

2023 ANNUAL REPORT

EMPOWERING FINANCIAL SUCCESS





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ABOUT OUR CREDIT UNION

OUR PURPOSE

is to serve people.

OUR MISSION

CAFCU is a not-for-profit, member-owned and directed financial cooperative dedicated to being the primary financial institution for its members.

OUR VISION

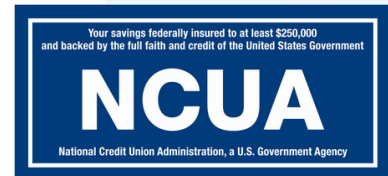
is to make a meaningful difference in the financial lives of our members.



Forbes 2023

**BEST-IN-STATE
CREDIT UNIONS**

POWERED BY STATISTA



CHAIR'S REPORT



2023 was a year of challenges and opportunities for CAFCU. Our recognition by Forbes as one of America's Best Credit Unions showed that our hard work as a credit union family is paying off and that we are well positioned for growth.

This year of change sparked renewed strategic planning as we lay the groundwork for member, loan, and deposit growth in a changing world.

What hasn't changed is our firm commitment to the credit union philosophy of **people helping people**. We remain focused on building a forward-focused financial cooperative that meets the evolving needs of our members, employer partners, employees, and communities.

Meeting economic challenges

Despite difficult economic conditions, we closed 2023 strong with more than 68,200 members. We originated approximately \$130 million in consumer loans and \$27 million in commercial loans for a total of \$157 million in new member loans, contributing to total loan growth of 4%. We brought our total assets to more than \$859 million, a 2.4% increase.

Under current economic conditions, financial institutions faced the growing challenge of deposit outflows. So we developed new-and-improved deposit products to encourage members to move their money from other financial institutions to CAFCU and/or keep it in place by offering some of our most competitive deposit rates ever.

Focused growth

One of our most significant projects in 2023 was our digital banking upgrade. Our new app positions us to offer members a world-class digital banking experience centered on security and convenience. This includes new website and mobile banking enhancements and improved digital communication initiatives.

Consumer loan growth remains central in our work to empower our members with low-rate loans. In 2023, we reviewed consumer loan products with focus on improving sales. In addition, our Commercial Lending services continued to expand

throughout 2023. The team funded 29 loans, growing our total loan portfolio to \$74 million for a year over year increase of 32%.

Despite a tough real estate market and fixed-rate mortgage shrinkage, we grew home equity loans to \$57 million, a 20.2% increase over the previous year.

Meanwhile, we added 16 new sponsor companies with more than 12,000 potential members. We also piloted custom campaigns and financial wellness content to help engage sponsor company employees.

Stewarding our resources

We are focused on keeping our promise to carefully steward our resources, putting purpose and people over profits. We do this by continuously reviewing opportunities to optimize value and make thoughtful investments in our financial cooperative.

As part of this, we made strategic decisions to allocate more resources toward our “digital branch,” improving the caliber of online and mobile account access for members wherever they are.

We also enhanced member experience by improving telecommunications and our statement rendering process and launching internal system upgrades.

All of this helped us achieve a Return on Average Assets of 0.15%.

Living the mission

Throughout the year, we championed causes close to the hearts of our members. For example, we supported education through our Hope Group and joined other credit unions to spread kindness on “CU Kind Day” in October. We also rallied employees and members to support many local nonprofit initiatives. Philanthropy continues to play a role as we strive to make a meaningful difference in our members’ lives.

“
The CAFCU family is energized to embrace the possibilities of better banking while remaining true to the credit union philosophy.

Your credit union family

With our recent leadership transition, we know now more than ever the importance of staying strong together. Change is never easy, but the CAFCU family is energized to embrace the possibilities of better banking while remaining true to the credit union philosophy. Much has changed since CAFCU was originally chartered in June of 1939. What hasn’t changed is our commitment to **putting members first.**



In the year ahead, we will celebrate our 85th anniversary. The new year will undoubtedly bring new challenges and opportunities. We will meet these challenges head on. We will seize opportunities. We are a family, and like all strong families, we can do anything when we put our minds and hearts together.

Let's show our world that together we are **CAFCU strong!**

Thomas Rieck

Chair of the Board



BOARD MEMBER RECOGNITION

Two CAFCU board members were recognized this year for their commitment to the credit union movement. Former board chair **Costanzo (Connie) Maestranzi** was recognized by the Illinois Credit Union League (ICUL) with a Hall of Fame Lifetime Award for making a significant impact on Illinois credit unions. **Pat Tollefson** was honored with the Eugene Ball Award by the National Association of Credit Union Chairmen (NACUC) for her outstanding leadership as a credit union chairperson. Congratulations to Connie and Pat for these honors!





MEET YOUR CREDIT UNION BOARD OF DIRECTORS



Thomas Rieck

Chair of the Board

ALCO/Investment,
Nominating, and
Compensation
committees



Glenn Brown

Vice Chair

Credit/Loan and
Diversity, Equity, and
Inclusion committees



John Blozis

Treasurer

ALCO/Investment,
Nominating, and
Compensation
committees



Kenneth Naatz

Secretary

ALCO/Investment
and Compensation
committees



Tiffany Jordan

Director

Membership,
Supervisory, and
Diversity, Equity, and
Inclusion committees



Pat Tollefson

Director

Credit/Loan and
Diversity, Equity, and
Inclusion committees



Thomas Sheppard

Director

Supervisory,
Compensation, and
Diversity, Equity, and
Inclusion committees



W. Jeff Gott

Director

Membership and
Supervisory
committees



Costanzo Maestranzi

Director Emeritus

Nominating and Political
Action committees

2023 HIGHLIGHTS



Financial Wellness

- **7,009** visitors read CAFCU's financial wellness blog.
- **1,198** members and SEG employees attended our webinars on relevant personal finance topics.
- **717** members used our financial wellness resources via BALANCE Financial Fitness.
- **46** members scheduled a free financial coaching session with CAFCU.

Insurance Disbursements

Through our supplemental insurance options, we disbursed more than **\$1.17 million** to help members through tough situations. This includes:

- More than **\$154,300** in disability benefits were disbursed.
- **\$66,251** in hospitalization benefits was disbursed.
- **\$288,250** in life benefits were paid.
- **\$77,140** in involuntary unemployment benefits were paid.

\$486,559 amount paid to **296** members through **Mechanical Repair Coverage (MRC)**

\$89,147 amount paid to **23** members through **Guaranteed Asset Protection (GAP)**

30,091

DIGITAL
BANKING
USERS

26,468

ESTATEMENT
USERS

23,598

MOBILE APP
USERS



Growth indicators

- Enrolled over **4,901** new members
- Grew commercial loan portfolio by **32%**
- Grew total loan portfolio by **1.63%**



Digital banking adoption

- **Zelle** users: 11,249 | +13%
- **Bill Pay** users: 5,450 | +8%

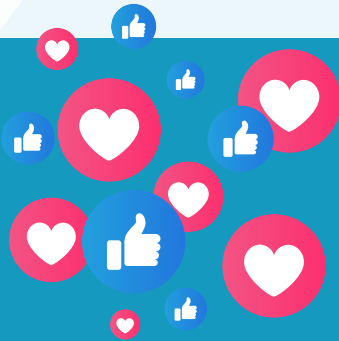
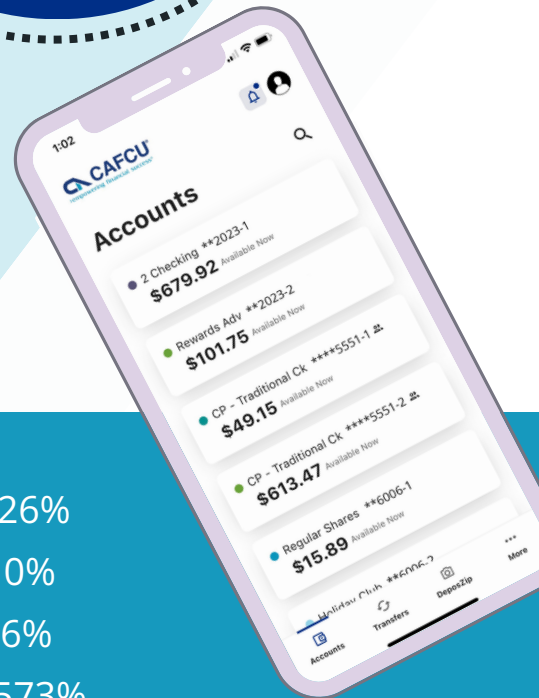
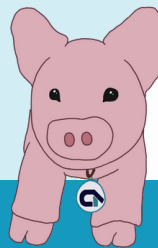


2,391

MOBILE
WALLET
USERS

5,931

MOBILE
DEPOSIT
USERS



- **Facebook** followers: **1,000** | +26%
- **LinkedIn** followers: **1,245** | +10%
- **Instagram** followers: **508** | +26%
- **YouTube** subscribers: **148** | +573%

WHAT YOU SAY ABOUT YOUR CREDIT UNION

"I've been a member for approximately three years and every time I've needed advice or guidance they have helped me every step of the way. They always make sure to provide me excellent service."

—Nicholas H.

"I'm very impressed by the customer service at CAFCU. Friendly, professional and courteous. Every employee is always willing to assist with questions. Always a pleasure doing business with them!"

—Paula S.

"Outstanding customer support and quick response to inquiries has impressed us since we have been a member of CAFCU."

—Jimmy K.

"I have nothing but great things to say about my experience with my loan representative. She was patient and took time to hear my concerns and helped me throughout the entire process of my application."

—Tyjuan K.

"I now live far away from any CAFCU but I can call on the phone and immediately receive great service. This is why I will never leave CAFCU."

—Lynn B.



CAFCU Mobile App Reviews

"Exceptionally fast app! Has all the features you need."

—Aaron

"Friendly and simple to use. Handle all my banking on mobile."

—Monica



I just wouldn't bank anywhere else."

—Stacy L.

SUPERVISORY COMMITTEE'S REPORT



The Supervisory Committee's responsibility is to serve 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 are performed as required prior to the merger date.

The Supervisory Committee contracted Nearman, Maynard, Vallez CPAs to perform an annual audit of the credit union. Their latest report dated July 19, 2023, 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, 2023 and 2022, 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 and cyber security assessments. These voluntary, proactive assessments demonstrate our dedication to address emerging compliance expectations and protect our members.

The Supervisory Committee continues its devotion to compliance and internal controls.

Thomas Sheppard
Director

COMPARATIVE FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 in thousands of dollars

Statements of Financial Condition

Assets	2023	2022
Cash in Banks	\$2,788	\$2,712
Loans to Members	\$618,188	\$578,561
Allowance for Credit Losses	(\$5,931)	(\$4,000)
Investments	\$204,134	\$234,935
Other Assets	\$40,725	\$27,323
Total Assets	\$859,904	\$839,531

Liabilities and Equity

Members' Shares	\$487,051	\$554,771
Share Certificates	\$104,596	\$114,792
Non-Member Deposits	\$0	\$2,616
Borrowings	\$167,000	\$70,101
Other Liabilities	\$6,578	\$6,770
Member Equity	\$94,679	\$90,481
Total Liabilities and Equity	\$859,904	\$839,531

Statements of Income

Revenues	2023	2022
Investment Income	\$8,282	\$4,473
Fee Income	\$7,629	\$7,416
Interest on Loans	\$29,403	\$23,763
Total Revenues	\$45,314	\$35,652

Expenses

Dividends & Interest on Share Accounts & Certificates and Borrowings	\$12,383	\$4,400
Loan Loss Provision Expense	\$2,130	\$1,308
Operating Expense	\$29,518	\$28,438
Total Expenses	\$44,032	\$34,146
Net Income	\$1,282	\$1,506

TREASURER'S REPORT



Each year presents CAFCU with new challenges and 2023 was a year with economic and market uncertainty. Net income was \$1.3 million. Net income was impacted by a rising dividend and interest expense of \$8.0 million and an \$822 thousand increase to the loan loss provision. We were able to maintain our strong financial position during these challenging times. The credit union finished the year with a Net Worth to Total Asset Ratio of 12.56%, lower than the prior year primarily due to the \$20.4 million increase in assets. CAFCU's Return on Average Assets was 0.15%. When compared to other financial institutions, CAFCU maintains a strong financial position.

During 2023, CAFCU's net income was \$1.3 million. Total revenue increased \$9.7 million due to the increase in loan and investment income and fee income. Net income was impacted by a rising dividend and interest expense of \$8.0 million and a \$822 thousand increase to the loan loss provision. Due to higher net charge-offs, operating expenses increased \$1.1 million.

Total members' equity increased by \$4.2 million, or 4.6% to \$94.7 million directly due to a lower level of unrealized loss of investments.

The increase in members' equity resulted from the \$1.3 million of net income for the year and by the \$3.0 million decreases in 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 \$859.9 million at the end of 2023 increased by \$20.4 million, or 2.4% from the prior year. The increase was largely due to loan growth of \$39.6 million. Total shares decreased \$79.9 million, or 11.9%, partially due to persistent inflation and changing behaviors and needs in a post-pandemic economy.

2023 was a difficult year. We were able to remain financially strong and position ourselves for opportunities and challenges in 2024. We look forward to providing excellent products and services to our membership in the upcoming year.

John Blozis
Treasurer

CAFCU HISTORY



- 1939** Automatic Credit Union (ACU) founded in Chicago by 15 Automatic Electric Co. employees
- 1956** ACU becomes GTE Employees Federal Credit Union
- 1986** GTE becomes Corporate America Federal Credit Union
- 1997** Credit Union adds state charter, becomes Corporate America Family Credit Union
- 2008** Mobile banking adopted to empower members
- 2014** Personal Teller Machines (PTMs) installed in branches
- 2019** Corporate America Family Credit Union rebrands to become CAFCU
- 2020** CAFCU acquires Ben Franklin Bank
- 2023** Digital banking upgraded to improve member experience

BRANCH LOCATIONS

Illinois

Arlington Heights
Burbank
Chicago
Crystal Lake
Elgin
Mt. Carmel
Oak Brook
Rolling Meadows
Rosemont
Streamwood
Warrenville

Kansas

Kansas City

Pennsylvania

Towanda

North Carolina

High Point

Access your money at thousands of **surcharge-free ATMs** and **shared branches** nationwide



or go to cafcu.org/access

Ohio

Marion

Arizona

Peoria

Connecticut

Bristol

Texas

Dallas

Virginia

Herndon

Georgia

Atlanta



Our digital branch is open 24/7/365



Contact our **Member Center**
Monday - Friday from 7 a.m. to
7 p.m. CST at **800.359.1939**



CAFCU is people helping people.

**SCAN
ME**



or go to cafcu.org

CAFCU[®]

›empowering financial success[®]

2075 Big Timber Road | Elgin, IL 60123