



Joint message from the board chairman and president

While the economy continued to try to rebound in 2010, Arsenal was able to grow and prosper.

Despite a sharp decrease in member borrowing and a slight increase in loan charge-offs from the previous year, our assets grew over 7 percent. Member deposits grew more than \$8.6 million and our net worth, a measure of financial strength, increased to 8.76 percent, which is well above our regulatory requirement. According to Bauer Financial, Arsenal is safe and financially sound; the independent agency gave Arsenal a four-star (excellent) rating.

Due to our cooperative structure, Arsenal wouldn't be successful without the loyalty of our members. We constantly strive to earn that loyalty by providing great service, adding products and convenience services to make members' lives easier, and helping members manage and improve their financial well-being with the right tools.

Our main focus continues to be on service because we realize that, even with the best products or rates, our members wouldn't come back to us if we didn't give them friendly, reliable service. From getting to know members by name to helping them with important financial decisions, we work hard to earn our members' trust and make them feel welcome every time they walk into a branch. We also invest in ongoing training for staff to make sure they have the knowledge and tools needed to best help members with their financial needs.

We take pride in our service to members, not because *we think* we're doing a good job but because *our members have told us* that we are. Last year 81.19 percent of members responding to our year-round surveys rated our service as excellent and 98.38 percent said they would recommend us to others. Not only do we measure the service our members receive in person, but we also evaluate the service given over the phone and through online banking and our ATMs.

Arsenal holds an excellent reputation with our peers in the financial services marketplace as well. In 2010, Arsenal received a platinum-level You Make the Difference Award from the Missouri Credit Union Association (MCUA) for our legislative involvement to protect members' financial rights. For the second year in a row, Arsenal was recognized by the Credit Union National Association (CUNA) as a REAL Deal™ credit union for reaching out to our members and our community.

Of course, we don't rest on our service or accolades. We continue to improve members' experiences with us. One major accomplishment last year was the construction of a new branch in North St. Louis County. The new facility, which replaced our previous North County location on Feb. 22, 2011, has many conveniences that our other branch was lacking: drive-up teller windows and ATM, private offices for opening accounts, safe deposit boxes, a comfortable waiting area, extended office hours, and more.

Members can now access their Arsenal accounts from *anywhere* for free with the recent introduction of mobile and text message banking. Members with smartphones can access a mobile version of our online banking site to get balances, pay bills, and transfer funds. Members with any cell phones can text short codes to retrieve balances, find out the

latest transactions to clear their accounts, and even transfer funds in seconds.

Members also can get a decision on an ACU auto loan in seconds, even if they apply at a dealership after Arsenal is closed. We added after-hours processing for auto loan applications taken at the dealership so members can find out if they are approved for a loan with us, even when we're not here!

Auto, homeowners and life insurance were all added to our lineup of financial products to help members save money in other ways. In the fall, we began partnering with Liberty Mutual and CUNA Mutual Insurance Society to offer our members discounts on these products to protect their assets.

Members can also receive discounts on cell phone plans from Sprint, another partnership formed to help members save money.

Not all credit unions offer the breadth and depth of products and services that we do. We are truly a full-service financial institution. Members of a small credit union – Webster Groves Municipal Employees Credit Union (WGMECU) – have been enjoying access to a much wider range of financial products and services since their credit union merged into ours on Jan. 1, 2010. We're honored and happy they chose us as their merger partner.

As part of our mission, ACU strives to assist our members and the members of our community whenever possible, and 2010 was no exception. We held two jewelry sales last year to benefit Homes for Our Troops (HFOT), a nonprofit organization that builds homes for severely injured veterans returning home from Iraq and Afghanistan. ACU employees made necklaces, bracelets, and earrings and sold them in the branches before Valentine's Day and Christmas. Through these sales and additional donations, we raised \$6,292. For our efforts, we received a second-place Dora Maxwell Social Responsibility Award from MCUA.

The credit union and our members donated \$500 worth of household items for the St. Louis Fisher House, a place where veterans' families can stay for free while the veterans are hospitalized at the St. Louis VA Medical Center at Jefferson Barracks. Last winter, members also generously donated toys for the U.S. Marine Corps Toys for Tots Program and coats for Warners' Warm-Up.

Just as our members' donations allow us to give more to our community, our members' use of our products and services allow us to give back more to all members through better rates and additional products and services.

It's the cooperative spirit and structure of credit unions, and it wouldn't be possible without you. On behalf of Arsenal Credit Union's staff and volunteers, thank you for your business and loyalty.



Sincerely,

Randy Pratt
Board Chairman



Sincerely,

Linda Allen
President/CEO