

Christian

CREDIT UNION

Find **contentment** with your finances.



2019 Annual Report

About Us

Christian Credit Union is a full-service financial institution with one important difference - we acknowledge that all wealth belongs to God and we are stewards of it. As C.S. Lewis states,

"Every faculty you have, your power of thinking or of moving your limbs from moment to moment, is given you by God. If you devoted every moment of your whole life exclusively to His service, you could not give Him anything that was not in a sense His own already."

- Mere Christianity

This core belief shapes the way we treat you as a member, the services we provide, and the benefits we share with the community.

At Christian Credit Union:

- We acknowledge that God has a lot to say about money and believe that there is a need for a biblical approach to financial services.
- Our members appreciate dealing with a financial institution that encourages and supports them in applying biblical stewardship principles to their day-to-day finances.
- You will get peace of mind knowing your membership is making a difference for God's kingdom.

This year our thematic goal is to inspire 500 new members to find contentment with their finances. We have something unique to offer to the Christian community and we need your help to get our message out. If you know someone who is tired of banks that don't align with their Christian values, ask them to call us or visit our website. For every new member, we'll make a donation to a community partner.

Mission

We help people exercise good stewardship of the financial resources God has given to them.

"Each of you should use whatever gift you have received to serve others, as faithful stewards of God's grace in its various forms." - 1 Peter 4:10

Vision

To be the recognized leader in applying Christian values to financial services.

"The earth is the Lord's, and everything in it, the world, and all who live in it..." - Psalm 24:1

Our Philosophy

There are five biblical principles that help you make wise financial decisions:

- Set long-term goals -Phil. 3:14
- Give generously -2 Cor. 8:1-15, Acts 20:35
- Avoid the use of debt -Prov. 22:7
- Maintain an emergency fund -Prov. 6:6-8
- Spend less than you earn
-Prov. 10:4, Heb. 13:5

These principles were adapted from "Simplifying the Money Conversation" by The Ron Blue Library LLC, 2019.

Stewardship Resources

We have partnered with the Ron Blue Institute and Financial Discipleship Canada and highlight some great resources on our website including:

Four H's of Financial Wisdom

The Four H's of Financial Wisdom is a simple tool that describes what the Bible says about how we should relate to money and it focuses on your heart, your health, your habits and your hope. This tool provides sound counsel, helpful Bible references, and self-assessment measures to encourage all of us to take action in four areas in order to grow in our understanding and practice of biblical stewardship.

Navigating to Contentment With Your Finances Map

An easy to understand and follow, proven, step-by-step guide that works for everyone, regardless of your financial situation. The map answers three big questions – financially where am I?, where do I want to go?, and what do I do next? The first step is to find out where you are.

Emergency Fund

by Rachel Cruz

Wouldn't it feel great to have a buffer between you and the curve balls life throws at you—a cushion that helps you sleep soundly because it turns a major life crisis into just a slight inconvenience? Even if your furnace goes on the fritz mid-January you're cool as can be. Why? Because you had your safety net in place!

Learn more at www.christiancu.ca.

Message to Members



Henry Bosch, President
John Veldkamp, CEO

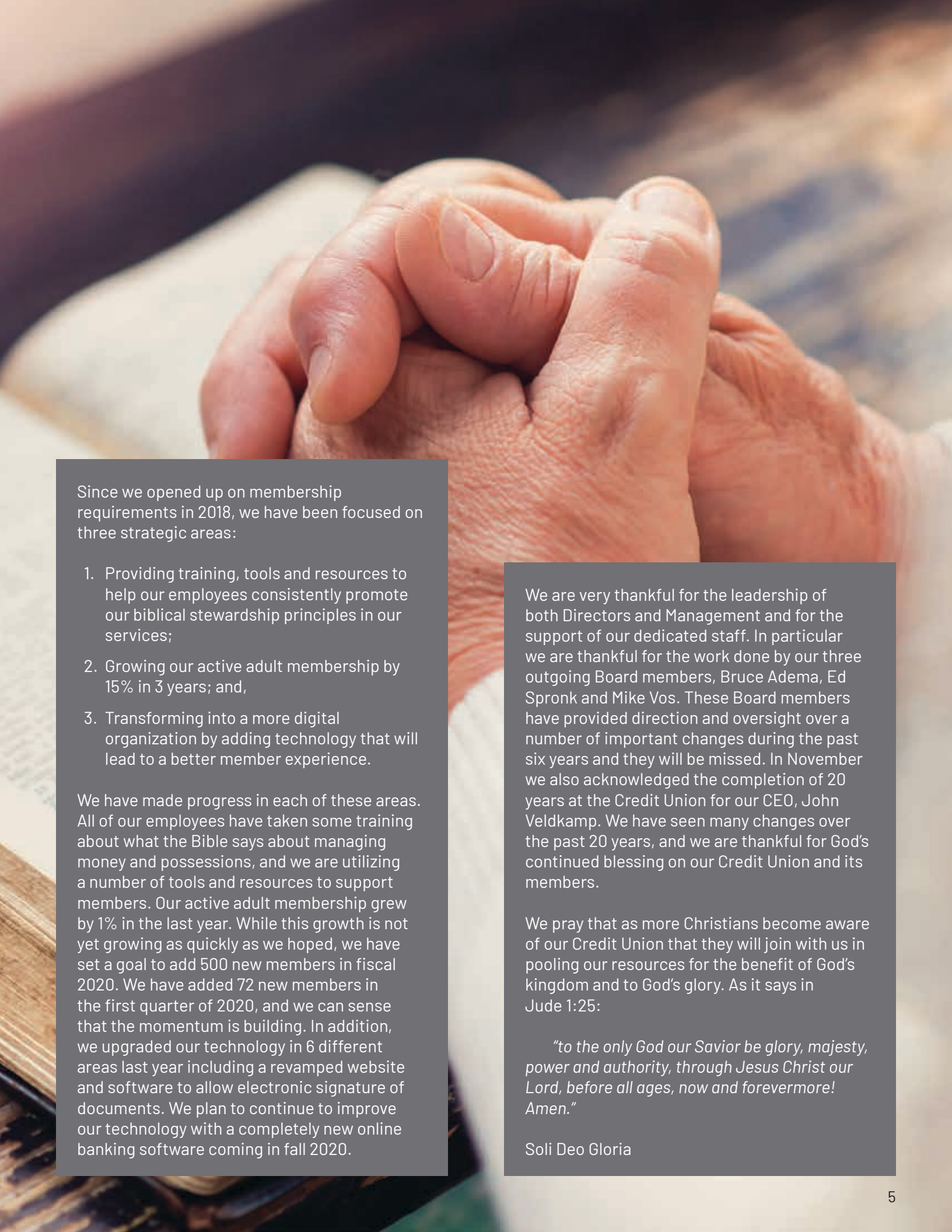
Did you know that most Christians in Alberta don't know that there is a Christian Credit Union? Most think that all financial services options are the same. They don't realize that they can bank at a place that encourages and supports them in applying biblical stewardship principles to their day to day finances. We have found that many Christians who learn about us are thrilled to find out that there is a banking option that aligns with their Christian values.

To help our new and existing members get to know our Credit Union better, this Annual Report focuses on building awareness of who we are and highlights some of our products and services. We hope that more and more Christians will be inspired to join our Credit Union and we can achieve our vision to be the recognized leader in applying Christian values to financial services.

One way that we have been building awareness during the past year is by partnering with other faith-based organizations who are also looking to expand their membership. We have shared communication and hosted joint events with Rehoboth Christian Ministries, Emmanuel Home and Mission Thrift Stores. It has been wonderful to work with these great organizations and we hope to continue to work together throughout 2020.

We have also started promoting our Credit Union in new ways during the past year. Last summer we participated in the No Greater Love Christian music festival in Cochrane. During the Christmas season we were a sponsor of the Shine FM Christmas Miracles and we will continue to air ads on Shine FM in the first part of 2020. In addition we had a booth at the One Conference in Edmonton this past January. While we can't participate in every event, we would love to hear about other opportunities to tell people about Christian Credit Union.





Since we opened up on membership requirements in 2018, we have been focused on three strategic areas:

1. Providing training, tools and resources to help our employees consistently promote our biblical stewardship principles in our services;
2. Growing our active adult membership by 15% in 3 years; and,
3. Transforming into a more digital organization by adding technology that will lead to a better member experience.

We have made progress in each of these areas. All of our employees have taken some training about what the Bible says about managing money and possessions, and we are utilizing a number of tools and resources to support members. Our active adult membership grew by 1% in the last year. While this growth is not yet growing as quickly as we hoped, we have set a goal to add 500 new members in fiscal 2020. We have added 72 new members in the first quarter of 2020, and we can sense that the momentum is building. In addition, we upgraded our technology in 6 different areas last year including a revamped website and software to allow electronic signature of documents. We plan to continue to improve our technology with a completely new online banking software coming in fall 2020.

We are very thankful for the leadership of both Directors and Management and for the support of our dedicated staff. In particular we are thankful for the work done by our three outgoing Board members, Bruce Adema, Ed Spronk and Mike Vos. These Board members have provided direction and oversight over a number of important changes during the past six years and they will be missed. In November we also acknowledged the completion of 20 years at the Credit Union for our CEO, John Veldkamp. We have seen many changes over the past 20 years, and we are thankful for God's continued blessing on our Credit Union and its members.

We pray that as more Christians become aware of our Credit Union that they will join with us in pooling our resources for the benefit of God's kingdom and to God's glory. As it says in Jude 1:25:

"to the only God our Savior be glory, majesty, power and authority, through Jesus Christ our Lord, before all ages, now and forevermore! Amen."

Soli Deo Gloria

Community Involvement



youth BANKING PROGRAM

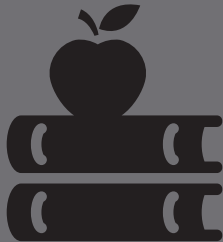
It's important to teach youth how to be good stewards of the resources God has given to them. We provide a variety of banking services, reward youth for saving money, and give them the opportunity to enter fun contests. Are you looking for a way to reach those independent teens? Our Career and Life Management (CALM) presentations focus on biblical principles like stewardship, faith, wisdom, and contentment. We also cover five practical uses of money: spending, giving, saving, debt and taxes and teach youth how to budget using a financial pie.



1,337
Youth

13

Christian
Schools



\$10,219
2018/19 Bonus

Scholarship Winner



Christian Slomp
Coaldale Christian School

"God created everything. All that we have – our talents, our abilities, and even our faith is a gift from him. Stewardship is showing thankfulness for these gifts by using them to his glory. We glorify God by serving others, building up his church, and spreading his gospel. In scripture, God emphasizes the importance of helping those in need as an aspect of stewardship."

Students at participating schools are eligible to receive a \$1,000 scholarship when they write an essay explaining how Biblical Stewardship applies to their life. They should also highlight accomplishments, volunteerism, life and career goals.

Community Builder Campaigns

We're excited to partner with Emmanuel Home, Mission Thrift Store and Rehoboth Christian Ministries to raise awareness of our organizations and encourage people to become members of Christian Credit Union. We're attending community events and having great conversations with Christians who are excited to hear about a financial institution that aligns with their values. From October to December 2019 we gained 54 new active adult chequing accounts which contributes to our annual goal of 500 new members.



Shred Fest

Member Appreciation Event

Thank you to everyone who joined us for free paper shredding, some great food and fun for the family! We hope you had a great time and look forward to seeing you next year!



Products and Services

Full-service

Manage your day-to-day banking with accounts that are simple, convenient, and save you money. Invest your money in a high interest savings account or choose from a variety of registered or non-registered investments with one- to five-year terms. Do you need to borrow for vehicle, home or other expenses? We make it easier to get into a used vehicle with great rates, various terms and no down payment.* Our mortgage products include one- to-five year terms, flexible payment options with a minimum of 5% down.



*Some conditions apply, ask an Advisor for details. Down payment required for vehicles six years old and over.

Advisors

Our advisors use biblical principles and help with your day-to-day banking needs or life goals like attending college or university, buying a home, or saving for retirement. Are you a business owner? We build a personal relationship with you and help you succeed with God's plan for your business. We also understand the needs of non-profit organizations and provide loans and specialized services so they can focus on their work in God's kingdom.



Isaac Egyir
MBA, B.Com
Personal
Banking
Advisor



Melissa Wielenga
Business
Banking
Advisor



Rob Drost
QAFP™
Financial
Advisor
Credential Asset
Management Inc.

NEI Private Portfolios*

This is an incredible new offering suited for members who have accumulated a higher level of invested assets and are seeking a more sophisticated investment solution and portfolio strategy. As your wealth grows, the investment tools we offer change to match your needs.

Contact a Credential Asset Management advisor to learn more about responsible investing and how we can assist you with your financial planning needs.

Mastercard® and Visa Credit Cards

Why choose World Elite Mastercard for personal use?

- You earn 2 reward points for every \$1 spent which is 2X what most other cards earn. Reward points can be used for cash back, merchandise, gift cards and travel.
- You get travel benefits that can only be found on select cards including emergency health care coverage of up to \$5,000,000 and a duration of up to 48 days.
- You'll easily cover the \$120 annual fee if you spend \$1,000 or more on your card per month. We encourage you to pay your balance off monthly.

Contact a branch and find out if the World Elite Mastercard is right for you.

Apple Pay

Apple Pay offers an easy, secure and private way to pay on iPhone, iPad, Apple Watch and Mac. Christian Credit Union Collabria credit cards can be used with Apple Pay to pay on the go at merchants who accept contactless payments, in participating apps and on the web. Apple Pay will provide real-time notifications and details for your purchases when you use Apple Pay on iPhone or iPad.



Learn more at
www.christiancu.ca

Cash Management Services

Check out these great payment solutions for business owners.

Square

Square has everything you need to start, run, and grow your business. From payment processing to real-time sales tracking, Square makes it simple to manage your entire business from one place. Accept payments fast from anywhere. Square has hardware solutions that let you ring up items quickly in your store and on the go. Take care of inventory, digital receipts, sales reports, and more, all from Square's free point-of-sale app.

Merchant Services

Everlink Payment Services provides our business members with some of the lowest processing rates, the best service quality, and a leading-edge technology which allow you to accept Interac, Visa and MasterCard payment cards securely through counter top, WiFi and Bluetooth, or Long-Range Wireless Solutions.

Business Pay

Business Pay is a web-based solution that allows you to manage and collect payment of funds efficiently. Initiate direct deposit of payroll and accounts payable items. Collect payments for loans or mortgages, accounts receivable, strata or condo fees, and more.

Leadership and Governance

Board of Directors



Henry Bosch
President



John Jagersma
Vice President



Mike Vos
Secretary



Bruce Adema



Peter Deys



Ed Spronk



Laura Veenendaal

Governance Committee

John Jagersma
Peter Deys
Ed Spronk

Audit and Finance Committee

Bruce Adema
Mike Vos
Laura Veenendaal

Lethbridge Advisory Committee

Peter Deys
Hermo Lanting
George Lubberts
Samantha Postman
Marc Slingerland

Management



John Veldkamp
Chief Executive Officer



Wayne de Leeuw
Chief Operating Officer



Ed Dubbeldam
Chief Technology Officer



Joanne Drotar
Director, People and Culture



Bryan Fiebich
Controller



Phil Geusebroek
Marketing Director



Pete Peters
Director, Member Experience



Jackie Rudyk
Retail Operations Manager



Dawn Weisner
Retail Sales Manager



Audit and Finance Committee Report



Bruce Adema, Committee Convener

The Audit & Finance Committee is a three-person committee of the Board. Its mandate is to provide *"an independent review of the Credit Union's operations deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to sound business practices."* During the 2019 fiscal year, the Committee met five times to fulfill its mandate.

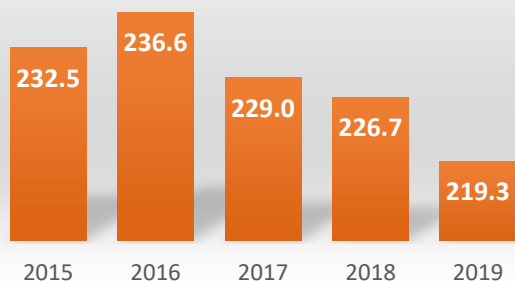
The committee engaged Metrix Group LLP, specifically Mr. Curtis Friesen CPA, CA, to audit the financial records of the Credit Union and to prepare the audited financial statements. Due to the hard work of our staff and management, we can happily say we have again received a clean audit report.

In an effort to save on paper and reduce printing costs, we have provided a summarized Balance Sheet and Income Statement. Full copies of our audited financial statements can be found on our website, www.christiancu.ca, and hard copies are available upon request. In addition, this report will provide a discussion on the key items on how the Credit Union fared this year.

Our assets decreased by a little over \$7 Million and sit at just over \$219 Million. This decrease is directly tied to a drop in our deposits, which fell to just over \$200 Million. This drop is primarily

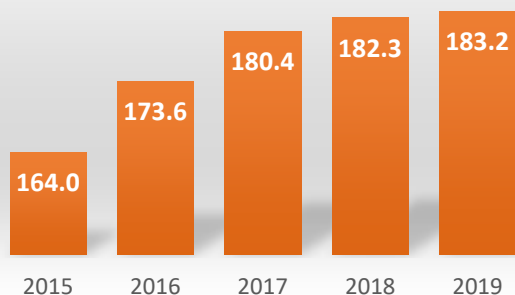
attributable to the loss of deposits from a single member who needed a national banking solution and withdrew in excess of \$9 Million. We move into 2020 with a continued focus on member and deposit growth and encourage our members to recommend the Credit Union as a viable financial services provider.

Assets (millions)



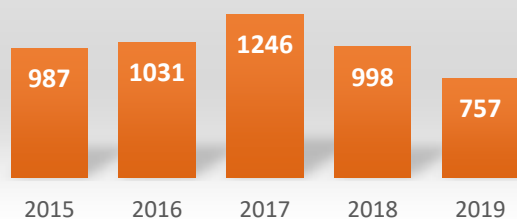
Our loan portfolio has leveled off with modest growth of just under \$1 Million for 2019, which represented a 0.50% increase this past year. While we would like to see our portfolio grow at a higher pace, we are both blessed and encouraged that our members continue to require our service and advice with regards to their borrowing needs.

Loans (millions)



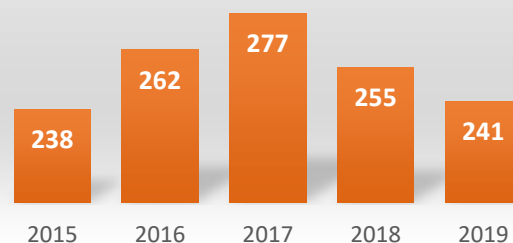
When determining a credit union's financial success, the measure of Income before Profit Sharing & Taxes ("IBPST") is used. Our IBPST dropped in 2019 to just above \$750 Thousand which was the result of lower other income than the previous year. In late fiscal 2018, we made a required switch in credit card providers. We did not have a choice as our old provider decided to end their relationship, so we moved forward with a new provider which has increased the number of card options for our members. We receive revenue from our credit cards based on a percentage of card spend, and while we have worked hard to switch as many members as possible, it will take some time to re-build this to its previous level. Also, we encourage our members, if you have not done so already, to talk to our branches to review your credit card needs.

Income before Profit Sharing & Taxes (thousands)



We praise God that he continues to bless the Credit Union, which allows us to continually support the Christian Community. In 2019 we provided approximately \$241 Thousand in the form of donations and discounts to several different non-profit organizations. This includes rate discounts on over \$35 Million in loans as well as reduced banking fees on their accounts. Almost 20% of our loan portfolio is to these types of organizations and we feel blessed that we can continue to assist organizations making a difference for God's Kingdom.

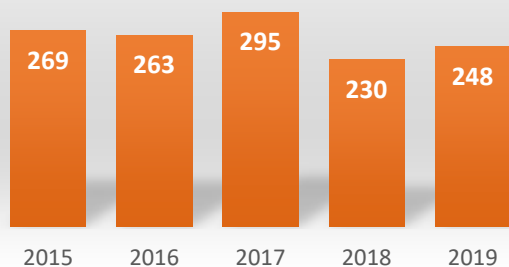
Donations and Discounts (thousands)



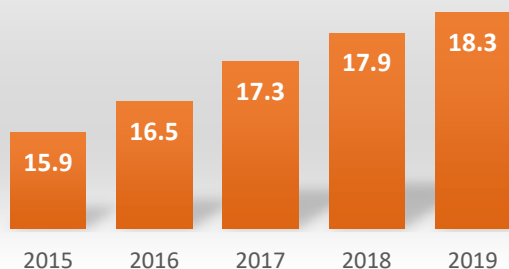
One of the many benefits of banking with the Credit Union is that we return a portion of our profits back to our members. While we would like to be able to share more profits with our members, we do have to be mindful of our capital position. A sufficient capital position is required to ensure adherence to increased regulatory requirements, and secondly to support our ability for continued growth. This year we were able to return almost \$250 Thousand to our members in profit sharing and contribute \$447 Thousand retained in profits to our capital position.

Audit and Finance Con't

Profit Sharing
(thousands)



Capital
(millions)



It is important to note that the Credit Union also manages an Off-Balance Sheet portfolio that in 2019 exceeded \$65 Million. These assets allow the Credit Union to offer products, such as Registered Education Savings Plans, Mutual Funds, self-directed investing and Registered Disability Savings Plans through third party providers such as Concentra Financial, Credential Asset Management and QTrade Investor® Online Brokerage.

Finally, we conducted Commercial Credit, Board Governance and Customer Automated Funds Transfer administration audits this past year. Only minor issues were identified during these audits. We also did a follow-up on last year's Anti-Money Laundering audit to track the progress made. Thank you to all the staff for their hard work in making sure we are adhering with all the many regulatory requirements placed on us as a financial institution.

As a committee we are pleased that your Credit Union is being operated in a prudent manner and we give thanks to God for another profitable year. We have worked hard to be faithful stewards of the financial resources our members have entrusted to us and the Lord has blessed this work by allowing us to be promoters of Biblical Stewardship and pass on the blessing to the Christian Community. We pray for God's continued blessings in 2020.

Summarized Balance Sheet (Unaudited)

As at October 31, 2019

Assets	2019	2018
Cash and investments	\$ 32,646,550	\$ 40,929,127
Members' loans receivable	183,197,916	182,289,732
Property and equipment	3,184,119	3,291,949
Other assets	239,820	183,267
	<u>\$ 219,268,405</u>	<u>\$ 226,694,075</u>
Liabilities		
Members' deposits	\$ 200,682,573	\$ 208,464,852
Other liabilities	332,483	374,347
	<u>201,015,056</u>	<u>208,839,199</u>
Members' Equity		
Profit sharing and dividends to be paid	247,572	229,970
Members' shares	2,835,314	2,770,870
Retained earnings	15,170,463	14,854,036
	<u>18,253,349</u>	<u>17,854,876</u>
	<u>\$ 219,268,405</u>	<u>\$ 226,694,075</u>

Summarized Income Statement (Unaudited)

For the year ended October 31, 2019

	2019	2018
Interest Income	\$ 7,294,650	\$ 6,932,337
Interest Expense	<u>2,185,076</u>	<u>1,829,357</u>
Net Interest Income	5,109,574	5,102,980
Plus: Other Income (Expenses)	1,019,758	1,223,928
Less: Operating Expenses	<u>(5,372,252)</u>	<u>(5,329,394)</u>
Income Before Profit Sharing And Income Taxes	757,080	997,514
Less: Profit Sharing	(175,344)	(157,005)
Less: Income taxes	<u>(139,259)</u>	<u>(213,305)</u>
Net Income	<u>\$ 442,477</u>	<u>\$ 627,204</u>

Audited Financial Statements are available at www.christiancu.ca and at either branch upon request.

Credit Committee Report



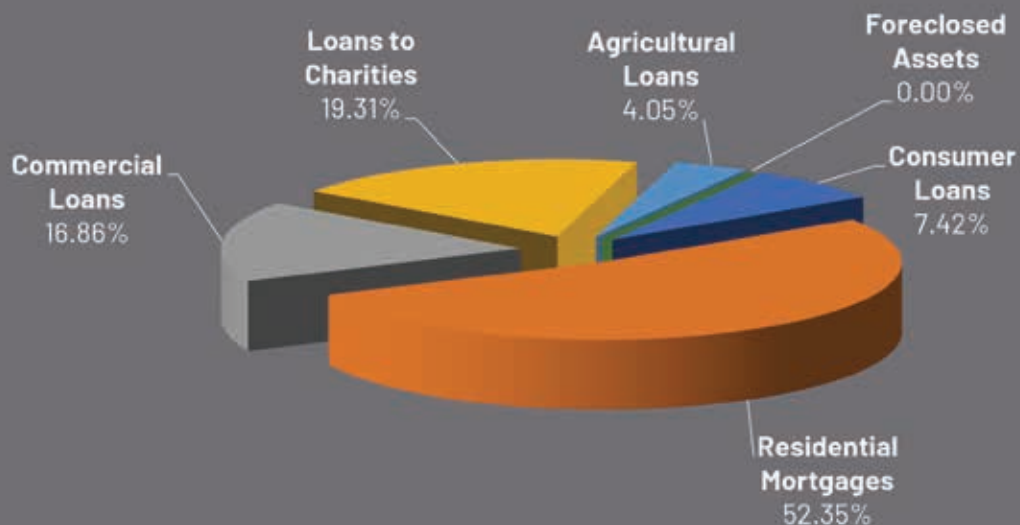
Wayne de Leeuw, COO

The Credit Committee consists of four Senior Managers of the Credit Union appointed by the Board. Its mandate is to ensure that the loan portfolio at Christian Credit Union is being managed responsibly. Within this mandate, the main purpose is "to analyze and review statistical and delinquency information; to review, approve and make recommendations on credit applications within the provisions of legislation and policy; and to recommend credit policies and lending limits." The committee provides regular updates to our Audit & Finance Committee.

This past year the Credit Committee met nine times to fulfill its mandate and reviewed approximately fifty-six credit applications. In addition, the committee provided feedback to the Board on updating the Board's Credit Risk Management policies. Updating our policies is one step in our goal to request an increase to our lending limits with the Credit Union Deposit Guarantee Corporation. In the coming year, we are striving to update our operational lending policies as this is also required in order to request an increase.

As noted in the Audit & Finance Committee report, our loan portfolio had modest growth of just under \$1 Million in 2019. Our Credit Union has maintained a healthy distribution of loans as follows:

Composition of Loans
as at October 31, 2019





We appreciate the opportunity to assist existing and new members with their borrowing needs. We are also thankful for the work of our staff in understanding those borrowing needs and providing sound advice and solutions, while at the same time assisting and encouraging our members to reduce their debt. Our Credit Union can assist and provide advice on a variety of borrowing needs of our membership. This can range from purchasing a first car through our My First Vehicle Loan, purchasing or renovating a home, to supporting our business members with purchasing, expanding and operating a business. We are also able to assist with large and complex financing requests, such as the recent expansion projects of both Emmanuel Home and Edmonton Society for Christian Education. We are thankful that we can provide this support to our membership and our community.

One of the important ways the Credit Union utilizes your deposits and gives back to our community is to offer a discount on mortgages and term loans for charitable organizations that maintain their main operating account with us. When we serve more families, farms and businesses, we can make more of these loans a reality. We are pleased to report that with opening our membership to the broader Christian community we have assisted several new churches in both the Baptist and Lutheran communities.

As a Credit Committee we have a responsibility to our members to ensure we are reviewing, managing and minimizing delinquency. The challenges in today's economic environment have impacted our members and our loan portfolio. With that said, at year end our loan delinquency was less than 0.01% of the total loan portfolio. Due to changes in accounting rules we are required to account for a loan loss provision based on the expectation of a potential credit loss rather than on an actual loss. In order to determine this provision, we stress test our loan portfolio based on market conditions, historical delinquency information of our Credit Union and the Alberta Credit Union system. For this past fiscal year, our loan loss provision was just under \$19,500.00. Our unusually low level of delinquent loans is a testament to the character of our members and their commitment to paying back their debts, especially given our challenging economic environment.

As a committee, we are pleased to report that the loan portfolio at Christian Credit Union is being managed responsibly. We give thanks to God for this blessing and continue to pray for His wisdom and guidance.



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www.christiancu.ca



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