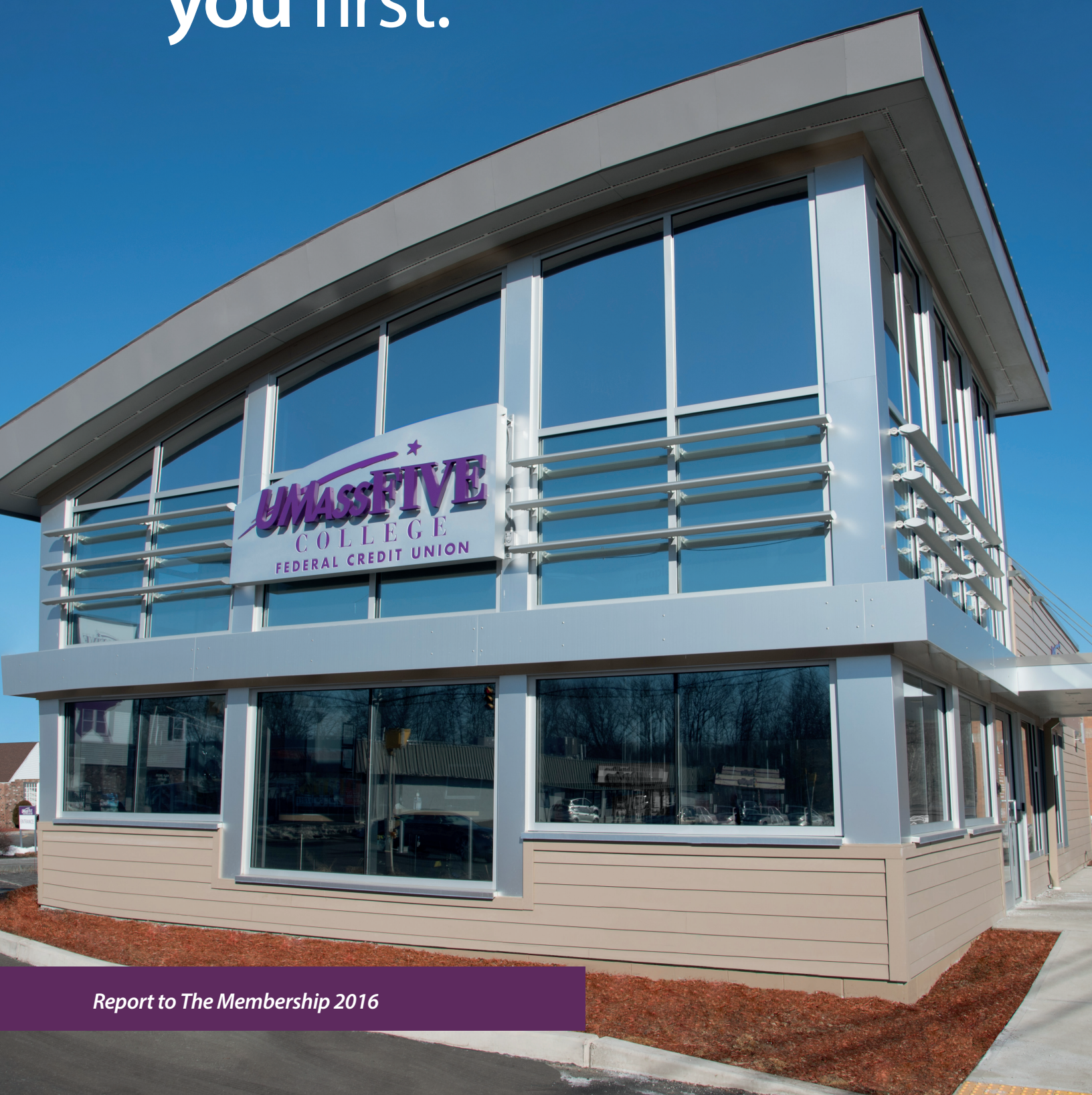


Celebrating 50 years:

Banking that puts you first.



A Letter From

Dear UMassFive Members/Owners,

We are pleased to present the Annual Report to the Membership for 2016.

As we begin our 50th year, our financial condition and key financial measures have shown positive results throughout the past 12 months. Well-managed growth is a highlight of our ongoing accomplishments. Traditional offerings such as Co-op Advantage Checking, regular savings, money market accounts, and share certificates generated deposit growth of 7.44%; while auto, real estate, and personal loans drove loan growth at 7.64%. Also fueling our successful loan growth was our participation in the Mass Solar Loan Program introduced in the spring. We continued to attract new members, with a strong net increase of 2,929, supporting our aim toward “once a member; always a member.” Income was generated from our growing loan portfolio, our financial and investment services program, and our members’ willingness to choose both our debit card and credit card as their payment preference. Members’ willingness to use many of our self-serve technologies continues to temper our operating expenses.

The primary focus of our volunteer Board of Directors is to establish the general direction of business affairs, ensuring our financial soundness, while setting the strategic direction of the Credit Union. The commitment to strategic direction through innovation and implementation has never been stronger and is evident in many of the accomplishments in 2016. Over the last several years, our vision has been one of remaining true to our core values as a not-for-profit cooperative while preparing for the changes facing the financial services industry through technology advances and an explosion of non-traditional options for a multitude of financial services. Change is not easy, it is not precise, and not every member agrees that it is necessary in the short term. It also takes time to get it right. An inspiration for helping us work through these challenges is a quote from Edward A. Filene, one of the founders of the credit union movement,

“Progress is the constant replacing of the best there is with something still better.”

Here are some highlights of those strategic objectives. During last year’s annual report, we shared that we would be undertaking the last two major facilities upgrades in 2016, which included a remodel of our main facility in Hadley, and a relocation of our Northampton Branch. The Hadley Branch was built over 15 years ago and this was the last phase of an entire renovation and upgrade to that facility, ensuring that we protect the value of this asset long term. The Northampton Branch was coming to the end of its ten-year lease, and it was determined that the size, lease cost, and lack of visibility to encourage future growth were our primary factors in the decision to move. Further, both projects incorporated components designed to ensure that our branches are prepared to support the technological changes that will be expected by our members going forward. The technology advances included in these two upgrades were interactive video teller machines, self-service check in, and self-service access to a member’s safe deposit box in the Hadley Branch. We have created an



2016 Board of Directors

(PICTURED ABOVE) - Katherine E. Hutchinson: President/CEO

FROM LEFT TO RIGHT - Ruth Yanka: Board Secretary, Credit Risk Management Committee | Karl Kowitz: Board Vice Chair, Asset/Liability Management Committee | Sam Killings: Chair, Asset/Liability Management Committee, Human Resources Committee

Our Leadership



environment that places the focus on in-person consultation and education through interactions with our staff while allowing those same members a “quick serve” alternative when that is what is needed.

As we strive to understand how our members will perceive the “ease of use” when choosing UMassFive to conduct their business, we have further invested in upgrades to our mobile banking and EZbanking systems, provided instant issue of our debit cards in all branches, and installed a Credit Union ATM on the campus of Smith College. Security is another sincere obligation to our members that we take very seriously. We implemented EMV chip technology into our debit cards, increased the sophistication of our fraud monitoring systems to protect but not inconvenience, and conducted an extensive IT Audit with the accounting firm of CliftonLarsonAllen.

Our cooperative spirit is alive and well. We exceeded, with our members help, our lifetime giving goal of \$50k through our fundraising and participation in the annual UMass Cancer Walk & Run in Worcester. Our members and staff also generously donated to a Halloween Costume Drive and Personal Care Drive for the Amherst Survival Center. A strong financial literacy program continues to ensure that our members have the appropriate information to make smart choices about their money. This program includes workshops, our online financial information resources, and our Reality Fairs held at Greenfield Community College, where high school students learn to manage a real-life budget through an interactive environment.

As we share with you how we continue to prepare UMassFive for the future, we must reiterate that great service is always our primary commitment. This is where an outstanding group of dedicated employees display what great service looks like every day. We are grateful to our members who voted us *The Valley Advocate’s* “Best in the Valley” for the 10th year in a row, *The Daily Hampshire Gazette’s* “Reader’s 2016 Readers Choice Award” for the 4th year; and *The Republican’s* “MassLive’s Reader’s Raves 2016” winner.

These honors reassure us that we are truly focusing on the right things.

Sincerely,

A handwritten signature in purple ink that reads "Katherine E. Hutchinson".

Katherine E. Hutchinson
President & CEO

A handwritten signature in purple ink that reads "Robert M. Harrison".

Robert M. Harrison
Board Chair



(PICTURED ABOVE) - Robert Harrison: Chair, Supervisory Committee, Human Resources Committee

FROM LEFT TO RIGHT - Robert Mishol: Chair, Credit Risk Management Committee | Kevin Kerwood: Chair, Human Resources Committee. | Marie Hess: Asset/Liability Management Committee, Human Resources Committee | Michael Sullivan: Credit Risk Management Committee, Human Resources Committee, Nominating and Corporate Governance Committee

Expansion,

We improved our Hadley and Northampton Branches to better suit our members' banking needs

The past year has been one full of improvements. First we gave our Hadley Branch a much-needed facelift and used the opportunity to improve our approach to service. With this focus on efficiency, we then re-envisioned and moved our Northampton Branch to a brand new building.



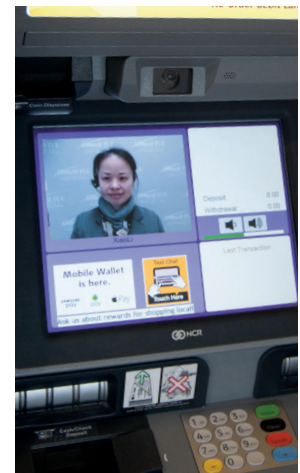
The new check in kiosk at our Hadley Branch

Both branches offer a full staff trained to help with all banking services, as well as time-saving self-service options like our new Video Teller ATMs (pictured bottom right). The Hadley Branch also expanded its member service options by installing a self-serve hand scanner for safe deposit boxes (right), a check-in station to facilitate faster in-person service (left), and a community room available for member use as an event and meeting space.



Safe deposit hand scanner

Visually, the Hadley and Northampton Branches now join our UMass Amherst Branch and Springfield Mercy Medical Center Branch in boasting a fresh, modern design with comfortable seating and digital screens announcing product highlights, UMassFive programs and workshops, and community events. As a finishing touch, these branches now display local art from the University Museum of Contemporary Art at UMass Amherst.



Chatting with our local video teller

With You in Mind



A glimpse of our remodeled Hadley Branch lobby

Member Technology Adoption

UMassFive has kept pace with the demand for the latest financial technology services, and our members have been eagerly adopting these new offerings. Our online, mobile, and eStatement services have seen enrollment at an all-time high, while members are already taking advantage of our latest modern convenience — Mobile Wallet.



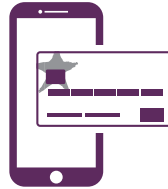
9,140

MEMBERS ENROLLED IN
MOBILE BANKING



16,871

MEMBERS ENROLLED
IN ESTATEMENTS



976

MEMBERS USING THEIR
DEBIT CARD DIGITALLY,
VIA MOBILE WALLET



20,425

MEMBERS ENROLLED
IN EZBANK
ONLINE BANKING

Making a Point to Give



Members of the UMassFive College Team at the 2016 UMass Cancer Walk & Run in Worcester

A truly Cooperative effort to donate, build, and walk for a cause.

It just feels natural, as a cooperative membership, to give back to our communities. The members and staff of UMassFive stepped up in record-breaking numbers in 2016, exceeding our lifetime giving goal of \$50k through our fundraising and participation in the annual UMass Cancer Walk & Run. The giving didn't stop there, though. When asked to donate Halloween costumes, clothing, and personal care products for local survival centers, the response of staff and members was overwhelming. To help finance new Habitat for Humanity homes, UMassFive staff competed in the Gingerbread Build. There were also bike clinics and financial literacy BINGO nights for college students among the many other events we participated in.

Giving back makes a difference here.

Local Partners, Members like You.

To add to a list of community businesses and organizations that we are proud to call our Select Employee Groups, this year we welcomed Greenfield Community College (GCC) to our field of membership. We had a strong connection with GCC already with our annual Reality Fair that helps local high school students prepare for the world of personal finances. For a complete list of our member groups, please visit us online at umassfive.coop.



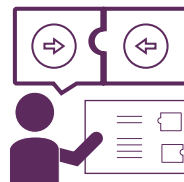
\$14,449

RAISED FOR UMASS
CANCER CENTER IN 2016



328

HIGH SCHOOL SENIORS
ATTENDED GCC
REALITY FAIR



63

WORKSHOPS PROVIDED
TO EDUCATE OUR MEMBERS



36,268

TOTAL MEMBERS
(2,929 GAINED IN 2016)

Back to Our Community



Buzz & Co-op Points

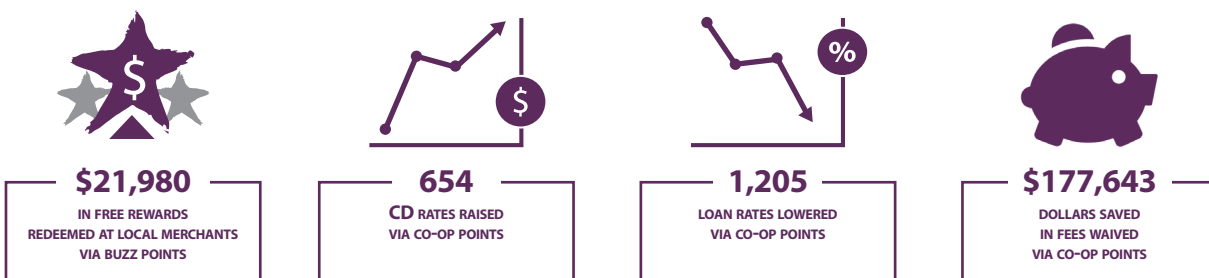
In 2016, the buzz continued to build with our free debit rewards program. Buzz Points increased its enrollment and local merchant participation, which rewarded both our members and the local economy. We adopted a new mascot, Buzz the Bee, who made appearances throughout the region at local merchant events, handing out information, prizes, and good cheer. We love keeping it local and rewarding members for doing so with their debit card!

In addition to Buzz Points, our long-standing membership rewards program Co-op Points, is still going strong, enabling many members to avoid fees, lower loan rates, and raise CD rates. We are happy to continue offering this program as a thank-you for your membership!



Introducing Buzz the Bee, our official mascot for Buzz Points

How we gave back to our members in 2016



Something for All



Our newest loan offering: the Mass Solar Loan

Once you are on a financial path, there are checkpoints along the way.

Whether it's opening a checking account, getting a credit card, buying or renovating a home, growing a family, or buying a car, UMassFive has been here to work with you at any milestone.

In 2016, we helped more members than ever find a great deal—whether it was getting a great rate on a new car loan, refinancing an existing car loan, transferring a balance over from a high-rate credit card, finally affording home improvement projects with our home equity loans, or saving money on home heating costs and conserving energy with the debut of our low-interest Mass Solar Loan.

Our total loan portfolio in 2016 grew by 7.64% to a total of \$325 million.



593

MEMBERS WENT GREEN
WITH A UMASSFIVE SOLAR LOAN



864

MEMBERS TOOK ADVANTAGE
OF OUR LOW-RATE CREDIT CARDS



2,646

MEMBER VEHICLES WERE FINANCED
WITH A UMASSFIVE AUTO LOAN



5,467

MEMBERS TOOK OUT A UMASSFIVE
HOME EQUITY LOAN ADVANCE

of Your Milestones



Our specialty services wing in the Hadley Branch with after hours availability

Through strategic partnerships with Credit Union Service Organizations (CUSOs), UMassFive is able to provide our members with expert service and advice for specialized products. Whether you're financing a degree, planning your retirement, or searching for the perfect home to put down roots, our CUSOs have your questions answered.

CU Student Choice

College is hard—paying for it shouldn't be. In 2016, UMassFive was able to help college students complete their financial aid package with our flexible private student loan, CU Student Choice. We also provided workshops to explain the whole financial aid process and the role of CU Student Choice in that package.



257

STUDENT LOANS IN 2016

222

COLLEGES ATTENDED IN 2016

Financial and Investment Services

What do you think is the best gift you can give yourself? We say a life well-lived, with a secure future. UMassFive Financial and Investment Services (FIS), available through CUSO Financial Services, L.P. (CFS)* had a robust year. More and more UMassFive members, seeing the value of consulting with a professional guide they could trust, became FIS Clients. In 2016 we added a new Advisor to our team and offered more programs to help clients find a plan that worked for them.



1,335

TOTAL FIS CLIENTS

\$132M

ASSETS UNDER MANAGEMENT

Member Advantage Mortgage

One of the big milestones in life is becoming a homeowner. This past year, our Member Advantage Mortgage (MAM) program worked with countless members to find an affordable mortgage that fit their needs. It helps that we continually offer homebuying workshops and keep our rates competitive in the marketplace.



150

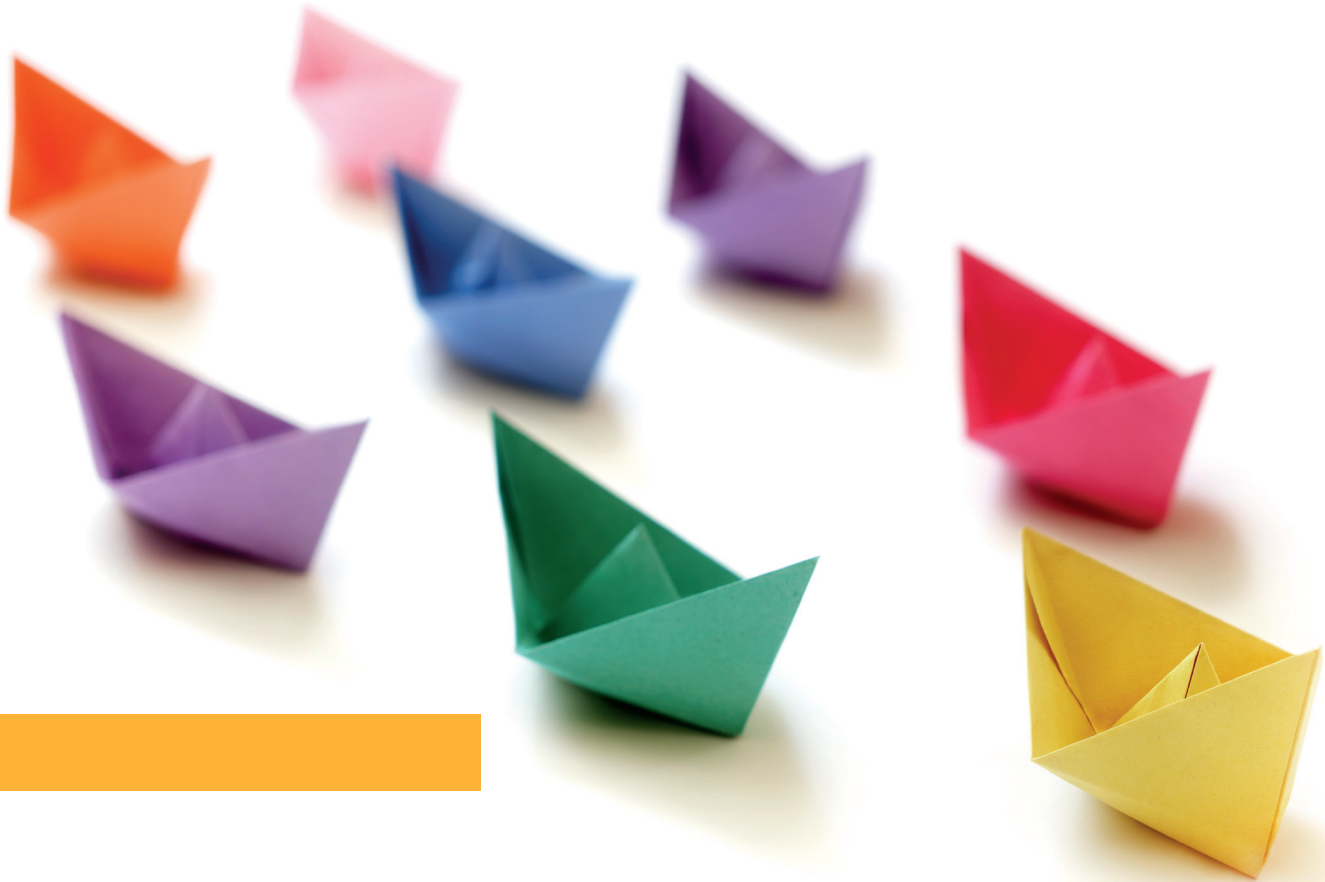
NEW MORTGAGES IN 2016

161

REFINANCED MORTGAGES IN 2016

* 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.

Supervisory Committee



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 2016, 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.

New during 2016, the Supervisory Committee contracted with CLA to begin a more comprehensive internal audit program. Various reports were presented throughout the year by CLA to the Supervisory Committee on the findings of their work.

Andrew Mangels, the longtime Chair of the Supervisory Committee resigned during the year due to the demands of his current position at UMass. The Credit Union is grateful for his many years of service and leadership. We were fortunate to quickly find a replacement on the Committee for him, adding to the experienced members already serving during 2016. The Supervisory Committee Members were: **Ellen C. Rutan**, Chair, Comptroller, Mount Holyoke College; **Michael Ford**, Controller, Hampshire College; Credit Union Board Member, **Robert M. Harrison**, Retired Director of UMass Internal Audit; **Stephen Nigro**, Controller, Amherst College; **Jacqui Watrous**, Executive Director, Administrative Systems, Administration and Finance, UMass.

Statements

Statement of Financial Condition (unaudited)

Assets	2016	2015
Cash & Cash Equivalents	\$21,641,891	\$24,781,103
Investments	78,854,443	72,555,344
Loans to Members, Net of the Allowance for Loan Losses	323,893,260	300,364,173
Accrued Interest Receivable	1,501,800	1,409,221
Property & Equipment	8,884,961	6,370,072
National Credit Union Share Insurance Fund (NCUSIF) deposit	3,788,228	3,523,982
Other assets	9,789,734	8,317,410
Total Assets	\$448,354,317	\$417,321,305
Liability & Equity		
Liabilities		
Members' Shares	\$411,340,914	382,296,849
Accrued Expenses & Other Liabilities	659,872	646,686
Borrowed Funds	0	0
Total Liabilities	412,000,786	382,943,535
Equity		
Retained Earnings, Substantially Restricted	36,552,367	34,311,501
Accumulated Other Comprehensive (Loss) Income	(198,836)	66,269
Total Members' Equity	36,353,531	34,377,770
Total Liabilities & Equity	\$448,354,317	\$417,321,305

Statement of Income (unaudited)

	2016	2015
Interest Income		
Interest on Loans to Members	\$14,485,505	\$13,251,543
Interest on Investments & Cash Equivalents	1,175,784	955,725
	15,661,289	14,207,268
Interest Expense		
Dividends on Members' shares	2,736,656	2,467,552
Interest Expense	0	0
	2,736,656	2,467,552
Net Interest Income	12,924,633	11,739,716
Provision for Loan Losses	599,000	791,500
Net Interest Income After Provisions for Loan Losses	12,325,633	10,948,216
Non-Interest Income	4,395,874	3,652,749
Net Income Before General & Administrative Expenses	16,721,507	14,600,965
General & Administrative Expenses		
Salaries & Benefits	6,258,253	5,701,162
Operations	8,222,388	7,154,398
	14,480,641	12,855,560
Net Income From Operations	2,240,866	1,745,405
NCUA Impairment & Premium Assessment	0	0
Net Income After NCUA Impairment & Premium Assessment	\$2,240,866	\$1,745,405



1967

**UMassFive Opens on UMass Campus
in the Basement of Draper Hall**

**Members – 93
Assets - \$4,652**

1984

**UMassFive becomes first credit union
in the state to offer ATM cards**

**Members – 9,974
Assets - \$19,029,269**

1997

**Field of membership extended
to Five College system students**

**Members – 17,425
Assets - \$81,029,117**

2014

**Members are able to join
and apply for loans online**

**Members – 32,000
Assets - \$384,797,664**

1973

**Field of membership extended to
other colleges in the Five College system**

**Members – 3,332
Assets - \$2,946,683**

1992

UMassFive celebrates 25th Anniversary

**Members – 13,356
Assets - \$48,477,457**

2006

**Co-op Points reward program
launches to membership**

**Members – 22,167
Assets - \$215,883,347**

2017

UMassFive celebrates 50th Anniversary

**Members – 36,268
Assets - \$453,312,728**

UMassFive's Field of Membership

**Amherst College • Hampshire College • Mount Holyoke College
Smith College • University of Massachusetts**

& over 45 other SEG and sponsor groups • visit umassfive.coop for more

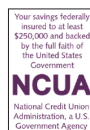


Photo featured on cover: Our new Northampton branch