

Statement of Financial Conditions

ASSETS:	2015	2016	2017
Net Loans	45,633,000	49,520,000	53,965,208
Cash & Investments	35,062,000	33,393,000	33,120,912
Other Assets	2,165,000	2,264,000	2,140,962
TOTAL ASSETS	82,860,000	85,177,000	89,227,082

LIABILITIES & MEMBERS' EQUITY:

Dividends & Accounts			
Payable	71,000	325,000	87,911
Shares	41,179,000	43,492,000	47,562,201
Share Drafts	24,880,000	25,734,000	26,988,575
Indexed Money Markets	2,609,000	2,100,000	1,430,684
Certificates	7,732,000	7,336,000	6,418,405
Statutory Reserve	597,000	597,000	596,964
Undivided Earnings	5,791,000	5,592,000	6,142,342
TOTAL LIABILITIES & MEMBERS' EQUITY	82,860,000	85,177,000	89,227,082

INTEREST INCOME:

Interest on Loans	2,562,747	2,690,962	2,917,026
Investment Income	480,544	550,977	607,275
TOTAL INTEREST INCOME	3,043,291	3,241,939	3,524,301

INTEREST EXPENSE:

Dividends	86,468	72,949	70,493
Interest on Borrowings	5,728	3,711	10,502
TOTAL INTEREST EXPENSE	92,196	76,660	80,995

NET INTEREST MARGIN	2,951,095	3,165,279	3,443,305
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NON INTEREST INCOME:

Fee Income	748,414	761,902	760,984
Other Income	126,729	135,821	156,048
TOTAL NON INTEREST INCOME	875,143	897,723	917,032

NON INTEREST EXPENSE:

Employee Compensation	1,621,479	1,687,553	1,629,892
Office Occupancy	212,733	213,862	207,960
Other Operating Expenses	1,189,118	1,289,333	1,026,491
Provision for Loan Loss	199,900	145,294	188,102
Professional Services	431,454	546,114	773,114
Educational/Promotional	69,216	75,348	99,315
TOTAL NON INTEREST EXPENSE	3,723,899	3,957,504	3,924,873

NET INCOME:	102,339	105,498	435,464
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NET WORTH TO ASSETS RATIO:	8.05%	7.96%	8.08%
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BOARD OF DIRECTORS

John Switalski	Chair
Dr. Richard Harris	Vice Chair
Jeffrey VanHorn	Treasurer
James Rushing	Assistant Treasurer
Larry Beahm	Secretary
Mark Bamat	Director
Phyllis Favorite	Director
Brad Lunsford	Director
Jay Muir	Director
Wendy Vinhage	Director

BOARD EMERITI

Joseph Herrle	Director
Hugh Mose	Director
Richard Singer	Director

SUPERVISORY COMMITTEE

Jeffrey Stang	Chair
Larry Cramer	Secretary
Mary Carbonara	Committee Member
Ronald Summers	Committee Member
Mark Thorwart	Committee Member

SPE FEDERAL CREDIT UNION STAFF

Senior Management

Michael J. Meier	President/CEO
Joshua Fritchman	VP/CFO
Michael Scott	VP/CLO

Operations and Training Manager

Lori Miller

Marketing Manager

Christa Hosterman

BSA Risk and Compliance Officer

Sherri Klaus

Branch Managers

Barbara Bernier / Cathy Howell / Evan Smith

Assistant Branch Managers

Linda Brennehan / Ashley Dalton / Sarah Sharer

Assistant Loan Managers

Brenda Cerett / Linda Haines / Sue Hartswick

Member Service Advocates

Shelly Andrews	Abby Payne
Christine McClellan	Sharon Hege
Tracy Powell	Paula Hockenberry
Dawn Rogers	Christian Kafka

Accounting

Christina Swanger
Ella Kerstetter
Melissa Mangan

Member Business Loans

Anna VanAlstine



2017 Annual Report



Science Park Road, State College



College Avenue, State College



Washington Street, Huntingdon

Supervisory Report

All credit unions are required by law to have a supervisory committee. The job of a supervisory committee is to oversee all aspects of the credit union to determine that it is soundly managed and that members' assets are safeguarded. To do this, the supervisory committee monitors and evaluates the quality of the credit union's finances, operations, and decisions.

The supervisory committee is a dedicated group of volunteer members of the credit union consisting of Jeffrey Stang as the committee chairman, and Larry Cramer, Mary Carbonara, Ron Summers and Mark Thorwart.

In order to fulfill our responsibility, the supervisory committee conducted periodic examinations to verify that operations of the credit union were accurate and efficient. These examinations included:

- Surprise teller drawer, vault and ATM cash audits at all branches
- Quarterly consumer loan audits
- Quarterly review of closed accounts

None of these examinations revealed more than minor procedural issues.

The supervisory committee's efforts were augmented by the services of a professional audit firm, RKL LLP. This firm conducted legally mandated audits and special assessments of other areas of credit union operation. Results of these examinations were reported to the supervisory committee and to SPEFCU management. Issues identified by these examinations are either closed or are actively being addressed by management.

Through regular attendance at Board of Directors meetings, review of Board minutes, and policy decisions we believe that the actions of the Board are sound and responsive to the needs of the SPE Federal Credit Union members.

We are pleased to report that in our opinion the activities of the SPE Federal Credit Union have been administered in compliance with all rules and regulations of the National Credit Union Administration and the bylaws of the SPE Federal Credit Union.

Respectfully submitted,

Jeffrey Stang

Chairman's Message

It is an honor and a privilege to report on the progress we have made at the SPE Federal Credit Union in 2017. I am pleased to recognize our achievements and to thank you, the members, for helping us to grow the SPE Credit Union and to further the credit union movement this year. We ended 2017 with our assets growing to over \$89,000,000 with a Net Worth to Assets ratio above 8.00%. We look forward to celebrating our Fortieth Year of operation and many more by continually serving our members first.

I want to express my sincere gratitude to my fellow Board Members, Supervisory Committee, to our President, to our Executive team, and to our Staff for their diligent and dedicated service in maintaining a healthy and prosperous organization. Their efforts in supporting the mission of the SPE Credit Union and serving you the member are the keys to our continued success.

As your credit union we do our best work when we are serving you. To that end, in 2017, we experienced one of the most profitable years that the credit union has ever had with a solid net income of \$435,000. What that means to you is that we will be able to provide more competitive Home, Auto, and Consumer Loan rates that will save money in the future. That is what being a member of the SPE Credit Union all is about.

As we move into 2018 we recognize that change and uncertainty will be part of our future. While we are concerned about possible political and economic risks we are optimistic about our opportunities. We are aware of the need for efficiencies in how we operate as an organization, and the necessity to be better at providing products and services that meet your needs when and where you need them. In addition, we recognize the need to help you, our members, in all aspects of your financial life. We are currently working on completing our next Strategic Plan and are pleased to report that there will be many positive changes and opportunities for significant growth for the SPE Credit Union in the next several years.

I am proud to be a member of the SPE Credit Union. It is a great place to belong. SPE Credit Union's board, management and staff take great pride in serving our membership and the communities we are a part of. SPE Credit Union continues to be a strong and successful financial institution with a sound financial base because of the loyalty of each and every one of its members. We look forward to new and continuing success in 2018 and beyond.

Respectfully submitted,

John Switalski

President's Message

The credit union exists to improve our members' financial lives. We all have lots of things to deal with in our lives and it's difficult (if not impossible) to be an 'expert' in everything – especially finances. This is where we believe the credit union can help. Here are some examples:

- In January, we eliminated about 90% of our service fees. That's right! Gone! A 2017 study by WalletHub of 35 large banks found that checking accounts charge up to '50' different fees that could cost the consumer up to \$750 fees every year. We feel that is just wrong, so we got rid of them!
- During our free, credit checkup service, we help you understand your report (not just the credit score) and make sure there are no errors. We work with you to clean up any errors, identify ways to improve your credit score and help lower your costs of borrowing. Lowering your interest rate and reducing your loan term can save you a lot of money, get you out of debt faster and help you achieve peace of mind.
- You probably noticed that rates have started to rise. We are pleased to continue our HELOC special this year which we believe is the best option in the market - offering a rate of 1.99% for the first 24 months.
- Later this year, we will be introducing a rewards program designed to provide value to all members; not just those with a certain type of account or high balance.

As you can see, value can be provided in many ways. Primarily, we want to serve as your member advocate and work with you to understand your unique situation, identify opportunities and provide solutions that will help improve your financial life. As a credit union we are different, and we want to help you think about your finances differently too.

Long term, we have several, key, strategic initiatives that will further add value and provide a clear return on investment for the membership. This will be measured not only by the strength of the credit union but through growth and expansion to others in our market, enhanced service delivery, increased convenience and better loan and deposit rates.

SPE is celebrating 40 years in business this year. From \$60 in a desk drawer to where we are today – it's been a remarkable ride! We continue the journey that our founders started – to improve the way financial services are done and provide a real benefit for everyone affiliated with the credit union. Not only is this our proposition, but it is also our culture. We recognize the importance of our community and are grateful for all the support over these years. To help celebrate, we introduced a '40 for 40' campaign to help 40 organizations within Centre and Huntingdon counties by raising and donating money and time to support their programs.

Throughout all, we remain committed to expanding and deploying the necessary security tools and communication techniques to protect your information.

I want to thank you for your trust and support during the past year. We're looking forward to helping you toward a better future so please reach out to our staff with any questions. We're here to help you navigate it successfully.

Respectfully submitted,

Michael J. Meier