

2020 ANNUAL REPORT

2021 ANNUAL MEETING PROGRAM

SEATTLE
CREDIT UNION

CONTENTS

2020 Annual Meeting Minutes.....	3
From the Board Chair.....	4
From the CEO.....	5
Finance and Budget Committee Report.....	6
Audit Committee Report.....	8
2020 Statement of Financial Condition.....	9
SCU Community Involvement.....	11
SCU Pandemic Preparedness.....	12
SCU DEI within our organization.....	13
SCU DEI community involvement.....	13
New Board Members.....	14
Interest in joining the SCU Board or SCU Audit Committees.....	15

AGENDA

- a. Ascertainment of Quorum
- b. Reading and Approval of Annual Meeting Minutes 2020
- c. Report of the Board of Directors
- d. CEO Statement
- e. Finance Committee Report
 - i. 2020 Statement of Financial Condition
- f. Audit Committee Report
- g. SCU Community Involvement
- h. SCU Pandemic Preparedness
- i. SCU DEI within our Organization
- j. SCU DEI Community Involvement
- k. Unfinished Business
- l. New Business
- m. Election Results
- n. Swearing in of new Board Members
- o. Adjournment
- p. Interest in joining the SCU Board or SCU Audit Committee
- q. Q&A

BOARD & AUDIT COMMITTEE ROSTERS

BOARD OF DIRECTORS:

Board Chair.....	Carlos Ruiz
Vice Chair.....	Deanna Clark
Secretary.....	Seujan Bertram
Treasure.....	Rob Shuler
Member.....	Robin Harmon
Member.....	Rebecca Kerr
Member.....	Stephen Ejide
Member.....	Shahzad Qadri
Member.....	Jonelle Johnson
Associate Board Member.....	Joe Davila

AUDIT COMMITTEE:

Audit Chair.....	Rick Szeto
Audit Vice Chair.....	Open
Audit Member.....	Sue Her
Audit Member.....	Tim Boyle
Audit Member.....	Deanna Clark

1. Welcome - Introduction of the Board of Directors - Call to Order

Carlos Ruiz, Board Chair, called the annual meeting to order on 2020/04/02 at 5:06 PM. The Board, Supervisory Committee and Executive Leaders all introduced themselves to the Members.

2. Ascertain Quorum - Approval of 2019 Annual Meeting Minutes

Carlos Ruiz acknowledged that a quorum existed and moved to begin the Seattle Credit Union Annual Meeting. First item of business was to approve 2019 Annual Meeting minutes.

First Motion: James Trefry, Seconded by: Robert Harvey

M/S/P - 2019 Annual Meeting Minutes approved as presented.

3. Report of Board of Directors - Board Chair

Carlos Ruiz advised the attendees of Seattle Credit Union's (SCU) Vision. Mr. Ruiz then explained Seattle Credit Union's community goals, and support of diversity.

Mr. Ruiz outlined some of the new products SCU is working on and currently in use to help the WA community.

4. Report of Seattle Credit Union C.E.O.

Richard Romero introduced himself to the attendees of the Seattle Credit Union Annual meeting. Mr. Romero outlined the Seattle Credit Union (SCU) History and mission, how it is different from other banking organizations. Mr. Romero then explained what makes SCU different from other financial institutions. Mr. Romero reviewed the partnerships the Credit union has established with the Washington community and how Seattle Credit Union is working on helping the communities in and around Seattle in these tough times. Mr. Romero then explained that Seattle Credit Union is working on creating new financial products to help everyone in the WA community. Some of the programs are existing products like Life Loans. Mr. Romero then explained the safety measures SCU is taking to ensure safety of its Members and employees due to the Coronavirus.

5. Executive Committee report

Carlos Ruiz presented the Executive Committee report in the annual report to the attendees of the meeting. He then outlined the main aspects of the report in the Seattle Credit Union Annual Report.

6. Report of Board of Directors - Supervisory Committee Report

Susan Her gave the Supervisory Committee Report to the attendees. Ms. Her explained the Credit Union Act and Bylaws to the attendees of the Annual Meeting. Ms. Her then explained the duties and responsibilities of the Supervisory Committee and how the committee goes about fulfilling these responsibilities. Ms. Her outlined the main duties the Supervisory Committee performed last year, which was stated in the Annual report. Ms. Her advised Members that the Supervisory Committee will be changing its name to the Audit Committee and the reasoning behind the name change.

7. Unfinished Business

No unfinished Business was addressed at this meeting.

8. New Business

No New Business was addressed at this meeting.

9. New Board Members

Carlos Ruiz advised the Members that there was two new Board Members elected to join the Seattle Credit Union Board. Jonelle Johnson and Rebecca Kerr. One incumbent member Carlos Ruiz and one Associate Board Member Joe Davila to the Seattle Credit Union Board. Susan Her, incumbent member, was elected to the Seattle Credit Union Supervisory Committee.



Greetings Members.

At Seattle Credit Union, we pride ourselves in being partners in growth and prosperity. Those words are not just a tagline developed by marketing, that is a fundamental part of our DNA. The previous year presented many challenges to our mantra and I am proud of how Seattle Credit Union responded during these difficult times. Here are just a few examples of how we provided immediate and sustainable relief to our Members, staff, small businesses, first responders, and at-risk communities:

- **Our incredible IT group was able to help transition the organization to remote work during the early days of the pandemic; a critical step in prioritizing the health and safety of our staff, their loved ones, and our community.**
- **We responded to the unprecedented financial challenges that many of our Members faced with programs such as the *Lifeline Loans* and *Skip-a-Pay* option.**

- **We moved as quickly as possible to leverage the SBA programs, such as the PPP loans, for our small business community.**
- **SCU's partnership with our community remained strong and we continued to invest in organizations and initiatives focused on serving the underbanked.**

All our work over this past year would not have been possible without the support and efforts of our staff. Our executive team and entire staff displayed a fervent commitment to our mission and vision and unrelenting spirit to serve as a source of support for our community.

Most of all, I want to thank our Members for their continued support of the work we do. Credit Union were formed around the basic principal of "People Helping People"; I am humbled and honored to be a part of an organization whose staff and Members go out of their way to embody that principal.

I wish our Members, staff, my fellow board Members, and our community a wonderful 2021 full of growth and prosperity. We look forward to remaining your partners now and in the future.



First and foremost, I would like to thank each and every member and staff member for their dedication to your Credit Union during one of the most challenging years in our recent history. 2020 presented Seattle Credit Union with challenges that were unprecedented in our long 88-year history. I am proud to report that Seattle Credit Union was well prepared to respond to the crisis as early as March 2020 and prioritized the safety of our employees and the security of our operations while balancing the need to remain accessible to our membership.

Our entire HQ operations have been remote for over one year and our branches have remained open by appointment only. We have been able to keep the incidents of COVID related illnesses to a minimum while juggling our operations in order to serve Members through remote methods. At times, wait times were longer than we would have liked and we understand the frustration that this caused with some of our Members. We are thankful for your patience and loyalty to your Credit Union.

During the pandemic, Seattle Credit Union rolled out emergency loans, Payroll Protection Program Loans,

and various other accommodations to support our Members that are impacted by the pandemic. During the times of social injustice and unrest, Seattle Credit Union stayed true to its vision of “Being Seattle’s Partner in Growth and Prosperity”. “We are committed to justice and equality for all. We will continue innovating programs that are accessible and empower our Members to reach their vision of prosperity.

As we continue to adjust to new norms that the pandemic will leave us, we will continue to weigh the impacts to the membership and try our best to make the best decisions that are in the best interest of our membership. We will also continue to monitor information regarding the safe reopening of our headquarters and the full opening of our branches and make safe and sound decisions.

Ready for today and beckoning a brighter tomorrow, we are Seattle Credit Union – What You Need, When You Need It – is our promise to you.

Thank you for being a Member.

Richard Romero, President/CEO
Seattle Credit Union



The Finance Committee for Seattle Credit Union meets monthly, performing the following duties and responsibilities:

- **Reviewing the annual budget and recommending the budget to the Board of Directors for approval and adoption.**
- **Reviewing SCU's financial statements and supporting documents, operating results, financial condition and forecasts.**
- **Reviewing budget variance reports and responses from management.**
- **Reviewing financial metrics and key performance indicators (KPIs).**
- **Reviewing SCU's Capitalization / net worth, investment, liquidity, and balance sheet management strategies.**
- **Reviewing, on an annual basis, all financial and budget related policies.**
- **Approving correspondent financial institutions and investment brokers.**
- **Reviewing financial and regulatory audits.**

SCU's financial objectives for 2020 were based on aligning our financial goals with strategic objectives and achieving quality earnings. No one could have anticipated the

COVID-19 pandemic and the resultant economic crisis which caused all credit unions, financial institutions to pivot and deal with the enormous challenges of this year. In a low interest environment, we faced limitations on what could be done to realize our earnings targets. In spite of these headwinds, SCU achieved favorable results in 2020.

- **Improved operating performance in 2020, with Net Income exceeding \$3.0 Million**
- **A Loan to Share Ratio of 76% at 12/31/20. This is down from 2019, but loan balances increased by \$32 Million in 2020. This is reflective of our commitment to put member dollars back to work helping Members achieve their goals**
- **SCU funded close to \$9.0 million in SBA PPP loans to assist local small businesses**
- **Continued financial strength, marked by robust liquidity stress testing to assure that we have the wherewithal to weather tough economic times whenever they may come.**
- **Significant growth in assets and member deposits. At year end, total assets reached \$960 Million and member deposits reached \$864 Million.**
- **Membership growth of 2.7%, from 50,683 to 52,088 Members.**
- **SCU Paid \$2.6 Million in dividends to our Members.**



Your Finance Committee Members are proud of Seattle Credit Union’s mission and vision to be Seattle’s partner in growth and prosperity. We are successful when we can help our Members achieve financial success.

We help people finance their first home, a college education, or a family vacation. In 2020, SBA PPP loans and other new loan programs helps our Members get through a tough year. We help small and large businesses flourish. And we support underserved and low-income communities because we know inclusion is the key to improving lives and creating a strong community.

SCU continues to be a well-capitalized credit union, which helps us to serve you. 2020 was a challenging year for many, but SCU’s financial results and programs enabled us to help our Members to thrive in tough times. We thank you, our Members, our staff and volunteers!

Robin L. Shuler, CPA, MBA

Treasurer and Finance & Budget Committee Chair

AUDIT COMMITTEE REPORT

The Audit Committee is an integral part of Seattle Credit Union's corporate governance structure. In this capacity, the Committee provides oversight to ensure the Credit Union's internal policies, procedures, and practices reflect those of a sound, and continuously-improving, internal control environment that safeguards Members' assets and ensures adherence to applicable laws and regulations.

In order to achieve our objectives, the Committee met bi-monthly during 2020 and oversaw various audits that included internal audits, as well as examinations performed by our regulators. We reviewed the results of all audits and examinations to ensure that management provided adequate and timely responses when requested.

The Committee also received regular updates on the Credit Union's financial performance, and engaged the public accounting firm of Moss Adams LLP to perform an independent audit of the Credit Union's financial statements as of December 31, 2020, and to conduct a verification of Members' accounts as of September 30, 2020. We are pleased to report the Credit Union has received an unqualified audit opinion, which means the financial statements present fairly, in all material respects, the financial position of Seattle Credit Union.

2020 STATEMENT OF FINANCIAL CONDITION (UNAUDITED)

DECEMBER 31, 2020

	2020
ASSETS	
Loans to Members	658177370.51
Provision for Lease and Loan Losses	(5,560,616)
Loans to Members, Net	652616754.9
Loans Held for Sale	7,085,835
Cash and Cash Equivalents	150,080,980
Investments	622,242,999
- Securities Available for Sale	94,049,066
- Certificates of Deposit	244,995
- Federal Home Loan Bank Stock	997,900
National Credit Union Share Insurance Fund (NCUSIF) Deposit	7,282,760
Property and Equipment	6,496,832
Accrued Interest Receivable	2,375,470
Cash Surrender Value of Life Insurance, net	21,040,083
Mortgage Servicing Rights	3,148,809
Other Assets	14288177.52
TOTAL ASSETS	\$959,707,663

LIABILITIES	
Members's Share Accounts	863,860,290
Borrowings	
Accrued Expenses and Other Liabilities	15,588,364
TOTAL LIABILITIES	\$879,448,655

MEMBER'S EQUITY	
Regular Reserves	5,201,500
Undivided Earnings	74,481,733
Other Comprehensive Income (Loss)	575,774
TOTAL MEMBERS' EQUITY	\$80,259,008

TOTAL LIABILITIES AND MEMBERS' EQUITY	\$959,707,663
--	----------------------

2020 STATEMENT OF INCOME (UNAUDITED)

YEAR ENDED DECEMBER 31, 2020

	2020
INTEREST INCOME	
Loans to Members	28,009,283
Investments	1,251,311
TOTAL INTEREST INCOME	\$29,260,594
INTEREST EXPENSE	
Members' Share Accounts	2,603,719
Borrowings	-
TOTAL INTEREST EXPENSE	2,603,719
INTEREST EXPENSE (Interest Income, Less Interest Expense)	\$26,656,874
Provision for Lease and Loan Losses	3,819,795
NET INTEREST INCOME AFTER PROVISION FOR LEASE & LOAN LOSSES	\$22,837,079

NON-INTEREST INCOME	
Fees and Charges	3,397,640
Interchange Income	4,046,102
Gain on Sale of Loans Held for Sale	4,269,034
Gain on Sale of Available-for-Sale Securities	-
Increase in Cash Surrender Value of Insurance	549,834
Other Income	2,145,974
TOTAL NON-INTEREST INCOME	\$14,408,584
NON-INTEREST EXPENSE	
Compensation and Benefits	15,391,768
Office Operations	5,166,985
Office Occupancy	4,317,395
Other Expense	9,362,091
TOTAL NON-INTEREST EXPENSE	34,238,239
NET INCOME	\$3,007,424



WHAT YOU NEED, WHEN YOU NEED IT IS OUR PROMISE

In 2020, we embarked on a partnership with Dismantle Poverty Washington; a statewide work group sponsored by Governor Inslee designed to get at the systemic roots of poverty. SCU is one of the only financial institution partners asked to participate.

During the COVID-19 pandemic, Washington immigrants have consistently been at the highest risk for contracting the virus, losing work or needing to support family Members in new and unforeseen ways. With its first stimulus bill, the federal government intentionally left millions of immigrants out of much-needed financial support based on immigration status. Seattle Credit Union was thrilled to join the WA Immigrant Solidarity Network (WAISN) and the Washington State Department of Social and Health Services (DSHS) in a coalition of 11 immigrant-led organizations across Washington state to finally help deliver this crucial aid to our immigrant communities with the Washington COVID-19 Immigrant Relief Fund. Together the organizations have managed to distribute of \$52 million in CARES Act Funds to hundreds of thousands of Washington immigrants in need and with SCU doing the work Pro Bono, ensuring that every dollar goes where it's meant to.

FINANCIAL EDUCATION ONLINE

One of the ways we pivoted post-Covid was to expand upon the way we deliver financial education to our Members and community partners. By taking advantage of the flexibility virtual channels can offer, we were able to increase program offerings and grow our reach. Examples include multi-seminar series with non-profit partners, our online Workshop Wednesday's series, and presentation to women of color at the Future for Us Virtual Conference.



COVID-19 PREPAREDNESS PLAN FOR SEATTLE CREDIT UNION

Seattle Credit Union takes the health and safety of our employees and Members seriously. With the spread of COVID-19 and the need for employees to continue in-person work, Seattle Credit Union is committed to reducing the risk of exposure to COVID-19 at our locations and providing a healthy and safe environment for our employees and Members.

1. To comply with Proclamation 20-25, face masks are required upon entering our branches and HQ office unless you meet the exempt individual requirements. You may be asked to remove a face covering to verify your identity for lawful purposes.
2. In an effort to keep our Members and community safe, branch hours are by appointment only during their normal business hours. You can book an appointment on our website or by calling our Contact Center: 1-800-334-2489
3. We encourage our employees and our Members to practice social distancing, frequent hand washing for at least 20 seconds, avoid handshaking and to stay home when ill or if contact with a known infected person has occurred.
4. Frequent cleaning and disinfecting will be conducted in high touch areas including teller areas, lobby areas, doorknobs/handles, pens etc. We encourage visitors to wash their hands before entering the office or to use the hand sanitizer provided.

5. We will continue to monitor the situation and communicate via our website, email and in branch if any developments necessitate a change in our day-to-day. Please visit us at SeattleCU.com for new announcements.
6. Our core processor has the ability to provide uninterrupted service and we can work remotely if necessary, with limited staff. We will continue to monitor the situation and follow the government and CDC recommendations as they are issued. If you have been financially affected by COVID-19 we are here to help. Please visit us at seattlecu.com/covid-hardship to discuss your options.

In addition, we want to remind Members of the services available to you to stay connected to your account 24/7. As a part of our commitment to connecting you to What You Need, When You Need It, Members may manage accounts online or via the SeattleCU mobile app.

- Monitor balances/transactions
- Pay bills
- Deposit a check through mobile banking
- Transfer funds between financial institutions
- Pay a friend or send money using Zelle
- Telebanking

Centers for Disease Control: www.cdc.gov/coronavirus/
Washington Department of Health: www.doh.wa.gov



This past year brought front and center, centuries of social, economic, and racial injustice. Over the years our DEI commitment has grown and evolved into a commitment of becoming an anti-racist multicultural organization. Our pivot to a mostly remote workforce, we wanted to ensure that our employees had a virtual space to continue to connect and build towards an equity-centered culture.

We introduced three DEI initiatives to the credit union:

Seattle Credit Union's DEI Council & Employee Resource Groups (ERG)'s

SCU's DEI Council was created to align and embed DEI across and throughout the organization and business strategy. From there we introduced four Employee Resource Groups (ERG):

- **Black Banking Network ERG**
- **AAPI (Asian and Pacific Islander) ERG**
- **PRIDE ERG**
- **Latinx ERG**

Our ERG's provides a space for employees to have a collective voice around shared interest, address specific issues or concerns within specific communities (BIPOC, LGBTQIA+, employees with disabilities, veterans, womxn) to promote a more inclusive and respectful workplace within Seattle Credit Union.

SCU DEI COMMUNITY INVOLVEMENT

CREDIT UNION PODCAST

Shifting to a mostly virtual connection we wanted to hold space to stay connected during the lockdown, we produced an internal podcast for employees with a DEI focus. With guest speakers from various departments and levels within the organization, we discussed current events, shared personal stories, and important DEI principles to the credit union and community.



In November 2020, Seattle Credit Union announced a Call for Nominations to join the 2021 Board & Audit Committee. It was our goal to obtain enough qualified candidates before the end of the year to host an election. We encouraged past and current board Members, industry partners, and our staff to share the nominations ballot with their networks and extended the deadline an additional 30 Days to Jan 4th, 2021.

Although we received a limited number of nominations and applications from the community, the Committee interviewed two incumbent Members and two new applicants and decided to fill the three vacant board seats with the incumbents and one of the new applicants.

Each candidate was carefully vetted to insure that they would support and act as stewards of Seattle Credit Union's mission and vision. During interviews and the selection process, the Committee was focused on the candidates' expertise, diversity, and alignment with our values and mission of beckoning a more prosperous and equitable future for all.

We are proud of the composition and background of our Board and Audit Committee Members. In an effort to continuously recruit diverse strengths and perspectives, the Nomination Committee will move to a year-around session for board Members, audit committee Members and associate board Members.

To nominate a Board and Audit Committee Member or learn more about our current board, please visit us at **www.seattlecu.com/leadership**

INTEREST IN JOINING THE SCU BOARD OR SCU AUDIT COMMITTEES

Seattle Credit Union is looking for talented, experienced leaders for their Board and Audit Committee positions who will provide governance in shaping the direction of their dynamic organization. Since their founding in 1933, Seattle Credit Union has grown into an \$800 million-in-assets, full-service financial institution with nearly 50,000 member-owners. Help craft the future of an organization that values diversity, inclusion, serving the underserved, and acting in each and every Members best interests so they may prosper, you are encouraged to apply.

To nominate a Board and Audit Committee Member and to learn more about our current board, please visit us at seattlecu.com/leadership

THANK YOU!

SEATTLE
CREDIT UNION