

2020

Annual Report

Serving our Valued Members for 85 Years



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



Best Credit Union

For ten 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 eighth year in a row in 2020.

Recognized for our Financial Health

For the seventh year in a row, LBS Financial was in the top 200 Healthiest Credit Unions in the nation (out of approximately 5,300 credit unions), and was number 111! 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.



LBS Financial Employees participated in the Lakewood Run on March 7, 2020, handing out water to runners, preparing race food, and cheering on participants.



Serving our Members during the COVID-19 pandemic at our Cerritos Branch.



Employees from Country Bay Vista Healthcare received lunch delivered to their staff in June from LBS Financial Credit Union. 728 lunches were delivered over a 50-day period in the summer to support local skilled nursing home workers and local restaurants.



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.



Chair
Dr. John Fylpaa



Vice Chair
Dr. Jill Baker



*Secretary/
Treasurer*
Luther W. Williams



Board of Director
Dr. Jay Camerino



Board of Director
Eric David



Board of Director
Dr. Satinder Brar
Hawkins



Board of Director
Dr. Larry Natividad

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, *Chair*
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

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

Long Beach Marina

6457 East Pacific Coast Highway
Long Beach, CA 90803

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



A year ago we could never have imagined the impact that the year 2020 would have on all of our lives. The COVID-19 pandemic and recession has taken its toll on so many families. Whether it has affected your work, your health, or someone you love, nearly everyone is dealing with the repercussions of the virus.

Many financial institutions closed branches temporarily or moved to appointment-only visits in 2020. LBS Financial was able to keep all of our branches open throughout the year, with only occasional closures when a risk of exposure was reported. To reduce the risk for our employees and maintain consistent services, over 70 of our back-office staff also began working remotely. Serving our Members is our number one priority. Many Members also discovered the ease of use and convenience of our Mobile Banking app and/or Online Banking in 2020 and we had record usage of our digital services.

More than 4,600 of our Members needed help with their loans totaling \$107 million last year due to the lockdowns, temporary unemployment, or other COVID-19 related issues. We were able to defer payments on their consumer loans or offer forbearance on their home loans to get them through difficult times. Fortunately, almost all of these Members are now able to pay on their loans again and their situations have improved.

Considering all of the challenges faced, we were still able to move forward in 2020 and are proud of the following accomplishments:

- LBS Financial celebrated our 85th Anniversary in September 2020. The Credit Union celebrated by donating \$8,500 to six local educational non-profits.
- LBS Financial was voted “Best Credit Union” for the tenth year in a row by Press-Telegram readers and eighth in a row in the Long Beach Beachcomber. We were also included in the Top 200 Healthiest Credit Unions for the seventh year in a row.
- We opened a new full-service branch in the Long Beach Marina area on November 5, 2020
- Member satisfaction scores for all of our surveys (paper, phone and email/text from random, post-transactional, and post-lending) exceeded 92%.

The New Year brings so much to be hopeful for as vaccines are being administered. We wish you and your families the very best in 2021 and appreciate your continued support and Membership. Please know we are always here for you when you need us.

Together ahead!

Dr. John Fylpaa, *Chair*

Jeffrey A. Napper, *President/CEO*

Treasurer's Report



There were many surprises in 2020. Unlike the Great Recession where many people lost jobs, delinquency rates on loans were high, and it was difficult for consumers to save money, the pandemic recession was very different. Only certain sectors of our economy suffered job losses. LBS Financial's Members were saving more of their money due to Federal Stimulus checks and less ways to spend—and paying off debt. Our loan delinquencies were

historically low, even after Members finished deferring payments in the most difficult months of the year. This pattern was similar across the United States and many financial institutions ended 2020 with a flood of deposits and a need for more loans.

Below are some of the financial highlights:

- Deposits at the Credit Union increased by 18.6% in 2020 or by \$246 million.
- Member loans decreased by 1.4% or approximately \$15 million.
- Investments increased by 66% or \$260 million (as a result of less loan volume, we put more of our Member deposits into investments).

- Total assets at the Credit Union increased by 16% (or \$248 million) to \$1.783 billion.
- Net income was \$9.5 million with a return on assets of 0.53%.
- Our Net Capital Ratio was 12.34% at year-end which is well above 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.

The Federal Reserve Bank lowered their key interest rate to a range of 0%-0.25% in March 2020 and has stated that they plan to keep this rate on hold throughout 2021 (and possibly for years to come). Unfortunately, this will continue to impact our savers the most as deposit rates in the market will continue to be low.

Thank you for your Membership and for placing your trust in us. Best wishes to you and your families for a brighter 2021.

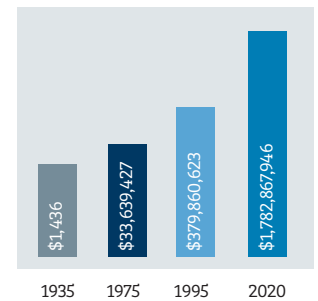
Luther W. Williams
Secretary/Treasurer

Financials for 2020

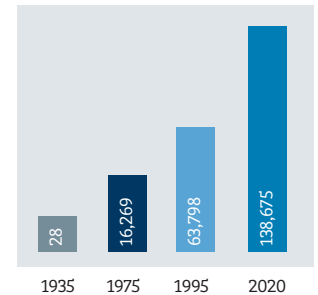
Statement of Financial Condition as of December 31, 2020

| Assets | 2019 | 2020 |
|---|---------------------------|---------------------------|
| Cash & Federal Reserve Bank Deposits | \$ 174,980,248.83 | \$ 71,080,484.40 |
| U.S. Government & Federal Agency Securities | 139,993,659.93 | 260,103,117.19 |
| Other Investments | 109,600,000.00 | 354,959,245.64 |
| Member Loans, Accrued Income & Other Assets | 1,105,020,877.68 | 1,091,774,358.57 |
| Furniture & Fixtures | 1,139,718.44 | 1,135,457.11 |
| Prepaid Expenses | 1,169,524.40 | 1,355,028.83 |
| Land & Buildings | 2,665,583.45 | 2,460,254.43 |
| Total Assets | \$1,534,569,612.73 | \$1,782,867,946.17 |
| Liabilities & Equity | | |
| Shares to Members | \$ 1,319,224,005.09 | \$1,564,921,834.00 |
| Other Liabilities | 13,995,948.15 | 14,401,323.75 |
| Regular Reserve & Undivided Earnings | 210,413,351.01 | 219,921,801.48 |
| Accumulated Other Comprehensive Income and Defined Benefit Plan | (9,063,691.52) | (16,377,013.06) |
| Total Liabilities & Equity | \$1,534,569,612.73 | \$1,782,867,946.17 |

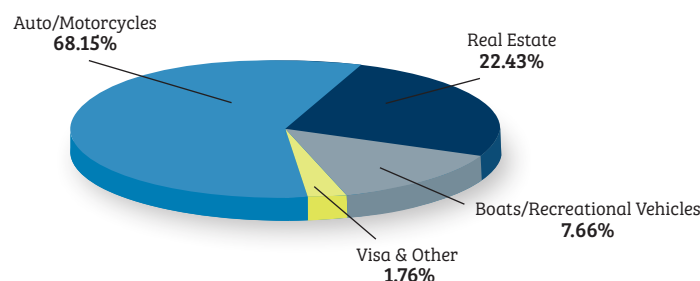
Asset Growth



Membership Growth



2020 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. LBS Financial donated over \$70,690 in support of local schools, student scholarships, and charities in 2020. While we weren't able to volunteer as much in the community due to COVID-19, we did launch several initiatives to support local restaurants and businesses and also thank employees in skilled nursing facilities. Below is a list of the groups LBS Financial supported in 2020:

- ABC Education Foundation
- Adopt-a-School Program (Ramona Elementary School/BUSD, COVID-19 Relief Fund for Families/LBUSD, Nixon Academy/ABCUSD)
- Aquarium of the Pacific
- Artesia Christian Home
- Assistance League of Long Beach/Operation School Bell
- Bellflower Acute Nursing Facility
- Bellflower Unified School District
- Bixby Towers
- Bougess-White Scholarship Foundation
- Boys and Girls Club of Whittier
- Broadway by the Sea
- California Assembly 57th District College Fair
- Children's Miracle Network/Children's Hospitals
- Credit Union House
- California State University, Long Beach (CSULB)
- CSULB Math Day at the Beach
- Cerritos Chamber of Commerce
- Cerritos College Foundation
- College Hospital
- Country Bay Vista Healthcare
- Humansave
- Lakewood Little League's Challenger Division
- Lakewood Run
- Lion's Club International
- Live Love Animal Rescue
- Long Beach Area Chamber of Commerce
- Long Beach Century Club
- Long Beach City College
- Long Beach City College Foundation
- Long Beach Education Foundation
- Long Beach Rescue Mission
- Long Beach Unified School District
- Long Beach Unity Festival
- Orange County Professional Firefighters Association
- Regency Palms
- Scholarships to 38 local high school and college students
- Soroptimist International Artesia-Cerritos
- The Grove, Cerritos

\$663,276

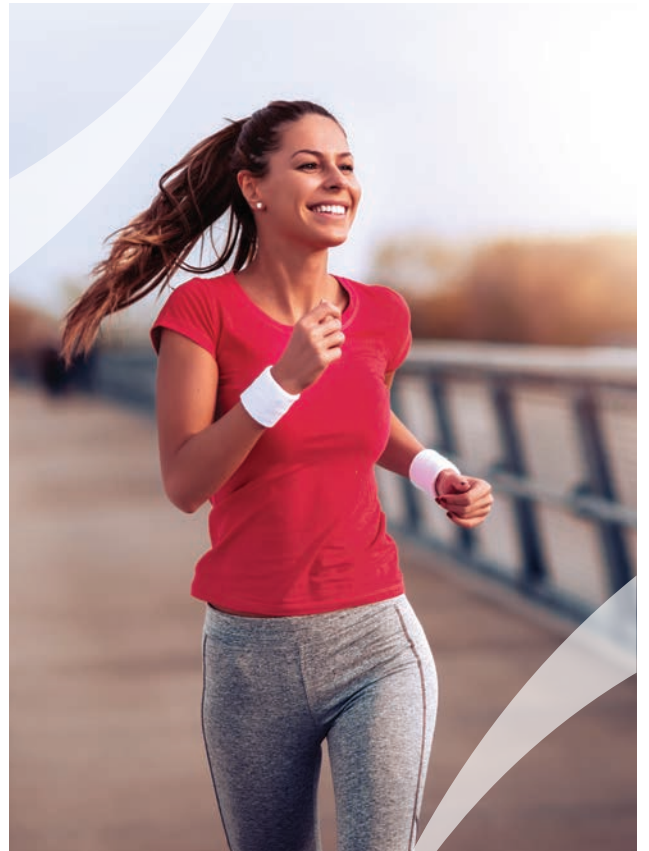
Donated to local schools and community groups since 2000

\$285,000

Provided in Scholarships since 2000



\$1,000 Member scholarship winners, Alyssa Tadeo & Koby Melvin



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, 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
- **Eight branch offices** – Bixby Knolls, Cerritos, CSULB, East Long Beach, Lakewood, Long Beach Marina, 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 & Refinance Loans
- Fixed and Adjustable Rate Mortgages
- Home Equity Line of Credit
- Home Equity 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



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



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