



Annual Report
2016



This credit union is federally insured by the National Credit Union Administration.

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President & CEO's Report

Recently a member shared her strong feelings about Nymeo on our Facebook page. She said, "Nymeo is so much more than just a place to keep our money. It is a living, breathing force in our community, championing for good causes and serving as an amazing role model for large companies. I am proud to be a member."



Photo courtesy of
Frederick Magazine.

A living, breathing force in our community! At Nymeo, we are indeed a force -- constantly moving forward, making strides in our strategic initiatives, listening to our members and searching for ways to improve and better serve them.

“ Writing this report, gives me an opportunity to reflect on 2016 -- there is much to reflect on as we push forward into 2017. ”

For a second year, the *Frederick News Post* readers selected Nymeo as the *Best Credit Union!* This is a direct reflection of the dedication from our employees and Board at Nymeo to serving our members.


As your credit union, we continue to provide comprehensive products and services that meet and evolve with our members' needs. We strive every day to fulfill our promise to our members, "To be the only financial partner you'll ever need!"

Security is a top priority at Nymeo. In 2016, we introduced the EMV Chip Card, which features an embedded microchip that provides added protection from fraud and unauthorized use. As part of our continued growth, last year, we provided a more modernized in-branch banking experience for our members in Gaithersburg to conduct their financial business with the opening of the new Bank Street branch. This branch continues to service our loyal NIST members and includes the convenience of a drive-through window and ATM.

2016: Financial Recap

The statements made in the 2015 Annual Report continue to describe correctly how 2016 unfolded. Although our credit union continues to grow in shares, Nymeo continued to remediate the lending quality challenges in 2016 that stemmed from 2015; related to us assisting our members with loans. As a result, we have had to continue to set aside additional reserves in order to anticipate potential loan losses. These additional reserves resulted in a loss for 2016. Due to effective stewardship and despite this loss, Nymeo reported a 10.22% net worth ratio as of December 31, 2016. And despite the net losses recognized in 2016 which we anticipated and disclosed in our 2015 Annual Report, Nymeo continues to exceed all regulatory capital requirements and remains “well-capitalized” according to regulatory guidelines.

In 2017, the remediation actions taken in both 2015 and 2016 are proving to be effective and impactful. We remain confident that over the next twelve to eighteen months these actions will fully address these challenges. Financially and operationally, Nymeo is prepared to absorb additional loan losses in 2017 and have ample net worth to do so. We fully expect to continue to remain “well-capitalized” and to exceed all regulatory capital requirements throughout this extended remediation period.



“While the remediation continues our commitment to members’ needs and interests has never been stronger.”

Community

In 2016, as our member said, Nymeo championed good causes. Fighting hunger is one of our core initiatives. Our \$wipe-Out Hunger Campaign continues to support the Maryland Food Bank School Food Pantry Program in Frederick. Each time our members swipe their debit card, Nymeo donates 1/2 cent. So far, we have donated over \$20,000. We also participated in a Thanksgiving Food Drive, where we donated food items for Thanksgiving meals.

Aside from these programs, in 2016, our credit union also supported members and the community with the following efforts:

- Nymeo Scholarship: Granted two for college
- Passport to Fun: Provided opportunities for homeless students
- Animal Control and Humane Society: Supported various community events
- Community Shred Day: Hosted community shred day in Frederick and at NIST
- Rescue Mission: Volunteer monthly at the Rescue Mission
- Fort Detrick Community: Supported several events for soldiers and their families



Nymeo staff at “Pack to Give Back Local.”



Boxes of food being prepared at Nymeo Field for “Pack to Give Back Local.”

Looking Ahead

While we have achieved a lot in 2016, we are excited about what is in store in 2017. Nymeo will continue to provide excellent service, and we plan to make it even easier for members to bank the way they want!

Earlier this year, we launched **Instant Balance**, where members can access account information instantly -- from a mobile device; **Transfer Now**, a convenient way to transfer money to and from an external or internal account; and coming soon, **Android Pay**, where members can pay on the go much like **Apple Pay**. We are continuously looking for other services to add to our online and mobile banking suite. We now offer a travel club to members, giving members discounts on hotels, flights, cruises and more for just being a Nymeo member. We will soon be announcing a new member tax service to help members with all of their tax related items. We have plans to add other member benefits in 2017 to continue to enhance your member experience!

Every opportunity to serve our members is very rewarding, and I look forward to our journey together as we continue to be a “living, breathing force” for our members and in our community.

As always, I thank you for your membership.

Victoria M. Johnston
Victoria M. Johnston
President & CEO



Nymeo volunteered along with the Frederick Keys employees at Nymeo Field for “Pack to Give Back Local” - packing and distributing more than 11,000 holiday meals for people in need.



During our 3rd annual Random Acts of Kindness, Nymeo dropped off a basket of leashes and toys for the animals at the Frederick County Animal Control. We also bought doughnuts for the hard workers at the animal shelter. WFRE was with us all day and all week helping us spread credit union cheer!

Chairmans Report

In the second decade of the twenty-first century, the list of traditional challenges facing credit unions generally and Nymeo in particular has grown due to such issues as:

- Non-traditional banking organizations
- Achieving economies of scale in order to offer new products and services demanded by our members
- Disruptive technologies
- The need for a robust compliance strategy to satisfy regulatory demands
- The pervasive threat of Cyber attacks

In response to some of the above mentioned challenges and with a view toward being a viable financial organization for another eighty-three years, Nymeo has accomplished several significant milestones:

- Approval of a community charter to address the need for organic membership growth and a more balanced membership demographic.
- Acquisition and installation of a state-of-the art core processor to assist staff in delivering improved, customized member services
- Executing a name change for the Credit Union as part of the effort to create a stronger brand in the community.

In 2016, the Board continued its focus on organizational strategy and governance for the long term. Each monthly meeting agenda included a discussion topic drawn from the list of Nymeo strategic initiatives and a staff presentation on obstacles to achieving previously adopted strategic goals. Recognizing that strategic planning is a dynamic process, the Board and senior management participated in semi-annual, facilitated planning sessions. Following each quarterly planning session, conducted by management with the strategic facilitator, the Board received a written summary.

The ongoing process of Board development has included participation in both in-person and online modes of volunteer training. The 2016 training roster included; Asset Liability Management (quarterly), Bank Secrecy Act, Information Security, and Communication Strategies for High Performing Volunteers.

In addition to the review and re-approval of many standing policies, the Board approved several new policies focused on improving loan quality, assisting member borrowers encountering financial challenges and strengthening information security.

“Keeping in mind the Nymeo vision, “The only financial partner you will ever need,” in 2016 we concentrated on making service quality our primary competitive differentiator.”

To complement the traditional menu of credit union products and services, we are committed to offering quality ancillary services (Retirement and Investment & Wills and Trusts).

In 2016, our service partners conducted several informative workshops for the benefit of our members Recognizing that some of our members do encounter unexpected financial hardships, we continue to offer consumer debt counseling services. For the past couple years we have considered engaging a local firm to offer our members professional tax preparation and accounting services. We have succeeded in partnering with a local accounting firm that will provide tax preparation and investment advisory services while providing synergy with member needs for core credit union services and trust and wills services.

For 2017, we will re-visit our strategic plan, approved in 2009, taking a critical look at our previously adopted strategic factors and strategic initiatives. Starting from a strong financial organization foundation (a strong management team, well trained and motivated staff, a suite of high quality banking products and services, and the offering of competitive dividend and loan interest rates), we will discuss the impacts of an ever changing economy, financial industry trends, and projected new technologies and Nymeo-specific topics such as:

- The evolving needs and demands of our existing members
- Strategies for attracting and retaining younger members
- The changing face of our competition
- Building a strong defense for protecting our members' identities
- Strategies for growing the segment of our members that are both loyal and profitable



We are committed to our mission “To actively promote each member’s financial wellbeing.” As we embark on a new chapter in our financial journey, we acknowledge the daily commitment of our staff and management, the devoted leadership of our Board of Directors and Supervisory Committee and extend heartfelt gratitude to both longstanding and new members who help form this unique family called Nymeo Federal Credit Union.

Charles Yancey
Chairman of the Board

Nymeo volunteering
at the Maryland Food
Bank’s School Pantry
Program at Waverley
Elementary School.



Several businesses and organizations helped deliver bags for Nymeo’s Passport to Fun, which provided access to fun and educational destination points in the county -- many to transitional students.

This program offered Frederick County Public School students with an opportunity to explore the county via TransIT during the summer of 2016.



Photos

In 2016, Nymeo staff began serving meals to the community at the Frederick Rescue Mission! The Mission serves breakfast and lunch 365 days a year to anyone in need of a meal.



Nymeo's Bank Street branch grand opening in Gaithersburg during the ribbon cutting ceremony.





Nymeo and the brave workers from Frederick's Fire and Rescue team during our 3rd annual Random Acts of Kindness, where we--along with WFRE--treated them to lunch.



Nymeo awarded two Frederick County Public School high school seniors with the 2016 Nymeo Believe & Achieve Scholarship. Holly Yvonne Herald from Catoclin High School and Zoe Maliszewskyi from Middletown High School were last year's recipients.

Treasurer's Report

During 2016 Nymeo continued remediating the lending quality challenges that we spoke about in our 2015 Annual Report. Because of those predicted loan losses we experienced a loss in 2016. The good news is that we are working diligently and effectively to mitigate a continuation of these losses. In addition, we are happy to report that Nymeo continues to be well capitalized as defined by our regulator NCUA.

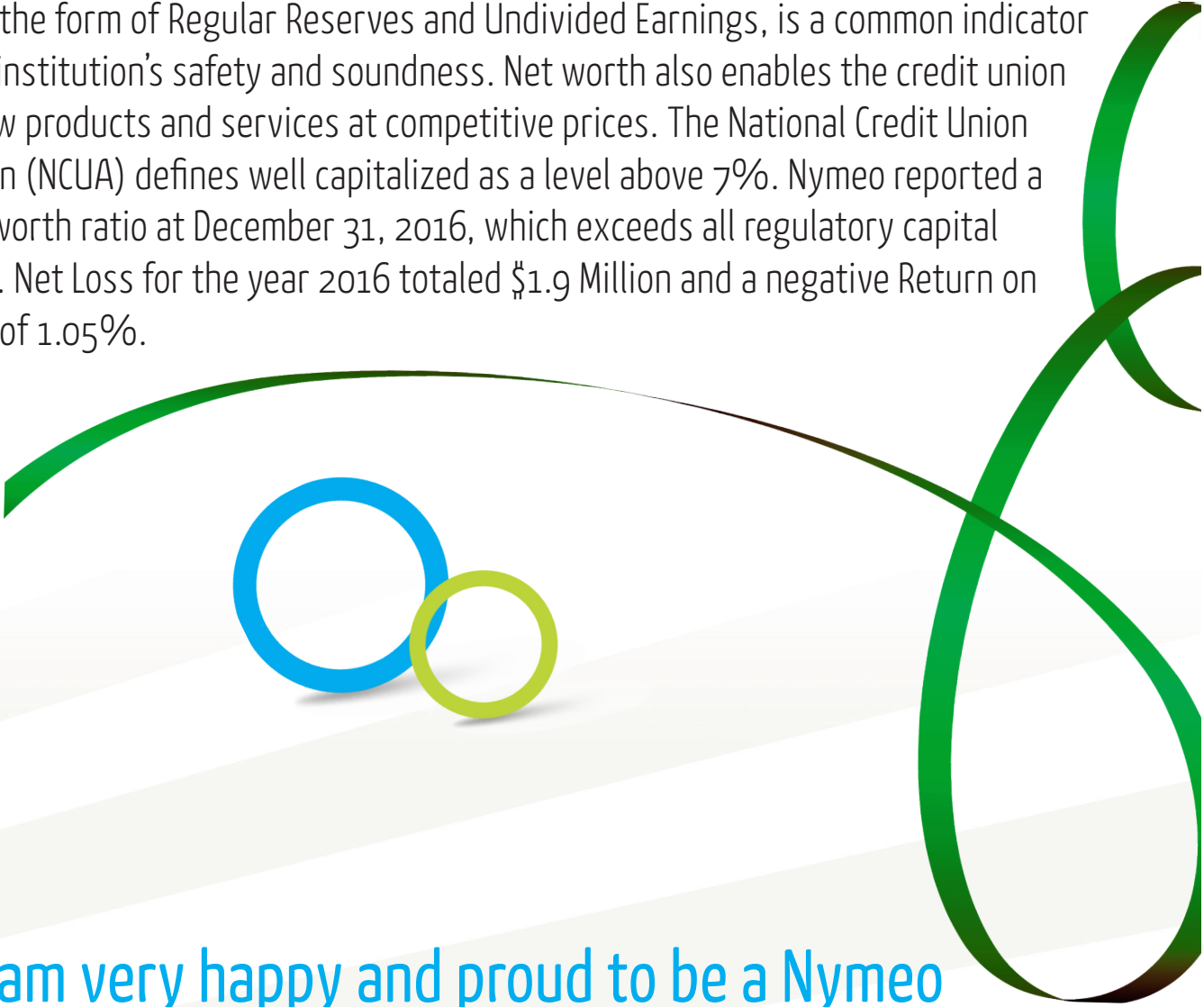
“ We are determined to be the only financial institution you will ever need. ”

We anticipate 2017 to be a turn-around year for Nymeo and in that regard, Nymeo's Board of Directors and the employees remain steadfast in our commitment to bring to our members value by providing competitive loan and deposit products and services that meet and exceed your expectations. We are determined to be the only financial institution you will ever need.

Assets Performance	Share Draft Performance
▼ \$1 M	▲ \$3.9 M
Loan Performance	Total Equity Performance
▼ \$7.9 M	▼ \$2.4 M
Auto Portfolio Performance	Visa Portfolio Performance
▼ \$7.7 M	▼ \$2.5 M

Total Assets as of December 2016 amounted to \$257.5 million. Total Gross Loans decreased \$7.9 million or -4% from 2015, totaling \$183 million. Automobile and Visa lending comprised the majority of the loan portfolio increase. The Automobile Portfolio decreased by \$7.7 million or -10%. The Visa lending portfolio decreased by \$2.6 million or -16%. Total Shares as of December 2016 were \$224 million, an increase of \$8.5 million from 2015. Share Drafts grew by \$3.9 million or 9% from 2015.

Net worth, in the form of Regular Reserves and Undivided Earnings, is a common indicator of a financial institution's safety and soundness. Net worth also enables the credit union to provide new products and services at competitive prices. The National Credit Union Administration (NCUA) defines well capitalized as a level above 7%. Nymeo reported a 10.22% net worth ratio at December 31, 2016, which exceeds all regulatory capital requirements. Net Loss for the year 2016 totaled \$1.9 Million and a negative Return on Assets (ROA) of 1.05%.



“ I am very happy and proud to be a Nymeo member. I have NEVER had a problem banking with Nymeo from afar. You will always be my credit union. “Hi” to all my friends. ”

--Joan L.

Supervisory Committee's Report

The Supervisory Committee is the members' representative under the Federal Credit Union Act. The Committee consists of three Nymeo members, appointed by the Board, who meet quarterly to perform the duties of assuring the accuracy of financial statements and the adequacy of internal control procedures of Nymeo and its subsidiary.

The Committee retains outside firms to provide independent assessments of our financial statements and internal control procedures. In 2015, the Supervisory Committee retained the accounting firm of CliftonLarsonAllen, LLP, to conduct an audit of the consolidated financial statements and to express an opinion about the financial condition of Nymeo. The audit was conducted in accordance with auditing standards generally accepted in the United States. These standards require that the audit be performed in such a way as to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. A set of condensed results is included in this report and a complete copy of the audit results is available for review at any of our offices.

As your representative, we also assist members if they experience a problem of any kind with their Nymeo statement or the services provided by Nymeo. If you have such an issue, please contact the Supervisory Committee at the following address:

Supervisory Committee
Nymeo FCU
5210 Chairmans Court
Frederick, MD 21703

Please do not use this address for other contacts or transactions as this may cause a significant delay in response and/or processing.

Richard Allen
Chairman, Supervisory Committee

Nymeo Federal Credit Union and Subsidiary Consolidated

Statements of Financial Condition

Years Ended December 31, 2016 and 2015

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 16,527,089	\$ 23,973,411
Deposits in Other Financial Institutions	38,680,000	32,761,005
Investments:		
Available-for-Sale, at Fair Value	12,615,902	2,956,523
Cash and Cash Equivalents	1,780,176	2,027,034
Loans held for sale	-	335,000
Loans to Members, Net of Allowance for Loan Losses	178,185,882	187,106,547
Accrued Interest Receivable:		
Loans	744,027	890,064
Investments	78,165	44,840
Prepays and other assets	2,330,385	2,030,159
Premises and equipment, net	4,504,173	4,465,234
NCUSIF Deposit	2,052,775	1,955,318
Total Assets	\$ 257,498,574	\$ 258,545,135
LIABILITIES AND MEMBERS' EQUITY		
Member's Share and Savings Accounts	\$ 223,849,701	\$ 215,316,205
Borrowed Funds	6,000,000	12,033,334
Accrued Interest Payable	1,152	11,060
Accrued Liabilities	1,693,858	2,864,780
Total Liabilities	\$ 231,544,711	\$ 230,225,379
TOTAL LIABILITIES AND MEMBERS' EQUITY		
Regular Reserves	\$ 1,920,098	\$ 1,920,098
Undivided Earnings	24,458,339	26,432,692
Accumulated Other Comprehensive Loss	(424,574)	(33,034)
Total Members' Equity	25,953,863	28,319,756
Total Liabilities and Members; Equity	\$ 257,498,574	\$ 258,545,135

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of members' equity and cash flows and notes to the consolidated financial statements, is available in the Credit Union office.

Nymeo Federal Credit Union and Subsidiary Consolidated Statements of Operations

Years Ended December 31, 2016 and 2015

INTEREST INCOME

	2016	2015
Loans to Members	\$ 13,023,858	\$ 12,011,958
Securities and Interest Bearing Deposits	595,318	381,749
Total Interest Income	\$ 13,619,176	\$ 12,393,707

INTEREST EXPENSE

Members' Share and Savings Accounts	\$ 731,916	\$ 728,316
Borrowed Funds	113,859	228,908
Total Interest Expense	845,775	957,224
Net Interest Income	12,773,401	11,436,483
Provision for Loan Losses	6,343,211	4,586,049
Net Interest Income After Provision for Loan Losses	\$ 6,430,190	\$ 6,850,434

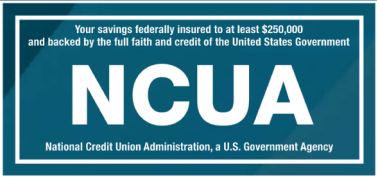
NON-INTEREST INCOME

Service Charges and Fees	\$ 1,532,502	\$ 1,576,663
Other Non-Interest Income	1,568,670	1,607,750
Gain on Sales of Loans	78,234	141,202
Total Non-Interest Income	\$ 3,179,406	\$ 3,325,615

NON-INTEREST EXPENSE

Compensation and Employee Benefits	\$ 5,040,123	\$ 4,936,228
Office Operating Costs	4,017,384	4,311,264
Office Occupancy Costs	2,484,658	2,507,955
Net Loss On Disposal of Assets	41,784	2,556
Total Non-Interest Expense	11,583,949	11,758,003
Net loss	(1,974,353)	(1,581,954)
OTHER COMPREHENSIVE LOSS	(391,540)	(18,136)
Comprehensive loss	\$ (2,365,893)	\$ (1,600,090)

Federally insured by NCUA



nymeo

*a new way to look at money*SM

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