

2019

ANNUAL REPORT





President's Report ♦ Bill Partin, President & CEO

In 2020, Sharonview is ready to take on challenges and leverage opportunities for which the evolving financial services marketplace presents to us. Our team is now over 300 strong, and more than 89,000 members have placed their trust in Sharonview. Earlier this year, we moved into our new corporate headquarters. This office space will allow us to grow with you, our members and key stakeholders, as a top 200 credit union in the United States. We recently closed our StoneCrest branch location and will be moving our team this summer into a new branch at Rea Farms, located just off of Providence Road and Ardrey Kell Road. This new location will provide our members with easier access to our branch in that market.

We are excited to launch our much-anticipated Member Business Services division later in the year. Through this new division we will be able to serve small and medium sized businesses by providing both deposit and lending services, thus allowing us to assist more of our members and deepen our relationships.

We continue to focus on our three community involvement pillars of Alleviating Hunger, Eradicating Homelessness and Improving Financial Literacy in the communities where we live, work and play. I am also excited to announce that we are launching a company-wide employee volunteerism program that will give our employees 16 hours per year to volunteer and support causes that are near and dear to them. We believe that our new volunteerism program is a win for Sharonview and a win for the communities we serve.



Chairman's Report ♦ Rick Belcher

2019 was a phenomenal year of growth for Sharonview. Our Simpsonville location was relocated to a newly built, beautiful state-of-the-art branch at Martin Farms. We broke ground on our new Salisbury branch which will be located just a few blocks away from our current location in the city's beautiful historic district. We expect this new branch to open in the second quarter of 2020. We also spent much of 2019 preparing to move into our new corporate office at Edgewater in Lancaster County, South Carolina. This move has required a tremendous amount of work which has resulted in a beautiful corporate space that is now complete.

We also enhanced our product offerings in 2019 with the launch of our Signature Checking Account, Signature Money Market and Visa Signature Credit Card. These Signature products allow us to provide better rates and more convenient options for our members.

We were sad to say goodbye to our longtime Chief Financial Officer, Steve Smith, who retired in 2019, but we welcomed our new CFO, Jim Edwards, to help lead us into the future. We are excited about all the growth that 2019 brought and look forward to 2020 and beyond.



Supervisory Committee Report ♦ Lynn Macleod

The Supervisory Committee consists of volunteers who are members of your Credit Union. The Committee has various oversight responsibilities, focusing on the quality and integrity of the Credit Union's financial statements and the adequacy of the overall system of internal controls and risk management.

Each year, this Committee engages a certified public accounting firm to perform an annual opinion audit of the Credit Union's financial statements and a verification of member accounts. Moss Adams LLP performed these services for the Credit Union in 2019, and issued a clean opinion on the 12/31/19 financial statements.

The Committee is responsible for ensuring that Credit Union policies and procedures adequately protect our members' interests. To meet this requirement, the Committee oversees a staff of professional internal auditors who perform various audits and reviews throughout the year. The Internal Audit department regularly reports to the Committee on the adequacy, effectiveness and efficiency of the Credit Union's system of internal controls and risk management, as well as management's processes for monitoring compliance with laws and regulations, policies and procedures and ethical guidelines.

Finally, the Committee is responsible for reviewing the results of examinations conducted by the National Credit Union Administration (NCUA) to provide reasonable assurance that management adequately addresses any recommendations to improve the operations, safety and soundness of the Credit Union.

Based on the results of audits, reviews and examinations conducted in 2019, it is the opinion of the Supervisory Committee that Sharonview Federal Credit Union is in solid financial condition and well-positioned for the future. We encourage you to contact us if we can be of any assistance, as we are here to be of service to you, the members.



Treasurer's Report ♦ Mike Grom

The 2019 Annual Report to the membership contains statements of Sharonview Federal Credit Union's financial condition. Just a few of the past year's highlights include:

Asset Growth: .8%

Share Growth: 6.7%

Regulatory Capital-to-Asset Ratio: 10.3%

Loan Growth: -4.8%

Asset growth was intentionally managed to just under 1% as we initiated a strategy to increase the financial flexibility of our Credit Union. This strategy encompassed the sale of approximately \$150 million of real estate loans (representing, approximately ~10% of our total loans) thereby reducing our overall loan portfolio by 4.8% for the year. These loans were sold at a gain and the proceeds from the sales were used to reduce higher-cost borrowings. The loan sales will not impact our members as we continue to service all loans sold. And while loans were down for the year, total loan originations increased by 12% to \$446 million.

Sharonview's asset quality and capital remain very strong. The serious commitment and expertise of our professional management team, under the watchful guidance of your Board of Directors and other volunteers, makes certain that Sharonview Federal Credit Union remains a sound place to invest and borrow.

We look forward to achieving another solid year in 2020.

STATEMENT OF FINANCIAL CONDITION

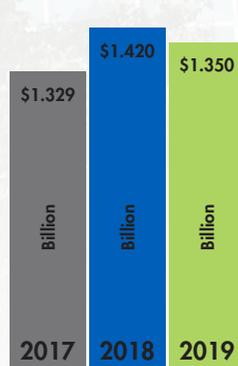
Assets:	<u>12/31/2019</u>	<u>12/31/2018</u>
Cash and cash equivalents	\$ 112,511,392	\$ 57,667,514
Securities available-for-sale, at fair value	31,267,035	39,292,557
Trading securities, at fair value	27,663,019	-
Restricted equity securities	18,726,770	21,308,012
Loans receivable, net	1,351,305,026	1,419,800,907
Accrued interest receivable	3,868,638	4,332,614
NCUSIF deposit	10,101,604	9,919,841
Foreclosed and repossessed assets	298,588	74,273
Property and equipment, net	61,549,673	54,864,864
Other assets	<u>9,837,518</u>	<u>6,444,113</u>
Total Assets	\$ 1,627,129,263	\$ 1,613,704,695
Liabilities:	<u>12/31/2019</u>	<u>12/31/2018</u>
Members' share and savings	\$ 1,065,527,231	\$ 998,522,842
Non-member certificates	51,602,924	56,128,429
Borrowed funds	315,000,000	380,000,000
Other liabilities	<u>29,350,955</u>	<u>21,561,154</u>
Total Liabilities	1,461,481,110	1,456,212,425
Member Equity	<u>165,648,153</u>	<u>157,492,270</u>
Total Liabilities and Equity	\$ 1,627,129,263	\$ 1,613,704,695

Statement of Income

	<u>12/31/2019</u>	<u>12/31/2018</u>
Interest income	76,061,023	72,209,486
Interest expense	27,257,330	21,253,649
Provision for loan loss	6,900,000	6,300,000
Non interest income	24,544,521	20,135,459
Non interest expense	<u>59,068,736</u>	<u>52,021,560</u>
Net Income	\$ 7,379,478	\$ 12,769,736



Member Shares



Member Loans



Member Equity

Sharonview Federal Credit Union's board consists of 11 volunteer directors, all of whom are members of our Credit Union. Each member may serve a regular term of office for a period of three years. The members of the Board of Directors meet once a month to discuss the general direction and control the affairs of the Credit Union.

Board of Directors



Rick Belcher
Chairman



Phil Ridolfi
Vice-Chairman



Mike Grom
Treasurer



Larry McAdams
Secretary



Allen Hopkins
Director



Ernie Taylor
Director



Roy Fahl
Director



Ken Dawson
Director



Lynn MacLeod
Director



Peggy Strong
Director



George Ledbetter
Director



Don Lathrop
**Associate
Director**

Supervisory Committee



Lynn MacLeod
**Director/
Chairperson**



Angel Adams
**Supervisory
Committee
Volunteer**



Scott Bray
**Supervisory
Committee
Volunteer**



Tim Lavender
**Supervisory
Committee
Volunteer**

For a complete list of Sharonview branches, visit sharonview.org/locations.

Federally insured by

NCUA



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