



2021 FCCU ANNUAL REPORT

FC *First Community*
CU *Credit Union*

Life is better with community

83rd Annual Meeting

We welcome you to the 83rd Annual Meeting to connect with your fellow credit union members and meet the people, both Board and staff, who serve you.

Agenda

March 15, 2022 | 5:30 pm

Farmers Union Conference Center, Jamestown

- Call to Order
- Invocation
- Report of Registration
- Minutes of Previous Meetings
- Overview of Annual Report
- Financial Report
- Report of the President
- Old Business
- New Business
- Report of Nominating Committee
- Adjourned
- Drawing of Prizes
- Meal Served



The Annual Meeting is governed by Robert's Rules of Order.

Annual Meeting Minutes

June 15, 2021

The 82nd Annual Meeting of First Community Credit Union was held on Tuesday, June 15, 2021 at the Farmers Union Conference Center.

Chair Owen Olson called the meeting to order at 5:30 p.m. Rebecca Pergotski gave the invocation. Olson introduced the head table and the Audit Committee. CEO Steve Schmitz reported who serves on the First Community Scholarships LLC Board.

The report of registration showed 73 members and 4 guests, constituting a quorum. A motion carried to approve minutes of the August 27, 2020 Annual Meeting as printed in the brochure.

Chair Olson provided the report of the Board of Directors. CFO Sean Rinkenberger reviewed the Statement of Financial Condition as of December 31, 2020. A motion carried to approve the report as presented.

Steve Schmitz provided the report of the President. He explained the impact that COVID had on our credit union. A 5-year CD was paying 3% and in a week's time dropped to less than 1%. FCCU more than doubled home loan production and saw a 21% increase in deposits from March 2020 to March 2021. Typically, we would expect it to take three or four years for us to grow this much. Steve noted that for the first time in history, FCCU exceeded \$1 billion dollars in total assets as of March 31, 2021.

A video was shown of FCCU's history from beginning with \$273 in assets in 1939 to milestone of \$1 billion in 2021.

Chair Olson called for Old Business. There was none. Olson called for New Business. A motion carried to approve raising the Audit Committee wages to \$300 per quarter and raise the Board of Directors wages to \$600 a month. A motion carried to approve the actions of Management and the Board of Directors for the past year.

Sandy Franke, Chair of the Nominating Committee, introduced the other Committee members (Sue Corwin and Jason McKenney) and the three candidates running for the Board of Directors: Sharman Zachrisson (incumbent), Bonnie Nelson (incumbent) and Douglas Kalianoff. Chair Franke announced Sharman Zachrisson and Bonnie Nelson were elected for a three-year term on the Board.

A motion carried to adjourn.

Letter from the President



Member-Owners,

2021 was another busy year for FCCU. We started off the year processing millions of dollars in PPP loans, that were being put to use by business owners right here in our local communities. The home refinance boom continued in 2021 and these recent successes resulted in FCCU creating a new sub-brand, FCCU Home Loans. Throughout the remainder of this Annual Report you'll find many other highlights of the year 2021.

One of our most exciting accomplishments during the year was hitting the major the billion-dollar milestone. We saw tremendous asset growth throughout 2020 and into 2021, finally hitting \$1 billion in total assets at the end of March, for the first time ever in our credit union's history.

This is a remarkable achievement made possible by the hard work of employees and dedicated members over our nearly 83-year history. When 45 members met for the first time on July 16, 1939 to establish our credit union, they started with just \$273.00. I am quite certain they never envisioned where their small credit union would be in 2021 nor the issues we would be facing today. At the same time, I do not think we can truly understand what they were going through, just coming out of the Great Depression when the credit union began. They would have found loan limits of \$25 for unsecured loans or \$100 for secured loans, which could have been the difference between success and failure for a member.

Though our credit union has had many ups and downs through the years, the one constant was growth. It took 30 years (1969) for us to reach \$1 million in

assets, 24 more years (1993) to hit \$100 million, another 20 years to reach \$300 million and just in the past 12 years, we've grown \$750 million. Now 83 years later we have grown to \$1 Billion.

Since then, there have been multiple times we came to a fork in the road on the cusp of failure, where difficult decisions had to be made for our survival and each time people stepped up and got us back on track. We also made bold decisions for expansion, moving forward at times when others were hesitating or pulling back. These decisions were made by working together with our Board of Directors and senior leaders and then executed so well by the entire team. It is so important for us to realize that we didn't get here by accident; we didn't get here by luck, we got here because our people (both past and present) made it happen and that is a credit to everyone who has been involved with FCCU over the past 83 years!

Another exciting announcement for our credit union is that we began 2022 by welcoming Elm River Credit Union into our FCCU community through a merger. Elm River has been a very well-run credit union and will be joining into FCCU. We want to extend a heartfelt welcome to our new members and employees from Page and Kindred, as we all become one credit union, one family.

Looking ahead into 2022, our new Mandan branch is scheduled to open later this spring. With this new branch, we look forward to being a part of the Mandan community. We also have a major renovation in Devils Lake concluding this summer. These two investments in infrastructure support our continued commitment to serving our members well into the future.

Respectfully submitted,
Steve Schmitz, President & CEO

Life is Better with Community.



Message from the Board of Directors

Welcome to the 83rd Annual Meeting of First Community Credit Union. Both the volunteers and employees of FCCU work very hard to make your credit union a place where members feel welcome, with a confidence that all of their financial needs will be met.

The Annual Meeting for 2021 was postponed to June due to Covid-19. However, despite the challenges of the pandemic, 2021 was another financially successful year for FCCU. Assets went over \$1 billion in March of 2021 and the year ended with assets of \$1,060,508,312. Net Income for 2021 was \$12.7 million and at year end we had a Membership of 43,578. Again, due to the challenges of the Coronavirus, FCCU assisted members with PPP Loans and making necessary loan adjustments for members who were in need of those services.

A Grand Opening was held for the new Northland building built in north Fargo. A new building was begun in Mandan and will be completed in 2022. A remodel of the office in Devils Lake was also begun and it too will be completed in 2022. The Century 21 business and building were sold. A vote was held on October 19th that approved a merger with the Elm River Credit Union. This credit union, with offices in Kindred and Page, will add assets of \$30 million and 1400 members. This credit union merged with FCCU in January of 2022.

FCCU's commitment to the communities in which we do business remains a strong ideal. A donation of \$250,000 was pledged to VCSU as a part of their building and renovation capital campaign. In addition to this major project, FCCU makes many other donations in all of the cities in which we do business.

Duties of the Board of Directors include: monthly meetings, special meetings, and visits to branches. Bonnie Nelson and Sharman Zachrison were re-elected to the Board of Directors in 2021. Many employees and Directors are active in credit union trade associations and attend their meetings and conferences. In addition to these activities, employees and Directors are encouraged to participate in community associations and activities.

We continue to be very proud of the Scholarship Program funded each year by FCCU. Each year many four-year, two-year, and single year scholarships are awarded. In 2021, \$60,000 was awarded in 27 scholarships. This is the largest number of students and largest total financial support of scholarships given in a single year. We would like your help in encouraging young people that you know to open accounts at FCCU and apply for our generous scholarship program.

The Board of Directors would also like to take this opportunity to thank all of our dedicated employees for their conscientious work and for putting our members' needs first and foremost. And, also, a special thank you to you, our members, for your continued trust and loyalty. It is our hope that you will continue to allow us to serve all of your financial needs and that you will recommend us to your family and friends.

Respectfully submitted,

FCCU Board of Directors
Owen Olson, Chair
Sandy Franke
Dayne Headland
Bonnie Nelson
Mark Watne
Colin Wegenast
Sharman Zachrison



2021 Year in Review

Grand Opening Held at Fargo Northland

A new branch has been highly anticipated for our Fargo Northland branch for some time. In early September we gathered with the local chamber to celebrate the ribbon cutting and grand opening of this new building. This nearly 3,000 square foot facility features several offices, a large lobby, conference room, full drive-up and drive-up ATM.



It has allowed us to provide a more professional and visible location in the Fargo North community next to NDSU, enabling us to grow and serve our members for years to come.

FCCU Launches New Mortgage Brand

In 2021, we announced the launch of a new sub-brand, FCCU Home Loans.



The Real Estate department at First Community has grown immensely over the years, from only three staff members in one location, to now 24 employees in 28 branches across North Dakota and Minnesota.

This department has become a major source of growth for FCCU and has helped to diversify the credit union.



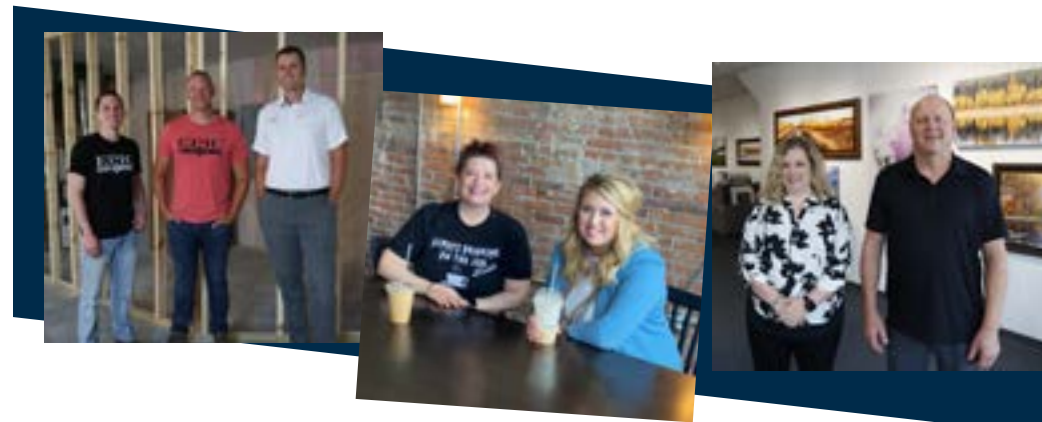
As a result, a recognizable sub-brand was created to help increase awareness and continue growth within real estate.

Life is Better with Community

To show appreciation and support to our members and communities, we launched a campaign called, 'Life is Better with Community.' One component was a social media contest called Member Mondays. Each Monday we would draw a winner for a prize from a local business, featuring the member and business.



In addition, we produced member video testimonials featuring FCCU business members throughout our branch footprint. In 2021, we completed eight videos, from a coffee shop and a chiropractor to an agriculture supply store, and more. We hope to continue many facets of this campaign again in 2022, especially our member videos.



\$1 Billion in Assets Milestone

For the first time in our company history, we exceeded \$1 billion in assets in 2021. Continued loan growth combined with excess deposits enabled us to reach this milestone. The Board, staff and members of FCCU should all take pride in the growth and success of our organization.

Looking back at our credit union's journey over the past 83 years, we started with just 45 members and \$273. At that time the maximum amount of unsecured loans was \$25 and secured was \$100. It's remarkable how far we've come.

Community Impact

FCCU is proud to not just do business in our communities, but also support them by giving back. We donate money, sponsor various events and organizations, volunteer our time, attend events and the list goes on and on.

Our quarterly charity is a unique way we support important causes in the region. Since 2014, FCCU employees have chosen an organization each quarter to support by raising money and awareness. The funds are raised through Friday jeans money and other specific activities that relate to the cause. Here's a look back on the positive impact in 2021.

Project Ignite Light

This organization gives thousands of foster and abused children a piece of security and hope. They provide 200 'Bags of Hope' each month to reported abused children in Minnesota, North and South Dakota. In 2021, FCCU raised \$4,500, collected 382 pajamas and a new record of 222 blankets for the cause. This is the sixth year in a row we've supported and over those years we have donated a total of 945 blankets, 2,204 pairs of pajamas and raised an impressive \$31,500.



Roger Maris Cancer Center

Cancer is a cause that affects nearly everyone, in some way. FCCU was proud to help support the Roger Maris Cancer Center by raising \$5,000 for this cause. The Sanford cancer center has been around for more than 30 years and is one of the top centers in the country. In addition to cancer, the center also treats bleeding and clotting disorders and is a regional infusion site. All funds raised stayed local to support family and patient programs, research and education.

Safe & Homeless Shelters

With the help of our communities and members, FCCU was able to raise more than \$3,000 and collect 800 pairs of socks to support the cause. People experiencing extreme poverty and/or homelessness often suffer from foot problems. Walking an average of 10 miles a day, puts more wear on socks in a week than the average person does in a year, according to HanesBrands. As a result, socks are the number one most requested item in shelters. Knowing this, to support this cause, FCCU held a sock drive across our branches.

Funds raised throughout the quarter went to benefit Salvation Army Centers across North Dakota and Minnesota including Bismarck-Mandan, Fargo-Moorhead, Grand Forks, Jamestown and Devils Lake. The Salvation Army offers many programs and services in addition to meals and helping those in need meet basic needs.



Veterans & Military

For the third year in a row, FCCU held fundraisers to support our veterans and military, raising \$7,500. Of the total funds raised, \$3,500 went to the Veterans Honor Flight of ND/MN and was given on Giving Hearts Day, to receive a match. The remaining \$4,000 of the funds raised went directly to North Dakota's Impact Foundation 'Support Our Veterans Fund.' 100% of the funds go directly to veterans to help with housing, transportation, health issues and other urgent needs, not covered by other organizations. In addition to the money raised, more than 350 letters were written by staff, members, students and people in our communities in a campaign called Operation Gratitude.



Awards & Recognition

In 2021, FCCU was recognized by the Dakota Credit Union Association. Our first place for the **Dora Maxwell Social Responsibility Award** was given for community involvement with 'Out of the Darkness' Suicide Prevention. FCCU raised \$4,800 and more importantly, brought awareness of mental health, during the COVID-19 pandemic.



Our CEO, Steve Schmitz was named a 2021 **CU Rockstar**, by the **Credit Union National Association (CUNA)**. Steve joined 30 other outstanding credit union professionals and volunteers that were selected for their exceptional creativity, innovation, passion and how they use their strengths to advance the mission of their credit union.

Schmitz was also appointed to the **North Dakota State Credit Union Board by Governor Doug Burgum**. He is assigned to represent the public at large, and criteria for his selection included a strong background in accounting, economics and finance.



Other recognition in 2021 includes being selected as one of the **Top 50 Best Places to Work** in the region by Prairie Business for the second year in a row, being named one of the Top 10 Best Places to Work by the Young Professionals of Bismarck and being named the Best Financial in Jamestown.

The **FCCU Volunteer of the Year for 2021** was **Tiffani Crist**, Financial Services Representative in Devils Lake. Tiff dedicated more than 230 hours volunteering in 2021, with 169 hours helping with rehearsals and play performances at the Fort Totten Little Theatre. She is currently on the local credit union area chapter board and attends monthly VFW Auxiliary Board meetings, as well. She also volunteered for numerous FCCU sponsored events including homecoming parades and youth parties.



FCCU BY THE NUMBERS



MEMBERS
45,036

Total members of FCCU

MORTGAGE



853 Home Loans
in 2021

\$170,898,625
in Home Loans

5,817

Facebook followers

FOLLOWERS



\$60,000

Distributed in college
scholarships by FCCU
education foundation

SCHOLARSHIPS



DONATIONS



\$300,000 +

Donated to local
community causes

1,189

Hours tracked in 2021.

VOLUNTEER HOURS



Financial Overview

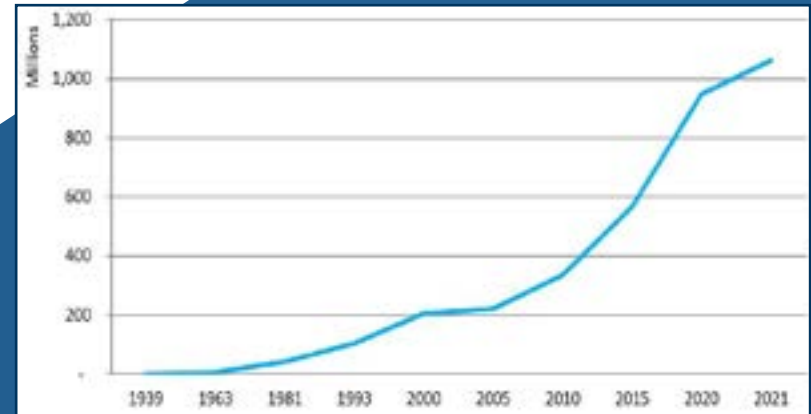
Statement of Financial Condition

ASSETS	Dec. 31, 2021	Dec. 31, 2020
Loans (Net of allowance)	\$ 722,329,348	\$ 661,516,028
Cash & Investments	275,336,740	225,495,984
Property and Equipment	36,361,375	31,418,054
Other Assets	26,824,762	28,307,379
Total Assets	\$1,060,852,225	\$946,737,445
LIABILITIES AND EQUITY		
Accounts Payable	\$6,085,015	\$5,958,095
Notes Payable	0	0
Total Liabilities	6,085,015	5,958,095
Member Shares and Deposits	917,599,320	811,550,642
Total Liabilities & Member Deposits	923,684,335	817,508,737
EQUITY		
Total Member Equity	137,167,890	129,228,708
Total Liabilities & Equity	\$1,060,852,225	\$946,737,445

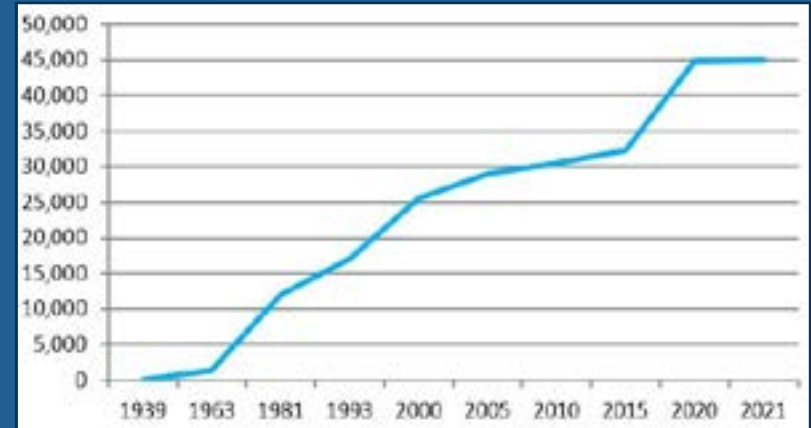
Statement of Income

INTEREST INCOME	2021	2020
Loans	\$30,652,002	\$32,890,182
Investments	3,491,358	2,521,843
Total Interest Income	34,143,360	35,412,025
Interest Expense	(3,539,346)	(4,749,095)
Provision for Loan Losses	(480,000)	(2,155,000)
Net Interest Income	30,124,014	28,507,930
Non-Interest Income	16,291,398	13,658,452
Total Income	\$46,415,412	\$42,166,382
EXPENSES		
Compensation and Benefits	\$20,694,525	\$19,740,306
Operations and Administrative	10,456,120	10,458,625
Occupancy	2,530,591	2,561,181
Total Expenses	33,681,236	32,760,112
Net Income	\$12,734,176	\$9,406,270

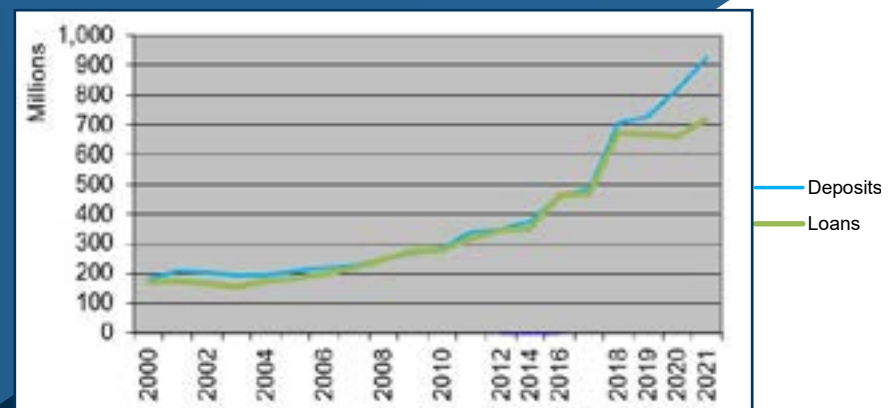
Assets



Membership



Deposits & Loans Since 2000



Management Team



Steve Schmitz
President & CEO



Sean Rinkenberger
Chief Financial
Officer



James Vollrath
Chief Technology
Officer



Stephanie Finck
Chief Operations
Officer



Fred Wolff
VP of Risk &
Compliance



Todd Humphrey
Regional Senior
Credit Officer, VP



Mike Heidt
Regional Senior
Credit Officer, VP



Jason Gruebele
Regional Senior
Credit Officer, VP



Craig Grundstrom
Chief Development
Officer



Darin Finck
Chief Lending
Officer



Amie Aesoph
Chief Human
Resources Officer



Janna Bergstedt
Chief Marketing
Officer



Zachary Dosch
Bismarck Market
Manager, VP



Nate Medhus
 Fargo Market
Manager, VP



Jeff Caillier
Grand Forks Market
Manager, VP



Steve Davis
Senior VP,
Mortgage



Kelly Heyer
VP of Consumer
Lending



Mary Radenz
VP of Mortgage
Lending



Clayton Lilleby
VP of Retail Sales



Nick Schauer
Jamestown Market
Manager, VP



Kevin Davidson
Lake Region Market
Manager, VP



Alysa Barth
Southeast Market
Manager, VP

Board & Supervisory



Board of Directors

Owen Olson, Chair
Dayne Headland, Vice Chair
Bonnie Nelson, Secretary
Colin Wegenast
Mark Watne
Sharman Zachrison
Sandy Franke

Audit Committee

Sandy Franke, Chair
Scot Nething
Rodney Buck

Congrats On Your Board Retirement, Dayne

Dayne Headland began his credit union journey over 51 years ago, when he became a member of First Community Credit Union. He then went on to be employed as an Agriculture Loan Officer with FCCU in Jamestown from 1982 to 1991.



With a desire to farm full time, but still wanting to be involved with the credit union, Dayne ran for FCCU's Board of Directors in 1992. He was elected to the board that year and has since served consecutively for the last 29 years, our longest standing board member.

Dayne has played an instrumental role in growing FCCU over the course of his 29 years on the board. When Dayne joined the Board of Directors in 1992, FCCU had just \$100 million in assets and 17,000 members. Since that time, FCCU has had six mergers and has grown to over \$1.1 billion in assets and 45,000 members. To put in perspective, that's a growth of more than ten times in assets and 165% in membership.

Along the way, he has been a part of other instrumental decisions such as implementing new technology, like online banking many years ago, FCCU's Scholarship Foundation and large community donations and sponsorships.

"In my 19 years of working with Dayne on FCCU's Board, he has always shown consistent leadership," says Steve Schmitz, President/CEO. He continues, "Especially through the tough times, Dayne is always willing to voice his opinion to make and support difficult decisions that have needed to be made for the long-term success of FCCU."

FCCU would not be what it is today, without his passion and commitment to the credit union. Enjoy your well-deserved board retirement, Dayne. A sincere thank you for your service to FCCU.



Life is better with community