

2017 Annual Member Business Meeting



Point West Credit Union

Tuesday, May 2, 2017

6:30 PM - 8:00 PM

A Message from Susan Brown, Your Point West Chairman



The old saying “the only constant in life is change” seems appropriate for Point West this past year. And what a year of change 2016 was and 2017 continues to be. Through it all, your volunteer board of directors remain committed to the credit union mission and confident in our cooperative’s path forward.

From a safety and soundness perspective, Point West is strong. Net worth as of December 2016 was 9.66%, a significant improvement over 2016. Our impact doesn’t stop there either. According to a report by the prestigious research firm ECONorthwest, Point West generated \$799,000 in direct benefits to its over 9,000 members, with a total economic contribution of \$10,728,000 to the local economy – a 9.8% increase in economic output from just two years ago. These numbers demonstrate not only the credit union’s key role in the community, but also that it’s well-positioned for its upcoming and branch and operational moves.

Point West is at an exciting crossroads. Within the next few weeks, our new branch will open and our existing branch services will migrate to our new location at 9th and Hassalo. Within the next few months, our headquarters will move to its new location at Vanport Square on NE MLK Jr. Blvd. While these moves will bring change, they also bring significant opportunity for better service, improved access, and prosperous growth. Your board of directors is excited for the coming change, and look forward to working with you and the Point West staff to create the best credit union possible in 2017 and beyond.

As the credit union ventures further into its mission of financial wellness for its community, ensuring a robust pipeline of diverse, engaged and passionate volunteers is essential. In the past year, we’ve continued to attract wonderful, dedicated volunteers for both our board of directors and our supervisory committee. It’s a testament to the work of Point West, and a reflection of the important work being done with our members and our community at-large. Going forward, we’re committed to bringing new perspectives to the table that reflect the populations we serve. That’s where you come in – only together can we continue to make Point West the unique and vibrant cooperative we want. I encourage our members to seek out myself and my fellow volunteers regarding service on our board or supervisory committee. We welcome your feedback and participation!

As a cooperative, it’s the efforts of all involved, from members, to staff, to volunteers, that make all of this possible. I would like to thank my fellow directors and members of the supervisory committee for the continued dedication, insight and talents to keep Point West not only safe and sound, but responsive to the needs and desires of all of our members. A huge thank you as well to the Point West staff for their passion, expertise, and belief that through equity, inclusion and financial empowerment, we can make a better community together.

Like you, I am but one member, one vote here at Point West.

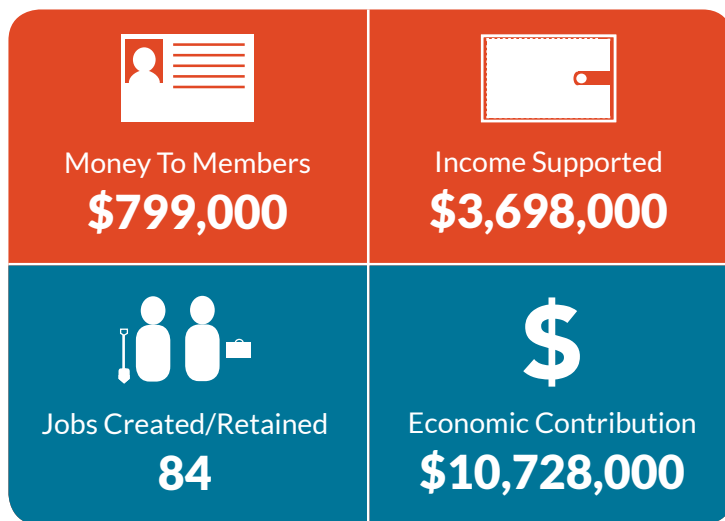
That democratic spirit, our not-for-profit structure, and our belief in working as one for the betterment of our members and community, is what continues to feed my heart and my belief in this organization. To all of our members, thank you for your continued support and participation in your cooperative. Together, we can and will continue to be a point of opportunity for all in our community.

On behalf of your board and Point West, we look forward to continuing to walk toward a bright, productive and impactful future with you all.

Sincerely,

Susan Brown, Chairman of the Board

2016 Point West Economic Impacts



Data compiled by ECONorthwest

ECONorthwest delivered an independent analysis that analyzed the gross economic impacts of credit unions in Oregon and Washington. The study measured jobs, economic output, and income supported by not-for-profit, member-driven cooperative credit unions in the regional economy. It also measured the direct benefits that not-for-profit credit unions are uniquely positioned to return to their members.

The key difference between credit unions like Point West and other financial services providers is the not-for-profit, cooperative structure. Credit unions are owned and driven by the members who use their services. Unlike profit-driven financial institutions which pay stockholders, credit unions return benefits back to their members, in the form of better interest rates, lower fees, and other services that hard-working Americans need.

Based on survey data provided by credit unions and other sources, ECONorthwest calculated the gross economic impacts throughout the states of Oregon and Washington for in 2016. These numbers specifically highlight the impact of Point West and its members.

A Message from Amy Nelson, Your President & CEO



Point West is a credit union on the move – literally. This past year we've made significant strides in terms of growth and impact, and very soon, we'll have not one, but two new homes. It's an exciting time to be part of our cooperative!

From a financial perspective, things are at an all-time high for Point West. Net income for 2016 was over \$2.6 million, with the credit union's net worth increasing from 7.45% in December 2015 to 9.66% in December 2016, a 29.6% improvement year-over-year. Thanks to the prudent sale of Point West's 12th Ave location in February of 2016, your cooperative is as strong as it has ever been. Not to be outdone though, the credit union has been a productive source of revenue this past year. Total loans grew a staggering 26% in 2016, increasing from \$65 million to \$80 million. Those increases led to a 10% growth in loan interest income and an 8% increase in income overall.

This loan growth was not achieved by luck, but through significant efforts by staff to create efficiencies and improve service, as well as outreach and growth to underserved markets in our community. Not only is Point West serving a greater part of its community now more than ever, including non-citizens, minority populations and small businesses, but it's doing so in a safe and effective way. As of December 2016, the credit union's delinquency ratio was just 0.28%, with a net charge-off ratio of only 0.32% - ratios not only well within our established projections, but each a testament to the loyalty of our members and the ability of our staff to provide ongoing, tangible financial wellness to those we serve.

The importance and opportunity of our upcoming operational moves cannot be overstated. While change is a challenge, we are committed to improving service, increasing access and building capacity for our members. Our new retail branch at NE 9th and Hassalo will be our flagship location, a place where our members can connect with our services, engage with our team and gain access to our broad network of community partners and resources. From our new administrative location at Vanport Square, we'll be a solid foundation and communication hub to enhance our remote services, innovate on infrastructure and technology, and create a forward-looking strategy to increase market share and impact for our community.

This past year has truly been about community. First and foremost, that's you – our engaged and supportive Point West members and member volunteers. But it's also a story about community partners and community engagement. As a certified Community Development Financial Institution (CDFI) committed to financial empowering our entire community - including non-citizens, minority populations and the un/underbanked – working with organizations throughout our

field of membership to support and enrich the lives of our members and their communities is at the heart of what we do. We've continued to strengthen partnerships with some of our partners, including Innovative Changes, Metropolitan Family Service, Financial Beginnings, Hacienda CDC, PSU Business Outreach Program and Centro Cultural de Washington County.

We've also welcomed new mission-aligned partners to the table, like Adalante Mujeres, El Programa Hispano and Catholic Charities of OR. In August of 2016, we received our Juntos Avanzamos (Together We Advance) designation from the National Federation of Community Development Credit Unions in recognition of our service to the Hispanic community. And just this past January, we proudly signed a partnership with the Mexican Consulate of Portland to provide financial education, inclusion and empowerment support for their clients in our community. That's just the tip of the iceberg, and while the challenge is great, the opportunity is clear – only working together will we create the type of change and improvement our community at large deserves.

While I am proud of these efforts, I'm equally proud of what we stand for. This past November, Point West released its Declaration of Beliefs. These tenants speak to our inclusive approach at Point West, where regardless of citizenship, color, gender or socioeconomic status, you belong. We're here to be a true Point of Opportunity for everyone in our community, lift up the underserved, and encourage everyone to bank their beliefs. The response from our members, elected leaders and community has been incredibly positive. Thank you for helping create and sustain an organization that leads with its belief in creating a more equitable and empowered community.

Through this all – our upcoming moves, our mission to serve members, our work in the community – your feedback remains crucial to our success. This summer, we'll release our annual member survey to ask for your input, and later this year, we'll be holding another round of member listening sessions to gain valuable insight from you directly. As always, our member service team is available to you to share your questions and concerns with as well, so don't hesitate to reach out. We believe we've created a path forward that will lead to greater success and impact, but your support and communication will be key as we look to the end of 2017 and beyond.

On behalf of Point West Credit Union and its staff, thank you for your participation and for creating a credit union cooperative dedicated to financial impact and worthy of your membership.

Cooperatively,

Amy Nelson, President & CEO



Federally insured by NCUA

2017 PWCU Statement of Financial Condition

	2015	2016
CAPITAL/TOTAL ASSETS (Net Worth)	7.34%	9.48%
ASSETS		
Cash & Cash Equivalents	8,564,690	4,240,551
Interest-Bearing Deposits	9,139,741	10,191,684
Investment Securities Available for Sale, At Fair Value	4,121,326	1,644,013
Restricted Equity Securities	355,929	339,229
Loans Receivable, Net	65,359,923	80,077,819
Accrued Interest Receivable	165,686	186,480
NCUSIF Deposit	852,810	851,438
Property & Equipment, Net	3,315,812	469,577
Other Assets	841,530	884,104
TOTAL ASSETS	92,717,447	98,884,895
LIABILITIES & MEMBER EQUITY		
LIABILITIES		
Members' Share & Savings Accounts	85,078,615	88,462,469
Borrowed Funds	250,000	250,000
Accrued Expenses & Other Liabilities	788,704	894,047
MEMBERS' EQUITY		
Regular Reserves	5,104,555	5,104,555
Undivided Earnings	1,459,991	4,094,267
Accumulated Other Comprehensive Income (Loss)	35,582	79,557
TOTAL LIABILITIES & MEMBER EQUITY	92,717,447	98,884,895
INTEREST INCOME		
Interest on Loans Receivable	3,029,455	3,317,739
Interest on Investments & Interest-Bearing Deposits	233,494	261,649
Total Interest Expense (Loss)	244,216	207,368
Recapture of Provision for Loan Losses	10,948	8,382
NET INTEREST INCOME	3,029,681	3,363,638
NON-INTEREST INCOME		
Service Charges & Fees	1,054,142	1,074,529
Gain on Sale of Other Real Estate Owned	117,131	-
(Loss) Gain on Sale of Property & Equipment	18,275	2,240,525
Gain on Sale of Securities Available for Sale	-	-
Other Non-Interest Income	117,097	134,162
NET INTEREST INCOME	1,270,095	3,449,216
NON-INTEREST EXPENSES		
Compensation & Benefits	1,689,546	1,738,365
Office Operations	1,111,481	1,189,332
Professional Services	322,730	405,588
Office Occupancy	242,617	199,721
Impairment of Insurance Premiums Receivable	114,899	1,066
Loan Servicing Expenses	130,976	180,846
Promotional	103,578	144,975
Other Non-Interest Expense	324,939	280,918
TOTAL NON-INTEREST EXPENSES	4,040,766	4,178,578
NET INCOME (LOSS)	259,010	2,634,276

March 2017

9.68%

Supervisory Committee Report

The Point West Credit Union Supervisory Committee meets on a quarterly (and as needed) basis with the internal auditor to lead the internal audit program. In addition, members of the Supervisory Committee also attend the monthly board meetings. The internal audit program helps the Board of Directors effectively oversee and update controls, policies, and procedures. In 2016, the internal audit findings were minimal and resolved in a timely manner.

Each year, the Supervisory Committee contracts with a third-party accounting firm to conduct a thorough financial statement audit of the credit union. This past year, the committee worked with Moss Adams, LLP, which stated in their independent audit report that the results of Point West Credit Union's operations and its cash flows for 2016 were in conformity with generally accepted accounting principles.

We would like to thank the Board of Directors for giving us the opportunity to serve our membership in this capacity. We would also like to thank Darlene Amacher-Conner, Point West's internal auditor, for her assistance, and the staff of Point West Credit Union for their efforts to provide safe and sound financial empowerment to the membership.

Bryan Baisinger, Supervisory Committee Chair



503.546.5000 pointwestcu.com

The accompanying December 31, 2016 condensed financial statements have been derived from financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Audited statements will be available upon request by contacting the credit union at 503.546.5000. Federally insured by NCUA.

Point West by the Numbers

2016 Impact Report



New Non-Citizen Members

346



Non-Citizen Loans Provided

\$7.5 million



Fresh Start Accounts Opened

62



Staff Hours Volunteered
(Financial Beginnings, CU4Kids, Centro Cultural, OFB, etc.)

1,627 hours



Staff Charitable Contributions

\$17,880.00

Faces of Point West



Cheranda C.

Member since 2012

“

I have been sober today 951 days. I am rebuilding my life and my credit. Point West gave me an opportunity to work with them to put myself in a better financial situation. I am so grateful. I look forward to working with Point West.

”

“

Las personas que trabajan aqui son muy amables, solucionan nuestras preguntas y situaciones rapido y facil, hablan espanol y siempre estan dispuestos a ayudar a sus clientes.

”



Francy B.

Member since 2015

“

When I first walked into PW to try and get an account, the front desk was very friendly and offered me coffee and it seemed different than other banks. The team member that helped me was very friendly and didn't just jump right into the account opening like others would. That's where the "just like home" feeling came from.

”



Clint A.

Member since 2015

Find more great member stories at www.pointwestcu.com.