

A stylized landscape illustration. The top half is a bright yellow sky with two white, fluffy clouds. A large, pale yellow sun is positioned on the horizon, partially obscured by a dark blue landmass. The bottom half is a teal body of water with a small sailboat on the horizon. The overall style is flat and modern.

# **BUILDING A BRIGHTER FUTURE**

2021 ANNUAL REPORT



**NORTHERN SAVINGS**  
CREDIT UNION



**VISION**

Neighbours helping neighbours  
to build sustainable communities.

**MISSION**

Strengthening our members and  
communities through an offering  
of trusted financial services in a  
cooperative way.

## TABLE OF CONTENTS

|  |    |
|--|----|
| Message from the Board Chair and Interim President & CEO | 4  |
| Employee Highlights                                      | 6  |
| Member Survey  | 8  |
| Community Highlights                                     | 10 |
| Corporate Governance                                     | 14 |
| Board Committees   | 15 |
| Current Directors  | 16 |
| Compensation Philosophy                                  | 20 |
| Leadership Team  | 21 |
| Financial Reporting                                      | 23 |



## 2021 Board Chair and Interim CEO Report

### ***What does building a brighter future mean?***

*For Northern Savings, a bright future is one where our organization remains strong and profitable, where we are able to contribute to robust communities and local economies. In order to achieve this, we need a solid team to provide the products and services that our members require to achieve financial wellness. Despite the ongoing challenges brought on by the continued pandemic in 2021, our team persevered, and with the support of our members, we were able to successfully launch all of our key endeavours – helping us solidify the foundation we require for building a brighter future.*

2021 marked an incredible period of technological transformation and modernization for our credit union. All changes were undertaken with our members' best interests at heart and the long-term sustainability of our credit union in mind. We appreciate that a number of these changes caused temporary disruption to your banking services and the way you were accustomed to doing business may have changed. We would like to express our sincere gratitude to you, our Northern Savings members, for your patience during this time and we would also like to thank our employees, who worked tirelessly to help our members successfully navigate their way to a better banking experience.

Our members' online security is a top priority for us, and in 2021, we moved to PAN (member card) login, which provides a more secure login format for online banking. Additionally, PAN login helps us to define a "one member, one number" approach – where each member has their own unique login credentials, this will enable us to provide a greater range of online services in the future.

During the year, we changed our digital signature partnership from OneSpan to the industry leader, DocuSign, this move meets the growing demand from our members for secure and convenient electronic signature delivery.

Northern Savings selected the technology company, Valeyo, as our new loans origination system provider and Canadian Premier Life (CPL) as our new creditor insurance provider. We continue to utilize CUMIS for our general insurance and a number of other important programs, as their presence in the credit union system remains critical. The combination of pairing Valeyo with CPL offered bundled pricing savings for our organization and members. Furthermore, an integrated creditor insurance experience provides significant benefits including the ability for our members and staff to have better conversations around insurance needs and protecting their most important assets.



**Stefan Delloch**  
Interim President & CEO



**Jamie Malthus**  
Board Chair

We continued to invest in our cyber security measures, systems, and processes to help ensure our regulatory requirements are met and our members' information is safeguarded and protected. This will be a primary focus for Northern Savings in 2022; our team is currently working on the implementation of 2-Step Verification, which will provide a stronger, more secure authentication process of logging into online banking. Our members have been asking for this service and we expect to launch this feature in the later half of 2022.

Northern Savings continued to experience record growth in our Wealth Management division in 2021, which has become the fastest growing profit line in the organization. Notably, Assets Under Management (AUM) grew from \$108,000,000 to \$123,500,000 during the year.

ICBC launched their *Enhanced Care* program for Autoplan coverage in May 2021. Northern Savings Insurance Services is well-diversified in both commercial and personal business lines; however, the changes to Autoplan will result in a 25% reduction in Autoplan income for all Brokers in British Columbia. In response, we have pivoted our insurance strategy, focusing on more profitable lines of business. Northern Savings Insurance will participate in ICBC's online renewal channel when it is launched in 2022, which will offer greater convenience to insurance clients.



*The future is bright and we thank you for your continued commitment and trust."*

Northern Savings achieved high local deposit growth and modest local loan growth in 2021. As we chart our course into the future, there will be many challenges and opportunities to navigate. Despite decade-low interest rates (set to rise) Northern Savings maintains strong capital levels and high liquidity – which far exceed regulatory requirements. Loan growth will be a considerable focus for our organization in the years ahead.

We would like to thank former President & CEO, Robert (Bob) Marshall, for his contributions to Northern Savings over the past three years. Bob retired at the end of 2021 and we wish him well in his retirement. A national executive search is underway to assist Northern Savings with selecting the next leader for the organization; the Board is expected to announce a new permanent CEO in the first half of the year.

We are proud to be your local financial co-operative of choice. It is your relationship that has allowed us to remain part of Northern BC for over 81 years. The future is bright and we thank you for your continued commitment and trust.

**Jamie Malthus**, Board Chair

**Stefan Delloch**, Interim President & CEO

# Employee Highlights

*Our employees are at the core of building solid member relationships; therefore, we need to provide comprehensive training experiences to help our team grow their knowledge and increase their confidence. Throughout the year we expanded our training capabilities with over 100 employees completing approximately 67 hours each in learning our new digital systems. To help our employees with the abundance of change taking place, all Northern Savings employees participated in four hours of Change Management sessions.*

Compulsory annual training is completed by our entire team, these courses are developed by industry experts and provide best practices that enhance our employees' everyday skills; course categories include: Cybersecurity, Robbery and Physical Security, Privacy and Confidentiality, Diversity and Inclusion, and Workplace Violence and Harassment.

We are pleased that 60 staff completed the "4 Seasons of Reconciliation" course offered by the Canadian Credit Union Association. In collaboration with the First Nations University of Canada, this resource promotes a renewed relationship between Indigenous Peoples and Canadians through transformative learning about truth and reconciliation.

## LENDING A HAND

Northern Savings' employees share our vision of, "neighbours helping neighbours to build sustainable communities". Through our GIVE program, participating employees provide volunteer resources to improve the quality of life in our communities. Together, our team provided 992 GIVE hours in 2021.

*Terrace team members, Teri, Leah, and Manjeet GIVE-ing back at the Terrace Churches Food Bank.*



*Prince Rupert Branch Manager, Michelle Boomars-MacNeill, joined other Northern Savings and community volunteers in putting together Cheer Boxes for more than 250 local seniors.*



## DELIVERING NEIGHBOURLY ADVICE

We are proud to offer learning sessions that provide financial knowledge in plain language, with the ultimate goal of empowering our members to make informed financial decisions. In 2021, our financial advisors, Jackie Touchet and Vida Carson, delivered five virtual financial learning sessions including: Women and Investing, Life After Lockdown and the Roadmap to Retirement Neighbourly Advice Series.

## MEET OUR FINANCIAL ADVISORS



### JACKIE TOUCHET BCOM

#### Financial Advisor, Life Insurance Agent

Qtrade Advisor & Northern Savings Financial Services Ltd.

- Servicing Prince Rupert and Haida Gwaii
- Investment Advice
- Life Insurance Solutions
- Estate and Retirement Planning



### VIDA CARSON CFP, EPC, RRC

#### Financial Advisor, Life Insurance Agent

Qtrade Advisor & Northern Savings Financial Services Ltd.

- Servicing Terrace and Area
- Investment Advice
- Life Insurance Solutions
- Estate and Retirement Planning
- Elder Care Counselling



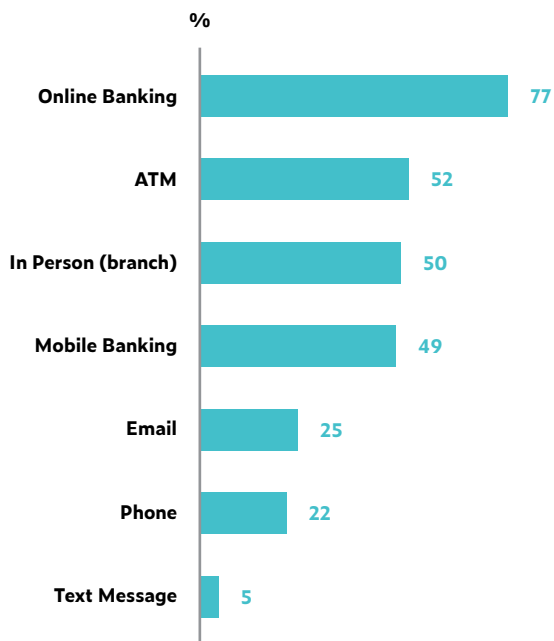
# Member Survey



Surveying our membership provides us with valuable insights to ensure we continue to deliver exceptional service and relevant products and offerings. Conducted by an outside research provider, our 2021 Member Survey was completed by 986 respondents – approximately 6% of our membership.

- Around 7 in 10 felt Northern Savings did a good job communicating to members and made it easy for members to access their money during COVID-19.
- Over three quarters of members typically use online banking for their day-to-day banking transactions.

## CHANNEL USAGE 2021



## WHAT WE ARE DOING RIGHT

- Member satisfaction levels remain high, with 88% of members somewhat or very satisfied.
- Service stands out the most when members were asked why they're likely to recommend Northern Savings.
- Northern Savings excels in trust, service, confidentiality, and community support.

## WHERE WE NEED TO IMPROVE

- Members' usage of Northern Savings as their primary financial institution has dropped slightly.
- Those that provided negative feedback focused on operational aspects of the credit union such as hours of operation.
- Negative service experiences with our credit card provider were highlighted.

## OUR ACTION PLAN

Northern Savings has formulated plans to address issues identified in the survey.

- We are working closely with our credit card relationship manager to ensure our members' concerns are addressed and creditor needs met.
- The pandemic has brought many staffing challenges not only to Northern Savings but to all workplaces. We continue to monitor our transactional volumes to ensure we provide in-person services on the days/times where it is most needed.
- We continue to enhance our digital offerings through the unveiling of our strategic objectives.

We encourage our members to pass along feedback to us at [info@northsave.com](mailto:info@northsave.com).

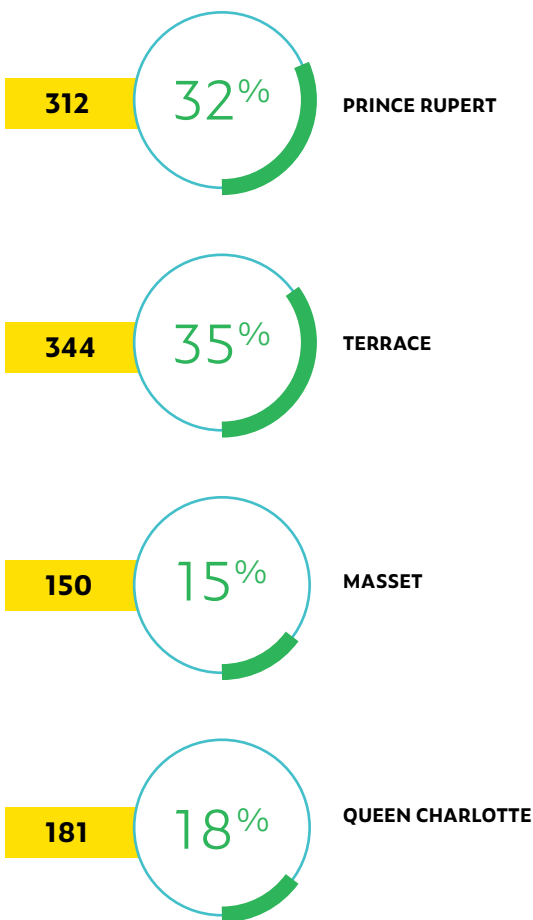




*The employees are always extremely professional and efficient. The staff is always able to help me if I need help and I really appreciate how knowledgeable the staff is on any banking need."*

**MEMBER RESPONSE**  
**2021 MEMBER SURVEY**

NUMBER OF RESPONDENTS



# Service Highlights

*Credit unions exist to provide service to members and not solely to generate profit. As promised, in 2021 we worked diligently on our ambitious digital journey and we made significant advancements in our technology offerings including:*

**Implemented a new loans origination system** which fully integrates with our banking system. The system streamlines adjudication and reduces human error by automating manual processes and activities. As a result, our member experience is more efficient, faster, and digitally integrated.

**Transitioned to Canadian Premier Creditor Insurance** to provide our members with financial security in the face of uncertainties through A-rated insurance offerings.

**Introduced a new phone system** which works securely to protect our members and seamlessly connect the organization – all on one communications platform.

**Advanced e-signing capabilities** making it easier for members to securely sign documents remotely.

**Launched our new banking system** which provides a new level of services and all-encompassing use of modern technologies, allowing our credit union to deliver unprecedented flexibility and extensibility to serve our members.

The new banking system is built with our members in mind and at the centre of everything we do. The relational data model is organized around people and relationships, not accounts and numbers. The system is designed to eliminate redundant data while providing a comprehensive view of each member relationship.

**#NeighboursHelpingNeighbours**



# Community Highlights

As a local financial co-operative, Northern Savings looks for innovative ways to support our neighbours. In 2021, April Accolades and Take-Out Tuesday were introduced as ways to give back to our local economies during a difficult time.

As COVID-19 continued to spread, provincial health orders had restricted restaurants from having dine-in service for two months in 2021. Northern Savings did our small part in helping local restaurants by launching a Facebook initiative, Take-Out Tuesday, which ran throughout April. Our efforts generated 503 kudos for local restaurants and eight winners received gift certificates for their favourite local restaurants.

Northern Savings recognized local essential workers in 2021 through the April Accolades initiative. Over 37 individuals and essential businesses received gift cards for local restaurants.



*"Charters Food Truck. Food is always amazing and ice cream is to die for."*

*"Cafanara, their food is delicious."*

*"Blacktail is definitely a favourite in Queen Charlotte!"*

*"So many I love in Rupert! Pavilion is one of them."*



Over 16% of the population in Massett and Old Massett are members of the Haida Gwaii Fitness Association. Northern Savings' donation of \$3,000, assisted the Association in securing a grant from Gwaii Trust for some much needed equipment. The funds also purchased 10 passes for Gudangaay Tlaats'gaa Naay Secondary students.



**HAAWAA!**  
 daalaa iitl'.ga  
 dalang isdagan, sang  
 dalang aa.uu t'alang  
 kil 'laag ang!

## XAAD KÍL NÉE



Xaad Kíl – the Old Massett or Gaw Tlagée dialect of the Haida language is in an exciting time. For many years, much discussion and energy was spent on how much language loss we have experienced as a community, with the heavy history of colonial language oppression that reverberates today. However, our community now provides a multitude of Xaad Kíl learning spaces and opportunities for all ages of Haida language learners. From a language nest program, to Chief Matthews School pre-school to Grade 6, as well as a Kindergarten to Grade 12 program at School District #50, school aged children are exposed to listening, learning, speaking and singing in Xaad Kíl from earliest years to graduation. For post-secondary learners as well as adult beginners Xaad Kíl Née the Haida Language Office in Gaw Tlagée has partnered with Simon Fraser University to offer a number of Xaad Kíl classes through the Indigenous Languages Program to build a Xaad Kíl – Haida Language Proficiency program.

The community of Haida language learners, teachers, Elders, and speakers are working together to fill the gaps and stitch together the knowledge and teachings that were left behind by our precious Elder teachers who are no longer with us. The increase in our collective ability to speak and understand Xaad Kíl can be seen with restored Xaad Kíl place names, social media presence, signage, and widely distributed print material such as posters, books, and maps. Keep on the lookout for more Xaad Kíl classes, programs, or resources as they become available!"

**by Jaskwaan,** Team Lead, Xaad Kíl Née, the Haida Language Office.

***Xaad Kíhlga sk'adee t'álang ga iitl' gudángang***  
 - We want to learn the Haida language

***Xaad Kíhlga gúusuus ga iitl' guuláagang***  
 - We enjoy speaking the Haida language

***T'álang 'wáadluwaan Xaad Kíhlga gud ahl gúusuugang***  
 - All of us speak Haida together





**31%**

*committed to Health  
and Human Services.*

**11%**

*committed to  
Arts and Culture.*

*Northern Savings support  
provided more than \$70,000  
to local organizations  
through our Corporate Social  
Responsibility program.*



**26%**  
*committed to Youth  
 Education and  
 Development.*

## Impacting our Communities



**\$70,000+**

provided through community sponsorships and donations



**12**

businesses featured in our business of the month program



**\$12,000**

in bursaries and awards provided



**2**

local youth sent to the YES Camp



**992**

volunteer hours tracked by our team through our GIVE program



**5**

learning sessions provided to our communities



**12**

deserving youth featured in our WOW Kid initiative

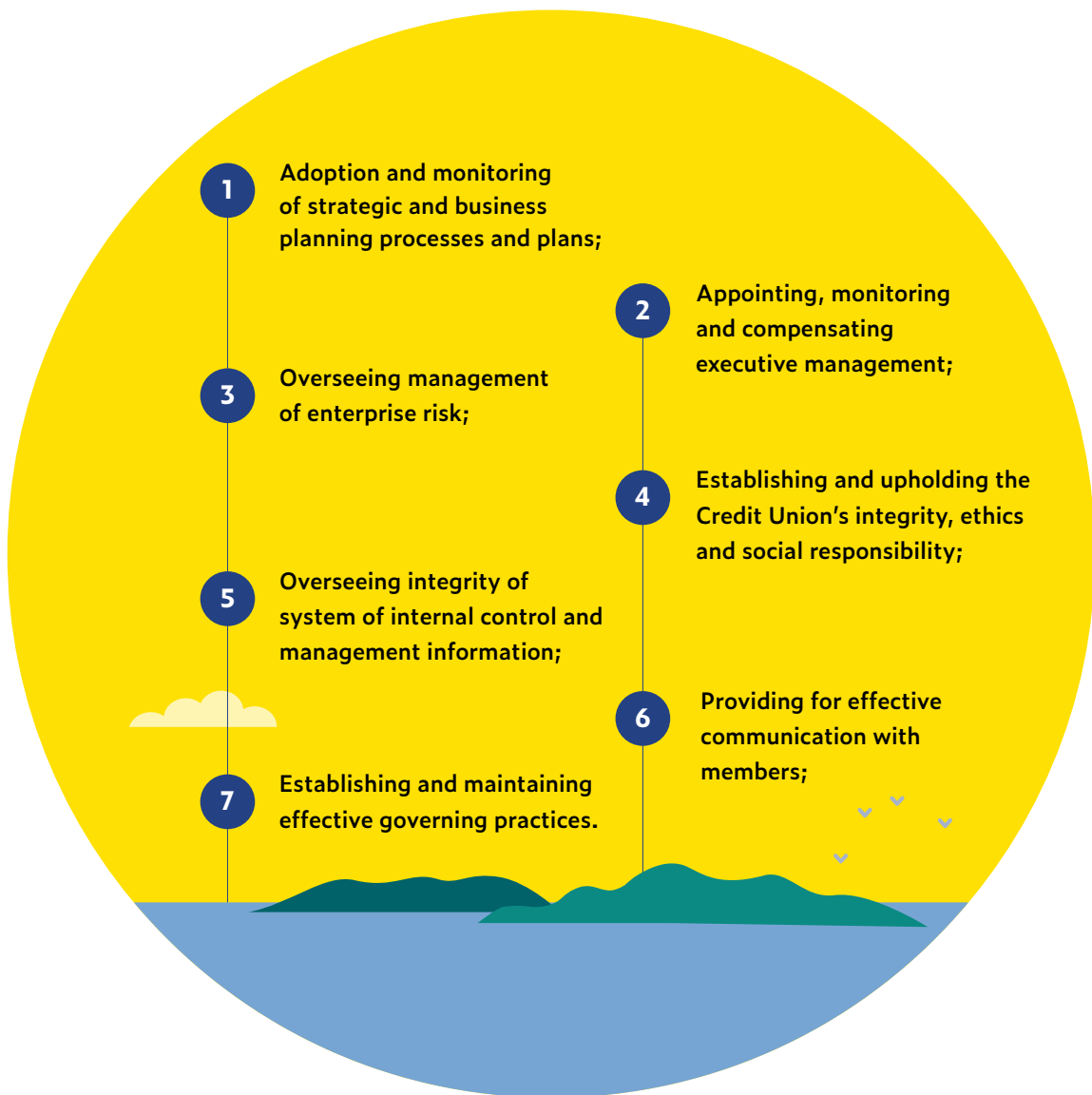
CATEGORY % TOTAL COMMITTED

|                                   |             |
|-----------------------------------|-------------|
| Amateur Sport (Adult)             | 4%          |
| Amateur Sport (Youth)             | 8%          |
| Arts and Culture                  | 11%         |
| Community Economic Development    | 5%          |
| Community Events                  | 7%          |
| Co-Operative Development          | 1%          |
| Education and Development (Adult) | 2%          |
| Education and Development (Youth) | 26%         |
| Environmental Sustainability      | 5%          |
| Health and Human Services         | 31%         |
| <b>TOTAL</b>                      | <b>100%</b> |

# Corporate Governance

*The members of Northern Savings Credit Union democratically elect the individuals to the Board of Directors (the Board). Directors are elected for a three-year term of office, unless they have been appointed or elected to complete the unserved portion of a term of office of a former Director.*

*The nine-member Board operates by delegating certain of its responsibilities to management and reserving certain authority unto itself. The Board's principal duties fall into these seven categories:*





# Board Committees

*The Board works diligently throughout the year to oversee operations with a view to the long-term sustainability of Northern Savings. The function of the Board's Committees is to thoroughly analyze issues assigned to them and provide recommendations for Board decisions. Directors are required to attend the regularly scheduled Board meetings (generally there are eleven a year), strategic planning and special meetings to deal with specific issues, as well as up to ten annual committee meetings. There are four standing committees established by the Board.*

## **1. Audit and Operational Risk Committee (AOR)**

The AOR Committee's primary role is to set the context for an effective enterprise risk management (ERM) framework and gain assurance that management has implemented appropriate systems, practices and internal controls to support the framework. The Committee assists the Board in fulfilling its oversight responsibilities regarding safeguarding of assets and members deposits, compliance with laws, regulations and governing policies, integrity of management and financial information, and efficiency and effectiveness of operations. The Committee oversees the work of the external and internal audit functions. This Committee serves the requirements of the Audit Committee as outlined in the Credit Union Act.

## **2. Credit and Market Risk Committee (CMR)**

The CMR Committee's role is to provide effective oversight of Northern Savings' risk management activities related to investment risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, and capital management. This includes providing for the appropriate governing policies to be developed to provide the context for risks to be taken, the level of risks, and the monitoring of adherence to those policies. This Committee serves the requirement of the Investment and Loan Committee under the Financial Institutions Act.

## **3. Governance, Ethics and Human Resources Policy Committee (GEHR)**

The GEHR Committee assists the Board of Directors in providing for effective governance and ensuring that governance practices evolve with the needs of the Credit Union. This Committee assists in protecting the reputation of Northern Savings by developing and monitoring governing policies, keeping Directors accountable in fulfilling their duties and preventing undue influence by related parties. The Committee has specific responsibilities with respect to the appointment, monitoring and compensation for the CEO and the positions which report directly to the CEO. This Committee serves as the Conduct Review Committee specified by the Financial Institutions Act.

## **4. Member and Community Relations Committee (MEM)**

The MEM Committee has two primary roles. First, it ensures that Northern Savings develops and pursues objectives to maximize member engagement and fulfills social responsibilities in the communities it serves. Additionally, the Committee gains assurance that appropriate processes are in place to communicate effectively with members and other stakeholders. This Committee also serves as the Nominating Committee required by Northern Savings' rules. These responsibilities include facilitating the identification of qualified candidates for election to the Board of Directors and providing the proper conduct of the Director elections including overseeing an orderly, open and transparent Board election process.

## Current Directors

*The information provided for each Director (in alphabetical order) includes a brief outline of their background and experience, the Board Committees to which they were appointed following the annual general meeting, directorship tenure, compensation, and professional development. There are no interlocking directorships with other Directors and no Director serves on any other Boards by virtue of their directorship on the Board of Northern Savings.*



**Sandra Blair** Director since 2019. Current term expires in 2022.

**Current Board Positions:**

Member, Audit & Operational Risk Committee  
Member, Credit & Market Risk Committee

**Background/Experience:**

Sandra currently holds over 20 years experience in environmental assessment, management and compliance for major projects in energy and infrastructure, including regulatory permitting and construction mitigation. Sandra's personal values and community focus are strongly aligned with Northern Savings' and she brings a wide range of project development experience to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$7,000 | Expenses: \$1,577 | Meetings Attended: 25/25  
Professional Development/Education: 32.4 hours  
Credit Union Director Achievement Program: Completed Level A, Levels B and C in progress.



**Mimmo Ciccone** Director since 2016. Current term expires in 2023.

**Current Board Positions:**

Vice Chair, Board of Directors  
Chair, Governance, Ethics & Human Resources Policy Committee  
Member, Credit & Operational Risk Committee  
Chair, Building Committee

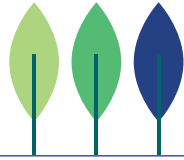
**Background/Experience:**

Mimmo is a manager with the Ministry of Solicitor General, providing counselling, case management and risk assessment services to court-ordered offenders. Mimmo provides consultation to probation officers, social workers, community agencies and caregivers who are involved in service provision to offenders. Mimmo's personal values are strongly aligned with the Credit Union's vision and mission, and its focus on working in the best interests of the membership.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$8,855 | Expenses: \$173 | Meetings Attended: 25/25  
Professional Development/Education: 36.15 hours  
Credit Union Director Achievement Program: Completed Levels A, B and C.





**Rodney Cox** Director since 2015. Current term expires in 2023.

**Current Board Positions:**

Chair, Audit & Operational Risk Committee

Member, Member & Community Relations Committee (including Nominating Committee)

**Background/Experience:**

Rod has over 30 years of accounting and financial management experience and has worked in a wide range of industries in the Northwest including construction, forestry and logging, retail/wholesale, and media. Rod's board experience includes the BC and Terrace Chamber of Commerce, United Way Northern BC, and the Institute of Professional Bookkeepers of Canada (CPBCan). Rod currently operates CFR Management Inc. Rod brings governance and financial backgrounds to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$8,500 | Expenses: \$408 | Meetings Attended: 24/24

Professional Development/Education: 75.65 hours

Credit Union Director Achievement Program: Completed Levels A, B and C.



**Sylvan Daugert** Director since 2019. Current term expires in 2023.

**Current Board Positions:**

Member, Credit & Market Risk Committee

Member, Governance, Ethics & Human Resources Policy Committee

Member, Building Committee

**Background/Experience:**

Sylvan provides services as a Superintendent of Public Works, providing skills within collaborative decision making processes and implementing the vision of the mayor and council. Sylvan also serves on the boards of the Haida Gwaii Consumers Cooperative and the Scholarship Foundation of the Pacific. Sylvan has the aptitude to analyze information and a strong understanding of effective decision-making processes.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$7,000 | Expenses: \$2,226 | Meetings Attended: 24/24

Professional Development/Education: 51 hours

Credit Union Director Achievement Program: Completed Levels A, B and C.

Sylvan has achieved the Accredited Canadian Credit Union Director (ACCUD) designation.



**Megan Dorrington** Director since April 2021. Current term expires in 2024.

**Current Board Positions:**

Member, Audit & Operational Risk Committee

Member, Member & Community Relations Committee (including Nominating Committee)

**Background/Experience:**

Megan has 10 years of administrative, finance, and management experience, and has worked with several Indigenous owned and operated organizations. To support her experience, she holds a bachelor's degree in Economics and a Master's in Business Administration. Megan brings a wide range of project development and financial management experience to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$4,979 | Expenses: \$598 | Meetings Attended: 17/17

Professional Development/Education: 20.75 hours

Credit Union Director Achievement Program: Levels A, B and C in progress.



**Joseph Lavoie** Director since 2019. Current term expires in 2022.

**Current Board Positions:**

Member, Governance, Ethics & Human Resources Policy Committee

Member, Credit & Market Risk Committee

Member, Building Committee

**Background/Experience:**

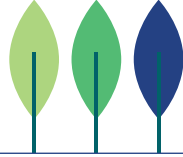
Joe has over 20 years of business experience both in retail and wholesale divisions, including telecommunications and real estate. Joe holds a Bachelor of Commerce in Finance and General Business and has previous commercial banking experience. Joe is skilled in leadership and succession planning, and recently oversaw a multi-million infrastructure project. Joe brings a business perspective and acumen to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$7,000 | Expenses: \$1,210 | Meetings Attended: 25/25

Professional Development/Education: 40.5 hours

Credit Union Director Achievement Program: Completed Levels A, B and C.



**Jamie Malthus** Director since 2018. Current term expires 2024.

**Current Board Positions:**

Chair, Board of Directors  
Member, Governance, Ethics & Human Resources Policy Committee  
Member, Member & Community Relations Committee (including Nominating Committee)  
Member, Building Committee

**Background/Experience:**

Jamie is a professional engineer with the Prince Rupert Port Authority with over seven years of management level experience. He holds a degree in Civil Engineering and a Masters of Business Administration. Jamie brings his knowledge of working on various capital projects, managing the Port's asset maintenance department, strong effective communication skills and strategic planning experience to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$11,000 | Expenses: \$2,080 | Meetings Attended: 34/34  
Professional Development/Education: 44 hours  
Credit Union Director Achievement Program: Completed Levels A, B and C.  
Jamie has achieved the Accredited Canadian Credit Union Director (ACCUD) designation.



**Trent Moraes** Director since 2013. Current term expires in 2022.

**Current Board Positions:**

Chair, Credit & Market Risk Committee  
Member, Audit & Operational Risk Committee

**Background/Experience:**

Trent is the Deputy Chief Councillor for the Skidegate Band Council. Previously, Trent was the Director of Housing, Lands & Energy with the Skidegate Band Council for approximately ten years with a focus on creating and maintaining healthy and safe housing for all Band members. While Trent's work has largely involved housing and infrastructure, he also has experience in lands and economic development, energy, Band membership, and estates. Trent's experience in working with high levels of government brings solid insight to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$8,500 | Expenses: \$166 | Meetings Attended: 24/25  
Professional Development/Education: 31.65 hours  
Credit Union Director Achievement Program: Completed Levels A, B and C.



**Jeffrey Stromdahl** Director since 2019. Current term expires in 2024.

**Current Board Positions:**

Chair, Member & Community Relations Committee (including Nominating Committee)  
Member, Governance, Ethics & Human Resources Policy Committee  
Member, Building Committee

**Background/Experience:**

Jeff has been with the Prince Rupert Port Authority since 2013, currently holding the position of Manager, Trade Development. With strong skills and knowledge, he has held positions from associate to coordinator to manager with the fastest growing port in North America. Jeff has multi-generational roots in Prince Rupert and is a life-long member of Northern Savings. Jeff brings strategic thinking and governance experience to the Board.

**Director Compensation, Expenses, Meetings Attended and Professional Development**

Compensation: \$8,066 | Expenses: \$157 | Meetings Attended: 19/21  
Professional Development/Education: 19.5 hours  
Credit Union Director Achievement Program: Completed Level A, Levels B and C in progress.

## Rules of Northern Savings Credit Union

Northern Savings and its Board follow the guidelines stated within the Credit Union's rules which were approved by the members on April 2020. Members can find the full contents of the rules at [www.northsave.com/AboutUs/WhoWeAre/Governance](http://www.northsave.com/AboutUs/WhoWeAre/Governance).

## Compensation Philosophy

Our guided compensation philosophy allows Northern Savings to attract, motivate, and retain personnel with the competencies and attributes required to meet the Credit Union's strategies and business objectives. Salary ranges and benefits strive to provide for internal equity and to remain externally competitive with the local community and other financial services providers of like size and complexity to Northern Savings.

The leadership team works with the Board of Directors in developing and implementing the strategy and operational plans created in fulfilling the Credit Union's vision, mission, and values, and in coaching staff to deliver the products and services that build financial relationships with our members.
















### CEO COMPENSATION

The Board sets the policy guidelines with the respect to the compensation for the CEO. The guidelines have been established to reflect the position responsibilities, the size and complexity of the Credit Union, the financial resources of the Credit Union and the analysis of information gathered including compensation packages of CEOs at comparable organizations. In 2021, the CEO received a base compensation of \$294,000.

### BENEFITS AND INCENTIVE PROGRAM

The CEO participates in the same bonus plan and benefit plan as all other employees. The benefit plan includes: extended health, dental care, insurance coverage and disability as well as the Registered Contribution Pension Plan. In addition to the group pension plan, the CEO is provided a Supplemental Executive Retirement Plan (SERP) and a \$6,000 annual car allowance.

# Leadership Team

|   |   |   |   |  |   |
|---|---|---|---|--|---|
|    | <b>Stefan Delloch</b><br><i>Interim President &amp; CEO</i>   |    | <b>Heidi Harris</b><br><i>Governance Officer/<br/>Corporate Secretary</i>                   |    | <b>Javier Lozano</b><br><i>VP, Technology<br/>Services</i>                            |
|    | <b>Tony deViveiros</b><br><i>VP, Credit</i>   |    | <b>Sarah Wright</b><br><i>VP, Risk &amp;<br/>Administrative<br/>Services</i>                |   | <b>Leigh-Anne<br/>Magnusson</b><br><i>Manager, Marketing<br/>&amp; Communications</i> |
|    | <b>Santa Slubowski</b><br><i>Manager, Human<br/>Resources</i>   |    | <b>Bimal Patel</b><br><i>VP, Finance</i>  |    | <b>Sheila West</b><br><i>Manager, Northern<br/>Savings Insurance,<br/>Haida Gwaii</i> |
|   | <b>Sherry McColl</b><br><i>Insurance Manager<br/>&amp; Coordinator<br/>Commercial Services,<br/>Terrace</i> |   | <b>Leonora Ciccone</b><br><i>Manager, Northern<br/>Savings Insurance,<br/>Prince Rupert</i> |  | <b>Michelle Boomars-<br/>MacNeill</b><br><i>Manager, Prince<br/>Rupert Branch</i>     |
|  | <b>Grace Makowski</b><br><i>Manager,<br/>Terrace Branch</i>   |  | <b>Lareina Woode</b><br><i>Manager,<br/>Masset Branch</i>                                   |  | <b>Vaughan New</b><br><i>Manager, Queen<br/>Charlotte Branch</i>                      |

Northern Savings' Board understands that the Credit Union's greatest asset is its personnel. The Board appreciates that the success of the Credit Union, for the benefit of its members, is dependent on the work and commitment of its staff.

**PROUD  
TO BE  
NORTHERN**



*The Terrace Art Association donation will provide artists with a dedicated working space that also promotes public interaction. The transformed space will benefit artists and gallery visitors who participate in exhibitions, workshops and camps.*



**2021  
FINANCIAL  
REPORTING**



# Summary of Financial Position and Results

Northern Savings is well positioned to meet its long-term objectives of delivering superior member experience and value while achieving sustainable financial performance.

In 2021, consolidated total assets totaled \$758 million, which is an increase of 7% from 2020. This increase is a direct result of the desire to grow local portfolios while reducing wholesale business.

The loan portfolio ended the year at \$435 million and accounted for approximately 57% of total assets. The quality of Northern Savings' loan portfolio remains acceptable, with an impairment allowance of \$2.8 million and a nominal number of loans identified as uncollectible.

Our local lending portfolio increased slightly by \$1.4 million during 2021, while our wholesale portfolio was intentionally reduced by \$11 million and our deposit portfolio grew by \$46 million.

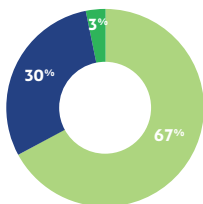
The long-term financial sustainability of Northern Savings is demonstrated through high net income and retained earnings. In 2021, Northern Savings' net income was \$2.5 million, a decrease from the \$4.0 million net income recorded in 2020. Retained earnings were \$53 million, an increase from 2020's earnings of \$51 million.

Northern Savings continues to maintain a strong capital position with a capital adequacy ratio of 24.05%. This ratio is significantly greater than the regulatory requirement of 8% and the 15% internal minimum established by the Board of Directors. In addition, Northern Savings has a strong liquidity ratio of 41.96%, which exceeds the regulatory minimum of 8%.

## THE BALANCE SHEET

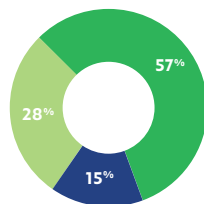
### Loans

Member loans (net of allowances and accrued interest) decreased by \$9 million in 2021 due to the strategic reduction of our wholesale loans portfolio. Local lending portfolios increased by \$1.4 million while the wholesale portfolio decreased by \$11 million.



### 2021 LOAN MIX

- Retail Loans
- Commercial Loans
- Southern BC Loans



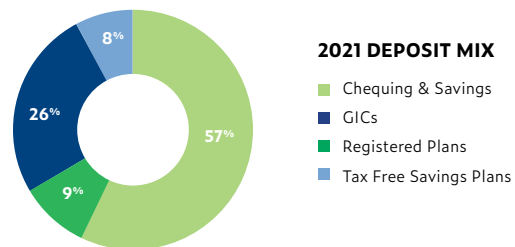
### 2014 LOAN MIX

- Personal Loans
- Commercial Loans
- Southern BC Loans

The allowance for doubtful accounts has a balance of \$2.78 million which represents 0.6% of the total portfolio (before provision). Northern Savings delinquency rate (>60 days) is currently 0.23%, a slight increase from 2020's rate of 0.14%. The increase can be attributed to the challenges faced by individuals and businesses due to the pandemic. However, the overall quality of our loan portfolio remains high.

## Deposits and Borrowings

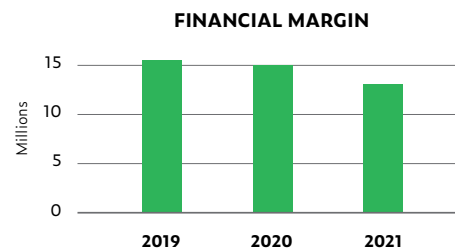
Northern Savings has exited the Southern BC deposit agency business. Total local deposits ended the year at \$700 million, an increase of \$44 million from 2020.



## THE INCOME STATEMENT

### Financial Margin

Financial margin decreased to \$13.2 million in 2021, down \$2.0 million compared to 2020. This was due to a low interest rate environment and shrinking of the Southern loan portfolio.



### Other Income

Other income is made up of loan fees, service charges, commissions related to insurance and mutual funds sales, foreign exchange, loan sales and other miscellaneous revenues.

2021 saw a decline in other income from \$9.5 million in 2020 to \$8.9 million. This drop was partially due to lower transaction volumes during the pandemic, resulting in lower service charges, fees and commissions.

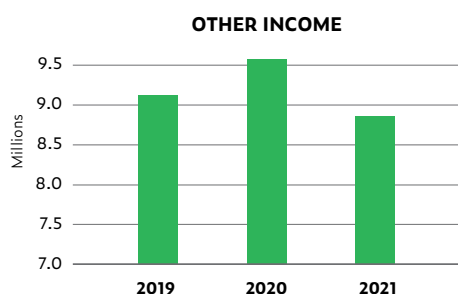


Northern Savings Insurance Services Ltd. earnings before taxes and management fees were \$1.13 million – compared to \$1.26 million in 2020. With the changes to ICBC’s Broker remuneration in 2021, we can expect a decrease of 20–25% in Autoplan revenue. While the overall outlook looks favourable, we can expect future impacts due to ICBC’s move to an online renewal platform; therefore, an increased focus on more profitable insurance lines will be critical.

Commercial loan fees attributed \$653 thousand for the year (\$658 thousand in 2020) through participation in local loans and loans with other BC credit unions (referred to as syndicated loans).

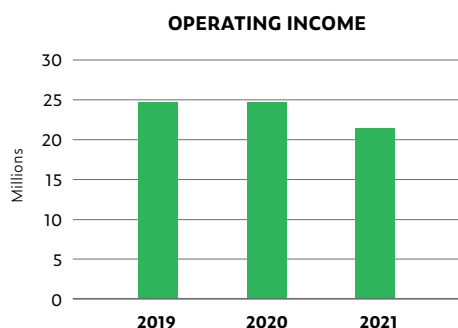
Service fee income decreased from \$3.18 million in 2020, to \$2.64 million in 2021, reflecting a slight decrease in transaction volumes, which has been a consistent theme throughout the pandemic.

Northern Savings Financial Services Ltd. revenue grew to \$883 thousand in 2021. The revenue generated from Wealth Management more than doubled over the past five years (\$413 thousand in 2017) and is Northern Savings fastest growing business line.



### Operating Income

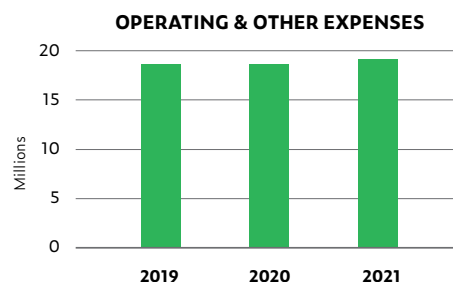
Operating income is the combination of financial margin and other income and Northern Savings experienced a modest decrease in operating income totalling \$22.1 million in 2021 compared to \$24.7 million in 2020.



### Operating & Other Expenses

Operating expenses were \$19.3 million in 2021 an increase compared to 2020 operating expenses of \$18.9 million.

Noteworthy operating expenses include: salaries and benefits, data processing, premises, and premiums paid to CUDIC – which increased significantly (approximately \$320,000) due to regulatory changes.



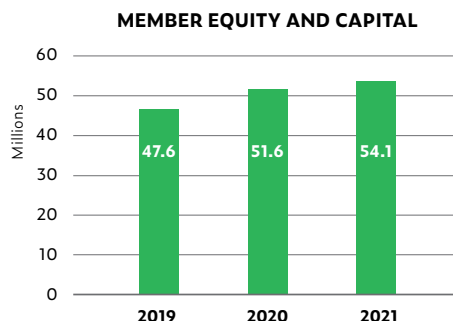
### Net Income

Focusing on doing business in our Northern communities has added to the financial strength of the Credit Union and its membership. Nonetheless, net income in 2021 was \$2.4 million, down from \$4.0 million in 2020, this can be partly attributed to the \$1.0 million in fees paid to terminate our previous banking system.

The Board of Directors declared a dividend to Northern Savings’ member shareholders and \$9,368 was paid for 2021. After the dividend and income taxes, net income for the year was \$2.4 million.

### Members’ Equity and Capital

Northern Savings achieved a net income, after dividends and taxes, of \$2.4 million in 2021. Members’ equity was \$54.0 million, compared to \$51.6 million at the end of 2020. Capital adequacy at the end of 2021 was 24.05%, well above the regulatory requirement of 8% and the supervisory target of 10%.



# Summary of Financial Position and Results (continued)

## Risk Management

Northern Savings is subject to risks that are inherent to all financial institutions; therefore, strategies must be in place to ensure risks are managed and mitigated appropriately. The Board of Directors provides the overall strategic direction of the Credit Union, ensures a robust risk management framework is in place, and monitors this framework to ensure the risk appetite is adhered to. The executive leadership team is responsible for implementing strategies and policies approved by the Board, as well as developing processes which identify, measure, monitor, and mitigate risks.

Northern Savings is exposed to strategic, operational and regulatory risks including: default risk on loans, concentration of credit risk, collateral risk, liquidity risk, cyber security risk, and interest rate risk. Policies, procedures, controls and measures have been implemented to ensure risk levels remain appropriate to the Credit Union's risk tolerance and to monitor for emerging risks.

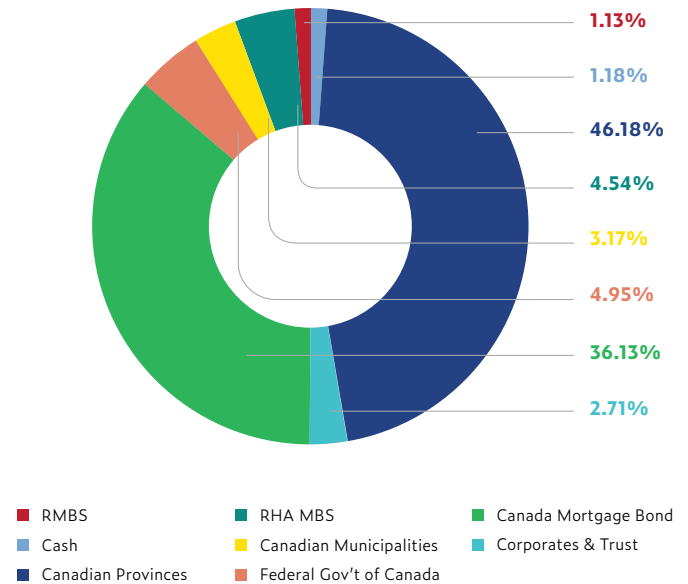
Additional measures to support risk management, include both internal and external audit functions. These are independent of management and report to the Board's Audit & Operational Risk Committee.

### Significant 2021 Initiatives:

1. Migration to the DNA Banking System from the legacy Wealthview Banking System
2. Implementation of the Valeyo Loans Origination Platform
3. Implementation of the Lodestar Platform for Business Intelligence and Data Warehouse requirements
4. Self-Management of the Credit Union's own Mandatory Liquidity Pool (MLP) with investments in High Quality Liquid Assets (HQLA)

Northern Savings invested its mandatory liquidity in 2021 totalling to \$65.5 million, which is 9.26% of Total Deposits and Other Debt Liabilities, above the statutory requirement of 8.0%.

MLP ASSET MIX



## 2022 Outlook

The strategic changes implemented by Northern Savings in 2021 with changes to its banking platform, loans origination system and mandatory liquidity pool are expected to solidify and improve efficiencies reflected in improved earnings and capital position of the Credit Union. The plan to reach a target profitability ratio of a minimum of 30 basis points return on average assets (ROAA) and maintain at least 15.0% capital adequacy has been achieved and will form the foundation for Northern Savings in the years to come.

Northern Savings' business plan for 2022 continues to focus on providing exceptional member experience, with an emphasis on improving utilization of the new DNA banking platform, loans origination system and implementing a new digital banking platform. Due to these resource-based initiatives, we anticipate a considerable increase in technology and staffing costs, and accordingly, forecast a less profitable year in comparison to 2021. To ensure long-term financial sustainability, we will continue to focus on increasing our local loan portfolios and growing our membership.

# Report of the Independent Auditors on the Summarized Consolidated Financial Statements

To the Members of Northern Savings Credit Union

## Opinion

The summarized consolidated financial statements of Northern Savings Credit Union (the Credit Union), which comprise:

- the summarized consolidated statement of financial position, as at December 31, 2021
- the summarized consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended
- and related notes are derived from the audited consolidated financial statements of Northern Savings Credit Union as at and for the year ended December 31, 2021.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

## Summarized Consolidated Financial Statements

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading summarized consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditors' report thereon. The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of the events that occurred subsequent to the date of our report on the audited consolidated financial statements.

## The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified opinion on the audited consolidated financial statements in our report dated February 24, 2022.

## Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of the summarized consolidated financial statements in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

## Auditors' Responsibility

Our responsibility is to express an opinion of whether the summarized consolidated financial statements are consistent in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with the Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.

*BDO Canada LLP*

Chartered Professional Accountants

Vernon, British Columbia

February 24, 2022

# Summarized Consolidated Statement of Financial Position

December 31

|  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>                            |                       |                       |
| Cash and cash equivalents                | \$ 27,679,462         | \$ 75,152,831         |
| Investments                              | 271,792,377           | 172,093,684           |
| Loans to members                         | 434,751,623           | 444,344,745           |
| Property and equipment                   | 11,973,144            | 12,257,945            |
| Intangible assets and goodwill           | 5,846,744             | 2,039,605             |
| Other assets                             | 5,596,158             | 4,163,446             |
| Deferred income tax asset                | -                     | 48,205                |
|  | <b>\$ 757,639,508</b> | <b>\$ 710,100,461</b> |
| <b>Liabilities</b>                       |                       |                       |
| Member deposits                          | \$ 700,062,293        | \$ 655,817,536        |
| Accounts payable and accrued liabilities | 2,835,289             | 2,680,048             |
| Derivative financial liability           | 238,726               | -                     |
| Deferred income tax liability            | 454,010               | -                     |
|  | <b>703,590,318</b>    | <b>658,497,584</b>    |
| <b>Members' equity</b>                   |                       |                       |
| Contributed surplus                      | 1,009,446             | 1,009,446             |
| Retained earnings                        | 53,039,744            | 50,593,431            |
|  | <b>54,049,190</b>     | <b>51,602,877</b>     |
|  | <b>\$ 757,639,508</b> | <b>\$ 710,100,461</b> |

The accompanying notes are an integral part of these summarized consolidated financial statements.

Signed on behalf of the Board of Directors' by:



Jamie Malthus, Board Chair



Rodney Cox, Chair of the Audit and Operational Risk Committee

## Summarized Consolidated Statement of Comprehensive Income

For the year ended December 31

|                                    | 2021          | 2020          |
|------------------------------------|---------------|---------------|
| Interest revenue                   | \$ 17,237,672 | \$ 20,898,623 |
| Interest and loan related expenses | 4,073,153     | 5,732,150     |
| Financial margin                   | 13,164,519    | 15,166,473    |
| Other income                       | 8,920,334     | 9,529,667     |
| Total operating income             | 22,084,853    | 24,696,140    |
| Operating expenses                 | 19,279,343    | 18,945,727    |
| Income from operations             | 2,805,510     | 5,750,413     |
| Distributions to members           | 9,368         | 11,285        |
| Income before income taxes         | 2,796,142     | 5,739,128     |
| Income taxes                       | 349,829       | 1,763,148     |
| Comprehensive income for the year  | \$ 2,446,313  | \$ 3,975,980  |

The accompanying notes are an integral part of these summarized consolidated financial statements.

## Summarized Consolidated Statement of Changes in Members' Equity

For the year ended December 31

|                                   | Contributed<br>Surplus | Retained<br>Earnings | Total         |
|-----------------------------------|------------------------|----------------------|---------------|
| Balance at December 31, 2019      | \$ 1,009,446           | \$ 46,617,451        | \$ 47,626,897 |
| Comprehensive income for the year | -                      | 3,975,980            | 3,975,980     |
| Balance on December 31, 2020      | 1,009,446              | 50,593,431           | 51,602,877    |
| Comprehensive income for the year | -                      | 2,446,313            | 2,446,313     |
| Balance on December 31, 2021      | \$ 1,009,446           | \$ 53,039,744        | \$ 54,049,190 |

The accompanying notes are an integral part of these summarized consolidated financial statements.

## Summarized Consolidated Statement of Cash Flows

For the year ended December 31

|   | 2021                 | 2020           |
|---|----------------------|----------------|
| <b>Cash provided by (used in):</b>                          |                      |                |
| Operating activities  | <b>\$ 56,653,637</b> | \$ 114,085,618 |
| Investing activities  | <b>(104,127,006)</b> | (49,457,224)   |
| Financing activities  | -                    | (5,117,355)    |
| <b>Net (decrease) increase in cash and cash equivalents</b> | <b>(47,473,369)</b>  | 59,511,039     |
| <b>Cash and cash equivalents at beginning of year</b>       | <b>75,152,831</b>    | 15,641,792     |
| <b>Cash and cash equivalents at end of year</b>             | <b>\$ 27,679,462</b> | \$ 75,152,831  |

The accompanying notes are an integral part of these summarized consolidated financial statements.

## Notes to Summarized Consolidated Financial Statements

December 31, 2021

### 1. Basis of Presentation

These summarized consolidated financial statements have been prepared in accordance with Section 128(4) of the Financial Institutions Act and are derived from the complete audited consolidated financial statements of Northern Savings Credit Union, prepared in accordance with International Financial Reporting Standards (IFRS), as at and for the year ended December 31, 2021. Readers are cautioned that these summarized consolidated financial statements do not include all the disclosures necessary for complete and fair presentation. Complete audited consolidated financial statements for the year ended December 31, 2021, together with the auditors' report thereon, were authorized for issue by the Credit Union's Board of Directors on February 24, 2022 and can be obtained at any of the Credit Union's branches.



## Proud to be Northern

### CORPORATE OFFICE

138 3rd Avenue West  
Prince Rupert, BC

### PERSONAL & BUSINESS FINANCIAL SERVICES, FINANCIAL PLANNING & WELLNESS

#### Masset Branch

1663 Main Street  
Masset, BC

#### Prince Rupert Branch

138 3rd Avenue West  
Prince Rupert, BC

#### Queen Charlotte Branch

110 Causeway Street  
Queen Charlotte, BC

#### Terrace Branch

4660 Lazelle Avenue  
Terrace, BC

### INSURANCE SERVICES

#### Masset

1663 Main Street  
Masset, BC

#### Prince Rupert

138 3rd Avenue West  
Prince Rupert, BC

#### Queen Charlotte

106 Causeway Street  
Queen Charlotte, BC

#### Terrace

4660 Lazelle Avenue  
Terrace, BC



**NORTHERN SAVINGS**  
CREDIT UNION