

SUMMERLAND & DISTRICT CREDIT UNION ANNUAL REPORT TO THE MEMBERSHIP

On behalf of the board of directors and management, we are pleased to present the Annual Report to our members for the fiscal year ending December 31, 2020.

Activities

We began 2020 enthusiastic about advancing our strategy of enhancing our digital channels and driving efficiency and competitiveness to positively influence and improve the value created for members. In March everything changed as our region, province and country came to grips with the realities and onset of a worldwide pandemic. We immediately shifted priorities and began to implement the protocols in our "Pandemic Plan". This resulted in adjustments to staffing and hours of service, whereby we rotated employees to ensure we maintained business continuity while at the same time working to ensure the safety and security of our members and staff. Today, although we are back to our new full-time branch hours and extended Contact Centre hours, we continue to follow the provincial guidelines and public health orders to help mitigate the potential risks for everyone as we eagerly anticipate a return to a more normalized world.

Due to the disruption, some of our projects for 2020 had to be postponed while others were added and expedited as we adapted to this new dynamic environment. We invested in, and leveraged technology to provide services as our digital and remote traffic increased substantially. Key areas we focused on were adding electronic signature capture to allow for the virtual signing of documents so that members could still transact with us from the comfort of their homes and offices. We replaced our older data connections with fibre optics to significantly enhance transaction processing times and ATM transaction speeds; and launched a new website that offers increased functionality with a fresh new look. We also successfully concluded negotiations on a new five-year contract for our retail banking system.

Other areas we worked on in 2020 included participation in the Federal Government's "Canada Emergency Business Account" program or CEBA as it has become known, to support our business community. We administered close to \$4 million of these non-balance sheet emergency support loans. We also made a number of improvements to the physical branch premises, adding a new generator to

ensure that basic operations and ATM functionality would continue in the event of a power outage, completing repairs to the credit union's roof and making improvements to both member entrances with the installation of new automatic doors. Furthermore, we added a virtual election platform to enable remote voting for board elections and held our first ever virtual AGM on June 29, 2020 utilizing the Zoom virtual meeting platform.

For 2021, we will continue down the path of driving efficiencies and enhancing the digital experience and functionality for our members. The rollout of our new online banking and mobile app platform was postponed in 2020 and barring any further setbacks, we will see both enhancements launched in 2021 along with some new features. Once that is complete, we will look at a new name for our digital platform and operate it as a ubiquitous extension of Summerland & District Credit Union. We will also be adding more office space to accommodate growth in our workforce, as well as explore opportunities for employees to begin doing some of their work from home.

Financial Results

On the Consolidated Statement of Financial Position, for the more significant categories; Assets grew by \$37,832,208 or 11.9% over 2019 results to \$356,295,726. Cash and Cash Equivalents increased by \$37,219,236 or 155% to \$61,232,214. Investments decreased by \$6,527,515 or 22.2% to \$22,930,435. Loans increased by \$5,187,519 or 2% to \$262,549,056. The remaining balances in each of the other asset categories had smaller balance fluctuations and remained relatively consistent year over year.

Member deposits grew by \$35,721,436 or 12.2% to \$329,491,889. Members' equity increased by \$2,286,798 or 10.1% to \$24,828,672 after paying patronage rebates and dividends of \$145,112.

In 2020 we significantly exceeded expectations for growth and as a result Summerland & District Credit Union has moved into the top 100 credit unions in Canada into 94th place and remains the second largest single branch credit union in Canada.

On the Consolidated Statement of Earnings and Comprehensive Income, earnings before other expense and income taxes was \$2,706,619 up \$587,958 or 27.8% from the previous year. The increase in the year over year earnings was a result of operating margin increasing by \$593,709 over the previous year combined with a slight increase in operating expenses of \$5,751.

Much of the balance sheet growth in 2020 was in member deposits which flowed into demand accounts and a safer haven when markets became unpredictable at the beginning of the pandemic. For 2021 we expect our balance sheet to recede by just over 4% when compared to 2020 as a result of some of those deposits moving back into the markets as confidence returns. Income is also expected to recede as operating expenses outpace income growth with net income before taxes and distributions projected to come in around \$2.6 million.

Accountability and Disclosure

This report contains highlights and condensed information to provide readers with a snapshot of the previous year's activities. We value engagement and transparency and have more detailed information available which can be accessed either online at www.sdccu.com or in-branch. The additional detailed reporting includes: the credit union's Governance Disclosure Document, Detailed Financial Statements, the Credit Union Rules and our Profit Report. The information is updated every year in May and will be available following the Annual General Meeting.

Conclusion

This past year was extraordinary and the times we found ourselves in made for elevated stress levels and increased anxiety for many. Through it all, for the most part, our society, our communities, members, directors and staff pulled together and made the best of it. We adapted and persevered!

On behalf of our board of directors and management, thank you to our employees for your commitment and dedication this past year, it was exceptional! Not only did everyone contribute to navigating through all the operational challenges that resulted from the pandemic, you continued

to deliver great service with a smile and stayed true to our mission of enriching lives.

To our members, thank you for your flexibility during these unprecedented times and thank you for your ongoing patronage and support, you enrich our lives!



Lorrie Forde, Board Chair

Kelly Marshall, President/CEO

Current Board of Directors

Lorrie Forde ~ Board Chair

Terri Eriksen ~ Vice-Chair

Sandy Berry	Al Eden
Connie Denesiuk	Carsten Nielsen
Daniel Dinsmore	Bev Skinner
Abby Villeneuve	



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We Enrich Lives!



2020 Member Rewards

8%
**BONUS
INTEREST**

8%
**SERVICE CHARGE
REBATES**

4%
**LOAN INTEREST
REBATES**

Supporting our Community

Supporting the local community is a foremost corporate value and principal of Summerland Credit Union. We take pride in our exemplary record of community service and involvement supporting charitable programs and activities that enhance and enrich the well-being and quality of life for all members of our community.

2020 was one of the most challenging recent years on record for everyone in the community, especially those in need. Unfortunately, the pandemic resulted in the temporary postponement or outright cancellation of many of the annual events we support.

It is a privilege to be able to do our part in the community, whether it be through academic bursaries, showcasing local artists in our branch, supporting school athletic events, or helping non-profit organizations with their fundraising endeavors. As an organization, Summerland Credit Union remains committed to helping support the communities we serve and we hope that 2021 sees a return to many of the local events we've all come to know and love.

