

# SERVICE CREDIT UNION

2015 ANNUAL REPORT



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Additional coverage of up to \$250,000 is provided by Excess Share Insurance Corporation, the nation's largest private insurer for credit unions. This additional coverage is available for IRA and Trust Accounts.





## INTRODUCTION Giving Back to the Member

Enjoying another year of strong performance and exceptional growth, Service Credit Union provides the highest level of superior member service possible to our more than 220,000 members worldwide. Whether it is state-of-the-art technology, more convenient branch locations, 24/7 account access, ATM fee rebates or low rates on auto loans, Service Credit Union continues to be member-focused.

As a member-owned cooperative, members combine their savings to create a pool of funds from which other members can borrow. The income earned on loans and investments is returned to members in the form of higher savings rates, lower loan rates and additional products and services. These state-of-the-art products and convenience services are vital to serving our worldwide membership.

Thanks to you, our loyal members, Service Credit Union continued the trend of strong growth in 2015. Because of our membership's ongoing support, the credit union experienced another outstanding year in growth. As a result, we were able to thank our members by giving back to them with

extremely competitive rates, more branch access, state-of-the-art technology, great promotions, and convenient services.

We continue to grow in numbers and assets every year. Your credit union is now the 61st largest credit union in the United States with assets more than \$2.7 billion at the end of 2015.

Service Credit Union increased its field of membership with the Guardian Angel Credit Union merger to include Coos County. Your credit union can now serve anyone living or working in the entire state of New Hampshire. The credit union's membership expanded to all veterans and DoD civilians regardless of length of service.

Besides growing its footprint with the merger, Service Credit Union also opened up branches in New Hampshire at Pease Air National Guard Base, Gorham, Somersworth and Amherst as well as a branch at Grand Forks Air Force Base in North Dakota. These additional access points expand Service Credit Union's already strong footprint on worldwide member convenience.

State-of-the-art technology and new products were launched in 2015 including No Fee Checking, Veterans Program, ApplePay, Touch ID and Eyeprint ID.

As the largest credit union in New Hampshire, we remain a trusted source for members and their money. We stand by our members as part of what we believe to be a lifelong relationship. As we thank our members for their commitment and loyalty to us, our commitment to members is the driving force behind Service Credit Union. We continually work to ensure that we remain your trusted choice for your financial needs where your money is always safe and secure.

You can feel confident knowing your money at Service Credit Union is federally insured to at least \$250,000 through the National Credit Union Share Insurance Fund (NCUSIF). IRAs and Trust accounts are insured up to an additional \$250,000 through Excess Share Insurance Corporation (ESI) for a total of \$500,000 in funds protection.



## CHAIR'S REPORT **Commitment to You, Our Loyal Members**



**Clifford Taylor,  
Chair**

Service Credit Union was established in 1957 to provide the most up-to-date and convenient financial services at cost-effective pricing to members in the Pease Air Force Base community. In 2015, we were proud to return with a new branch at Pease Air National Guard Base.

As a member-owned, not-for-profit cooperative, our guiding principal remains giving back to our members with the best rates and promotions, free services, little to no fees and cost-effective pricing.

Our commitment to our members is a significant component to Service Credit Union's success and we pride ourselves on helping our members and the communities they live in. This was evident with our convenient and timely products, services and promotions which were introduced in 2015. Service Credit Union was one of the first to offer Touch ID and Eyeprint ID, biometric authentication technology to enable members to log in to their mobile app with a fingerprint or an eyeprint.

Service Credit Union launched its No Fee Checking with no maintenance or transaction fees. The account features no monthly, online bill pay, returned item or denial fees. Saving Transfer Overdraft Protection and card replacement fees are also waived.

A new Veterans Program was introduced which includes price benefits on savings and certificates as well as discounts on most consumer loans.

Dedicated to providing more access locations to our members, Service Credit Union opened up several branches in New Hampshire and one branch at Grand Forks Air Force Base in North Dakota. All for the convenience of our members.

While Service Credit Union focuses on the well-being of its entire membership, it never waivers from acknowledging that each member has a unique set of needs. To meet these diverse needs, Service Credit Union offers exceptional products and services as well as unprecedented member service.

Through our record-breaking growth in assets and member numbers in 2015, we were able to give back to the members in the way of competitive rates in deposit and loan products.

Service Credit Union is committed to providing our members with the best possible products and services while also giving back to the communities where they live.

Service Credit Union was a proud supporter of numerous community activities including July 4th, veterans and holiday events.

In 2015, Service Credit Union was also recognized for its outstanding financial service to the military by receiving the 2014 Air Force Distinguished Credit of the Year Award presented to the Ramstein Air Base Branch.

We also give financial support to our soldiers in New Hampshire, Massachusetts, North Dakota and overseas where we have branches.

We will continue to provide a sound and strong financial institution to serve you, our members, and many more generations to come.

The Board of Directors is pleased to report that Service Credit Union achieved another year of solid financial performance. In 2015, Service Credit Union paid out \$15.3 million in dividends to members. Net worth to assets, a measure of safety and soundness, was at 12.44% for Service Credit Union at the end of 2015. This performance is among the highest in our credit union peer group. The loan delinquency ratio was 0.20% as of the end of 2015, well below the average for the credit union industry peer group. Service Credit Union also exceeded \$2.7 billion in assets in 2015, and our member-owners share in this outstanding success.

Credit unions operate democratically, with each member having a voice in the credit union's future. The Service Credit Union volunteers and professionally-paid management and staff will continue to meet the financial needs of members, provide exemplary service, and ensure the continued safety, security and strength of the credit union.

## PRESIDENT'S REPORT **Unwavering Focus on Financial, Member Service Excellence**

Year after year, Service Credit Union generates exceptional growth and demonstrates unparalleled financial strength while never wavering from its compelling commitment of giving back to its members. Service Credit Union embodies a philosophy of 24/7 live person member service, state-of-the-art technology delivery and strong focus on the member.

This philosophy of serving its members and the communities where they live and work is the main reason your credit union experienced exceptional growth in 2015. With this growth, we continue to improve your member service experience with additional access points and convenient locations.

Celebrating another year of remarkable performance, Service Credit Union continued to emphasize member value and convenience, striving to be the unsurpassed choice for our members' sole financial needs.

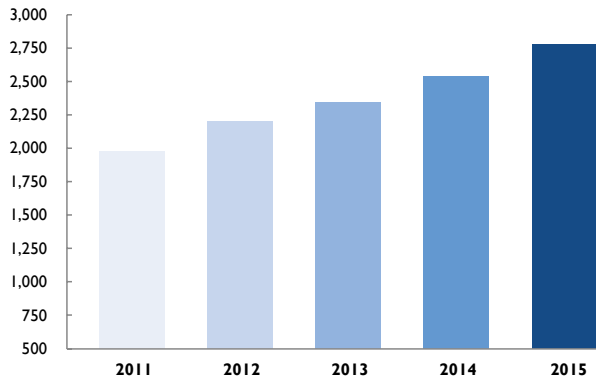
Service Credit Union thrived due to its expansion of branches and ATMs, giving members more convenient locations. Its continual success can also be attributed to the vast offerings of free products and services and giving back to its members in the form of lower loan rates, higher deposit rates and promotions.

We continue to achieve record growth in assets and members while lending money using sound, conservative lending practices to satisfy our wide array of members' needs. This growth also allows us to invest in convenience services and products for our members.

### **FINANCIAL STRENGTH DRIVES GROWTH**

Service Credit Union is pleased to once again report outstanding results and consistent growth. We paid \$15.3 million in dividends. The credit union's assets, loans and shares stayed strong.

Loans outstanding, as of December 31, 2015, showed a solid performance. Our total loan portfolio was \$2.19 billion as of the end of the year; a significant increase of \$387.3 million from 2014. Real estate loans outstanding were at \$654.7 million, representing 30% of the loan portfolio. While interest rates on real estate loans are dictated by market conditions, fees and service can vary widely by institution. Service Credit Union has retained the servicing rights on real estate loans, saving members hundreds of dollars in closing costs. The total auto loan portfolio increased to \$1.24 billion in 2015, up \$247.2 million from 2014. Auto loans account for 57% of the total loans outstanding in the credit union. We continue to provide the loans our members



Assets at Service Credit Union reached  
**\$2.779 Billion** as of 12-31-2015

Service Credit Union is the **61<sup>st</sup> largest**  
 out of 6,397 U.S. credit unions

require at competitive rates, with an emphasis on convenience and immediate disbursement.

Insured deposits provide our members protection for their funds. Competitive dividends, and product options to meet members' needs, resulted in an 8.93% increase in deposits this past year. Regular savings accounts represent 33.67% of deposits. Free share draft accounts, reduced interest rates on loans for direct deposit and getting paid up to two days early have also contributed to the growth of accounts at the credit union. Overall, credit union share capital increased to \$2.2 billion.

### BEST IN CLASS PERFORMANCE

Service Credit Union remained strong, safe and secure during 2015. Capital levels, at 12.44% of assets, are above the credit union's peer group average of 10.80% nationally. Loan delinquency was 0.20% in 2015, remaining at a consistently low rate. Service Credit Union delinquencies are remarkably lower than credit unions in our peer group. Return on assets was 0.70% in 2015. Our mortgage portfolio remains strong and we continue to invest credit union resources to make affordable home ownership a reality for more members.

### A LEADER IN MEMBER CONVENIENCE

Anticipating and serving the financial needs of our members remains at the core of each of our products and services.

In 2015, we expanded into Coos County with the Guardian Angel Credit Union merger allowing your credit union to serve the entire state of New Hampshire. Along with the Berlin and Lancaster branches, the credit union opened branches in Gorham, Somersworth and Amherst. The credit union opened our first branch on a U.S. military installation outside of New England on Grand Forks Air Base in North Dakota. Returning to its roots, Service Credit Union now has a branch at Pease Air National Guard Base. Today, members can conduct Service Credit Union transactions at 5,000 shared branch locations and nearly 30,000 surcharge-free ATMs worldwide.

### OFFERING NEW SERVICES IN EXPANDED MARKETS

Service Credit Union expanded its reach into new businesses and new markets this year through the launch of a Credit Union Service Organization, or CUSO. The creation of a wholly-owned subsidiary, Service Financial Advisors, L.L.C., serves as a holding company for three subsidiaries that allow us to offer products and services in markets where we were once limited.

Service Insure, L.L.C. was created to provide insurance to our members across a wide variety of categories, including auto, home and life, in nearly all countries worldwide.

Service Capital, L.L.C. was created to provide business lending solutions to existing members, as well as to those who may not qualify based on geography or other criteria.

Service Exchange, L.L.C. was formed to provide other financial institutions with the capability to offer International Bill Pay to their members.

### CONVENIENCE DRIVES MEMBER ACCESS

Service Credit Union's focus on convenience and member service is strongly dependent on the credit union harnessing the power of new technologies. All of our products and services are available to Service Credit Union members worldwide, which is critical for our mobile membership. Our adoption of technology is one of the primary reasons we have flourished. Your credit union adds more access and convenience services for members every year.

In 2015, Service Credit Union continued to bring online technology to an unprecedented level of security and convenience with the addition of Touch ID and Eyeprint ID. Apple Pay also was introduced.

As we grow and add new products and convenience services, we also focus on providing

members with greater security, such as our free member ID theft protection program and encrypted email process for ongoing communications with the credit union.

### OUR CONTINUING COMMITMENT TO MEMBERS

We view our member relationships as lifelong, and offer a full array of programs for those just starting out, in transition, or planning for the future. Employees in our branches and contact centers are empowered to immediately decision and fund loans, and make whatever reasonable accommodations are necessary to serve members.

Service Credit Union provides savings plans, borrowing opportunities and additional services based on the combined resources of all members. Your relationship with Service Credit Union is of paramount importance to the credit union's ability to deliver high-value services. Your deposits represent your share of ownership in your credit union. Credit union earnings are returned to our members in the form of more competitive dividend and lending rates, new products and services for added convenience and more.

Today, we have grown to serve more than 220,000 members located in every U.S. state and 40 countries around the world, but we still maintain the focus that each member is a person, not a number, and each member's needs are unique. We continue to exemplify the philosophy of focusing on people, not profit.

Service Credit Union symbolizes exceptional product and service delivery as well as commitment to its environment. As a financially strong organization dedicated solely to satisfying our member-owners' financial needs, we could not succeed without you. We thank you for your trust, and we pledge to continue our mission to exceed your expectations for financial services delivery.

## VOLUNTEERS Board of Directors

## VOLUNTEERS Supervisory Committee



**Clifford Taylor,  
Chair**



**David Hanchett,  
B.A.,  
Vice Chair/Secretary**



**David Hanchett,  
B.A.,  
Chair**



**Michael McMahon,  
B.A., M.S.F.P.,  
Secretary**



**Barbara Roberge,  
A.A.  
Director**



**Joanne Whiting,  
B.A., J.D.,  
Director**



**Lt. Col.  
Donald Houldsworth,  
USAF Ret., B.A., M.S.**



**Deborah Sliney Schreck,  
B.S., M.S.**



**James Fishbein,  
B.A., D.D.S.,  
Director**

## *Our Volunteers*

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 Committee members are nominated from the membership at large, and voted on by the members at the annual meeting.



**Capt. Ronald Smith,  
USAF Ret., B.A.**

VOLUNTEERS **Credit Committee**

**William McDill,**  
B.S., M.B.A.,  
Chair



**CMSgt.  
Raymond Drapeau,**  
USAF Ret.



**David O'Connor,**  
B.S.



**Lt. Col. James  
Lyn Walters,**  
USAF Ret., B.S., M.A.



**Scott Wensley,**  
B.S.

**Leadership****David Van Rossum,**

Interim President/CEO/Treasurer, B.S. M.B.A.

**Andrew McGeorge,**

Chief Financial Officer, B.S., M.S., M.B.A., C.F.A.

**Patrick Harrigan,**

Chief Risk Officer/General Counsel, B.A., J.D., M.B.A.

**Shari L'Italien,**

Chief Internal Audit

**Satish Metha,**

Chief Information Officer, B.A., M.S.

**Karen Benedetti,**

Vice President - Marketing, B.A., M.B.A.

**Michael Bergeron,**

Vice President - Logistics, B.S., M.B.A.

**Dan Clarke,**

Vice President - Member Services, B.S., M.S.

**Gerald Dumoulin,**

Vice President - Business Expansion, B.S.

**Joanne Nadeau,**

Vice President - Education/Human Resources, B.S.

**Michael Porter,**

Vice President - Foreign Exchange, B.S.

**Fawn Terwilliger,**

Vice President - Lending, B.S.

**Philip von Streicher,**

Vice President - Overseas Operations

**2015 Highlights****January**

Guardian Angel Credit Union Merger - Berlin and Lancaster Branches Opened  
No Fee Checking Introduced

**March**

Veterans Program Introduced  
Grand Forks Air Force Base Temporary Branch Opened  
Air Force Chief of Staff Visit

**April**

Touch ID Launched

**May**

Grand Forks Branch Air Force Base Opened  
Salute Our Soldiers Gala  
Service Capital Introduced

**July**

Seacoast Salutes

**August**

Grand Forks Nathan Twining Elementary and Middle School Playground  
Eyeprint ID Launched  
Air Force Credit Union of the Year Award - Ramstein

**September**

Pease Air National Guard Base Opened  
Gorham In-Store Branch Opened  
Amherst In-Store Branch Opened

**October**

New Website Launched  
Service Insure Introduced  
Somersworth In-Store Branch Opened  
ApplePay Launched  
Grand Forks Money Mammal Tour and CU 4 Reality Events

**November**

Ramstein ServicePoint Opened

## FINANCIALS Statement of Financial Condition

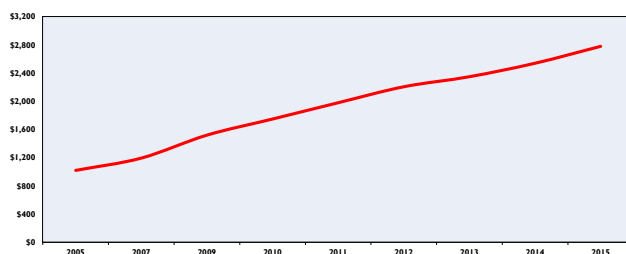
	2015	2014
<b>Assets</b>		
Cash & Cash Equivalents	\$174,810,515	\$244,932,097
<b>Investments</b>		
(Net of Market Rate Adjustment)	\$236,941,094	\$300,330,043
<b>Loans to Members</b>		
(Net of Allowance for Loan Losses)	\$2,198,170,749	\$1,804,983,020
Accrued Interest Receivable	\$5,585,005	\$5,138,309
<b>Property &amp; Equipment</b>		
(Net of Accumulated Depreciation)	\$89,867,368	\$89,083,933
Other Assets	\$73,317,363	\$94,575,711
<b>TOTAL ASSETS</b>	<b>\$2,778,692,093</b>	<b>\$2,539,043,113</b>
<b>Liabilities &amp; Equity</b>		
Notes & Interest Payable	\$208,383,029	\$167,939,285
<b>Dividends Payable</b>		
Other Liabilities	\$39,974,284	\$42,519,267
<b>Total Liabilities</b>	<b>\$248,357,313</b>	<b>\$210,458,553</b>
Member Accounts	\$2,196,858,712	\$2,016,759,855
Reserves	\$16,980,903	\$15,980,903
Undivided Earnings	\$328,799,067	\$303,374,701
Gain/Loss AFS Investments	(\$577,844)	\$663,108
Gain/Loss FAS 158 Pension	(\$11,726,057)	(\$8,194,006)
<b>TOTAL EQUITY</b>	<b>\$2,530,334,780</b>	<b>\$2,328,584,560</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$2,778,692,093</b>	<b>\$2,539,043,113</b>

## FINANCIALS Statement of Income

	2015	2014
<b>Interest Income</b>		
Interest on Loans	\$73,147,065	\$66,435,338
Interest on Investments	\$4,783,739	\$5,945,913
<b>Interest Expense</b>		
Dividends	\$15,326,027	\$12,854,709
Interest on Borrowed Funds	\$3,445,217	\$3,851,063
Provision for Loan Losses	\$5,444,778	\$6,586,798
Net Interest Income	\$53,714,782	\$49,088,681
<b>Operating Expenses</b>		
Compensation and Benefits	\$48,356,442	\$45,092,138
Office Operations and Occupancy	\$23,965,336	\$22,565,789
Other	\$24,386,462	\$22,437,424
Other Operating Income	\$62,847,509	\$63,455,197
<b>Non-Operating Income</b>		
Gains/Losses	(\$1,202,586)	(\$606,112)
<b>NET INCOME</b>	<b>\$18,651,465</b>	<b>\$21,842,414</b>

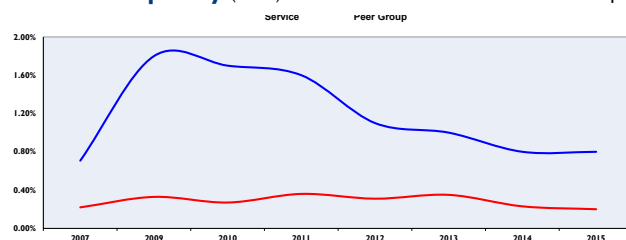
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### Total Assets (12/15 in millions) — Service Credit Union



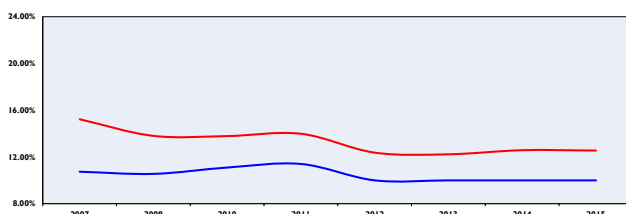
One measure of success is credit union growth. Since 1995, Service Credit Union assets have nearly tripled. This growth reflects our members' loyalty to the credit union.

### Loan Delinquency (12/15) — Service Credit Union — Peer Group



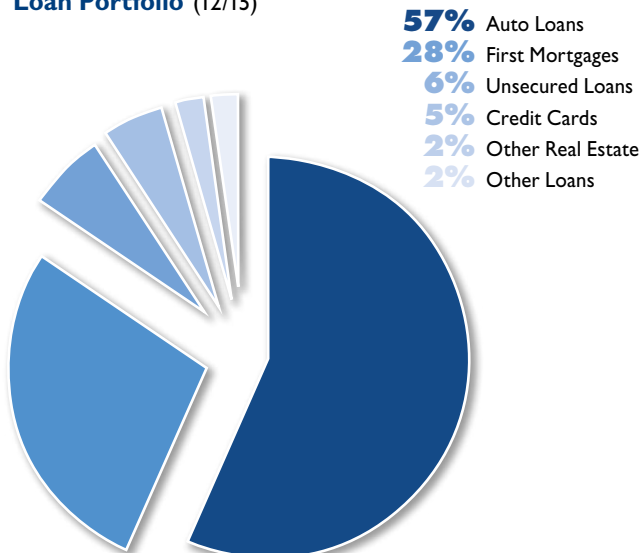
Loan delinquency stayed below the peer group through 2015 at 0.20%.

### Net Worth Assets (12/15) — Service Credit Union — Peer Group



Net worth to assets is a measure of the credit union's safety and soundness. Service Credit Union continues to maintain a net worth to assets ratio well above its peers.

### Loan Portfolio (12/15)



In 2015, the total loan portfolio at the credit union is \$2.2 billion with 57% in auto loans, 28% in first mortgages, 6% in unsecured loans, 5% in credit cards, 2% in other real estate loans and the remaining 2% in other loans or recreational vehicles.



## FINANCIALS Statement of Reserves and Retained Earnings

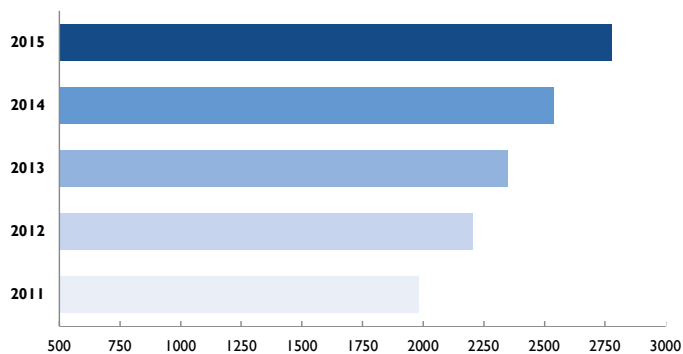
	Statutory Reserves	Unappropriated Retained Earnings	Unrealized Gain or Loss on AFS	Other Comprehensive Income	Total
Balance 12/31/14	\$15,980,903	\$303,374,701	\$663,108	(\$8,194,006)	\$311,824,705
Transfers:					
Unrealized Gain/Loss AFS			(\$1,240,952)		(\$1,240,952)
Net Income		\$18,651,465			\$18,651,465
FAS 158 Pension Adjustment				(\$3,532,051)	(\$3,532,051)
Guardian Angel Merger	\$1,000,000	\$6,772,902			\$7,772,902
Balance 12/31/15	\$16,980,903	\$328,799,067	(\$577,844)	(\$11,726,057)	\$333,476,068

## FINANCIALS Classification of Loans Outstanding

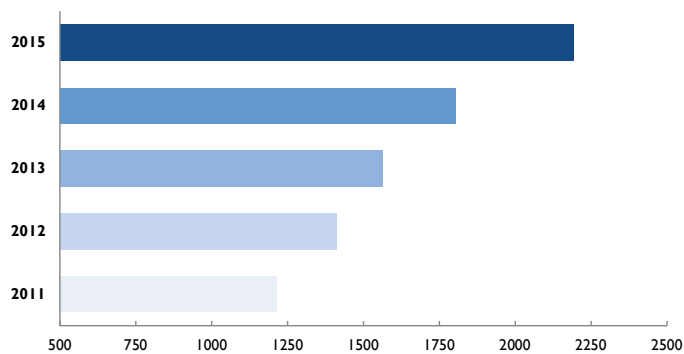
Degree Of Delinquency	Number	Amount	Other Assets	Adjusted Delinquency
Current	137,268	\$2,159,373,431	(\$55,276)	\$2,159,318,155
Less Than 2 Months	2,115	\$27,107,085	(\$227,178)	\$26,879,906
2 To Less Than 6 Months	455	\$4,927,877	(\$813,763)	\$4,114,114
6 To Less Than 12 Months	1	\$324,502	\$0	\$324,502
<b>Total Loans</b>	<b>139,839</b>	<b>\$2,191,732,896</b>	<b>(\$1,096,217)</b>	<b>\$2,190,636,678</b>

Unaudited

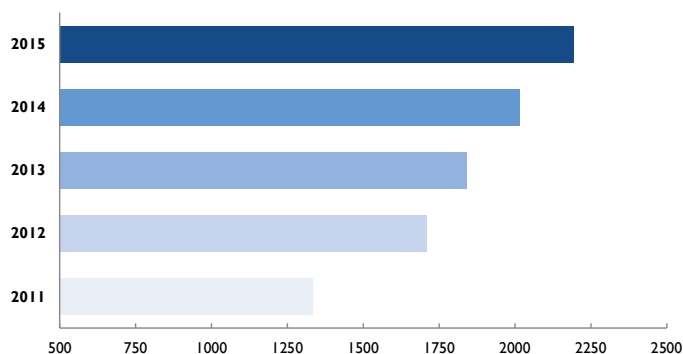
## Assets (in millions)



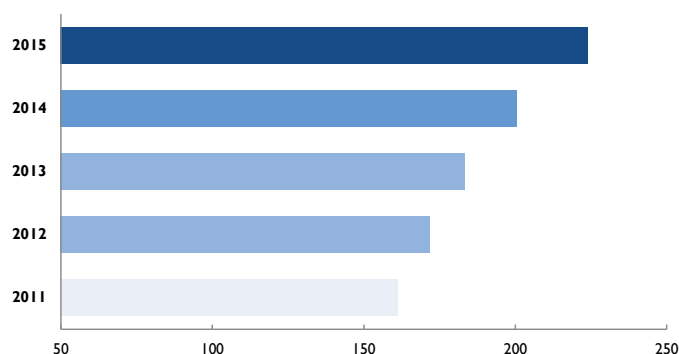
## Loans (in millions)



## Deposits (in millions)

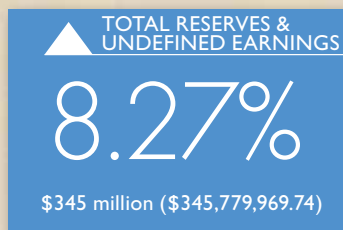
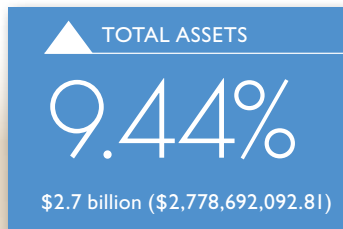
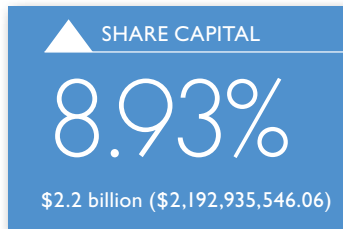
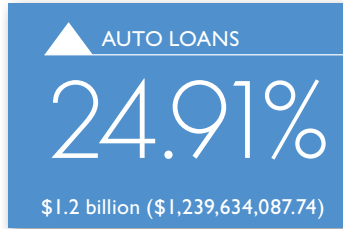


## Members (in thousands)



## FINANCIALS Treasurer's Report

## Key Highlights



The annual report to the membership contains complete statements of Service Credit Union's financial condition, income, reserves, and retained earnings for 2015.

We are pleased to report that loans, shares and assets are at exceptional levels for Service Credit Union. These financial results show that 2015 was a very successful year for your credit union and clearly demonstrate our overall financial strength.

Your money is very safe and secure at your credit union where our members have never lost a penny, but have prospered through their wise saving and prudent, conservative investments and borrowings with Service Credit Union.

Share accounts are insured up to \$250,000 with an additional \$250,000 insurance available for IRA and Trust accounts. Service Credit Union is "dual chartered" meaning that we follow state and federal laws pertaining to operations and comply with both New Hampshire and federal financial regulations and undergo regular state, federal, third-party CPA and internal examinations. Your credit union has been consistently rated highest in safety and soundness. In fact, Service Credit Union consistently received the highest ratings from the nation's leading independent provider of ratings and analyses of financial services companies. Your credit union has flourished over the years due to your confidence and patronage. Service Credit Union belongs to you.

Assets have increased by more than 885% or \$2.5 billion in the past 21 years from \$282.1 million to \$2.7 billion as of the end of 2015. Your credit union is the largest in New Hampshire and the 61st largest of the over 6,000 credit unions in the United States.

Service Credit Union has truly and wholeheartedly invested in improving the financial well-being of its members.

In summary, the strong commitment and expertise of your Board of Directors, Supervisory and Credit Committees and our professional management team ensures that Service Credit Union remains a sound financial institution in which to invest and borrow.

Your credit union is safe and strong with unparalleled global access and unmatched 24/7 member service.



## FINANCIALS Branch Detail

<b>STATESIDE</b>	<b>Share Capital</b>	<b>Loans</b>
Amherst In-Store .....	\$1,698,568 .....	\$187,100
Bedford .....	\$74,296,537 .....	\$57,729,999
Berlin .....	\$29,871,750 .....	\$12,470,745
Concord In-Store .....	\$26,233,951 .....	\$11,664,947
Contact Center US .....	\$434,857,660 .....	\$1,042,016,083
Derry In-Store .....	\$26,918,167 .....	\$11,379,458
DHMC .....	\$85,776,986 .....	\$71,472,172
Epping In-Store .....	\$41,795,669 .....	\$23,059,083
Exeter .....	\$44,903,939 .....	\$22,052,750
Falmouth .....	\$119,553,290 .....	\$53,462,777
Franklin .....	\$6,995,035 .....	\$13,818,420
Gorham In-Store .....	\$339,496 .....	\$90,722
Grand Forks .....	\$2,090,485 .....	\$2,612,706
Hampton .....	\$60,190,061 .....	\$31,430,899
Hinsdale In-Store .....	\$12,481,802 .....	\$5,821,861
Hudson In-Store .....	\$37,196,602 .....	\$8,671,372
Keene .....	\$68,689,405 .....	\$72,976,813
Lancaster .....	\$8,044,631 .....	\$1,592,382
Lebanon .....	\$41,084,847 .....	\$19,883,846
Manchester In-Store .....	\$24,944,408 .....	\$11,562,339
Nashua .....	\$35,143,469 .....	\$16,241,612
Newington In-Store .....	\$24,067,493 .....	\$11,051,931
Pease ANG .....	\$13,276 .....	\$16,822
Pease .....	\$81,627,456 .....	\$47,343,184
Plymouth In-Store .....	\$3,466,712 .....	\$3,797,914
Portsmouth .....	\$111,767,656 .....	\$77,485,499
Portsmouth In-Store .....	\$18,325,633 .....	\$13,794,283
Rochester .....	\$49,274,694 .....	\$36,124,147
Rochester In-Store .....	\$16,548,174 .....	\$9,018,298
Salem .....	\$75,973,560 .....	\$90,010,736
Salem In-Store .....	\$23,612,967 .....	\$8,502,163
Seabrook .....	\$8,296,679 .....	\$4,244,249
Somersworth .....	\$59,024,703 .....	\$29,160,853
Somersworth In-Store .....	\$97,417 .....	\$128,499
Tilton In-Store .....	\$3,385,386 .....	\$3,831,941
Tyco .....	\$2,086,981 .....	\$1,476,647
<b>STATESIDE TOTAL</b>	<b>\$1,660,675,545</b>	<b>\$1,826,185,252</b>
<b>OVERSEAS</b>	<b>Share Capital</b>	<b>Loans</b>
Ansbach .....	\$20,827,060 .....	\$25,709,397
Baumholder .....	\$9,081,730 .....	\$13,852,066
Contact Center OS .....	\$200,830,751 .....	\$66,012,761
Garmisch .....	\$11,157,842 .....	\$2,460,008
Grafenwoehr .....	\$16,290,368 .....	\$26,527,260
Hohenfels .....	\$8,388,288 .....	\$10,634,576
Kleber .....	\$32,481,204 .....	\$23,455,194
KMCC .....	\$48,494,695 .....	\$53,494,935
Panzer .....	\$16,143,629 .....	\$8,964,023
Ramstein .....	\$73,636,378 .....	\$53,892,023
Sembach .....	\$13,329,034 .....	\$22,879,574
Spangdahlem .....	\$33,177,604 .....	\$27,123,615
Stuttgart .....	\$36,634,676 .....	\$15,014,320
Vilseck .....	\$11,786,741 .....	\$15,527,890
<b>OVERSEAS TOTAL</b>	<b>\$532,260,001</b>	<b>\$365,547,643</b>
<b>COMBINED TOTAL</b>	<b>\$2,192,935,546</b>	<b>\$2,191,732,896</b>

## FINANCIALS Supervisory Committee Report

Your Supervisory Committee is elected by the membership in accordance with New Hampshire State Law and your credit union's bylaws to ensure that the credit union conducts its operations and activities in a safe and fiscally-prudent manner. It also acts as your representative, answering all communications regarding credit union policies and services, to help Service Credit Union fulfill its mission of providing financial service that is responsive to its members' needs.

The Supervisory Committee also ensures that audits are accomplished 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 and state law was performed based on the September 30, 2015 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.

**David Hanchett**  
SUPERVISORY COMMITTEE CHAIR

## FINANCIALS Credit Committee Report

Service Credit Union, like all credit unions, was established to promote thrift and provide a convenient place for members to borrow at reasonable rates. In order to accomplish these objectives, your Board of Directors establishes lending policies and charges the Credit Committee with the responsibility of implementing these policies and overseeing lending operations.

Meeting the financial needs of our members and encouraging them to use credit wisely, while maintaining a high quality loan portfolio, provided the impetus behind our outstanding loan growth. During 2015, your credit union made 42,655 loans totaling \$931,606,757 to members, bringing our total outstanding loan portfolio to 139,839 loans totaling \$2,191,732,896.

As we look to the future, be assured that we will continue to maintain our commitment to provide a wide range of superior credit services that are responsive to members' needs, while preserving the safety and soundness of your credit union.

**William McDill**  
CREDIT COMMITTEE CHAIR



## SOCIAL RESPONSIBILITY Making a Difference in the Communities

Service Credit Union sets the standard of corporate citizenship, embodying the credit union philosophy of “people helping people.” By being involved where our members live and work, the credit union is dedicated to reinforcing and nurturing the overall well-being of our members and communities.

In 2015, Service Credit Union gave directly to families in need and organizations that served the underserved.

Service Credit Union partnered with the American Heart Association in 2015, to celebrate Wear Red Day. This event raised awareness of cardiovascular disease.

In efforts to contribute to student excellence, Service Credit Union participated in several endeavors in our communities. The third annual Service Credit Union Endowed Scholarship was awarded to a UNH athlete from the state of New Hampshire who showed academic excellence and a commitment to community service.

The Money Mammals Tour visited schools throughout New Hampshire bringing financial education to elementary schools teaching children how to Share, Save and Spend Smart.

The Money Mammals went to schools in Newington, Somersworth, Salem, Nashua, Rochester and Portsmouth to educate the younger generation on financial wellness and the role of credit unions in that mission.

The credit union also brought financial education to the on-base Child Development Center and the Grand Forks Nathan Twining Elementary School by hosting a Money Mammals Tour in the fall. The financial education for the Grand Forks community was also expanded upon by the CU 4 Reality Fair that was hosted at the base middle school to teach students how to work within a budget based on career salaries.

The Cooperative Credit Union Association is a proud partner of the Make-A-Wish Foundation, an organization that aspires to grant the wishes of children with severe or life-threatening illnesses. Service Credit Union supports this worthy cause. In December, Service Credit Union employee volunteers joined other credit union volunteers at the Make-A-Wish Annual Winter Festival and Reunion in Concord. Staff members entertained children and allowed families to reconnect.

In 2015, Service Credit Union expanded into Coos County, which made it possible for the

credit union to expand its giving to support all of New Hampshire. The credit union supported many North Country organizations including the Androscoggin Valley Hospital, Berlin Main Street Program and the Gorham Main Street Program. Service Credit Union was a key sponsor in local events such as RiverFire and the Jericho ATV Festival.

In 2015, Service Credit Union opened a new branch on Grand Forks Air Force Base, North Dakota. The credit union supported the Grand Forks First Sergeants Association with scholarship opportunities for servicemen and women, the Air Force Ball and several base and squadron community events. The credit union also built a new playground for the on-base elementary and middle school and collected toys as part of the Marines Toys for Tots campaign.

The credit union held a food drive across all New Hampshire branches, our Falmouth Massachusetts Branch, and our Grand Forks Air Force Base Branch in an effort to fight hunger and provide for families around the holidays. The credit union partnered with the University of New Hampshire and WOKQ for food drive events on the UNH campus. The food was also collected at the credit union branches and presented to the New Hampshire Food Bank.



In December, the credit union again partnered with Toys for Tots as a company-wide initiative. The partnership included donation boxes in each branch as well as an online donation box. The combined efforts successfully generated more than \$12,000 worth of toys for needy children in New Hampshire.

During the weeks before the December holidays, nearly 100 volunteers brought holiday cheer to the community through tree lightings and holiday parades. Working with local Chambers of Commerce, the credit union drove its patriotic train or sent marching teams.

Service Credit Union also supported military members and military communities in a number of ways in 2015. In New Hampshire, the credit union hosted veteran events at the Corporate Headquarters in Portsmouth.

Service Credit Union was a sponsor of the third Annual Pack & Boots Road Race in May 2015 and a sponsor of Seacoast Salutes in July 2015. Service Credit Union was a sponsor of the Veterans Count Galas in both Nashua and Portsmouth. Veterans Count, a program of Easter Seals, provides services and resources to New Hampshire veterans, service members and their families. This one-of-a-kind program

has a proven track record of helping service members and their families with a wide range of family, personal and financial needs throughout the deployment cycle, and beyond.

The credit union also worked with the Family Readiness Office at Pease Air National Guard Base in Portsmouth. During the holidays, gift cards were donated to support families facing financial challenges often related to deployments. Additionally, the credit union provided a complete holiday meal for more than 900 Guard members and their families at the annual Awards Ceremony and Holiday Luncheon.

At our Pease Tradeport Branch, the credit union assisted military families by providing a free tax assistance program by partnering with the CA\$H Coalition of Southeastern New Hampshire.

Overseas, one of the highlights of the year includes being a major contributor to the Landstuhl Fisher House in Germany. The Fisher House provides a "home away from home" for families when members of the military are hospitalized. This year, donations were made to Force Squadron Support offices (FSS), Army Community Service offices (ACS),

volunteer appreciation organizations, USOs, Soldier/Non-Commissioned Officer of the Year events, and many children's events.

Service Credit Union is proud to support our retirees by teaming up with the Retiree Activity Office and providing a full breakfast buffet during the Retiree Appreciation Day at both Ramstein Air Base and the Grafenwoehr Post.

Service Credit Union was a major sponsor for all of the Independence Day events on military installations throughout Germany.

Giving to the military is also a priority during the holidays. Hundreds of donated gift cards were given to help those experiencing added holiday expenses. Additionally, the credit union partnered with the USO to bring "Thanks for Thanksgiving" to soldiers and families throughout Germany, including Kaiserslautern Community, Ramstein, Kleber, Sembach, and Baumholder. Each family received food for the holidays and a \$25 Visa gift card from Service Credit Union.

Service Credit Union is proud to partner with so many outstanding organizations and work together to address unmet needs in the communities where we live and work.



## FINANCIAL EDUCATION Building Financial Independence

Service Credit Union's in-house Education Department continued its unwavering commitment to better the financial health of the credit union's members and staff.

As a leader in financial literacy, Service Credit Union believes that teaching money management is a key component in helping members, in every stage of life, to achieve financial freedom. In 2015, more than 700 members took advantage of the credit union's free BALANCE Financial Fitness Program which offers personal counseling, budget planning, credit report review and debt management. The BALANCE program helps members develop a workable spending and savings plan. Members also have access to free and confidential financial counseling through the BALANCE program. It's just another way the credit union gives back to its membership at no cost to them.

The credit union holds seminars, hosts financial fairs and sponsors financial educational tours for children. Free online webinars are offered on a variety of topics, and this past year, more members took advantage of this educational tool

than ever before. Topics included Basic Budgeting, Investment Basics, Repaying Student Loans and Euro and Cents.

Service Credit Union also runs a comprehensive youth financial education program. The CU 4 Reality™ program was developed among credit unions through America's Credit Union Museum Financial Literacy Education Committee. The program offers an in-class curriculum to local schools, followed by a culminating hands-on event, the CU 4 Reality Fair. Partnering with middle schools, high schools and local community businesses, Service Credit Union helped foster practical financial education for more than 4,000 students this past year.

As part of youth financial education, Service Credit Union conducted Money Mammal tours in New Hampshire. The Money Mammals live puppet show brings the lessons of Service Credit Union's Saving Money is Fun Club to life. Coaching younger children how to manage and grow savings, the Money Mammals performed at New Hampshire schools and events.

Service Credit Union also brought its financial education programs to its new branch on Grand Forks Air Force Base, North Dakota. The credit union sponsored the Money Mammals Tour and the CU 4 Reality Fair for students in the elementary and middle schools respectively.

In cooperation with America Saves and the Department of Defense, Service Credit Union offered the Military Saves program, providing tools and techniques to military members to "Build Wealth, Not Debt." More than 1,000 current and new members signed up for the Military Saves program opening up more than 200 accounts during a one-week period in 2015.

We are proud and humbled that we can make such a great impact on members' lives, now and in the future, through financial education. These commitments to help our members achieve financial security and independence demonstrate the credit union difference for our members and the communities we serve.



**BUSINESS SERVICES The Perfect Fit for Your Business**

Service Credit Union’s Business Services Department has flourished since its inception in 2010. The deposit and loan portfolio have experienced double digit growth while remaining strong with zero delinquencies or charge-offs to date. Business Services at Service Credit Union has been nationally recognized in the top 10% lending credit unions in terms of business loans originated. In 2015, Service Credit Union continued to grow Business Lending with a commitment to financing projects that support the long-term development of and investment in the communities it serves.

Service Credit Union continued to serve as a resource to local business owners and decision makers, developing and producing a series of free, business-focused workshops. The events are designed to be informative, educational and interactive, providing a forum for business leaders to exchange information, discover new tools and engage in high quality networking opportunities. The credit union brought experts together to speak on such topics as sales, succession planning and social media for small business as well as hosted a half day session focused on assisting veterans to leverage their unique skills to grow a business.

Service Credit Union’s Business Team also sponsored various business focused workshops, programs and chambers of commerce throughout the year.

Global reach and local accessibility allow the credit union to offer convenience, expertise and value of a local institution with the strength and resources of a national bank. Service Credit Union is large enough to handle the most ambitious business objectives, nimble enough to deliver innovative financial solutions at competitive rates and perfectly positioned to support our members and their business growth.

Service Credit Union understands the critical role that local business has in our cities and towns. By supporting the growth and prosperity of our business communities with innovative and cutting-edge financial solutions, competitive rates and local decision making we are committed to our responsibility of providing the financial solutions our members need to meet their unique goals.



## SAVINGS PROGRAMS

- Savings accounts
- Share draft (checking)
- Club accounts
- IRAs
- Smart Savers for kids and teens
- Student Checking
- No Fee Checking

## INVESTMENT PROGRAMS

- Share certificates
- Money market accounts
- IRA certificates
- Trust accounts
- Coverdell education savings accounts (CESA)
- Mutual funds/stocks through MEMBERS Financial Services

## LENDING PROGRAMS

- New and used vehicles
- Motorcycles
- Snowmobiles, watercraft, boats, RVs
- Personal loans
- Visa® Platinum, Gold, Classic, Secured
- Line of credit
- Early pay loan program
- Share/savings secured
- Relocation loans
- Community lending outreach program
- Credit union indirect lending
- Energy loans

## BUSINESS SERVICES

- Full-service SBA lender
- Vehicle and fleet loans
- BusinessPlus Checking with dividends
- Business Platinum credit cards with rewards
- Merchant services
- Business savings, money markets and certificates
- Small business library
- Floor Plan lending

## TECHNOLOGY SERVICES

- Mobile app
- Mobile loan calculator
- Remote check deposit\*\*\*
- Bill Pay
- Purchase Rewards
- SMS text messaging
- Popmoney,® person-to person payment service
- FinanceWorks™
- Responsive website
- Online banking and bill pay
- WebDeposit24
- Online International Bill Pay
- Instant online account opening
- Online mortgage decisions
- Online newsletter
- Online Auto Buying Center
- Monthly E-news updates
- Eyeprint ID™
- Touch ID™
- CardValet®
- Online seminars
- Daily real estate rate updates
- Daily Euro rate updates
- E-statements with archive
- Account to account transfer

## EXCLUSIVE PROGRAMS

- Senior Program
- STAR Program
- Warrior Rewards with Warrior Savings
- Select Employer Group Program
- Veterans Program
- Guaranteed Pay/Government Shutdown Programs
- RewardsNOW™
- Purchase Rewards

## CONVENIENCE SERVICES

- Interactive Teller Machine with video teller
- ATMs
- LiveChat24

- TurboTax™ products
- MyCardDesign
- Deposit-taking ATMs
- Shared branching kiosks
- Direct deposit/payroll deduction
- Wire transfers
- 24-hour automated account access
- Get paid up to two days early
- Instantly issued Visa debit, ATM and credit cards
- Chip and PIN for Visa debit and credit cards
- V PAY, European debit card
- 24/7 Live Person Service
- Courtesy pay overdraft protection
- BALANCE Financial Fitness Program

## MORTGAGE PROGRAMS

- First, jumbo and conventional mortgages
- Mortgages available in continental U.S.
- Home Loan Payment Relief
- VA mortgages
- Home equity lines of credit
- Home equity fixed rates

## INSURANCE

- Auto
- Homeowners
- Renters
- Life
- and more

## OTHER SERVICES

- Cash disbursements
- Money orders
- Financial education
- Advice on new/used car value
- Non-member check cashing
- Investment planning and information
- Free ID theft protection
- Visa gift cards

\*Offer available on new, used and refinances. Includes existing Service Credit Union (SCU) loans with a \$1,000 minimum cash out. Match Plus applies to auto loan terms and restrictions that are consistent with SCU 63-75 month loan rates. Other loan terms do not apply. If SCU cannot beat competitors' APR, we will credit \$100 to a qualifying member's Service Credit Union account up to 30 days after Service Credit Union application, upon the applicant presenting a copy of their signed loan note & disclosure from the competitor. Qualifying member must apply, qualify and be approved for a SCU loan. Approval based on credit worthiness. If total income reportable equals \$600 or more in a taxable year, the credit union will issue you a 1099-MISC. Certain restrictions apply on dealer financing. Private, non-commercial loan rates and terms are excluded from this promotion. Offer subject to change without notice.

\*\*Members must be 62 years of age or older and maintain direct deposit of entire net pay, including social security and retirement checks, into a Service Credit Union checking or savings account to qualify for the Senior Program. Offers subject to change without notice. Subject to minimum rate limitations. Direct deposit of entire net pay must be maintained (not allotment). See [servicecu.org/senior](http://servicecu.org/senior) for rate discounts.

\*\*\*Must be a member of SCU for 30 days and enrolled in online banking. Other conditions apply.

†Online or mobile International Bill Pay (recurring or one-time) is available only from a Service Credit Union checking account. Automatic debits are available only to merchants in Europe. Select any day of the week to make recurring payments weekly, biweekly, monthly or quarterly. International Bill Pay incurs a \$1.00 fee per online or mobile transaction and \$2.00 fee per in-branch transaction (recurring or one-time). Service Credit Union is not liable for, and has no influence over the conversion rate applied to the conversion of the funds.

‡Must maintain direct deposit of entire net pay (not allotment) into a Service Credit Union checking account to qualify. Immediate credit of your direct deposit to your Service Credit Union checking account up to two (2) days early is based upon when we receive your payroll from your employer. Service Credit Union cannot assume any liability for not depositing these funds to your account early.

‡Interchange fees will apply. Funds must be available in account.

†Specific income requirements are necessary to qualify. See [servicecu.org/STAR](http://servicecu.org/STAR) for details and rate discounts. Individual must be a member of Service Credit Union or eligible for membership to apply. Direct deposit of entire net pay (not allotment) must be maintained and selection of the automatic loan payment feature.

‡Warriors are defined as members who are assigned to or who have returned in the past 120 days from peacekeeping operations, hostile environments, or combat/war zone areas where our troops are in imminent danger of enemy attack (PCS does not qualify) or service members decorated with the Purple Heart, Bronze Star, or a higher combat-related award and military members currently on active, Reserve, and Guard duty. Warrior Rewards benefits are extended indefinitely to active, Reserve and Guard duty as well as retired military and DoD civilians, both with 20 or more years of service. Direct deposit of entire net pay must be maintained (not allotment). See [servicecu.org/warriorrewards](http://servicecu.org/warriorrewards) for rate discounts.

‡Qualified military or government workers with direct deposit of their net employment earnings from the Defense Finance and Accounting Service (DFAS) into a Service Credit Union checking account in each of the previous three months, and who are currently enrolled in Courtesy Pay, are eligible to enroll in Guaranteed Pay. Service Credit Union will extend the regular available Courtesy Pay from \$1,000 to \$2,000 for Guaranteed Pay, at the end of a 90-day enrollment period, which must be repaid in full within 33 days of activation. Excludes No Fee Checking. Please refer to [servicecu.org/guaranteedpay](http://servicecu.org/guaranteedpay) for more information.

Must be a member of SCU or eligible for membership. iPhone and iPad are trademarks of Apple Inc., registered in the U.S. and other countries. Android is a trademark of Google Inc. Visa is a registered trademark of the Visa International Service Association. Popmoney is a registered trademark of Fiserv, Inc. FinanceWorks is a registered trademark of Intuit, Inc. RewardsNOW is a registered trademark of RewardsNOW Inc. TurboTax is a registered trademark of Intuit Inc., registered in the United States and other countries. Eyeprint ID is a trademark of EyeVerify, Inc. Touch ID is a trademark of Apple Inc.



SERVICE CREDIT UNION offers many unique products and services to our members around the globe. Programs are focused on anticipating member needs and providing the most convenient service experience possible.

**Auto loan rate guarantee\*** – Get our best auto loan rate. Finance a new or used car, truck or van at Service Credit Union and you'll get affordable rates, flexible terms, and fast, friendly service.

### **BALANCE Financial Fitness Program**

– Whether you're interested in developing a workable spending and savings plan, getting out of debt, taking a look at your credit report or planning for your financial future, Service Credit Union wants to help. It's free and confidential.

### **CardValet®**

Fraud protection with Service Credit Union's CardValet app. A mobile app lets you control debit and credit card usage. With CardValet, you can protect yourself against fraud and control spending.

### **FREE ID theft protection** –

Service Credit Union offers members identity theft protection and recovery services at no cost, helping recover the good name of Service Credit Union members who fall victim to identity theft for any reason.

### **Get paid up to two days early\*\*** –

With direct deposit, you can have access to your money up to two days before everyone else. Other financial institutions hold your money, not Service Credit Union. If you have direct deposit with us, and we receive your pay early, then we will make it available to you.

### **Guaranteed Pay and Government Shutdown<sup>3</sup>**

– Service Credit Union pays you when you don't get paid. Active duty, Guard and Reserve, DoD civilian employees and retirees are eligible.

### **International Bill Pay<sup>4</sup>**

– Transfer funds from your Service Credit Union checking account to banks in foreign currency. Use this convenient service to make recurring or one time payments.

### **Mortgage lending U.S. wide** –

Service Credit Union offers mortgages and equity loans on homes across the continental U.S. Just go online to apply, get an instant decision and a great mortgage rate.

### **No Fee Checking** –

Cost free checking featuring no maintenance or transaction fees. The perfect account for those just starting out, those who want to re-establish their credit or those who simply want to avoid fees.

### **Select Employer Group** –

A special collection of services made available exclusively to employees of a participating organization with direct deposit.

### **Senior Program™** –

Exclusive price benefits program for members 62 years of age and older.

### **Shared branching and ATMs worldwide**

– Members at Service Credit Union have access to their accounts at over 5,000 shared branch locations and 30,000 surcharge-free ATMs worldwide.

### **STAR Program<sup>1</sup>** –

The STAR Program is designed for Service Credit Union members who are just starting out and offers special discounts on loans and higher rates on deposit accounts.

### **Touch ID™ and Eyeprint ID™**

The cutting-edge technology lets you log on to your account with a look or a touch that's more secure than ever. The biometric technology combines ultimate security with convenience.

### **Veterans Program** –

A special collection of services for those who have served our country. VA Loans, high certificate rates, and low loan rates.

### **V PAY<sup>5</sup>** –

Makes point of sale purchases easier and more convenient in Germany. Apply online or at any branch.

### **Warrior Rewards<sup>2</sup>** –

The Warrior Rewards Program offers special deposit rates and significant loan discounts to qualifying members.

### **24/7 Live Person Service** –

You can speak with a Member Service Representative at our Contact Center 24 hours a day, seven days a week. We are ready to assist you. Simply call 800.936.7730 (U.S.) or 00800.4728.2000 (Int'l).

# SAVE MONEY FEEL SECURE

Service Insure offers a variety of insurance options to save you money and get you the best deal on all your insurance needs.



Auto • Business • Home • Renters  
Motorcycles • ATVs and RVs • Life

*Your Insurance Savings is Just a Free Quote Away.*

**GET YOURS TODAY.**

**SERVICE<sup>™</sup>**  
**INSURE**

[servicecu.org](http://servicecu.org)