

## MESSAGE FROM THE CHAIRPERSON OF THE BOARD

As the Chairperson of the Board of Directors, it is my pleasure to present this annual report to the members of San Francisco Fire Credit Union.

As a longtime member and official of the Credit Union, I am amazed and proud of the continued success of our organization. From our humble origins at Engine 17 we have surpassed \$1.3 billion in assets, a reflection of our loyal and engaged membership choosing the Credit Union to be their provider of financial services. I've also witnessed profound changes at the Credit Union over the course of time, not only in the products and services that we provide - but more importantly the environment in which we operate. Credit unions of today must adapt to the growing challenges related to regulatory compliance, systems complexity, and marketplace competition. Our need to evolve is necessary, to ensure a long and prosperous future – while at the same time keeping true to the values instilled upon us by our founders. San Francisco Fire Credit Union must always remain an organization that the McIntyre, Mitchell, Brissette, Tully, Palu, Murray, Mooney, and Kelley families hold in high esteem.

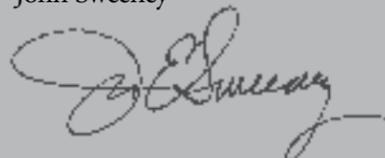
The Credit Union is in the process of building the infrastructure we need for the future, which will require a tremendous amount of time and effort from our employees. The patience of our membership during this period is greatly appreciated, as we know larger scale projects - such our recent Online Banking conversion – can be burdensome on them. We are committed to ensuring that future projects have minimal negative impact on our members and the level of service we provide to them.

We remain confident and optimistic of the future, and feel fortunate to have a CEO who has previous experience with a tremendously successfully credit union which navigated a similar journey. They also created a strong foundation which prepared them for the future, without losing touch with their culture or identity. Our core membership of San Francisco Firefighters will always be the foundation of our Credit Union, as we strive to provide exceptional service to them and the community they are sworn to serve and protect.

In closing, I'd like to thank our membership for their continued support, and recognize the ongoing dedication of our staff and volunteer officials. Our

purpose as a member-owned financial cooperative is to provide the best value and highest level of service possible, while maintaining the safety and soundness of the Credit Union. Our commitment to this has and will never waiver.

John Sweeney



Chairperson, Board of Directors

## BOARD OF DIRECTORS

John E. Sweeney <i>Chairperson</i>	Bridget O'Rourke <i>Vice Chairperson</i>	Brook Baker <i>Secretary</i>
Anthony Diluzio <i>Director</i>	Edward A. Liggins <i>Director</i>	Bob Olson <i>Director</i>

## SUPERVISORY COMMITTEE

Marla Shepard <i>Chairperson</i>	John Diluzio <i>Member</i>	Stacey Newman <i>Member</i>
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## LEADERSHIP TEAM

Kathy Elser  
*Chief Executive Officer*

Glenn Gortney <i>Senior Vice President</i> <i>Brand Loyalty</i>	Adam Jones <i>Senior Vice President</i> <i>Member Experience</i>	Ben Lewis <i>Senior Vice President</i> <i>Lending</i>
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Aaron Sato <i>Senior Vice President</i> <i>Accounting &amp; Finance</i>	Michael Williams <i>Senior Vice President</i> <i>Information Technology</i>
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## OUR MISSION

*Built by San Francisco Firefighters and committed to the financial safety and security of our community.*

## OUR VISION

*To empower members to accomplish their dreams and build lasting financial security.*

# 67<sup>th</sup>

## ANNUAL MEETING OF THE MEMBERS



## 2017 ANNUAL REPORT

## MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER



It's my pleasure to welcome the members of San Francisco Fire Credit Union to our 67<sup>th</sup> Annual Meeting. This marks the first anniversary of my introduction at last year's meeting, and arrival as the CEO in March. I can't understate my pride to be at the helm of such a well-respected credit union. As mentioned in my remarks last year, SF Fire's history harkens to my own credit union roots (of over 20 years) at Boeing Employees Credit Union. They too have a core membership which has always been – and will continue to be – the key to its success. I understand the importance of never forgetting the firefighting community who founded this credit union, and our need to provide them with the level of service they deserve and expect.

We have a tremendous responsibility bestowed upon us: to stay true to our history and culture, while ensuring the Credit Union is prepared and equipped for the future. This work can be challenging, as was evidenced in our recent Online Banking conversion. Undoubtedly, this was one of the Credit Union's largest undertakings. Although necessary, we recognize the negative experience this was for many of our members and apologize for the inconvenience and frustration it caused. The patience our members have demonstrated during this period is humbling, and is greatly appreciated by the staff and management of the Credit Union. The conversion is largely behind us, and with member service levels returning to normal we can now begin looking to what lies ahead for the coming year.

The Credit Union maintained its strong financial foundation in 2017, with assets surpassing \$1.3 billion and our net income of \$8.8 million bringing total capital reserves to \$108.1 million. Our solid financial performance will continue in 2018 as we focus on infrastructural improvements that will benefit members and employees alike. Enhancements to our Online Banking System will be introduced, to restore popular features of the retired system (e.g. free FICO scores) as well as introduce new ones (e.g. debit and credit card controls). We'll also be renewing our focus on exceptional service, which will include the hiring of additional staff and investments in employee development and training programs.

In closing, I'd also like to express my personal commitment to engaging with our membership. I look forward to getting to know the San Francisco Firefighters who work so hard to serve and protect us, and being an active citizen in this local community I feel so fortunate to be a part of.

Kathy Elser  
President and Chief Executive Officer

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee independently evaluates the soundness of San Francisco Fire Credit Union's operations and activities, ensuring that management implements sound internal controls and maintains practices and procedures that adhere to accepted general accounting principles. In doing so, they carry out the following primary responsibilities:

- Protection of members' funds and interests
- Safeguarding of assets
- Compliance with regulations, policies and procedures
- Reliability of financial records

The Committee meets regularly to review and discuss internal controls as well as auditing matters. It also retains an independent accounting firm to perform an annual financial audit and issue certified financial statements as they relate to the overall financial condition of San Francisco Fire Credit Union. The Supervisory Committee members also serve on other standing and special committees at the request of the Board of Directors. Each member reviews specific areas in executing his or her responsibilities to the membership at large. Committee members are:

Marla Shepard    John L. Diluzio    Stacey Newman

As Chairperson of the Committee and based on the results of the 2017 annual audit performed by certified public accountants CliftonLarsonAllen LLP, I'm pleased to share our conclusion that SF Fire Credit Union has adequate financial controls and is financially sound. A copy of their audit is available upon member request.

Marla Shepard  
Chairperson, Supervisory Committee

## FINANCIAL SUMMARY AND HIGHLIGHTS

As a direct result of your loyalty and participation in 2017, SF Fire Credit Union delivered another year of solid performance and growth.

Assets grew to over \$1.3 billion, driven by deposit growth of 7.3 percent or \$84.2 million. Our loan portfolio continued to grow and reached its highest level of \$915.6 million, on the strength of 8.6 percent real estate loan growth and 4.4 percent consumer loan growth.

The Credit Union improved its financial strength with \$8.8 million in net income for 2017, ensuring that we can continue to enhance the financial well-being of our members. These increases in activity and growth are a testament of your trust, and we thank you for allowing us to serve you.

Aaron Sato  
Sr. Vice President  
Finance & Accounting

**TOTAL ASSETS** (in millions)



**TOTAL LOANS, Net** (in millions)



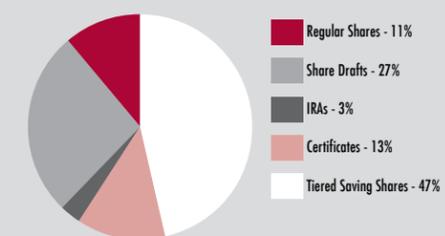
**TOTAL DEPOSITS** (in millions)



**TOTAL RESERVES** (in millions)



**DISTRIBUTION OF DEPOSIT PORTFOLIO**  
(as of December 31, 2017)



**DISTRIBUTION OF LOAN PORTFOLIO**  
(as of December 31, 2017)

