



# Our Community. Our Team.

SERVICE CREDIT UNION  
2019 Annual Report



**SERVICE CREDIT UNION**  
★★★★★  
READY TO SERVE

Date: 16 May 2019

Pay to the Order of **LANDSTON FLOWER HOME** \$3,000.00

## **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.

*"Our company provides a flexible, supportive, and yet challenging environment. This gives you the ability to flourish in your career and drive your own path to success."*

– Kaley Patterson, Manager, Seabrook In-Store

*"Working for a community and member-focused company that fosters a positive workplace culture is incredibly rewarding. Service Credit Union empowers employees and encourages professional development for continued job growth. The dedication of the company to its employees and to our members creates an engaging work environment and produces a valued sense of purpose."*

– Samantha England, Manager, Consumer Lending

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# Leadership Teams

As not-for-profit cooperative financial institutions, credit unions elect officials who volunteer their time and talent to serve the credit union. The credit union Board and Supervisory Committee members are nominated from the membership at large, and voted on by the members at the annual meeting.

## Senior Leadership

**David Araujo,**  
President/CEO

**Wendy Beswick,**  
Vice President - Marketing

**Dan Clarke,**  
Senior Vice President - Member Experience

**May Hatem,**  
Vice President - Human Resources/Training

**Geoffry Gilton,**  
Senior Vice President - Technology

**Tyler Pihl,**  
Vice President - Internal Audit

**Satish Mehta,**  
Senior Vice President/Chief Administrative Officer

**Michael Porter,**  
Vice President - Operations

**Fawn Terwilliger,**  
Senior Vice President/Chief Lending Officer

**Philip von Streicher,**  
Vice President - Overseas Operations

**Michael Bergeron,**  
Vice President - Logistics

As of 12.31.2019

## Board of Directors

**Joanne Whiting,** Chair

**James Fishbein,** Vice Chair/Secretary

**Scott Wensley,** Treasurer

**Major General Susan Desjardins,**  
USAF Ret., Director

**Daniel Egan,** Director

**Clifford N. Taylor,** Director

## Supervisory Committee

**Michael McMahon,** Chair

**James Fishbein,** Vice Chair/Secretary

**Thomas Lynch,** Secretary

**Deborah Schreck**

**Ramey Sylvester**



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# Report of the Board Chair and President/CEO

2019 was a rewarding and fast-paced year, full of progress and new opportunities for Service Credit Union. While we have always lived by the credit union philosophy of “people helping people,” in the past year we stepped up the idea of ownership among our members by adding and improving forward-looking products and services that reflect their changing needs.

Although 2019 got off to an uneasy start for many of our military members because of the government shutdown, we were able to provide financial certainty and support by covering missed payroll and offering a 0% APR interest loan. We are constantly looking for ways to help ease the financial burden of our enlisted members, and to that end we introduced our Readiness Pack, which couples a loan with a starter credit card for newly enlisted military members. With this product, we can help with relocation expenses they may incur and at the same time provide a means to developing credit history.

We launched our new website in the summer of 2019, which provided viewers with an easier to use interface, and provided us the ability to deliver richer content. Under the leadership of our fast-growing Fintech team, we continuously look for more opportunities to innovate and enhance efficiencies as we strive to serve our members.

To help our member-owners better manage their finances, we took a deep dive into our savings and checking offerings. We introduced new Everyday Checking and Dividend Checking accounts; the more credit union services a member uses, the more benefits they receive, including loan discounts and ATM reimbursements. We also premiered a Primary Savings Account, with 5% APY on the first \$500. With many Americans struggling to have enough saved for an emergency fund, the Primary Savings Account encourages savings with a high dividend rate.

Given the current and growing student debt crisis, we partnered with CU Student Choice to offer members the opportunity to refinance and consolidate their private and federal student loans. We also made a number of other loan enhancements to provide our members with options and tools to help build credit.

To better serve members of the busy Kaiserslautern military community in Germany, we opened a full-service branch at Kapaun Air station in July, replacing a self-service kiosk and ATM location.

Locally, we purchased a new operations building in Rochester, NH. This investment will allow our back office teams to grow for years to come in a space that is technologically up to date and easily accessible.

And finally, we are excited to announce the launch of the Service CU Impact Foundation. Supporting and giving back to our communities continue to be crucial elements of our mission. Through the foundation, we will conduct charitable activities and partner with service providers that align with our philanthropic areas of focus: education, human services, and emergency care for veterans and military. The foundation will permit us to fund and enhance initiatives beyond those that Service Credit Union itself supports, broadening our community reach and making an even larger impact for our members and the communities in which they live.

Thank you to all our members for a fantastic 2019. We look forward to an even bigger and better year ahead.

**Joanne Whiting - Board of Directors Chair**  
**David Araujo - President/CEO**



# 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 2019.

We are pleased to report that loans, shares and assets continue to grow at a healthy rate, and exceed last year's exceptional results. We had a very prosperous year and these results are demonstrative of our financial strength, as well as the continued support of our members.

Your money is safe and secure at Service Credit Union. Our member's shares are insured up to \$250,000.

We follow state and federal laws pertaining to operations.

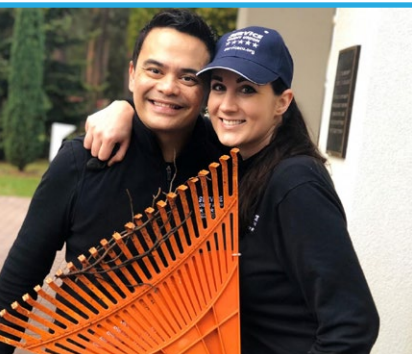
The credit union undergoes regular state, federal, third-party CPA and internal examinations. We are recognized for our safety and soundness and have received

the highest score from BauerFinancial, the nation's leading independent provider of ratings and analyses of financial services companies.

Assets have increased by 8.94% or \$313.2 million in the past year from \$3.502 billion to \$3.815 billion as of the end of 2019. Service Credit Union is the largest credit union in New Hampshire and ranks among the top 60 of the almost 6,000 credit unions in the United States by asset size.

*"At some point in your career, you're going to find out what you really want from your job. It's a combination of meaningful work, supportive managers, caring co-workers, and the knowledge that at the end of the day, you have enough left to give to the people you go home to. I've found that here."*

*- Elizabeth Johnson, General Accountant*



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.

**Scott Wensley,  
Treasurer**

## Highlights from the Statement of Financial Condition

- Loans outstanding up 5.71% at \$3.16 billion
- Share capital up 9.95% at \$3.13 billion
- Total assets up 8.94% at \$3.82 billion
- Total reserves and undivided earnings up 8.81% at \$468 million
- Members earned \$37,050,466 in dividends in 2019



## 2019 Statement of Reserves and Retained Earnings

	Statutory Reserves	Unappropriated Retained Earnings	Unrealized Gain or Loss on AFS	Other Comprehensive Income	Total
Balance 12/31/18	\$17,043,124	\$413,075,103	(\$1,586,253)	(\$13,821,874)	\$414,710,100
Unrealized Gain/Loss AFS			\$1,594,406		\$1,594,406
Net Income		\$37,914,872			\$37,914,872
FAS 158 Pension Adjustment				(\$6,250,183)	(\$6,250,183)
Balance 12/31/19	\$17,043,124	\$450,989,975	\$8,154	(\$20,072,057)	\$447,969,196

## 2019 Classification of Loans Outstanding

Degree Of Delinquency	Number	Amount	Other Assets	Delinquency
Current	167,898	\$3,094,258,786	(\$27,735)	\$3,094,231,051
Less Than 2 Months	2,855	\$42,698,811	(\$245,191)	\$42,453,620
2 To Less Than 6 Months	646	\$8,542,815	(\$610,272)	\$7,932,543
6 Months +	1	\$20,964	\$0	\$20,964
Total Loans	171,400	\$3,145,521,376	(\$883,199)	\$3,144,638,178

Unaudited

### Loans in millions

2019 **\$3,156**

2018 **\$2,985**

### Shares in millions

2019 **\$3,128**

2018 **\$2,846**

### Assets in millions

2019 **\$3,815**

2018 **\$3,502**

### Members

2019 **293,800**

2018 **272,291**



### Loan Portfolio

- Real Estate ..... 25.69%
- All Auto Loans ... 51.25%
- Business ..... 13.02%
- All Other Loans.. 10.04%

*"I love my job! Service Credit Union gives me the tools and support I need to succeed. I feel valued by my management team and they are always there to provide quick solutions and constructive feedback. I have finally found the career I have been looking for, my only wish is that I found it sooner!"*

– Tim Couture, Manager, Epping In-Store



## 2019 Statement of Financial Condition

Assets	2019	2018
Cash & Cash Equivalents	\$318,180,094	\$259,492,400
<b>Investments</b>		
(Net of Market Rate Adjustment)	\$161,837,523	\$91,466,352
<b>Loans to Members</b>		
(Net of Allowance for Loan Losses)	\$3,155,617,380	\$2,985,045,367
Accrued Interest Receivable	\$8,244,997	\$7,489,488
<b>Property &amp; Equipment</b>		
(Net of Accumulated Depreciation)	\$81,286,255	\$81,913,107
Other Assets	\$90,316,532	\$76,866,087
<b>Total Assets</b>	<b>\$3,815,482,781</b>	<b>\$3,502,272,800</b>
<b>Liabilities &amp; Equity</b>		
Notes & Interest Payable	\$195,371,483	\$203,383,883
<b>Dividends Payable</b>		
Other Liabilities	\$43,715,796	\$38,481,497
<b>Total Liabilities</b>	<b>\$239,087,280</b>	<b>\$241,865,380</b>
Member Accounts	\$3,128,426,306	\$2,845,697,320
Reserves	\$17,043,124	\$17,043,124
Undivided Earnings	\$450,989,975	\$413,075,103
Gain/Loss AFS Investments	\$8,154	(\$1,586,253)
Gain/Loss FAS 158 Pension	(\$20,072,057)	(\$13,821,874)
<b>Total Equity</b>	<b>\$3,576,395,502</b>	<b>\$3,260,407,420</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$3,815,482,781</b>	<b>\$3,502,272,800</b>

## 2019 Statement of Income

Interest Income	2019	2018
Interest On Loans	\$125,494,406	\$109,998,522
Interest On Investments	\$8,909,906	\$4,976,622
<b>Interest Expense</b>		
Dividends	\$37,050,466	\$25,873,233
Interest On Borrowed Funds	\$4,452,681	\$4,073,805
Provision For Loan Losses	\$9,857,422	\$9,584,033
Net Interest Income	\$83,043,742	\$75,444,072
<b>Operating Expenses</b>		
Compensation And Benefits	\$62,236,332	\$56,364,537
Office Operations And Occupancy	\$30,083,373	\$30,017,635
Other	\$30,716,203	\$28,809,225
Other Operating Income	\$78,373,898	\$75,585,307
<b>Non-Operating Income</b>		
Gains/Losses	(\$466,860)	(\$728,193)
<b>Net Income</b>	<b>\$37,914,872</b>	<b>\$35,109,790</b>



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# 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 membership in accordance with New Hampshire state law and your credit union's bylaws.

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.

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*"Service Credit Union has provided a platform for me to grow both professionally and personally. Through advancement opportunities, tuition reimbursement, and a team mindset, Service CU is a company that I am proud to work for. They truly care about their members and staff, and I love being a part of the team here."*

*– Jaime Yates, Community Relations Specialist*

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The comprehensive annual audit required by federal and state law was performed based on the September 30, 2019 financials by Wolf & Company of Boston, Massachusetts. After reviewing the results of our annual audit, as well as many additional reports and financial documents, we confidently state that Service Credit Union continues to maintain the highest possible level of financial standards. 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 has been our pleasure to serve fellow member-owners of Service Credit Union.

**Michael McMahon,**  
**Supervisory Committee Chair**



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# 2019 At A Glance

## Product Highlights

### Primary Savings Account

All members now earn 5% Annual Percentage Yield (APY) on the first \$500 in their Primary Savings Account, and 0.5% APY on all funds over \$500. This change has simplified the previous savings accounts into one, enhancing members' savings power.

### Everyday Checking

We introduced Everyday Checking and Dividend Checking accounts, each coming with benefit tiers: Basic, Direct Deposit and Direct Deposit+. Tiers are based on a member's account activity. These accounts feature up to \$30 in ATM reimbursements and 0.75% APR discount on personal and auto loans in the top tier.

### Readiness Pack

To help those starting out establish credit, especially younger military members, our Readiness Pack combines a personal loan of up to \$2,500 with a starter credit card.

### CU Student Choice Partnership

Service Credit Union partnered with CU Student Choice to offer members the opportunity to refinance and consolidate their private and federal student loans.

### Estate Accounts

We introduced estate accounts in October. The goal with these short-term deposit accounts is to enable the executor to settle and close the account within two years.

### Allpoint Partnership

Service Credit Union partnered with Allpoint, the world's largest surcharge-free ATM provider, to add 55,000 surcharge-free ATMs to its existing network. We now provide more than 85,000 surcharge-free ATMs around the world.

### Educating Our Children

Over 29 Schools

Over 2,040 Students Reached

Over 2,156 Volunteer Hours

### Supporting Our Community

50 Community Events

177 Military Events

1,668 Volunteers

3,658 Volunteer Hours

86 Charitable Donations

### Spreading Some Joy

Over 3,300 Toys For Tots Donations

### Supplying Our Schools

Over 2,700 Backpacks Donated

### Feeding the Hungry

11,664 Meals Donated

### Employment Opportunities

215 New Hires Added in 2019

## 2019 Awards

Service Credit Union was named one of the top 30 best-performing credit unions by S&P Global, based on financial performance metrics such as member growth and market growth. We were also recognized by the Credit Union National Association (CUNA) with a certificate of excellence, and were named one of the Healthiest Credit Unions in the U.S. by Deposit Accounts.

## Community Commitments

Since our inception in 1957, serving the community has been one of our core values. We are committed to supporting the communities we serve with our time, talents and sponsorships.

- Among our many military commitments are events and partnerships with MWR and ACS offices as well as the USO and Family Readiness Offices across military bases in Germany, Grand Forks, ND, Pease Air National Guard Base in Portsmouth, NH, and on Base Cape Cod, MA.
- Veterans Count, the philanthropic arm of Easterseals Military and Veteran Services, provides emergency assistance to veterans, service members and their families.
- In cooperation with the CCUA, we are the leading contributor to New Hampshire Make-a-Wish.
- To promote the ability for every family to enjoy quality time together, we sponsor free or low-cost family events across the state in communities we serve, including food truck festivals, children's days and more.

## Community Highlights

- The NH Food Bank
- Make-A-Wish Foundation
- The USO
- The Wright Museum of WWII
- Seacoast Salutes and the New Hampshire Military Assistance Foundation
- Veterans Count
- Month of the Military Child
- Credit Union Youth Month
- Swim with a Mission
- Pease Greeters
- Prescott Park and the Portsmouth Music and Arts Center
- Seacoast Veterans Conference
- Hampton Beach Seafood Festival
- Chaplain's Emergency Relief Fund (CERF)
- Landstuhl Fisher House
- American Independence Museum
- Portsmouth Music and Arts Center
- Keene and Laconia Pumpkin Festivals
- 4th of July Fireworks across NH and Military Bases
- American Heart Association



*"Since starting at Service Credit Union, I have never felt more appreciated and proud to work for a team and company. Since week 1 I have seen myself starting a career here at Service CU."*

*– Sammie Olson, MSR, Garmisch Branch*



## New Hampshire

All In-Store locations are inside Walmart

### Amherst In-Store

85 NH 101A  
603.249.9532

### Bedford

14 Colby Court  
603.629.9898

### Berlin

200 Coos Street  
603.752.2750

### Concord In-Store

344 Loudon Road  
603.225.0601

### Derry In-Store

11 Ashleigh Drive  
603.434.3555

### Durham

155 Main St.  
(UNH Wildcat Stadium)  
603.868.1425

### Epping In-Store

35 Fresh River Road  
603.679.5187

### Exeter

109 Epping Road  
603.418.0234

### Franklin

886 Central Street  
603.934.6323

### Gorham In-Store

561 Main Street  
603.752.0020

### Hampton

887 Lafayette Road  
603.926.5653

### Hinsdale In-Store

724 Brattleboro Road  
603.336.5212

### Hudson In-Store

254 Lowell Road  
603.579.5423

### Keene

403 Winchester Street  
603.352.0475

### Keene

580 Court Street (CMC)  
603.352.6889

### Laconia

11 Veterans Square  
603.524.4967

### Lancaster

148 Main Street  
603.788.4450

### Lebanon

1 Medical Center Drive (DHMC)  
603.650.7053

### Lebanon

225 Mechanic Street  
603.448.9620

### Manchester In-Store

725 Gold Street  
603.669.6546

### Nashua

337 Amherst Street  
603.883.8883

### Newington

100 Piscataqua Drive  
Not open to the general public  
603.436.6100 Ext. 284

### Newington In-Store

2200 Woodbury Avenue  
603.431.2764

### Pease ANG Base

153 Newmarket Street  
Military ID cardholders only  
603.422.0442

### Pease Int'l Tradeport

14 Manchester Square,  
Suite 190  
603.436.0537

### Plymouth In-Store

683 Tenney Mountain Highway  
603.536.1408

### Portsmouth

2032 Lafayette Road  
603.422.8340

### Portsmouth In-Store

2460 Lafayette Road  
603.436.1901

### Rochester

90 South Main Street  
603.335.3940

### Rochester In-Store

116 Farmington Road  
603.332.2043

### Salem

158 North Broadway  
603.893.4377

### Salem In-Store

300 North Broadway  
603.898.0166

### Seabrook In-Store

700 Lafayette Road  
603.474.0950

### Somersworth

15 Penny Lane  
603.692.5620

### Somersworth In-Store

59 Waltons Way  
603.692.5435

## Massachusetts

### Falmouth

199 Worcester Court  
508.548.8877

## North Dakota

### Grand Forks AFB

589 Holzapple Street  
Military ID cardholders only  
701.594.3347

## Germany

Military ID cardholders only

### Ansbach

Bldg. 5823  
09802.8680 or DSN 467.2556

### Baumholder

Bldg. 8669  
06783.999.9860 or DSN  
485.7109/6226

### Garmisch

Bldg. 9901  
08821.730.3600 or DSN  
440.3373

### Grafenwoehr

Bldg. 148  
09641.926.790 or DSN  
475.9050

### Hohenfels

Bldg. 335  
09472.911050 or DSN 466.4157

### Kapaun

Bldg. 2762  
0631.351.20950 or DSN  
489.7663

### Kleber

Bldg. 3226  
0631.411.7940 or DSN  
483.7940

### Ramstein

Bldg. 2410  
06371.463.9600 or DSN  
480.5556/2425

### Ramstein KMCC

Bldg. 3336, Suite M 20  
06371.613690

### Sembach

Bldg. 147  
06302.924000

### Spangdahlem

Bldg. 174  
06565.616011 or DSN  
452.6674/6011

### Stuttgart.Panzer

Bldg. 2915  
07031.819.4333 or DSN  
431.3237

### Stuttgart.Patch

Bldg. 2325  
0711.686.87580 or DSN  
430.7194/8181

### Vilseck

Bldg. 224  
09662.700280 or DSN  
476.2839



servicecu.org

Insured by NCUA

