

2018

ANNUAL REPORT



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COMMITTED TO OUR MISSION

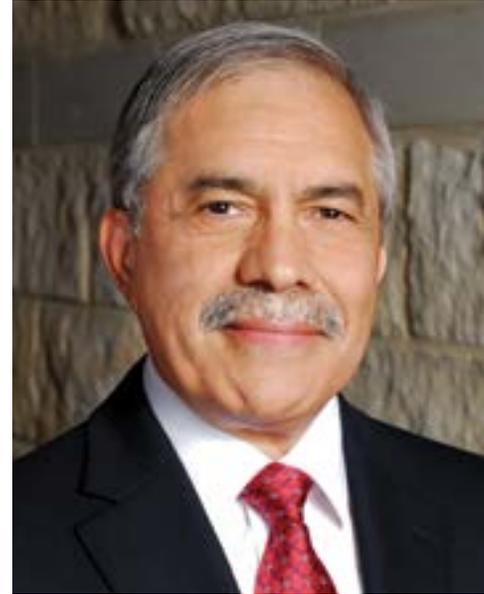
At Credit Human, our mission is to help our members create, build and maintain financial slack. We do this by promoting thrift and providing credit for provident purposes. Among the key principles that are essential to the success of this mission are focusing on our members' long-term financial health and meeting members where they are, being present, listening deeply and respecting their financial choices. To ensure we remain focused on this important work, the Board of Directors has worked hard to explore and define the Credit Human vision and mission:

VISION

Communities free from financial stress

MISSION STATEMENT

Help people create and maintain financial slack



Richard Rodriguez
Board of Directors Chair

Member Since 1973
Volunteer Since 1993

**"Giving members
more resources
to meet their
financial needs."**

WHAT WE'RE DOING TO DELIVER ON THE MISSION TODAY.

Financial Health Centers

- Before we make a decision to open a new Financial Health Center, we meet with members of the community to better understand their needs and how we may be able to serve them. In 2018 we conducted these engagement events in three communities as part of our planning process for three new Financial Health Centers.
- One of these locations will feature the first self-service safe deposit boxes we've prototyped.
- Last year we also developed a Community Engagement framework that gives structure to the work of "walking the community." This work informs Financial Health Center employees about the issues of the community in which they work and allows them to introduce themselves and Credit Human.

Partnering with Others

- Over the course of our three-year partnership with GreenPath, Credit Human members in Debt Management Plans have paid down almost half a million dollars in debt, an average amount of \$7,620 per member in a Debt Management Plan.
- We're also continuing to deliver on our mission by partnering with our select group employers to support the financial health of their employees.
- We've developed a proprietary financial health curriculum designed to help people reduce financial stress by sharing content that enables behavior change through thoughtful planning, saving, spending and borrowing. In 2018 we more than doubled the number of events in which we were able to share this curriculum with select group employees, many of whom joined Credit Human as a result.

New Building Update

- We're still on track to move into the new building on lower Broadway in late 2020. This new headquarters building will include a Financial Health Center to serve our members. Learn more about the building and all its sustainable features at [1703Broadway.com](https://www.1703Broadway.com)

FINANCIAL HEALTH CENTERS: A NEW WAY TO SERVE MEMBERS IN THE COMMUNITY

Over the next few years we'll be replacing branches with Financial Health Centers, giving members more resources to meet their financial needs.

Visiting a Financial Health Center is a different experience than a traditional branch visit. We're finding ways to streamline day-to-day transactions, so that our team will be able to spend more time with our members learning about their financial realities and discussing new ways to keep them on a sound financial footing.

While Credit Human Financial Health Centers are a different experience for members than our traditional branch locations, regardless of the location our focus remains on being there for our members, whatever their needs may be.

What is financial slack?

If you're feeling financial stress, you're not alone. 57% of American adults are feeling the same way. That's 138 million Americans. We're here to help. Financial slack is your income minus expenses – which accumulates into savings. If you have enough slack you can handle paying for unexpected expenses and enjoy life without the constant stress of money that affects so many of us. Building financial slack reduces your financial stress and improves your financial health. Learn more at CreditHuman.com/Slack



"I am on the path to a better financial future."

WE'RE ALREADY STARTING TO HEAR STORIES FROM MEMBERS ABOUT HOW WE'RE MAKING A DIFFERENCE IN THEIR LIVES.

Coming to the United States

Coming to the United States, I opened my first account with a large, for-profit bank. I quickly learned that a good portion of my extra money would go toward fees the bank charged in order to have my savings and checking accounts with them. I had a lot of questions about building credit, but they were uninterested in answering my questions. I felt lost.

Walking into the Financial Health Center, I was greeted by friendly faces who wanted to get to know me, to hear my story. Not only did they help increase my knowledge about financial services and tools, the Member Relationship Specialists provided me with options. They explained the differences between a bank and a credit union and offered me services that I could afford, explaining each one in detail. With their assistance I was able to create savings and spending plans. Trusting their experience and knowledge, I have also started the process of building my credit. I now feel like I am on the path to a better financial future.





It's Never Too Late

As a physiotherapist and clinical social worker, I have spent my life helping others; this has always been my passion. It wasn't until recently that I started to worry about retirement. I make a comfortable living, but don't have a budget and I have never set money aside for savings. Now in my early seventies, I am looking for help and guidance for myself.

Embarrassed to talk about my predicament, I turned to Credit Human. It's in my neighborhood and I felt that if anyone could help me, without placing judgment, this would be it. The Member Relationship Specialist really took the time to get to know me, to learn my story and what is important to me without making me feel like I should have done things differently.

First we set out to determine my spending habits. Learning where my money was going was a huge eye-opener. It made me take a look at the big picture and decide what was most important to me. I was given tools to track my spending, we allocated share accounts for specific purposes and I was introduced to community partners who were able to assist me with tax and retirement questions.

With the help and guidance of Credit Human, I have made strides with my savings goal. I have stuck to my spending and savings plan and am able to see my progress. If there is one thing I would share with anyone about Credit Human and the Financial Health Center, it's that it truly is judgment-free and an encouraging atmosphere with people who really want to help others with their financial well-being. Whether you are seventeen or seventy, it's never too early or too late to get on the right path to financial health.

"It's never too late to get on the right path to financial health."



William R. Micale
Supervisory Committee Chair

Member Since 2014
Volunteer Since 2014

Report From The Supervisory Chair

AN ONGOING COMMITMENT TO OFFER A FINANCIAL COOPERATIVE THAT IS STABLE AND SECURE.

An ongoing commitment to our members' long-term financial health and success includes offering a financial cooperative that is stable and secure.

The Supervisory Committee ensures that management's financial reporting objectives are met and that management's practices and procedures safeguard members' assets. Our Internal Audit department assists the Committee in their work by overseeing periodic external audits and by conducting internal audits of safeguards, internal controls and regulatory compliance.

The National Credit Union Administration (NCUA) is our regulatory authority that insures members' deposits to at least \$250,000. 2018 brought another successful NCUA examination. This examination serves as a marker attesting to our credit union's sound performance and risk management practices relative to its size, complexity and risk profile.

The Supervisory Committee hired the independent accounting firm of RMS US LLP, in accordance with NCUA rules and regulations. This company fulfilled the committee's requirements by performing the 2018 financial statement audit and completing a verification of member accounts.

Once again, our credit union is in compliance with the credit union's bylaws, policies, federal and state laws, and good business practices. I would like to express my appreciation to my fellow committee members for their dedication to this process, as well as to the Internal Audit staff.

The committee and I would like to express our thanks to you, the members, for allowing us to serve you now and in the future.

FINANCIALS

Business Activity

Loans	December 31, 2018		December 31, 2017	
	#	\$000	#	\$000
Motor vehicle	54,901	\$ 1,108,990	55,352	\$ 1,137,053
Residential mortgages	3,255	132,597	3,756	150,846
Education	64,407	369,364	64,243	340,712
Manufactured housing	21,751	1,087,107	21,528	1,046,407
Credit cards	14,084	44,959	14,824	45,087
Other loans	16,930	43,470	16,492	41,527
Total	175,328	\$ 2,786,487	176,195	\$ 2,761,632
Allowance for loan losses		(14,032)		(15,574)
Loans, net		\$ 2,772,455		\$ 2,746,058

Year-to-date Production	40,202	\$ 919,725	35,712	\$ 899,740
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Total loans increased \$24,855,000 (0.9%) from December 2017 to December 2018.

Deposits	December 31, 2018		December 31, 2017	
	#	\$000	#	\$000
Share accounts	234,178	\$ 513,910	235,800	\$ 511,459
Checking accounts	78,223	352,451	77,663	351,808
Money market accounts	9,001	434,834	9,748	467,096
Retirement accounts	11,479	158,104	11,945	161,002
Share certificate accounts	21,518	868,099	19,914	754,342
Total deposits	354,399	\$ 2,327,398	355,070	\$ 2,245,707

Total deposits increased \$81,691,000 (3.64%) from December 2017 to December 2018.

CREDIT HUMAN FEDERAL CREDIT UNION CONSOLIDATED STATEMENTS OF CONDITION

(In Thousands of Dollars)

Assets	December 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 170,149	\$ 115,621
Investments	9,774	9,656
Loans, net of allowance for losses	2,772,455	2,746,058
Premises and equipment, net	58,181	20,173
Other assets	50,233	43,120
Total assets	\$ 3,060,792	\$ 2,934,628

Liabilities and Equity	December 31, 2018	December 31, 2017
Members' shares and deposits	\$ 2,327,398	\$ 2,245,707
Borrowed funds	352,589	320,785
Accrued expenses and other liabilities	69,797	67,798
Total liabilities	2,749,784	2,634,290
Retained earnings	350,323	343,449
Accumulated other comprehensive income (loss)	(39,315)	(43,111)
Total equity	311,008	300,338
Total liabilities and equity	\$ 3,060,792	\$ 2,934,628

CREDIT HUMAN FEDERAL CREDIT UNION CONSOLIDATED STATEMENTS OF EARNINGS

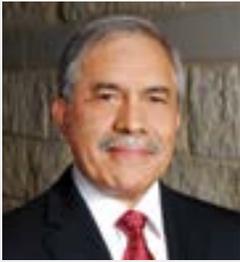
*(In Thousands of Dollars)**For the Years ended*

	December 31, 2018	December 31, 2017
Interest income	\$ 144,691	\$ 134,456
Interest expense	32,170	26,692
Net interest income	112,521	107,764
Provision for loan loss	10,601	14,016
Net interest margin after provision for loan loss	101,920	93,748
Non-interest income	22,463	20,577
Non-interest expense	117,509	113,953
Net Income	\$ 6,874	\$ 372

Operations Report

	2018	2017
PhoneLink transactions	73,768	81,699
ATM/Debit card transactions	39,419,815	37,925,972
Online banking logins	4,087,513	4,659,643
Member service center calls	459,290	549,902
Member checks processed	1,393,533	1,578,566
Mobile app logins	4,805,836	4,875,999
Full-time employees	782	744
Part-time employees	1	1
Total employees as of 12/31	783	745

BOARD OF DIRECTORS



Richard Rodriguez
Chair
Member Since 1973
Volunteer Since 1993



Frederick W. Hines
Vice Chair
Member Since 2013
Volunteer Since 2014



David S. Velasquez
Secretary
Member Since 1975
Volunteer Since 2000



Franklin W. Burk
Treasurer
Member Since 1991
Volunteer Since 1991



Ramon Abarca
Member Since 2005
Volunteer Since 2008



Blaise C. Bender
Member Since 2008
Volunteer Since 2008



Deborah J. McCrary
Member Since 1977
Volunteer Since 1995



Larry L. Roberson
Member Since 2008
Volunteer Since 2008



Sue E. Turner
Member Since 1994
Volunteer Since 1996

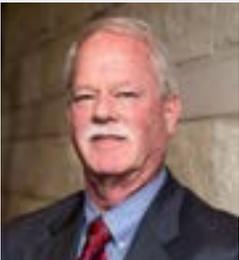
SUPERVISORY COMMITTEE



William R. Micale
Chair
Member Since 2014
Volunteer Since 2014



Steven R. Nivin
Secretary
Member Since 2013
Volunteer Since 2015



Michael Burnett
Member Since 2012
Volunteer Since 2015



G. Esther Cruz
Member Since 2006
Volunteer Since 2015



Peter C. Morales
Member Since 1992
Volunteer Since 2006

ASSOCIATE VOLUNTEERS



Michael DuBose
Member Since 2013
Volunteer Since 2018



Patricia Harper-Pollard
Member Since 2015
Volunteer Since 2015



Edelmiro Hinojosa
Member since 2016
Volunteer since 2017



Karen Von Der Bruegge
Member Since 2013
Volunteer Since 2018



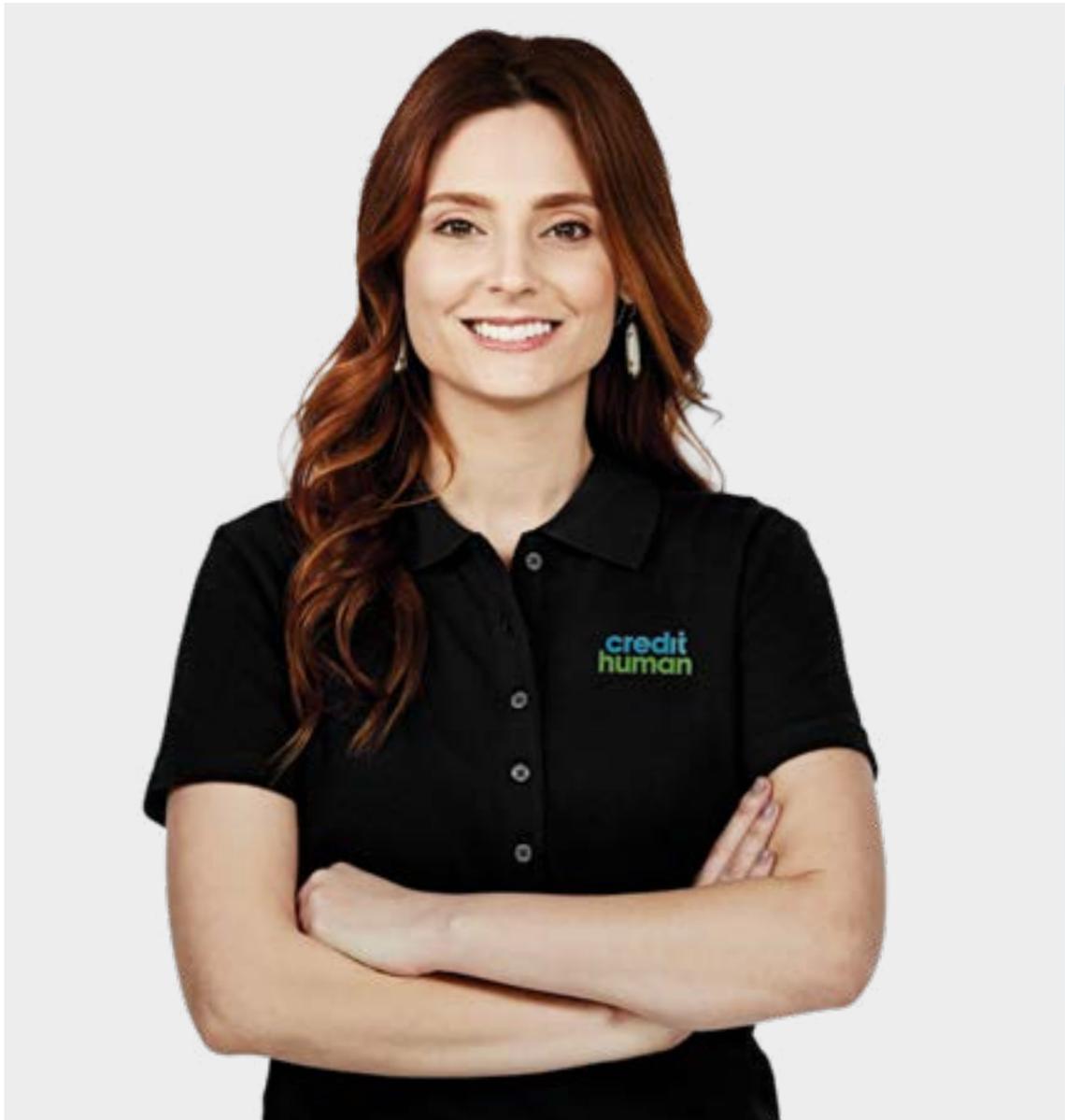
Travis Wiltshire
Member Since 2018
Volunteer Since 2018

HELPING MEMBERS WHEN THEY NEED IT MOST

Being part of a member-owned financial cooperative means you don't have to go through difficult times alone. We're here to help. When members were impacted by Hurricanes Michael and Florence, the California wildfires and the partial federal government shutdown in 2018, we offered a comprehensive approach to assisting those in need to help alleviate their financial stress:

- Proactively reached out to members in affected disaster areas immediately after incident
- Offered impacted members robust recovery package to generate slack and reduce stress of worry about payments so member can focus on recovery
- Offered loan extensions, waived extension fees, and waived early withdrawal penalties for CDs
- Reversed fees incurred (courtesy pay, late fees, NSF, etc.)
- Where possible our Financial Health Centers offered assistance to members, and we also referred members to GreenPath for financial counseling

Our employees are also our members.



When one member succeeds, we all do. Which is one reason why every Credit Human employee is personally invested in the mission of our financial cooperative.

