



SOUTH CAROLINA
FEDERAL
CREDIT UNION®

2025 ANNUAL REPORT

Insured by NCUA



CHAIRMAN'S REPORT

South Carolina Federal Credit Union had a fantastic year in 2025, marked by strong financial performance, positive member sentiment, and a distinguished reputation.

Our volunteer board of directors, in collaboration with senior leadership, establishes and reviews organizational policies and objectives. As board chairman, it has been my honor to help ensure the credit union's financial strength, safety, and growth.

Local media awards reflect our success. We earned numerous esteemed recognitions in 2025, including:

- *Berkeley Independent* – Best Credit Union and Best Bank
- *Charleston City Paper* – Best Financial Institution
- *Charleston Living Magazine* – Best Credit Union
- *Forbes* – Best In-State Credit Union (ranked #2 in South Carolina)
- *Lowcountry Parent* – Best Bank/Credit Union
- *Moultrie News* – Best Credit Union, Best Bank, and Best Mortgage Lender
- *Mount Pleasant Magazine* – Best Credit Union
- *Post and Courier Pee Dee* – Best Credit Union
- *Summerville Journal Scene* – Best Credit Union and Best Bank

These awards demonstrate our members' satisfaction with our products and services. Their continued support as "Best Credit Union" and "Best Financial Institution" year after year shows their pride in banking at South Carolina Federal.

Our dedicated employees bring their passion for helping people to work every day, ensuring exceptional service to our members. By creating a culture where employees feel heard, valued, and accepted, we deliver the best possible experience.

In 2025, we earned several accolades, including:

- Achieving, for the thirteenth time, the Best Place to Work in South Carolina listing from the South Carolina Chamber of Commerce

- Achieving, for the tenth time, Best Credit Union to Work For in the United States by *American Banker*
 - First place in South Carolina and fifth overall in the U.S.
- Being named, for the first time, one of America's Greatest Midsize Workplaces by *Newsweek*

We also use the Net Promoter Score® (NPS) to measure member loyalty and predict future performance.

Our 2025 NPS data reflects our superior service:

- South Carolina Federal's NPS exceeds all average industry scores and surpasses banking industry benchmarks.
- Our member experience scores are higher than the banking industry average.
- Service in our contact center and financial centers is recognized by Member Loyalty Group as best-in-class, with scores exceeding 75% of credit unions nationwide.

We also analyze reviews on Google. For the fifth consecutive year, all our financial centers maintained 4+ star ratings. Thank you for your reviews and valuable insights. Please continue to share your feedback so we can identify growth opportunities and improve your experience.

I appreciate my fellow board members, supervisory committee members, volunteer advisors, and employees at South Carolina Federal. Your integrity, professionalism, and commitment help us remain a trusted financial institution and top employer.

I look forward to another year of growth and success!



COLONEL KELVIN L. BROWN
Chairman, Board of Directors

PRESIDENT'S REPORT

South Carolina Federal Credit Union turns 90 years old this year! We have experienced a great deal of change since 1936 when 14 Naval Shipyard employees pooled their funds to launch the Charleston Navy Yard Employees Federal Credit Union with just \$70 in deposits. While our name has changed since our founding, what has not changed is our commitment to serving our members. As a member-owned financial institution, we exist to support you and your families by helping you reach your financial goals.

In 2025, we focused on enhancing your banking experience by upgrading the technology you use to manage your accounts, investing in new internal systems to streamline our operations, and expanding our physical footprint. Here are some of the most significant accomplishments we achieved:

- Launched a new Online and Mobile Banking platform
- Upgraded the systems we use to service your accounts every day
- Opened a new financial center in Summerville

Ensuring that you have access to your accounts 24/7 is a top priority for us. Online and Mobile Banking play a critical role in how our members manage their money on a day-to-day basis. In 2025, we launched a new platform that gives you access to new features and services while maintaining your account security and connectivity.

As a financial institution, some of our most critical work is done behind the scenes. Last year we upgraded many of the systems we use to maintain accounts, complete transactions, and perform other critical functions. This helps ensure a high level of efficiency and positions us to continue delivering quality service and top-notch security.

We are continuously evaluating our brick-and-mortar presence to ensure we have physical locations where our members need them most. We opened a new financial center last year, located off Myers Road in Summerville. Today, we are proud to serve members at 31 financial centers in seven major markets across the state.

In 2025, we continued to receive a 5-star rating from Bauer Financial, which we have held for 60 consecutive quarters. This top-tier rating from an independent research firm reflects our healthy balance sheet and conservative approach to financial management, ensuring your credit union remains secure and resilient.

Since our founding 90 years ago, we have remained dedicated to serving our members and our communities. As your financial needs evolve, we will continue to adapt so that we can support you every step of the way.

Thank you for being a valued member of the South Carolina Federal family. It is our privilege to serve you, and we look forward to growing together in the years ahead.



SCOTT WOODS, CPA, CIA, MBA
President and Chief Executive Officer

SUPERVISORY COMMITTEE REPORT

On behalf of the South Carolina Federal Credit Union Supervisory Committee, I am pleased to present the annual audit report for the year ended December 31, 2025.

By law, credit unions are required to have a Supervisory Committee, which is responsible for the oversight of all financial activities of the credit union, including the assessment of management practices required to safeguard South Carolina Federal's assets. At South Carolina Federal, five volunteers, appointed by the credit union board, serve to meet the goals and objectives of the committee.

Specifically, the committee must determine the sufficiency of the following:

1. Policies and procedures required to safeguard against errors and omissions and to avoid conflicts of interest.
2. The proper execution of policies, plans, and procedures by credit union management.
3. Internal controls necessary to ensure the financial soundness and stability of the credit union.
4. Financial reports and accounting data prepared in a timely manner, which properly reflect operations and results.

The committee utilizes the services of both internal and external audit personnel. The committee regularly meets with the credit union's Audit Services department to ensure the department is performing appropriate operational, compliance, and financial audits.

Additionally, the committee meets with independent (external) auditors and federal regulatory examiners to review findings and recommendations, which provide reasonable assurances for adequate safeguarding of credit union assets.

In accordance with NCUA regulations, an independent audit of the credit union's financial reporting is conducted annually. The committee engaged the services of Doeren Mayhew CPAs and Advisors to perform the 2025 Financial Statement Audit. The committee has reviewed the audit and is pleased to report that the auditors have issued an unmodified opinion of the credit union's 2025 financial statements.

Based upon the committee's review of internal and independent external audits, reports of examinations by regulators, and the committee's own observations, the committee has concluded that South Carolina Federal has institutional practices and policies in place, which are sufficient to ensure that the membership's assets are safeguarded by the credit union.

The volunteer members of the Supervisory Committee are grateful for the opportunity to serve the members of South Carolina Federal. We will continue to perform our duties to maintain the trust and confidence members have placed in us.



COL ROBERT P. SPAFFORD (RET.)

Chairman, Supervisory Committee

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 253,262,852	\$ 200,408,576
Interest bearing deposits	7,688,000	12,896,000
Held-to-maturity investments	11,970,272	41,366,909
Loans to members, net of allowance for credit losses	1,907,128,770	1,947,267,423
Federal Home Loan Bank (FHLB) stock	7,845,200	10,708,900
Accrued interest receivable	6,663,811	6,545,045
Credit union owned life insurance (COLI)	50,141,477	48,565,485
Split-dollar life insurance (SDLI)	89,808,818	85,361,746
Other assets	31,431,664	33,353,347
Property and equipment, net	126,861,880	124,056,276
Goodwill	1,537,421	2,235,689
National Credit Union Share Insurance Fund (NCUSIF) deposit	18,824,537	18,306,148
TOTAL ASSETS	\$ 2,513,164,702	\$ 2,531,071,544

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LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' shares and savings accounts	\$ 2,012,298,149	\$ 1,969,040,750
Borrowed funds	125,309,524	212,535,714
Accrued expenses and other liabilities	42,383,737	36,050,630
Total liabilities	<u>2,179,991,410</u>	<u>2,217,627,094</u>
Commitments and contingent liabilities		
Members' equity:		
Undivided earnings	318,742,604	299,013,762
Equity acquired through merger	14,430,688	14,430,688
Total members' equity	<u>333,173,292</u>	<u>313,444,450</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 2,513,164,702	\$ 2,531,071,544

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2025 and 2024

	2025	2024
INTEREST INCOME		
Loans to members	\$ 112,871,459	\$ 109,751,578
Investments	8,890,866	8,789,721
Total interest income	121,762,325	118,541,299
INTEREST EXPENSE		
Members' shares and savings accounts	8,775,198	7,150,240
Borrowed funds	5,549,288	8,146,488
Total interest expense	14,324,486	15,296,728
Net interest income	107,437,839	103,244,571
Provision for credit losses	8,625,000	9,050,000
Net interest income after provision for credit losses	98,812,839	94,194,571
NON-INTEREST INCOME		
Fees and service charges	23,280,547	23,550,622
Interchange income	17,817,151	17,925,633
Other income	3,416,321	3,437,654
COLI and SDLI income	3,023,064	2,677,062
Commission on investments services	2,763,346	2,393,215
Insurance income	2,038,388	2,504,451
Total non-interest income	52,338,817	52,488,637
NON-INTEREST EXPENSE		
Compensation and benefits	69,932,180	66,300,559
Office operations	31,862,622	31,629,799
Office occupancy	10,097,913	9,141,914
Other expense	7,292,213	6,707,518
Professional and outside services	5,979,363	5,106,694
Loan servicing	3,914,170	4,084,732
Advertising costs	2,344,353	2,108,025
Total non-interest expense	131,422,814	125,079,241
NET INCOME	\$ 19,728,842	\$ 21,603,967

ANNUAL MEETING MINUTES

MONDAY, APRIL 28, 2025
2:00 P.M.

ATTENDEES

BOARD OF DIRECTORS:

BG James E. Mace (Ret.), Chairman
COL Kelvin L. Brown, Vice Chairman
Joseph E. Bolchoz, Jr., Secretary
Mary L. Whited, CPA, Treasurer
Richard I. Buckner, Member
J. Ralph Cathey, Member
Joseph S. Daning, Member

SUPERVISORY COMMITTEE:

Robert E. Bendetti, Jr., CPA, Chairman
COL Robert P. Spafford, Vice Chairman
Matthew Alexander, Secretary
CAPT R. Patrick Flynn (Ret.), Esq., Member
Joseph S. Daning, Board Liaison

VOLUNTEER ADVISORS:

Michelle P. Kelley, Esq.
COL Linda J. Riedel

MANAGEMENT:

Scott Woods, CPA, President and CEO
Joe Grech, CFO
Trey Gantt, COO
Leslie Norris, CHRO
Brad Williams, CTO
David Dulaney, SVP, Lending Services
Leon Frazier, SVP, Retail Sales and Service
Kevin Kosco, Consulting SVP, Retail Sales and Service
Nikki Thompson, SVP, Audit Services
Kristy Vasquez, SVP, Marketing

TRANSCRIBING:

Natalie Geiger, Executive Administrator
to the President and CEO

SOUTH CAROLINA FEDERAL CREDIT UNION 2025 ANNUAL MEMBERSHIP MEETING

South Carolina Federal Credit Union held its 89th Annual Membership Meeting on April 28, 2025, in the operations center of South Carolina Federal Credit Union, 6265 Rivers Avenue, N. Charleston, SC. Board Chairman Brigadier General James E. Mace (Ret.) called the meeting to order at 2:00 p.m. He asked everyone to rise for the Pledge of Allegiance, led by Mr. Joseph Daning, followed by the invocation led by Mr. Joseph E. Bolchoz, Jr. Attendees who received an agenda and the 2024 Annual Report in advance of the meeting were then asked to be seated for the business meeting.

General Mace asked if a quorum of the membership was present. Mr. Bolchoz confirmed a quorum, and with that, the 2025 Annual Membership Meeting was declared officially in session. General Mace welcomed members to the meeting, introduced himself, and subsequently introduced the members of the Board of Directors, Supervisory Committee, Volunteer Advisors, and the president and CEO.

General Mace requested a motion to approve the minutes of the annual membership meeting held on April 22, 2024. COL Brown moved to approve the minutes. Mr. Buckner seconded, and the motion carried.

General Mace invited Ms. Whited to provide the **Treasurer's Report** and share the 2024 year-end figures with the membership. Ms. Whited shared the following:

- **Dividends Paid to Members:** South Carolina Federal paid \$7.2 million in dividends to members in 2024, compared to \$5.2 million in 2023. This was a 38% increase, which was a result of deposit rates increasing throughout the year.
- **Deposit and Loan Growth:** Deposits decreased by 1%, while loans decreased by 2.6%.
- **Asset Growth:** Assets are all tangible property or rights such as loans, investments, cash, and receivables owned by the credit union. Assets decreased by 1.6%, or \$42 million, and ended 2024 with \$2.53 billion in assets.

ANNUAL MEETING MINUTES (continued)

- **Delinquency:** Delinquency represents the percentage of borrowers who are late paying back their loans. Our delinquency increased from .47% at year-end 2023 to .63% in 2024.
- **Net Worth:** Also known as members' equity, Net Worth represents accumulated earnings of the credit union that are set aside to guarantee the safety and security of member deposits. Net Worth is measured as a percent of total assets. Net Worth increased from 11.34% at year-end 2023 to 12.38% at year-end 2024. This is a very strong number, which is well within federal regulations and the capital plan established by the board to ensure the safety of member deposits.

This concluded the Treasurer's Report, and the floor was returned to General Mace.

General Mace thanked Ms. Whited for providing the Treasurer's Report and turned the floor over to Mr. Robert Bendetti, CPA, to provide the **Supervisory Committee Report**, found on page three of the 2024 Annual Report. Mr. Bendetti shared that the Supervisory Committee engaged the services of Doeren Mayhew CPAs and Advisors to perform the 2024 Financial Statement Audit for South Carolina Federal. The committee reviewed the Audit Report by Doeren Mayhew and confirmed that the auditors issued an unmodified opinion of the credit union's 2024 financial statements. Based on the committee's review of the internal and independent external audits, reports of examinations by regulators, and the committee's own observations, the committee concluded that South Carolina Federal has institutional practices and policies in place which are sufficient to ensure the membership's assets are safeguarded by the credit union. On behalf of the volunteer members of the Supervisory Committee, Mr. Bendetti expressed appreciation for the opportunity to serve the membership of South Carolina Federal. This concluded the report of the Supervisory Committee, and the floor was returned to General Mace.

General Mace thanked Mr. Bendetti for his report and asked if there was any unfinished business, but there was none. General Mace asked if there was any new business. Hearing none, he

turned the floor over to Mr. Woods to recognize the charities of the **South Carolina Federal Credit Union Foundation**.

Mr. Woods stated the Foundation was established in 2013, and its mission is to support charitable and educational efforts related to basic human needs, through contributions and volunteerism, for the betterment of the communities served by South Carolina Federal. As of the end of 2024, the Foundation had donated over \$2.3 million to help people in need throughout the communities we serve.

Charities supported in 2024 included:

- The South Carolina Chapter of the Alzheimer's Association
- The Lowcountry, Midlands, Spartanburg, and Florence Chapters of the American Red Cross
- The Boys & Girls Clubs of the Pee Dee Area
- Lowcountry Food Bank and Harvest Hope Food Bank
- MUSC Children's Hospital, Prisma Health Children's Hospital of the Midlands and Upstate, and McLeod Children's Hospital

The amounts pledged in 2024 were provided as follows:

- Credit union employees donated \$79,298 to external charities.
- Credit union employees also pledged \$32,541 to the Employee Relief Fund. \$40,500 was distributed to employees in need.
- The credit union pledged \$60,000 as its corporate match to external charities. Including reimbursed and direct expenses, the corporate total was \$74,700 in actual donations.
- Credit union employees also donated an additional \$41,060 through special promotional fundraisers.
- Member contributions totaled \$12,907.
- The pledges and donations bring us to a grand total of \$196,415 for 2024.

This concluded the report of the South Carolina Federal Credit Union Foundation, and the floor was returned to General Mace,

ANNUAL MEETING MINUTES (continued)

who asked if there was any additional new business. Hearing none, he turned the floor over to COL Brown, Nominating Committee Chair, to give the **Nominating Committee Report** and election results. At the end of 2024, two positions on the Board were open for renewal. An announcement was placed in our members' September 2024 statements; however, no nominations were received from the membership. Based on the individuals' qualifications, their commitment to service to South Carolina Federal Credit Union and in accordance with Article 6, Section 3 of the Credit Union Bylaws, the Nominating Committee recommended J. Ralph Cathey and Richard I. Buckner to serve on the Board of Directors, each for a three-year term to expire in April 2028. In accordance with Article 5, Section 1 of the Credit Union Bylaws, J. Ralph Cathey and Richard I. Buckner were elected by acclamation to the Board of Directors of South Carolina Federal. This concluded the report, and the floor was returned to General Mace for the **Chairman's Report**.

General Mace extended appreciation to the members in attendance and stated it was his distinct honor to serve as Chairman of the Board for South Carolina Federal. He added that the volunteer Board of Directors, Supervisory Committee, and Volunteer Advisors are dedicated to helping the credit union maintain fiscal soundness and ensuring superior service is provided to our membership. South Carolina Federal had another great year in 2024. He highlighted a number of awards received from local and national media, including:

- Best In-State Credit Union from *Forbes*
- Best Financial Institution from the *Charleston City Paper*
- Best Credit Union from the *Moultrie News*, the *Summerville Journal Scene*, the *Berkeley Independent* and *Goose Creek Gazette*, and the *Charleston Regional Business Journal*
- Best Mortgage Company from the *Charleston City Paper*, the *Moultrie News*, and the *Charleston Regional Business Journal*

In addition to being honored as a Best Credit Union, South Carolina Federal received several Best Place to Work awards in 2024, including:

- Best Place to Work in South Carolina from the South Carolina Chamber of Commerce
- Best Credit Unions to Work For in the United States by American Banker

Our Net Promoter Score, which measures member loyalty, remained higher in 2024 than the industry average. This is an indication that our members are consistently pleased with the service they receive from South Carolina Federal. Additionally, in 2024, all of our financial centers maintained ratings of four stars or higher on Google.

On behalf of the Board of Directors, Supervisory Committee, and Volunteer Advisors of South Carolina Federal, General Mace congratulated the employees for a tremendous year and thanked his fellow volunteer leaders for another year of sound governance. In closing, General Mace extended gratitude to the membership for trusting South Carolina Federal for their financial well-being.

The floor was returned to Mr. Woods to present the **President's Report**. Mr. Woods reintroduced himself and extended his appreciation to the members in attendance at our 2025 Annual Meeting. Mr. Woods reviewed the most significant accomplishments from 2024:

- We opened two new financial centers in the Greenville area, one in Five Forks, and one in Thornblade, which brings us to 30 financial centers across the state to serve our members.
- We continued to invest in our members' experience outside of our brick-and-mortar locations by introducing contactless credit cards and adding new features to our ATMs, including contactless cash.
- We launched a new website for the South Carolina Federal Credit Union Foundation, which is modern, user-friendly, better aligns with our brand, and more effectively highlights how we are giving back to our communities. The site also features upcoming events, showcases the charities and organizations we support, and provides ways our members can get involved.

ANNUAL MEETING MINUTES (continued)

Looking ahead at 2025, we remain well-positioned to navigate whatever the future may hold. Mr. Woods emphasized to the membership that their finances at South Carolina Federal are in good hands. He added that South Carolina Federal takes a conservative financial approach and maintains more than the required regulatory capital, which allows us to weather and absorb changes in a dynamic economic environment. In addition to clean CPA audits and federal examinations, South Carolina Federal continues to receive a 5-star, “superior” rating from Bauer Financial, an independent research firm that rates the strength of banks and credit unions. A 5-star rating is the highest an organization can achieve, and we have done so for 56 consecutive quarters.

In 2025, Mr. Woods stated South Carolina Federal would continue to:

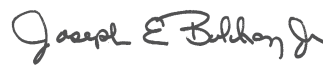
- Prioritize and maintain financial safety and soundness
- Provide members with unparalleled service, support their journey toward financial wellness, and offer comprehensive financial solutions for their current and future needs
- Grow the South Carolina Federal footprint across the state to connect with more members
- Invest in our technology to ensure members have convenient access to their accounts anytime, anywhere.

In closing, Mr. Woods extended his appreciation to the employees and recognized the Board of Directors, Supervisory Committee, and Volunteer Advisors for their commitment to South Carolina Federal and tireless efforts to serve our membership and the community. He also extended his appreciation to the membership for their trust, continued loyalty, and willingness to recommend South Carolina Federal to their friends and family.

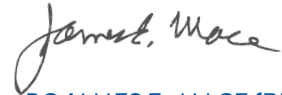
Mr. Woods asked the membership if there were any comments or questions. A member inquired about the use of Interactive Teller Machines and Personal Teller Machines as well as the possibility of offering five- and ten-dollar bills at our ATM machines. Mr. Woods responded to these questions and explained why we do not offer these options.

There being no further business to discuss, the floor was returned to General Mace who thanked the members again for their membership and attendance at the 2025 Annual Meeting. General Mace then requested a motion to adjourn the meeting. Mr. Cathey moved to adjourn, and Mr. Daning seconded. The meeting was declared adjourned at 2:22 p.m.

Respectfully submitted,



JOSEPH E. BOLCHOZ, JR.
Secretary, Board of Directors



BG JAMES E. MACE (RET.)
Chairperson, Board
of Directors

LEADERSHIP

BOARD OF DIRECTORS

COL Kelvin L. Brown, Chairman
Joseph E. Bolchoz, Jr., CCUB, Vice Chairman
Joseph S. Daning, Secretary
Mary L. Whited, CPA, Treasurer
Richard I. Buckner, Member
J. Ralph Cathey, Member
CAPT R. Patrick Flynn (Ret.), Esq., Member

CHAIRMAN EMERITUS

BG James E. Mace (Ret.)

SUPERVISORY COMMITTEE

COL Robert P. Spafford (Ret.), Chairman
Robert E. Bendetti, Jr., CPA, Secretary
BG Linda J. Riedel, Member
CAPT R. Patrick Flynn (Ret.), Esq., Board Liaison

VOLUNTEER ADVISORS

Emily Gallo
Chris Hauff
Michael L. Kirk, PE
Leah Schonfeld, SPHR
COL Vasaga Tilo, Jr. (Ret.)



**SOUTH CAROLINA
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CREDIT UNION®

P.O. Box 190012, N. Charleston, SC 29419-9012
(800) 845-0432

scfederal.org