

CONDENSED STATEMENTS OF FINANCIAL CONDITION⁽¹⁾

YEARS ENDED DECEMBER 31, 2019 AND 2018

ASSETS	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2019	2018	
Cash and cash equivalents	\$ 18,430,069	\$ 18,474,512	0%
Certificates of deposit held at other banks	\$ 3,000,000	\$ -	
Investment securities, available-for-sale	\$ 186,681,342	\$ 118,588,214	57.4%
Federal Home Loan Bank Stock, at cost	\$ 639,100	\$ 639,100	0%
Investments in CUSOs	\$ 864,796	\$ 850,334	1.7%
Loans held for sale	\$ -	\$ 218,900	(100%)
Net loans	\$ 336,092,846	\$ 366,188,616	(8.2%)
Accrued interest receivable	\$ 1,695,248	\$ 1,545,832	9.7%
Foreclosed assets	\$ 46,474	\$ -	
Premises and equipment, net	\$ 14,658,859	\$ 13,244,455	10.7%
Alloya FCU member capital ⁽²⁾	\$ 845,800	\$ 845,800	0.0%
NCUSIF deposit	\$ 4,635,487	\$ 4,525,896	2.4%
Other assets	\$ 2,135,622	\$ 11,640,286	(81.7%)
TOTAL ASSETS	\$ 569,725,643	\$ 536,761,945	6.1%

LIABILITIES & MEMBERS' EQUITY	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2019	2018	
LIABILITIES			
Members' share accounts	\$ 486,869,484	\$ 459,580,663	5.9%
Accrued interest payable & other liabilities	\$ 4,183,527	\$ 3,769,464	11%
TOTAL LIABILITIES	\$ 491,053,011	\$ 463,350,127	6.0%
MEMBERS' EQUITY			
Regular reserve	\$ 6,492,396	\$ 6,492,396	0%
Undivided earnings	\$ 70,940,598	\$ 68,545,709	3.5%
Accumulated other comprehensive income/(loss)	\$ 1,239,638	\$ (1,626,287)	(176.2%)
TOTAL MEMBERS' EQUITY	\$ 78,672,632	\$ 73,411,818	7.2%
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 569,725,643	\$ 520,484,816	6.1%

(1) These condensed financial statements are available on our website at www.myfpcu.com.

(2) National Credit Union Share Insurance Fund required deposit

CONDENSED STATEMENTS OF FINANCIAL CONDITION⁽¹⁾

YEARS ENDED DECEMBER 31, 2019 AND 2018

INTEREST	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2019	2018	
Interest Income			
Loans (including fees)	\$ 16,157,679	\$ 17,198,082	(6%)
Investment securities	\$ 4,200,674	\$ 2,803,956	50%
Total interest income	\$ 20,358,323	\$ 20,002,038	2%
Interest expense			
Members' share accounts	\$ 3,018,789	\$ 1,984,066	52%
Borrowed funds	\$ 8	\$ 5	60%
Total interest expense	\$ 3,018,797	\$ 1,984,071	52%
Net interest income	\$ 17,339,526	\$ 18,017,967	(4%)
Provision for loan losses	\$ 2,471,766	\$ 3,149,104	(22%)
Net interest income, after provision	\$ 14,867,760	\$ 14,868,863	0%

NONINTEREST	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2019	2018	
Noninterest income			
Fees and charges	\$ 5,299,176	\$ 5,386,506	(2%)
Net gain on sale of loans	\$ 266,139	\$ 195,731	36%
Net gain (loss) on sale of foreclosed assets	\$ 5,321	\$ 14,328	(63%)
Other	\$ 4,937,969	\$ 5,094,022	(3%)
Total noninterest income	\$ 10,508,605	\$ 10,690,587	(2%)
Noninterest expenses			
Compensation and benefits	\$ 12,156,909	\$ 11,886,137	2%
Operations	\$ 4,324,298	\$ 4,070,616	6%
Loan servicing	\$ 1,908,477	\$ 1,984,703	(4%)
Professional services	\$ 1,613,513	\$ 1,652,355	(2%)
Office occupancy	\$ 1,454,129	\$ 1,447,939	0%
Educational and promotional	\$ 1,042,441	\$ 880,178	18%
Other	\$ 481,709	\$ 520,826	(8%)
Total noninterest expenses	\$ 22,981,476	\$ 22,442,754	2%
NET INCOME	\$ 2,394,889	\$ 3,116,696	(23%)



2019 ANNUAL REPORT

2019 PERFORMANCE OVERVIEW

We experienced continued growth and profitability during 2019, with assets increasing to \$570 million and generating \$2.4 million in net income. We provided \$129 million in new loans to our more than 55,000 members and remain well capitalized with a net worth ratio of 13.6%, almost twice the level required by our regulators. In the coming year, increased emphasis will be placed on deploying new member acquisition strategies.

We are pleased to report our full-service branch in Davison opened during the fall of 2019, marking it our 8th branch. We have a loyal membership base to build upon and significant growth potential in that market. The branch opened with a strong start and has continued into early 2020. We expect to see significant results going forward.

During 2019, Financial Plus was recognized by the following organizations:

- Michigan Credit Union League & Affiliates and CUNA: Dora Maxwell Social Responsibility honorable mention for our Christmas in July contest.
- View Newspapers poll, Favorite Credit Union – “Best of the Best” in Davison and Swartz Creek. “Favorite” in Burton.
- BauerFinancial, Inc. 5-Star rating for 39 consecutive quarters and 4-Star or 5-Star rating for over 29 years, affirming the strong financial management of the Credit Union.



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BOARD OF DIRECTORS

Barney Hennessey - Chairperson
Ron Jansson - Vice Chairperson
C. Diana Webb - Treasurer
Kim Jones - Secretary
Larry Campbell - Director
Kirk Rheume - Director
Bill Tynes - Director

AUDIT COMMITTEE

Bill Tynes - Chairperson
Charlie Cotterman
Kirk Rheume
Muriel Samuels

ADVISORY BOARD

Muriel Samuels

MISSION STATEMENT

Commitment to enhancing the financial well-being of our members.

Passion for service.

Dedicated to enriching the communities we serve.

SPECIAL MESSAGE FROM THE CHAIRPERSON, BARNEY HENNESSEY

Financial Plus Credit Union experienced several noteworthy changes during 2019. Chairperson of the Board, Ron Jansson, stepped down from this role, and assumed the Vice Chairperson position, and I was named the new Chairperson. We are very thankful for all of Ron's years of leadership as Chairperson and he remains an active member of the Board of Directors.

During Q3 2019, Jill Reno, President/CEO announced her impending retirement in 2021, with a phase out beginning in 2020. We are grateful for her 46 years of service and leading the Credit Union to achieve milestones in asset and membership growth, and the opening of all 8 branches. Succession planning included dividing the roles of President and CEO, and on January 2, 2020, our new CEO, Brad Bergmooser, joined the Credit Union. He has a very robust growth plan and is focused on becoming acquainted with the staff, our community, and developing strategies to enhance financial performance.

Please join me in congratulating Jill on her retirement and welcoming Brad. We are so proud of our rich 68-year history of serving members and are looking forward to an exciting future under Brad's leadership.

Respectfully Submitted,
Barney Hennessey, Chairperson
Financial Plus Board of Directors

Vision for Future

I officially joined Financial Plus Credit Union on January 2, 2020 and have since dedicated significant time to getting to know the staff and working with them to determine key strategies that will generate future success. Due to COVID-19, the implementation of several new growth strategies and community involvement was briefly delayed but I am eager to continue building community connections. I am proud of all our employees and Executive Management team for the successful navigation during these unprecedented times. We expeditiously implemented our Pandemic Response Plan and continued to safely serve our membership through digital banking channels, the Contact Center, and the branch drive thru. We are proud to have assisted approximately 2,000 consumer and commercial members with COVID-19 related payment relief.

Members – We continue to focus on one of our primary objectives: serving our membership by providing a wide array of competitively priced products and services to meet their financial needs. During 2020, we are implementing, Auto Plus, a new lending program, to help meet the lending needs of members experiencing some credit challenges. In the coming year, we will continue to analyze our product suite in order to provide us the insight to bridge any gaps, strengthen our product line in order to more effectively increase market share in this aggressive marketplace.

Achieving our goal of providing a warm, convenient, and professional member experience requires focus on continually improving member engagement. It is imperative we create a consistent omni-channel approach to access and communication with our members. We are more diligent than ever to provide excellent member service as it is extremely important to our Board of Directors, and to all employees, throughout the organization. We will increase the financial investment to measure, monitor, and enhance member satisfaction. During 2019, our overall response at our Happy or Not service score was on average 97% member satisfaction. We also added an online survey to our website, encouraging members to complete at any time throughout the year versus only measuring satisfaction rates annually.

Technology – We strive to create a seamless member experience across all delivery channels, from our physical branches to each of our robust digital platforms. We will continue to make a substantial investment in technology, allowing us to improve member access and convenience. Most importantly, in effort to retain existing members and acquire new, we must keep pace with consumer demand. Twice in the past 6 years, we have upgraded our billpay, mobile, and online banking platforms, providing members with additional functionality and access to their financial information. In June 2020, we will complete the migration to a new digital banking platform and new integrated mobile platform. This project implementation has been a significant strategic initiative for the Credit Union. The Digital Banking Committee has effectively managed this project throughout its duration to ensure proper testing is completed and to offer a seamless migration so members will experience minimal service disruption.

We are also completing due diligence on a new online account opening solution. This will allow us to reach potential members who may not be joining due to the lack of access to our physical locations, retain existing business from our members who are currently cross-banking, and to improve the service we provide existing members who want to open accounts through digital channels versus visiting a branch or calling the Contact Center.

Ongoing investment in technology is essential to remain relevant to members, to retain business, to deepen relationships, and to increase new member acquisition.

Employees – We are committed to ensuring our team is well-prepared to deliver quality products and service to our membership. Initiatives include ongoing sales and service training, as well as information security awareness programs. We value our employees, and continue to foster the culture of loyalty, openness, and energy they bring to the organization. Throughout each year, we invest in employee wellness programs, our SPARK! Service initiative, as well as employee appreciation and service award recognition events. In early 2020, we began providing regular video updates to employees and members and the responses have been overwhelmingly positive. A new forum was also implemented to encourage employees to share feedback and will allow us to enrich employee knowledge about our strategic goals, performance, and how their individual contribution impacts our ability to achieve our mission.

Communities – Financial Plus and its employees remain highly involved, connected, and committed to the communities we serve. We demonstrate this commitment by investing time and resources with charitable organizations, sponsoring community events, and partnering with colleges and area schools to provide financial education programs. Throughout the past year, we contributed 800 volunteer hours and over \$80,000 through community partnerships. During 2020, we will be evaluating these partnerships and determining how we can better leverage those relationships to generate new business. Several of the successful onsite employer visits held in 2019 were a result of the relationships established with local area businesses and continuing support from General Motors and the UAW.

We look forward to implementing key strategies throughout 2020 that will allow us to enhance member service, access to services, improve convenience, and expand our product and service line.

The Board of Directors, Executive Management team, and staff sincerely appreciate your continued support. We value your membership and are committed to seeking new ways to improve your member experience.

Respectfully Submitted,



Brad Bergmooser, CEO
Financial Plus Credit Union

