



Credit Union *of*
Southern California
BUILDING BETTER LIVES®

2019 ANNUAL REPORT



MISSION

BUILD BETTER LIVES THROUGH
EXCEPTIONAL MEMBER
EXPERIENCES, EVERY TIME.

VALUES

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

VISION

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

Membership is open to those who live, work, worship, or attend school in the counties of Los Angeles, Orange, Riverside, and San Bernardino. For more information, visit CUSoCal.org.

JOINT REPORT OF THE CHAIRPERSON AND PRESIDENT/CEO

Sixty-five years ago our credit union cooperative was formed. We have been expanding, adapting, and evolving since day one. This past year, 2019, was no exception. We increased Memberships by 9 percent and loans by 14 percent. We enhanced our online functionality for the digital world and opened new brick and mortar branches for the physical one. By the end of 2019, we had grown to more than \$1.6 billion in assets. Those figures would have been considered impossibilities in 1954 and are still impressive by today's standards. However, building a bigger credit union isn't our purpose; it's a means to our mission. We grow so we can give back. Banks make every day about the value of their stock; we make every day about the value of our relationships. We are Building Better Lives®.

An annual report is certainly about numbers, and we are pleased that 2019 was filled with positive ones. Take note of the numbers, but read between the lines. You'll discover a financial institution that involved itself in communities and causes; a financial institution that was as interested in the character of the human being as much as the credit score; a financial institution that empowered its Members with products and services so they could fulfill their dreams.

Our dedicated Board of Directors, Supervisory Committee, and Credit Union of Southern California (CU SoCal) staff are all committed to maintaining the credit union credo of People Helping People. Along with our Membership, these are the people responsible for our success. We are sincerely thankful for all of them.



Paul Moore

Paul Moore
Board Chairperson



Dave Gunderson

Dave Gunderson
President/CEO

Members saved more than

\$10 million

on loans compared to
California bank averages



\$277

Average annual savings per
Member household



Remote services
Best-in-Class ranking



2019 HIGHLIGHTS

Credit Union of Southern California's mission is to Build Better Lives® Through Exceptional Member Experiences, Every Time. To accomplish that goal, we continually maintain, upgrade, and re-invent the financial products Members use, and we strive to consistently serve Members with caring, personal service.

Building Better Lives is in essence a journey; the destination, however, is entirely up to each individual Member. In 2019, our journey continued its steady pattern of growth and outreach. Some of the year's highlights are listed below.

At year end:

- Our Membership increased by 9%, totaling more than 121,000 Members.
- Our assets topped \$1.6 billion.
- Our net worth ratio was 12.71% which exceeds the industry standard where 7% is considered "well capitalized."
- We earned a superior 5-star rating from BauerFinancial for financial stability.
- Our net income totaled \$19 million—an all-time record.
- CU SoCal provided \$15.2 million in direct financial benefits to Members.¹
- Our Members earned \$4.4 million in dividends.
- Members received an average of \$277 in household savings.¹
- Our loan portfolio increased by 14%.
- Our online services achieved a reliability index of 99.9% allowing Members to access their accounts electronically with minimal interruption.

¹ Source: CUNA

A BETTER FINANCIAL FUTURE

CU SoCal is a different kind of financial institution: one owned *by* you, working *for* you. We're proud to provide you with the products, services, expert advice, guidance, and tools you need to take control of your financial future. We're here to talk to you. Not sell to you. We want to make your dreams a reality, today.

Members can achieve their financial goals faster with a full array of financial information, resources, and one-on-one coaching. In 2019, we offered nearly 100 short videos, online modules, webinars, and in-person workshops. Moreover, CU SoCal hosted 94 free lunch-and-learn events, workshops, and webinars that participants overwhelmingly rated as "excellent."

EXCEPTIONAL MEMBER EXPERIENCES

Our staff is instilled with a deep and genuine desire to serve and an unwavering commitment to do the right thing. This is our culture. This is our DNA. This is what sets us apart from the myriad of financial institutions coveting your business. For us, it's not enough to go the extra mile if the extra mile doesn't help us get you to your destination. We will go the extra mile and more.

With that in mind, in 2019 we changed how we survey Members. We partnered with a leading provider to gather more meaningful feedback and align our practices with industry standards. Gaining deeper insights and collecting greater feedback from you has been, and will continue to be, instrumental in driving initiatives to improve our service, strengthen the value of your Membership, and expand our product offerings. As always, our goal is to exceed your expectations with each and every opportunity we have to serve you.



94

Free financial education classes and webinars



Members earned nearly

\$1 million

more on savings compared to California bank averages



#1

Call Center
Best-in-Class ranking



5

stars rated by
BauerFinancial



Donated

\$477,000

to local charities, foundations,
and families in need through
CU SoCal and our employee-
inspired charity



712 hours

volunteered in our communities
by CU SoCal team members
and loved ones

COMMITMENT TO THE COMMUNITY

We're honored to be able to serve 175 communities across southern California. In 2019, we supported them with specialized products to improve their financial wellness and donated time and resources to hundreds of charitable initiatives that serve worthy causes.

- CU SoCal team members volunteered 712 hours of service.
- We donated \$477,000 to help local charities, foundations, and families in need through CU SoCal and our employee-inspired charity.

CONVENIENT ACCESS

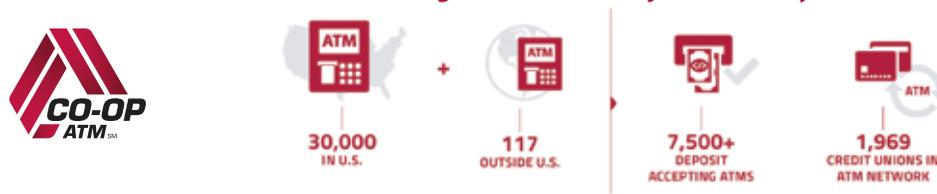
We believe our Members should be able to do their banking whenever and however they want. In 2019, we opened new branches and enhanced our online services to provide Members even greater convenience in person, over the phone, and online.

- Through a partnership with Cedars-Sinai Federal Credit Union and FedONE Federal Credit Union we added branches in Los Angeles and Laguna Niguel.
- More than 5,600 branches across all 50 states are available through our participation in the CO-OP shared branch network.
- Members have access to America's largest fee-free ATM network through the CO-OP shared ATM network.

Extend your reach with branch transactions across the country



More surcharge-free ATMs than just about any other bank



2020 VISION

Our 2020 vision is clear: deepen relationships, enhance experiences, and exceed expectations. We will continue to focus on your valuable feedback to make your experiences with us streamlined, seamless, and easy. We will improve your online application experience, open a branch in East Whittier, and launch a new Platinum Credit Card program featuring variable-rate pricing and fresh, new card designs. Additionally, a new checking product is on its way that is designed to help those who have been credit challenged.

One of our most impactful enhancements this year will be to online and mobile banking. You spoke. We listened. This summer we will launch a new, more robust mobile banking app and online platform offering the enhanced features and capabilities you've asked for.



Distributed

\$15.2 million

to Members in direct financial benefits



\$303

average annual interest saved financing a \$30,000 car for 60 months



Quality Service

9.01/10.0

Best-in-Class ranking

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):

Paul Moore, Board Chairperson
Robyn Bjorklund
Elizabeth Camp



ROW 2:

Christopher George
Lee Hardeman
John Rosenberger



ROW 3:

John C. Smith
Christopher Stone
Connie Zappone



ROW 4:

Corporate Advisory Board Members:
Robert Chaffino
Kathy Crum
Dona Moseley

SUPERVISORY COMMITTEE

The Supervisory Committee members volunteer their time and expertise. We meet regularly to review financial statements along with internal and external audit reports and controls. Our task is to ensure that Credit Union of Southern California is both fiscally sound and effectively serving the many different financial needs of its Members.

The certified public accounting firm of Turner, Warren, Hwang & Conrad was engaged to perform the annual audit for the fiscal year ending June 30, 2019.

After reviewing the audit report, along with other reports and records, it was the unanimous opinion of the Supervisory Committee that Credit Union of Southern California is financially solid and being operated in a safe and sound manner.



David Yamashita, Chairperson
Supervisory Committee



ROW 1 (L-R):
David Yamashita, Chairperson
Greg Kelley

ROW 2:
Judy Miller
Ed Paul



ROW 3:
Bob Toohey

FINANCIAL STATEMENTS

INCOME

	YEAR ENDED DECEMBER 31,	
	2019	2018
Interest on loans	\$ 46,144,546	\$ 39,974,472
Interest on investments	10,659,164	10,654,619
Other income ¹	29,411,545	22,703,118
Total income	\$ 86,215,255	\$ 73,332,209

EXPENSES

Salaries and benefits	\$ 31,330,728	\$ 27,816,925
Interest expense	1,132,623	1,242,363
Provision for loan losses	4,587,784	3,226,436
Office operations	6,650,761	6,715,747
Professional services	3,774,052	3,814,944
Office occupancy	5,144,450	4,964,961
Marketing	847,866	666,452
Loan servicing	4,741,067	3,784,878
Other expenses	4,596,864	5,212,833
Total expenses	\$ 62,806,195	\$ 57,445,539

DIVIDENDS TO MEMBERS

\$ 4,432,572	\$ 2,913,580
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NET EARNINGS

\$ 18,976,488	\$ 12,973,090
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ASSETS

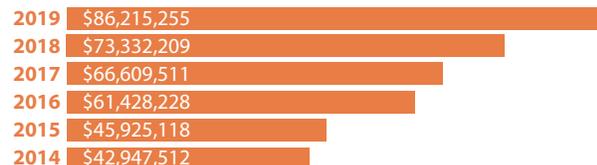
	AT DECEMBER 31,	
	2019	2018
Cash	\$ 9,951,185	\$ 8,397,538
Investments	543,582,384	482,639,215
Loans to Members	1,057,072,603	927,958,702
Allowance for loan losses	(7,976,758)	(6,646,772)
Fixed assets	25,973,582	26,438,418
Other assets	51,418,727	46,307,123
Total assets	\$ 1,680,021,723	\$ 1,485,094,224

LIABILITIES AND EQUITY

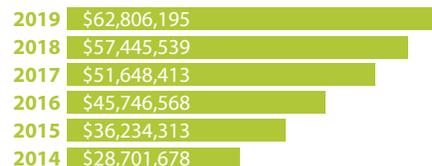
Member shares	\$ 1,368,307,344	\$ 1,259,773,581
Notes payable	96,000,000	47,000,000
Other liabilities	21,255,119	18,766,090
Member equity	194,459,260	159,554,553
Total liabilities and equity	\$ 1,680,021,723	\$ 1,485,094,224

¹ For 2019, includes \$2.8 million of bargain purchase gains from mergers.

INCOME



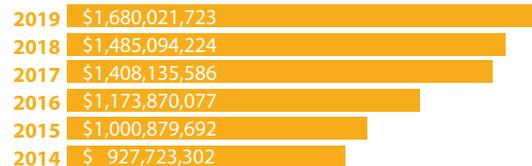
EXPENSES



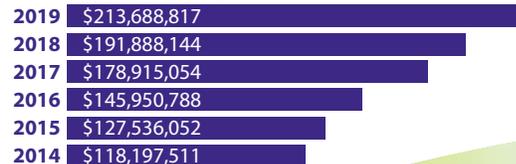
DIVIDENDS TO MEMBERS



ASSETS



REGULATORY NET WORTH





Our industry is filled with people who can count.

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



BUILDING BETTER LIVES



MEMBER CARE 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

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Credit Union of
Southern California
BUILDING BETTER LIVES[®]



FEDERALLY
INSURED
BY NCUA

