

2016 Annual Summary  
**NEW CHANNELS.  
OUR NEXT CHAPTER.**



Rob Paterson, President & CEO



*This next chapter told the story of unprecedented growth. We grew the Alterna Savings family, welcoming 5,370 new members.*

## BUILDING ON NEW CHANNELS

Report from the Board & Management

Alterna staff featured on cover:  
Chris Ciliberto, Compliance Officer  
Stephanie Cuffari, Treasury Analyst

**A**fter the breakthrough year we had in 2015, you might think we'd have had a hard time outdoing ourselves. But when we closed the book on 2016, we looked back on a year that was every bit as exciting as the one that came before it.

The products, services, and capabilities we introduced in 2015 became a foundation to build upon and strengthen in 2016. The result was an even better banking experience for our members and an exciting next chapter in Alterna's history.

This next chapter told the story of unprecedented growth. We grew the Alterna Savings family, welcoming 5,370 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, 82% of you gave us a score of 4 out of 5 or higher; 70% consider our overall service better than other financial institutions; and 93% 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 2016. You entrusted us with more of your financial wellbeing and the extent can be seen in some of the financial numbers. The number of loans under our administration grew by 32% or \$902 million. Deposits also grew by 32% or \$791 million, and our wealth management rose by 13% or \$95 million. Thanks to your faith in us, our funds under management surged by \$1.8 billion in 2016 and our assets under administration hit a new high, breaking through to \$5.2 billion, up from \$4.04 billion in 2015.

Our Commercial Real Estate Finance team recorded another impressive year of growth. The team grew our commercial loan totals by almost \$101 million to bring our commercial funds under management up to \$1.28 billion. And our net income after taxes grew to \$16.3 million allowing us the income to invest in your credit unions future.

Our financial growth in 2016 was undoubtedly impressive, but it is only part of the story. In 2016 we became the first credit union in Ontario to complete a merger under the federated operating model when we welcomed Peterborough Community Savings (PCS) into the fold. Together we created a new way forward for the Credit Union system in Ontario.

And we didn't stop there. We also welcomed Nexus Community Savings – and added their nine branches in Southwestern and Northwestern Ontario – into the Alterna family. While the federated operating model means we plan to maintain the existing brands and local presences of both of our new partners, joining with PCS and Nexus will help us all propel forward and extend our impact throughout Ontario.

In early 2016 we grew our footprint even further, with the opening of our brand new Westboro Community Banking Centre. Located on the ground floor of our head office on 319 McRae Avenue, it's in the heart of Westboro Village, one of Ottawa's most vibrant neighbourhoods and offers a contemporary, full-service bilingual branch for our members.

We also continued to open new digital channels in 2016, launching new offerings including eSavings (both registered and non-registered), eChequing, and online term deposits to customers across Canada, exclusively online, through Alterna Bank.

As one of very few credit unions in the system that also have federally chartered banks, we seized this opportunity to innovate and lead with a digital banking option that is underpinned by the same cooperative 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 a member were to move provinces, you could keep enjoying all the benefits of banking with us! We also hope our new Digital choice will bring in a new generation of members to keep us vibrant in the years to come. We believe that our launch of Alterna Bank positively positions credit unions as forward-thinking financial institutions, willing to revolutionize the channels they use to serve their members.

We also grew our online offering even further by boosting equity in Lendful, an online lending platform that offers unsecured loans of up to \$35,000 to creditworthy Canadians. In Lendful we recognized a partner who shares our commitment to creating an online consumer experience that is mindful of what our members need and want and are excited to see what the future holds for our partnership. Rest assured we are part of the Fintech movement and will partner with great minds to enhance your banking experience.

Even in the midst of all this growth, we never forgot our roots. Our company began as the Civil Service Co-op and in a year when the Federal Government made headlines for its payroll problems, we created a set of flexible product and service solutions especially for affected government employees and their families.

When it comes to our mandate to reinvest our profits back into products and services, we leveraged the flexibility and functionality of our new banking system implemented in 2015, to introduce the following last year:

- ∞ Professional Student Line of Credit
- ∞ Executor Ease
- ∞ A special Adoption Offer for families
- ∞ An expanded Community Microfinance Program
- ∞ Increased authentication for better online banking security

In addition to bringing great new products and services to the table, we provide our members with award-winning wealth management advice. Our partner, Qtrade Investor, claimed first place in the annual ranking of online brokers by The Globe and Mail – once again topping the big banks' services

to secure a share of top spot. They were also awarded best overall online customer experience among Canada's online brokerages, by a significant margin, according to the 2016 Canadian Online Discount Brokerage Review by Surviscor.

At Alterna, we also invest a portion of our profits back into the communities we serve and together with our members and our employees, we contributed over \$548,000 in 2016. In addition, our award-winning Community Microfinance Program contributed more than \$500,000 in loan financing to the underbanked.

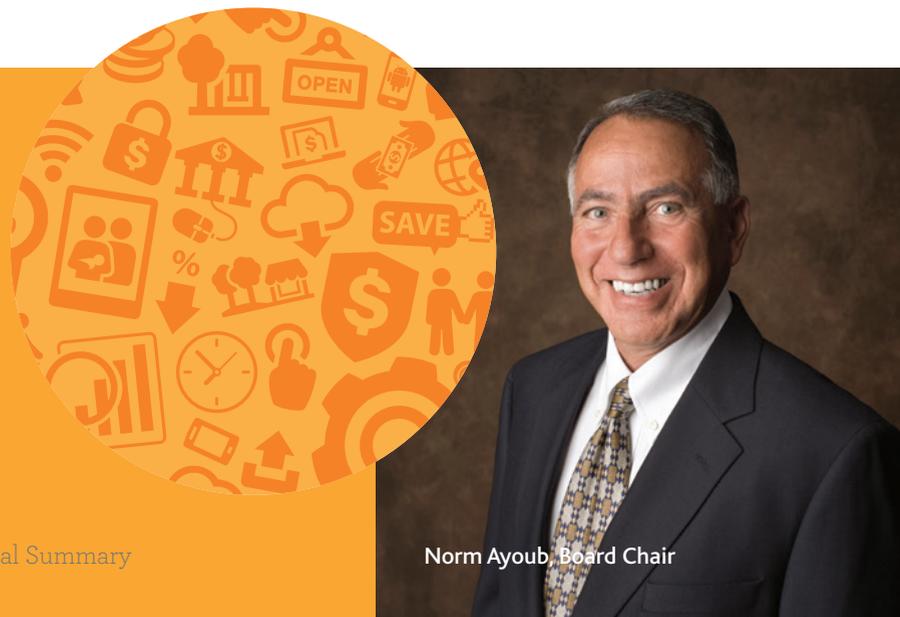
Finally, we'd like to tell you about a new achievement that we're particularly proud of. In 2016, our annual employee engagement survey results were the greatest we've ever had with a best in-class score of 83% total engagement and enablement. These results put us in the top 10% of similar-sized employers and the outcome is a team that is energized, enthusiastic and giving 100% of themselves to helping our members achieve their financial goals.

It's a truly great year when we can achieve outstanding member, community and employee results. Thank you for all you've done to make 2016 another true success story. We look forward to another year of new channels as we work together to write our next chapter.

  
 ROB PATERSON  
 President & CEO

  
 NORM AYOUB  
 Board Chair

*It's a truly great year when we can achieve outstanding member, community and employee results.*



Norm Ayoub, Board Chair

**F**or 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 143,000 members.

Our assets under administration portfolio of more than \$5.2 billion allows us to serve our members in the ways that are most accessible and convenient for them – online, by phone, through our mobile app, in person at our 35 branches across Ontario and in Gatineau, Quebec, or through THE EXCHANGE® Network, Canada's second-largest surcharge-free ATM network.

We increased our reach this 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.

**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



# NEXT CHAPTER IN MEMBER EXPERIENCE

Our Milestones

In 2016 we continued to write new chapters, and introduce new solutions in our ongoing quest to create the easiest, most convenient experiences for our members.

**Powering Professional Students with Higher Lines of Credit**  
In 2016, we introduced a new line of credit to make life easier for students working toward advanced degrees in fields such as law, accounting, physiotherapy, and business administration. Our Professional Student Line of Credit has a higher credit limit than our other student credit lines. It also has flexible repayment options, including interest-only payments while you're in school and for up to one year after graduation.

**Executor Ease – Valuable Advice for Important Responsibilities**  
Because we know that being an executor is one of the most stressful tasks you can undertake, we created a new program to support our members during this difficult time in their lives. In October, 2016, we joined forces with Concentra Trust to launch Executor Ease, a menu-based service that enables us to provide an improved experience for members who come to us seeking advice on administering an estate.

**Expanding Our Community Microfinance Program for Small Businesses**  
We recognize that small businesses are the single fastest-growing segment of our economy. To help ensure that our members succeed in their small businesses, we expanded the maximum size of our microfinance loans from \$15,000 to \$25,000. We also introduced credit lines to help small business owners better manage cash flow fluctuations. And we adjusted our focus to ensure that we're targeting those groups who need the most support, including women entrepreneurs, social entrepreneurs, skilled professionals and trades, working poor, new Canadians and people making the transition into the workforce.

**Demonstrating Flexibility with Phoenix Payroll Solutions**  
When the Federal Government's payroll problems continued to take a toll on Canadian civil servants in 2016, we stepped forward with a series of product and service solutions specifically designed to help civil servants and their families during this challenging time. Our solutions include unsecured lines of credit, overdraft protection, skip-a-payment exceptions, flexibility on RRSP de-registrations, and early term deposit cashing.

**Creating a Unique Adoption Offer to Support Families**  
For our members who are planning to adopt a child, we created a new bundle of products to make their lives easier. To support our members faced with high adoption costs, and the extra expenses that come with an expanding family, we unveiled special pricing on variable-rate personal loans and some mortgage terms. We also created new family savings solutions including premium interest rates on select term deposits, RESP options, and our new Youth Start Banking Package.



**Supporting an Emerging Industry – Federally-Licensed Cannabis**  
 Credit unions have a long history of understanding unmet needs and stepping up to make a difference. With the big banks turning their backs on federally-licensed cannabis-related businesses, we realized that we could do something to help this emerging industry. All of the businesses Alterna deals with are operating 100% legally under the existing Health Canada framework. These businesses are working to ease the suffering of many chronically ill Canadians, and without our support they would find it difficult to pay their bills, manage payroll and secure real estate.

**Protecting Online Banking with Better Authentication**  
 To provide our members with the safest online banking user experience possible, we implemented an increased authentication process which will continue to roll out over 2017. Increased authentication increases the protection of online banking against fraudulent behavior by adding challenge questions and answers at login.

*We charted bold new courses, opened new channels, and innovated new solutions to the challenges our members face every day.*

**Opening Our Westboro Community Banking Centre to Serve a New Community**  
 Located at 319 McRae Avenue in Ottawa, our new Westboro Community Banking Centre is a full-service bilingual branch for members situated in the heart of Westboro Village, one of Ottawa's most vibrant neighbourhoods. Westboro Connection, the complex that houses the branch and our head office, is a LEED certified mixed-use development; the building is a bright, modern, state-of-the-art facility convenient to live, work, shop, and now bank!



**BY THE NUMBERS**  
2016

**ZERO**  
 UNPLANNED DISRUPTIONS  
 IN 2016 ON OUR NEW BANKING PLATFORM

**UP TO 30%**  
 SAVINGS TO BORROWERS WITH UP TO \$35,000 IN LOANS

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

**83%**  
 BEST IN-CLASS EMPLOYEE ENGAGEMENT SCORE

**ONE YEAR ANNIVERSARY**  
 OF VIBRANT NEW WESTBORO HEAD OFFICE

**70% CONSIDER OUR OVERALL SERVICE BETTER THAN OTHER FINANCIAL INSTITUTIONS**

**OCUF RECOGNIZING US WITH THEIR OUTSTANDING CORPORATE ACHIEVEMENT AWARD**

**OPENED NEW BRANCH IN WESTBORO, OTTAWA**

**5,370 NEW MEMBERS**

**\$16.3 MILLION NET INCOME**

**79 COMMUNITY EVENTS**

**\$548K IN DONATIONS & COMMUNITY INVESTMENTS**

**2 1ST PLACE AWARDS CLAIMED BY OUR PARTNER, QTRADE INVESTOR**

**3,300 SURCHARGE-FREE ATMS ACROSS CANADA**



**2 NEW DIVISIONS & 10 MORE BRANCHES WITH PETERBOROUGH AND NEXUS COMMUNITY SAVINGS**

## Alterna Crackup

South Keys Greenboro Community Association Family Day Event

KI Service Fair **Ontario Nonprofit Network (ONN) Conference** Big Bike Ride

World Record Break Attempt – Most Snowmen Built in One Hour Lakeshore BIA Grilled Cheese Challenge

Citizen for Public Justice AGM **Arthritis Walk Toronto** Show Case 2016- Pembroke/Petawawa

**Westboro Mile** Country Place Family Fun Day Gatineau Community BBQ **ByTown Days**

South Keys Greenboro Community Association Soccer Tournament Mimico Party in the Park Relay for Life

**Co-operative Housing Diversity Scholarship Awards** Ryerson Food Fair

Association of Fundraising Professionals (AFP) Ottawa Fundraising Day Billings Bridge Side Walk Sale LAMP

2016 Financial Management Institute – Capital Chapter Day **Alterna Charity Golf Classic**

**Alterna Bread and Honey Road Race** Social Enterprise Toronto Conference

Toronto International Microfinance Summit – Evening With Muhammad Yunus University of Ottawa Student Event

**Thunder Bay Rotary Christmas Parade** York Entrepreneurship Development Institute

Co-operative Housing Federation of Toronto (CHFT) Spring Education Day **Global Village Festival**

Health Canada GCWCC Food Truck Rally Statistic Canada GCWCC Soccer Cup Carleton University Canal Games

Pumpkin Carving Party **Adoptwalk 2016: Extreme Obstacle Edition** Bramalea BBQ

**North Bay Home and Garden Expo 2016** You Inspire Me Business Conference (Brampton)

Wealth Day Co-operative Housing Federation of Canada (CHF Canada) Conference and AGM Streetsville Seminar

**Ontario Non Profit Housing Association (ONPHA) Conference**

Seneca Newnham Campus Frosh Week **Princess Margaret Hospital Nurses Week**

Co-operative Housing Association of South Eastern Ontario (CHASEO) Fall Education Day Wines of the World

Business After Hours – North Bay Chamber of Commerce **Westboro Branch Grand Opening**

Yorkfest **Enactus Expo** Cupcake Day in support of Kingston Humane Society

PhilanthroTHINK **Entrepreneurship Conference**

**Artpreneur Conference** Kawartha Food Share Program

Grilled Cheese Branch Cook Off Kingston Community BBQ

Toronto Small Business Forum OCAPDD Gift Wrapping Event

**Arthritis Walk Ottawa** Enterprise Toronto Money Forum

South Keys Community BBQ

Pembroke Spaghetti Dinner **Walk a Mile in Her Shoes**

Bread & Honey Parade Ryerson Week of Welcome Magical Village

**Sioux Lookout Annual Blueberry Festival**

Kingston Annual Festive Open House University of Toronto Street Fest

Just Change – Greater Impact Through Partnership Event **Peterborough Arthritis Walk**

**Enterprise Toronto's Women's** City of Toronto Elevating Entrepreneurs Marketplace

# NEXT CHAPTER IN COMMUNITY GIVING

Our Community

We give back to the communities where we live and work in three ways:

*First, we are committed to re-investing 1% of our pre-tax profit into our communities through partnerships with non-profit organizations, sponsorships, and grants.*

*Second, we invest in businesses and people that make our community stronger through our micro-finance program and our partner microloan funds.*

*Third, we invest our time by encouraging our employees to volunteer in the community. Every year we give our employees a day off with pay to make a meaningful contribution to a cause of their choice. In 2016 our employees spent an incredible 11,592 personal and company-paid hours volunteering for important causes.*



**We were everywhere in 2016!**  
If there was a barbecue, a festival, or a fundraiser in support of a good cause, Alterna employees were there in our bright orange t-shirts, spreading the spirit of community with our mascot, Cashou. In all, we hosted or took part in almost 80 events across Ontario in 2016. Here's a sampling of community events that we participated in.

# COMMUNITY EVENTS

2016



## Alterna Crackup

Since 2004, comedy fans have been flocking to Canada's capital to have a laugh and support a great cause. Cracking Up the Capital quickly became one of Canada's top comedy festivals, raising money for local mental health agencies, and helping end the stigma surrounding mental illness. In 2016, Alterna stepped in to become the title sponsor and Cracking Up the Capital became the Alterna Crackup. We saw the need to provide a bigger voice to mental health awareness and we are proud to have our name associated with such an important cause. We look forward to sponsoring this exciting event for many years to come.



## Alterna Charity Golf Classic

The 12th edition of our annual charity golf tournament was our best ever. This time we topped the \$60,000 mark for the first time. The money will go toward the Candlelighters Childhood Cancer Support Program and the YMCA-YWCA of the National Capital Region's Camp for Kids program. Thanks to the incredible support of our members, families of kids diagnosed with cancer won't have to pay for hospital parking, and more than 250 kids will get to enjoy a summer at camp.

## Adoptwalk 2016:

### Extreme Obstacle Event

Alterna volunteers went to extremes in 2016 in support of the Adoption Council of Canada. As a sponsor of Adoptwalk 2016: Extreme Obstacle Edition, we helped families and elite athletes complete a challenging obstacle course to raise funds and awareness about adoption. This event helped make us aware of the financial challenges adoptive families face every day, and inspired us to launch our Adoption Offer in September.

## Westboro Branch Grand Opening

On July 12th, we celebrated the opening of our newest branch and invited the entire community to celebrate with us. Ottawa Mayor Jim Watson joined us to welcome the Westboro Community Banking Centre into the community. Members, friends, and neighbours stopped by for a bite, enjoyed some music and live entertainment, and entered a draw to win an urban bike from MEC. Alterna also donated \$5,000 to Ottawa Riverkeeper to help keep the Ottawa River and its tributaries clean and safe.

## Co-operative Housing Federation of Canada Conference

Alterna Savings was proud to sponsor the opening reception of the Co-operative Housing Federation of Canada's Conference and Annual General Meeting in Hamilton. We're proud to count housing co-operatives and non-profit housing providers among our members and are excited to help them deliver affordable housing supports in the communities we serve together. This year we were especially proud to work with CHF Canada to help them devise a mortgage refinancing program.

## Social Enterprise Unleashed Conference

When social entrepreneurs got together in Ottawa to share ideas and talk about the future, Alterna was there. A proud sponsor of the Centre for Social Enterprise Development's first-ever Social Enterprise Unleashed conference, we helped the capital region's brightest thinkers, doers, and disrupters shine the spotlight on their work and discover how they can help build a brighter future for all of us.

## Toronto International Microfinance Summit (TIMS)

Microfinance pioneer Muhammad Yunus made a rare visit to Canada in 2016, and we were there with him. Dr. Yunus was the guest of honour at the 2016 Toronto International Microfinance Summit. As longtime TIMS supporters, we were honoured to support TIMS as they welcomed the 2006 Nobel Peace Laureate for an intimate discussion about innovative new ways to address the widening income gap in every community.



Total Community Support  
**\$1,048,500**

This is the heart of who we are and are so happy to share!



**11,592 VOLUNTEER HOURS**



**\$548,500 SPONSORSHIP AND DONATIONS TO COMMUNITY ORGANIZATIONS**



**MICRO-FINANCING \$500,000 IN LOANS TO OVER 80 BORROWERS**



**50 FINANCIAL LITERACY SEMINARS**



**1 PAID VOLUNTEER DAY**

## AWARD-WINNING COMMUNITY MICROFINANCE PROGRAM

In 2016 we set out to make a difference through our Alterna Savings Microfinance Program. We were determined to make more money available to help more small business owners reach more of their goals.

We started by expanding the program's lending capacity. By introducing new products like our lines of credit and dedicated more of our efforts and our resources to those businesses in greatest need of our help, we had our most impactful year to date. We are proud to announce that, together with our community loan fund partners, we were able to provide 80 microborrowers with more than half a million dollars in financing.

We are equally proud to announce that our efforts were recognized by the Ontario Credit Union Foundation, which named us the 2016 recipient of its Outstanding Corporate Achievement Award. The award is given annually to a credit union (or company within the co-operative financial system) in recognition of an outstanding contribution to the community. This year Alterna Savings received the award in recognition of the impact of our Community Microfinance Program.

The program also received recognition from the Filene Research Institute's Reaching Minority Households Incubator. They selected our Community Microfinance Program as a model for replication among minority and other financially vulnerable populations in the United States and Canada.

"We are involved in advising participating credit unions in all aspects of the development of local programs, starting with helping them to reflect on their organizational needs and values, identify gaps in their communities, understand their target customers and develop outreach and marketing plans for their programs", says Susan Henry, Manager, Community Investments at Alterna Savings.

*We are taking a hands-on approach in mentoring other credit unions and supporting them in building lasting and impactful programs.*

**Microborrower Profile: Peoples Product**  
Eva Parrell and Chelsea Mazur share a passion for fashion. They also share a passion for people. Their company, Peoples Product, sells handmade clothing created by a global artisan community both online and in pop-up locations throughout Toronto. What sets them apart from the thousands of other Toronto-based fashion retailers is their commitment to fair trade and ethical production. "It became very apparent a few years ago that although fashionable clothing is readily available at all price points, it is very hard to find affordable fashionable clothing that is also ethically made," says Ms. Mazur. "We wanted to bridge that gap by making cool clothes with a conscience." Although they started with an initial investment from a local non-profit, when it was time to take the next step, all roads led to Alterna. "We had a great network of mentors and fellow entrepreneurs that we reached out to and everybody kept referring us to Alterna," Ms. Mazur says. "The Community Microfinance Program was exactly what we were looking for. We loved that it was also locally based and supportive of socially responsible businesses, but more importantly, we were impressed that they were willing to take a hard look at our potential and give us the funding we needed to succeed."



## SCHOLARSHIPS

**Penny Bethke Scholarship Program**  
Established jointly in 2012 by Alterna Savings and the Cooperative Housing Federation of Toronto, the Penny Bethke Scholarship honours Penny Bethke, a long-time activist, leader in the cooperative housing movement, and former member of the Alterna board of directors. This year we awarded Penny Bethke Scholarships to five young change makers, including Selene Dominguez Florean.

Ever since Selene and her family came to Canada as refugees, she has generously contributed her time to help other newcomers feel at home here. She has taken part in more than 20 volunteer projects so far, including charity runs, entertaining seniors at a retirement home, and an exchange program between her Toronto high school and a school for Aboriginal students in Alberta. Her scholarship will help her pursue a commerce degree at McMaster University.

**The Alterna Social Responsibility Leadership Award**  
Every year we recognize the community leadership achievements of a student in the University of Ottawa's Telfer School of Management. This year we were proud to honour Muhammad Fahid Amjed, an accomplished long-time leader and one-time president of the University of Ottawa Muslim Student Association. Muhammad says serving the community has helped him develop important skills that will serve him well throughout his life. His community work includes planning and leading fundraising campaigns for natural disaster victims and taking part in Ottawa's weekly Feed the Homeless Program. He was also active in the Orphan Sponsor Initiative, activities promoting awareness of autism and mental health issues, and Black History Month.

## COMMUNITY GRANT PROGRAM

To ensure that we continue making a positive impact on the communities we serve, we made some changes to our Community Grant Program in 2016.

We will now offer two types of grants to community-based agencies. Community Grants of up to \$1,000 will be awarded twice yearly to support initiatives where a small gift can make a big impact.

And this year we introduced our Financial Literacy and Financial Inclusion Grants. Totaling up to \$40,000, these grants will be awarded annually to one or two organizations to address financial literacy and financial inclusion issues. We will give priority to those initiatives that offer the opportunity for replication or scale.

**Grant Recipient Profile: Causeway Work Centre Community Finance Fund**  
The inaugural recipient of our Financial Literacy/Financial Inclusion Grant is the Causeway Community Finance Fund in Ottawa. We worked closely with the Causeway team to develop a

program to help low-income people who had proven themselves to be financially responsible until they found themselves faced with an unexpected drain on their finances. We provided Causeway with a \$25,000 grant to help them deliver financial literacy training, budgeting support, and short-term, low-interest loans to help pay off higher- interest payday loans.



## FINANCIAL HIGHLIGHTS

2016

**W**ith a significant increase in our funds 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. 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

  
Mark Cauchi, Chief Information Officer

  
Bill Boni, Chief Financial Officer

  
Dina Vardouniotis, Chief Marketing Officer

  
José Gallant, Chief Administrative Officer

  
Brian Lawson, Regional Head of Member Experience, NCR

  
Al Birtch, President of Nexus Community Savings division, and Chief Credit Officer

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

## BOARD OF DIRECTORS

**NORM AYOUB, Chair**  
Committees:  
∞ Finance & Audit  
∞ Governance, Chair  
Remuneration: \$ 38,523.10

**JOHANNE CHARBONNEAU, Director**  
Committees:  
∞ Nominating  
∞ Alterna Bank  
Remuneration: \$20,145.91

**RAJ KAPOOR, Vice Chair**  
Committees:  
∞ Finance & Audit  
∞ Governance, Vice-Chair  
Remuneration: \$ 24,076.90

**MARILYN CONWAY JONES, Director**  
Committees:  
∞ Governance  
∞ Nominating  
Remuneration: \$13,196.16

**MARIA BARRADOS, Director**  
Committees:  
∞ Finance & Audit, Vice-Chair  
∞ Governance  
∞ Nominating  
∞ Alterna Bank, Chair  
Remuneration: \$ 24,079.09

**MARIANNE JOHNSON, Director**  
Committees:  
∞ Finance & Audit  
∞ Nominating  
Remuneration: \$13,196.16

**EARL CAMPBELL, Director**  
Committees:  
∞ Governance  
∞ Nominating  
∞ Alterna Bank  
Remuneration: \$23,073.65

**RICHARD NEVILLE, Director**  
Committees:  
∞ Finance & Audit, Chair  
∞ Governance  
Remuneration: \$21,187.74

**KEN CHAN, Director**  
Committees:  
∞ Governance  
∞ Nominating, Chair  
∞ Alterna Bank, Vice-Chair  
Remuneration: \$24,569.15

**IAN BENNETT, Director**  
(Director until December 1, 2016)  
Committees:  
∞ Finance & Audit  
∞ Alterna Bank  
Remuneration: \$21,209.27

**BIANCA GAROFALO, Director**  
(Director as of December 2, 2016)  
Remuneration: \$769.23

### Consolidated Balance Sheet

(in thousands of dollars)

As at,	DEC 31, 2016	DEC 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$191,830	\$123,523
Investments	385,288	302,377
Loans, net of allowance for impaired loans	3,161,032	2,584,912
Property and equipment	18,431	15,214
Intangible assets	13,843	13,668
Derivative financial instruments	10,618	11,393
Assets held for sale	174	3,028
Income tax receivable	358	2,824
Deferred income tax asset	837	386
Other assets	24,167	13,682
	<b>\$3,806,578</b>	<b>\$3,071,007</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Liabilities:		
Deposits	\$3,262,242	\$2,471,432
Borrowings	–	156,000
Mortgage securitization liabilities	288,438	218,423
Derivative financial instruments	4,971	4,059
Other liabilities	35,933	31,156
Membership shares	1,781	1,546
	<b>\$3,593,365</b>	<b>\$2,882,616</b>
Members' equity:		
Special shares	58,899	56,570
Contributed surplus	30,297	19,282
Retained earnings	126,270	111,599
Accumulated other comprehensive income (loss)	(2,253)	940
	<b>213,213</b>	<b>188,391</b>
	<b>\$3,806,578</b>	<b>\$3,071,007</b>

### Consolidated Statement of Income

(in thousands of dollars)

For the years ended,	DEC 31, 2016	DEC 31, 2015
Interest income	\$100,125	\$92,899
Investment income	5,735	5,308
	<b>105,860</b>	<b>98,207</b>
Interest expense	39,901	35,322
Net interest income	65,959	62,885
Loan costs	1,073	1,314
	<b>64,886</b>	<b>61,571</b>
Other income	27,373	12,469
	<b>92,259</b>	<b>74,040</b>
Operating expenses	73,653	66,795
Income before income taxes	18,606	7,245
Provision for income taxes	2,282	1,315
Net income	<b>\$16,324</b>	<b>\$5,930</b>

### Consolidated Statement of Comprehensive Income

(in thousands of dollars)

For the years ended,	DEC 31, 2016	DEC 31, 2015
Net income	\$16,324	\$5,930
Other comprehensive income (loss)		
Other comprehensive income (loss) to be reclassified to income in subsequent periods:		
Available-for-sale securities:		
Net unrealized (losses) gains on available-for-sale securities	(1,671)	(1,707)
Cash flow hedges:		
Changes arising during the year	(76)	1,246
Add: Reclassification adjustments for gains included in the income statement	(1,260)	176
Net gain on cash flow hedges	(1,336)	1,422
Net other comprehensive income (loss) to be reclassified to income in subsequent periods	(3,007)	(285)
Other comprehensive income not to be reclassified to income in subsequent periods:		
Defined benefit plan – actuarial gains	5	1
Net other comprehensive income not to be reclassified to income in subsequent periods	5	1
Other comprehensive income (loss)	(3,002)	(284)
Comprehensive income	<b>\$13,322</b>	<b>\$5,646</b>

### Consolidated Statement of Changes in Members' Equity

(in thousands of dollars)

For the years ended,	DEC 31, 2016	DEC 31, 2015
Special shares:		
Balance, beginning of year	\$56,570	\$56,816
Net shares issued (redeemed)	2,329	(246)
Balance, end of year	<b>58,899</b>	<b>56,570</b>
Contributed surplus:		
Balance, beginning of year	19,282	19,282
Arising on business combination	11,015	–
Balance, end of year	<b>30,297</b>	<b>19,282</b>
Retained earnings:		
Balance, beginning of year	111,599	107,523
Net income	16,324	5,930
Transfer from accumulated other comprehensive income	191	–
Dividend on special shares	(1,844)	(1,854)
Balance, end of year	<b>126,270</b>	<b>111,599</b>
Accumulated other comprehensive income (loss), net of tax:		
Balance, beginning of year	940	1,224
Transfer to retained earnings	(191)	–
Other comprehensive income (loss)	(3,002)	(284)
Balance, end of year	<b>(2,253)</b>	<b>940</b>
Members' equity	<b>\$213,213</b>	<b>\$188,391</b>

*Our financial and organizational health has never been better, and we will continue to be a strong force investing in our members' needs*

## 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

Sheppard

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

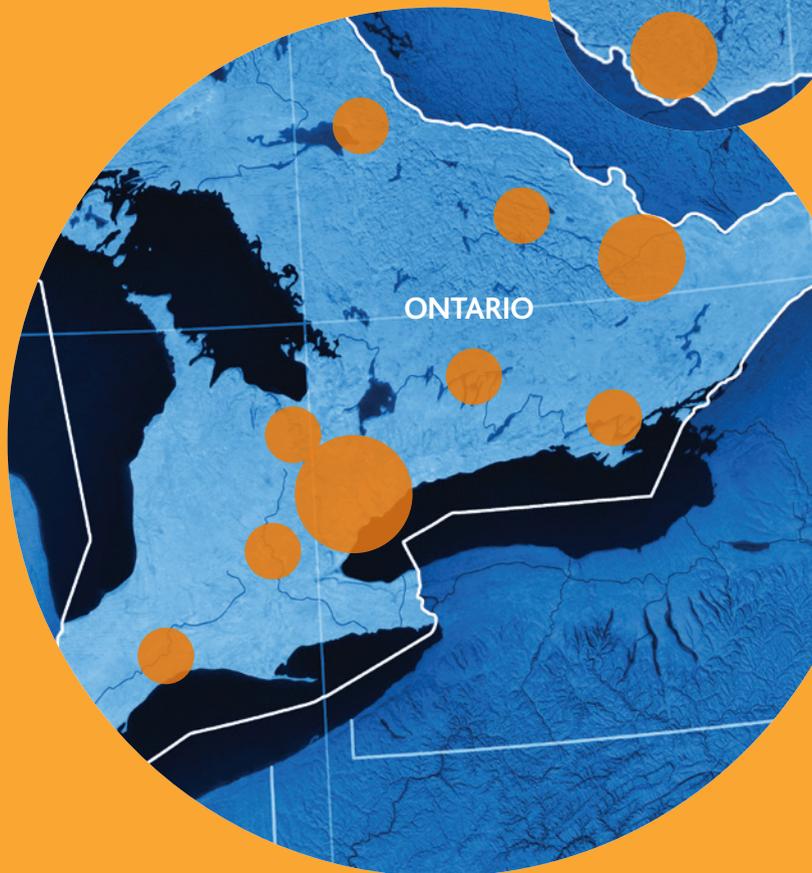
For a full list of branch addresses please visit [Alterna.ca](http://Alterna.ca)



NORTHWESTERN ONTARIO



QUEBEC



ONTARIO



alterna savings



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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.

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Une entreprise  
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