Annual Report 2023





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Message from your Chief Executive Officer Lisa Loughery

Happy One Year.

2023 marked the first year in operation of Brunswick Credit Union, and it will certainly be a year to remember. Merging and integrating three strong credit unions was and continues to be no small feat. The process has not been easy, but the transition to become Brunswick Credit Union proceeds to be successful thanks to our incredible members, employees, and our Board of Directors.

From the Upper Saint John River Valley, down to the Fundy Coast, all the way east to the Richibucto River, our membership keeps growing across the province. With over 200 employees, 14 locations, and a member contact centre, Brunswick Credit Union is equipped to offer a broader range of financial services and products, better member support, and more competitive rates and fees. By coming together as one credit union, Brunswick Credit Union positioned itself for future growth and sustainability.

For Brunswick Credit Union, 2023 was undoubtedly a year of transition. It was also a year of change for all Canadians and spending habits. We are living in interesting – to use a simple term – financial times. We have seen a dramatic change in rates and in the cost of living for New Brunswickers. For over a decade, our members, and all Canadians alike, had access to low-interest rates on lending. Now with the change in rates, we're feeling the crunch.

Credit unions, however, have always supported their members through tough economic times; most of our origins date back to times of great economic uncertainty, and rest assured, Brunswick Credit Union will continue to have the financial well-being of its members at heart. We're here to get you through it.

Innovation is key.

Though our core values are still the same and always will be, the credit union system and financial service industry is ever-changing, and these changes are happening at a pace that we've never seen before. Competition, open banking, and evolving technologies have brought credit unions across Canada closer together to ensure that community-based banking continues to be accessible and competitive. During the last year, we saw a dramatic increase in credit union mergers and increased participation in shared services to enable credit unions to be the best they can be for their members.

An example of the evolving technology needs in 2023 was our commitment to work with our technology service partner, League Data Ltd., to evolve and update our banking systems. It's fair to say that the beginning stages towards a new banking system were and continue to be challenging. However, because of our dedicated employees and many credit union partners across the region, Brunswick Credit Union – along with other credit unions in Atlantic Canada – will have access to a state-of-the-art banking system, allowing us to continue to bring innovative banking solutions to our members.

Brunswick Credit Union was the first to move to the new digitally enabled banking platform, with the Bayview Brunswick division moving in March of this year and the Advance and Progressive divisions moving within the next few months. This upgrade along with adding more security and cyber security protocols, will also refresh our website, mobile app, and online banking experience, giving it a more modern look and feel. This new digitally enabled banking platform will meet the needs of our current and future members as we build a better banking experience for all.



Local community matters.

As always, our commitment to our communities and our members is unwavering. Back in July, we learned that five of our business members had been nominated to be featured in an initiative called Atlantic365, where as of September one business from across Atlantic Canada is featured each day for 365 consecutive days. Our selected business members were Key Industries, Gentle Path Counselling, LaRouère Fabrique de chocolat, Woodstock Farmers Market, and Magical Memories Princess Parties. By our increased regional presence, Brunswick Credit Union can now support more local businesses and create potential partnerships to build solutions that uniquely address the needs of New Brunswickers.

This year, we also decided to support the University of New Brunswick's Promise Partnership with a gift of \$25,000. The Promise Partnership is dedicated to closing the educational gaps associated with low socio-economic status while providing exceptional opportunities for UNB university students. This gift will be used to expand the delivery of this program to children in economically vulnerable neighbourhoods across New Brunswick.

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In partnership with Equitable Bank, we were thrilled to offer the Kehkimin Wolastoqey Immersion School a \$25,000 Empowering Your Community grant. Located in Sitansisk, opposite downtown Fredericton, Kehkimin's primary mission is to sustain and strengthen the Wolastoqey language revitalization movement through immersive language and land-based education.

A strong supporter of education, Brunswick Credit Union was thrilled to award twenty \$1,000 scholarships (totalling for \$20,000) to deserving students in 2023, supporting student education across New Brunswick.

In addition, in 2023, Brunswick Credit Union supported our communities with \$100,000 in local giving and donations. Our employees also gave countless hours to local charities and organizations, and our branches were active with many fundraising activities supporting several initiatives.

To better support local charities and fundraising efforts, we entered a partnership with Do Some Good. Do Some Good is a social enterprise that cares about maximizing impact. Their mission is to unite individuals, community organizations, and businesses on one platform to build stronger local communities across Canada. With this platform, Brunswick Credit Union will work with local charities and businesses to support fundraising efforts, donation requests, and share stories.

We're committed to the well-being of our employees.

On June 13th, we celebrated our first Brunswick Credit Union Employee Appreciation Day. We recognize that the merger and banking system conversion has been a trying period for our employees. Yet, they have shown unwavering dedication and hard work for the benefit of our membership. Every employee is responsible for Brunswick Credit Union's success, and for that, I can't thank them enough.

Another group of people that need to be recognized is our formidable Board of Directors. Our directors took on a great challenge, bringing together the three former credit unions into one. Through their experience, wisdom, and commitment to working together, the Board of Directors worked tirelessly all year to bring Brunswick Credit Union's new governance structure to life. Their dedication to the co-operative principles and our local communities is truly remarkable.

Hats off to you.

One major factor separates us from other financial institutions in the province, and that's you, our members. Only with our members' support can we ensure that we continue to provide access to local banking, which is democratically governed and keeps its profits local.

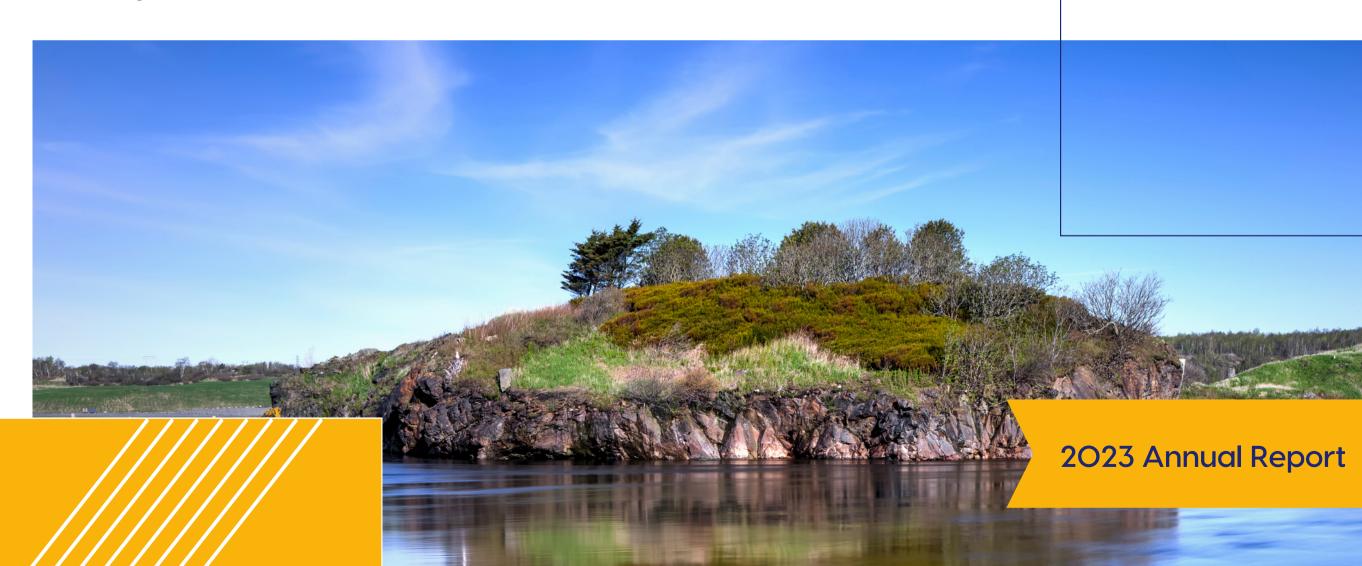
As we look towards the future, we are committed to our newly defined vision of Redefining Banking by Investing in our members and New Brunswick and our purpose of Community First, Investing Locally, and Helping Members.

By choosing to bank with Brunswick Credit Union, you are not only supporting your community but also contributing to the well-being of all New Brunswickers.

Thank you.

Lisa Loughery

Chief Executive Officer Brunswick Credit Union Limited



Message from your Chair Monica White

I am honoured to present the Board Chair report for Brunswick Credit Union Limited's first annual meeting for the fiscal year ending Dec 31, 2023.

As board chair, I wish to thank each director for serving on the various committees, doing their due diligence, and making sound recommendations for the full board's consideration and making my job as Board Chair go smoothly. These committees include Governance, Audit and Risk Management, Community Service and Social Responsibility, and Nomination.

I would be remiss if I did not acknowledge that this year, the Governance Committee had an endless workload and I thank them for their extraordinary commitment to this board and Brunswick Credit Union. This committee worked in collaboration with the management team to ensure that the credit union was transparent, accountable, and adhered to all regulatory requirements.

Your board held a strategic planning session in the summer. This session involved intense brainstorming where the board and the management team focused on where Brunswick Credit Union stands today, where it needs to go and what we need to do to get there. We reviewed the vision, mission and value statements and developed new statements reflecting what we see you, the member, will need for services and products to continue growing as a strong and healthy credit union.

One of the many things that have taken a tremendous amount of Brunswick Credit Union's management team and staff time this year is the pilot project, which is surrounding the testing and implementation of a new banking system. All Atlantic credit unions will be converting to this new system by the end of 2024. There have been many hurdles to overcome, and timelines needed to be adjusted but we successfully launched the new banking platform, allowing us to remain competitive and adaptable to the upcoming changes in the financial world.

The integration of three credit unions into one has been a step-by-step, day-by-day, and month-by-month process. No stone has been left unturned to make sure the transition was as smooth as possible. The board members would like to express their gratitude for all staff members who have put in their effort, time and overtime. This has not gone unnoticed. With all these changes, staff have continued to provide outstanding service to members.

We are always mindful of our member experience during times of change and our member survey indicated that the membership has maintained their trust in their credit union.

Brunswick Credit Union's commitment to giving back to our communities is paramount to our existence. We continue to partner with groups that contribute to the growth of New Brunswickers such as investing in youth programs, scholarships and structures to be used as greenhouses or kitchens which promote healthy living.

Looking ahead, Brunswick Credit Union is positioned for continued growth and success. We are committed to adapting to the evolving financial landscape, embracing innovation and most importantly serving the needs of our members.

Once again, I wish to extend my gratitude to the board members, the management team and all the credit union staff for their dedication and hard work.

I must step away from the board as I have reached the end of my nine-year cycle. I am most grateful for all the learning experiences the credit union has provided me over the years, but most of all I am thankful for the people I have met and been able to share my credit union experience with.

Sincerely,

Monica White

Board Chair Brunswick Credit Union Limited



Your Credit Union's Financial Highlights & Audit Report

Brunswick Credit Union has experienced an exciting year of growth. However, there have also been some challenges as we integrated the three former credit unions and implemented a new core banking system. We are fortunate to have such a great team around us as we implement these changes.

We recently completed our first annual audit of Brunswick Credit Union. A copy of the statements can be obtained from our website. Management and the Board feel that these audited financial statements fairly present the Credit Union's financial position as of December 31, 2023, and the results of operations for the year ended.

I would like to mention some of the financial highlights of the past year. The combined results of the former Bayview, Advance, and Progressive Credit Unions will be used as a basis for comparison.

Statement of Financial Position

Total Assets: Total assets grew from \$899 million to \$933 million during the year, an overall increase of \$34 million or 3.9%. The increase in total assets was mainly driven by loan growth and a significant growth in cash and short-term investments.

Lending: Overall lending grew from \$724 million to \$739 million. The increase of \$15 million represents a 2.1% increase from the prior year. The growth was mainly due to an increase of \$11 million or 2.8% in residential mortgages and an increase of \$5 million or 2.2% in commercial lending.

Deposits: Total deposits grew from \$834 million to \$862 million. The growth of \$28 million represents a 2.3% increase from 2022. The overall deposit growth was mainly due to a 23.6% increase in term deposits and an 11.8% increase in retirement products. Chequing and demand deposits decreased by 0.7% and 11.9% respectively. Short-term deposits were largely replaced by longer-term investments.

Statement of Earnings

International Financial Reporting Standards require that certain merged assets and liabilities be recognized at fair value at the time of the merger. These fair value adjustments are amortized over the remaining life of the related asset or liability. During the year, the Credit Union recognized \$4.8 million in earnings because of these fair value adjustments.

There is no cash impact of these adjustments. Including these adjustments, net income before income taxes was \$13.6 million. Excluding the amortization of the fair value adjustments, earnings before tax were \$8.8 million compared to \$7.3 million in the prior year. Interest income on loans increased by \$7.6 million or 28% from 2022.

Interest on Loans: Interest on loans was \$34.5 million compared to \$26.8 million in 2022. The increase of \$7.6 million (28%) was mainly due to higher rates and loan growth of \$15 million. The average yield on variable loans on December 31, 2023, was 9.15%, compared to 8.31% in the prior year. The average yield on fixed loans on December 31, 2023, was 5.58%, compared to 5.18% in the prior year.

Interest on Deposits: Interest expense on deposits increased \$7.6 million from 2022. This significant increase was due to higher rates and deposit balances. The average yield on term deposits was 4.35% compared to 2.76% in 2022.

Interest Revenue on Investments: Interest revenue on investments increased by \$3.6 million. This was mainly due to higher rates and a strong liquidity position throughout the year, which resulted in higher investment balances being carried. Interest rates on Brunswick's investments range from 4.78% to 5.22%

Operating Expenses: Overall operating expenses grew by \$1.9 million, which was mainly a result of inflationary pressures throughout the year. The increases include costs associated with meeting the demands necessary to ensure data security. Even with the inflationary increases, Brunswick's efficiency ratios showed improvement from 2022.



Financial Ratios

Brunswick monitors its financial performance against targets set out in the Camel Rating System. The system sets financial performance targets in four categories, with a performance range of 1 to 5, with 1 being the strongest.

Target	2023 Result	Regulatory Benchmarks	Camel Rating (1-5)
Return on Assets	0.95\$	>0.50%	2
Equity Ratio	6.2%	>5.00%	3
Liquidity Ratio	2.78:1	>1.25:1	1
Liquid Assets / Total Liabilities	18.65%	>14%	1
Efficiency Ratio 1 (Total Operating Expenses / Gross Financial Margin)	92.5%	<100%	N/A
Efficiency Ratio 2 (Total Operating Expenses / Gross Margin)	73.5%	<85%	N/A
Retained Earnings as a percentage of total capital	71.4%	>60%	N/A

Brunswick Credit Union's performance ratios are strong and within or exceeding the recommended targets.

In closing, I would like to take this opportunity to thank the fantastic team at Brunswick Credit Union and our Board for all their support. I am looking forward to another exciting year.

Jeff Hanson

Vice President. Finance Brunswick Credit Union Limited





Your Credit Union's Financial Highlights & Audit Report

It has been an eventful and productive first year for Brunswick Credit Union, and the Audit & Risk Committee – comprised of members who were with Bayview, Advance Savings and Progressive Credit Unions prior to the merger - has played an active role in ensuring that the newly formed credit union served its members and New Brunswick well.

As committee chair, I'd like to thank my fellow committee members Don Hicks, David MacQuarrie, John Cushnie and Brandon Clowater for their diligent work throughout the year. I'd also like to thank board chair Monica White for her participation in committee discussions as an ex-officio member.

Even though there is still a lot of work to do to fully integrate three credit unions into one strong provincial financial co-operative, the Audit & Risk Committee has been pleased with the results of the merger to date. Brunswick Credit Union finished its first year of operations with more than \$6.1 million in net income, and more than \$740 million in loans on its books. The credit union's total assets are now over \$930 million, and some of its financial metrics are trending in the right direction. More complete details about Brunswick Credit Union's financial results can be found in our audited financial statements prepared by external auditor KPMG.

Because of the greater scale and volume of financial transactions undertaken by Brunswick Credit Union, the Board of Directors and the management team felt it would be prudent to have internal audit professionals work alongside the Audit & Risk Committee. As a result, in early 2023, the committee selected the national audit firm MNP to provide regular internal audit services to Brunswick Credit Union, and our work with the MNP auditors has been quite fruitful to date.

The success of our credit union is in large part due to the professionalism of our staff, and the committee would like to thank long time credit union official Greg Marzetti for drafting Brunswick Credit Union's first operating budget after years of service in the cooperative sector. The committee would also like to highlight the work of Jeff Hanson who began an important role as the credit union's Vice-President of Finance in 2023. Thanks go out as well to our dedicated CEO Lisa Loughery, and all the other hardworking staff who assisted the committee in its work.

We look forward to continuing financial momentum in the year ahead.

Kurt Peacock

Chair, Audit & Risk Committee **Brunswick Credit Union Limited**

6.2% equity

\$930 million assets

\$13.6 million income



Your Board of Directors

The Board of Directors provides stewardship and oversight of the management and operations of Brunswick Credit Union, as well as ensuring that the credit union fulfills its mission.

Credit unions and cooperatives are built on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The Cooperative Principles are guidelines by which credit unions and cooperatives put their values into action:

- 1. Voluntary and Open Membership
- 2. Democratic Member Control
- 3. Member Economic Participation
- 4. Autonomy and Independence
- 5. Education, Training, and Information
- 6. Cooperation among Cooperatives
- 7. Concern for Community

Your Inaugural Board of Directors

Cory Allen Benjamin Allerston
Nancy Cail Brandon Clowater
John Cushnie Elizabeth Gormley
Don Hicks Jennifer Irvin-Ward
Frank Jopp David MacQuarrie
Kurt Peacock Monica White



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Co-operative Governance

The Governance & HR Committee of Brunswick Credit Union is made up of five directors. The committee had a very busy first year, meeting 14 times during the year, which is several times more than required.

Brunswick Credit Union recognizes the importance of, and is committed to, governance best practices. We know good governance is essential to the success of an organization and maintaining the trust and confidence of our members. Effective governance is a continuous process of improvement that requires regular assessment and review to ensure that it remains relevant and effective over time. We aim to achieve high standards of effective governance and challenge ourselves to govern with excellence.

Throughout 2023, the committee focused on four main areas:

- We performed an extensive and comprehensive review of our current policies and made recommendations on all new policies to ensure we were in alignment with our regulatory requirements.
- We developed HR Policies for the three merged credit unions.
- We finalized the CEO contract and job description and created an annual review.
- We regularly tracked board education and training, taking advantage of any opportunities that the board could benefit from.

Thank you to our CEO and staff who assisted us in performing our work. A special thank you to Allison Whispell-Smith for her support and assistance to the committee





Service Awards & Recognitions

They have shown unwavering dedication and hard work for the benefit of our membership. Every employee is responsible for Brunswick Credit Union's success, and for that, I can't thank them enough.

- Lisa, CEO

Leah Burke Jenna McEwen **Angela Stewart Marilyn Mosher Shyanne Godsoe-Brown** Juli Lackie **Scott Brownlee Andrew Mitton Sharon Cooper Heather Nagy** Tracy Legacy **Gracein Payne Nigel Wyles Bill Groves**

Susan Smith **Jeremy Branscombe Carolyn Collier Morgan Collier Jennifer Daniels-Garnett** Chelsea Adair **Bethany McIntyre Judy Wilkins**

Jessie McMillan **Masumi Fairley Judy Lounsbury Ann Howard Jennifer Ryan Christa Gillingham**



Service Awards & Recognitions

Years

Shawn Leonard Lori Rees

Zears

Joyce |

Joyce Babkirk



Mike Bartlett
Pauline Whalen







Member & Community Relations

The Member & Community Relations Committee met four times in 2023. The Committee is tasked with developing and monitoring Brunswick Credit Union's Co-operative Social Responsibility plan and overseeing charitable giving.

This year's highlight was creating a new Co-operative Social Responsibility plan. This plan prioritized the Credit Union's belief in operating in a sustainable and environmentally friendly manner, along with the steps to promote social well-being for our employees, members, and the communities we serve.

Brunswick Credit Union supported many initiatives through funding, including food banks in the region, the UNB Promise Program, and the Waterford Community Outdoor Rink.

Last spring, we advertised our Student Awards program for post-secondary education. We were astonished at the response and made the decision to increase the number of bursaries awarded. In total, twenty students from across New Brunswick received \$1,000 each to fund their studies.

Thank you to the management team and staff of Brunswick Credit Union for supporting the committee in their work.

We look forward to further implementing our Cooperative Social Responsibility plan, providing charitable donations to worthy causes, and offering more student bursaries in the years ahead.

Benjamin Allerston

Chair, Member & Community Relations Committee Brunswick Credit Union Limited

20 \$1,000 bursaries \$100,000 in community donations













































