

2023

ANNUAL REPORT

STRATEGIC GROWTH



SAFE
CREDIT UNION



Board of Directors and Senior Executive Team

Board of Directors

Terrance Tremelling

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2nd Vice Chairperson

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Trish Rodriguez

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Martha Lofgren

Associate Director

James Jefferson

Director Emeritus

Ronald J. Seaman

Director Emeritus

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Faye Nabhani

President/CEO

Chris Harris

EVP, Chief Strategy Officer

Alexis Fitzpatrick

EVP, Chief Financial Officer

Jerrod Keller

EVP, Chief Experience Officer

Mike McCarthy

EVP, Chief Technology Officer

Colleen Nerius

EVP, Chief Human Resources Officer

Tiffani Vargas

EVP, Chief Lending Officer

Michelle Bradshaw

SVP, Information Technology

Marleaux Flourney

SVP, Business Intelligence & Data
Management

Ken Getz

SVP, Commercial Lending

Gina Olson

SVP, Member Services and Operations

Sun Park

SVP, Internal Audit Executive

Michael Popp

SVP, Real Estate Lending

Allison Yee-Garcia

SVP, Marketing & Communications

Report from the Board Chair and the CEO

SAFE Credit Union continues to be a financially strong credit union ready to serve our members and grow our membership. Our longstanding tradition of smart stewardship and prudent financial practices ensured SAFE weathered the challenges of a rising interest rate environment, inflation, and other headwinds in 2023. This prepared us for an exceptional start to 2024 with focused targets on initiatives and services that directly benefit our members.

While 2023 posed specific challenges to financial institutions, including SAFE, the year also presented numerous opportunities to celebrate our thriving workplace culture, sharpen our vision for the future, and set the stage for new initiatives that elevate our service to members and bring innovation and efficiency to the organization.

Like many credit unions, SAFE pivoted to address a rate environment that saw the Federal Reserve Board raise the prime rate higher and faster than predicted. While the rate movement slowed SAFE's loan production, SAFE provided higher dividends on savings to benefit savers, paying out \$55 million in dividends to members in 2023, compared to \$10 million in 2022, an impressive 441% increase.

SAFE took positive steps in 2023 to establish a stronger foundation for future success, most notably the implementation of a new Strategic Plan. The plan guides our efforts and establishes priorities through 2026. This new roadmap focuses on five strategic objectives: Member Value & Experience; Automation, Efficiency & Innovation; Winning Workforce; Community Impact; and Strategic & Sustainable Growth. The Strategic Plan serves as the lens through which we determine our Business Plan and Financial Plan priorities and aligns all departments across the organization to focus on what truly matters: supporting our members on their journey to building financial freedom.

As part of our ongoing efforts to improve member service, SAFE leadership initiated a series of organizational improvements to enhance collaboration, create synergies, and quickly implement innovations. As part of this reorganization, SAFE established the new role of Chief Strategy Officer (CSO) and Chief Experience Officer (CXO). Former Chief Financial Officer (CFO) Chris Harris stepped into the CSO position, where he oversaw the finalization and launch of the 2023-2026 Strategic Plan. Jerrod Keller, formerly the Chief Operating Officer of \$4 billion TwinStar Credit Union in Olympia, Washington, was appointed CXO and focuses on continuously improving the member experience

through multi-channel strategies that incorporate the newly formed Member Services and Operations team, Branch and Contact Center, and the Marketing, Communications, and Community Relations teams. Former Senior Vice President, Finance, Alexis Fitzpatrick, was promoted to Chief Financial Officer (CFO).

Other 2023 Highlights

- Assets grew from \$4.5 billion in 2022 to \$4.6 billion.
- SAFE was again named the No. 1 Best Place to Work, Very Large Employer, by the Sacramento Business Journal. This marks the sixth year in a row that SAFE was named as one of the best places to work by the publication.
- SAFE continued with programs to update our ATM fleet and modernize the Contact Center.
- SAFE provided more than \$400,000 to the community through philanthropy, grants, scholarships, sponsorships, and direct giving.
- SAFE ended the year with a positive net income for 2023 of \$18.2 million.
- Thousands of member surveys conducted in 2023 showed members' willingness to promote SAFE to their family and friends and ranked among industry leading levels.

Despite the challenging economic environment, SAFE persevered and served our members and communities—that's worth celebrating! SAFE looks to build on this momentum and the progress we achieved in 2023, ensuring our credit union is well-capitalized and financially sound. We are committed to serving our members with knowledge and opportunities to build financial freedom for years to come.

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



Faye Nabhani

Faye Nabhani
President and CEO



Report from the Audit Committee

Jody Porter

Chair of the Audit Committee

As SAFE's Audit Committee Chair, I have the privilege of working with individuals from all walks of life who have dedicated themselves to serving others. During my time in this position, it's been abundantly clear to me that SAFE Credit Union always put the interests of our members first.

Maintaining our financial stability and ensuring that our security and regulatory obligations are met is the top function of the Audit Committee. We provide oversight of credit union policies and procedures by reviewing internal operations and monitoring the system of internal controls established by the credit union's management and board of directors. For added assurance, we engage with the outside financial audit firm of the credit union for objective review of the organization's financial practices. Additionally, the committee is responsible for providing the financial results as part of the annual report from the Board of Directors.

During 2023, the Audit Committee engaged Crowe LLP to audit the credit union's financial statements. The Committee, in an increasingly complex regulatory and financial reporting environment, provided oversight of the internal audit staff that performs the internal reviews of various credit union operations, and ensured that all internal policies and procedures, governmental regulations, and financial reporting requirements were handled appropriately.

On behalf of the committee, I thank the staff, Board of Directors, and Management team for their support.

With gratitude,



Jody Porter
Chair of the Audit Committee





Statements of Financial Condition

Financials (Dollars in thousands)

Statement of Financial Condition	2023	2022
Cash & Cash Equivalents	\$295,443	\$202,803
Total Loans	\$3,286,300	\$3,112,149
Total Investments	\$805,014	\$927,018
Other Assets	\$250,616	\$266,777
Total Assets	\$4,637,373	\$4,508,747
Total Share Deposits	\$3,964,396	\$3,965,028
Other Liabilities	\$362,858	\$254,442
Members' Equity	\$310,210	\$289,277
Total Liabilities and Members' Equity	\$4,637,374	\$4,508,747
Statement of Net Income		
Interest Income	\$166,311	\$116,299
Noninterest Income	\$63,475	\$66,805
Total Revenue	\$229,786	\$183,104
Dividend & Interest Expense	\$56,583	\$10,825
Interest Expense	\$10,202	\$1,476
Provision for Loan Losses	\$9,980	\$9,270
Noninterest Expense	\$134,790	\$128,259
Total Expense	\$211,556	\$149,830
Net Income	\$18,230	\$33,274

Return to Our Members

One of the most important calculations SAFE makes each year is determining the return to members. This encapsulates the many ways members benefit from their relationship with SAFE and lies at the heart of our purpose to help members build financial freedom. In 2023, SAFE was proud to provide the following benefits to members.

Dividends: SAFE paid out a very impressive \$55 million in dividends to members in 2023, an amazing 441% increase over the \$10 million paid in dividends in 2022.

Lower loan rates: SAFE funded \$348,197,207 in new residential 1st mortgage loans that helped hundreds of members purchase homes; and \$155 million in total value vehicle loans for more than 10,000 members.

Fees waived: \$423,640 in 2023.

Elimination and reduction of certain fees: To make banking with SAFE more seamless and convenient for our members, SAFE eliminated certain fees, including those for paper statements, in-branch notary services, address locator, and check exchange and replacement fees. SAFE has also reduced its insufficient fees to help our members when they need it most.

Community Impact

As a not-for-profit financial cooperative, SAFE is committed to helping improve the lives of our members and all who live and work in our 13-county service area. Through initiatives led by the Community Relations Team, SAFE supports the community through financial education, philanthropy, sponsorships, and direct giving. We also support employers in bringing financial education and other resources to their employees through the SAFE Workplace Financial Wellness program.

Philanthropy

Donations

SAFE supports immediate and critical community needs through direct donations, and in 2023 provided \$247,350 into community and nonprofit organizations to support financial education, health, veterans, and other critical needs.

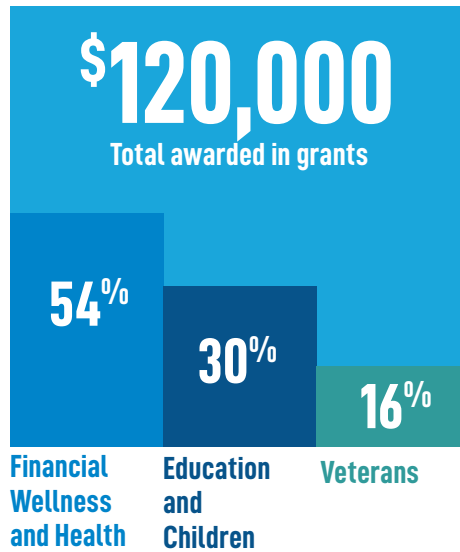


"The funding from SAFE Credit Union... will pay long-term dividends both for the health and wellbeing for our veterans, as well as improved food security for our community."

—Soil Born Farms Founder and Co-Director Shawn Harrison

Grants

SAFE awarded grants through four grant cycles in 2023 that focused on our three pillars of philanthropy: education, financial wellness and health, and veterans.

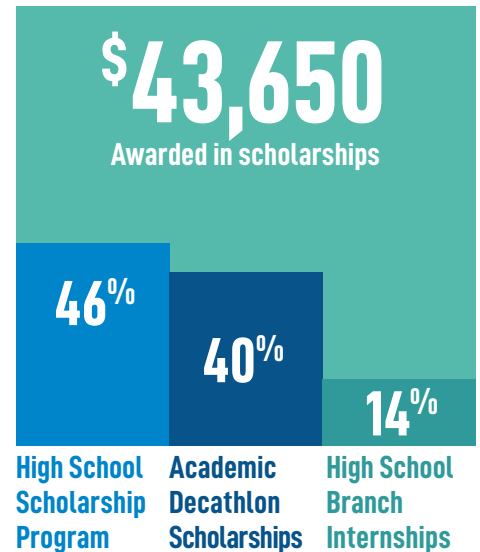


"We are thrilled and honored to express our heartfelt gratitude to SAFE Credit Union for selecting our nonprofit as a recipient of a 2023 community grant. This generous support is a significant step forward in our mission to inspire and prepare young people to succeed in a global economy."

—Junior Achievement of Sacramento President Susan Nelson

Scholarships

SAFE is strongly committed to helping young people continue their education to attain well-paying and meaningful careers by awarding scholarships to high school students planning to attend colleges, universities, community colleges or trade schools.



"I would like to thank you so much for this scholarship! It means the world to me, and it will help me out so much for college. Thank you so much for this amazing opportunity!"

—Dulce Terrazas, High School Scholarship Program recipient



2023 SAFE Credit Union Scholarship Recipients

Community Impact: Financial Education

Financial Education

SAFE affirmed its dedication to financial education in 2023 through robust programming and curriculum, including workshops, digital learning tools, and direct outreach to area employers.

10,777

Total number of people served through financial education programing



The highlight of 2023 was the launch of Budget Cents, an engaging in-person simulation where high school students and young adults learn first-hand about the budget decisions they'll make as adults living in the Greater Sacramento region. The program launched in April 2023 during Financial Literacy Month, and over the course of the year impacted 2,852 high school students with this program



High School Branches

SAFE Credit Union is proud to host branches at Rio Linda, Cordova, and Mesa Verde high schools that are staffed by students who help their peers learn fundamental banking practices and healthy personal finance habits while gaining job skills.

"We're so used to seeing our own world and seeing it through our financial or social stance," says Selena, a Cordova High School student. "We don't really see it from other sides. So, I think this program gives everyone a new perspective."

SAFE works alongside educators to provide financial education benefiting numerous students. "Our partnership and the internship program are key to re-enforcing the classroom concepts with real applications," says Cordova High School Business Tech Academy Leader Instructor Ryan Scott. "Financial literacy becomes not just a concept they read, but part of their life now and forever."



High school students in the 2023 internship program met with SAFE CEO Faye Nabhani and other executives at SAFE Credit Union headquarters. Background image: SAFE Credit Union branch at Mesa Verde High School.

The students provide financial education directly to their peers, says Spencer Murrish, a career technical educator at Mesa Verde High School. "A great way to master a subject is to teach it," he says. "Once my students learned, they became teachers as they worked to share their knowledge of financial literacy with others. In the halls of

the high school or wherever they go in life, my students are armed with the knowledge to not only navigate their finances but to help others who were not afforded the same privileges in their formal education."

SAFE looks forward to continuing and expanding the program far into the future.

Community Impact: SAFE Volunteers

Employee Volunteerism

SAFE employees are encouraged to generously give of their time and expertise directly to nonprofits helping communities thrive. Each SAFE employee receives 16 hours of paid time every year to volunteer for the causes they are most passionate about.

SAFE celebrates its culture of volunteerism through two annual special events: Building CommYOUunity Month, where teams are encouraged to volunteer together; and the Joy & Kindness campaign benefiting underserved populations during the winter holiday season. SAFE employees' volunteer service ranges from serving on regional boards to hands-on activities supporting food banks, homeless shelters, schools, and numerous nonprofits.

\$142,782
Overall value of SAFE employee
volunteer service to 83 organizations

"I think that when you have the capacity to give back to the community, it's your responsibility to do so, especially if you have the time and the means to share with others."

—SAFE Digital Systems Analyst and Folsom resident Kristin Wilson



SAFE Credit Union employees volunteer at the Sacramento Food Bank, and at Saint John's Program for Real Change.



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