VALLEY STRONG CREDIT UNION

2023 ANNUAL REPORT

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VALLEY STRONG CREDIT UNION

SUPERVISORY COMMITTEE

Troy Fringer, Chairperson
Ramon Hendrix, Member
Tenielle Tensley, Member

BOARD OF DIRECTORS

Mr. Joseph Drew, Chairperson
Dr. Bryon Schaefer, First Vice Chairperson
Dr. Dennis Scott, Second Vice Chairperson
Ms. Valencia Jones, Secretary
Ms. Joanne Mills, Treasurer
Dr. S. William Bruce Director
Ms. Marilyn Jones, Director
Mr. Carl B.A. Lange, III, Director
Mr. Mike Kileen, Director
Mr. Mark Moreno, Director
Dr. Larry Reider, Director

MANAGEMENT

Nick Ambrosini - President / Chief Executive Officer
Steve Matejka - EVP / Chief Operations Officer
Mirella Reznic - EVP / Chief Strategy Officer
Deanna Blaise - SVP / Member Business Services
Erin Estelle - SVP / Chief Marketing Officer
Myrto Koimtzoglou - SVP / Chief Compliance Officer
Kevin Landel - SVP / Chief Technology Officer
Mark Manns - SVP / Chief Human Resources Officer
Lindsay Reyes - SVP / Chief Financial Officer
Chuck Smith - SVP / Chief Lending Officer
Lindsey Strange - SVP / Chief Retail Officer
Teri Nicholson - Executive Assistant to President / CEO

A Message From The Board of Directors



Joseph Drew
Chairperson,
Board of Directors

I am honored to reflect on the past year and the strides we've made together as a community.

Despite the economic challenges and uncertain times, we've faced, Valley Strong has not only weathered the storm but has also achieved significant milestones.

Here are some key areas of success.

- Through our many meaningful partnerships, we contributed over 6,000 volunteer hours and donated more than $2 Million towards our communities.
- We launched our Community Development Financial Institution (CDFI) program, dedicated to fostering economic opportunity for small businesses across the Central Valley.
- Valley Strong was awarded the 2023 Social Impact Award from California and Nevada Credit Union Leagues, and many more awards throughout the Central Valley.
- Team Members successfully taught financial literacy to more than 5,800 students, equipping the next generation with essential skills for a brighter financial future.

The economic landscape of 2023 presented numerous challenges, from fluctuating interest rates to heightened market volatilities.

Yet, through resilience and strategic foresight, we have navigated these uncertainties, ensuring that Valley Strong remains strong, stable, and secure.

Our commitment to prudent financial management and operational excellence has been key in this endeavor.

Continuing with our fundamentals, we are dedicated to serving our Members and communities with a suite of products and services they have come to expect and rely on, ensuring we meet their evolving needs with excellence and care.

I am grateful for your continued trust and support. Together, we have built a strong foundation that will enable us to achieve even greater success in the years to come. We are here to stay, grow together and discover the best financial possibilities for the best possible outcomes.

Here's to a promising future, as we continue to grow, adapt, and thrive in service to you.

A Message From The
President / CEO and Supervisory Committee's Report



Nick Ambrosini
President / CEO

With 2023 in the rear-view mirror, I am filled with optimism for the year ahead. The theme that resonates deeply with me as we navigate forward is resilience. This not only reflects on our journey so far but also guides our path ahead.
In the year ahead, our commitment to bringing the best for our Members remains our top priority. We understand that empowerment through financial literacy is crucial. Therefore, we are dedicated to providing educational resources and support to help our Members make informed financial decisions, enhancing their economic well-being.

Further expanding our services, we are excited to grow our business banking and retail offerings. 2024 will see our first branch open in Kings County in the City of Hanford.

Strengthening our role as a Community Development Financial Institution (CDFI) is another cornerstone of our strategy. By intensifying our efforts in this area, we aim to provide even more support to underserved communities, ensuring that economic growth and opportunity are accessible to all.
We are ready to embrace new opportunities, tackle challenges as they arise, and most importantly, make a significant impact on the lives of our Members and communities.
With a foundation built on adaptability, unity, and unwavering commitment to our Members and community, there is no obstacle we cannot overcome together.

Thank you for your ongoing support and for being an integral part of the Valley Strong family. Here's to a year of growth, success, and resilience.



Troy Fringer
Chairperson
Supervisory Committee

The Supervisory Committee is comprised of three volunteers from the Membership of Valley Strong Credit Union. To remain proficient in Credit Union developments, all Supervisory Committee members attend monthly Board of Directors meetings, semi-annual strategic planning sessions, and various industry specific educational seminars and conferences. The Supervisory Committee has two primary responsibilities. First, to ensure Management's financial reporting is consistent with Generally Accepted Accounting Principles (GAAP). Second, to ensure Management's policies and procedures safeguard Members' assets.

To accomplish these responsibilities, the Supervisory Committee engaged the services of Nearman, Maynard, and Vallez to perform the required financial statement audit and verification of Members accounts for the year ending December 31, 2023. The 2023 annual financial statement audit is not finalized; therefore the financial statements presented in this Annual Report are not audited. The audited financial report will be completed during the second quarter of 2024. As of this time, based on the financial statement, internal audits, and regulatory examinations, the Supervisory Committee believes the Credit Union's financial condition and its internal controls are sound.

2023 | ANNUAL REPORT

Statements

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31 (NOT AUDITED)

(000's Omitted)

INCOME	2022	2023
Interest on Members' Loans	$ 138,227	$ 183,903
Investment Income	3,282	16,080
Other Income	45,796	50,210
GROSS INCOME	**$ 187,305**	**$ 250,194**
EXPENSES		
Loan Loss Reserves	32,882	45,216
Other Operating Expenses	136,718	162,808
OPERATING EXPENSES	169,600	204,978
Income from Operations	$ 17,705	$ 45,216
Non-Operating Gains (Losses)	6,763	6,368
NCUSIF Recapitalization Expenses, Net	–	–
Income Before Dividends	10,942	38,848
Dividends & Interest Paid to Members	7,815	33,506
NET INCOME	**$ 16,653**	**$ 18,078**

STATEMENT OF FINANCIAL CONDITION

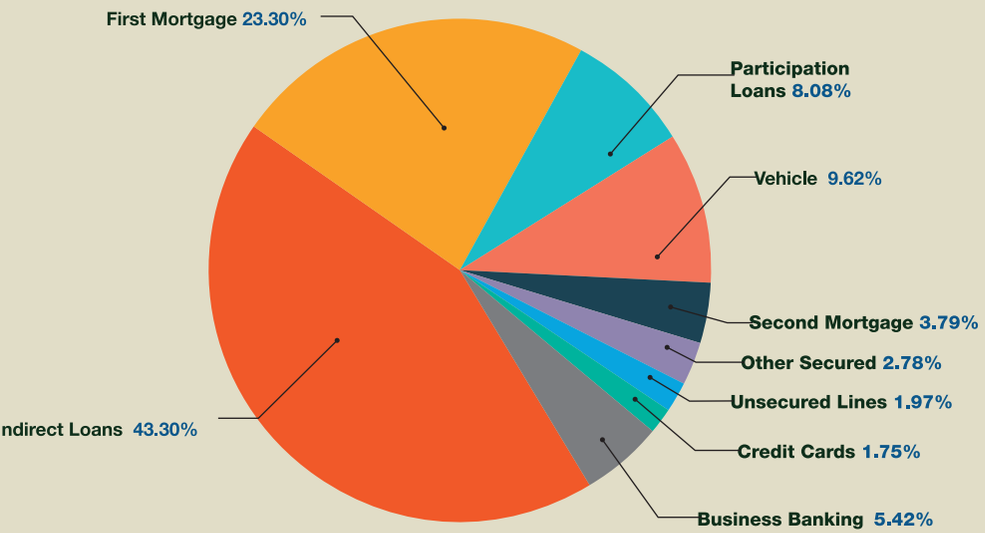
AS OF DECEMBER 31 (NOT AUDITED)

(000's Omitted)

ASSETS	2022	2023
Loans to Members, Net of Loss Reserves	$ 3,313,851	$ 3,072,605
Cash on Hand	136,028	119,353
Investments & Interest-Bearing Deposits	534,223	544,523
Interest Receivable	12,123	13,914
Premises & Equipment, Net of Depreciation	79,823	87,729
Other Assets	111,898	189,972
TOTAL ASSETS	**$ 4,187,947**	**$ 4,028,097**
LIABILITIES / SHARES / EQUITY		
Dividends Payable	$ 465	$ 380
Other Liabilities	480,145	299,055
Members' Shares	3,319,705	3,367,776
Restricted Earnings Reserve	49,836	49,836
Minority Interests in Consideration	-	-
Undivided Earnings & Unrealized Losses	337,796	311,050
TOTAL LIABILITIES & EQUITY	**$ 4,187,947**	**$ 4,028,097**

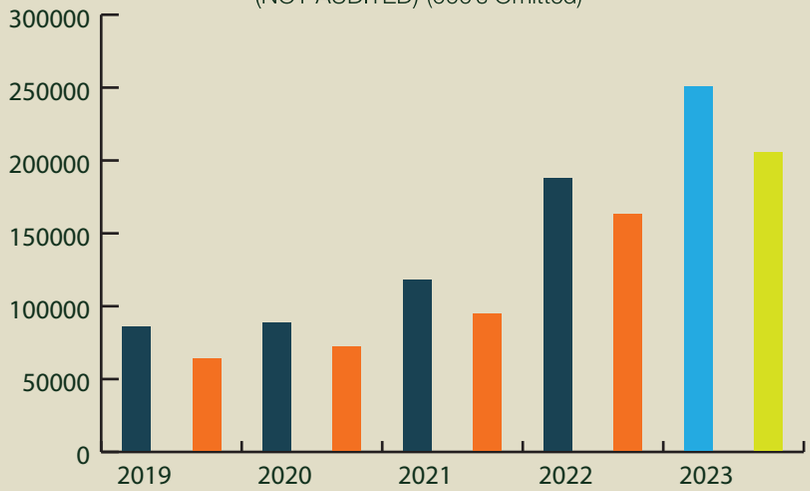
MEMBER LOANS

(Percentage of Total Loans)



GROSS INCOME AND OPERATING EXPENSES

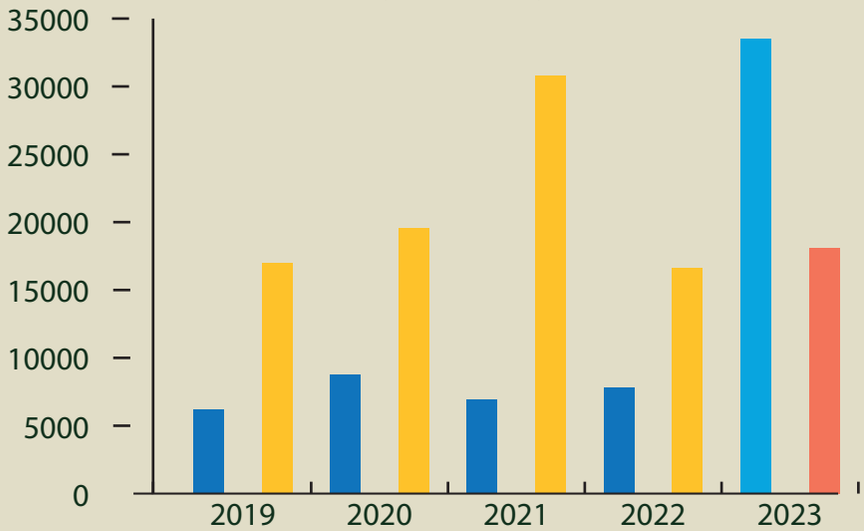
(NOT AUDITED) (000's Omitted)



Gross Income	84,972	87,655	117,179	187,305	**250,194**
Operating Expenses	63,276	71,432	94,041	16,672	**204,978**

MEMBER DIVIDENDS (Interest) AND NET INCOME

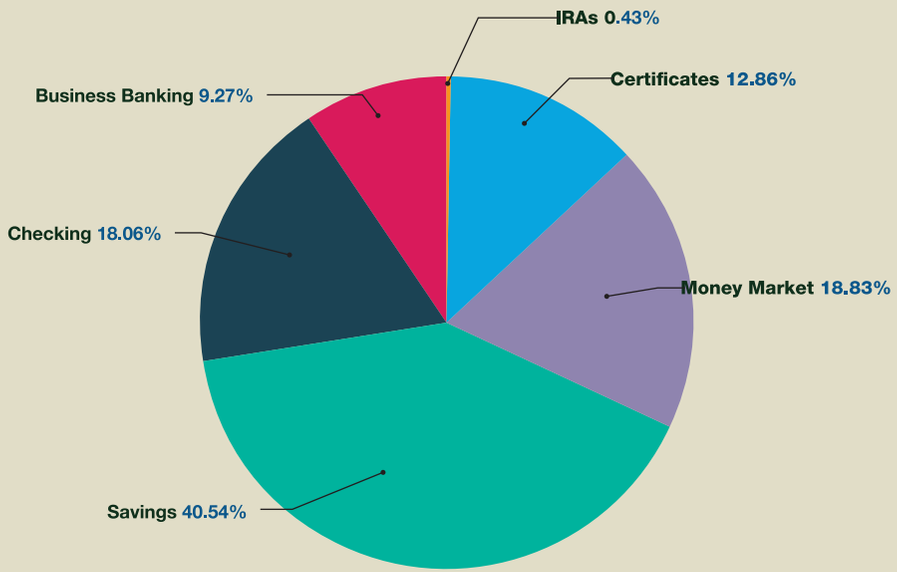
(NOT AUDITED)



Dividends	6,222	8,779	6,933	7,815	**33,506**
Net	17,015	19,549	30,796	16,653	**18,078**

MEMBER SHARES

(Percentage of Total Shares)



EIGHTY-THIRD
Annual Meeting Minutes | Valley Strong Credit Union · April 13, 2023

The Eighty-Third Annual Meeting of Valley Strong Credit Union was held in Bakersfield, California, on the evening of April 13, 2023. Mr. Joseph Drew, Chairperson of the Valley Strong Credit Union Board of Directors extended a very amiable welcome to all Members and guests as well as his sincere appreciation for their attendance.

Chairperson Drew stated that at each chair placement there was a 2022 Annual Report which contains the financial statement and Supervisory Committee Report, and the minutes of the 2021 Annual Meeting. A motion to accept these items will be required during the business meeting. Please take a moment to review the report.

Chairperson Drew introduced Ms. Marilyn Jones, Board Member, who led the flag salute followed by the invocation.

Chairperson Drew began by recognizing the **Board of Directors:** Dr. Bryon Schaefer, First Vice Chairman; Dr. Dennis Scott, Second Vice Chairperson; Ms. Valencia Jones, Secretary; Ms. Joanne Mills, Treasurer; Dr. S. William Bruce, Director; Dr. James Fillbrandt, Director; Ms. Marilyn Jones, Director; Mr. Mike Kileen, Director; Mr. Carl B.A. Lang, III, Director; Mr. Mark Moreno, Director; Dr. Larry Reider, Director. **The Supervisory Committee:** Mr. Troy Fringer, Chairperson; Mr. Ramon Hendrix, Member; Ms. Tenielle Tensley, Member. **Senior Management:** Mr. Nick Ambrosini, CEO, President; Mr. Michael Duffy, EVP, Chief Advocacy Officer; Mr. Steve Matejka, EVP, Chief Operations Officer; Ms. Mirella Reznic, EVP, Chief Strategy Officer; Ms. Deanna Blaise, SVP, Member Business Services; Ms. Erin Estelle, SVP, Chief Marketing Officer; Ms. Myrto Koimtzoglou, SVP, Chief Compliance Officer; Mr. Kevin Landel, SVP, Chief Technology Officer; Mr. Mark Manns, SVP, Chief Human Resources Officer; Ms. Lindsay Reyes, SVP, Chief Financial Officer; Mr. Steve Roach, SVP, Chief Digital Officer; Ms. Shonna Shearson SVP, Operations; Mr. Chuck Smith, SVP, Chief Lending Officer; Ms. Lindsey Strange, SVP, Chief Retail Officer; and Ms. Teri Nicholson, Assistant to the President/CEO.

Chairperson Drew Called Meeting to Order at 5:42 PM. Chairman Drew introduced Mr. Troy Fringer, Chairman of the Supervisory Committee, to present the Supervisory Committee Report. Mr. Troy Fringer stated that the financial statement of the credit union had been reviewed with our outside auditors and has prepared the Supervisory Committee report as contained in the 2022 Annual Report.

He stated that the 2022 annual financial statement audit has been completed and the financial statements presented herein are audited. As a result of the financial statement audit, internal audits, and regulatory examinations, the Supervisory Committee believes the credit union's financial condition and its internal controls are sound. He then turned the meeting back over to Chairman Drew.

Chairman Drew citied "Focused" as the word that best described 2022 while continuing to define this year and the near future. Why? Because we remain confidently focused on our Members, focused on our Team Members, and focused on the fundamentals. He stated, staying true to these key pillars ensures our continued success.

He pointed out that Valley Strong Credit Union has a good story to tell as 2022 was successful by nearly every measure. Consider: We maintained our organic growth posture, opening a full-service branch in Dinuba and a high school branch in Hanford. We surpassed a new milestone with more than $4 billion in assets. We engineered safe and sound operations with solid earnings of $17 million supporting a well-capitalized 8.11% net worth ratio. Our lending volume continued to enjoy robust growth, totaling $1.1 billion or 49%. Chairman Drew stated, the numbers underscore the resiliency of our membership and our continued commitment to helping people and communities prosper. All this while facing economic headwinds late last year that continued into 2023.

Mr. Joseph Drew commented that VSCU expect targeted opportunities for growth, both in deposits and lending, and overall membership. But that means a laser focus on the fundamentals, serving our Members and communities with a suite of products and services to which they have come to expect. It includes our ongoing financial literacy efforts, with a focus that drives strong engagement. Teaching and guiding Members across the financial landscape is part of our mission. In these uncertain times, educating and counseling is of great need. We stand ready and able to assist Members should they experience financial difficulties.

EIGHTY-THIRD
Annual Meeting Minutes

Another initiative that holds great promise is our efforts to achieve Community Development Financial Institution (CDFI) status. A CDFI is a recognized financial institution that provides credit and financial services to underserved markets and populations. Our application currently sits with the U.S. Treasury and we're confident it will pass muster. Serving our Members, and safeguarding their financial future is our greatest mission. Together, we achieve their financial goals in creative, rewarding ways. And as we grow, so do the avenues of opportunity to continue serving our communities; we look forward to a rewarding and prosperous 2023.

President/CEO, Mr. Nick Ambrosini returned to the podium. He welcomed Members to our Annual Meeting. He then stated when a Member or Team Member asks what our economic future looks like, He explains "there are too many variables beyond our control. Will the Fed continue to raise interest rates? Is the job market still robust, or my personal favorite: will there be a recession?" But then I reflect on the purpose of the question. People are uneasy and simply want reassurance that their finances are in good order, and that we continue to maintain our careful stewardship of their money. That said, I'm full of cautious optimism.

He further explained that last year, we opened a branch in Dinuba, and a high school branch in Hanford. Valley Strong Credit Union grew our membership by the thousands and increased assets to more than $4 billion. It's truly a great story to tell. But now, after years of growth and expansion, 2023 represents a more moderate outlook. It's a great time for savers as interest rates have steadily climbed in the last 12 months. The flip side, of course, borrowers face more expensive mortgages, auto loans and credit cards. So, when I'm asked about our future, I say with great confidence that we have a strong leadership team who's been through this kind of uncertainty before. They are battle tested and ready for whatever this year brings. We also remain well capitalized, and I believe we can weather any storm. But we know that we're only as strong as our Members and the communities we serve. Thankfully, we are "Valley Strong."

Chairman's Report:

Business Meeting:
Chairman Joseph Drew has verified by the attendance of 45 Members quorum is present. The Chairman asked if there were any corrections to either the minutes or the Treasurers Report contained in the 2022 Annual Report. Hearing none, the Chairman asked for a motion to accept the Minutes of the 82nd Annual Meeting, the Financial Statement and the Supervisory Committee Report contained therein. It was moved by Ms. Joanne Mills and seconded by Dr. S William Bruce to approve the minutes and reports as indicated above. Motion carried.

This year we did not have an election and the ballot was composed of five incumbents rerunning. On the Board: Dr. Bill Bruce, and Ms. Marilyn Jones, Ms. Joanne Mills; On the Supervisory Committee: Mr. Troy Fringer, and Ms. Tenielle Tensley. There being no further business to conduct, it was moved by Mr. Mike Kileen and seconded by Ms. Marilyn Jones to adjourn the meeting at 6:01 pm. Motion carried. There is no further business to be discussed. I will accept a motion to adjourn the business portion of this meeting. Motion carries. Thank you for coming tonight, we appreciate your Membership!

On behalf of The Board of Directors, it has been our privilege to host tonight's Annual Meeting. Have a good evening and thank you!

VALLEY STRONG CREDIT UNION

KERN COUNTY BRANCH LOCATIONS

ARTISAN SQUARE
1341 Allen Road
Bakersfield, CA 93314

CAREER TECHNICAL EDUCATION CENTER
7301 Old River Rd.
Bakersfield, CA 93311

DOWNTOWN
2424 Chester Avenue
Bakersfield, CA 93301

MT. VERNON
3901 Mt. Vernon Avenue
Bakersfield, CA 93306

RIVER RUN
6101 Coffee Road
Bakersfield, CA 93308

BUENA VISTA
3300 Buena Vista Road, Ste. J
Bakersfield, CA 93311

DELANO
1828 Cecil Avenue, Ste. A and B
Delano, CA 93561

MING
4530 Ming Avenue
Bakersfield, CA 93309

PANAMA
5001 Panama Lane
Bakersfield, CA 93313

STOCKDALE RANCH
16227 Stockdale Hwy
Bakersfield, CA 93314

TEHACHAPI
821 Tucker Road, Ste. A and B
Tehachapi, CA 93215

TULARE COUNTY BRANCH LOCATIONS

CENTRAL VISALIA
1501 S. Mooney Blvd.
Visalia, CA 93277

DINUBA
1245 W. El Monte Way
Dinuba, CA 93618

PORTERVILLE
745 N Newcomb St.
Porterville, CA 93257

TULARE
1989 E. Prosperity Avenue
Tulare, CA 93274

SOLANO COUNTY BRANCH LOCATIONS

OLIVER ROAD
1499 Oliver Rd.
Fairfield, CA 94534

PARADISE VALLEY
3330 N. Texas Street
Fairfield, CA 94533
(Located Inside Raley's)

VACAVILLE
151 Elmira Road
Vacaville, CA 95687

SAN JOAQUIN COUNTY BRANCH LOCATIONS

AIRPORT WAY
2405 S. Airport Way
Stockton, CA 95206

LODI
200 S. School Street
Lodi, CA 95240

MANTECA
206 E. Yosemite Avenue
Manteca, CA 95336

PERSHING AVENUE
4603 N. Pershing Avenue
Stockton, CA 95207

STOCKTON MAIN
18 S. Center St
Stockton, CA 95202

HIGH SCHOOL BRANCH LOCATIONS

Frontier High School | Regional Occupational Center | Ridgeview High School | Sierra Pacific High School | Stockdale High School | West High School

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ADMINISTRATIVE OFFICES
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P.O. Box 9506 • Bakersfield, CA 93389

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4530 Ming Avenue
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BUSINESS BANKING
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RETIREMENT & WEALTH MANAGEMENT GROUP
(661) 833-7730

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