

2021 ANNUAL REPORT



FEDERAL CREDIT UNION
Together We're Stronger

PRESIDENT'S REPORT

In many ways, 2021 was both a very challenging and a very rewarding year for Secured Advantage Federal Credit Union. After a horrendous COVID year in 2020, everyone was looking forward to a return to growth and positive net income in 2021.

Instead, 2021 began with continued effects of the pandemic, governmental "stimulus money," new governmental regulatory policies, and citizen fear of the continued unknowns. These actions fed new and difficult challenges for all financial institutions to overcome. As a result, SAFCU finished 2021 with a negative income situation.

1. Despite these factors our dedicated staff continued to exhibit an excellent work ethic and drive to provide the best possible service to our members.
2. While the lobbies remained open only by appointment for part of the year, services continued at expected great levels.
3. Shares increased by 10.5% and even though interest rates dropped significantly, this resulted in paying out interest on the higher share balances.
4. Loan originations increased by 18.9% but again lower interest rates resulted in reduced income.
5. Because of the maturing of some higher interest CD's and the plunging of interest rates in general, investment income decreased by 30%.

After being asked to vacate the Sealed Air facilities in 2019 and successfully making the transition, we petitioned the National Credit Union Association (NCUA) to open our field of membership outside of the Sealed Air facility in Texas, Greenville County and Spartanburg County. These requests were granted during the last quarter of 2020. We gained 522 new members during 2021 and 114 of these came to us for loans.

I am very excited about the plans that have been developed for Secured Advantage in 2022. There will be many new innovations and opportunities as we move into a positive growing environment. With the tremendous growth in the areas we serve, we have the potential to have very positive results in 2022.

I appreciate the opportunity to serve as your President of the Board of Directors. While 2021 was a difficult year for financial institutions, the dedication of our volunteers and staff was outstanding. Our members were very cooperative during the continued COVID protocols and we were able to continue to offer all of our services to our members. Many thanks for the great assistance to me personally from all of you.

Respectfully,

Allen Gilstrap

BOARD OF DIRECTORS

Allen Gilstrap — President

Bo McDonald — Vice President

Laura Hathaway — Secretary/Treasurer

Jim Teresi

Margie Starnes

Dave Wamer

Paul Pyc

2021 SUPERVISORY COMMITTEE REPORT

The Secured Advantage Credit Union Supervisory Committee is responsible for monitoring the financial safety and soundness of the credit union. The committee meets its responsibilities by ensuring that the credit maintains a compliant profile meeting all governmental regulations and NCUA requirements. The credit continues to operate through ongoing compliant performance.

The committee has procured the services of Restine Accounting. The services provided by this third party accounting firm include but are not limited to; quarterly internal audits, ACH audits (required every 18 months), and BSA audits. Doeren Mayhew; Financial Institutions Group, conducts an annual review of all SAFCU activities by conducting a financial audit. The Supervisory Committee monitors the conduct of all above mentioned audits and monitors the findings and corrective actions.

2021 was a challenging year in light of the lingering pandemic. Obstacles created by the inability to conduct face-to-face audits were met with ingenuity and hard work, and in the case of all of the above mentioned audits, there were no findings in the final reports. Corrective actions were made in suit.

It is the opinion of the Supervisory Committee that SAFCU has solid protocols and sound procedures that ensure that the compliant profile will be maintained. From this experience the committee is confident that the credit union operates in a fiscally sound manner and, in all material respect, in accordance with applicable federal, state and NCUA regulations and requirements.

The Supervisory committee would also like to express appreciation to the staff and management of SAFCU in continuing to find ways to address client needs, meet the restrictions implemented by the pandemic and perform in an exemplary fashion.

Respectfully,

Jeff Sexton, Ray Hathaway, Jean Gilstrap

SUPERVISORY COMMITTEE

Jeff Sexton — Chair

Ray Hathaway

Jean Gilstrap

REPORT FROM YOUR CEO

More than five years ago, we moved our Duncan, SC office to a free-standing branch. Two and a half years ago, we did the same with new branches in Simpsonville, SC, and Iowa Park, TX. And at the end of 2020, we got the long anticipated charter expansion for underserved communities, which offers community-based banking.

Then came 2021 with its economic challenges; the rise of COVID-19 variants, staffing shortages and record-high inflation. Of course, it would have been easy to pack it in and lose sight of what is important — but not this team. But not this team.

I'm pleased to announce that our loan volume topped \$32.1 million in 2021, an increase of 6.9% over the previous year, which was also our largest total in five years. Speaking of record growth, we now have 7,275 members that bank at SAFCU — also a five-year record.

Fueled by passion and conviction, our board and staff are aligned and clear on improving the financial well-being of our members. And while we've been bitten by the staffing bug just like so many other industries, each employee has the mindset of building stronger communities in each of our markets.

"Together, we're stronger?"

Absolutely we are.

In addition to bringing higher savings rates, lower loan rates and fewer fees to more people, we've made excellent strides in becoming an involved community partner. From chambers of commerce to neighboring schools to local nonprofits, we are investing in our communities by way of sponsorship, volunteerism, and financial education. We are weaving ourselves into the fabric of Duncan, Simpsonville, and Iowa Park. It is truly an exciting time to be inside three remarkably different markets that have one common goal — family-focused communities.

As we head into 2022, we have identified residential mortgages and small businesses as growth opportunities.

One doesn't have to look far to see the revitalization of commercial buildings and the influx of new business concepts in each of our markets. We believe there is a niche for equipment loans, vehicle loans and business lines of credit to help small businesses start, grow, and thrive. Meanwhile, with a full suite of mortgage options, we can help members purchase their first home, buy their next home, save money with a lower rate, or pay off their mortgage faster.

We know there are still challenges to overcome. The past two years have not been easy to predict, such as our deposits rising 10.13% in 2021. However, when it comes to lending and account growth, we stand ready to say "yes" when other financial institutions say "no." For those who want to be money smart, we've got their back.

I offer my sincerest gratitude to our Board of Directors, Supervisory Committee and of course members like you. Thank you for putting your trust and confidence in SAFCU.

Respectfully,

Michal Parker, CEO

2021 INCOME STATEMENT

Total Income	\$2,977,906
Total Expenses	\$3,394,204
Net Income	(\$416,298)

2021 STATEMENT OF CONDITION

Net Loans	\$31,999,702
Total Cash & Investments	\$45,775,381
NCUSIF	\$693,836
Land & Buildings	\$1,952,885
Other Assets	\$1,433,253
Total Assets	\$81,855,057
Total Shares	\$73,314,268
Regular Reserves	\$2,093,244
Undivided Earnings	\$6,395,302
Other Liabilities	\$52,243
Total Liabilities	\$81,855,057

LOAN REPORT



**NEW
LOANS**

965
\$18,197,464.24



**EXTENSIONS:
APPROVED**

52



**DENIED
LOANS**

217

SAFCU STAFF

Michal Parker
Angela Chastain
Barbie Monroe

CEO
COO
Compliance Officer

Simpsonville Office

Kelly Owens
Judy Mullinax
Jazzmine Nesbit
Sue Reid
Brittany Lanier
Christen Ladson

**116 NE. Main Street
Simpsonville, SC 29681**

Business Development Manager
Loan Officer
Bookkeeper
Full Service Rep. / Fin. Counselor
Full Service Rep.
Full Service Rep.

Duncan Office

Jessica Maddox
Catherine Gibson
Nicole Wright
Brooke Lazurick

**126 W. Main Street
Duncan, SC 29334**

Vice President of Lending
Branch Operations Manager
Member Service Rep.
Full Service Rep.

Iowa Park Office

Charlie Fears
Destiney Smith
Melissa Treadway
Julie Petree

**903 W. Hwy.
Iowa Park, TX 76367**

Branch Manager
Full Service Rep.
Full Service Rep.
Member Service Rep.

QUALITY SERVICES

Savings

- Regular Savings
- Share Draft Checking
- Money Market Share Account

Loans

- New & Used Vehicles
- Mortgages (First & Second)
- Adjustable-Rate Mortgages
- Home Equity Lines of Credit
- Unimproved Real Estate
- Personal Loans and Lines of Credit

Additional Services

- Virtual Branch Online Account Access
- Free Bill Pay
- SAFCU Debit Card
- Remote Deposit Capture
- Apple Pay®
- Google Pay™
- Shared Branching
- CO-OP® Network of Free ATMs
- Audio Response Teller (ART)
- Direct Deposit and Wire Transfers
- Free Notary Service
- Money Orders

- Share Certificates
- Individual Retirement Accounts
- Christmas Club Savings

- Share Secured
- Boats & RVs
- Educational
- Computers
- Visa® Credit Card

- Gift Cards
- Discounted Movie/Amusement Park Tickets
- Postage Stamp Sales
- Auto Warranties
- GAP Coverage on Auto Loans
- ATMs
- Newsletters
- Consumer Publications
- Youth Programs
- CardValet®
- Mobile Banking

TOGETHER, WE'RE STRONGER.

SecuredAdvantageFCU.com • 800.468.5153

MAILING ADDRESS

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Simpsonville, SC 29681

MAIN OFFICE

116 NE. Main St.
Simpsonville, SC 29681

Phone: 864.967.1402

DUNCAN

126 W. Main St.
Duncan, SC 29334

Phone: 864.916.2560

IOWA PARK

903 W. Hwy St.
Iowa Park, TX 76367

Phone: 940.592.6502



Federally insured by NCUA.