

Financial Fitness



2015
ANNUAL REPORT

AGENDA

1. Reading and Approval of the Minutes of the 70th AGM.
 2. Business Arising out of the Minutes.
 3. Director's Report.
 4. Credit Committee Report.
 5. CEO's Report
 6. Auditors' Report.
 7. Acclamation of Directors
 8. Appointment of Auditors.
 9. New or Unfinished Business.
 10. Fitness Financial Quiz
 11. Draw for Door Prizes.
- Adjourn.



LDCU - The Board



Brian Childs - Board President

Brian has been a Credit Union and co-operative supporter since the early 1970's when he helped found the co-op in the Parkville area and served as President for a number of years. Brian joined the Board in the fall of 1987 and was elected as a full director at the annual meeting in April 1988. Brian is a local building contractor and is very active in the Ladysmith community. He has served for many years as a director on both the Town's Advisory Design Panel and for Heritage BC. In addition to his role as President of the Board, Brian also serves on the Conduct Review and Management committees.



Elaine Layman - Vice President

Elaine joined the Credit Union in 1992 when she and her family first moved to Ladysmith. Elaine is a Chartered Professional Accountant and owns and operates The Layman Group, a full service accounting and investment company in Ladysmith. Elaine has been active in the Ladysmith community for many years; she has previous experience serving on boards as she was the President of the Ladysmith Resource Centre and the Ladysmith Chamber of Commerce for several years. Elaine was appointed to the Credit Union Board in the fall of 2009 and currently serves as Vice-President of the Board and Chairperson of the Audit committee. In addition she serves on the Governance, Management and Bursary committees. Elaine is a graduate of the Credit Union Director Achievement Program and is an Accredited Canadian Credit Union Director. In addition she has attained the prestigious Institute of Corporate Directors designation.



Tim Richards - Secretary

Tim has lived in Ladysmith since 2000 and joined the Board of Directors at the annual general meeting in April of 2005. Tim's involvement with the Credit Union system has roots from his childhood as his father was the manager of the Dogwood Credit Union for

many years. Tim has a background in public sector management and has operated his own parks and recreation consulting business since 1980. He has been instrumental in the construction and upgrading of several parks in Ladysmith. He is the Recording Secretary of the Board and serves as the Chairperson of the Investment and Lending Committee. In addition he serves on the Audit, Nominating and Management committees.



Rob Viala - Director

Rob has been a member of the Credit Union since 1972 and joined the Board as a trainee in the fall of 1990. He was then elected to the Board in 1991. Rob worked at Western Forest Products in Chemainus as an accredited Red Seal millwright and crew lead hand. In his retirement Rob is enjoying traveling, fly fishing and the outdoors. During his time at the Chemainus Sawmill Rob served for many years as Chair Person of the Chemainus Mutual Benefit Association, a co-operative insurance society. In years past, Rob helped many youth in our community learn about forestry and develop outdoor skills as a leader of the Junior Forest Wardens. He is currently the Chairperson of the Governance Committee and serves on the Conduct Review Committee. Rob is a graduate of the Credit Union Director Achievement Program.



David O'Connor - Director

David has lived in Ladysmith since 1985 and raised his family here with his wife Terrena. David joined the Credit Union in 1995 and became a board member in 2010. David is self-employed as a lawyer and has practiced in Ladysmith his entire career spanning over 30 years. David has a strong commitment to community values which, together with his legal expertise, makes him well suited to serve on the Board. David is currently the Chairperson of the Nominating Committee and serves on the Conduct Review and Governance committees.



Ross Davis - Director

Ross was born and raised in Ladysmith and has been associated with the Credit Union since the early 60's. He was appointed as a director in 2012. Ross is the Manager of Millstores/Purchasing for the Crofton Division of Catalyst Paper and has been with them for over 35 years. His interests include travel and camping with family and friends. Ross has a Business Administration Certificate from UVIC and sits on the Town of Ladysmith's Liquid Waste Management Committee. He is currently the Chairperson for the Conduct Review Committee and serves on the Audit Committee, Investment and Lending Committee and Bursary Committee. Ross is a graduate of the Credit Union Director Achievement Program and is an Accredited Canadian Credit Union Director.



Krista Perrault

Krista Perrault joined the Board in May 2015. She and her husband are currently building their home across Ladysmith Bay in Shellbeach. Krista is active in many business endeavors including her business, Perrault Landscaping & Backhoe Contracting. An active proponent of high professional standards, Krista holds a certification as a Forestry Technician and Heavy Equipment Operator as well as Tourism and Hospitality Management. She is a volunteer with the Civil Air Search and Rescue Association as well as the local Emergency Management Committee. She brings with her many years' experience sitting on various community boards and committees both for her Nation and neighboring communities including communications, housing, forestry management and aquaculture. Krista serves on the Governance and Investment and Lending committees.

Credit Union Team

Credit Committee



Marie Polachek

Marie has been a long-time supporter of Ladysmith & District Credit Union having first become a member in 1970. Marie first joined the Board as a trainee in the spring of 1988, and was elected a full director in 1989. Marie served on the Investment and Lending Committee in addition to the Credit Committee. Committees: Member, Credit Committee
Other Board Appointments: HealthCare Auxiliary



Joan Adair

Joan has been a member of the Credit Union since 1988. After joining the Board in 1989 as a trainee, she was elected to the Board in 1990, serving on the Conduct Review Committee, Audit Committee and Credit Committees.
Committee: Member, Credit Committee

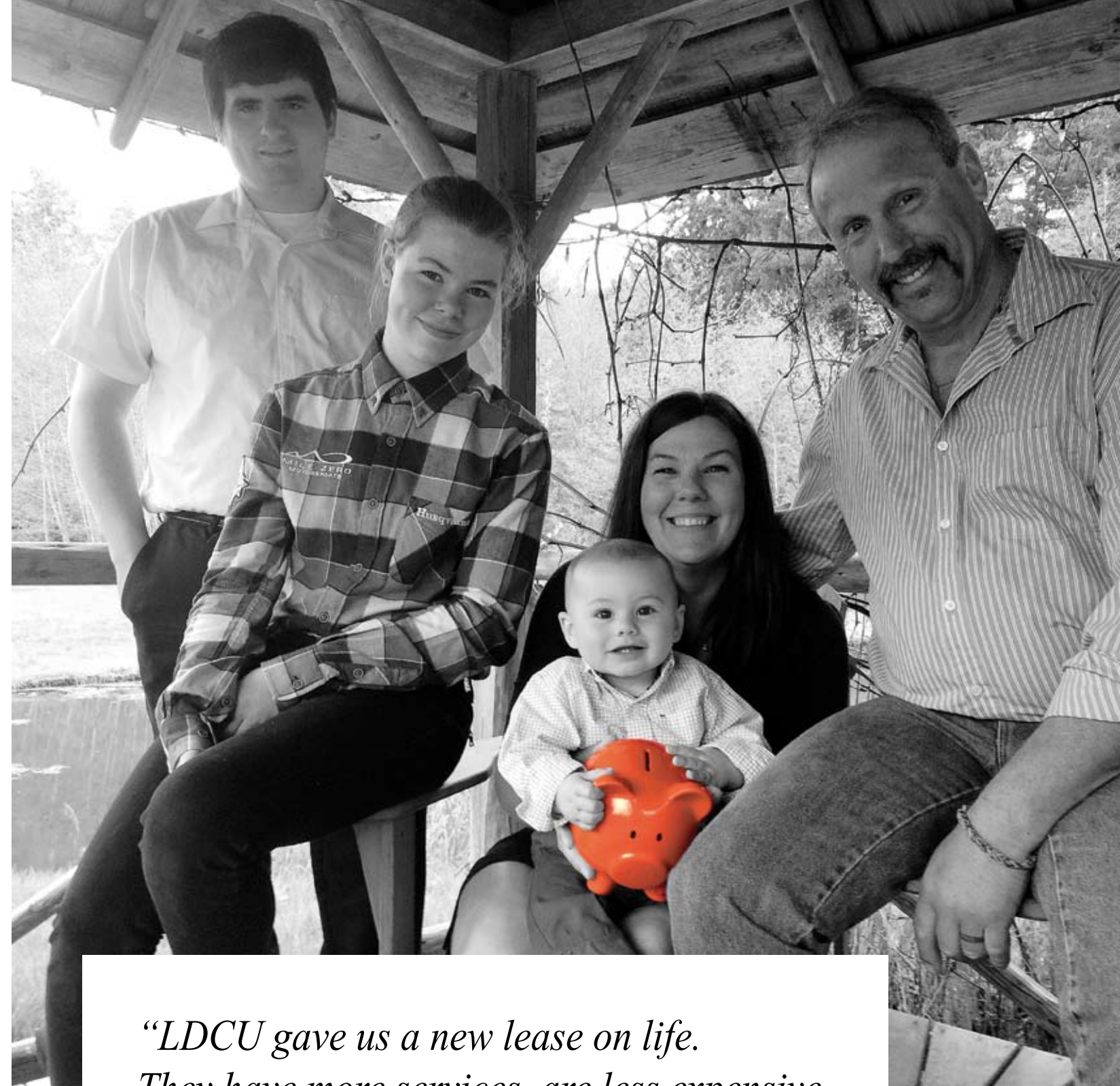


Ted Girard

Ted has been a member of the Credit Union since 1981 and first joined the Board in 2003. Ted is a retired teacher and has lived on Vancouver Island since 1975. He works tirelessly on many stage productions for Yellowpoint Theatre as well as the Ladysmith Little Theatre. Ted is a previous Vice-President of the Board. He served on the Conduct Review and Governance committees and has served on the Credit Committee since 2003.
Committee: Member, Credit Committee

Staff

Cindy Adams-Bird
Carrie Alexander
Michelle Badall
Kay Bafaro
Jennifer Bakker
Danielle Buck
Cindy Cawthra
Kim Clark
John de Leeuw
Kelsey Dentoom
Megan Dougan
Connie Forrest
Susan Fox
Gwen Gilson
Kendre Haugen
Courtney Henn
Nancy Hunter
David Jamieson
Shelley Jones
Calvin King
Linda King
Jenna Layzell
Michelle Levasseur
Linda Lockhart
Luda Marchenko
Susan McMurtrie
Brenda Moore
Daimon Perry
Meghan Playford
Roberto Qualizza
Melissa Reilly
Shelly Rickett
Emily Rothwell
Mikel Smith
Lauren Steele
Denine Vadeboncoeur
Mitch Wilson
Cherie Yeomans



“LDCU gave us a new lease on life. They have more services, are less expensive than other institutions and have given us the tools to improve our financial fitness. We like banking there, they’re like family.”

Dale and Patti Gisborne

“We are thankful for the hard work and dedication to our Credit Union team, who continue to develop their talents and abilities to better serve our members and our community.”

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Minutes of the 70th Annual General Meeting of Ladysmith & District Credit Union May 5, 2015

President Brian Childs welcomed members and guests to the 70th Annual General Meeting of the Ladysmith & District Credit Union "LDCU". He also welcomed special guest Dr. Patrick Dunae, author and researcher of LDCU's history book.

President Childs introduced the members of the Board of Directors in attendance namely David O'Connor, Elaine Layman, Rob Viala and Ross Davis. CEO John de Leeuw and Debbie Bass from Meyers Norris Penny "MNP" were also at the head table. President Childs reviewed handout packages for members and noted they should include the Annual Report, the Rules for the meeting and giveaways. He declared a quorum present with 70 members and 2 guests.

President Childs asked if everyone received a copy of the Rules of Order and if there were any questions on them. No one inquired. President Childs called everyone's attention to the section in the rules titled "Voting" and reminded members to register at the voting registration table in order to vote during this meeting. Once registered, qualified members will receive a voting paddle and only this paddle will be used for voting at this meeting. President Childs called for a motion to approve the Agenda for the AGM. This was moved by David Little and seconded by Tracy Paterson. Carried by the membership.

President Childs asked if everyone had a chance to read the minutes of the 69th Annual General Meeting and if anyone wanted them read out loud. No one requested this. President Childs called for a motion to approve the minutes of the 69th Annual General Meeting. This was moved by Melanie Davis and seconded by Mickel Smith. Carried by the membership.

Business arising from the 2014 AGM minutes was called for. There was no business arising from the 2014 AGM minutes.

The Report from Board and Management was presented by President Childs. Brian asked if anyone wanted him to read the report out loud. No one requested this.

Brian then noted he would touch on the highlights from the report and noted the following:

- Last year we presented a plan for the amalgamation of the newly purchased buildings with our existing building. This work on this continues today and:
 - Our administration division has been relocated to the upper level of the newly acquired building with Ladysmith Financial Management located on the ground level.
 - Upon completion of our new boardroom and retail office space the entire building will be utilized, freeing up space in our existing building.
 - Eventually the buildings will be joined together with a new entrance.
- Heading up Ladysmith Financial Management is Len Paisley, our Investment Advisor. We encourage our members to talk to him as he has a wealth of knowledge, experience and stories to share.

Brian thanked CEO John de Leeuw, his management team and the staff for their hard work as LDCU continues to build on its past successes and shape its future. He also thanked the Directors for their hard work and dedication and advised there is excellent governance and oversight of the operations.

Brian inquired if there were any questions about the Board and Management Report. None were raised. A motion to approve the Board and Management Report was made by Kendre Haugen and seconded by Fran Bafaro. Carried by the membership.

John de Leeuw presented the Credit Committee Report for 2014 as Chairperson Ted Girard was unable to attend this meeting. A motion to approve the Credit Committee Report as presented was made by Duck Paterson, seconded by Michael Robinson. Carried by the membership.

Next up was the report from John de Leeuw, the Chief Executive Officer. John de Leeuw gave this report and noted the following:

- LDCU experienced another strong year in 2014.
- Deposit broker accounts were the main contributor to lower assets. These are utilized mainly to fill short-term liquidity challenges and tend to be transient in nature.
- LDCU's loans portfolio performed admirably in this slower local economy and mortgage approvals were well up from 2013.
- The low interest rate environment continues to present challenges to LDCU's financial margin, but, we have managed to ensure other sources of income to offset lower revenues from our loans portfolio. In particular, LCU Insurance has had the best year in their history for revenue in 2014. In addition we are expecting Wealth Management to produce a revenue stream in the future.
- Our staff are working hard testing and training our new banking system. We are excited about the possibilities with this new system and there will be more information on this coming.
- John thanked the LDCU staff. He asked them to stand, noted their new company shirts. He then presented LDCU's service awards to them.

It was moved by David Little and seconded by Tracy Paterson that the CEO's report be accepted as presented. Carried by the membership.

The Auditor's Report was then presented by Debbie Bass of MNP. Debbie advised that she was pleased to report that MNP has issued a clean unmodified audit opinion and the full set of LDCU's 2014 consolidated statements were free of material change. She noted that John did a good summary of the financials and, in addition, noted the following:

- The balance sheet shows LDCU with \$7,000,000 in equity meeting all regulatory requirements.
- LDCU is doing a very good job of managing operating costs, important during this interest rate environment.

- After a \$64,000 patriate distribution there was a \$340,000 profit for the year.

Debbie asked if there were any questions on the Auditor's Report. No questions were asked. It was moved by Brenda Moore and seconded by Mickel Smith that the Auditor's Report be accepted as presented. Carried by the membership.

Dave O'Connor presented the Nominating Committee Report. David outlined the guidelines followed when directors reach the end of their term. Dave mentioned the newsletter sent out to the LDCU's membership, stating the expiration of the terms of Board members Brian Childs and Rob Viala. Dave advised that these members have completed the nomination kit and no other nominations were received. Dave advised that pursuant to rule 4.14 Brian Childs and Rob Viala are elected by acclamation and will serve on the Board for three more years. Their terms will expire at the 2018 AGM. It was moved by Susie McMurtrie and seconded by Roberto Qualizza to accept the Nominating Committee's Report as presented. Carried by the membership.

Next on the agenda was the appointment of auditors for the year 2015. It was moved by Tracy Paterson and seconded by Keith Wyndlow that MNP be appointed auditors for 2015 with the Board given the authority to set their remuneration. Carried by the membership.

President Childs called for any New or Unfinished Business. There being no further new or unfinished business, guest speakers Jacquie Neligan from Ladysmith Family and Friends (LAFF) and Kathy Holmes of the Ladysmith Arts Council spoke to the membership.

The meeting was adjourned at 8:30 pm. Moved by Fran Bafaro. Refreshments were served.

Message from the Board and CEO

As is the case in most of the years since the Credit Union was formed in 1944, this past year was filled with challenges, successes and inspiration. From the challenges associated with a banking system conversion and a highly competitive interest rate market, to the success of finalizing renovations and launching two new services to our membership; to the inspiration of an historic lease signing, it was another excellent year for your local Credit Union.

As we have reported at the past two Annual Meetings, the Credit Union had previously addressed the issue of our existing physical space requirements. Originally we purchased properties along Buller Street with the vision of an expanded, one-stop financial services center opening there. When the costs to that location became prohibitive, your Board looked to another avenue to fulfill this vision. To that end we had purchased the buildings directly beside our existing location. We reported last year that our renovations included a new location for our administration department called Support Services, and our new Wealth Management office. In 2015 we completed renovations to our new Board Room which includes state of the art media technology and public access for non-profit service groups to utilize the space for meetings. So far the Town of Ladysmith and Tour de Rock have made use of the facility. The most recent renovations include a new realtor's office which opened at the end of the year, and coming in 2016 will be a lawyer's office. In addition to renovations allowing for more amenities for our members, in 2015 the Credit Union launched two new services to better assist our membership. We opened our Commercial Services Center next door which includes full financial service functions including commercial lending for all of our commercial clients. And finally we launched our Contact Center which coordinates all the different communication channels that our

members utilize to contact us. This includes telephone, email, webchat, and coming soon: interactive ATM. With these final two pieces in place our vision of a one-stop financial services center is very close to completion! Our members will have access to an incredible wealth of knowledge and expertise under one roof.

One of the challenges we faced in 2015 was our banking system conversion. This conversion was the result of our existing provider retiring their existing product. With no choice but to convert to a new system we negotiated the best possible deal, and set to work to prepare the Credit Union and our staff for the conversion. While all computer system conversions have their challenges, and this one was no different. This system very closely aligns itself with privacy legislation and the way it collects and stores information. While some of our members encountered some difficulties after the conversion, we are happy to report that we converted on time and on budget.

One of our greatest successes in 2015 was our on-going partnership with the Stz'uminus First Nations. We have worked hard with them on forging a strong bond, and that hard work culminated in the signing of an historic lease and ground-breaking ceremony in June of 2015. This lease will facilitate the opening of a satellite branch in the Oyster Bay commercial development just north of Ladysmith. Our new branch will bring full financial services to the members of the Stz'uminus community as well as serving their corporate needs. This is a tremendously exciting time, both for the Credit Union and the Stz'uminus Nation. We both look forward to a very long and mutually beneficial relationship.

Turning to the financial news from 2015, we have one recur-

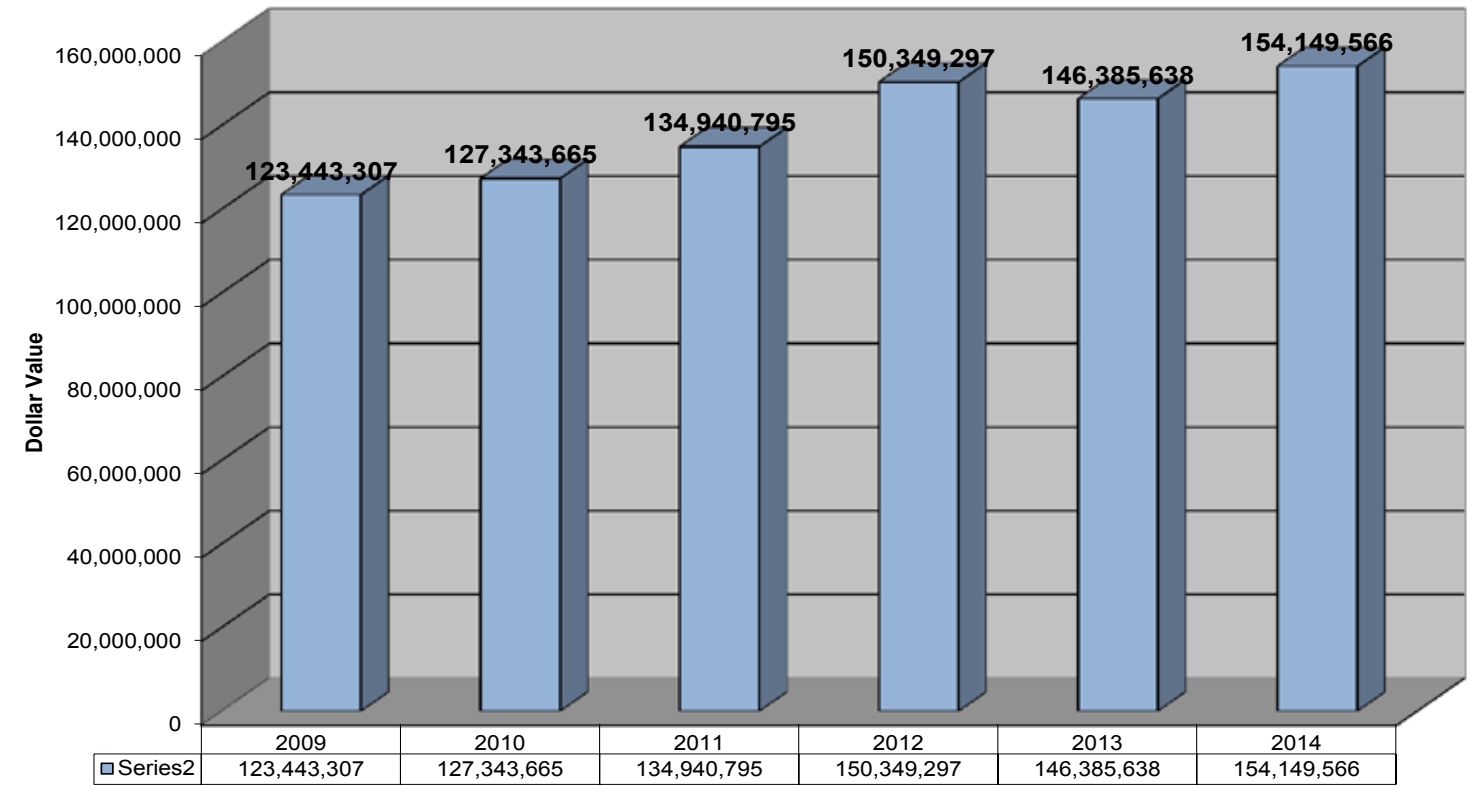


Lease Signing from left to right: John Elliott, Ray Gauthier, John de Leeuw, and Brian Childs

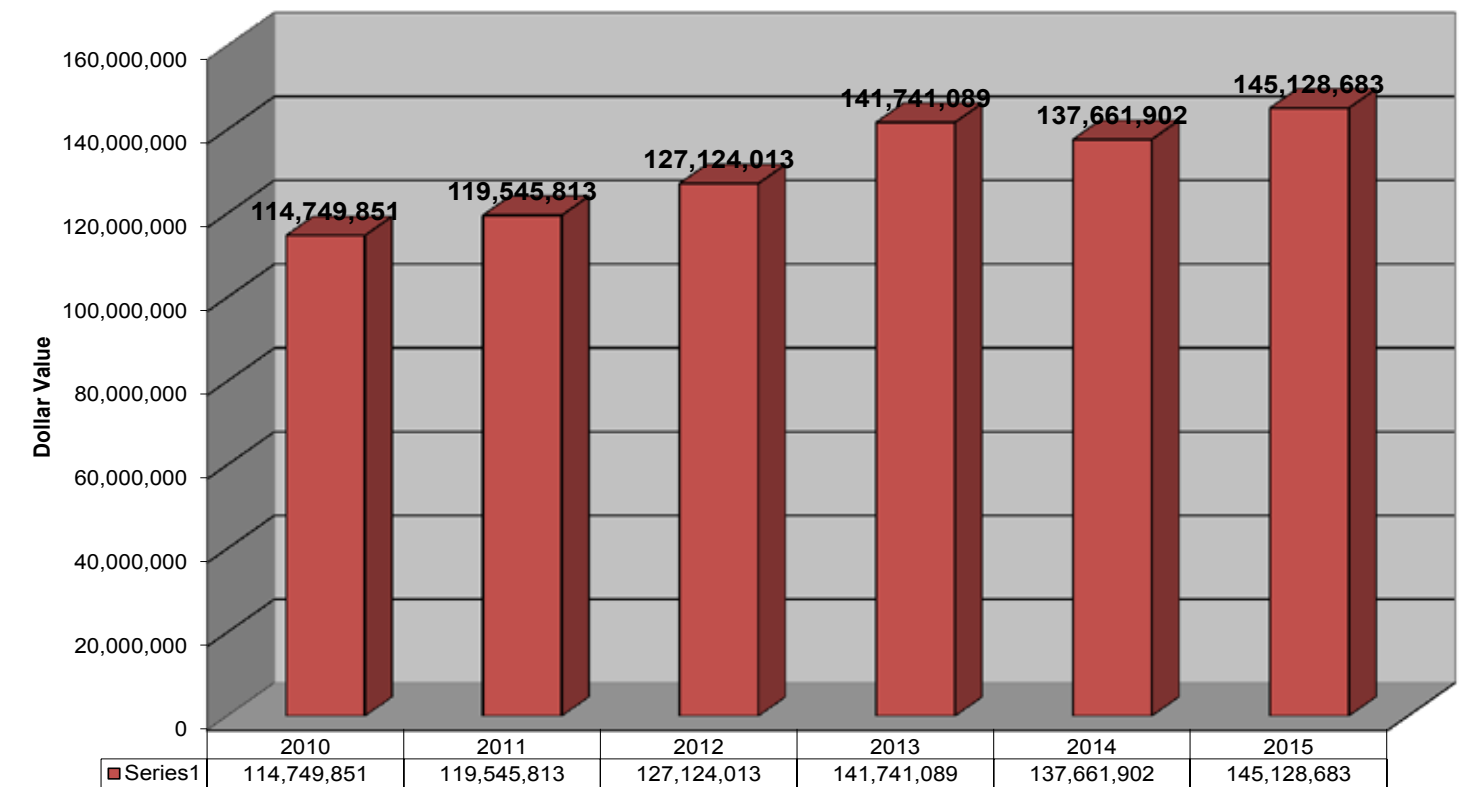
As we have reported at the past two Annual Meetings, the Credit Union had previously addressed the issue of our existing physical space requirements. Originally we purchased properties along Buller Street with the vision of an expanded, one-stop financial services center opening there. When the costs to that location became prohibitive, your Board looked to another avenue to fulfill this vision. To that end we had purchased the buildings directly beside our existing location. We reported last year that our renovations included a new location for our administration department called Support Services, and our new Wealth Management office. In 2015 we completed renovations to our new Board Room which includes state of the art media technology and public access for non-profit service groups to utilize the space for meetings. So far the Town of Ladysmith and Tour de Rock have made use of the facility. The most recent renovations include a new realtor's office which opened at the end of the year, and coming in 2016 will be a lawyer's office. In addition to renovations allowing for more amenities for our members, in 2015 the Credit Union launched two new services to better assist our membership. We opened our Commercial Services Center next door which includes full financial service functions including commercial lending for all of our commercial clients. And finally we launched our Contact Center which coordinates all the different communication channels that our

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Total Assets



Total Deposits



Message from the Board and CEO

ring theme that didn't change from 2014: historically low interest rates. Once again we were faced with fierce competition for mortgages within the financial services industry. When the Bank of Canada cut their benchmark overnight rate, rates in the bond market also fell even further from their historic lows. With bond market rates declining, banks quickly followed with mortgage rates never before seen in Canada. At one point in 2015 you could receive a rate of 2.44% on a fixed five year term. While this was a special rate that had very specific qualifications, it nevertheless set expectations from borrowers, and continued to fuel the ever increasing debt burdens of Canadians.

As you can see from the graph below, the average rate for a five year mortgage was 3.84% at the end of 2015. Compare this to the average rate of a five year mortgage since 1979 which is 6.50%, and you can see that our current trend of low rates is half of the average for the past 35 years. Beyond the increasing debt burdens of Canadians is also the red-hot housing market that has been fueled by these low rates.

Prices in areas like Toronto and Vancouver continue to hit new highs, and there is no sign of the trend ending soon. In Ladysmith we have yet to experience any type of housing boom, but the market in our area showed resilience in 2015 and the foundation is set for a very strong 2016. The foundation for a strong housing market relies on several influences: low interest rates, strong economy, high employment and low inventory of homes for sale. In our local area, we are experiencing all of these factors.

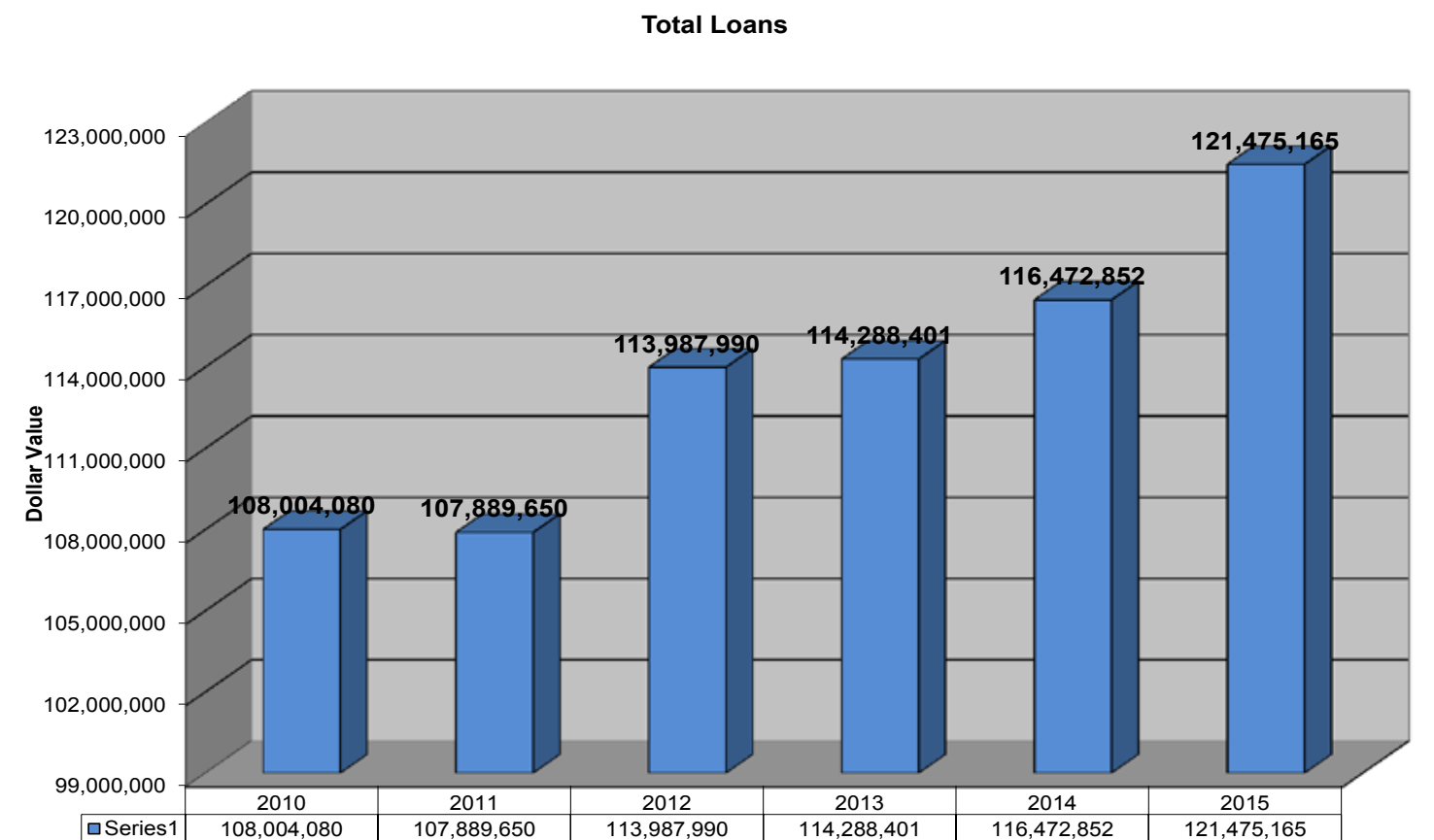
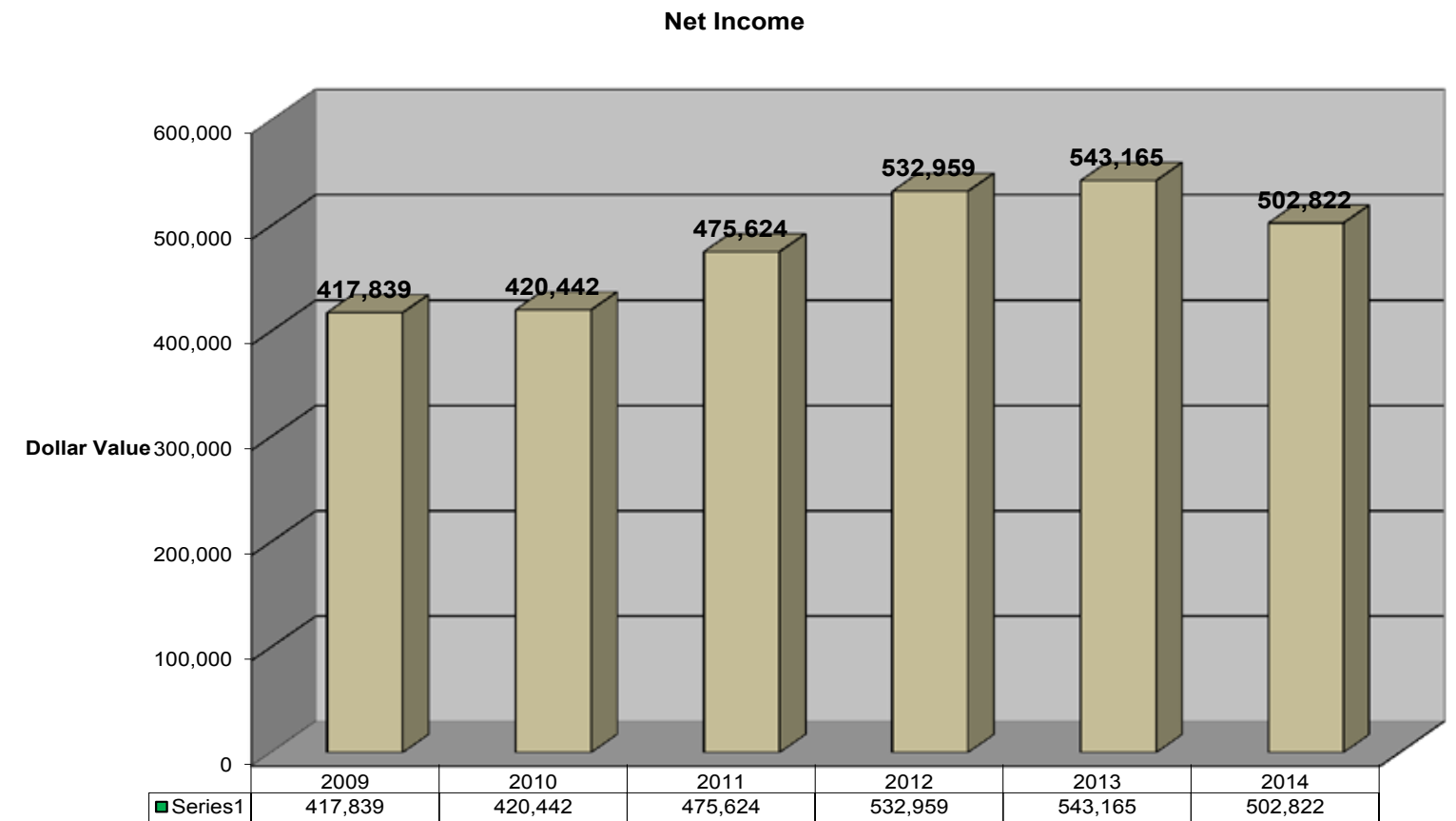
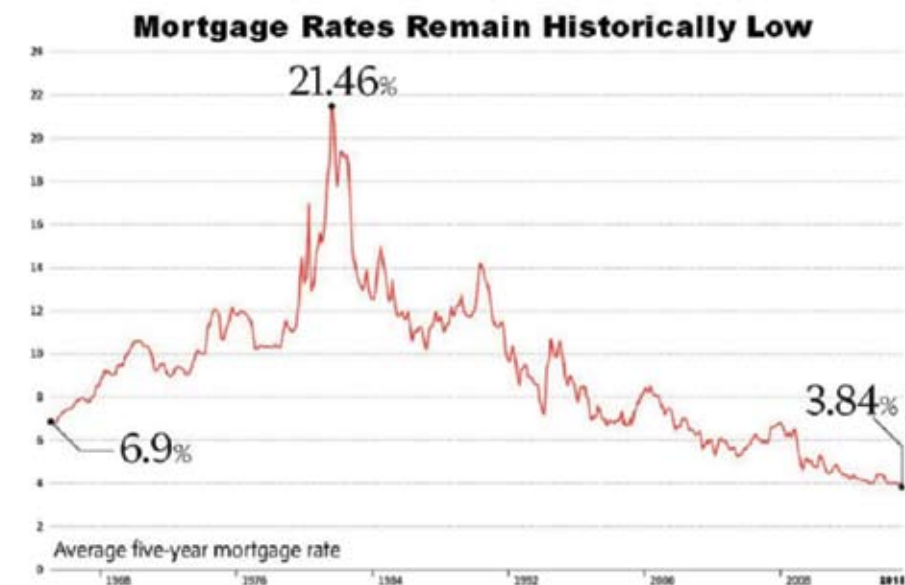
As for the Credit Union itself, 2015 was a very strong year for growth and lending. Our overall loans portfolio increased by over \$5,000,000 and is now in excess of \$121,000,000. Our

personal mortgage portfolio increased by \$4,600,000 and our commercial mortgage portfolio by \$2,600,000. Overall our assets increased by almost \$7,700,000 or 5.30%, lifting our total assets to just over \$154,000,000. One of the most important aspects to our business is that growth for the sake of growth is not our goal. Our main goal is for solid, sustainable growth. In order to achieve this we need to sustain our financial margin at a level that will allow us to operate and plan for the future, and maintain control of our operating expenses. We are very proud that we had great success in both areas in 2015. In a year

that saw the Bank of Canada lower its benchmark rate twice, we actually increased our financial margin by over \$165,000, an increase of 5.50%, bringing it back over \$3,000,000 for only the second time in our history. In addition we managed to lower our operating expenses by over \$14,000. While this number does not seem very large, it demonstrates our on-going commitment to

keeping a tight grip on the costs we can control. With another year of robust results building on our already strong foundation, your board has declared a dividend of 3% on Membership Equity shares. This dividend was posted to members' accounts in April. With deposit rates continuing to languish at less than 1%, a 3% annual dividend clearly shows it pays to invest in your local Credit Union.

Outside of financial results, we have worked very diligently on another important aspect of Credit Union operations – Governance. We are very proud of the work that has gone into making our governance model incredibly strong for a Credit Union of our size. In order to accomplish any goal towards



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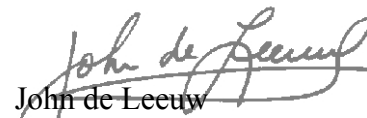
Message from the Board and CEO

strong governance, all directors are required to take courses outlined in the Credit Union Director Achievement, (CUDA) program. There is a minimum level of courses that a director can take, but ultimately a director can choose to be a graduate of the program. As of the date of this report, 4 of our 7 directors are CUDA graduates, Rob Viala, Elaine Layman, Dave O'Connor, and Ross Davis. This alone is an impressive achievement, but there is another level that a director can aspire to: Accredited Credit Union Director. There are less than 50 Credit Union directors in Canada that have achieved this designation. To-date we have two of them: Elaine Layman and Ross Davis. We would like to congratulate all of our directors on their hard work in utilizing education to make them better and stronger directors in stewardship of the Credit Union. However we must single out one director in particular. In Canada, the highest designation for any director is a designation from the Institute of Corporate Directors. Our own Elaine Layman has completed the Directors Education Program and passed both examinations required and has successfully achieved her ICD. D designation. Congratulations Elaine!

It is through the dedication of all our directors, past and present, and the hard work of management and staff that enable our Credit Union to continue to grow and prosper even in the challenging times facing our industry. We would like to take this time to thank each and every one of them for a job well done. Through them we will continue to strive to keep the Ladysmith & District Credit Union the largest and strongest financial institution in Ladysmith and the surrounding area.

Respectfully submitted,


 Brian Childs
 President, Board of Directors


 John de Leeuw
 CEO



DEPOSITS

**100%
 GUARANTEED**

As a BC Credit Union member, your deposits carry **unlimited deposit insurance protection**, as outlined by the Credit Union Deposit Insurance Corporation.

“I’ve been a Credit Union member most of my life. I’m very busy and have a lot on the go so good customer service is important. The LCU staff always greet me by name and with a smile. They treat you like a friend.”

Eileen Stevens, Golden Maples Farm

Credit Committee Report 2015

The year of 2015 was both an up and a down year for lending within the Credit Union. While actual loan approvals were down, the dollar value of those approvals was significantly higher. Once again competition for market dominance had mortgage rates plunging to lows never before seen in Canada. At one point in 2015 you could obtain a 5 year closed mortgage for less than 2.50%. Certainly these were record low rates which continued to spark fierce competition among financial institutions.

Some of the positives to take away from the action in our market last year: first, prices in our area showed surprising resilience as the average house price in the Cowichan Valley increased to \$360,361 in 2015 from \$339,163 in 2014¹. That is an increase of 6.25% year over year. In fact the median price of a home in Ladysmith increased to \$372,400 in 2015². Second, the total numbers of residential houses sold in the Cowichan Valley increased

to 785 from 728 one year ago³. Contributing to the rise in prices are fewer homes listed for sale. According to statistics, the inventory of homes for sale in BC is now at its lowest level in almost a decade⁴.

On the lending side our experience mirrors the statistics: we granted fewer mortgages in the year, but for a higher dollar value. The total number of personal mortgages granted dropped by 12% but the total dollar value was up by \$312,000. One of the bright spots in lending this past year was our commercial lending. Although the total number of approved credit facilities declined marginally, the total dollar value increased by almost \$7,700,000 or 143%. Our commercial portfolio has grown three out of the last four years, as we continue to support our local business community. In total our overall number of loans granted fell by 20%, but the total dollar value of loans granted increased by \$6,913,000 or just over 27%.

	#	2015	#	2014
Personal Mortgages	73	15,246,814	83	14,934,524
Business/Commercial	24	13,059,625	27	5,362,629
Miscellaneous	6	148,325	26	186,646
Automobile	16	238,424	23	536,791
RV's, Boats, etc.	6	125,833	4	95,458
Mobile Homes	5	469,247	2	145,734
Taxes, RSP's, etc.	0	0	4	19,811
Consolidation	8	247,961	12	232,018
Lines of Credit	48	2,617,550	53	3,727,195
Totals	186	32,153,779	234	25,240,806

Respectfully submitted: Ted Girard, Chair; Marie Polachek; & Joan Adair
Credit Committee, Ladysmith & District Credit Union

1. http://www.vireb.com/assets/uploads/2015_annual_sales_summary_1939.pdf
 2. <http://www.canadianrealestatemagazine.ca/top-neighbourhoods/ladysmith-bc-57.aspx>
 3. http://www.vireb.com/assets/uploads/2015_annual_sales_summary_1939.pdf
 4. <http://www.bcrea.bc.ca/news-and-publications/news-room/news-releases/housing-forecast-news-release>

Ladysmith & District Credit Union
Summarized Consolidated Financial Statements
 December 31, 2015

Report of the Independent Auditor on the Summarized Consolidated Financial Statements

Ladysmith & District Credit Union
Summarized Consolidated Statement of Financial Position

As at December 31, 2015

To the Members of Ladysmith & District Credit Union

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated statement of financial position as at December 31, 2015, and the summarized consolidated statements of profit, comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Ladysmith & District Credit Union for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated March 22, 2016.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of Ladysmith & District Credit Union. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Ladysmith & District Credit Union.

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the fair summarization of the complete consolidated audited financial statements of Ladysmith & District Credit Union.

Auditors' Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summarized Financial Statements."

Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of Ladysmith & District Credit Union for the year ended December 31, 2015 is a fair summary of those consolidated financial statements.

Abbotsford, British Columbia

March 22, 2016


 Chartered Professional Accountants

	2015	2014
Assets		
Cash and cash equivalents	5,849,168	1,688,026
Financial investments	20,327,942	21,227,004
Derivative financial instruments	662,647	590,642
Trade and other receivables	705,025	601,803
Income taxes recoverable	4,971	50,808
Loans to members	121,475,165	116,472,852
Deferred tax assets	19,900	19,900
Property classified as held for resale	182,229	548,356
Premises and equipment	3,532,788	4,239,310
Intangible assets	1,389,731	946,937
	154,149,566	146,385,638
Liabilities		
Member deposits	145,128,683	137,661,902
Other liabilities	466,599	505,763
Deferred tax liabilities	240,000	168,000
	145,835,282	138,335,665
Members' equity		
Retained earnings	7,797,460	7,454,461
Accumulated other comprehensive income	516,824	595,512
	8,314,284	8,049,973
	154,149,566	146,385,638

Approved on behalf of the Board

Director

Director

Ladysmith & District Credit Union
Summarized Consolidated Statement of Profit

For the year ended December 31, 2015

	2015	2014
Financial income		
Interest on member loans	4,772,347	4,835,765
Cash resources and investments	1,073,061	1,112,208
	5,845,408	5,947,973
Financial expense		
Interest on member deposits	2,684,037	2,958,701
Interest on borrowed funds	10,986	4,385
	2,695,023	2,963,086
Financial margin	3,150,385	2,984,887
Provision for impairment on loans to members	84,683	142,588
	3,065,702	2,842,299
Other income	1,411,687	1,690,041
Operating margin	4,477,389	4,532,340
Operating expenses	3,974,567	3,989,174
Income from operations	502,822	543,166
Distribution to members	(58,091)	(64,612)
Income before income taxes	444,731	478,554
Provision for (recovery of) income taxes		
Current	29,732	42,320
Deferred	72,000	98,728
	101,732	141,048
Profit for the year	342,999	337,506

The accompanying notes are an integral part of these financial statements

Ladysmith & District Credit Union
Summarized Consolidated Statement of Comprehensive Income

For the year ended December 31, 2015

	2015	2014
Profit for the year	342,999	337,506
Other comprehensive income:		
Net gains on derivatives designated as cash flow hedges	34,517	86,406
Income tax relating to gains on derivatives designated as cash flow hedges	(4,650)	(11,665)
Change in unrealized gains/ losses on revaluation of land and buildings	(108,555)	-
Other comprehensive income (loss) for the year, net of income tax	(78,688)	74,741
Total comprehensive income for the year	264,311	412,247

The accompanying notes are an integral part of these financial statements

Ladysmith & District Credit Union
Summarized Consolidated Statement of Changes in Members' Equity
For the year ended December 31, 2015

	Retained earnings	Accumulated other comprehensive income	Total equity
Balance December 31, 2013	7,116,955	520,771	7,637,726
Profit for the year	337,506	-	337,506
Other comprehensive income (loss) for the year	-	74,741	74,741
Balance December 31, 2014	7,454,461	595,512	8,049,973
Profit for the year	342,999	-	342,999
Other comprehensive income (loss) for the year	-	(78,688)	(78,688)
Balance December 31, 2015	7,797,460	516,824	8,314,284

The accompanying notes are an integral part of these financial statements

Ladysmith & District Credit Union
Summarized Consolidated Statement of Cash Flows
For the year ended December 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Profit for the year	342,999	337,506
Change in unrealized gains/ losses on revaluation of land and buildings	(108,555)	-
Depreciation of premises and equipment	106,499	245,270
Depreciation of intangible assets	107,716	134,377
Deferred income taxes	72,000	98,728
(Gain) on disposal of premises and equipment	(14,701)	-
(Gain) loss on sale of property held for resale	(3,142)	51,049
Provision for impairment on loans to members	84,683	142,588
Change in fair value of interest rate swaps	(39,100)	590
Hedge ineffectiveness on derivative financial instruments	1,612	5,154
Changes in working capital accounts		
Trade and other receivables	(103,223)	47,210
Income taxes recoverable	41,187	(181,175)
Other liabilities	(39,160)	(351,099)
Accrued interest on loans to members	(26,642)	(46,249)
Accrued interest on member deposits	(134,705)	34,590
	287,468	518,539
Financing activities		
Net change in member deposits	7,601,485	(2,950,542)
Investing activities		
Net change in loans to members	(5,060,355)	(2,280,791)
Net change in financial investments	899,061	463,547
Purchases of premises and equipment	(304,977)	(335,988)
Purchases of intangible assets	(550,510)	(368,412)
Proceeds from disposal of premises and equipment	919,701	-
Acquisition of / improvements to property for resale	22,983	(342,127)
Proceeds from sale of property held for resale	346,286	684,477
	(3,727,811)	(2,179,294)
Increase (decrease) in cash and cash equivalents	4,161,142	(4,611,297)
Cash and cash equivalents, beginning of year	1,688,026	6,299,323
Cash and cash equivalents, end of year	5,849,168	1,688,026

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Ladysmith & District Credit Union ("the Credit Union") is incorporated under the Credit Union Incorporation Act of British Columbia and its operations are subject to the Financial Institutions Act of British Columbia. The summarized consolidated financial statements of the Credit Union as at and for the year ended December 31, 2015 comprise the Credit Union and its subsidiaries L.C.U. Insurance Agencies Ltd., LDCU Financial Management Ltd. and True Mortgage Specialists Ltd. (together referred to as the "Credit Union").

2. Basis of preparation

These summarized consolidated financial statements have been prepared in accordance with Section 128(4) of the Financial Institutions Act and are derived from the complete audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2015. Those audited consolidated financial statements were approved by the Credit Union's Board of Directors on March 22, 2016 and can be obtained at our branch.

Give Your Savings a Lift!



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Financial Fitness



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