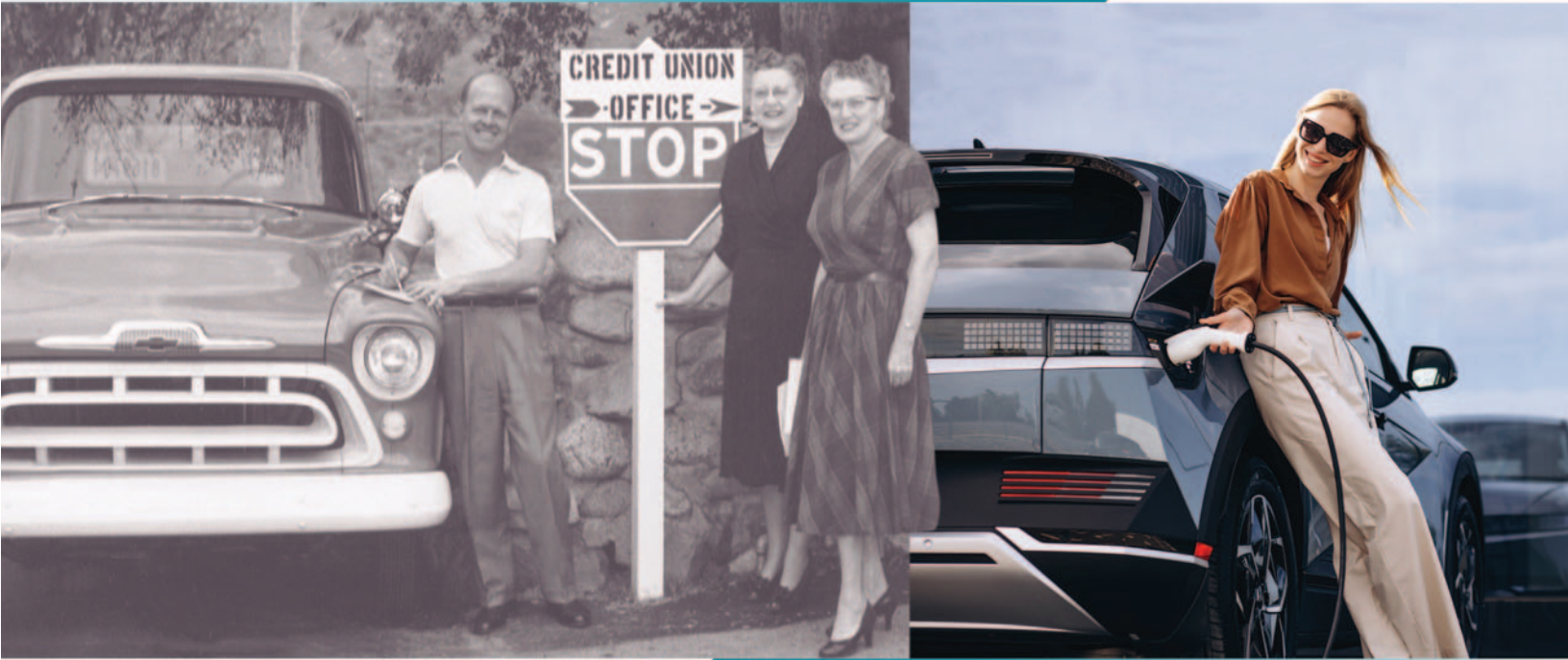


2024 ANNUAL REPORT



Putting Members First for 75 Years





BOARD OF DIRECTORS

(Standing L to R):

THERESA SLOWSKEI,

Associate Controller, Caltech;

DLORAH GONZALES,

Retired, Director of Employment and Employee Services, Caltech;

Treasurer JOHN K. MEEKER,

President/CEO, CEFCU;

ANN MARTIN,

Senior Associate General Counsel, Caltech;

JOE COURTNEY,

Division Manager of Protective Services, JPL;

(Sitting L to R):

Vice Chair LAURICE BALIAN,

Senior Director of Audit, Caltech;

Chair STEVE PROIA,

Retired, CFO/Director for

Business Operations, JPL;

Secretary PETER RINDE,

Division Manager for Enterprise Business Information Services, JPL.

Not pictured:

JOHN PATTERSON,

Senior Finance Analyst-Public Finance and Investments, County of Los Angeles, Treasurer & Tax Collector.

Throughout 2024, we set the stage to celebrate the 75th anniversary of Caltech Employees Federal Credit Union, exemplifying our commitment to our members' best interests, even amid a challenging interest rate environment.

We emerged financially strong and stable, as always, maintaining consistent dividend rates without reduction despite three Federal Reserve rate cuts. At the same time, we lowered our loan rates across the board, creating new opportunities for members to borrow or consolidate debt.

Our ability to successfully navigate recent financial trends was due, once again, to our strong capital position and robust liquidity — well above regulatory requirements — as well as strategic asset management. Guided by sound leadership, experienced volunteers, and dedicated employees, we remained committed to our unique business model of providing only those services we do best. These advantages, coupled with exceptional efficiency (our operating expense ratio was less than one-third of the industry average!), allowed us to maintain our ongoing low-cost competitive advantage.

On April 1, 2024, our distinguished President/CEO, Rich Harris, retired, and we proudly welcomed John Meeker to the post. John brings 25 years of dedicated service as CEFCU's Chief Financial Officer, demonstrating a deep commitment to our continuing legacy of financial value and member-focused excellence.

As the world continues to change, one certainty remains — CEFCU's unwavering commitment to you, our member/owners.



Interior of the JPL Office in 1958 and today. Our member-centric values and unsurpassed service remain rock-solid.

CHAIR & PRESIDENT'S REPORT

STEVE PROIA *Chair, Board of Directors* • JOHN K. MEEKER *President/Treasurer*

It is an honor to usher in the 75th anniversary of Caltech Employees Federal Credit Union. Beyond the steady trajectory of our growth and stability through three-quarters of a century, the occasion illustrates the rewards of an unwavering members-first philosophy — a philosophy implemented by an iconic business model that has proven remarkably successful and resilient over the years.

In 2024, our assets rose to over \$2.1 billion, an increase of 3.34% above the previous year. We generated revenue of \$78.1 million and net income of \$1.29 million. But more importantly, we prioritized giving back to our members and returned close to \$45 million in the form of monthly dividends.

This was accomplished in a challenging interest rate environment. Despite three Federal Reserve rate cuts totaling 100 basis points in 2024, CEFCU — unlike many financial institutions — maintained its monthly dividend rate across all five rate tiers without reduction. At the same time, we lowered interest rates on key loan products to support members' borrowing needs.

A remarkable 57 cents of every dollar of income went back to members. This return is amongst the highest in the nation, more than double the national average of 26.6 cents!

ENSURING CONTINUAL VALUE

Achieving this success was possible because of our ongoing conservative financial management approach. As always, cost savings were realized by offering selective services, careful planning, and operating efficiencies. Challenging market conditions were met by implementing even stricter budget controls. As a result, our operating expense ratio remained far below the industry average at just 0.87%, compared to the peer average at 2.72%.

While we saw a modest decline in shares, as some members chose to diversify into higher-yielding, long-term investments, our focus remained on the broader financial well-being of our members, the stability of our operations, and the ongoing ability to provide competitive and value-centric services to our member/owners.

Year after year, our continued success is a direct result of the unsurpassed stability, security, safety and service that we are known for. Members can feel confident knowing that their deposits are insured up to at least \$250,000 by the National Credit Union Administration (NCUA). And, last year, we upheld our commitment to member satisfaction by maintaining an impressive 95%-member satisfaction rate, consistently exceeding industry and CEFCU standards, as we have in previous years.

Most notably in 2024, we delivered real savings through lower loan rates. We reduced rates across several loan categories: Second Trust Deeds from 8.75% to 8.00%; Vehicle Loans with 60-month terms from 5.75% to 4.89% and 36-month terms from 5.45% to 4.69%; and, both of our low-cost Home Equity Lines of Credit (HELOC) saw significant reductions of 50 basis points.

These rate adjustments reflect CEFCU's commitment to financial value, making borrowing more affordable. Moreover, every loan reflects our straightforward, transparent, gimmick-free lending policies — free from application fees, pre-payment penalties, or other hidden charges. Better still, upon qualifying



Entering our 75th year, we celebrate progress by embracing innovation and technology to provide members ease, security, and convenience for their account access.

for a loan, all CEFCU members receive the same low rate, regardless of their credit score. Unlike many lenders, we do not use “risk-based pricing” or charge add-on fees.

Not surprisingly, total loans in 2024 rose to over \$591.8 million.

CREATING FINANCIAL OPPORTUNITIES

Our Real Estate lending products helped many members buy new homes, refinance adjustable-rate mortgages, or cash out their equity in 2024. In total, we funded over \$44 million in new First and Second Trust Deed real estate loans, bringing our total real estate portfolio to nearly \$431 million.

One of our most popular products was the 5/5 Adjustable-Rate Mortgage (ARM) with 30- and 40-year terms, offering a flexible alternative to traditional fixed-rate mortgages. The 5/5 ARM features a fixed interest rate for the first five years, with adjustments every five years thereafter. With rates tied to the U.S. Treasury yields and a CEFCU-set margin, the 5/5 ARM continues to provide competitive financing solutions for our members.

Members also recognized the exceptional value of our Traditional and 10-Year Interest Only Home Equity Lines of Credit — each featuring low variable rates, minimal-fee services, and no cost to open or maintain. These HELOCs provided nearly \$30 million in credit last year, resulting in total outstanding loan balances of over \$62 million.

In 2024, we expanded our real estate product line with the introduction of the Real Estate Investment Property Loan, designed to help members purchase or refinance rental properties in California. Tailored to finance income-producing properties with one to four units, these special loans offer up to \$2 million with 75% financing and a 60-day rate lock. Its affordable terms feature low closing costs with low or no points, and payments amortized over 30 years with a balloon payment due in 15 years.

As always, our Vehicle Loans provided superior value for buying or leasing a new or pre-owned car, or refinancing a car from another lender, generating nearly \$16 million in new funding.

In June, a special offer on our Short-Term Personal Loans created new opportunities for transferring high-cost balances from other lenders, significantly reducing monthly payments with terms of up to 60 months. By year-end, 185 of these loans had been funded, totaling \$4 million; the offer will continue through February 2025.

We also offered a special promotion on our CEFCU Platinum Mastercard® through October 31, 2024, which reduced the rate to 6.49% APR on all new purchases. All CEFCU Mastercard cardholders automatically qualified for this exceptional rate, which was in effect for up to 12 months. Hundreds of members embraced this opportunity by opening new accounts and actively using their card.

A TRADITION OF SERVICE & SECURITY

Building on 75 years of trust and member loyalty, we remained focused on serving the financial needs of the exclusive Caltech community. We welcomed 993 new members and added two esteemed Caltech affiliate organizations to our sponsor base: Helicity Space and Foldax Inc.

Through the years, technology has greatly transformed our members' access to their accounts, expanded the options for managing their funds, and made it easier to open a new account or apply for a loan. Today, more than 66% of our members use eBranch and our mobile app, enjoying seamless account access from wherever they live.

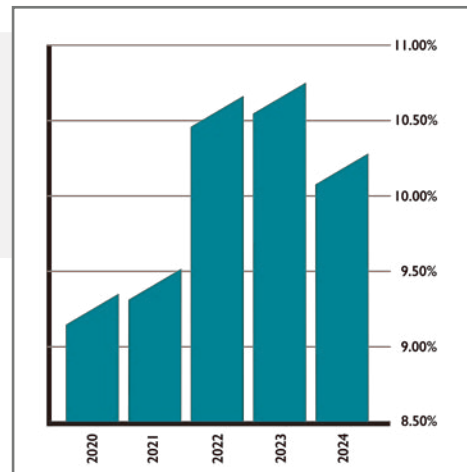
We maintained the strong security and efficiency of these systems by proactively upgrading our technology and fortifying operations. Most noticeably, we enhanced the Alerts feature within eBranch to allow members to receive alerts via SMS text messaging and push notifications, along with the existing email option. Additional notification options make accounts easier to monitor for a wide variety of activities: deposits received, withdrawals made, unsuccessful logins, password changes, and updates to contact information.

Similarly, recognizing the heightened sophistication and prevalence of scams and fraud, we intensified our efforts to make our members aware of these dangers. Through online communications, newsletters, and ongoing security awareness training, we emphasized the need to be aware and cautious to protect personal information and finances.

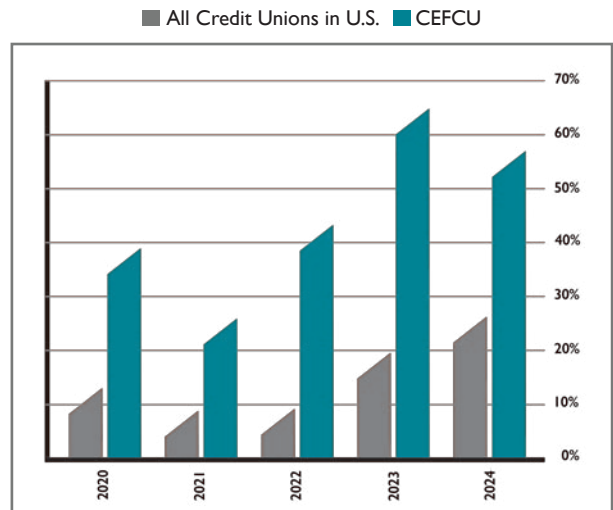
ALWAYS LOOKING FORWARD

With 75 years of delivering superior financial value and unsurpassed service, CEFCU continues to truly live up to its mission of putting members first. Whether in times of prosperity or challenge, our members know they can rely on us to provide financial peace of mind today and unwavering confidence in the promise of tomorrow. Thus, our anniversary year is not simply a celebration of our legacy, but also a strong foundation for the future.

NET WORTH RATIO
Net Worth as a Percentage of Assets
(Year end)



RETURN TO MEMBERS
Dividends as a Percentage of Total Income
(Year end)



STATEMENTS

FINANCIAL CONDITION

| December 31, | 2024 | 2023 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Loans, net of allowance for credit losses | \$ 591,878,417 | \$ 585,071,324 |
| Cash on hand and demand accounts | 222,071,759 | 140,583,492 |
| Investments, net | 1,270,337,582 | 1,291,077,758 |
| Accrued income | 4,832,675 | 4,915,751 |
| Fixed assets, net | 10,669,567 | 10,337,076 |
| Other assets | 2,643,372 | 2,456,019 |
| | <u>\$ 2,102,433,372</u> | <u>\$ 2,034,441,420</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Accounts payable and accrued expenses | \$ 6,032,321 | \$ 8,844,948 |
| Members' shares | 1,538,509,918 | 1,618,995,248 |
| Borrowed funds | 350,000,000 | 200,000,000 |
| Net worth | 207,891,133 | 206,601,224 |
| | <u>\$ 2,102,433,372</u> | <u>\$ 2,034,441,420</u> |

INCOME AND EXPENSE

| For the years ended December 31, | 2024 | 2023 |
|--------------------------------------|----------------------|----------------------|
| INTEREST INCOME | | |
| Interest on loans | \$ 26,699,656 | \$ 23,798,290 |
| Interest on investments | 50,293,331 | 47,594,100 |
| | <u>\$ 76,992,987</u> | <u>\$ 71,392,390</u> |
| COST OF FUNDS | | |
| Interest on borrowed funds | \$ 14,000,583 | \$ 7,958,694 |
| Members' dividends | \$ 44,741,588 | \$ 47,031,780 |
| Net interest income | \$ 18,250,816 | \$ 16,401,916 |
| Provision for credit loss expense | \$ -0- | \$ -0- |
| Other operating income | \$ 1,062,154 | \$ 1,075,392 |
| Other non-operating income (expense) | 350,362 | 1,445,271 |
| | <u>\$ 1,412,516</u> | <u>\$ 2,520,663</u> |
| OPERATING EXPENSES | | |
| Compensation | \$ 8,401,723 | \$ 8,166,146 |
| Employee benefits | 3,191,185 | 3,040,158 |
| Education and conference | 361,716 | 342,105 |
| Association dues | 126,480 | 115,342 |
| Office occupancy | 744,272 | 721,301 |
| Office operations | 2,249,403 | 2,132,747 |
| Marketing and promotions | 380,719 | 362,297 |
| Loan servicing | 812,720 | 842,836 |
| Professional and outside services | 1,714,325 | 1,579,823 |
| NCUA operating fee | 388,794 | 342,245 |
| Miscellaneous | 2,086 | 3,097 |
| | <u>\$ 18,373,423</u> | <u>\$ 17,648,097</u> |
| NET INCOME | \$ 1,289,909 | \$ 1,274,482 |

The 2024 Statements above are unaudited. An independent, certified opinion is currently in process.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is an audit committee composed of Credit Union members who are appointed by the Board of Directors. Our primary responsibility is to ensure that member funds and interests are protected.

In pursuit of this goal, the Supervisory Committee's activities include: participation in the monthly Board of Directors' meetings; bi-monthly meetings of the Supervisory Committee to review financial performance and overall financial health of the Credit Union; and periodic audits of accounts, policies, procedures and internal controls.

To assist in our review of the Credit Union and in accordance with regulatory requirements, the Supervisory Committee engaged the independent accounting firm of Richards & Associates, CPAs, to perform the annual certified audits. An opinion audit was completed in 2024 for the year of 2023. The 2024 audit is currently in process.

The Committee has also engaged the CPA firm of TWHC to provide the internal audit function on a regular ongoing basis. In addition to these reviews, the National

Credit Union Administration (NCUA) performs a regulatory examination every 12 months. The results of all reviews to date give us confidence that the Credit Union is in compliance with applicable regulations, safeguarding members' assets, and following policies and procedures approved by the Credit Union Board of Directors.

SUPERVISORY COMMITTEE

THERESA SLOWSKEI, *Chair*
ALEEN BOLADIAN, *Member*
WALTER BOYD, *Member*
BRIAN CORCORAN, *Member*
DEBBIE LEE, *Member*



An early CEFCU office at the Jet Propulsion Laboratory, and our La Cañada Office today.



MISSION STATEMENT

CEFCU provides superior value with unsurpassed service through selected financial products while maintaining our tradition of stability, security, and trust.

CORE VALUES

MEMBERS FIRST — *We always place the best interests and welfare of our members first.*

FINANCIAL STRENGTH — *We never compromise the financial strength and security of the organization.*

ETHICS — *We conduct all activities with honesty and integrity.*

IMPORTANCE OF PEOPLE — *We promote the well-being of our members, volunteers, and employees.*

LA CAÑADA OFFICE

528 Foothill Boulevard
PO Box 11001
La Cañada Flintridge, CA 91012-6001
800/592-3328 • 818/952-4444

REAL ESTATE LOAN CENTER

801 Foothill Boulevard
PO Box 11001
La Cañada Flintridge, CA 91012-6001
800/592-3328 ext. 404

JPL OFFICE

4800 Oak Grove Drive
Building 291
Pasadena, CA 91109
818/354-3280

CAMPUS OFFICE

1200 East California Boulevard
Pasadena, CA 91125
CIT 100-63
626/395-6300

WEBSITE

www.cefcu.org

ATM LOCATIONS

La Cañada Office
Caltech Campus (2 Locations)
Lee F. Browne Dining Hall • Keith Spalding Bldg.
The Huntington Library, Art Collections,
and Botanical Gardens
JPL (3 Locations)
Building 303 • Building 291 • Building 167

