Guadalupe Credit Union

Mission and Margin
Mission

• Providing financial empowerment within the communities we serve.

• Our Mission is the standard by which we weigh our decisions and actions.

• Strive to provide products and services that are affordable, fair, and easy to understand.
Relevance

Definition of RELEVANCE - dictionary.com

• b: practical and especially social applicability: pertinence
  <giving relevance to college courses>

• Would there be a void in your market if you closed today?
  Would your members suffer?
Relevance

• The need for financial literacy is real and growing among all sectors including millennials

• Consumers need an alternative to pawnshops, payday lenders, title lenders, underserved increasing

• Non-traditional loan services designed to meet unique needs of your member is essential. 87% loan to share ratio
Finding a niche market increased relevance of Guadalupe Credit Union

<table>
<thead>
<tr>
<th>1948—2000</th>
<th>Assets</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30M</td>
<td>4,800</td>
<td></td>
</tr>
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</table>
Successful Expansion

• 2003: New Main Office & Branch - Rodeo Road that was near the growing new immigrant population on the south side of town. By 2008, 1/3 of members at this branch were doing business in Spanish.
Compassion – Lending Practices

• Loans tailored for both those members with great credit and those faced with challenges

• ITIN Lending
• New Southside Office with 100% bicultural staff primarily serving Hispanic Immigrants
## 8 Years of Financial Inclusion

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Members</th>
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<tbody>
<tr>
<td>2000</td>
<td>$30M</td>
<td>4,800</td>
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<td>2008</td>
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</table>
Relevance Created the Path to GCU’s 2010 CDFI certification

• “Lasting success comes from creating ‘blue oceans:’ untapped new market spaces ripe for growth.”

Blue Ocean Strategy,
W. Chan Kim, 2005
CDFI Grants

2011 - $253,806.00
2013 - $597,000.00
2014 - $1,000,000.00
2016 - $2,000,000.00
Living the Mission

• Providing Financial Empowerment within the Communities we Serve

• Six full time financial coaches certified in the FICEP program through the NCUF - provide Workshops and One on One Counseling

• 2018: Goal over 2000 members counseled one on one with multiple sessions tracked through Pathways

• Reduction in Charge Off & Delinquency

• Many other FICEP Certified on Staff in Collection and Lending
Living the Mission-Products to Combat Predatory Lenders

- Borrow and Save & 6 Month Low Qualifying Loans
- Predatory Debt Relief Loan
- Low Dollar Loans
- Loans regardless of credit score coupled with strong underwriting
- Micro-Business Loans in partnership with Adelante, Accion, Somos Un Pueblo Unido
- Citizenship and DACA loans
Living the Mission-Products to Create Access to the Underserved

- Financial Coaching
- Teen Checking
- Second Chance Debit Card
- Pay Yourself First Certificate
- Special Club Accounts for Savings
- Partnership with True Connect
Living the Mission-Education

• Cultivate Your Cash for Staff
• Referrals through I-Know for Members
• Financial Education in the Communities we Serve:
  Schools- Reality Fairs and more
  Senior Centers- Scams and Identity Theft and more
  Homeless Shelters
  Shoplifters Program through Municipal Court
  ESL Classes
  City Parks Program- Biz Kids
  Credit Clinics- Help Members Improve Credit Scores
Wherever there is a need!
Direct Lending

- Member needed basic transportation.
- Found auto that met his needs
- It was overpriced and did not fit his budget.
- GCU loan officer was able to get dealer to reduce the price through e-mail.
- Member returns to dealer and they give him another invoice with price higher than agreement.
Direct Lending

• The Loan Officer contacted the dealer and told them the price they had agreed to the day before.
• They told the member that if GCU would not finance the vehicle for him for that amount, they would do the financing.
• Loan Officer had member take a printout of the e-mail to the dealer.
# Direct Lending Outcome

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Loan Amount</th>
<th>Term</th>
<th>Interest Rate</th>
<th>Monthly Payment</th>
<th>Finance Charge</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithia Financing</td>
<td>$23,887</td>
<td>72 m</td>
<td>23.67%</td>
<td>$629</td>
<td>$27,460</td>
<td>N/A</td>
</tr>
<tr>
<td>Guadalupe CU</td>
<td>$19,584</td>
<td>72 m</td>
<td>12.99%</td>
<td>$418</td>
<td>$10,419</td>
<td>$21,344</td>
</tr>
</tbody>
</table>

2018 Annual Conference
Tips

• Don’t forget financial coaching for your staff.
  • Financial empowerment for staff.
  • Buy-in to referral of members to coaches.
  • Four staff out of 55 participants purchased a home
  • Others reduced their personal debt and increased savings.

• Helping members when they need it the most builds loyalty for a lifetime.
  • Relevant products
  • Financial Coaching

• Financial Coaching program has reduced charge offs and delinquency by 50%.

• Move slowly, learn from your mistakes.
Cultivate Your Cash – Success Story

• Dreamed of buying a home for a growing family
• Low credit score and no down payment
• After two years paid down $16,264 in debt, cleared collections, accumulated small savings, and increased credit score 94 points
• Purchased the home of his dreams!
August 2018: 18 Years of Inclusion

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<td>2008</td>
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<td>8,000</td>
</tr>
<tr>
<td>August 2018</td>
<td>$168M</td>
<td>19,950</td>
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</table>
## Margin - Different from Peers

<table>
<thead>
<tr>
<th></th>
<th>GCU</th>
<th>Peer</th>
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<tbody>
<tr>
<td>Net Interest Margin</td>
<td>4.96%</td>
<td>3.24%</td>
</tr>
<tr>
<td>Loan Loss</td>
<td>.45%</td>
<td>.37%</td>
</tr>
<tr>
<td>Other Income</td>
<td>2.09%</td>
<td>1.46%</td>
</tr>
<tr>
<td>Dividends</td>
<td>.38%</td>
<td>.41%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>5.55%</td>
<td>3.70%</td>
</tr>
<tr>
<td>ROA</td>
<td>1.04%</td>
<td>.66%</td>
</tr>
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