

# 2017 Annual Report

**SERVICE<sup>®</sup>**  
**CREDIT UNION**  
★★★★★  
**READY TO SERVE**



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# DISCOVER

more in 2018



## Chair's Report



On behalf of the Board of Directors, I am pleased to share that 2017 was a tremendous year for Service Credit Union. We achieved impressive membership, loan, and asset growth. This success comes on the heels of the credit union celebrating 60 years of serving our members and communities.

Credit Unions exist to turn dreams into reality for our members and to support the communities we serve. Whether saving for college, purchasing a home, or planning for retirement, credit unions focus on providing value and enduring relationships. Throughout the credit union movement, our focus has always centered on asking how we can help. This people-first philosophy separates your credit union from other financial institutions.

Since our beginnings at Pease Air Force Base, where we started by providing affordable credit to military personnel and their families, Service Credit Union has embraced the “People Helping People” philosophy. This rings true today in how we are “Ready to Serve” our members wherever they are in the world.

Our team continued to reach into the community and I want to update you on our efforts.

- Our partnership with the Marine Corps and their Toys for Tots program collected thousands of toys for local children in New Hampshire and military families overseas.
- Our team continues their efforts in financial education, hosting free webinars and financial fairs for middle school and high school students, and sponsoring education programs in the communities we serve.
- We have supported the New Hampshire Food Bank for the past 12 years through food drives and donations. Our staff also joined the food bank, WMUR and the Boys and Girls Clubs of New Hampshire to collect more than 2,800 backpacks for students in need for WMUR's inaugural Pack a Pack school backpack drive.
- In support of our veterans, Service Credit Union donates to Veterans Count annually, sponsors Seacoast Salutes, hosts the Seacoast Veterans Conference and contributes to several other veteran conferences throughout the state.

As a member-owned financial cooperative, we owe our success to you, our members. Service Credit Union remains committed to providing value to our members through lower rates and competitive products and services for both members and their businesses.

On behalf of the Service Credit Union Board of Directors, I thank you for your continued support of our credit union.

David Hanchett

**Board of Directors Chair**

## President's Report



2017 was another exciting year of growth and innovation at Service Credit Union. Ending the year with a total of \$2.7 billion in loans to members and attaining a record-high \$3.25 billion in assets, we are poised to move forward with our goals for the coming year. As the largest credit union in New Hampshire, our mission continues to focus on enhancing the lives of our members, staff, and community. After all, that is why we exist.

We successfully implemented updates to a number of software platforms, upgraded our website, created a new tagline for our credit union, increased our commercial lending portfolio, offered a government shutdown program for our military members, and hosted financial fairs for middle school students in New Hampshire. The strong success of the credit union is all thanks to the staff and volunteers serving you.

As we continue to move forward, we are positioning your credit union for the future. In 2018, Service Credit Union looks to increase access points for members' convenience, make mortgage loan decisions easier, continue technology improvements and remain best in class in member safety and security.

It is the credit union's vision to build relationships that empower a lifetime of personal and financial well-being. We carry that out daily through our member-focused approach – whether helping deployed military members make payments, finding a way for students to manage their loans, assisting families in purchasing their first homes or fulfilling the dreams of businesses.

We are humbled by receiving the Army's 2016 Distinguished Credit Union of the Year, which recognizes exceptional financial services, in support of U.S. Army Garrison in Bavaria, Germany. The credit union also received Cooperative Credit Union Association awards for the Young Professional's Award of Excellence and Excellence in Advocacy Award.

I would like to thank our Board of Directors for their leadership and support of Service Credit Union. Our success would not be possible with the most important part of our credit union – you, our member, our owner, and our partner.

We look forward to your journey and serving you for many years to come.

David W. Van Rossum

**President/CEO**









# EYES on the HORIZON

## Senior Leadership

**David W. Van Rossum,**  
President/CEO

**Dan Clarke,**  
Chief Operations Officer

**Patrick Harrigan,**  
Chief Risk Officer/General Counsel

**Shari L'Italien,**  
Chief Internal Audit

**Andrew McGeorge,**  
Chief Financial Officer

**Satish Mehta,**  
Chief Information Officer

**Fawn Terwilliger,**  
Chief Lending Officer

**Michael Bergeron,**  
Vice President - Logistics

**Wendy Beswick,**  
Vice President - Marketing

**Robert Drouin,**  
Vice President - Controller

**Joanne Nadeau,**  
Vice President - Human Resources/Education

**Michael Porter,**  
Vice President - Foreign Exchange

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

As of March 1, 2018

## Board of Directors



**David Hanchett,  
Chair**



**Joanne Whiting,  
Vice Chair/  
Secretary**



**Scott Wensley,  
Treasurer**



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



**Daniel Egan,  
Director**



**James Fishbein,  
Director**



**Clifford Taylor,  
Director**



**Barbara Roberge,  
Director  
Emeritus**

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

## Supervisory Committee



**Michael McMahon,  
Chair**



**Thomas Lynch,  
Secretary**



**Lt. Col.  
Donald Houldsworth,  
USAF Ret.**



**Deborah  
Sliney Schreck**



**Joanne Whiting**

## Credit Committee



**David O'Connor,  
Chair**



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



**William McDill**



**Ramey Sylvester**



**Lt. Col. James  
Lyn Walters,  
USAF Ret.**



## 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.

The comprehensive annual audit required by federal and state law was performed based on the September 30, 2017 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**

## Credit Committee Report

True to the core philosophy of the credit union movement, our members help each other by providing capital for loans. Without the overhead of compensating shareholders, the credit union is able to offer lower rates and higher savings to borrowers, while providing income to our depositors. The Credit Committee takes on the responsibility of reviewing lending policies. At Service Credit Union, all lending decisions are made in the best interest of our members and the credit union. Regular review of lending procedures and practices by the Credit Committee ensures fair decisions.

Meeting the financial needs of our members and encouraging them to use credit wisely, while maintaining a high-quality loan portfolio, provided the impetus for our outstanding loan growth. During 2017, your credit union had a total outstanding principal loan balance of \$2,738,661,761.46, an increase of 13.17% from 2016.

As always, our thanks for the help that makes the Credit Committee's work so much easier must go to our credit union's staff. Their daily efforts help keep our credit union strong and productive.

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.

David O'Connor

**Credit Committee Chair**



**LEADING**  
our **WAY**

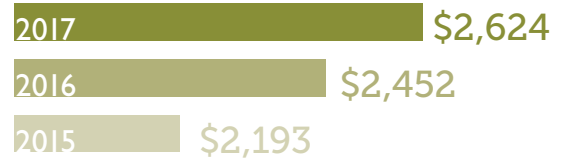




## Members

234,863 as of 12/31/17

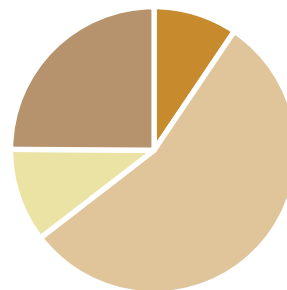
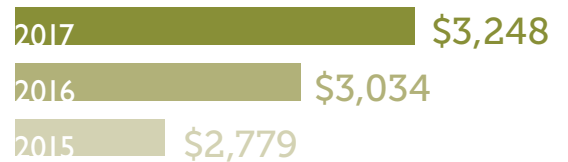
## Shares in millions



## Loans in millions



## Assets in millions



## Loan Portfolio

Business .....	9.45%
All Auto Loans.....	55.10%
All Other .....	10.56%
Real Estate.....	24.90%

## Statement of Reserves and Retained Earnings

	Statutory Reserves	Unappropriated Retained Earnings	Unrealized Gain or Loss on AFS	Other Comprehensive Income	Total
Balance 12/31/16	\$17,043,124	\$351,374,106	(\$408,409)	(\$14,770,813)	\$353,238,009
Unrealized Gain/Loss AFS Investments			(\$579,875)		(\$579,875)
Net Income		\$26,591,206			\$26,591,206
FAS 158 Pension Adjustment				\$1,942,463	\$1,942,463
<b>Balance 12/31/17</b>	<b>\$17,043,124</b>	<b>\$377,965,313</b>	<b>(\$988,284)</b>	<b>(\$12,828,350)</b>	<b>\$381,191,803</b>

## Classification of Loans Outstanding

Degree Of Delinquency	Number	Adjusted Delinquency
Current	154,371	\$2,675,657,629
Less Than 2 Months	3,080	\$46,281,533
Greater Than 2 Months	500	\$5,495,813
<b>Total Loans</b>	<b>157,951</b>	<b>\$2,727,434,974</b>

Unaudited

## 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 2017.

We are pleased to report that loans, shares, and assets are at exceptional levels. These financial results show 2017 was a very successful year and clearly demonstrate our overall financial strength.

The credit union has flourished over the years due to your continued confidence and patronage and has truly and wholeheartedly invested in improving the financial well-being of its members.

Your money is safe and secure at the credit union. The credit union's share accounts 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 7.04% or \$213.7 million in the past year from \$3.034 billion to \$3.248 billion as of the end of 2017. Service Credit Union is the largest credit union in New Hampshire and the 60th largest of the almost 6,000 credit unions in the United States.

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.

Scott Wensley  
Treasurer





A silhouette of a person wearing a cap, standing in a field of tall, thin plants. The background is a bright, hazy sunset or sunrise, with the sun low on the horizon, creating a strong lens flare and a warm, golden glow. The person is facing away from the camera, looking towards the horizon.

## Highlights from the Statement of Financial Condition

Loans outstanding up **13.05%**  
at **\$2.74 billion**

Share capital up **6.99%**  
at **\$2.63 billion**

Total assets up **7.04%**  
at **\$3.25 billion**

Total reserves and undivided earnings  
up **7.21%** at **\$395 million**

Members earned **\$19,002,670**  
in dividends in 2017

## Statement of Income

Interest Income	2017	2016
Interest On Loans	\$96,083,732	\$83,271,603
Interest On Investments	\$4,688,503	\$4,538,207
Interest Expense		
Dividends	\$19,002,670	\$17,551,237
Interest On Borrowed Funds	\$3,395,907	\$3,385,778
Provision For Loan Losses	\$11,244,774	\$8,020,611
Net Interest Income	\$67,128,884	\$58,852,185
Operating Expenses		
Compensation & Benefits	\$52,412,563	\$49,824,891
Office Operations And Occupancy	\$27,440,366	\$25,616,179
Other	\$28,343,574	\$26,910,352
Other Operating Income	\$66,834,541	\$64,552,025
Non-Operating Income		
Gains/Losses	\$824,284	\$1,294,965
<b>Net Income</b>	<b>\$26,591,206</b>	<b>\$22,347,755</b>

## Statement of Financial Condition

Assets	2017	2016
Cash & Cash Equivalents	\$222,112,844	\$277,375,082
Investments		
(Net of Market Rate Adjustment)	\$128,857,419	\$178,650,909
Loans to Members		
(Net of Allowance for Loan Losses)	\$2,738,661,761	\$2,421,553,071
Accrued Interest Receivable	\$7,045,717	\$6,226,044
Property & Equipment		
(Net of Accumulated Depreciation)	\$83,980,203	\$87,279,792
Other Assets	\$67,368,264	\$63,217,091
<b>Total Assets</b>	<b>\$3,248,026,208</b>	<b>\$3,034,301,988</b>
Liabilities & Equity		
Notes & Interest Payable	\$193,314,793	\$183,282,961
Dividends Payable		
Other Liabilities	\$45,598,261	\$41,533,607
Total Liabilities	\$238,913,054	\$224,816,568
Member Accounts	\$2,627,921,351	\$2,456,247,411
Reserves	\$17,043,124	\$17,043,124
Undivided Earnings	\$377,965,313	\$351,374,106
Gain/Loss AFS Investments	(\$988,284)	(\$408,409)
Gain/Loss FAS 158 Pension	(\$12,828,350)	(\$14,770,813)
Total Equity	\$3,009,113,154	\$2,809,485,420
<b>Total Liabilities &amp; Equity</b>	<b>\$3,248,026,208</b>	<b>\$3,034,301,988</b>



# BLAZING the TRAIL

## Serving the Community

Serving and giving back to our communities is one of our core values. At Service Credit Union, our community outreach is an extension of how we are an integral part of supporting the growing communities we assist. We promise to remain humbly generous with our time, talents, and sponsorships.

- Among our larger military commitments are various MWR and ACS generated events across military bases in Germany, Grand Forks, ND and Cape Cod, MA.
- Veterans Count, a veteran focused chapter of Easter Seals, is also a strong partner. They provide emergency financial assistance to veterans in need.
- We are the top contributor to New Hampshire Make-a-Wish as part of the New Hampshire Credit Union League commitment.

We provide sponsorships to create free or low cost family events across the state in communities we serve, including food truck festivals, children's days, and more.

## 2017 Awards

Distinguished Credit Union of the Year by the United States Department of the Army. This prestigious award recognizes exceptional financial service and support of U.S. Army Garrison Bavaria, Germany, which includes three of our Germany branch locations.

The Young Professionals Award of Excellence. The Cooperative Credit Union Association (CCUA) presented AVP of the Contact Center Dennis Donnelly with the award which signifies a young professional who best demonstrates a commitment to the values and principles defining the credit union's mission.

The Excellence in Advocacy award was also given to the credit union by CCUA. We hosted New Hampshire Governor Chris Sununu and discussed how credit unions throughout NH can assist residents.

## 2017 Community Highlights

- Donations to the NH Food Bank
- Make-A-Wish Foundation
- USOs
- Seacoast Salutes
- Veterans Count
- Month of the Military Child
- Credit Union Youth Month
- Military Saves
- Pease Greeters
- Prescott Park Arts Festival
- Jericho ATV Festival

Supporting Our  
Community



Over **1,250**  
**COMMUNITY EVENTS**

Educating  
Our  
Children



Over **24**  
**SCHOOLS**  
Over **3,200**  
**STUDENTS**  
Over **1,600**  
**VOLUNTEER HOURS**

Serving  
Our Veterans



Over **2,250**  
**VOLUNTEER HOURS**  
Over **150**  
**EVENTS SPONSORED**  
Over **110**  
**DONATIONS MADE**

Spreading  
Some  
Sweets



**1,200**  
**CANDY BARS**  
Distributed for  
**MAKE-A-WISH**

Employment  
Opportunities

**170**  
**NEW TEAM**  
**MEMBERS**

Supplying Our  
Schools

Nearly **3,000**  
**BACKPACKS DONATED**





# The **RIGHT** **DESTINATION**





## NEW HAMPSHIRE

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
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
Tilton In-Store.....	33 Sherwood Drive.....	603.286.9600

**All In-Store locations are inside Walmart**

## MASSACHUSETTS

Falmouth.....	199 Worcester Court.....	508.548.8877
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## NORTH DAKOTA

Grand Forks Air Force Base.....	589 Holzapple Street Military ID cardholders only.....	701.594.3347
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## GERMANY

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
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





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FEDERALLY INSURED BY NCUA



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 Accounts.

