

Jerry Manor: Well, today I'm happy to be joined by Scott Wilson, President and CEO at SeaComm.

Scott A. Wilson: Hi, Jerry. You know I always love these conversations.

Jerry Manor: I enjoy them as well. And we have a lot to talk about today, so let's get right to it. Recently, the credit union held its Annual Meeting.

Scott A. Wilson: Yes, actually our 60th Annual Meeting, just wrapping up our anniversary of six decades in business. One of the highlights I think of the meeting was we had Earl Jackson, who is the last remaining charter member at the credit union. He was there at the Annual Meeting in person. We invited him as a special guest and he made a motion to approve the minutes from last year.

Jerry Manor: You know, I met him early in my SeaComm career and he has always been a perfect gentleman and a wonderful guy to talk to, and what knowledge he has.

Scott A. Wilson: Yeah, the institutional knowledge of the organization from its early days is certainly beneficial for me. If I have a question, I can go back to him on those very humble beginnings and he always is in awe of where we are today. He always says that.

Jerry Manor: Well, you always mentioned it's important to remember where we came from.

Scott A. Wilson: Those roots are so incredibly important. If we're going to continue to focus on the mission, we have to know where we came from. And those early days, they really didn't focus on asset size or employees or buildings or markets and didn't talk about any of that. They just talked about taking care of each other, and that really is our focus today. Even though all that has changed for us in terms of our size and complexity, that basic tenant is still there, Jerry.

Jerry Manor: Well, speaking of size and complexity, that's the reason our annual meetings are now held by Zoom.

Scott A. Wilson: Yeah, I think it's important that we open it up to everyone. So, in the past you used to have to come to Massena to go to the meeting, and that was all well and good when we were much, much smaller. But since we are in markets from Watertown to Burlington, I think it's important that we open it up through virtual channels. And I got to be honest with you, it's really easy. You just sign up for it. You're able to get your agenda and your annual report electronically and listen in on the meeting. Our annual report is available online, so you can get that as you would like. Some of the highlights of 2023 earnings seeded our budget targeted forecast at net income of \$7.6 million. Strong core profitability, Jerry. Our net worth at 115 million that keeps in line with our strategic growth targets. We're well above peer in terms of our capital ratio. And our assets, actually end of quarter one of this year we were at \$802 million in assets.

Some of the statistics I want to mention, we did \$138 million with new loans. Today, our portfolio exceeds \$440 million. That's a lot of autos, RVs, signature loans, credit cards, mortgages, et cetera, commercial lending that makes up that total number. Our averaged overall member satisfaction score of quality loop was 6.81 out of seven. We refunded more than \$225,000 back in fees to our members. We always say, "Look, people make errors. There's things that happen." We have a very liberal refund policy. Our employees are able to give those back themselves. So that's really an important component of that fee refund policy. We paid over 6.7 million in dividends back to our members in 2023. That's \$2.7 million more than we did the year prior. I think it's important that our loyalty rewards are part of that process, and they're able to stack up on the open rate to an additional 1.95%.

Also, you're able to use those loyalty rewards to reduce your best loan rate by 1%. Bill pay convenience, I know, Jerry, you and I both like that. Set it and forget it, that cost \$102,000 last year at no cost to our members. That's another one of those services that we take care of. We completed our first year of operation at our new Watertown branch. And by the way, more than \$428,000 was donated back to the communities in which we do business. Part of that was \$50,000 provided to us through the Federal Home Loan Bank of New York. But we were able to help things like the new community pool that's being constructed in Malone, capital campaign for the YMCA in Plattsburgh, infrastructure improvements here in Massena for our Veterans Park, the great care right here, St. Lawrence Health Campaign in Potsdam and so much more, Jerry, in terms of what we do for the communities.

Jerry Manor: Well, it's important to give back and we're pretty good at it.

Scott A. Wilson: We are. And I think it's really important that if you're taking out of the community, you should be giving more back. And certainly we ensure that every little league and fire department, golf tournament, the list is endless of things that we support. So it's not just the large donations like the ones I just mentioned, but it's those as well that really matters to those organizations. Our assets under management of our personal financial advisor services exceeded \$81 million. We also have a partnership with GreenPath that assists our members that are maybe having some financial difficulty, Jerry. 3,481 times last year, our members had contact with one of the folks at GreenPath during the year with \$1.5 million worth of their debt that was actually managed. And we pay for this service on behalf of our membership. On top of that, we've also now have our certified financial counselors actually in our branches, Jess Roach in Watertown, Cheyenne Dibble in Malone, Brianna Uppstrom in Massena, Morgan Smart in Plattsburgh and Emily Clark in Ogdensburg. All work with our members who are experiencing economic difficulties, helping improve their financial outlook through this kind of personal counseling.

Ashley Montgomery in Canton, Allie-Rae Parker in Potsdam Angela Morse in Plattsburgh, and Nicole Sumner in South Burlington, all will be working on their certification in June. So we're trying to get every branch to have a certified financial counselor. We were also proud to have the designation as a Great Place to Work again in '23, 90% of our employees at SeaComm say it's a great place to work in compared to a typical US-based company at 57% of employees. So we do really well in that area, Jerry. We did get some recognition for our Pay It Forward program, which is kind of a pinnacle of the support we do in the community. We were given first place for the Dora Maxwell Social Responsibility Community Service award that was presented to us by the New York Credit Union Association last year.

We also received first place in 2020 and 2021. In 2018, an honorable mention and '22. So we've had a lot of recognition for this award, which is really a top award in terms of the state. And then it goes on to the national level to compete all 50 states in the union. We also received the Diamond Award through CUNA, and the Marketing Association of Credit Unions Award for community engagement. So both of those for ongoing event for our Pay It Forward program. It's nice to get that national recognition for a program we really believe has a huge impact in the community.

Jerry Manor: Well, when you've been to one and I have been to several, you can see the impact it has. The people love it.

Scott A. Wilson: Jerry, one of the things that I think is really important, and I've gotten a little bit of feedback on this, is what about the members? Well, I think it's really important as an organization that we give back to everyone. So we do do things for our members. Like we give away 10 scholarships

annually for high school graduating seniors to go on to college. Those are specific to the members. You can't just get that of your general community, where these are really impacting the community. And really it's part of recognizing that we're part of the fabric of where we're doing business. And I think at the end of the day, it really pays back twofold in benefits. We get a lot of not only national recognition for it, but a lot of feedback in the community saying, "Look, I love what you're doing."

So if you're looking for specific things that we do for our membership, Spin-The-Wave in our branches for school-aged children, those types of things are still there and that's not going to be taken away. But this is an extraordinary thing we do for the communities in which we do business.

Jerry Manor: Plus the Summer Entrepreneurial Grant.

Scott A. Wilson: Yes. Actually, I just got word that we have had a number of students that have applied for that, so I'm anxious to hear who they choose and give that scholarship to.

Jerry Manor: But that's for members.

Scott A. Wilson: Yes. One of the things, Jerry, that is not really something you love to talk about and that's fraud and the data breaches that are happening across the country. One of the things I recapped at the Annual Meeting in 2023, consumers across the country lost \$10 billion due to fraud and data breaches. That's up from 8.8 billion the year prior. In 2023, there were some recognizable brands that were breached, including Chick-fil-A, T-Mobile, Activision, ChatGPT and Yum, just to really name a few. During 2023, our members experienced \$480,381 in fraud on debit and credit. That's up 13% from the year prior. We had to issue more than 7,000 new debit and credit cards due to the fraud and lost to our members zero dollars.

Jerry Manor: Who pays for that?

Scott A. Wilson: We do. It's not like we get this dollar amount that's given back to us from these entities who have these breaches. In fact, it's pennies on the dollar if you are able to get something back from them. But again, I think it's really important that our membership understand that we're behind them. We're going to make sure that we take good care of them, and they don't see a loss in terms of these types of things which really have nothing to do with it. That's out of their control.

Jerry Manor: That's right. But they shouldn't get annoyed when we ask them to change their password.

Scott A. Wilson: No, I think those are good practices. So as an industry, the credit industry and bank side, both, we continue to ask Congress to pass legislation which makes retailers subject to the strict data standards financial institutions like us are under, Grand-Leach-Bliley Act. Today really retailers are not required to come forward when they're breached. It's unfortunate, but it is something we're always asking our legislators in Washington. I also want to mention our members are enjoying our ATM co-op network. That's more than 30,000 ATM's across the country you can use surcharge free. Also, our shared branching, we have 5,600 branches that are available to our membership. And of that, 3,534 in-branch transactions happened by our membership last year and 7,000 ATM visits, and all of that free to our members. It's important, Jerry, that as we kind of wrap up our conversation, that SeaComm really is positioned well for the future.

We have an excellent capital position as I mentioned. We have consistently solid earnings, ample liquidity, and really a solid sustainable strategy that we've kept on pace for the last 17 years. I think that it's important that we continue to focus on ensuring we consistently exceed our members service satisfaction expectations, enhance our core product offerings, and continue to offer that diverse update electronic delivery channel model. Obviously, we just upgraded some of our ATM's. And really to meet the ever-changing digital payment landscapes coming soon, early next year, tap and go for our debit, we're enhancing our online mobile and NetTeller because those are sun setting. So we're looking at making sure that we're up-to-date in giving our members really a first class experience in those digital payment systems.

Jerry Manor: Well, it's important to serve the members because that's bottom line. That's what we do, and people nowadays expect these types of services.

Scott A. Wilson: Absolutely, and none of them are inexpensive. So we take the resources that we're given and make sure that we're continually capitalizing on them and enhancing things to make really, like you say, a better experience for the membership.

Jerry Manor: Okay. Scott, one question to put you on the spot. Are the interest rates coming down?

Scott A. Wilson: I would say, Jerry, that I'm going to go with what has been talked about at the Fed meetings, I don't think that is coming down in the near future. We may experience maybe one reduction towards the end of the year, certainly June, which is here, is not going to happen. The governors are concerned if they lower rates they may have to raise them again. They really want to stave off the inflation, but make sure it's sustainable. And I think that the economy has been fairly strong still, and they're making sure that they don't do anything too early. And again, I think it's really important to note that you want to make sure that when they do bring those rates down, that they stay down for a while and not have this up and down. Remember, we had 10 Federal Reserve moves for 525 basis points since July of 2022, and all through that was really to curb inflation.

We're starting to see a little bit of that in terms of slowdown in terms of borrowing, which is really what the Federal Reserve wanted. That's part of taming that inflation. And certainly, I don't think anybody has seen that go down in terms of grocery prices or fuel prices or airline ticket prices. So I think once that starts to go in a longer term sustainable direction, I think you'll start seeing those moves faster. But certainly nothing like they expected last year, they talked about maybe four to six moves. Now it's down to two to one, and I'm really on the one side.

Jerry Manor: Well, whatever happens, SeaComm is going to be well positioned to move forward.

Scott A. Wilson: Absolutely. And I just talked about the \$2.7 million that we spend in addition to our dividends, so we've had to adjust how we pay our members in terms of using their money and so that's cost a little bit more. That's fine because we have to make sure we're giving the best return possible to our membership. I want to also mention that at the Annual Meeting, we had a reelection of two of our directors, Wayne Duso and Bob Santamoor were both reelected to three year terms. And right after the meeting they have an organizational meeting and Myron Burns was named Chairman, Mitch Marolf, Vice Chairman, Patty Dodge as our Secretary and Thomas Hannan as our Treasurer and the continuity of the organization continues to move forward.

Jerry Manor: And our thanks to their volunteer service.

Scott A. Wilson: Absolutely. I think that's really important, Jerry, that these folks don't get paid a dime.

Jerry Manor: That's right.

Scott A. Wilson: Ending on that note, I want to thank our nearly 55,000 members who continue to trust in us to provide them their financial needs going into the future.

Jerry Manor: Thank you for taking the time, Scott.

Scott A. Wilson: Always my pleasure, Jerry.

Jerry Manor: SeaComm President and CEO, Scott Wilson.