

Crossroads

CREDIT UNION

2019 Annual Report

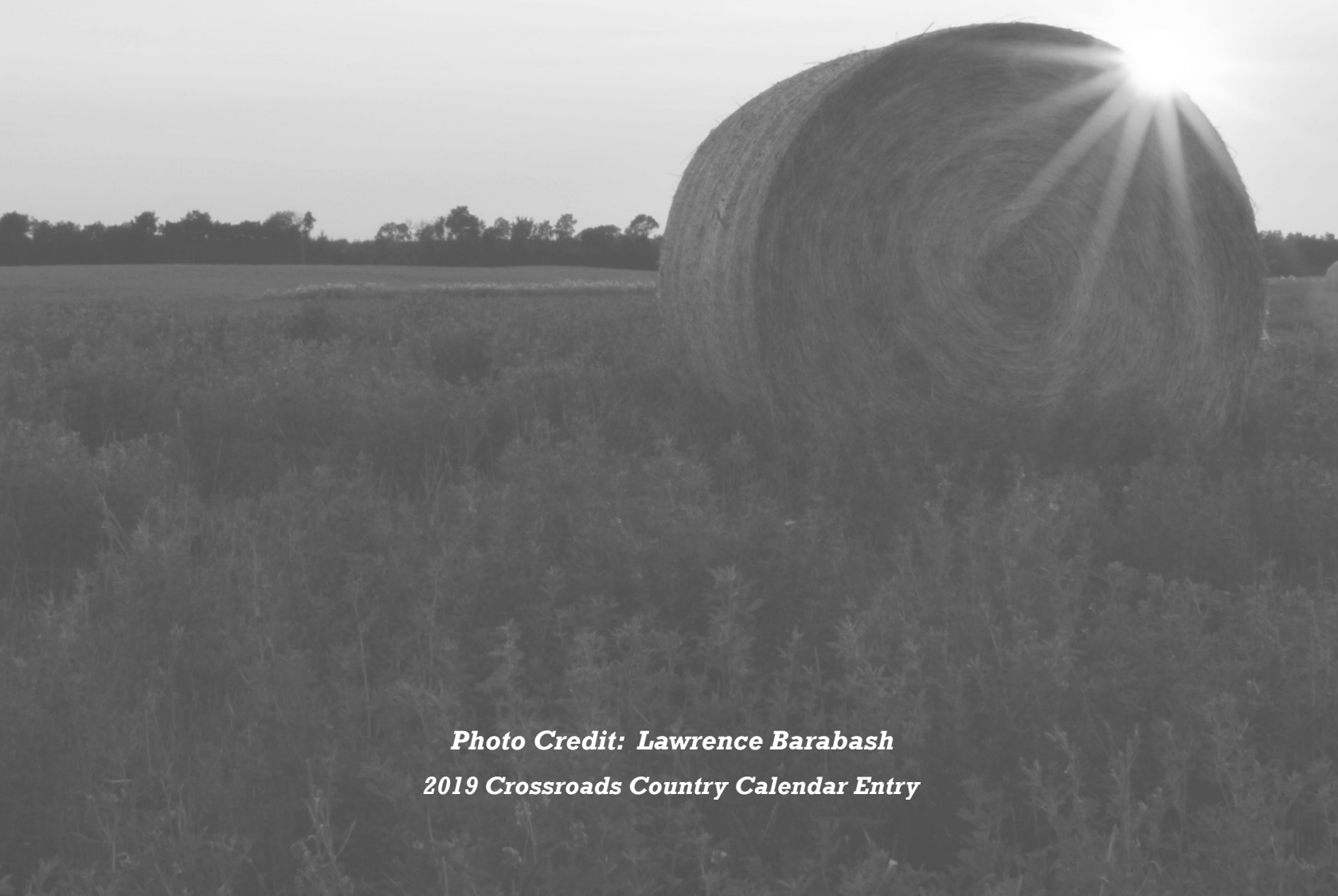


Photo Credit: Lawrence Barabash
2019 Crossroads Country Calendar Entry

**CROSSROADS CREDIT UNION
12th ANNUAL MEETING
AGENDA**

- 1) Registration**
- 2) Call to Order – Business Meeting**
- 3) Confirmation of Quorum and Notice of Meeting**
- 4) Selection of a Chairperson**
- 5) Adoption of Agenda**
- 6) Minutes of the 2019 Annual Meeting**
- 7) Business Arising Out of the Minutes**
- 8) Message from the Board**
- 9) Message from the CEO – Jeff Bisschop**
- 10) Sturgis Curling Club – Craig Folk (Community Investment Fund winner)**
- 11) Report of the Auditor and Financial Statements – Rhonda Fullawka**
- 12) Question Period**
- 13) Adoption of Reports**
- 14) Appointment of Auditor for 2020**
- 15) Report of Election Committee**
- 16) Declaration of Office**
- 17) Door Prize Draws**
- 18) Adjournment**

April 20, 2020 – Sturgis (Date postponed due to COVID-19 Pandemic)

**CROSSROADS CREDIT UNION
ANNUAL MEETING MINUTES
WADENA – APRIL 16, 2019**

Registration

The annual meeting supper commenced at 6:00pm at the Wadena Hall in Wadena with attendance as per the register of 59.

Call to Order – Business Meeting

Board President Walter Ostoforoff called the business meeting to order at 6:45pm and welcomed those in attendance.

Confirmation of Quorum and Notice of Meeting

CEO Jeff Bisschop provided confirmation of Quorum and Notice of Meeting.

Selection of Chairperson

President Walter Ostoforoff asked for consensus from the membership that Murray Bottcher be Chairperson for the business meeting. Consensus was provided.

Adoption of Agenda

Dave Harding – Linda Yakowec moved that the agenda be adopted.

CARRIED

Minutes

A copy of the Minutes of the April 17, 2018 Annual meeting held in Canora was included with the annual report.

Duane Sweatman – Carla Bugera moved that the minutes be adopted as presented.

CARRIED

Business arising out of the minutes

No business arising out of the minutes.

Message from the Board and CEO

President Walter Ostoforoff presented the message from the Board.

CEO Jeff Bisschop presented the message from the CEO.

Wadena School of Dance

Wadena School of Dance was a 2018 Community Investment Fund participant. Angela Fielding thanked Crossroads for their donation and a group performed a tap dance for those in attendance.

Report of the Auditor and Financial Statement

Manager of Finance and Risk Rhonda Fullawka presented the Auditors Report and Financial Statements.

Question and answer period followed.

Adoption of the Reports

Duane Sweatman – Leanne Christianson moved that the reports be accepted as presented.

CARRIED

Appointment of Auditor for 2019

Kristin Olson – Arlette Bogucky that we appoint Meyers Norris Penny (MNP) as auditors for 2019.

CARRIED

Report of the Election Committee

CEO Jeff Bisschop presented the election report.

Terms of Directors expired in two Districts of Crossroads Credit Union – Central and Northern Districts. The following elections were required:

Central District	two nominees (3 year term)
Northern District	one nominee (3 year term)

Advertisements were placed in local district newspapers, website and social media requesting nominations of interested members wishing to let their name stand for election to the Board of Directors.

The nominations received within the advertised deadline were examined and confirmed that the Nominees qualified to serve as Directors under the Regulations of the Credit Union Act and Crossroads Credit Union Bylaws.

Results are:

Central District

Two candidates filed nomination papers within the advertised deadline.

As the number of candidates equaled vacancies, the following candidates are declared elected by acclamation for a three year term.

The candidates were:

Betty Tomilin
Kerry Trask

Northern District

Two candidates filed nomination papers within the advertised deadline. As the number of candidates was greater than vacancies, an election was held at Sturgis and Preeceville Branch from March 27 – April 4, 2019.

The candidates were:

Ivan Peterson
Sherry Joannette

Ivan Peterson was elected for a three year term.

Western District

No director terms expired in the Western District.

Call up all Board of Directors to the Front

Declaration of Office

CEO Jeff Bisschop read out the Declaration of Office.

Door Prize Draw

Door prize was drawn with the following winner: Florence Carbno

Adjournment

Ivan Peterson moved adjournment at 7:30pm.

President Walter Ostoforoff

Secretary Jeff Bisschop

MESSAGE FROM THE CHAIR & CEO

We're pleased to present Crossroads Credit Union's annual report for 2019. It was another successful year for our credit union as we focused our energy on building mutually rewarding relationships that drive growth and prosperity for us all. Overall, we met our 2019 balanced scorecard targets.

It's easy for a financial institution to get caught up in the financial metrics, but as a credit union we also care about our employees, members and communities. It takes strong results in each of these areas to create financial success.

Building from the inside out – We need educated, inspired and empowered employees to develop the deep member relationships we depend on. In 2019 we worked to strengthen the internal culture, processes and practices that help our team operate as a well-oiled machine.

We'd like to thank our staff for their continued dedication to providing exceptional service. The financial services industry and the needs of our members continue to change. We must work in new and different ways to keep up and Crossroads employees do an admirable job – all while providing expert service with a smile. They bring our vision to life every day. Without them, our plans to make it easy and beneficial to deal with Crossroads are merely words on paper.

Building relationships – It's important to keep our regulators satisfied, but for us it's equally important to have happy members. Our main competitive advantage is how well we know



our members. We were happy to see our hard work in this area pay off in 2019. The results of our annual survey show that member perception of the value we provide continues to rise.

Like consumers everywhere, our members are showing their preference for conducting simple transactions when and where it's convenient for them. We saw a significant increase in digital transactions in 2019. This shift not only makes life easier for members, it also frees up our staff to spend time on



activities that are more valuable to members like providing advice or answering questions.



Giving back – Sharing our profits with the people and communities that help us thrive is important to us. We continued that tradition in 2019, **supporting 121 organizations** through donations and volunteerism. We distributed an additional

\$36,500 from our Community Investment Fund in 2019. Members voted to select Sturgis Curling Club as the recipient of major funding. They received \$15,000 for rink upgrades.

We also reinstated patronage payments in 2019. The board spent a great deal of time considering the best way to reward members for their loyalty. In the end, they chose the tried and true method of returning profits to members in the form of a rebate for use of certain services. In 2019 we're **paying out more than \$350,000**. Future payouts will depend on our ability to meet regulatory and internal financial targets, something we fully intend to do.

Evolving governance – Being a director of a modern credit union is a tough job and we're proud of the work our board has put into evolving its governance practices. In 2019, the board completed a succession plan that will

"We're at our best when things get tough."

help ensure it's always equipped to meet the changing needs of our credit union. The plan will ensure the board has the specific skills and experience it needs to lead the credit union in any given year.

It was a relatively stable year for our board, with few changes. Allan Wonsiak retired in April after serving three years on the board and we welcomed Kerry Trask to the table. We'd like to thank Allan for his contributions and commitment to our credit union.

Rising to the challenge – While it's easy to focus on all of the bad news these days, we're confident about the future. There are challenges ahead that's for sure, but Crossroads has worked hard to position itself – financially and in other ways – to meet those challenges. Credit unions were born of hard times and we're at our best when things get tough. We know people are looking for clear direction in these uncertain times. We can't solve all the world's problems, but Crossroads can help our members feel more confident about their financial futures.

We'd like to thank our members for their ongoing support and trust. We appreciate the opportunity to serve you and look forward to continuing to work on your behalf in 2020. Together we will rise to the challenge.

In Co-operation,

Walter Ostoforoff, Chair

Jeff Bisschop, Chief Executive Officer

BUSINESS ENVIRONMENT

As a business and a financial institution, Crossroads is affected by a variety of external factors, including:

- economic and business trends around the world and here at home
- changes in the Saskatchewan credit union sector
- developments in the financial services industry

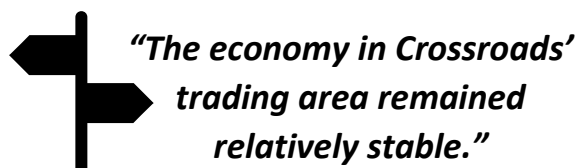
Challenges in trade policy and social unrest helped slow global growth to an estimated 2.4% in 2019. This is the slowest pace since the global financial crisis.

Canada didn't fair much better in 2019, ending the year with the weakest quarterly gross domestic product (GDP) growth in nearly four years. According to Statistics Canada, strikes, poor harvest conditions, and pipeline shutdowns contributed to growth of just 1.6% for 2019. This is down from 2% in 2018. Increased household spending offset the decline somewhat. By comparison, U.S. GDP grew 2.3% in 2019.

Saskatchewan's economy ended 2019 on a low. According to the Conference Board of Canada, employment declined in the fourth quarter, retail sales fell over the second half of the year, and the province's potash sector was hit by closures brought on by trade tensions. The province's real GDP grew only 0.7% over the year.

The economy in Crossroads' trading area remained relatively stable again in 2019. We rely less on the energy and mining sector than some areas of the province. The region relies heavily on agriculture. Luckily our agriculture sector was not plagued by the extreme weather seen in some areas in 2019. However, the weakened Canadian dollar has increased agriculture equipment costs, putting added pressure on producers.

The COVID-19 crisis and the economic fallout continues to evolve and it's difficult at this point to know what 2020 will bring. Much will depend on the duration and spread of the virus. The situation is likely to have significant effects on the economy locally, nationally and globally.



SASKATCHEWAN CREDIT UNIONS

Saskatchewan credit unions are full-service co-operative financial institutions, ranging in size from \$21 million to more than \$6 billion.

Credit Union Deposit Guarantee Corporation of Saskatchewan (CUDGC) is the primary regulator of the province's credit unions. The Corporation holds credit unions to standards similar to those used to regulate financial institutions across the country and around the world.

Regular monitoring ensures credit unions operate according to those standards and

identifies potential issues early enough to allow credit unions to take corrective action.

The Corporation guarantees the full repayment of funds held in Saskatchewan credit unions. There's no limit to the size of deposit covered. All deposits are fully guaranteed. The guarantee is made possible through a comprehensive deposit protection regime and a focus on prevention.

The Corporation promotes responsible governance by individual credit unions as well as the strength and stability of the credit union system as a whole.



Credit unions are recognized for their innovation, customer service and community support. For the **15th year in a row**, Canadians ranked credit unions **first among all financial institutions** for overall customer service excellence in the IPSOS Financial Service Excellence Awards.

SASKATCHEWAN CREDIT UNIONS

- 40 credit unions
- 482,000 members
- over 370 elected board members
- 235 service outlets in 208 communities
- assets of \$24.7billion
- revenue of \$1.1 billion
- \$19.6 billion in loans
- over \$9.8 million returned to members as patronage equity contributions and dividends
- over 3,300 employees

Figures as at December 31, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR SERVICE MODEL

We're member centric. Our members are the centre and their needs drive everything we do. It's not about price, it's about the service. That's our value.



OUR VISION

Where we're headed

Everyone in Crossroads Country has the **financial confidence** to succeed in any direction they choose.



OUR MISSION

How do we get there?

We will make it **easy and beneficial** for our member-owners to have a full relationship with us.

WHAT IS CROSSROADS COUNTRY?

Crossroads Country is not just a place, it's a feeling. A close-knit community of people, regardless of physical location, who through all seasons are united by prairie values. It's about grassroots, home towns, and co-operation. This feeling of belonging to a family that is always willing to lend a helping hand is part of what makes Crossroads a direction worth choosing.

VALUE PROPOSITION

"We differentiate ourselves through service. Our goal is to make meaningful connections with each member, taking time to build rapport that changes every transaction into a superior experience."

Our values

Grassroots – Grassroots encompasses the concepts of a **full service, member owned, democratically governed**, and **sustainable** financial institution. We pride ourselves on sound business practices, providing a full suite of financial products and services. Every member of Crossroads is an owner and has the power to cast one vote to elect the board of directors.

Integrity – **Commitment, efficiency, honesty** and **security** are important to Crossroads because our members are our story and we are committed to helping them achieve their goals. Our members place their trust in us, and we go above and beyond industry standards with processes and procedures to maintain this trust and build relationships. We also uphold strict privacy and financial safeguards to ensure that Crossroads' members are protected.

Passionate – We strive to be **friendly, understanding, co-operative**, and **personal** with every member. It is our goal to know our members better than anyone else, because in doing so, we provide the best possible service and advice. We are passionate about teamwork and collaboration because as a team, we can achieve more and help our members become financially confident.

Reputable – We are focused on **community involvement**, pride ourselves on being **educators** and **leaders**, and will go **above and beyond**. We lead by our reputation, not only by going above and beyond for our members, but by actively promoting financial literacy in our communities. Through volunteering, donations and sponsorships, we support our communities, our grassroots, and help them to continue to flourish.

Quality – Crossroads is a **member-focused** organization, driven by **continuous improvement**, **innovation**, and **proactive** actions. When our members succeed, we succeed, so we invest in these relationships by adapting to their needs, no matter where they are in life. By being proactive, we prepare our members for the future now, so that they are ready for their next chapter when it begins.

Credit Union Market Code

Crossroads Credit Union voluntarily adheres to a *Credit Union Market Code*, jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee Corporation to ensure the protection of credit union members. The code sets out guidelines in the following areas:



- the process for handling complaints regarding the service, products, fees or charges of Crossroads Credit Union
- fair sales, including the roles and relationship of staff to all members/clients in accordance with the financial services agreement
- our financial planning process
- how we protect the interests of those who do business with Crossroads Credit Union by ensuring all member/client information is kept confidential and used only for the purpose for which it is gathered
- professional standards
- how we ensure our capital structure aligns with our risk philosophy
- the business and industry standards we follow for financial reporting
- governance practices and how we adhere to the intent and stipulation of our corporate bylaws, approved by the membership of Crossroads Credit Union
- how we employ risk management to ensure all risks are measured and managed in an acceptable fashion

Co-operative Principles

As a co-operative financial institution, Crossroads 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.

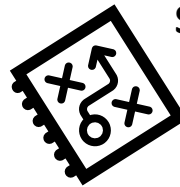
Who we are

Crossroads Credit Union is a provincially-regulated financial service co-operative. We provide a full range of financial services in Saskatchewan's Parkland. A 10-person elected, volunteer board of directors governs our operations. It provides strategic direction and oversight to a management team responsible for day-to-day operations.

Crossroads manages more than **\$272 million in assets**. We serve more than 6,900 members and non-members from branches in Canora, Preeceville, Sturgis and Wadena. Non-members don't own shares in the credit union, participate in the democratic process or benefit from member patronage.

We provide highly personalized service to our

individual, non-profit, farm and commercial members. We provide wealth management services through a personal financial planner at Credential Financial Strategies Inc.® We complement our personal service with the convenience of online and mobile banking.



Strategies

It's our mission to make it easy and beneficial for our members to have a full relationship with us. This is a process of continuous improvement.

Board and management meet yearly to set the strategic direction that brings the credit union's mission to life. An operational plan aligns management's activities with the strategic direction of the board.

STRATEGIC DIRECTION

MEMBERS



We will have informed, full-relationship member owners who trust the credit union to assist them to achieve their goals and who advocate for the credit union.

PEOPLE



We will have educated, inspired and empowered staff who make it easy and beneficial for our members to have a relationship with us.

COMMUNITY



We will work with our community partners to foster mutually rewarding member / owner relationships.

FINANCIAL



We will drive sustainable earnings to fund our priorities on behalf of our member / owners.

Our main financial objectives are to:

- improve operating efficiency, non-financial income and capital strength
- increase growth within targeted financial and transaction areas
- manage risk within acceptable levels

Our pricing strategy is governed by the principles of credit risk management. We look for an appropriate balance between risk and return. At Crossroads, we accept moderate enterprise level risk if it creates high quality, personal service for our member owners. We won't take on risks that may jeopardize our reputation or brand and we have no appetite for risks that compromise our capital strength and financial sustainability.

"A member service-centred organization that provides fair value for members and our credit union."

We distinguish ourselves as a member-service-centred organization that provides fair value for members and our credit union. We depend on non-interest revenue. We outsource and contract out projects to gain the advantage of external expertise, manage risk and extend the collective capacity of our management team.

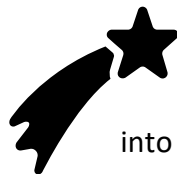


Value proposition – We differentiate ourselves from other financial institutions through the **quality of our service**. We work to make a **meaningful connection** with each member, taking the time to build rapport that changes every transaction into a superior experience. We build and sustain mutually rewarding relationships with each member. Ultimately, this drives growth and prosperity for our members and our credit union. We know that if our communities thrive, we thrive.

BUILDING RELATIONSHIPS



Knowing our members better than anyone else.



Converting each transaction into an experience.



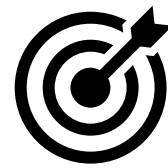
Making it easy for members to deal with us.

Priorities – Through our planning, we identified the following priorities for our work in 2019:

- building our professional competencies
- building member relationships
- shifting to meet members' desire for digital and mobile channels
- strengthening our impact in the communities we serve
- maintaining strong financial results for the sustainability of our credit union

Key performance drivers & results

At Crossroads, we use a balanced scorecard to set business goals, monitor progress and measure results. Financial and non-financial measures extend the credit union's vision and strategy into objectives across four balanced perspectives: members, staff, community and financial.



Financial performance

Driving sustainable earnings to fund our priorities

	2019 targets	2019 results
Return on assets	0.76%	0.82%
Maintain capital levels in excess of our ICAAP	13.09%	15.19%
Increase in electronic members	+2-3%	+3.5%
Increase in electronic transactions	+3-5%	+26.9%



Growth – As planned, overall growth in 2019 was down. Assets grew a modest 1.16% to nearly \$276 million. This was down significantly from 7.75% in 2018 but only slightly below our target of 3.43%. Loans grew 3.02% to \$207.5 million and deposits rose 0.93% to \$247 million.

Our wealth management division performed well again, growing 16.74%. This is down from 20.86% in 2018, but well above our target range of 9-12%.

Our loan to asset ratio was 75.25% in 2019. This is within our target range of 75-80% and slightly above 2018's ratio of 73.88%.

Profitability – Profits allow us to build capital, manage growth and take advantage of opportunities. Crossroads earned \$2.3 million in income in 2019. Continued focus on operating costs and a stable non-interest revenue helped to generate profitability of 0.82%. This is well above our budget of 0.76% and close to our 2018 result of 0.87%. Our operating expense ratio also remained fairly stable at 2.5%, which is slightly under budget.

Our efficiency ratio (a measure of how much revenue is spent on operating costs) was at 66.76%. This is close to 2018's 67.24% and under budget of 69.34%. A low efficiency ratio indicates efficient use of resources.

Loan and residential mortgage portfolio – We work to ensure our loan portfolio contains a mix of high-quality commercial, agricultural and consumer loans. Our prudent approach to lending helps us maintain a low level of loan delinquency. In 2019 delinquency is down slightly to



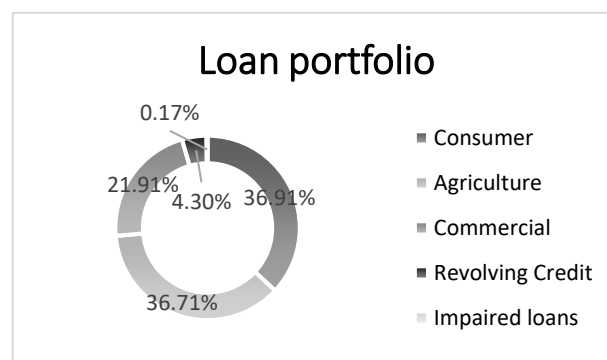
0.90% (0.98% in 2018) and well below internal (1.5%) and regulatory targets (3.0%).

Our regulator Credit Union Deposit Guarantee Corporation introduced regulatory guidance on residential mortgage underwriting (financing). The guidelines reaffirm the need

for credit unions to conduct stress testing that considers unlikely, but plausible, scenarios and their impact on our residential mortgage portfolio. We consider the results of these stress tests in our internal capital adequacy assessment process (ICAAP).

Residential mortgages are secured by residential properties. Since these properties are subject to a decrease in market value in an economic downturn, Crossroads Credit Union ensures prudent practice, including maximum loan-to-value (LTV) ratios consistent with regulatory guidelines for residential mortgages (80%). We determine individual maximum LTV ratios based on a risk assessment of each mortgage.

Crossroads Credit Union's loan portfolio can be influenced by excessive concentration of loans in many ways: geographic region, industry, demographic characteristics or types of products. Land values, commodity prices, home values and personal income all have a direct influence on risk in our loan portfolio. In addition, local industries and agricultural communities are subject to market and weather conditions beyond the control of the credit union that can be difficult to predict.



We can also be exposed to risk based on product, demographic characteristics and loans to associated groups or individuals. We face limited geographic exposure given our four branches in east central Saskatchewan. We participate in loan syndications or pools to diversify our portfolio and manage concentration risks. We continue to manage on the assumption that a dramatic downturn in any industry could impact the earnings of our loan portfolio.

At year-end, our \$207.4 million loan portfolio was 6.2% insured residential mortgages and 20.5% uninsured residential mortgages. With insured residential mortgages our exposure to default is mitigated by insurance through Canada Mortgage & Housing Corporation.

Residential Mortgages by Amortization Period

Amortization Period	Balance	%
<15 yrs	\$16,423,554	29.6%
15 - 25 yrs	\$38,997,653	70.4%
	\$55,421,207	

Crossroads will continue to review its mortgage financing practices and documentation to ensure they meet the new guidelines. We don't believe we face undue risk in our uninsured mortgage portfolio or underwriting practices as the current risk-weighted asset-based concentration provisions in our ICAAP sufficiently address risk in the residential portfolio.

Liquidity – Managing liquidity is essential to maintaining the safety and soundness of our credit union. Crossroads adheres to a liquidity management framework, minimum targets and strategies that are documented in a liquidity plan approved annually by the board of directors.

“Crossroads carefully manages its balance sheet.”

We require adequate levels of liquidity to meet regulatory requirements and fluctuating demand for loans and deposits. The credit union must be 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. Crossroads carefully manages its balance sheet, aiming for a loan-to-asset ratio in the range of 75-80%. We ended the year with a ratio of 75.25%.

SaskCentral is the statutory liquidity manager for the Saskatchewan credit union system. Credit unions are required to hold 10% of member deposits in statutory liquidity funds and adjust those figures quarterly. Crossroads held 10.03% in statutory liquidity at year end. We also hold a line of credit with SaskCentral to help manage clearing, settlement and unforeseen funding needs.



In 2017 the provincial regulator, Credit Union Deposit Guarantee (CUDGC), issued new liquidity standards that introduced the Liquidity Coverage Ratio (LCR). The LCR ensures Crossroads has an adequate stock of unencumbered, high-quality liquid assets to meet its liquidity needs in the event of a 30-day stress event. This consists of cash or assets that can be converted into cash at little or no loss of value. In 2019 the Corporation required a minimum LCR of 100%. Crossroads ended the year at 175.81%.

Capital management – A capital plan guides our approach to managing capital, ensuring we meet or exceed regulatory standards. The plan forecasts our ability over time to support operations, growth and risk. Our capital plan considers our corporate tolerance for risk and demonstrates how we'll balance the appropriate quantity and quality of capital for the credit union.

- implementing the plan
- reporting regularly on progress
- providing expert advice on the topic

Our board-approved policies set the amounts and types of capital we want to hold. Our bylaws outline how we allocate any surplus. Management is responsible for:

Provincial legislation dictates capital requirements for credit unions and lays out how we can maintain, raise and control capital. Our regulator, CUDGC, sets regulatory minimums through its Standards of Sound Business Practice, directives and guidelines. Credit unions must ensure they hold a level of capital that matches their risk profile and meets internal targets under normal and stressed conditions.

Though we hold a healthy level of capital, we continue to pay close attention to profitability. In 2019 capital grew \$2.2 million from operations. Equity grew to 9.6% of assets with the bulk of that growth (9.3%) coming from retained earnings.

We monitor the ratio of eligible capital (retained earnings plus member held equity) and tier 1 capital (retained earnings) against risk-weighted assets. Regulatory standards also require us to calculate a leverage ratio. This is an indicator of our total capital relative to total assets and certain off-balance sheet exposures, such as loans to members that have been committed to, but not yet disbursed.

“We continue to pay close attention to profitability.”

We carefully manage our balance sheet to avoid the negative effects that can come when loan growth exceeds deposit growth. At the end of 2019, our ratio of eligible capital to risk-weighted assets sat at 15.19%. Tier 1 capital as a percentage of risk-weighted assets was at 14.71%. Both were above our internal targets. Our leverage ratio was 9.65%, which is up slightly from 2018 and well above our target of 5.5%.

We set minimum capital levels for our credit union well above regulatory minimums to maintain enough capital to meet our needs even in times of significant loss or unplanned growth. Current policy is to ensure we maintain the optimal amount of capital indicated by our Internal Capital Adequacy Assessment Process (ICAAP). This allows us to:

- meet regulatory and operational requirements
- provide flexibility for changes in business plans
- signal financial and capital strength
- co-ordinate our growth with our capital management requirements
- provide member patronage options

	Provincial standard	CCU target
Common equity tier 1/risk weighted assets	7%	8%
Total tier 1 capital/risk weighted assets	8.5%	11.9%
Total eligible capital/risk weighted assets	10.5%	13.09%
Leverage ratio	>5%	5.5%

Capital is a limited resource for credit unions. We're restricted to raising capital through profits from our operations. We keep this in retained earnings or share it with members through patronage payments. Crossroads allocates earnings in the following order:

1. capital until capital standards are met
2. additional capital to support growth, development, safety and financial soundness
3. member patronage allocations or dividends

Credit unions obtain tier 1 capital through profitability, which contributes to total retained earnings. Allocations to member equity accounts have traditionally been an important part of our capital growth strategy. However, funds held in member equity accounts no longer meet the standard to be counted as tier 1 capital. For this reason, the

board approved the full payout of member equity accounts over a period of four years. We anticipate paying out remaining equity account balances by the end of 2020.

We've paid over \$5.5 million in patronage payments to our members through cash and equity account allocations since 1998. After taking time to review our Member Equity Program, the board has **returned to the practice of making patronage payments**, but only when our financial position allows. We believe this is the best way to ensure our member rewards provide value to all while allowing the credit union to maintain our strong capital position.

If capital ratios fall below regulatory limits, we will not make a member patronage payment, allocating all net earnings to retained earnings. We may also restrict discretionary staff incentive pay.

In 2019 the board approved a **patronage payment of \$350,960**. This represents 10.8% of Crossroads' income prior to allocations. For the first time we included registered products in our calculation of patronage payments.



Regular audits – All aspects of our operations are regularly reviewed through a combination of internal and external audits. Every three years our regulator, Credit Union Deposit Guarantee Corporation of Saskatchewan, conducts a supervisory review.

Each year we perform a comprehensive internal audit of our operations and a third-party review of specific aspects of our organization. In 2019 that review focused on a corporate governance overview and human resources overview.

Twice a year, an external auditor examines our credit function to ensure we operate according to relevant policy and procedures. We also regularly review several areas internally, including privacy, wealth management, deposit services, human resources and payroll administration.

We also pay close attention to ensuring we comply with all relevant policies, standards and legislation. All staff and directors are trained each year on the topics of money laundering and terrorist financing.

Looking to the future – We plan to invest in our digital channels in 2020 as we are seeing a significant shift in transactions online. We don't predict significant growth in 2020 as the economy is slowing down.

Members

Informed, loyal member owners who trust us to help them achieve their goals

	2019 targets	2019 results
Growing level of assets per member	+5.94-7.26%	+1.70%
Member perceptions of value	83-86%	88%
Members with full relationship	14.27-18.47%	16.63%

Our members are our reason for being. They're at the centre of everything we do and we work hard to make it easy and beneficial for them to deal with us. We build strong member relationships by making meaningful connections, taking the time to build rapport and making every transaction a superior experience.

We survey our members annually to gauge our success. We're pleased to say that our member satisfaction index (the percentage of members satisfied/very satisfied with overall service quality) rose from 89.22% to 91.79% in 2019.

"Member Satisfaction Index
91.79%

Helping our members build financial confidence and making it easy and beneficial to deal with us aren't just platitudes. They're the basis of everything we do. Here are some of the ways we brought that vision to life in 2019.

BRINGING OUR VISION TO LIFE IN 2019



BUILDING FINANCIAL CONFIDENCE

Online Digital Smart Save Series
Financial Literacy
Fraud Awareness
Ag Outlook Seminar



MAKING IT EASY

Collabria® Mastercards Apple Pay™
Interac e-Transfer Autodeposit
Interac e-Transfer Request Money

Looking to the future – In 2020 we'll continue to focus on improving some of the behind the scenes tools that help us deliver the easy and friction-free service our members deserve. This will include:

- reviewing and enhancing our processes
- investing in technology to support employee effectiveness and the member experience
- making our standard forms and letters more member-centric and easy to understand

People

Educated, inspired and empowered staff continuously enhancing mutually rewarding member relationships

	2019 targets	2019 results
Employee Engagement	16-20%	9%
Member perception of professional competence	83-86%	86%



Employees – We differentiate ourselves by the quality of our service. Making that happen requires a team of skilled professionals. In 2019 our top priority was building a culture that supports our priorities. Other priorities for the year included communication, training and development, and coaching.

We also updated our digital strategy and prepared employees to support members as we increase our offerings in this area and see growth in the use of digital channels.

Board of directors – Our strategic direction is overseen by an elected volunteer board of directors. The board ensures our credit union is well-managed and adheres to all legislation, regulation and standards. As regulatory expectations grow and our business evolves, the role of a director is becoming more complex. In 2019 the board developed a succession plan to help ensure its skills and competencies remain consistent with the needs of the credit union.

The board is dedicated to professional development. Individual development plans support our directors' ability to contribute at the committee and board level. In addition to classes in the Credit Union Director Achievement Program, the board took part in a session on culture.



Looking to the future – In 2020 we'll continue to evolve our internal processes and procedures, this will include:

- more culture-building activities
- enhancing internal and external communication
- providing employees with the tools, resources and training they need to deliver exceptional service

Community

Working with community partners to foster mutually rewarding member owner relationships

	2019 targets	2019 results
Member perceptions of community profile	83-86%	91%
% of staff volunteering 7.5 hours per year	85%	89%
% of members who vote to select CIF projects	9-11%	16.15%

Crossroads can't succeed without the support of the communities it serves. That's why Community is one of the four pillars in our balanced scorecard.

Giving back is a fundamental principle for us as a credit union and we're happy to see our members see the value in our community work. According to our annual member survey, more than 90% agree that Crossroads:

- makes a difference in our communities
- demonstrates social leadership through our community involvement
- demonstrates economic leadership through its donations, sponsorships and the Crossroads Community Investment Fund

Looking to the future – We'll continue with our Community Investment Fund in 2020 as this program has been a huge success.



"More than 90% of members agree that Crossroads makes a difference in the community."

Enterprise risk management

As a financial institution, Crossroads Credit Union must manage the risks it faces to achieve its business objectives. We use an enterprise risk management process to articulate the degree of risk the credit union is willing to accept to optimize value to the organization and its stakeholders. We use enterprise risk management to identify, analyze and systematically address the risks inherent in our business.

The process is required by our primary regulator, Deposit Guarantee Corporation of Saskatchewan (CUDGC), and is an important element of our governance and strategic planning processes.

In 2019 we identified one high severity risk and five moderate severity risks. These risks were analyzed through our Internal Capital Adequacy Assessment Process (ICAAP) and addressed in our capital plan.

Risk philosophy statement

Crossroads Credit Union is willing to take on only those risks that it fully understands and can manage within acceptable levels.



Our risk philosophy:

- Navigating uncertainty strengthens our corporate performance, creating and preserving value by ensuring we deliver quality products and services to our members.
- Proactively managing risk ensures we respond to uncertainty, reducing unexpected outcomes and strengthening the confidence of our stakeholders.
- We recognize many risks facing Crossroads Credit Union may not have an immediate financial impact but could nonetheless prevent us from meeting our long-term strategic objectives.

Risk commitment

Crossroads Credit Union's board and management committee are committed to establishing a risk-informed decision-making culture. This enables us to optimize the risk/reward trade-off and more effectively exploit opportunities we identify. Our risk framework aligns with ISO international best practices and ensures risk management is a core capability and integrated into our decision-making processes.

"Our risk framework applies to all key decisions and business processes."

Risk mandate

Our risk mandate is to ensure we identify known and emerging risks and manage them within acceptable risk appetites and tolerances set out by the board. Our risk framework applies to all key decisions and business processes.

Consistent with our regulators' Standards of Sound Business Practice, our process will:

- identify risks to which the credit union is exposed
- measure our exposure to identified risks
- ensure that an effective risk monitoring program is in place
- monitor risk exposures on an ongoing basis
- control and mitigate our risk exposures
- report on our risk exposures to the board and management committee



Risk appetite

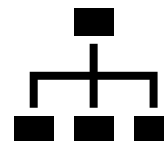
Crossroads Credit Union has established qualitative statements and quantitative measures. Together they describe the amount and type of risk Crossroads is willing to accept in pursuit of its strategic objectives. Qualitative risk appetite statements provide balanced thought and action. Quantitative limits allow sufficient flexibility for board and management to manage risks and optimize the value of our business activities. A risk tolerance scale (low to high) helps us assess the severity of risk we're willing to accept.

Our main objectives are:

- to ensure we don't take on more risk than we can afford to handle
- to achieve tangible benefits resulting from the risk appetite process
- to ensure capital is protected

Corporate structure and governance

Crossroads Credit Union operates under provincial legislation in the province of Saskatchewan.



We're regulated by the Credit Union Deposit Guarantee Corporation of Saskatchewan and the Financial and Consumer Affairs Authority. We're required to comply with the Corporation's Standards of Sound Business Practice as well as:

- *The Credit Union Act, 1998*
- *The Credit Union Regulations, 1999*
- *The Credit Union Insurance Business Regulations*
- our own credit union bylaws and policies
- other applicable provincial and federal laws

We report regularly to the Credit Union Deposit Guarantee Corporation and are subject to periodic risk-based examinations.

Crossroads Credit Union uses an "agency" model of governance. This means that:

- The members elect the board of directors.
- The board appoints the CEO.
- The CEO hires the employees and engages suppliers.

Our governance practices are based on the Credit Union Governance Principles set out by the World Council of Credit Unions. The principles address governance at three levels: external, internal and individual.

External governance – All financial institutions, regardless of type, are expected to comply with the basic standards of transparency, auditing and financial reporting.

Internal governance – The co-operative nature of credit unions means we have an additional layer of governance related to our democratic, member-driven nature. This includes a commitment to “one member, one vote” and adhering to the International Credit

Union Operating Principles.

Individual governance – To perform their collective duties, individual board members and managers are obligated to maintain ethical conduct and professionalism, and to speak with a single voice once board decisions are made. Board members are also expected to possess the skills and technical capacity necessary to fulfill their duties.



“One member, one vote.”

Board of directors

Mandate and responsibilities – Voting in annual board elections is an important way our members can participate in the democratic process. A 10-person board of independent, volunteer directors sets the strategic direction for Crossroads Credit Union. The board oversees our management team to ensure the credit union is managed and operated soundly and prudently. It sets policy and ensures Crossroads adheres to applicable legislation, regulation and standards.

Composition – Directors are elected by district and serve three-year terms. They must have been members in good standing for at least two years. Our current board consists of:

- five directors from the central district
- three from the northern district
- two from the western district

CENTRAL DISTRICT		NORTHERN DISTRICT	
Arlette Bogucky	2021	Leanne Christianson	2021
Gary Herbert	2020*	Ivan Peterson	2022
Walter Ostoforoff	2020*	Dale Zubko	2020*
Betty Tomilin	2022		
Kerry Trask	2022		
		WESTERN DISTRICT	
		Murray Bottcher	2021
		Duane Sweatman	2020*
*Terms Expiring			

As set out in our bylaws, a Nominating and Governance Committee leads the board nomination and election process. Members elect directors by voting in each branch. We announce results at our annual general meeting.



2019 Board of Directors

Back row: Duane Sweatman, Gary Herbert, Leanne Christianson, Ivan Peterson, Kerry Trask

Front row: Arlette Bogucky, Dale Zubko, Walter Ostoforoff, Murray Bottcher, Betty Tomilin

Board profiles

The following sat on Crossroads Credit Union's board at year end 2019.

Arlette Bogucky – Arlette is from Canora and owns and operates AB Classics. She also serves on the Canora Leisure Services Board for the Town of Canora. Arlette joined the board in 2016.

Murray Bottcher, 1st President – Murray is a retired educator and part-time farmer from Margo. He's an active member of many organizations, including the Margo Recreation Board, Moe Concordia Lutheran Church board, Margo Village Council, St. Peters Parish Council and Margo Fire Department. Murray joined the Crossroads board in 1999 and

previously sat on the board of Kuroki Credit Union.

Leanne Christianson – Leanne moved to the Preeceville area in 1992 with her husband and children. She homeschooled her children for 18 years and helped with the family well drilling business. She works at the Preeceville & District Health Centre. Leanne joined the board in 2012.

Gary Herbert - Gary is a retired farmer from Canora. He joined the board in 1984.

Walter Ostoforoff, President - Walter is a farmer and accountant from Canora. He's a retired Chartered Professional Accountant (CPA) and a Fellow Chartered Professional Accountant (FCPA) with experience in management, personnel and finance. Walter is a past member of the Chartered Management Accountants (CMA) of Saskatchewan executive and CMA Canada committees. He's been involved in the community association, minor hockey and baseball. He joined the board in 2011.

Ivan Peterson - Ivan was born in Preeceville and raised at Hazel Dell. He and his wife Gail have two sons and live in Sturgis. His careers included teaching, farming and an advisory role with Saskatchewan Crop Insurance. Ivan has served on a variety of health and financial boards. He feels very fortunate for his family, friends, work, sports and community involvement. Ivan was elected to the board in 2016.

Duane Sweatman - Duane farmed in the Kelliher area with his wife Wanda for 22 years, raising four children. They moved to Wadena in 1996 when they bought Wadena Meats. He enjoys bowling, golf and his grandchildren. Duane joined the board in 2017.

Betty Tomilin – Betty is a retired teacher from Buchanan and currently works as a substitute teacher for the Good Spirit School Division. She's a member of the Buchanan Housing Authority and the Buchanan Black Box Players. Betty was elected to the Crossroads board in 2016.

Kerry Trask – Kerry, his wife Norma and their two kids Methyl and Liam have lived in Canora since 2010. He has worked for Saskatchewan Wheat Pool/Viterra/CPS/Nutrien throughout most of his career and is currently a wholesale chemical rep for Nutrien Wholesale (UAP). He coaches ball in the spring and loves to take the family camping, fishing and seadooring. Kerry is a councillor with the Town of Canora and loves living in Canora. Kerry joined the board in 2019.

Dale Zubko, 2nd Vice President – Dale and his wife Sharon have lived in Preeceville for 34 years raising their four daughters. He attended University of Saskatchewan and SIAST, studying agriculture and business. Dale spent 25 years in construction and on the oil patch and has been involved with farming for the past 43 years. He was involved with the RM of Preeceville and St. John Lutheran Church council. He enjoys curling and spending time with his grandsons. Dale was elected to the board in 2015.



Committees

Several committees support the board in its responsibilities. Committees meet regularly and report to the board following each meeting.

The **Executive Committee** acts on behalf of the board of directors between regular or special board meetings on most board matters. Committee members are the president, 1st vice-president and 2nd vice-president.

The **Conduct Review Committee** ensures related-party transactions are fair to the credit union and comply with legislation, standards of sound business practice, and with credit union or committee policies and procedures.

The **Building & Property Committee** works with management to develop policies and plans relevant to credit union facilities.

The **Finance and Personnel Committee** works with management to develop financial and personnel policies and monitor operations relevant to the management of all areas of financial risk to the credit union.

The **Nominating & Governance Committee** oversees the nomination and election processes for election of credit union directors. It also oversees director education processes for the board of directors.

The **Audit & Risk Committee** oversees risk management and ensures the integrity of financial reporting, adequacy of internal controls as well as adherence to relevant legislation, regulations and standards.

The **Community Investment Fund Committee** oversees allocation of donations from our Community Investment Fund to community projects, ensuring our entire trading area receives equitable funding over a five-year period. The board allocates money to the fund on a yearly basis.

Compensation and attendance

The board meets monthly. Each director serves on one or more board committees.

Average board and committee meeting attendance in 2019 was 93%. The credit union paid \$37,075 in per diems for attendance at board, committee and other related meetings.

The Executive Committee reviews director compensation every two years to ensure it remains competitive and appropriate.

Director compensation includes:

- per diems for attendance at board and committee meetings or events related to Crossroads and the credit union system
- reimbursement for travel costs to attend meetings
- reimbursement for out-of-pocket expenses related to meetings

Board meeting attendance	
Arlette Bogucky	100%
Murray Bottcher	91%
Leanne Christianson	82%
Gary Herbert	100%
Walter Ostoforoff	100%
Ivan Peterson	100%
Duane Sweatman	100%
Betty Tomilin	82%
Kerry Trask	75%
Dale Zubko	100%

Director training

Our board stays abreast of changes in the industry and the changing role of a director through ongoing professional development. Directors also take part in other credit union system and in-house educational sessions. They complete an annual survey to help the credit union identify other opportunities for director education.



“Participation in a national Credit Union Director Achievement program is mandatory.”

Participation in a national Credit Union Director Achievement program is mandatory. The program provides a series of standard courses designed specifically for credit union directors. Directors are expected to achieve the three levels of designation over their term on the board. Many of the courses are available online; others are provided through facilitated group sessions. Several directors are graduates of the program.

Management Committee

Crossroads has adopted a management by committee structure. This approach supports succession planning and reinforces a strong sense of teamwork. It also helps spread an increasing management workload.

Jeff Bisschop, Chief Executive Officer
Cindy Balaberda, Manager of Corporate Services
Rhonda Fullawka, Manager of Finance and Risk
Wendy Peterson, Manager of Retail Services

Corporate social responsibility

Concern for Community is one of the Co-operative Principles that guides credit unions around the world. Giving back is built into everything we do and central to who we are. We demonstrate social and economic leadership by volunteering, donating to causes and making investments through Crossroads Community Investment Fund.

Community investment

The communities in Crossroads country are our grassroots. Supporting our communities is very important to us and we demonstrate social and economic leadership through volunteering, various donations and the Crossroads Community Investment Fund.

In 2019 Crossroads donated \$22,038 in cash and merchandise to 121 organizations, events and projects in our trading area. Staff volunteered more than 1,763 hours of their time at various projects and community initiatives that are important to them across Crossroads Country.

Crossroads Community Investment Fund – Our Community Investment Fund was established in 2009 to allocate funds to non-profit organizations that support community and economic development. We're committed to providing a strong foundation and enhancing the quality of life for the people in our communities.



GIVING BACK

\$22,000+

cash and merchandise

121 organizations, causes & projects supported


\$36,500

via our Community Investment Fund

In 2019 our member owners voted to choose which project would receive major funding. **Sturgis Curling Club was awarded \$15,000** for rink upgrades. Canora Composite School and Wadena Elementary School Community Council each received \$5,000 for their projects. Crossroads Community Investment Fund allocated a total of \$36,500 to nine non-profit organizations.

Investing in our youth

Each year we help deserving high school graduates pursue post-secondary education. We award \$500 scholarships to help students from Canora Composite School, Invermay School, Preeceville School, Sturgis Composite School and Wadena Composite School pursue their education. In 2019, the Wadena Composite School chose to award two \$250 scholarships instead of one \$500 scholarship. We also award \$1,000 to a student currently attending a post-secondary institution.

2019 SCHOLARSHIP RECIPIENTS	
 <p>High School Scholarships</p>	<p>Felicity Mydonick Canora Composite - \$500</p>
	<p>Natashia Fey Invermay School - \$500</p>
	<p>Kaylee Walker Preeceville School - \$500</p>
	<p>Garrett Bazuik Sturgis Composite - \$500</p>
	<p>Brody Rumbold Wadena Composite - \$250</p>
	<p>Nathen Pomedli Wadena Composite - \$250</p>
<p>\$1,000 Post-Secondary Scholarship</p>	<p>Tanesha Novak</p>

Investing in our employees

Success in the financial services industry depends heavily on knowledge and relationships. Crossroads Credit Union works hard to attract and maintain highly skilled and motivated employees. We maintain a professional, motivated staff with the help of:

- career management
- continuous staff development
- fair, equitable compensation and benefits

“We want our people to feel excited and engaged about working with us.”

We want our people to feel excited and engaged about working with us. We’re committed to investing in their success, for themselves and the benefit of the credit union.

We promote a coaching culture with sales and service at the centre of a collegial work environment. We believe in creating a healthy, respectful and inclusive work environment that provides the tools and supports our employees need to achieve their potential. Our succession planning and coaching processes help to inform the individual learning paths of our staff.

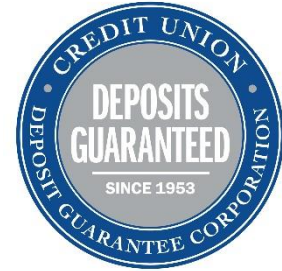
Our human resource policies reinforce our commitment to ensuring employee well-being in a safe and respectful workplace.

CROSSROADS HUMAN RESOURCE POLICIES	
WORK/LIFE BALANCE <ul style="list-style-type: none">✓ flexible work environment✓ graduated retirement program✓ sick day usage for dependants for whom employees have a duty of care	PERSONAL & PROFESSIONAL DEVELOPMENT <ul style="list-style-type: none">✓ options that support lifelong learning and career-building opportunities✓ individual learning plans that focus on improving behavioral skill sets so that each member exchange is ultimately solutions based
SUCCESSION PLANNING <ul style="list-style-type: none">✓ growing with Crossroads Credit Union through the achievement of professional goals	ENGAGEMENT IN OUR STRATEGIC DIRECTION <ul style="list-style-type: none">✓ staff advisory committees✓ board/management/staff retreat

Statement from our regulator

Credit Union Deposit Guarantee Corporation of Saskatchewan

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions, and the primary regulator for credit unions and Credit Union Central of Saskatchewan (together, Provincially Regulated Financial Institutions or “PRFIs”).



The Corporation is charged through provincial legislation, *The Credit Union Act, 1998*, with the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

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

Crossroads Credit Union
Summary Consolidated Financial Statements
December 31, 2019

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Crossroads Credit Union:

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2019, and the summary consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Crossroads Credit Union (the "Credit Union") for the year ended December 31, 2019.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited consolidated financial statements, in accordance with the basis described in Note 1.

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 27, 2020.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

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

Humboldt, Saskatchewan

February 27, 2020

MNP LLP

Chartered Professional Accountants

Crossroads Credit Union

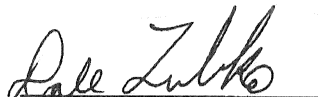
Summary Consolidated Statement of Financial Position

As at December 31, 2019

	2019	2018
Assets		
Cash and cash equivalents	9,934,214	17,380,772
Investments	55,147,000	50,547,200
Member loans receivable	208,479,924	202,037,290
Other assets	212,702	241,150
Deferred tax asset	27,746	35,636
Property, plant and equipment	1,843,787	1,903,749
Goodwill	60,000	72,000
	275,705,373	272,217,797
Liabilities		
Member deposits	248,719,706	246,017,109
Other liabilities	654,889	1,499,322
Membership shares	32,535	32,210
Equity accounts	592,080	1,217,959
	249,999,210	248,766,600
Members' equity		
Retained earnings	25,706,163	23,451,197
	275,705,373	272,217,797

Approved on behalf of the Board


Director


Director

Crossroads Credit Union
Summary Consolidated Statement of Comprehensive Income
For the year ended December 31, 2019

	2019	2018
Interest income		
Member loans	9,453,587	8,674,998
Investments	1,670,943	1,513,867
	11,124,530	10,188,865
Interest expense		
Member deposits	2,277,413	2,046,141
Patronage allocation	350,960	-
Borrowed money	6,870	5,925
	2,635,243	2,052,066
Net interest income	8,489,287	8,136,799
Provision for impaired loans	170,515	317,298
Net interest income before other income	8,318,772	7,819,501
Other income	1,603,087	1,809,328
Net interest and other income	9,921,859	9,628,829
Operating expenses		
Personnel	3,719,813	3,542,222
Member security	237,409	226,578
Organizational	134,075	128,635
Occupancy	319,839	332,954
General business	2,591,818	2,473,391
	7,002,954	6,703,780
Income before provision for (recovery of) income taxes	2,918,905	2,925,049
Provision for (recovery of) income taxes		
Current	656,049	692,704
Deferred	7,890	(4,621)
	663,939	688,083
Comprehensive income	2,254,966	2,236,966

Crossroads Credit Union
Summary Consolidated Statement of Changes in Members' Equity
For the year ended December 31, 2019

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2017	21,118,243	21,118,243
Comprehensive income	2,236,966	2,236,966
IFRS 9 transition adjustments	95,988	95,988
Balance December 31, 2018	23,451,197	23,451,197
Comprehensive income	2,254,966	2,254,966
Balance December 31, 2019	25,706,163	25,706,163

Crossroads Credit Union
Summary Consolidated Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans	9,353,811	8,470,833
Interest received from investments	1,643,739	1,466,073
Other income received	1,605,285	1,798,087
Interest paid on deposits	(2,550,073)	(2,061,439)
Cash paid to suppliers and employees	(7,319,317)	(6,219,739)
Interest paid on borrowed money	(6,870)	(5,925)
Income taxes paid	(968,765)	(508,740)
	1,757,810	2,939,150
Financing activities		
Net change in member deposits	2,624,298	17,108,516
Net change in membership shares	325	1,875
Net change in equity accounts	(625,879)	(533,305)
	1,998,744	16,577,086
Investing activities		
Net change in member loans receivable	(6,513,373)	(7,303,832)
Purchases of investments	(4,572,596)	(1,723,710)
Purchases of property, plant and equipment	(117,143)	(84,513)
	(11,203,112)	(9,112,055)
Increase (decrease) in cash and cash equivalents	(7,446,558)	10,404,181
Cash and cash equivalents, beginning of year	17,380,772	6,976,591
Cash and cash equivalents, end of year	9,934,214	17,380,772

Crossroads Credit Union
Note to the Summary Consolidated Financial Statements
For the year ended December 31, 2019

1. Basis of the Summary Consolidated Financial Statements

Management has prepared the summary consolidated financial statements from the December 31, 2019 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited consolidated financial statements is available from the Credit Union. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summary consolidated financial statements is in agreement with the related information in the consolidated financial statements, and that the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

NOTES

**THIS IS
CROSSROADS COUNTRY**