

Annual Report



Our goal at Citadel  
is to be a trusted  
partner to our Staff,  
to our Members, and  
to the Communities  
we serve.

# Contents



2

A Message from our  
President and our Chairman

4 Citadel in 2019: A Snapshot

8 Building Our Community

12 Building Our Employees

14 Keeping our Members Safe and Secure

16 Looking forward

20 2019 Financials



6 Building Our  
Digital Offering

10

Citadel Country Spirit USA



# A Message from our President and our Chairman

Our goal is to be a trusted partner to our Staff, our Members, and the Communities we serve.

Together, we will secure the success of our shared future.

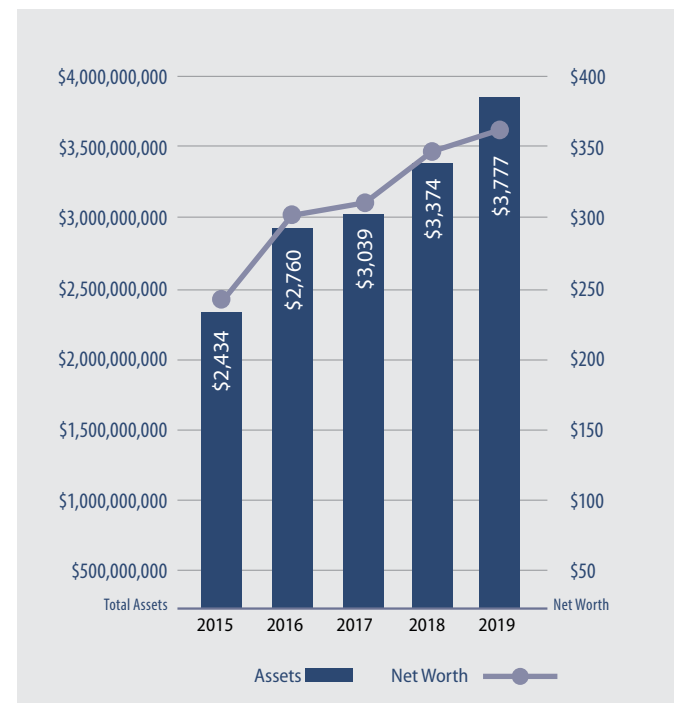


*Mike Givler*      *Jeff March*

Mike Givler, Chairman of the Board and  
Jeff March, Citadel President and CEO

As we continue to grow, Citadel consistently puts our employees, members, and community at the heart of every decision and our strategic plan. We wholeheartedly believe Citadel exists to strengthen our community and the members we serve. Reinvesting in our members to improve and maintain their financial stability is at the core of Citadel's purpose. We understand that we're all in this together, we have a shared future, and the success of our members means our organization has succeeded as well.

## Total Assets and Net Worth (millions)



We are pleased to report that in 2019 Citadel experienced record asset growth for the second consecutive year. Citadel's assets increased \$403 million to \$3.8 billion—a 12 percent increase—the largest increase in our 83-year history. In 2019, our membership increased to 215,187, with overall loans jumping 17 percent, deposits 12 percent, and assets under management 20 percent.

Our net worth at year-end was 9.48 percent—representing just under \$360 million of regular reserves and undivided earnings. This is over and above the \$13.4 million we have in our allowance for loan losses. Our net income increased 14 percent over 2018, to more than \$36.3 million, and we had a return on assets of 1.02 percent. Our capital exceeds \$357.9 million.

Citadel continues to put our members first. In 2019, we maintained our ranking as the number one credit union in Pennsylvania for returning value to savers and borrowers. The ranking, which is published by Callahan & Associates, uses savings, lending, and product usage to quantify member value and assign a score to every credit union in the United States. Citadel has also consistently ranked in the top 1% nationally, measured against 5,500 credit unions nationwide.

We are committed to investing in our members by focusing on service and innovation. In 2019, we made several enhancements to our Online and Mobile Banking experience, including the launch of Card Control, an app that allows members to control their Citadel debit or credit cards 24/7. We also launched an entirely new checking account—Cashback Rewards Checking, which rewards members for making everyday purchases. Prioritizing innovation helps us equip our members to manage their finances, positions Citadel for expansion, and allows our employees to apply new ways of thinking.

To help us innovate and improve our member experience, we're making a significant investment in data and analytics. Data insights will continue to inform and ultimately determine business decisions and product development. In addition, the



more we invest in data, the more we can improve and create a targeted member experience.

Supporting our local community will always be central to our mission as an organization. After all, Citadel wouldn't be where it is today without operating within a strong community. In 2019, we expanded our community involvement and philanthropic endeavors. We proudly supported non-profits and charities across the region and continued to expand our partnership with Children's Hospital of Philadelphia (CHOP) by supporting their annual Parkway Run & Walk as a presenting sponsor. The cumulative total we raised for CHOP in 2019 was \$200,000, which we officially gifted to them in November, including our contribution at our Corporate Headquarters.

As we look forward to an exciting 2020, we'll continue to focus on elevating our member experience. We'll also invest in our employees and continue to provide support for our community. Over our 80-plus year history, Citadel has established a foundation of trust.

And we've only just begun.

# Citadel in 2019: A Snapshot

Citadel ended 2019 with \$3.8 billion in assets, as the 59th largest credit union in the country.

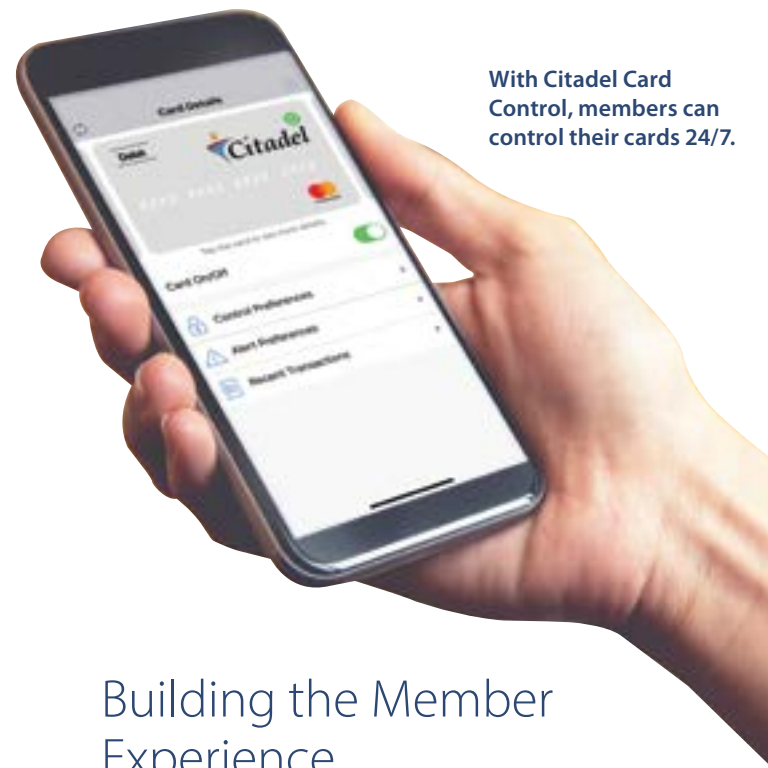
We now proudly serve over 215,000 members who primarily live in Southeastern Pennsylvania; Bucks, Chester, Delaware, Lancaster, Montgomery, and Philadelphia counties.

In 2019, we experienced record asset growth for the second consecutive year. Specifically, assets increased \$403 million—a 12 percent increase—the largest increase in our 83-year history. In the past three years, our assets have grown over \$1 billion.

Observing our growth over a 20-year span, we've seen a cumulative annualized growth rate (CAGR) of 13 percent between 1999 and 2019. Momentum certainly continued in 2019, specifically for Citadel's loan portfolio, which grew 17 percent. In addition, deposits increased 12 percent over 2018. This reflects the commitment our employees have to improving member experience, and our members' trust in us.

Serving our employees, members, and community is at the heart of everything Citadel does. And frankly, investing in those three groups is what continues to drive our success.

**Jeff March - President & CEO**




With Citadel Card Control, members can control their cards 24/7.

I love banking with Citadel. The mobile app is so convenient and easy. I wouldn't bank anywhere else; I've never had a problem with anything. Also, the representatives are wonderful when I need to call.

**Ashley H. - Member**

## Building the Member Experience

We can't say it enough – when our members are successful, we are successful. When our members feel empowered from a positive experience with us, we've achieved our goal. Citadel is completely focused on member experience as a crucial part of what builds our organization. Our goal is to not only meet, but anticipate and exceed, member expectations.




**2019**

**59th** Largest Credit Union in the Country

---

**12%**

Asset Increase




**OVER 215,000** Members

---

**24**

Branches and counting






---

**Certified**  
"Great Place to Work"

**80+** Years of Member Loyalty



## Building Our Digital Offering

Citadel consistently measures our digital experience and responds to feedback from our members to make effective improvements. Our goal is to offer no-compromise, convenient, frictionless digital experiences.

### Citadel Card Control

In June, we rolled out Citadel Card Control, which allows our members to set controls on their debit and credit cards from one centralized location at any time. Members can easily turn cards on/off, set spending limits, and manage their location. For example, if a member goes on vacation, he or she can simply go into the Card Control app to set location restrictions, they no longer have to call Citadel. We've received great feedback on this feature, as it provides added security and peace of mind for members.

### Restructured Online and Mobile Banking Menu

In April 2019, we made the decision to restructure our Online and Mobile Banking main menu based on survey feedback from members. We assessed the site's current usability and designed the restructured menu. The result was a drastically improved and easier user experience; with fewer menu items (reduced from 17 to seven).

### Skip-a-Pay Self Service

In 2019 we also launched a self-serve digital tool for members to skip a payment. Now, when someone is eligible, they simply go into Online Banking or the Mobile App to skip their next month's payment. By the end of 2019, 53 percent of skipped payments were set up by the member through a digital channel.

These are a few of the 2019 enhancements we've made to our digital experience. Our goal is to enable members to self-serve from the convenience of any device. In addition to these, other upgrades included self-serve account unlocking, the ability to set up recurring fund transfers, and new pages to better manage loans or external accounts.

Express Banking at our new Kennett branch office.



In 2019, Citadel also launched banking capabilities for Apple Watch.

## Express Banking

Citadel Express Banking, our unique, self-service banking amenity, has been extremely successful and we continue to implement it across our branch office network. Express Banking allows members to bank with us 24/7 and bank on-the-go; specifically, they can make a deposit, get cash, or make a payment on any Citadel loan. We offer Express Banking both inside and outside our offices with a full-service, 24-hour drive-up option. Our goal is to offer this at every office to accommodate our members' busy lifestyles. In addition, our staff are better able to assist members with consultative services.



## Investing in Data

In order to build personalized, enhanced member experiences, we understand the importance of investing in data and analytics. At Citadel, our goal is to remain a trusted partner to our members, and part of that goal means proactively understanding what each member needs so we are equipped to make informed recommendations. As we invest in data and analytics, we'll build optimal experiences for our members. We'll be able to offer products and services based on member behaviors, improve our member touchpoints, and have a holistic view of the member journey.

Even though I do most of my banking online, I enjoy going to the branch. It's like visiting my family!

**Kitty M. - Member**

Citadel's new branch office in Kennett, Pa.

## Building Our Presence

We continue to expand our regional presence to improve accessibility for our members across Greater Philadelphia and to grow the business. In the age of digital transformation, Citadel believes a brick-and-mortar presence is still important to ensure our members can bank with us in person when needed. In addition, we continue to offer no-compromise digital tools and services for our members' convenience.

In 2019, we moved our Chadds Ford branch team about two miles down the road into a brand new location in Kennett. The new Kennett branch is right next door to the Marlborough Square Shopping Center and across the street the Shoppes at Longwood Village, and only two miles from Longwood Gardens. Our selection process for building a new branch involves careful consideration of how convenient and centrally

My experiences with Citadel have been great. I love how the customer service representatives explain things to me and make sure I understand. They are caring, so I always feel comfortable calling.

**Michelle F. - Member**



located it is for members, and our Kennett branch is the epitome of a prime location. With the new location, the team grew overall balances by 10.3 percent from year end 2018.

As with each of our new branches, Kennett offers 24-hour self-service banking amenities, private rooms for sit-down sessions, and a refreshed interior design. Construction on the new site, which began in October 2018, mainly involved local contractors including Worthington Davis Associates of Phoenixville, Pickering Valley Landscape of Elverson, O'Brien Electric of Downingtown, Kershner Office Furniture of King of Prussia, and Norman Carpet One of Bryn Mawr.

# Building Our Community

The credit union “People Helping People” mantra will always be woven into the Citadel culture.

This year, our employees gave back and volunteered at their favorite non-profits, and they continuously network with and serve on boards for non-profits, charities, and community events. As a corporation we supported hundreds of local organizations in 2019 and increased overall philanthropic giving.



At the CHOP Parkway Run & Walk, Citadel formed a team of over 100 employees and their families.

## CHOP Parkway Run & Walk

For the first year ever, Citadel was the presenting sponsor of the CHOP Parkway Run & Walk, which takes place on Philadelphia’s famous parkway. Held every September, the Parkway Run & Walk is the largest annual fundraiser for the Cancer Center at CHOP, an internationally recognized leader in pediatric cancer treatment and research. A hallmark event, Parkway is a poignant finale to the Cancer Center’s efforts to raise funds and awareness during September’s National Childhood Cancer Awareness Month. It is a time of celebration and reflection, and an opportunity to re-connect with doctors, nurses, and staff from the Cancer Center.

Citadel has a commitment to sponsor the Parkway Run in 2020 as well. More than 100 employees and their family members made up Team Citadel, joining thousands along the Benjamin Franklin Parkway.



Jeff March and Lizzy Fluck, a CHOP Parkway Run & Walk patient ambassador from Bucks County.

Citadel’s community involvement and philanthropy helps to fuel tomorrow’s breakthrough therapies. Without it, none of these advances would be possible; we are very grateful, and we look forward to a continuing partnership.

**Stephen Hunger** - MD, Chief of the Division of Oncology and Director of the Center for Childhood Cancer Research at CHOP



Citadel Country Spirit USA brings our community together. Not only is it a great time, but it raises money for CHOP, one of the most important institutions in Greater Philadelphia.

**Jeff March** - President & CEO

## Citadel Country Spirit USA

The second-annual Citadel Country Spirit USA music festival raised funds for CHOP, featuring 20 country music acts on two stages, while attracting over 10,000 music fans and driving over \$3.6 million to the local economy. In 2019, headliners included Billy Currington, Little Big Town, and Old Dominion. Citadel is proud of our involvement with this event; it's powerful to bring to life a music festival that is homegrown and true to our mission of supporting our community.



Brothers Osborne performs at Citadel Country Spirit USA.

As Citadel moves forward, it is our vow to the community to always push it forward as well. We will continue to be the force that moves ahead, and we'll take our community with us. After all, we owe our success to the people in those communities that support us. There is no denying the importance for Citadel to support organizations that have a significant impact in the lives of our members and our employees.

In 2019, we supported and volunteered with many local organizations, a few of which include:

- **Children's Hospital of Philadelphia (CHOP)**
- **United Way**
- **Chester County Food Bank**
- **Community Volunteers in Medicine**
- **Laurel House**
- **Maternal & Child Health Consortium**
- **RSVP**
- **Warminster Township Parks & Recreation**

## Awarding Local Educators

For the 18th consecutive year, Citadel honored and awarded 15 local teachers through its Citadel Heart of Learning Award program. In 2019, over 2,300 teachers were nominated. The program, widely recognized in the area, awards excellence in the classroom by honoring teachers who show true dedication by going beyond their day job to meet the needs of students. Since 2001, Citadel has recognized thousands of teachers in the region and awarded over 200 winners.



The Grand Prize winners of the 2019 Citadel Heart of Learning Award.

Over a decade after I sat in his classroom, I still remember what we studied—a testament to the endurance of his lessons and his ability to captivate students.

// Nomination from the 2019 Citadel Heart of Learning Awards



All of the District Winners of the Citadel Heart of Learning Award.

# Building our Employees

As Citadel continues to grow, we will continue to invest in our most important asset: our people.

In 2019, we launched the Endeavor professional development program. The goal of Endeavor is to provide a foundation for employees, specifically managers, to develop six Core Competencies that will ultimately help Citadel be a high-performing organization. Through Endeavor, we'll implement new ways to develop our employees with tools such as LinkedIn Learning.

In addition, we launched a Microlearning platform to help frontline employees improve member-facing skills, to be able to help our members as effectively as possible. Microlearning aims to help refresh information and provide continued learning to foster both employee and member success.



Citadel employees honor National Wear Red Day for Women's Heart Health.



Citadel's Corporate Headquarters in Exton, Pa.

## 2019 Great Place to Work Certification

Citadel is proud to once again be certified as a "Great Place to Work" for the second consecutive year by the analysts at Great Place to Work, the group that publishes national lists such as the "Fortune 100 Best Companies to Work for." Citadel earned this certification based on survey ratings from its employees.

In the survey, 93 percent of Citadel's employees reported they are proud to work for Citadel, and 91 percent agree that Citadel's management team operates the institution honestly and ethically. Commitment to community is a consistent area of pride for employees, with 95 percent saying they feel good about how Citadel gives back to local non-profits. We are honored to be recognized, as we believe an efficient and enjoyable work culture enables us to build internal teamwork, which in turn benefits our members and strengthens our communities.

## Supervisory Committee Report

Citadel's Supervisory Committee is composed of volunteer members who oversee the function of Citadel's professional audit staff and ensure that Citadel's financial strength is fairly represented. As an organization, Citadel benefits from the diverse backgrounds of our Supervisory Committee members; we are able to be more productive and make decisions in a sound manner.

The Committee oversees the internal and external auditors who ensure Citadel is functioning within the guidelines and policies set forth by all regulatory institutions.

The 2019 annual audit was completed by the accounting firm Reinsel Kuntz Leshner, LLP, and reviewed by federal examiners as required by regulation. The results of our annual audit once again proved that when it comes to Accuracy, Citadel is doing things right. The results verified that Citadel has proven to be well-managed and ready to meet the challenges of the future through its strong financial performance. In addition, the National Credit Union Administration (NCUA) reports that Citadel is in good financial order and in compliance with federal regulations.

### Executive Committee & Board of Directors

- Michael S. Givler, Chairperson
- Claudia Hellebush, Vice Chairperson
- Gary P. Rabik, Secretary
- Joseph R. Glace, Treasurer
- Ravi S. Ganti, Member
- Joseph A. Petsko, Member
- Philip A. Priolo, III, Member
- Glenn S. Soltis, Member
- Lawrence L. Tankeloff, Member

### Supervisory Committee

- Michael Pagano, Chairperson
- Jessica Schuler, Secretary
- Madhav Gopal, Member
- Brian O'Neill, Member



Executive Committee & Board of Directors



## Keeping our Members Safe and Secure

Protecting our members' data and personal information is a key priority. We balance keeping data secure with providing the optimal member experience. As an example, all of our credit cards offer guaranteed 0% liability.

We continue to offer more resources for our members to defend themselves in addition to automatic fraud alerts. Our members' security is of the utmost importance to Citadel, and as such, we analyze and enhance our processes and offerings to maintain the highest level of security within our products and services. Citadel will never sacrifice the security or privacy of our members.

### Citadel Class Service

For a number of years, Citadel Class Service has been the pledge to define our standard for member service excellence and reinforces our ongoing efforts to achieve the highest level of member satisfaction. Serving our members with warmth and helpful, responsible financial advice is what we do best at Citadel. Our customer service has always been superior, and is the reason for our success and 80+ years of member loyalty.

In my opinion, Citadel has provided the best banking experience that I've had to date. The rest of the industry should take notes on how Citadel operates.

**Dennis C. - Member**



We promise to deliver superior banking products by providing Citadel Class Service. Our passion goes beyond merely meeting your banking needs. With every interaction we want to exceed your expectations, making you a highly satisfied customer.

As part of that pledge, we have followed five pillars. The pillars detail the most important elements of our customer service pledge.

**Accuracy:** To always produce high quality work, given any opportunity.

**Convenience:** To make life easier for our customers.

**Respect:** To appreciate our customers, colleagues and our organization.

**Security:** To protect the finances and data of our customers and our organization.

**Value:** To continuously work to build and better our customer relationships.

After fulfilling the fiscal requirements of running a financially sound company, Citadel reinvests a significant amount of earnings back into the business, ensuring that we can provide even greater value.

# Looking forward

At Citadel, we will always be focused on serving those in our community—our neighbors. Our goal is to be accessible and convenient for members and to ultimately empower our communities and local economies so they can prosper.

As we look forward to 2020, we anticipate excitement, continued innovation, success, and growth. We'll continue to be people helping people, and we'll keep growing at a steady, healthy pace.



As part of our commitment to experience and growth, we will continue to invest in data and analytics to build a more personalized member experience. We will invest in our services, especially our digital tools.

In March 2020, we'll open our seventh branch in Montgomery County in Montgomeryville, conveniently located on Bethlehem Pike (Route 309). By the end of 2021, we will have 25 branches across Southeastern Pennsylvania.

At Citadel, we take great pride in providing our members products and services that simplify their lives and add value.

With every decision, initiative, and investment, we aim to be a trusted partner. As we grow, we are better positioned to reinvest in our members, staff, and the communities we serve.

We exist to foster strength; to build the futures of those within our community.

**By the end of 2021, Citadel will have 25 branches.**

## Statement of Financial Condition

2018

2019

### Assets

#### Loans

Auto	\$ 1,071,631,307	\$ 1,111,736,701
Unsecured	231,376,576	288,788,158
Real Estate	1,597,559,290	1,959,891,874
Commercial Real Estate	79,173,670	112,440,739
Other	14,792,387	22,174,060
<b>Total Loans</b>	<b>2,994,533,230</b>	<b>3,495,031,532</b>
Allowance for Loan Losses	(12,536,708)	(13,435,731)
<b>Net Loans</b>	<b>2,981,996,522</b>	<b>3,481,595,801</b>

#### Agency Bonds

Agency Bonds	4,941,353	-
Municipal Securities	-	4,123,147
CMOs	41,414,487	41,919,508
Mortgage Backed Securities	12,341,988	5,656,811
Other Investments	14,983,997	26,610,948
Cash and Cash Equivalents	170,847,647	59,664,306
Fixed Assets	72,573,984	74,069,508
NCUSIF	25,445,703	29,341,928
Other Assets	48,973,200	53,955,453

#### Total Assets

**\$ 3,373,518,881**      **\$ 3,776,937,410**

### Liabilities and Equity

#### Deposits

Savings	\$ 494,426,430	\$ 672,714,015
Checking	420,308,478	443,636,952
Money Market Accounts	539,016,452	510,268,331
Certificates	1,381,675,164	1,549,482,668
<b>Total Deposits</b>	<b>2,835,426,524</b>	<b>3,176,101,966</b>

#### Accounts Payable

Accounts Payable	12,229,876	16,178,231
Borrowed Funds Payable	205,000,000	226,300,000
Dividends Payable	9,786	39,654
Equity	320,852,695	358,317,559

#### Total Liabilities/Equity

**\$ 3,373,518,881**      **\$ 3,776,937,410**

## Statement of Income

	2018	2019
<b>Operating Income</b>		
Loan Interest Income	\$ 119,245,414	\$ 137,333,287
Investment Income	3,583,521	6,504,560
Total Interest Income	122,828,935	143,837,847
Dividend Expense	27,993,918	42,253,748
Borrowed Funds Expense	3,890,696	3,201,357
Total Interest Expense	31,884,614	45,455,105
Net Interest Income	90,944,321	98,382,742
Provision for Loan Losses	13,373,315	12,150,624
Net Interest Income After Provision for Loan Losses	77,571,006	86,232,118
Other Operating Income	37,796,937	41,557,555
<b>Net Operating Income</b>	<b>\$ 115,367,943</b>	<b>\$ 127,789,673</b>
<b>Operating Expenses</b>		
Employee Compensation & Benefits	\$ 41,401,612	\$ 45,605,117
Education & Marketing	6,017,220	6,879,749
General Office Expenses	17,338,473	19,352,354
Loan Servicing Expenses	7,752,315	8,361,576
Professional and Outside Services	11,733,510	11,894,989
Misc. Operating Expenses	972,299	1,215,355
<b>Total Operating Expenses</b>	<b>85,215,429</b>	<b>93,309,140</b>
Non-Operating Gains	1,655,880	1,814,423
<b>Net Income</b>	<b>\$ 31,808,394</b>	<b>\$ 36,294,956</b>

## Statement of Cash Flow

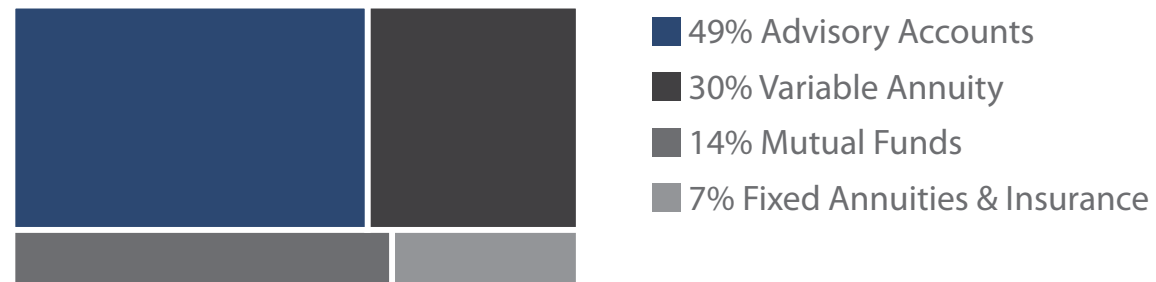
	2018	2019
<b>Cash Flow From Operating Activities</b>		
Net income	\$ 31,808,394	\$ 36,294,956
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	4,664,078	5,281,226
Amortization of investment premiums, net	513,489	389,092
Gain on sale of investments	(19,501)	(153,836)
Excess of provision for possible loan losses over net loans charged off	1,469,292	899,023
Change in assets and liabilities		
(Increase) Decrease in assets:		
Prepaid expense and other assets	(5,136,286)	(6,628,084)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expense	34,242	3,978,222
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 33,333,708</b>	<b>\$ 40,060,599</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from maturity, call, and sale of investments	\$ 16,184,437	\$ 25,744,750
Purchase of investment securities	(17,643,846)	(36,609,296)
Principal received on mortgage backed securities	7,116,809	8,605,433
Net increase in loans	(260,245,772)	(500,498,302)
Increase in NCUSIF deposit	(2,204,656)	(3,896,225)
Expenditures for property and equipment, net	(7,358,537)	(6,565,742)
<b>Net Cash Used In Investment Activities</b>	<b>\$ (264,151,565)</b>	<b>\$ (513,219,382)</b>
<b>Cash Flows From Financing Activities</b>		
Net increase in borrowed funds	\$ 5,000,000	\$ 21,300,000
Net increase in deposit accounts	296,305,836	340,675,442
<b>Net Cash Provided By Financing Activities</b>	<b>\$ 301,305,836</b>	<b>\$ 361,975,442</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 70,487,979</b>	<b>\$ (111,183,341)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$ 100,359,668</b>	<b>\$ 170,847,647</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 170,847,647</b>	<b>\$ 59,664,306</b>

# 2019 Financials

## Composition of Loans



## Composition of Assets Under Management



## Composition of Deposits



## Total Deposits



## Total Loans



## Assets Under Management



Brookhaven  
Chadds Ford  
Chester Springs  
Downingtown  
Eagle  
East Norriton  
Glen Mills  
Harleysville  
Kennett Square  
Lancaster – Granite Run Drive  
Lancaster – Rohrerstown Road  
Lansdale  
Limerick  
Oxford  
Paoli  
Parkesburg  
Phoenixville  
Pottstown  
South Coatesville  
Springfield  
Thorndale  
Warminster  
West Chester  
West Norriton

There's always a friendly person at Citadel.



**Karla H - Member**



**(800) 666-0191**

**CitadelBanking.com**



For more information on all that Citadel offers, visit **CitadelBanking.com** or visit any of our branch locations. To speak with one of our customer service representatives, please call **(800) 666-0191** or visit **CitadelBanking.com/ContactUs**



Federally insured by NCUA.

2634 3/2020