

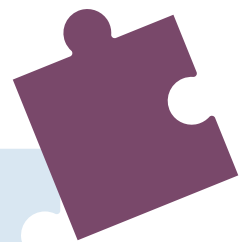


# Partnering for success.

2023 Annual Report

# Land Acknowledgment.

Northern Credit Union's footprint spans the territories of many First Nations in Ontario and Quebec and includes territories subject to the Robinson Superior Treaty of 1850, Robinson Huron Treaty of 1850, Treaty 9, the Saugeen Tract Purchase of 1836 and Unceded Algonquin Territories. We would like to acknowledge all nations whose territories host our branches and thank them for welcoming us to their territories. As settlers, this recognition of the contributions and historic importance of Indigenous peoples must be clearly and overtly connected to our collective commitment to make the promise of Truth and Reconciliation real in our communities.

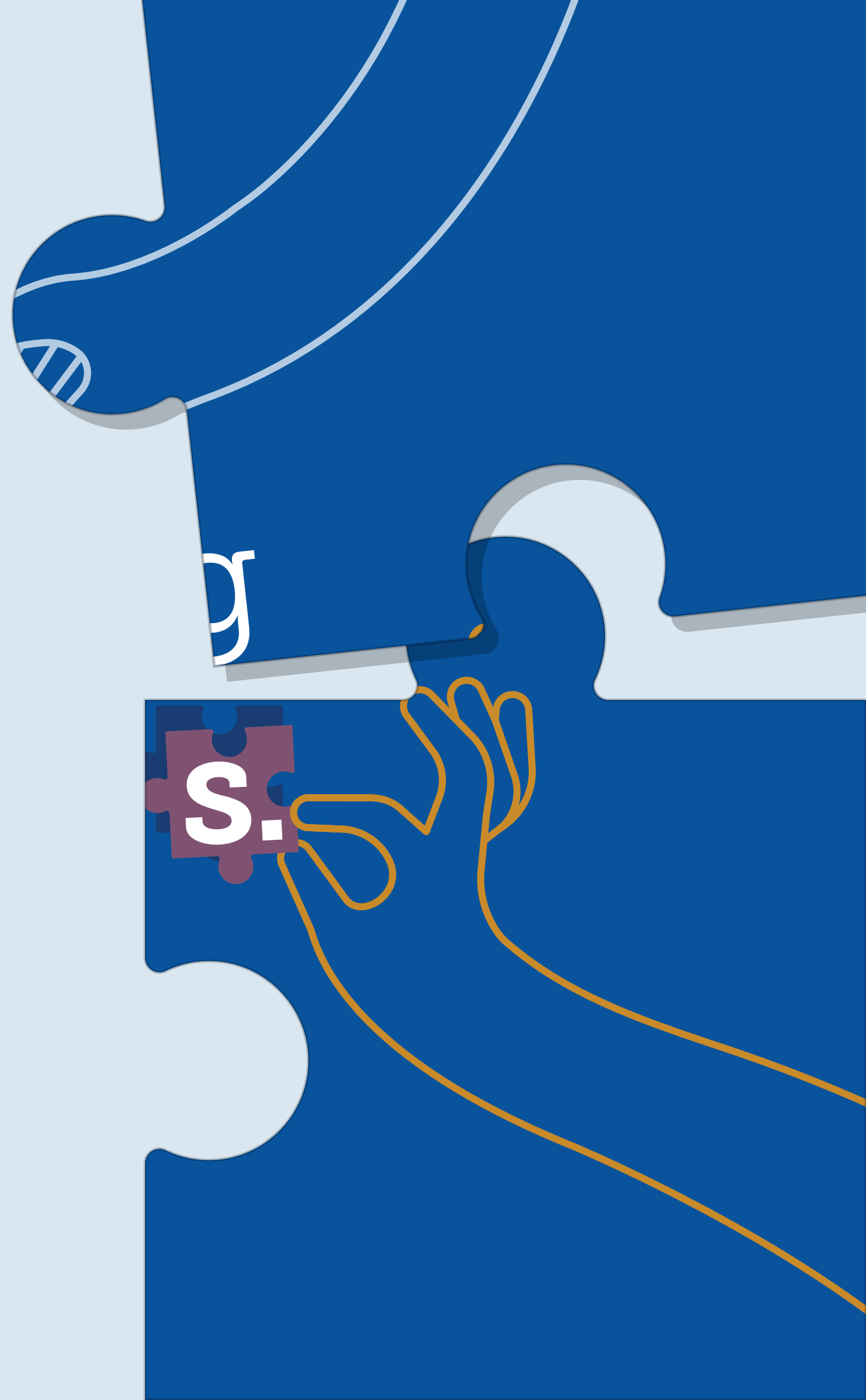


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2022-2023  
**Leadership  
Report.**





# Message from your **Leadership team.**

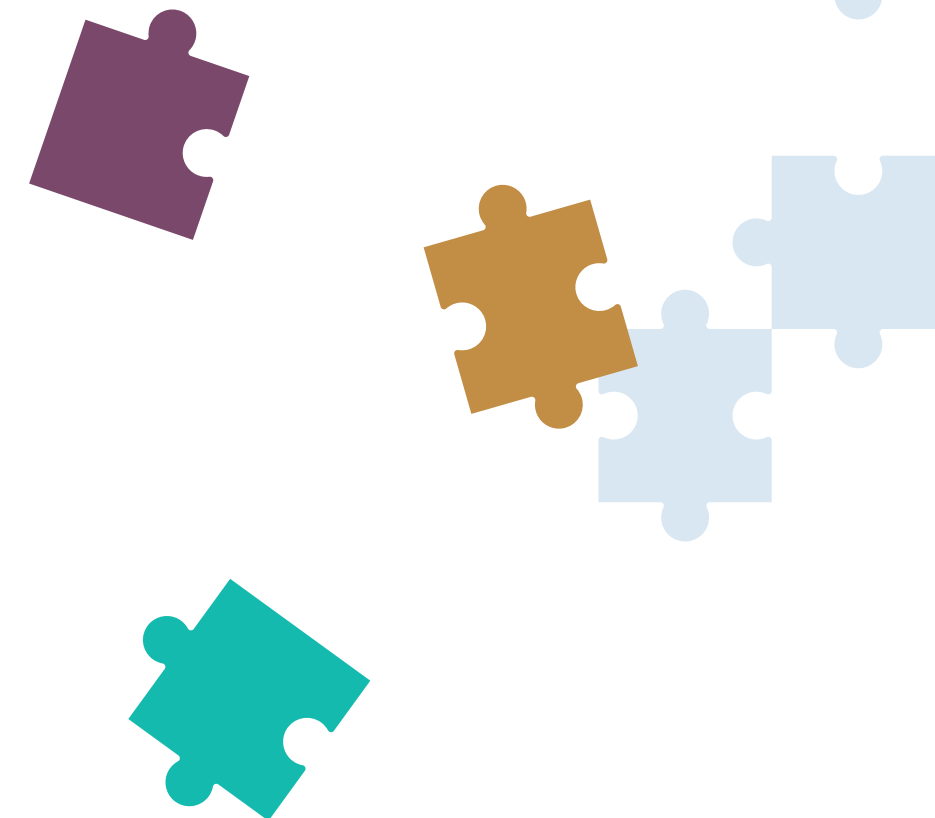
**In 2019, we embarked on a new path guided by the vision of “Making a Difference in People’s Lives.” Rooted in a longstanding commitment to supporting our people, members, and communities, we aspired to go beyond. Our focus is centered on enhancing efficiency and strengthening our capacity to create a sustainable organization for the long term. This strategic approach would provide us the opportunity to invest in technology and services that are required to remain competitive in today’s market. As we continue to grow our business and hone efficiencies, we strengthen our ability to contribute even more to our communities. Our dedication to being community driven is unwavering.**

There is, growing expectation for organizations of all sizes to commit to purpose as much as profit. While this has been part of our DNA since our establishment, formalizing and articulating the impact we make signifies our dedication to meeting expectations and leading by example. This year, we have taken new steps to align our operations and our goals as a responsible business. Part of this work has been the addition of actions, policies, and metrics to our current Corporate Social Responsibility (CSR) initiatives to create an impact strategy that moves from reducing harm to making intentional positive change.

In the spirit of community partnership and impact leadership, we are proud to highlight our significant and ongoing contributions to the community through employee volunteerism. Together our employees contributed

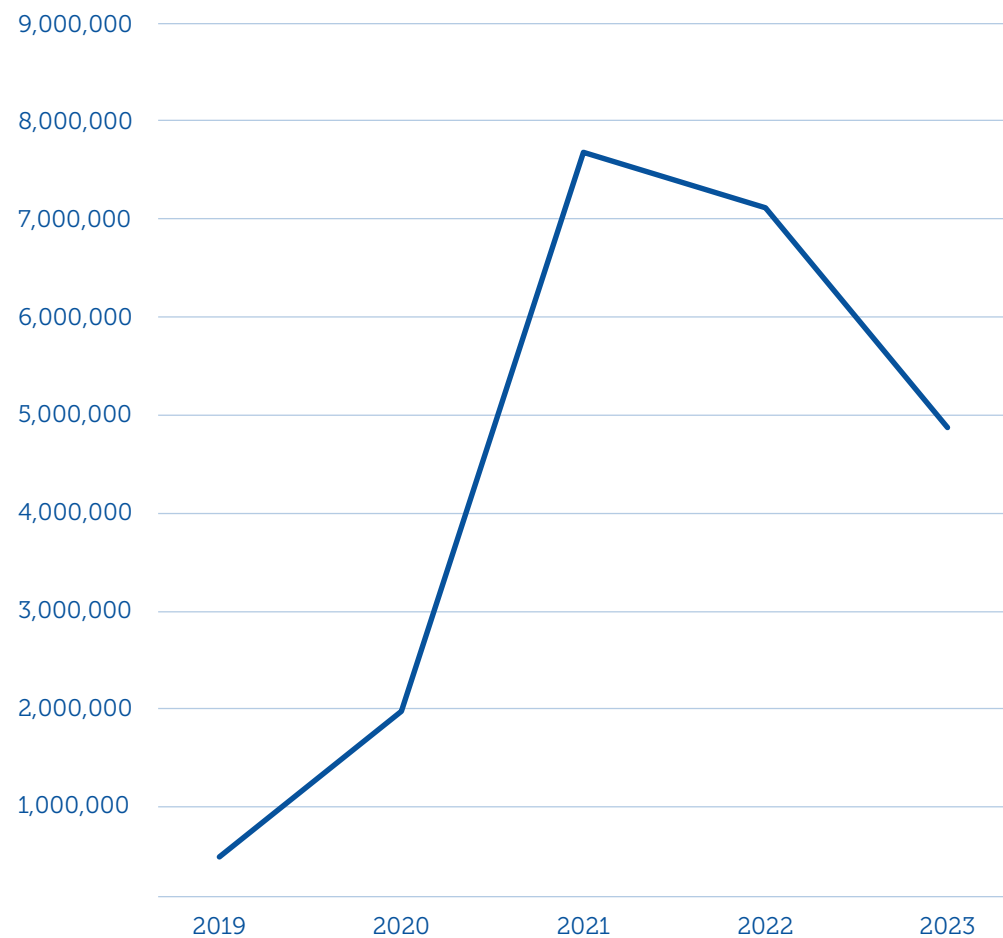
more than 228 volunteer hours across 24 communities helping to donate over \$17,000. Our commitment extends beyond financial transactions, as we firmly believe in reinvesting our profits back into the communities we serve. As affirmed by our members through our annual engagement survey, Northern has been recognized for its commendable efforts in creating a meaningful social impact across our diverse communities. This acknowledgment fuels our passion to continue fostering positive change.

Beyond our dedication to building strong resilient “Northern” communities, we are equally devoted to building a robust organization capable of consistently delivering a superior financial experience for our members. Throughout 2023, our concentration has been dual-pronged: strengthening operational effectiveness and cultivating a high-performing team.



2023 marked another strong year for Northern Credit Union, with **net income of just over \$4.8 million**. Our strong financial performance in 2023 is commendable especially considering the economic challenges posed by high inflation and high interest rates, among other forces. Since 2020, we have more than **doubled our net income with all time high net income achieved in 2021 and 2022 of just over \$7 million in each year**.

## Net Income (2019-2023)



With strong net income for the past three years and a controlled approach to growth, we have seen organic growth in our capital, **ending the year with a risk-weighted capital of 12.75%, up from 12.00% in 2019**.

Pivotal to our success over the past 4 years has been the contribution of our dedicated employees. Since 2019 we have increased our focus on enhancing our overall culture and fostering an environment that encourages individual and team learning and development. This commitment extended beyond merely providing tools and resources to include the necessary time and space for development. In 2023, we established Learning and Development Framework and introduced several leadership programs including the Certificate in Applied Leadership. To

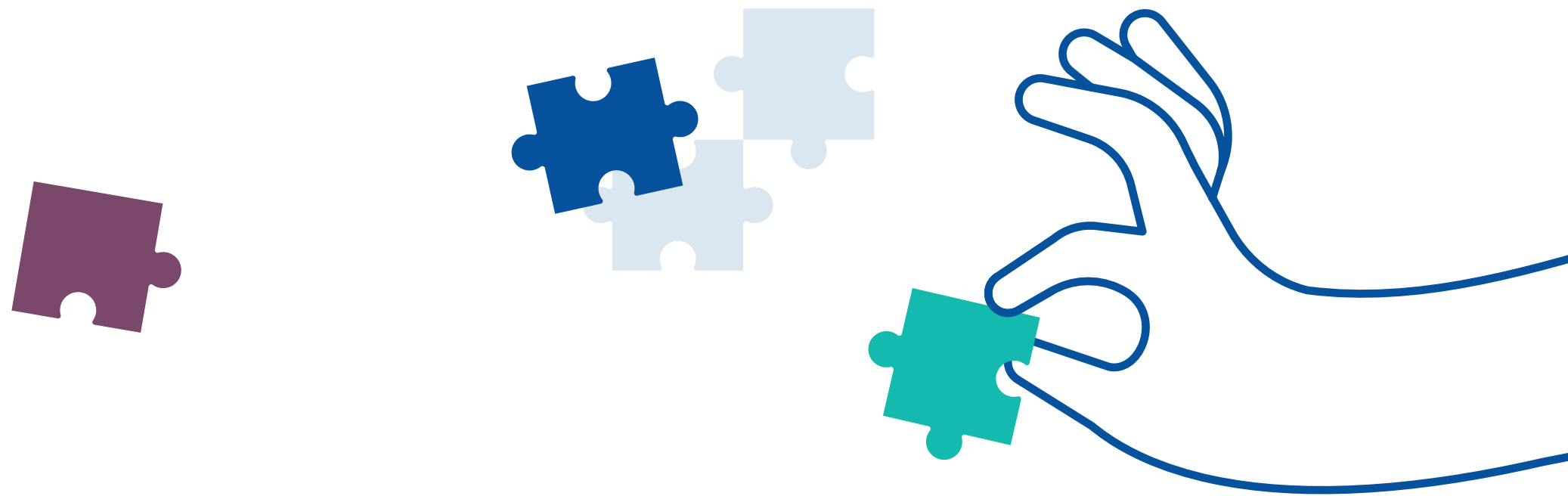
date, 18 of our Senior Leaders have completed this program with the remainder of our people leaders scheduled to complete the leadership program in 2024.

Our High-Performance Organization (HPO) Employee Survey has shown a steady increase across all five engagements dimensions since 2019. We are so proud of our employees' collective efforts and dedication to our purpose which makes us a stronger, more resilient, and more successful organization.

## HPO Employee Survey Results

				vs. 2022 Survey	# of Responses
<b>Engagement:</b>	85%	8%	7%	+3	181
<b>Alignment of Work:</b>	83%	8%	9%	+3	184
<b>Feedback &amp; Dialogues:</b>	85%	9%	9%	+5	181
<b>Capabilities:</b>	66%	13%	21%	+7	181
<b>Accountability:</b>	64%	13%	23%	+6	182
<b>Overall HPO Score:</b>	76%	10%	14%	+5	184

# Looking Ahead.



As we look ahead, we recognize that “The Power of Partnerships” encapsulates the essence of our strategic direction and underscores our belief in the transformative ability of collaboration, whether with our employees, suppliers, communities, or industry colleagues. Our most significant advantage lies in cultivating partnerships with key stakeholders who are positioned to help propel our business forward and build a successful organization for the future. In the spirit of partnership, we have undertaken two significant strategic partnership initiatives for 2024.

In early 2023, we announced that our Board of Directors, in collaboration with our Executive Management team, initiated discussions with Copperfin Credit Union. Based on a strong foundation of cooperative principles, both organizations have a long history of supporting regional economic development, employee engagement, and commitment to future forward member solutions. This set the foundation of our partnership; to harness the collective skills and capabilities of our teams, thereby building the necessary capacity to invest in our people, members, and communities.

Over the past year, substantial efforts have been dedicated to completing the essential groundwork to unite our organizations. By joining forces through this merger, we will combine the strengths of two exceptional

credit unions, enabling us to develop a strategic vision, to enhance our skill sets, and increase our capacity to continue our vision of Making a Difference in People’s lives.

Our members play a pivotal role in our merger journey. In June 2024, members will be called upon to exercise their democratic right to vote and support one of the most significant and beneficial mergers in our history. With the support of our members, we anticipate the merger’s successful conclusion in January 2025.

Our second strategic initiative for 2024 is the launch of an investment share offering, providing our members an opportunity to participate in the prosperity and growth of our organization. Launching in April 2024, the Class B Investment Shares present an investment opportunity, showcasing a competitive history of returns.

For the credit union, the Class B Investment Shares serve as essential capital, empowering us to reinvest in our business. This reinvestment, in

turn, enhances our technological capabilities, enables the delivery of new services to our members, and strengthens our business for the future. This initiative exemplifies the true value of partnership, creating a mutually beneficial scenario for all.

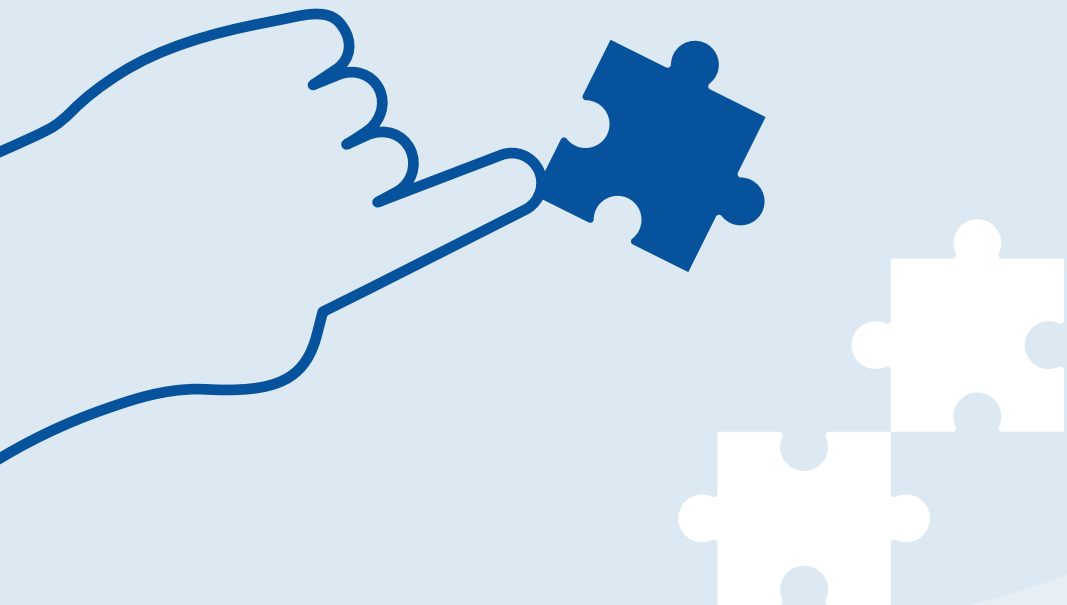
The path ahead is paved with collaboration, mutual respect, and shared values and directs us to a prosperous, sustainable and equitable future. We firmly acknowledge that our employees, members, and communities play a crucial role in our success. We remain committed to creating a unique banking experience tailored for our members, and look forward to continuing the transformative journey we embarked on in 2019.

Making a  
**Difference In  
People's Lives.**



## Our **Purpose.**

To make a difference in people's lives by creating communities where people are proud to work, live and stay.



## Our **Values.**



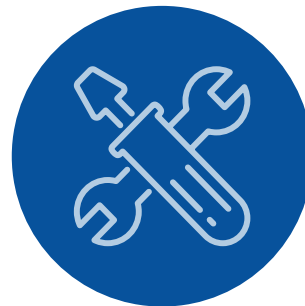
### **A True North Partner.**

- We step forward and actively participate.
- We're stronger as a team.
- We work hard, have fun and celebrate our successes.



### **Member Focused.**

- We step up.
- We make an impact.
- We provide that WOW factor.



### **All About Getting Stuff Done.**

- Amazing starts with us - own it!
- We show up prepared.
- We honour commitments and work with integrity and professionalism.



### **Owning our Growth.**

- We step out of our comfort zone.
- We seize the opportunity to learn.
- We grow a little every day.

# 2023 Financial Highlights.



**\$1.8B** in assets under management.

**\$1,265** in donations raised for local high schools in the first 4-months of the Read Local program.

**3,733** new members welcomed.

**0.62%** increase in Risk Weighted Capital providing Northern with greater growth and investment potential.

**\$17,506** donated through Community Trailblazer programs.

**MFA Multi-Factor Authentication** added to our online and mobile banking services to better protect from fraud and cyber security threats.

**\$200K+** in local investment through corporate sponsorships and donations.

**18 Senior Leaders** attained their Certificate of Applied Leadership through CCUA's eLeadership Academy.

**193** new business members welcomed.

**98%** of employees feel their work is important to their respective department's success.

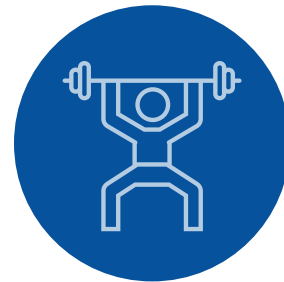
**70,000** members served.

**4,077** business members served.

# Integrating an **Impact Framework.**

Northern Credit Union is transitioning to a more deliberate focus on our People, Planet and Profit and creating a more comprehensive framework to measure our impact on all our stakeholders. Northern's cooperative structure of "one member, one vote" is the foundation on which our new Impact Aspiration Pillars stand. These pillars will be adopted at every level and touch every aspect of our organization in some way.

# Introducing Northern's **New Impact Aspiration Pillars.**



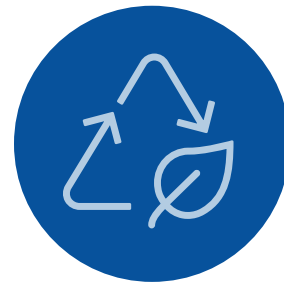
## Employee Empowerment

Northern Credit Union fosters a workplace where our employees have meaningful work and healthy work lives. Built on a foundation of Diversity, Inclusion and Belonging, Safe Work Environments, and Meaningful Work, Northern prioritizes employee wellness and development.



## Strengthening Communities

Northern Credit Union supports economically, socially, and environmentally stronger communities. With a purposeful approach on Member Financial Inclusion, Community Development, and Impact Funding, Northern will advance financial wellness, local resiliency, and social impact in communities across the North.



## Sustainable Practices

Northern Credit Union champions and facilitates a greener future for members and communities. By undertaking a more robust model founded on Northern's Environmental Impact, Creating Sustainable Communities, and Sustainable Solutions for Members, Northern will support the transition to a more low-carbon economy and sustainable future for all.

# Operational **Opportunities.**

The new Impact Aspiration Pillars are one of the ways in which we will use environmental and social issues to identify opportunities for improvement and innovation. Already, this approach has stimulated formal policy additions for Breastfeeding Accommodations, Corporate Travel, Environmental Stewardship, and Community Giving, as well as enhancements to existing policies for Professional Development and Hiring & Internships.



# Employee Empowerment.



## Our Commitment.

Northern Credit Union will foster a workplace where our employees have meaningful work and healthy work lives. We uphold a culture of inclusivity and equality supported by policies that enforce ethical hiring practices, zero tolerance for discrimination, and accessibility accommodations. We prioritize individual growth through professional development resources and partners, such as TLC 360, The Credit Union Executives Society (CUES), the Canadian Credit Union Association's eLeadership Academy, and our internal Learning and Development team.

## Community Trailblazer Programs.

Investing in and supporting our local communities is one of the most rewarding aspects of working at Northern Credit Union. Our Community Trailblazer programs are a series of initiatives that provide staff the power and influence to better their communities by aligning employee passions with Northern's impact goals.

The Win/Win Payroll Donation Program is one example. This initiative provides employees an opportunity to donate to the causes they are most passionate about through bi-weekly \$3 payroll deductions of which, \$2 is

allocated to a donation fund, and \$1 is allocated toward employee events. Employees determine each month the cause to be supported by the collective contributions in the donation fund.

Another example is the Do Some Good Volunteer Program, which is an initiative that grants all Northern Credit Union employees three hours of paid volunteer time annually. Upon completion of the three hours, employees can select a charity to be the recipient of a \$100 donation from Northern Credit Union.

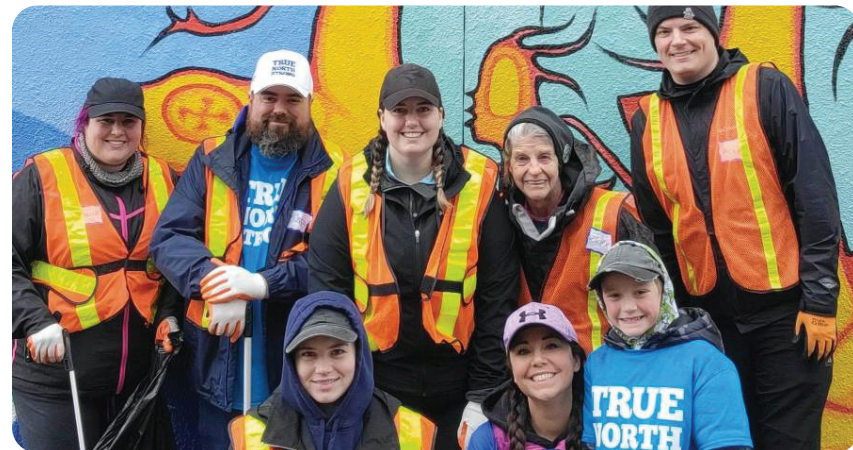




# Employee **Empowerment.**



## **Partnership Profile:** Auntie Alicia, Nurturing Community Through Action.



Alicia's volunteerism with Northern Credit Union started through the Do Some Good program, but her cultural upbringing did the rest. Alicia decided to spend her Do Some Good hours in an Earth Day cleanup in Sault Ste. Marie. She brought her 7-year-old son, and they braved the rain, picking up garbage down to the very last cigarette butt. Their reward was the cheque they could donate from Northern Credit Union to the food bank at St. Vincent Place. Also, in support of St. Vincent Place, and again with her son by her side, Alicia took part in the Coldest Night of the Year 5km walk. She volunteered for Home for the Holidays, a Northern-sponsored event providing Christmas dinner for members of the LGBTQ+ community without a place to go for the holiday.

Her most personal action of 2023 was the opportunity to present a \$3,500 Giving Tuesday donation by Northern Credit Union to ARCH Hospice, where her grandfather spent his final days. Giving back is a value that directly reflects Alicia as an Ojibwe-kwe of Chippewas of Nawash Unceded First Nation located on the Bruce Peninsula. Her branch of the family was raised in northern Ontario, far from her family's reserve, as a result of her grandmother being sent to a residential school and the government's strategy to remove indigenous children from their community and cultural environment.

Alicia's Ojibwe culture informs the lens through which she sees her volunteer work, which predominantly focuses on the environment and social issues. She sees herself as a steward of the earth, where land is not owned but cared for. Her support of the LGBTQ+ community is connected to her desire for them to have the same support and respect that Two-Spirit people have in her culture.

Alicia is called an "Auntie" in her Ojibwe culture. The Auntie generation has the role of ensuring people are cared for. And, while not yet part of the teacher generation reserved for community elders, Alicia is already a role model inside and outside Northern Credit Union.

## **Partnership Profile:** CCUA eLeadership Academy.

Investing in the development of our leaders is crucial for the continued success of our organization. The Certificate of Applied Leadership, conducted in collaboration with the CCUA, is a proven avenue for credit union leaders to advance their skills, foster trust within teams, and amplify their confidence and impact.

Led by accomplished credit union executives, the program amalgamates cutting-edge leadership theories with neuroscience, resulting in building collaborative learning environments. The Certificate of Applied Leadership enables our managers to refine their skills, stay ahead of industry trends, and contribute to the growth and success of our teams.

A graphic consisting of two interlocking puzzle pieces. The left piece is teal and contains the text '18 senior leaders graduated.' The right piece is dark blue and contains the text '300+ hours in cumulative guided learning.'

# Strengthening Communities.



## Our Commitment.

Northern Credit Union builds stronger communities by offering products and services to members that promote equality and support financial wellbeing. Members benefit from accessible and diverse financial opportunities through Northern's partnerships with CUMIS Home & Auto Insurance, Collabria, Willful, Aviso Wealth, the Ontario Credit Union Foundation, and Clover Payment Solutions. Northern invests 1% of pre-tax profits in programs and causes that strengthen local resiliency. This financial commitment is layered on top of robust employee programming and philanthropic advocacy, making Northern an impactful social change agent in our communities.

**\$200K+** invested back into Northern communities:

<b>\$86,000+</b> toward marginalized and underserved populations.	<b>\$79,000+</b> toward local economic development.	<b>\$22,000+</b> toward medical facilities and resources.	<b>\$6,250+</b> toward environmental sustainability.	<b>\$5,700+</b> toward supporting youth education.
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**147** organizations and charities supported in **27 communities**

In 2023, Northern began offering the **First Home Savings Account** to get our members closer to their goal of homeownership.

## Giving for Good: Making Widespread Impact.

Everyone deserves joy during the holidays, and Northern Credit Union reinforced that belief through widespread impact by giving \$78,000 in monetary and in-kind donations through the Holiday Giving for Good campaign. Reflecting deep-rooted connections with the communities served, all of Northern's 25 branches were involved by selecting charities to support and presenting donations. This decentralized approach ensured tailored and impactful contributions across all Northern's communities.



**\$42,000**  
towards combating food insecurity.

**\$11,500**  
toward healthcare and mental health services.

**\$20,000**  
toward supporting marginalized communities.

**\$4,500**  
toward community and youth development.



# Strengthening Communities.



## Partnership Profile:

Willful, delivering affordable estate planning.

Northern believes in empowering people with the knowledge and tools to secure their financial legacy. In 2023, Northern Credit Union partnered with Willful to help members create legally-sound, affordable end-of-life plans. Last will and testaments ensure wishes will be legally upheld and that loved ones will not carry the burden of allocating assets. Northern members access the Willful platform at a discounted rate and receive compassionate guidance and personalized wills.

## Partnership Profile:

Copperfin Credit Union, creating a better future forward.

Northern Credit Union and Copperfin Credit Union spent much of 2023 in partnership, exploring whether, as a merged entity, additional value could be created for employees, members and the communities we jointly serve.

These talks are part of how Northern Credit Union is looking at reaching its goal of improving sustainability and resilience. Achieving continuous business improvement through economies of scale and boosted competitive resources is critical in a world with shifting technological needs and customer behaviours. A potential merger could create efficiencies and provide much-needed human capital to build capacity in many areas, enabling added focus on strategy, increased regulatory requirements and investment in other areas that would accelerate our business. Like Northern, Copperfin is committed to retaining a unique local identity, fueling innovation and accelerating the development of products and services for members. A commitment to excellence and member-centricity is core to the potential of a more formalized and permanent partnership.

In 2023, we embark on this journey with excitement about the possibilities that lie ahead. In the coming year, we will continue to explore what embracing growth will look like as Northern Credit Union charts a path towards a more resilient organization, building a stronger financial future for employees, members and the communities where people will want to live, work and stay. We look forward to sharing more news regarding this strategic exploration in 2024!

## Partnership Profile:

The Northern Community Centre, a vibrant hub for all.

The Northern Community Centre is an ongoing \$305,000, 15-year partnership with the City of Sault Ste. Marie, providing an inclusive space that fosters personal growth, community engagement, and memorable experiences.

In 2023, Northern Credit Union and the City of Sault Ste. Marie celebrated the Northern Community Centre's expansion, making it an even more attractive and utilized community destination. The Centre is now fully accessible, boasts two new NHL-sized ice rinks, a rubberized community walking track, 10 changerooms, public meeting rooms used by local schools and community groups, a concession stand, a reception area, and an electric-powered Zamboni.



# Sustainable Practices.



## Our Commitment.

Northern Credit Union champions and facilitates a greener future for our members and communities. We provide sustainable banking practices, such as online and telephone banking, paperless transactions, and teleconferenced board and committee meetings. We commit to ongoing energy-efficient improvements of our operations to minimize our carbon footprint, including a 4-star rating for our corporate head office.



## Our Journey.

Our journey toward sustainability has been marked by earnest efforts and significant strides this year. However, we must acknowledge that our journey is far from complete. The truth is, we need to do more. While commendable, our efforts have only scratched the surface of what is required to make a lasting impact. We recognize the critical need to enhance our measurement practices to understand our environmental impact better, enabling us to target our efforts more effectively. Transparency will be our guiding principle moving forward, as honest communication about our progress, challenges, and the areas where we fall short is essential to build trust and drive collective action. We are committed to expanding our sustainability initiatives and setting more ambitious goals, rigorously measuring our impact, and openly sharing our journey. This approach will ensure that we are not just participants in the movement toward sustainability but leaders driving meaningful change.

## Corporate Travel.

At Northern Credit Union, we understand the implications of travel for both people and planet.

For transportation related to staff commuting, we encourage the use of sustainable transportation options where possible. Where travel is required, whether short or long distance, employees are asked to consider the least carbon-intensive method of transportation to secure our business objectives. We encourage our team to use public transit, low-emission vehicles, or carpool with other employees when this is an option.

## Environmental Stewardship.

It is the responsibility of every company to consider the environmental impact of our work. Northern Credit Union is committed to reducing our environmental footprint, and we encourage our team members to practice good environmental stewardship, whether they may be working at the office or remotely, specifically regarding recycling, paper and energy use.

# Sustainable **Practices.**



## **Partnership Profile:**

### Northwest & Ethical Investments, Responsible Investment Solutions.

To help members achieve their financial goals while making a positive impact on the world, Northern has partnered with NEI Investments, which employs four responsible investment strategies: exclusionary screens, ESG integration, impact & thematic, and active ownership.

NEI Impact Funds invest in companies solving the world’s biggest challenges—climate change, resource scarcity, equality, health, housing, and more.

Within the portfolio of impact funds offered to members, four funds exclude all companies whose primary activity involves the extraction and production of fossil fuel or owning fossil fuel reserves.

## **NEI Responsible Investment Strategies.**

### **Exclusionary Screens.**

Companies may be excluded from the funds based on certain criteria, such as the revenue generated from the tobacco and gambling industries or because they produce fossil fuels.

### **ESG Integration.**

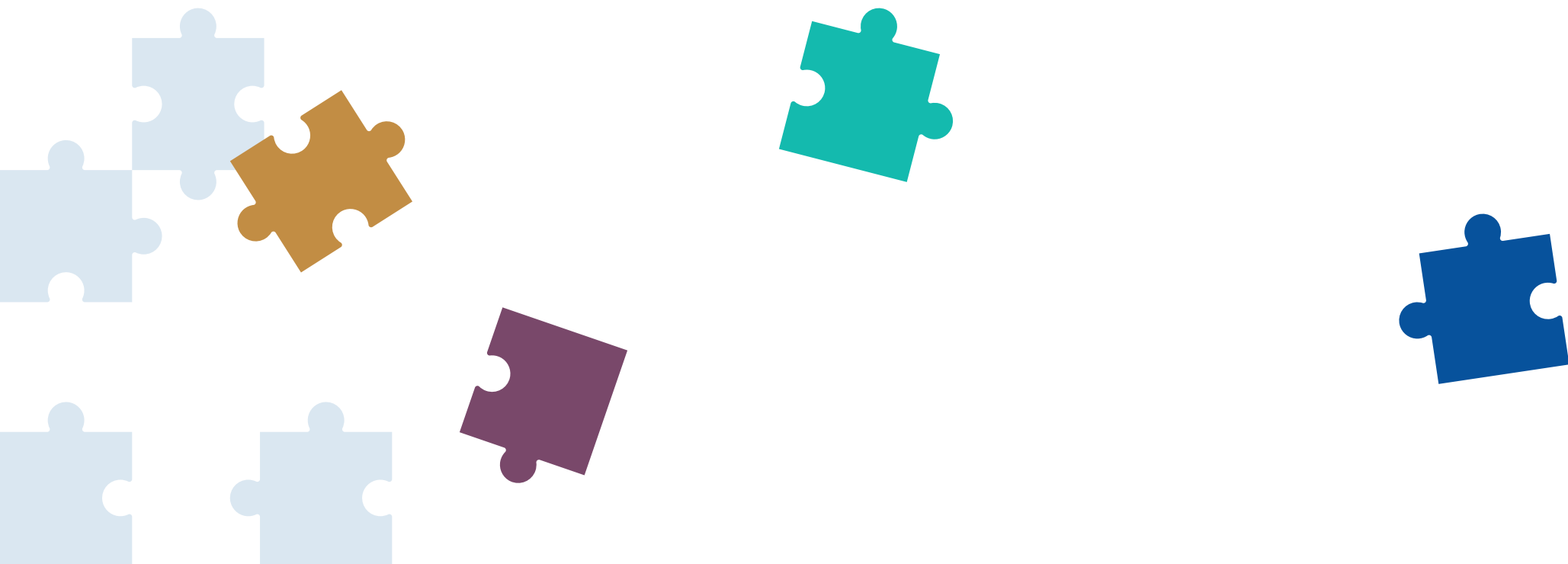
Companies are evaluated on their environmental, social and governance (ESG) performance, and ESG considerations are integrated throughout the investment process.

### **Impact and Thematic.**

Investments that lead to measurable improvement for society and the environment through positive intention, measured impact, and financial return. Thematic funds focus on an investment “theme,” such as climate change, resource scarcity, or energy infrastructure.

### **Active Ownership.**

Using rights as shareholders to influence corporate behaviour. Tools include corporate dialogue, proxy voting, and shareholder proposals.



# Board of Directors **Governance.**

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success

2023 Annual Report



# Governance Philosophy.

The Credit Union recognizes the critical role that effective governance plays in Northern's success, as it sets the foundation for effective decision-making and oversight. The role of the Board is to represent the interests of stakeholders, provide strategic direction that is aligned with our purpose, and create a vibrant, dynamic, and successful credit union.

The Credit Union is committed to achieving high standards of effective governance, challenging itself to move beyond compliance and to govern with excellence. It recognizes that the Board is responsible for governance and that what the Board does, and how it does it, is fundamental to achieving good governance.

Northern Credit Union's Board of Directors, operating as a policy board, approves a comprehensive set of Board policies that provides broad direction and delegates authority to Management for the operations of the Credit Union, to ensure consistency with those Board policies. The Board oversees Management decisions to ensure that sound and prudent practices are supported by effective organizational and procedural administrative systems. Effective internal controls are established to ensure compliance with applicable laws, regulations, rules, and established policies. In carrying out the Board policies, Management develops its own operational policies and practices.

The Board's commitment to the organizational purpose involves a deep understanding of the organization's mission, values, and goals. It also involves ensuring that these values and goals are reflected in all aspects of the organization's decision-making processes. The Board works closely with Management to ensure resources are allocated to support the organization's strategic purpose and to monitor progress toward achieving its goals.

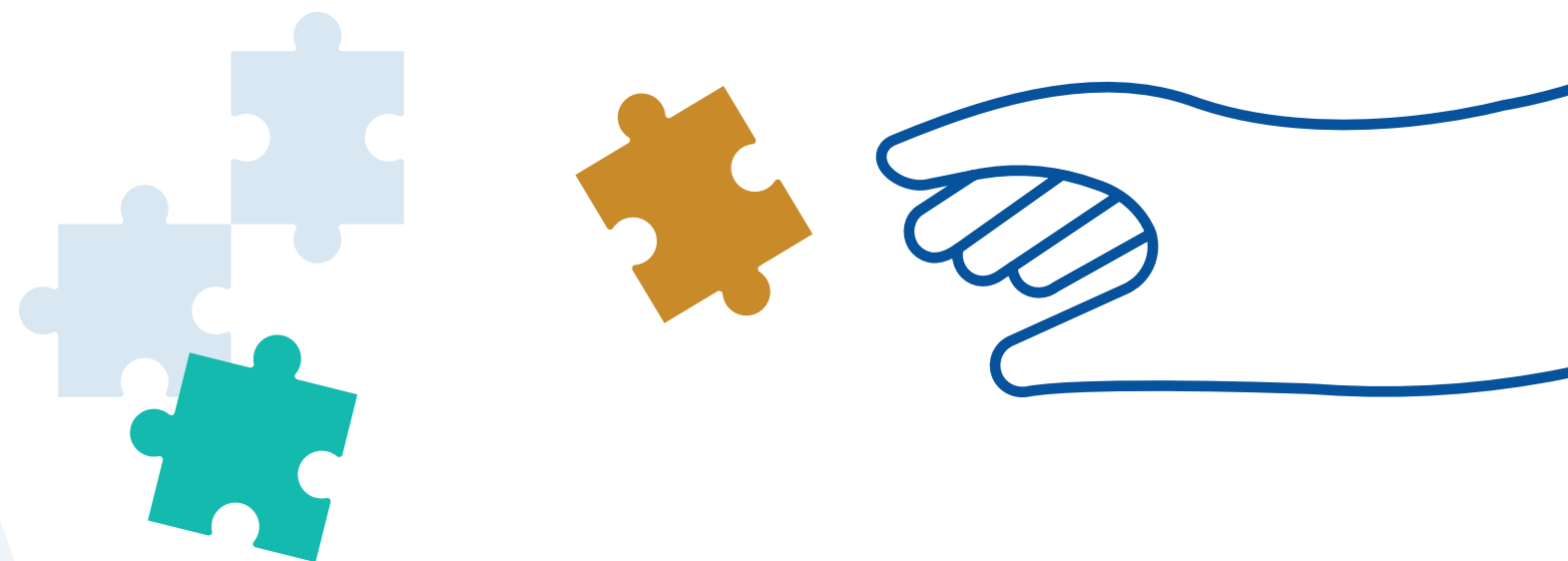
# Compliance with Legislative & Regulatory Requirements.

The legislative and regulatory environment has changed significantly over the last few years starting with the proclamation of the new Credit Unions and Caisses Populaires Act (2020) together with Regulations. As a result, the Financial Services Regulatory Authority of Ontario (FSRA) was provided increased powers to set rules to administer the aims of the Act in a more principled-based approach through those rules, allowing for greater flexibility for Credit Unions.

In addition to increased powers to FSRA, the new Act granted increased business powers to Credit Unions and Caisses Populaires to allow Credit Unions to be more agile and competitive by being able to increase the products and services they can offer to their members.

A number of new Rules and Guidance have been issued and the Board is working in conjunction with Management to ensure the Credit Union meets all its requirements under the Act, Regulations and Rules and continues to engage with system stakeholders through consultation to ensure the Credit Union's compliance and ongoing progress to improving our business and serving our members better.

Within a principled-based environment, there is a higher onus on the Credit Union to understand all aspects of its business and meet the higher expectations of the Regulator. In that same sense, the bar has been raised for the Board in strengthening its core competencies and providing increased oversight. As a result, the Credit Union's Board nomination process, evaluation process, and training and development requirements, have been improved to ensure that the Board can meet the high bar to oversee the operations of a credit union of Northern's size and complexity.



# Meet our Board of Directors.

Our Board of Directors spearhead a number of committees dedicated to creating a dynamic & successful credit union.



## Board Chair Tim Foster

Tim is the Chair for the Board of Directors, and is also a part of the Governance and Nominating Committees.



## Board Vice-Chair Sue Klatt

Sue is the Vice-Chair for the Board of Directors. Sue is also the Chair of the Governance Committee, and is a part of the Human Resources Committee as well.



## Amber Aird-Williams

Amber is the Chair of the Audit Committee, and is a part of the Governance Committee as well.



## Peter Beaucage

Peter is a part of the Finance and Risk Committee, and is a part of the Nominating Committee as well.



## Jeannie Kilgour

Jeannie is the Chair of the Human Resources Committee, and is a part of the Governance Committee as well.



## Max Liedke

Max is a part of the Audit Committee, and is a part of the Finance and Risk Committee as well.



## John Mangone

John is a part of the Audit Committee, and is a part of the Nominating Committee as well.



## Lori Martin

Lori is a part of the Governance Committee, and is a part of the Finance and Risk Committee as well.



## Daniel McCoy

Daniel is the Chair of the Nominating Committee, and is a part of the Human Resources Committee as well.



## Cameron Ross

Cameron is the Chair of the Finance and Risk Committee, and is a part of the Audit Committee as well.



## Reg St-Amour

Reg is a part of the Finance and Risk Committee, and is a part of the Human Resources Committee as well.





# Board Diversity Report.

Northern Credit Union is committed to promoting diversity, equity, and inclusion in all aspects of our work, including within our Board of Directors. We believe that a diverse and inclusive Board is essential for effective governance, and for ensuring that our organization serves all stakeholders equitably and responsively.

Our commitment to Board diversity is demonstrated by our efforts to recruit and retain Board members with varied backgrounds, experiences, and perspectives. We believe that a Board that represents the diversity of our communities and stakeholders brings a variety of perspectives and experiences to decision-making and better informs our strategic priorities.

The Nominating Committee's mandate is to develop criteria that equitably evaluates all candidates. Considering their skills, education, experience, and commitment ensures collectively that they can discharge their duties and responsibilities effectively, having regard for the nature, size, complexity, operations, and risk profile of the Credit Union. In doing so, the Nominating Committee aims to recruit individuals that fill strategic competencies in the Board profile as determined by the Governance Committee.

Northern Credit Union considers the diversity of thought, experience, and background important in building a balanced Board that has complementary expertise, skills, and perspectives. The Nominating Committee will endorse the best-qualified candidates for election to Northern Credit Union's Board taking into consideration the broad diversity required to provide effective oversight. We recognize that achieving diversity and inclusion is an ongoing process, and we are committed to regularly reviewing and updating our practices to ensure that we are making progress toward supporting our goal. We believe that by working together, we can create a Board that truly reflects the diversity of our communities and is better equipped to serve their needs.

**In fiscal 2023, Northern's Board composition consisted of qualified individuals with a diverse range of education, experience, and expertise.**

**64%** Were male.

**36%** Were female.

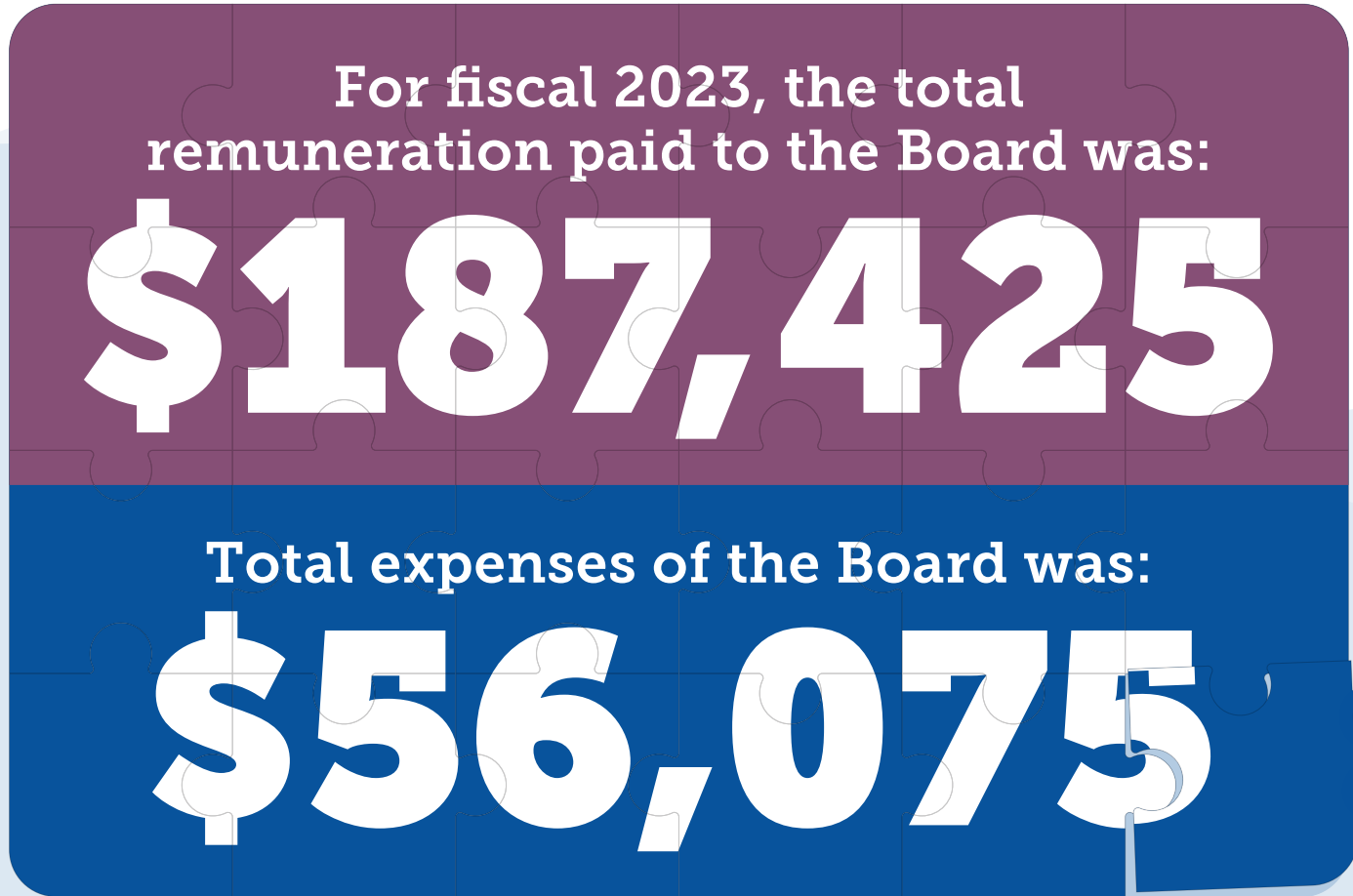
**9%** Were black, indigenous, and/or people of colour (BIPOC).

**2/5** Committee chairpersons and the Vice-Chair were female.

# Board Remuneration.

It is the policy of the Credit Union that Directors receive fair financial compensation for their services to Northern Credit Union commensurate with the size and complexity of the Credit Union. The primary objective of the Credit Union is to serve the membership. It is this commitment that guides the leadership of the Credit Union, and any reimbursement is intended to offset expenses, and to a reasonable measure, the Directors' time dedicated to the Credit Union business.

To ensure an ongoing objective approach to compensation, the Board seeks external credit union comparator information, aiming for compensation that is in the 50th percentile or median range for like-size credit unions at the national level. To ensure that compensation levels do not fall behind the market, comprehensive compensation reviews are conducted every two years.



# Board Evaluation Process.

The Board is committed to ensuring effective performance and competency requirements of all Directors. A comprehensive Director Assessment and Evaluation process is completed on an annual basis and each Director participates in this process to assess the effectiveness of the Board as a whole, each of the Committees, Chair of the Board, Audit Committee Chair, Committee Chairs, and their peers.

In conjunction with an annual skill and competency assessment against nine core competencies, individual development plans are designed to address any gaps in skill set and experience. As well, overall Board competency gaps for focused recruitment along with a robust endorsement process are embedded into the nomination process. This supports continuous improvement in the Board profile and prioritizes succession planning and diversity.

# Board Training & Development.

The Board of Directors plays a critical role in guiding the direction and strategy of a credit union, and it is essential that the Board continuously learns and develops key skill sets to effectively fulfill this role. Board learning aligns with Northern's strategic objectives by ensuring that the Board has the knowledge, skills, and expertise necessary to make informed, effective decisions that support Northern's mission and goals.

Directors participate in ongoing training and development that includes Director development courses to maintain their accreditation, and other structured and nonstructured learning opportunities that close competency gaps while keeping them abreast with industry changes.

## Types of **Training.**

### Informal:

Autonomous, industry-relevant learning through scholarly articles, educational videos, podcasts, social media, or guest speakers.

### Formal:

Board participation includes scheduled self-directed courses, new Director and Audit Committee orientations, development conferences, webinars, seminars, or workshops that are relevant to the credit union industry.

### Mentorship:

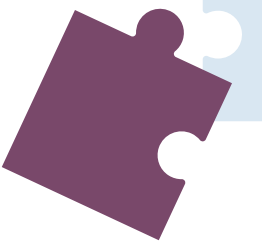
Formal coaching and guidance are provided for new Directors with the intention to expedite their ability to conduct their fiduciary role.

A formal Mentorship program is an integral piece of our new Directors' orientation curriculum. The Mentorship program ensures that new Directors have a valuable resource to guide them through the necessary Director requirements, duties, and responsibilities in their first year of governance. The program is reviewed on an annual basis with feedback from the participants which is used to enhance the program.

### Accreditation:

The Accredited Canadian Credit Union Director (ACCUD) accreditation guarantees that Directors understand, meet, and maintain appropriate competency levels in credit union corporate governance through a certified designation.

Northern Credit Union Directors are required to complete three levels of credit union governance courses through the CCUA's Credit Union Director Achievement (CUDA) Program within their first term of service. Through CUDA, Directors develop a deeper understanding of the foundations, risks, strategies, and applications associated with credit union governance. CUDA graduates who have served on a credit union board for two years are eligible to write a qualifying exam for their ACCUD designation. As of the end of 2023, ten Directors have successfully completed their ACCUD accreditation with one Director in-process. ACCUD accredited Directors are required to complete at least four Continuing Education courses annually to maintain their designation.



# Audit Committee Report for 2023-2024.

Northern Credit Union Limited’s Audit Committee is a committee of the Board of Directors pursuant to Section 104 of the Credit Unions and Caisses Populaires Act, 2020 and Section 36 of Ontario Regulation 105/22. The committee consisting of five directors has adopted a mandate that comprises all of the duties specified to be performed by Audit Committees in the Regulations to the Act.

The Audit Committee is pleased to report to the members of Northern Credit Union that it is functioning pursuant to the requirements of the Act, and that it has fulfilled its annual mandate. The Audit Committee held five meetings during the year and completed the following significant activities:

- Served as the liaison between the Board of Directors and the external auditors.
- Reviewed and recommended to the Board of Directors, the terms of engagement for the external auditors and their remuneration.
- Reviewed and approved the external auditors’ scope and audit plan.
- Reviewed the audited financial statement of the Credit Union and recommended their acceptance to the Board of Directors.
- Served as the liaison between the Board of Directors and the internal auditors.
- Received and reviewed and approved the internal audit scope and plan.
- Received and reviewed all Internal Auditor activities and reports.
- Received and reviewed reports of regulatory compliance audits, including the Credit Union’s response and progress on management’s action plans.
- Held in camera sessions with both the external and internal auditors.
- Reviewed the committee’s mandate and annual workplan to ensure compliance with our responsibilities.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or Senior Management, as appropriate, with respect to the matters outlined above, and follows up to ensure that the recommendations are considered and implemented.

The Committee received full co-operation and support from the CEO and Management enabling it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of Northern Credit Union. The Audit Committee demonstrated a respectful and professional relationship with all parties.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters the Audit Committee believes should be reported to the members, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations.

Respectfully submitted,



*Max S. Liedke*

Max Liedke, Audit Committee Chair

## Board of Directors Meeting Attendance (2023–2024)

Director	Term Expiry	Branch	Meetings Held	Meetings Joined
Amber Aird Williams	2025	Durham	30	28
Peter Beaucage	2025	Timmins	29	28
Tim Foster	2024	North Bay	24	24
Jeannie Kilgour	2026	Capreol	29	29
Sue Klatt	2026	Barry's Bay	29	19
Max Liedke	2024	Sault Ste. Marie	29	28
John Mangone	2024	Sault Ste. Marie	30	29
Lori Martin	2026	Sudbury	29	22
Daniel McCoy	2024	Wawa	29	27
Cameron Ross	2024	Thessalon	30	30
Reg St-Amour	2025	Sault Ste. Marie	30	29

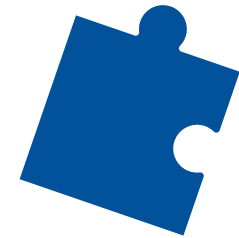
# 2023 Financial Report.

for success in  
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2023 Annual Report



# Financial Report for 2022-2023.



## Management's Responsibility For Financial Information.

Management is responsible for the preparation, presentation and consistency of the summarized financial statements and the complete financial statements of Northern Credit Union Limited and all the information in this Annual Report. The summarized financial statements are derived by management from the complete financial statements. The complete financial statements have been prepared by Management in accordance with International Financial Reporting Standards. Management has prepared the financial information contained in the Annual Report and has ensured that it is consistent with the complete financial statements. Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained. This system of internal controls provides reasonable assurance that financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit Committee, in carrying out their responsibility, has reviewed and approved the complete financial statements. KPMG LLP, the independent external auditors appointed by the members of the Credit Union, have examined the complete financial statements in accordance with Canadian generally accepted auditing standards.





Richard Adam, President & CEO





Tammy Buchanan, Senior VP & CFO

## Statement of Financial Position.

Year ended December 31, 2023, with comparative information for 2022.

In thousands of Canadian dollars	2023	2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 39,749	\$ 49,325
Investments	135,680	131,605
Derivative financial instruments	1,329	3,255
Loans to members	1,629,978	1,619,228
Other assets	8,110	6,875
Deferred income taxes	2,444	2,289
Right-of-use assets	1,424	2,119
Property and equipment	10,086	11,150
Intangible assets	184	296
<b>Total assets</b>	<b>\$ 1,828,984</b>	<b>\$ 1,826,142</b>
<b>Liabilities and Members' Equity:</b>		
Members' deposits	\$ 1,536,978	\$ 1,532,369
Accounts payable and accrued liabilities	8,291	6,500
Derivative financial instruments	1,329	3,255
Lease liabilities	1,474	2,177
Securitized liabilities	173,405	178,884
<b>Liabilities qualifying as regulatory capital:</b>		
Share capital	26,893	28,270
<b>Total liabilities</b>	<b>1,748,370</b>	<b>1,751,455</b>
<b>Members' equity:</b>		
Contributed surplus	19,134	19,134
Retained earnings	57,321	52,494
Accumulated other comprehensive income	4,159	3,059
<b>Total members' equity</b>	<b>80,614</b>	<b>74,687</b>
<b>Total liabilities and members' equity</b>	<b>\$ 1,828,984</b>	<b>\$ 1,826,142</b>

## Statement of Income.

Year ended December 31, 2023, with comparative information for 2022.

In thousands of Canadian dollars	2023	2022
Revenue:		
Interest		
– Residential mortgage loans	\$ 37,709	\$ 29,126
– Personal loans	17,312	15,210
– Commercial loans	13,840	12,797
Investment income	6,157	1,889
	<b>75,018</b>	<b>59,022</b>
Cost of financing:		
Interest		
– Demand deposits	5,999	3,435
– Term deposits	13,518	6,843
– Registered savings plans	13,709	7,257
Distribution to members	1,328	1,182
Interest on external borrowings	5,689	4,394
	40,243	23,111
Net interest income	34,775	35,911
Impairment loss on loans	2,280	3,109
Net interest income after impairment loss on loans	32,495	32,802
Non-interest revenue	12,197	13,876
	<b>44,692</b>	<b>46,678</b>
Operating expenses:		
Salaries, wages and benefits	18,129	17,037
Board and committee	354	344
Data processing and clearing	1,179	1,079
General and administration	13,454	12,403
Insurance	1,893	1,828
Occupancy	2,720	2,715
Depreciation and amortization	1,538	2,499
	<b>39,267</b>	<b>37,905</b>
Income before income taxes	5,425	8,773
Income taxes (recovery):		
Current	1,149	2,060
Deferred (recovery)	(551)	(402)
	598	1,658
<b>Net income</b>	<b>\$ 4,827</b>	<b>\$ 7,115</b>

## Statement of Comprehensive Income.

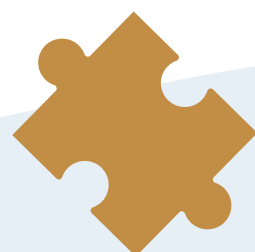
Year ended December 31, 2023, with comparative information for 2022.

In thousands of Canadian dollars	2023	2022
Net Income	\$ 4,827	\$ 7,115
Other comprehensive income, net of income taxes:		
Items that are or may be reclassified subsequently to profit or loss:		
Net gain on cash flow hedges	(54)	192
Net change in fair value of debt investments	1,321	(2,307)
Debt investments at FVOCI – reclassified to profit or loss	(55)	667
Related income tax (expense) recovery	(321)	384
Items that will never be reclassified to profit or loss:		
Defined benefit plan actuarial gains	268	2,386
Net change in fair value of equity investments	16	(40)
Related income tax expense	(75)	(622)
	1,100	660
<b>Comprehensive Income</b>	<b>\$ 5,927</b>	<b>\$ 7,775</b>

## Statement of Changes in Members' Equity.

Year ended December 31, 2023, with comparative information for 2022.

In thousands of Canadian dollars	2023	2022
Contributed surplus	\$ 19,134	\$ 19,134
Retained earnings	52,494	45,379
Net income	4,827	7,115
<b>As at December 31</b>	<b>57,321</b>	<b>52,494</b>
Accumulated other comprehensive income:		
Representing the fair value reserve:		
As at January 1	3,059	2,399
Other comprehensive income	1,100	660
Balance, end of year	4,159	3,059
<b>Member's equity, end of year</b>	<b>\$ 80,614</b>	<b>\$ 74,687</b>





# Partnering for success.

2023 Annual Report