



Annual Report 2016



Vision Statement

A member-owned, caring provider of financial services, committed to helping the people of the Lehigh Valley and beyond to improve their lives and secure a better future.

From the Chairman of the Board and President/CEO

Vision. That may be the biggest key separating the good from the great. When People First adopted our vision statement it was done to help lay the foundation for the future success of your credit union. Reading the vision statement, you understand that our success is based on your success. People First is committed to “helping the people of the Lehigh Valley and beyond to improve their lives and secure a better future.” That statement helps shape the decisions our leadership make each day and has several components.

To make it easier for us to “help people” in 2016, we relocated our Trexlertown office to a newer facility. The move was very successful and members enjoy the convenience of the drive-thru window, ATM, and eTeller terminal in the lobby.

We also helped more people by merging with Lehigh Valley FCU. That was a win-win situation as their members have access to seven additional People First branches and an eighth branch was added to our network on Walbert Avenue.

A solid financial foundation is necessary to “secure a better future.” Knowledge and understanding are key to building that foundation. That’s why People First has partnered with Balance Financial Fitness Program to provide high quality, free, financial counseling to our members. Services like budgeting, credit report reviews, and one-on-one counseling are just a click or phone call away. In partnership with our mortgage group, we also host home buyer’s seminars twice each year. This year we have expanded those seminars and will be hosting them quarterly.

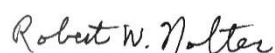
In 2016, we launched Better Homes Realty to help our members achieve the goal of homeownership. Better Homes allows people to buy or sell a home with a knowledgeable, local realtor who can walk them through the entire process. And to make it even better, members receive a rebate on the commission. Because of the importance of homeownership in financial security, we have scheduled several seminars related to real estate presented by Better Homes experts.

Our commitment to your “better future” has taken us in non-traditional directions as well. Although auto and homeowner’s insurance are not typically thought of as services provided by a credit union we know these are major expenses and we felt we could help our members. In 2016, People First partnered with Travelers and Liberty insurance companies to provide discounted policies to our members.

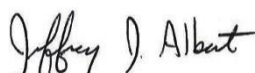
Part of this commitment is to help you make the best insurance decisions. We will be hosting insurance seminars as part of our ongoing education efforts. Watch upcoming editions of the First Word newsletter and our website for dates and times for all of our education sessions.

This commitment to financial education extends beyond just our membership. In conjunction with the Lehigh Valley Chapter of Credit Unions, in April 2016, People First helped organize and run the fourth Lehigh Valley Chapter Reality Fair. Because we recognize financial education is missing from school’s today, a group of employees from our credit union joined employees from other Lehigh Valley Credit Unions to teach area high school students the value of budgeting, living within their means, and the high cost of life’s mishaps if they aren’t prepared.

I opened this letter with a comment that our success is based on your success. I’m happy to report that we’ve helped more members achieve their success in the past year, as we have grown to over 60 thousand members and \$500 million in assets. We look forward to 2017, continuing to work together to “improve lives and secure a better future.”



Robert W. Nolter
Chairman of the Board



Jeffrey J. Albert
President/CEO

From the Treasurer and Supervisory Committee

During 2016, People First's assets grew by \$52.6 million or 10.9%, exceeding the milestone of \$500 million. Our loan growth was very strong, with a 21% increase, as we helped members achieve their goals. The largest contributor to this loan portfolio growth was auto lending; with about \$29 million in growth. This is the result of lending opportunities, including our expanded focus on indirect lending. We also increased our mortgage portfolio by \$5 million.

The completion of the merger with Lehigh Valley Federal Credit Union and the relocation of our Trexlertown branch, provided us with growth opportunities both in share account balances and number of members served. Those increased by 12% and 10% respectively.

The narrow interest margin continued to put a strain on net income in 2016. However, we did achieve a 10% growth in loan interest income and anticipate that trend to continue. People First did experience higher operating expenses, increasing 11%. There were several contributing factors: conversion expenses for the new core system, relocation expenses for Trexlertown, and salary and office expenses for the newly acquired Walbert Branch. A competitive review of People First's service offerings is being conducted to assure that our products and services are priced appropriately for 2017.

Overall, we were able to grow our net income for 2016 by \$500,000. We are well positioned to continue this growth trend as the economy pivots to a rising rate environment.

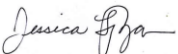


Joseph J. Preisler
Treasurer

To be able to assure the members of the credit union's sound position, the Supervisory Committee utilizes the services of a certified public accounting firm, Reinsel Kuntz Leshner, of Wyomissing, PA. They conduct a comprehensive annual audit and complete the verification of member's accounts as required by federal law. The credit union also utilizes third party consultants that review the credit union's internal controls, policies and procedures in addition to the annual federal examination by the NCUA.

Federal credit union bylaws dictate that the Supervisory Committee is responsible for completing annual and supplemental audits to determine that accounting records and reports accurately reflect operations and actual results.

With the help of our Board of Directors, management, and staff, our committee is able to perform our duties and satisfy the legal responsibilities entrusted to us.



Jessica P. Ryan
Chairwoman, Supervisory Committee

Consolidated Statement of Financial Condition

Balance Sheet

	Dec. 31, 2016	Dec. 31, 2015
Assets		
Loans	\$292,871,650	\$240,232,451
Less: Allowance for Loan Losses	(2,413,793)	(2,261,735)
Add: Deferred Loan Origination Costs & Premiums	3,396,481	2,701,879
Net Loans	293,854,338	240,672,595
Cash and Investments	216,307,969	222,502,740
Land and Building(net)	9,882,774	9,475,692
Furniture, Fixtures and Equipment	2,995,059	1,834,030
All Other Assets	11,677,736	7,615,160
Total Assets	\$534,717,876	\$482,100,217

Liabilities and Equity

Current Liabilities	\$527,140	\$884,365
Shares	312,503,053	271,071,853
Money Market Shares	43,712,604	38,787,920
Share Certificates	144,176,371	136,158,630
Regular Reserve	4,194,127	4,194,127
Undivided Earnings	37,209,120	36,164,012
Unrealized Investment Gain/(Loss)	(7,604,539)	(5,160,690)
Total Liabilities and Equity	\$534,717,876	\$482,100,217

Income & Expense

	Dec. 31, 2016	Dec.31, 2015
Interest from Loans	\$13,792,869	\$12,503,689
Income on Investments	3,549,331	2,664,450
All Other Income	6,134,798	5,540,800
Total Income	23,476,998	20,708,939
Operating Expenses	(20,841,856)	(18,762,776)
Net Operating Income	2,635,142	1,946,163
Non-Operating Gain(Loss)	176,197	226,015
Net Income Before Dividends	2,811,339	2,172,178
Dividends	(1,953,052)	(1,812,702)
Net Income After Dividends	\$858,287	\$359,476

Board of Directors:

Robert W. Nolter	Chairman of the Board
Frederick A. Molchany	Vice Chairman
Joseph J. Preisler	Treasurer
Emrich M. Stellar	Assistant Treasurer
Joseph T. Dragovits	Secretary
Gary M. Haas	Director
Gerard J. Judge	Director

Historical Highlights

1950-1959

SEPTEMBER 1950 Mack Local 677 FCU's Organization Certificate approved; began operating at UAW Local 677 Union Hall at 1104 Walnut Street, Allentown, PA

SEPTEMBER 1959 Assets exceed \$1,000,000

1960-1969

JANUARY 1968 Occupied rented space at UAW Local 677 Building, 2100 Mack Boulevard, Allentown, PA

MAY 1968 Assets exceed \$2,000,000

1970-1979

JANUARY 1972 Payroll deduction for credit union began at Mack Trucks

NOVEMBER 1974 Assets exceed \$5,000,000

DECEMBER 1974 Credit Union hires first General Manager

NOVEMBER 1975 First Lehigh Valley credit union to build and occupy its own office at 2211 Mack Boulevard, Allentown, PA

AUGUST 1977 Assets exceed \$10,000,000

DECEMBER 1977 Share Draft (Checking) Accounts introduced

1980-1989

AUGUST 1982 First Lehigh Valley credit union to offer ATM services

AUGUST 1983 KidsPeace (formerly Wiley House) became first non-Mack Truck Credit Union Sponsor Company

AUGUST 1984 First Lehigh Valley credit union to offer MasterCard® Credit Cards

JANUARY 1984 First Lehigh Valley credit union to purchase its own in-house data processing system (AFTECH); Tellerphone audio-response system introduced

MARCH 1985 Assets exceed \$50,000,000

MAY 1987 First Mortgage Loans and Home Equity Lines of Credit introduced

JULY 1987 First branch office opened at 451 Chew Street, Allentown, PA

OCTOBER 1987 Willard Allentown FCU merger—1,892 new members

JUNE 1988 SI Forks Township Employees FCU merger— 208 new members

OCTOBER 1988 NCUA approved name change to People First FCU

JULY 1989 Pottsville Bleach & Dye FCU merger— 373 new members

1990-1999

JUNE 1990 Bux-Mont Machinists FCU merger—1,664 new members; acquired a branch office in Sellersville, PA

AUGUST 1991 New branch office in Whitehall, PA

OCTOBER 1992 New branch office in Trexlertown, PA

DECEMBER 1992 Assets exceed \$100,000,000; HealthEast FCU merger—3,328 new members; Fulco FCU merger— 308 new members

JULY 1995 Relocated main office to Downyflake Lane, Allentown, PA

JUNE 1996 Visa® Check Card introduced

JUNE 1997 PeopleFirstCU.org introduced

MARCH 1998 Assets exceed \$150,000,000

JUNE 1998 PC Access introduced

FEBRUARY 1999 Muhlenberg Hospital Center FCU merger— 440 new members

NOVEMBER 1999 Visa® Platinum Credit Card introduced

2000-2009

JANUARY 2000 24-Hour Loan Center

MAY 2000 US Gauge FCU merger—350 new members

SEPTEMBER 2000 50th Anniversary Celebration

JANUARY 2002 New branch office in Bethlehem, PA Who's Who in Business Award

FEBRUARY 2002 Community Charter approved

JUNE 2002 Assets exceed \$200,000,000

JANUARY 2003 Who's Who in Business Award

JANUARY 2004 Who's Who in Business Award

JULY 2004 Courtesy Pay introduced

AUGUST 2004 Traylor FCU merger—166 new members

JANUARY 2005 Who's Who in Business Award

OCTOBER 2005 Indirect Lending offered at Auto Dealerships

DECEMBER 2005 Introduction of Money Market Share Accounts

JANUARY 2006 Who's Who in Business Award

JANUARY 2007 Who's Who in Business Award

MARCH 2007 Assets exceed \$250,000,000

JULY 2007 Introduction of eStatements and eNotices

NOVEMBER 2007 Welcome Aboard Program and Credit Card Rewards introduced

JANUARY 2008 Who's Who in Business Award

JULY 2008 New Low Rate Visa® Platinum Credit Card introduced

DECEMBER 2008 People Perks Program and Balance introduced

JANUARY 2009 Who's Who in Business Award

JULY 2009 New branch office opens in Nazareth, PA; Assets exceed \$325,000,000

SEPTEMBER 2009 Small Business Lending Program launched

2010-2017

JANUARY 2010 Who's Who in Business Award

FEBRUARY 2010 Assets exceed \$350,000,000

JUNE 2010 Best of the Valley Award; Business Deposit Products offered

SEPTEMBER 2010 60th Anniversary Celebration; Reader's Choice Award

DECEMBER 2010 Bath Catholic FCU merger—270 new members

JANUARY 2011 Who's Who in Business Award

MARCH 2011 Membership exceeds 50,000

JUNE 2011 Best of the Valley Award

SEPTEMBER 2011 1st annual People First Charitable Golf Tournament

OCTOBER 2011 Jeffrey J. Albert, newly appointed President/CEO

NOVEMBER 2011 Mobile Access introduced; New Account Opening Online introduced; Member Survey conducted

JANUARY 2012 Who's Who in Business Award

MARCH 2012 Assets exceed \$400,000,000

APRIL 2012 CU Realty Real Estate Rebate Services introduced

MAY 2012 Recipient of the Allentown Arts Ovation Award

JUNE 2012 Best of the Valley Award

SEPTEMBER 2012 Readers Choice Award, Currency Teller introduced, 2nd annual People First Golf Classic

JANUARY 2013 Who's Who in Business Award

FEBRUARY 2013 Mobile Website introduced

JUNE 2013 Best of the Valley Award

SEPTEMBER 2013 Readers Choice, 3rd annual People First Golf Classic

DECEMBER 2013 TWE FCU merger— 198 new members

JANUARY 2014 Who's Who in Business Award

JUNE 2014 Best of the Valley Award

SEPTEMBER 2014 Readers Choice Award, 4th annual People First Golf Classic

JANUARY 2015 Who's Who in Business Award

JUNE 2015 Best of the Valley Award

SEPTEMBER 2015 Readers Choice Award, New branch opens in Bethlehem Township, 5th annual People First Golf Classic

JANUARY 2016 Who's Who in Business Award

FEBRUARY 2016 Assets exceed \$500,000,000

APRIL 2016 Trexlertown office relocation

May 2016 Membership exceeds 60,000

SEPTEMBER 2016 2016 Readers Choice Award, Better Homes Realty introduced, 6th annual People First Golf Classic

OCTOBER 2016 Lehigh Valley FCU merger – 1,901 new members

JANUARY 2017 Who's Who in Business Award

APRIL 2017 Conversion to Corelation data processing system completed