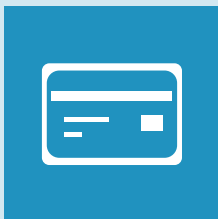
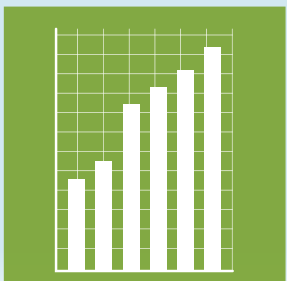




2016 ANNUAL REPORT



CEFCU

Not a bank. Better.®

Report To Members

In 2016, *Your* Credit Union continued to focus on exceptional value and service to all members. As members' needs have grown and changed, we've changed too. Not only do local CEFCU® members enjoy the benefits of their Credit Union, members living or traveling worldwide experience a network of service choices from 30,000+ fee-free ATMs, mobile banking, mobile check deposit, and much more. Everywhere members go, *that's where CEFCU will be.*

The following are just a few Credit Union highlights from 2016:

	2016	Increase over 2015
Assets	\$5,614,192,000	6.0%
Savings	\$4,954,286,000	6.3%
Loans	\$4,035,543,000	3.5%
Net Worth	\$ 589,233,000	4.3%

- Opened the Branham Member Center in San Jose, California, in February 2016. This is the fourth Member Center in California. The new Member Center in Canton, Illinois, opened in November. This new free-standing building is just two blocks from the previous location, and provides drive-up lanes for added convenience.
- Prepared to open new Member Centers in Bloomington, Illinois, at 1114 South Veterans Parkway and in Springfield, Illinois, at 1000 East Lincolnshire Boulevard. These Member Centers will be the third location in each of the communities.
- Launched the new CEFCU On-Line® and CEFCU Mobile Banking App, which allow for a seamless experience between the two platforms. New enhancements include integrated bill payment, personal financial management tools, and Spanish language features.

Members continued to look to CEFCU for their borrowing needs. During the year, over \$1 billion was loaned to members to help finance consumer loan needs ranging from new automobiles to recreational vehicles and credit cards. The Home Loan Department had another great year, receiving almost 6,000 mortgage applications. Nearly \$340 million was loaned to members, which allowed them to build, purchase, or refinance their homes. In addition, CEFCU provided \$160 million in Member Business Loans. CEFCU's California market saw record book-of-business growth of close to \$49 million and Consumer/Mortgage Loan volume over \$86 million.

In 2016, CEFCU returned a \$35 million Extraordinary Dividend to members. This success is a direct result of continued support from CEFCU member/owners and proves that, financially, CEFCU is one of the strongest financial institutions in the country. Since 2000, CEFCU has returned \$190 million to members! The more members saved and borrowed with CEFCU, the more they received in an Extraordinary Dividend.

Finally, thank you for continuing to support your Credit Union!

For the Board of Directors,



Nancy Medendorp, Chairman

Consolidated Statements Of Financial Condition

December 31, 2016 and 2015
(Dollars in Thousands)

ASSETS

Cash and cash equivalents	
Interest bearing time deposits in financial institutions	
Investments available for sale	
Loans, net of allowance for loan losses	
Accrued interest receivable	
NCUSIF deposit	
Restricted stock	
Property and equipment	
Other assets	
Total assets	

LIABILITIES AND MEMBERS' EQUITY

Members' savings accounts	
Accrued interest payable	
Accrued pension and postretirement benefits	
Other liabilities	
Total liabilities	
Members' equity	
Total liabilities and members' equity	

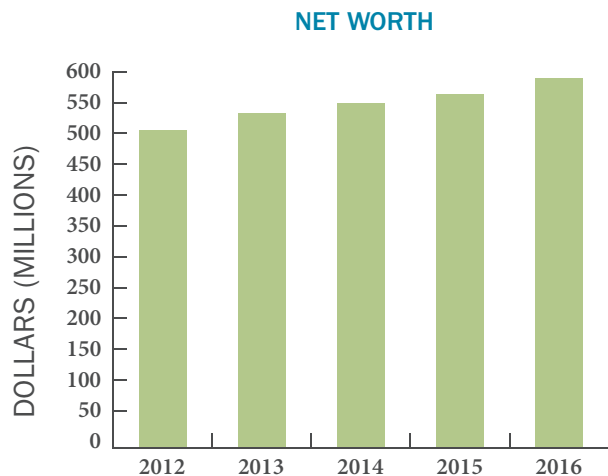
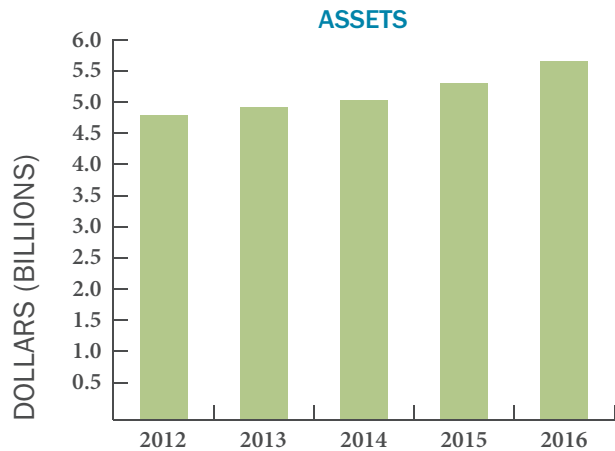
Consolidated Statements Of Income

Years ended December 31, 2016 and 2015
(Dollars in Thousands)

Interest income:	
Loans receivable	
Investments available for sale	
Interest bearing time deposits	
Total interest income	
Interest expense:	
Savings accounts	
Net interest income	
Provision for loan losses	
Net interest income after provision for loan losses	
Non-interest income:	
Administrative insurance fees	
Interchange income	
Other	
Total non-interest income	
Non-interest expense:	
Compensation and benefits	
Occupancy and equipment	
Communications	
Marketing	
Investment losses, net	
Other	
Total non-interest expense	
Net income	

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 346,189	\$ 251,047
Interest bearing time deposits in financial institutions	23,260	13,192
Investments available for sale	1,088,513	1,012,155
Loans, net of allowance for loan losses	4,010,617	3,874,357
Accrued interest receivable	15,562	14,404
NCUSIF deposit	43,429	41,563
Restricted stock	5,000	18,088
Property and equipment	61,293	51,205
Other assets	20,329	21,344
Total assets	<u>\$5,614,192</u>	<u>\$5,297,355</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' savings accounts	\$4,954,286	\$4,661,355
Accrued interest payable	1,177	1,102
Accrued pension and postretirement benefits	75,196	74,290
Other liabilities	51,959	43,037
Total liabilities	5,082,618	4,779,784
Members' equity	531,574	517,571
Total liabilities and members' equity	<u>\$5,614,192</u>	<u>\$5,297,355</u>
Consolidated Statements Of Income		
Years ended December 31, 2016 and 2015		
(Dollars in Thousands)		
Interest income:		
Loans receivable	\$ 168,895	\$ 165,562
Investments available for sale	11,693	8,514
Interest bearing time deposits	176	78
Total interest income	180,764	174,154
Interest expense:		
Savings accounts	63,515	66,948
Net interest income	117,249	103,913
Provision for loan losses	12,870	11,112
Net interest income after provision for loan losses	104,379	92,801
Non-interest income:		
Administrative insurance fees	1,694	2,133
Interchange income	18,445	17,044
Other	20,402	20,146
Total non-interest income	40,541	39,323
Non-interest expense:		
Compensation and benefits	67,183	67,075
Occupancy and equipment	14,443	14,067
Communications	5,274	4,969
Marketing	6,749	6,151
Investment losses, net	10	-0-
Other	26,857	24,014
Total non-interest expense	120,516	116,276
Net income	<u>\$ 24,404</u>	<u>\$ 15,848</u>

Audited consolidated financial statements are available from the Credit Union for the fiscal years ended December 31, 2016 and 2015. To review statements or for more information, call 309.633.7000 or 1.800.633.7077.



CEFCU BOARD OF DIRECTORS

Brad C. Arnold
 Todd W. Bryant
 Todd C. Gwillim
 Matthew D. Jolliff
 David M. Koehler
 Angel G. Martinez
 Nancy M. Medendorp
 Robert M. Metzinger
 Erec D. Montgomery

Joseph R. Needham
 Thea M. Robinson
 David E. Rossman
 Kavita Sachdev
 Sean D. Scranton
 Grant M. Seshul
 Mark A. Spenny
 Reed A. Stuedemann

SUPERVISORY COMMITTEE

Todd W. Bryant
 Angel G. Martinez
 Thea M. Robinson

David E. Rossman
 Kavita Sachdev
 Grant M. Seshul

OFFICERS

Chairman
Vice Chairman
Vice Chairman
Vice Chairman
President-Treasurer
Secretary
Chief Technology Officer
Chief Operations Officer
Chief Financial Officer
Chief Legal Counsel
Senior Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President
Vice President

Nancy M. Medendorp
 Robert M. Metzinger
 Todd C. Gwillim
 Erec D. Montgomery
 Mark A. Spenny
 Joseph R. Needham
 Timothy I. Dunton
 Matthew J. Mamer
 Charles E. Walker
 Kevin D. Schneider
 Keith M. Reynolds
 Mary E. Conrady
 Stacy L. Davis
 Denise A. Ghere
 Todd R. Haller
 Douglas J. Hanley
 Alycia D. Hightower
 Mark A. Hoffmire
 Dianna L. Hunter
 Theresa A. Lake
 Susan K. Portscheller
 Jeffrey D. Thomas
 Joseph E. Varda
 Giann R. Walker
 David S. Zimmerman

CEFCU Financial Services, Inc.* Officers and Board of Directors

President-Treasurer
Director, Vice President-Secretary
Director
Director
Director

Matthew J. Mamer
 Mark A. Spenny
 Arthur R. Anliker
 Scott V. Herman
 Melissa A. Rakestraw

Federally Insured by NCUA



cefcu.com