

Report from the Chairman
of the Board of Directors

We've had a good year and you will see that in our CEO and Supervisory Committee reports. Our revenue and membership continue to increase. We started the hard work to ensure that as we grow our credit union, we do not lose sight of the most important aspect of our success – you our member-owners.

This year we focused on the fiscal health of the organization, continued to grow our credit union while maintaining our overarching commitment to service. In October, we brought our Humanidei consultant back for a strategic planning session to continue the work from last year, and this year is already showing results. We were able to generate enough income in 2024 to hire some of the key positions recommended in the 2023 consultant's report. We developed a strategic plan that will be the blueprint for the work we need to do to continue our success. We created a succession plan to ensure that we can replace key managers as they retire. This year we will focus on staff development and creating a mentorship program so that succession, when possible, can occur from within our own staff. One immediate effect that you may have noticed is that we are opening the credit union one hour later on Wednesdays starting March 5 to provide a dedicated time for staff development and training. After careful research and plotting of all of the training and process mapping, we need to accomplish in the credit union, it was apparent we needed a dedicated time for these activities. Opening one hour later on Wednesdays is our most viable option, while also having the least impact on our member-owners access to the lobby. We did not make this move without careful thought, consideration, and review of data. According to lobby transactions documented over a 12-month period, Wednesday mornings were the best time to close for staff development and training. Is this a new idea? Is anybody else doing this? When the credit union was first formed, staff used to extend the lunch hour one day a week to provide staff development and ongoing training. So, while this may feel like a new idea, we are really borrowing from the past to ensure our future success. Thank you for entrusting me to be your board chairperson. It is both humbling and exciting to be part of an organization that truly, constantly strives to be ensure financial stability for every one of our member owners.



Paul Schnaubelt
Chairman of the Board

Report from the Chairman
of the Supervisory Committee

The Supervisory Committee's primary function is to monitor the Credit Union's financial operations and ensure that the Board of Directors and the Management Team operate in accordance with the regulations established by the National Credit Union Administration (NCUA), the credit union's bylaws and other state and federal law. The commit-tee members oversee the annual independent audit of the Credit Union and report the findings and deficiencies of each year's audit to the Board of Directors and the members.

Richards & Associates completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2024. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that East County School's Federal Credit Union's financial position continues to be strong.

The Credit Union used Richards & Associates and Doeren Mayhew, CPA's and Advisors to perform internal, federal, and state audits. All compliance audits were completed as mandated by federal and state regulators.

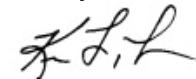
During 2024, the following audits were conducted:

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|---------------------------------------|--|
| ▪ BSA/AML Assessment \$ Audit | ▪ 2024 Audit of the Financial Stmt |
| ▪ ACH Risk Assessment & Audit | ▪ Lending Audit |
| ▪ SAFE Act Compliance | ▪ IT Risk Assessment & Audit (Home Banking & Bill Pay) |
| ▪ Branch Review | ▪ Wire Transfer Assessment & Audit |
| ▪ Business Capture Program Assessment | ▪ NCUA Regulatory Exam |

The Supervisory Committee worked with management to address any reported issues. Action has been taken to enhance the scope and depth of the required audits, with additional reviews of lending practices, branch operations, compliance audits, fraud prevention and internal controls. Computer/system security and fraud prevention continue to be an industry wide concern.

The Supervisory Committee currently consists of dedicated members who fill four of the five available positions. Our goal is to have five filled positions to cover oversight responsibilities for the (1) annual audit, (2) safeguarding of assets, (3) reviewing internal controls, (4) working with the internal and external auditors, (5) ensuring corrective actions are taken, (6) meeting with federal examiners, (7) researching member complaints and (8) performing bi-annual verification of member accounts.

Sincerely,



Ken Leighton
Chairman, Supervisory Committee

Report of the
President/CEO

Coming out of the pandemic years of 2020 and 2021, East County Schools Federal Credit Union grew faster than any 2-year period in our history. The economy bounced back better than almost anyone had anticipated, but then 2 commercial banks failed almost simultaneously in 2023 which further fueled the growth of your credit union as we were viewed by many as a "safe harbor" for your liquid assets. When things start to weaken around you, it makes sense to return to what you know, and our member-owners know us better than most people know their financial institution.

This is because we have not built our brand image and reputation based on television commercials, radio ads, newspaper articles, billboards or social media. We have built our brand image and reputation almost exclusively on education-centric collaborations, staying involved in so many East County School District activities and initiatives from education foundations, governing board meetings, LCAP Committees, Citizen's Bond Oversight Committees, mock interviews for aspiring high school students, and one-on-one connections with our school employee member-owners.. After all, when you exclusively serve a single Field-of-Membership, in our case school employees and their family members, it's easy to keep your eye on the prize.

With the tremendous growth we experienced in 2022 and 2023, it was necessary to slow down our deposit growth so as not to place an undo strain on our capital position. Safety and Soundness are hallmarks of a well-run financial institution, and we managed our Balance Sheet to ensure our history of a financially secure financial institution.

While we were not growing our Balance Sheet, we were very busy setting the stage for 2025 and beyond with an emerging Instant Payments solution that will be rolled out later this year.

We also welcomed two new Volunteers to our ranks. Ms. Vicki Ordway, a descendant of Thomas "Tommy" Gould, the man who is credited with the inspiration and creation of this credit union while serving as a Grossmont Union High School District administrator. Ms. Ordway has been a life-long member-owner of East County Schools Federal Credit Union who retired from Steele Canyon High School and immediately joined our Supervisory Committee. Where else would you find this kind of a legacy volunteering to guide the values and principles that have shaped our organization since 1956?

The Supervisory Committee also welcomed the current Superintendent of Dehesa School District, Mr. Bradley Johnson. Mr. Johnson is also a key addition to our Supervisory Committee as he represents the voice of our smaller districts who have some very unique and challenging issues that we are well prepared to address like no other financial institution in our region.

As we look to 2025, we will realize something of a changing of the guard as we prepare for the retirements of three of our five Management Team members, Karen Fleck – VP-Marketing & Business Development (8 years), Robert Nolan, VP-Chief Financial Officer (18 years), and yours truly, President & CEO (22 years). That said, with our strong financial condition, our excellent reputation for member service, and the respect we have garnered throughout our East County Education community, we will have no problem attracting quality individuals to carry out the Mission and Core Values.

Here's to a happy and healthy 2025 to all,



Steven A. Devan
President & Chief Executive Officer

2024

ANNUAL REPORT

President / CEO

Board of Directors Chairman
Supervisory Committee Chairman
Financial Statements

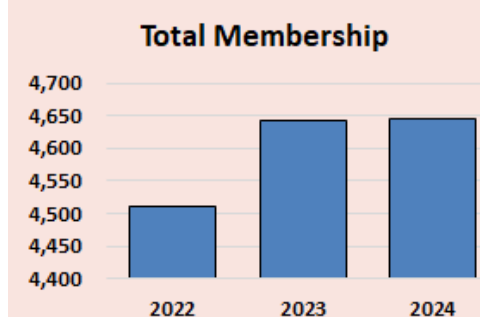
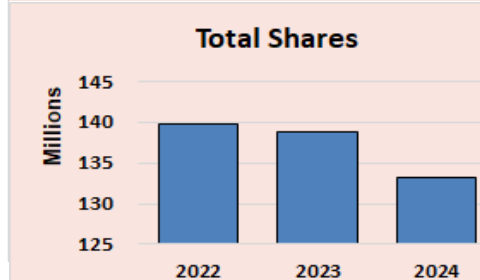
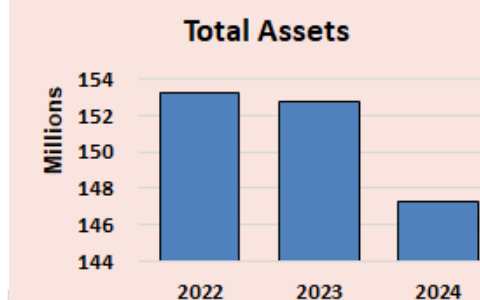


ASSETS	2022	2023	2024
Members' Loans.....	78,255,738	80,534,824	80,999,616
Cash In Bank & Change Fund.....	494,354	636,933	591,031
Catalyst Corp FCU.....	4,693,148	2,081,426	4,792,898
Other Investments.....	65,303,888	65,083,285	56,747,973
All Other Assets.....	4,720,786	4,609,029	4,394,120
Allowance for Loan Losses.....	(215,029)	(213,488)	(248,653)
Total Assets.....	153,252,883	152,732,009	147,276,986

LIABILITIES AND CAPITAL	2022	2023	2024
Accounts Payable.....	470,769	856,874	492,151
Other Liabilities.....	689,726	633,706	640,053
Share Drafts.....	48,325,886	47,932,175	54,061,612
Regular Shares.....	41,459,790	38,191,047	36,397,702
Money Market Shares.....	29,993,785	21,321,001	21,467,330
IRA Shares.....	2,948,917	2,595,195	2,479,617
Share Certificates.....	17,027,700	28,687,023	18,803,498
Non-Member Shares.....	-	-	-
Total Members' Shares.....	139,756,078	38,726,440	133,209,760
Regular Reserves.....	-	-	-
Undivided Earnings.....	12,337,198	12,337,198	12,517,779
Unrealized G/L Investments.....	(4,887)	(2,789)	(994)
Total Liabilities and Capital.....	153,252,884	152,732,009	147,276,986

INCOME	2022	2023	2024
Interest On Loans.....	2,599,027	3,026,678	3,834,322
Income From Investments.....	736,729	1,048,574	1,192,243
Other Operating Income.....	503,957	536,707	591,137
Total Gross Income.....	3,839,713	4,611,959	5,617,712
Total Operating Expenses.....	2,727,663	3,520,634	4,135,900
Net Operating Income.....	1,112,050	1,091,325	1,481,801
Dividends To Members.....	350,345	957,607	1,087,585
Total Non-Operating Income.....	42,450	46,862	60,563
Net Income After Dividends.....	804,154	180,580	454,779

LOAN INFORMATION	2022	2023	2024
Number of Members, Year End.....	4,511	4,643	4,646
Number of Loans Made During the Year.....	800	674	601
Dollar Amount of Loans.....	35,825,810	26,179,359	25,812,488
Number of Delinquent Loans (60 Days & Over).....	15	19	42
Dollar Amount of Delinquent Loans.....	48,506	54,464	136,104
Dollar Amount of Delinquent Loans Net Charge Off...	5,128	94,668	115,720
Loss Ratio.....	0.01%	0.12%	0.14%



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Board of Directors

Paul Schnaubelt, Chairman
Dr. Leonita Smith, Vice-Chairman
Natalie Ray, Secretary
David Yeager, Treasurer
Rachel Brandt, Director
Ken Leighton, Director
Dr. Randy Montesanto, Director

Supervisory Committee

Ken Leighton, Chairman
Alba Orr, Committee Member
David Yeager, Committee Member
Grant Nelson, Committee Member

Management Team

Steven A. Devan, President/CEO
Robert Nolan, VP Chief Financial Officer
Chris Whitney, VP Info Technology
Tammy Rahders, VP Lending & Operations
Denise Cuellar, VP Business Development

