

Chicago Post Office Employees Credit Union



88th

Annual Meeting March 25, 2016



*Charles May, Board Chairman
Robert Palumbo Sr., CCUE/CCE President & CEO*

*The Legacy Event Venue, 11901 S. Loomis, Chicago, Illinois 60643
773.941.6939 • Fax: 773.941.6940*

Annual Meeting

Agenda

March 25, 2016

- I Introduction of Board/Officers*
- II Introduction of Committee Members*
 - A. Supervisory*
 - B. Credit*
 - C. Membership*
- III Reading & Approval of Minutes – 2015*
- IV Opening Remarks/Report – Chairman*
- V President's Report*
- VI Supervisory Committee Report*
- VII Credit Committee Report*
- VIII Membership Committee Report*
- IX Election*
- X New Business*
- XI Adjournment*

Table of Contents

	<i>Page</i>
<i>Board of Directors</i>	<i>1</i>
<i>Committee Members</i>	<i>1</i>
<i>Staff Members</i>	<i>2</i>
<i>Chairman's Report</i>	<i>3</i>
<i>President's Report</i>	<i>4</i>
<i>Supervisory Committee Report</i>	<i>5</i>
<i>Credit Committee Report</i>	<i>6</i>
<i>Membership Committee Report</i>	<i>7</i>
<i>Financial Information</i>	<i>8-9</i>
<i>Branch Listings</i>	<i>10</i>

Board of Directors

Charles E. May, Chairman
Barbara J. Singleton, Vice Chairman
Carol L. Cook, Secretary
Ervin Gardner, Treasurer
Samuel Anderson, Board Member
LaNeda R. Pitts, Board Member
Eddie T. Todd, Board Member

Committee Members

Supervisory Committee

Keith Satterfield, Chairman
LaNeda R. Pitts, Committee Member
Beverly Williams, Committee Member

Credit Committee

Abraham Lloyd, Chairman
Lillielette Franklin, Committee Member
Eddie T. Todd, Committee Member

Membership Committee

Yvonne Dotson, Chairman
Kenneth Allen, Committee Member
Eva Culbertson, Committee Member

President & CEO

Robert M. Palumbo SR., CCUE/CCE

Managers

Nicole Jennings, Vice President, Operations

Eric G. Gibbs, Consumer Loan Manager

Deborah D. Walker-Fears, Finance Manager

Staff (. . . in alphabetical order)

Elaine F. Anderson, Teller

Sakeena Courtney, Member Services Representative

LaBrenda Dillard, Asset Recovery Associate

Ashley Evans, Receptionist/ Member Services

Sedora M. Hawthorne, Teller

Tarkus H. Huguley, Consumer Loan Officer

Darnell Magny, Finance Associate

Shaina Offord, Executive Assistant

Chairman's Report

Welcome to the Chicago Post Office Employees Credit Union's 88th Annual Meeting. I am proud to report that the Chicago Post Office Employees Credit Union is in good hands and we are moving forward. As many of you are aware, we had a very challenging Annual Meeting in 2015. We had several personnel issues brought up at the meeting that distracted from the normal course of business.

During the past year many changes have been made to improve the performance and morale of the Chicago Post Office Employees Credit Union. The board elected a new chairman and hired a new President/CEO. I would like to thank both Samuel Anderson and Edward T. Van Daniker Sr. for their overall contribution to the success of the Chicago Post Office Employees Credit Union.

Our main goal continues to be to increase membership in the Credit Union by attracting new members by offering an array of financial services that cater to the next generation of members to help them reach their financial goals. The Board and Management Team hope that the Chicago Post Office Employees Credit Union will continue to be your financial institution of choice. Additionally, we will continue to do our best to remain worthy of your trust. Thank you for your loyalty and continued membership.

Charles E. May

Chairman, Board of Directors

President/CEO's Report

My warmest greetings to all Members. I began my Credit Union career over 35 years ago and have experienced over and over again the true spirit of the Credit Union purpose of "People Helping People" which is so prevalent in this Credit Union. It is with great pleasure and excitement to become part of such a storied organization with a very strong service-oriented tradition, which began its roots back in 1928.

This past year, 2015, has been a year of many challenges both at the Credit Union and member level. The interest rate environment remained low relative to investment earnings while higher than normal loan losses continued as the economic environment posed challenges for many members as they faced financial adversity.

Total savings at the end of 2015 amounted to \$13,603,684, a slight decline of .33% from year-end 2014. Loan balances ended 2015 at \$9,767,362, down almost 7% from a year ago. The Quick Cash product has been very popular with members as over 4,000 advances were made for \$2.7 million.

The Credit Union experienced a net loss of \$80,885 for 2015. Gross revenue for the year was down \$76,823 from last year while operating costs were \$67,126 over last year. Loan loss expense of \$384,105 contributed the greatest challenge to net revenue as this amount exceeded last year's loan loss expense by \$106,406. Although a net loss was experienced, the Capital position remained very strong at 24.48% of total assets. This ratio is one of the highest among credit unions in Illinois and serves as a key strength of the Credit Union.

A new service for the membership—Shared Branching—was added in 2015. Shared Branching allows members to make deposits, savings withdrawals, loan payments and other transactions at over 100 affiliated credit union branch offices in Illinois and over 5,200 nationwide. There are twenty four shared branches within 15 miles of our Western Avenue office and five within 5 miles. Members completed over 700 transactions at shared-branch facilities in 2015.

The Credit Union's Board of Directors and Committees are comprised entirely of volunteers who dedicate their time, energy and talents in helping the Credit Union achieve continued success. I would like to take this opportunity to commend the Board, Committees and the entire Staff for their dedication, support and service to the Credit Union and its Membership.

I appreciate the opportunity to continue the quality traditions of Chicago Post Office Employees Credit Union and participate in its continued success.

Robert M. Palumbo Sr., CCUE/CCE

President/CEO

Supervisory Committee Report

The CPOECU Supervisory Committee is the watchdog for the organization. Meaning we provide oversight for the Board of Directors, management, staff, the credit committee, membership committee and auditors.

This past year has been a challenge for us. We've received a new President and had a few staff changes. Also we've seen the implementation of new information security practices and are considering making adjustments to the year-end date for our audits as well as considering the option of selecting a new auditing firm. These changes may be implemented to give members' accounts a more secure environment and allow our auditors plenty of time to prepare and finish our audits.

In addition, we have conducted audits on insider accounts, shares transaction fees, and provided oversight on state required training and have provided results to the Board of Directors.

The Supervisory Committee is committed to ensure that the internal controls related to the credit union's financial stability are effective in order to maintain or increase our camel rating. We have a long history of proudly serving our members and currently we are ranked fourth (4th) in Illinois among the earliest chartered credit unions that are still in business.

We consider it an honor and a privilege to serve the members of the CPOECU.

Keith Satterfield, Chairman

LaNeda Pitts, Committee Member

Beverly Williams, Committee Member

Credit Committee Report

The Credit Committee consists of three Members of the Credit Union who are appointed annually by the Board of Directors and meets twice per month and/or more often if necessary. The Committee is responsible for the Credit Union's lending process and prides itself on ensuring that the lending products and processes are fair and equitable to all members. The Credit Union's By-Laws state that "the Credit Union shall create a source of credit to its members... in order to improve their economic and social conditions". The Committee is pleased to report that the membership has embraced the Credit Union's lending products as all product categories had solid activity throughout the year.

For the year ended December 31, 2015, the Credit Union lending highlights are as follows;

- *Total Number of all Loans = 1,594, Total outstanding balance = \$9,775,367*
- *Total Number of Vehicle loans = 258, Total outstanding balance = \$3,674,992*
> Number of Vehicle loans disbursed in 2015 = 71, Amount = \$1,613,752
- *Total Number of Unsecured Loans = 1,151, Total outstanding balance = \$5,414,815*
> Number of Unsecured loans disbursed in 2015 = 729, Amount = \$2,775,320
- *Total Number of Quick Cash Advances = 4,192, Total Amount of Advances = \$2,716,080*
- *Total Credit Card Accounts = 260, Total outstanding balance = \$571,926*
> Number of transactions = 6,848, Total amount of transactions = \$435,182

The economic environment in 2015, once again, continued to pose challenges for many members as they faced considerable financial hardships. Loan losses continued to remain high as net losses in 2015 from loans totaled \$434,791, up a little over \$200k from last year. Total Delinquent loans though reflected a very positive decline from last year, declining to .84% from 2.22%. We encourage members facing financial distress to contact the Credit Union's free Debt Counseling service-provider – GreenPath Debt Solutions. Green Path is a non-profit, credit counseling organization that has been helping credit union members with free debt counseling that is personal and tailored to their unique situation of debt since 1961.

The Credit Committee and Credit Union Team's highest priority is to continue to provide exceptional value and service which includes lending products to meet the needs of the membership. We encourage all members to look to the Credit Union first when it comes to borrowing needs. We thank you for your trust and confidence in the Chicago Post Office Employees Credit Union and wish you a very positive 2016.

*Abraham Lloyd, Chairman
Lillielette Franklin, Committee Member
Eddie T. Todd, Committee Member*

Membership Committee Report

The Membership Committee of the Chicago Post Office Employees Credit Union meets the second Tuesday of every month. Our mission is to encourage membership in the Chicago Post Office Employees Credit Union. We create new and innovative ideas to attract new members and to retain old members. We encourage all present members to help recruit eligible Postal employees and their families.

The membership committee is very appreciative of the many opportunities that we were given to have membership drives at the many social events. These events are initiated by our different occupational groups of Postal workers and we would like to thank you all, because without "you", there would be no "us". Just to show a small token of our appreciation we've had a members Day of Appreciation. We hope that some of you got an opportunity to stop by either of the facilities to enjoy some of the refreshments.

We are very proud of our growing membership. Our current membership count is 4,681, and we look forward to pursuing our future goals of recruitment in 2016. With your help we will continue to grow and bring excellent service to our membership and their families, as we have for over 88 years.

Yvonne Dotson, Chairman

Eva Culbertson, Committee Member

Kenneth Allen, Committee Member

CHICAGO POST OFFICE EMPLOYEES CREDIT UNION

BALANCE SHEET COMPARISON

ASSETS	2015	2014	Dollar Variance	Percent Variance
Cash on Hand and in Banks	\$2,969,971	\$906,289	\$2,063,682	227.71%
Loans to Members	9,767,362	10,494,804	(727,442)	(6.93%)
LESS: Allowance for Loan Loss	(515,135)	(565,819)	50,684	(8.96%)
Investments	5,803,881	7,353,842	(1,549,962)	(21.08%)
Building and Land - Net	170,489	193,439	(22,949)	(11.86%)
Furniture and Fixtures - Net	1,237	1,854	(617)	(33.29%)
Computer and Technology - Net	25,872	62,168	(36,296)	(58.38%)
Income Receivable	14,636	17,817	(3,181)	(17.85%)
Other Assets	226,179	200,701	25,478	12.69%
Total Assets	\$18,464,492	\$18,665,095	(\$200,603)	(1.07%)
LIABILITIES AND MEMBERS EQUITY				
Members Savings	\$13,603,684	\$13,648,215	(\$44,531)	(0.33%)
Accounts Payable & Other Liab.	201,431.62	279,067	(77,636)	(27.82%)
Accrued Expenses	72,177	87,592	(15,414)	(17.60%)
Unclaimed Property	66,854	48,991	17,863	36.46%
Reserves	751,706	751,706	0	0.00%
Undivided Earnings	3,768,639	3,849,524	(80,885)	(2.10%)
Total Liabilities and Equity	\$18,464,492	\$18,665,095	(\$200,603)	(1.07%)
Loans to Members				
New Vehicle	\$1,877,521	\$2,018,473	(\$140,953)	(6.98%)
Used Vehicle	1,797,471	2,163,750	(366,279)	(16.93%)
Quick Cash	88,741	40,780	47,960	117.61%
Unsecured Loans	4,997,972	5,197,983	(200,011)	(3.85%)
Short Term - Holiday Vacation	243,571	207,993	35,578	17.11%
Student Loans	84,531	68,208	16,324	23.93%
Savings and Certificate Secured	105,630	153,300	(47,670)	(31.10%)
Visa Credit Cards	571,926	644,317	(72,391)	(11.24%)
Total Loans	\$9,767,362	\$10,494,804	(\$727,442)	(6.93%)
Members Savings				
Regular Savings	\$7,569,649	\$7,223,887	\$345,762	4.79%
Consumer Savings Secured Loans	195,859	233,112	(37,253)	(15.98%)
Checking	1,930,119	1,860,913	69,206	3.72%
Money Market	1,207,768	1,590,626	(382,858)	(24.07%)
Christmas Club	57,069	49,356	7,713	15.63%
Vacation Club	148,231	141,742	6,489	4.58%
Youth & My Future	89,705	51,857	37,848	72.98%
Share Savings Certificates	2,405,284	2,496,723	(91,439)	(3.66%)
Total Savings	\$13,603,684	\$13,648,215	(\$44,532)	(0.33%)

CHICAGO POST OFFICE EMPLOYEES CREDIT UNION

Statement of Income and Expense

INCOME	2015	2014	Dollar Variance	Percent Variance
Interest on Loans	1,142,001	1,124,713	17,288	1.54%
Interest on Investments	44,200	40,913	3,287	8.03%
Non-Interest Income				
Fee Income on Loans	243,460	303,348	(59,889)	(19.74%)
Fee Income on Savings	256,573	267,536	(10,964)	(4.10%)
Fee Income on ATMs	181,550	208,946	(27,397)	(13.11%)
Other Misc. Income	96,542	95,691	851	0.89%
Total Non-Interest Income	778,124	875,522	(97,398)	(11.12%)
Total Income	1,964,326	2,041,149	(76,823)	(3.76%)
EXPENSES				
Compensation and Benefits	523,535	510,302	13,234	2.59%
Travel and Conference	19,841	40,668	(20,828)	(51.21%)
Office Occupancy	258,349	252,558	5,791	2.29%
Office Operations	475,402	380,774	94,629	24.85%
Education and Promotional	8,875	15,826	(6,951)	(43.92%)
Loan Servicing	68,370	49,258	19,112	38.80%
Professional and Outside Services	116,262	61,956	54,306	87.65%
Professional Dues and Fees	10,142	11,261	(1,119)	(9.94%)
Staff and Board	10,317	13,307	(2,990)	(22.47%)
Insurance and Bond	92,842	139,897	(47,055)	(33.64%)
Misc. Expenses	20,380	61,384	(41,003)	(66.80%)
Total Operating Expenses	1,604,316	1,537,191	67,126	4.37%
Income (Loss) from Operations	360,009	503,958	(143,949)	(28.56%)
Provision for Loan Loss	384,105	277,699	106,406	38.32%
Income (Loss) after PLL	(24,096)	226,259	(250,355)	(110.65%)
Cost of Funds				
Dividends	56,789	62,905	(6,116)	(9.72%)
Interest on Borrowed Funds	0	134	(134)	0.00%
Total Cost of Funds	56,789	63,039	(6,250)	(9.91%)
Net Gain or (Loss)	(80,885)	163,220	(244,105)	(149.56%)

Branch Listings

Main Branch: 10025 S. Western Avenue
Chicago, IL 60643-1925
773.881.2500
Fax: 773.238.3592

Downtown Branch: 433 W. Harrison St., 2nd Floor
Chicago, IL 60699-3916
312.431.8945-47
Fax: 312.566.0334

BUSINESS HOURS

Southside Branch (Main)

Mon. & Tues., 8:30 a.m. – 5:00 p.m.
Wednesday ~ CLOSED
Thurs. & Fri., 9:00 a.m. – 6:00 p.m.
Saturday & Sunday ~ CLOSED

Downtown Branch

Mon. & Tues., 8:30 a.m. – 5:00 p.m.
Wednesday ~ CLOSED
Thurs. & Fri., 9:00 a.m. – 6:00 p.m.
Saturday & Sunday ~ CLOSED

Internet Website & Internet Banking

www.cpoecu.com

Loan applications accepted online

24-Hour Audio Response System: 773.881.4770

Toll Free: 888.9CPOECU (888.927.6328)

- *Account Balances*
- *Account Transfers*
- *Automatic Withdrawals*