

This Annual Report contains detailed information about First Credit Union's financial results for 2016. We encourage you to review the Financial Statement and charts along with the reports from our Board of Directors, Supervisory Committee, and Credit Committee.

## President's REPORT



We are working harder than ever (and having a lot of fun too!) finding ways to deliver **FINANCIAL Sunshine®** to our members every day and in every way. With simple, sunny, and sincere gestures, we strive to provide you with a member experience that's different (in a good way) - delights you and adds a smile to your day.

Delivering Financial Sunshine is more than just quality service, it also includes implementing strategies to help you save money. We continually review our loan products to find ways to help members stretch their hard-earned dollars. As a result, our members responded in 2016 by financing 4,757 vehicle loans, financing 171 homes, \$6,607,600 in new home equity lines, and 831 new credit cards. We enhanced our checking accounts too, making it easier for more members to reduce their monthly checking account fee to \$0.



**TECHNOLOGY Enhancements.** We continue to invest in technology, tools, and infrastructure to further improve convenience, access, and security.

Our members' credit and debit cards now have the additional security feature of being EMV chip-enabled. Technology enhancements were made to our mobile, online, ATM, and website channels.

Our new website is streamlined for easier navigation. It is also a great source of financial education on everything from budgeting to how to improve your FICO score or shop for a vehicle.



## COOL #'S THIS WAY!

### Board of Directors

Your Board of Directors' primary focus 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.



**Branch MAKEOVERS.** We are giving our branches a makeover with lively colors, interactive digital displays, and comfortable lobbies. With these updates we hope to create an engaging service environment for us to assist you with your financial needs, as well as an inviting spot to just stop by for a good cup of coffee, use the technology bar, or relax and view the community video board.

**THANK You!** Please accept my sincerest gratitude for your trust, your loyalty, and your continued support. We exist to serve you. We value your membership and appreciate your business.

JAY CURTIS PRESIDENT/CEO



**\$63,200** CHARITABLE GIVING



**4,942 NEW MEMBERS**

**1,318 HOURS IN THE COMMUNITY**

**\$ TOTAL LOANS FUNDED SINCE 1929 2,902,160,219**

# 2015 Meeting Minutes

The 2015 Annual Meeting was called to order at 5:57 PM by Chairperson, José Carrera.

Quorum was ascertained by the Vice Chairperson of the Board, Bill Jimro.

The chair called for a motion to approve the 2014 Annual Meeting minutes, found in the 2015 Annual Report. Ken Mullins motioned to approve the minutes and Ben Tan seconded the motion. The motion passed unanimously.

Mr. Carrera pointed out to the attendees that there are four reports contained in the 2015 annual report, the Chairperson's report, the President's report, the Supervisory Committee's report and the Credit Committee's report.

There was no old business. There was no new business from the floor.

Governance Committee Report: There were three vacancies for the board this year and the Nominating Committee nominated three candidates,

José Carrera and Russ Puckett were nominated for three year terms and Bill Jimro was nominated for a one year term. As only three candidates were nominated to fill the positions there was no need for a ballot election and the three 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 Ben Tan and seconded by Bill Jimro. Motion to adjourn was passed unanimously and the 2015 Annual Meeting adjourned at 6:05 PM.

## Supervisory Committee REPORT

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 2016 were Chris Dunlevy, William Jimro, Shari Mauney, 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, Nearman, Maynard, Vallez, CPA, 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 2016

## Credit Committee REPORT

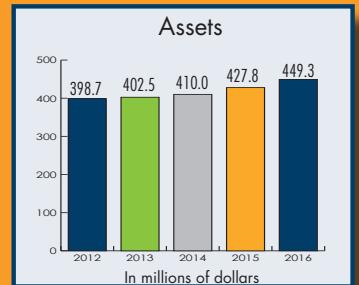
First Credit Union is committed to being a safe and stable financial institution for our members. The Credit Committee met regularly throughout 2016 to ensure the credit union is operating within established lending policies and guidelines.

During 2016, First Credit Union funded \$134.2 million in consumer loans and \$30.2 million in first mortgage loans. The total loan portfolio grew by \$39.4 million to \$319.4 million, which is a year-over-year increase of 14%.

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.

# STATEMENT OF FINANCIAL CONDITION As of December 31, 2016 (unaudited)

	2016	2015
<b>ASSETS</b>		
Loans to members	319,432,247	279,798,083
Allowance for loan losses	(3,589,520)	(3,694,350)
Investments	61,986,197	69,448,738
Fixed Assets	19,803,378	20,237,185
Cash and cash equivalents	39,811,595	49,601,534
All other assets	11,901,368	12,474,453
<b>Total Assets</b>	<b>449,345,265</b>	<b>427,865,643</b>
<b>LIABILITIES</b>		
Accounts payable	2,340,956	1,558,729
Notes payable	0	0
Other liabilities	4,115,470	2,099,881
<b>Member equity:</b>		
Shares and certificates	408,750,072	389,683,186
Statutory reserves and other comprehensive income(loss)	7,288,514	8,091,875
Undivided earnings	26,850,253	26,431,972
<b>Total Liabilities and Members' Equity</b>	<b>449,345,265</b>	<b>427,865,643</b>
<b>INCOME</b>		
Interest from loans	14,480,279	13,064,660
Investment income	2,373,976	1,796,248
Other income	6,602,004	6,352,046
<b>Total Gross Income</b>	<b>23,456,259</b>	<b>21,212,954</b>
<b>OPERATING EXPENSES</b>		
Compensation and employee benefits	9,749,258	9,126,051
General and administrative expenses	8,730,164	8,475,606
<b>Total Operating Expenses</b>	<b>18,479,422</b>	<b>17,601,657</b>
Income before the following:	4,976,837	3,611,296
Loan loss provision expense	(2,333,482)	(1,603,145)
Interest	(303,541)	(133,808)
Dividends to members	(371,533)	(352,904)
Extraordinary item	(1,550,000)	0
<b>Total Net Income(Loss)</b>	<b>418,281</b>	<b>1,521,439</b>



## Disposition of Income

