

2023

Annual Report



Together ahead

LBS Financial 
CREDIT UNION

Vision Statement

To be the most highly desired and Member-valued financial institution in Long Beach and surrounding communities.

Mission Statement

To provide Member-owners with Extraordinary Service Experiences and desirably convenient products and services that enhance their financial well-being.

Brand Values

- Member Focus
- Relationships
- Transparency
- Education



Best Credit Union

For thirteen years straight, LBS Financial Credit Union was honored to be named 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 eleventh year in a row in 2023. Long Beach Post Readers voted LBS Financial the Best Credit Union in Long Beach in 2023 for the fourth year in a row.



Recognized for our Financial Health

LBS Financial was given an A for health and stability by Depositaccounts.com in 2023. 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 CARES employee-volunteers participated in two events with local charity, Love Beyond Limits in 2023: a food giveaway on February 16th and a clean-up at Martin Luther King, Jr. Park in Long Beach on November 18th.



LBS Financial hosted a Bite of Reality at Bellflower High School on March 23rd. Over 20 LBS CARES employee-volunteers supported the event where students were given an occupation and persona and the opportunity to manage a budget.



LBS Financial was the title sponsor of the LBS Financial Long Beach Classic 5K & Half Marathon on June 11th.



LBS Financial employees, friends, and family participated in the Belmont Shore Christmas Parade in Long Beach on December 2nd, for the 16th year.

LBS Financial Credit Union Leadership

Board of Directors

Our volunteer Board of Directors are elected by you, our Members, to ensure the Credit Union follows its mission statement and is driven by our vision of being the most highly desired and Member-valued financial institution in the local area. 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*
Alan Ray, *Member*
Mark Aldrich, *Member*

Executive Management Team



Sean Hardeman
President & CEO



Branch Locations

Bixby Knolls

4436 Atlantic Avenue
Long Beach, CA 90807

Cerritos

11239 183rd Street
Cerritos, CA 90703

CSULB

Beach Shops 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



In 2023, your Credit Union experienced a successful year marked by notable achievements and milestones. Amidst a transition in leadership, as our former President and CEO, Jeff Napper, retired after 46 years of dedicated service, Sean Hardeman assumed leadership in August. Throughout the year, our focus remained steadfast on our Members' financial well-being, supporting our local community, alongside a commitment to enhancing our services.

Here are some key highlights from the past year:

- We are proud to report an outstanding average satisfaction score of over 93% from all Member surveys conducted in 2023, including random Member Research surveys, as well as post-transactional and post-lending surveys.
- We paid over \$19 million to our Members in dividends in 2023, a 159% increase compared to 2022. With the continued rising rate environment, our Member-savers are benefitting!
- March 2023 witnessed a significant milestone with a major credit card conversion. The Credit Union transitioned to a new system and introduced two contactless Visa credit cards, Onshore and Platinum Rewards, offering enhanced features and benefits.
- The Credit Union hosted six educational webinars throughout the year, with a primary focus on topics related to home buying and investments, empowering our Members with valuable financial knowledge.
- Through initiatives like our Adopt-a-School Program, we contributed thousands of school supplies and classroom items to support local schools, including Garfield Elementary in LBUSD, Fedde Academy in ABCUSD, and Washington Elementary in Bellflower USD. We would also like to thank our Members for their generous donations in support of these local schools.
- Our commitment to community engagement was evident through our LBS CARES Volunteer Program, where employees, friends, and family collectively volunteered over 440 hours at ten events hosted by local non-profits or within the community.
- Your Credit Union's dedication to excellence was recognized once again, as we were honored with several accolades, including being voted "Best Credit Union" by Press-Telegram readers for the thirteenth consecutive year, by Long Beach Beachcomber readers for the eleventh consecutive year, and by Long Beach Post readers for the fourth consecutive year. Additionally, we received an A rating for financial health and stability from DepositAccounts.com.

We are immensely grateful for the opportunity to serve you and your families, and we remain committed to meeting your financial service needs.

Together ahead!

Dr. Jill Baker, *Chair*

Sean Hardeman, *President & CEO*

Treasurer's Report



The financial landscape shifted in the early post-COVID years with many financial institutions experiencing a surge in deposits, attributed to reduced consumer spending opportunities and government stimulus. However, in 2022 and 2023, there was another financial shift marked by a notable rise in inflation, impacting our Members with increased costs for goods and services. In an effort to curb inflation, the Federal Reserve Bank continued to adjust up their key interest rate, hoping

to slow the economy by increasing the cost of borrowing while elevating deposit/savings rates. Due to these factors, many financial institutions experienced declines in deposits and assets during 2023 as consumers continue to spend more and savers moved money between financial institutions to take advantage of the best deposit rates. LBS Financial carefully navigated these industry-wide challenges throughout the year.

Below are some of the key ratios and numbers from 2023:

- Member loans decreased by 5.10%, amounting to over \$66 million, a strategic decision aimed at ensuring liquidity amidst limited deposit growth.
- Deposits decreased by 3.5% in 2023, totaling over \$62 million.

- Share Certificates increased by over 25.4%, totaling over \$100 million.
- Investments experienced a modest increase of 2.1%, totaling over \$15 million.
- Total assets at the Credit Union decreased by 2.1% (or over \$42 million), to \$1.97 billion.
- Net income was \$14.4 million with a return on assets of 0.73%.
- Our Net Capital Ratio at 13.27% by year-end, exceeded the 7% threshold mandated by the National Credit Union Administration to remain "well-capitalized." This reserve serves as a safeguard against future economic downturns.

Despite the unique financial dynamics stemming from the pandemic recovery, we are proud to affirm that LBS Financial remains among the most financially strong credit unions in the state. As we anticipate the challenges of 2024, our commitment to serving our Membership remains unwavering. We are grateful for your continued support and look forward to navigating the year together ahead with our Members!

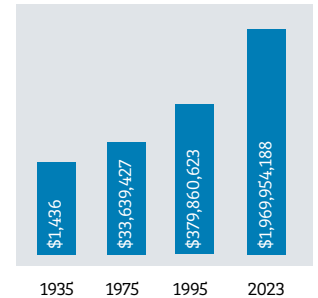
Dr. John Fylpaa
Secretary/Treasurer

Financials for 2023

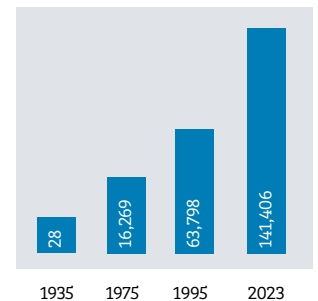
Statement of Financial Condition as of December 31, 2023

Assets	2022	2023
Cash & Federal Reserve Bank Deposits	\$ 79,704,466.47	\$ 115,507,725.82
U.S. Government & Federal Agency Securities	537,203,495.30	532,166,666.65
Other Investments	176,707,249.89	165,100,000.00
Member Loans, Accrued Income & Other Assets	1,213,441,136.28	1,151,369,434.97
Furniture & Fixtures	1,976,622.28	2,007,122.03
Prepaid Expenses	1,563,052.98	1,714,076.84
Land & Buildings	2,150,729.78	2,089,161.43
Total Assets	\$2,012,746,752.98	\$1,969,954,187.74
Liabilities & Equity		
Shares to Members	\$1,759,732,812.52	\$1,697,598,199.74
Other Liabilities	5,458,868.30	10,414,632.35
Regular Reserve & Undivided Earnings	250,057,654.20	261,536,874.69
Accumulated Other Comprehensive Income and Defined Benefit Plan	(2,502,582.04)	404,480.96
Total Liabilities & Equity	\$2,012,746,752.98	\$1,969,954,187.74

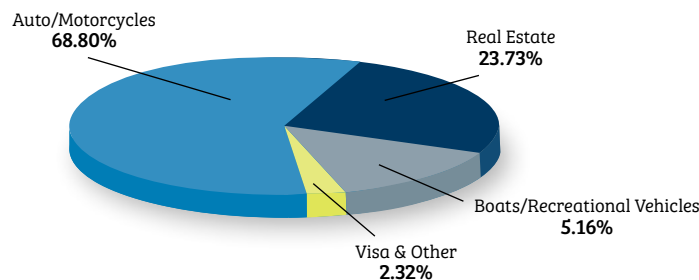
Asset Growth



Membership Growth



2023 Distribution of Loans



Gateway to the Community

LBS Financial Credit Union is a gateway to the communities we serve, connecting friends, family, and community in our efforts to enhance financial well-being. LBS Financial donated over \$100,000 in support of local schools, student scholarships, sponsorships, and charities in 2023. Below is a list of the groups LBS Financial supported:

- *ABC Education Foundation*
- *ABC Unified School District*
- *Adopt-a-School Program*
 - *Washington Elementary /Bellflower USD*
 - *Garfield Elementary/LBUSD*
 - *Fedde Academy/ABCUSD*
- *Aquarium of the Pacific*
- *Assistance League of Long Beach/Operation School Bell*
- *Belmont Shore Christmas Parade*
- *California Assembly 56th Assembly District College & Career Fair*
- *CANstruction Long Beach (for Long Beach Rescue Mission)*
- *Cerritos College Foundation*
- *Cerritos Chamber of Commerce*
- *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*
- *Good Habits Festival, Long Beach*
- *Historical Society of Long Beach*
- *Humansave*
- *Lakewood High School Seniors Project*
- *Lakewood Run/Soroptimist International of Lakewood*
- *Literary Women Long Beach Festival of Authors*
- *Long Beach Area Chamber of Commerce*
- *Long Beach Early Childhood Education Symposium*
- *Long Beach Classic 5K & Half Marathon*
- *Long Beach Century Club*
- *Long Beach City College*
- *Long Beach City College Foundation*
- *Long Beach Fresh*
- *Long Beach Gives*
- *Long Beach Rescue Mission*
- *Long Beach Rotary*
- *Long Beach Unified School District*
- *Long Beach Unity Festival*
- *Love Beyond Limits*
- *Mayfair High School Band Boosters*
- *Miller Children's Hospital Foundation*
- *Moonlight Movies on the Beach*
- *Orange County Professional Firefighters Association*
- *Project Shepherd, Lakewood*
- *Ronald McDonald House, Long Beach*
- *Scholarships to 38 local high school and college students*
- *UNCF Los Angeles/ Martin Luther King, Jr. King Breakfast*
- *WomenShelter of Long Beach*
- *Wrigley Area Neighborhood Alliance/Christmas Tree Lane*
- *Young Horizons*

\$908,018

Donated to local schools and community groups since 2000

\$347,500

Provided in scholarships since 2000



\$1,000 Member scholarship winners, Caleb H. & Raelyn P.



Financial Services Especially for You



Member Accounts

- Free Checking with eStatements, Interest Checking, Direct Deposit, Visa Debit Card
- Savings Accounts
- Share Certificates
- 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

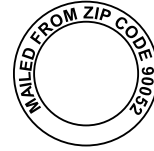
Real Estate Loans

- 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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