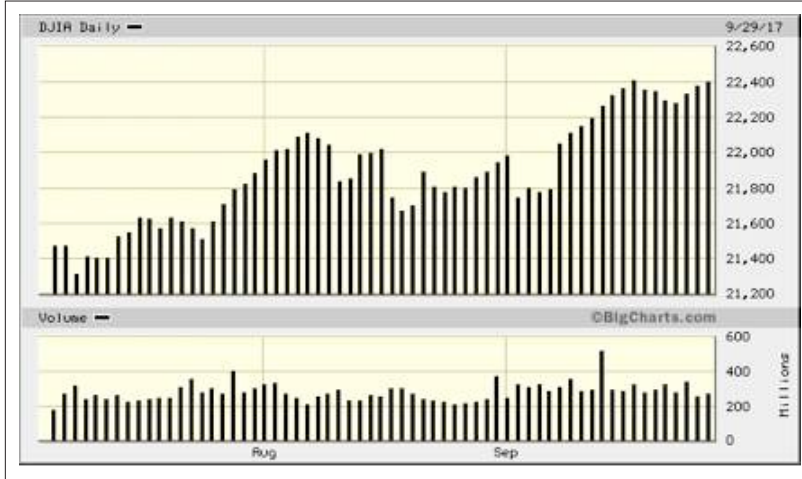




ECONOMIC UPDATE

The economy's improvement continues with very few indications of negative news other than uncertainty in regard to governmental policies. Wage growth has even improved compared to a few years ago but still remains a concern amongst economists. September's data indicates that there were 33,000 job losses in the country, but this was attributed to the effects of the hurricanes hitting the Gulf Coast and the expectations are for jobs to bounce back after reconstruction of the hurricane-damaged areas begins. The actual jobless rate dropped to 4.2% which is the lowest since 2001. The direction of the two statistics may seem to be contradicting each other, but this is because the jobless rate statistic counts workers as employed even if they were temporarily idled by the storms.

The stock market has been quiet lately but still continued its upward trend as evident in the chart of the Dow Jones Industrial Average, below. The recently quiet market is likely a result of uncertainty rather than a reflection of confidence in the outlook of the economy. There is a wide range of important economic-related initiatives for which there are high degrees of uncertainty on Wall Street as to the outcome: Tax-reform, the current national budget, environmental regulation changes, and possible trade agreement changes. These are all policy areas which Wall Street needs to feel confident with but is currently very anxious about. The national and global political uncertainties only exasperate the anxiety.



California continues doing well, although the current wildfires may prove to have an effect on the economy. The Central Valley's prospects also look brighter as their water concerns have been partially alleviated, but the labor pool is unsettled as new immigration policies take effect. Additionally, the farmers are anxious about the outcome of current negotiations regarding the NAFTA trade agreement between the United States, Canada, and Mexico.

The local economy still shows improvement and is expected to continue to improve throughout the year. The most recent bankruptcy data (as of June 30, 2017) indicates a continuation of a decline in bankruptcy filings for the Contra Costa, Alameda, and Solano counties. Current data indicates that housing prices continue to rise for all three counties though not as rapidly as the prior two years.

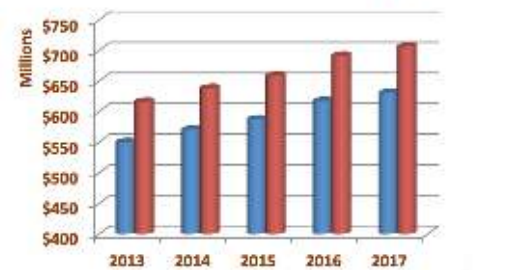
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Key Figures (as of September 30, 2017)

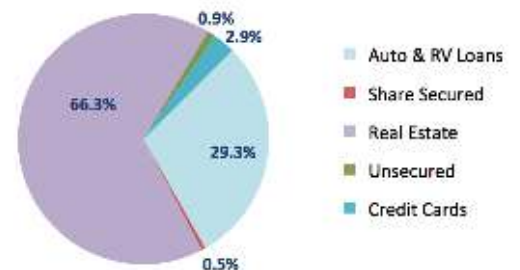
Assets	\$705,893,635
Deposits	\$630,212,719
Loans	\$218,563,960
Capital Ratio	10.25%
Branch Locations	6
Surcharge-Free ATMs	30,000
1st Nor Cal ATMs	10
Members	28,358
Employees	72

Financial Highlights

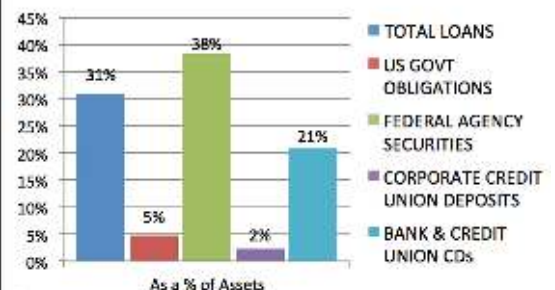
(as of September 30)



Loan Portfolio (as of September 30, 2017)



Loans and Investments as a Percent of Total Assets (as of September 30, 2017)

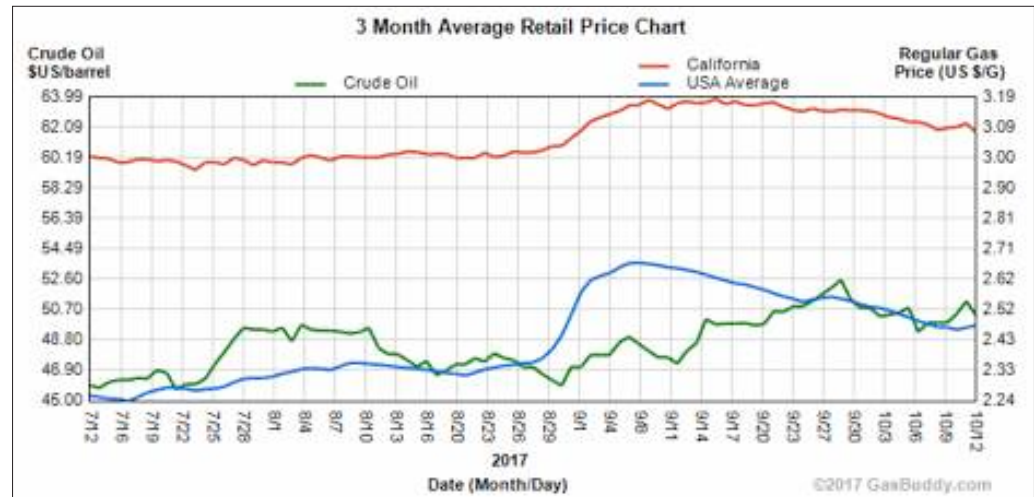




As can be seen from the following chart, the price of oil (green line) has been trending upward ever since the beginning of September and is most likely a result of the damage inflicted on the refineries located along the Gulf Coast. It is almost certain that next quarter's chart will reflect an upward trend line of the U.S. average price of gas (blue line). Unfortunately, the price of gas in California (red line) continues to be significantly higher than the U.S. average.

Member and loan growth remain strong at your Credit Union as 2017 continues to be a positive year. Assets have surpassed \$705 million, and the dividend payout of 12.3% to the members remains strong. The Credit Union's Board of Directors and management are proud that the Credit Union's loyal members have continued to contribute to the success of the Credit Union.

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: September 30, 2017	
Loans (net)	217,335,599
Investments & Cash	467,681,562
Fixed Assets (net)	1,717,087
Other Assets	19,159,387
Total Assets	\$705,893,635
Member Shares	\$630,212,719
Liabilities	3,322,883
Member Capital	72,358,033
Total Liabilities & Equity	\$705,893,635

Income Statement	
Year To Date as of: September 30, 2017	
Loan Interest Income	\$5,679,421
Investment Interest Income	4,323,142
Non-Interest Income	1,404,267
Total Income	\$11,406,830
Operating Expense	\$8,550,646
Dividends Paid To Members	1,404,697
Provision for Loan Losses	(5,800)
Total Expense	\$9,949,543
Non-Operating Income (Expense)	-
Net Income	\$1,457,287