

FIRST

CREDIT UNION

2015

ANNUAL REPORT

President's REPORT

As we reflect on 2015, please accept my sincerest gratitude for your trust, your loyalty, and your continued support.

Financial results for 2015 are sprinkled throughout this Annual Report. I encourage you to review the Financial Statement and charts along with the reports from our Board of Directors, Supervisory Committee and Credit Committee. You'll also find a recap of our community involvement and charitable giving plus a bit of what's on the horizon for 2016.

FINANCIAL Sunshine.

It's more than a tagline. It's how every First Credit Union employee approaches their day, their work, and their personal interactions with each other and members. It's what we hope you find because we've made it easier to access and manage your money. It's how we hope you feel because we've helped you make a financial dream come true with a loan or useful financial education. It's about serving members. *It's about serving you!*

Giving back is a core value.

Together with you, our members, we raised thousands of dollars for Children's Miracle Network hospitals in Phoenix and Tucson. Also, with your help, we donated food, school supplies, clothing, diapers, shoes, personal care items, bottled water, pet supplies, and toys to our neighbors in need. First Credit Union employees also gave of their time by donating hundreds of hours, serving local community organizations.

< COOL #'S THIS WAY !

Financial education is important for members of all ages.

Whether you are figuring out what to do with your first paycheck or how to finance your second home, we're here to help. Over the last year we focused on improving our financial education offerings to serve as a helpful resource for members to learn about managing money. We added a dozen videos and companion guides covering topics from explaining compound interest to what goes into a credit score. We launched a financial management tool, My Budget, within online banking to make it easier to manage, track, and budget your money. All of this is free and available 24/7 at firstcu.net



1,194 HOURS IN THE COMMUNITY

\$50,829 CHARITABLE GIVING



3,780 NEW MEMBERS



TOTAL LOANS FUNDED SINCE 1929

2,505,317,376

What's NEXT?!

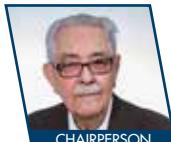
Updated branches and a new website are on the horizon for 2016. Bright colors, beautiful finishes, and brilliant digital displays will be incorporated into all of our branches over the next few years. We will also be refreshing our website this Spring with a new look, responsive design and a simplified, more intuitive layout. The website will include a powerful search feature to help you find the answers you need in seconds. Stay tuned for more information about both.

On behalf of every First Credit Union employee, we look forward to 2016 with a renewed commitment to demonstrate the credit union difference. We are privileged to serve you. Thank you!

JAY CURTIS PRESIDENT/CEO



- 2015 Credit Union of the Year Mountain West Credit Union Association
- Best Credit Unions to Work For 2015 Credit Union Journal
- 2015 Chandler 100 Chandler Chamber of Commerce



CHAIRPERSON



VICE CHAIRPERSON



TREASURER



SECRETARY



DIRECTOR



DIRECTOR



DIRECTOR

Board of Directors REPORT

Your Board of Directors' primary concern is to ensure the viability and future of First Credit Union. Throughout the year, together with the Executive Management team, we made decisions to help strengthen and grow our credit union, keeping our member-owners' best interests at the forefront. We are your representatives and we are looking out for you.

Your Board of Directors has complete trust in the credit union's Executive Management team. We are confident First Credit Union remains a safe, stable and beneficial financial institution. Thank you for your continued loyalty and commitment to First Credit Union.

Top Left to Bottom Right: José Carrera, Sr., William Jimro, Caryn Horvitz-Strauss, Ken Mullins, Ben Tan, Russell Puckett, Jay Curtis

RECAP

2014 Meeting Minutes

The 2014 First Credit Union Annual Meeting was called to order at 6:03 PM by Chairperson, José Carrera, Sr.

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

The chair called for a motion to approve the 2013 Annual Meeting minutes found in the 2014 Annual Report. Wayne Sillyman motioned to approve the minutes and Jay Curtis seconded the motion. The motion passed unanimously.

Mr. Carrera pointed out to the attendees that there are four reports contained in the 2014 annual report, the Chairperson's report, the President's report, the Supervisory Committee report and the Credit Committee's report.

Old Business: During the previous year two Bylaw amendments were adopted and approved by the Board of Directors and the Arizona Department of Financial Institutions. The Bylaw amendments allow for electronic voting for elections and the creation of an Emeritus Director position. Lori Gallegos offered a motion to ratify the Bylaw amendments and this motion was seconded by Ken Mullins. Motion passed unanimously.

There was no new business from the floor.

Governance Committee Report: There were two vacancies for the Board this year and the Governance Committee nominated two candidates, Caryn Horvitz-Strauss and Ben Tan, to run for the Board. As only two candidates were nominated to fill the positions there was no need for a ballot election and the two 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 Wayne Sillyman and seconded by Charles Hultstrand. Motion to adjourn was passed unanimously and the 2014 Annual Meeting adjourned at 6:12 PM.

Credit Committee REPORT

First Credit Union's primary goal is to be a safe and stable financial institution for our members. The Credit Committee met regularly throughout 2015 to ensure our credit union is operating within established lending policies and guidelines.

Last year First Credit Union funded \$102.0 million of consumer loans and \$24.1 million of first mortgage loans. Our total loan portfolio grew by \$15.5 million to approximately \$279.8 million, which is a year-over-year increase of 5.8%.

First Credit Union strives to be our members' primary resource for their borrowing needs. We remain committed to offering members innovative loan products, services and delivery channels that meet our members' needs and experience expectations.

Supervisory Committee REPORT

The role of the Supervisory Committee is important and similar to the role of internal auditors, which is to protect the interests of First Credit Union members. The committee members assume this responsibility by ensuring a quality system of checks and balances is maintained. The committee is appointed by the Board of Directors. Committee members for 2015 were William Jimro, Wilma Jean Croucher Quenzler, Brian Walker, Shari Mauney and Barry Schlegel.

The Supervisory Committee acts as a guardian of the credit union by ensuring operations are conducted in accordance with governing rules and regulations and assets are properly administered. The committee retained the services of a professional outside Certified Public Accountant firm, CliftonLarsonAllen 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 the Supervisory Committee's 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 the financial statements presented in this annual report fairly represent the condition of First Credit Union at year end 2015.

STATEMENT OF FINANCIAL CONDITION As of December 31, 2015 (unaudited)

ASSETS	2015	2014
Loans to members	279,798,083	264,537,223
Allowance for loan losses	(3,694,350)	(4,327,106)
Investments	69,448,738	72,385,729
Fixed Assets	20,237,185	19,727,627
Cash and cash equivalents	49,601,534	44,527,009
All other assets	12,474,453	13,186,542
Total Assets	427,865,643	410,037,024
LIABILITIES	2015	2014
Accounts payable	1,558,729	1,585,426
Notes payable	0	0
Other liabilities	2,099,881	2,116,859
Member equity:		
Shares and certificates	389,683,186	372,653,712
Statutory reserves and other comprehensive income(loss)	8,091,875	8,770,494
Undivided earnings	26,431,972	24,910,533
Total Liabilities and Members' Equity	427,865,643	410,037,024
INCOME	2015	2014
Interest from loans	13,064,660	12,128,716
Investment income	1,796,248	1,923,285
Other income	6,352,046	6,670,337
Total Gross Income	21,212,954	20,722,338
OPERATING EXPENSES	2015	2014
Compensation and employee benefits	9,126,051	9,181,378
General and administrative expenses	8,475,606	7,506,886
Total Operating Expenses	17,601,657	16,688,264
Income before the following:	3,611,296	4,034,075
Loan loss provision income(expense)	(1,603,145)	(1,470,566)
Interest	(133,808)	(53,406)
Dividends to members	(352,904)	(345,603)
NCUSIF Share Insurance Fund/ Temporary Corporate Credit Union Stabilization Fund	0	0
Total Net Income(Loss)	1,521,439	2,164,500



Disposition of Income

