

THANK YOU, JOHN WAGONER



With heavy hearts, the Board of Directors has reluctantly accepted John Wagoner's decision not to run for reelection at this year's Annual Meeting. John has been a member of the Board of Directors since the Credit Union was founded in 1962.

John has served the Credit Union membership with distinction, including several terms as Board President, Secretary and Treasurer. John was the chairman of the Physical Education Division of Chabot College for more than 30 years prior to his retirement in 2012. His dedication to the Chabot community is unprecedented, and with his family, he brought three generations into the Chabot FCU fold.

John met his wife, Doska, while they were students at California State University, Chico. After attending graduate school at Stanford University, John coached basketball for three years at Shafter High School in Shafter, CA; shortly after, he spent almost two decades coaching at Chabot College. John and Doska's two adult children are carrying on their family traditions; their daughter, Sara, is an instructor and counselor at West Valley Community College, and their son, Dale, is the Dean, Health, PE and Athletics at Chabot College.

Reflecting on his years with your credit union, John had this to say in 1993: "It has been great fun! It's a good setup for people and a fine institution. The credit union encourages people to save, allows them to borrow at a low rate, and is conservatively run, which I like."

Chabot FCU membership will sorely miss his guidance and contributions!

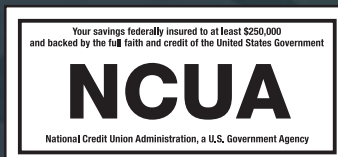


All the volunteers and employees of Chabot FCU want to thank you, the member-owners, for your support, trust and usage of our products and services as we celebrate our 55th Annual Meeting.

Office Staff

Mary Born, Operations Officer
Sara Castellanos, Member Services
Peggy Hanan, Collections Officer
Regina Liu, Member Services
Chris Petro, President & CEO
Michelle Pinch, Member Services
Madeline Rivera, Loan Officer

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CHABOT FEDERAL CREDIT UNION

55th ANNUAL REPORT

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee, in compliance with federal regulations, contracted with the Financial Standards Group, Inc. to conduct the annual audit as of June 30, 2017. This firm examined the operating procedures, systems of internal controls and specific accounting procedures used by the credit union. In addition, FSG performed the annual Bank Secrecy Act and SAFE Act audits. No major findings were presented.

The Supervisory Committee also performed various tasks as required, including monthly review of financial data, and active and closed member account verifications.

It is the opinion of the Supervisory Committee that the Chabot Federal Credit Union is in compliance with the National Credit Union Administration's requirements and the internal controls are soundly administered.

The Supervisory Committee wishes to personally thank Chris Petro and the staff for their ongoing cooperation.

Respectively submitted,
Vic Willits, Chairperson
Billy A. Smith
Sharon M. Trethan

REPORT OF THE PRESIDENT/CEO

I'm excited to be giving my first report as the new President and CEO of your credit union. I won't repeat the same information the Board and Supervisory Committee reported but will instead expand upon what we've accomplished on your behalf and what's in store for 2018.

We funded 111 loans totaling over \$5.6 million in 2017, as compared to 89 loans in 2016 totaling \$5.8M, fulfilling your credit union's primary mission as a low cost source of credit. Net Worth to Total Assets as December 31, 2017 of 14.32% compares favorably to the December 31, 2016 Net Worth ratio of 14.05% and peer credit unions at 11.53% as of September 30, 2017 (latest available data). That ratio is the primary indicator that your Shares of just over \$60 million are safe and sound.

For 55 years, we've benefitted from your continued membership and appreciate your loyalty. Thank you! We look forward to your continued, and hopefully, expanded participation. Like any other cooperative, your credit union relies upon member usage and participation to thrive. We aim to be your financial partner through all stages of your financial lifecycle. To that end, we installed an ATM in our building, now offer gift cards at a very low price and introduced an auto buying resource on our website. We need your business and referrals to remain strong and viable well into the future. As we introduce an improved website, mobile banking, deposits by phone, person to person payments, expanded mortgage products and more in 2018, my hope is to learn how else we can meet your needs and the needs of your family members. Email me, call me or stop by the office any time and let's discuss how to best approach our next 55 years!

Christine L. Petro

COMPARATIVE STATEMENT OF FINANCIAL POSITION

ASSETS	12/31/2017	12/31/2016
Cash in Bank	\$76,700	\$78,500
Net Loans	\$16,079,900	\$15,261,000
Investments (market value)	\$53,181,800	\$53,938,100
Furniture and Equipment (net of depreciation)	\$26,000	\$22,200
Other Assets	\$815,200	\$840,800
TOTAL ASSETS	\$70,179,600	\$70,140,600

LIABILITIES AND CAPITAL	12/31/2017	12/31/2016
Accounts Payable & Accrued Liabilities	\$340,300	\$278,700
Certificates	\$14,665,200	\$15,658,700
Shares	\$45,455,100	\$45,117,300
Regular Reserves	\$749,600	\$749,600
Undivided Earnings	\$8,969,400	\$8,336,300
TOTAL LIABILITIES AND CAPITAL	\$70,179,600	\$70,140,600

2017	2016
TOTAL LOANS	
\$16,146,600	\$15,394,000
TOTAL DEPOSITS	
\$60,120,300	\$60,776,000

COMPARATIVE INCOME STATEMENT

INCOME	2017	2016
Gross Income for the Year	\$1,651,700	\$1,654,400
Expenses for the Year	-\$1,131,200	-\$1,084,200
Total Dividends Paid	-\$267,100	-\$275,000
Net Income	\$253,400	\$295,200



REPORT OF THE BOARD OF DIRECTORS

The credit union's Total Assets were \$70,179,600 as of December 31, 2017, an increase of \$39,000 over December 31, 2016. Total Certificates and Shares of \$60,120,300 decreased 1.1% or \$655,700 during 2017. With 2,001 members, Total Certificates and Shares equates to a \$30,045 average Share balance as of December 31, 2017. According to the National Credit Union Administration (NCUA), the average Share balance for federally insured credit unions for credit unions in our peer group is \$9,253 (as of September 30, 2017 – latest available data).

Total Gross Loans of \$16,146,600 increased \$752,600 or 4.9% from December 31, 2016. Our 378 loans equate to an average Loan balance of \$42,716 as of December 31, 2017. NCUA reports an average Loan balance (as of September 30, 2017) of \$12,413 for credit unions in our peer group. Our Loan Delinquency Rate of .00% at December 31, 2017 was down from 0.44% at December 31, 2016 and down from 0.46% at December 31, 2015. At September 30, 2017, NCUA reported our Peer Group Loan Delinquency Rate at 1.04%. These ratios reflect positively on the credit union's management of the loan portfolio from loan application analysis through to collections.

Bauer Financial, Inc. has analyzed and reported on the financial condition of banks and credit unions since 1983, and again awarded a five-star "Superior" rating to Chabot FCU as of September 30, 2017. This is their highest rating and indicates that we are one of the safest credit unions in the country. Chabot FCU has earned this rating for 88 consecutive quarters - going back to 1995 when Loren Michelsen was Director, CEO and General Manager.

The Board says thank you to the employees continuing the Credit Union's tradition of excellence in service. The Board expresses appreciation to Supervisory Committee Chairman, Dr. Vic W. Willits and committee for their fine efforts on our behalf.

Respectfully submitted,
 Mari Ann Fisher, Board Chair & Security Officer
 Karla Conmy, Board Vice Chair
 Pamela E. Williams, Secretary/Treasurer
 Clyde T. Allen, Director
 Les B. Bridge, Director
 John L. Wagoner, Director
 Joe Valero, Director