

# 2017 Annual Report



*Federally Insured by NCUA*


# Leadership Message

Empower Federal Credit Union's performance for 2017 was outstanding and reached record levels in terms of membership, loans, deposits and assets. Due to this strong performance in 2017, the Board of Directors declared another giveback to its member-owners. The giveback was increased to \$3.5 million and was divided between both savers and borrowers of the credit union. Over the last 10 consecutive years, Empower has given back a total of over \$27.5 million to its membership.

Empower performed well against peer credit union benchmarks for 2017. The membership base increased by 10,542 to a new record of 176,802 which is a 6.3% increase as compared to our peers who increased membership by 5.5% nationally. Total net loans outstanding reached record levels that increased \$69.6 million to \$1.315 billion or 5.6%. The number of loans originated equaled 38,747 for a record amount of \$544 million in total for the year. Deposits and assets also reached new highs as deposits increased \$94.0 million to \$1.462 billion or 6.9% and assets also increased \$117.1 million to \$1.662 billion or 7.6%.

Empower completed the renovation and modernization of our largest branch located at 515 Erie Boulevard West in downtown Syracuse. We expanded the member drive up lanes from 4 to 6, the ATM drive up lanes from 2 to 4, and the teller line from 8 to 10. We also greatly expanded the number of internal offices to accommodate members for better privacy and security.

So far in 2018, Empower purchased, renovated and opened a former East Syracuse bank branch located on the corner of Kinne Street and Kirkville Road. The Grand Opening is scheduled for Friday, May 18, 2018 at 11:00 am. We also renovated our Liverpool branch, including the addition of another drive up ATM from 1 to 2, more parking for members and more internal offices. From a product and service



perspective, we introduced mobile check deposit that has been a very popular service since inception and we recently launched mobile access to our credit card Rewards Program.

The biggest change to both members and employees in 2018 will be the conversion to our new Fiserv DNA Core operating system. With the growth, product and service expansion of Empower over the last decade, our current core system was simply not keeping up with our needs. The new DNA core system will bring many modern and efficient benefits to all and we are scheduled for an October 1, 2018 conversion. As we approach the conversion date, all members will receive more detailed information about the conversion.

In our continued support of the many non-profit charitable organizations within our field of membership, sponsorships and donations exceeded \$145,000 to over 136 charities. In addition, Empower employees donate their time to teach a variety of financial education programs to both area schools and associations. The credit union philosophy of “people helping people” sets us apart from other financial institutions in both giving of monetary support and volunteerism.

On behalf of the Board of Directors, volunteers and employees of Empower, we appreciate the confidence you have placed upon us. Your participation as member-owners has created a growing, dynamic, exciting and strong credit union. As stewards of Empower, we look forward to serving you and in meeting all of your financial needs both now and in the future.

Respectfully Submitted,

*David Wolf*, Chair, Board of Directors

*John D. Wakefield*, President & CEO



# *Supervisory Committee Report for Year-End 2017*

The objectives of the Supervisory Committee include the following:

- ▶ Determine that established internal controls are effectively maintained and adequately protect the credit union and its members.
- ▶ Determine that accounting records and reports are prepared and accurately reflect credit union operations.
- ▶ Ensure that the policies and procedures of each functional department are adhered to.

The Supervisory Committee accomplishes these objectives in three primary ways:

- ▶ Oversight of the Internal Audit Department including reviews of Internal Audit reports and monitoring and tracking of audit recommendations.
- ▶ Engaging an independent public accounting firm to complete a comprehensive year-end audit of the credit union's financial statements.
- ▶ Review of examinations performed by the NCUA's Federal Examiners.

The firm of Firley, Moran, Freer & Eassa, P.C. performed an audit of the financial statements of Empower Federal Credit Union, for the year ending December 31, 2017. The audit was completed in conformity with generally accepted auditing standards. Empower received an unqualified opinion.

I would like to thank the Internal Audit Department for their efforts during the past year in assisting the Supervisory Committee to reach their objectives.

Respectfully Submitted,

*Dave Cusano*, Chairman - Supervisory Committee

# Treasurer's Report

Empower Federal Credit Union realized another strong year of financial performance. Operating income and net worth reached record levels. Healthy financial results combined with our strong net worth base provide Empower the ability to continue to deliver superior value to our members.

Earnings in 2017 before the member giveback and non-operating items was \$18.9 million, a \$3.7 million, or 24%, increase over 2016. Because of this performance, the member giveback was increased by \$.25 million to \$3.5 million. Net income after the member giveback and non-operating items was \$14.9 million. This demonstrates strong product usage by our members. Non-interest expense also increased \$3.6 million or 4.9% as we continue to make investments in the credit union to ensure we maintain high levels of service.

Gross loans to members increased by \$71.5 million or 5.7% in 2017. This growth was spread across almost all our product offerings. Deposits also increased by \$94.0 million, or 6.9%. This growth was concentrated in "core deposits", or share drafts, regular shares and money market shares. Growth in these products was a strong \$102.5 million or 9.2%. Share certificates declined by 3.4%. Total assets grew \$117.1 million or 7.6% to \$1.66 billion.

One of the most important metrics is net worth. The ability to grow net worth and maintain an appropriate level is critical to a growing financial institution. Empower ended 2017 with net worth of \$169.4 million, a \$14.9 million increase over 2016. Our net worth as a percentage of total assets is a very healthy 10.19% and was 10.00% one year ago. This provides a proper level of safety and soundness as well as the capacity to offer new and enhanced products and services. We continually monitor and evaluate this position to ensure continued safety and soundness while balancing the needs of our members.

Empower Federal Credit Union continues to maintain the financial strength to ensure our members' trust and continued participation in our products and services. Empower is financially secure and well positioned for future growth and well prepared to continue to deliver superior value to our members.

Respectfully submitted,

*Richard P. Nave*, Senior Vice-President/CFO

*Patrick Piscitelli*, Treasurer

# Statements of Financial Condition for Empower Federal Credit Union as of December 31, 2017

<b>Assets:</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents	98,114,000	104,609,000
Total Investments	153,003,000	110,958,000
Total Loans & Leases	1,328,451,000	1,256,921,000
Less: Allowance for Loan & Lease Losses	(13,906,000)	(11,992,000)
Net Loans	1,314,544,000	1,244,929,000
Total Other Assets	96,234,000	84,318,000
<b>Total Assets</b>	<b>1,661,896,000</b>	<b>1,544,814,000</b>
<b>Liabilities:</b>		
Notes Payable	11,535,000	6,096,000
Total Liabilities	21,527,000	18,104,000
Total Member Shares	1,462,035,000	1,368,010,000
Member Equity	169,354,000	154,442,000
Unrealized Gains (Losses) on Investments	(2,556,000)	(1,839,000)
<b>Total Liabilities, Shares and Equity</b>	<b>1,661,896,000</b>	<b>1,544,814,000</b>

# Statements of Income for Empower Federal Credit Union for the Year Ended December 31, 2017

Income and Expense	2017	2016
<b>Interest Income:</b>		
Interest on Loans	64,342,000	60,636,000
Less: Interest Refunded	(2,643,000)	(2,438,000)
Income on Investments	4,660,000	2,701,000
<b>Total Interest Income</b>	<b>66,359,000</b>	<b>60,899,000</b>
<b>Interest Expense:</b>		
Dividends on Shares	5,333,000	5,094,000
Bonus Dividend	885,000	824,000
Interest on Borrowed Money	704,000	5,000
<b>Total Interest Expense</b>	<b>6,923,000</b>	<b>5,923,000</b>
<b>Net Interest Income</b>	<b>59,437,000</b>	<b>54,976,000</b>
<b>Provision:</b>		
Provision for Loan and Lease Losses	10,692,000	9,478,000
<b>Net Interest Income after Provision for Loan Losses</b>	<b>48,745,000</b>	<b>45,497,000</b>
<b>Other Income:</b>		
Total Other Income	43,459,000	39,678,000
<b>Non-Interest Expense:</b>		
Compensation and Benefits	34,052,000	32,364,000
Office Operations and Occupancy	16,468,000	13,828,000
Loan Servicing	10,270,000	11,884,000
Professional and Outside Services	13,312,000	12,435,000
Education and Promotion	2,758,000	2,748,000
<b>Total Non-Interest Expense</b>	<b>76,860,000</b>	<b>73,259,000</b>
<b>Income (Loss) before Non-Operating Income (Loss)</b>	<b>15,344,000</b>	<b>11,917,000</b>
Impairment on NCUSIF Deposit		
Premium Assessment on Insured Shares		
NCUA / Stabilization Recapture		
<b>Non-Operating Income (Loss):</b>		
Gain on Credit Union Merger	-	4,217,000
Loss on Investment in Capital Shares of Members United Corporate Federal Credit Union		
Gain on Insurance Settlement		
NCUSIF / Stabilization		
Recapitalization (Premiums) Recovery	-	-
(Loss) Gain on Disposal of Property and Equipment	(432,000)	(88,000)
<b>Net Income (Loss)</b>	<b>14,912,000</b>	<b>16,045,000</b>



# *Empower Year in Review 2017*

*2017 was a year full of events, sponsorships, grand openings and fun for its employees and members. Here are just a few examples of the great year we have had at Empower.*







# Locations

## **AUBURN**

65 State Street  
Auburn, NY 13021

## **BALDWINSVILLE**

15 East Genesee Street, Suite 110  
Baldwinsville, NY 13027

## **CANANDAIGUA**

400 Fort Hill Avenue  
Building 7  
Canandaigua, NY 14425

## **CHEEKTOWAGA**

2690 Walden Avenue  
Cheektowaga, NY 14225

## **CHITTENANGO**

278 Genesee Street  
Chittenango, NY 13037

## **CICERO**

5791 Route 31  
Cicero, NY 13039

## **EAST SYRACUSE**

900 Kinne Street  
East Syracuse, NY 13057

## **ELMIRA**

351 N. Main Street  
Elmira, NY 14901

## **FAIRMOUNT**

3700 W. Genesee Street  
Syracuse, NY 13219

## **FAYETTEVILLE**

7320 E. Genesee Street  
Fayetteville, NY 13066

## **FULTON**

722 West Broadway  
Fulton, NY 13069  
  
520 South Second Street  
Fulton, NY 13069

## **JOHNSON CITY**

760 Harry L. Drive  
Johnson City, NY 13790

## **LAKELAND**

963 State Fair Blvd  
Syracuse, NY 13209

## **LIVERPOOL**

7670 Morgan Road  
Liverpool, NY 13090

## **NORTH MEDICAL CENTER**

5112 West Taft Rd. Suite B  
Liverpool, NY 13088

## **OSWEGO**

100 George Street  
Oswego, NY 13126

## **PALATINE BRIDGE**

121 Price Chopper Plaza  
Palatine Bridge, NY 13428

## **SYRACUSE**

515 Erie Boulevard West  
Syracuse, NY 13204

300 Erie Boulevard West\*  
Syracuse, NY 13204

800 Irving Avenue\*  
(VA Medical Center)  
Syracuse, NY 13202

Green Hills Farms  
Grocery Store  
5933 S. Salina St,  
Syracuse, NY 13205

## **UTICA**

1928 Genesee Street  
Utica, NY 13502

## **WESTERN LIGHTS**

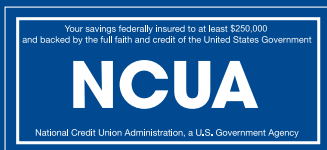
4729 Onondaga Blvd.  
Syracuse, N.Y. 13219

*\*Location not open  
to the public.*



*[www.empowerfcu.com](http://www.empowerfcu.com)*

*800.462.5000*



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