



Turquoise is a girls
best friend.

#YOUBEYOU

PRESIDENT'S REPORT • RON MOOREHEAD

CHAIR'S REPORT • CASSIE KELLEY

First Financial Credit Union is proud to have served you, our owner members, and your families for nearly 80 years. Healthy organizations grow, and 2016 was a good year for growth in the credit union. Loans grew by 24.1%, membership by 5.7%, and deposits by 3.3%. First Financial is now 70,781 members strong, with only 4 New Mexico based credit unions serving more members than First Financial. Similar to recent years, 2016 saw a fair amount of change for the credit union movement, with new complexities arising from the regulatory environment as well as from cyber criminals. First Financial continues to invest in technologies and solutions that address these complexities, and as a result during the first half of the year replaced several systems that you use to access your accounts.

... simplify your life while making it easier for you to achieve your financial goals.

Your credit union has also been revamping other systems and implementing processes to simplify your life while making it easier for you to achieve your financial goals. In the spring we created a loan processing team that focuses solely on phone and on-line loan applications. You can start and finish a loan without ever having to visit a branch – even the loan application and contract can be signed electronically from your home computer.

First Financial knows that leading edge technology is important to many of you, but also a warm greeting and handshake is as well. We have been updating our branch look and feel the last few years, and in 2016 we relocated our Zuni, New Mexico, branch to a larger and newer location, and added a drive-through option.

Looking forward, we know that we must continue to invest in technology based systems while not neglecting the personal touch, and will continue to invest in our staff and branches as well. This past year, twelve of our staff went through rigorous training and became Certified Credit Union Financial Counselors (CCUFC) under the nationally recognized FICEP program. The end goal of our technology and personnel investments is to simplify your life while helping you achieve your financial goals and dreams.

We are proud of all the great achievements our team of staff and volunteers accomplished this past year, and for the continued honor to serve you each and every day, we thank you.

Every member-owner of First Financial Credit Union plays a key role in the success and growth of our credit union. Together, we're building an organization that is making a significant difference for each other, and our communities.

You are an owner of this credit union, and our goal is to help you improve your financial well-being. We are different than a bank, because we don't answer to any outside stockholders. In every decision we make, we genuinely focus on the best interest of our members.

In 2016, we implemented new technology to offer you more convenient banking options. With the launch of the new Online Banking, Mobile App, and Phone system, our members will be able to stay up-to-date with the latest, most convenient methods of money management at home and on-the-go. In addition, we launched a new, more user-friendly website that's much easier to navigate. The new site is also mobile-optimized to provide a more seamless experience when accessing information using a mobile phone or tablet.

Together, we're building an organization that is making a significant difference for each other, and our communities.

Credit unions, which are not-for-profit financial cooperatives, were founded on the principle of "people helping people" and that is something First Financial Credit Union remains committed to. Giving back to those in need, building strong relationships, serving actively and volunteering with passion are at the forefront of everything we do.

We donated \$13,000 in 2016, to various nonprofits such as, NM Animal Humane, Zuni Housing Fair, Silver City Wounded Warrior Walk, and the Deming Celebration of Life Walk to just name a few. We also remain committed to the community in which we serve with our focus on financial education for our youth by awarding \$22,800 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 \$7,706.

Thank you for choosing us to be your Credit Union and for trusting us to make the best decisions for you. First Financial Credit Union will continue to serve you and your family for generations to come. We're proud to continue to be your partner in your financial journey. We look forward to another remarkable year ahead.

2016 ANNUAL REPORT FIRST FINANCIAL CREDIT UNION

ALBUQUERQUE BRANCHES

- Downtown: 601 Tijeras NW
- San Mateo: 2700 San Mateo NE
- Coors: 6100 Coors Road NW Ste J
- South Valley : 1625 Rio Bravo Blvd, SW Ste 6
- Juan Tabo: 834 Juan Tabo NE, Ste A
- Academy: 10400 Academy NE, Ste 150

DEMING BRANCH

- 801 East Cedar Street

FARMINGTON BRANCH

- 4919 E Main St Ste 103

GALLUP AREA BRANCHES

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

PINE HILL BRANCH

- 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

- 1230 Highway 53

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BOARD OF DIRECTORS

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SUPERVISORY COMMITTEE

Chair - Oliva Jimenez

Secretary - Gloria Herrera



2016 was a successful year, providing solid growth to First Financial Credit Union. Deposits grew by 3.3% to \$462 million, loans grew by 24.1% to \$404 million, and assets grew by 3.3% to \$508 million. Net interest income increased \$1.4 million or 8.0% compared to the prior year. The increase in interest income was proportionally less than the increase in loan balances, which is 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. As would be expected with increased membership and costs associated with new regulatory requirements, operating expenses increased by \$1.1 million or 5.1% over the prior year.

The credit union incurred \$1.6 million in costs associated with disposing of commercial properties acquired as the result of commercial loans that had gone into default in prior years. While those costs were not inconsequential, the actions taken put the credit union in a stronger position for the future. The net loss in 2016 was \$403,713. Without the impact of the defaulted commercial loans, the credit union's net income would have been \$ 1.2 million.

First Financial continued to innovate by finding new ways to serve the members, and to further these initiatives the Credit Union invested over \$1.3 million in new branch designs and new technologies in 2016.

First Financial's 2016 financial reports reflect that the Credit Union continues to be healthy, with Net Worth ending the year at \$39.4 million and 7.8% of assets. This exceeds the 7% threshold that is required to be considered "well capitalized" by the National Credit Union Administration.

2016 STATEMENT OF FINANCIAL CONDITION

FIRST FINANCIAL CREDIT UNION AS OF 12/31/16

| ASSETS | 2016 | 2015 |
|---------------------------|-----------------------|-----------------------|
| Loans | \$ 404,026,123 | \$ 325,760,930 |
| Allowance for Loan Losses | (3,464,431) | (3,357,653) |
| Net Loans | \$ 400,561,692 | \$ 322,403,277 |
| Cash & Investments | 66,850,977 | 127,661,558 |
| Fixed Assets | 9,892,452 | 9,994,994 |
| Other Assets | 30,516,863 | 31,444,174 |
| Total Assets | \$ 507,821,984 | \$ 491,504,003 |

| LIABILITIES & EQUITY | 2016 | 2015 |
|---------------------------------------|-----------------------|-----------------------|
| Current Liabilities | \$ 6,246,123 | \$ 4,435,825 |
| Member Shares | 462,133,433 | 447,270,396 |
| Retained Earnings | 39,442,428 | 39,797,782 |
| Total Liabilities & Equity | \$ 507,821,984 | \$ 491,504,003 |

| STATEMENT OF INCOME & EXPENSE | 2016 | 2015 |
|-------------------------------|---------------------|-------------------|
| Interest Income: | | |
| Loans | \$ 16,938,938 | \$ 15,280,029 |
| Investments | 1,137,408 | 1,447,248 |
| Interest Expense: | | |
| Dividends to Members | (1,625,217) | (1,723,625) |
| Interest on Borrowed Funds | (14,713) | (210) |
| Net Interest Income | \$ 16,436,416 | \$ 15,003,442 |
| Other Operating Income | 10,652,166 | 9,861,591 |
| Non-Operating Income/Loss | (758,259) | 170,154 |
| Operating Expense | (23,134,036) | (22,003,682) |
| Provision for Loan Losses | (3,600,000) | (2,743,452) |
| Net Income | \$ (403,713) | \$ 288,053 |



| | | |
|------------------|---------------------|--------------------------------|
| Sweet Treats | Cliff's Pizzeria | Burgers & More |
| Restrooms | ATM | Games |
| Changing Station | Shopping | Ride Passes & Cliff's Fun Card |
| Refreshments | Covered Picnic Area | Cliff's Fun Card |
| First Aid | Lockers | Parking |
| Lost & Found | Picnic Pavilion | Wagons/Strollers/Wheelchairs |

Follow us on

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 2016, 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.

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) examiner issues or concerns have been addressed, and (iv) First Financial Credit Union is financially secure and dedicated to serving its members.