



Federal Credit Union | Friends you can bank on.

2022 annual report

Equal Housing Lender
Federally Insured by NCUA



Bill Lavage, President/Chief Executive Officer
Steven Endress, Chairperson of the Board



I am always treated with respect and all the associates know me by name; that's very comforting to me to be known as more than just a number.

- Adam Burgess

letter from the chairperson and president/ceo

Our members, our employees and our communities are the focus for everything we do at Service 1st. 2022 was an exciting year. We navigated the lingering impacts of COVID-19 this past year, with sails set on continuing to advance our digital capabilities and helping you achieve your financial goals.

You place your trust in us to help you manage your financial lives and we are committed to being by your side. Our strong financial performance indicates we are committed to being here for you now and well into the future. Our assets topped \$615 million, an increase of 3.4%. Loans grew to \$527 million, a 17.5% gain over 2021. We experienced growth in indirect lending, home equity loans, personal loans, and VISA® credit cards. Deposits grew to \$543 million. This modest increase of 2.6% was due to members beginning to spend some of their savings on increases in living expenses caused by a sharp rise in inflation. Our Return on Average Assets (ROA), a measure of the overall health of the organization, increased to 1.3%. It was 1.1% in 2021. There are currently 38,738 members experiencing the Service 1st difference. We added over 4,800 new members in 2022.

In the spring, we upgraded Service 1st online and mobile banking to provide you with a full-service system featuring more flexibility to manage your finances from your desktop or while you are on the go. We are committed to making sure you have a great experience, whether you stop in any of our offices, call, visit Service 1st online or via our mobile app.

We were also committed to supporting our community. For the first time in a few years, the Susquehanna River levels remained low and we dropped 3,500+ rubber duckies in the river for the Service 1st Charity Duck Derby, raising \$15,000! Funds from the Derby were combined with funds raised during our 28th Annual Charity Golf Tournament. As a result, we were able to donate \$54,000 to Good Samaritan Mission and ThinkBIG® Pediatric Cancer Fund. Service 1st is also proud to be a part of the Going Gold initiative. Together with a number of local businesses, we were able to raise awareness and \$15,750 to support ThinkBIG® and their efforts to lessen the financial stress local families experience while facing pediatric cancer.

We were humbled to receive the following awards, which we proudly share with our team, our volunteers and our members. The Montour Area Recreation Commission (MARC) honored us in 2022 with their 2021 Corporate Supporter of the Year Award. We also received awards for Best Bank/Credit Union and Best Financial Planning Services as part of the Daily Item's Best of the Valley's Readers' Choice Awards, Gold Winner for Best Credit Union from the News Item, Best Credit Union from the Standard Journal's Best of the Susquehanna River Valley's Readers' Choice Awards, and in November, we were honored with the Central Pennsylvania Chamber of Commerce Impact Award.

We would like to thank our team for being nimble and flexible as we managed staffing shortages and absences. Their dedication to service excellence has and will continue to be our mainsail.

In 2023, we are setting our sights on continued growth, expansion of our digital services and working with you to achieve your financial goals. Our promise to you remains the same, to provide a lifetime of financial services to meet your changing needs, fostering a relationship of trust, dignity, and respect.

We are stronger together. As we prepare for another progressive year, we wish you and your family continued health and success throughout 2023!



management team

TOP LEFT (L-R): Coleen Snover, Vice President Training & Development; Bill Lavage, President/CEO; Elisabeth Taylor, Vice President Audit & Compliance; Michael Thomas, Chief Financial Officer; Scott Temple, Vice President Specialized Lending. BOTTOM LEFT (L-R): Brett Johnson, Vice President Lending; Jay Reed, Chief Information Officer; Missy Peifer, Vice President Human Resources; Tim Sones, Vice President Accounting; Jennifer Daddario, Regional Vice President; Dave Shope, Assistant Vice President Business Development; Barb Zlotorzynski, Assistant Vice President Operations. TOP RIGHT (L-R): Jeffrey Balestrini, Chief Lending Officer; Christopher Court, Chief Strategy & Innovation Officer; Colleen Phillips, Vice President Marketing; Jason Deater, Information Systems Manager; Sarah Zinga, Assistant Vice President Digital Services; Karen Wood, Chief Experience Officer and Linda Brown, Chief Administrative Officer.



board of directors

(BACK ROW L-R): Tracy Shirk, Vice Chairperson; Bill Lavage, President/CEO; Eric Polczynski, Director; Steven Endress, Board Chairperson; Greg Burke, MD, FACP, Director; David Cutright, Treasurer; Mike Fleming, Supervisory Committee Chairperson
 (FRONT ROW L-R): Kathy Linn, Director; Deborah Petretich Templeton, R. Ph., MHA, Secretary; Barbara Criswell, Director and Lori Wilson, Director.



service 1st retirement & investment center

(L-R): Matt Defalco, LPL Financial Advisor; Gary Surak, Vice President Wealth Management; Matt Gardill, LPL Registered Representative and Ed Moyer, LPL Registered Representative.

Service 1st Retirement & Investment Center is staffed by knowledgeable and experienced financial representatives devoted to serving your retirement, insurance and investment needs. Gary Surak, Vice President, Wealth Management, offers over 30 years of experience. Service 1st Retirement & Investment Center has over \$140,000,000 in brokerage assets under advisement and over 1540 members served.

Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Service 1st Federal Credit Union and Service 1st Retirement and Investment Center **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using Service 1st Retirement and Investment Center, and may also be employees of Service 1st Federal Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Service 1st Federal Credit Union or Service 1st Retirement and Investment Center. Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value
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Your Credit Union (Service 1st Federal Credit Union) provides referrals to financial professionals of LPL Financial LLC ("LPL") pursuant to an agreement that allows LPL to pay Service 1st Federal Credit Union for these referrals. This creates an incentive for Service 1st Federal Credit Union to make these referrals, resulting in a conflict of interest. Service 1st Federal Credit Union is not a current client of LPL for advisory services.

Please visit <https://www.lpl.com/disclosures/is-lpl-relationship-disclosure.html> for more detailed information.



Service 1st Federal Credit Union employees collected over 100 toys for Toys for Tots during a holiday gathering held at the Credit Union's Corporate Center in Danville. Photo (L-R): Bill Lavage, President/CEO; Nicole Hoyes, Centralized Lending Coordinator and Tom Rambo, Vice President Danville Market.



Service 1st Federal Credit Union held its 28th Annual Charity Golf Tournament Friday, August 26 at Frosty Valley Resort in Danville. During the tournament, Service 1st presented The Good Samaritan Mission Danville and ThinkBIG® Pediatric Cancer Fund with donations totaling \$54,000. Photo (L-R): Jeff Balestrini, Chief Lending Officer and 2022 Tournament Committee Chair; Colby Wesner, Executive Director/Founder, ThinkBIG® Pediatric Cancer Fund and Bill Lavage, President/CEO.

Service 1st was honored and surprised to be among the Central PA Chamber's Impact Award recipients. The award recognizes those making a positive impact on the Chamber and local community. Photo (L-R): Jeff Balestrini, Chief Lending Officer; Jenny Daddario, Regional Vice President; Karen Wood, Chief Experience Officer; Jenn Watts, Assistant Vice President Milton Market; Linda Brown, Chief Administrative Officer; Rachael Herb, Assistant Vice President Lewisburg Market and Colleen Phillips, Vice President Marketing.



44 Service 1st has always been wonderful to me and the app is so convenient and super easy to use. I recommend Service 1st to anyone looking for a good place to put their money.

- Stacy Lewis



During September, local businesses, organizations and communities joined together to "Go Gold," raising awareness about pediatric cancer and over \$15,000 to support the ThinkBIG® Pediatric Cancer Fund. Photo (L-R): Bob Stoudt, Director, Montour Area Recreation Commission; Mark Stankiewicz, Managing Director, ThinkBIG® Pediatric Cancer Fund; Colleen Phillips, Vice President Marketing; Damien Malfara, Owner, Old Forge Brewing Company and Bill Lavage, President/CEO.



Service 1st Federal Credit Union held its annual Charity Duck Derby Saturday, August 6, 2022 raising \$15,000 for two local charities. Photo (L-R): Alison Luzenski, Loan Support Specialist; Steve Endress, Chairperson, Service 1st Board of Directors; Brett Johnson, Vice President Lending and Duck Derby Committee Co-chair; Bill Lavage, President/CEO; Dave Shope, Assistant Vice President Business Development and Duck Derby Committee Co-chair; Mike Thomas, Chief Financial Officer; Kim Wolfe, HR Generalist and Suzette Sands, Administrative Assistant to the CEO.



Bucknell Athletics' popular mascot, Bucky the Bison, signed a name, image, and likeness (NIL) deal with Service 1st Federal Credit Union on August 30, 2022.

Notably, Bucky's deal with Service 1st Federal Credit Union is believed to be the first of its kind in college sports.

Photo: (L-R) Lane Tanney, Member Business Loan Processor; Seth Loff, Member Business Loan Officer; Rachael Herb, Assistant Vice President Lewisburg Market; Dave Shope, Assistant Vice President Business Development; Bucky the Bison, Bucknell University; Bill Lavage, President/CEO and Colleen Phillips, Vice President Marketing.

In February 2022, the Montour Area Recreation Commission (MARC) presented Service 1st with their 2021 Corporate Supporter of the Year Award. As noted on the award, this accolade was bestowed "in grateful recognition of exemplary support for the Montour Area Recreation Commission and the Montour County community."

Photo (L-R): Brett Johnson, Vice President Lending; Jay Reed, Chief Information Officer; Karen Wood, Chief Experience Officer; Mike Thomas, Chief Financial Officer; Bob Stoudt, Director, Montour Area Recreation Commission (MARC); Bill Lavage, President/CEO; Christopher Court, Chief Strategy & Innovation Officer and Jeff Balestrini, Chief Lending Officer.



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Every time I visit, everyone is so friendly and polite and they treat you like a friend. The atmosphere is always warm and inviting.

- James Diehl

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I have been a member of Service 1st for over 40 years and would not think to go anywhere else. They make the online banking functions easy to use, personnel are fantastic and always ready and willing to help any of your needs. They totally rock!

- Stephanie Mensch



In November, Service 1st partnered with Meadowbrook Christian School to host the school's first Financial Reality Fair. Over 170 students in grades 6 – 12 took part in the mock budget experience.

The Financial Reality Fair is designed to place students in real-life situations where they select a career, are provided with an entry level salary and challenged to make decisions while remaining within budget.

Photo (L-R): Scott Temple, Vice President Specialized Lending; Jennifer Watts, Assistant Vice President Milton Market and Brett Johnson, Vice President Lending.

statement of income

As of December 31, 2022 and December 31, 2021 (Unaudited - Subject to revisions.*)

	2022	2021	% Change
OPERATING INCOME			
Income from Loans	\$21,798,711	\$18,778,507	16.1%
Income from Investments	675,008	1,244,397	-45.8%
Member Services Income	287,616	451,551	-36.3%
Mortgage Fee Income	129,216	129,939	-0.6%
Other Income	7,342,415	6,524,178	12.5%
TOTAL OPERATING INCOME	30,232,966	27,128,572	11.4%
OPERATING EXPENSES			
Employee Compensation	\$8,217,740	\$7,331,467	12.1%
Employee Benefits	2,001,713	1,697,439	17.9%
Travel and Training	147,761	77,759	90.0%
Association Dues	126,956	113,497	11.9%
Office Occupancy	938,538	904,067	3.8%
Office Operations	3,078,304	2,627,066	17.2%
Marketing	975,668	927,647	5.2%
Loan Servicing	1,460,499	1,424,311	2.5%
Professional & Outside Services	723,804	799,214	-9.4%
PSCU Operating Expense	1,323,796	1,492,928	-11.3%
Provision for Loan Losses	964,500	300,624	220.8%
Interest on Borrowed Funds	172,907	173,380	-0.3%
NCUA Operating Fee	92,712	100,985	-8.2%
Annual Meeting	12,354	11,327	9.1%
Other Expenses	201,189	172,507	16.6%
NCUSIF Stabilization Expense	(86,817)	(147,824)	-41.3%
TOTAL OPERATING EXPENSES	20,351,622	18,006,393	13.0%
NET OPERATING INCOME	9,881,344	9,122,179	8.3%
NON-OPERATING INCOME (EXPENSE)			
Gain (Loss) on Investments and CUSO	0	0	0
Gain (Loss) on Disposal of Assets	(105,450)	8,317	-1367.9%
Other Non-Operating Income (Expense)	9,385	(1,080,000)	-100.9%
TOTAL NON-OPERATING INCOME (EXPENSE)	(96,065)	(1,071,683)	-91.0%
ALLOCATION OF INCOME			
Net Income Before Dividends	9,785,280	8,050,495	21.5%
Dividends	2,212,849	2,062,035	7.3%
NET INCOME AFTER DIVIDENDS	\$7,572,431	\$5,988,460	26.5%

statement of financial condition

As of December 31, 2022 and December 31, 2021 (Unaudited - Subject to revisions.*)

	2022	2021	% Change
ASSETS			
VISA® Loans	\$9,860,973	\$8,296,763	18.9%
Home Equity Loans	183,443,462	161,692,980	13.5%
Commercial/Business Loans	83,850,102	72,760,522	15.2%
Auto Loans	185,864,842	143,509,104	29.5%
Student Loans	314,149	498,353	-37.0%
All Other Loans	63,721,698	61,952,734	2.9%
Total Loans	527,055,226	448,710,457	17.5%
Allowance for Loan Losses	(2,228,928)	(1,812,783)	23.0%
NET LOANS OUTSTANDING	524,826,299	446,897,674	17.4%
Cash	6,492,886	8,138,900	-20.2%
Investments	63,573,023	120,623,945	-47.3%
Other Assets	20,990,304	19,699,730	6.6%
TOTAL ASSETS	\$615,882,512	\$595,360,248	3.4%
LIABILITIES			
Total Liabilities	\$13,781,124	\$12,630,164	9.1%
EQUITY			
Certificates	56,533,545	46,251,414	22.2%
Checking	131,018,295	120,936,126	8.3%
Money Market Accounts	112,911,194	124,275,911	-9.1%
IRAs	30,326,729	30,164,701	0.5%
All Other Savings	212,030,410	207,626,436	2.1%
Total Shares	542,820,172	529,254,588	2.6%
Reserves	-	1,424,933	-100.0%
Undivided Earnings	61,304,243	52,306,878	17.2%
Reserve for Investment Gain/Loss	(2,023,027)	(256,316)	689.3%
TOTAL LIABILITIES AND EQUITY	\$615,882,512	\$595,360,248	3.4%

We have reviewed the financial statements and, based on our knowledge, the statements are true and fairly present in all material respects the credit union's financial condition, results of operations and cash flows.

William J. Lavage, President/CEO
Michael P. Thomas, Chief Financial Officer

*Copies of audited financial statements are available upon request.



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