



Federally insured by NCUA

2022

Annual Report

OUR VISION

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



OUR MISSION

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



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.





Table of Contents

4	•	Board Chair & President's Message
6	•	Consolidated Statements of Financial Condition
7	•	Consolidated Statements of Income
8	•	Leadership
9	•	Board of Directors & Supervisory Committee
10	•	Treasurer's Report
11	•	Supervisory Committee Report



Bradley Silcox
Board Chair



Thomas Lent
President & CEO

Board Chair & President's Message

As we continue to navigate a quickly changing world together, Southland is very proud to report that 2022 was another successful year. The credit union achieved positive growth due to its incredible Members and Associates while remaining dedicated to the mission of providing exceptional, comprehensive and innovative financial solutions, delivered with uniquely personal Southland service.

Southland accomplished the majority of its financial and operational initiatives in 2022, and remained well capitalized with a net worth ratio of 9.09%. Your credit union grew beyond the \$1 billion milestone to \$1.1 billion in assets in 2022, and paid more than \$2.5 million in dividends to our Members.

Our branch footprint expanded with the opening of our California State University, Long Beach branch. The full-service campus branch celebrated its grand opening in September 2022 with a widely-attended street fair style event in the University Student Union plaza, serving lunch to hundreds of hungry students. The new branch also offered a Long Beach State Checking account with a \$200 bonus. Southland is thrilled to have the opportunity to provide credit union services to the students, faculty and staff of Long Beach State and we are looking forward to further developing our partnership with the university.



Member feedback is integral to the successful operation of our credit union, and we are thankful for all those who responded to our surveys in 2022. The responses we received have assisted us in developing our products and services to better meet the needs of our Members. One of the changes Southland implemented in part due to your feedback, was a reduction of the Courtesy Pay and Non-Sufficient Funds (NSF) fees, which are now lower than many of our peers.

Southland launched several new services in 2022 to improve the way Members transact with us and to provide a wider array of financial services. Our Lending team completed a digital lending initiative, which includes a new Member-friendly loan application as well as several operational enhancements to make the loan approval process quick and easy for borrowers. These enhancements were an integral part of allowing Southland to help our Members by funding an all-time record of more than half a billion dollars in loans in 2022!

The credit union added new products in 2022, including a partnership with Affinity Trusts to offer seamless trust services and estate planning at a discount to our membership, as well as new High Yield Savings and Promotional Certificate accounts. Those interested in purchasing electric or hybrid vehicles were able to secure an auto loan at a discounted rate at their community credit union in 2022. Southland also provided cryptocurrency services for the first time through a partnership with NYDIG. Members can now make easy and secure bitcoin purchases and sales through the Southland Credit Union mobile app.



As promised, after the successful launch of our Digital Banking platform in 2021, we continue to make enhancements to our desktop and mobile services to ensure our technology remains modern and up-to-date for our Members. In 2022, Southland added new features to the Manage Cards tool, allowing Members to place travel notifications, update their PIN and activate cards online. Members with a Mortgage through Southland now have an improved sign-on experience in Digital Banking. The platform also received a look-and-feel upgrade with updated design features and improved navigation throughout. We are proud to maintain our 4.9 app store rating since the launch of our new digital services, and we are thankful for the Members who share their feedback with us.

To ensure we continue to provide excellent Southland Service throughout the credit union, our management team successfully completed a management development program, consisting of several weeks of training and assessment. We thank our exceptional service and support departments for helping to make our Members' financial futures easy.

Southland Credit Union is eager to make 2023 another successful year. We are committed to providing an exceptional Member experience and we are proud to be your 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 thank you for the opportunity to serve you.

A handwritten signature in black ink, reading 'Brad Silcox'.

Bradley P. Silcox
Board Chair, Board of Directors

A handwritten signature in black ink, reading 'Thomas G. Lent'.

Thomas G. Lent
President and Chief Executive Officer

CONSOLIDATED STATEMENTS

Consolidated Statements of Financial Condition

As of December 31, 2022 and 2021 (in thousands, unaudited)

Assets	2022	2021
Cash and Cash Equivalents	\$ 68,174	\$ 88,487
Deposits in Other Financial Institutions	–	–
Investment Securities:		
Available-for-Sale	219,547	308,702
Other Investments	5,863	5,333
Loans Held-for-Sale	–	–
Loans, Net	726,923	581,460
Accrued Interest Receivable	2,730	2,226
Credit Union Owned Life Insurance	29,768	29,683
Premises and Equipment, Net	18,358	17,785
NCUSIF	8,426	7,864
Other Assets	5,853	6,474
Total Assets	\$ 1,085,642	\$ 1,048,014
Liabilities		
Members' Shares and Savings Accounts	\$ 918,048	\$ 893,287
Borrowed Funds	90,900	56,700
Accounts Payable and Other Liabilities	10,191	5,649
Total Liabilities	1,019,139	955,636
Members' Equity		
Regular Reserve	12,887	12,887
Undivided Earnings	60,121	55,611
Equity Acquired from Business Combinations	25,687	25,687
Accumulated Other Comprehensive Income	(32,192)	(1,807)
Total Members' Equity	66,503	92,378
Total Liabilities and Members' Equity	\$ 1,085,642	\$ 1,048,014

CONSOLIDATED STATEMENTS

Southland Credit Union Consolidated Statements of Income

For the years ended December 31, 2022 and 2021 (in thousands, unaudited)

	2022	2021
Interest Income		
Loans	\$ 27,077	\$ 22,114
Investment Securities and Cash Equivalents	4,929	3,940
Total Interest Income	32,006	26,054
Interest Expense		
Members' Shares and Savings Accounts	2,536	2,509
Borrowed Funds	1,159	980
Net Interest Expense	3,695	3,489
Net Interest Income	28,311	22,565
Provision for Loan Losses	1,628	(593)
Net Interest Income After Provision for Loan Losses	26,683	23,158
Non-Interest Income		
Fees and Charges	6,427	5,882
Other Non-Interest Income	1,541	1,936
Total Non-Interest Income	7,968	7,818
Non-Interest Expense		
General and Administrative:		
Employee Compensation and Benefits	17,131	16,356
Occupancy	3,213	3,091
Operations	4,114	4,062
Professional and Outside Services	828	1,051
Educational and Promotional	1,779	2,190
Loan Servicing	2,009	1,495
Other	1,067	314
Total Non-Interest Expense	30,141	28,559
Net Income	\$ 4,510	\$ 2,417



**Thomas
Lent**
President & CEO

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.



**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*



**Barbara
Bannister**
*Vice President of
Human Resources*



**Beckie
Delgadillo**
*Vice President of
Branch Operations*



**Patty
Jimenez**
*Vice President of
Lending*



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



**Bertrand
Villavert**
*Vice President
& Controller*



**Bradley
Silcox**
Board Chair

Board of Directors

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 Protection and Innovation, and the National Credit Union Administration.



**Becky
Cool**
Vice Chair



**Thomas
Willingham**
Secretary/Treasurer



**Angie
Avery**
Director



**Walter
Finnigan**
Director



**Megan
Hiszpanski**
Director



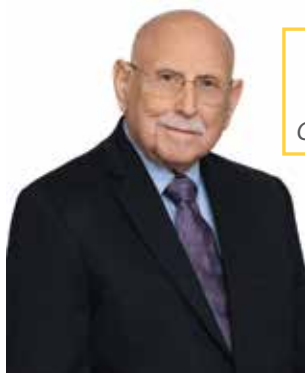
**Justin
Laird**
Director



**Jose
Manzano**
Director



**Annie
Perez**
Director



**Morris
Litwack**
Committee Chair

Supervisory Committee

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.



**Donita
Smith**
Secretary



**Roderick
Calub**
Committee Member

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.

The credit union had an exceptional year in 2022, achieving net income of \$4.5 million, which is an 87% improvement over 2021. Assets increased 4% to an all-time high of nearly \$1.1 billion. More than \$2.5 million in dividends were returned to Members in the form of interest on deposits. The credit union also assisted our Members by funding a record of more than \$500 million in new loans in 2022. This resulted in loan balances increasing 25% to another all-time high of \$727 million. In addition, the net worth ratio of 9.1% 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 very 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,



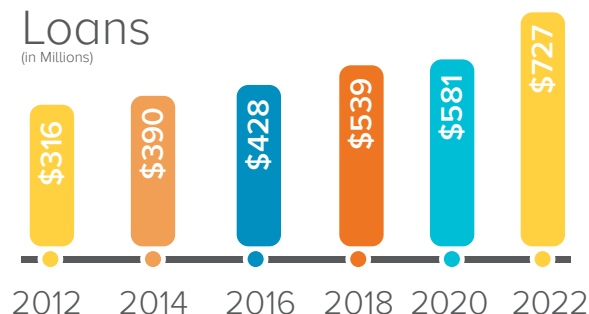
Thomas H. Willingham
Secretary/Treasurer
Board of Directors



Tom Willingham
Secretary/Treasurer

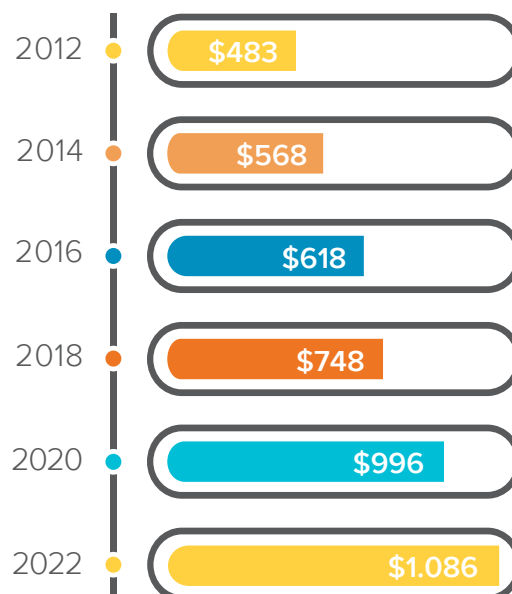
Loans

(in Millions)



Assets

(in Millions)



Supervisory Committee Report

Southland's Supervisory Committee is comprised of three volunteers who are elected by the membership. The Committee is charged with ensuring that the Board of Directors and management fulfill its oversight responsibility in meeting required financial reporting objectives and establishing practices and procedures to safeguard Members' assets.

With the assistance and cooperation of management, the Committee ensures that the credit union adheres to safe and sound business practices and meets federal and state regulatory standards established by the National Credit Union Administration (NCUA) and the California Department of Financial Protection and Innovation (DFPI).

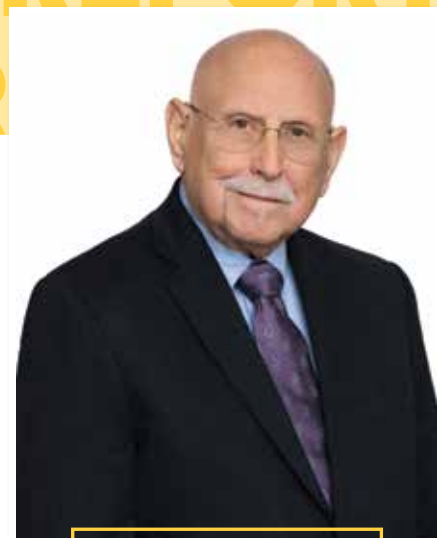
In carrying out this responsibility, the Committee engages and oversees internal audits and an annual external financial statement audit and Member account verification performed by nationally recognized CPA firms. The annual opinion audit concluded that Southland's financial statements are fairly presented in accordance with generally accepted accounting principles. The joint regulatory examination performed by the NCUA and DFPI in 2022 also resulted in the credit union receiving a strong rating.

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,

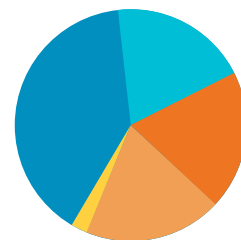
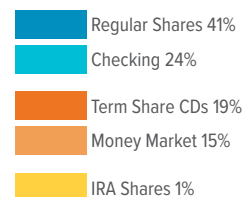


Morris Litwack
Committee Chair
Supervisory Committee

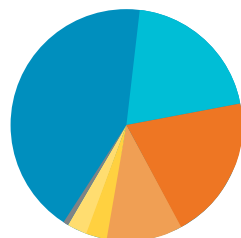
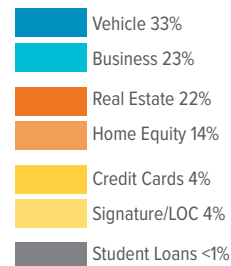


**Morris
Litwack**
Committee Chair

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

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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