

ESSENTIAL



2020
Annual Report





88 years
of people helping people



\$1.26 billion
in assets



63,342
total members



1,506 members
saved money with an auto
or mortgage refinance



**4,500 loan
payments** deferred or
modified due to COVID-19



24,284 Alameda
County residents received
financial education



\$41,664 supporting
25 community groups



234 educational
articles authored



2nd year selected as a
Bay Area Top Workplace

2020

President's Message

With the COVID-19 pandemic, social unrest, and political turmoil, we've been put to the test in 2020. It is at times like these that Credit Union principles shine through – we are a cooperative financial institution whose existence is to serve our membership, putting people over profits. Throughout the year, we continued to pivot, always keeping our members' financial wellness our priority while maintaining the strength of the Credit Union.

An Essential Service

As an essential service, 1st United remained open so that we can provide much-needed services to our community. Keeping our staff and visiting members safe involved converting much of our back-office staff to a remote workforce with only a few days' notice and modifying our branch procedures. Following guidelines by the Centers for Disease Control and Prevention as well as state and local health officials, we quickly implemented the sanitation and social distancing standards necessary to keep our staff and members safe.

Throughout the year, our members have been patient and understanding when we had to close branches or modify branch hours. We opened a new branch in Livermore to provide our members with more convenient options when they needed to come in for a transaction. And we continued to educate our members in the use of online and mobile banking services, allowing many transactions to be performed safely from home. Reserving in-branch visits for those services that cannot be performed from home allowed us to significantly minimize risks. For these things, we are grateful.

A Focus on Financial Wellness

With shelter-in-place orders, businesses were forced to close – some permanently – and many of our members found themselves experiencing immediate financial hardships. To help, we quickly established a loan deferment program, streamlining the process to a simple, online form. Throughout 2020, we were able to assist members with deferments or modifications totaling over \$37 million in balances. The balance between helping our members through the financial challenges of the pandemic while ensuring the financial strength of the Credit Union can be tricky. It is our hope that the deferment and modification program has made enough of an impact to help our members through this trying time.

2020 Loan Trends

Amid pandemic lockdowns and economic uncertainty, rates remained at record lows. Combining this with the shelter order, consumers have had the time to rethink their finances and we've seen a significant increase in mortgage and auto loan refinances. With the Federal Reserve planning to keep rates near zero through 2023, this is an optimal time for consumers to save money on their existing loans through payment reductions or a change in term. We have welcomed those conversations with our members and will continue to keep them abreast of these types of opportunities so they can make the most of their finances.

Moving Forward

Despite the challenges, the Credit Union finished the year financially secure and in a position to persevere and grow. We are looking forward to 2021 and remain optimistic that we'll continue to be able to provide the very best financial services and support for our members.

Key to this will be the completion of two major initiatives. The first is a conversion of our core operating system to the latest architecture and greater functionality. This will improve our efficiencies and help us to support our members. The second is a complete revamp of online banking and our mobile banking app that will provide a more intuitive user experience and will allow us to develop additional functionality in the future. These improvements will launch in May 2021.

In closing, I want to take this moment to thank our staff. Their commitment to our members never wavered and they continued to come to work every day. I am grateful for their fortitude. I also thank our members for their continued patience and support. It has been our pleasure to remain open throughout the pandemic, and we could not have done it without them. 2020 has proven that we are stronger when we are united.



Steve Stone
President and
Chief Executive Officer

Chairman's Report

In 2020, your Credit Union found itself in uncharted waters facing an unprecedented and catastrophic pandemic. Governmental restrictions limited activities by our staff and our members, challenging us to ensure that our facilities were safe, secure, and remained accessible to our members to meet their financial needs.

We found ourselves needing to make almost daily changes in operational functions, requiring constant communication and flexibility of our volunteers, management, and staff, as well as the understanding of our membership. Working together, we are navigating the pandemic and keeping 1st United a strong organization.

2020's economic landscape impacted growth, as is to be expected. Preparing for the unknown has been an important part of our 88-year history. We were able to weather the storm this year because we were, and continue to be, well-capitalized. At year end, 1st United had nearly \$1.3 billion in assets – a record high for us. Because of our strength, we were able to assist our members when they needed it most by deferring or modifying over 4,500 loan payments. We are proud of the Credit Union's demonstrated commitment to "people helping people."

On behalf of the entire Board of Directors, I thank our members for their loyalty. When the pandemic started, we made a promise that we would get through this together and we've done a pretty good job of it. The hard work is not over though. The Board of Directors will continue to represent all member-owners, keeping your financial well-being our priority while maintaining the health of the Credit Union.

Howard T. "Bud" Garrigan
Chair, Board of Directors



Supervisory Committee Report

1st United Credit Union's volunteer Supervisory Committee ensures that an annual audit of financial statements takes place, and monitors internal controls in order to safeguard member assets.

In 2020, the Supervisory Committee engaged an independent audit firm to perform the financial audit. 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.

Crystal Hishida Graff
Chair, Supervisory Committee

Treasurer's Report

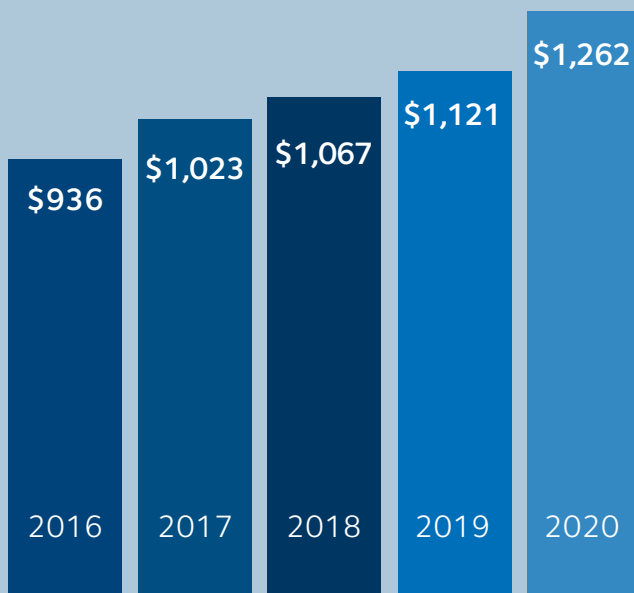
The Treasurer of 1st United Credit Union oversees and ensures the accuracy of the financial reports as presented to the Board of Directors by the management of the Credit Union.

1st United Credit Union continued to grow and gain financial strength. Total assets year-end 2020 were \$1,262,958,555.

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

Total Assets (\$ Millions)



Comparative Balance Sheet

ASSETS	2019	2020
Loans, Net	\$ 849,880,946	\$ 806,987,463
Cash	142,268,201	175,912,977
Investments	104,267,131	254,718,108
Building and Land	4,915,170	4,837,351
Other Fixed Assets	4,959,039	4,833,349
Other Assets	15,404,029	15,669,308
Total Assets	\$ 1,121,694,517	\$ 1,262,958,555
LIABILITIES		
Regular Shares	\$ 217,211,898	\$ 285,446,717
Share Drafts	142,563,154	184,167,062
Money Market Account Shares	205,565,823	239,761,620
Share Certificates	439,126,558	431,305,664
Total Shares	\$ 1,004,467,433	\$1,140,681,063
Other Liabilities	3,739,489	4,717,651
Total Liabilities	\$ 1,008,206,922	\$ 1,145,398,714

Operating Income Statement

INCOME	2019	2020
Loan and Visa Income	\$ 36,040,878	\$ 33,564,153
Income From Investments	3,897,791	2,775,103
Other Operating Income	8,245,041	7,064,976
Gross Income	\$ 48,183,710	\$ 43,404,232
DIVIDENDS	\$ 9,469,045	\$ 10,592,565
OPERATING EXPENSES AND PROVISION FOR LOAN LOSS	\$ 33,166,247	\$ 31,621,191
NET INCOME	\$ 5,548,418	\$ 1,190,475

EQUITY AND RESERVES

Unrealized Investment Gains/(Losses)	\$ (41,630)	\$ 2,840,142
Regular Reserves	26,856,643	26,856,643
Undivided Earnings	86,672,582	87,863,057
Total Capital & Reserves	\$ 113,487,595	\$ 117,559,841

TOTAL LIABILITIES, EQUITY AND RESERVES	\$ 1,121,694,517	\$1,262,958,555
Return on Average Assets	0.51%	0.10%
Net Worth Ratio	10.12%	9.08%
Asset Growth	5.08%	12.59%

Board of Directors

Howard T. "Bud" Garrigan, Chair
Dave Macdonald, Vice Chair
Steve Manning, Secretary
Teresita M. Lauigan, Treasurer
Veleta Allen, Director
Cyril Bonanno, Director
Joan Johnson, Director
Susan Muranishi, Director
Patrick O'Connell, Director

Supervisory Committee

Crystal Hishida Graff, Chair
David Budde, Secretary
Len Herrero, Committee Member
Cecelia Leon, Committee Member
Kevin Powers, Committee Member



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