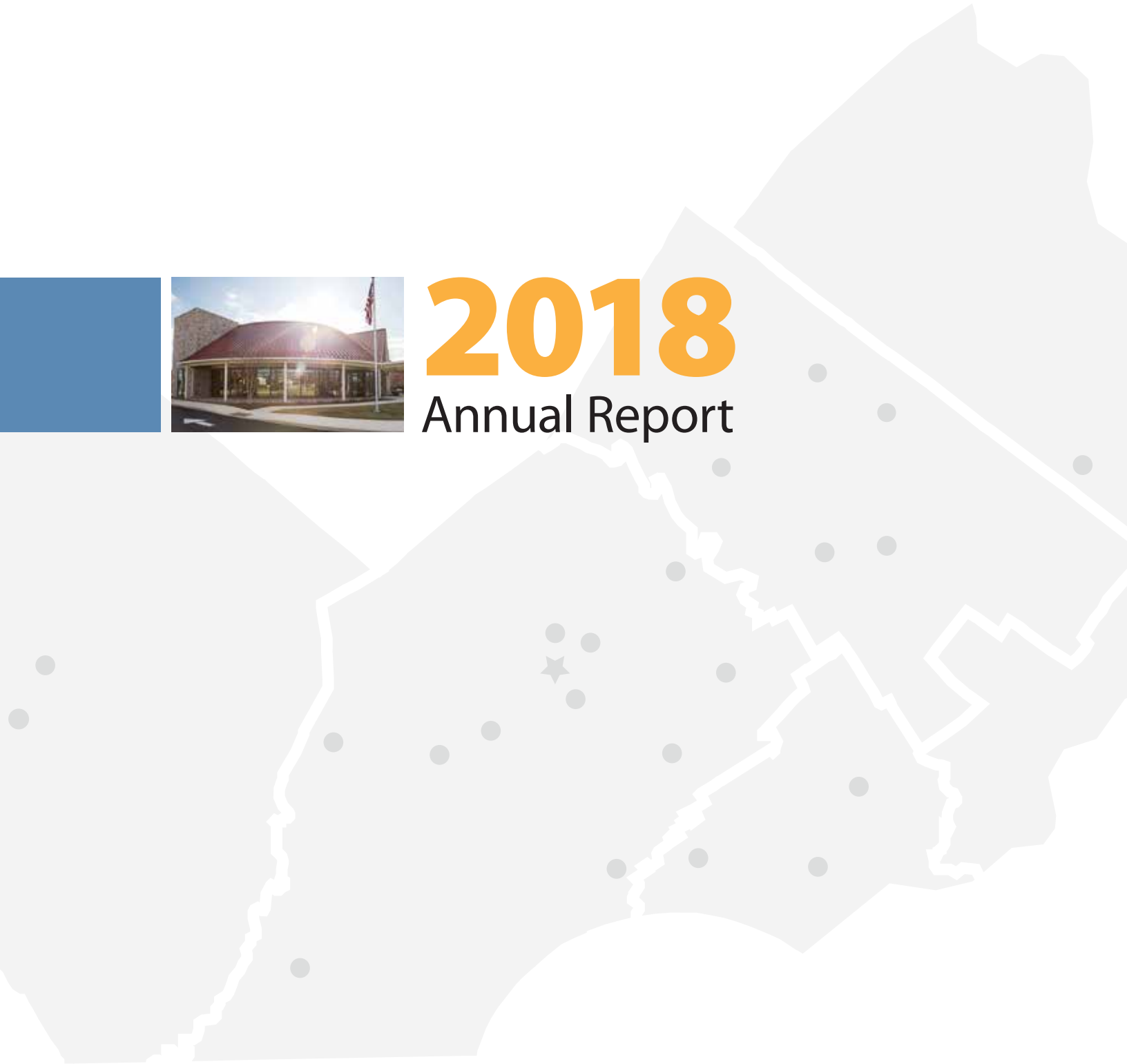




# 2018

Annual Report





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

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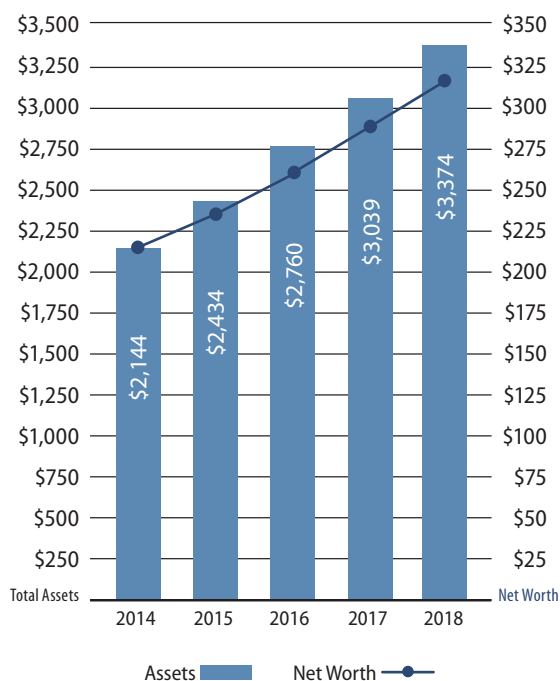
# A Message from our President and our Chairman

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

With every decision that Citadel makes, we consider how it will benefit the people in our greater community. We understand that if our community is successful, Citadel will share that success.

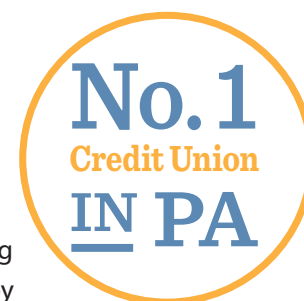
We are pleased to report that in 2018 Citadel experienced record asset growth. Citadel's assets increased \$335 million to \$3.4 billion—the largest year over year increase in our 81-year history. In 2018, our membership increased more than 6 percent, to 208,000, while total loans jumped about 9.5 percent, to \$3 billion.

**Total Assets and Net Worth** (in millions)



Our Net Income increased 14 percent over 2017, to more than \$31.8 million, and we had a Return on Assets of 1 percent. Our capital exceeds \$321.6 million, reflecting a Net Worth Ratio of 9.53 percent.

Providing value back to our members remains a priority. Citadel continues to be ranked as a top credit union nationwide for providing value to our members by Callahan & Associates. In 2018 we were ranked the number one credit union in Pennsylvania for providing value through our deposit and lending products, and number six in the entire nation. We continue to reinvest in our members and increase our benefits, services, and conveniences for those we serve.



Citadel continued to expand our community involvement and philanthropic initiatives in 2018. We were the title sponsor of one of the region's largest entertainment events of the year, the inaugural Citadel Country Spirit USA. The three-day country music festival held in Glenmoore, Pennsylvania, featured 20 artists on two stages, with star headliners Alabama, Toby Keith, and Brad Paisley. Citadel Country Spirit USA was a major success; it raised significant funds for Children's Hospital of Philadelphia (CHOP) and drove more than \$3.5 million to our local economy.



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

This all ties back to our tagline of putting the focus on our members. Our priority is to continue to improve their experience and provide convenience and value however we can. In 2018, we continued to improve the member experience by implementing new processes and automation. We made it easier for members to manage payments, bills, and budgets online or from their mobile device. People are on-the-go in today's world, and it's important for Citadel to offer the banking tools that meet a busy lifestyle. We will never compromise our digital offerings, and will always strive to meet members' wants and needs.

Citadel continues to grow at an accelerated pace while generating the necessary net income to continue investing in enhancements for members and our community. Today, we are the 63rd largest credit union in the country out of 5,500 credit unions nationwide. Together with our members, Citadel will continue to focus on the member experience, enhancing our products and services, and giving back to the communities and people we serve.

*Jeff March*  
*Michael S. [Signature]*

## Citadel Today

Today, Citadel is a \$3.4 billion financial institution and the 63rd largest credit union in the country. We proudly serve over 200,000 members that primarily reside across six counties in the Greater Philadelphia area; Bucks, Chester, Delaware, Lancaster, Montgomery, and Philadelphia.

The fiscal year 2018 marked record annual asset growth for Citadel spanning our entire 81-year history. In the past five years, Citadel's assets have grown \$1.5 billion, a 79 percent increase. Even as we've grown, we remain loyal to our roots. In turn, the members we serve are loyal to Citadel, and we

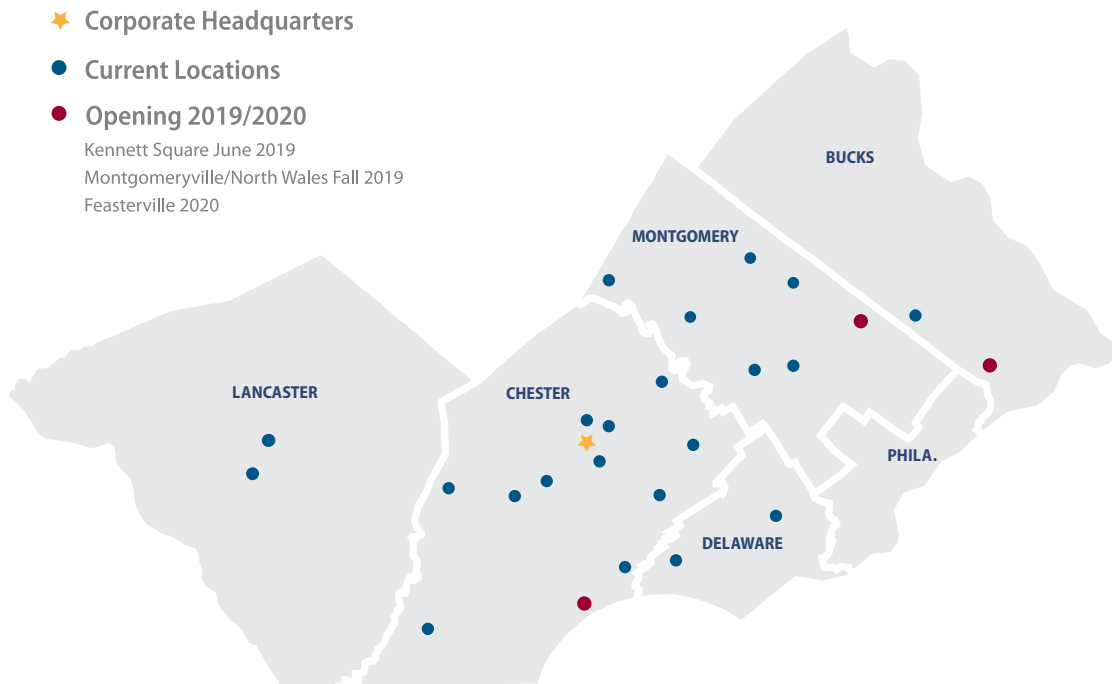
listen to and incorporate their feedback regularly. Citadel can attribute much of our success to the process of taking member feedback seriously and applying it to our everyday processes.

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*"We attribute our growth and success to being focused on the community first and listening to what our members want."*

— JEFF MARCH

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In addition to 23 branches, Citadel has 42 ATMs across the region, and members can use over 30,000 shared network ATMs nationwide.



*Jake Owen performs at the 2018 Citadel Country Spirit USA in Glenmoore, Pennsylvania.*

## Commitment to Community

Our ties to the local community are strong, and we owe our success as an organization to the people in those communities that support us. The credit union mantra rings true; People Helping People is the philosophy that upholds all parts of our business. Every decision we make ties back to our mission of improving the lives of people in our community.

As we grow, we maintain focus on philanthropic and community giving. It's critical for Citadel to support organizations that have a significant impact in the lives of our members and our employees. We provide financial products and services to thousands of families, and it is our goal to serve them in other ways as well. One of those ways is by supporting local organizations that make a difference.

**In 2018, we supported and volunteered with many local organizations, a few of which include:**

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

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*“We want to support organizations in our back yard that are changing lives throughout our community and beyond.”*

— *JEFF MARCH*

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### **Children’s Hospital of Philadelphia**

Our support of Children’s Hospital of Philadelphia (CHOP) is the ultimate example of our commitment to an impactful local organization. Citadel has partnered with and supported CHOP for the past two years and will continue to increase our support throughout the next several years.

In 2018, a portion of every ticket purchased for Citadel Country Spirit USA was donated to CHOP, and concert attendees donated during the three-day festival as well. Citadel Country Spirit USA will be returning to Glenmoore for the second consecutive year in 2019, back by popular demand, and will again raise funds for CHOP.



*Dustin Lynch performs at Citadel Country Spirit USA.*





*Citadel employees support Lancaster's Extraordinary Give in November.*



*The staff at Lancaster's Rohrerstown Road branch raise awareness for Aaron's Acres.*

### **Expanding Community Involvement**

Creating ties with important institutions that share our community will continue to be a priority. In 2018, we continued to expand community involvement in our new territories. Our employees continuously network with and serve on boards for non-profits, charities, and community events. Giving back is part of the Citadel culture. In fact, our employees are known for their enthusiastic approach to being involved and impressive volunteer hours.

### **Celebrating the Community in New Markets**

As a dedicated business in the Lancaster community, Citadel sponsored and participated in the Extraordinary Give, Lancaster County's largest day of giving. Donors and local businesses come together to show support for the Lancaster County community and give a little extra to those who need it most. On November 16, 2018, the Extraordinary Give raised over \$10.2 million for local nonprofits and charitable organizations.

### **Supporting Local Educators**

For the 17th consecutive year, Citadel honored and awarded 15 local teachers through its Citadel Heart of Learning Award program. 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 2018 Citadel Heart of Learning Award Grand Prize Winners honored at Citadel's May banquet.*



*Michael S. Givler*



*Claudia Hellebush*



*Gary P. Rabik*



*Joseph R. Glace*



*Ravi S. Ganti*



*Joseph A. Petsko*



*Philip A. Priolo, III*



*Glenn S. Soltis*



*Lawrence L. Tankeloff*

# 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 groups. Our five guiding principles, and what we strive to deliver with every member interaction, are **Accuracy, Convenience, Respect, Security and Value.**

The 2018 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  
Brian O'Neill

## Focusing on Experience

Member experience is a crucial element when it comes to our success. We continue to invest in our member experience; making it easier and more efficient to bank with us.

### Enhancing Digital Conveniences

In 2018, we focused on streamlining the online and mobile banking needs of our members to simplify, and improve, their experience. The end goal is optimal convenience; make it easier for the member to manage personal finances in one place, through one device.

For example, this year we completely revamped members' automated account alerts. They now choose from a much more robust list of alert options to manage accounts and can set those alerts with a personalized level of detail.

In 2018, we implemented Money Manager into all members' Online and Mobile Banking accounts. Money Manager is a tool that aggregates your accounts from multiple financial institutions into

one Account Overview page through Citadel's digital banking platform. Members can set spending budgets and manage loans and account balances.

### Award-Winning Website

In 2018, Citadel's website won an Omni Award recognizing its design and features. The Omni Awards honor outstanding media productions from around the world that engage, empower, and enlighten. The awards are primarily focused in the converging fields of Film, Video, TV, Website and App development.

### Highly Rated Mobile App

Citadel's Mobile App continues to receive high ratings and praise from members. The app has a 4.6-star rating (out of 5) in the Apple Store and a 4.2/5-star rating in Google Play.

### Express Banking

Citadel Express Banking, our unique, self-service banking amenity, has been extremely successful and we continue to implement it across our branch 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 branches with a full-service, 24-hour drive-up option. Our goal is to offer this at every branch to accommodate our members' busy lifestyles. In addition, our staff are better able to assist members with more financial planning and account reviews.



*Citadel's Money Manager lets members budget on-the-go.*



*Citadel's second branch in Lancaster opened in 2018, featuring a first-of-its-kind interior design.*

*"The new Express Banking machines allow me to deposit cash after my shifts directly into my checking account with assurance that nothing's going to go wrong. This is a game changer. Thanks Citadel." – Brian S.*

### **A New, Innovative Branch Model**

We opened our second branch in Lancaster in May of 2018. This new branch is a first-of-its-kind model for Citadel; offering Citadel Express Banking stations for transacting and offices where members can meet privately with staff. With the ease and simplicity of completing everyday transactions, our staff can dedicate time to providing expertise on members' important financial decisions. With Express Banking offered outside the branch as well, members can pay their mortgage, car loan, or conduct any everyday transaction.

## 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.

## A Place Where Employees Can Thrive

### **Certified 'Great Place to Work'**

Our hardworking employees are at the core of Citadel's success. Citadel is a leading employer in the region, hiring strong talent and offering a desirable work environment and healthy workplace culture. In 2018, Citadel was certified as a "Great Place to Work" by the independent analysts at Great Places to Work, which publishes national lists such as the "Fortune 100 Best

Companies to Work for." Citadel earned this certification based on extensive ratings provided by employees. A majority of Citadel employees are proud to say they work for Citadel, with 92 percent citing pride in the company's dedication to community and involvement in helping local non-profits. **In addition, 95 percent of employees say Citadel offers a great working atmosphere.**



## Citadel Class Service

Citadel Class Service is our pledge that defines 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.

As part of our pledge, we follow 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're excited about our future and what is to come. In 2019, we anticipate accelerated growth as more consumers find the value Citadel provides. Our plan is to continue investing in and enhancing our digital offerings, in addition to opening locations in two new markets in 2019; Kennett Square (Chester County) and North Wales/Montgomeryville (Montgomery County).

Our focus continues to be our members' experience and providing them products and services that simplify their lives and add value. In every interaction we have with a member, we want them to feel that Citadel guided them in the right direction.

**As we grow, we are better positioned to reinvest in our Members, Staff, and the Communities we serve.**

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*“Our goal is to be the most trusted financial partner to our members as they plan for major life milestones.”*

— *JEFF MARCH*

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*“It’s simple, at Citadel, we are dedicated to delivering value to our local community and our members, and that dedication drives every decision we make.”* – JEFF MARCH

*“The people at Citadel have been very helpful since I became a member. They were very helpful when my father passed away and I needed some help with inheritance money. They are always willing to answer any questions.”* – Paulette N.

*“I have had nothing but excellent experiences with Citadel. All of the associates have answered my questions in a timely manner and have even made suggestions to make my banking experience easier. I feel like a member of a large family and am happy to be a part of this great organization!”* – Barbara T.

*“I have been a Citadel member for 20+ years. I have never had an issue that was not handled immediately. The customer service is amazing! Online Banking is super simple and easy to use. I do 90% of my banking online or using the Citadel Mobile App. I always praise Citadel to friends and family!”* – Jefferson G.



*Citadel was a sponsor of Children's Hospital of Philadelphia's Parkway Run & Walk in September 2018.*



*“Citadel always goes the extra mile.”*

– Martin W.





# 2018 FINANCIALS

## Statement of Financial Condition

2018

2017

**Assets****Loans**

Auto	\$ 1,071,631,307	\$ 1,003,731,813
Unsecured	231,376,576	191,687,614
Real Estate	1,597,559,290	1,455,412,700
Commercial Real Estate	79,173,670	71,781,115
Other	14,792,387	11,674,216
Total Loans	2,994,533,230	2,734,287,458
Allowance for Loan Losses	(12,536,708)	(11,067,416)
Net Loans	2,981,996,522	2,723,220,042
Agency Bonds	4,941,353	15,219,469
CMOs	41,414,487	23,604,329
Mortgage Backed Securities	12,341,988	26,713,002
Other Investments	14,983,997	11,511,190
Cash and Cash Equivalents	170,847,647	100,359,668
Fixed Assets	72,573,984	69,879,523
NCUSIF	25,445,703	23,241,047
Other Assets	48,973,200	45,036,393
<b>Total Assets</b>	<b>\$ 3,373,518,881</b>	<b>\$ 3,038,784,663</b>

**Liabilities and Equity****Deposits**

Savings	\$ 494,426,430	\$ 378,238,817
Checking	420,308,478	388,462,340
Money Market Accounts	539,016,452	568,676,584
Certificates	1,381,675,164	1,203,742,947
Total Member Deposits	2,835,426,524	2,539,120,688

Accounts Payable	12,229,876	12,204,272
Borrowed Funds Payable	205,000,000	200,000,000
Dividends Payable	9,786	1,150
Equity	320,852,695	287,458,553
<b>Total Liabilities/Equity</b>	<b>\$ 3,373,518,881</b>	<b>\$ 3,038,784,663</b>

# 2018

Annual Report

Statement of Income	2018	2017
<b>Operating Income</b>		
Loan Interest Income	\$ 119,245,414	\$ 104,698,060
Investment Income	3,583,521	3,151,871
Total Interest Income	122,828,935	107,849,931
Dividend Expense	27,993,918	21,905,862
Borrowed Funds Expense	3,890,696	3,370,405
Total Interest Expense	31,884,614	25,276,267
Net Interest Income	90,944,321	82,573,664
Provision for Loan Losses	13,373,315	11,894,000
Net Interest Income After Provision for Loan Losses	77,571,006	70,679,664
Other Operating Income	37,796,937	36,477,244
<b>Net Operating Income</b>	<b>\$ 115,367,943</b>	<b>\$ 107,156,908</b>
<b>Operating Expenses</b>		
Employee Compensation & Benefits	\$ 41,401,612	\$ 39,378,253
Education & Marketing	6,017,220	5,981,075
General Office Expenses	17,338,473	16,457,731
Loan Servicing Expenses	7,752,315	7,215,691
Professional and Outside Services	11,733,510	11,965,608
Misc. Operating Expenses	972,299	864,441
<b>Total Operating Expenses</b>	<b>85,215,429</b>	<b>81,862,799</b>
Non-Operating Gains	1,655,880	2,572,735
<b>Net Income</b>	<b>\$ 31,808,394</b>	<b>\$ 27,866,844</b>

## Statement of Cash Flow

2018

2017

**Cash Flow From Operating Activities**

Net income	\$ 31,808,394	\$ 27,866,844
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	4,664,078	4,738,808
Amortization of investment premiums, net	513,489	623,171
Gain on sale of investments	(19,501)	(382,670)
Excess of provision for possible loan losses over net loans charged off	1,469,292	367,939
Change in assets and liabilities		
(Increase) Decrease in assets:		
Prepaid expense and other assets	(5,136,286)	965,819
Increase (Decrease) in liabilities:		
Accounts payable and accrued expense	34,242	(505,971)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 33,333,708</b>	<b>\$ 33,673,940</b>

**Cash Flows From Investing Activities**

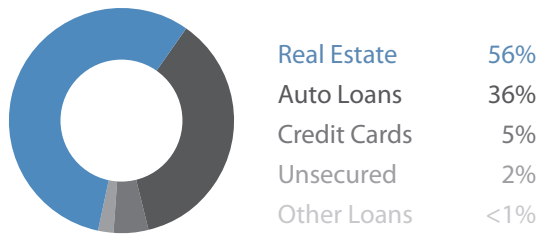
Proceeds from maturity, call, and sale of investments	\$ 16,184,437	\$ 33,791,105
Purchase of investment securities	(17,643,846)	(26,513,897)
Principal received on mortgage backed securities	7,116,809	3,491,406
Net increase in loans	(260,245,772)	(204,195,538)
Increase in NCUSIF deposit	(2,204,656)	(2,627,400)
Expenditures for property and equipment, net	(7,358,537)	(3,881,384)
<b>Net Cash Used In Investment Activities</b>	<b>\$ (264,151,565)</b>	<b>\$ (199,935,708)</b>

**Cash Flows From Financing Activities**

Net increase in borrowed funds	\$ 5,000,000	\$ 7,690,000
Net increase in deposit accounts	296,305,836	245,401,586
<b>Net Cash Provided By Financing Activities</b>	<b>\$ 301,305,836</b>	<b>\$ 253,091,586</b>

<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 70,487,979</b>	<b>\$ 86,829,818</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$ 100,359,668</b>	<b>\$ 13,529,850</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 170,847,647</b>	<b>\$ 100,359,668</b>

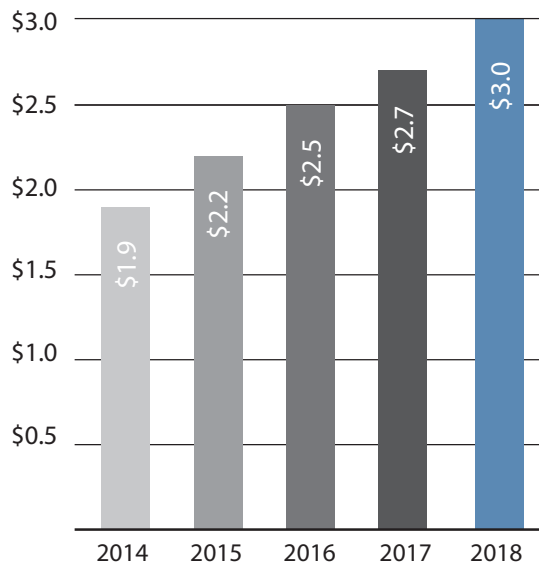
### Composition of Loans



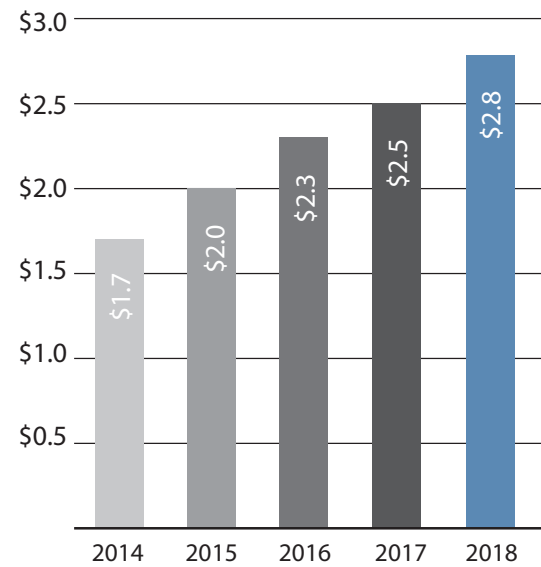
### Composition of Deposits



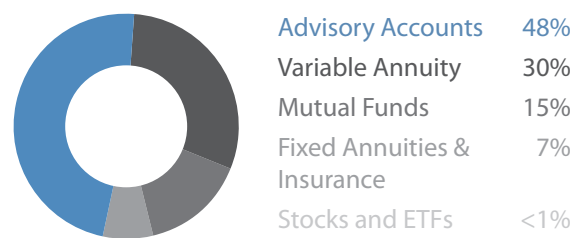
### Total Loans (in billions)



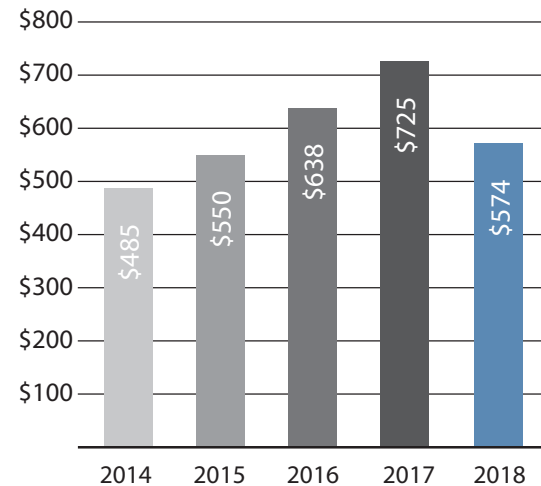
### Total Deposits (in billions)



### Composition of Assets Under Management



### Assets Under Management (in millions)





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

For more information on all that Citadel offers, visit [CitadelBanking.com](https://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](https://CitadelBanking.com/ContactUs)



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