

Generations

Helping people reach their amazing potential and fulfill their dreams.

Avery & Robert Q.
Members

2017 ANNUAL REPORT

CAP
COM
Federal Credit Union



Adam S.
Owner, The Hill at Muza

Dedication

We focus on each member's brightest future, then help make it happen.



A rapidly changing world presents many opportunities for CAP COM to help members master their finances and prosper. Providing affordable, easy-to-use solutions has been CAP COM's hallmark for more than 60 years.

Imagine being pre-approved for a loan without any effort on your part, and clicking a button to accept the offer instantly. Now, members enjoy fast-track financing with our innovative LoanXpress service. Signing documents electronically saves time and effort, too. Of course, CAP COM's lending team is here to guide the way.

Speaking of lending, *The Albany Business Review* recognized

CAP COM as the second-fastest growing commercial mortgage lender in the region. As we help local businesses thrive, we strengthen our communities. CAP COM offers low-cost services for non-profits, too.

Our charitable giving arm, The CAP COM Cares Foundation, is more active than ever before. In 2017, we launched a program for sustaining donors (known as Patrons), and reached the \$1 million milestone for educational initiatives. Since the Foundation's inception, \$3.5 million has gone to those in need.

We continue to add tools and education to help members take control of their finances. One example is the interactive goal setting and budgeting tool built into your online account, with new features coming in 2018. We hope you and your family also make the most of our workshops to prepare for college, buy a home, and plan for retirement.

Data breaches and fraud continue to generate headlines. To assist members, CAP COM created an online educational resource called the Security Center. Guard your finances

and identity, and find out about recent threats. Use the features already on your CAP COM accounts and cards to monitor activity. New card controls are coming to your mobile device soon.

We are pleased to report that CAP COM's newest branch is on track to open this spring. The Western Avenue branch is located near the university and state office campus in Albany. We look forward to serving those who live or work nearby, and adding new members.

As we continue to implement technologies that enable you to bank smarter, we remain focused on our mission. Your financial well-being guides every decision we make, and CAP COM's experts are here for you. On behalf of the Board of Directors, thank you for your support.

Edward A. Gilligan
Board Chairman



The 2017 Annual Report tells the story of CAP COM's ongoing strength and stability by the numbers.

Yet when you think about it, the financial statements in this publication only scratch the surface. Behind those numbers are more than 140,000 people who own CAP COM Federal Credit Union. CAP COM exists for no other reason than to serve you and other members. We work for you, literally.

Your success stories matter more than anything else at CAP COM. Helping you reach your amazing potential and fulfill your dreams is the ultimate measure of our success in 2017 and beyond.

As your advocate, we connect you with financial services that can dramatically enhance your life. Actually, your advocate at CAP COM is a full team of financial specialists, committed

to understanding your precise needs so we can provide the right solutions – and you can leap ahead.

So, how did CAP COM provide transformative service to thousands of members in 2017? And as your advocate, what can we do for you?

Your advocate...empowers you to take control of your finances and protect against fraud through free education, state-of-the-art money management tools, and one-on-one support.

Your advocate...helps you finance that special vacation, a renovation, your dream home, or practically anything else you can imagine, easing the way with manageable payments.

Your advocate...ensures you can bank any way you prefer: 24/7 with your mobile app, online, or via our automated phone banking system. We are always delighted to welcome you at your nearby branch, and we continue to add locations.

Your advocate...is your online car buying service, quick and easy loan provider, and hassle-free insurance shopper, comparing coverage options and locating great rates on your behalf.

Your advocate...brings School Banking and financial literacy directly to kids in local schools, and eases worries about paying

for college with support from your very own Certified College Funding Specialist.

Your advocate...is your investment specialist, guiding you towards financial security and peace of mind in your daily life, and as you plan for retirement, and beyond.

Your advocate...strengthens our communities by improving the lives of thousands of local families and individuals in need: through fundraising and generous donations from members, and outreach supported by tireless volunteers.

Behind the scenes, we advocate for each CAP COM employee, too. Recognizing and rewarding the incredible talent in our midst ripples through the entire organization, for the good of all members.

I encourage you to dream big as you look toward the future. Consider the experiences you want to have, the big purchases you want to make, and the goals you want to achieve. So many joyful beginnings, happy endings, and all the adventures in between await. Let's set your next success story in motion.

Paula A. Stopera, President/CEO

Ambition

Nurturing the talent of each employee grows success for all.

Kelly S.
Assistant Branch Manager



CAP COM FEDERAL CREDIT UNION AND SUBSIDIARIES
 Consolidated Statement of Financial Condition
 December 31, 2017

2017
(Unaudited)

ASSETS

Cash and cash equivalents	\$	57,500,816
Investments		48,598,947
Loans held for sale, at market value		6,708,237
Loans to members, net of allowance for loan losses		1,387,424,565
Premises and equipment, net		50,137,508
NCUSIF deposit		12,490,254
Other real estate owned		724,470
Goodwill and other intangible assets, net		6,422,453
Other assets		<u>26,204,168</u>
TOTAL ASSETS	\$	<u>1,596,211,418</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Deposits	\$	1,339,236,496
Borrowed funds		63,400,573
Accrued expenses and other liabilities		<u>31,836,372</u>
Total liabilities		1,434,473,441
Total members' equity		<u>161,737,977</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	<u>1,596,211,418</u>

CAP COM FEDERAL CREDIT UNION AND SUBSIDIARIES

Consolidated Statement of Income
For the Year Ended December 31, 2017

2017
(Unaudited)

INTEREST INCOME

Loans to members	\$ 57,817,390
Securities and investments	1,276,742
Overnight deposits and other	97,315
Total interest income	<u>59,191,447</u>

INTEREST EXPENSE

Deposits	6,526,852
Borrowed funds	629,183
Total interest expense	<u>7,156,035</u>

Net interest income before provision for loan losses 52,035,412

PROVISION FOR LOAN LOSSES

Net interest income after provision for loan losses 42,235,412

NON-INTEREST INCOME

Commissions and member service fees	8,627,582
Card interchange fees	9,187,830
Mortgage banking income	7,433,053
Investment and brokerage services	2,553,149
Insurance premiums	2,122,765
Net gain on investments	66,545
Other	1,779,976
Total non-interest income	<u>31,770,900</u>

NON-INTEREST EXPENSE

Compensation and employee benefits	32,722,284
Office operations	4,146,035
Loan servicing	1,890,723
Card servicing	4,986,398
Office occupancy and equipment	4,906,903
Marketing and promotions	1,809,926
Data processing	3,752,941
Professional fees and services	4,080,630
Other non-interest expense	3,030,130
Total non-interest expense	<u>61,325,970</u>

CONSOLIDATED NET INCOME

\$ 12,680,342



CAP COM has subscribed to a philosophy of fiscal prudence through a focused approach to managing both growth and financial risks. As a result, our members have gained confidence in our financial performance and expect that their Credit Union will be strong and financially stable. I am proud to report that in 2017, we were again able to achieve outstanding results as evidenced by strong growth in total assets and net worth.

At the end of 2017, total assets were nearly \$1.6 billion, increasing \$201 million, or 13.9%, from year-end 2016. Growth in total assets, in and of itself, does not equate to fiscal strength or stability. In combination with our growth in total assets, CAP COM experienced an increase in members' equity of approximately \$13.4 million during 2017 or 9.1%. CAP COM's resulting net worth ratio was 10.14% at year-end 2017. This level of members' equity has been defined by the National Credit Union Administration as being "well capitalized," the highest designation for credit unions. CAP COM's financial management practices ensure sustainable fiscal strength by managing and controlling risk.

The 2017 financial report is presented with:

- Pride – for the success we have achieved
- Gratitude – in understanding that our efforts are intended solely for the benefit of our membership
- Humility – in knowing that we could not have reached this level of sustainable fiscal strength without our members' trust.

Our commitment to conservative and prudent fiscal management strategies has, over the years, led to sound and stable financial performance. We continue to embrace these standards to ensure we identify and manage risk, and that our members have every opportunity to experience what we believe to be a better banking experience. Thank you for your loyalty and continued confidence in our ability to make CAP COM the best it can be to service you, our members.

A handwritten signature in black ink, appearing to read "David Jurczynski".

David Jurczynski,
Executive Vice President/Chief Financial Officer



CAP COM's Supervisory Committee is made up of volunteers appointed by the Board of Directors. Working in partnership with CAP COM's Internal Audit Department, we are committed to making sure your funds and interests are protected and that the Credit Union's financial condition is fairly and accurately represented.

The committee chose the CPA firm of Crowe Horwath, LLP to perform the audit for the year ending December 31, 2017. The audit is being conducted in accordance with generally accepted auditing standards, which requires that it be planned and performed in order to obtain reasonable assurance that the financial statements are free from material misstatement. This audit also assesses the operations of the Credit Union to determine that no material weaknesses exist.

The results provide us with the confidence that the Credit Union is safeguarding members' assets, is in compliance with applicable regulations and is following policies and procedures approved by the Credit Union Board of Directors.

A copy of the Consolidated Financial Statements, including the Independent Auditor's Report may be obtained from the Credit Union upon written request. In addition to these audits, the National Credit Union Administration (NCUA) performs a periodic regulatory examination.

Please notify us of any situations you feel were not handled to your satisfaction. Our address is Supervisory Committee, P.O. Box 11279, Albany, NY 12211-0279.

On behalf of the members of the Supervisory Committee and of the Internal Audit Department, thank you for putting your trust in CAP COM.

A handwritten signature in black ink, appearing to read "Marty Finn".

Marty Finn, Supervisory Committee Chairman

Giving makes the heart grow stronger

Donated
more than
\$3.5
million
since inception

Thanks to generous donors and community partners like you, the **CAP COM Cares Foundation** is proud to share a snapshot of some ways we were able to have an impact on the community during the past year. Thank you for helping us change lives!



25

volunteers built two
playgrounds at
CEO locations in Troy



350

toys collected
in partnership with
Albany PAL



800

backpacks filled
with school essentials



400

families shared
a Thanksgiving meal



\$20,000 +

donated to Cohoes
fire victims fund



375

children were kept warm
with new winter jackets

Board of Directors

Edward A. Gilligan – Chairman
Patrick Kelly – First Vice Chair
Harold Horning – Second Vice Chair
Daniel Johnson – Secretary
Paula A. Stopera – Treasurer
Mark Marchand – Director
James Thomas – Director
John Ericson – Director
William Fitzpatrick – Director

Supervisory Committee

Marty Finn – Chairman
Kyle Rueckert – Vice Chairman
Paul Dettenrieder – Secretary
James Thomas – Member
Lou Anne Bigaouette – Member

Board of Managers of CAP COM Group

Patrick Kelly – Chairman
Mark Marchand – Vice Chairman
David Jurczynski – Treasurer
Paula A. Stopera – Member
Robert Davis – Member
Chip Lawrence – Member
Judy Sogoian – Member
John Ericson – Member

Senior Management

Paula A. Stopera – President/CEO
David Jurczynski – EVP/Chief Financial Officer
Chris McKenna – EVP/Chief Lending Officer
Diana VanAmerongen – Chief Banking Officer
Edward Glenning – Chief Technology Officer
John Shartrand – Chief Investment Officer
 CAP COM Financial Services
Johanna Robbins – VP of Finance
Robert Roemer – VP of Innovation & Project Management
Sharon Phillips – VP of Organizational Development
Ginny VanAmburgh – VP of Lending
Julie Hughes – VP of Risk Management
Arthur G. Chuang – VP of Loan Servicing & Loss Mitigation
Nandna Garg – VP of Digital Development

Locations

Albany

Financial Center
4 Winners Circle

Western Ave (Spring 2018)
899 Western Avenue

Brunswick

799 Hoosick Road (Route 7)

Clifton Park

1744 Route 9

Cohoes

219 Ontario Street

Colonie

341 New Karner Road (Route 155)

Glenmont

384 Bender Lane

Latham

4 Century Hill Drive

Malta

2439 Route 9

Niskayuna

582 Balltown Road

North Greenbush

100 Van Rensselaer Square (near Routes 4 and 43)

Contact Us

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CCFCU Fax	(518) 458-2261
Corporate Headquarters	(800) 468-5500

Online & Mobile Banking

www.capcomfcu.org