

A Note from Our Board Chair and President and CEO

Bay Federal Credit Union demonstrated its ability to pivot and adapt to rapidly changing circumstances throughout 2020. In response to the ongoing pandemic and devastating wildfires, we sprang into action to expand services and created new ways to support our membership in need. Success in a year marked by turbulence can be measured not only by the financial results but also by the actions taken to soften the impact of a tumultuous year on our community, members, employees, and dedicated volunteers.

These actions started last March when local stay-at-home orders changed many of the ways that we interact with our members. Our branches made changes to keep everyone safe by enforcing social distancing and mask wearing, installing filters in our air circulation systems, placing plexi-glass barriers throughout the branches, scheduling rigorous cleaning routines, and reducing branch hours where appropriate. Our Member Service Call Center took on new challenges as more members chose to manage their banking needs by phone and call volumes drastically increased. We understand that service levels were impacted at times and we continue to fine tune processes to deliver the fast and friendly member service that our members expect from us.

In addition to all of the physical changes that we made in the last year to keep everyone safe, we also went to great lengths to provide financial relief to our local communities in need. Within weeks of the start of the pandemic, we offered emergency loans and payment deferrals to members in financial crises. Paycheck Protection Program (PPP) loans were quick to follow to help local, small businesses. When wildfires threatened our communities, we once again issued emergency loans for those who needed financial support quickly, and we enacted more loan payment deferrals where possible to provide additional relief. While our usual community service events were understandably altered or canceled, we still raised over \$67,000 for over 28 organizations. Bay Federal can be counted on to pivot quickly and deliver financial services safely.

While we acted quickly to respond to crises in the community, we also maintained a steady pace in providing our regular menu of loans and services while most of our team was working from home. As a result of the reduction in interest rates, we helped a record number of members with home loan refinances, as well as purchases and refinances of new and used auto loans. We launched a new, much-anticipated Home Equity Line of Credit (HELOC) product that provides members a flexible and competitively priced way to access the equity in their homes. The Investment Services team has grown in the last year to better help our community members with financial planning and investing.*

Looking forward to the next twelve months, we have many exciting developments on the horizon. We will be relocating our Salinas branch to the Harden Ranch Plaza by fall of 2021. The new location will provide a more convenient access to the communities in and around Salinas. We are also launching a new Visa Signature credit card with rich rewards and benefits. A newly revamped business services program and a business lending program will be introduced in April. We will continue our focus on providing easy access through our mobile and online banking experience, from convenient online loan applications to environmentally friendly eStatements, notices, and receipts at a touch or click of a button.

With the pandemic slowly coming under control, we see the light at the end of the tunnel growing brighter. You can count on the employees and Board volunteers to continue to take action in the days and years ahead to meet your financial needs. Thank you for your continued support.



Taylor Bateman
Board Chair



Carrie L. Birkhofer
President and CEO

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Credit Union Performance for 2020

<p>Membership Credit Union Member-Owners</p> <p>79,676</p>	<p>Assets Strong Growth</p> <p>\$1.4_B</p>	<p>Net Worth Ratio Strength in Numbers</p> <p>7.87%</p>	<p>Member Satisfaction Rated Very Good to Excellent</p> <p>92.70%</p>
<p>Home Loans Funded Fixed Mortgages, Mobile Homes</p> <p>646 \$247.9M</p>	<p>Vehicle Loans Funded Autos, Motorcycles, RVs</p> <p>5,137 \$128.7M</p>	<p>Investment Services Planning for the Future</p> <p>\$219_M Managed Assets</p>	<p>Community Support Employee Volunteerism</p> <p>\$67_K Fundraised</p>

Emergency Loans and Assistance

<p>Paycheck Protection Total PPP Loans Granted</p> <p>113 \$1,957,247</p>	<p>Loan Deferrals Consumer Loans</p> <p>3,987</p>
<p>Emergency Loans Pandemic & Wildfire Relief</p> <p>542 \$782,530</p>	<p>Loan Deferrals Home Loans</p> <p>309</p>

Honors and Awards



*Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Bay Federal Credit Union and Investment Services at Bay Federal Credit Union are **not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using Investment Services at Bay Federal Credit Union, and may also be employees of Bay Federal Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Bay Federal Credit Union or Investment Services at Bay Federal Credit Union. Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value
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2020 Annual Report

Supervisory Committee and Treasurer's Report

Statement of Income

for the year ending December 31, 2020 (unaudited)

Interest Income

Interest on Loans	\$30,884,108
Interest on Investments	\$4,866,788
Total Interest Income	\$35,750,897

Interest Expense

Dividends and Interest	\$2,639,444
Total Interest Expense	\$2,639,444

Net Interest Income

Provision for Loan Losses	\$2,257,842
Net Interest Income Net of Provision	\$30,853,611

Non-Interest Income	\$13,325,939
Income Before Operating Expenses	\$44,179,550

Operating Expenses

Compensation and Benefits	\$22,008,954
Operations	\$6,627,156
Occupancy	\$1,719,689
Other Expenses	\$5,676,217
Total Operating Expenses	\$36,032,016
Net Income	\$8,147,534

Statement of Financial Condition

as of December 31, 2020 (unaudited)

Assets

Member Loans	\$759,039,062
Cash & Investments	\$591,084,274
Land, Building, and Equipment	\$14,584,448
Other	\$30,500,516
Total Assets	\$1,395,208,300

Liabilities, Deposits, and Equity

Other Liabilities	\$18,510,304
Member Deposits	\$1,262,466,175
Equity	\$114,231,821
Total Liabilities, Deposits, and Equity	\$1,395,208,300

Bay Federal Credit Union's assets approached \$1.4 billion at the end of 2020. Growth in savings and checking account balances led to deposit growth of 28%. Due to the state of the economy during the COVID-19 pandemic, there was a 5% decline in auto loans and 5% growth in home loans during the same period. Total earnings surpassed \$8 million. The organization remains well capitalized at 7.87%.

The Supervisory Committee secured the services of CliftonLarsonAllen LLP to perform a certified financial audit of the Credit Union in 2020. The CPAs stated that the financial statements presented fairly the financial position of the Credit Union as of June 30, 2020. The Credit Union remains diligent in improving internal controls and enhancing risk management practices. Additional audits conducted by other external experts further validated management's practices of safety and security being upheld in its procedures.

Bay Federal Credit Union's continued focus on safety, security, exceptional service, affordable products, and mutually profitable member relationships ensures a healthy financial cooperative.



Board of Directors

Taylor Bateman

Chairperson

Piret Harmon

Vice Chairperson

Jessica Dixon

Treasurer

Jordan Ciliberto

Secretary

Kathleen Lawler Bodmer

Director

Sheila Joyce Kellerman

Director

Michael Leung

Director

Dennis Osmer

Director

Jim Phillips

Director

Tami Corum

Associate Director

Bob Bugalski

Director Emeritus

H. Duane Smith

Director Emeritus

Supervisory Committee

Michelle Berridge

Chairperson

Pat Pfremer

Committee Member

Suzanne Shaug

Committee Member

Barbara Callahan

Committee Member

Richard Mills

Committee Member

Executive Team

Carrie L. Birkhofer

President and Chief Executive Officer

Cameron Haste

Executive Vice President and Chief Operations Officer

Tonée Picard

Executive Vice President and Chief Development Officer



Making a real difference