

AUDITORS' REPORT

To the Members of East Kootenay Community Credit Union

We have audited the consolidated balance sheet of East Kootenay Community Credit Union as at December 31, 2008 and the consolidated statements of income and retained earnings and cash flow for the year then ended. These consolidated financial statements are the responsibility of the credit union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the credit union as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Adams Redding Wooley
Adams Redding Wooley
Certified General Accountants

Cranbrook, BC
February 9, 2009

EAST KOOTENAY COMMUNITY CREDIT UNION
Consolidated Balance Sheet
December 31, 2008

	2008	2007
ASSETS		
CASH AND TERM DEPOSITS	\$ 23,401,411	\$ 17,604,547
MEMBERS' LOANS (Note 2)	170,332,191	148,374,647
OTHER (Note 3)	364,780	337,545
INVESTMENTS (Note 4)	1,160,540	1,072,699
PROPERTY AND EQUIPMENT (Note 5)	3,417,956	2,878,407
	\$ 198,676,878	\$ 170,267,845
LIABILITIES AND MEMBERS' EQUITY		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 1,480,341	\$ 915,080
MEMBERS' DEPOSITS (Note 6)	185,422,334	148,272,654
MEMBERS' SHARES (Note 7)	2,923,779	2,694,421
LOAN PAYABLE (Note 8)	-	10,505,673
	189,826,454	162,387,828
RETAINED EARNINGS	8,850,424	7,880,017
	\$ 198,676,878	\$ 170,267,845

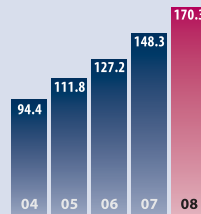
This condensed financial report is taken from the consolidated financial statements. A copy of the full financial statement, prepared by ADAMS REDDING WOOLEY, Certified General Accountants, is available to all members at any branch of East Kootenay Community Credit Union or at www.ekccu.com

APPROVED ON BEHALF OF THE BOARD:

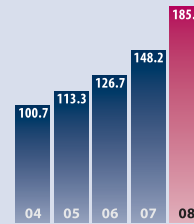
"DON HOLT" Director

"MIKE PANG" Director

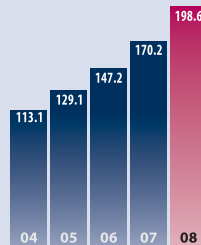
Loans (in millions)



Deposits (in millions)
2008 increase 25.1%

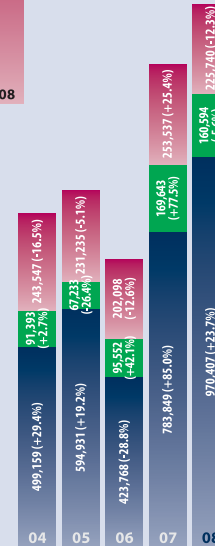


Assets (in millions)
2008 increase 16.7%



Net Income Distribution

- Patronage & Dividends to members
- Taxes to governments
- Retained by credit union



EAST KOOTENAY COMMUNITY CREDIT UNION
Consolidated Statement of Income and Retained Earnings
Year Ended December 31, 2008

	2008	2007
FINANCIAL INCOME		
Interest from Loans	\$ 9,744,677	\$ 8,384,093
Interest from Investments	697,237	525,202
	10,441,914	8,909,295
FINANCIAL EXPENSES		
Interest on Deposits	4,211,882	3,459,562
Interest on Borrowed Funds	337,581	384,065
	4,549,463	3,843,627
	5,892,451	5,065,668
FINANCIAL MARGIN		
OTHER REVENUES (EXPENSES)		
Service Fees and Commissions	1,934,224	2,004,635
Processing/Handling Fees	(192,070)	(179,180)
Losses on Loans and Property for Resale	(91,535)	(65,490)
	1,650,619	1,759,965
	7,543,070	6,825,633
	(6,186,329)	(5,618,504)
OPERATING EXPENSES (Schedule 1)		
INCOME BEFORE INCOME TAXES AND REWARDS TO MEMBERS	1,356,741	1,207,129
INCOME TAXES		
Current (Note 10)	151,360	160,477
Future	9,234	9,166
	160,594	169,643
INCOME BEFORE REWARDS TO MEMBERS	1,196,147	1,037,486
REWARDS TO MEMBERS (Note 12)	(225,740)	(233,537)
NET INCOME	970,407	783,949
RETAINED EARNINGS - BEGINNING OF YEAR	7,880,017	7,096,068
RETAINED EARNINGS - END OF YEAR	\$ 8,850,424	\$ 7,880,017

2008
Annual
Report



YOUR ROAD TO FINANCIAL FREEDOM

LOOK INSIDE FOR THE MAP →

Knowledgeable staff
offering financial
advice for every
stage of your life...

*minimize the curves
in the road.*



CEO and Board Chair 2008 Report

In 2006 the board established new “Key Performance Indicators” to help steer EKCCU towards long term success with a continued balance of stronger member relationships, employee engagement, efficiency and effectiveness in our internal operations while continuing to enhance our profile within our communities. This continued to be our focus in 2008.

The Fernie branch celebrated its fourth birthday in 2008 and continues to be a major initiative that impacts our organization both positively and negatively. The positive effect comes from the great effort of our branch staff, new members and the multiple lines of business we are gaining from the Fernie marketplace. The negative impact is the lower profitability in the Fernie branch versus the profitability level in our other two branches. However, based on our original five-year business plan for branch growth, revenue and expenses are within acceptable levels for a new branch in its fourth year of operation.

In 2007 East Kootenay Community Insurance Ltd. merged with Allard Insurance Ltd. (Nelson & District Credit Union) and Kootenay Savings Insurance (Kootenay Savings Credit Union) to become “KIS” (Kootenay Insurance Services Ltd.) The new company is providing better products and rates to our members while enhancing knowledge and career opportunities for our staff. In the long term, increased return on investment will assist our credit union’s growth and profitability.

Financial

2008 was a better year financially than 2007. An increasing financial margin resulted from our significant growth in deposits and loans. Our operating expenses were up 10% from 2007, but this included a significant increase from our new banking system conversion. Overall our income before taxes and patronage rewards was up 12%.

A focus on gaining deposits and lowering our borrowings took place in 2008 with an increase in deposits of 25% and a decrease in borrowings from Central 1 of \$10.5 million. Member loans increased by 15% overall, assets increased 16.68% and our retained earnings increased 13.6%.

EKCCU’s board of directors approved an allowance for a future patronage reward payout of \$150,000 to our members. The board will monitor the economic situation globally and within our communities, as well as the effects of the economic downturn on the financial performance of EKCCU. During 2009 the board will determine when or if the payment will be disbursed.

New Banking System

In 2008 the conversion to a new banking system was a significant undertaking for our credit union. We had five staff dedicated for over seven months working on the conversion and have invested over \$700,000 in hard and soft costs relating to the conversion. Our previous banking system had been in place for over twelve years. Many thanks to our conversion team for the many extra hours they put in up to and after the conversion, staff for all their work, and members for their support and patience during this time.



Jody Burk
CEO



Don Holt
CHAIRMAN OF THE BOARD

Board of Directors

Training for directors continues to be a high priority for our board, with six directors previously completing their CUDA (Credit Union Director Achievement Program) modules but continuing to take new courses as offered. Jean Samis and Cindy Corrigan, who were elected in April 2006, have both completed the second year courses required as directors; Lynne Shewchuk, elected in 2007, is currently completing the second year requirements; and George Freitag, elected in 2008, will complete the first year requirements by the end of April. There are nine required and four elective modules to complete the CUDA program. Board members have also been active in attending regional credit union meetings as well as semi-annual and annual general meetings for Central 1. In 2007, some directors had the opportunity to attend the World Council of Credit Unions conference held in Calgary. This is in addition to the significant number of regular or special board and committee meetings required of directors.

Partners in our Communities

We continue to remain a strong community supporter with over \$70,000 in donations being invested in our communities during this past year. Many of our staff and directors invest time and participate in executive/director capacities in community organizations such as:

- 2008 Kimberley–Cranbrook BC Winter Games
- ACT
- COTR Administration Program Advisory Committee
- Community Campus Children’s Society
- Canadian Cancer Society – House to House Canvas
- Canadian Cancer Society – Relay For Life – Cranbrook and Elk Valley
- Community Volunteer Income Tax Program
- Cranbrook Food Bank
- Cranbrook and District Foundation
- Cranbrook and District Recreational Projects Society
- Cranbrook Community Theatre
- Cranbrook Golf Course
- Cranbrook Minor Baseball – coach
- Cranbrook Society of Community Living
- Cranbrook Women’s Resource Society
- Crime Stoppers
- Director, Regional District Board
- Downtown Business Association
- East Kootenay Regional Hospital Board
- East Kootenay Seniors Coalition
- East Kootenay Trail Hounds Assoc.
- East Kootenay Volleyball Club
- Elkford and District Chamber of Commerce
- Elkford Business Association
- Elkford Curling Club
- Elkford Projects Society
- Elkford Sled Dog Races
- Elkford Emergency Social Services
- Elkford Women’s Task Force
- Elk Valley Minor Hockey
- Fernie Family Housing Society – Board member
- Fernie Heritage Library – Treasurer
- Fort Steele Heritage Town – Volunteer
- Home Run Society
- JCI Kootenay (local chapter of the International Junior Chamber of Commerce)
- Key City Theatre – Volunteer
- Kidney Foundation
- Kimberley Search and Rescue
- Kimberley Citizens on Patrol and Kimberley Speed Watch
- Kootenay Children’s Train Society
- Elkford District Council – Mayor
- Fernie District Council – Mayor
- One-to-One Reading
- Option for Sexual Health Clinic
- Rocky Mountain Housing Society
- Rotary
- Sam Steele – Taste of Cranbrook
- Steve Nash Youth Basketball Camps – Coach
- Success by Six
- Trans Rockies Mountain Bike Race

2008 Board of Directors



Don Holt CHAIR



George Freitag



Imelda Engels



Mike Pang



Jean Ann Debrenceni



Dean McKerracher



Cindy Corrigan



Jean Samis



Lynne Shewchuk



866.960.6666

Cranbrook • Elkford • Fernie
www.ekccu.com



ELKFORD STAFF ↗

CRANBROOK STAFF →



Radium
Columbia Lake

↙ RELAY FOR LIFE CRANBROOK



FERNIE STAFF ↑



CRANBROOK EKCCU, INSURANCE AND FINANCIAL PLANNING RAISED \$15,400 TOTAL. CINDY STEKMAN RAISED AND INSPIRED \$7,400. \$78,400 HAS BEEN RAISED FOR THE RELAY SINCE 2003.

Columbia Lake

FERNIE CHILD CARE SOCIETY ↓



↖ STARLITE CAMPAIGN

Columbia Lake

Finlay Creek

FERNIE SALVATION ARMY ↓



FERNIE CHILD CARE SOCIETY BOARD OF DIRECTORS RECEIVING \$3500 DONATION FROM THE CREDIT UNION. WE'RE A STRONG SUPPORTER KNOWING THE NEED FOR DAY CARE SPACES IN THE COMMUNITY.

Elkford

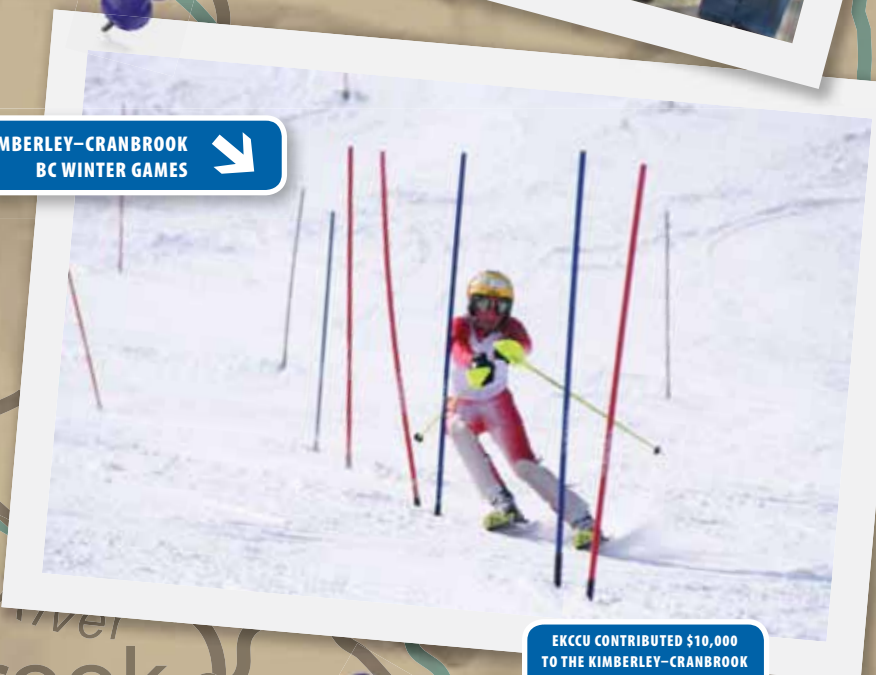
ELKFORD 2008 COMMUNITY

2008 Commu



MAJOR SHAYLER RECEIVING A \$590 DONATION ON BEHALF OF THE SALVATION ARMY FOOD BANK

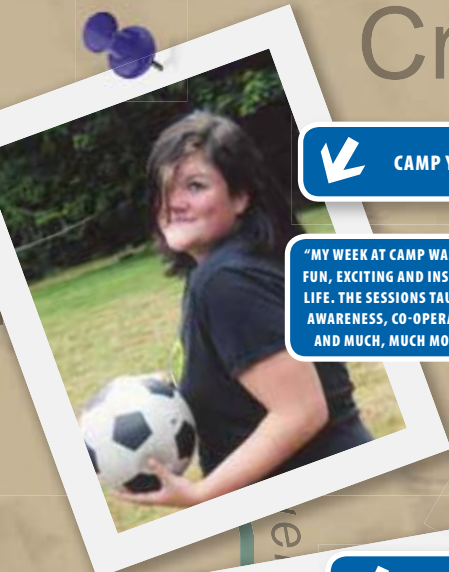
KIMBERLEY-CRANBROOK BC WINTER GAMES



EKCCU CONTRIBUTED \$10,000 TO THE KIMBERLEY-CRANBROOK BC WINTER GAMES



SHELLY MCLEAN AND DENISE SORENSON ACCEPT EKCCU'S ANNUAL DONATION OF \$300 FOR ELK FORD FOOD BANK. THEY RECEIVED AN ADDITIONAL \$580 FROM THE COMMUNITY BOND FALL CAMPAIGN.



CAMP YES

"MY WEEK AT CAMP WAS ONE OF THE MOST FUN, EXCITING AND INSPIRING TIMES OF MY LIFE. THE SESSIONS TAUGHT US ABOUT SELF AWARENESS, CO-OPERATION, LEADERSHIP AND MUCH, MUCH MORE." — COURTNEY

ELK FORD NORDIC SKI CLUB RECEIVES \$450



ELK FORD NORDIC SKI CLUB PRESIDENT GARRY LUCAS ACCEPTS DONATION FROM EKCCU'S CINDY HESJE TOWARDS FABRICATION AND INSTALLATION OF DROP BOX AT THE MOUNTAIN MEADOWS GOLF COURSE CROSS COUNTRY TRAIL

FOOD FOR KIDS \$12,300 IN THE LAST TWO YEARS



\$500 SCHOLARSHIP



WINNER AISLINN MANN WILL BE ATTENDING UNIVERSITY OF OTTAWA'S GENERAL ARTS PROGRAM

Cranbrook

Fernie

Koocanusa