

# The Pathway



[www.belco.org](http://www.belco.org)

449 Eisenhower Blvd.  
Harrisburg, PA 17111  
[www.belco.org](http://www.belco.org)



[www.belco.org](http://www.belco.org)

**2017 YEAR IN REVIEW**

In 2017, Belco Community Credit Union embarked on a merger with Cornerstone Federal Credit Union. The purpose of the merger was to strengthen both credit unions and better serve our combined membership. We also completed a home banking platform change that will allow us over time to provide improved online banking and mobile banking services. In keeping with our culture of transparency, we communicated openly and often with our employees and members regarding our progress toward a bright future. Together we are over 64,000 members strong, with 14 full service branches, an in-school branch and 170 employees.

The combining of credit unions has improved the branch network, so that members of both credit unions now have access to 15 branches in seven counties. Cornerstone's Cumberland County branches aligned perfectly with the Belco branches across Central Pennsylvania. In addition, by combining employees, we can invest resources in business development, mortgage services, branch operations and the call center. Over time, we will be able to build in operating efficiency through economies of scale. 2017 was a year with many moving parts and a significant

*Together we are over 64,000 members strong, with 14 full service branches, an in-school branch and 170 employees.*

amount of change for members and employees.

Belco is a not-for-profit credit union with a mission to meet the financial service needs of our members and communities with competitive products and services. Our Strategic Plan is focused to fulfilling our mission, and includes three key result areas. The Member Experience, the Employee Experience and the Growth of Belco are each equally important in creating a safe and sound credit union that will be sustainable for many years to come.

**MEMBER EXPERIENCE**

In 2018, our focus is squarely on member service and satisfaction. The Belco Gold Star Experience continues to demonstrate our

commitment to service through a series of service guarantees. We deliver on our service guarantees or we pay you. To enhance the member experience, Belco will initiate planning and implementation of several upgrades. An Application Processing system will streamline online member enrollment and our loan application process to be seamless for the member. We will also be evaluating technology to improve the member experience in branches as well as our ATM network. Members will begin to see improvements at several of our busiest

branches to make in-branch transactions easier and faster, with the possible addition of self-serve options. In addition, finding the next branch location will require continued planning to identify the best locations and to build the right sized brick and mortar facilities.

One of the ways we measure member satisfaction is through the Annual Member Satisfaction Survey. The survey is our members' opportunity to provide input to the direction of the credit union; we take a "you spoke, and we listened" approach to interpreting member feedback. Belco's goal is to achieve a Member Satisfaction Rating that is equal to that of a High Performing Credit Union as defined by Raddon Financial Group.

- 93.3% of members surveyed are satisfied or very satisfied with Belco as their credit union. This is down slightly from 2016. Our goal is to achieve high performing status of 71.3% of members satisfied or very satisfied.
- 75% of members surveyed will come to Belco for most or all their loan needs.
- 72% of members surveyed will come to Belco for most or all their deposit needs.
- 67% of members surveyed are likely or very likely to recommend Belco to their friends and family. Our goal is to reach 76%.

An opportunity to improve member satisfaction exists within our call center. We are undertaking a restructuring that will divide the

*Belco's goal is to achieve a Member Satisfaction Rating that is equal to that of a High Performing Credit Union...*

call center into a Sales Center and Service Center. Calls will be routed to agents based on a member's specific needs. There will be fully trained staff specialized to handle member requests for a new product or for service. Additional employees are being hired to create a full complement of staff and ensure that member service levels remain high. This change is expected to reduce hold time and overall call time. We are making the member experience easy and efficient through the call center.

Our first mortgage programs to buy or refinance your home are being improved in 2018. With additional staff to handle member mortgage loan applications, we expect to increase the number of members who get their mortgages at Belco. It is our intent to continue to grow the mortgage operation to meet the needs of our members, with more options like FHA and VA loans, for example. We will help guide our members through the mortgage process, from first time home buyers to more seasoned home owners looking to refinance.

**EMPLOYEE EXPERIENCE**

We continue to focus on personal development and career advancement for our employees. There are many examples throughout the credit union where individuals have been able to move from entry level positions to middle and higher-level positions in

leadership. Our tuition reimbursement program encourages all employees regardless of age or position to pursue continued education. We are helping employees achieve career goals and to share in the financial success of the credit union.

**GROWTH OF BELCO**

The growth of the credit union relies upon member relationships, long-term member loyalty and member engagement. We expect every member to refer their friends and family to us to continue to grow the credit union and provide the best products and services at the best rates. Let us save you or your family member money on your loans by reducing your car payment or interest rate. Check out our website to see member testimonials or to submit your own story.

Our asset size grew to over \$595 million in 2017, due to both the merger with Cornerstone and unprecedented loan originations. Our membership exceeded 64,000, growing over 21% last year. Overall, loans grew by 27%, and shares and certificates topped 26% for the year. Belco's capital position remains strong, as we are well capitalized at 9.53%.

The economic environment in Central PA is stable to growing. We enjoy low unemployment rates, and in some lines of work are facing workforce shortages. Our communities are experiencing growth in industries like healthcare and transportation. In general, our region is slightly insulated from extreme high and low performance, and we enjoy economic stability as a result.

We are fortunate to have a dedicated group of volunteers who serve on our Board of Directors, Supervisory Committee and in various Associate and Emeritus status roles. Their commitment of time is tireless, and consistently pushes the credit union to be at its best.

As always, we are grateful for the opportunity to serve our members. Member engagement with the credit union is what makes the cooperative business model work. By using more products and services, members will gain the full benefits of the value being created by the financial cooperative. As we continue to evolve and grow, our organization will need to change to keep pace with technology, safety and security. Our team of highly competent professionals is here to serve our members' financial service needs while also keeping their data safe and secure. We look forward to a successful 2018.



*Amey R. Sgrignoli*  
**Amey R. Sgrignoli**  
President/CEO



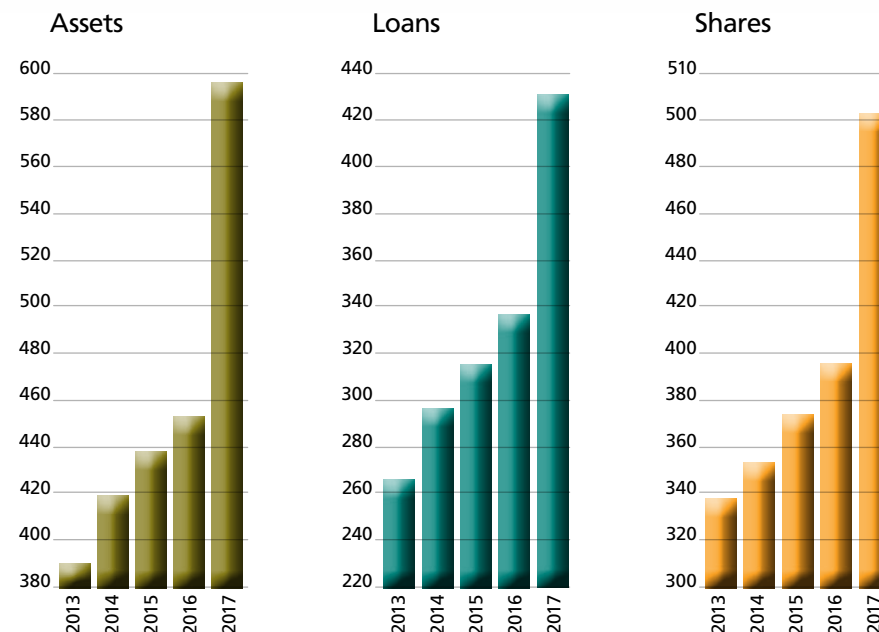
*Stephanie F. Miller*  
**Stephanie F. Miller**  
Board Chair

**BELCO COMMUNITY CREDIT UNION  
STATEMENTS OF FINANCIAL CONDITION, DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash on Hand	7,688,606	5,051,887
Cash on Deposit	14,778,680	9,565,187
Cash Equivalents	0	0
Trading Securities	0	0
Available for Sale	61,357,003	46,560,575
Held to Maturity Securities	0	0
Deposits in Banks/S&Ls	0	0
Mbrshp Capital at Corp CUs	1,620,260	1,620,260
Paid in Capital at Corp CUs	0	0
All Other Invest in Corp CUs	21,486,791	0
All Other Investments	0	0
<b>TOTAL INVESTMENTS</b>	<b>84,464,054</b>	<b>48,180,836</b>
<b>LOANS HELD FOR SALE</b>		
Unsecured Credit Card Loans	43,090,136	40,546,069
All Other Unsecured L/C	15,794,778	13,567,560
New Vehicle Loans	57,865,019	38,232,226
Used Vehicle Loans	78,302,530	63,147,900
Loan Participations	0	0
Prem/Disc Participations	0	0
Total 1st Mortgage/Re-Fixed	16,540,166	0
Mortgage Loans Svc	17,364,414	15,126,476
Prem/Disc Mortg Svc	105,624	113,022
Total 1st Mortgage/Re-Var	-28,667	191,598
Total Other Real Estate Loans	108,044,229	94,140,997
Leases Receivable	0	0
Total All Other Loans/Lines	30,802,946	26,768,826
Total Mbr Bus/Comm Loans	62,411,536	46,949,579
<b>TOTAL LOANS</b>	<b>430,292,712</b>	<b>338,784,251</b>
Less Allow Loan Losses	-3,907,584	-3,331,957
Other Real Estate Owned	576,223	226,691
Repossessed Autos	234,053	82,566
Land & Building	24,261,273	22,756,863
Other Fixed Assets	1,818,185	1,956,255
Lease Improvements	16,349	0
NCUA Share Insurance	5,062,788	3,941,827
Other Assets	30,374,414	26,609,508
<b>TOTAL ASSETS</b>	<b>595,659,753</b>	<b>453,823,915</b>

**LIABILITIES & MEMBER EQUITY**

	2017	2016
<b>LIABILITIES</b>		
Total Borrowings	32,200,000	10,650,000
Accrued Div Payable	0	0
Accounts Payable	7,156,595	5,978,820
<b>TOTAL LIABILITIES</b>	<b>39,356,595</b>	<b>16,628,820</b>
<b>MEMBER EQUITY</b>		
Share Draft	119,412,130	93,008,332
Regular Shares	173,495,994	135,074,164
All Other Shares	209,850,563	169,171,927
<b>TOTAL SHARES</b>	<b>502,758,686</b>	<b>397,254,423</b>
<b>Undivided Earnings</b>	<b>37,826,334</b>	<b>34,530,955</b>
Regular Reserve	16,743,111	6,690,260
Other Reserves	0	0
Loss/Gain Investments	1,440,094	804,785
Other Comprehensive Income	-4,728,317	-5,380,707
Net Income (Loss)	2,263,250	3,295,379
<b>TOTAL LIABILITY &amp; EQUITY</b>	<b>595,659,753</b>	<b>453,823,915</b>



**BELCO COMMUNITY CREDIT UNION  
STATEMENTS OF INCOME, DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>INCOME</b>		
Interest on Loans	19,140,485.28	16,467,032.91
Income on Investments	1,654,590.26	1,268,214.02
<b>TOTAL INTEREST INCOME</b>	<b>20,795,075.54</b>	<b>17,735,246.93</b>
Dividends on Shares & Certificates	0	0
Interest on Deposits	1,778,167.23	1,653,777.37
Interest on Borrowed Money	263,122.46	109,353.76
<b>TOTAL INTEREST EXPENSE</b>	<b>2,041,289.69</b>	<b>1,763,131.13</b>
Provision for Loan Losses	2,850,002.87	2,028,334.46
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>15,903,782.98</b>	<b>13,943,781.34</b>
<b>Fee Income</b>	<b>4,864,261.00</b>	<b>4,215,186.43</b>
<b>Other Operating Income</b>	<b>3,402,872.77</b>	<b>3,080,696.74</b>
Gain (Loss) Investments	0.00	81,268.08
Gain (Loss) Disposition Asset	-95,114.97	-39,169.34
Other Non-Operating Income	950,805.59	1,163,643.69
<b>TOTAL NON-OPERATING INCOME</b>	<b>855,690.62</b>	<b>1,205,742.43</b>
<b>EXPENSE</b>		
Employee Compensation and Benefits	10,367,011.98	8,575,803.12
Travel and Conference Expense	321,268.51	340,179.72
Office Occupancy Expense	1,865,772.71	1,645,721.27
Office Operations Expense	2,714,326.89	2,012,724.94
Educational and Promotions	1,483,970.83	1,430,289.43
Loan Servicing Expense	2,238,815.86	1,853,916.32
Professional and Outside Services	2,750,110.75	2,268,229.93
Member Insurance	-28,186.02	0.00
Operating Fees (Examination)	104,857.06	95,165.00
Miscellaneous Operating Expenses	945,408.11	927,998.57
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>22,763,356.68</b>	<b>19,150,028.30</b>
<b>NET INCOME (LOSS)</b>	<b>2,263,250.69</b>	<b>3,295,378.64</b>

Belco Community Credit Union would like to thank the dedicated team of volunteer officials on our Board of Directors and Supervisory Committee for their dedication and tireless commitment to making our credit union the best it can be.

In 2017, these individuals have supported our many efforts, both internally and externally, to grow the credit union and brand us as a service-focused financial institution. Each also played a key role in projects that will ultimately enhance member service, including a home banking platform conversion resulting in improved online/mobile banking, and the completion of the merger with Cornerstone Federal Credit Union.

While focusing on our Mission – We are a locally based, not-for-profit credit union dedicated to meeting the needs of the communities we serve through exceptional service and financial education – they remain steadfast to our Core Values – Trust, Reliability, United, Service and Transparency.

### BOARD OF DIRECTORS

Stephanie F. Miller, *Chair*  
 Donald B. Person, *Vice Chair*  
 Lavern R. Shearer, *Secretary*  
 Richard P. Myxter, *Asst. Secretary*  
 Beverly A. Lilley, *Treasurer*  
 Terry M. Hessler, *Asst. Treasurer*  
 Jeffrey Cohick, *Director*  
 Doug Graham, *Director*  
 Richard D. Lytle, *Director*  
 Margaret A. Minnich, *Director*  
 William F. O'Donnell, *Director*  
 Calvin C. Smith, *Director Emeritus*

### SUPERVISORY COMMITTEE

Jesus J. Barrera, *Chair*  
 Chris R. Feather, *Vice Chair*  
 Nancy Clay, *Secretary*  
 Gina M. Bond, *Member*  
 Eric E. Leidigh, *Member*

Congratulations to the past year's recipients of the BelCore Employee Award, which recognizes an exceptional action that exemplifies one or more of Belco's Core Values: Trust, Reliability, United, Service and Transparency. We recognize all of these employees for making a difference in the lives of our members and their fellow employees.

#### March 2017

Ricki Amin – *Finance*  
 Jill Lamb – *Finance*

#### April 2017

Amy Shoff – *Lebanon Branch*  
 Daniel Warner – *Finance*

#### May 2017

Amanda Hoover – *HR/Training*  
 Katelyn Thompson – *Corporate Support*  
 Cindy Willhide – *N. Hanover Street Branch*

#### June 2017

Craig Connelly – *Lebanon Branch*  
 Derrick Gebhard – *Information Services*  
 Rylee Kovats – *Risk Management*

#### July 2017

Nick Collette – *Lending*  
 Melinda Pannebaker – *N. Hanover Street Branch*

#### August 2017

Andrea Greene – *Big Spring Branch*  
 Carl Hoover – *Information Services*

#### September 2017

Wendy Abplanalp – *Gettysburg Branch*  
 Sara Gebhard – *Regency Square Branch*

#### October 2017

Brittany Bollinger – *Camp Hill Branch*  
 Kimberly McLaughlin – *Oregon Pike Branch*

#### November 2017

Stephanie Dezell – *Paxton Street Branch*  
 April Link – *Information Services*  
 Blake Wise – *HR/Training*

#### December 2017

Kaitlyn Eberhart – *Big Spring Branch*  
 Kim Toth – *Camp Hill Branch*

#### January 2018

No recipients

#### February 2018

Beth Anderson – *Regency Square Branch*  
 Derrick Gebhard – *Information Services*