

President and Chief Executive Officer 2016 Annual Report

Somerville's Credit Union completed 2016 in fine form reaching all-time highs in asset and lending volume for the completion of our milestone 75th fiscal year. We continue to serve our existing (and growing) base of 2,458 members by offering a combination of old-fashioned friendly service with contemporary products and technology, as well as highly competitive loan and deposit rates. In the past year, we offered our members mobile banking and remote deposit capture digital services through *Sprig*. Our participation in the nationwide CO-OP network further increased our membership's ability to access their accounts throughout the country at more than 5,000 in-branch locations. Finally, we successfully launched a re-issue of the EMV debit card that put a secure 'chip' debit card in each cardholder's wallet. This new card technology will drastically reduce the occurrence of debit card fraud.

Our growing reputation for member satisfaction has earned our credit union, for the second consecutive year, the *Somerville Scout* magazine's ranking as the 'Best Financial Institutions in Somerville'. Our continued financial integrity helped us achieve the prestigious Bauer Financial 5-star rating. The reason for this financial industry accolade is due to our healthy Net-Worth-to-Assets ratio (or Capital strength in reserves) of 14.41%, and continuing trends of positive net income, increasing loans combined with reduced levels of delinquency.

By year-end we had granted 845 total loans to members, an increase of 17.52% additional portfolio loans compared to year end 2015. Our loan disbursements in 2016 totaled a net increase of \$302,193.60 to our membership. As a result, your credit union's total loans/total shares ratio reached 57.13% by year-end 2016. Delinquent payments in relation to loans outstanding were only .35%, a favorably low ratio when compared to our peer group of 1.22%.

Assets increased 5.56% or \$2,137,390.68 from 2015, ending 2016 with \$40,547,479.58. Net income continued to remain strong, posting a Return-On-Assets ratio of .36% (compared to peer at .28%) or \$143,683.38 added to our bottom-line.

Once again on behalf of our entire staff and Board of Directors we thank all members, new and long-term, for choosing *Somerville's Credit Union* to entrust with your financial matters. Please remember that to continue to keep your credit union relevant and viable we ask that you encourage your family members and friends to join our credit union. As we move forward in 2017 we plan on implementing new services, such as credit cards, while maintaining our traditional core values of providing responsive member service to each of you.

Respectfully yours,

Paula Gartland
President & Chairman

Roland J. Draper III
CEO

Somerville's Credit Union



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ASSETS	AS OF 12/31/2016	AS OF 12/31/2015
LOANS TO MEMBERS	\$19,763,349.80	\$19,461,156.20
Personal Loans, Real estate loans, Car Loans, etc.		
CASH & INVESTMENTS	20,281,266.62	18,441,625.00
Treasury Notes, Government Bonds, Insured Deposits		
OTHER ASSETS	502,863.16	507,307.70
Building, Computer, Furniture & Fixtures, Accrued Income, etc.		
TOTAL ASSETS	\$ 40,547,479.58	\$ 38,410,088.90
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LIABILITIES		
ACCOUNTS PAYABLE	\$111,726.50	\$123,144.60
Dividends payable, taxes payable, other liabilities		
OWNERSHIP		
Members Share Deposits	34,593,908.68	32,588,783.28
RESERVES & SURPLUS		
Regular reserves, undivided earnings	5,841,844.40	5,698,161.02
TOTAL LIABILITIES, OWNERSHIP & SURPLUS	\$40,547,479.58	\$38,410,088.90

