

A Year End Message from our CEO

6 February 2018

Dear SASCU Members,

I am privileged to lead this great organization and pleased to share this business update with you. You can be proud to know that we are not only improving the financial lives of our members, but we are making strides in behind-the-scenes efficiencies and digital enhancements while continuing to invest in the social fabric of our community.

2017 – A Look Back

It was a busy and successful year at SASCU where we had two areas of strategic focus: to be much more Member Centric; and to make continuous improvements in our many processes.

Member Centricity – Placing the member in the center of our activities and decisions

First, we committed to improving our member service in-branch, on-line, and via mobile phone. We are already known for our great personal service, but we can do more to earn that position as your financial partner. Some of the initiatives completed last year include the following:

1. Investment advice – enhanced processes for the delivery of personal investment plans.
2. Retail banking advice – investment in training for all staff so that each of our staff are skilled in handling all of your banking needs.
3. Member relationship software implemented for more coordinated service to you.
4. Mobile (cell phone) voting implemented so it is more convenient to engage in our elections.
5. E-mail encryption implemented to better protect your sensitive financial information.

Continuous Improvement – Improving the way we work to reduce the time it takes to serve you.

Second, we committed to upgrading key processes with the goal of making them shorter, clearer, and simpler for both staff and members. We made some early strides by improving the following:

6. Mortgage application process – standardized and simplified.
7. Home insurance renewal process – revamped to save time.
8. Changing signers on organization accounts – added flexibility for our members.
9. Laid the foundation for on-line account openings and on-line borrowings for next year.

More than 30 staff were trained last year in disciplined continuous improvement principles. Many more will participate in the training this year, instilling it deeper into our culture. Some improvements will be readily evident to you, while others are foundational behind-the-scenes. The commonality is that it makes SASCU more effective as your financial services provider.

2018 – A Look Forward

What do we have planned for this year? One of the big changes at SASCU relates to our Patronage Rebates. Our industry has changed and SASCU must change too.

Patronage Rebates

Our world today is very different than the one 20 years ago when we introduced the Patronage Rebate program. This past fall we began an in depth review of the program including consulting SASCU members. We offered a number of focus group opportunities and sent out thousands of surveys to our members. For those that responded, thank you. Your voice was important. We also took a deep look at member and non-member behavior, and how well this program was rewarding the majority of our membership.

We know that the program was not attracting new members to join SASCU. We also know that more than 80% of new members are choosing to not sign up for the program but instead receive an interest rate adjustment on their loan or deposit product. Consideration of all this information led to the decision to wind down the program. **This was a tough decision.** We are proud to be able to invest in our business to give you more. More competitive rates, more on-line products, and more community support. We will continue to have our great staff serve you.

Our 2018 Patronage Rebate payment will be the final payout, with a 4% rebate on the loan interest, deposit interest and service charges that you paid in 2017. We recognize that if members knew that the program was coming to an end, they would have made a different decision regarding enrolling in the Patronage Program. As a result, those members with 'patronage-rate' mortgages will receive 0.10% off their rate retroactive to January 1, 2018. Those with term deposits will receive a 0.10% increase in their rate for the remaining term of their product, also effective Jan. 1st. These adjustments will be applied in April 2018.

Digital Focus

I am excited about the many upcoming changes at SASCU. An example of just a few initiatives include:

1. On-line account openings that are mobile friendly.
2. On-line loan applications that are compatible to mobile devices.
3. Free in-branch Wi-Fi so that we can help and assist with our mobile banking services.
4. E-signature implementation for two or more processes this year.

Everyone has a choice and more than half of our community chooses to bank with a financial institution that has their head office in the Shuswap. Because of that loyalty, SASCU is able to employ 140 people, pay salaries of more than \$8 million annually, pay more than \$300,000 annually in local property taxes, and share \$150,000 per year in scholarships and grants. Thank you for your support. Our community has much to be proud of.

Should you have any questions or comments, please feel free to contact me. My direct telephone number is 250 833 1310 and my direct email address is barrydelaney@sascu.com. I would be happy to talk with you.



Sincerely,

A handwritten signature in blue ink that reads "Barry Delaney".

Barry Delaney
Chief Executive Officer
SASCU Financial Group