

Message from Phil Jones, Harborstone President and CEO

Dear Valued Member,

On behalf of the entire team at Harborstone Credit Union, we want to thank you for allowing us to serve you during the challenges and disruptions of the past year. While none of us expected to live through a global pandemic when planning for 2020, we are honored that you trusted us to help navigate you through the unexpected. The pandemic may have forced us all to live and work differently, but it also challenged us to discover new ways to grow and support each other. It challenged us to live our mission of people helping people in a more meaningful way every day. Our Harborstone team was able to dig deep and lean in to our value of advocacy by quickly pivoting to find solutions for our members. It's hard to imagine that so many good things have come from such a tough year, but I'm proud of how our team showed up for you with creativity and empathy. We found ways to continue showing up and plugging in to our local communities (virtually) in order to deliver on our financial empowerment and advocacy efforts with our community partner organizations. Our team reached out to our members by making wellness calls during the early days of COVID-19. This helped us stay relevant and attuned to the difficulties the pandemic was causing our membership and allowed us to put solutions in place quickly. Whether it was helping members skip payments on their auto loans, get access to emergency loans after having an unexpected loss of income, or obtain access to much-needed PPP funds to keep businesses open, our team pushed through barriers and figured out solutions to help. Finally, we accelerated our commitment to racial and social equity by committing to seven immediate, tangible actions, which you can read about at harborstone.com/equity.

We believe all our members, regardless of income bracket, have a path to financial well-being, and we are committed to being your trusted partner on the journey to prosperity. Thank you for your trust. We look forward to a new year of building a positive future together.

Sincerely,



Phil Jones
CEO and President



Phil Jones
CEO & President



Ann Anderson
Board Chair

Board of Directors

Jim Buck, *Vice Chair*
Linda Crane Nelson, *Secretary*
Rick Stevens, *Director*
Michael Gedeon, *Director*
Bonnie Kern, *Director*
Shellie Willis, *Director*
Ivan Barron, *Director*
Franklin Donahoe, *Director*
Walt Frost, *Director Emeritus*

Supervisory Committee

Kaye Moore, *Chair*
Dennis Barnes, *Vice Chair*
Richard Dahl, *Secretary*
Jeanie Rieke, *Member*
Justin Maryanski, *Member*

Looking Back – 2020

Community Engagement

- Taught a variety of virtual financial literacy classes for multiple nonprofits and partners, including Junior Achievement, WorkSource, Tacoma Boys & Girls Club, and iGrad. We also supported Business Impact Northwest and the GSBA to support small businesses and learn about some of the financial barriers BIPOC business owners face.
- Total in corporate giving and sponsorships:
 - **\$274,900**
 - Supporting **45** organizations
- Military Support—Ham Grenade and Turkey Drop—We partnered with JBLM to give turkeys during Thanksgiving and hams during Christmas to service members in need.
- We donated \$100 to Habitat for Humanity each time we closed a home loan, which totaled nearly **\$40,000**.

- 2020 didn't stop us! We continued our **Pay It Forward program** by:
 - Supporting 19 nonprofit organizations with donations, amplifying their missions. Each team at Harborstone chose an organization close to its heart to help in a special way, delivering donations or a check for \$222, the average amount that members saved in 2019 by banking with a credit union.

COVID Response

During the COVID-19 pandemic, we have worked to keep our staff and members safe and supported by doing the following:

- Helped **175** businesses access SBA Payment Protection Program loans totaling **\$19,500,000** and gained **67** new business memberships.

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2020 Annual Report

Looking Back—2020, continued...

- Created our Financial Navigators team to help members not only with banking services but also with applying for unemployment, creating personalized budgets, and accessing vital relief and resources.
- Waived more than **\$184,000** in skip-a-payment fees in May, June, and July to help our members deal with personal financial changes due to the effects of the pandemic.
- Created website pages to help consumers and business members quickly access relief, resources, and accurate information.
- Made wellness calls to check in on our members' financial and personal health during the pandemic and to explain the best ways to access financial help during COVID-19. These calls pleasantly surprised our members and brought smiles during a time of isolation with the Washington State stay-at-home order.
- Made contactless cards available to our members, even before it was necessary, so they could take advantage of tap-to-pay technology sooner.
- Implemented work from home in March 2020 to get as many of our staff as possible home during quarantine while still serving members in flexible and creative ways.

Looking Ahead – 2021

Expanding financial empowerment for our members is a perennial priority for all of us at Harborstone. And with the stress and uncertainty of 2020 still top of mind, financial literacy is needed more than ever. That's why we're focused on teaching you about better ways of banking, budgeting, investing, and getting the most from your money. As your trusted banking advocate, we are committed to ensuring that you have all the resources necessary to make informed decisions in your financial lives. That is our passion and our promise.

Contributing to thriving communities also includes working toward a more fair and equitable society, one relationship at a time. As we outline in our seven immediate actions to address and change systemic racism, we will continue to use that to inform our decisions throughout the year and for as long as it takes. You can read more about these immediate actions on harborstone.com/equity.

Consolidated Statements of Financial Condition

(in thousands)

		2020	2019
ASSETS	Loans	\$1,187,601	\$1,134,294
	Loan Reserves	(15,458)	(13,072)
	Cash and Investments	440,771	342,168
	Fixed Assets	25,387	25,550
	Interest Receivable	3,985	3,906
	NCUA Share Insurance	13,506	10,530
	Other Assets	40,376	29,178
	TOTAL ASSETS	\$1,696,168	\$1,532,554
LIABILITIES and MEMBERS' EQUITY			
Liabilities		\$12,860	\$39,841
MEMBERS' DEPOSITS	Savings	\$540,785	\$429,600
	Checking	415,035	326,614
	IRAs	44,453	44,522
	Certificates	163,211	172,020
	Money Market	330,971	348,249
	TOTAL MEMBERS' DEPOSITS	\$1,494,455	\$1,321,005
Total Liabilities		\$1,507,315	\$1,360,847
Total Members' Equity		188,853	171,707
Total Liabilities and Members' Equity		\$1,696,168	\$1,532,554