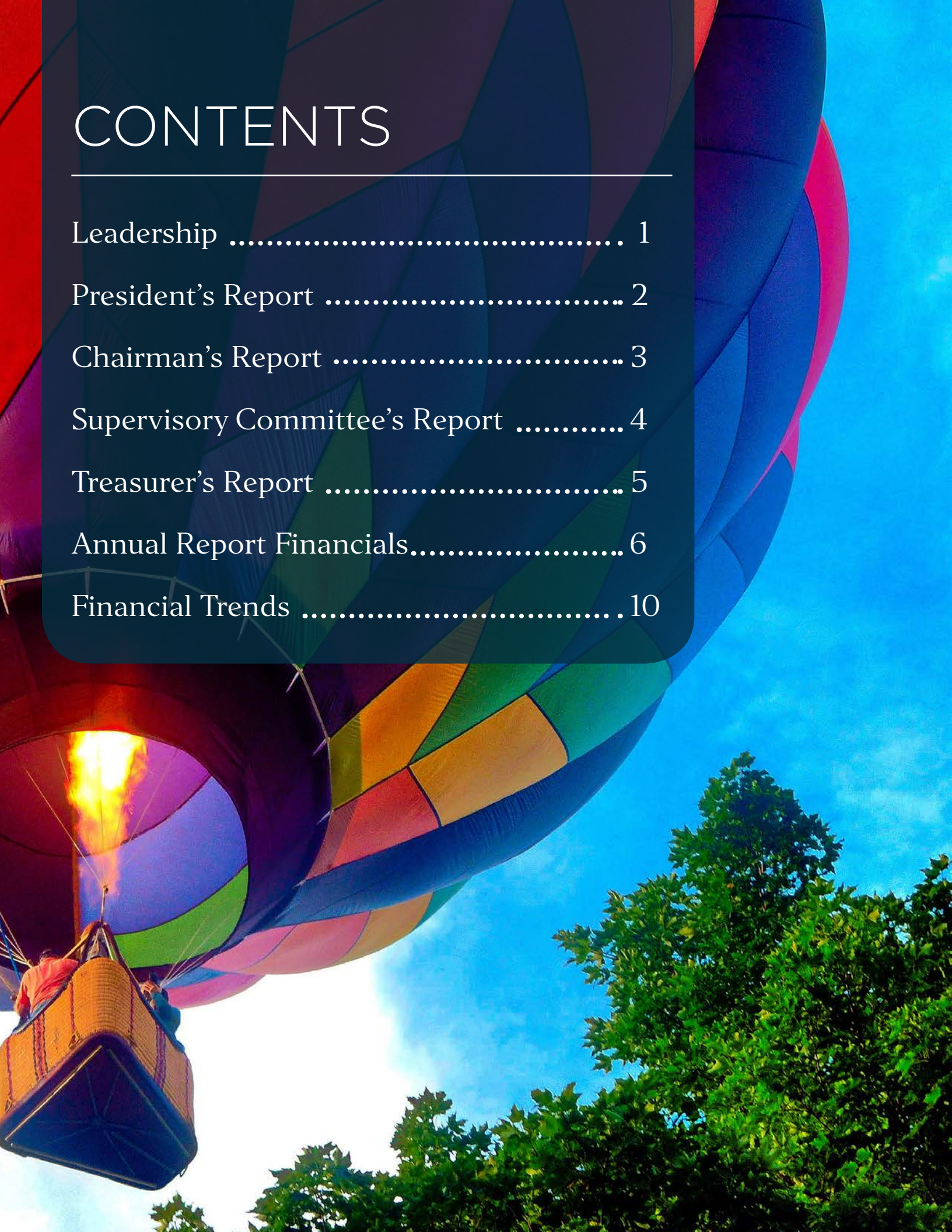


Yolo Federal Credit Union
ANNUAL REPORT 2018

Reaching New Heights

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LEADERSHIP

BOARD OF DIRECTORS

William Schemel, Chairman
Phil Marler, Vice Chairman
Captane Thomson, Treasurer
Robyn Rominger, Secretary
Debbie Bruno, Director
Byron MacConnell, Director
David Thompson, Director

SUPERVISORY COMMITTEE

Floyd McCain, Chairman
Ed Marquez
Bernadette Murray
Shelley Sammut

SENIOR MANAGEMENT

Jenee Rawlings, President/CEO
Matt Isika, Vice President Lending
Matt Lane, Chief Financial Officer
Pennie Holck, Vice President Human Resources
Kelley Jacobsen, Vice President Marketing & Operations





PRESIDENT'S REPORT

2018 was another exceptional year for Yolo Federal Credit Union. We experienced strong financial growth and successfully completed several strategic initiatives to better serve our members in an evolving digital financial market.

Yolo FCU achieved its highest earnings in the last decade, ending the year with net income of more than \$4.2 million. Our assets are approaching \$300 million and our capital grew to 12.10%, making us one of the most well-capitalized credit unions in the Sacramento Valley. A capital ratio over 7% indicates financial strength but capital also provides us the ability to fund projects and services that benefit the interests of our members and the local community.

We know that financial stability is a priority, but we also know that providing a high level of service to our membership is vital to our ongoing success. We implemented several initiatives to streamline processes and eliminate or reduce pain points for our members and this

project will continue through 2019. We know that consumers have many choices in banking services, and we intend to continue being the best.

On behalf of the entire management team, volunteers and our staff, thank you for your continued patronage.

Jenée Rawlings
President/CEO



CHAIRMAN'S REPORT

The last year has brought some significant pressures on financial institutions, as trade with various other parts of the world has been limited or interrupted. Here at Yolo Federal, we are impacted only indirectly by these changes, because our focus is local. We get our members locally, protect their savings, deliver services locally through 5 branch locations plus a digital branch, and do our lending locally. We are impacted by the major changes going on around us, but not nearly as much as the big banks are.

And we've been remarkably successful along the way. Once again, we have increased our capital year over year to increase our ability to weather financial storms. We have a larger share of our resources lent out to our members than most other credit unions in the area. We are continuing to provide our members with a broad range of services, and also provide folks with some help with financial literacy through our outreach programs.

And we contribute to the community in other ways as well. To improve the quality of life in Yolo County, we encourage staff to get involved in local charities and organization, while also providing monetary support to a broad variety of local organizations. We may not build stadiums for major sports teams, but we do help fund playgrounds and ball fields for our kids to use.

It is just part of being responsible in the world and doing our part to make things a bit better for our members. There is a lot we probably can't improve much out there, but you might be surprised at how much there is that we can, when we work together.

And, after all, that is what a financial cooperative is all about.

William Schemel
Chairman



SUPERVISORY COMMITTEE'S REPORT

Yolo Federal Credit Union's Supervisory Committee is responsible for ensuring oversight of the safety and soundness of the credit union. We have contracted with an independent CPA firm to complete the financial audit and account verification on an annual basis. They also review credit union policies/procedures and ensure that internal controls are in place to adequately protect members' assets. The firm reports directly to the Supervisory Committee.

The independent auditor's report was issued by Turner, Warren, Hwang & Conrad AC, for the year ended December 31, 2017. They confirmed that there were no discrepancies. The Credit Union also has an internal audit department that performs internal audits, fraud investigations and ensures compliance with federal credit union regulations. The Director of Internal Audit reports directly to the Supervisory Committee and the President/CEO. It is the opinion of the Supervisory Committee that the Credit Union's policies and procedures, as

well as Management's practices, are sound. Our opinion is based upon internal audits, the independent external audit, and the NCUA examination report. The Supervisory Committee is confident that Yolo FCU will continue to maintain a high level of financial safety and soundness.

Thanks to Yolo FCU's Board of Directors, Management, and staff for their dedication in ensuring that the Credit Union remains a safe and sound institution that is ready to meet your financial needs in the future, as it has done for the last 65 years. We also thank you, the Members, for your continued support and loyalty. It's an honor to serve you.

Supervisory Committee
Floyd McCain, Chairman
Ed Marquez
Bernadette Murray
Shelley Sammut



TREASURER'S REPORT

Comparable to previous years, the financial performance of the credit union was strong in 2018. Asset growth slowed compared to the previous few years but still ended positive; total assets grew by \$5.6 million or 2% year-over-year. The loan portfolio increased a staggering \$26.8 million or 14.25% for the year; auto lending drove most of the growth with a net increase of \$23.7 million. The growth in loans and rates fueled the 11.7% increase in loan interest revenue for 2018. Total revenue increased by 9.4% year-over year or \$1.2 million.

Similar to asset growth, deposit balances increased at a slower pace than previous years; total deposits grew by \$2.2 million or 0.90% for the year. Net growth primarily occurred in savings and checking accounts with notable declines in Money Market accounts and certificates. Money Market accounts had a net decline of \$4.2 million and certificates of \$1.6 million. The limited increase in deposits resulted in a lower dividend expense for the year, with a slight increase in overall cost of funds due to

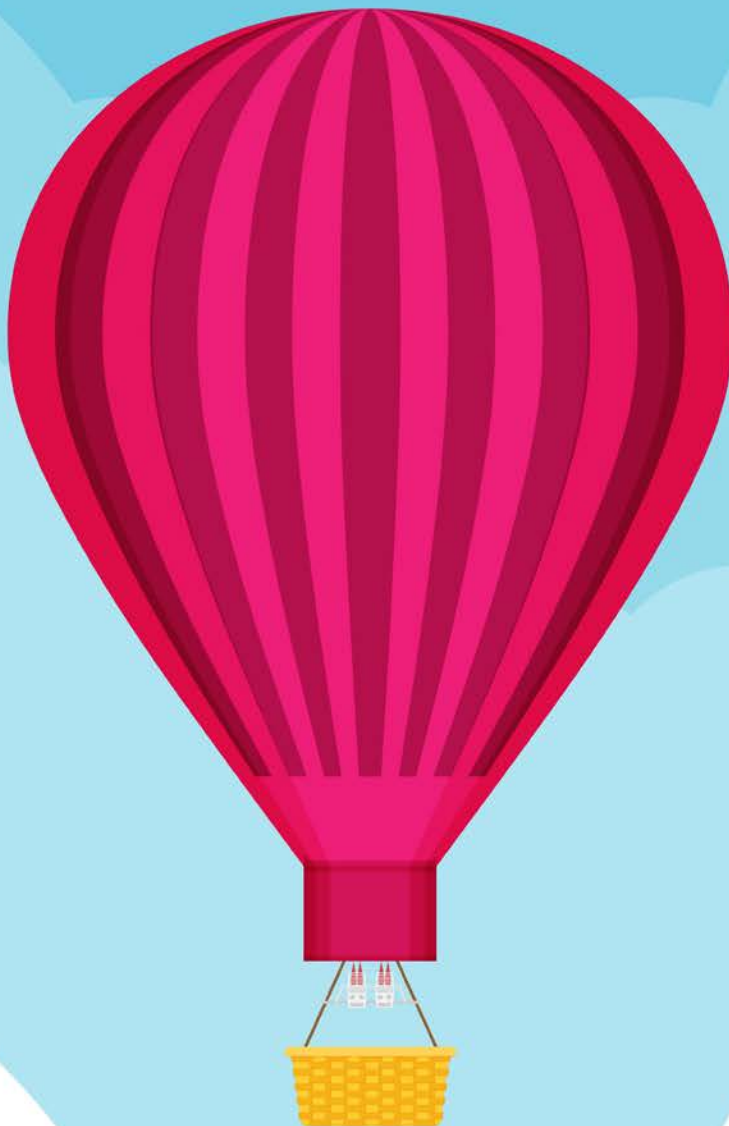
sporadic borrowings throughout the period.

Total operating expenses grew slightly by 6.2% compared to the previous year and in December an addition to the loan loss reserve was made for \$187,006. This was the first funding to the allowance account since March 2017 and was a result from the changes to the Allowance for Loan Loss Policy approved in December.

The primary key ratios that are monitored for financial performance all exceeded the annual expectation. Return on assets (ROA) was 1.48% with a goal of 0.93%, net operating expense ended at 2.59% with a goal of 3.06%, net charge-offs were 0.14% with a goal of 0.25%, the loan to share ratio ended at 85.08% with a goal of 82.30%, and net capital ended very strong at 12.10% with a goal of 10.90%.

Captane P. Thomson
Treasurer

LOAN INCREASE
\$26.8million



NET INCOME
\$4.2million



NET CAPITAL

12.1%



SHARE INCREASE

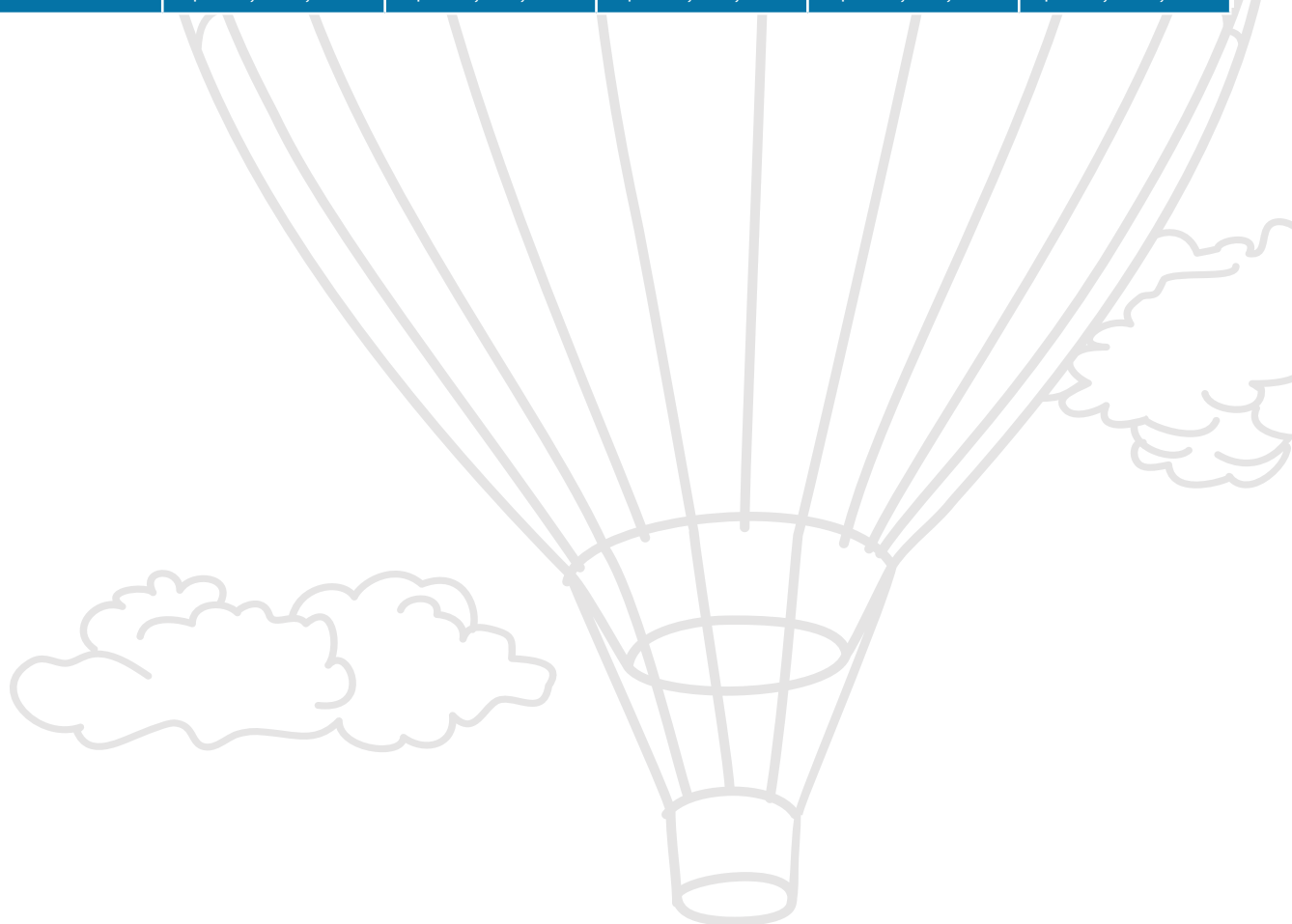
\$2.2million



ANNUAL REPORT
FINANCIALS

ASSETS

	2014	2015	2016	2017	2018
Cash	8,150,274	6,352,599	7,819,006	7,835,277	8,033,521
Deposits in Banks/S&L's	45,872,000	48,856,000	43,394,078	49,596,841	26,289,675
Deposits in other CU's	1,488,000	3,224,000	3,224,000	3,968,000	2,976,000
NCUSIF Capitalization	1,877,496	1,997,694	2,155,471	2,336,466	2,427,574
Other Investments	23,769,820	25,929,567	17,056,657	16,489,211	18,299,994
Consumer Loans	22,069,047	26,288,059	34,924,672	51,364,066	74,849,171
VISA Loans	7,693,635	8,040,681	8,329,395	9,439,814	10,693,567
Real Estate Loans	92,778,005	98,527,483	114,751,652	111,445,118	110,940,586
Other Loans	16,735,278	16,785,853	16,793,501	16,279,491	18,919,291
Total Loans	139,275,965	149,642,076	174,799,220	188,528,489	215,402,615
Less Allowance for Loan Losses	(1,796,559)	(1,444,838)	(1,441,572)	(1,324,690)	(1,232,057)
Land and Buildings	4,277,609	4,883,321	7,039,370	7,086,299	7,724,545
Other Fixed Assets	926,048	952,755	1,123,205	950,134	1,065,302
All Other Assets	1,555,809	1,624,553	8,984,636	8,692,170	8,859,586
Total Assets	\$225,396,462	\$242,017,727	\$264,154,071	\$284,158,197	\$289,846,755



LIABILITIES & CAPITAL

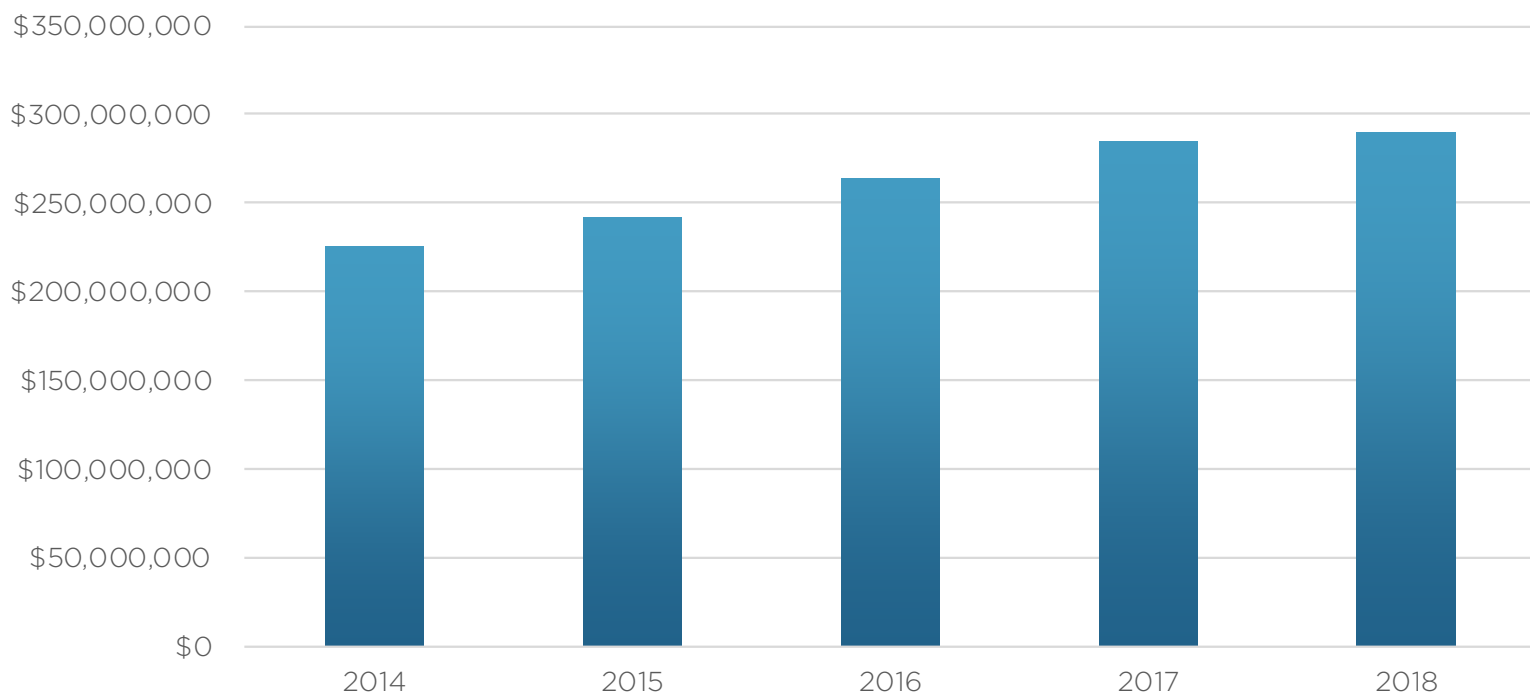
	2014	2015	2016	2017	2018
Regular Shares	73,378,518	83,127,890	98,115,160	109,139,811	112,622,169
Checking/Money Market	88,727,793	94,186,813	100,711,646	110,231,550	110,448,107
IRA Accumulation	4,193,338	4,938,287	4,539,252	4,465,392	4,662,810
IRA Certificates	4,709,223	4,477,902	4,356,502	3,847,363	3,295,696
Share Certificates	30,529,974	29,406,622	27,405,433	23,228,345	22,136,979
Total Shares	201,538,846	215,597,514	235,127,993	250,912,461	253,165,761
Notes & Interest Payable	-	-	-	-	-
Accounts Payable	1,388,859	1,391,210	1,784,377	2,444,889	1,766,387
Total Liabilities	1,388,859	1,391,210	1,784,377	2,444,889	1,766,387
Unrealized Gains/Loss AFS	-	(42,002)	-	(11,516)	(142,768)
Regular Reserves	2,408,591	2,408,591	2,408,591	2,408,591	2,408,591
Undivided Earnings	20,060,166	22,662,414	24,833,110	28,403,772	32,648,784
Total Liabilities & Capital	\$225,396,462	\$242,017,727	\$264,154,071	\$284,158,197	\$289,846,755

INCOME & EXPENSE

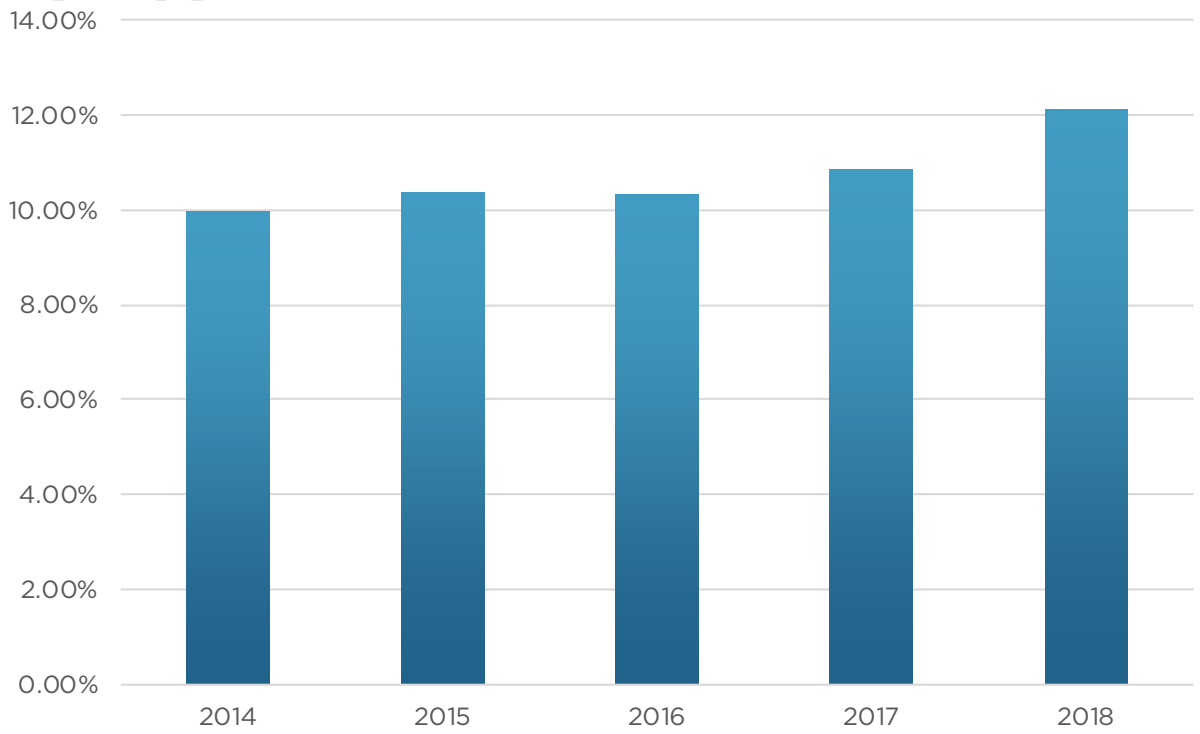
	2014	2015	2016	2017	2018
Loan Income	6,287,891	6,469,650	7,259,912	7,904,439	8,830,850
Investment Income	489,342	729,166	751,652	937,278	1,235,528
Other Income	3,308,332	3,532,319	3,532,291	3,849,870	3,827,593
Total Income	10,085,565	10,731,135	11,543,855	12,691,587	13,893,971
Salaries & Benefits	3,501,201	3,596,120	3,972,580	4,188,626	4,462,521
Other Operating Expenses	4,281,947	4,338,836	4,822,527	4,692,969	4,970,442
Non-Operating (Income) exp	(108,365)	(159,706)	(55,082)	(135,568)	(240,269)
Provision for Loan Losses	23,431	15,373	329,716	114,227	187,006
Cost of Funds	431,518	338,264	301,647	260,672	269,258
Net Transfer to Reserves	-	-	-	-	-
Net Income after Reserves	\$1,955,833	\$2,602,249	\$2,172,467	\$3,570,661	\$4,245,013

FINANCIAL TRENDS

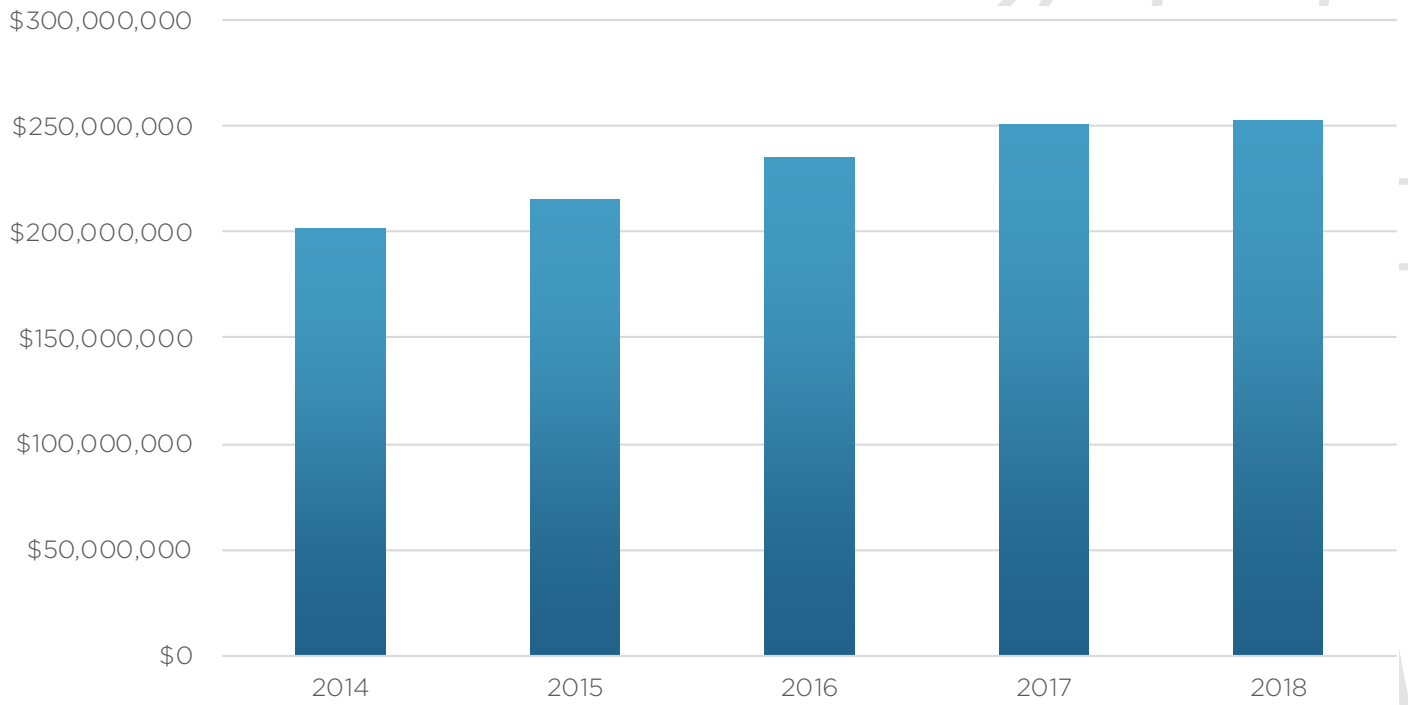
TOTAL ASSETS



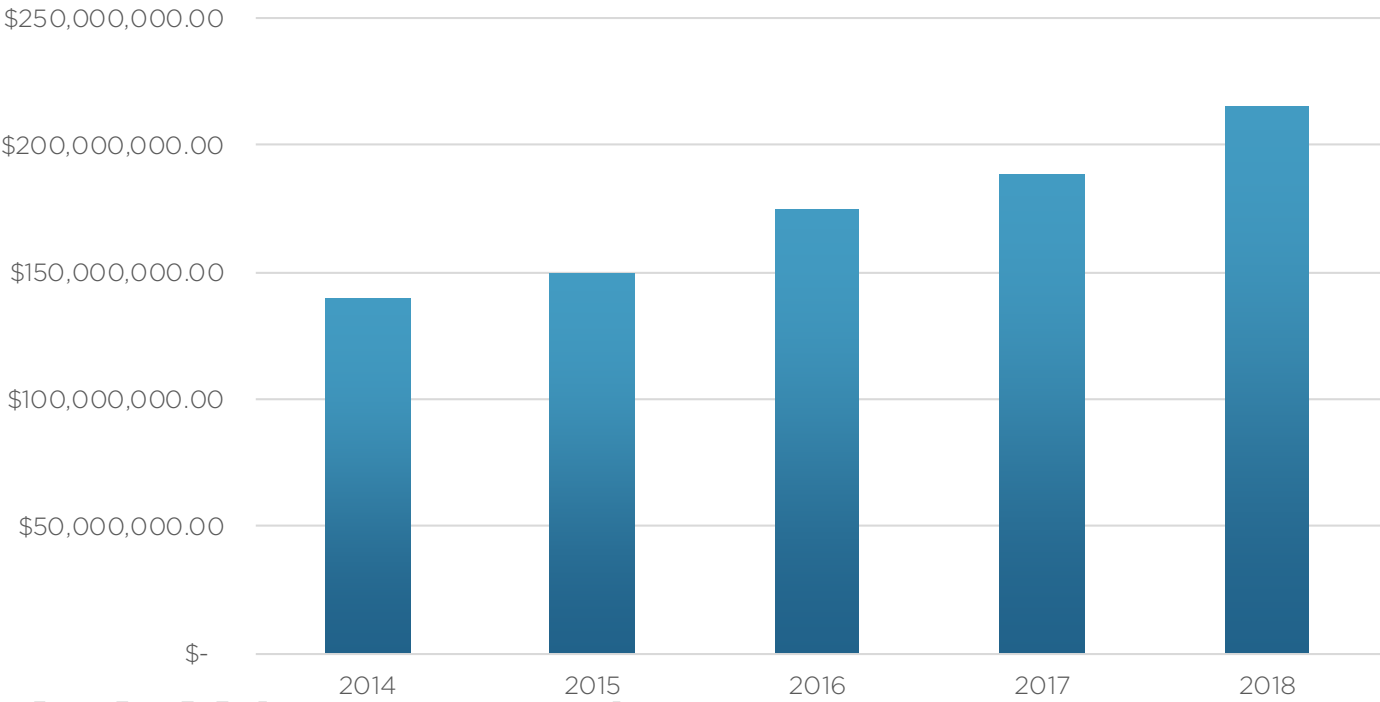
NET CAPITAL TO ASSETS



TOTAL DEPOSITS



TOTAL LOANS





We help Yolo County
achieve financial success.

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465 Pioneer Avenue

Davis
501 G Street

West Sacramento
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Ste. 100

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168 East Grant Avenue

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