

## THE CHAIRMAN'S MESSAGE

For over 70 years, California Bear Credit Union members have depended upon the Credit Union to provide them with a wide array of products and services to help them meet their financial needs. The focus of California Bear Credit Union has always been on our membership. A large part of that focus has been maintaining our financial strength while providing our members with the products and services that they want and need to help them remain financially strong. Our financial reports show that our net worth, a primary indicator of our financial safety and soundness, remains strong as of December 31, 2004 increasing from 8.97% to over 9.5%.

And unlike many other institutions whose savings are insured up to \$100,000, we provide our members with an additional \$250,000 of insurance through American Share Insurance (ASI) at no extra cost. The Board of Directors and volunteers of California Bear worked in conjunction with management and staff to expand the range of products and services offered to our members during 2004 to meet the evolving financial needs of our member-owners.

At our beginning in 1933, we were a small organization offering simple basic services to our members. Today, California Bear is a dynamic full-service financial institution that still offers the basics, yet provides the complexity of services in mix and structure to meet the needs of the most sophisticated consumers and businesses. Along with continuing feedback from our members, the Board of Directors and management team plan and develop our business to remain fully prepared to meet our members' financial product and service needs now and in the future.



**N.Gregory Taylor, Chairman**  
Board of Directors



{ Spring & 3rd, 1933 }

## :04 Board of Directors

<b>N. Gregory Taylor</b>	Chairman
<b>Harold H. Entz</b>	V.Chairman
<b>Theodosia Walker</b>	Secretary
<b>Sherman Grancell</b>	Director
<b>Nick Christopulos</b>	Treasurer
<b>Merle Demroff</b>	Director
<b>Michael D. Miles</b>	Director
<b>Vito Modugno</b>	Director
<b>ReVerl Williams</b>	Director
<b>Joseph Sanchez</b>	Director
<b>Robert Sassaman</b>	Director

## :04 Supervisory Committee

<b>Max Turchen</b>	Chairman
<b>Gary Gavinski</b>	Member
<b>William Yates</b>	Member
<b>Alan Hager</b>	Member
<b>Marta Zaragoza</b>	Member
<b>Elisa Wolfe- Donato</b>	Member
<b>K. Don Drachand</b>	Member



California Bear  
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A  
Celebration  
of  
Change

:04  
Annual  
Report

## The CEO'S MESSAGE

While 2003 marked our 70<sup>TH</sup> anniversary it was also a transitional year for California Bear Credit Union that laid the foundation for future growth in many ways. In 2004 we built on that foundation by using innovation and change that translated into tremendous added value for every member of California Bear Credit Union. In the past year we opened AutoSeekers, our own Automobile Dealership. AutoSeekers allows us to provide our members with a great deal on the purchase and the financing of a new or used vehicle. In addition, AutoSeekers provides our members with a pleasant and honest environment in which to make their deal. Many members of the Credit Union took advantage of the AutoSeekers experience in 2004 and we are looking forward to serving more members in the future.

We began construction of a new branch that will open in early 2005 and developed plans for future expansion of the Credit Union in terms of numbers of branches and service centers. In fact, every decision we make and every plan we implement continues to be focused on meeting the needs of our members while making certain the credit union remains strong and stable. Providing "Quality Member Service" is vital to the success of the Credit Union now and in the future. I urge you to contact me if you feel that we are not providing the "Quality Member Service" that you, our members, deserve.

- We implemented programs that saved members hundreds of dollars in overdraft fees.

- We hired an investment representative so those members that want higher returns than traditional insured accounts can access those services using the Credit Union.

- We added Electronic Bill Pay to the Bear and we set the wheels in motion to unveil a fully automated internet loan application and approval service by the end of the first quarter of 2005.

- We remodeled the Spring Street office to provide members with a more friendly and professional atmosphere.

As we come to the end of 2004 and report on the accomplishments of the past we must also look forward to 2005. In 2005 we will continue to expand and grow the membership base as well as adding new products and services including an array of loans and services geared to the business marketplace. The plans are in place for continued growth in 2005 and beyond. And, as we move into the New Year I can proudly say the future of this organization has never been brighter.

I thank you for the opportunity to continue to lead this great organization into the future



**Walt Agius**  
President & CEO

## SUPERVISORY COMMITTEE REPORT

In order to ensure that the financial records of California Bear Credit Union are in order for 2004, the Supervisory Committee retained the services of the CPA firm McGladrey & Pullen, LLP to perform our annual audit. This review confirmed that California Bear Credit Union maintains its financial records in accordance with the National Credit Union Administration's (NCUA) rules and regulations of the California Department of Financial Institutions (DFI) and in accordance with Generally Accepted Accounting Principals. The Cal Bear management team is adequately protecting members' assets in line with all appropriate accounting and regulatory practices and guidelines. It is the finding of the Supervisory Committee that California Bear Credit Union continues to be a safe and sound financial resource for our members



**Max Turchen, Chairman**  
Supervisory Committee



**1st & Main, 2005**

## CREDIT MANAGER'S REPORT

Loan demand remained strong in all areas of our loan portfolio in 2004 as our members funded 1,230 loans for just under \$18 million dollars. Additionally, the loan growth we experienced in 2004 occurred while we maintained our financial strength. This growth came as a result of the credit union streamlining the lending process to make it easier for our members to apply for loans and get their loans approved faster. In 2005 we are going to streamline the lending process even further and increase the number and variety of loan products and services that we offer to our members. We are confident that these enhancements will lead to even stronger loan demand in the coming year.

## California Bear Credit Union

### Statement of Financial Conditions

As of December 31, 2004 (Unaudited)

#### ASSETS

Cash	\$	613,825
Investments		35,338,637
Loans to members		49,838,636
Participation loans		12,468,851
Allowance for loan loss		(269,341)
Fixed assets (net)		454,733
Other assets		1,673,179

**Total assets** **100,118,520**

#### LIABILITIES & MEMBERS' EQUITIES

Accounts payable & other accrued liabilities		(3,718,519)
Member deposits		94,258,831
Regular reserve		2,878,424
Undivided earnings		6,694,530
Accumulated unrealized gain or loss on investment		5,254

**Total liabilities and members' equities** **\$ 100,118,520**

### Statement of Income & Expense

For the Year Ended December 31, 2004 (Unaudited)

#### NET INTEREST MARGIN

Loans	\$	4,067,981
Investments		1,096,563
Dividends of deposits		(917,276)

**4,247,268**

#### OTHER OPERATING INCOME & EXPENSE

Fee & other income		497,845
Provision for loan losses		(140,917)
Operating expense		(4,245,799)
Income tax		(2,015)

**(3,890,886)**

**NET INCOME** **\$ 356,382**