

FirstFinancial
CREDIT UNION

ATM

ATM

2012

Annual Report

FirstFinancial
CREDIT UNION



PRESIDENT'S MESSAGE

BEN F. HEYWARD

At last year's annual meeting, I reported that so far 2012 was shaping up to be a good year, because we were building on programs we started the previous year. As it turned out, 2012 was the second most profitable year in our 76 year history.

While the economy remained weak, we were able to grow deposits, loans and net worth. One of the most amazing facts about 2012 was our membership growth. In previous years we have averaged net gains in membership of about 1,500 each year. In 2012 we saw an astounding net gain of 3,194 new members. We asked these new members what brought them to us. Overwhelmingly they stated that they were referred by either family, existing members or felt our locations were more convenient for them.

"2012 WAS THE SECOND MOST PROFITABLE YEAR IN OUR 76 YEAR HISTORY."

As I reported in the 1st quarter 2013 newsletter, we made a record number of loans in 2012, when other financial institutions made it more difficult for borrowers to obtain credit. We funded over \$146 million in loans (not including mortgages) for a net gain of \$40 million, resulting in almost a 15% growth in loans for the year. In addition to this record-breaking growth, we converted our core operating system to one that will meet your needs for many years.

Don't get BANKED!

You don't have "To Pay"



 **FirstFinancial**
CREDIT UNION

None of the phenomenal growth in membership or earnings would be possible without the efforts of our fantastic member-focused employees. The collaboration encouraged, and the empowerments given has developed some of the most happy and productive employees in our industry. Evidence of this is the fact that the employees voted this Credit Union the Best Places to Work Award in 2012 for the fifth time in six years.

Your Credit Union remains safe and vibrant! We are excited about what lies ahead in 2013, and look forward to reporting our continued progress.



CHAIRMAN'S REPORT

CASSIE KELLEY

While many financial institutions seem to be under a collective dark cloud these days, this is not true for your credit union. The challenges created by the economy have brought into focus the strengths and benefits that First Financial Credit Union brings to you as a member/owner. Technological innovation, desirable products, and a strong bottom line are crucial to any financial institution, but we realize that without our valued members, these important components don't always add up to success.

Today's members, are armed with limitless information at their fingertips, and are more financially and technologically savvy than ever. As we strive to keep pace with the new technology and products to serve the needs of a changing membership, we still know nothing can replace the personal touch of a trusted employee, and their welcoming smile. Our unique model continues to be extremely successful, and has helped us not only maintain our financial strength for the past 76 years, but has also helped us significantly grow our membership in 2012.

First Financial Credit Union made several important enhancements in 2012 designed to give YOU, our members an even stronger foundation for your financial well-being. In April 2012, we converted to a new, more efficient core computer processing system. This was a tremendous undertaking that involved many hours of work on the part of our entire staff over the course of many months. We also launched mobile banking apps for both iPhone and Android Smartphones that will allow you to deposit your checks directly from your phone into your account.

I am pleased to report that First Financial Credit Union once again was named one of New Mexico's Best Places to Work in 2012 by New Mexico Business Weekly. Our employees have helped make First Financial Credit Union everything it is today, and I am proud

that we in turn have provided them with the best benefits and opportunities, making First Financial one of the best places to work!

First Financial Credit Union is committed to building lasting relationships in the community, and we work hard to make a meaningful difference. Employees contributed their time, talents and money to multiple charities and events throughout the various communities in New Mexico. With the generous support of our membership, we were able to raise \$11,000 for Children's Miracle Network. First Financial was again a flagship sponsor of the 2012 Making Strides Against Breast Cancer Walk and raised over \$35,000. We also had over 271 walkers participate in the walk. In addition to awarding 12, \$1,200 college scholarships to local high school seniors, we also sponsored \$1,000 to over 11 high school's athletic programs. First Financial has also continued to support the worthy goal of promoting financial education by being a lead sponsor for the New Mexico Coalition for Financial Education outreach events.

As we look to 2013, we will continue to develop products and services that benefit members FIRST. We will also continue to seek out additional opportunities to build and strengthen the relationships in the communities we serve. On behalf of the Board of Directors, we are honored to serve you, and thank you for your membership, and more importantly your trust in First Financial Credit Union.



SUPERVISORY'S COMMITTEE REPORT

JENNIFER WALTERS

The Supervisory Committee is responsible for ensuring that the Board of Directors and Credit Union Management meet required financial reporting objectives, and that establish practices and procedures are sufficient to safeguard members' assets. They also ensure that First Financial Credit Union maintains a system of strong internal controls that comply with established federal laws and regulations.

Our federal regulator, the National Credit Union Administration (NCUA) examines the credit union periodically, and reports findings and recommendations to our Board of

Directors and Management. Based on the results of these examinations conducted during the past year, the Supervisory Committee believes that First Financial Credit Union is operating in compliance with all

regulations, and is financially secure and operationally safe.

In accordance with procedures prescribed by NCUA, a confirmation of members' accounts was performed as of June 30, 2012 by Nearman, Maynard, Vallez CPAs & Associates. We confidently report that First Financial Credit Union is operating with a system of strong internal controls, and is a sound financial institution.

The Supervisory Committee is also the advocate for members who have concerns or need assistance with items they are not comfortable taking to Credit Union Management. The Committee, and our Internal Auditor are available to assist any member who wishes to contact us.

The Supervisory Committee and the Internal Audit Department will continue to review First Financial Credit Union's financial condition, and will help ensure it remains healthy as it continues to grow in membership, loans, shares and net worth. We commend the Board of Directors, and the diligent staff for a job well done.



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TREASURER'S REPORT

JOHN BLUMENTHAL

The best way to describe the American economy in 2012 would be to use the words of the brilliant philosopher Yogi Berra, "it's déjà vu all over again." 2012 was similar to 2011 for many Americans, who faced higher than normal unemployment, low interest rates, and a rather stagnant economy. The difficulties faced by many Americans were discussed at length during the election season, but little was done to actually alleviate the situation.

While the American economy was sluggish like it was the prior year, First Financial Credit Union grew by leaps and bounds, just like it did in 2011. Your Credit Union had significant growth in 2012 in membership, deposits, consumer loans, and net income. First Financial had its second best year ever for earnings, ending the year with \$3,003,746 in net income.

Throughout the recent recession, while other financial institutions closed branches and reduced staff expenditures, your Credit Union invested in its members by adding to its branch network, investing in new technologies, and investing in its employees' education and training.

During 2012 the core computer system replacement project was successfully completed and work was started on a new branch in the Far Northeast Heights in Albuquerque. The new branch at Academy and Eubank will open in early summer 2013.

Membership increased by over 7% in 2012, ending the year with 53,643 members. Loans grew by \$37.4 million in 2012, and deposits grew by \$16.9 million. 2012 was a very good year for the Credit Union, with Net Worth ending the year at over \$37 million and 9.27% of assets.

Your Board of Directors is committed to keeping First Financial safe and secure. Even though it has stood the test of time - turning 75 during 2012 - each year brings new challenges. First Financial is positioned well to face those challenges and thrive for many years.

2012

STATEMENT OF FINANCIAL CONDITION

FIRST FINANCIAL
CREDIT UNION
AS OF 12/31/12

ASSETS

	2012	2011
Loans	\$ 316,069,170	\$ 278,636,177
Allowance for Loan Losses	(3,669,153)	(4,628,714)
Net Loans	\$ 312,400,017	\$ 274,007,463
Cash & Investments	58,350,956	81,674,162
Fixed Assets	10,285,221	9,407,132
Other Assets	18,526,233	14,069,472
Total Assets	\$ 399,562,426	\$ 379,158,228

LIABILITIES & EQUITY

Current Liabilities	\$ 2,150,096	\$ 1,659,870
Member Shares	360,367,916	343,457,689
Retained Earnings	37,044,414	34,040,668
Total Liabilities & Equity	\$ 399,562,426	\$ 379,158,228

STATEMENT OF INCOME & EXPENSE

	2012	2011
Interest Income:		
Loans	\$ 15,756,443	\$ 14,707,472
Investments	345,894	623,133
Interest Expense:		
Dividends to Members	(2,170,277)	(2,509,951)
Interest on Borrowed Funds	(1,246)	(1,511)
Net Interest Income	\$ 13,930,815	\$ 12,819,143
Other Operating Income	7,952,030	7,186,091
Non-Operating Income/Loss	486,992	191,256
Operating Expense	(18,154,091)	(17,903,721)
Provision for Loan Losses	(1,212,000)	(1,325,000)
Net Income	\$ 3,003,746	\$ 967,769



Photos: Taken in Quemado, New Mexico.
Member William Rawhide Holiday and his horse Leo.
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ALBUQUERQUE BRANCHES

Downtown: 601 Tijeras NW

San Mateo: 2700 San Mateo NE

Coors: 2929 Coors Road NW

South Valley : 1625 Rio Bravo Blvd,
Suite 6 SW

Juan Tabo: 831 Juan Tabo NE,
Suite A NE

Academy: 10400 Academy NE,
Suite 150 NE

RIO RANCHO BRANCH

201 Rio Rancho Blvd SE

GALLUP AREA BRANCHES

Boardman: 313 S. Boardman

Mesa View: 1383 N. HWY 491

PINE HILL BRANCH

Located in the Pine Hill Market,
Route 125

ZUNI BRANCH

1202 East Highway 53

PORTALES BRANCH

700 W. 2nd

FARMINGTON BRANCH

4919 E Main St Suite 103

BOARD OF DIRECTORS

Chair - Cassie Kelley

First Vice Chair
Vincent Esparza

Second Vice Chair
Pablo Rael

Secretary/Treasurer
John Blumenthal

DIRECTORS

Boyd Miller, Ken Carson Sr.,
Loretta Montoya, Victor Padilla,
Cathy Thomas

SUPERVISORY COMMITTEE

Chairperson - Jennifer Walters
Secretary - Gloria Herrera

