

# ANNUAL REPORT 2018

Income Statement		
	2018	2017
<b>Interest Income</b>		
Total Interest on Loans	\$15,192,567	\$14,825,468
Total Interest on Investments	5,790,305	3,639,354
<b>Total Interest Income</b>	<b>\$20,982,872</b>	<b>\$18,464,822</b>
<b>Interest Expense</b>		
Total Dividends on Member Savings	1,370,219	1,185,884
<b>Net Interest Income</b>	<b>19,612,647</b>	<b>17,278,863</b>
Provision for Loan Losses	2,917,309	2,772,932
<b>Net Interest Income after Provision</b>	<b>16,695,338</b>	<b>14,505,931</b>
Non-Interest Income	7,204,413	7,177,730
Operating Expenses	19,548,276	18,352,914
<b>Total Net Income</b>	<b>\$4,723,579</b>	<b>\$3,330,747</b>



## Board of Directors

Willa J. Glover, CHAIR – Sheriff's Department (Retired)  
 Barbara Oliver, VICE CHAIR - LAC+USC Med. Ctr. (Retired)  
 Michael D. Steinberger, SECRETARY - Pomona College  
 James D. Likens, TREASURER - Pomona College (Retired)  
 John Benedict - Sheriff's Department (Retired)  
 Marisa Lopez - LAC Department of Human Resources  
 Carolyn Bernardez - LAC Department of Public Social Services

## Supervisory Committee

Sixta Navarrete - LAC+USC Medical Center

## Executive Management

James J. Miller - President/CEO  
 Lourdes Ruano - SVP/CFO, Finance & Administration  
 Michael Wilkins - SVP, Member Services

Assets		
Cash and cash equivalents	\$40,492,421	\$43,916,909
Investments	280,591,720	273,144,289
Loans to members, net	315,546,439	317,819,556
Accrued income receivable	1,896,464	1,695,791
Property and equipment, net	16,488,864	4,550,210
NCUSIF deposit	5,589,008	5,373,499
Other assets	14,085,138	3,080,113
<b>Total assets</b>	<b>\$674,690,054</b>	<b>\$649,580,367</b>

## Liabilities and Equity

	2018	2017
<b>Liabilities</b>		
Members' shares	\$597,409,064	\$569,444,533
Unfunded Investment Payable	0	6,235,284
Accounts payable and accrued expenses	3,975,496	3,652,499
<b>Total liabilities</b>	<b>\$601,384,560</b>	<b>\$579,332,316</b>

## Equity

Regular reserves and retained earnings	\$73,305,494	\$70,248,051
<b>Total liabilities and equity</b>	<b>\$674,690,054</b>	<b>\$649,580,367</b>

# CHAIRPERSON'S REPORT

We live in a time of accelerating change; technology has altered the way we work, how we communicate, our politics, and even our very social structure. Technological change has also impacted the way we bank, from automated deposits to mobile banking. Among these changes one constant remains: First City's commitment to improving our members' financial lives through competitive products and superior service. This commitment you can count on today and in the future.

Our promise to provide members with personal service, trust, convenience, and value continued in 2018 along with prudent financial management. First City was ranked among the top 200 healthiest credit unions in the nation out of more than 5,500 insured credit unions by DepositAccounts.com. We have also maintained a 5-star rating by Bauer Financial for more than 18 straight years – the highest rating available for a financial institution based on financial strength and safety.

Our team focused on improving each member's experience in 2018. Some examples of these efforts include the following:

- We successfully opened our new Antelope Valley branch which sets a new standard for our future branches with the newest technologies, amenities, and design.

- We began offering ACH origination for our member loan payments and introduced a "Pay Ahead" program allowing members early access to their payroll deposits.
- We introduced electronic signatures to our loan applications, providing a seamless and easy loan application and funding process.
- Our website and home banking systems were completely "renovated" last year, providing members a streamlined and attractive user-friendly experience.

As a not-for-profit cooperative we must remember that our volunteers play a critical part in the Credit Union's management, planning, and accomplishments. My fellow Board Members and Supervisory Committee colleagues are a knowledgeable and dedicated group who generously give their time and talents to your credit union. Prioritizing member needs is a principal of every volunteer and is reflected in the credit union's management and operations.

On behalf of First City's board of directors and credit union staff, thank you for your support and trust. We look forward to serving you and your families in 2019 and for many more years to come.

Willa J. Glover  
Chairperson, Board of Directors



# TREASURER'S REPORT

2018 was another year of continued financial stability for First City Credit Union. We are proud and grateful that our members continue to place trust in us as we provide a safe haven for your savings in a changing financial world. This trust resulted in First City achieving \$675 million in assets during 2018. Additionally, we continue to maintain extremely safe reserves of capital.

I am privileged to present the financial highlights of our results for 2018:

- Our assets ended the year at \$675 million on the strength of \$28 million in net new deposits. Assets increased 3.90% for the year, and have grown 28% over the past five years.
- Net Income for the year was \$4.7 million (including extra ordinary items) which represents a Return on Member Assets of 0.71%.

- We funded \$112 million of new loans during 2018. However, net loans declined \$2.2 million over the prior year.
- We continued to maintain loan quality and our non-performing loans represented just 0.28% of total loans. First City's low level of loan delinquencies is a testament to our members.
- Our Net Worth ratio, the measure of our capital reserves to maintain financial safety and soundness, was 11.33% at the end of the year. This ratio is well above peer averages and regulatory agency requirements.

Thank you for your support and trust in First City. We are positioned well for another successful and financially sound year in 2019 and beyond.

James D. Likens  
Treasurer, Board of Directors



## FINANCIAL HIGHLIGHTS FOR 2018

