Exceeding EXPECTATIONS

Celebrating 50 Years of Serving Our Members

2007 Annual Report

FOOTHILL Federal Credit Union
EXCEEDING EXPECTATIONS
Our Mission is to Better Serve You

The mission of Foothill Federal Credit Union is to exceed our members’ expectations by anticipating members’ needs; providing fast, accurate information; friendly, professional team members; and exceptional products.

Management Team (left to right): Robert Vecci, Vice President Finance; Judy Schaeffler, Vice President Lending; Brian Hall, President/CEO; Chris Andersson, Vice President Operations; Gladys Lars, Vice President HR & Communications; Gabriel Juan, Vice President Information Systems

Foothill Federal Credit Union

Celebrating 50 Years: A Toast to Our Members

Foothill Federal Credit Union extends a warm “thank you” to our members, for allowing us to serve you, for helping us grow, and for enabling us to demonstrate how we can exceed your expectations. We raise our glass in gratitude to your dedication, support and friendship. Here’s to 50 more years.
Foothill Federal Credit Union: Exceeding Expectations

This year commemorates Foothill Federal Credit Union’s 50th anniversary as a non-profit, member-owned financial institution. This important milestone was made possible by your patronage and because of the leadership and vision of our Board of Directors. Two of our board members, Scott Petterson and John Ward, have served faithfully as directors for over 20 years. Here’s what your credit union accomplished in 2007:

Financial Strength

Foothill Federal Credit Union continues to be a harbor of safety and soundness in a world of financial uncertainty. In March 2007, Foothill Federal Credit Union reached another important milestone, $200 million in assets, placing us in the top 10 percent of credit unions nationwide by assets. Earnings remained strong, ending 2007 with an ROA of .60 percent and adding $1.2 million to Capital, which totals $21 million or 10.2 percent. Loan quality is good; delinquency ended the year at .44 percent, comparing favorably with peer delinquency of .90 percent.

Safety and Security

As a member of Foothill Federal Credit Union, you entrust us with your personal and financial information. We take that responsibility very seriously. Data security is a top priority and we utilize the latest technology, enforce strong policies and procedures, and test our systems on a regular basis to minimize risk. To ensure that we are able to recover in the event of a disaster, we also update and test our Business Continuity Plan each year.

In 1958, a group of Arcadia Unified employees pooled their savings and started the Arcadia Unified School District Federal Credit Union. For several years, credit union business was conducted from a cubical at Arcadia High School. In the early 1960s, the credit union moved and was operated from the apartment of Mary Mainwaring, the first paid manager.
New Products and Services
Foothill Federal Credit Union continues to offer members financial services of exceptional value and convenience, including these additions and improvements in 2007:

- Saturday hours at Glendora and Arcadia branches
- MyChoice Checking, with improved options and 5.10% APY (Annual Percentage Yield)
- Enhanced Home Banking with options like Skip-A-Pay, eAlerts, password resets and online enrollment
- A newly redesigned web site that makes it easier to find information on our most requested services
- Flat screen monitors at all branches for up-to-date communication with members

Plans for the Future
Foothill Federal Credit Union will continue to strive to offer the best member service, and we have made some exciting plans for 2008 including: a 24/7 Call Center; electronic check processing; an expanded credit and debit card rewards program; more website improvements; enhanced member communication and education through newsletters; and continued participation in community and charitable events.

Thank You!
We know that when it comes to financial services you have a choice, and we appreciate your business at Foothill Federal Credit Union. We look forward to serving you in 2008 and beyond!

Brian Hall
CEO
Fred Weiss
Board Chair

Membership in Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>17.5</td>
</tr>
<tr>
<td>2004</td>
<td>17.2</td>
</tr>
<tr>
<td>2005</td>
<td>17.7</td>
</tr>
<tr>
<td>2006</td>
<td>18.2</td>
</tr>
<tr>
<td>2007</td>
<td>18.7</td>
</tr>
</tbody>
</table>
Supervisory Committee Report

Foothill Federal Credit Union’s Supervisory Committee consists of four member volunteers appointed by the Board of Directors to serve on behalf of the membership.

The Supervisory Committee oversees accounting practices and ensures that the Board and Management are directing the credit union’s operations in compliance with applicable regulations. Their responsibilities include:

- Selecting a CPA firm to perform the annual external audit
- Ensuring that internal audit work is performed in a thorough and timely manner
- Assessing the adequacy of the credit union’s internal controls
- Guarding against potential fraud and other losses that could adversely impact the membership

The Supervisory Committee contracted with McGladrey & Pullen, LLP, the largest CPA firm specializing in credit union audits, to conduct the external audit of the credit union’s financial statements in 2007 and 2006. McGladrey & Pullen rendered an unqualified opinion (the best possible opinion) on the credit union’s 2007 audited financial statements.

The Supervisory Committee has approved the audited financial statements and is in concurrence with the auditors that the statements do present fairly the financial position of the credit union as of December 31, 2007.

On behalf of the Supervisory Committee, I want to thank the directors and staff of FFCU for their dedication to protecting member assets and operating with integrity and sound business practice.

R. Scott McCulley, Chair
Supervisory Committee

In 1974, property was purchased in Arcadia and a 5,800 square foot main facility was built under the guidance of Barbara Townsend, the manager since 1968. To offset costs of the new facility, the credit union occupied the main floor while leasing space to several other small businesses.

Ground-Breaking Ceremony at 133 Duarte in Arcadia. Pictured left to right are: Milt Sonnevik, President; Tom Ayers, Raymond Rodriguez, Ed Feldhaus, and Barbara Townsend, Manager

R. Scott McCulley, Chair
Supervisory Committee
Statement of Financial Condition
For the years ended December 31, 2007, and 2006

Assets

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,525,791</td>
<td>$4,014,534</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale</td>
<td>16,465,273</td>
<td>18,330,901</td>
</tr>
<tr>
<td>Held-to-maturity</td>
<td>2,109,707</td>
<td>2,389,498</td>
</tr>
<tr>
<td>Other</td>
<td>53,162,648</td>
<td>38,082,072</td>
</tr>
<tr>
<td>Loans receivable, net</td>
<td>124,664,794</td>
<td>121,869,922</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>1,016,688</td>
<td>903,100</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>3,563,973</td>
<td>3,331,737</td>
</tr>
<tr>
<td>National Credit Union Share Insurance Fund deposit</td>
<td>1,681,868</td>
<td>1,605,865</td>
</tr>
<tr>
<td>Other assets</td>
<td>384,952</td>
<td>730,001</td>
</tr>
<tr>
<td></td>
<td><strong>$206,575,694</strong></td>
<td><strong>$191,257,630</strong></td>
</tr>
</tbody>
</table>

Liabilities and Members’ Equity

Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ shares</td>
<td>$179,545,177</td>
<td>$170,560,033</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,176,244</td>
<td>0</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>763,894</td>
<td>1,131,881</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>185,485,315</td>
<td>171,691,914</td>
</tr>
</tbody>
</table>

Commitments and contingent liabilities

Members’ Equity

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained earnings, substantially restricted</td>
<td>20,994,353</td>
<td>19,805,687</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>96,026</td>
<td>(239,971)</td>
</tr>
<tr>
<td>Total members’ equity</td>
<td>21,090,379</td>
<td>19,565,716</td>
</tr>
</tbody>
</table>

|                                | **$206,575,694** | **$191,257,630** |

In 1975, the Azusa Unified School District EFCU and the Glendora Unified School District CU merged into Arcadia & Monrovia School EFCU. A branch facility was opened in Glendora on Foothill Boulevard. The name was again changed to Foothill Schools Federal Credit Union to better represent the school districts now served.
# Statement of Income

*For the years ended December 31, 2007, and 2006*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on loans receivable</td>
<td>$8,248,769</td>
<td>$7,538,246</td>
</tr>
<tr>
<td>Interest on investments and cash equivalents</td>
<td>3,187,914</td>
<td>2,588,344</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td>$11,436,683</td>
<td>$10,126,590</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends on members’ shares</td>
<td>5,449,739</td>
<td>4,208,413</td>
</tr>
<tr>
<td>Interest on borrowed funds</td>
<td>44,610</td>
<td>7,721</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td>5,494,349</td>
<td>4,216,134</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>$5,942,334</td>
<td>$5,910,456</td>
</tr>
<tr>
<td><strong>Provision for Loan Losses</strong></td>
<td>727,817</td>
<td>491,003</td>
</tr>
<tr>
<td><strong>Net Interest Income after Provisions for Loan Losses</strong></td>
<td>$5,214,517</td>
<td>$5,419,453</td>
</tr>
<tr>
<td><strong>Non-Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share draft, NSF, ATM, and other fees</td>
<td>2,011,821</td>
<td>1,898,155</td>
</tr>
<tr>
<td>Interchange income</td>
<td>712,807</td>
<td>659,916</td>
</tr>
<tr>
<td>Other</td>
<td>101,814</td>
<td>82,559</td>
</tr>
<tr>
<td><strong>Total Non-Interest Income</strong></td>
<td>2,826,442</td>
<td>2,640,630</td>
</tr>
<tr>
<td><strong>General and Administrative Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>3,480,760</td>
<td>3,218,304</td>
</tr>
<tr>
<td>Operations</td>
<td>2,955,673</td>
<td>2,799,445</td>
</tr>
<tr>
<td>Occupancy</td>
<td>415,860</td>
<td>385,182</td>
</tr>
<tr>
<td><strong>Total General and Administrative Expenses</strong></td>
<td>6,852,293</td>
<td>6,402,931</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$1,188,666</strong></td>
<td><strong>$1,657,152</strong></td>
</tr>
</tbody>
</table>

*Derived from audited financial statements which are available upon request*

In 1982, Foothill Schools FCU began joining and serving Select Employee Groups (SEGs). Among these was the first hospital the Credit Union served, Greater El Monte Community Hospital.
With the merger of West-Co FCU (Rainbird Employees) into Foothill in 1992, the branch was moved to Foothill Boulevard and Grand Avenue in Glendora. That year the name was changed to Foothill Federal Credit Union (FFCU) to better reflect the expanding and diverse membership.

New sign reflecting the change in field of membership
Community Involvement

Foothill Federal Credit Union gives back to the community in a variety of ways: through sponsorship of educational and sports programs, volunteerism at community events and financial contributions to local charities.

Financial Education
Seminars are offered to elementary, middle and high school students, first-time homebuyers and participants in the Lunch 'n' Learn program at Methodist Hospital.

School Beautification Project
More than 50 volunteers helped to beautify Vincent Children's Center in the Covina-Valley Unified School District, and painted the exterior of their school to update and enhance their site.

Annual Scholarships and Book Grants
FFCU awards $500 Scholarships and $250 Book Grants to college-bound Money$mart youth club members. In 2007, we awarded ten scholarships and five book grants totaling over $6,000.

Back to School Program
The Foothill Unity Center helps families in the San Gabriel Valley with food, clothing and other necessities. FFCU members and team members donated two large boxes filled with backpacks, notebook paper, pens, pencils and other school supplies.
During the past 25 years membership has increased from 4,339 to almost 19,000 members from 10 school districts, seven major hospitals, two colleges and over 200 select member groups. We will continue to exceed our member’s expectations and look forward to another 50 years serving the educational and medical community.

Angel Program
During the holiday season, FFCU worked with the Foothill Unity Center to provide gifts to children in the San Gabriel Valley. More than 1,500 children benefited from this program.

Walk for Hope
FFCU was a local sponsor and participant in the City of Hope 5k Breast Cancer “Walk for Hope” for the fourth year. City of Hope raised over $860,000 for breast cancer research, treatment and education.

Shred Day
At the Glendora branch, a free shred day was offered to help the community safely dispose of financial and personal paperwork.

School Donations
FFCU donated 38 wagons full of school and athletic supplies to local schools in the San Gabriel Valley.

We proudly supported the following Districts and their schools: Arcadia, Monrovia, Azusa, Bonita, Covina Valley, Duarte, Glendora, San Marino, South Pasadena and El Monte City.

Other Community Activities
FFCU sponsored the Foothill Invitational Track Meet, Santa Anita and Arcadia National Little Leagues, and the Norwood Elementary Jog-A-Thon. We also participated in the Holiday Homes and Mardi Gras fundraisers at Methodist Hospital.

We would like to extend a warm “thank you” to all of our volunteers for their time and dedication!
Products & Services

You can turn to Foothill Federal Credit Union for a wide variety of financial services and rest assured that you will get value, quality, security, and personal attention.

Member Benefits Packages
Earn special perks based on your total household share or loan balances.

Convenience Services
We make it easy to access your account anytime, anywhere with the following services:
- Debit MasterCard®
- Extensive ATM Network with more than 25,000 surcharge-free ATMs
- Free online account access with Foothill@Home
- Free online Bill Pay
- FastTeller automated phone banking service

Deposit Accounts
Manage your money today and save for future needs with our secure deposit accounts:
- Prestige and MyChoice Checking
- Regular Share Savings
- Summertime Savings
- Money Market Accounts
- Certificates
- IRAs & Education Savings
- Youth Accounts

Loan Accounts
Enjoy exceptional rates, low fees, and fast friendly service. Choose the loan that best meets your needs:
- Auto Loan
- Boat/RV Loan
- 1st Mortgage
- Home Equity Loan
- Personal Loan
- Personal Line of Credit
- Secured Loan
- MasterCard® (Platinum, Classic or Credit Builder)

Other Services
- New Cars Inc. Auto Buying Services
- MEMBERS Financial Services
- Direct Deposit
- Payroll Deduction
- Money Orders
- Traveler's Checks
- Cashier's Checks
- Notary Service

Ask a Member Service Consultant for more details on accounts and services that can benefit you.

Unique Accounts
We are committed to serving the needs of our educators and health care workers with accounts, tools and services to help support personal needs and career advancement.
- Teachers Advantage Package
- Hospital Advantage Package

Branch Managers: Lupe Davis, Arcadia Branch Manager; Linda Esquivel, Glendora Branch Manager; Erika Idoni, Covina Branch Manager
Offices
Arcadia
30 S. First Avenue • Arcadia, CA 91006
(626) 445-0950 • (626) 445-8042 Fax
Covina
928 N. Citrus Avenue • Covina, CA 91722
(626) 445-0950 • (626) 430-9108 Fax
Glendora
645 S. Lone Hill Avenue • Glendora, CA 91740
(626) 445-0950 • (626) 914-5081 Fax

ATM Locations
Arcadia Office
Covina Office
Glendora Office
Abernathy Insurance Agency
133 E. Duarte Road • Arcadia, CA 91006
City of Hope Medical Center
1500 E. Duarte Road • Duarte, CA 91010
Citrus College
1000 W. Foothill Blvd. • Glendora, CA 91740
(cash dispensing ATM)
Methodist Hospital
300 W. Huntington Drive • Arcadia, CA 91007

Website
www.foothillcu.org

Toll-Free Number
(866) 995-FFCU (3328)

Branch Hours
Monday - Thursday 9:30 am - 5:00 pm
Friday 9:30 am - 6:00 pm
Saturday 9:30 am - 1:30 pm*
*(Arcadia and Glendora Branches)