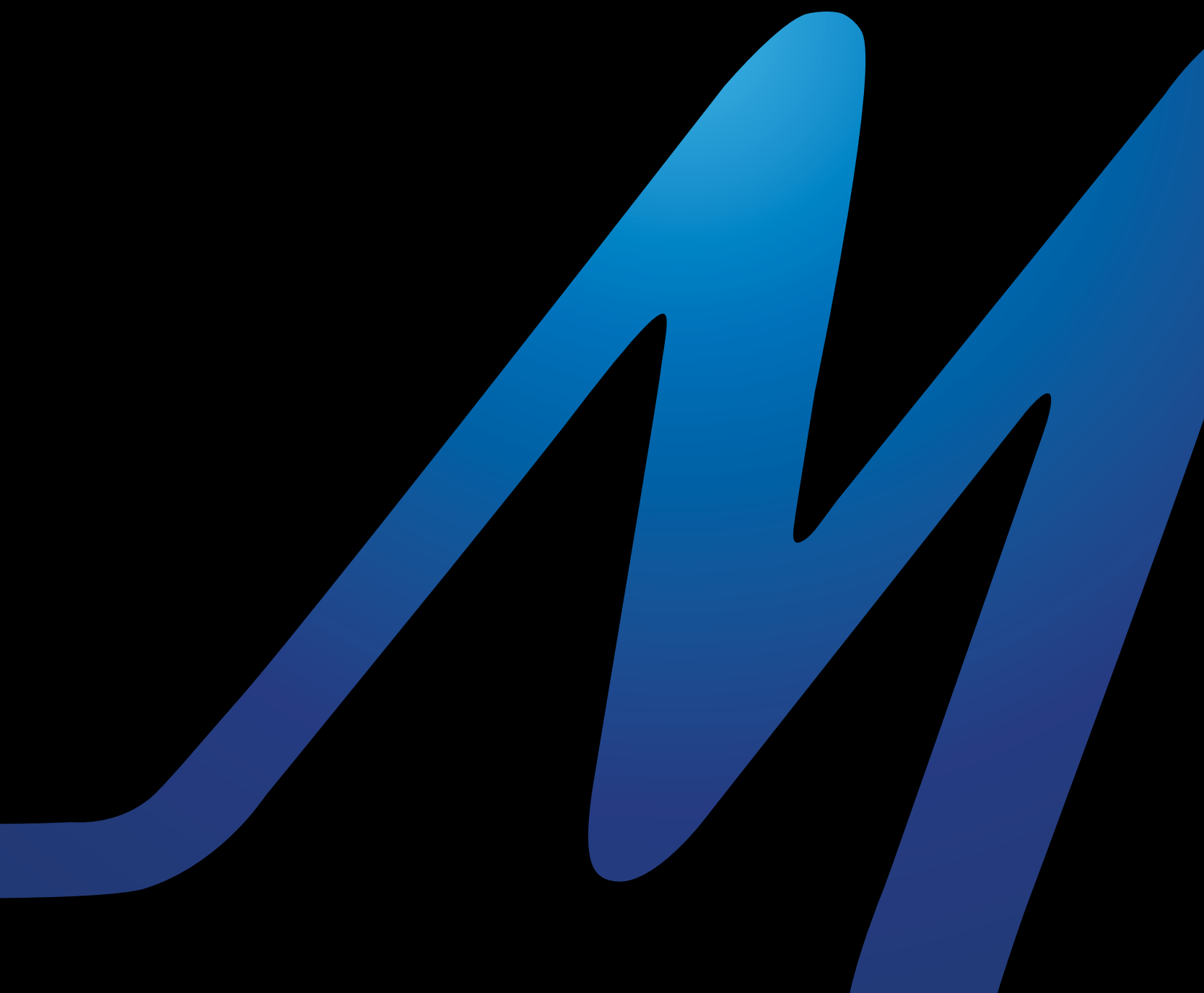




2019 ANNUAL REPORT



Going a step further. Ensuring every need of every customer is met. Exceeding expectations. Delivering on our promise to provide the *Hometown Touch*.

That's why we're here.

Statement of Financial Condition

DECEMBER 31, 2019, AND 2018

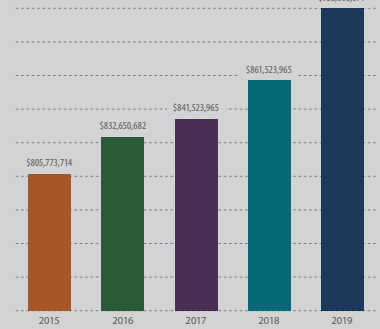
ASSETS	2019	2018
Cash and investments	335,158,164	259,044,922
Loans receivable, net	536,390,024	542,798,360
Accrued interest receivable	3,065,655	2,898,014
Federal Home Loan Bank stock, at cost	5,569,900	5,365,700
Premises and equipment, net	19,688,504	17,927,836
Bank-owned life insurance	32,608,140	26,743,689
Real estate owned, net	261,850	371,737
Other intangible assets	-	21,255
Goodwill	2,569,345	2,569,345
Other assets	3,295,289	3,345,564
Total assets	<u>\$938,606,871</u>	<u>\$861,086,422</u>
LIABILITIES		
Deposits	756,883,189	691,856,199
Borrowings	-	2,500,000
Advances from borrowers for taxes and insurance	3,017,957	3,051,727
Accrued interest payable and other liabilities	11,785,745	8,202,901
Total liabilities	<u>\$771,686,891</u>	<u>\$705,610,827</u>
EQUITY		
Retained earnings	165,474,875	159,210,628
Accumulated other comprehensive income	1,445,105	(3,735,033)
Total equity	<u>166,919,980</u>	<u>155,475,595</u>
Total liabilities and equity	<u>\$938,606,871</u>	<u>\$861,086,422</u>

Condensed Statement of Income

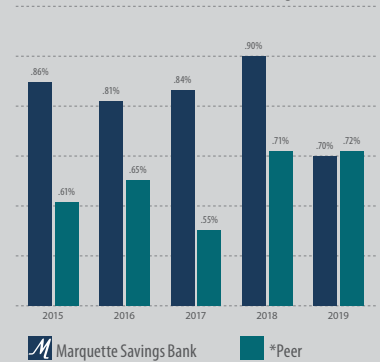
YEARS ENDED DECEMBER 31, 2019, AND 2018

Interest and dividend income	2019	2018
Interest and fees on loans	\$26,242,691	\$25,279,640
Interest and dividends on investments	7,379,028	6,988,502
Total interest and dividend income	33,621,719	32,268,142
Interest expense		
Deposits	7,963,143	5,499,388
Net interest income	25,658,576	26,768,754
Provision for loan losses	350,535	409,158
Net interest income after provision for loan losses	25,308,041	26,359,596
Total non-interest income	3,041,196	2,738,388
Total non-interest expense	21,035,844	19,670,451
Income before income taxes	7,313,393	9,427,533
Income tax expense	1,037,988	1,646,817
Net income	<u>\$6,275,405</u>	<u>\$7,780,716</u>

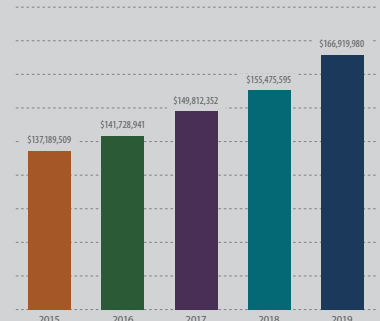
TOTAL ASSETS



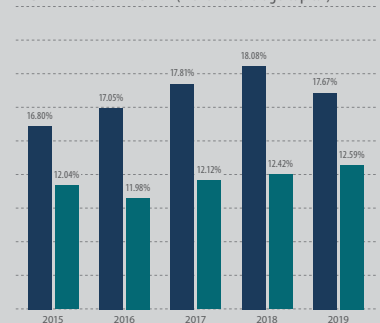
RETURN ON ASSETS (Net Income/Average Total Assets)



TOTAL EQUITY CAPITAL



CAPITAL STRENGTH (Tier One Leverage Capital)**



All Marquette Savings Bank financial data reported is obtained from 2019 financial statements audited by Crowe LLP.

*Peer group is defined on the Uniform Bank Performance Report (UBPR) as all insured savings banks having assets between \$300 million and \$1 billion. In 2019, peer group included 192 banks. **Regulatory minimum requirement for well-capitalized institutions is 5%.



Michael B. Edwards

Senior Executive Vice President and Secretary
Chief Executive Officer

Beginning his career with Marquette Savings Bank in 1988, **Michael Edwards** rose to the position of controller and was given officer status in 1992. In 2002, he was appointed the bank's Chief Executive Officer. Under Mr. Edwards' leadership, the bank completed the construction of six branch offices in Erie and Crawford counties, the introduction of online and mobile banking, the acquisition of National City branch offices in Crawford County, and the development of the bank's Business Banking division. During his tenure as CEO, the asset size of the bank has more than doubled.

By any measure, 2019 was a year of growth for Marquette. The bank continued to operate from a strong capital position that supported balance sheet growth in excess of 8%. In 2019, we realized asset growth of more than \$77.5 million, and we are quickly approaching \$1 billion in assets.

To accommodate our current and future growth, we initiated construction on a \$7.5 million dollar building in downtown Erie. The new, 15,000-square-foot expansion doubles the size of our current headquarters. We look forward to its completion and the opening of our new operations and training facilities, as well as something unique to our region — an Innovation Learning Center. We also completed a \$1.5 million renovation of our landmark office in Conneaut Lake to better serve our customers in Crawford County.

In 2019, we continued to support the major transformative initiatives in both Erie and Crawford counties, including the Erie Downtown Development Corporation, the Erie Regional Chamber and Growth Partnership, Our West Bayfront, the Sisters of Saint Joseph Neighborhood Network and the French Creek Heritage and Entertainment District Project. These initiatives have established momentum here in northwest Pennsylvania, and will define the future of our region for years to come.

Our growth is made possible by the dedication of our employees. Marquette believes in creating a work environment where individuals can thrive and be rewarded for their efforts. This is what distinguishes us as a community bank and the reason why Marquette has consistently been ranked as one of the best places to work.

Marquette is very well positioned for the future. With our 111-year local reputation, our strong financial standing and our commitment to local businesses, individuals and community, we are excited to be part of the success story our region will write in the months and years ahead.

Kelly Montefiori is Executive Vice President and Chief Operating Officer at Marquette Savings Bank. Her responsibilities include management of all retail branch offices, information technology, security, compliance and innovation. Kelly is a lifelong banker who started her career in 1983.

Looking back at 2019, what were a few of the significant accomplishments for Marquette?

Well, 2019 was quite a year. Of course, the decision to go forward with our new operations, training and innovation learning center in downtown Erie was a huge accomplishment. Much of our focus was on products and services that add value to each customer's experience and the health of their financial status. In 2019, we added a very robust Personal Financial Management tool to our mobile banking app. We also added ZELLE® person-to-person payment, and online account opening and scheduling capabilities. Things that you would normally find in large corporate financial institutions, only we add that local connection that makes banking with us that much better.

In today's online world, security is a concern for people. What is Marquette doing to provide peace of mind for customers?

Security is in the forefront of everything we do and something we are very proud of at Marquette. We have invested heavily in security to make our bank among the best. Behind the scenes, we are constantly testing and adding capabilities to ensure the threats to customer accounts are minimized. We provide an array of products and services that are provided at no charge to customers to protect every aspect of their banking. A good example is our Fraud Protection Center — a real-time source of information for people to protect their identity and accounts — that came from an idea our people had.

Digital banking seems like the wave of the future. Is that the idea behind the construction of the Innovation Learning Center?

The Innovation Learning Center is the most exciting initiative Marquette has undertaken in years. It is great news for downtown Erie and will help usher in a new era in banking. It provides the ability to directly connect Marquette with people in ways that were not imagined even a few months ago. The center will be that connection for years to come and will do it in a way that will be fun and engaging.

Looking ahead, what is your vision of banking in the future?

Technology will become even more important for banks and customers. Marquette is committed to being one step ahead by continuing to introduce tech-driven banking and transaction possibilities to the market here in northwest Pennsylvania. The people who are walking through our doors today have grown up with technology. Keeping up with their expectations while ensuring the services we provide are safe and secure is something we take pride in.



Kelly A. Montefiori

Executive Vice President and Assistant Secretary
Chief Operating Officer



John C. Dill
Senior Vice President

John Dill is Senior Vice President of Business Banking at Marquette. He is a lifelong business banking professional who has worked for national financial institutions and multimillion-dollar clients. His relationship-based, locally focused approach to business banking fits well with the culture that our Business Banking division was built on, the driving force behind the growth of the division.

How has Marquette Savings Bank approached business banking differently?

When Marquette established its Business Banking division 11 years ago, we held closely to our local roots. Establishing a small-town attitude with big-time capabilities. Putting the success of our clients over short-term gains. Working to earn trust. Developing a reputation for being there when business owners need us most. Having that long-term mentality that only a hometown bank can have.

What sets Marquette apart here in northwest Pennsylvania?

Northwest Pennsylvania is — for the most part — composed of interconnected small towns. We do things differently. We depend on each other and we trust each other. We expect more and give more. Succeeding here means being a part of it all. Marquette was founded more than 111 years ago. Now, with nearly a billion dollars in assets, Marquette is considered one of the most financially strong banks in the country. We understand what it takes to succeed here.

At the heart of Marquette Business Banking is the idea that businesses in our area had lost something they had relied on. A local banking connection. People they could count on to be there. To talk to face to face. To be their advocate and advisor. In short, a relationship-banking approach.

Can you tell us a little about Marquette's growth and success in the business banking sector?

In 2019, the Business Banking division exceeded the previous year's growth — as it had done every year since the beginning. Today, Marquette Business Banking accounts for more than 25% of our business and includes some of the region's most successful and longstanding companies. Hallmark projects included funding for the Erie County Convention Center Authority (ECCCA), major improvements to UPMC Park and adjoining properties, and the construction expansion of Grace Church in Harborcreek. While the high-profile projects garner much of the attention, truly the most gratifying are those times when we can provide a tailored solution that makes a huge impact for a business owner. That's what fosters relationships. We are an organization that will be there with you, helping you plan for your long-term success. That is the difference we bring.

How has the Business Banking division adjusted to its growth?

Our growth in customers has resulted in a corresponding growth in capabilities. In 2019, we added two well-known professionals to our team. Dan Walsh is a respected, lifelong business banker who handles accounts in Crawford County and lends his experience across broad industry categories. Katrina Vincent has held important economic development positions throughout our region. Her expertise provides an added dimension to our capabilities and new possibilities for our clients. Together, they join a team of professionals who brought their talents to Marquette years ago and have been the primary reason for Business Banking's success over the years. And while our customers may never see it, our continuous investments in technology provide leading-edge online solutions and security that are among the very best anywhere.

Julie Wilson is Executive Vice President/Treasurer and Chief Financial Officer. She began her career with Marquette Savings Bank in 1989 as assistant accountant. In 2002, she was promoted to controller and in 2010 to chief financial officer. She is a Gannon University graduate with a Bachelor of Science degree in accounting. A lifelong Erie resident, Julie has more than 31 years of accounting and banking experience.

What changes have you seen at Marquette over your 31-year tenure?

When I began my career at Marquette, our asset size was \$218 million; at the end of 2019 it was nearly \$940 million and growing. We had six locations then, and we are double that now. The past 15 years have brought the most change. The investments we made in online and mobile banking-related products transformed how people bank. Expanding our footprint through acquisition and construction of new branch locations throughout Erie and Crawford counties opened up new markets. And, the development of a new Business Banking division in 2009 resulted in tremendous asset growth as local businesses sought out better local representation. It has been amazing to be a part of this growth.

How far has Marquette come in terms of asset growth since the beginning?

Marquette Savings Bank was founded 111 years ago. It was created as Marquette Building and Loan Association with assets of \$2 million as a means for common individuals to save, earn interest and finance home purchases. Today, Marquette's assets are rapidly approaching \$1 billion, and we are the only remaining locally headquartered bank in Erie and Crawford counties.

How does Marquette's financial strength stack up to other banks across the country?

Marquette is a community bank with 12 locations in Erie and Crawford counties. Our bank is consistently ranked among the top banks in the country for financial strength. Marquette has earned a 5-Star rating from Bauer Financial. This rating indicates Marquette excelled in areas of capital adequacy, profitability, asset quality and much more. Combine that financial strength with a community mission and you have a bank that can truly make an impact on the communities we serve.

How does Marquette compare to other banks in our region?

We are a little different than most other banks in our area. We are a mutual savings bank — a community bank. Unlike most banks in our region, Marquette does not have stockholders. Instead, the bank has a board of local trustees that ensures the best interests of the community are addressed. The notion of *doing the right thing* guides our actions.

What is Marquette doing to make our communities a better place?

Every year, Marquette Savings Bank provides more than \$500,000 for nonprofits and community initiatives making a difference right here in Erie and Crawford counties. Marquette was also one of the first to commit to the Erie Downtown Development Corporation. In Crawford County, our support of nonprofits is making a direct difference with individuals and families throughout those communities. And every year, over \$150,000 is provided to support educational institutions to make learning affordable for local students.

When you are the hometown bank, you look beyond the numbers to envision what could be. You see businesses growing and jobs created, families prospering and buying homes, and you see lives changed for the better. Because when it's your hometown, doing the right thing matters most.



Julie M. Wilson
Executive Vice President and Treasurer
Chief Financial Officer

A professional portrait of Stephen M. Danch, Chairman of the Board and President. He is a middle-aged man with short, graying hair, smiling warmly at the camera. He is wearing a dark navy blue suit jacket over a light blue dress shirt and a patterned tie with a repeating geometric motif in shades of blue and white. He is seated in a dark wooden chair, with his hands resting on his lap. The background is a solid black, which is framed by large, abstract geometric shapes in shades of blue and white on the left and right sides of the page.

Stephen M. Danch
Chairman of the Board and President

Steve Danch is Chairman of Marquette Savings Bank. He is retired from UPMC Hamot where he served as chief financial officer for more than 30 years. He started as a trustee at Marquette in 1993 and has served as Chairman since 2010 — during a time of tremendous growth and change.

What do you feel distinguishes Marquette?

What distinguishes Marquette Savings Bank from its competitors is the hometown touch. As the only truly locally headquartered bank in this region, that is something we have become known for and something that has given us a huge competitive advantage over the years.

What does “the hometown touch” mean?

It means there is always someone local you can relate to on the other end of the phone. It means we're run by local people and local decision makers who have a stake in the success of the community. We have trustees who live here and act as stewards to ensure earnings are reinvested in ways that not only result in growth for the bank, but that are meaningful to the community.

How does Marquette compete with larger, corporate banks?

Service on a local level is how we compete. It's what sets Marquette apart from the corporate, multistate banks that are more focused on shareholder returns. As an independent, local bank, we have the ability to be flexible and responsive to customer needs and opportunities. Because all our decision makers are right here, we often know our customers personally. And that perspective helps guide our interactions in ways that are unique to a local financial institution.

Marquette is the only remaining locally headquartered bank in Erie and Crawford counties. What should that mean to the average customer?

Everyone at Marquette takes pride in delivering on that hometown touch. That is demonstrated in the recognition the bank receives publicly and how our own employees feel about working here. Year after year, Marquette is ranked as one of the best places and best banks to work for. It's a place where employees from the very top on down pour their hearts and souls into making it the very best it can be.

So does this hometown touch really work?

We think we've got a great growth story and our hometown touch positions us very well for continuous growth. It is something no other local bank can claim in the way Marquette can. Last year, our assets grew by over \$77.5 million, and we are about to break through \$1 billion in assets. Our unique, local focus — our hometown touch — will continue to set us apart from the big banks and be our roadmap for continued growth.

Marquette Business Banking



John Dill
Senior Vice President
of Business Banking



Jon Patsy
Vice President and
Business Banker



Terry Danko
Assistant Vice
President and
Business Banker



Sarah Giambanco
Asst. Secretary and
Business Banking
Representative



Daniel Walsh
Vice President and
Business Banker



Katrina Vincent
Assistant Vice
President and
Business Banker



Jami Sundberg
Asst. Secretary and
Business Banking
Representative



Beverly Schneider
Commercial Loan
Assistant



Jennifer Kuhn
Business Banking
Representative



Kelly Yost
Business Banking
Representative



Steve Kightlinger
Senior Vice President
of Business
Development



Sherry Waller
Assistant Vice
President and
Credit Analyst

Marquette Loan Officers



Jennifer Bond
Branch Manager
920 Peach St.
Erie, Pa.



Michael Kitts
Asst. Branch Manager
920 Peach St.
Erie, Pa.



Trisha Snook
Branch Manager
3801 Sterrettania Rd.
Erie, Pa.



Erin May
Asst. Branch Manager
3801 Sterrettania Rd.
Erie, Pa.



Debra Mealy
Branch Manager
209 West Plum St.
Edinboro, Pa.



Kathy Bush
Asst. Branch Manager
209 West Plum St.
Edinboro, Pa.



Dawn Fronce
Branch Manager
1075 Park Ave.
Meadville, Pa.



Mindy Redding
Asst. Branch Manager
1075 Park Ave.
Meadville, Pa.



Nancy Enterline
Branch Manager
2320 West 12th St.
Erie, Pa.



**Jennifer
Humphries**
Asst. Branch Manager
2320 West 12th St.
Erie, Pa.



Angela Diver
Branch Manager
3404 Liberty St.
Erie, Pa.



Angela Potter
Asst. Branch Manager
3404 Liberty St.
Erie, Pa.



Anita Hans
Branch Manager
210 Water St.
Conneaut Lake, Pa.



Kosette Clark
Asst. Branch Manager
210 Water St.
Conneaut Lake, Pa.



Grace Ewanick
Branch Manager
1775 East 38th St.
Erie, Pa.



Tammy Baker
Asst. Branch Manager
1775 East 38th St.
Erie, Pa.



Alicia Wiczorek
Asst. Branch Manager
1775 East 38th St.
Erie, Pa.



Cora Mozina
Branch Manager
14 North Main St.
Albion, Pa.



**Kimberly
LeCorchick**
Asst. Branch Manager
14 North Main St.
Albion, Pa.



Kelly Pratt
Branch Manager
16272 Conneaut
Lake Rd.
Meadville, Pa.



Jamie Chiocco
Asst. Branch Manager
16272 Conneaut
Lake Rd.
Meadville, Pa.

2019 Timeline of Significant Accomplishments

2019 was a year of significant accomplishments at Marquette Savings Bank that had a direct impact on the communities and customers we serve.

June 3, 2019

ZELLE® person-to-person payment is implemented enabling customers to make payments to another person using the ZELLE smartphone app.

May 2019

\$1.2 Million Renovation of Marquette's landmark Conneaut Lake office is completed solidifying the commitment to the community and Crawford County.

April 25, 2019

Meadville-Western Crawford County Chamber of Commerce Mid-Size Business of the Year Diamond Award

February 2019

TimeTrade Online Scheduling is introduced enabling consumers and customers to schedule phone and in-person meetings online at their convenience.

March 26, 2019

Community Leadership Award presented by the Pennsylvania Association of Community Bankers for Marquette's participation in the Erie Downtown Development Corporation initiatives to revitalize Erie.

March 16, 2019

Mercyhurst Prep's Laker Legend Philanthropy Award

August 11, 2019

\$7.5 Million Expansion. Plans are revealed for a new 15,000-square-foot building in the heart of downtown Erie. The building will double the size of Marquette's Peach Street headquarters and will house a new concept in banking; an Innovation Learning Center to engage consumers with digital banking opportunities.

July 2019

Business Banking growth. The addition of economic development professional Katrina Vincent and business banking veteran Daniel Walsh to the business banking team is announced.

June 27, 2019

\$12 Million Funding by Marquette for renovations at UPMC Park is announced.

July 2019

Fraud Protection Center is established on the Marquette Savings Bank website to provide real-time information about criminal attempts to defraud customers. The program is the first to proactively inform customers and was started by Marquette employees taking the initiative to protect customers.

June 2019

Best Banks to Work For Designation. For the second consecutive year, Marquette Savings Bank is named one of the best banks to work for in the United States by American Banker magazine.

December 2019

5-Star Rating for financial safety and soundness for the 31st straight year from Bauer Financial Inc., a national financial auditing organization.

Mpowered™ Savers mobile application — an online application that teaches children between the ages of 4 and 12 the value of saving through fun and engaging activities is introduced with Marquette's new Corgi mascot Marquie.

September 19, 2019

Commitment to Erie Community Service Award presented to Marquette for the bank's investments back into the community, cultivating a rewarding work environment for our employees, creating new jobs in the market, and for the services we offer to our customers.

October 1, 2019

Personal Financial Management, an online tool that enables Marquette customers to manage their budgets is introduced as a no-cost service. The service provides to-the-penny tracking of transactions.

November 23, 2019

Best Places to Work in Pennsylvania. For the third straight year, Marquette was designated as one of the best places to work in Pennsylvania.

December 31, 2019

\$70 Million Growth in assets. By the end of 2019, Marquette's local touch resulted in asset growth of \$70 million through a combination of consumer and business banking services.

2019 OFFICERS

Michael B. Edwards	Senior Executive Vice President & Secretary/CEO
Julie M. Wilson	Executive Vice President & Treasurer/CFO
David L. Carl	Executive Vice President & Assistant Secretary/CRO
Kelly A. Montefiori	Executive Vice President & Assistant Secretary/CCO,CIO
John Dill	Senior Vice President
Pete Sitter	Senior Vice President
Steve Kightlinger	Senior Vice President
Lisa N. Lopez	Senior Vice President
Edmund A. Drexler	Senior Vice President
Stella LaPaglia	Senior Vice President
Richele D. Herman	Vice President
Grace A. Ewanick	Vice President
Eugene Cirka	Vice President
Anita Hans	Vice President
Blaine Fellows	Vice President
Jon Patsy	Vice President
Meredith Johnson	Vice President
Thomas Hesch	Assistant Vice President & Assistant Treasurer
Nancy A. Enterline	Assistant Vice President
Debra Mealy	Assistant Vice President
Jennifer M. Bond	Assistant Vice President
Sherry J. Waller	Assistant Vice President
Cora Mozina	Assistant Vice President
Terry Danko	Assistant Vice President
Trisha Snook	Assistant Vice President
Kelly Pratt	Assistant Vice President
Debra A. Schwenk	Assistant Vice President
Scott Shaffer	Assistant Vice President
Debra Ray	Assistant Vice President
Dawn Fronce	Assistant Vice President

Michael Burillo	Assistant Vice President
Craig Dombrowski	Assistant Vice President
Katherine M. Walter	Assistant Secretary
Jennifer L. Humphries	Assistant Secretary
Ben Vrablic	Assistant Secretary
Tammy Baker	Assistant Secretary
Angela Diver	Assistant Secretary
Erin May	Assistant Secretary
Kimberly LeCorchick	Assistant Secretary
Michael Kitts	Assistant Secretary
Kosette Clark	Assistant Secretary
Jamie Chiocco	Assistant Secretary
Mindy Redding	Assistant Secretary
Sarah Giambanco	Assistant Secretary
Jami Sundberg	Assistant Secretary

BOARD OF TRUSTEES

Stephen M. Danch	Chairman of the Board & President
Leo J. Brugger Jr.	Vice Chairman of the Board
Atty. Donald F. Fessler Jr.	Trustee
J. Maxwell Holt	Trustee
C. Bruce Kern II	Trustee
Charles G. Knight	Trustee
Roger L. Schlosser	Trustee
Donald S. Sieber	Trustee
Douglas F. Ziegler	Trustee
Harry J. West	Trustee Emeritus
Richard T. McCormick	Trustee Emeritus
Donald F. Fessler Sr.	Trustee Emeritus
Herman C. Weber Jr.	Trustee Emeritus
Robert L. Wagner	Trustee Emeritus

Marquette
SAVINGS BANK

THE HOMETOWN BANK

Marquette is the only remaining locally headquartered bank in the Erie region. Every dollar stays here to Mpower™ businesses to grow and create jobs, individuals and families to prosper, communities to be better places and employees to be their best.

Marquette Savings Bank is a community bank with more than \$938 million in assets, maintaining 12 locations in Erie and Crawford counties. In operation since 1908, Marquette is highly regarded for its relationship banking approach and financial strength. Continual investment in technology positions Marquette at the leading edge of products and services that make banking easier and more convenient for customers. As "THE HOMETOWN BANK," Marquette's customer-first focus, responsiveness, and ability to make local decisions continue to drive commercial and personal banking growth.