



LIFE. MADE AFFORDABLE.





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MESSAGE FROM THE CHAIRMAN



Robert O. Holmes
Chairman

As Chairman of Chartway Federal Credit Union's Board of Directors, I would like to begin by thanking all of you — our loyal members — for your continued support of our credit union family. I want you to know that we are committed to putting your best interests and your needs at the forefront of everything we do.

I would also like to thank my fellow board members, our generous volunteers, and our committed employee team for their determination, dedication, and drive. These individuals come to work every day to help make our member's lives more affordable and to improve the communities we serve. I am deeply proud of the ways in which they have worked together as "One Family" driving our "Member First" mentality in all of our markets like never before.

Thanks to the contributions of these talented people and the support of our members, there is much progress to report. 2016 was an outstanding year marked by growth, strength, exciting innovation, and unity. Under the strong, values-based guidance of our President & CEO, Brian Schools, and his dedicated leadership team, we continued to be recognized for our financial strength, our member and employee experience advancements, and for being an award-winning leader in charitable giving through our We Promise Foundation and CARE Team.

I am particularly honored to highlight three major achievements our credit union realized throughout the past 12 months.

Foremost, we unveiled our new Vision, Mission, and Values – the cultural cornerstones that serve as our compass, guiding our decisions and actions - as we march Chartway forward:

▸ Our Vision

Serving our communities to make your life affordable.

▸ Our Mission

The Chartway family of members and employees invests in the good of our community. Through our shared values and goals of living affordably and being financially optimistic, together we prosper – through service relationships and providing sound financial opportunities.

▸ Our Values

Promoting the philosophy of People Helping People

Exceeding the expectations of those we serve

Building positive, lifetime relationships built on respect, courtesy, and integrity

Inspiring our employees and volunteers in the pursuit of excellence

Improving the communities we serve

What makes this exciting is that our employees, themselves, developed these highly effective and powerful statements. We wanted our Vision, our Mission, and our Values to be personal – and they are – defining who we are, what we do, and why we do what we do.

Secondly, in order to truly become “One Family” geared to drive our “Member First” mentality, we made the strategic decision to unite all of our credit union brands under one name: Chartway Federal Credit Union. While the HeritageWest and SouthWest Community logos may have changed, their extraordinary legacy and our shared commitment to providing straight-forward service – all delivered by the same friendly faces our members have come to know and trust – continues.

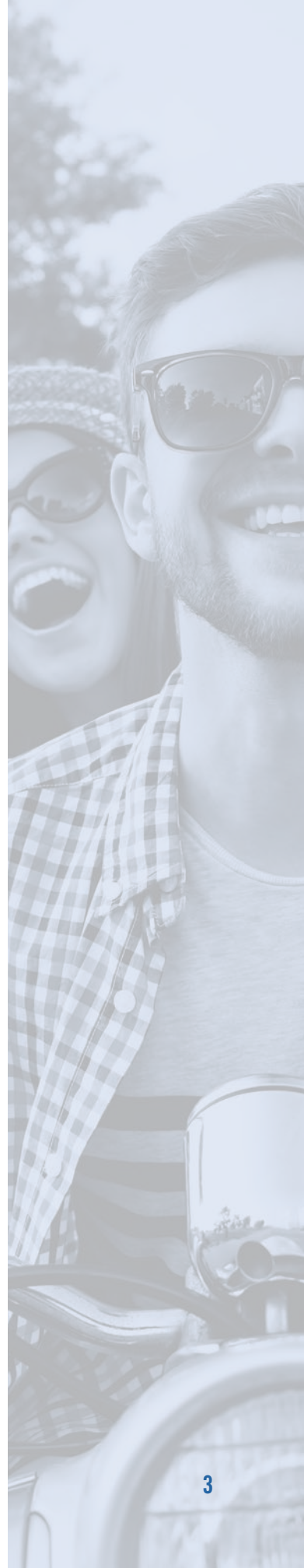
Finally, Chartway has always undertaken a deep and personal philanthropic responsibility when it comes to giving back to our communities – and we always will. While we do this in a number of ways, our community commitment begins with Chartway’s charitable arm, the We Promise Foundation. It gives me great pride to report that in 2016, We Promise raised just over \$1 million to make dreams come true for children battling life-threatening illnesses. Working alongside valued partners such as Toby’s Dream, Make-A-Wish Utah, Children’s Hospital of the King’s Daughters, Roc Solid, EQUI-Kids and many more, we were able to put these funds to cherished use in all of our communities. Since 1999, we have raised more than \$9 million to put a smile on a child’s face when he or she really needs it.

Altogether, what we achieved in 2016 would not have been possible without your loyalty. Your trust is well placed and on behalf of the Board of Directors, I want to thank you for continuing to give us the opportunity to serve you.

Sincerely,

Robert O. Holmes

Chairman, Board of Directors



MESSAGE FROM THE PRESIDENT & CEO



Brian T. Schools
President &
Chief Executive Officer

Life. Made Affordable. As you glance at the cover of this year’s Annual Report, you will see a mix of images that represent what we stand for: affordability, convenient access, modern solutions, extraordinary service, and a thriving culture.

After being appointed your credit union’s President & CEO in late 2015, one of the first charges that my partners on our leadership team and I took on was to recommit to our “Member First” approach. You all, our valued members, are the reason we exist and the reason we come to work every day. It’s incumbent upon us to create and deliver the member experience that provides those very solutions. We take our commitment very seriously and are proud to report a number of advancements and plans as we fulfill our promise of affordability and trust.

As you read in the message from the Chairman, Bob Holmes noted both the development of our new Vision, Mission, and Values and the unification of our Chartway, HeritageWest, and SouthWest Community brands all under one straight-forward name: Chartway. These two initiatives were fundamental to clearly defining our purpose: serving our members. We now provide a consistent experience, affordable and value-added products, enhanced technologies, and improved account access – which are improvements that we made based on your feedback.

In fact, as proof that we are always listening to what you have to say, in 2016, we launched a new nationally recognized loyalty-based member engagement survey. This has provided our leadership with a platform to receive your input and insights in real-time and to ensure that we are able to continually deliver the value and experience you deserve.

Recent Advancements

In today’s evolving world of access and payment options, I’m pleased to report that using your feedback and relying on our “Member First” commitment, we were able to make a number of advancements that you can use every day. Over the last twelve months, we introduced a new website, modernized our digital platforms, issued new “chip card” technology, and launched our digital wallet options that included Apple Pay, Android Pay, Samsung Pay, and Visa Checkout. Internally, we also simplified a number of our key areas of operation. These service enhancements were met with enthusiastic praise from our membership, and we were glad to make important investments in the member experience.

Internally, I’m honored to work with a team of professionals in all our markets that each uphold our responsibilities to you every day. My leadership team and I know that making Chartway a place where the best want to work only reinforces Chartway’s ability to serve you that much more. This past year, we were honored to be named one of the “Best Places to Work” by the Business Journal for southeastern Virginia, Inside Business. They recognized us for having a high-performance culture, providing a motivational and engaging work environment, and having programs that encourage a healthy work-life balance.

Externally, you are seeing much more of Chartway – and our former divisions of HeritageWest and Southwest Community. Whether through our title sponsorship of the Chartway Half Marathon and We Promise 5K in southeastern Virginia, our presence at the Salt Lake Bees and Norfolk Tides baseball games, participation at Old Dominion University and Dixie State University sporting events, or at other venues or events, we hope you learned more about our commitment to the communities we serve. Coupling those events with numerous high school, chamber group and academic scholarships, our contributions should highlight how seriously we take our membership and community responsibilities.

Simply said, there is a “spark” in the air that has strengthened the experiences of our members, our employees, and our communities.

Of course, while we have made a number of advancements internally and externally, as Melvin Mizelle notes in the Treasurer's Report, we do not lose sight of the trust you have placed in us to safeguard your finances. The \$2.2 billion in assets that our 180,000 members have entrusted us with are well served with a September 30, 2016 capital position of 8.14%.

Future Advancements

Our work to-date was not only important for recent successes, but also for providing a foundation to build upon. In fact, you and our community of members will see us launch many more benefits in the coming months, as we look forward to introducing several, recently developed, value-added enhancements that will make our members' lives more affordable, including:

- **Upgraded checking accounts:** on April 3, 2017, we will be launching a new suite of simplified checking accounts that offer competitive features and rewarding benefits. Members will also receive new debit and credit cards, featuring chip technology and a modern design.
- **Fewer fees:** this spring, we will be eliminating more than 17 fees, including fees for cashier's checks, notary services, statement copies, debit and credit card replacements, money orders, and much more.
- **Instant issue technology for debit cards:** this spring, we will be launching technology that will allow us to provide members with new or replacement debit cards on-the-spot in our branches.
- **Improved rates:** in 2017, we will be doing more of what we do best: passing our savings on to members in the form of attractive rates for loans and savings.

We are confident that these advancements will be well-received and we look forward to continually evolving with more offerings to make the lives of our members even more affordable.


Our Community Responsibility

Beyond making a difference for our members through our operations, we take a great deal of pride - and frankly, see it as our duty - to make an impact in all of our communities. In the Chairman's Letter, Bob noted the vast successes of our charitable arm, the We Promise Foundation. I can't thank our members, business partners, and employees enough for what they have done to benefit children in all of our markets. The kids we serve endure very tough times that are often unimaginable.

Additionally, our employee-led CARE team also supported more than a dozen fundraisers to support local and national programs like the American Red Cross and Toys for Tots. They also raised nearly \$10,000 to provide relief to employees needing assistance during times of extraordinary hardship, and hosted numerous donation drives to provide clothing, school and pet supplies, and shoes to non-profits in all the markets we serve. Simply said, this philanthropic mindset is core to who Chartway is.

In closing, I could not be more proud of what we accomplished in 2016 and where we're headed in the coming year and beyond. Our sole purpose is to serve you and the communities we all live in together, and I want you to know that I'm personally grateful that you continue to make Chartway your financial home.

Best,



Brian T. Schools

President & Chief Executive Officer




We Promise[®]
FOUNDATION



“ We are proud of the impact that our We Promise Foundation has made in each of our communities. In fact, We Promise raised just over \$1 million in 2016 to make dreams come true for children battling life-threatening illnesses. Additionally, our employee-led CARE team also supported more than a dozen fundraisers to help support local and national programs like the American Red Cross and Toys for Tots. ”

Brian T. Schools
President & Chief Executive Officer

TREASURER'S REPORT



Melvin S. Mizelle
Treasurer

As a not-for-profit financial cooperative, we are committed to sustaining strength and stability, finding ways to make life affordable for our members, serving our communities, and to returning our profits to our members through lower loan rates, higher deposit rates, and ongoing investments in technology to provide safety, security, and convenience.

I am honored to share with you that in 2016, our policies, procedures, and practices resulted in an exceptionally well-managed and financially secure institution.

We had another banner year in terms of membership growth, earnings, strategic investments in digital banking tools that support our members' on-the-go-lifestyles, modern, full-service banking experiences, and significant philanthropic contributions.

Our assets, as of September 30, 2016, were \$2,219,422,383. This represents growth in assets of \$169,419,015, or 8.26%. Share deposits grew a total of \$67,513,765 for a growth of 3.62% during the year. Additionally, as of September 30, 2016, we were pleased to have net loans to members in the amount of \$1,737,818,328.

As further evidence of our company's financial safety and soundness, I am proud to report that our gross income for the 12-month period as audited by the independent accounting firm of CliftonLarsonAllen LLP, Certified Public Accountants totaled \$91,791,526 and was distributed as follows:

- ▶ \$13,215,668, or 14.4% of gross income in dividends to our members
- ▶ \$11,562,686, or 12.6%, in reserves and retained earnings
- ▶ \$67,013,172, or 73.0% to offset credit union operating expenses in providing products and services to our members

Through our continued commitment to sensible financial management and a disciplined compliance program, we've accumulated a healthy level of reserves and undivided earnings. As of September 30, 2016, our retained earnings and equity totaled \$180,715,824, representing a capital ratio of 8.14%.

Altogether, we are proud of our leading position and look forward to continuing to invest in initiatives that help us facilitate the financial wellbeing of our members and our communities.

Thank you for allowing us to serve you and for your trust. We are proud to make a difference in the lives of our members, our employees, and our communities. At \$2.2 billion and 180,000 members strong, we have a credit union that we can truly be proud of.

M. S. Mizelle
Treasurer, Board of Directors

SUPERVISORY COMMITTEE'S REPORT

Gary M. Abrams
Chairman,
Supervisory Committee

The Federal Credit Union Act requires the Supervisory Committee to evaluate the adequacy and effectiveness of the internal security controls put in place by Chartway Federal Credit Union.

Our primary goal is to protect the interest of our members; therefore, we contracted an independent certified public auditing firm to examine the year—ending September 30, 2016. Following the examination and audit, we received an opinion letter confirming that Chartway's financial statements conform to generally accepted accounting principles.

2016 Supervisory Committee: Gary Abrams, Chairman; Gerald Hensley, Vice Chairman; Scott Sumpter, Secretary; Nancy McMahon, Member; Robert Boyle, Member; Eleanor Willhoite, Associate Member. The Committee, along with Supervisory team members Cindy Nyberg and Tiffany Harrison, extend their appreciation to the credit union members, Board of Directors, management, and staff for their support.

CHARTWAY FEDERAL CREDIT UNION AND SUBSIDIARIES

Consolidated Statements of Financial Condition

ASSETS	SEPTEMBER 2016	SEPTEMBER 2015
Cash and Cash Equivalents	\$ 81,123,502	\$ 147,742,618
Securities - Available-for-Sale	111	371
Securities - Held-to-Maturity	181,571,616	179,402,873
Other Investments	6,010,100	3,516,381
Loans Held-for-Sale	2,315,200	471,200
Loans, Net	1,737,818,328	1,542,192,042
Accrued Interest Receivable	7,433,272	6,480,451
Foreclosed Assets	451,922	1,551,259
Premises and Equipment, Net	38,500,881	37,927,200
NCUSIF Deposit	18,751,265	17,491,307
Credit Union Owned Life Insurance	46,246,036	15,851,708
Goodwill and Other Intangible Assets	71,737,679	71,936,340
Other Assets	27,462,471	25,439,618
Total Assets	\$2,219,422,383	\$2,050,003,368
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LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' Share and Savings Accounts	\$1,932,446,831	\$1,864,933,066
Borrowed Funds	90,000,000	-
Accrued Expenses and Other Liabilities	16,259,728	15,917,166
Total Liabilities	2,038,706,559	1,880,850,232
Members' equity		
Regular Reserves	18,529,735	18,529,735
Undivided Earnings	162,186,089	150,623,403
Accumulated Other Comprehensive Income (Loss)	-	(2)
Total Members' Equity	180,715,824	169,153,136
Total Liabilities and Members' Equity	\$2,219,422,383	\$2,050,003,368

LEADERSHIP TEAM



Brian T. Schools
President &
Chief Executive Officer



Paul V. Annunziata
Chief Financial Officer



Rene G. Bollinger
Chief Human Resources Officer



Robert B. Keatts
Chief Information Officer



Kimberly J. Little
Chief Member Experience Officer



Phillip A. Richards
Chief Planning &
Brand Officer



Jenny H. Vipperman
Chief Lending Officer



Melissa Cade
Regional President -
Eastern Region



Skip Wilson
Regional President –
Western Region

BOARD OF DIRECTORS



Top Row (L to R):

Richard A. McGrath; Melvin S. Mizelle, Treasurer; Judith P. Sparrow; E. L. Gull, Jr., Secretary; Richard R. Ahlborn; Robert N. Cook

Bottom Row (L to R):

Wayne E. Foshay, 1st Vice Chairman; Robert O. Holmes, Chairman; George E. Sauer III, 2nd Vice Chairman





(757) 552-1000 | (800) 678-8765



This credit union is federally insured by the National Credit Union Administration.
Membership eligibility subject to verification.

