

President's Message 2020

2020 was a year like no other in the history of our nation and of our credit union. When the COVID-19 virus reached our shores in March of 2020, it created a situation in our country that had not been seen in over a century. The pandemic forced Members Credit Union to make significant adjustments to our methods of operation in order to keep our employees safe, yet still maintain the ability to effectively serve our membership.

In March, at the onset of the pandemic, Members Credit Union made the difficult decision to close some of our branch lobbies to walk in traffic. For those branches that offered drive through service we conducted basic teller transactions through this channel. Members who wanted to open new products or apply for a loan were asked to make an appointment with the branch manager. Those branches without drive through service were determined to keep their lobbies open and continue to serve our membership. We followed the guidelines that were recommended by the Center for Disease Control (CDC) at that time and devised a plan that would allow a very limited number of members in our branch at one time. I am proud to say that we did not have one employee working in our branches test positive for the virus during this time. During the spring of 2020, Members Credit Union was one of only a small handful of financial institutions that decided to keep its lobbies open. And, even today, a large number of credit unions continue to keep their lobbies closed to their membership.

At this same time, in early March, we were also confronted with the problem of the schools closing in North Carolina. Because there was very little forewarning that this would happen, our team members with school aged children had no option but to stay home and make sure their kids were doing their school assignments. Through our disaster recovery planning, and some extremely long hours from our Information Technology Department, we were prepared for these team members to work from home, allowing them to do their job with the credit union, yet still care for their children's learning needs. We also encouraged employees with underlying health conditions or advanced age to work from home as well.

Although the current environment was far from perfect for both employees and credit union members, we continued to operate and provide the needed financial products and services to our members. In the first quarter we introduced a new Home Improvement Loan that allows members to borrow up to \$25,000 for a term of 180 months. The benefits of this new product offering are a very affordable rate, no closing costs, and a second lien is not attached to the property.

In June we moved our Greensboro branch to a much more easily accessible location for our membership. Although the move was less than two miles, the branch is now located directly off of a main thoroughfare in a retail shopping center and is much more convenient for the vast majority of members to use. The employees from our previous Greensboro location all transferred to our new branch.

In the winter of 2020 we offered a Holiday Loan at a low rate with a twelve month term to make sure that members, who may have been adversely affected by the pandemic, could enjoy the holiday season. In all, 115 members borrowed over \$178,000 to take advantage of this offer.

In 2020 the importance of our credit union why that we developed last year became even more apparent. We had to become "the caring and trusted financial partner to each member so that our

members are able to focus less on finances and more on what really matters in their daily lives.” Knowing that the credit union could help make an even more positive difference in the lives of our members only made the credit union staff work that much harder.

During this trying time we knew we had to make things easier for our members. On a case by case basis our financial solutions team worked with members who had been impacted by the COVID 19 pandemic. For some members we offered payment extensions, allowing members to focus on paying other necessary everyday expenses. For other members, whose situation was less dire, we temporarily lowered payments. We also halted repossessions at this time. It is a true testament to the loyalty of our membership that, throughout this very difficult year, our loan delinquency remained stable and below the level of many of our peers and less than our previous year’s delinquency rate.

Throughout March and April our branch offices operated under limited conditions. During this time we installed protective shields in all of our branch locations. At the end of April, we determined that we had all of the safety measures in place to reopen all of our branch lobbies to our membership. Social distance markers were installed on branch floors, hand sanitizer and face masks were readily available in our lobbies and plastic barriers had been erected. We felt that we owed it to our membership, many of whom are essential workers, to make it as convenient as possible to access their credit union accounts. However, we encouraged members to use our digital options, such as using DocuSign to complete their entire loan transaction remotely and using our mobile banking application to complete simple everyday transactions that did not require human interaction. One positive causal effect of the pandemic has been the tremendous increased adoption by members of our home banking product. Members, who had never before taken the time before to enroll in home banking, found our product simple and convenient to use.

In August, we again were faced with a decision about employees who had school aged children and the upcoming school year. We knew from our experience in the spring that having those employees telecommute would place a huge burden on those that remained in the office. Plus, staff members that work within our branch network could not work from home. After careful consideration, it was decided to allow our employees to bring their children to work with them. The reasoning behind this decision was twofold – it would allow our credit union to operate at peak efficiency, but, more importantly, it would allow the children to get into the habit of getting up, getting dressed and going to school, albeit at the credit union. We believed establishing a routine for these kids would make it easier for them to return to in classroom learning when school did resume. We created a training area, with masks and social distancing required, that students could go to do their remote learning. Two credit union employees volunteered to monitor the children in the training area throughout the day and also created activities for the children after the school day had concluded. Planned after school activities included arts and crafts, science projects, movie days and board games. We also put together a mini-playground, including a basketball goal, in the back of our corporate office away from all branch traffic. This solution worked very well for our credit union and caught the eye of the Credit Union National Association (CUNA), who requested we make a video of our experience to share with other credit unions.

As a credit union we weathered 2020 remarkably well, thanks to the incredible support of our loyal membership. Our deposits grew by an astounding 23% in 2020 and we experienced a 10% growth in loans. We are proud of what we have accomplished this year – keeping our branch lobbies open to our membership, helping our members who experienced distress due to COVID-19 manage their

financial affairs, creating a family environment that allowed staff members to bring their children to work, and maintaining a sense of normalcy for both members and employees alike by continuing to operate despite the many obstacles that we encountered throughout the year.

As we look forward to a more normal year in 2021, we have many new projects on the horizon. In the second quarter of the coming year, we will offer a new and improved online account application coupled with a loan origination system that will enable members to receive relevant loan offers at the click of a mouse from their home computer or from their smartphone. This new product will enable members to obtain loan offers from the credit union without completing an entire loan application or having a full credit report pulled, thus not affecting the member's credit score.

In 2021 we will be changing our card processing vendor, which will result in new VISA Debit and Visa Credit Cards being sent to our members who have these products. With these new cards members will now be able to choose or change their own Personal Identification Number (PIN). Members will also be able to download an application onto their smart phone that will allow new card control features, such as the ability to turn off your card if it has been lost or stolen.

A huge thank you to our membership and the credit union's Board of Directors for their unwavering support throughout a very difficult 2020. By working together and caring for one another I know we can make great things happen in 2021.