



The value of membership in the Federal Home Loan Bank of San Francisco has never been more apparent. In 2007, we met the funding needs of our members, enabling them to provide essential credit to their communities.

Arizona State Credit Union

“The Bank is a strategic partner that assists us in balance sheet management, liquidity management, and even product development. If we have a need, we know we can go to the Bank.”

David Doss, Chief Executive Officer

With branches throughout Arizona and \$1.1 billion in assets, Arizona State Credit Union has a strong retail presence and offers a substantial array of personal and business banking services. Over the last three years, Arizona State Credit Union has built up its loan portfolio dramatically, resulting in a significant increase in its loan-to-deposit ratio. “We’ve used overnight advances and term borrowings from the Bank, including a Puttable Advance,” says David Doss. “As we grow our loan portfolio and our loan-to-deposit ratio increases, accessing Bank advances enables us to add efficiency and profitability to our organization.”



In 2007, the Bank awarded Arizona State Credit Union a \$600,000 Affordable Housing Program (AHP) grant and a \$25,000 Access to Housing and Economic Assistance for Development (AHEAD) Program grant. The AHP grant will help create 30 single-family homes for low- to moderate-income families, and the AHEAD grant will fund a computer technician apprenticeship program targeted primarily to homeless people. "Community involvement is one of our five strategic goals," says Mr. Doss, "so we're very pleased to be able to pass through to our communities this additional benefit of Bank membership."

Independence Bank

“When the secondary market for multifamily and commercial real estate loans dried up last year, the Bank gave us the competitively priced funding we needed to manage our balance sheet growth.”

Maria Arakaki, Executive Vice President and Chief Financial Officer
Pictured with Charles Thomas, President and Chief Executive Officer

Founded in 2004, Independence Bank has \$380 million in assets and provides a full range of commercial banking services to Orange County. Independence Bank primarily originates multifamily and commercial real estate loans, and typically sells a portion of those loans in the secondary market. Independence Bank has found membership in the Bank particularly useful during its de novo phase. “We appreciate the Bank on so many levels,” says Maria Arakaki. “Funds are always available, the pricing is very competitive, and the execution is flawless.”



While Independence Bank is not involved in the subprime market, the spillover effects of the subprime crisis made it difficult to sell its multifamily and commercial real estate loans. "It wasn't just a pricing issue—there was also a lack of buyers," says Ms. Arakaki. Independence Bank increased its borrowings from the Bank, using overnight and long-term fixed rate advances. "It's no hassle to borrow from the Bank, and we can avoid paying a premium for brokered deposits. We can also use the Bank to restructure our balance sheet by lengthening liabilities. That's the beauty of using the Bank—it serves as an effective tool for asset/liability management."

Community Bank of Nevada

“The Bank offers low-cost funding and is the easiest, most painless way to supplement our core deposits. When it comes to liquidity, the Bank gives us peace of mind.”

Cathy Robinson, Executive Vice President and Chief Financial Officer

For \$1.6 billion Community Bank of Nevada, funding loan growth with core deposits has become a real challenge in the very competitive Las Vegas market. “CD rates in Las Vegas are now among the most expensive in the country,” says Cathy Robinson. “In today’s market, we’d be hard-pressed not to use wholesale money. We want to lower our cost of funds, and we want our liability structure to be less rate-sensitive. So we have chosen to use Bank advances while continuing to raise core deposits in the background.”



Community Bank of Nevada typically borrows overnight from the Bank and also uses term fixed rate advances. "Borrowing from the Bank is very convenient," Ms. Robinson says. "We pledge our loans under blanket lien with summary reporting because we like the streamlined pledging process, and we use eTransact to take down advances online. The convenience, the ease of use, the simplicity and comfort of knowing that low-cost funding is just a phone call or a mouse click away—all of this makes using the Bank an easy choice to make."