

2018 Annual Report




Federally Insured by NCUA

Leadership Message

Empower Federal Credit Union's performance for 2018 was outstanding and reached record levels in terms of membership, loans, deposits and assets. Due to this strong performance, the Board of Directors declared another giveback to its member-owners. The giveback was increased to \$4.0 million and was divided between both savers and borrowers of the credit union. Over the last 11 consecutive years, Empower has given back a total of over \$31.5 million to its membership.

Empower also performed well against peer credit union benchmarks for 2018. The membership base increased by over 18,300 to a new record of 195,165 which is a 10.4% increase as compared to our peers who increased membership by 5.1% nationally. Total net loans outstanding reached record levels that increased \$211.0 million to \$1.539 billion or 15.9%. The number of loans originated equaled 53,882 for a record amount of \$699 million in total for the year. Deposits and assets also reached new highs as deposits increased \$47.6 million to \$1.510 billion or 3.3% and assets also increased \$140.9 million to \$1.803 billion or 8.5%.

In 2018, Empower purchased, renovated and opened a former East Syracuse bank branch located on the corner of Kinne Street and Kirkville Road. 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. For 2019, we are adding another teller station to our Green Hills branch and have secured property to build a new branch in Central Square. By the end of 2019, we will have completed our decade-long branch expansion plans in Central NY. We may need to reconsider additional areas based upon member growth along with the reconstruction plans with I-81.



The biggest change to both members and employees in 2018 was our conversion to our new Fiserv DNA Core operating system. With the growth, product and service expansion of Empower over the last decade, our old core system was simply not keeping up with our needs. The new DNA core system has brought and will continue to bring many modern and efficient benefits in the future. The conversion to the new core system occurred as planned on October 1, 2018. While we still have ongoing cleanup-related items to fix, as is typical for any computer conversion, we will be focusing in on enhancements and more efficient processes to implement for the remainder of 2019.

In our continued support of the many non-profit charitable organizations within our field of membership, sponsorships and donations exceeded \$161,500 to over 140 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 2018

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, 2018. 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 had another strong year of financial performance. Our 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 2018 before the member giveback was \$24.5 million, a \$6.1 million, or 33%, increase over 2017. Because of this performance, the member giveback was increased by \$.5 million to \$4.0 million. Net income after the member giveback was \$20.5 million. Non-Interest Income increased \$4.7 million or 10.7% to \$48 million. This demonstrates strong product usage by our members. Non-interest expense also increased \$7.5 million or 9.8% as we continue to make investments in the credit union to ensure we maintain high levels of service.

Loans to members increased by \$211.0 million or 15.9% in 2018. This growth was spread across almost all our product offerings. Deposits also increased by \$47.6 million, or 3.3%. This growth was concentrated in "core deposits", or share drafts, regular shares and money market shares. Total assets grew \$140.9 million or 8.5% to \$1.8 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 2018 with net worth of \$189.8 million, a \$20.5 million increase over 2017. Our net worth as a percentage of total assets is a very healthy 10.53% and was 10.19% 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,

Patrick Piscitelli, Treasurer

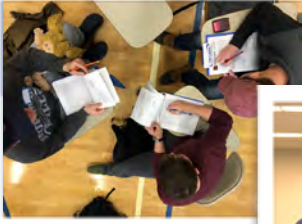
Richard P. Nave, Senior Vice-President/CFO

Statements of Financial Condition for Empower Federal Credit Union as of December 31, 2018

Assets:	2018	2017
Cash and Cash Equivalents	44,608,000	98,114,000
Total Investments	138,052,000	153,003,000
Total Loans & Leases	1,539,404,000	1,328,451,000
Less: Allowance for Loan & Lease Losses	(15,923,000)	(13,906,000)
Net Loans	1,523,481,000	1,314,544,000
Total Other Assets	96,790,000	96,355,000
Total Assets	1,802,931,000	1,662,017,000
Liabilities:		
Notes Payable	72,989,000	11,535,000
Total Liabilities	35,185,000	21,648,000
Total Member Shares	1,509,668,000	1,462,035,000
Member Equity	189,843,000	169,354,000
Unrealized Gains (Losses) on Investments	(4,753,000)	(2,556,000)
Total Liabilities, Shares and Equity	1,802,931,000	1,662,017,000

Statements of Income for Empower Federal Credit Union for the Year Ended December 31, 2018

Income and Expense	2018	2017
Interest Income:		
Interest on Loans	73,652,000	64,342,000
Less: Interest Refunded	(3,022,000)	(2,643,000)
Income on Investments	5,300,000	4,660,000
Total Interest Income	75,931,000	66,359,000
Interest Expense:		
Dividends on Shares	6,563,000	5,333,000
Bonus Dividend	1,000,000	885,000
Interest on Borrowed Money	1,159,000	704,000
Total Interest Expense	8,722,000	6,923,000
Net Interest Income	67,209,000	59,437,000
Provision for Loan and Lease Losses	10,280,000	10,692,000
Net Interest Income after Provision for Loan Losses	56,929,000	48,745,000
Total Non-Interest Income	48,016,000	43,352,000
Non-Interest Expense:		
Compensation and Benefits	38,917,000	34,052,000
Office Operations and Occupancy	16,370,000	16,441,000
Loan Servicing	10,559,000	10,270,000
Professional and Outside Services	15,666,000	13,232,000
Education and Promotion	2,823,000	2,758,000
Total Non-Interest Expense	84,335,000	76,753,000
Income (Loss) before Non-Operating Income (Loss)	20,610,000	15,344,000
Non-Operating Income (Loss):		
Gain on Credit Union Merger	-	-
(Loss) Gain on Disposal of Property and Equipment	(121,000)	(432,000)
Net Income (Loss)	20,489,000	14,912,000





Empower Year in Review 2018

*It was a year full of events, sponsorships,
and fun! Here are just a few Empower FCU
memories from 2018.*

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

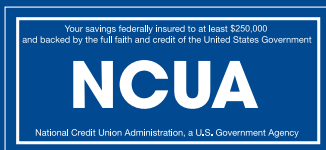
4729 Onondaga Blvd.
Syracuse, N.Y. 13219

**Location not open
to the public.*



www.empowerfcu.com

800.462.5000



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