

P.O. Box 90
West Covina, CA 91793-0090
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BOARD OF DIRECTORS

Shirley Burkhardt, Chairperson
Ronald Trotter, Vice Chairperson
Asa Bert, Treasurer/Secretary
Constance Bucey, Director
Knowelle Decker, Director
Thomas Klipp, Director
Jim Weidner, Director

BRANCH LOCATIONS

Corona-Norco	1030 Hamner Avenue, Suite C
Fountain Valley	18122 Brookhurst Street, Suite B
Granada Hills	18127 Chatsworth Street
Lakewood	4050 Hardwick Street
Los Angeles	5115 Wilshire Blvd., Unit F
Montclair	8750 Central Avenue
Pasadena	250 South Lake Avenue
Redlands	10080 Alabama Street, Suite A
Riverside	11150 Magnolia Avenue, Suite B
San Bernardino	1078 E. Hospitality Lane, Suite 3C
San Diego	7510 Hazard Center Drive, Suite 417
Temecula	41789 Nicole Lane, Suite 3
Torrance	21207 Hawthorne Blvd., Unit 107-41
Tustin	504 E. First Street
West Covina	2530 East Workman Avenue



FIRST FINANCIAL

C R E D I T ♦ U N I O N

2008
ANNUAL REPORT

Dear Members:

2008 was a challenging year for First Financial Credit Union as the current economic downturn continued. Even though we were not completely insulated from the economic issues affecting the financial industry, under the leadership of our President/CEO and with the strong support of staff and the Board of Directors, we enthusiastically announce to our owner/members that the State of the Credit Union is strong.

First Financial, guided by our strategic planning goals, remained focused on serving our core membership, the educational community. We continued to provide personal, friendly, and professional financial services to you, the owners of First Financial. We continued to maintain the security and safety of your investments. The staff and Board continued to monitor the economic environment and how it might affect First Financial and its members. As the situation evolved, leadership and staff of the credit union evaluated plans and solutions on a daily basis.

It should be noted that the recent actions by the National Credit Union Administration to take conservatorship of two corporate credit unions significantly impact First Financial's 2008 financial statements. However, over the past three years, the staff and Board took actions to strengthen the credit union's net worth so that such an event could be absorbed and the credit union remains in a safe, well-capitalized financial position.

Even though 2008 was a challenging year, there were many successes and highlights. First Financial:

- Awarded eighteen (18) \$500 Scholarships and seventy-five (75) \$500 Teacher Grants to members.
- Participated in many community events and supported local charities including the YMCA Stair Climb, Revlon Run/Walk, and a 9/11 Tribute with a flagpole installation.
- Celebrated Earth Day and National Credit Union Youth Week by providing educational materials to the educational community and our members.
- Further improved our lending program and added extra money-saving incentives for members purchasing hybrid vehicles.
- Provided members with the most competitive rates on fixed-rate Platinum Credit Cards, Auto Loans, and Super Savers Accounts.
- Continued and enhanced our high-quality Member Service Training Program for staff.
- Achieved a Recommend-A-Friend score of 95.9% for the year, representing industry-leading levels of service provided.

We, the Board and management of First Financial, have exemplified the credit union philosophy of members helping members by continuing to reward our members with improved rates and products.

Most importantly, we've continued to focus on differentiating First Financial Credit Union from the rest of the financial industry – providing you, our members, with VALUE, a most enjoyable experience, and increasing convenience.

We at First Financial are committed to providing our owner/members excellence in products and services as well as security for your money. Our success depends on your support. Thank you for being a part of First Financial Credit Union.

Sincerely,



Shirley Burkhardt
Chairperson, Board of Directors

The Supervisory Committee is charged with the responsibility to safeguard the assets of First Financial Credit Union.

To accomplish this goal, the committee must ensure that your credit union is being operated in accordance with the requirements of the State of California as set forth by the Department of Financial Institutions (DFI) and that your credit union is adhering to the policies adopted by the Board of Directors.

During the year, the Supervisory Committee participated in and/or kept informed of the following functions:

Attendance at Board of Directors' meetings; reviewed internal audit department reports; discussed and reviewed recommendations of management and the internal auditor and reviewed the responses to these recommendations; maintained close contact with management and the internal auditor on an on-going basis; verified closed accounts; and reviewed the annual report of our credit union.

The committee also engaged an independent certified public accounting firm to conduct the annual examination of our credit union's financial statements and related financial and accounting records for the year ended December 31, 2008.

The accounting firm's report states that the financial statements present fairly the financial condition of the First Financial Credit Union as of December 31, 2008.

Your credit union is operating in a safe, sound and prudent manner, in accordance with the various rules, regulations and policies to which it must conform. The Supervisory Committee is confident in the manner in which management, the Board of Directors and the other credit union personnel are safeguarding your assets and managing the operations of your credit union.

The Supervisory Committee extends its thanks to all of the employees of our credit union for a job well done. A thanks goes to our executive management team for their performance and cooperation this year. Our Board of Directors also earns a big thank you for its continuing dedication and efforts in guiding our credit union through another year. Thank you!

The Supervisory Committee extends congratulations to our CEO, Carlton Musmann, for his leadership and guidance in 2008.

Supervisory Committee:

Richard Barnes, Chairman
Lloyd Vadnais, Member
Kathleen McCreery, Member

FIRST FINANCIAL
CREDIT UNION
AND SUBSIDIARY
CONSOLIDATED
STATEMENTS OF
FINANCIAL
CONDITION

DECEMBER 31, 2008

AND 2007

CONSOLIDATED
STATEMENTS
OF OPERATIONS
FOR THE
YEARS ENDED

DECEMBER 31, 2008

AND 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 12,901,508	\$ 18,345,753
Investment securities:		
Other investments	190,038	4,108,151
Federal Home Loan Bank stock	2,892,300	2,549,000
Loans to members,		
net of allowance for loan losses	530,483,977	513,748,842
Accrued interest receivable	1,945,376	2,302,359
Premises and equipment, net	10,041,180	10,086,497
NCUSIF deposit	4,412,887	4,527,201
Prepaid expenses	1,463,009	3,263,511
Foreclosed assets	1,142,100	-
Deferred compensation investments	2,179,011	2,557,664
Other assets	3,250,524	3,923,573
TOTAL ASSETS	\$ 570,901,910	\$ 565,412,551
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Accrued dividends and interest payable	\$ 4,109,888	\$ 4,597,394
Accrued expenses and other liabilities	2,400,181	2,305,529
Notes payable	16,500,000	16,283,211
Total liabilities	23,010,069	23,186,134
MEMBERS' EQUITY – substantially restricted		
Members' share and savings accounts	503,100,472	489,457,276
Regular reserve	1,734,283	1,734,283
Undivided earnings	48,255,663	54,339,400
Accumulated other comprehensive income (loss)	(5,198,577)	(3,304,542)
Total members' equity	547,891,841	542,226,417
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 570,901,910	\$ 565,412,551
INTEREST INCOME	2008	2007
Interest on loans to members	\$ 32,125,666	\$ 35,066,637
Interest on investment securities and cash equivalents	958,132	2,366,470
Total interest income	33,083,798	37,433,107
INTEREST EXPENSE		
Dividends on members' share and savings accounts	11,879,781	13,668,867
Interest on notes payable	167,851	328,654
Total interest expense	12,047,632	13,997,521
Net interest income	21,036,166	23,435,586
PROVISION FOR LOAN LOSSES	5,400,000	2,580,000
Net interest income after provision for loan losses	15,636,166	20,855,586
NON-INTEREST INCOME		
Fees and charges	6,564,303	6,884,446
Other non-interest income	2,163,875	1,674,957
Total non-interest income	8,728,178	8,559,403
Total income	24,364,344	29,414,989
NON-INTEREST EXPENSE		
Compensation and benefits	14,379,802	14,203,349
Occupancy	3,048,983	2,671,742
Operations	9,040,522	9,317,606
Income tax expense	48,741	4,361
Impairment loss on WesCorp capital shares	3,891,814	-
Total non-interest expense	30,409,862	26,197,058
NON-OPERATING INCOME (LOSS)		
Loss on disposal of premises and equipment	(38,219)	(6,173)
Total non-operating loss	(38,219)	(6,173)
NET INCOME (LOSS)	\$ (6,083,737)	\$ 3,211,758