

General Manager's Report 2020

It is always with great pleasure that I share with you, our members, the results of the past year. It will be a long time before any of us forgets the year 2020! It has only been a few months since we held our last AGM as last year, we held off in the hopes of having it in person. This didn't happen; however, our first ever virtual AGM was well attended and ran smoothly so we decided to proceed with the virtual format once more.

The ongoing pandemic has posed challenges as well as opportunities for NBTA Credit Union. Each year we review our Business Continuity Plan. Included in the plan is a whole section on what to do should a pandemic be declared. Thoughtful planning in years past made it so when our building closed to the public, we were able to resume all our business functions within 48 hours. Members were able to access the branch through the ATM vestibule and we quickly became experts on the various ways we could continue to serve our members remotely. NBTA Credit Union has always served members throughout our province and this gave us an advantage over some of our competitors. We developed policies and procedures around electronic signatures and virtual meetings of the Board. Although our directors prefer to meet in person, we did have to hold a few of our meetings via Zoom.

The pandemic has had a profound effect on our daily lives and many people lost their jobs or had their hours reduced. Small businesses across the country have struggled to stay afloat. NBTA Credit Union partnered with Atlantic Central and Export Development Canada to roll out the Canada Emergency Business Account. Small businesses affected were able to apply for funding up to \$60,000, some of which would be forgiven and not have to be paid back. Although the funds were given interest free, we were essentially the facilitator, so there is no risk to the credit union. The funds came from the federal government and will be paid back to them as well.

Another initiative in which we participated was "Loyal2Local". Atlantic Central gave every credit union employee in Atlantic Canada \$25 to spend at a local business or it could be donated to a local charity. NBTA Credit Union matched the amount given, and we asked our staff to post pictures of the business they chose to support on their social media channels. This small initiative injected over \$67,000 into our local economies.

Our federal government had many different programs to support individuals and businesses. To stimulate the economy the Bank of Canada lowered its' Prime Lending Rate three times. This was great for our borrowing members however it was also a hit to the credit union's interest revenue. Our Home Equity Lines of Credit as well as our Chequing Lines of Credit are based on prime rate so the drop in the rate hit our revenue quite hard. Approximately \$250,000 was lost in interest revenue. On the other hand, bankruptcies and consumer proposals were much less than in prior years. This may be partially due to the ongoing support programs. Concern over liquidity issues turned out to be baseless as most financial institutions' deposit portfolios grew. Consumers have very different spending habits than prior to the pandemic. Whenever we are allowed to open our border to the rest of our country, I won't be surprised to see some of these deposits disappear. I think many people will be eager to get back to some semblance of normalcy.

This year reinforced how happy and proud I am to work at NBT Credit Union and to be a part of a larger cooperative system. Many of our accomplishments are made possible by working with our valued system partners. These partners include other Credit Unions, League Data, League Savings & Mortgage, Atlantic Central, Dave Gorman Financial Strategies Inc., CUMIS, Concentra as well as the Canadian Credit Union Association. These organizations help make it possible for us to offer the products and services our members need and want.

Financial results for the year ended December 31, 2020 were mostly positive. Although this low rate environment takes a toll on our revenue, we still managed to finish the year with a profit. The Board of Directors made the decision to recommend a patronage rebate again this year after serious discussion and deliberation. We realize this has lowered our equity position, but it was felt our members likely needed the rebate this year more than most. Our equity remains well above the 5% of assets required by the New Brunswick Credit Unions' Act.

We continue to grow our assets at a record pace and many of you may think this is a good thing but there are many things to consider when experiencing rapid growth. To maintain our current equity level, we need to grow our retained earnings. For every million dollars of asset growth, we need to have profit of \$50,000 to \$80,000. Our assets grew by over 13% or \$8,473,972. Our profit isn't keeping up. The large growth in assets is in cash and investments. It would be preferable to have seen the increase in our loans portfolio as this is where we receive the biggest return. Our loan portfolio did see small growth of \$2,206,165 or 3.3%. The growth was in low rate mortgages. On the other side of the balance sheet our deposit portfolio grew by \$8,185,641 or 14.6%. The increase in deposits is shared across our membership. Therefore, I feel we will see a decrease in deposits as our country opens and members feel confident in the economic recovery. Once that happens, I am sure we will notice a decrease in deposits and an increase in spending and credit applications. The decisions made by your Board in prior years

has enabled us to withstand difficult circumstances. You can rest assured this Board as well as management and staff have developed strategies to cut expenses and increase our revenue.

One of the key indicators of success is the ability to attract new members and I am happy to report we added 171 new members in 2020. Although we added members of all ages, the bulk of these new members were between the ages of 25 and 54. This age group are usually active members who are either purchasing cars and homes or are at the stage of life when they start saving for their children's education or their own retirement. Many of these new members were referred to us from other members. We appreciate this support as there is nothing better than a recommendation that comes from a member.

I would like to thank our staff and the members of the Board of Directors for all the hard work they have put in over the last year. I would also like to thank you, our members, for your continued patronage. The NBTA Credit Union is celebrating 50 years in business and we couldn't have done it without you.

Respectfully submitted,

Margery Nichol, General Manager