

The background of the cover is a grid of squares in various shades of blue, green, and grey. A large white circle is centered on the page, containing the text 'ANNUAL REPORT 2014' in a blue serif font.

# ANNUAL REPORT 2014

**CEFCU**

Not a bank. Better.®

## Report To Members

What an amazing year — capped off by a \$40 Million Extraordinary Dividend! This was thanks to you, CEFCU member/owners, and the continued commitment to quality service by CEFCU staff and Board of Directors. 2014 was an exceptional year for *Your Credit Union*. Business continues to grow, and so does membership. The more every member uses CEFCU, the better value *everyone* enjoys. Your trust demonstrates why CEFCU truly is “Not a bank. Better.”

The following are just a few Credit Union highlights from 2014:

	2014	Increase over 2013
Assets	\$5,007,421,000	1.9%
Savings	\$4,379,908,000	1.6%
Loans	\$3,639,616,000	5.2%
Net Worth	\$ 548,981,000	2.8%

- Transitioned to MasterCard® Debit and Credit Cards. With this change, Debit cardholders gained numerous benefits, including extended warranty insurance, price protection, fuel rewards, and more. Credit cardholders now enjoy additional options like trip cancellation insurance and ID theft resolution.
- Added Web Chat on cefcu.com for increased member convenience. Launched in December, this new option allows website visitors swift communication with CEFCU staff during business hours.
- Initiated plans to enhance Mobile Banking, which will be introduced in 2015. Included will be convenient options such as text banking, smartphone mobile check deposits, and more. Android, Apple, and tablet applications will be available.
- Explored new locations for a CEFCU Member Center in the San Jose, California area. Anticipated to open in late Fall of 2015, this Member Center will provide even more convenience for members to conduct their financial business.

Members continued to look to CEFCU for their borrowing needs. Over the course of the year, more than \$1 billion was loaned to members to help finance consumer loan needs ranging from new automobiles to recreational vehicles and credit cards. The Home Loan Department had another outstanding year, receiving nearly 5,800 mortgage applications. Over \$320 million was loaned to members, which allowed them to build, purchase, or refinance their homes. In addition, CEFCU provided almost \$151 million in Member Business Loans. CEFCU's California market also reported continued growth in Consumer and Mortgage Loans.

As noted above, the year ended with CEFCU's volunteer Board of Directors authorizing a *Record \$40 Million Dividend!* The dividend's size is based, in part, on CEFCU's strong capital ratio. Simply stated, a dividend of that size means that, financially, CEFCU is one of the strongest financial institutions in the country. It's the result of nearly 80 years of both solid business practices and members who grew their business here, at the Credit Union. It all comes down to one thing — we're here to help *you* succeed.

Thank you for continuing to support your Credit Union!

For the Board of Directors,



Brad Arnold, Chairman

## Consolidated Statements Of Financial Condition

December 31, 2014 and 2013  
(Dollars in Thousands)

### ASSETS

Cash and cash equivalents	\$ 233,015	\$ 434,236
Interest bearing time deposits in financial institutions	13,688	3,222
Investments available for sale	1,002,369	901,920
Loans, net of allowance for loan losses	3,614,915	3,428,647
Accrued interest receivable	13,288	11,980
NCUSIF deposit	39,925	39,847
Restricted stock	20,929	20,603
Property and equipment	48,766	49,560
Other assets	20,526	26,180
Total assets	<u>\$5,007,421</u>	<u>\$4,916,195</u>

### LIABILITIES AND MEMBERS' EQUITY

Members' savings accounts	\$4,379,908	\$4,309,392
Accrued interest payable	1,104	1,146
Accrued pension and postretirement benefits	97,190	57,178
Other liabilities	41,895	35,940
Total liabilities	4,520,097	4,403,656
Members' equity	487,324	512,539
Total liabilities and members' equity	<u>\$5,007,421</u>	<u>\$4,916,195</u>

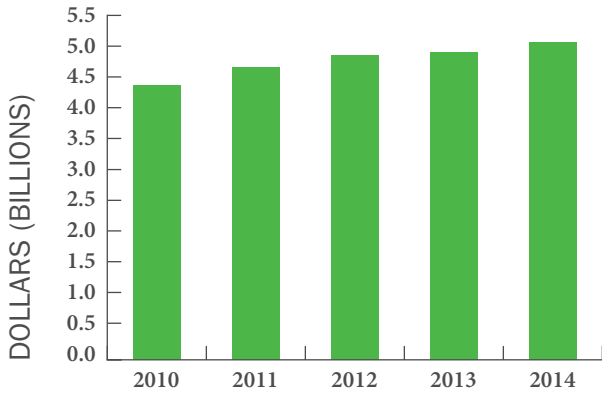
## Consolidated Statements Of Income

Years ended December 31, 2014 and 2013  
(Dollars in Thousands)

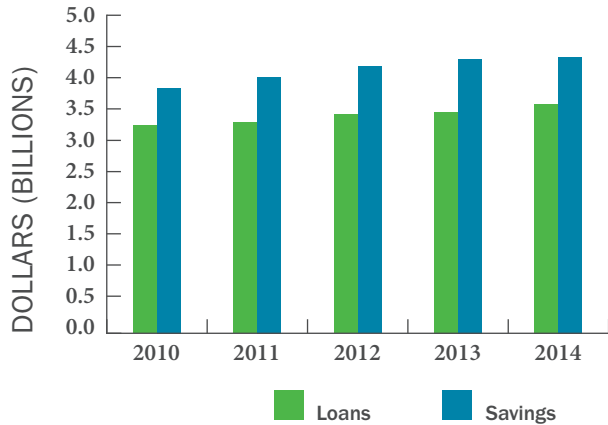
Interest income:		
Loans receivable	\$ 159,806	\$ 157,915
Investments available for sale	6,811	5,404
Interest bearing time deposits	69	67
Total interest income	<u>166,686</u>	<u>163,386</u>
Interest expense:		
Savings accounts	66,191	43,399
Net interest income	100,495	119,987
Provision for loan losses	8,675	6,246
Net interest income after provision for loan losses	<u>91,820</u>	<u>113,741</u>
Non-interest income:		
Administrative insurance fees	1,917	1,851
Interchange income	15,673	14,668
Gain on sale of loans	-0-	6
Other	17,814	16,671
Total non-interest income	<u>35,404</u>	<u>33,196</u>
Non-interest expense:		
Compensation and benefits	61,842	61,643
Occupancy and equipment	13,899	13,767
Communications	5,123	4,881
Marketing	5,201	5,186
Stabilization Fund premium assessment	-0-	3,188
Investment losses, net	-0-	5
Other	26,220	26,123
Total non-interest expense	<u>112,285</u>	<u>114,793</u>
Net income	<u>\$ 14,939</u>	<u>\$ 32,144</u>

Audited consolidated financial statements are available from the Credit Union for the fiscal years ended December 31, 2014 and 2013. To review statements or for more information, call 309.633.7000 or 1.800.633.7077.

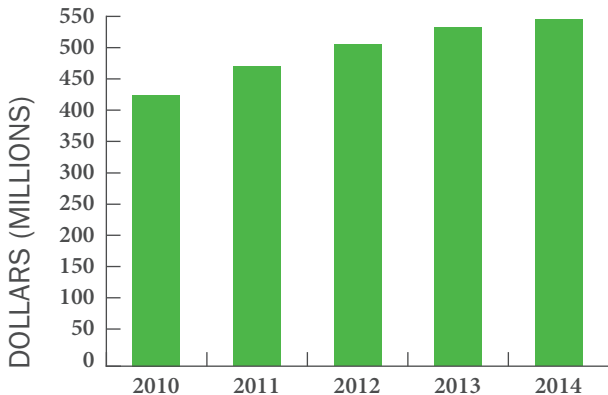
## ASSETS



## MEMBERS' SAVINGS AND LOANS



## NET WORTH



## CEFCU BOARD OF DIRECTORS

Brad C. Arnold  
Todd W. Bryant  
Bruce G. Dimler  
James L. Gleich  
Todd C. Gwillim  
David M. Koehler

Nancy M. Medendorp  
Robert M. Metzinger  
Joseph R. Needham  
Thea M. Robinson  
Mark A. Spenny  
Reed A. Stuedemann

## SUPERVISORY COMMITTEE

James L. Gleich  
Todd C. Gwillim  
Kavita Sachdev

Sean D. Scranton  
Grant M. Seshul

## ASSOCIATE BOARD MEMBERS

Angel G. Martinez  
David E. Rossman  
Kavita Sachdev

Sean D. Scranton  
Grant M. Seshul

## OFFICERS

*Chairman*  
*Vice Chairman*  
*Vice Chairman*  
*Vice Chairman*  
*President-Treasurer*  
*Secretary*  
*Chief Technology Officer*  
*Chief Operations Officer*  
*Chief Financial Officer*  
*Senior Vice President*  
*Vice President*  
*Vice President*  
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Brad C. Arnold  
Joseph R. Needham  
Nancy M. Medendorp  
Robert M. Metzinger  
Mark A. Spenny  
Thea M. Robinson  
Timothy I. Dunton  
Matthew J. Mamer  
Charles E. Walker  
Keith M. Reynolds  
Mary E. Conrady  
Stacy L. Davis  
Denise A. Ghere  
Todd R. Haller  
Douglas J. Hanley  
Alycia D. Hightower  
Mark A. Hoffmire  
Dianna L. Hunter  
Theresa A. Lake  
Susan K. Portscheller  
Jeffrey D. Thomas  
Joseph E. Varda  
Giann R. Walker  
David S. Zimmerman

## CEFCU FINANCIAL SERVICES, INC.® OFFICERS AND BOARD OF DIRECTORS

*President-Treasurer*  
*Director, Vice President-Secretary*  
*Director*  
*Director*  
*Director*

Matthew J. Mamer  
Mark A. Spenny  
Arthur R. Anliker  
Janet M. Arnold  
Scott V. Herman

Federally Insured by NCUA



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