



FIRST

CREDIT UNION

2014

ANNUAL REPORT

A MESSAGE FROM OUR PRESIDENT/CEO, JAY CURTIS

IT'S ALL ABOUT

Together, we produced strong results in 2014, but rather than sharing a recap of numbers and accomplishments, let's start with why First Credit Union exists and the core motivation for the 150 people who work here every day. Really, it's quite simple ...

It's you, our member-owners.

First Credit Union's member-owners are our employees' top priority. Every product, service or delivery method upgrade, addition or, in some cases elimination, is made because we believe the change will serve you better, faster, or more conveniently. Changes like 24/7 member service makes it easier to get assistance when you need it. Upgrades like better mobile banking offers additional convenience with remote check deposit and on-the-go bill pay.

YOU OWN THIS PLACE!

Membership matters. You're a member-owner which means you, along with all members, cooperatively own First Credit Union. It also means you have access not only to First Credit Union's lending and savings products and services but you also have access to the extensive nationwide CO-OP ATM Network, which provides you with more surcharge-free locations than any bank in America. First Credit Union is not-for-profit which means you benefit when it comes to fees and rates. We strive to keep fees at a minimum and mostly as a "pass-through", meaning what you pay is what it costs to provide that service or product. We also do our best to keep rates as low for loans and as high for deposits as reasonably possible, yet cover the expenses associated with offering these products and the services needed to deliver them conveniently.

WE CARE.

Caring for the communities First Credit Union serves and where our members live translates into participation in community events, hours of volunteer service and meaningful charitable donations. For example, First Credit Union collected over **500 POUNDS** of food for community food banks in Phoenix's East Valley, West Valley, and Tucson. Thanks to the generosity of our members and employees, First Credit Union raised nearly **\$12,000**

for Children's Miracle Network last year. That money stays in Arizona and benefits Phoenix Children's Hospital and Tucson Medical Center. Throughout the year, First Credit Union employees donated school supplies, clothing, toys, personal care items, and pet food for our neighbors (and animals!) in need. First Credit Union employees also gave of their time by donating more than **800 HOURS** volunteering to organizations including the American Cancer Society, ICAN, Fans Across America, Junior Achievement of Arizona, and National Multiple Sclerosis Society.

RECAP Year in Review

First Credit Union made an increased number of loans in 2014 and in doing so was able to assist more members than ever with their borrowing needs for homes, cars, and other financial dreams. I encourage you to read the Board of Directors Report, Credit Committee Report and Supervisory Committee Report, as well as review the Financial Statement and charts contained in this Annual Report where you'll find detailed information regarding First Credit Union's financial results for 2014.

Improvements and enhancements. During 2014, First Credit Union introduced several new or improved products, services, and conveniences to help make it easier for you to manage your money and accounts. We launched 24/7 member service, mobile banking apps with remote check deposit, and same-day loan payment options. We also introduced reloadable pre-paid debit cards, credit-builder loan options, and added personal money management tools to our online banking.

Get rewarded. Being a member of First Credit Union is more rewarding than ever with the enhancement of our rewards programs. Last year we added rewards programs for referring new members, shopping online and using your First Credit Union Visa® debit card. These additional rewards programs along with our existing Visa® Rewards credit card program means that whether you choose to use your First Credit Union debit card or Rewards credit card, you get rewarded with every purchase, every day!

Thank you! We value your membership and appreciate your business. On behalf of every First Credit Union employee, please accept my sincerest gratitude for your trust, your loyalty, and your continued support. We exist to serve you.

BOARD OF DIRECTORS REPORT

Wayne Sillyman, Caryn Horvitz-Strauss, Charles Hultstrand, Russell Puckett, Ken Mullins, José Carrera, Sr., Jay Curtis



Your Board of Directors' chief concern is to ensure the well-being of First Credit Union for today, tomorrow and for years to come. We keep our member-owners' best interests at the forefront when, along with the Executive Management team, we make decisions throughout the year to strengthen and grow our credit union. We are your representatives and take seriously our responsibilities to you.

Your Board has complete trust in our credit union's Executive Management team and their ability to make sound decisions for our future success. We're confident First Credit Union remains a safe, stable and beneficial financial institution.

OUR CREDIT COMMITTEE SAYS...

First Credit Union is committed to being a safe and stable financial institution for our members. The Credit Committee met regularly throughout 2014 to ensure the credit union is operating within established lending policies and guidelines.

During 2014, First Credit Union funded \$106.9 million in consumer loans and \$19.1 million in first mortgage loans. The total loan portfolio grew by \$38.2 million to \$264.5 million, which is a year-over-year increase of 17%.

Being the "first choice" for your borrowing needs is our goal. Going forward, First Credit Union and the Credit Committee remain committed to offering new loan products, services and delivery channels that meet our members' financial needs and service expectations.

SUPERVISORY COMMITTEE WEIGHS IN...

The Supervisory Committee is appointed by the Board of Directors for the purpose of ensuring accurate records, protection of members' funds and maintaining quality systems of checks and balances. The committee utilizes the support of internal auditors to review selected areas of credit union operations on an ongoing basis. Committee members for 2014 were William Jimro, Russell Puckett, Wilma Jean Croucher Quenzler, Ben Tan, and Brian Walker.

The Supervisory Committee monitors that operations are conducted in accordance with governing rules and regulations and assets are properly administered. The committee retained the services of an outside Certified Public Accountant firm, Clifton Larson Allen LLP, to perform a comprehensive annual audit and received a "clean opinion." Additionally, the National Credit Union Administration and Arizona Department of Financial Institutions, our regulatory agencies, have conducted thorough examinations of the credit union's operations.

Based on their interaction with the Board of Directors, Executive Management, and Internal Auditors, it is the opinion of the Supervisory Committee that First Credit Union is conducting its affairs in a fiscally safe manner and that the financial statements presented in this annual report fairly represent the condition of First Credit Union at year-end 2014.

RECAP

2013 Meeting Minutes

The 2013 Annual Meeting was called to order at 6:02 PM by Chairperson, José Carrera, Sr.

A quorum was ascertained by the Vice Chairperson of the Board, Charles Hultstrand.

The invocation was given by Jon McMullin, MIS Department Manager and his son, Jeremy McMullin, led in the reciting of the Pledge of Allegiance.

Mr. Carrera introduced the members of the current Board of Directors, the Supervisory Committee and senior staff.

A request came from the chair for a motion to approve the 2012 Annual Meeting minutes, which can be found in the 2013 Annual Report. A motion was made by Lori Gallegos and seconded by Ken Mullins. The motion passed unanimously.

Mr. Carrera pointed out to the attendees that there are four reports contained in the 2013 annual report, the Chairperson's report, the President's report, the Supervisory Committee's report and the Credit Committee's report. He encouraged all members to read the reports and asked if any attendees had any questions. There were no questions from the floor.

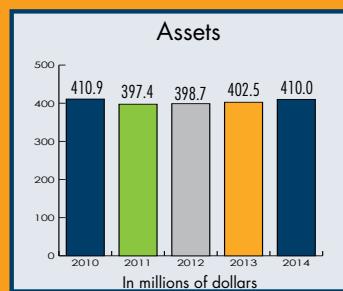
Mr. Carrera asked if there was any old business. During the previous year a bylaw amendment was adopted and approved by the Board of Directors and the Arizona Department of Financial Institutions. At the January 22, 2013 meeting the Board approved an amendment to Article III, Section 3.1 of the Bylaws addressing Field of Membership and a revision of the Select Employer Group List. Mr. Carrera then inquired as to any new business. There was no new business from the floor.

Mr. Carrera presented the Governance Committee Report. There were four vacancies for the board this year and that the Governance Committee nominated four candidates to run for the board. The four candidates are Jay Curtis, Charles Hultstrand, Kenneth Mullins and Russell Puckett. He explained that as only four candidates were nominated to fill the positions, there was no need for a ballot election and the four nominees were elected by acclamation.

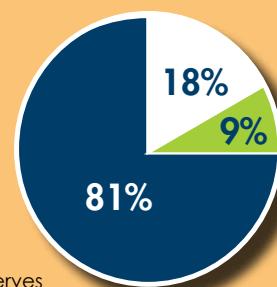
There being no further business, Mr. Carrera asked for a motion to adjourn the First Credit Union Annual Meeting. Motion was made by Ken Mullins and seconded by Charles Hultstrand. Motion to adjourn was passed unanimously and the 2013 Annual Meeting adjourned at 6:12 PM.

STATEMENT OF FINANCIAL CONDITION As of December 31, 2014 (unaudited)

ASSETS	2014	2013
Loans to members	264,537,223	226,339,558
Allowance for loan losses	(4,327,106)	(4,263,045)
Investments	72,385,729	109,525,111
Fixed Assets	19,727,627	20,102,024
Cash and cash equivalents	44,527,009	36,523,471
All other assets	13,186,542	14,304,979
Total Assets	410,037,024	402,532,098
LIABILITIES	2014	2013
Accounts payable	1,585,426	2,152,397
Notes payable	0	0
Other liabilities	2,116,859	1,451,190
Member equity:		
Shares and certificates	372,653,712	369,844,728
Statutory reserves & other comprehensive income/loss	8,770,494	6,337,750
Undivided earnings	24,910,533	22,746,033
Total Liabilities and Members' Equity	410,037,024	402,532,098
INCOME	2014	2013
Interest from loans	12,128,716	10,478,604
Investment income	1,923,285	1,493,521
Other income	6,670,337	6,021,406
Total Gross Income	20,722,338	17,993,531
OPERATING EXPENSES	2014	2013
Compensation and employee benefits	9,181,378	8,543,820
General and administrative expenses	7,506,886	7,398,311
Total Operating Expenses	16,688,264	15,942,131
Income before dividends	4,034,075	2,051,400
Loan loss provision income/(expense)	(1,470,566)	1,015,205
Interest	(53,406)	(1,019)
Dividends to members	(345,603)	(374,532)
NCUSIF Share Insurance Fund/Temporary Corporate Credit Union Stabilization Fund	0	(298,315)
Total Net Income (Loss)	2,164,500	2,392,739



Disposition of Income	2014
Dividends to members	345,603
Undivided earnings, prior to provision for loan losses, reserves & NCUSIF contribution	3,688,472
Operating expenses	16,688,264
TOTAL GROSS INCOME	20,722,339



Quick Glance Corner!



- Operating Expenses
- Dividends to Members
- Undivided Earnings & Reserves