

ANNUAL REPORT 2013

CEFCU

Not a bank. Better. ®

Report To Members

As a CEFCU member/owner, you know first-hand the advantages of doing business with a Credit Union. Borrowers and savers help each other enjoy a better value, which makes a positive difference in your pocket. The 2013 CUNA Member Benefits Report noted that CEFCU returns an average of \$291 in direct annual savings per member household. And, that's just an average. The more products and services you have with CEFCU, the more you save! The bottom line is — CEFCU helps you keep more of your money! It's a simple concept that makes a big difference.

The following are just a few Credit Union highlights from 2013:

	2013	Increase over 2012
Assets	\$4,916,195,000	2.5%
Savings	\$4,309,392,000	2.1%
Loans	\$3,458,533,000	2.8%
Net Worth	\$ 534,042,000	6.4%

- Returned a record year-end \$12 million Extraordinary Dividend as a direct result of the loyalty of members looking to CEFCU to help them meet their financial needs. Over the past 14 years, CEFCU has returned \$75 million in Extraordinary Dividends to members.
- Initiated planning for the transition to MasterCard Credit and Debit cards. This new partnership with MasterCard means members will receive additional cardholder benefits and lower fees for international use. MasterCard is also accepted at more locations, worldwide.
- Opened a new Member Center in Germantown Hills, Illinois in December 2013. This new free-standing building is located in front of the Germantown Crossing Shopping Center and is CEFCU's third Member Center which is Leadership in Energy and Environmental Design (LEED) certified.
- Renovated the Member Center in East Peoria, Illinois. To complement the development of the new East Peoria Levee District, the Member Center's exterior and landscaping were revamped, along with a lobby redesign which enhanced member privacy.

Members continued to look to CEFCU for their loan needs. Over \$914 million was financed by members in new Consumer Loans, ranging from new automobiles to recreational vehicles. The Home Loan Department had another outstanding year, receiving 6,234 mortgage applications. Over \$422 million was loaned to members, which allowed them to build, purchase, or refinance their homes. In addition, CEFCU provided \$148 million in Member Business Loans. CEFCU's California market reported continued growth with Consumer Loan outstandings increasing 10%, while First Mortgage outstandings increased over 18%.

In November 2013, many of CEFCU's members were affected by devastating tornadoes that ripped through Central Illinois. In response, CEFCU immediately donated \$100,000 to the American Red Cross Central Illinois Chapter to help with their emergency services. Canisters were available at all Illinois Member Centers for individuals to drop off their donations for the American Red Cross Central Illinois Tornado Relief Fund, and CEFCU employees raised funds for the Red Cross as well. Since CEFCU's Member Center in Washington, Illinois was not damaged, local emergency personnel used the parking lot as an immediate command post to gather volunteers to help victims of the tornadoes. The Credit Union philosophy of *People Helping People* was at its best during this time of tragedy.

Thank you for continuing to support your Credit Union!

For the Board of Directors,



Thea M. Robinson, Chairman

Consolidated Statements Of Financial Condition

December 31, 2013 and 2012
(Dollars in Thousands)

ASSETS

Cash and cash equivalents	
Interest bearing time deposits in financial institutions	
Investments available for sale	
Loans, net of allowance for loan losses	
Accrued interest receivable	
NCUSIF deposit	
Restricted stock	
Property and equipment	
Other assets	
Total assets	

LIABILITIES AND MEMBERS' EQUITY

Members' savings accounts	
Accrued interest payable	
Accrued pension and postretirement benefits	
Other liabilities	
Total liabilities	
Members' equity	
Total liabilities and members' equity	

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 434,236	\$ 554,529
Interest bearing time deposits in financial institutions	3,222	14,423
Investments available for sale	901,920	740,173
Loans, net of allowance for loan losses	3,428,647	3,332,061
Accrued interest receivable	11,980	11,614
NCUSIF deposit	39,847	39,368
Restricted stock	20,603	22,823
Property and equipment	49,560	50,782
Other assets	26,180	28,497
Total assets	<u>\$4,916,195</u>	<u>\$4,794,270</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' savings accounts	\$4,309,392	\$4,220,248
Accrued interest payable	1,146	1,460
Accrued pension and postretirement benefits	57,178	97,267
Other liabilities	35,940	33,088
Total liabilities	4,403,656	4,352,063
Members' equity	512,539	442,207
Total liabilities and members' equity	<u>\$4,916,195</u>	<u>\$4,794,270</u>

Consolidated Statements Of Income

Years ended December 31, 2013 and 2012
(Dollars in Thousands)

Interest income:	
Loans receivable	
Investments available for sale	
Interest bearing time deposits	
Total interest income	
Interest expense:	
Savings accounts	
Net interest income	
Provision for loan losses	
Net interest income after provision for loan losses	

Non-interest income:	
Administrative insurance fees	
Interchange income	
Gain on sale of loans	
Other	
Total non-interest income	

Non-interest expense:	
Compensation and benefits	
Occupancy and equipment	
Communications	
Marketing	
Stabilization Fund premium assessment	
Investment losses, net	
Other	
Total non-interest expense	

Net income

	2013	2012
Interest income:		
Loans receivable	\$ 157,915	\$ 166,350
Investments available for sale	5,404	5,196
Interest bearing time deposits	67	153
Total interest income	163,386	171,699
Interest expense:		
Savings accounts	43,399	49,144
Net interest income	119,987	122,555
Provision for loan losses	6,246	12,397
Net interest income after provision for loan losses	113,741	110,158
Non-interest income:		
Administrative insurance fees	1,851	2,150
Interchange income	14,668	14,642
Gain on sale of loans	6	-0-
Other	16,671	13,848
Total non-interest income	33,196	30,640
Non-interest expense:		
Compensation and benefits	61,643	59,335
Occupancy and equipment	13,767	13,464
Communications	4,881	4,976
Marketing	5,186	4,981
Stabilization Fund premium assessment	3,188	3,740
Investment losses, net	5	-0-
Other	26,123	21,252
Total non-interest expense	114,793	107,748
Net income	<u>\$ 32,144</u>	<u>\$ 33,050</u>

Audited consolidated financial statements are available from the Credit Union for the fiscal years ended December 31, 2013 and 2012. To review statements or for more information, call 309.633.7000 or 1.800.633.7077.

