



CY·FAIR
federal credit union

*A LEGACY
MOVING FORWARD*

2 0 1 6 A N N U A L R E P O R T



INTRODUCTION

Legacy. By its literal definition, it is something received from a predecessor or from the past. It is something left behind over generations. A legacy is about sharing what you have learned, not just what you have earned, and bequeathing values over valuables. At Cy-Fair Federal Credit Union, we believe that, when you are genuinely grounded in offering yourself and making a meaningful, lasting and energizing contribution to others for a cause greater than your own...that creates and nourishes a legacy.

2016 was a special year for Cy-Fair FCU. As part of our 60th Anniversary Celebration, we honored the legacies of more than 100 former volunteer board and committee members, as well as our two past presidents. From our humble beginnings as a shoe-box sized credit union in borrowed space in Cy-Fair High School to the thriving financial institution we are today, these individuals served with distinction and guided our credit union with equal parts determination, heart, and selflessness.

A lot has changed since our doors first opened in 1956, but the same values and commitments that inspired our beginning still hold true. Cy-Fair FCU continues to push the boundaries of excellence and innovation when it comes to serving our members and impacting our community.





2016 YEAR IN REVIEW

At Cy-Fair FCU, we strive each and every day to build upon the heritage of those whose spirit and dedication have meant so much to our progress as a credit union. As we look back on 2016, our achievements in the areas of financial strength, member-first banking and community impact demonstrate that this legacy continues to guide our success.

Cy-Fair FCU is as strong as ever and getting stronger. Compared to 2013, the first year of our 2022 Vision for growth and sustainability, our progress has been remarkable. For the third consecutive year, our Return-on-Assets ratio exceeded the industry average and is now 35% higher than when we started our 10-year plan. Our Net Worth also continued to climb—from 7.55% in 2013 to 8.73%. Most significantly, our annual new loans to members has grown by 65% since 2013 and kept pace in 2016 as we provided a record \$72 million in low-cost loans to members and helped them consolidate debt, buy their

first home, find the right car at the right price and much more. As more local residents learn about all we have to offer, it's no surprise that our membership growth also hit a five-year high at 10.6%.

Importantly, we're not only meeting and exceeding our own benchmarks for financial strength, we're also improving our competitive position. In four short years, Cy-Fair FCU has moved from number 11 to number 2 out of 12 successful Houston area credit unions based on key performance indicators. As a result of our success, we're better able to provide low-cost products and services for members, while growing our overall financial health.

Just like our founders and leaders of the past, we continued to evolve and embrace innovation to meet our members' needs. In April, we unveiled the transformation of our Stonecreek branch drive-through lanes with state-of-the-art *virtual teller machines (VTMs)* followed by our Skinner Branch and Jones Road Branch. VTMs give CFFCU members the service and consultation of a live credit union teller with the speed and convenience of an ATM. Members can now conduct nearly every type of transaction through a



Cameron Dickey
President/CEO

A handwritten signature in black ink, appearing to read "Cameron Dickey".



Erwann Wilson
Chairman of the Board

A handwritten signature in black ink, appearing to read "Erwann Wilson".

VTM currently processed at a branch, but in **70% less time**. Efficiencies achieved through our new VTM lanes have also enabled **extended service hours** on nights and weekends. Importantly, last year's integration of virtual teller technology is paving the way for an enhanced in-branch experience for members in 2017 and 2018.

Cy-Fair FCU's recent financial success also supported our renewed focus on **weaving "good" into all we do**. Our historic partnership with Cypress-Fairbanks ISD took a major step forward with our 10-year, \$1.5 million naming rights agreement for **Cy-Fair FCU Stadium** at the Richard E. Berry Educational Support Center. With 100% of the annual sponsorship proceeds going directly to the district's budget, Cy-Fair FCU Stadium brings us full circle to our humble beginnings when it was the district that operated the credit union out of its only high-school

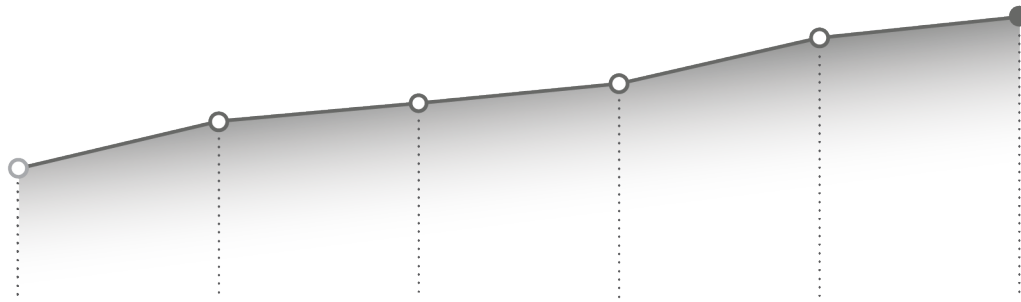
(at that time), allowing teachers and administrators to volunteer their time processing deposits and loans to co-workers who became members of the credit union. Sixty years later, we are returning that "investment" with a healthy "dividend" to support students and teachers in CFISD. For the second straight year, our **Spotlight Teacher Mortgage Giveaway** awarded an outstanding local educator one year of free mortgage payments. Classrooms around the school district were enhanced through our **Extreme Classroom Makeover** competition, and seven local students received **Cy-Fair FCU scholarships** to pursue their dream of higher education. Last year, we also began to match employee contributions to local charities, and launched a **School Spirit Debit Card** program for members that raises donations for their local CFISD high school of choice. These are just a few ways we're building upon our credit union's legacy of community impact.

Photo: Some of the Legacy Leaders we celebrated in 2016



FINANCIAL OVERVIEW

2011 - 2016



\$223,959,936

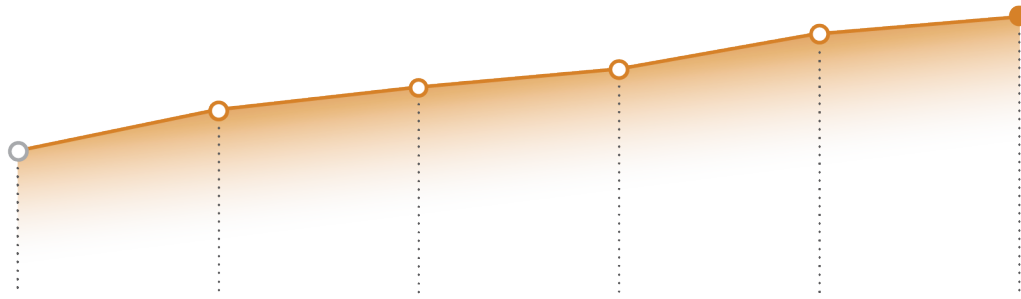
3.9%

Increase from last year

32.5%

Increase from 2011

ASSETS 2016



\$203,120,104

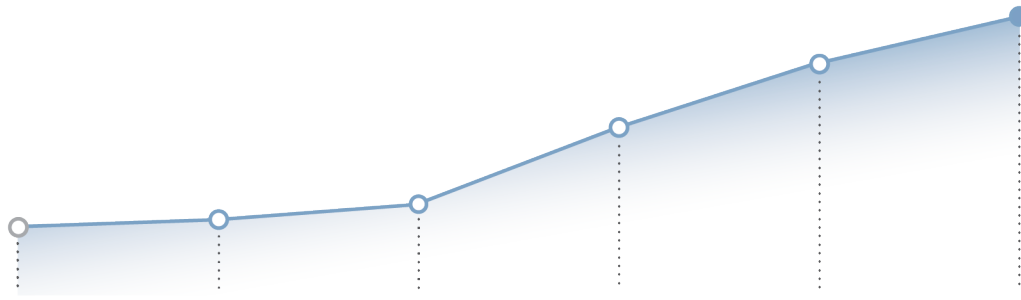
3.2%

Increase from last year

31.4%

Increase from 2011

SHARES 2016



\$171,561,891

11.3%

Increase from last year

80%

Increase from 2011

LOANS 2016



24,665

10.6%

Increase from last year

24%

Increase from 2011

MEMBERS 2016

STATEMENT OF CONDITION

ASSETS

| | |
|-----------------------------|-------------|
| Cash and cash equivalents | 12,853,643 |
| Securities | 18,941,744 |
| Loans | 171,561,891 |
| Allowance for loan loss | (1,052,098) |
| Property and equipment, net | 9,084,905 |
| Other assets | 12,569,851 |

TOTAL ASSETS **223,959,936**

LIABILITY & EQUITY

| | |
|--|-------------|
| Accrued expenses and other liabilities | 1,682,006 |
| Member shares | 203,120,104 |
| Equity | 19,157,826 |

TOTAL LIABILITIES AND EQUITY **223,959,936**

STATEMENT OF INCOME

INCOME

| | |
|---------------------|-----------|
| Loan interest | 7,629,009 |
| Securities interest | 642,638 |
| Non-interest income | 4,284,612 |

TOTAL INCOME **12,556,259**

EXPENSES

| | |
|-------------------------|-----------|
| Provision for loan loss | 1,196,000 |
| Operating expenses | 9,658,725 |
| Dividends | 75,715 |

TOTAL EXPENSES **10,930,440**

NET INCOME **1,625,819**

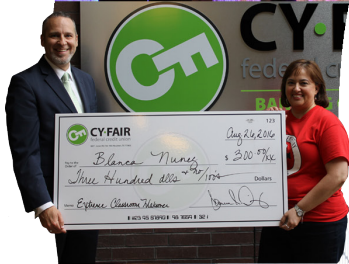
COMMUNITY INVESTMENTS

Cy-Fair FCU Consistently contributes to the families, students, and teachers, of the Cypress-Fairbanks Independent School District. Over the past 10-years, we have provided financial support totaling more than \$500,000.

DONATIONS & GIFTS

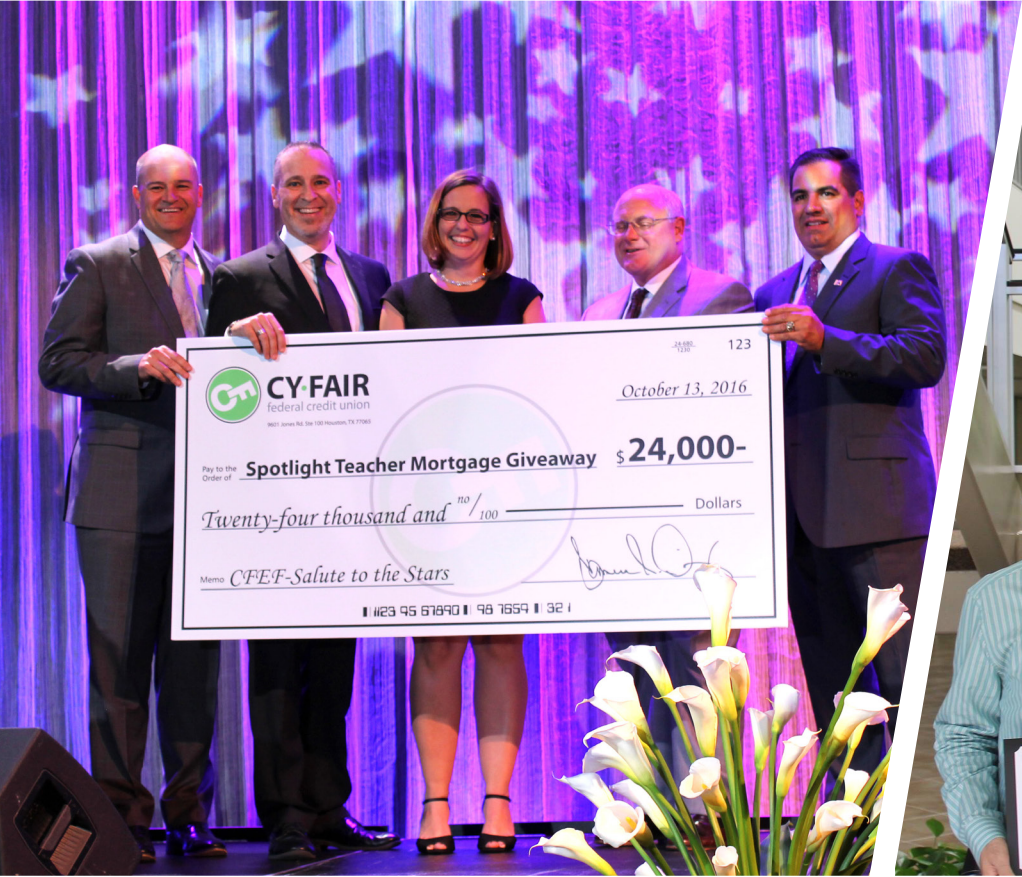
- o Academic Calendar and App
- o Adopt-a-School - Bang Elementary
- o Boys and Girls Country Spring Festival
- o Boys and Girls Country Christmas Cottage
- o Classroom Make-Over Awards
- o Cy-Fair Educational Foundation
 - Salute to the Stars
 - Cypress Hoops Invitational
 - Salute to Our Heroes
 - B.F. Adam Golf Classic
- o Cy-Fair ISD Superintendent Fun Run
- o Cy-Fair ISD FFA Auctions
- o School District Retiree and Service Banquet
- o Scholarships to Graduating Seniors
- o Additional Support
 - Athletics
 - Donated Door Prizes
 - Endowments
 - Fundraising Galas
 - Fundraising Golf Tournaments
 - Luncheons for Teachers
 - New-Teacher Totes
 - Random Acts of Kindness
 - Reach Unlimited Springfest
 - School Donations

1,206
VOLUNTEER
HOURS



60 YEARS OF
DOING GOOD IN OUR
COMMUNITY





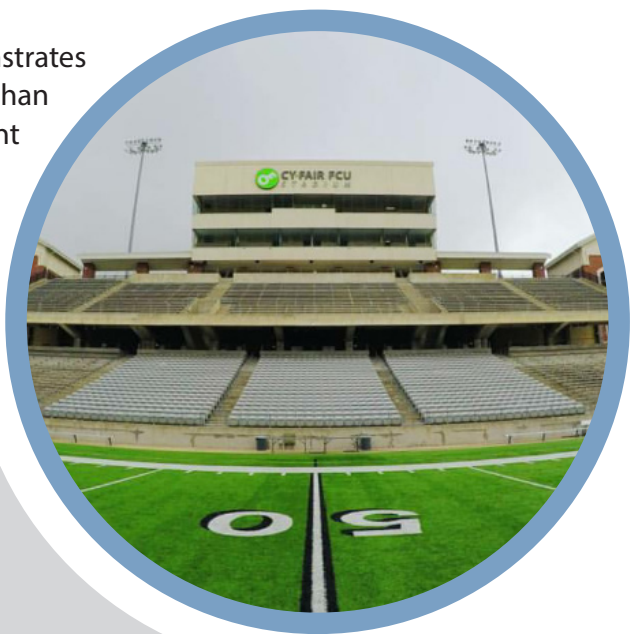
Started by 10 local educators, Cy-Fair FCU continued to honor our historic connection to the Cypress-Fairbanks ISD through a variety of creative initiatives.

Our \$24,000 *Spotlight Teacher of the Year Mortgage Giveaway* was awarded to **Lansing Brown** (pictured upper left), a special education teacher at Cypress-Falls High School. Brown received a year's worth of mortgage payments (\$2,000 every month for 12 months) for her outstanding work with special needs students. **Seven local students** received a total of **\$9,000 in scholarships** to pursue higher education, and \$1,300 was awarded to **local teachers** to improve classroom learning environments through our *Extreme Classroom Makeover* contest. In December, we also unveiled our *School Spirit Debit Card program*. These cards allow members to donate a percentage of every signature-based transaction of \$5 or more to a booster club supporting one of 11 different local high schools.



Perhaps no other single investment in our 60-year history better demonstrates our commitment to local schools, teachers, students and families than the landmark 10-year, \$1.5 million **stadium naming rights** agreement signed in July with Cypress-Fairbanks ISD. The agreement naming the Richard E. Berry Educational Support Center football venue "**Cy-Fair FCU Stadium**" provides \$150,000 every year for the next 10 years in direct financial contributions to the school district's operating budget. The funds can support up to three classroom salaries annually and student-enriching programs like art, sports, theater, and debate.

\$150,000 EACH YEAR
INTO CFISD'S OPERATING BUDGET FOR 10 YRS



LOOKING AHEAD TO 2017

In 2017, Cy-Fair FCU is drawing fresh inspiration from our history as a visionary financial institution and challenging ourselves in new and exciting ways.

Since our founding, Cy-Fair FCU has evolved in smart ways to serve our members better. From our first location in borrowed space at Cy-Fair High School to multiple branches, *drive-thru ATMs* and now *VTMs*, locations and technology have been strategically integrated over the years to improve access, enhance convenience and ensure we keep pace with the times. In 2017, Cy-Fair FCU will mark another milestone in our evolution as we unveil our *"Branch of the Future."*

Just as virtual teller technology transformed our drive-thru's last year, it will also transform our branch locations

into cutting-edge financial consultation centers this year. Using virtual teller technology, members will be able to conduct most in-branch financial transactions on their own or guided by a real-time virtual teller. Branch staff will also be available to answer questions, provide consultation on new accounts and loans, and assist with more complex financial transactions.

Fully implemented, our *futuristic model* will put Cy-Fair FCU at the forefront of 21st century banking and offer a more tailored personal banking experience—less sitting across from members conducting transactions and more coming alongside them on their financial journey. It will also position us to achieve our 2022 Vision goal of adding two to three new branch locations in the next five years. That's because our model will cost nearly eight times less to deploy than a traditional branch and requires much less square footage. Lower costs and smaller footprints will also make branch changes more feasible in response to local growth and changing demographics.



Cy-Fair FCU will also build upon our strong legacy of giving back to our community in 2017. We believe the best way to weave “good” into everything we do and multiply the impact of generosity is through empowering both members and employees to make a difference.

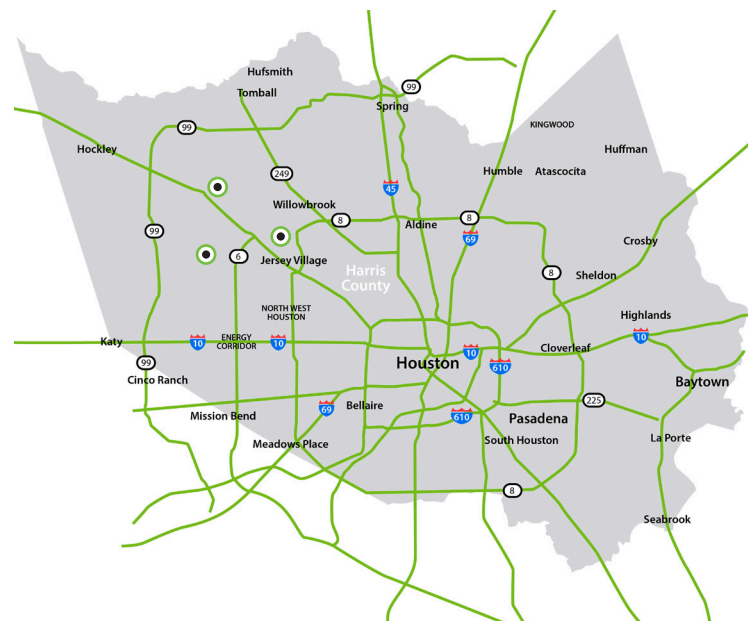
For members, we are excited to unveil our Day & Night Credit Card program, which will work similarly to our School Spirit Debit Cards. In addition to great rates and benefits, **Day & Night platinum cards** will allow members to support one of 10 worthy non-profits by donating a percentage of transaction income earned by the credit union. Five different charities will be associated with each card and support a diverse range of good works—veteran services, community service, educational scholarships, clean water, youth development, cancer research and much more.

For employees, we’ll continue to promote initiatives like our **Community Hours policy**, which offers paid time off to

volunteer time, skills and services to local organizations, as well as our new **Employer Match program** for their charitable contributions.

As we push the boundaries of innovation and community impact, **Cy-Fair FCU’s geographical boundaries** are also expanding. Earlier this year, the National Credit Union Administration approved our expansion of service to all of **Harris County** and parts of **Waller County**, an exciting opportunity for growth. By expanding our charter to serve anyone who lives, works, worships or attends school in Harris County, Cy-Fair FCU is able to serve Texas’ most populous county. The new growth will allow CFFCU to add new locations and services for members. And for many Harris County residents, we are the closest financial institution to where they live and work.

The year ahead promises to be another exciting chapter in our 60-year story of success.



📍 Cy-Fair FCU locations in Harris County

60TH ANNIVERSARY RECAP

A bold vision. A humble beginning. A true success story. The history of Cy-Fair isn't only about financials, balance sheets or products and services. The real story of our credit union is about people. It's about 10 local educators with a vision for a better way to bank—one that puts the needs of people and community first. It's about past leaders guiding and growing our credit union through good times and bad. It's about people giving of their time and talents to serve wherever and whenever they were needed.

In honor of our 60th Anniversary, Cy-Fair FCU held a *"Legacy Leaders"* celebration in November to recognize the people who've made our credit union the special place it is today. Since our founding in 1956, 115 members have faithfully shouldered the task of moving Cy-Fair FCU forward by serving on our board of trustees or one of several key committees. These all-volunteer positions have guided our credit over the years, helping us grow into a 22,000 member-strong financial institution with deep roots in our local community.

The celebration was a wonderful time of past and current coming together to reflect on our achievements. Volunteers received *"Legacy Leader Awards"* in recognition of their hard work and dedication. Special tribute was also paid to former Cy-Fair FCU Presidents **Pat Willbern** (1973-1994) and **Debbie Blackshear** (1994-2012), who were presented with the *"President's Legacy Award"* by current President **Cameron Dickey** for their outstanding service and many contributions to our success.



A night dedicated to recognizing our Legacy Leaders

Photo: Debbie Blackshear with Cameron Dickey





Diamond Anniversary
Celebrating 60 years in Cy-Fair





Board of Directors

Erwann Wilson, Board Chairman

Tony Barcelona, Board Vice Chairman

Stuart Snow, Board Treasurer

Gale Parker, Board Secretary

Chuck Brandman, Director

Deanna Sheppard, Director

Dr. Audre Levy, Director

Greg Axelrod, Director

Isiah Spikes, Director

Supervisory Committee

Gary Kinninger, Committee Chairman

Dr. Linda Macias, Member

John Price, Member

Lauri Baker, Member

*"Thank you Harold Rowe and Isiah Spikes,
retiring Board Members"*

