

Annual Report

2020

Celebrating 70 Years of Service



KPIX covering RCU's SF-Marin Food Bank donation



American Canyon team members

Stepping Up to the Challenge



**Redwood
Credit Union®**

FOR ALL THAT YOU LOVE.

Federally Insured by NCUA



Safety protocols in our branches



Message from the **BOARD CHAIR**

Given the many options you have when choosing your financial institution, your volunteer Board of Directors thanks you for choosing Redwood Credit Union. As credit union members and part of a financial cooperative, we choose to help each other improve our financial lives and build up the communities in which we live. Never before has the need to work together been so clear.

I'm happy to report that 2020 was a strong year for Redwood Credit Union. Because we plan well for the future, we are prepared for the unknown. And we surely experienced the unexpected. As you'll see in this report, our financial results and the stories we have to tell show RCU making a difference and helping its Members and communities despite the year's many challenges.

Still, we still had reason to celebrate, with January 2020 marking our 70th anniversary of serving our communities' financial needs. We were honored by Forbes magazine as a top ten Best-in-State credit union. This was based on a statewide poll of consumers about their banking services, and RCU was the only Northern California credit union to make the list. We were also ranked as the number one credit union in California to provide Paycheck Protection Program loans to help local businesses through the pandemic. And RCU was once again named one of the top 5 healthiest credit unions in the nation based on 17 performance metrics, according to Glatt Consulting.

On behalf of the Board of Directors, thank you for contributing to the strength and success of Redwood Credit Union. Your support and participation allows us to passionately serve you, our team members, and our communities.

Debra Watts
Chair, Board of Directors



In Memory of Robert Steele **Board Member, volunteer since 1999**

Bob Steele was an RCU Member since 1978. He served as a dedicated volunteer Official for RCU since 1999, first on our Supervisory Committee until 2003, and then on the board for both RCU and RCU Services Group from 2002 until he passed away in February 2021. His personal career in the insurance industry spanned over 40 years with Allianz (formerly Fireman's Fund), including serving as Commercial Insurance Product Director before retiring in 2017. The list of organizations and individuals he positively impacted is endless, and we're grateful for his service to our Members.

BOARD OF DIRECTORS



Debra Watts
Board Chair
Volunteer since 1976



Rod Dole
Board Vice Chair
Volunteer since 1978



Greg McGuirk
Board Secretary
Volunteer since 1980



Robert Eyler
Board Treasurer
Volunteer since 2009



Judy Herrerias-James
Board Member
Volunteer since 2013



Jim Olmsted
Board Member
Volunteer since 1993



Lisa Wittke Schaffner
Board Member
Volunteer since 2012



M. Christina Rivera
Board Member
Volunteer since 2014



David Gouin
Associate Board Member
Volunteer since 2008



Jeri Hansen
Associate Board Member
Volunteer since 2020

AUDIT & ENTERPRISE RISK COMMITTEE



Lisa Wittke Schaffner
Committee Chair
Volunteer since 2012



Rod Dole
Committee Secretary
Volunteer since 1978



Jeri Hansen
Committee Member
Volunteer since 2020



David Imoto
Committee Member
Volunteer since 1989



M. Christina Rivera
Committee Member
Volunteer since 2014

RCU SERVICES GROUP BOARD



Debra Watts
Board Chair
Volunteer since 1976



Gina Carter
Board Secretary
Volunteer since 2015



Judy Herrerias-James
Board Member
Volunteer since 2013



Brett Martinez
Board Member
serving Members since 2002



Redwood Credit Union's wholly owned subsidiary provides a full-service auto lot and purchasing experience through RCU Auto Services and insurance through RCU Insurance Services.



Message from the **PRESIDENT & CEO**

Over the years, we've helped our Members and communities weather many difficult times, through wildfires, evacuations, floods, earthquakes, and the Great Recession. But we've never experienced anything like 2020.

Despite all the challenges of the past year, we never lost sight of our mission and our purpose: to passionately serve the best interests of our Members, team members, and communities. Our mission is what allows us to help you and your family, friends, and neighbors with your financial needs every day, no matter what.

While 2020 was filled with uncertainty, I can assure you that RCU has remained strong and stable through it all, and we stepped up in many ways to keep our Members and communities moving forward.

We kept our branches open to serve, and helped our Members by deferring payments, waiving fees, allowing penalty-free early certificate withdrawals, providing information and wellness resources, and by working with Members individually to find solutions for their unique needs. We helped more than 2,000 local businesses secure first-round Paycheck Protection Program funding from the SBA. And we continue to enhance our services and technology to provide you ways to do your banking more safely and conveniently.

For our community, we provided more than \$4 million in total giving, including grants and sponsorships to support more than 100 community organizations so they could continue to provide vital services during the pandemic.

When our community was again devastated by wildfires last summer, the Redwood Credit Union Community Fund—our 501(c)(3) nonprofit—collected and distributed more than \$424,000 to meet the immediate needs of people who lost their primary residence, or who were financially impacted by evacuation, power outage, or wage loss, resulting from the fires.

This report provides more details on these programs, as well as our financial performance. For such a challenging year, I'm proud of all we were able to accomplish in 2020. While we always receive high scores from our Member surveys, our year-end 2020 service score was the highest we've ever seen. That's a testament to the passion and dedication of our hardworking team, and our commitment to sticking with our mission of serving your best interests.

Thank you for showing your support for your credit union. We're honored to serve your financial needs, and we look forward to continuing to help you succeed.

Brett Martinez
President & CEO

2020 BY THE NUMBERS



378,000

Members served.

8th

largest credit union in California.



39TH

largest credit union in the United States.



\$4,054,731

community giving.

RCU Auto Services began offering concierge service and in 2020, **35%** of purchased vehicles were delivered to homes and businesses.



\$123.9

million in PPP loans in 2020 to help local businesses during pandemic.

95%

employee engagement (average of Gallup's winning organizations is 71%).



Digital transactions increased by **21%** allowing Members to safely bank from home.



3,746

home loans funded through RCU, resulting in more than \$1.2 billion to help Members achieve home ownership.

801,038

chats, emails, and calls served by our local Member Service Center.





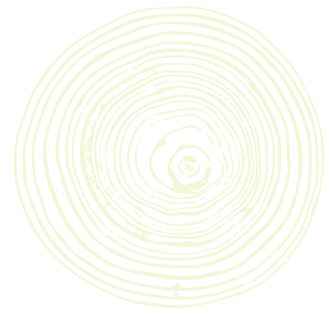
Message from the **AUDIT & ENTERPRISE RISK COMMITTEE CHAIR**

While 2020 posed significant challenges to our economy and to us as human beings, it is my pleasure to report that Redwood Credit Union continues to deliver strong financial performance, thanks to the vision and dedication of your Credit Union's leadership team, and the loyalty and participation of our Members.

The fact that Redwood Credit Union continues to be financially strong and stable was determined by an annual audit conducted by an independent certified public accounting firm. Our industry regulator, the National Credit Union Administration, and our state regulator, the Department of Financial Protection and Innovation, also confirmed these findings in their 2020 audit. And Bauer Financial once again gave RCU its highest 5-star rating for financial strength.

The strong results from Redwood Credit Union's 2020 audits are particularly significant during a year of economic challenge for many, further confirming that RCU maintains a solid and responsible core business model, allowing the Credit Union to continue to provide dependable, quality service to our Members.

Lisa Wittke Schaffner
Audit & Enterprise Risk Committee Chair



Forbes 2020

**BEST-IN-STATE
CREDIT UNIONS**

Powered by STATISTA

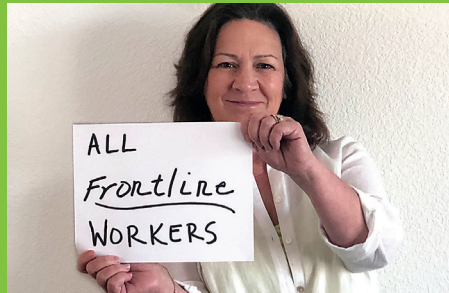
Honored to be Recognized

Here are just a few of the **awards and recognitions** we received in 2020:

- 2020 Best-in-State Credit Union — Forbes
- Top Credit Union PPP Lender in California — S&P Global Market Intelligence
- Top 5 healthiest credit unions in the U.S. by Glatt Consulting's HealthScore (7th consecutive year)
- Best Credit Union — multiple local publications
- Community Philanthropy Award — *North Bay Business Journal*
- Best Place to Work (15th consecutive year) — *North Bay Business Journal*

Thanks for doing your part. By doing the right thing, we are stronger.

THANK YOU...



Together, one step at a time.



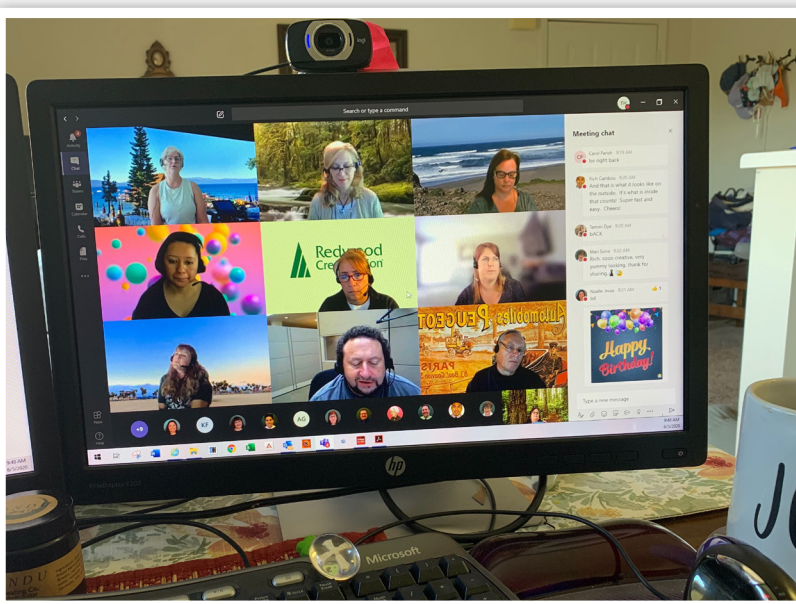
Helping Members Through COVID-19

Within a few days of the shelter-in-place order, RCU offered financial relief assistance to Members impacted by COVID-19. From March through May, we funded nearly \$5 million in 0% unsecured loans. Other assistance included:

- Loan and credit card payment deferrals
- Loan modifications for longer-term solutions
- Late fees waived
- Ability to withdraw early from RCU certificates without a penalty
- Overdraft and insufficient funds fees waived or reversed
- Deferred loans weren't reported as delinquent to the credit bureaus
- Direct deposit stimulus payments were released into Member accounts early to give Members fast access to funds

Paycheck Protection Program (PPP)

To meet overwhelming demand for the SBA's Paycheck Protection Program, Business Services (usually a team of 20) trained an additional 40 team members from other departments. To help people navigate the PPP process, we hosted free webinars and provided helpful video guides. Nearly 2,100 local businesses received first-round PPP loans in 2020, saving more than 9,120 North Bay jobs. RCU was listed as the top California PPP lender for credit unions by S&P Global Markets.



Distributed Workforce

In March 2020, back-office team members began deploying to work from home, and within two weeks, approximately 90% of our back-office staff was working remotely. Quick conversion to a remote workforce was challenging but our IT team helped keep everyone connected through chat and video.

Our team members stepped up to ensure uninterrupted service to our Members and feedback from our 2020 Member surveys consistently reflected praise for our team members and the care they provided.

Federal Relief Updates

Communication was critically important. As the pandemic evolved, we updated Members regularly through our [website](#), emails, and social media on topics including financial assistance, federal relief, and fraud prevention.



Member and Community Wellness Videos

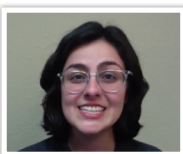
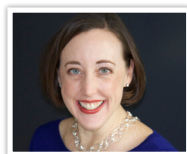
To help our communities come through the year's challenges healthy—emotionally and financially—we partnered with experts to develop [webcasts and videos](#).



"Self-Care and Stress Management: Tools for Coping with COVID-19" with psychotherapist Mary O'Neill focused on resilience building, providing tips on how to stay calm and steady during challenging times.



"Finding Financial Resilience in Uncertain Times" with journalist and money management expert Jean Chatzky offered wisdom and provided tips on how to manage financially through disaster.

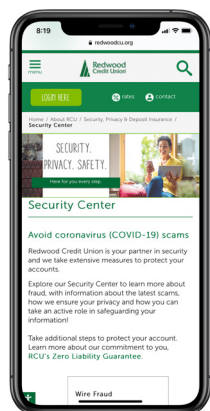


Student wellness videos, with *Courageous Parents, Courageous Kids* author Jennifer Miller, M.Ed, and Julia Barragan from NAMI Sonoma County. The videos—4 in all, tailored by age groups from kindergarten through high school—helped young people understand and communicate their emotions.

We partnered with local school superintendents who offered introductory remarks on the videos and shared them with parents and students in their school districts. These videos are still available for viewing [here](#).

Celebrating Graduates

To support local graduates who didn't get to participate in traditional commencement ceremonies, we congratulated them through billboards, local news outlets, radio shout-outs, and virtual events.



Partner for Security

We quickly communicated with Members, telling them about RCU safeguards on accounts and providing tips about how to protect themselves from scams and fraud. We continued to actively monitor for fraudulent activity to protect our Members' accounts from new and evolving pandemic-related schemes.

Together in Spirit

Due to the pandemic, we weren't able to volunteer in person in the community like we've done in prior years. But our commitment to strengthening communities and building resilience was stronger than ever.



RCU Community Fund's 2020 Fire Relief Fund

From August through early October, several wildfires impacted RCU's field of membership, with Napa and Sonoma Counties experiencing the most significant home loss. In a region already impacted by COVID-19, the fires severely strained the resources that typically provide disaster relief services. Redwood Credit Union Community Fund's 2020 Fire Relief Fund was opened on September 4 to meet the immediate needs of people who lost their primary residence in Lake, Marin, Napa, or Sonoma counties, or who were financially impacted by evacuation, power outage, job loss or other reasons.

We reached out for contributions and, from September through January, the fund raised more than \$424,000, which was distributed in partnership with trusted nonprofit partners. We gave \$1,000 direct-assistance checks to those who lost homes, and \$500 gift cards to those financially impacted by the fires. We were able to help over 540 households and 81 schoolchildren.

Partnership with Nonprofits

Restrictions on large gatherings caused significant hardship for nonprofits that rely on fundraising income from events. RCU honored its financial commitment to all cancelled events to reduce this impact and allow nonprofits to continue services when need was the greatest.

Within three weeks of the shelter-in-place order, RCU provided \$800,000 to more than 45 nonprofits in the counties we serve. Several nonprofits leveraged the grants as matching dollars to generate additional funds, bringing \$157,000 in additional support. Project Open Hand—a San Francisco nonprofit focused on food security for sick and vulnerable populations—leveraged RCU's grant of \$15,000 to meet their fundraising goal of \$500,000.

Diversity, Equity, and Inclusion

Founded on the philosophy of “people helping people,” credit unions were conceived to give all people an equal chance to achieve their goals and dreams. We continue to partner with like-minded organizations who value diversity, equity, and inclusion. Some of those groups include:

- **The Green Music Center’s Black Music Series.** Michael Mwenso’s three-part live series offered his unique and ancestral perspective on Black music and how life experience influences art. ▶
- **La Fiesta De Independencia.** RCU has been the presenting sponsor for this annual celebration of Latino Heritage Month since 2017. In 2020, the day-long festival became a virtual event, drawing more than 60,000 people.
- **New Door Ventures.** A San Francisco group dedicated to changing the lives of disconnected youth by putting them on a path toward economic opportunity.



**WEATHERING A
FINANCIAL STORM**

Redwood
Credit Union

» Tips to Safeguard Your Money

Financial Education

Social distancing has required a re-imagining of how financial education is delivered to schools and community groups. Here are a few examples of how we overcame:

- ◀ • We published an e-book, *Weathering a Financial Storm*, to help Members and communities manage finances through the pandemic. Find it on our website [here](#).
- RCU’s interactive Bite of Reality program moved to the virtual space, delivering a total of 23 Bite of Reality sessions, serving 879 students.
- RCU’s redesigned online [financial wellness center](#) made it easier for visitors to navigate interactive videos, budget calculators, and podcasts, as well as a multimedia collection of resources in Spanish.

The Good Kind of Change

The way people do their banking is changing, so we've enhanced services and access to technology to evolve with it. Here are a just a few of the noteworthy developments.

New Construction

- **Lower Lake:** In January, we opened a new branch in Lower Lake to serve residents and visitors to Lake County. This branch is on a main thoroughfare and has a digital sign used by the community.
- **Napa:** In April, we broke ground on a new Napa back-office facility, which will give us much-needed space, allowing us to grow, access new talent, and use it as an additional disaster recovery site.
- **San Rafael:** Our branch remodel created a more open, comfortable reception area and consulting spaces where Members can discuss their financial needs.
- **ATMs:** To meet Member requests for additional convenient ATMs, we added a walk-up ATM in Boonville, a drive-up ATM in Napa, and a third ATM at our San Rafael branch.

New Members

In addition to the many Members who joined in 2020, we welcomed nearly 600 new Members through our merger with City of Ukiah Employees Credit Union.

New Technology

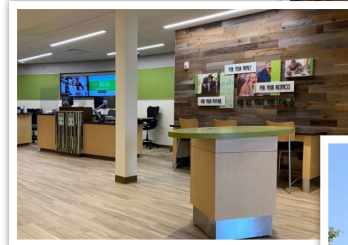
- **Remote banking improvements:** We added online and mobile banking enhancements to give Members more control in banking from home, including the ability to manage insurance policies held through RCU Insurance Services.
- **Contactless cards:** Our contactless debit and credit cards let Members safely make in-store purchases by just tapping their card at the terminal. Members can now also view their card information in the mobile app to make online purchases and payments.
- **Member chat:** Members can use our chat feature to get live help online from one of our Member Service Representatives.
- **Auto services:** RCU Auto Services provides a complete new and used auto purchasing experience—from finding the right car to financing and insuring it. They'll even deliver to buyers' homes or offices. [Visit the new website.](#)



◀ Lower Lake branch & sign.



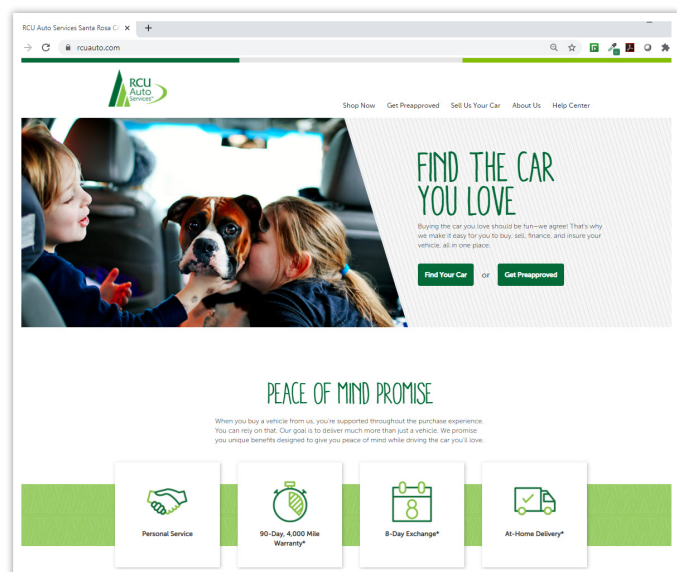
▲ Tony Hildesheim and Brett Martinez, Napa groundbreaking.



▲ San Rafael branch.



▲ ATM in Boonville.



What Members are Saying

RCU's generosity has helped the Food Bank not only remain open but start up new programs and procedures to ensure we can continue to feed our neighbors facing hunger.

–Paul Ash, Executive Director,
San Francisco-Marin Food Bank

THANK YOU for taking so many precautions with COVID-19. I have an eight-year-old who is high risk and I cannot express how grateful I am for all the measures your staff are taking.

–William Y.

RCU I love you guys so much! I was laid off and you've helped me with my payments! You're the best bank I've ever had!

–Ally B.

Big thanks to Redwood Credit Union for making the #COVID19 application process for small businesses smooth and easy!

–Mischa H.

Thank you for sharing your wisdom Mary [O'Neill] and to RCU for thinking about our mental health to help us get through this period.

–Karen C.

RCU helped me refinance my car for a cheaper monthly rate and helped me manage my money in a savings and checking that's been easy to access. They're quick to inform me of changes or any concerns with a great mobile app that's easy to use and convenient in managing my finances on the go!

–Alison B.

I recently refinanced my house with Redwood Credit Union. I highly recommend them! They were so efficient and easy to work with. And I got a great rate on my mortgage! As busy as they were, they always answered my calls and emails during the process and met all of their commitments on the loan request.

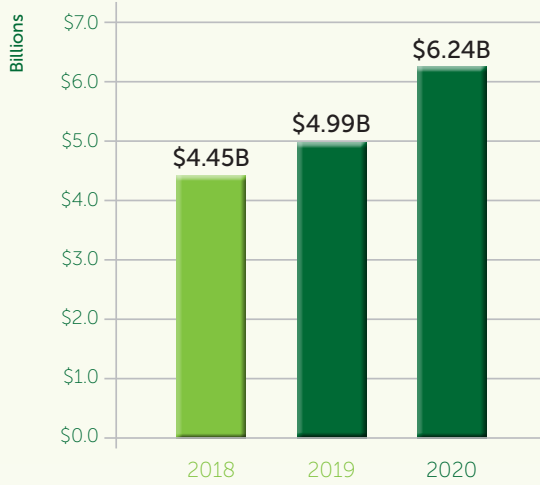
–Katherine H.

Last week, I could not get in for a notary appointment and went to the Novato branch for the first time. The person who helped me was very patient in explaining the merits of digital banking (not my forte) and may have singlehandedly brought me into the 21st century.

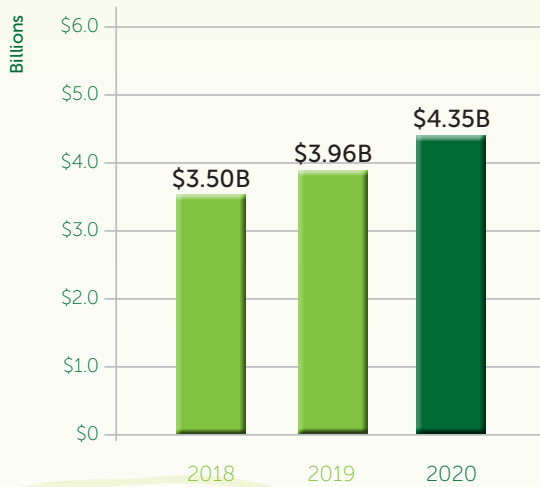
–Lisa C.

2020 Financials

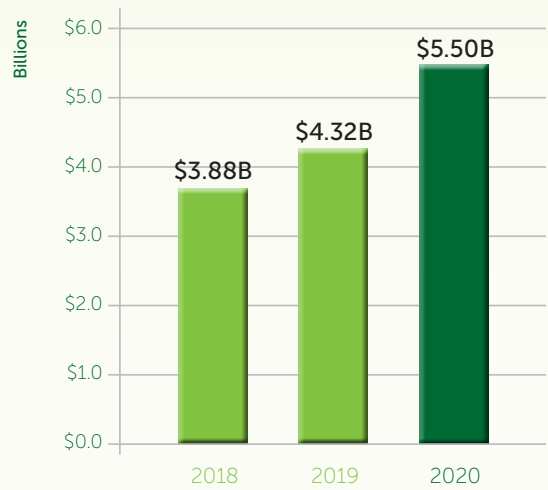
ASSETS



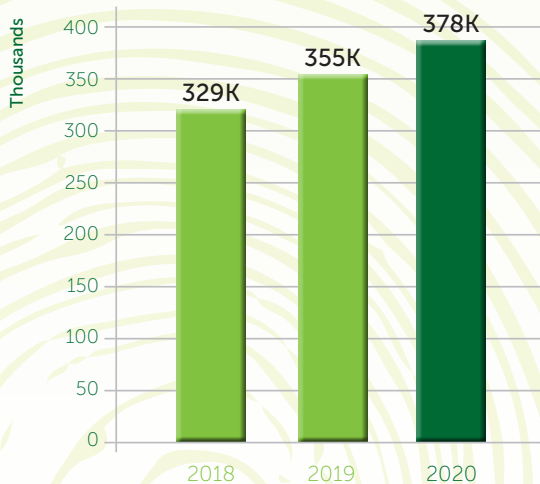
LOANS



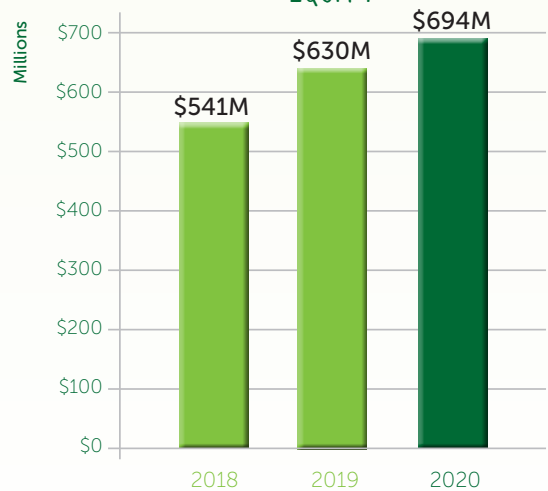
SHARES (DEPOSITS)



MEMBERSHIP



EQUITY



2020 Financial Statement

Consolidated Statement of Financial Condition (unaudited)

Assets

| | |
|--|------------------------|
| Loans to Members, Net of Allowance for Loan Losses | \$ 4,297,714,224 |
| Cash and Investments | 1,751,038,559 |
| Property and Equipment | 81,787,824 |
| Accrued Interest Receivable | 18,903,189 |
| National Credit Union Share Insurance Fund Deposit | 46,598,016 |
| Other Assets | 40,426,110 |
| Total Assets | <u>\$6,236,467,922</u> |

December 31, 2020

Liabilities

| | |
|--|----------------------|
| Members' Shares | \$ 5,498,618,520 |
| Accrued Expenses and Other Liabilities | 44,165,093 |
| Total Liabilities | <u>5,542,783,613</u> |

Members' Equity

| | |
|---|-------------------------|
| Realized Earnings | 693,644,365 |
| Unrealized Gain on Available-for-Sale Investments | 39,944 |
| Total Members' Equity | <u>693,684,309</u> |
| Total Liabilities and Members' Equity | <u>\$ 6,236,467,922</u> |

Consolidated Statement of Operations (unaudited)

Interest Income

| | |
|---|--------------------|
| Interest on Loans to Members | \$ 179,413,631 |
| Interest on Investment and Cash Equivalents | 4,743,616 |
| Total Interest Income | <u>184,157,247</u> |

For the Year Ended December 31, 2020

Cost of Funds

| | |
|------------------------------|-------------------|
| Dividends on Members' Shares | 27,894,469 |
| Interest on Borrowed Funds | 0 |
| Total Cost of Funds | <u>27,894,469</u> |

Net Interest Income

156,262,778

Provision for Loan Losses

27,376,015

Net Interest Income after Provision for Loan Losses

128,886,763

Non-Interest Income

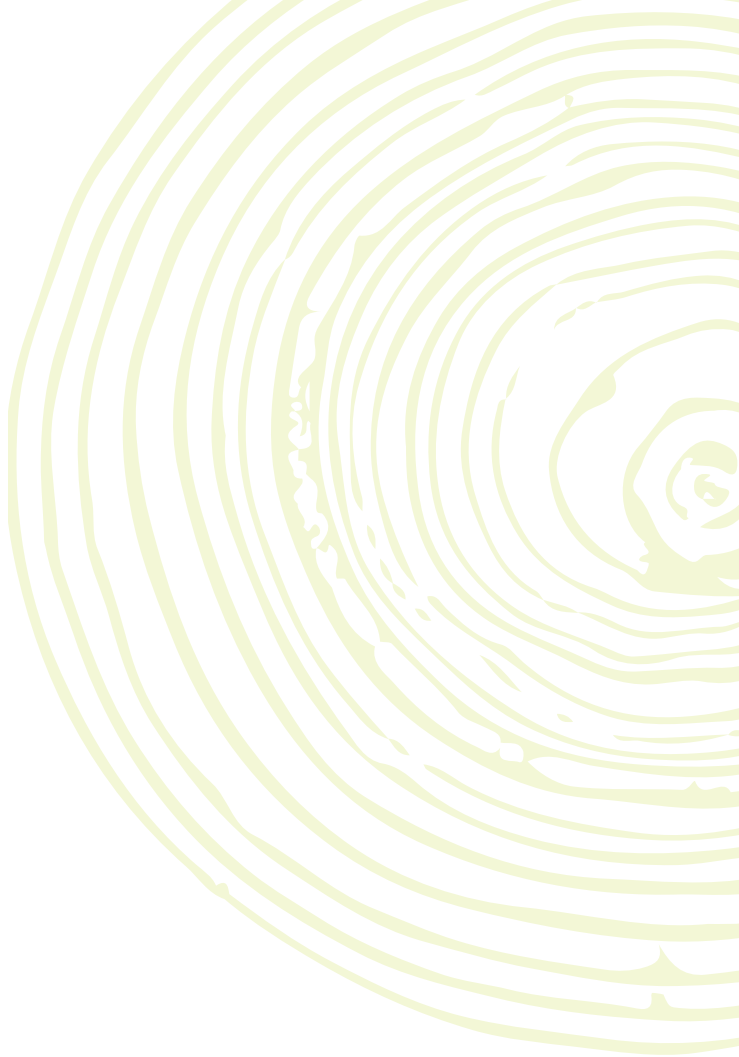
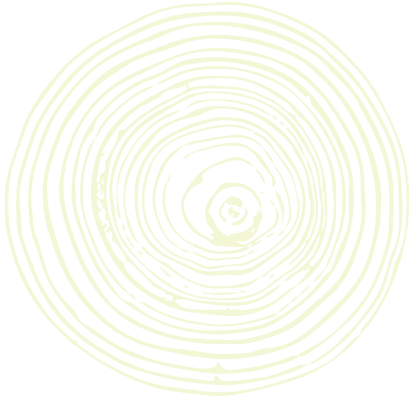
57,996,708

Non-Interest Expense

123,334,101

Net Income

\$ 63,549,370



Redwood
Credit Union®

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redwoodcu.org

