

Nelson & District

CREDIT UNION  *Logically. Locally.*



BUILDING
UPON GREAT
THINGS

2023 ANNUAL REPORT

YEAR IN REVIEW 2023

As a credit union and as a community, we aspire to build great things. Nelson & District Credit Union strives to support the personal financial situations of our members, and we are committed to their success. Our mission, *"Enriching Lives Locally,"* shows that commitment to strengthen the foundation—we are here to provide members with stability and support. Together, we are building something remarkable for members, families, and small businesses.

Governed by a volunteer board of directors that is elected by the membership, NDCU is shaped through ownership and participation; a membership ensures we all have an equal voice in its future. Your board is committed to their education, responsibility, and fulfillment of our foundation statements.

Giving back is at the heart of all credit unions, and your Credit Union will continue to give back to causes that make a difference. Our profits directly support your community. Thanks to our members' financial support, the Community Investment Program distributed over \$160,000 to provide exceptional programming, infrastructure, events,

and experiences. Our giving helped us reach a milestone of almost \$4.2 million since 2000. This level of financial support invested back into our service areas ties directly back to our *"Commitment to Members."*

NDCU gives a tremendous amount of thought to the initiatives that make a difference, and we recognize the importance of supporting our community and educational initiatives that focus on personal health and wellness. Organizations like the Endo Educational Organization of Canada (EEOC) are vital to sharing knowledge and educating our community.

"Our team at the Endo Educational Organization of Canada has the utmost gratitude to the Nelson & District Credit Union for their donation towards our school outreach program," says Emma Weiland, president & co-founder of EEOC. *"They recognized the importance of our initiative, providing young women with education about endometriosis. With their support, we were able to officially launch our initiative throughout the Kootenays, ensuring students and teachers have access to education about this common and debilitating disease. The EEOC looks forward to seeing*

Cicada Place



Nelson & District Hospice Society



Corazon Vocal Ensemble



Riondel Boat Club



the continued positive impact the school outreach project will make for students across the Kootenays and beyond."

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

In the spirit of co-operation, NDCU also fosters training opportunities for our youth members. In 2023, three local youth travelled to Cowichan Lake to attend the Youth Excellence Society summer co-operative leadership camp as representatives of your Credit Union. *"I want to say thank you for this amazing experience," says one camper. "Dancing, swimming, stargazing, and the connections and knowledge I gained are like no other experience I've had."*

Your Credit Union has a dedicated team that addresses the importance of a balanced approach to workplace wellness. They offer challenging initiatives and incentives that are fun, inclusive and supportive of employees.

"Our team works hard to encourage and motivate all employees to participate in physical activities, be mindful of their mental health, maintain a balanced lifestyle, and have fun," states a member of our wellness team. "We accomplish this through challenges, a nutrition budget, and social events." The team's encouragement and thoughtful initiatives make a positive difference to employees.

Thank you for your ongoing commitment to build upon great things. Banking local with NDCU makes a difference. Just as each brick in a foundation contributes to the strength of a structure, our local connections and collaborations fortify the fabric of our community. Together, we are not merely banking but actively participating in the ongoing construction of a stronger, more resilient local economy. We are always encouraged by the commitment from our members, our directors, and our employees, and we are proud to express our pledge, "Logically. Locally."



Please take a moment to follow, like, share and stay up-to-date with your Credit Union.

Whitewater Ski Team



Rosland Curling Society



YES Camper



Capitol Theatre



REPORT FROM THE CHAIR

A handwritten signature in black ink that reads "Michael Ramsey".

Michael Ramsey
Chair

In summary, 2023 was a very successful year for Nelson & District Credit Union. NDCU achieved strong earnings, made significant community investments, and delivered major technology enhancements to our members. We accomplished this despite economic conditions that continued to be unsettled, with elevated interest rates, recessionary risks, and inflation above the Bank of Canada target range.

We can thank the NDCU management team for making sure our organization was well positioned to react positively to changing interest rates and uncertain economic conditions. The NDCU financial results reflect the strong performance of our organization. Our Kootenay Insurance Services (KIS) and MoneyWorks subsidiaries also had successful years.

While we continued to provide highly personalized services in our branches in Nelson, Rossland, and Crawford Bay, from an exceptional team of employees, we also made major technology enhancements throughout the year.

We completed a total refresh of the NDCU MemberDirect offering with the new Forge platform; we introduced

MemberDirect Small Business; and we finally implemented the two-step verification pilot.

As cyber security continues to become more challenging, two-step verification is a very important feature that we encourage all members to take advantage of, and it will become mandatory in the second quarter of 2024.

In the fall of 2023, NDCU set a strategy in place to continue as a thriving independent community-based Credit Union. Our board of directors and management team are developing the investments and details of that strategy in the first half of 2024.

In closing, we would like to recognize the dedication, expertise and commitment to two long-serving board members, John Kortram and Karina Farr. We thank them both for many years on the board and wish them all the best in the future.

Finally, we would like to thank our members. We appreciate your participation as members of NDCU and thank you for your business.

MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared by management from the consolidated statement of financial position of Nelson & District Credit Union as at December 31, 2023, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not include

REPORT FROM THE CEO

Nelson & District Credit Union had a strong year financially, despite the economic challenges faced by many financial institutions. Our success arises out of the support NDCU receives from our members and our employees.

Income from operations after taxes was \$1.5 million, which results in a return on equity of 6.4 per cent. Total assets were steady at slightly less than \$300 million. Loans grew 5.0 per cent, which was an excellent result given low real-estate sales volumes and the high interest-rate environment.

Based on our strong year, we paid dividends of 6.35 per cent for equity shares and 5.35 per cent for non-equity shares.

Our capital base is healthy and grew by \$2.1 million, an increase of 10.0 per cent. Total liquidity ended the year strong at 16.7 per cent.

We are often asked by members if our excess liquidity is invested in responsible ways. The bulk of our excess liquidity is invested with Central 1 Credit Union, and they were recently recognized by the Principles of Responsible Investment (PRI) for their responsible investment practices. Central 1 is focused on increasing its holdings in green, sustainable, and social-impact investments.

NDCU's loan delinquency rate continues to be lower than system averages. Thank you to our members for diligently making payments on your loans and credit.

Our insurance subsidiary, Kootenay Insurance Services Ltd., had an exceptional year thanks to the good business they underwrite. Our wealth-management subsidiary, NDCU MoneyWorks, had their strongest year yet, despite the market turmoil in 2023.

We expect muted growth in 2024 given the current economic climate and slower growth in our communities. We have increased our deposit rates, and we expect some margin squeeze throughout the year.

We continue to focus on the financial health of our members and our communities. Our Community Investment Program granted more than \$160,000 to our local area in 2023. When combined with dividends returned to members, we gave approximately \$205,000 to our members and communities. Please see our 2023 Community Investment Report for a list of our donations.

In summary, 2023 was an exceptional year for NDCU, and it is a pleasure and privilege to continue to serve our members. We value your business and appreciate your commitment to bank locally.

With the support and dedication of our members, employees, and directors, NDCU is the credit union we are today. It is a privilege to work with all of you.




Thomas A. Murray
Chief Executive Officer

all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2023, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com/CorporateReports.

 Taylor Norman, CPA, Controller

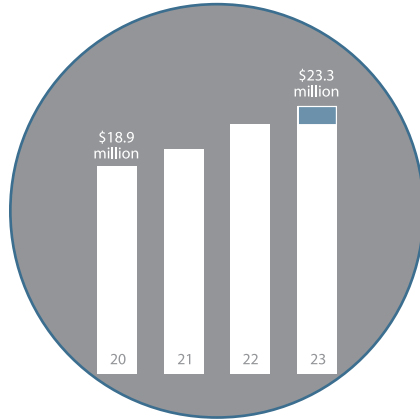
 Thomas A. Murray, CEO



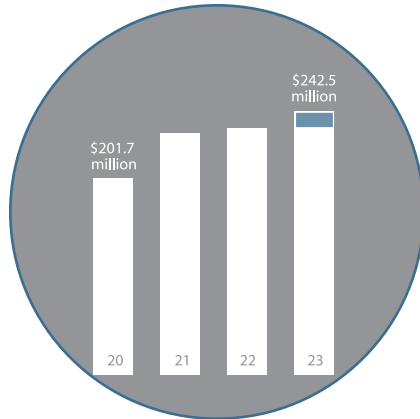
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2023

Members' Equity



Members' Loans



ASSETS

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

Total assets

LIABILITIES and MEMBERS' EQUITY

Members' deposits
Members' non-equity shares

Other liabilities
Income taxes payable
Deferred income tax liability
Total liabilities

Members' equity
Members' shares
Retained earnings
Accumulated other comprehensive (loss) income
Total members' equity

Total liabilities and members' equity

	2023	2022
Cash and cash equivalents	\$ 12,489,684	\$ 8,010,895
Investments	35,535,446	54,072,768
Investment in associates	5,462,150	3,207,609
Members' loans	242,539,422	230,621,057
Property and equipment	1,709,606	1,743,234
Intangible assets	464,473	619,691
Investment property	1,391,113	943,187
Other assets	142,153	381,687
Total assets	\$ 299,698,047	\$ 299,600,308
Members' deposits	\$ 274,552,816	\$ 276,782,370
Members' non-equity shares	65,486	69,288
	274,618,302	276,851,658
Other liabilities	1,517,446	1,180,390
Income taxes payable	94,569	50,585
Deferred income tax liability	153,000	118,000
Total liabilities	\$ 276,383,317	\$ 278,200,633
Members' equity		
Members' shares	823,821	800,310
Retained earnings	22,652,355	21,161,888
Accumulated other comprehensive (loss) income	(161,446)	(562,523)
Total members' equity	23,314,730	21,399,675
Total liabilities and members' equity	\$ 299,698,047	\$ 299,600,308

Approved complete audited financial statements, including notes, Governance report and Community

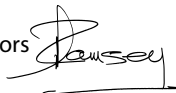
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2023

	2023	2022
Interest revenue	\$ 10,663,762	\$ 8,125,012
Interest expense	3,242,211	1,139,583
Provisions for credit losses	226,501	1,655
Financial margin	7,195,050	6,983,764
Other income	1,810,051	1,789,648
	<u>\$ 9,005,101</u>	<u>\$ 8,773,412</u>
Operating expenses		
Salaries and employee benefits	\$ 3,918,632	\$ 3,852,904
Community investment program	160,073	144,622
Distribution to members	51,511	44,914
Other office and administrative expenses	3,000,572	3,026,241
	<u>7,130,788</u>	<u>7,068,681</u>
Earnings before income tax	<u>\$ 1,874,313</u>	<u>\$ 1,704,731</u>
Current income tax expense	348,846	240,593
Deferred income tax (recovery)	35,000	(207,000)
Net income	<u>\$ 1,490,467</u>	<u>\$ 1,671,138</u>
Other comprehensive income (loss), net of tax		
Revaluation of intangible asset of associate	-	(387,500)
Realized gain on sale of investments	(28,053)	-
Change in fair market value of investments, net of tax	429,130	(193,197)
Total comprehensive income (loss) for the year	<u><u>\$ 1,891,544</u></u>	<u><u>\$ 1,090,441</u></u>

Approved by the Directors:

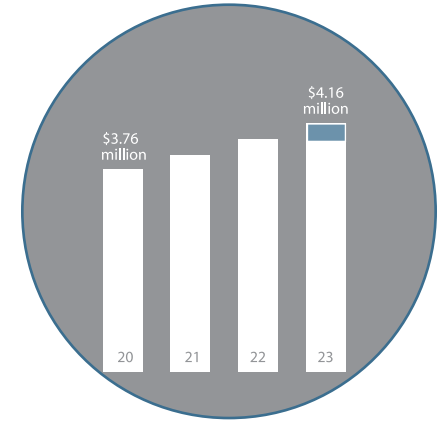
Michael Ramsey, Chair, Board of Directors



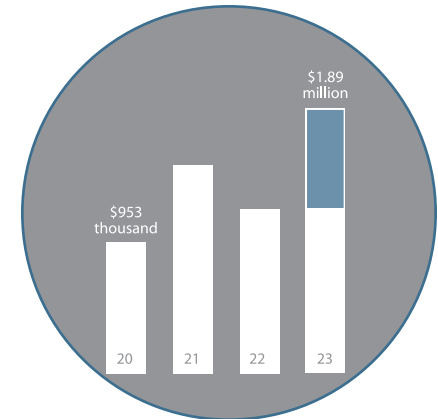
Colin McClure, Audit Committee Chair



Cumulative Investment
In Our Communities



Comprehensive Income





Nelson Community Branch

501 Vernon Street, Nelson
250.352.7207

Personal & Business Banking
Financial Planning

Rosland Community Branch

2071 Columbia Avenue, Rosland
250.362.7393

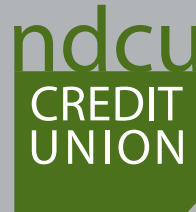
Personal & Business Banking
Financial Planning

East Shore Community Branch

16030 Hwy 3A, Crawford Bay
250.227.9221

Personal & Business Banking
Financial Planning

info@nelsoncu.com



>> logically, locally.



Protection For What Matters



kootenayinsurance.ca

Down-to-Earth Financial Planning



nelsoncu.com/MoneyWorks