



SAN FRANCISCO
FEDERAL CREDIT UNION

ANNUAL REPORT 2016

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415.775.5377





GIVING BACK

At San Francisco Federal Credit Union, we are dedicated to the communities we serve. Through our CommunityShare program, we give back to the communities in San Francisco and San Mateo counties through donations, staff volunteerism, and fundraising activities. In 2016, we donated more than \$133,000 to community-based organizations and our employees volunteered 1,468 hours. Some of the highlights for 2016 include partnering with over 65 community-based organizations, participating in over 20 events and working over 200 hours at the San Francisco/Marin and San Mateo food banks. We also participated in the San Francisco AIDs Walk and Light the Night for Leukemia & Lymphoma Society, with fundraising efforts reaching more than \$13,600

combined. Park and coastal cleanups also played a big part in 2016, including our partnership with SF Habitat for Humanity. We are looking forward to exceeding our community “giving back” goals again in 2017.



COMMUNITYSHARE

REPORT OF DIRECTORS

We are pleased to report that 2016 was a year of strong performance and growth for San Francisco Federal Credit Union. Highlights include total assets growing to over \$1.06 billion, member shares and equity exceeding \$1.04 billion, and loans to members increasing to \$649 million. Plus, membership increased more than 4,000 to nearly 43,000.

One of the reasons we exceeded our membership growth goals was continuing our strong relationship with the city of San Francisco's Office of Financial Empowerment's youth intern program, being its financial institution of choice and providing revolutionary new financial services. We maintain our focus on having knowledgeable employees provide exceptional financial solutions to our members.

Many members used the credit union to buy and refinance their homes and cars. Total loans outstanding grew more than \$122 million, or 23% during the year. We helped families move from paying their landlord's mortgage to owning their own home by funding \$106 million in our POPPYLoan residential lending program.

Some of the more notable accomplishments in 2016 were:

- ADA improvements and functionality on our website
- Introduction of Android and Samsung Pay
- Introduction of VISA business credit card
- Enhanced VISA Platinum with EMV cards
- Online application process for youth scholarship applicants

The directors, officers, and employees of San Francisco Federal Credit Union are dedicated to growing the institution in a safe and sound manner. Our mission will continue to be helping our members achieve financial independence through education, counsel, and member-driven financial services.

We appreciate the support of our members and employees, and encourage everyone to make San Francisco Federal Credit Union their primary financial institution.

BOARD OF DIRECTORS & LEADERSHIP TEAM

BOARD OF DIRECTORS

William Smith - Chair, Kevin Kone - Vice Chair, Lawrence Doyle - Treasurer,
Catherine Breen - Secretary, Patrick Cox, Grant Mickins, Carol Sam, Theodore Wong,
Todd Rydstrom

BOARD EMERITUS

Bernard Crotty, Henry Low, Felton Williams

SUPERVISORY COMMITTEE

Benjamin Kurko - Chair, Jelena Ewart, Matthew Evans, Nancy Hom, Richard Hillis

ADMINISTRATION

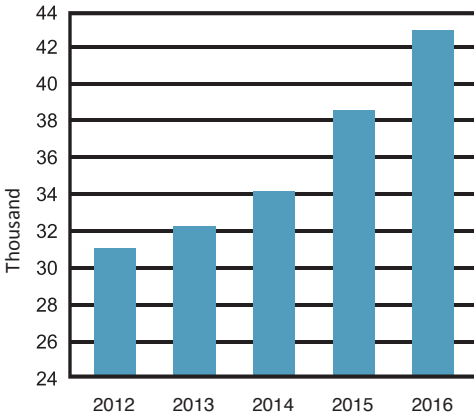
Stephen Ho - Executive Vice President & Chief Financial Officer
Jude Gogan - Senior Vice President & Chief Operating Officer
Rebecca Reynolds Lytle - Senior Vice President & Chief Lending Officer
Mark Michaels - Senior Vice President & Chief Technology Officer
Michael Namba - Vice President & Chief Administrative Officer



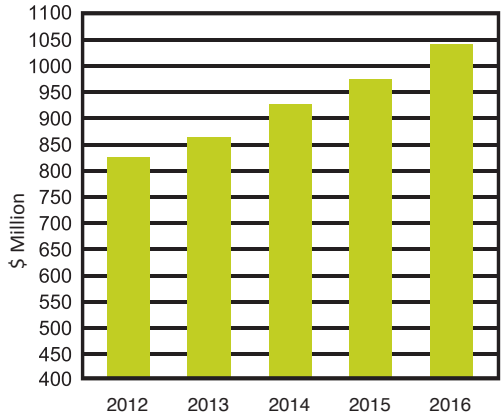
REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee is responsible for ensuring the financial condition of the credit union is accurately and fairly presented in all our financial statements. The committee also ensures that management practices and procedures are sufficient to safeguard members' assets. To accomplish these responsibilities, the committee retained RSM US LLP, Certified Public Accountants, to perform an audit of our financial statements for the fiscal year ending September 30, 2016, and met regularly with management during the year to review current operations. We are pleased to report they rendered an unqualified opinion on our financial statements: the credit union is in a good financial position and doing well.

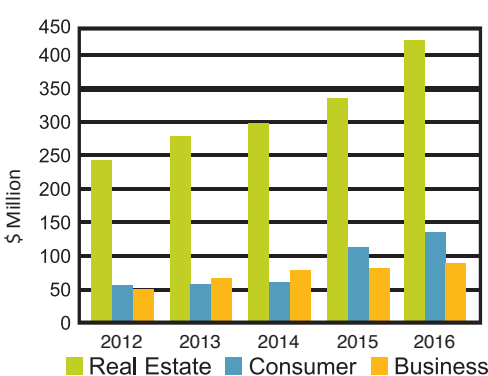
MEMBERS



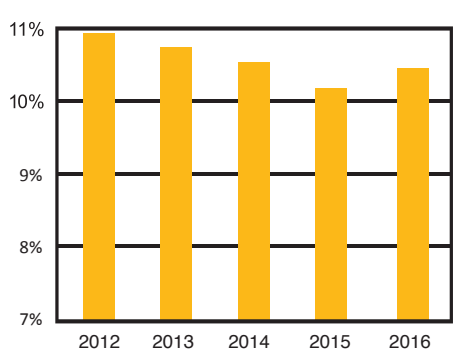
MEMBER SHARES AND EQUITY



LOANS OUTSTANDING



CAPITAL RATIO





STATEMENTS OF INCOME UNAUDITED

| | YTD December 2016 | YTD December 2015 |
|---|---------------------------|---------------------------|
| Interest On Loans | \$24,542,709 | \$20,139,239 |
| Income From Investments | 10,503,293 | 7,352,892 |
| Fee Income | 3,363,624 | 3,138,650 |
| Other Operating Income | 1,596,371 | 1,647,977 |
| Non-Operating Income | 634,103 | 634,373 |
| <i>Total Gross Income</i> | <u>\$40,640,100</u> | <u>\$32,913,131</u> |
| Dividend On Shares | \$3,524,114 | \$3,502,092 |
| Interest Expense | 148,971 | 18,885 |
| <i>Total Cost Of Funds</i> | <u>3,673,085</u> | <u>3,520,977</u> |
| Provision For Loan Losses | 1,495,093 | 357,664 |
| <i>Income After Cost Of Funds & Provision For Loan Losses</i> | <u>\$35,471,922</u> | <u>\$29,034,490</u> |
| Employee Compensation & Benefits | \$14,432,320 | \$15,063,024 |
| Training & Conferences | 356,549 | 386,539 |
| Office Occupancy | 2,172,297 | 2,067,346 |
| Office Operations | 5,718,607 | 5,600,509 |
| Educational & Promotional | 419,140 | 621,800 |
| Loan Servicing | 1,822,257 | 1,294,711 |
| Professional & Outside Services | 1,235,467 | 701,496 |
| Examination & Supervision Fees | 181,902 | 171,593 |
| <i>Total Operating Expenses</i> | <u>\$26,328,539</u> | <u>\$25,907,018</u> |
| NET INCOME | <u>\$9,143,383</u> | <u>\$3,127,472</u> |

STATEMENTS OF FINANCIAL CONDITION

UNAUDITED

| ASSETS | December 2016 | December 2015 |
|--|-------------------------------|-----------------------------|
| Loans To Members | \$648,659,551 | \$526,426,356 |
| Loan Loss Allowance | (3,711,750) | (2,665,258) |
| Net Loans Outstanding | <u>644,947,801</u> | <u>523,761,098</u> |
| Cash On Hand & In Bank | 3,755,416 | 3,051,801 |
| Other Investments | 2,753,330 | 4,852,331 |
| UST/Agency Notes | 312,573,277 | 408,955,122 |
| Corporate FCU Deposits | 45,962,768 | 7,246,440 |
| Land & Building | 4,516,447 | 5,040,874 |
| Furniture & Equipment | 1,169,396 | 1,682,651 |
| NCUSIF Deposit | 8,213,304 | 7,907,018 |
| Accrued Income Receivable | 2,869,342 | 2,909,714 |
| Prepaid Exp/Other Assets | <u>36,566,139</u> | <u>34,081,887</u> |
| TOTAL ASSETS | <u>\$1,063,327,220</u> | <u>\$999,488,936</u> |
| LIABILITIES AND MEMBER EQUITY | | |
| Other Liabilities/Div Payable | \$9,269,918 | \$10,951,485 |
| Notes Payable | 10,000,000 | 10,000,000 |
| Total | <u>19,269,918</u> | <u>20,951,485</u> |
| Regular Shares | 209,215,768 | 165,719,773 |
| Share Checking | 128,351,539 | 108,134,928 |
| Money Market Shares | 296,359,587 | 304,394,927 |
| Term Account Shares | 253,733,507 | 253,637,564 |
| I.R.A. Shares | 42,974,913 | 43,647,036 |
| Total | <u>930,635,314</u> | <u>875,534,228</u> |
| Economic Reserve | 40,000,000 | 40,000,000 |
| Retained Earnings | 67,063,003 | 56,644,239 |
| Regular Reserve | 6,358,985 | 6,358,984 |
| Total | <u>113,421,988</u> | <u>103,003,223</u> |
| TOTAL LIABILITIES AND MEMBER EQUITY | <u>\$1,063,327,220</u> | <u>\$999,488,936</u> |

THANK YOU



SAN FRANCISCO FEDERAL CREDIT UNION

If you have any questions about your statements or accounts at the credit union, please call our Service Center at 415.775.5377. If your question is not resolved to your satisfaction, you may send a letter to the attention of the Supervisory Committee.

P.O. Box 426679
San Francisco, CA 94142



Federally Insured by NCUA

