

California  
CREDIT UNION

2021

The number '2021' is rendered in a large, bold, sans-serif font. The interior of each digit is filled with a sepia-toned photograph of a coastal scene. The scene includes waves in the foreground, a wooden pier extending into the water, and mountains in the background. A Ferris wheel is visible on the right side of the '1'.

ANNUAL REPORT

# Table of Contents



- 2 **Message from The Chairman and Chief Executive Officer**
- 3 **Reports**
- 4 **Financial Statements**
- 6 **Partnering With Our Communities**
- 8 **North Island Credit Union Amphitheatre**

# Message from the Chairman & Chief Executive Officer

2021 was another strong year for California Credit Union as we continued to focus on enhancing the member experience through new partnerships, technology innovations and expanded support and resources. Through the loyalty of our members and hard work of our exceptional team, we were pleased to end the year with a very positive financial performance while increasing member satisfaction scores across the board.

**Strategic credit union growth and operational efficiencies are essential to driving positive financial performance and continued safety and soundness.** Through our focus on each of these areas, we increased 2021 core operating income by 35% to \$28.7 million. Total income for the year reached \$40.2 million — a \$35.7 million, or 800%, increase over the prior year. We also adjusted our underwriting guidelines to better position the credit union to help existing and new members as well as provide access to funds in our underserved communities. These results, along with a strong net worth ratio of 9.71%, demonstrate your credit union's robust financial health and the security of member funds.

**Providing an exceptional experience through every member touchpoint is one of our most important strategic goals.** We implemented a number of new programs during the year to enhance the way we serve members. A new website was launched with a refreshed design, easier navigation and expanded financial education tools and resources. We partnered with Ameriprise Financial to bring a more comprehensive and personalized wealth management offering to our investment clients, along with a cutting-edge investment technology platform and mobile app services. We also introduced a new quarterly member newsletter while expanding Contact Center Saturday hours and increasing branch staff training to better meet member needs. Through our member-centric approach, we were gratified to achieve a member satisfaction survey score of nearly 96% in 2021.

**During 2021, our Innovation Department launched industry-leading technologies to support our members and team more effectively and efficiently as digital and mobile banking usage continued to grow.** Our new online mortgage application system offers a self-service portal with real-time updates for borrowers and employees. Implementing SilverCloud, an enterprise-wide knowledgebase system, facilitates

internal information sharing to improve the member experience. An improved SMS message system easily communicates account updates and verifications and new self-service portals for loan payments and our Skip-A-Pay program enhances member convenience. DocuSign capabilities now provide members with a secure online method to sign and submit documents, while expanded credit card digital management features enhance transaction controls and security. We will continue to invest in new service technologies in the year ahead to add member value while increasing operational efficiencies.

**Diversity, Equity & Inclusion remained a key credit union initiative in supporting the members, employees, and communities we serve.** Our employee-led DE&I Committee guides our programs to implement diversity training, celebrate our multi-cultural team and fund non-profit organizations meeting community needs. In addition to providing over \$600,000 in community support in 2021, we are proud to have created new partnerships with the National Association of Mental Illness, True Colors United, Friends in Deed and The California Coalition for Youth. We expanded our student support efforts by partnering with the North County African American Women's Association to create financial literacy programming and four scholarships for female students of African American descent in San Diego. We also launched Women Empowering Women in 2021, an internal women's leadership group focused on career development, growth, and mentorship.

It is an honor to serve our members, and we thank you for your continued commitment to your credit union. We are excited about what lies ahead as we continue to work to exceed your expectations.



*Steve O'Connell*

**Steve O'Connell**  
President & CEO



*Walton Greene*

**Walton Greene, PsyD**  
Board Chair

# Reports



**Dr. Guilbert Hentschke**  
Supervisory Committee Chair

## Supervisory Committee Report

Your Supervisory Committee is composed of volunteers elected from the membership. The Committee is charged with representing the members' interests and validating the results of operations each year. These responsibilities are accomplished through an annual financial audit performed by Turner, Warren, Hwang and Conrad AC, CPAs, a national CPA firm with recognized expertise in the credit union industry. If you, as a member-owner, have any concern not resolved to your satisfaction by the credit union staff, you may write us at:

Supervisory Committee  
PO Box 29100  
Glendale, CA 91209-9971



**Jeff Stone**  
Treasurer

## Board Financial Officer's Report

2021 was a year characterized by strong balance sheet growth. Several additional rounds of pandemic-related financial support from federal and state governments on top of consumer activity restrictions led to a 16% increase in share balances to \$3.79 billion. Strong share growth propelled healthy asset growth, resulting in a 12% increase in total assets to \$4.29 billion.

Higher cash balances from the influx of deposits, waning loan demand, and a lower interest rate environment necessitated tactics to preserve margin. We responded to these pressures by deploying excess funds to acquire investment securities and also unlocked balance sheet value by selling inefficient assets and disposing of costly liabilities. Coupled with \$8.5 million in loan loss provision reversals from historically low loan loss rates, we ended the year with a healthy net interest margin of 2.25% and a strong net worth ratio of 9.71%.

# Financial Statements

## Statements of Financial Condition

As of December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$489,660	\$986,674
Investments:		
Securities available for sale, at fair value	1,525,304	413,831
Other	36,439	32,004
Loans held for sale	20,175	39,110
Loans receivable, net	1,931,792	2,132,004
Accrued interest receivable	11,914	10,310
Property and equipment, net of accumulated depreciation	118,943	122,884
Note receivable	5,349	5,862
National Credit Union Share Insurance Fund (NCUSIF) deposit	31,627	27,146
Other assets	119,686	45,605
<b>TOTAL ASSETS</b>	<b>\$4,290,889</b>	<b>\$3,815,430</b>

### Liabilities and Members' Equity

Liabilities:		
Members' shares	\$3,792,955	\$3,280,147
Borrowed funds	-	80,000
Accrued expenses and other liabilities	73,486	50,060
<b>Total liabilities</b>	<b>3,866,440</b>	<b>3,410,207</b>
Members' equity:		
Regular reserve	16,459	16,459
Undivided earnings	255,919	215,757
Equity Acquired in Merger	167,986	167,986
Accumulated other comprehensive gain (loss)	(15,916)	5,021
<b>Total members' equity</b>	<b>424,448</b>	<b>405,223</b>

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$4,290,889</b>	<b>\$3,815,430</b>
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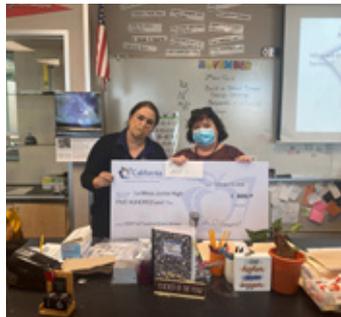
## Statements of Income

For the Years' Ended December 31, 2021 and 2020	2021	2020
<b>Interest Income</b>		
Cash balances	\$1,040	\$1,463
Loans receivable	76,303	94,396
Investments	12,368	7,619
<b>Total interest income</b>	<b>89,711</b>	<b>103,478</b>
<b>Interest Expense</b>		
Members' shares	8,990	11,957
Borrowings	628	1,331
<b>Total interest expense</b>	<b>9,617</b>	<b>13,288</b>
<b>Net Interest Income</b>	<b>80,094</b>	<b>90,190</b>
<b>Provision for Loan Losses</b>	<b>(8,551)</b>	<b>6,425</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$88,645</b>	<b>\$83,765</b>
<b>Non-Interest Income</b>		
Member fees and service charges	11,678	10,798
Service income and other	29,111	18,914
NCUA Share Insurance Distribution	-	-
Net gain on sale of loans	8,942	9,389
Net gain on sale of investments	-	7
Net real estate rental income	2,161	3,508
<b>Total non-interest income</b>	<b>51,892</b>	<b>42,616</b>
<b>Non-Interest Expense</b>		
Compensation and benefits	59,188	58,436
Office occupancy	13,353	12,901
Other	39,331	33,789
<b>Total non-interest expense</b>	<b>111,872</b>	<b>105,126</b>
<b>Net Income Before Non-Recurring Items</b>	<b>28,666</b>	<b>21,255</b>
Gain on Class B Visa Stock Sale	11,496	
Pension Termination Expense	-	16,795
<b>NET INCOME</b>	<b>\$40,162</b>	<b>\$4,460</b>

# Partnering With Our Communities

*People Helping People* is a core credit union philosophy that inspires our community partnership programs. Through our long-standing commitment to positively impact the communities where our members live and work, we contributed over \$600,000 in 2021 to support schools, educators, students, military families and community-based organizations across Southern California.

## Supporting Our Educators



### Teacher Grant Program

2021 marked the 10th year of our bi-annual Teacher Grant Program, helping educators make their dream project a reality for their students. Since the program's inception, we have awarded more than \$145,000 to support innovative learning projects.

**Classroom of the Future Foundation**

As premier sponsor of Classroom of the Future Foundation, we proudly presented the prestigious 2021 Innovation in Education Impact Award to Adobe Bluffs Elementary for its language and cultural immersion programs, promoting cultural diversity, awareness and inclusion across our communities.



### Teacher of the Year Awards

We are committed to recognizing the hard work of exceptional educators across Los Angeles and San Diego through our support of Teacher of the Year awards programs. These programs celebrate outstanding teachers whose creativity and dedication keep their students learning and thriving.

## Supporting Our Students



### Student Scholarship Program

Since 2005, we have awarded over \$355,000 to support outstanding students through our Annual College Scholarship Program. Last year, we awarded 20 scholarships to college-bound students in Los Angeles, Orange, Riverside and San Diego counties.



### North County African American Women's Association (NCAAWA) Scholarships

In 2021, we formed a new partnership with NCAAWA, funding four \$2,500 college scholarships, along with financial literacy training in its Global Ambassadors Mentoring Program. We are honored to join in NCAAWA's mission to empower and support young women in North County.

## Supporting Our Communities



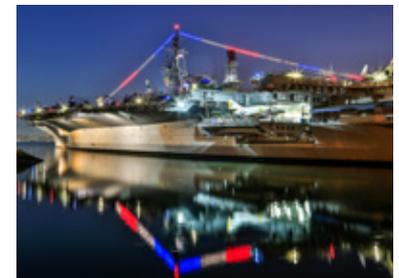
### Boys & Girls Clubs

Thanks to our members, we donated over 1,000 backpacks collected in a branch-wide drive to help Boys & Girls Club students kick off the school year. Members again stepped up in our Holiday Drive, donating 750 toys for Club families during the holiday season.



### Habitat for Humanity

Through our volunteer service program, employees joined Habitat for Humanity in a Los Angeles Team Build Day and a San Diego Veteran's Build Day. This hands-on approach to partnering with local organizations complements our giving programs as we work to support our communities.



### USS Midway

We have been an active supporter of the USS Midway Museum since 2015, donating approximately \$100,000 to further the organization's youth and community programs, which include the Midway's No Child Left Ashore Scholarship Fund and the Midway's Leadership Academy.



Amphitheatre



## Our 2nd Annual Concert Season at the Amp in Numbers

15  
*Concerts*

One  
*Sold-Out*  
Show

150K  
*Fans*  
in Attendance

\$17M  
earned media  
*Value*  
in PR

\$14M  
*Impressions*  
via Ads



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