

2017

ANNUAL REPORT

Rooted in the Past
▶ *Poised for the Future*



Cooperative Center
FEDERAL CREDIT UNION



Board Chair's Report

2017 was an amazing year for Cooperative Center Federal Credit Union (CCFCU); and it is our pleasure to inform you that the credit union management team, staff and board of directors worked cooperatively, diligently and productively toward the accomplishments of its 2017 Strategic Business Plan and to achieve the credit union mission of "contributing to the preservation and building of sustainable individual and community wealth, while remaining independent and financially sound."

We wanted to highlight two of our most recent accomplishments of 2017 and at the same time, provide you with an update:

► The Board has made addressing technology improvements a strategic priority for 2017-2019. In 2017, we announced and implemented the project planning for a complete conversion to an upgraded core processing system. The official launch date of our new system is just weeks away as of this writing. Upon completion, this investment in technology will be transformational in allowing us to improve member access and convenience across all technology-based delivery channels, from audio response to online banking, to more user-friendly online loan applications with faster automated approval systems to a much more robust mobile banking app. Also, as part of the project plan, once the post-conversion testing has been completed, we have calendared the implementation of Remote Deposit Capture for select checking accounts.

Conversions are complicated and as such, this decision was not taken lightly. Ultimately, we decided that providing the best possible technology to our membership and our staff was of greatest importance. We approached the conversion with a commitment to having things run as smoothly and seamlessly as possible; however, no conversion comes without some inconvenience during the process and there will be requirements of members as we move from the old to the new. A few of our operational features and services, such as shared-branching services for members, will have slight time delays as we complete post-conversion testing at each stage. We will also have shorter operational hours on both July 31, 2018, and August 1, 2018. Our team is working to communicate information on these and other important topics such as member requirements for online banking, re-enrollment to activate previously set up bill payment features, audio response and mobile banking. We're using as many methods as possible to get the word out and we hope that you will take the time to review all of our outbound communications.

► The Board formed a Site Redevelopment Committee in 2017 and we're happy to report we've made significant progress in the plans for the sale and development of a mixed use affordable/low-income housing and commercial (Credit Union) space at the credit union owned property at 2001 Ashby Ave, Berkeley CA, 94703.

Throughout 2017, your volunteer Board of Directors has worked diligently to fulfill our fiduciary responsibilities, which includes the strategic management of over \$117 million in assets and nearly 10,000 member/owners. We do so in the spirit of the credit union's founding motto: "Not for profit, not for charity, but for service."

So, on behalf of Cooperative Center's Board of Directors, I extend to each of our member/owners our wholehearted thanks and appreciation for your trust, faith, and ongoing support in 2018 and beyond.

At Your Service,

Shyaam M. Shabaka

Chair, Board of Directors, Cooperative Center FCU

76TH ANNUAL MEETING

Ed Roberts Campus,
Atrium
Thursday, July 26, 2018
6:00 p.m. – 8:00 p.m.
Dinner served at 6:00 p.m.



A Message from Your CEO

In my early teens when I joined my first credit union, like many people, I didn't fully understand the difference between a credit union and a bank. I only knew my parents had "memberships" and it was the place to put my money. I opened my share savings with my first paycheck. The memory of that very helpful manager walking me through everything I needed to know from check endorsements,

filling out deposit slips and entering transactions to my register remains clear to this day.

Over the years it was a credit union that saw me through many financial firsts, including my first loan. As a young mother, no matter how many times I added up my bills and subtracted them from my paychecks, the totals always looked the same - very little left over for the unexpected. When an emergency occurred, I agonized over where I would find the extra \$1,500. A friend suggested applying for a loan at the credit union. I had no idea how to apply or what was needed. The credit union manager patiently walked me through every step in the process from filling out the application to how I would receive my monthly payment coupon. These experiences form the yardstick by which I measure service. Even in today's technology driven world, we strive to ensure members know we are here to provide this same level of service when members need or want it.

Members often recall their own credit union firsts, especially a first car or first home loans, and very often sharing moving stories about times when the credit union was there for them during a personal crisis, when they had no other resources and other financial institutions were not an option. Common threads include being treated as more than a score, the valued relationships they've built with their credit union, and the difference we've been able to make in their lives.

As better known "too big to fail" financial institutions continue to be the subject of negative news headlines, credit unions remain the socially responsible banking solution for the working person. Formed "not for profit, not for charity, but for service to our member-owners," credit unions represent inclusion, cooperation, equity, opportunity, and affordability. When the whole "move your money" movement started, I found myself explaining this wasn't just about moving savings - and checking accounts - to make the biggest impact, members must also move their loans to the credit union. It is the loan volume and the resulting income that allows us to provide the lowest possible rates on loans and the affordable fee-free or low-fee services members ask for. In other words, the more members making Cooperative Center FCU their primary financial institution and lender of choice, the more financially beneficial membership will be for the individual, for the cooperative, and for the community.

True to our model, roots and mission, Cooperative Center is a certified Community Development Financial Institution (CDFI), meaning we develop products, services and outreach to members in Community Development Target Markets and in response to the needs of lower income populations who may be underserved or unserved. I wanted to use some of this space to share just a bit about how your membership is contributing to the positive impact we're able to make in our Bay Area community.

AGENDA:

I. Call to Order at 6:30

II. Roll Call

III. Annual Meeting Minutes

IV. Annual Meeting Reports

Board Chairman's Report

Treasurer's Report

Supervisory Committee Report

Nominating Committee Report

V. Teller of Elections

VI. Q&A with Your Board of Directors

VII. Adjourn

Raffle and Informal

Open Meet and Greet

Cooperative Center Federal Credit Union CDFI IMPACT 2017

► In 2017 Cooperative Center approved \$10.6m in new loans to our members. Of the loans on our books as of the end of the year:

• 65% of loan count in CDFI Target Markets, which consists of:

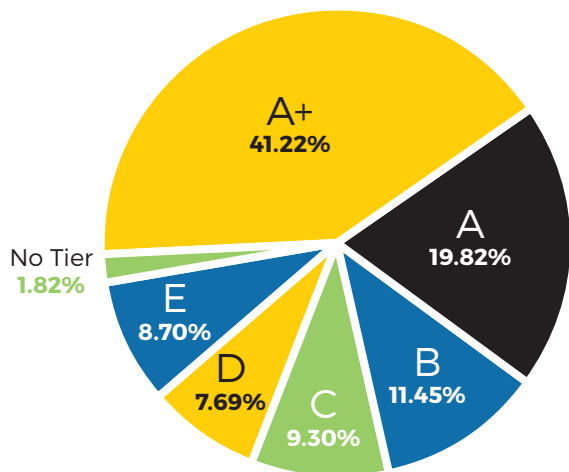
- 54% in CDFI Investment Areas
- 52% to Low Income Targeted Populations (LITP)
- 41% overlap (i.e., LITP members who live in CDFI Investment Areas)

• 56% of loan dollars in CDFI Target Markets, consisting of:

- 46% in CDFI Investment Areas
- 45% to Low Income Targeted Populations (LITP)
- 35% overlap (i.e., LITP members who live in CDFI Investment Areas)

► Our efforts in outreach to members with more challenged credit histories resulted in 20% of Cooperative Center's loan dollars disbursed to members in lower credit tiers who have either been without resources or most often served by hard money or predatory lenders.

FICO® Score Migration:



► Cooperative Center offers several programs for members with limited or no prior credit including a First Time Auto Buyer loan program and a Lending Program in partnership with Community Financial Resources whereby the participants receive financial education and one-on-one money management and credit counseling in conjunction with a first share-secured credit card. Through these programs we have assisted 557 members with no prior credit score in establishing positive credit histories. In 2017, we saw 417 members move from lower tiers into the A and A+ credit tiers.

► Our community outreach continued with the credit union sponsoring, participating and delivering financial literacy workshops in local high schools. In recent quarters we have surveyed members regarding financial education needs including preferred topics and delivery methods. We will be using this information to re-launch new programs and materials in 2019.

► For the sixth year, your credit union partnered with United Way Bay Area to sponsor a Volunteer Income Tax Assistance site, including sponsoring a semester-long Earn It! Keep It! Save It! tax preparation training for U.C. Berkeley students. Contributing space, equipment and up to 30 hours each week in staff time, we were able to assist 112 community clients with the preparation of free tax returns and return nearly \$104K in refunds and \$24K in Earned Income Credits back into the local economy.

While credit unions are not in the business of "selling" unnecessary loans, when you're purchasing a car or a home, making home improvements, consolidating higher cost debts, have milestone events or require a loan to help with life's unexpected emergencies, we hope you'll choose Cooperative Center. Both accessible and affordable, you can also feel good in knowing that your interest dollars, rather than going to some anonymous bank stockholder, are being returned to you and your fellow members in so many positive ways.

I can't close without mentioning a very important return on your membership - our computer conversion is scheduled to launch within just a few days of this annual meeting. Core system conversions are among the largest and most complex projects any credit union endeavors to take on. We're doing all we can to ensure that it goes as smoothly as possible, from testing processes and equipment to providing training and support to our team. We thank you for your patience as we work through the post-conversion process. The new system promises to bring us up to speed with the technology of today and to create a foundation for growth and improvements in the future. It is our hope that you'll quickly realize the benefits of the change. We are using every available method to communicate important system upgrade news and key dates. Please watch your mail, email, and our lobby as we attempt to share this information with you.

On behalf of the entire Cooperative Center team, thank you for being a member of Cooperative Center - we strive every day to earn your full participation, and if we aren't already, we hope that you'll make us your primary financial institution and refer your family members, as well. We are stronger together!

At Your Service,

Fadhila Holman

CEO, Cooperative Center FCU

TREASURER'S REPORT

Financial Performance 2017-2018

BALANCE SHEET	Year End 12/31/2017	Qtr End 3/31/2018
Loans	\$77,967,015	\$74,927,411
Less: Loan Losses Allowance	\$729,129	\$715,317
Cash	\$1,089,489	\$1,467,936
Investment	\$34,809,114	\$40,927,020
Fixed Assets	\$1,806,151	\$1,789,564
Other Assets	\$2,564,256	\$2,680,085
Total Assets	\$117,506,896	\$121,076,699
Liabilities	\$360,684	\$369,723
Shares	\$109,792,006	\$113,297,430
Regular Reserves	\$2,138,363	\$2,249,043
Undivided Earnings	\$2,416,843	\$2,361,503
CDFI Treasury Loan (Secondary Capital)	\$2,799,000	\$2,799,000
Total Liabilities and Equity	\$117,506,896	\$121,076,699

INCOME STATEMENT	Year End 12/31/2017	Qtr End 3/31/2018
Loan	\$3,667,492	\$883,156
Investment	\$524,988	\$170,825
*Interest Income	\$4,192,480	\$1,053,981
Less: Interest on Borrowed Funds	\$55,980	\$13,995
Less: Dividends	\$74,369	\$18,780
Interest Margin	\$4,062,131	\$1,021,206
Less: Cost of Operations	\$4,597,369	\$1,176,101
Plus: Fee Income	\$1,013,762	\$250,702
*Net Operating Income	\$478,524	\$95,807
Less: Provision Expense	\$1,165,940	\$151,096
Plus: Other Income	\$232,331	\$110,629
Other Gains & Losses	\$250	\$0
Net Income (Loss)	\$(454,835)	\$55,340

Cooperative Center FCU Capital Ratio As Of December 30, 2017:

Including CDFI Treasury Loan (Secondary Capital) =
\$7,354,206/\$118,248,184 = **6.22%**¹

Excluding CDFI Treasury Loan (Secondary Capital) =
\$4,555,206/\$115,449,184 = **3.95%**²

Mike Leung

Treasurer, Board of Directors

By the Numbers:

Asset Growth:



Shares Growth:



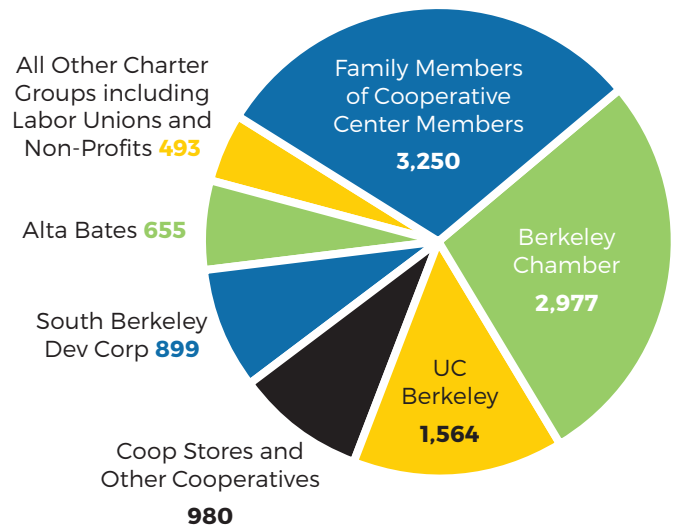
New Loans Originated:



New Members:



Members & Charter Groups:



¹Formula for calculating Capital Ratio: Including CDFI Treasury Loan (Secondary Capital) = (Regular Reserves + Undivided Earnings + CDFI Treasury Loan) / Average Assets

²Excluding CDFI Treasury Loan (Secondary Capital) = (Regular Reserves + Undivided Earnings) / Average Assets

Cooperative Center Federal Credit Union 2017 Annual Meeting of the Members

Ed Roberts Campus | September 28, 2017

Board of Directors Present: Shyaam Shabaka, Mike Leung, Jesse Palmer, Jess McCarter and Celeste McAllister

Credit Union Management Present: Fadhila Holman, Mark Suacillo, Rebecca Gilbert, Manuel Ramirez, Linda Meza, Lindsay Youmans and Debbie Crowson

Supervisory Committee Present: Reginald Hairston, Christina Oatfield and Tom White

I. Call to Order

The 75th Annual Meeting of the Members was called to order by Chair Shabaka at 6:15 p.m. and invited attendees to visit the buffet while the food was hot.

II. Minutes

The Annual Meeting of Members minutes dated November 19, 2016, were approved with any necessary corrections by consensus.

III. Annual Meeting Reports

a. Board Chairman's Report: Shyaam Shabaka

Chair Shabaka made opening remarks acknowledging the credit union staff and fellow Board members, with special thanks to CEO Holman for her dedication to the credit union. Mr. Shabaka shared that he was honored to serve as Board Chair. He referred members to his written message and summarized highlights in the Annual Report.

Chair Shabaka took a few moments to address the absence of a ballot for the 2017 Election. On August 11, 2017, the Credit Union received notice of withdrawal of candidacy from Laura Herrera, one of the incumbent nominees, reducing the number of nominees to three. When the number of nominees equals the number of positions to be filled, per the Bylaws, Article V, Elections, Section 1, Nomination Procedures, Section C, "the election will not be conducted by ballot and there will be no nominations from the floor when the number of nominees equals the number of positions to be filled." The election required no ballot. He welcomed member Al Ringgold to the Board of Directors as its newest member and thanked Laura Herrera for her service and commitment over her three-year term.

b. Treasurer's Report

Referring members to the Treasurer's Report, Director Mike Leung pointed out the Financial Performance report contained information carried over from the year before in error. He informed members that corrected financials would be posted on the credit union website and the online Annual Report. He encouraged members with any questions to see him after the meeting.

c. Supervisory Committee Report

Supervisory Committee Chair, Reginald Hairston, thanked members for attending. He highlighted some of the committee's roles, responsibilities and accomplishments. Mr. Hairston expressed the importance of committee volunteerism before concluding his report. He provided members with information about how to reach the Supervisory Committee with questions or concerns.

d. Nominating Committee Report: Committee Chair, Willie Phillips

Nominating Committee Chair Willie Phillips spoke about the credit union's history and relevance in the community. He thanked the members for their attendance and reminded everyone of the importance of being involved in the selection of board leadership of their credit union, acknowledging the crucial role the board members play.

Mr. Phillips read aloud the Nominating Committee Report (see page 8 of the 2016 Annual Report). Mr. Phillips stated Ms. Herrera withdrew her name as a candidate reducing the number of nominees to three, which then equaled the number of positions to be filled. He read aloud the credit union Bylaws, Article V, Elections, Section 1, Nomination Procedures, Subsection C., indicating that when the number of nominees equals the number of positions to be filled there would be no ballots. He congratulated and welcomed Sushil Jacob, Shyaam Shabaka and Al Ringgold, on their positions on the Board of Directors.

e. Announcement by Carole Kennerly, Former Board Member & Board Chair

Ms. Carole Kennerly spoke of her previous years of involvement with the credit union and expressed her congratulations on its 75th Anniversary. She announced the celebration of William Byron Rumford, a 50-year resident of South Berkeley and the first African American elected to a State public office in Northern California. She said the celebration will include the unveiling of a sculpture and a viewing of the documentary based on the Rumford Fair Housing Act of 1963, which ended housing discrimination in California.

IV. Mr. Shabaka announced that staff would conclude the event with a raffle after formal adjournment. He adjourned the meeting at 7:49 p.m.

Mad City Money

Berkeley Technology Academy, April 28, 2017

Cooperative Center FCU promotes financial literacy in a variety of ways including sponsoring interactive learning exercises like Mad City Money, designed for students grades 9-12.

For 90 minutes students are asked to role play a "Month in the Life." They are given randomly selected jobs, spouses, children and outstanding obligations such as student loan debt. Based on this information, the combined monthly salary of themselves and spouse and outstanding debt, they are instructed to visit each table to purchase their monthly household needs; transportation, housing, food, clothing, child needs, entertainment, etc.

For more information or to schedule an interactive financial literacy exercise like Mad City Money for your school or community group please contact Linda Meza at (510) 295-1657 or lmeza@coopfcu.org.



Supervisory Committee Annual Report

The three-member Supervisory Committee is appointed by the Board of Directors and tasked with ensuring credit union practices and procedures are sufficient to safeguard member assets. We complete a variety of training and we work closely with the CEO and senior management team to gain the operational insights necessary to complete our annual work plan.

We are entrusted to perform or oversee many functions including, but not limited to:

- o Annual Verification of Member Accounts (Loans and Shares)
- o Review of monthly corporate account reconciliations
- o Verification of cash and negotiable instruments
- o Coordinate the broad audit(s) completed by an outside audit firm
- o Respond to all questions or concerns submitted to us by members regarding account discrepancies or governance of the credit union

Turner, Warren, Huang and Conrad (TWHC), a professional corporation of Certified Public Accountants, completed the annual Verification of Member Accounts effective March 31, 2017, and the Supervisory Committee audits of Agreed Upon Procedures (AUP) and Bank Secrecy Act compliance effective June 30, 2017. Further, the National Credit Union Administration annual examination showed the credit union to be safe and in good condition. The Supervisory Committee is satisfied that adequate controls exist to protect member assets and that the financial statements accurately report the condition and performance of your credit union.

Should you require the assistance of the SC, you may contact us directly via our designated committee mail box or by emailing us as follows:

Supervisory Committee, Cooperative Center FCU **Email:** SupervisoryCommittee@coopfcu.org

P.O. Box 3445, Berkeley, CA 94704

During 2017, the Committee was composed of the following members:

Reginald Hairston, Chair
Christina Oatfield
Tom White

We have had some turnover in recent months. As of this writing, one candidate is pending appointment but we need additional committee members. Members interested in contributing their talents, skills and time to the committee should submit an application for consideration. Please contact the CEO for additional information.

On behalf of your Supervisory Committee, we want to say thank you for your participation in using the many products and services offered by Cooperative Center Federal Credit Union.

At your service,

Tom White, Chair
Supervisory Committee



2018 Nominating Committee Report

The appointed Nominating Committee for Cooperative Center FCU Board of Directors 2018 Elections has completed the vetting and selection process for four (4) applicants who submitted full and complete application packages. Full background checks have been ordered and are pending return. Additionally, two (2) incumbent candidates will be included on the ballot.

The names of the candidates who were voted by the Nominating Committee to be "eligible candidates," along with two (2) incumbent/candidates are put forth to stand for election to the Cooperative Center FCU Board of Directors. Their names appear below in alphabetical order:

Furtado, Ipsheeta | Matthews, Deborah | McAllister, Celeste | McCarter, Jess | Oatfield, Christina

To contact the credit union Nominating Committee, you may write to:

Cooperative Center Federal Credit Union

Attention: Hemby Whitten,
Nominating Committee Chair
2001 Ashby Avenue
Berkeley, CA 94703