



2020 **ANNUAL** Report



Churchbridge Credit Union



**Saskatchewan
Credit Unions**

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CHURCHBRIDGE CREDIT UNION
75th ANNUAL GENERAL MEETING

Monday, April 26, 2021
5:00 PM

AGENDA

- 1.** Call to Order
- 2.** Adoption of Agenda
- 3.** Reading of the Minutes from the Last Annual General Meeting held June 29, 2020
- 4.** Business Arising from the Minutes/Adoption of the Minutes
- 5.** President's Report
- 6.** Management Discussion and Analysis
- 7.** Auditor's Report
- 8.** Presentation of the Financial Statements
- 9.** Motion to Accept Reports
- 10.** Appointment of Auditors
- 11.** Election Report
- 12.** Resolution for the Destruction of Ballots
- 13.** Long Term Service Awards Presentation
- 14.** Question Period
- 15.** Door Prizes
- 16.** Adjournment

CHURCHBRIDGE CREDIT UNION

With Branches In

CHURCHBRIDGE and LANGENBURG

INCORPORATED APRIL 20, 1945

BOARD OF DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>OCCUPATION</u>	<u>TERM EXPIRES</u>
Judy Miller	Langenburg	Business Owner	2023
Wendy Lutz	Churchbridge	Retired Teacher	2023
Howard McCullough	Langenburg	Retired Town Administrator	2023
Kevin Popp	MacNutt	Farmer	2022
Brenda Becker	Churchbridge	Office Admin.	2022
Calvin Swanson	Churchbridge	Miner	2021
Rodney Flunder	Churchbridge	Retired Farmer	2021

EXECUTIVE

President
Vice President
Secretary
Treasurer

Wendy Lutz
Calvin Swanson
Tehra Lauer
Ryan Tebbutt



STAFF

Name	Position	Cooperative Experience	
Nicole Rathgeber	Member Services Representative	1	Month
Kayla Clay	Member Services Representative	1.5	Years
Kristin Atkinson	Member Services Representative	2	Years
Sydney Brady	Member Services Representative/Loans Assistant	2.5	Years
Chelsea Tall	Member Services Representative	3	Years
Randi Russett	Member Services Representative/Wealth Assistant	3.5	Years
Tehra Lauer	Executive/Office Assistant	5	Years
Klarence Ganding	Member Services Representative/Wealth Assistant	6.5	Years
Megan Schaan	Office Assistant	7	Years
Kendra Patzwald	Technical Support/Project Coordinator	8.5	Years
Rebecca Pash	Accounting Assistant	8.5	Years
Lois Laboucane	Loans Officer	11.5	Years
Janessa Liepert	Loans Officer	12	Years
Danielle Shackleton	Office Assistant	12.5	Years
Cheryl Kitz	Senior Member Services Representative	12.5	Years
Courtney Dormon	Loans Officer Trainee	13	Years
Elliana Margarit	Loans Officer	13.5	Years
Keri Melnyk	Member Services Representative	14	Years
Deidra Schaan	Loans Assistant	14	Years
Andrew Barker	Loans Manager	18.5	Years
Rachele Marlowe	Senior Member Services Representative	19.5	Years
Ryan Tebbutt	CEO (June - December)	20	Years
Brenda Yanke	Deposit & Compliance Supervisor	22.5	Years
Gaylene Putland	Support Services Assistant	23.5	Years
Connie Olm	Deposit & Support Services Manager	26.5	Years
Susan Bewcyk	Financial Advisor	34	Years
Perry Wishlow	General Manager (January - June)	40	Years



Churchbridge Branch



Langenburg Branch

President's Report

What can a person say about 2020 that hasn't already been said? What a year!

We started the year off with excitement and big plans for celebrating our 75th anniversary, saying good-bye to Perry and welcoming a new CEO. Unfortunately we had to downgrade our plans. We did celebrate our 75th in a small way, we said goodbye to Perry and welcomed Ryan to our organization.

Like many other credit unions in the province we saw lower loan demand and increased deposit growth. Interest rates have lowered our margins and made for some interesting times. Fortunately we have managed to stay in the top percentile overall in the province among credit unions. We continue to do well and were able to continue our member profit sharing program and our Community Initiative program. We used these 2 programs to celebrate our 75th anniversary. We hope to continue these programs into 2021.

The staff have seen many challenges and changes over the course of the year. Some went to working from home while others have had to wear masks most of their working day. You can still see the smile in their eyes when you enter the credit union, that is if you enter either of the buildings. Thank you staff for a job well done under trying circumstances.

The board also had to adapt to different ways of meeting. We have had virtual meetings, as well as distanced in person meetings wearing masks. Our new board member Judy Miller had a different board experience than everyone else. Thank you to the board for continuing your dedication to planning for the future. We will be saying goodbye to two board members: Rodney Flunder and Calvin Swanson. Thank you for your years of service. We look forward to welcoming 2 new members from the Churchbridge area.

Thank you the members for continuing to support us. Without you there wouldn't be a credit union.


Wendy Lutz

President of the Board of Directors

Management Discussion and Analysis

Introduction

Churchbridge Credit Union is an independent Saskatchewan credit union owned by its members. Under the current credit union legislation, Churchbridge Credit Union is able to provide financial services to members and non-members. As of December 31, 2020 **Churchbridge Credit Union** had **3,010** members and **307** non-members. Non-members *do not* participate in the democratic processes of the credit union nor are they eligible to participate in our Member Profit Sharing patronage program.

Our credit union has branches in **Churchbridge** and **Langenburg**. We serve the communities and surrounding areas of Churchbridge, Langenburg, MacNutt and Bredenbury. We provide a full range of services including financial, investment, commercial, agricultural and personal loans and mortgages as well as insurance and wealth management services.

PURPOSE

We strive to be progressive and dedicated, ensuring our members and our communities are our top priority.

VALUES

Churchbridge Credit Union believes in integrity, community involvement, innovation, teamwork, providing excellent member service, supporting our staff and the co-operative principles.



Churchbridge Credit Union
Bringing Communities Together

Credit Union Market Code

Churchbridge Credit Union voluntarily adheres to the Credit Union Market Code. This code was jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee Corporation to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- **Complaint handling** which outlines the process for dealing with all complaints regarding the service, products, fees or charges of Churchbridge Credit Union.
- **Fair sales** by outlining the roles and relationship of staff to all members/clients and in accordance with the financial services agreement.
- **Financial planning process** to advise members/clients on the risks and benefits associated with financial planning services.
- **Privacy** to protect the interests of those who do business with Churchbridge Credit Union. Privacy is the practice to ensure all member/client information is kept confidential and used only for the purpose for which it was gathered.
- **Professional standards** to preserve a positive image of Churchbridge Credit Union among our members, clients and communities.
- **Capital management** to ensure our capital structure aligns with our risk philosophy.
- **Financial reporting** to adhere to business and industry standards.
- **Governance practices** to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Churchbridge Credit Union.
- **Risk management** to ensure all risks are measured and managed in an acceptable fashion.

Co-operative Principles

As a true co-operative financial institution, Churchbridge Credit Union acts in accordance with internationally recognized principles of co-operation:

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members

allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Strategic Planning

The vision of Churchbridge Credit Union is to be the leading provider of a full range of financial services in Churchbridge, Langenburg and surrounding areas. To monitor specific objectives throughout the year that support this vision, we have developed a performance management framework that establishes measures and monitors our progress toward achieving our goals.

Our key strategic objectives in 2020 focused in the following areas:

Financial Focus

Objective: *Maintain and build our financial strength to support managed growth.*

Desired State: *We have the financial results necessary to fund our Strategic Priorities.*

Our continued financial strength is fundamental to our ability to execute on our strategies, maintain a patronage program and products and services to our members. Our financial strength will encompass net earnings, efficient operations, and capital and liquidity strength.

Community Focus

Objective: *Be a leader in our communities through investment and community support.*

Desired State: *We are recognized for our long-term commitment to our communities through our investment, volunteerism and sponsorships.*

Investing in our communities, through volunteerism and sponsorship, are at the core of who we are as a credit union. Also, educating our communities about our Purpose and Values.

Member Focus

Objective: *Increase the depth of member (internal and external) relationships.*

Desired State: *We strive to meet the current and emerging needs of our members.*

Serving our members is why we exist. Our competitive advantage is built on:

- Ensuring we actively develop and increase our financial relationships with our members.
- Continually seeking to better understand our member's needs, especially during tougher economic times.
- Understanding the needs of those in our communities who have not yet become members.
- Recognizing and successfully delivering on a customer intimacy model means we cannot and will not be all things to all people. This may mean saying 'no' when required.

Internal Business Processes Focus

Objective: *Ensure efficient and relevant member focused processes.*

Desired State: *We will choose cost effective technology and processes that provide the greatest benefit for the credit union and our members.*

As our member expectations, communities, and the general financial environment continue to evolve, we will take a proactive approach in determining our future.

We will accomplish this through:

- Being proactive in engaging like-minded credit unions in pursuing collaborative and partnership opportunities that add value for our members.
- Ensuring our business model is robust and flexible to evolve with the changing environment. (ex. Technology, products and services, branch structure, etc.)
- Ensuring that the goals of the credit union as outlined in the strategic plan and the business plan continue throughout the transition to the new CEO.

People and Culture Focus

Objective: *Attract and retain member focused people (employees, management and board) that align with our culture.*

Desired State: *We have people that support and develop deeper financial relationships with members. Our people feel they are well supported by the credit union in their growth and development.*

Our people, regardless of whether their functional roles are internally or externally focused, are critical to successfully executing our strategies and delivering on our value proposition to our members. We accomplish this through:

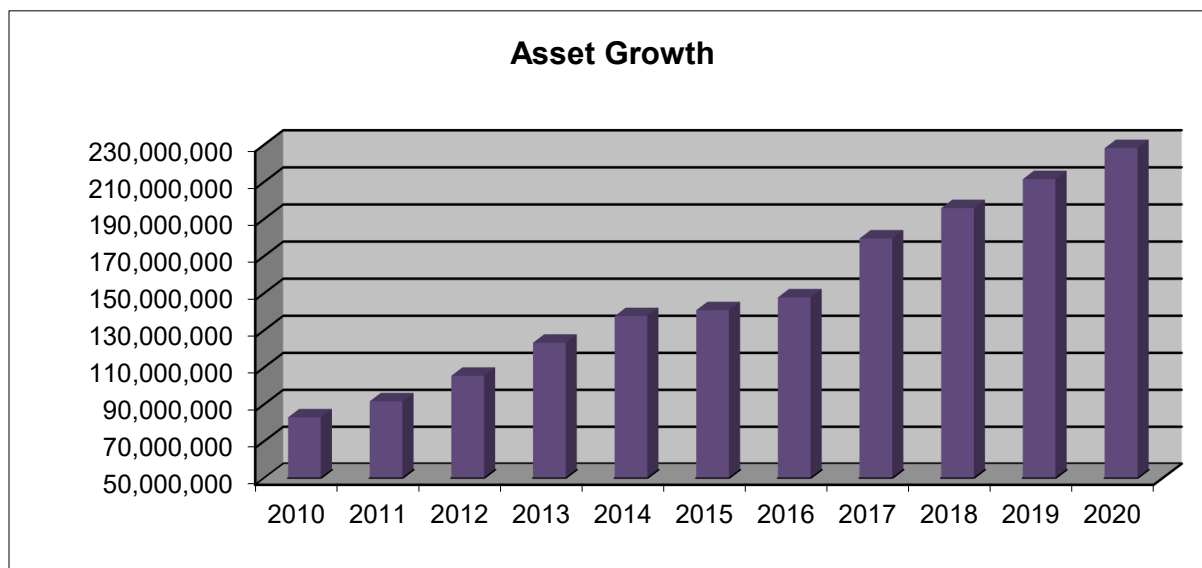
- Ensuring we maintain highly engaged people.
- Recruiting a new CEO and ensuring a smooth leadership transition.
- Ensure we continue to attract, train and retain qualified board members and staff.

Financial Results

The following report will discuss the different aspects of our year on a financial basis including reports on assets, loans, deposits, profitability, and capital and liquidity management.

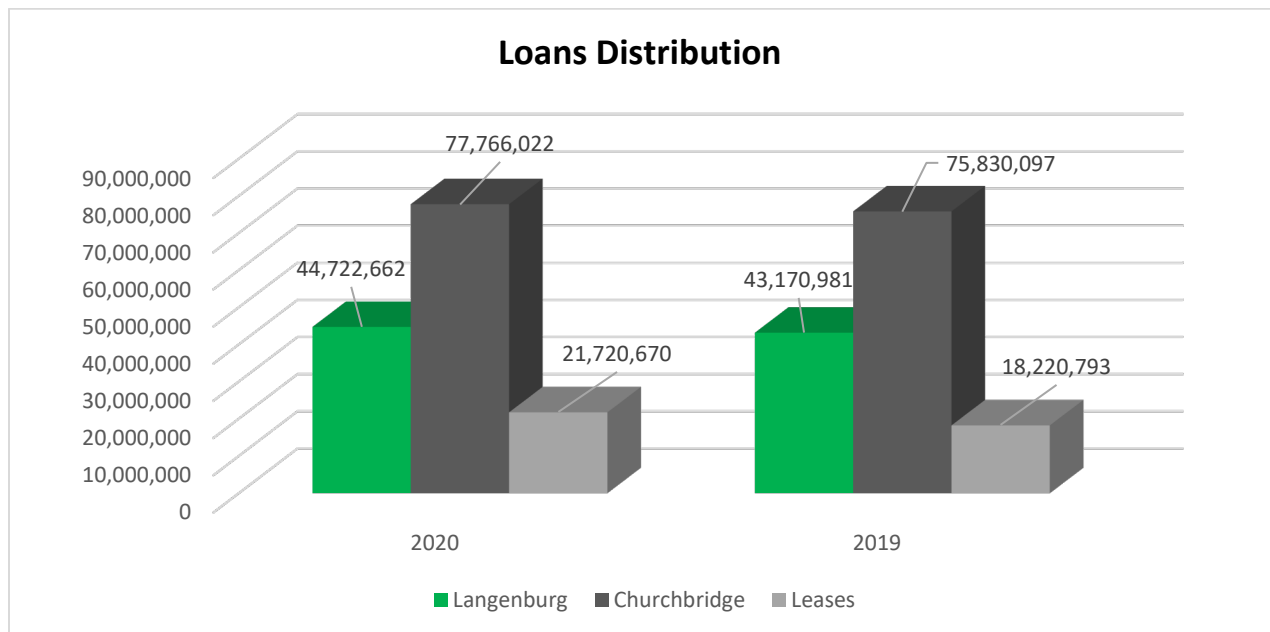
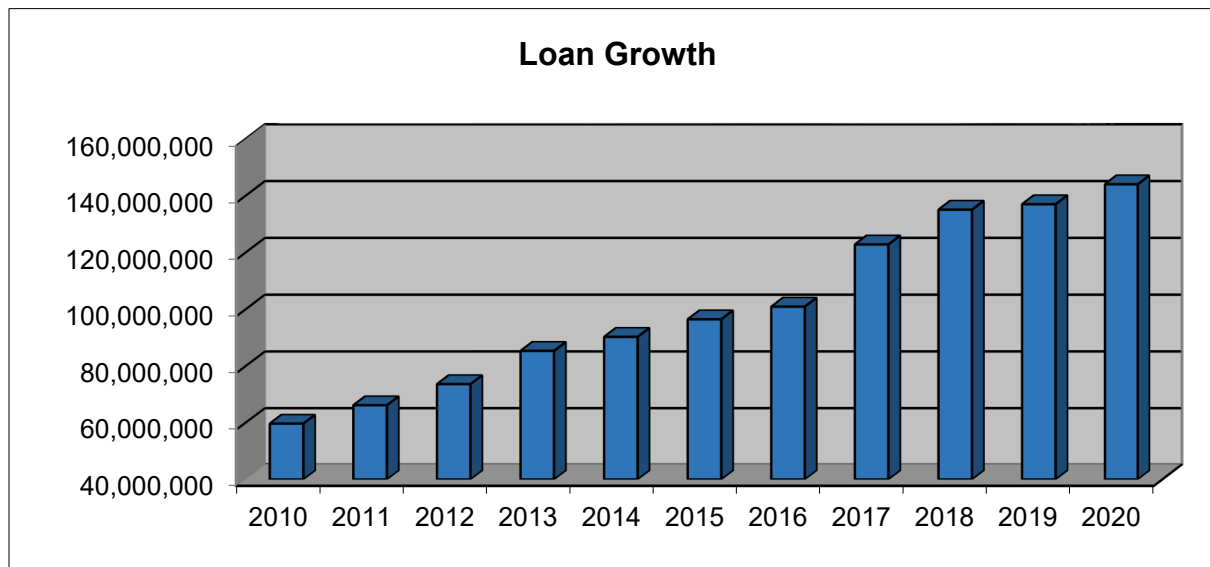
Assets

Our assets at year-end were **\$228,370,693**, which includes both our “on book” assets of **\$194,017,738** and “off book” mutual funds amount of **\$34,352,955**. This is an increase of **\$15,619,088** or **7.9%** over 2019. We continued to see above average growth. Past closures of the TD bank branch in Langenburg and the Conexus Credit Union Branch in Spy Hill have aided in past growth, but the bulk of this growth came from an increase in our membership’s deposit base due to reduced spending brought on by the current pandemic.



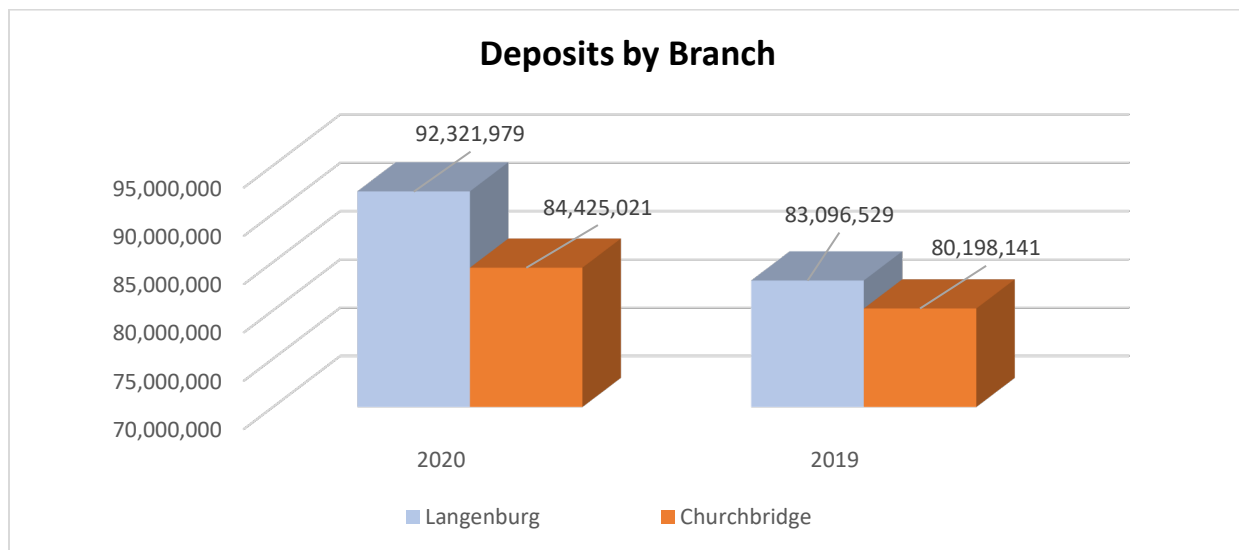
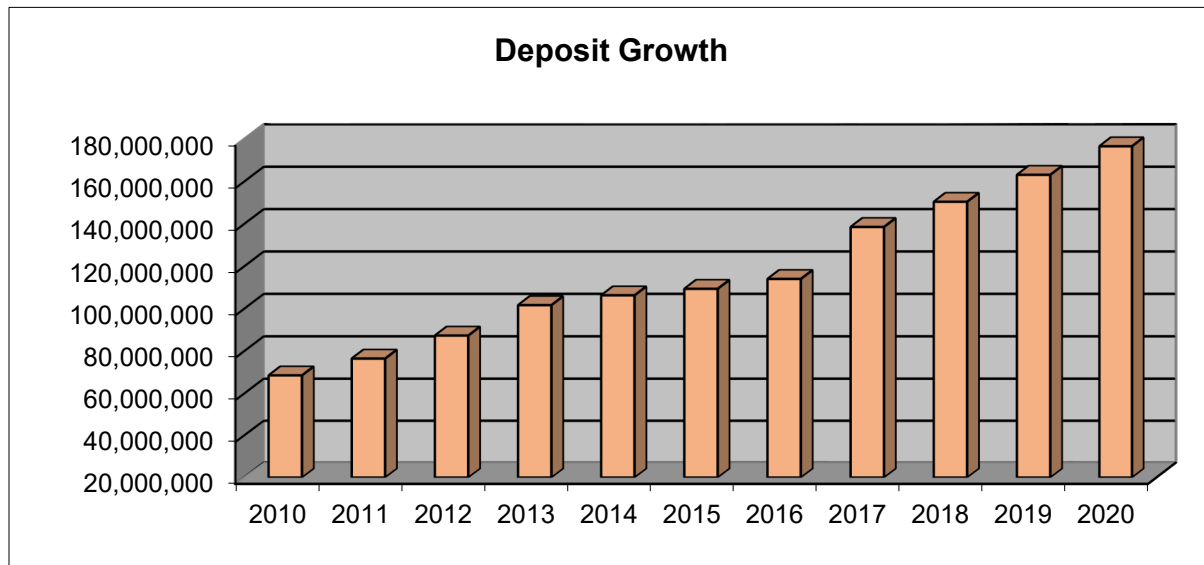
Member Loans

Our member loans, which form the majority of our assets, at year-end, were at **\$144,209,353**, which is up **\$6,987,482** or **5.09%** from 2019. Our overall delinquency at year-end was at **0.71%**, which is a decrease of **0.57%** from 2019. Our over 90-day delinquency was at **0.42%**, which is an increase of **0.05%** from last year's total of **0.37%**. In 2020, we approved, extended or amended **871** loans, which is down **45** from the previous year. In dollars, this amounted to **\$85,301,893** in loans, which is up **\$15,278,101** or **21.8%** from 2019.



Deposit Growth

As of year-end, member deposits totaled **\$176,747,000**, which is an increase of **\$13,452,330** or **8.24%** in 2020. The majority of the growth was in Plan 24s, Term Deposits, and TFSA accounts. We anticipate that 2021 may show reduced deposit growth as the COVID-19 vaccine rolls out.



Our “off book” Mutual Fund Portfolio also achieved excellent growth in 2020. The portfolio showed an increase of **\$2,309,267** or **7.21%** from 2019, ending the year with a balance of **\$34,352,955**.

Profitability

Our income prior to our **Member Profit Sharing Dividend** and **Retained Earnings** allocations was **\$1,457,156** and was distributed as follows:

Member Profit Sharing Dividend	\$445,000
Retained Earnings	\$1,012,156

Our 2020 profitability was down **\$71,299** from the prior year. 2020 was a good year for growth, but in the spring, the prime rate decreased by 1.5%. This has led to a reduction in interest revenue and expenses. Products tied to variable rates were affected immediately. Products locked into fixed rate products, upon their maturities, will reprice at the current market. As long as prime remains low, we can expect to see some more reductions in revenues and expenses tied to interest-bearing products. The pandemic brought on uncertainties for people worldwide. Our **provision for expected loan losses** slightly reduced by **\$4,922** in 2020.

The Credit Union strives to achieve a reasonable profit. This helps us build a strong capital base, which is essential for the financial health and long-term existence of our Credit Union. Having a satisfactory level of profitability allows us to improve services we provide to our members and it also allows us to further allocate **Member Profit Sharing Dividends**.

We are proud to say that for 2020 we will be paying out **30.5%** of our year-end profits back to our members in the form of a **Member Profit Sharing Dividend**. This amounts to **\$445,000** in Member Profit Sharing Dividends for 2020, giving us a total of **\$6.14 million** paid out in the last **21** years. Thanks to you, **"Our Members"**. It is because of your continued outstanding support that we are able to make this happen. The Board is committed to returning a portion of the Credit Union's profits back to the members who have helped generate these profits by utilizing our products and services.

The sharing of our profits with our members is what sets us apart from our competitors.

Capital Management

Churchbridge Credit Union recognizes a need to build the credit union's capital position in order to continue to meet regulatory and sound operational requirements. Adequate capital levels will enable the credit union to sustain its liquidity requirements, to safely fund development initiatives, and provide leverage to effectively manage performance standards.

The Credit Union has developed a **Capital Plan** to identify optimal capital ranges for the Credit Union. The measures the Board and Management will employ to work towards those optimal capital ranges is based on the following statements:

- If we have too little capital, it restricts the credit union's ability to grow and generate good returns. It also increases the risk of having insufficient funds to cushion against unexpected losses or liquidity needs.
- If we have too much capital, it could be considered that the credit union is not generating sufficient return on its capital.

Churchbridge Credit Union's **Capital Plan** is directly related to its service delivery strategies and risk philosophy. The credit union holds a low to moderate appetite for risk. We have focused on traditional financial services and have managed a low level of risk in our loan and investment portfolio. Churchbridge Credit Union has been able to adjust to any economic changes by maintaining a reasonable profit margin and by taking a managed approach to its deposit and loan growth.

Credit unions operate in a highly regulated environment where **Credit Union Deposit Guarantee Corporation (CUDGC)** sets regulatory standards to which each credit union must adhere. The standards segregates between two types of capital – **Tier 1** and **Tier 2**, with Tier 1 capital being the primary capital and having the highest quality. The standards require that each credit union hold a minimum common equity Tier 1 capital ratio of 8.5% of risk-weighted assets and a total eligible capital ratio of 10.5% of risk-weighted assets. In addition, credit unions are currently required to maintain a minimum **Leverage** ratio standard >5% and guideline >7% for total eligible capital (eligible capital divided by total assets), with the total assets adjusted for deduction from capital and the addition of certain off balance sheet items. The standards accurately measure the need for capital based on a credit union's corporate risk profiles. It considers not only the quantity of capital, but also the quality of capital and assets.

In 2020, Churchbridge Credit Union's capital grew by **\$1,012,156** from operations. Patronage allocations to member equity accounts decreased by **\$19,568** largely due to the majority of 2020's patronage being allocated as cash due to our 75th year anniversary along with those members who have hit the criteria for pay outs on their profit sharing accounts. Over the past few years, with higher deposit and loan growth our capital ratios had trended slightly downwards, but in 2020 we saw our ratios improve slightly. Regardless, through careful balance sheet management, the credit union continues to maintain strong capital levels.

In 2020, Churchbridge Credit Union exceeded the statutory requirements in all three areas. Our **Leverage Ratio** increased from **8.22%** to **8.29%**. Our **Tier 1 Capital to Risk Weighted Assets** increased from **13.26%** to **13.40%**. Our **Total Eligible (Tier 1 and Tier 2) Capital to Risk Weighted Assets** increased from **16.49%** to **16.56%**. Through analysis of our **Internal Capital Adequacy Process**, we have calculated our optimal capital target level to be **15.08%**. This process will go through a thorough analysis in 2021.

We build our Tier 1 capital through profitability, which contributes to total retained earnings and our Tier 2 capital is a result of allocations to member equity accounts, which has been an integral part of our long-term capital growth strategy. Managed growth of the member equity accounts is an important part of our overall capital plan.

Capital is a very limited resource. The ability to raise capital is restricted to profits from operations, which is either kept in retained earnings or shared with members through patronage payments to our members equity accounts. Our policy is to allocate our earnings in the following order:

1. Build our capital until capital standards are met.

2. Ensure that we build an additional capital base up and above standards to support future growth, development and to provide financial soundness.
3. Patronage allocations or dividends (Member Profit Sharing Program).

Churchbridge Credit Union's strategy is to continue to grow our capital levels. We plan to manage our growth and our profitability, so that we can achieve this strategy.

Churchbridge Credit Union manages capital in accordance with its capital management plan and board approved capital policies, both of which are reviewed on a regular basis. The capital plan is developed in accordance with the regulatory capital framework provided by CUDGC and is regularly reviewed and approved by the Board of Directors.

Liquidity Management

One of Churchbridge Credit Union's primary objectives is to prudently manage liquidity to ensure that the credit union is able to generate or obtain sufficient cash or cash equivalents in a timely manner and at a reasonable price to meet commitments as they come due, even under stressed conditions.

The credit union maintains a liquidity plan in support of its liquidity policy and CUDGC regulatory guidance. The liquidity plan undergoes regular reviews and is approved by the Board of Directors. As per the plan, the credit union maintains a stock of high-quality assets while regularly measuring and monitoring its available liquidity and performs stress tests to identify sources of liquidity strain. To complement its' management liquidity process the credit union also maintains an external borrowing facility with SaskCentral to help manage clearing and settlement and unforeseen funding requirements. At Dec 31, 2020, the credit facility was not in use.

The credit union's liquidity is measured by an operating liquidity ratio, which considers projected cash inflows as a percentage of projected cash outflows. At December 31, 2020, the ratio was **173.63%** compared to 2019 at **140.42%**. The credit unions target range is 50% to 200% for this measure.

CUDGC has also issued **Liquidity Standards** that came into effect on January 1, 2017. The standards provide a framework, which allows the Corporation to assess whether we maintain adequate and appropriate liquidity levels. A key component of the Liquidity Standards is the introduction of the **Liquidity Coverage Ratio (LCR)**. The objective of the LCR is to ensure that we have an adequate stock of unencumbered high quality liquid assets (HQLA) that:

- Consist of cash or assets than can be converted to cash at little or no loss of value
- Meet its liquidity needs for a 30 calendar day liquidity stress scenario, by which time it is assumed corrective actions have been taken by the credit union and/or the CUDGC

The credit union completed an assessment of the **LCR** on December 31, 2020 and our ratio was **771.03%**. This ratio continues to exceed the regulatory minimum standard of **100%**.

Another liquidity calculation we monitor on a regular basis is our **Loans to Assets (LTA)** ratio. This ratio calculates the percentage that our loans are in comparison to our assets. As of December 31, 2020, we were lent out **73.94%**, which is below our optimal operating range of **78% to 82%**. The higher you are lent out, the better your profitability will be. This is due to loans generating a much better return than the return on an investment. Although at the same time we must be conscious of the impact a higher lent out ratio will have on our day-to-day liquidity requirements and capital ratios.

If our **LTA** ratio were to exceed the **82%** mark, we would then implement mitigation strategies as documented in our liquidity plan to reduce the ratio to an acceptable level.

Key Performance Indicators

To monitor our success in accomplishing our goals and objectives, we have established the following key performance indicators:

Result Areas	Target/Goal	Actual	Provincial Average
Deposit Growth	3 – 7%	8.04%	9.36%
Off-Balance Sheet Growth (Mutual Funds)	3 – 7%	7.2%	9.07%
Loan Growth	3 – 7%	5.02%	-1.06%
Loan Delinquency (>90 days)	0.31 – 1%	0.42%	1.40%
Leverage Ratio	8.0 – 8.5%	8.3%	8.56%
Total Eligible Capital/Risk Weighted Assets	14 – 16%	16.56%	14.88%
Non-Interest Revenue	0.49 – 0.59%	0.47%	0.71%
Profit (prior to taxes & patronage)	0.9 – 1.1%	0.93%	0.46%
Efficiency Ratio	60 – 70%	64.2%	73.3%

Enterprise Risk Management (ERM)

Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our communities now and in the future. This process is called Enterprise Risk Management and is a requirement of credit unions in Saskatchewan as laid out by Credit Union Deposit Guarantee Corporation. Management completes a process of identifying risks annually that are reported to the Audit and Risk Committee. Through this process, the following risks were identified according to their potential impact on Churchbridge Credit Union.

Strategic Risk

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation.

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

Liquidity Risk

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Legal and Regulatory Risk

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters.

Credit Risk

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. Sources of credit risk include direct lending activities and holdings of investment securities.

Residential Mortgage Loan Portfolio

In accordance with **Credit Union Deposit Corporation (CUDGC)** guidelines, Churchbridge Credit Union is required to provide additional credit disclosures regarding its residential mortgage portfolio.

CUDGC introduced regulatory guidance relating to **Residential Mortgage Underwriting**. The guideline reaffirms the need for credit unions to have a stress-testing regime that considers unlikely, but plausible, scenarios and their impact on the residential mortgage portfolio. Results of these stress tests are considered in the credit unions **Internal Capital Adequacy Assessment Process (ICAAP)**. The credit union reflects assets with inherently greater risk through risk-sensitive increases in capital as identified through our ICAAP process.

The credit union is limited to providing residential mortgages of no more than **80%** of the collateral value, which is known as a **Loan to Value (LTV)** ratio. If the credit union obtains default insurance, we can lend at a higher loan to value ratio. The insurance is contractual coverage that protects the credit union against potential losses caused by the borrowers default. Government-backed entities or other approved private mortgage insurers can provide default insurance. Currently the credit union uses **Canada Mortgage Insurance Corporation (CMHC)** to provide residential mortgage default insurance.

The credit union also provides **Home Equity Line of Credits (HELOC's)**, which is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike residential mortgages, most HELOC's are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. The credit union is limited to providing the non-amortizing HELOC component of a residential mortgage to a maximum authorized LTV ratio of less than or equal to **65%**.

At year-end, our **\$144,209,353** loan portfolio was comprised of **25.9%** of **uninsured** conventional residential mortgages and **15%** of CMHC **insured** residential mortgages and **0.04%** in **HELOC's**. In line with the **Residential Mortgage Underwriting Guidelines**, the credit union will continue to review its mortgage underwriting practices and documentation to ensure it meets the guidelines standards. The credit union does not believe it has undue risk in its uninsured mortgage portfolio or underwriting practices and the current risk-weighted, asset-based concentration provision in the ICAAP sufficiently addresses risk in the residential portfolio.

Regulatory Matters

Corporate Structure and Governance

The governance of Churchbridge Credit Union is anchored in the co-operative principle of democratic member control. Overall, our corporate structure is designed to hold accountable the areas of Member Service Delivery (Cash Services, Investments, Lending and Insurance), Technology, Human Resources, Corporate Finance, Corporate Governance, and Legislation Compliance.

Board of Directors

Mandate and Responsibilities

The board is responsible for the strategic oversight, business direction and supervision of management of Churchbridge Credit Union. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

The board of directors acknowledges its responsibilities as including:

- Exercising the powers of the credit union directly or indirectly through employees.
- Establishing and maintaining prudent policies for the operation of the credit union.
- Directing the management of the business affairs of the credit union
- Acting honestly and in good faith with a view to the best interests of the credit union at the exclusion of other interests.
- Exercising the care, diligence and skill of a prudent person in directing the credit union's affairs.

The board of directors is accountable to the members of the credit union for directing the affairs of the credit union and maintaining policies, which are responsive to their needs, and the needs of the credit union, for sound operations.

Board Composition

The board is composed of 7 individuals elected by the membership, with 4 board members representing the Churchbridge District and 3 board members representing the Langenburg/MacNutt District. All terms are for three years. Nominations are made by the membership. Voting is by secret ballot, in branch the week prior to our annual general meeting. The election results are announced at the annual general meeting.

Committees

The responsibilities of the board in a modern financial services organization involve an ever-growing list of duties. Churchbridge Credit Union maintains a number of committees comprised of directors. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our credit union.

- **Executive Committee**

This committee acts in the capacity of, and on behalf of the board of directors between regular or special board meetings on all board matters, except those which the board may not, in compliance with legislative requirements, delegate.

- **Audit and Risk Committee**

The purpose of the committee is to ensure an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to requirements of The Credit Union Act, 1998, The Credit Union Regulations, 1999, The Credit Union Insurance Business Regulations, and the standards of sound business practice. The committee will also ensure that the credit union's enterprise risk management framework is appropriate to optimize liquidity, market, credit, regulatory, operational, location, and strategic risk, for the protection and creation of shareholder value.

- **Member Relations Committee**

Provides liaison between the credit union and its members and communities by monitoring needs, recommending services for board consideration to meet those needs, planning activities that respond to expressed interests and recommending changes or amendment to service policies that may better serve member, customer, community and credit union needs.

- **Building and Properties Committee**

On behalf of the board, the committee works with management in the development of policies and plans relevant to credit union service facilities and credit union owned housing facilities.

- **Nominating Committee**

Oversees the nomination and election processes for elections of credit union directors.

- **Conduct Review Committee**

The purpose of the conduct review committee is to ensure that all proposed related party transactions are fair to the credit union and that the exercise of the best judgement of the credit union has not been compromised as a result of a real or perceived conflict of interest.

Related party transactions will be reviewed and monitored by the Conduct Review Committee (the "CRC") for compliance with legislation, standards of sound business practice, and with credit union or committee policies and procedures. Apart from any review by the CRC, credit decisions are to be made by regular credit granting authority, policies and procedures.

Compensation and Attendance

The Board annually reviews directors' compensation and makes recommendations to ensure it remains competitive with other provincial credit unions. In 2020, we had budgeted \$27,388 and the actual remuneration was \$28,700. We also budgeted \$2,208 for mileage and our actual expense was \$1,523.

The board holds monthly board meetings plus a strategic planning session, budget meeting and compensation meeting each year. In addition to the above, the directors also attend special board meetings, the annual general meeting and committee meetings.

In 2020, the Board of Directors held eleven board regular board meetings. Average attendance at the regular board meetings was 97%.

Director Training

All directors are enrolled in the Credit Union Director Achievement (CUDA) program and registered with the CUSource online program. Several directors are graduates of the program. Also, the directors have a subscription to an online training program with CU Training. All directors are encouraged to attend director training when it is available. In 2020, we budgeted \$7,000 for director training and development and our actual expenses were \$8,520.

Executive Management

The executive management team consists of Ryan Tebbutt – Chief Executive Officer, Connie Olm – Manager of Deposit & Support Services and Andrew Barker – Manager of Lending.

Corporate Social Responsibility (CSR)

Churchbridge Credit Union places a high awareness on our social responsibility and the well-being of our communities. We believe that we have the ability and the responsibility to step forward to support the social, cultural and economic enrichment of our communities. We continue to support events in our communities through scholarships, cash donations, donation of items and the donation of staff time.

Each year we allocate **2.5%** of our pre-tax profits into our “**Community Investment Program**”; with **1.5%** distributed annually to local non-profit organizations and the remaining **1%** set aside to help fund larger projects such as schools, health care, daycares, recreational projects, etc. Based on our 2020 profitability, we have set aside **\$43,000**, which will be donated to worthwhile organizations within our communities. Since inception of the **Community Investment Program**, we have donated **\$315,300** towards worthwhile causes within the communities we serve.

In addition, in 2019 our staff provided **561** volunteer hours within the communities we serve. Our staff also participated in 75 acts of kindness throughout the year, as 2020 was our 75th anniversary as a Credit Union

Member Profit Sharing Program (MPS)

The **MPS** program is a membership benefit of the Churchbridge Credit Union. As a member, you are entitled to share in the success of the credit union by receiving allocations of surplus earnings based on patronage. The more business you conduct at the Churchbridge Credit Union, the higher your allocation will be.

For 2020, Churchbridge Credit Union has allocated **\$445,000** towards a **MPS** dividend payment. This marks the **21st** year in a row that we have done so and have allocated just over the **\$6.14** million since 2000. With continued COVID-19 health restrictions, our **MPS Day** celebration date has not been finalized at this time. We will publicly advertise the date and time when the date is determined.

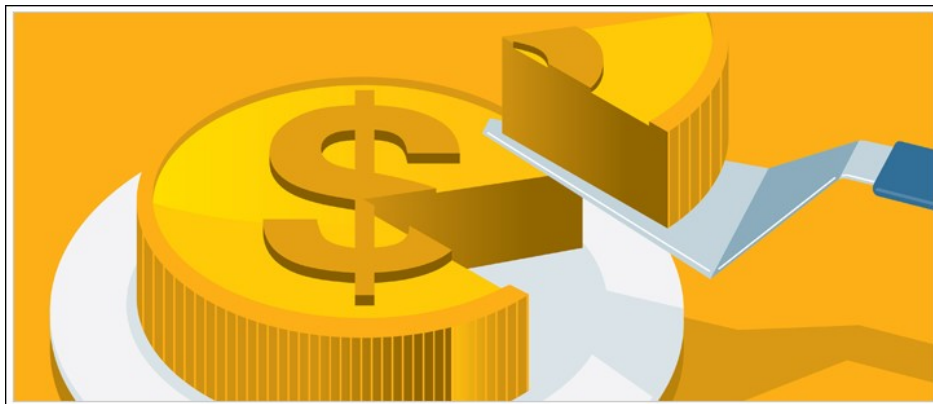


Churchbridge Credit Union
Bringing Communities Together

Member Profit Sharing Day

The Board has approved **\$445,000** to be returned to our members, which is % of the profits. We have paid over **\$6 Million** in Member Profit Sharing in the last 21 years.

Please watch for a future announcement of the scheduled event on our website and on social media.



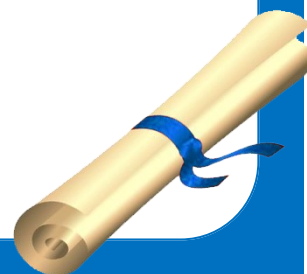
Grad 2020



The **Churchbridge Credit Union** is proud to support education in our communities. To promote this effort we present scholarships each year to students enrolling into post secondary education. The scholarships are awarded based on academic merit, community involvement and credit union membership.

For 2020, the scholarships were awarded as follows:

- ◆ Churchbridge Public School— Tori Sauser
- ◆ Langenburg Central School— Kerrigan Kaminski
- ◆ Churchbridge Credit Union Post Secondary Scholarship—Kaitlyn Sauser



2020 Community Investment Program

The Churchbridge Credit Union believes companies such as ours have the ability and the responsibility to step forward to support the social, cultural and economic enrichment of our communities. To maintain our commitment to our communities, Churchbridge Credit Union sets aside an annual pledge of up to 1.5% of pre-tax profit to non-profit organizations for substantial donations. In 2019, the Churchbridge Credit Union gave away **\$75,000** to local organizations. To date, we have given back **\$233,100** through this program.



2020

Community Investment Program



2020

Community Investment Program



2020

Community Investment Program

Churchbridge Players	\$5,000
Churchbridge Curling Club	\$5,000
Churchbridge Aquatic Centre	\$5,000
Langenburg Care Home	\$5,000
Bredenbury Fire Department	\$5,000
Bredenbury Busy Bees	\$4,800
Churchbridge Minor Sports	\$4,500
Churchbridge Daycare	\$4,000
Bredenbury Lions Club	\$3,750
Leaps and Bounds Dance Club	\$3,675
Langenburg & District Activity Centre	\$3,000
Churchbridge Fitness Centre	\$3,000
Churchbridge walking Path	\$3,000
Homestead Museum	\$2,925
Churchbridge Arena Operating Board	\$2,500
Langenburg Minor Ball	\$2,500
United Soccer Organization	\$2,000
Churchbridge Evergreen Centre	\$2,000
LCDB	\$2,000
Langenburg Archery Club	\$1,500
Langenburg Daycare	\$1,500
Volya Ukrainian Dance Ensemble	\$1,350
PARTY program	\$1,000
Little Poppets Nursery School	\$500
Churchbridge Shooting Star	\$500



MacNutt Community Centre \$15,000

2020 Sponsorships & Community Events



75 Acts of Kindness

Just a sample of some of the 75 Acts of Kindness
we sprinkled in our communities.



Staff Casual Day

The Churchbridge Credit Union Staff pay \$1.00 every Friday to dress casual. All proceeds raised from casual days are donated to worthwhile Charities and Organizations. In 2018, some of the organizations we donated to include:



TeleMiracle



Langenburg Care Home



Walk of Hope



MacNutt Quilters



Snowarama



Close cuts for Cancer



CU AT HARVEST





Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or "PRFIs". The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to confidence in Saskatchewan PRFIs.

For more information about the Corporation's responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation's web site at www.cudgc.sk.ca.

Saskatchewan Credit Union Assets (largest to smallest in assets) – Dec 31, 2020					
Rank	Credit Union	Head Office	Assets	Memberships	Locations
1	Conexus	Regina	\$6,691,882,246	131,400	30
2	Affinity	Saskatoon	\$6,503,893,243	123,724	56
3	Innovation	N. Battleford	\$3,014,478,458	57,794	25
4	Synergy	Lloydminster	\$1,646,347,517	25,199	11
5	Cornerstone	Yorkton	\$1,157,585,570	21,760	9
6	Prairie Centre	Rosetown	\$ 873,857,290	14886	14
7	TCU Financial Group	Saskatoon	\$ 772,731,325	13,216	5
8	Weyburn	Weyburn	\$ 606,450,850	8,132	3
9	Diamond North	Nipawin	\$ 601,082,315	12,137	10
10	Radius	Ogema	\$ 433,091,470	4,766	7
11	Plainsview	Kipling	\$ 340,853,289	5,513	9
12	Crossroads	Canora	\$ 302,700,742	6,519	4
13	Unity	Unity	\$ 300,553,918	4,549	1
14	Accent	Quill Lake	\$ 253,007,819	4,333	3
15	Horizon	Melville	\$ 251,961,130	5,104	5
16	Biggar & District	Biggar	\$ 245,814,474	4,194	3
17	Cypress	Maple Creek	\$ 228,634,479	4,335	6
18	Churchbridge	Churchbridge	\$ 193,998,326	3,010	2
19	Raymore	Raymore	\$ 179,552,807	2,706	2
20	St. Gregor	St. Gregor	\$ 175,692,846	2,272	2
21	Foam Lake	Foam Lake	\$ 146,822,916	3,123	1
22	Luseland	Luseland	\$ 139,248,940	1,625	1
23	Dodsland	Dodsland	\$ 131,248,842	1,539	1
24	Leroy	Leroy	\$ 131,193,457	1,553	1
25	Stoughton	Stoughton	\$ 128,400,586	1,766	2
26	New Community	Saskatoon	\$ 126,478,572	2,238	1
27	Prairie Pride	Alameda	\$ 119,318,203	2,214	3
28	Lafleche	Lafleche	\$ 92,412,771	1,858	2
29	Bruno	Bruno	\$ 92,101,266	1,139	2
30	North Valley	Esterhazy	\$ 91,440,004	1,349	1
31	Turtleford	Turtleford	\$ 90,794,948	2,119	1
32	Sandhills	Leader	\$ 79,633,212	1,417	1
33	Bengough	Bengough	\$ 77,808,374	1,398	3
34	Saskatoon City Employees	Saskatoon	\$ 71,212,162	2,217	1
35	Edam	Edam	\$ 66,844,228	1,041	1
36	Kerrobert	Kerrobert	\$ 66,790,953	1,260	2
37	Rockglen-Killdeer	Rockglen	\$ 47,816,507	1,183	1
38	Earl Grey	Earl Grey	\$ 36,615,371	884	1
39	Delisle	Delisle	\$ 26,165,176	680	1



Report of the Independent Auditors on the Summary Financial Statements

To the Board of Directors
Churchbridge Credit Union

Opinion

The summary financial statements, which comprise the summary Statement of Financial Position as at December 31, 2020, the summary Statements of Income and Comprehensive Income, Changes in Equity and Cash Flow for the year then ended, and related notes, are derived from the audited financial statements of Churchbridge Credit Union for the year ended December 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 25, 2021.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Baker Tilly SK LLP

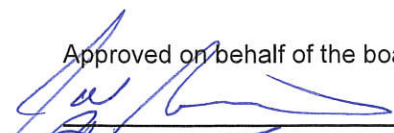
Baker Tilly SK LLP


Yorkton, SK
March 25, 2021

Churchbridge Credit Union
Churchbridge, Saskatchewan
Statement of Financial Position as at December 31, 2020

	2020	2019
Assets		
Cash and cash equivalents	2,306,129	2,809,612
Investments	45,785,124	37,868,397
Loans	144,209,353	137,221,871
Accounts receivable	11,689	19,786
Prepaid expenses	50,856	33,668
Property, plant and equipment	1,546,224	1,593,954
Intangible assets	4,363	9,643
Deferred income tax assets	104,000	48,900
Total Assets	\$ 194,017,738	\$ 179,605,831
Liabilities		
Deposits	176,747,000	163,294,670
Accounts payable	1,042,263	1,135,656
Income tax payable	87,544	27,162
Member equity accounts	2,851,774	2,871,192
Membership shares	28,850	29,000
Total Liabilities	180,757,431	167,357,680
Equity		
Retained earnings	13,260,307	12,248,151
Accumulated other comprehensive income	0	0
	<u>13,260,307</u>	<u>12,248,151</u>
Total Liabilities and Equity	\$ 194,017,738	\$ 179,605,831

Approved on behalf of the board:

 Director

 Director

Churchbridge Credit Union
Statement of Income and Comprehensive Income
For the year ended December 31, 2020

	2020	2019
Interest Income		
Loan interest	5,962,848	6,148,407
Investments	435,162	555,163
	<u>6,398,010</u>	<u>6,703,570</u>
Interest Expense		
Deposits	1,697,613	2,064,876
Borrowed money	1,311	1,658
Patronage allocation	445,000	420,237
	<u>2,143,924</u>	<u>2,486,771</u>
Net Interest	<u>4,254,086</u>	<u>4,216,799</u>
Provision for expected credit losses - loans	231,695	256,617
Provision for expected credit losses - foreclosed assets	20,000	
	<u>251,695</u>	<u>256,617</u>
Net Interest Margin	4,002,391	3,960,182
Net income from other investments at FVTPL - designated	(13,435)	36,936
Net income from other investments at FVTPL - mandatory	144,346	146,970
Other income	917,950	1,004,578
Net Interest and Other Income	<u>5,051,252</u>	<u>5,148,666</u>
Operating Expenses		
Personnel	2,070,077	2,049,974
General business	1,167,622	1,261,128
Occupancy	207,839	195,285
Security	159,396	146,995
Organizational	89,512	75,160
	<u>3,694,446</u>	<u>3,728,542</u>
Net Income Before Provision for Tax	1,356,806	1,420,124
Income tax expense	344,650	311,906
Net Income	1,012,156	1,108,218
Other comprehensive income	0	0
Comprehensive Income	<u>\$ 1,012,156</u>	<u>\$ 1,108,218</u>

Churchbridge Credit Union
Statement of Changes in Equity
For the year ended December 31, 2020

	2020	2019
Retained Earnings		
Balance, beginning of year	12,248,151	11,139,933
Add: Net income for the year	<u>1,012,156</u>	<u>1,108,218</u>
Balance, end of year	<u>\$ 13,260,307</u>	<u>\$ 12,248,151</u>

Churchbridge Credit Union
Cash Flow Statement
For the year ended December 31, 2020

	2020	2019
Cash Provided By (Used In):		
Operations		
Net income for the year	<u>1,012,156</u>	<u>1,108,218</u>
Adjustment for:		
Provision for impaired loans	251,695	256,617
Net amounts recovered (written off)	(71,668)	106
Depreciation and amortisation	101,916	106,973
Deferred income tax provision	<u>(55,100)</u>	<u>(14,100)</u>
	<u>226,843</u>	<u>349,596</u>
Changes in working capital items:		
Other assets	(9,091)	1,774
Interest receivable - investments	359	4,369
Interest receivable - loans	(7,992)	(21,752)
Interest payable - deposits	110,773	129,178
Other liabilities	<u>(33,011)</u>	<u>(344,236)</u>
	<u>61,038</u>	<u>(230,667)</u>
	1,300,037	1,227,147
Loans	(7,159,513)	(2,181,152)
Deposits	<u>13,341,555</u>	<u>12,590,168</u>
	<u>7,482,079</u>	<u>11,636,163</u>
Investing activities		
Investments	(7,917,087)	(11,144,808)
Capital assets purchases	(48,907)	(176,975)
Intangible assets purchases	<u>(7,965,994)</u>	<u>(11,331,045)</u>
Financing activities		
Share capital	<u>(19,568)</u>	<u>190,514</u>
Net Cash Increase (Decrease) for the Year	(503,483)	495,632
Cash position, beginning of year	<u>2,809,612</u>	<u>2,313,980</u>
Cash Position, End of Year	<u>\$ 2,306,129</u>	<u>\$ 2,809,612</u>

Churchbridge Credit Union
Notes to Financial Statements
For the year ended December 31, 2020

1. Basis of the Summary Financial Statements

The following criteria have been applied by management in the preparation of these summary financial statements:

- (a) The information in the summary financial statements is in agreement with the related information in the credit union's December 31, 2020 audited financial statements; and
- (b) The summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the audited financial statements, including the notes thereto.
- (c) The audited financial statements can be obtained by request at the main branch at 103 Vincent Avenue E., Churchbridge, Saskatchewan.
- (d) The detailed notes included in the audited financial statements are not included in the summary financial statements as these notes are available in the audited financial statements which can be obtained as described above.

Quick Facts

(as of December 31, 2020, unless otherwise indicated)

- Today there are 36 credit unions in Saskatchewan serving 208 communities through 234 service outlets.
- Credit unions offer financial products and services to more than 486,000 members.
- Saskatchewan credit union assets reached over \$26.5 billion with revenue of over \$1.04 billion.
- Credit union lending amounts were over \$19.3 billion.
- There are 349 board members who are locally elected by members of each credit union to provide strategic direction to their management teams.
- As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Saskatchewan credit unions range in asset size from \$26 million to more than \$6 billion.
- In 2020, Saskatchewan credit unions returned over \$6.07 million to their members in the form of patronage equity contribution and dividends.
- Credit unions are a major contributor to Saskatchewan's economy, employing over 3,200 people.
- Funds held on deposit in Saskatchewan credit unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation. The full guarantee is made possible through a comprehensive deposit protection regime that is focused on prevention. Read more about the [guarantee](#).