

2018 ANNUAL REPORT BRUNO CREDIT UNION



Cover designed by: Parker Fleck

BRUNO SAVINGS AND CREDIT UNION LIMITED

ANNUAL MEETING

AGENDA

Wednesday, April 3, 2019

Bruno Community Hall

6:30 Supper

7:30 Annual Meeting

- 1. Call to Order*
- 2. President's Opening Remarks*
- 3. Confirmation of Quorum*
- 4. Adoption of Agenda*
- 5. Minutes of the 80th Annual Meeting*
- 6. Board of Directors' Report*
- 7. Auditor's Report*
- 8. Appointment of Auditors*
- 9. New or Unfinished Business*
- 10. Door Prizes*
- 11. Adjournment*
- 12. Guest Speaker - Ernie Louttit*

**BRUNO SAVINGS AND CREDIT UNION LIMITED
MINUTES OF THE ANNUAL MEMBERSHIP MEETING**

April 11 2018

Minutes of the 80th Annual Meeting as held April 11 2018 at the Bruno Community Hall. There was a banquet at 6:30 with about 118 people present. Chairman for the meeting was President Mark Kehrig. The meeting was called to order at 7:31.

The chairman confirmed that there were sufficient numbers in attendance to constitute a quorum.

Corrinne Arnold & Amanda Basset that the agenda be adopted as presented.

Debra Kramer / Kevin Pulvermacher that the minutes of the 79th annual meeting held on April 5, 2017 be approved

Mark presented the Directors' Report.

Philip Lepage / Brian Hergott that the directors report be approved as presented.

Jeff Mark presented the financial statement as prepared by Meyers Norris Penny. The statement showed total assets of \$74,929,006 and a net income of \$570,068.

Ryan Hering \ Alois Kramer that the financial statement be approved as presented.

Andre Lafreniere \ Michelle Hergott that the audit firm of Meyers Norris Penny be re-appointed as auditors for 2018.

Other Business:

Door prize draws were made.

Mark Kehrig adjourned the meeting at 7:54

Guest speaker: Jamie Chartrand K-9 Unit

(President)

(Secretary)



CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2018

January 2019

Deposits Fully Guaranteed

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 (SaskCentral) (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.



Saskatchewan
Credit Unions

Make it Real

Message from the Board

On behalf of the board and staff I would like to welcome you to our 81st Annual General Meeting.

Mark Kehrig , Chair
*On behalf of the
Board of Directors*



Bruno Savings and Credit Union Limited

Vision

To be a local, democratically controlled, responsible and viable financial institution that is responsive to the social and economic needs of current and potential members.

Mission

To provide quality financial services beneficial to our members, community and environment in a manner responsible and accountable to all.

Values

People are our strength

Our credit union fosters personal growth and development

Sound fiscal management practices

We manage revenue and expenses in order to maximize financial benefits to members.

A positive presence in the community

Our decisions have a significant impact on the strength of our community.

We take a leadership role in promoting social and economic community development

Careful investment in technology and innovation

Our credit union is committed to providing a broad range of affordable and competitively priced products and services with consideration for the value that may be realized in return for the investment.

Excellence in everything we do

We recognize the importance of protecting our reputation capital and strive to provide excellent service to those we serve.

Credit Union Market Code

Bruno Savings and Credit Union Limited voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- Complaint handling, which outlines the process for dealing with all complaints regarding the service, products, fees or charges of Bruno Savings and Credit Union Limited.
- Fair sales by outlining the roles and relationship of staff to all members and in accordance with the financial services agreement.
- Financial planning process to advise members on the risks and benefits associated with financial planning services.
- Privacy to protect the interests of those who do business with Bruno Savings and Credit Union Limited. Privacy is the practice to ensure all member information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Bruno Savings and Credit Union Limited among our members and communities.
- Capital management to ensure our capital structure aligns with our risk philosophy.
- Financial reporting to adhere to business and industry standards.
- Governance practices to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Bruno Savings and Credit Union Limited.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

Management Discussion and Analysis

Introduction

Bruno Savings and Credit Union Limited is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Bruno Savings and Credit Union Limited is able to provide financial services to members and non-members. As at December 31, 2018 we had 1197 members and 471 non-members. Non-members do not participate in the democratic processes of the credit union nor the patronage program.

Our credit union serves the communities of Bruno and Prud'homme and their surrounding areas through 2 branches, one located in Bruno and one in Prud'homme. In these communities we provide a broad range of financial services including deposit and lending services. The lending is done out of the Bruno office.

Strategy

The mission of Bruno Savings and Credit Union Limited is to provide quality financial services beneficial to our members and communities and environment in a manner responsible and accountable to all.

In order to meet this mission, some of our objectives are:

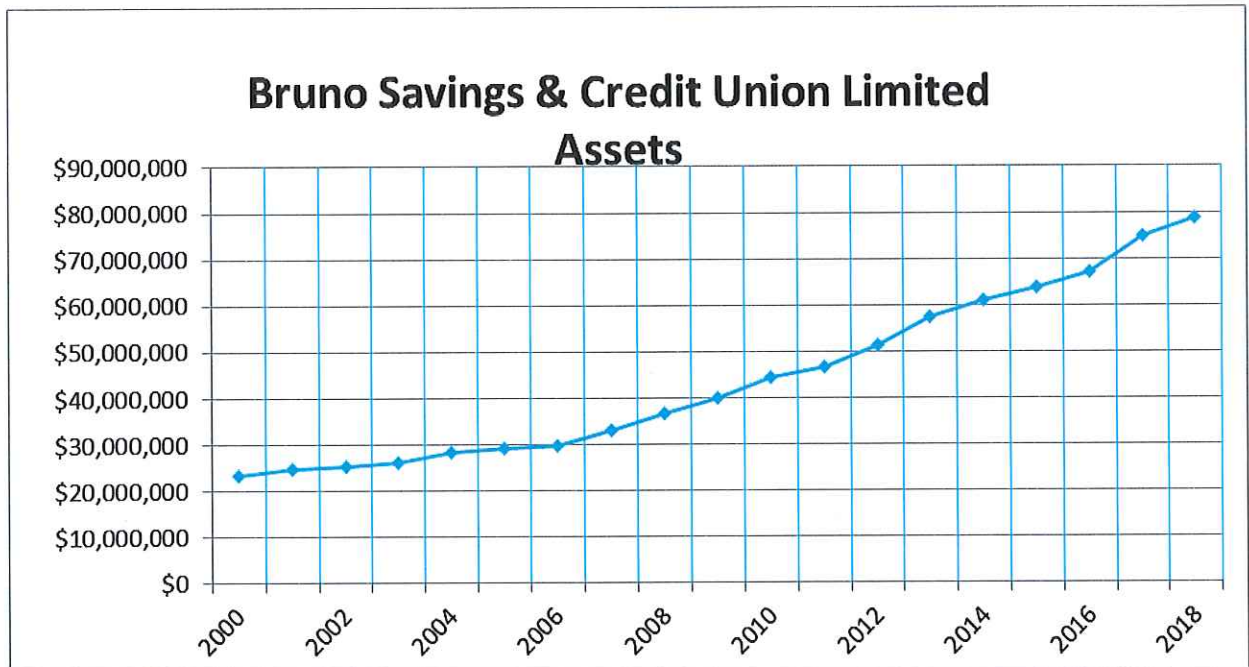
- to have professional, dedicated and motivated management, staff and board of directors that are contributing to the success of the community.
- to have strong governance, management and staff resources through effective succession planning, recruitment strategies and board/employee personal and professional development.
- to have a fully satisfied membership
- to provide access to a broad range of products and services that best meet members' needs
- to attract and retain new members and businesses
- to exceed member expectations
- to follow a balanced approach to ensure sustainability
- to be compliant with all legislation and regulatory requirements
- to make careful investments in technology to balance meeting member needs and credit union sustainability.

Results

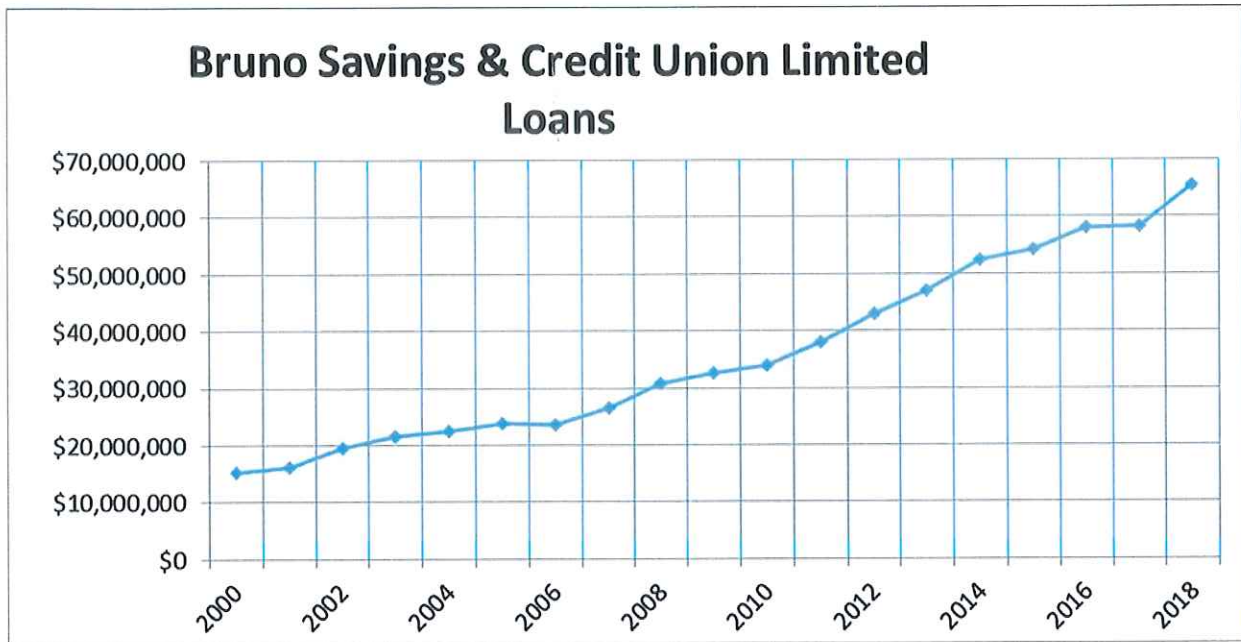
Financial Performance

Following this report is the audited financial statements which give much more detail. The following are some highlights.

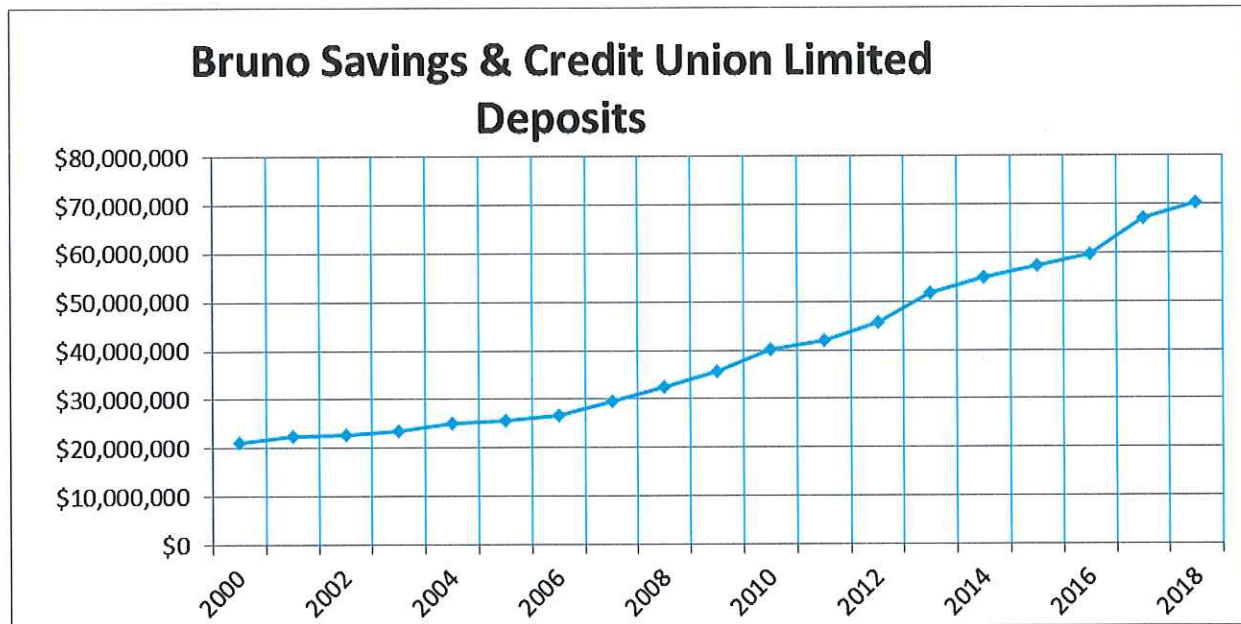
The first is growth: This year we had growth in assets of 5.29% or \$3,960,812.



Loans increased by \$7,314,326 or 12.57% and ended the year at 83.06% of assets (last year end loans totalled 77.68% of assets). This ratio is calculated on loans and leases and includes accrued interest on the loans outstanding to these members. The board has a target range of 70 to 85% for loans to assets. We are near the upper end of our target.



We had reasonable growth in member deposits with an increase of approximately 4.81% or \$3.2 million in 2018.



Credit Risk

Credit risk is the risk of loss arising from a borrower not fulfilling their contractual payment obligations.

The primary type of risk is associated with loans. Four (4) loans and lines of credit were written off in 2018 for a total of \$24,213. We have a specific allowance of \$6,259 and a general allowance of \$4,319 set up for possible further losses on loans. We ended the year with \$6,259 of impaired loans. (compared to \$15,629 last year). There were \$448,368 of loans that were in arrears over 90 days at Dec 31, 2018. (compared to \$1,055,732 the prior year end) Our lending staff work with all borrowers, with loan arrears, to make suitable arrangements for repayment. If suitable arrangements can't be made, legal action is taken to recover as much as possible.

Our lending portfolio contains \$18,953,960 for residential mortgages. \$2,470,611 or 13.04% of these are insured by CMHC; \$599,816 or 3.16% are Home Equity Lines of Credits (HELCOs) and the remaining \$15,883,533 or 83.80% are conventional mortgages. In the event of an economic downturn it is reasonable to assume that delinquency would increase and the value of houses could decline. We feel that any negative effect to this Credit Union of such an event would not be material.

Liquidity Risk

Liquidity is yet another factor which we monitor. Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. In 2017 your board contracted Sask Central to prepare a Liquidity Management Plan for us. This plan was reviewed by the Risk Committee in November of 2018.

The purpose of the liquidity management plan (LMP) is to ensure the optimal level of liquidity is maintained to meet regulatory and operational needs. Holding inadequate liquidity may result in Bruno Credit Union (BCU) not being able to meet member loan demand or demands for withdrawal of their deposits. Holding surplus liquidity means BCU may not be generating sufficient returns on its funds to achieve an optimum return to its members or depositors.

The objective of the Liquidity Coverage Ratio (LCR) is to ensure that the Credit Union has an adequate stock of unencumbered high-quality liquid assets (HQLA) that:

- consist of cash or assets that can be converted into cash at little or no loss of value and
- meets liquidity needs for a 30 calendar day stress test scenario, by which time it is assumed corrective actions have been taken by the Credit Union.

The LCR is calculated as the value of the stock in HQLA in stressed conditions divided by the total net cash outflows over the next 30 calendar days.

The plan requires us to have a minimum liquidity coverage ratio (LCR) of 100% and we have set a target of 120 to 300%.

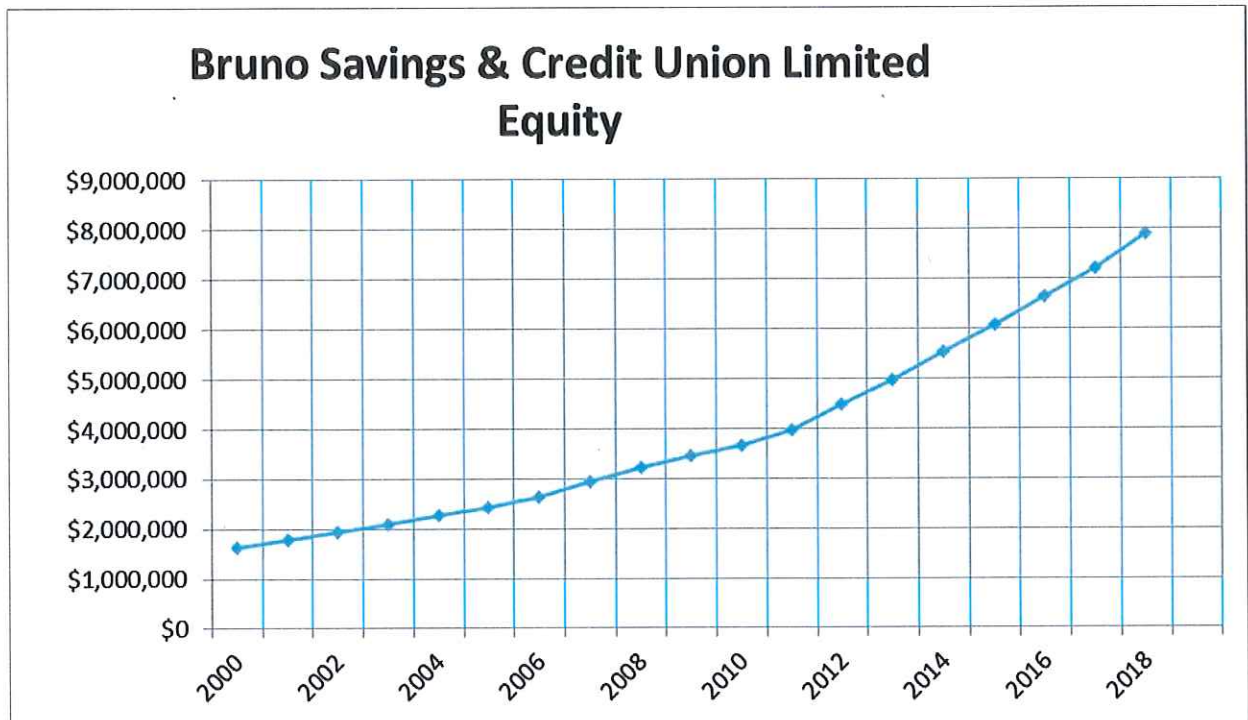
As at December 31, 2018 we had a LCR of 220.57% which was well above the minimum of 100% and within our target range of 120 to 300%.

Management monitors liquidity on a daily basis and reports the LCR to the board on a quarterly basis.

Equity

Equity, the difference of assets and liabilities which is the measure of ownership, remained strong this year. Equity can be measured both as a percentage of assets or as a dollar amount. This year we completed the year with \$ 7,912,735 or 10.03% compared to \$7,220,280 or 9.64% last year. There is also an additional \$510,346 or 0.65% in member allocated equity accounts.

CUDGC sets standards for the Credit Unions to follow. Regulatory standards require that the Credit Union maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Our leverage ratio is 10.51%. We also monitor our total eligible capital to risk-weighted assets. The minimum required amount is 10.50% and we have 13.89%. Another requirement is Tier 1 capital to risk weighted assets of 8.50%. At Dec 31, 2018 we had 13.03% of capital in this category.



A strong equity position comes from good profitability. This year our profitability was a bit higher than last year. Part of this increase was due to an increase in interest rates during the year and that we had a higher percentage of deposits lent out. As well, the Credit Union received an additional dividend from SaskCentral during 2018 that was not anticipated. Profit after tax was \$692,455 compared to \$570,068 last year.

Enterprise Risk Management

Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our communities now and in the future. This process is called **Enterprise Risk Management** or **ERM** for short, and is a requirement of credit unions in Saskatchewan as laid out by Credit Union Deposit Guarantee Corporation. The Board, Management, and Staff annually review and update a strategic plan and an Annual review of our ERM is completed.

Through this process, the following risks along with **Credit Risk** and **Liquidity Risk** previously listed in the Financial performance section have been identified risks according to their potential impact on the Bruno Savings and Credit Union Limited.

Strategic Risk

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

Legal and Regulatory Risk

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards.

The main legal & regulatory risk identified by Bruno Savings and Credit Union Limited is:

- The risk of potential violations of, or non-conformance with applicable laws, rules, regulations, prescribed practices, or ethical standards.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters. Operational risks are looked at by the board regularly throughout the year as they effect the day to day operations. They include risks such as:

- The risk of not being able to offer/ afford all the technology related solutions for internal and / or member needs.
- The risk of not being able to retain key positions in our Credit Union
- The risk of not being profitable
- The risk of not providing certain/ specialized products/ services that members might need and become dissatisfied enough to lose business.
- The risk of losing business because of referring to outside sources

Regulatory

Regulatory matters are an ongoing concern of the Bruno Savings and Credit Union Limited. Presently there are many Regulatory bodies in which the Bruno Savings and Credit Union Limited has to comply with. To mention a few of the more important would include: The Registrar of Credit Unions, The Credit Union Deposit Guarantee Corporation (CUDGC), Office of the Superintendent of Financial Institutions (OSFI), Financial Transactions & Reports Analysis Center of Canada (FINTRAC) and Canada Revenue Agency (CRA).

Corporate Structure and Governance

The governance of the Bruno Savings and Credit Union Limited is anchored in the co-operative principle of democratic member control.

Board Of Directors

Mandate and Responsibilities

The board is responsible for the strategic oversight, business direction and supervision of management of the Bruno Savings and Credit Union Limited. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

Board Composition

The board is composed of 9 individuals elected on a regional basis. Terms are for 3 years. Nominations are made by district . Voting (if needed) is by paper ballot and election results are announced at the Bruno Savings and Credit Union Limited's annual general meeting. As you will note from the list of the Staff and Directors attached, Ryan Hering, Andre Lafreniere and Jenny Glessman , have had their terms of office expire this year. Ryan Hering did not leave his name stand for re-election.

Nominations were held from Jan 30th to Feb 22nd, 2019. At the time nominations ceased, there were two nominations for the Bruno District and one for the Prudhomme district. They were Jenny Glessman and Jodi Tremel for Bruno and Andre Lafreniere for Prudhomme. Since the number of nominations equalled the number of vacancies, elections did not need to take place, and by acclamation the following members were elected to the board of directors. Andre Lafreniere , Jenny Glessman and Jodi Tremel. A big thank you Ryan Hering for his nine years of service and welcome to the new and returning directors.

Board Compensation

Bruno Savings and Credit Union Limited is fortunate to have competent guidance through the dedication of Management and the Board of Directors.

In the past year the Board of Directors was again very busy with regular and committee meetings throughout the year. 11 regular meetings were held as well as other meetings, consisting of a Strategic Planning meeting and a meeting to do the general manager's annual performance review. The audit committee met four times, the conduct review committee and the credit committee each met once in 2018. In addition to the regular board and committee meetings, directors take online and other training during the year and a board representative attended the Sask Central Annual meeting, a Credit Union System meeting and a CUDGC system meeting in Regina or Saskatoon.

Directors and committee members are compensated with a per diem for meetings attended and training taken. Out of pocket expenses such as mileage and meal costs are also reimbursed to directors for expenses incurred while attending meetings and training.

Board Committees

The Board of Directors organizes itself into several committees to ensure that oversight of various aspects of our operations and governance can be dealt with most effectively. The committees of the board are as follows:

> **Executive Committee:** acts on behalf of the board of directors between regular or special board meetings on all board matters except those which the board may not, in compliance with legislative requirements, delegate. The 2018 members of the committee were: Mark Kehrig, President, Elaine Urban, Vice-president and Jeff Mark, General Manager.

The executive committee comprised of the president, vice president and the general manager.

> **Conduct Review Committee:** ensures related party transactions comply with legislation, Standards of Sound Business Practice and with credit union or committee policies and procedures. They also ensure that all proposed related party transactions are fair to the credit union and that the exercise of the best judgment of the credit union has not been compromised as a result of real or perceived conflict of interest. 2018 members of this committee were: Kristina Weiman, Jenny Glessman and Daniel Detillieux and alternates were Ryan Hering and Wesley Sielski.

The conduct review committee is appointed annually at the re-organization meeting.

> **Nominating Committee:** oversees the nomination and election processes for the elections of credit union directors. 2018 members of this committee were Debora Kramer, Kristina Weiman and Wesley Sielski.

The nominating committee is appointed annually at the re-organization meeting.

> **Audit Committee:** ensures an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to relevant legislation, regulations and standards. 2018 members of this committee were: Elaine Urban, Debra Kramer, Mark Kehrig and Andre Lafreniere.

The Audit committee is appointed annually at the re-organization meeting.

> **Risk Committee:** ensures the credit union's enterprise risk management framework and risk appetite statement are appropriate to optimize liquidity, market/ interest rate, credit/concentration, legal and regulatory, operational, strategic risk, and emerging/reputational risk for the protection and creation of shareholder value. The Risk Committee is comprised of the entire board.

> **Credit Committee:** To analyze and make decisions on credit applications within the provision of policy and legislation on any loans brought to them for approval. To review loans granted by management that are exceptions to loans policy and monitor if the exceptions are reasonable. 2018 members of this committee were: Ryan Hering ; Wesley Sielski , Jeff Mark and Joan Manderscheid. The credit committee is appointed annually at the re-organization meeting.

Andre Lafreniere remains as our representative for the Bruno Savings and Credit Union Limited to attend system meetings and vote on our behalf at Sask Central's annual meeting.

Executive Management

The Executive Management consist of the General Manager, Branch Supervisor , Office Supervisor and Loans officer. As you can see by the attached chart the Executive Management team has OVER 80 years of combined Credit union experience. Constant updates and meetings keep the management busy, both attending and reporting back to directors and staff.

Staff\Employees

Heike Fink resigned on April 30th to pursue other interest. Her hours have been covered by Rita Lachapelle.

Larissa Tremel worked for us again over the summer months and continued on a casual basis. As of Jan 2019 she is working on a full time basis as a loans officer trainee.

We are fortunate to have employees who are committed to providing **excellent service to our members.**

Employees take required and optional training on an ongoing basis. Some of the training that is required on an annual basis is Anti-Money Laundering & Terrorist Financing as well as Privacy and Code of Conduct training.

WE WOULD NOT BE WHERE WE ARE TODAY WITHOUT OUR DEDICATED MANAGEMENT & STAFF.

SASKATCHWAN CREDIT UNION QUICK FACTS

(as of Dec 31, 2018 unless otherwise indicated)

- Today there are 40 credit unions in Saskatchewan serving 218 communities through 247 service outlets
- Credit Unions offer financial products and services to more than 481,000 members
- Saskatchewan credit union assets reached close to \$23.8 billion with revenue of over \$1.07 billion
- Credit Union lending amounts to \$19.2 billion
- Over 380 board members are locally elected by members of each credit union to provide strategic direction to their management teams.
- Credit unions are a major contributor to Saskatchewan's economy, employing over 3300 people.
- As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Saskatchewan credit unions range in asset size from \$19 million to more than \$6 billion.
- Funds held on deposit in Saskatchewan Credit Unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation. The full guarantee is made possible through a comprehensive deposit protection regime that is focused on prevention.
- in 2017, Saskatchewan credit unions contributed more than \$8.95 million to growing communities. Our fundraising efforts brought in more than \$182,000 for causes like the Jim Patterson Children's Hospital Foundation of Saskatchewan, Red Cross Disaster Relief and Telemiracle. Our employees logged more than 86,000 hours of volunteer time for community organizations during paid work hours and non-paid time. In-kind donations were nearly \$574,000. We awarded 311 scholarships / bursaries worth \$231,950

BRUNO SAVINGS AND CREDIT UNION LIMITED

INCORPORATED: April 7, 1938

CREDIT UNION CHARTER NO. 13

OFFICERS:

PRESIDENT – MARK KEHRIG

VICE-PRESIDENT – ELAINE URBAN

SECRETARY-TREASURER – JEFF MARK

DIRECTORS

NAME	YEARS of SERVICE	OCCUPATION	ADDRESS	TERM EXPIRES	Reg Meeting Attendance Rate
Debora Kramer	2	Logistics Mgr	Bruno	2020	82%
Kristina Weiman	2	Business woman	Bruno	2020	91%
Wesley Sielski	2	Maintenance Scheduler	Prud'homme	2020	91%
Daniel Detillieux	1	Farmer	Bruno	2021	78%
Mark Kehrig	19	Farmer	Bruno	2021	91%
Elaine Urban	14	Farmer	Bruno	2021	91%
Ryan Hering	9	Farmer	Bruno	2019	91%
Jenny Glessman	1	Business owner	Bruno	2019	89%
Andre Lafreniere	24	Farmer	Prud'homme	2019	91%

STAFF

NAME	POSITION	YEARS OF CO-OPERATIVE SERVICE
Jeff Mark	General Manager	38
Joan Manderscheid	Loans Officer	31
Cheryl Solar	Office Supervisor	13
Shannon Weiman	Loans Clerk	21
Brandy Moritz	Member Service Rep	20
Susan Corbett	Member Service Rep	10
Lisa Weiman	Member Service Rep	6
Megan Ollenberg	Member Service Rep	2
Candice Regush	Branch Supervisor	7
Larissa Tremel	Loans Officer Trainee	
Rita Lachapelle	Member Service Rep	1

EXECUTIVE COMMITTEE

*Mark Kehrig
Elaine Urban
Jeff Mark – Secretary*

AUDIT COMMITTEE

*Elaine Urban
Mark Kehrig
Andre Lafreniere
Debora Kramer
Jeff Mark – Secretary*

CREDIT COMMITTEE

*Ryan Hering
Wesley Sielski
Jeff Mark
Joan Manderscheid*

CONDUCT REVIEW COMMITTEE

*Kristina Weiman Alternates:
Jenny Glessman
Daniel Detillieux Secretary:*

*Ryan Hering
Wesley Sielski
Jeff Mark*

Corporate Social Responsibility (CSR)

- The Bruno Saving and Credit Union Limited has always contributed to the well-being of the communities that it serves above and beyond the financial and economic role that financial institutions play.

In 2018 over \$114,000 was spent on local sponsorships. Some of the groups and events that we provided support to were:

- Bruno Sledge Hockey
- Bruno Merchants Fastball team
- Bruno Lions Club (steer and heifer show)
- Viscount 4-H Beef Club
- Bruno Golf Course
- Bruno School Grad Award
- Aberdeen School Grad Award
- Bruno Skating Rink (towards artificial ice plant)
- Bruno Show and Shine
- Prud'homme Ukrainian Dance Club
- Bruno School (towards the Leader in Me Program)
- Prudhomme Multicultural Museum
- Ecole Providence (Vonda)
- Vonda Parks & Recreation
- Village of Prud'homme (Rec Board)

Capital Management

Our Regulator, The Credit Union Deposit Guarantee Corporation has set out minimum Standards for Credit Unions to follow with regards to capital limits. Credit Unions are expected to hold Capital in excess of these minimums and therefore are required to develop an **internal capital adequacy assessment process (ICAAP)**.

The following compares CUDGC regulatory standards to our Credit Union's numbers at year end:

For total eligible capital to risk weighted assets the regulatory standard is 8.0% plus a 2.50% conservation buffer for a total of 10.5% . Our board policy minimum is 11.50 and we were at 13.89%.

For tier 1 capital to risk-weighted assets the regulatory standard is 6.50% plus a 2.50% conservation buffer for a total of 8.50%. Our board policy minimum is 9.00 and we were 13.03%.

For Common equity tier 1 capital to risk-weighted assets the regulatory standard is 7.00% , our board policy minimum is 7.50% and we were 13.03%.

The minimum leverage ratio is 5.00%, our board policy minimum is 6.50% and we were 10.51.

Equity is a reflection of the past success of your credit union. It also serves as the financial cushion that allows your credit union to expand product lines and develop new services.

Capital management can be very complex and includes 6 areas. These areas are:

- ▶ **Board and Management oversight**
 - Policies are developed
 - i.e. desired capital levels, risk tolerance, capital expenditures
- ▶ **Sound capital assessment and planning**
 - Capital Plans are developed by management and board and reviewed ongoing
- ▶ **Comprehensive assessment of risks**
 - Risks to capital are assessed through processes such as Enterprise Risk Management (ERM)
 - i.e. where is the largest concentration of risk to capital (credit/loans)
- ▶ **Stress Testing**
 - On a quarterly basis capital levels are tested for possible erosion
 - Stress testing programs are used to test the ability of the credit union to absorb losses
 - i.e. How would rising interest rates effect our capital level or a large increase or decrease in deposits
- ▶ **Monitoring and Reporting**
 - Regular reports are prepared for the directors and Credit Union Deposit Guarantee Corporation.
- ▶ **Internal Control Review**
 - Ongoing internal controls and functions along with scheduled internal audits and CUDGC reviews

Management's Responsibility

To the Members of Bruno Savings and Credit Union Limited:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit and Risk Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

February 28, 2019



General Manager

Bruno Savings and Credit Union Limited
Summary Financial Statements
December 31, 2018

Report of the Independent Auditor on the Summary Financial Statements

To the Members of Bruno Savings and Credit Union Limited:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Bruno Savings and Credit Union Limited (the "Credit Union") for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with Canadian Auditing Standard ("CAS") 810, "Engagements to Report on Summary Financial Statements."

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 28, 2019.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited 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 28, 2019

MNP LLP

Chartered Professional Accountants

MNP

Bruno Savings and Credit Union Limited
Summary Statement of Financial Position

As at December 31, 2018

	2018	2017
Assets		
Cash and cash equivalents	5,042,474	8,975,879
Investments	8,238,280	7,650,336
Member loans receivable	65,519,643	58,205,317
Other assets	4,485	7,383
Property, plant and equipment	84,936	90,091
	78,889,818	74,929,006
Liabilities		
Member deposits	70,360,659	67,131,506
Other liabilities	100,093	48,241
Membership shares	5,985	6,080
Equity accounts	510,346	522,899
	70,977,083	67,708,726
Members' equity		
Retained earnings	7,912,735	7,220,280
	78,889,818	74,929,006

Approved on behalf of the Board


 Director


 Director

Bruno Savings and Credit Union Limited
Summary Statement of Comprehensive Income
For the year ended December 31, 2018

	2018	2017
Interest income		
Member loans	2,628,590	2,308,233
Investments	415,744	208,532
	3,044,334	2,516,765
Interest expense		
Member deposits	952,782	681,501
Borrowed money	2,091	1,231
	954,873	682,732
Net interest income	2,089,461	1,834,033
Provision for impaired loans	16,600	15,629
Net interest income before other income	2,072,861	1,818,404
Other income	168,005	141,622
Net interest and other income	2,240,866	1,960,026
Operating Expenses		
Personnel	746,843	722,837
Member security	66,602	58,692
Organizational	45,616	44,190
Occupancy	36,974	36,052
General business	519,293	421,341
	1,415,328	1,283,112
Income before provision for income taxes	825,538	676,914
Provision for income taxes		
Current	133,083	106,846
Comprehensive income	692,455	570,068

Bruno Savings and Credit Union Limited
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2018

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2016	6,650,212	6,650,212
Comprehensive income	570,068	570,068
Balance December 31, 2017	7,220,280	7,220,280
Comprehensive income	692,455	692,455
Balance December 31, 2018	7,912,735	7,912,735

Bruno Savings and Credit Union Limited
Summary Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans receivable	2,587,047	2,227,637
Interest received from investments	420,241	189,859
Other income received	168,005	141,622
Interest paid on deposits	(920,691)	(663,900)
Cash paid to suppliers and employees	(1,379,374)	(1,284,409)
Interest paid on borrowed money	(2,091)	(1,231)
Income taxes paid	(99,000)	(116,366)
	774,137	493,212
Financing activities		
Net change in member deposits	3,197,061	7,361,723
Net change in membership shares	(95)	(145)
Net change in equity accounts	(12,553)	(13,754)
	3,184,413	7,347,824
Investing activities		
Net change in member loans receivable	(7,289,383)	(171,519)
Purchases of investments	(592,441)	(522,232)
Purchases of property, plant and equipment	(10,131)	(20,375)
	(7,891,955)	(714,126)
Increase (decrease) in cash and cash equivalents	(3,933,405)	7,126,910
Cash and cash equivalents, beginning of year	8,975,879	1,848,969
Cash and cash equivalents, end of year	5,042,474	8,975,879