



2016

annual report

The background is a complex, abstract composition of various shades of blue. It features overlapping geometric shapes, including rectangles, squares, and circles, some of which are semi-transparent. The overall effect is a sense of depth and movement, with lines and shapes creating a dynamic, layered visual. The colors range from deep navy blues to lighter, almost white blues.

People Helping People

members, the community, our team...

At SCE FCU, our mandate of “People Helping People” comes through in our focus: our members, our community, and our team at the Credit Union.

This combination is the center of our attention and fuels everything we do, the lens by which we view each potential opportunity, the filter for our decision making.

working together

Transition, change and excitement seemed to be the theme for 2016 – an eventful year, laying the groundwork for future growth. Here are some of the ways we celebrated success:

- Put in place a multi-year leadership transition plan developed by our Board of Directors, in anticipation of the retirement of the Credit Union's longtime CEO, that culminated in the selection of our new CEO – Dan Rader, former SCE FCU Chief Financial Officer. In January 2016, Dan became President; in July, he became President and CEO
- Developed new positions to allow for continued stability, growth and success: Chief Marketing Officer, Director of Branches, and Director of Internal Audit
- Entered into a relationship with Citibank, allowing our members to use Citibank ATMs at no charge. This further expands our network of more than 30,000 surcharge-free ATMs available across the country to our members
- Formed a partnership with Enterprise Car Sales to offer our members a variety of quality, affordable used cars
- Debuted a robust online banking platform to deliver a rich desktop and mobile banking experience for our members
- Launched a new website with clean, modern navigation and intuitive options, while keeping features our members have come to appreciate
- Participated in events benefiting our local communities, including turkey giveaways to more than 700 needy families in Boyle Heights, birthday celebrations for students from low-income families in Southern Nevada, school supplies for back to school nights through our local YMCAs, and Christmas toy giveaways in Southern California and Southern Nevada – to name just a few

- Supported SCE FCU team members as they volunteered their personal time for local community organizations

Our team members help us to support our member/owners, together we support our local communities, and our local communities support us. We are proud to be a part of this combination where we all benefit by working together. Truly, it is this dynamic that creates and sustains our success.

Patrick H. McCloskey

Daniel Rader



Patrick McCloskey

Board Chair (L)

Dan Rader

President/CEO (R)



Kenji Coleman

Vice Chair (L)

Warren Lehmann

Financial Officer (R)

Nancy Bond

Secretary (L)

Patrick McCloskey

Chair (R)

Mary Steudle

Director (L)

Victor Dominguez

Director (R)

board of directors

Not pictured: Greg Wallace, Director



Garland Koch
Chief Financial Officer

Michelle Shelton
Chief Marketing Officer

Dan Rader
President/CEO

Kitty Hunter
Chief Lending Officer

executive management

2016 was a financially successful year for SCE FCU. As a cooperative, we are committed to fulfilling the philosophical credit union mandate of helping people, including those of lesser means who have traditionally been underserved and excluded from accessing mainstream financial products and services in Southern California and Southern Nevada. We had a total membership of 51,561, a 6.75% increase over 2015. Through a combination of affordable financial services and comprehensive financial education, we aim to help improve the lives of our members, our team, and our communities through the value we create.

Here are some of the SCE FCU financial highlights of 2016:

- Ended the year with assets of \$651.0 million
- Net income of \$3.2 million
- Totaled \$145.1 million in funded loans
- Had \$80.5 million in Member Business Loans (MBL) – an increase of \$14.3 million over 2015 (a 21.6% increase)

- Ended the year with shares of \$559.3 million
- Total loan growth (including MBL) of \$30.6 million
- Delinquency ratio of .76% and loan loss ratio of .51%

Our regulators (NCUA) define a well-capitalized credit union as having at least 7% of its assets in reserve. SCE FCU finished the year at a very healthy 10.1%. Overall, your Credit Union is financially strong and able to meet the financial needs of our member/owners for the foreseeable future.

Warren
Lehmann
Board
Financial
Officer



Garland
Koch
Chief Financial
Officer



financial report

14 15 16

\$341,010,742

\$402,350,319

\$432,946,323

loan growth

14 15 16

\$518,593,481

\$547,782,890

\$559,308,455

share growth

14 15 16

\$59,812,520

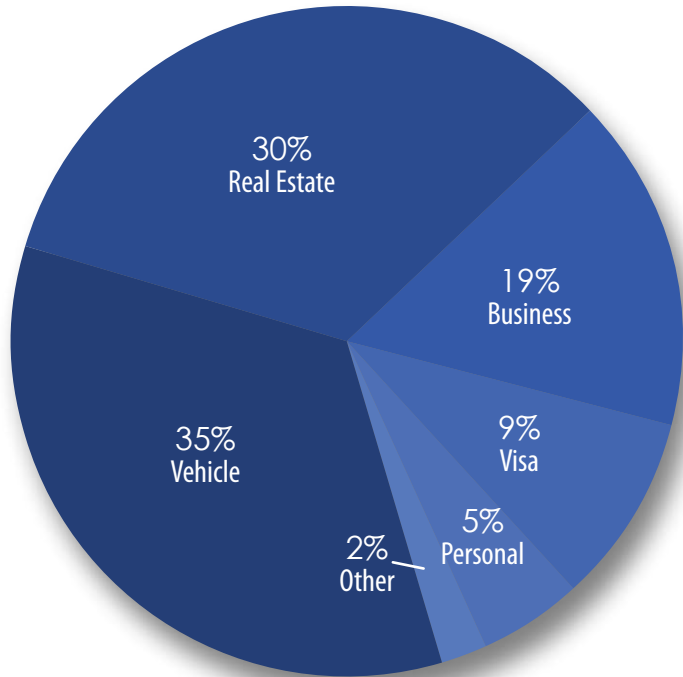
\$62,724,600

\$65,921,726

net worth growth

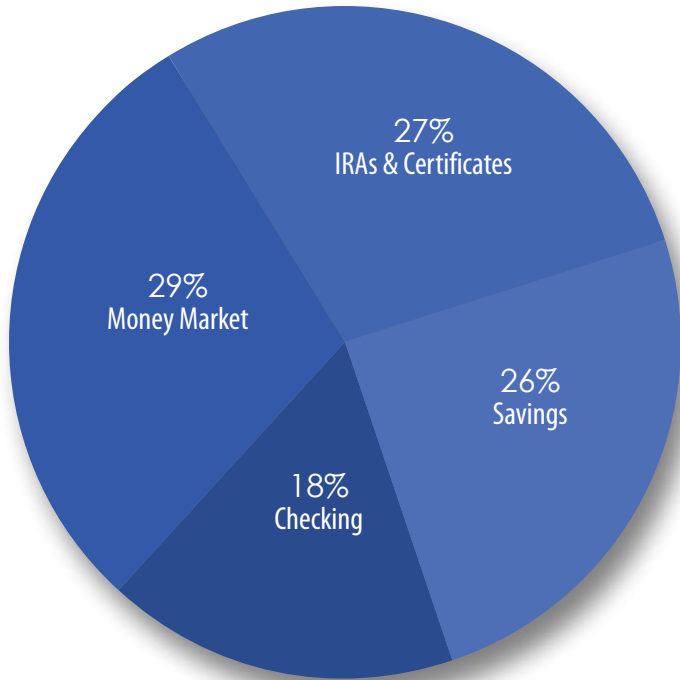
	2016	2015
Total Income	\$34,583,946	\$31,959,935
Expenses		
Personnel	\$14,253,865	\$14,484,371
Office Operations & Occupancy	6,585,906	6,400,595
Loan Servicing	1,831,951	1,821,831
Professional/Outside Services	1,766,026	1,348,883
Education/Promotion	653,400	829,723
Provision for Loan Losses	1,556,000	151,000
Other	1,425,647	1,276,259
Total Expenses	\$28,072,795	\$26,312,662
Total Interest Expense & Dividends	3,314,025	2,735,193
Net Income	\$3,197,126	\$2,912,080

As of December 31 – Unaudited



statement of income

distribution of loans



distribution of shares

2016	2015	
		Assets
\$180,946,127	\$197,480,717	Cash & Investments
428,740,583	397,557,826	Loans, Net
16,853,177	17,193,758	Fixed Assets
24,434,141	24,121,233	Other Assets
\$650,974,028	\$636,353,534	Total Assets
		Equity & Other Liabilities
\$559,308,455	\$547,782,890	Shares & Certificates
65,921,726	62,724,600	Reserve & Undivided Earnings
25,743,847	25,846,044	Other Liabilities
\$650,974,028	\$636,353,534	Total Equity & Liabilities

As of December 31 – Unaudited

financial condition



Tim J. Ferreira
Member

Michael Maxwell
Chair

Chris Carter
Member

Michael Clearman
Member

supervisory committee

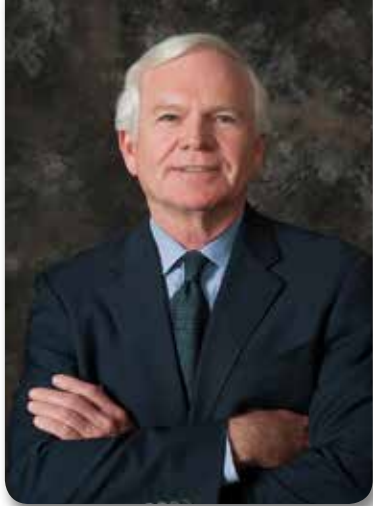
The Supervisory Committee, a group of volunteers appointed by the Board of Directors, is primarily responsible for overseeing the overall safety and soundness of the Credit Union. The committee meets every other month with the Credit Union's internal audit team to monitor adherence to operating practices and procedures.

In addition, the committee contracted with the independent accounting firm of RSM US LLP to audit the Credit Union's records for the twelve months ending March 31, 2016. Once again, we are pleased to report the assets held by SCE FCU are safe and secure and no significant findings were reported. Furthermore, our review concludes that SCE FCU is in compliance with federal regulations and standards provided by the National Credit Union Administration (NCUA).

The Supervisory Committee congratulates the SCE FCU volunteers, managers and members on another successful year.



report of the supervisory committee



In June of 2016, we bid a fond farewell to our longtime CEO Dennis Huber. Dennis spent more than 40 years dedicated to the credit union industry, including 26 years as CEO of SCE Federal Credit Union.

When Dennis began at the Credit Union, things were quite different... SCE FCU had just over \$100 million in assets and one branch – at the corporate office on Durbin Street in Irwindale, California. During his time, there were countless milestones, including the opening of additional branches and added fields of membership, allowing the Credit Union to provide affordable and convenient financial solutions to more people and expanding our commitment to the underserved community. He helped create our nonprofit organization to bring financial education to local low-income youth. Dennis was at the helm as we navigated several successful mergers, bringing SCE FCU products and services to members in Southern California and Southern Nevada. He has consistently been at the forefront with our local legislators, ensuring the voice of our members was heard.

As if 40+ years of service was not enough, Dennis continues to serve on the Board of Directors for Card Services for Credit Unions, the nation's largest credit union card processing association. This is a shining example of the commitment Dennis has to seemingly all facets of the credit union industry, including working for the National Credit Union Administration, managing several credit unions, and serving as a board member for CO-OP Network, the Center for Financial Empowerment, and Community Mortgage Funding, along with CSCU.

Thank you, Dennis, for your many years of service, leadership and dedication to SCE Federal Credit Union and the credit union industry. We wish Dennis and his wife Stephanie the very best as they enter retirement together!

a well-deserved retirement...

The Center for Financial Empowerment (CFE), SCE FCU's nonprofit organization, began providing financial literacy education to the underserved long before it became the trend. Now in its twelfth year, the CFE continues to prepare high school youth and young adults for financial success through engaging financial education programs delivered in schools and community organizations.

Here are a few successes from 2016:

- Facilitated 72 financial literacy workshops, providing financial education to more than 2,300 high school students and community residents
- Hosted 7 Mad City Money learning events with 750 teen participants
- Provided financial education resources for 13 high schools and 7 social service agencies in financially distressed communities

Looking forward, the CFE continues to strengthen its infrastructure to support future growth. SCE FCU members can expect to see more success stories from student participants, along with hearing heartwarming experiences from our volunteers. Members will also have additional opportunities to personally play a role in preparing youth for financial success.

By working together, we are creating a brighter financial future for the next generation!



in the community

consumer lending

A full array of loans, offering highly competitive rates, fair and flexible terms, no or low down payments, and a quick application process:

- Auto Loans - new, used, refis, street-bikes & classic cars
- Recreational Loans - new & used RVs, travel trailers, 5th wheels, dirt bikes, boats, personal watercraft & off-road recreational vehicles
- Personal Lines of Credit
- CU at the Wheel - our auto buying concierge service, saving members time, money & frustration
- Enterprise Car Sales - for a variety of options when buying a used car

visa credit cards

SCE FCU credit cards are loaded with great features – no annual fee, low interest rates, generous limits and fair terms:

- Visa Platinum Rewards Credit Card, with no annual fee and points toward travel, gifts, and merchandise
- Visa Platinum Credit Card, with no annual fee
- Zero-Liability Protection in the event of fraud

real estate loans

Whether members are purchasing a home, refinancing, or utilizing equity, we have programs in California and Nevada for:

- First Mortgage Loans – for purchase or refinance
- Second homes, vacation homes, rental properties
- FHA & VA Loans (in California) & first-time buyer options
- Reverse Mortgages
- Conforming or Jumbo, fixed or adjustable rates, variety of terms
- Fixed-Rate Home Equity Loans, Variable-Rate Lines of Credit & Split Second Loans
- Owner- and non-owner occupied

checking & savings

Our deposit accounts feature competitive rates and many free options:

- Free Checking – with no catch!
- Green Checking – paying dividends with no minimum balance required and offering a Debit Rewards program
- Free overdraft from other SCE FCU accounts
- Free Visa Debit Cards
- Savings & Money Market Accounts
- Holiday & Vacation Club Accounts
- Certificates, IRAs & Coverdell ESAs
- Health Savings Accounts
- Youth Accounts

products & services

convenient access

We're always open somewhere!

- Deposit Anywhere – deposit checks straight from your Android or iPhone
- Nearly 30,000 Surcharge-Free ATMs, including at Citibank branch ATMs & at most 7-Eleven® locations
- SCE FCU Branches in Southern California & Southern Nevada
- Shared Branches across the US
- FastLine Automated Teller
- 24/7 Contact Center, with full-service 6 days a week and select service outside of regular hours
- Online Banking & Bill Pay
- Customized smartphone apps
- Snapshot, online personal financial manager

business banking

Fair and affordable banking options for small- and medium-sized businesses:

- Free Business Checking, Commercial Checking, & Commercial Advantage Checking, which pays dividends
- Business Certificates
- Money Market Accounts
- Revolving Lines of Credit
- Business Term Loans
- Commercial Real Estate Loans
- SBA Loans
- Business Visa Credit & Debit
- Online Bill Pay
- Mobile Deposit

insurance

Member Advantage, our Credit-Union-owned insurance agency, offers competitive pricing from dependable insurance providers such as Allied, Mercury, Travelers Progressive, and many more.

Member Advantage Insurance Services offers coverage for:

- Home, Auto, Motorcycle, RV & Watercraft
- Life
- Business & Commercial Property
- Liability & Workers Compensation



investments

In addition to the many investment options the Credit Union offers, we invite you to utilize the services of SCE FCU Wealth Management for assistance with:

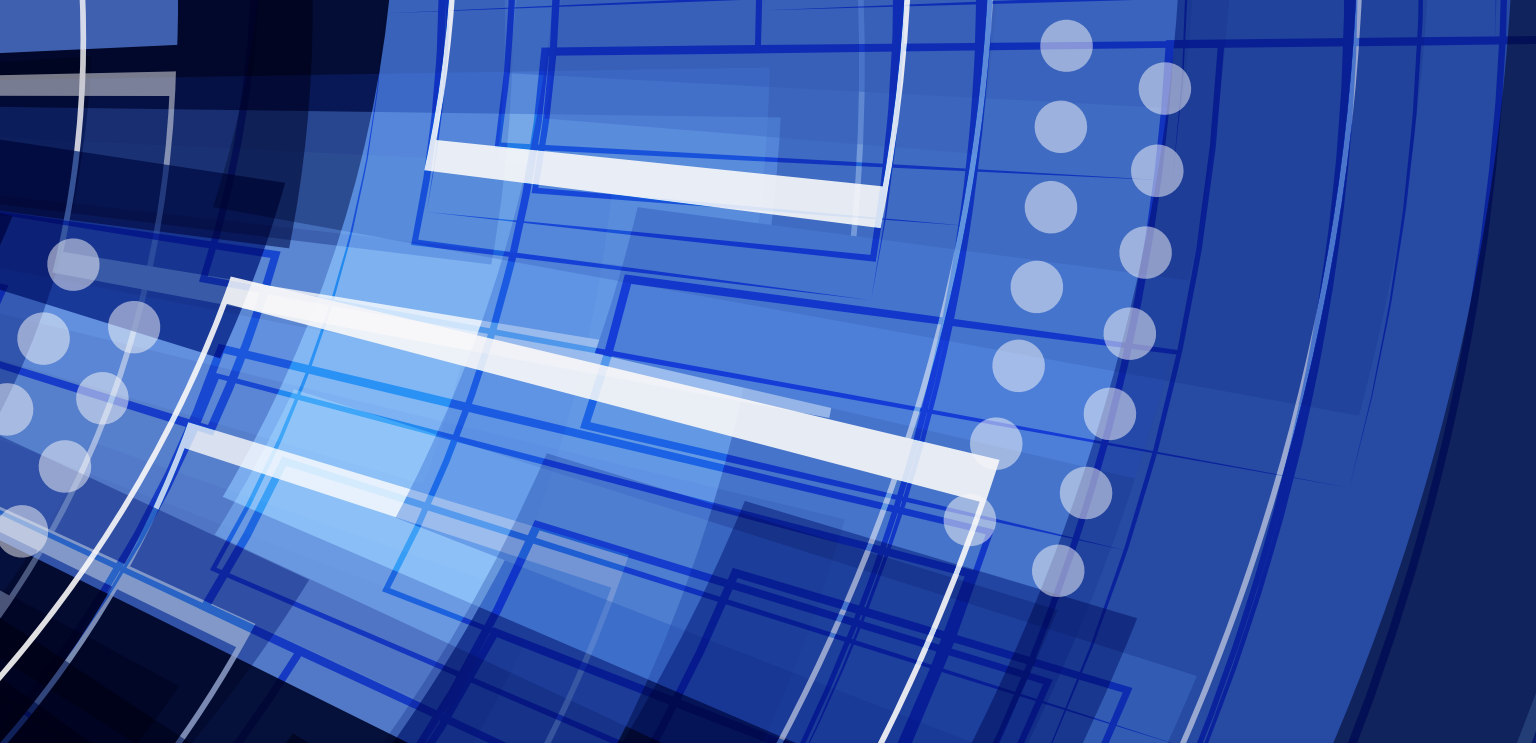
- Strategies for generating life-lasting income
- Investment management and retirement planning
- Life, disability and long-term care insurance
- Estate planning
- Stocks, bonds, mutual funds and annuities
- 401(k) rollovers



It takes each of us to make a
difference for all of us

~ Jackie Mutcherson

members, the community, our team...



making a difference!



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