



LAKELAND CREDIT UNION ANNUAL REPORT

2019

Lakeland
CREDIT UNION



OUR WHY

We provide *financial opportunity, choice & lifelong value.*

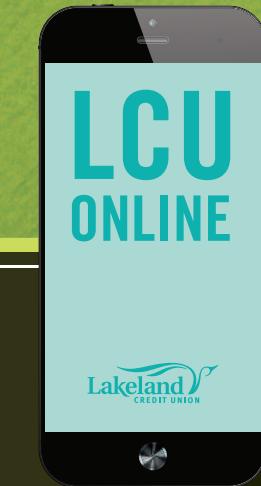
How do we do this?

We partner with our members and our communities to enrich their lives through trusted advice and exceptional service.

OUR GOAL

We will be the most respected financial institution where: new members seek to join; meaningful careers are nurtured; partners pursue collaboration and our collective community succeeds.

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BOARD CHAIR'S MESSAGE TO THE MEMBERSHIP

'Success today requires the agility and drive to constantly rethink, reinvigorate, react, and reinvent.'
- Bill Gates

This quote speaks true not only in 2019, but through the past 79 years of operation of Lakeland Credit Union. As a financial co-operative, it is our duty to have a finger on the pulse of our communities and adopt an agile-mindset so we may meet the needs of our diverse membership. In the past year, this agility has allowed us to find success in a tough economic climate. Financially, our year was favourable, experiencing growth in both membership and loans, allowing us to offer the highest profit share distribution since 2015. This ability to distribute our profits to our members at a time when they may need them most is part of the co-operative advantage and one of the many ways we continue to differentiate ourselves from other financial institutions.

However, although we are thrilled to be known as a community builder in the Lakeland, there are multiple dimensions to our business, and we want to ensure we are also recognized for offering expert financial advice and exceptional service. This is why our employees have, or are currently undertaking numerous accreditations, courses and training sessions on a variety of financial, leadership and business innovation topics. We have also

embarked on a new digital banking strategy which will ensure our members are receiving the technology advancements that many desire without losing the personalization they deserve.

Our continued member growth as we head into our 80th year of operation is a clear indication that we are on the correct path of putting our members first. We are thrilled to have given increased profit sharing back to our members and communities in the previous year and look forward to continuing to grow and improve for their benefit.

I would like to thank our 2019 Board of Directors, our employees, and you our members for your unwavering trust and support as we guide your financial co-operative into the next decade and beyond.

Charmaine Code,
Board Chair

Le succès d'aujourd'hui requiert l'agilité et la volonté de constamment repenser, revigoriser, réagir et réinventer. (Bill Gates)

Cette citation ne s'applique pas seulement à 2019 mais tout au long de nos 79 ans de fonctionnement de la Caisse Populaire Lakeland. En tant que coopérative financière, c'est notre devoir de connaître le pouls de notre communauté et d'adopter notre état d'esprit pour répondre aux besoins d'une communauté diversifiée. Durant l'année qui vient de s'écouler, cette agilité d'esprit nous a permis de réussir dans un climat économique incertain. Financièrement, nous avons connu une bonne année, avec une croissance qui nous permet d'offrir la répartition de la part des bénéfices la plus élevée. Cette capacité à distribuer les bénéfices à un moment où ils en ont le plus besoin, fait partie de l'avantage coopératif et c'est l'une des nombreuses façons dont nous continuons à nous différencier des autres institutions financières.

Cependant, nous sommes ravis d'être reconnus au Lakeland comme des bâtisseurs de communauté, il y a plusieurs dimensions à notre entreprise et nous voulons nous assurer que nous sommes aussi reconnus pour offrir des conseils financiers d'expert et un service exceptionnel. Nos employés ont, ou entreprennent actuellement de nombreuses accréditations, cours et formations

sur une variété de sujets liés à la finance, au leadership et à l'innovation commerciale. Nous nous sommes lancés dans une nouvelle stratégie bancaire numérique qui garantira à nos membres les progrès technologiques que plusieurs souhaitent, sans perdre la "personnalisation" qu'ils méritent.

La croissance continue de nos membres alors que nous entamons notre 80e année d'exploitation est une indication claire que nous sommes sur la bonne voie pour faire passer nos membres en premier. Nous sommes ravis d'avoir redonné une participation accrue aux bénéfices à nos membres et à nos communautés au cours de l'année précédente.

Je veux remercier notre CA 2019, nos employés et vous, nos membres, pour votre confiance et votre soutien indéfectible alors que nous guidons votre coopérative financière au cours de la prochaine décennie et au-delà.

Charmaine Code
Présidente du Conseil

MESSAGE DE LA PRÉSIDENTE DU CONSEIL AUX MEMBRES





CEO REPORT TO MEMBERS

This report marks the end of Lakeland Credit Union's 79th year in business, and the beginning of our 80th year.

2019 continued to bring many economic challenges to our communities; nonetheless, Lakeland Credit Union was there to support our members, employees, and communities; ensuring continued support and trusted advice along the way.

As part of our ongoing commitment to providing members with access to an improved suite of digital offerings, we are undertaking a digital transformation making it easier for members to bank in branch, online and on the go. On top of that, we will have a much-improved onboarding process, making it faster and easier than ever to become a Lakeland Credit Union member.

Looking ahead to 2020, we are certainly not standing still. Members can expect more product and service offerings and enhancements, including a number of exciting digital banking announcements. We will continue to work to increase public awareness of the Lakeland difference throughout our communities.

Providing value to our members is at the forefront of all that we do at Lakeland. As a member owned organization, your thoughts, opinions and insights

on how we can continue to have your back and serve you better matters to us.

We pride ourselves on being "different" from our competitors and we will focus on furthering that differentiation in everything we do and offer you.

On behalf of Lakeland's Leadership Team, we'd like to acknowledge our talented employees for their commitment to improving the member experience. To our members, we thank you for your continued input, insight and loyalty as Lakeland moves into the art of the possible in 2020.

Sincerely,

Wendy Morrison,
AVP, Corporate Governance/Co-CEO (Interim)

Shirley Mayowski,
VP, Finance and Risk/Co-CEO (Interim)

Ronda Morin,
VP, Member Experience/Co-CEO (Interim)

Ce rapport marque la fin de 79 ans d'activité et le début de notre 80e année.

2019 fut une année de nombreux défis économiques pour nos commerçants, mais LCU était là pour soutenir ses membres, ses employés, et assurer en cours de route, un soutien constant par des conseils fiables.

Dans le cadre de notre engagement continu à fournir aux membres un accès à une brochette d'offres numériques améliorée. Nous entreprenons une transformation numérique qui facilitera les opérations bancaires des membres en succursale, en ligne et en déplacement. De plus, nous aurons un processus d'intégration qui rendra plus rapide et plus facile que jamais de devenir membre.

À l'horizon de 2020, nous ne sommes certainement pas en reste. Les membres peuvent s'attendre à l'amélioration des offres ainsi que des produits et services, y compris un certain nombres d'annonces bancaires numériques existants. Nous continuerons de travailler pour accroître la sensibilisation du public à la différence de LCU dans nos communautés.

Offrir de la valeur à nos membres est au premier plan de tout ce que nous faisons à LCU. En tant qu'organisme appartenant aux membres, vos réflexions, vos opinions et vos idées sont

importantes pour continuer à vous soutenir et à mieux vous servir.

Nous sommes fiers d'être différents de nos concurrents et nous sommes fiers de cette différence dans toutes nos transactions.

Au nom de l'équipe de direction de LCU, nous tenons à remercier nos employés talentueux pour leur engagement à améliorer l'expérience des membres, nous vous remercions pour votre persévérance, votre perspicacité et votre fidélité alors que LCU entre dans « l'art du possible » en 2020.

Sincèrement

Wendy Morrison,
AVP, CEO (intérim), Gouvernance d'entreprise

Shirley Mayowski,
VP, Co-CEO (interim) Finance et Risque

Ronda Morin,
VP, Co-CEO (intérim) Expérience des membres

RAPPORT DU CEO AUX MEMBERS



PROFIT SHARING:

ALMOST \$2.8 MILLION IN 2019
OR \$44.3 MILLION BACK TO
OUR MEMBERS SINCE 1995

\$2.8

SCHOLARSHIPS AWARDED:

\$11,000
\$11,000 WAS GIVEN TO 11 DESERVING STUDENTS IN THE LAKELAND

\$29,749

Service charge rebates for local non-profit and community organizations:

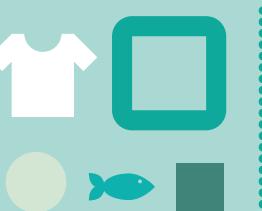
COMMUNITY DONATIONS & SPONSORSHIPS:

\$102,499 TO 85

DIFFERENT EVENTS AND ORGANIZATIONS

VOLUNTEER HOURS:
3412

hours were tracked



CARE WEAR
DONATIONS:

\$6,962.60

SPLIT BETWEEN 5 DIFFERENT LOCAL NON-PROFIT ORGANIZATIONS

Staff Grants: In 2019 there were 9 staff members that took advantage of the LCU staff volunteer grants.

9

A total of \$4,500 was awarded to the non-profit organizations that they have volunteered their time with.

STAFF HIGHLIGHTS

BOARD OF DIRECTORS

Charmaine Code • Board Chair
Judy Cabay • Vice Chair

Salman Arabi

Dean Dube

Paulette Fersovitch

Brian Hamilton

Denis Laurin

Lance Marchand

Kurt Richard

EXECUTIVE

Shirley Mayowski, FCUIC, CCE
VP, Finance & Risk
Co-CEO, Interim

Ronda Morin, CCE
VP, Member Experience
Co-CEO, Interim

Wendy Morrison, GPC.D
AVP, Corporate Governance
Co-CEO, Interim

Karen Dows, CLSSGB
AVP, Operational Support

Randy Tate, MMCCU, CUDE
AVP, Member Experience

MANAGEMENT

Melanie Bossence, BA, CSME
Manager, Brand Experience

Daryl Desjardins, B.Mgt
Manager, Finance

Darlene Larocque
Manager, Member Services

Michael Parsons

Branch Manager, Bonnyville

Susan Urichuk-Roth

Manager, Consumer Lending

Noella Williams

Manager, Member Services

Andrea Yaremie, BA

Manager, Employee Experience



ACCREDITATIONS RECEIVED IN 2019:

Jazmin Joyal

Beau Ferbey

Darlene Larocque

Irene Schurek

Ciedezha Bilar

Kami Cline

Melanie Bossence

Accredited Member Service Representative

Fellow of the Credit Union Institute of Canada (FCUIC) - General Business Studies Program

Accredited Consumer & Residential Mortgage Lender

Accredited Business Lender

Mutual Funds License

Registered Professional Recruiter

Certified Strategic Marketing Executive



YEARS OF SERVICE (CELEBRATED DURING 2019)

Shirley Bamber	20 Years
Gail Cote	20 Years
Crystal Jacobson	15 Years
Kassandra Fransen	5 Years
Courtney McDougall	5 Years
Estelle Ruel	5 Years
Logan Sinyard	5 Years



FINANCIAL OVERVIEW

The economic environment in the Lakeland area continues to mirror the rest of Alberta, where core growth is reliant on the oil sector. After experiencing several years of extreme reductions, downsizing and cut-backs, the economic outlook for 2019 appeared to be stabilizing, but the reality was more difficult than expected. Lakeland Credit Union's mission has been to support our members through these "adjustment" years and help position them for better times ahead.

As an organization, we have also been affected by the economy but have managed to achieve organic growth none the less. This was largely accomplished through continued prudence with expenses and significant loan growth. As rates decrease we are proactive in discussing fixed

term deposit options with our members, as well as offering attractive fixed rate mortgage options.

The lagging Lakeland economy has reduced total asset growth, reflected in our deposit growth being relatively flat compared to the previous year. Our financial margin and net income has decreased year over year due to a decreasing rate environment but we remain successful in generating net income. These positive results enable us to continue sharing our profits with our members, in the form of dividends and patronage; with a 20% cash rebate this gives them "cash" in their pockets, supporting our members and the communities in which they live and work.



LOANS • MILLIONS (\$)



DEPOSITS • MILLIONS (\$)



ASSETS • MILLIONS (\$)



MEMBERS EQUITY • MILLIONS (\$)



(RE) retained earnings (CS) common shares

PROFITABILITY • MILLIONS (\$)



PROFIT SHARING • MILLIONS (\$)





LCU FINANCIAL

LET'S BUILD A PLAN TO HELP YOU LIVE LIFE CONFIDENTLY.

You have aspirations – for what and who you care about, for today and for the future. But life is complicated, and figuring out how to make those aspirations a reality can be hard.

You need a plan – a financial plan. Only CFP professionals see your whole picture, no matter how complex, and work with you to help you understand where you are and where you want to be.

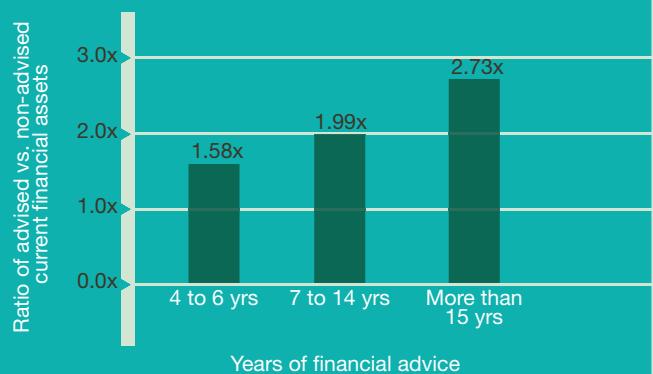
Whether you have a pressing issue or just need some help getting started, CFP professionals have the knowledge, skills, experience and the ethics to help you build the financial plan that will let you live your life confidently.

Schedule your financial checkup with LCU Financial's wealth management team to start building your plan today.



GETTING MORE FOR YOUR MONEY

An advised household that has worked with a financial advisor for 15 or more years has 2.73 times more assets.



This chart has been adapted from the original chart in the CIRANO research paper. The CIRANO chart included raw data (before removing the influence of the other factors). This chart shows only the econometric data, in which the influence of other factors has been removed.

WHAT OUR MEMBERS SAY...



LCU provides excellent service from all counter staff, reception, commercial advisers & my main banking contact.



I HAVE ALWAYS FOUND STAFF TO BE VERY PROFESSIONAL AND FRIENDLY. I HAVE BEEN BANKING WITH THE CREDIT UNION SINCE 1973 AND WOULD NOT THINK OF BANKING ANYWHERE ELSE.

PEOPLE
MAKE THE DIFFERENCE,
IT'S WHY I BANK HERE.

The staff and service is the best! I love going to Lakeland Credit Union!





WHAT OUR MEMBERS SAY...

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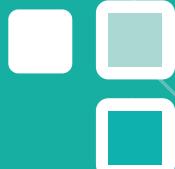
**THIS IS THE BEST BANK I
HAVE EVER DEALT WITH.**



**YOU GAVE ME THE ABILITY TO BUY A
HOUSE AND HAVE PROVIDED STERLING
SERVICE EVERY DAY SINCE.**



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Lakeland 
CREDIT UNION

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