

Engines of Growth

2015 ANNUAL GENERAL MEETING



Churchbridge Credit Union
Bringing Communities Together



**Saskatchewan
Credit Unions**

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CHURCHBRIDGE CREDIT UNION
70TH ANNUAL GENERAL MEETING

MONDAY, APRIL 18TH, 2016
7:00 PM

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Reading of the Minutes from the Last Annual General Meeting held APRIL 27th, 2015
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. Bylaw Amendments
13. Long Term Service Awards Presentation
14. Question Period
15. Door Prizes
16. Adjournment

CHURCHBRIDGE CREDIT UNION BRANCHES IN CHURCHBRIDGE, LANGENBURG & MACNUTT

INCORPORATED APRIL 20, 1945

BOARD OF DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>OCCUPATION</u>	<u>TERM EXPIRES</u>
Debra Fuhr	Langenburg	Home Maker	2016
Randy Kaeding	Churchbridge	Farmer	2016
Robert Rathgeber	MacNutt	Farmer	2017
Larry Severin	Langenburg	Farmer	2017
Wendy Lutz	Churchbridge	Retired Teacher	2017
Calvin Swanson	Churchbridge	Miner	2018
Rodney Flunder	Churchbridge	Retired Farmer	2018

EXECUTIVE

President	Rodney Flunder
Vice President	Calvin Swanson
Secretary	Debra Fuhr
Treasurer	Perry Wishlow



Back Row L-R Calvin Swanson, Debra Fuhr, Robert Rathgeber, Randy Kaeding, Larry Severin
Front Row L-R Rodney Flunder, Wendy Lutz

STAFF

<u>NAME</u>	<u>POSITION</u>	<u>COOPERATIVE EXPERIENCE</u>	
Tehra Lauer	Casual Member Service Rep	2	Months
Klarence Ganding	Casual Member Service Rep	6	Months
Kathleen Antony	P/T Member Service Rep	1.5	Years
Megan Schaan	Full Time Member Service Rep	2	Year
Kendra Patzwald	P/T Member Service Rep	3.5	Years
Rebecca Kitz	Full Time Member Service Rep	3.5	Years
Lois Laboucane	Loans Officer	6.5	Years
Janessa Liepert	Office Assistant	7	Years
Danielle Shackleton	P/T Member Service Rep	7.5	Years
Cheryl Kitz	Senior MSR	7.5	Years
Elliana Margarit	Loans Officer	8.5	Years
Keri Melnyk	P/T Member Service Rep	9	Years
Deidra Schaan	Loans Officer	9	Years
Andrew Barker	Loans Supervisor	13.5	Years
Rachele Marlowe	Senior MSR	14.5	Years
Brenda Yanke	Deposit Services Rep	17.5	Years
Audrey Petracek	P/T Member Service Rep	18.5	Years
Gaylene Putland	Support Services Assistant	18.5	Years
Connie Olm	Support Services Manager	21.5	Years
Susan Miller	Accounting Assistant	22	Years
Iva Petracek	Manager of Admin	26.5	Years
Susan Bewcyk	Financial Advisor	29.5	Years
Rhonda Moskaluke	Loans Assistant	32	Years
Perry Wishlow	General Manager	35	Years
Charlene Popp	Branch Manager	39.5	Years



Churchbridge Branch



Langenburg Branch



MacNutt Branch

Management Discussion and Analysis

Introduction

Churchbridge Credit Union is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Churchbridge Credit Union is able to provide financial services to members and non-members. As at December 31st, 2015 Churchbridge Credit Union had 2,888 members and 464 non-members. Non-members *do not* participate in the democratic processes of the credit union nor the Member Profit Sharing patronage program.

Our credit union serves the communities and surrounding areas of Churchbridge, Langenburg and MacNutt. In these communities we provide a full range of financial services including: financial, investment, commercial, agricultural and personal loans and mortgages, insurance, wealth management services, etc.



Churchbridge Credit Union
Bringing Communities Together

MISSION

*The **Churchbridge Credit Union**
is committed
to serving our community's needs.*

*We provide
a full range of financial products
and services.*

Values

To maintain continuity with the system direction, the board and management of Churchbridge Credit Union have made the decision to adopt the Saskatchewan Credit Union System Values.

1. Cooperation and Accountability

We work together through a belief that we can accomplish more together than alone. We take into account the effect of our actions on others. In the tradition of our founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

2. Communication

We communicate in an open, effective and timely manner.

3. Community Impact

We actively support the development of our communities locally, provincially and beyond. Our communities are stronger because of the credit union system.

4. Employee Satisfaction

We respect our employees and their contribution to our success. We encourage employee involvement and participation. We recognize and reward them for their creativity, teamwork and achievement. We support their development by providing training and educational opportunities. We respect their need to balance personal and professional lives.

5. Financial Strength

Our strong financial performance allows us to invest in members and the community for future growth. We balance the need for financial results with the needs of our members and communities. The trust and confidence of our members is maintained through sound business practice.

6. Product and Service Excellence

We work with our members and communities to understand their needs, and respond with innovative, high quality products and services. Our employees provide friendly, knowledgeable and helpful service.

7. Professional Conduct

Members' financial affairs are conducted with integrity and in a professional manner. Our ethical principles are rooted in concern for the individual. Confidentiality is an integral part of the way we do business.

Credit Union Market Code

Churchbridge Credit Union voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee 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 member/clients and in accordance with the financial services agreement.
- **Financial planning process** to advise member/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 members/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 also 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, MacNutt 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 2015 focused in the following Strategic Results Areas (SRA):

People (Staff, Management & Board)

- Continue to invest in leadership through the training and continuous learning of our employees and elected officials.
- Continue with training for new staff to build up their experience base.
- Ensure our compensation and benefits program is competitive.
- Ensure our Succession Plan is reflective of our needs for key resources.
- Continue to provide enhanced training along with refresher training to staff on a regular basis in addition to ongoing regular training. This may be based on the needs of employees and timed with product campaigns and seasonal products and services.
- Continue to focus on sales training, including coaching and mentoring of staff, supervisors and managers.
- Implement the organizational re-structure.
- To ensure continued board development the board will continue with board training and development as required and further discuss the need for a board self-evaluation or a board evaluation process.

Finance

- Continue to manage the growth within regulatory requirements to ensure ratios meet requirements and equity levels are maintained above standards.
- Develop in-depth Capital and Liquidity Plans.
- Continued management and monitoring of Enterprise Risk Management.
- Develop models of projected growth taking into account staff growth and other additional expenses projected to determine the best course of action and to provide additional information for discussion based on projections.
- Review our current Service Fee Structure.

Business Growth and Development

- Continued focus on the Wealth Management growth potential.
- Continue with the current levels of managed profitable growth targeted between 4-6%.
- Utilize our current expertise in Agriculture lending to develop new member relationships &/or expand on existing member relationships in this market.
- Ensure products and services are meeting member needs and remain competitive.
- While maintaining current levels of managed growth focus on strengthening staff knowledge, training and sales expertise to ensure the credit union is positioned for the long term while building capital through profitable growth.
- Determine ways for the credit union to become more profitable.

Technology

- Replace our current telephone banking service.
- Implement required upgrades for Member Direct home banking.

- Implement history archiving.
- Make the best use of technology to remain current at manageable cost levels.
- Implement the new computer equipment and server upgrades.
- Stay informed of what competitors are offering and determine if these changes (if any) are requirements that would benefit the members based on an affordable cost versus benefit basis.
- Create added awareness with members to ensure they are aware of and familiar with the high tech services we offer.
- Explore the options and advantages of expanding the use of social media.

Member Communications

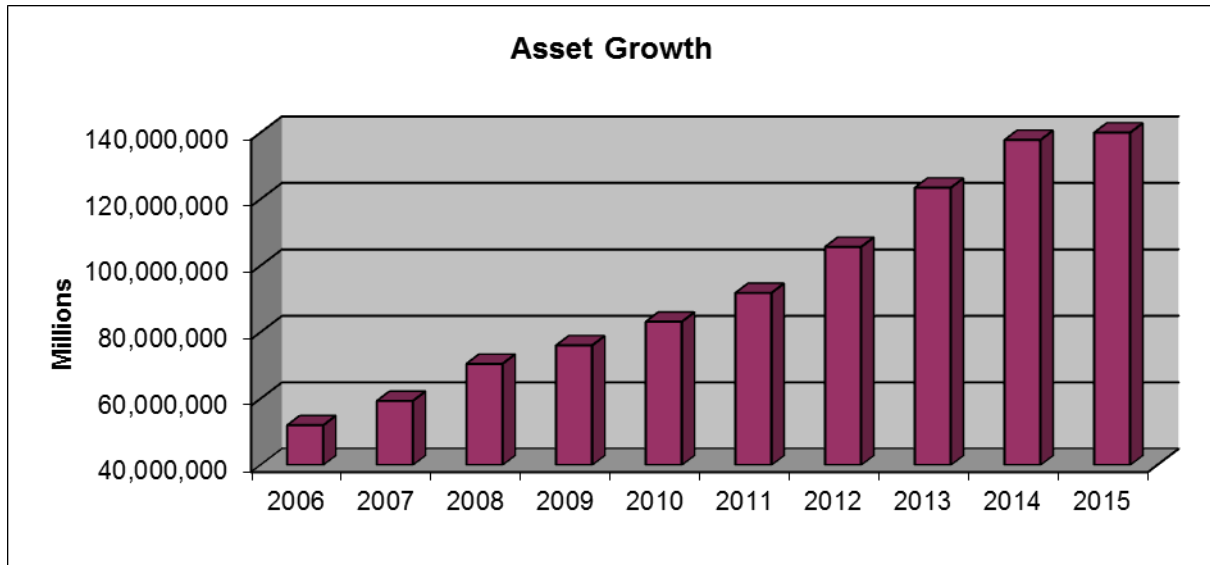
- Develop a program that focuses on increasing awareness with members and the general public on the products and services we offer.
- Develop a program that creates awareness and understanding with the general public on the difference the credit union makes to the members and the community.
- Determine target groups for focused campaigns. Different demographics require different marketing approaches or different messages. No need to focus the same attention or message on loyal members.

Financial Results

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

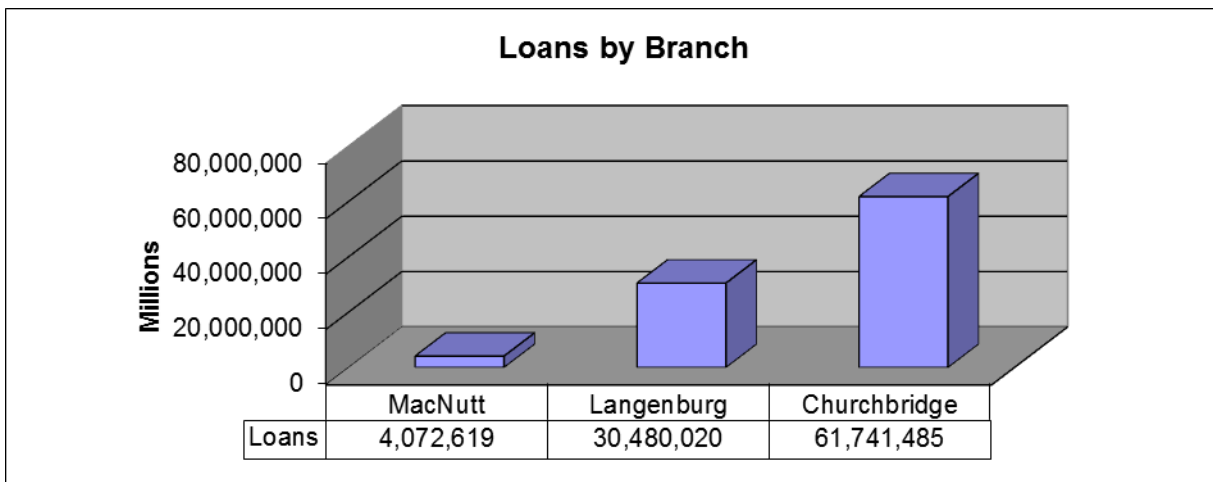
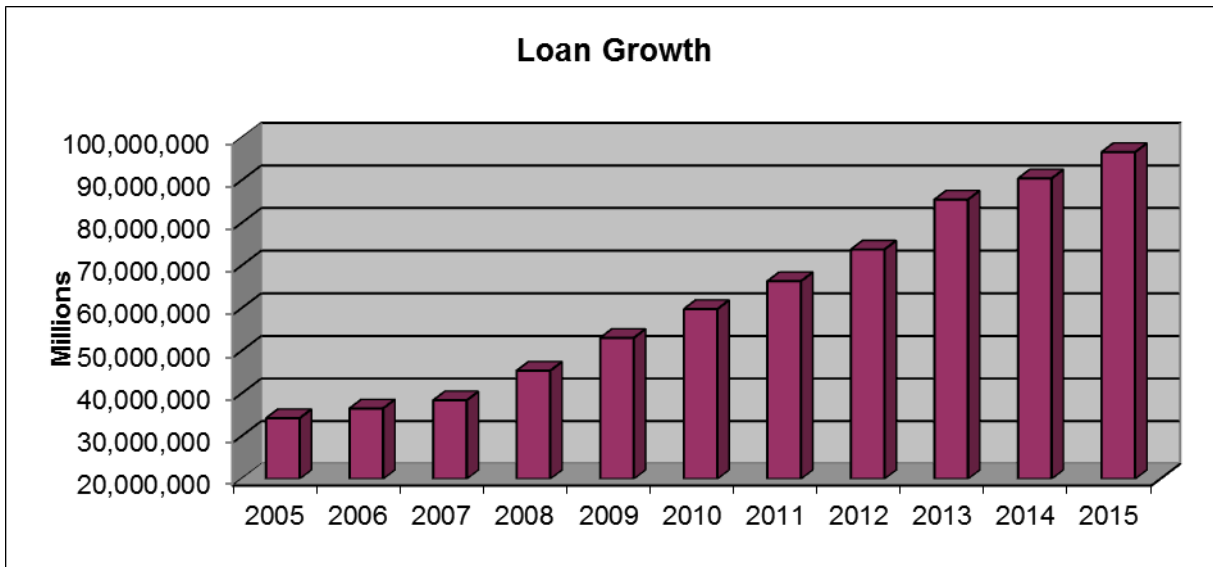
Assets

Our assets at year end were **\$140,993,364**, which includes “on book” assets of **\$120,811,697** and “off book” mutual funds in the amount of **\$20,181,667**. This is an increase of **\$3,196,975** or **2.74%** from 2014.



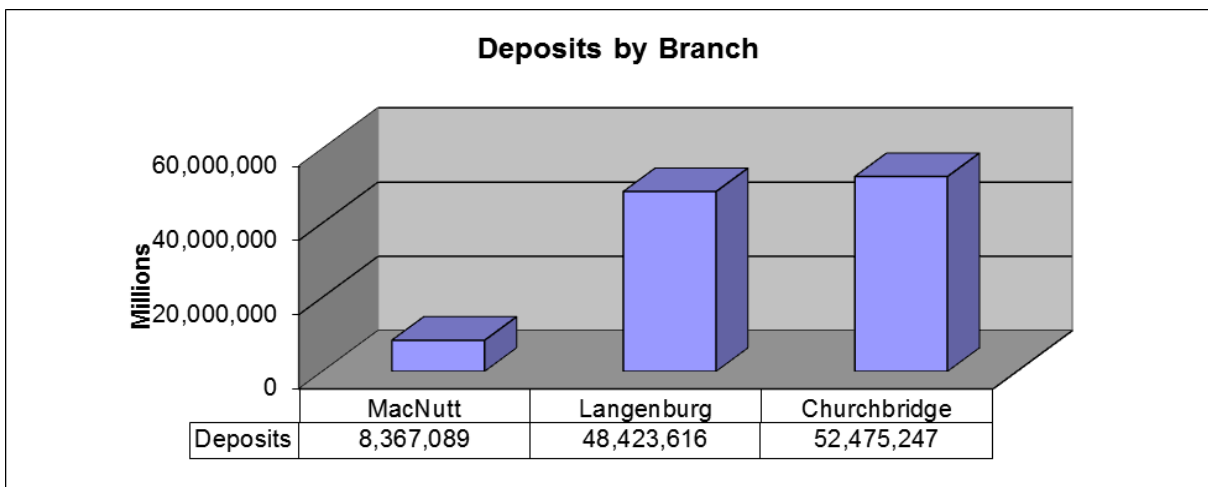
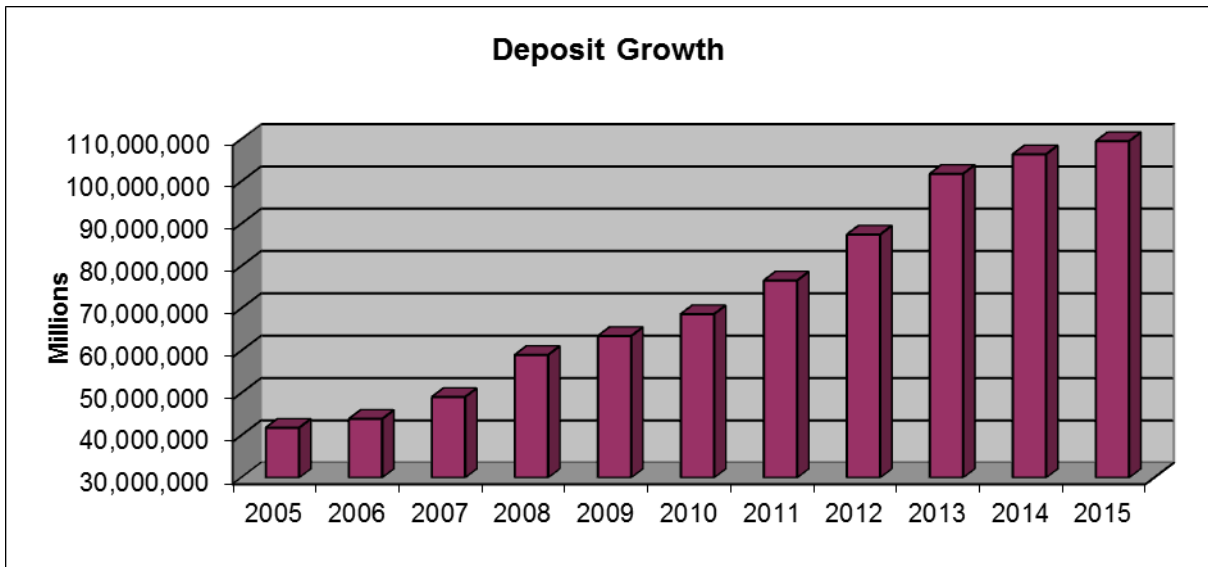
Member Loans

Our member loans, which form a majority of our assets, at year end, were at **\$96,668,868**, which is up **\$6,181,963** or **6.83%** from 2014. Our overall delinquency at year end was at **2.86%**, which is an increase of **.46%** from 2014. Our over 90 day delinquency was at **.37%**, which is an increase of **.21%** from last year's total of **.16%**. In 2015, we approved, extended or amended **818** loans, which is up **115** from the previous year. In dollars this amounted to **\$46,315,922**, which is up **\$5,830,871** or **14%** from 2014. We anticipate that 2016 will be a similar year in lending, with the demand in residential mortgages leading the way.



Deposit Growth

As of year end member deposits totaled **\$109,513,733** which is an increase of **\$3,077,998** or **2.89%**. The majority of the growth was in the Chequing, Tax Free Savings, Term Deposits and RRSP accounts. The Tax Free Savings accounts continued to be very popular accounts in 2015.



Our “off book” Mutual Fund Portfolio, saw a slight drop in 2015, due to the fact that we had a large member deposit at the end of 2014 and it was redeemed in early 2015, which distorted our 2014 numbers. If you adjust for the large deposit, our Mutual Fund Portfolio showed an increase of **\$3,796,469** or **26.46%** from 2014 to **\$19,263,379**.

Profitability

Our income prior to our **Member Profit Sharing Dividend** and reserve allocations was **\$1,118,276** and was distributed as follows:

Member Profit Sharing Dividend	\$330,000
Retained Earnings	\$788,276

Our profitability was up **\$55,842** from 2014.

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

We are proud to say that for 2015 we will be paying out **29%** of our year-end profits back to our members in the form of a **Member Profit Sharing Dividend**. This amounts to **\$330,000** in Member Profit Sharing Dividends for 2015, giving us a total of over **\$4.0** million paid out in the last sixteen years. Thanks to you, "Our Members". It is because of your continued excellent support that we are able to make this happen. The Board is committed to returning the Credit Unions profits back to the members who have helped generate these profits, through the use of Credit Union products and services.

The sharing of our profits with our members is what sets us apart from all of the other financial institutions.

Capital and Liquidity 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 enables 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 & Liquidity Plan** for the purpose of identifying optimal capital ranges for the Credit Union. The measures that Board and Management will employ to work towards those optimal 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 & Liquidity Plan** is directly related to its service delivery strategies and risk philosophy. The credit union has traditionally held a moderate appetite for risk. It has focused on traditional financial services

and has managed a low level of risk in its loan and investment portfolio. Liquidity has been maintained within a very comfortable range. This has proven to be a very valuable strategy through the recent downturn in the economy. Churchbridge Credit Union has been able to adjust to these changing times by maintaining a reasonable profit margin and by taking a managed approach to its deposit and loan growth.

Regulators have issued more stringent standards for holding and reporting capital in financial institutions. The **Credit Union Deposit Guarantee Corporation** (CUDGC) implemented a new capital framework in 2013, which was a fundamental shift in capital management. The new standard more accurately measures 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.

In 2015 Churchbridge Credit Union's capital grew by **\$788,276** from operations and another **\$187,555** from patronage allocations to member equity accounts. The lower deposit and loan growth we had in 2015 was a blessing in disguise, in that it allowed our equity ratios to increase substantially. Loan growth in excess of asset growth may have a negative effect on capital ratios. However, through careful balance sheet management and controlled growth, the credit union continues to maintain strong capital levels.

In 2015 our **Leverage Ratio** increased from 7.91% to **8.47%** and the CUDGC standard is 5% and their guideline is 7%. Our **Tier 1 Capital to Risk Weighted Assets** increased from 9.89% to **10.52%** and the CUDGC standard is 6%. Our **Total Eligible Capital to Risk Weighted Assets** increased from 12.73% to **13.47%** and the CUDGC standard is 8%.

Effective Jan 1, 2016, CUDGC added a Conservation Buffer of 2.5% to both the Tier 1 and Total Eligible Capital standards.

We obtain Tier 1 capital through profitability, which contributes to total retained earnings. Allocations to member equity accounts have traditionally 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 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 member equity accounts. Our earnings are allocated in the following order:

1. Build our capital until capital standards are met
2. Additional capital above standards is required to support growth, development and financial soundness
3. Patronage allocations or dividends (Member Equity Program)

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

CUDGC has also issued new **Liquidity Standards** that will come into effect January 1, 2017. The new standards provide a framework which allows the Corporation 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 assets (HQLA) that:

- Consists of cash or assets than can be converted to cash at little or no loss of value
- Meets 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 Corporation

The Corporation has developed a phased in approach where the minimum LCR requirement starts out at 80% in 2017, then goes to 90% in 2018 and in 2019 it will be 100%.

The credit union completed an assessment of the LCR on June 30, 2015 and our ratio was well above that standard at 244.53%.

Another liquidity calculation we monitor on a monthly basis is our lent out ratio. This ratio calculates the percentage that our loans are in comparison to our assets. As of December 31, 2015, we were lent out 80%, which is on the top end of the acceptable range. The higher you are lent out the better your profitability will be, because loans will generate a much better return than what an investment will return.

If our ratio was to exceed 82%, we then would implement mitigation strategies to reduce the ratio to an acceptable level.

Key Performance Drivers

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

<u>Result Areas</u>	<u>Target/Goal</u>	<u>Actual</u>	<u>Peers</u>
Deposit Growth	4 - 6%	2.89%	4.88%
Off-Balance Sheet Growth (Mutual Funds)	10.0%	26.46%	-1.76%
Loan Growth	4 - 6%	6.83%	6.69%
Loan Delinquency (>90 days)	< 1.25%	.37%	.68%
Leverage Ratio	7.5 – 8.25%	8.47%	8.04%
Tier 1 Capital/Risk Weighted Capital	9.5 – 10.25%	10.52%	12.75%
Total Eligible Capital/Risk Weighted Assets	12 - 13%	13.47%	13.65%
Non-interest Revenue	\$1,047,360	\$1,020,951	\$797,357
Profit (Prior to tax & Patronage Div)	\$1,151,640	\$1,307,012	\$869,844

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 is reported to the Audit and Risk Committee. Through this process, the following risks have been 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.

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.

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.

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. 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, and election results are announced at the annual general meeting.

Committees

The responsibilities of the board of a modern financial services organization involves 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.

- **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 2015, we had budgeted \$19,200 and the actual remuneration was \$19,981. We also budgeted \$2,700 for mileage and our actual expense was \$4,694.

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

Director Training

All directors are enrolled in the Credit Union Director Achievement (CUDA) program and registered with the CUSource on line program. Several directors are graduates of the program. Directors are encouraged to attend director training when it is available. In 2015 we budgeted \$6,000 for director training and our actual expense was \$3,679.

Executive Management

The executive management team consists of Perry Wishlow - General Manager, Charlene Popp - Branch Manager for both Langenburg and MacNutt Branches, Iva Petracek - Manager of Admin, Connie Olm - Deposit & Support Services Manager 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 community. We have supported many events in our communities through scholarships, cash donations, donation of items and donation of staff time. Based on our 2015 profitability, we have also set aside \$14,000, which will be donated to worthwhile organizations within our communities through our “**Community Investment Program**”.

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 2015, Churchbridge Credit Union has allocated **\$330,000** towards a **MPS** dividend payment. This marks the **16th** year in a row that we have done so and we are just over the **\$4.0** million mark in total allocations. Our **MPS Day** will be held during Churchbridge's June Days at our community BBQ, on **Friday, June 10th**. Please stop by to pick up your equity statement &/or cheque and help us support a worthwhile community cause by joining us in Churchbridge for a burger, coffee and donuts and for coffee and donuts in both Langenburg and MacNutt.

President's Report 2015

As president of the board of directors, I am pleased to report that 2015 was another very successful year for the Churchbridge Credit Union. We are also very proud to continue to pay a patronage payment to our members.

We started the year out in merger discussions with Crossroads Credit Union, along with a shared management agreement. After much deliberation, it was decided that a merger with Crossroads may not be in the best interest of our Credit Union in the long run. Although the merger would have its benefits, there were also several differences. Would it allow us to sustain ourselves well into the future, or was it a short term solution that would require further mergers in the future? We felt that a First West type of merger model with a number of Credit Unions would be a more logical step in the evolution of sustainability.

When the merger talks ended, so did the shared management agreement. We had to make some serious decisions on how to proceed. We had several options to choose from, but we decided to approach Perry to see if he was interested in returning to Churchbridge. After a short deliberation period, he agreed to return to Churchbridge.

We were all very happy to see Perry return as our General Manager, as our Credit Union has done well under his leadership in the past. We will put the knowledge we gained to good use, when and if we enter into merger talks again in the future.

In 2015, Churchbridge Credit Union reached another milestone in its existence, as we celebrated our 70th Anniversary on April 18, 2015. We have to thank the anniversary committee for all of their planning and hard work as well as all of our members for attending to make this special event a great success.

On behalf of the Board, I would like to thank our dedicated management and staff for their commitment to providing caring professional service to our members. 2015 was a very busy year and we commend you for your efficiency and accomplishments.

We thank our members for their continued support and commitment, which helps us achieve our growth and profitability.

Finally, I thank my fellow directors for their co-operation, commitment of their time and effort of working together on behalf of the members.

Thank you



Rodney Flunder
Board President



Churchbridge Credit Union
Bringing Communities Together

Member Profit Sharing Day

The Board has approved **\$330,000** to be returned to our members, which is 29% of the profits. We have paid over **\$4 Million** in Member Profit Sharing in the last 16 years .

Join us on

Friday June 10

In conjunction with our June Daze BBQ

11am—1:30pm

At the Churchbridge Curling Rink

10:00—11:00 & 1:30—4:00pm

Coffee and Donuts in the Churchbridge Branch

10:00am—4:00pm

Langenburg & MacNutt Branches

Coffee and Donuts



Churchbridge Credit Union Celebrates 70 years



2015 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% of pre-tax profit to non-profit organizations for substantial donations. In 2014, the Churchbridge Credit Union gave away **\$12,000** to local organizations. To date, we have given back **\$49,500** through this program.



Perry Wishlow, center, shared the giant cheque with representatives of the four groups that received funding: From the left, Shauna Wirl, CPS \$1600 for equipment for the schools new fitness centre; Councilor Ken Reykjalín, Town of Bredenburg, \$3000 for a new community gym; Chris Turner, Langenburg & District Activity Centre, \$3,700 for a new wheelchair access ramp at the Clear view Group Home; and Vallery Putland, the New Churchbridge Swimming Pool Committee, \$3,700 for a new sound system at the pool.

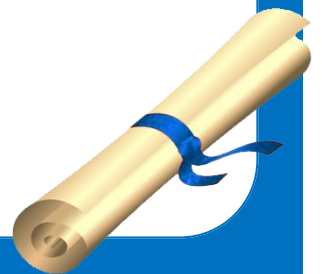
GRAD 2015



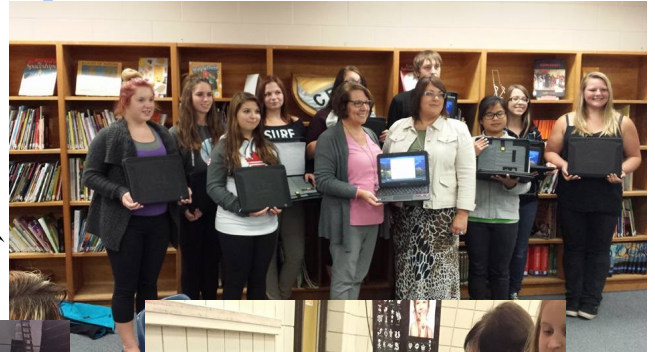
The **Churchbridge Credit Union** is proud to support education in our communities. To promote this effort we present scholarships each year to students enrolling into post secondary education. The scholarships are awarded based on academic merit, community involvement and credit union membership.

For 2015, the scholarships were awarded as follows:

- ◆ Churchbridge Public School—Wyatt Munson
- ◆ Langenburg High School—Jayden Buchberger
- ◆ Parkland Regional College— not awarded



2015 Donations, Sponsorships & Community Events



Community

We strongly believe in community involvement as an investment in our future and our community's future. This is demonstrated through sponsorships, corporate giving and volunteering. Some examples of our support:

Big Brothers Big Sisters	CPS Track Ribbons
Bredenbury Fitness Centre	Daffodils for Cancer
Bredenbury Lions Calendar	Family & Friends Grad Luncheon—Chbg & Lbg
Bredenbury Ladies Night Out	Family & Friends Grad Legacy Fund
Calder ATV Derby	Fish & Game
Calder Poker Derby	Knights of Columbus
Canadian MPS Society	Langenburg Arts Council
Churchbridge Arena	Langenburg Business Association
Churchbridge Aquatic Centre	Langenburg Carehome
Churchbridge Business Association	Langenburg High Scholarship
Churchbridge Curling Club	Langenburg Eagle of the Month
Churchbridge Daycare	Langenburg Horizon Club
Churchbridge June Daze (BBQ & Ball Drop)	Langenburg Lioness Calendar
Churchbridge Lions Calendar	Langenburg Swimming Pool
Churchbridge Lion's Men's Night Out	Langenburg Daycare
Churchbridge Players	Langenburg Minor Sports
Churchbridge Public School	Leaps and Bounds Dance Club
Community Corner(Four Town Journal)	MacNutt Curling Club
Community Safety Net—Langenburg	Parkland Lions
CPS Yearbook	Potashville Music Festival
CPS Scholarship	Snow-a—Rama
<u>CURLING, GOLF & HOCKEY</u>	TeleMiracle

Churchbridge Ladies, Mens, Farmers and Seniors Bonspiels, Langenburg Ladies, Mens, Mixed & Seniors Bonspiels, MacNutt Mixed Bonspiel; Churchbridge Golf for the Cure, Ladies, Mens, Kaminski & Seniors Tourneys, Langenburg Ladies, Warriors & Lions Club Tourneys; Churchbridge—3 Minor Sports Hockey Tournaments, Langenburg Warriors, Langenburg Novice Hockey Tournament, MacNutt Kinds Tourney

DID YOU KNOW.... That in 2015 our staff logged over 965 volunteer hours.

Whether they are representing the credit union or their own interests, the time they serve is crucial to the well being of 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 2015, some of the organizations we donated to include:



TeleMiracle



Pink Day—Breast Cancer Awareness



Parkland Lions Sponsor



Langenburg New School



Langenburg Activity Centre



Member Appreciation Supper

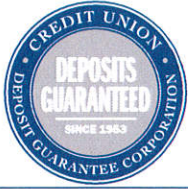


Jessica & Daniel Dyck—
Churchbridge



Mel & Carol Schaab—
Langenburg

Tammy Antony—MacNutt



CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2015

January 2016

Deposits Fully Guaranteed

Credit Union Deposit Guarantee Corporation (the Corporation) is the primary regulator and deposit guarantor for Saskatchewan credit unions. The Corporation is given its mandate through provincial legislation, *The Credit Union Act, 1998*, for the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. The Corporation has successfully guaranteed the repayment of deposits held in Saskatchewan credit unions for over 60 years. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

Continuing to respond to regulatory changes at the international and national levels was a key focus for the Corporation in 2015. At the provincial level, in support of the Standards of Sound Business Practice, work continued on the development of additional standards and guidance that align with current international standards. In addition, the Corporation was actively involved in discussions with provincial and federal authorities in relation to developments associated with the shift in federal policy direction. These efforts will ensure the Corporation is positioned to continue to deliver on its mandate of protecting credit union depositors which, in turn, contributes to the strength and stability of Saskatchewan credit unions.

In 2016 the Corporation will continue to focus on the implications of the changing regulatory environment in addition to carrying forward its preventive efforts to support credit unions as an effective first level of deposit protection. Maintaining constructive relationships with credit unions and investing in programs that reduce risk to the Deposit Guarantee Fund will continue to be a key priority.

For more information about deposit protection, the Corporation's regulatory responsibilities and its role in promoting the strength and stability of Saskatchewan credit unions, talk to a representative at the credit union or visit the Corporation's web site at www.cudgc.sk.ca.

Quick Facts

(as of December 31, 2015, unless otherwise indicated)

- Today there are 46 credit unions in Saskatchewan serving 230 communities through 264 service outlets.
- Credit unions offer financial products and services to more than 472,000 members.
- Saskatchewan credit union assets reached \$20.8 billion with revenue of over \$881 million.
- Credit union lending amounts to \$16.6 billion.
- Almost 450 board members 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 \$17 million to more than \$5 billion.
- In 2015, Saskatchewan credit unions returned over \$7.3 million to their members in the form of patronage equity contribution and dividends.
- Credit unions are a major contributor to Saskatchewan's economy, employing almost 3,500 people.
- In 2014, Saskatchewan credit unions contributed \$73,607 to international development projects to help co-operatives and credit unions in other countries. (2015 numbers are not available.)
- In 2014, Saskatchewan credit unions contributed more than \$7.4 million to growing communities. Our fundraising efforts brought in almost \$430,000 for causes like the Children's Hospital Foundation of Saskatchewan, Red Cross Disaster Relief, Terry Fox Run and Telemiracle. Our employees logged more than 43,000 hours of volunteer time for community organizations. (2015 numbers are not available.)
- 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.



Report of the Independent Auditors on the Summary Financial Statements

To the members
Churchbridge Credit Union

Report on the Financial Statements

The accompanying summary financial statements, which comprise the summary Statement of Financial Position as at December 31, 2015, the summary Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, are derived from the audited financial statements of Churchbridge Credit Union for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated March 31, 2016.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Churchbridge Credit Union.

Management's Responsibility for the Financial Statements

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Churchbridge Credit Union for the year ended December 31, 2015 are a fair summary of those financial statements, on the basis described in note 1.

Collins Barrow PQ LLP

Collins Barrow PQ LLP

Yorkton, SK
March 31, 2016

Churchbridge Credit Union
Churchbridge, Saskatchewan
Statement of Financial Position as at December 31, 2015

	2015	2014
Assets		
Cash and cash equivalents	2,926,944	2,498,878
Investments	19,620,701	21,902,366
Loans	96,668,868	90,486,905
Accounts receivable	12,413	955
Prepaid expenses	53,422	65,685
Property, plant and equipment	1,411,081	1,497,825
Intangible assets	47,068	78,085
Deferred income tax assets	71,200	41,400
Total Assets	\$ 120,811,697	\$ 116,572,099
Liabilities		
Deposits	109,513,733	106,435,735
Accounts payable	774,598	644,730
Income tax payable	90,043	34,092
Member equity accounts	2,141,522	1,953,967
Membership shares	27,380	27,430
Total Liabilities	112,547,276	109,095,954
Equity		
Retained earnings	8,264,421	7,476,145
Accumulated other comprehensive income	0	0
	8,264,421	7,476,145
Total Liabilities and Equity	\$ 120,811,697	\$ 116,572,099

Approved on behalf of the board:

 Director
 Director

Churchbridge Credit Union
Income Statement
For the year ended December 31, 2015

	2015	2014
Interest Income		
Loan interest	4,356,021	4,217,079
Investments	<u>229,970</u>	<u>289,967</u>
	<u>4,585,991</u>	<u>4,507,046</u>
Interest Expense		
Deposits	1,097,444	1,210,070
Borrowed money	1,815	2,241
Patronage allocation	<u>330,000</u>	<u>300,000</u>
	<u>1,429,259</u>	<u>1,512,311</u>
Net Interest	3,156,732	2,994,735
Provision for credit losses	<u>45,898</u>	<u>4,017</u>
Net Interest Margin	3,110,834	2,990,718
Other income	<u>1,020,951</u>	<u>994,062</u>
Net Interest and Other Income	<u>4,131,785</u>	<u>3,984,780</u>
Operating Expenses		
Personnel	1,739,039	1,663,186
General business	1,042,875	1,065,612
Occupancy	174,138	189,381
Security	112,673	106,581
Organizational	<u>86,048</u>	<u>77,376</u>
	<u>3,154,773</u>	<u>3,102,136</u>
Net Income Before Provision for Tax	977,012	882,644
Income tax expense	<u>188,736</u>	<u>120,210</u>
Net Income	<u>\$ 788,276</u>	<u>\$ 762,434</u>

Churchbridge Credit Union
Statement of Comprehensive Income
For the year ended December 31, 2015

	2015	2014
Net Income	<u>\$ 788,276</u>	<u>\$ 762,434</u>
Other Comprehensive Income	<u>\$ 0</u>	<u>\$ 0</u>
Comprehensive Income	<u>\$ 788,276</u>	<u>\$ 762,434</u>

Churchbridge Credit Union
Statement of Changes in Equity
For the year ended December 31, 2015

	2015	2014
Retained Earnings		
Balance, beginning of year	7,476,145	6,713,711
Add: Net income for the year	<u>788,276</u>	<u>762,434</u>
Balance, end of year	<u>\$ 8,264,421</u>	<u>\$ 7,476,145</u>
Unrealized Gains/Losses - AFS Financial Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Equity	<u>\$ 8,264,421</u>	<u>\$ 7,476,145</u>

Churchbridge Credit Union
Cash Flows Statement
For the year ended December 31, 2015

	2015	2014
Cash Provided By (Used In):		
Operations		
Net income for the year	788,276	762,434
Adjustment for:		
Provision for impaired loans	45,904	4,017
Net amounts recovered/(written off)	(55,241)	(1,332)
Depreciation and amortisation	148,563	169,675
Deferred income tax provision	(29,800)	(12,700)
	<u>109,426</u>	<u>159,660</u>
Changes in working capital items:		
Other assets	804	(3,876)
Interest receivable - investments	17,970	(8,372)
Interest receivable - loans	25,712	(35,297)
Interest payable - deposits	(42,818)	(74,429)
Other liabilities	185,819	63,214
	<u>187,487</u>	<u>(58,760)</u>
	1,085,189	863,334
Loans	(6,198,336)	(4,908,926)
Deposits	<u>3,120,815</u>	<u>4,698,341</u>
	<u>(1,992,332)</u>	<u>652,749</u>
Investing activities		
Investments	2,263,695	(3,339,820)
Capital assets purchases	(30,802)	(39,997)
	<u>2,232,893</u>	<u>(3,379,817)</u>
Financing activities		
Share capital	<u>187,505</u>	<u>161,897</u>
Net Cash Increase (Decrease) for the Year	428,066	(2,565,171)
Cash position, beginning of year	<u>2,498,878</u>	<u>5,064,049</u>
Cash Position, End of Year	<u>\$ 2,926,944</u>	<u>\$ 2,498,878</u>

Churchbridge Credit Union
Notes to Financial Statements
For the year ended December 31, 2015

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, 2015 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.