



2020 Annual Report



We Give You Peace of Mind

Your Peace of Mind is *Our Bottom Line*

After an exhausting year of a worldwide pandemic that tested all of us, CEFCU proved as strong and stable as ever, providing our members with uninterrupted access to all our financial services while reaching an impressive \$2 billion in assets.

Behind every decision made was the question, “How can we make this challenging time better for our members?” We responded by intensifying our focus on member service and safety.

For years, we have invested in our remote capabilities and electronic security — making transactions faster, easier, and safer for our members. When the pandemic hit, we were prepared. We remained fully operational throughout the year, and our members never had to put their health at risk to conduct critical financial transactions or access funds.

By year end, more than 21,000 of our members were using eBranch, our online access system. Our loan rates continued to be competitive in every category, thanks in part to our strict policy of cost containment and exclusive field of membership. And our fully liquid share deposits grew by 12.70% as more members discovered the peace of mind that comes with belonging at CEFCU.



BOARD OF DIRECTORS

(Sitting L to R):

Secretary **DLORAH GONZALES**, Retired, Director of Employment and Employee Services, Caltech;
GARY GRAY, Retired, Leased Facilities Administrator, JPL;
Chair **ANN MARTIN**, Associate General Counsel, Caltech.

(Standing L to R):

Vice Chair **JOHN PATTERSON**, Senior Finance Analyst for the County of Los Angeles, Treasurer & Tax Collector;
WILLIS CHAPMAN, Assistant Director for JPL Operational Strategy and Excellence, JPL;
STEVE PROIA, Retired, CFO/Director for Business Operations, JPL;
MIKE MIRANDA, Division Administrator for Biology & Biological Engineering, Caltech;
Treasurer **RICH HARRIS**, President/CEO, CEFCU;
RICHARD O'TOOLE, Retired, Executive Manager, Office of Legislative Affairs, JPL.

We Give You *Solutions*

Chair & President's Report

2020 was a year that no one will forget. Yet in the midst of the pandemic, CEFCU met and exceeded goals that had been established for a “normal” year.

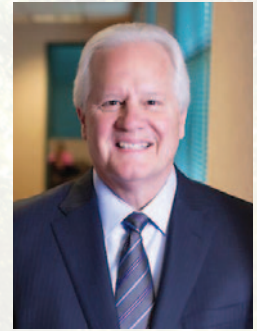
We faced the challenges of mandated social distancing and widespread economic strain from a position of strength and preparation. Our continued investment in remote capabilities proved invaluable, our staff was united in its dedication to serve our member/owners, and our Board-approved Business Continuity Plan ensured uninterrupted member access and convenience.

In contrast to the general uncertainty in financial markets, our members' confidence in us was apparent by all measures. Despite the dramatic nationwide decline in interest rates, CEFCU remained committed to paying superior and consistently competitive rates for each tier, amounting to more than \$17.7 million in dividends. Even more importantly, members were reassured of the safety, security and stability of their hard-earned savings. This invaluable peace of mind attracted more than \$204 million in new deposits — an increase of 12.70% over the previous year.

In turn, assets swelled by almost \$227.8 million — an increase of 12.69% over 2019 — to end the year at over \$2 billion! And our net worth grew to more than \$189 million, reflecting a gain of 7.63% for the year.



(L) **ANN MARTIN** *Chair, Board of Directors*



(R) **RICHARD HARRIS** *President/Treasurer*

WE GIVE YOU VALUE

Contributing to this growth in net worth, our real estate loans continued to enjoy healthy demand. While loan volume fell nominally in 2020 — due to reduced consumer spending during the pandemic — we still helped hundreds of members realize their homeownership dreams. As mortgage rates hit historic lows, members took advantage of reduced rates on our fixed-rate home loans and fee-free Home Equity Lines of Credit (both Traditional and Interest Only). By year end, we funded over \$116 million in First Trust Deeds, helping more than 200 families buy or refinance a home; and, we extended more than \$27.5 million in Home Equity Lines of Credit plus almost \$1 million in Second Trust Deeds, bringing our year-end real estate portfolio to more than \$385 million.

Rates for auto loans on both new and pre-owned vehicles also remained at all-time lows, contributing to a portfolio of \$47.4 million.

Better still, every CEFCU loan reflected our ongoing policy to offer the same superior loan rate to every borrower, regardless of credit score. Unlike other lenders, at CEFCU, if you qualify for a loan, you qualify for our best rate and term available.

In addition, CEFCU provided Pandemic Relief Assistance in the form of loan extensions, loan modifications, and a 1.95% low-rate, short-term loan program for members impacted by reduced hours, unemployment and other financial hardship.

WE GIVE YOU POSSIBILITIES

Even with the unexpected demands of the pandemic, CEFCU prioritized cost containment to maintain its competitive advantage. As always, we balanced our low-cost commitment with the importance of satisfying members' financial needs with state-of-the-art systems, efficiency and security.

Members have always enjoyed access to CEFCU through many access points — in person, mail and phone. Yet, the importance and ease of electronic services was highlighted in 2020.

The growing number of eBranch users swelled to over 21,000 as more and more members discovered the unparalleled ease of making many of their transactions safely and conveniently online or through our mobile app. Once again, the most used feature was External Accounts Funds Transfer — the transfer of funds between member accounts at CEFCU and other financial institutions. In 2020, members moved over \$219 million with electronic transfers.

Identifying the need for more convenience and access during the pandemic, we provided members with contactless access with Secure Drop Boxes at the La Cañada and Caltech Campus offices and extended the hours of the Drive Up Teller window at the La Cañada office, allowing members to make deposits, loan payments, check disbursement and cash withdrawals — all while keeping a safe distance.

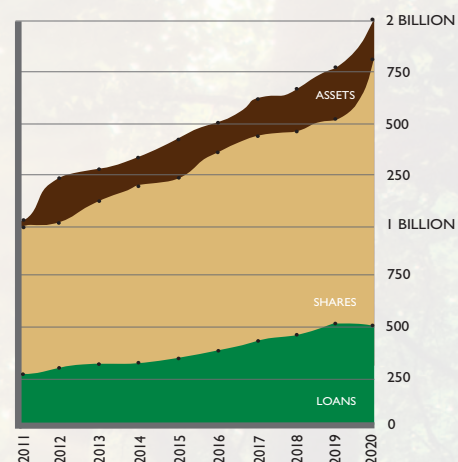
In-person transactions were carried out in a cautious and measured manner in keeping with public health safety protocols. Extra precautions were implemented to sterilize our offices, limit the number of members at one time, affix floor markers and provide hand sanitizer at all stations, and ensure protective supplies were on hand for CEFCU representatives.

WE GIVE YOU SAFETY

Cyber security has always been a priority at CEFCU, and 2020 once again demonstrated this. With the ever-present threat of data breaches heightened by the COVID climate, CEFCU advanced its efforts to protect, discover and block sophisticated cyber security threats to our technology infrastructure.

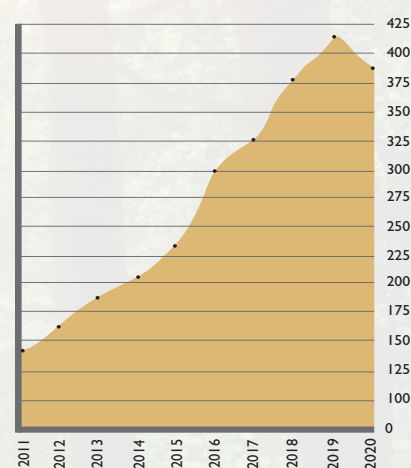
Protecting confidential information continued to be ingrained in our everyday activities. Not only did we constantly review and update our policies related to personal data, record retention, and information sharing, but we also educated our members about data security, identity theft, and fraud. As fraudsters developed new scams related to COVID-19, we added information and resources to our online educational module, Financial Wellness, and released relevant and timely eBlasts to warn and protect members from sophisticated scams.

As we enter a new year, our bottom line remains your peace of mind. While we cannot predict how long the pandemic will last, we can assure you that we will continue to be here to serve you — day in and day out — providing a safe haven for all your savings and borrowing needs.



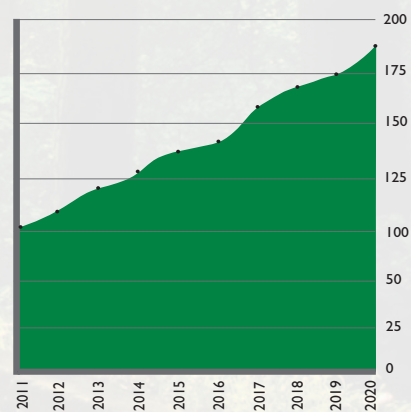
ASSETS, SHARES & LOANS

(Year end, in millions of dollars)



REAL ESTATE LOANS

(Year end, in millions of dollars)



NET WORTH

(Year end, in millions of dollars)

Net Worth excludes unrealized gains/losses on investment securities.

We Give You *Performance*

Statements

FINANCIAL CONDITION

December 31,	2020	2019
ASSETS		
Loans, net of allowance for loan losses	\$ 502,458,842	\$ 531,988,535
Cash on hand and demand accounts	63,547,640	62,439,417
Investments, net	1,439,298,217	1,184,242,263
Accrued income	5,078,067	4,298,042
Fixed assets, net	11,427,642	10,882,931
Other assets	1,345,913	1,526,413
	<u>\$2,023,156,321</u>	<u>\$1,795,377,601</u>
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable and accrued expenses	\$ 3,860,578	\$ 2,979,242
Members' shares	1,813,913,010	1,609,549,560
Capital, net	205,382,733	182,848,799
	<u>\$2,023,156,321</u>	<u>\$1,795,377,601</u>

INCOME AND EXPENSE

For the years ended December 31,	2020	2019
INTEREST INCOME		
Interest on loans	\$ 20,261,052	\$ 20,391,605
Interest on investments	23,495,255	30,520,102
	<u>\$ 43,756,307</u>	<u>\$ 50,911,707</u>
COST OF FUNDS		
Members' dividends	17,675,434	29,874,965
Net interest income	\$ 26,080,873	\$ 21,036,742
Provision for loan loss expense	\$ 300,000	\$ -0-
Other operating income	\$ 1,504,236	\$ 1,547,243
Other non-operating income (expense)	1,999,060	332,061
	<u>\$ 3,203,296</u>	<u>\$ 1,879,304</u>
OPERATING EXPENSES		
Compensation	\$ 7,298,916	\$ 6,639,228
Employee benefits	2,624,771	2,514,199
Education and conference	117,440	366,594
Association dues	118,349	99,740
Office occupancy	657,085	634,365
Office operations	2,174,430	2,177,686
Marketing and promotion	326,642	424,266
Loan servicing	744,798	909,193
Professional and outside services	1,354,050	1,229,077
NCUA operating fee	451,279	420,606
Miscellaneous	4,352	9,470
	<u>\$ 15,872,112</u>	<u>\$ 15,424,424</u>
NET INCOME	<u>\$ 13,412,057</u>	<u>\$ 7,491,622</u>

The 2020 Statements above are unaudited. An independent, certified opinion is currently in process.

We Give You *Security*

Supervisory Committee Report

The Supervisory Committee is an audit committee composed of three Credit Union members who are appointed by the Board of Directors. Our primary responsibility is to ensure that member funds and interests are protected.

In pursuit of this goal, the Supervisory Committee's activities include: participation in the monthly Board of Directors' meetings; bi-monthly meetings of the Supervisory Committee to review financial performance and overall financial health of the Credit Union and periodic audits of accounts, policies, procedures and internal controls.

To assist in our review of the Credit Union and in accordance with regulatory requirements, the Supervisory Committee engaged the independent accounting firm of Richards & Associates, CPAs, to perform the annual certified audits. An opinion audit was completed in 2020 for the year of 2019. The 2020 audit is currently in process. The Committee has also engaged the accounting firm of Turner, Warren, Hwang & Conrad, CPAs, to provide the internal audit function on a regular ongoing basis. In addition to these reviews, the National Credit Union Administration (NCUA) performs a regulatory examination every 12 months. The results of all reviews to date give us confidence that the Credit Union is in compliance with applicable regulations, safeguarding members' assets, and following policies and procedures approved by the Credit Union Board of Directors.



SUPERVISORY COMMITTEE

(L to R) THERESA SLOWSKEI, Chair LAURICE BALIAN, WALTER BOYD



We Give You Peace of Mind

MISSION STATEMENT

CEFCU provides superior value with unsurpassed service through selected financial products while maintaining our tradition of stability, security, and trust.

CORE VALUES

MEMBERS FIRST — *We always place the best interests and welfare of our members first.*

FINANCIAL STRENGTH — *We never compromise the financial strength and security of the organization.*

ETHICS — *We conduct all activities with honesty and integrity.*

IMPORTANCE OF PEOPLE — *We promote the well-being of our members, volunteers, and employees.*

LA CAÑADA OFFICE

528 Foothill Boulevard
P.O. Box 11001
La Cañada Flintridge, CA 91012-6001
800/592-3328 • 818/952-4444

REAL ESTATE LOAN CENTER

801 Foothill Boulevard
P.O. Box 11001
La Cañada Flintridge, CA 91012-6001
800/592-3328 ext. 404

JPL OFFICE

4800 Oak Grove Drive
Building 291
Pasadena, CA 91109
818/354-3280

CAMPUS OFFICE

1200 East California Boulevard
Pasadena, CA 91125
CIT 100-63
626/395-6300

ATM LOCATIONS

La Cañada Office
Caltech Campus (2 Locations)
Chandler Dining Hall • Keith Spalding Building
The Huntington Library, Art Collections,
and Botanical Gardens
JPL (2 Locations)
Building 303 • Building 291

WEBSITE

www.cefcu.org

