

A Community You Can Count On.



Report to The Membership 2018





This past year was an amazing one for UMassFive—we experienced unparalleled success in many forms, and conquered some unexpected challenges during a changing of the guard in executive management.

As many of you know, Katherine Hutchinson, the longtime UMassFive CEO and 42-year employee, announced her retirement in the fall of 2018. Though bittersweet, Kathy's departure created many opportunities within the Credit Union, including my advancement to the position of President & CEO following 18 years as the Credit Union's Chief Operating Officer (COO). Kathy and I both experienced humble starts to our careers and lives that allowed us to truly understand the needs of those we serve. While Kathy began working on a farm, and her first job at the Credit Union was as a teller; I was born to post-WWII immigrants, and started my career as a receptionist at the nation's first credit union, St. Mary's in Manchester, New Hampshire. These experiences, I believe, fostered within us both a real commitment to bettering the financial lives of our members.

The transition of senior management did not stop with me. Lauren Duffy, who served in several capacities over her 13-year career at UMassFive, became the Credit Union's first Executive Vice President. Lauren's wealth of knowledge in so many areas of the Credit Union grant her a valuable and unique perspective that she will be using to serve the membership in the roles of CIO and COO. In addition, Jim Wage (Vice President of Retail Services), Pam Hannah (Vice President of IT & Operations), and Jeff Simpson (Vice President of Commercial Services) were all promoted to senior positions. I have every confidence that the caring hands of these professionals, along with the long-tenured Vice Presidents, Jenna Rahilly and Jon Reske, and newcomers, Karen Smith (Vice President of Finance & CFO) and Jay Caldwell (Vice President of Lending), will preserve the "member-first" mantra of UMassFive for years to come.

For the sake of access and transparency, the contact information for the entire senior management team is provided on our public website. We truly strive to be of the people and for the people, and appreciate hearing from those we serve.

The year of 2018 was not just about transitions. There were significant investments in member services and employee development as well.

New products introduced in 2018 include: A Cash Back Visa Credit Card that pays members for every purchase made; expansion into new business products and services; a proprietary solar loan product called MySolar that complements our Mass Solar Loan; and an exciting opportunity to pilot a new program called Solar Access, which was awarded exclusively to UMassFive in collaboration with several sustainability partners.

Sustainability financing continues to be a driver of our success. UMassFive has become the leader in residential solar financing among Massachusetts banks and credit unions. In fact, we have helped install solar-powered systems for 50% more Massachusetts consumers than the next highest rated financial institution. During the same time period, we financed nearly 650 energy-saving home improvements through the MassSave® HEAT Loan program and continued our commitment to green financing with our low-to-no-interest rate Bicycle Loans, Farm Share Loans, and Energy & Fuel Conservation Loans. While all this lending was going on, we also invested in numerous enhancements to our Buzz Points debit card rewards program, digital lending platform, and cyber security, all of which supports our mission of convenience, safety, and returning value to the membership.

Thanks in great part to the popularity of our products and services, UMassFive experienced a record year for net income—

and in true cooperative fashion, we immediately committed to returning that revenue back to our members. A new branch in Greenfield is planned for the 4th quarter of 2019; a project is underway to migrate to a cutting-edge core data processor that will greatly enhance members' banking experience; and our training and employee development budget was doubled. Management also guaranteed the viability of our student loan program by setting aside additional reserves to protect a \$21 million student loan program after the recent liquidation of a private insurer of the portfolio.

It is this giveback that sets apart a credit union from its for-profit competitors. Rather than distribute excess earnings to wealthy stockholders, credit unions return that benefit in the form of enhanced products and investments in superior service. I am proud to say that we supported our community with more than just money. Nearly every one of our 125 employees participated in some way to community service and volunteerism. Time can often be more precious than money, and the following pages represent only a few of the many hours that the UMassFive staff dedicated to our Sponsor Groups and the community at large in 2018.

You can believe the cooperative spirit is alive and well at UMassFive, ever inspired by Kathy Hutchinson's single-minded focus on our members' financial well-being. I am personally committed to ensuring that this legacy will continue, and I truly appreciate the support that our members and fellow employees play in the success of our cooperative. ***You, the member, can expect more of the same in 2019 and beyond.***

Sincerely,

Rich Kump
President & CEO



On behalf of the Board of Directors, I am pleased to report that 2018 was another successful year for UMassFive.

Judging by any key financial measurement, the Credit Union continues to perform at a high level, and remains financially sound and stable. With total assets now standing at \$485 million, we ended 2018 with a Net Worth Ratio (our Capital divided by our Average Assets) of 9.06%, outperforming our 2018 budget of 8.75%. It's not just about the numbers, though. Our most important barometer for success is how well we are serving our members—like you. Our members are the backbone of this cooperative. They share dreams with us and trust us to help turn those dreams into reality. We strive to continue serving each one by providing sound financial advice and products and services that really make a difference in our members' financial lives.

This was a special year of transition: After 42 years with the Credit Union, 22 of which were as President and CEO, Kathy Hutchinson retired in July. Kathy was a veritable icon in the credit union community, serving many years on the board of the state credit union league and the local Pioneer Valley chapter. Under her leadership, UMassFive grew from a modest institution with less than \$60 million in assets to a leader in financial services with assets of nearly a half billion dollars. We knew that it would require a special and equally enterprising spirit to fill Kathy's shoes, and in the spring of 2018, the Board began a national search for our new CEO. After careful consideration,

we discovered the qualities we were in search of were already right here and selected Richard Kump, our then COO, to fill this position. Rich has worked at UMass Five for over 18 years and brings a total of 30 years of credit union experience to his new role. The board is confident that Rich will continue to uphold our mission of service to our members. We stand ready to support him and guide him as he takes on his first full year at the reins at UMassFive in 2019.

As the new year begins, we want to take a moment to thank our many community partners—it is thanks to many local employee groups and associations that we continue to bring new members into the Credit Union. For the first time in our history, over 3,300 new members joined the Credit Union in a single year, bringing our total membership to 39,566. We truly believe this demonstrates the strength of our community and reinforces our ongoing aim to offer valuable and high quality financial services to individuals in our market areas.

We also want to thank our staff for fully living our cooperative values every day. Whether our members are doing their banking in a branch, on the phone with a Contact Center Representative, completing a transaction with a member of our Video Teller Team, or speaking with someone in our Lending Department, our knowledgeable staff is always there to help you and your family with a friendly smile.

Finally, I would like to personally thank our Board of Directors and all the member volunteers who serve on committees throughout the year. Hundreds of volunteer hours are given each year to ensure our Credit Union is thinking strategically, remains safe and sound, and has the interests of the membership first at heart. There is no doubt this volunteerism is a key to our continued success.

We are, of course, grateful to our members as well, who consistently put trust in our Credit Union, and find value in our offerings. It is because of that loyalty that we continue to grow as a not-for-profit financial cooperative, now and into the future.

Sincerely,

Robert M. Harrison
Board Chair,



2018 Board of Directors

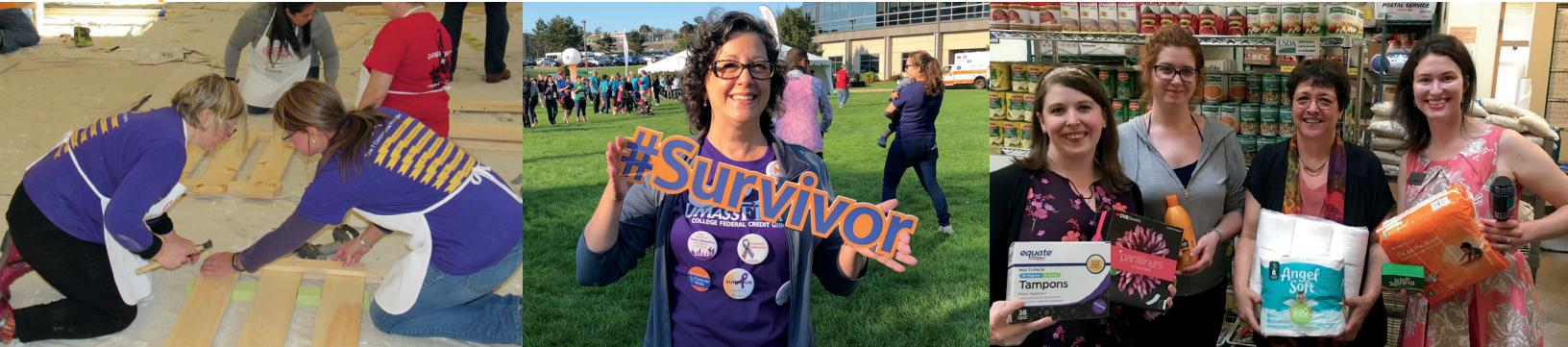


BOARD FROM LEFT TO RIGHT, TOP TO BOTTOM— **Sam Killings:** Asset Liability Management Committee Chair, Credit Risk Management Committee, Executive Committee, Human Resources Committee, Technology Planning Committee; **Karl Kowitz:** Vice Chair, Executive Committee, Asset Liability Management Committee; **Ruth Yanka:** Board Secretary, Executive Committee, Asset Liability Management Committee, Credit Risk Management Committee; **Bob Mishol:** Credit Risk Management Committee, Chair and Human Resources Committee Chair; **Amy Proietti:** Asset Liability Management Committee, Technology Planning Committee; **Kevin Kerwood:** Credit Risk Management Committee, Human Resources Committee Chair, Technology Planning Committee Chair; **Michael Sullivan:** Credit Risk Management Committee, Human Resources Committee, Nominating and Corporate Governance Committee; **Jacqui Watrous:** Nominating and Corporate Governance Committee, Supervisory Committee, Technology Planning Committee Chair

Giving Back to Our Communities

UMassFive is committed to being an active participant in the communities that we serve.

As such, we strive to create partnerships with organizations that reflect the values of our membership and employees. Beyond financial contributions, we volunteer the knowledge, creativity, time, and enthusiasm of our staff to bolster these partnerships. Our contributions include providing free, financial-wellness education to public schools and colleges in the area, volunteering at community events and fundraisers, holding drives for local survival centers, and providing a free meeting space in our Hadley branch for local organizations.



In 2018, the generosity of our members and employees propelled these efforts to new heights.

In two weeks over the spring, we raised \$3,000 to benefit the Massachusetts Coalition for the Homeless and its A Bed for Every Child Initiative, resulting in 12 beds donated to local youth in need.

Over the course of two months in the summer, our UMass Cancer Walk and Run team raised nearly \$25,000 to benefit the UMass Cancer Center.

Our branches also collected 216 cold-weather clothing items, 218 pounds of personal care items, and 65 Halloween costumes that were donated to local survival centers.

The impact these initiatives have on our communities is immense and a point of pride for UMassFive employees and members alike.

In 2018, UMassFive donated funds, in-kind contributions, or staff resources in support of the following local organizations:

Amherst Hurricane Boosters

Amherst Survival Center

Arcadia Players

Big Brothers Big Sisters of Hampshire County

Boys and Girls Clubs of Springfield

Brightside for Families and Children

CISA: Community Involved in Sustaining Agriculture

Dakin Humane Society

First Night Northampton

Franklin County United Way



Friends of the Homeless

Girls Inc. of Holyoke

Greenfield Community College Foundation

Hitchcock Center for the Environment

Learn to Cope

Massachusetts Academy of Ballet

Massachusetts Coalition for the Homeless

MATHCOUNTS

Mercy Medical Center • Trinity Health Caritas Gala

Mount Holyoke College Friends of Athletics

Northampton Survival Center

Northampton Public Schools

Northampton Lions Club

Orchestra in the Orchard

Pioneer Valley Ballet

Pioneer Valley Habitat for Humanity

Skating Club of Amherst

The Food Bank of Western Massachusetts

UMass Amherst Alumni Association

UMass Amherst Asian & American Film Festival

UMass Cancer Walk and Run

UMass Amherst Smart About Money

UMass Amherst Student Businesses

University Museum of Contemporary Art

Valley Alliance of Worker Co-operatives

Young Professionals Amherst

Giving Back to Our Members

At UMassFive, we strive to be more than just a place to store your money.

In 2018, our membership grew to over 39,500—
and we're committed to improving the financial life of each and every member.

An informed consumer is one who makes wise and empowered decisions with their finances, and it is our ongoing aim to help educate every one of our members—setting them each on a path to their best financial futures.



UMassFive provided **20 free in-branch workshops** and **20 off-site workshops** on our core Financial Literacy topics, as well as **30 workshops** on the topics of homebuying and investing in collaboration with Member Advantage Mortgage, and Financial & Investment Services.

That's why, in 2018, we offered free workshops to all of our members on the topics of:

Budgeting
Estate Planning
Homebuying
Identity Theft
Intro to Annuities
Investment Basics

IRAs
Paying Down Debt
Planning for Retirement
Retirement Income Planning
Social Security
Understanding Credit

All of our workshops are 100% free and offered multiple times at different locations across our branches. If you missed out on one of these great learning experiences in 2018, make sure to check our current listing online at umassfive.coop for 2019's workshops!

Back in 2006, we decided our members deserved more for their loyalty.

So we developed Co-op Points—a “frequent flyer” type points program **that no one else was offering**. The more our members bank with us, the more points they earn, and that means more savings—or earnings—depending on how they choose to use their points.

In the 12 years since Co-op Points’ founding, we’ve been able to save our members over **\$1,700,000** in fees.

We’ve helped them get a better return on their deposits by raising the interest rates on over **8,500** Term Share Savings Accounts and saved our members money on interest by lowering the rate on nearly **6,000** loans.

Here’s how our members used their Co-op Points in 2018:

14,011

Fees were waived,
saving our members:

\$178,938

853

Members used Points to raise
their Term Share Certificate
interest rate by 0.25% and
earned more on their deposit.

1,511

Members used Points to
lower a loan’s interest rate by
either 0.25% or 0.50% and
paid their loans off faster.

In addition to Co-op Points, 1,024 members enrolled in our free debit rewards program—Buzz Points—

2,691



rewards were
redeemed, totalling

\$45,655



Constantly Evolving

At UMassFive, we're always advancing to meet our members' needs.

So no matter where life takes you, you'll always have access to the financial tools you need—with the same level of personal care and convenience that you've come to expect.

With our branch renovations behind us, 2018 was a year distinguished by a renewed focus on technological growth that was as much behind-the-scenes as it was visual.



11,639

TRANSACTIONS WERE PERFORMED
BY OUR ATM VIDEO TELLER TEAM
SERVICING HADLEY & NORTHAMPTON



45,000

CHECKS WERE REMOTELY DEPOSITED
WITH THE MOBILE CHECK DEPOSIT
FEATURE IN OUR MOBILE BANKING APP



20,178

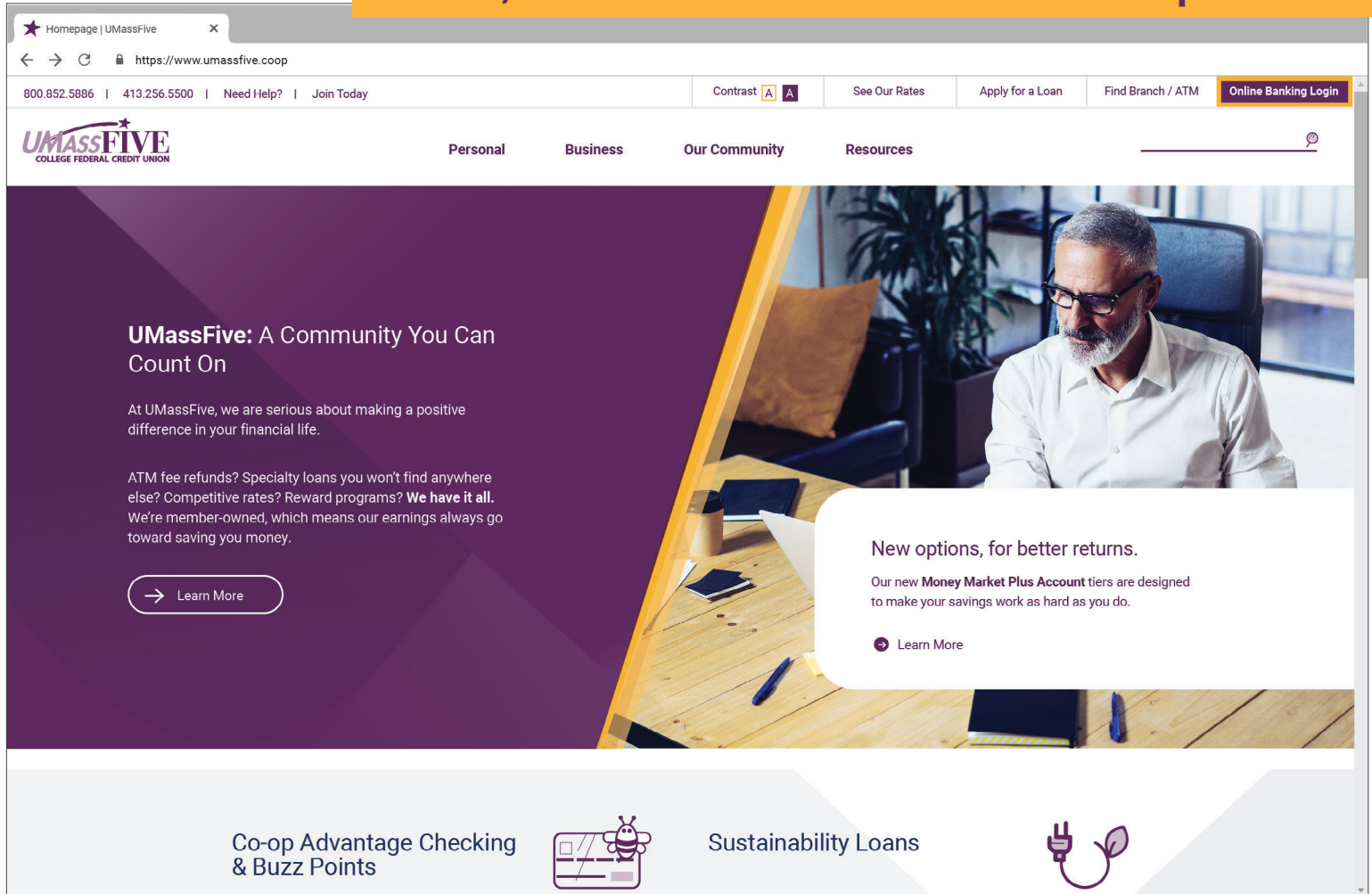
MEMBERS ELECTED TO RECEIVE
THEIR STATEMENTS ELECTRONICALLY
THROUGH ONLINE BANKING, AND
ENROLLED IN ESTATEMENTS

Driven most notably by the re-design of our website, we delved into our image, strengthened our goals, and found inspiration to improve member services across the Credit Union.

Where we updated an old description, we saw an opportunity to communicate more clearly; while working through how we arranged our products in a menu, we found features we could add.

Now interested members of our community, and current members alike, can more easily browse our offerings, read articles relevant to their interests or calculate their budget in our Financial Knowledge Center, apply for membership, and begin a loan application—all through our newly designed umassfive.coop.

In 2018, we launched a whole new umassfive.coop



After months of research and development:

We defined a new look—and more importantly—identified the features that our members used the most—and then improved upon them. From simplified navigation to more robust services and resources, the new umassfive.coop was a big step in our ongoing effort to provide our members with the best service possible, no matter how they access all that we have to offer.

Investing in Tomorrow

with sustainable loan products today.

UMassFive continued to blaze ahead as the #1 financier of the Mass Solar Loan Program in 2018.

Out-pacing the second leading lender by over 500 installations, our total exceeded 1,300 completed projects and soared beyond \$44,000,000 financed.

Our proprietary MySolar loan, which was launched officially in 2018 to help bring solar energy to interested households that fall outside of the Mass Solar Loan Program qualifications, started strong with 80 completed solar installations, totaling over \$1,900,000 financed.



Options for everyone.

As the end of 2018 drew near, UMassFive was awarded the exclusive rights to pilot an exciting new loan program called Solar Access.

Made possible in collaboration with the Massachusetts Department of Energy Resources (DOER) and the Center for EcoTechnology (CET), this limited pilot program allows 100 low-to-middle-income-qualified Massachusetts households the ability to finance, install, and own a solar array and an air-source heat pump for the same cost as their utility bills.

Our first installation was completed in Amherst on October 15, 2018 and marks a first step into a more accessible, sustainable future.



1,325

MEMBERS TOOK ADVANTAGE
OF UMASSFIVE'S SUITE OF
SUSTAINABLE LOANS IN 2018



5,075

MEMBERS USED THE EQUITY IN THEIR
HOME TO MAKE IMPROVEMENTS OR
PAY OFF HIGHER INTEREST DEBT WITH
A HOME EQUITY LINE OF CREDIT



A rewarding year for our new Credit Card



504

MEMBERS OPENED A LOW RATE
VISA PLATINUM CREDIT CARD
AND TOOK ADVANTAGE OF ITS
GREAT LOW INTEREST RATE



720

MEMBERS OPENED A CASH BACK
VISA SIGNATURE CREDIT CARD,
AND STARTED EARNING 1.5%
CASH BACK ON EVERY PURCHASE

In April of 2018, we added another facet to the ways we reward our members by offering a new credit card—the Cash Back Visa Signature card.

Members who took advantage of the new purple and black credit card signed on to enjoy Visa Signature benefits like lost luggage reimbursement and no foreign transaction fees, as well as UMassFive's way of saying thank you for your loyalty—unlimited cash rewards on every single purchase made.

In total, our members earned \$50,059 Cash Back in 2018.

Specialized Guidance

made possible through strategic partnerships.

One of the characteristics that truly sets credit unions apart is that we're not-for-profit. It's ingrained into our very establishment that all of our members should have access to the best financial products and services available and the best rates we can offer without paying for them through hidden fees. At UMassFive, we are able to provide our members with expert service and advice for specialized products through partnerships with Credit Union Service Organizations (CUSOs).



CU Student Choice

144

STUDENTS AT 58 INDIVIDUAL COLLEGES FUNDED THEIR CONTINUED EDUCATION WITH OUR CU STUDENT CHOICE PRIVATE STUDENT LOANS IN 2018.



Member Advantage Mortgage

194

MEMBERS WORKED WITH OUR MORTGAGE CONSULTANTS TO FIND AN AFFORDABLE MORTGAGE THAT FIT THEIR NEEDS IN 2018.



Financial & Investment Services

Our in-branch Financial & Investment Services (FIS) Advisors, through a contract with CUSO Financial Services, L.P. (CFS)*, help our members plan for the future and learn how to use their money wisely every day.

Our CFS Advisors have helped over 1,500 of our current members manage over \$133,700,000 in assets while helping them plan for financial milestones like a comfortable retirement or set aside funds for a child's future education in 2018.

* Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. UMassFive College Federal Credit Union has contracted with CFS to make non-deposit investment products and services available to Credit Union members.



We share
your
enterprising
spirit.

UMassFIVE
Commercial Services Division

When we saw there was a demand for business services in our community, we created a department.

Continuing to draw on the strength and experience of our foundation in personal banking, our Commercial Services Division grew rapidly, following a quiet introduction.

What began with Commercial Real Estate Loans evolved to include loans for commercial equipment, sustainable initiatives for businesses such as solar arrays, and the basic staples for any business—checking, savings, and money market accounts.

In its first full year in business our Commercial Services Division funded \$1,144,956 across 12 completed loans, and 54 members chose to bring their business banking to UMassFive by opening a Business Checking or Business Savings Account.



The Supervisory Committee is charged with protecting the UMassFive College Federal Credit Union's members' interests and ensuring that the financial condition of the Credit Union is accurately and fairly presented in the Credit Union's financial statements.

To meet this responsibility, the Supervisory Committee employs accounting and other qualified firms to perform necessary audits, account verifications, and risk assessments under its supervision. In 2018, the committee engaged the accounting firm of CliftonLarsonAllen (CLA), Certified Public Accountants, to conduct the annual financial audit and ongoing internal audit functions. Other outside firms and auditors also performed various reviews and tests.

As a result of the most recent Annual Financial Audit, UMassFive College Federal Credit Union received an unmodified opinion that our financial statements conform to generally accepted accounting principles.

Beginning in 2016, the Supervisory Committee contracted with CLA to begin a more comprehensive internal audit program. This work continued in 2018, with various reports presented throughout the year by CLA to the Supervisory Committee on the findings of their work.

The Supervisory Committee Members during 2018 were:

Ellen C. Rutan, Chair, Comptroller, Mount Holyoke College; **Michael Ford**, Controller, Hampshire College; **Stephen Nigro**, Controller, Amherst College; **Jacqui Watrous**, Executive Director, Administrative Systems, Administration and Finance, UMass; **Shane Conklin**, Associate Vice Chancellor, Facilities and Campus Services, UMass

Statements

Statement of Financial Condition (unaudited)

Assets	2018	2017
Cash & Cash Equivalents	\$14,298,426	\$10,681,132
Investments	59,837,277	67,914,514
Loans to Members, Net of the Allowance for Loan Losses	382,188,526	360,501,268
Accrued Interest Receivable	1,646,203	1,618,664
Property & Equipment	7,840,947	8,331,050
National Credit Union Share Insurance Fund (NCUSIF) Deposit	4,130,093	4,068,418
Other Assets	15,436,026	9,260,401
Total Assets	\$485,377,499	\$462,375,447
Liability & Equity		
Liabilities		
Members' Shares	\$435,553,890	\$422,024,065
Accrued Expenses & Other Liabilities	1,392,936	976,552
Borrowed Funds	5,001,840	0
Total Liabilities	441,948,666	423,000,618
Equity		
Retained Earnings, Substantially Restricted	43,998,566	39,831,012
Accumulated Other Comprehensive (Loss) Income	(569,733)	(456,182)
Total Members' Equity	43,428,833	39,374,830
Total Liabilities & Equity	\$485,377,499	\$462,375,447

Statement of Income (unaudited)

Interest Income	2018	2017
Interest on Loans to Members	\$18,303,581	\$16,450,903
Interest on Investments & Cash Equivalents	1,407,108	1,412,519
	19,710,689	17,863,423
Interest Expense		
Dividends on Members' Shares	3,155,001	2,761,661
Interest Expense	40,804	430
	3,195,804	2,762,091
Net Interest Income	16,514,885	15,101,332
Provision for Loan Losses	897,300	510,000
Net Interest Income after Provision for Loan Losses	15,617,585	14,591,332
Non-Interest Income	5,427,293	4,761,023
Net Income before General & Administrative Expenses	21,044,878	19,352,356
General & Administrative Expenses		
Salaries & Benefits	8,063,037	7,375,879
Operations	8,814,287	8,697,832
	16,877,324	16,073,711
Net Income from Operations	4,167,554	3,278,645
NCUA Impairment & Premium Assessment	0	0
Net Income after NCUA Impairment & Premium Assessment	\$4,167,554	\$3,278,645

Credit Unions Rock!

UMASSFIVE
COLLEGE FEDERAL CREDIT UNION

In October of 2018, we launched our Credit Union Appreciation Bumper Sticker Contest

Rewarding one lucky member per month with \$250 for being spotted displaying our Credit Unions Rock! Bumper Sticker on their car. We will be continuing to spot Bumper Stickers, and awarding \$250 checks for each month in 2019.



October winner: David H.



November winner: Stana W.



December winner: F. Helena D.

Congratulations to Our 2018 Winners!

UMassFive's Field of Membership

Amherst College • Hampshire College • Smith College
Mount Holyoke College • University of Massachusetts
& over 50 other select groups

