



RISING TO THE **CHALLENGE**

2020
ANNUAL REPORT



RISING TO THE CHALLENGE

IN A HIGHLY TUMULTUOUS YEAR, THE POLICE CREDIT UNION FACED AN ECONOMY UPENDED BY A PANDEMIC AND OUR COMMUNITIES IMPACTED BY SOCIAL UNREST, AND RESPONDED WITH RESILIENCE AND A STRONG BELIEF IN WHO WE ARE AS A FINANCIAL INSTITUTION.

Anchored with a rock solid foundation, we rapidly adapted to an unexpected set of circumstances that caused major upheaval throughout our state, country and the world in 2020.

The confluence of a global pandemic and economic crisis mandated a significant shift in our expectations and priorities for 2020.

Meeting this crisis required all of us to rise to meet unprecedented challenges. By doing so, we underscored our deep commitment to our members, the law enforcement community and to our own credit union family. Most of all, it expanded our perception of what is possible for our organization to achieve when we work in concert to meet the ever evolving financial needs of our unique membership.



CHAIRMAN & BOARD OF DIRECTORS REPORT



THE YEAR 2020 WAS A DIFFICULT ONE FOR EVERYONE, including our Credit Union. However, it also provided us an opportunity to reflect on our founding in 1953 when a handful of police officers formed the SF Police Credit Union to help newly hired police officers purchase the needed equipment and uniforms to begin their careers.

During the COVID-19 pandemic, the Credit Union assisted 384 members with loan deferrals and 87 with low interest emergency loans. That trust in our fellow members has been repaid, of those deferrals: 299 have brought their loans current. In 2020 we created a debt forgiveness program for our active law enforcement officers and their families, which will forgive up to \$850,000 in our loans should they die in the line of duty. We are as significant to our members today as we were in 1953 and we remain committed to “Providing Financial Solutions to Take Care of Our Own.”

Clearly, the Credit Union has evolved since 1953 and at times, there may be questions about our future direction. As a young police officer, I bought my first car with a loan from the Credit Union in 1982. I signed one piece of paper and was handed a check for \$12,000. It was a period of deregulation for financial institutions.

Those were simpler times. There were no ATMs, no mobile check deposit, no Contact Center or online banking. Today, these services are taken for granted and require expensive infrastructure to maintain and operate. Hence the need for the Credit Union to grow—growth is essential to pay for these new technologies. Since reaching a peak of nearly 24,000 credit unions in 1969, the number of U.S. credit unions has shrunk to 5,442 as of 2019. Small credit unions can no longer afford the increasing regulatory burdens and the high cost of technology. Bank of America can spread its costs across millions of accounts while we have 41,000 members to share the expense. Despite this, your Credit Union generally offers lower rates on loans, lower fees and higher rates on savings.

Previously, there were four credit unions that exclusively served City Employees. One merged and the rest are now community based with membership open to anyone—except The Police Credit Union, which has maintained its exclusivity.

Just as we outgrew Noriega Street, we have outgrown Irving Street after 34 years and have sold the property. With the opening of our administrative building in San Bruno, we were able to centralize operations while providing room for future growth. The new San Bruno building has provided efficiencies and made most of the space at the existing Irving Street location surplus. In addition, the Irving Street property needs significant and expensive upgrades.

We are committed to serving our members in the Sunset and are excited that we will open a new main branch exactly one block East at 2400 Irving Street. With design, permitting and construction, the new branch is expected to open in April 2022.

Your Board of Directors has been entrusted with a legacy established in 1953 in the back of Park Station. We believe that to be a sacred trust and strive to carry forward the ideals, values and commitment to service of our founders while providing the services of a modern financial institution. Despite all these changes, the founding principles of our credit union remain the same: “Providing Financial Solutions to Take Care of Our Own.”

Sincerely,

JOHN R. GOLDBERG
Chairman, Board of Directors

2020 BOARD OF DIRECTORS

STEPHEN TACCHINI Vice-Chairman | **MICHELLE JEAN** Secretary | **ROBERT PUTS** Director | **GLENN SYLVESTER** Director
MICHAEL HEBEL Director | **AL CASCIATO** Director | **MUNA BUSAILAH** Associate Director



PRESIDENT/CEO REPORT



OVER THE COURSE OF 2020, THANKS TO A STRONG AND stable foundation, our credit union quickly pivoted in response to a series of shattering events that few could have foreseen. When the impact of COVID-19 and civil strife caused disruptions to daily life as well as economic upheaval, The Police Credit Union optimized our technology, infrastructure and staff to make it as easy as possible for our members to continue doing business with us while keeping everyone safe. As the coronavirus fallout resulted in a sharp economic decline, we expanded our offerings to provide new financial solutions, including relief and support for those who had suffered a loss of income.

First, we took critical measures to protect the health and safety of our members and staff. Within 30 days, we adopted new safety protocols and refitted all six branches with reconfigured spacing, plexiglass partitions, social distancing signage and other precautions. Throughout the year, we continued to serve our members with minimal branch closures and ongoing communications regarding scheduled changes and member support options. At the same time, many of our staff and management quickly adjusted to working remotely and successfully collaborated to ensure the high quality of service members expected did not change.

For our members facing financial hardships from business shutdowns and quarantines, we provided emergency assistance loans, plus helped many with loan deferrals. We're pleased to note that the majority who received loan deferrals have honored their commitment and resumed payment.

Despite the shockwaves to the economy due to the pandemic, our credit union remained on solid financial footing. Thanks to our success over the past sixty seven years, we had prudently built a financial cushion to support us through major economic downturns, such as we experienced in 2020. In terms of year-end results, an area of exceptionally strong performance was our mortgage loan program. Last year we funded the highest number of home loans in the credit union's history, bolstered by low interest rates and our highly competitive fees. We're proud to have helped hundreds of members either purchase or refinance a home.

Another key milestone in 2020 was that our credit union surpassed the \$1 billion mark in assets at the mid-point of the second quarter, months ahead of schedule. This dramatic growth was largely due to our members' unwavering trust in the safety and soundness of our credit union during a time of economic uncertainty. While this high influx of deposits impacted our net worth, as it did for financial institutions nationwide, our exceptionally healthy financial position allowed us to

absorb this unexpected increase while still ending the year with a robust net worth ratio of 12.65 percent. A strong net worth ratio is a clear indicator that management is effectively using its resources to generate healthy returns that are reinvested in the credit union for the benefit of its members.

Throughout 2020, we launched a number of new programs designed to enhance value for our members. In May, we introduced our End of Watch Debt Forgiveness Benefit exclusively for active-duty California law enforcement professionals, available at no cost to qualified members. We also launched Home Advantage®— a referral network of local, highly qualified realtors which enables our members to save thousands of dollars with cash rewards when buying or selling a home. We also continued our highly popular free estate planning seminars offering a discounted fee to members who used the services of our partner, Affinity Trust.

Last year we initiated a plan to convert all of our ATMs to Interactive Teller Machines (ITMs). Starting with our San Bruno branch in January, these ITMs offer the same functions of an ATM, but provide the option to connect with a credit union representative by video for customized financial assistance in real time.

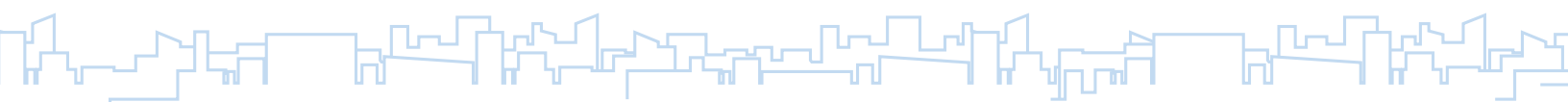
Exciting new initiatives are slated for 2021—we will provide added security and convenience with contactless debit and credit cards, plus offer instant issue and mobile wallets for debit cards. There will also be a significant enhancement of our technology platforms this summer, allowing for a more seamless banking experience and facilitating the addition of new products and services in the future for members. Finally, we have begun work on plans to remodel the previous Goodwill storefront at 2440 Irving, which will be the new home of our Irving branch early next year.

Moving forward together, we celebrate all that we have learned from such a challenging year, in which we gained newly found confidence regarding what we can accomplish through the cooperative spirit that first inspired our founding in 1953. From our Board and Supervisory Committee, and the entire team at The Police Credit Union, thank you for your trust in us, and for your essential part in continuing this proud legacy.

Respectfully Yours,



EDDIE YOUNG
President/ceo





FINANCIAL STATEMENT

Consolidated
Statement of
Financial Condition
As of December 31, 2020

ASSETS	2018	2019	2020*
Cash & Cash Equivalents	\$32,456,434	\$79,797,151	\$132,055,541
Investments	\$159,340,095	\$112,152,603	\$281,354,801
Net Loans to Members	\$637,196,208	\$661,993,191	\$573,506,681
Fixed Assets	\$49,619,661	\$53,916,873	\$52,758,345
Other Assets	\$24,917,345	\$29,839,508	\$32,554,156
TOTAL ASSETS	\$903,529,743	\$937,699,327	\$1,072,229,524
LIABILITIES & MEMBERS' EQUITY	2018	2019	2020*
LIABILITIES			
Accounts Payable & Other Liabilities	\$4,498,272	\$5,814,495	\$11,233,825
Notes Payable	0	0	0
TOTAL LIABILITIES	\$4,498,272	\$5,814,495	\$11,233,825
MEMBERS' EQUITY			
Members' Shares	\$773,464,125	\$796,471,679	\$922,985,874
TOTAL EQUITY	\$125,567,346	\$135,413,153	\$138,009,825
TOTAL MEMBERS' EQUITY	\$899,031,471	\$931,884,832	\$1,060,995,699
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$903,529,743	\$937,699,327	\$1,072,229,524

*Unaudited Financial Statements

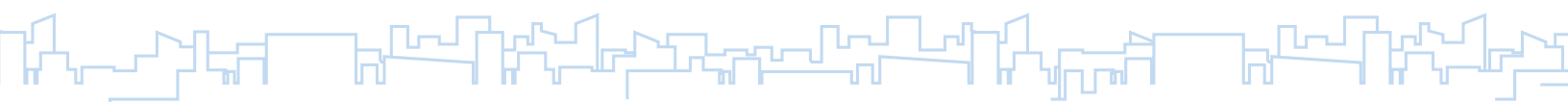


FINANCIAL STATEMENT

Consolidated
Statement
of Earnings
As of December 31, 2020

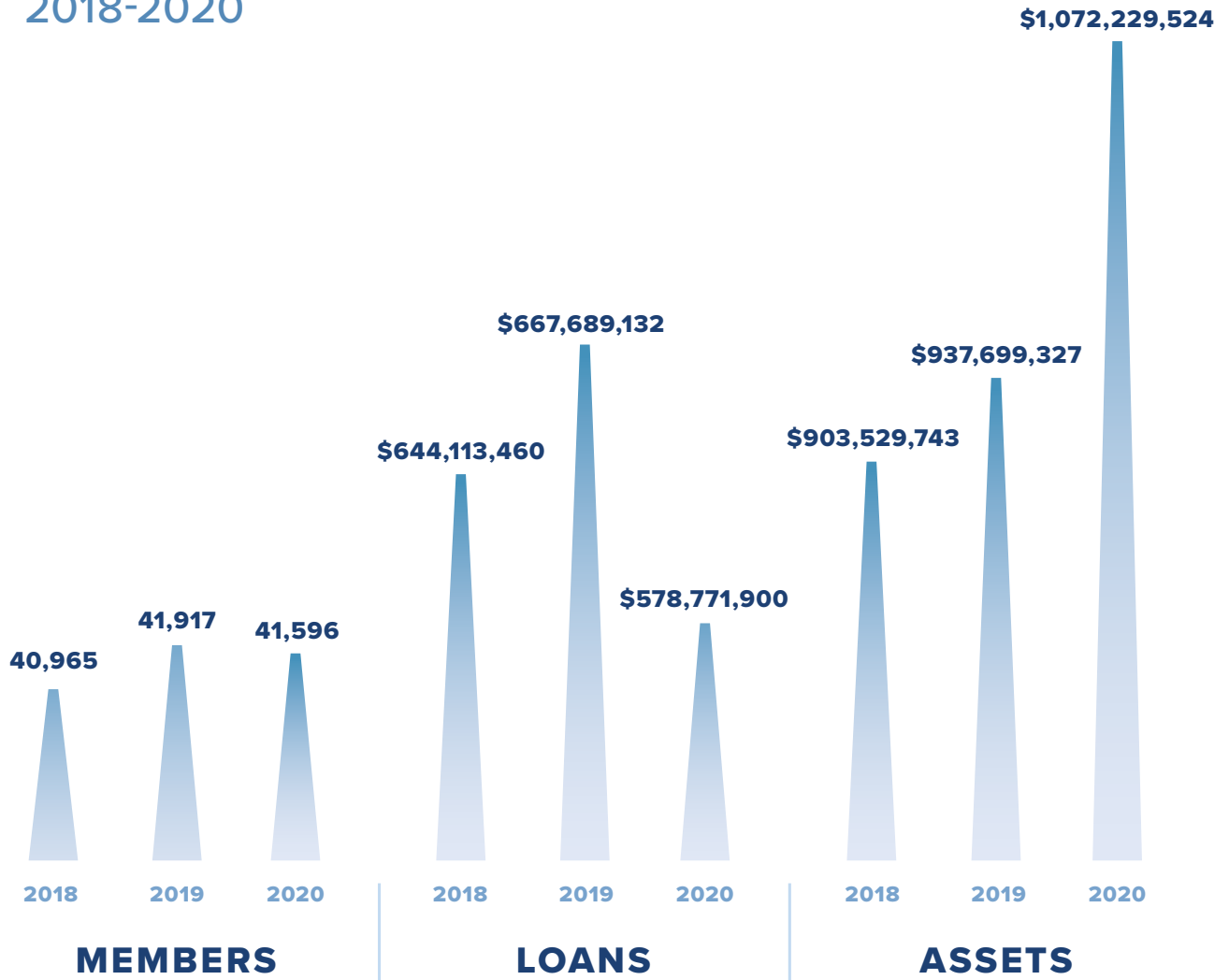
	2018	2019	2020*
Interest from Loans	\$26,393,896	\$28,182,633	\$26,286,621
Interest from Investments	\$4,088,686	\$3,891,168	\$2,570,291
TOTAL INTEREST INCOME	\$30,482,582	\$32,073,801	\$28,856,912
Dividends	\$2,592,888	\$4,142,375	\$4,206,102
Interest on Borrowings	0	0	0
TOTAL INTEREST EXPENSE	\$2,592,888	\$4,142,375	\$4,206,102
Net Interest Margin	\$27,889,694	\$27,931,426	\$24,650,810
Provision for Loan Losses	\$4,460,498	\$1,326,909	\$1,014,309
Net Interest Margin after Provision for Loan Losses	\$23,429,196	\$26,604,517	\$23,636,501
Non-Interest Income	\$5,165,096	\$7,740,467	\$8,168,767
Operating Expenses	\$24,046,351	\$28,107,391	\$31,548,362
Non-Operating Income/(Expenses)	0	0	0
NET INCOME	\$4,547,941	\$6,237,593	\$256,905

*Unaudited Financial Statements





KEY
PERFORMANCE
METRICS
2018-2020





2020 INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE THE POLICE CREDIT UNION

We have audited the accompanying financial statements of The Police Credit Union (the credit union), which comprise the statements of financial condition as of December 31, 2019 and 2018, the statements of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the credit union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

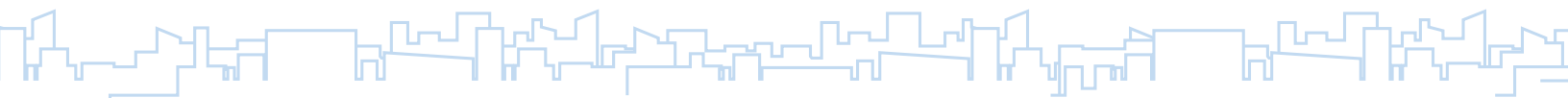
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Police Credit Union as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Turner, Warren, Hwang + Conrad

TURNER, WARREN, HWANG & CONRAD
Burbank, California, April 13, 2020





SUPERVISORY COMMITTEE REPORT FOR 2020

ON THE OCCASION OF OUR 67TH ANNUAL MEETING, we are pleased to report that The Police Credit Union continued to support its valued members during a year of major and unprecedented challenges for many. In 2020, our Credit Union earned \$256,905 (net income). Today we serve 41,596 members from six branch locations — Irving Street, San Bruno, Bryant Street, San Mateo, Pleasanton and Oakland, our Contact Center and through convenient digital channels.

Your elected Supervisory Committee is directly responsible to the membership for ensuring that board actions, audits and operations functions are in compliance with the rules and regulations of the The Police Credit Union.

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 committed to its Core Purpose—
“Providing Financial Solutions to Take Care of Our Own.”

We are pleased to report that our Credit Union has again received for 2020 the prestigious BauerFinancial 5-Star Superior rating, the highest rating given for financial strength and stability.

As required by the California Financial Code, we are pleased to submit the following important measures below of financial health as of December 31, 2020:

Your Supervisory Committee thanks the staff, management, Board of Directors and other volunteers for their support of our credit union during this challenging year.

**FRANK
HEDLEY**
Committee
Chair

**BARBARA
BREWSTER**
Committee
Member

**RICHARD
CORRREA**
Committee
Member

IMPORTANT MEASURES OF FINANCIAL HEALTH:

(as of December 31, 2020)

TOTAL ASSETS
\$1,072,229,524

TOTAL MEMBERS
41,596

DIVIDENDS PAID
\$4,206,102

TOTAL LOANS
\$578,771,900

TOTAL SHARES
\$922,985,874





ELECTIONS COMMITTEE REPORT FOR 2020

ON THE OCCASION OF OUR 67TH ANNUAL MEETING, the Elections Committee is pleased to report the nominations for vacancies on both the Board of Directors and the Supervisory Committee occurring in 2021.

Letters of intent seeking nomination for Board of Directors and Supervisory Committee vacancies occurring in 2021 were received by the Nominating Committee from May 17th, 2020 through June 30th, 2020. There are two vacancies on the Board of Directors and one vacancy on the Supervisory Committee occurring in 2021, each for a three year term.

Three letters of intent to seek election to the Board of Directors in 2021 were received. The Nominating Committee selected two candidates and has nominated John R. Goldberg, (incumbent) and Michael S. Hebel (incumbent) under the By-laws at Article VIII, Section 1. No petitions to be placed on the ballot were received. Because the number of candidates equals the number

of vacancies, an election is unnecessary. The candidates will be declared elected under the By-laws at Article VIII, Section 6.

One letter of intent to seek election to the Supervisory Committee in 2021 was received. The Nominating Committee has nominated candidate Barbara Brewster (incumbent). No other letters of intent to seek election were received. Because the number of candidates equals the number of vacancies, an election is unnecessary. The candidate will be declared elected under the By-laws at Article VIII, Section 6.

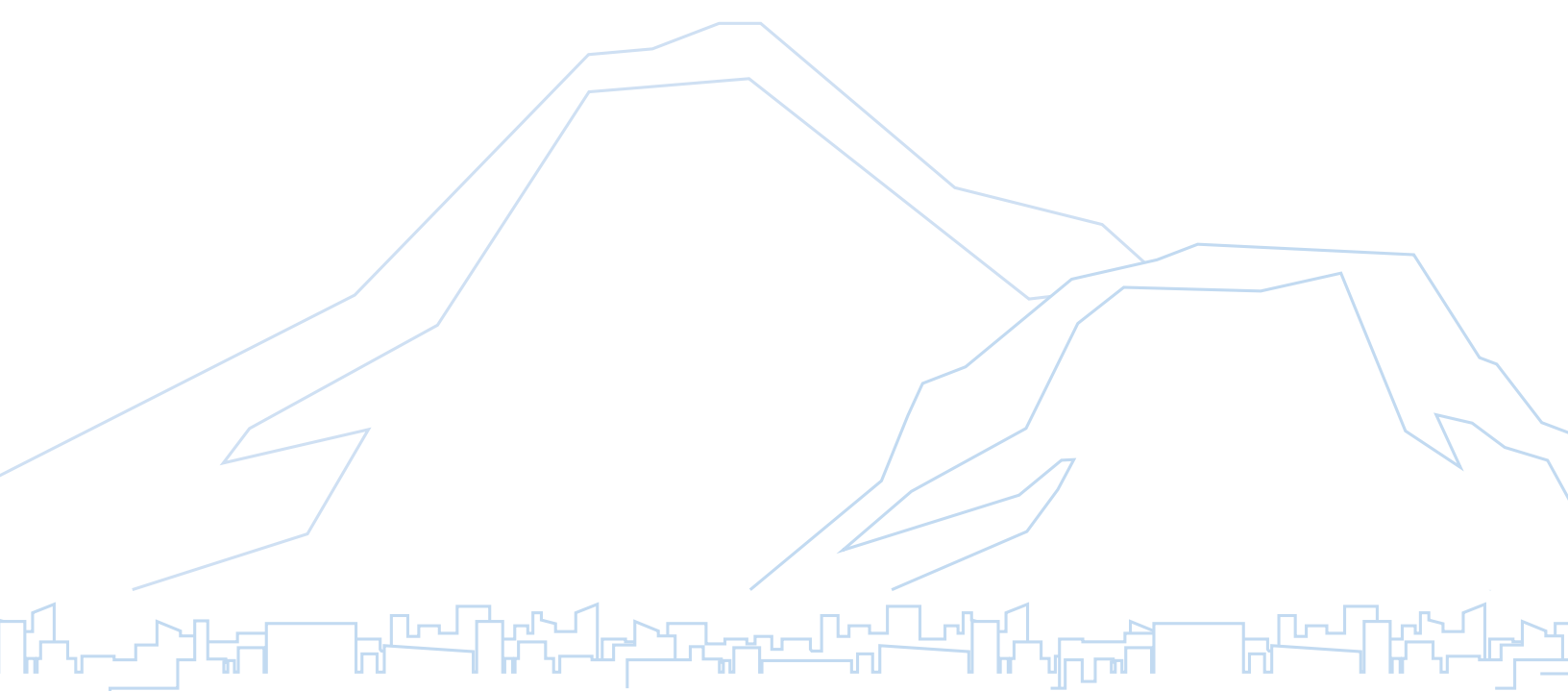
Respectfully submitted to the membership,

STEPHEN TACCHINI
Committee Chair

ROBERT PUTS
Committee Member

MICHELLE JEAN
Committee Member

JOSEPH REILLY
Corporate Secretary



COMMUNITY EVENTS





1 MEMBERSHIP DEVELOPMENT DEMONSTRATING WHAT TAKING CARE OF OUR OWN REALLY MEANS

At The Police Credit Union we recognize the challenges our law enforcement family continue to face each day, and the impact of COVID-19. When one of our partner groups, San Quentin State Prison was negatively affected by the outbreak, we wanted to show how 'Taking Care of Our Own' is more than just words to us. Our Membership Development team of Darlene Hong and Leila Perreras assembled and delivered personal care packages to hundreds of correctional officers there – each assembled with our 'we care' spirit.

2 THE POLICE CREDIT UNION STAFF VOLUNTEERS AT SHRED DAY

On September 19, 2020 The Police Credit Union held our Shred Day event at our San Bruno location. This ever popular event allows our members to drop off documents they would like to have shredded. Thank you to our amazing volunteers for not only helping out with this year's event but also to help maintain safe protocols for our members in the wake of the current COVID-19 pandemic.

3 SUPPORTING THE PEACE OFFICERS WIVES OF CALIFORNIA

The Police Credit Union supported this nonprofit's effort in providing Care Packages for 20 Law Enforcement Agencies throughout California. The care packages were for both the peace officer and their families to show support and maintain health and wellness in their homes, which included snacks, coloring books for the kids, various branded items, and information on our financial services.

4 THE POLICE CREDIT UNION GIANT STOCKING RAFFLE

In the spirit of the holidays, at each of The Police Credit Union branches, there was a giant eight foot stocking full of toys and treats for members to enter for a chance to win. Winners were randomly selected for each branch location on December 18th. Congratulations to all of the winners.

5 HOLIDAY TOY DRIVE

In 2020, the Police Credit Union partnered with San Francisco PAL and a multi-agency effort through Redwood City PAL for San Mateo County's Holiday Toy Drive as this year there was an increased need for toys due to the COVID-19 pandemic causing more financial hardship for families. We hosted toy donation barrels at 3 branch locations (Irving, San Bruno, and San Mateo) and were able to collect toys from both members and our staff. Thank you to everyone who was able to donate to this year's Toy Drive.

6 THE POLICE CREDIT UNION DONATES TO THE #GOTYOUCOVERED MILLION MASK CAMPAIGN

The Police Credit Union was proud to make a \$2,500 donation to the #GotYouCovered Million Masks Campaign. This global campaign was started in an effort to provide one million medical masks and personal protective equipment to first responders and public safety officials on the frontlines battling the COVID-19 pandemic. As a financial institution dedicated to serving law enforcement and first responders, this campaign aligned strongly with our core value of taking care of our own by helping to provide them with the masks and protective equipment they need to stay safe out there.



BRANCH/ATM LOCATIONS AND CONTACT INFORMATION

BRANCH & ATM LOCATIONS

ADMINISTRATIVE BUILDING/SAN BRUNO BRANCH
1250 Grundy Lane, San Bruno, CA 94066

MAIN OFFICE AND BRANCH
2550 Irving Street, San Francisco, CA 94122

BRYANT STREET BRANCH
802 Bryant Street, San Francisco, CA 94103

SAN MATEO BRANCH
4060 South El Camino Real, Suite F*, San Mateo, CA 94403

PLEASANTON BRANCH
6689 Owens Drive, Suite 125, Pleasanton, CA 94588

OAKLAND BRANCH
559 5th Street, Oakland, CA 94607

FULL SERVICE ATM SFPD SOUTHERN STATION
1251 3rd Street San Francisco, CA 94158

In addition to The Police Credit Union branches, as a member you also have fee-FREE access to CO-OP ATMsSM and CO-OP Shared BranchesSM.

To find the location closest to you, visit www.thepolicecu.org/locations.

CONTACT INFORMATION

24/7 Contact Center **800 222 1391**

MemberLink 24-Hour Transactions **800 871 3419**

Email **members_info@thepolicecu.org**

No-Cost Auto Buying Service for New Vehicles **800 716 9550**

Enterprise Car Sales for Pre-owned Vehicles **www.thepolicecu.org/enterprise**

MEMBERSTM Financial Services **415 682 3361**

LOST OR STOLEN CARDS

Visa[®] Credit Card **800 449 7728**

Mastercard[®] Debit Card **800 222 1391**
(after hours) **888 241 2510**

FALCON FRAUD SERVICE CENTER

Visa[®] Credit Card **888 918 7313**

Mastercard[®] Debit Card **888 241 2440**



THE POLICE CREDIT UNION PRODUCTS AND SERVICES

ONLINE

Online Banking

www.thepolicecu.org

iPhone® and Android™ Mobile Banking Apps

Search for The Police Credit Union in the iTunes App Store or Google Play store to download our app for free!

Special Discounts

www.thepolicecu.org/specialdiscounts

Facebook

www.facebook.com/ThePoliceCU

More Online Services to Manage Your Finances

- Bill Pay
- Email and Text Alerts
- E-statements
- Mobile Deposit
- MoneyTrac (Online budgeting tool)
- Mobile Wallet (Apple Pay™, Android Pay™, Samsung Pay, and Microsoft Wallet)
- Visa® Checkout (faster online shopping experience)

PRODUCTS

- Mortgage Loans
- Home Equity Fixed-Rate Loans and Home Equity Lines of Credit
- New/Used Vehicle Loans
- Platinum Visa® Credit Cards
- Checking with ATM Rebates*
- Personal Loans
- Public Safety Assistance Loan
- Money Market Wealth Builder Accounts
- Certificates
- IRAs

SERVICES

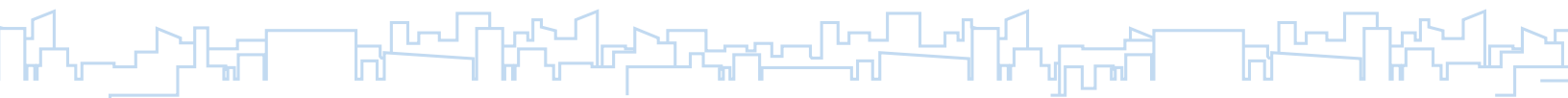
- End of Watch Debt Forgiveness Benefit
- HomeAdvantage® Realtor Network with Rewards
- Discounted Estate Planning Services
- GreenPath Financial Wellness-Financial Counseling and Debt Management

Membership at The Police Credit Union is open exclusively to Police and other Law Enforcement agencies and their families throughout California.

Membership is also available to First Responders and their families throughout the 9 Bay Area counties.

*Federally Insured by the National Credit Union Administration.
Equal Housing Lender.*

**Terms and conditions apply. Visit www.thepolicecu.org/noatmfees*





Special thanks to the Law Enforcement agencies and associations that provided us with photos

“ THERE ARE NO GREAT PEOPLE IN THIS WORLD, ONLY GREAT CHALLENGES WHICH ORDINARY PEOPLE RISE TO MEET. ”

Fleet Admiral William “Bull” Halsey, Jr.



800.222.1391
www.thepolicecu.org