

Albuquerque / Rio Rancho Branches

Downtown 601 Tijeras NW

South Valley 1625 Rio Bravo Blvd. SW, Suite 6

San Mateo 2700 San Mateo NE

Rio Rancho 2201 Rio Rancho Blvd. SE

Coors 2929 Coors Rd. NW, Suite 104

Juan Tabo 831 Juan Tabo NE, Suite A

Gallup Branches

Boardman 313 S. Boardman

Mesa View 1383 N. Highway 491

Pine Hill Pine Hill Market, Rt 125

Zuni 1202 East Highway 53

Portales 700 W 2nd

Farmington 4919 E Main St, Suite 103

Board of Directors

Chairperson - Cassie Kelley

First Vice Chairperson - Pablo Rael

Second Vice Chairperson - Vincent Esparza

Secretary/Treasurer - John Sechrist

Directors

John Blumenthal, Ken Carson Sr.,
Victor Padilla, Loretta Montoya
and Cathy Thomas

Supervisory Committee

Chairperson - Jennifer Walters

Gloria Herrera, Olivia Jimenez



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Cover photograph by member Carle Eustace

All photographs are winners of the 2010 photo contest



2011
Annual Report



PRESIDENT MESSAGE

BEN F. HEYWARD

While many of us still wait for the economy to get better, First Financial Credit Union moves ahead. Our Operations are beating the odds with substantial progress being made in loan and membership growth. These activities have brought opportunities to grow both assets and revenues.

Some of the growth in new accounts we have experienced has been from bank customers fed up with increasing fees and diminishing service levels. Combined with our outstanding reputation for excellent service and a warm, friendly environment, we are delighted to see so many new members join our Credit Union family.

In 2011, we laid the groundwork to convert our core computer system to one of the most innovative systems available to credit unions. We are just beginning to discover the advanced features of this new system, and are excited about the many new and innovative ways we can serve you, our members.

WHILE MANY OF US STILL WAIT FOR THE ECONOMY TO GET BETTER, FIRST FINANCIAL CREDIT UNION MOVES AHEAD.

Also, we started implementing new lending processes that will enable us to make more loans to members while still maintaining sensitivity to

risk. We are seeing significant increases in loan volume along with increases in loan yield of the portfolio.

You may have noticed that we now (finally) offer Visa credit cards. Please note that while we had a credit card portfolio in the past, we sold it in 2005. We did not realize the timeliness of this move. The recent bad economy made ownership of a credit card portfolio exceptionally risky, and many losses occurred from default. Now that most credit card portfolios have “settled down”, creating a new portfolio in 2011 was perfect timing.

In 2011 we also built a state-of-the-art branch in Farmington with expanded drive through lanes to

accommodate large trucks with horse trailers. This modern, energy efficient building has heated sidewalks that melt the snow and ice, and has a 10 KW solar panel system that generates the majority of the power needed to run the branch.

We do not expect anything in 2012 to change our positive course, but this most recent economy has taught us many lessons on how to anticipate and prepare for risk. Has this economy made us paranoid? To some extent – yes. It has taught us that events beyond our control can pose threats that can hurt us if we are not prepared to “expect the unexpected”. We have implemented risk management processes to analyze everything we do to minimize potential losses and to assist us in making good decisions.

I am proud of our staff and our management team for making our Credit Union what it is today. I am grateful for the Board of Directors that you have elected who takes care of your Credit Union, and provides the employees what they need to offer and maintain the high level of service to you. Finally, I am grateful for you, our membership for allowing us to meet your banking needs. I look forward to another great year!



Photograph by member
Evangeline Chavez

CHAIRMAN'S REPORT CASSIE KELLEY

Tonight, we celebrate our Credit Union's 75th year in business. Back in 1937, ten employees from Mountain State Telephone and Telegraph company organized a small cooperative with the mission of providing financial benefits for its members.

Today, First Financial Credit Union has evolved from that humble beginning to the dynamic institution it is today. Those initial ten employees wouldn't recognize the current multi-branch, full service, technology-oriented institution as the same organization they started back in 1937!

First Financial Credit Union has undergone tremendous development throughout the years, and 2011 was no exception. We opened a new branch in Albuquerque on Juan Tabo and Lomas, and also relocated our Farmington branch, to a new beautiful, state-of-the-art, energy efficient building. We also began offering our very own low rate Visa Platinum Rewards Credit Card, which will earn bonus reward points for every dollar spent.

For the fourth year in a row, First Financial Credit Union was named one of New Mexico's Best Places to Work of 2011 by the New Mexico Business Weekly. Our employees are the cornerstone of our success, and we will always strive to provide them with the best benefits and opportunities, and to make sure that First Financial will always be one of the best places to work!

First Financial has always had a strong commitment to our communities, and giving back to them is one of our core values and a responsibility that we don't take lightly. Through the generous contributions of our members, and employees, we were able to provide thousands of dollars to such organizations as the Children's Miracle Network, United Way, and Toys for Tots. First Financial was again a flagship sponsor of the 2011 Making Strides Against Breast Cancer, and donated over \$30,000, and had over 250 walkers participate in the 2011 walk.

Turning to look at the Credit Union's future, the need for ongoing change is as important as any time in its 75-year history. Due to the increased pace of change within the financial services market, the need for continual and ongoing development is greater than ever. As Ben mentioned in his report, we will always prepare, and expect the unexpected. First Financial will continue to recognize new opportunities, adapt its operations, and continue its progression.

The fact that we've been around for 75 years shows how successfully First Financial has recognized the dynamic nature of its member needs, and has adapted to provide for them. We look forward to providing you with more changes, innovations and products and services. On behalf of all the Credit Union's volunteers and employees, we thank you for allowing us to serve your financial needs.



Photograph by member
Germaine Otero

SUPERVISORY COMMITTEE REPORT OLIVIA JIMENEZ

The National Credit Union Administration (NCUA) examined the Credit Union periodically. This federal agency provides the insurance that guarantees your deposits to \$250,000. NCUA, the State of New Mexico Examiners, our CPA auditors (Nearman & Associates, who did our annual audit) and your Supervisory Committee find First Financial a sound financial institution for the year ending in 2011.

The Supervisory Committee is responsible for providing oversight that assures members that the Board of Directors and management are maintaining the financial well-being of your Credit Union, and that they are safeguarding its assets. In connection with these oversight functions, the Internal Audit Department reviews the internal operations and internal controls to determine the Credit Union's operations are valid, accurate and efficient.

The Supervisory Committee has another function not as well known as the oversight responsibilities. We are the advocate for members who have problems or need assistance with items they are not comfortable taking to the Credit Union management.

The Committee and our internal auditor are available to assist any member who wishes to contact us.

The Committee works independently of the Board of Directors and Credit Union management, while working with the NCUA and the State of New Mexico's examiners. Supervisory Committee meetings are held monthly as are the branch reviews, management interviews, examination of the records and reports and compliance using applicable laws and regulations. We utilize a yearly audit plan to focus on specific areas that may need special attention as well as routine and high risk areas.

In accordance with procedures prescribed by NCUA, a confirmation of members' accounts was performed as of September 2011. The results reflected the conscientiousness of the First Financial's management and employees.

As we look forward to the future, we may need to make changes in the way First Financial does business and in the security aspect of safeguarding your assets. The Internal Audit Department and your Internal Audit Director, Raul Arroyo, and your Supervisor Committee will do their very best to make sure First Financial will continue its promise to you, the members, to remain a safe and secure Credit Union.



TREASURER'S REPORT JOHN SECHRIST

2011 was only slightly better than 2010 for the American economy, however, your Credit Union continues to grow and move forward, with 2011 a much better year than 2010. Your Credit Union had significant growth in 2011 in membership, assets, income and consumer loans.

Companies that are good at adapting themselves to changing environments tend to be very successful, and First Financial is certainly transforming itself and adapting to the increasingly fast pace of change in the financial services industry. Your Board of Directors is sensitive to the balance between growth and stability, member service and efficiency, and short term and long term outcomes.

Your Credit Union continues to invest in its members by investing in infrastructure improvements, both in physical branches as well as the technology and information systems area. The new Juan Tabo branch was opened in Albuquerque in April, and the Farmington branch was relocated to a beautiful new building in September. Over \$2.5 million was invested in upgrading and adding to existing branches during 2011. We also started work in the summer of 2011 on the \$1.5 million core computer system project which was put into service in early April 2012. These investments will help to better serve you both now and in the future.

While real estate loans will always be a healthy segment of our loan portfolio, we continue to increase our focus on auto and personal loans, and decrease our focus on business and consumer real estate loans. We ended the year with \$967,769 in income. Membership increased by 2,178 members to 50,107 members by year end.

Your Board of Directors is committed to keeping First Financial safe and sound and in solid financial health. The financial services and economic landscapes will continue to be challenging, but First Financial is positioned well to face those challenges and thrive.

Photograph by member
Gene Clarkie

2011 STATEMENT OF FINANCIAL CONDITION

FIRST FINANCIAL
CREDIT UNION
AS OF 12/31/11

ASSETS	2011	2010
Loans	\$ 278,636,177	\$ 259,433,155
Allowance for Loan Losses	(4,628,714)	(4,653,717)
Net Loans	\$ 274,007,463	\$ 254,779,439
Cash & Investments	81,674,162	75,133,940
Fixed Assets	9,407,132	6,377,043
Other Assets	14,069,472	17,245,908
Total Assets	\$ 379,158,228	\$ 353,536,330

LIABILITIES & EQUITY	2011	2010
Current Liabilities	\$ 1,659,870	\$ 2,544,835
Member Shares	343,457,689	317,918,598
Retained Earnings	34,040,668	33,072,897
Total Liabilities & Equity	\$ 379,158,228	\$ 353,536,330

STATEMENT OF INCOME & EXPENSE	2011	2010
Interest Income:		
Loans	\$ 14,707,472	\$ 16,643,748
Investments	623,133	481,128
Interest Expense:		
Dividends to Members	(2,509,951)	(3,315,927)
Interest on Borrowed Funds	(1,511)	(1,538)
Net Interest Income	\$ 12,819,143	\$ 13,807,411
Other Operating Income	7,186,091	7,218,424
Non-Operating Income/Loss	191,256	(4,131,928)
Operating Expense	(17,903,721)	(18,129,252)
Provision for Loan Losses	(1,325,000)	(3,867,552)
Net Income	\$ 967,769	\$ (5,102,897)