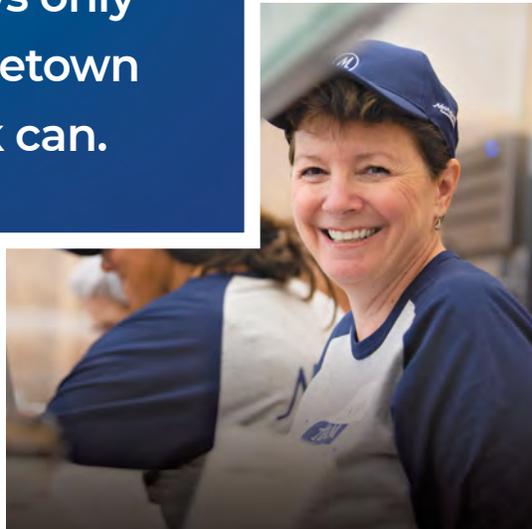




Making a difference in ways only a hometown bank can.



That's why we're here.

Marquette
SAVINGS BANK

Michael B. Edwards
Chief Executive Officer



Stephen M. Danch
Chairman of the Board

Every so often it's important for organizations to take a step back and *ask why.*

Why are we here?

Why do we do what we do?

The answer has always been the same for us – to make a difference.

2018 marked our 110th anniversary of doing just that.

At a time when our region is in the process of redefining itself, our leadership as “the hometown bank” has taken on more importance. It is especially fitting that our 110th anniversary was marked by an extraordinary level of commitment to our customers and the communities we serve.

Financial Strength

Everything we do is enabled by the exceptional financial strength Marquette Savings Bank has earned. Marquette consistently ranked among the very best financial institutions: a 5-star ranking for safety and soundness from BauerFinancial, Inc.; an Excellent Rating for overall financial strength from Weiss Ratings; and a top 15th percentile ranking among community banks for balancing risk and reward from Seifried & Brew, LLC. That strength has fueled investment in Erie and Crawford counties.

Commitment to *community*

In Crawford County, Marquette completed construction of a new \$1.3 million office in Vernon Township and began an extensive \$1.2 million remodeling of our landmark building in Conneaut Lake.

In Erie County, Marquette committed \$1.5 million to the Erie Downtown Equity Fund and \$150,000 to the Erie Downtown Development Corporation in support of the Erie Refocused Master Plan. In addition, the bank continued its \$600,000 commitment to revitalize challenged neighborhoods through the Our West Bayfront and Sisters of Saint Joseph Neighborhood Network initiatives. The purchase of the Toni&Guy building in Erie's new Innovation District has resulted in plans for a \$7 million new construction project to house expanded operations and training and a new innovation learning center.

Commitment to *customers*

At Marquette, enhancing customer experience is an ongoing process. In 2018, that effort resulted in the launch of major initiatives. Customers can now open savings and checking accounts online – without ever leaving their home. Banking on the go, anywhere, anytime has never been easier or more powerful with upgrades made for online and mobile banking customers.

Commitment to *employees*

There are two recognitions that speak directly to what customers can expect at Marquette from engaged employees who are dedicated to ensuring every banking experience is the very best anywhere. For the second straight year, Marquette Savings Bank was ranked as one of the Best Places to Work in Pennsylvania. That ranking was further reinforced when American Banker magazine ranked Marquette as one of the Best Banks to Work For in 2018.

Commitment to *local business*

Having just completed its 10th year, Marquette's Business Banking Division continues to make a difference for local businesses that value having a local banking relationship. By every measure, our business banking growth in 2018 was the best ever as our strong foundation and the experiences shared by our customers brought businesses to our doors.

That's why we are here. To make a difference in ways only THE HOMETOWN BANK can.

Statements of Financial Condition

December 31, 2018, and 2017

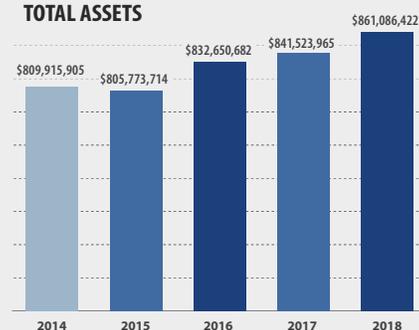
	2018	2017
ASSETS		
Cash and investments	259,044,922	253,110,136
Loans receivable, net	542,798,360	531,849,695
Accrued interest receivable	2,898,014	2,695,074
Federal Home Loan Bank stock, at cost	5,365,700	5,152,200
Premises and equipment, net	17,927,836	17,803,087
Bank-owned life insurance	26,743,689	26,021,125
Real estate owned, net	371,737	201,389
Other intangible assets	21,255	74,392
Goodwill	2,569,345	2,569,345
Other assets	3,345,564	2,047,522
Total assets	<u>\$861,086,422</u>	<u>\$841,523,965</u>
LIABILITIES		
Deposits	691,856,199	675,047,923
Borrowings	2,500,000	5,000,000
Advances from borrowers for taxes and insurance	3,051,727	2,921,412
Accrued interest payable and other liabilities	8,202,901	8,742,278
Total liabilities	<u>\$705,610,827</u>	<u>\$691,711,613</u>
EQUITY		
Retained earnings	159,210,628	151,427,724
Accumulated other comprehensive income	(3,735,033)	(1,615,372)
Total equity	<u>\$155,475,595</u>	<u>\$149,812,352</u>
Total liabilities and equity	<u>\$861,086,422</u>	<u>\$841,523,965</u>

Condensed Statements of Income

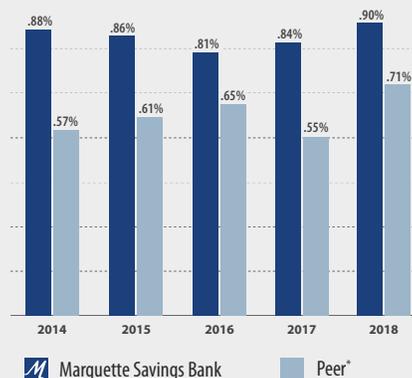
Years Ended December 31, 2018, and 2017

	2018	2017
Interest and dividend income		
Interest and fees on loans	\$25,279,640	24,441,385
Interest and dividends on investments	6,988,502	6,125,679
Total interest and dividend income	<u>\$32,268,142</u>	<u>\$30,567,064</u>
Interest expense		
Deposits	5,499,388	4,745,020
Net interest income	<u>\$26,768,754</u>	<u>\$25,822,044</u>
Provision for loan losses	409,158	420,858
Net interest income after provision for loan losses	<u>\$26,359,596</u>	<u>\$25,401,186</u>
Total non-interest income	<u>\$2,738,388</u>	<u>\$2,831,639</u>
Total non-interest expense	<u>\$19,670,451</u>	<u>\$18,754,367</u>
Income before income taxes	9,427,533	9,478,458
Income tax expense	1,646,817	2,425,436
Net income	<u>\$7,780,716</u>	<u>\$7,053,022</u>

TOTAL ASSETS



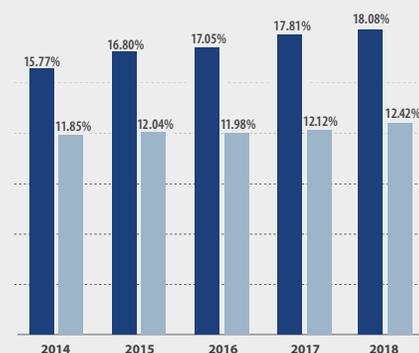
RETURN ON ASSETS (Net Income/Average Total Assets)



TOTAL EQUITY CAPITAL



CAPITAL STRENGTH (Tier One Leverage Capital)**



All Marquette Savings Bank financial data reported is obtained from 2018 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 2018, peer group included 201 banks. **Regulatory minimum requirement for well-capitalized institutions is 5%.



When a business and its bank share the same goals, *great things happen.*

It's all about getting on the same page as your customer. It's taking the time to sit down face-to-face to better understand how their business operates and the demands they have for managing money. For us, it is the only way we can truly find the solution that best enables our customers to compete and grow. That's how we measure success.

The Marquette Business Banking Division has marked yet another year of unprecedented growth as more and more local companies realize the advantage of working directly with local decision makers. While the reasons they chose Marquette may vary, their stories have a common thread with our own — investing here locally in our community.

"By any definition, it's a true partnership. Our goals are the same as our business banking customers! We dig deeper to find the answers they need to be successful. Their success is our shared goal and the fuel for our own growth."

JOHN DILL

Senior Vice President
of Business Banking



John Dill

Senior Vice
President of
Business Banking

Eugene Cirka

Vice President &
Senior Business
Banker

Jon Patsy

Vice President &
Business Banker

Terry Danko

Assistant Vice
President &
Business Banker

Sarah Giambanco

Business Banking
Representative

Sherry Waller

Assistant Vice
President &
Credit Analyst

Beverly Schneider

Commercial Loan
Assistant

Jami Sundberg

Business Banking
Representative

Jennifer Kuhn

Business Banking
Representative

Kelly Yost

Business Banking
Representative

Marquette is “The Hometown Bank” where every dollar *stays local...*

...to help make communities better places to live and work. Each year, Marquette commits more than \$500,000 to nonprofit causes — children, poverty, health, education and community initiatives.

In Erie County, examples of our support can be found with the Veterans Miracle Center, Second Harvest Food Bank and St. Martin Center, in addition to funding major initiatives to combat inner-city blight.

In Crawford County, our ongoing commitments include important programs such as WiNS, ARC of Crawford County, and the Active Aging community center.

In total, more than 130 nonprofit organizations receive financial and volunteer support throughout the year. The firsthand experience of our volunteers with organizations such as the Erie City Mission keeps us connected to our community. The Teach Children to Save program was another outstanding effort. This program reached more than 2,000 elementary school children in Erie and Crawford counties.

“What a powerful day today was! The Marquette team that volunteered at the City Mission had a lot of fun, but I could also see that they were all very moved, humbled and amazed by what they saw and who they served today. Thank you for allowing us the opportunity to be a part of this experience. I look forward to doing it again.”

LISA LOPEZ

Senior Vice President



That's why I'm



Alan Schaal, CEO (right) and Aaron Dearborn, President, Amerail Systems, Inc. Founded in 1985, Amerail Systems has successfully completed exterior hotel renovations for more than 2,300 hotels in 49 states nationwide.

Committed & Community Minded

"Our business was growing and we needed a bank that understood our requirements. Marquette was the right bank at the right time. They immediately embraced our vision and committed the necessary resources to make it happen quickly. That made all the difference.

"Marquette competed with the big banks very well. They offered the best overall banking package and delivered what we needed efficiently and cost effectively. Working with Marquette meant more than just finding a bank partner. It was working with a local bank partner. We liked the idea of keeping our business where we live and work. Marquette is doing a lot in the community and banking there helps."



Craig Schaal, President (right) and Jeffrey Johnson, Vice President, Schaal Glass Company. Established in 1926, Schaal Glass is still thriving locally while expanding nationwide with satellite offices in Florida and Virginia.

Responsiveness & Teamwork

"When we peeled back the onion we found that Marquette had what we were looking for. Their corporate philosophy meshed well with our own. To enable us to serve our expanding clientele, we were able to implement multiple credit instruments spanning CapEx (capital expenditures), working capital and purchasing. Marquette was flexible and responsive to tailor their products and services to match what we needed to help our business grow.

"Marquette changed our entire banking relationship. We went from constantly going to a gatekeeper that we had to satisfy. . . to a bank like Marquette that acts like a partner. They see our potential and do everything they can to ensure we reach it."

with Marquette.



Chris Herr, President (right) and Molly Herr, Vice President, Sunshine Cleaning & Janitorial Services.

In business since 1996, Sunshine has a staff of more than 60 bonded, insured, professionally trained employees.

Personal Attention & Shared Values

"We contemplated changing banks for years because we weren't getting the customized banking our business needed. It was more like a 'blanket' approach. The tipping point was an incident over direct deposit. Their reply was cold, nothing they could do, like they didn't care. After a seamless switch to Marquette we said, 'Why did we wait so long?'"

"Marquette's been in Erie more than 100 years... they know Erie, they support Erie. They want Erie to thrive and grow like we do. If we have a question, we can pick up the phone, make a local call and speak to someone and know we'll get the help we're looking for. Very reassuring. No surprises."



Michael Alabran, President and Owner (right) and Tera Alabran, Director of Operations, Plastics Services Network (PSN).

PSN is an engineering consulting firm serving plastics, rubber, polymer composite, medical and aerospace industries.

Genuine Interest & Follow Through

"PSN is a growing company and we struggled with a bank that wouldn't budge. We needed space to expand in a hurry and when a friend suggested Marquette, they responded with a team of four or five people. They were the first bank that heard our story and were genuinely interested in providing the help we needed to grow."

"The business bankers at Marquette are very responsive and have been helpful in so many ways."

"Where others only talked, Marquette was the only one who made it reality."

At Marquette, there is *one thing* we value over everything else...

... the shared purpose found in our employees. It is a rare quality that enables us to operate at a high level, resulting in growth and customer loyalty. It is gratifying when our employees feel the same way.

For the second year in a row, Marquette Savings Bank was ranked as one of the Top 100 Places to Work in Pennsylvania by Team Pennsylvania. Winners were chosen based on a review of the company's workforce policies, practices, philosophies, and the results of an employee survey measuring satisfaction.

In 2018, American Banker announced the results of its fifth annual Best Banks to Work For, with Marquette ranking 37th in the nation.

"My husband doesn't understand how I can like going to work so much. No one is supposed to like their job as much as you. I've never had a problem getting up to go to work. I have more of a problem finding time to take for vacation – and I get four weeks this year!!"

MARY LIOTTA
Deposit Service Representative



BEST PLACES
to work in **PA** 2017

BEST PLACES
to work in **PA** 2018

AMERICAN BANKER.
BEST BANKS TO
WORK FOR 2018



While many banks are closing branches across our region, Marquette is *here to stay.*

In 2018, over \$2.5 million was allocated for two construction projects in Crawford County that will redefine how banking services are delivered.

We designed and built our new Vernon Township office from the ground up to Mpower™ a new banking experience. Customers enjoy banking in a bright, airy and modern environment that invites you to stay a while if you want.

Over the years, the Marquette branch office has become a landmark in downtown Conneaut Lake. When completed, our top-to-bottom remodeling of the drive-thru, lobby and offices will provide a much-improved banking experience for years to come.

"We have very loyal customers in Crawford County. Our investment is really a reflection of the faith our customers have in us and our commitment to make a difference. We are here to stay."

STEVE KIGHTLINGER
Senior Vice President



Jennifer Bond
Peach Street
Erie

Grace Ewanick
East 38th Street
Erie

Trisha Snook
38th & Sterrettania
Erie

Nancy Enterline
West 12th Street
Erie

Shelly Herman
Liberty Street
Erie

Debra Mealy
West Plum Street
Edinboro

Cora Mozina
North Main Street
Albion

Dawn Fronce
Park Avenue
Meadville

Kelly Pratt
Vernon Township
Meadville

Anita Hans
Water Street
Conneaut Lake

2018 OFFICERS

Michael B. Edwards	Senior Executive Vice President & Secretary/CEO	Debra A. Schwenk	Assistant Vice President
Louis J. Natalie	Executive Vice President & Assistant Secretary/CCO	Scott Shaffer	Assistant Vice President
Julie M. Wilson	Executive Vice President & Treasurer/CFO	Debra Ray	Assistant Vice President
David L. Carll	Executive Vice President & Assistant Secretary/CRO	Katherine M. Walter	Assistant Secretary
Kelly A. Montefiori	Executive Vice President & Assistant Secretary/CCO,CIO	Jennifer L. Humphries	Assistant Secretary
David Slomski	Senior Vice President	Ben Vrablic	Assistant Secretary
John Dill	Senior Vice President	Dawn Fronce	Assistant Secretary
Pete Sitter	Senior Vice President	Tammy Baker	Assistant Secretary
Steve Kightlinger	Senior Vice President	Angela Diver	Assistant Secretary
Richele D. Herman	Vice President	Erin May	Assistant Secretary
Grace A. Ewanick	Vice President	Kimberly LeCorchick	Assistant Secretary
Lisa N. Lopez	Vice President	Michael Kitts	Assistant Secretary
Edmund A. Drexler	Vice President	Thomas Hesch	Assistant Treasurer
Eugene Cirka	Vice President		
Rita K. Wood	Vice President		
Anita Hans	Vice President		
Stella LaPaglia	Vice President		
Blaine Fellows	Vice President		
Jon Patsy	Vice President		
Meredith Johnson	Vice President		
Nancy A. Enterline	Assistant Vice President		
Debra Mealy	Assistant Vice President		
Jessica L. Wolfrom	Assistant Vice President		
Jennifer M. Bond	Assistant Vice President		
Sherry J. Waller	Assistant Vice President		
Cora Mozina	Assistant Vice President		
James Jackson	Assistant Vice President		
Terry Danko	Assistant Vice President		
Trisha Snook	Assistant Vice President		
Kelly Pratt	Assistant Vice President		

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 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 \$860 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.

920 Peach Street • Erie, PA 16501 • (814) 455-4481 • 1-866-MSB-ERIE • MarquetteSavings.bank

