,635

Total Assets - \$888,869,561

Total Capital - \$79,278,311



Being true to our mission as a credit union, your Board of Directors meets monthly to review loan and deposit rates to bring these products to you, our members, in the most competitive way possible. Our rates and products consistently are ahead of our peer credit unions. We continue to serve the unbanked, under-banked and the underserved by designing products and services to meet their needs. Some other accomplishments and highlights of your credit union, board and staff in 2018 are:

- Significantly increased assets, capital, loans and return on assets (ROA) which is noteworthy given the past regulatory climate and economic environment.
- Received the highest rating possible on the annual Certified Public Accountant (CPA) Audit.
- Board members and members of the Supervisory Committee have completed mandated training requirements.
- We continue involvement in the community and with our largest sponsor groups – Jefferson Parish Public Schools System and Ochsner Health Systems; we continue our membership in all of the Chambers of Commerce in areas where we have offices.

In conclusion, I would like to thank the membership for the unwavering support and confidence. It is our goal to be your financial service provider for life. Our resilience in this still rocky economic market is a testament to the credit union's management team, volunteer board and Supervisory Committee and the will and desires to offer our members the best and latest products available in the financial arena.

Sincerely,

Susan Bloom

Board Chair, Board of Directors

Mark Rosa

Chief Executive Officer



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of Jefferson Financial Federal Credit Union acts on behalf of the membership by monitoring all credit union financial operations and activities.

It is the committee responsibility to ensure that the credit union:

- Establishes and maintains effective internal controls to achieve its financial reporting objectives.
- Promptly prepares accounting records and financial reports to accurately reflect operations and results.
- Properly administers the relevant plan, policies and control procedures established by the Board of Directors.
- Establishes policies and control procedures that safeguard against errors, carelessness, conflict of interest, self-dealings, fraud and loss.

Due to the fact that Jefferson Financial is considered a large credit union with complex operations, it is necessary to give consideration to having a functional independent Internal Audit Department to effectively assist us in carrying out our oversight responsibility functions, ensuring accurate and reliable information is produced by the credit union, determining the effectiveness of the internal control structure, promoting operational efficiencies, safeguarding assets of the credit union, and encouraging compliance with internal policies and procedures as well as external laws and regulations.

An internal audit is an integral part of the evaluation of internal controls, a check and balance on management functions and effective measure for the prevention and detection of loss. Therefore the Internal Audit Department will assume all internal audits and reviews which were outsourced to Postlethwaite & Nettlelville in prior years.



The benefits gained from recommendations stemming from internal audits will be invaluable to the credit union as a whole.

The annual opinion audit was also conducted by the CPA firm of Postlethwaite & Nettleerville. An opinion audit is the highest quality audit that can be obtained. During the last opinion conducted, the credit union received a clean audit report reflecting no significant concerns. In conjunction with the annual opinion audit, review of the Board of Directors as required by the Louisiana Credit Law, chapter 8, section 6-669, and the bylaws of Jefferson Financial Federal Credit Union were conducted by the committee. The committee also conducted the confirmation of Members' accounts.

Since the last annual meeting, the committee conducted unannounced cash counts at the main office and all branches to verify reconciliations. All cash balances were verified as being accurate at all locations.

In addition the National Credit Union Administration conducted their exam, which produced good reports. The committee appreciates your continued confidence in our oversight role. The support and cooperation of the Board of Directors, Management and Employees that have assisted us in the performance of our duty is greatly appreciated.

Supervisory Committee Members:

Tony Filos

Chairman

Natasha Haynes

Craig Melancon

2018 FINANCIALS

Balance Sheet

Assets	12-31-18	12-31-17
Cash	\$23,854,093	\$57,023,407
Investments	242,624,163	226,609,386
Loans (Net)	619,814,486	546,554,383
Property & Equipment (Net)	37,589,288	23,958,536
NCUSIF Deposit	6,423,323	5,241,049
Other Assets	32,875,531	29,482,800
Total Assets	\$963,180,884	\$888,869,561

Liabilities & Members' Equity	12-31-18	12-31-17
Accrued Expense & Other Liabilities	\$191,480,559	\$78,411,290
Total Shares	689,529,025	735,196,635
Other Comprehensive Income	(5,036,973)	(4,016,675)
Total Capitals	87,208,272	79,278,311
Total Liabilities & Members' Equity	\$963,180,884	\$888,869,561

(Unaudited)

Income Statement

Income	12-31-18	12-31-17
Loan Interest Income	\$30,613,767	\$19,789,102
Investment Income	8,317,102	2,375,482
Fee Income	6,370,212	5,696,873
Other Income	6,590,577	3,328,696
Total Income	\$51,891,657	\$31,190,153

Total Expense	12-31-18	12-31-17
Operating Expense	\$34,237,650	\$23,229,643
Provision for Loan Loss	3,666,183	1,618,965
Dividend Expense	9,516,293	4,496,021
Total Expense	\$47,420,126	\$29,344,629

Gain/(Loss) On Sale	\$2,477,789	\$6,521,879
Non-Operating Income	\$939,531	\$260,000

Net Income	\$7,888,850	\$8,627,403
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(Unaudited)



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