

Annual Report 2018



President's Message



I have been with 1st United Credit Union for over 20 years and have always been impressed by the work our staff does to enhance the services we provide members, strengthen community and to make 1st United a great place to work. In my first year as CEO, 2018 was no exception.

A Focus on Members

Serving our members is at the core of the Credit Union purpose. Members expect change, and reward businesses that continue to evolve. This year, we introduced several enhancements with this purpose in mind. A few highlights include:

- The introduction of business accounts – created with the local, small business owner in mind
- Launch of our pre-approval loan system so members can take advantage of incredible offers at their convenience, with a few simple clicks
- Continued enhancements to our network infrastructure, enabling faster transaction processing, ensuring the security of member data, and improving our backup capabilities
- And conversion to a new Visa processor, bringing faster processing and better card controls for members

We continue to identify opportunities for enhancement so that our members have the very best experience and products. And to stay in tune with members' needs, we regularly solicit and respond to feedback and have been conducting a series of focus groups to gain even greater insight. We welcome feedback from our members and encourage you all to let us know how we are doing through surveys or simply contact us at email@1stunitedcu.org.

A Focus on Community

2018 continued to focus on supporting our community's health and financial well-being. We adopted three elementary schools, providing funding as well as a much-needed second set of hands. We also

continued to provide financial education, reaching over 4,500 people last year.

Our community outreach program has not only given support to our neighbors, it has given our staff an opportunity to get involved during normal work hours. Just last year, our staff volunteered a total of 981 hours at the Alameda County Community Food Bank, at local schools and hosting financial education workshops. We love to connect with members on this level and are excited to continue volunteering this coming year.

A Focus on Staff

Making sure 1st United is a place that staff enjoys coming to everyday and feels they are able to grow in their careers remains a priority. Through job shadowing and rotation programs, team members can spend a day in the shoes of another. Additionally, we continue to foster our culture of hiring from within so that staff continues to have opportunities for personal and professional advancement.

In 2018, we were honored as a Bay Area Best Places to Work Company by the San Francisco Business Times. This accomplishment is a testament to our success in building a company where people can thrive.

Beyond 2018

All our 2018 achievements demonstrate our dedication to our stakeholders – members, community and staff. At a time when people demand more from their financial services provider, we will continue to take action to improve lives, support communities and ensure that we have a positive impact on society.

Thank you to all our members, volunteers and staff for making 1st United such a great place. I, personally, appreciate everyone's hard work and dedication.

Members expect change, and reward businesses that continue to evolve.

A stylized handwritten signature in blue ink that reads "Steve Stone".

Steve Stone
President and Chief Executive Officer



\$1.07 billion
in assets



131
educational
articles authored

Top 17

CUs in Northern CA



61,487
members

19,180

Alameda County
residents received
financial education



Top 3

in member give-back in
similar-sized California CUs



\$52,244
donated

981 Hours
volunteered



2018

Chairman's Report

On behalf of the Board of Directors, I'd like to thank all our members for their continued loyalty and support over the years. It's because of your dedicated participation that 1st United continues to remain financially strong and stable.

2018 was an exciting year for 1st United Credit Union. We welcomed Steve Stone as President and Chief Executive Officer in April. His vast knowledge and experience has strengthened our executive team and will continue to support our goal for growth with strong financial stability.

The Board of Directors and management of 1st United Credit Union remained keenly focused on our commitment to provide simpler, faster and friendlier financial products and services to our members. We improved technology, increased certificate rates, grew loans, attracted new members, and developed stronger relationships with our existing members.

Over the past year, the Credit Union made community outreach a top priority. Staff provided financial education to various schools in Alameda County, as well as the Alameda County Step Up program. We also volunteered our time to charitable organizations in our community, including Alternative Family Services (AFS), Alameda County Community Food Bank and Toys for Tots, to name a few. The Board of Directors is proud of the hard work and dedication shown by staff supporting this initiative.

On behalf of the Board of Directors, I wish to give our sincerest thanks to all our members, volunteers, and staff for all of their hard work helping to grow 1st United into the strong financial institution it is today.

Howard T. "Bud" Garrigan
Chairman, Board of Directors

Howard T. Garrigan



The Supervisory Committee serves as the Credit Union's audit division. We also conduct a review of the functions of the various Credit Union departments along with their compliance with applicable regulations and internal policies and procedures. In addition, the committee has regular contact with the membership to assure member requests have been properly met.

In 2018, the Supervisory Committee engaged an independent audit firm to perform a financial audit of 1st United Credit Union. The results of the audit were favorable and determined 1st United Credit Union to be safe and sound in policy and practice. The audit, conducted in accordance with Generally Accepted Accounting Principles (GAAP), indicated that 1st United Credit Union remains strong and financially stable.

Supervisory Committee Report

Jack Sanders
Chairman, Supervisory Committee

Jack Sanders

The Treasurer of 1st United Credit Union oversees and ensures the accuracy of the financial reports as presented to the Board of Directors by the management of the Credit Union.

1st United Credit Union continued to grow and gain financial strength. Total assets at year-end 2018 were \$1,067,473,396.

Throughout 2018, we focused on innovative products and services to help our members plan and save for the future and achieve their important financial goals.

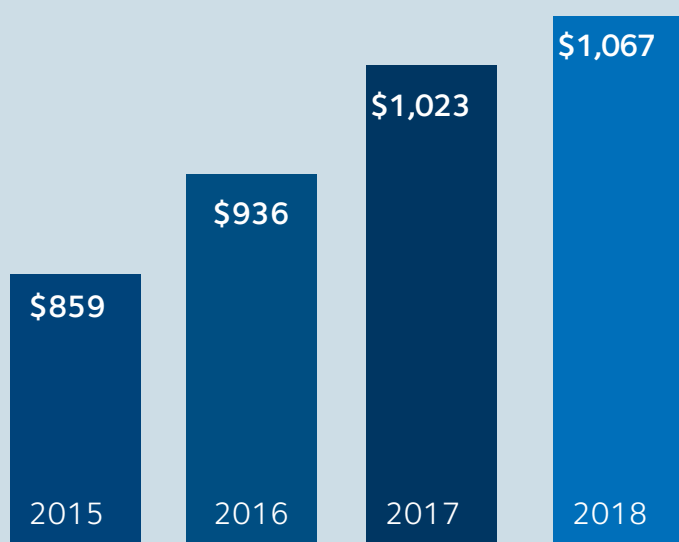
I am confident that 1st United will continue its great tradition of service to its members within the framework of financial strength and stability.

Treasurer's Report



Teresita M. Lauigan
Treasurer, Board of Directors

Total Assets (\$ Millions)



Comparative Balance Sheet

ASSETS	2017	2018
Loans, net	\$ 805,572,745	\$ 865,081,021
Cash	57,995,871	58,782,131
Investments	135,998,862	118,966,999
Building & Land	5,069,158	4,786,064
Other Fixed Assets	3,512,216	4,556,721
Other Assets	14,732,343	15,300,460
Total Assets	\$ 1,022,881,195	\$ 1,067,473,396

LIABILITIES	2017	2018
Regular Shares	\$ 192,364,541	\$ 207,209,811
Share Drafts	129,103,238	140,729,370
Money Market Account Shares	242,570,325	222,143,168
Share Certificates	355,723,471	387,764,072
Total Shares	\$ 919,761,575	\$ 957,846,421
Other Liabilities	4,419,783	4,054,985
Total Liabilities	\$ 924,181,358	\$ 961,901,406

EQUITY AND RESERVES

Unrealized Investment Gains/(Losses)	\$ (2,068,456)	\$ (2,408,817)
Regular Reserves	26,856,642	26,856,642
Undivided Earnings	73,911,651	81,124,165
Total Capital & Reserves	\$ 98,699,837	\$ 105,571,990

TOTAL LIABILITIES, EQUITY & RESERVES	\$ 1,022,881,195	\$ 1,067,473,396
Return on Average Assets	0.51%	0.69%
Net Worth Ratio	9.85%	10.11%
Asset Growth	9.26%	4.36%

Operating Income Statement

INCOME	2017	2018
Loan and Visa Income	\$ 29,800,963	\$ 34,280,455
Income From Investments	2,980,892	3,301,036
Other Operating Income	7,072,146	8,452,554
Gross Income	39,854,001	46,034,045
DIVIDENDS	5,284,700	7,273,421
OPERATING EXPENSES AND PROVISION FOR LOAN LOSS	29,547,042	31,548,111
NET INCOME	\$ 5,022,259	\$ 7,212,514

Board of Directors

Howard T. "Bud" Garrigan, Chairman
Dave Macdonald, Vice Chairman
Steve Manning, Secretary
Teresita M. Lauigan, Treasurer
Veleta Allen, Director
Susan Muranishi, Director
Patrick O'Connell, Director
Ron Thomsen, Director

Supervisory Committee

Jack Sanders, Chairman
Len Herrero, Secretary
David Budde, Committee Member
Crystal Graff, Committee Member
Richard Smith, Committee Member



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