

SAFE Credit Union  
2020 Annual Report

Putting  
YOU  
first.



PICTURED: SAFE STAFFER BRIAN ALEXANDER



# MESSAGE FROM TERRY AND DAVE

**2020.** The year will long be remembered for its challenges and fundamental changes brought to our community, nation, and the world. It was a year like no other in recent memory, and it affected all parts of our business.

Our priority in 2020 was to ensure the financial well-being of YOU, our members. We offered emergency loans and services to members affected by the pandemic. We worked extensively to provide our business members with Paycheck Protection Program (PPP) loans. Our Mortgage teams originated a record-setting number of mortgage loans to members as interest rates reached historic lows. Our branch and call center staff ensured the well-being and safety of their co-workers, members, and visitors to our branches with enhanced safety protocols. We salute them for their dedication to serving our members by coming to work each day ready to live by our Brand Promise of providing exceptional experiences.

Challenges like those experienced in the past year show how credit unions like SAFE rallied to put our members first by providing emergency relief services, including offering no to low interest loans, waiving fees, providing loan modifications, and allowing members to defer loan payments. These measures were designed to provide members with the financial assistance and support to help them manage through the global health crisis and economic uncertainty.

On a positive note, members increased deposit balances in 2020 by a whopping \$748 million, further illustrating their confidence in SAFE as a financial institution of choice. The rapid rise in deposit balances also drove total assets to \$3.8 billion at the end of 2020, an increase of 24%.

But as one might expect, the economic downturn that resulted from the pandemic also filtered through SAFE's financial results, with net income declining to \$17.7 million for 2020, down from \$32.8 million in 2019. With lower net income and \$729 million in asset growth, capital grew at a slower pace than assets, resulting in SAFE's capital ratio declining to 8.60% from 10.06% the year prior. However, SAFE remains a well-capitalized credit union.

The unexpected combination of lower interest rates and the significant uptick in existing loan refinances and payoffs during 2020 contributed to a 6% reduction in interest income for 2020. Due to the economic slowdown and the efforts to support our members and employees during this difficult time, we also recorded a 75% increase in provision for loan loss expense and incurred higher noninterest expenses.

While these emergency measures affected our overall financial performance in 2020, as a not-for-profit financial cooperative, SAFE took these steps because we knew they were the right thing to do for our members.

## Even in 2020, SAFE experienced highlights to celebrate

- Grew membership to 240,674
- All SAFE branches remained open throughout the pandemic – there were no branch closures
- Opened a new branch in the Land Park neighborhood of Sacramento
- Moved the Natomas branch to a more convenient location
- Remarkable 28% year-over-year increase in deposits
- Paid members \$17.5 million in dividends, a 9% increase over 2019
- Saw increase of electronic transactions from 67 million in 2019 to 68 million in 2020
- Named a Best Place to Work for the third year in a row by the Sacramento Business Journal
- Achieved higher-than-industry net promoter score (member service quality) each quarter

As we look forward to 2021, we see hope on the horizon. Current economic conditions and low interest rates will continue to present financial headwinds over the near term, but SAFE is financially sound and will continue to proudly serve and support our members.

We also are resuming the implementation of key forward-moving technology solutions. SAFE paused many of its projects in 2020 to pivot our resources to help members weather the pandemic, but we have since resumed these efforts to revolutionize our business and provide members with more personalized and convenient service.

We also look forward to the opening of the SAFE Credit Union Convention & Performing Arts District in 2021, which represents a 25-year commitment by SAFE to the financial success of the Greater Sacramento Region.

On behalf of SAFE's leadership, we thank you, our members, for your continued loyalty and support.

With gratitude,

*Terrance W. Tremelling*

Terrance Tremelling  
Chairperson

*Dave Roughton*

Dave Roughton  
President, CEO



Terrance Tremelling  
Chairperson



Dave Roughton  
President, CEO

## Financials (Dollars in thousands)

### STATEMENT OF FINANCIAL CONDITION

	2020	2019
Cash & Cash Equivalents	\$822,601	\$368,623
Total Loans	\$2,393,694	\$2,454,041
Total Investments	\$327,540	\$47,253
Other Assets	\$270,346	\$215,656
<b>Total Assets</b>	<b>\$3,814,181</b>	<b>\$3,085,573</b>

Total Share Deposits	\$3,448,286	\$2,700,688
Other Liabilities	\$35,426	\$74,461
Members' Equity	\$330,469	\$310,424
<b>Total Liabilities and Members' Equity</b>	<b>\$3,814,181</b>	<b>\$3,085,573</b>

### STATEMENT OF NET INCOME

	2020	2019
Interest Income	\$100,548	\$106,768
Noninterest Income	\$65,986	\$61,614
<b>Total Revenue</b>	<b>\$166,534</b>	<b>\$168,382</b>

Dividend Expense	\$18,080	\$16,825
Interest Expense	\$671	\$1,971
Provision for Loan Losses	\$14,737	\$8,407
Noninterest Expense	\$115,352	\$108,345
<b>Total Expense</b>	<b>\$148,840</b>	<b>\$135,548</b>

<b>Net Income</b>	<b>\$17,694</b>	<b>\$32,834</b>
-------------------	-----------------	-----------------



PICTURED: SAFE  
STAFFER MEGHAN  
FOSTER WITH HER  
DAUGHTER

## Board of Directors

**Terrance Tremelling**, Chairperson  
**Robert E. Logue III**, 1st Vice Chairman  
**Rick Blumenfeld**, Treasurer  
**James Jefferson**, Secretary  
**Phillip A. Meserve**, Director  
**Ronald J. Seaman**, Director  
**Herb Long**, Director  
**John Quattrin**, Director  
**Jody Porter**, Director  
**Brian Bedford**, Director  
**James W. Hopp**, Director  
**Sonia Lewis**, Associate Director  
**Don Ball**, Associate Director

## Senior Executive Management

**Dave Roughton**,  
President, Chief Executive Officer  
**Chris Harris**,  
EVP, Chief Financial Officer  
**Faye Nabhani**,  
EVP, Chief Credit Officer  
**Colleen Nerius**,  
EVP, Chief Human Resources Officer  
**Michael McCarthy**,  
SVP, Chief Information Officer  
**Staci Corral**,  
SVP, Consumer Banking  
**Alexis Fitzpatrick**,  
SVP, Finance  
**Ken Getz**,  
SVP, Commercial Lending  
**Gina Olson**,  
SVP, Enterprise Applications  
**Sun Park**,  
SVP, Enterprise Risk Management  
and Internal Audit  
**Tiffani Vargas**,  
SVP, Real Estate and Consumer Lending

# 2020 Pandemic Relief at a Glance



## Assistance for the Community



**\$60,000**

in grants to four nonprofits to assist with emergency expenses



**3,300**

masks donated to Sacramento-area nonprofits to help in-person teams work safely



**\$10,000**

in Visa® gift cards distributed to area college students



**\$20,000**

investment in shop local campaign to support local businesses and employers



**6,390**

community members provided with educational insights through **222** no-cost webinars



**1,736**

hours SAFE staff spent volunteering in the community, overcoming the challenges of in-person volunteering this year due to the pandemic

## Assistance for Members



**\$4.4M**

funded in emergency no to low interest loans to over **1,600** members



**\$65M**

in mortgage loan forbearances granted to members



**\$205M**

in loan deferments on consumer and commercial loans were made to provide financial assistance to over **11,000** members



**542**

members took advantage of a program that let them pay 50 percent of their monthly auto loan payment for 60 days



**\$22.45M**

in Paycheck Protection Program loans secured for **478** Business Banking members



**\$642,000**

in waived fees

Insured by NCUA

