



California
CREDIT UNION

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ANNUAL REPORT

COVID-19 Relief Programs

2020 was an unprecedented year for all of us as we navigated a new way of life together. At California Credit Union we were proud to have supported our members and communities through a variety of assistance programs for those financially affected by the pandemic, deferring \$382 million in loans.



We deferred more than 368 mortgage loans, over 10,200 consumer loans and more than 90 business loans



We waived more than \$750,000 in member fees



We funded over \$200,000 in teacher grants, student scholarships, distance-learning initiatives and community giving programs



We provided nearly 600 small businesses with SBA PPP loans, totaling \$60 million and estimated to have saved approximately 6,000 jobs across Southern California

“California Credit Union has been an incredible partner. Not only did they guide us through a successful PPP application, they sponsored the purchase of IT equipment so our staff could operate virtually. Because of this incredible partnership, The L.A. Trust was able to maintain operations through June (of 2020) and keep our student programs running. Throughout this time, The L.A. Trust has maintained connections and health campaigns through 60 student advisory board members, hosted an online Wellness Center Learning Collaborative, distributed more than 50,000 toothbrushes at LAUSD Grab & Go Food Centers, and conducted our online Oral Health Advisory Board convene.”

—**Maryjane Puffer, Executive Director**

***The Los Angeles Trust for Children’s Health
Los Angeles, CA***

“As an essential business, we’ve been operating at about half capacity, with both sales and service taking a hit. With the PPP loan, we’ve been able to retain all our staff and move forward planning with a sense of hope and security. North Island Credit Union has been our financial partner for over 20 years, and they really stepped up with understanding and guidance during the pandemic and with the PPP loan.”

—**Kimberley and Kevin Marshall, Owners**

***Copy Link
Chula Vista, CA***

Message from the Chairman & Chief Executive Officer

There is no question 2020 was a year that challenged our members, team, communities and credit union. As we quickly shifted priorities at the onset of the pandemic, our focus was clear – protecting the health and safety of our team and members while stepping up to serve and support members in new ways. We are proud to share the following 2020 highlights demonstrating the resilience of our California Credit Union family.

Adapting to a New Service Environment

Our multi-year technology investment was a significant advantage in pivoting to a virtual work environment, quickly moving 75% of our staff to secure remote locations. The commitment of our front-line teams was extraordinary as we implemented new safety protocols and redeployed staff to support members. Our 95.67% member satisfaction score validated this hard work, and our success is a direct result of these dedicated employees.

Just as we adapted our operations, members also made a significant shift in how they banked with us. Our virtual service platform was well prepared to support members as online banking usage increased nearly 20%, mobile app users grew 11% and live chats were up 38%. The Telephone Contact Center also answered a record 325,000 calls while maintaining a 98% member satisfaction rate.

Ensuring Continued Safety & Soundness

We are pleased to report positive financial performance, ending the year with a net worth ratio of 9.87%. Total credit union assets grew nearly 20% to \$3.81 billion, and shares increased \$628 million. We also had a record year in real estate lending, funding approximately \$530 million in loans. 2020 net income was \$21.3 million, excluding one-time expenses associated with terminating a legacy pension plan. While income results were certainly affected by pandemic-related factors, including reduced consumer loan activity and a \$6.4 million provision for potential loan losses, we consider these performance results successful by any measure given the operating environment.

Expanding Products & Services to Meet Member Needs

Our financial strength enabled us to continue to add member benefits through new services, products and support programs. We waived more than

\$750,000 in member fees, and deferred payments for nearly 11,000 loans.

To broaden our loan offerings, we created a low-rate COVID-relief loan as well as funded nearly \$60 million in SBA Paycheck Protection Program (PPP) loans to help 600 local small businesses. We also introduced a special low-rate loan for aspiring teachers enrolled in the LAUSD Teacher Residency Program.

We were excited to extend our regional footprint across Southern California with the opening of our first cashless branch in Santa Ana; we anticipate this new format will become a blueprint for future branch expansions. Service technologies were enhanced by launching Zelle® ePayment and improved live chat functionality as well as Visa Tap-To-Pay contactless payment capabilities. We also added new digital security systems and improved Contact Center systems for greater virtual member support.

Living our People Helping People Philosophy

Supporting our communities remained a priority as we provided more than \$200,000 in teacher grants, student scholarships, and funding for distance learning initiatives. To best serve and represent all our communities, we also launched a Diversity & Inclusion initiative. A Diversity & Inclusion Committee was created with employees across the credit union, and Diversity Training was held for every team member. We look forward to growing this important initiative in the coming year.

We thank you for your continued loyalty and trust in your credit union as we work to provide an extraordinary member experience.

Sincerely,



Steve O'Connell
PRESIDENT & CEO



Walton Greene, PsyD
BOARD CHAIR

Financial Statements

Statements of Financial Condition

As of December 31, 2020 and 2019	2020	2019
Assets		
Cash and cash equivalents	\$982,480	\$262,367
Investments:		
Securities available for sale, at fair value	412,805	235,031
Other	30,633	28,480
Loans held for sale	39,110	3,695
Loans receivable, net	2,130,444	2,395,964
Accrued interest receivable	10,299	8,302
Property and equipment, net of accumulated depreciation	122,856	125,086
Note receivable	5,862	6,356
National Credit Union Share Insurance Fund (NCUSIF) deposit	27,146	23,514
Other assets	52,792	102,017
TOTAL ASSETS	\$3,814,427	\$3,190,812
Liabilities and Members' Equity		
Liabilities:		
Members' shares	\$3,280,147	\$2,652,120
Borrowed funds	80,000	105,000
Accrued expenses and other liabilities	49,095	81,236
Total liabilities	3,409,242	2,838,356
Members' equity:		
Regular reserve	16,459	16,459
Undivided earnings	215,757	211,298
Equity Acquired in Merger	167,986	167,986
Accumulated other comprehensive gain (loss)	4,983	(43,287)
Total members' equity	405,185	352,456
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$3,814,427	\$3,190,812

Statements of Income

For the Years' Ended December 31, 2020 and 2019

2020

2019

Interest Income

Cash balances	\$1,460	\$2,659
Loans receivable	94,332	100,978
Investments	7,594	9,472
Total interest income	103,386	113,109

Interest Expense

Members' shares	2,130,444	2,395,964
Borrowings	11,957	9,092
	1,331	1,928
Total interest expense	13,288	11,020

Net Interest Income	90,098	102,089
Provision for Loan Losses	6,425	2,199

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$83,673	\$99,890
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Non-Interest Income

Member fees and service charges	10,798	15,565
Service income and other	13,989	19,776
NCUA Share Insurance Distribution	-	227
Net gain on sale of property	1	22
Net gain on sale of loans	9,389	3,510
Net gain on sale of investments	7	23
Net real estate rental income	3,697	3,766

Non-Interest Expense

Compensation and benefits	54,376	60,487
Office occupancy	12,878	12,369
NCUSIF premium assessment	-	-
Other	33,045	38,298
Total non-interest expense	100,299	111,154

Net Income Before Pension Termination Costs	21,255	31,625
Pension Termination Costs	16,795	-

NET INCOME	\$4,460	\$31,625
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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

While 2020 income results were certainly affected by pandemic-related factors, including reduced consumer loan activity and a \$6.4 million provision for potential loan losses, we consider these performance results successful by any measure given the operating environment. Net income for 2020 was \$21.3 million, excluding one-time pension termination costs, versus \$31.6 million in 2019, a decrease of \$11 million year-over-year. Total credit union assets grew nearly 20% to \$3.81 billion, and our shares increased \$628 million while our loans decreased \$265.5 million over 2019. We ended the year with a strong net worth ratio of 9.87%.

Committed To Our Communities

We were honored to continue our support of community partnerships across Southern California in 2020. Through corporate and local giving, California Credit Union contributed more than \$300,000 to directly support much-needed services and distance-learning initiatives, assisting hundreds of local schools, educators, military families and community-based programs.



Student Scholarship Program

Our Annual College Scholarship program was created in 2005 to recognize outstanding students within local communities. In 2020, we awarded 20 scholarships to college-bound students in Los Angeles, Orange, Riverside and/or San Diego counties. Since the creation of the program, we have awarded over \$335,000 in scholarships.



Teacher Grant Program

In 2020, we celebrated our 9th year of the Teacher Grant Program, helping educators fund innovative learning opportunities for their students. Since the program's inception in 2012, we have awarded more than \$125,000 to educators.



Classroom of the Future Foundation

As a premier sponsor of the Classroom of the Future Foundation, we were proud to present the prestigious Innovation in Education Impact Award to Cajon Valley Union School District for its "World of Work" initiative. We are honored to help fund a local San Diego career development program that empowers teachers, students and families throughout their K-12 educational experience.



Supporting our Small Businesses

Through the SBA Paycheck Protection Program (PPP), we provided nearly 600 small businesses with loans totaling \$60 million. These PPP loans are estimated to have helped save or restore approximately 6,000 jobs across Southern California. We've maintained a 100% approval rate for our eligible SBA loan applications, which largely supported businesses averaging between 10 – 12 employees.



USS Midway

We have been an active supporter of the USS Midway Museum since 2015, donating approximately \$90,000 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.



Los Angeles County Teacher of the Year Program

We have been a proud sponsor of the Los Angeles County Teacher of the Year program for over 15 years. This annual recognition celebrates exemplary classroom teachers throughout Los Angeles County. With our contribution of more than \$430,000 over the years, we've had the privilege to honor over 200 teachers for their outstanding efforts.



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