



Rising to New
HEIGHTS

2018 **Annual
Report**

 **MISSION**
FEDERAL CREDIT UNION

ELEVATING THE MEMBER EXPERIENCE

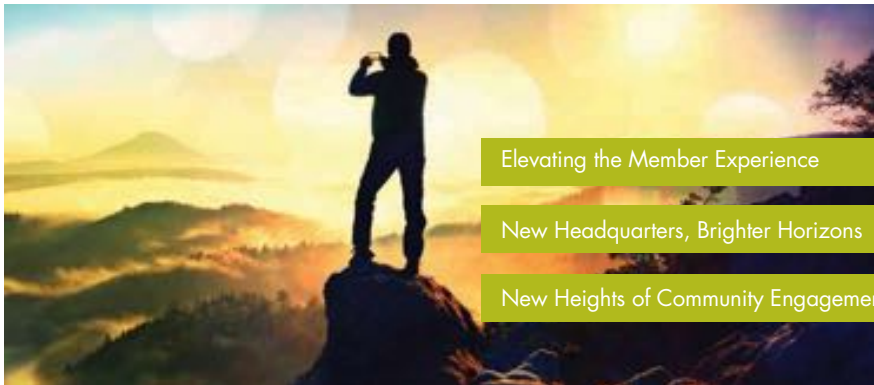
AN OVERVIEW OF 2018 ACHIEVEMENTS

We are so very fortunate to call San Diego home, with the beautiful Pacific Ocean as our backyard. Sunshine and shorelines create a unique backdrop for pursuing your life's goals and dreams, and Mission Fed is here to support you—at every stage of your journey. We believe “a rising tide lifts all boats.” So, we are constantly looking for new ways to elevate our services, enhance the financial success of our members, and better serve our community.

Our members-first mindset and commitment to service inspires everything we do, and it continues to drive Mission Fed's growth and success. At year-end, we're proudly serving 240,176 members from 31 full-service

branch locations. Total assets eclipsed \$3.5 billion in 2018, thanks, in part, to a 4.7% rise in member deposits.

“Rising to new heights” not only allows us to roll out new and improved services and stay at the forefront of banking technologies, but it also keeps Mission Fed operating on a solid financial foundation. In 2018, our strong capital position rose from 12.46% to 13.18%—high above the 7% benchmark the National Credit Union Administration (NCUA) requires for a credit union to be “well capitalized.” Along the way, we surpassed our goal for loan production by \$37 million, leading to overall loan growth of 12.3% compared to 2017.



Elevating the Member Experience

New Headquarters, Brighter Horizons

New Heights of Community Engagement

New Headquarters, Brighter Horizons

Our management team is now guiding the efforts of over 563 dedicated Mission Fed employees from The Horizon Center, our new, cost-efficient, corporate headquarters on Meanley Drive in beautiful Scripps Ranch. From a service perspective, our horizon has never looked brighter. Service achievements in 2018 included mobile banking enhancements, a new HomeAdvantage® partnership, chip-enhanced debit cards, a Quick-Apply feature for credit cards, auto and personal loans, Instant Short-Term loans, and so many more.



Sincerely,

Debra Schwartz
President and CEO

New Heights of Community Engagement

Each year, Mission Fed takes great pride in supporting hundreds of special events to benefit our community partner organizations and the educational community. Events in 2018 that were particularly close to our hearts were: Go Red for Women and the American Heart Association, Food 4 Kids Backpack Program and the San Diego Food Bank, Girl Scouts San Diego, McGrath Family Biztown and Mission Fed Finance Park with Junior Achievement.

Since 1961, San Diego has been home to Mission Fed, and it always will be. That's why, for the foreseeable future, our vision is to continue Rising to New Heights to serve the needs of our members, business partners, and this amazing community.



Sincerely,

A handwritten signature in black ink, appearing to read 'Lora Duzyk'.

Lora Duzyk
Chair, Board of Directors

OUR BOARD OF DIRECTORS

Mission Fed is honored to have a dedicated and experienced Board of Directors who volunteer their time and expertise to serve our members and uphold our values.

Our Mission

Earning trust, investing in our membership's success and caring for our community.

Our Vision

We are the premier financial partner, widely recognized by members, employees and the community for improving lives and providing a superior banking experience.

Our Values

Integrity, Service, Commitment, Teamwork
Trust and Communication.



Mission Fed Board of Directors, L to R: Richard L. Pepper, Director · Dr. Melanie Branca, Director · Wayne Oetken, Vice-Chair
Dr. Larry Maw, Director · Lora Duzyk, Chair · Dr. Lupe Buell, Director · Dr. Donald Shelton, Secretary/Treasurer · Kamran Azimz
Director · Scott Patterson, Director

AWARDS & RECOGNITION

Mission Fed continues to strive for excellence in all areas of our work—from employee optimization to maintaining strong community relationships. Through commitment and teamwork, we proudly accepted the following awards and recognition:



Congressional and State of
California Senate Recognition



San Diego County School Board Association's
DeDe Alpert Award, nominated by Lemon Grove
Unified School District



ACSA Region 18 Partners in Educational Excellence Award, Nominated by Poway Unified School District

LANDING ON HIGHER GROUND: THE NEW MISSION FED HEADQUARTERS

After three decades occupying Oberlin and Thornmint and nearly 18 months of planning, Mission Fed completed its journey and moved into our new headquarters, the Horizon Center in Scripps Ranch. This new location brings a new home base for our volunteer Board of Directors, and support staff as well as branch staff, who will be coming here for meetings and training.

The construction was completed on time and under budget, the furniture, equipment and technology were transitioned successfully, and employees moved in with little disruption.

This massive team effort would not have been possible without our Board, the project leaders, HQ team members and the many employees who provided valuable input to make this project successful. Special thanks go out to our Facilities and IT teams.



Photo credit: ©Joel Zwink/Zwink Photography



SAN DIEGO IS OUR HOME

At Mission Fed, we are passionate about giving back to our community, our neighborhoods and our families. As a not-for-profit organization, we enjoy working with our community partners to support education, health and wellness, art and culture.

We are thankful to our long-time community partners with whom we collaborate to create unique member and community experiences through local engagements.



Mission Fed ArtWalk



Food 4 Kids Backpack Program and San Diego Food Bank



Go Red for Women and American Heart Association



Kids Free in October San Diego Zoo and Safari Park



School Staff Appreciation Days at SD County Fair



McGrath Family JA BizTown



Mission Fed also supports many other events that continue to make an impact within their organizations and within our community including:

- Celebrando Latinas
- JA Way to Save
- New Teacher Welcome Events Scholarships
- Autism Walk
- Clear the Shelters
- MANA Events

A LOOK BACK

This Is Who We Are



31

LOCAL BRANCHES



\$3.5
BILLION
IN ASSETS



SERVING
SAN DIEGO
COUNTY



240,176

MEMBERS



563

EMPLOYEES






30,000

CO-OP ATMS

COMMITMENT INTEGRITY
TRUST **CORE VALUES**
SERVICE COMMUNICATION
TEAMWORK

2018 Financial Highlights

-  POSITIVE NCUA EXAM AND AUDITS
-  TOP RATED
-  VERY LOW LOAN LOSSES

OUTSTANDING NET INCOME
\$47.78 MILLION

STRONG NET WORTH
 **13.18%**

Our Products and Services

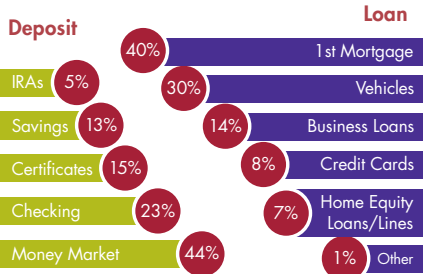
LOAN PRODUCTION WAS

\$37 MILLION
 ABOVE BUDGET



DEPOSIT
 GROWTH
 INCREASED
4.7%*

PORTFOLIO DISTRIBUTION



LOAN GROWTH SOARED BY **12%***

* Over previous year.

A LOOK BACK

Serving Our Members



New Member Growth Goal Achieved – **240,176**

Over **2,000 New Accounts** Opened by Business Development

New Accounts Opened at Branches Hit an **All Time High**

Opened the Escondido Auto Park Way Branch

Over **20,000** Members Completed our Member Survey

Overall Member Satisfaction Survey Score Trending Upwards
Hitting **4.74**

\$1 Million Mission Fed Money Match resulted in **16,730** Winning
Matches for our Members



The Horizon Center - Our New Administrative Campus

111,000 Square Feet. New Headquarters. New Campus.

32 Years' Worth of Items Reused or Recycled

20 Chargers Installed for Electric Vehicles

1,250 Solar Modules and **7** Inverters Installed

91% of Energy Consumption Will Be Offset

MEMBER FACING INITIATIVES

- Mobile Banking Enhancements: eDocuments Access, Transaction Search, Memo for Transfers and Deposits, Loan Details, Reg D Counter, Auto Reset of Expired PINs, Web Chat
- Online Banking: faster login, ADA improvements
- New Automated Wire Transfer System
- New HomeAdvantage® Partnership Launched
- LiveSmart Escrow Office Opened
- New MissionLine/Card Activation System Launched
- Quick Apply for Credit Cards, Auto and Personal Loans Feature
- Instant Short-Term Loans
- External ACH Transfers
- Chip-Enhanced Debit Cards
- Disaster Recovery Capabilities Enhanced

EMPLOYEE FACING INITIATIVES

- Formation of a Cross-Functional Business Intelligence Team
- New HR System Launched
- Leadership Program Training Expanded
- MissionU Learning Management System Upgraded
- New Accounts Payable System Launched
- Cash Flow Management System Delivered to Branches

Community Relations

In-Kind Media Provided to Nonprofits

Raised Funds for Community Engagement Events Including:

Go Red for Women®
CareWear/Meals on Wheels
San Diego Food Bank

Supported **163** Community Relations Events
in San Diego County

160,000

Children Visits to
San Diego Zoo and
Safari Park with Kids
Free Attendance Up By

7.2%



Mission for Nonprofits:

164 Partners

\$3 Million

in Youth Savings
Accounts through
Mission 2 \$AVE Program



116 Girl Scouts
Branch Visits

80,000

San Diego County Fair
Tickets Given to
Teachers/Staff



\$1 MILLION MISSION FED CREDIT MONEY MATCH WINNERS

All year long Mission Fed rewards members by matching the dollar amount of their loan payment, Debit or Credit Card purchase or Direct Deposit. Our 2018 winners celebrated their winnings below!



Match limits vary by category.

MEMBERS SAY IT BEST

I switched to Mission Federal over a year ago now and wow — I should have switched years ago! I appreciate the way I am clearly appreciated as a member.

- Andrew W.

We love Mission Fed! You have a great team. They welcomed me before I was even in line — awesome!! I tell everyone about you!

- Marian R.



Thanks for your help with getting me the lowest interest with my car payments and making this car buying process so much easier!

- Lonnie R.

I would recommend this Mission Valley branch location to anyone looking for the best auto loan rates in San Diego, coupled with fantastic customer service.

- Josh C.

I would definitely refer friends and family to MFCU. Emily, Thank you again... You're awesome!

- Janet A.

SUPERVISORY COMMITTEE REPORT

ACHIEVING FINANCIAL HEIGHTS

Mission Fed's Supervisory Committee is comprised of volunteer members who have the financial responsibility for the internal and external audit activity of Mission Federal Credit Union. This year's committee members include Scott Patterson, Tina Douglas and myself.

Mission Fed undergoes an extensive oversight process by the NCUA (National Credit Union Administration) regulators, external auditors and the internal audit team. We enlisted the services of the external audit firm, CliftonLarsonAllen (CLA), to conduct the credit union's financial statement audit as of 12/31/18.

We are pleased to share with our membership that Mission Fed is in excellent financial condition. The 2018 consolidated financial statements were issued with an unmodified opinion, which is the best audit opinion the credit union can receive.

Mission Fed maintains a strong net worth, has solid internal controls in place, remains well capitalized and continues to grow.

Mission Fed is also compliant with federal regulations and undergoes various compliance assessments throughout the year. Mission Fed continues to make appropriate process and policy changes to prepare for accounting changes, such as CECL (Current Expected Credit Loss), cybersecurity risks and new rules and regulations.

The credit union's commitment to ensuring strong financial reserves, sound business practices and dedicated leadership enables us to manage changes in the economic and regulatory environment, while maintaining a healthy financial position poised for continued growth.



Respectfully submitted,

A handwritten signature in cursive script that reads "Malliga Tholandi".

Malliga Tholandi
Chair, Supervisory Committee

2018 FINANCIALS MISSION FEDERAL CREDIT UNION

Consolidated Statement of Financial Condition (Audited), December 31, 2018 (in thousands)

ASSETS

Total Loans	\$2,706,327
Allowance for Loan Losses	(14,149)
Net Investments	445,744
Other Assets	<u>422,335</u>
Total Assets	\$3,560,257

LIABILITIES AND EQUITY

Total Deposits	\$3,029,108
Borrowed Funds	16,000
Other Liabilities	48,162
Total Members' Equity	<u>466,987</u>
Total Liabilities and Equity	\$3,560,257

Consolidated Statement of Income (Audited), December 31, 2018 (in thousands)

INTEREST INCOME

Loans	\$96,073
Investments	<u>15,271</u>
Total Interest Income	\$111,344

INTEREST EXPENSE

Deposits	(\$9,628)
Borrowed Funds	<u>(1,441)</u>
Total Interest Expense	(\$11,069)

NET INTEREST INCOME

Provision for Loan Losses	(\$7,442)
Non-Interest Income	58,871
Non-Interest Expense	<u>(103,922)</u>
NET INCOME	\$47,782

OUR PRODUCT & SERVICE OFFERINGS

CHECKING & SAVINGS

Accounts

- Checking
- Savings
- Money Market
- Certificates
- Retirement

Online & Mobile

- Online Banking
- Mobile Banking
- Mobile Wallet
- eDocuments
- Online Bill Pay
- Person to Person Payments

Services

- Prepaid Gift & Travel Cards
- Foreign Currency

LOANS & CREDIT CARDS

Auto Loans

- Autoland Car Buying Service
- New, Used and Lease

Credit Cards

- Platinum
- Classic
- Mission Rewards

Home Loans

- Mortgages
- Home Equity Loans
- Home Equity Line of Credit

Business Loans

- Apartments
- Office
- Retail
- Industrial

INSURANCE

Auto Related

- GAP Advantage
- Mechanical Breakdown Protection
- Auto Liability & Collision

Personal Insurance

- Accidental Death and Dismemberment
- Credit Life & Disability
- Life Insurance
- Long-Term Care Protection
- Dental Benefits Max

LIVESMART Insurance Services, LLC

- Auto Insurance
- Home Insurance
- Life Insurance



Loans and credit cards are subject to credit approval. Restrictions apply.

HOME BASE

BRANCHES IN SAN DIEGO COUNTY

Carlsbad: 710 Carlsbad Village Dr., 92008

Carmel Mountain Ranch:
11650 Carmel Mountain Rd., 92128

Carmel Valley: 3885 Valley Centre Dr., 92130

Chula Vista/Eastlake: 884 Eastlake Pkwy., 91914

Chula Vista/Telegraph Canyon:
599 Telegraph Canyon Rd., 91910

Chula Vista/Terra Nova: 354 East H St., 91910

Clairemont: 4250-B Clairemont Mesa Blvd., 92117

College Grove: 3470 College Ave., 92115

El Cajon: 760 N. Johnson Ave., 92020

Encinitas: 294 N. El Camino Real, 92024

Escondido: 1500 E. Valley Pkwy., 92027

Escondido Auto Park Way:
1270C Auto Park Way, 92029

Imperial Beach: 675 Saturn Blvd. Suite A, 92154

La Mesa: 5500 Grossmont Center Dr. #113, 91942

Linda Vista: 5375 Napa St. #101, 92110



Little Italy: 1370 India St., 92101

Mira Mesa: 10768 Westview Pkwy., 92126

Mira Mesa West: 8198 Mira Mesa Blvd, 92126

Mission Hills: 269 W. Washington St., 92103

Mission Valley: 2020 Camino del Rio N., 92108

National City: 1302 East Plaza Blvd., 91950

Oceanside: 47 Douglas Dr., 92058

Poway: 13465 Poway Rd., 92064

Rancho Bernardo: 11868 Rancho Bernardo Rd., 92128

Rancho San Diego: 3815 Avocado Blvd., 91941

San Carlos: 6950 Navajo Rd., 92119

San Marcos: 117 S. Las Posas Rd., 92078

Santee: 245 Town Center Pkwy., 92071

Scripps Ranch: 10393 Spring Canyon Rd., 92131

Solana Beach: 953 Lomas Santa Fe Dr., 92075

Vista: 985 Civic Center Dr., 92083

Headquarters: 10325 Meanley Drive, San Diego CA 92131



858.524.2850 | 800.500.6328 | MissionFed.com

Insured by NCUA

