

2022

Annual Report



Bay Federal
CREDIT UNION

Making a real difference

A Note from Our Board Chair and President and CEO

Bay Federal Credit Union was steadfast in providing financial services and making a community impact in 2022. The Credit Union continued to grow, with membership reaching over 86,000 members and \$1.6 billion in assets. We are proud to serve members throughout Santa Cruz, San Benito, and Monterey Counties to provide them with access to financial services that support their personal goals and aspirations. Our team's unwavering commitment to providing personalized, member-centric financial services has been key to this growth.

Bay Federal Credit Union's business performance is clearly reflected in our positive financial results. The Credit Union invested in making loans to members for various purposes, including home purchases, vehicle loans, and small business loans. We have demonstrated the financial stability of our members and the success of our lending practices through low delinquency rates. Bay Federal continues to promote financial wellness and savings among our members. Deposits increased by over \$24 million and membership grew by 5%. Overall, this resulted in a well-capitalized Net Worth Ratio of 8.47%.

In 2022, we invested in various technology initiatives, including enhancements to mobile and online banking, the home loan application portal, automated messaging for members, and much more. These investments have made banking more accessible and convenient for our members, while reducing operational costs and enhancing security.

We are deeply committed to giving back to the communities we serve. In 2022, our staff members volunteered their time and expertise in various local

initiatives, including education, health, social services, and affordable housing. We raised over \$47,000 to support local charities and community programs, reflecting our commitment to creating positive change and making a real difference in people's lives. The Credit Union is committed to environmental sustainability, and we were thrilled to receive Green Business Certification this year for several of our branch locations.

We are proud to report that the Credit Union has demonstrated strong financial performance and resilience throughout the pandemic and recovery. We continue to serve our members with excellence and adapt to often changing market conditions. Our commitment to financial wellness and member satisfaction remains unwavering.

Looking ahead, we will continue to focus on delivering exceptional member experiences, investing in technology, and offering innovative products and services. We will leverage our collective strengths, embrace innovation, and remain true to our core values as we pursue our mission of making a real difference in the financial lives of those in the communities we serve.

Thank you for your support and membership!

In cooperative spirit,

Taylor Bateman
Taylor Bateman
Chairperson

Carrie S. Birkhofer
Carrie L. Birkhofer
President and CEO



Taylor Bateman
Board Chair



Carrie L. Birkhofer
President and CEO



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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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Your Credit Union ("Financial Institution") provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay the Financial Institution for these referrals. This creates an incentive for the Financial Institution to make these referrals, resulting in a conflict of interest. The Financial Institution is not a current client of LPL for advisory services. Please visit <https://www.lpl.com/disclosures/is-lpl-relationship-disclosure.html> for more detailed information.



Supervisory Committee and Treasurer's Report

Bay Federal Credit Union's assets exceeded \$1.6 billion at the end of 2022. The Credit Union experienced 5% growth in membership. Savings and checking account balances increased 2%. Auto loans grew by 34% while home loans grew by 6% during the same period. Total earnings surpassed \$12 million. The Credit Union remains well-capitalized at 8.47%.

The Supervisory Committee and Board of Directors changed the Credit Union's fiscal year from June to December during this reporting period. The Supervisory Committee secured the services of Nearman, Maynard, Vallez, CPAs to perform a certified financial audit of the Credit Union for 2022. The CPAs stated that the financial statements

presented fairly, in all material aspects, the financial position of the Credit Union as of December 31, 2022. The CPAs also stated that the results of Credit Union operations and its cash flows are in conformity with generally accepted accounting principles of the United States. Other professional audits validated management's practices of safety and security being upheld in its procedures. Bay Federal Credit Union is recognized for its diligence in continually improving internal controls and enhancing risk management practices.

Bay Federal Credit Union continues to uphold strong measures to ensure safety, security, and financial soundness.

Credit Union Performance for 2022



Membership
Credit Union Member-Owners

86,029



Member Satisfaction
Rated Very Good to Excellent

79.66%



Investment Services
Planning for the Future

\$234M
Managed Assets



Assets
Strong Growth

\$1.6B



Home Loans Funded
Fixed Mortgages, Mobile Homes

307 (\$108M)



Community Support
Employee Volunteerism

\$47,478
Fundraised



Net Worth Ratio
Strength in Numbers

8.47%



Vehicle Loans Funded
Autos, Motorcycles, RVs

8,585 (\$283M)

Statement of Income

for the year ending December 31, 2022

Interest Income

Interest on Loans	\$35,432,162
Interest on Investments	\$6,377,264
Total Interest Income	\$41,809,426

Interest Expense

Dividends and Interest	\$1,853,252
Total Interest Expense	\$1,853,252
Net Interest Income	\$39,956,174

Provision for Loan Losses	\$712,680
Net Interest Income Net of Provision	\$39,243,494

Non-Interest Income	\$14,964,583
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Income Before Operating Expenses	\$54,208,077
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Operating Expenses

Compensation and Benefits	\$25,995,590
Operations	\$6,837,359
Occupancy	\$1,935,218
Other Expenses	\$6,701,936
Total Operating Expenses	\$41,470,103
Net Income	\$12,737,974

Statement of Financial Condition

as of December 31, 2022

Assets

Member Loans	\$1,043,826,892
Cash & Investments	\$507,091,394
Land, Building, and Equipment	\$16,219,172
Other	\$36,489,191
Total Assets	\$1,603,626,649

Liabilities, Deposits, and Equity

Other Liabilities	\$22,528,694
Member Deposits	\$1,481,427,203
Equity	\$99,670,752
Total Liabilities, Deposits, and Equity	\$1,603,626,649



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CREDIT UNION

Making a real difference



Creating Thriving Communities through Volunteerism

Bay Federal Credit Union is committed to creating thriving communities through volunteerism. Our team members, along with their family members, actively support non-profit organizations throughout the Tri-County area. Our award-winning volunteer program provides meaningful opportunities for our employees to engage with organizations that provide essential services to the community. Through their time, monetary donations, and collection of supplies, our team members have volunteered for numerous local schools, organizations, and community events. Additionally, many of our Management Team members voluntarily serve on Boards of Directors for non-profits, leveraging their experience, guidance, and expertise to help govern their work. We are passionate about making a real difference in the community, and we strive to have fun while serving 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 Pfremer
Committee Member

Suzanne Shaug
Committee Member

Barbara Callahan
Committee Member

Richard Mills
Committee Member

Guillermo Cervantes
Associate Director

Shawfeng Dong
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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