

2019 Annual Report

Respect isn't
one thing.
It's everything.



Respectfully. Yours.

CREDIT
UNION

Report of the President & CEO and the Chairman of the Board

7 17 Credit Union celebrated 62 years as a member-owned financial cooperative in 2019 by unveiling the latest technology, opening two new branches and offering Medicare insurance plan options to our members, all while continuing to maintain strong financials and growth.

In order to provide longer drive-thru hours and to provide members with a better, more convenient banking experience, 7 17 introduced new technology called Personal Teller Machines (PTMs).

Similar in appearance to an ATM, PTMs allow members to conduct even more transactions, 24/7. In drive-thru applications, rather than using a familiar drive-thru tube, members now interact with the PTM. A 7 17 Personal Teller can assist members with their transaction via two-way video or members can use the machine in self-service mode.

Just as 7 17 was the first financial institution in the area to introduce ATM technology in the late 70s, we are the first to introduce the PTM technology in the Mahoning Valley.

During 2019, PTMs were unveiled at our new state-of-the-art, full-service Warren and Canfield branches. The Canfield branch, at 4280 Boardman-Canfield Road, is our 13th location and fourth in Mahoning County. The credit union plans to add PTMs at additional branch drive-thrus throughout 2020.

The new branches were designed to be as technologically advanced as possible so that the credit union could continue to provide members the convenience and exceptional service they've come to expect from 7 17.

The new Warren branch is located on the same property as the previous branch, now known as the 7 17 Financial Center. Construction is underway on the Financial Center to expand the space for back-office operations, meeting rooms for appointments with 7 17 Retirement & Investment Group representatives and commercial loan professionals, and member safe deposit boxes.

Also last year, 7 17 introduced Member Medicare Solutions, which offers members Medicare plan options. As a community-minded financial institution, 7 17 wants to make sure we are doing all we can to help our members make wise financial decisions while navigating the difficult options surrounding Medicare.

7 17 exceeded previous milestones by growing assets to over \$1.1 billion in 2019. The year ended with a net worth ratio, a key measure of safety and strength, at 14.75%, more than double the 7% defined as "well-capitalized" under federal law.

7 17 membership grew by more than 4% to nearly 88,000 members. New and existing account holders deepened relationships with loans growing by more than 5% and deposits growing by nearly 9%.

While growth was strong among retail relationships, businesses also continued taking advantage of the credit union's business-friendly products and services. New free business checking account openings increased by 8% in 2019. Commercial loans soared by 21% to more than \$126 million.

The credit union spent 2019 working towards a greater diversification of our workforce through collaboration with Youngstown State University to offer internships while expanding training and development to ensure our position as a leading employer in the region. In 2019, we increased our workforce by 5% for a total of 309 employees to meet the changing demands of our industry, upskilled 100% of our member-facing workforce by introducing new technology; and, converted 50% of our YSU interns into full-time employees of 7 17's human resources, auditing and information systems departments.

7 17 Retirement & Investment Group, a partner that provides investment and retirement planning services, grew assets under management to nearly \$200 million.

Lastly, the credit union remained dedicated to community organizations. Over the course of 2019, in addition to numerous 7 17 corporate donations and community sponsorships, employees donated roughly \$60,000 and volunteered countless hours of their time to organizations like the American Heart Association, United Way, Relay for Life and the Salvation Army.

As the credit union reflects on the successes and growth of 2019, we remain dedicated to our members and providing them with a diverse line of financial solutions products. We are excited for the future and the continued growth and service opportunities that it brings.

Gary Soukenik
Gary Soukenik, President & CEO

Jack Wilster
Jack Wilster, Chairman of the Board of Directors

The Board of Directors

At your credit union, volunteers are the voice of the membership. Volunteers, elected by you, serve on your Board of Directors, which sets policy and oversees the direction of the credit union. Directors are charged with the responsibility of operating your credit union for the common good of us all, the members/owners. Volunteers also serve on the Supervisory Audit Committee. Directors, as well as appointed committee members, are members just like you. They devote countless hours to make sure that 7 17 Credit Union continues to provide you with the financial security and superior service you have come to expect.

The members of the Board of Directors are: Jack Wilster, chairman; Raymond "Corky" Manofsky, vice chairman; Joe Noark, second vice chairman; Cheryl DiGiacobbe, secretary/treasurer; Arlene Mathes, assistant secretary/treasurer; and Paul Marshall, director.

Thank You to our Volunteers

Thank you to all our volunteers for all their years of service:

- Raymond "Corky" Manofsky, 49 years
- Joe Noark, 39 years
- Jack Wilster, 31 years
- Don Woodard, 30 years
- Cheryl DiGiacobbe, 26 years
- Arlene Mathes, 26 years
- Michael Anness, 6 years
- Jennifer Daniszewski, 6 years
- Paul Marshall, 3 years
- Robert Maiorano, 2 years
- George Papuga, serving his first year



Management's Responsibility for Financial Statements

The management of 7 17 Credit Union, Inc. is responsible for the preparation and integrity of the financial statements and all other financial information presented in this report. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States, and include, where necessary, amounts that are based upon management's best estimates and judgments.

7 17 maintains a system of accounting and internal controls, including an internal auditing function, to provide reasonable assurance that assets are safeguarded and transactions are properly recorded. Established written policies and procedures serve as the basis for these controls. They are implemented by trained, skilled personnel with appropriate segregation of duties and are monitored through a comprehensive internal audit program. As needed, these policies and procedures are modified in response to changes in business conditions and recommendations by the independent accountants and the internal auditors.

Nearman, Maynard, Vallez, Certified Public Accountants, were retained as independent auditors to audit the 2019 financial statements of 7 17. The 2019 Audited Consolidated Financial Statements and Independent Auditor's Report thereon can be found for reference on our website at www.717cu.com/annualreport.

The Supervisory Audit Committee, a body consisting of volunteers from among the ranks of our membership, review the reliability of the auditing process on behalf of the interests of all 7 17 members. The Supervisory Audit Committee meets regularly with management, the internal auditors and the independent auditors to discuss internal controls and accounting, auditing and financial reporting matters.

Gary Soukenik
Gary Soukenik, President & CEO

Shelly Pawcio
Shelly Pawcio, CPA, Senior Vice President & CFO

Report of the Supervisory Audit Committee

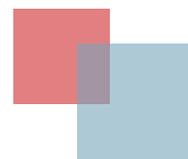
The responsibility of the Supervisory Audit Committee is to help assure, for the benefit of the credit union and its members/owners, the safety of deposits, the soundness of management and fairness to all members.

In connection with its responsibilities, the committee met with management, the internal auditors and representatives of Nearman, Maynard, Vallez, the credit union's independent auditor, to review and discuss the adequacy of the credit union's internal controls and its financial reporting objectivity.

The committee discussed with Nearman, Maynard, Vallez the auditor's independence from the credit union and its management. These two groups also discussed matters required to be discussed by the *Statement on Auditing Standards No. 114 (The Auditor's Communication With Those Charged With Governance)* of the Auditing Standards Board of the American Institute of Certified Public Accountants.

Based upon these discussions and reviews, the Supervisory Audit Committee has recommended to the Board of Directors that summary financial data be included in this annual report, and that the 2019 Audited Consolidated Financial Statements and Independent Auditor's Report thereon be available for reference on our website at www.717cu.com/annualreport.

Don Woodard
Don Woodard
Chairman, Supervisory Audit Committee



The members of the Supervisory Audit Committee are: Don Woodard, chairman; Michael Anness; Jennifer Daniszewski; Robert Maiorano; and George Papuga.

Summary Financial Data

Balance Sheet	December 31,	
	2019	2018
Assets		
Cash and Cash Equivalents	\$ 21,342,518	\$ 17,697,439
Investments	104,419,779	51,695,100
Member Loans (Net of Allowance for Loan Losses)	921,906,568	876,196,151
Premises and Equipment (Net)	20,525,533	15,948,704
Other Assets	46,117,746	45,261,928
Total Assets	\$ 1,114,312,144	\$ 1,006,799,322
Liabilities and Members' Equity		
Members' Share and Savings Accounts	907,266,787	834,278,405
Accrued Expenses and Other Liabilities	42,948,881	21,289,606
Total Liabilities	950,215,668	855,568,011
Members' Equity	164,096,476	151,231,311
Total Liabilities & Equity	\$ 1,114,312,144	\$ 1,006,799,322
Income Statement	Years ended December 31,	
	2019	2018
Interest Income		
Interest on Loans	\$ 48,414,617	\$ 43,920,735
Interest on Investments	1,831,207	1,471,632
	50,245,824	45,392,367
Interest Expense		
Members' Accounts and Borrowed Funds	6,422,654	3,561,456
Net Interest Income	43,823,170	41,830,911
Provision for Loan Losses	4,369,222	5,370,983
Net Interest Income After Provision for Loan Losses	39,453,948	36,459,928
Non-Interest (Income) Expense		
Compensation and Employee Benefits	28,236,133	26,345,522
Occupancy and Operation Expenses	15,932,175	14,313,137
Other Operating (Income) Expenses	(16,771,969)	(15,625,962)
	27,396,339	25,032,697
Net Income	\$ 12,057,609	\$ 11,427,231

The 2019 Audited Consolidated Financial Statements and Independent Auditor's Report thereon can be found for reference on our website at www.717cu.com/annualreport.

