

2018

ANNUAL REPORT



SAN FRANCISCO
FEDERAL CREDIT UNION

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 2018. We are delighted to share that the organization continues to operate in a financially sound manner. San Francisco Federal Credit Union finished 2018 with over 45,000 members, \$774 million in loans, \$948 million in member shares, and \$1.1 billion in assets. As we take the journey to begin our 65th year in business serving you, we'd like to extend a big thank you to our members and communities for your continued support and for growing with us over the years.

In 2018, we welcomed 3,400 new members and funded \$39 million dollars in consumer loans. These loans went to helping members with consolidating debt, purchasing new vehicles for reliable transportation and accomplishing life goals. Many members took advantage of our Platinum Visa card, completing balance transfers from outrageously high interest rates. Our research and analysis continue to show that San Francisco Federal Credit Union offers the lowest rate credit card in the nation, with all the additional perks. Financial wellness continues to be an important aspect of our business and the Credit Union delivered 1,462 hours of in-person and web-based seminars, improving the financial education of our members.

2018 Highlights:

- Expanded branch hours to better serve the membership
- Launched Member Service Survey Program
- Introduced the Credit Union's first debt consolidation loan
- Paid over \$353,000 in cash rewards to VISA Platinum credit card members

As we celebrate our 65th anniversary this year, we celebrate YOU. Throughout the year we are announcing many festivities, giveaways and promotions. We hope to see and hear from you as we continue to grow and be your financial partner.



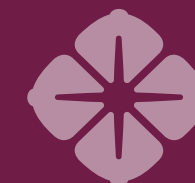
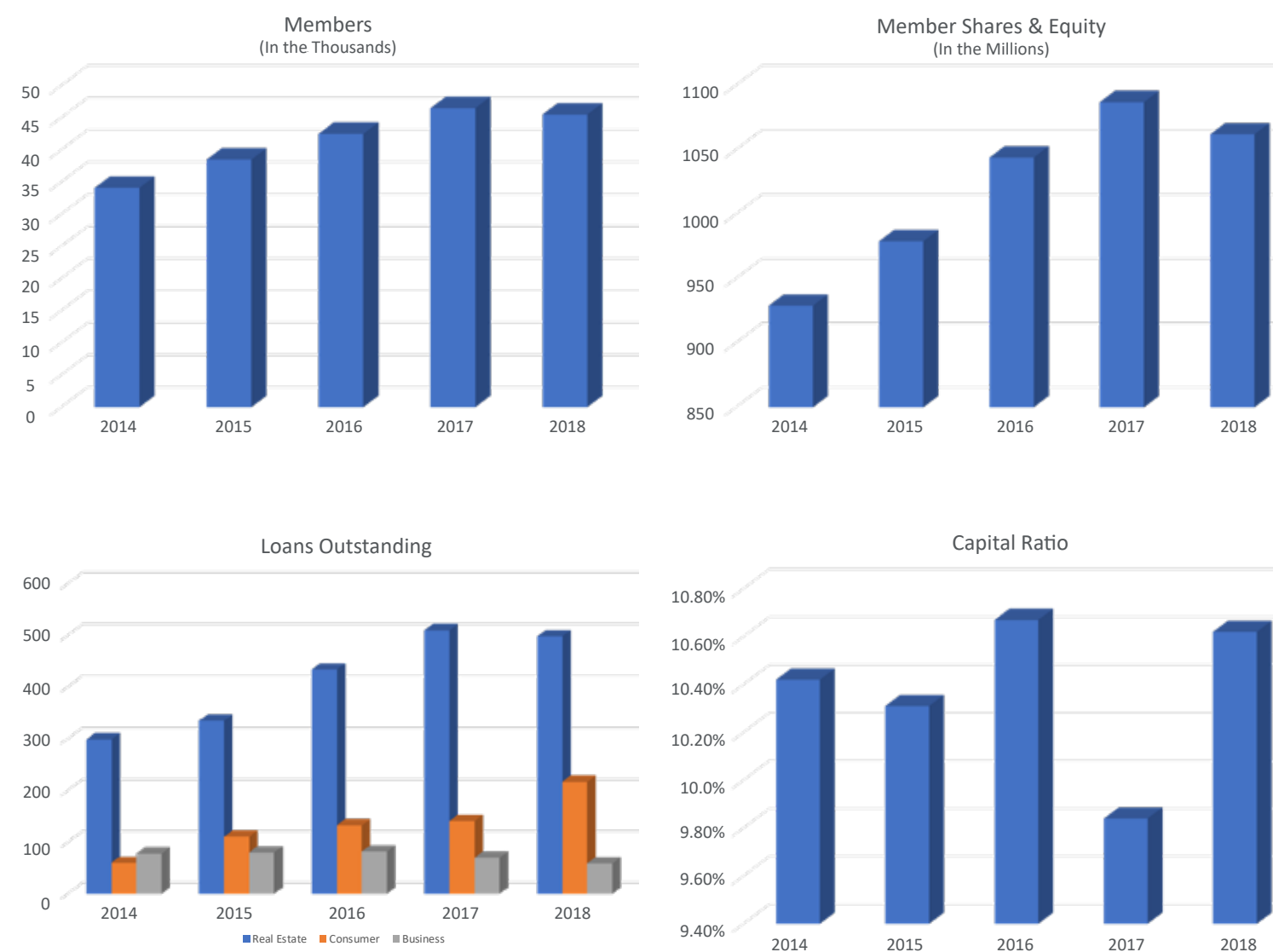
Kevin Kone
Kevin Kone
Chairman, Board of Directors



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, 2018, 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.



STATEMENTS OF FINANCIAL CONDITION

(UNAUDITED)

<u>ASSETS</u>	<u>December 2018</u>	<u>December 2017</u>
Loans to Members	773,518,352	721,484,564
Loan loss allowance	(17,853,347)	(14,281,161)
Net loans outstanding	755,665,005	707,203,403
Cash on hand and bank	3,299,836	3,025,511
Other investments	99,082	1,044,518
UST/Agency Notes	174,539,383	236,736,015
Corporate FCU deposits	76,124,905	90,267,417
Land & building	2,807,687	3,992,019
Furniture & equipment	649,367	690,795
NCUSIF deposit	8,721,270	8,709,596
Accrued income receivable	3,050,069	2,982,135
Prepaid exp/other assets	44,877,097	41,589,987
TOTAL ASSETS	<u>1,069,833,701</u>	<u>1,096,241,396</u>
LIABILITIES AND EQUITY		
Other Liabilities/Div payable	8,002,135	9,241,137
Notes Payable	0	0
Total	<u>8,002,135</u>	<u>9,241,137</u>
Regular shares	234,992,279	235,137,848
Share checking	143,996,657	139,111,184
Money market shares	279,415,494	288,601,695
Term account shares	246,255,366	271,407,470
I.R.A. shares	43,287,605	43,511,044
Total	<u>947,947,401</u>	<u>977,769,241</u>
Economic reserve	40,000,000	40,000,000
Retained earnings	67,525,180	62,872,033
Regular reserve	6,358,985	6,358,985
Total	<u>113,884,165</u>	<u>109,231,018</u>
TOTAL LIABILITIES AND MEMBER EQUITY	<u>1,069,833,701</u>	<u>1,096,241,396</u>

STATEMENTS OF INCOME (UNAUDITED)

	<u>Year 2018</u>	<u>Year 2017</u>
Interest on loans	30,777,076	27,899,651
Income from investments	7,154,287	7,831,563
Fee income	4,044,401	3,716,216
Other operating income	1,436,578	1,297,223
Non operating income	1,409,519	625,806
Total gross income	<u>44,821,861</u>	<u>41,370,459</u>
Dividend on shares	4,099,688	3,845,678
Interest expense	453,096	1,183,662
Total cost of funds	<u>4,552,784</u>	<u>5,029,340</u>
Income after cost of funds	40,269,077	36,341,119
Provision for loan losses	7,398,930	12,706,291
Income after cost of funds and provision for loan losses	<u>32,870,147</u>	<u>23,634,828</u>
Employee compensation & benefits	14,181,521	14,674,089
Training and conference	200,540	182,622
Office occupancy	2,148,574	2,184,677
Office operations	5,529,741	5,470,902
Educational and promotional	333,420	359,922
Loan servicing	1,294,022	1,505,791
Professional and outside services	2,140,596	866,549
Examination and supervision fees	289,575	242,796
Total operating expenses	<u>26,117,989</u>	<u>25,487,348</u>
Net income (loss) before extraordinary items	6,752,158	(1,852,520)
Non-operating losses on repossessed assets	(1,039,000)	(2,214,313)
Net income (loss) after extraordinary items	<u>5,713,158</u>	<u>(4,066,833)</u>



BOARD OF DIRECTORS



Kevin Kone
Chairman



Todd Rydstrom
Vice Chairman



William Smith
Treasurer



Ben Kurko
Secretary



Patrick Cox



Jelena Ewart



Carol Sam



Ted Wong

SUPERVISORY COMMITTEE



Luenna Kim
Committee Chair



Jeannie Wong
Committee Secretary



David Huebner



William Lee

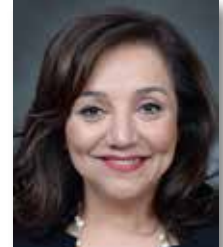
SENIOR MANAGEMENT TEAM



Jonathan Oliver
President & CEO



Ning Duong
CRO



Sherry Javad
COO



Brad Morrison
CIO



Michael Namba
CFO



Ray Shams
CLO



OUR
MISSION

To make financial life easier for our members and their families by offering professional and authentic advice that makes members feel comfortable and supported.



SERVE MORE
OWN MORE
PARTNER MORE
BE MORE

OUR
CORE VALUES



2018 FUN FACTS

"San Francisco Federal Credit Union is well-versed with the Tesla process. They've also made the car financing experience unbelievably easy [so] that I feel even better about the purchase."

—Sai R. (Union City)

TESLA LOANS



259 Loans Funded for a total amount of: **\$12,242,000**

PERSONAL LOANS



419 Loans Funded for a total amount of: **\$3,635,533**

"The folks at the San Francisco Federal Credit Union are unbelievably hands-on and friendly. They take good care of your personal business and bend over backwards to accommodate your individual needs."

—Mike I. (Foster City)

DEBT CONSOLIDATION LOANS



197 Loans Funded for a total amount of: **\$2,175,000**

"We had a very pleasant experience. The staff was very helpful and patient during the whole process. We are glad we went through SF Credit Union."

—Sharini B. (Mill Valley)

FACEBOOK ENGAGEMENTS



Reactions, Likes, Comments, and Shares: **16,198**

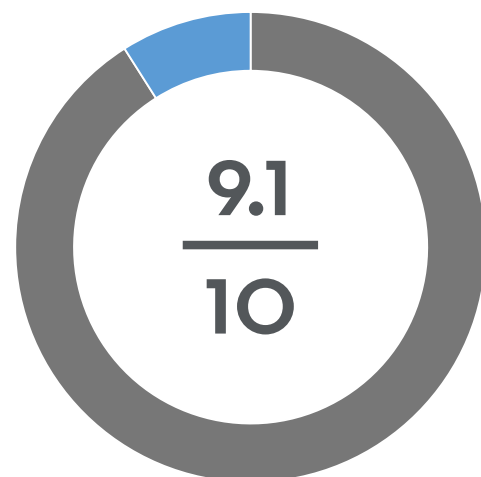
"I should have done this long ago, I have had so many **great experiences** with this credit union over many years."

—Sheila B. (San Francisco)

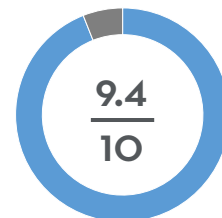


Based on Member Loyalty Group (in Q4)

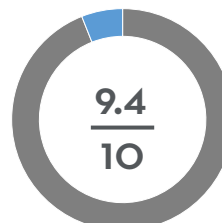
Overall Member Satisfaction



New Member Experience



New Product Experience



"Excellent customer service. **Helpful, professional, responsive.**"

—Julie L. (Hayward)

"Five stars! We have used San Francisco Federal Credit Union for **more than 30 years**. They have always been **exceptionally polite, professional, and helpful** when needed."

—Anna W. (Novato)

"I am getting a **fantastic auto loan experience** from SFFCU. First of all, the rate of the loan is absolutely one of the **lowest in the Bay Area**... I am very happy with the auto loan service SFFCU provided and **would recommend** it to friends and family."

—Herman M. (Millbrae)

"They had the **best rates around.**"

—Ken P. (Sunnyvale)

MEMBER BUZZ

"Absolutely the **best service I've received** at any financial institution. I have been with them 4 years and have **never had any issues** and they are always responsive. **Great job!**"

—B K. (San Francisco)

"The rates are **super competitive** and the **service provided was exemplary!**"

—Ted W. (San Francisco)

"I have been a member of this Credit Union for 3 years now and the experience **just keeps getting better!** Having a financial institution that **you can trust** these days is not always an easy thing to do."

—Joseph J. (San Francisco)

"Super happy I joined this Credit Union! I feel like my finances are in **better and more trustworthy hands** now than with a bank."

—Mona L. (Las Vegas)

COMMUNITY INVOLVEMENT

As a **member-owned organization**, it is important that we support our local communities. It isn't something that we have to do. It is something that we want to do. Each employee of San Francisco Federal Credit Union takes time from his or her personal schedule to **volunteer and support a local organization** – whether that's preparing food boxes, serving dinner or walking to raise money.



This year, employees donated 1188 hours of their own time, participating in a total of 39 events, such as these:

In San Francisco we:

- Walked to raise money for the San Francisco Boys and Girls Club
- Wrapped gifts for the Holiday Fair at the African American Cultural Center Complex
- Walked to raise money at "Light the Night" to benefit Leukemia & Lymphoma Society
- Prepared food boxes at the SF-Marin Food Bank
- Provided dinner service at Episcopal Community Services

In San Mateo we:

- Prepared food boxes at the Second Harvest Food Bank
- Helped restore the beach at Pacifica Beach Coalition
- Provided dinner service at North Peninsula Food Pantry
- Performed beach cleanup at Coyote Point Recreation Park



In addition to donating nearly \$50,000 to 25 local organizations, including Excelsior Action Group, Richmond District Neighborhood Center, Clinic by the Bay and Huckleberry Youth Programs, we also conducted a Sock Drive to support the Gubbio Project and supported the Women's Community Clinic with a Coat Drive, **collecting nearly 300 warm coats** from members and employees.

We partnered with **San Francisco Unified School District** in their Summer Fellowship program, hosting two high school interns – **junior Jocelyn Quock** and **senior Sabrina Chang**, both from Lincoln High School. In this work-based learning program, both students **worked four days a week for six weeks**, learning about how a credit union runs. The young women spent time working in various departments, like consumer lending, electronic processing and marketing, as well as in branches and on the teller line.

We provided \$2000 in college scholarship funds to each of four worthy high school students who have Youth Accounts with San Francisco Federal Credit Union, Joshua Camerino and Jumikal Williams-Choa from San Mateo and Meiyang Huang and Daniel Jai 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 2018, we had **856 new and returning student accounts opened** throughout the year, making us the **#1 Financial Institution in San Francisco for Youth Accounts**.



WE'RE THE BEST!

In 2018 readers of both the *San Francisco Examiner* and the *Bay Area Reporter* voted us the **#1 Financial Institution** in the Bay area





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FINANCIAL DISTRICT BRANCH

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RICHMOND BRANCH

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BURLINGAME BRANCH

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Burlingame, CA 94010

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