

We're dreamer friendly.

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Banking that Makes the Grade

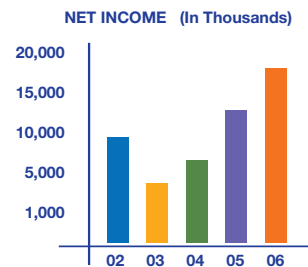
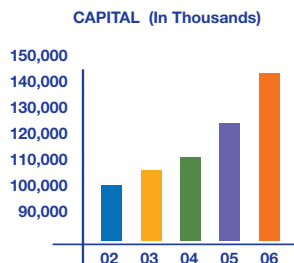
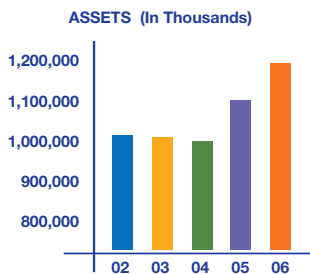
You serve our children. We serve you.

Ensuring that tomorrow brings with it a brilliant outlook for this and the next generation. That's the vision of the education community. And here at California Credit Union, it's our vision for our membership, too, just as it has been for the last 74 years.

Though in its essence this vision has remained constant, all of us who come together to form this education-focused financial cooperative know that in order to see this vision become a reality, we must adapt to the ever-changing needs of our members. Agility must meet stability. Adaptability must join with strength. The best of what makes us your credit union comes together to provide you with improved products and services – the very things that help you live your dreams.

So what is your vision? What do you see in store for your tomorrow? A future of success and hope. A brilliant outlook. That's what you want for your children and for the children of our community. That's what California Credit Union wants for you.

Financial Highlights (in thousands)



Board of Directors and Senior Management



Seated, L to R: Dr. Clifford H. Allen, Fredric V. Nigro
Standing, L to R: James A. Figueroa, Scott Svonkin,
Dr. Francis K. Nakano, Dr. Reginald T. Murphy, Mario C. Florio

BOARD OF DIRECTORS

Dr. Francis K. Nakano
Chairman

Mario C. Florio
Vice-Chairman

Dr. Reginald T. Murphy
Secretary/Treasurer

Dr. Clifford H. Allen
Director

James A. Figueroa
Director

Fredric V. Nigro
Director

Scott Svonkin
Director



L to R: Lawrence Serot, Walton Greene, Victor Hanson,
Surviva Mendoza Not pictured: Edward Ted Fujimoto

SUPERVISORY COMMITTEE

Walton Greene
Chairman

Victor Hanson
Secretary

Edward Ted Fujimoto
Member

Surviva Mendoza
Member

Lawrence Serot
Member

SENIOR MANAGEMENT

Ronald L. McDaniel
President/Chief Executive Officer

Stephen R. O'Connell
EVP/Chief Operating Officer

Patrick Carey
General Counsel/Chief
Administrative Officer

Don Pistulka
Chief Financial Officer

Ron Stratman
Chief Marketing Officer

John Bretthauer
Chief Lending Officer

Chris Kerecman
SVP Business & Community
Development

Report of the Chairman of the Board

Just as teachers take pride in seeing their students thrive, California Credit Union takes great joy in seeing its members succeed. It is only by keeping this spirit of service in mind that California Credit Union can also succeed. For its very foundation is in member service. It's why we're here – to serve you and to see you thrive.

As a gesture of gratitude for all that our members do in our community, it is only fitting that California Credit Union gives back to the education community through serving our membership as well as those whom our membership serves. Several 2006 initiatives provided California Credit Union with the opportunity to do so.

To promote the value of education among our community's youth, California Credit Union continued to reward deserving students in our area with scholarships for higher education. In 2006, we awarded 35 students, two of whom were CCU members, each with \$1,000 scholarships. We were proud to support these students in their pursuit of higher education.

To support financial literacy among our own membership, California Credit Union partnered with Financial Finesse in 2006. This program provides educational content, both for our newsletters and our website, giving our members valuable resources to learn how to better manage their finances.

Some of the other ways California Credit Union supported our educational community throughout the year was by participating in the Wonder of Reading program, in which CCU staff members gave their time in reading to students; in school career days to help prepare our youth for planning for their futures; and in helping make over schools in Pasadena, Glendale and Torrance with a fresh coat of paint. California Credit Union was also the proud Apple Platinum Sponsor of the LA County Teacher of the Year program, which recognizes excellent teachers in Los Angeles County.

While we take pride in this partnership with the education community, we also strive to be good stewards of our members' finances by making sound decisions that improve the financial standing of the credit union. In 2006, we sold the headquarters building at 701 North Brand Boulevard in Glendale and retained a 10-year lease for the space to remain our corporate headquarters. This action improved our capital position so that we could invest in programs that enhance our services.

Above all, we were happy to see that our members responded positively to all that we were doing on their behalf and on behalf of the education community. We enjoyed a four percent rise in overall member satisfaction scores over 2005. We pledge to continue striving to increase your satisfaction with each and every encounter you have with California Credit Union.

As I reflect back on 2006, I am proud to see all that it has meant to our credit union and to our members. It was a year of service, of growth and of solidifying our partnership with the education community. It was all made possible by the perseverance of our staff and management team, the trust of our members and the dedication of our volunteers who serve with me on the Board of Directors. I thank you all, and I look forward to continuing this great journey of service with you.

Dr. Francis K. Nakano
Chairman

Report of the President & CEO

When people come together for a common purpose, great things are bound to happen. Never is this more true than when that purpose is to create a better future for us all. The members of California Credit Union are united in this single vision – to serve in a way that nurtures a brighter tomorrow. Such is the goal of educators for our children, and such is the goal of CCU for its members.

One way that California Credit Union can help realize this vision for our future, for our members and our community, is to ensure our continued growth. The year 2006 was an exemplary year for growth. Our member-owned cooperative grew financially, physically, strategically and in terms of the products and services we offer.

Financially, California Credit Union fostered an exceptional period of growth, with deposits rising 14% throughout 2006. It is a true testament to the quality of products offered by CCU. We continually evaluated the yields we offered on our savings products to make sure that our members had access to the very highest quality savings options, and the growth in this product segment is a solid confirmation that our members truly recognized the value of saving at California Credit Union.

California Credit Union also grew its physical network of branches throughout the greater Los Angeles area. We opened our new Inglewood branch to serve members and the education community in the area. We also moved our Glendale branch to a larger space in our headquarters building to enable an expansion of service for our members. Our Encino branch was moved, becoming our Woodland Hills branch to offer more convenient access for more members. In Pasadena, we began a remodel that was completed in early 2007 with the goal of making this branch more appealing and efficient for member service. In addition, CCU plans to open several more branches throughout 2007 and the coming years, most notably at the Los Angeles County Office of Education (LACOE) headquarters in Downey.

This season of growth would not be complete without an expansion in our product line. Given our focus on deposits throughout the year, we introduced several new savings certificates. Our nine-month Money Max certificate provided extraordinarily high rates for a short term and low minimum investment, while our 17-month Freedom Option Bump-up Savings Certificate provided high yields and the option to bump up the rate once during the term. In 2006 we also introduced a fantastic new Home Equity Line of Credit, the Dreamline HELOC. This superb product provides access to financing for home improvements, auto purchasing and debt consolidation.

With all these strides forward, the year would not be complete without a vision and strategy for how to move forward into our future, to ensure that each coming year will be as successful a year of growth as was 2006. We therefore made the commitment to conduct a core system conversion later in 2007, which will help streamline processes, improve service, strengthen security and increase efficiency.

For all this growth and the success it signifies, all of us here at California Credit Union are truly grateful to our members. We thank you for trusting in us, for making us the trusted partner of the education community. I also want to thank our staff and Board of Directors, for their unwavering commitment to seeking out opportunities to better serve our members. Together, we can make 2007 a truly visionary year for us all.

Ronald L. McDaniel
President & CEO

Supervisory Committee Report

California Credit Union operates in accordance with the Credit Union Sections of the Financial Code of the State of California, supplemented by the Special Credit Union Rules and Regulations of the Department of Financial Institutions.

The Supervisory Committee's responsibilities include communications and interactions with the federal and state regulatory agencies and CCU's internal and external auditors. The Supervisory Committee reviews the financial affairs of the Credit Union and ensures the safety and soundness of CCU by monitoring its adherence to established internal controls. The Supervisory Committee communicates with the Board of Directors through reciprocal attendance at monthly meetings by representatives of each body. The Supervisory Committee reports to the membership at the annual meeting.

The Supervisory Committee oversees the annual audit, which examines the business of CCU through the engagement of an independent certified public accounting firm. A component of the annual audit is the confirmation of accounts with members each year.

Based upon its 2006 activities and findings, the Supervisory Committee believes that the business of CCU has been conducted in compliance with the rules of the Department of Financial Institutions and Credit Union Law and the accompanying financial statements of CCU are fairly presented and free of material misstatements.

Walton Green
Supervisory Committee Chair

Independent Auditor's Report

Turner, Warren, Hwang & Conrad AC
Certified Public Accountants & Consultants

Board of Directors
California Credit Union

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial condition of California Credit Union as of December 31, 2006 and 2005, and the related statements of income, members' equity, and cash flows for the years then ended (not presented herein); and in our report dated February 20, 2007, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Turner, Warren, Hwang & Conrad
Accountancy Corporation
February 20, 2007

Statements of Financial Condition

	December 31 (In Thousands)	
ASSETS	2006	2005
Cash and cash equivalents	\$39,191	\$61,024
Investments		
Securities available for sale, at fair value	84,922	105,301
Securities held to maturity (fair value of \$9,810 and \$9,792)	10,000	10,000
Other	59,942	60,285
Loans receivable, net of allowance for loan losses	919,926	804,782
Loans held for sale	586	–
Accrued interest receivable	5,159	4,358
Property and equipment, net of accumulated depreciation	12,294	34,405
National Credit Union Share Insurance Fund deposit	8,136	7,940
Other assets	57,040	12,368
Total Assets	\$1,197,196	\$1,100,463
LIABILITIES AND MEMBERS' EQUITY		
Members' shares	\$992,291	\$870,413
Borrowed funds	32,000	93,364
Accrued and other liabilities	30,385	13,999
Total Liabilities	1,054,676	977,776
Commitments and contingent liabilities	–	–
Members' equity, substantially restricted	142,520	122,687
Total Liabilities and Members' Equity	\$1,197,196	\$1,100,463

Statements of Income

For the Years Ended December 31 (In Thousands)

INTEREST INCOME	2006	2005
Interest on cash balances	\$388	\$302
Interest on loans receivable	56,931	42,612
Interest on investments, share certificates and cash equivalents	6,311	7,850
Total Interest Income	<u>63,630</u>	<u>50,764</u>
INTEREST EXPENSE		
Interest on members' shares	24,463	15,846
Interest on borrowed funds	2,748	688
Total Interest Expense	<u>27,211</u>	<u>16,534</u>
NET INTEREST INCOME	36,419	34,230
PROVISION (CREDIT) FOR LOAN LOSSES	<u>(130)</u>	<u>2,023</u>
NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES	<u>36,549</u>	<u>32,207</u>
NON-INTEREST INCOME		
Net real estate rental income	1,030	2,462
Gain on sale of real estate	8,649	2,949
Gain on sale of loans	1,653	175
Other income	11,247	8,528
Total Non-Interest Income	<u>22,579</u>	<u>14,114</u>
NON-INTEREST EXPENSE		
Compensation and benefits	21,397	17,480
Office Occupancy	3,658	3,930
Other	15,167	12,476
Total Non-Interest Expense	<u>40,222</u>	<u>33,886</u>
Net Income	<u>\$18,906</u>	<u>\$12,435</u>

Products & Services

CHECKING AND SAVINGS

Checking Accounts
Savings Accounts
Money Market Accounts
Individual Retirement Accounts (IRAs)
Share Certificates

CONSUMER LOANS

Auto, RV, Boat or Personal
Watercraft Loans
Credit Cards
 Visa® Traditional/Rewards
 CCU 4 Schools Rewards Visa
Personal/Signature Loans
Student Loans
Overdraft Lines of Credit (Share Protection)
Payroll Advance
Share Secured Loans

REAL ESTATE LOANS

Mortgages
Home Equity Loans
Dreamline Home Equity

SERVICES

Free Online Banking with Free Online Bill Pay
ATM & Debit Cards
Overdraft Protection
Touch Tone Teller
Direct Deposit
Payroll Deduction
ACH Origination (EZ-Connect)
Autoland Car Buying Service
Enterprise Used Car Sales
Insurance (Home, Auto, Term Life)
Financial Planning and Investment Services*
Educator Program
Directo A MéxicoSM
(International Money Remittance)

MEMBER BUSINESS SERVICES

Basic Business Checking
Premium Business Checking
Schools Premium Checking
Money Market Accounts
Savings Accounts
Savings Certificates
Member Business Lending
 Real Estate
 Working Capital
 Lines of Credit
 Corporate Credit Cards
Telephone Transfers
Wire Transfers

Not NCUA Insured	Not Guaranteed by CCU	May Lose Value
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*Investments offered through CUSO Financial Services, L.P. (CFS) are not NCUA/NCUSIF insured, are not credit union guaranteed and may lose value. Investment representatives are registered through CFS (member NASD/SIPC)

Branch locations

Beaudry Branch
333 S. Beaudry Ave.
Suite 215
(Beaudry and 3rd)
Los Angeles, CA 90017

Cahuenga Pass Branch
3330 Cahuenga Blvd. West
Suite 115
(Cahuenga & Barham)
Los Angeles, CA 90068

Moving in Spring 2007!
North Hollywood Branch
11331 Camarillo Street
(Camarillo & Tujunga)
North Hollywood, CA 91602

Glendale Branch
701 North Brand Blvd.
Suite 100
(Brand & 134 Fwy.)
Glendale, CA 91203

Inglewood Branch
2852 Imperial Hwy.
(Imperial & Crenshaw)
Inglewood, CA 90303

North San Fernando Valley Branch
9026 Woodley Avenue
(Woodley & Nordhoff)
North Hills, CA 91343

Pasadena Branch
95 South Lake Avenue
(Lake & Green)
Pasadena, CA 91101

Rosenell Terrace Branch
420 North Rosenell Terrace
(Temple & Alvarado)
Los Angeles, CA 90026

Torrance Branch
22733 Hawthorne Blvd.
(Hawthorne & 227th)
Torrance, CA 90505

West Los Angeles Branch
2215 Westwood Blvd.
(Olympic & Westwood)
Los Angeles, CA 90064

Woodland Hills Branch
6037 Topanga Canyon Blvd.
(Topanga Canyon & Oxnard)
Woodland Hills, CA 91367

Coming Soon!
Downey (LACOE Campus) Branch
9300 E. Imperial Hwy.
(Imperial & Ardis)
Downey, CA 90242

Administration Office
701 North Brand Blvd.
Glendale, CA 91203

Member Services
(800) 334-8788

Internet
Web: www.californiacu.org
E-mail: askme@californiacu.org

Loan by Phone
(800) 334-8788

Touch Tone Teller
(800) 240-4629
Account transactions by phone

P.O. Box 29100
Glendale, CA 91209-9100

(800) 334-8788
www.californiacu.org

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