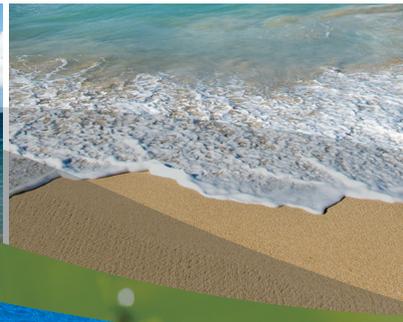


Credit Union of  
Southern California  
BUILDING BETTER LIVES<sup>®</sup>

# 2016 ANNUAL REPORT



## MISSION

BUILD BETTER LIVES THROUGH  
WORLD-CLASS SERVICE AND  
CONVENIENCE.

## VALUES

EVERYBODY COUNTS,  
EVERYBODY CARES,  
EVERYBODY DELIVERS,  
EVERY DAY.

## VISION

EXCEED MEMBERS' AND EMPLOYEES'  
EXPECTATIONS MAKING CU SOCAL A  
SIGNIFICANT FINANCIAL COMPETITOR  
IN SOUTHERN CALIFORNIA.

# JOINT REPORT OF THE **CHAIRPERSON AND PRESIDENT/CEO**

Credit Union of Southern California (CU SoCal) is more than a place to bank. We're here to help you financially thrive. Ours is an ownership culture that values quality over quantity, and relationships over transactions.

We know our industry is filled with people who can count. Our goal is to be people you can count on. At CU SoCal, we take our time in recruiting, coaching, and developing our team for the long haul. The people who work for us know they work for you. We've opted to create real value every day, rather than simply drive the bottom line. In short, we believe in doing the right things.

We are pleased to share that your credit union has continued to show strong growth over the last year, reflecting our continued expansion in Southern California. Our growth is an indication we are doing the right things for our Members and communities. What excites us most about growth? It positions us, as a financial cooperative, to help more Members with products, services, and conveniences to spend smart, save more, and turn wishing and waiting into planning and doing.

Consistent results like those seen in 2016 don't just happen by themselves. They reflect the loyalty of our Members and the dedication of our Board, Supervisory Committee, Advisory Board, and staff. For that, we are sincerely thankful.



A handwritten signature in black ink that reads "Christopher Stone".

**Christopher Stone**  
Board Chairperson



A handwritten signature in black ink that reads "Dave Gunderson".

**Dave Gunderson**  
President/CEO

# 92,000

Members served



# \$176

Average annual savings per Member household using our services



# \$34.8 million

loans funded to help local, small business owners



## 2016 HIGHLIGHTS—CU SOCIAL BY THE NUMBERS

- 92,000 Members served
- 91% of Members surveyed were “very satisfied” with the services received
- 80% of Members surveyed would recommend CU SoCal to family and friends (bank average: 35%; credit union average: 60%)
- \$176 average annual savings per Member household\*
- \$7.5 million distributed to Members in direct financial benefits\*
- \$2.1 million in dividends returned to Members
- \$13.5 million earned in net income
- 1.26% return on assets (ROA) achieved
- 1,100 attendees received financial education at 73 CU SoCal workshops and Lunch & Learn events
- 1,622 hours volunteered in our communities
- \$71 million of loans funded to help Members purchase or refinance a vehicle
- \$34.8 million of loans funded to help local, small business owners
- \$17 million of loans funded through CU SoCal’s convenient summer and holiday letter checks
- 99.9% data and voice up time, ensuring Members’ access to their funds
- Five-star financial rating from BauerFinancial, the highest possible
- The only credit union rated a top workplace in Orange County

\*Benefits provided through lower loan rates, higher savings rates and fewer fees compared to California banking institutions during the same period of time. CUNA Membership Benefits Report, October 2015-September 2016.

## FOR SERVICE

Our goal is to serve Members with strong values and uncompromising standards, each and every day. In a world where people are bombarded with complexity, we strive to find ways to make our Members’ experience easier and more satisfying. Simply put, it’s our desire to be a financial institution our Members rave about. Based on your valuable feedback, one of our most significant achievements in 2016 was how we served you.

- 91 percent of Members surveyed said they were “very satisfied” with their service experience.
- 80 percent of Members surveyed said they would proudly refer CU SoCal to family and friends. The average score for banks and credit unions is 35 percent and 60 percent, respectively.
- Our voice and data up times averaged 99.9 percent, ensuring Members were able to access their funds when, where, and how they wanted.
- Representatives personally answered more than 33,000 calls per month, without a script, and patiently spent as much time as was needed to help.
- The CU SoCal Make-a-Wish program was launched, demonstrating that CU SoCal not only has a head for numbers, but a heart for Members. Through this program, CU SoCal team members did something other financial intuitions might find unimaginable—acted on their compassionate impulses.

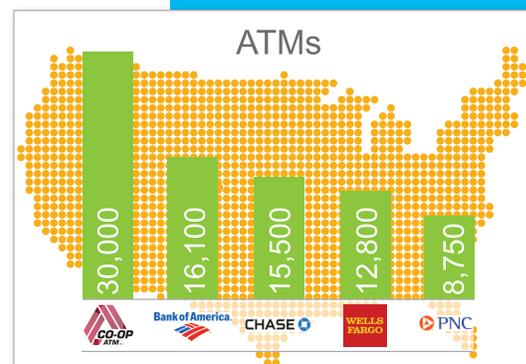
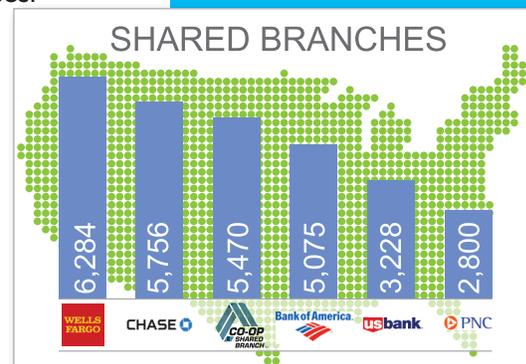
More than  
**33,000**  
calls per month were  
answered personally



## FOR CONVENIENCE

CU SoCal’s powerful branch and ATM networks, as well as robust eServices, allowed Members to conduct their banking business when and how they wanted, wherever they happened to be. Below are highlights for the year.

- Through a partnership, CU SoCal opened branches in Orange and at St. Jude Medical Center in Fullerton.
- More than 5,400 branches across all 50 states were available through CU SoCal’s participation in the CO-OP shared branch network, the third largest branch network in the U.S.
- 30,000 free ATMs were available nationwide, providing Members with the accessibility and convenience unmatched by the largest banks.
- Enhancements to CU SoCal’s mobile and online banking were made to continue improving Members’ experiences.
- Special financing options and convenient letter checks were offered to pre-approved Members enhancing their buying power and making purchases easier and more convenient.





Members saved nearly  
**\$7.5 million**  
by choosing CU SoCal



**\$13.8 million**  
loans funded to reduce monthly  
auto payment by lowering rate  
from another lender



**1,622 hours**  
volunteered in our communities  
by CU SoCal team members  
and loved ones

## FOR SAVINGS

CU SoCal remained committed to helping Members get ahead and find success. In 2016, we continued our work to empower Members to achieve financial stability so they could pursue their goals.

- Members saved nearly \$7.5 million by choosing CU SoCal rather than one of California's for-profit financial institutions. That's an average of \$176 per Member household.\*
- Nearly \$14 million was loaned to Members to lower their monthly auto payment with another lender.
- Members were challenged to participate in a 52-Week Savings Plan to help bolster their savings habits.
- Financial checkups were provided to Members to help boost savings strategies and support overall financial wellness.

\*Benefits provided through lower loan rates, higher savings rates and fewer fees compared to California banking institutions during the same period of time. CUNA Membership Benefits Report, October 2015-September 2016.

## FOR COMMUNITY

As a Member of CU SoCal, you're part of an organization that gives back, helping to strengthen the communities our staff and Members call home. By being an engaged corporate citizen, we earned invaluable goodwill and loyalty that had little to do with dollars and cents, but everything to do with making our communities better places to live.

Below are some of the ways CU SoCal and our employee-inspired charity, CU SoCal Helping Hands, made priceless investments in the more than 150 communities we proudly serve.

- CU SoCal team members and loved ones volunteered more than 1,620 hours of service toward making our communities stronger.
- \$188,000 was donated to our charity, CU SoCal Helping Hands, to help families in need, and 117 local nonprofits and community organizations that share our values.

## FOR FINANCIAL WELLNESS

CU SoCal believes anyone can be financially successful, and we can help. We're honored to educate our Members and those in our communities through

financial literacy and outreach programs. During the year, we offered free financial guidance, education, tools, one-on-one coaching, and financial education programs to the community, schools, and the workplace.

Below are some of the ways CU SoCal assisted Members and the community in 2016, wherever they were in their financial journey.

- More than 800 employees from our business partners attended one of the 46 free financial Lunch & Learns workshops presented at their workplaces.
- Nearly 300 Members and nearby residents attended one of CU SoCal's 27 financial education workshops offered throughout Orange and Los Angeles counties.
- CU SoCal provided Members free, personalized credit counseling and financial advice through our financial partner, BALANCE®.
- Fourteen financial videos featuring Jean Chatzky, *TODAY Show* finance expert, were made available on our website.
- Followers of @CUSoCal received 20 tweets per week with tips, articles, and tools to educate, inform, and inspire them.
- Elementary school children were taught financial basics and encouraged to save through CU SoCal's monthly school Savings Day program.



Donated

**\$188,000**

to local charities, foundations,  
and families in need



Contributed to

**117**

local nonprofits &  
community organizations



Conducted

**73**

free financial education  
classes presented in our  
local communities



# BOARD OF DIRECTORS

Credit Union of Southern California's Board Directors generously volunteer time throughout the year to ensure the continued strength, security, and value of your credit union.

**ROW 1 (L-R):**  
Christopher Stone, Board Chairperson  
Robyn Bjorklund

**ROW 2:**  
Elizabeth Camp  
Robert Chaffino

**ROW 3:**  
Shannon Dwyer  
Christopher George

**ROW 4:**  
Paul Moore  
John Rosenberger

**ROW 5:**  
Lyle Scheppele

**ROW 6:**  
Corporate Advisory Board Members  
Lee Hardeman  
Connie Zappone

# SUPERVISORY COMMITTEE

The Supervisory Committee of Credit Union of Southern California (CU SoCal) regularly meets to ensure that the credit union is fiscally sound and effectively serving the diverse financial needs of Members. Committee members generously volunteer their time to review financial statements as well as internal and external audit reports and controls.

The committee engaged Turner, Warner, Hwang & Conrad (TWHC), a firm of certified public accountants, to perform the annual audit for the fiscal year ending June 30, 2016.

After reviewing the TWHC audit report, as well as other financial reports and records, it was the unanimous opinion of the Supervisory Committee that CU SoCal is a financially solid credit union and is being operated in a safe and sound manner.



Ed Paul  
Chairperson, Supervisory Committee

**ROW 1 (L-R):**  
Ed Paul, Chairperson  
Greg Kelley

**ROW 2:**  
Judy Miller  
Bob Toohey

**ROW 3:**  
David Yamashita



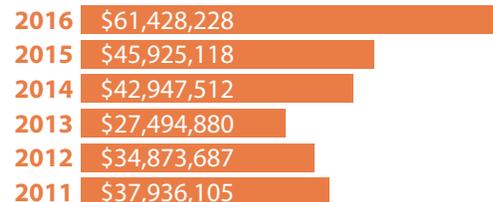
# FINANCIAL STATEMENT

	YEAR ENDED DECEMBER 31,	
	2016	2015
<b>INCOME</b>		
Interest on loans	\$ 26,110,296	\$ 21,730,395
Interest on investments	11,236,807	9,721,808
Other income <sup>1</sup>	24,081,125	14,472,915
<b>Total income</b>	<b>\$ 61,428,228</b>	<b>\$ 45,925,118</b>
<b>EXPENSES</b>		
Salaries and benefits	\$ 22,076,651	\$ 18,676,552
Interest expense	1,344,115	713,609
Provision for loan losses	2,110,776	1,318,629
Office operations	5,554,304	5,057,321
Professional services	2,456,089	2,303,206
Office occupancy	6,315,763	3,327,012
Marketing	585,997	561,772
Loan servicing	2,286,695	1,942,246
Other expenses	3,016,178	2,333,966
<b>Total expenses</b>	<b>\$ 45,746,568</b>	<b>\$ 36,234,313</b>
<b>DIVIDENDS TO MEMBERS</b>	<b>\$ 2,135,671</b>	<b>\$ 1,747,231</b>
<b>NET EARNINGS</b>	<b>\$ 13,545,989</b>	<b>\$ 7,943,574</b>

	AT DECEMBER 31,	
	2016	2015
<b>ASSETS</b>		
Cash	\$ 7,798,400	\$ 6,948,170
Investments	536,952,856	504,593,633
Loans to Members	568,049,600	449,445,826
Allowance for loan losses	(5,916,269)	(4,497,454)
Fixed assets	22,947,008	25,330,509
Other assets	44,038,482	19,059,008
<b>Total assets</b>	<b>\$ 1,173,870,077</b>	<b>\$ 1,000,879,692</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities	\$ 18,826,752	\$ 15,481,737
Member shares	1,039,034,622	873,668,828
Member equity	116,008,703	111,729,127
<b>Total liabilities and equity</b>	<b>\$ 1,173,870,077</b>	<b>\$ 1,000,879,692</b>

<sup>1</sup> For 2016, includes \$5.3 million of bargain purchase gains from mergers and \$2.8 million of gains from the sale of investments. For 2015, includes \$1.2 million of bargain purchase gains from mergers.

## INCOME



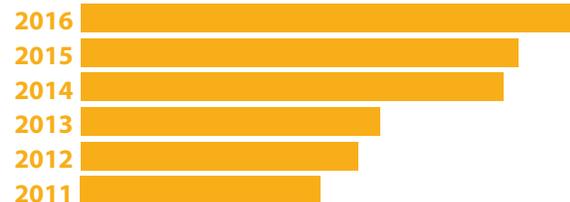
## EXPENSES



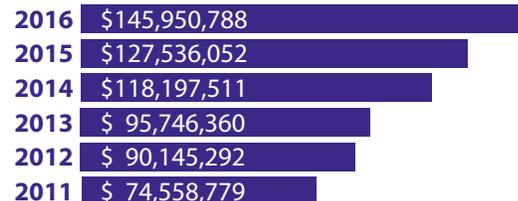
## DIVIDENDS TO MEMBERS



## ASSETS



## REGULATORY NET WORTH





Our industry is filled with people who can count.

At CU SoCal, you'll find people you can count on.



## TELEPHONE SERVICE CENTER

562.698.8326 | 866 CU SoCal (866.287.6225) toll-free  
Monday–Friday 9 am–6 pm | Saturday 9 am–1 pm

## PHONE BANKING

562.945.2214 | 800.249.2328 toll-free

## MAIL

P.O. Box 200 | Whittier, CA 90608-0200

## EMAIL

info@CUSoCal.org

## WEBSITE

CUSoCal.org

## MOBILE BANKING

Download free Mobile Banking app at m.CUSoCal.org

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@CUSoCal



Credit Union of  
Southern California  
BUILDING BETTER LIVES®



FEDERALLY  
INSURED  
BY NCUA



ALHAMBRA | ANAHEIM | BREA | CITY OF INDUSTRY | COSTA MESA | COVINA | EL MONTE | FULLERTON | GARDEN GROVE  
LA HABRA | NEWPORT BEACH | Ontario | ORANGE | PICO RIVERA | POMONA | WHITTIER