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# 2020 ANNUAL REPORT







## *The Credit Union* **DIFFERENCE**

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### **VISION**

To help you make the right financial decisions  
to fit your life and achieve your goals  
We put our members and our community first

### **MISSION**

To provide for the financial well-being of our members  
To contribute to building stronger member communities

## **NORTHERN BIRCH**

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We are strong  
Architects of our own future  
Trusting firm roots, building on our heritage  
We are proud of what we have accomplished  
And look forward to what the next generation will achieve

### **COMMITTED**

To your financial well-being  
To your unique circumstances  
To your dreams of growth and security





## MESSAGE FROM THE BOARD CHAIR



Dear Northern Birch Credit Union member,

Our first year as NBCU is built on the strong foundation of a combined over 125 year history of taking deposits and lending starting with Estonian and Latvian members, and extending beyond to their families and friends. Our community now also includes all Ontarians seeking excellent rates and trusted financial support.

Over this time, we have nurtured a mutual trust between members and the credit union.

This trust arises from our shared history and also from the co-operative principles on which credit unions are based. It is therefore not surprising that credit unions rank highest across all financial institutions for reliably providing financial planning and advice in the best interest of the member.

Moreover, credit unions come out on top over all other financial institutions for best online banking, customer service excellence, branch service excellence and live agent telephone banking.

These highly rated customer service aspects allowed NBCU to meet the challenges presented by the global pandemic, which were laid onto a year that was already full up with the amalgamation's integration of operations, systems, branches, languages, and workplace cultures.

Thank you to every NBCU member for your agile adaptation to the challenges the pandemic threw at us, for taking advantage of the excellent customer service that Northern Birch offers for remote banking. Thank you for your supportive feedback, for limiting in-branch visits to essential ones, for adapting to online and mobile environments.

**Thank you for continuing to build our virtuous circle of trust.**

This year, all Northern Birch member accounts will undergo a systems conversion. This significant step will set all of us up for an even better banking experience at Northern Birch. For some legacy Latvian Credit Union members, the account transition is already underway and while at times complicated, we're confident you'll enjoy the products and services available after upgrading of accounts.

An enormous thank you is owed to Anita Saar, NBCU's exceptional President and CEO, to the committed and talented management team, the friendly specialists and the knowledgeable front line staff for the attentive work performed every day, for keeping members and staff safe, and for nimbly developing and adapting to new ways of working and communicating. Thanks also goes to my fellow board members for their unwavering commitment to NBCU.

It has been an extraordinary year and we are not through the challenges yet. In the face of the ongoing challenges, it is heartening to know that our communities' foundations remain strong, that our credit union is strong and that our mutual trust, respect and support abides.

Ellen Valter  
Board Chair

*With over a combined 125 years of serving our members, our amalgamated Northern Birch continues to nurture mutual trust between members and the credit union.*

*Kahe ühendatud panga tegevusaastad kokku ületavad 125 aastat. Northern Birch nime all jätkatakse põhimõttel, kus meie liikmete ja panga vastastikune usaldus on esmakohal.*

*Ar vairāk nekā 125 gadu kopējo pieredzi darbojoties mūsu biedru labā, apvienotā Northern Birch kredītsabiedrība turpina veicināt savstarpēju uzticēšanos kredītsabiedrības un tās biedru starpā.*

## MESSAGE FROM THE CEO



Dear Members, Armsad liikmed, Cienījamie biedri,

It is my pleasure to report on our first year together, much as 2020 was a challenging year for all of us. In the first year of our credit union, we had so many plans and so much to do. Shortly after 2 months in, the global coronavirus pandemic forced Ontario into a state of emergency, and all but essential services were shut down. It was a shock to everyone. Truly a once in a hundred-year event!

I am very pleased to report that our new credit union stood up well to this challenge. We put the health and safety of you, our members, and our staff at the forefront. Seemingly overnight, we changed how we do business. So many of you, who had relied on visiting the branch to get your banking done, moved to online banking and telephone banking. Northern Birch lenders moved quickly to offer deferred loan payments and government CEBA loans to those experiencing financial stress. Those first days feel like a lifetime ago. Members have regained their footing and although we continue to carry extra loan loss provisions, there were no loan losses in 2020 and we had no deferred loans or delinquency as we entered 2021. This is a testament to the resilience of our communities.

**Silver linings - As often happens in crisis situations, the pandemic brought our team closer together and accelerated both the integration of our two heritage credit unions and the digitization of our business. We are now multi-branch – with one brand, one IT network, one team – and service in each branch is provided in the heritage language of your choice.**

We finish the year in a strong financial position. Assets have grown to over \$200 Million. Although we had significant costs related to merger integration, COVID-19, and implementing our new state of the art banking system, that when combined, reduced our net income to near breakeven, our margins remain well above that of the credit union sector in Ontario at 2.13%. These margins, together with a strong capital base over \$15 Million and liquidity close to \$50 Million, provide a strong foundation for future growth and will allow us to weather any continued dislocation or repercussions from the pandemic in 2021.

I would like to extend a big thank you, to you our members, for the changes you may have endured and for your continued loyalty and support; to our committed and hard-working staff members, who stepped up to go above and beyond during this tough year; and to our board members, for their continued oversight and support.

Thank you! Aitäh! Paldies!

Anita Saar  
President & Chief Executive Officer

*Northern Birch is more than a credit union; we are a family of members with a united vision, mission, and values. We remain committed to our core values:*

- Our foremost priority is the financial well-being of our member community
- We are flexible and agile to change, adding new products and services to help meet your unique needs and the changing digital landscape
- We work hard to keep our rates competitive and advantageous for our membership
- We are committed to serving you well and in your heritage language





## LOOKING FORWARD TO THE FUTURE

Financial services in Canada are evolving rapidly to bring better and more innovative services to individuals and small businesses, and Northern Birch is part of it!

The Northern Birch roadmap includes two new systems implementations in 2021 and preparatory work to meet upcoming Payments Canada requirements for payments modernization.

In the spring of 2021, Northern Birch is launching a new, state-of-the-art, award-winning banking system Fiserv DNA, used by over 100 credit unions in Canada and many financial institutions of all sizes globally. This system will provide the foundation for our future growth and the ability to adapt nimbly and flexibly to changes in the banking industry. Fiserv DNA provides Northern Birch with access to fintech apps to bring forward new products and services quickly and cost effectively. Most importantly, it will allow us to serve you better and provide you with more choice, improved ease of banking, and security. Members are encouraged to visit the Northern Birch website New Banking System page to learn more and keep abreast of changes.

Banking system changes will be followed in the summer by a new loan origination system,

which will make your loan application process easier, smoother, and faster — a winning combination when paired with our competitive rates and personalized service. We hope you will refer friends and family!

Payments Canada is working on a multi-year payments modernization roadmap to bring Canada up to date with payments standards globally. Northern Birch is working with its payments provider, Central 1 Credit Union, to deliver these payments solutions to you as they are adopted.

Many Northern Birch members will benefit from and appreciate the new digital tools. If you are concerned about what this means for banking in person in branch or by telephone with staff that know you, be assured that these won't change. At Northern Birch, our top concern is your financial well-being.

We will continue meeting your unique needs by delivering the personalized, caring service you have become accustomed to.

Northern Birch Credit Union honours our heritage and supports our community. Together, we are thriving, evolving, and growing.

Here are just a few of the benefits of the new banking system:



Safe and secure, up-to-date technology



The opportunity to introduce improved products and service



Staff team will have more time to provide personal service to members



The system is used by most credit unions in Canada



The future is brighter with more capabilities

## Northern Birch Credit Union Limited Summary Financial Statements for the Year Ended December 31, 2020

Statement of Financial Position		\$
<b>Assets</b>		
Cash		25,103,659
Investments		25,516,290
Loans		149,789,471
Other assets		2,199,866
		<b>202,609,286</b>
<b>Liabilities</b>		
Member deposits		185,571,577
Other liabilities		1,784,234
Member shares		127,380
		<b>187,483,191</b>
<b>Members' Equity</b>		
Retained Earnings		10,982,775
Contributed Surplus		4,514,186
Accumulated other comprehensive loss		(370,866)
		<b>15,126,095</b>
		<b>202,609,286</b>
<b>Statement of Income</b>		<b>\$</b>
Interest Income		6,013,788
Interest Expense		1,699,634
<b>Net Interest Income</b>		<b>4,314,154</b>
Provision for loan losses		(216,604)
<b>Net interest income after loan loss provisions</b>		<b>4,097,550</b>
Other income		611,474
<b>Net interest and other income</b>		<b>4,709,024</b>
<b>Operating Expenses</b>		<b>4,972,956</b>
<b>Income (loss) before other items and income taxes</b>		<b>(263,932)</b>
Gain on disposal of asset		1,460,870
Donation		(1,150,000)
<b>Income before taxes</b>		<b>46,938</b>
Taxes		(139,012)
<b>Net Income</b>		<b>185,950</b>
Other comprehensive income		9,628
<b>Total comprehensive income</b>		<b>195,578</b>



## STUDENT AWARDS

Meet our 2020 Community Roots Scholarship recipients



Marta Kanne is a second-year student studying Quantitative Biology at McGill University. Actively participating in the Latvian community as a student and music teacher, Marta is now a member of the Baltic Society at McGill.



Kiira Käärid is in her second year studying law at Western University. She has been active in the Estonian community through schools, camps and choirs. She recently founded Kiki's Kitchen London, where she prepares and delivers meals to the homeless and marginally housed.



Natālija Vāgners is a second year student studying nursing at Humber College. She serves as the treasurer of the Latvian National Youth Association of Canada Board of Directors and dances with Daugaviņa, the Latvian folk-dance group.



Mārtiņš Linde studies Landscape Architecture at the University of Guelph, currently in his second year. He has been active in the Latvian community, attending summer camps and song festivals. He is now a member of the Landscape Architecture Student Council at his school.



Monika Hutchings is in her second year, studying Communications and Media at Carlton University. Active in the Estonian community, Monika took on leadership positions as a camp counsellor, guides leader and Estonian school teacher. She has also taken a course at Tartu University to improve her Estonian language skills.



Liivi Sermat-Cooke is a first year student studying Environmental Studies at York University. Liivi spent her summers attending various Estonian summer camps and has taken on volunteer roles within the community, including volunteering at Ehatare Retirement and Nursing Home.



Kaija Käärid is a third year medicine student at McMaster University. She has been active in the Estonian community through summer camps and choirs, and continues this as a member of the Hamilton Estonian Choir. She also volunteers as a Crisis Text Line responder for Kids Help Phone.



Līva Zemītis is a fourth year student in European Studies at the University of Toronto. A board member of the Latvian National Youth Association of Canada, she has also interned for Latvia's Ministry of Foreign Affairs and continues to be active in the local Latvian community.

*COVID-19 has changed so much. We are pleased to be able to support our retirement & nursing homes and community schools, easing the burden of COVID in a meaningful way.*

## SUPPORTING OUR COMMUNITY

Supporting our senior population is important to us, and it has never been as important as during this challenging year of COVID-19. Our donations help make a real difference. The Ehatare Retirement and Nursing Home was able to replace their aged projector. Regular movies, shows and dance festival screenings are a weekly bright spot for the residents. At Kristus Dārzs Latvian Home our donation made it possible to add beautiful wall murals creating a window into nature and well-being. At Suomi-Koti, the donation made it possible to create a window nook with a birch mural, a restful spot to relax and read.

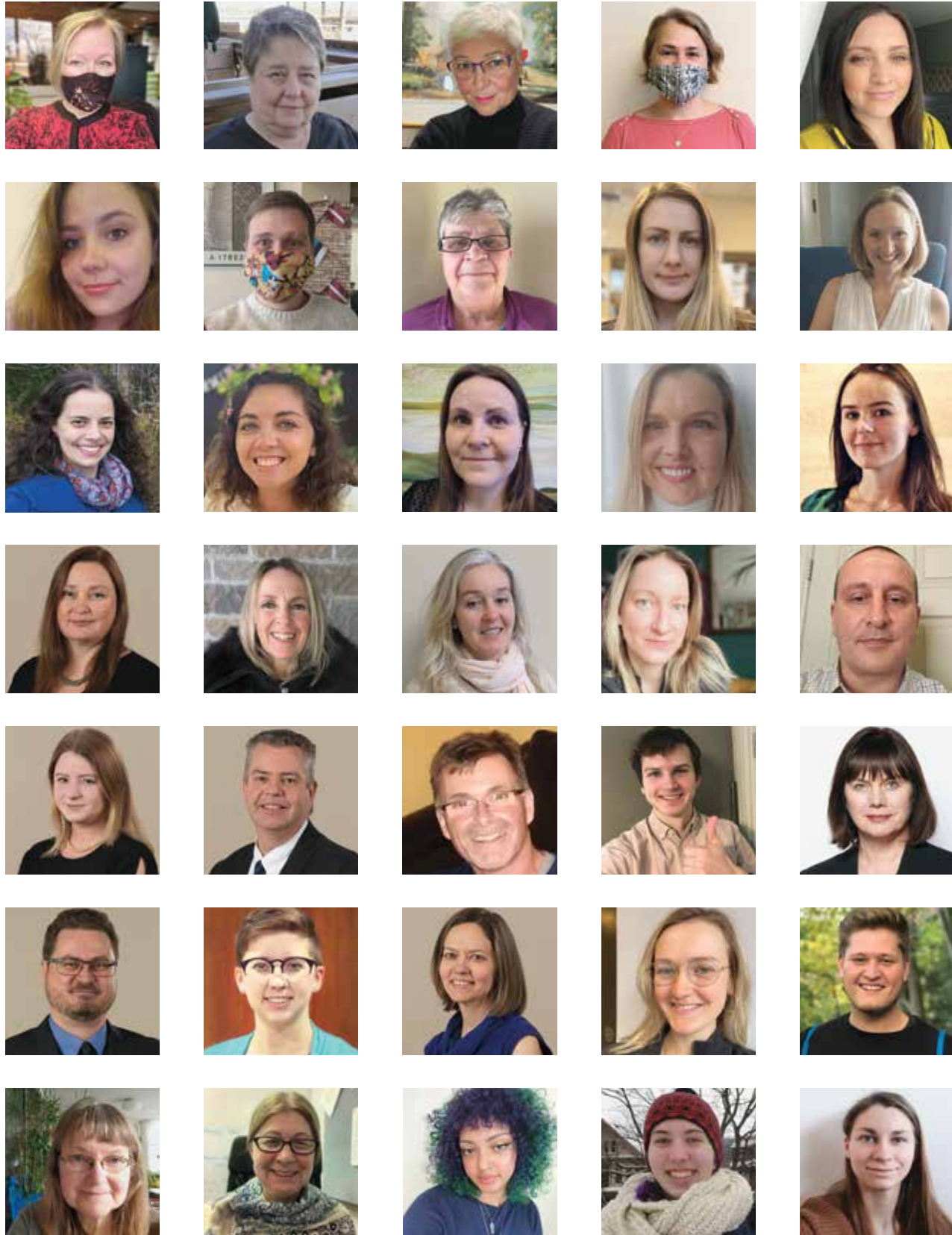


## SUPPORTING OUR SCHOOLS

As we entered a school year unlike any other, our donations helped cover additional costs brought up by the new COVID environment. We were happy to provide students with welcome back packages to help launch the year, and graduating students received stipends to help encourage their learnings and commitment to their communities.







## OUR TEAM

- Ene Timmusk - Manager, Branch Operations & Member Service
- Māra Leja - Branch Manager
- Hille Järve - Senior Member Service Representative
- Kersti Toomik - Member Service Representative
- Tuuli Hess - Member Service Representative
- Helle Wichman - Member Service Representative
- Valdis Jevtejevs - Member Service Representative
- Ilze Williamson - Member Service Representative
- Madara Balode - Member Service Representative
- Tiiu Bradley - Member Service Representative
- Elin Marley - Member Service Representative
- Miina Billones - Manager, Marketing & Member Service
- Baiba Auzāne - Marketing & Member Service Specialist
- Heili Orav - Manager, Wealth & Estate Services
- Baiba Reinfeldē - Investments and Member Service Specialist
- Līsa Keevallik - Manager, Retail Lending
- Shelley Wallace - Senior Loan Officer
- Inga Irbeniece - Senior Loan Officer
- Leiki Kopvillem - Loan Officer
- Louis Christidis - Loan Officer
- Triina Kiillaspea - Retail Lending Support
- Scott Lister - Manager, Commercial Lending
- Wil Roache - Commercial Account Manager
- Markus Tralla - Commercial Credit Analyst
- Anita Saar - President & CEO
- Priit Nikker - Director, Banking Operations
- Emily Vanderkruk - Director, Finance & Administration
- Tiiu Remmel - Manager, Organizational Development
- Morgen Liik - Projects & Administration Support
- Kristian Luksep - Projects & Corporate Functions Assistant
- Ingrid Kütt - Project Support
- Anne Guiter - Project Support
- Liivi Sermat Cooke - Administrative Support
- Marika Gulēns-Taube - Project Support
- Brigita Gubiņš - Project Support





## OUR BOARD



### BOARD CHAIR:

Ellen Valter, LL.B.

### VICE-CHAIRS:

Juris Steprāns, Ph.D. Mathematics  
Tiina Liivet, CEBS

### CORPORATE SECRETARY:

Karin Ots, LL.B.

### AUDIT COMMITTEE CHAIR:

Lea M Kõiv, BComm, CPA, CMA, CA, CFP®, TEP

### DIRECTORS:

Matti Jalakas, PMP, CPA, CISA  
Liene Kiršs  
Mihkel Liik, P.Eng., MBA  
Kuldar Lindvere, MBA, CFA  
Vilis Miklaševičs  
Ene Liis Palmer, LL.B.  
Peter Poolsaar, P. Eng.







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