

2022 Annual Report

building strong connections

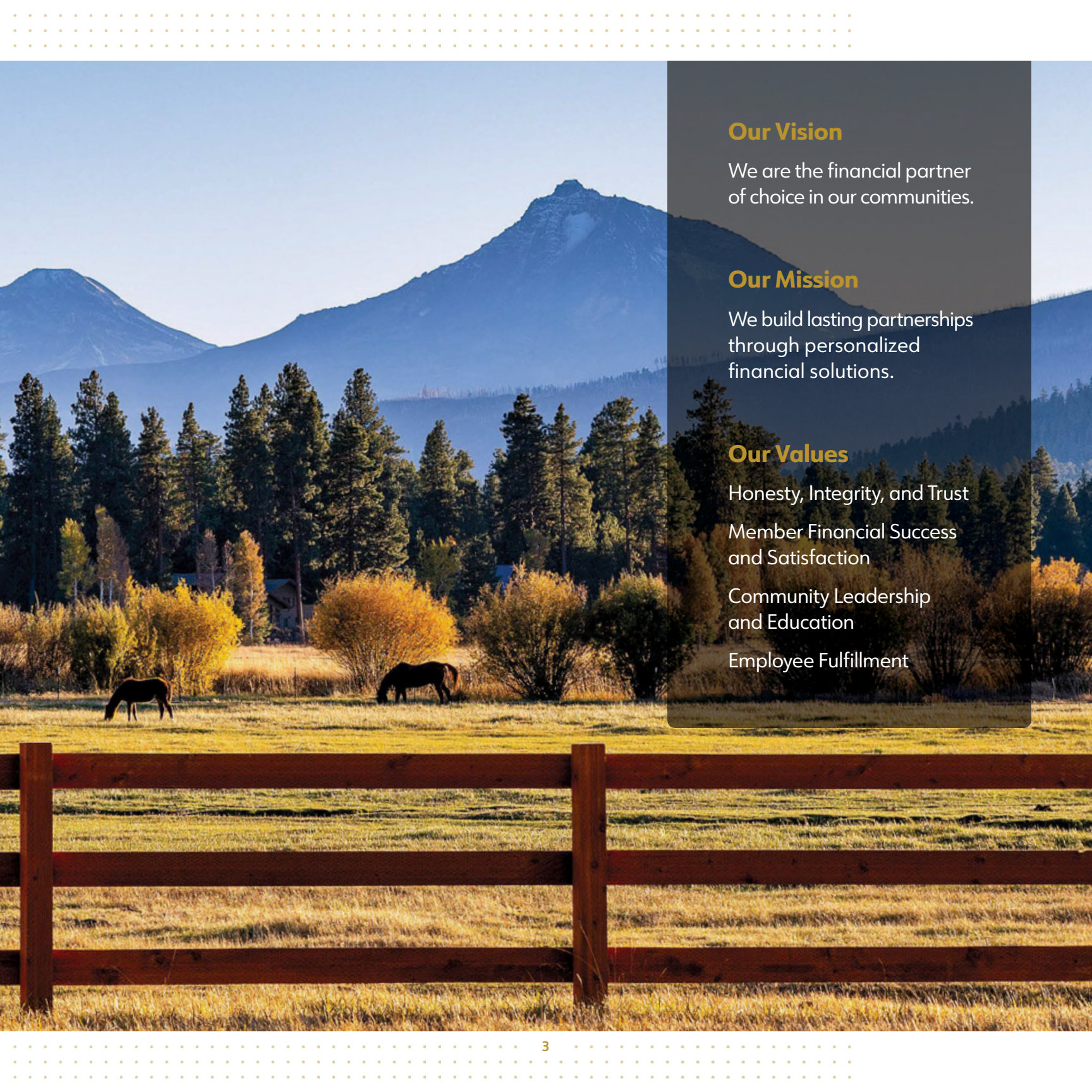
 **first community**
credit union

contents

President’s Message.....	4-5
Who We Are.....	6
Board of Directors.....	7
Our Members · Personal Banking.....	8-9
Continuing to Grow	10-11
Our Members · Business Banking	12-13
All In The Family · American Sprinklers.....	14-15
Esther Frank · VP Commercial Lending	15
Relationships Matter · Trampoline Zone.....	16
Matt Nicassio · VP/Branch Manager · Bend.....	17
Our Employees.....	18-19
Community Involvement.....	20-23
Supervisory Committee	24
Supervisory Committee Report.....	25
Independent Auditor’s Report	26-27
Consolidated Statement of Financial Condition	29
Consolidated Statement of Income.....	30
Consolidated Statement of Cash Flows.....	31
Members’ Equity.....	32
Loans Receivable, Net	33
Branch Directory.....	34

Cover: Bend footbridge amongst the Ponderosa Pine and Manzanita
Left: Horses graze in pastures in the shadow of the Cascade Range





Our Vision

We are the financial partner of choice in our communities.

Our Mission

We build lasting partnerships through personalized financial solutions.

Our Values

Honesty, Integrity, and Trust

Member Financial Success and Satisfaction

Community Leadership and Education

Employee Fulfillment

president's message



David S. Elmer
President and CEO

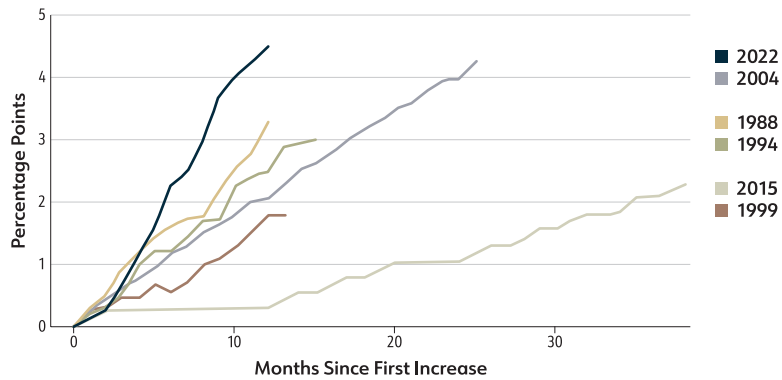
**“The Credit Union’s
legacy of growth
and success is
made possible by
the talented and
dedicated team of
employees that serve
our communities
day after day.”**

The Credit Union completed more than sixty-five years of operation in 2022. In each of those years First Community achieved positive net income, increased its financial reserves and continued a long history of documented financial strength. The results of 2022 were extraordinary as a result of achieving the highest level of annual net income and net worth growth (i.e. equity or financial reserves) in its 65-year history. These accomplishments were achieved while maintaining asset quality and liquidity levels many times better than peer averages. It is my honor and privilege to report that First Community Credit Union remains financially strong.

In recent years the actions of central banks around the world flooded the banking system with deposits in an effort to help the economy during the unprecedented conditions of the pandemic. During 2022 those deposits began to flow out of the banking system as central banks took steps to raise interest rates at a never before seen pace. First Community was and is prepared for the resultant challenges. In the midst of rising interest rates, the Credit Union’s strategic plan protected and allowed it to thrive under conditions that threatened other less prepared institutions.

Being prepared means that First Community will be able to keep its promise to its 350 employees – that they will never be laid off – no matter the circumstances. It means the Credit Union is able and ready to assist the individuals, families, and businesses in the communities that it serves regardless of economic conditions. Executing a successful long-term strategic plan has allowed First Community to excel during turbulent times and remain focused

Cumulative Change in Federal-Funds Rate Since Start of Initial Rate Increase



Source:
Federal Reserve

on serving its members in a consistent and reliable way. First Community will always put its communities first by preparing for economic challenges.

In addition to financial strength, the Credit Union has a legacy of growth. Growth is essential to the long-term success of any financial institution. First Community's disciplined planning efforts focus on meaningful growth, opposed to just growing assets. Asset growth becomes meaningful when it is accompanied by new or existing members using more services. It is also meaningful when new communities or branches are added to the Credit Union's operating area. This kind of focus on growth is part of a sound strategic plan that ensures First Community will excel in unpredictable economic conditions. During the 2022 calendar year, First Community's loan portfolio increased by over \$95 million dollars with consumer installment, residential real estate, and commercial loans all increasing. Members borrowed over \$425 million during the year, averaging \$35.4 million in new

loans each month. Over 56% of new loans were automobile loans. Automobile loans also made up the largest segment by dollar amount at 35.77%.

The Credit Union's legacy of growth and success is made possible by the talented and dedicated team of employees that serve our communities day after day. This team of more than 350 individuals come from varied backgrounds with the needed skills and knowledge to help the Credit Union thrive. On behalf of the First Community team, I wish to offer our gratitude to our membership for their continued support and promise our commitment to your financial success and satisfaction.

Respectfully,

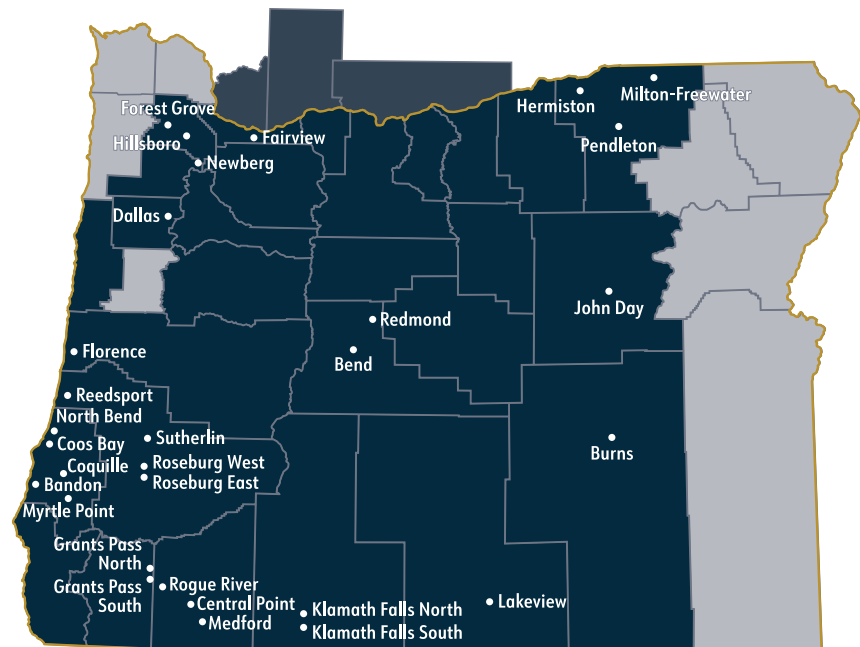
David S. Elmer
President and Chief Executive Officer
First Community Credit Union



who we are

We are First Community Credit Union, and we have been happily serving Oregonians since 1957. First Community is among the strongest credit unions in the nation—but we have never lost sight of our roots and what makes us who we are: the small, tight-knit communities that we call home.

First Community is not some large nationwide institution based in a far-off city. We are your neighbors. Your morning commutes are our morning commutes, and our kids play where your kids play. We share your pride and connection to this beautiful state, and we are committed to helping you achieve your goals. When you thrive, we thrive.



board of directors

At the center of any successful financial institution is a strong governance model. Board members are elected by credit union members and govern the affairs of the credit union to protect the interests of its members.

The First Community Credit Union Board of Directors sets the vision and the strategy for the credit union's future. The directors' individual views and diverse backgrounds help represent member interests from their geographic regions and various walks of life. Collectively, they provide a unified direction to guide First Community on a path of success and financial strength.



June Chadbourne
Midland



Elizabeth Davis
Roseburg



Dennis Erickson
Cornelius



Daniel Gibson
Portland



Steve Mohrland
Pendleton



Gerald Prickett
Myrtle Point



Mary Ellen Robbins
Troutdale



Frank Sproul
Salem



Hall Thomas
Myrtle Point



Shaun Hoback
Chairperson
Grants Pass



Robin McAlpin
Vice Chairperson
Canby



Linda Furman Grile
Secretary
Coos Bay



Brian Menefee
Treasurer
Roseburg



our members

Personal Banking

For a credit union, membership means ownership. When our members succeed financially, so do we. And as a not-for-profit institution, we are entirely focused on this one principle: *Your success is our success.* This focus drives us to operate on the lowest possible profit margins and to design products and services that cost you less.

Our promise to you is to always put people before profits while ensuring that First Community Credit Union remains financially strong for years to come.

88,170

total
members*

\$1.6B

total member
deposits*

258

new mortgage
loans granted

\$267,767

average new
mortgage loan

\$73.5 million

in mortgage loans
granted in 2022

*As of December 31, 2022

Personal Banking Member Benefits

- Low fees
 - First Community Credit Union charges less than half as much in fees as other credit unions in the same asset class.
- Low interest rates
 - First Community offers significantly lower loan rates than other credit unions in the same asset class.
- Mortgage loans
- Home equity lines of credit
 - Local loan servicing, always
 - Competitive rates, low fees, and flexible terms
- New- and used-vehicle loans
 - Preapproved vehicle financing
 - Up to 100% financing on new and used vehicles
 - Financing for RVs, boats, ATVs, motorcycles, and travel trailers
- Debit and credit cards
- Free checking and savings accounts
- Diverse insurance options through an in-house, non-commission agency

\$9,029

average share
account balance*

64,401

total checking
accounts*

39,959

digital banking
users*





continuing to grow

Bend and Redmond Expansion

In the past decade, Central Oregon has become an increasingly popular place to live. The population of Bend, Redmond, and the surrounding areas have boomed as Oregonians, Californians, and others from all over the country have flocked to the high desert, drawn to its combination of natural beauty, outdoor recreation opportunities, and thriving craft beer scene. After careful forethought, First Community Credit Union acquired a branch in Bend in 2012. Now, First Community is preparing to put down even deeper roots, solidifying plans to construct a new branch in neighboring Redmond as well as a new branch in Bend.

In recent years, First Community has experienced tremendous growth in Bend. Business members such as Butch Roberts and Connie Hegele have partnered with First Community to open and expand their businesses with the purchase of new properties. Teenagers who first spoke to Bend Vice President/Branch Manager Matt Nicassio a decade ago about their first car loans are now approaching him with inquiries for home loans for their growing families.

As the community in Central Oregon has expanded, so too has its need for more comprehensive and widely available services, leading to First Community's decision to strengthen their presence in Central Oregon.

As an exclusively direct lender, all First Community Credit Union loans are originated by employees. This makes First Community unique among its peers, and makes the branch extremely important to the credit union's operations, strategic plan, and growth outlook. New branches are true symbols of dedication to the communities they call home.

"Our members in central Oregon continue to surprise us with their support of the Credit Union and the current office in Bend simply cannot keep pace with the growth and potential we have to better serve the community. Our plan to build two new offices, one in Bend and one in Redmond, is a direct response to the community choosing First Community for their banking and borrowing needs. Small business owners especially value having a branch nearby and our expansion is a clear sign of our commitment to them and the entire community." —David Elmer



Rendering of the new Redmond location, a 3,500 sq. ft. full-service branch set to open summer of 2024.





our members

Business Banking

First Community Credit Union is proud to partner with and work alongside business owners and corporations large and small, helping them achieve their financial goals. We offer a variety of business services and solutions to our members, including payroll services and lower-than-average loan rates, and are a qualified public depository for government entities in the state of Oregon.

A Diverse Membership

Industries in which First Community members work:

- Agriculture/farming
- Arts and entertainment
- Aviation
- Bottling and vending services
- Fishing and shipping vessels
- Food and beverage
- Healthcare
- Hospitality
- Landscaping
- Livestock
- Real estate
- Retail
- Timber
- Trucking
- Waste management
- Wood manufacturing

\$198 million

commercial loan
portfolio*

5,789

commercial
accounts*

**As of December 31, 2022*

Loan Types Available for Business Banking Accounts

- Agriculture and land
- Business chattel
- Business operating line of credit
- Business revolving line of credit
- Commercial construction and development
- Commercial real estate
- Letters of credit
- USDA guaranteed

Business Banking Member Benefits

- Merchant services
 - Increase revenue and cash flow for your business with electronic payments
 - Process standard credit and debit cards and maintain direct links with electronic funds transfer networks nationwide
- Business loans
 - No prepayment penalties
- Business credit cards
- Business checking and business money market savings accounts
 - Earn a higher monthly interest rate and still easily access your funds
- Remote deposit capture
- Payroll origination
- Vendor pay
- Collect pay



all in the family

American Sprinklers • Terrebonne



**“They went above
and beyond when it
came to our loans.”**

— Connie Hegele



American Sprinklers has always been a family affair. In 1975, Connie Hegele and her husband Chuck founded the company. Chuck passed away in August of 2022, and today, his wife and children continue to fulfill the legacy he left behind. Chuck and Connie’s sons, Rocky and Travis, their daughter, Candy, and Rocky’s wife, Alisha are all essential to the operation.

American Sprinklers manages all aspects of fire protection, including engineering and design, fabrication, inspection, repair, maintenance, and fire sprinkler system installation in commercial and residential buildings.

But the Hegeles didn’t stop at fire protection. Since 1975, their businesses have grown to include Bend Fire Protection, Sustainable Aggregate Resources Rock Products, Walking H Ranch, Lone Pine Clydesdales, and a number of rental properties.

Due to the variety of needs for each family business, it was important to the Hegeles to find a financial institution with which they could establish a relationship and help achieve their goals.

Since becoming a member in 2018, Mrs. Hegele has worked with First Community’s Bend Vice President/Branch Manager, Matt Nicassio, and the Vice President of Commercial Lending, Esther Frank, to purchase several properties, including industrial land.

“They’re so personal,” says Mrs. Hegele. “Whenever we call or email them, they always get right back to us.”

Top: Lone Pine Clydesdales have paraded the Grand Marshal through the Deschutes County Fair & Rodeo for the past 20 years.

Bottom: Rocky Hegele oversees projects at American Sprinklers as its president.

Mrs. Hegele is particularly grateful for First Community's help with purchasing industrial land, as she found that many other financial institutions wouldn't grant loans for that type of property.

"Esther was so attentive and carefully walked us through the whole process," says Mrs. Hegele.

Today, the Hegele family continues to thrive and expand their businesses. Rumor has it that grandkids Stetson, age 13, and Brooklynn, age 11, are already learning the ropes.

Below: The entire Hegele clan is involved in the family businesses—including Stetson and Brooklynn.



Esther Frank

VP of Commercial Lending

In 18 years at First Community Credit Union, Esther has held the positions of consumer loan officer, home equity lender, new accounts clerk, branch supervisor, and branch manager before moving into her current title as Vice President of Commercial Lending. In each of these roles, she has valued her ability to be a vocal advocate for First Community members—committed to helping businesses succeed.

"I'm someone who is extremely curious, and I'm empowered in my position to ask questions and to get to know our members better," she says. "My job allows me to enter into someone's story and to really design an outcome in a way that's more than just a loan decision."

relationships matter

Trampoline Zone • Bend



"If it's not fun, we don't do it." —Butch Roberts



Butch Roberts first opened Trampoline Zone in Bend, Oregon, in 2018. What began as a pickleball facility has since expanded to become an indoor adventure park that includes not only pickleball courts, but a trampoline park, climbing wall, and laser tag arena.

As his business has expanded, so too have his banking needs. Mr. Roberts has been a First Community Credit Union member for 9 years, first as a personal member and then as a business member.

"In business, it's critically important to choose the right bank," says Mr. Roberts. "Having a relationship with a bank where you can go to them when you need help or advice is crucial, and it makes a huge difference knowing they'll be available to you. First Community has always ensured we knew they were there for us."

In 2022, Mr. Roberts refinanced his building through First Community Credit Union and continued working closely with the Bend Vice President/Branch Manager, Matt Nicassio. Mr. Roberts also refers his young employees to talk with him about their big financial decisions.

"First Community is great at building relationships of trust with young adults," says Mr. Roberts. For someone like Mr. Roberts, who has had a lifelong interest in investing in the lives of young people and their success, this is incredibly important.

"For us, it's the personal relationship. There's a lot of turnover in the bank industry, and I know firsthand that First Community is always looking out for our community."

Top: Fun is a way of life for Butch Roberts—and it shows!

Bottom: Visitors can kick back between activities in The Jumping Pickle Café.

Matt Nicassio

VP/Branch Manager • Bend

From the day he began his banking career as a teller, Matt Nicassio saw his work as more than a job.

Matt has always enjoyed the atmosphere and the opportunity to develop relationships with new people and guide them through some of the most important decisions of their lives.

Matt grew up in Monmouth and after attending Oregon State University, took a job at a small local bank before joining First Community Credit Union in 2007. Matt saw at First Community the opportunity to advance his career and do what he loves—work with people. As he continued working at First Community Credit Union, he began to see what made First Community different.

“The longer I work here, the more I recognize what a great employer First Community is,” Matt says. “I think what separates us is that we are truly invested in our members. We want to grow relationships and work with them to achieve the best possible outcome for their financial situation.”

In 2012, Matt had the opportunity to become the Vice President/Branch Manager for a new branch acquired by First Community in Bend, and over the last ten years, he has continued to grow the reputation of the Bend branch. First Community members in Bend love working with Matt because he is responsive and friendly.



Matt Nicassio understands the importance of supporting his team, including Assistant Branch Manager Tinzar Neal.

For Matt, it's all about empowering the people around him. One of the things he loves most about his job is the opportunity to meet new people and to grow as they do.

“I've been here 10 years, and there are members I've known for 10 years,” says Matt. “I've helped members with the loans for their first cars that now have their own families.”

When asked what he believes is the key to being a great branch manager, Matt stressed the importance of leading by example and creating a supportive culture.

“You want to mirror the culture in which you developed your own career,” says Matt. “To do that, you need to believe in it and take on any responsibility you would ask of your team. Everything else in the industry changes frequently—the one thing you can hold onto is the people you're with.”



our employees

First Community Credit Union has always been about people. We are proud to hire and invest in the most talented individuals in the communities we serve. We are committed to offering our employees rewarding careers and meaningful benefits, as well as plentiful opportunities for advancement.

350

total
employees

120

new employees
in 2022

26

Oregon
communities served

0

layoffs
—ever

Top: Jeremy Alger, SVP of Information Technology, reviews projects with William James, VP of Information Technology Support.

Bottom: Kaeley Taylor and Brittany Kantola (seated) enjoy positions as Financial Services Representatives allowing them to work closely with members.

Key Employee Benefits

- Competitive wages
- Annual bonus and incentive plan
- 401(k) plan with employer match
- 100% employer-paid medical and dental insurance
- Generous personal, vacation, and sick days
- Wellness and fitness reimbursement
- Tuition reimbursement
- Paid volunteer leave

Top: Friendly, helpful tellers like Katie Paasch and Savannah Fitzgerald live out the First Community difference in their interactions with members each day.

Bottom: Shawn and Laura Gerling found more than just their careers at First Community Credit Union—they found each other. Shawn, the Vice President of Internal Audit, and Laura, the Assistant Branch Manager at the Grants Pass North branch, have worked at First Community Credit Union for 21 and 24 years respectively and met and married early in their careers.





community involvement

At First Community Credit Union, we aspire to always put people before profits. We are deeply rooted in the communities we serve, and we seek to support not only our individual members but also the businesses and organizations they own and frequent. In 2022 we were proud to donate more than \$400,000 to local causes.

Here are a couple of highlights from 2022, and on the following pages, a listing of the many ways we are grateful to give back in our communities.

The Great Drake Duck Race

We were thrilled to be a key sponsor of the Great Drake Duck Race in Bend, which returned after a two-year hiatus due to COVID-19.

2022 marks the 33rd consecutive year that the community of Bend has come together to support local non-profit organizations through the Great Drake Duck Race. Throughout the summer of 2022, First Community Credit Union

sold \$5 raffle tickets alongside other Bend-based businesses. On September 11, 19,500 plastic ducks were ceremonially splashed into the Deschutes River from the Galveston Bridge, and the duck race was off!



Debbie Anderson's duck was this year's lucky winner, and she took home the \$5,000 cash prize. In total, the event raised nearly \$94,000 for local non-profits, including the Boys & Girls Clubs of Bend, Central Oregon Veterans Outreach, Deschutes Children's Foundation, and Mountain Star Family Relief Nursery.

A Family Place

First Community is also proud to partner with local organizations like A Family Place in Newberg. A Family Place supports at-risk families by offering free professional home visits, parent education, and a specialized preschool for children up to age five.

Opposite: The Great Drake Duck Race has been a Bend tradition since 1989.

Top and Bottom: Preschool students enjoy snacks and special educational activities at A Family Place.

Middle: First Community employees pose at the Champions for Children Gala.



community involvement



- 22 scholarships of \$3,000 each were awarded to graduating high school seniors or returning college students

Donations of \$10,000 or More

- A Family Place Relief Nursery of Yamhill County, Newberg
- PlayEast Youth Recreation, Fairview
- Lake County Round-Up, Lakeview

Donations under \$10,000

- Bandon Police Department
- Bandon Project Graduation
- Benefit for the Basin
- Blue Mountain Healthcare Foundation
- Boatnik Festival
- Boys & Girls Club of Grants Pass
- Boys & Girls Club of the Rogue Valley
- Burns Elks Lodge
- Burns High School Basketball
- Burns High School Project Graduation
- Central Coos Fire & Rescue
- Children's Miracle Network Hospitals
- Christmas in Coquille Lighted Christmas Parade
- City of Coquille "Shop with the Heroes" Event
- City of Mt. Vernon
- Coos Bay Lions Club
- Coos Bay Speedway
- Coos Bay-North Bend Rotary Club Gifts of Literacy Program
- Coos County Fair & Rodeo Princesses
- Coos County Friends of Public Health
- Coos Watershed Association
- Coos Youth Auction Committee
- Coquille Booster Club
- Coquille Chamber of Commerce
- Coquille Elementary School PTK
- Coquille Fire Department
- Coquille Gay 90's Festival
- Coquille High School Project Graduation
- Coquille Public Pool
- Dean Hallmark Oregon Ambassador of Music
- Desert Sky Montessori School
- Domestic Violence Service - Pendleton
- Douglas County Fairgrounds

- Echo Shaw Elementary School
- Florence Rhododendron Festival
- Friends of Ford's Pond
- Grant County 4-H
- Grant County Fair & Rodeo
- Grant County Little League
- Grant County Sheriff's Office
- Grant Union High School
- Grants Pass Chamber Awards
- Grants Pass Chamber of Commerce
- Grants Pass Chamber of Commerce Banquet
- Grants Pass Elks Lodge Emblem Club
- Grants Pass Golf Club
- Grants Pass High School Band Booster Club
- Grants Pass High School Swim Team
- Grants Pass Kiwanis Club
- Guardian Care Center
- Harney County Fair & Rodeo
- Harney County Little League
- Harney County Ranch Rodeo
- Harney County Senior & Community Services Center
- Harney County Women's Team Branding
- Harney Hospital Foundation
- Hauser Lake Fire Protection District
- Helix Grizzlies Booster Club
- Hermiston Little League
- Hidden Valley Golf Tournament
- Home Health & Hospice Harney County
- Illinois Valley Little League
- Indian Lake Fish Derby
- JoCo Messiah Community Sing-Along
- Josephine County Community Concert Association
- Josephine County Food Bank

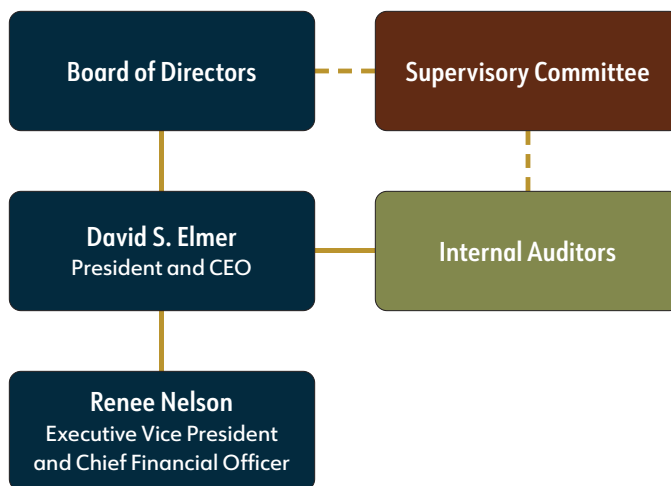
- Josephine County Foundation
- Kairos Coastline Services
- Kids' Hope Center
- Kiwanis Club of Florence
- Klamath Basin Junior Rodeo
- Lake County "Share The Warmth" Event
- Lake County Round Up
- Lake County Youth Mentorship Program
- Lakeview 4H and FFA Market Sale Committee
- Lakeview Booster Club
- Marshfield High School Athletics
- Marshfield Pirate Booster Club
- Milton-Freewater Junior Show
- Milton-Freewater Kiwanis Club
- Miss Coos County Scholarship Program
- Mountain View High School Dance Team
- Mt. Vernon Schools Summer Lunch Program
- Music Off Central
- Myrtle Point Booster Club
- Myrtle Point Project Graduation
- Myrtle Point Senior Citizen Center
- North Valley High School
- Oakland Car Show & Shine
- Oakland High School Shop 55 Program
- Oregon Coast Anglers
- Oregon East Symphony
- Oregon Hunters Association Youth Day
- Oregon Music Education Association
- Oregon Outlaws 4-H Club
- Painted Sky Center for the Arts
- Paisley Youth Rodeo Association
- Pendleton Buckaroo Booster Club
- Pendleton High School Baseball
- Pendleton Roundup
- Pendleton Youth Football

- PlayEast Youth Recreation, Fairview
- Powers Fishing Derby
- Reedsport Braves Booster Association
- Relay for Life
- Rocket Boosters
- Rocky Mountain Elk Foundation
- Rogue Music Theatre
- Rogue River Chamber of Commerce
- Rogue River Community Center
- Rogue River Greenway Foundation
- Roseburg Benefit Car Show
- Rotary Club of Bend
- Rotary Club of Coquille
- Rotary Club of Florence
- Rotary Club of Illinois Valley
- Rotary Club of Lakeview
- Safe Haven Maternity Home
- Soroptimist International of Gresham
- South Coast All-Star Tournament Myrtle Point
- South Coast Cal Ripken
- South Coast Clambake Music Festival
- Southern Oregon Corvette Association
- Southern Oregon Gymnastics Academy
- Sutherlin Area Chamber of Commerce
- The Children's Museum of Eastern Oregon
- The Marshfield Times
- The Oregon Coast Military Museum
- Umatilla County 4-H
- Umpqua Community College
- United Way of the Blue Mountains
- Veterans of Foreign Wars Pendleton
- Weston-McEwen High School
- Westside Parents Club
- Wreaths Across America
- Youth 71Five Ministries Golf Tournament

supervisory committee

The Supervisory Committee oversees and relies on the work of qualified internal and external auditors to independently evaluate and monitor First Community's operations. The Committee ensures that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles. In so doing, these are their primary responsibilities:

- Protecting credit union members' funds and interests
- Safeguarding credit union assets
- Fully complying with regulations, policies, and procedures
- Maintaining reliable and accurate financial records



Hall Thomas
Chairperson
Myrtle Point



Joseph Deutz
Pilot Rock



Julie Hargraves
Roseburg



Greg Holden
Pendleton



Carl Olson Jr.
Grants Pass



Chris Pendleton
Bandon

supervisory committee report

The Supervisory Committee is organized in accordance with the Oregon Credit Union Act and the bylaws of First Community Credit Union. The Committee fulfills an essential role in ensuring the safety and soundness of the credit union with the help of internal and external auditors. The Committee is formed from the membership and appointed by the Board of Directors.

The Committee meets regularly with the Board of Directors, participates in annual planning activities, and communicates directly with internal and external auditors. Each quarter the Committee holds its meetings and receives reports from the Credit Union's full-time internal auditors and risk management team. Annually, the Committee engages with a qualified public accounting firm to ensure that a comprehensive and independent external audit is performed. The work of the internal and external auditors provides the Committee with important information to enable them to carry out their required oversight.

Summary of 2022 Financial Audit

The Committee contracted with Moss Adams LLP to conduct an audit of the credit union's consolidated financial statements for the fiscal year ending September 30, 2022. In conducting their work, Moss Adams auditors considered the credit union's internal controls to identify the most appropriate audit procedures. Audit activities included the review of qualitative aspects of accounting practices as well as sensitive estimates made by credit union management. Member loan and share account confirmations as of September 30, 2022, were also included as part of the audit.

Moss Adams identified no material weaknesses in credit union management's practices and issued its opinion that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The letter summarizing its report is shown on the next pages.

The Committee is pleased to notify the membership that First Community Credit Union is being managed in accordance with generally accepted accounting principles and looks forward to continued cooperation with the Board of Directors and credit union management in the coming year.

Respectfully,



Hall Thomas

Chair · Supervisory Committee

independent auditor's report

The Board of Directors and Supervisory Committee ·
First Community Credit Union and Subsidiary · Coquille, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of First Community Credit Union and its Subsidiary (the Credit Union), which comprise the consolidated statements of financial condition as of September 30, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of First Community Credit Union and its Subsidiary as of September 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial

doubt about the Credit Union's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Moss Adams LLP
Portland, Oregon
January 12, 2023



MOSSADAMS



2022 financial statements



consolidated statement of financial condition

	September 30, 2022	September 30, 2021
Assets		
Cash and cash equivalents	\$ 212,239,685	\$ 369,324,662
Investments	615,186,272	411,751,740
Loans receivable, net	929,047,124	850,014,725
Accrued interest receivable	3,762,514	2,340,040
National Credit Union Share Insurance Fund	14,927,931	12,802,885
Property and equipment, net	64,266,020	57,696,412
Goodwill and other intangibles	15,363,423	15,481,323
Other assets	10,325,644	8,372,456
Total assets	<u>\$ 1,865,118,613</u>	<u>\$ 1,727,784,243</u>
Liabilities		
Members' shares	\$ 1,699,228,100	\$ 1,570,750,801
Accrued expenses and other liabilities	5,599,307	5,849,423
Total liabilities	<u>1,704,827,407</u>	<u>1,576,600,224</u>
Members' Equity		
Undivided earnings	134,361,646	120,955,474
Equity acquired in merger	22,900,000	22,900,000
Regular reserves	7,561,911	7,561,911
Accumulated comprehensive income	-4,532,351	-233,366
Total members' equity	<u>160,291,206</u>	<u>151,184,019</u>
Total liabilities and members' equity	<u>\$ 1,865,118,613</u>	<u>\$ 1,727,784,243</u>

consolidated statement of income

	September 30, 2022	September 30, 2021
Interest Income		
Loans receivable	\$ 30,104,588	\$ 28,560,018
Investments	7,627,224	3,799,811
Total interest income	37,731,812	32,359,829
Interest Expense		
Dividends on members' shares	452,920	961,850
Net Interest Income	37,278,892	31,397,979
Recapture of Loan Losses	(279,090)	(41,057)
Net Interest After Provision for Loan Losses	37,557,982	31,439,036
Noninterest Income		
Service charges and fees	12,684,887	13,252,244
Mortgage and servicing	2,877,492	5,409,807
Total noninterest income	15,562,379	18,662,051
Noninterest Expense		
Compensation and benefits	25,718,151	25,571,312
General and administrative	13,996,038	13,792,132
Total noninterest expense	39,714,189	39,363,444
Net Income	\$ 13,406,172	\$ 10,737,643

consolidated statement of cash flows

Cash Flows from Operating Activities	<i>September 30, 2022</i>	<i>September 30, 2021</i>
Net income	\$ 13,406,172	\$ 10,737,643
Reconciliation Adjustments		
Depreciation and amortization	1,999,647	1,824,920
Activities from loans held for sale	1,450,756	9,509,923
Changes in other assets and liabilities	(2,186,085)	(1,821,071)
Other activities	(1,741,002)	(4,677,683)
Net cash from operating activities	12,929,488	15,573,732
Cash Flows from Investing Activities		
Property and equipment acquisitions	(9,638,472)	(4,476,333)
Net increase investment purchases	(207,940,535)	(145,018,060)
Net increase in loans receivables	(78,787,711)	(47,043,892)
Other activities	(2,125,046)	(2,025,761)
Cash acquired in branch acquisition	–	–
Net cash used by investing activities	(298,491,764)	(198,564,046)
Cash Flows from Financing Activities		
Net increase in members' shares	\$ 128,477,299	\$ 256,397,772
Net Change in Cash and Cash Equivalents	\$ (157,084,977)	\$ 73,407,458
Cash and Cash Equivalents, Beginning of Year	\$ 369,324,662	\$ 295,917,204
Cash and Cash Equivalents, End of Year	\$ 212,239,685	\$ 369,324,662
Supplement Disclosure of Cash Flow		
Dividends paid on members' shares	\$ 452,920	\$ 961,850
Supplemental Disclosure of Noncash Investing/Financing		
Unrealized gain on available-for-sale securities	\$ (4,298,985)	\$ (353,826)
Assets acquired in acquisition at fair value	\$ –	\$ –
Liabilities assumed in acquisition at fair value	\$ –	\$ –

members' equity

First Community Credit Union is subject to various regulatory capital requirements administered by the National Credit Union Association (NCUA). Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on First Community's consolidated financial statements.

As of September 30, 2022, the NCUA categorized First Community Credit Union as "well capitalized" under the regulatory framework for prompt corrective action.

First Community's actual capital amounts and ratios in accordance with regulatory requirements are presented in the following table.

	<i>September 30, 2022</i>		<i>September 30, 2021</i>	
	Amount	Ratio Requirement	Amount	Ratio Requirement
Amount needed to be classified as "adequately capitalized"	\$ 108,621,472	6.00%	\$ 97,734,619	6.00%
Amount needed to be classified as "well capitalized"	\$ 126,023,723	7.00%	\$ 114,023,723	7.00%
Regulatory net worth (prompt corrective action)	\$ 168,747,307	9.32%	\$ 155,341,135	9.54%

In accordance with NCUA regulations, First Community has used its trailing four-quarter average assets to calculate the capital ratio requirement for the years ended September 30, 2022, and September 30, 2021.

loans receivable, net

First Community Credit Union has several classes of consumer loans that carry distinct credit risks. Loan delinquency is a common credit quality indicator that First Community monitors and uses when evaluating the adequacy of the allowance for loan losses for the consumer portfolio segment.

The following table presents the outstanding balances from each class within the consumer portfolio by delinquency status as of September 30, 2022, and September 30, 2021.

	Days Past Due				
	Current or 0-29	30-59	60-89	90+ Nonaccrual	Total
September 20, 2022					
Consumer real estate secured	\$ 418,765,883	\$ 246,027	\$ 233,413	\$ 278,753	\$ 419,524,076
Vehicle loans	248,228,784	186,592	84,308	129,087	248,628,771
Other consumer loans	96,798,922	122,946	10,486	32,590	96,964,944
Total consumer	<u>\$ 763,793,589</u>	<u>\$ 555,565</u>	<u>\$ 328,207</u>	<u>\$ 440,430</u>	<u>\$ 765,117,791</u>
September 20, 2021					
Consumer real estate secured	\$ 385,770,346	\$ 87,722	\$ 328,186	\$ 110,876	\$ 386,297,130
Vehicle loans	233,814,534	215,078	20,315	90,645	234,140,572
Other consumer loans	87,157,657	229,135	16,857	2,639	87,406,288
Total consumer	<u>\$ 706,742,537</u>	<u>\$ 531,935</u>	<u>\$ 365,358</u>	<u>\$ 204,160</u>	<u>\$ 707,843,990</u>

There were no consumer loans over 90 days past due and accruing interest as of September 30, 2022, and September 30, 2021.

branch directory

Bandon

75 12th St. SE
541.347.3521
Walk-up ATM

Bend-Borden's Corner

62080 NE Dean Swift Rd.
Suite 180
541.382.7280
Drive-up ATM

Bend-15th Street

Summer 2024

Burns

524 W Monroe St.
541.573.3533
Walk-up ATM

Central Point

Winter 2024

Coos Bay

150 E Johnson Ave.
541.267.5115
Walk-up ATM

Coquille

200 N Adams St.
541.396.2145
Drive-up ATM

Dallas

372 E Ellendale Ave.
503.831.3331
Drive-up ATM

Fairview

1531 NE Park Ln.
503.492.8976
Walk-up ATM

Florence

2077 Highway 101
541.902.9599
Drive-up ATM

Forest Grove

3924 Pacific Ave.
503.992.1768
Drive-up ATM

Grants Pass North

108 NE Savage St.
541.479.2601
Walk-up ATM

Grants Pass South

1551 Harbeck Rd.
541.479.2601
Drive-up ATM

Hermiston

925 SE 4th St.
541.567.8077
Drive-up ATM

Hillsboro

434 SE Washington St.
503.648.8642
Walk-up ATM

John Day

150 W Main St.
541.575.5950
Walk-up ATM

Klamath Falls North

3737 Shasta Way
541.884.8387
Drive-up ATM

Klamath Falls South

3808 Brooke Dr.
541.880.5380
Drive-up ATM

Lakeview

1 South E St
541.947.6701
Walk-up ATM

Medford

1380 Biddle Rd.
541.282.7700
Walk-up ATM

Milton-Freewater

151 S Columbia St.
541.938.2929
Drive-up ATM

Myrtle Point

710 8th St.
541.572.2301
Drive-up ATM

Newberg

115 N Howard St.
503.538.4620
Drive-up ATM

North Bend

2002 Inland Dr.
541.756.5415
Drive-up ATM
Walk-up ATM inside

Pendleton

705 SW Emigrant Ave.
541.276.4876
Drive-up ATM

Redmond

Summer 2024

Reedsport

1330 Highway 101 S.
541.271.2145
Drive-up ATM

Rogue River

595 E Main St.
541.582.0561
Drive-up ATM

Roseburg East

1771 NE Stephens St.
541.673.6613
Drive-up ATM

Roseburg West

1960 W Harvard Ave.
541.957.9099
Drive-up ATM

Sutherlin

624 E Central Ave.
541.459.5444
Drive-up ATM







 **first community**
credit union

myfirstccu.org
888.396.2145