

2022

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



Best Credit Union

Thanks for voting us “the best” year after year!

- For twelve years straight, LBS Financial Credit Union was honored to be named the Best Credit Union in the Greater Long Beach area by *Press-Telegram/Gazette's* readers.
- Readers of the *Beachcomber* newspaper in East Long Beach also voted LBS Financial the Best Credit Union for the tenth year in a row in 2022.
- *Long Beach Post* readers voted LBS Financial the Best Credit Union in Long Beach in 2022.



Recognized for our Financial Health

LBS Financial was given an A+ for health and stability by Depositaccounts.com in 2022. 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 hosted Bite of Reality financial literacy programs in spring 2022 at two Long Beach Unified high schools: Long Beach Poly High School on April 12th and Millikan High School on May 26th. Over 300 students participated in this simulation of adulthood, learning how to budget for a particular occupation, income, and family situation.



LBS Financial's LBS CARES Volunteer Program was back in action this year with a beach clean up and backpacking events at the Assistance League of Long Beach.



LBS Financial donated thousands of school supplies in the fall of 2022 as part of the annual Adopt-a-School Program. The 2022 adopted schools included Dooley Elementary in Long Beach Unified, Stephen Foster Elementary in Bellflower Unified, and Burbank Elementary in ABC Unified.



LBS Financial employees donated hundreds of toys and gift cards to Love Beyond Limits at the Credit Union's annual Holiday Breakfast on December 14th. Pictured from left to right: Dr. Jill Baker, LBS Financial Board Chair, Heather Summers, LBS Financial SVP Marketing, Maleka Chris, Love Beyond Limits Founder & President, and Jeff Napper, LBS Financial President & CEO.

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. Jill Baker



Vice Chair
Dr. Jay Camerino



*Secretary/
Treasurer*
Dr. John Fylpaa



Board of Director
Dr. Satinder Brar
Hawkins



Board of Director
Dr. Larry Natividad



Board of Director
Pamela Seki



Board of Director
Luther W. Williams

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



As we continued to exit the COVID pandemic, your Credit Union had a very positive year in 2022. LBS Financial was focused on enhancing our services, providing educational opportunities for Members, and supporting the local community. Below are some highlights from the past year:

- We began offering contactless debit cards in the fall of 2022. All new LBS Financial Debit Cards and reissued cards after November 2022 include both chip and are contactless (tap and pay).
- The Credit Union added the option for Members to make an appointment at a branch for specific services (i.e. opening a new account, applying for a loan) through our website at lbsfcu.org and within Online & Mobile Banking.
- Seven educational webinars were hosted by the Credit Union in 2022 with a focus on home buying and investments.
- We received an average score of over 91% (highly satisfied) from all 2022 Member surveys including our two random Member Research surveys, and all post-transactional and post-lending surveys.
- Through our LBS CARES Volunteer Program employees participated in six events in the community or at local non-profits with nearly 200 volunteer hours.
- Our Adopt-a-School program fully returned with our three selected schools providing us wish lists where we shopped (and received donations from many of you), so we could deliver supplies to the schools in the fall. Thanks for your support!
- Your Credit Union was voted “Best Credit Union” for the twelfth year in a row by *Press-Telegram* readers, tenth in a row in the Long Beach *Beachcomber*, and also voted Best Credit Union in Long Beach by *Long Beach Post* readers. We also received an A+ for our financial health and stability from DepositAccounts.com.

In 2022 we also started a project to move our credit cards to a new system. This credit card conversion will take place in March 2023, with all of our credit cards being reissued with new designs and having the contactless feature. Members with credit cards should have received communications about the changes coming soon. For Members who do not have a credit card with LBS Financial, be on the lookout for communications mid-year about our new offerings and benefits.

Our Membership is the heartbeat of the Credit Union. We thank you for your ongoing support and we look forward to serving you and your families in 2023.

Together ahead!

Dr. Jill Baker, *Chair*

Jeffrey A. Napper, *President/CEO*

Treasurer's Report



Your Credit Union's financial performance was strong in 2022. However, like many financial institutions, LBS Financial shifted its focus from a need for loans to a need for deposits to properly manage our balance sheet. This was an unexpected change after years of stimulus checks coming in for Members (creating an abundance of deposits) and the inability to spend on activities during the COVID-years. Members began spending again in 2022 as activities resumed. Inflation

was at its highest in over 40 years. The Federal Reserve Bank began a historic rate increase of 4.25% in one year to temper down inflation. This rapid increase in rates affected the market and all financial institution's deposit rates, which created a very hot market for deposits.

Below are some of the financial highlights of 2022:

- Member loans increased by 9.10% or approximately \$100 million.
- Deposits at the Credit Union increased by 0.62% in 2022 or by \$11 million.
- Investments decreased by 10% or \$75 million.
- Total assets increased by 1.7% (or \$34 million) to \$2.013 billion.

- Net income was \$17.6 million with a return on assets of 0.88%.
- Our Net Capital Ratio was 12.42% 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.

As we look ahead to 2023, there is still a focus on reducing inflation which appears to have peaked last year. The Federal Reserve Bank is continuing to increase their target rate, but at a slower pace than last year with a focus on slowing the economy. While there may be a recession or higher unemployment as a result, your Credit Union is positioned well to weather any storm ahead.

I wish you and your families a great year ahead. Don't hesitate to reach out to our team at the Credit Union to let us know how we can help you achieve your financial goals.

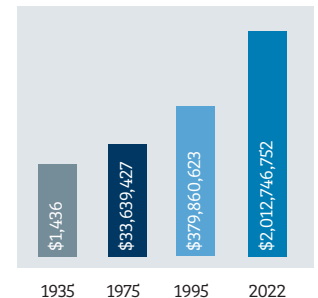
Dr. John Fylpaa
Secretary/Treasurer

Financials for 2022

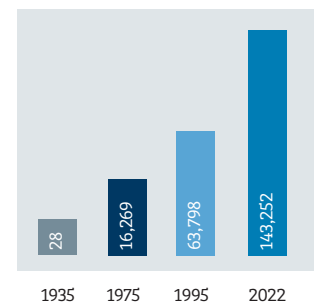
Statement of Financial Condition as of December 31, 2022

Assets	2021	2022
Cash & Federal Reserve Bank Deposits	\$ 71,995,061.23	\$ 79,704,466.47
U.S. Government & Federal Agency Securities	502,226,420.24	537,203,495.30
Other Investments	287,112,632.97	176,707,249.89
Member Loans, Accrued Income & Other Assets	1,110,857,266.50	1,213,441,136.28
Furniture & Fixtures	2,531,157.29	1,976,622.28
Prepaid Expenses	1,826,181.11	1,563,052.98
Land & Buildings	2,302,475.68	2,150,729.78
Total Assets	\$1,978,851,195.02	\$2,012,746,752.98
Liabilities & Equity		
Shares to Members	\$1,748,795,315.34	\$1,759,732,812.52
Other Liabilities	6,224,578.90	5,458,868.30
Regular Reserve & Undivided Earnings	232,447,620.34	250,057,654.20
Accumulated Other Comprehensive Income and Defined Benefit Plan	(8,616,319.56)	(2,502,582.04)
Total Liabilities & Equity	\$1,978,851,195.02	\$2,012,746,752.98

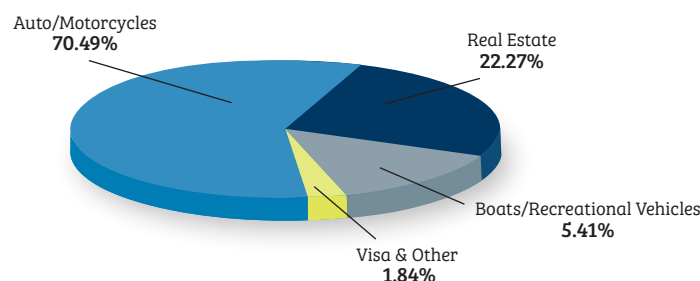
Asset Growth



Membership Growth



2022 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 nearly \$95,000 in support of local schools, student scholarships, sponsorships, and charities in 2022. Below is a list of the groups LBS Financial supported:

- *ABC Education Foundation*
- *ABC Unified School District*
- *Adopt-a-School Program*
 - *Stephen Foster Elementary/Bellflower USD*
 - *Dooley Elementary/LBUSD*
 - *Burbank Elementary/ABCUSD*
- *Aquarium of the Pacific*
- *Assistance League of Long Beach/Operation School Bell*
- *Belmont Shore Christmas Parade*
- *Boys and Girls Club of Whittier*
- *California Assembly 57th District College Fair*
- *CANstruction Long Beach (for Food Finders)*
- *Cerritos College Foundation/Falcon's Nest*
- *Children's Miracle Network/Children's Hospitals (Children's Hospital of Orange County and Children's Hospital of LA)*
- *City of Lakewood Concerts in the Park*
- *California State University, Long Beach (CSULB) & 49er Foundation*
- *Historical Society of Long Beach*
- *Humansave*
- *Lakewood Education Foundation*
- *Lakewood Run*
- *Long Beach Unified School District*
- *Long Beach Area Chamber of Commerce*
- *Long Beach City College*
- *Long Beach City College Foundation*
- *Long Beach Gives*
- *Long Beach Poly High School*
- *Long Beach Rescue Mission*
- *Long Beach Unity Festival*
- *Love Beyond Limits*
- *Mayfair High School Band Boosters*
- *Millikan High School*
- *Miller Children's Hospital Foundation*
- *Moonlight Movies on the Beach*
- *Mosaic's Child Development Program*
- *Orange County Professional Firefighters Association*
- *Scholarships to 38 local high school and college students*
- *Wilson High School*
- *Wrigley Area Neighborhood Alliance/Christmas Tree Lane*

\$821,385

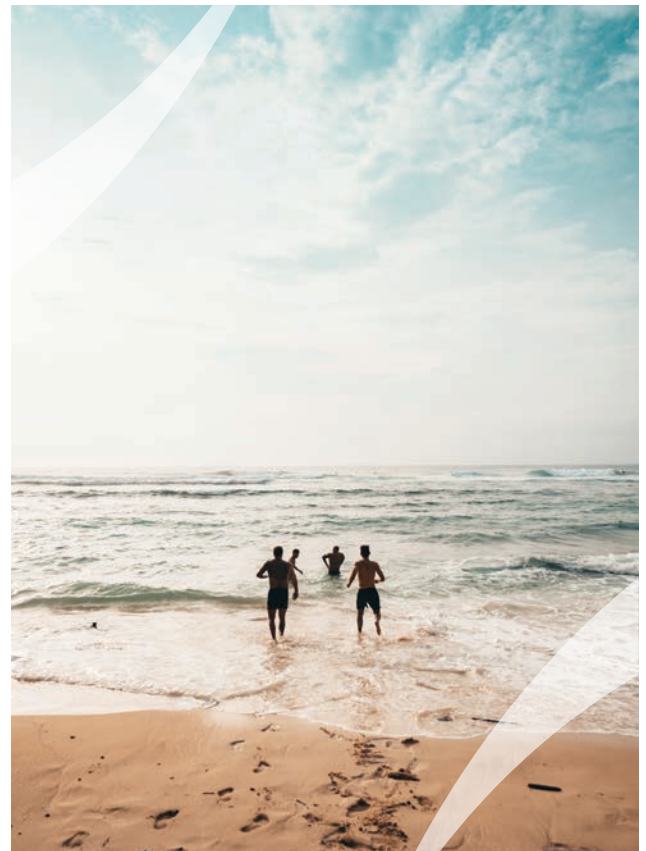
Donated to local schools and community groups since 2000

\$326,500

Provided in Scholarships since 2000



\$1,000 Member scholarship winners, Sara B. & Jeffrey T.



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** – 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® 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 – AutoSmart, Enterprise Car Sales and the Surrogate Auto Shopper
- Access LBS Financial auto loans directly at your local dealership



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