

# 2021

## Annual Report



**Bay Federal**

CREDIT UNION

*Making a real difference*



# A Note from Our Board Chair and President and CEO

Bay Federal Credit Union overcame the continued challenges of operating in a pandemic through adaptability, resilience, and perseverance, and emerged stronger than ever before. Bay Federal delivered on its service promise in 2021 to make a real difference by expanding our product offerings, improving digital solutions, and being responsive to our members needs throughout the ever-changing business environment. Our Credit Union serves the direct needs of diverse local communities with a focus on providing access to reliable, affordable, and convenient financial services to underserved markets. We serve over 82,000 member-owners throughout Santa Cruz, San Benito, and Monterey Counties with pride. Bay Federal Credit Union has grown to be the largest member-owned financial institution in the area at nearly \$1.6 billion in assets.

As a Community Development Financial Institution (CDFI), Bay Federal Credit Union was awarded \$1.8 million from the U.S. Department of the Treasury as part of the CDFI Rapid Response Program to deploy loans quickly to those affected most by the pandemic. Our commitment to supporting the community extended to local businesses. We deployed 92 SBA Paycheck Protection Loans to business members totaling \$1.9 million in 2021. In total, Bay Federal Credit Union directly assisted 205 local businesses with a total of over \$3.8 million to keep their workforce employed during the COVID-19 crisis.

Despite the impacts of the pandemic, Bay Federal Credit Union achieved some impressive milestones. We launched a new First Time Homebuyers Program to make homeownership possible for more community members. We developed new and improved loan products for autos, recreational vehicles, and motorcycles, launched a new Signature Visa Credit Card that has impressive rewards and benefits, and expanded our business lending options to help local businesses thrive. We continued to be a safe haven for member deposits and investment guidance. The Investment Services team expanded to provide more financial planning and investing solutions for members.\* We invested in a new convenient branch location to serve our Salinas and Monterey-area members.

Bay Federal continues to be actively involved in local and regional issues by working closely with business associations and local, regional, and state government representatives. We also meet our community where they are at, providing valuable resources for our members at every stage of life. Bay Federal improves the financial well-being of the community through free education programs for students and adults. Our long tradition of being a good neighbor continued through our award-winning volunteer program, in which employees donate their own money and volunteer hours of personal time to have an impact supporting non-profits and causes that contribute to community vitality. During the pandemic, Bay Federal employees raised over \$72,000 for local organizations and contributed 1,780 volunteer hours.

We entered into 2022 with hope and enthusiasm for the year ahead. We are continuing to invest in our online and mobile banking experience, and will be introducing a new website later this year. We will be working to continually earn our members trust and support through the development of new products, services, and resources to help you attain your personal financial goals. We will invest in enhancing our employee development programs to support the new era of banking to serve our members exceptionally well, now and into the future. You can count on the employees and our all-volunteer Board of Directors to place the best interest of all of our members at the heart of every decision we make.

With appreciation and deep gratitude for your membership.

  
Taylor Bateman  
Board Chair

  
Carrie L. Birkhofer  
President and CEO



Carrie L. Birkhofer  
President and CEO



Taylor Bateman  
Board Chair



*\*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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## Supervisory Committee and Treasurer's Report

Bay Federal Credit Union's assets approached \$1.6 billion at the end of 2021. The Credit Union experienced growth in savings and checking account balances of 15%. Auto loans grew by 9% while home loans grew by .5% during the same period. Total earnings surpassed \$13 million. The Credit Union remains well-capitalized at 7.71%.

The Supervisory Committee secured the services of CliftonLarsonAllen LLP to perform a certified financial audit of the Credit Union in 2021. The CPAs stated that the financial statements presented fairly the financial position of the Credit Union as of June 30, 2021. The CPAs also stated that the results of Credit Union operations and its cash flows are in conformity with accounting principles generally accepted in the United States of America. Bay Federal is recognized for its diligence in improving internal controls and enhancing risk management practices. Additional audits conducted by other internal experts further validated management's practices of safety and security being upheld in its procedures.

Bay Federal Credit Union is a healthy financial cooperative through its continued focus on safety, security, soundness, and mutually profitable member relationships.

### Credit Union Performance for 2021



**Membership**  
Credit Union Member-Owners  
**82,219**



**Member Satisfaction**  
Rated Very Good to Excellent  
**93.9%**



**Investment Services**  
Planning for the Future  
**\$272M**  
Managed Assets



**Assets**  
Strong Growth  
**\$1.6B**



**Home Loans Funded**  
Fixed Mortgages, Mobile Homes  
**519** (\$195.3M)



**Community Support**  
Employee Volunteerism  
**\$72,471**  
Fundraised



**Net Worth Ratio**  
Strength in Numbers  
**7.71%**



**Vehicle Loans Funded**  
Autos, Motorcycles, RVs  
**7,046** (\$196.6M)



**Paycheck Protection**  
Total PPP Loans Granted  
**92** \$1,914,930



## Statement of Income

for the year ending December 31, 2021 (unaudited)

### Interest Income

Interest on Loans	\$30,178,070
Interest on Investments	\$4,868,318
<b>Total Interest Income</b>	<b>\$35,046,388</b>

### Interest Expense

Dividends and Interest	\$1,687,995
<b>Total Interest Expense</b>	<b>\$1,687,995</b>

**Net Interest Income** **\$33,358,394**

Provision for Loan Losses	\$(1,162,863)
<b>Net Interest Income Net of Provision</b>	<b>\$34,521,257</b>

Non-Interest Income	\$18,163,050
<b>Income Before Operating Expenses</b>	<b>\$52,684,308</b>

### Operating Expenses

Compensation and Benefits	\$25,421,271
Operations	\$6,629,141
Occupancy	\$1,826,462
Other Expenses	\$5,496,960
<b>Total Operating Expenses</b>	<b>\$39,373,834</b>

**Net Income** **\$13,310,473**

## Statement of Financial Condition

as of December 31, 2021 (unaudited)

### Assets

Member Loans	\$848,255,206
Cash & Investments	\$703,719,497
Land, Building, and Equipment	\$14,811,763
Other	\$28,905,050
<b>Total Assets</b>	<b>\$1,595,691,516</b>

### Liabilities, Deposits, and Equity

Other Liabilities	\$19,361,458
Member Deposits	\$1,456,583,960
Equity	\$119,746,098
<b>Total Liabilities, Deposits, and Equity</b>	<b>\$1,595,691,516</b>



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# History

Bay Federal Credit Union's story started in 1957, when eight local school teachers pooled their personal savings to form a credit union on the simple principle of "people helping people." Santa Cruz County Teachers Federal Credit Union was formed on November 8, 1957. The credit union's first loan was made to help a teacher purchase a crib for their newborn baby.



While the credit union has grown significantly over the years, and experienced some name changes along the way, the guiding principles have remained the same. 65 years later, we are just as dedicated to serving our member-owners as the day we were established. We continued to be governed by an all-volunteer Board of Directors who oversee the strategic direction of the Credit Union. Our philosophy of "people helping people" translates into a commitment to exceptional service, competitive and affordable financial products, and assistance from staff and management who care about each member. The credit union employs over 235 employees, the majority of whom live and work locally, and over 82,000 members throughout Santa Cruz, San Benito, and Monterey Counties.

Our mission to "make a real difference in the financial lives of the people in the communities we serve" will continue as we look ahead to the credit union's future. We will be investing in technology and innovative products to make banking with us easier and more secure. We will strive to expand our services to more people throughout our service areas and commit to promoting economic vitality for all along the Central Coast for generations to come. Thank you for choosing to be a member of Bay Federal Credit Union!



# Creating Thriving Communities through Volunteerism

Bay Federal Credit Union employees and their family members contribute to thriving communities through their active support of non-profit organizations throughout the Tri-County area. Our award-winning volunteer program creates meaningful ways for our team members to engage with organizations that provide essential services to the community. Our team members donate their time and money, collect supplies, and volunteer for numerous local schools, organizations, and community events. Many of our Management Team members voluntarily serve on Boards of Directors for non-profits, which enables organizations to leverage their experience, guidance, and expertise to help govern their work. We are passionate about making a real difference, and having fun while we serve others!







## 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

**Keisha Browder**  
Associate Director

**Brett Karleen**  
Associate Director

**ileana Ortega Brunetti**  
Associate Director

**Bob Bugalski**  
Director Emeritus

**H. Duane Smith**  
Director Emeritus

## Supervisory Committee

**Michelle Berridge**  
Chairperson

**Pat Pfremmer**  
Committee Member

**Suzanne Shaug**  
Committee Member

**Barbara Callahan**  
Committee Member

**Richard Mills**  
Committee Member

**Guillermo Cervantes**  
Associate Director

**Shawfeng Dong**  
Associate Director

**Alexander Wright**  
Associate Director

## Executive Team

**Carrie L. Birkhofer**  
President and Chief Executive Officer

**Cameron Haste**  
Executive Vice President and Chief Operations Officer



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