

2016 ANNUAL REPORT

Member
inspired

Federally insured by NCUA.



 **CORPORATE AMERICA**
FAMILY CREDIT UNION
»empowering financial success®



EQUAL HOUSING
OPPORTUNITY



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Chairman & President's Report

YEAR IN REVIEW

2016 was a good year for the growth, stability and security of Corporate America Family Credit Union (CAFCU). Thanks to our members, who trust us to empower them with the best financial products, services, tools and education available, we continue to move forward to embrace the opportunities of the future.

Technology and security

As always, member security is a top priority at CAFCU. We readily adopt technology that discourages fraud and helps to protect the identity of those who trust us to keep their information private. We are always working "behind the scenes" to make such improvements so as not to disrupt the everyday financial needs of our members.

Another addition to our security portfolio is the arrival of EMV-chip-embedded CAFCU Debit Cards. As you may recall, we embraced this additional layer of security for CAFCU Credit Cards in 2015. It was only natural that when this protective technology became available for debit cards in 2016 we upgraded them so that all CAFCU cards host an EMV chip.

Home sweet home... equity

In 2016 we introduced an improved version of our Home Equity Line of Credit (HELOC). This variable-rate product offers our members competitive rates based on Prime, along with no application fees and no annual fees. Flexible terms and easy access to funds make this a convenient choice for our members.

Staying connected with sponsors

CAFCU was also highly active on the **business development front**, adding seven new sponsor companies in 2016, which **equates to 2,200 potential new members**. To encourage membership growth, Business Development Officers and Branch Managers are equipped with tablets in order to facilitate enrollment, account opening, information sharing and other services. In addition, we held over 500 face-to-face meetings at our sponsor companies across the country.

Giving back

Making a meaningful difference in the financial lives of our members is our vision and raising funds for children in need of medical care was one of the ways we realized it. In the fall of 2016, CAFCU offered to match a portion of the initial deposit into every new account for a child, with the matched amount going to the Children's Miracle Network Hospitals®. The promotion was so well received by staff and members, it was not only extended to the end of the year, but many members who did not have children or already had youth accounts decided to donate as well.

In addition, the much-anticipated and annual Project Backpack ran during the summer and we collected and donated thousands of school supplies that went to local schools and organizations for children. And since the effort was tied in with an initiative to get members to sign up for eStatements, as a result we added hundreds of new paperless statement enrollees, thus going green to a greater degree.

On another front, CAFCU had considerable success with the Charitable Donation Account, an institutional product that allowed us to not only contribute to some very worthwhile causes, but also increase earnings. As this effort is win-win, we look forward to cultivating it into the new year and beyond.

On the move

We took advantage of timely opportunities to relocate two of our branches, the result of which means enhanced services for our members. The branches that moved were Santa Clara, CA and Chicago, IL. The former moved a short way to a new location in late 2016 and the latter also went through a short-distance relocation in the beginning of 2017. Fortunately for both, it presented an opportunity to install new dual-function Personal/Automated Teller Machines (PTM/ATMs) at their new sites. This means more transaction flexibility for the member and efficient branch operations.

Embracing the future

Competing in the financial marketplace going forward involves a couple of key components: contemporary technology and ease-of-use for consumers/members. In order to stay ahead of the curve, CAFCU is currently making significant delivery channel enhancements, which should make it easier for members to join, stay informed, and set up accounts with CAFCU. Streamlining or redesigning services such as online enrollment, mobile functionality, and eStatements is currently in the works.



2017 and beyond

A notable ongoing project that started in 2016 and will be completed this year is the latest CAFCU strategic plan. The finishing touches are being put on this blueprint for the future, which features a heavy focus on member development and loan growth for the next three years.

Though our staff has been working hard all year to make CAFCU better than ever, we know none of it would matter without the support of you, our member. Please help us grow your chosen financial institution by telling your friends, family and co-workers about the benefits of being a member of CAFCU. Together, we will grow and prosper, and make our credit union the best in the nation!

Peter Paulson
President & CEO

Costanzo Maestranzi
Chairman of the Board



> 2016 Highlights

We launched additional products and services customized to our members' financial needs and lifestyles.

Notable Growth

- › Enrolled **4,498** new members.
- › Booked **over \$90 million** in new loan business.

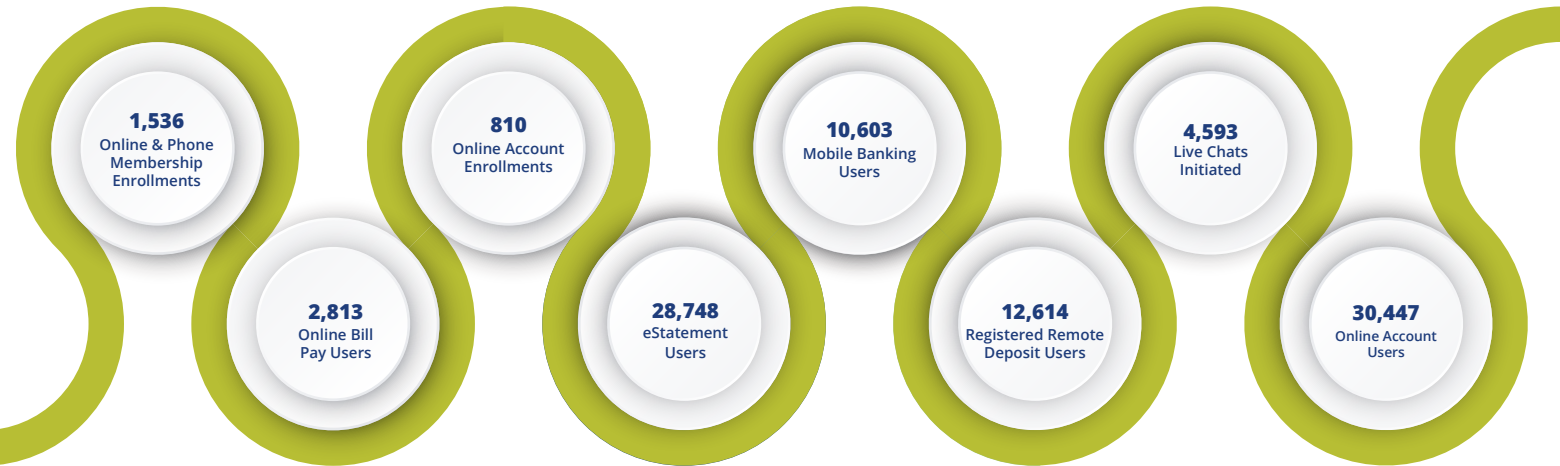
Making A Meaningful Difference

- › **Nearly 1,200** members took advantage of BALANCE.

Protecting Our Members

Easing financial burden for our members during difficult times.

- › **Over \$174,261** in disability benefits were disbursed to members.
- › Members collected **more than \$129,576** in involuntary unemployment benefits.
- › Our members' families received **over \$321,638** in life benefits.



Figures as of
December 31, 2016



Supervisory Committee's Report

The Supervisory Committee's responsibility is to serve Corporate America Family Credit Union members by ensuring that all credit union records are accurately and properly reported.

This committee fulfills its obligation to members by monitoring and auditing the activity of each credit union branch office and department for adherence to internal control procedures and Board Policy. This committee receives and reviews member inquiries and resolves any problems that may exist.

The committee also recommends policy changes to the Board of Directors for their approval. In addition, the financial statements of all merging credit unions are reviewed and special audits performed, as required, prior to merge dates.

The Supervisory Committee contracted Nearman, Maynard, Vallez, CPAs to perform an annual audit of the credit union. Their latest report, dated June 29, 2016, states that their audit was conducted

according to auditing standards generally accepted in the United States of America. Nearman, Maynard, Vallez, CPAs concluded that the financial statements present fairly, in all material respects, the financial position of Corporate America Family Credit Union as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Corporate America Family Credit Union contracted CliftonLarsonAllen for quarterly compliance assessments, and CastleGarde, Inc. for information technology assessments. These voluntary, proactive assessments demonstrate our dedication to address emerging compliance expectations and protect our members. The Supervisory Committee continues its devotion to addressing compliance and internal controls.



Thomas Rieck
Chairman
Supervisory Committee



Comparative Financial Statements

Statements of Financial Condition

Assets	2016	2015
Cash in Banks	\$ 2,767	\$ 2,696
Loans to Members (Note 1)	374,921	356,587
Allowance for Loan Loss	(4,390)	(4,434)
Investments (Note 1)	227,255	233,930
Other Assets	14,572	14,286
Total Assets	\$ 615,125	\$ 603,065

Liabilities & Equity

Members' Shares (Note 2)	\$ 403,381	\$ 390,148
Share Certificates (Note 1 & 2)	108,825	113,836
Other Liabilities	5,382	4,832
Reserves	97,537	94,249
Total Liabilities & Equity	\$ 615,125	\$ 603,065

Statements of Income

Revenues	2016	2015
Interest on Loans	\$ 19,955	\$ 19,561
Investment Income	3,994	3,617
Fee Income	7,702	7,501
Total Revenues	\$ 31,651	\$ 30,679

Expenses

Dividends on Share Accounts & Certificates	\$ 1,387	\$ 1,386
Loan Loss Provision Expense	1,971	2,449
Operating Expenses	24,940	24,134
Total Expenses	\$ 28,298	\$ 27,969
Net Income	\$ 3,353	\$ 2,710

As of December 31, 2016 and 2015 in thousands of dollars

NOTES: FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Fair market value has been estimated using the discounted cash flow method for any class of financial instruments with a maturity or repricing term of greater than 12 months. The book value and fair market value of loans, investments, and share certificates with a maturity or repricing terms greater than 12 months were as follows:

	Book Value	Fair Market Value
Dec. 31, 2016 - Loans	348.5	353.7
Investments	165.3	164.4
2 Year Share Certificates	30.5	29.9
Dec. 31, 2015 - Loans	330.0	338.2
Investments	185.4	184.7
2 Year Share Certificates	44.5	43.5

(2) For member shares and one-year share certificates, book value represents fair market value. Member shares reprice monthly and constitute member ownership equity in the credit union.

➤ Treasurer's Report

Corporate America Family Credit Union (CAFCU) ended 2016 in a very strong financial position. The credit union finished the year with a Net Worth to Total Asset Ratio of 16.0%. In addition, CAFCU earned a respectable 0.55% Return on Average Assets. Loan growth was 5.0%. When compared to other financial institutions, CAFCU maintains a strong financial position.

During 2016, CAFCU earned \$3.4 million. Loan revenue increased \$0.4 million. Interest and non-interest expenses were managed. Provision expense decreased \$0.5 million in 2016. Dividend expense was consistent with the prior year expense. The dividend expense reflects the overall lower rates in the market place. Operating expenses increased \$0.8 million.

Total equity increased by \$3.3 million, or 3.5%. The increase in total equity resulted from a strong net

income for the year netted by the market value adjustment on investments. The strong equity position underscores the credit union's position as an exceptionally safe depository for members' savings.

Total assets of \$615.1 million increased by \$12.1 million, or 2.0%, in 2016. This increase was due to significant growth in member share balances. CAFCU also experienced growth in consumer and real estate loan balances.

Overall, CAFCU had strong financial results in 2016. The respectable net income and growth in reserves helps position the credit union for challenges in 2017. We look forward to serving our membership in the upcoming year.

John Blozis
Treasurer



About Corporate America Family Credit Union

At Corporate America Family Credit Union, we're dedicated to providing the tools, resources and expertise that will **empower** you to succeed.

We're here for you, our member-owners. We provide the advanced products and efficient services you need to help further your financial goals and dreams. Plus, we collaborate with you to find the solution that's just right for you.

The best technology. Great rates. Employees that truly want to make a difference. That's how we **empower** financial success.

Join today and know we're here to **empower** your success — no matter where life takes you.



Credit Unions are owned and controlled by the people, or members, who use their services.



Your vote counts. A volunteer board of directors is elected by members to manage the credit union.



Credit Unions operate to promote the financial well-being of their members.



Profits made by credit unions are returned to members in the form of reduced fees, higher savings rates and lower loan rates.



Board of Directors



Costanzo Maestranzi
Chairman of the Board
Investment Committee
Nominating Committee



Kenneth Naatz
Vice Chairman
Secretary
Investment Committee



John Blozis
Treasurer
Investment Committee
Nominating Committee



Glenn Brown
Director
Loan Committee



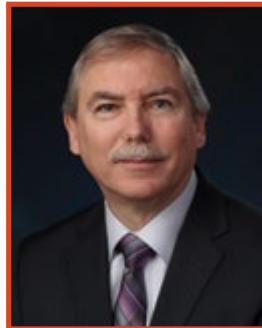
Paula Blonski
Director
Membership Committee
Supervisory Committee



Thomas Rieck
Director
Political Action Committee
Nominating Committee
Supervisory Committee



Barbara Beckman
Director
Membership Committee
Supervisory Committee



Thomas Sheppard
Director
Loan Committee



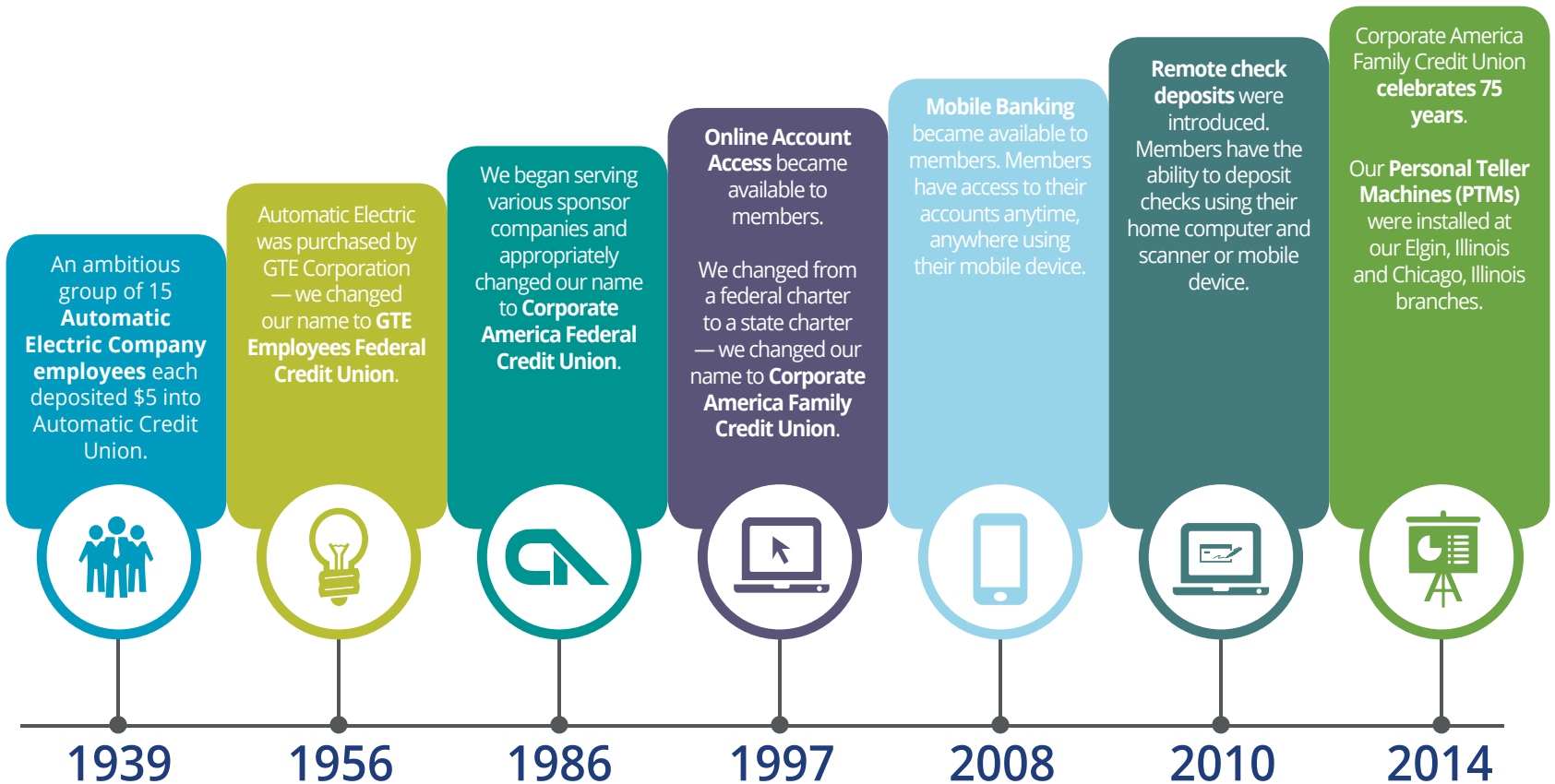
Peter Paulson
President
Investment Committee
Political Action Committee

Corporate America Family Credit Union's Board of Directors are elected by members and serve voluntarily on behalf of the membership to oversee the operations of the credit union.



➤ Highlights In Our History

Corporate America Family Credit Union is a not-for-profit, member-owned and directed financial cooperative dedicated to being the primary financial institution of its members. **Our vision is to make a meaningful difference in the financial lives of our members and our purpose is to serve people.** We're nearly 70,000 strong and growing.



➤ Making A Meaningful Difference

"Great service, low fees, easy access."

Christopher S.
Empowered member since 1986

"Great rates, great loyalty based rewards and opportunities and excellent online services."

Donald H.
Empowered member since 2002

"Good customer service and the mobile app is easy and convenient."

Mackenzie F.
Empowered member since 2003

"Rates are great and online banking is easy and convenient."

Barbara J.
Empowered member since 1990

"I like the online banking access. [It] makes it really easy to keep track of my spending and savings."

Juliana M.
Empowered member since 2002

"Very friendly staff and easy online tools."

Tiffany B.
Empowered member since 2016



Arizona

Peoria

California

Santa Clara

Connecticut

Bristol

Georgia

Atlanta

Illinois

Burbank

Chicago

Crystal Lake

Elgin

Mt. Carmel

Oak Brook

Rosemont

Streamwood

Tinley Park

Warrenville

Kansas

Kansas City

North Carolina

High Point

Ohio

Marion

Pennsylvania

Towanda

Texas

Dallas

Virginia

Herndon



THE EVOLVING BRANCH

Brick-and-mortar branch locations have come a long way since our first one was established back in 1939.

These days branches are embracing technology to enhance the member experience. In 2014 CAFCU launched Personal Teller Machines (PTMs) at our Chicago, IL and Elgin, IL branches and in 2016 at our Santa Clara, CA location. PTMs allow CAFCU members to have real time, face-to-face conversations with a Member Center Specialist and virtually any transaction can be completed including payments, deposits, transfers, withdrawals and inquiries. In addition, PTMs also offer the welcome convenience of extended hours of operation.



Online
www.cafcu.org



Mobile
Banking App



Phone
1-800-359-1939