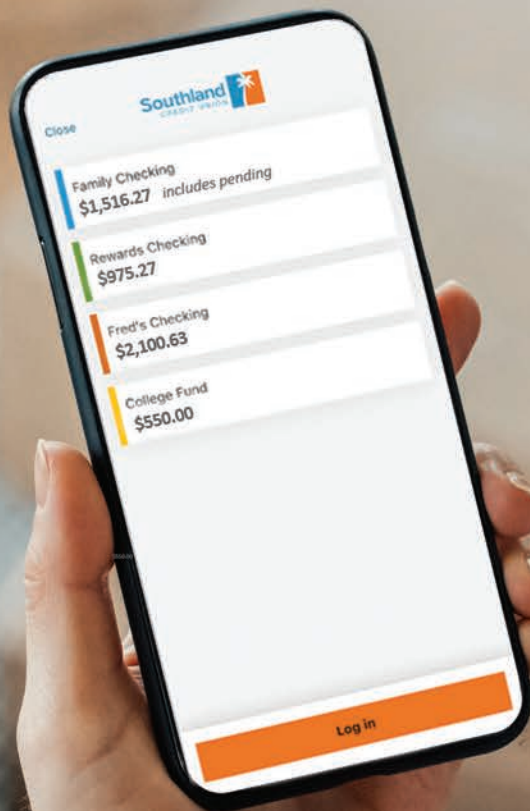


2021

ANNUAL REPORT





Southland
CREDIT UNION

Close

Family Checking
\$1,516.27 includes pending

Rewards Checking
\$975.27

Fred's Checking
\$2,100.63

College Fund
\$550.00

Log in

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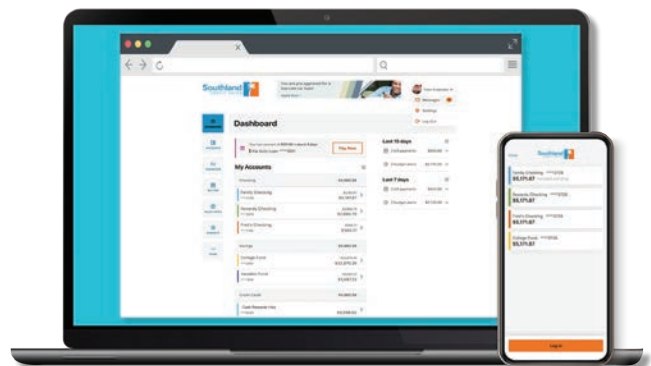
Board Chair and President's Message

We are pleased to report Southland Credit Union achieved notable growth in 2021 due in great part to the trust our valued Members placed in us throughout the year. This growth was achieved despite the continued uncertainty surrounding the global pandemic. We would like to thank you for choosing Southland, whether you purchased or refinanced a home, purchased a vehicle, invested in your future, or simply managed your family's finances. Southland exists to serve you with exceptional, comprehensive, and innovative financial solutions, and our achievements in 2021 reflect that mission.

For the first time ever, Southland surpassed \$1 billion in assets in 2021. This significant milestone was achieved while maintaining a strong and well capitalized 9% net worth ratio. The Credit Union also paid \$2.5 million in dividends and funded an all-time record number of loans. These

achievements could not have been possible without your partnership and support of the Credit Union.

Our Associates are one of our greatest assets, from our outstanding branch and service teams to our hard-working support departments, all of whom work together to make a difference for our Members. Southland remained a great place to work in 2021, receiving a favorable rating and a Workplace Excellence Award on our annual employee survey.



Team Southland achieved significant technology milestones in 2021 that will have lasting effects on our service offerings and operations. Our online services were transformed with a successful Digital Banking conversion, which improves the way you transact with your accounts. Along with our Digital rollout we launched new features like Zelle® and Card Management and modernized the services you know and love, like Bill Pay and Skip-a-Pay. Our new Mobile App continues to have a strong 4.9 star rating, indicating that you, our valued Members, are very happy with the upgrade.



Sending money to those you know is quick and easy with Zelle®.

Find Zelle® in the Southland Credit Union app.

Learn more at www.SouthlandCU.org/Zelle.

Money sent with Zelle® goes directly from your checking account to theirs, and is:

- ✓ **Fast.** Money sent is typically available to use within minutes*.
- ✓ **Safe.** Send money right from our app.
- ✓ **Easy.** Send money using just an email address or U.S. mobile number.

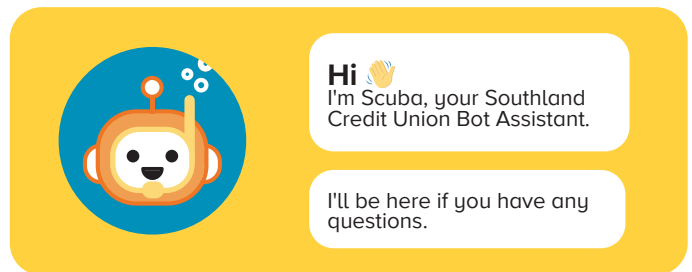
*This service is not available for payments sent to recipients who are not in the United States. Funds are not available for withdrawal until the recipient has accepted the payment. ©2021 Southland Credit Union. All rights reserved.

NCUA

Significant strides were also made in our technology infrastructure to ensure that Southland remains secure and well-equipped for future banking innovations. While these behind-the-scenes enhancements may not be immediately apparent, they position us to continue providing outstanding Member service without interruption.

A new member of the Southland service team was added in 2021 to assist with questions online during and after business hours. His name

is Scuba, short for “Southland Credit Union Bot Assistant,” and he is powered by artificial intelligence technology to provide quick responses to your everyday credit union questions 24/7.



Southland expanded its branch footprint by entering into an agreement with California State University, Long Beach to open an on-campus Southland branch in the University Student Union. Scheduled to open in 2022, the campus branch will offer the full spectrum of Southland services to students, staff and faculty.

Team Southland is poised for another strong year ahead and we are eager to share more exciting developments in the coming months. Southland Credit Union is committed to improving your Member experience and is honored to be a trusted partner for your financial needs. On behalf of the Board of Directors, Southland Executive Management, and our team of Associates, we would like to extend our sincere gratitude once again for the opportunity to serve you.

Jose L. Manzano
Board Chair, Board of Directors

Thomas G. Lent, CPA
President and Chief Executive Officer

Southland Credit Union Consolidated Statements of Financial Condition

As of December 31, 2021 and 2020 (in thousands, unaudited)

Assets	2021	2020
Cash and Cash Equivalents	\$ 88,487	\$ 117,786
Deposits in Other Financial Institutions	–	348
Investment Securities:		
Available-for-Sale	308,702	286,743
Other Investments	5,333	3,895
Loans Held-for-Sale	–	3,683
Loans, Net	581,460	521,030
Accrued Interest Receivable	2,226	2,202
Credit Union Owned Life Insurance	29,683	28,938
Premises and Equipment, Net	17,785	17,561
NCUSIF	7,864	6,913
Other Assets	6,474	6,849
Total Assets	<u>\$ 1,048,014</u>	<u>\$ 995,948</u>
Liabilities		
Members' Shares and Savings Accounts	\$ 893,287	\$ 820,499
Borrowed Funds	56,700	71,700
Accounts Payable and Other Liabilities	5,649	6,333
Total Liabilities	<u>955,636</u>	<u>898,532</u>
Members' Equity		
Regular Reserve	12,887	12,887
Undivided Earnings	55,611	53,197
Equity Acquired from Business Combinations	25,687	25,687
Accumulated Other Comprehensive Income	(1,807)	5,645
Total Members' Equity	<u>92,378</u>	<u>97,416</u>
Total Liabilities and Members' Equity	<u>\$ 1,048,014</u>	<u>\$ 995,948</u>

Southland Credit Union Consolidated Statements of Income

For the years ended December 31, 2021 and 2020 (in thousands, unaudited)

	2021	2020
Interest Income		
Loans	\$ 22,054	\$ 22,880
Investment Securities and Cash Equivalents	3,940	3,869
Total Interest Income	25,994	26,749
Interest Expense		
Members' Shares and Savings Accounts	2,509	3,865
Borrowed Funds	981	1,277
Net Interest Expense	3,490	5,142
Net Interest Income	22,504	21,607
Provision for Loan Losses	(593)	2,254
Net Interest Income After Provision for Loan Losses	23,097	19,353
Non-Interest Income		
Fees and Charges	7,007	6,188
Other Non-Interest Income	1,936	1,811
Total Non-Interest Income	8,943	7,999
Non-Interest Expense		
General and Administrative:		
Employee Compensation and Benefits	16,356	15,046
Occupancy	3,244	2,928
Operations	5,244	4,343
Professional and Outside Services	1,051	986
Educational and Promotional	2,190	1,599
Loan Servicing	1,227	1,147
Other	314	651
Total Non-Interest Expense	29,626	26,700
Net Income	\$ 2,414	\$ 652



Volunteers

The Board of Directors is representative of the Credit Union's membership and the community. They are given the legal corporate authority and responsibility for the achievement of the Credit Union's mission, and for its financial and operational stability in accordance with the California Credit Union Law, regulations of the California Department of Financial Institutions, and the National Credit Union Administration. Each Director is expected to become an active participant in a body that functions effectively as a whole. In addition to assisting in the exercise of the major duties of the Board of Directors, individual directors are responsible for exercising due diligence in the performance of their duties.



Board of Directors

Officers:

Jose L. Manzano
Board Chair

Bradley P. Silcox
Vice Chair

Dolores M. Arriola
Secretary/Treasurer

Directors:

Angie Avery
Director

Becky Cool
Director

Walter Finnigan
Director

Justin Laird
Director

Annie Perez
Director

Tom Willingham
Director

(Pictured left to right, top to bottom)

Supervisory Committee

Morris J. Litwack
Committee Chair

Donita Smith
Member

Megan Hiszpanski
Member

(Pictured left to right)

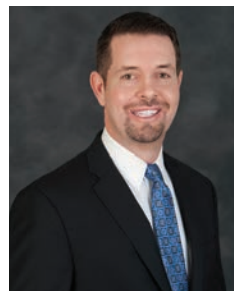
The Supervisory Committee regularly meets to ensure that the Credit Union is fiscally sound and effectively serving the diverse financial needs of Members. Committee members generously volunteer their time to review internal and external audit reports, as well as financial statements. Throughout the year, the Supervisory Committee also confirms the validity of shares and loans.





Leadership

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.



Executive Team

Thomas G. Lent, CPA
President & CEO

Rene M. LeJay
Executive Vice President & COO

Christopher W. Burns, CPA
Senior Vice President & CFO

Matthew P. Herrick
*Senior Vice President
of Marketing & Financial Services*

Curt A. Bannock
Vice President & CIO

Barbara Bannister
*Vice President
of Human Resources*

Beckie Delgadillo
*Vice President
of Branch Operations*

Patty Jimenez
*Vice President
of Lending*

Bertrand Villavert
Vice President & Controller

Tracy Koehler
*Assistant Vice President
of Compliance & Risk Management*

(Pictured left to right, top to bottom)

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

OUR VISION

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

OUR MISSION

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

CORE VALUES



Treasurer's Report

On behalf of the Board of Directors and Supervisory Committee, thank you for your membership in Southland Credit Union. Your volunteer Board of Directors and Supervisory Committee Members are dedicated individuals and Member advocates who work diligently to ensure the continued safety and soundness of the Credit Union.

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

In 2021, the Credit Union exceeded \$1 billion in assets for the first time ever, finishing the year at \$1.048 billion. Southland's net income in 2021 was \$2.4 million, an improvement of 270% over 2020. In addition, the net worth ratio of 9% is well above the minimum required level of 7% to be considered "well-capitalized."

At over \$1 billion in assets and with strong capital, the Credit Union is well positioned to serve all your and your family's financial needs now and into the future. Thank you for placing your trust in Southland.

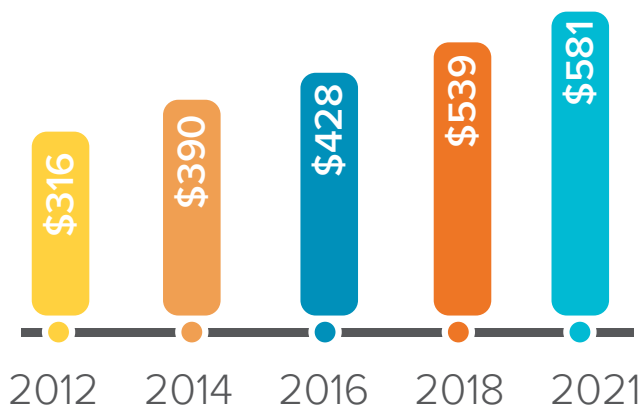


Sincerely,

Dolores M. Arriola
Secretary/Treasurer
Board of Directors

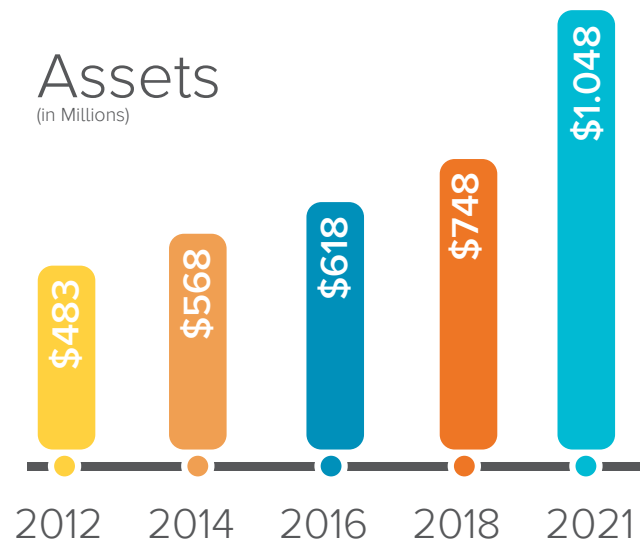
Loans

(in Millions)



Assets

(in Millions)





Supervisory Committee Report

The Supervisory Committee is comprised of three volunteers who are elected by the membership. The Committee is primarily responsible for assisting the Southland Board of Directors in fulfilling its oversight responsibility of providing an independent appraisal of the safety and soundness of the operations and activities of the Credit Union.

In carrying out this responsibility, the Committee meets with the federal and state regulatory agencies during their routine examinations and engages and oversees the internal and external audits and verification of accounts performed by nationally recognized CPA firms.

Annually, the Committee engages an independent CPA firm to perform an audit of Southland Credit Union's financial statements to opine that they are fairly presented in accordance with generally accepted accounting principles.

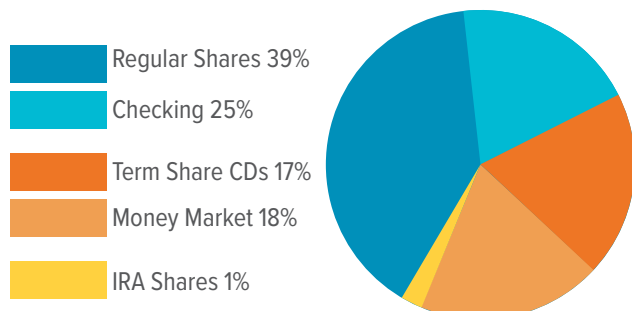
It is the opinion of the Supervisory Committee that your Credit Union is financially strong, complies with sound business practices, and has effective internal controls to adequately protect and safeguard the Members' assets



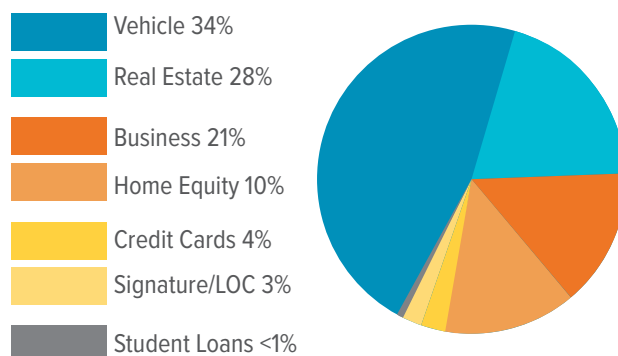
Sincerely,

Morris Litwack
Committee Chair
Supervisory Committee

Deposit Mix



Loan Mix



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

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

P.O. Box 3003

Los Alamitos, CA 90720-1303

800.426.1917 | SouthlandCU.org



Federally insured by NCUA
NMLS #685526