



75 years *of money doing more.*





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The very nature of being a co-operative means we are always mindful of what's best for our members and our community. Since our inception, Assiniboine Credit Union has put the needs of our members and our community first and foremost, as we grew to become one of Manitoba's largest and most successful credit unions. In 2018, we celebrated our 75th year. We've come a long way from our humble beginnings to be the Manitoba credit union chosen by more people than any other Manitoba credit union. Along the way, we've listened to those members, provided financial services they want and need, in neighbourhoods where they live, all while supporting the communities they call home. There has been immense change over the past 75 years, and we've kept pace, every step of the way. And while technology now plays an ever-increasing role in our lives and in the financial services industry, we've never forgotten our roots and we stay true to our commitment to provide the personal service that our members want. 2018 was yet another successful year for ACU. Join us as we look back at where we came from and look forward to what the future brings.

75 years of money doing more.





ACU through the years :: The '40s and '50s



1943... the year it all began. The economy had recovered from the great depression and, for the first time in a very long time, people had job security and the money to spend and save that came with it. The credit union movement that had started in Quebec had now made its way to Manitoba. Unlike the banks, credit unions were owned by their members and managed for the benefit of the members and their communities. These values convinced Winnipeg electric streetcar conductors and bus drivers to create their own credit union. It was then that Ed McCaffrey, a Winnipeg Electric Company employee, became the founder and first member of Assiniboine Credit Union. Named after the street on which the Electric Company was located, ACU began with 15 people attending the initial meeting. Together, they invested a total of \$100 in the fledgling company. At that time, ACU was Winnipeg's 10th credit union and the 47th in Manitoba.

The '50s was a decade of tremendous growth for Winnipeg. After the 1950 flood, large parts of the city had to be re-built, spawning a massive construction boom. As gateway to Western Canada, Winnipeg remained a transportation hub and a centre of agricultural trade. It was during this time that Winnipeg saw its remaining electric streetcars disconnected and replaced with diesel buses. The city expanded its limits and the suburbs of St. James and East Kildonan were incorporated. By the end of the decade, a short 17 years since forming, ACU membership was growing fast.

ACU through the years :: The '60s and '70s

In the '60s, Winnipeg and ACU continued to grow. The city continued to expand its footprint, Canada celebrated its centennial, Winnipeg hosted the Pan Am Games for the first time, the Winnipeg Floodway opened, and Red River Community College opened its doors.

The '70s saw turmoil in the economy including a rise in inflation and unemployment, energy shortages and oil embargos. Winnipeg celebrated its centennial and established the City of Winnipeg Act ushering in Unicity and the first Winnipeg city council. The Winnipeg Convention Centre opened, allowing Winnipeg to host the world, and the Winnipeg Mint began operations. This decade would also bring the first merger for ACU as it joined forces with Keystone Credit Union. At the same time, ACU established a clearer focus on community projects, and by the end of the '70s, ACU membership stood at 29,643 with 6 branches, and \$95.4 million in total assets.







ACU through the years :: The '80s and '90s

The '80s began with some of the highest interest rates ever seen in Canada, with mortgage rates topping out at just over 20%. This led to an unprecedented number of foreclosures by the banks. Credit Unions, including ACU, held their ground through these challenging times. The Winnipeg Core Area Initiative, a tripartite governmental initiative worth over \$200 million, helped revitalize the economic, social and physical core area of Winnipeg. The Forks Market opened its doors and the North Portage Development revitalized Winnipeg's downtown. ACU re-structured in order to sustain itself and then began expanding to create the growth it needed. Mergers continued with St. Alphonsus, Continental Can and Ogilvie, Airline and Professional Credit Unions all joining forces with ACU.

In the '90s, ACU underwent what many see as a fundamental change to the company. At this time, ACU re-established its commitment to running a solid credit union that supported the development of a more equitable, environmentally friendly and creative community. ACU created an inner-city equity fund and the development of financial services designed for community based non-profit organizations. Community banking was established. A three year strategic plan was put in place. ACU began working with community partners on creative homeownership models in the North End, and land trusts in the West Broadway neighbourhood. Our branches, jobs and the ACU brand were all re-designed. By the end of the '90s, 2 more mergers had occurred, and ACU membership had grown to over 44,000 with 8 branches, with total assets at \$433.5 million.





In the very early 2000s, technology had fully transformed the financial services industry. At the beginning of the new century, over 75% of Assiniboine's transactions were electronic, the first ACU drive-thru ATM appeared, and the ACU website was growing into a main point of contact for members. Electronic banking was poised to change how our members did their daily banking and, as a result, how they interacted with us. During this time, ACU enjoyed substantial growth and reaffirmed its efforts to support local communities. ACU merged with Astra, Vantis and Buffalo Credit Unions, and partnered with other organizations to establish the Jubilee Fund, and the Winnipeg Asset Building Network with the United Way.

In the 2010s, we formally reaffirmed our commitment to being a values-based co-operative, striving to improve the lives of people, working to better the planet, while creating prosperity and a brighter future for all. Affordable housing was established as one of the primary focal points for ACU. Support of the Old Grace Housing Co-op and the Merchants Corner projects helped to transform entire neighbourhoods. In 2018, our 75th year, ACU membership stands at just over 126,000 served by 16 branches in Winnipeg and one each in Thompson and Gillam, with total assets of over \$4.5 billion.

ACU through the years :: The '00s and '10s





Where we are today, and
where we're going tomorrow.



While it's always interesting to look back at our humble beginnings to see just how far we have come, and how successful we have been as a credit union, we're always mindful of where we are today while never taking our eyes off the future.

As we pursue a vision of a sustainable future for all, we will continue to engage in the journey of reconciliation. With the establishment of the Truth and Reconciliation calls to action, we welcomed the opportunity to strengthen our engagement. We signed the Winnipeg Indigenous Accord, and have encouraged credit unions at a national level to also engage in their own reconciliation journeys. We have expanded our Financial Access Programs with Indigenous organizations in order to increase access to banking to create economic opportunities and financial empowerment; and we've expanded partnerships with Indigenous employment development organizations to help create employment opportunities.

As an organization, ACU committed to a learning journey which is being led by employees through an Indigenous Leadership Circle (ILC). The goal is to continue building the awareness with all employees to achieve the important outcome of healing and rebuilding respectful relations between all peoples. ILC events included a feast and teach learning session with elder Mae Louise Campbell, tours at the Human Rights Museum that focus on Indigenous values and symbolism, the blanket exercise that creates an experiential learning opportunity regarding treaties, and participating in orange shirt day to promote awareness of the legacy of residential schools.

In the years to come, ACU intends to remain steadfast in its support of working to create affordable housing. As well, we will strive to continue to use technology to simplify the increasingly complex lives of our members, while re-focusing our staff to provide financial advice to help members achieve their goals. As always, we will remain true to our triple bottom line of people, planet, and prosperity, helping members bring their dreams to life as we focus on building the financial health of our members and the communities in which they live, work, and play.

History of Mergers

- 1943 | Assiniboine Credit Union founded
- 1948 | Manitoba Power Commission (MPC) Credit Union founded
- 1949 | Decibel Credit Union founded
- 1958 | Astra Credit Union founded
- 1962 | MPC Credit Union becomes Hy-Line Credit Union
- 1969 | Astra merges with St. James Community Credit Union
- 1979 | Assiniboine merges with Keystone Credit Union
- 1982 | Assiniboine merges with St. Alphonsus, Continental Can and Ogilvie Credit Unions
- 1983 | Assiniboine merges with Airline Credit Union
- 1988 | Assiniboine merges with Professional Credit Union
- 1989 | Hy-Line merges with Fort Rouge, Rail Road and Manitoba Sugar Credit Unions and La Caisse Populaire de St. Norbert
- 1991 | Assiniboine merges with Hansa Credit Union
- 1998 | Assiniboine merges with Burns Credit Union
- 2000 | Hy-Line purchases Bank of Montreal branch in Thompson
- 2001 | Hy-Line merges with The Pool Credit Union
- 2002 | Hy-Line merges with Decibel Credit Union to create Vantis Credit Union
- 2007 | Assiniboine, Vantis and Astra merge to create the new Assiniboine Credit Union
- 2008 | Assiniboine merges with Buffalo Credit Union

75th Anniversary Contest Winners

As part of the 75th anniversary celebrations, ACU held several contests awarding \$30,000 in cash prizes to the winners. ACU thanks everyone who participated and congratulates all the winners!

\$7,500 Prize Winners: Dennis A., James P., Jessie T

\$750 Prize Winners: Kelly L., Elizabeth O., Brenda G., Liam M., Marlene S., John D., Lisa G., Randi M., Marjory W., Thomas B.



Message from the Chair of the Board

Welcome to the ACU 2018 annual report, a year that, I'm happy to report, brought great success to our members and to ACU. As always, using this financial success to create positive impact for our members, employees, communities, and our planet, remained a key goal for us.

In 2018 we continued the implementation of our corporate strategic plan which provides goals, objectives and strategies from 2017-2020. Industry and society in general continues to evolve at a brisk pace, so having a road map to guide us through these ever-changing times is vital to our success. Once again, this corporate strategic plan helped us strengthen our financial position in 2018.

Our continued dedication to values-based banking allowed us to generate tremendous positive influence in our community. We reaffirmed our commitment to creating affordable housing. We continued to engage in a journey of reconciliation through responses to calls to action that emerged from the Truth and Reconciliation Commission of Canada. Through partnerships with Indigenous organizations, we created economic opportunities via access to financial services for Indigenous peoples in our communities. We helped create employment opportunities for Indigenous job-seekers through partnerships with various employment development organizations. We provided grants and sponsorships to events such as Ka Ni Kanichihk's Keeping the Fires Burning, as well as the Manito Ahbee Festival. Our employee-led Indigenous Leadership Circle provided leadership for our own learning journey, and we worked to share our journey with other credit unions with the goal of encouraging them to consider engaging in reconciliation as well.

With 2018 being our 75th anniversary, we celebrated throughout the year with prize giveaways and events. This report features our history and highlights events as we grew from very humble beginnings to one of Canada's largest credit unions. Our official birthday, February 23, was celebrated with a party held at the School Road Branch. ACU members mixed and mingled with Board members, our CEO and our employees. As is the case annually, the Board of Directors attended the ACU annual meeting on April 18. In 2018 they also attended the opening of Merchants Corner in April,

Habitat for Humanity builds in June and August, Winnipeg Harvest's Empty Bowls, and many other important community events throughout the year. As part of our annual member engagement plan, the Board of Directors conducted branch visits on October 18. ACU members were once again very appreciative of the opportunity to engage with their Board of Directors on matters at a local level. Thank you to all who attended.

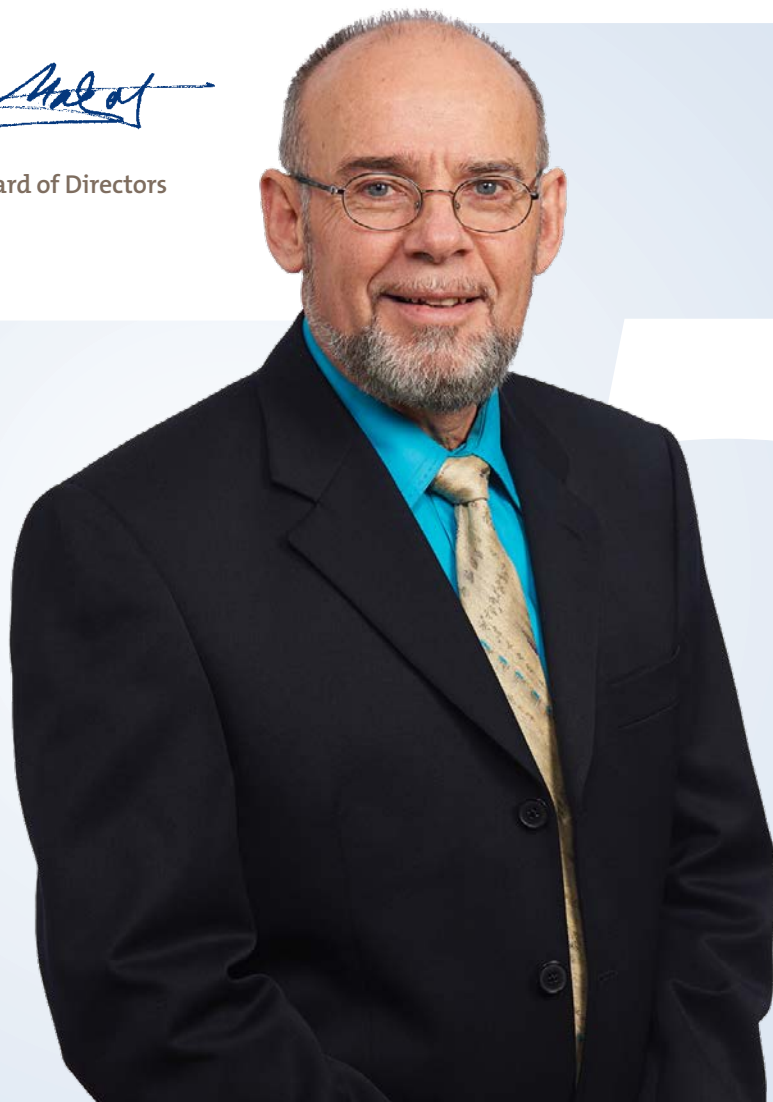
Last annual meeting, the Board said goodbye to Nicole Ritchot and welcomed Marina James. The entire Board thanks Nicole for her dedication, and extends a warm welcome to Marina, an experienced leader with a tremendous understanding of the financial industry.

As we look toward 2019, we assure all members that we will help your credit union deliver financial services to more people than any other credit union in Manitoba. We will continue on with our strategic plan. We will remain dedicated to strengthening our commitment to Truth and Reconciliation. And helping to create affordable housing by partnering with organizations that provide homes for people who are most in need, will remain a priority.

On behalf of your Board of Directors, I thank all ACU members for your trust as we guide your financial co-operative into the future. Thank you to my fellow Directors for your dedicated service, your untiring contribution at our Board meetings, and your enthusiastic participation on the various committees that help keep us on track. Thank you as well to the ACU Executive Management team, management and all employees. Each and every one of you works hard to ensure we remain a vibrant and successful credit union. 2019 is upon us, and I'm excited to see what it brings.



Alain Molgat | Chair of the ACU Board of Directors





Alain Molgat | Board Chair

2018 Board of Directors



Paul Lacap | Vice Chair



Dennis Anderson | Director



Wilbur Coates | Director



Kevin Freedman | Director



Marina James | Director



Crystal Laborero | Director



Anne Lindsey | Director



Garry Loewen | Director



James Magnus-Johnston | Director

ACU Governance Report Summary

ACU is a values-based financial co-operative committed to doing business in a way that is financially sound and socially and environmentally responsible. Our member-elected Board of Directors is accountable to our over 126,000 members and committed to governing ethically and transparently. The ACU Board always considers the impact of business decisions on employees, members, the environment and the communities ACU serves.

In 2018, the Board continued to oversee strategies, approved the ACU budget, and the annual measures of success. The Board assessed its committee structure, resulting in the amalgamation of the Community & Member Relations Committee with the Governance & Ethics Committee; moved from monthly to bi-monthly Board meetings, creating improvements in governance efficiency; approved an IT governance framework; assessed the performance of the Board, its committees, individual directors, the Board Chair and Committee Chairs; and approved an enterprise risk management (ERM) reporting framework. By engaging in discussions on strategic topics, the Board gained a strong understanding of issues that may impact ACU and our stakeholders now, and in the future. The Board also strengthened dialogue with members of our community through visits to ACU branches, attendance at community events and involvement in social media.

In the coming year the Board will continue its commitment to strong governance by: participating in an annual planning session; engaging in strategic discussions; participating in credit union system initiatives through leadership and insight; and continuing to assess its own performance.

With solid governance leading the way, ACU is able to achieve its vision, and demonstrate money doing more in a tangible way.

[Click here to view 2018 detailed information.](#)

Message from the President & Chief Executive Officer

For any business, succeeding, growing and thriving for 75 years is no easy task. In the case of Assiniboine Credit Union, reaching this milestone is testament to the dedication of thousands of people, working for hundreds of thousands of members for over seven decades. This is an accomplishment that we are all very proud of, and one we celebrated throughout 2018.

As part of our continued commitment to our members, our communities and the planet as a whole, in 2018 we remained focused on key goals in our strategic plan, while strengthening our ties to values-based banking.

This year saw our industry continue on the path of constant change. While economic news remained generally positive for Canada and Manitoba, and Winnipeg's housing market remained solid, interest rate fluctuations and trade policy disagreements added pressure to the economy. The banking industry continued to evolve by introducing additional speed, convenience and low-cost services, while providing financial advice to Canadians who worried about their financial situation. All of this put pressure on traditional channels like our branches to be more innovative. To meet these challenges, we initiated a review of our branch network and, as a result,



began to test new service concepts at our Rivergrove Branch. Through it all we continued to meet your needs while remaining focused on improving the member experience, and increasing our efficiency as a financial co-operative.

You told us you like to hear from us so we worked to increase contact with you socially and in person. At the same time we worked internally to improve processes – an example is our membership opening process.

We launched several new products, among them a new suite of credit cards that included a USD currency card and Virtual Wealth for members looking for a digital investment option. We also worked to increase member convenience by launching enhancements to our e-transfer capabilities and new ATMs at several branches.

From a financial point of view, 2018 saw loan growth of 6.3% and a total asset growth of \$229 million or 5.1%. This growth resulted in an increase in revenues and, when combined with on-going expense management, enabled us to improve our profitability and helped to increase our equity. As well, it helped us to once again achieve an increasingly challenging regulatory requirement.

I'm very happy to report that this past year, ACU once again received several awards in recognition of the outstanding work done by our Board, management and employees. We were again named one of Manitoba's Top 30 Employers, and for the sixth year in a row, named one of Canada's Greenest Employers. We received the Manitoba

Non-Profit Housing Association Spirit of Community Award and the Manitoba Start 2018 Legacy Award for Excellence. Nationally, we were recognized by the Canadian Credit Union Association with a marketing award for brand and brand building, as well as a marketing excellence award for our television advertising. As always, these awards showcase ACU and the level of dedication shown by every employee.

Values-based banking continues to influence every aspect of our business. We continue to provide banking services to those underserved by other financial institutions. We grew our social impact endeavours through Jubilee, SEED, and IRCOM. We created and strengthened employment partnerships to support diversity objectives while increasing access to financial services and education, our asset building program was more popular than ever, and a new Folk Festival volunteer program partnership agreement enabled ACU to gain even more recognition at one of Canada's premier music events.

2018 saw a significant increase in our efforts and contributions towards the development of affordable housing opportunities for members and organizations. Once again, we are being recognized as the financial institution of choice for these strategically aligned projects.

Looking forward, we will be concentrating on increasing our ability to provide meaningful advice to our members on all their financial needs, we'll be increasing our investment in evolving our branches and increasing our digital product offering, all in order to provide solutions our members want, and need.

On behalf of the ACU Executive Management I thank each and every one of our members, our Board of Directors, management and all employees. The support and trust you show in ACU makes a real difference and helps to inspire all of us to accomplish the goals we set for ourselves and for the organization. No doubt that 2019 will once again be a year of change and ever-increasing competition, and I'm excited to see what the year ahead will bring. As always, I very much look forward to the opportunity to increase our shared success.



Kevin Sitka | President & Chief Executive Officer



Kevin Sitka
President & Chief Executive Officer



Allan Godfrey
Executive VP and Chief Financial
and Risk Officer



Jennifer Mullen-Berube
Executive VP and Chief Brand
and Innovation Officer

2018 Executive Management Team



Diane Bourns
VP Advice & Service Delivery



Kim Champion Taylor
VP People Solutions



Craig Peel
VP Advice & Service Delivery



Brendan Reimer
Strategic Partner,
Values-Based Banking



Michael Taylor
VP Finance and Administration

ACU Operations Report Summary

A financial co-operative is a unique business and it requires a knowledgeable and committed team of leaders. ACU works very hard to attract and retain quality people understand the importance of building trusting relationships with our members, and who are experts at fostering strong communities.

Once again ACU was proud to be named one of Manitoba's top employers in 2018. No small task as that award encompasses and examines everything from physical workspace, social, health, financial and family benefits; to training, development and community involvement.

As always, our goal is to remain competitive in the marketplace while leveraging our prosperity to benefit our members and their communities. In 2018, the ACU triple bottom line of people, planet and prosperity remained at the heart of how we do business, allowing us to offer financial services to the benefit of our members, employees, communities, and the environment.

In 2018, for the 6th consecutive year we were once again recognized as one of Canada's greenest employers. Sound environmental practices that are used company-wide, along with more efficiently-run, environmentally-friendly branches, means less environmental impact in the community, while ACU members see a direct benefit in reduced costs.

Changes to our internal systems in 2018 have started to take effect and are beginning to change the way we interact with our members, while helping us grow the business. We expanded the Lean program to propel member experience. We improved the membership opening process, which helped us retain and grow memberships. We launched Apple Pay debit, introduced

a new suite of Visa credit cards, launched Virtual Wealth, enhanced our e-transfer capabilities and introduced new more capable ATMs at our branches.

Aviso Wealth was created in March 2018 through the amalgamation of Credential Financial, QTrade Financial Group, and NEI Investments. The new organization has greater resources to invest in new and enhanced products, services, technology, and support, enabling ACU to provide more value to our members and prospects. ACU is already piloting Virtual Wealth in several branches and through our website. Because of this, ACU is re-establishing its wealth strategy and through this work continued to focus on increasing awareness that we provide wealth management products, services and advice.

Looking ahead to 2019, we will continue to promote the values of ACU as we demonstrate what money doing more is all about, while we strive to continually to enhance the member experience.

[Click here to view 2018 detailed information.](#)



ACU Non-Financial Results Summary

Non-financial results are key measures of our business success and include important social and environmental data that provide insight into our overall performance as a financial co-operative.

2018 saw significant contributions to community via grants and sponsorships (see detail below) and ACU grew by 1,765 new members through various access to financial service initiatives. We also grew loans and deposits that create positive social and environmental impact by nearly \$60 million.

We continued our dedication to our Affordable Housing Strategy by growing our support for non-profit and co-operative housing organizations, supporting homes for nearly 5,000 low-income people in our communities – including students, refugees, Indigenous people, seniors, and people living with intellectual disabilities and mental health challenges.

Additionally, to assist members pursuing affordable homeownership as their path toward building equity and creating a sense of belonging and stability for themselves and their families, we continue to focus on providing mortgage financing for members living in low and moderate income communities. We also partner with community organizations that are delivering programs to support low-income families seeking to own their own home. ACU supported the successful renewal of the Manitoba Tipi Mitawa program delivered by the Manitoba Real Estate Association, which assists Indigenous families with down-payments that enable them to own a home in Winnipeg. ACU also supported the renewal of SEED Winnipeg's Homeownership Individual Development Account (IDA) Program, which is supported in part with funds raised by an ACU employee-led United Way Campaign, as well another similar program delivered through the Chalmers Neighbourhood Renewal Corporation in Elmwood.

As part of our commitment to members, we continue to strive to improve on every level, from limiting our environmental impact to creating a diverse and inclusive workplace. As always, we remain mindful of the financial well-being of our members, employees, and our community.

In 2018, ACU contributed a half-million dollars towards sponsorships and grants:

2018 CATEGORY	GRANTS	SPONSORSHIPS	TOTAL	DISTRIBUTION
Community Inclusion	\$298,270	\$107,275	\$405,545	81.11%
Environmental Sustainability	\$19,971	\$9,550	\$29,521	5.90%
Community Enterprise Development	\$52,681	\$12,250	\$64,931	12.99%
TOTALS	\$370,922	\$129,075	\$499,997	100%
Click here to view 2018 detailed information.				

2018 Financial Highlights

ACU realized solid growth in both the loan and deposit portfolios, which contributed to increased profitability and continued improvements in operating efficiency. Strong revenue growth offset the increased operating expenses, resulting in higher profitability, an improved efficiency ratio and increased equity levels.

Growth

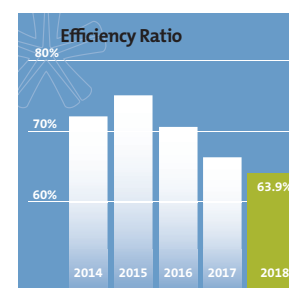
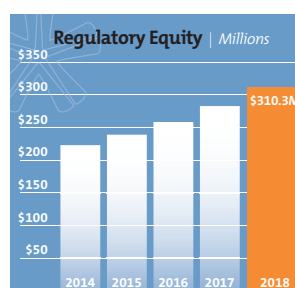
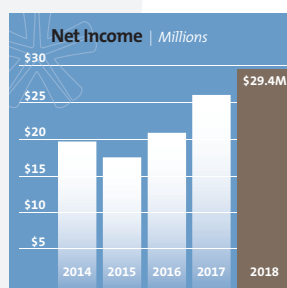
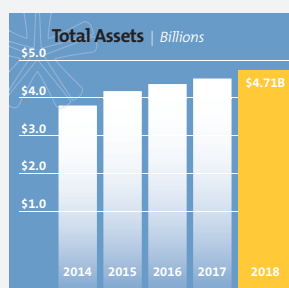
In 2018, assets grew to \$4.7 billion, which is an increase of \$229 million or 5.1%. The loan portfolio increased by \$247 million or 6.3%. Loan growth was driven by strong growth in the commercial and community portfolio, as well as consumer loan and mortgage growth. The deposit portfolio grew to \$4.2 billion, an increase of \$154 million or 3.8%, with growth achieved in all deposit categories.

Profitability

Net income totaled \$29.4 million in 2018, which is an increase of 15.4% from the prior year. The increased profitability is due to a 7.0% increase in financial margin and other income, coupled with a modest 3.2% increase in operating expenses. With revenue increases outpacing operating expenses, the efficiency ratio improved to 63.9%.

Equity

Total regulatory equity ended 2018 at \$310 million, which is an increase of \$27 million or 9.6%. Regulatory equity, which includes total equity and member shares, now equals 6.6% of total assets. Equity ratios are all in excess of regulatory requirements. With a strong equity base, ACU has the financial strength and capacity to support growth, and to make investments to meet the needs of members and our community.





Report of the Independent Auditor on the Summary Financial Statements

To the Members of Assiniboine Credit Union Limited

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Assiniboine Credit Union Limited and its subsidiaries (together, the Credit Union) are a fair summary of the audited consolidated financial statements, on the basis described in note 1 to the summary consolidated financial statements.

The summary consolidated financial statements

The Entity's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2018 comprise:

- the summary consolidated statement of financial position as at December 31, 2018;
- the summary consolidated statement of net income and comprehensive income for the year then ended;
- the summary consolidated statement of changes in members' equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements, and the summary consolidated financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on the audited consolidated financial statements.



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"PwC" refers to PricewaterhouseCoopers LLP,
an Ontario limited liability partnership.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated March 4, 2019.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
March 4, 2019



Summary Consolidated Statement of Financial Position

As at December 31, 2018 (in thousands of dollars)

	2018 \$	2017 \$
Assets		
Cash on hand and on deposit	98,890	73,391
Investments	443,900	486,680
Loans to members	4,129,357	3,882,805
Other assets	18,434	19,444
Property, equipment and intangible assets	14,514	15,754
Deferred income tax asset	2,611	984
Total assets	4,707,706	4,479,058
Liabilities		
Members' deposits	4,172,037	4,018,507
Accounts payable	13,301	12,598
Mortgage securitization liabilities	211,215	163,685
Income tax payable	885	1,275
Members' shares	10,343	10,720
Shares to be issued	140	120
Total liabilities	4,407,921	4,206,905
Members' Equity		
Members' shares	15,712	16,221
Shares to be issued	628	568
Contributed surplus	35,633	35,633
Retained surplus	247,812	219,731
Total equity	299,785	272,153
Total liabilities and equity	4,707,706	4,479,058

Approved by the Board of Directors

Director

Director

Summary Consolidated Statement of Net Income and Comprehensive Income

For the year ended December 31, 2018 (in thousands of dollars)

	2018 \$	2017 \$
Revenues		
Interest from loans to members	137,788	123,222
Investment income	13,409	11,771
	151,197	134,993
Cost of funds		
Interest paid to members and other	76,223	66,708
Financial margin	74,974	68,285
Other income	27,924	27,873
Financial margin and other income	102,898	96,158
Operating expenses		
Administration	18,378	17,803
Member security	3,535	3,486
Occupancy	8,034	8,148
Organizational	2,027	2,184
Personnel	33,818	32,104
	65,792	63,725
Gross operating margin	37,106	32,433
Allowance for loan loss	(2,811)	(1,798)
Dividends on surplus shares	(140)	(120)
Net income before income taxes	34,155	30,515
Provision for (recovery of) income taxes		
Current	6,420	5,098
Deferred	(1,627)	(18)
	4,793	5,080
Net income and comprehensive income for the year	29,362	25,435



Summary Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2018 (in thousands of dollars)

	Members' shares \$	Shares to be issued \$	Contributed surplus \$	Retained surplus \$	Total members' equity \$
Balance at January 1, 2018	16,221	568	35,633	219,731	272,153
Impact of adopting IFRS 9 at January 1, 2018	—	—	—	(754)	(754)
Restated balance at January 1, 2018	16,221	568	35,633	218,977	271,399
Net income and comprehensive income for the year	—	—	—	29,362	29,362
Dividends on preference shares	—	628	—	(527)	101
Members' shares					
Issued	568	(568)	—	—	—
Redeemed	(1,077)	—	—	—	(1,077)
Balance at December 31, 2018	15,712	628	35,633	247,812	299,785

	Members' shares \$	Shares to be issued \$	Contributed surplus \$	Retained surplus \$	Total members' equity \$
Balance at January 1, 2017	16,315	571	35,633	194,774	247,293
Net income and comprehensive income for the year	—	—	—	25,435	25,435
Dividends on preference shares	—	568	—	(478)	90
Members' shares					
Issued	571	(571)	—	—	—
Redeemed	(665)	—	—	—	(665)
Balance at December 31, 2017	16,221	568	35,633	219,731	272,153

Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2018 (in thousands of dollars)

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net income and comprehensive income for the year	29,362	25,435
Items not affecting cash		
Depreciation	2,562	2,648
Allowance for loan loss	2,811	1,798
Deferred income taxes	(1,627)	(18)
Dividends on surplus shares	140	120
Loss on disposal of property and equipment	4	—
	33,252	29,983
Net change in non-cash working capital items		
Investments – accrued interest	(325)	(320)
Loans to members – accrued interest	(1,455)	(624)
Other assets	1,010	(2,542)
Income taxes	(390)	389
Members' deposits – accrued interest	3,713	(1,527)
Accounts payable	703	(1,165)
	3,256	(5,789)
Loans to members – net of repayments	(248,662)	(164,482)
Members' deposits – net of withdrawals	149,817	89,424
Net change in investments	43,105	25,040
	(55,740)	(50,018)
	(19,232)	(25,824)
Investing activities		
Purchase of property and equipment and intangibles	(1,329)	(679)
Proceeds on disposal of property and equipment	—	3
	(1,326)	(679)
Financing activities		
Net increase in mortgage securitization	47,530	3,791
Net increase in common shares	5	70
Redemption of surplus shares	(502)	(475)
Redemption of preference shares, net of taxes	(976)	(575)
	46,057	2,811
Net decrease in cash on hand and on deposit	25,499	(23,692)
Cash on hand and on deposit – Beginning of year	73,391	97,083
Cash on hand and on deposit – End of year	98,890	73,391



Notes to the Summary Consolidated Statement

December 31, 2018

1 Basis of the summary consolidated financial statements

Management has prepared the summary consolidated financial statements from the December 31, 2018 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards ("IFRS"). The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summarized consolidated financial statements is in agreement with the related information in the complete consolidated financial statements and that the summarized consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

2 Compliance with minimum capital and liquidity requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2018 established by 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, the reader must refer to the audited consolidated financial statements and notes for the year ended December 31, 2018, which contain the information detailing the calculation.

