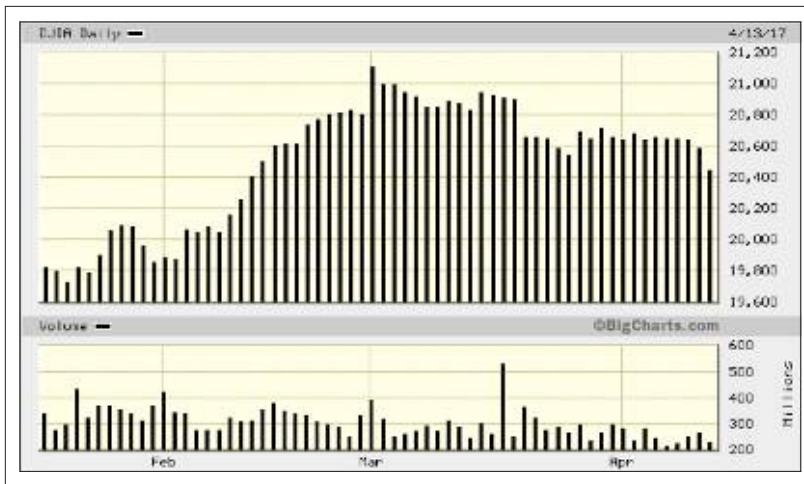




ECONOMIC UPDATE

The stock market's surge after the U.S. presidential election continued all the way into March and then began to recede a little bit as investors' hopes were dampened by anxiety on whether or not the new administration would realize the lofty economic goals promised during the campaign. However, the Dow Jones Industrial Average continues to remain at historic highs as compared to prior years with Wall Street still buoyed by a new administration that is packed with business-friendly individuals.

The economic prognosticators continue to wring their hands and point to the many global economic and political tensions. They certainly have valid reasons for concern, but the economy in this country seems to be defying the ill winds that they worry about.



Most economic indicators continue to reflect an improved U.S. economy, and we should probably enjoy it while it lasts. Like taxes, the only certainty in life is that the economy will go up and down.

The price of oil has risen to \$53 per barrel and we've certainly been seeing our gas prices rise but we should be sure to keep in mind that it wasn't that long ago (2011 through 2015) when oil was averaging around \$95 per barrel and shot up over \$100 several times. And, given that \$50 per barrel is the much-quoted price point for encouraging new domestic oil production, we are already reading reports of our oil industry's increased hiring of workers and reopening of oil wells.

U.S. retail sales have fallen slightly the last two months. For example, March's decline was only 0.2%. Auto sales declines appears to have been the major factor pushing down retail sales, but nobody is really surprised that these sales have declined given that sales were significantly high in 2016. Additionally, the first quarter of the year is frequently a marginal time of year for retail sales. The second and third quarters of 2017 will be more telling of the direction our economy is headed.

California is celebrating the end of the draught, and farmers are scheduled to receive their full water allotment which has not happened in years. However, it is still an open question as to whether or not California will be impacted by a potentially significant change in trade relations with our major trade partners, specifically China and Mexico. Nobody is yet sure which way the President is going to lean.

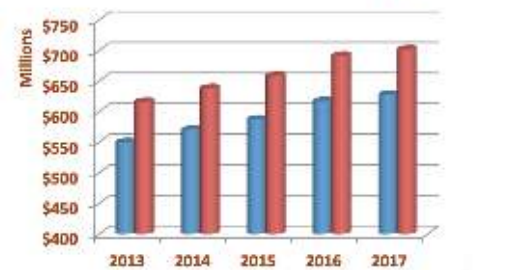
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Key Figures (as of March 31, 2017)

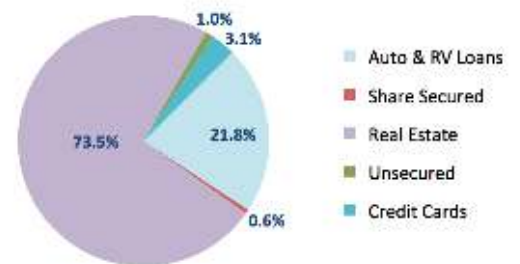
Assets	\$701,906,220
Deposits	\$627,683,350
Loans	\$204,976,359
Capital Ratio	10.16%
Branch Locations	6
Surcharge-Free ATMs	30,000
1st Nor Cal ATMs	10
Members	27,815
Employees	70

Financial Highlights

(as of March 31)

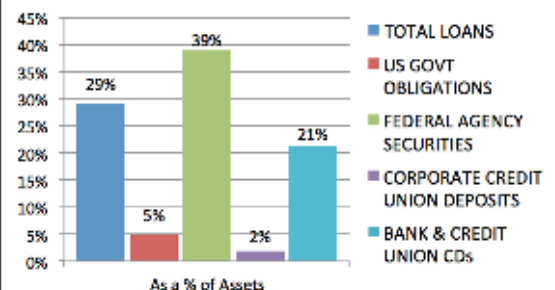


Loan Portfolio (as of March 31, 2017)



Loans and Investments as a Percent of Total Assets

(as of March 31, 2017)





Your Credit Union is looking forward to another year of continued growth and serving our members' financial needs. Assets have surpassed \$700 million, and the dividend payout to the members of 13.2% is the highest in four years. The Credit Union's Board of Directors and management are proud to have such loyal members who have supported the Credit Union through these many years.

Your Credit Union encourages all members to take advantage of our available services and products. The members' financial security is the primary focus of the Credit Union, but we still hear stories from our members about the high fees they pay at a bank. Please remember to tell your friends and co-workers that it just doesn't make financial sense to keep their accounts at the banks. 1st Nor Cal offers truly lower fees, lower loan rates, and higher interest on deposits as well as superior service.

Statement of Condition	
as of: March 31, 2017	
Loans (net)	\$203,698,439
Investments & Cash	477,570,217
Fixed Assets (net)	1,834,990
Other Assets	18,802,574
Total Assets	\$701,906,220
Member Shares	\$627,683,350
Liabilities	2,886,300
Member Capital	71,336,570
Total Liabilities & Equity	\$701,906,220

Income Statement	
Year To Date as of: March 31, 2017	
Loan Interest Income	\$1,877,570
Investment Interest Income	1,360,645
Non-Interest Income	459,270
Total Income	\$3,697,485
Operating Expense	\$2,803,229
Dividends Paid To Members	480,232
Provision for Loan Losses	(21,800)
Total Expense	\$3,261,661
Non-Operating Income (Expense)	-
Net Income	\$435,824