

## MESSAGE FROM THE CHAIRPERSON OF THE BOARD

As the Chairperson of the Board of Directors, it is my pleasure to present the 2018 annual report to the members of SF Fire Credit Union.

It is hard to fathom that our credit union has reached its 68<sup>th</sup> year. As a longtime member and official, I am humbled and appreciative of those who have made our long and prosperous journey possible. An engaged membership continues to trust us to meet their financial needs, as evidenced by what was a tremendous lending year for the credit union in 2018. They have also demonstrated a tremendous amount of patience and support as we continue work to modernize and improve upon our dated infrastructure, to better prepare us for the future. I have equal gratitude for the staff of the credit union. Our ever-growing team, across all areas of the organization, are striving to provide a high-level of service during this period of evolution and systems modernization.

Having made several references to the future and the need to modernize in preparation for it, I would like to assure members that this can and will be done while keeping true to the values instilled by our founders in 1951. We will evolve, and are committed to doing so in a manner which maintains the levels of service and trust our members expect and deserve.

In closing, I thank our membership for their continued support, and would like to recognize the ongoing dedication of our staff and volunteer officials. Our purpose as a member-owned financial cooperative is to provide the best value and highest level of service possible, while maintaining the safety and soundness of the credit union. Our commitment to this has and will never waiver.



John Sweeney  
*Chairperson, Board of Directors*



## BOARD OF DIRECTORS

John E. Sweeney      Bridget O'Rourke      Brook Baker  
*Chairperson*      *Vice Chairperson*      *Secretary*

Robert Cappa      Anthony Diluzio      Bob Olson      Marla Shepard  
*Director*      *Director*      *Director*      *Director*

## AUDIT COMMITTEE

Marla Shepard      Bridget O'Rourke      John Diluzio  
*Chairperson*      *Member*      *Member*

## LEADERSHIP TEAM

Kathy Duvall  
*Chief Executive Officer*

John Basalla      Blake Cairney      Dawn Chute      Glenn Gortney  
*Senior Vice President*      *Senior Vice President*      *Senior Vice President*      *Senior Vice President*  
*Audit & Risk*      *Lending*      *Human Resources*      *Brand Loyalty*

Adam Jones      Aaron Sato      Michael Williams  
*Senior Vice President*      *Senior Vice President*      *Senior Vice President*  
*Member Experience*      *Accounting & Finance*      *Information Technology*

## OUR MISSION

*Built by San Francisco Firefighters and committed to the financial safety and security of our community.*

## OUR VISION

*To empower members to accomplish their dreams and build lasting financial security.*

# 68<sup>th</sup>

## ANNUAL MEETING OF THE MEMBERS



SF Fire Credit Union

2018 ANNUAL REPORT

## MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER



I'd like to welcome each of you to SF Fire Credit Union's 68th Annual Meeting. It's a privilege to spend this time with you and I know I speak on behalf of everyone at the credit union when I say we are honored that so many of our members make the time to be here.

This credit union is built on community. On treating one another equitably and honestly to create an environment where we can thrive. While so much around us changes, I'm inspired to see that this founding principle remains the heartbeat of this organization.

In that spirit of honesty and collaboration, I would like to address both the successes and challenges that we have experienced as a credit union over the past year.

As a financial organization, our credit union is thriving. We ended 2018 with more than \$1.3 billion in assets and a net income of over \$11.2 million. We remain on strong financial footing, with total capital reserves of \$119.3 million and a net-worth ratio of just under 9%. Our continued financial strength gives us the tools to invest in services and products that ensure the long-term financial security of our membership and our community. Over the past year we have been working behind the scenes to improve our foundation for growth, expanding our team and improving our systems. These are changes our membership will experience firsthand in 2019 through better service and new programs like our Financial Education Center.

While I'm proud of what we are accomplishing, I'll be the first to admit these transitions have come with growing pains. As we have invested in long-term changes to improve service, from overhauling online banking to expanding our contact center team, we have sometimes struggled to meet the day-to-day expectations of our members. Some of the improvements we have promised you haven't happened as quickly as we planned and as we lay the groundwork for future growth, we have learned some difficult and valuable lessons.

However, I am inspired by the innovation and determination I have seen from our team. This credit union is evolving for the better every day. In the coming year, I look forward to celebrating the fruits of 2018's hard work by offering you better service, new products and a credit union with more power to do good for our community and our membership than ever before.

Thank you again for your ongoing commitment to this credit union. Over the past year we have seen unprecedented growth in our lending business – a testament to our members' belief in our credit union's mission. As we have navigated a year of transition, I have been touched by the warm welcomes I have received at firehouses, by seeing our members' ongoing dedication to programs like the SF Firefighter Toy Program, and by having all of you join us today to participate in the management and success of our credit union.

This is a truly special community. I'm proud to be a part of it, and I look forward to sharing a fantastic 2019 with you.

*Kathy Duvall*

Kathy Duvall  
President and Chief Executive Officer

## AUDIT COMMITTEE REPORT

The Audit Committee independently evaluates the soundness of SF Fire Credit Union's operations and activities, ensuring that management implements sound internal controls and maintains practices and procedures that adhere to accepted general accounting principles. In doing so, they carry out the following primary responsibilities:

- Protection of members' funds and interests
- Safeguarding of assets
- Compliance with regulations, policies and procedures
- Reliability of financial records

The Committee meets regularly to review and discuss internal controls as well as auditing matters. It also retains an independent accounting firm to perform an annual financial audit and issue certified financial statements as they relate to the overall financial condition of SF Fire Credit Union. Our Audit Committee members are:

Marla Shepard   Bridget O'Rourke   John L. Diluzio

As Chairperson of the Committee and based on the results of the 2018 annual audit performed by certified public accountants CliftonLarsonAllen LLP, I'm pleased to share our conclusion that SF Fire Credit Union has adequate financial controls and is financially sound. A copy of their audit is available upon member request.

*Marla Shepard*

Marla Shepard  
Chairperson, Audit Committee

## FINANCIAL SUMMARY AND HIGHLIGHTS

It is my pleasure to report that 2018 was another year of growth for the credit union, as we continue to be committed to improving our service, our performance, and our communities.

While assets remained relatively stable in 2018 at \$1.3 billion, our composition improved as the loan portfolio showed amazing growth and exceeded \$1.0 billion, its highest level, on the strength of real estate loan growth of 19.7%. The significant growth in loans, coupled with a solid net worth position of \$119.3 million, underscores our long-term financial strength and stability.

Our members' deposits grew and exceeded \$1.2 billion, and provided the stable funding to meet the loan needs of our members.

These results provide a solid foundation to raise the bar in service, experience, and offerings to our members, and enable the credit union to invest more in the communities we serve. We are proud to serve you and thank you for your continued loyalty.

*Aaron Sato*

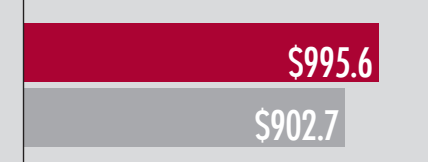
Aaron Sato  
Senior Vice President  
Finance & Accounting

2018  
2017

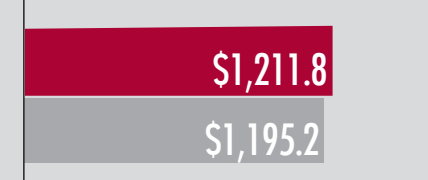
### TOTAL ASSETS (in millions)



### TOTAL LOANS, Net (in millions)



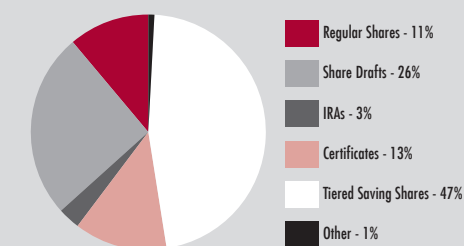
### TOTAL DEPOSITS (in millions)



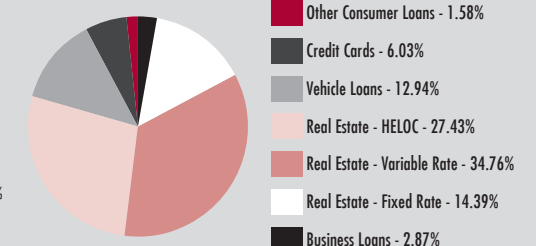
### TOTAL RESERVES (in millions)



### DISTRIBUTION OF DEPOSIT PORTFOLIO (as of December 31, 2018)



### DISTRIBUTION OF LOAN PORTFOLIO (as of December 31, 2018)



ANNUAL MEETING OF THE MEMBERS