



## ECONOMIC UPDATE

This third quarter of 2015 left most economists scratching their heads as the stock market plunged even though there were no real economic developments that should have indicated a correction in the stock market. China's economy was slowing down, but that was to be expected as they began the transition from an export-based economy to an internal, consumer-based economy. However, so far in October, the stock market seems to be recovering nicely.

Gas prices continue to remain much lower than one year ago. The positive effects on our economy from these low prices has not yet translated into solid upward trends in retail sales as consumers spend the savings they have gained from the lower gas prices. However, the longer that gas prices stay down and the longer that the employment picture improves, the more confident the consumers will become about spending some of these savings. Increased consumer spending will strengthen the economic recovery.

The Federal Reserve Bank's Federal Open Market Committee (FOMC) remains indecisive on when they will begin raising interest rates. At this point, it is hard to guess how much more improvement in the economy that they need to see before they begin the inevitable increase of the overnight interest rate they control.

The global economic news of the last few months has been much less dramatic than the prior quarter as the Greece financial crisis news was swept away by the news of China's economy slowing down. Greece still has significant financial problems but maybe the markets have finally realized how little of an impact the Greek economy really has on the overall scheme of the global economy. Clearly, China's economy does have a major impact, but many economists are of the opinion that China's government is taking the steps that it should take for the necessary transition from an export-based to a consumer-based economy.

California's economy is still improving, and the significantly increased commuter traffic is a sure sign of more people working than just two years ago. The Bay Area is considered to be at full employment, which is an unemployment rate of 5% or less. There is still uncertainty on how far reaching the economic impact of the drought will be in this state, but the forecast of major winter rains from the building El Nino system in the Pacific Ocean is cause for hope.

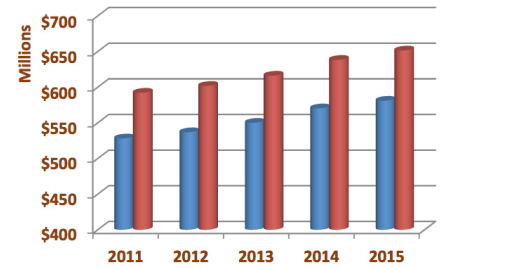
As your Credit Union undergoes the charter and name change transition, the management is emphasizing the continued focus on providing the superior service that members expect and deserve. Your Credit Union encourages all of its members to take advantage of the services and products available at your Credit Union for the very simple reason that to do so will improve the members' financial security. As a result of the recent charter change, your friends and neighbors are eligible to join your Credit Union. Please remember to tell them that it just doesn't make financial sense to keep their accounts at the banks. 1st Northern California CU offers truly lower fees, lower loan rates, and higher interest on deposits as well as superior service.

### Key Figures (as of September 30, 2015)

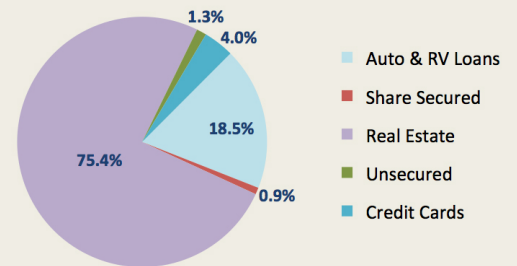
Assets	\$651,532,520
Deposits	\$581,093,562
Loans	\$183,819,080
Capital Ratio	10.41%
Branch Locations	6
Co-op ATMs	30,000
CCFCU ATMs	10
Members	27,277
Employees	62

### Financial Highlights

(as of September 30 for 2015)



### Loan Portfolio (as of September 30, 2015)



### Statement of Condition

as of: September 30, 2015

Loans (net)	\$182,348,873
Investments & Cash	447,729,703
Fixed Assets (net)	1,879,872
Other Assets	19,574,072
<b>Total Assets</b>	<b>\$651,532,520</b>
Member Shares	\$581,093,562
Liabilities	2,618,933
Member Capital	67,820,025
<b>Total Liabilities &amp; Equity</b>	<b>\$651,532,520</b>

### Income Statement

Year To Date as of: September 30, 2015

Loan Interest Income	\$5,508,633
Investment Interest Income	2,826,762
Non-Interest Income	1,401,966
<b>Total Income</b>	<b>\$9,737,361</b>
Operating Expense	\$6,770,117
Dividends Paid To Members	1,152,406
Provision for Loan Losses	(700,000)
<b>Total Expense</b>	<b>\$7,222,523</b>
Non-Operating Income (Expense)	-
<b>Net Income</b>	<b>\$2,514,838</b>

### Loans and Investments as a Percent of Total Shares

(as of September 30, 2015)

