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Kootenay Savings

MEDIA RELEASE

Southern Interior Innovation Fund Launched to Benefit the Region

October 6, 2009-Kelowna, BC: The Board of Directors of the Southern Interior Innovation Fund (VCC) today announced an exciting and important new initiative for the region.

A private equity fund, "SIIF" as it is known, was created with a mandate to provide significant returns and long term value for the benefit of fund shareholders investing in the future of the BC Southern Interior region.

SIIF Chair Stafford McKergow, on behalf of the board and lead investors, stated that the fund is designed, supported, and managed by leading local business leaders. The fund has been created to provide support for, and to advance, the economic growth of the region.

"The fund will benefit the economic and investment climate of the BC Southern Interior region by meeting the need for capital requirements and by providing hands-on mentoring expertise for new, emerging and relocating businesses in the region," said McKergow.

Kootenay Savings and Nelson & District Credit Unions have collectively contributed \$1,250,000 and \$600,000, respectively, of the \$6.2 million in capital invested in the fund so far by its Directors, the Southern Interior Development Initiative Trust, and three other regional credit unions.

"Our two Credit Unions are committed to investing in the communities we serve and to contributing to the economic development of our region," said Doug Stoddart from Nelson & District Credit Union. "This fund offers a unique combination of equity capital and hands-on mentoring expertise which is critical to the success of small and medium sized businesses."

Southern Interior Innovation Fund

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The fund objectives are:

- To capitalize on private equity opportunities and partnerships in the Southern Interior, the second largest regional economy in British Columbia which gets virtually no attention from private equity sources from outside the region.
- To enhance the quality of life and development of the region.
- To provide an above average return for investors who want to contribute to the growth and prosperity of the region.

This fund follows the same, proven management structure as its successful predecessor, the Okanagan Innovation Fund, which, when launched in 2005, was the first private equity fund of its kind in the Okanagan. The OIF, now fully invested, has made 20 investments and holds 10 companies in its portfolio for a total investment of over \$3.5 million.

"Led by a team of experienced business people, each with a significant financial investment at stake, this fund addresses a critical market need by filling a gap that cannot be supported through conventional means," adds Brent Tremblay, CEO of Kootenay Savings Credit Union.

"SIIF is actively looking for opportunities to deploy their capital in local companies that can demonstrate high growth opportunities, existing revenues and a clear exit strategy," said John Drope who, along with Brent Bolleman, manages the fund.

"We are pleased to have local financial institutions investing in our fund as it not only increases our capital base for investment but it also extends our reach into the communities of the Southern Interior" adds McKergow. "We also think that additional institutions and individuals will want to participate in the fund so we are planning a second closing on December 1st."

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