

2018 Annual Summary



110 Years of The Good in Banking.

Report From The Board & Management

*In 2018 we celebrated 110 years of being the good in banking!
We are immensely proud of our history in helping so many
Canadians realize their financial dreams.*

In 1908, Alterna Savings and Credit Union (formerly the Civil Service Savings and Loan Society) was born. We were created to offer loans at low interest rates to civil servants. We began with 65 members and assets of \$1,001.

We were the first credit union to open outside of Quebec. We're proud that for over a century, we've delivered the good in banking and have truly excelled at it.

We believe in making profits serve a purpose. Guided by co-operative principles, we've built a credit union that champions your financial well-being. That's what makes us different from the big institutional banks.

We've had many accomplishments throughout the years, and we continue to be a trailblazer and a catalyst for change to provide better banking solutions.

2018 was a phenomenal year at Alterna. Thanks to your faith in us, our revenue hit \$185 million and our net income after tax was \$23 million.

Our assets under management reached \$7.9 billion. Loans under our management grew by \$1.36 billion. Our commercial real estate team grew our commercial loans by \$66 million.

The financials prove that we're doing something right. As the word continues to spread, more members and credit unions want to join us.

In 2018, we welcomed over 24,000 new members to our Alterna family. We completed the integration of Nexus and Peterborough credit unions, and brought the Toronto Municipal Employees' Credit Union under our Alterna umbrella. Our expanding footprint means our members can enjoy banking at 34 locations and access to even more convenient services.

We are now the second largest credit union in Ontario, and when evaluated by our assets under management, we are the 7th largest in Canada.

While it's great to grow, we recognize it's important to grow the right way, and always put our members first.

We asked you what you would like to see from us.

You told us you wanted more locations, which we provided through integration with our merger partners. You wanted more tools to manage your money, so we implemented more functionalities such as MyReceipts. We've also partnered with the wealth industry leader, Aviso Wealth, in order to bring you an outstanding level of investment services and products.

In fact, with Alterna, you will always be on the leading edge. Once again, Qtrade Investor has been ranked among the best online brokerages in Canada. In addition, we continue to receive product awards. Our digital bank won Canada's Best Personal Chequing Account, Best TFSA, and Best RRSP Savings Account on Ratehub.

You wanted the best rates, and we've certainly delivered! We gave you the best rates possible on deposits and lending so that you achieve your goals.

You also wanted strengthened security, so we've upgraded our systems to protect against cyber-attacks.

We checked in with you to ask how we were doing, and I'm so pleased that in our member survey, you gave us some of the highest member loyalty and engagement scores we've ever received.

Over 94% of you said you would turn to us to manage your money in the future. We are truly humbled in the faith you put in us.

Of course, being good also means doing good.

As you know, at Alterna we have a commitment to give back to the communities we serve.

In times of need, we were there. Last year was a difficult one. There was the Humboldt tragedy, the OC Transpo bus accident outside the Westboro office in Ottawa, and the attacks on the Danforth and on Yonge Street in Toronto. We collectively felt the sadness and pain with our neighbours and donated to the impacted families.

Following the Ottawa/Gatineau tornadoes, we donated \$50,000 to the Canadian Red Cross and offered interest-free emergency loans to members.

We feel privileged to be able to contribute.

In 2018, we donated more than \$1 million to the community. We also gave our employees a full day to volunteer, as we know giving time is just as important as giving money. Together, we contributed over 11,300 volunteer hours.

In addition to our volunteering, we did something special for our 110th anniversary: our employees participated in 110 acts of kindness in their local communities.

Recently, we've redefined how we make a difference. We're excited to share with you a snapshot on how that's evolving in the "Our Community Promise" section of this report.

On the sponsorship side, we wanted to bring families together, and sports is perfect for that!

We're thrilled that we've extended our partnership with the Toronto Rock Pro Lacrosse Team for another three years. We're also a proud sponsor of the Vancouver Warriors, and we're exploring ways to support lacrosse teams at the community level.

Doing good in the community is reflected in the culture of our company, which leads us to something we're very proud of – our employees.

In challenging times, our employees go above and beyond.

Immediately following the Ottawa/Gatineau tornadoes that affected hundreds of thousands of people through the loss of power, while also leaving many others with damaged or destroyed homes or personal injury, our employees chose to continue to work so that our services were available to those who needed our support.

That our employees are highly engaged is reflected in the employer awards we have won.

Not only have we ranked, for the third consecutive year, as a Top Employer in the National Capital Region, but we also won, for the first time, the Platinum Level in the 2019 Aon Best Employers in Canada award.

These awards mean we have amazing leaders and coaches, a very positive work environment, and that our employees who are serving you are committed to you and our credit union.

Looking ahead to 2019, we will continue to stay focused on delivering the good in banking, investing in improving our member and employee experience and further enhancing our digital capabilities.

We will listen to your feedback and we will constantly evaluate our products and services to make them better.

We will grow organically by searching for emerging segments and finding niche markets, while welcoming to our family other credit unions whose values align with ours.

At 110 years of age, we have had quite the journey. We are extremely grateful for your support. Here's to the next 110!



Rob Paterson – *President & CEO*



Norm Ayoub – *Board Chair*

ROB PATERSON
President & CEO

NORM AYOUB
Board Chair

Vision:

To be the leader of co-operative financial services.

Mission:

To develop and share an exceptional level of financial expertise that is:

- Tailored to member needs
- Accessible to all
- Supportive of local communities
- Delivered by caring, professional employees

Values:

- People above Profits
- Excellence
- Integrity

Achievements

\$1,285,246,000
GROWTH OF ASSETS UNDER MANAGEMENT

\$912,906,000
GROWTH OF ASSETS

\$23,072,000
NET INCOME



AWARDED BEST PERSONAL BANKING,
BEST ECHEQUING, BEST ETFSA,
BEST ERRSP ACCOUNTS



ENDORSEMENT AS CANADA'S
BEST BANK FOR MILLENNIAL
STUDENTS AND GRADUATES

7th Largest*

CREDIT UNION NATIONWIDE
AND FIRST CREDIT UNION IN CANADA
TO LAUNCH A DIGITAL BANK

76%

CONSIDER OUR OVERALL
SERVICE BETTER THAN OTHER
FINANCIAL INSTITUTIONS

62%

MEMBER LOYALTY

*when evaluated by our assets under management



CANADA'S FIRST

End-to-End

DIGITAL MORTGAGE

FIRST DIGITAL BANK AVAILABLE IN

All Provinces

BY ANY CREDIT UNION IN CANADA



AON BEST EMPLOYERS AWARD:
PLATINUM LEVEL



NATIONAL CAPITAL REGION
TOP EMPLOYERS AWARD

\$562,000

IN LOAN FINANCING TO THE
UNDERBANKED THROUGH COMMUNITY
MICRO-FINANCE PROGRAM

11,300

STAFF VOLUNTEER HOURS REFLECT OUR
COMMITMENT TO OUR COMMUNITIES

\$1,000,000+

IN DONATIONS TO COMMUNITY
ORGANIZATIONS

110 Years of The Good in Banking



1908

This is where our story begins.

An Ottawa journal argues that a "loan association of civil servants" should be created to offer loans at favourable interest rates instead of the extremely high rates being charged by the lenders of the day.

The Civil Service Savings and Loan Society launches the first credit union in Canada outside Quebec.

Henry Ford introduces the Model T.



1923

Frederick Banting and J.J.R. Macleod are the first Canadians to win a Nobel Prize, for their work that led to the discovery of insulin.

1928

CS CO-OP is granted Charter No. 1 under the Co-Operative Credit Societies Act.



1945

At the end of the second World War, CS CO-OP has 3,900 members and assets of \$544,000.

1949

The University of Toronto Employee's Credit Union (later to evolve as Metro Credit Union) is formed with 111 members and \$1,012 in assets.

1950

CS CO-OP Membership has grown to 7,100 and assets of \$1,286,000.



1966

CS CO-OP main branch at 400 Albert Street in Ottawa opens. Members are able, for the first time, to make cash withdrawals.

1967

Canada celebrates its 100th birthday with Expo '67 World Fair in Montréal.

1970

CS CO-OP introduces Personal Chequing Accounts.

1909

The Civil Service Savings and Loan Society is incorporated by the Legislative Assembly of Ontario under the controls provided by the Loans Corporation Act. 65 members – assets of \$1,001.

1914

World War I breaks out.

1918

Canadian women win the right to vote in federal elections.

1933

CS CO-OP introduces first Payroll Deduction Service for Deposits and Loan Payments.

1939

World War II – Canada declares war on Nazi Germany.

1959

St. Lawrence Seaway officially opens.

1960

Québec's Quiet Revolution begins. First Nations are given the right to vote.





1976

First Personal Line of Credit offered. Membership reaches 60,000 – assets exceed \$100 million.

1978

CS CO-OP merges with Energy, Mines and Resources Credit Union. Ontario Share and Deposit Insurance Corp. is formed, ensuring deposits of \$20,000 per account.

1979

CS CO-OP Assets reach \$300 million.



1987

The \$1 coin, which quickly earns the nickname “loonie,” is introduced.

1992

CS CO-OP introduces electronic services cards that give members access to Interac Direct Payment.

1993

CS CO-OP introduces MagicTouch telephone banking and the Flexi Term Mortgage.



2000

CS CO-OP converts its subsidiary CS Loan Corp to a Schedule I bank known as CS Alterna Bank.

2002

CS CO-OP joins THE EXCHANGE® ABM network, providing members access to over 1,300 ABMs across the country.

2005

CS CO-OP merges with Metro Credit Union to form Alterna Savings & Credit Union Ltd.



2010

Canada sets a record for gold medals at the Vancouver Winter Olympic Games.

2016

Alterna Digital Bank launches. Alterna Savings takes action to help federal government employees impacted by the Phoenix pay system issue. We welcome Peterborough Community Savings and Nexus Credit Unions into the Alterna family.

1972

Team Canada defeats the Soviet Union four games to three, with one tied.

1973

CS CO-OP introduces Registered Retirement Savings Plans.

1980

Terry Fox runs his Marathon of Hope.

1982

CS CO-OP is first to introduce the automated banking machine (ABM) in Ottawa.

1994

CS CO-OP merges with CBC Credit Union Limited in Toronto.

1998

CS CO-OP celebrates its 90th birthday and opens membership to virtually all Ontario residents.

2018

Alterna celebrates its 110th anniversary. Toronto Municipal Employees' Credit Union joined Alterna Savings.



110 Acts of Kindness

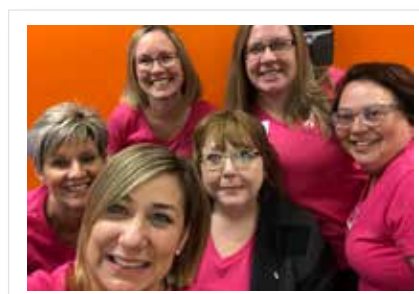
In celebration of our 110th birthday our employees gave a very special gift: they participated in 110 acts of kindness in their local communities. This was over and above their already generous volunteer hours.



WEALTH MANAGEMENT TEAM

Adopt a Family

Members of the Alterna wealth management team adopted a family through the Knights Table in Brampton and raised \$650 for the family and were able to buy nearly everything on their holiday wish list!



BREAST CANCER AWARENESS

SW Ontario Branches

Branches sported pink shirts for breast cancer awareness and collected donations for cancer research.



MEI LO

St. Vincent Hospital Volunteering Year-round

Mei Lo (Records Representative) has been volunteering her time with the St. Vincent hospital for several years and was recently recognized for her outstanding work and dedication of over 450 hours!



PDV BRANCH

Mitten Drive

Staff at the Place De Ville branch collected mittens and donated them to the Charles H. Hulse Public School in Ottawa. These mittens helped ensure that all students were better prepared to face outdoor winter play in a fun and safe way!



WESTBORO STAFF

Financial Literacy Workshop

Susan Henry (Manager, Community Investments, Community Accounts) joined the Parkdale Centre for their first Women in Leadership series to share financial fundamentals for small businesses.



MARILYN JOHNSTON (RETIRED)

Knitted Knockers

"In 2015 the Records team lost one of our own to breast cancer. So when I came across the Knitted Knockers program I was immediately inspired to volunteer. Knitted Knockers of Canada volunteers knit (or crochet) breast prostheses for women who have had a mastectomy where regular prosthesis are too uncomfortable after surgery. Each woman who has had a mastectomy is given a pair of knockers when they leave the hospital.

Using an ultra soft, washable cotton and the provided pattern, I knit these in a variety of colours and sizes, and return them to the yarn shop, who in turn sends them to the Knitted Knockers of Canada to be stuffed and sent to the hospitals.

Because breast cancer hits close to home for me, I feel very passionate about donating my time to this cause. I would encourage everyone to check out their web page and pick up your needles, perhaps for the first time, and knit a knocker."



THAMESVILLE STAFF

Flower Delivery

Thamesville member, Sue, comes into the branch almost every other week on average and during one visit to the branch, staff could tell she was feeling down – her husband had been quite sick. The branch staff decided to chip in and deliver flowers and a card containing a gift certificate for pizza (her favorite food) so she could take a night off from cooking.



STEPHEN ABBOTT

Children's Bank Accounts

Stephen (Human Resources Advisor) helped local children open their first bank accounts with Alterna and gave each of them \$25 to start their savings.



DRYDEN STAFF

Food Bank Garden

The Dryden branch rented a plot at the local food co-op greenhouse and grew veggies to donate to their local food bank. Employees all lent a hand, tending to and harvesting the produce.

Birthday Celebrations

For our birthday, we celebrated with our members and staff across all our branches, as far north as Sioux Lookout, to the southwest as far as Thamesville, to Central Ontario in the GTA, and in the National Capital Region. Beyond

reflecting on how far we've come as one of Canada's best credit unions, again and again we hear about the impact we make in our members' lives.



“I love my Alterna Savings Credit Union because....

....they embody what it means to be a financial cooperative by giving back to the community.”
- Adam, Alterna member

....the staff are so helpful, knowledgeable and polite.”
- Margaret-Anne, Alterna member

.... of their involvement in the communities they serve.”
- Nalisha, Alterna member

....they have everything I need in one place.”
- Alex, Alterna member

....the staff is so awesome.”
- Carolyn, Alterna member

The Year's Highlights

We continue to be trailblazers and a catalyst for change by providing better banking solutions. In 2018 we embraced new technologies to improve our day-to-day banking experience. Through mergers, we added new branches to

improve access and convenience, and continued to focus on innovative financial solutions to improve the lives of our members. We will continue this commitment in the coming years. It's at the core of who we are.



Expanding the Family

2018 saw us welcome more credit unions into the Alterna family. We on-boarded Peterborough Community Savings and Nexus credit unions to the Alterna banking system and digital channels. We also welcomed Toronto Municipal Employees' Credit Union. Further, City Savings & Credit Union will be joining us in 2019.

Expanding Across Canada

We took the opportunity – as one of the very few credit unions that have a federal bank charter – to create Canada's FIRST end-to-end digital mortgage with our digital bank. This lending engine is an easy-to-use guided process, taking the stress, hassle and time out of the biggest purchase for many Canadians. With our bank, we're able to make our unique style of banking from Ontario available across the nation. We're leading the way in digital tools to make banking easier for all Canadians.

MyReceipts™

MyReceipts™ allows you to manage your spending by storing and accessing your digitized receipts on the Alterna Savings mobile banking app. With this easy-to-use solution, you can easily track and analyze your spending to assist in your financial well-being. It's also a great tool for younger members to start improving their financial literacy.

Extended Warranty

Paying with debit is a smart choice and we wanted to make it even smarter for you and your family. The Buyer Protection and Extended Warranty program protects your purchases every time you use your Alterna Savings Debit Card for an Interac Point of Sale purchase. You are automatically enrolled when you sign up for the Alterna Savings Debit Card with one of the following banking packages associated to your account: Basic, Value, Unlimited, Student Life, Youth Start and Good Life.

Qtrade

Our online investment partner, Qtrade Investor, has once again been ranked among the best online brokerages in Canada. In 2018, Qtrade Investor was the only online

broker to receive an overall 'A' rating by the Globe & Mail, beating out the five big banks, and the ninth time it was awarded first place the past 12 years. Qtrade was also considered the Best over-Top Brokerage from MoneySense, and received 1st place in Survicor Canadian Online Discount Brokerage Review. We can now celebrate 13 years of offering our members top-tier online brokerage services.

Aviso

Aviso, Qtrade, Credential and NEI merged to form Aviso Wealth. The amalgamation of three entities brings different strengths and a unique approach, providing wealth products and services to a combined majority of Canadian Credit Unions. Benefits to members include an enhanced wealth management experience, greater attention on planning and advice, product /service improvements and competitively priced solutions.

Lead in Cannabis

Alterna's support of the cannabis industry continues to evolve with the legalization of recreational cannabis use in Canada. We are proud to provide banking solutions to licensed cannabis businesses in accordance with regulations set at all levels of government.

Canada's Best Digital Bank

Last year, Alterna Bank was awarded Ratehub's Best Personal, Chequing, TFSA, and RRSP Savings accounts, and the Globe and Mail named us the Best Bank for millennials. We offer practical banking solutions and great rates without baiting with teasers. Our style of banking is catching on across Canada and shows that we can be a leader in the digital world.

Security

We strengthened member protection in IT security, fraud prevention and detection. We have a big team in the background working hard to ensure your privacy is protected.

Forge

We continue to trailblaze by being instrumental in the development of Forge, an advanced digital platform.

Awards

National Capital Top Employer

For a third year, Alterna made the National Capital Region's Top Employers list. Together, we are developing a culture that is agile and supportive of our members, customers, and the communities we serve. It's great to be recognized for the amazing work we do together.



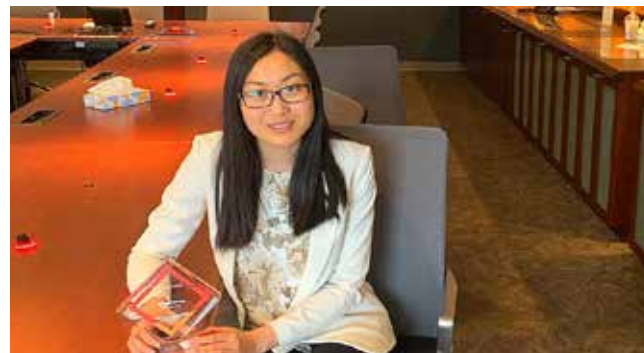
AON Best Employers

The AON Award is the the ultimate measurement of a company's ability to engage employees, demonstrate effective leadership, build a performance culture, and leverage the strength of their employer brand. Winning Platinum means we scored in the Top quartile of all company entries.



Young Leaders Award

Maggie Leung, Corporate Performance Advisor, received a CCUA National Credit Union Young Leaders Award. This award recognizes, identifies, motivates, and publicizes the accomplishments of the best and brightest young employees in the Canadian credit union system.



AIME Marketing Awards

The Alterna Marketing team won two CCUA Achievement in Marketing Excellence (AIME) Awards for the Alterna Bank Digital Mortgage Campaign in the categories of Digital Marketing and New Product Launch. They also won an Achievement in Marketing Award for the #ControlYourMortgage campaign





There With Our Community Partners

Enactus Lakefield Animal Welfare Society CU Succeed Youth Bursary
 Billings Food Donation Sheridan Park Family **Carleton University**
 Vixens Victorious Parkinsons Canada Butterfly Run Youth Ottawa Warriors
Centre for Social Innovation Boys and Girls Club Youth Ottawa
 Merivale Food Drive Operation Come Home Lotus Centre Women in Leadership
 Covenant House Toronto **Candlelighters** St. Vincent Hospital Youth
 Bowling Canada Vaughan Parkinsons Riverdale Housing **Furniture Bank**
 CHFT Charitable Fund **Red Cross** Peterborough Kiwanis Ride for Dad
Toronto Rock Lacrosse Ottawa Mission Parkinson Society Ottawa
 Toronto People Ontario Intercollegiate **The Neighbourhood Group**
 Ottawa Network for Education Food Forward Advocacy StopGap Foundation
CHFT Cooperative Housing Federation of Toronto
 Church Food Cupboard Terry Fox Run Army Run Flippin for Charity

There for You:

In times of need, we were there. We collectively felt the sadness with our neighbours during the Humboldt tragedy, the OC Transpo bus accident, and the attacks on the Danforth and on Yonge Street, and we donated

money to the families as a small gesture of support. For the Ottawa tornadoes, we donated \$50,000 to the Red Cross and offered interest-free emergency loans to members. We feel privileged to be able to contribute.

Our Community Promise

Profits should serve a purpose.

Our goal is to see our members, employees and communities thrive. We believe in making profits serve a purpose.

In 2018, we sponsored, volunteered, fundraised, shared our knowledge, and empowered our members to strengthen our collective impact. We donated more than \$1 million, benefiting many community organizations. We also

donated 11,300 volunteer hours, as we know that giving time is just as important as giving money.

We are privileged to be doing this work. Joined by our members and like-minded organizations, we tackle issues that really matter.

We've recently restated our vision for community giving and sponsorships. This is a snapshot of how it's evolving.



Improving How Our Communities LIVE



How we live has a direct impact on our wellbeing.

At Alterna, we believe in helping our communities access services that improve their quality of life. We give people a helping hand, a lift up, and a sense of belonging, and hope.

We support a number of organizations that provide peace of mind and optimism for a better future.

And when life's transitions and challenging situations arise, we're there to help.



Supporting How Our Communities PROSPER



We believe everyone should have the tools to achieve financial success.



In 2018, we distributed over \$560,000 in microfinance loans to 80 borrowers. These loans helped low income earners bridge their income gap, gave skilled professionals and tradespeople a helping hand, and provided social entrepreneurs with a new way to innovate.

Entrepreneurs used microfinance loans to gain the flexibility and empowerment they needed to grow their businesses. Microfinance loans were also used to help more people access professional development training and certification opportunities to launch or rejuvenate their careers. Instead of relying on predatory lenders for help, they looked to us for support and we delivered, empowering our community along the way.

We ran programs to help newcomers integrate into Canadian life and thrive through financial success. We helped more people reach financial independence, which in turn strengthens our economy, benefiting everyone.

Investing in How Our Communities LEARN



Knowledge is a powerful catalyst for change.

Everyone should have access to a good education. At Alterna, we recognize change makers and share the education needed to create a culture of social responsibility. We nurture innovative future leaders and empower youth to

develop their knowledge and skills to make a difference.

“Creating change and understanding the importance of community service can help unify and reshape our community to be stronger, more diverse, beautiful, and a better city of Toronto.” - *Selsabil Rezig, recipient of the CHFT Mark Goldblatt Diversity Scholarship*



Committed to How Our Communities **INNOVATE**



Innovation spawns new ideas that move our communities forward.

We believe in finding solutions to complex social problems. From helping individuals innovate so they can turn great ideas into real, lasting change and disrupt the status quo; to partnering with Candlelighters to provide e-readers to young cancer patients because the conventional classroom is often not an option, we are always championing for a better, more innovative way of doing things.



Showing Our Communities We **CARE**



We take care of each other because our community's health is important to us.

From providing support to youth who have been diagnosed with cancer and their families, to finding shelter for homeless youth. We believe in strengthening our community's access to CARE and support.



Supporting How Our Communities **CONNECT**



Communities that are united, thrive.

There is power in connection. We support unity, inclusion, and community-building. That's why we work with members who are connecting companies, causes, and people to maximize our collective impact.

Supporting How Our Communities **PLAY**



Sports have the power to bring us together.

We believe in the power of play in all forms. We love lacrosse, Canada's national summer sport, because it's a fun and competitive way to bring communities and

families together as they root for their home team.

In addition to being the official sponsor of The Toronto Rock, we sponsor the inaugural Vancouver Warriors and champion lacrosse in our communities. We believe in helping more people access sports and recreation.



Here are just a few of the programs we sponsored, volunteered, fundraised, shared our knowledge and empowered our members to strengthen our collective impact.

Enactus Canada

Enactus Canada shapes entrepreneurial leaders who advance the economic, social, and environmental health of Canada. Joining the Enactus network meant rallying the energy, ideas, and passion of the country's brightest students as they make meaningful contributions to their communities today and discover ways to make an even greater impact as the entrepreneurial leaders of tomorrow.



Enactus, with the support of corporate partners such as Alterna, engaged:

- 3,498** STUDENTS
 - 143** FACULTY ADVISORS
 - 73** UNIVERSITIES AND COLLEGES
- They helped deliver:*
- 96** STUDENT BUSINESS VENTURES
 - 271** COMMUNITY OUTREACH PROJECTS

- And helped:*
- 697** STUDENTS FIND EMPLOYMENT
 - 448** START NEW BUSINESSES
- Through:*
- 393,212** VOLUNTEER HOURS
 - 65** STAFF VOLUNTEER HOURS

Resulting in:

28,572 PEOPLE IMPACTED

Lacrosse

We are thrilled to continue our partnership with the Toronto Rock Lacrosse Club. The Rock boasts six National Lacrosse League championships – tied for the most championships in the league's history. The national summer sport of Canada, lacrosse is known as the fastest sport that is played on two feet, and it requires extreme athleticism.

The Rock's values of family, community and taking care of each other align with ours. And, for the price of a movie ticket, families can spend the day out celebrating and rooting for their home teams. We're proud to be a catalyst in bringing affordable entertainment to otherwise expensive cities.



Teeing up for Candlelighters

In 2018, we teed up for our 14th Annual Charity Golf Classic. We raised an incredible \$110,000 in support of Candlelighters, a non-profit that provides programs and services to young cancer patients and their families who are receiving treatment in the Ottawa area.

A portion of the funds we raised were used to provide e-Readers to young cancer patients and their families to

help them access resources related to their diagnosis and to find positive ways to cope and occupy their time during treatment and recovery.

The out of pocket costs incurred by families when their child receives treatment can feel overwhelming to parents and caregivers. Candlelighters aims to lessen the added stress of increased costs and provide resources that help improve the recovery experience for families.



alterna savings
 1000 Lakeshore Blvd. East, Ottawa, ON K1Z 0B9

DATE 2018 06 12

Candlelighters
 One Hundred Ten Thousand — XX/100 DOLLARS

ACCESS Community Capital Fund (ACCESS) for newcomers

ACCESS has a mission. Their aim? To support people who face economic barriers with opportunities to achieve financial security through sustainable employment and self-employment. When community members needed a partner to provide affordable loans to internationally-trained newcomers, we stepped up to the challenge. Together, we distributed affordable \$15,000 loans to aspiring entrepreneurs with little to no collateral or credit history. So they can participate in the Canadian labour market.



HouseLink

HouseLink provides supportive housing for people living with persistent mental health and addictions issues. They create hope and a path towards recovery for people who are at risk of homelessness, making it possible for them to rebuild their lives. We support HouseLink through banking services with immense cost savings, helping the organization find resources for new development, refinancing, and mortgages.



The Canadian Red Cross

When the Ottawa tornadoes struck, we knew our community needed us and we were there to help. We donated \$50,000 to the Canadian Red Cross and offered emergency interest-free loans to members. "Thanks to the support of Alterna and Canadians, who continue to be so generous, we can provide essential assistance to people and their communities in their time of need," said Tanya Elliott, VP of Red Cross Ontario.



Centre for Social Innovation

Through the power of co-working, community, and collaboration CSI is creating new ways for the social mission sector to work, connect, create, and transform, together. We're CSI's longest standing partner. We believed in their mission when no other bank did. We were the only financial institution willing to take on their operating account and explore this new model with them prior to their first mortgage. We also continue to support the centre's Ontario Catapult Microloan Fund and Soshent.net matchmaking programs.

Women's Financial Health Club

During one of our Alterna open office hours at the Centre for Social Innovation, it turned out that only women came and we began having this amazing conversation about their challenges in finance. Two hours later, they reached out to ask if we could host an official workshop. Of course we said yes! They loved the experience and together, we co-created a safe space for women to talk about their options around financial health.



A-Way Express

A-Way Express is a small delivery business that employs people with severe and persistent mental health issues, helping them (re)enter the workforce. With up to 50 employees at a given time, the company provides more than employment. A-Way also gives staff access to social and health supports, a community of colleagues and friends, nutrition programs, and support through the transition into their new careers. Until now, A-Way's couriers used the TTC to minimize the environmental impact of its deliveries. With more requests coming from outside Toronto, the company needed to innovate to meet the growing consumer demand.



Women's baseball

We place a great deal of importance on women in leadership roles. That's one of the reasons why we sponsored The Ontario Intercollegiate Women's Fastpitch Association (OIWFA). In 2018, history was made with the first ever all-female umpiring crew at a provincial championship.



The Neighbourhood Group

The Neighbourhood Group serves people at every stage of their lives, promoting independence and dignity, engaging the skills and talents of their neighbours to build a vibrant community. From childcare services, employment services, to housing and seniors programs. The Neighbourhood Group is a staple of serving its community. As members of Alterna, we provide them with banking services that are affordable and support their mission so that they can get back to making a difference.



Furniture Bank

The Furniture Bank is a charity and social enterprise that collects gently-used furnishings from the community and transfers them to families transitioning out of homelessness or displacement. We provided The Furniture Bank with affordable banking services so they could continue their important work. In 2018, they furnished the homes of over 10,000 marginalized people and provided meaningful work for more than 20 people who faced barriers to employment.

The Co-operative Housing Federation of Toronto (CHFT)'s Diversity Scholarship

In 2018, we continued to support people living in co-operative housing as they completed their post-secondary education. In addition to focusing on a recipient's

academic success, the CHFT Diversity Scholarship also celebrates an applicant's strong commitment to diversity and community involvement. Alterna sponsors the Penny Bethke Scholarship award in memory of Penny, a former Alterna Savings board member. This year's recipients, Hodman Abukar, Natalya Chambers-Johnson, Fleursha Milfort, and Sophia Tracey are all doing remarkable and inspiring work to tackle issues that affect their communities.



Executive Leadership Team

Our financial and organizational health is solid, and we will continue to be a strong force investing in our members' needs, development of our talented employees and support for our communities.

ROB PATERSON

President & Chief Executive Officer

BILL BONI

Chief Financial Officer

MARK CAUCHI

Chief Information Officer

JOSÉ GALLANT

Chief Administrative Officer

FRUGINA BALL

*Region Head,
Member Experience, GTA*

BRIAN LAWSON

*Region Head,
Member Experience, NCR*

SHAWN KHIMJI

VP, Wealth Management

KIM MOSELEY

VP, Product and Marcomm

Board of Directors

NORM AYOUB, Chair

- Governance Committee, Chair
- Nominating Committee
- Alterna Bank, Director

MARIA BARRADOS, Vice-Chair

- Finance & Audit Committee
- Governance Committee, Vice-Chair
- Alterna Bank, Chair

EARL CAMPBELL, Director

- Governance Committee
- Nominating Committee
- Alterna Bank, Vice Chair

KEN CHAN, Director

- Governance Committee
- Nominating Committee, Chair
- Alterna Bank, Director

MARILYN CONWAY JONES, Director

- Finance & Audit Committee

ANDY CRAGG, Director

- Nominating Committee

BIANCA GAROFALO, Director

- Nominating Committee

MARIANNE JOHNSON, Director

- Finance & Audit Committee, Vice-Chair
- Alterna Bank, Director

RICHARD NEVILLE, Director

- Governance Committee
- Finance & Audit Committee, Chair
- Alterna Bank, Director



Financial Highlights 2018

2018 was another strong year for Alterna and our financial results are proof that we are doing something right.

We had solid growth and healthy performance in all aspects of our business including our growth in loans under management and deposits, membership growth, revenue, and net income.

The good in banking is catching on and we are delivering it in a strong financial model for the

mutual success of our members and Alterna. Building on this model, we will stay focused on improving our member and employee experience, further enhancing our digital capabilities and improving our technology to ensure the safety and security of our platforms.

We have the stability and the sustainability to stand behind our ongoing commitment to deliver to you the good in banking.

Consolidated Balance Sheets

(in thousands of dollars)

As at	Dec. 31, 2018	Dec. 31, 2017
ASSETS		
Cash and cash equivalents	\$ 160,634	\$ 295,769
Investments	429,302	373,199
Loans and advances	4,924,913	3,937,289
Property and equipment	15,834	16,704
Intangible assets	11,746	12,967
Derivative financial instruments	3,039	12,430
Deferred income tax asset	729	551
Other assets	62,120	46,502
	\$ 5,608,317	\$ 4,695,411
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Deposits	\$ 4,312,690	\$ 3,679,389
Borrowings	252,010	276,548
Mortgage securitization liabilities	669,701	397,787
Derivative financial instruments	7,092	4,812
Income tax payable	2,418	1,270
Other liabilities	41,287	37,772
Membership shares	1,919	1,772
	\$ 5,287,117	\$ 4,399,350
Members' equity:		
Special shares	134,440	133,052
Contributed surplus	34,522	30,297
Retained earnings	156,732	136,925
Accumulated other comprehensive loss	(4,494)	(4,213)
	321,200	296,061
	\$ 5,608,317	\$ 4,695,411

Consolidated Statements of Income

(in thousands of dollars)

For the years ended	Dec. 31, 2018	Dec. 31, 2017
Interest income	\$ 150,121	\$ 117,466
Investment income	9,240	7,712
	159,361	125,178
Interest expense	68,735	46,784
Net interest income	90,626	78,394
Loan costs	2,827	1,603
Net interest income after loan costs	87,799	76,791
Foreign exchange	8,195	3,665
Commissions	7,171	5,358
Service charges	5,605	5,492
Securitization income	2,840	7,623
Other	1,528	2,471
Other income	25,339	24,609
Net interest and other income	113,138	101,400
Salaries and benefits	41,434	40,260
Administration	21,251	21,762
Occupancy	9,763	10,026
Data processing	8,703	8,642
Marketing and community relations	3,157	3,374
Operating expenses	84,308	84,064
Income before income taxes	28,830	17,336
Provision for income taxes	5,758	3,699
Net income	\$ 23,072	\$ 13,637

Consolidated Statements of Comprehensive Income

(in thousands of dollars)

For the years ended	Dec. 31, 2018	Dec. 31, 2017
Net income	\$ 23,072	\$ 13,637
Other comprehensive income (loss)		
Other comprehensive income (loss) to be reclassified to income in subsequent periods:		
Available-for-sale securities:		
Net unrealized losses on available-for-sale securities	N/A	(858)
Investments in debt instruments measured at fair value through other comprehensive income:		
Net unrealized gains on debt instruments measured at fair value through other comprehensive income	102	N/A
Cash flow hedges:		
Changes arising during the year	(305)	(782)
Add: Reclassification adjustments for gains included in the income statement	(95)	(307)
Net loss on cash flow hedges	(400)	(1,089)
Net other comprehensive loss to be reclassified to income in subsequent periods	(298)	(1,947)
Other comprehensive income (loss) not to be reclassified to income in subsequent periods:		
Defined benefit plan – actuarial gains (losses)	17	(13)
Net other comprehensive income (loss) not to be reclassified to income in subsequent periods	17	(13)
Other comprehensive loss	(281)	(1,960)
Comprehensive income	\$ 22,791	\$ 11,677

Consolidated Statements of Changes in Members' Equity

(in thousands of dollars)

For the years ended	Dec. 31, 2018	Dec. 31, 2017
Special shares:		
Balance, beginning of year	\$ 133,052	\$ 58,899
Net shares issued	1,388	74,153
Balance, end of year	134,440	133,052
Contributed surplus:		
Balance, beginning of year	30,297	30,297
Arising on business combination	4,225	–
Balance, end of year	34,522	30,297
Retained earnings:		
Balance, beginning of year	136,925	126,270
Impact of adopting IFRS 9 at January 1, 2018	918	N/A
Balance, beginning of year, as restated	137,843	126,270
Net income	23,072	13,637
Dividend on special shares	(4,183)	(2,982)
Balance, end of year	156,732	136,925
Accumulated other comprehensive loss, net of tax:		
Balance, beginning of year	(4,213)	(2,253)
Other comprehensive loss	(281)	(1,960)
Balance, end of year	(4,494)	(4,213)
Members' equity	\$ 321,200	\$ 296,061

ALTERNA SAVINGS BRANCHES

GTA:

- Bay St
- Bolton
- Bramalea
- Danforth
- Lakeshore
- Scarborough
- Streetsville
- York

Ottawa:

- Bells Corners
- Billings Bridge
- Centretown
- Kingston
- Merivale
- Orleans
- Pembroke
- Place de Ville
- South Keys
- St. Laurent
- Tunney's Pasture
- Westboro

Northeastern Ontario:

- North Bay
- Peterborough Community Savings
(a division of Alterna Savings and Credit Union Ltd.)

Southwestern Ontario:

- Thamesville
- Wardsville
- Dutton

Northwestern Ontario:

- Thunder Bay
- Ignace
- Dryden
- Sioux Lookout
- Fort Frances
- Rainy River

Toronto Municipal Employees Savings:

- City Hall
- Etobicoke



alterna savings



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Alterna.ca



AlternaSavings



@alternasavings
@alternabank



Download our Alterna ATM Finder app

Alterna Savings and Credit Union Limited operates as Alterna Savings.

Alterna Savings is a proud Imagine Canada company. Imagine Canada is a national charitable organization that supports and strengthens Canada's charities and non-profits so that they, in turn, can support the Canadians and their communities. Companies that use the Imagine Canada logo donate a minimum of 1% of their pre-tax profits to Canadian charities.

