



# 2023

## Annual Report

**SERVICE**  
**CREDIT UNION**  
★ ★ ★ ★ ★

## Senior Leadership

David Araujo  
President/CEO

Tyler Kuhn  
Vice President – Marketing and Digital Strategy

Jeff Benson  
Chief Technology Officer

Tye Jacobson  
Vice President – Overseas Operations

Michael Dvorak  
Chief Financial Officer

Meghan Leach  
Vice President – Retail Banking

May Hatem  
Chief People Officer

Tyler Pihl  
Vice President – Enterprise Risk

Mark O'Dell  
Chief Retail Officer

Mike Porter  
Vice President – Operations

## Board of Directors and Supervisory Committee

### BOARD OF DIRECTORS

Scott Wensley, Chair  
Susan Desjardins, Vice Chair  
Daniel Egan, Secretary  
Michael McMahan, Treasurer  
Joanne Whiting, Director  
James Fishbein, Director  
Mark Sievwright, Director

### SUPERVISORY COMMITTEE

Thomas Lynch  
Ramey Sylvester  
Richard Hartley  
Danielle Thiemeyer  
Daniel Egan

## Mission

Doing what is right for our members by:

- Improving financial well-being,
- Supporting communities we serve, and
- Creating value and enduring relationships.

## Vision

Utilizing the cooperative principles, we will be a trusted partner providing services and resources that optimize the financial well-being of our members while contributing to the communities in which they live.

As not-for-profit cooperative financial institutions, credit unions elect Board of Directors officials who volunteer their time and talent to serve the credit union. At Service Credit Union, the Board of Directors then appoints the members of the Supervisory Committee.



# Report of the Board Chair and President/CEO

It is with great pleasure and gratitude that we reflect on the journey we have taken together in 2023. Over the past year, Service Credit Union continued its unwavering commitment to you, our valued members. As we look back on the achievements and milestones of the past year, we are excited to share with you the progress we have made and the exciting initiatives we have in store for the future.

Since January 2023, the Service CU Impact Foundation has raised more than \$1,000,000, including \$250,000 raised from its second-annual Spring Gala to benefit homeless shelters across New Hampshire, and more than \$460,000 from the 4th Annual Golf Charity Classic, which will go toward supporting veteran service organizations in New England and beyond. The foundation's scholarship program also helped 19 high school seniors and 12 adult learners fund their higher education.

In spring of 2023, we expanded our longtime partnership with the USO to support their mission in the United States as well as abroad, including sponsoring the 2023 USO Boston Marathon team. Later in the year, we kicked off a partnership with the Special Olympics of NH (SONH), and are excited to continue to support them in the years to come.

We have expanded our giving efforts to support our first responders, a crucial part of our member base. As part of this effort, we teamed up with Boston defender Charlie McAvoy for our "73 Reasons" campaign, to highlight 73 reasons to defend those who fearlessly answer the call to serve and protect. With first responders at a much higher risk for heart disease and cancer, we have committed to donating \$200,000 toward screenings for these diseases.

To better serve our members in New Hampshire, in July 2023, we opened new branches in Epping and Concord. These new branch locations provide a more convenient, state-of-the-art banking experience.

Our efforts in 2023 led us to be named one of NerdWallet's Top Credit Unions, the top credit union in the Seacoast Community Choice Awards and the top financial institution in Stars and Stripes' Best of Germany publication.

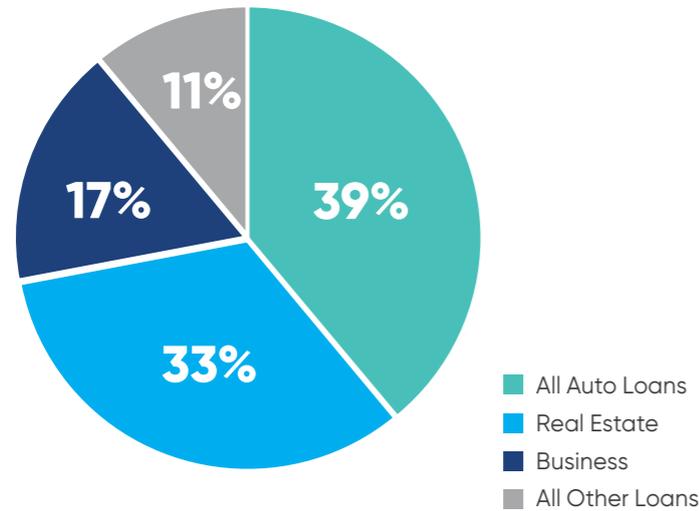
In 2024, we plan to continue enhancing our banking experience in-branch, over the phone and via our mobile app by making use of the latest technology to make our members' lives easier.

Thank you for your membership and continued support.  
Very sincerely yours,

Scott Wensley, Board of Directors Chair  
David Araujo, President/CEO

# By the Numbers

## 2023 Loan Portfolio Breakdown



## Highlights from the Statement of Financial Condition

Loans outstanding up 6.13% at \$4.48 billion

Share capital up 2.17% at \$4.63 billion

Total assets up 5.82% at \$5.47 billion

Total reserves and undivided earnings up 7.60% at \$629.1 million

## Members 354,583

2023	354,583
2022	342,350
2021	331,754

## Assets \$5.47 billion

2023	\$5,473
2022	\$5,173
2021	\$5,192

in millions

## Shares \$4.63 billion

2023	\$4,633
2022	\$4,534
2021	\$4,461

in millions

## Loans \$4.48 billion

2023	\$4,480
2022	\$4,221
2021	\$3,677

in millions

**Members earned \$64,777,181 in dividends in 2023, up 140% from 2022**

### 2023 Classification of Loans Outstanding

Degree Of Delinquency	Number	Amount	Other Assets	Delinquency
Current	192,744	\$4,398,661,623	\$0	\$4,398,661,623
Less Than 2 Months	4,753	\$76,270,309	\$0	\$76,270,309
2 To Less Than 6 Months	1,483	\$20,906,156	\$0	\$20,906,156
6 Months +	3	\$259,489	\$0	\$259,489
<b>Total Loans</b>	<b>198,983</b>	<b>\$4,496,097,577</b>	<b>\$0</b>	<b>\$4,496,097,577</b>

Unaudited

### 2023 Statement of Reserves and Retained Earnings

	Statutory Reserves	Unappropriated Retained Earnings	Unrealized Gain or Loss on AFS	Other Comprehensive Income	Total
Balance 12/31/2022	\$17,043,124	\$567,600,595	(\$29,147,746)	(\$18,998,388)	\$536,497,585
Mergers & Acquisitions	\$141,723	(\$40,273)			\$101,450
Unrealized Gain/Loss AFS			\$7,176,671		\$7,176,671
Net Income		\$54,537,498			\$54,537,498
CECL Implementation Adjustment		(\$10,152,222)			(\$10,152,222)
Fas 158 Pension Adjustment				\$6,402,624	\$6,402,624
<b>Balance 12/31/2023</b>	<b>\$17,184,847</b>	<b>\$611,945,598</b>	<b>(\$21,971,076)</b>	<b>(\$12,595,764)</b>	<b>\$594,563,606</b>



## Treasurer's Report

The annual report to the membership contains complete statements of Service Credit Union's financial condition, income, reserves and retained earnings for 2023.

Your money is safe and secure at Service Credit Union. Our members' shares are insured up to \$250,000. We follow state and federal laws pertaining to operations.

The credit union undergoes regular federal, third-party CPA and internal examinations. We are recognized for our safety and soundness and have received the highest score from BauerFinancial, the nation's leading independent provider of ratings and analyses of financial services companies.

In 2023, we grew our membership by 3.6% to 354,583, and loans outstanding by 6.1% to \$4.48 billion. Members earned \$64,777,181 in dividends in 2023, up 140% from 2022. Total assets were up 5.8% at \$5.47 billion.

In summary, the strong commitment and expertise of our Board of Directors, Supervisory Committee and our professional management team ensures that Service Credit Union remains a sound financial institution.

We will remain vigilant representatives of our members' interests, ensuring Service Credit Union's financial soundness, as your credit union continues to provide you and your family with the highest level of member service. It is our pleasure to serve the fellow member-owners of Service Credit Union.

Michael McMahon,  
Treasurer Supervisory Committee

2023 Statement of Financial Condition		
Assets	2023	2022
Cash & Cash Equivalents	390,608,556	329,990,905
<b>Investments</b>		
(Net of Market Rate Adjustment)	349,995,062	381,343,740
<b>Loans to Members</b>		
(Net of Allowance for Loan Losses)	4,480,082,455	4,221,197,699
Accrued Interest Receivable	17,591,255	15,096,556
<b>Property &amp; Equipment</b>		
(Net of Accumulated Depreciation)	89,277,567	90,995,334
Other Assets	145,907,839	133,998,890
<b>Total Assets</b>	<b>5,473,462,734</b>	<b>5,172,623,123</b>
<b>Liabilities &amp; Equity</b>		
Notes & Interest Payable	154,642,991	30,014,467
Dividends Payable	0	0
Other Liabilities	91,717,039	71,876,318
<b>Total Liabilities</b>	<b>246,360,030</b>	<b>101,890,785</b>
Member Accounts	4,632,539,098	4,534,234,754
Reserves	17,184,847	17,043,124
Undivided Earnings	611,945,598	567,600,595
Gain/Loss AFS Investments	(21,971,076)	(29,147,746)
Gain/Loss FAS 158 Pension	(12,595,764)	(18,998,388)
<b>Total Equity</b>	<b>5,227,102,704</b>	<b>5,070,732,338</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,473,462,734</b>	<b>5,172,623,123</b>

2023 Statement of Income		
Interest Income	2023	2022
Interest On Loans	\$221,381,412	\$155,797,106
Interest On Investments	\$23,292,445	\$13,649,699
Unrealized Gain/ (Loss) on Investments	\$0	(\$4,263,628)
<b>Interest Expense</b>		
Dividends	\$64,777,181	\$27,044,812
Interest On Borrowed Funds	\$4,826,722	\$1,415,001
Provision For Loan Losses	\$30,919,271	\$15,064,648
<b>Net Interest Income</b>	<b>\$144,150,683</b>	<b>\$121,658,717</b>
<b>Operating Expenses</b>		
Compensation And Benefits	\$89,097,318	\$77,913,037
Office Operations And Occupancy	\$41,637,644	\$37,658,695
Other	\$52,407,121	\$48,582,341
Other Operating Income	\$92,647,026	\$88,825,028
<b>Non-Operating Income</b>		
Gains/Losses	\$881,872	(\$567,534)
<b>Net Income</b>	<b>\$54,537,498</b>	<b>\$45,762,138</b>



# Supervisory Committee Report

The Supervisory Committee is responsible to you, our Service Credit Union members. The committee represents the best interests of the membership by providing oversight of the Board of Directors, ensuring safe and sound business practices and confirming proper internal controls are being followed. Your Supervisory Committee is appointed by the Board of Directors from members of your credit union.

To review management practices and the credit union's financial condition, the Supervisory Committee ensures that audits are conducted on a regular basis and that established internal controls effectively maintain and protect the credit union and its members, management and employees. Service Credit Union employs an internal auditing staff to monitor day-to-day operations through audit and review. The Supervisory Committee consults with these staff members on an ongoing basis to ensure the continued integrity of the credit union's finances and reporting systems.

The comprehensive annual audit required by federal law was performed for the September 30, 2023 financial statements by an independent accounting firm. After reviewing the results of our annual financial audit, as well as many additional internal and external audits, we confidently state that Service Credit Union continues to maintain the highest possible level of financial standards. We are committed to ensuring Service Credit Union's financial soundness, as your credit union continues to provide you and your family with the highest level of member service. It has been our pleasure to serve fellow member-owners of Service Credit Union.

Thomas Lynch,  
Supervisory Committee Chair



# Product and Service Highlights

## Epping and Concord Branch Openings

In July, we opened new branches in Epping and Concord, NH that reflect our focus on digital-first, member-driven banking.

## Digital Issuance of Debit Cards

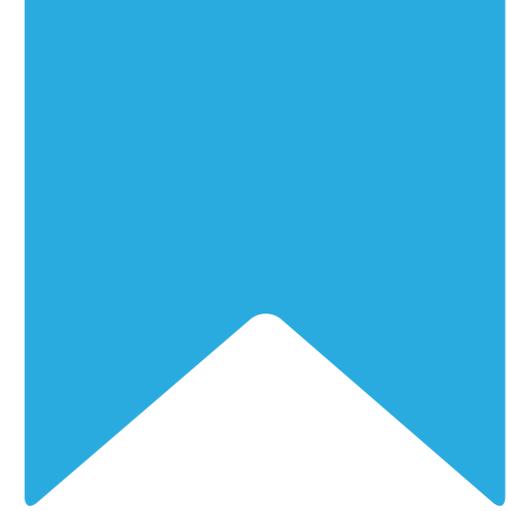
As of November, members can now add their debit cards to their digital wallets and begin using them before they arrive in the mail.

## Photo Capture of International Bill Pay

We upgraded our International Bill Pay service so that members paying German bills may now take a photo of their bills and have all the payment details automatically updated, rather than inputting them manually.

## SMS Text Alert Program

In December, we launched our SMS text alert program, which allows members to opt in to receive SMS texts regarding account updates, upcoming payments, and other important information.



## Awards

Small Business Administration (SBA)  
Credit Union of the Year

Best of the Seacoast

Stars and Stripes' Best of Germany

CUNA Diamond Award – Project Elf

NEFMA (New England Financial Marketing  
Association) Awards – Project Elf

NerdWallet's Best Credit Unions of 2023





# Community Highlights

For more community giving highlights, check out our [2023 Community Impact Report](#).

## Service CU Impact Foundation

The Service CU Impact Foundation, the philanthropic arm of Service Credit Union, donated more than \$460,000 to veteran organizations nationally and locally through its fourth-annual Golf Charity Classic, provided \$100,000 in scholarships to members and family of members pursuing higher education, and raised over \$255,000 to support homelessness in NH through its second-annual Spring Gala.

## USO Partnership

Together with the USO, we donated thousands in gift cards, care packages and holiday meals and sponsored a multitude of events to boost morale and build community. We also joined the USO in packing taste-of-home kits for deployed soldiers, at the USS Constitution Museum in Boston, and cheered on the USO Boston Marathon team the following week.

## 4th of July with Robert Irvine

Service CU was proud to underwrite a 4th of July event overseas at USAG Ansbach with celebrity chef Robert Irvine. Nearly 1,500 service members and their families were treated to a BBQ to celebrate Independence Day while away from home.

## Branch Drives

U.S. branches held collection drives for local nonprofits, collecting nearly 5,000 items.

## Special Olympics NH Cornhole Tournament

Nearly 40 Special Olympic athletes were paired with Service CU staff to compete in an inaugural cornhole tournament hosted at our corporate headquarters. The day ended in a \$10,000 donation to the Special Olympics NH.

## GATHER Thanksgiving

We served Thanksgiving meal supplies to 1,435 individuals and 489 families.

## Stay Warm

Now in its fourth year, Service CU increased its Stay Warm contribution from 5,000 to 6,000 bags packed with a hat, scarf, gloves, and a blanket that were given to 35 nonprofits for distribution in their local communities.

## Project Elf

For the second year in a row, Service CU elves shopped at 11 locally owned NH toy stores, purchasing over 4,000 toys, spending over \$80,000 to donate to the NH State Police Toys for Tots effort.

## Adopt a Nonprofit

All NH branches chose a local nonprofit to make a holiday donation to, helping with wish list items.





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