



FirefightersFirst
CREDIT UNION
It's yours.

2018



ANNUAL REPORT

MISSION

To improve the financial lives of our Fire Family



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2018 BOARD OF DIRECTORS | EXECUTIVE TEAM

2018 BOARD OF DIRECTORS

L. Scott Gibbons

Board Chair
Captain, Los Angeles Fire Department

John Buck

First Vice Chair
Retired Battalion Chief, Los Angeles Fire Department

Richard Frawley

Second Vice Chair
Battalion Chief, Milpitas Fire Department

Ronald D. Jackson

Treasurer
Retired Battalion Chief, Los Angeles Fire Department

Greg Porter

Secretary
Retired Captain, Los Angeles Fire Department

Vincent Cardinale

Retired Captain, Los Angeles Fire Department

John Cermak

Fire Chief, North County Regional Fire Authority

Pat Engel

Retired Battalion Chief, Los Angeles Fire Department

Jeff Haughy

Lieutenant, Oakland Fire Department

Jerry Horwedel

Retired Captain, Los Angeles Fire Department

Sheldon McKowan

Retired Captain, Los Angeles Fire Department

Larry Metz

Retired Staff Assistant, Los Angeles Fire Department

Wayne Schuetz

Captain, Los Angeles Fire Department

Marv Williams

Retired Captain, Los Angeles Fire Department

SUPERVISORY COMMITTEE

Bryan Nassour

Chair, Supervisory Committee
Captain, Los Angeles Fire Department

Sharon Draper

Retired Executive Assistant, Firefighters First Credit Union

Mike Arguelles

Director, Supervisory Committee
Retired Battalion Chief, Los Angeles Fire Department

CREDIT UNION EXECUTIVE TEAM

Dixie Abramian

President/CEO

Richard Dillon

Chief Financial Officer

Dyan Mashman

SVP, Information Technology

Kelly Ramsay

SVP, Marketing

2018 BOARD CHAIR AND CHIEF EXECUTIVE OFFICER REPORT TO THE MEMBERSHIP

We are always reminded of our journey which began at the depth of the great depression in 1935 above old Fire Station 28 in downtown Los Angeles. A few senior firemen pooled their money in a cigar box to help younger firefighters in need. This common bond created personal and trusting relationships, which became the foundation of our Credit Union.

Today, our mission remains steadfast to *Improve the Financial lives of our Fire Family*. Our efforts in 2018 has brought us closer to having firefighters everywhere be proud members of the Credit Union. We have members today in all fifty states with 567 departments represented. Outside California, we have strong presence in Arizona, Nevada, and New Mexico. We appreciate and thank the local and regional leaders within the fire industry as well as our new and existing members for their support as we expand nationally.

We ended the year strong financially, continuing our safety and soundness as an organization. With \$1.3 billion in assets, we are the largest, firefighter exclusive Credit Union in the nation. We are now over 45,000 members strong, which allows us to offer a broad array of products and services. This growth has also allowed us to provide more than \$2 million in profit sharing back to our members last year.

In 2018, we also began offering Costco as our new auto buying service and the FireSync calendar application in addition to eliminating all Foreign Transaction Fees. This is in addition to our broad array of offerings through FIREHOUSE Financial Investments, Trust Services, and Firefighter Insurance Services.



L. SCOTT GRIBBONS
Board Chair



DIXIE T. ABRAMIAN
Chief Executive Officer

We sponsored over one hundred fire community events and through the Fire Family Foundation we gave back over \$100,000 in scholarships and financial assistance to firefighters and their families in need. Members continue to experience our legendary service and, in fact, in 2018 we established a new record in member satisfaction and loyalty. This is measured through a third-party validated entity where we received the highest score in the country on what's called Net Promoter Score (NPS) in three of the last four quarters.

We remain committed exclusively to firefighters, executing everything with uncompromising integrity and competence and remain relentless in our pursuit of legendary service for 2019 and beyond.

Thank you to our members, Board of Directors, and employees for your loyalty, dedication, and continued support of Firefighters First Federal Credit Union.

Respectfully submitted,

A handwritten signature in black ink that reads "L. Scott Gribbons".

L.S. Gribbons
Board Chair

A handwritten signature in black ink that reads "Dixie T. Abramian".

Dixie T. Abramian
Chief Executive Officer

2018 ANNUAL TREASURER'S REPORT



RONALD D. JACKSON
Board Treasurer

The year of 2018 was one of continued financial success for Firefighters First Federal Credit Union. The calendar year of 2018 ended with assets totaling of \$1.3B, and net income of \$7,827,237 (both after interest refund). Our financial strength helps propel us toward achieving the overall mission of Improving the Financial Lives of our Fire Family. Our balance sheet strength and strong financial performance enabled the Board of Directors to return over \$2.1M to the members as part of our Profit Sharing Program, while maintaining solid financial metrics even after the refund.

Firefighters First Credit Union (FFCU) has a national footprint offering exclusive membership to firefighters and their families in all 50 states. We are pleased to announce that as of December 31, 2018, membership totaled 44,943, which is an increase of 8% from 2017.

ASSETS

Loan Portfolio

One of the highlights of the Credit Union's fiscal performance is our robust loan portfolio, loaning out over 94% of the member shares. As of year-end 2018 FFCU had over \$1.178B in loans outstanding. Our membership strength and efficient underwriting have enabled the Credit Union to realize a delinquency ratio of .11% at year-end.

Key Indicators

The key indicators listed below, as well as year over year growth, demonstrates the financial gains and overall safety and soundness of FFCU at year-end 2018.

| | |
|----------------------------------|--|
| ASSETS | \$1.38B , an increase of 9.7% |
| SHARES & CERTIFICATES | \$1.24B , an increase of 10.5% |
| LOANS OUTSTANDING | \$1.17B , an increase of 12.0% |
| CAPITAL (Net Worth) | \$125.4M , an increase of 6.0% |

FFCU year-end Capital Ratio after profit sharing was 9.08% and Loan to Share Ratio was 94.92%. We are also proud to announce that Member Loyalty Group rated FFCU the "best in class" in service during 2018 in three of the four reporting quarters.

Firefighters First Credit Union ended the year strong, and well positioned to continue our mission of Improving the Financial Lives of Our Fire Family. We will continue our pursuit of providing legendary service and outstanding financial products at competitive rates to our members/owners.

Respectfully,

A handwritten signature in black ink that reads "Ronald D. Jackson". The signature is fluid and cursive.

Ronald D. Jackson
Treasurer

WE PROVIDE LEGENDARY SERVICE SO OUR MEMBERS CAN LIVE THEIR BEST LIVES

"With this credit union, I've felt like a person, and not just a calculation of the various financial facts about me."

– Eric W.

"I've only been with Firefighters First for less than a month and I have never received service like this anywhere!"

– James W.

"The ease of reviewing online my account status, the ease of paying bills, the simple but concise format of transferring money, viewing balances, etc. I also like the customer service reps and their friendly and helpful attitude."

– Barbara R.

"I would never leave this Credit Union. The customer service has always been exceptional and I love the mobile app."

– Nancy R.

"I have my personal, business and really all accounts with FFCU. Love them!"

– Naccu-Tech Industries Inc.

"Family-like atmosphere, staff remembers my name and are always friendly. I have been able to make business loans through FFCU that other banks wouldn't even consider. It has been good for our business and yours."

– Kenneth L.

"I was told as a young Firefighter over 37 years ago that the Fireman's Credit Union would never do me wrong. They have always been there for me and my family for all our financial needs and they continue their great service to date."

– Richard E.

"I have always been treated with respect, even for the smallest transaction. Always made to feel like a valued member."

– Thomas H.

"I have been a member of this credit union since 1977 and received financial assistance on many occasions, particularly in my first 10 years. I will always be grateful for the financial help and proud to be a member in good standing."

– Roderick G.

"They take the time to know me personally and treat me like family as well as a valued customer."

– Steven O.

2018 ANNUAL SUPERVISORY COMMITTEE REPORT



BRYAN R. NASSOUR
Committee Chair

The Supervisory Committee consists of three members who take their responsibility very seriously. We are dedicated to ensuring that Firefighters First Federal Credit Union remains a safe and sound institution thereby continuing to provide legendary service and opportunities to our members. During the past year, the Credit Union was audited by an independent certified public accounting firm as well as our federal regulator (NCUA). Both exams reflect that the Credit Union continues to be safe, strong, compliant, and financially sound.

Our staff is continuing to further their education by staying abreast of all new and current regulations that are set for us by the Federal Government. All internal auditors are certified through Credit Union National Association (CUNA), and all Supervisory Committee members remain informed of regulatory updates and audits.

The Committee meets with the internal auditors on a regular basis to monitor the ongoing internal audits initiated and conducted throughout the year. Our intent is to identify and correct the issues while they are still minor in nature. We appreciate the hard work from our team and cooperation shown by our employees.

We are very pleased to report that the Credit Union continues in its fine tradition of providing for its members now and in the future.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Bryan R. Nassour', written over a faint, larger version of the same signature.

Bryan R. Nassour
Committee Chair



WE LOVE OUR MEMBERS



TRUST SERVICES

"Working with our members creates a sense of community that is not readily found at any other financial institution so genuinely."

- **Lilith Mansuryan**



ENTERPRISE RISK MANAGEMENT

"Being part of the support team that manages the Credit Union's audit and compliance functions, I routinely observe our employees delivering remarkable financial products and services to our members. After working in the financial services sector for nearly four decades, I exclusively conduct my personal banking with the Credit Union."

- **Lester Brown**



CARD SERVICES

"Legendary service means to deliver the unexpected. It means differentiating ourselves from the credit union next door, and surpassing the member's expectations with every interaction."

- **Anret Kirakosyan**



COMMUNICATIONS

"I am humbled and honored to serve those who risk their lives to protect our families! I take great pride in servicing our organization's highest purpose – to improve the financial lives of our Fire Family!"

- **Martha Salazar-Lopez**



MARKETING

"Every day I am proud to serve members of the Fire Family. I recognize that we are so much more than a Credit Union and I am honored to help make their financial lives better."

- **Clarissa González**



INFORMATION TECHNOLOGY

“Our membership and their honorable service to the community is what inspires all of us at the credit union to strive in what we do and provide legendary service to our members. We are here to help them improve their financial lives by making it easy to conduct financial transactions with us and guiding them in making wise investments to meet their financial needs. In IT, it is our responsibility to provide a secure and stable technology infrastructure to protect our members’ money and enable our organization to service our members.”

- **Meliana Chow**



CONSUMER LENDING

“I love to hear the excitement in our members’ voices when they are pleased with our service. They are our family and we treat them the way we would like to be treated. Our members will never forget how you made them feel when we are handling business; I always thank them for being a part of our Fire Family because they are. It makes me happy that I can improve their financial lives.”

- **Beverly Scott**



FIREHOUSE FINANCIAL

“I feel a deep sense of gratitude and admiration for our fire family. It is with great pride that we strive to always do our best for our members.”

- **Pedro Cisneros**



BUSINESS SERVICES

“Legendary service is demonstrating genuine interest in our members’ needs and exceeding expectations in the delivery of any business solution.”

- **Ceasar DelToro**



OPERATIONS

“Legendary member service to me starts with a burning desire to make sure we meet and exceed the expectations of our members. It means identifying and understanding member needs and expectations. It’s doing the unexpected and being remarkable at everything you do, in every interaction with members.”

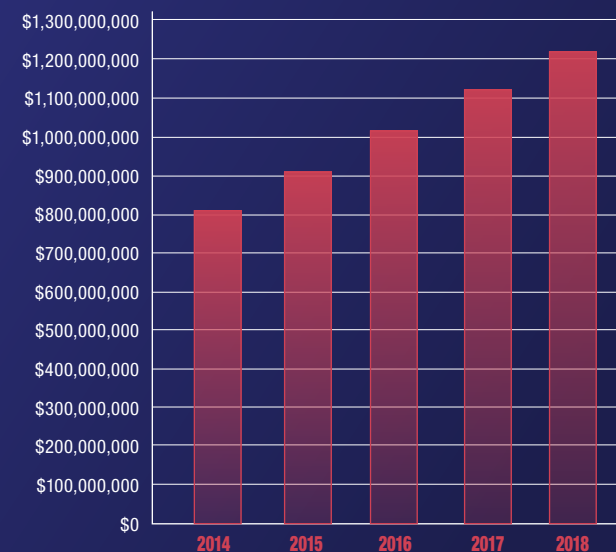
- **Phyllis Williams**

2018 FINANCIALS

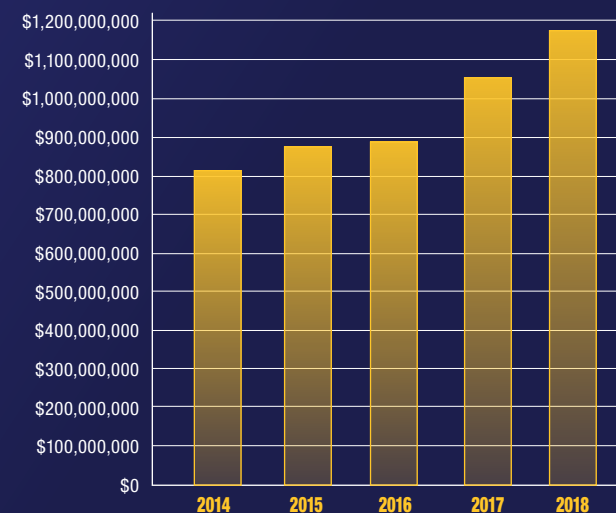
Unaudited Consolidated Income Statement - After Refund

| INTEREST INCOME | FY 2018 | FY 2017 | Diff | Variance |
|---|-------------------|-------------------|------------------|---------------|
| Interest Income on Loans | 43,845,239 | 38,448,417 | 5,396,822 | 14.04% |
| Less Interest Refunds | 1,017,638 | 747,562 | 270,076 | 36.13% |
| Income from Investments | 2,300,924 | 2,199,114 | 101,810 | 4.63% |
| Total Interest Income | 45,128,526 | 39,899,969 | 5,228,557 | 13.10% |
| INTEREST EXPENSE | | | | |
| Dividends | 9,258,129 | 7,147,831 | 2,110,298 | 29.52% |
| Extraordinary Dividends | 1,004,567 | 729,218 | 275,349 | 37.76% |
| Total Interest Expense | 10,262,696 | 7,877,049 | 2,385,647 | 30.29% |
| NET INTEREST INC (Before Provisions) | 34,865,830 | 32,022,920 | 2,842,910 | 8.88% |
| Provisions for Loan Loss | 1,207,070 | 618,912 | 588,158 | 95.03% |
| Provisions for Share Loss | 101,217 | (9,278) | 110,496 | -1190.89% |
| NET INTEREST INCOME | 33,557,543 | 31,413,286 | 2,144,256 | 6.83% |
| NON-INTEREST INCOME | | | | |
| Interchange Income | 6,250,417 | 4,976,090 | 1,274,327 | 25.61% |
| Fee Income | 1,384,370 | 1,245,069 | 139,301 | 11.19% |
| Real Estate Fee Income | 1,264,152 | 1,332,844 | (68,691) | -5.15% |
| Tenant Income | 1,318,653 | 1,022,168 | 296,485 | 29.01% |
| Other Operating Income | 3,257,824 | 3,133,065 | 124,759 | 3.98% |
| Total Non-Interest Income | 13,475,417 | 11,709,236 | 1,766,181 | 15.08% |
| OPERATING EXPENSES | | | | |
| Employee Compensation | 14,742,278 | 14,103,496 | 638,782 | 4.53% |
| Employee Benefits | 3,682,779 | 3,563,429 | 119,350 | 3.35% |
| Travel and Conference Expense | 791,281 | 694,674 | 96,607 | 13.91% |
| Office Occupancy Expenses | 3,417,179 | 3,275,189 | 141,990 | 4.34% |
| Office Operations Expenses | 4,490,393 | 4,147,515 | 342,878 | 8.27% |
| Marketing Expenses | 751,638 | 809,548 | (57,910) | -7.15% |
| Loan Servicing Expense | 3,834,115 | 3,084,269 | 749,846 | 24.31% |
| Professional Services | 6,036,064 | 6,015,186 | 20,878 | 0.35% |
| Operating Fees | 286,200 | 239,717 | 46,483 | 19.39% |
| Miscellaneous Operating Expenses | 1,697,559 | 1,560,174 | 137,385 | 8.81% |
| Total Operating Expenses | 39,729,487 | 37,493,197 | 2,236,290 | 5.96% |
| Non-Operating Gain (Loss) | 206,809 | 391,154 | (184,345) | -47.13% |
| Gain/(Loss) on Investments | 316,956 | 0 | 316,956 | 100.00% |
| NET INCOME / (LOSS) | 7,827,237 | 6,020,480 | 1,806,758 | 30.01% |

Share Growth



Loan Growth



2018 FINANCIALS

Unaudited Consolidated Statement of Financial Condition

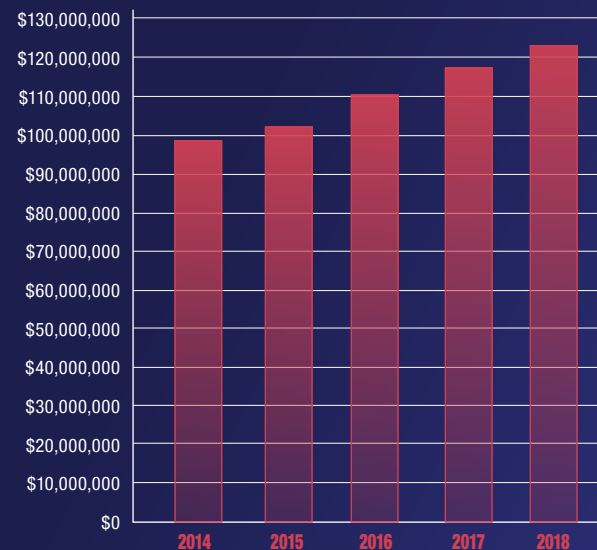
ASSETS

| | YE 2018 | YE 2017 |
|-------------------------|----------------------|----------------------|
| Loans Outstanding | 1,178,957,137 | 1,050,311,393 |
| Allowance for Loan Loss | (4,363,567) | (3,381,747) |
| Loan Origination Fees | (508,540) | (280,283) |
| Loan Prepaid Cost | 784,574 | 721,355 |
| FASB 91 | 3,591,426 | 2,834,949 |
| Total Loans | 1,178,461,030 | 1,050,205,667 |
| Loans Held for Sale | 0 | 265,500 |
| Total Investments | 11,337,920 | 5,890,626 |
| Total Cash | 110,677,913 | 143,262,113 |
| Land and Building | 23,036,451 | 13,332,557 |
| Software | 511,383 | 834,162 |
| Furniture and Fixtures | 1,528,270 | 1,722,553 |
| Building in Progress | 60,072 | 166,937 |
| Total Accrued Income | 3,094,154 | 2,781,853 |
| NCUSIF Insurance | 10,250,303 | 9,556,189 |
| All Other Assets | 41,566,100 | 30,659,289 |
| TOTAL ASSETS | 1,380,523,596 | 1,258,677,448 |

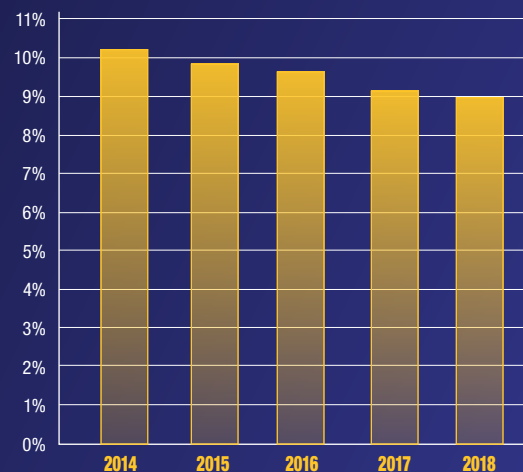
LIABILITIES & EQUITY

| | YE 2018 | YE 2017 |
|---------------------------------------|----------------------|----------------------|
| AP and Other Liabilities | 12,830,578 | 16,032,542 |
| Share Savings | 181,307,872 | 167,916,747 |
| Checking | 183,245,735 | 153,203,523 |
| Money Market | 506,093,092 | 492,363,839 |
| Certificates | 315,674,051 | 252,589,301 |
| IRA Accounts & CDs | 55,770,055 | 58,019,856 |
| Total Shares and Certificates | 1,242,090,805 | 1,124,093,268 |
| Non Controlling Interest | 237,232 | 172,699 |
| Regular Reserves | 41,734,816 | 41,028,499 |
| Undivided Earnings | 75,800,712 | 71,326,303 |
| Unrealized Gain (Loss) on Investment | 2,216 | 3,656 |
| Net Income | 7,827,237 | 6,020,480 |
| TOTAL LIABILITIES & EQUITY | 1,380,523,596 | 1,258,677,448 |

Regular Reserves



Capital Ratio



WE ARE THERE WITH YOU **WHEREVER YOU ARE**

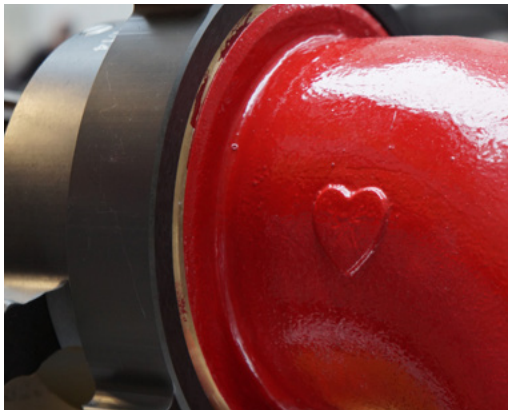
Our goal is to make banking convenient for our members



Bill Pay

eStatements

Customer Service



Local Branches

Mobile Banking/Mobile App

CO-OP ATMs Nationwide



WE OFFER OUR MEMBERS A STRONG FAMILY OF FINANCIAL PRODUCTS AND SERVICES

Whatever you need...

- ATM Access
 - Auto Loans
 - Business Services
 - Checking Accounts
 - Credit Cards
 - Debit Cards
 - Direct Deposit
 - eStatements
 - Fire Station Loans
 - Home Equity Loans
 - IRAs
 - Mobile Banking/Mobile App
 - Money Management
 - Bill Pay Service
 - Residential Loans
 - Savings Accounts
 - Share Certificates
 - Signature Loans
 - Toy Loans
- And more!**

*Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: **are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal.** Investment Representatives are registered through CFS. The credit union has contracted with CFS to make non-deposit investment products and services available to credit union members.

**As of 12/13/2018

***Trust services are provided by MEMBERS Trust Company, a federal thrift regulated by the Office of the Comptroller of the Currency. Trust and investment products are not deposits of or guaranteed by the trust company, a credit union or credit union affiliate, are not insured or guaranteed by the NCUA, FDIC, or any other governmental agency, and are subject to investment risks, including possible loss of the principal amount invested.



Firefighter

INSURANCE SERVICES, LLC

#0G87848

FirefighterInsuranceServices.com

Firehouse

FINANCIAL

Available through CFS*

FirehouseFinancial.org

1,579 members with investment accounts**
\$225,143,273 assets under management



FirefightersFirst

CREDIT UNION

Trust Services

In partnership with MEMBERS Trust Company***
FirefightersFirstCU.org/Trust-Services

WE SUPPORT OUR FIRE COMMUNITY



WE SUPPORT OUR FIREFIGHTERS AND THEIR FAMILIES

- As the charitable hand of Firefighters First Credit Union, Fire Family Foundation continues its Mission of assisting firefighters and their families in need.
- Fire Family Foundation supports firefighters and their families by providing the Firefighter Relief Fund, offering scholarships, and supporting other Fire Charities.
- Fire Family Foundation also awarded \$50,000 in scholarship grants in 2018.
- To learn more about the work of Fire Family Foundation, visit www.FireFamilyFoundation.org and follow us on Facebook, Instagram, and Twitter.



Fire Family Foundation provided
OVER \$100,000
in assistance

Fire Family Foundation is a non-profit 501(c)(3) charitable organization, tax ID number 36-4613248. All donations to the Foundation are tax deductible to the full extent of the law. Affiliate of Firefighters First Credit Union.

2018 Scholarship Winners



Fire Boot Classic



Fire It Up



WE SHARE OUR PROFITS WITH OUR MEMBERS/OWNERS

It's Yours — It's Our Tradition

Firefighters First Credit Union
reimbursed

**OVER
\$537,720**

ATM fees*

*ATM rebate program details: Firefighters First Credit Union will reimburse you for ATM surcharge fees incurred when making a withdrawal using your Firefighters First Debit Card. Fees will be reimbursed for your first five (5) ATM transactions that incur a surcharge fee, per calendar month. Fees will be reimbursed the same day unless your ATM withdrawal is after 3:00 pm (PT). Withdrawals after this time or on a non-business day will post on the next business day along with the fee reimbursement. To qualify for this program, you must have a combined direct deposit total of at least \$500 per month and you must take your ATM withdrawal from your Firefighters First personal or business checking account.

Firefighters First Credit Union
members earned

**OVER \$2
MILLION**

in profit sharing in 2018!**

**Exclusion from the year-end Annual Profit Sharing program may occur at the discretion of the Credit Union for accounts with any loan technically in default per the original agreement. Profit Sharing will not be paid to any member who had a delinquency condition of 59 days or more on any loan during the period of January 1, 2018 through December 31, 2018, regardless of the current status of the account. Refunds will not be paid to any member with a Firefighters First mortgage whose property taxes are more than one-year delinquent, had more than one extension agreement on a loan or has a mortgage loan that was modified, nor will payouts be made to any closed primary share accounts. Not included in the Profit Sharing program are the following share and loan types: Share draft (personal or business), Holiday Helper, 4-month Freedom IRA certificates, any business loans, share or certificate secured loans, Senior Equity Access real estate loans, Retirement or Fire Station loans, Credit Builder loans, and Emergency loans. Other exclusions may apply. All payouts, except IRA, will be posted to the checking account, and if no checking account then to the share account. IRA payouts are posted to the IRA account unless that IRA account is closed, then the payout will be posted to the checking account, and if no checking account then to the share account. An Annual Profit Sharing Bonus or an Interest Refund may be declared at the discretion of the Firefighter First Board of Directors at year-end.

Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: **are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal.** Investment Representatives are registered through CFS. The Credit Union has contracted with CFS to make non-deposit investment products and services available to credit union members.



LOS ANGELES
FIRE DEPT.

CLASS 1

LAFD



FirefightersFirst

CREDIT UNION

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