

Community *Savings* 75

the unions' credit union

YEARS



2019 Annual Report





Vision

To be the credit union of choice within the working community.

Mission

To provide the working community a fair opportunity at a better life, by empowering them with banking products and investments that are always in their best interest.

Community Savings Credit Union began its roots 75 years as a credit union that was built by the labour movement. As we celebrated our 75th Anniversary in 2019, we took the opportunity to celebrate our past successes. We thanked our Members for their ongoing support with a celebration that was 75 days long. We proudly reflected on how our vision and mission to support the working person has not waivered for 75 years.

The union's credit union remains committed to helping our Members achieve a better life not only with financial products, but by being involved with social causes that impact our communities. Labour's famous slogan - What we desire for ourselves - We want for all, confirms our commitment to helping improve the lives of the working community.

Community Savings is excited about the future as we embark and invest in technological changes that will greatly improve how our Members manage their finances. Exciting change is coming, however we will always remain steadfast in our commitment to excellence in personal service.

Community Savings 75
the unions' credit union





Message from the CEO

Community Savings Credit Union members, together with our amazing team, have built one of the top performing Credit Unions in BC. This year has been one of our strongest ever in terms of financial results as well as the way we have engaged members and the communities in which we operate. I often talk of my pride in being part of the Community Savings family and this year has certainly given me plenty of reason to feel this.

We began the year by strengthening our Commercial Lending team and really focusing on how we can support our members in the local construction industry. The financing offered for commercial development was able to create well paid trades jobs which helps build a stronger local economy. The progress made by Commercial Lending team has been fantastic and we have reshaped our balance sheet to ensure that our financial performance remains strong and we are able to invest in our Credit Union's future.

In our branches and through our wealth advisory services we have helped thousands of our members with their financial needs. We have seen hundreds of new account openings but have also engaged existing members to support them even more. As always, it is thanks to the work of the best branch and wealth teams in B.C. that we are able to achieve this.

We've been very active in the labour community this year and this is being acknowledged by our union members who continue to recognize us as the only pro-labour financial institution in B.C. We live our values every day and, critically, have demonstrated that our fully-unionized team deliver service and results which put us at the top of our industry.

This year also saw the signing of a Letter of Understanding with MoveUP and UFCW intro-

ducing a policy on domestic violence leave for all the team here at Community Savings. We're proud that, in response to a great campaign led by the BC Federation of Labour, our credit union decided to take the lead, to look out for our team and show our solidarity with all who are affected by domestic and sexual violence.

As we recognize and celebrate the achievements of this year we are already looking towards the next. The strength and stability of your credit union has given us a great platform to build for the future. Work is already underway to improve our technology, develop new products, streamline our services and invest in our teams' development at record levels. There is certainly a sense of renewed ambition within the team and we are looking forward to sharing these achievements with our members in 2020.

I would like to thank our members and their Board representatives for the unwavering support they provide. I have many occasion to speak to Members and hear the consistent message that they value our excellent and authentic service as well as the values we promote and live by. We will continue to serve our members in this way and grow as even more people understand the difference we can make.

Sincerely,

Mike Schilling
President & CEO



Message from the Board of Directors



Each Community Savings annual report gives us pause for reflection and anticipation of plans on the horizon. Whether looking back or marching forward, it is a snapshot of a moment in time. I am pleased to report that this year's image shines particularly bright!

I would be remiss in my duties were I not to begin this report with an expression of gratitude, on behalf of the entire Board, to our devoted staff. Your dedication to our co-operative enterprise is without parallel. Sincere thanks to you all!

Our long executive search came to a successful conclusion with the hiring of our new CEO, Mike Schilling. He has certainly proven to be worth the wait. Mike hit the ground running and has inspired an up-tick in activity fundamental to our continued success. Member and staff engagement, labour movement and community outreach, and financial results are but three examples that have benefited from his leadership.

Community Savings enjoyed a remarkable celebration of our 75th Anniversary, with the number of our years taking centre stage. Members experienced \$7,500 worth of prize draws, over 75 days, with 75 winners, including three grand prizes of \$750 RRSPs! The culmination of this exercise was a \$7,500 donation to one of six community charities, receiving the most Community Savings member votes, the remaining 5 charities received \$750 each.

The financial statements in this report document one of our more successful years. Changes in strategy and direction accelerated growth on both sides of the ledger. These results enable Community Savings to enter the coming year with new opportunities to enhance the member experience and invest in innovative staff learning experiences.

In the months to come we look forward to significant initiatives designed to deliver technical advancement and adaptations, both behind the scenes and for the member. Digital banking changes are planned that will provide a greater number of options and make our member's banking experience easier and more secure.

All of the foregoing illustrates the hallmarks of a credit union year, but it does not speak to our collective heart. That unique value is found in the lives of our union membership, to whom we owe unfailing allegiance.

To use the parlance of the day, it has been a 'challenging' year for some our member unions. Elsewhere in this report we detail a few of the key elements that have been at issue, and why all of us benefit from their efforts and personal sacrifice.

As a consequence, this was also a year Community Savings joined the picket lines and stood with our union membership. We were not the fair-weather friend, rather we remained their ally in the storm. In essence it is what we do; it sustains our purpose and meaning.

It's also why we have made a significant ongoing commitment to the Union Protein Project, which provides BC Food Banks with much needed protein rich food, under the banner "Food Security Through Good Jobs".

Therefore, we report the very human enterprise of Community Savings Credit Union continues on into another year; tempered by our past experience and encouraged by our ongoing progress.

As always, I remain sincerely proud to submit this message for your consideration.

Respectfully,

Phillip Legg

Chair, Board of Directors



A Rising Tide That Lifts All Boats

The past year was an eventful one for Community Savings Credit Union. Amid the celebrations of our 75th year we also walked with and supported our member unions, as they rose to meet the challenge of creating a better tomorrow.

As a co-operative organization we reflect the joys and sorrows of our members. Our diamond anniversary served as a great reminder of our union mandate, and inspired recommitment to those 'shop floor' values that have sustained and grown our credit union.

While it is obvious that wages in many sectors have not increased in parallel with the cost of living, 2019 was a year when people took a stand for more than just improved compensation. Almost 20 years into a new century we saw long-fought issues arising anew.

Disputed matters respecting the health, safety and dignity of working people became apparent. We saw our member unions fighting for longer rest periods between shifts, safety improvements in onerous situations and the eradication of sexual harassment.

Much to our dismay, gender equity and wage parity also remain a serious problem and source of bargaining conflict. We say the fact that these issues are still a workplace reality is intolerable, as do the unions who fight to rectify the injustice of discrimination.

Where some employers depend on too much overtime, there are others that purposely create a workforce of part time employment. The fight in that latter circumstance is to win scheduling based on seniority determining all full-time assignment first, before any part time employment is scheduled. This issue is fundamental and is often a hallmark of first contract negotiations. The absence of this scheduling principle engenders "crummy jobs". Work that forces one into a second or third job, just to make a living. Notably, it also creates serious retention problems

for the employer.

There were also disputes this year where demands for re-training due to projected automation were at the forefront. Robotics and artificial intelligence are clearly going to make the 21st century workplace far different than any experienced before. Nevertheless, we feel confident the road map to navigate such revolutionary change will be drawn at the bargaining table.

Last, but certainly not least, the need to sustain pensions was a central theme of 2019 union sector industrial relations. This issue is often a factor in the fight back against a two-tier employment landscape. It is an employer driven demand that envisions two kinds of employees: those currently employed who enjoy the full benefits they've known, and those yet to be hired, who will be compensated at a lesser standard and without a pension. It is a courageous and valiant struggle; one we sincerely admire and endorse.

The foregoing represents a cross section of union values that we too, hold in high regard. We do so not just because they illustrate workplace fairness and respect. We adopt these aspirations because the standards that unions win are ultimately a win for all working people. Every wage, condition of employment, benefit and right - that all workers enjoy today - was first won by a union. Whether on a picket line, at the bargaining table or through political action, unions make everyone's life much, much better.

Organized labour is the force that inspired the slogan: "Unions, the people who gave you the weekend!" They are indeed the rising tide that lifts all boats, and it is our great honor to continue to be, The Unions' Credit Union.



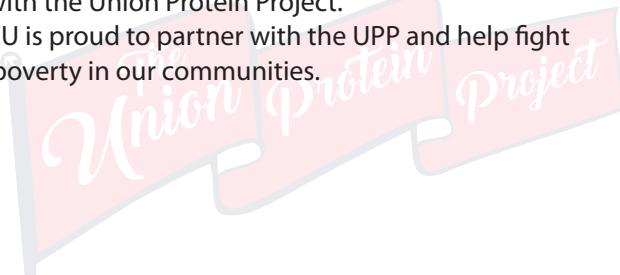
Community Savings has been a long time supporter of the Union Protein Project (UPP) and in 2019, CSCU took the step forward and became a partner of the UPP. Being a partner gave CSCU the opportunity to help create greater awareness on how unions work together to raise and donate funds to fight food poverty. Being a partner gave the CSCU staff who is represented by MoveUp, the opportunity to align with a charitable organization that was founded and being run by the labour movement. CSCU staff donated their own funds through the Jeans Dau for a Cause program and raised enough funds to deliver a pallet of protein to a local food bank. And finally, being a partner means adopting the UPP as CSCU's corporate charity and focusing our community support funds to an organization that creates a positive and immediate impact in our communities.

About the Union Protein Project

The UPP helps food banks by subsidizing shelf stable protein-based foods so food banks can save precious money and maximize their purchasing power. Food banks in BC regularly experience shortages of protein-based food and struggle to ensure that vulnerable people get this key nourishment. Many families are struggling to provide the nourishment that is essential for their health, and children make up over 45% of people relying on BC food banks. Protein is important food for brain and muscle development and is an essential part of the nutrition that we all need.

The Greater Vancouver Food Bank says it saved in excess of \$250,000 in 2018 on protein through its partnership with the Union Protein Project.

CSCU is proud to partner with the UPP and help fight food poverty in our communities.



Community Support

As a financial co-operative that is run by its members, Community Savings Credit Union is passionate about putting people before profits. Being a locally based and locally focused credit union, we realize the need and importance in supporting our communities. CSCU's annual support involves funding for sponsorships, donations, educational bursaries, and scholarships. CSCU staff is active throughout the year, donating their personal funds to help support community initiatives and programs.

In 2019, CSCU was pleased to help sponsor initiatives like sending BCWITT tradeswomen to the Women Build Nations conference. In late 2019, as part of our 75th Anniversary celebration, the \$7,500 Community Challenge was launched and we asked our Members and the public to help vote for an organization to be awarded the \$7,500 main prize. Six organizations were nominated and offered valuable services and programs. The Community Challenge finished on December 6th and the \$7500.00 went to Our Place Society in Victoria. CSCU also presented \$750.00 each to the 5 other organizations in recognition for their participation. Overall, the Community Challenge was a huge success in that the awareness and profile of these amazing organizations was raised through the promotion of the Community Challenge.



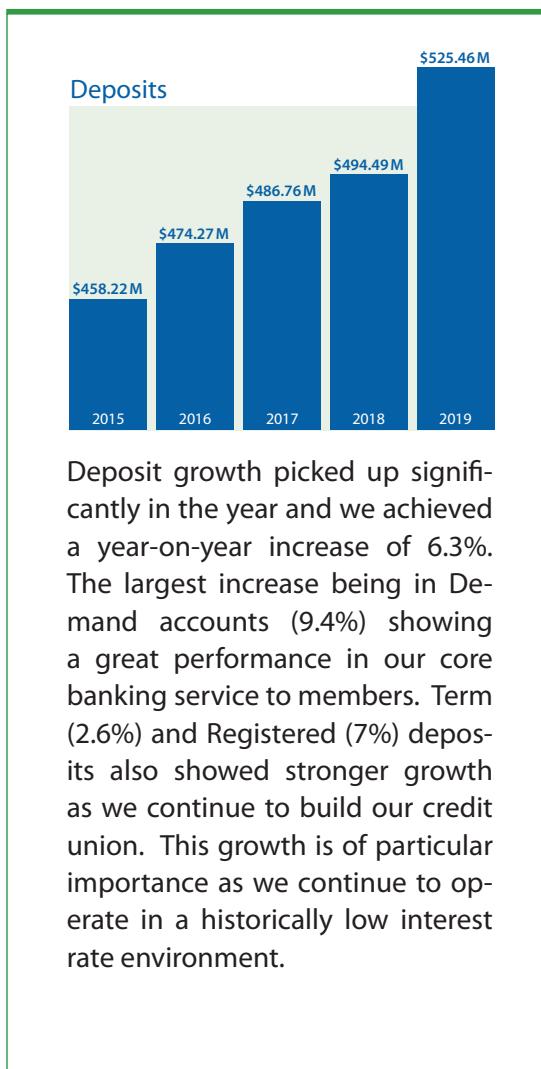
2019 In Review

Management Discussion and Analysis

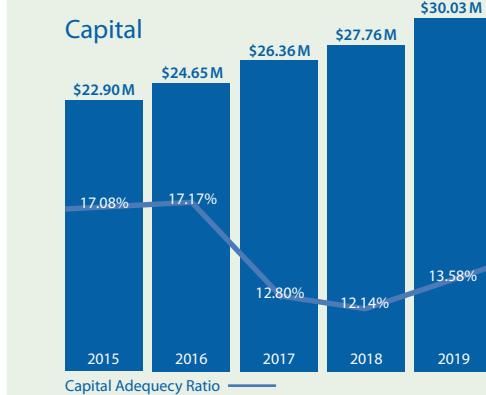
This has been a very successful year for our credit union where we have seen a strong financial performance, maintained a very stable balance sheet and have achieved growth in fundamental areas such as core deposits and membership. Our strategy of managing our interest rate exposure, focusing on the structure of our loan portfolio and controlling costs has enabled us to return an excellent financial performance whilst also investing significantly in our team. This achievement, in what was a potentially challenging year, has set us on a course of investment and growth which will enable us to better serve our members well into the future.



6.3% Deposit growth in 2019



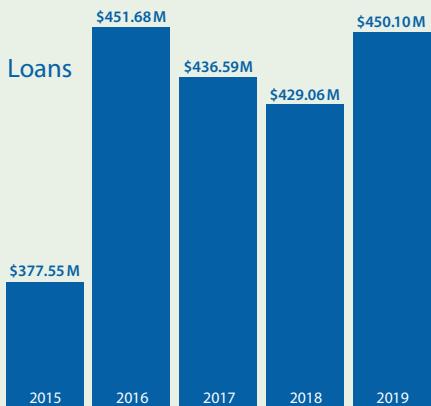
8.2% Capital growth in 2019



Capital grew year-on-year by 8.2% demonstrating the strong financial performance. We have very robust Capital Adequacy allowing us to continue the growth of the credit union whilst in an environment of tight interest margins.

Total Comprehensive Income

Total Comprehensive Income was at its highest level in recent years at \$2.3m, a year-on-year increase of 63%. We benefited significantly from management's decision to unwind an interest rate swap whilst maintaining a very neutral position with respect to exposure to prime rate changes. In this respect the credit union is in a very healthy position backed by strong capital, liquidity and balance sheet composition.



5% Loan growth in 2019

Loans

We have reversed a trend of declining loan growth and saw an overall increase of 5% year-on-year. The market conditions proved extremely competitive throughout 2019 but we have held market share and continued to meet our members' needs. Notably we focused on growing the Commercial loan portfolio which increased by over 31% year on year. Our loan losses have remained very low as we continue to focus on responsible lending and strong credit controls.

Operating Expenses

We are constantly aware that, in operating our credit union, we are spending and committing our members' money – we therefore look very carefully on how we manage costs effectively. Operating expenses reduced slightly in the year driven by a reduction in some one-off costs we saw in 2018 and a continued approach of financial responsibility. It is important that we continue to invest in our team and our operations where this delivers a return for our members and/or reduces our risks.

Interest income

Our interest income grew in the year by \$1.6m (9.5%) due to increased lending volume and in period which saw some prime rate increases. Our lending products remain very competitive however 2019 saw some extremely aggressive lending campaigns from the banks and other credit unions. We stood up well to this but expect to continue to face strong headwinds as we move in to 2020.

Interest Expense

Interest expense grew significantly (\$2.5m - 44%) year-on-year due both to an increase in deposits and the repricing of new and existing 'interest-riser' products. Whilst our members are enjoying better returns on their savings the interest rate margin is narrowing as expenses grow at a faster rate than income. We expect interest expenses to rise again in 2020 but at a much reduced rate (6.7%). This will be driven by deposit growth and some repricing of historical products – the outlook for the prime rate shows much less market expectation of rate rises in the near term.

2020 Outlook

We will continue to operate in a highly competitive financial services market where banks, credit unions and new entrants to financial services will offer consumers more choice than ever. We need to continue to innovate and invest in our credit union to ensure we remain the best choice for our members. 2020 will see us deliver significant upgrades to our member-facing technology, offer new and rewarding products as well as investing in our team and processes. We have a prudent but confident strategy to grow our credit union, serve more members and make sure we are at the forefront of innovation in the industry.



REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARIZED FINANCIAL STATEMENTS

To the Members of Community Savings Credit Union

Opinion

The accompanying summarized financial statements of Community Savings Credit Union (the Entity), which comprise:

- The summarized statement of financial position as at September 30, 2019
- the summarized statement of comprehensive income for the year then ended
- the summarized statement of changes in members' equity for the year then ended
- the summarized statement of cash flows for the year then ended
- and related notes

are derived from the audited financial statements of Community Savings Credit Union as at and for the year ended September 30, 2019 (audited financial statements).

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summarized financial statements.

Summarized Financial Statements

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

The summarized financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of the summarized financial statements in accordance with the criteria disclosed in Note 1 in the summarized financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summarized financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summarized Financial Statements.

A handwritten signature in black ink that reads "KPMG LLP". A thin horizontal line extends from the end of the "P" towards the bottom right.

Chartered Professional Accountants

Vancouver, Canada
December 12, 2019

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KPMG Canada provides services to KPMG LLP.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Financial Position

September 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 28,988,931	\$ 34,271,910
Investments	78,281,001	61,817,644
Loans	450,105,407	429,065,406
Premises and equipment	1,285,611	1,236,042
Intangible assets	105,878	44,434
Deferred income tax assets	573,794	480,105
Other assets	1,104,482	1,175,978
	\$ 560,445,104	\$ 528,091,519
Liabilities and Members' Equity		
Deposits	\$ 525,459,898	\$ 494,497,462
Derivatives	157,373	1,131,063
Members' shares	1,197,907	1,230,528
Income taxes payable	155,000	39,969
Other liabilities	3,441,752	3,431,122
	530,411,930	500,330,144
Members' equity:		
Contributed surplus	2,851,000	2,851,000
Retained earnings	27,273,808	25,814,312
Accumulated other comprehensive loss	(91,634)	(903,937)
	30,033,174	27,761,375
	\$ 560,445,104	\$ 528,091,519

See accompanying note to the summarized financial statements.

Approved on behalf of the Board:

Director

Director

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Comprehensive Income

Year ended September 30, 2019, with comparative information for 2018

	2019	2018
Interest income:		
Loans	\$ 16,574,783	\$ 15,359,264
Cash and cash equivalents and investments	2,043,420	1,641,927
	<u>18,618,203</u>	<u>17,001,191</u>
Interest expense:		
Deposits	7,531,942	5,064,999
Borrowings	-	6,732
	<u>7,531,942</u>	<u>5,071,731</u>
Net interest income	11,086,261	11,929,460
Provision for credit losses	72,326	12,001
Non-interest income	<u>1,388,908</u>	<u>1,578,095</u>
Total operating income	12,402,843	13,495,554
Non-interest expense:		
Salaries and benefits	6,781,150	6,531,289
Administrative	3,519,498	4,165,327
Depreciation	298,505	265,416
	<u>10,599,153</u>	<u>10,962,032</u>
Income from operations	1,803,690	2,533,522
Distribution to members	19,703	12,948
Income before provision for income taxes	1,783,987	2,520,574
Provision for (recovery of) income taxes:		
Current	410,469	507,946
Deferred	(93,689)	55,308
	<u>316,780</u>	<u>563,254</u>
Net income	1,467,207	1,957,320
Other comprehensive income, net of income taxes:		
Item that will be reclassified to net income:		
Net unrealized loss on cash flow hedges, net of income taxes of \$166,375 (2018 - \$(115,440))	812,303	(562,421)
Comprehensive income	<u>\$ 2,279,510</u>	<u>\$ 1,394,899</u>

See accompanying note to the summarized financial statements.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Changes in Members' Equity

Year ended September 30, 2019, with comparative information for 2018

	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total members' equity
Balance on September 30, 2017	\$ 2,851,000	\$ 23,856,992	\$ (341,516)	\$ 26,366,476
Net income	-	1,957,320	-	1,957,320
Other comprehensive income:				
Hedging reserve - cash flow hedges: Net unrealized losses	-	-	(562,421)	(562,421)
Balance on September 30, 2018	2,851,000	25,814,312	(903,937)	27,761,375
Adjustment on initial application of IFRS 9	-	(7,711)	-	(7,711)
Net income	-	1,467,207	-	1,467,207
Other comprehensive income:				
Hedging reserve - cash flow hedges: Net unrealized losses	-	-	812,303	812,303
Balance on September 30, 2019	\$ 2,851,000	\$ 27,273,808	\$ (91,634)	\$ 30,033,174

Summarized Statement of Cash Flows

	2019	2018
Cash resources provided by (used in):		
Operating activities	\$ 11,395,731	\$ 18,670,370
Investing activities	(16,646,089)	(2,617,377)
Financing activities	(32,621)	(32,430)
Increase (decrease) in cash and cash equivalents	(5,282,979)	16,020,563
Cash and cash equivalents, beginning of year	34,271,910	18,251,347
Cash and cash equivalents, end of year	\$ 28,988,931	\$ 34,271,910

Note to the Summarized Statement of Financial Statements.

1. Basis of presentation:

These summarized financial statements have been prepared in accordance with Section 128(4) of the Financial Institutions Act and are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended September 30, 2019. Those audited financial statements were approved by Community Savings Credit Union's Board of Directors on December 12, 2019 and can be obtained at any of our branches.

75th Anniversary Celebration

Community Savings turned 75 in 2019 and we proudly celebrated our 75th Anniversary with our amazing Members! Our first celebration was a prize draw that was 75 days long and resulted in 75 lucky prize winning members. Later in 2019, the \$7500 Community Challenge recognized 6 local charities in our communities and we challenged our members and the public to vote for a winner of the \$7500 prize. It was overwhelming to see the fantastic support that these organizations received.



OVER **11,850**
Prize Draw Entries

Some Pictures of our **75** Happy Winners





Governance Report

Community Savings Credit Union (CSCU) is governed by a board of directors elected by the credit union's members. The board of directors is responsible under law for the management of the credit union's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of the credit union in the interests of all members. The duties and responsibilities of the Board are set out in the mandate for the Board and include providing the mission and goal for the credit union, developing a governance system and an overall risk appetite to manage and monitor applicable risks.

Audit Committee

The purpose of the Audit Committee is to review and report on annual financial statements and returns, to review reports of the Auditor, review prescribed reports, transactions or matters and liaise between the Auditors and Board of Directors.

Board Executive Committee

The Board Executive Committee consists of the Board Chair, the Vice Chair and the Secretary Treasurer. The Board Executive Committee provides guidance and oversight in the effective functioning of the Board of Directors.

Community Involvement Committee

The purpose of the Community Involvement Committee is to develop policy regarding the philanthropic initiatives of the Credit Union. The committee works with management in selecting potential organizations or projects that match the Credit Union's corporate philosophy in its corporate giving.

Conduct Review Committee

The Conduct Review Committee ensures procedures are designed to prevent conflicts of interest, resolve them if they occur and restrict the flow of confidential information. They are responsible to disclose who provides a service or product arranged by the credit union as may be required by the Financial Institutions Act.

Corporate Governance Committee

The Corporate Governance Committee is charged with creating and promoting corporate governance policies which build practices consistent with the credit union's core values and rules. The committee promotes an environment where good governance is part of the culture of the Credit Union and to ensure compliance.

Enterprise Risk Management Committee

The role of the Enterprise Risk Management Committee is to manage risk, not eliminate it. The objective of the Enterprise Risk Management Committee is to enhance value and to preserve the long-term sound business and financial operations of the credit union.

Investment and Lending Committee

The purpose of the Investment and Lending Committee is to ensure that the Credit Union has written Investment and Lending Policies which reflect prudent standards and ensure procedures are followed and reviewed regularly.

Nominations Committee

The purpose of the Nominations Committee is to ensure that there is the appropriate number of nominees for the election of the Board of Directors to oversee and administer the election of the Directors to the Board on behalf of and report to the credit union membership. The Nominations Committee recruits and recommends candidates to ensure the Board has a strategic and diverse mix of relevant skills, attributes, and business knowledge to meet the needs of the credit union's leadership and strategic talent.

Personnel Committee

The Personnel Committee is responsible to ensure there is a compensation philosophy including guidelines on compensation and overseeing succession planning for the senior executive team. They are also responsible to ensure sound human resources policies, including policies relating to health and safety are in place and implemented.

Ad Hoc Committees

Ad Hoc committees fulfill the duties and responsibilities as assigned by the Board of Directors.

Board of Directors

The majority of the Community Savings' Board of Directors are known leaders within the labour movement. Each board member is an advocate for hard-working people who strive to create a secure life for their families. The board works together with a common vision for the future of the credit union and the working community.



Phillip Legg
Chair of the Board



Colleen Jordan
Vice-Chair



Gary Kroeker
Secretary



Ken Bauder
Director



Lynn Bueckert
Director



Mary LaPlante Derksen
Director



Irene Lanzinger
Director



Lee Loftus
Director



Leslie Roosa
Director



Rick Sieb
Director



Dave Wilson
Director

Director Compensation Disclosure

CSCU Directors are expected to devote considerable time to fulfill their obligations to oversee the Credit Union and attend board meetings, annual planning sessions, committee meetings etc. In order to attract and retain qualified Directors, to reward them for their professional expertise, and level of contribution expected of them, compensation is set at a rate comparable to other credit unions and financial institutions.

For fiscal year 2019, the compensation received for each Director is outlined in the table below, along with their meeting attendance.

Director Name	Role	Directors Fees	Board Meetings Attended	Committee Meetings Attended	Other Expenses	Total
Phillip Legg	Chair	\$8,500	7 of 7	27 of 27	\$704	\$9,204
Colleen Jordan	Vice Chair	\$7,700	7 of 7	31 of 31	\$62	\$7,700
Gary Kroeker	Secretary/Treasurer	\$4,450	3 of 7	15 of 21	\$32	\$4,450
Irene Lanzinger	Director	\$1,700	4 of 4	3 of 3	\$1,079	\$2,779
Ken Bauder	Director	\$4,400	6 of 7	12 of 12	\$27	\$4,427
Mary LaPlante Derksen	Director	\$4,500	5 of 7	10 of 14		\$4,500
Dave Wilson	Director	\$5,150	7 of 7	16 of 17		\$5,150
Rick Sieb	Director	\$4,200	6 of 7	8 of 11		\$4,200
Leslie Roosa	Director	\$5,050	7 of 7	17 of 17	\$188	\$5,050
Lee Loftus	Director	\$4,350	7 of 7	14 of 14	\$1,034	\$5,384
Lynn Bueckert	Director	\$3,300	5 of 7	8 of 15	\$1,034	\$4,334
Ken Isomura	Director	\$3,400	1 of 2	N/A		\$3,400
TOTAL		\$56,700			\$3,878	\$60,578

*Ken Isomura resigned his position of Director on February 5, 2018

CSCU Compensation Philosophy

Community Savings compensation philosophy applies equally to all employees as compensation is fundamental to our ability to attract, retain, reward and motivate the talented individuals needed for our long-term success. As a financial institution we depend upon highly-skilled individuals who specialize in a broad range of disciplines and as a result, our compensation program allows for attractive salary levels within relevant markets consistent with job content, responsibilities and requirements. In addition, we are proud to be a Living Wage Employer.

Executive Compensation

Program Philosophy and Objectives

One of our key objectives is to provide reasonable and competitive total compensation consistent with market based compensation practices for our executive level positions. CSCU must attract individuals with the necessary skills and experience for each executive level role in order to achieve the strategies developed by the Board of Directors to support of our members.

The executive compensation program is designed to:

- Encourage, attract and retain high caliber executives
- Provide a competitive total compensation package
- Support a “pay for performance” culture through incentives
- Be flexible, and reward individual accomplishments as well as organizational success

Market Position

While our primary comparative markets are other financial institutions, we also understand that the market for executive talent is broader than this group alone. CSCU may rely on other salary survey data outside of this group, when appropriate, for specific competencies. In general, CSCU positions total compensation including benefits is at the 75th percentile of market data.

Governance

The executive compensation program is administered by the Personnel Committee of the Board. The Committee meets to review the program and recommends changes on an as needed basis.

CEO's Office

The CEO's total compensation is based on the guiding philosophy and principles that apply to all employees.

Base Salary

Base salary is determined by the Personnel Committee of the Board of Directors, reviewed annually and compared with a variety of measures and market information. CEO compensation is based on our comparative asset groups across Canada as determined by an annual Central 1 Credit Union Survey of credit union compensation, in which Community Savings participates.

Benefits and Perquisites

The CEO participates in the same comprehensive benefits plan as all other employees which provides medical, dental, disability and insurance coverage. Additional perquisites provided to all employees and the CEO includes staff accounts and staff rates on loans and mortgages. The CEO also receives a car allowance for a total of \$9,000 per annum.

Retirement Income Program

The CEO participates in Community Savings' RRSP plan where employees are paid a percentage of their base salary into an RRSP. The annual CEO contribution to the RRSP is included in the pension, benefits, perquisites amount shown below.

Short Term Incentive Program

The CEO's short term incentive is based on the achievement of both organizational and individual objectives.

CEO Compensation

For the fiscal year ending September 30, 2019, both an interim and a permanent President & CEO were in place during the year. The total compensation paid to the two individuals while performing the role of CEO was \$227,699.32 which represents base salary, bonus, RRSP contributions, benefits and perquisites.



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