BANKING ON A DIFFERENCE
OUR ROOTS RUN DEEP

2017 COMMUNITY REPORT CARD
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A MESSAGE FROM GREG

BANKING ON A DIFFERENCE FOR OUR COMMUNITIES

Since our founding in 1934, we’ve always believed we should be more than a financial institution. Not only do we want to be the trusted financial partner of our 430,000 members, but we also want to make sure that all our friends and neighbors benefit from our efforts to improve our communities. In both efforts, our roots run deep.

We’re involved in many programs and services that address issues we feel have a direct correlation to financial well-being. These include food insecurity, health, and financial education, and in 2017, there were three specific events tied to each of those general societal issues - Hunger Action Month, PSECU Chips In golf tournament to raise funds for the American Heart Association, and Financial Reality Fairs for college students.

In 2017, “our communities” included Texas, Florida, Louisiana, and Puerto Rico when we set up a hurricane relief campaign. Our Board authorized a corporate donation of $20,000. Similar to our response to past disaster relief efforts, the Board also authorized a matching donation to be based on members’ contributions. I’m proud to report that members came through again, and thanks to their generosity, PSECU was able to donate more than $320,000 to relief efforts.

As we’ve done in past editions of our annual Community Report Card, we’ll use this publication to continue demonstrating how we’re helping our members achieve more in life. As part of the value we provide to our members, we keep our fees and loan rates low. We also carefully safeguard our members’ personal and financial information.

We thank our members and community partners, because without them, we would not be able to focus on our goal of helping improve the lives of our members where they live, work, and play. Together, we are Banking on a Difference.
BANKING ON A DIFFERENCE
A PROMISE MADE, A PROMISE DELIVERED

When financial opportunities weren’t available to them, our 22 founders decided they would create their own. With just $90, they founded this credit union so that all members would be given financial opportunities to have a better life and a brighter future. That promise of a better life drives us every day to make sure we’re providing the best possible value and service. That means making sure we keep our fees low. On average, our members pay $21.08 each year in fees, compared to the national average of $74.87.* We also make sure our loan rates are affordable, and provide convenient and secure 24/7 digital banking services.

“MEMBER-OWNED” MATTERS

For-profit banks are governed by stockholders who receive a portion of the bank’s profits, which generally come from fees.

In contrast, not-for-profit credit unions are member-owned, and individual members reap the benefits. Credit unions have “earnings,” not profits, and surpluses are returned to members in the form of lower fees and lower interest rates. Our laser focus on giving you money back allows us to give you everyday value, and is made possible because of our structure as a member-owned credit union.

*Based on 2016 data available on the National Credit Union Administration’s website, ncua.gov.

SINCE 2013, WE HAVE RETURNED
$52.5 MILLION IN RELATIONSHIP REWARDS
SEE THE DIFFERENCE

Although both are financial institutions, credit unions and banks differ in significant ways.

CREDIT UNION

MEMBER-OWNED FINANCIAL COOPERATIVE

NOT-FOR-PROFIT:

LOW OR NO FEES HELP MEMBERS KEEP THEIR MONEY

SURPLUS EARNINGS ARE RETURNED TO MEMBERS

YOU’RE A MEMBER-OWNER

BANK

OWNED BY STOCKHOLDERS

FOR PROFIT:

STOCKHOLDERS ARE THE BENEFICIARIES

HIGHER FEES CONTRIBUTE HEAVILY TO THE BOTTOM LINE

YOU’RE A CUSTOMER
WHAT GUIDES US EVERY DAY

OUR VISION, OUR MISSION, OUR VALUES

OUR VISION
Our members will recognize us as their trusted financial partner.

OUR MISSION
To safely and securely provide the best value to our members throughout their lives.

OUR VALUES
At PSECU, it is our desire that members come to recognize us as a fully trusted partner in serving their financial needs. To achieve this, we are dedicated to adhering to the utmost ethical standards when conducting business with our members, employees, and business partners. It is the obligation and expectation of all officials and employees to know, understand, and follow our code of ethics policy.

We are committed to providing outstanding service to our members and potential members on a daily basis. It is our belief that outstanding service evolves from certain value elements such as: reliability, convenience, accessibility, trust, confidentiality, and a range of services that address members’ needs. Members will see our integrity, trust us, and know that we serve their best interest. We communicate to each member, through our actions, products, and services, that they are valued, and that their satisfaction is of foremost importance to us.

We have established a credit union environment that defines our organization and our daily interactions. It is important for PSECU employees to conduct themselves with integrity and adhere to our corporate values. We pride ourselves on the exceptional commitment our employees demonstrate daily through the exercise of our core principles.
TRANSPARENCY & LEADERSHIP DRIVE STABILITY & GROWTH

CORPORATE GOVERNANCE IS THE CORNERSTONE

We recognize that with responsible corporate governance we can maintain our competitive advantage as well as our leadership role in the credit union industry through our practices and processes. Our Board of Directors and President view the establishment and ongoing maintenance of a viable governance structure to be essential for our stability and growth. We are committed to accountability, trust, leadership, communication, and risk management principles that comprise responsible corporate governance.

Additionally, our Board believes that open, honest, and frequent communication is in the best interest of the credit union, our members, and the communities in which we serve. We have always placed a high degree of importance on transparency and believe that with our corporate values in place, transparency becomes reality.

UPHOLDING OUR LEGACY

THE REGULATORY LANDSCAPE IMPACTING FINANCIAL INSTITUTIONS IS BOTH COMPLEX AND EVER-CHANGING. WE HAVE FULL-TIME TEAMS WHO ARE DEDICATED TO MAKING SURE WE NOT ONLY ADHERE TO THE LAW, BUT ALSO FOLLOW BEST PRACTICES IN EMPLOYMENT, CYBERSECURITY, ADVERTISING, AND LENDING. CAREFUL DUE DILIGENCE ENSURES WE’RE DOING OUR BEST TO PROTECT DATA AND ACCOUNTS ACROSS THE MEMBERSHIP.
LEADING THE WAY

MEET YOUR 2017 BOARD

The Board of Directors is the cornerstone of our corporate governance acting on behalf of the membership with an emphasis on outward vision and strategic leadership.

BOARD OF DIRECTORS

CHAIR
Joseph Sassano

VICE CHAIR
Jodi Lynne Blanch

TREASURER
Joseph A. Lawruk

SECRETARY/ASSISTANT TREASURER
Michael C. Ferster

DIRECTORS
Frank J. Breiner
Timothy D. Grunstra
Kathleen A. Salmon
R. Brian Wilbur
Shawn W. Weis

ASSOCIATE DIRECTORS
Christopher P. Kajder
Leanna L. Meiser
Amanda L. Mills
Matthew B. Wagoner
MONEY BACK BANKING

KEEP YOUR MONEY WHERE IT BELONGS

We believe your money should stay where it belongs— with you. That’s why we offer you everyday value with things like free checking, surcharge-free ATMs plus rebates, low-rate financing options, and more. Members can keep almost $1,000 per year in their wallets when they use all of our products and services. Learn more at psecu.com/moneyback.

SURCHARGE-FREE ATMS
Use our online locator to find ATMs you can use for free as a PSECU member. If you use an out-of-network ATM and get charged, we’ll rebate fees up to $20/month with Direct Deposit, and up to $8/month without.

FOUNDER’S CARD
With our Cash Rewards credit card, you can earn 1.5% Cash Rewards on every purchase or earn 2% with a checking account and one or more qualifying monthly Direct Deposits totaling at least $500.

See the PSECU Visa® Founder’s Card Rewards Program Terms and Conditions for full details at psecu.com/disclosures.

LOW-RATE LOANS
FinancingLife® is what we do best. With our low-rate loans, we saved our members nearly $30 million in the last two years when they refinanced their vehicle and credit card loans with us.
MEMBERS TELL US WHAT THEY THINK

REAL-TIME RATINGS ON OUR PRODUCTS AND SERVICES

BILL PAYER
4.85 out of 5 stars, based on 279 reviews

⭐⭐⭐⭐⭐
WONDERFUL ADVANTAGE TO MY ACCOUNT, 5.0
“Since I travel a lot, it’s a great relief to know that my routine bills will be paid automatically. In addition, I save trips to the post office and the price of postage on all the bills paid through your service.”

- Sandi

HELOC
4.60 out of 5 stars, based on 15 reviews

⭐⭐⭐⭐⭐
EXEMPLARY PRODUCT AND PROCESS, 4.0
“A simple process to achieve the needed loan to complete a beautiful home addition.”

- George B

REAL ESTATE EQUITY LOAN
4.70 out of 5 stars, based on 10 reviews

⭐⭐⭐⭐⭐
AWESOME, 5.0
“Application process was quick and easy. PSECU’s online tools and customer service over the phone make it relatively painless to apply and get approved fast.”

- mr_speegs

Ratings and reviews as of 12/31/17
AUTO LOAN
4.84 out of 5 stars, based on 387 reviews

★★★★★
CAR LOANS AT THEIR FINEST, 5.0
“Great rates and an easy process. They made it easy for me and my busy schedule. Everyone was friendly and thoroughly answered all questions without judgment.”
- Ssoliwoda

MORTGAGE
4.22 out of 5 stars, based on 9 reviews

★★★★★
GREAT MORTGAGE EXPERIENCE!, 5.0
“My wife and I just refinanced our house. The process was smooth and easy. The people that we worked with throughout the process were extremely knowledgeable and friendly. Thanks for everything!”
- JeffC

SIGNATURE LOAN
4.84 out of 5 stars, based on 44 reviews

★★★★★
EXCELLENT!, 5.0
“This product helps us consolidate debt and save money!”
- JRock

FOUNDER’S CARD
4.76 out of 5 stars, based on 127 reviews

★★★★★
GREAT CARD!, 5.0
“I am already seeing rewards build up! I am so excited and I rave about how fantastic the Founder’s card is to my friends and family!”
- Pennelove

CLASSIC CARD
4.54 out of 5 stars, based on 95 reviews

★★★★★
GREAT PRODUCT, 5.0
“This credit card has a great low interest rate and no annual fee.”
- Michelev35

CERTIFICATE
4.84 out of 5 stars, based on 25 reviews

★★★★★
GOOD EXPERIENCE, 5.0
“I have had certificates at PSECU for many years. Always straightforward & many options available.”
- Lily

IRA
4.63 out of 5 stars, based on 8 reviews

★★★★★
GREAT PRODUCT, 5.0
“Good rates and associates are always so helpful. Thank you for being such a great credit union!”
- PRQU

DIGITAL BANKING
4.54 out of 5 stars, based on 191 reviews

★★★★★
ALWAYS AHEAD OF THE CURVE, 5.0
“PSECU has historically changed with the times with improved products and technology.”
- JTC1

CHECKING
4.62 out of 5 stars, based on 133 reviews

★★★★★
CANNOT ASK FOR MUCH MORE, 5.0
“No hassle checking and savings accounts. Wonderful service.”
- Bonnie N

PERSONAL SAVINGS
4.85 out of 5 stars, based on 75 reviews

★★★★★
GOOD INTEREST RATES, 5.0
“Locally, PSECU has the best rates on savings, money markets and CDs.”
- Carolyn
DELIVERING BEST IN CLASS SERVICE

CONSISTENT HIGH SCORES REFLECT OUR COMMITMENT

We’re committed to making sure every individual member interaction is the best it can be. The metrics we have in place give us a way to understand what’s working well, and where we might need some improvement. For example, based on what members told us, we made significant enhancements to our mobile app and improvements to our loan and membership application processes.

The feedback is gathered by an unbiased third-party, and the results are reported to us quarterly. We look at several areas of operation, as well as survey members on their overall experience with us.

One score we monitor closely is called the Net Promoter Score (NPS). To arrive at the NPS score, members are asked: How likely are you to recommend PSECU to a family member, friend, or colleague? The scores indicate how satisfied our members are with their relationship with PSECU. More than 80 credit unions use this measurement, and when we compare ourselves to them, we are consistently at or near the top in this crucial measure.

The scores to the right reflect how satisfied our members are with their relationship with PSECU. More than 80 credit unions use this measurement, and when we compare ourselves to them, we are consistently at or near the top in this crucial measure.
LENDING TO EACH OTHER, BENEFITING ALL

OUR FINANCINGLIFE® SOLUTIONS MEET ALL NEEDS

Our founders created our credit union more than 80 years ago as a matter of necessity. They were unable to find lenders they could trust, so those original members put their money together to lend to each other. Today, affordable lending is still at the heart of what we do. The money we loan our members gives them the ability to purchase a new home, buy a new car, take care of their families and give them what they need to achieve their goals. The interest that comes back helps us make more loans and fund our many free or low-cost products and services. This same revenue also helps us give back to our communities, while allowing us to employ the latest technologies to make sure banking with us is simple and secure.

THE FOUNDER’S CARD CASH REWARDS

One of the biggest events in 2017 was the debut of the Founder’s Card - a cash rewards card named to honor our 22 founding members. We launched the card in January as a 1.5% cash rewards credit card, and in May, added a 2% level for cardholders who have checking and one or more qualifying monthly Direct Deposits totaling at least $500. The rewards are earned on every purchase, with no cap or category restrictions, and never expire. As an added level of security, our rewards program was developed and is managed by PSECU staff. Like our Classic Visa® credit card, the Founder’s Card doesn’t come with a lot of fees. In fact, there is only one fee - a late fee of up to $27 for Founder’s, and up to $20 for the Classic Card.

SAVE OUR MEMBERS MILLIONS GOAL:

$10 MILLION

YEAR-END SAVINGS FOR OUR MEMBERS:

$11,766,230*

Auto Rollover Savings = $1,255,584
Credit Card Interest Savings = $10,510,646

In this program, we encouraged members with vehicle loans and credit card balances elsewhere to move them to PSECU to save money with our lower interest rates.

*Actual interest savings for 12 months based on PSECU's term and rate compared to competitor's average rate. Visa® Classic Card and Founder's Card Balance Transfer interest savings for 12 months based on promotional checks/online banking (2.9% Annual Percentage Rate for Classic, and 3.9% Annual Percentage Rate for Founder’s) compared to average competitor's rate based on 18-month payoff.

OVER

$2 MILLION

AMOUNT OF CASH REWARDS MEMBERS EARNED IN 2017
2017 LOAN TOTALS

$864,730,592
VEHICLE LOANS
(From 42,083 vehicles)

$148,976,731
FOUNDER’S CARD LOANS

$768,462,937
CLASSIC CARD LOANS

$196,729,294
EQUITY LOANS

$201,393,554
MORTGAGES
(From 1,330 homes)

FINANCINGLIFE® SOLUTION FINDER
An online tool we developed to help match a member’s borrowing needs with our loan options at psecu.com/loans.
ENGAGING DIGITALLY

DELIVERING CONTENT FOR EVERY STAGE IN LIFE

In 2017, we expanded our efforts to connect digitally with our members and communities in several ways. Early in the year, we launched our blog. Available to members and non-members at psecu.com/blog, this free resource provides practical money tips for making the most of what you earn.

Also in 2017, our team continued to engage the community by visiting local businesses and event spaces to ask individuals of all ages questions related to money. These short “PSECU Asks You” segments were shared on social media and featured several groups, including kids, grandparents, and community members. For further engagement, we invited our Facebook followers to participate in contests that challenged them to share their best budget-friendly tips.
FACEBOOK LIVE

We interacted with our community “live” for the first time in 2017 at a Penn State® home football game!

PSECU was live.
Like This Page · September 2, 2017 · 🔴

We are live from #HappyValley! See what we have going on for fans.

4,100 Views

3,333,215
PEOPLE REACHED THROUGH FACEBOOK

31ST
AMONG THE TOP 100 CREDIT UNIONS USING FACEBOOK*

61,922
FACEBOOK LIKES

2,933
TWITTER FOLLOWERS

2017 Data
*https://thefinancialbrand.com/69703/
power-100-2017-q4-facebook-credit-unions/
GREEN IS A BEAUTIFUL THING® CHALLENGE

We had 150 members share a picture or description of how they #GoGreen - the winner of our random drawing received a new bicycle.

Jeremy N.

Tell us how you go green:: Thanks to a home equity loan with PSECU, we switched our entire house over to LED lighting, bought all new energy star appliances, and we installed an energy efficient metal roof. Thanks to an auto loan with PSECU, we switched to an electric car.

Kristin I.

Tell us how you go green:: I love to refinish furniture and bring new life to it. It’s so silly to throw out perfectly good pieces that just need a little elbow grease!

SUMMER ON A BUDGET CHALLENGE

We challenged our members to share their best budget-friendly ideas for low-cost summer fun - the winner of our random drawing received tickets to an amusement park.

Morgan E.

Tell us how you do summer on a budget:: Fruit picking and picnics! We picked cherries today for half the price they sell for in grocery stores. :-) And most places don’t mind if you lay a blanket down (out of the way) and have a picnic lunch before, during, or after picking! :-)
PSECU ASKS YOU

We were presented with a Marcom Award and a Diamond Award for connecting with our communities through our PSECU Asks You video segments.
PSECU BLOG

In the beginning of 2017, we launched our blog, which provides articles and infographics that share money tips for every stage in life at psecu.com/blog.
GIVING MEMBERS ANYTIME, ANYWHERE CONVENIENCE

BANKING IN THE PALM OF YOUR HAND

Whether online or mobile, we want our members to move, save, spend, and track their money with ease and confidence. For those reasons, we’re constantly looking for ways to improve their digital banking experience.

In 2017, we made several changes to our digital services to increase security and add convenience. We moved services related to debit and credit cards into “Manage Cards.” In this section, members can notify us of upcoming travel to help ensure uninterrupted use of cards. They can also increase daily ATM and point-of-sale limits. Lastly, members now have the ability to lock and unlock their cards.

The Savings app continued to grow in popularity, allowing our members to save by rounding their change, spinning a wheel of savings, and skipping unnecessary purchases. In 2017, the digital team added the “scratch” feature that reveals a mystery savings amount. Tapping into social media, we added emojis and the ability to easily share savings goals - and progress toward them - with friends and family on Facebook.

The final few months of 2017 entailed the release of our new mobile app. This wasn’t simply an upgrade to the existing app. Rather, this was a new app, built using a software platform that allows us more control and flexibility as we start developing more features that will enhance your mobile banking experience.

We also introduced mobile payment options using Apple®, Android®, and Samsung® devices, as well as a payment solution that is unique to the credit union, the PSECU Wallet app.

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Android, Android Pay, and the Android logo are trademarks of Google Inc.

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SECURING FINANCIAL INFORMATION

OUR NUMBER ONE PRIORITY

We value your trust and take it very seriously. That’s why we’ve made securing your personal and financial information our number one priority. We have teams of experts devoted to keeping your personal information and your money safe. We do all we can, including following the latest industry standards, to assure that all business you conduct with us is held in the strictest confidence, and that your transactions are safe and secure.

WORKING TO PROTECT YOU

- LOSS PREVENTION & SECURITY UNIT
- INFORMATION SECURITY UNIT
- VISA CARDS DISPUTE & FRAUD UNIT
- ANTI-MONEY LauNDERING

Some examples of what we do include monitoring account activity to detect and prevent fraud, providing staff with ongoing training, and hosting an annual in-house Fraud Awareness Fair. Recognizing that security is a team effort, we provide free online tools for members.

TOOLS TO KEEP YOUR MONEY SAFE

- CARD LOCK / UNLOCK
- FREE ACCOUNT ALERTS
- FREE CREDIT SCORE SERVICE* to help detect possible fraud

*PSECU is not a credit reporting agency. Members must have PSECU checking or a PSECU loan to be eligible for this service. Joint Owners are not eligible.
MAKING YOUR WALLET WORK FOR YOU

FUN FINANCIAL EDUCATION FOR EVERYONE

We believe that the more financial know-how you have, the better you’ll be able to manage your money. That’s why we created our own financial education program - WalletWorks - to share with members and non-members alike. We tailor the specific information we present so that it’s appropriate for the group, whether it’s college students on campus, employees in their workplace, or community members at one of our events.

Check out videos, articles, and interactive worksheets at psecu.com/walletworks.

FINANCIAL REALITY FAIRS

In conjunction with the Pennsylvania Credit Union Foundation, we presented Financial Reality Fairs on three campuses - HACC Harrisburg, Millersville University, and Susquehanna University - to help students understand the basics of banking, credit, and budgeting. In addition, our employees volunteered at three of five simultaneous Financial Reality Fairs held for those who have been released from prison and may need help with basic life skills. Held with the support of multiple state departments and agencies, the fair for reentrants was a first-of-its-kind event intended to help reduce recidivism.

WALLETWORKS WORKSHOPS

286
ON COLLEGE AND UNIVERSITY CAMPUSES

45
FOR SELECT EMPLOYEE GROUPS

51
FOR COMMUNITY GROUPS AND NON-PROFITS

382
TOTAL WORKSHOPS, AN INCREASE OF 9% OVER 2016

WALLETWORKS WORKSHOP ATTENDEES

8,593
COLLEGE AND UNIVERSITY COMMUNITY MEMBERS

1,492
INDIVIDUALS FROM SELECT EMPLOYEE GROUPS

1,006
INDIVIDUALS FROM COMMUNITY GROUPS AND NON-PROFITS

11,091
TOTAL ATTENDEES, AN INCREASE OF 10% OVER 2016
Being the Change

Supporting Higher Education Enriches Lives

We’ve long believed that higher education can provide a path to a financially secure future. That’s why since the late 1990s, we’ve been making a positive impact on college campuses across Pennsylvania, including most universities in Pennsylvania’s State System of Higher Education, and many community and private colleges. For students, college is a time to find out who they want to be, and to discover where they want to go in life. Our message to students is simple: We are here for you and want to help you Be Your Change®.

Current On-Campus Locations

BLOOMSBURG UNIVERSITY
Warren Student Services Center, Lower Level

CALIFORNIA UNIVERSITY OF PA
Natali Student Center, Room 136

CHEYNEY UNIVERSITY
Marcus Foster Alumni Center

CLARION UNIVERSITY
Gemmell Student Complex, Lower Level

COMMUNITY COLLEGE OF PHILADELPHIA - MAIN CAMPUS
Bonnell Building

COMMUNITY COLLEGE OF PHILADELPHIA - NORTHEAST REGIONAL CAMPUS
Cafe Area, First Floor

EAST STROUDSBURG UNIVERSITY
University Center, Lower Level

EDINBORO UNIVERSITY
Pogue Student Center, First Floor

ELIZABETHTOWN COLLEGE
Brossman Commons, First Floor

HACC - HARRISBURG CAMPUS
Cooper Student Center, First Floor

HACC - LANCASTER CAMPUS
Main Building, Main Floor

HACC - YORK CAMPUS
Governor George M. Leader Building

KUTZTOWN UNIVERSITY
Mcfarland Student Union, Room 280

LEHIGH UNIVERSITY - MOUNTAINTOP CAMPUS
Building C

LOCK HAVEN UNIVERSITY
Bentley Hall

MANSFIELD UNIVERSITY
Manser Hall, Lower Level

MILLERSVILLE UNIVERSITY
Student Memorial Center, Room 110

NORTHAMPTON COMMUNITY COLLEGE
College Center, First Floor

NORTHAMPTON COMMUNITY COLLEGE - MONROE CAMPUS
Pocono Hall Building, Room 123

RACC
Berks Hall

SHIPPENSBURG UNIVERSITY
Ceddia Union Building, Room 022

SUSQUEHANNA UNIVERSITY
Degenstein Campus Center, Lower Level

THADDEUS STEVENS COLLEGE OF TECHNOLOGY
Multipurpose Activity Center; Second Level

WEST CHESTER UNIVERSITY
Sykes Student Union Building

22
ON-CAMPUS
FINANCIAL EDUCATION CENTERS

64
FREE CAMPUS ATMS

197
STUDENTS GIVEN EMPLOYMENT AT FINANCIAL EDUCATION CENTERS

225
FULL- AND PART-TIME STAFF ON CAMPUS

$1,422,101
IN SALARIES PAID TO PSECU STAFF ON CAMPUS

$1,831,101
IN SPONSORSHIPS GIVEN

$163,650
IN SUPPORT OF ATHLETIC PROGRAMS GIVEN

$379,435
IN SCHOLARSHIPS GIVEN TO OUR PARTICIPATING UNIVERSITIES AND COLLEGES

$590,000*
IN PSECU SCHOLARSHIPS GIVEN TO GRADUATING HIGH SCHOOL SENIORS

125*
HIGH SCHOOL STUDENTS WHO HAVE RECEIVED PSECU SCHOLARSHIPS

2017 Data
*Since program inception in 1997
EXTENDING CAMPUS RELATIONSHIPS

MEETING ALUMNI MEMBERS’ NEEDS

Through our campus program, we’ve added thousands of students, faculty, and staff to our growing membership base. Alumni of our participating schools are also eligible to join, giving graduates who did not join during their years at school an opportunity to take advantage of our money back banking and 24/7 account access.

One way we reach alumni is through their school’s alumni association. In 2017, we added the West Chester University Alumni Association (WCUAA) to our two longstanding relationships with the Kutztown University Alumni Association (KUAA) and the Millersville University Alumni Association (MUAA).

In addition to our support of homecoming and other alumni-focused events, we are proud to offer our alumni two credit card options to make sure we’re meeting their needs. Since 2012, co-branded Visa® Classic credit cards have been available to both KUAA and MUAA members. The Classic Card features a money-saving, low-rate balance transfer rate with no PSECU balance transfer fee. Toward the end of 2017, we added the WCUAA and laid the groundwork to offer our co-branded Visa® Founder’s Card that offers generous cash back rewards. The Founder’s Card was made available to all Kutztown, Millersville, and West Chester alumni in early 2018.

Through these alumni association relationships, we’re able to provide extraordinary value to the cardholder and financial support to the respective associations. This credit card program helps support the mission of the associations and the universities through research grants, scholarships, and construction projects, as well as alumni and student events.
EXPANDING OPPORTUNITIES ACROSS PENNSYLVANIA

PENNSYLVANIANS STATEWIDE OFFERED MEMBERSHIP THROUGH EMPLOYERS

Through the Department of Banking and Securities, credit unions like PSECU can work with businesses to add membership to their benefits package. Our Select Employee Group (SEG) program continues to grow, and to date, we have more than 1,200 SEGs, including:

Sheetz
Capital Blue
NWCS
Traffic Planning and Design Inc.

For us to stay connected with the business community, we actively participate in business organizations, including various regional chambers and the PA Chamber of Business and Industry. We’re members of our local Rotary and avid supporters of Rotary International. We’re also active supporters of the PA Society for Human Resource Management (PA SHRM) State Council, as well as many of its local chapters.

“Lancaster General Health/Penn Medicine’s mission is to advance the health and well-being of the communities we serve. The commitment to giving back to the communities they serve, through relationships with healthcare systems like LG Health, makes our members feel good about banking with PSECU.”

- Wendy J. Nafziger, CBP
  Director, Employee Benefits, HCM & Employee Health

OVER 1,200 COMPANIES & ASSOCIATIONS OFFER PSECU MEMBERSHIP AS AN EMPLOYEE BENEFIT
$28,235 RAISED DURING HUNGER ACTION MONTH
By PSECU, PSECU members, and community members

= 169,410 MEALS

IN 2017, WE DONATED A TOTAL OF

$4,000 TO FILL A GLASS WITH HOPE®

= 24,000 SERVINGS OF FRESH MILK
GROWING STRONGER, HEALTHIER COMMUNITIES

WORKING TOGETHER TO OVERCOME COMMON CHALLENGES

We put the credit union philosophy of “people helping people” into practice every day. This belief is especially demonstrated in our philanthropic efforts. Throughout the next few pages, we highlight some of the ways we contribute to the betterment of our communities. On a quarterly basis, we report on our activities in RE:member, our member newsletter. In addition to spotlighting these organizations, we list events we have sponsored or supported.

HUNGER

As a credit union working on your behalf, we look for opportunities to partner with organizations that are confronting hunger and building stronger future generations.

HUNGER ACTION MONTH

This past September, we partnered with the Central Pennsylvania Food Bank (CPFB) to be its Presenting Sponsor for several events, awards, and a virtual food drive. CPFB serves a 27-county area.

A social media campaign just for college students encouraged them to decorate a plate that pictured how they could help end hunger. As part of our maximum $25,000 Food Bank donation, we pledged $1 for each plate uploaded to our Facebook page, up to a maximum of $500.

FILL A GLASS WITH HOPE*

In partnership with the American Dairy Association North East and the Pennsylvania Dairymen’s Association, Feeding Pennsylvania created the Fill a Glass with Hope* initiative to provide fresh milk to families in need across Pennsylvania.

That $4,000 included funds raised with a social media campaign we ran in the fall. In addition, we gave away 500 tickets for free milkshakes before a Penn State® football game, adding $500 to the total year-long give.

PSECU GIVES BACK:
THE VOTE IS YOURS FACEBOOK CAMPAIGN

Members voted for 1 of 4 charities to receive a $500 donation from PSECU. The winner was the Pennsylvania SPCA.

$500 DONATION

= 90 DOGS FED FOR ONE DAY
CONTRIBUTIONS HELPED PROVIDE EDUCATIONAL MATERIALS TO MORE THAN 3,000 PEOPLE.

CONTRIBUTIONS HELPED TEACH MORE THAN 80,000 PENNSYLVANIANS HOW TO SAVE A LIFE WITH THE AMERICAN HEART ASSOCIATION CPR PROGRAM.
HEART HEALTH

We have supported the American Heart Association (AHA) for many years. The three events below highlight our 2017 efforts:

PSECU CHIPS IN

PSECU Chips In is a PSECU-owned fundraising platform that we debuted in 2017. The inaugural event was a golf outing that benefited AHA and served as a kickoff for our company-wide 2017 Capital Region Heart Walk fundraising efforts. The event netted more than $17,000 for AHA.

HEART WALKS

Throughout the fall, we supported the Lancaster Heart Walk, Capital Region Heart Walk, and Lehigh Valley Heart Walk. In addition to contributing sponsorship support, 67 PSECU employees participated in the walks, helping to raise funds for the cause and learning how to reduce their risk of heart and cardiovascular disease.

GO RED FOR WOMEN

We sponsored the Healthy Selfie Station at three AHA Go Red for Women Luncheons. We took our photo booth to Altoona, Bethlehem, and Hershey. The photos, shared on social media and saved as memories, serve as reminders about the importance of heart health.
CHILDREN’S ISSUES

The well-being of our children is critical to building and maintaining strong and vibrant communities. That includes making sure they’re healthy and educated. We view education in terms of academics, as well as financial know-how.

CHILDREN’S MIRACLE NETWORK

Ultimately, the goal of Children’s Miracle Network (CMN) is to save and improve the lives of as many children as possible. Proceeds from jersey auctions at Reading Fightin’ Phils, Lehigh Valley Iron Pigs, State College Spikes, and the Harrisburg Senators directly benefited Geisinger Janet Weis Children’s Hospital, Penn State Children’s Hospital, and Children’s Hospital of Philadelphia.

JUNIOR ACHIEVEMENT

Kids can reach their full potential if they have the right foundation. Through Junior Achievement (JA), students in kindergarten through 12th grade learn about entrepreneurship and receive financial education. We support JA by providing staff who volunteer to teach financial education to these students. We also sponsor many JA events throughout the year, including their annual Bowl-A-Thon.

RANDI’S RACE: A 5K RUN/WALK FOR HOPE AND COURAGE

This is one of several fundraisers benefiting Randi’s House of Angels and the programs they provide to children who are exposed to, and are victims of, domestic violence. Those programs include Randi’s KIDZ Club and Randi’s Camp for Hope and Courage.
ADDITIONAL COMMUNITY GIVING

COACHES VS. CANCER® OF PENN STATE
Presenting sponsorship dollars in part provided funds to the Bob Perks Cancer Assistance Fund, a nonprofit that helps cancer patients pay everyday household bills.

MECHANICSBURG EARTH DAY FESTIVAL
Our shredding event resulted in about 2,600 pounds of paper that could be recycled, saving 13 trees.

PA BREAST CANCER COALITION
Sponsorship dollars contributed toward sending care packages to women with breast cancer, funding research grants, and providing one-on-one patient advocacy at no cost.

PENNSYLVANIA FAMILY SUPPORT ALLIANCE
Contributions funded resources to protect children from abuse and neglect, train professionals and volunteers on child abuse recognition and reporting, and educate parents on positive parenting techniques.

RACE AGAINST RACISM (Harrisburg and Lancaster)
Sponsorship dollars assisted in racial justice and diversity programming to build bridges of understanding between community members, law enforcement, and school officials.

SPECIAL OLYMPICS PA
Sent 25 competitors to the 2017 Special Olympics PA Summer Games.

VISION RESOURCES
Contributions helped provide eye screenings for more than 12,667 children, employment training for 71 adults with disabilities, and free eye exams and glasses for 133 individuals.

ZERO PROSTATE RUN
Funds provided 10 complimentary screenings.

2017 HURRICANE RELIEF EFFORTS

The hurricanes that tore through multiple locations in fall 2017 devastated many communities in their wake. Through a joint effort, PSECU and our members were able to donate more than $320,000 to eight national charities to aid recovery efforts. The beneficiaries were the American Red Cross, AmeriCares, Direct Relief, Feeding America, The Humane Society of the United States, National Credit Union Foundation, Salvation Army, and United Way Worldwide.
ENCOURAGING TEAMWORK

COMMitted to Service excellence

It takes teamwork to attain our vision of providing outstanding financial value and excellent service. We’re committed to making sure our employees know we’re behind them all the way. Their satisfaction and success is the only way we’re able to deliver on our promise to help members achieve a better life.

That’s why we invest in our employees by providing a competitive benefits package, opportunities for enrichment and growth, as well as a host of amenities for our employees to use so that they’re comfortable and safe. We also encourage an environment where employees know they are appreciated for the work they do for our members. We do all of this because we operate our business with PRIDE. To us, this means with Partnership, Reliability, Improvement, Dedication and Ethics. We uphold these principles every day in the work we do. Our goal is to be greater tomorrow than we are today.

<table>
<thead>
<tr>
<th>749</th>
<th>FULL-TIME EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>PART-TIME EMPLOYEES</td>
</tr>
<tr>
<td>120</td>
<td>INTERNS</td>
</tr>
<tr>
<td>45</td>
<td>EMPLOYEES GIVEN TUITION</td>
</tr>
<tr>
<td>9</td>
<td>REIMBURSEMENTS TOTALING $152,604</td>
</tr>
<tr>
<td>91</td>
<td>ONSITE FITNESS CLASSES</td>
</tr>
<tr>
<td>572</td>
<td>PINTS OF BLOOD DONATED THROUGH ONSITE DRIVES TO BENEFIT 273 LOCAL PATIENTS</td>
</tr>
<tr>
<td>1,914</td>
<td>PRIDE COINS AWARDED TO EMPLOYEES</td>
</tr>
<tr>
<td>69%</td>
<td>EMPLOYEE VOLUNTEER HOURS DONATED</td>
</tr>
<tr>
<td>3,195</td>
<td>EMPLOYEE SURVEY RESPONSE RATE</td>
</tr>
<tr>
<td>28,276</td>
<td>COMBINED EMPLOYEES ATTENDING A TOTAL OF 36 LUNCH &amp; LEARN SESSIONS</td>
</tr>
</tbody>
</table>

2017 Data
Our belief that Green is a Beautiful Thing® plays out in a variety of ways. Our Harrisburg headquarters is a prominent demonstration of our commitment to protecting the environment. We built it to the demanding standards of LEED® Gold certification (Leadership in Energy & Environmental Design).

Our business model supports a cleaner, greener way of banking. By focusing on digital banking, we can reduce strains on the environment. For example, we offer mobile deposit, so members don’t have to drive to a branch or ATM to deposit checks. With our social media presence and a robust contact center that operates into the evening and on Saturdays, members have opportunities to have questions answered and issues resolved, all without leaving home. Lastly, we encourage the use of e-Statements both for security and to keep paper statements out of landfills.

- **MATERIAL RECYCLED**: 46.8 TONS
- **TREES SAVED**: 262
- **ENERGY SAVINGS**: MORE THAN $450,000

*2017 Data*
A BROAD FOUNDATION OF FINANCIAL STRENGTH

RESPONSIBLE STEWARDSHIP PAYS DIVIDENDS TO YOU

Since 1934, our members have counted on us to be there for them, through good and bad economic times. Because we’ve always taken the role of being stewards of our members’ money very seriously, we’ve been able to fulfill that obligation.

Part of being a good steward is being transparent about our actions. Our year-end Balance Sheets and Statements of Income can be found on the opposite page. We also provide this information in monthly reports on psecu.com/financials.
## PENNSYLVANIA STATE EMPLOYEES CREDIT UNION

### BALANCE SHEETS

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$735,410</td>
<td>$805,518</td>
</tr>
<tr>
<td>Federal funds sold</td>
<td>19,154</td>
<td>16,230</td>
</tr>
<tr>
<td>Available-for-sale investment securities</td>
<td>249,821</td>
<td>302,666</td>
</tr>
<tr>
<td>Held-to-maturity investment securities</td>
<td>8,138</td>
<td>10,939</td>
</tr>
<tr>
<td>Other investments</td>
<td>2,129</td>
<td>1,766</td>
</tr>
<tr>
<td>Loans, net of allowance of $49,579 and $56,312</td>
<td>3,915,221</td>
<td>3,304,051</td>
</tr>
<tr>
<td>Deposit for federal share insurance</td>
<td>42,790</td>
<td>37,491</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>12,525</td>
<td>10,789</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>82,109</td>
<td>84,083</td>
</tr>
<tr>
<td>Other assets</td>
<td>26,719</td>
<td>29,490</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$5,094,016</strong></td>
<td><strong>$4,487,443</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND MEMBERS’ EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ share accounts</td>
<td>$4,501,391</td>
<td>$4,260,656</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>12,662</td>
<td>2,023</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>26,084</td>
<td>33,816</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>4,540,137</td>
<td>4,296,495</td>
</tr>
<tr>
<td>Members’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>693</td>
<td>693</td>
</tr>
<tr>
<td>Retained earnings, partially appropriated</td>
<td>553,502</td>
<td>512,419</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>(316)</td>
<td>1,516</td>
</tr>
<tr>
<td><strong>Total members’ equity</strong></td>
<td><strong>553,879</strong></td>
<td><strong>514,628</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and members’ equity</strong></td>
<td><strong>$5,094,016</strong></td>
<td><strong>$4,811,123</strong></td>
</tr>
</tbody>
</table>

## PENNSYLVANIA STATE EMPLOYEES CREDIT UNION

### STATEMENTS OF COMPREHENSIVE INCOME

**Interest Income**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans, including fees</td>
<td>$176,515</td>
<td>$167,255</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>12,875</td>
<td>7,476</td>
</tr>
<tr>
<td><strong>Total Interest income</strong></td>
<td><strong>189,390</strong></td>
<td><strong>174,731</strong></td>
</tr>
</tbody>
</table>

**Interest expense**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends on members’ share accounts</td>
<td>19,287</td>
<td>16,526</td>
</tr>
<tr>
<td><strong>Net Interest income</strong></td>
<td><strong>170,103</strong></td>
<td><strong>158,205</strong></td>
</tr>
</tbody>
</table>

**Provision for loan losses**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for loan losses</td>
<td>29,002</td>
<td>18,862</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td><strong>141,101</strong></td>
<td><strong>139,343</strong></td>
</tr>
</tbody>
</table>

**Noninterest Income**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card interchange fees</td>
<td>10,870</td>
<td>9,030</td>
</tr>
<tr>
<td>Check card interchange fees</td>
<td>17,274</td>
<td>15,915</td>
</tr>
<tr>
<td>Checking account fees</td>
<td>2,392</td>
<td>2,305</td>
</tr>
<tr>
<td>ATM income</td>
<td>4,509</td>
<td>4,512</td>
</tr>
<tr>
<td>Other</td>
<td>10,923</td>
<td>10,805</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td><strong>45,968</strong></td>
<td><strong>42,567</strong></td>
</tr>
</tbody>
</table>

**Noninterest expenses**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and employee benefits</td>
<td>60,254</td>
<td>53,915</td>
</tr>
<tr>
<td>Office occupancy expenses</td>
<td>5,040</td>
<td>5,785</td>
</tr>
<tr>
<td>Office operation expenses</td>
<td>15,140</td>
<td>14,961</td>
</tr>
<tr>
<td>ATM expenses</td>
<td>49,821</td>
<td>42,629</td>
</tr>
<tr>
<td>Check card program expenses</td>
<td>7,503</td>
<td>7,777</td>
</tr>
<tr>
<td>Loan servicing expenses</td>
<td>8,138</td>
<td>5,722</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>6,025</td>
<td>7,403</td>
</tr>
<tr>
<td>Relationship Reward</td>
<td>6,015</td>
<td>10,020</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>23,468</td>
<td>17,730</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>145,966</strong></td>
<td><strong>135,942</strong></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>41,083</strong></td>
<td><strong>45,968</strong></td>
</tr>
</tbody>
</table>

**Other comprehensive income/(loss)**

<table>
<thead>
<tr>
<th></th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net unrealized gains/(losses) on investment securities during the year</td>
<td>(663)</td>
<td>(269)</td>
</tr>
<tr>
<td>Change in benefit plan liabilities</td>
<td>(1,169)</td>
<td>(698)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income/(loss)</strong></td>
<td><strong>(1,832)</strong></td>
<td><strong>(967)</strong></td>
</tr>
<tr>
<td><strong>Total comprehensive Income</strong></td>
<td><strong>$39,251</strong></td>
<td><strong>$45,001</strong></td>
</tr>
</tbody>
</table>
LOOKING AHEAD

CONTINUING OUR STORY

We believe our members’ money should stay where it belongs - with them. That’s why we offer everyday value with things like free checking, surcharge-free ATMs plus rebates, low-rate financing options, and much, much more. We’re laser-focused on giving our members money back.

Building on what we started in 2017 - introducing features such as mobile pay solutions, a new mobile app, and a card lock/unlock security feature, just to name a few - we’re going to continue investing in new technologies to better meet members’ needs with new digital banking tools. We’re also looking to expand our youth savings program that kicked off in 2017 with the youth special dividend rate.

Increasing our membership continues to be a priority to ensure the credit union’s long-term stability. We will continue our efforts in areas where we see opportunities. A referral program is also in the works.

We are committed to providing our members with the value they deserve, and look forward to continuing to serve them well into the future. We’re happy to have them as part of our story. We are Banking on a Difference.