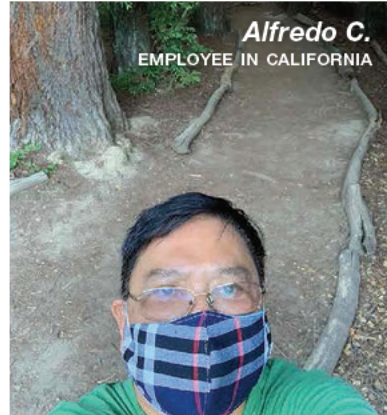


**It's better when you**



**2020 Annual Report**



“Always feels like family when banking with Chevron FCU!”

**Roman M.**  
MEMBER IN CALIFORNIA



**Anthony W.**  
MEMBER IN NEW MEXICO



**Matilde M.** MEMBER IN CALIFORNIA

“Chevron FCU has been our main source of banking services for 50 years.”

**Ken O.**  
MEMBER IN CALIFORNIA



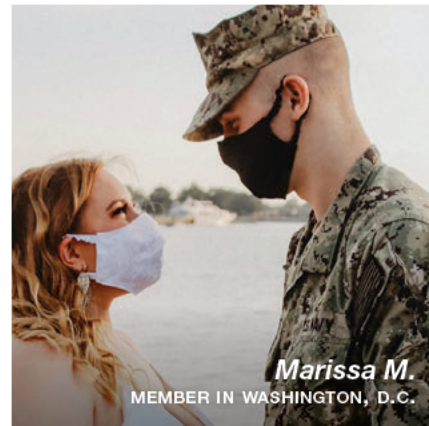
**Alice L.**  
MEMBER IN CALIFORNIA



**Ashley S.** EMPLOYEE IN CALIFORNIA



**Travis P.** MEMBER IN TEXAS



**Marissa M.**  
MEMBER IN WASHINGTON, D.C.



**Laura H.**  
EMPLOYEE IN TEXAS



**Thomas R.** EMPLOYEE IN CALIFORNIA

**Alfredo C.**  
EMPLOYEE IN CALIFORNIA

**Marjorie Y.**  
MEMBER IN CALIFORNIA

**Melissa G.**  
MEMBER IN CALIFORNIA

**Laurie D.**  
MEMBER IN COLORADO

**Aidor G.** MEMBER IN TEXAS

# To our members

Last year when we wrote our letter to you, full of optimism about the coming year, the events to come would have seemed unfathomable. The pandemic upended the most carefully laid plans, wreaking havoc on the global economy, reshaping nearly every facet of our lives, and leading to a tragic loss of life.

**At the Credit Union, we've been privy to many of your stories, challenges, and heartbreaks as you've navigated the past year.** Our goal has been to be a supportive, empathetic partner that makes your life easier during these times.

As the economic situation deteriorated, that support meant helping members who suddenly had difficulty making their loan payments. We created programs to offer a variety of loan forbearance, modification, and deferment options so members could stay in their homes and keep their vehicles.

Support also meant adapting to meet the changing needs of members. As call volumes rose, we invested heavily in our capacity to ensure members would not have long wait times. We reconfigured branches and kept them open as much as possible to serve members who needed an in-person experience. And we increased flexibility around self-service options like ATM cards and remote check deposits.

**Underlying our efforts were the outstanding work of our staff and a shared culture of resiliency and teamwork.** We quickly transitioned most

of the organization to remote work, with little impact to our operations. Throughout the year, staff from across the Credit Union partnered with each other to provide extra support in meeting member needs.

Much of our focus centered on enhancing our mortgage lending operations. As rates plunged to record

***Our goal has been to be a supportive, empathetic partner that makes your life easier during these times.***

lows, we fielded an unprecedented demand for refinancing of mortgage loans. This put stress on our operations and resulted in much longer turn times and lower responsiveness than we would have liked. To address this situation, we expanded our capacity as quickly as possible through external hiring and redeployment of staff from other departments, and leveraged technology to create efficiencies. We have made significant progress already, and are in process with a series of initiatives for further improvement.

In addition to the focus on ensuring sound day-to-day operations, we implemented numerous initiatives to build our capabilities. The ability to customize preferences at our new ATMs provided for increased flexibility. Enhancements in our consumer lending business led to more instant decisions. Branch redesigns in San Ramon and Houston Galleria created open environments more conducive for conversations. The rollout of financial education offerings provided valued resources for members. Behind the scenes, we streamlined operations and increased operational discipline through enhanced metrics and tracking.

**Despite the unique challenges of 2020, our financial condition remained very strong.** Our core

earnings from regular operations remained healthy although lower than prior years due to the very low interest rate environment and our commitment to providing best-in-class deposit and loan rates to members.

On the balance sheet, we had strong deposit growth of 13.5%. Loan growth was lower at 2.6%, reflecting higher mortgage principal paydowns and a slower first half of the year for solar lending. While we increased our provision for loan losses due to the pandemic, credit quality remained very sound. And our capital ratio of 13% put us in an enviable position relative to our peers.

**Of particular note in 2020 was the recognition in our income statement of \$150 million in Visa stock that we received in 2008 as part of Visa's initial public offering.** These Class B shares convert to fully tradeable Class A shares upon the future

# 2020

settlement of identified antitrust litigation at the time of the IPO. As a more robust market emerged in recent years for these Class B shares, we evaluated our position in partnership with an economic consulting firm and sold half of our holdings in 2020 (per accounting rules, we recognized \$150 million, which represented 100% of the Visa shares' market value, both sold and unsold). We expect to hold the remaining securities until they convert to Class A shares. Our strategy has enabled us to benefit from the large appreciation in Visa's stock price, while locking in a significant portion of the gain. The increased capital positions us well for continued investments in member service and aggressive deposit and loan rates.

**Looking forward, we are excited about the many upcoming developments that will drive progress.**

We will upgrade our digital banking offerings when we transition to a new partner in 2021, and we will introduce real-time, person-to-person payments and transfers. We are planning a significant end-to-end upgrade to our technology and processes for lending, with the goal of ensuring that our capabilities are leading edge. We are also heavily focused on developing capabilities in other channels, including video, which has become so central over the past year.

As we close the book on an unforgettable year and turn the pages of a new one, our hope is that everyone in the Credit Union family stays healthy and that we can all return to a sense of "normalcy" as soon as possible. As always, we will be here with you every step of the way to help navigate both expected and unexpected financial challenges. We will do all we can to make sure "it's better when you belong."

Sincerely,



**Bill Clutter**, Board Chair  
chairperson@chevronfcu.org



**Jon Berlin**, President and CEO  
president@chevronfcu.org

***P.S. Many thanks to all of our members and staff who took time to share stories and photos about their experiences in 2020. We hope you will enjoy hearing from them as you read through our annual report.***

# Weathering a Pandemic Together

2020 showed us – more than ever – the strength we have as a Credit Union family. We made it through challenging times by coming together and supporting one another.

Our members and staff have told us many stories of resilience, reassurance, and reconnecting in new ways. We're happy to share their words and images with you here.

“

2020 in New Orleans took away a lot of our cherished festivals, but it gave us a new way to take family photos. We participated in Porch Portraits to help photographers who lost work because of the COVID-19 safety restrictions. [We're] sitting on the front steps of our home mortgaged by Chevron FCU.

**Qiana W.**

MEMBER IN LOUISIANA



# All hands on deck

For our employees, being a part of the Credit Union means being a part of a community. And as a community, we came together to support each other in 2020 in a way that was unprecedented.

While the pandemic forced several of our locations to close due to safety concerns, we simultaneously experienced higher than usual workloads in other departments. Remaining flexible, the organization cross-trained employees from closed branches to provide help all across the business.



**Ruby Serrano**  
Reston Branch

Answering Call Center inquiries, working on loan extension requests, and assisting with the processing of mortgage loan applications were just a few of the jobs branch staff stepped in to help with.

Ruby Serrano, Assistant Branch Manager at our Reston, Virginia, branch assisted our lending teams, starting with calling members who had basic mortgage questions and then moving on to help with the processing of Xpress loans.

“It was interesting for me because I’d never worked in mortgage before,” Ruby says. “The training sessions were really informative for me and gave me a lot more insight into the department and how it works.”

In addition to assisting the lending teams, Ruby continued to assist her members. Though her one-person branch was officially closed for several months, Reston members were able to contact her

**Now I can answer my members’ mortgage questions right there and then.**

via telephone and email for assistance with basic services.

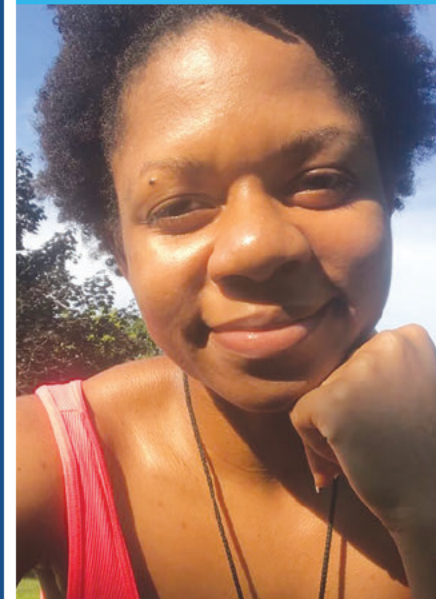
“I let my members know that I would still be available my usual hours to help them out remotely, and I was able to answer questions, open accounts, and assist with consumer loans,” she explained.

After her experience assisting the lending teams, Ruby can also help her members in a new way.

“In the past, if a member came in to the branch and was interested in a mortgage, I would let the mortgage department know and tell my member, someone will call you back,” she says. “Now I can answer my members’ mortgage questions right there and then.”

“

I’ve been a Chevron FCU member since I was in high school. That’s more than 10 years ago! Money used to leave my bank account as fast as it came in. 2020 has changed my perspective. I’ve now been using my account as a financial cushion to save extra money for both my mental and physical wellness.



**Ifeoma O.**  
MEMBER IN  
NEW YORK

# Maintaining connections

“When they told me our branch was opening up again, I wanted to do a cartwheel because I was so happy,” laughs Martha Rogers, Sr. Financial Services

Rep at our San Ramon, California, branch. “And our members were like, ‘Oh, we’re so glad you’re here, we missed the face-to-face interaction!’”

It’s a feeling shared by many as branch teams returned to helping members in their branch environment.

“We love it when the members come in,” says Erika Wallheimer, Assistant Branch Manager at our El Segundo, California, branch. “I personally like just talking to members because you do get to know them, and they get to know you, too. They know that

I have six kids because I always say, ‘I have six kids who drive me crazy so that’s why I’m here – because I want some rest!’”



**Martha Rogers**  
San Ramon Branch



**Erika Wallheimer**  
El Segundo Branch

But reopening had to be done safely. Masks and cleaning requirements, temperature checks at some locations, and rearranging furniture or offices to maintain social distancing were just a few of the policies introduced to help both members and staff stay healthy.

“It can be kind of hard sometimes when we have three members come in and only two staff. One member has to kind of hang out at the front door until we can check them in because you can’t just have a line,”

Martha says. “But our members really appreciate everything we’re doing. Sometimes in their surveys they’ll even mention, ‘the branch was COVID safe.’”

Foot traffic in open branches is still much lighter than it was pre-pandemic as more people do their transactions electronically or over the phone. So branch staff are making it a priority to maintain their connections with members in other ways as well.

“We’re doing calls to just check in with our members and see how they’re doing,” Erika explains. “We’re answering any questions they may have about their accounts and letting them know we are here for them.”



The El Segundo branch has helped me tremendously this past year. They provided me the loan I needed [for] my first car, and they helped me with the security deposit for my first apartment out of college. Everyone is so helpful and friendly that I always look forward to doing business together. Thank you for helping me on my post-college journey!

**Zoë O.**  
MEMBER IN CALIFORNIA

# Reassurance over the phone

Throughout the pandemic, our Call Center team has been on the front line helping members.

“When it first started, it was a little overwhelming,” recalls Ashlie Woods, Call Center Rep. “You could feel the anxiety and uncertainty of our members.”



**Ashlie Woods**  
Call Center



**Jenn Visda**  
Call Center

Fellow Call Center Rep Jenn Visda agrees. “The pandemic was a curveball. No one expected this to happen.”

As branches temporarily closed and parts of the country entered lockdown, many members sought assistance setting up digital options such as automatic transfers and bill payments.

“Helping some of our older members especially tugged on my heartstrings,” says Ashlie. “They couldn’t see their families. They couldn’t get their kids or grandkids to help them work their smartphones.”

“In many cases, we educated members on how to use Online and Banking services they didn’t realize they had access to,” adds Jenn. “For example, they didn’t know they could raise their debit card limits in the Mobile Banking app.”

Ashlie and Jenn also talked to many members who found themselves unexpectedly out of work due to

**When we can confidently say...“we can get this taken care of for you”...that’s reassuring.**

the pandemic. The Credit Union’s loan extension and mortgage forbearance programs were a welcome lifeline, but the professionalism of the Call Center team also provided comfort.

“When we can confidently say, ‘oh yes, there’s nothing to worry about, we can get this taken care of for you’...that’s reassuring,” Ashlie notes. “We’re our members’ advocates.”

Ashlie credits much of her rapport with members to Call Center Rep Philander Chatman. A favorite with members and staff alike, Philander epitomized the type of personal service the Credit Union strives for. He is greatly missed following his passing in 2020, but his legacy lives on.

“Philander was my mentor, one of the people who trained me, and he set the expectation that this is someone’s mother, this is someone’s son...treat them as if they were your own. Philander knew members’ birthdays and even their kids’ birthdays,” she remembers, “and that’s the sort of energy I try to channel every day in his honor.”

“

My family has been a member of Chevron FCU for 30 years.

Here’s the thing: yes, the services they provide are great, and yes, the ease of online services is also great! However, what makes Chevron FCU amazing is their employees! I cannot even begin to guess how many times they have helped me, doing so with professionalism and enthusiasm!



**Winnie L.**  
MEMBER IN MISSISSIPPI

# 2020 Highlights



## Deposits

Up 13.5% in deposits

Providing exceptional deposit rates (among the best in the nation in 2020) truly means “it’s better when you belong.” Driven by great rates and increased member saving during the pandemic, our deposit balances increased by \$426 million to over \$3.5 billion in 2020.



## Financial Soundness

13% capital ratio

Our financial soundness continues to be outstanding. Our 2020 capital ratio of 13% was well above the 7% regulatory threshold for “well-capitalized” as defined by our regulators. Despite the pandemic-driven recession, the Credit Union’s combined loan delinquency and charge-off ratio was very low at 0.28% at year end.



## Loans

Up 2.6% in loans

We originated a record number of real estate loans as members took advantage of our outstanding rates. Net growth was lower than expected because real estate loan payoffs were also much higher than usual amidst the record low rates. Consumer loan growth slowed due to the pandemic, although the indirect solar lending program rebounded strongly after shelter-in-place orders were lifted.



## Member Satisfaction

87% branch survey respondents reported an excellent experience

We kept our branches open as much as possible throughout the pandemic, and members consistently rated their experience highly. The 87% of members that reported an excellent experience was up from 85% in 2019. We saw similarly strong improvements in the Call Center experience. Streamlining operations and redeploying staff to areas of greatest member need helped support the enhanced experience.



## Assets

Among top 1% of credit unions by asset size\*

We continue to be one of the largest credit unions in the country. Total assets grew 16.5% to more than \$4.1 billion.

\*Source: Callahan and Associates data as of 3rd Quarter 2020.



## Earnings

\$144 million in net income (\$14 million in core income)

Driven by the one-time gain on monetization of Visa holdings of \$150 million, our net income in 2020 was an unprecedented \$144 million. Partially offsetting this gain, the market value of our derivatives declined by \$20 million due to the large decrease in market interest rates. The Credit Union uses derivatives to hedge interest rate risk arising from taking short-term deposits and making long-term fixed-rate mortgages. The value of these derivatives fluctuate year-to-year but even out over time as the value of the derivatives ultimately return to zero at maturity.

Core income before change in fair value of derivatives and gain on sale was \$14 million in 2020, lower than the prior year, as interest rate declines significantly narrowed our net interest margin.



# 2020 Audited Financial Statements in Thousands of Dollars

## Statement of Financial Condition (at December 31)

ASSETS	2020	2019
Mortgages	\$2,654,631	\$2,610,360
Other Secured Loans	384,181	350,328
Unsecured Loans	47,842	54,662
<b>Total Loans</b>	<b>3,086,654</b>	<b>3,015,350</b>
Less: Allowance for Loan Losses	(14,646)	(9,543)
<b>Net Loans</b>	<b>3,072,008</b>	<b>3,005,807</b>
Cash and Investments	1,043,623	514,946
Other Assets	49,134	54,548
<b>Total Assets</b>	<b>\$4,164,765</b>	<b>\$3,575,301</b>
LIABILITIES AND MEMBERS' EQUITY		
Savings	\$432,009	\$357,937
Checking	398,196	325,263
Share Certificates	898,189	922,469
Money Market	1,849,367	1,546,204
<b>Total Members' Balances</b>	<b>3,577,761</b>	<b>3,151,873</b>
Other Liabilities	46,977	26,415
<b>Total Liabilities</b>	<b>3,624,738</b>	<b>3,178,288</b>
Reserves and Undivided Earnings	538,684	394,567
Unrealized Gain (Loss) on Securities	1,343	2,446
<b>Total Members' Equity</b>	<b>540,027</b>	<b>397,013</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$4,164,765</b>	<b>\$3,575,301</b>

## Statement of Operations (for year ending December 31)

INCOME	2020	2019
Interest on Loans	\$117,363	\$113,991
Income from Investments	6,453	13,694
<b>Total Interest Income</b>	<b>123,816</b>	<b>127,685</b>
COST OF FUNDS		
Dividends Paid to Members	(39,790)	(50,757)
Interest Rate Risk Hedging Expense	(7,731)	(95)
<b>Total Cost of Funds</b>	<b>(47,521)</b>	<b>(50,852)</b>
<b>Net Interest Income</b>	<b>76,295</b>	<b>76,833</b>
Provision for Loan Losses	(7,655)	(2,759)
Non-Interest Income	7,600	11,294
Non-Interest Expense	(62,146)	(60,402)
<b>Core Net Income</b>	<b>14,094</b>	<b>24,966</b>
Change in Fair Value of Derivatives	(20,096)	(20,777)
Gain from VISA Stock Holding	150,119	0
<b>Net Income</b>	<b>\$144,117</b>	<b>\$4,189</b>

A complete copy of our audited financial statements is available upon request.

# Supervisory Committee Report

In accordance with the Federal Credit Union Act, the Supervisory Committee is responsible for ensuring that the Credit Union safeguards its assets, maintains adequate systems of internal control, and reports accurate financial information.

We meet regularly with Internal Audit and our external auditors to monitor and evaluate internal controls and to ensure that your assets are safeguarded.

The Committee also monitors the performance of Credit Union employees and volunteer officials and the policies established by the Board of Directors to ensure their compliance. The Committee engages independent firms to perform the annual financial, 401k, IT and other necessary audits.

Members can confidentially report perceived Credit Union violations of rules and policies, unethical behaviors, and other complaints directly to a special post office box established for the Supervisory Committee:

**Chevron Federal Credit Union Supervisory Committee, P.O. Box 70157, Oakland, CA 94612-0157**

Based on the results of internal audits and external reviews for the year 2020, we conclude that Chevron Federal Credit Union has adequate internal controls and is financially sound.

**Jim Killoran**

*Chair, Supervisory Committee*

**Notes on Photo Submissions:** Photos are labeled with the name of the member or employee who submitted the photo. Credits for the photos appearing on the front cover are as follows (left to right): Amanpreet S., member in Michigan; Qiana W., member in Louisiana; Judy A., member in California; Shirley N., member in Texas; Edward C., Sr., member in California; Bev W., member in Colorado; Richard J., member in California; Jasmine D., member in South Carolina.



**Lenore M.**  
EMPLOYEE IN MISSISSIPPI



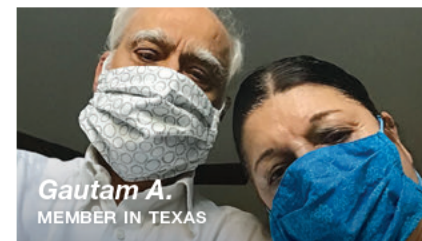
**Patricia M.**  
EMPLOYEE IN CALIFORNIA



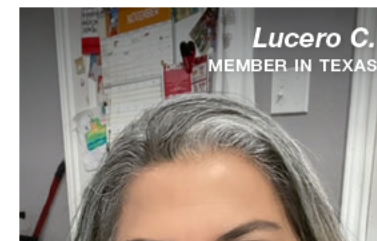
**Christian B.**  
MEMBER IN OREGON



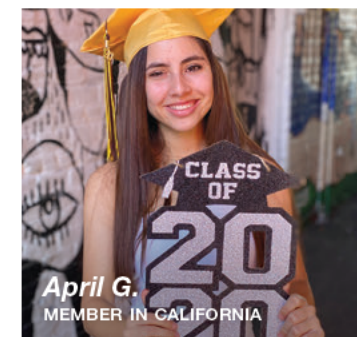
**Lazaro B.**  
MEMBER IN CALIFORNIA



**Gautam A.**  
MEMBER IN TEXAS



**Lucero C.**  
MEMBER IN TEXAS



**April G.**  
MEMBER IN CALIFORNIA



**Richard N.**  
MEMBER IN CALIFORNIA



**Maurice B.**  
MEMBER IN CALIFORNIA



**Michelle B.**  
MEMBER IN UTAH

## Board of Directors

Bill Clutter  
*Chair*

David Andrade  
*1st Vice Chair*

Rick Van De Boom  
*2nd Vice Chair*

Doug Thompson  
*3rd Vice Chair*

May-Yee Ng  
*Secretary/Treasurer*

Will Fleming

Michelle Green

Alana Knowles

Billy Liu

David Seals

Marla Wright

## Supervisory Committee

Jim Killoran  
*Chair*

Denise Coyne

Kirk Rehage

Ron Susa

Rick Van De Boom

## Senior Management

Jon Berlin  
*President and CEO*

Duane Duck  
*EVP Sales and Service*

Sachin Kundra  
*EVP Chief Information Officer*

Janet Lee  
*EVP Chief Financial Officer*

Michelle Anderson  
*SVP Lending*

Mitch Dormer  
*SVP Controller*

Rick Kapur  
*SVP Retail Delivery*

Jennifer Lawson  
*SVP Internal Audit and Compliance*

Eileen Loustau  
*SVP Marketing*

Pat Schneider  
*SVP People Strategy and Operations*

Kyle Whittlinger  
*SVP Finance*

**Chevron Federal Credit Union**  
f chevronfcu | @chevronfcu  
chevronfcu.org | 800-232-8101

**Spectrum Credit Union**  
f spectrumcu | @spectrumcu  
spectrumcu.org | 800-782-8782

P.O. Box 2069, Oakland, CA 94604-2069

