

2018 Annual Report

A Note from Our Board Chair and President and CEO

Bay Federal Credit Union was started by local school teachers in 1957. They pooled their hard-earned money together in the spirit of “people helping people.” Throughout the years, this philosophy has continued to guide our hearts in service and commitment to our members each and every day. Bay Federal has grown into a strong and resilient organization, and you can rest assured that our commitment to this original philosophy will never waiver.

2018 was a banner year for our organization. We achieved some notable milestones in membership and asset size. We focused on providing a highly valued member experience, knowing that it starts with financial solutions to help improve members' lives by making banking convenient, accessible, and dependable. This year, we improved our online and mobile applications, making it easier than ever to conduct business with us. We helped our members finance vehicles for reliable transportation, save for their futures, and we created affordable home loans so more members can invest in homeownership on the Central Coast. We prioritized employee development and education, and we continued to enhance our technology infrastructure to ensure the safety and security of our credit union.

We are excited about the year ahead as we work to continue to deliver upon our service promise to you. We have already welcomed the members and staff of Coast-Tel Federal Credit Union into our organization, and we added a location in Salinas to our branch network. We will relocate our Aptos branch to a new building in the Rancho Del Mar Shopping Center, which will provide easy access and ample parking. Our focus on enhancing the member experience will bring about new products, upgraded ATMs, and more services to make banking easier and more convenient. We will continue to invest in our employees and infrastructure to ensure that Bay Federal Credit Union is a highly valued employer and trusted financial partner well into the future.

We are grateful for the confidence and trust that you have placed in us. Your active support of our financial cooperative is what enables Bay Federal Credit Union to make a real difference in the financial lives of those we serve.



Jim Phillips
Board Chair

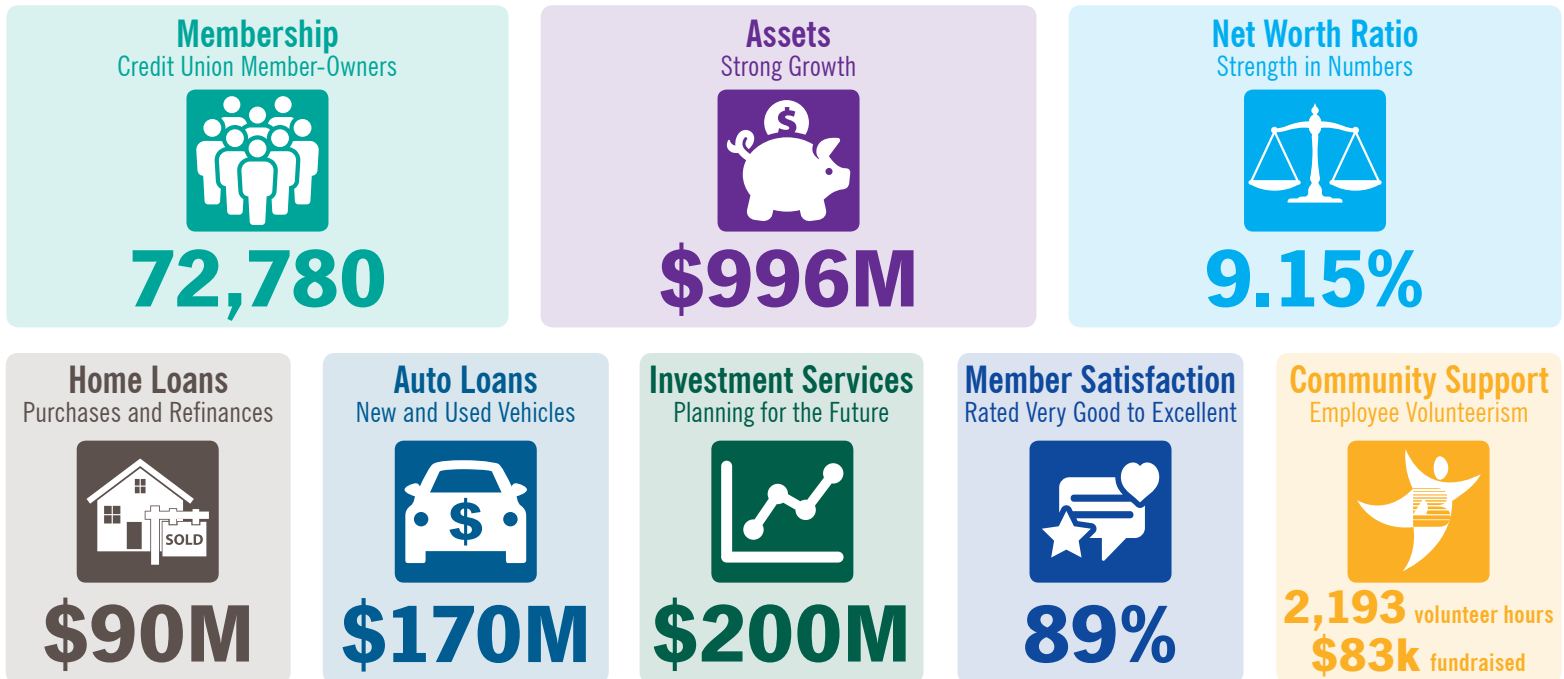


Carrie L. Birkhofer
President and CEO

Jim Phillips
Board Chair

Carrie L. Birkhofer
President and CEO

Credit Union Performance



Honors and Awards





Statement of Income

for the year ending December 31, 2018 (unaudited)

Interest Income

Interest on Loans	\$26,422,408
Interest on Investments	\$6,661,461
Total Interest Income	\$33,083,869

Interest Expense

Dividends and Interest	\$1,613,935
Total Interest Expense	\$1,613,935

Net Interest Income

Provision for Loan Losses	\$1,895,433
Net Interest Income Net of Provision	\$29,574,501

Non-Interest Income

Non-Interest Income	\$14,663,534
Income Before Operating Expenses	\$44,238,035

Operating Expenses

Compensation and Benefits	\$21,189,152
Operations	\$6,182,930
Occupancy	\$1,425,925
Other Expenses	\$5,616,450
Total Operating Expenses	\$34,414,457
Net Income	\$9,823,578

Statement of Financial Condition

as of December 31, 2018 (unaudited)

Assets

Member Loans (net)	\$641,845,756
Cash	\$12,039,704
Investments	\$304,994,397
Land, Building, and Equipment	\$14,055,919
Other	\$23,141,384
Total Assets	\$996,077,160

Liabilities, Deposits, and Equity

Other Liabilities	\$14,892,559
Member Deposits	\$895,605,351
Equity	\$85,579,250
Total Liabilities, Deposits, and Equity	\$996,077,160

Board of Directors

Jim Phillips Chairperson	Michael Leung Director
Taylor Bateman Vice Chairperson	Dennis Osmer Director
Jessica Dixon Treasurer	David Scher Associate Director
Kathleen Lawler Bodmer Secretary	Tami Corum Associate Director
Jordan Ciliberto Director	Bob Bugalski Director Emeritus
Piret Harmon Director	H. Duane Smith Director Emeritus
Sheila Joyce Kellerman Director	

Supervisory Committee and Treasurer's Report

Bay Federal Credit Union's assets surpassed \$996 million at the end of 2018. Growth in savings and checking account balances led to deposit growth of 7%. There was 21% growth in auto loans and 3% in home loans during the same period. Total earnings surpassed \$9.82 million. The organization remains well-capitalized at 9.15%.

The Supervisory Committee secured the services of CliftonLarsonAllen LLP to perform a certified financial audit of the Credit Union in 2018. The CPAs stated that the financial statements presented fairly the financial position of the Credit Union as of June 30, 2018. The Credit Union remains diligent in improving internal controls and enhancing risk management practices. Additional audits conducted by other external experts further validated management's practices of safety and security being upheld in its procedures.

Bay Federal Credit Union's continued focus on safety, security, exceptional service, affordable products, and mutually profitable member relationships ensures a healthy financial cooperative.



Supervisory Committee

Pat Pfremmer Co-Chair
Suzanne Shaug Co-Chair
Richard Mills Committee Member
Michelle Berridge Committee Member

Executive Team

Carrie L. Birkhofer President and Chief Executive Officer
Cameron Haste Executive Vice President and Chief Operations Officer
Tonée Picard Executive Vice President and Chief Development Officer

