

Nelson & District

CREDIT UNION  *Logically. Locally.*



HERE TO HELP

2021 ANNUAL REPORT

YEAR IN REVIEW 2021

As a community Credit Union, we are “Here to Help,” and we encourage all members, employees and directors to embrace and support your local businesses, peers and fellow residents. Helping is at the heart of credit-union values, and as a financial co-operative, we embrace the principle of “Concern for Community.” Being an active part of our communities keeps us vibrant and healthy.

During another unprecedented year, we met the unique needs of our members, guided by our mission statement, “Enriching Lives Locally.” By investing in Nelson & District Credit Union, you are assuring you experience a thoughtful approach to your needs, your family and your community.

Governed by a volunteer board of directors that is elected by the membership, NDCU is shaped through your ownership and participation; a membership ensures we all have an equal voice in its future. Our democratic approach is vital because of the co-operative principle of “One Member, One Vote.”

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. Thanks to

our members’ support, the Community Investment Program distributed \$100,596 to community organizations to help provide exceptional programming, infrastructure, virtual and live events, and experiences.

Our commitment to help community is diverse and inclusive, so NDCU made an investment towards a community-based poverty-reduction action plan. The community-based initiative Together Nelson is creating that plan, and it knows it is essential to involve people who live with poverty, ensuring those experiences and key issues are at the heart of developing their strategy.

“Thanks to a donation from Nelson & District Credit Union, Together Nelson is able to broaden and deepen the initiative’s ability to offer safe and meaningful opportunities for community members with lived or living experience of poverty to connect with, advise on, and help shape the creation of the action plan,” says Marjie Lesko, a Nelson at Its Best representative.

We are not just your local Credit Union, we are community ambassadors. Our employees, directors and members commit their time to volunteer with a wide range of community organizations.

Nelson At Its Best



Rossland Arts Centre



South Kootenay Lake ArtConnect



St. Saviour's Food Pantry



MEMBER VOICE HIGHLIGHTS

Member engagement is vital to a credit union's success. In the late fall of 2021, we resumed our first member survey in years. The goal for the Member Voice Survey was to help us stay connected with, and focused on, our members. We were very pleased with the strong overall response rate of 22 per cent.

When NDCU reviews member feedback, we devote resources to offering the products and services members want at the support level they expect. The Member Voice Survey outcomes will help us measure results, identify opportunities, and strategize effectively to succeed on three core outcomes: retaining current members, deepening our relationships, and creating positive word of mouth to grow our member base.

Your Credit Union has a dedicated team that addresses the importance of a balanced approach to workplace wellness, which is increasingly crucial these days. We offer challenging initiatives and incentives that are diverse, fun and inclusive of all 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 most importantly, to have fun," states a member of our NDCU wellness team. "We accomplish this through healthy challenges, workshops, guest speakers, virtual resources and a nutrition budget. Our dedication to employee wellness and initiatives makes a big difference."

Thank you for your business and for helping us grow. We are always encouraged by the commitment from our members and our employees, and we are proud to say from our heart, "Logically. Locally."

Why a member voice survey?



All metrics meet or exceed provincial industry benchmarks

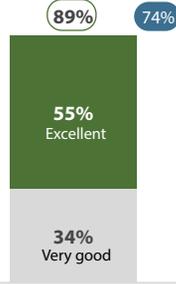
The Member Loyalty Index (MLI) is the average of the proportion of members saying they will "definitely": recommend, continue to use or consider first.



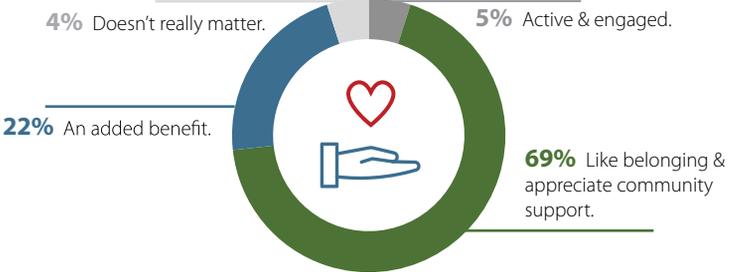
Performance on overall brand image is in line, if not ahead of industry benchmarks.



Branch staff & service exceeds industry benchmarks.



Members appreciate community support & engagement.



REPORT FROM THE CHAIR



Each year, new and different challenges confront every one of us, and we must be flexible and resilient in tackling them. It is certainly true of your Credit Union.

The initiative of amalgamating six regional credit unions into one dissolved around the middle of 2021. The undertaking was determined to be too risky to take on all at once. Nelson & District Credit Union invested a lot of time and resources into this project, but we discovered we still achieved some valuable goals, such as building trust and confidence and gaining knowledge of each other's operations. We strongly believe in collaboration and strength through economies of scale while always keeping in mind that we serve our member-owners, therefore any measurement of success must include clear benefits.

NDCU members have taken their responsibilities seriously too. You have trusted us with your deposits and come to us when you need financing. Our deposit and loan portfolio balances increased significantly during 2021, while our delinquent loans remained very low, a testament to the strength of our membership.

Our Member Engagement and Diversity Committee distributed a member survey in late 2021, which brought

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, 2021, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not include

in a good number of responses. As a locally owned credit union, we need to hear what our members are saying and understand what is important to you. You told us you want and deserve fair rates on your deposits and loans. You also endorse our commitment to supporting our communities. We have taken steps to learn more about Diversity, Equity and Inclusion (DEI) and consider these topics in our decision-making processes.

We are pleased to support our CEO, Tom Murray, as a part of the Nest Lab Group, working on environmental sustainability in our area.

There has been some turnover in our board members, and this is healthy. I am pleased to say that our newer directors have taken on the challenges of their role, have embraced the learning modules that are required, and have contributed to board discussions in a very meaningful way. You will see in the 2021 Corporate Governance Report that all our directors have applied themselves diligently to these tasks.

Our staff and management have risen to all challenges and met them with innovative ideas and enthusiasm. We have a great team.

Thank you to all who make NDCU an outstanding organization.

A handwritten signature in blue ink, appearing to read 'L. Westnedge'.

Lorne Westnedge,
Chair

REPORT FROM THE CEO

It has been another strong year for our Credit Union. You will see in the financial report that we have unprecedented levels of growth in assets and loans, and we have opened a record number of new memberships.

During 2021, our assets surpassed the \$300 million milestone, reaching \$314.6 million at year end. We finished the year with a net income of \$1.5 million, the best result in many years. Our strength enabled Nelson & District Credit Union to pay dividends to members of four per cent.

Member deposits increased by over 12.4 per cent to \$293.1 million. While there was growth throughout the credit-union system, our total growth rate far exceeded the system growth, which is a testament to the trust our members have in our Credit Union.

Our loan portfolio grew by 14 per cent to \$229.7 million at year end, again far outpacing the British Columbia credit-union system as a whole.

With an improved new-membership process, your NDCU team opened over 800 new memberships in 2021, a record level in our history.

And last year was not the easiest in which to set records—competition is fierce; the economy has been uncertain; our

members have faced the pandemic, as well as fires and floods and extreme heat, which impacted people across the province. Throughout this period, we have demonstrated the strength and stability of our Credit Union.

Our employees have been outstanding through all of this; they are a key component of our strength and stability. They have patiently dealt with the many disruptions of the past year and done so while delivering tremendous growth.

The good news is not limited to Nelson & District Credit Union. Our wealth-management subsidiary, NDCU MoneyWorks, had their best year ever in 2021, and KIS Insurance had a strong earnings year.

Our Community Investment Program returned over \$100,000 to our communities. Because many of the events we typically support did not take place, we were pleased to support other worthy causes. We are proud of the level of support we continue to provide to our communities.

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



A handwritten signature in blue ink that reads "Thomas A. Murray".

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, 2021, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com/CorporateReports.

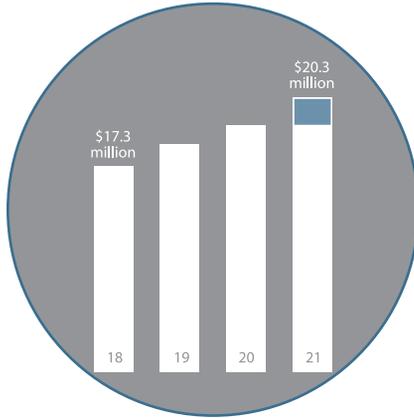
John R. Yowek, CGA, Contoller

Thomas A. Murray, CEO

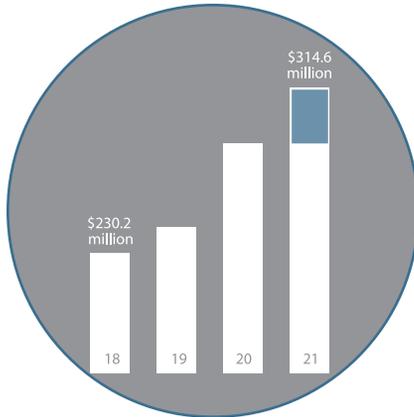


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Members' Equity



Assets



as at December 31, 2021

ASSETS

	2021	2020
Cash and cash equivalents	\$ 9,274,340	\$ 33,313,161
Investments	68,159,552	38,677,743
Investment in associates	3,430,647	3,406,772
Members' loans	229,712,035	201,670,909
Property and equipment	1,997,577	2,267,294
Intangible assets	767,508	506,755
Investment property	967,894	992,706
Other assets	327,387	170,134
	<u>\$ 314,636,940</u>	<u>\$ 281,005,474</u>

LIABILITIES and MEMBERS' EQUITY

Members' deposits	\$ 293,054,913	\$ 260,725,742
Members' non-equity shares	80,588	83,852
	<u>293,135,501</u>	<u>260,809,594</u>
Other liabilities	879,396	912,854
Income taxes payable	-	2,148
Deferred income tax liability	325,000	400,000
	<u>\$ 294,339,897</u>	<u>\$ 262,124,596</u>
Members' Equity		
Members' shares	788,119	779,376
Retained earnings	19,490,750	17,970,916
Accumulated other comprehensive income	18,174	130,586
	<u>20,297,043</u>	<u>18,880,878</u>
	<u>\$ 314,636,940</u>	<u>\$ 281,005,474</u>

Approved complete audited financial statements, including notes and Community Investment Program

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2021

	2021	2020
Interest revenue	\$ 7,457,773	\$ 7,536,686
Interest expense	1,290,038	1,701,587
Provisions for credit losses	66,613	244,017
Financial margin	6,101,122	5,591,082
Other income	1,955,045	1,586,765
	<u>\$ 8,056,167</u>	<u>\$ 7,177,847</u>
Operating expenses		
Salaries and employee benefits	\$ 3,816,690	\$ 3,677,803
Community investment program	100,596	109,731
Distribution to members	32,314	31,605
Other administrative expenses	2,481,565	2,264,486
	6,431,165	6,083,625
Income before income tax	<u>\$ 1,625,002</u>	<u>\$ 1,094,222</u>
Current income tax expense	180,168	192,548
Deferred income tax (recovery)	(75,000)	(51,000)
Net income	<u>\$ 1,519,834</u>	<u>\$ 952,674</u>
Other comprehensive income (loss) net of tax	(112,412)	-
Total comprehensive income	<u>\$ 1,407,422</u>	<u>\$ 952,674</u>

Approved by the Directors:

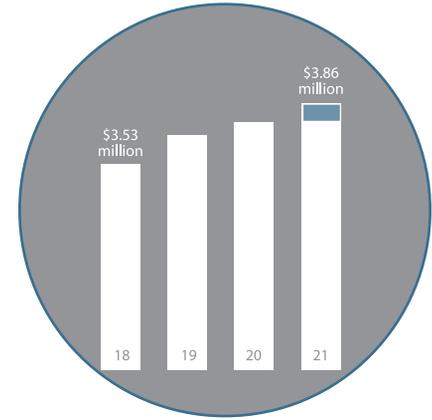
Lorne Westnedge, Chair, Board of Directors



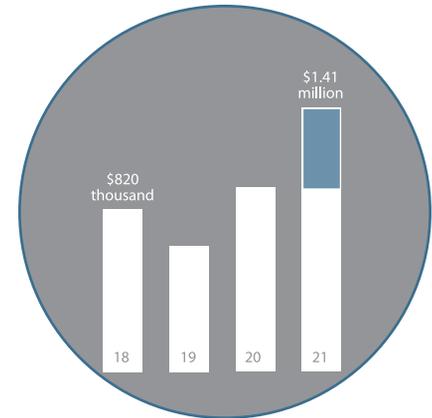
Colin McClure, Audit Committee Chair



Cumulative Investment
In Our Communities



Comprehensive Income





Nelson Community Branch

501 Vernon Street, Nelson
250.352.7207

Personal & Business Banking
Financial Planning

Rossland Community Branch

2071 Columbia Avenue, Rossland
250.362.7393

Personal & Business Banking
Financial Planning

East Shore Community Branch

16030 Hwy 3A, Crawford Bay
250.227.9221

Personal & Business Banking
Financial Planning

info@nelsoncu.com



>> logically, locally.



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Protection For What Matters



kootenayinsurance.ca

Down-to-Earth Financial Planning



nelsoncu.com/MoneyWorks

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