

2022

Annual Report



Senior Leadership

DAVID ARAUJO,
President/CEO

MICHAEL DVORAK
Senior Vice President – Accounting/Finance

GEOFFRY GILTON
Senior Vice President – Technology

MAY HATEM
Vice President – Human Resources/Training

TYE JACOBSON
Vice President – Overseas Operations

TYLER KUHN
Vice President – Marketing and Digital Strategy

MEGHAN LEACH
Vice President – Retail Banking

MARK O'DELL
Vice President – Lending

TYLER PIHL
Vice President – Internal Audit

MICHAEL PORTER
Vice President – Operations

Board of Directors and Supervisory Committee

BOARD OF DIRECTORS

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

SUPERVISORY COMMITTEE

Thomas Lynch
Ramey Sylvester
Richard Hartley
Dr. Jeffrey Saltz
Daniel Egan

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.

Doing what is right for our members by:

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

Mission UNION

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.

Report of the Board Chair and President/CEO

As we reflect on 2022, we are proud to say we made great strides in supporting our members, community, and staff.

We continue to put your financial wellness first, and as part of this effort, we launched our first financial wellness app, Fin-Life, in May 2022. With this free app, users can learn how to better budget, invest in their future, and change their outlook on their finances, in just a few minutes a week.

Knowing the importance of learning financial literacy from an early age, we partnered with the New Hampshire Interscholastic Athletic Association (NHIAA) and became their official credit union. In addition to sponsoring the NHIAA's Softball and Baseball State Championships, we are excited to unveil a School Spirit debit card program in 2023.

In February, we announced a three-year partnership with Swim With A Mission, who aid veterans in a variety of areas, including wellness, mental health, therapeutic, housing and employment programs. To further our giving footprint, the Service CU Impact Foundation launched its first gala event, as well as a raffle in online banking. The Inaugural Spring Gala raised more than \$105,000 to support affordable housing in NH, while the raffle raised \$80,000 toward a variety of causes supported by the Foundation, including scholarships for high school students and adult learners. In August, the foundation's 3rd Annual Golf Charity Classic raised nearly \$450,000 to support veteran organizations locally and nationally.

We have long supported the USO in their mission of being a "force behind the forces," and we have advanced this collaboration by becoming an official mission partner of the USO in Europe. This partnership helps us keep military members connected to family, home and country during their time serving, whether it's sponsoring family "Sun and Fun" events, donating meals at Thanksgiving, or distributing power banks to deployed soldiers.

As the needs of our members change, we are here to help. In the fall, we launched a Utility Loan to provide members with a fixed plan to pay off increasingly high energy bills. Additionally, Service CU staff performed random acts of kindness by surprising community members by paying for gas and groceries at check out. Earlier in the year, we partnered with Mobius Mobility to develop a special loan for their iBOT® Personal Mobility Device (PMD), a game-changer in the world of mobility that has long been inaccessible to most due to its upfront costs.

Our efforts in 2022 led us to be named Forbes' Top Credit Union in New Hampshire and Business NH's Financial Services Business of the Year, in addition to individual team member recognition by New Hampshire Business Review, the Small Business Administration and more.

We are excited to see where the 2023 chapter of our story will take us. Thank you for being a part of the Service Credit Union family. We look forward to continuing to grow together.

SCOTT WENSLEY, BOARD OF DIRECTORS CHAIR
DAVID ARAUJO, PRESIDENT/CEO



Thank You Cliff Taylor

After 44 years of volunteer service, Cliff Taylor stepped down from Service Credit Union's Board of Directors in 2022. Before serving on the Board of Directors, Mr. Taylor served two years on the Supervisory Committee from 1978 to 1980. In his more than four decades of volunteering with Service Credit Union, the organization has grown to more than \$5 billion in assets, with 50 branches in the U.S. and on military installations in Germany, serving more than 300,000 members worldwide.

Mr. Taylor has been a dedicated supporter of the credit union movement throughout his life, including decades of participation in DCUC (Defense Credit Union Council) events. He has also held many distinguished positions and given service to a number of organizations in the Portsmouth, NH Community. He is a past president of the Portsmouth Rotary Club and is a current Director Emeritus. He was awarded the Paul Harris Fellow by the club. He is a former president of the Portsmouth Chamber of Commerce, and, at the request of the Portsmouth mayor, he also served 10 years on the Economic Development Committee. Mr. Taylor also volunteered on the Board of the local Salvation Army and on the Board of Directors for the Daniel Webster Council Boy Scouts of America. He is a recipient of the Silver Beaver Award.

Mr. Taylor was the general manager of WHEB AM/FM for close to 30 years before retiring. Before coming to Portsmouth in 1960, he worked at WCNX in Connecticut and WALE in his hometown of Fall River, MA.

A proud U.S. Army Veteran, Mr. Taylor and his wife Judy are regular contributors to charities that support Wounded Warriors and paralyzed veterans.

We would like to thank Mr. Taylor for his many decades of support, and wish him all the best in his future adventures!

By the Numbers

Loans
\$4.2 billion

Shares
\$4.53 billion

Assets
\$5.17 billion

Members
342,350
members in 2022

2022	\$4,221
2021	\$3,677
2020	\$3,480

Loans in millions

2022	\$4,534
2021	\$4,461
2020	\$3,841

Shares in millions

2022	\$5,173
2021	\$5,192
2020	\$4,579

Assets in millions

2022	342,350
2021	331,754
2020	321,184

Members

2022 Classification of Loans Outstanding				
Degree Of Delinquency	Number	Amount	Other Assets	Delinquency
Current	189,460	\$4,152,421,306	(\$10,000)	\$4,152,411,306
Less Than 2 Months	4,145	\$59,492,101	(\$187,131)	\$59,304,970
2 To Less Than 6 Months	917	\$11,928,248	(\$519,519)	\$11,408,729
6 Months +	4	\$393,257	\$0	\$393,257
Total Loans	194,526	\$4,224,234,913	(\$716,650)	\$4,223,518,263

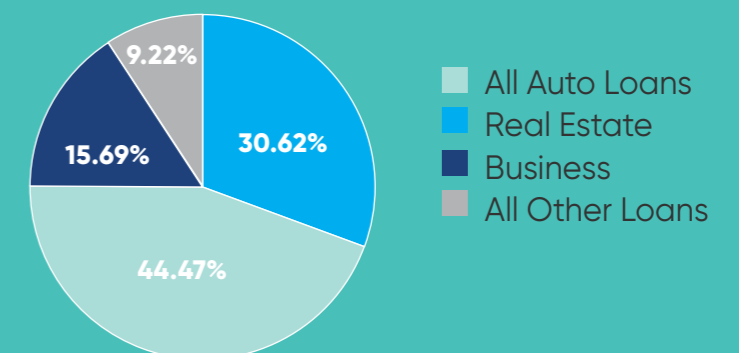
Unaudited

Highlights from the Statement of Financial Condition

- Loans outstanding up 15.46% at \$4.22 billion
- Share capital up 1.63% at \$4.53 billion
- Total assets down (0.37%) at \$5.17 billion
- Total reserves and undivided earnings up 8.49% at \$584.6 million
- Members earned \$27,044,812 in dividends in 2022, up 2.72% from 2021

2022 Statement of Reserves and Retained Earnings					
	Statutory Reserves	Unappropriated Retained Earnings	Unrealized Gain or Loss on AFS	Other Comprehensive Income	Total
Balance 12/31/2021	\$17,043,124	\$521,838,457	(\$2,527,752)	(\$16,556,638)	\$519,797,191
Unrealized Gain/Loss AFS			(\$26,619,994)		(\$26,619,994)
Net Income		\$45,762,138			\$45,762,138
Fas 158 Pension Adjustment				(\$2,441,750)	(\$2,441,750)
Balance 12/31/2022	\$17,043,124	\$567,600,595	(\$29,147,746)	(\$18,998,388)	\$536,497,585

2022 Loan Portfolio Breakdown



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 2022.

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 state, 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 2022, we grew our membership by 3% to 342,350, and our loan portfolio by 15%. Members also earned 2.7% more dividends from the prior year. In a volatile economy, our asset size remained roughly the same from 2021 to 2022, with a slight decrease of .4% from \$5.192 billion to \$5.172 billion.

In summary, the strong commitment and expertise of our Board of Directors, Supervisory and Credit Committees 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

"From NH originally, now in FL for the last 4 years. Banking is still possible without a physical location. Benefits at SCU are better than switching to a local bank. Highly recommend." – KEV, FL



2022 Statement of Financial Condition		
Assets	2022	2021
Cash & Cash Equivalents	329,990,905	716,001,762
Investments		
(Net of Market Rate Adjustment)	381,343,740	583,915,906
Loans to Members		
(Net of Allowance for Loan Losses)	4,221,197,699	3,657,754,210
Accrued Interest Receivable	15,096,556	12,059,681
Property & Equipment		
(Net of Accumulated Depreciation)	90,995,334	93,509,869
Other Assets	133,998,890	128,538,606
Total Assets	5,172,623,123	5,191,780,035
Liabilities & Equity		
Notes & Interest Payable	30,014,467	170,283,951
Dividends Payable	0	0
Other Liabilities	71,876,318	40,249,595
Total Liabilities	101,890,785	210,533,546
Member Accounts	4,534,234,754	4,461,449,298
Reserves	17,043,124	17,043,124
Undivided Earnings	567,600,595	521,838,457
Gain/Loss AFS Investments	(29,147,746)	(2,527,752)
Gain/Loss FAS 158 Pension	(18,998,388)	(16,556,638)
Total Equity	5,070,732,338	4,981,246,489
Total Liabilities & Equity	5,172,623,123	5,191,780,035

2022 Statement of Income		
Interest Income	2022	2021
Interest On Loans	\$155,797,106	\$138,772,104
Interest On Investments	\$13,649,699	\$5,071,258
Unrealized Gain/ (Loss) on Investments	(\$4,263,628)	(\$1,227,879)
Interest Expense		
Dividends	\$27,044,812	\$26,329,406
Interest On Borrowed Funds	\$1,415,001	\$3,573,352
Provision For Loan Losses	\$15,064,648	\$10,531,469
Net Interest Income	\$121,658,717	\$102,181,257
Operating Expenses		
Compensation And Benefits	\$77,913,037	\$75,238,883
Office Operations And Occupancy	\$37,658,695	\$32,710,637
Other	\$48,582,341	\$40,535,278
Other Operating Income	\$88,825,028	\$86,875,488
Non-Operating Income		
Gains/Losses	(\$567,534)	\$44,006
Net Income	\$45,762,138	\$40,615,953



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 elected 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, 2022 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.

THOMAS LYNCH,
SUPERVISORY COMMITTEE CHAIR

"Service Credit Union is definitely the way to go when it comes to auto loans for sure. Definitely recommend banking with them as well. Also amazing customer service! Just completely blown away with this bank and its community here at Rose Barracks Germany." – CAMILLO, GERMANY

"Loan covered a lot of necessities for me. Thanks. I love Service Credit Union. Everyone is so helpful and professional." – NARCO, MARYLAND

Product and Service Highlights

FIN-LIFE APP

We launched Fin-Life, a free financial wellness app that uses behavioral science and psychology to coach members to achieve financial wellness through easy, actionable and customized to-dos.

KAPAUN BRANCH RENOVATION

Our Kapaun, Germany branch received a full makeover to reflect the credit union's focus on digital-first, member-driven banking.

CENTRALIZED LENDING

We have reorganized our member service teams to create a group dedicated to processing loan requests, which has allowed us to significantly decrease loan decision time.

UTILITY LOAN

To assist members with the rising cost of energy bills, we introduced a specialized Utility Loan.

IBOT® LOAN

We partnered with Mobius Mobility to make their iBOT® Personal Mobility Device (PMD) more accessible to those who need it by offering a low-rate loan with flexible terms.

"SCU is my place for banking. The programs are above everyone else and the service is truly outstanding. I love to visit my Franklin, NH branch because the folks know who I am, what my needs are and, more important, they listen!" – PJ, FRANKLIN, NH



Awards Highlights

Forbes' Top Credit Union in NH

Financial Services Business of the Year –
Business NH Magazine

Lakes Region Chamber of Commerce –
Business Inspiration Star

AARP BankSafe Recognition Certificate

Best Credit Union in Keene, NH

SBA's Leading Microenterprise Lender
Award



Highlights

Community Highlights

SERVICE CU IMPACT FOUNDATION

The Service CU Impact Foundation, the philanthropic arm of Service Credit Union, donated nearly \$450,000 to veteran organizations nationally and locally, provided \$50,000 in scholarships to members and family of members pursuing higher education, and raised over \$105,000 to support affordable housing in NH through its Inaugural 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 provided thousands of power banks to deployed soldiers and sponsored monthly Coffee Connection events for military spouses.

STAY WARM

For the third year in a row, we teamed with local nonprofits to distribute 5,000 "Stay Warm" bags filled with cold-weather essentials to help those in need during winter.

PROJECT ELF

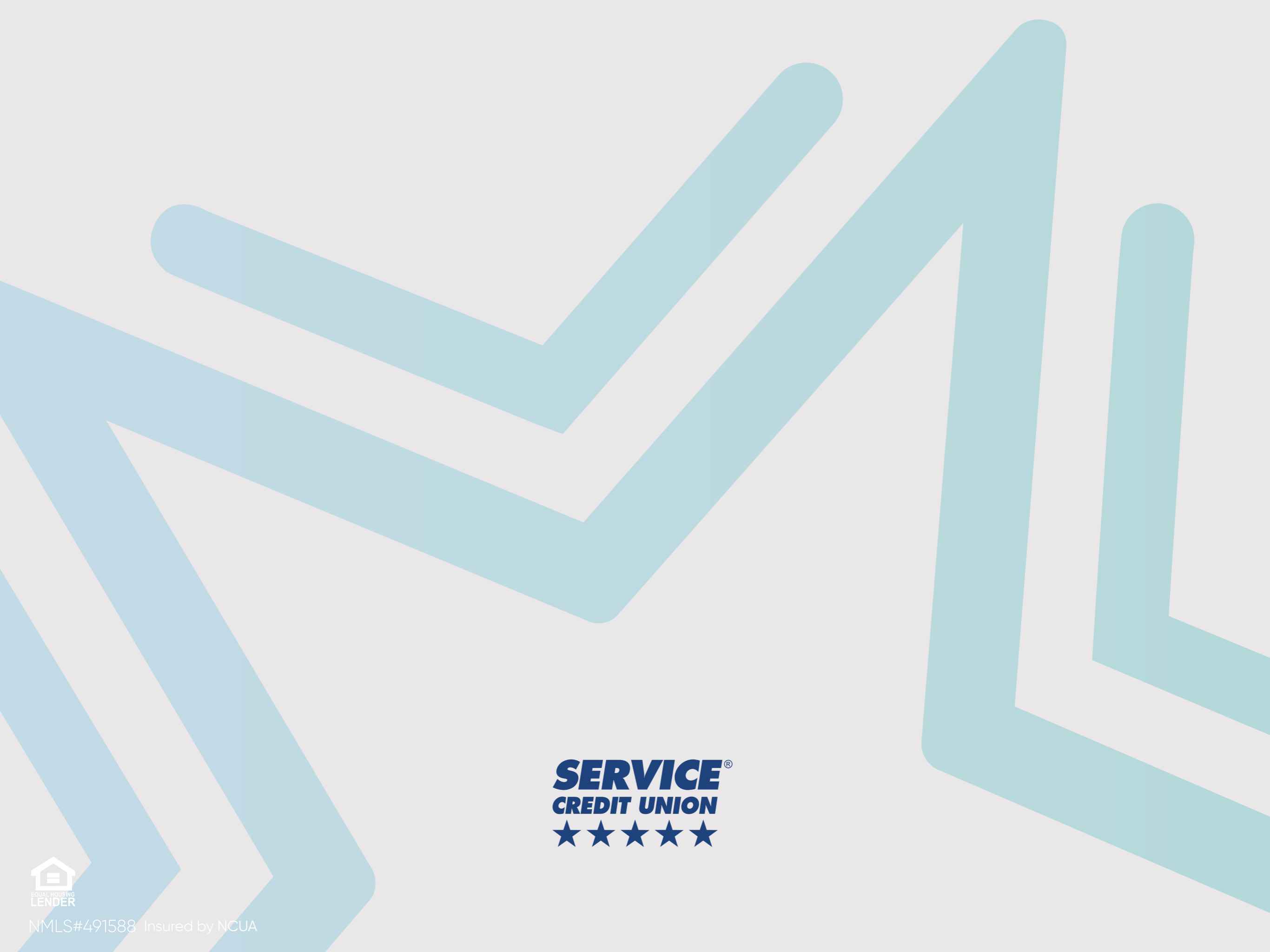
Service CU elves purchased toys at 10 independently owned toy stores throughout New Hampshire to donate to the NH State Police's Toys for Tots effort, which brings toys to children in need throughout our communities.

FOOD DONATIONS

We donated \$100,000 to the New Hampshire Food Bank and packed over 21,000 mac and cheese meals via our annual Mac Off event. We supported a total of 40 food pantries in the state and helped provide thousands of pounds of fresh produce to the Nashua area through a partnership with Grow Nashua.

"The staff is very knowledgeable and helpful. I recommended that my mother switch to SCU and she now has an account. I love the app and mobile banking." – BEBO, HINSDALE, NH





SERVICE[®]
CREDIT UNION
★★★★★



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