

excite[®]
CREDIT UNION

**STEP UP
TO BETTER**[®]

2020

Annual Report



TYING IT ALL TOGETHER

We spent the greater part of last year inside, witnessing world events through windows and screens. We marched for justice, donated to disaster relief, applied for help, and for the safety of those we loved, we stayed distant, skipping holidays and life events. When you take a step back and think about it, the sacrifices we made were not just for our family, but for everyone's family. Our neighborhoods remain strong because people are helping people – and working together is the only way to step up to better.



OUR PURPOSE

We give everyone the chance to build a financially stronger future, so together we can build a stronger community.

STEPPING UP TO A *NEW WORLD*

As your trusted financial partner, your financial well-being was and is our top priority now more than ever. Our Excite Team Members are financial first responders who assisted heroically on a daily basis during the pandemic. We salute their amazing efforts in serving you our Members during this daunting time.

We Have Helped

66 with emergency loans
totaling **\$284,090**
Members

We waived a total of
\$339,772
in fees
for **Members**

144 Members with 6-month mortgage relief totaling **\$39 million** in balances



We supported **73** local
businesses with
\$1.5 million
in SBA PPP loans



Helped Members with
9,528 skipped payments
& **\$4 million**
in payments

CHAIR'S REPORT

“An achievement I am most proud of in 2020 couldn't have happened without your patronage as a Member.”

2020 is a year that will remain memorable for a long time. As a community, we faced new social, political, and economic challenges all while under the dark cloud of a pandemic. New social norms changed the way we experience human interaction: facemasks, six-foot distancing, and meeting up behind screens. Most importantly, as a community, we continued to grow, continued to do good, and continued to build close relationships in spite of our distance.

An achievement I am most proud of in 2020 couldn't have happened without your patronage as a Member. Excite Credit Union was able to help those in need in our neighborhoods by offering monetary donations to local, small businesses and critical financial education to low income families and foster youth. As a joint effort, we partnered with SOMOS Mayfair and the East Side Alliance in the California Region, as well as the Carousel Center and Toys for Tots in the North Carolina Region, to name a few. In total, we donated \$164,000.

Our 2020 new product rollout focused on small business needs – everything from small business checking accounts to brand building, merchant services to payroll services – were launched, offering a suite of options for growing, local businesses.

At the start of the pandemic, we partnered with Kabbage (a Fintech), benefiting our Members through the SBA Paycheck Protection Program (PPP). In total, Excite Credit Union assisted 73 local businesses with over \$1.5 million in PPP loans.

We ended 2020 with over \$624 million in assets – an increase of \$110 million from 2019 – and maintained our capital ratio at 8.18%. The capital ratio is a vital measurement of a credit union's financial stability and ours shows we are well-capitalized.

On a final note, it is the responsibility of the Board of Directors to ensure that actions taken by the credit union are done with sound judgment, for the Members benefit. This 2020 Annual Report is prepared in accordance with policies, laws, and regulations; and they prove Excite Credit Union is safe, financially sound, and well-positioned for the future.

On behalf of the Board of Directors, I want to acknowledge the Excite Team for their dedication to serving Members during a public health crisis. I am also deeply grateful for you – our Member – for your continued support during 2020 and all the challenges it has brought. It is our hope that 2021 continues to build on the good we have done in our communities and the relationships we are a part of, in person or behind a screen, every day.

Donna Rhody
Chair, Board of Directors

\$624
Million in Assets

\$1.5
Million in PPP Loans

8.18%
Capital Ratio

PRESIDENT & CEO REPORT

If our Members are the heart of our organization, our Team Members are the heartbeat.

Serving our Members well is Excite Credit Union's highest priority. In 2020, with many facing sudden challenges to their health and income from the pandemic, the safety and well-being of our Members and employees became our only priority.

At the height of the pandemic, while navigating stay-at-home orders from county and government officials, Excite Credit Union closed branches for a short time to ensure we could reopen safely, following proper guidelines. In North Carolina, while we kept lobbies closed, our drive-thru lanes were soon reopened. After the Centers for Disease Control and Prevention (CDC) released guidelines for social distancing, including the use of masks and sanitizing, we offered appointment only branch visits.

If our Members are the heart of our organization, our Team Members are the heartbeat. Our frontline staff stepped up to the challenges the pandemic brought this year by ensuring our branches and ATMs are frequently sanitized, masks are worn, and interactions are as contactless as possible. When the pandemic hit, our back office staff set up home offices as fast as possible to ensure we could continue running the credit union without interruption.

When we heard people in our community were being laid off, we responded to a call to action from government officials to provide financial options including loan payment skips and emergency loans. In total, we provided over 66 Members with emergency loans totaling \$284,090 in relief with no payments required for 90 days. In addition, our Members were given the opportunity to skip loan payments totaling \$42.5 million in balances. When the government requested banks to offer a three month no payment option on mortgages – we offered six months, extending relief totaling \$39 million for 144 Members. And when stimulus checks were being rolled out, Excite posted these checks two days early into Member accounts.

More recently, Excite partnered with Santa Clara County to offer financial mentoring to 20 foster youth receiving basic income payments under a first-in-the-nation pilot program. 18 Excite employees signed up, receiving five hours of training, to meet with their mentee seven times over six months. The youth will learn topics like goal setting, managing bank accounts, credit building habits, and even investing!

In 2020, we formed the Excite Foundation to elevate the lives of our community through education scholarships, charitable giving, and financial education. The Excite Foundation also gives us the opportunity to create a greater awareness of the credit union mission. In 2021, we will be applying for our 501(c)(3) designation.

Throughout 2020, our deposit growth increased by over \$115 million, and total assets increased by nearly 22%, to \$624 million. We grew our Membership base by over 3%, resulting in a year-end total of 42,000 primary Member accounts! We ended the year with \$428 million in total loans while maintaining a healthy, below average, delinquency ratio of 0.52%.

As I finish this letter, I reflect on the challenges and achievements made in our communities and across the nation in 2020. Through speaking with Members, employees, and business partners, it becomes more apparent that the only way through difficult times is by working together.

Members are why we exist; they are the heart of this credit union and our highest priority. Our doors are open for every Member. Our employees are here to help every Member. We wouldn't be in business without you. And from the bottom of my heart, I want to thank you for your continued visits, phone calls, and wonderful support.

With a big thank you,

Brian Dorcy
President & CEO

\$227
Million Loans Funded

22%
Share Growth

42K
Total Members



2020 COMMUNITY IMPACT

The pandemic has kept us indoors; away from the family, friends, and earning a living. While sheltering in place is necessary, it can cause the most harm to the most vulnerable in our communities. Excite stepped up, got out, and found ways to help those in need during the pandemic.

CALIFORNIA



Partnered with **17** organizations to teach financial literacy to **1,650 People**

Donated over **\$144,000** to various organizations

40% Increase from 2019



Mentored **20 Foster Youth** in good money habits through **18 volunteers** from Excite



Connected the **East Side Alliance** with our **Step Up Savings Account** to help students with the **Spartan Promise** and receive admission to **San Jose State University**

a coalition representing mostly low income students

NORTH CAROLINA

Partnered with Cape Fear Community College, YWCA, and City of Wilmington, offering financial education with **BANZAI**

Partnered with the **YWCA New Choices & NC Works Youth** program to offer financial education workshops



Installed an ATM on Cape Fear Community College's North Campus

Partnered with **SCORE** to bring our *business products* to local business owners

Donated over **\$20,000** to various organizations

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee acts independently for the Board of Directors and Excite Credit Union Management. We serve as an oversight committee whose duty is to monitor, evaluate and assure our Members that the Credit Union is soundly managed through the quality of operations, accuracy of records, and the protection of Member assets.

We are committed to serving Members by maintaining the trust you have in the Credit Union. Our dedication to integrity and efficiency is resolute.

The CPA firm Turner, Warner, Hwang & Conrad AC serves as our internal audit agency. The Committee also meets regularly with state and federal examiners to ensure all laws and regulations are enforced.

The Committee meets monthly. One of our annual responsibilities is to hire an outside, independent auditor to examine the Credit Union's financial statements and operations. In 2020, we engaged RSM US LLP to audit the financial statements. Their thorough examination produced a set of audited financial reports which are available for Members to view upon request.

We would like to thank the Board of Directors, management, and staff for their ongoing commitment to quality and Member service. The team atmosphere has created a family that serves our Members and community well.

Devin McAlpine
Supervisory Committee Chair
Volunteer since 1996



ACCOMPLISHMENTS AND ACHIEVEMENTS

Through the difficulties of 2020, we owe our successful year to you – the Member. We zigged and zagged, we dodged and weaved in order to provide support for our neighborhoods during the year.

Here are many of the achievements we're proud to highlight:

\$624M+
in total assets

A big milestone!

Implemented DocuSign

Going green using your screen!

LAUNCHED BUSINESS PRODUCTS AND SERVICES.

We heart local businesses!

Increased Call Center hours

More people, less messages!

LAUNCHED OUR LOBBY APPOINTMENT PLATFORM

Save that date!

LAUNCHED OUR NEW WEBSITE

It's cool, clean, and modern!

\$200M+
in new loans

We've helped many weather the storm

LAUNCHED OUR WELLNESS PROGRAM FOR EMPLOYEES

Healthy and happy!

Increased financial literacy programs

Knowledge is power!

77.60

Net Promoter Score

An 8-point improvement from 2019!

\$110M
in deposits

Y'all like to save!

Hosted virtual seminars

Learning is better with friends!



STATEMENT OF FINANCIAL CONDITION

As of December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$7,826,755	\$10,646,833
Investments	151,912,084	56,178,523
Loans to Members	431,021,114	431,275,075
Allowance for Loan Losses	(3,180,248)	(3,037,124)
Net Loans	427,840,866	428,237,950
Property and Equipment	14,549,342	9,146,992
Federal Share Insurance	5,122,464	4,199,573
Other Assets	16,978,236	5,457,728
TOTAL ASSETS	\$624,229,748	\$513,867,600
LIABILITIES AND EQUITY		
Accrued Expenses and Other Liabilities	3,093,156	3,109,037
Notes Payable	5,000,000	10,000,000
TOTAL LIABILITIES	8,093,156	13,109,037
EQUITY		
Member's Deposits	565,556,817	450,406,530
Retained Earnings	50,579,775	50,352,032
TOTAL LIABILITIES AND EQUITY	\$624,229,748	\$513,867,600

This is an unaudited report. For a complete auditor's report and opinion, please ask us.

STATEMENT OF INCOME

For the Years Ended December 31, 2020 and 2019

	2020	2019
INTEREST INCOME		
Interest from Loans	\$18,910,412	\$19,084,828
Income from Investments	968,396	798,011
TOTAL INTEREST INCOME	19,878,808	19,882,839
INTEREST EXPENSE		
Dividend Expense	2,846,382	2,341,347
Interest on Borrowings	58,156	49,872
TOTAL INTEREST EXPENSE	2,904,538	2,391,218
NET INTEREST INCOME	16,974,270	17,491,620
Provision for Loan Losses	2,801,023	3,028,668
NET INTEREST INCOME AFTER PROVISION	14,173,247	14,462,952
Total Non-Interest Income	8,851,124	7,132,441
TOTAL INCOME AFTER DIVIDENDS & PROVISION	23,024,371	21,595,394
OPERATING EXPENSES		
Compensation & Benefits	\$11,357,984	\$9,914,430
Office Operations	5,581,942	5,227,254
Office Occupancy	1,818,963	1,420,143
Professional & Outside Services	1,195,533	1,221,987
Marketing	1,231,688	1,322,149
Loan Administration	1,038,060	925,260
Other Expenses	382,116	600,744
TOTAL OPERATING EXPENSES	22,606,286	20,631,967
Income from Operations	418,084	963,426
Non-Operating Income	194,585	11,532,031
NET INCOME	\$612,669	\$12,495,457

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WE LOVE OUR MEMBERS

Most professional people I have ever worked with in getting a mortgage. Kudos to Bruce and Monaka to stick with the loan process till the end even though it took 4 months to close. This is my 2nd loan with Monaka.

— Asif

Been with you all for many years, you've always been helpful and extremely kind. I love this CU and will never leave. Janet was great, she made me smile and laugh and was very knowledgeable about exactly what I asked for and very accurate. She is the real MVP. Thank you!

— Ronita



We treat our Members like neighbors, not numbers, and get *their money* to work as hard they do.

PROMISE



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