

# 2020 *Annual Report*



*Federally Insured by NCUA*

# Leadership Message

Empower Federal Credit Union's performance for 2020 was great given the circumstances regarding COVID-19 in terms of loans, deposits, and assets. Due to this positive performance, the Board of Directors declared another giveback to its member-owners. The giveback was \$4.0 million and was divided between both savers and borrowers of the credit union. Over the last 13 consecutive years, Empower has given back a total of over \$39.5 million to its membership.

Empower also performed well against peer credit union benchmarks for 2020. Total net loans outstanding reached record levels that increased \$98.8 million to \$1.654 billion or 6.0%. The number of loans originated equaled 37,236 for an amount of \$723 million in total for the year. Deposits and assets also reached new highs as deposits increased \$440.9 million to \$2.142 billion or 25.9% and assets also increased \$460.4 million to \$2.415 billion or 23.6%. Membership stood at 207,000.

In our continued support of the many non-profit charitable organizations within our field of membership, sponsorships and donations exceeded \$175,000 to over 188 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.

By February of 2020, we completely replaced and modernized all our ATMs with the latest in touch screen technology and security and finished that project just prior to the lockdown caused by COVID-19. We also opened our brand new Central Square branch on March 2<sup>nd</sup>, 2021 just 2 weeks prior to the lockdown. The branch has performed extremely well and exceeded all expectations in terms of member, loan and deposit growth. The branch was voted internally to be the #1 branch of all of our 25 branches for 2020. The branch is conveniently located at 3056 East Avenue, Route 49, Central Square, NY 13036.

However, for the majority of time in 2020, our main focus has been on COVID-19 and our ability to keep employees and members safe and secure while at the same time continue to maintain high levels of service for our membership. We started planning for and testing remote access in earnest by late January and by the time we were instructed to lockdown by NY State at the end of March we were ready. Many headquarter and branch staff were outfitted to work safely and securely from home and as expected call volumes increased dramatically over that time period. With a significantly larger staff to answer calls in a timely manner, we were able to continue to process all types of loans through remote delivery channels including mortgages and auto loans. We were able to provide for over 450 Payment Protection Program loans totaling approximately \$21.6 million to small businesses through the Cares Act in 2020. We have also restarted many of our delayed product and services initiatives and recently introduced our new credit score and monitoring service known as My Credit through our mobile and tablet apps.

While we continued to service members through our drive ups during the lockdown as banking services are considered essential, we were able to reopen almost all of our branch lobbies by the end of June by retrofitting them with plexiglass shields and implementing appropriate safety protocols to help stop the spread of the virus. Unfortunately, due to an increase in the spread of COVID-19, we again had to lock down our lobbies during the holiday season but keep them open for appointment only. During that timeframe, we also installed ionization HVAC clean air filtration systems to our branch and HQ facilities. Fortunately, with all of the safety measures we have implemented, we have had no employee to employee spread of COVID-19 and have recently reopened all of our lobbies again to the membership. All of us at Empower would like to thank the membership for your patience through this pandemic.

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,

*Bob Cummings*, Chair, Board of Directors

*John D. Wakefield*, President & CEO

# *Supervisory Committee Report for Year-End 2020*

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, 2020. 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. As we navigated through a global pandemic that impacted all of us for much of 2020, our healthy financial results combined with our strong net worth base provided Empower the ability to continue to deliver superior value to our members.

Earnings in 2020 before the member giveback was \$19.0 million, an \$8.7 million, or 31%, decrease over 2019. Although earnings were down in 2020 due to these unprecedented times, our overall performance was still very positive, and we were able to declare a member giveback of \$4.0 million once again. Net income after the member giveback was \$15.0 million. Non-Interest Income increased \$0.9 million or 1.7% to \$52.7 million. This demonstrates strong product usage by our members. Non-interest expense also increased \$5.5 million or 6.2% as we continue to make investments in the credit union to ensure we maintain high levels of service.

Loans to members increased by \$108.0 million or 6.5% in 2020 and deposits also increased by \$440.9 million, or 25.9%. This growth was concentrated in "core deposits", or share drafts, regular shares, and money market shares. Total assets grew \$460.4 million or 23.6% to \$2.41 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 2020 with net worth of \$228.6 million, a \$15.0 million increase over 2019. Our net worth as a percentage of total assets is a very healthy 9.47% and was 10.93% 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,

*Jan Mileskey*, Treasurer

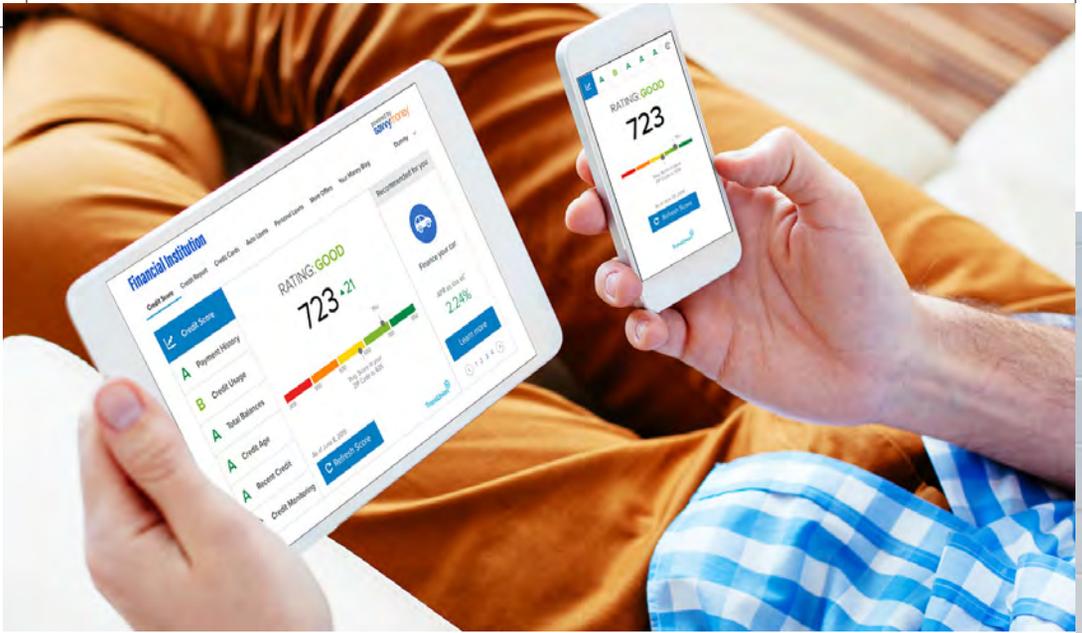
*Richard P. Nave*, Senior Vice-President/CFO

## *Statements of Financial Condition for Empower Federal Credit Union as of December 31, 2020*

<b>Assets:</b>	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	338,529,000	91,011,000
Total Investments	219,773,000	110,288,000
Total Loans & Leases	1,781,470,000	1,673,461,000
Less: Allowance for Loan & Lease Losses	(28,527,000)	(19,288,000)
Net Loans	1,752,943,000	1,654,173,000
Total Other Assets	103,566,000	98,895,000
<b>Total Assets</b>	<b>2,414,811,000</b>	<b>1,954,367,000</b>
<b>Liabilities:</b>		
Notes Payable	3,756,000	6,396,000
Total Liabilities	37,699,000	33,305,000
Total Member Shares	2,142,061,000	1,701,117,000
Member Equity	228,568,000	213,545,000
Unrealized Gains (Losses) on Investments	2,727,000	3,000
<b>Total Liabilities, Shares and Equity</b>	<b>2,414,811,000</b>	<b>1,954,367,000</b>

# Statements of Income for Empower Federal Credit Union for the Year Ended December 31, 2020

Income and Expense	2020	2019
<b>Interest Income:</b>		
Interest on Loans	86,508,000	88,011,000
Less: Interest Refunded	(3,217,000)	(3,019,000)
Income on Investments	3,741,000	4,590,000
<b>Total Interest Income</b>	<b>87,032,000</b>	<b>89,582,000</b>
<b>Interest Expense:</b>		
Dividends on Shares	12,582,000	12,635,000
Bonus Dividend	805,000	1,002,000
Interest on Borrowed Money	143,000	873,000
<b>Total Interest Expense</b>	<b>13,530,000</b>	<b>14,510,000</b>
<b>Net Interest Income</b>	<b>73,502,000</b>	<b>75,072,000</b>
Provision for Loan and Lease Losses	16,436,000	13,603,000
<b>Net Interest Income after Provision for Loan Losses</b>	<b>57,066,000</b>	<b>61,469,000</b>
<b>Total Non-Interest Income</b>	<b>52,692,000</b>	<b>51,819,000</b>
<b>Non-Interest Expense:</b>		
Compensation and Benefits	46,318,000	41,587,000
Office Operations and Occupancy	18,122,000	15,921,000
Loan Servicing	11,175,000	11,562,000
Professional and Outside Services	16,546,000	17,242,000
Education and Promotion	2,574,000	2,921,000
<b>Total Non-Interest Expense</b>	<b>94,735,000</b>	<b>89,233,000</b>
<b>Income (Loss) before Non-Operating Income (Loss)</b>	<b>15,023,000</b>	<b>24,055,000</b>
<b>Non-Operating Income (Loss):</b>		
(Loss) Gain on Disposal of Property and Equipment	-	(353,000)
<b>Net Income (Loss)</b>	<b>15,023,000</b>	<b>23,702,000</b>



# IMPROVE YOUR CREDIT SCORE

Understand Your Credit Score And How You Can Improve It With My Credit

My Credit is a FREE service that allows you to check your credit score at any time, right from your phone or computer! Get instant access to your credit score, credit report, credit monitoring, personalized moneysaving offers on new and existing loans with us and financial education tips on how to improve your score or maintain an already great one.

## THE BENEFITS OF CHECKING YOUR SCORE:



Receive daily credit monitoring with alerts for major changes.



Identify and easily dispute credit bureau errors.



Understand the factors that impact your score.



Work toward your financial goals!



My Credit's has new features designed to help you better understand and improve your financial health, including:

**Credit Score Simulator:** See the potential impact of opening new accounts or paying off balances. You can use this interactive tool to simulate your credit score before actually taking action.

**Credit Score Event Chart:** Visualize the impact of payment history and credit usage on your credit score over time.

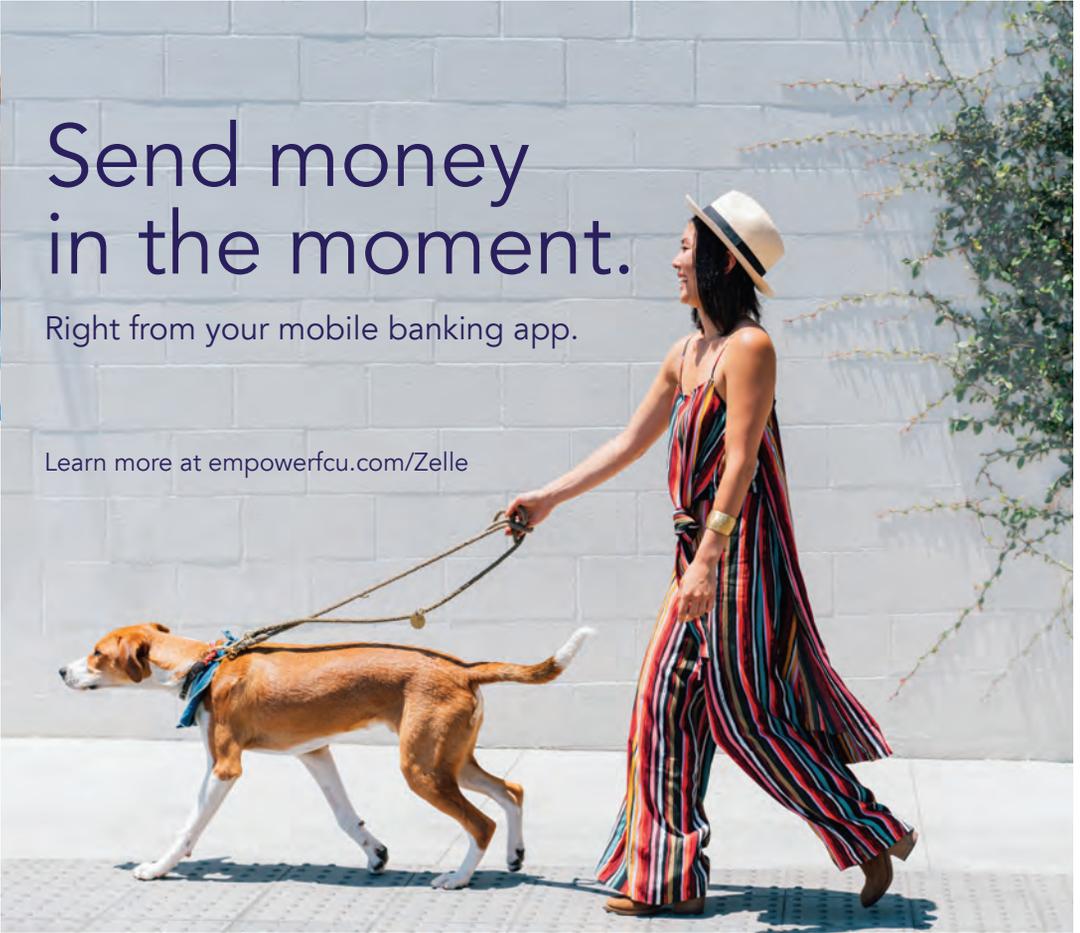
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Empower Federal Credit Union is Federally Insured by NCUA. Membership eligibility is required.



# 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

## **CENTRAL SQUARE**

3056 East Ave/Route 49  
Central Square, NY 13036

## **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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