

2021 Annual Report

Now
more
than
ever.



1st Nor Cal[®]
CREDIT UNION

Now more than ever.

We know you have choices when it comes to financial institutions - the Megabanks and Fintech companies are relentless in their pursuit of your business. We want you to know that we appreciate your membership and we're proud of you for recognizing the difference between us and them. There is undeniable value in your membership and we hope you'll share this distinction with your family, friends and coworkers. Start by explaining that we are not-for-profit. 1st Nor Cal is member-owned and we return our profits to our members in the form of lower loan rates, higher dividends on deposits and lower fees. Our fees are not just slightly lower, they are up to 10x lower and that's just compared to other Credit Unions. Banks are worse yet! Now more than ever, when every penny counts, we are delighted to be your smart, local, and affordable choice. Please tell a friend.



1st Nor Cal Credit Union... everything you expect plus the low fees and low loan rates you deserve.

- Checking, Savings & Money Market Accounts
- Individual Retirement Accounts (IRAs)
- Certificates
- Club Accounts
- New or Used Auto Loans
- Auto Loan Refinance
- Title Loans
- Motorcycle, RV & Boat Loans
- Visa® Credit Cards
- First and Second Mortgages
- Home Equity Loans
- 1st Line Unsecured Line-of-Credit®
- Online Banking (@ccessOnline)
- Mobile Banking (@ccessMobile)
- Webchat & Telephone Banking (AccessLine)
- Mobile Wallet
- Mastercard™ ATM or Debit Card
- Nearly 30,000 Fee-Free ATMs Nationwide
- Direct Deposit & Payroll Deduction
- eDeposit
- Online Billpay
- eStatements

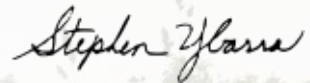
Message from Your Chairperson

For many of us, the beginning of 2021 was a time of optimism and hope. Although we, as a society, were still dealing with the many new realities of life during a global pandemic, there was excitement surrounding the COVID-19 vaccines and anticipation of better times when things might get back to normal. I think most would agree that the situation did improve in 2021, but the complete relief we yearned for remained elusive. Once again, our hearts go out to those most personally affected by the pandemic and we stand forever grateful to the frontline health professionals, first responders, and myriad other essential workers who helped our community in its time of need. On behalf of our Credit Union's Board of Directors, Supervisory Committee, and Executive Management, I would also like to applaud our Credit Union staff and frontline workers who supported our own role as an essential business and provided excellent access and support for our more than 31,000 members and their families during these uncertain and challenging times.

I am pleased to report that your Credit Union performed exceptionally well both in response to the challenges presented by the ongoing COVID-19 pandemic and overall as a financial institution in service of our membership. The best practices we deployed to ensure safe working conditions for our employees and provide unhindered access to our products and services for our members were effective and resilient allowing our branches to remain open for business without disruption in the quality of service we provided. Our "people helping people" philosophy continues to guide us as we strive to provide real, enduring financial value and dedicated personalized service for our members. This philosophy also guides us in support of our community - in 2021, we once again participated as the lead sponsor of a Radiothon benefiting UCSF Benioff Children's Hospital through the Children's Miracle Network Hospitals which helped raise over \$170,000 for deserving members of our local communities.

Despite strains on our U.S. and global economies, 1st Nor Cal Credit Union performed very well in 2021. The Credit Union added exciting access features in the form of online WebChat with live support during business hours as well as 24/7 online membership and loan application capabilities. We also continued our branch remodel initiative with the renovation and modernization of our Muir Station branch in Martinez. These updates to both our physical branch network and our remote access applications are indicative of 1st Nor Cal's ongoing commitment to provide our members with reliable convenient service options for all their financial needs.

1st Nor Cal Credit Union's financial performance was equally impressive with assets growing 8.1% to \$896 million and shares grew even more at 8.7% ending the year at over \$807 million. Loan growth achieved another all-time high of more than \$293 million. All this while maintaining a Net Operating Expense to Average Asset Ratio of 1.6%, well below that of our peers. Our low delinquency ratio of 0.1% is another reliable sign of our Credit Union's health and one which we are very proud of. The accomplishments at 1st Nor Cal are the direct result of the continued support and loyalty of the Membership, Volunteer Officials, Management, and Staff. I would like to express my sincere gratitude to all of you who have contributed to the success of your 1st Northern California Credit Union.



Stephen J. Ybarra, *Chair*
Board of Directors

Board of Directors



Stephen J. Ybarra, *Chair*



Mary Ann Mason, *1st Vice Chair*



Christina Dunn, *2nd Vice Chair*



Julie Enea, *Treasurer*



Dean Lucas, *Secretary*

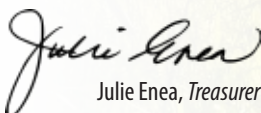
Message from Your Treasurer

Your Credit Union has remained strong during 2021. While the pandemic continued to impact our local communities, we saw signs of the recovery in many areas. Much of the economic and health impacts improved as the year progressed. Your Credit Union continued to respond by providing flexibility to our members during these constantly changing times to support your needs. Our commitment to our members to improve their lives was exemplified with low fees, high dividends, valuable loans, and unmatched service.

Your Credit Union has these success highlights to report for the year 2021:

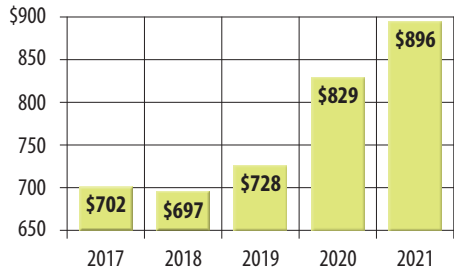
- Assets increased 8.1% to \$896.0 million.
- Shares increased 8.7% to \$807.1 million.
- Loans increased 2.7% to \$293.5 million. Your Credit Union approved 2,815 loans, a decrease of 18.5%, for a total of \$112.0 million, a 20.3% decrease compared to the prior years approved loans. Since your Credit Union was organized, 285,230 loans have been approved for a total of \$2.216 billion.
- Dividends paid to Members was \$1.8 million. This represents a dividend payout of \$0.10 on each \$1.00 earned.
- Our Net Operating Expenses to Average Asset Ratio of 1.6% was substantially less than the Credit Union industry average of 2.9%.
- Net income was \$1.6 million, a return on assets of 0.2%.
- Our delinquency ratio was 0%, significantly less than the national industry average of 0.3%.
- Our total Net Worth (Regular Reserves, Contingency Reserves and Undivided Earnings) to Total Asset Ratio of 9.2% is equal to the industry average and 3% higher than the minimum required. Our risk-based capital ratio of 34% is more than approximately three times the statutory requirement. This high Net Worth Ratio enhances further the Credit Union's substantially strong financial base and better positions us to absorb any future economic fluctuations.
- Again received the "5-Star Rating" from Bauer Financial Group, which is the highest rating possible in the financial industry.

I am pleased to report that Your Credit Union has maintained the highest degree of fiscal and financial soundness. I would like to express my thanks to the Members of 1st Northern California Credit Union for your continued support.

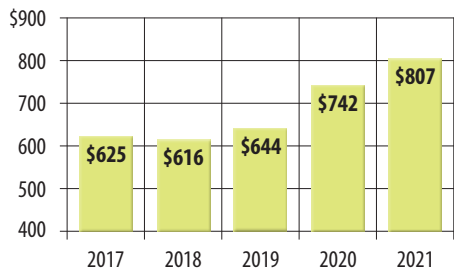

Julie Enea, Treasurer
Board of Directors

Your Financials

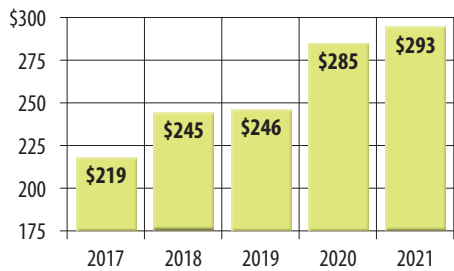
ASSETS (in millions)



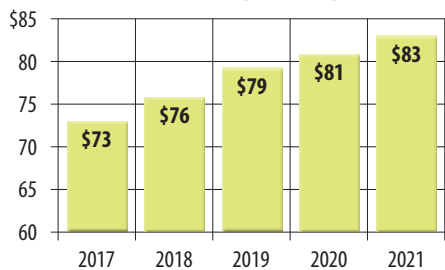
SHARES (in millions)



LOANS (in millions)



CAPITAL (in millions)



2020 & 2021 Financial Statements

BALANCE SHEET

| Assets: | 12/31/2021 | 12/31/2020 |
|---------------------------------------|----------------------|----------------------|
| Cash & Investments | \$572,394,200 | \$512,041,127 |
| Loans to Members | 292,756,956 | 285,229,118 |
| Accrued Interest Receivable | 2,675,794 | 2,581,180 |
| Land & Building (net) | 1,899,988 | 1,902,781 |
| Furniture & Equipment (net) | 1,282,240 | 1,397,945 |
| Other Assets | 25,040,188 | 25,956,932 |
| Total Assets | \$896,049,366 | \$829,109,083 |
| Liabilities: | | |
| Member Shares | 807,089,476 | 742,001,125 |
| Dividends Payable | 194,104 | 295,833 |
| Other Liabilities | 5,931,711 | 5,536,796 |
| Total Liabilities | 813,215,291 | 747,833,754 |
| Equity: | | |
| Regular Reserves | 7,815,921 | 7,815,921 |
| Contingency Reserves | 73,627,675 | 72,068,929 |
| Undivided Earnings | 561,056 | 561,056 |
| Equity Acquired in Merger | 829,423 | 829,423 |
| Total Capital | 82,834,075 | 81,275,329 |
| Total Liabilities & Equity | \$896,049,366 | \$829,109,083 |

INCOME & EXPENSES

| Income: | 12/31/2021 | 12/31/2020 |
|--|---------------------|---------------------|
| Interest on Loans | \$8,497,305 | \$8,078,690 |
| Investment Income | 6,420,997 | 8,360,403 |
| Other Income | 2,050,503 | 3,265,242 |
| Total Income | \$16,968,805 | \$19,704,335 |
| Expenses: | | |
| Salary & Benefits | 7,114,209 | 7,153,007 |
| Office Occupancy | 992,723 | 962,843 |
| Office Operations | 5,713,515 | 5,415,206 |
| Provision for Loan Losses | (200,000) | 317,800 |
| Total Operating Expenses | 13,620,447 | 13,848,856 |
| Net Income Before Distributions | \$3,348,358 | \$5,855,479 |
| Distribution of Net Income: | | |
| Dividends to Members | \$1,789,612 | \$3,689,790 |
| Reserves & Undivided Earnings | 1,558,746 | 2,165,689 |
| Total Distribution | \$3,348,358 | \$5,855,479 |

1st in Your Community

Each year, 1st Nor Cal participates in many local events. We support our public service, non-profit, charity, and educational communities through sponsorships and staff volunteerism. We take pride in our community involvement and enjoy connecting with and working to support our amazing neighbors.

In 2021, we were involved in the following events:

- **Bi-weekly** – Sponsored KKDV Morning Coffee Breaks
- **Monthly** – Sponsored KKDV Teacher of the Month
- **May** – Passed out 1st Nor Cal bags and literature at Downtown Martinez Farmer's Market
- **May** – Donated 30 Litter Grabbers for Robert Simple Elementary School Students Clean Up Day
- **July** – Attended Bay Front Chamber Mixer, donated gift basket, and presented our location and services
- **August** – Donated 1st Nor Cal branded items for San Pablo Police Department's National Night Out
- **August** – Donated 1st Nor Cal branded items for Benicia Police Department's National Night Out
- **September** – Sponsored Contra Costa County Teacher's Association Teacher of the Year
- **September** – Donated 1st Nor Cal bags and other items to Downtown Martinez Madness on the Main
- **September** – Vendor at Bay Front Chamber's Annual Chili & Car Show
- **September** – Sponsored Martinez Education Foundation's 2021 Fun Run
- **September** – Vendor at the Crockett Sugar Festival
- **October** – Vendor at Dublin Senior Center Wellness Event
- **October** – Vendor at City of Hercules Bay Front Run & Community Event
- **October** – Donated 1st Nor Cal bags and other items to the City of Antioch Car Show
- **October** – Sponsored Contra Costa County Sheriff's Annual Golf Tournament
- **October** – Sponsor and Vendor at Richmond Police Department's Pal Golf Tournament
- **November** – Donated 1st Nor Cal branded items to Mt. Diablo Chapter's Senior Everyday Program
- **December** – Sponsored the 2021 Annual Girls West Coast Jamboree

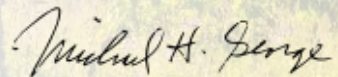
Message from Your Supervisory Committee

The Supervisory Committee is appointed by your Board of Directors to fulfill the requirements of the National Credit Union Administration (NCUA) and California State Department of Financial Protection and Innovation (DPFI) to objectively audit the financial records, review the operations and monitor the performance of your Credit Union.

To insure the utmost accuracy in meeting these requirements, we engaged the highly regarded CPA firm of CliftonLarsonAllen LLP whose specialty is Credit Union audits. They performed a comprehensive certified opinion audit of 1st Northern California Credit Union's accounting records and reviewed the internal controls surrounding our operations. Additionally, your Credit Union performs year-round compliance assessments to ensure all applicable federal and state regulations are being properly followed.

The DPFI also conducted its annual review of your Credit Union's operations. The report indicated that your Credit Union is operating on a sound financial basis with a high degree of efficiency and is in full compliance with Credit Union rules and regulations. Accounting reports are prepared promptly and accurately, internal controls are adequate, and the plans, policies and procedures established by the Board of Directors are being followed.

It is the opinion of this Supervisory Committee, and that of our auditors and federal and state examiners, that your Credit Union is a financially sound and well-managed financial institution.



Michael H. George, Chair
Supervisory Committee

Supervisory Committee



Michael H. George, Chair



Joanne Bohren



Laura Strobel



Rick Koehler



Terry Mann



1st Nor Cal[®]
CREDIT UNION

Branch Locations

1111 Pine Street, Martinez
538 Center Ave, Martinez
4261 Century Blvd, Pittsburg
8660-E Brentwood Blvd, Brentwood
560 First St, Suite B-106, Benicia
1420 Pomona St, Crockett
2500 Nevin Ave, Richmond

(888) 387-8632
www.1stnorcalcu.org



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Federally Insured by
NCUA

