



2004 Annual Report

SF Police Credit Union



Serving Our Community Heroes

●● Chairman & Board of Directors Report

Welcome to the 51st Annual Meeting of the SF Police Credit Union. I'm proud to report to you, as the Chairperson of your Board of Directors, that your Credit Union is a vital, successful financial institution and has earned a Bauer Financial Five-Star rating. This award identifies our Credit Union as a safe, financially sound credit union that is operating well above regulatory capital requirements.

As 2004 draws to a close, our Credit Union membership has increased to over 20,000 and we are providing financial services to our members from two convenient locations with a third scheduled to open very soon. Our San Mateo branch is operating smoothly and the new branch located in the San Francisco Police Officers Association building will open in early 2005. In little over 10 years, we have increased our membership by almost 50% and more than doubled our assets, which currently exceed \$451,000,000. We've accomplished this robust growth in spite of economic trends and while maintaining our commitment to the highest service standards for our members.

As with any successful organization, our people members, employees, and volunteers are our greatest asset. The credit for our success belongs to every one of these individuals who through hard work, dedication, and loyalty have made their own distinct contributions. For me, former Board of Directors member Tom Dempsey summarized the Credit Unions family-oriented philosophy when he told me his key to ensuring his decisions were in the members best interests: Treat the Credit Union assets as if they are your own and when deciding to lend or invest, "Ask yourself, what would I do if this was my personal money?" The strength of our Credit Union is a testament to the power of individuals united in a common goal.

It has been my honor and privilege to serve as the Chairperson of the SF Police Credit Unions Board of Directors for 2004. Your Board of Directors is committed to perpetuating the philosophy of steady, safe growth that has built your Credit Union into a well respected, dependable, and robust financial institution.

Michael D. Sullivan
Chairman of the Board of Directors

●● President's Message



As we reflect on the successful year, I'd like to acknowledge all the dedicated staff, Board of Directors, volunteers, and members who contribute to the strength and success of SF Police Credit Union (SFPCU). Our Credit Union continues to make positive growth a priority, which is reflected in assets that have reached over \$450 million and a loan portfolio that is climbing at \$150 million strong.

We've watched the financial landscape around us change as many credit unions switch to a broader based membership, while SFPCU has remained true to its commitment to serving members like you, the dedicated first-response employees and families who serve and protect our community. It is with confidence and renewed appreciation for the power of our financial cooperative that I look forward to the successes on our horizon.

Growing Membership

SFPCU is proud to serve select employees and families of the greater Bay Area, including law enforcement, fire protection, and emergency medical teams. This past year, impressive membership numbers at SFPCU grew nearly 6%. Because members always reap the rewards as membership grows, we are happy to welcome additional common-bond employee groups, such as local Sheriffs' Associations and Neighborhood Emergency Response Teams from Bay Area counties. More numbers mean more potential for profits, which are always passed on through low-cost services and superior rates.

Growing Locations

Growth and service are ongoing commitments for us here at SFPCU, and currently the Credit Union is hard at work constructing a third branch to serve members. Everyone is excited about the new full-service branch in downtown San Francisco, which will include a staff of financial experts to serve the unique needs of our membership. As the new branch develops, we look forward to informing you about the amenities, progress, and grand opening.

Growing Technology

In every department, we continuously implement new technologies to help make member services easier and more efficient. Enhancements to the Credit Union web site include Instant Loan Online, which provides safe and convenient loan applications via the Internet. With some of the most competitive fixed-rates, our loan products continue to be very popular and now when members need a car, mortgage, or credit card they can get it here. Because our members can not always take care of finances during normal business hours, we offer 24-hour solutions. Advanced tools like free Internet Banking and Bill Pay, automated service by phone, and a nationwide network of co-op ATMs, help meet the needs of our busy members. Far into a prosperous future you can count on us to help you accomplish goals and reach dreams. At SFPCU we're more than a credit union, we're your partner.

A handwritten signature in blue ink, which appears to read "M. Sordelli". The signature is written in a cursive, flowing style.

Michael R. Sordelli
President/CEO

●● Financial Statement

SF Police Credit Union financial and statistic report for period ending December 31, 2004 after closing*

ASSETS

Total Loans	\$150,169,334
Less allowance for potential loss	-692,754
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NET	\$149,476,580
Total Cash	31,049,793
Total Investment	257,188,852
Total Prepaid & Deferred Expenses	243,487
Land & Buildings Less Depreciation	7,297,052
Furniture, Fixtures & Equipment Less Depreciation	981,910
Total Other Assets	5,386,300
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TOTAL ASSETS	\$451,623,974

LIABILITIES

Accounts Payable	\$493,843
Taxes Payable	34,192
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TOTAL LIABILITIES	528,035

EQUITY

TOTAL SHARES	383,689,052
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RESERVE & EARNINGS

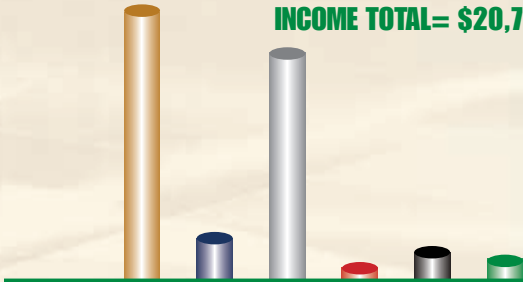
Reg. Reserve Guarantee Fund	9,415,564
Retained Earnings	57,991,323
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TOTAL RESERVE & EARNINGS	\$67,406,887

TOTAL LIABILITIES & EQUITY	\$451,623,974
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*Unaudited

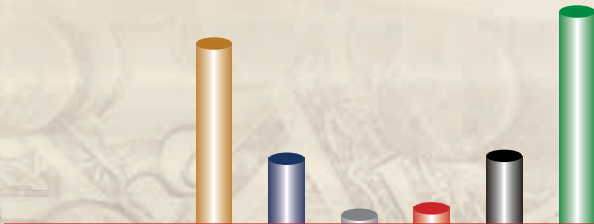
●● Summary of Income

INCOME TOTAL= \$20,700,642



- LOANS \$8,770,150
- CORPORATE CREDIT UNION \$2,842,908
- FEDERAL AGENCY SECURITIES \$7,704,399
- FEES & CHARGES \$305,079
- MISCELLANEOUS INCOME \$739,702
- OTHER INVESTMENTS \$338,404

EXPENSES TOTAL= \$14,674,284



- EMPLOYEE COMPENSATION & BENEFITS \$4,695,474
- OFFICE OCCUPANCY & OPERATIONS \$2,773,862
- PROVISIONS FOR LOAN LOSSES \$115,000
- MEMBERS INSURANCE \$155,121
- OTHER OPERATING EXPENSES \$1,028,952
- DIVIDENDS \$5,905,875

LOANS TOTAL= \$150,169,334



- REAL ESTATE \$111,606,983
- CO-MAKER \$8,208
- SHARE SECURED \$1,650,720
- SIGNATURE \$4,699,667
- AUTO \$19,748,424
- OTHER LOANS \$3,181,570
- VISA LOANS \$9,273,762

●● Supervisory Committee Report

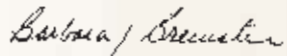
With the conclusion of 2004, your Supervisory Committee is happy to report another successful year. In spite of the struggling economy, the SF Police Credit Union has continued to take steps forward. The committee, I, Barbara Brewster, John Kristovich and John Mindermann will continue to oversee that board actions, audits and operational functions comply with the rules and regulations of the SFPCU, State, and Federal guidelines. We will continue to strive to make our Credit Union more efficient. In addition, we are pleased to report your credit union has surpassed the \$450 million mark in assets.

Your credit union operates in a proficient business manner. It will continue to seek new ways to provide you, the member, with superior services in the upcoming year.

As required by the California Financial Code, we are submitting the following:

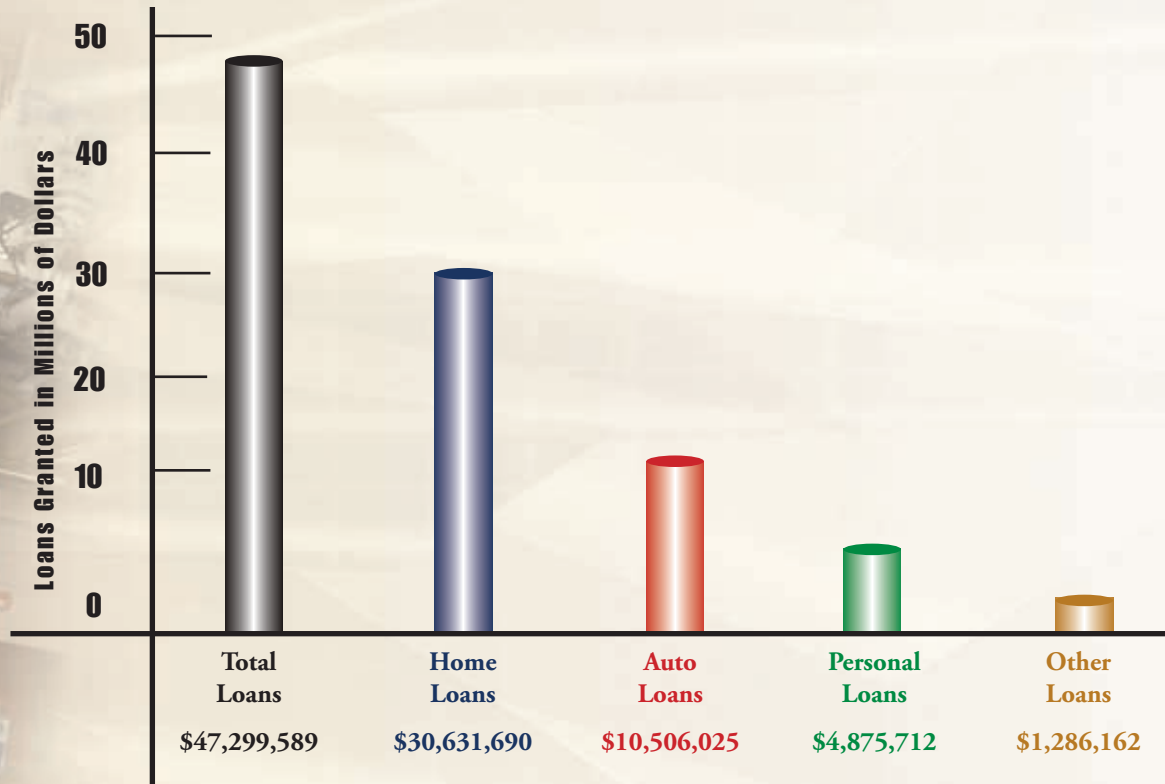
Total Shares	December 2004	\$383,689,052
Total Loans:	December 2004	\$150,169,334
Dividends Paid:	December 2004	\$5,905,875
Total Assets:	December 2004	\$451,623,974
Total Members:	December 2004	20,974

The Supervisory Committee would like to extend their thanks to the management, staff, employees, Board of Directors and volunteers for another profitable year.



Barbara Brewster
Chairwoman

●● New Loans Granted



2004

●● Independent Auditors Report

We have audited the accompanying balance sheets of the SF Police Credit Union as of December 31, 2003 & 2002 and the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the credit union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

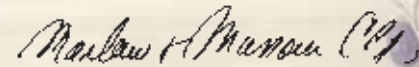
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Industry Audit Guide for Audits of Credit Unions issued by the American Institute of Certified Public Accountants indicates that members' accounts are liabilities. As further described in Note 1, SF Police Credit Union considers Union Rules and Regulations and has so presented the information. The presentation followed by SF Police Credit Union has no effect on the total amount or classification of assets or on the determination of income, expenses or net income. If the shares were reported as liabilities, equity would decrease by \$379,356,751 and \$356,491,952 as of December 31, 2003 & 2002. In our opinion, except for the effect of member's accounts classification, the financial statements

referred to above, present fairly in all material aspects, the financial position of the SF Police Credit Union as of December 31, 2003 & 2002 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

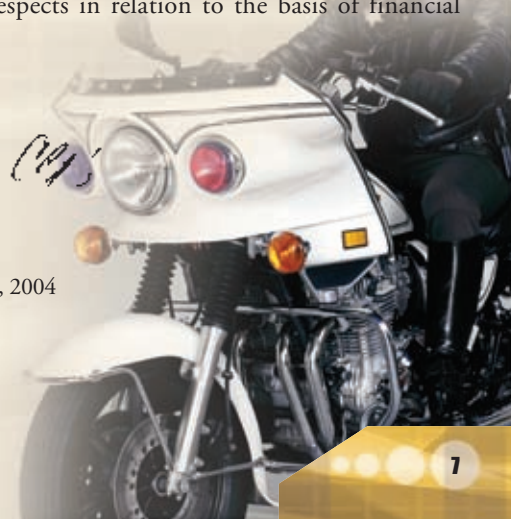
Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 20 through 25 is supplementary information required by the State of California, Department of Financial Institutions.

Such information has been subject to auditing procedures applied in the audit of basic financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the basis of financial statements taken as a whole.



Marlow & Massoni (2004)

MARLOW & MASSONI,
Certified Public Accountants,
San Francisco, California, March 2, 2004

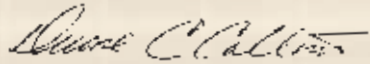


●● Nominating Committee Report

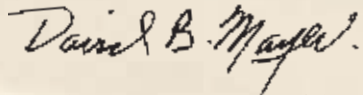
As the Chairman of the 2005 Nomination Committee I am happy to report that under bylaws Article VIII, Section 7, the number of candidates for the Board of Directors and the Supervisory Committee is equal to the number of vacancies. This year at the 2005 Annual Meeting of the SF Police Credit Union there will be no election. Candidates Jim Curran and Mike Sullivan will retain their seats on the SF Police Credit Unions Board of Directors and John Mindermann will retain his seat on the Supervisory Committee.

Respectfully submitted,

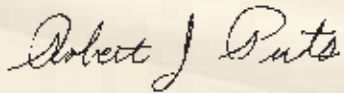
SF Police Credit Union 2005 Nominating Committee



Duane C. Collins, Chairman



David B. Mayer, Secretary of the Board of Directors



Robert Puts, Member Board of Directors



●● Contact Information

SFPCU Office Locations

San Francisco:
2550 Irving Street
San Francisco, CA 94122-0219
(415) 564-3800 or (800) 222-1391
Fax: (415) 566-9251

San Mateo:
1495 S. El Camino Real
San Mateo, CA 94402
(650) 627-2100

MemberLink 24-Hour Transactions:
(800) 871-3419 or (415) 242-2142

Web site: www.sfpcu.org

Email: Members_Info@sfpcu.org

Lost or stolen cards:

Visa M-F 7 a.m. - 6 p.m. – (800) 991-4964
After Hours/Weekends – (800) 754-4128

CO-OP ATM Directory: (888) SITE-COOP

CU Service Centers®:

(Multi-Location Network)

Toll-Free – (888) 287-9475

Web Site – www.cuswirl.com

CU Office Hours:

M, T, W, F – 8:30 a.m. - 5:00 p.m.

Th – 9:30 a.m. - 5:00 p.m.



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act





Law Enforcement • Fire • EMT
www.sfpcu.org • (800) 222-1391