



Lakeland
CREDIT UNION

2023

ANNUAL REPORT

Lakeland
CREDIT UNION

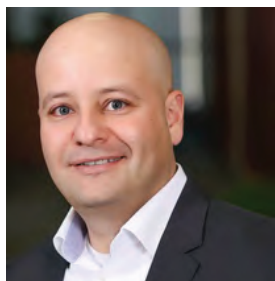


**CHOOSE LAKELAND CREDIT UNION
BECAUSE WHAT YOU DO
WITH YOUR MONEY, MATTERS.**

CONTENTS

| | |
|------------------------------------|-------------------------|
| BOARD CHAIR'S MESSAGE | PAGE 4 & 5 |
| CEO'S MESSAGE | PAGE 6 & 7 |
| COMMUNITY OUTREACH | PAGE 8 & 9 |
| FINANCIAL SUMMARY | PAGE 10 & 11 |
| OUR PEOPLE | PAGE 12 & 14 |
| LCU FINANCIAL | PAGE 15 |





BOARD CHAIR'S MESSAGE TO THE MEMBERS

This past year marked Lakeland Credit Union's 83rd year of providing highly competitive financial services based on cooperative values, a legacy of people helping people.

We were pleased to share our profits and opportunities once again in 2023 with our members and communities through numerous initiatives like:

- Profit sharing dividends.
- Patronage rebates.
- Financial donations to community organizations/programs far exceeding that from our competitors.
- An expanded Educational Scholarship Program.

Our employees also maintained our strong tradition of giving back to the community through volunteering at numerous organizations throughout the Lakeland, reflecting our strong corporate citizenship in the Lakeland communities.

The economic impact of higher oil prices in 2023 was tempered by elevated inflation and increased market-based interest rates. I am pleased to note that your Board of Directors worked with management to ensure policies were designed to reduce the financial impact to members, including:

- Continued lower mortgage and loan pricing relative to competitor options which minimize the interest paid.
- Availability of amortization extensions and/or waiver of principal payments to provide payment relief.
- Consolidation loans to reduce borrowing costs.

Again this year, I thank my fellow board directors for their ongoing professional diligence in support of strong governance oversight of Lakeland Credit Union. The board's work is important in representing the membership and ensuring our credit union delivers great service and value as a financially strong corporation.

Our employees are the face of the credit union and are commended for their genuine interest in our members' welfare and addressing their banking needs in an exemplary manner. They are key contributors to our success. The board is pleased to support management's current efforts to increase employee training and staffing along with material investments in technology and process refinement. These collectively are intended to better equip employees to provide faster and expanded levels of member service.

On behalf of the Board of Directors, management, and staff, we extend our appreciation and gratitude to our members for trusting Lakeland Credit Union with their banking. You are our owners, and at the core of everything we do.

Lakeland Credit Union continues to be one of the best capitalized credit unions in the country, poised to build on our history of 80 plus years of delivering exceptional service and advice to our members.

Respectfully,

Salman Arabi

Salman Arabi, Board Chair

MESSAGE DU PRÉSIDENT DU CONSEIL AUX MEMBRES

L'année dernière a marqué le 83e anniversaire de la Caisse Lakeland Credit Union, qui continue à fournir des services financiers hautement compétitifs et basés sur des valeurs coopératives, et maintient un héritage d'entraide entre les gens.

En 2023, nous avons été heureux de partager nos bénéfices et opportunités avec nos membres et nos communautés à travers des initiatives, telles que :

- Dividendes de participation aux bénéfices.
- Rabais de ristournes.
- Dons financiers à des organisations/programmes communautaires dépassant de loin ceux de nos concurrents.
- Un programme élargi de bourses d'études.

Nos employés ont également maintenu notre forte tradition de redonner à la communauté en faisant du bénévolat auprès de nombreuses organisations, refléchi par notre présence communautaire dans la région du Lakeland.

L'impact économique de la hausse des prix du pétrole en 2023 a été atténué par une inflation élevée et l'augmentation des taux d'intérêt basés sur le marché. Je suis heureux de constater que votre conseil d'administration a travaillé avec la direction pour s'assurer que les politiques soient conçues pour réduire l'impact financier sur nos membres, notamment:

- Les prix des prêts hypothécaires et les prêts réguliers toujours plus bas que les options concurrentes, ce qui minimise les intérêts payés.
- La disponibilité de prolongations d'amortissement et/ou d'exonération des paiements du principal pour faciliter les paiements.
- Les prêts de consolidation pour réduire les coûts d'emprunt.

Cette année encore, je remercie mes collègues administrateurs du conseil d'administration pour leur diligence professionnelle continue à l'appui d'une solide surveillance de la gouvernance de la Caisse Lakeland Credit Union. Le travail du conseil d'administration est important pour représenter les membres et garantir que notre caisse populaire offre un service et une valeur de qualité en tant qu'entreprise financièrement formidable.

Nos employés sont le visage de la caisse populaire et ils sont félicités pour leur véritable intérêt pour le bien-être de nos membres et pour leurs soins aux besoins bancaires de manière exemplaire. Ils sont des contributeurs clés à notre succès.

Le conseil d'administration est heureux de soutenir les efforts actuels de la direction pour accroître la formation et l'acquisition des employés ainsi que les investissements matériels dans la technologie et le perfectionnement des processus. Cela vise collectivement à mieux outiller les employés pour fournir des niveaux de service plus rapides et élargis aux membres.

Au nom du conseil d'administration, de la direction et du personnel, nous exprimons notre appréciation et notre gratitude à nos membres pour avoir fait confiance à la Caisse Lakeland Credit Union pour leurs opérations bancaires. Vous êtes nos propriétaires et au cœur de tout ce que nous faisons.

La Caisse Lakeland Credit Union continue d'être l'une des caisses populaires les mieux capitalisées du pays, prête à s'appuyer sur son histoire de plus de 80 ans de prestation de services et de conseils exceptionnels à ses membres.

Salman Arabi

Salman Arabi, président du conseil d'administration



CEO'S MESSAGE TO THE MEMBERS

Organizational changes undertaken this past year laid the groundwork for expanded levels of member service in 2024 and beyond, ensuring that Lakeland Credit Union remains a top choice for existing and new members.

We were proud to return \$1.3 million to shareholders in the form of patronage and profit sharing in 2023, which on top of our most competitive borrowing and deposit rates and service charges, is proof positive of the value of a Lakeland Credit Union membership!

This past fiscal year proved challenging with respect to planned credit volume growth, compelling a comprehensive review of operational capacity and practices, which resulted in several significant initiatives being undertaken, the most noteworthy including:

- A multi-year investment in our technology stack premised on providing enhanced and additional tools for staff to more effectively meet expanding member service requirements.
- Review of extended branch and Member Service Centre hours of operation.
- Planned expansion of the Mobile Mortgage Specialist position to Bonnyville after a successful pilot in Cold Lake in 2023, servicing our members outside of 'banking hours' and at a location most convenient for the member!
- Employee remuneration and training enhancements based on an extensive market study to facilitate improved attraction and retention of top talent; the quality of our people are paramount to achieving our brand promise to members. This initiative also saw Lakeland Credit Union begin alignment with the Alberta Living Wage Network, where an employee's earnings cover their basic expenses and provide a modest standard of living.
- The pilot launch in late 2023 of dedicated small business relationship managers to provide a one-stop / complete suite of business and personal banking services to our small business members.

More is planned for 2024. New banking products designed for greater banking convenience and choice are planned, including a virtual debit card for online use and an online mortgage and loan application.

In closing, I second our Chair's heart-felt thank you to our members' trust in permitting us to meet their banking needs, our employees for their never-ending hard work and commitment, and to our board of directors for their good counsel and oversight.

Because, some choices, matter!

John Peters, President and CEO



MESSAGE DU PDG AUX MEMBRES

Les changements organisationnels de l'année dernière ont augmenté le niveau de service aux membres en 2024 et au-delà, garanti que la Caisse Lakeland Credit Union continu d'être un choix primaire pour nos membres existants, et pour les nouveaux membres.

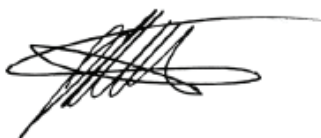
Nous étions fiers de remettre 1,3 million de dollars aux actionnaires sous forme de ristournes et de participation aux bénéfices en 2023. De plus, nos taux d'emprunt, de dépôt, et de nos frais de service demeurent les plus compétitifs, ce qui prouve la valeur positive d'une adhésion à la Caisse Lakeland Credit Union!

Le dernier exercice fiscal s'est avéré difficile en ce qui concerne l'accroissement prévu du volume de crédit, ce qui a nécessité un revu complet de la capacité opérationnelle de nos pratiques. Cela a donné lieu à la mise en œuvre de plusieurs initiatives importantes, dont les plus remarquables sont les suivantes :

- Un investissement pluriannuel dans nos ressources technologiques fondé sur de meilleurs outils supplémentaires afin de répondre plus efficacement aux exigences croissantes en matière de service au personnel et aux membres.
- Heures d'ouverture prolongées des succursales et des centres de services aux membres.
- Expansion prévue du poste mobile de spécialiste des prêts hypothécaires à Bonnyville, après un projet pilote réussi à Cold Lake en 2023, afin de procurer des services en dehors des « heures d'ouverture des banques » et à l'endroit le plus pratique pour nos membres!
- Améliorations de la rémunération et de l'entraînement des employés sur la base d'une étude de marché approfondie pour faciliter une meilleure attraction et la rétention des meilleurs talents; la qualité de nos collaborateurs étant primordiale pour tenir notre promesse à nos membres. Cette initiative a également permis à la Caisse Lakeland Credit Union de commencer à s'aligner sur le Réseau "Alberta Living Wage", où les revenus d'un employé couvrent ses dépenses de base et lui assurent un niveau de vie décent.
- Le lancement du projet pilote de gestionnaires de relations avec les petites entreprises, à la fin de 2023, afin de fournir des services bancaires professionnels et personnels à nos membres de petites entreprises.

Encore plus est planifié pour 2024. De nouveaux produits conçus pour offrir plus de commodité et de choix bancaires sont prévus, notamment: une carte de débit virtuelle pour utilisation en ligne, et une demande d'hypothèque et de prêt en ligne.

En conclusion, j'appuie les sincères remerciements de notre président envers la confiance de nos membres qui nous permettent de répondre à leurs besoins bancaires, à nos employés pour leur travail acharné et leur engagement sans fin, et à notre conseil d'administration pour ses bons conseils et sa surveillance - car certains choix comptent.



John Peters, Président et Chef de la Direction



COMMUNITY OUTREACH

3,133 
**STAFF
VOLUNTEER
HOURS**

Our staff are so much more than just trusted advisors: they are coaches and leaders, committee members, community volunteers, and truly dedicated to creating impact that ripples throughout the community.




\$4,500
**STAFF
GRANTS**

We are so proud of our staff and their community involvement, and we recognize those employees who reach volunteering milestones with at \$500 grant to the organization they dedicate their time to. This year nine staff members took advantage of the LCU Staff Volunteer Grant to do even more good in the communities we live, work, and play in.



\$12,500 
SCHOLARSHIPS AWARDED

This year five - \$2,500 scholarships were awarded to students in the Lakeland who are pursuing a post-secondary education or an apprenticeship program.

\$5,000 
BACK TO SCHOOL SCHOLARSHIPS

We introduced a social media Back to School Scholarship contest, giving ten - \$500 scholarships to eligible students for their post-secondary studies.

Did you know?

We've awarded \$186,500 in scholarships to local students since 2008!

Lakeland's Wall of Distinction

In recognition of inspiring individuals from our past and present, who have demonstrated extraordinary leadership and significant contribution to Lakeland Credit Union and communities in the Lakeland region.



\$75,308



COMMUNITY INVESTMENTS

Donations and sponsorships were provided to 45 different events and organizations across the Lakeland in 2023.



\$1.3 MILLION



PROFIT SHARING

More than \$49.6 million has been shared with members since 1995.

\$26,300



SERVICE CHARGE REBATES

Our Community Builder Service Charge Rebate Program continually helps organizations reach their goals. We are proud to offer a free account to over 250 local non-profits, such as health foundations, local sports teams, and youth clubs.

7,512



CARE WEAR DONATIONS

Lakeland Credit Union's Care Wear program was started by staff as a way of supporting important causes in the community. We're casual on Fridays because staff donate \$2 every week to wear jeans. This money is donated twice each year to local, non-profit organizations. Over \$133,000 has been given back to our communities since 2006.



2023 RECIPIENTS WERE:

- The Hive Youth Hub
- Lakeland Humane Society
- Action for Healthy Communities
- Clayton Bellamy Foundation
- The Dragonfly Centre
- Stepping Stones Crisis Society





FINANCIAL SUMMARY 2023



Interest rates continued to increase in 2023, with the Prime rate increasing from 5.95% in October 2022 to 7.20% by fiscal year end October 2023. Rising rates and a more challenging economic environment have had a significant impact on members' loan and deposit activity, and our profitability.

Member deposit balances grew by almost \$24 million (4%) in fiscal 2023, compared to almost \$33 million (6%) growth in the prior year. Members locked in higher rates during the year by shifting balances from chequing and savings accounts to term deposits.

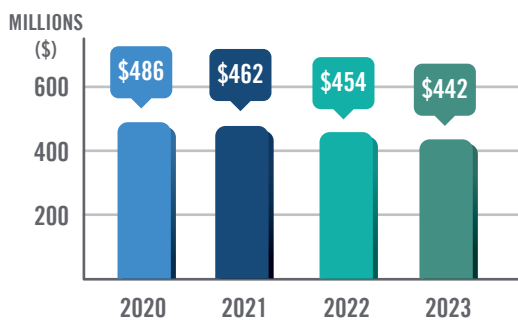
Member loans declined by \$11.6 million, primarily due to one-off payouts from a few commercial members who sold their business and/or a portion of their asset holdings to non-members. Lakeland Credit Union continued to offer the lowest mortgage rates in the Lakeland, which supported stable consumer mortgage balances.

Net Income Before Taxes and Patronage declined slightly in 2023 to \$4.16 million as we invested in hiring and retention of staff in order to better serve members and support future growth. Rising inflation also impacted expenses as our vendors passed on higher price increases. Cost of living increases, and the broad impacts of higher interest rates as the Bank of Canada sought to ease economic growth, contributed to a \$519,000 increase in loan loss provisions. These higher expenses were offset by a \$2.2 million increase in net interest margin. Our profitability in 2023 enabled the credit union to pay \$1.3 million to members in profit sharing.

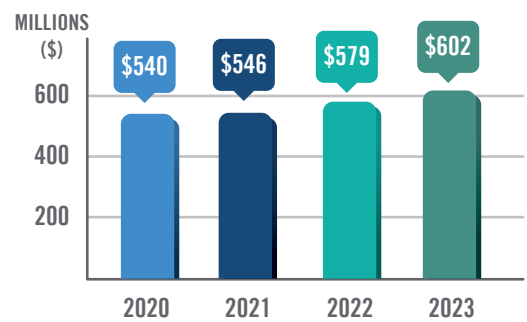
Our total capital and liquidity both increased in 2023, further solidifying LCU as one of the most secure credit unions in the country.



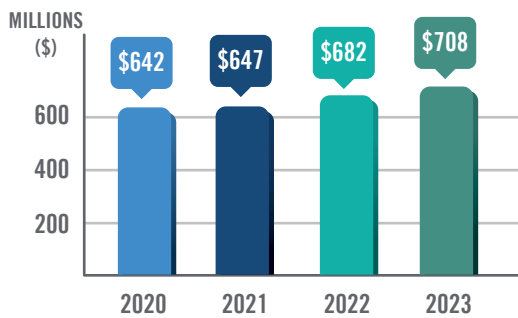
LOANS



DEPOSITS

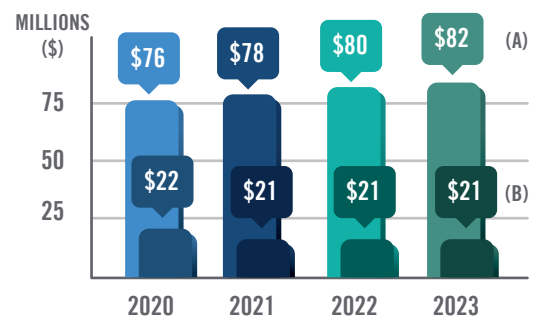


ASSETS

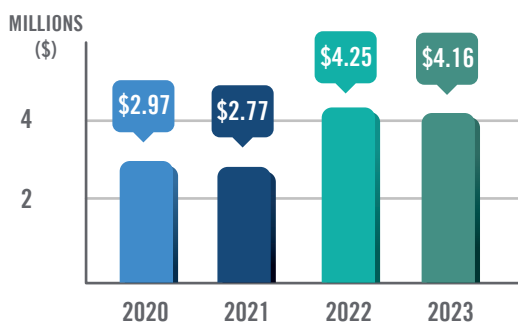


MEMBERS EQUITY

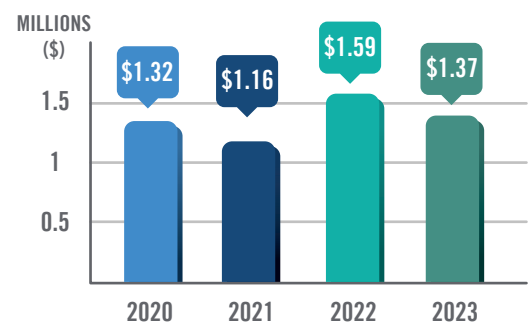
(A) RETAINED EARNINGS
(B) COMMON SHARES



PROFITABILITY



PROFIT SHARING





OUR PEOPLE



BOARD OF DIRECTORS



SALMAN ARABI
Board Chair



JUDY CABAY
Vice Chair



BRIAN HAMILTON
Director



KURT RICHARD
Director



DEAN DUBE
Director



BRIAN FIEGER
Director



ELISA BROSSAU
Director

EXECUTIVE TEAM



JOHN PETERS
President and Chief
Executive Officer



RONDA MORIN, CCE
Vice President,
Member Experience



JAMES OLSON, CCE, C.DIR.
Vice President,
Culture and Governance



KEVIN BOS, CPA, CMA
Vice President,
Finance and Risk



SEAN TIERNAY
Vice President, Credit
Risk Management



KAREN DOWS, CLLSGB
AVP, Innovation and
Member Solutions



PAULINE DE LEON, MBA
AVP, Member Experience
Bonnyville



PAUL MCWILLIAMS
AVP, Member Experience
Cold Lake

MANAGEMENT TEAM

KAMI CLINE
Manager, People and Culture

JASON CUSACK, PMP
Manager, Information Systems

MIRANDA DEMERCHANT
Personal Banking Manager, Bonnyville

KASSANDRA FRANSEN, CFA
Manager, Finance and Risk

NIKITA NORMAND
Manager, Service Centre

SYLVIA SLOWSKI, CPA, CA
Controller

ROB STEVENSON
Manager, Credit Adjudication

SUSAN URICHUK-ROTH
Personal Banking Manager, Cold Lake

YEARS OF SERVICE

5 YEARS

Alyssa McKibbon
Angèle Ducharme
Melissa Foglietta
Norma Huffman
Tyler Sylvestre

10 YEARS

Carole Beck
Cindy Cusack
Martha Hernandez

20 YEARS

Renee Bosdorf

35 YEARS

Irene Schurek

ACCREDITATIONS

CHARTERED FINANCIAL ANALYST (CFA)

Kassandra Fransen

CONSUMER AND RESIDENTIAL MORTGAGE LENDER

Ciedezha Bilar

MUTUAL FUND LICENSE

Caitlin Royston

PAYROLL COMPLIANCE PRACTITIONER

Estelle Ruel





LCU FINANCIAL

LET'S BUILD A PLAN TO HELP YOU LIVE LIFE CONFIDENTLY

LCU Financial is a wholly owned subsidiary of Lakeland Credit Union and offers expertise in all areas of investment planning for your continually evolving financial needs.

We recognize that the financial decisions you'll make during your lifetime may be challenging, unexpected, and at times, overwhelming. We are committed to partnering with you to help you achieve your unique goals.

In partnership with Credential Asset Management Inc., LCU Financial offers comprehensive investment planning, insurance, and retirement strategies to over 700 clients. Our Wealth Advisors provide expertise and solutions throughout all stages of life.

Working with our Wealth Advisors will ensure you are in control and empowered when it comes to your financial future.

Our Wealth Team can help you with:

- Holistic investment planning
- Risk Management and Insurance
- Investments
- Business and Agricultural planning
- Estate and succession planning



BOBBI READ
Wealth Advisor
LCU Financial
Credential Asset Management Inc



CAITLIN ROYSTON
Wealth Coordinator
LCU Financial



CIEDEZHA BILAR
Mutual Funds Investment Specialist
Credential Asset Management Inc

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