



2023

Annual Report



OUR MISSION

We are dedicated to providing our Members with exceptional, comprehensive and innovative financial solutions, delivered with uniquely personal Southland service.



OUR VISION

We will promote greater financial well-being for our Members and communities.



CORE VALUES

Our core values guide everything we do — from serving our Members' unique needs to providing resourceful, convenient services to help Members save and thrive.

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BOARD CHAIR & PRESIDENT'S MESSAGE

Southland Credit Union remained steadfast in its dedication to serving our Members while navigating another volatile and challenging financial environment in 2023. Amidst the backdrop of inflation and escalating interest rates, our unwavering commitment to our Members persisted, underscored by our proactive approach to providing dividends while upholding financial stability. The credit union disbursed dividends totaling \$10.3 million to our Members, all while maintaining a well-capitalized net worth ratio of 8.64%.

Southland also achieved a notable milestone by ranking within the top 10% nationally for Member giveback, or "Return of the Member," surpassing over 4,700 credit unions. This achievement speaks volumes about our ability to translate formidable financial performance into tangible value for our Members, a hallmark of our operational philosophy.

Throughout 2023, we remained dedicated to offering our Members access to competitive financial products and services, including our popular promotional certificates and High Yield Savings and Checking accounts. These offerings were designed to benefit our Members, affording you the opportunity to earn meaningful dividends on your deposits.

Our commitment to enhancing the Member experience extended beyond traditional credit union services. Through the Love My Credit Union program, Southland Members enjoyed exclusive discounts on mobile phone and tax preparation services, demonstrating our commitment to holistic financial well-being.

In response to the evolving needs of Members searching for a home, our real estate division introduced the innovative Lock While You Shop program in 2023. This initiative empowers homebuyers to secure their mortgage rate while actively shopping for a home, providing peace of mind within a climate of rising interest rates.

Building upon the success of our Long Beach State Campus Branch, inaugurated in 2022, Southland took proactive steps to engage with the student community

through the establishment of a Student Advisory Board. Comprised of students from various local universities, this Advisory Board continues to offer invaluable insights, guiding our efforts to better cater to the unique needs of the student population.

At Southland, we recognize that our greatest asset lies in our dedicated team of Associates. In 2023, we prioritized the professional development of our staff through enhanced Member service and management training initiatives. We also reaffirmed our commitment to fostering an inclusive workplace environment with the continuation of our Diversity, Equity, and Inclusion program, ensuring that every member of our team feels valued and empowered.

Looking ahead, we are excited to announce our intent to merge with Allied Healthcare Federal Credit Union, subject to membership approval. This strategic union will result in Southland retaining all staff and branches of Allied Healthcare, thereby expanding our reach to serve over 69,000 Members with combined assets exceeding \$1.2 billion.

On behalf of the Board of Directors, Southland Executive Management, and our dedicated team of Associates, we express our profound gratitude for your continued membership. As we embark on the journey into 2024, we remain committed to delivering you the uniquely personal service that defines the Southland experience.



Bradley P. Silcox
Board Chair, Board of Directors



Thomas G. Lent
President and Chief Executive Officer



Southland Credit Union Consolidated Statements of

Financial Condition

For years ending December 31, 2023 and 2022
(in thousands, unaudited)

Assets	2023	2022
Cash and Cash Equivalents	\$ 96,439	\$ 68,174
Investment Securities:		
Available-for-Sale	200,944	219,547
Other Investments	5,848	5,863
Loans, Net	785,315	726,923
Accrued Interest Receivable	3,333	2,730
Credit Union Owned Life Insurance	26,685	29,768
Premises and Equipment, Net	17,937	18,358
NCUSIF	8,846	8,426
Other Assets	6,205	5,853
Total Assets	\$ 1,151,552	\$ 1,085,642
Liabilities		
Members' Shares and Savings Accounts	\$ 978,614	\$ 918,048
Borrowed Funds	90,900	90,900
Accounts Payable and Other Liabilities	11,519	10,191
Total Liabilities	1,081,033	1,019,139
Members' Equity		
Undivided Earnings	74,047	73,008
Equity Acquired from Business Combinations	25,687	25,687
Accumulated Other Comprehensive Income	(29,215)	(32,192)
Total Members' Equity	70,519	66,503
Total Liabilities and Members' Equity	\$ 1,151,552	\$ 1,085,642

Southland Credit Union Consolidated Statements of

Income

For years ending December 31, 2023 and 2022
(in thousands, unaudited)

	\$	2023	\$	2022
Interest Income				
Loans		36,615		27,077
Investment Securities and Cash Equivalents		7,988		4,929
Total Interest Income		44,603		32,006
Interest Expense				
Members' Shares and Savings Accounts		10,309		2,536
Borrowed Funds		3,145		1,159
Net Interest Expense		13,454		3,695
Net Interest Income		31,149		28,311
Provision for Loan Losses		3,476		1,628
Net Interest Income After Provision for Loan Losses		27,673		26,683
Non-Interest Income				
Fees and Charges		5,818		6,427
Other Non-Interest Income		1,168		1,541
Total Non-Interest Income		6,986		7,968
Non-Interest Expense				
General and Administrative:				
Employee Compensation and Benefits		17,971		17,131
Occupancy		3,260		3,213
Operations		4,487		4,114
Professional and Outside Services		1,290		828
Educational and Promotional		1,699		1,779
Loan Servicing		1,437		2,009
Other		499		1,067
Total Non-Interest Expense		30,643		30,141
Net Income	\$	4,016	\$	4,510

BOARD OF DIRECTORS

The Board of Directors, along with its associate members, serves as a reflection of the Credit Union's diverse membership and the broader community. Endowed with legal corporate authority, they bear the responsibility for steering the Credit Union towards its mission, ensuring financial soundness, and operational robustness. Governed by the California Credit Union Law, regulations from the California Department of Financial Institutions, and the National Credit Union Administration, each Director is tasked with actively engaging in a cohesive and effective governing body.



Bradley Silcox
Board Chair



Becky Cool
Vice Chair



Thomas Willingham
Secretary/Treasurer



Angie Avery
Director



Walter Finnigan
Director



Megan Hiszpanski
Director



Justin Laird
Director



Jose Manzano
Director



Annie Perez
Director

ASSOCIATE BOARD



Brian Buchanan
Associate Board Member



Mark Chirco
Associate Board Member



Siobhan Linton
Associate Board Member



Rusty Smith
Associate Board Member

SUPERVISORY COMMITTEE

The Supervisory Committee convenes regularly to uphold the financial health of the Credit Union and ensure it efficiently caters to the varied financial requirements of its Members. Comprised of dedicated volunteers, committee members devote their time to scrutinizing internal and external audit findings, as well as financial statements. Additionally, the Supervisory Committee verifies the accuracy of shares and loans throughout the year.



Morris Litwick
Committee Chair



Donita Smith
Secretary



Roderick Calub
Committee Member

EXECUTIVE TEAM

Our Executive Team is dedicated to providing Members with a full array of financial products at a service level that exceeds their expectations. As we evolve and grow, we will continue to focus on providing convenience, great service and innovative financial products offered at competitive rates.



Thomas Lent
President & CEO



Rene LeJay
Executive Vice President & COO



Christopher Burns
Sr. Vice President & CFO



Matthew Herrick
Sr. Vice President of Marketing & Financial Services



Curt Bannock
Vice President & CIO



Elizabeth Egan
Vice President of Human Resources



Patty Jimenez
Vice President of Lending



Tracy Koehler
Vice President of Compliance & Risk Management



Bertrand Villavert
Vice President & Controller

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of Southland Credit Union is comprised of three volunteers elected by the membership, with primary responsibility for ensuring the Board of Directors and Management fulfill their obligations in meeting financial reporting standards and ensuring safeguards are in place to protect Members' assets.

In fulfilling their responsibility, the Committee engages an independent Certified Public Accounting (CPA) firm to perform an annual membership account verification. The CPA firm is also engaged to perform an audit to ensure Southland's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP).

The Committee collaborates with management to ensure compliance with state and federal regulations as established by the California Department of Financial Protection and Innovation (DFPI) and the National Credit Union Administration (NCUA), respectively. The Committee works closely with management and oversees internal and external audits performed by third parties.

It is the opinion of the Supervisory Committee that the Credit Union is financially strong, complies with sound business practices, and has effective internal controls adequately protecting and safeguarding the Members' assets.



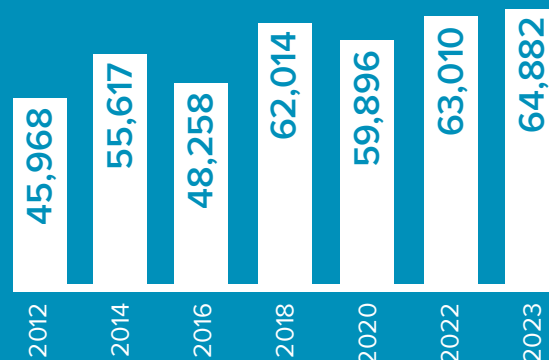
Morris Litwack

Committee Chair



TRENDS

Membership



TREASURER'S REPORT

On behalf of the Board of Directors and Supervisory Committee of Southland Credit Union, we thank you for your membership. The Board of Directors and Supervisory Committee are all volunteers that are resolute individuals and Member advocates who work diligently to ensure the continued safety and soundness of the Credit Union.

For the year ended December 31, 2023, the Credit Union had \$1.2 billion in assets and net income of \$4 million. While several financial institutions made headlines due to poor liquidity issues, Southland successfully grew share deposits 6.6% and increased our cash position by 41% while also increasing member loans by 8%. With our continued focus on our members, we were able to return \$10.3 million through dividends on our deposit products. This is four times the dividends paid in 2022.

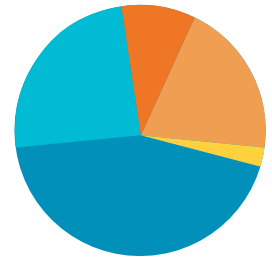
In addition, Southland's net worth ratio of 8.60% on December 31, 2023, was well above the minimum required level of 7% considered "well-capitalized." Southland's strong capital affords us the opportunity to provide the membership with exceptional comprehensive, and innovative financial solutions delivered with uniquely personal Southland service. Thank you for your membership and placing your trust in Southland.

Thomas A. Willy
Thomas Willingham
 Secretary/Treasurer



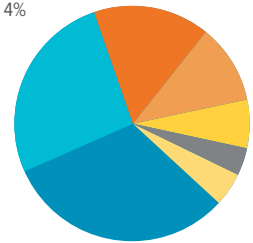
Deposit Mix

- Regular Shares 45%
- Term Share Certificates 24%
- Checking 20%
- Money Market 10%
- IRA Shares 1%



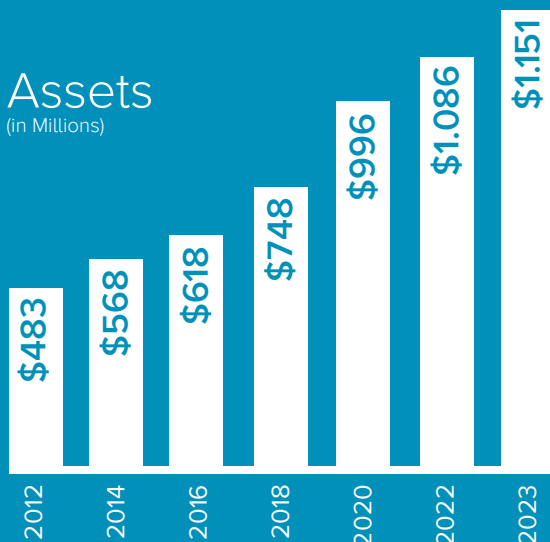
Loan Mix

- Vehicle 31%
- Real Estate 26%
- Home Equity 16%
- Commercial 11%
- Multi-Family 6%
- Credit Cards 5%
- Signature/LOC 4%
- Other <1%



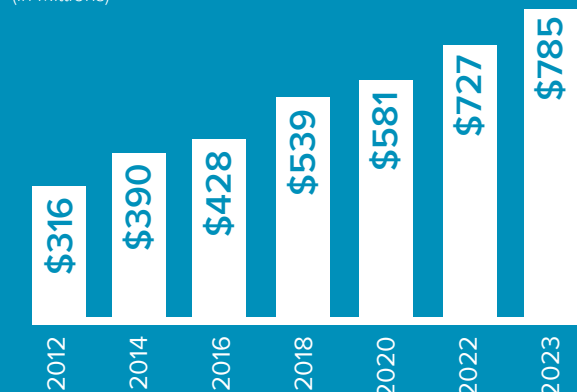
Assets

(in Millions)



Loans

(in Millions)



Southland

CREDIT UNION



CARSON—HARBOR

510 W. Carson St
Carson, CA 90745

DOWNEY

8545 Florence Ave
Downey, CA 90240

LONG BEACH

2250 N. Bellflower Blvd.
Long Beach, CA 90815

LONG BEACH—CAMPUS BRANCH

1212 N Bellflower Blvd #241
Long Beach, CA 90815

LOS ALAMITOS

(Corporate Headquarters)
10701 Los Alamitos Blvd.
Los Alamitos, CA 90720

LOS ANGELES

(Federal Building)
300 N. Los Angeles St., #1244
Los Angeles, CA 90012

SANTA MONICA

525 Santa Monica Blvd.
Santa Monica, CA 90401

SANTA MONICA—ST. JOHN'S

(Koll Building-Third Floor)
2020 Santa Monica Blvd., #300-B
Santa Monica, CA 90404

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