

CEFCU

Not a bank. Better.®



2018 ANNUAL REPORT

Report To Members

On behalf of the Board of Directors and staff, thank you for choosing to be a member/owner of CEFCU®. We're driven by the success of more than 337,000 members, and by making a meaningful difference in the communities we serve. Looking forward, CEFCU is committed to continuing our focus on doing the right thing for the Credit Union's member/owners; that's what makes us *better*.

The following are just a few Credit Union highlights from 2018:

	2018	Increase over 2017
Assets	\$5,953,334,000	2.4%
Savings	\$5,248,210,000	2.3%
Loans	\$4,442,398,000	5.3%
Net Worth	\$ 632,771,000	3.6%

- Opened CEFCU's fifth California Member Center in Fremont in January.
- Introduced CEFCU My Pay, offering a no-cost, expedited, and simplified way for person-to-person transfers through CEFCU On-Line® and Mobile Banking.
- Launched the Consumer Loan Origination system. The Credit Union is now able to deliver members automated loan decisions from origination channels such as smart phones, laptops, tablets, or on-site at a vehicle dealership, twenty-four hours a day, seven days a week.
- Enhanced CEFCU On-Line and Mobile Banking. Members can directly access CEFCU's Online Account Opening solution to add products and services to their Credit Union relationship through CEFCU On-Line and Mobile Banking.

Members continued to look to CEFCU for their borrowing needs. During the year, over \$1.1 billion was loaned to members to help finance consumer loan needs ranging from new automobiles to recreational vehicles and credit cards. This was a record year for consumer loans! The Home Loan Department had another outstanding year, receiving over 6,100 mortgage applications. More than \$363 million was loaned to members, which allowed them to purchase, build, or refinance their homes. In addition, CEFCU provided nearly \$214 million in Member Business Loans. CEFCU's California market continued to see strong growth in their book-of-business of over \$43 million, as well as set a new record on Consumer/Mortgage and Business Loan volume of more than \$118 million.

CEFCU is a community of "people helping people." We work with you, the member/owners, to help each other meet financial goals. As owners of CEFCU, members benefit when business results are better than expected through our focus of giving back to the ones who made it happen. In 2018, your Credit Union returned a record \$50 Million Extraordinary Dividend to members! Since 2000, CEFCU has returned \$280 million in Extraordinary Dividends. That's the difference of *owning*.

Thank you for your continued, loyal membership!

For the Board of Directors,



Todd Gwillim, Chairman

Consolidated Statements Of Financial Condition

December 31, 2018 and 2017
(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	

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 294,599	\$ 311,611
Interest bearing time deposits in financial institutions	18,103	10,415
Investments available for sale	1,063,948	1,138,947
Loans, net of allowance for loan losses	4,414,697	4,193,515
Accrued interest receivable	18,953	17,086
NCUSIF deposit	49,384	48,146
Restricted stock	5,000	5,000
Property and equipment	68,619	65,029
Other assets	20,031	21,466
Total assets	<u>\$5,953,334</u>	<u>\$5,811,215</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' savings accounts	\$5,248,210	\$5,129,496
Accrued interest payable	1,642	1,243
Accrued pension and postretirement benefits	70,240	80,685
Other liabilities	55,831	58,747
Total liabilities	5,375,923	5,270,171
Members' equity	577,411	541,044
Total liabilities and members' equity	<u>\$5,953,334</u>	<u>\$5,811,215</u>

Consolidated Statements Of Income

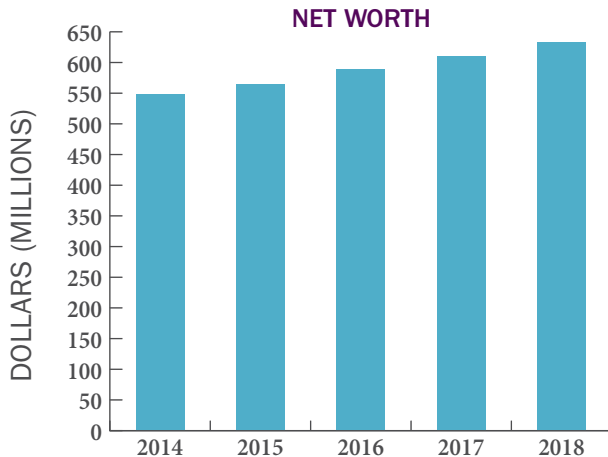
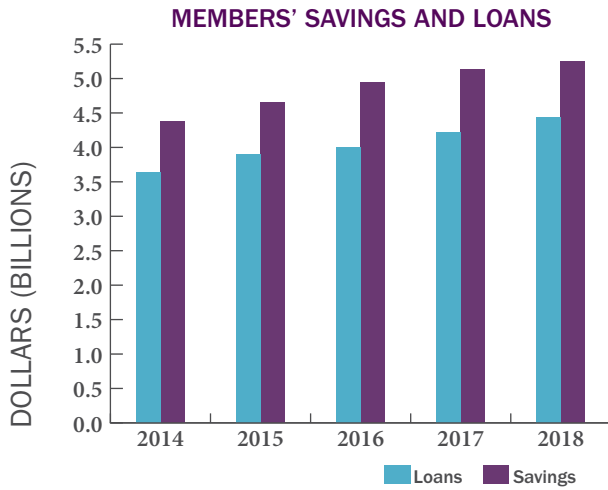
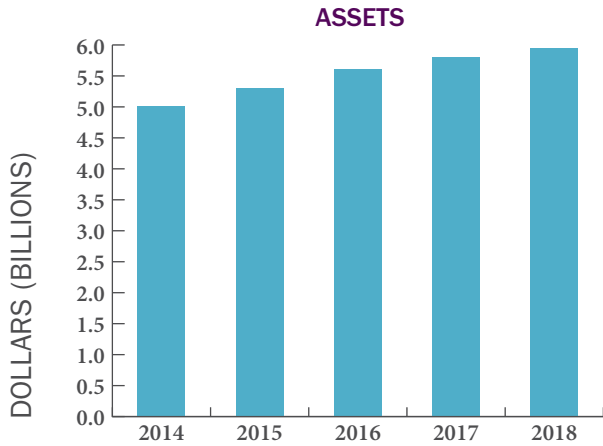
Years ended December 31, 2018 and 2017

(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	
Other	
Total non-interest income	
Non-interest expense:	
Compensation and benefits	
Occupancy and equipment	
Communications	
Marketing	
Investment losses, net	
Other	
Total non-interest expense	
Net income	

	2018	2017
Interest income:		
Loans receivable	\$ 189,423	\$ 176,005
Investments available for sale	21,872	16,578
Interest bearing time deposits	192	148
Total interest income	<u>211,487</u>	<u>192,731</u>
Interest expense:		
Savings accounts	86,032	70,433
Net interest income	125,455	122,298
Provision for loan losses	16,999	16,587
Net interest income after provision for loan losses	<u>108,456</u>	<u>105,711</u>
Non-interest income:		
Administrative insurance fees	2,113	1,927
Interchange income	20,342	19,170
Other	25,174	21,294
Total non-interest income	<u>47,629</u>	<u>42,391</u>
Non-interest expense:		
Compensation and benefits	74,008	72,148
Occupancy and equipment	15,186	14,537
Communications	5,693	5,214
Marketing	7,971	7,771
Investment losses, net	-0-	13
Other	31,151	26,957
Total non-interest expense	<u>134,009</u>	<u>126,640</u>
Net income	<u>\$ 22,076</u>	<u>\$ 21,462</u>

Audited consolidated financial statements are available from the Credit Union for the fiscal years ended December 31, 2018 and 2017. To review statements or for more information, call 309.633.7000 or 1.800.633.7077.



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