



Annual Report 2023

A close-up photograph of two hands, one from the left and one from the right, gently cupping a glowing, golden orb. The background is a soft, out-of-focus light, suggesting a bright sun or a warm light source, creating a warm and hopeful atmosphere. The hands are positioned as if they are carefully holding and presenting the orb.

A
Clear Path
Forward

Chairman's Statement

**Phil Ridolfi,
Chairman**



Reflecting on the past year, I am pleased to share the outcomes of a comprehensive assessment undertaken by both our board and the executive leadership of Sharonview. Together, we've engaged in deep reflections on what it means to embody the spirit of a credit union and where we envision ourselves in the future. This journey has led us to reexamine our core mission and vision, directly crafting strategic pillars that resonate with our values, and consider the needs and aspirations of our teams, members, and the communities we serve.

Sharonview stands as a grassroots credit union committed to empowering and uplifting each of our members. Our primary objective remains clear: to equip you with the essential financial tools necessary for success across every facet of life's journey. In this pursuit, we are consistently enhancing the accessibility of our services, cultivating deeper connections within our communities, and reinforcing the foundation of our institution's safety and stability.

As we navigate forward, we must acknowledge the wisdom in occasionally pausing to recalibrate before forging ahead. In 2023, we embraced this philosophy wholeheartedly, emerging from the process inspired and reinvigorated. Today, we stand poised in the face of opportunity, resolute in our commitment to guiding you toward financial freedom.

On behalf of the board, I extend heartfelt gratitude for your continued trust and partnership. Your support is not only appreciated but serves as the driving force behind our relentless pursuit of excellence, motivating us to push the boundaries of what's possible each and every day.



CEO's Statement

**Herb White,
President & CEO**

As with any journey, there are peaks and valleys. Looking back, 2023 was marked by challenges, including a significant financial setback. Rather than being caught off guard, we executed a carefully crafted strategy that included taking proactive steps to fortify our financial position, diversifying our balance sheet, accounting for market fluctuations, and reinforcing our liquidity reserves. The road was not easy, yet we remained steadfast in our belief we could navigate these turbulent times. Our member satisfaction scores continue to remain in the top percentile of credit unions—we're putting our members first and it's paying off!

Our 2024 strategic vision remains anchored in a back-to-basics approach, underpinned by innovation and customer-centricity. We are committed to meeting the evolving needs of our members and enhancing the ease and convenience of banking with Sharonview. In all areas, our aim is to make banking simpler and more accessible for everyone.

We're also doubling down on our commitment to community engagement. We understand that our success is intrinsically tied to the well-being of the communities we serve. That's why we are actively seeking opportunities to give back, support local initiatives, and foster meaningful connections with our neighbors.

Trust is the cornerstone of any successful financial institution, and we are unwavering in our commitment to upholding the highest standards of integrity and transparency. Our focus on risk management, regulatory compliance, and prudent financial practices ensures that your deposits are safeguarded, and your financial future remains secure.

While the road ahead may still present its share of challenges, we are optimistic about the opportunities ahead. By staying true to our core values, embracing innovation, and connecting with our communities, we are confident we can grow and thrive together in 2024 and beyond.

Supervisory Committee Report

Jeffrey Meekins
Committee Chair



The Supervisory Committee consists of volunteers who are members of our 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 for 2023.

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), additional external audits, as well as internal audits 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 throughout 2023, it is the opinion of the Supervisory Committee that Sharonview Federal Credit Union has and maintains appropriate controls to protect our assets. We encourage you to contact us if we can be of any help, as we are here to serve you, the members.



Treasurer's Report

Mike Grom
Treasurer

The 2023 Annual Report to Membership contains financial statements of Sharonview Federal Credit Union's financial condition. Some important metrics from the past year's results include:

Asset Decline:	17.7%
Member Share Decline:	3.8%
Loan Decline:	24.8%
Capital-to-Asset Ratio:	6.1%
Regulatory Net Worth Ratio:	8.9%

Like many other financial institutions in 2023, Sharonview experienced challenges in addressing the current economic environment, which included higher interest rates driven by inflationary pressures. A primary goal of Sharonview has always been to maintain its financial strength and support its member's needs. Considering this, the Credit Union took steps to reinforce its financial position through the monetization of certain assets, including the sale of lower yielding loans within our loan portfolio and liquidating select underperforming investments. These actions, along with other sources of liquidity, allowed us to repay \$271 million in high-interest rate borrowings, thus reducing interest rate risk, improving regulatory net worth by 28 basis points, and bolstering liquidity with cash and cash equivalents, ending the year at a strong 9%. Loan sales, coupled with higher interest rates that continue to deter member borrowing, caused our overall loan portfolio to decline 25%. Additionally, Member Shares declined slightly as members face inflationary challenges.

For the year, Sharonview experienced a net loss of \$19.5 million, which includes a loss on the sale of low-yield loans and underperforming investments of \$6.9 million. A significant driver of this loss was the increase in interest costs necessary to retain deposits in an extremely competitive market and the provision for loan losses to fortify reserves. That said, management took initiatives to keep operating expenses flat year over year despite inflationary price increases.

Sharonview's capital remained strong. The Credit Union is considered "Well Capitalized," per the National Credit Union Administration (NCUA) guidelines. 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 financial institution for our members.

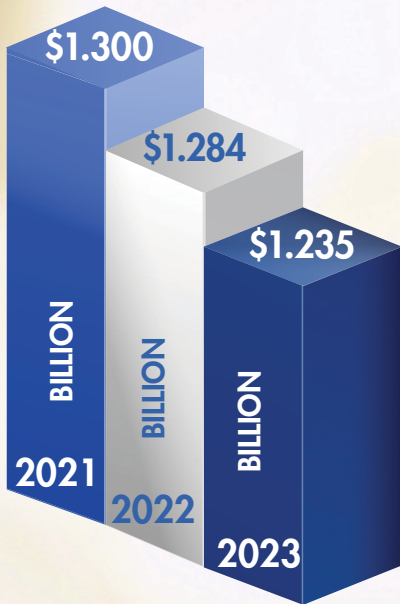
Though 2023 was difficult, we have set a solid foundation for a "back-to-basics" growth strategy and look forward to strengthening our financial results in 2024.

Statement of Financial Condition

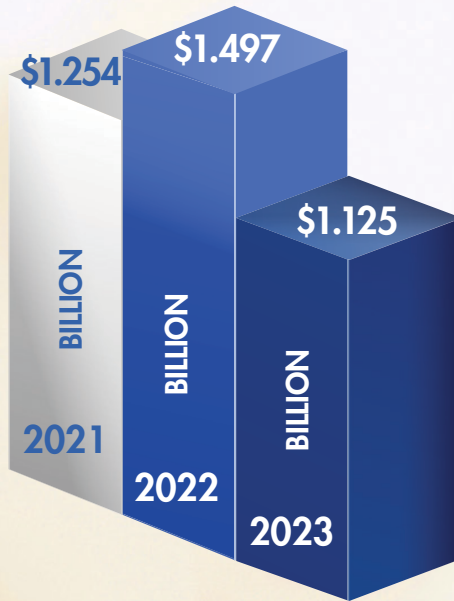
Assets	2023	2022
Cash and cash equivalents	\$149,223,265	\$ 72,807,074
Available-For-Sale securities, at fair value	194,950,833	222,598,982
Marketable equity securities, at fair value	9,996,529	19,540,632
Interest bearing deposits	0	1,337,171
Restricted equity securities	14,642,275	21,601,150
Loans receivable, net	1,125,295,747	1,496,628,337
Accrued interest receivable	5,692,594	6,196,379
NCUSIF deposit	12,986,094	12,996,808
Foreclosed and repossessed assets	51,392	102,540
Property and equipment, net	55,819,432	61,854,647
Mortgage servicing rights, net	7,307,518	6,042,399
Goodwill and other intangibles	4,661,684	4,728,850
Operating lease right-of-use assets	4,702,179	5,172,806
Other assets	<u>19,398,220</u>	<u>18,588,892</u>
Total Assets	\$1,604,727,762	\$1,950,196,667
Liabilities	2023	2022
Members' share and savings	\$1,234,815,531	\$ 1,283,722,317
Non-member certificates	64,187,220	138,785,438
Borrowed funds	175,000,000	369,660,370
Operating lease liabilities	4,702,179	5,226,909
Other liabilities	<u>27,858,589</u>	<u>29,523,520</u>
Total Liabilities	1,506,563,519	1,826,918,554
Member equity	<u>98,164,243</u>	<u>123,278,113</u>
Total Liabilities and Equity	\$1,604,727,762	\$1,950,196,667
Statement of Income	2023	2022
Interest income	74,311,700	68,328,691
Interest expense	37,959,221	20,221,205
Provision for loan loss	11,921,741	5,150,000
Non-interest income	16,319,911	13,728,742
Non-interest expense	<u>60,243,174</u>	<u>60,300,132</u>
Net Income	(\$19,492,525)	(\$3,613,904)

The numbers in the above Financial Statement of Condition are currently considered unaudited. Goodwill is currently being analyzed for impairment by a third party. The results of this analysis are subject to review and concurrence by our certified public accounting firm, Moss Adams LLP. The analysis and review may result in an impairment of Goodwill of \$0 up to \$4.7 million.

Member **Shares**



Member **Loans**



Member **Equity**



Board of Directors



Phil Ridolfi
Chairman



Roy Fahl
Vice-Chairman



Mike Grom
Treasurer



Lynn MacLeod
Secretary



Ernie Taylor
Director



Larry McAdams
Director



Ken Dawson
Director



Rasmus Pedersen
Director



Rick Belcher
Director



Don Lathrop
Director



Jessica Dahle
Director



Allen Hopkins
**Active Director
Emeritus**



George Ledbetter
**Active Director
Emeritus**



Peggy Strong
**Active Director
Emeritus**



Jeffrey Meekins
**Associate
Director**



Matt Doman
**Associate
Director**

Sharonview Federal Credit Union's board consists of eleven 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.



Supervisory Committee



Jeffrey Meekins
**Supervisory
Committee Chair**



Jennifer Braganza
**Supervisory
Committee
Volunteer**



Paul Evans
**Supervisory
Committee
Volunteer**



Andrew Hudson
**Supervisory
Committee
Volunteer**

Sharonview Federal Credit Union
1955 Sharonview Way, Indian Land, SC 29707