

Intro: Welcome to the SeaComm Federal Credit Union Podcast, your guide to financial information and what's going on at your credit union.

Jerry: Right now it's time to speak with SeaComm President and CEO, Scott Wilson. And Scott, we're already through the first month of the year. Let's take a look back at 2022.

Scott Wilson: Well, first of all, Jerry, I always enjoy these chats.

Jerry: Thanks.

Scott Wilson: Yeah, it's really hard to believe that we're well into January. All in all, we had a really good year last year, Jerry. We ended the year with a nearly 3% membership growth, which equals to around 52,893 members, and we exceeded our financial forecast based on the board of directors approved 2022 operating budget, and we ended the year with a net income of \$7.2 million. One of the things that really is good is that we had a really good lending year, and we dispersed \$149 million worth of loans. And if we compare that to 2021 of 132 million, that's a growth of over 13%.

Jerry: Well, what it means to me is we're helping members.

Scott Wilson: Absolutely. And that goes from a \$500 loan to maybe a commercial real estate mortgage, serving all types of members. Our loan portfolio ended up at 392 million, and as I mentioned, that was a growth of 13% year over year. I will mention that our cost of funds were higher than our peer average by 20 basis points overall. And really, the board of directors wants to give the maximum return back to our members. And when you add our loyalty rewards back into that, it's even much, much higher. So, the more business a member does with the credit union, the better their rate is, whether it's on the deposit side or reducing a loan rate. Assets ended at 775 million. Regulatory capital significantly exceeded the National Credit Union Administration's well capitalized requirement ending with risk-based capital at 25.11%, retained earnings exceeded 105 million. That's a lot of capital, Jerry. It gives us a lot of cushion for maybe that adverse economic anomaly that, if something really tragic happened to the economy, would SeaComm be able to move forward? And the answer is absolutely yes.

Jerry: So, a good year?

Scott Wilson: Absolutely a great year. Our net operating expenses were well under our budget of 3%. Our return on average asset, that's the measurement we used to determine profitability, we were at 0.93%. That's favorable compared to our goal of 0.80. Delinquency was at 102. We are going to have folks that have some challenges making their payments. At the end of the day, how much do we actually charge off? And we charged off only 0.20% this past year, which was a savings of \$1.6 million in our provision for loan lease loss, which is a really

significant number. Our resolution folks do a really good job working with our members. We also had favorable quality loops. That's our member satisfaction surveys. We ended up with an average of 681 compared to our goal of 675. I will tell you that this time of year we announce our President's Service Award employees. And service really is a compelling value to our members, and we know it. But I wanted to mention in particular, Rose Lapoint-Matthews in our Canton Branch has been on that list at the top for 10 consecutive years.

Jerry: That's just a tremendous accomplishment. And I know Rose, I see Rose when I go to the Canton branch, and she deserves this award.

Scott Wilson: Absolutely. There isn't anybody she doesn't know.

Jerry: Right.

Scott Wilson: I wanted to mention some other notable things. Our Watertown branch construction project was completed on time and came under budget, and we opened on November 29th. That's across from the town center on Route 3 in Watertown. Great location for us. We had no deficiencies in our annual audit conducted by Nearman, Maynard, and Vallez. For a second year, we participated in the Great Place to Work survey process. Our employees said that, overall, that we were a great place to work, and that certification runs year over year. And we'll be doing that again, Jerry, with our employees in 2023. We maintained our Weiss A rating, our A+ Deposit Accounts rating, and our five-star Bauer Financial rating, which is really good because that means our financial strength is really where it needs to be in order for us to deliver that better rate on our deposits, as well as continue to invest in our technology and our branches and our people.

Jerry: And that's important because the members, number one, deserve this. And number two, they are looking for the kind of services, because of our financial strength, that we can provide.

Scott Wilson: We understand that there are members who only want to deal with their mobile technology, and that's okay. We have members that only want to come into the branch, and that's okay. We have to deliver what our members want and need at the time. And so, we have a good product mix, a good service mix, and we make sure that we're delivering that every day.

Jerry: You can use your cell phone and take care of everything you need to do, including deposit checks. But if you want to see Rose Lapoint-Matthews, you can go to the Canton branch and see her.

Scott Wilson: That's absolutely true, Jerry. I also wanted to mention that we did win a couple awards last year. Our Bronze Marketing Award for Community Engagement and honorable mention for the Dora Maxwell Award. Both were for social responsibility and community service for our Pay It Forward program, which is

really an excellent program, Jerry. And we gave away over \$300,000 between donations and sponsorships in the Pay It Forward in 2022.

Jerry: Well, just about every organization, just about every event, you're going to see SeaComm involved.

Scott Wilson: Yeah. One of the things I'm most proud of is I can't go to an arena in the North Country or to a college hockey game or to a little league game without seeing SeaComm as a sponsor, either on the jerseys or on the billboard or somewhere else. One of the other things that we're most proud of, as well, is that it's not just about those types of sponsorships. We have endowed scholarships in colleges from JCC all the way over to Plattsburgh State University for North Country folks to be able to get assistance to go to school. We also give our own scholarships away, which is coming up soon. We'll start gearing up for that. Whatever it is, we are a partner with the community, and I think that's really important. And the community knows that if they need something, they write us a letter or they stop and see someone and make a case for it, and we're there to support it.

Jerry: Hey, we're part of the community, and that's what that means.

Scott Wilson: Absolutely. I just want to mention that our Enhanced Loyalty Rewards, which I mentioned, right now, we have a nice certificate special going on till the end of February. And you can, with those loyalty rewards, get as high as 4.64% on an 11-month certificate, and that's a really good rate.

Jerry: Yeah, that's APY yield, and certainly that is an amazing rate. Lower rates have been around for so long, it's strange to see the way they are.

Scott Wilson: It is. And we'll work to continue to provide the best rate to our members based on the rate environment that we're seeing.

Jerry: Great numbers from 2022. 2023, is it going to be a challenge?

Scott Wilson: I think so, Jerry. I think we're going to see a single digit growth in lending. I also think that the rate environment, as we just indicated, will have an impact on maybe mortgage borrowing. Maybe you'll consider not trading out of your vehicle because the rates are now higher. Even though we've kept our rates in check, the loyalty rewards are applicable, the reality is if you have been used to, as you indicated, we have been a low rate environment for a long time, and you have to have a payment that works for you, that you may have to wait longer. So, we'll probably see a little bit of that effect. At the end of the day, we will work with our members to try to get them what they need at the best rate for their budget.

Jerry: I think 2023, despite the challenges, will be a good year for SeaComm members.

Scott Wilson: I believe so, as well, Jerry.

Jerry: Scott, it's always a pleasure. Thank you so much for taking time.

Scott Wilson: Thank you, Jerry. It's always my pleasure.

Jerry: Scott Wilson, President and CEO at SeaComm.

Outro: That's it for this edition of the SeaComm Federal Credit Union podcast. Thanks for joining us.