Vision Statement
We will make a difference in the life of a Member or business partner – with each and every interaction – by building trust and showing compassion.

Mission Statement
Our mission is to provide quality services that meet the personal financial needs of our Members, consistent with a fiscally sound credit union cooperative.

Brand Values
• Member Focus
• Value
• Trust

Best Credit Union
Since 2011, LBS Financial has been named Best Credit Union in Long Beach by Press Telegram readers in their Annual Reader’s Poll. Readers of the Beachcomber newspaper in East Long Beach also voted LBS Financial the Best Credit Union for the third year in a row in 2015.
LBS Financial Credit Union Leadership

Board of Directors

Our volunteer Board of Directors are elected by you, our valued Members, to ensure the Credit Union follows its mission statement and is driven by our vision of making a positive difference in our Members’ lives. Each Director is chosen by the Membership to serve a three-year term.

STANDING – LEFT TO RIGHT: Douglas M. Wood; Dr. Lionel G. Gatley; Luther W. Williams; Gene R. Allen (Secretary/Treasurer); Jean Davis and Eric David (Vice Chairman). SEATED – LEFT TO RIGHT: Dr. Satinder Brar Hawkins; Dr. John Fylpaa (Chairman) and Pamela Fellman.

Supervisory Committee

Acting as a Member advocacy group, this strategic team oversees the security of Members’ Share Savings accounts by reviewing annually required audits, verifying closed accounts and enforcing Board policies.

Executive Management Team

Jeffrey A. Napper
President/CEO

Sean Hardeman
EVP/Chief Lending Officer

Branch Offices

Bixby Knolls
4436 Atlantic Avenue
Long Beach

Cerritos
11239 183rd Street
Cerritos

East Long Beach
4341 East 10th Street
Long Beach

Lakewood
4916 Bellflower Boulevard
Lakewood

Los Altos
6417 East Spring Street
Long Beach

Newport-Mesa
1401 Quail Street, Ste. 130,
Newport Beach
Historical Timeline

1935
Local educators apply for and are granted the charter for Long Beach School District Employees Federal Credit Union

1937
Membership grows to 408 Members

1939
Credit Union staff move into 10th and Ximeno, Long Beach location (first branch and corporate office)

1946
Morris Hayter becomes the first Manager/CEO of the Credit Union

1950
Total assets reach $1 million

1980
Credit Union offers first checking account

1984
Frank Reed becomes the second President and CEO of the Credit Union

1985
Total assets reach $100 million

1987
The first Visa credit cards are introduced at the Credit Union. The Credit Union now has four branches in the Greater Long Beach area.

1989
ATM cards introduced allowing access to funds at credit union CO-OP ATMs

1990
The first Credit Union ATMs are installed at the East Long Beach and Bixby Knolls branches

1997
The first version of online banking is offered to Members via floppy disk

2000
The Credit Union now has six branches, $500 million in assets and Membership over 83,000. The Credit Union changes from a Federal to a State charter, allowing anyone who lives or works in certain cities and counties to join (in addition to school employees and employees of many local businesses). The Credit Union changes its name to LBS Financial Credit Union.

2002
Jeff Napper becomes the third (and current) President and CEO in LBS Financial’s long history

2004
Visa Debit/ATM cards are introduced

2007
Assets reach $1 billion and Membership over 120,000

2012
Mobile Banking launches

2015
LBS Financial Credit Union celebrates 80 years in the neighborhood! The Credit Union launches Free Checking with eStatements and a new Interest Checking account. All LBS Financial ATMs are enhanced to become envelope-free. Total assets exceed $1.2 billion with over 122,000 Members.

To Our Member-Owners

LBS Financial Credit Union celebrated 80 years of serving Members in 2015. To celebrate this milestone we launched our Summer Acts of Kindness program to add value to our neighborhoods in the 80 days leading up to our date of incorporation (September 13th).

Our 80th Anniversary activities included sponsoring the ABC Into the Summer Fun Run, hosting a pet vaccination and microchip clinic, donating reusable bags to Food for Kids, writing letters to troops stationed overseas, clothing and amenity donations to the WomenShelter of Long Beach, new sock donations to the Long Beach Rescue Mission and employee volunteer support at beach and park clean ups, at the Lakewood Senior Center and Long Beach Rescue Mission. The 80 Days culminated with our annual Adopt-a-School Program deliveries where we provided schools supplies and items from our three schools’ wish lists in mid-September.

The Credit Union’s focus on adding value to the neighborhood has two meanings for us. First and foremost, it’s the everyday value our Members receive in the way of great rates, low fees, convenient access and excellent service. As a local financial institution that is successful because of the community it serves, adding value for us also means giving back. There was no better way to celebrate our 80 years than to give back to the communities that we serve.

Enhancing products and services for our Members has been a focus over the last few years. With changes in technology, we are adapting in many ways and rolled out our new envelope-free ATMs in 2015 and two new checking accounts, including one that is free with eStatements. We rolled out Apple Pay for credit cards and launched eStatements for our loan billing notices in the fall of 2015.

In 2016 we will be launching many new enhancements: EMV chip cards for credit cards and debit cards, a new online loan payment system (LBS AutoPay) to make paying your loan from another financial institution simple and Apple Pay for debit cards. We are also looking into other mobile payment solutions for our Members for other types of mobile phones. We appreciate your patience as some of our timelines have extended on these projects, but we will be announcing dates soon.

Our Member service scores among all of the different surveys conducted throughout the year continue to be some of the highest we’ve ever received. We really appreciate all of the Member feedback and continue to use your input to help us direct our efforts of improvement throughout the Credit Union.

Thanks to you and all of our Members for contributing to the success of the Credit Union. As a not-for-profit cooperative, our success depends upon the continued support of our Member-owners. We wish you and your families a fantastic year ahead and look forward to another 80 years!

Dr. John Fylpaa, Chairman
Jeffrey A. Napper, President/CEO

LBS Financial employees volunteering at the the ABC Into the Summer Fun Run at Los Cerritos Center on Saturday, June 20, 2015.
In 2015, LBS Financial experienced strong growth and financial progress. Below are some of the financial highlights of the year:

• Deposits at the Credit Union increased by 7% in 2015 or by $68.7 million.
• Member loans increased 2.3% or by $19 million. The majority of this growth was in auto loans and also our home loan product: the 5/5 Affordable Adjustable Rate Mortgage.
• Investments increased by 3.1% or $7.3 million.
• Total assets at the Credit Union increased by 6.9% (or $79 million) to $1.218 billion.
• Net income was $10.2 million with a return on assets of 0.84%.
• Our Net Capital Ratio was 13.91% at year-end which is well above the 7% required by the National Credit Union Administration to remain “wellcapitalized.” Net capital is money set-aside to protect the Credit Union in the event of future recessions or economic downturns. LBS Financial has one of the strongest net capital ratios of credit unions our size in the State of California.

In December 2015, the Federal Reserve finally raised their target rate to between 0.25% to 0.50% after holding near zero for over seven years. The next increase will possibly happen in June 2016, or the second half of this year, depending on the economy, and should start to influence deposit rates in a positive direction for our savers.

LBS Financial is focused on making prudent financial decisions to ensure the future success and viability of your Credit Union. Through discerning lending practices and by keeping expenses low we have the ability to give so much back to our Membership with low fees, competitive rates and a continued focus on product and service improvement.

We look forward to helping you reach your financial goals in 2016!

Gene R. Allen  Secretary/Treasurer

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**Financials for 2015**

Statement of Financial Condition as of December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Federal Reserve Bank Deposits</td>
<td>$49,444,836.15</td>
<td>$105,425,776.93</td>
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<tr>
<td>U.S. Government &amp; Federal Agency Securities</td>
<td>$125,051,164.58</td>
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<tr>
<td>Other Investments</td>
<td>$109,900,000.00</td>
<td>$117,300,000.00</td>
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<tr>
<td>Member Loans, Accrued Income &amp; Other Assets</td>
<td>$848,381,440.07</td>
<td>$864,514,253.84</td>
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<tr>
<td>Furniture &amp; Fixtures</td>
<td>$1,687,488.71</td>
<td>$1,654,763.27</td>
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<tr>
<td>Prepaid Expenses</td>
<td>$727,901.43</td>
<td>$715,333.25</td>
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<tr>
<td>Land &amp; Buildings</td>
<td>$4,464,357.56</td>
<td>$3,975,873.84</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$1,139,657,188.50</td>
<td>$1,218,567,760.07</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities &amp; Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares to Members</td>
<td>$982,464,317.66</td>
<td>$1,051,178,689.31</td>
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<tr>
<td>Other Liabilities</td>
<td>$4,577,970.93</td>
<td>$4,128,258.16</td>
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<tr>
<td>Regular Reserve &amp; Undivided Earnings</td>
<td>$159,240,237.92</td>
<td>$169,494,950.06</td>
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<tr>
<td>Accumulated Other Comprehensive Income and Defined Benefit Plan</td>
<td>$(6,625,338.01)</td>
<td>$(6,234,137.46)</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td>$1,139,657,188.50</td>
<td>$1,218,567,760.07</td>
</tr>
</tbody>
</table>

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2015 Distribution of Loans

- **Auto/Motorcycles**: 51.78%
- **Real Estate**: 29.78%
- **Visa**: 1.75%
- **Miscellaneous**: 1.31%
- **Boats/Recreational Vehicles**: 15.38%
In your Neighborhood

Adding Value to the Neighborhood is not only the focus we have on everyday value for our Members, but the difference we make in our local community. LBS Financial donated over $50,000 in support of local schools, student scholarships and charities in 2015. LBS Financial Credit Union employees, friends and family volunteered over 700 hours in local neighborhoods during the year. Sponsorships, volunteer hours, financial education and charitable support in 2015 were focused on the following:

- ABC Education Foundation
- ABC Into the Summer Fun Run
- ABC Unified School District
- Adopt-a-School Program
- American Red Cross
- A Million Thanks (Veterans)
- Annual $1,000 Member College Scholarship
- Aquarium of the Pacific
- Assistance League of Long Beach/Operation School Bell
- Beach Clean-Ups
- Belmont Shore Christmas Parade
- Bougess-White Scholarship Foundation
- California Assembly 57th District College Fair
- California State University, Long Beach
- CASCAW Southern Section
- Cerritos College Foundation
- Children’s Miracle Network/Children’s Hospitals
- Food for Kids
- Freedom Writers Foundation
- Friends of Long Beach Animals
- Historical Society of Long Beach
- Home Buyer’s Seminars
- Lakewood Education Foundation
- Lakewood Little League’s Challenger Division
- Lions Club International
- Long Beach Century Club
- Long Beach City College
- Long Beach City College Foundation
- Long Beach Education Foundation
- Long Beach NAACP
- Long Beach Rescue Mission
- Long Beach Senior Services
- Long Beach Unified School District
- Long Beach Unity Festival
- Orange County Professional Firefighters Association
- Scholarships to 31 local schools
- Spay Neuter Project of Los Angeles
- St. John Bosco
- Teacher’s Association of Long Beach
- United Negro College Fund
- Weingart Senior Center (Lakewood)
- WomenShelter of Long Beach
- Wrigley Area Neighborhood Alliance

Principal of Carmenita Middle School, Kester Song, with ASB President and Vice President receiving school supplies from LBS Financial Credit Union representatives as part of our annual Adopt-a-School Program.

LBS Financial employees, family and friends participated in the CHOC Walk at Disneyland on Sunday, October 11, 2015. Southern California credit unions collectively raised over $134,000 for Children’s Hospital of Orange County.

As part of our 80th Anniversary Summer Acts of Kindness, LBS Financial employees prepared food at the Long Beach Rescue Mission on July 29, 2015. The Credit Union also donated over 400 socks to the Rescue Mission in September.
Financial Services Especially for You

Member Accounts
- Free Checking with eStatements, Interest Checking, Direct Deposit, Visa Debit Card
- Share Savings accounts, Share Certificates of Deposit
- Money Market account
- Summer Savings account for School Employees
- IRA (Individual Retirement Account)

Consumer Loans
- Auto and Motorcycle
- Recreational Vehicle, Boat and Powersports
- Personal or Signature
- Visa® Classic and Gold Credit Cards

Real Estate Loans
- Home Purchase Loans
- Fixed and Adjustable Rate Mortgages
- Primo Home Equity Line of Credit
- Home Equity Loans
- Home Loan Refinancing Packages
- VA Loans

Convenient Access
- **CU OnLine** – Perform transactions online, view copies of checks and/or pay bills through our free Bill Payment feature at lbsfcu.org
- **Mobile Banking** – Access CU OnLine through our iPhone and Android apps or our Internet version for other mobile phone devices; take a picture to deposit your check
- **eStatements** – Save paper and sign up to access your statements 24/7 through CU OnLine
- **HomeTeller** – Automated, voice-activated account access by phone
- **ATM Network offers no surcharge at all LBS Financial and F&M Bank ATMs** – plus access to over 30,000 free CO-OP® Network ATMs
- **Six branch offices** – Bixby Knolls, Cerritos, East Long Beach, Lakewood, Los Altos and Newport Beach
- **CO-OP Shared Branching** – Access to more than 5,000 Shared Branches nationwide

Other Services
- **Investment options**
- **Auto, home and life insurance**
- **Auto purchasing resources** – LBS AutoSmart, Enterprise Car Sales and the Surrogate Auto Shopper
- **Access LBS Financial auto loans directly at your local dealership**
- **Verified by Visa** – For safe online shopping