

Brian M. and Family
Member Since 1996



2023 Annual Report

Serving our Members by helping them achieve financial well-being



A Message from Your Chairperson of the Board and Chief Executive Officer

Renee Hendrick
CHAIRPERSON OF THE BOARD



Bill Cheney
CHIEF EXECUTIVE OFFICER



Enduring Strength, Thanks to You

Thanks to your loyalty and sharing the many benefits of Membership with family, colleagues and friends, your Credit Union remains financially strong. And despite a challenging economy in 2023, we experienced record Membership growth and participation in the products and services we offer. We grew to serve more than 1.3 million Members, welcoming a record 117,938 new Members. For nine decades, we've helped Members like you reach important financial goals and championed your proudest moments. Together, we can – and will – continue to accomplish great things.

Putting Our Members First

We are a not-for-profit financial cooperative, focused on helping our Member-owners achieve financial well-being. We use net revenue to provide you lower rates on loans, higher rates on savings products and lower fees than our for-profit competitors. This past year, SchoolsFirst FCU provided an estimated \$396,269,792 in direct financial benefits to our Members, resulting in a savings of \$629 for each Member household and \$1,868 for Member households actively using more products and services.^{1,2,3}

Focused on Serving You

In 2023, listening to your feedback, we enhanced the ways we serve you, making it easier for you to interact with us. Notable highlights include implementing online appointment scheduling, improving the real estate loan experience and deploying new ATMs at our branches. To support our Members looking to save, we launched new share certificate promotions to help you maximize your savings.

Making a Difference in the Communities We Serve

Together, our Members and team contribute time and financial resources, investing in education and the communities we serve. With your help, we were able to give \$4,029,079 to local schools, colleges and universities and Children's Miracle Network Hospitals in the areas we serve, including \$340,097 to support educational grant programs and \$199,000 in scholarships through the Member Education Award program.

Our Commitment to You

Since 1934, we've remained singularly focused on providing World-Class Personal Service to empower our Members to improve their financial well-being. Whatever your hopes and dreams may be, we're here to help make them a reality.

Thank you for being part of the SchoolsFirst FCU family. It's a privilege to be a part of your financial journey.

With Deep Gratitude,

Renee Hendrick

CHAIRPERSON OF THE BOARD

Bill Cheney

CHIEF EXECUTIVE OFFICER

1. 2023 America's Credit Unions Membership Benefits Report for SchoolsFirst FCU. Source: Datatrac, NCUA and America's Credit Unions. **2.** Assumes 2.1 Credit Union Members per household. **3.** A "loyal Member" is assumed to have a \$30,000, 60-month new auto loan, a classic credit card with an average balance of \$5,000, a \$200,000, 30-year fixed rate mortgage (a 30-year fixed rate mortgage is replaced with a 5-year adjustable rate mortgage if it yields a greater benefit as it is assumed more in demand), \$5,000 in an interest-bearing checking account, \$10,000 in a one-year certificate account, and \$2,500 in a money market account.

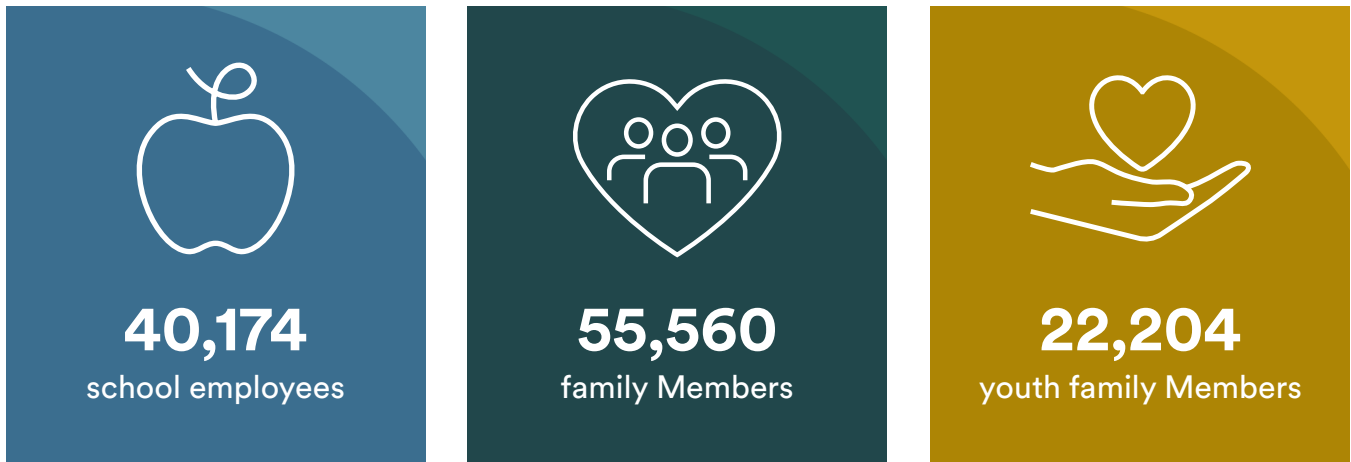
Ryan A. and Family
Member Since 1993



SERVING OUR MEMBERS

Serving School Employees and Their Families

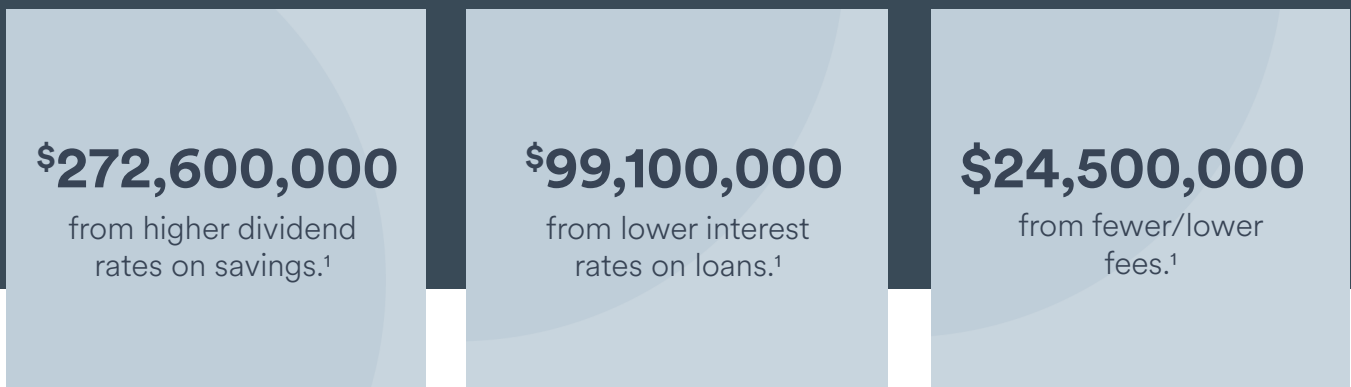
In 2023, Membership grew to 1,367,887 Members, welcoming 117,938 new Members, including:



Because of your loyal Membership, we remained the largest credit union in California and the fifth largest credit union in the United States.

As a not-for-profit Member-owned financial cooperative, we give back to Members in the form of higher rates on savings, competitive rates on loans and low-to-no fees.

What Our Members Saved Together



In 2023, we enhanced the ways we serve you, making it easier to do business with us.



ATMs

New ATMs to make transacting with us easier.



Online Appointment Scheduling

New online appointment scheduling offers an easy, self-serve option for booking, modifying or canceling in-person, phone and virtual appointments with our team.



Real Estate Loan Experience

New communication platform and document exchange portal streamlines the real estate loan process, from application to closing, and improves communication.

Serving You Where You Are

828,009

Members who visited our 69 branches throughout California.

3,381,213

Number of calls from Members answered by our contact centers.

689,698

Members who used our ATMs or the 30,000 CO-OP network ATMs.

730,289

Members who used Online Banking.

159,343

Members who used chat from our website.

894,804

Members who used Mobile Banking.

In 2023, Members used our financial products and services to improve their financial well-being.



6.4 million

Members used 6.4 million products and services, an increase of 453,000 in 2023.



\$6.6 billion

We helped Members with over \$6.6 billion in loans.²



87,878

Members who purchased a car.²



1,368

Members who bought a home.²



4,623

Members who opened HELOCs.²



124,849

Members who opened personal loans.²



Niki V. and Family
Member Since 2006



Michael H.
Member Since 1995

Providing Members with Guidance When They Need It



\$1.55 billion

The financial consultants at SchoolsFirst Investment Services collectively serve \$1.55 billion in brokerage and advisory assets through LPL Financial.³



34,315

Number of Members assisted by SchoolsFirst Investment Services.³



12,700

Number of appointments Members scheduled with SchoolsFirst Investment Services to talk about their financial journey.³



475

Number of workshops we hosted to guide Members on homebuying, retirement and trust accounts.

Supporting School Employees with Unique Products to Meet Their Needs



281,784

School employee Members participated in Summer Saver and 7,530 participated in Paycheck Planner to cover the summer months when they don't receive a paycheck.



11,244

School employee Members participated in the Summers Off program to ease the stress of making payments in the summer months.⁴



17,018

Classified school employee Members received Uniform Loans to help purchase uniforms, equipment and other special gear to successfully do their jobs.



10,648

School employee Members received Classroom Supply Loans to help provide students with educational material they wouldn't otherwise have.



732

School Employee Mortgages, featuring a low down payment and no private mortgage insurance, were opened to make homeownership a reality for Members.



16,135

Competitive-rate School Employee credit cards were opened.

Members Generously Recognized Us in National and Local Publications



Forbes

Forbes' Best-In-State Banks And Credit Unions 2023: America's Best Credit Unions in Each State



Press-Enterprise

Best of Inland Empire 2023: Hometown Favorites, North: Corona, Loma Linda, Moreno Valley, Redlands and Riverside



Press-Enterprise

Best of Inland Empire 2023: Hometown Favorites, South: Beaumont, Canyon Lake, Hemet, Menifee, Murrieta, Perris and Temecula



Orange County Register

Orange County Register Best of Orange County 2023: Financial: Best Credit Union



Style Magazine

Style Magazine Readers' Choice Awards Best of 2023 - El Dorado County Foothills



Style Magazine

Style Magazine Readers' Choice Awards Best of 2023 - Folsom El Dorado Hills



Style Magazine

Style Magazine Readers' Choice Awards Best of 2023: Roseville Granite Bay Rocklin



LA Times

LA Times Best of the Southland - Orange County: Best Credit Union/Local Bank



LA Times

LA Times Best of the Southland - San Gabriel Valley/Inland Empire: Best Credit Union/Local Bank



Community's Choice Awards

Community's Choice Awards - Best of the Desert 2023 - Victorville

1. 2023 America's Credit Unions Membership Benefits Report for SchoolsFirst FCU. Source: Datatrac, NCUA and America's Credit Unions.

2. All loans subject to approval.

3. **Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).** Insurance products are offered through LPL or its licensed affiliates. SchoolsFirst Federal Credit Union and SchoolsFirst Investment Services **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using SchoolsFirst Investment Services and may also be employees of SchoolsFirst Federal Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, SchoolsFirst Federal Credit Union or SchoolsFirst Investment Services. Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value
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The LPL Financial registered representatives associated with this website may discuss and/or transact business only with residents of the states in which they are properly registered or licensed. No offers may be made or accepted from any resident of any other state.

Your Credit Union ("Financial Institution") provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay the Financial Institution for these referrals. This creates an incentive for the Financial Institution to make these referrals, resulting in a conflict of interest. The Financial Institution is not a client of LPL for advisory services.

Please visit lpl.com/disclosures/is-lpl-relationship-disclosure.html for more detailed information.

4. Restrictions apply. Finance charges begin to accrue immediately upon the first skipped payment and are repaid over the life of the loan. As a result, Members may pay higher total finance charges on the loan than if payments began earlier.



COMMUNITY

People Helping People is One of the Founding Principles of the Credit Union Movement

Giving Back to the Communities
Where Our Members Live and Work



\$4,029,079

Amount of financial donations given, thanks to the support of our Members and team.



2,500

Number of backpacks with school supplies donated by our team to students who needed them most.

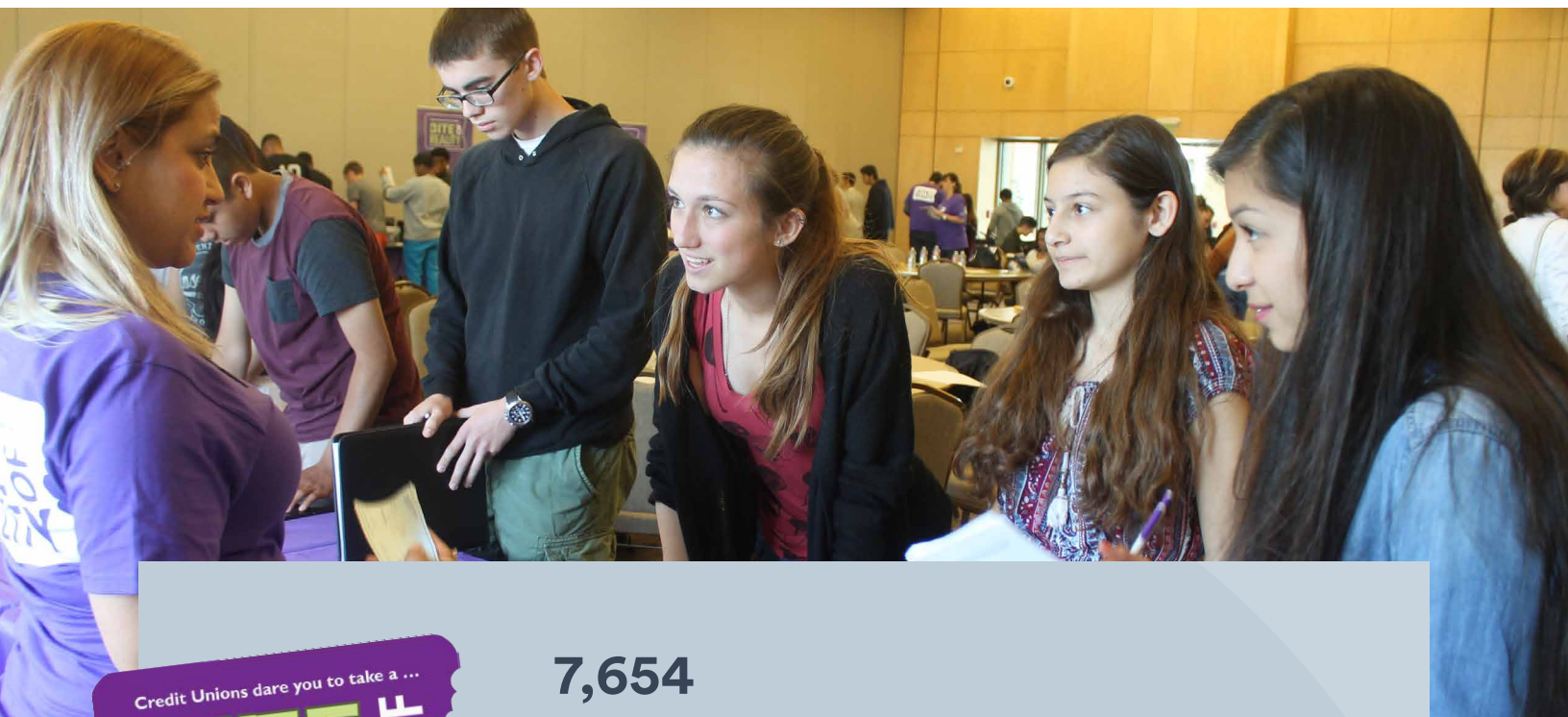


**Children's
Miracle Network
Hospitals®**

\$342,940

In 2023, SchoolsFirst FCU donated and raised \$342,940 for CMNH and children's hospitals in California, including Children's Health of Orange County, Children's Hospital Los Angeles, Rady Children's Hospital – San Diego and UC Davis Children's Hospital in Sacramento.

Supporting the Educational Community



Credit Unions dare you to take a ...

BITE OF REALITY

7,654

Our teammates volunteered to help 7,654 students at 85 Bite of Reality events. Bite of Reality is a hands-on, money-management simulation designed to educate students about making smart money decisions.

\$199,000

Last year, 245 student Members received more than \$199,000 in scholarships to continue their education.

32,131

We empowered more than 32,131 students who participated in financial education workshops and presentations in 1,051 classrooms.

266

workshops were hosted for school employees, students and their parents to provide financial education in a fun and interactive way.

Alan G.
Member Since 2007



\$340,097

With generous support from our Members, team and partners, the Education Foundation for California Schools awarded 142 grants to California teachers, totaling \$340,097.



34,741

Approximately 34,741 students benefited from teacher grants.



\$2.2 million

From 2003 – 2023, more than 875 teachers have received grants, totaling \$2.2 million.



The Education Foundation for California Schools was created in 2003. The foundation provides K-14 teachers throughout California with grants to help support the launch of educational programs.

Diana B.
Member Since 1991



MEMBER STORY

A Family Legacy

Diana B. and Family
Three Generations of Members
Member Since 1991



Membership Through Generations

Diana stumbled upon a job as a school bus driver out of necessity to help support her family when they fell on hard times. It was the perfect job for her because she loved children and loved to drive. After learning about the products and services offered at the Credit Union, she established her Membership and then proceeded to get her husband, mother and two sons set up with Membership as well.

Diana recounts that one of her most memorable Credit Union experiences occurred early on. After experiencing financial difficulty and then reaching some stability again, Diana was looking for a loan to purchase a computer for her boys. She was turned down multiple times elsewhere. When she finally was granted a loan by the Credit Union, Diana was overjoyed. "I felt like they believed in me," Diana said. "It made me realize I could always count on the Credit Union."

Diana and her family depend on the Credit Union as their primary financial institution. Her son, Ryan, a middle school P.E. teacher and high school water polo coach, values his Membership because the Credit Union has been there to help save for major life milestones. Ryan and his wife, Carlee, saved to pay for their wedding and then continued to build their savings to buy their first home together as they started their family.

Keeping Membership through the family, Ryan and Carlee opened Memberships for their children, Elizabeth and Kyle, early on to teach them the value of saving money. Now that Elizabeth is an adult, she's managing her own finances with the Credit Union as she works toward her own teaching career.

Working in education, Diana and Ryan have enjoyed the benefits of products and services geared toward educators. They rely on the Credit Union to be there for their family through life's events. They look forward to the ways they can count on the Credit Union to be there for them in the future – whatever their needs may be.



Eric M.
Member Since 2017



FINANCIALS

Supervisory Committee Report

The Supervisory Committee provides the Membership with an independent appraisal of the safety and soundness of SchoolsFirst Federal Credit Union's operations and activities. It does so in compliance with various financial and regulatory requirements.

In fulfilling these responsibilities, the Committee engaged Moss Adams LLP to perform the annual financial statement audit for the year ended December 31, 2023. Moss Adams issued its opinion that the Credit Union's financial statements are presented fairly in all material respects. In addition, the Committee held quarterly meetings to review, among other things, internal audit reports, internal controls and risk-management processes, and examinations by regulatory agencies.

In the opinion of the Committee, SchoolsFirst Federal Credit Union has operated in a financially sound manner and in accordance with applicable federal and state regulations. The Credit Union continues to be financially strong and well-managed, and the assets of the Membership are being effectively safeguarded.

TED ALEJANDRE

CHAIRPERSON, SUPERVISORY COMMITTEE

Condensed Consolidated Statements of Financial Condition

As of December 31, 2023 and 2022 (in thousands of dollars)

ASSETS	2023	2022
Cash and cash equivalents	\$ 1,021,629	\$ 1,028,894
Investments available-for-sale, at fair value	1,479,674	1,811,602
Investments held-to-maturity, at amortized cost	6,386,777	7,132,526
Other investments, at fair value	26,592	50,683
Loans held for sale, at fair value	33,950	–
Loans, net	18,910,647	16,731,120
Accrued interest receivable	79,523	64,932
Receivable from other financial institutions	500,958	606,199
National Credit Union Share Insurance Fund (NCUSIF) deposit	228,790	230,482
Property and equipment, net	286,670	284,585
Goodwill and intangible assets, net	49,710	59,431
Other assets	217,323	163,371
TOTAL ASSETS	\$ 29,222,243	\$ 28,163,825
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 24,037,575	\$ 24,285,245
Accrued expenses and other liabilities	421,307	375,197
Borrowed funds	1,822,500	722,500
	26,281,382	25,382,942
Members' equity		
Retained earnings	2,969,411	2,839,552
Accumulated other comprehensive loss	(28,550)	(58,669)
	2,940,861	2,780,883
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 29,222,243	\$ 28,163,825
Capital ratio	10.06%	9.87%

Condensed Consolidated Statements of Income

For the Years Ended December 31, 2023 and 2022 (in thousands of dollars)

INTEREST INCOME	2023	2022
Loans	\$ 906,894	\$ 620,851
Investments and cash deposits at financial institutions	142,054	140,154
TOTAL INTEREST INCOME	1,048,948	761,005
INTEREST EXPENSE		
Members' shares	283,961	108,829
Borrowed funds	47,645	6,676
TOTAL INTEREST EXPENSE	331,606	115,505
Net interest income	717,342	645,500
Provision for loan losses	150,558	56,500
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	566,784	589,000
NON-INTEREST INCOME		
Member fees	55,809	46,487
Card interchange and ATM fees	87,912	82,158
Gain on sale of investments and loans, net	777	13
Other non-interest income	49,504	44,573
TOTAL NON-INTEREST INCOME	194,002	173,231
NON-INTEREST EXPENSE		
Salaries and benefits	337,872	308,332
Operations and other administrative expenses	212,881	183,419
Occupancy	43,215	39,788
TOTAL NON-INTEREST EXPENSE	593,968	531,539
NET INCOME	166,818	230,692
Other comprehensive income (loss)	30,119	(41,209)
TOTAL COMPREHENSIVE INCOME	\$ 196,937	\$ 189,483

Jennifer Q. and Family
Member Since 2002



**BOARD OF DIRECTORS
AND SUPERVISORY COMMITTEE**

2023 Board of Directors

Your volunteer Board of Directors' commitment, advice and leadership help make our Members' lives better.



RENEE HENDRICK

CHAIRPERSON, BOARD OF DIRECTORS



Nina Boyd



Richard G. De Nava



John Didion



Marc Ecker, Ph.D.



Greg Marchant



Eric Padget



Tami Pearson, Ed.D.



Andy Plumley



Douglas Sato



Matthew Schulenberg



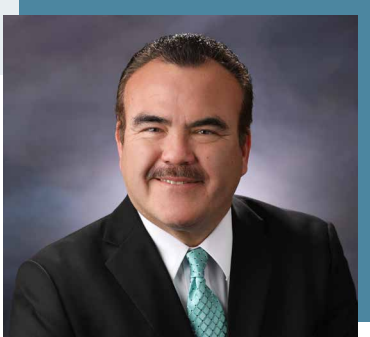
Marie B. Smith, Ed.D.



Kristine Wetzel

2023 Supervisory Committee

The Supervisory Committee provides the Membership with an independent appraisal of the safety and soundness of SchoolsFirst Federal Credit Union's operations and activities.



TED ALEJANDRE

CHAIRPERSON, SUPERVISORY COMMITTEE



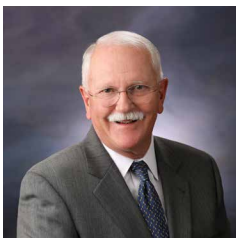
Paul Burkart



Karen Cant



Claudette Dain



Paul Reed



Kathleen McCreery*



Jeff Trader*

*Associate Committee Member