

# 2020 ANNUAL REPORT

## *Together We Are Stronger*



SHARONVIEW<sup>®</sup>  
FEDERAL CREDIT UNION



# CEO & Chairman's Report

Bill Partin, President & CEO ♦ Rick Belcher, Chairman

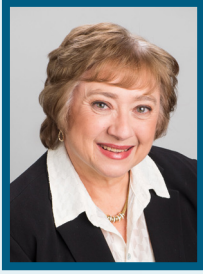


2020 was an unprecedented year for Sharonview and our 95,000+ members. While we responded well to the global pandemic as a company, we know there are countless stories of the impact to our industry, our company and each of our individual members. 2020 marked our 65th anniversary for Sharonview, and we started the year off well having moved into our new corporate headquarters at Edgewater in early March – only to have to send everyone home to ensure our employees and board volunteers were safe. We closed our branch lobbies in March as well to ensure the safety of our members and our employees. But we never lost sight of all that we wanted to accomplish in 2020 to serve our members, even during the COVID-19 crisis. That laser focus on continuing to serve our members, while working to keep our employees safe and healthy, created an exceptional year from a results perspective for Sharonview and its members.

Besides opening our new corporate center, we opened two new branches, one in Salisbury, North Carolina and one at Rea Farms in south Charlotte. We also purchased two branches in South Carolina from Bank OZK, one in Hilton Head and the other in Bluffton. This part of our strategy allows us to capture new deposit dollars, new members and most importantly, new markets we can now operate in as part of our growth model.

We adopted a new five-year strategic plan to fund our future growth and expansion as a financial institution. This plan includes focusing on leadership development, creating meaningful employee experiences, growth in innovation, effectively monitoring our safety and soundness and more focus on our role from a social responsibility perspective, including our continuing work on Diversity, Equity and Inclusion.

As we move forward into 2021, armed with our new strategic plan, we are working to add our new Member Business Services line of products and services, along with continuing to expand our Real Estate Lending and Consumer Lending reach throughout the southeast United States. We are also upgrading our credit card portfolio that will now be issued and serviced by our new Partner, Elan. This change will provide our members with improved credit card options and rewards that keep us competitive in the marketplace. Our dedicated team of professionals continues to work hard to deliver high quality member service as we interact with our over 95,000 (and growing) membership during the “moments that matter” to every individual member. This attitude is captured in our Vision Statement – Dreams Realized Together.



### 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 2020 and issued a clean opinion on the 12/31/20 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 2020, 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 2020 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: -.02%**

**Share Growth: 7.6%**

**Regulatory Capital-to-Asset Ratio: 10.4%**

**Loan Growth: -18%**

Asset growth was intentionally managed to flat as we advanced our strategy to enhance the financial flexibility of our Credit Union during the Pandemic. This strategy encompassed the sale of approximately ~\$370 million of real estate loans (representing, over ~60% of total loans originated and approximately ~33% of our overall loan portfolio). As a result, total loans were down 18% for the year. These loans were sold at a gain and the proceeds from the sales were used to reduce higher-cost borrowings and add to our portfolio of high-quality investments. The loan sales will not impact our members as we continue to service all real estate loans sold. And while loans were down for the year, total loan originations increased by ~32% to \$587 million.

For the year, we generated \$1.6 million in net earnings during an extremely challenging economic environment. We made the decisions to temporarily curtail earnings in order to best serve our Members during the Pandemic. For example, we suspended normal charges for most of our regular "banking" fees, NSF's and late fees for a number of months during the Pandemic.

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.

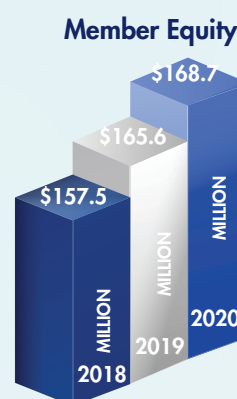
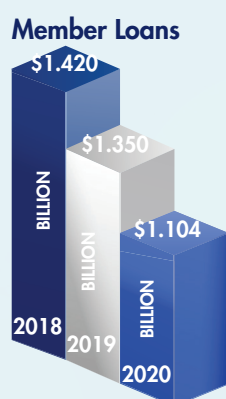
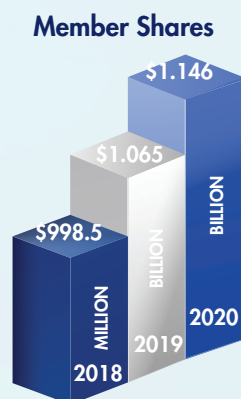
We look forward to achieving another solid year in 2021.

# STATEMENT OF FINANCIAL CONDITION

<b>Assets:</b>	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
Cash and cash equivalents	\$ 150,810,347	\$ 112,511,392
Securities available-for-sale, at fair value	230,822,076	31,267,035
Marketable equity securities, at fair value	14,729,809	27,663,019
Interest bearing deposits	6,325,201	1,417,927
Restricted equity securities	15,232,670	18,726,770
Loans receivable, net	1,104,997,740	1,351,305,026
Accrued interest receivable	4,356,747	3,868,638
NCUSIF deposit	11,197,708	10,101,604
Foreclosed and repossessed assets	136,513	298,588
Property and equipment, net	64,599,246	61,549,673
Mortgage servicing rights, net	4,000,193	1,094,552
Other assets	<u>13,826,069</u>	<u>7,140,469</u>
<b>Total Assets</b>	<b>\$ 1,621,034,319</b>	<b>\$ 1,626,944,693</b>
<b>Liabilities:</b>	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
Members' share and savings	\$ 1,146,085,546	\$ 1,065,527,231
Non-member certificates	45,900,056	51,602,924
Borrowed funds	229,349,608	314,815,430
Other liabilities	<u>30,927,676</u>	<u>29,350,955</u>
<b>Total Liabilities</b>	<b>1,452,262,886</b>	<b>1,461,296,540</b>
Member Equity	<u>168,771,433</u>	<u>165,648,153</u>
<b>Total Liabilities and Equity</b>	<b>\$ 1,621,034,319</b>	<b>\$ 1,626,944,693</b>

## Statement of Income

	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
Interest income	63,343,883	76,061,023
Interest expense	23,228,795	27,257,330
Provision for loan loss	6,400,000	6,900,000
Non interest income	28,159,746	24,544,521
Non interest expense	<u>60,288,013</u>	<u>59,068,736</u>
<b>Net Income</b>	<b>\$ 1,586,821</b>	<b>\$ 7,379,478</b>



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. Our team of volunteers also consists of our Associate Directors, Emeriti and our Supervisory Committee members.

Board of Directors



Rick Belcher  
Chairman



Phil Ridolfi  
Vice-Chairman



Mike Grom  
Treasurer



Larry McAdams  
Secretary



Peggy Strong  
Director



Ernie Taylor  
Director



Roy Fahl  
Director



Ken Dawson  
Director



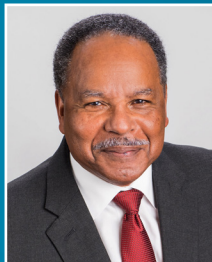
Allen Hopkins  
Director



Lynn MacLeod  
Director



Don Lathrop  
Director



George Ledbetter  
Active Director  
Emeritus



Jessica Dahle  
Associate Director



Rasmus Pedersen  
Associate Director

Supervisory Committee



Lynn MacLeod  
Supervisory  
Committe  
Chair



Angel Adams  
Supervisory  
Committee  
Volunteer



Jeffrey Meekins  
Supervisory  
Committee  
Volunteer



Andrew  
Hudson  
Supervisory  
Committee  
Volunteer

Federally insured by

**NCUA**



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