



2025

ANNUAL REPORT



Illuminating our Community with
Financial Wellness.

LETTER FROM THE CEO & CHAIR

On behalf of our dedicated employees and volunteers, we are pleased to present the 2025 Annual Report of Chaffey Federal Credit Union. Your continued trust and engagement make it possible for us to serve our members and community with purpose, integrity, and financial strength.

The year 2025 was marked by ongoing economic uncertainty and elevated interest rates that continued to influence both consumer behavior and financial institutions nationwide. Against this backdrop, Chaffey FCU remained focused on thoughtful balance sheet management, member value, and long-term sustainability. We strategically reduced our balance sheet during the year, reducing borrowed funds while increasing member shares (6.50%) and strengthening capital to 7.83%.

Rates remained higher than expected during the year, resulting in a higher cost of funds but also providing for higher loan and investment yields. This resulted in a reduction in Net Interest Margin (NIM)* from 2.84% to 2.74%. Importantly, the borrowing reduction in the latter half of 2025 sets the stage for improvement in Cost of Funds and Net Interest Margin in the year ahead.

Loan balances declined modestly in 2025, driven largely by reductions in vehicle lending as demand softened. Demand for Home Equity Lines of Credit (HELOCs) remained strong throughout the year; Chaffey FCU granted nearly \$6.5MM in new HELOC lines in 2025, allowing members to consolidate debt and fund home improvement projects at more affordable rates than traditional credit cards typically offer.

Loan losses in 2025 were higher than previous years, reflecting the financial pressures many members faced as the cost of living continued to rise. In some cases, members had to make difficult decisions about how to prioritize their financial obligations. Losses increased from 2024 in the credit card, unsecured, and new vehicle loan categories. The credit union did have to recognize the loss of one large loan affected by natural disaster. The charge off ratio for 2025 was 0.75% of average loans; excluding the natural disaster loss, the charge off ratio was 0.45%. This is a higher ratio than we have seen in previous years, demonstrating the increased economic challenges our members face.

Office Operations expense, increased partially offset by savings of more than \$100k over six months following the credit union's conversion to a new debit and credit card processor. Chaffey FCU recognized a net loss for the year of -\$47,320.

Despite the financial ups and downs of the year, Chaffey FCU ended the year well-capitalized and positioned to navigate future opportunities and challenges.

In addition to financial stewardship, 2025 was a year of meaningful progress on key strategic initiatives. We expanded to a community charter, enhancing access to membership, and introduced online account opening to improve convenience and accessibility. A successful card processor conversion and website refresh further modernized our delivery channels and improved the digital experience for members. Engagement with My First Nest Egg continued to grow, with more than 410 young users—a 12% increase from the prior year—underscoring our ongoing commitment to early financial education and family engagement.

Community impact remains central to who we are as a not-for-profit, member-owned financial institution. In 2025, Chaffey FCU contributed approximately \$38,000 to charitable and community organizations. Our financial education efforts reached nearly 950 students through classroom-based instruction, totaling roughly 150 hours across five schools. Additionally, more than 2,000 students participated in Bite of Reality® simulations across seven schools in three school districts. We were also honored to receive a Social Impact Award from the California Credit Union League recognizing these efforts and our dedication to strengthening financial confidence in the communities we serve.

As always, the value of Chaffey FCU is measured not just in financial results, but in the positive difference we make in the lives of our members. Through competitive rates, low fees, and educational support, we strive to return value directly to you while investing in a stronger financial future for our community.

Chaffey FCU's management team and Board of Directors remain committed to maximizing the value of your membership and guiding the credit union with care and responsibility. We look forward to serving you in the year ahead; thank you for your membership, trust, and support.



DIANE KOTLEWSKI
Chief Executive Officer



DON BERTUCCI
Chairman of the Board

*NIM = the spread between what the credit union earns and what the credit union pays to its members in dividends

2025 CHAFFEY FCU LEADERSHIP

EXECUTIVE TEAM

JOHN WOON

VP of Information Services

DIANE KOTLEWSKI

Chief Executive Officer

SANDY VELASCO

Chief Operations Officer



The Chaffey FCU Board of Directors is an elected team of volunteer Members that provide leadership and oversight. With Members at the center of our governance, Chaffey FCU ensures that the financial wellness of our Members remains our number one priority.

BOARD OF DIRECTORS



DON BERTUCCI
Chairman of the Board



MIKE WEAVER
Vice Chairman



ELIZABETH FREER
Secretary



REGINA TERRONES
Treasurer



DR. TERRY CHASE
Board Member



SID JAIN
Board Member



SANDY LOPEZ
Board Member

ASSOCIATE BOARD MEMBERS

Priscilla Martinez Renee Robinson

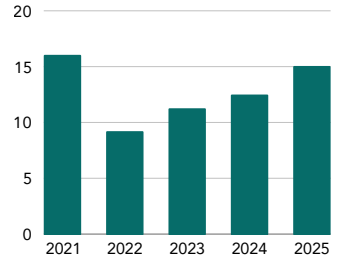
2025 FINANCIAL REPORT *as of December 31, 2025

Statement of Financial Condition

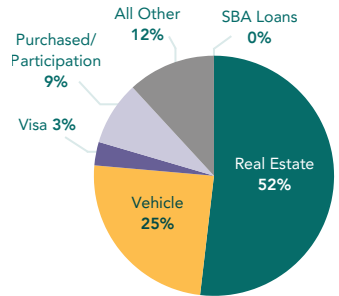
| Assets | 2025 | 2024 |
|---------------------------------------|----------------------|----------------------|
| Loans to Members | \$118,763,628 | \$122,552,552 |
| Investments | \$84,052,724 | \$86,431,697 |
| Building | \$2,412,737 | \$2,464,063 |
| Other Assets | \$23,413,987 | \$19,488,474 |
| Total Assets | \$228,643,075 | \$230,936,786 |
| Liabilities | 2025 | 2024 |
| Other Liabilities | \$17,250,097 | \$22,993,342 |
| Dividends Payable | \$603,366 | \$619,360 |
| Members' Shares | \$196,149,897 | \$195,185,692 |
| Total Liabilities | \$214,003,360 | \$218,798,394 |
| Equity | 2025 | 2024 |
| Undivided Earnings | \$16,666,055 | \$16,713,374 |
| Reserves | \$1,247,537 | \$1,247,537 |
| Other Comprehensive Income | (\$3,273,877) | (\$5,822,519) |
| Total Equity | \$14,639,716 | \$12,138,392 |
| Total Liabilities & Equity | \$228,643,075 | \$230,936,786 |

Equity & Reserves

*in millions



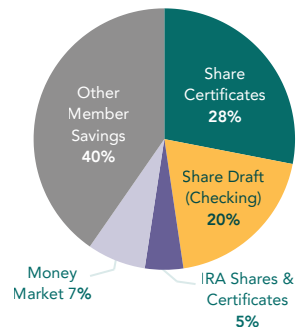
Loans



Statement of Income

| Income | 2025 | 2024 |
|--------------------------------------|---------------------|---------------------|
| Interest on Loans | \$7,003,293 | \$6,487,629 |
| Interest on Investments | \$3,319,930 | \$3,055,418 |
| Misc. Income | \$2,030,147 | \$2,127,189 |
| Total Income | \$12,353,370 | \$11,670,236 |
| Expenses | 2025 | 2024 |
| Dividends to Members | \$2,949,116 | \$3,027,620 |
| Interest on Borrowed Money | \$878,443 | \$872,740 |
| Office Operations | \$7,705,979 | \$7,345,124 |
| Provision for Loan Loss | \$909,086 | \$433,690 |
| Total Expenses | \$12,442,624 | \$11,679,174 |
| Net Operating Income | (\$89,254) | (\$8,938) |
| Other Non-Operating Income/(Expense) | \$41,934 | \$1,302 |
| Net Income | (\$47,320) | (\$7,636) |

Member Shares



“

Choosing to not be vulnerable and going and talking to someone about (financial) issues can be a big mistake.

It's okay to go and ask for help.

”

CFCU MONEY TALKS WORKSHOP JANUARY 2026

Report from the Supervisory Committee

The responsibility of the Supervisory Committee is to ensure appropriate internal controls are in place to protect the credit union's assets. Additionally, they ensure the credit union's accounting records are accurate and reported in a prompt manner. The committee is also responsible for hiring an accounting firm to conduct an annual verification to ensure credit union records are accurate and fairly reflect the financial standing of the credit union. The accounting firm selected by the Supervisory Committee is Turner, Warren, Hwang, and Conrad (TWHC). The most recent audit by TWHC expressed a qualified opinion that the records of Chaffey FCU as of June 30, 2025 are accurate.

Eduardo Zaldivar, Chair



Eduardo Zaldivar
Supervisory
Committee Chair



Trenton Negrete
SC Member



Penny Fraumeni
SC Member



Beverly Bailey
SC Member



Michael He
SC Member

CHAFFEY'S 2025 COMMUNITY WRAPPED



SOCIAL IMPACT AWARD RECIPIENT

This award honors credit unions that “demonstrate an unyielding dedication to building stronger communities and improving members’ lives.” Awarded by the the California Credit Union League

OVER \$38,000 IN COMMUNITY DONATIONS

Supported local non-profits, schools, and student scholarships. Foothill Family Shelter, Chaffey Joint Union High School District, Hope Through Housing, and more!



TAUGHT APPROXIMATELY 950 STUDENTS THROUGH CHAFFEY'S FINANCIAL CLASSES SERIES

Catered to a variety of essential, foundational skills, such as Financial Services, Budgeting, and Building Credit.

BROUGHT BITE OF REALITY WORKSHOPS TO AN ESTIMATED 2,000 STUDENTS

Provided a safe space for students to practice budgeting a month's expenses with their own persona, job, child to care for, and more!

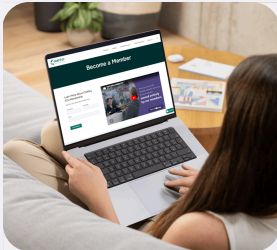


COMMUNITY ANNOUNCEMENTS



CHAFFEY FCU IS NOW A COMMUNITY CHARTER CREDIT UNION

On June 27, 2025, Chaffey FCU opened our Membership to become a Community Charter Credit Union! This allows us to better illuminate our entire community with improved access to services and financial education. Chaffey FCU was established by the Chaffey Unified School district in 1964, and our dedication to education as a community charter credit union remains strong through a variety school events, student financial education, scholarships.



ONLINE ACCOUNT OPENING

As Chaffey FCU evolves, we aim to improve our access to important services, while maintaining our dedication to customer service. New Memberships and additional accounts can now be opened from our website!

LOOKING INTO 2026 OUR NEW PARTNERSHIP WITH THE RANCHO CUCAMONGA QUAKES

At Chaffey FCU, we believe that healthy lives begin with healthy finances, but there are opportunities we face daily that help us strengthen ourselves. We are proud to work with the Rancho Cucamonga Quakes starting in 2026 to build that value.





The **mission** of Chaffey Federal Credit Union is to light the way for our members to reach their financial goals by providing products and services to achieve financial wellness.

The **vision** of Chaffey Federal Credit Union is to provide our members and communities with the flame of financial literacy; each flame will light another without diminishing its own brightness.