

CLIMB HIGHER

# 2024 ANNUAL REPORT

Creating exceptional financial opportunities  
for all members and their families today,  
and for generations to come.

**F&A** CREDIT  
UNION

# CHAIR/ CEO REPORT



**Richard A. Russell**  
Chair, Board of Directors



**Tim Green**  
President/CEO

## Exceptional **Value**, Superior **Service**, and **Trusted Advice**.

### FINANCIAL PERFORMANCE

2024 was an exceptionally strong year for F&A. We made significant progress on our strategic objectives and recorded record net income of \$17.7MM. The organization continued its focus on returning value to the members with dividends per member in the top 2% nationally. We upheld our commitment to serving our members' best interests by lowering NSF/Overdraft fees to \$5 per item, ranking F&A in the lowest 2% nationally in fees per member.

Our balance sheet remained extraordinarily strong with total growth of 20% year over year. Our loan portfolio continues its stable growth at 9% for the year. Given our exceptional loan growth over the past five years, we are pleased to report our loan quality remains near the top of the industry with charge-off rates at 5 bps compared to industry average at 61 bps. We were pleased to see the migration of deposits reverse early in the year and return to moderate deposit growth of 5% for the year. We took advantage of favorable market conditions and executed a leverage strategy, acquiring approximately \$340MM in high quality loans and investment securities, generating over \$5MM of additional income which we used to return value to the membership. Using capital for the leverage strategy resulted in a decline in our core capital ratio which remains strong at approximately 13% and continues to be in the top 20% nationally. Lastly, we know a large part of being good stewards of our assets is remaining cost conscious. F&A remains one of the most efficient credit unions

in the country with our operating expenses to average assets ranking in the bottom 2% nationally.

F&A remains one of the strongest credit unions in the country with solid earnings, a low risk profile, and a capital reserve that ensures we can withstand unanticipated market changes. We have seen our industry weather unprecedented interest rate volatility over the past five years, but F&A has proved our business model and balance sheet can adapt to a rapidly changing environment while continuing to deliver tremendous value to our members.

### STRATEGIC EXECUTION

**Digital Transformation:** Our digital transformation objective was designed to ensure our members have access to high quality technology to accompany our exceptional value and personalized service. F&A employed significant resources throughout 2024 to execute the upgrade of our core banking platform. Our enterprise-wide core banking system conversion project kicked off in early 2024, with a successful conversion in December 2024. The core conversion ensures we have a modern and secure banking system which creates the foundation for future growth and adoption of new and exciting technology solutions. The Credit Union also migrated our internal server infrastructure to a third party hosted environment which improved both our security and redundancy capabilities. We continue to see increasing adoption of our upgraded mobile platform with incredibly positive feedback in app store ratings. Adoption increased from 47% to 71% which is impressive, but in the context of limited member growth, even more impressive. Our app store ratings increased from 3.4 stars with only a handful of reviews, to 4.9 stars with 4,700 reviews. Both numbers demonstrate the membership is pleased with the technology. With the transition to a new core

and upgraded mobile platform we have successfully completed our five-year digital transformation initiative.

**Financial Wellness:** To help our members manage their finances with confidence, we took a three-phased approach to financial wellness. Our first goal was to provide members with intelligent, web-based content tailored to individual needs. We partnered with the award-winning Enrich financial education platform and launched the tools in early 2022. We then added budgeting and spending tools to our digital banking platform to help members monitor their financial habits. In 2023 we certified six financial coaches in preparation to coach members to reach better financial outcomes. Our online education and financial management tools, coupled with in-house personal financial coaching are all designed to ensure F&A equips its members with the tools and knowledge to maximize their financial success. In 2024 our free financial coaching program was made available to members, with dozens of coaching sessions occurring throughout the year. With free financial coaching now available to our members, coupled with our digital education offerings, we successfully completed this initiative and are looking forward to continuing to help our members meet their long-term financial goals.

## OUR MISSION

**We help our members reach their financial goals at every life stage by providing a personalized banking experience with access to the highest value products, superior service, and trusted guidance.**

**Service Excellence:** In 2024 we continued our focus on the member experience and began a review and update to our brand and logo. We conducted member surveys and focus groups which provided valuable feedback about our brand. We learned that overall member satisfaction is 96%, with 84% of our members stating they are very satisfied with the F&A experience. The refreshed logo will be launched in Q1 2025 and reflects a new more modern design while retaining the F&A name which represents the history of our Credit Union. Our refreshed logo will be accompanied by a new tag line, “CLIMB HIGHER”, which represents the true essence of our mission: to help our members climb higher in

their financial journey while F&A has their back at each step of the way. Our refreshed brand also includes the launch of a new website in Q2 2025, with a modern look and improved user interface. Although our members will experience a refreshed, modern brand, our 89-year legacy of excellence remains unchanged.

Our service initiative focus included a comprehensive evaluation of our internal processes, analyzing touchpoints, and developing solutions to make it easier to do business with us. Our real estate loan turnaround time remained consistent at approximately 40 days, and our consumer loan funding time was reduced from 2:24 hours to 1:46 hours, making purchasing a home or automobile at F&A as quick and easy as possible. Finally, we deployed a newly formed outbound service team to meet our members in their place of business providing current and prospective members personalized service when and where it is most convenient. Given the full process review, the improvements to turn times, and the updated branding efforts, the service initiative has been completed, and we are incredibly pleased with the results.

In 2025, we will focus on newly defined strategic objectives related to utilization of emerging technologies to create additional efficiencies and improve the member experience while developing growth strategies to ensure the long-term sustainability of F&A Federal Credit Union.

In summary, 2024 was a remarkable year and one the Board of Directors and Management are extremely proud of. All of this is possible because F&A Federal Credit Union has loyal and resolute members who believe in our vision to create exceptional financial opportunities for all members and their families today, and for generations to come.

On behalf of the Board of Directors and the F&A team, we are grateful for the opportunity to serve our members and help to improve the financial well-being of such an extraordinary group of people. Thank you for your valued membership and trust in us.



**Richard A. Russell**  
Chair, Board of Directors



**Tim Green**  
President/CEO

# Supervisory Committee REPORT



**Raymond B. Smith**  
Chair, Supervisory Committee

## Protecting Our Members' Interests

F&A's Supervisory Committee (Committee) is comprised of volunteer members appointed by the Board of Directors (Board). The Committee is responsible for ensuring that the Board and Senior Management of the Credit Union:

1. Meet financial reporting objectives, and
2. Establish practices and procedures sufficient to safeguard members' assets.

As a function of their oversight, the Supervisory Committee provides the Membership with an independent appraisal of the safety and soundness of F&A 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 the services of Turner Warren Hwang and Conrad AC (TWHC) to perform the annual financial statement audit for the year ended December 31, 2024. TWHC issued its opinion that the Credit Union's financial statements are presented fairly in all material respects. Our industry regulator, the National Credit Union Administration (NCUA), confirmed these results in their 2024 annual examination of the Credit Union.

During 2024, the Supervisory Committee directed a comprehensive 'risk-based' audit program. Specific audit techniques and methods were applied to operating processes selected for their risks across

all the Credit Union's products and services. The Supervisory Committee contracted with specialized external firms to perform these independent reviews. The Committee held monthly meetings to review, among other things, audit reports, internal controls, risk management processes, and examinations by regulatory agencies.

In the opinion of the Committee, F&A 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 Credit Union's assets are being effectively safeguarded.

**The Credit Union continues to be financially strong and well-managed, and the Credit Union's assets are being effectively safeguarded.**

I would like to acknowledge the contributions and commitment of my fellow Committee members: Margaret Kanishock and Pablo Valadez. They join me in expressing our gratitude to the Credit Union Board of Directors, management, and staff for their dedication to ensuring that F&A Federal Credit Union remains a financially sound institution and fully worthy of its members' trust.

*Raymond B. Smith*

**Raymond B. Smith**  
Chair, Supervisory Committee

# 2024

# Financial Statements

## Statement of

## Financial Condition

(in thousands)

At December 31, 2024 (Unaudited)

### ASSETS

Loans to our members	\$861,309
Loans to other credit union members	221,755
(Less) Credit Loss Reserve	(3,533)
<b>TOTAL NET LOANS TO MEMBERS</b>	<b>1,079,531</b>

<b>CASH AND CASH EQUIVALENTS</b>	<b>130,519</b>
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### INVESTMENTS

Securities available for sale	1,215,282
Securities held to maturity	64,070
Stock in Visa	6,048
Other	98,246
<b>TOTAL INVESTMENTS</b>	<b>1,383,646</b>

Accrued interest on loans and investments	7,950
Land, building, & fixed assets, net of depreciation	8,117
National CU Share Insurance Fund deposit	15,871
Other Assets	67,636

<b>TOTAL ASSETS</b>	<b>\$2,693,270</b>
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### LIABILITIES, MEMBER DEPOSITS AND EQUITY

Borrowings from the Federal Home Loan Bank	\$568,000
Accounts payable and other liabilities	13,298

### MEMBER SHARES

Regular shares	274,393
Share drafts	285,015
Money market accounts	604,926
Share certificates	607,588
IRA shares and certificates	83,301

<b>TOTAL MEMBER SHARES</b>	<b>1,855,223</b>
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### MEMBER EQUITY

Undivided earnings	346,081
Capital arising from acquisition	549
Accumulated other comprehensive loss	(89,881)
<b>TOTAL MEMBERS' EQUITY</b>	<b>256,749</b>

<b>TOTAL LIABILITIES, MEMBER DEPOSITS AND EQUITY</b>	<b>\$2,693,270</b>
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## Statement of

## Income & Expense

(in thousands)

For the Year Ended December 31, 2024 (Unaudited)

### INTEREST INCOME

Interest on loans	\$48,125
Interest-bearing accounts and investments	47,409
<b>TOTAL INTEREST INCOME</b>	<b>95,534</b>

### INTEREST EXPENSE

Members' share accounts dividends	45,229
Interest on borrowed funds	17,930
<b>TOTAL INTEREST EXPENSE</b>	<b>63,159</b>

Credit Loss Expense	2,101
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<b>NET INTEREST INCOME AFTER CREDIT FOR LOAN LOSS</b>	<b>30,274</b>
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<b>GAIN (LOSS) ON VISA STOCK</b>	<b>6,048</b>
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<b>NON-INTEREST INCOME</b>	<b>6,433</b>
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<b>NON-INTEREST EXPENSE</b>	<b>25,012</b>
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<b>NET INCOME</b>	<b>\$17,743</b>
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F&A Federal Credit Union's net worth ratio remained well-capitalized at 12.87%, as of December 31, 2024. The decrease in net worth compared to December 31, 2023 (14.62%) was primarily attributed to increased assets, as we embarked on a strategy to leverage our superior capital position to improve earnings and support our membership objectives of higher dividend rates, lower fees, and low loan rates. Total assets of \$2.7B increased 20% from the prior year as a result.

Our return on assets of 0.72% in 2024 demonstrates our success navigating the high-interest rate environment. Loans to our members grew 9% in 2024 to \$861MM with total loans increasing to \$1.08B. Member share deposits increased by \$92MM or 5.2% in 2024 to \$1.86B. Net income for the year ending December 31, 2024, was a record \$17.7MM, and our members' total equity increased by 12.2% compared to December 31, 2023. Our vision of serving our members with low loan rates and minimal fees while maintaining very high dividend rates on share deposits remains unwavering as we remain one of the most financially sound credit unions in the country.



# Directors/ Officials

## BOARD OF DIRECTORS



**Richard A. Russell**  
Chair, Board of Directors



**Robert A. Heinzl**  
Vice Chair



**Michael H. Carnes**  
Secretary/Treasurer



**Chris E. Bundesen**  
Board Member



**Andy M. Doyle**  
Board Member



**William "Blackie"  
Blackburn**  
Board Member



**Mary E. Gutierrez**  
Board Member



**J. Lopez**  
Board Member



**Van Mark Madrigal**  
Board Member

## SUPERVISORY COMMITTEE



**Raymond B. Smith**  
Chair, Supervisory  
Committee



**Margaret Kanishock**  
Supervisory  
Committee Member



**Pablo Valadez**  
Supervisory  
Committee Member

## SENIOR MANAGEMENT



**Tim Green**  
President/Chief Executive  
Officer



**Michael Harden**  
EVP/Chief  
Investment Officer



**Brendan Flannery**  
SVP/Chief Digital  
Transformation &  
Information Security  
Officer



**Michelle Swauger**  
SVP/Chief  
Administrative Officer



**Michael Welch**  
SVP/Chief  
Lending & Branch  
Operations Officer



**Yong Whang**  
SVP/Chief  
Technology Officer

# Our Values



## **Service**

We put our members first.



## **Integrity**

We hold ourselves to the highest ethical standards.



## **Respect**

We value each other through teamwork, respect, kindness, and inclusion.



## **Accountability**

We consistently deliver on our commitments.



## **Excellence**

We embrace challenges and relentlessly pursue the best solutions.



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13303 Hadley Street | Whittier, CA 90601



Insured by NCUA