

2018

# Annual Report



*Together ahead*

**LBS Financial**   
CREDIT UNION

## Vision Statement

We will make a difference in the life of a Member or business partner – *with each and every interaction* – by building trust and showing compassion.

## Mission Statement

Our mission is to provide quality services that meet the personal financial needs of our Members, consistent with a fiscally sound credit union cooperative.

## Brand Values

- Member Focus
- Value
- Trust
- Teamwork



\$1,000 scholarship winners, Members Cadence Stringer and Joie Le with LBS Financial President & CEO, Jeff Napper and SVP of Marketing, Heather Summers.



On May 1, 2018, we hosted a grand opening celebration at our new CSULB/Long Beach State Branch at the 49er Shops Bookstore.



## Recognized for our Financial Health

In 2018, LBS Financial was #117 on the list out of the top 200 Healthiest Credit Unions in the nation (out of approximately 6,000 credit unions)! BauerFinancial, an independent third party that rates credit unions and banks on their financial health, continued to rate LBS Financial with 5 Stars out of 5 possible.



On May 5, 2018, LBS Financial employees participated in the ABC Fun Run with a team of runners and volunteers to help support the event (net proceeds benefiting ABCUSD schools). LBS Financial won the Golden Shoe Award at the event for largest community team.



## Best Credit Union

For eight years straight, LBS Financial Credit Union was honored to be named The Best Credit Union in the Greater Long Beach area by Press-Telegram readers. Readers of the Beachcomber newspaper in East Long Beach also voted LBS Financial the Best Credit Union for the sixth year in a row in 2018.

# LBS Financial Credit Union Leadership

## Board of Directors

Our volunteer Board of Directors are elected by you, our valued Members, to ensure the Credit Union follows its mission statement and is driven by our vision of making a positive difference in our Members' lives. Each Director is chosen by the Membership to serve a three-year term.



STANDING -- LEFT TO RIGHT: Jean Davis (Vice Chair), Dr. John Fylpaa; Luther Williams (Chair); Dr. Lionel G. Gotley; Dr. Jay Camerino; and Dr. Satinder Brar Hawkins. SEATED -- LEFT TO RIGHT: Eric David (Secretary/Treasurer), Dr. Jill Baker; and Gene Allen.

## Supervisory Committee

Acting as a Member advocacy group, this strategic team oversees the security of Members' Share Savings accounts by reviewing annually required audits, verifying closed accounts and enforcing Board policies.



PICTURED LEFT TO RIGHT:  
David Conrad, Chairman;  
Keith Hansen, Member;  
Russell B. Young, Member.

## Executive Management Team



Jeffrey A. Napper  
*President/CEO*



Sean Hardeman  
*EVP/Chief Lending Officer*



## Branch Locations

### Bixby Knolls

4436 Atlantic Avenue  
Long Beach, CA 90807

### Cerritos

11239 183rd Street  
Cerritos, CA 90703

### CSULB/Long Beach State Campus

49er Bookstore, 2nd Floor  
6049 East 7th Street  
Long Beach, CA 90840

### East Long Beach

4341 East 10th Street  
Long Beach, CA 90804

### Lakewood

4916 Bellflower Boulevard  
Lakewood, CA 90713

### Los Altos

6417 East Spring Street  
Long Beach, CA 90808

### Newport-Mesa

1401 Quail Street, Ste. 130  
Newport Beach, CA 92660

### Mailing Address

P.O. Box 4860  
Long Beach, CA 90804-0860

## To Our Member-Owners



Your Membership in the Credit Union offers a great financial value. When we make money, all of our Members benefit. We have no one else that we are serving other than our Members, and everyone gets a piece of the pie. Our continued strong financials allow us to offer excellent rates and low fees. Maintaining our financial strength has also allowed us to reinvest money into the Credit Union to improve services to our Members.

Some of the ways we invested in the future of the Credit Union during 2018 included:

- Opening of our new CSULB/Long Beach State branch within the 49er Shops Bookstore
- New Online and Mobile Banking
- Instant issue Debit and ATM cards at our branches
- New and improved online loan application

We also recently launched a new Youth Account program in January 2019, offering Youth Savings, Teen Savings, and free Teen Checking accounts to help start your kids and grandkids off on the right financial footing. Additional enhancements are planned for this year including a new website at [lbsfcu.org](http://lbsfcu.org).

Providing you with an exceptional service experience when you call us or visit our branches is very important to us. Your feedback is critical and we thank all of the Members that respond to our bi-annual random surveys and post-transactional surveys. Input from these surveys helps us identify the most impactful products and service enhancements for the future while also helping us improve the quality of our service. In 2018, 97% of all our Members that responded to our phone surveys following an interaction at a branch or contacting our call center rated us a 4 or a 5 (with 5 being the highest score possible). Members that completed our spring or fall random Member surveys (paper or online) rated our Overall Quality of Service at 87% in Excellent and Very Good scores combined, when averaging both surveys. While these are good scores, your feedback gives us the opportunity to continue improving and there is always room for us to grow.

Our Member-owners are what make LBS Financial Credit Union a special place to bank. We are excited to move forward with you into another year and look forward to helping you with all of your financial needs.

Luther Williams, *Board Chair*

Jeffrey A. Napper, *President/ CEO*

# Treasurer's Report



In addition to all of the great service enhancements in 2018, your Credit Union had another strong year financially. Auto loans to Members were the driving force of our growth over the year.

Below are some of the financial highlights of 2018:

- Deposits at the Credit Union increased by 3.3% in 2018 or by \$39 million.
- Member loans increased 12.4% or nearly \$120 million. As mentioned above, the majority of this growth was in auto loans. Over 65% of our loan portfolio is in short term auto loans. This allows your Credit Union to have less interest rate risk as our auto loan portfolio turns over every 3 years on average.
- Investments decreased by -1.7% or nearly -\$4.5 million.
- Total assets at the Credit Union increased by 3.83% (or \$53 million) to \$1.43 billion.
- Net income was \$12.3 million with a return on assets of 0.86%.
- Our Net Capital Ratio was 13.93% at year-end which is almost double the 7% required by the National Credit Union

Administration to remain "well-capitalized." Net capital is money set-aside to protect the Credit Union in the event of future recessions or economic downturns. LBS Financial has one of the strongest net capital ratios of credit unions our size in the State of California.

We have continued to increase deposit rates throughout the year with the movements made by the Federal Reserve Bank. Our Share Certificate and Money Market accounts continue to grow and remain competitive as the market for deposits has heated up. We are proud to continue offering rates near the top of the market to better serve our Members and ensure they are earning more on their funds. As the economy changes, we will continue to be on top of adjustments to dividend and interest rates.

As a not-for-profit cooperative, our success depends upon the continued support of our Member-owners. We truly value the trust you place in us each in every day to serve your financial needs and to manage your Credit Union well, ensuring we are here for you today, tomorrow, and always.

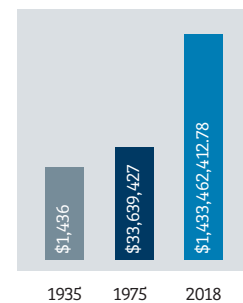
Eric David, *Secretary/Treasurer*

## Financials for 2018

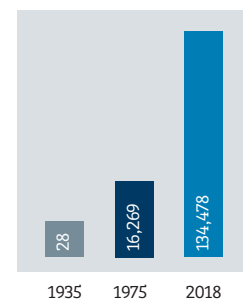
Statement of Financial Condition as of December 31, 2018

Assets	2017	2018
Cash & Federal Reserve Bank Deposits	\$ 127,077,813.86	\$ 64,910,164.00
U.S. Government & Federal Agency Securities	169,992,423.58	174,999,722.08
Other Investments	93,600,000.00	84,100,000.00
Member Loans, Accrued Income & Other Assets	984,512,968.25	1,104,033,484.60
Furniture & Fixtures	1,284,737.02	1,245,326.07
Prepaid Expenses	990,996.58	1,280,905.51
Land & Buildings	3,181,242.86	2,892,810.52
<b>Total Assets</b>	<b>\$1,380,640,182.15</b>	<b>\$1,433,462,412.78</b>
<b>Liabilities &amp; Equity</b>		
Shares to Members	\$ 1,190,761,979.37	\$ 1,229,989,526.62
Other Liabilities	10,667,997.00	8,522,588.94
Regular Reserve & Undivided Earnings	187,335,877.79	199,681,469.22
Accumulated Other Comprehensive Income and Defined Benefit Plan	(8,125,672.01)	(4,731,172.00)
<b>Total Liabilities &amp; Equity</b>	<b>\$1,380,640,182.15</b>	<b>\$1,433,462,412.78</b>

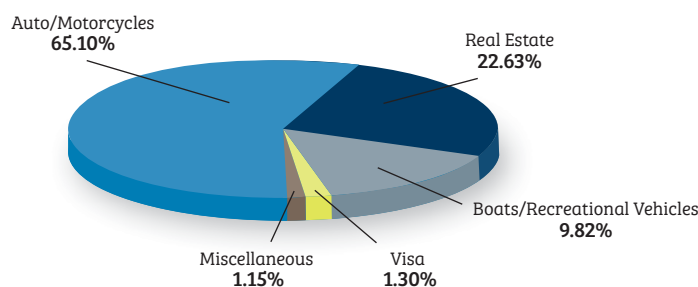
### Asset Growth



### Membership Growth



### 2018 Distribution of Loans



## Gateway to the Community

Our brand promise is to connect families, neighbors and our community with paths to success. We also see LBS Financial Credit Union as a gateway to the communities we serve. Corporate responsibility is important to us and we look for ways to engage our employees in making a difference locally. LBS Financial donated over \$75,000 in support of local schools, student scholarships and charities in 2018 while our employees, their friends and family, volunteered over 378 hours in the local community during the year. Sponsorships, volunteer hours, financial education and charitable support in 2018 were focused on the following:

- ABC Education Foundation
- ABC Fun Run
- ABC Unified School District
- Adopt-a-School Program (Craig Williams Elementary, Lindbergh Academy, and Furgeson Elementary)
- Alzheimer's Family Center
- Two Annual \$1,000 Member College Scholarships
- Aquarium of the Pacific
- Assistance League of Long Beach/Operation School Bell
- Beach Clean-Ups
- Belmont Shore Christmas Parade
- Bougess-White Scholarship Foundation
- Boys and Girl Club of Whittier
- California Assembly 57th District College Fair
- Children's Miracle Network/Children's Hospitals
- ChildNet
- Credit Union House
- California State University, Long Beach (CSULB)
- CSULB Math Day at the Beach
- CSULB Concerts at the Beach
- Freedom Writers Foundation
- Historical Society of Long Beach
- Home Buyer's Seminars
- International City Theater, Long Beach
- Lakewood Little League's Challenger Division
- Lakewood Run
- Lion's Club International
- Long Beach Chamber of Commerce
- Long Beach Century Club
- Long Beach City College
- Long Beach City College Foundation
- Long Beach Day Nursery
- Long Beach Education Foundation
- Long Beach NAACP
- Long Beach Police Foundation Toy Patrol
- Long Beach Rescue Mission
- Long Beach Ronald McDonald House
- Long Beach Unified School District
- Long Beach Unity Festival
- Los Angeles Sheriff's Professionals Association
- Orange County Professional Firefighters Association
- Scholarships to 36 local schools and colleges
- United Negro College Fund
- Wrigley Area Neighborhood Alliance

# \$553,000

Donated to local schools and community groups since 2000

# \$245,000

Provided in Scholarships since 2000



Thousands of school supplies were delivered to Craig Williams Elementary in Lakewood in early September as part of the Credit Union's annual Adopt-a-School Program.



LBS Financial employees supported several events with the Long Beach Rescue Mission during the year, including this event where employees organized food in their offsite storage.

# Financial Services Especially for You



## Member Accounts

- Free Checking with eStatements, Interest Checking, Direct Deposit, Visa Debit Card
- Share Savings accounts
- Share Certificates of Deposit
- Money Market account
- Summer Savings account for School Employees
- IRA (Individual Retirement Account)
- Youth Accounts

## Convenient Access

- **Electronic Self Services** – Mobile Banking, Mobile Deposit, Online Banking, Bill Payment, Person-to-Person Payments, eStatements/eDocuments
- **Phone Banking** – Automated, voice-activated account access by phone through HomeTeller
- **ATM Network** – Over 30,000 free CO-OP® Network ATMs nationwide – plus no surcharge at all LBS Financial and F&M Bank ATMs
- **Seven branch offices** - Bixby Knolls, Cerritos, CSULB/Long Beach State, East Long Beach, Lakewood, Los Altos and Newport Beach
- **CO-OP Shared Branching** – Access to more than 5,000 Shared Branches internationally

## Consumer Loans

- Auto and Motorcycle
- Recreational Vehicle, Boat and Powersports
- Personal or Signature
- Visa® Classic and Gold Credit Cards

## Real Estate Loans

- Home Purchase Loans
- Fixed and Adjustable Rate Mortgages
- Home Equity Line of Credit
- Home Equity Loans
- Home Loan Refinancing Packages
- VA Loans



## Other Services

- Investment options
- Auto, home and life insurance
- Auto purchasing resources – LBS AutoSmart, Enterprise Car Sales and the Surrogate Auto Shopper
- Access LBS Financial auto loans directly at your local dealership
- Verified by Visa – For safe online shopping



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