



CONNECTED FOR A BRIGHTER TOMORROW

2021 Annual Report



SCHOOLSFIRST 

FEDERAL CREDIT UNION



**A MESSAGE FROM YOUR
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER**



GREG MARCHANT
CHAIRMAN OF THE BOARD

BILL CHENEY
CHIEF EXECUTIVE OFFICER



ACHIEVING A BRIGHTER TOMORROW TOGETHER

In 2021, Americans faced a host of obstacles, including the pandemic, social unrest and an uncertain economy. Yet as a Credit Union family, we were there for one another. Your loyalty helped us remain financially strong. Thanks to you, we are able to provide competitive products, trusted advice and the World-Class Personal Service you expect and deserve.



DEDICATED TO MEETING YOUR CHANGING NEEDS

Our unwavering commitment to serve Members through both the best and toughest of times is captured in our mission and values, and is demonstrated by the way our teammembers serve with their hearts and minds each day.

We always listen to your feedback and provide solutions to make managing your money simple and convenient. In 2021, we accommodated your payment needs by increasing the daily debit and ATM card withdrawal limits. We also made it possible to make loan and credit card payments from external accounts. We enhanced our Member Contact Center experience by providing you with new self-service and authentication options. Additionally, we opened three new branches in two counties.

WE REMAIN FINANCIALLY STRONG BECAUSE OF YOU

Our Credit Union continues to thrive, reaching nearly \$27 billion in assets with a healthy capital ratio of 9.61%. This means we have the reserves to serve your financial needs today and in the future.

As a Member-owned, not-for-profit financial cooperative, we use our profits to provide lower rates on loans and higher rates on savings products. This past year, SchoolsFirst FCU provided more than an estimated \$280 million in direct financial benefits to Members, resulting in a savings of \$502 for each Member household and \$2,277 for Member households actively using more products and services.^{1, 2, 3}

This past year, we grew to serve more than 1.2 million Members, welcoming nearly 89,000 new Members.

TOGETHER, WE MAKE OUR COMMUNITIES STRONGER

SchoolsFirst FCU supports the educational community and Members like you while uplifting the communities we serve. In 2021, our Members and team volunteered their time and donated resources to support educational and credit union movement charities. Collectively, we donated more than \$2.6 million to schools, colleges, Children's Miracle Network



Helping our Members on the path to financial security and well-being is at the heart of what we do.

Afif A., a Member since 2017, values being financially responsible and planning for his future. When he began working at a school district, he was eager to join SchoolsFirst FCU. After establishing his Membership, he visited a branch to transfer his retirement account.

"I have peace of mind knowing that I receive quality advice whenever I speak to a SchoolsFirst FCU teammember. They really look out for me and help me remain financially secure, especially as I think about my future and caring for my younger brother."

Hospitals and CUAid, as well as \$103,322 in grants to teachers for classroom assistance and projects, and more than \$294,000 in scholarships for aspiring students.

ADVANCING DIVERSITY, EQUITY AND INCLUSION TO SUPPORT ALL MEMBERS

We are committed to building a financial cooperative where all Members feel included and supported. In concert with the larger credit union community, we will continue to support research, development and educational opportunities focused on diversity, equity and inclusion. And we'll continue to have ongoing conversations about how we can improve. These efforts allow us to become stronger and more innovative, to serve you with the care and empathy you deserve.

LOOKING AHEAD TOGETHER

Your Membership continues to strengthen our Credit Union. We are committed to delivering World-Class Personal Service and expert trusted advice to help you and your family work toward lasting financial well-being. Thank you for letting us serve you and your loved ones. Our dedicated teammembers work every day to earn your trust, because serving Members is our purpose, our passion and our privilege.

Together, we will continue on the path of strength, building a brighter future for all our Members and the communities we serve.

With Deep Gratitude,

Greg Marchant

Chairman of the Board

Bill Cheney

Chief Executive Officer

1. 2021 Credit Union National Association (CUNA) Membership Benefits Report for SchoolsFirst FCU. Source: Datatrac, NCUA and CUNA. 2. Estimates based on an average of 2.1 credit union Members per household. 3. A "Member household that participated in more products and services" is assumed to have a \$30,000, 60-month new auto loan, a classic credit card with an average balance of \$5,000, a \$200,000, 30-year fixed-rate mortgage (a 30-year fixed-rate mortgage is replaced with a 5-year adjustable rate mortgage if it yields a greater benefit as it is assumed more in demand), \$5,000 in an interest-bearing checking account, \$10,000 in a one-year certificate account and \$2,500 in a money market account.





OUR PRODUCTS AND SERVICES

SERVING SCHOOL EMPLOYEES AND THEIR FAMILIES



In 2021, we grew to serve over
1,200,238 MEMBERS

We welcomed



88,547

new Members



18,196

school employees

NEW WAYS TO ACCESS AND MANAGE MONEY



Increased daily debit and
ATM card withdrawal limits

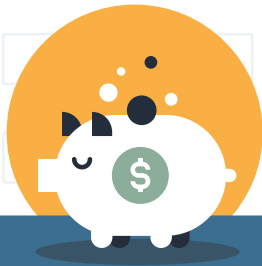


Easier to make loan and
credit card payments from other
financial institutions



New options to self-serve when
calling our Member Contact Center

SUPPORTING SCHOOL EMPLOYEES WITH UNIQUE PRODUCTS TO MEET THEIR NEEDS



221,246

school employee Members participated in **Summer Saver** and **6,276** participated in **Paycheck Planner** to cover the summer months when they don't receive a paycheck.



8,722

Members participated in the **Summers Off** program to ease the stress of making payments in the summer months.¹

14,460

classified school employee Members received **Uniform Loans** to help purchase uniforms, equipment and other special gear to successfully do their jobs.



8,567

Members received **Classroom Supply Loans** to help provide students with educational material they wouldn't otherwise have.



5,769

School Employee Mortgages, featuring a low down payment and no private mortgage insurance, were opened to make homeownership a reality for Members.



15,278

competitive-rate **School Employee credit cards** were opened.

MORE BRANCHES

We're where you are

We ended 2021 with

**69
Branches**

to serve Members
throughout California.



**3 new
Branches**

were added in Los Angeles
and Orange counties.

ACCESS ANYTIME, ANYWHERE



Members can access more than

28,000

fee-free ATMs in
the Co-op Network.



54.1%

of Members use
Mobile Banking.



40.9%

of Members use
Online Banking.

HELPING MORE MEMBERS THAN EVER WITH LOANS TO FIT THEIR PERSONAL NEEDS



67,188

Members opened personal loans.²



76,399

Members opened vehicle loans.²



9,373

Members opened mortgage loans.²



3,283

Members opened home equity lines of credit.²

SAVING MEMBERS MONEY AND MAKING LIFE EASIER



2,281

autos were purchased through our auto-buying services, saving Members time and money.



18,616

Members used our insurance services to save money on auto, home and other personal property policies.³



501

Members participated in the Home360SM program, **saving them** a combined **\$1,398,855** on their home purchases.⁴

WHEN FACED WITH HARDSHIPS, WE WERE THERE TO HELP



265

Members received financial assistance with real estate loan forbearances on balances totaling **\$73,406,666**.



9,391

Members received loan payment extensions and participated in the Skip-a-Payment program, skipping or extending **17,449** payments on **\$227,911,709** in loan balances.



14,574

Members impacted by a natural disaster were contacted by the Credit Union and offered financial assistance in their time of need.

EMPOWERING MEMBERS TO SAVE FOR THE FUTURE



88,980

Members with certificates received a combined **\$45,392,284** in earned dividends.



37,273

Members with a College Saver Certificate received a combined **\$1,203,104** in earned dividends to save for future education expenses.

GUIDING MEMBERS WITH TRUSTED FINANCIAL ADVICE WHEN THEY NEED IT



Members scheduled

5,739

appointments with our Financial Advisors to talk about their financial journey.⁵



SchoolsFirst FCU managed

\$4 Billion

in total investment assets.



Investment assets grew by 14.3% in 2021, adding

\$493 Million

in new assets.



791

workshops were hosted to guide Members on homebuying, retirement and trust accounts.



24,527

Members were assisted by our Investment Services team.

MEMBERS THROUGHOUT THE STATE GENEROUSLY RECOGNIZED THE CREDIT UNION

VOTED BEST CREDIT UNION IN ORANGE COUNTY

Orange County Register's 2021 Best of
Orange County Annual People's Choice



VOTED BEST CREDIT UNION IN EL DORADO COUNTY FOOTHILLS

Style Magazine's Readers' Choice Awards,
Best Credit Union



VOTED TOP THREE CREDIT UNIONS IN FOLSOM AND EL DORADO HILLS

Style Magazine's Readers' Choice Award
All-Stars, Best Credit Union



1. Restrictions apply. Finance charges begin to accrue immediately upon the first skipped payment and are repaid over the life of the loan. As a result, Members may pay higher total finance charges on the loan than if payments began earlier. 2. All loans subject to approval. 3. CA Insurance License 0119344. 4. Rebate payment is made by First Team Real Estate or HomeSmart Evergreen Realty. Rebate is credited to your benefit at the close of transaction and will be lowered by any reductions to the commissions paid to the participating agent in a concurrent purchase and sale of a home. Commission will vary. To be eligible for the 20% rebate, Member must complete the transaction with the agent assigned by SchoolsFirst FCU Home360SM. Using SchoolsFirst FCU for a mortgage loan is not a requirement to earn the rebate. Purchase price must be greater than \$150,000 after all credit adjustments. All rebates are subject to limitations, lender guidelines and other requirements. Certain properties may not be eligible for rebates. Rebate is 20% for purchase only of a residential property in California. Please consult a qualified tax professional for advice on tax implications from receiving a rebate. First Team Real Estate and HomeSmart Evergreen Realty are not affiliated with SchoolsFirst FCU. 5. Securities sold, advisory services are offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with SchoolsFirst FCU to make securities available to Members. Not NCUA/NCUSIF/FDIC insured, may lose value, no financial institution guarantee. Not a deposit of any financial institution. CUNA Brokerage Services, Inc. is a registered broker/dealer in all fifty states of the United States of America. Trust services provided by Members Trust Company, a federal thrift regulated by the Office of the Comptroller. Trust and Investment products are not federally insured, are not obligations of or guaranteed by the credit union or any affiliated entity, involve investment risks, including the possible loss of principal.



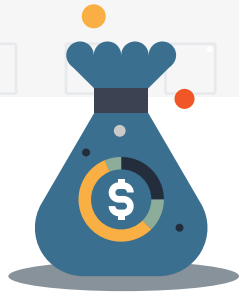


COMMUNITY



SOCIAL RESPONSIBILITY IS ONE OF THE FOUNDING PRINCIPLES OF THE CREDIT UNION MOVEMENT

GIVING BACK TO THE COMMUNITIES WHERE OUR MEMBERS LIVE AND WORK



With the support of our Members and team, we gave

\$2,659,845

in financial donations.



Our team donated

600 backpacks

with school supplies to students in need.



**Children's
Miracle Network
Hospitals®**

\$263,537

CMN is a charity credit unions support across the United States. In 2021, our **Members and teammates raised \$263,537** to support Children's Hospital of Orange County, Children's Hospital of Los Angeles, Rady Children's Hospital San Diego and UC Davis Hospital in Sacramento.

PROVIDING SUPPORT FOR FUTURE GENERATIONS



Our teammembers
volunteered to help

2,719
students at
64 Bite of Reality events.



Bite of Reality is a hands-on, money-management simulation
designed to educate students about making smart money decisions.



Last year, **216 students** received
a total of more than

**\$294,000 in
scholarships**
to continue their education.



We empowered more than

22,186
students who participated in financial
education workshops and presentations
in **715 classrooms.**

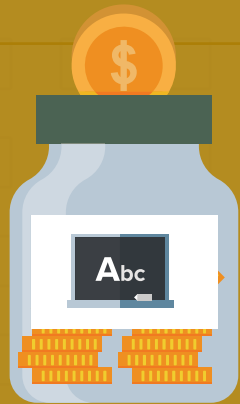


95

workshops were hosted for school employees,
students and their parents to provide financial
education in a fun and interactive way.



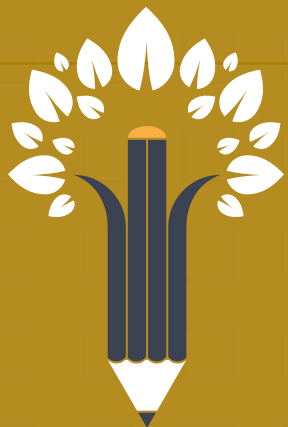
The Education Foundation for California Schools was created in 2003. The foundation provides K-14 teachers throughout California with grants to help support the launch of education programs for their students.



With our Members' generous support, the Education Foundation for California Schools awarded

50 Grants

to local teachers, **totaling \$103,322.**



Approximately

6,000

students benefited from teacher grants.



From 2003–2021

590

teachers have received grants, **totaling \$1,485,947.**



OUR MEMBER'S STORY

AFIF A.

Member Since 2017

Growing up, Afif had many friends who were Members of SchoolsFirst Federal Credit Union, and they told him he should become a Member.

The only problem for Afif was he didn't have a school employee in his family. After starting his IT career in the corporate sector, Afif decided he wanted to pursue a more fulfilling job in the education system. Upon making the switch, Afif immediately established his SchoolsFirst FCU Membership.

Afif is the eldest of three and holds a lot of responsibility for his siblings; he is the guardian of his younger brother. Afif values being financially responsible and planning for the future. One of the first things he did after establishing his Membership was visit a branch to transfer his 401(k) to a 403(b). The teammembers at SchoolsFirst FCU give Afif peace of mind because he knows he will always get the best advice to remain financially secure and provide for his brother and himself.

The most rewarding aspect of Afif's work is being able to see students, teachers and staff use the technology he configures. A lot of his work happens behind the scenes but is necessary so the technology can be used to its fullest potential. "I do a lot of research so I can provide the best level of IT service for the students, teachers and staff."

As a school employee, Afif enjoys his Summer Saver. "Working at a school district, having a Summer Saver is a no-brainer. I accumulate some interest and it's better than a regular savings account." Afif enjoys using the money he saves on special outings with his family.

Afif counts his blessings each day that he is able to make a good living to provide for himself and his siblings. He credits SchoolsFirst FCU for being there for him, and providing that sense of financial security.

*Financial Advisors are registered representatives of CUNA Brokerage Services, Inc. Representatives are registered, securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, which is not an affiliate of the credit union. CBSI is under contract with SchoolsFirst FCU to make securities available to Members. CUNA Brokerage Services, Inc. is a registered broker/dealer in all fifty states of the United States of America.

Insured by NCUA.





FINANCIALS

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2021, and 2020 (in thousands of dollars)

ASSETS	2021	2020
Cash and cash equivalents	\$ 3,223,027	\$ 4,086,284
Investments available-for-sale, at fair value	1,421,907	713,334
Investments held-to-maturity, at amortized cost	8,161,805	5,911,120
Other investments, at fair value	71,861	72,373
Loans held for sale, at fair value	151	76,313
Loans, net	12,795,587	11,459,864
Accrued interest receivable	48,584	48,886
Receivable from other financial institutions	555,369	742,672
National Credit Union Share Insurance Fund (NCUSIF) deposit	212,001	174,437
Property and equipment, net	293,863	271,562
Goodwill and intangible assets, net	69,152	78,873
Other assets	117,488	107,416
TOTAL ASSETS	\$26,970,795	\$23,743,134
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 23,833,839	\$20,765,660
Accrued expenses and other liabilities	258,056	251,888
Borrowed funds	287,500	325,000
	24,379,395	21,342,548
Members' equity		
Retained earnings	2,608,860	2,428,371
Accumulated other comprehensive loss	(17,460)	(27,785)
	2,591,400	2,400,586
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 26,970,795	\$23,743,134
Capital ratio	9.61%	10.11%

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, 2021, and 2020 (in thousands of dollars)

INTEREST INCOME	2021	2020
Loans	\$490,613	\$535,052
Investments and cash deposits at financial institutions	120,960	117,791
TOTAL INTEREST INCOME	611,573	652,843

INTEREST EXPENSE

Members' shares	111,123	159,718
Borrowed funds	7,500	8,246
TOTAL INTEREST EXPENSE	118,623	167,964

Net interest income	492,950	484,879
Provision for loan losses	6,300	56,800
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	486,650	428,079

NONINTEREST INCOME

Member fees	34,855	32,834
Card interchange and ATM fees	75,670	63,478
Gain on sale of investments and loans, net	10,678	47,946
Other noninterest income	39,062	35,656
TOTAL NONINTEREST INCOME	160,265	179,914

NONINTEREST EXPENSE

Salaries and benefits	272,511	255,250
Operations and other administrative expenses	160,736	169,005
Occupancy	33,900	27,781
TOTAL NONINTEREST EXPENSE	467,147	452,036

NET INCOME	179,768	155,957
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Other comprehensive income (loss)	10,325	(23,795)
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TOTAL COMPREHENSIVE INCOME	\$190,093	\$132,162
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**SUPERVISORY COMMITTEE AND
BOARD OF DIRECTORS**

2021 SUPERVISORY COMMITTEE

Supervisory Committee Report

The Supervisory Committee provides the Membership with an independent appraisal of the safety and soundness of SchoolsFirst Federal Credit Union's operations and activities. It does so in compliance with various financial and regulatory requirements.

In fulfilling these responsibilities, the Committee engaged Moss Adams LLP to perform the annual financial statement audit for the year ended December 31, 2021. Moss Adams issued its opinion that the Credit Union's financial statements are presented fairly in all material respects. SchoolsFirst Federal Credit Union was found to have no weaknesses or deficiencies in its controls over financial reporting. In addition, the Committee held quarterly meetings to review, among other things, internal audit reports, internal controls and risk-management processes, and examinations by regulatory agencies.

In the opinion of the Committee, SchoolsFirst Federal Credit Union has operated in a financially sound manner and in accordance with applicable federal and state regulations. The Credit Union continues to be financially strong and well-managed, and the assets of the Membership are being effectively safeguarded.

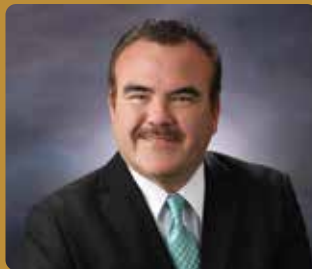
Paul Reed

Chairman, Supervisory Committee



Paul Reed

Chairman, Supervisory Committee



Ted Alejandre



Paul Burkart



Karen Cant



Claudette Dain



Kathleen McCreery*



Jeff Trader*

*Associate Committee Member

2021 BOARD OF DIRECTORS

Your volunteer Board of Directors' commitment, advice and leadership help make our Members' lives better.



Nina Boyd



Richard G. De Nava



John Didion



Marc Ecker, Ph.D.



Marcy Gowdy



Renee Hendrick



Eric Padget



Tami Pearson, Ed.D.*



Andy Plumley



Douglas Sato



Matthew Schulenberg



Marie B. Smith, Ed.D.



Kristine Wetzel

* Associate Director