

CAL BEAR CREDIT UNION
STATEMENT OF FINANCIAL CONDITIONS
AS OF DECEMBER 31, 2003
UNAUDITED (IN DOLLARS)

Assets

Cash	\$ 495,101
Investments	36,950,353
Loans to members	52,796,005
Participation loans	10,644,968
Allowance for loan losses	(259,568)
Fixed assets (net)	280,201
Other assets	1,799,644
Total Assets	\$ 102,706,704

Liabilities and Equity

Accounts payable & other liabilities	(3,702,056)
Equities	
Member deposits	
Shares	\$ 53,574,863
Certificate accounts	24,774,071
Checking accounts	8,606,747
IRA accounts	2,539,120
Money market shares	7,619,679
	97,114,480
Regular reserves	3,019,339
Undivided earnings	6,197,233
Net unrealized gain/loss on investments	77,708
	9,294,280
Total Liabilities & Equity	\$ 102,706,704

STATEMENT OF INCOME & EXPENSES
AS OF DECEMBER 31, 2003
UNAUDITED (IN DOLLARS)

Interest Income

Loans	\$ 4,368,913
Investments	1,227,889
	5,596,802

Dividends on Deposits

Net interest margin	(1,372,250)
	4,224,552

Other Operating Income & Expenses

Fee and other income	\$ 409,112
Other operating expenses	(4,218,314)
Provision for loan losses	(111,962)
	(3,921,164)

Net Income **\$ 303,388**

2003
BOARD OF DIRECTORS

N. Gregory Taylor
CHAIRMAN

Theodosia Walker
SECRETARY

Sherman Grancell
DIRECTOR

Michael D. Miles
DIRECTOR

Joseph Sanchez
DIRECTOR

Harold H. Entz
VICE CHAIRMAN

Merle Demroff
DIRECTOR

Beverly Linderman
DIRECTOR

Vito Modugno
DIRECTOR

Nick Christopoulos
DIRECTOR

Reverl Williams
DIRECTOR

2003
SUPERVISORY COMMITTEE

Max Turchen
CHAIRMAN

Alan Hager
MEMBER

Elisa Donato
MEMBER

Gary Gavinski
MEMBER

Robert Sassaman
MEMBER

William Yates
MEMBER

Marta Zaragoza
MEMBER

(213) 830-4100 • www.calbearcu.org



2003
Annual
Report



California Bear
CREDIT UNION

YOU CAN BANK ON THE BEAR™



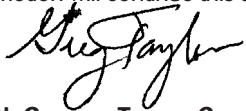
THE CHAIRMAN'S MESSAGE

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. This is why California Bear made important changes to encourage growth in 2003 and will continue to make changes next year.

The focus of the 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 as of December 31, 2003 our assets increased from \$97,345,970 million to \$102,706,704 million and growing. We are also pleased to report that our net worth remains a primary indicator of our financial safety and soundness and remains strong at a rate of 8.97%. Continuing to earn us the distinction of being a highly capitalized Credit Union. In addition, insurance coverage provided by the National Credit Union Administration (NCUA) and American Share Insurance (ASI) provides an extra \$250,000 in protection for our members' accounts.

More important than numbers, California Bear continued to expand its services during the last year to meet the evolving financial needs of our member-owners. At our beginning in 1933, California Bear was a small organization offering simple basic services to our members. Today, California Bear is a dynamic full-service financial institution fully prepared to meet your family's financial products and service needs now and in the future.

California Bear Credit Union continues to remain strong financially while expanding services to meet the ever-changing needs of our members and I am confident that plans set in motion will continue this trend in the years to come.



N. GREGORY TAYLOR, CHAIRMAN
BOARD OF DIRECTORS

THE PRESIDENT'S REPORT

This is my first annual report to the membership. As your new President and Chief Executive Officer I first want to thank the members of the Credit Union and the Board for their continued support. I know you have many choices for financial services.

2003 marked the beginning of a transitional year for California Bear Credit Union that will continue for many years to come. 2003 was distinct in many ways including our 70th anniversary; our primary distinction is our commitment to improve and to continue to change in order to serve our members better in the future.

Our strategy and direction for the future remains clear and focused on serving our members. Growth of the credit union with a focus on continued safety and soundness are also critical strategies that drive our day to day decisions. And while you can expect several new and innovative services to be introduced in 2004 as we implement our strategic plan, existing services will be provided at the same or increased levels of service and efficiency.

As your CEO I am focused on meeting the needs of the members, making certain the credit union remains strong and stable and last but not least attracting and retaining the highest quality of the staff and management to serve you.

As a member owned financial cooperative, I urge you to let me know how we are doing in regard to serving you. Thanks for the opportunity to lead this great organization into the future, and while I certainly won't be here in 70 years it is my utmost desire to make certain that the decisions we make every day continue to make the Credit Union strong and efficient to serve the next generation of Credit Union members, for the next 70 years and beyond.



WALT AGIUS
PRESIDENT AND CEO

SUPERVISORY COMMITTEE REPORT

Your Supervisory Committee is responsible for ensuring that the financial records of the Credit Union are in order and that controls are in place to protect the assets of the Credit Union and its members.

In discharging this responsibility in 2003, the Supervisory Committee retained the services of the CPA firm Mc Gladry & 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, the regulations of the California Department of Financial Institutions (DFI) and in accordance with Generally Accepted Accounting Principles. The conclusion of this review was that the practices and procedures of the Cal Bear management team are 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 remains your trusted financial partner, a safe and sound resource for your financial needs.



MAX TURCHEN, CHAIRMAN
SUPERVISORY COMMITTEE

CREDIT MANAGER'S REPORT

Despite a sluggish economy, consumer and real estate loan demand remained strong among our membership in 2003. California Bear Credit Union funded 1,796 loans for just under \$29 million dollars for our members in the past year while ensuring that the Credit Union's loan portfolio remained strong. As we move into 2004 we are taking steps to expand out lending guidelines to enable every member, regardless of their credit history the chance to borrow from The Bear.

