



Invest.  
Grow.  
Thrive.



2019 ANNUAL REPORT

# President's Message

2019 wraps up our 87th year as a financial cooperative with a steadfast commitment to improving the financial lives of our members and the communities we serve.

We finished the year strong with assets just over \$1.1 billion and a strong net worth ratio of 10.12%, much higher than the 7% ratio recommended by regulators. Our member-owners can have the confidence that we are financially stable with the capacity to continue to offer affordable financial products as well as to invest in technological improvements.

Our strategy for 2019 and the coming three years can be summarized in three words: invest, grow, and thrive.

## Invest

A primary focus for the Credit Union since 2015 and continuing through 2022 is to invest in our infrastructure so that we can provide the best products and services to members while maintaining optimal data security. This includes replacing older systems and updating our branches.

In 2019, projects included branch refreshes in Pleasanton and Hayward, new ATMs, and improvements in our mobile banking interface. We also revamped our offsite backup systems, allowing for greater access in the event of a natural disaster, and completed a card processor conversion, resulting in faster transactions and improved fraud detection.

Moving into 2020, we begin two major projects, both to be completed by 2021. The first is a conversion of our core operating system to a new system with the latest architecture and greater functionality. This will improve our efficiencies and allow us to support our members with new products. The second is a complete revamp of our mobile banking app that will provide a more intuitive user experience with greater functionality.

## Grow

As we invest in technology, however, we don't want to sacrifice our coveted personal service on which we pride ourselves. That's why we're pleased to announce the

opening of our Livermore branch. This is the first expansion of our geographic footprint in over 10 years – but not the last. Plans include the opening of additional branches in surrounding communities in the coming years.

## Thrive

People over profits is the credit union manta and the basis for decisions we make on behalf of our member-owners. Improvements in technology and branches are paramount for a thriving financial institution, but we also continue to invest in our staff, member education and support of our communities, and we do it wisely. In fact, our operating expense ratio is 61.95%, down from 71.23% three years ago. A lower ratio means we have more funds to return to members in the form of dividends and lower loan rates.

Here are few additional accomplishments we are proud of:

- We welcomed 4,817 new members to the Credit Union
- 1st United was named a Bay Area Top Workplace
- 1,275 Alameda County students and adults attended our 44 financial education workshops
- We had the privilege of supporting 25 community groups with \$76,724 in much-needed sponsorships and donations

As we move into 2020, I am reminded of the journey of 1st United Credit Union. Having worked here for over 20 years, I'm honored to continue to support the Credit Union's *people helping people* mission. I'm overwhelmed with gratitude for our staffs' and volunteers' commitment to service and growth, and thankful for the loyalty of our members. Thank you to everyone for making 1st United a thriving company.



**Steve Stone**  
Chief Executive Officer



**\$1.12 billion**  
in assets



**Top 3** in member  
give back in similar-  
sized California CUs



**62,841**  
members



**842** hours  
volunteered



**\$76,724**  
donated to  
community groups



**20,595** Alameda  
County residents  
received financial  
education



**162** educational  
articles authored

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# Chairman's Report

In its 87th year as a not-for-profit cooperative, 1st United Credit Union remains committed to the founding principle that all credit unions share – people over profits. This continues to be one of the driving factors for decisions that our volunteer Board of Directors makes on behalf of our member-owners.

With this principle in mind, it is my pleasure to report the continued success of 1st United Credit Union in 2019. This past year, we were able to continue to grow the assets of the Credit Union to \$1.12 billion while increasing dividends paid to members by 30.2% from 2018, supporting their financial growth.

We are committed to continuing the growth and evolution of 1st United as a strong credit union positioned for success. We continue to look for new ways to serve your financial needs through technological enhancements and product offerings while maintaining our commitment to delivering each member the highest level of service and individual experience possible.

On behalf of the entire Board of Directors, I thank each of you for your membership. Please help us by continuing to spread our name and the value credit union membership provides to your family, friends, and neighbors.

*Howard T. Garrigan*

**Howard T. "Bud" Garrigan**  
Chairman, Board of Directors



The Supervisory Committee serves as the Credit Union's audit division. We also conduct a review of the functions of the various Credit Union departments along with their compliance with applicable regulations and internal policies and procedures. In addition, the Committee has regular contact with the membership to assure member requests have been properly met.

In 2019, the Supervisory Committee engaged an independent audit firm to perform a financial audit of 1st United Credit Union. The results of the audit were favorable and determined 1st United Credit Union to be safe and sound in policy and practice. The audit, conducted in accordance with Generally Accepted Accounting Principles (GAAP), indicated that 1st United Credit Union remains strong and financially stable.

# Supervisory Committee Report

**Jack Sanders**  
Chairman, Supervisory Committee

*Jack Sanders*

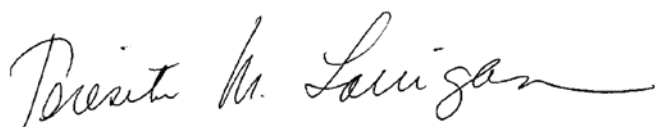


The Treasurer of 1st United Credit Union oversees and ensures the accuracy of the financial reports as presented to the Board of Directors by the management of the Credit Union.

1st United Credit Union continued to grow and gain financial strength. Total assets year-end 2019 were \$1,121,694,517.

Throughout 2019, we continued to invest in our branch infrastructure and systems to provide better efficiencies.

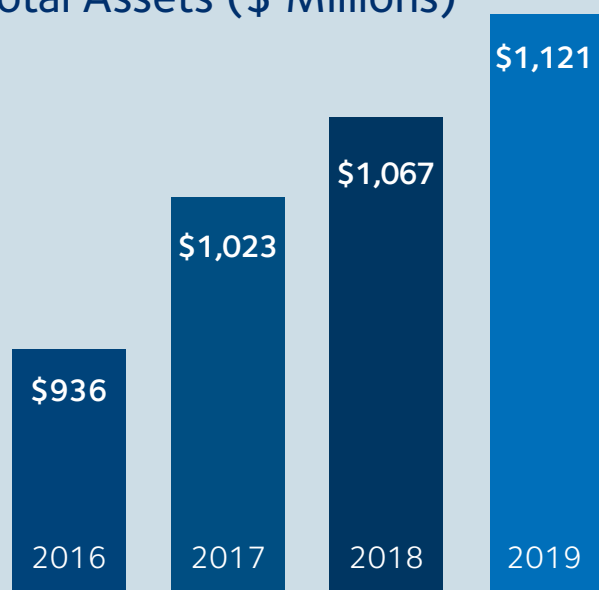
I am confident that 1st United will continue its great tradition of service to its members within the framework of financial strength and stability.



**Teresita M. Lauigan**  
Treasurer, Board of Directors

## Treasurer's Report

### Total Assets (\$ Millions)



### Comparative Balance Sheet

ASSETS	2018	2019
Loans, net	\$ 865,081,021	\$ 849,880,946
Cash	58,782,131	142,268,201
Investments	118,966,999	104,267,131
Building & Land	4,786,064	4,915,170
Other Fixed Assets	4,556,721	4,959,039
Other Assets	15,300,460	15,404,029
<b>Total Assets</b>	<b>\$ 1,067,473,396</b>	<b>\$ 1,121,694,517</b>
<b>LIABILITIES</b>		
Regular Shares	\$ 207,209,811	\$ 217,211,898
Share Drafts	140,729,370	142,563,154
Money Market Account Shares	222,143,168	205,565,823
Share Certificates	387,764,072	439,126,558
<b>Total Shares</b>	<b>\$ 957,846,421</b>	<b>\$ 1,004,467,433</b>
Other Liabilities	4,054,985	3,739,489
<b>Total Liabilities</b>	<b>\$ 961,901,406</b>	<b>\$ 1,008,206,922</b>

### EQUITY AND RESERVES

Unrealized Investment Gains/(Losses)	\$ (2,408,817)	\$ (41,630)
Regular Reserves	26,856,642	26,856,643
Undivided Earnings	81,124,165	86,672,582
<b>Total Capital &amp; Reserves</b>	<b>\$ 105,571,990</b>	<b>\$ 113,487,595</b>

<b>TOTAL LIABILITIES, EQUITY &amp; RESERVES</b>	<b>\$ 1,067,473,396</b>	<b>\$ 1,121,694,517</b>
Return on Average Assets	0.69%	0.51%
Net Worth Ratio	10.11%	10.12%
Asset Growth	4.36%	5.08%

### Operating Income Statement

INCOME	2018	2019
Loan and Visa Income	\$ 34,280,455	\$ 36,040,878
Income From Investments	3,301,036	3,897,791
Other Operating Income	8,452,554	8,245,041
<b>Gross Income</b>	<b>46,034,045</b>	<b>48,183,710</b>
<b>DIVIDENDS</b>	<b>7,273,421</b>	<b>9,469,045</b>
<b>OPERATING EXPENSES AND PROVISION FOR LOAN LOSS</b>	<b>31,548,111</b>	<b>33,166,247</b>
<b>NET INCOME</b>	<b>\$ 7,212,514</b>	<b>\$ 5,548,418</b>



## Board of Directors

Howard T. "Bud" Garrigan, Chairman

Dave Macdonald, Vice Chairman

Steve Manning, Secretary

Teresita M. Lauigan, Treasurer

Veleta Allen, Director

Cyril Bonanno, Director

Susan Muranishi, Director

Patrick O'Connell, Director

Ron Thomsen, Director

## Supervisory Committee

Jack Sanders, Chairman

Len Herrero, Secretary

David Budde

Crystal Graff

Joan Johnson

Kevin Powers

Richard Smith



[1stunitedcu.org](http://1stunitedcu.org)

