



WELCOME TO THE
2016
FIRST FINANCIAL CREDIT UNION
ANNUAL MEETING

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PRESIDENT'S REPORT • RON MOOREHEAD

CHAIR'S REPORT • CASSIE KELLEY



First Financial Credit Union continues to deliver superior value to its owner/members, and the communities where its members are located. With the completion of the merger last year with CFCU, the Credit Union now has 15 branches in 9 New Mexico communities. An analysis by the Credit Union trade group CUNA determined that First Financial Credit Union saved its members in the last year \$6.18 million

... Looking forward into the future, we will be implementing solutions that make managing your finances safer and easier. . .

by having lower loan rates, lower fees, and higher deposit rates than the average bank. Quarterly surveys of our members over the past two years show that the Credit Union has the best in class satisfaction with our products and services. These are just part of the reasons the Credit Union continues to

grow, ending the year with 66,970 members after starting the year with 58,713. The world is changing at an ever increasing pace, and if you listen to all the hype, you would think that we will be a cashless society by Thursday, or that you should bury all of your cash in the backyard. I can assure you that while the world is changing and rapidly, it won't be as scary as all the reports seem to indicate. Indeed the future will be different than the past, but your Credit Union is here to partner with you as you move into your financial future, whether you are just starting out with your first savings account or have decades of experience managing your money.

One of the ways First Financial partners with you is by providing proven leading edge technology and products, like the recently completed EMV chip card, Apple Pay, and Kasasa checking account initiatives. The Credit Union offers these and other advanced products to help simplify and streamline how you budget, spend and save your money, as well as provide the best security possible for your finances.

Looking forward into the future, we will be implementing solutions that make managing your finances safer and easier, providing you with positive experiences, and helping you bank anywhere, anytime. I am honored to work with such a fantastic group of staff and volunteers, and want to thank you for the continued opportunity to serve you.

First and foremost, it's thanks to YOU that we can share in the celebration of another successful year. As you continue to take advantage of the products and services, the strength of our cooperative grows allowing us to give back to our members and our communities.

In 2015, First Financial Credit Union merged with Chino Federal Credit Union. Together, we are an even stronger financial institution with the addition of two branches in the Southern part of New Mexico. First Financial now has 15 locations across 9 cities.

Since First Financial Credit Union's founding in 1936, we've stayed true to our mission of improving the financial lives of people. Our core purpose continues to guide us as we focus on doing the right thing for our members. These values of honesty, integrity and respect allow us to remain financially strong.

We donated \$13,000 in 2015, to various nonprofits such as Deming Special Olympics, Tour of the Gila, Roosevelt County Fair, Autistic Children's Camp in Gallup, and

... we've built a solid foundation—one that allows us to continue enhancing our services and provide increasing value to our members.

Big Brother's Big Sisters. We also funded \$27,600 in college scholarships to help New Mexico's students succeed in their continued education. With our continued support of Making Strides Against Breast Cancer, we raised over \$13,125 as their Starting Line Sponsor in 2015.

At our annual Shred Event in May, we shredded tons of personal documents so our members and community residents could feel safe and secure. We also continue to give back to our communities through financial literacy programs, to help positively impact our member's quality of life.

As you'll see in this report, we've built a solid foundation—one that allows us to continue enhancing our services and provide increasing value to our members. We're excited for what the future holds! On behalf of all First Financial Credit Union employees, we appreciate your business and the privilege of serving you.

ALBUQUERQUE BRANCHES

- Downtown: 601 Tijeras NW
- San Mateo: 2700 San Mateo NE
- Coors: 2929 Coors Road NW
- South Valley : 1625 Rio Bravo Blvd, SW Suite 6
- Juan Tabo: 831 Juan Tabo NE, Suite A
- Academy: 10400 Academy NE, Suite 150

DEMING BRANCH

- 801 EAST CEDAR STREET

FARMINGTON BRANCH

- 4919 E Main St Suite 103

GALLUP AREA BRANCHES

- Boardman: 313 S. Boardman
- Mesa View: 1383 N. HWY 491

PINE HILL BRANCH

- Located in the Pine Hill Market, Route 125

PORTALES BRANCH

- 700 W. 2nd

RIO RANCHO BRANCH

- 2201 Rio Rancho Blvd SE

SILVER CITY BRANCH

- 2290 SUPERIOR STREET

ZUNI BRANCH

- 1202 East Highway 53

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BOARD OF DIRECTORS

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SUPERVISORY COMMITTEE

Chair - Jennifer Walters
Secretary - Gloria Herrera
Member - Olivia Jimenez



community
people helping people

2015 was a successful year, providing solid growth to First Financial Credit Union. Membership increased by 14.1%, deposits grew by 15.6%, loans grew by 19.7%, and assets grew by 15.0% to \$492 million. Net interest income increased \$1.1 million or 8.2% compared to the prior year. The increase in interest income was proportionally less than the increase in loan balances, and was limited as a direct result of the continuing very low rate interest environment. Short term interest rates slightly rose in December as the result of Federal Reserve actions, but long term interest rates remain near historic lows due in large part to worldwide economic conditions. With increased membership and the addition of 2 branches from the merger with CFCU, operating expenses increased by \$2.4 million or 12.3% over the prior year. Overall net income in 2015 was \$288,053.

In 2015 First Financial completed several large multi-year technology and product initiatives. These initiatives enhance the safety of your financial information as well as provide other tangible benefits to you, like the Kasasa checking product which pays you back each month for using your debit card. The credit union's 2015 financial reports reflect that the Credit Union continues to be healthy, with net worth ending the year at \$39.8 million and 8.1% of assets. This exceeds the 7% threshold that is required to be considered "well capitalized" by the National Credit Union Administration.

The Supervisory Committee ensures that the Board of Directors and credit union management meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets. This is accomplished through a combination of internal audits and external examinations.

Internal audits performed by the Director of Internal Audit evaluate the internal controls established by Credit Union for effectiveness, adherence, and compliance with regulatory requirements.

External examinations are performed periodically. In 2015, examinations were conducted by our federal regulator, National Credit Union Administration (NCUA), our State regulator, NM Financial Institutions Division, and an independent certified public accountant firm, Nearman, Maynard, Vallez CPAs.

Additionally, in accordance with our Credit Union Bylaws, a verification of members' share and loan accounts was conducted effective September 30, 2015.

The Supervisory Committee is also the advocate for members who have concerns or may need assistance resolving a problem encountered in transacting business. Members may contact the Supervisory Committee at P.O. Box 26926, Albuquerque, NM 87125.

Based on the above actions and results, the Supervisory Committee is pleased to report (i) the accounting records and financial reports of First Financial Credit Union are accurately stated in all material respects, (ii) adequate internal controls are consistently used in daily operations, (iii) all examiner issues or concerns have been addressed, and (iv) First Financial Credit Union is financially secure and dedicated to serving its members.

2015 STATEMENT OF FINANCIAL CONDITION

FIRST FINANCIAL CREDIT UNION AS OF 12/31/15

| ASSETS | 2015 | 2014 |
|---------------------------|-----------------------|-----------------------|
| Loans | \$ 325,760,930 | \$ 272,442,873 |
| Allowance for Loan Losses | (3,357,653) | (3,530,496) |
| Net Loans | \$ 322,403,277 | \$ 268,912,377 |
| Cash & Investments | 127,661,558 | 133,234,308 |
| Fixed Assets | 9,994,994 | 9,074,732 |
| Other Assets | 31,444,174 | 16,184,562 |
| Total Assets | \$ 491,504,003 | \$ 427,405,979 |

LIABILITIES & EQUITY

| | | |
|---------------------|--------------|--------------|
| Current Liabilities | \$ 4,435,825 | \$ 3,020,103 |
| Member Shares | 447,270,396 | 386,767,876 |
| Retained Earnings | 39,797,782 | 37,618,000 |

Total Liabilities & Equity \$ 491,504,003 \$ 427,405,979

STATEMENT OF INCOME & EXPENSE

| | 2015 | 2014 |
|----------------------------|-------------------|-------------------|
| Interest Income: | | |
| Loans | \$ 15,280,029 | \$ 14,802,486 |
| Investments | 1,447,248 | 873,033 |
| Interest Expense: | | |
| Dividends to Members | (1,723,625) | (1,812,509) |
| Interest on Borrowed Funds | (210) | (186) |
| Net Interest Income | \$ 15,003,442 | \$ 13,862,824 |
| Other Operating Income | 9,861,591 | 9,507,669 |
| Non-Operating Income/Loss | 170,154 | 182,992 |
| Operating Expense | (22,003,682) | (19,589,229) |
| Provision for Loan Losses | (2,743,452) | (3,095,000) |
| Net Income | \$ 288,053 | \$ 869,256 |

