



Annual Report | 2014



You belong here.



Vision

To be the superior financial, wealth management and insurance provider for people and organizations in the Parkland area.

Mission

Our credit union provides innovative financial products and services, fosters cooperative team efforts, promotes sustainable economic development, manages a profitable business to share with members and strengthens the bonds that tie our communities together.

Brand Promise

Catalyst Credit Union fosters and promotes a sense of belonging among the members and communities it serves.



Message from the Chairman

2014 was Catalyst Credit Union's first full year of business and one to be very proud of, as many the objectives we hoped to achieve through attrition and efficiencies became reality. The result is that assets have grown \$33.5 million to pass the \$406 million mark, with net profits after taxes just shy of 2.8 million. These excellent numbers are the result of a clear vision and focused effort on the part of both board and employees.

Such a successful year would normally lead to a generous patronage allocation but — as we will explain throughout this report — we have chosen to forgo this option.

In the last few annual reports I have touched on some of the internal and external influences affecting the way(s) we do business. First are the financial soundness requirements that we must meet as set out in the Basel III accord, an international set of reform measures introduced to strengthen the banking sector in response to the 2008 financial crisis. By 2019, Retained Earnings must be at least 3.5% of assets, Regulatory Capital must be at 5.5% and Risk Rated Capital must be at 11.5% — with additional buffers of 0.5% for Retained Earnings and Regulatory Capital and 1.0% for Risk Rated Capital. Coupled with the present low taxation rate (which will only escalate), these requirements are the foundation of our decision to not make an allocation.

The credit union system must also deal with uncertainties brought about by the Federal government's Bill C-43, which effectively takes oversight of credit unions from the Federal government and places this responsibility in the hands of our Provincial regulators effective December 31, 2016. Needless to say, there is some lobbying going on to ensure credit union members can continue to enjoy our 100% deposit guarantee. Unforeseen possible ramifications have also come to light with respect to cheque clearing. The system currently uses Central 1 for clearing; their Provincial government is now concerned that these processes expose them to financial guarantee responsibilities that aren't necessarily within their jurisdiction. In essence, the system has things to work through so we can continue to enjoy the guarantees that we enjoy today.

In the fall of 2014, senior management, the board chair and audit chair went through an interview process with the Deposit Guarantee Corporation of Manitoba with respect to governance. These interviews varied in length, from two to three hours for each individual. This was quite an enlightening experience and, at the end of the process, we received a report that basically revealed no deficiencies but did identify a few areas for improvement, which are all being addressed. All in all, members can be quite comfortable that Catalyst is operating in a very compliant manner.

I have also discussed in past reports the added burden we face as a result of large credit unions no longer requiring as many outsourced services from Credit Union Central of Manitoba, leaving small- and medium-sized credit unions having to absorb a larger proportion of these fixed costs. These developments, coupled with the impending Basel III requirements, have led to a renewed sense of discussion among credit unions around



Richard Dereniwski

collaboration and amalgamation. There is some speculation that Manitoba could be home to as few as 20 credit unions by 2020, down from 36 today (ten years ago, there were 57). Management and board are continually assessing the landscape and will endeavour to keep you apprised of same as time progresses.

When you bring all this together, it demonstrates the commitment your board is required to deliver in order to stay atop of today's influences. Over the past year we have met dozens of times: for regular and special board meetings; policy, audit and executive committee meetings; planning sessions; the CUCM and CUCC annual meetings; Executive Forum (focused on elected officials) and spring and fall system meetings — plus numerous “special call” meetings designed to provide avenues for deliberation and education. As our credit union's assets grow, so does the responsibility of your directors. This in essence brings about a renewed sense of responsibility when it comes to compliance and education. Our regulators will continue to apprise us of potential avenues of furtherance and to identify shortfalls.

As we continue in deliberation and evaluation, I am always humbled by the interaction of your board and the professionalism and constructive input of our discussions. It has truly been an absolute pleasure to work in tandem with my fellow directors and management and I thank them for that. I would also like to commend management and staff for their commitment in the past year, which has translated into the success of 2014. And, as always, we thank you, the members, for your continued commitment and patronage — the ultimate “catalyst” that makes our organization as successful as it is.

Richard Dereniwski
Chairman, Board of Directors



Message from the President and CEO

It is a pleasure to present the management report for Catalyst Credit Union's first full year of operations. The challenges and trials we have faced have been more than counterbalanced by the substantial achievement and positive energy that are coming to define our new institution. In just over 18 months of combined operations, a sense of pride has definitely begun to grow. Further proof of our progress can be found in our financial and operational results from 2014. Financial results have met or exceeded our initial goals, and in a much shorter time frame than we'd originally expected.

Financials

Catalyst Credit Union's assets grew by 8.99% in 2014, with loans increasing by 10.5% and deposit growth of 8.96%. This compares to Manitoba system growth of 6.2% for assets, 7.3% for loans, and 5.8% for deposits. In the area of capital — a category that has everyone's attention — retained earnings are now 4.88% of assets, with total equity at 6.49%. Summarized financials are included in your package. We will review these financials and attempt to answer any questions you may have. A full set of financials is available to members upon request.



Ron Hedley

Operations

Included in your package is a copy of our recently published annual tabloid newsletter, a review of credit union news from the past year. As you may expect, there was a lot of activity in 2014, with a great deal accomplished by our staff on the operations side. We have also been very pleased with our ability to provide leading edge products and services to Catalyst members. Numbers from a member satisfaction survey conducted this past fall are included in the tabloid, showing that members are mostly getting what they want from us. Another area of note is our focus on community — both in volunteer hours and dollars invested back into our communities. We held meetings this past year with Chambers, business groups and councils in all the communities we serve, to renew our commitment to being a strong partner going forward.

Marketing/Branding

We committed a great deal of time, money and resources in 2014 to market and brand our new company and logo. The name "Catalyst" has come to life and we are quite proud of it. More and more we are finding that members and staff share a favorable response to the name and brand. We have attempted to complete the changeover from our legacy credit unions to Catalyst in the most efficient and cost effective manner possible, and believe we have accomplished this.

Lending

As the numbers show, we have experience solid growth, but equally important, we now have a very well diversified loan portfolio. The current mix of ag, commercial, and personal loans is one that is well balanced and minimizes our risk exposure to economic downturns, if any. Our goal with respect to lending is to be able to provide experts to our membership for all their borrowing needs.

Compliance

Compliance and security are growing concerns in the financial services industry. We have maintained a strong commitment in this area and have provided the required resources to ensure that we are well positioned for whatever we may encounter in future. This involves protecting both our membership and the assets of our company.

Staffing

Catalyst employees continue to be the most significant assets we have and we are very proud of each of them. It would have been tempting to take an easier path through our transition, but the opposite happened. Our staff's commitment to more effort, more training, and an incredibly positive attitude all came together to allow us to successfully face and overcome a variety of transitional challenges. Our new company has provided staff with some excellent opportunities and Catalyst has assembled a strong pool of talented candidates for new positions. My personal thanks to this amazing group of individuals — you make it fun to come to work, day in and out.

I would also like to thank the board of directors for their strong support through what have been sometimes trying (though always exciting) times. The time and energy required to fulfill the responsibilities of a director of our credit union is quite demanding. To a person, this board has stepped up and accepted their duties to lead us into the future.

And then there are you, our loyal member-owners. Thank you for standing by us, and for your understanding and patience as we have made the transition to a new and larger financial co-operative. We exist to serve you and to be a strong community supporter and partner. We will strive to continue to live up to our brand promise: to be a catalyst in our little area of the world.

T. Ron Hedley
President and CEO

Catalyst Credit Union Limited
Summary Financial Statements
For the year ended December 31, 2014

Independent Auditors' Report

To the Members of Catalyst Credit Union Limited:

The accompanying summary consolidated financial statements of Catalyst Credit Union Limited and its subsidiaries, which comprise the summary consolidated statement of financial position as at December 31, 2014, and the summary consolidated income statement, changes in members' equity and cash flows for the period then ended are derived from the audited consolidated financial statements of Catalyst Credit Union Limited for the year ended December 31, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 28, 2015.

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

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these summary consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, these summary consolidated financial statements, derived from the audited consolidated financial statements of Catalyst Credit Union Limited for the year ended December 31, 2014 are a fair summary of those consolidated financial statements.

Report on Other Legal and Regulatory Requirements

As at December 31, 2014, the Credit Union met the capital and liquidity reserve requirements established by Sections 15, 21, and 21(1) of the Regulations to the Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity reserve requirements, the reader must refer to the audited consolidated financial statements and notes for the period ended December 31, 2014.

Brandon, Manitoba

March 28, 2015

MNP LLP
Chartered Accountants

Catalyst Credit Union Limited
Summary Consolidated Statement of Financial Position
For the period ended December 31, 2014

	2014	2013
Assets		
Cash and cash equivalents	37,355,553	37,139,054
Accounts receivable	390,470	202,450
Investments and accrued interest	7,353,783	8,085,232
Members' loans receivable and accrued interest	355,507,630	321,753,612
Income taxes recoverable	-	69,337
Prepaid expenses	695,573	315,873
Property and equipment	4,477,069	4,615,061
Intangible assets	954,611	1,000,089
	406,734,689	373,180,708
Liabilities		
Member deposits and accrued interest	377,405,632	346,391,919
Current tax payable	173,396	16,190
Accounts payable	2,552,316	2,459,054
Deferred tax	197,225	277,451
	380,328,569	349,144,614
Members' equity		
Member shares	6,573,532	6,942,981
Retained earnings	11,504,065	8,764,590
Contributed surplus	8,328,523	8,328,523
	26,406,120	24,036,094
	406,734,689	373,180,708

Approved on behalf of the board

Signed "Richard Dereniwski"
Director

Signed "Edwin Meyer"
Director

Catalyst Credit Union Limited
Summary Consolidated Income Statement
For the period ended December 31, 2014

	2014	2013
Interest Income		
Member loans	14,176,920	6,990,543
Interest revenue	1,016,297	567,300
	15,193,217	7,557,843
Interest expense	5,579,583	2,646,012
Gross financial margin	9,613,634	4,911,831
Operating Expenses		
Administration	4,433,585	2,630,729
Amortization	421,721	248,041
Member security	373,759	186,205
Occupancy	471,706	303,597
Organizational	340,058	196,454
Personnel	5,069,777	2,225,184
	11,110,606	5,790,210
Net operating expenses	(1,496,972)	(878,379)
Other income	4,609,323	2,398,625
Income before recovery of impaired loans, patronage refund and income taxes	3,112,351	1,520,246
Recovery of impaired loans	(149,628)	(207,855)
Income before patronage refund and income taxes	3,261,979	1,728,101
Provision for patronage refund	-	500,000
Income before income taxes	3,261,979	1,228,101
Provision for income taxes		
Current	549,387	175,001
Deferred	(80,226)	153,000
	469,161	328,001
Net income	2,792,818	900,100

Catalyst Credit Union Limited
Statement of Changes in Members' Equity
For the period ended December 31, 2014

	<i>Member shares</i>	<i>Contributed surplus</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance June 30, 2013	4,091,493	-	7,864,490	11,955,983
Net income	-	-	900,100	900,100
Acquired through business combination	2,480,071	8,328,523	-	10,808,594
Issuance of member shares	580,042	-	-	580,042
Redemption of member shares	(208,625)	-	-	(208,625)
Balance December 31, 2013	6,942,981	8,328,523	8,764,590	24,036,094
Net income	-	-	2,792,818	2,792,818
Issuance of member shares	777,737	-	-	777,737
Redemption of member shares	(1,200,529)	-	-	(1,200,529)
Dividend on preference shares, net of tax	53,343	-	(53,343)	-
Balance December 31, 2014	6,573,532	8,328,523	11,504,065	26,406,120

A full set of audited financial statements is available from the Credit Union

Catalyst Credit Union Limited
Summary Consolidated Statement of Cash Flows
For the period ended December 31, 2014

	2013	2013
Cash provided by (used for) the following activities		
Operating activities		
Interest received from members' loans	14,168,804	6,996,806
Interest received from investments	1,039,015	631,831
Interest paid to members	(5,319,693)	(2,098,351)
Cash paid to suppliers and employees	(11,163,343)	(6,223,174)
Other income	4,609,323	2,838,785
Income taxes paid	(322,844)	(192,221)
	3,011,262	1,953,676
Financing activities		
Net change in member deposits	30,753,823	15,474,720
Proceeds from issuance of member shares	777,737	80,042
Redemption of member shares	(1,200,529)	(208,625)
	30,331,031	15,346,137
Investing activities		
Net change in members' loans receivable	(33,596,274)	(19,433,336)
Purchases of of investments	(943,093)	-
Proceeds on disposal investments	1,651,824	6,720,739
Purchases of property and equipment	(238,251)	(20,757)
Cash provided by business combination	-	17,012,237
	(33,125,794)	4,278,883
Increase in cash resources	216,499	21,578,696
Cash resources, beginning of year	37,139,054	15,560,358
Cash resources, end of year	37,355,553	37,139,054

A full set of audited financial statements is available from the Credit Union



In 2014, Catalyst Credit Union returned
over \$114,000
to the communities we serve

in sponsorships, donations and bursaries

And, in 2014, Catalyst Credit Union employees spent **4,887 hours of their own personal time** volunteering to make our communities better places to live — an average of **over 60 hours** per full-time employee!



Dauphin | Ethelbert | Gilbert Plains | Inglis | Pine River | Roblin | Winnipegosis

Some of the events and groups
Catalyst Credit Union supported last year:

Aseissippi Parkland Tourism
Bratsva Studio
Canada's National Ukrainian Festival
Canadian Diabetes Association
Curl Manitoba Masters Championships
Dauphin Ag Society
Dauphin Fire Fighters
Dauphin Kings
Dauphin Lacrosse
Dauphin's Countryfest
Ethelbert Curling Club
Ethelbert District Community Fund
Fort Dauphin Museum
Gilbert Plains Collegiate
Gilbert Plains Community Fund
Gilbert Plains Elementary School
Gilbert Plains & Grandview Ag Society
Gilbert Plains Rec Commission
Inglis Playground Committee
Journey for Sight
Juvenile Diabetes Research Foundation
Lions Eye Bank
MAFRI Take the Leap Conference
Manitoba 55-Plus Games
Manitoba High Schools Athletic Association
Manitoba Mud Run
Manitoba Winter Games
North Western Marquette Festival
Parkland Humane Society
Parkland Rangers
Riding Mountain Mutual Aid District
RM of Ethelbert
Roblin & District 4-H
Roblin & District Chamber of Commerce
Roblin Golf Club
Roblin Minor Hockey
Roblin Recreation Commission
Roblin Skating Club
Russell High School Rodeo
Russell Rams
U of W Chair in Co-operative Management
Wasagaming Foundation
Watson Arts Centre
West Regional Tribal Council
Winnipegosis 100th Celebration
Winnipegosis Playground Committee

catalystcu.com



You belong here.

Catalyst Credit Union Partners



Love & Persson Group *Back:* Sheldon Love, Brendan Gardner, Jon Yerama, Nicole Smith, Rob McDill, Carolyn Rempel, Luke Love, Patty Zabiaka, Melissa Barsewsky, Jackie Goran, Lynn Etsell, JR Moy, Teresa Matskiw, Braedyn Leary. *Front:* Lorie Yerama, Lorena Taylor, Joanne Moy, Valdina Michaluk, Susan Chapman, Alexandria Zurba, Edith Chornoby, Ron Love.



North Star Insurance & Real Estate *Back:* JoAnn Zimmer, Sara Eys, Karen Goraluk, Gwen Becker. *Front:* Ryan Keown, Melissa Moffit. *Missing:* Megan Leflar.

Catalyst Credit Union Board of Directors



Richard Dereniwski
ROBLIN
Chairman



Edwin Meyer
GILBERT PLAINS
Vice-Chair



Lori Schlachter
INGLIS
Secretary



Nestor Barsewsky
WINNIPEGOSIS
Director



Mike Csversko
DAUPHIN
Director



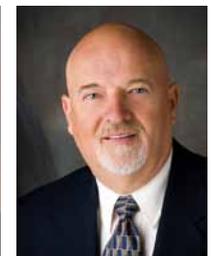
Mitch Michaluk
ETHELBERT
Director



Albert Paziuk
ETHELBERT
Director



Gerald Stuart
ROBLIN
Director



Merv Toderian
DAUPHIN
Director

Catalyst Credit Union Staff



Dauphin *Back:* Lavonne Tyschinski, Les Kuzyk, Lorette Lajoie, Trent Hutsal, Marsha Dudar, Shannon Prokopowich, Brittany Novak. *Middle:* Shelley Porter, Deanna Gouldsbrough, Aaron Werbicki, Michelle Mazurkewich, Lisa Stienwandt, Gerry Wieler, Ron Hedley, Samantha Fendick, Lila Forbes, Joanne Pulak, Miranda Trowbridge, Amy Thompson. *Front:* Pam Sawicki, Michelle Berry, Kelsey Nordquist, Janet Morgenstern, Jennifer Puchailo, Shannon Demeria, Morgan Hrychuk, Cynthia Hadway, Katelyn Wozny, Ashley Johnson. *Missing:* Britt Yerama, Judy King, Kelli Gancher, Linda Derhak, Mary-Ann Janssen, Karla Bise, Steve Ganczar, Tyre Ferland-Ironstand.



Inglis *Back:* Lynn Tataryn, Shellie Wasilka, Barb Dudman, Debbie Liske. *Front:* Melissa Jordan, Sara Marzoff.



Ethelbert Heather Welland, Candace Moroz, Dennis Korzeniowski, Maryanne Chute. *Missing:* Rachel Jensen.



Roblin *Back:* Carrie Dietrich, Elaine Mann, Jim Hickey, Taylor Funk, Devron Jakeman, Gwen Diment, Sharon Hojnocki, Dean Becker, Connie Baumung. *Middle:* Lorilee Yakimishyn, Kathy Russett. *Front:* Bridgette Rist, Noreen Nykyforak, Tyler Booker, Kelly Brook, Lola Antony. *Missing:* Cindy Hykawy, Landra Goossen, Sylvia Allard, Karlene Stanley, Gladys Timoruski.



Pine River Susanne Caruk and Shannon Fletcher.



Gilbert Plains Shannon Priest, Kylie Andriechuk, Angelique Forbes, Melissa Laurie. *Missing:* Jessica Ward.



Winnipegosis Amber Wyatt, Tiara Gensisky, Vernon Nepinak, Jennifer Goudie.



- Dauphin** 505 Main Street N
204.622.4500
Mon-Thu 9:00-5:00, Fri 9:00-5:30
- Ethelbert** 9 Railway Avenue
204.742.3529
Mon-Fri 9:00-12:30, 1:30-4:00
- Gilbert Plains** 36 Main Street N
204.548.3000
Mon-Thu 9:30-4:30, Fri 9:30-5:30
- Inglis** 116 Main Street N
204.564.2401
Mon-Thu 9:00-12:00, 1:00-4:30
Fri 9:00-12:00, 1:00-5:30
- Pine River** 1st Avenue
204.263.2166
Tue & Thu, 9:30-1:30
- Roblin** 266 Main Street W
204.937.2156
Mon-Thu 9:00-4:30, Fri 9-5:30
- Winnipegosis** 228 -1st Street N
204.656.5050
Mon-Thu 9:30-4:30, Fri 9:30-5:30

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