

We are people helping people

2022 ANNUAL REPORT



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



Kristine Wetzel
CHAIRPERSON OF THE BOARD

Bill Cheney
CHIEF EXECUTIVE OFFICER

You Make Our Credit Union Strong

This past year was outstanding for our Members and the Credit Union, thanks to your advocacy and participation. We grew to serve more than 1.2 million Members, welcoming a record 100,734 new Members and, in support of your financial well-being, we saw record loan growth.

You shared how the Credit Union supports you and your family through your engagement with our products and services and willingness to share the value of Membership with others. We were also honored by the recognition we received from you in many national and regional publications throughout 2022. These recognitions are humbling and represent your loyalty and unwavering commitment to the Credit Union.

A Strong Foundation, Built Together

In 2022, our Members benefited from our strong financial position that helped us achieve record financial results. This strength, built by generations of Members including you, allows us to provide trusted financial advice and competitive products to help you achieve financial well-being. Our combined strength continues through all economic cycles, thanks to your loyalty and commitment to sharing the benefits of Membership with your colleagues and family.

Returning Profits to You, Our Member-Owners

As a Member-owned, not-for-profit financial cooperative, 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 \$277,279,734 in direct financial benefits to our Members, resulting in a savings of \$470 for each Member household and \$1,297 for Member households actively using more products and services. ^{1, 2, 3}

Growing With You to Serve Your Needs

We help make managing your money easier by listening to your feedback and finding solutions to meet your changing needs. In 2022, we made convenience a priority by launching a self-service debit card PIN feature and an ACH direct payment to loan option. We made improvements to Mobile Banking with new features and design. We also made the dream of homeownership more accessible by launching an FHA home loan program. Additionally, we opened two new branches in two counties.

Giving Back to Our Communities

Together with our Members, we contribute time and financial resources, investing in education and the communities we serve. In 2022, our Members and team helped give back more than \$3.84 million to schools, colleges and universities, Children's Miracle Network Hospitals and CUAid, including \$285,730 in grants to teachers for educational programs and more than \$187,000 in Member Education Award scholarships.

Looking Toward Our Future

Our Credit Union remains strong because of your loyalty and Membership. Our steadfast commitment is to provide World-Class Personal Service and trusted financial advice to help you make financial decisions with confidence and fulfill your dreams.

Thank you for allowing us to serve you. It's an honor to be a trusted part of your life and walk alongside you throughout your financial journey.

With Deep Gratitude,

Kristine Wetzel

CHAIRPERSON OF THE BOARD

Bill Cheney

CHIEF EXECUTIVE OFFICER



¹. 2022 Credit Union National Association (CUNA) Membership Benefits Report for SchoolsFirst FCU. Source: Datatrac, NCUA and CUNA. ². Estimates based on an average of 2.1 credit union Members per household. ³. A "Member household that participated in more products and services" 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.

SERVING OUR MEMBERS



Serving School Employees and Their Families

Together, we are
1,276,035
 Members strong.



We welcomed
 a record



100,734
 new Members in 2022.

Including



29,666

school employees



51,175

family Members



19,893

youth family Members

Because of Your Loyal Membership

We remained the largest credit union in California and the fifth largest credit union in the United States. Together, our Members saved:



\$105.6 million

from higher dividend
 rates on savings.¹



\$151.8 million

from lower interest
 rates on loans.¹



\$19.8 million

from fewer/lower fees.¹

Listening to You and Improving Our Products and Services



37,000+

Self-Service PIN management launched and Members changed their own PIN over 37,000 times.



ACH Payments

ACH direct to loan payments were made available for the first time.



Mobile Banking

Member feedback was used to refresh Mobile Banking with new features and design.



FHA Home Loans

We launched FHA home loans to help make homeownership more accessible to Members.



2 New Branches

We opened 2 new branches in Orange and Riverside counties.



Serving You Where You Are



771,014

Members who visited
our 70 branches
throughout California.



2,770,487

Members who called
our Member contact
centers.



635,603

Members who used our
ATMs or the 28,000
CO-OP network ATMs.



771,977

Members who used
Online Banking.



802,836

Members who used
Mobile Banking.



175,316

Members who used
chat from our website.



Helping Make Your Financial Dreams a Reality



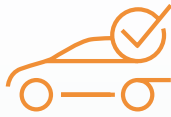
5.9 million

Together, Members used 5.9 million products and services, an increase of 382,000 in 2022.



\$8 billion

We helped Members with over \$8 billion in loans.²



95,128

Members who purchased a car.²



1,817

Members who bought a home.²



5,764

Members who opened HELOCs.²



113,550

Members who opened personal loans.²

Helping You Save for the Future



\$58,006,889

Amount of combined earned dividends 126,433 Members received with certificates.



\$1,203,641

Amount of combined earned dividends 42,002 Members received with a College Saver Share Certificate.

². All loans subject to approval.



Providing Members with Guidance When They Need It



\$1.28 billion

In total brokerage assets under advisement by SchoolsFirst Investment Services.³



33,732

Number of Members assisted by SchoolsFirst Investment Services.³



13,440

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



342

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





Supporting School Employees with Unique Products to Meet Their Needs



238,536

school employee Members participated in Summer Saver and **6,434** participated in Paycheck Planner to cover the summer months when they don't receive a paycheck.



13,114

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



2,282

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



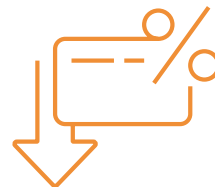
9,451

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



8,342

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



13,680

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 2022: America's Best Credit Unions in Each State



American Banker

Humanizing the bank customer experience: Who does it best? Top 50



CNET

CNET: The Best Credit Unions of 2022



LA Times

Best of the Southland



Press-Enterprise

Best of IE - Best Credit Union:
North: Corona, Loma Linda,
Moreno Valley, Redlands and
Riverside



Press-Enterprise

Best of IE - Best Credit Union:
South: Beaumont, Canyon Lake,
Hemet, Menifee, Murrieta, Perris
and Temecula



Orange County Register

Best of OC:
Best Credit Union



Style Magazine

Readers' Choice Awards Best of 2022 –
El Dorado County Foothills



Style Magazine

Readers' Choice Awards Best of 2022 –
Roseville Granite Bay Rocklin



Pasadena Weekly

Best of Pasadena –
Best Credit Union

1. 2022 Credit Union National Association (CUNA) Membership Benefits Report for SchoolsFirst FCU. Source: Datatrac, NCUA and CUNA.

2. All loans subject to approval.

3. **Securities 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



Social Responsibility is One of the Founding Principles of the Credit Union Movement

Giving Back

to the Communities
Where Our Members
Live and Work



\$3,837,366

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



1,500

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



**Children's
Miracle Network
Hospitals**

\$345,122

In 2022, SchoolsFirst FCU donated and raised \$345,122 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.



Providing Support for Future Generations

Our teammates volunteered to help 4,603 students at 65 Bite of Reality events.

Bite of Reality is a hands-on, money-management simulation designed to educate students about making smart money decisions.



187,000

Last year, 191 students received more than \$187,000 in scholarships to continue their education.



26,949

We empowered more than 26,949 students who participated in financial education workshops and presentations in 1,005 classrooms.



176

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



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 education programs for their students.



\$285,730

With generous support from our Members, team and businesses, the Education Foundation for California Schools awarded 119 grants to local teachers, totaling \$285,730.



33,678

Approximately 33,678 students benefited from teacher grants.



\$1.8 million

From 2003 – 2022, more than 700 teachers have received grants, totaling \$1.8 million.

MEMBER STORY





Arnold R.

MEMBER SINCE 2021

Arnold works as an occupational therapist, helping students master daily life activities to thrive in the classroom and at home. After a rewarding day at work seeing the progress his students make, Arnold enjoys relaxing in his new home.



Arnold never thought owning a home would be within reach, as no one in his family had ever owned their own home. Instead of following the path he knew and going into a job straight out of high school, Arnold chose to go to college and earned his bachelor's degree. He started a career in finance, with the intent to pull his family out of poverty, but quickly realized that was not his path and went back to school. While in school, Arnold worked as a teaching aide and discovered his passion for working with children with disabilities. He pursued occupational therapy and finished with his master's degree in the subject.

Arnold worked as a contractor for Orange County school districts, before obtaining a full-time position at Santa Ana Unified School District. He works at different school sites within the district – three elementary schools and one preschool. When Arnold opened his Membership in 2021, he was interested in all of the products and services available to school employees and kept the home loan products in the back of his mind.

After obtaining his undergraduate and graduate degrees, Arnold again defied the societal norms of where he grew up by making the leap into home ownership. He recalls that prior to committing to the decision to purchase a home, he called the SchoolsFirst FCU 800-number, knowing nothing and wanting to learn more. The team member who helped him, Renee, ended up working with him through the entire process from that initial inquiry. "I felt cared for during the process. I was surprised by the level of support I received," Arnold said of his experience. "Renee really helped to keep me calm during a stressful time." Arnold shared that Renee helped him by staying on the phone while he downloaded forms to sign and reassured him along the escrow journey.

Arnold made his dream of homeownership a reality and is grateful to the Credit Union for the help he received during the process.



Insured by NCUA.

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, 2022. 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.

KAREN CANT

CHAIRPERSON,
SUPERVISORY COMMITTEE



Condensed Consolidated Statements of Financial Condition

As of December 31, 2022 and 2021 (in thousands of dollars)

ASSETS	2022	2021
Cash and cash equivalents	\$ 1,028,894	\$ 3,223,027
Investments available-for-sale, at fair value	1,811,602	1,421,907
Investments held-to-maturity, at amortized cost	7,132,526	8,161,805
Other investments, at fair value	50,683	71,861
Loans held for sale, at fair value	—	151
Loans, net	16,731,120	12,795,587
Accrued interest receivable	64,932	48,584
Receivable from other financial institutions	606,199	555,369
National Credit Union Share Insurance Fund (NCUSIF) deposit	230,482	212,001
Property and equipment, net	284,585	293,863
Goodwill and intangible assets, net	59,431	69,152
Other assets	163,371	117,488
TOTAL ASSETS	\$ 28,163,825	\$ 26,970,795
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 24,285,245	\$ 23,833,839
Accrued expenses and other liabilities	375,197	258,056
Borrowed funds	722,500	287,500
	25,382,942	24,379,395
Members' equity		
Retained earnings	2,839,552	2,608,860
Accumulated other comprehensive loss	(58,669)	(17,460)
	2,780,883	2,591,400
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 28,163,825	\$ 26,970,795
Capital ratio	9.87%	9.61%

Condensed Consolidated Statements of Income

For the Years Ended December 31, 2022 and 2021 (in thousands of dollars)

INTEREST INCOME

	2022	2021
Loans	\$ 620,851	\$ 490,613
Investments and cash deposits at financial institutions	140,154	120,960
TOTAL INTEREST INCOME	761,005	611,573

INTEREST EXPENSE

Members' shares	108,829	111,123
Borrowed funds	6,676	7,500
TOTAL INTEREST EXPENSE	115,505	118,623

Net interest income	645,500	492,950
Provision for loan losses	56,500	6,300
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	589,000	486,650

NON-INTEREST INCOME

Member fees	46,487	34,855
Card interchange and ATM fees	82,158	75,670
Gain on sale of investments and loans, net	13	10,678
Other non-interest income	44,573	39,062
TOTAL NON-INTEREST INCOME	173,231	160,265

NON-INTEREST EXPENSE

Salaries and benefits	308,332	272,511
Operations and other administrative expenses	183,419	160,736
Occupancy	39,788	33,900
TOTAL NON-INTEREST EXPENSE	531,539	467,147
NET INCOME	230,692	179,768
Other comprehensive income (loss)	(41,209)	10,325
TOTAL COMPREHENSIVE INCOME	\$ 189,483	\$ 190,093

BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE



2022 Board of Directors

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

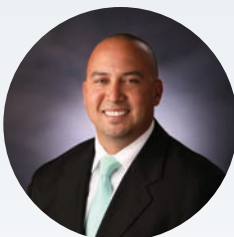


KRISTINE WETZEL

CHAIRPERSON, BOARD OF DIRECTORS



Nina Boyd



Richard G. De Nava



John Didion



Marc Ecker, Ph.D.



Renee Hendrick



Greg Marchant



Eric Padget



Tami Pearson, Ed.D.



Andy Plumley



Douglas Sato



Matthew Schulenburg



Marie B. Smith, Ed.D.

2022 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.



KAREN CANT

CHAIRPERSON, SUPERVISORY COMMITTEE



Ted Alejandre



Paul Burkart



Claudette Dain



Kathleen McCreery*



Paul Reed



Jeff Trader*

*Associate Committee Member