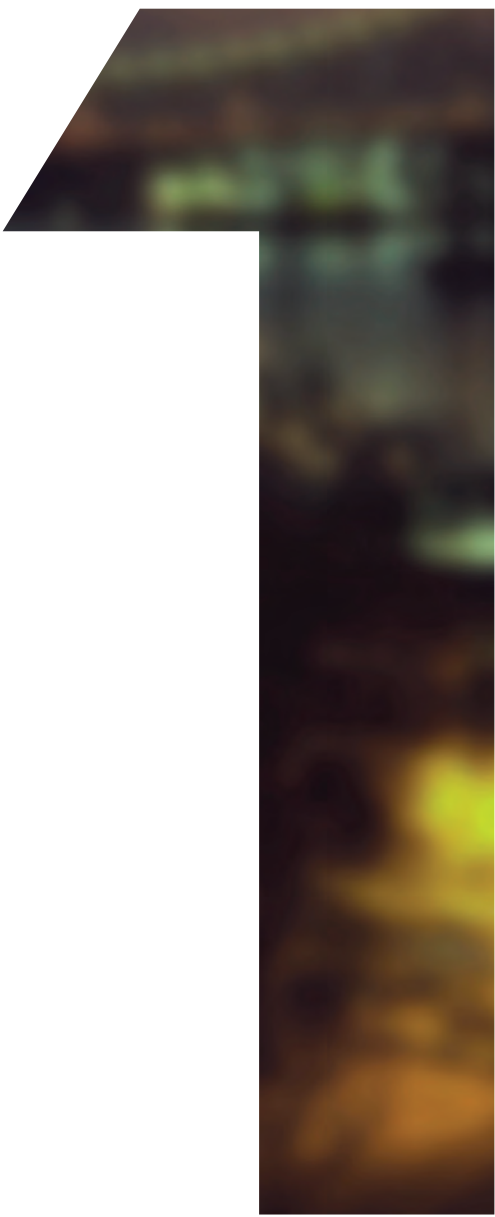


20



Building
Relationships
That Matter

Our Story



"The credit union movement. It is a great movement, worthy of great deeds, deserving of great loyalty"

Edward Filene
Founder of the first credit union in the United States

In March of 1954, five teachers joined forces to charter Baton Rouge Teachers Federal Credit Union. With little more than a shoe box of money and a dream, these teachers embarked on a journey that would lead to much greater things. The first Baton Rouge Teachers office was built in 1965 on South Foster and housed one full-time and two part-time employees.

Almost 65 years later that credit union has grown to over 70,000 members and over \$850 million dollars in assets. Neighbors now operates ten full-service branches offering a complete selection of financial services. Neighbors also offers the best in digital delivery channels with online and mobile banking making it possible for members to access their accounts from just about anywhere in the world.

Serving the Greater Baton Rouge Area and it's 800,000 residents, Neighbors has grown steadily over six decades. Neighbors Federal Credit Union is now one of the largest and strongest credit unions in Louisiana.

Neighbors growth can be attributed to providing premier products and services while maintaining a close relationship to the people and communities it serves. At Neighbors, the goal is to offer a better rate, a lower fee, and a better deal. As a member-owned cooperative, the main objective is to fulfill this promise while building relationships that matter.

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1. Leadership

A Message from the Board Chair

Since its founding in 1954, Neighbors Federal Credit Union has worked to be a cooperative where both members and employees enjoy a personal experience and a caring atmosphere. The goal of our credit union is to ensure that our members are provided with the best in products and services while receiving the finest we can offer in personal service and attention. It's with this in mind that I am proud to announce that Neighbors was named one of Credit Union Journal's Best Credit Unions to work for in 2018. A happy, dedicated staff is a sign of a company that not only takes care of its employees but is also focused on providing its members with the most outstanding service it can provide. The board and management of Neighbors are extremely proud that our employees consider this their home-away-from-home and know that their appreciation is reflected in the outstanding service they provide to our members.

In 2018, Neighbors also gained its Community Development Financial Institution (CDFI)

Certification. This is a designation given by the CDFI Fund and the US Department of Treasury to specialized organizations that provide financial services in low-income communities and to people who lack access to financing. Through varying strategies, Neighbors can use this certification to aid in the cultivation of a healthy and stable local economy.

It is with this kind of dedication to member service and community development that Neighbors will continue to be a leader in the local financial services market. With forward thinking and an aim of building stronger relationships with our staff and members, the board and management of Neighbors remains dedicated to our community.



Charlotte D. Placide
Board Chair

2018

Board of Directors



Grady Hazel
Vice - Chair



Melanie Brunson
Secretary/Treasurer



Andrew Redmond



Bill Robbins



Keith Bennett



Gail Johnson



Bob Toepfer



Jeanne Wallace

A Message from the President/CEO



Steve E. Webb, Jr.
President/CEO

2018 brought many improvements to our organization, improvements in the form of branch upgrades as well as community involvement. We at Neighbors always operate with the mission to build relationships that matter. It's with this in mind that the management of Neighbors has moved forward to improve our members experiences as well as help to improve the communities we have the pleasure of serving.

This past year, Neighbors completed installation of our Live Teller system at the majority of our drive thru locations. These installations have not only made it possible for us to go “paperless” in our drive thrus but have also cut transaction times in half. With this new technology our members are enjoying a faster and more convenient banking experience. We also unveiled our newly renovated Perkins branch. This branch has been designed so that members can now enjoy a more convenient in-branch experience while improving on the personal service they've come to expect from Neighbors. Our Live Teller system is there to help

with the everyday transactions and our branch staff is able to concentrate on the matters that require more time and personal attention.

2018 also marked an expansion on our annual celebration of Neighbors Day. Neighbors Day is held every Columbus Day and allows each Neighbors employee the opportunity to volunteer with some of the great charitable organizations in our community. With an estimated 1,000 hours of volunteer service completed, Neighbors Day 2018 was a resounding success.

It is because of these efforts to improve our member experience and our relationship with the Baton Rouge community that Neighbors continues to grow. Our board, management, and staff have a goal of making each member feel at home, welcome, and cared for. We continue to follow our mission to build relationships that matter.

Executive Team



Dan Robichaux
Chief Administrative Officer



Jody Caraccioli
Chief Financial Officer



Steve Schexnayder
Chief Information Officer



Greg Inman
Chief Operations Officer

Supervisory Committee Report



Gail Johnson
Chair

The Supervisory Committee is made up of four (4) volunteer members of Neighbors FCU who are responsible for safeguarding member assets through fair and accurate representation. The committee is accountable for overseeing financial management practices and procedures and the resulting decisions made on behalf of our member-owner assets.

The Supervisory Committee meets quarterly to review relevant information to its role. The Internal Audit Department provides internal audit information and assists the committee in overseeing all areas related to the financial management of the credit union to ensure compliance and operational performance. The committee uses Postlethwaite & Netterville, APAC to conduct annual financial statement audits and Information Security Risk Audits. The committee reviews information from the credit union's monthly Board of Directors Meetings, Asset and Liability Management (ALM) and Enterprise Risk Management (ERM) Meetings.

The Supervisory Committee is confident the financial, compliance, and operational controls in place on behalf of Neighbors members are adequate to effectively monitor and respond to the safety of their interests. We continuously strive to be safe and sound as we evolve to meet the ever changing needs of our members.

2018

Supervisory Committee



James Carroll



Domoine Rutledge

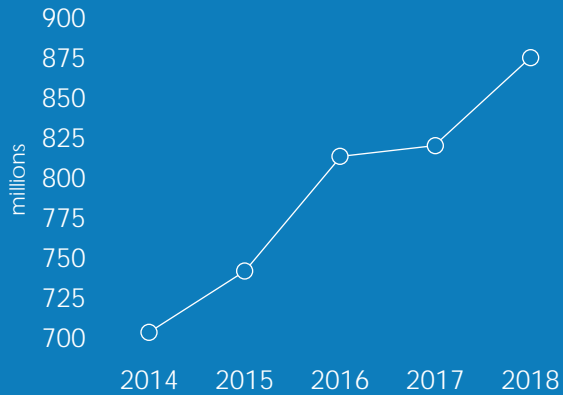


Keith Schultz

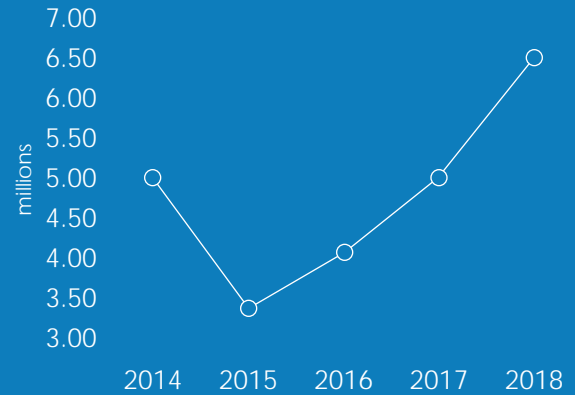
2. Financials

At a Glance

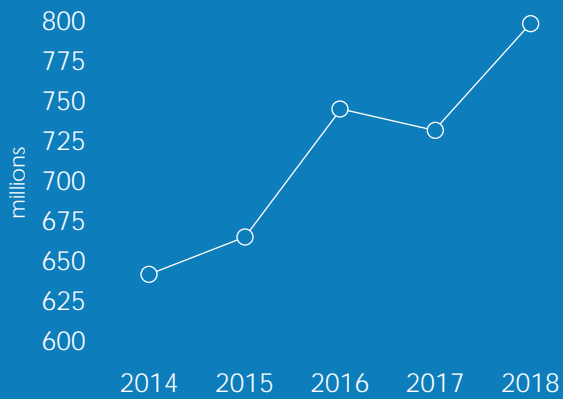
Assets



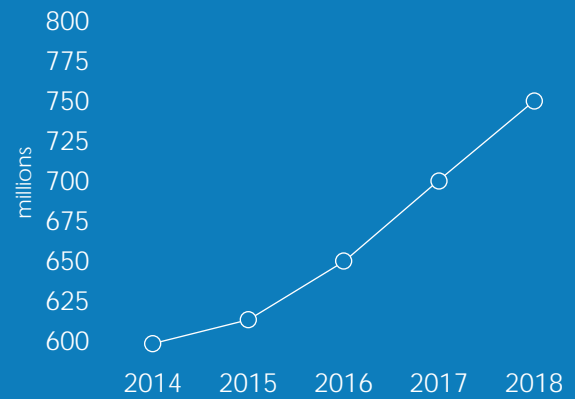
Net Income



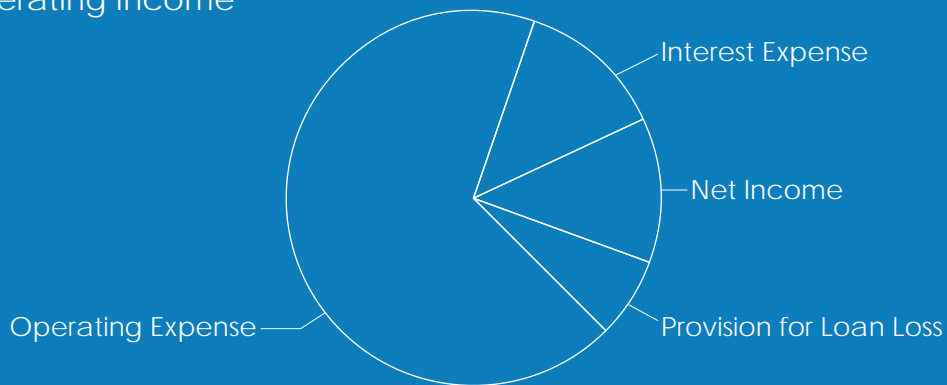
Deposits



Loans



Net Operating Income



Statement of Condition

Assets

Cash and equivalents	\$46,621,019.10
Loans to members	\$749,510,010.94
Less: allowance for loan loss	(\$4,189,839.42)
Investments	\$14,198,568.74
National credit union share insurance fund deposit	\$7,080,797.60
Property and equipment (net)	\$37,178,838.49
Other assets	\$24,469,743.83
Total assets	\$874,869,139.28

Liabilities and equity

Accounts payable and other liabilities	\$7,868,738.56
Regular shares	\$246,907,895.20
Share drafts	\$148,089,597.49
Money market	\$33,272,009.12
IRA deposits	\$46,175,685.42
Other share accounts	\$26,080,126.58
Share certificates	\$182,101,842.01
Non-member certificates	\$112,305,419.09
Regular reserves	\$4,006,076.07
Undivided earnings	\$72,873,788.82
Equity - KeyPoint FCU merger	\$3,013,099.95
Accumulated other comprehensive loss	(\$8,018,813.00)
Unrealized gain/loss on investments	\$193,673.97
Total liabilities and equity	\$874,869,139.28

Statement of Income

Interest income

Interest on loans	\$30,056,778.31
Income from investments	\$1,724,224.45
Total interest income	\$31,781,002.76

Interest expense

Dividends to members	\$5,906,813.50
Interest on borrowed money	\$770,699.95
Total interest expense	\$6,677,513.45
Net interest income before provision	\$25,103,489.31
Provision	\$3,500,980.21
Net interest income after provision	\$21,602,509.10

Non-interest income

Fee income	\$12,023,744.57
Other operating income	\$8,257,860.56
Miscellaneous gain/loss	(\$65,219.77)
Total non-interest income	\$20,216,385.36
Net operating income before expense	\$41,818,894.46

Non-interest expense

Salaries and benefits	\$18,173,670.42
Occupancy and operations	\$10,649,810.45
Marketing and promotional	\$774,590.02
Professional and outside services	\$2,749,262.56
Loan servicing	\$1,824,452.38
Federal operating expenses	\$216,815.64
Miscellaneous	\$912,515.88
Total non-interest expense	\$35,301,117.35
Net income	\$6,517,777.11
transfer to undivided earnings	\$6,517,777.11

3. Community

Building Relationships That Matter

Building Relationships That Matter

In 2018, Neighbors Federal Credit Union contributed an estimated value of \$406,289 to charitable causes supporting the Greater Baton Rouge community in the form of cash donations, sponsorships, employee community service hours and goods donated by NFCU members and employees.

At Neighbors FCU, we hold community involvement as one of our core values and believe it is a credit union's role to improve and empower the communities we serve.

Our credit union started out as Baton Rouge Teachers FCU, so investing in education is one of our founding principles and continues to be a priority. Neighbors estimates contributing a total value of \$141,928 toward education.

Neighbors provides most of our support for education through the Mascot Initiative. The Mascot Initiative is comprised of three major components: the Neighbors Way Tuition Assistance Award scholarship program, the Mascot Checking program and the Financial Literacy Program.

In 2018, we launched our new scholarship program, the Neighbors Way Tuition Assistance Award. We were thrilled to award \$15,000 to graduating students at our Mascot Schools. And, we cannot wait to double that in 2019!

**"Neighbors
Federal Credit
Union is really
showing us what
it means to co-
create a positive
community"**

**Baton Rouge
Mayor-President
Sharon Weston Broome**

In addition, we provide money back to the schools through our Mascot Checking program. Each school receives cash back for every debit card swipe from a Mascot Checking account sporting their logo. In 2018, schools earned \$40,985 through this program!

The final element of the Mascot Initiative is providing financial education to the schools. Our team will visit with schools and host

workshops for students to learn about money management. We also built two new financial literacy centers at Walker High School and Denham Springs High School in 2018. At these facilities, we have provided plenty of resources to educate students on financial services. These facilities cost roughly \$60,000 to build and renovate in 2018.

Our community efforts also included Neighbors Day. Each Neighbors employee took Columbus Day off to volunteer throughout Baton Rouge and the surrounding communities. With more than 1,000 hours of community service throughout the Greater Baton Rouge area, the impact from Neighbors Day is valued at \$26,813.

"Neighbors Federal Credit Union is really showing us what it means to co-create a positive community," Baton Rouge Mayor President Sharon Weston Broome said during her Neighbors Day proclamation.

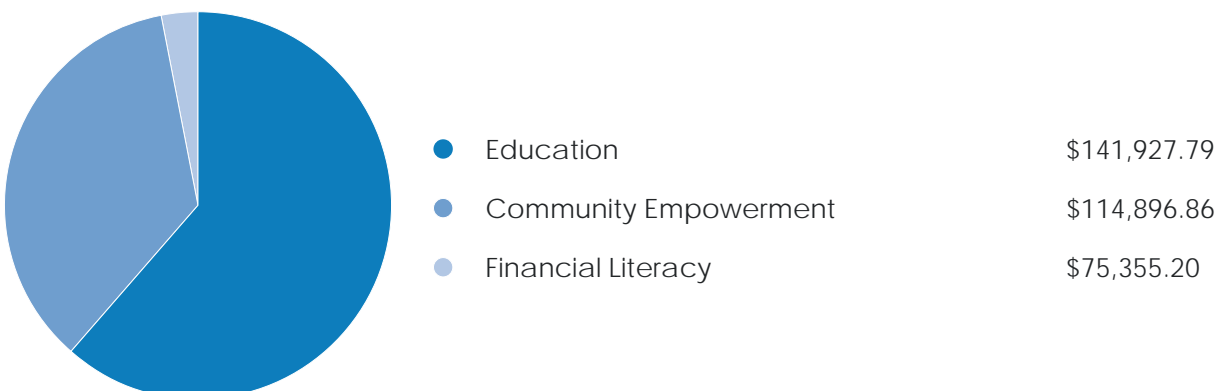
Estimated value Neighbors committed to charitable causes in 2018

\$406,289

Where Neighbors made an impact



Form of impact



The Neighbors Way Tuition Assistance Award

\$15,000
awarded to
9
students in 2018

Students have the
opportunity to
receive between
\$1,000
and
\$5,000
to offset the cost
of their first year's
college tuition

In 2018, the Neighbors Capital Area Foundation launched its newest initiative, the Neighbors Way Tuition Assistance Award. The scholarship program was established in an effort to celebrate outstanding students in the community who would benefit from financial assistance in their pursuit of higher education. The creation of the scholarship program was inspired by the Neighbors Way Award, a recognition award granted by Neighbors to students and faculty in the community who demonstrate strong character and live the "Neighbors Way."

Once per year, high schools participating in the Neighbors Federal Credit Union Mascot Checking Program are invited to nominate one graduating senior to receive the Neighbors Way Tuition Assistance Award. Nominated students must meet eligibility requirements and submit an original essay.

Students have the opportunity to receive between \$1,000 and \$5,000 to offset the cost of their first year's college tuition.

Recipients of the award are also invited to participate in a financial literacy boot camp preceding their freshmen year of college. The boot camp aims to provide tools to make wise financial decisions as the students embark on their adult life.

In its inaugural year, Neighbors granted \$15,000 in scholarships to nine students in 2018. Neighbors plans to grant \$30,000 to 13 students in May 2019.

2018 Neighbors Way Tuition Assistance Award Winners



Ashley
Attending LSU



Raven
Attending La Tech



Kelsey
Attending Southern



Carrington
Attending Southern



Lauren
Attending Southeastern



Alyssa
Attending ULL



Derrika
Attending Southern



Cameron
Attending Harvard



Xavier
Attending Lincoln Trail

Financial Education

Neighbors Federal Credit Union provides financial education to its members and the general public. In an effort to provide resources that enable members of the community to make wise financial decisions, Neighbors offers financial education through classroom instruction, loan assistance and financial counseling.

More than 200 attendees participated in Neighbors on-site financial workshops in 2018. These workshops were held at the Neighbors state-of-the-art Financial Literacy Center and boasted hands-on activities and special guest presentations from experts in each field.

In April, Neighbors celebrated “Financial Literacy Month.” Age-specific contests were held at each branch including essay, poster and coloring contests aimed at sparking interest in financial fitness in its youth.

Neighbors strives to make banking accessible to those living in low to moderate income communities. We recognize that these individuals may not have the means to

travel to workshops held at our branches. By providing workshops at locations in their community, we eliminate barriers that might otherwise have prevented them from obtaining financial resources and education. These workshops and resources are not limited to our members, but are free and open to the public.

Neighbors serves these communities through partnerships with The Department of Housing and Urban Development, Habitat for Humanity, Mental Health Association of Greater Baton Rouge and The Urban League of Greater New Orleans, which serves populations in the Greater Baton Rouge area as well as those in New Orleans.

Schools in the community may request on-site financial education classes from a Certified Credit Union Counselor. These classes may be requested for students or teachers and staff. Coursework focuses on basic banking, budgeting and credit to establish the foundational knowledge of banking basics.

Neighbors offers personal financial assistance with Certified Credit Union Financial Counselors at each of its branches. Members have the opportunity to meet one on one to discuss topics ranging from personal budgeting to credit management. Members also have access to more than 200 financial counselors available through a partnership with GreenPath Financial Wellness. Through this program, members have access to private phone consultations and debt management. In addition, Neighbors has partnered with EverFi to offer Money Matters, a digital, financial education resource accessible through our website.

In 2018 Neighbors hosted six financial workshops including:



In 2018 Neighbors introduced two new financial literacy partners



Clays for a Cause



PRESENTED BY THE NEIGHBORS CAPITAL AREA FOUNDATION BENEFITING
THE NEIGHBORS WAY TUITION ASSISTANCE AWARD FUND



Friday, April 5th, 2019

Bridgeview Gun Club

1365 Northwest Drive
Port Allen, LA

Registration & Breakfast: 9:00am
Shoot, Lunch, and Awards to follow

For more information or to sign up visit
neighborsfcu.org/claysforacause

ENTER TO WIN

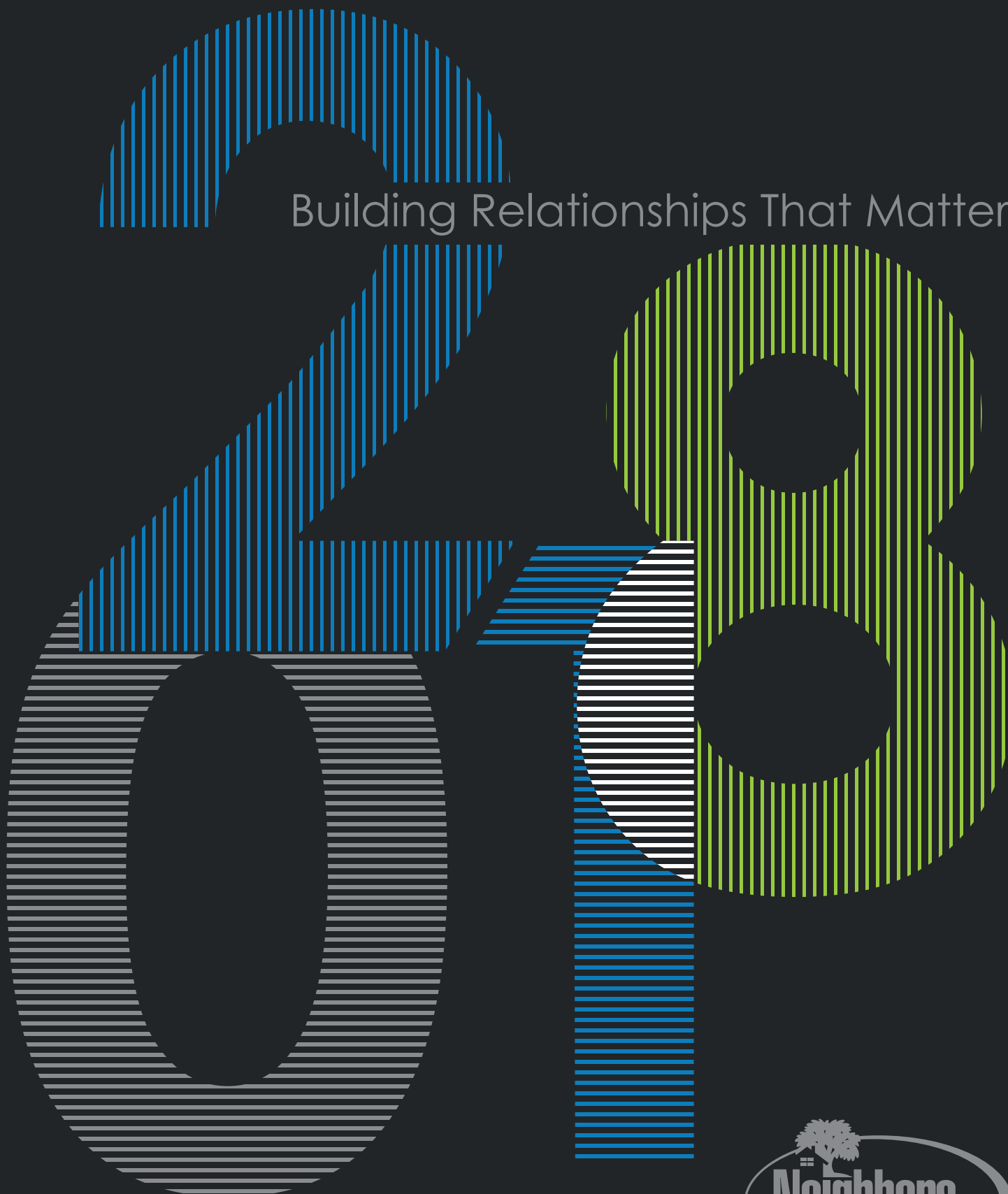
**A HONDA FOURTRAX RECON ATV
VALUED AT OVER \$4000**

Purchase your raffle tickets at any
Neighbors branch today!

Only \$10.00



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Building Relationships That Matter



neighborsfcu.org    