

1st Nor Cal[®]

CREDIT UNION



Worth Sharing.

2023 ANNUAL REPORT

Worth Sharing.

You've probably heard the saying "Sharing Is Caring"... well hopefully you won't be surprised to hear that this sentiment is one that 1st Nor Cal really believes in. Unlike banks, our entire institution is structured to provide value to our members, not greedy shareholders. This allows us to operate in a way that is collectively beneficial to our members which results in lower fees, lower interest rates and higher dividends for our members. As a 1st Nor Cal member, you're part of something unique, something special, and yes - something worth sharing. It's human nature to want to share special things with the people you care about and we all do it every day - sharing recipes for a delicious dessert, sharing a hilarious video, sharing that genius life-hack you discovered. We love sharing too, that's why we work so hard to make 1st Nor Cal safe, reliable, and valuable. We invite you to show you care by sharing the benefits of 1st Nor Cal with all the special people in your life - your family, friends, and coworkers. Tell them all about us and encourage them to visit our website and join so they too can enjoy all the benefits of membership. Scan the QR code below if you'd like to connect with us online, follow us on social media or share a kind review.



Safety, Reliability & Value - among the many things we share with our members.

- 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 & Second Mortgages
- Home Equity Loans
- 1st Line Unsecured Line-of-Credit®
- Signature Loans
- 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

Looking back at 2023, your Credit Union has a lot to be proud of. In April of 2023, our much-anticipated online and mobile banking platforms were successfully upgraded and rolled out to members. The new platform gives members a modern, more intuitive interface, expanded transfer and payment functionality, access to credit score monitoring services, live chat features, robust account alert and notification options and new dashboard customization tools. As you might imagine, a platform migration of this magnitude takes massive amounts of preparation, coordination and testing and we are very pleased with the end result. The new system is much improved and of course, ultra-secure, which is always a top priority here at 1st Nor Cal. An exciting new savings product was also introduced in 2023. We call it our 1st Class Money Market account and what makes it special is that it's a reverse-tier account. Typically, money market accounts pay higher dividends on larger deposit balances, but our 1st Class Money Market actually pays our highest dividend right off the bat on all balances up to \$5,000, then a highly competitive dividend on any balances over \$5,000. Our members love being able to earn really attractive dividends with no minimum deposit and no minimum balance required.

At 1st Nor Cal, we're all about giving our members the tools they need to thrive financially. While our US economy improved in 2023, persistent inflation, high interest rates and high gas prices are an all-too-real condition that continues to impact us all. Any time we can add or improve a product or service to benefit our members, especially in challenging economic times, we are all for it.

Additionally, I am pleased to report that your Credit Union performed exceptionally well in 2023. Our core business model promoting safety, security, reliability and value has continued to serve us well. Dedication in the service of our members continues to guide our best practices for management of the credit union's investment portfolio, our lending policy and our

dividend and fee structures. At 1st Nor Cal, it's all about the members and supporting the communities we serve and no matter how much the world around us ebbs and flows, that will never change.

Our "people helping people" philosophy will forever 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 2023, 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 \$200,000 for deserving members of our local communities.

From a financial performance perspective, we humbly but proudly convey our excitement in 1st Nor Cal Credit Union's 2023 performance. 1st Nor Cal Credit Union's financial performance was solid with assets decreasing 9% to \$799 million and shares decreasing 11% ending the year at \$702 million. Meanwhile, loan growth increased 6% to achieve another all-time high of more than \$348 million. All this while maintaining a Net Operating Expense to Average Asset Ratio of 1.9%, well below that of our peers. Our exceptionally low delinquency ratio of 0.01% 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



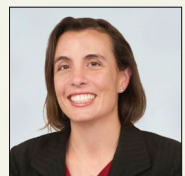
Mary Ann Mason, 1st Vice Chair



Robert Campbell, 2nd Vice Chair



Julie Enea, Treasurer



Christina Dunn, Secretary

Message from Your Treasurer

Your Credit Union has remained strong during 2023. As inflation began to moderate towards the end of the year, our local communities continued to see signs of improvement. Your Credit Union continued to respond by providing high quality service to its members during these constantly changing times to support their needs. Our commitment to our members to improve their lives was exemplified with low fees, high dividends, valuable loans, fiscal integrity, and unmatched service.

Your Credit Union has these success highlights to report for the year 2023:

- The total value of loans made to Credit Union members increased 6% to \$348 million. This year, your Credit Union approved 4,824 loans for a total of \$111 million, a 17% increase compared to the prior year's approved loans. In the history of your Credit Union, 294,167 loans have been approved for a total of \$2.4 billion!
- Whereas Assets decreased 9% to \$799 million and Shares decreased 11% to \$702 million, membership grew by 2% compared to the industry average of 0%.
- Your Credit Union paid \$2 million in Dividends to its members. This represents 44% of Net Income before Dividends are paid.
- Our Net Operating Expenses to Average Asset Ratio of 1.9% was substantially less than the Credit Union industry average of 3.1%, illustrating your Credit Union's high level of efficiency.
- Your Credit Union earned \$3 million, a return on assets of 0.36%.
- Your Credit Union had a loan delinquency ratio of 0.01%, among the lowest in the nation!
- Your Credit Union's Net Worth Ratio (Undivided Earnings compared to Total Assets) of 10.9% is consistent with the industry average and more than 3% higher than the minimum required. This healthy Net Worth Ratio indicates a strong financial base and the resilience to withstand any future economic fluctuations.
- Your Credit Union management team, again received the "5-Star Rating" from Bauer Financial Group, which is the highest rating possible in the financial industry.

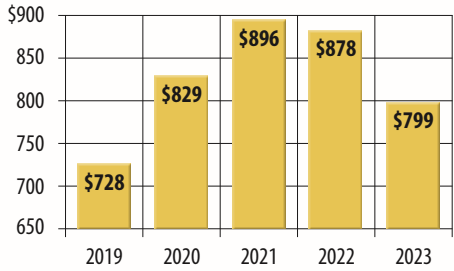
I am pleased to report that Your Credit Union has maintained the highest degree of fiscal and financial soundness. I would like to express my thanks to the Members of 1st Northern California Credit Union for your continued support and loyalty to this institution that strives daily to serve your banking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



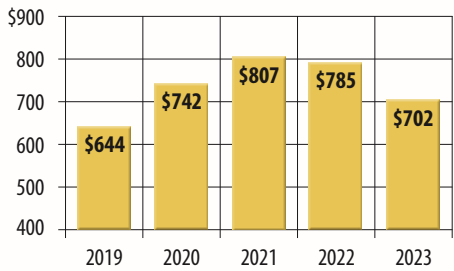
Julie Enea, Treasurer
Board of Directors

Your Financials

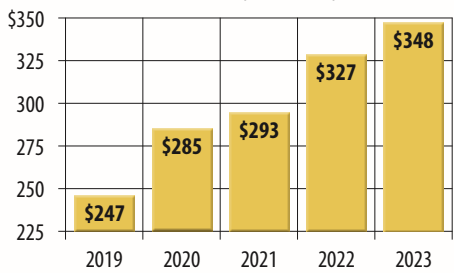
ASSETS (in millions)



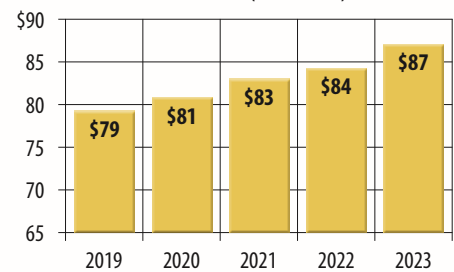
SHARES (in millions)



LOANS (in millions)



CAPITAL (in millions)



2022 & 2023 Financial Statements

BALANCE SHEET

Assets:	12/31/2023	12/31/2022
Cash & Investments	\$413,838,824	\$515,200,919
Loans to Members (net)	348,322,484	327,144,219
Accrued Interest Receivable	2,576,067	2,594,689
Fixed Assets (net)	2,883,428	2,930,329
Other Assets	31,206,501	30,502,141
Total Assets	\$798,827,304	\$878,372,297
Liabilities:		
Member Shares	\$701,508,871	\$785,297,748
Dividends Payable	332,692	215,609
Other Liabilities	10,312,666	8,971,868
Total Liabilities	\$712,154,229	\$794,485,225
Equity:		
Undivided Earnings	\$85,843,652	\$83,057,649
Equity Acquired in Merger	829,423	829,423
Total Capital	86,673,075	83,887,072
Total Liabilities & Equity	\$798,827,304	\$878,372,297

INCOME & EXPENSES

Income:	12/31/2023	12/31/2022
Interest on Loans	\$10,836,008	\$8,953,791
Investment Income	7,605,315	5,991,241
Other Income	2,776,337	1,690,694
Total Income	\$21,217,660	\$16,635,726
Expenses:		
Salary & Benefits	\$8,434,519	\$7,344,131
Office Occupancy	1,083,329	1,046,057
Office Operations	6,249,335	5,914,811
Provision for Loan Losses	90,542	(190,074)
Total Operating Expenses	15,857,725	14,114,925
Net Income Before Distributions	\$5,359,935	\$2,520,801
Distribution of Net Income:		
Dividends to Members	\$2,337,444	\$1,467,804
Undivided Earnings	3,022,491	1,052,997
Total Distribution	\$5,359,935	\$2,520,801

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 2023, we were involved in the following events:

- Attended many local chamber of commerce events, job fairs, and benefits fairs
- Participated in local events including the Martinez Police Department's Mini Motor Land, Contra Costa Resource Conservation Water Festival in Crockett, Alhambra High School Car Show, Brentwood City Park & Car Show, Martinez Makers Market, Crockett Sugar Festival, Four Fool Winery event in Rodeo, Benicia Waterfront Festival
- Vendor at the Martinez Chamber of Commerce King of the County BBQ, City of Martinez National Day Out, and Benicia Peddlers Fair
- Sponsored the Martinez Bocce Foundation Annual Tournament, Crockett Wine Stroll, Crockett Octoberfest, 2023 Mt Diablo School District Teacher of the Year, Martinez Martini Shake Off, Martinez Education Foundation Run, Reclaim Renew Rebuild Fundraiser in Downtown Martinez, West Coast Jamboree Girls Youth Basketball Tournament, and 96.5 KOIT Cares for Kids Radiothon benefiting UCSF Benioff Children's Hospitals
- Attended luncheons and donated to Contra Costa County Retired Employee's Association
- Made donations to the Hercules and San Pablo Police Departments' National Day Out, Guys Annual Golf Tournament, Contra Costa County Resource Conservation Department for a mural on Hwy 4, and to the Contra Costa County Deputy Sheriff's Association
- Tee sponsor for Contra Costa County Sheriff's Golf Tournament and donated 1st Nor Cal t-shirts
- Tee sponsor and volunteer at the Richmond Police Department (PAYAPL) Golf Tournament
- Opened our branch during the Benicia Tree Lighting and Downtown Holiday Parade events
- Collected toys at our branches during the holidays for Toys for Tots, donated toys to the San Pablo Police Department Toy Drive, and donated and assembled 4 bikes for Contra Costa County foster kids program

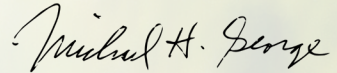
Message from Your Supervisory Committee

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 ensure the utmost accuracy in meeting these requirements, we engaged an independent auditor to perform an audit of 1st Northern California Credit Union's financial statements. Additionally, your Credit Union performs year-round compliance assessments to ensure all applicable federal and state regulations are being properly followed.

The NCUA and 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*



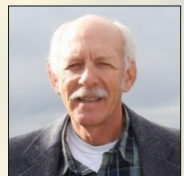
Joanne Bohren



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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NCUA

