June 21, 2018

Dear Members,

We performed an opinion audit engagement of Co-op Credit Union’s statement of financial condition as of March 31, 2018, and the related statements of income, changes in members’ equity, and cash flows for the year ended March 31, 2018, and the related notes to the financial statements. The audit report dated June 21, 2018 was presented to the Board of Directors. Findings noted as a result of the audit performed were described in a separate communication to the Board of Directors.

As part of the audit, we performed a member account verification utilizing statistical sampling. We are not aware of any errors in reported share and loan balances as a result of our testing.

We thank you for taking the time to review your Credit Union statements and for responding to us when applicable.

This communication is restricted to the use of the Board of Directors.

Sincerely,

Tanya Medgaarden, CPA
Principal
The 80th Annual Meeting of Co-op Credit Union (CCU) was held on March 15, 2018. There were 370 members and guests in attendance.

Secretary, David Overlien, certified that a quorum was present. Members of the Board of Directors, Officers, and Legal Advisor were introduced.

Minutes of the 79th Annual Meeting were approved as printed.

Two seats on the Board of Directors were up for election. Two candidates were placed into nomination by the nominating committee – Chuck Torgerson (incumbent) and Sarah Lebakken (incumbent). Chuck Torgerson (incumbent) and Sarah Lebakken (incumbent) were re-elected to serve three-year terms.

Chairman, Tim Torkelson, thanked all for attending the meeting. Tim covered a few highlights from the Wisconsin Credit Union League scorecard, including what sets credit unions, like CCU, apart from other financial institutions. The core of that difference is being a member-owned and democratically controlled cooperative. The role of the Directors is to ensure the ongoing positive direction and growth of the credit union. Tim thanked all the Directors for their continued dedication to serve. Reports were also given for our involvement in our communities.

Vice President Accounting, Megan Ellingson, reported the addition of 1,590 new members – 878 at Black River Falls, 139 at Fall Creek, 170 at Galesville, 200 at Onalaska, 71 at Melrose, and 132 at Strum. The credit union has also grown from $977 at year-end 1938 to $320 million at year-end 2017. We grew $15.7 million in total assets, $14.5 million in loans, and $6.9 million in shares, in 2017. We were able to return $2.2 million back to our members in the form of monthly and quarterly dividends and end 2017 with net income of $1.7 million. Megan also highlighted the restructure of our other assets and investments, along with the enhancements to our certificates.

The Statement of Financial Condition and Statement of Income were approved as printed.

President/CEO, Eric Chrisinger, acknowledged and thanked the employees, Board of Directors, and Advisory Board for their dedication, along with the membership for attending and for their continued support. Eric shared that we recently completed our Member Satisfaction Survey and thanked all for the participation. With living our mission “Serving our members, where they are, through all stages of life,” we are here no matter where life takes you. We are committed to financial literacy and educational programs and services. Eric informed those in attendance that CCU has a certified financial counselor on staff. We are also a partner in our schools, including our student-run in-school branch, Tiger Credit Union, reality events, and a financial challenge bowl. Eric thanked our members for their business.

Linda Hale, with the Wisconsin Credit Union League, presented the Desjardins Award, which CCU received in October 2017. This is a statewide award for providing financial education to youth. CCU was one of four Wisconsin credit unions honored.

Executive Vice President Lending, Tim Tranberg, gave the Report of Loan Officers. Tim reported that in 2017, we granted 191 loans under $1,000, which allowed us to help our members in a time of need. Credit unions are a key partner to entrepreneurs. Our partnerships with farms and businesses is wide-ranging. In 2017, we also worked on several new initiatives designed to put members first, with one of those programs allowing us to grant more members vehicle loans. We also introduced changes to our Debt Protection program that bring added benefits to the member. He thanked the membership for their continued trust in choosing CCU for their lending needs.

The Director’s Report of Audits and Examinations was presented by Secretary David Overlien. He reported that CliftonLarsonAllen LLP, certified public accountants, performed an Opinion Audit for CCU in 2017, based on the March 31, 2017 balance sheet. We will be engaging CliftonLarsonAllen LLP to perform an Opinion Audit based on the March 31, 2018 financials. The National Credit Union Administration examined the credit union in May 2016, as of the March 31, 2016 balance sheet. The state Office of Credit Unions, a division of the Wisconsin Department of Financial Institutions, also performed an examination of our December 31, 2016 balance sheet in February 2017.

There was no old business or new business to be brought before the meeting.

David Overlien, Secretary
Two candidates have been nominated to run for the two seats up for re-election on the Co-op Credit Union Board of Directors. Each is a three-year term.

David Olson of rural Black River Falls, an incumbent, has served on the Co-op Credit Union Board of Directors since October 2015. David has owned and operated a dairy farm in Black River Falls since 1984. He graduated from Black River Falls High School in 1976 and received his B.S. Agronomy from UW-River Falls in 1981. David also has work experience abroad through the University of Minnesota in 1981, where he lived and worked on a Danish dairy farm. David was a Jackson County Farm Bureau Board Member from 1986-2014, including past president of the board. He received the Outstanding Young Farmer & Rancher Award for the State of Wisconsin in 1988. David is a member of the United Methodist Church in Black River Falls and has been a past member of the Staff Parish Relations Committee, and past member and Chairman of the Board of Trustees. He’s been a past delegate and County Chairman for Accelerated Genetics and is a member of the Black River Falls Lions Club.

Tim Byom of Ettrick, an incumbent, has served on the Co-op Credit Union Board of Directors since July 2018. Tim is a dairy farmer who completed Western Technical College’s Farm and Business Management Program and attended UW-River Falls. He currently serves on the credit union’s Credit Committee and served on CCU’s Advisory Board for three years before being appointed to the Board of Directors. Tim has served on boards at local and regional levels and currently serves as board president for a local farm supply cooperative. He has been active in several community organizations, including the Trempealeau County Fair Board and Farm Bureau. He is a lifelong member of Hardies Creek Lutheran Church, where he has held a variety of leadership positions. In addition, he serves on the World Hunger Committee for the La Crosse Area Synod of the Evangelical Lutheran Church of America. Tim believes CCU is an important partner in the community and feels it is important to give back to area communities to keep them growing and strong.

Jeff, Member Business Lending Manager
13 Years of Service
“I really am impressed by how many people CCU has helped over the years. It is a feeling of accomplishment when we can say that we have helped members fulfill their dreams as well as help them out of tough situations. I truly believe your fellow employees at CCU are like family. We have always been there for each other and collectively make a good team.”

Hunter, Accounting Clerk-ACH Coordinator
3 Years of Service
“What I love most about working here is how family-oriented we are. My co-workers are my second family, and I can count on them for anything. Another great reason is how community-oriented CCU is, which is very important to me. We have the opportunity to give back to the community as much as possible.”
STATEMENT OF FINANCIAL CONDITION

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>12/31/18</th>
<th>12/31/17</th>
<th>12/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand</td>
<td>$ 8,123,839</td>
<td>$ 6,145,535</td>
<td>$ 3,401,212</td>
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<tr>
<td>Investments</td>
<td>7,123,859</td>
<td>5,352,446</td>
<td>19,710,998</td>
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<tr>
<td>Loans:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>$ 63,354,559</td>
<td>$ 58,185,070</td>
<td>$ 52,080,222</td>
</tr>
<tr>
<td>Real Estate</td>
<td>200,426,026</td>
<td>193,180,819</td>
<td>185,910,671</td>
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<tr>
<td>Farm</td>
<td>10,706,445</td>
<td>11,657,604</td>
<td>11,020,736</td>
</tr>
<tr>
<td>Business</td>
<td>26,464,702</td>
<td>24,938,823</td>
<td>24,426,553</td>
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<tr>
<td>Total Loans</td>
<td>$ 300,951,732</td>
<td>$ 287,962,316</td>
<td>$ 273,438,182</td>
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<tr>
<td>Reserve for Loan Loss</td>
<td>(2,598,302)</td>
<td>(2,355,456)</td>
<td>(2,215,688)</td>
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<tr>
<td>Furn, Fixtures &amp; Equip Less Depreciation</td>
<td>1,306,429</td>
<td>1,532,849</td>
<td>1,117,590</td>
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<tr>
<td>Land &amp; Buildings Less Depreciation</td>
<td>7,224,799</td>
<td>7,323,346</td>
<td>7,442,239</td>
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<tr>
<td>Other Assets</td>
<td>15,791,509</td>
<td>14,941,719</td>
<td>2,305,276</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 337,923,865</td>
<td>$ 320,902,755</td>
<td>$ 305,199,809</td>
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</tbody>
</table>

LIABILITIES & RESERVES

<table>
<thead>
<tr>
<th></th>
<th>12/31/18</th>
<th>12/31/17</th>
<th>12/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Deposits</td>
<td>$ 287,523,065</td>
<td>$ 272,833,707</td>
<td>$ 265,941,442</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>8,482,635</td>
<td>8,300,174</td>
<td>1,202,064</td>
</tr>
<tr>
<td>Reserves</td>
<td>41,918,165</td>
<td>39,768,874</td>
<td>38,056,303</td>
</tr>
<tr>
<td>Total Liabilities &amp; Reserves</td>
<td>$ 337,923,865</td>
<td>$ 320,902,755</td>
<td>$ 305,199,809</td>
</tr>
</tbody>
</table>

STATEMENT OF INCOME

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED</th>
<th>YEAR ENDED</th>
<th>YEAR ENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12/31/18</td>
<td>12/31/17</td>
<td>12/31/16</td>
</tr>
<tr>
<td>Loan Interest Income</td>
<td>$ 12,402,067</td>
<td>$ 11,419,439</td>
<td>$ 10,806,256</td>
</tr>
<tr>
<td>Investment Income</td>
<td>106,371</td>
<td>69,483</td>
<td>565,102</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>3,031,232</td>
<td>2,179,120</td>
<td>1,507,136</td>
</tr>
<tr>
<td>GROSS INCOME</td>
<td>$ 15,539,670</td>
<td>$ 13,668,042</td>
<td>$ 12,878,494</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>$ 10,833,698</td>
<td>$ 9,714,438</td>
<td>$ 8,846,204</td>
</tr>
<tr>
<td>Share Insurance Expense</td>
<td>_______</td>
<td>_______</td>
<td>_______</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$ 10,833,698</td>
<td>$ 9,714,438</td>
<td>$ 8,846,204</td>
</tr>
<tr>
<td>INCOME from OPERATIONS</td>
<td>$ 4,705,972</td>
<td>$ 3,953,604</td>
<td>$ 4,032,290</td>
</tr>
<tr>
<td>Non-Operating Gains (Losses)</td>
<td>53,322</td>
<td>(25,011)</td>
<td>38,001</td>
</tr>
<tr>
<td>INCOME before DIVIDENDS</td>
<td>4,759,294</td>
<td>3,928,593</td>
<td>4,070,291</td>
</tr>
<tr>
<td>Dividends Paid to Members</td>
<td>2,610,003</td>
<td>2,216,022</td>
<td>2,085,997</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>$ 2,149,291</td>
<td>$ 1,712,571</td>
<td>$ 1,984,294</td>
</tr>
</tbody>
</table>
**CREDIT UNION SERVICES**

**Loans**
- Vehicle
- Watercraft, Camper & RV
- Cycle, Snowmobile, ATV
- Kwik Cash Line of Credit
- Signature
- Home Equity Line of Credit
- 1st Mortgage
- 2nd Mortgage
- MasterCard
- Agriculture and Business
- Share-Secured
- GAP Protection
- Debt Protection
- Mechanical Breakdown Protection
- Construction

**Shares**
- Share Savings
- Dividend Checking
- Free Checking
- Reward Checking
- Debit-Only Checking
- Super Share Savings
- GoalSetter Savings
- Money Market
- Custodial Accounts
- Individual Retirement Accounts
- Certificates
- Super Share Certificates
- Health Savings Accounts
- Youth Saver Certificates
- Christmas Club
- Tax Savings Accounts
- Funeral Trusts
- Escrow Share Savings

**Other Services**
- Direct Deposit
- Payroll Deduction
- CCU Online
- CCU Mobile
- CCU Pay
- CCU Talk
- Mobile Deposit
eStatements
- Debit-ATM Cards
- Money Orders
- Travel Money Cards
- Photocopies
- FAX
- Wire Transfers
- ACH Origination
- Notary Public
- Auto-Pay Loan Payments/Deposits/Transfers
- Website
- Gift Cards
- Safe Deposit Boxes

**OTHER STATISTICS**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Membership</td>
<td>20,246</td>
<td>19,576</td>
<td>18,873</td>
</tr>
<tr>
<td>Borrowers at December 31</td>
<td>12,575</td>
<td>11,067</td>
<td>9,116</td>
</tr>
<tr>
<td>Total Loans Granted</td>
<td>$116,137,508</td>
<td>$111,930,557</td>
<td>$93,909,934</td>
</tr>
<tr>
<td>Total Loans Since Est.</td>
<td>$1,984,597,013</td>
<td>$1,868,459,505</td>
<td>$1,756,528,948</td>
</tr>
<tr>
<td>Charge Off Loans During Year</td>
<td>$422,254</td>
<td>$248,494</td>
<td>$217,858</td>
</tr>
<tr>
<td>Charge Off Loans Since Est.</td>
<td>$5,088,724</td>
<td>$4,666,470</td>
<td>$4,417,976</td>
</tr>
<tr>
<td>Number of eStatement Users</td>
<td>5,348</td>
<td>4,635</td>
<td>4,869</td>
</tr>
<tr>
<td>Number of Active Online Services Users</td>
<td>8,612</td>
<td>7,335</td>
<td>10,687</td>
</tr>
</tbody>
</table>
OUR MISSION STATEMENT
Serving our members, where they are, through all stages of life.

OUR VISION STATEMENT
Serving people in such an extraordinary way that we are the financial institution of choice and the employer of choice in our communities.

OUR CORE VALUES
• **Commitment**- We believe in the Cooperative Principles and “people helping people.”
• **Flexibility**- We adapt as needed for change, growth, and balance.
• **Friendliness**- We are approachable, respectful, and genuine. We believe that nice matters!
• **Fairness**- We make all decisions in the best interest of the member ownership to protect their financial strength.
• **Integrity**- We do what we say we will. We are trustworthy because we are honest.
• **Consistency**- We are consistent in our service and processes from location to location. No surprises.
• **Confidentiality**- We keep all personal and business matters confidential. No exceptions.
• **Exceptional Service**- We anticipate the needs of others and exceed their expectations. We go above and beyond.
Dear Members,

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Sincerely,

Tanya Medgaarden, CPA
Principal