

**REPORT OF THE INDEPENDENT AUDITOR
ON THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS**

To the members of Summerland & District Credit Union

Opinion

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated statement of financial position as at December 31, 2021, the summarized consolidated statements of comprehensive income, changes in members' equity, and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Summerland & District Credit Union as at December 31, 2021.

In our opinion, the accompanying summarized consolidated financial statements are a fair summary of the financial statement, in accordance with Article 128 of the Financial Institutions Act of B.C.

Summarized Consolidated Financial Statements

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditor's report thereon.

The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 10, 2022.

Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Article 128 of the Financial Institutions Act of B.C.

Auditor's responsibility

Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Kelowna, Canada
March 10, 2022

Chartered Professional Accountants
200-1633 Ellis Street Kelowna, BC V1Y 2A8

Members may obtain a free copy of the full consolidated financial statements from the Credit Union

**SUMMERLAND & DISTRICT CREDIT UNION
Summarized Consolidated Statement of Changes In Members' Equity**

Year ended December 31	Members' shares	Retained earnings	Accumulated other comprehensive (loss) income	Total
Balance on December 31, 2020	\$ 172,195	\$ 24,837,259	\$ (180,782)	\$ 24,828,672
Net earnings	-	2,795,877	-	2,795,877
Distributions to members	-	(4,424)	-	(4,424)
Change in members' shares, net	1,020	-	-	1,020
Other comprehensive income				
Unrealized loss on Debt securities, net of tax of \$36,737	-	-	(179,376)	(179,376)
Amortized gain on cash flow hedges				
Recognized to profit or loss	-	-	(151,718)	(151,718)
Balance on December 31, 2021	\$ 173,215	\$ 27,628,712	\$ (511,876)	\$ 27,290,051

**SUMMERLAND & DISTRICT CREDIT UNION
Summarized Consolidated Statement of
Financial Position**

December 31	2021	2020
Assets		
Cash and cash equivalents	\$ 34,875,179	\$ 61,232,214
Receivables and other assets	311,361	2,153,760
Investments	38,790,604	22,930,435
Loans	301,108,037	262,549,056
Property and equipment	3,302,745	3,416,972
Intangible assets	468,294	98,861
Investment in associate	3,595,433	3,549,543
Investment properties	364,885	364,885
Total assets	\$ 382,816,538	\$ 356,295,726
Liabilities		
Deposits	\$ 352,015,720	\$ 329,491,889
Payables and other accrued liabilities	2,919,878	1,406,494
Income taxes payable	60,324	82,115
Deferred income tax	457,644	419,644
Members' shares	72,921	66,912
Total liabilities	\$ 355,526,487	\$ 331,467,054
Members' equity		
Members' shares	173,215	172,195
Retained earnings	27,628,712	24,837,259
Accumulated other comprehensive loss	(511,876)	(180,782)
Total members' equity	27,290,051	24,828,672
Total	\$ 382,816,538	\$ 356,295,726

On behalf of the Board:

Abby Villeneuve,
Audit & Risk Management Committee

Lorrie Forde,
Board Chair



**SUMMERLAND & DISTRICT CREDIT UNION
Summarized Consolidated Statement of
Earnings and Comprehensive Income**

Year ended December 31	2021	2020
Financial income	\$ 9,595,251	\$ 10,005,967
Financial expense	2,524,897	3,724,451
Financial margin	7,070,354	6,281,516
Other income	2,439,637	1,600,269
Operating margin	9,509,991	7,881,785
Operating expenses	6,206,751	5,175,166
Earnings before income taxes	3,303,240	2,706,619
Income taxes	507,363	434,050
Net earnings	2,795,877	2,272,569
Other comprehensive loss, net of tax	(331,094)	14,659
Comprehensive income	\$ 2,464,783	\$ 2,287,228

**SUMMERLAND & DISTRICT CREDIT UNION
Summarized Consolidated Statement of Cash Flows**

Year ended December 31	2021	2020
Increase (decrease) in cash resources		
Operating activities	\$ (9,628,680)	\$ 31,229,859
Financing activities	(156,312)	(209,721)
Investing activities	(16,572,043)	6,199,098
Net increase (decrease) in cash and cash equivalents	(26,357,035)	37,219,236
Cash and cash equivalents, beginning of year	61,232,214	24,012,978
Cash and cash equivalents, end year	\$ 34,875,179	\$ 61,232,214

AGM & Directors' Election Update

We are pleased to announce that our two incumbent directors, **Lorrie Forde** and **Sandy Berry**, were elected by acclamation. Furthermore, we are also pleased to introduce our new director **Abhishek Lekhi**, who also was elected by acclamation. Each director will serve on the Board for a three-year term.

The Board is made up of people who have been elected from our membership, and who share an interest in setting policies that guide the direction of the Credit Union. The Board represents the real owners of the Credit Union – the members – and is charged with the responsibility of overseeing the Credit Union's affairs so that its financial position is maintained and protected.

**Notice of the
78th Annual General Meeting**

This year's AGM will be held virtually online via Zoom:

Tuesday, May 10, 2022

Meeting starts at 4:45pm sharp

Zoom waiting room opens at 4:30pm

To register to attend the virtual AGM please contact
Sandy Laidman via email at slaidman@sdcu.com
or call her direct line at 250-494-6052
and she will help set up your authorization.

Annual General Meeting Agenda

1. Call to Order
2. Ascertainment of Quorum
3. Appointment of Recording Secretary
4. Adopt Agenda
5. Minutes of the 2021 Annual General Meeting
6. Business Arising out of Minutes
7. Report to Membership including Financial Results
8. Auditor's Report
9. Approval of the Auditor's Report
10. Appointment of the Auditor
11. Results of the Election
12. Unfinished Business
13. New Business
14. Good and Welfare
15. Adjournment



ANNUAL REPORT 2021

Service is at Our Core

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, 2021.

Activities

This past year marked the second consecutive year of uncertainty and disruption as a result of the prolonged COVID – 19 Pandemic. In spite of those challenges, we took the necessary steps to ensure members and employees remained safe and protected by abiding by the public health mandates as ordered by the Federal and Provincial Governments. For the most part, compliance with those protocols was well received and respected and we firmly believe that these actions have allowed us to continue to offer full service throughout the past couple of years with minimal disruption to services.

In addition to the impacts of the ongoing pandemic and the resulting health crisis, the effects of extreme climate related events including fires and floods this past year had a devastating impact for many British Columbians. During those times of elevated stress, we reached out to our members in the affected regions to offer our support and assistance in their time of need.

In 2021, we continued to focus on driving efficiencies to enhance the digital experience and remote access functionality for our members. We rolled out Interac Instant payments to speed up the receipt and sending of email money transfers to move those transactions closer to “real time”. We added void cheque, so that you can print off a void cheque on an account through online banking to set up automatic debits and credits to your account with different vendors or recurring items such as payroll. We also added open account to the online experience to provide the opportunity for existing members to open additional accounts without having to visit the branch.

Although some online enhancements were delayed as a result of changes to our supplier’s platform that operates in the background of online and mobile banking, we are still scheduled to rollout new online banking and mobile app products by end of 2022. This will also pave the way for

additional digital tools and functionality for members.

Towards the end of 2021 we completed research and laid the groundwork for implementing products such as the new Market-Linked Term Deposits which will offer a guaranteed minimum rate and provide the opportunity to participate in the upside potential of a specific stock market index. This product was launched in early 2022. We are also excited to be putting the finishing touches on a Reverse Mortgage product, which is set to debut in the spring of 2022.

The credit union continues to experience strong growth and as a result we have added more skilled positions to the organization including a new Vice President of Finance and Risk, a new Vice President of Commercial Banking and several new faces throughout the retail and administrative areas of the organization. We also welcomed a new Financial Advisor to our wealth management subsidiary, Summerland Financial.

With the continued growth, Summerland Credit Union moved up 4 notches to 90th place in the top 100 credit unions in Canada in terms of asset size and remains the 2nd largest single branch credit union in the country.

Financial Results

On the Consolidated Statement of Financial Position, Assets grew by \$26,520,812 or 7.4% over 2021 results to \$382,816,538. The more significant changes include Cash and Cash Equivalents decreasing by \$26,357,035 or 43% to \$34,875,179 as a result of investment restructuring and funding loan demand. Investments increased by \$15,860,169 or 69.2% to \$38,790,604 resulting from changes to the credit union’s mandatory liquidity reserves and the subsequent restructuring of that pool into high quality liquid assets. Loans increased by \$38,558,981 or 14.7% to \$301,108,037. The remaining balances in each of the other asset categories remained relatively constant year over year.

On the liability side of the balance sheet, Member Deposits grew by \$22,523,831 or 6.84% to \$352,015,720. Members’ equity increased by \$2,461,379 or 9.91% to \$27,290,051

after paying patronage rebates and dividends of \$111,430. As at the fiscal year end of 2021, most balance sheet categories grew as expected. Loan demand was exceptionally strong driven by the rising values in the housing market. As a result, the credit union experienced a 55% increase in loan demand over our previous high mark in 2020 for just over \$131 million in total loan disbursements.

On the Consolidated Statement of Earnings and Comprehensive Income, earnings before income taxes was \$3,303,240 up \$596,621 or 22.04% from the previous year. Operating margin increased by \$1,628,206 over the previous year and operating expenses increased by \$1,031,585. A primary reason for the increase in the year over year earnings was tied to the mandatory liquidity investment restructuring which resulted in a one-time gain of \$456,388.

For 2022 we anticipate a very slight contraction in assets of just over 1% as a result of an anticipated deposit drawdown as we return to a more normalized rate environment and ideally a post pandemic world. Income is also expected to recede in the other income category by just over \$1 million as fee income and the one-time gain on our investments in 2021 will not contribute to income at the same level in 2022.

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 online at www.sdcau.com or in-branch. The additional detailed reporting includes the credit union’s Governance Disclosure Document, 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

Thank you to our board of directors and credit union team for your commitment, hard work and dedication every day and especially during these unprecedented times.

To our members, thank you for choosing Summerland &

District Credit Union as your financial services provider! It is with your ongoing support and patronage that we are afforded the opportunity to continue to enrich lives in the Okanagan Region and the communities we serve.



Lorrie Forde, Board Chair



Kelly Marshall, President/CEO

Current Board of Directors

Lorrie Forde ~ Board Chair

Terri Eriksen ~ Vice-Chair

Sandy Berry

Connie Denesiuk

Daniel Dinsmore

Abhi Lekhi

Carsten Nielsen

Bev Skinner

Abby Villeneuve



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We Enrich Lives!



Community Contributions

At Summerland Credit Union we believe that supporting the local community is our core purpose and a foremost corporate value.

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.



2021 Member Rewards

8%
BONUS
INTEREST

8%
SERVICE CHARGE
REBATES

4%
LOAN INTEREST
REBATES

2021 continued to be a challenging year for many community groups and events, as public health mandates made hosting in-person events untenable, resulting in the temporary postponement or outright cancellation of many of the annual events we support.

Still some events were able to proceed in a virtual capacity and Summerland Credit Union was pleased to support many of our community partners by whatever means worked best for them. Moving forward into 2022, we are anticipating a return of many of the local events we’ve all come to know and love.

We are excited to do our part for 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 a local organization we care deeply about the community of Summerland and surrounding areas, and remain committed to helping support charitable causes!