



years

OF TRUST

Annual Report 2017



**COMMUNICATION | RESPECT | ENTHUSIASM | ACCOUNTABILITY
TEAMWORK | EXCEPTIONAL SERVICE**



Lydia D. reviewed SCE Federal Credit Union – **5★**
November 21, 2017

Been a member for over 10 years now. The team at Ontario branch has been very helpful and willing to answer just about any question I've had. I love this CU and all it has to offer! ❤️



Mike A. reviewed SCE Federal Credit Union – **5★**
December 24, 2017

SCE FCU is the best credit union to bank with. They have been there for all my needs... SCE FCU got me a very low APR% on my new chevy silverado truck with a very low payment... THANKS SCE FCU IRWINDALE CALIFORNIA...



**WHAT STARTED SMALL IN 1952
IS NOW A PLACE THAT...**

helps you save
helps you invest
helps you manage
helps insure what matters
helps you start a business
helps you grow a business
is mobile
is secure
is friendly
you can follow
you can recommend
finances your home
finances your vehicle
finances education
supports your community
you can count on
you belong.

Report of the Chair and CEO

65 YEARS OF SERVICE

Our mission is to improve the lives of our members, our communities and our team.



Patrick McCloskey
Board Chair

Last year marked a milestone for us. We celebrated our 65th anniversary in business. In 1952 the International Brotherhood of Electrical Workers Local 47 founded what was then called the Local 47 Federal Credit Union. Over time that small operation would evolve into our thriving financial institution. Today, with more than 55,000 members and nearly three-quarters of a billion dollars in assets, SCE Credit Union is a trusted financial partner, community contributor and inclusive cooperative.



Dan Rader
President/CEO

Our existence has spanned seven decades and we take great pride in all we have accomplished. This past iconic year, 2017, is no exception. We are proud of our financial performance. We are proud of our people, our members and our team. We are proud of our community impact.

Our 2017 goal was to increase loan growth by 12%. We doubled that by reaching 24%. We said yes to a total of nearly \$226 million in loans and \$17.4 million in Visa credit lines. Deposits also increased. Consumer Checking was up roughly \$4 million. Savings and Money Markets increased \$25 million. We ended the year with assets at nearly \$730 million.

Longevity is a significant signpost, an indication of responsibility and trust, especially in the financial world. Our goal, however, is to go beyond reputation and earn the trust of every member, and their family and friends, through our actions and endeavors.

While endurance is worth noting, it is our 65 year effort to elevate and improve that we really celebrate. The nonprofit we founded, the Center for Financial Empowerment, helps with financial literacy for teenagers, a subject close to our hearts and even closer to their future. We provide products and services to people at every rung on the ladder of success; as a Community Development Financial Institution, we are recognized for bringing affordable services to the underserved. In 2017 we received a grant for the WISH program, which allowed us to provide a 3-to-1 downpayment match of up to \$15,000 to qualified applicants buying a home. We distributed a total of \$150,000 in WISH funds. Beyond good corporate citizenship, our team members are good citizens. They volunteered at numerous community and charitable events, evidence they take the people helping people credit union credo to heart.

Speaking of teams, we became a sponsor of the Triple-A Las Vegas 51s baseball team and we made it to the "show" in 2017 by promoting the Credit Union through L.A. Dodgers Radio. In both cases, figurative home runs.

The world has dramatically changed over the past 65 years. SCEFCU's ability and willingness to adapt, upgrade and innovate are primary reasons for our longevity and success – ironically, it is also the things we refuse to change that keep us relevant.

For 65 years we have not changed our commitment to people, our commitment to community, or our commitment to empower. We have lasted this long and come this far because, above all else, we have always been here to help. Whether you are already part of the top 10% or still striving for the American dream, we are behind you 100%.



SCE Federal Credit Union
November 21, 2017

65 years ago today, the first 2-colored US postage stamp was introduced, using the rotary process, and cost 3 cents. Today, stamps are full color and cost 49 cents. #SCEFCU65Years



SCE Federal Credit Union
November 8, 2017

With the NBA season in full swing, we look back 65 years to when the Lakers won their third championship. In 1952, the Lakers were still located in Minneapolis and wouldn't move to LA until 1960. They won 5 of their 16 championships in Minneapolis.

Those are still our banners right!? 😊
#SCEFCU65Years



SCE Federal Credit Union
May 8, 2017

Did you know #SCEFCU is older than Disneyland?

65 years ago, Disneyland was just an idea on a few pieces of paper and in one man's head. The first mention of Disneyland was in 1952, when the Burbank Daily Review published an article on a proposed \$1.5 million development project.

#SCEFCU65Years

Social Media

THE FUTURE IS NOW



We had put our toe in the water, but in 2017 decided it was time to fully dive into Social Media. We are now active in the most popular platforms: Facebook, Instagram, Twitter and LinkedIn.

In 2017 we used Social Media posts to engage with our membership – alerting them to Credit Union happenings, valuable information, community events, and special offers and promotions. We played off our 65th anniversary as much as possible. #SCEFCU65Years highlighted events from 1952, the year we were founded. Our successful #Drive65 offered members \$65 if we could not save them money by refinancing an auto loan. #RoadTrip65 kicked off the first day of summer by asking members questions regarding a potential road trip. Winners took home a \$65 Visa Gift Card. Our #SCEFCUGiveBack ran during volunteer week. We asked members where they volunteer their time and money. The winner's charity was given \$500.

Social Media is not the future – it is the here and now. It is the new mass media, a tool that allows us to communicate with members, their family and their friends. We have embraced it and hope everyone discovers we offer a lot to like!



Where are you going this summer? We want to help you get there!

Let us know where you plan on going this summer and you'll be entered to win a \$65 Visa Gift Card. Use it for gas, snacks or whatever you want! #SCEFCU is getting our members ready for summer with #RoadTrip65!



Isabel A. Headed to Raging Waters to cool off with the kids and San Diego beaches where I hope to get them some surfing lessons! #RoadTrip65



Sharon W. I plan on visiting my niece in Portland, OR. She will be giving birth to a baby girl 🥰🥰🥰 #RoadTrip65!



Do you know of a nonprofit making a positive difference in your community? Let us know by Friday! We're going to donate \$500 to a local charity for National Volunteer Week!

#SCEFCUGiveBack



Vida A. The Mark Daniel Flores Music Foundation has been giving scholarships to high school students going to college for the past eight years. We truly believe in the education of our youth and our scholarships help contribute to their future. The \$500 would help in keeping music alive in the community.



The CFE – In The Community

TODAY'S EMPOWERMENT TOMORROW'S REWARDS

One reason for the cycle of generational poverty in the United States is the lack of fundamental financial education. In the absence of instruction, certain things are impossible to learn, and bad habits are easy to develop. Teens and young adults are left to repeat the same mistakes as the generation before them, which perpetuates poverty. The Center for Financial Empowerment (CFE) was founded by the Credit Union in 2005 to provide practical financial training to youth in underserved neighborhoods. Through the CFE we teach the basic skills necessary for financial success. Empower teens or young adults with knowledge and they will share it with friends, and use it to benefit their family and the community they call home. Instill good money habits when they are young and they will likely have money when they are older.

In 2017, to better serve Southern California and Southern Nevada youth, the CFE invested in an upgrade of our financial programs. Mad City Money, an already popular activity, was updated with a fresh new look and new features. The CFE's scholarship program was re-launched with a new format, partnering with youth-focused community agencies to help the neediest of students achieve their dreams of higher education.

Relationships were strengthened throughout the year with the CFE's most valued supporters, the members of SCE FCU. By communicating more often, members have more opportunities to learn about the CFE's work. They see firsthand the impact on youth, and have the opportunity to become more involved through donations and volunteering.

In 2017, the CFE brought financial education to more than 2,600 young adults through 55 workshops and 7 Mad City Money learning events. Through participation in #GivingTuesday, the CFE was able to raise \$5,000.

2018 promises continued growth. We believe building brand awareness will bring more viable opportunities for grants, broaden appeal for donations and encourage more volunteerism – wonderful goals for the CFE to pursue for the betterment of youth in our local communities.

Center4FE.org



SCE FCU is committed to our members and the future of our community. The Center for Financial Empowerment, founded by SCE FCU, has a goal of breaking the generational cycle of poverty to create more stable communities through educating our youth about money and credit.

Believe in this cause? We have a proposition!

Volunteer! We need volunteer actors for Mad City Money.

BOARD OF DIRECTORS



Patrick McCloskey
Chair



Kenji Coleman
Vice Chair



Warren Lehmann
Financial Officer



Nancy Bond
Secretary



Chris Carter
Director



Victor Dominguez
Director



Michael Maxwell
Director

EXECUTIVE MANAGEMENT



Dan Rader
President/CEO



Garland Koch
Chief Financial Officer



Kitty Hunter
Chief Lending Officer



Michelle Shelton
Chief Experience Officer

SUPERVISORY COMMITTEE



Tim Ferreira
Chair



Michael Clearman
Member



Kristin Marzec
Member



Kevin Nesby
Member

2017 FINANCIAL REPORT



Warren Lehmann
Board Financial Officer



Garland Koch
Chief Financial Officer

SCE FCU is committed to fulfilling the credit union philosophy of people helping people. We serve anyone and everyone eligible for membership. Our only goal is to help improve the lives of our members, communities and team. We are a cooperative, bound by ethical imperative to extend a hand to those individuals and communities traditionally ignored. We provide the underserved in Southern California and Southern Nevada access to education, mainstream financial products and services. We had a total membership of 55,088 at year-end 2017, a 6.84% increase over the prior year. Through a combination of affordable financial services and comprehensive financial education, we aim to help improve the lives of our members, our communities and our team through the value we create.

Here are some of the financial highlights of 2017:

Ended the year with assets of \$727.9 million

Net income of \$3.4 million

Totaled \$225.9 million in funded loans, compared with \$145.1 million in 2016

Ended the year with shares of \$579.4 million, a 3.59% increase

Ended the year with loans of \$537.4 million, a 24.14% increase

Delinquency ratio of 0.71% and loan loss ratio of 0.39%

Our regulator (NCUA) defines a well-capitalized credit union as having at least 7% of its assets in reserve; SCE FCU finished the year at an exceptional 9.53%.

SCE Credit Union is financially strong and able to meet the financial needs of our member/owners.



2017 FINANCIAL DATA

LOAN GROWTH

2015	\$402,350,319	2015	
2016	\$432,946,323	2016	
2017	\$537,444,524	2017	

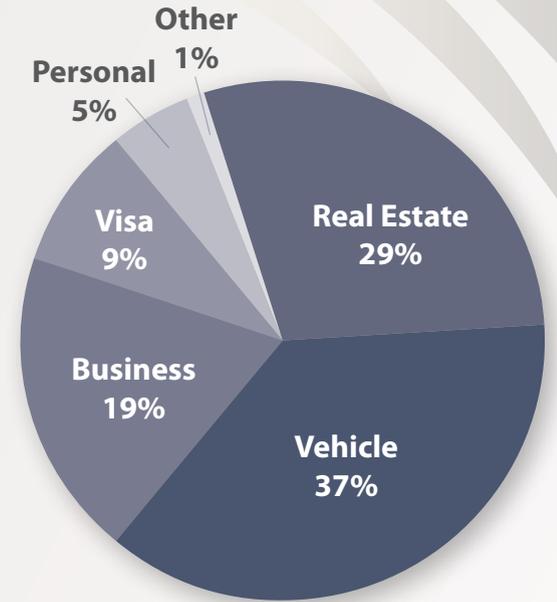
SHARE GROWTH

2015	\$547,782,890	2015	
2016	\$559,308,455	2016	
2017	\$579,414,198	2017	

NET WORTH GROWTH

2015	\$62,724,600	2015	
2016	\$65,921,726	2016	
2017	\$69,356,630	2017	

	2017	2016
TOTAL INCOME	\$38,266,617	\$34,583,946
Expenses		
Personnel	\$15,397,370	\$14,253,865
Office Operations & Occupancy	\$7,358,879	\$6,585,906
Loan Servicing	\$1,877,030	\$1,831,951
Professional/Outside Services	\$1,355,970	\$1,766,026
Education/Promotion	\$1,144,641	\$653,400
Provision for Loan Losses	\$2,152,000	\$1,556,000
Other	\$1,396,114	\$1,425,647
Total Expenses	\$30,682,004	\$28,072,795
Total Interest Expense & Dividend	\$4,149,709	\$3,314,025
Net Income	\$3,434,904	\$3,197,126



DISTRIBUTION OF LOANS

Assets		
Cash & Investments	\$159,049,116	\$180,946,127
Loans, Net	\$533,001,316	\$428,740,583
Fixed Assets	\$16,757,552	\$16,853,177
Other Assets	\$19,110,668	\$24,434,141
Total Assets	\$727,918,652	\$650,974,028
Equity & Other Liabilities		
Shares & Certificates	\$579,414,198	\$559,308,455
Borrowings	\$70,000,000	\$20,000,000
Reserve & Undivided Earnings	\$69,356,630	\$65,921,726
Other Liabilities	\$9,147,824	\$5,743,847
Total Equity & Liabilities	\$727,918,652	\$650,974,028



DISTRIBUTION OF SHARES



Not yet a member? If you live in Southern California or Southern Nevada,
joining the Credit Union is easier than you may think!

scefcu.org • 800.866.6474

