



StellerVista

credit union

2022 Annual Report



Cranbrook Castlegar Sparwood Greenwood Elkford Slovan Valley Fernie



While we are now fully focused on our merger integration work, and the launch of our new StellerVista Credit Union brand — this annual report has been built to cover the year of 2022 for East Kootenay Community Credit Union (EKC). This year's report reflects the regulatory requirements given the structure of our recent merger, which saw EKC acquire the assets and operations of Heritage Credit Union. Full financial documentation of Heritage Credit Union's 2022 operations is available to members upon request. Please consult your local branch, or email marketing@ekccu.com, with any such request.

Leadership report.

We want to start off by thanking everyone for all the hard work and support that went into everything that we accomplished last year. 2022 was definitely a milestone year for the credit unions now operating as StellerVista! While, operationally, we had a very positive and progressive year at East Kootenay Community Credit Union, the primary focus for many of us, was on completing a merger with Heritage Credit Union. Successfully concluding the work to make this happen, in December of last year, we are now officially operating as one credit union.

While the work to get through that merger was significant, we still made some great strides in our day-to-day operations and saw some very positive outcomes as a result.

One such stride was increasing and stabilizing the hours of operation at our Elk Valley branches. Between the pandemic and staff challenges, we had been working under reduced hours. Reducing or limiting service in any way was not ideal, and in 2022, we were able to re-establish our hours of operation in both Fernie and Sparwood.

As mentioned, 2022 was a strong year operationally, which tied to a strong financial performance. While market factors were part of the reason behind this, the bottom line is ultimately a testament to the hard work and perseverance of everyone here at StellerVista. There were some significant projects taking place, and despite all of that extracurricular work, we performed at the highest of levels.

One of those significant projects was the re-launch of our Member Solutions Center (MSC). The regrouping and replanning of the MSC has been key to increasing our ability to serve members outside of the branch. With an ever-increasing demand for more convenient remote banking options, the MSC has quickly become a key piece of our business, offering full-service phone banking, as well as mobile product specialists. The ability to create more local jobs, to serve local people in new ways is a point of pride for us, and we thank all those involved in making it happen.

You're Protected.

We're a proud member of the Credit Union Deposit Insurance Corporation (CUDIC), which provides deposit insurance for 100% all eligible deposits, regardless of the length of the term of maturity. No limits on dollar amount. No application required. *(Credit union equity shares and investments such as mutual funds or RRSP equity plans are not covered by CUDIC.)*

Leadership report (cont).

Another key project of 2022 was the launch of a technology system known as Forge. Forge is a new website, online banking, and app platform. Again, we have seen an increased demand for digital and remote banking options – and through our member feedback work, we are very aware of the need to improve and modernize the technology we offer. Forge is just this. In 2022, we launch stage 1, which was our main website. To follow in late 2023, early 2024, will be the launch of stage 2, which includes a new online banking platform and new mobile app. These are key pieces in properly serving members as we move into the future, while allowing us to free up the resources that ensure our people in the branches can focus on providing the best possible face-to-face service.

With the notable growth we are seeing in online and digital banking, privacy and security are now a main priority of ours. We have implemented numerous security measures including encryption, multi-factor authentication, and are continuously monitoring our systems for any potential threats. Confidently, we can say that we have the best in-class security measures in place. However, we also urge our members to do their part in keeping their information safe by practicing good online habits, such as using strong passwords, not sharing their login information with anyone, and being cautious when clicking on links or opening attachments in emails. It's also important to note that even if you don't bank digitally, scammers may still try to obtain your personal and financial information through other means – often by phone, but sometimes even in-person. So again, we encourage you all to be diligent and vigilant in protecting your information, both online and offline.

Subsidiary Lines of Business

In running our business as effectively as possible, we have developed a number of different subsidiary ownerships, all of which are directly tied to (and drive benefit to) our credit union. These include a 25% ownership in Kootenay Insurance Services LTD, a 25% ownership in Kootenay Risk Services, majority ownership of EKC Property Holdings LTD, and 33% ownership of 0948859 BC LTD – operating as MoneyWorks. Further information and notes on these can be found in our full financial statements, included in this report.

Thank you all again for your continued support and loyalty. 2022 was a very big year for our credit union, and we expect much the same for 2023. We are ready to take some big steps forward, and to serve our small communities in new and exciting ways – while staying true to the member focused practices we have been building for decades.

Bank like you live here.

Undoubtedly the biggest part of our 2022 was the merging of our two credit unions: East Kootenay Community (EKC) and Heritage Credit Union. For many years now, we have been defining (and re-defining) our vision of what being a strong regional credit union means. In the modern financial services marketplace, we know that scale is important – however, we know that tradition and local service is even more important. This is why we spent so much time with our peer and neighbouring credit unions, trying to find alignment, and the best step forward. After a lot of discussion, development, and due diligence, the Boards at both EKC and Heritage saw a partnership as the next step most beneficial to members, employees, and the communities we serve.

While there were a number of factors leading to the conclusion of our former regional merger project, the principles and rationale held true. Banking has changed, and we must change to meet the new and emerging needs of our members. We are confident that we can do it while keeping the control and decision making of our credit union local. We have seen a number of small BC credit unions joining larger urban operations, and while we agree with the need for scale, we are confident we can do it differently. StellerVista Credit Union is a collaborative merger between EKC and Heritage, with aligned values and shared goals – to be the best small town credit union in BC.

"We are very grateful to know that both employees and members are behind this decision. Our Directors and Executives put in a considerable amount of thoughtful planning and effort to evaluate the potential of a merger, and came to the objective conclusion that it made complete sense to pursue" - *Lynnette Wray, Board Chair*

Talks between EKC and Heritage began in March of 2022, and after the recognition of shared values and strategic alignment, both credit unions agreed to embark on a thorough due diligence process. Independently evaluating one another, with the help of external consultants and auditors, the conclusion of this process was very positive, and in August the Board of Directors, from both credit unions, jointly filed an application for consent to the provincial regulator. Receiving that consent on November 7th, after very positive rule change votes from the EKC membership, the members of Heritage voted to give their final say, and overwhelmingly approved the merger.

We want to thank our members for their active interest and support throughout the process. During the town halls in every community, our consultations with branches and employees, and in the many one-on-one conversations we had over the year, a lot was learned about what is most important to our credit union and our members. StellerVista Credit Union is here to make sure we keep all that is important at the forefront of our operations, and that we improve and grow the service we provide small towns throughout the region.

Where we've come from.

With our earliest roots in Castlegar, 1948, and Cranbrook, 1950, our branches have been serving the people of the Kootenay and Boundary regions for a very long time. While the members that we serve are diverse, and needs that they have unique, one fact is consistent throughout – Local banking matters in small communities.

To say that our credit union has seen it all is no exaggeration. From economic booms to industry driven busts. Natural disasters and political pendulum swings. Generations of family members making generations of important decisions. For nearly 75 years, we have been doing our best to generate financial security and create opportunity for the residents of our communities.

While StellerVista Credit Union feels new, it is the transition and growth of what has become a generational institution. One embedded with, and shaped by, the learnings and culture of East Kootenay Community Credit Union, Heritage Credit Union, Cranbrook Savings Credit Union, and Castlegar Savings Credit Union.

1948 – Castlegar Savings Credit Union Opens

1950 – Cranbrook Savings Credit Union Opens

1973 – Slocan Valley Credit Union joins Castlegar Savings Credit Union

1994 – EKC opens the Elkford Branch

1996 – Cranbrook Savings Credit Union changes name to East Kootenay Community Credit Union (EKC)

2004 – Castlegar Savings Credit Union opens the Greenwood Branch

2004 – EKC opens the Fernie Branch

2006 – Castlegar Savings Credit Union changes name to Heritage Credit Union

2012 – EKC opens the Sparwood Branch

2023 – EKC and Heritage merger to become StellerVista Credit Union

With this all-important step forward, we want to once again thank the members of our legacy credit unions, Both Heritage and EKC. Your support in moving forward has been noticed and is very much appreciated. We are building the future of local banking for our communities, and thanks to the legacy and learnings of our past, we are confident we can do it right.

Investing in our communities.

Beyond the transactions and forms and processes, and beyond the walls of our own buildings, you'll find the true community investment efforts that we value as an integral part of our purpose. Grants, donations, sponsorships, scholarships, bursaries, and anything of the sort – we class as a community investment. We pride ourselves on being able to give back, and to drive improvement in quality of life for our members and our communities.

In 2022, between both EKC and Heritage Credit Union, more than \$25,000 was issued in student awards to our members, and more than \$120,000 in community investments were distributed to (and on behalf of) our members and our communities. The following are some examples of what was supported last year.



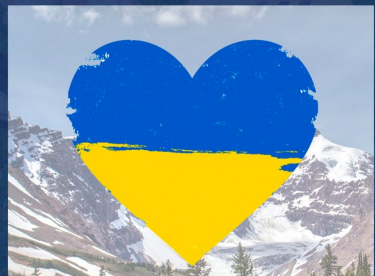
Hometown for Hunger: \$1000



Xmas Food Vouchers: \$2500



Doukhobor History Digitization: \$5000



Ukrainian Humanitarian Relief: \$5000

Board of Directors.

While the Board looks quite different in 2023, as a result of the StellerVista merger, the information presented here is a summary of the 2022 EKC Board of Directors. (See our, merged, current Board of Directors @ www.ekcu.com)

Key to good governance is ongoing education. Our directors have access to a number of courses, and all participate in various elements (both required and optional) in an effort to grow and develop in their roles. Oversight of a financial institution is no easy task, but thanks to programs like CUDA (Credit Union Director Achievement), our Board is equipped to lead a best in-class credit union.

In 2022, EKC Directors completed more than 40 different courses, representing an investment of approximately \$30,000 in ongoing education and training.



LYNNETTE WRAY (Chair)
Cranbrook



BARB NUNES (Vice-Chair)
Elk Valley



JOSE GALDAMEZ
Cranbrook



JEAN-ANN DEBRECENI
Cranbrook



GEORGE FREITAG
Cranbrook



STEPHEN FAIRBAIRN
Elk Valley



DENINE MILNER
Cranbrook



RUSSELL PASK
Elk Valley



DIANE BYFORD
Cranbrook

Board of Directors.

Name	Community	Committees	Meetings	Remuneration
LYNNETTE WRAY (Chair)	Cranbrook	As Chair, Lynnette sits on all committees	75 / 75	\$16,200
BARB NUNES (Vice-Chair)	Elk Valley	Executive, Audit, Governance, I&L, Nominations	58 / 61	\$10,517
JOSE GALDAMEZ	Cranbrook	Conduct Review, Board Risk & IT Governance, Peer Group, Ad Hoc Truth and Reconciliation	55 / 55	\$9,393
JEAN-ANN DEBRECENI	Cranbrook	Audit, Governance, Nominations, Board Risk & IT Governance, KIS	86 / 88	\$14,587
GEORGE FREITAG	Cranbrook	Audit, Nominations, Board Risk & IT Governance, Holding Co., MWX	59 / 60	\$9,943
STEPHEN FAIRBAIRN	Elk Valley	I&L, Conduct Review, Board Risk & IT Governance	39 / 43	\$8,666
DENINE MILNER	Cranbrook	Governance, I&L, Conduct Review	33 / 35	\$5,957
RUSSELL PASK	Elk Valley	Executive, Governance, I&L, Conduct Review, Holding Co., Ad Hoc Truth and Reconciliation	44 / 47	\$9,402
DIANE BYFORD	Cranbrook	Audit, Governance, Conduct Review, Ad Hoc Truth and Reconciliation	49 / 50	\$8,898

Board Appointment

In 2022, Denine Milner was appointed to the EKC Board of Directors.

Board Highlights

Lynnette Wray completed her Institute of Corporate Directorship Program

Denine Milner completed her Levels A, B and C

Jean-Ann Debreceeni was the Delegate for CCUA and attended the CCUA conference on EKC's behalf

Executive Compensation Policy.

CEO AND EXECUTIVE BENEFITS

The Credit Union CEO and Executive benefits are reviewed annually by the Governance Committee. This review is done in consultation with Central1 benefit survey, and management benefits in general are within the average of credit union industry average and Kootenay credit union benefit averages.

CEO AND EXECUTIVE VARIABLE PAY

StellerVista's Variable Pay Program subscribes to a philosophy of valuing, motivating and rewarding managers and non-union employees who influence organizational success. This program is a pool of money each non-union employee can earn, over and above their base pay. It is measured on the success of the credit union along with individual, organizational and departmental performance. StellerVista's Board of Directors, as part of their planning process, regularly reviews the strategic direction for the credit union. From this, the Board then determines Key Performance Indications (KPIs) which describe what the Credit Union needs to achieve in order to be successful. The Credit Union CEO and Executive are responsible for achievement of these KPIs and are reflected in their variable pay targets as well as individual performance; payout/non- payout of the plan is approved annually by the Board of Directors. StellerVista Variable Pay Plan is reviewed at a minimum every 5 years with outside expertise, as part of the Governance Committee Terms of Reference, to ensure the plan drives balanced strategic success for StellerVista and is within credit union industry standards and competitiveness.

CEO COMPENSATION

StellerVista Credit Union CEO is employed under an Employment Agreement. This contract is reviewed annually as part of the Governance Committee Terms of Reference. Remuneration is based upon an annual "Market Place Value", as determined by Central1 credit union, based upon a regression analysis of Credit Union CEO's in Canada, placing the Credit Union CEO in the 75th percentile. A regression analysis is a report of all Credit Union CEO's in Canada (from reporting credit unions) on a grid with the on/off book assets for their credit union, with their level of pay, then placing StellerVista Credit Union CEO on the grid based upon on/off book assets, and determining an annual pay for the CEO position. StellerVista places the incumbent Credit Union CEO at the 75th percentile. This is in recognition of the unique business model and size of StellerVista, performance expectations required from the organization, as well the age and performance record of the incumbent, and leadership competitiveness in the credit union industry.

The CEO participates in the Credit Union's Benefit Program with the same terms offered to all employees. Additional benefits and perquisites are also provided including participation in a Supplemental Executive Retirement Plan (SERP). The SERP will provide periodic retirement benefits after retirement to offset CRA limits and is structured to encourage credit union growth and retention of the incumbent.

EXECUTIVE COMPENSATION

Executive compensation will be reviewed annually by the Credit Union CEO, in relations to the Central1 Executive Compensation Survey. The Credit Union CEO will use comparison data for all participating like sized BC credit unions in the survey and StellerVista Executive to be paid at the average of those credit unions. StellerVista Executive Annual Cost of Living Allowance (COLA) increase to base salary will be paid annually utilizing Central1's Executive Salary Survey's upcoming year "Forecasted Increases to Actual Base Salary". Executive compensation is reported to the Governance Committee annually.

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Financial Performance.

2022 was a very strong year in terms of financial performance. Despite the costs involved with some significant technology investments, hiring and training to launch our new MSC call center, and the merger, we managed to earn over \$2,000,000 through the year. While we must give proper thanks to our team for running the credit union so well, there were also some external factors involved, including the interest rate environment and our subsidiary lines of business.

While the interest rate environment did have an impact on the year, we expect that to be more noticeable as we move through 2023 and into 2024. That said, between a nearly full year of “normal” economic operation in the region (when compared to the pandemic years of 2020 and 2021), increasing interest rates, and inflation, we did see a number of our financial metrics shift to previously normal levels, including liquidity – which had been higher than usual in recent years. The return to a more normal business environment came with more spending, and more business lending, which paired together, helped drive our strong financial year.

While we are diligently monitoring both the macroeconomic and microeconomic developments of 2023, we are pleased to report that, despite the unpredictable turns of last year, our credit union performed well.



Total Assets
\$483,265,804

In 2022, we saw 5.8% growth in total Assets, representing \$26.8 million.



Net Income
\$1,667,491

In 2022, earnings before taxes and dividends were over \$2.4 million.



Total Member Loans
\$407,836,539

In 2022, we saw more than 10% loan growth.



Total Member Deposits
\$445,398,803

In 2022, we saw more than 8.5% deposit growth.



Retained Earnings
\$27,009,721

In 2022, retained earnings increased by 6.7%

PATRONAGE REWARDS

In 2022, EKC returned more than \$460,000 to members in the form of dividends throughout the year.

Full and summarized financial statements are available to members upon request.



Bank like you live here.



Learn More @ www.StellerVista.com