Picture the Possibilities

FEDERALLY INSURED BY NCUA.
A Message from the Board Chair

As both a member-owner and Chair of Xceed’s Board of Directors, I am proud of the performance our Credit Union delivered in 2017. Excellent progress was made on the strategic initiatives we adopted to ensure Xceed continues to remain competitive and deliver value to our member-owners nationwide. Most importantly, we remain a solid financial institution in which we can all have confidence and trust.

The Credit Union maintained its five-star superior rating from BauerFinancial, which is the highest score available from this objective evaluator of financial institution stability.

We ended 2017 with net income over $1.2 million and surpassed our net worth goal of 9.8% – going from 9.3% last year to 10% this year. Playing key roles in our strong financial performance were the Credit Union’s very sharp focus on cost control and on proactively monitoring loan quality to minimize losses. In fact, delinquencies in nearly all categories and time frames dropped by double digits. This reflects both good stewardship overall, and Xceed’s commitment to careful underwriting that ensures we only make loans our members can truly afford.

Based on the feedback we’ve received, it seems clear we’re on the right track. Member surveys indicate that 92.7% of you are either “satisfied” or “very satisfied” with the Credit Union. That’s 1.5 points higher than last year.

I think the premium Xceed places on hiring and retaining talented associates who are passionate about member service plays a major role in those survey scores. So it was also gratifying that for the fourth year in a row, Xceed was designated one of the “Best Credit Unions to Work For” – a national survey and awards program designed to identify, recognize, and honor credit unions that have excelled at creating quality workplaces for employees.

On behalf of all Xceed members, I’d like to thank the Xceed associates who deliver their best for us each day. And, on behalf of your volunteer Board of Directors, I’d like to thank you – our loyal members – for the confidence you place in us to represent you and your best interests.

John Buttrill
Board Chair
A Message from the President & Chief Executive

When I took the helm at Xceed Financial in 2006, I dedicated myself to making sure that you – our members – never need to walk into a bank again! In the years since then, lots of things have changed, but Xceed’s commitment to our identity as a workplace credit union and to providing you with a world of financial services at unbeatable value have never wavered.

In fact, 2017 was a stand-out, as we encouraged members to “Picture the Possibilities” their lives and futures could hold, then stepped up to prove ourselves as their true financial partner by helping to convert those possibilities into realities.

Members looking to become homeowners were able to learn about the ins and outs of homebuying at our educational workshops and seminars, many of which took place at their workplaces. They also gained access to programs that make it easier to qualify for a mortgage, such as lower down payment requirements. Meanwhile, members in hot real estate markets like Northern California gained an edge to make their offers stand out from the rest with our new Closer to Home program, which guarantees we’ll have your loan ready to close in 15 business days.

Lots of members decided that 2017 was the year to buy a new car, and we helped make that happen for them with low-rate loans to make their monthly payments more affordable. We also made day-to-day spending more rewarding with a constant flow of promotions for our Platinum Visa® credit cardholders. Members responded enthusiastically, and by year’s end, our Visa portfolio had grown significantly.

For members picturing a prosperous future, we once again came through with share and IRA certificates featuring very competitive rates, while our experienced Xceed Wealth Management Group team provided smart, objective advice to help guide members’ retirement and investment planning.

I invite you to browse through this annual report, which touches on these and many other ways Xceed delivered value to our member-owners in 2017. It truly is our honor to help you imagine – and attain – endless possibilities for you and your family.

Teresa Y. Freeborn
President & Chief Executive
Supervisory Committee Report

The Supervisory Committee, a group of appointed volunteers, is primarily responsible for overseeing the overall safety and soundness of Xceed Financial, as well as the Credit Union’s adherence to operating policies and procedures. Each year, we reaffirm our commitment to ensuring that your credit union is financially stable and maintains the highest member service standards possible.

The Supervisory Committee annually ensures the completion of a number of on-site audits of Financial Centers and other Credit Union areas. Additionally, we review member account records to verify their accuracy and oversee the audit performed by our independent auditing firm, Crowe Horwath LLP, Certified Public Accountants, whose report indicates that our financial statements are fairly presented and in conformity with Generally Accepted Accounting Principles. As a result of these combined efforts, I am proud to report that Xceed Financial Credit Union remains financially sound and secure.

Gretchen G. Valentine
Supervisory Committee Chair
HOME SWEET HOME
Mortgages to get you into your dream home.

Lots of members tell us that help getting into a home of their own is the first thing they think of when they consider the wonderful possibilities that Xceed membership can bring within reach. So, in 2017, mortgage lending was a major priority for us, as we offered a comprehensive range of fixed and adjustable rate mortgages and rolled out new programs and services to help more members join Team Homeowner!

**Home Loans for Every Budget:** A first home is a huge purchase, so we began offering members access to FHA (Federal Housing Authority) loans, VA (Veterans Affairs) loans, and Fannie Mae’s HomeReady® program. These programs make it easier for buyers to qualify for a loan, and allow down payments as low as 3%.

**Closer to Home:** A fast closing can be just the thing to make an offer on your dream home stand out from the rest. With the Closer to Home program we launched last year, participating members have their home purchase loan ready to close in 15 business days, or we waive our processing fee.

**Fire Your Landlord:** At Xceed Financial Centers and at our business partners’ offices across the country, we hosted seminars to educate members on the ins and outs of buying a home and qualifying for a mortgage.

“I refinanced my home through the credit union. They did a fantastic job. Not only were they competitive on the rates, but also the closing costs compared to major banks. They were 35% lower than your competitors, basically.”

*Luis A.*, member since 1991
LOANS FOR WHATEVER YOU HAVE IN MIND
Autos, credit cards, and personal loans.

Whatever you can dream up, you can be pretty sure Xceed’s got a loan for that! And, in 2017, we rolled out awesome deal after awesome deal, until pretty much everyone in the Xceed family had access to their perfect auto, personal, or credit card loan.

Click or Call Us to Accept: We did the legwork upfront with a series of pre-approval offers, so there wasn’t much more that members needed to do to cruise into savings with an Xceed auto loan, or spring into savings with an Xceed MemberFirst loan or Xceed Platinum Visa® credit card.

Balance Transfer Offers: High-interest credit card debt can kill a budget, so we gave members the opportunity to ditch those other cards and tame their debt with a balance transfer offer featuring 0% fixed APR for 12 months.

Explore. Earn. Ride. To give members even more incentive to make the Xceed Visa their go-to card, we teamed up with Uber to allow members to earn Uber credit when using their Xceed card to shop at participating retailers.

More Visa Bonuses: The Xceed Platinum Visa with Rewards is as convenient as it gets, when you want to buy the things you need and get a little something extra. In 2017, we upped the extra bit in a big way with opportunities to earn 5x rewards on home improvement purchases in the spring, and gas and grocery purchases in the summer. Our Eeny, Meeny, Miny, More! campaign was also a hit, giving members two options when they signed up for a new Xceed Visa – those who chose the non-Rewards card earned a $100 statement credit when they spent $2,000 in the first 90 days, while those who chose the Rewards card and spent $3,000 in the first 90 days earned a whopping 20,000 bonus points!

“This was the first place that we looked [for an auto loan] because my parents have had such a great experience. I really knew nothing about getting loans, but I went to my dad who is the go-to for everything. He told me to go to Xceed.”

Hannah C., member since 2004
ACCOUNTS FOR EVERY DAY AND YOUR NEST EGG
Save for now and for later.

It is truly our honor to be our members’ primary financial institution, serving all of their savings needs. This year, we went all-out to provide deposit options that are solid values and can help members achieve their financial goals even faster.

**Competitive Share Certificates:** As the year progressed, we were in a position to offer better and better deals on share certificates, including a 12-month IRA certificate at 1.10% APY in the spring and a 15-month certificate at 1.25% APY later in the year.

**Direct Deposit Sweepstakes:** Since we’re their workplace credit union, many members have their paychecks direct deposited into their Xceed accounts. To encourage even more members to take advantage of this convenience, we ran a sweepstakes with one lucky member winning an amount equal to their direct deposit!

**First Steps Matter:** To help our littlest members get off on the right foot financially, we offered a $50 match for members who opened a Minor Savings account for a loved one under a year old.

**Show Me the Money:** We revamped our Money Market account offering to feature lower minimums and new dividend tiers, which made them even more valuable to members.

“I’ve been with Xceed Financial Credit Union for over 20 years. I currently have a checking, regular savings, and money market account. Believe it or not, I never have had an issue for as long as I have been a member of Xceed with my accounts.”

Tom M., member since 1992
XCEED WEALTH MANAGEMENT GROUP
Experience to help you work toward a prosperous future.

When you picture your future, what does it hold? Whether you’re dreaming of a vacation home on the lake, paying for a child’s education, launching a new business, or something else entirely, the seasoned Financial Consultants at Xceed Wealth Management Group can help you create a comprehensive plan to help you work toward those goals.

**Financial Education:** How do Social Security and Medicare work? Who needs long-term care insurance? How might the current interest rate environment affect investments? What is a living trust? These are all good questions asked by people trying to plan for a comfortable retirement and seeking to preserve their wealth. Throughout the year, our experienced Financial Consultants led informative seminars at Xceed Financial Centers to answer these and other questions, and help Xceed Financial Credit Union members become savvier investors.

**Retirement Plan Experience:** Our Financial Consultants have experience with a variety of company retirement plan programs. In 2017, they reached out to many employees nearing retirement age and offered a complimentary review to help them better understand their options.

“The most fulfilling part of my job is that I get to help people…I get to help them make informed decisions about their investments, or some important things about estate planning, college planning, and Social Security choices.”

Eric Schwilk, CFP®
Financial Consultant

<table>
<thead>
<tr>
<th>Not NCUA Insured</th>
<th>No Credit Union Guarantee</th>
<th>May Lose Value</th>
<th>Not Obligations of the Credit Union</th>
</tr>
</thead>
</table>

The Financial Consultants at Xceed Wealth Management Group are registered representatives with and securities and advisory services offered through LPL Financial, a registered investment advisor, Member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. Xceed Financial Federal Credit Union and Xceed Wealth Management Group are not registered broker/dealers and are not affiliated with LPL Financial.
At Xceed Financial, we don’t try to be all things to all people. Instead, as your workplace credit union, we focus on meeting the particular needs of working adults and their families by working with our business partners to create programs and offers unique to their employees’ needs. We encourage members to be all-in with us as their primary financial institution and, in return, we work like mad to earn their business, be their true financial partner, and help them realize their dreams.

**Wellness in the Workplace:** One of the many things we do is bring financial wellness resources to our members where they work. Throughout the year, we visited our business partners for new hire orientations and lead Lunch-and-Learn financial workshops on topics like buying a home and retirement planning. We also brought financial wellness components to health fairs hosted by business partners, including Realogy, the Friendly Home, Ingram Micro, and TRG.

**Our Special Relationship with Xerox:** Xceed and Xerox have been BFFs for decades! In 2017, we recognized that special relationship by lending strong support to the company’s caucus groups, including being major sponsors of the Black Women’s Leadership Council, GALAXe Pride at Work, the Hispanic Association for Professional Advancement, and The Women’s Alliance.

**Welcome Conduent:** We were thrilled to welcome our newest business partner – Conduent – when it completed its separation from Xerox.

**Executive Support:** One of the ways we keep in touch with our member-owners’ needs is to meet regularly with those who lead our business partners. This year, we worked with several of our business partners to host special events and come up with offers tailored specifically to meet their employees’ needs and wants.
THE PICTURE OF FINANCIAL HEALTH
Boosting our members’ fiscal fitness.

A genuine commitment to our members’ financial well-being is one of the key differentiators between Xceed Financial and the country’s bazillion or so banks. And, in 2017, we stepped up our financial education game in a big way. We gave the Education page of our website a major makeover, making it easier to navigate while introducing new and interesting content that is uniquely Xceed.

**By the Numbers:** Numbers Guy is Xceed’s very own financial superhero and we gave him his own blog, where he shares savings tips, financial insights, and more.

**Podcasts:** In addition to his blog posts, Numbers Guy interviews Xceed experts to get their insights on topics ranging from stress-free home loans to tackling credit card debt. These short, easy-to-understand modules are a great way for members to boost their financial know-how while commuting, cleaning the house, or just hanging out!

**Financial Wellness Center:** This all-new, interactive online center introduces members to good-to-know financial concepts and banking basics via an easy-to-use microsite and mobile app. It includes 24 short interactive modules lasting from two to seven minutes, all available in both English and Spanish. Members (and non-members...basically, anybody who wants to become an instant financial genius!) can visit the Financial Wellness Center by simply clicking on the link that appears on the Education page of our website.
MAKING BANKING WITH US EASIER
Technology that’s simply more convenient.

We heard you, and we get it. You’re busier than ever. You don’t have time to make endless phone calls. And you really hate to bother with tons of paper documents. So the technology upgrades we introduced last year responded to those concerns, saving members time and making banking with us simpler, easier, and more convenient.

Apply Online: Members have given our new online loan application a huge thumbs-up for making it easier than ever to apply online for an Xceed auto loan, and other loans too.

DocuSign: This innovation allows members to sign documents electronically. How cool is that? We started with the Consumer Loan Automatic Payment form, and will be rolling it out to other forms.

Visa® Account Updater: This new feature of the Xceed Platinum Visa allows members to have their credit card information automatically updated with participating merchants whenever their card is replaced. Because #convenience!

“If I had to sum it up in three words how I felt about Xceed…Easy, Convenient, Friendly.”

Liam C., member since 1993
PEOPLE HELPING PEOPLE
We're for people, not for profit.

While Xceed Financial has grown over the years into a full-service, nationwide credit union serving hundreds of business partners, we never forget that as a not-for-profit financial cooperative, we exist to serve our member-owners. We are also committed to doing what we can to be good neighbors and help our communities thrive.

American Heart Association: Xceed’s largest footprint is in the Rochester area, which makes sense since our roots there go back to the 1930s. Last year, we were again a major sponsor of the local American Heart Association chapter. Our support included tons of community outreach, and participation by Xceed associates and family members in the organization’s Heart Walk and Run. Associates and members also raised funds and wore red to raise awareness for women’s health on the AHA’s Go Red for Women Day in February. Plus, when members opened a SeekMore Checking account or funded a new auto loan in February, we credited $25 to their Xceed account and donated $25 to AHA on their behalf.

Children’s Miracle Network Hospitals: Throughout 2017, our associates and members raised money to help children receive the medical care they need. We celebrated both National Financial Literacy Month and National Credit Union Youth Month in April by hosting “Literally Healing” book drives that collected more than 100 books for local CMN hospitals and the Webster Public Library. And, at April’s Credit Union SacTown Run, the Xceed team once again raised more money for CMN than any other credit union team! Our combined efforts for the year resulted in $9,105 in contributions to CMN.

Help After Hurricanes: When hurricane season caused major devastation in Texas and the Gulf Coast, we responded quickly with assistance to affected members – waiving a number of fees, offering discounts on personal loans to help them rebuild, and making an Xceed donation to the Red Cross.

Romeo Doty Scholarships: Each year, Xceed awards ten $1,000 Romeo Doty Scholarships to promising high school seniors. In 2017, winners included students planning to study neurology, economics, and physical therapy, and others interested in math and science.

“It’s a family environment. Everybody just cares about everybody. They want to do the best by the member. That’s the biggest thing.”

Kelly Karshner DeFranco
Director, Eastern Region
# FINANCIALS

## 2017 Financial Statements

### CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

*As of December 31, 2017*

<table>
<thead>
<tr>
<th>ASSETS</th>
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<tbody>
<tr>
<td>Net Loans</td>
<td>$761,446,650</td>
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<tr>
<td>Cash</td>
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<td>Total Investments</td>
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<td>Other Assets</td>
<td>78,008,924</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td>$917,332,852</td>
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<table>
<thead>
<tr>
<th>LIABILITIES &amp; EQUITY</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable</td>
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<tr>
<td>Other Liabilities</td>
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<tr>
<td>Members’ Shares</td>
<td>759,382,174</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td>825,886,192</td>
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<table>
<thead>
<tr>
<th>MEMBERS’ EQUITY</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>91,446,660</td>
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</table>

| **TOTAL LIABILITIES & EQUITY** | $917,332,852 |

### CONSOLIDATED STATEMENT OF INCOME

*For the year ending December 31, 2017*

<table>
<thead>
<tr>
<th>INTEREST INCOME</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Interest on Loans</td>
<td>$32,006,139</td>
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<tr>
<td>Total Interest on Investments</td>
<td>1,161,226</td>
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<td><strong>TOTAL INTEREST INCOME</strong></td>
<td>33,167,365</td>
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<table>
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<tr>
<th>INTEREST EXPENSE</th>
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<tbody>
<tr>
<td>Total Dividends on Members’ Shares</td>
<td>3,199,475</td>
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<tr>
<td>Other Interest Expense</td>
<td>1,082,329</td>
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<td><strong>TOTAL INTEREST EXPENSE</strong></td>
<td>4,281,804</td>
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| NET INTEREST INCOME        | 28,885,561 |
| Provision for Loan Losses  | 2,415,000   |

| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 26,470,561 |

| TOTAL NON-INTEREST INCOME | 12,734,110 |

<table>
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<tr>
<th>NON-INTEREST EXPENSE</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>19,758,713</td>
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<tr>
<td>Other Expenses</td>
<td>18,204,617</td>
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<td><strong>TOTAL NON-INTEREST EXPENSE</strong></td>
<td>37,963,330</td>
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| NET INCOME                 | $1,241,341 |

For the independent auditor’s report and opinion, please contact us at 800.XFCU.222.

Federally insured by NCUA.
LEADERSHIP

BOARD OF DIRECTORS

John Buttrill  Roni Crichton  Dea Benson  Spence Leslie  Judy Novak  Dennis Ruffner  Gretchen Valentine

OTHER VOLUNTEERS

Mark Cunningham  Don Rory  Heather Smith  Raleigh Steinbach

EXECUTIVE MANAGEMENT TEAM

Teresa Freeborn  Michael Sacher  Fabiana Burkett  Paris Chevalier  Bertha Gascon
COMMITTEES

BOARD OF DIRECTORS

John Buttrill, Chair
Roni Crichton, Vice Chair
Dea Benson, Secretary
Spence Leslie
Judy Novak
Dennis Ruffner
Gretchen Valentine

EXECUTIVE COMMITTEE

John Buttrill, Chair
Roni Crichton, Vice Chair
Dea Benson, Secretary
Dennis Ruffner, Immediate Past Chair

SUPERVISORY COMMITTEE

Gretchen Valentine, Chair
Mark Cunningham
Don Rory
Heather Smith
Raleigh Steinbach

FINANCE & INVESTMENT COMMITTEE

Spence Leslie, Chair
Dea Benson
Roni Crichton
Judy Novak
Dennis Ruffner

NOMINATING COMMITTEE

Judy Novak, Chair
Roni Crichton
Spence Leslie
BUSINESS PARTNERS

ADT Security
Akorica
Aramark
Atkore
Avis/Budget
Builders Exchange of Rochester
Centinela Freeman Regional Medical Center
Chubb Insurance
Comfort Windows & Doors
Conduent
Costco Wholesale
Crosbie Brownlie
Deerfield Realty
Desser Tire & Rubber Company
Dixon Schwabl
DoubleTree Hilton Hotel
Fairport Baptist Homes
Federation of Catholic Teachers
Friendly Home of Rochester
Germino & MacKay
Global Imaging Systems, Inc. (GIS)
Heal the Bay
Heraeus Metal Processing, Inc.
HITCO Carbon Composites, Inc.
Ingram Micro

Innovative Solutions
Isaac Heating & Air Conditioning
Jewish Home of Harrisburg
Jewish Home of Rochester
Longwood Management
Mallinckrodt Pharmaceuticals
Medtronic (Covidien)
Optimax
Pentair/nVent
Raytec Group
Realogy
Securitas
Silicon Valley Community Foundation
St. Ann’s Community
Stokes, Visca & Company
Sysco Harrisburg
TE Connectivity
The Friendly Home
Travelodge Hotel
Tyco International/Johnson Controls
Unified Physician Management
U.S.P.S. Harrisburg
U.S.P.S. Rochester
Wyndham Worldwide
Xerox