

Nelson & District

CREDIT UNION  *Logically. Locally.*



SPIRIT
OF
LOCAL

2022 ANNUAL REPORT

YEAR IN REVIEW 2022

As a Credit Union and as a community, we all embrace the spirit of local. The Nelson & District Credit Union family supports members, local businesses and communities to ensure everyone's financial health. Being an active part of our communities keeps us all vibrant.

Our vision "to be the financial-services provider of choice in our communities" shows our commitment to continue to grow to meet our members' needs. By investing in us, you are investing in yourself, your family, your community and your Credit Union.

Governed by a volunteer board of directors that is elected by the membership, NDCU is shaped through your ownership and participation; a membership ensures you have an equal voice in NDCU's future. Our democratic approach is a vital credit-union principle, and our governance practices align strongly with today's social, economic and technological requirements.

Giving back is part of the spirit of all credit unions, and your Credit Union will continue to give back to causes that make a difference.

Thanks to our members' support, the Community Investment Program distributed \$144,622 to community organizations to help provide exceptional programming, infrastructure, and virtual events and experiences. This level of giving helped us surpass a milestone of \$4 million in giving since 2000.

In the spirit of the credit-union principle "Concern for Community," we focus our support on the sustainable development of communities, and regional foundations are contributors. Organizations like the Leroi Community Foundation are vital to that development. "Community foundations provide a service and unique opportunities for both donors and donees," says Scott Daniels, former chair of the foundation. "Donations are invested as long-term endowed funds, whose earnings are used annually to meet specific purposes named by its donors or social purposes specified by the foundation. As I observe the work of foundation volunteers, I frequently reflect on how their work supports legacies being left in our communities by many generous and thoughtful donors. As a community, and with our community foundations, we are stronger together than apart."

Gold Fever Follies



Boswell Historical Society



East Shore Community Library



KBRH Health Foundation



We are also more than just your local credit union—we are spirited community ambassadors. Our employees and directors personally commit their time to volunteer within our communities to make them a better place.

Member and community engagement is imperative to NDCU. When we review member feedback, we devote resources to offering the products and services members want at the support level they expect. We continue to work with the results of past surveys to help us succeed on three core outcomes important to our mutual financial health: retaining current members, deepening our relationships, and creating positive word of mouth to grow our member base.

NDCU's recognition of these outcomes brought some very positive growth results in 2022. We attracted a demographic that has historically been a challenge for the credit-union system: over 50 per cent of new members this past year were 40 years old and under. We are confident our efforts to work as trusted advisors to our members is producing notable results.

Your Credit Union has a dedicated team that addresses the importance of a balanced approach to workplace wellness. They offer challenging initiatives and incentives that are fun, inclusive and considerate of employee health. "Our team works hard to inspire all employees to participate in physical activities, be mindful of their mental health, maintain a balanced lifestyle and have fun," states a member of our NDCU wellness team. "We feel that our actions and activities make a positive difference to employees at work and at home."

Thank you for honouring the "Spirit of Local." Banking local with NDCU makes a difference. We are always encouraged by the commitment from our members, our directors and our employees, and we are proud to express our pledge, "Logically. Locally."



*The time has finally come, NDCU is on Facebook.
Please take a moment to follow, like and share us to stay up-to-date
with your Credit Union.*

KSCL Bigby Place



Nelson & District Hospice Society



Nelson Police Foundation



Nelson Community Food Centre






Michael Ramsey
Chair

REPORT FROM THE CHAIR

The past year was financially very strong for Nelson & District Credit Union. The year brought an economic shift, with an inflationary cycle and much higher interest rates from the Bank of Canada, figures not seen in the financial-services industry for years. NDCU was well positioned for these events in 2022, as reflected in our earnings and financial position.

As we transitioned to a post-pandemic environment, we have continued to take advantage of the technology benefits implemented during the COVID era. Our management and employees continue to leverage a hybrid work structure that has benefitted both the organization and the members. Most of our committee and board meetings are virtual, and we meet quarterly in person, which promotes increased productivity and reduced expenses.

We saw some significant marketplace changes in 2022, with several peer Credit Unions in our area of the province merging and amalgamating, both regionally and provincially. NDCU continues to be a very strong and independent community-based credit union serving Nelson, Rossland and the East Shore of Kootenay Lake.

Your credit union continues to provide a broad range of services to our members through our three branches, in

MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared by management from the consolidated statement of financial position of Nelson & District Credit Union as at December 31, 2022, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not include

addition to wealth-management services provided through our subsidiary NDCU MoneyWorks, and insurance services provided through our subsidiary Kootenay Insurance Services Ltd.

The Community Investment Program gave back approximately \$145,000 to our communities in 2022. This level of investment was key in helping your credit union reach a milestone of \$4 million in community giving to our service areas since 2000. This level of support could not have been reached without the commitment of you, our members.

I would like to extend my gratitude to our management team and employees for making 2022 a success. The digital transformation of the financial industry brings ever-increasing complexity, as does the increased regulatory and legislative requirements. Our team continues to meet those challenges and take advantage of the opportunities they present, while serving members with the highest standards.

I would also like to show appreciation to your board of directors for all their efforts. Our full slate of directors brings diverse experience, knowledge and education to all our meetings.

Finally, I would like to thank you, our members for your business and trust, and wish you success in 2023.

REPORT FROM THE CEO

Nelson & District Credit Union had a strong year financially. Income from operations was steady compared with 2021, finishing the year at \$1.6 million and a return on equity of 7.9 per cent.

Total assets shrank to slightly less than \$300 million, which was not unexpected given the sharp asset growth in 2020 and 2021. Loans grew slightly, with commercial loans growing by 2.7 per cent and personal loans growing nominally due to the rapid rise in mortgage rates.

Based on our strong year financially, we paid dividends of 5.6 per cent for equity shares and 4.6 per cent for non-equity shares. Our capital base is healthy and grew by \$1.47 million, an increase of 7.8 per cent. Total liquidity ended the year strong at 21.5 per cent.

NDCU's delinquency continues to be lower than system averages. Thank you for paying your loans!

Our wealth-management subsidiary, NDCU MoneyWorks, had their strongest year yet, despite the market turmoil in 2022. And our insurance subsidiary, Kootenay Insurance Services Ltd., had an exceptional year thanks to the good business they underwrite.

We expect muted growth in 2023 given the current economic climate and slow growth in our communities. We have

recently raised our deposit rates, and we expect some margin squeeze throughout the current year.

We continue to focus on the financial health of our members and our communities. Our Community Investment Program granted almost \$145,000 to our local area; when combined with our dividends, we returned approximately \$190,000 to members and communities. Please have a look at our 2022 Community Investment Report for a list of our specific donations.

To address member financial health, we have created a new position with the intention of freeing up more employee time to have conversations with our members about their financial well-being. We are also planning some seminars for members on topics such as home ownership and household budgeting.

All in all, 2022 was an exceptional year for NDCU, and it is a pleasure and privilege to continue to serve our members. We appreciate your business!

Thank you for your commitment to banking locally. Without the support and dedication of our members, employees and directors, we would not be where we are today. It is a privilege for me to work with all of you.



Handwritten signature of Thomas A. Murray in black ink.

Thomas A. Murray,
Chief Executive Officer

all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2022, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com/CorporateReports.

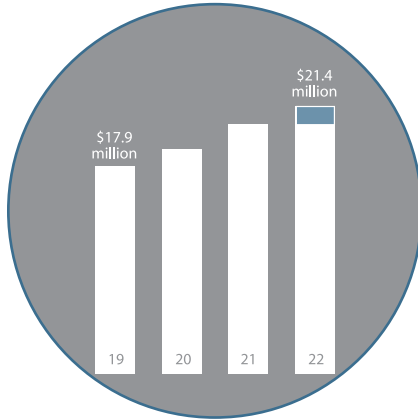
Taylor Norman, CPA, Controller

Thomas A. Murray, CEO

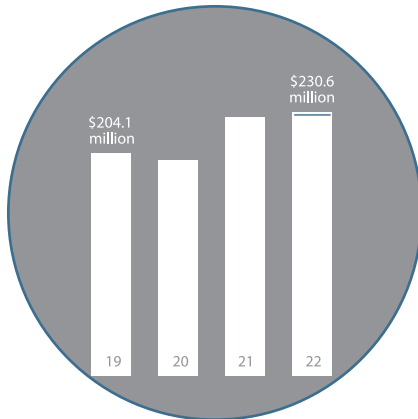


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Members' Equity



Members' Loans



as at December 31, 2022

ASSETS

Cash and cash equivalents
Investments
Investment in associates
Members' loans
Property and equipment
Intangible assets
Investment property
Other assets

	2022	2021
Cash and cash equivalents	\$ 8,010,895	\$ 9,274,340
Investments	54,072,768	68,159,552
Investment in associates	3,207,609	3,430,647
Members' loans	230,621,057	229,712,035
Property and equipment	1,743,234	1,997,577
Intangible assets	619,691	767,508
Investment property	943,187	967,894
Other assets	381,687	327,387
	<u>\$ 299,600,308</u>	<u>\$ 314,636,940</u>

LIABILITIES and MEMBERS' EQUITY

Members' deposits
Members' non-equity shares

Other liabilities
Income taxes payable
Deferred income tax liability

Members' deposits	\$ 276,782,370	\$ 293,054,913
Members' non-equity shares	69,288	80,588
	<u>276,851,658</u>	<u>293,135,501</u>
Other liabilities	1,180,390	879,396
Income taxes payable	50,585	-
Deferred income tax liability	118,000	325,000
	<u>\$ 278,200,633</u>	<u>\$ 294,339,897</u>

Members' Equity
Members' shares
Retained earnings
Accumulated other comprehensive (loss) income

Members' Equity		
Members' shares	800,310	788,119
Retained earnings	21,161,888	19,490,750
Accumulated other comprehensive (loss) income	(562,523)	18,174
	<u>21,399,675</u>	<u>20,297,043</u>
	<u>\$ 299,600,308</u>	<u>\$ 314,636,940</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2012

	2012	2011
Interest revenue	\$ 8,125,012	\$ 7,457,773
Interest expense	1,139,583	1,290,038
Provisions for credit losses	1,655	66,613
Financial margin	6,983,764	6,101,122
Other income	1,789,648	1,955,045
	<u>\$ 8,773,412</u>	<u>\$ 8,056,167</u>
Operating expenses		
Salaries and employee benefits	\$ 3,852,904	\$ 3,816,690
Community investment program	144,622	100,596
Distribution to members	44,914	32,314
Other administrative expenses	3,026,241	2,481,565
	7,068,681	6,431,165
Earnings before income tax	<u>\$ 1,704,731</u>	<u>\$ 1,625,002</u>
Current income tax expense	240,593	180,168
Deferred income tax (recovery)	(207,000)	(75,000)
Net income	<u>\$ 1,671,138</u>	<u>\$ 1,519,834</u>
Loss on revaluation of intangible assets of associates	(387,500)	-
Change in fair value of investments, net of tax	(193,197)	(112,412)
Total comprehensive income	<u>\$ 1,090,441</u>	<u>\$ 1,407,422</u>

Approved by the Directors:

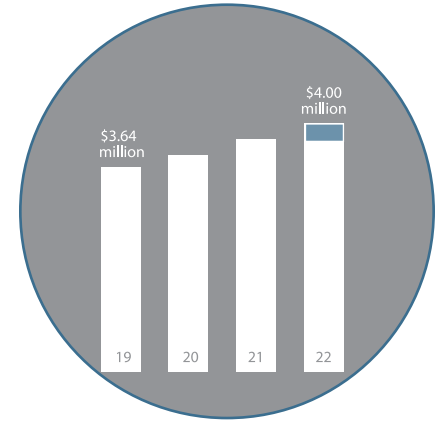
Michael Ramsey, Chair, Board of Directors



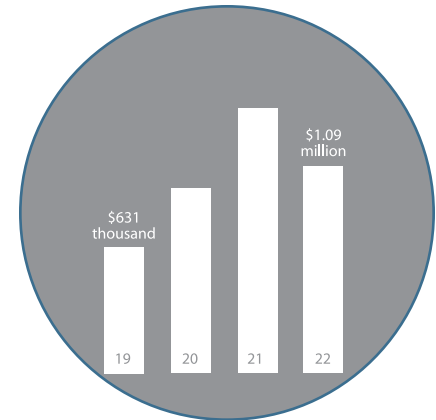
Colin McClure, Audit Committee Chair



Cumulative Investment
In Our Communities



Comprehensive Income





Nelson Community Branch
 501 Vernon Street, Nelson
 250.352.7207
 Personal & Business Banking
 Financial Planning

Rossland Community Branch
 2071 Columbia Avenue, Rossland
 250.362.7393
 Personal & Business Banking
 Financial Planning

East Shore Community Branch
 16030 Hwy 3A, Crawford Bay
 250.227.9221
 Personal & Business Banking
 Financial Planning

info@nelsoncu.com



>> logically, locally.



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Protection For What Matters



Down-to-Earth Financial Planning



Design: www.frolixdesign.com Printed in the Kootenays 100% Post Consumer Waste - Process Chlorine Free, Acid Free, FSC Certified chlorine free.

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