



momentum™
CREDIT UNION

now you're getting somewhere

2015 | Annual Report



Mission

Count on us for simple solutions and service.

Values

We believe our people have the ability to do great things.

We believe that we will never lose sight of our co-operative principles.

We believe in accountability to our members, our colleagues and to ourselves.

We believe in the strength of diversity - diversity of opinion, approach and perspectives.

We believe our vision for the future should be top of mind with every interaction.

We believe that innovation is the best tool to be ahead in the future.

We believe that every member should feel like they belong to something bigger; membership is only the beginning...

The Momentum Credit Union Manifesto

The Financial Statements of Momentum Credit Union Limited were audited by the firm Millard, Rouse & Rosebrugh LLP, Chartered Professional Accountants. The statements presented in the annual report represent excerpts from the audited financial statements.

A complete copy of the audited financial statements of Momentum Credit Union Limited, including all notes to the financial statements, are available upon request.

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Report of the Chair

On behalf of the Board of Directors, it is my privilege to present this annual report as the Chair of the Board. I welcome you to the sixth annual meeting of Momentum Credit Union and I thank each of you for attending today.

A highlight of the year was the approval of the new strategic plan called "Vision 2020" including our new mission and values statements. "Vision 2020" was created in collaboration with the Board and the Management Team working together on a strategic planning process from June to November. Our new strategic plan includes the following four strategic pillars built on a strong foundation of **people, financial performance and compliance/risk management:**

- Innovation culture
- Marketing and partnerships
- Technology leadership
- Member experience and growth

To bring the Board into alignment with the new strategic plan, we have renamed one of the Board Committees the **Risk & Innovation** Committee.

This is the second year we are reporting to you on the attendance record of the directors, as the Board follows best practices in board governance and we are taking action to increase transparency in the work that we do.

The mandate of the Board is to provide the governance as required by the provincial regulators for Credit Unions to have in place and follow. Our role is to direct and protect the Credit Union, which is accomplished by approving policies and ensuring they are being followed with proper practices in our operations. We are also involved in the annual Business Plan and Budget process that sets the short term goals for Momentum and the approval of that plan.

It is the responsibility of your Board of Directors to hire the CEO, whose duties and responsibilities

are to run the organization to meet the long and short term goals as approved by the Board. We are not an operations Board but work as a policy Board, as mandated by the Provincial regulators.

I am pleased to report that again this year Momentum Credit Union will be sharing profit with its Members in the form of dividends on its Class A Investment Shares. It is your support that has made this possible and we thank you for letting Momentum be your financial institution of choice. You can help us grow by spreading the word to your relatives, friends and neighbours about the great people, service and simple solutions available at Momentum Credit Union.

I want to express my appreciation to the Momentum team, including all staff and management, for their contribution to achieving member satisfaction. Member experience is a strategic pillar of our operation and our future depends on what we do each and every day.

I want to thank my colleagues, the Board of Directors, for their focus and commitment to Momentum and for their guidance and support extended to me as Chair.

A special thank you to retiring director, Jean Lederer, who leaves behind a legacy of good ideas and fresh perspectives.

And thank you to the most important people at Momentum, our Members, who make the Credit Union possible.

Count on us for simple solutions and service.

Cooperatively yours,



Darla Campbell, P.Eng.

Chair of the Board

Momentum Credit Union

Report of the

President & CEO

It is my pleasure to provide this update to the membership of Momentum Credit Union. MCU celebrated its fifth year of service since the amalgamation that created the organization and as has been the case since its formation, your Credit Union undertook significant change and evolution. 2015 saw the implementation of a new banking system and other new technologies to ensure that the Credit Union is providing its members with safe and secure systems to service their financial needs quickly and efficiently regardless of how they choose to deal with us. MCU also introduced new products and services intended to help new and existing members to borrow and invest with us and we took these solutions to the communities that we serve through investments in radio and television advertising.

Also, in 2015 your Credit Union undertook a significant process to determine the future direction of the organization. With our core technologies stable and the organization operating in a rapidly changing and evolving industry, with new and non-traditional entrants, ongoing and significant changes in the regulatory environment of both small and large financial institutions, and shifting social and demographic trends, your Credit Union charted its path and set its vision towards 2020. In addition to setting its mission, vision and values, the plan set out our key strategic priorities for the organization and has already begun to shape how we serve new and existing members and the broader communities in which we operate.

From an operating perspective the Credit Union had a solid year. Although growth was minimal, MCU was able to generate a profit of roughly \$140,000. Members continue to invest with us and accordingly our deposits grew by approximately half a million dollars. With the extremely competitive interest rate environment for residential mortgages, MCU was unable to retain some of this business and accordingly we

saw our overall lending portfolio shrink by about a million dollars. That said, MCU has seen a significant increase in its commercial lending portfolio and this has helped to offset the losses in the retail side of the business. Going forward, MCU intends to be more aggressive in its pricing in order to grow its traditional residential mortgage book and to ensure that it is pricing the business to manage and mitigate its credit risk.

I will take this opportunity to thank the membership for their loyalty, patronage and support. Your Credit Union understands that changes are sometimes difficult, but we are committed to delivering value, convenience and simple solutions for your day-to-day personal and business banking needs. I will also take this chance to thank the staff, management and Board of Directors of the Credit Union. I know that the staff of the Credit Union is what makes us who we are. They are the people that are there to help day in and day out. They care about people and are committed to delivering the service that you expect every day. The management team continues to undertake significant business changing initiatives and drive those changes to strong results, and your Board has taken the lead on setting the strategy that will ensure our survival into the future. I thank all of you for your unique contributions to our overall success.

MCU has enormous opportunities and challenges ahead, but we are certain that the future looks bright.

Cooperatively yours,



Malcolm Stoffman
President & CEO
Momentum Credit Union

Report of the

Governance & HR Committee

The Governance & HR Committee has a dual mandate. First, from a governance perspective the Committee is responsible for oversight of the effective governance of the organization, including responsibilities for director onboarding and training, for Annual General Meeting planning and preparation and for considering options to increase member engagement and participation in the Credit Union's democratic processes. To that end, the Committee spent considerable time and effort in 2015 reviewing options for future enhancements to the Credit Union's meeting and voting processes. While no changes are being considered for the immediate term, MCU is reviewing options for electronic and/or remote participation and attendance at the Annual General Meeting including the potential for online and/or remote voting in director elections.

Secondly, the Committee is responsible for the performance management and compensation of the President and CEO. In that regard, the Committee developed the CEO's performance plan, monitored its implementation, oversaw the Board's annual CEO assessment survey and was responsible for communicating the results of the survey and performance outcomes to the CEO. The Committee also made recommendations to the Board in regards to CEO salary and variable compensation.

Respectfully Submitted,

Brian Charlton (Chair), Jean Lederer and Chris Smart

Report of the

Risk & Innovation Committee

The Risk & Innovation Committee is responsible for the oversight of key risks that may impact the Credit Union and undertakes this work parallel to the Audit Committee. The Risk & Innovation Committee is responsible for monitoring, managing and mitigating forward looking risks that might affect the Credit Union's performance. The Committee meets quarterly and is responsible for ensuring the organization is adhering to its Enterprise Risk Management policy. The Committee receives regular reports from Management in regards to its evolving and emerging key risks and other operational risks that could impact the organization's performance or strategic direction. The Committee is also responsible for making recommendations to the Board in terms of risk tolerances and thresholds and ensures that these tolerances are monitored and that when and if the organization is approaching those limits that action plans are put in place by management to address those risks.

Respectfully Submitted,

Gail Luyben-Powers (Chair), Darla Campbell and Dave Thomas



Board of Directors



Brian Charlton



Chris Smart

Group photo members: (back row) Dave Thomas, David Edwards, Bill Van Gaal, Ken Watman
(front row) Jean Lederer, Darla Campbell, Gail Luyben-Powers

Board of Directors Meeting Attendance

Director	Regular Board	Special Board	Committee
RISK & INNOVATION COMMITTEE			
Darla Campbell	11/12	3/3	5/5
Gail Luyben-Powers (elected March 2015)	8/9	3/3	4/4
Dave Thomas (elected March 2015)	6/9	3/3	3/4
GOVERNANCE & HR COMMITTEE			
Brian Charlton	12/12	2/3	6/6
Jean Lederer	10/12	1/3	7/7
Chris Smart	8/12	3/3	3/7
Brian Cargill (January - March 2015)	2/2	-	2/2
AUDIT COMMITTEE			
David Edwards	10/12	2/3	10/12
Bill Van Gaal	10/12	2/3	12/12
Ken Watman	12/12	2/3	10/10
Sharon Miller (January - March 2015)	1/2	-	2/2
STRATEGIC PLANNING COMMITTEE			
Darla Campbell			5/5
Brian Charlton			5/5
Gail Luyben-Powers			5/5

Report of the Audit Committee

Momentum Credit Union has maintained an Audit Committee pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 1994. The Audit Committee, consisting of three directors, meet monthly and has adopted a mandate that covers all of the duties in the Regulations of the Act as required.

For the year ended December 31, 2015, the Audit Committee met 12 times.

As delegated by the Board of Directors, the Audit Committee has primary responsibility for review of audited financial statements, internal controls, accounting policies and reporting procedures. The Audit Committee has primary contact with both the Internal and External auditors.

The Audit Committee participated in some DICO webinars. Training seminars in Financial Liquidity (its meaning and importance), financial performance measures and Financial statement interpretation were offered by senior management.

A new and improved banking system is now operational. The migration and commissioning was accomplished within expected time frame and minimal inconveniences.

We had no financial reporting changes this year with respect to our Credit Union accounting methodology.

The Audit Committee is not aware of any other matter/matters required to be disclosed pursuant to the Act and Regulations.

The Committee recommends to the Board of Directors that Millard Rouse & Rosebrugh LLP be retained as External Auditors along with Turner & Company as Internal Auditors for the financial year 2016. Their remuneration to be set by the Board of Directors.

The Audit Committee receives full cooperation from the management of the Credit Union when conducting its business. There were no significant recommendations made by the Audit Committee, the Internal Auditor, the External Auditor or the Deposit Insurance Corporation of Ontario that have not been implemented or are not in the process of being implemented by the Management Team.

Respectfully Submitted,



David Edwards (Chair)
Bill Van Gaal and Ken Watman

Canadians are optimistic (78%) about the future (next 40) years based on:

- Canadian values (tolerance, resilience, adaptability)
- Ability to engage globally (diversity, inclusion, multi-cultural nature), more able to comment on new ideas
- The millennial generation
- Transitional nature (15 jobs in their career)
- Travel more (virtually and actually)

Excerpt from a presentation by Ipsos Loyalty, January 27, 2016

Management's Responsibility

for Financial Statements

Management is responsible for the preparation, presentation and consistency of the accompanying financial statements and other information contained in this Annual Report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by Millard, Rouse and Rosebrugh LLP Chartered Professional Accountants.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. This system of internal controls provides reasonable assurance that financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit Committee and the Board of Directors, in carrying out their responsibility, have reviewed and approved the financial statements.



Malcolm Stoffman
President & CEO



Brian Martin, CPA, CMA
Vice President, Finance & Administration

Years of Service

Please join Momentum Credit Union in recognizing and thanking the following employees for their important contributions over their milestone years of service.

5 YEARS

Meghan Hall • Danielle Collura

Report of the Independent Auditors

To the Members of Momentum Credit Union Limited

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2015, and the summary statement of comprehensive income for the year then ended, are derived from the audited financial statements of Momentum Credit Union Limited for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 17, 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

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

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with its criteria to highlight the major areas of credit union activity, investments, member loans, member deposits and members' equity.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based

on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Momentum Credit Union Limited for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with management's criteria.

February 19, 2016

Brantford, Ontario

Millard, Howe & Rosebrugh LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants



Summary Statement of
Financial Position

As at December 31	2015	2014
ASSETS		
Cash and bank	14,912,892	13,009,253
Investments	19,301,225	19,811,953
Derivatives	18,121	77,470
Loans to members	125,726,938	126,810,943
Income taxes recoverable	33,911	33,911
Property, plant and equipment	3,500,641	3,620,777
Intangible assets	506,580	379,348
Goodwill	996,473	996,473
Deferred income taxes	127,496	184,589
Deferred pension costs	14,100	-
Other assets	276,678	193,348
	165,415,055	165,118,065
LIABILITIES		
Members' deposits	151,042,038	150,528,773
Derivatives	18,121	77,470
Post-retirement pension and benefits	1,246,000	1,390,500
Accounts payable and accrued liabilities	405,300	461,249
Members' share capital	4,179,745	4,405,968
	156,891,204	156,863,960
MEMBERS' EQUITY		
Undivided Earnings	(1,786)	(114,193)
Accumulated Other Comprehensive Income	(494,156)	(651,495)
Reserves	5,957,523	5,957,523
Contributed Surplus	3,062,270	3,062,270
	8,523,851	8,254,105
	165,415,055	165,118,065

Summary Statement of
Comprehensive Income

For the year ended December 31	2015	2014
Interest Revenue	5,676,989	5,688,358
Interest Expense	2,170,201	2,085,862
Interest Margin	3,506,788	3,602,496
Other income	899,691	863,332
Income Before Operating Expenses	4,406,479	4,465,828
Operating Expenses		
Employee salaries and benefits	2,466,405	2,617,148
Data processing	380,834	335,773
Administration	613,207	569,041
Insurance	234,095	243,930
Collection and bad debts	77,363	105,536
Occupancy	194,130	199,687
Staff and director expenses	92,831	67,179
Amortization	179,766	132,606
	4,238,631	4,270,900
Operating Income	167,848	194,928
Dividends and rebates	(27,209)	(88,226)
Income Before Income Taxes	140,639	106,702
Income taxes - current	-	-
- deferred	28,232	24,465
Net Income	112,407	82,237
Other Comprehensive Income (Loss) for the Year	157,339	(482,489)
Comprehensive Income for the Year	269,746	(400,252)



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