



SF POLICE CREDIT UNION

2009 ANNUAL REPORT





WELCOME MESSAGE



SF Police Credit Union

While SF Police Credit Union is by no means a start-up company, the Board of Directors, Volunteers and staff do feel a sense of urgency and commitment to making this organization better every year. Despite tough economic times and a challenging year for everyone, we are pleased to communicate that SF Police Credit Union experienced strong growth in 2009, with assets growing 34%. In addition to our growth, we have maintained favorable ratings from our regulators and a 5-Star Superior rating for safety and soundness from BAUERFINANCIAL, Inc.

Our financial strength allows us to be well positioned to take on any challenges this economy has in store for us. Our message remains consistent: SFPCU is safe and sound. We are your committed financial partner, here to help. We have money to lend, and we are willing to lend it.

SFPCU has continued to evolve and while there have been many changes; one constant has been our focus on you, the member. As an SFPCU member, you add to our strength, by choosing SFPCU as your primary financial provider. We encourage you to use your Credit Union and thank you for your continued loyalty, support and trust. We are honored by the opportunity to serve you and will continuously look for opportunities that provide greater convenience and a high level of service. In 2010, we look forward to helping you achieve your financial goals.





A Solid State of the Credit Union

The U.S. economy is pulling out of its deepest and longest recession since the Great Depression. What starts to separate credit unions from their competitors is how they ride out the highs and lows of the market and where they end up. While we won't know how the economy will fare in the next few years; we do know we have weathered the storm so far and have ended 2009 with results that any credit union would be proud to have.



Michael R. Sordelli
President/CEO



15% growth in loans, over 5% membership growth, 14% share growth and \$4.2 million in net income. I am so proud of the SFPCU staff for working to make this year a memorable and profitable one for the Credit Union and our members alike. As the market changes, the organization's quest for high standards and performance excellence, remains high. Knowing the organization is stable and ready for change is SFPCU's new cross point, making this organization even more accessible to our members.

From the invention of the personal computer in the 70's, the birth of the internet in the 90's, to the wireless world that we live in today, advances in technology have changed the way we live and communicate. People are twittering, spending what would be 'face time' with a friend, on Facebook instead, and looking to do all of this in an instant from their phone. SFPCU is looking to take its technology several steps ahead this year with an upgrade to our

online services. We want to make our services accessible to the way you live your life. Paying bills on your cell phone, account limit alerts, easy web pages where you can conduct all of your business needs fast. All to help you to get back to updating your status elsewhere.

We are committed. Our goals require steadfastness, commitment and verve from our staff to get the services you want into your hands. We are committed to you and your prosperity during this recessionary period. We are committed to assisting you with your financial goals. There is no denying we are in a tough economy. But, we have never been as excited to share our vision with you and work to separate SF Police Credit Union from our competition.



CHAIRMAN & BOARD OF DIRECTORS REPORT

It is with great pleasure that we welcome you to this year's Annual Meeting of the SF Police Credit Union. During this decade, the economic challenges to ours and all financial institutions have been substantial. But, SFPCU's management team and volunteers assiduously worked to mitigate the risk in the face of the mortgage meltdown, the credit crunch, and the stock market crumble; and diligently succeeded in overcoming this possible catastrophe. We are now offering a plethora of products and services with rates and benefits second to none.

Our focus is to continue in our quest to be the "First Responder", i.e. Law Enforcement, Fire and EMT, primary financial institution for the nine Bay Area counties. We will continually reassess and conduct periodic surveys to monitor member satisfaction of SFPCU's performance and image in the financial marketplace.

As our shares and dividends continue to grow I would like to thank the members, staff and volunteers, i.e. Supervisory and AD HOC committees for their unwavering and resoundingly solid efforts on the successful achievement of our goals.



Willie Frazier
Chairman, Board of Directors

FINANCIAL STATEMENT



SF Police Credit Union

SF Police Credit Union Financial and Statistic report for period ending December 31, 2009 after closing*

Assets

Total Loans	\$308,417,903
Less allowance for potential loss	<2,356,718>
Net Loans	\$306,061,185

Total Cash	24,918,907
Total Investment	366,346,475
Total Prepaid & Deferred Expenses	633,967
Property & Equipment (net of depreciation)	7,233,352
Other Assets	9,596,773
Total Assets	\$714,790,659

*Unaudited

Liabilities and Members' Equity

Members' Shares	\$512,981,234
Accrued Expenses and Other Liabilities	\$112,424,940
Total Liabilities	\$625,406,174

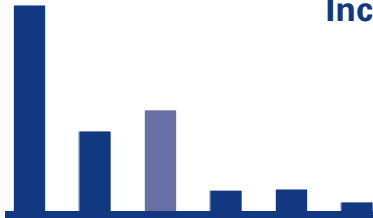
Members' Equity

Retained Earnings, substantially restricted	\$82,551,261
Accumulated other comprehensive income / (loss)	\$6,833,224
Total members' equity	\$89,384,485
Total Liabilities & Equity	\$714,790,659



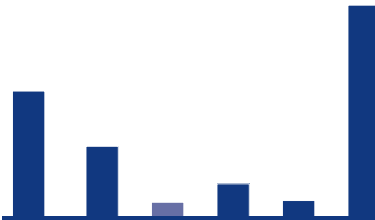
SUMMARY OF INCOME

Income Total= \$32,213,767



- Loans \$17,517,739
- Corporate Credit Union \$991,381
- Federal Agency Securities \$10,854,942
- Fees & Charges \$1,272,405
- Miscellaneous Income \$1,295,661
- Other Investments \$281,639

Expenses Total= \$27,992,428



- Employee Compensation & Benefits \$7,392,221
- Office Occupancy & Operations \$3,696,116
- Provisions For Loan Losses \$2,662,695
- Members Insurance \$995,385
- Other Operating Expenses \$2,731,519
- Dividends \$10,514,492

Loans Total= \$308,417,903

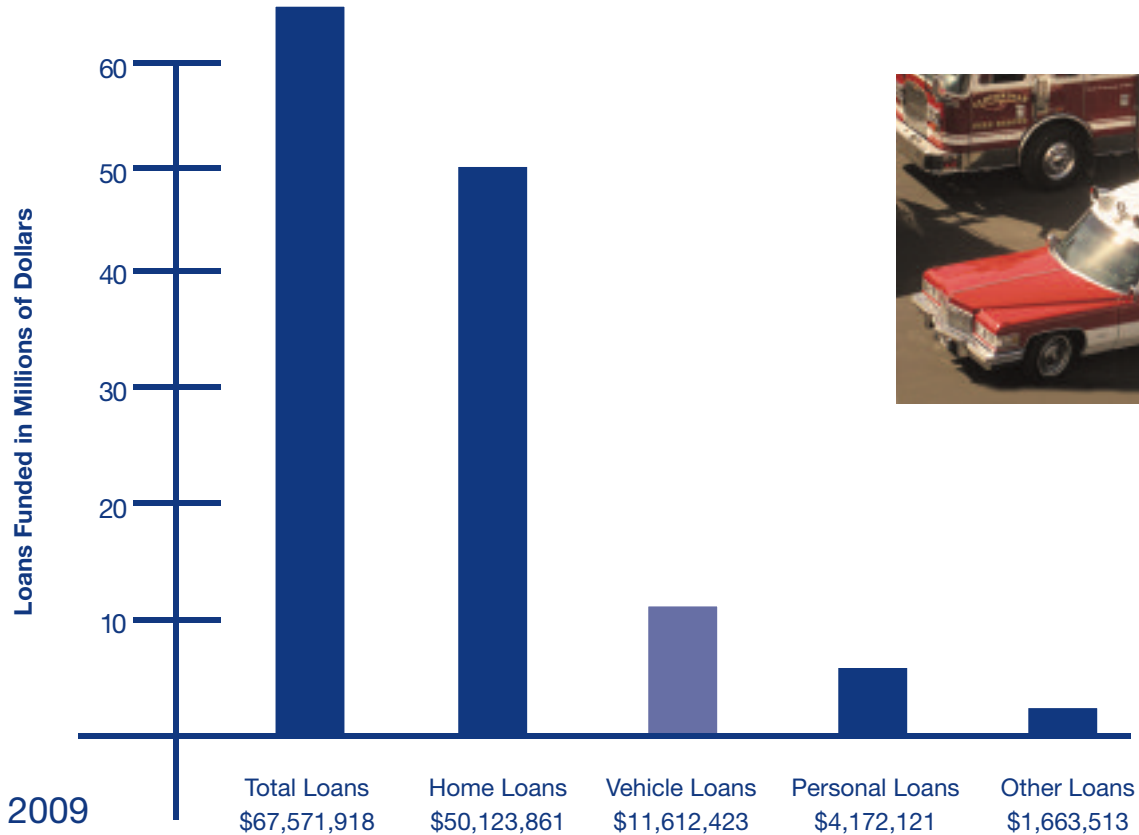


- Real Estate \$172,954,283
- Share Secured \$1,366,098
- Signature \$7,321,450
- Auto. \$26,781,187
- Other Loans \$67,609,344
- Visa Loans \$32,417,903

NEW LOANS FUNDED



SF Police Credit Union





SUPERVISORY COMMITTEE REPORT

2009 saw the end of the “Great Recession” of 2007-2008. Our Credit Union easily stayed afloat due to its strong balance sheet, strong capital structure, strong net-worth, and loyal membership. Yet we recognized the need for loan growth and relationship pricing to reward our members for using many of our financial products.

Your elected Supervisory Committee is responsible, directly to the membership, for ensuring that board actions, audits and operational functions are in compliance with the rules and regulations of the SFPCU as well as State and Federal guidelines. We emphatically state that our Credit Union operates as a safe, efficient, financially sound and well capitalized affinity-group credit union.

Our Credit Union remains dedicated to its mission statement “providing solutions for member financial needs with a commitment to excellence.” It remains committed to its vision statement “become the financial institution of choice for California’s First Responders (Police, Fire, & EMTs).” Your Supervisory Committee helps keep our Credit Union focused and operating in our best financial interests. You will see many new financial initiatives in 2010 to clearly demonstrate our Credit Union’s desire to earn your business and reward you for your loyalty. Please respond to a membership survey that will be sent out this year asking you to tell us if we are meeting your expectations.

We are pleased to report that our Credit Union has received, for its 67th consecutive term, the prestigious Bauer Financial 5-star rating, the highest rating given for credit union excellence. As required by the California Financial Code, we proudly submit the following important measures of financial health as of December 31, 2009.

Total Assets:	\$ 714,790,659	Retained Earnings:	\$ 82,551,261
Total Loans:	\$ 308,417,903	Dividends Paid:	\$ 10,514,492
Total Shares:	\$ 512,981,234	Total Members:	27,412

Your Supervisory Committee thanks the employees, management, staff, Board of Directors, and volunteers of our Credit Union for another successful and prosperous year.

Mike Hebel, Chairperson

Barbara Brewster, Committee Member

Jim Hennessy, Committee Member

INDEPENDENT AUDITORS REPORT



We have audited the accompanying statements of financial condition of S.F. Police Credit Union (a California state chartered credit union) as of December 31, 2008 and 2007 and the related statements of income, comprehensive income, members' equity, and cash flows for the year 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of S.F. Police Credit Union as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

McGladrey & Pullen, LLP

Certified Public Accountants

San Francisco, California, November 9, 2009



NOMINATING COMMITTEE REPORT

2009 Annual Report

As Chair of the 2010 Nominating Committee I am happy to report that under SF Police Credit Union Bylaws Article VIII Section 7, the number of candidates for the Supervisory Committee is equal to the number of vacancies. Candidate Frank Hedley will be seated on the Supervisory Committee for a three year term beginning 2010.

In our 2010 election for the SF Police Credit Unions' Board of Directors there were five candidates for the three available seats. The candidates were Desiree Perez, Willie E. Frazier, Bob Puts, Jim Hennessy and Stephen Tacchini. For the very first time this year the Credit Union has offered electronic balloting along with traditional mail-in paper ballots.

The Election Committee will be announcing the results of the balloting for the Board of Directors on February 20, 2010 at the 56th Annual Meeting of the SF Police Credit Union.

Respectfully submitted,

Nominating Committee:

Duane C. Collins, Chair

Barbara J. Brewster, Supervisory Committee

Glenn R. Sylvester, Board of Directors



COMMUNITY OUTREACH



Partnering to Make a Difference!

SFPCU believes in the spirit of giving and sharing. We want to make a difference by giving back to those in need and by supporting our community. It is our privilege to unite with our First Responder partners with this goal in mind. Together we work toward supporting and raising funds for many worthwhile causes. This year we are proud to highlight some of our most important and beneficial events.

Law Enforcement Appreciation Night at SF Giants Game

SFPCU partnered with SFPD to raise awareness and funds for two great non-profit organizations. A portion of every ticket purchased benefited the Bay Area Law Enforcement Assistance Fund (BALEAF) and the California Peace Officers' Memorial

Foundation. Both organizations help local law enforcement families affected by a loved one lost in the line of duty.

Urban Shield

SFPCU was a major sponsor of the event hosted by Alameda County Sheriff's Office. The exercises involved a series of staged terrorist attacks to better prepare law enforcement and illustrate the importance to bridge communication between all first responder agencies. Twenty-seven agencies from across the country participated in the competition with special guests from the French National "RAID" Team.

Alisa Ann Ruch Burn Relay

SFPCU participated in a motorcade with fire vehicles starting from Moffett Field and ending in San Francisco Fire Training Facility, to support programs for younger burn victims. SFPCU, in conjunction with the San Francisco Black Firefighter's Association, worked hand in hand to co-sponsor the event's dinner for all participants.

Guns and Hoses Charity Tennis Challenge

SFPCU volunteer teams participated in this annual charity event hosted by the San Francisco Tennis Club, San Francisco Police Officers Association (SFPOA) and The San Francisco Firefighters Union 798 (SFFD) that benefited the Bay Area Law

Enforcement Assistance Fund and the San Francisco Firefighters Toy Program.

California Credit Union League Activities – San Francisco Chapter

SFPCU, along with other Bay Area Credit Unions, help support many great fundraising efforts:

- Credit Union Night with the Golden State Warriors. Proceeds benefiting Children's Hospital of Oakland.
- Credit Union Night with the San Francisco Giants. Proceeds benefiting the SF Food Bank.
- The AIDS Walk 2009. Walking to raise money and awareness for the San Francisco AIDS Foundation.



CONTACT INFORMATION

Branch Locations

Main Office And Branch

2550 Irving Street
San Francisco, CA 94122
(Irving and 26th Ave.)

Bryant Street Branch

802 Bryant Street
San Francisco, CA 94103
(Bryant and 6th Street)

San Mateo Branch

1495 S. El Camino Real
San Mateo, CA 94402
(Entrance on 15th Ave.)

Pleasanton Branch

6689 Owens Drive, Suite 125
Pleasanton, CA 94588
(Owens Dr. and Johnson Dr.)

ATM

San Mateo Police Department
(ATM only, no deposits)
200 Franklin Parkway
San Mateo, CA 94403

Phone

415.564.3800
800.222.1391

MemberLink 24-hour Transactions

415.242.2142
800.871.3419

Fax

Member Services: 650.627.8941
Loans: 415.566.9251

Email

Members_Info@sfpcu.org

Website

www.sfpcu.org

Lost or Stolen Cards

Visa® Credit Card
800.449.7728

MasterCard®

415.564.3800
800.754.4128 (after hours)

Shared Branch Locations

888.287.9475
www.cuswirl.com

CO-OP Network ATM Locations

Over 28,000 ATMs Nationwide
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We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.



This Credit Union is federally insured by the National Credit Union Administration.



FINANCIAL SERVICES FOR FIRST RESPONDERS
LAW ENFORCEMENT • FIRE • EMT

www.sfpcu.org
415.564.3800 • 800.222.1391

