

momentum[™]
CREDIT UNION

now you're getting somewhere



2016 | 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 pleasure to welcome you to the seventh annual general meeting of Momentum Credit Union and to present my first report as the Chair of the Board.

2016 was the first year that the Credit Union was operating under its Vision 2020 Strategic Plan and the organization had some real successes as it shifted its focus to delivering on the strategic priorities of developing an Innovation Culture, making meaningful investments in Marketing and Partnerships, in improving everything that we do through Technology Leadership and in improving the Member Experience and Growth of the Credit Union.

The Board's oversight role is undertaken through its work and through the work of its committees. Specifically, the Board's committee structure of a regulatory required Audit Committee, the Risk and Innovation Committee, the Governance and Human Resources Committee and the Ad-Hoc Nominating Committee help to ensure that the organization is focused on executing the strategic plan within the approved policies of the Board. The Board takes its responsibilities to set the direction for the organization seriously and is responsible for the approval of the Credit Union's annual business plans and budgets as well as for the ongoing monitoring of the deliverables and risks that are being taken in support of those plans.

I am pleased to report that again in 2016, Momentum Credit Union will be sharing its profits with the membership in the form of dividends on its Class A Investment Shares. The total amount of this payment is determined under the prospectus and I can confirm that a payment of \$24,073 was made to the Shareholders.

I will also take this opportunity to thank the staff and management for their significant contributions to our overall success in 2016. It is these people that provide the products and services that you need to live your busy lives and their commitment to delivering the best possible service levels who are critical to our long-term success. They deliver the experiences that you rely on both face-to-face, online, over the phone and behind the scenes every day and we are all grateful for their dedication, care and passion for the membership.

I will also take this opportunity to thank the Board of Directors for their support of me as the Chair in my first year in the role. They are a dedicated and talented team, and their commitment to the Credit Union is at the forefront of everything that we do and every decision that we make. Finally, I will thank the membership of the Credit Union for their ongoing support and patronage of the Credit Union. We know that you have plenty of choices available when it comes to your day-to-day banking needs and we appreciate your dedication to Momentum Credit Union.

Count on us for simple solutions and service.
Cooperatively Yours,



Dave Thomas
Chair of the Board
Momentum Credit Union

Report of the President & CEO

As always it is my pleasure to provide this update to the membership of Momentum Credit Union. This was our sixth year of operation as Momentum and the first full year of operations under our Vision 2020 strategic plan. I am pleased to report that Momentum had a strong year financially and moved aggressively to align its business with the goals outlined in the long-term strategic plan.

The Vision 2020 plan set the tone for the organization by determining the organization's mission, vision and values and provides clear direction on the four key strategic priorities for the organization. Specifically, the organization is focused on Technology Leadership, Marketing and Partnerships, Innovation Culture and Member Experience and Growth.

During 2016, MCU implemented a number of new and innovative technologies and solutions internally in order to streamline our operations. We launched the Solution Centre as a way to offer more convenient service to members through telephone and online channels and to take phone traffic out of the branches in order to allow our in-branch staff the ability to focus on the members in front of them. We introduced the MyMCU App to facilitate mobile banking and the App is available in both the Apple App Store and the Android Play Store. Additionally, we implemented an online account opening solution.

From a marketing perspective, we deepened our relationship with Unifor Local 707 through financial contributions to their family picnic, in-plant and newsletter advertising, and by providing retirement planning seminars for Ford employees. Further, we developed a strike support package for employees of both Unifor 707 and 1285 to minimize the impact of any possible work stoppage. Thankfully for all involved, this program never had to be implemented.

Operationally, MCU had a very strong year as assets in your Credit Union grew by \$19M dollars or roughly 11.5%. This was driven through a combination of strong loan and deposit growth. Specifically, MCU saw its lending portfolio grow by almost \$21M to end the year at \$146M while its deposit portfolio grew by roughly \$8M to end the year at slightly over

\$159M. From an income perspective, MCU also had a strong year, increasing year over year pre-tax and pre-dividend profits by almost 100% to end the year with Operating Income of \$320K and Net Income (after dividends and taxes) of \$241K.

As the financial services sector continues to change and the demands of members and the public continue to shift towards self-serve, internet and mobile solutions, MCU will continue to invest heavily in both its people and its technology to ensure that we are delivering the products and services that you want in a manner that is efficient and effective for the Credit Union. Accordingly, we will continue to focus on investing in new technologies, innovative service options and in training and development for our people to ensure that they are able to provide the best possible advice and to deliver positive experiences in-branch, online and by phone.

I will take the opportunity to thank the membership for their continued patronage and loyalty to the Credit Union. We know that there are more choices than ever for your day-to-day banking, borrowing and investment needs and we appreciate the trust that you place with us and we value the relationships that we have built with you over time. I will also thank the Board for their support and commitment to the Credit Union's success. Their leadership through times of significant change helps to ensure that MCU is making the right decisions for the organization and is positioning us well for the long-term future. Finally, I will thank our staff and management team for their dedication and passion for the membership and for the organization's success. It is the people behind the machines, computers and telephones that make us different than other financial institutions.

We thank you again for choosing MCU every day and we look forward to serving you in the future.

Cooperatively yours,



Malcolm Stoffman
President & CEO, Momentum Credit Union

Report of the Governance & HR Committee

Your Governance and 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 on-boarding 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.

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 and was responsible for communicating the results of the performance reviews to the CEO. The Committee also made recommendations to the Board in regards to CEO salary and variable compensation.

Respectfully Submitted,
Brian Charlton (Chair), Nadia Anton-Collins and Sewak Manak

Report of the Risk & Innovation Committee

The Risk and Innovation Committee is responsible for the oversight of key risks that may impact Momentum Credit Union, and undertakes this work parallel to the Audit Committee.

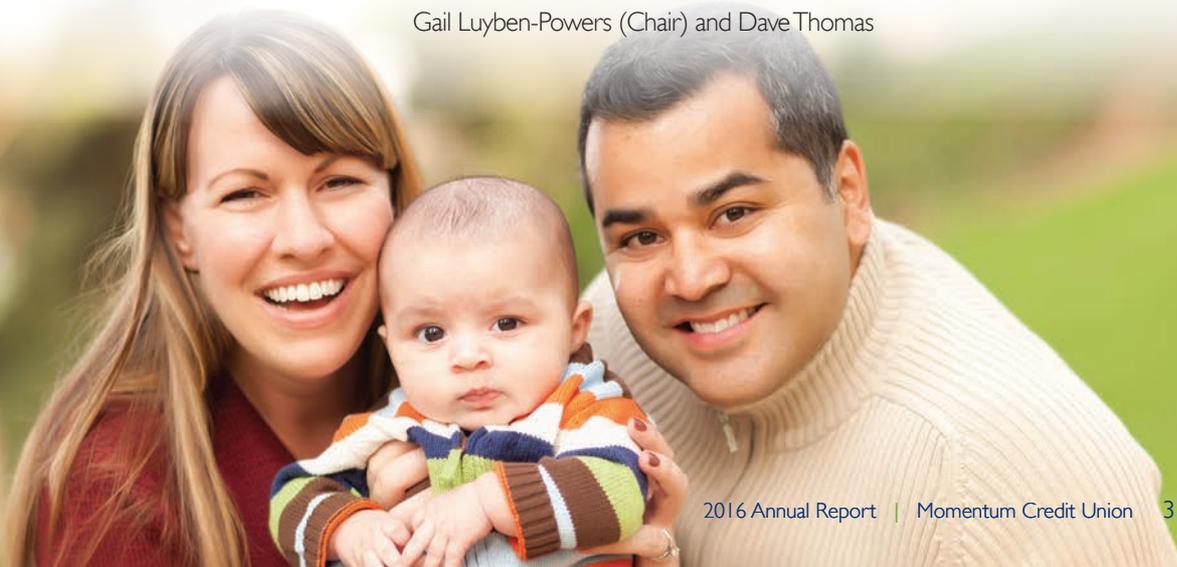
The Risk and Innovation Committee is responsible for monitoring, managing and mitigating forward looking risks that might affect Momentum Credit Union's performance.

The Committee meets quarterly and is responsible for ensuring the organization is adhering to its Enterprise Risk Management policies. We are also available for a meeting of any issues that need to be addressed before the next quarter.

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. The committee also 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) and Dave Thomas



Board of Directors

Board of Directors Meeting Attendance

Director	Regular Board	Special Board	Committee
RISK & INNOVATION COMMITTEE			
Gail Luyben-Powers	10/12	1/1	4/4
Dave Thomas	10/12	1/1	3/4
Paul Vayda (appointed April 2016)	6/8	-	3/3
Darla Campbell (January - March 2016)	2/2	-	1/1
Michael Allen (March 2016 - March 2016)	0/1	1/1	-
GOVERNANCE & HR COMMITTEE			
Nadia Anton-Collins (elected March 2016)	10/10	1/1	2/3
Brian Charlton	10/12	0/1	4/5
Sewak Manak (elected March 2016)	9/10	1/1	3/3
Jean Lederer (January - March 2016)	2/2	-	2/2
Chris Smart (January - March 2016)	2/2	-	2/2
AUDIT COMMITTEE			
David Edwards	11/12	1/1	12/13
Bill Van Gaal	12/12	1/1	12/13
Ken Watman	12/12	1/1	13/13



Report of the Audit Committee

Momentum Credit Union's Audit Committee pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 1994, meets monthly or as required. The Audit Committee, consisting of three directors, operates under the mandate that covers all of the duties in the Regulations of the Act.

For the year ended December 31, 2016, the Audit Committee met 13 times.

As delegated by the Board of Directors and the Act, 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 committee requested management to issue a "Request for Proposals" for both auditing bodies. The interested auditors were examined regarding competence, work offered, their work history and cost for service offered. The Audit Committee and senior management met separately and then together to review the proposals; then chose the Auditors. The chosen auditor was recommended to the Board of Directors which approved the recommendation.

The committee recommends to the Board of Directors that Millard Rouse & Rosebrugh LLP be retained as External Auditors and Internal Auditors for the financial year 2017. Their remuneration is to be set by the Board of Directors.

The Audit Committee participated in some Deposit Insurance Corporation of Ontario (DICO) webinars. Training Seminars were offered by senior management to the Board in Commercial Loans and Large Mortgage Loans appraisal. This assisted the Board in the approval or denial of these types of loans. Management also offered seminars on Foreign Exchange (\$US) market volatility, as it affects our equity asset investments, and Bad Debt appraisal and recovery.

The Credit Union now offers members the option of opening an account online.

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(s) required to be disclosed pursuant to the Act and Regulations.

The Audit Committee receives full cooperation from 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

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

Brendan Duddy • Craig Lockley

10 YEARS

Karen Hill

20 YEARS

Debbie Foley

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, 2016, 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, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated February 22, 2017. 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, 2016 are a fair summary of those financial statements, in accordance with management's criteria.

February 23, 2017
Brantford, Ontario



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Summary Statement of Financial Position

As at December 31	2016	2015
ASSETS		
Cash and bank	10,703,018	14,912,892
Investments	21,836,955	19,301,225
Derivatives	39,578	18,121
Loans to members	146,365,371	125,726,938
Income taxes recoverable	33,911	33,911
Property, plant and equipment	3,430,985	3,500,641
Intangible assets	452,303	506,580
Goodwill	996,473	996,473
Deferred income taxes	101,573	127,496
Deferred pension costs	61,00	14,100
Other assets	475,413	276,678
	<u>184,441,680</u>	<u>165,415,055</u>
LIABILITIES		
Term Loans	11,000,000	-
Members' deposits	159,114,917	151,042,038
Derivatives	45,914	18,121
Post-retirement pension and benefits	1,419,800	1,246,000
Accounts payable and accrued liabilities	485,061	405,300
Members' share capital	3,791,131	4,179,745
	<u>175,856,823</u>	<u>156,891,204</u>
MEMBERS' EQUITY		
Undivided Earnings	239,733	(1,786)
Accumulated Other Comprehensive Income	(674,669)	(494,156)
Reserves	5,957,523	5,957,523
Contributed Surplus	3,062,270	3,062,270
	<u>8,584,857</u>	<u>8,523,851</u>
	<u>184,441,680</u>	<u>165,415,055</u>

Summary Statement of Comprehensive Income

As at December 31	2016	2015
Interest Revenue	5,438,349	5,676,989
Interest Expense	1,968,866	2,170,201
Interest Margin	3,469,483	3,506,788
Other income	944,493	899,691
Income Before Operating Expenses	4,413,976	4,406,479
Operating Expenses		
Employee salaries and benefits	2,396,794	2,466,405
Data processing	385,165	380,834
Administration	531,745	613,207
Insurance	230,649	234,095
Collection and bad debts	79,459	77,363
Occupancy	198,235	194,130
Staff and director expenses	80,937	92,831
Amortization	191,062	179,766
	4,094,046	4,238,631
Operating Income	319,930	167,848
Dividends and rebates	(24,073)	(27,209)
Income Before Income Taxes	295,857	140,639
Income taxes - current	-	-
- deferred	54,338	28,232
Net Income	241,519	112,407
Other Comprehensive Income (Loss) for the Year	(180,513)	157,339
Comprehensive Income for the Year	61,006	269,746



momentum[™]
CREDIT UNION

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F: 905.845.2155

Brampton

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