



# 2020 ANNUAL REPORT

*People Helping People*

ESTABLISHED 1949



*1<sup>st</sup> Nor Cal*<sup>®</sup>  
CREDIT UNION



## Message from Your Chairperson

By most accounts, 2020 will be remembered as a year of adversity, not just for some people, but for nearly every person, family, community, country, government, and organization on the planet. The COVID-19 pandemic seemingly affected every aspect of life and business forcing us to rethink practically everything from the most basic and instinctual parts of our daily lives to the complicated process-driven systems our societies have come to rely on. As individuals and as an organization, our hearts go out to those most personally affected and we stand forever grateful to the frontline health professionals, first responders, and myriad other essential workers who helped our community in its time of need. On behalf of our Credit Union's Board of Directors, Supervisory Committee, and Executive Management, I would also like to applaud our Credit Union staff and frontline workers who supported our own role as an essential business and provided excellent access and support for our more than 31,000 members and their families during this uncertain and challenging time.

I am pleased to report that your Credit Union performed exceptionally well both in response to the challenges presented by the COVID-19 pandemic and overall as a financial institution in service of our membership. The Credit Union's COVID-19 response was swift and overarching. Throughout the pandemic, our branch offices remained open for business with only slightly modified hours, and we heavily promoted our existing remote access methods to help provide members multiple options for accessing their funds within their own personal comfort and safety parameters. We developed and promoted a low fixed rate Emergency Loan featuring quick local decisioning, no payments for 90 days, and repayment terms up to 48 months. We waived nearly all transactional and account-related fees for a period of three months. We also waived the standard fee associated with our Skip-a-Payment feature and extended the number of skips and consecutive skips allowed. For our existing mortgage loan members facing financial difficulty as a result of the pandemic, we provided assistance on a case-by-case basis to help them weather the uncertain times. While these exact measures were somewhat unprecedented, the "people helping people" spirit of our response came naturally to us. It's just part of our overall philosophy and very much aligned with our normal everyday mission to deliver real and true value for our members.

2020 also saw the Credit Union step up within the communities we serve. We joined forces as a lead sponsor of two high-profile Reditothon events benefiting the Bay Area Food Banks and UCSF Benioff Children's Hospital through the Children's Miracle Network Hospitals. Together these events raised nearly \$250,000 for deserving members of our local communities.

Despite the COVID-challenged world and U.S. economic realities of 2020, 1st Nor Cal Credit Union performed very well in 2020. The

## Message from Your Chairperson

Credit Union expanded its full-service branch network with beautiful new branches in Brentwood and Crockett and completed a remodel of our main branch and headquarters in Martinez. We also started the process of modernizing our @ccessOnline home banking system and our @ccessMobile banking application - these updates to both our physical branch network and our remote access applications are indicative of 1st Nor Cal's ongoing commitment to provide our members with reliable convenient service options for all their financial needs. The Credit Union's financial performance was equally impressive with assets growing over \$100 million to \$829 million and shares grew nearly as much ending the year at over \$742 million. Loan growth achieved another all-time high of more than \$285 million. 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 0.01% 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



Stephen J. Ybarra, *Chair*



Mary Ann Mason, *1st Vice Chair*



Christina Dunn, *2nd Vice Chair*



Julie Enea, *Treasurer*



Dean Lucas, *Secretary*



## Message from Your Treasurer

Your Credit Union has remained strong and stable during 2020. The unprecedented pandemic that impacted both national and local communities resulted in disruptions to our lives with numerous business restrictions and closures, record high unemployment and a once in a lifetime health crisis. We responded by forgiving fees, loaning record amounts and paying high dividends to better our members' lives during these demanding times. Through all of this, your Credit Union has these success highlights to report for the year 2020:

- Assets increased 13.9% to \$829.1 million.
- Shares increased 15.2% to \$742.0 million.
- Loans increased 16.0% to \$285.2 million, an all-time high. Your Credit Union approved 3,454 loans, a decrease of 26%, for a total of \$140.5 million, an increase of 69% compared to the prior years' approved loans. Since your Credit Union was organized, 282,415 loans have been approved for a total of \$1.922 billion.
- Dividends paid to Members exceeded \$3.7 million. This represents a dividend payout of \$0.19 on each \$1.00 earned, compared to an industry average of \$0.14 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 3.2%.
- Net income was \$2.2 million, a return on assets of 0.3%.
- Our delinquency ratio was 0.01%, significantly less than the national industry average of 0.48%.
- Our total Net Worth (Regular Reserves, Contingency Reserves and Undivided Earnings) to Total Asset Ratio of 10% is equal to the industry average and 3% higher than the minimum required. Our risk-based capital ratio of 29% is more than approximately 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.



Julie Enea, 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 Financial Protection and Innovation (DPFI) 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 DPFI 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



Michael H. George, *Chair*



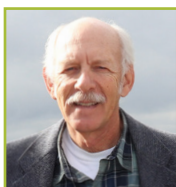
Joanne Bohren



Laura Strobel



Rick Koehler



Terry Mann

## 1<sup>st</sup> in Your Community

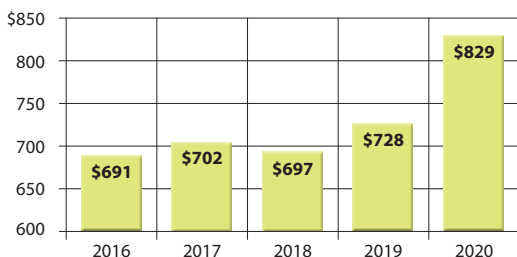
Each year, 1st Nor Cal participates in many local events. We support our public service, non-profit, charity, and educational communities through sponsorships and staff volunteerism. We take pride in our community involvement and enjoy connecting with and working to support our amazing neighbors.

In 2020, we were involved in the following events:

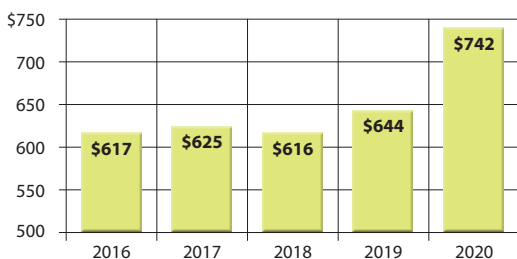
- **Bi-weekly** – Sponsored KKDV Morning Coffee Breaks
- **Monthly** – Sponsored KKDV Teacher of the Month
- **January** – Sponsored UFC Gym Fight Against ALS Event
- **February** – Attended San Pablo EDC 1st Quarter Business Mixer
- **February** – Senior Center Resource Fair for City of Martinez
- **February** – Donated to Mocha Moms of Richmond Annual Event
- **March** – Participated in Kids Expo Event in Hercules
- **March** – Supported Every 15 Minutes Event at College Park HS
- **April** – Donated to 2020 Dispatchers Appreciation Banquet
- **May** – Sponsored Bay Area Food Bank Radiothon
- **July** – Sponsored CCC Office of Education Teacher of the Year
- **September** – Donated Supplies to Cal-Fire Crews
- **September** – Sponsored Virtual Martinez Education Foundation Run
- **October** – Senior Center Health Benefits Fair for City of Dublin
- **October** – Donated to the Benicia Litter Day Pickup Event
- **December** – Sponsored KOIT Cares for Kids Radiothon
- **December** – San Ramon Rotary Club “Buy a Kid a Bike” Drive

# Your Financials

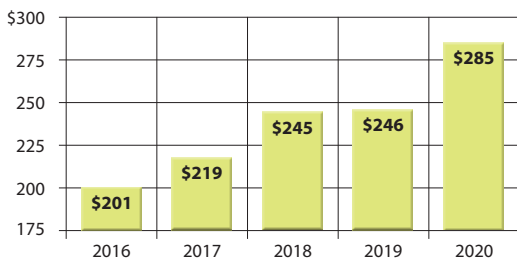
## ASSETS (in millions)



## SHARES (in millions)



## LOANS (in millions)



## CAPITAL (in millions)





# 2019 & 2020

## Financial Statements

### BALANCE SHEET

	12/31/2020	12/31/2019
<b>Assets:</b>		
Cash & Investments	\$512,041,127	\$468,007,735
Loans to Members	285,229,118	245,913,732
Accrued Interest Receivable	2,581,180	2,668,123
Land & Building (net)	1,902,781	1,379,731
Furniture & Equipment (net)	1,397,945	1,533,579
Other Assets	25,956,932	8,712,304
<b>Total Assets</b>	<b>\$829,109,083</b>	<b>\$728,215,204</b>
<b>Liabilities:</b>		
Member Shares	\$742,001,125	\$644,241,016
Dividends Payable	295,833	490,378
Other Liabilities	5,536,796	4,849,169
<b>Total Liabilities</b>	<b>747,833,754</b>	<b>649,580,563</b>
<b>Equity:</b>		
Regular Reserves	7,815,921	7,815,921
Contingency Reserves	72,068,929	69,903,240
Undivided Earnings	561,056	561,056
Equity Acquired in Merger	829,423	354,424
<b>Total Capital</b>	<b>81,275,329</b>	<b>78,634,641</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$829,109,083</b>	<b>\$728,215,204</b>

### INCOME & EXPENSES

	12/31/2020	12/31/2019
<b>Income:</b>		
Interest on Loans	\$8,078,690	\$8,128,556
Investment Income	8,360,403	8,376,552
Other Income	3,265,242	2,147,436
<b>Total Income</b>	<b>\$19,704,335</b>	<b>\$18,652,544</b>
<b>Expenses:</b>		
Salary & Benefits	7,153,007	6,473,471
Office Occupancy	962,843	791,635
Office Operations	5,415,206	5,126,469
Provision for Loan Losses	317,800	42,800
<b>Total Operating Expenses</b>	<b>13,848,856</b>	<b>12,434,375</b>
<b>Net Income Before Distributions</b>	<b>\$5,855,479</b>	<b>\$6,218,169</b>
<b>Distribution of Net Income:</b>		
Dividends to Members	\$3,689,790	\$3,933,829
Reserves & Undivided Earnings	2,165,689	2,284,340
<b>Total Distribution</b>	<b>\$5,855,479</b>	<b>\$6,218,169</b>

# 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
- 1<sup>st</sup> Line Unsecured Line-of-Credit®

## FREE Convenient Services

- Online Banking (@ccessOnline)
- Mobile Banking (@ccessMobile)
- Telephone Banking (AccessLine)
- Mobile Wallet
- 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.





**1<sup>st</sup> Nor Cal<sup>®</sup>**  
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  
1420 Pomona St, Crockett  
2500 Nevin Ave, Richmond

### **BRANCH HOURS**

Monday - Wednesday: 9:00am - 4:00pm  
Thursday: 9:00am - 6:00pm  
Friday: 9:00am - 5:00pm

#### **Crockett Hours Only**

Monday – Wednesday: 9:00am – 4:00pm  
Thursday: 7:30am – 4:00pm  
Friday: 9:00am – 5:00pm

### **FIND US ONLINE**

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