

ENVISION the POSSIBILITIES



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Envision Possibilities. Experience Transformation

Transformation is driven by our ability to envision new possibilities. Thriving in today’s marketplace means we have to embrace change and become more agile, so we’re looking ahead and welcoming a limitless landscape of exciting potential.

PSCU is 1,500 credit unions strong, representing 3.8 billion unique transactions per year. We’ve served our Owners with savings of \$263 million in potential fraud dollars – and they’ve served us with the inspiration to transcend a changing industry.

Through innovation, service excellence, digital growth and security, we are stewarding the field of possibilities – not just for ourselves, but for each of you in our commitment to pursuing deeper engagement with our Owner credit unions.



PSCU by the Numbers



Delivering Possibilities

Grounded in tradition and leading in technology, PSCU is committed to sustaining our service-first heritage while advancing our position as the leading enabler of credit union digital transformation.

Over the past year, we leveraged our organizational strengths to proactively execute on our long-term strategic plans and capitalize on new growth opportunities. From fully customizable applications that deliver a seamless user experience, to elevated platform capabilities that create new efficiencies, PSCU is innovating, investing in and transforming our business for our Owners.

Our Commitment

PSCU recently announced a multi-year investment of \$100 million in industry-leading solutions to benefit the 1,500 credit unions we proudly serve. These funds will allow us to accelerate technology development and operational initiatives, including modernizing existing infrastructure, leveraging cloud technology and driving efficiencies through robotics and artificial intelligence. Ultimately, this investment will enable our Owner credit unions to better compete and grow.

Robust Digital Solutions

Announced last year, Lumin Digital is now delivering secure, personalized banking experiences for our Owners. This innovative, cloud-based platform has been successfully launched at several of our credit unions; and as part of our multi-year investment, we

have recently dedicated \$35 million in additional funding to Lumin Digital. This investment will not only accelerate the delivery of new platform capabilities for retail and business banking, it will aid in the buildout of delivery infrastructure to support credit union growth opportunities.

Expanded Growth Strategies

As part of PSCU's promise to deliver possibilities that meet our Owners' strategic needs, we're continuing to provide the best APIs and market-differentiating analytics through our business intelligence and analytics platform. Collectively, these investments, coupled with the strategic consulting support of Advisors Plus, are helping us provide you with the experiences that elevate member engagement and fuel your growth.

Best-in-Class Security

PSCU's risk management operations remain the strongest in the industry, giving our Owners powerful data protection that preserves relationships with members and provides optimal payment experiences. In fiscal year 2019, our market-leading security practices saved Owners over \$263 million in potential fraud dollars, helping to mitigate countless business interruption events. Security remains a top priority for our Owners, so PSCU will continue to invest in sophisticated data, network and cybersecurity infrastructure tools to safeguard credit unions from threats.



Chuck Fagan
President and CEO



Cathie Tierney
Chair, Board of Directors

Innovating to Drive Optimal Experiences

PSCU is focusing on a multi-year initiative to drive efficiencies through robotic process automation and recently implemented our first "bot" to automate rate changes for our Owners. Additionally, we are optimizing our fraud chargeback and risk management processes to provide real-time case management status. These initiatives reinforce our commitment to drive scalability and provide the best service to our Owners.

PSCU's transformation is profound, yet we remain committed to delivering on our core set of values, focused on service and supporting the credit union industry. Our clarity of purpose will lead us to imagine what's possible and to deliver on that promise – for you, our Owners. We have never been more energized by what the future holds and by what our traditions uphold for the credit unions we proudly serve.

Chuck Fagan Cathie Tierney

PSCU Board of Directors



Cathie Tierney
Chair
Community First CU
President/CEO



Sean Rathjen
Vice Chair
Consumers CU
President/CEO



Frank Weidner
Treasurer
Wings Financial CU
President/CEO



Andrew Rosen
Secretary
Hawaii State FCU
President/CEO

PSCU relies on the experience, vision and leadership of its Board of Directors to provide our cooperative with responsible governance, and bolster our efforts to help credit unions compete and prosper. Composed of Owner CEOs, each member of the Board acts on behalf of all Owners to create and maintain a vision that best serves our constituents and their respective communities.



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Past Chair
Citadel FCU
President/CEO



Craig Esrael
Board Member
First South
Financial CU
President/CEO



Gene Foley
Board Member
Harvard University
Employees CU
President/CEO



Cathy Pace
Board Member
Allegacy FCU
President/CEO



Amy Sink
Board Member
Interra CU
President/CEO



Kit Snyder
Board Member
Consumers CU
President/CEO



Rob Stuart
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OnPoint
Community CU
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Mark Robnett
Associate Director
Justice FCU
President/CEO



Chris Shockley
Associate Director
Virginia CU
President/CEO



Nathanael Tarwasokono
Associate Director
Firstmark CU
President/CEO



PSCU Executive Team

PSCU is uniquely positioned to deliver service excellence to our Owner credit unions as the nation's premier payments CUSO. With a focus on innovation and a foundation in "people helping people," we connect our Owners to new worlds of possibilities and provide growth opportunities that are driven by the evolving needs of your members.



Pictured from left to right:

Tom Gandre EVP, Chief Operating Officer	Lynn Heckler EVP, Chief Talent Officer	Scott Wagner EVP, Chief Revenue Officer	Dean Young EVP, Chief Experience Officer	Brian Caldarelli EVP, Chief Financial Officer	Chuck Fagan President and CEO
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Market Trends — *Eye on Payments* Study Results

At PSCU, we remain steadfast in maintaining a pulse on consumer behavior, payments trends and the overall industry to drive the development of innovative solutions that will benefit our Owners and their members.

Key Findings: Consumer Payment Preferences 2019

For the second year in a row, PSCU published *Eye on Payments*, a consumer research study that helps credit unions gain a better understanding of the factors that influence consumers when it comes to their payment choice and usage.

More than 1,750 credit union members and other financial institution consumers from across the United States were surveyed, with participants ranging in age from 18 to 65+. The demographic characteristics of those surveyed align with consumer data from CUNA's 2019 Member Profile.

Convenience Trumps Security for Consumer Payment Choice

In 2018, consumers were most motivated by two primary needs: safety and convenience. This year, consumers' needs shifted. Convenience and ease of use trumped security in 2019 and were reported as the main drivers behind consumer choice of payment method.

Safety Still Matters

Nearly four in 10 credit union members and other financial institution consumers agree they make decisions about how to pay for something based in part on which is the most secure. Seven out of 10 reported using mobile phone alerts to manage their cards.

Credit union members choose debit cards for ease, convenience and comfort of use.



Consumers Choose Debit

Consumer preference has gravitated from credit to debit since last year. In 2019, the preferred tender for both credit union members and other financial institution consumers was debit (45%), compared to 2018 results with a preference toward credit (44%). Debit cards were preferred across all generations, at the majority of purchase locations and in most retail situations.

Debit is Trusted for Online Purchases

Ninety-six percent of all survey respondents report making online purchases at least a few times per year. Additionally, over one-fourth of credit union members report using a mobile app for order-ahead food purchases at least a few times a month, and two-thirds use a streaming service like Netflix or Hulu. Overall, consumers prefer to pay for online purchases, order-ahead food and streaming services with a debit card.

Contactless Cards Primed for Rapid Adoption

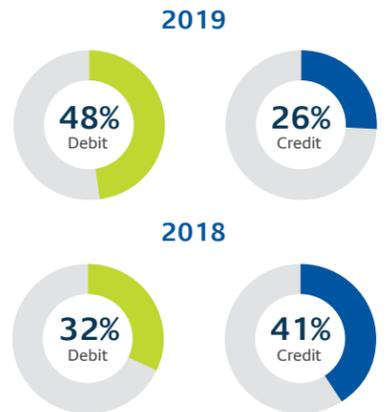
About one-fourth of consumers have a contactless card and use it at least a few times per month. Of those that have and use a contactless card, convenience, ease/speed of use and security are the primary motivators.



When it Comes to Rewards, Consumers Want Choice

Seventy-five percent of consumers receive rewards or benefits on their credit and/or debit cards. While cash back is the most common reward offering consumers currently have, they want choice – like lower interest rates, waiving of an annual fee or points that can be used for online shopping or travel.

Preferred tender of credit union members





ENVISION DIGITAL POSSIBILITIES

Digital experiences set the standard for credit union member engagement, and PSCU is on the cutting edge of digital transformation. Our fast, reliable and secure digital solutions deliver a seamless experience for our Owners and their members.



LUMIN PLATFORM

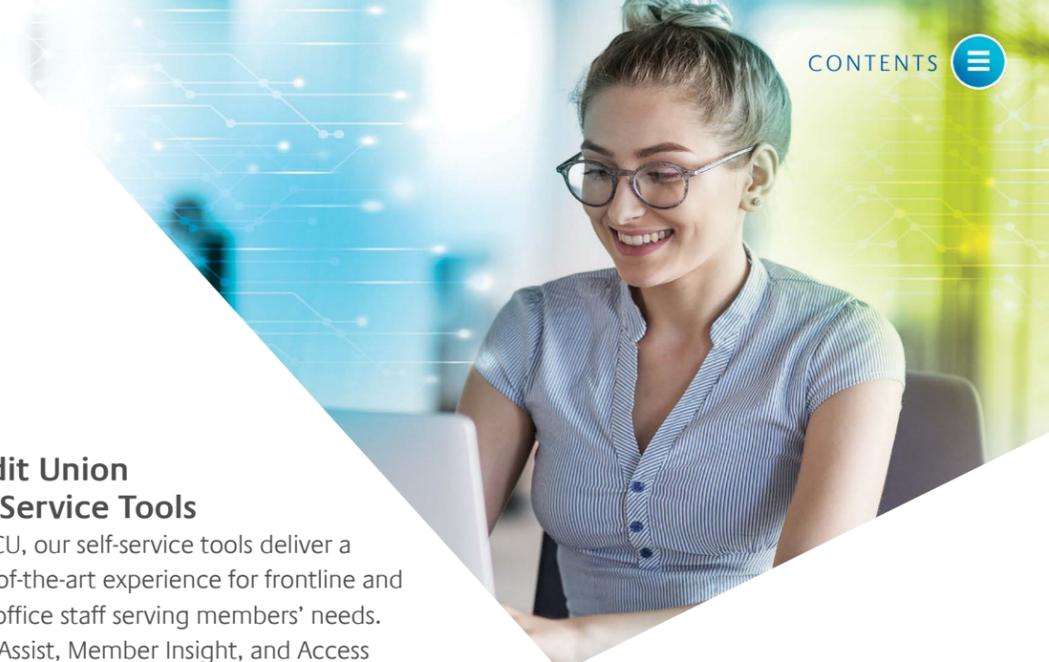


Digital Banking, Personalized Experiences

- Card Activation
- Card Controls
- Card Replacement
- Bill Pay

Eighteen months after the formation of Lumin Digital, PSCU's proprietary, cloud-based digital banking platform, we have announced the investment of an additional \$35 million over the next three years to accelerate the development and utilization of this solution.

Differentiated as technology built for human connection, Lumin Digital has already launched with several Owners, resulting in the conversion of 80,000 individual and 5,000 business members. Many more Owners are in queue to launch this fiscal year as Lumin Digital continues to deliver new platform capabilities for retail and business. Providing a customized member experience that rivals big banks, we are excited about the momentum this platform continues to generate for our valued Owners.



Mobile Enhancements

The delivery of an agile, integrated mobile card management platform for our credit unions and their members is a priority for PSCU. Our continued enhancements to the DX Mobile application streamlines card management tools to provide a seamless member experience.

Digital Talent

Digital transformation is much more than just technology – our workforce has to be prepared for its impact. PSCU is investing in the recruitment and retention of top industry talent, and aligning our existing teams to serve our credit unions with consultative, digital payments expertise.

Our new Digital Transformation Champions Program is part of our ongoing commitment to drive a digital mindset and fluency across our organization. This program not only provides an outstanding development opportunity for employees selected – it helps us future-proof our business.

Credit Union Self-Service Tools

At PSCU, our self-service tools deliver a state-of-the-art experience for frontline and back-office staff serving members' needs. QuickAssist, Member Insight, and Access Point Admin are just a few of the ways we are delivering on-demand, integrated support tools for member-facing staff that feature a streamlined look and feel.

ENVISION UNPRECEDENTED GROWTH

Steady growth requires the right tools, talent and technology, and PSCU remains squarely focused on these areas to deliver on key investments for our Owners. Our expanded suite of analytics tools, rewards incentives, card payments programs and nationally recognized consulting and marketing services collectively fuel revenue growth and member satisfaction.



Integration and Connectedness

The gathering and sharing of data across multiple systems is a critical part of PSCU's scalable evolution, including the following rapid integration advancements:

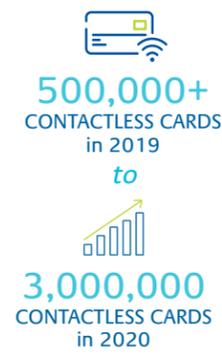
 **Lumin Digital** has successfully integrated with PSCU digital card management products and other third-party solutions to provide a best-in-class member experience.

 **Linked Analysis** has created a 360-degree view of member activity across multiple platforms to prevent fraud before it occurs.

 **Data eXchange** has continued to expand, adding 18 APIs in 2019, allowing our Owner credit unions to power connections to provide a seamless member experience.

Contactless Cards Open More Payment Choices

In 2019, PSCU distributed more than 500,000 contactless cards to members from over a dozen Owner credit unions through natural reissuance. In 2020, we are poised to produce more than three million new contactless plastics and deliver them to more than 100 credit unions to support natural and mass reissuance strategies. As more merchants adopt Near Field Communication (NFC) technology and begin accepting tap-and-go forms of payments, the number of consumers using contactless is expected to increase.



Experiential Loyalty Program

PSCU's new CU Rewards Loyalty platform, driven by member choice and experience, is helping place our Owners on a trajectory for long-term growth. This initiative aligns with the findings from this year's *Eye on Payments* study, where six in 10 survey respondents reported wanting rewards options that extend beyond cash back.

Advisors Plus Drives Growth Opportunities

The Advisors Plus consulting arm of PSCU delivers a hands-on approach to helping credit unions achieve higher ROI and grow their portfolios.

Earlier this year, Advisors Plus helped  PSCU Owners experience a 31% growth in total transactions and a 46% increase in total sales volume during Amazon Prime Day, the biggest e-commerce event of the year. This growth was the result of numerous promotional programs Advisors Plus made available to credit unions to help ensure that their cards were top-of-wallet during this event.

The Advisors Plus strategic consulting and campaign automation platform enables our Owners to improve credit union profitability by analyzing and delivering the information our Owners need to remain competitive in today's rapidly evolving landscape.



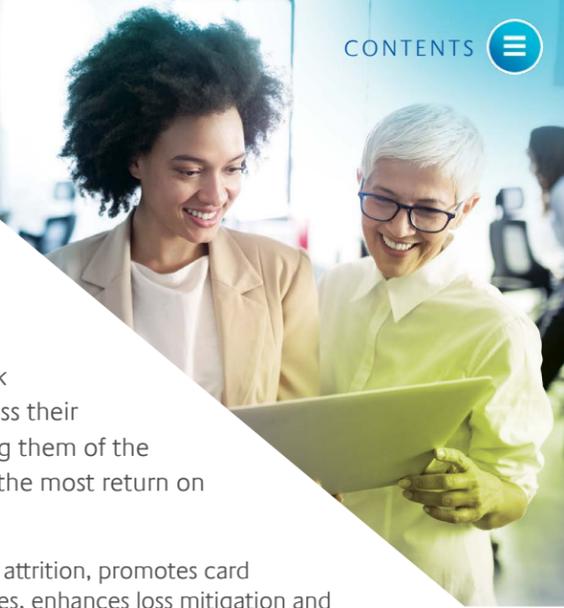
Business Intelligence and Analytics

PSCU's expanded business intelligence and analytics solutions are hard at work helping Owners more effectively address their members' specific needs, and informing them of the products and services that can deliver the most return on their investments.

- **Predictive Analytics** reduces member attrition, promotes card activation, improves net promoter scores, enhances loss mitigation and builds targeted over-limit authorization strategies for Owner credit unions.
- **Member Insight** provides powerful dashboards and supports extensive report generation capabilities, helping Owners drive actionable growth strategies.

Jack Henry Financial Institution Migration to PSCU Platform Maintains Pace

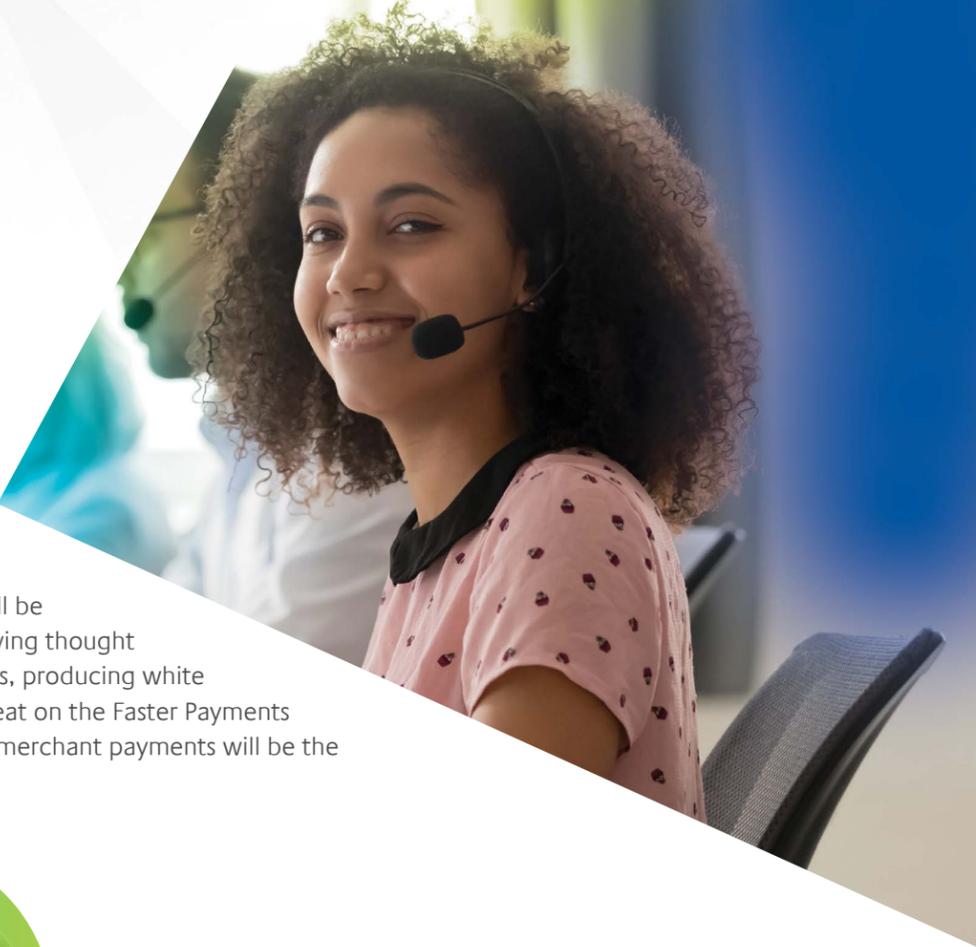
As we conclude the second year of our partnership with financial technology provider Jack Henry, we remain on pace with the migration of its financial institutions to the PSCU platform. Through the end of the 2019 fiscal year, we converted 563 institutions with 8.5M accounts to the PSCU experience. This partnership with Jack Henry continues to expand our addressable market, drive growth and add scale, giving us the opportunity to reinvest in PSCU technology and solutions for the long-term benefit of Owners.



ENVISION DEEPENED ENGAGEMENT THROUGH INNOVATION

As PSCU continues to grow and evolve in our rapidly changing industry, we remain committed to providing an unparalleled experience for our Owners and their members. With that in mind, PSCU continues to invest in innovation across the organization that will deliver efficiencies and positively impact the experience for all constituents.





Automation

PSCU recently announced partnerships with both NICE Actimize and Lean Industries that will leverage artificial intelligence (AI), robotic process automation (RPA) and machine learning to innovate our disputes management process. The outcome of this multi-year endeavor will be a centralized and streamlined disputes management platform that will expedite fraud case management and optimize interactions between contact center agents and credit union members.

Faster Payments

While Faster Payments has been a key industry topic for a number of years, payment modernization is gaining momentum and more options will be available for credit unions in the near future. PSCU is at the forefront in driving thought leadership and helping credit unions navigate these new payment methods, producing white papers on the topic and sharing key information gleaned through PSCU's seat on the Faster Payments Council. Modernizing bill payments, person-to-person (P2P) payments and merchant payments will be the primary drivers of change for credit unions.



Contact Center

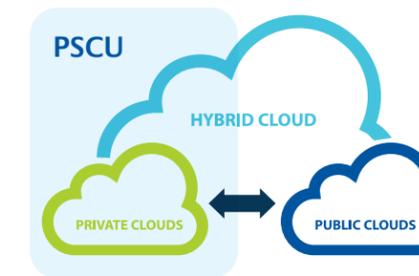
Our investment in contact center innovation, through both our RPA and workforce optimization initiatives, allows us to improve and automate member service operations while enhancing interactions between contact center agents and credit union members.

Through our recently announced partnership with Jacada, which provides hybrid RPA capabilities to support end-to-end member service interactions across both self-service and agent-assisted use cases, PSCU agents can avoid logging into multiple systems and spend more time interacting with members.

As a leader in the credit union contact center space, PSCU continues to provide its agents with the tools they need so they can focus on what's important – the member experience.

Cloud Strategy

Cloud adoption will quickly accelerate and become the dominant infrastructure model in the financial industry. PSCU has made significant investments in cloud and underlying technologies, with the goal of having a robust, hybrid cloud infrastructure by 2021 to accelerate speed-to-market for solutions, strengthen security and improve data center elasticity.





ENVISION A SAFER TOMORROW

Risk management in an era of ever-emerging threats demands vigilance, and PSCU delivers on our pledge to protect our credit unions and their members. We continue to lead the industry in the security infrastructure tools and practices that safeguard sensitive data from fraud while preserving the member experience.



PSCU's Linked Analysis, state-of-the-art alerts and controls, dark web monitoring, advanced Pindrop technology and highly-trained security analysts are just a few of the ways we continue to minimize credit union exposure to business interruption events and protect our Owners from loss.

PSCU Risk Management Solutions at a Glance

- **State-of-the-Art Alerts and Controls** – Empowers members with the ability to personalize and secure payments through integrated account alerts.
- **Pindrop Authentication** – Reduces fraud loss by analyzing nearly 1,400 unique characteristics of a call to create a detailed audio fingerprint that distinguishes malicious behavior from legitimate member activity.
- **Linked Analysis** – Protects members by sourcing data across multiple channels to stop fraud before it happens.
- **Disputes Management** – Resolves disputed credit and debit transactions quickly to enhance the member experience.
- **Cybersecurity** – Offers dark web monitoring to mitigate and close the risk gaps that pose the greatest cyber threats to credit unions' operations.
- **Enhanced Fraud Services** – Proactively fights fraud with customized strategies from PSCU's fraud intelligence consultants to reduce credit union risk and preserve member trust.

In 2019, we saved Owners over \$263 million in potential fraud dollars, and are proud to consistently deliver one of the most robust fraud management programs in the industry. Our Enhanced Fraud Services not only reinforce member trust, they protect credit union profitability.



How We Fight Fraud:


Monitored
3.8 billion
transactions


Generated
3.3 million
fraud alerts to
initiate investigation


Processed
466,000
fraud cases


Stopped over
\$263 million
in fraudulent
transactions


Achieved
6:1
false positive ratio vs.
industry average of 12:1


\$77.5 million
saved due to
chargebacks

ENVISION THE POSSIBILITIES OF “PEOPLE HELPING PEOPLE”

There is no better way to tell the credit union story than to live it – to be part of the communities we serve and share our passion for improving the financial lives of credit union members. “People helping people” is more than just the premise on which credit unions were built – it’s a testament to the communal values that sustain us.



CONTRIBUTED **\$1 million+** TO INDUSTRY & LOCAL COMMUNITIES

Making the Connection

To date, over 1,000 PSCU employees have completed the Credit Union Principles and Philosophies course, developed in partnership with the National Credit Union Foundation to educate our employees with first-hand exploration into credit unions' origin and purpose. By advancing PSCU employees' credit union acumen and growing the number of Credit Union Development Educators, we are ensuring a stronger future for our industry.

Credit Union Advocacy

Championing and advocating for credit unions is a key component of the PSCU mission. That's why we are proud of PSCU's leadership participation in the payments sector and credit union industry boards and committees that exist today:

- Visa
- Mastercard
- STAR/Fiserv
- CULedger
- Federal Reserve Faster Payments Council
- National Credit Union – Information Sharing & Analysis Organization
- National Credit Union Foundation
- National Association of Credit Union Service Organizations
- Credit Union Executive Society
- Credit Union National Association
- Credit Union Student Choice
- Ongoing Operations

Contributions and Credit Union Causes

PSCU has contributed over \$1 million to foundations and causes that our Owners support, including veterans, children's healthcare, financial wellness, cancer prevention, heart health and entrepreneurial spirit.

In keeping with PSCU's commitment to community, we continue to mobilize resources to help credit unions and individuals impacted by natural disasters and other crises, providing support and sponsorship of the following:

- **Credit Union Cherry Blossom Ten Mile Run** – This annual Washington, D.C. event benefits the Children's Miracle Network, and showcases the important role that credit unions play in our communities to our nation's elected officials.
- **America's Credit Union Museum** – Our support of the interactive CUSO exhibit at this Manchester, N.H. museum helps bridge a quintessential link between the present payments landscape and the historic role CUSOs have played in the progression of our industry.
- **Filene Research Institute** – PSCU supports the actionable research conducted by Filene that is accessible to all credit unions, enabling relevancy and competitive differentiation.



Championing Inclusion and Diversity

PSCU is leading the way in Inclusion and Diversity efforts within the industry by sponsoring and supporting the following affiliates:

- World Council of Credit Unions' Global Women's Leadership Network
- African American Credit Union Coalition's Women's Power Series
- National Association of Latino Credit Union Professionals

From within, we proudly support our Employee Resource Groups and the engaging avenues they provide for employees to connect through common backgrounds, beliefs and demographics to best serve our credit unions.





ENVISION GREATER CREDIT UNION PROSPERITY

PSCU's strong financial performance in 2019 supports our latest multi-year investment of \$100 million to bolster the ongoing success of our cooperative. The achievement of several key milestones continues to drive accelerated financial performance with consolidated revenue growth rates of 15.5% on a year-over-year basis.

Management Discussion and Analysis

These accomplishments place PSCU on a trajectory for sustained, long-term growth, and help ensure prosperity and continued investment to benefit our Owner credit unions and their members, both now and in the future.

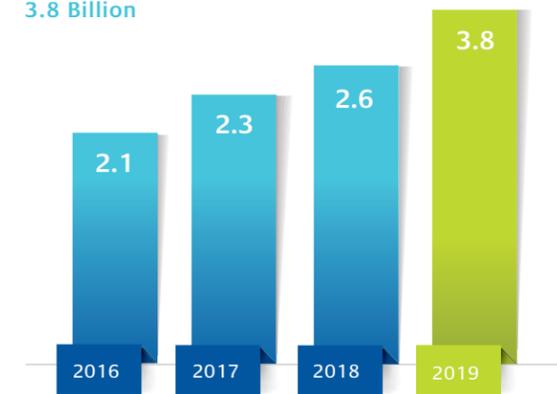
Accounts
32.7 Million



Revenue
\$556.3 Million



Transactions
3.8 Billion



Capital Spend
\$30.5 Million



PSCU continues to drive accelerated financial performance with consolidated revenue growth rates of 15.5% on a year-over-year basis. These accomplishments place PSCU on a trajectory for long-term growth ahead of strategic plan levels.



*Represents annual amounts

Envision Your Voice Represented

PSCU values the voices of our Owners and appreciates the role our Advisory Group credit unions play in guiding our cooperative. Their input shapes the direction of our continuous efforts to improve our solutions, technology and service.

Risk Advisory Group

Naureen Ali, Pentagon FCU
Stacy Bausch, BCU
Brandon Barhorst, State Department FCU
Joey Doricent, Harvard University Employees CU
Cori Friedrich, Citizens Equity First CU
Grant Garber, Virginia CU
Millie Garland-D'Aprile, Mission FCU
Stephanie Gustin, Consumers CU
Mark Leita, Firstmark CU
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Wylie Wood, Founders FCU

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Royce David, First Tech FCU
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Matt Garlick, Delta Community CU
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Peter Mazurkiewicz, Grow Financial FCU
Precious McCloud, Truliant FCU

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Suzanne Dusch, Addition Financial FCU
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Oma George, Andrews FCU
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Jonathan Hanson, Community First CU
Tim Kosak, Consumers CU
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Christopher Danvers, American Airlines FCU
Phil Drewes, TruMark Financial CU
Pam Gilmore, Founders FCU
Michelle James, Pen Air FCU
Colleen Laddey, Security Service FCU
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Melody Malcom, Citizens Equity First CU
Edyta Martula, Polish & Slavic FCU
Kate Rogers, University of Illinois Community CU
Jill Thomas-Aviles, JAX FCU

Technology Advisory Group

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Timothy Elmore, Bank-Fund Staff FCU
Mark Hufnagel, Corning CU
Rob Keatts, Chartway FCU
Tom Kuang, Schools Financial CU
Rick Long, PSECU
David Mason, Wings Financial CU
Floyd Matsuda, State Department FCU
Angela Moran, California Coast CU
Art Peters, Dow Chemical Employees' CU
Leanne Phelps, State Employees' CU
Michael Trantum, DuPont Community CU
Jay Wolohan, Holyoke CU

Separate Entity Focus Group

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Kim Dunham, Citizens Equity First CU
Donna Janiczek, Credit Union ONE
Darla Kolbas, Peninsula Community FCU
Melissa Lyons, Allegacy FCU
Sarissa Markowitz, UMassFive College FCU
Vivien Powell, NuVision FCU
Andrea Railey, MidFlorida CU





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