

E-CENTRAL  
CREDIT UNION



2022  

---

Annual Report

# Chairman's and President's Message

Each spring we welcome the opportunity to share with our valued Members, business partners and community, this annual summary of E-Central Credit Union's overall performance and outlook for the future.

We take great pride in reporting on the Credit Union's service highlights, business successes and financial health, against the backdrop of the ever-changing economic challenges and societal dynamics we face on a daily basis. As a member-owned not-for-profit financial cooperative, everything we do is inspired by our commitment to helping Members reach their goals and live better lives, because at E-Central, our Members mean everything!

Here in Southern California and nationwide, 2022 was another year marked by economic uncertainties and health concerns. Businesses and workers were continuing to recover from the financial impact of the pandemic. At the same time inflation, higher housing costs and rising interest rates dramatically increased the cost of living.

To help mitigate these escalating costs and bring relief to our Members, E-Central offered an array of inflation-busting products and services. We continued our CU Save Program, helping Members reduce finance charges by consolidating credit card debt at our lower interest rates. Our Everything Checking Accounts enabled Members to save money on everyday costs, such as cell phone insurance, roadside assistance and Identity Theft protection. And as interest rates trended upward, E-Central helped Members bolster their savings, by offering higher dividends on a wide range of deposit accounts and term share certificates. Together, these products and services helped Members improve their cash flow while maintaining their assets.

E-Central also continued to meet our Members' borrowing needs — for homes, home improvements, autos and small business lending. As a result, E-Central's total loans increased by 22.7% for the year, with strong business loan originations totaling \$39 million. Always evolving our lending products to meet Members' changing needs, E-Central was excited to introduce an innovative and flexible financing program for Accessory Dwelling Units (ADUs). This program is designed to help Members increase home values and create rental income by adding a second dwelling to their existing properties.

In 2022, the Credit Union's net income more than doubled over the prior year, reaching \$1,557,140, despite a decline in Assets and Shares, at 5.9% and 8.5% respectively. As further indicators of E-Central's financial soundness, our Return on Assets (ROA) improved significantly, from .34% to .83%, and we maintained a strong Net Worth ratio of 18.54%, which is considered "well capitalized" by the National Credit Union Administration (NCUA).

**Growing Organically.** Organic growth is critical to the success of a business. This is a process by which an organization expands on its own capacity, without the need to borrow or acquire outside assets. In recent years, thanks to an insightful and dedicated Executive Team, Board of Directors and Staff, E-Central has achieved organic growth, by increasing operational efficiencies, investing in technology, ensuring a positive banking experience for Members and reallocating funds into properly priced loans that are more affordable to our Members and provide a positive return for the Membership. Additionally, growth was achieved by reducing capital expenses, optimizing internal resources and outsourcing non-core business services.

**Leveraging Digital Banking Technologies.** While the migration to digital banking has been underway for many years, the pandemic had a profound impact on consumer behavior, greatly accelerating the adoption and volume of electronic financial transactions. E-Central Members are more frequently electing to use our online and mobile banking services over traditional cash and in-branch transactions. This is underscored by the growing popularity of Zelle® and digital wallets, such as Apple Pay®. It is our investment in the latest and most flexible digital banking technologies that continues to enable E-Central to adapt to today's new and dynamic financial marketplace.

**On the Horizon.** In 2023 and beyond, Members can look forward to the rollout of a new credit card program that pays cash back rewards on everyday purchases. This exciting new credit card is another example of how E-Central is fulfilling our "Expect More" promise. In 2023, E-Central Credit Union will celebrate a major milestone — our 80th Year of Service. As we prepare to journey beyond this historic anniversary, rest assured your Credit Union is well positioned to overcome economic headwinds and unexpected changes in the marketplace. This includes a trend of asset growth and a fully funded Allowance for Loan Loss (ALL).

In closing, we wish to thank you, our Member-owners, for continuing to rely on E-Central for competitive financial services to serve your personal and business financial needs. We also extend our sincere gratitude to our forward-looking, dedicated and Member-focused Board of Directors, Supervisory Committee and Staff. It is your collective efforts that continue to drive E-Central's growth and success. We assure our Membership that we shall continue on the path of financial strength, organic growth and service innovation.

Respectfully submitted,

*Mark A. Garmus*

Mark A. Garmus  
Chairman of the Board

*Michael Theodore*

Michael Theodore  
President/CEO

## Supervisory Committee Report

E-Central's Supervisory Committee is a highly qualified volunteer panel of Credit Union Members charged with safeguarding the interests and assets of the Membership. The Committee works independently of the Board of Directors and Management Team to monitor the accuracy of records, the security of Members' deposits, and compliance with regulatory policies and procedures. In the course of executing its duties, the Committee engaged the services of Turner, Warren, Hwang, and Conrad Accountancy Corporation to perform the annual audit of E-Central's financial statements. I am honored to report that the audit confirmed that the Credit Union met or exceeded regulatory requirements across all operational categories.

Respectfully submitted,

*Jon Oliver*

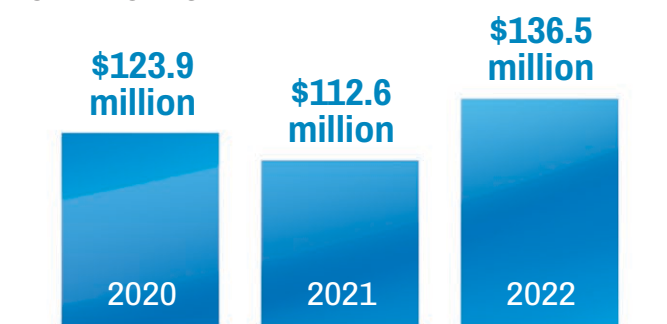
Jon Oliver  
Chairman of the Supervisory Committee

# Returning Profits Through Affordable Lending for Members and Businesses

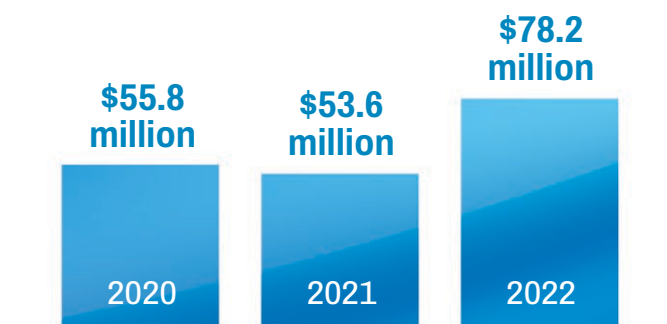
Our core mission of returning profits to our Members and Member-Businesses is a key element of our “Expect More” philosophy. The Credit Union has always offered competitive savings rates as a means of returning profits to our Membership, but it's our commitment to delivering affordable financing options to car buyers, homeowners, and business owners that delivers the biggest impact to our Membership and local businesses.



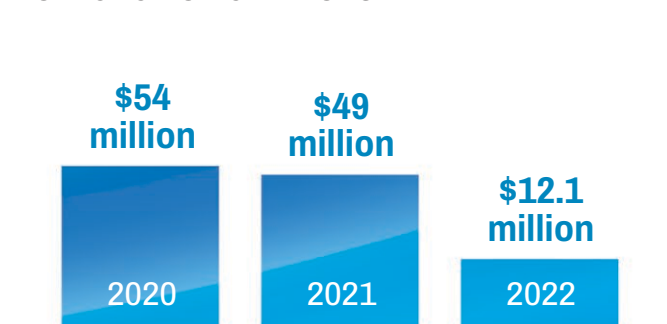
## TOTAL LOANS



## MEMBER BUSINESS LOANS



## MORTGAGE ORIGINATIONS



## STATEMENT OF FINANCIAL CONDITION

	2022	2021
Cash	\$ 272,392	\$ 286,977
Investments	38,030,128	72,033,848
Loans to Members (Net)	136,517,261	111,081,701
Building & Equipment (Net)	4,231,632	4,425,899
Other Assets	3,577,020	6,152,339
<b>Total Assets</b>	<b>\$ 182,628,433</b>	<b>\$ 193,980,763</b>

## LIABILITIES & MEMBERS' EQUITY

Other Liabilities	\$ 1,909,361	\$ 1,232,448
Members' Shares	146,857,444	160,443,827
Regular Reserve	4,604,869	4,604,869
Undivided Earnings	29,256,759	27,699,618
<b>Total Members' Equity</b>	<b>33,861,628</b>	<b>32,304,488</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$ 182,628,433</b>	<b>\$ 193,980,763</b>

## STATEMENT OF INCOME & EXPENSE

Interest Income	\$ 6,542,828	\$ 5,468,547
Less, Dividends Paid on Shares	326,918	509,819
<b>Net Interest Income</b>	<b>6,215,910</b>	<b>4,958,728</b>
Provision for Loan Losses	243,651	400,000
Other Income	2,407,102	3,149,355
<b>Income from Operations</b>	<b>8,379,361</b>	<b>7,708,082</b>
Operating Expenses	6,822,221	7,051,600
NCUA Stabilization Expense	-	-
<b>Total Expenses</b>	<b>6,822,221</b>	<b>7,051,600</b>
<b>Net Income</b>	<b>\$ 1,557,140</b>	<b>\$ 656,482</b>

\*These financials are unaudited. Our fiscal year ends March 31, 2023.

#### BOARD OF DIRECTORS

Mark A. Garmus, Chairman  
Dominick Edwards, Vice Chairman  
Dennis Magaldi, Secretary/Treasurer  
Glenda Giles-Luick, Director  
Stephen Henson, Director  
Richard Honore, Director  
Trevor Kale, Director  
Kenneth Kasamatsu, Director  
James P. Cafferty, Director Emeritus

#### SUPERVISORY COMMITTEE

Jon Oliver, Chairman  
Jim Greenbaum, Member  
Corbet Wilcox, Member

#### MANAGEMENT TEAM

Michael Theodore, President/CEO  
Laurent Sy, Senior Vice President of Lending/CCO  
Silvio Jorge, Vice President/CFO  
Jose Davila, Vice President of Information Technology  
Evan Hitchcock, Vice President of Operations  
Sue Brown, Executive Assistant to the CEO  
Rose Duran, Operations Manager  
Doug Stubenbordt, IT Security Officer

#### CORPORATE

Pasadena Branch  
990 S. Fair Oaks Ave.  
Pasadena, CA 91105  
626.799.6000  
[www.ecentralcu.org](http://www.ecentralcu.org)

