



2018 ANNUAL REPORT

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

2018 was a year of opportunity and digital transformation for Corporate America Family Credit Union (CAFCU). With the backing of our faithful members and staff, we worked hard to empower our members' financial success by providing a full suite of quality products and services delivered through increasingly high-tech delivery modes, enhancing the overall member experience.

CAFCU welcomed 28 new sponsor companies in 2018, doubling the number of new sponsor companies we added the year prior. In forming relationships with these new companies as their financial wellness benefit provider, we will be presented with opportunities to welcome new members to the CAFCU family. The entire credit union membership benefits when CAFCU partners with a new sponsor company to make a meaningful difference in the financial lives of its employees.

Our business development team remains steadfast in their work to add value to members while emphasizing financial

wellness in the workplace by providing on-site seminars, financial wellness webinars and other education to sponsor company employees. It is this work that undoubtedly led the Illinois Credit Union Foundation to rank CAFCU at the top of their list of adult financial education programs delivered in 2018. We accomplished this by providing 159 presentations and reaching almost 3,000 people with valuable financial education.

Likewise, our whole team's work promoting the benefits of credit union membership and financial wellness contributed to the health of our company, as we enrolled more than 5,600 new members.

Loan growth was robust in 2018, with solid growth in indirect loans and loan participations. Home equity and consumer loan balances increased year over year. Our competitive rates, combined with the hard work of our staff to promote our various loan products, contributed to this growth.

Enhancing the member experience
As CAFCU continues to grow, it is of utmost

importance to us to continue to enhance our member experience, particularly by offering advanced banking technologies to our members. That's why, in 2018, we rolled out a major upgrade to our Online Account Access designed to provide a cutting-edge online and mobile banking experience. Our upgraded Online Account Access includes state-of-the-art features that make managing accounts from a computer or mobile device easier and safer. Improvements include enhanced security features, a customizable mobile banking experience and more self-service options designed to empower our members' financial success.

We also wanted to make it easier for new members to enroll themselves online, so we upgraded our member enrollment interface. Our new online enrollment is a self-service and mobile friendly platform that allows qualifying members to open new memberships and fund accounts on the spot with either an electronic funds-transfer, a debit card or a major credit card. They can also add multiple accounts at the same time, add joint members, upload an ID image and



sign relevant documents electronically. This new-and-improved online enrollment portal is just one more way we are improving the overall member experience.

Indeed, our upgraded online and mobile banking experience is already empowering members with convenient 24/7 self-service options. But while we want to support the growing number of members who opt to bank online, we recognize that many members still want a personal touch from time to time. Because of this, we deployed two additional Personal Teller Machines (PTMs) in 2018, bringing the total number of PTMs to seven. These two new PTMs were added to our Oak Brook branch, which relocated to a new facility in 2018 to better serve members in that area. PTMs represent the next level of banking service, offering interactive video technology that connects members with a Member Center Specialist. Our PTMs also function as standard ATMs, with extended hours from 7 a.m. to 8 p.m. CST at most locations that offer members the flexibility to transact before or after work. Members can use a PTM to make payments to a CAFCU

loan, deposit money, transfer funds, withdraw cash, make account inquiries and more. In 2018, our PTMs held nearly 20,000 face-to-face teller sessions and helped more than 1,600 members a month.

With fewer people carrying cash than ever before, we believe it is critical to offer new ways for people to pay merchants digitally, so in 2018 we added digital wallets Google Pay™ and Samsung Pay™. These services join Apple Pay™ on our menu of digital wallet options.

Finally, in the interest of better serving our members, in November we added Wednesday branch hours at five of our locations, including Rosemont, Santa Clara, Oak Brook, Overland Park (Kansas City) and Chicago.

Looking forward

There is no doubt that as we approach 2020, financial services will continue to evolve. We are committed to staying current as we work to make a meaningful difference in the financial lives of our members at every stage in life. We're pleased to preview a few of the exciting services we plan to introduce in 2019,

including a new loan origination platform that will allow us to provide more robust lending services, a new platform that will make it easier for members to add additional accounts online anytime, anywhere, and other enhancements designed to make banking effortless and empower our members' financial success.

As always, we will continue to move the industry forward as a leader among credit unions in the years to come. Our position as an industry leader wouldn't be possible without the commitment of our dedicated staff and member base. We thank you for your continued membership and for sharing the benefits of CAFCU membership with your friends, family members and co-workers. We look forward to serving you in 2019 and beyond!

Peter Paulson
President & CEO

Costanzo Maestranzi
Chairman of the Board

2018 HIGHLIGHTS

27,988
REGISTERED
ESTATEMENT
USERS

15,180
MOBILE BANKING
USERS

24,726
ACTIVE ONLINE
ACCOUNT USERS

1,213
ONLINE & PHONE
MEMBERSHIP
ENROLLMENTS

774
ONLINE ACCOUNT
ENROLLMENTS

5,187
ACTIVE ONLINE BILL
PAY USERS

12,338
REGISTERED MOBILE
DEPOSIT USERS

8,146
LIVE CHATS
INITIATED

Notable Growth

- › Enrolled **over 5,600** new members.
- › Grew loans by **over \$56.7 million**.
- › Booked **over \$107.7 million** in new loan business.

Making a Meaningful Difference

- › **Over 1,500** members took advantage of BALANCE, our financial fitness partner, for services such as debt management, credit report review, budget counseling and student loan coaching.

Protecting Our Members

Easing financial burden for our members during difficult times.

- › **Over \$220,725** in disability benefits were disbursed to members.
- › Members collected **more than \$161,740** in involuntary unemployment benefits.
- › **Over \$30,640** in hospitalization benefits were disbursed to members.
- › Our members' families received **over \$90,700** in life benefits.
- › **Over \$26,800** in terminal illness benefits were disbursed to members.



Thomas Rieck
Chairman
Supervisory Committee

SUPERVISORY COMMITTEE'S REPORT

The Supervisory Committee's responsibility is to serve Corporate America Family Credit Union (CAFCU) 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 July 13, 2018, 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 CAFCU as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

CAFCU 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.

COMPARATIVE FINANCIAL STATEMENTS

As of December 31, 2018 and 2017 in thousands of dollars

STATEMENTS OF FINANCIAL CONDITION

Assets	2018	2017
Cash in Banks	\$ 2,733	\$ 2,777
Loans to Members (Note 1)	491,910	431,637
Allowance for Loan Loss	(5,606)	(5,700)
Investments (Note 1)	116,447	155,726
Other Assets	16,465	18,109
Total Assets	\$ 621,949	\$ 602,549
Liabilities & Equity		
Members' Shares (Note 2)	\$ 397,110	\$ 401,501
Share Certificates (Note 1 & 2)	83,526	96,525
Other Liabilities	40,950	5,849
Reserves	100,364	98,674
Total Liabilities & Equity	\$ 621,949	\$ 602,549

STATEMENTS OF INCOME

Revenues	2018	2017
Interest on Loans	\$ 22,720	\$ 20,550
Investment Income	3,133	3,965
Fee Income	8,201	7,985
Total Revenues	\$ 34,053	\$ 32,500
Expenses		
Dividends on Share Accounts & Certificates	\$ 1,700	\$ 1,395
Loan Loss Provision Expense	3,167	4,740
Operating Expenses	25,848	25,170
Total Expenses	\$ 30,715	\$ 31,305
Net Income	\$ 3,339	\$ 1,195

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, 2018 - Loans	379.8	384.4
Investments	91.0	88.5
2-Year Share Certificates	31.0	30.3
Dec. 31, 2017 - Loans	362.2	366.3
Investments	118.0	117.2
2-Year Share Certificates	35.6	34.8

(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.



John Blozis
Treasurer

TREASURER'S REPORT

Corporate America Family Credit Union

(CAFCU) ended 2018 in a very strong financial position. The credit union finished the year with a Net Worth to Total Asset Ratio of 16.5%. In addition, CAFCU earned a respectable 0.55% Return on Average Assets. Loan growth was 14.0%. When compared to other financial institutions, CAFCU maintains a strong financial position.

During 2018, CAFCU earned \$3.3 million. Loan revenue increased \$2.2 million. Interest and non-interest expenses were managed. Dividend expense was consistent with the prior year expense. Provision expense decreased \$1.6 million while growing the loan portfolio. Operating expenses increased \$1.0 million.

Total equity increased by \$1.7 million, or 1.7%. The increase in total equity resulted from a positive 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 \$621.9 million increased by \$19.4 million or 3.2% in 2018. This increase was due to greater consumer and real estate loan balances. Total shares decreased \$17.4 million or 3.5%. This outflow of deposits is typical during periods of prolonged economic recovery, low unemployment and high consumer confidence. When the economy is strong, members use funds for other purposes. Reserves grew to a strong \$100.4 million.

Overall, CAFCU had strong financial results in 2018. The respectable net income and growth in reserves helps position the credit union for opportunities and challenges in 2019. We look forward to serving our membership in the upcoming year.

ABOUT CAFCU

OUR Values

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

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



Costanzo Maestranzi
Chairman of the Board
Investment Committee
Nominating Committee



John Blozis
Vice Chairman & Treasurer
Investment Committee
Loan Committee
Nominating Committee



Kenneth Naatz
Secretary
Investment Committee



Glenn Brown
Director
Loan Committee
Nominating Committee



Thomas Rieck
Director
Political Action Committee
Supervisory Committee



Paula Blonski
Director
Membership Committee
Supervisory Committee



Thomas Sheppard
Director
Supervisory Committee



Peter Paulson
President
Investment Committee
Political Action Committee



W. Jeff Gott
Associate Director
Membership Committee

OUR HISTORY

At Corporate America Family Credit Union, we always strive to **make a meaningful difference in the financial lives of our members.**

We're a not-for-profit, member-owned and directed financial cooperative dedicated to being your primary financial institution.

Our purpose is to serve people, and we're nearly 70,000 strong and growing. We embrace steady growth and we have paid dividends every year since our beginning in 1939.



1939 An ambitious group of 15 Automatic Electric Company employees each deposited \$5 into Automatic Credit Union.

1956 Automatic Electric was purchased by GTE Corporation — we changed our name to GTE Employees Federal Credit Union.

1986 We began serving various sponsor companies and appropriately changed our name to Corporate America Federal Credit Union.

1997 Online Account Access became available to members.

We changed from a federal charter to a state charter — we changed our name to Corporate America Family Credit Union.

2008 Mobile Banking became available to members. Members have access to their accounts anytime, anywhere using their mobile device.

2010 Remote check deposits were introduced. Members have the ability to deposit checks anywhere, anytime using their mobile device.

2014 Corporate America FamilyCredit Union celebrates 75 years. Our first Personal Teller Machines (PTMs) were installed at our Elgin, Illinois and Chicago, Illinois branches.

MAKING A MEANINGFUL DIFFERENCE

“ I have been banking with Corporate America [FCU] since 1981 and love the access to their branches and shared banking. Thank you for always having pleasant and knowledgeable employees ready to assist.”

— Charlene G.
Empowered CAFCU member

“ I just LOVE this Credit Union. The staff is so friendly and treat you like family... I am just so excited that I joined CAFCU.”

— Sheila B.
Empowered CAFCU member

“ The online access to CAFCU makes it very easy to manage my accounts.”

— David C.
Empowered CAFCU member

“ Best customer service. Very good rates and low fees. I am delighted.”

— Kirk H.
Empowered CAFCU member

“ Friendly staff, great service, and very convenient mobile app.”

— Eric W.
Empowered CAFCU member

“ I have had fantastic service for over twenty years.”

— Claudia R.
Empowered CAFCU member

In 2014 CAFCU launched Personal Teller Machines (PTMs) at our Chicago and Elgin, Illinois branches, in 2016 at our Santa Clara, California location and in 2018 at our Oak Brook, Illinois 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.



BRANCH LOCATIONS

6,700+
SHARED BRANCHING
locations across the country

20 BRANCHES across **11** states **7 PERSONAL** Teller Machines

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



Download the **CAFCU Mobile Banking App** from your app store or visit www.cafcu.org/locations to find branch locations and surcharge-free ATMs everywhere you go.

60,000+
SURCHARGE-FREE
ATMs nationwide



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