

Celebrating
70 YEARS

1949 - 2019

of
Service

• **ANNUAL REPORT** •

2019



1st Nor Cal[®]

CREDIT UNION



Message from Your Chairperson

2019 marks a proud milestone for 1st Nor Cal Credit Union - our 70th Anniversary.

In October, 1949, thirty-four members deposited an average \$35.61 each to start what was then known as Contra Costa County Employees Federal Credit Union. Our Credit Union started in the County Sheriff's department when the sheriff dropped a shoebox with \$1,211 on the desk of his secretary, Elinor Aljets, and asked her to start a credit union. Credit unions were still new in the United States, being created in 1934 to promote credit for people of modest means. The Federal Credit Union Act, signed into law by President Franklin D. Roosevelt, was the result of many banks failing due to the Great Depression and the remaining banks only lending to their rich friends who ran corporations.

Our newly-formed Credit Union had no office and no paid employees. Mrs. Aljets conducted business and bookkeeping chores from her Sheriff's office desk job. In 1951, the Credit Union hired its first full-time paid employee and moved into a room in the old Curry home on Escobar and Pine Streets in downtown Martinez. Two years later, the office moved again to a small enclosure in the then county car pool garage at 725 Ward Street and a second paid employee was hired. It was also during 1953 that hand posting gave way to a Burroughs bookkeeping machine.

In 1955, the office moved to the Martinez Veteran's Memorial Hall at 930 Ward Street. Then, in early 1962, the Board of Directors started the process of constructing their own building at 1111 Pine Street. It opened on July 12, 1965 and still serves as our main administrative headquarters and branch.

The first non-county employees from the city of Martinez were admitted for membership in 1959. From 1970 to 2004, employees of other cities and county districts were allowed to join the Credit Union. What was notable during this time period was that two of those city employee groups, El Cerrito and Richmond, came from a merger of their credit unions. To reflect the expansion to city employee groups, the Credit Union was renamed Contra Costa Federal Credit Union. Our first branch office was opened in Richmond in 1972. Subsequent branch offices were opened in Martinez at the Muir Station Shopping Center, Antioch, and Benicia.

In 2005, the Credit Union received a special Trade, Industry or Profession charter from the National Credit Union Administration, which regulates all federal credit unions and insures 99% of all credit unions nationally. The charter provided for the expansion of our Credit Union to serve city, county, state, and school employees in Contra Costa, Alameda, and Solano Counties. A third merger in 2014 added Pittsburg city and school employees.

Message from Your Chairperson

2016 was a watershed year. Membership growth had flattened, and the Board of Directors had a decision to make: Either be acquired by a credit union and lose our identity, or expand the charter to include the local east bay community and maintain the Credit Union's independence and uniqueness. The Board voted for independence, and we became 1st Northern California Credit Union ("1st Nor Cal" for marketing purposes).

In 2019, the Credit Union turned 70 years old and is stronger than ever. Assets and shares both saw notable increases and loan growth achieved another all-time high at nearly \$246 million. Dividends paid to members also grew to more than \$3.9 million at a rate nearly double the industry standard. All this while maintaining a Net Operating Expense to Average Asset Ratio of 1.7%, well below that of our peers. Our low delinquency ratio of less than 0.1% is another reliable sign of our Credit Union's health and one which we are very proud of.

The accomplishments at 1st Nor Cal are the direct result of the continued support and loyalty of the Membership, Volunteer Officials, Management, and Staff. I would like to express my sincere gratitude to all of you who have contributed to the success of your 1st Northern California Credit Union.



Stephen J. Ybarra, *Chair*
Board of Directors



Board of Directors

Dean Lucas, *Secretary*, Mary Ann Mason, *1st Vice Chair*,
Stephen J. Ybarra, *Chairman*, Julie Enea, *2nd Vice Chair*,
and Donald L. Bouchet, *Treasurer*

Message from Your Treasurer

1st Nor Cal Credit Union has remained strong and stable during 2019. The economy on the national level remains healthy with low unemployment, significant stock market advances and general optimism surrounding our global trade agreement negotiations. Locally, we continue to deal with the economic pressures that come with our famously high housing costs and our growing homeless problem. Nevertheless, your Credit Union has these success highlights to report for the year 2019:

- Assets increased 4.5% to \$728.2 million.
- Shares increased 4.6% to \$644.2 million.
- Loans increased 1.1% to nearly \$246 million, another all-time high. Your Credit Union approved 4,650 loans, a decrease of 11% for a total of \$83.0 million, a 14% decrease. Since your Credit Union was organized, 278,961 loans have been approved for a total of \$1.782 billion.
- Dividends paid to Members exceeded \$3.9 million, up from \$2.4 million in 2018. This represents a dividend payout of \$0.21 on each \$1.00 earned, compared to an industry average of \$0.15 per \$1.00 earned.
- Our Net Operating Expenses to Average Asset Ratio of 1.7% was substantially less than the Credit Union industry average of 3.6%.
- Net income was \$2.3 million, a return on assets of 0.31%.
- Our delinquency ratio was less than 0.1%, significantly less than the national industry average of 0.7%.
- Our total Net Worth (Regular Reserves, Contingency Reserves and Undivided Earnings) to Total Asset Ratio of 10.8% is slightly less than the 11.2% industry average and almost 4% higher than the minimum required. Our risk-based net worth ratio of 32% is more than three times the statutory requirement. This high Net Worth Ratio enhances further the Credit Union's substantially strong financial base and better positions us to absorb any future economic fluctuations.
- Again received the "5-Star Rating" from Bauer Financial Group, which is the highest rating possible in the financial industry.

I am pleased to report that Your Credit Union has maintained the highest degree of fiscal and financial soundness. I would like to express my thanks to the Members of 1st Northern California Credit Union for your continued support.



Donald L. Bouchet, *Treasurer*
Board of Directors

Message from Your Supervisory Committee

The Supervisory Committee is appointed by your Board of Directors to fulfill the requirements of the National Credit Union Administration (NCUA) and California State Department of Business Oversight (DBO) to objectively audit the financial records, review the operations and monitor the performance of your Credit Union.

To insure the utmost accuracy in meeting these requirements, we engaged the highly regarded CPA firm of CliftonLarsonAllen LLP whose specialty is Credit Union audits. They performed a comprehensive certified opinion audit of 1st Northern California Credit Union's accounting records and reviewed the internal controls surrounding our operations. Additionally, your Credit Union performs year-round compliance assessments to ensure all applicable federal and state regulations are being properly followed.

The NCUA and DBO also conducted their annual reviews of your Credit Union's operations. Both reports indicate that your Credit Union is operating on a sound financial basis with a high degree of efficiency and is in full compliance with Credit Union rules and regulations. Accounting reports are prepared promptly and accurately, internal controls are adequate, and the plans, policies and procedures established by the Board of Directors are being followed.

It is the opinion of this Supervisory Committee, and that of our auditors and federal and state examiners, that your Credit Union is a financially sound and well-managed financial institution.



Michael H. George, *Chair*
Supervisory Committee



Supervisory Committee

Cecilia Baird, Rick Koehler, Terry Mann,
Michael H. George, *Chair*, and Joanne Bohren

1st in Your Community

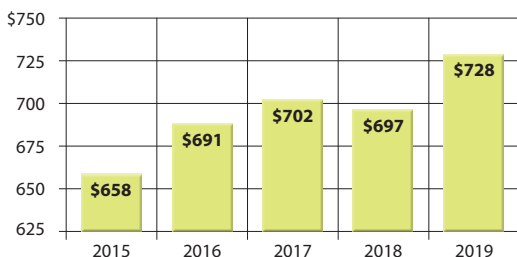
Each year, 1st Nor Cal participates in many local events. We support our public service, non-profit, charity, and educational communities through sponsorships and staff volunteerism. We take pride in our community involvement and enjoy connecting with and working to support our amazing neighbors.

In 2019, we were involved in the following events:

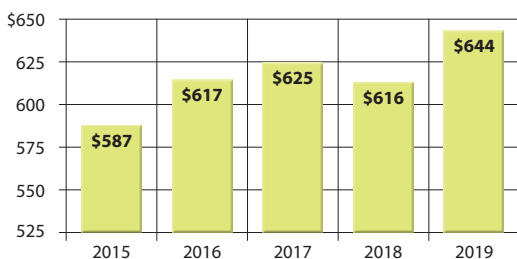
- **February** – Senior Center Resource Fair for City of Martinez
- **March** – Kids Expo in Hercules
- **March** – Mini Motorland in Martinez
- **April** – Hosted a Financial Seminar for Revive of Pittsburg
- **April** – Sponsor for National Crime Victim's Rights Week
- **May** – Senior Center Resource Fair for City of Pleasant Hill
- **May** – Co-Sponsored San Pablo's Small Business of the Year Mixer
- **May-Sept** – Employee Benefits Fairs in Contra Costa County
- **June** – King of the County BBQ in Martinez
- **June** – Annual Luncheon for CCC Employee Retirement Association
- **June** – Special Olympics Torch Run for City of San Pablo
- **June-Aug** – Official Sponser of Vallejo Admirals Baseball
- **July** – Benicia Waterfront Festival
- **July** – Backpack and School Supplies Drive for CCC Foster a Dream
- **July/Aug** – Music on the Main in Richmond
- **August** – National Night Out for Martinez Police Department
- **August** – Ohlone College Tri-City Community Street Fair in Fremont
- **September** – Hot August Night Concert at Concord Pavilion
- **September** – Madness on the Main Car Show in Martinez
- **September** – The Heart of Oakley
- **September** – Martinez Education Run/Walk
- **September** – Sponsored Teacher of the Year for CC Office of Education
- **October** – Senior Health & Wealth in Dublin
- **October** – Trick or Treat at the Streets of Brentwood
- **October** – Trunk or Treat in Martinez
- **October** – Sponsor at CCC Sheriff's Charity Golf Tournament
- **November** – Sponsored the Turkey Giveaway for Doing Great Things
- **November** – Sponsored the CCC EMS Survivors Luncheon
- **December** – The Tree Lighting and Parade in Benicia
- **December** – Buy a Kid a Bike Drive for Richmond Rotary Club
- **December** – Sponsor of the 20th West Coast Jamboree

Your Financials

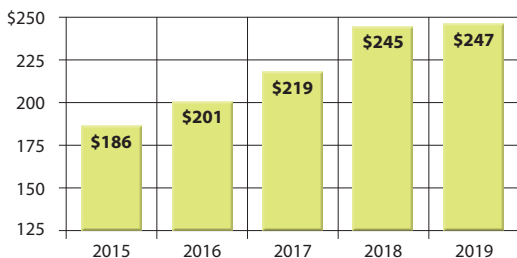
ASSETS (in millions)



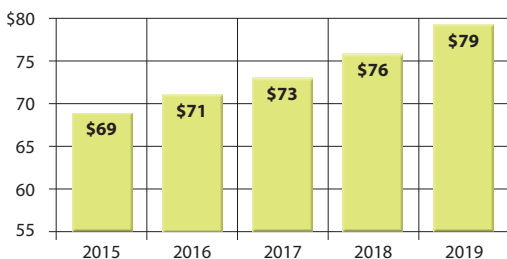
SHARES (in millions)



LOANS (in millions)



CAPITAL (in millions)



2018 & 2019

Financial Statements

BALANCE SHEET

	12/31/2019	12/31/2018
Assets:		
Cash & Investments	\$468,007,735	\$440,844,511
Loans to Members	245,913,732	243,211,523
Accrued Interest Receivable	2,668,123	2,335,933
Land & Building (net)	1,379,731	2,199,704
Furniture & Equipment (net)	1,533,579	437,456
Other Assets	8,712,304	7,805,595
Total Assets	\$728,215,204	\$696,834,722
Liabilities:		
Member Shares	\$644,241,016	\$615,931,806
Dividends Payable	490,378	372,235
Other Liabilities	4,849,169	4,180,379
Total Liabilities	649,580,563	620,484,420
Equity:		
Regular Reserves	7,815,921	7,815,921
Contingency Reserves	69,903,240	67,618,901
Undivided Earnings	561,056	561,056
Equity Acquired in Merger	354,424	354,424
Total Capital	78,634,641	76,350,302
Total Liabilities & Equity	\$728,215,204	\$696,834,722

INCOME & EXPENSES

	12/31/2019	12/31/2018
Income:		
Interest on Loans	\$8,128,556	\$7,680,375
Investment Income	8,376,552	6,875,618
Other Income	2,147,436	2,345,630
Total Income	\$18,652,544	\$16,901,623
Expenses:		
Salary & Benefits	6,473,471	5,799,835
Office Occupancy	791,635	619,411
Office Operations	5,126,469	4,685,310
Provision for Loan Losses	42,800	166,000
Total Operating Expenses	12,434,375	11,270,556
Net Income Before Distributions	\$6,218,169	\$5,631,067
Distribution of Net Income:		
Dividends to Members	\$3,933,829	\$2,456,920
Reserves & Undivided Earnings	2,284,340	3,174,147
Total Distribution	\$6,218,169	\$5,631,067

Products & Services

Accounts

- Checking Accounts
- Savings Accounts
- Money Market Accounts
- Individual Retirement Accounts (IRAs)
- Certificates
- Club Accounts

Loans

- New or Used Auto Loans
- Auto Loan Refinance
- Title Loans
- Motorcycle, RV & Boat Loans
- Visa® Credit Cards
- First Mortgage
- Second Mortgage
- Home Equity Loans
- 1st Line Unsecured Line-of-Credit®

FREE Convenient Services

- Online Banking (@ccessOnline)
- Mobile Banking (@ccessMobile)
- Telephone Banking (AccessLine)
- Mastercard™ ATM or Debit Card
- Nearly 30,000 Fee-Free ATMs Nationwide
- Direct Deposit & Payroll Deduction
- eDeposit
- Online Billpay
- eStatements

Federally insured by
NCUA

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. National Credit Union Administrations, a U.S. Government Agency.



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.





1st Nor Cal[®]

CREDIT UNION



(888) 387-8632

www.1stnorcalcu.org

@ccessMobile Banking App

Available in the App Store and Google Play



BRANCH LOCATIONS

1111 Pine Street, Martinez

538 Center Ave, Martinez

4261 Century Blvd, Pittsburg

8660-E Brentwood Blvd, Brentwood

560 First St, Suite B-106, Benicia

2500 Nevin Ave, Richmond

BRANCH HOURS

Monday - Wednesday: 9:00am - 4:00pm

Thursday: 9:00am - 6:00pm

Friday: 9:00am - 5:00pm

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