

2017

ANNUAL



REPORT



LEADERSHIP REPORT

As we look back on 2017, we're amazed at the amount of work we accomplished and how we were able to position the credit union to grow.

Evolving technology continues to push us into new delivery channels for our members. The days of members standing in line to deposit their paychecks are long gone, replaced by direct deposit, telephone banking, Internet Branch, Mobile Branch, Bill Payer and Mobile Deposit Capture. HFCU strives to keep up with the latest banking technology to help our members meet their financial needs and to make their financial lives easier. To accomplish this, we started 2017 by introducing mobile deposit capture so members can deposit checks from anywhere at any time. Later in the year, we began the process of upgrading our telephone branch, Internet Branch and Mobile Branch. The projects were time intensive, but well worth it as these products continue to provide members the most up-to-date electronic services while providing the highest level of security.

Safety of your information is important to us. We are constantly reviewing our technology and communications to insure the safety of your information and convenience of service. During the second quarter, we upgraded our communication lines between offices to improve the system speed to process your transactions. As you know, the technology environment is constantly changing and requires upgrades and ongoing changes to protect the integrity of our systems.

During the summer, we began working with a Pennsylvania-based company to offer indirect auto lending to our members. Our goal is to establish relationships with the local auto dealers to provide HFCU financing at the dealerships. This gives members the choice of going for pre-approval with our AutoDraft product or buying on the spot at the dealer. Either way, members receive the same great loan servicing.

With many of our members approaching retirement age, we started offering a series of seminars to provide education on important topics such as Social Security and financial planning to help ease the transition into retirement. These seminars will continue in 2018.

As part of the Board's strategic plan to ensure for the future of the credit union, we established associate director positions to train and prepare future leaders. With 68% of our members over the age of 36, we recognize the importance of attracting the millennial generation for continued growth and success. Therefore, we are specifically targeting members in this age group to become active volunteers with the expectation that they will become the future leaders of HFCU. In August, we added three associate directors: Jared Borell, Lance Bracle and Louise Lingenfelter. Ms. Lingenfelter recently filled a vacant board seat as a result of a resignation, proving the value of the associate directors.

Thank you for trusting us and contributing to the financial success of your credit union. Our promise to you is to help simplify your financial life, always work in your best interest and partner with you to achieve financial success.

Richard F. Miller, Chairman
Paul R. Wagner, President and CEO

TREASURER'S REPORT

During 2017 the economy continued to improve. Assets increased by \$2,423,165 or about 3.95%. Share deposits grew by 3.85% while loans grew by 15.36%.

Net earnings for 2017 improved over 2016, improving our net worth position.

The condensed financial statement is included in the Annual Report. Please review it for more information. The financial Analysis shows that HFCU continues to be secure and well-positioned for growth and continued service to members.

I thank the Board of Directors, Committees, Management and Staff for their continued dedication and assistance during the year. The members are fortunate to have such dedicated individuals working on their behalf for the benefit of the credit union.

Ercoli J. DiVittore, Treasurer

The Asset/Liability Committee (ALCO) is made of several HFCU Board members and the HFCU Senior Management Team. The committee meets to review loan and share rates, liquidity, investments and other financial and operational issues. The committee also discusses and reviews all the financial issues and has the authority to change rates, as needed, and act on other decisions.

ALCO COMMITTEE REPORT

Asset and liability management is an important part of the credit union financial management. The HFCU Board of Directors relies on the committee to act on their behalf and to be responsive to the needs of the credit union and its members.

I wish to thank the ALCO committee members: Ercoli DiVittore, Francois Houde, Paul Wagner, Jill Sottile, Diane Mease, Nicole Smith and Dareck Caroway for their assistance in 2017.

Franklin D Wagner, Chairperson

STATEMENT OF FINANCIAL CONDITION

ASSETS & LIABILITIES

AS OF DECEMBER 31, 2017 (CONDENSED)

Assets	2017	2016
Loans Net	\$43,356,087	\$37,582,365
Cash and Investments	15,574,686	19,024,995
Other Assets	4,831,851	4,732,099
Total Assets	\$63,762,624	\$61,339,459

Liabilities

Deposits	\$58,612,806	\$56,437,448
Other liabilities	115,829	119,630
Total Liabilities	\$58,728,635	\$56,557,078
Reserves	5,033,989	4,782,381
Total Liabilities/Reserves	\$63,762,624	\$61,339,459

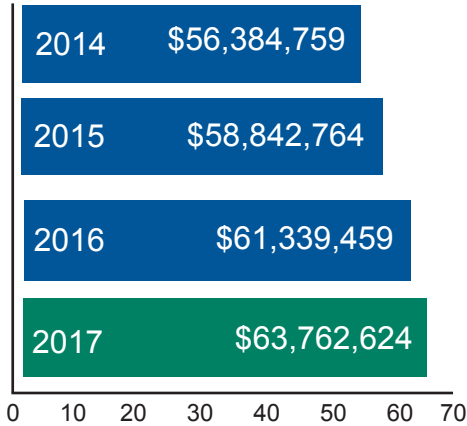
INCOME & EXPENSES

AS OF DECEMBER 31, 2017 (CONDENSED)

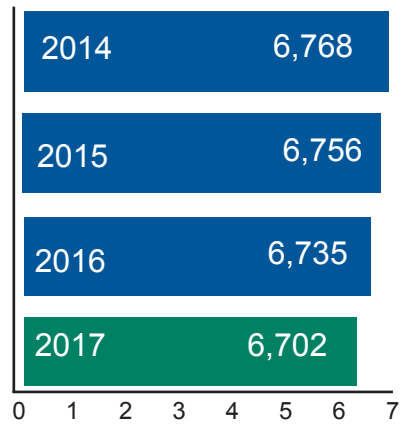
Income	2017	2016
Interest on Loans	\$1,796,924	\$1,675,436
Interest on Investments	209,908	191,197
Other Income	747,529	765,434
Total Income	\$2,754,361	\$2,632,067
Operating Expenses	\$2,421,862	\$2,399,452
Non-Operating Expenses	0	0
Net Income Before Dividends	\$332,499	\$232,615
Dividends	80,891	89,102
Net Income	\$251,608	\$143,513

FINANCIAL CHARTS

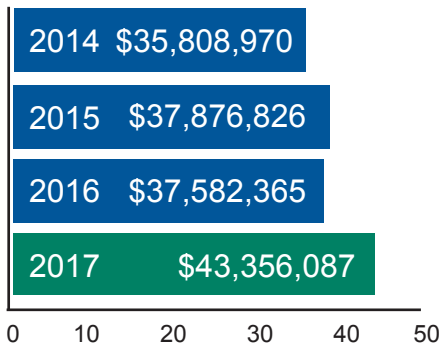
ASSETS



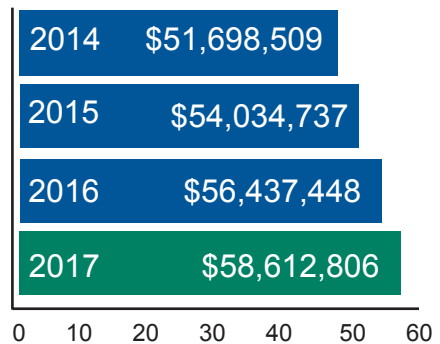
MEMBERSHIP



LOANS



MEMBER SHARES



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of Hershey Federal Credit Union Complies with the guidelines set forth by the National Credit Union Administration and the bylaws of Hershey Federal Credit Union.

Commitment to safety and soundness is our foremost concern. In 2017, the committee engaged Feather CU Services, LLC to conduct the Supervisory Committee Annual Review of the financial statements. The review included tests of accounting records and auditing procedures. No material weaknesses were identified as a result of the review.

To conform with HFCU’s commitment to the highest levels of safety and soundness, throughout 2017, the committee performed various audits to assess the adequacy of, and effectiveness of, the internal controls. Once again, no material weaknesses were identified.

The committee would like to thank the Board of Directors, President Wagner and his excellent staff for their continued support and commitment to excellence and the safety and soundness of Hershey Federal Credit Union.

Lori A. Gall, Chairperson

HFCU LEADERSHIP

Board of Directors

Richard F. Miller.....	Chairman
Dennis H. Berkhimer.....	Vice Chairman
Rita F. Ramacciotti	Secretary
Ercoli J. DiVittore.....	Treasurer
Franklin D. Wagner.....	Assistant Treasurer
Barbara A. McLaughlin	
Louise C. Lingenfelser	
William Sprandel	Director Emeritus

Associate Directors

Lance Bracale
Jared Borell

Supervisory Committee

Lori Gall	Chairperson
Diane Carroll	
Dan Davis	

HFCU IN THE COMMUNITY



SCHOLARSHIP WINNER



NATIONAL NIGHT OUT



SEMINAR



YOUTH DAY



HERSHEY HALLOWEEN PARADE

HFCU MANAGEMENT TEAM

Paul Wagner President & CEO
Jill Sottile Executive Vice President
Dareck Caroway VP Member Services
Diane Mease VP Lending
Nicole Smith VP Risk, Compliance & Security

HFCU BRANCH INFORMATION



Hershey

904 E. Chocolate Avenue
Hershey, PA 17033



Hummelstown

232 Hershey Road
Hummelstown, PA 17036



Annville

710 E. Main Street
Annville, PA 17003

HFCU CONTACT INFORMATION

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