



Credit Union *of*  
Southern California  
*BUILDING BETTER LIVES*®

# 2020 ANNUAL REPORT



## **MISSION**

BUILD BETTER LIVES THROUGH  
EXCEPTIONAL MEMBER  
EXPERIENCES, EVERY TIME.

## **VALUES**

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

## **PURPOSE**

EXCEED MEMBERS' AND TEAM MEMBERS'  
EXPECTATIONS, INSPIRING THEM TO ACHIEVE  
THEIR FINANCIAL GOALS AND DREAMS.

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](http://CUSoCal.org).

# JOINT REPORT OF THE CHAIRPERSON AND PRESIDENT/CEO

By any measure, the year 2020 had its share of world-shifting events, including the worst pandemic seen in more than a century. But in the midst of what might be the worst year most of us have ever seen, the events that unfolded in 2020 caused many to reflect on what matters most. Credit Union of Southern California (CU SoCal) was no different.

With a revised purpose and renewed commitment, CU SoCal served its Members with empathy and expertise while providing personalized, exceptional Member experiences. Staying true to the credit union philosophy of 'people helping people' led to record growth in numerous areas. This past year, we gave a record amount, \$763,000, to our employee-inspired charity and other non-profit organizations. We also had a record year for helping Members with their lending needs, including purchasing or refinancing their homes and cars, financing personal loans, or getting new credit cards. And, we helped many Members improve their cash flow as well as relieve stress with more than \$100 million in loan payment forbearances. Banks make every day about the value of their stock; we make every day about the value of our relationships.

An annual report is certainly about numbers, and we are pleased that 2020 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 build a brighter future.

Our dedicated Board of Directors, Supervisory Committee, and Credit Union of Southern California (CU SoCal) team members are all committed to our mission to Build Better Lives. Along with our Members, these are the people responsible for our success. We are sincerely thankful for all of them.



A handwritten signature in black ink that reads "Robyn Bjorklund".

**Robyn Bjorklund**  
Board Chairperson



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

**Dave Gunderson**  
President/CEO



Distributed

**\$18.5** million

to Members in direct financial benefits<sup>2</sup>



**\$323**

Average annual savings per Member household<sup>2</sup>



Members earned

**\$5.7** million

in dividends

## 2020 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 adapt to changing technologies and Member preferences. This year, we recommitted ourselves with a new purpose statement, implemented improved mobile and desktop online banking platforms, executed on our data analytics strategies, upgraded our Member Care Center phone system, and realigned departments and team Members to better achieve our goal to consistently serve Members with exceptional, caring, personal service.

Some of the year's financial highlights are listed below.

### At year end:

- Our Membership increased by 3%, ending the year with more than 122,000 core Members strong.<sup>1</sup>
- Our loan portfolio increased by 8%, with a record number of mortgage loans.
- Our assets topped \$2 billion.
- Our net worth ratio was 11.50% which exceeds the industry standard where 7% is considered "well capitalized."
- Our net income totaled \$18.7 million—close to our all-time record in 2019.
- Our return on assets reached .98%.
- We earned a superior 5-star financial stability rating from BauerFinancial.
- Our Members earned \$18.5 million in direct financial benefits.<sup>2</sup>
- Our Members earned \$5.7 million in dividends.
- Our Members saved nearly \$12 million on lower interest rates on loans.<sup>2</sup>
- Members received an average of \$323 in household savings.<sup>2</sup>

<sup>1</sup> Core Memberships exclude Sprint and CUDL Memberships.

<sup>2</sup> Source: Credit Union National Association Membership Benefits Report, June 2019–May 2020.

## 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 wishing and waiting into doing and achieving.

Members can achieve their financial goals faster with a full array of financial information, resources, and one-on-one coaching. Members have access to certified financial counselors for expert coaching on topics including budgeting, debt management, and understanding credit scores. In 2020, we offered nearly 100 short videos, online modules, and in-person workshops, including 63 free lunch-and-learn events, seminars, and webinars that participants overwhelmingly rated as "excellent." In addition, more Members than ever turned to us to help plan and save for their future with the guidance of our financial and retirement advisors.

## 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.

Our passion to provide exceptional Member experiences and create and maintain a positive, engaged culture is demonstrated in how we answer Member calls. In 2020, 75% of all calls to our Member Care Center were answered within 60 seconds and were answered by a live person—without the use of a full-scale automatic call distribution system. The results are also evident in our Member survey scores. We ended the year with a strong 70% Net Promoter Score. Members also scored us with a high 9.3 out of 10.0 when asked if CU SoCal provides quality service. Members also rated us with a positive 9.1 out of 10.0 rating when asked if CU SoCal delivers value.



63

Free financial education classes and webinars



Members saved nearly

**\$12 million**

on lower interest rates on loans<sup>2</sup>



Call Center ranked

**95<sup>th</sup>** percentile for

Net Promoter Score (NPS)  
for our asset size

5-star  
superior rating



by BauerFinancial



\$763,000

donated to CU SoCal  
Helping Hands and other  
non-profit organizations



570 hours

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

## BUILDING STRONGER COMMUNITIES

Our commitment to the communities we serve has been an important part of CU SoCal since our founding, and that tradition continued in 2020. Together, with our team, we volunteered and made donations to support our employee inspired charity, CU SoCal's Helping Hands, and other non-profit organizations.

Highlights include:

- Team members and their families enthusiastically volunteered 570 hours to local schools and charities.
- Donated a record \$763,000, including to those who were hard hit by the pandemic and its economic fallout.

## MAKING MANAGING MONEY EASY

We believe our Members should be able to do their banking whenever and however they want. In 2020 we opened a new branch in Whittier and enhanced our online services to provide Members even greater convenience in person or online.

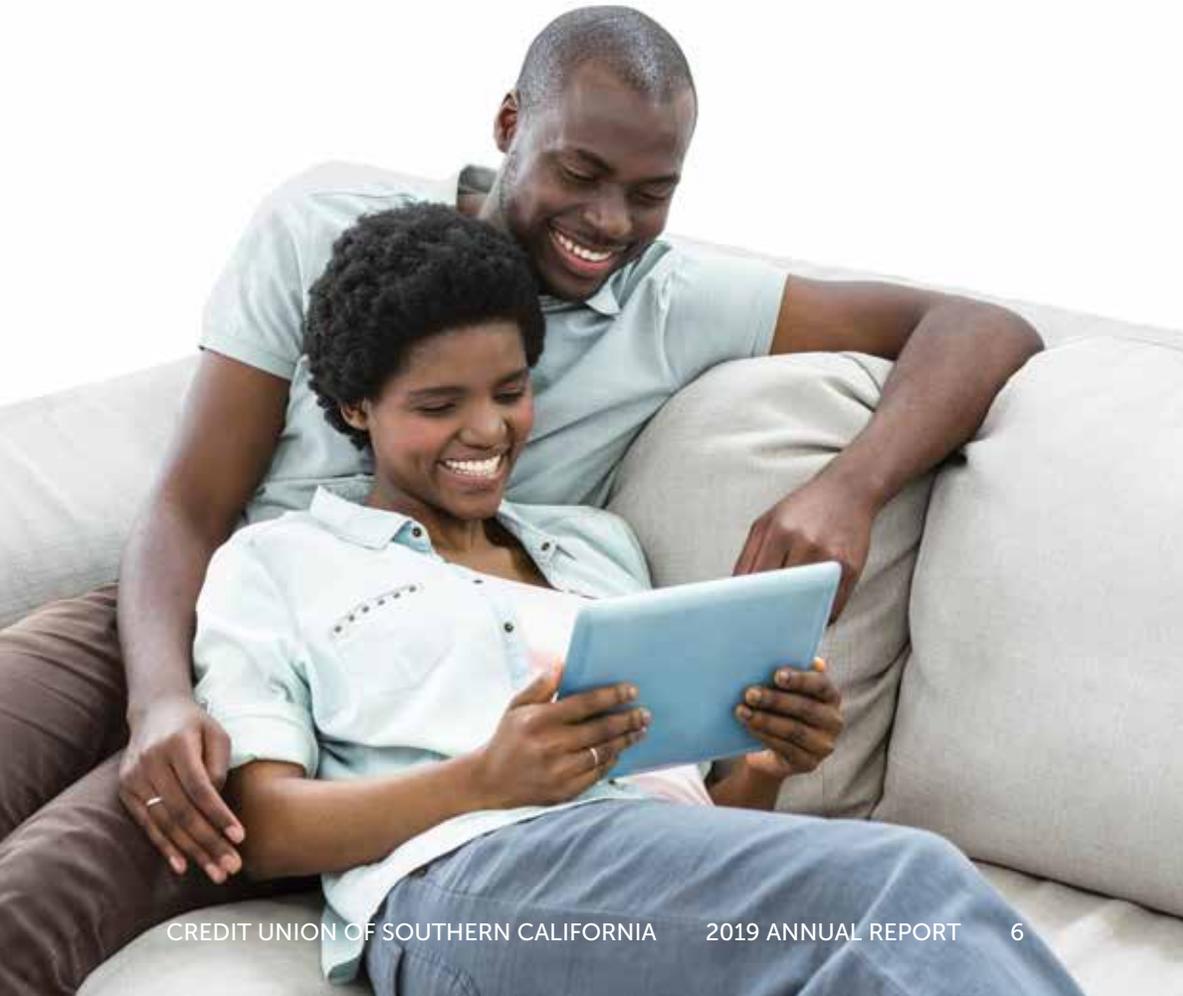
Highlights include:

- Launched an upgraded digital banking platform with expanded benefits, providing a nearly seamless experience between mobile and desktop banking.
- Launched Zelle®, a person-to-person payment network that offers Members a fast, safe, and easy way to send and receive money.
- Opened a new branch in Whittier.
- Continued to offer access to more than 6,000 branches across all 50 states through our participation in the CO-OP shared branch network.
- Provided Members access to America's largest fee-free ATM network through the CO-OP shared ATM network.

## 2021 VISION

Our 2021 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. Plans include:

- Enhancing convenience by adding an appointment feature when visiting a branch.
- Launching “chat” to expand your ability to connect with a team member quickly and conveniently, from wherever you are.
- Offering a Credit Builder Loan to assist those with challenged or no credit improve or establish their credit history.
- Opening a branch in Fontana and moving our El Monte branch to a more spacious, convenient location.



# \$318

Average annual interest saved  
financing a \$30,000 car  
for 60 months<sup>2</sup>



Quality Service

# 9.3/10.0

among the highest rated



Increased Member  
Business Loans by

# 20%

from prior year

# BOARD OF DIRECTORS

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



**ROW 1 (L-R):**

Robyn Bjorklund, Board Chairperson

Elizabeth Camp

Christopher George



**ROW 2:**

Paul Moore

Dona Moseley

John Rosenberger



**ROW 3:**

John C. Smith

Christopher Stone

Connie Zappone

**ROW 4:**

Kathy Crum, Corporate Advisory Board Member



# 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, 2020.

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 is being operated in a safe and sound manner.



Judy Miller, Chairperson  
Supervisory Committee



**ROW 1 (L-R):**  
Judy Miller, Chairperson  
Greg Kelley



**ROW 2:**  
Ed Paul  
Bob Toohey



**ROW 3:**  
David Yamashita

# FINANCIAL STATEMENTS

AT DECEMBER 31,  
2020 2019

## ASSETS

Cash and cash equivalents	\$ 138,075,213	\$ 88,116,794
Investments	678,344,497	465,416,775
Loans to Members	1,137,596,786	1,057,072,603
Allowance for loan losses	(12,819,746)	(7,976,758)
Fixed assets	26,128,772	25,973,582
Other assets	53,134,395	51,418,727
<b>Total assets</b>	<b>\$2,020,459,917</b>	<b>\$1,680,021,723</b>

## LIABILITIES AND MEMBERS' EQUITY

Members' share accounts	\$1,740,014,296	\$1,368,307,344
Notes payable	45,000,000	96,000,000
Other liabilities	20,325,546	21,255,119
Members' equity	215,120,075	194,459,260
<b>Total liabilities and Members' equity</b>	<b>\$2,020,459,917</b>	<b>1,680,021,723</b>

YEARS ENDED DECEMBER 31,  
2020 2019

## INTEREST INCOME

Interest on loans	\$ 49,438,878	\$ 46,144,546
Interest on investments	12,828,963	10,659,164
Total interest income	62,267,841	56,803,710

## INTEREST EXPENSE

Members' share accounts	5,743,441	4,432,572
Borrowed funds	1,857,873	1,132,623
Total interest expense	7,601,314	5,565,195

## NET INTEREST INCOME

54,666,527 51,238,515

## PROVISION FOR LOAN LOSSES

7,820,390 4,587,784

## NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES

46,846,137 46,650,731

## NON-INTEREST INCOME

Fees and charges	9,881,961	12,883,621
Interchange income and other	15,213,468	12,434,074
Gain on bargain acquisitions of various CUs	—	2,782,590
Gain on sale investments	6,485,240	1,305,053
Gain on sale of fixed assets	190,941	6,207
Total non-interest income	31,771,610	29,411,545

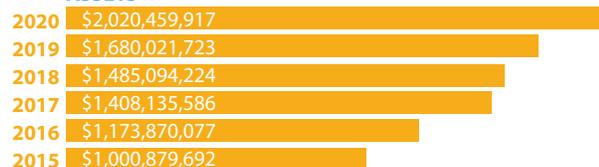
## NON-INTEREST EXPENSE

Compensation and benefits	34,555,705	31,330,728
Office operations	6,960,394	6,650,761
Office occupancy	4,614,531	5,144,450
Other	13,774,498	13,959,849
Total non-interest expense	59,905,128	57,085,788

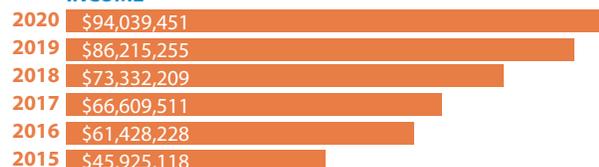
## NET INCOME

\$ 18,712,619 \$ 18,976,488

## ASSETS



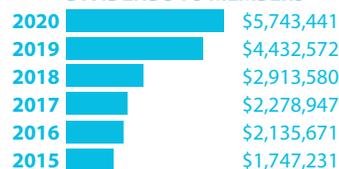
## INCOME



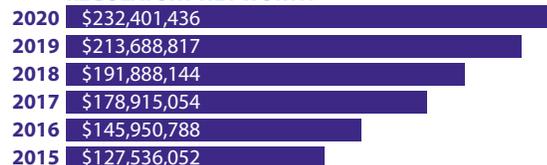
## EXPENSES



## DIVIDENDS TO MEMBERS



## 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

## MOBILE BANKING

Download free Mobile Banking app at CUSoCal.org

## FREE ATMs & SHARED BRANCHES

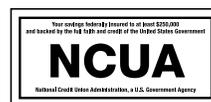
**Text** | 91989 with your location (ATMs only)

**Download free app** | CUSoCal.org

**Visit** | CUSoCal.org



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Southern California  
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FEDERALLY  
INSURED  
BY NCUA

