

65th *Anniversary*



ANNUAL REPORT

REPORT FROM THE BOARD OF DIRECTORS

On behalf of our Board of Directors and Credit Union staff, we are pleased to present the Annual Report for 2019. We are proud to report that the organization continues to operate in a financially sound manner. San Francisco Federal Credit Union finished 2019 with nearly 47,000 members, \$801 million in loans, \$935 million in member shares, and \$1.1 billion in assets.

This was a very special year for us, as 2019 marked our 65th year in business serving you. Your loyalty and continued support have helped us to grow and thrive since 1954, and we could not be more appreciative to you, our members.

In 2019, we welcomed 3,307 new members and funded \$49.4 million dollars in consumer loans. From reducing bills with a debt consolidation loan to purchasing a dream car or house, we are thankful to be the financial partner of choice when helping members achieve their goals. Many members took advantage of our Platinum Visa® card, which offers one of the lowest interest rates in the nation, as well as cash rewards. We were able to give nearly \$365,000 in cash rewards back to members for purchases made in 2019!

We started the work on many transformational initiatives to help build a foundation that can support a growing membership base for many more years to come, while focusing on improving our technology to enhance your banking experience. Additionally, we began the process of a merger with San Francisco Bay Area Educators Credit Union, which will provide us with a 7th branch location and approximately 1,500 additional members in 2020.

Your support over these past 65 years allows us to not only be a part of the community, but to give back to the communities where we all live and work. We hope to see and hear from you as we continue to grow and be your trusted financial partner.



A handwritten signature in black ink that reads "Kevin Kone".

Kevin Kone
Chairman, Board of Directors



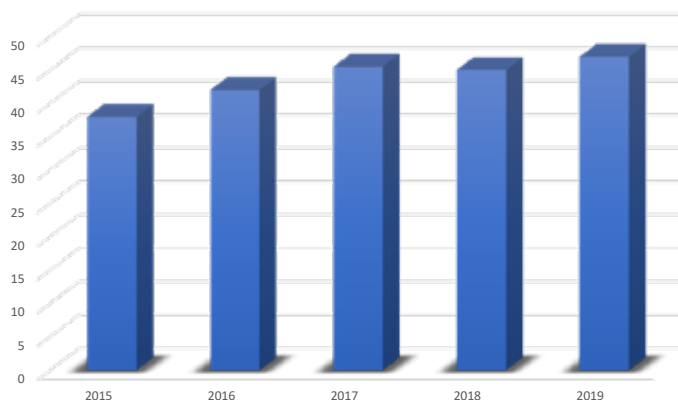
A handwritten signature in black ink that reads "Jonathan Oliver".

Jonathan Oliver
President & CEO

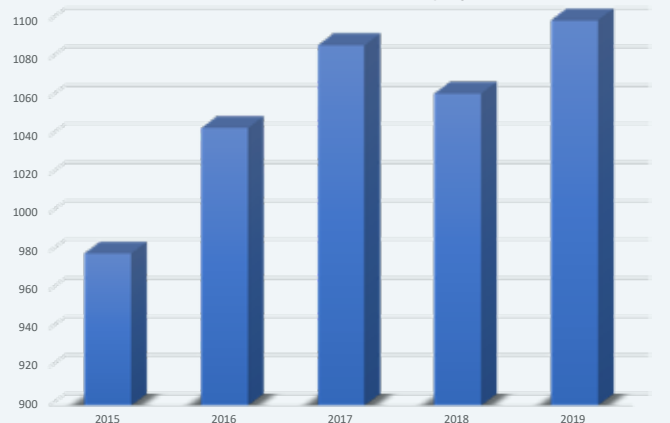
SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for ensuring the financial condition of the Credit Union is accurately and fairly presented in all our financial statements. The committee also ensures that management practices and procedures are sufficient to safeguard members' assets. To accomplish these responsibilities, the committee retained RSM US LLP, Certified Public Accountants, to perform an audit of our financial statements for the fiscal year ending September 30, 2019, and met regularly with management during the year to review current operations. We are pleased to report the Credit Union is in a good financial position and doing well.

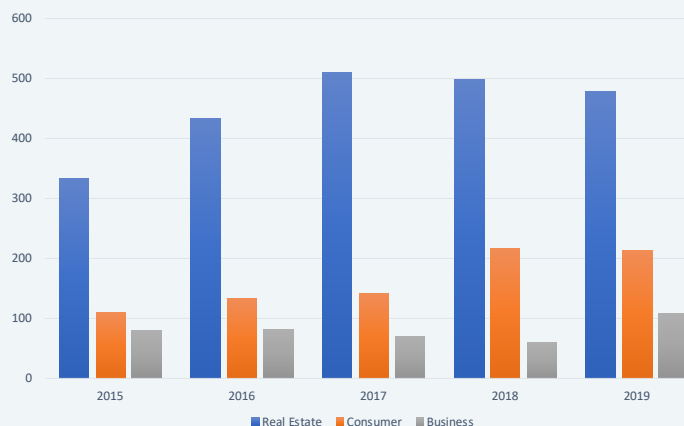
Members (In the Thousands)



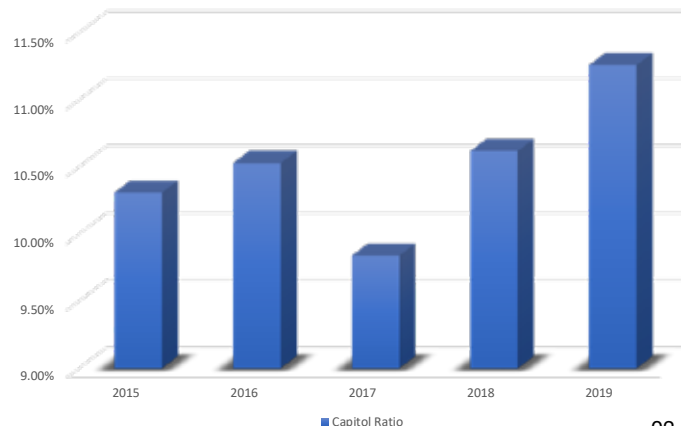
Total Shares and Equity



Loans Outstanding



Capitol Ratio



STATEMENTS OF FINANCIAL CONDITION

(UNAUDITED)

<u>ASSETS</u>	<u>December 2019</u>	<u>December 2018</u>
Loans to Members	801,366,586	773,518,352
Loan loss allowance	(16,691,493)	(17,853,347)
Net loans outstanding	784,675,093	755,665,005
Cash on hand and bank	3,162,343	3,299,836
Other investments	0	99,082
UST/Agency Notes	123,071,984	174,539,383
Corporate FCU deposits	134,232,954	76,124,905
Land & building	2,374,831	2,807,687
Furniture & equipment	531,453	649,367
NCUSIF deposit	8,318,498	8,721,270
Accrued income receivable	2,886,763	3,050,069
Prepaid exp/other assets	51,121,255	44,877,097
TOTAL ASSETS	<u>1,110,375,174</u>	<u>1,069,833,701</u>
<u>LIABILITIES AND EQUITY</u>		
Other Liabilities/Div payable	9,804,211	8,002,135
Notes Payable	0	0
Total	<u>9,804,211</u>	<u>8,002,135</u>
Regular shares	236,909,931	234,992,279
Share checking	155,543,179	143,996,657
Money market shares	261,145,953	279,415,494
Term account shares	240,132,266	246,255,366
I.R.A. shares	41,522,497	43,287,605
Shares of Nonmembers	39,536,000	0
Total	<u>947,789,826</u>	<u>947,947,401</u>
Economic reserve	40,000,000	40,000,000
Retained earnings	79,422,152	67,525,180
Regular reserve	6,358,985	6,358,985
Total	<u>125,781,137</u>	<u>113,884,165</u>
TOTAL LIABILITIES AND MEMBER EQUITY	<u>1,110,375,174</u>	<u>1,069,833,701</u>

STATEMENTS OF INCOME

(UNAUDITED)

	<i>Year 2019</i>	<i>Year 2018</i>
Interest on loans	32,373,445	30,777,076
Income from investments	6,041,056	7,154,287
Fee income	4,063,240	4,044,401
Other operating income	777,253	1,436,578
Non operating income	1,824,198	1,409,519
<i>Total gross income</i>	<i>45,079,192</i>	<i>44,821,861</i>
Dividend on shares	4,701,512	4,099,688
Interest expense	508,576	453,096
<i>Total cost of funds</i>	<i>5,210,088</i>	<i>4,552,784</i>
Income after cost of funds	39,869,104	40,269,077
Provision for loan losses	0	7,398,930
<i>Income after cost of funds and provision for loan losses</i>	<i>39,869,104</i>	<i>32,870,147</i>
Employee compensation & benefits	15,516,453	14,181,521
Training and conference	181,918	200,540
Office occupancy	2,107,013	2,148,574
Office operations	5,967,992	5,529,741
Educational and promotional	494,228	333,420
Loan servicing	1,285,822	1,294,022
Professional and outside services	2,618,178	2,140,596
Examination and supervision fees	288,244	289,575
<i>Total operating expenses</i>	<i>28,459,848</i>	<i>26,117,989</i>
Net income (loss) before extraordinary items	11,409,256	6,752,158
Non-operating gain (losses) on repossessed assets	2,473	(1,039,000)
<i>Net income (loss) after extraordinary items</i>	<i>11,411,729</i>	<i>5,713,158</i>

MEMBER EXPERIENCE



3,355 TOTAL CONSUMER
LOANS FUNDED
TOTALING: **\$49.4 MILLION**

FACEBOOK
REACTIONS, LIKES,
COMMENTS, AND
SHARES: **20,287**



"Personal banking at its best. These folks are wonderful with every aspect of my personal financial needs."

-Norm D.

1,237 VEHICLE
LOANS FUNDED,
TOTALING
\$32.8 MILLION



"I got a great rate on an auto loan AND [an employee] personally dropped off the refinance check to the dealership where I purchased my car. Now that is what I call going above and beyond service!"

-Mary L.

"The rates at the credit union are GREAT & you can't beat the customer service."

-Amy L.



174 REAL ESTATE LOANS
FUNDED, TOTALING
\$69.4 MILLION



787 PERSONAL
LOANS FUNDED,
TOTALING
\$6.6 MILLION



127 BUSINESS LOANS
FUNDED, TOTALING
\$17.8 MILLION

"I went from a 17% credit card rate to a 7% rate and my car loan reduced by \$40 a month. I was treated more as an equal than a pocket to empty. They are not driven by sales, because when you join, you're part owner."

—Juan D.

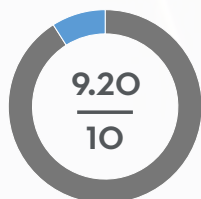


944 NEW CREDIT CARDS FUNDED, TOTALING: \$5.0 MILLION

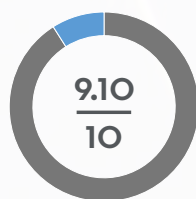
"We needed the loan for a sensitive personal matter and [we were] treated with compassion and thoughtfulness...and we were really impressed by the rate we were able to get. I was pretty impressed with how speedy this was, especially given that it was over the holidays."

—Nikki M.

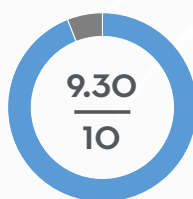
Branch Experience



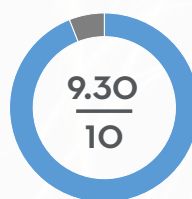
Call Center Experience



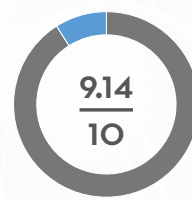
New Member Experience



New Product Experience



Overall Member Satisfaction



WE'RE STILL THE BEST!

IN 2019 READERS OF THE BAY AREA REPORTER AGAIN VOTED US THE **#1 FINANCIAL INSTITUTION** IN THE BAY AREA



387 DEBT CONSOLIDATION LOANS FUNDED, TOTALING \$5.0 MILLION

"They demonstrated top-level professionalism and customer care throughout the whole [loan] process."

—Alvin B.

COMMUNITY INVOLVEMENT

BE MORE. SERVE MORE. PARTNER MORE. OWN MORE.

These are the values of San Francisco Federal Credit Union. And they are demonstrated every day in a variety of ways by our loyal and dedicated employees. Our employees are especially proud of the volunteer work we do in support of our local communities. Each employee of San Francisco Federal Credit Union takes time from his or her personal schedule to volunteer and support a local organization – sometimes we do it collectively, sometimes individually. This year, employees donated 1,372 hours of their own time, participating in a total of 36 events, such as:

- Providing dinner service at Episcopal Community Services
- Preparing food boxes at the Second Harvest Food Bank
- Helping restore the beach at Pacifica Beach Coalition
- Working to restore the San Francisco Zoo
- Assisting seniors at Golden Gate Village
- Preparing food boxes at the SF-Marin Food Bank
- Answering phones at KQED public radio
- Walking to raise money at “Light the Night” to benefit Leukemia & Lymphoma Society



"No one is more cherished in this world than someone who lightens the burden of another."

Additionally, we provided nearly \$35,000 in donations to 25 non-profit organizations, such as the Leukemia-Lymphoma Society, Asian Pacific Fund, MyPath, National Coalition of 100 Black Women and Heart in Motion, to name only a few. We also supported the Women's Community Clinic with a Coat Drive, collecting over 100 warm coats from members and employees.

San Francisco Federal Credit Union also supports young people in our communities. We value our youth, and have several programs which assist youth with their financial and overall education. In 2019, we helped launch the college careers of four students who have Youth Accounts, providing \$2,500 in college scholarship funds to Allison Allen and Kersten Villamejor from San Mateo county and Mansa Kuang and Neo Guererro from San Francisco.

Our Summer Jobs Connect Program, a partnership we have with the City of San Francisco to benefit youth, helps teach financial responsibility, in part by helping students ages 14-24 with opening savings and checking accounts. In 2019, we had 617 new and returning student accounts opened throughout the year, making us the #1 financial institution in San Francisco for Youth Accounts, bringing our total active youth membership to 3,814, with a balance of nearly \$2.9 million.



BOARD OF DIRECTORS



Kevin Kone
Chairman



Todd Rydstrom
Vice Chairman



Jelena Ewart
Treasurer



Carol Sam
Secretary



Patrick Cox



Luenna Kim



Ben Kurko



William Smith



Ted Wong

SUPERVISORY COMMITTEE



William Lee
Committee Chair



Jeannie Wong
Committee Secretary



David Huebner



Richard Frattarelli

SENIOR MANAGEMENT TEAM



Jonathan Oliver
*President &
Chief Executive Officer*



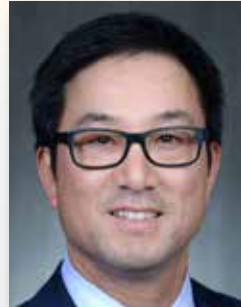
Ning Duong
Chief Retail Officer



Heidi Goldstein
Chief Administration Officer



Sherry Javad
Chief Operations Officer



Michael Namba
Chief Financial Officer



Ray Shams
Chief Lending Officer

"If your actions inspire others to dream more, learn more, do more
and become more, **you are a leader.**"

-John Quincy Adams



MAIN BRANCH

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San Francisco, CA 94102

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FINANCIAL DISTRICT BRANCH

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LAKESIDE BRANCH

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San Francisco, CA 94132

P 415.775.5377 / F 415.452.6964

RICHMOND BRANCH

4375 Geary Boulevard (at 8th Avenue)

San Francisco, CA 94118

P 415.775.5377 / F 415.752.3902

BURLINGAME BRANCH

1811 El Camino Real Avenue (at Trousdale)

Burlingame, CA 94010

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