

Report of the Chairman of the Board of Directors

Thanks to our member-owners, staff and management, 2018 was another great year for East County Schools Federal Credit Union (ECSFCU).

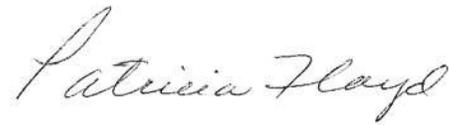
We received the East County Chamber of Commerce's prestigious "Business of the Year - Financial Industry Sector" award. Thank you to all the staff for your hard work provided to our member-owners.

We added two new school districts to our financial relationships and vehicle leasing programs.

We launched a new improved website. It is much easier to use and is filled with useful information, including financial and retirement planning.

We are excited about 2019. If you know someone who would like to join, remember we can come to you...we really like to personalize our visits and communications with you.

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 and deficiencies of each year's audit to the Board of Directors and the members.

Richards & Associates completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2018. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that East County School's Federal Credit Union's financial position continues to be strong.

In addition to the annual audit, Richards & Associates and Doeren Mayhew, CPA's and Advisors were used to perform internal audit projects. During 2018 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 biannual verification of member accounts.

Respectfully submitted,



Bradley Wilkinson
Chairman

Report of the President/CEO

2018 was a year of great success and positioning for years to come.

First and foremost it was the first year of implementing the Re-Visioning that started with our 2017 Vision Planning meeting that involved staff, volunteers (Board of Directors and Supervisory Committee members), and most importantly, member-owners and potential members that represented large employee groups as well as our all-important "millennials".

The re-visioning process has resulted in clarity moving forward with the ideas that were shared at the 2017 Vision Planning meeting ... all 107 of them, ranging from technology, member service and convenience to financial education, communication and community engagement. Please refer to the "Member Experience - A Journey of Excellence" document that is available on our website.

As Chairperson Floyd mentioned in her report, we added 2 new district business deposit relationships in 2018 (now 8 in all), as well as another district that has secured lease financing through ECSFCU (5 districts altogether). These new districts should help to pave the way for other districts to become member-owners of ECSFCU.

The growth in our district relationships has helped ECS to achieve record membership growth in 2018. We experienced the largest membership and deposit growth in the past 20 years. Our Employee Benefit business model is the only one of its' kind in San Diego County, and our brand image and reputation are growing significantly. We have our volunteers and staff to thank for that. Our volunteers provide the guidance and focus in serving our educational field-of-membership, and the staff have done an excellent job in conveying our corporate values and serving our member-owners with pride and professionalism.

In closing, I would like to recognize those that retired from ECSFCU in 2018. Bob Rivers, our Consumer Lending Officer served with distinction and passion for our member-owners for more than 6 years. My only disappointment was that we were not able to hire Bob about 10 years earlier. Bob was a true professional.

Carla Trevino also retired in 2018 after more than 14 years of excellence in member service. Carla, or "Helga" as she was affectionately called when performing her "other duties as assigned", always provided prompt, courteous and over-the-top service to all of our natural person and district member-owners. Her infectious attitude and personality will be missed by all.

On behalf of all of the volunteers and staff at East County Schools Federal Credit Union, and from the bottom of my heart, I want to express our gratitude to our "Field-of-Membership", and more specifically to the member-owners of ECSFCU that we serve. It is a pleasure to serve so many individuals that give so much of themselves to educate our children. Yours is a life of dedication and advocacy, and we accept the same responsibility and privilege.



Steven A. Devan
President & Chief Executive Officer

2018

ANNUAL REPORT

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

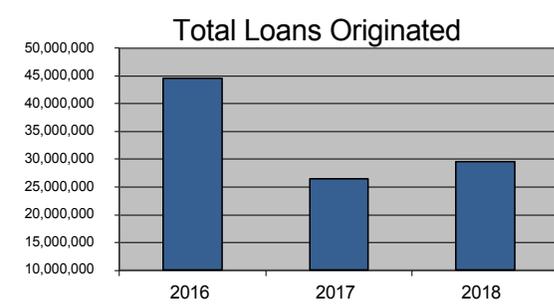
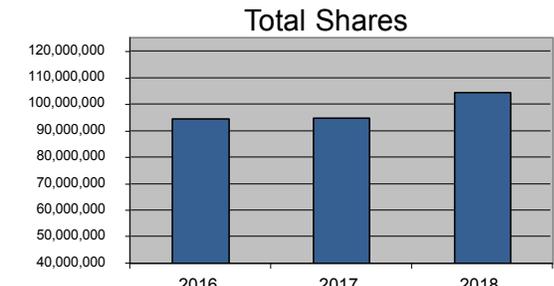
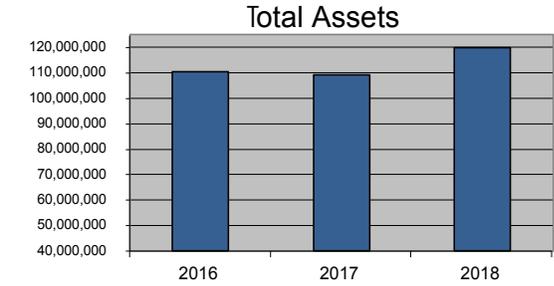
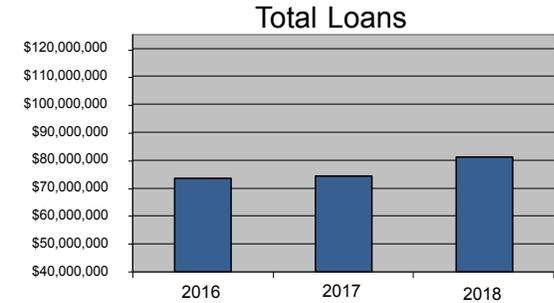


ASSETS	2016	2017	2018
Members' Loans	73,637,848	74,269,555	81,277,532
Cash In Bank & Change Fund	489,806	572,051	632,940
Catalyst Corp FCU	635,818	472,105	1,541,202
Other Investments	32,389,258	30,535,578	32,864,894
All Other Assets	3,626,572	3,774,670	3,827,674
Allowance for Loan Losses	-240,902	-243,843	-298,972
Total Assets	110,538,401	109,380,115	119,845,269

LIABILITIES AND CAPITAL	2016	2017	2018
Accounts Payable	1,608,980	545,377	1,402,091
Other Liabilities	5,559,552	4,760,224	4,081,226
Share Drafts	23,774,864	23,894,760	31,423,786
Regular Shares	21,905,664	23,185,727	26,900,679
Money Market Shares	29,364,748	29,142,125	29,081,636
IRA Shares	3,613,330	3,525,812	3,255,340
Share Certificates	15,743,751	14,840,435	13,497,656
Total Members' Shares	94,402,357	94,558,860	104,159,097
Regular Reserves	4,132,774	4,132,774	4,132,774
Undivided Earnings	4,853,368	5,391,519	6,089,402
Unrealized G/L Investments	-18,630	-38,639	-19,320
Total Liabilities and Capital	110,538,401	109,380,115	119,845,269

INCOME	2016	2017	2018
Interest On Loans	2,467,784	2,904,732	3,058,303
Income From Investments	492,311	473,420	681,747
Other Operating Income	434,501	434,044	446,310
Total Gross Income	3,394,596	3,812,196	4,186,360
Total Operating Expenses	2,825,723	3,035,157	3,278,053
Net Operating Income	568,873	777,039	908,307
Dividends To Members	262,857	292,987	331,262
Total Non-Operating Income (Expense)	61,004	-56,606	-120,837
Net Income After Dividends	367,019	540,658	456,209

MEMBER AND LOAN INFORMATION	2016	2017	2018
Number of Members, Year End	4,375	4,342	4,370
Number of Loans Made During the Year	564	555	776
Dollar Amount of Loans	45,250,624	26,467,440	29,603,038
Number of Delinquent Loans (60 Days & Over)	18	22	27
Dollar Amount of Delinquent Loans	228,206	75,286	69,729
Dollar Amount of Delinquent Loans Net Charge Off	76,552	82,270	70,967
Loss Ratio	0.13%	0.11%	0.10%



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Board of Directors

- Patricia Floyd, Chairman
- Ezequiel Cardenas, Vice-Chairman
- Rachel Kenny, Secretary
- Scott Buxbaum, Treasurer
- Paul Schnaubelt, Member

Supervisory Committee

- Bradley Wilkinson, Chairman
- Robert Cornelius, Committee Member
- Stephen Halfaker, Committee Member
- Alba Orr, Committee Member

Management Team

- Steven A. Devan, President/CEO
- Jon Friestedt, Chief Lending Officer
- Robert Nolan, Chief Financial Officer
- Chris Whitney, VP Info Technology

