

INCOME STATEMENT

December 2012

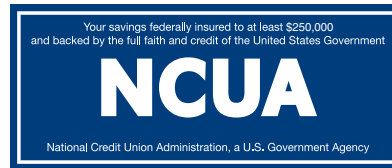
Income from Loans	2,470,670
Income from Investments	238,116
Other Income	1,393,778
Total Operating Income	4,102,564
Salaries/Benefits	1,054,152
Travel & Conference	41,072
Association Dues	15,010
Office Occupancy	81,891
Office Operations	442,696
Education/Promotion	30,512
Loan Servicing	120,410
Professional & Outside	681,790
Loan Loss Provision	108,849
Operating Fees	38,765
Other Expenses	67,308
Total Operating Expenses	2,682,455
Income before Dividends	1,420,109
Less Dividends	216,098
Other Non-Operating Inc (Exp.)	5,952
Net Income/Reserves	1,209,963

BOARD OF DIRECTORS

<i>Jim Marinis</i>	<i>Chairman</i>
<i>Jess Cisneros</i>	<i>Vice Chairman</i>
<i>Charlie Slaton</i>	<i>Treasurer</i>
<i>Del Bryant</i>	<i>Secretary</i>
<i>Linda Bardere</i>	<i>Director</i>
<i>Denise Perez</i>	<i>Director</i>
<i>Brad McDuffee</i>	<i>Director</i>
<i>Ethel McAfee</i>	<i>Director</i>
<i>Melissa Anderson</i>	<i>Director</i>

SUPERVISORY COMMITTEE

<i>Diane Pearce</i>	<i>Chairperson</i>
<i>Carlene Simmons</i>	<i>Committee Member</i>
<i>Marcia Mulvaney</i>	<i>Committee Member</i>



NCUA AND AMERICAN SHARE INSURANCE

Deposit savings accounts are insured up to \$500,000. Your savings is federally insured to at least \$250,000 and backed by the National Credit Union Administration, a US Government Agency. The Board of Directors has chosen to provide an additional \$250,000 of savings protection to each qualifying account through American Share Insurance, a private deposit guaranty corporation.

We are an Equal Opportunity Lender and an Equal Housing Lender. We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.

San Bernardino School Employees Federal Credit Union
2441 North Sierra Way • San Bernardino, CA 92405
(909) 882-2911 • www.sbsefcu.org

2012 ANNUAL REPORT



*Serving the financial
needs of our Members
for 60 years*

BALANCE SHEET

MISSION STATEMENT: To provide individualized financial services to the members of the San Bernardino School Employees Federal Credit Union. To encourage thrift by providing a source of credit and a safe and convenient place to accumulate savings. The Credit Union is dedicated to servicing the membership's best interest in a friendly and caring manner while preserving the membership's trust.

CEO's Report 2012

Thank You for your membership at San Bernardino School Employees Federal Credit Union! It is with great pride and enthusiasm that I write my first CEO message for the annual report. I was hired earlier this year and officially began as CEO in late May 2012. From that day until now, I have been working hard with the members, employees, board members, supervisory committee members, and vendors to identify ways to improve our credit union. During those seven months we have initiated an aggressive strategy to review the entire organization and identify inefficiencies and opportunities to improve.

From a financial stand point the credit union remains very healthy. Since 2009, 63 credit unions have been closed by the National Credit Union Administration and many more have been merged into other institutions. The number of banks that have been closed or merged during that time is significantly higher. During that period, San Bernardino School Employees FCU has remained well capitalized. The NCUA considers a credit union to be well capitalized with a Net Worth Ratio over 7 percent. I'm proud to say our Net Worth Ratio as of December 31, 2012 was 15.78 percent! The Board of Directors have done a tremendous job of ensuring this institution remained financially strong during what have been several very difficult economic years. The board of directors and I remain committed to ensuring the financial strength of San Bernardino School Employees FCU; but we also look forward to putting the strong financial position to use by improving products and services as well as by offering more competitive loan and deposit rates.

One of the many great things about the credit union industry is our cooperative structure. This not only applies to our member-owned organization, but also how credit unions interact with each other. Credit unions have applied these cooperative principles to improve services to all of our members and I am pleased to say the San Bernardino School Employees FCU is part of several of these wonderful collaborations. The first I would like to discuss is the CO-OP ATM Network. The CO-OP ATM Network was created by credit unions to give their members the kind of financial

convenience traditionally available only from big banks. Since San Bernardino School Employees FCU is part of this powerful ATM Network, our members can access accounts; surcharge free, at nearly 30,000 ATM's nationwide. I'll mention part of that statement again to reinforce the fact that transactions at these CO-OP machines are FREE. Many of these machines are found at the branches of credit unions in the network, but you can also find these FREE ATM's at a variety of places you commonly shop including 7-Eleven, Costco, and Walgreens. To find out more information about the CO-OP network and to find surcharge free machines near you visit www.co-opnetwork.org.

San Bernardino School Employees FCU is also part of another national cooperative; CO-OP Shared Branching. This network is comprised of more than 1,700 credit unions around the country. Shared branching gives members access to more than 5,000 branches and 2,200 kiosk locations. You have the ability make deposits, withdrawals, transfers, account inquiries, loan payments and other transactions at locations convenient to you throughout the country. Transactions performed at Shared Branching locations are FREE for members. To find out more about Shared Branching or to find a location convenient to you, visit www.cuservicecenter.com.

These are just of couple of the benefits of San Bernardino School Employees FCU's cooperative structure. We will continue to provide more information on these and other great options for you to access your accounts. I am very excited about the future of this credit union. Since my arrival I have found a dedicated Board of Directors and an enthusiastic staff who take great pride in our institution. Please be assured that we will work hard every day to improve our products and services to a level found at the largest financial institutions; but we will never lose focus on that personal service that cannot be found anywhere but San Bernardino School Employees FCU. Thank you again for your membership!

Kevin Posey
Chief Executive Officer

Assets	December 2012
Net Loans	35,535,811
Cash/Investments	23,253,207
Fixed Assets	762,201
Other Assets	2,354,159
Total Assets	61,905,378
Liability	
Accounts Payable	346,616
Other Liabilities	91,364
Total Liabilities	437,980
Liability Shares / Equity	
Regular Shares	16,479,223
Club Accounts	48,443
Share Drafts	8,882,495
Term Shares	11,466,956
IRA	4,939,455
Money Market	9,879,570
Total Savings	51,696,142
Regular Reserve	819,751
Undivided Earnings	8,951,211
Unreal Gn/Loss AFS Invest	294
Total Liabilities Share	
and Equity	61,905,378