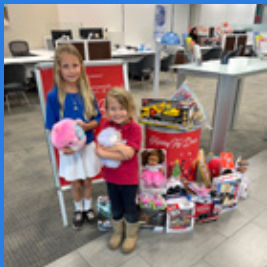
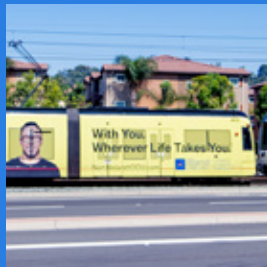
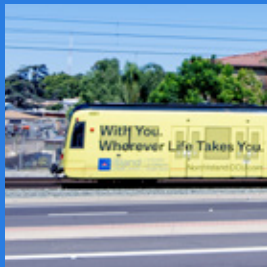


# California CREDIT UNION 90 YEARS

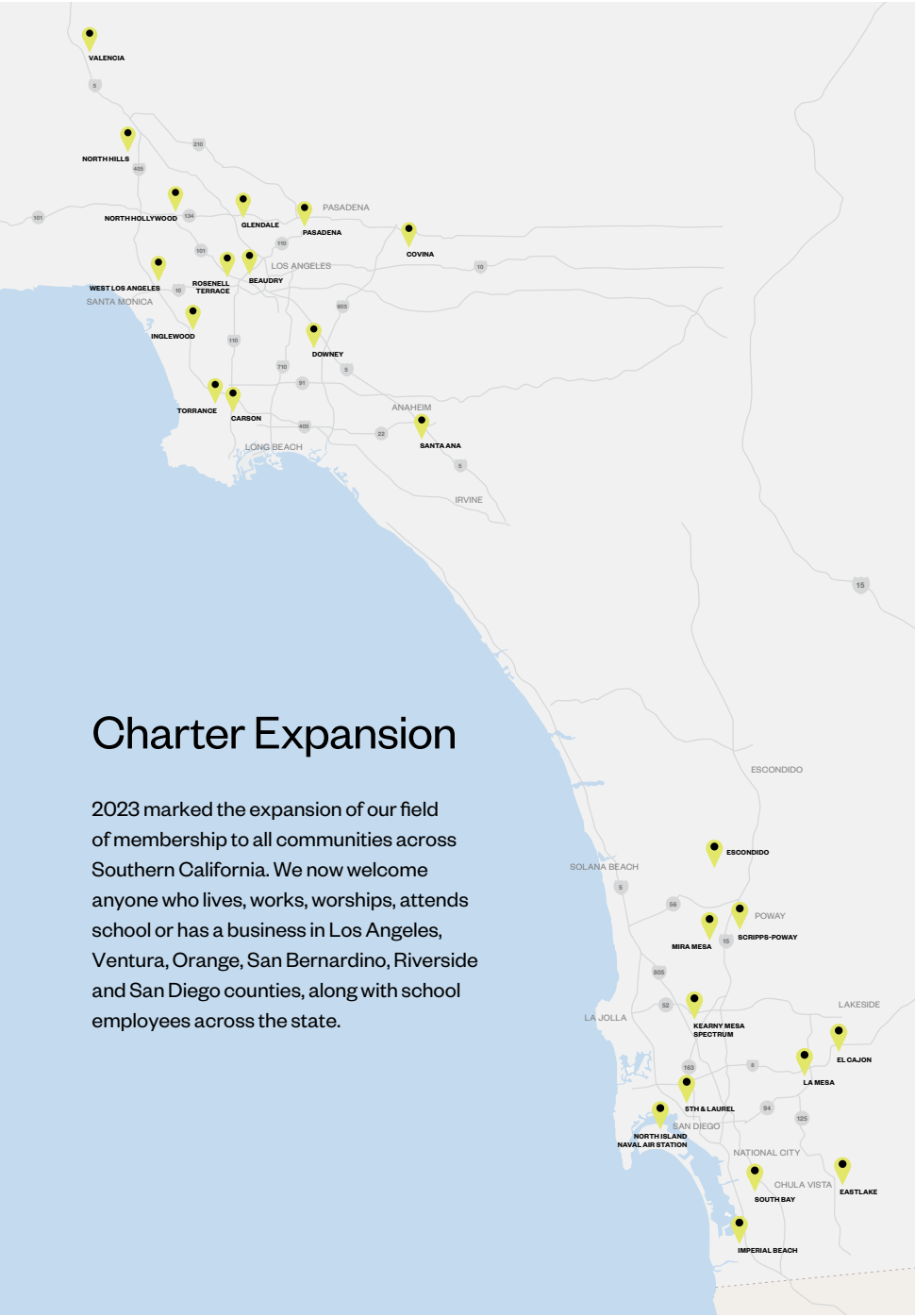


Annual Report

2023

# Charter Expansion

2023 marked the expansion of our field of membership to all communities across Southern California. We now welcome anyone who lives, works, worships, attends school or has a business in Los Angeles, Ventura, Orange, San Bernardino, Riverside and San Diego counties, along with school employees across the state.



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Board Financial Officer's Report
- 5 Community Impact
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*You're not just a financial institution, you are family.*  
—Jonathan B.

## Message from the Chairman & Chief Executive Officer

2023 was a pivotal year for California Credit Union, with significant growth and member service enhancements across every area of operations. Building on our 90-year heritage and enthusiastic member support, we effectively managed the credit union to benefit our member-owners today, while strategically positioning ourselves to enhance member value and ensure sustained success in the decades ahead.

**Through the loyalty of members, the credit union continued to grow and thrive, ensuring safety and stability for your funds while serving all your financial needs.** Despite a highly competitive rate environment, we realized net income of \$19.9 million, ending the year with \$4.9 billion in assets and a strong net worth ratio of 9.31%. Our loan results continued our strong momentum of the last few years. We granted over 15,000 loans totaling \$986 million in 2023 in our second highest production year in credit union history. True to our mission, we approved nearly 80% of our auto loan applications and were honored to assist over 300 members with their first home loan. The year also marked significant geographic growth as we expanded our charter to serve San Bernardino and Ventura counties as well as all of Los Angeles county. This is a meaningful strategic accomplishment as we look ahead to future expansion with a cohesive service network across Southern California.

**Enhancing the member experience is always a key strategic goal as we work to exceed expectations across every service channel.** Through the hard work of our 528 team members, we achieved an excellent member satisfaction score of 96.7%, one of our most important measures of success. We completed plans for a new Escondido branch that opened in early 2024, and we continue to evaluate new retail locations to bring added convenience to members. We significantly expanded our ATM network by joining the Allpoint Network; members now have more than 85,000 surcharge-free ATMs worldwide. We expanded our digital capabilities to meet the evolving needs of members through multiple enhancements to our 5-Star Rated digital app, Virtual Branch and online banking services. From a product perspective, we launched Money Market and Share Certificate programs offering some of the highest returns available anywhere, along with a new Member Loyalty Program featuring reduced rates on auto and home loans.

**Our financial and member experience performance was complemented by two important achievements in supporting our underserved communities with safe, affordable banking services.** We were certified as a Community Development Financial Institution (CDFI), enabling us to amplify our programs to invest in underserved communities by providing access to capital and education programs. In addition, our Option Checking account was BankOn certified by the national Cities for Financial Empowerment Fund (CFEFund). This certification will support our work in making traditional financial products available to unbanked and underbanked community members outside of the mainstream financial system. We look forward to moving these programs forward in 2024.

**Community investment remained a hallmark of our cooperative purpose as we expanded our programs to support non-profit partners across Southern California.** With a mission to strengthen the communities we serve, we were proud to invest over \$732,000 in 2023 to support those individuals and organizations that help our students, schools and neighborhoods thrive. And we are honored to maintain collaborative partnerships with over 250 community, education & military organizations as we work to ensure a strong financial future for our communities. We invite you to read more about these important programs later in this report.

We want to thank our member-owners for your continued support of your credit union. It is through these deep and trusted relationships that we are able to have continued growth, stability and success. It is our honor to serve you and we look forward to another rewarding year ahead.



*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, 2023 and 2022	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$477,340	\$502,578
Investments:		
Securities available for sale, at fair value	1,163,286	1,276,683
Other	35,609	33,409
Loans held for sale	1,104	470
Loans receivable, net	2,948,117	2,500,109
Accrued interest receivable	16,700	14,120
Property and equipment, net	118,179	118,791
Note receivable	7,984	8,537
National Credit Union Share Insurance Fund (NCUSIF) deposit	34,756	34,550
Other assets	73,659	72,493
<b>TOTAL ASSETS</b>	<b>\$4,876,734</b>	<b>\$4,561,740</b>
<b>Liabilities and Members' Equity</b>		
Liabilities:		
Members' share accounts	\$4,235,941	\$3,928,228
Borrowed funds	260,000	300,000
Accrued expenses and other liabilities	83,777	68,333
<b>Total liabilities</b>	<b>4,579,718</b>	<b>4,296,561</b>
Members' equity:		
Undivided earnings	300,385	295,800
Equity acquired in merger	167,986	167,986
Accumulated other comprehensive income (loss)	(171,355)	(198,607)
<b>Total members' equity</b>	<b>297,016</b>	<b>265,179</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$4,876,734</b>	<b>\$4,561,740</b>

## Statements of Income

For the Years' Ended December 31, 2023 and 2022	2023	2022
<b>Interest Income</b>		
Cash balances	15,800	4,803
Loans receivable	117,464	79,655
Investments	31,718	22,203
<b>Total interest income</b>	<b>164,982</b>	<b>106,661</b>
<b>Interest Expense</b>		
Members' share accounts	38,694	9,195
Borrowed funds	11,088	1,436
<b>Total interest expense</b>	<b>49,782</b>	<b>10,631</b>
<b>Net Interest Income</b>	<b>115,200</b>	<b>96,030</b>
<b>Provision (Credit) for Loan Losses</b>	<b>5,039</b>	<b>1,030</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>\$ 110,161</b>	<b>\$ 95,000</b>
<b>Non-Interest Income</b>		
Deposit service charges and related fee income	13,682	13,334
Service income and other	18,761	23,874
NCUA Share Insurance Distribution	-	-
Net gain on sale of loans	178	1,161
Net gain on sale of property and equipment	9	-
Net real estate rental income	4,655	2,418
<b>Total non-interest income</b>	<b>37,285</b>	<b>40,787</b>
<b>Non-Interest Expense</b>		
Compensation and benefits	64,741	64,044
Office occupancy	15,759	14,593
Other	47,085	38,988
<b>Total non-interest expense</b>	<b>127,585</b>	<b>117,625</b>
<b>Net Income Before Non-Recurring Items</b>	<b>19,861</b>	<b>18,162</b>
Gain on sale of real estate	-	5,260
<b>NET INCOME</b>	<b>\$19,861</b>	<b>\$23,422</b>



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

Despite economic factors providing a challenging interest rate and liquidity environment for financial institutions in 2023, your credit union exceeded goals in asset growth, net worth, operating efficiencies and return on assets. Throughout the year, the credit union maintained its financial strength and stability by remaining focused on maintaining our strong capital position to support growth and new member-focused capabilities through effective balance sheet management and earnings retention.

The credit union saw strong results by continuing to work to diversify and bolster excess cash positions, improve profitability and align our strategic budget and financial goals. Various balance sheet strategies were implemented to boost liquidity and supplement organic deposit growth. In addition, we continued to manage Interest Rate Risk within our agreed-upon risk appetite by utilizing a holistic ALM approach and appropriate Derivative use. We ended the year with total assets of \$4.9 billion and a healthy regulatory net worth ratio of 9.31%.

Community Impact

California Credit Union is committed to investing in our communities, positively impacting the lives of those living and working in the markets we serve. Our impact programs work to ensure a stronger future for our communities through youth programs, education grants, financial literacy, equal access to affordable financial services and Diversity, Equity & Inclusion initiatives.



Commitment to Inclusive Banking

- Certified as a **Community Development Financial Institution (CDFI)**, a designation only given to organizations proven to provide financial services in communities that have historically lacked access to traditional banking services
- Bringing a new level of inclusivity, access and choice to unbanked, underbanked and underserved communities, our checking account is certified to meet the **Bank On National Account Standards**, with zero fees or overdraft charges to support moving members out of a debt cycle

Promoting Financial Empowerment

In 2023, our virtual programs reached **30,000 individuals** and in-person events provided **1,000 people** with financial literacy training.

Investing in Our Communities

Launched in 2024, California Credit Union Foundation is a non-profit charitable foundation continuing our work to strengthen the financial well-being of our communities across Southern California. California Credit Union funds all administrative costs of the Foundation to ensure 100% of donations are returned back to our community partners. Please visit [ccu.com/foundation](https://ccu.com/foundation) to learn more or join us in investing in the future of our communities.

By the Numbers

**\$732,475**  
invested in our communities in 2023



**Over \$2.5 million**  
given to community organizations over the past five years

Collaborative partnerships with over 250 community, education & military organizations



**\$395,000**  
in scholarships given to students



**\$185,000**  
in teacher grants awarded



Financial education programs reached **31,000** people in 2023



Employees volunteer on 19 community & education foundations



*I have been a member since 1979. Great service. I will never use a regular bank.*  
— Earl H.



Supporting Our Youth



Supporting Our Schools Drive

In 2023 we joined with NBC4 and Telemundo 52 in a back-to-school donation drive, providing school supplies to children in Los Angeles underserved communities through the Weingart YMCA.



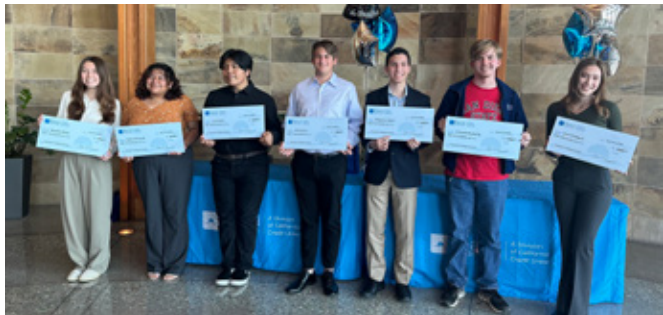
Boys & Girls Clubs

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.



“If You Give a Child a Book ...”  
Literacy Campaign

Through the generosity of members, we joined with the Scripps Howard Fund 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.



Student Scholarship Program

Our Scholarship Program awards 30 college scholarships each year to outstanding students across Southern California. Since 2005, we have awarded more than \$395,000 in scholarships.



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.

Empowering Educators & Schools



Teacher Grant Program

As part of our commitment to help educators create innovative learning opportunities, we awarded 40 grants to underwrite a diverse range of class projects. To date, we have given \$185,000 in grants to local teachers.



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.



Rookie of the Year Awards

Created in partnership with Los Angeles Unified School District and San Diego Unified School District, we recognize a select group of exceptional first-year teachers each year.



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.

### Honoring Our Service Heroes

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





Volunteering in Our Communities

Our employee team came together to volunteer with Habitat for Humanity, San Diego Pride Festival, Los Angeles Boys & Girls Club, Weingart YMCA, Boys & Girls Clubs of Greater San Diego & Navy's 35th Bay Bridge Run, among others.



Strengthening Our Cooperative Industry



We supported the credit union movement through a wide range of advocacy efforts to promote cooperative values and advocate for issues critical to our members and communities served by credit unions.



*It has the small town, small community bank feeling of the past. So, kudos to you guys for personal interaction with your customers.*

—Joyce R.

Diversity, Equity & Inclusion (DE&I)

We continued to expand our DE&I program in 2023, with our employee-led committee developing new partnerships with Feeding America, It Gets Better Project, San Diego Urban League and The Midnight Mission. We extended our program into the community as well, participating in San Diego Pride Parade, volunteering with Serving Seniors and supporting the Mama's Pie Fundraiser, among others.



Our Women Empowering Women Employee Resource Group provides resources, leadership training, mentorship, networking and guidance to support women in advancing their skills and careers. Now in its third year, this program has continued to grow, creating a strong sense of community and support for our women in leadership.

2023 Awards & Recognition

We were honored to be recognized by Los Angeles and San Diego publications for our member service, DE&I initiatives, technology innovations and leadership during 2023.



We thank our members for their support, which makes these important programs possible.

“

*Next year I will be completing my 50th anniversary of  
membership with California Credit Union and will continue  
being a loyal member for years to come!*

—Ramon C.



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