



NEW CHANNELS. NEW CONFIDENCE.

2017 Annual Summary



"2017 was the year we hit our stride. The results of our confidence are everywhere you look."

Rob Paterson, President & CEO



New Confidence

Report From The Board & Management

2017 was an incredible year. And no doubt a strong sign of the confidence we're building at Alterna Savings. We have the right people, the right organization and positive growth on all fronts.

We are staying laser-sharp focused on continuing to grow our company, acquiring the resources we need, innovating through technology and empowering our employees. We are seeing a five-year plan come to fruition.

The proof is in our results. Member loyalty was up 7%. Our balance sheet rose enough to make us a top ten credit union in Canada. Community hours continued to climb, and last but not least, we had our best employee engagement ever.

We grew the Alterna Savings family, welcoming 13,091 new members, and we grew our suite of services by adding new products, services, and capabilities.

You have welcomed our new initiatives with enthusiasm. When we asked you to rank your satisfaction with our service, 84% of you gave us a score of 4 out of 5 or higher; 71% consider our overall service better than other financial institutions; and 94% said you would turn to

us as often or more often to manage your money in the future.

Your trust in us grew as well in 2017. You entrusted us with more of your financial well-being and the extent can be seen in some of the financial numbers. The number of loans under our administration grew by 33% or \$1.2 billion. Deposits also grew by 13% or \$417 million, and our wealth management rose by 12% or \$98 million. Thanks to your faith in us, our assets under administration hit a new high, breaking through to \$6.6 billion, up from \$5.2 billion in 2016.

Our commercial book saw another impressive year of growth. The team grew our commercial loans under administration by almost \$272 million to bring our commercial funds under administration up to \$1.85 billion. And our net income after taxes grew to \$13.6 million allowing us the income to invest in your credit union's future.

We have never been better positioned to work confidently as one. By having our employees, our members and our communities come along with us, we have come together like never before. We work with passion. We are committed to flawless execution, meaningful innovation and open collaboration. We truly are the good in banking.

Last year, Alterna Savings grew by over 23%, making it the fastest growing credit union in all of Canada.

That helped place us as the 9th largest credit union in Canada. The top ten credit unions represent almost 50% of all assets held by credit unions with consolidated assets of over \$110 billion.

In 2017, our annual employee engagement survey results were the greatest we've ever had with a best in-class score of 83% total engagement and enablement. These results put us in the top 10% of similar-sized employers and the outcome is a team that is energized, enthusiastic and giving 100% of themselves to helping our members achieve their financial goals.

We were also awarded with not one, but two best employer honours: **National Capital Region's Top Employers** and **AON Best Employers**. Both are benchmarks for assessing the quality and performance of Canadian workplaces. With the expertise to identify

key priorities, these awards help drive confidence into our organization. We're a big believer in putting people before profits. We pride ourselves on reinvesting profits back into the community, and back into our employees.

We were happy to offer a Class A investment share opportunity to our members last summer at 4%. Our goal was to raise \$75 million in six months. We were thrilled when we hit our goal in less than three months. It's no wonder more and more members are making us their primary financial institution.

We continue to create white space in the financial sector. We have a habit of being the first to reach out to people in financial need.

When flooding hit homeowners across Ontario and Quebec in the spring of 2017, Alterna Savings was the first to offer emergency interest-free loans to members.

When the big banks dropped the medical cannabis producers, we opened our doors to these unbanked but 100% legally-operating companies.

At Alterna, we also invest a portion of our profits back into the communities we serve.

them – online, by phone, through our mobile app, in person at our 33 branches across Ontario and in Gatineau, Quebec, or through THE EXCHANGE® Network, Canada's second-largest surcharge-free ATM network.

We increased our reach last year through the addition of Ontario partner groups Peterborough Community Savings and Nexus Community Savings, both divisions of Alterna Savings. And we extend our offerings from coast to coast through Alterna Bank, an innovative digital banking offer that allows us to bring our unique co-operative values to all Canadians.

For more than 100 years, Alterna Savings has been writing new chapters to help Ontarians achieve their financial dreams and build strong, vibrant communities.

As the first full-service, member-owned co-operative financial institution outside of Quebec, we share our commitment to co-operative values with more than 147,000 members.

Our assets under administration portfolio of more than \$6.6 billion allows us to serve our members in the ways that are most accessible and convenient for

Together with our members and our employees in 2017 we contributed over \$550,000 in grants and sponsorships back to the local community.

In addition, our award-winning Community Micro-finance Program contributed more than \$542,000 in loan financing to the underbanked.

Alterna Bank is once again at the forefront of the digital banking revolution, launching Canada's first and only end-to-end digital mortgage. Our new lending engine is an easy-to-use, guided process that takes the stress, hassle and time out of what has previously been an arduous, confusing task for Canadians seeking financing to purchase a new home. And the Big Banks don't have it.

As one of very few credit unions that also have federally chartered banks, we continue to innovate and lead with a digital banking option that is underpinned by the same co-operative values of our credit union. The benefit of Alterna Bank to our credit union's members is that you can also choose to open accounts with this side of our business – giving you CDIC insured options for your money. In addition, members can now advocate for family and friends across Canada to join us, and if you were to move provinces, you could keep enjoying all the benefits of banking with us.

The end of the year saw us welcoming Toronto Rock lacrosse team into the fold.



We are now the official partner of Canada's official sport and its flagship team.

It's a fast-paced, family-oriented organization that will help us build brand presence. It's going to be a lot of fun.





Norm Ayoub,
Board Chair

“We’re a big believer in putting people before profits. Our objective is to help individuals and communities grow and prosper.”

But as good as 2017 was, there's still work to do. The financial press remains focused on the potential impact of Canada's chronic high household debt. In these debt-laden times, credit unions remain one of the sole players in the financial sector that offer help and develop tools to improve their members' financial well-being. Alterna Savings is rising to the challenge.

We're leading the way. That's why we strive to be honest, authentic and empathetic in every transaction we have with our communities, our employees and our members. We will do everything possible to stay relevant to your needs.

Thank you to everyone for making 2017 the success it was. As we march toward our 110th anniversary, let us continue along this road with confidence.


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:

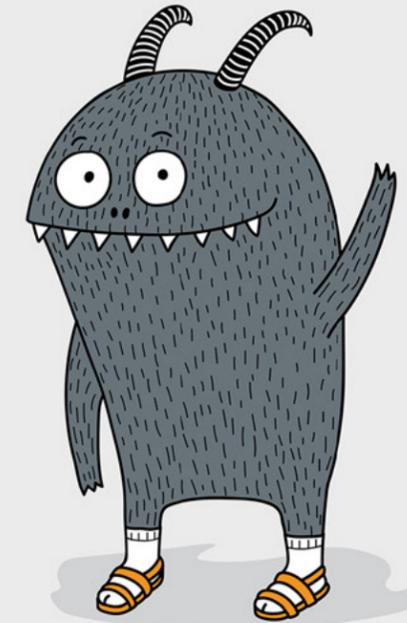
- Tailored to member needs
- Accessible to all
- Supportive of local communities
- Delivered by caring, professional employees

VALUES:

- People above Profits
- Excellence
- Integrity



**SAY HELLO TO
THE UNSCARY MORTGAGE**



Don't get spooked by the New Mortgage Rules.
Ask us for some friendly advice today.


alterna savings
#UnScaryMortgage

KEY MILESTONES

	2017	2016	Increase
Member loyalty	60%	56%	7%
Employee Engagement	83%	82.5%	0.5%
Volunteer hours	12,547	11,592	8.2%

NEXT CHAPTER IN MEMBER EXPERIENCE

Our Milestones



2017 was the year of new confidence. We continued to open new channels. We embraced new technologies and offered new services that make the banking experience easier and more convenient. And did it better than ever.



COMMUNITY MICROFINANCE PROGRAM

We've taken our commitment to community a step further by providing loans to individuals and businesses that would not otherwise qualify for credit. To date, Alterna has provided more than 950 micro loans ranging from \$1,000 to \$25,000, totalling \$5 million.

COMMUNITY DONATIONS

Last year we made donations to over 60 community based and charitable organizations. Recipient groups ranged from gender-based violence prevention to the promotion of women's safety to support for at-risk youth in the GTA.

EMERGENCY LOANS

When flooding hit homeowners across Ontario and Quebec in the spring of 2017, Alterna Savings was the first to offer emergency interest-free loans to members affected by the extreme downfall.

NATIONAL CAPITAL REGION'S TOP EMPLOYERS AWARD

We were selected because we invest in ongoing employee development and offer financial perks

including discounted mortgage rates and free day-to-day banking services. We support charitable initiatives and re-invest 1% of our pre-tax profits into community partnerships.

AON BEST EMPLOYERS

Aon Best Employers is the benchmark for assessing the quality and performance of Canadian workplaces. We pride ourselves on reinvesting profits back into the community and back into our employees. This study helps drive performance back into our organization.

CLASS A INVESTMENT SHARES

We were happy to offer a Class A investment shares opportunity to our members last summer at 4%. Our goal was to raise \$75 million in six months. We were thrilled to reach it in less than three months.

149 NEW ATMs

Not only are we making our services more accessible to members across the country, we're building awareness of our company with prospective members who will one day enjoy all the benefits of dealing with our incredible credit union.

MEDICAL CANNABIS

When the big banks turned their backs on federally-licensed cannabis-related businesses, we jumped in. All of the businesses operate 100% legally under the existing Health Canada framework. These companies are part of our communities, they deserve our support.

TORONTO ROCK SPONSORSHIP

We are proud to be Official Partner of Canada's official sport - lacrosse - and its flagship team, the Toronto Rock. We're going to have some fun with this.

INTERAC FLASH

We introduced Interac Flash®, a contactless payment feature on our Alterna Debit Card, a great convenience that our members love.

FIRST FULLY-DIGITAL MORTGAGE

The new lending engine is an easy-to-use, guided process that takes the stress, hassle and time out of what has previously been an arduous, confusing task for Canadians. And the Big Banks don't have it.

Alterna Bank launched Canada's first and only end-to-end digital mortgage.



BY THE NUMBERS

28%
GROWTH OF ASSETS
UNDER ADMINISTRATION

A TOP 10
CREDIT UNION
NATIONWIDE

\$75 MILLION
CLASS A
INVESTMENT SHARES
SUBSCRIBED IN JUST
THREE MONTHS

71%
CONSIDER OUR
OVERALL SERVICE
BETTER THAN
OTHER FINANCIAL
INSTITUTIONS

23%
YEAR-OVER-YEAR
GROWTH

MEMBER LOYALTY
UP BY
7%

83%
EMPLOYEE
ENGAGEMENT SCORE
TOP DECILE
SECOND YEAR
IN A ROW

LOANS UNDER
ADMINISTRATION
GREW BY
\$1.20 BILLION

12%
GROWTH IN
WEALTH MANAGEMENT

\$550,000
IN DONATIONS
& COMMUNITY
INVESTMENTS

COMMERCIAL
LOAN
GROWTH OF
\$272 MILLION

AON
BEST
EMPLOYERS
AWARD

DEPOSITS
GREW BY
\$417 MILLION

\$13.6 MILLION
NET INCOME

3

\$542,000
IN LOAN FINANCING
TO THE UNDERBANKED
THROUGH OUR
COMMUNITY
MICROFINANCE
PROGRAM

LAUNCHED
CANADA'S FIRST
AND ONLY
END-TO-END
DIGITAL MORTGAGE

NATIONAL
CAPITAL REGION'S
TOP
EMPLOYERS
AWARD

1ST PLACE AWARDS
CLAIMED BY OUR
PARTNER QTRADE
INVESTOR

12,547
STAFF
VOLUNTEER
HOURS

FIRST
DIGITAL BANK
AVAILABLE IN
ALL PROVINCES
OFFERED BY ANY
CREDIT UNION
IN CANADA

3700+
SURCHARGE-FREE
ATM'S ACROSS
CANADA

NEXT CHAPTER IN COMMUNITY GIVING

Our Community

We love being able to engage with our community and our members! In 2017 we were out and about on a regular basis to celebrate and support what makes our communities great. We sponsored, we volunteered, we fundraised, we shared our knowledge in a variety of ways for a variety of causes each and every week across Ontario. Here's a small sampling of community events that we participated in.

As a credit union, Concern for Community is one of our core principles.

As an Imagine Canada Caring Company™ we have made a commitment to investing a minimum of 1% of our pre-tax profits back into the community through sponsorships and grants. We provided \$550,000 in grant and sponsorship support in 2017 to over 60 different organizations which are working to make our communities better.

Through our Microfinance Program and our Community Loan Fund partners we are working to address the issues of financial inclusion, and access to credit. In 2017, together with our Community

Loan Fund partners we provided over 90 individuals and social enterprises with over half a million in loan financing that they may not have been able to secure elsewhere.

We are proud to count on a workforce that is engaged in the community, both as part of their work at Alterna and on their own time. In 2017, our staff contributed a whopping 12,547 hours of volunteer time to help make a difference.



We are committed to addressing the issue of Financial Literacy. We offer regular seminars for our members in our branches, and our staff are also out in the community to share their knowledge. Last year we offered over 55 financial literacy workshops covering topics from basic banking, to budgeting, to how credit works, to the difference between TFSAs and RRSPs, to wealth management and retirement planning.

100in1Day Alterna Charity Golf Classic Dandelion Day Festival Thunder Bay Rotary Santa Claus Parade Government of Canada Workplace Charitable Campaign (GCWCC) Statistics Cup Soccer Tournament Alterna Savings Bread & Honey Road Race Immigrant Women Small Business Expo Streetsville Lions Farmers Market Non-profit Driven Conference Filene Institute Strategic Foresight Forum Artpreneur Conference Young Entrepreneurs Conference Boys and Girls Club of Ottawa Annual Breakfast Taste of Kawarthas Food Tent Bothwell Optimist Club Bike Rodeo BuildingUp Together City of Toronto – Starter Space Program Co-operative Housing Association of South Eastern Ontario (CHASEO) Spring Education Day Co-operative Housing Federation of Toronto (CHFT) Century of Co-operation Co-operative Housing Federation of Toronto (CHFT) Diversity Scholarship Awards Co-operative Housing Federation of Toronto (CHFT) Spring Education Day The Alliance to End homelessness Ottawa Conference Alterna Savings Crack Up Comedy Festival Crackup Snowmania Challenge Dress For Success Ottawa – All Women Empowered Conference Dutton Fire Department Annual Santa Claus Parade Etobicoke Lakeshore Santa Claus Parade GTA Co-op Network Conference Ignite Capital International Jazz Day Peterborough Lakeshore Village BIA Grilled Cheese Challenge Bramalea BBQ Mimico Party in the Park Purple Onion Festival Ontario Non-profit Housing Association Conference Ontario Social Economy Roundtable Ottawa Community Loan Foundation – Pitch-It Competition Ottawa Riverkeeper Palgrave Rotary Wines of the World Pembroke Show Case Peterborough Love Local Expo Sioux Lookout Blueberry Festival Social Enterprise Conference Plaid for Dad YUM Market South Keys BBQ for Boys and Girls Club of Ottawa Toronto Business Development Corporation – Jumpstart Unleashed – The Social Enterprise Event The Alliance to End homelessness Ottawa Conference Caledon Day VOscars Awards Gala West Ottawa Board of Trade – Business After 5 Networking Night Women Economic Council Yorkfest



In 2017 the Alterna Savings Microfinance program provided the 12 winners of the Ignite Capital pitch competition with \$90,000 in loan financing in order to help them move their businesses to the next level.

ALTERNA SAVINGS CRACK UP

Alterna was back once again as the title sponsor for the 2017 Alterna Savings Crack Up Comedy Festival for Mental Health. This year the festival saw its largest attendance ever at nine shows, as well as a gala dinner in tribute to John Candy and the Snowmania Challenge which brought out hundreds of snowman makers in an attempt at a Guinness World Record. The festival benefitted a number of Ottawa organizations who are working to address mental health in our communities, including Amethyst Women's

Addiction Centre, Causeway, the Dave Smith Youth Treatment Centre, Do It for Daron (DIFD) at The Royal, Partners for Mental Health, and the Wabano Centre for Aboriginal Health.

ALTERNA CHARITY GOLF CLASSIC

The Annual Alterna Charity Golf Classic took place in June and saw some 200 golfers come together to raise funds to support Candlelighters Childhood Cancer Support programs and the YMCA-YWCA 'Camp for Kids' program. Over \$70,000 was raised at the event!

BREAD AND HONEY ROAD RACE

We were back at the Streetsville Founders Bread and Honey Festival as the title sponsors of the annual Bread and Honey Road Race. The 5 & 15k Road Races and 1k Fun Run are an annual event that Alterna staff and their families love to attend – a great family friendly way to get out, enjoy the spring weather and support local charities.

HOLIDAY TOY/FOOD DRIVE

Staff at our Thamesville, Wardsville and Dutton Nexus branches came together during the holiday season to show that true spirit of the season by giving back to their local communities through a holiday toy and food drive in support of local charities.

COMMUNITY GARDEN

Dryden branch staff contributed volunteer hours by renting a plot in the Cloverbelt Food Cooperative's Garden. They nurtured a vegetable garden and donated their fresh vegetable harvest to the Dryden Foodbank. In a true embodiment of the co-operative principles, not only did they support less fortunate members of their community by providing them with fresh, nutritious foods, but they were also supporting another local co-operative.

IGNITE CAPITAL

For the second year Alterna partnered with Ignite Capital (a Toronto based non-profit) to provide grants and loans to aspiring entrepreneurs who have limited access to capital. The program targets women, immigrant and youth entrepreneurs as well as those with limited credit.

SE UNLEASHED

We were back as a sponsor of the Centre for Social Enterprise Development (CSED)'s SE Unleashed conference in Ottawa. In its second year, this event is proving to be an important conference for Ottawa's social entrepreneurs. In addition to sponsorship, Alterna staff were there as event volunteers - staffing the registration tables and helping out in the breakout rooms. The Community Accounts and Microfinance teams were there as part of a panel discussion on social finance.



\$ 1,058,000
Total Community Support



\$550,000
sponsorship and donations to community organizations



\$542,000
in micro-financing loans to over 90 borrowers



12,547
Total Volunteer Hours



55
Financial Literacy Presentations



AWARD-WINNING MICROFINANCE PROGRAM

Alterna's Community Micro-finance Program continued to grow in 2017, providing \$542,000 in microfinancing loans to over 90 borrowers.

We expanded our support for social entrepreneurs through the launch of a partnership program with the Centre for Social Enterprise Development (CSED) in Ottawa, a wraparound program that provides grants, business planning support to social enterprise, as well as loan financing through Alterna.

PCS was proud to offer their first loans in 2017, and has established strong partnerships to continue to grow the program in the future.

"Access to affordable credit not only benefits Peterborough Community Savings' small business owning members, but also our community at large," said Beth Bruesch, President, Peterborough Community Savings. "Supporting locally owned businesses has a significant impact on the health and prosperity of those in Peterborough and the surrounding region."

Work with the Filene Research Institute continued in 2017, as we supported eight credit unions in the United States and PCS in Canada to establish microfinance programs – approximately \$680,000 in financing was lent out by these credit unions in their first year.

Perhaps most exciting was that two of the credit unions were able to attract grants through the US government totaling over 1.5million to support the further growth of their programs.

"We are helping members avoid predatory lenders, and also working with them to make sure that they take managed risks".

~Filene Program, Credit Union Tester

"Having Alterna as an example credit union was helpful, knowing that another credit union successfully launched the program already."

~Filene Program, Credit Union Tester

MICROBORROWER STORIES

JANELLE BRADY

Janelle Brady believes in the power of sharing local and current community news, which is why in 2014 she founded the Downsview Advocate. The Downsview Advocate is a community newspaper that is freely distributed door to door to 25,000 households every month. Janelle wanted to create a voice for her community because there was a need for positive, local messaging to boost civic engagement. Today, the newspaper connects individuals, organizations, and businesses together. It is the catalyst for social change and forward movement in the community.

"The Micro Loan helped to empower me in my business so that I could carry out my mission of reaching local readers within the Downsview community. By accessing the finances needed, I am now able to provide more local and current community news and information."

WATSON AND LOU

Watson and Lou is the Peterborough hub for local makers, art lovers, and hip, handmade goods for the home. Founders Erin Watson and Anna Eidt wanted to create a platform to support local makers in reaching a broader audience with local, hand crafted goods. Like many startup entrepreneurs, Erin and Anna found they needed access to additional financing. With the support from PCS they were able to access a loan and line of credit, to be able to open a new retail space.



COMMUNITY GRANT PROGRAM

WE WISH WE COULD HIGHLIGHT THE INCREDIBLE WORK OF EACH AND EVERY ONE OF OUR 2017 COMMUNITY GRANT RECIPIENTS, BUT THERE ISN'T ENOUGH ROOM – HERE ARE SOME HIGHLIGHTS:

COMMUNITY GRANT RECIPIENTS

CECIL COMMUNITY CENTRE

The Cecil Community Centre provides a wide range of services in the Kensington Market area of Toronto. With Alterna's grant Cecil Community Centre was able to provide healthy snacks, replace old/outdated toys and purchase books for their early literacy program, which supports 200 low-income, primarily newcomer families each year.

DRESS FOR SUCCESS OTTAWA

Dress for Success supports employment-ready women through the provision of professional attire, opportunities to practice interview skills and professional learning workshops. The Alterna grant went to support a free full day program for 100 women, to help them obtain the skills they needed to move forward in their career search and advance in their careers.

LICENSED TO LEARN

Licensed to Learn seeks to empower students to help one another socially and academically through free personalized peer tutoring. Using curriculum focused on youth leadership, they train elementary

and secondary students as tutors to provide help and mentorship to their peers. The Alterna grant covered the costs of administering the program at one school serving approximately 40 students (20 as peer tutors and 20 as peers receiving free personalized tutoring).

FINANCIAL LITERACY/FINANCIAL INCLUSION GRANT RECIPIENTS

FINANCIAL LITERACY ACTION NETWORK OTTAWA (FLANO)

FLANO received \$20,000 towards the development of a low-cost, sustainable financial literacy toolkit for the Ottawa-area organizations working with vulnerable populations. The goal of the project is to provide a resource for those working with individuals in financial distress to help prevent them from visiting predatory lenders. This project builds off our 2016 grant to Causeway Work Centre's Community Finance Fund.

ACCESS COMMUNITY CAPITAL FUND (ACCESS)

Access, a longtime Community Loan Fund partner of Alterna, received \$20,000 towards the development of a new program that will provide loans to low-income individuals in the Greater Toronto Area interested in finding employment in the trades through apprenticeship programs. The program will include financial literacy workshops co-hosted by both Alterna and ACCESS.

SCHOLARSHIPS & AWARD PROGRAMS

ALTERNA IS PROUD TO PROVIDE ONGOING SUPPORT FOR SEVERAL SCHOLARSHIP PROGRAMS

They include the Diversity Scholarship Programs of each of the local Co-operative Housing Federations in Ontario as well as endowed scholarships at York University and the University of Ottawa.



CHFT DIVERSITY SCHOLARSHIP AWARDS

One of our favorite annual events is the Co-operative Housing Federation of Toronto's Diversity Scholarship Awards. The Diversity Scholarship program supports students living in co-operative housing as they pursue post-secondary education. One of the unique things about this scholarship program is that it focuses not

on academic achievement, but on involvement in the community. Seeing the passion that the young scholarship winners have for working to make a positive impact on their communities is always uplifting. This passion is particularly apparent among the winners of the Penny Bethke Scholarship award which Alterna sponsors in memory of Penny, a former Alterna Savings board member. In 2017 there were five recipients of the Penny Bethke scholarship.

THE ALTERNA SOCIAL RESPONSIBILITY LEADERSHIP AWARD

The 2017 recipient of the Alterna Savings Social Responsibility Award was University of Ottawa's Telfer School of Management student Chi Le Phan Lan. In her 3rd year of the Finance program, Chi stood out for her commitment to social responsibility. She has played a leadership role in a number of initiatives, with a particular focus on activities that look to address financial literacy, access to education and youth entrepreneurship.

"The scholarship offered tremendous encouragement and financial support for my community involvement. It aided in the further development of a social media educational channel which I co-led, which brings valuable knowledge in financial literacy, economics, social and health sciences free of charge to nearly 90,000 people, who might not otherwise have access to such resources"

- Chi Le Phan Lan

BOARD OF DIRECTORS



NORM AYOUB, Chair

Committees:

- Governance, Chair
- Nominating
- Alterna Bank

Remuneration:

- Alterna Savings - \$40,000
- Alterna Bank - \$5,477

JOHANNE CHARBONNEAU, Vice Chair

Committees:

- Governance
- Alterna Bank

Remuneration:

- Alterna Savings - \$25,000
- Alterna Bank - \$7,092

MARIA BARRADOS, Director

Committees:

- Finance & Audit
- Governance
- Alterna Bank, Chair

Remuneration:

- Alterna Savings - \$20,000
- Alterna Bank - \$10,269

EARL CAMPBELL, Director

Committees:

- Governance
- Alterna Bank, Vice Chair

Remuneration:

- Alterna Savings - \$20,000
- Alterna Bank - \$7,742

KEN CHAN, Director

Committees:

- Governance
- Alterna Bank

Remuneration:

- Alterna Savings - \$20,000
- Alterna Bank - \$7,969

MARILYN CONWAY JONES, Director

Committees:

- Finance & Audit
- Nominating

Remuneration:

- Alterna Savings - \$20,000

ANDY CRAGG, Director

(Director as of April 11, 2017)

Committees:

- Finance & Audit
- Nominating

Remuneration:

- Alterna Savings - \$13,769

BIANCA GAROFALO, Director

Committees:

- Finance & Audit
- Nominating

Remuneration:

- Alterna Savings - \$20,000

MARIANNE JOHNSON, Director

Committees:

- Finance & Audit, Vice-Chair
- Nominating, Chair

Remuneration:

- Alterna Savings - \$21,192

RICHARD NEVILLE, Director

Committees:

- Finance & Audit, Chair
- Nominating

Remuneration:

- Alterna Savings - \$22,000

EXECUTIVE LEADERSHIP TEAM

Our financial and organizational health has never been better, 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

José Gallant, Chief Administrative Officer

Mark Cauchi, Chief Information Officer

Brian Lawson, Regional Head of Member Experience, NCR

Frugina Ball, Region Head, Member Experience, Greater Toronto Area (GTA)

FINANCIAL HIGHLIGHTS 2017

With a significant increase in our assets under management, we have the stability, and the sustainability, to explore new channels and continue to build on our success.

Our unprecedented growth has been fueled by an increase in the number of members as well as our members accessing more of our products and services.

Consolidated Balance Sheets

(in thousands of dollars)

as at	Dec 31, 2017	Dec 31, 2016
ASSETS		
Cash and cash equivalents	\$ 295,769	\$ 191,830
Investments	373,199	385,288
Loans, net of allowance for impaired loans	3,937,289	3,161,032
Property and equipment	16,704	18,431
Intangible assets	12,967	13,843
Derivative financial instruments	12,430	10,618
Assets held for sale	-	174
Income tax receivable	-	358
Deferred income tax asset	551	837
Other assets	46,502	24,167
	\$ 4,695,411	\$ 3,806,578
LIABILITIES AND MEMBERS' EQUITY		
Liabilities :		
Deposits	\$ 3,679,389	\$ 3,262,242
Borrowings	276,548	-
Mortgage securitization liabilities	397,787	288,438
Derivative financial instruments	4,812	4,971
Income tax payable	1,270	-
Other liabilities	37,772	35,933
Membership shares	1,772	1,781
	\$ 4,399,350	\$ 3,593,365
Members' equity:		
Special shares	133,052	58,899
Contributed surplus	30,297	30,297
Retained earnings	136,925	126,270
Accumulated other comprehensive (loss)	(4,213)	(2,253)
	296,061	213,213
	\$ 4,695,411	\$ 3,806,578

Consolidated Statements of Income

(in thousands of dollars)

For the years ended	Dec 31, 2017	Dec 31, 2016
Interest income	\$ 117,466	\$ 94,452
Investment income	7,712	5,735
	125,178	100,187
Interest expense	46,784	35,987
Net interest income	78,394	64,200
Loan costs	1,603	1,073
	76,791	63,127
Other income	24,609	29,132
	101,400	92,259
Operating expenses	84,064	73,653
Income before income taxes	17,336	18,606
Provision for income taxes	3,699	2,282
Net income	\$ 13,637	\$ 16,324

Consolidated Statements of Comprehensive Income

(in thousands of dollars)

For the years ended	Dec 31, 2017	Dec 31, 2016
Net income	\$ 13,637	\$ 16,324
Other comprehensive loss:		
Other comprehensive loss to be reclassified to income in subsequent periods:		
Available-for-sale securities:		
Net unrealized losses on available-for-sale securities ⁽¹⁾	(858)	-
Cash flow hedges:		
Changes arising during the year ⁽²⁾	(782)	-
Add: Reclassification adjustments for gains included in the income statement ⁽³⁾	(307)	(1,260)
Net loss on cash flow hedges	(1,089)	(1,336)
Net other comprehensive loss to be reclassified to income in subsequent periods	(1,947)	(2,784)
Other comprehensive income (loss) not to be reclassified to income in subsequent periods:		
Defined benefit plan - actuarial gains ⁽⁴⁾	(13)	5
Net other comprehensive income (loss) not to be reclassified to income in subsequent periods	(13)	5
Other comprehensive loss	(1,960)	(2,779)
Comprehensive income	\$ 11,677	\$ 13,545

(1) Net of income tax recovery of \$232 (2016 - recovery of \$384)

(2) Net of income tax recovery of \$192 (2016 - recovery of \$26)

(3) Net of income tax recovery of \$74 (2016 - recovery of \$297)

(4) Net of income tax expense of \$nil (2016 - expense of \$nil)

Consolidated Statements of Changes in Members' Equity

(in thousands of dollars)

For the years ended	Dec 31, 2017	Dec 31, 2016
Special shares:		
Balance, beginning of year	\$ 58,899	\$ 56,570
Net shares issued	74,153	2,329
Balance, end of year	133,052	58,899
Contributed surplus:		
Balance, beginning of year	30,297	19,282
Arising on business combination	-	11,015
Balance, end of year	30,297	30,297
Retained earnings:		
Balance, beginning of year	126,270	111,599
Net income	13,637	16,324
Transfer from accumulated other comprehensive income	-	191
Dividend on special shares	(2,982)	(1,844)
Balance, end of year	136,925	126,270
Accumulated other comprehensive income (loss), net of tax:		
Balance, beginning of year	(2,253)	717
Transfer to retained earnings	-	(191)
Other comprehensive loss	(1,960)	(2,779)
Balance, end of year	(4,213)	(2,253)
Members' equity	\$ 296,061	213,213

Alterna Savings Branches

Bay Street Community Banking Centre
Bells Corners
Billings Bridge
Bolton
Bramalea Community Banking Centre
Centretown Community Branch
Danforth
Kingston
Lakeshore
Merivale
North Bay
Orleans
Pembroke
Place de Ville
Ryerson
Scarborough Community Banking Centre
South Keys
St. Laurent
Streetsville
Tunney's Pasture
Westboro Community Banking Centre
York

Alterna Bank Branch

Gatineau

Partner Credit Union Branches

Peterborough Community Savings

(a division of Alterna Savings and Credit Union Limited)

Nexus Community Savings

(a division of Alterna Savings and Credit Union Limited)

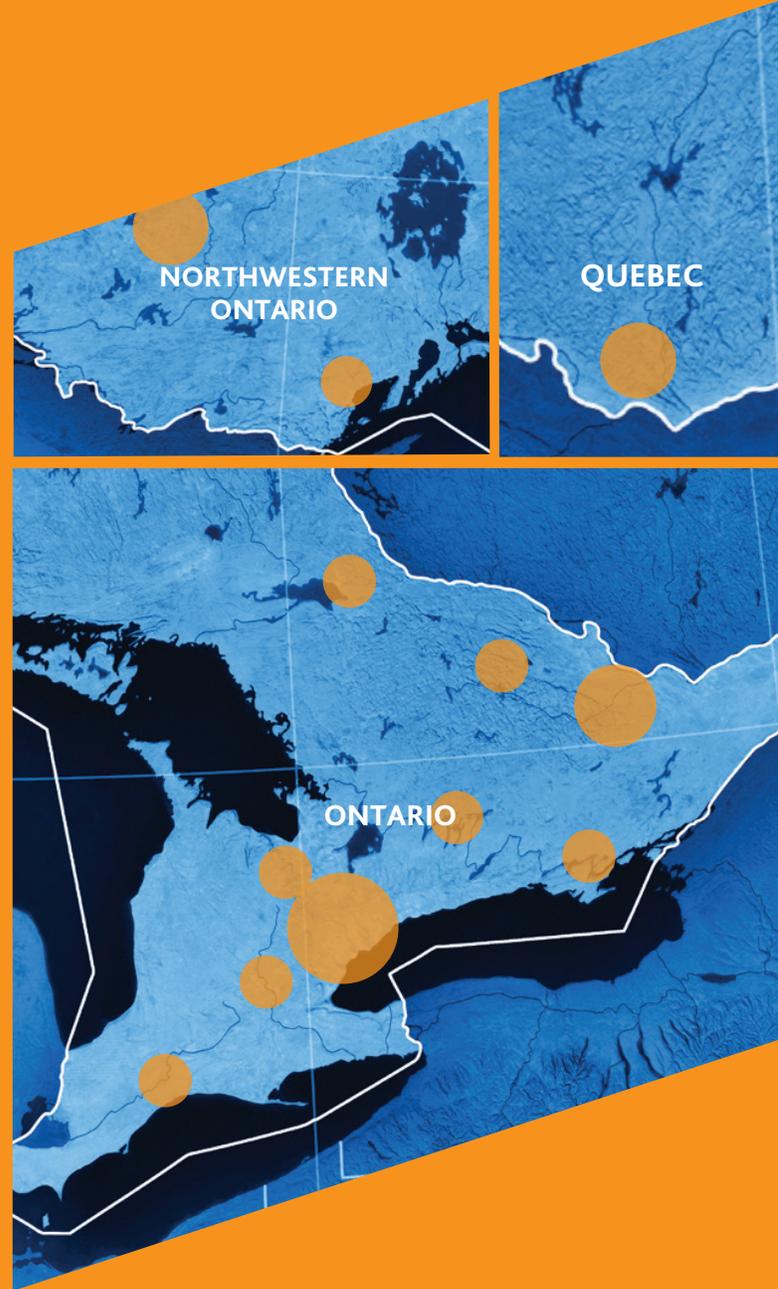
Southwestern Ontario:

Thamesville
Wardsville
Dutton

Northwestern Ontario:

Thunder Bay
Ignace
Dryden
Sioux Lookout
Fort Frances
Rainy River

.....
For a full list of branch addresses please visit Alterna.ca



alterna savings



1.877.560.0100



getintouch@alterna.ca



Alterna.ca



[AlternaSavings](https://www.facebook.com/AlternaSavings)



[@alternasavings](https://twitter.com/alternasavings)
[@alternabank](https://twitter.com/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.

