

## Statement of Financial Condition

Period Ending December 31, 2009

### Assets

Loans to Members	32,645,034
Allowance for Loan Loss	-1,247,237
Cash	2,089,502
Investments	24,512,121
NCUA Share Insurance	
Fund Deposit	566,685
Fixed Assets-Net	1,537,336
All Other Assets	297,522
<b>TOTAL ASSETS</b>	<b>60,400,963</b>

### Liabilities & Net Worth

Member's Share Accounts	41,649,893
Certificates	13,933,850
Accounts Payable	181,844
All Other Liabilities	314,737
Regular Reserves	1,568,246
Undivided Earnings	2,752,393
<b>TOTAL LIABILITIES</b>	<b>60,400,963</b>

### Statement of Income

Income	
Interest on Loans	2,453,314
Income from Investments	736,983
Fee Income	404,826
Other Income	368,706
<b>TOTAL INCOME</b>	<b>3,963,829</b>

### Operating Expenses

Wages	1,135,632
Benefits	279,889
Training & Conference	11,694
Association Dues	6,907
Office Occupancy	176,366
Office Operations	991,529
Marketing/Advertising	93,562
Loan Service Expense	63,818
Professional & Outside	
Services	78,714
Operating Fees	6,206
Interest of Borrowed Money	348
Annual Meeting	0
Miscellaneous Expenses	7,499
Provision for Loan Loss	1,259,699
NCUSIF Impairment Expense	447,475
<b>TOTAL EXPENSES</b>	<b>4,559,338</b>

Cost of Dividends	565,587
Non-Operating Gain	274,445

**NET INCOME** <886,652>

## Contact Us

Mailing Address  
PO Box 30  
Hayward, CA 94543  
510 690-6100  
info@baycities.org  
Fax - 510-537-LEND

## Apply for a Loan or Credit Card

510 690-6166, or online 24/7

## 24/7 Access

Home Banking/Bill Pay  
**www.baycities.org**  
e-Statements  
BayLine 24/7  
510 538-3425

## Credit Union Service Centers

22777 Main Street, Hayward

## Hours

Monday–Thursday  
9:00 am – 5:00 pm  
Friday  
9:00 am – 6:00 pm

Find a shared branch from our nationwide  
network.

www.CUSwirl.Com



We Do Business in Accordance With the Federal Fair Housing Law and the Equal Credit Opportunity Act.



# 2009 Annual Report



*Working Together*  
**For Your  
Financial  
Well-Being**

BAY CITIES  
CREDIT UNION  
www.baycities.org

## President's Report

First and foremost, we want to thank you for your loyalty and support of the Credit Union over the past year. It is indeed one of the special characteristics of credit unions that they are owned by depositors such as you, and that every member is invited to participate in the Credit Union's well being.

We are living in tumultuous financial times for our community and our nation. In fact, it is precisely the nature of the economic climate today that inspires my message for the 2009 Annual Report.

With loan losses ever on the rise, the good news is, that Bay Cities is still here, ready to serve as ever! This is quite a statement at a time when the financial media brings daily news of doom and gloom.

I would not blame you if you were pessimistic about the financial outlook in our country. Still there are bright spots, and I'm here to tell you that Bay Cities Credit Union is one of them. Our earnings were negative in 2009 due to large loan losses and a mandatory payment to the National Credit Union Share Insurance Fund to help stabilize the fund and still maintain our reserve levels above 7%, defined by our regulators as well capitalized.

We want to assure you of the conservative nature of your Credit Union, our adherence to traditional business methods, and our not-for-profit mind-set. It is our philosophy of focusing on the long-term interests of members and on the welfare of our employees that has kept us from making those decisions that have landed much of the financial community in so much trouble.

In the end, our financial strength will come from members honoring their loan commitments, and those who have chosen to use their Credit Union for their financial needs.

We continue with plans to strengthen the value of your Credit Union membership by:

- Making Health Savings Accounts available to help members cope with the high cost of

health care.

- Offering a Medicare Supplement Plan for Members
- Looking for new opportunities to provide convenience for existing members while creating member growth to solidify our future.
- And we'll continue working with members to meet their loan needs and encourage them to save more and reduce debt.

I believe it is the relentless pursuit of our mission of helping people improve their family's financial situation that will lead to our financial strength in the coming year.

I want to personally thank you for being a member, and look forward to earning your continued trust.

Respectfully Submitted,  
Harold Davis  
President of the Board

## Supervisory Committee

As an audit committee appointed by the membership, the Supervisory Committee oversees the Credit Union's financial condition and operations. We ensure sound financial management and make certain that the Credit Union operates in the best interest of its members. To accomplish this goal, the Supervisory Committee engaged the accounting firm of RSM McGladrey to perform a certified audit in accordance with regulatory requirements. Their audit results, along with the 2009 audit completed by the Department of Financial Institutions (DFI) indicate that management practices and procedures continue to safeguard members' assets.

The Supervisory committee is always available to serve the membership by answering your questions or to receive any comments you may have.

Respectfully Submitted,  
Henrietta Boe  
Chairman of the Supervisory Committee

## Credit Committee

The Credit Committee regularly reviews loan appeals, and evaluates loan delinquency and charge-off performance of the Credit Union. We also review guidelines set by the Board of Directors for granting credit, and we review the Credit Union's lending practices.

As with other financial institutions during 2009, Bay Cities Credit Union saw a record number of loan delinquencies and necessary charge-offs. Credit Unions are not-for-profit, member owned financial cooperatives, and that is why we are able to offer necessary financial services with competitive rates and low fees. When unfortunate circumstances arise that cause a member to become delinquent on a loan, the Credit Union suffers a loss, and it can affect all members in the form of lower earnings and higher loan rates. We continue to strive to assure Bay Cities Credit Union maintains desirable financial services with competitive rates and low fees for our members.

The Credit Committee exists to serve you, our members, and we are pleased to represent your interests.

Respectfully Submitted,  
Gregory P. Mailho  
Chairman of the Credit Committee

