

Report of the Chairman of the Board of Directors

To all our valued member-owners, 2016 was a great year for East County Schools Federal Credit Union (ECSFCU).

With two new Board members installed in February, we now have two representatives from the elementary districts, two from the high school district and 1 from the community college district. This provides great ideas and points of view which benefit all of us.

The composition of our Supervisory Committee has also changed with retirements and we now have volunteers from a charter school, community college, high school and elementary schools.

I feel that our wide diversity is such a benefit to all of us. It enables us to see things from all perspectives.

We added a new position this year: Business Development Officer, who has been recognized as the 2015 Santee Person of the Year by the Santee Chamber of Commerce. She brings much experience as a volunteer in many areas and much community activism.

Also in 2016, East County Schools Federal Credit Union was recognized by the San Diego East County Chamber of Commerce as their Financial Industry Sector "Business of the Year". We are all very proud of our role in the East County education community.

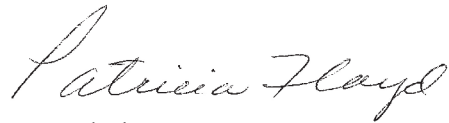
2016 introduced our new VISA Chip Cards. This technology provides an added layer of security at no cost to you. If you have not received a "chip" card, please apply on line or call a member service representative for more information.

If you have visited our website, you know we have a second branch in La Mesa, we offer mobile banking, bill paying, auto buying services and financing, home mortgages and home equity loans, to name just a few services you can enjoy as a member owner.

It has been an exciting year for our credit union and I am proud to be a part of something that benefits so many people. Please know you can contact any of us any time with suggestions, questions or help in joining ECSFCU. Our incredible staff is there for you!

I think 2017 will be even more exciting. If you know someone in the East County education community who has not joined our credit union, please encourage them as to all we have to offer. If they are unable to come in, we will come to them. Another one of our fabulous services!

Warmest Regards,



Patricia Floyd,
Chairman of the Board

Report of the Supervisory Committee

The Supervisory Committee's primary function is to monitor the Credit Union's financial operations and ensure that the Board of Directors and the Management Team operate in accordance with the regulations established by the National Credit Union Administration (NCUA), the credit union's bylaws and other state and federal law. The committee members oversee the annual independent audit of the Credit Union and report the findings of each year's audit to the Board of Directors and the members.

Richards & Associates, CPA's, completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2016. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that East County Schools FCU's financial condition continues to be strong.

In addition to the annual audit, OCM & Co. along with Richards & Associates were used to perform internal audit projects. During 2016 those projects included a review of the system of internal controls in each operational area. All compliance audits were completed as mandated by federal and state regulators. The Supervisory Committee worked with Management to address any reported issues. Action has been taken to enhance the scope and depth of the required audits, with additional reviews of lending practices, branch operations, compliance audits, fraud prevention and internal controls. Computer/system security and fraud prevention continue to be an industry wide concern.

These detailed audit reports have proven to be of assistance to the Credit Union's Management and, of course, helps the Supervisory Committee comply with our oversight responsibilities that include the requirement to (1) provide the annual audit, (2) safeguard assets, (3) review internal controls, (4) work with the auditor, (5) ensure corrective actions are taken, (6) meet with federal examiners, (7) research member complaints and (8) perform annual verification of member accounts.

Respectfully submitted,



Bradley Wilkinson
Supervisory Committee

Report of the President/CEO

During 2016, East County Schools Federal Credit Union's Board, Management and staff made significant strides in terms of organizational awareness throughout our local school district personnel. Among the highlights were relationship building among many bargaining unit groups that have come to understand our Employee Benefit business model in partnering with all East County schools and school districts. This business model ensures that our focus results in an enormous commitment to all school employees, and at no cost to participate. In fact, just the opposite . . . our value is unsurpassed.

Also, and for the second straight year, ECSFCU experienced tremendous loan growth, both from our member-owners, as well as through our efforts to purchase "Loan Participations" from our credit union colleagues that needed to divest portions of their loans for "Liquidity" reasons, or to avoid risk due to a "concentration" of a specific type of loan. All-in-all, this loan growth will help to fund further efforts to provide new member services such as "Instant Debit and Credit Card Issuance" and "Impound Accounting" for taxes and insurance on our Mortgage Loans. In addition, we will be upgrading several of our core delivery methods such as Online Banking platform ("CU@U"), our website, and a new online membership application.

One thing that has not and will not change is our commitment to providing customized services to our school employee "Field-of-Membership". Many of these custom services are simply not available from any other financial institution. And that is because East County Schools Federal Credit Union is the only financial institution in San Diego County that exclusively serves school employees and their family members.

In closing I would like to recognize and honor one of our Supervisory Committee members, Mr. Bob Cornelius who has decided to resign from the Supervisory Committee after 9 years of service. "Dr. Bob" has served our member-owners with pride and distinction, and his leadership has been invaluable to the credit union.



Steven A. Devan,
President & Chief Executive Officer

2016

ANNUAL REPORT

President/CEO,
Board of Directors Chairman,
Supervisory Committee Chairman,
Financial Statements



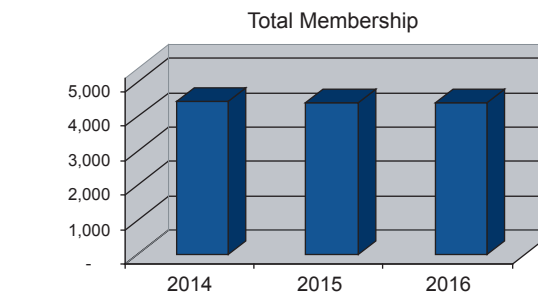
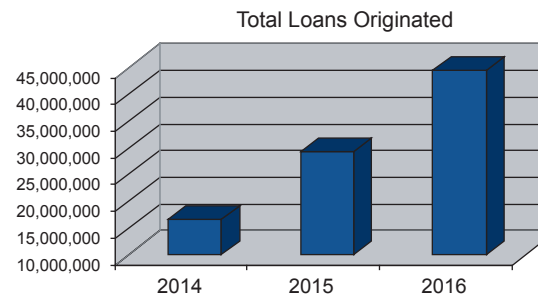
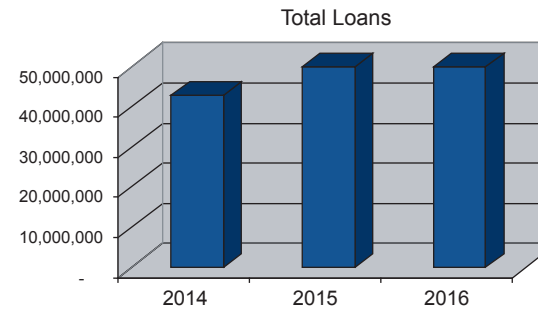
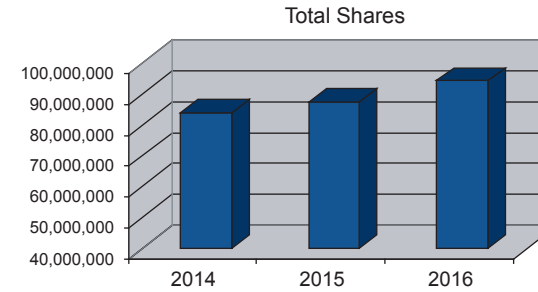
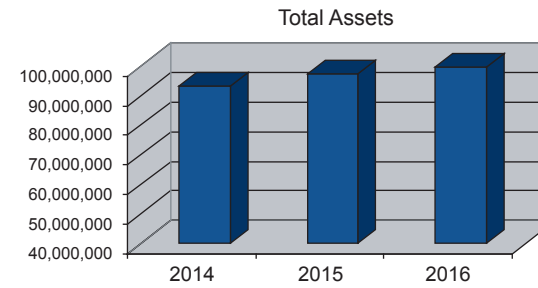
 **EAST COUNTY SCHOOLS**
FEDERAL CREDIT UNION

ASSETS	2014	2015	2016
Members' Loans	42,946,408	52,881,987	73,637,848
Cash In Bank & Change Fund	425,960	478,506	489,806
Western Corp FCU	3,167,387	1,662,664	635,818
Other Investments	43,888,078	39,162,170	32,389,258
All Other Assets	3,275,233	3,556,037	3,626,572
Allowance for Loan Losses	-188,762	-214,896	-240,902
Total Assets	93,514,304	97,526,468	110,538,401

LIABILITIES AND CAPITAL	2014	2015	2016
Accounts Payable	346,976	591,223	1,608,980
Other Liabilities	567,814	600,480	5,559,552
Share Drafts	19,077,671	21,879,168	23,774,864
Regular Shares	17,613,750	19,172,819	21,905,664
Money Market Shares	26,320,071	26,666,573	29,364,748
IRA Shares	4,147,653	4,059,913	3,613,330
Share Certificates	17,071,987	15,954,556	15,743,751
Total Members' Shares	84,231,132	87,733,028	94,402,357
Regular Reserves	4,132,774	4,132,774	4,132,774
Undivided Earnings	4,245,949	4,486,349	4,853,368
Unrealized G/L Investments	-10,341	-17,386	-18,630
Total Liabilities and Capital	93,514,304	97,526,468	110,538,401

INCOME	2014	2015	2016
Interest On Loans	1,950,669	1,972,161	2,467,784
Income From Investments	491,208	482,199	492,311
Other Operating Income	421,432	436,463	434,501
Total Gross Income	2,863,309	2,890,823	3,394,596
Total Operating Expenses	2,293,712	2,431,655	2,825,723
Net Operating Income	569,598	459,168	568,873
Dividends To Members	310,077	272,323	262,857
Total Non-Operating Income (Expense)	63,215	53,555	61,004
Net Income After Dividends	322,736	240,400	367,019

MEMBER AND LOAN INFORMATION	2014	2015	2016
Number of Members, Year End	4,416	4,397	4,375
Number of Loans Made During the Year	593	602	564
Dollar Amount of Loans	16,674,415	29,286,424	44,606,330
Number of Delinquent Loans (60 Days & Over)	11	7	18
Dollar Amount of Delinquent Loans	229,790	204,706	228,206
Dollar Amount of Delinquent Loans Net Charge Off	37,172	29,594	76,552
Loss Ratio	0.09%	0.06%	0.13%



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Board of Directors

Patricia Floyd, Chairman
 Ezequiel Cardenas, Vice-Chairman
 Karen Burnworth, Secretary
 Scott Buxbaum, Treasurer
 Paul Schnaubelt, Member

Supervisory Committee

John Dunne
 David Feliciano
 Stephen Halfaker
 Alba Orr
 Bradley Wilkinson

Management Team

Steven A. Devan, President/CEO
 Daniel Kitchen, VP Lending & Marketing
 Robert Nolan, VP Finance
 Chris Whitney, VP Info Technology

