



Photo Credit: K-J Millar

# INSPIRE

2022 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.

## **VALUES**

- Deliver exceptional service
- Succeed together
- Invest in our communities

# INSPIRE Fund

*When we do well so do our communities! In 2022, we gave back 2% of our previous years' net income through our INSPIRE Fund. Thanks to our members, we were able to give back \$50,000 to these community projects.*



## **YOU'RE BUILDING A PARK! \$25,000**

The Old Massett Village Council will be creating a gathering space and park in the community of Tlaga Cawtlaas.



## **YOU'RE HEATING A MOUNTAIN! \$10,000**

Shames Mountain's heat recovery project will reduce greenhouse gases and operating costs by capturing waste heat from their generators.



## **YOU'RE FILLING THE FREEZER! \$5,000**

The Island Wellness Society (Daajing Giids) will provide healthy pre-cooked meals to new parents while teaching cooking skills and redirecting food wastage.



## **YOU'RE FEEDING A COMMUNITY! \$10,000**

Ecotrust Canada (Prince Rupert) will establish an urban farm to grow fresh produce for those in need and invite the community to plant, grow, and harvest local food.





# 2022 Board Chair and CEO Report

*Reflecting on 2022 there is much to be proud of. Amid the ongoing challenges we continue to face in our external environment, our modest-sized financial co-operative continued to meet its primary objectives and made substantial progress on the road to achieving our vision of neighbours helping neighbours to build sustainable communities.*

On everyone's mind and hitting everyone's wallet, has been the unprecedented rate increases implemented by the Bank of Canada (BOC) – which saw an increase of 4% to the key overnight rate over the course of the year. The dramatic increase in rates suggests that while the BOC continues to battle inflation, there are clear signs that we may be moving towards a recession. To support our neighbours here in the north, we have reached out to our higher leveraged borrowers to ensure they are still in a position to pay down debts while managing their own personal expenses. We have found creative ways to help members navigate their obligations to support them through this extraordinary period.

From a financial institution perspective, the increase in rates provides benefit to net interest income; nonetheless, it poses various challenges to balance sheet management. Thanks to our members, Northern Savings continues to be in a strong financial position and in 2022, we saw reasonable growth in our local loan and deposit portfolios and robust growth in our syndicated commercial lending partnerships in the province, keeping us well positioned to provide community reinvestment and finance our borrowers' needs.

As expected, the shift to ICBC's Enhanced Care and online renewal impacted our insurance divisions. While the uptick of online renewals was modest to begin, we are hopeful to see increased efficiencies through the platform in the future. Consistent with last year, ICBC changes resulted in premium reductions, including annual Autoplan revenue \$1.2M down from \$1.6M just a few years ago.

Our close to 150 employees worked hard to provide the products and services that our members expect and require. We certainly have not been immune to the widespread labour shortages being experienced by many others. This was particularly challenging in our Daajing Giids branch, where we found ways to ensure our doors could remain open; which, at times, required us to adjust our hours of operation. We thank our members for their understanding, as we navigated our operational challenges.

The national search for Northern Savings' new leader came to a close in 2022, as the Board of Directors appointed Prince Rupert local, Stefan Delloch, as President and CEO. Stefan has made substantial contributions during his 21-year tenure with Northern Savings and the Board is certain Stefan will excel in this new role – providing exceptional value to our members and employees and creating positive social impact in our communities.

Despite our employees having to do more with less, our employee survey results show a significant increase in satisfaction levels amongst our employee group with an overall engagement score of 8.12, which is considered to be excellent in the industry. The most important finding of the survey, conducted by Miller Pearson Consulting Ltd., was that the overwhelming majority of our employees are proud to work for Northern Savings and to make a substantial impact in our communities.



**Stefan Delloch**  
President & CEO



**Jamie Malthus**  
Board Chair

While the roll-out of our new banking system occurred at the end of 2021, the affects of the launch were felt into 2022. We appreciate the patience and perseverance of our team and members throughout the transition. We are excited to launch new functionality and take full advantage of the capabilities our new system offers.

We continued to accelerate our shift toward digital banking initiatives and improvements in 2022. Our commitment is to make it easier for you to do business with us, while at the same time, reinforcing our cyber security measures. In the final quarter of the year, we implemented 2-Step Verification (2SV) a security feature that strengthens online and mobile banking security by using step-up authentication during high-risk logins. With cyber-threats such as malware and phishing attacks becoming more and more sophisticated, we need to continue to replace old systems and processes with stronger, more secure ones.

In addition to 2SV, we implemented Self-Serve Reset Password, which allows members to reset their online banking password (PAC) themselves without having to contact Northern Savings. Since launching, this secure automated solution has been used by close to 200 members and we have seen a significant reduction in member calls and emails related to resetting PACs.

We continue to invest in our financial planning and wellness team (Northern Savings Financial Services Ltd.) to ensure members have access to wealth management solutions and expertise from a trusted partner. In 2022, Bailey Kasum joined our planning team and is working alongside our licensed Financial Advisors, Vida Carson, and Jackie Touchet. After an established career, Vida will be retiring in 2023, and it was important to ensure a smooth transition with Bailey moving into the role well in advance. In 2023 members will notice a shift as Qtrade



*Our communities and our staff continue to inspire us, and we hope that our actions are inspiring those around us.*

Asset Management and Credential Qtrade Securities Inc. change their name to Aviso Wealth Management. There will be more information forthcoming. Northern Savings Financial Services Ltd. contributed substantially to Northern Savings' bottom line with off book assets growing to \$136M.

2022 marked the inaugural year for our INSPIRE Fund, which provides financial support to long-standing initiatives that reflect our vision. The INSPIRE Fund was made possible by the support of our more than 17,000 member-owners. It is our members' deposits that we put back to work in the local community, through loans to members and investments in local initiatives.

In 2023, you can expect more details on our plans for our McBride Street property in Prince Rupert, which we are working closely on with local partners and stakeholders. You can also expect a greater focus on how we service our members – making our products and services simpler and more accessible. Our 2023 Member Survey will launch in June; we look forward to your genuine feedback, as this is what shapes our strategic objectives and future goals.

Our communities and our staff continue to inspire us, and we hope that our actions are inspiring those around us. Thank you to our member-owners and our clients, for choosing to do business with your local financial co-operative and thank you to our team for helping us deliver our vision of *neighbours helping neighbours to build sustainable communities*.

**Jamie Malthus**, Board Chair

**Stefan Delloch**, President & CEO

# INSPIRING an Inclusive Workplace

Northern Savings recognizes the value in promoting inclusion in the workplace. Being inclusive is a journey that evolves, and we are taking steps in progressing our journey. In 2022, with the help of a third party partner, our team participated in a discussion about personal pronouns – what they mean and how to use them. Additionally our team participated in training on topics such as bullying and harassment, and workplace diversity.



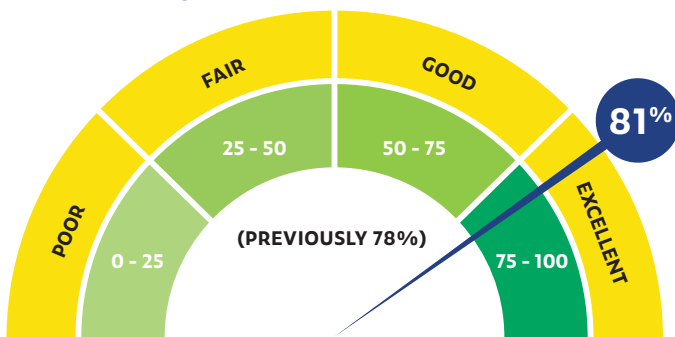
## Employee Survey

At Northern Savings we believe our employees are our greatest strength. We have committed to conducting employee engagement surveys to ensure we are meeting the needs of our team and taking action in the areas identified as needing improvement.

Once again, we worked with Miller Pearson Consulting Ltd. to conduct our employee survey. To ensure survey confidentiality, all employee responses were submitted directly to Miller Pearson Consulting Ltd. for analysis and reporting.

We were pleased to see many improvements in our scores in comparison to our 2020 employee survey – which indicates we are heading in the right direction.

### OVERALL RATING



believe that Northern Savings is a valuable and contributing member of our community (previously 90%)



feel that Northern Savings encourages staff to be involved in the community (previously 89%)



are proud to work for Northern Savings (previously 84%)



With a score of 8.44 out of 10, our team relayed to us that they were proud to work for Northern Savings, a result that confirms we are on the right track in providing meaningful value.

# Our Reconciliation Journey



Employees from our Terrace team wearing orange to support National Day for Truth and Reconciliation – a day that provides an opportunity for meaningful discussion about the effects of Residential Schools and the legacy they have left behind. It also allows people to come together in the spirit of Reconciliation and equality for future generations.

## 2022 COMMITMENTS

*In 2022, we took steps in our Reconciliation journey, committing to the following actions*



Provide learning opportunities for our staff that address systemic discrimination



Build trusted and meaningful long-term partnerships with Indigenous communities and businesses in our regions



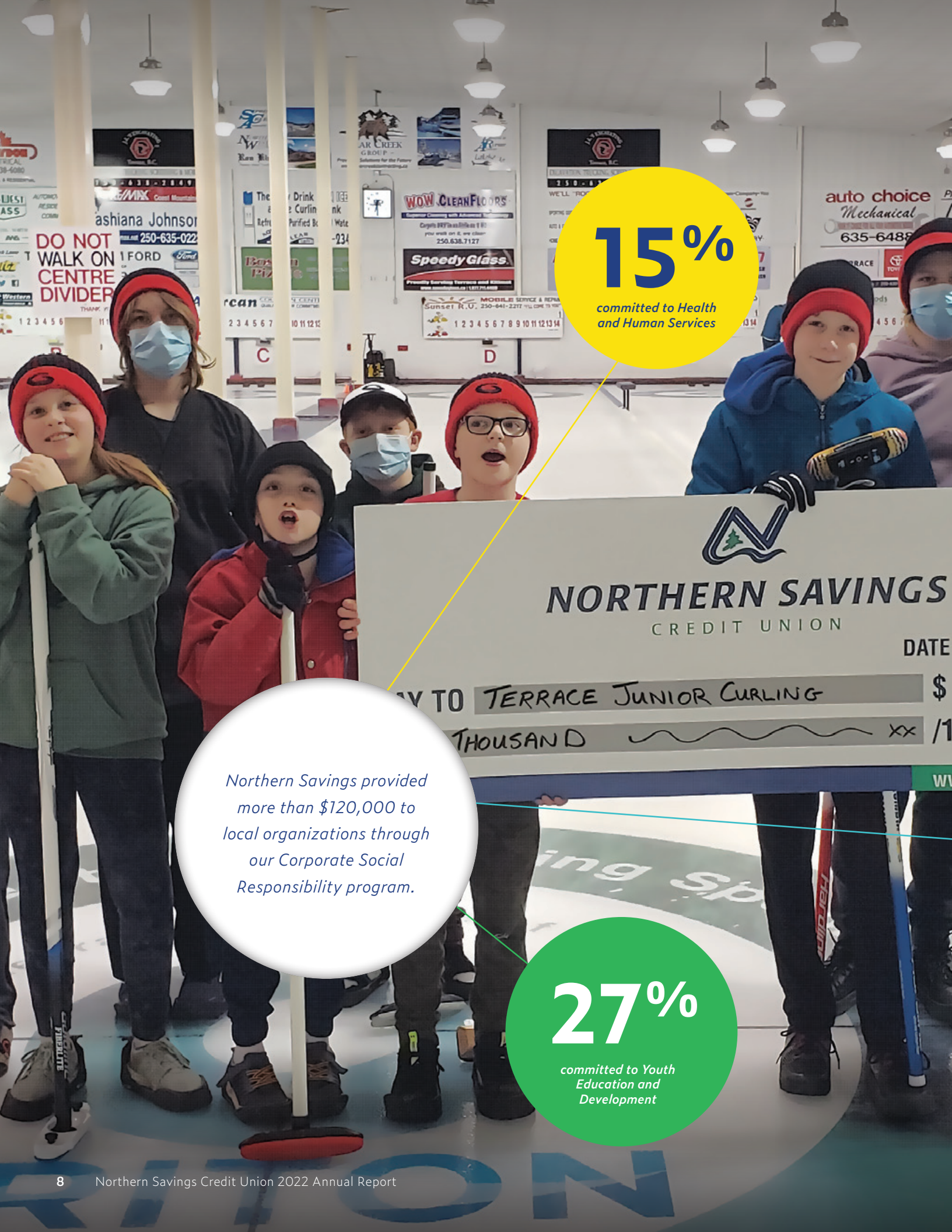
Support Indigenous education programs including traditional language initiatives



Participate in local Indigenous celebrations and events that support Reconciliation

## 2022 ACTIONS

- Management and the Board of Directors participated in 6 hours of Reconciliation Education
- All employees participated in 2 hours of Reconciliation Education
- Haida Gwaii employees participated in a Totem Pole Raising and Daajing Giids Name Restoration celebration
- Established a partnership with a local Indigenous business to guide us on our Reconciliation journey
- Provided over \$5,000 to support local Indigenous programs and not-for-profits



**15%**  
committed to Health  
and Human Services

*Northern Savings provided more than \$120,000 to local organizations through our Corporate Social Responsibility program.*

**27%**  
committed to Youth  
Education and  
Development

**NORTHERN SAVINGS**  
CREDIT UNION

DATE \_\_\_\_\_ \$ \_\_\_\_\_

PAY TO **TERRACE JUNIOR CURLING**

**TWENTY THOUSAND** ~~~~~ XX /1





**16%**  
committed to  
Arts and Culture

## INSPIRING Our Communities



**\$120,000+**

provided through community sponsorships and donations



**11**

businesses featured in our business of the month program



**\$12,000**

in bursaries and awards provided



**2**

local youth sent to the YES Camp



**1,780**

volunteer hours tracked by our team through our GIVE program



**13**

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)	14%
Arts and Culture	16%
Community Events	14%
Education and Development (Adult)	9%
Education and Development (Youth)	27%
Environmental Sustainability	1%
Health and Human Services	15%
<b>TOTAL</b>	<b>100%</b>

# INSPIRING Local Businesses

*Local and independently owned businesses help make our Northern communities vibrant and sustainable.*



*Kian found Grizz at Shutter Shack in Prince Rupert.*

In celebration of Plaid Friday (a day that recognizes local businesses), Northern Savings launched the Grizz Shops Local initiative. Part Where's Waldo and part Elf on the Shelf, the Grizz Shops Local initiative was a true Northern campaign developed by Northern Savings' team to showcase local businesses, stimulate community shopping, and give back to our business members and residents.

47 Grizz stuffies were hidden in 47 businesses, and 47 shoppers received \$25 gift certificates to the business they found Grizz in.

## 2022 BUSINESS OF THE MONTH

2022 marked the fifth year of Northern Savings' Business of the Month initiative – a program designed to showcase the local businesses that help to strengthen and grow our northern communities!

**February** – Rocky's Equipment Sales, Haida Gwaii

**March** – Lighten Up Electric, Prince Rupert

**April** – Elan Travel, Terrace

**May** – Sarah's Haida Arts and Jewellery, Haida Gwaii

**June** – Fukusaku, Prince Rupert

**July** – Acadia Mechanical, Terrace

**August** – Haida Style Expeditions, Haida Gwaii

**September** – Highliner Hotel & Conference Centre, Prince Rupert

**October** – Provincial Network Group, Terrace

**November** – Fork In Port, Haida Gwaii

**December** – Rupert Wood N'Steel, Prince Rupert



*We chose Northern Savings for our financial institution because we felt they would support us best in our small town. They have a deep understanding of the community and a mandate to see its members succeed, and that is the kind of financial institution we want – local businesses supporting local business owners."*

**James and Corrine Warburton**  
Owners, Highliner Hotel  
and Conference Centre



# INSPIRING Financial Wellness

Northern Savings values and supports the financial well-being and financial literacy of our members, clients, and community members. In this regard, Northern Savings engages in efforts to support financial literacy in our communities and include the development and execution of initiatives that support Northern Savings' vision and values in our annual business planning cycle. Initiatives that support these values may include offering awareness and/or education on improving credit bureau scores, safely using online and mobile banking, and improving financial well-being through appropriate financial planning.

## IN 2022, WE OFFERED THE FOLLOWING FINANCIAL LITERACY SESSIONS:



Free webinars offered through our financial advisors in partnership with Aviso Wealth:

- > 10 Things to Do with your Tax Refund
- > RESPs and Education Savings
- > Planning for Cottage and Cabin Succession
- > Year End Tax Tips



Life After High School learning sessions provided at local high schools and Skeena Middle School



Seniors' Fraud Awareness sessions offered at:

- > Happy Gang Centre For Seniors, Terrace
- > Seniors Centre, Prince Rupert
- > Skidegate Haida Immersion Program (SHIP), Daajing Giids
- > Adult Day Program, Old Massett



Cyber Security Awareness Webinar – Protecting Your Small Business



*Sara and Tatiana from our Prince Rupert team delivering financial literacy sessions to grade 11 and 12's at Charles Hays Secondary School.*



# Congratulations to our long-tenured employees

VIDA CARSON



*Vida Carson has been an integral part of the Northern Savings Financial Planning and Wellness team for more than 26 years, providing financial advising services, building relationships with her clients, and receiving recognition as Top Financial Advisor in the Terrace area on several occasions. We wish Vida all the best in her upcoming retirement.*

## FINANCIAL PLANNING & WELLNESS TEAM

BAILEY KASUM



*Financial Advisor  
Qtrade Advisor*

TIA BUHR



*Mutual Fund Advisor  
Qtrade Asset Management*

JACKIE TOUCHET



*Wealth Leader  
Financial Advisor Northern  
Savings Financial Services Ltd.  
Investment Representative/  
Qtrade Advisor*

AMY ALLEMEERSCH



*Financial Services Associate*

## INSURANCE TEAM CHANGES

*After almost 40 years with Northern Savings Insurance Services Ltd., Sherry McColl retired in 2022. Sherry's contributions were valued and plentiful during her four decade career and she will be truly missed. D.Y. Jo was hired to fulfill Sherry's role; and is currently managing our Terrace Insurance branch and providing strategic oversight for the entire Northern Savings Insurance Services division.*

D. Y. JO



*General Manager  
Insurance*

SHERRY McCOLL



# 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 to provide recommendations for Board decisions. Directors are required to attend regularly scheduled Board meetings (generally, there are ten 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 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.



**Beng Leng Favreau** Director since April 2022. Current term expires in 2025.

**Current Board Positions:**

Member, Member & Community Relations Committee  
Member, Credit & Market Risk Committee

**Background/Experience:**

As the current Executive Director of Literacy Haida Gwaii Society, Beng Leng works closely with seniors, at-risk youth, and adults in many areas of literacy including, financial wellness, workplace readiness and essential computer skills. Her work experience provides community relations and management skills to the Board and includes: fundraising, event management, resource development, and community service. Beng Leng has strong working relationships with Haida Gwaii's First Nation's councils, municipalities, educational, healthcare, and nonprofit organizations with extended educational and arts network across Canada.

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

Compensation: \$4,725 | Expenses: \$6,501 | Meetings Attended: 11/14  
Professional Development/Education: 33.5 hours  
Credit Union Director Achievement Program: Level A completed. Level's B and C in progress.



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

**Current Board Positions:**

Vice Chair  
Chair, Governance, Ethics & Human Resources 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: \$9,000 | Expenses: \$183 | Meetings Attended: 30/33  
Professional Development/Education: 26.5 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:**

Member, Audit & Operational Risk Committee

Member, Credit & Market Risk 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: \$7,500 | Expenses: \$897 | Meetings Attended: 27/29

Professional Development/Education: 43.75 hours

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



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

**Current Board Positions:**

Chair, Credit & Market Risk Committee

Member, Governance, Ethics & Human Resources Committee

Member, Building Committee

**Background/Experience:**

Sylvan provides services as a Superintendent of Public Works, providing skills within a collaborate decision making processes and implementing the vision of the mayor and council. Sylvan also serves on the boards of the GwaiiTel Society 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: \$8,000 | Expenses: \$13,320 | Meetings Attended: 28/28

Professional Development/Education: 68 hours

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

Sylvan holds an Accredited Canadian Credit Union Director (ACCUD) designation.





**Angela Gruber** Director since April 2022. Current term expires in 2025.

**Current Board Positions:**

Member, Audit & Operational Risk Committee

Member, Member & Community Relations Committee

**Background/Experience:**

Angela is a manager with the Prince Rupert Port Authority with over 15 years experience in Information Technology. Angela has the following certifications: Project Management Professional (PMP), Microsoft Certified Solutions Expert: Data Management and Analytics, and IT Information Library (ITIL) Foundations. Angela brings knowledge of project management and Information Technology to the Board.

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

Compensation: \$4,725 | Expenses: \$3,491 | Meetings Attended: 13/13

Professional Development/Education: 29.5 hours

Credit Union Director Achievement Level A completed. Level's B and C in progress.



**Joseph Lavoie** Director since April 2019. Current term expires in 2024.

**Current Board Positions:**

Chair, Audit & Operational Risk Committee

Member, Member & Community Relations Committee

Member, Building Committee

**Background/Experience:**

Joe has over 21 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: \$8,000 | Expenses: \$2,831 | Meetings Attended: 27/28

Professional Development/Education: 37.5 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 Committee  
Chair, Member & Community Relations Committee  
Member, Building Committee

**Background/Experience:**

Jamie is a professional engineer with the Prince Rupert Port Authority with over eight 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: \$12,000 | Expenses: \$3,662 | Meetings Attended: 37/37  
Professional Development/Education: 38.82 hours  
Credit Union Director Achievement Program: Completed Levels A, B and C.  
Jamie holds an Accredited Canadian Credit Union Director (ACCUD) designation.



**Trent Moraes** Director since 2013. Current appointment expires in 2023.

**Current Board Positions:**

Member, Credit & Market Risk Committee  
Member, Governance, Ethics & Human Resources Committee

**Background/Experience:**

Trent is the Deputy Chief Councilor 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: \$7,500 | Expenses: \$154 | Meetings Attended: 26/27  
Professional Development/Education: 12 hours  
Credit Union Director Achievement Program: Completed Levels A, B and C.



**Jeremy Pierce** Director since April 2022. Current term expires in 2025.

**Current Board Positions:**

Member, Audit & Operational Risk Committee

Member, Governance, Ethics & Human Resources Committee

**Background/Experience:**

Jeremy is a Chartered Professional Account (CPA) and is the managing partner of Vohora LLP CPAs and Business Advisors where he oversees the operation of six offices and a team of 80. As a CPA, Jeremy provides accounting, tax and financial management advice to an array of businesses both large and small. Jeremy's past board experience includes treasurer of the BC Liberal Party (now BC United), the College of Veterinarians of BC and Gitmaxmak'ay Nisga'a Economic Development Corporation. Jeremy brings his strong financial background, leadership and strategic thinking skills to Northern Savings' Board.

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

Compensation: \$4,725 | Expenses: \$2,198 | Meetings Attended: 14/15

Professional Development/Education: 27 hours

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

**Retired Directors:**

**Sandra Blair:** Director since April 2019 – retired April 2022

Director compensation and expenses: \$2,319

**Jeffrey Stromdahl:** Director since April 2019 – retired April 2022

Director compensation and expenses: \$2,816

**Megan Dorrington:** Directors since April 2021 – retired January 2022

Director compensation and expenses: \$734



**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 22, 2020. Members can find the full contents of the rules at: [www.northsave.com/AboutUs/WhoWeAre/Governance](http://www.northsave.com/AboutUs/WhoWeAre/Governance).

## Executive 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 Senior Leadership Team works with the Board 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.

## Executive Team

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.



**STEFAN DELLOCH**  
*President & CEO*



**TYLER BOETTCHER**  
*Chief Information Officer*



**TONY DEVIVEIROS**  
*Chief Credit Officer*



**SALMAN KHAN**  
*Chief Operating Officer*



**LEIGH-ANNE MAGNUSSON**  
*Manager, Marketing & Member Experience*



**BILL NICHOLLS**  
*Interim Chief Financial Officer*



**SANTA SLUBOWSKI**  
*Manager, Human Resources*



**SARAH WRIGHT**  
*Chief Risk Officer*

## Chief Executive Officer Compensation and Benefits Program

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. 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.

## Key Executive Management Compensation

Top 6 Earners' Salary and Benefits:

Salary: \$1,021,924

Benefits: \$132,839

Total: \$1,154,763

## 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 2022, consolidated total assets totaled \$780 million, which is an increase of 3% from 2021. This increase is a direct result of our solid financial performance and growth in our deposit and loan portfolios throughout the year.

Cash and liquidity investment balances remained strong at \$306 million, which places Northern Savings in a good position to fund future loan and investment growth.

The loan portfolio ended the year at \$453 million and accounts for approximately 58% of total assets. The quality of Northern Savings' loan portfolio remains exceptionally high with a nominal number of loans identified as uncollectible.

The deposit portfolio ended the year at \$717 million with a growth of \$17 million in 2022 due to some large, short-term institutional deposits near year-end.

The long-term financial sustainability of Northern Savings is demonstrated through stable net income and retained earnings. In 2022, Northern Savings' net income was \$5.2 million, an increase from the \$2.4 million net income recorded in 2021. Retained earnings ended the year at \$58 million.

Northern Savings continues to maintain a strong capital position with a capital adequacy ratio of 22%. 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 42%, which exceeds the regulatory minimum of 8%.

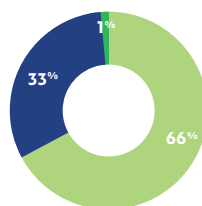
### THE BALANCE SHEET

#### Loans

Total loans, net of allowances and accrued interest, increased by \$17 million (4%) in 2022.

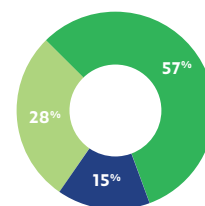
Local retail loan portfolios increased by \$6 million (2%), while the wholesale portfolio in Southern BC decreased by \$9 million as per our strategic objective. The remaining \$5 million in the wholesale portfolio is expected to be primarily paid out during 2023. The charts to the right illustrate the long-term effect of the wholesale strategic reduction on our loan portfolio mix.

Commercial loan portfolios increased by \$21 million (16%) with \$5 million in growth coming from the local region and the remaining \$16 million from syndicated loans with other BC credit unions.



**2022 LOAN MIX**

- Retail Loans
- Commercial Loans
- Southern BC Loans



**2014 LOAN MIX**

- Retail Loans
- Commercial Loans
- Southern BC Loans

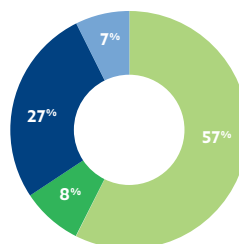
The allowance for doubtful accounts was reduced by \$1.2 million due to the high quality of our loan portfolio and now has a balance of \$1.8 million, which represents 0.4% of the total loan portfolio. Northern Savings delinquency rate (>90 days) is currently 0.04%, a decrease from 2021's rate of 0.22%.

#### Deposits and Borrowings

Total member deposits increased in 2022 by \$17 million (3%) and ended the year at \$717 million. Excluding some large institutional deposits close to year end, deposit balances were similar to 2021 year-end balances.

Term deposit (GICs) portfolios increased by \$18 million (10%) to \$198 million with much of the balances coming from chequing and savings accounts. The interest rate environment became considerably more attractive for deposit holding members during the later part of the year and many members took advantage of the popular Harvest Term Deposit.

Registered plan portfolios decreased by \$7 million (6%) to \$113 million due to required annual withdrawals and members moving funds early in 2022 to our Financial Services division.



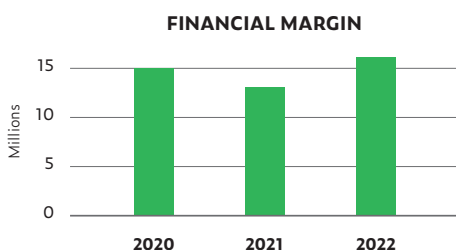
**2022 DEPOSIT MIX**

- Chequing & Savings
- GICs
- Registered Plans
- Tax Free Savings Plans

## THE INCOME STATEMENT

### Financial Margin

Financial margin had a large increase in 2022 by \$4.9 million to \$18.1 due the rapid increase in interest rates and the repricing of our surplus cash investments and variable rate loan portfolio. Another contributor to the substantial growth was the one-time adjustment of \$1.2 million to the allowance for doubtful accounts.



### 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. Other income declined from \$8.9 million in 2021 to \$8.4 million in 2022.

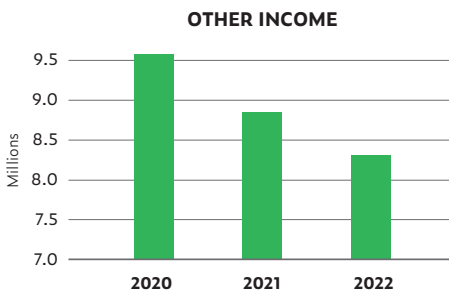
Northern Savings Insurance Services Ltd. earnings before taxes and management fees were \$868 thousand – compared to \$1.1 million in 2021. With the changes to ICBC’s Broker remuneration in 2021, we saw a decrease of 20–25% in Autoplan revenue. We can expect the potential for continued revenue reductions 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 \$644 thousand for the year (\$653 thousand in 2021) from participation in local loans and syndicated loans with other BC credit unions.

Service fee income decreased from \$2.10 million in 2021 to \$2.06 million in 2022, reflecting a decrease in transaction volumes, which has been a consistent theme during the pandemic.

Loan penalty income decreased from \$543 thousand in 2021 to \$150 thousand in 2022 as a direct result of the increase in interest rates and members remaining in lower rate loans from previous years.

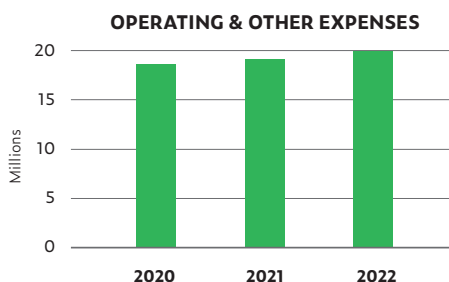
Revenue for Northern Savings Financial Services Ltd. grew to \$957 thousand in 2022. The revenue generated from this division more than doubled over the past five years (\$413 thousand in 2017) and is Northern Savings fastest growing business line.



### Operating & Other Expenses

Operating expenses were \$20.0 million in 2022, an increase compared to 2021 operating expenses of \$19.3 million.

Noteworthy operating expenses include salaries and benefits, data processing, amortization, premises, and the CUDIC assessment.



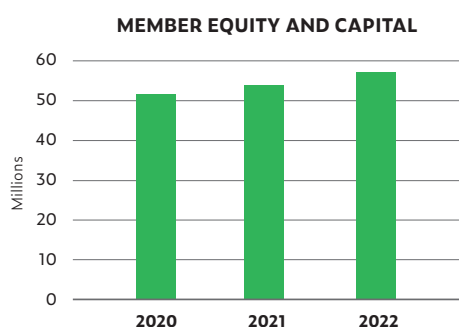
### Net Income

Focusing on doing business in our Northern communities has added to the financial strength of the Credit Union and its membership. The substantial growth in net income from \$2.4 million to \$5.2 million, can be attributed to our financial margin boost, reduced staffing expenses due to vacant positions, and the one-time adjustment of \$1.2 million to the allowance for doubtful accounts. Another significant variance between the 2021 and 2022 net income would be the one-time fee of \$1.0 million paid to terminate our previous banking system in 2021. In 2022, Northern Savings gave back over \$130,000 by way of dividends and donations to our communities and to our members.

## Members' Equity and Capital

Members' equity was \$57.9 million, compared to \$54.0 million at the end of 2021. Northern Savings utilizes interest rate swaps for purposes of hedging financial margin impacts from changing interest rates and as a result are required by IFRS accounting standards to disclose changes in market value of these swaps in accumulated other comprehensive income/loss in the member equity section of the balance sheet. During 2022 the market value of the interest rate swaps declined \$1.4 million due to the increase in interest rates.

Capital adequacy at the end of 2022 was 22.0%, well above the regulatory requirement of 8% and the supervisory target of 10%.



## 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.

## 2023 Outlook

The strategic changes implemented by Northern Savings in 2022 regarding its banking platform, loan origination system, and investments in data analytics are expected to solidify and improve efficiencies that will be 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 2023 continues to focus on providing an exceptional member experience, with an emphasis on improving utilization of the new DNA banking platform, loan origination system and implementing a new digital online banking platform. Due to these resource-based initiatives, we anticipate a considerable increase in technology costs, and accordingly, forecast a strong but less profitable year in comparison to 2022. To ensure long-term financial sustainability, we will continue to focus on increasing our local loan portfolios, promoting a fulsome suite of financial services, 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, 2022
- 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, 2022.

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 23, 2023.

## 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 23, 2023



# Summarized Consolidated Statement of Financial Position

December 31

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 68,059,041	\$ 27,679,462
Investments	238,344,683	271,792,377
Loans to members	453,209,112	434,751,623
Property and equipment	11,882,290	11,973,144
Intangible assets and goodwill	5,607,336	5,846,744
Other assets	3,354,680	5,596,158
	<b>\$ 780,457,142</b>	<b>\$ 757,639,508</b>
<b>Liabilities</b>		
Member deposits	\$ 716,973,594	\$ 700,062,293
Accounts payable and accrued liabilities	2,758,497	2,835,289
Derivative financial liability	1,715,880	238,726
Corporate taxes payable	499,322	-
Deferred income tax liability	608,529	454,010
	<b>722,555,822</b>	<b>703,590,318</b>
<b>Members' equity</b>		
Contributed surplus	1,009,446	1,009,446
Retained earnings	58,256,035	53,039,744
Accumulated other comprehensive loss	(1,364,161)	-
	<b>57,901,320</b>	<b>54,049,190</b>
	<b>\$ 780,457,142</b>	<b>\$ 757,639,508</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

	2022	2021
Interest revenue	\$ 20,177,690	\$ 17,237,672
Interest and loan related expenses	2,108,490	4,073,153
Financial margin	18,069,200	13,164,519
Other income	8,353,295	8,920,334
Total operating income	26,422,495	22,084,853
Operating expenses	20,046,870	19,279,343
Income from operations	6,375,625	2,805,510
Distributions to members	9,853	9,368
Income before income taxes	6,365,772	2,796,142
Income taxes	1,149,481	349,829
Net income for the year	\$ 5,216,291	\$ 2,446,313
Other comprehensive income (net of tax)		
Change in unrealised loss on cash flow hedges, net of tax effect	(1,364,161)	-
Total comprehensive income for the year	\$ 3,852,130	\$ 2,446,313

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 Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at December 31, 2020	\$ 1,009,446	\$ -	\$ 50,593,431	\$ 51,602,877
Net and 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
Net and comprehensive income for the year	-	(1,364,161)	5,216,291	3,852,130
<b>Balance on December 31, 2022</b>	<b>\$ 1,009,446</b>	<b>\$ (1,364,161)</b>	<b>\$ 58,256,035</b>	<b>\$ 57,901,320</b>

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

	2022	2021
<b>Cash provided by (used in):</b>		
Operating activities	\$ 7,846,295	\$ 56,653,637
Investing activities	32,533,284	(104,127,006)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>40,379,579</b>	<b>(47,473,369)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>27,679,462</b>	75,152,831
<b>Cash and cash equivalents at end of year</b>	<b>\$ 68,059,041</b>	\$ 27,679,462

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, 2022. 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, 2022, together with the auditors' report thereon, were authorized for issue by the Credit Union's Board of Directors on February 23, 2023 and can be obtained at any of the Credit Union's branches.

## Proud to be Northern

### DAAJING GIIDS

**Credit Union**  
250.559.4407

**Insurance**  
250.559.8426

**Financial Services**  
800.330.9916

### MASSET

**Credit Union**  
250.626.5231

**Insurance**  
250.626.3711

**Financial Services**  
800.330.9916

### PRINCE RUPERT

**Credit Union**  
250.628.0200

**Insurance**  
250.628.0300

**Financial Services**  
250.628.0400

### TERRACE

**Credit Union**  
250.638.7822

**Insurance**  
250.635.6371

**Financial Services**  
250.635.0515



**NORTHERN SAVINGS**  
CREDIT UNION