



California
CREDIT UNION

2022

ANNUAL REPORT

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Message from the Chairman & Chief Executive Officer

We want to thank our 170,000+ member-owners for choosing California Credit Union as your financial partner. Through your participation in your credit union, along with the commitment of our Board volunteers and 518 employees dedicated to serving you, we ended 2022 with record consumer lending results, outstanding member satisfaction ratings, and over \$4.5 billion in assets.

We achieved solid success during the year through helping members achieve their dreams while making prudent decisions for the long-term health of the organization. In 2022, we realized net income of \$23 million, loan growth of \$569 million, and assets increased by \$271 million. Consumer lending reached all-time highs, including funding a record 11,000 auto loans with rates that were among the lowest in California. Total loan production was nearly \$1.2 billion, reflecting our great rates, a laser focus on service, and the support of our members. We were honored to welcome over 14,000 new members to our credit union family. And we closed the year with a strong net worth ratio of 9.65%, ensuring the safety and security of your financial institution.

Adding new member value has always been a key priority and we continued to deliver on this goal in 2022. We launched a new Virtual Branch in 2022 to conveniently serve members wherever they are located. To continually improve the member experience, we rolled out a real-time member feedback platform. Overall, we surveyed 90,000+ members in 2022, receiving a member satisfaction score of 96.6%. We also held a grand “re-opening” of our Santa Ana branch as we work to expand in the important Orange County market. Our credit card suite was enhanced with expanded reward-earning opportunities and benefits. And over 1,650 members took advantage of our new auto loan rate reset program to reduce payments, lower rates, or receive cash back. For our business members, we offered a robust new point of sales system with Clover Merchant Services.

As more members prefer to bank online, we significantly expanded our digital banking and 5 star rated mobile app capabilities, adding over 20,500 new users to virtual services in 2022. Our online banking and mobile app now offer free credit reports, along with a suite of credit alert and management tools. A new partnership with Trust & Will provides members with a digital portal to create cost-effective estate plans. We also enhanced mobile banking with new navigation, location

services, account management preferences, an automated debit card dispute form, and self-service options.

Throughout the year, we continued to live our mission & values, staying true to our founding philosophy of service. We were proud to invest over \$727,000 in our communities in 2022, expanding our impact through new partnerships, employee volunteerism, and industry advocacy opportunities. Our members also joined in our effort to raise more than \$56,000 for Ukrainians in need as part of our People Helping People mission. We were excited to expand our educational support initiatives with a new Internship Program, helping open doors to a future career for local students. We hope you will read further in this report about our commitment to the communities we serve, our cooperative movement, and Diversity, Equity & Inclusion.

Looking ahead to continued expansion. In a significant development for our future growth, we received approval to extend our market footprint across Southern California through serving San Bernardino and Ventura counties. While we will always honor our founding legacy to serve educators, we also evolved to serve anyone in our greater Los Angeles communities. From a branch perspective, we finalized plans for a new retail location in Escondido, opening this year. We will continue to evaluate branch expansion opportunities and look forward to serving our new communities in the years to come.

We are excited about what’s ahead in 2023 as we celebrate our 90th anniversary, delivering an exceptional member experience while continuing our long legacy of service. We again thank you for the trust you have placed in us and are honored to have you as a member of the California Credit Union family.



Steve O'Connell
Steve O'Connell
President & CEO



Walton Greene
Walton Greene, PsyD
Board Chair

Financial Statements

Statements of Financial Condition

As of December 31, 2022 and 2021	2022	2021
Assets		
Cash and cash equivalents	\$502,578	\$489,660
Investments:		
Securities available for sale, at fair value	1,276,683	1,525,304
Other	33,409	36,439
Loans held for sale	470	20,175
Loans receivable, net	2,500,109	1,931,792
Accrued interest receivable	14,120	11,914
Property and equipment, net	118,791	118,943
Note receivable	8,537	5,349
National Credit Union Share Insurance Fund (NCUSIF) deposit	34,550	31,627
Other assets	72,493	119,686
TOTAL ASSETS	\$4,561,740	\$4,290,889
Liabilities and Members' Equity		
Liabilities:		
Members' share accounts	\$3,928,228	\$3,792,955
Borrowed funds	300,000	-
Accrued expenses and other liabilities	68,333	73,486
Total liabilities	4,296,561	3,866,441
Members' equity:		
Regular reserve	16,459	16,459
Undivided earnings	279,341	255,919
Equity acquired in merger	167,986	167,986
Accumulated other comprehensive income (loss)	(198,607)	(15,916)
Total members' equity	265,179	424,448
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$4,561,740	\$4,290,889

Statements of Income

For the Years' Ended December 31, 2022 and 2021	2022	2021
Interest Income		
Cash balances	4,803	1,040
Loans receivable	79,655	76,303
Investments	22,203	12,368
Total interest income	106,661	89,711
Interest Expense		
Members' share accounts	9,195	8,989
Borrowed funds	1,436	628
Total interest expense	10,631	9,617
Net Interest Income	96,030	80,094
Provision(Credit) for Loan Losses	1,030	(8,551)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$95,000	\$88,645
Non-Interest Income		
Deposit service charges and related fee income	13,334	11,678
Service income and other	23,874	29,111
NCUA Share Insurance Distribution	-	-
Net gain on sale of loans	1,161	8,942
Net gain on sale of investments	-	-
Net real estate rental income	2,418	2,161
Total non-interest income	40,787	51,892
Non-Interest Expense		
Compensation and benefits	64,044	59,188
Office occupancy	14,593	13,353
Other	38,988	39,330
Total non-interest expense	117,625	111,871
Net Income Before Non-Recurring Items	18,162	28,666
Gain on Class B Visa Stock Sale	-	11,496
Gain on sale of real estate	5,260	-
NET INCOME	\$23,422	\$40,162

Reports



Dr. Guilbert Hentschke
Supervisory Committee Chair

Supervisory Committee Report

Your Supervisory Committee is composed of volunteers elected from the membership. The Committee is charged with representing the members' interests and validating the results of operations each year. These responsibilities are accomplished through an annual financial audit performed by Turner, Warren, Hwang and Conrad AC, CPAs, a national CPA firm with recognized expertise in the credit union industry. If you, as a member-owner, have any concern not resolved to your satisfaction by the credit union staff, you may write to us at:

Supervisory Committee
PO Box 29100
Glendale, CA 91209-9971



Jeff Stone
Treasurer

Board Financial Officer's Report

While economic factors in 2022 provided a challenging environment for financial institutions across the board, we realized demonstrated results in asset growth, return on assets, net worth, and operating efficiencies. Loan production during the year achieved record credit union levels at \$1.2 billion, and delinquencies and charge offs remained low.

During the year, we focused on balancing our strong capital position to support growth and new member-focused capabilities through earnings retention and secondary capital issuance. We implemented a Derivatives Risk Management Program to strategically manage within our agreed-upon risk appetite including interest rate risk, credit, and concentration risk. We continued to diversify and bolster excess cash positions, increase profitability, and align our strategic, budget, and financial goals. We ended the year with total assets of \$4.5 billion and a healthy regulatory net worth ratio of 9.65%.

Investing In Our Communities

The cooperative philosophy of People Helping People is the foundation of our work every day as we serve our members, our employees, and our communities. We are proud to have invested more than \$727,000 in 2022 to support those individuals and organizations who help our communities thrive.

Investing in Our Youth



Boys & Girls Clubs

Through a branch-wide drive, we donated 1,000 backpacks to ensure Boys & Girls Club kids started the school year ready to learn. Our holiday drive brought the magic of the season to local families, donating 220 gifts to Club kids.



Student Scholarship Program

Our Scholarship Program awards 20 college scholarships each year to outstanding students in Los Angeles, San Diego, Riverside and Orange counties. Since 2005, we have awarded more than \$375,000 in scholarships.



"If You Give a Child a Book ..." Literacy Campaign

Through the generosity of members, we joined with the Scripps Howard Foundation and ABC 10News to donate 1,400 books to students in Title 1 schools, helping children in low-income households access books outside the classroom.



North County African American Women's Association (NCAAWA) Partnership

We partnered with NCAAWA to help empower young African American women, providing \$30,000 in college scholarships and financial literacy training through its Global Ambassadors Mentoring Program over the last three years.

Investing in Education



Teacher Grant Program

As part of our commitment to help educators create innovative learning opportunities, we awarded 20 grants to underwrite a diverse range of class projects. To date, we have given \$165,000 in grants to local teachers.



Rookie of the Year Awards

Created in partnership with LAUSD to recognize exceptional first-year teachers, we were honored to celebrate 17 new educators as they begin their career in a special ceremony at Dodger Stadium.



Classroom of the Future Foundation (CFF)

We were pleased to present the CFF's prestigious Innovation in Education Impact Award to Poway Unified School District to recognize & support its career/college readiness program for under-represented students.



Teacher of the Year Awards

Our annual Teacher of the Year program recognizes 20 outstanding educators in Los Angeles and San Diego counties, acknowledging the creativity they bring to their classrooms in inspiring their students.

Investing in Our Service Heroes

We continued our legacy of service to military personnel by expanding our partnership with the USS Midway and proudly supporting service members through Operation Gratitude, Morale, Welfare and Recreation (MWR), and other institutions.



Volunteering in Our Communities

Our employees came together to support our communities in 2022, giving their time to build homes for Habitat for Humanity, work at the San Diego Pride Festival, participate in the Navy's 35th Bay Bridge Run, prepare holiday meals, and so much more.



Strengthening Our Industry



We were honored to represent our cooperative movement in meeting with 60 local, state, and federal officials to advocate for issues critical to our industry and all the members and communities served by credit unions.



Thank you to our members who joined us in supporting our Ukrainian credit union family. Together, we donated \$56,000 to provide emergency humanitarian assistance.

Diversity, Equity & Inclusion (DE&I)

We continued to expand our DE&I efforts during the year through our employee-led committee, developing new partnerships with San Diego Youth Services, Ascencia, Mama's Kitchen, and The Dream Foundation, along with launching a monthly cultural awareness campaign across the credit union.



Women Empowering Women is an Employee Resource Group providing career development and support for women in leadership roles. In 2022, we launched a highly successful Mentorship Program to expand development opportunities for female leaders across the organization.

MOVING INTO 2023: 90 Years of Service

As we begin our 90th year, we celebrate our founding story of determination, innovation, and a Los Angeles school teacher named Georgia B. Parsons.

In 1931, Parsons was asked to represent her Elementary Teachers' Club at an annual convention of public school superintendents. She went to local lenders looking for a loan to buy a new wool suit for the occasion but was turned down because the lenders "didn't favor teachers' loans." To get money for her new suit, Parsons had to go to a loan shark who charged exorbitant interest rates.

But her idea for a teachers' credit union had already taken shape — Parsons realized then that teachers deserved a financial institution that would take their needs seriously. "The idea was born right then and there," Parsons said. "Some day the teachers will have their own credit union."

On July 10, 1933, Parsons and 10 other teachers and administrators joined together to charter the Los Angeles Teachers Credit Union. The rest is our history.

Since that time, we've become one of the largest credit unions in California, serving more than 170,000 school employees, community members, and businesses with assets of over \$4.5 billion and 24 locations from Santa Clarita to San Diego.

While much has changed over the past 90 years, Ms. Parson's legacy remains firmly in place, guiding our commitment to support the dreams of our members.



Milestones in Our History

- **2022**
Exceeded \$4.5 billion in assets with over 170,000 members
- **2020**
Expanded into Orange County, opening a retail location in Santa Ana
- **2017**
Joined forces with North Island Credit Union to serve the greater San Diego and Riverside county communities
- **2002**
Grew to \$1 billion in assets with 100,000 members
- **1995**
Changed name to California Credit Union
- **1973**
Celebrated 40th anniversary with 50,000 members and assets over \$100 million, the largest teacher's credit union in the country
- **1969**
Reached \$61.9 million in assets as California's largest credit union
- **1938**
Grew membership to 3,110 with \$1.5 million in loans and \$448,160 in shares
- **1933**
11 educators started the Los Angeles Teachers Credit Union with \$55; 82 members joined in its first year




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