

Our
commitment
to building
stronger
Northern
communities,
together.

NORTHERN SAVINGS
CREDIT UNION
2023 ANNUAL REPORT



NORTHERN SAVINGS
www.northsave.com

Turn Engine Off
Improve
Air Quality

LITTER BARREL
FOR
TOURIST USE ONLY
OTHERS DUMPING REFUSE
WILL BE PROSECUTED

LET'S
GO!

YOU
GOT
THIS!

WAY
TO
GO!

LET'S
GO!

Our Vision

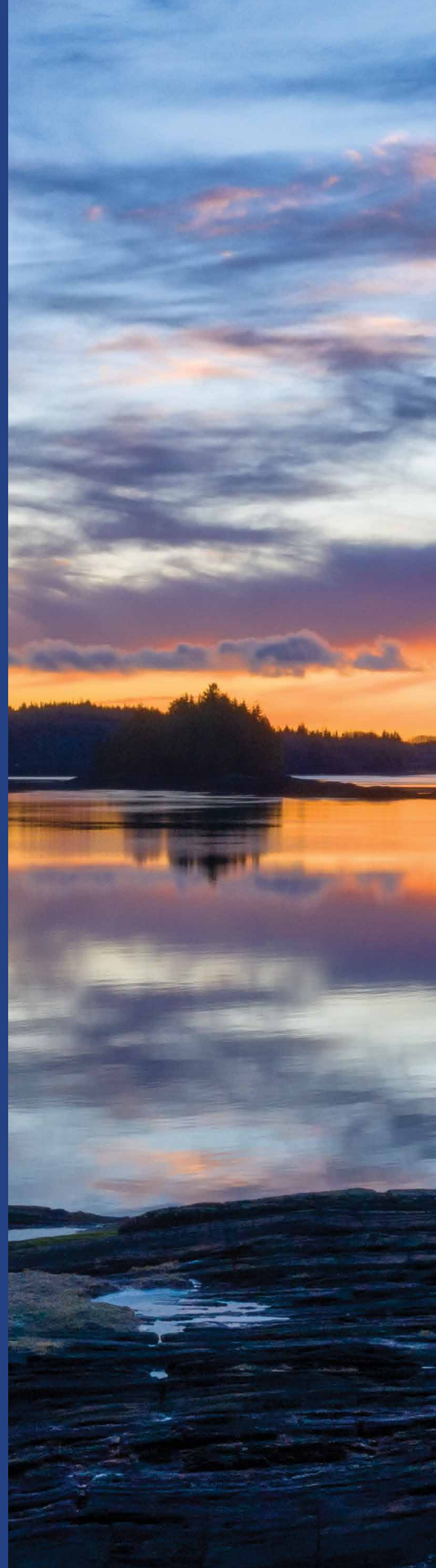
Neighbours helping neighbours to build sustainable communities.

Our Mission

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

Our Values

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



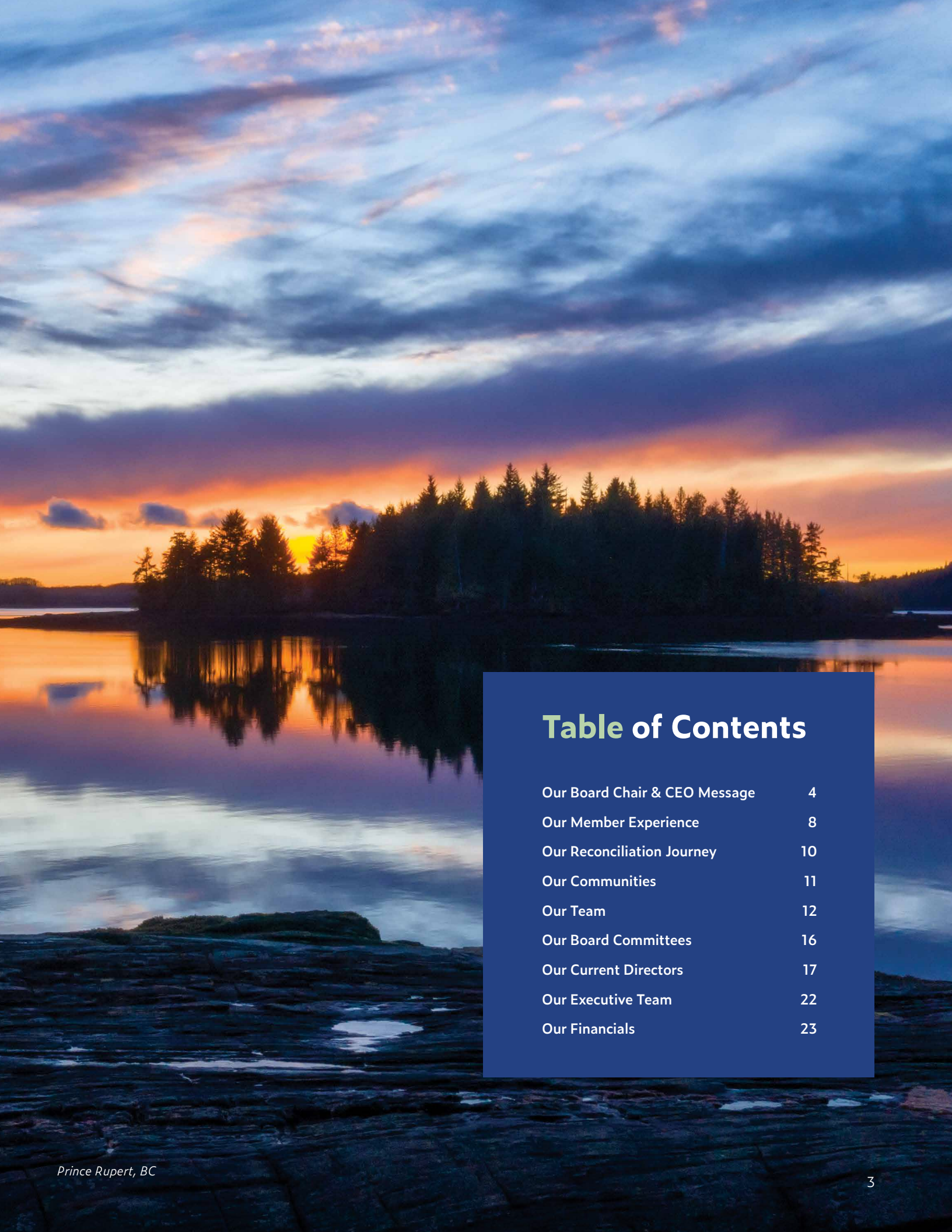


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Terrace, BC

Our Board Chair & CEO Message

Credit unions are a key provider of financial services across British Columbia and Northern Savings is pleased to provide these essential services to our Northern communities. Notably, we deliver local community service in areas of the province where no other financial institution has an established physical presence. The landscape is shifting, as credit unions continue to consolidate to realize efficiencies, and larger institutions downsize their branch footprint, withdrawing from smaller communities. Northern Savings remains a sustainable, viable financial institution, due to the support of our 17,000+ members and their sustained trust in our services.

Despite a challenging year in the financial services industry, Northern Savings' financial results were strong, achieving a consolidated operating efficiency ratio of 79.2%. We experienced modest to flat loan growth in our northern region and a moderate decrease in commercial syndicated lending in the lower mainland, which can be attributed to the increased rate environment. Modest deposit growth was achieved in the banking division, with the greatest investment growth occurring in our financial planning division.

The current environment creates challenges for borrowers, and we remain committed in helping our members navigate these challenges. Our 60-day loan delinquency, at only 0.18%, proves that this strategy is helping to keep our borrowers protected. We continue to be well positioned to meet our community reinvestment commitments and finance our borrowers' needs.

2023 continued to see changing market dynamics in the insurance space, nonetheless, we saw steady growth in our insurance division, with a 4.4% increase in our primary insurance lines. Our dedicated team of underwriters and insurance professionals work diligently to ensure clients have the solutions they need to provide proper protection and risk management.

Our financial planning division was one of the top performers nationally in terms of performance and overall growth in 2023. The team achieved a remarkable 64% increase in assets under management (AUM). This exceptional growth is a testament to our team's dedication, expertise, and commitment to delivering outstanding results for our clients.

For those looking to make the move from being renters to homeowners, it can be challenging to cover current expenses while saving towards a down payment on a home. The First Home Savings Account (FHSA) came into effect on April 1, 2023. We began offering FHSAs through our financial planning division in 2023. To further support homeownership goals, the FHSA will be expanded to our credit union product offerings in 2024. We understand the importance of homeownership and are committed to supporting our members every step of the way.

We remain focused on providing outstanding value to our members and clients. In 2023, we conducted a comprehensive member survey. The survey findings were compared to results from our 2021 survey and while there were some areas where we excelled, several opportunities for improvement were identified. The results will be used to make strategic decisions that align with members needs and expectations. Member satisfaction will be re-measured in 2024 to ensure we are on the right track.



In 2023, we made significant financial contributions, totaling over \$150,000 to various causes and groups throughout the year. Our INSPIRE Fund grew to \$75,000 in 2023, up from 2022's contribution of \$50,000."

Northern Savings is proud to contribute to the growth and well-being of our northern communities through our community donations and INSPIRE Fund. In 2023, we made significant financial contributions, totaling over \$150,000 to various causes and groups throughout the year. Our INSPIRE Fund grew to \$75,000 in 2023, up from 2022's contribution of \$50,000. The fund gives back 2% of the credit union's net profit to long-standing and legacy impact projects. When more people choose Northern Savings for their banking, investment, and insurance needs, the more we can give back to meaningful projects right here in the North.

To create tangible value for our members and showcase the co-operative difference, Northern Savings launched the Northern Perks program in 2023. The program provides Northern Savings' members with deals at participating business members' businesses – creating a mutually beneficial relationship – enhancing our members' experiences and encouraging support of the local economy. In 2024, we aim to expand the number of participating businesses and continue to further develop the program.



We implemented the Northern SunDay in 2023 – which provides employees with an extra paid day off to enjoy the sunshine in their local community.”

Supporting a positive workplace culture helps to ensure we deliver outstanding services to our members. Our employees need to have the skills to carry out their roles, and the passion and confidence to make a positive difference in our members’ lives. Our 2022 staff engagement survey told us how important a work-life balance is for our employees. Based on those learnings, we implemented the Northern SunDay in 2023 – which provides employees with an extra paid day off to enjoy the sunshine in their local community. In 2023, 80% of our employees took advantage of the Northern SunDay.

We strive to provide a simple and satisfying experience for our members, no matter what channel they choose to interact with us. We are determined to keep up with changing member expectations through an offering of appropriate products and services. In 2023, we worked hard to prepare for the launch of our refreshed online banking platform, mobile app, and public facing website. Launching in early 2024, these new platforms seek to improve overall member experience and allow us the opportunity to enhance our future digital offerings. Work has begun on creating a roadmap to support these improvements.

In 2023, we implemented the Market Conduct Code which recognizes the best practice principles we pledge to follow for soliciting, promoting, advertising, marketing, selling or distributing our products or services. The Code demonstrates our commitment to the fair treatment of all those who use our services.

Recognizing the importance of data security, we have also taken significant measures to tighten our security protocols. We understand the increasing threats in the digital landscape and have invested in robust systems to safeguard our members’ information.

We were pleased to welcome our new Chief Financial Officer, Todd Hurst, in the spring of 2023. Todd brings a solid financial background in the Canadian credit union system with over 11 years of experience in driving financial growth. With the addition of Todd, our executive team is sound and focused on providing outstanding value to our members while maintaining sustainability and our position as a leader in the credit union system.

Thank you for continuing to trust and support your local credit union. We look forward to growing our relationship with you and helping you achieve financial wellness.



Jamie Malthus
Board Chair



Stefan Delloch
President & CEO

A scenic view of a rocky coastline. On the left, a steep cliffside is covered in dense green forest, with some mossy rock faces visible. The foreground is dominated by dark, jagged volcanic rocks. In the distance, a sandy beach meets the ocean under a clear blue sky with a few wispy clouds.

Our
commitment
to building
stronger
Northern
communities,
together.



Masset, BC

Our Member Experience

As an organization that is committed to continued improvement and providing an exceptional member experience, we value our members' feedback. In 2023, we conducted a comprehensive member survey with the assistance of an outside research provider.

The survey, completed by 1,071 members, helped us to gain insights into member experience, preferences, and satisfaction levels. The findings highlight the areas where we excelled and the opportunities for future growth.

WHAT WE ARE DOING RIGHT

- Members expressed a high level of satisfaction, with over 88% of respondents rating their overall experience as either "very satisfied" or "somewhat satisfied."
- Two thirds of members feel Northern Savings' commitment to supporting the community is above average compared to other financial institutions.
- There has been an increase in member satisfaction and usage with our credit card partner, Collabria.

WHERE WE NEED TO IMPROVE

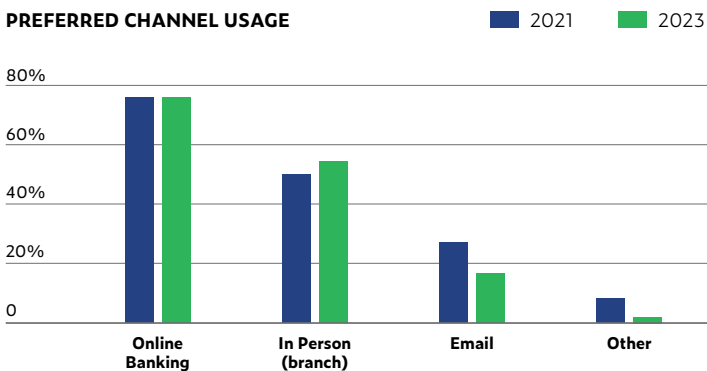
- Similar to feedback in our 2021 Member Survey, staffing shortages, answering phones, and temporary branch closures, particularly on Haida Gwaii, continue to be an area of concern.
- User experience on our online platforms were noted as needing improvement.
- The number of members using Northern Savings as their main financial institution has stayed the same; however, some members are choosing other financial institutions for secondary products and services.

OUR ACTION PLAN

We are grateful to members for their feedback. We use survey findings to guide our strategic initiatives and ensure that we can continue to deliver the products and services that our members find relevant and valuable.

- We have identified the hours and days of the week where members prefer to conduct the majority of their in-branch banking; this may result in future adjustments to our operations.
- In January 2024, we launched our refreshed online banking platform, this will allow us to implement new digital offerings.
- We are developing a product strategy that focuses on delivering innovative and high-quality offerings to ensure our members are satisfied with our products and services.

PREFERRED CHANNEL USAGE



Everyone is super friendly and whenever I have a problem, they are quick to help and resolve the issue."

Masset Member



I live in a small community on Haida Gwaii, and Northern Savings is the sole banking institution providing on-site services to local residents. It also has an actual physical presence in 2 of our communities. I gave a score of 6 to Northern Savings, as they seem to have difficulty filling job openings at times and is closed during the odd lunch-hour due to staff shortages."

Daajing Giids Member



I like the Credit Union's policies and the way the staff go out of their way to assist their customers. I like that they give back yearly from their profits."

Terrace Member



I've dealt with NSCU for decades. I got to know the staff. I moved away 15 years ago but still deal with NSCU. The friendliness and efficiency is still the same, which is GREAT! "

Prince Rupert Member

Our Reconciliation Journey



Northern Savings is situated on the traditional unceded lands of the Haida people and the traditional territories of the Tsimshian Nation. We are committed to taking real action in our journey to Reconciliation and have implemented the Calls to Action for Business as outlined by the Truth & Reconciliation Commission.



In 2023, we continued to build relationships and strengthen local partnerships. Team members from our Prince Rupert location had the honour of visiting Gitga'at First Nation – where they were welcomed into the community and enjoyed celebrations in the local school and visited the Band office. Our team continues to work with the local groups and the First Nations Market Housing Fund to expand on-reserve lending where the traditional mortgage relationship is complex.

In the spring and summer, we provided “welcome” mats in English, Haida, and Sm’algyax to give away to our mortgage holders.

We understand the important role that traditional language plays in our communities and with the consent of the Ts’msyen Sm’algyax Language Authority, we added traditional language in our Prince Rupert and Terrace branches, which is already a practice in our Haida Gwaii locations.

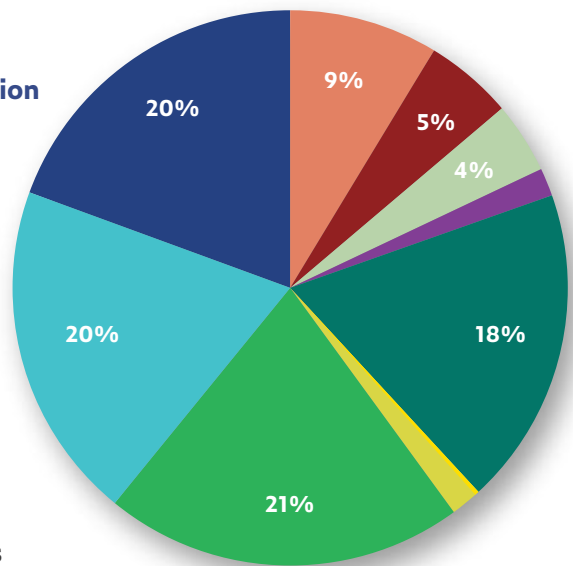


Our Communities

We're neighbours helping neighbours. Be it volunteering at local events, funding local initiatives, or helping local students pay for school, we're proud to invest in our communities so our members can thrive.

- **\$150,000+** provided through community sponsorships and donations
- **12 businesses** featured in our Business of the Month program
- **\$12,000** in bursaries and awards provided to local students
- **1,876 volunteer hours** tracked by our team through our GIVE program
- **15** learning sessions/seminars provided
- **12** Northern youth featured in the WOW Kid program
- **1** local youth sent to YES Camp


2023 Funding Distribution



- Healthy Lifestyles
- Truth & Reconciliation
- Health & Human Services
- Education
- Art & Culture
- Community Events
- Community Economic Development
- Co-Operative Development
- Environment Sustainability
- Diversity, Equity & Inclusion

Our INSPIRE Winners





**Our team is
committed
to delivering
outstanding
member
service.**



Our Team



Our Daajing Giids team helping out at Skidegate Days

Northern Savings is proud to employ close to 150 Northerners. We are committed to the development and growth of our team. We offer training opportunities to support advancement and enhance employee skills and knowledge.

We make efforts to foster a positive and engaging work environment, with a focus on work-life balance. In 2023, we were proud to launch the Northern Sun-Day – providing employees with an additional paid day off to enjoy the sunshine in our local communities.

Our team is committed to delivering outstanding member service and in 2023, our Prince Rupert and Terrace branch teams were both recognized as Best Financial Institution in the Northern View's and Terrace Standard Readers' Choice Awards. These accolades validate our efforts in providing exceptional experiences for our members and showcase our commitment to neighbours helping neighbours.

Our policies and actions help to ensure our commitment to diversity and inclusion are upheld. In 2023, all Northern Savings' employees participated in learning about the Power of Being an Ally. Following that, Northern Savings locations are working on becoming a Safe Place, which means we offer shelter to LGBT2Q+ people who may feel unsafe in the community. Safe Place is a commitment of acceptance.

We are proud to have a culture that values volunteerism. In 2023, our team demonstrated their commitment to social responsibility through their participation in our GIVE program. Collectively, our employees contributed over 1,800 hours of their time to more than 100 local groups and events, making a significant impact on the lives of individuals in our communities. We thank our employees for GIVING back to our neighbours and helping us to strengthen our shared values.



Collectively, our employees contributed over 1,800 hours of volunteer time in 2024.



Show Your Blue

Northern Perks



Exclusive Discounts for Northern Savings Members.

To create tangible value for our members and showcase the co-operative difference, Northern Savings launched the Northern Perks program in 2023. The program provides Northern Savings' members with deals at participating business members' businesses – this creates a mutually beneficial relationship – enhancing our members' experiences and encouraging support of the local economy.

In 2024, we aim to expand the number of participating businesses and continue to further develop and promote the program. Make sure to check out our website for more Northern Perks!

Business	Location	Northern Perk
Bert's Delicatessen	Terrace	15% off any sandwich or coffee beverage
Cafenara	Terrace	10% off beverages
Little Gumnut Co.	Terrace	10% off any purchase over \$75 (before taxes)
Mason Jar Studio	Terrace	10% off any purchase over \$100 (before taxes)
Ninja Restaurant	Terrace	10% off menu
Entire Automotive Services	Prince Rupert	10% off shop labour over \$100
Shutter Shack	Prince Rupert	10% off all custom framing

Our Employee Volunteer Feature

LEE AL NELSON

Northern Savings Insurance Services Ltd., Daajing Giids
Total 2023 volunteer hours: 127

"I have been coaching volleyball on Haida Gwaii since 1999, with the goal of improving our schools and players' skills and making Haida Gwaii a prominent hub for volleyball in the Northwest. Over the years, our high school teams have become highly competitive, and our volleyball program is recognized as one of the strongest in Northwest BC.

My love for the sport and dedication to the kids stem from the influence of my former coaches in Prince George. I maintain a close relationship with my high school coach, and his impact inspired me to continue

playing volleyball even after graduating from high school. In fact, I still occasionally join the kids I coach on the court.



I am grateful for the support of Northern Savings Credit Union, which allows me to leave work early to coach and travel on weekends for playdays and zone championships. Volleyball has always been a significant part of my life, and I hope to continue coaching for many more years, leaving a legacy of skilled volleyball players on Haida Gwaii. My ultimate dream is to see the students I have coached become coaches themselves after they graduate, as it is truly rewarding."

Our Adherence to the Market Conduct Code

As part of commitment to transparency and maintaining ethical conduct, Northern Savings upholds the principles outlined in the Market Conduct Code. In 2023, we focused our efforts on implementing the Code and assessing each area of the code to ensure compliance. Key areas of the Code include:

- Business practices
- Fair treatment and fair sales practices
- Access to banking services
- Transparency and disclosure
- Complaint handling

In 2023, we updated our complaint handling process in accordance with the Code. We take complaints seriously and strive to resolve them promptly and fairly. We invite our members to review our complaint handling process on our website.

Our team members undergo training and development to enhance their knowledge, skills, and professionalism to ensure they are providing our members with the best possible advice and service. In 2023, all staff completed mandatory training on the Credit Union Market Conduct Code and Accessibility Standards offered through our Credit Union Training program.

Members can review our Market Conduct Code on our website at: www.northsave.com

Our 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:

THE BOARD'S PRINCIPAL DUTIES

- 1 Adoption and monitoring of strategic and business planning processes and plans;**
- 2 Appointing, monitoring and compensating executive management;**
- 3 Overseeing management of enterprise risk;**
- 4 Establishing and upholding the Credit Union's integrity, ethics and social responsibility;**
- 5 Overseeing integrity of system of internal control and management information;**
- 6 Providing for effective communication with members;**
- 7 Establishing and maintaining effective governing practices.**

Our 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.

Our 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 2022.
Current term expires
in 2025.*

Current Board Positions:

Chair, 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 networks across Canada.

Director Compensation, Expenses, Meetings Attended and Professional Development

Compensation: \$7,371 | Expenses: \$2,980 | Meetings Attended: 12/13
Professional Development/Education: 51.5 hours
Credit Union Director Achievement Program: Levels A and B completed. Level C in progress.



MIMMO CICCONE

*Director since 2016.
Current term expires
in 2026.*

Current Board Positions:

Member, Credit & Market Risk Committee
Member, Audit & 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: \$7,275 | Expenses: \$1,547 | Meetings Attended: 13/14
Professional Development/Education: 35.5 hours
Credit Union Director Achievement Program: Completed Levels A, B and C.

Our Current Directors



RODNEY COX

*Director since 2015.
Current term expires
in 2026.*

Current Board Positions:

Member, Governance, Ethics & Human Resources Committee
Member, Member & Community Relations Committee

Background/Experience:

Rod has over 40 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: \$6,417 | Expenses: \$9,185 | Meetings Attended: 11/13
Professional Development/Education: 62.25 hours
Credit Union Director Achievement Program: Completed Levels A, B and C.



SYLVAN DAUGERT

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

Current Board Positions:

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

Background/Experience:

Sylvan is 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: \$7,792 | Expenses: \$7,953 | Meetings Attended: 14/14
Professional Development/Education: 63 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 2022.
Current term expires
in 2025.*

Current Board Positions:

Chair, 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: \$7,371 | Expenses: \$1,393 | Meetings Attended: 12/13
Professional Development/Education: 52.5 hours
Credit Union Director Achievement Levels A and B completed. Level C in progress.



JOSEPH LAVOIE

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

Current Board Positions:

Vice Chair, Board of Directors
Chair, Governance, Ethics & Human Resources Committee
Member, Credit & Market Risk 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 has overseen a multi-million infrastructure project. Joe brings a business perspective and acumen to the Board.

Director Compensation, Expenses, Meetings Attended and Professional Development

Compensation: \$8,110 | Expenses: \$3,773 | Meetings Attended: 13/13
Professional Development/Education: 41.5 hours
Credit Union Director Achievement Program: Completed Levels A, B and C.

Our Current Directors



JAMIE MALTHUS

*Director since 2018.
Current term expires
in 2024.*

Current Board Positions:

Chair, Board of Directors
Member, Governance, Ethics & Human Resources Committee
Member, Audit & Operational Risk Committee

Background/Experience:

As the Director of Asset Management at the Prince Rupert Port Authority, Jamie holds a P.Eng, and MBA, a CAMP and several other certifications and honors. Jamie leads a team of engineers and technicians who are responsible for the planning, maintenance and optimization of the port's infrastructure and assets. With over 15 years of experience, he has developed a strong expertise in project management, effective communication skills, as well as strategic vision for growth and sustainability. Committed to advancing his professional development and education, Jamie brings all these skills and knowledge to the Board.

Director Compensation, Expenses, Meetings Attended and Professional Development

Compensation: \$10,508 | Expenses: \$3,066 | Meetings Attended: 14/14
Professional Development/Education: 35.73 hours
Credit Union Director Achievement Program: Completed Levels A, B and C.
Jamie holds an Accredited Canadian Credit Union Director (ACCUD) designation.



PATRICK ROBINS

*Director since 2023.
Current appointment
expires in 2024.*

Current Board Positions:

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

Background/Experience:

Patrick's career over the past 25 years extends to roles as a City Manager, CEO, CFO and Corporate Officer within the public and private sectors. He is the principal with the consulting firm Woodland-Robins providing governance, business, and strategic planning to a wide range of government, private and not-for-profit sector clients. Patrick holds formal education and credentials in business, accounting, and management; he brings these skills to the Board.

Director Compensation, Expenses, Meetings Attended and Professional Development

Compensation: \$4,453 | Expenses: \$3,790 | Meetings Attended: 13/13
Professional Development/Education: 36.5 hours
Credit Union Director Achievement Program: Level A completed.
Levels B and C in progress.



MICHAEL TILSON

*Director since 2023.
Current term expires in 2026.*

Current Board Positions:

Member, Audit & Operational Risk Committee
Member, Member & Community Relations Committee

Background/Experience:

Michael’s background includes study in business, natural resources, geomorphology, physics, chemistry and environmental science. As the CEO of Chu Cho Environmental (a business wholly owned by Tsay Keh Dene Nation), he is a decision maker that is expected to de-risk projects, grow the business, create new opportunities, develop professional relationships and enhance the image and impact of the business. Michael brings his full depth of skills and experience to the Board.

Director Compensation, Expenses, Meetings Attended and Professional Development

Compensation: \$4,453 | Expenses: \$1,695 | Meetings Attended: 11/13
Professional Development/Education: 36 hours
Credit Union Director Achievement Program: Level A completed.
Levels B and C in progress.

Our Retired Directors

Trent Moraes: Director since April 2016 – retired April 2023.
Director compensation and expenses \$1,750.

Jeremy Pierce: Director since April 2022 – retired January 2023.
Director compensation and expenses \$1,189.

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/about

Our 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 Executive 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.

Our 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



SALMAN KHAN
Chief Operating Officer



SARAH WRIGHT
Chief Risk Officer



TODD HURST
Chief Financial Officer



TONY DEVIVEIROS
Chief Credit Officer



TYLER BOETTCHER
Chief Information Officer



LEIGH-ANNE MAGNUSSON
Manager, Marketing & Member Experience



SANTA SLUBOWSKI
Manager, Human Resources

Our 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 plan.

Key Executive Management Compensation

Top 6 Earners' Salary and Benefits:

Salary: \$ 974,212

Benefits: \$ 113,441

Total: \$ 1,087,654

Summary of Financial Position and Results

The current dynamic rate environment has created challenges not only for the financial services industry but also for all consumers of financial services. Northern Savings was able to navigate these challenges in 2023 and is well positioned to continue to provide superior value and service to its members.

In 2023, consolidated total assets finished the year at \$792 million, a 1.4% increase over 2022. Total assets under administration grew to \$1.02 billion, which is an increase of 11.3% over 2022.

Northern Savings maintains a high-quality loan portfolio with a nominal number of loans identified as uncollectible. As a result, the allowance for impairment loans has been reduced by \$573,000 to \$1.2 million. Northern Savings is in a strong position to fund future loan growth and invest in the organization thanks to cash and liquidity investments finishing the year strong at \$346 million.

Northern Savings continues to demonstrate sustainability through stable net income and retained earnings. In 2023, Northern Savings' net income was \$4.1 million. Taking out adjustments for the loan loss provision, operating income increased by \$585,000 (11.8%) over 2022.

Northern Savings continues to maintain a strong capital position with a capital adequacy ratio of 26.2% which is well above the regulatory requirement of 8%. Northern Savings also retains strong liquidity of 46.9% which increased by 5.2% over the prior year.

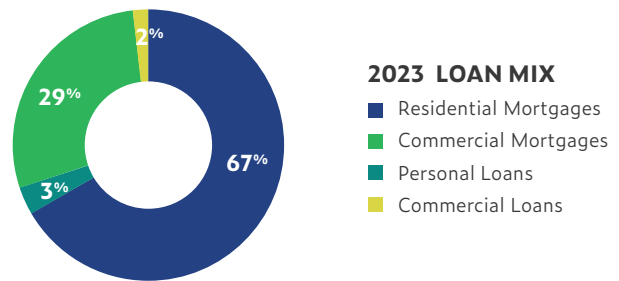
THE STATEMENT OF FINANCIAL POSITION

Loans

Loans to members decreased by \$28 million (-6.6%) in 2023. Most of this decrease came from Northern Savings' wholesale (-\$3.8 million) portfolio in southern B.C. and syndicated commercial lending (-\$16.9 million) construction projects that came to end of term. The divestiture of the wholesale portfolio was nearly completed in 2023 with a remaining portfolio of less than \$1 million which will allow the Credit Union to concentrate on its core business operations.

Local retail lending decreased by \$2.1 million (-0.7%) and local commercial lending decreased by \$5.6 million (-7.2%).

The allowance for impaired loans was reduced by \$573,000, ending the year at \$1.2 million which represents 0.28% the total loan portfolio. Northern Savings delinquency rate (>90 days delinquent) finished the year at 0.18% which is a slight increase from 2022's rate of 0.04%.



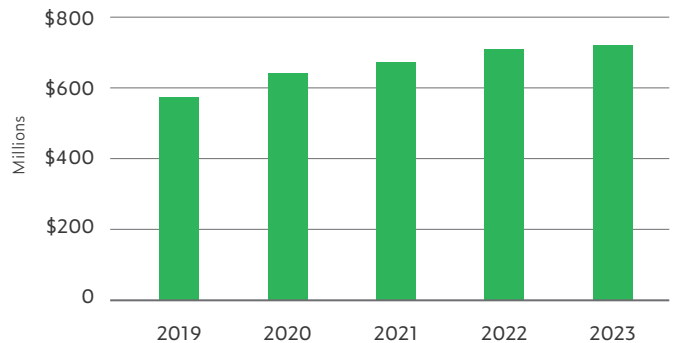
Deposits and Borrowings

Member deposits increased by \$6.1 million (0.84%) in 2023 finishing the year at \$723 million.

With the increasing interest rate environment, there was a shift from demand deposits to term deposits in 2023. Demand deposits decreased by \$12.6 million (-3.2%) while term deposits increased by \$17.4 million (8.1%).

This resulted in the growth of our Financial Services division which grew by \$91.9 million (67.4%), finishing the year with assets under administration of \$228.2 million.

MEMBER DEPOSITS

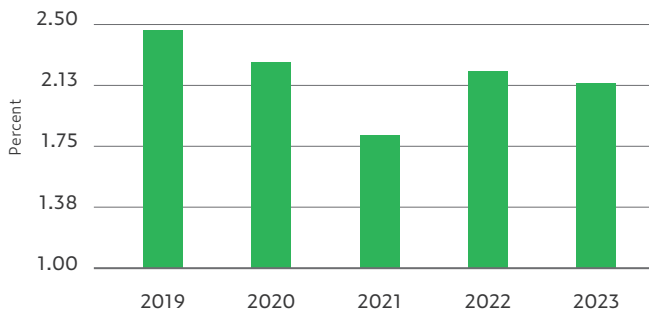


THE STATEMENT OF PROFIT AND LOSS

Financial Margin

Financial margin decreased from 2.19% of assets to 2.14% of assets in 2023. Financial margin is expected to moderately increase over the next couple of years as the bulk of member mortgages come up for renewal.

FINANCIAL MARGIN

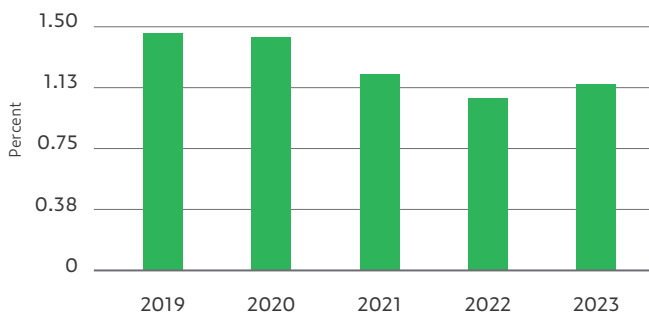


Other Income

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 increased in 2023 to \$8.9 million from \$8.4 million. This increase was largely attributable to Northern Savings Insurance Services and Northern Savings Financial Services which increased revenues by \$261 thousand (6.5%) and \$231 thousand (24.1%) respectively.

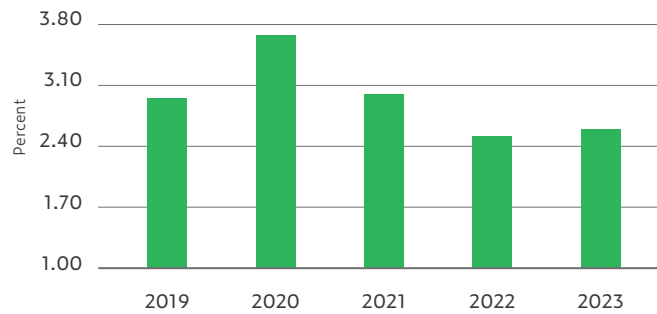
OTHER INCOME



Operating Expenses

Operating expenses were \$20.5 million in 2023, which was an increase of \$579 thousand over 2022's operating expenses of \$20.0 million. As a percentage of Northern Savings' assets operating expenses increased from 2.54% to 2.67% in 2023.

OPERATING EXPENSES



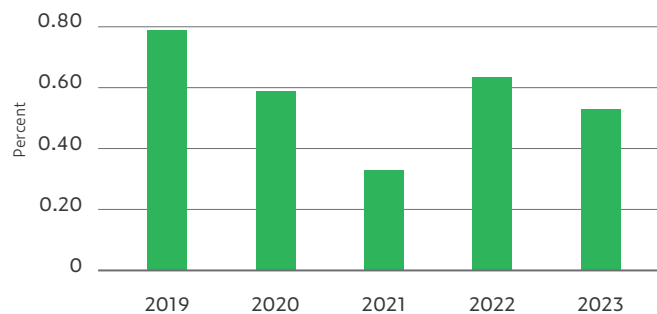
Net Income

Northern Savings' continued commitment to our northern communities has continued to add to the financial strength of the Credit Union and its membership.

Net income in 2023 was \$4.1 million. While this is a decrease from the \$5.2 million of net income that was earned in 2022, factoring out adjustments to the loan loss provision, operating income before tax increased by \$585 thousand or 11.8% in 2023.

Return on assets in 2023 was 0.53%.

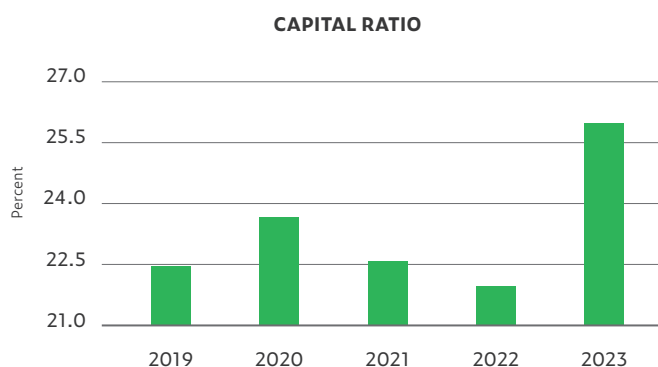
RETURN ON ASSETS



Members' Equity and Capital

Members' equity increased to \$62.3 million from \$57.9 million in 2022. 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 in the member equity section of the statement of financial position. During 2023 the market value of the interest rate swaps increased by \$321 thousand due to the markets expectation of future rate cuts.

Capital represents the credit union's ability to take on risk and invest in technology. Capital adequacy ratio, which is expressed as capital divided by risk weighted assets, was 26.2% at the end of 2023. This is well above the regulatory requirement of 8% and an increase over the prior year's capital adequacy ratio of 22.0%.



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 Credit Union's management 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 that are independent of management and report to the Board's Audit & Operational Risk Committee. 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.

2024 Outlook

The challenges that negatively affected much of the financial services industry in 2023 likely will continue to persist into 2024. Northern Savings is well positioned to be able to navigate these headwinds and continue to provide exceptional member service.

Northern Savings' 2024 business plan focuses on re-investing in the member experience with a continued emphasis on improvements to the Credit Union's banking system, the systems that support the banking system, and processes to create enhanced value for members.

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, 2023
- 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, 2023.

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 29, 2024.

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 29, 2024

Summarized Consolidated Statement of Financial Position

December 31

	2023	2022
Assets		
Cash and cash equivalents	\$ 78,998,792	\$ 68,337,249
Investments	267,351,601	238,066,475
Loans to members	425,246,891	453,209,111
Property and equipment	12,321,398	11,882,290
Intangible assets and goodwill	4,984,137	5,607,336
Other assets	2,826,542	3,354,681
	\$ 791,729,361	\$ 780,457,142
Liabilities		
Member deposits	\$ 723,064,938	\$ 716,973,594
Accounts payable and accrued liabilities	3,112,628	2,758,497
Derivative financial liability	1,314,674	1,715,880
Corporate taxes payable	880,013	499,322
Deferred income tax liability	1,050,320	608,529
	729,422,573	722,555,822
Members' equity		
Contributed surplus	1,009,446	1,009,446
Retained earnings	62,340,026	58,256,035
Accumulated other comprehensive loss	(1,042,684)	(1,364,161)
	62,306,788	57,901,320
	\$ 791,729,361	\$ 780,457,142

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



Angela Gruber, Chair, Audit & Operational Risk Committee

Summarized Consolidated Statement of Comprehensive Income

For the year ended December 31

	2023	2022
Interest revenue	\$ 28,163,255	\$ 20,031,130
Interest and loan related expenses	10,400,887	2,108,490
Financial margin	17,762,368	17,922,640
Other income	8,880,002	8,401,666
Total operating income	26,642,370	26,324,306
Operating expenses	20,528,030	19,948,681
Income from operations	6,114,340	6,375,625
Distributions to members	36,846	9,853
Income before income taxes	6,077,494	6,365,772
Income taxes	1,993,503	1,149,481
Net income for the year	\$ 4,083,991	\$ 5,216,291
Other comprehensive income (net of tax)		
Change in unrealised loss on cash flow hedges, net of tax effect	321,477	(1,364,161)
Total comprehensive income for the year	\$ 4,405,468	\$ 3,852,130

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, 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
Balance on December 31, 2022	1,009,446	(1,364,161)	58,256,035	57,901,320
Net and comprehensive income for the year	-	321,477	4,083,991	4,405,468
Balance on December 31, 2023	\$ 1,009,446	\$ (1,042,684)	\$ 62,340,026	\$ 62,306,788

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

	2023	2022
Cash provided by (used in):		
Operating activities	\$ 40,932,940	\$ 7,861,436
Investing activities	(30,271,397)	32,029,736
Net increase in cash and cash equivalents	10,661,543	39,891,172
Cash and cash equivalents at beginning of year	68,337,249	28,446,077
Cash and cash equivalents at end of year	\$ 78,998,792	\$ 68,337,249

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

Notes to Summarized Consolidated Financial Statements

December 31, 2023

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, 2023. 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, 2023, together with the auditors' report thereon, were authorized for issue by the Credit Union's Board of Directors on February 29, 2024 and can be obtained at any of the Credit Union's branches.

2. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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



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