



annual **report**
2022

message from the **board**

Dear Members:

Community investment is at the heart of all we do as a financial co-operative, and our focus on giving back and enriching our communities remained strong as ever in 2022.

As Chair of the Board of Directors, I am pleased to present our credit union's 2022 annual report. It's been an exciting year, full of growth and achievement, and we are proud to have served our members with excellence.

An extensive months-long national search and recruitment process concluded in August with the hiring of our new President and CEO, Mark McLoughlin. New leadership, with a new vision for your credit union, is underway, and we as a Board are excited about Kootenay Savings' future.

In Mark's own words: *"I'm honoured to be leading Kootenay Savings through the next chapter of its history and working with a great team of employees who've steadfastly managed the organization through uncertain times. We continue to position the credit union as a leader in delivering financial services to our valued members."*

Our sincere thanks for your continued trust and support. We look forward to serving you in the year ahead and beyond.

Sincerely,



Mike Konkin
Kootenay Savings Credit Union Board Chair

executive leadership team



Mark McLoughlin
President & CEO



Mike Bushore
Chief Enterprise Risk
& Operations Officer



Kelly Carroll
VP Wealth
Management



Ron Johnston
VP Finance & CFO



Troy Kusy
VP Strategy, Innovation
& Technology



Brian Moroney
VP Credit &
Support Services



Leanne Proulx
VP People
& Culture

L to R: **Forrest Drinnan; Am Naqvi; Keith Smyth; Roberta Schnider**, Vice Chair; **Mike Konkin**, Chair; **Wendy Booth; John Brand; Linda MacDermid; Owen Morris; John Stephens**



board of directors

the year's highlights

Thanks to your support, we invested nearly \$310,000 locally through sponsorships, grants, donations, and bursaries, supporting vital causes and charitable groups such as the Selkirk College Foundation, the Lower Columbia Affordable Housing Society, the Valhalla Foundation for Ecology, and the Neighbours United Farms to Friends Program, to name a few. We're proud and inspired to share that our community-focused employees coordinated fundraising events that raised an additional \$16,000 for causes that they care deeply about.

Our membership is critical to our success here at KSCU. We exist because of you and continue to listen to you. Based on members' feedback, we re-aligned our in-branch cash services, an area of improvement that received positive reviews. We also made significant strides in our digital transformation journey, investing in new technology and systems to enhance the member experience, including the launch of our re-designed and streamlined website in February, and the introduction of e-voting for our Director Elections in April.

In June, we implemented the credit union "Market Code of Conduct." The Code is a nation-wide CU system initiative that recognizes the

best practice principles we pledge to follow for soliciting, promoting, advertising, marketing, selling, or distributing our products or services. The Code reinforces our commitment to the fair treatment of all those who use our services.

We continued working to build a more diverse and inclusive culture for all, both within our organization and the communities we serve. Who we hire, how we

dress, the projects we support, and the ongoing education and learning we pursue are all reflections of how we're doing our part to foster greater acceptance, equality, and understanding in our communities.

Our President and CEO, Mark McLoughlin, said it best earlier this year:

"It is critical to integrate diversity, equity, and inclusion (DEI) throughout all business processes. A true DEI commitment starts not just with a wish, but with a strategy. As our DEI journey gains momentum, identifying the 'why' for our organization will help us define the 'how.' Our why and how should both be tied to our mission, vision, and organizational values to ensure KSCU continues to be a great place to work and do business for all."

We ended the year
with 221 employees
and 34,781 members.

2022 milestones

february

Launched the new and improved **kscu.com**, including a Learning Centre containing handy how-to videos, financial tools, and informative articles on a wide range of topics

april

We introduced **e-voting**, making it easy and accessible for all members to take part in the democratic process of voting in our Directors Election

july

As the Signature Sponsor of the Kootenay Boundary Regional Hospital Health Foundation **Charity Golf Classic**, we helped raise over \$70K for the hospital's Ambulatory Care Unit

october

Our **branch hours** of operation were re-adjusted based on feedback from members and employees

december

Negotiations were successfully concluded with the **United Steelworkers Union** on a renewed three-year collective agreement with our unionized employees

august

An extensive months-long search and recruitment process culminated in the hiring of our new President and CEO, **Mark McLoughlin**



employee & community impact

Our members and employees are the heartbeat of Kootenay Savings. Work flexibility, employee support systems, ongoing education, and community giving were top of mind this past year.

- We continued to invest in leadership and skill development to recognize and respond to our employees' needs for mental health support. This included a wellness challenge promoting various activities, monthly webinars covering topics such as anxiety, burnout, and coping with chronic conditions, and digital therapy and online mental health resources.
- A hybrid **work-from-home option** was introduced for employees who were able to work remotely post-pandemic.
- Employees were encouraged to enroll in **"Every Child Matters: Four Seasons of Reconciliation,"** a year-long learning experience promoting renewed relationships between Indigenous Peoples and Canadians through education about truth and reconciliation.
- We shared nearly **\$310,000 in community giving** through Kootenay Savings Community Foundation grants, sponsorships and in-kind donations, education awards, our Care Wear Program, as well as supporting the Ukrainian Humanitarian Appeal.
- Based on 2022 financial results, Kootenay Savings made a **\$200,000 contribution to the Kootenay Savings Community Foundation** so we can invest even more dollars back into community projects.





Employees raised \$16,177 through employee-led fundraising events and initiatives.



Over 200 different community groups and non-profit organizations received support from Kootenay Savings in 2022.



Committed \$15,000 to Selkirk College's Bridging Rural Homelessness Initiative to help improve the well-being of those experiencing or at risk of homelessness.



Six students each received a \$2000 Community Champs Bursary in recognition of their dedication to giving back to their community.



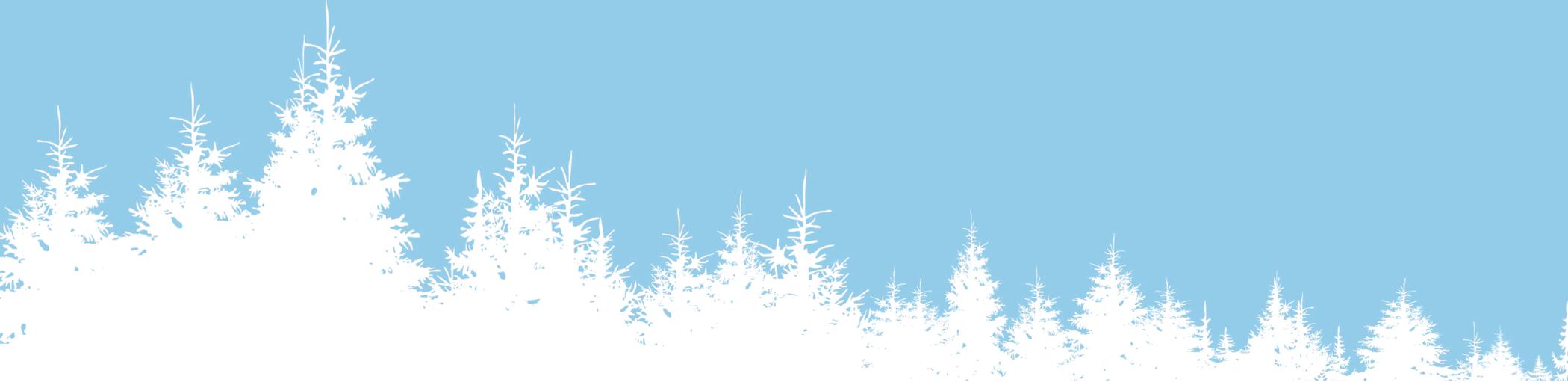
Celebrated 43 service milestones, including some employees with 30 and 35 years of service.



Employees and Directors invested their time in over 5,700 hours of training and education.



Kootenay Savings has a legacy of supporting communities in times of need, as well as stepping in to help those suffering globally during times of crisis. We stand in solidarity with the people of Ukraine and the large Ukrainian community across Canada.



financial nuts & bolts

Despite the economic challenges in 2022, we continue to be a financially sound, strong, and resilient credit union, with solid performance in key areas. These positive results will enable Kootenay Savings to continue to make important investments in our credit union, our members, and our communities.

Our consolidated assets grew to just under \$1.5 billion, and our dollars under management exceeded \$3 billion, a growth of close to 3%, in what can be best described as a challenging economic environment.

Our insurance subsidiary, **Kootenay Insurance Services (KIS)**, continued their focus on streamlining processes, most notably the introduction of a new Business Advisor. This role focuses on credit union referrals, ensuring there are no missed opportunities for growth within our credit union family. KIS also restructured their Commercial Department to better serve clients, and introduced an Independent Business Unit, allowing their commercial insurance brokers and managers to focus on obtaining new commercial business.



Our Net Income this year totaled **\$3.46 million**.



Net Interest Income & Other Income After Provisions totaled **\$37.15 million**.

On the KSCU Commercial Banking front, one of the key highlights of 2022 was our support of **The Crescent at Red**, a 102-residential unit building at the base of Red Mountain in Rossland. The development has already made history as the largest housing project ever in our region. It is a significant achievement for our Commercial Services team, particularly the connection to local ownership, contractors, and businesses, as well as the economic spin-off, given all the units are fully sold.

As with any organization, we faced several challenges during the year, including the ongoing impact of the pandemic, regulatory changes, and increasing competition. However, we also see many opportunities ahead, including the potential for growth through strategic partnerships, continued innovation in digital banking, and deepening our commitment to the community.

Focus will be our key to success. Daniel Lamarre, President and CEO of Cirque du Soleil once said, "If you want to have a breakthrough, don't look around – look ahead."



Total Deposits and Loans grew by **2.54%** and **7.98%** respectively.



\$239,880 was shared with our member-owners through a **1%** patronage dividend.



Thanks to the continued strength of the Kootenay real estate market, Retail Loan Growth was **\$94.7 million**.



condensed consolidated
statement of financial position

APPROVED BY THE DIRECTORS

Mike Konkin

Mike Konkin

Am Naqvi

Am Naqvi

AS AT DECEMBER 31, 2022
(000s Canadian Dollars)

	2022	2021
ASSETS		
Cash and deposits	\$ 81,734	\$ 148,564
Loans, net of allowance for impairment	1,234,228	1,143,039
Property, plant, equipment, intangible assets and investment property	23,037	22,378
Other investments	134,168	127,557
Other assets	24,751	21,146
	<u>\$1,497,918</u>	<u>\$1,462,684</u>
LIABILITIES & MEMBERS' EQUITY		
Deposits from members		
- demand	\$ 801,870	\$ 821,756
- term	362,964	318,674
- registered plans	225,126	215,131
- shares	2,791	3,003
	<u>1,392,751</u>	<u>1,358,564</u>
Other liabilities	15,833	13,104
Borrowings	12,151	14,262
Patronage payable	240	312
Income taxes payable	-	29
Member equity shares	11,999	12,881
Retained earnings	67,377	64,016
Accumulated other comprehensive loss	(2,433)	(484)
	<u>\$1,497,918</u>	<u>\$1,462,684</u>

NOTE: Readers are cautioned that these condensed consolidated financial statements do not include all the disclosures required for complete and fair presentation. The full 2022 consolidated financial statements and independent auditors' report can be obtained at ksku.com/about-us/governance or at any Kootenay Savings branch.

condensed consolidated **statements
of comprehensive income and
changes in members' equity**

For a deeper dive into the numbers,
visit kscu.com/about-us/governance
to view our full financial statements.

YEAR ENDED DECEMBER 31, 2022

(000s Canadian Dollars)

	2022	2021
Interest income	\$ 42,191	\$ 37,172
Interest expense	13,582	10,773
Net interest income	28,609	26,399
Securitized loan expense	(377)	(254)
Other income	8,900	9,550
	<u>37,132</u>	<u>35,695</u>
Recovery of credit losses	(13)	(664)
Net interest and other income, after provision	<u>37,145</u>	<u>36,359</u>
Operating expenses		
- personnel	20,338	19,692
- other	12,061	10,441
	<u>32,399</u>	<u>30,133</u>
Property development	(291)	(672)
Net income before other items	<u>4,455</u>	<u>5,554</u>
PATRONAGE & DIVIDENDS		
Patronage dividends - 1.00% (2021 - 1.25%)	74	101
Dividends		
Membership equity shares - 1.00% (2021 - 1.25%)	1	2
Patronage shares - 1.00% (2021 - 1.25%)	26	35
	<u>101</u>	<u>138</u>
(Gain) loss on assets	(402)	40
Contributions to Kootenay Savings Community Foundation	200	50
Net income before taxes	<u>4,556</u>	<u>5,326</u>
Current taxes	827	916
Deferred taxes	270	(235)
Net income	<u>3,459</u>	<u>4,645</u>
Other comprehensive loss, net of tax	(1,949)	(453)
Total comprehensive income	<u>\$ 1,510</u>	<u>\$ 4,192</u>
Members' equity, beginning of year	\$ 76,413	\$ 72,956
Net income	3,459	4,645
Patronage	(98)	(131)
Net redemption of member shares	(882)	(604)
Unrealized fair value losses on investments, net of tax	(1,854)	(606)
Unrealized fair value losses on investment in associate, net of tax	(95)	-
Actuarial gains on defined benefit plans, net of tax	-	93
Change in unrealized gain on cash flow hedges, net of tax	-	60
Members' equity, end of year	<u>\$ 76,943</u>	<u>\$ 76,413</u>

Corporate Offices

220 - 1101 Dewdney Avenue
Trail, BC

Castlegar

605 20th Street
Castlegar, BC

Fruitvale

1945 Main Street
Fruitvale, BC

Invermere

1028 7th Avenue
Invermere, BC

Kaslo

437 Front Street
Kaslo, BC

Kimberley

200 Wallinger Avenue
Kimberley, BC

Nakusp

502 Broadway Street
Nakusp, BC

New Denver

411 6th Avenue
New Denver, BC

Radium Hot Springs

7517 Main Street West
Radium Hot Springs, BC

Salmo

619 Highway 6
Salmo, BC

South Slocan

2804 Highway 3A
South Slocan, BC

Trail

1199 Cedar Avenue
Trail, BC

 **Kootenay Savings**

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