

**CENTEX CITIZENS CREDIT
UNION**

2016

ANNUAL REPORT

CHAIRMAN'S REPORT
KENNETH W. POLLARD, JR.

I would like to welcome you to the 63rd annual meeting of the membership of Centex Citizens Credit Union. Thank you for being a part of CCCU and entrusting us with your financial needs.

CCCU noted some significant milestones in 2016. We opened the first branch outside the Mexia area, in Corsicana in April, 2016. We have seen steady growth in membership and loans. The Corsicana Branch has exceeded expectations and goals. Your support of that decision, to diversify our economic base has benefited, and will continue to benefit, all members in the future. Diversification of our economic base will also open opportunities for employee career advancement.

Opening the Corsicana Branch has allowed CCCU to build relationships throughout the Navarro County area. Through our presence, we have become part of the community. Our employees have participated in numerous events, with much more community involvement planned for the future.

Thank you for attending the annual meeting and for being a part of CCCU. Thank you for entrusting us with your financial needs. I also want to thank the volunteers that serve on the

board of directors and sub-committees, giving their strategic insight as good stewards of the members' money. Thank you to the employees that provide member service every day.

Let me summarize by saying, CCCU is financially sound, our capital position is strong and we are growing. With our excellent leadership and exceptional staff we have a business model positioned for strength and success in the future.

**Thank you,
Ken Pollard**

PRESIDENT'S MESSAGE

From redefining our Mission Statement, Vision Statement and adding a slogan to opening a new branch in Corsicana to implementing a Five Year Strategic Plan, 2016 has had the board of directors and employees very busy.

Our new Mission Statement is short and concise: TO SERVE OUR MEMBERS' FINANCIAL NEEDS WITH QUALITY SERVICE AND INNOVATIVE TECHNOLOGY, WHILE MAINTAINING FINANCIAL STRENGTH, SECURITY AND STABILITY.

SERVE OUR MEMBERS' WITH QUALITY SERVICE: The staff strives every day to provide our members with service that surpasses your expectations. We are dedicated to being knowledgeable and sincere in our dedication to serving our members. Another service we are proud to offer is our scholarship program which provides 7 scholarships each May for graduating seniors of our members.

SERVE OUR MEMBERS' WITH TECHNOLOGY: In 2016 CCCU added secure chip debit cards, Mobile Banking and Online Account Opening. More services are scheduled for the first quarter of 2017.

MAINTAINING FINANCIAL STRENGTH: Industry standards is 7.0% Total Capital to total assets. CCCU increased total capital to total assets to 21.4% in 2016, three times industry standard.

MAINTAINING FINANCIAL SECURITY: Our net loans grew by 9.3% while managing asset growth. Our gross spread increased while opening a new branch office. In December, 2016 State Examiners conducted their exam for the period July 1, 2015 through September 30, 2016 finding few minor accept ions which have been corrected. Credit Union Resources, Inc. conducted the annual outside audit also finding few minor accept ions which have been corrected.

MAINTAINING STABILITY: Membership rose 16% to 8,375 in 2016, reflecting a vibrant future for CCCU. In 2016 CCCU participated in community service in all four counties we serve. You may have seen us at the Youth Expos in Limestone and Navarro Counties or the Chamber of Commerce benefits in Hill and Freestone Counties any many events in between. CCCU board and staff strive to be a part of all the communities we serve.

“PEOPLE HELPING PEOPLE, THAT’S WHAT WE DO”

We live this slogan every day and every day we get a little better at it.

**Thank you,
Janis Massey
President/CEO**

**ANNUAL MEETING
TREASURER'S REPORT
CHARLES WARREN**

Charles Warren gave the treasurer's report by stating 2016 was a good financial year. Assets as of 12-31-2016 totaled \$62.7 million. Comparing 2016't numbers to 2016's numbers, CCCU was able to put \$8,828 into regular reserves and \$459,027 into undivided earnings. Delinquency ratios are lower than peer with gross loan mix and spread above peer. We are looking forward to a good year and making more progress with our statistics.

CENTEX CITIZENS CREDIT UNION
CONDENSED STATEMENT OF FINANCIAL CONDITION

<u>BALANCE SHEET ACCOUNTS</u>	<u>2015</u>	<u>2016</u>
ASSETS:		
Net Loans	\$39,067,609	\$42,698,812
Investments	17,464,837	12,806,022
Other Assets	<u>5,951,346</u>	<u>7,236,563</u>
Total Assets	\$62,483,792	\$62,741,397

LIABILITIES:

Shares	\$18,957,921	\$19,872,720
Share Drafts	9,422,649	9,234,531
Money Market Accounts	3,516,238	3,670,865
IRA Accounts	4,499,054	2,478,896
Certificates of Deposit	12,771,061	13,564,266
Other Liabilities	362,737	506,961
Regular Reserves	3,910,955	3,919,783
Undivided Earnings	<u>9,043,177</u>	<u>9,493,375</u>
Total Liabilities & Equity	\$62,483,792	\$62,741,397

INCOME AND EXPENSES

Total Income	\$ 3,171,590	\$ 3,274,520
Total Operating Expenses	<u>2,584,599</u>	<u>2,664,872</u>
Operating Gain	586,991	609,648
Non-Operating Gain(Loss)	0	3,500
Total Dividends Expense	<u>157,424</u>	<u>154,121</u>
Net Gain to Undivided Earnings	\$ 429,567	\$ 459,027
Transfer to Reserves	\$ 8,555	\$ 8,828

KEY FINANCIAL RATIOS

	<u>DEC. 2015</u>	<u>DEC. 2016</u>	<u>PEER SEPT. 2016</u>
Gross Loan Mix	62.8%	69.0%	58.0%
Gross Spread	3.64%	3.70%	3.29%
Total Capital/Ttl. Assets	21.23%	21.4%	11.3%
Delinquency Ratio	.28%	.88%	.90%
<u>TOTAL MEMBERS</u>	7,201	8,375	