

# BETTER TOGETHER

ANNUAL SUMMARY  
2023



alterna  
savings

# BETTER TOGETHER

2023 - Report From The Board & Management

Our Annual Summary's theme; "Better Together" serves as a reminder that diverse backgrounds, talents, and perspectives contribute to a richer blend of experiences, ideas, and solutions. And, while the past year came with its fair share of uncertainty, by working together, our team made sure you had the caring advice and helpful products and services you needed to navigate the economic challenges.

**Our greatest achievement of 2023 was bringing 45,000 new members from incoming credit unions onto our banking platform.**

Alterna is the only credit union to successfully complete conversions of this scale in recent years, and we are proud that we were able to deliver on our promise to bring us all together as one Alterna.

Now all our members can enjoy our expanded network, with more branches, a Contact Centre open 7 days a week, more convenience, and more access to our staff and their expertise just about anywhere in Ontario. It's made us smile to see bright pops of Alterna orange in so many new communities!

We're grateful for the care and attention of our employees towards our members across the Province. Their support for your needs contributed to our exceptional member experience scores in 2023. In the Contact Centre, a new survey was introduced to rate your call experience. With a goal of 4 out of 5 we exceeded that target and averaged an impressive 4.52 rating.

It's also great to share that whether you bank through our branches, contact centre, or digital channels, 81% of you said you found it easy to do. Finally, we're pleased that overall member satisfaction with Alterna rose to 86%.

In 2023, we continued to evolve and enhance our service and product offerings. We progressed our efforts to offer you a full view of your Alterna Wealth investments in online banking and we're working to bring a similar view of your credit card. In addition, we introduced mobile app compatibility on tablets, and simplified day-to-day banking tasks on our digital banking platforms so that getting what you need is faster and easier.

We expanded our Wealth Management capabilities, ensuring more members across Ontario have access to professional investment advice, and estate planning. We helped our members navigate the fluctuating housing market, by supporting existing homeowners with the reassurance, and advice, they needed to stay in their homes during a period of volatile interest rates. And if they had a variable rate mortgage, we supported them as well to work through any challenges they faced. For aspiring homeowners, we provided access to the new First Home Savings Account, and helpful guidance on how to buy their first home.

Turning to our financial results, we are proud to report that we ended 2023 with \$10.8 Billion in assets under management and over 211,000 members and customers within the consolidated financial group.

Alterna's consolidated balance sheet, finished the year just below \$8 Billion in assets. This translates into growth of 5.2% over our 2022 year-end position.

**When it comes to loan and mortgage activity, we saw net growth of \$414 million or 6.4% over 2022, with especially strong credit growth from our Retail and Commercial teams. As a result, the total credit portfolio balance at the end of the year was \$6.9 billion.**

We had a small decline in our overall deposit base of just under 1.8%, closing the year at \$5.6 billion in total deposits. The economic conditions resulted in a change from 2022's deposit activity. We saw members using their savings to offset their rising costs due to inflationary pressures, either by using the deposits for day to day living expenses or paying down existing debt. Many members took advantage of the interest rate environment and switched their cash from short-term demand accounts to locked-in fixed term deposits.

When it comes to our earnings, the year closed with \$10 million of net income after taxes, a reduction of \$4.4 million year over year. As mentioned, the movement of members' deposits from demand products to fixed term deposits had an impact on the net financial margin in 2023, as did the overall economic environment.

2023 was a very complex year which saw Alterna navigate significant economic volatility to deliver these financial results. Our teams showed amazing resilience and delivered excellent member growth, three banking system conversions, digital banking advances, and

provided strong member-centric experiences through it all.

We continued our commitment to giving back to our communities in purposeful ways. We leveraged our resources, expertise, and cooperative values to foster positive change for individuals and organizations in the many places where we live and work.

We participated in over 100 financial education workshops and events and provided close to \$40,000 in grant funding opportunities through our Community and Financial Inclusion Granting Programs.

We're also proud to champion the next generation of leaders. We are thrilled that a record twenty Alterna Savings members received the Ontario Credit Union Foundation bursary.

We also once again partnered with Co-operative Housing Federation of Toronto (CHFT), to award scholarships to young people in cooperative housing that are working to strengthen their communities.

As housing affordability continues to pose significant concerns for Ontarians, Alterna maintained its leadership and support in this space.

In honour of National Housing Day, we brought together affordable housing experts from across Ontario for an insightful dialogue around collaborative, and innovative, solutions to housing challenges.

Since its inception over 24 years ago, our award-winning Community Microfinance Program has provided inclusive access to affordable financial products for entrepreneurs, especially those who are economically disadvantaged. The program has served over 1,400 individuals and organizations and will hit a milestone this year with an astonishing \$10 million in total loans disbursed.

Lastly, in 2023, Alterna's Community Impact team were recipients of the Canadian Community Economic Development Network "Stronger Together" Award. This award celebrates members who have made exceptional contributions to community economic development and who have provided outstanding leadership to the network in achieving their vision of sustainable, equitable, and inclusive communities. We are thrilled that they are the first team from a financial institution to ever receive this award.

We are so proud of our collective impact and influence in our communities. We work every day to empower and contribute to significant and lasting change for so many deserving organizations and individuals.

Please continue to help spread the word about Alterna by referring your family, friends, and neighbours. A personal recommendation is the greatest "thank you" you can give us.

We're excited to see what awaits us as we keep growing better together.



ROB PATERSON  
President & CEO

BIANCA GAROFALO  
Board Chair

## THANK YOU, MARIA



Over the past three years, we have been fortunate to have Maria Barrados as our Board Chair. Maria's executive and leadership experience have been invaluable to Alterna, and on behalf of our members and employees, I would like to thank her personally for her service and dedication.

Maria has been a member of Alterna's Board of Directors for over 10 years, and, during that time, has been active in promoting a unified collaborative approach that embodies the co-operative values we all strive to uphold. Although her term as chair has ended, we are very fortunate to have Maria's continued support as an active board member.

ROB PATERSON  
President & CEO

## OUR STRATEGIC GOAL

*To thrive as a member-centric co-operative financial institution focused on members helping members attain their financial goals through convenient, simplified banking experiences. We will do this while maintaining our standing as a large credit union.*



## COLLABORATION



## OUR VALUES

*Our values lay the foundation for what we care about most, guiding how we behave in achieving our goals.*

## 2023 ACHIEVEMENTS

**\$10.8 Billion**

IN ASSETS UNDER MANAGEMENT

**\$9.9 Million**

IN MICROFINANCE LOANS  
SINCE PROGRAM INCEPTION IN 2000



NATIONAL CAPITAL REGION TOP EMPLOYER FOR  
THE **8**TH YEAR IN A ROW



ALL ALTERNA WEALTH ADVISORS ACCREDITED WITH THE RESPONSIBLE  
INVESTING SPECIALIST (RIS) DESIGNATION

**\$10 Million**

NET INCOME

**\$8 Billion**

IN ASSETS

**86%**

OVERALL MEMBER SATISFACTION

**81%**

OF MEMBERS FOUND IT EASY  
WHEN BANKING WITH US



**Integration of 3 Credit Unions to  
Alterna's Banking System**

PACE, QUINTE FIRST AND MEMBER SAVINGS CREDIT UNIONS IN 2023

## 2023 HIGHLIGHTS:

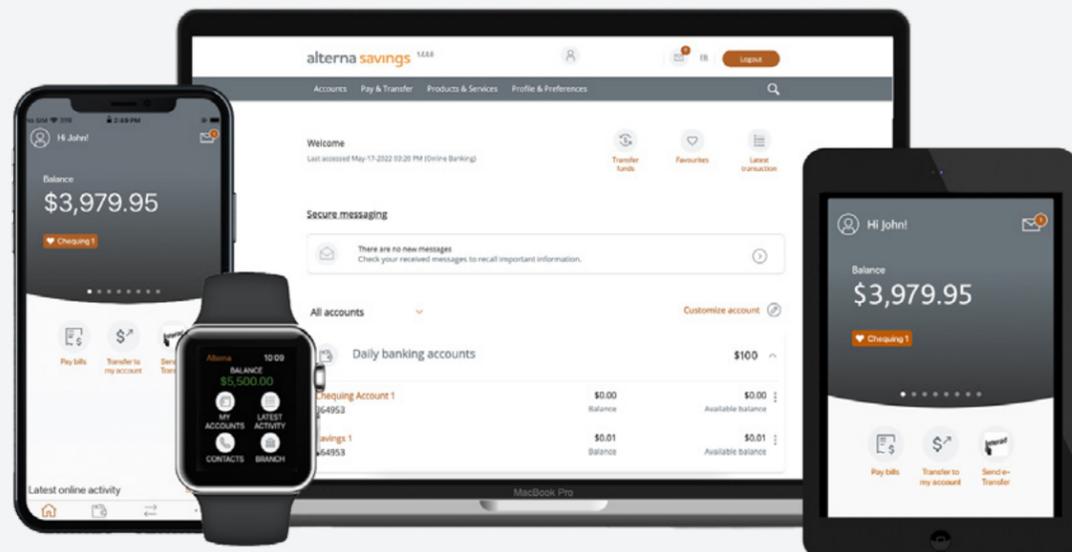
### GROWING OUR DIGITAL OFFERINGS FOR YOU

We remain committed to listening to the needs of our members and delivering a seamless, convenient and secure digital banking experience. Here are a few of the ways we've enhanced our digital channels over the past year.

- **Alterna Chat now offers secure video and voice calling**, enabling face-to-face interactions with our team from anywhere.
- **Strengthened digital security through one-time passcodes**, fortifying specific online and mobile banking actions.
- **Optimized tablet compatibility** for an enhanced mobile app experience.

- **Revamped login procedures** for quicker and hassle-free access to your accounts.
- **Simplified day-to-day banking tasks**, ensuring straightforward transactions for your convenience.
- **Introduced a fully digital lending application** in partnership with [Fig Financial Inc.](#)

Member feedback continues to guide us, propelling our ongoing commitment to making each banking journey with us effortless, intuitive, and tailored to our member's needs.



## BETTER TOGETHER: INTEGRATING PACE, QUINTE FIRST AND MEMBER SAVINGS MEMBERS ONTO THE ALTERNA SAVINGS BANKING SYSTEM.

In 2023, Alterna successfully completed its most extensive banking system integration to date by welcoming members from PACE, Quinte First and Member Savings Credit Unions onto the Alterna Savings banking platform.

**With over 40 branch locations across Ontario and a bilingual contact center available seven days a week, Alterna now provides all members unparalleled service and support.**

The impact of this change was overwhelmingly positive, as all members now have access to Alterna's full suite of products and services, as well as premium advice and comprehensive wealth solutions through our industry-leading online brokerage and investment services with Alterna Wealth. All members can also now enjoy flexibility and convenience in their banking options with an expanded branch network, a bilingual Contact Centre open 7 days a week, and convenient online and mobile banking platforms.

This ongoing expansion and growth underscore our adaptability and endurance, through the successful completion of eight mergers in the past nine years.

Moving members onto our banking system is a complex undertaking involving all business areas. Our experience and expertise in integrations allow us to work collaboratively with employees, members and partners to make the transition process as smooth as possible. Together, we continue to embody our goal to be the Good in Banking®.



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## EMPOWERING GROWTH

### Leading in the Cannabis Sector with Tailored Financial Support

Alterna has been a leader in the Cannabis sector since the beginning. We remain the go-to provider for the industry, proudly supporting hundreds of cannabis retailers and, by extension, the thousands of individuals employed by this ever-growing industry. Our wrap-around support of retailers of all sizes, producers, and domestic supply chain businesses across the industry sets us apart. We understand and embrace the unique opportunities and challenges faced by cannabis industry workers and stand alongside each of our valued members, helping them build a secure financial future.

Our members' experience is always a prime focus, and in 2023, our Cannabis Small Business Team worked collaboratively with the branch teams to streamline our due diligence

process and enhance services for Cannabis-based businesses. Our team continues to strengthen our relationships with our Cannabis retail members through in-person visits, cash management and payment solutions, and comprehensive, professional advice. All these initiatives help ensure that our Cannabis business members and their employees have greater access to convenient services and support to continue to build financial success.



## DRIVING GROWTH AND STABILITY

### Alterna's Leadership in Commercial Real Estate Financing

Alterna remains a market leader in providing commercial real estate financing solutions. Our expert team of business professionals have the knowledge and experience to provide our members with personalized financing solutions that respond to our members' unique business needs.

In addition to robust loan growth, in 2023, the Commercial and Treasury teams collaborated to successfully onboard a portfolio of Canadian Mortgage and Housing Corporation-insured

mortgages, further boosting overall growth. We developed strategies to support members in repaying and refinancing their Canada Emergency Business Account (CEBA) loans while maintaining their financial resilience and well-being.

The integration of PACE, Quinte First and Member Savings Credit Unions facilitated the expansion of our commercial services across Ontario, with in-person advice and service available in over 40 branch locations. This growth allows us to provide exceptional, tailor-made support that resonates with the diverse needs of our member base, fostering a profound sense of loyalty among our commercial members.

## WEALTH MANAGEMENT

[Alterna Wealth](#) remains steadfast in its dedication to providing transparent, ethically driven guidance that empowers our members to realize their financial objectives with the utmost integrity. Over the past five years, we've experienced remarkable growth, doubling the size of the overall portfolio. This success is a testament to the personalized care and unwavering support we extend to our members.

This year, our focus centred on bolstering our comprehensive support by expanding the array of services offered to our members. Our highly successful Wealth Banker program underwent further development, now spanning the NCR and GTA regions. Additionally, we integrated wealth professionals into our Contact Centre teams and introduced extra resources and leading edge tools to augment our advice delivery model. These enhancements ensure members across Ontario have access to premium financial advice and estate planning in the current challenging economic environment and into the years ahead.



In 2023, our popular wealth webinar series reached a larger audience than ever before, delivering valuable information and guidance on topics such as estate planning, tax strategies, and powers of attorney.

In addition, this year prominently featured in-person events, ranging from drop-in sessions at several branches to more formal gatherings with esteemed guest speakers. These occasions enabled us to engage with more members, learning firsthand how we can further evolve and cater to their changing needs.

As an integral part of a Credit Union and co-operative, Alterna Wealth remains committed to supporting the communities we serve. In collaboration with our Community Impact Team, we offer advice to non-profit, charitable, and co-operative member organizations, focusing on investment solutions and opportunities to bolster their financial prosperity.

Our team also takes immense pride in sponsoring the West Ottawa Ringette Association, our annual food drives in Toronto and Ottawa, and our active participation in fundraising endeavours supporting numerous charities affiliated with the Children's Hospital of Eastern Ontario.

Visit [peterfraser.alterna.ca](http://peterfraser.alterna.ca), and join me every Monday at 8:45 am on CityNews Ottawa 101.1FM for Monday Mondays.

Peter B Fraser CFP® CIM®  
Investment Advisor, Credential Securities

Financial and other securities are offered through Credential Securities, a division of Credit Union of Eastern Ontario Inc. Credential Securities is a registered stockbroker by Alterna Wealth Inc.

alterna wealth

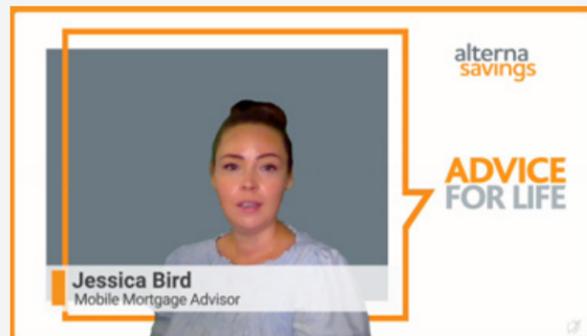
## BETTER TOGETHER:

### Building Engagement Through Social Media

In 2023, we expanded our social media efforts with targeted campaigns and unique content highlighting Alterna's exceptional support, professional advice, and community engagement efforts.

We continue to see consistent growth in our audience base, with a year over year increase of 9.3% across all platforms. Our most robust gains came on LinkedIn and X (formerly Twitter) driven by unique video content created by Alterna's Mortgage and Wealth specialist teams. This expanded video content is tailored to the unique needs of specific member segments and helped us grow our overall social media audience by over 25% in 2023.

Alterna's Advice for Life blog also generated increased engagement in 2023 as we launched a new quarterly member newsletter sharing personalized, advice-based content with members and subscribers.



## CYBER SECURITY

### Proactive Tools and Practical Guidance - Working Together to Keep You Safe

The landscape of cyber threats continues to evolve, and Alterna remains steadfast in its commitment to safeguarding member information. This dedication involves forward-looking strategies, investments in emerging technologies, and proactive measures to fortify security controls and defence capabilities.

Throughout the year, there was marked progress in bolstering cyber defences, enhancing control maturity, and elevating overall cyber preparedness.

Alterna remains committed to providing practical guidance and insights to all members, especially seniors. We do this through regular educational webinars and providing resources on the Alterna Savings website to help empower members with information to help

ensure their safety while banking and shopping online. Our goal is to protect and support our valued members by keeping them informed and equipped in the realm of online security.



### Building Trust and Confidence: A Commitment to Responsible Operations

At Alterna, trust is at the core of how we engage with our stakeholders – members, employees, partners, regulators, and within the broader credit union system. As we reflect on our accomplishments in the past year, our commitment to fostering trust remains a central theme that underscores our operational ethos.

#### 1. Trust in Operations:

Our operations are guided by a commitment to transparency, integrity, and ethical practices. We recognize the importance of building trust with our members, ensuring that every interaction instills confidence in our dedication to their well-being and the sustainable growth of the credit union.

#### 2. Mutual Benefit and Sustainability:

We take pride in assuring our members that Alterna is more than a financial institution – we are a partner in their financial journey. Our operations are geared towards achieving mutual benefit, reinforcing the understanding that our success is intricately linked with the prosperity of our members and the enduring sustainability of the credit union.

#### 3. Adaptive Operations in a Dynamic Environment:

Operating in a dynamic regulatory and economic landscape requires agility and foresight.

At Alterna, we strive to consistently monitor, anticipate, and align our operations with the regulatory and economic landscape. This proactive approach is designed to enhance our ability to navigate challenges effectively and capitalize on opportunities for the benefit of our stakeholders.

#### 4. Mitigating Risks:

Recognizing the importance of safeguarding Alterna's financial health, regulatory standing, and reputation, we are dedicated to avoiding actions and behaviors that may pose threats. Our risk management programs and processes are developed with a focus on the identification and proactive resolution of potential challenges to maintain stability and trust in our institution.

We want our members, partners and communities to know that at Alterna, trust is not just a buzzword – it is a guiding principle that permeates every facet of our operations. We are proud of the trust we have built and are committed to upholding these standards in the coming years, continually striving for excellence in how we serve our members and contribute to the vitality of the credit union system.

# STRENGTHENING COMMUNITIES TOGETHER

There are four pillars within Alterna's Community Impact Department that help facilitate strong community relationships.

1. *Community Financial Resiliency Program*
2. *Community Microfinance Program*
3. *Community and Financial Inclusion Granting Programs*
4. *Community Financial Education Program*

## 1. Community Financial Resiliency Program

Alterna's Community Financial Resiliency Program is a big part of who we are as a Credit Union. Our goal is to help improve the capacity and resilience of organizations and individuals in the non-profit, charitable, co-operative, and affordable housing sectors to strengthen their financial sustainability.

Over 4,600 community-based members, including non-profits and registered charities, continue to choose Alterna as their financial partner.

### Non-profit and charitable organizations

We have specific products and services designed to provide non-profit and charitable organizations with meaningful cost-effective financial options, including tools to help with governance and capacity building.

### Affordable housing

Alterna continues to be a leader in the affordable housing space. As trusted partners to co-operative housing organizations and non-profit housing providers for over 25 years, our portfolio in the housing sector has grown to over \$276 million in loans and deposits.

Alterna has worked hard to build strong relationships with many co-operative housing federations. These relationships are key to our support of the affordable housing sector because they enable us to design products specifically tailored to meet the federations' needs and the needs of their members. We also re-invest heavily in the sector, donating over \$600,000 in sponsorship dollars in 2023.

As housing affordability continues to pose significant concerns for Ontarians, Alterna continues to work with other co-operatives and non-profit organizations to help drive meaningful change within the affordable housing space.



In honour of National Housing Day 2023, Alterna brought together affordable housing experts from across Ontario for an insightful dialogue on 'housing challenges and potential solutions.

Watch the full video [here](#)

### EXPERTS

Tom Clement, Executive Director, [Co-operative Housing Federation of Toronto](#)

Marlene Coffey, CEO, [Ontario Non-profit Housing Association \(ONPHA\)](#)

Bill Sinclair, CEO, [The Neighbourhood Group](#)

Vivian Chih, National Key Account Manager, [Canada Mortgage and Housing Corporation \(CMHC\)](#)

## 2. Empowering Underserved Communities: Alterna's Community Microfinance Program



Since its inception in 2000, Alterna Savings' award-winning Community Microfinance Program has issued over 1,500 impact loans totaling over \$9.9 million. The program provides access to capital and a wide range of affordable financial products to individuals, entrepreneurs, and organizations to address socioeconomic inequity and create opportunities for financial independence by reducing barriers to banking for those often excluded from financing.

### Innovative Products and Services

- *MicroSavings Program*
- *Micro Business Banking Package*
- *Black Entrepreneurship Loan Fund Micro Loan Program*
- *Joint Loan Program with BDC*

Our role in supporting entrepreneurs extends much further than a loan. Alterna focuses on the wrap-around supports available for entrepreneurs to encourage individuals at all stages in their entrepreneurial journey. We continue to look for new ways to work with communities, organizations, and all levels of government on strategies to improve inclusive access to financing, build wealth, and alleviate poverty in underserved communities.

### Member Spotlight: Dionne Jadionn

Dionne Jadionn, a dedicated mother with an unwavering passion for organic, natural skincare, embarked on a transformative journey that paved the way for the birth of [Jadionn Organic Skincare](#). Jadionn Organic Skincare isn't just another brand; it's a beacon of authenticity in an industry often clouded by confusion. At its core, Jadionn Organic Skincare is on a mission to make genuinely natural and organic skincare products accessible to everyone.

Since January 2022, Jadionn Organic Skincare proudly stands as a member of Alterna Savings – an alliance forged from a deep dedication to members. Dionne herself sings the praises for Alterna's hands-on approach, with monthly pulse checks, enlightening business webinars, and exclusive email offerings demonstrate genuine care, "For fellow business owners seeking unwavering support and guidance on their entrepreneurial path, I wholeheartedly recommend Alterna," says Dionne.

[Read More](#)



### 3. Community & Financial Inclusion Granting Programs

Alterna Savings is committed to putting our profits to work through support for the communities we serve.

Our **Financial Inclusion Granting Program** supports innovative initiatives that address financial inclusion and/or financial education among the underserved. Since its inception in 2016, this program has disbursed over \$186,000.

This year's two recipient organizations are the Ottawa Community Loan Fund and Abigail's Learning Centre. A total of nearly \$40,000 was disbursed between these two organizations.

#### 2023 FINANCIAL INCLUSION GRANT RECIPIENTS



#### Ottawa Community Loan Fund

an incorporated non-profit registered charity working for financial empowerment in the Ottawa area. Their core offering has been financial literacy to newcomers, which they have been building upon as their clients' needs for unbiased financial education grow in these challenging times. "We are thrilled to receive this grant from Alterna Savings," says Jane Duchscher, Executive Director. "With this funding, we will provide greater depth in our workshop offerings, such as the Budgeting and Savings and Taxes and Benefits to ensure their financial health and a prosperous future."

**Abigail's Learning Centre** helps to support parents to build sustainable livelihood skills to benefit the whole family. They assist parents with meeting their individual, education, and parenting goals, and add to a collection of learning practices and materials. "Thanks to Alterna's Financial Inclusion Granting Program, we can provide Abigail's learners with an opportunity to learn how to create strong consistent saving habits with a monetary incentive upon completion," says Stephanie Hutchinson, Executive Director.



#### 2023 COMMUNITY GRANT RECIPIENTS

Alterna's Community Granting Program provides funding to local initiatives where a small amount of money (\$1,000) can profoundly impact the community. These initiatives must support one of Alterna's yearly areas of focus. Our areas of focus for 2023 include:

- *Affordable Housing*
- *Diversity, Equity and Inclusion*
- *Environmental Sustainability*
- *Food Insecurity*

In 2023, we awarded 15 grants to a wide range of organizations in communities throughout Ontario.

#### Bamburgh Circle Housing Co-operative

Bamburgh Circle Housing Coop provides affordable and subsidized housing in Scarborough. They have built a strong, diverse community that promotes equality & inclusion and works hard to keep the facility a place that is affordable for all.

#### CAFES Ottawa

CAFES (Community Associations for Environmental Sustainability) is a network of Ottawa's local environmental and climate leaders. They actively support neighbourhood initiatives and advocate at City Hall for sustainability and climate action. More info at [www.cafesottawa.ca](http://www.cafesottawa.ca)



Bamburgh Circle Housing Community Garden

*"Connecting local leaders is creating energy for community-led change for a greener and healthier city. We are very pleased to be receiving support from Alterna Savings for convening the CAFES Trees and Greenspace Caucus." - Angela Keller-Herzog, Executive Director, CAFES Ottawa*

## 2023 COMMUNITY GRANT RECIPIENTS



### Caledon Parent-Child Centre

Caledon Parent-Child Centre (CPCC) is a charitable organization that provides a safe and engaging space for families to connect, learn and grow. They offer a wide range of free universal access programs and services for families with young children in Caledon and the surrounding areas.

### Caledon Community Services

Caledon Community Services (CCS) is a multi-service, community impact organization serving residents of all ages in the Town of Caledon and surrounding municipalities. CCS's mission is to help people help themselves by working creatively and responding to community needs. CCS addresses food insecurity, social service, health, employment, training, specialized transportation, newcomer resettlement, and other service needs of local residents.

*"A heartfelt thank you to Alterna Savings for this generous gift of \$1,000. In this time*

*of unprecedented demand, your grant will support healthy nutritious meals for over 440 kids in Caledon. Thank you, Alterna Savings, for being a catalyst for positive change in addressing food insecurity in our community and making a difference in the lives of those who need it most!"*

*– Mariia Kupriianova, Chief Development Officer, Caledon Community Services.*



### Covenant House Toronto

Covenant House helps youth ignite their potential and reclaim their lives. As Canada's largest agency serving youth who are homeless, trafficked or at risk, they offer a wide range of services to hundreds of young people every day. They provide 24/7 crisis shelter and transitional housing on-site, and in the community, along with education, counselling, health care, employment assistance, job training and aftercare. Since 1982, Covenant House has supported more than 100,000 young people.



### Community Fridge Nogojiwanong-Peterborough

Community Fridge Nogojiwanong/Peterborough provides a space where people can access a barrier-free food bank that people stock in their neighbourhood. This allows neighbours, local businesses, and people who are experiencing poverty to assume an active role in a project of mutual aid.

*"With this grant, we can purchase food and pantry items to stock the fridge on a weekly basis during Winter 2023/2024. This will have a significant, positive impact on our community's access to food during the winter season."*

*– Sunny Malik, Community Fridge Nogojiwanong-Peterborough*

### Caledon Meals on Wheels

Since 1984, Caledon Meals on Wheels has been improving the lives of those living within their community by providing vital nutrition, health promotion, and social programs to close to 800 unique individuals in the Caledon, Brampton, and Orangeville areas.

*"We express our deep gratitude to Alterna Savings for their unwavering support, ensuring that seniors and individuals with disabilities facing financial challenges receive the nutritious meals they require. We have witnessed firsthand the transformative power of nutrition and social connection in empowering individuals to sustain the highest possible level of health and independence. It is through the generous support of organizations like Alterna that we can continue addressing the growing needs in our community, making a meaningful difference in the lives of those we serve."*

*– Kim Rodrigues, Executive Director, Caledon Meals on Wheels*

## 2023 COMMUNITY GRANT RECIPIENTS

### OMRA Shelter Corporation

OMRA aims to make life easier for resettled refugees by helping them access affordable housing and other support in Ottawa. OMRA tutors meet with newcomers 1-3 times a week to tutor English. This funding will go towards purchasing books, computers, etc., for the tutoring program.

*"Thank you very much for the \$1,000 grant. OMRA will use it to buy books and online resources for our tutors when visiting the OMRA clients. This is an exceptionally timely grant, the Adult ESL waiting lists have grown to around 2,000 persons in Ottawa alone. Lack of available daily classes means newcomers cannot progress in learning the language and face loneliness, isolation, and a bleak future."*

– Maria Rigby, OMRA Shelter Corporation



### Lift 360

Lift 360 Foundation supports people to incubate community climate projects that make a difference. The projects help

youth leaders connect and build community with seniors and those in low-income neighbourhoods to create resilience and adapt to climate change.



### Nelson Co-operative Homes Inc.

Nelson Co-op is a 118 townhouse unit, non profit housing co-operative in Burlington, Ontario. Their goal is to create and maintain a diversified, affordable community for their members.



### The Pavilion Food Bank

The Pavilion Food Bank has been operating since 1994. It serves the communities of South Keys, Greenboro, Hunt Club Park, Blossom Park, South Gloucester, Riverside South, and Findlay Creek. The Food Bank is currently serving nearly 350 families, or 1500 people, per month, an increase of 50% since the beginning of the year. Children make up about 40% of those supported.



### The School of Dance

The School of Dance has an international reputation as a centre for excellence in arts education. Graduates of The School are

performing with companies world-wide. Each year, The School touches the lives of over 70,000 Ontarians with their Charitable Community Programmes and Projects.



### The Toronto Green Community Inc.

The Toronto Green Community (TGC) is a non-profit organization with over 25 years of experience engaging diverse communities in community-based programs that also operates as an incubator for emerging environmental initiatives.

## 2023 COMMUNITY GRANT RECIPIENTS



### Newbury-Wardsville and Area Food Bank

The Newbury, Wardsville and Area Food Bank provides grocery gift cards to individuals and families at Easter, Thanksgiving and Christmas to bless them with a trip to the grocery store. The organization is completely non-profit and rely on donations from their community to supplement the needs of people in Newbury, Wardsville and the local area.

*“Our community cares for everyone and this grant allows us to extend our kindness - literally. This generous grant from Alterna will assist ten families this Christmas to buy groceries that they may not otherwise have had the opportunity to enjoy. This kind gift is a tangible way that those receiving the gift cards feel a sense of belonging within and by their community who cares for them.”*

– Deborah Dolbear-Van Bilsen, Newbury-Wardsville and Area Food Bank

### Youth Without Shelter

Youth Without Shelter offers housing and support for youth facing homelessness in the GTA. Founded in 1986, when a group of teachers came together to create a safe place for youth after seeing the need within their classrooms, Youth Without Shelter provides client-focused services in a non-judgmental environment for youth aged 16 – 24.

*“Alterna Savings’ support of our Financial Literacy Skills training program will, in part, ensure that youth who are experiencing homelessness will receive life skills training that will set them on a path toward independence.”*

– Francesco Corsaro, Foundations & Grants Coordinator, Youth Without Shelter

## 4. Community Financial Education Program

In 2023, our Community Impact team participated in and hosted over 100 workshops and events, exemplifying our commitment to uplifting communities. Our Community Financial Education Program was designed to provide wholistic wrap-around support for our members and community partners in our ecosystem. The curriculum encompasses a wide range of topics, from Financial Fundamentals to more in-depth and specific workshops for our focus areas.

Our areas of focus within the Community Financial Education Program include:

- Non-profit, charitable, co-operative, and affordable housing members served through our Community Financial Resiliency Program.
- Individuals, entrepreneurs, and organizations served through our Community Microfinance Program.
- Community partners in our ecosystem.

For further information about Alterna’s Community Financial Education Program through our Community Impact Department, please contact [communityfinancialeducation@alterna.ca](mailto:communityfinancialeducation@alterna.ca).



alterna savings

Unveiling Procurement Supports and Opportunities with Procurement Assistance Canada

Wednesday, October 4th, 2023  
12:00 pm – 1:00 pm



## CELEBRATING OUR EMPLOYEES



The team at Alterna is dedicated to providing a better banking experience for our members while positively impacting our communities. Every team member at Alterna brings our culture to life, and together, we make our organization an exceptional place to work.

In our recent Employee Engagement survey, an overwhelming 93% expressed a strong sense of teamwork, highlighting our ability to collaborate effectively and support each other. Moreover, employees gave their people leaders an impressive overall score of 87% in effectiveness, surpassing the Canadian average by 12 points.

Alterna is also proud of our 89% Diversity, Equity, Inclusion, and Belonging score, reflecting our commitment to fostering a culture where our core value of respect is at the forefront of all we do. The dedication and enthusiasm of our employees is the bedrock on which we build Alterna's strength, adaptability and impact, as we continue to serve and support our members and communities.

## 2023 AWARDS



### National Capital Top Employer

The [National Capital Region's Top Employers](#) is an annual competition organized by the editors of Canada's Top 100 Employers. This special designation recognizes the employers in the Ottawa-Gatineau metropolitan area that lead their industries in providing exceptional places to work. Alterna Savings celebrates our 8th consecutive year as a top place to work in the NCR!

It is an incredible honour for Alterna to once again be celebrated as one of the best places to work in the National Capital Region. This award recognizes how the team at Alterna collaborates with purpose and provides genuine care for our members and the communities in which we work.



### Outstanding Community Services & Business Development Support Award

Jean Barrett, Manager, Community Microfinance Program received an award for Outstanding Community Services & Business Development Support by the AfriCanada Commerce Exchange.

## 2023 AWARDS

### The Canadian CED Network Stronger Together Award.

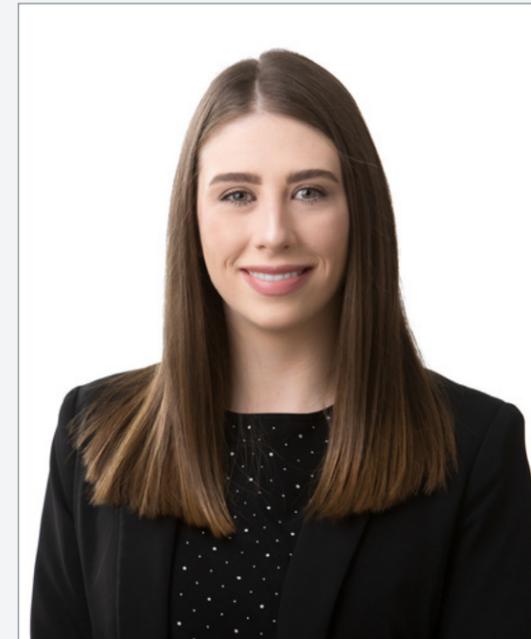
Alterna's Community Impact team were recipients of the 2023 Canadian CED Network Stronger Together Award. This award celebrates individual and organizational members who have made exceptional contributions to Community Economic Development and/or who have provided outstanding leadership to CCEDNet in achieving their vision of sustainable, equitable and inclusive communities directing their own futures. The Community Impact team are the first team from a financial institution to ever receive a Stronger Together award.

[Read More](#)



From left: Mary Achebe, Credit Officer (Microfinance), Fahima Karim, Account Manager, Not For Profit & Affordable Housing, Susan Henry, Director (Community Impact & Financial Inclusion), Jean Barrett, Manager (Microfinance), Alexandra Leavey, Manager, (Community Financial Education & Relations)

## 2023 AWARDS



### Cooperators Young Leaders award

Alexandra Leavy, Alterna's Community Financial Education & Relations Manager, received a 2023 Cooperators Young Leader award. This award celebrates the next generation of innovators in the Canadian co-operative and mutuals sector. Each year, talented, passionate and innovative young leaders from across Canada have the opportunity to participate in a yearlong leadership academy.

### Wealth Professionals Awards

Alterna's Wealth Team were Excellence awardees in 4 categories in this year's awards.

**The CI Global Asset Management Award for Holistic Advisory Team of the Year – Alterna Wealth: Excellence awardee**

**The Wealhouse Capital Management Award for Employer of Choice: Alterna Wealth – Excellence Awardee.**

**Most Innovative Use of Wealthtech: Alterna Wealth – Excellence Awardee**



Advisor Andrew Inthahack was an Excellence Awardee in the **Young Achiever of the Year** category.

## 2023 SERVICE MILESTONES

### 40 YEARS

Sindy Chiu  
Lucie Lalonde

### 35 YEARS

Mariz Fernando  
Inthu Aseerwatham  
Liza Kuskelin-Savoia

### 30 YEARS

Joe Bell  
Cristina Benzaquen

### 25 YEARS

Dorette Banton  
Jenny Nelson  
Marilyn Bly  
Lee Anne O'Connor  
Lori Wilson-Summers  
Linda Van Erp

### 20 YEARS

Kavita Moosaie  
Tina Cassano  
Angela Frenette  
Marika Nietvelt  
Shelley Byers

## 2023 RETIREMENTS

Lois Schwager (33 years)

Iliya Markovinovic (31 years)

Nisha Sarvaria (27 years)

Mike Gulliver (23 years)

Jeff Olynik (22 years)

Kim Lee (19 years)

Jennifer McIntyre (19 years)

Barb Vincent (14 years)

Natalie Braga (5 years)

Greg Parker (3 years)



# CORPORATE SPONSORSHIP & DONATIONS TO COMMUNITY ORGANIZATIONS

## Enactus Canada

Enactus is an organization that helps shape generations of entrepreneurial student leaders who are passionate about advancing Canada's economic, social, and environmental health. Alterna is a long-standing partner and sponsor of Enactus Canada. In addition to our annual \$50,000 donation, Alterna employees volunteer annually as mentors, competition judges, event speakers, and board members.



## Women in Action

In 2023 Alterna launched a new sponsorship initiative with Women In Action (WIA), an organization of over 100 dynamic and dedicated women who share a philanthropic interest in improving healthcare at the Thunder Bay Regional Health Sciences Centre (TBRHSC) – particularly its Emergency Department. Our investment and sponsorship of Women in Action will help create tangible, positive change for the betterment of healthcare in the community. As a credit union, giving back to our local communities is at the heart of what we're about, and being the Corporate Sponsor for Women in Action is very meaningful to our employees and our valued members across Northwestern Ontario.

## Ottawa Symphony Orchestra (OSO)

Alterna Savings is very proud to be the presenting sponsor of the Ottawa Symphony's 2023-2024 season. OSO is the largest orchestra in Ottawa and includes professional, student and amateur musicians. Their 130-year legacy as a civic symphony is demonstrated by their commitment to presenting accessible symphonic music featuring some of the most

enduring and important classical music in a canon alongside the works of Canadian composers and conductors. Additionally, the OSO's mandate is to be a civic leader in music education through community outreach to diverse communities, partnerships, and the mentoring and engagement of young musicians and music students in Ottawa.

Alterna Savings is proud to be the Presenting Sponsor of the Ottawa Symphony Orchestra

To learn more, visit [ottawasymphony.com](http://ottawasymphony.com)



## Jason Blaine Celebrity Charity Golf Classic

This annual, one-day event raised over \$110,000 for local organizations. Hosted by country star Jason Blaine, this golf tournament and private concert is held in Pembroke, ON. Proceeds benefited 18 local organizations, including the Boys and Girls Club of Renfrew County, the Robbie Dean Centre, The Pembroke Petawawa District Community Foundation and the Pembroke Regional Hospital.





### The Neighborhood Group Community Services – Seniors Challenge Walk-a-Thon

The Toronto Challenge Walk-a-thon was held during Seniors Month on Sunday, June 11th, at Nathan Phillips Square and raised over \$100,000. Funds raised are used to support seniors in living independently, safely, and with dignity in supportive housing locations and the community.

### Gooday Lets Play

The Alterna team was a proud sponsor of the Gooday Let's Play golf tournament, which raised over \$29,000. This non-profit organization enables participation in organized minor hockey in Southwestern Ontario.

### The Walnut Foundation Walkathon

Walnut Foundation strives to make a difference in men's health and wellness, and to provide a forum for discussion in a comfortable, safe and supportive environment. Alterna was proud to be a bronze sponsor of this event which raised over \$70,000 in support of men's health and prostate cancer awareness.



### Ottawa Titans

Alterna was a proud sponsor of the Ottawa Titans Pride event on July 22nd, 2023. The Titans are a professional ball club in the independent Frontier League, which is an official MLB partner league.



### National Lacrosse League (NLL)

Alterna was proud to be an official sponsor of the National Lacrosse League. We kicked off the 2023 Lacrosse season by offering Ontario residents a chance to win a trip for two to Las Vegas for a VIP experience at a Las Vegas Desert Dogs NLL home game. This sponsorship and contest increased Alterna's profile in target markets through social media engagement, advertising and exposure. The winner of the contest was Mississauga resident Dean Wiley.

## SCHOLARSHIPS & BURSARIES



"Young leaders who have made a commitment to uplift their communities, will play a pivotal role in the recovery of our economy" said Rob Paterson, President and CEO of Alterna. "Through grant programs such as this, we are pleased to lend support to young, promising members of the credit union system as they pursue their post-secondary education".

alterna savings

### CU Succeed Bursary

The Ontario Credit Union Foundation bursary is awarded annually to students who demonstrate community leadership and engagement and need financial assistance to pursue post-secondary training and education. Student submissions are assessed by a 9-member review panel and measured on community involvement, personal circumstances, letters of reference, and the quality of their compelling essay or video submission. In 2023, twenty young members of Alterna Savings received bursaries, with a collective award of \$25,000. This is the largest contingent of Alterna members ever to have been named recipients of this scholarship and Alterna is proud to celebrate the achievements of these engaged and passionate young community leaders. [Read more](#)

### CHFT Diversity Scholarship

Alterna in partnership with The Co-operative Housing Federation (CHFT) annually awards five Penny Bethke Scholarships to young community leaders in co-operatives that help strengthen their communities. The program is geared toward benefiting these leaders while they pursue their studies and offers support that can alleviate financial burdens and encourage students to continue making a positive impact close to home. The Penny Bethke Scholarship was created in 2012 and is a part of the CHFT Diversity Scholarship Program. To date, this program has awarded scholarships to over 470 recipients. [Read more](#)

# SCHOLARSHIPS & BURSARIES



## Supporting Social Innovation at Carlton University with the Sprott Student Scholarship

Alterna's support continues to provide Carleton students with training, mentorship, and opportunities to innovate and develop new business ventures with purpose. Through the institute, students from all areas of study will have access to programming and resources that foster social innovation and support the creation of student-led social ventures. Students will further develop their understanding by working directly with social purpose organizations in the community. Two scholarships, the Alterna Bank and the Alterna Savings scholarships, are given to Bachelor of Commerce or International business students.

## Alterna Prize for Women Social Change Leaders – Metropolitan University

The winner of the Alterna Prize for Women Social Change Leaders for 2023 was Hanen Nanaa. This award, created in 2018, supports students seeking solutions to social problems. It helps to better position women for leadership roles by rewarding individuals who have vision, creativity, and determination and are motivated by the public rather than personal gain. We were proud to give this award yet again to deserving students.



"I am inspired by The AlternaPrize. This award helped me recognize my ability and power to create social change and empower others to promote a more just and equitable society."

-Hanen N.

# TEAM ALTERNA!

Our entire team is dedicated to nurturing our members and bolstering the communities we're part of. We're thrilled to engage in various community events throughout Ontario. In 2023, Team Alterna actively took part in more than 50 events, extending support to our members, partners, and communities alike.



Bay St. Harvest Market



Coldest Night of the Year



Dragon Boat Festival



CityKidz



Dutton Trivia Night



Peterborough Pride Parade



North Bay Walk/Run



Wickedly Westborough



Aurora Street Festival



Dundonald Park Fall Festival



Peterborough Zoo



Uxbridge Fall Fair



Scarborough Food Drive



Alterra Contact Centre Food Drive



## BOARD OF DIRECTORS



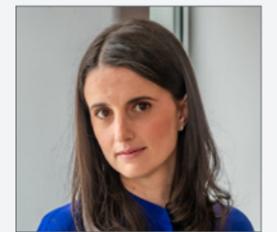
**Bianca Garofalo**  
Chair



**Marianne Johnson**  
Vice-Chair



**Norm Ayoub**  
Director



**Faren Bogach**  
Director



**Maria Barrados**  
Director



**Earl Campbell**  
Director



**Ken Chan**  
Director



**Marilyn Conway Jones**  
Director



**Andy Cragg**  
Director



**Richard Neville**  
Director

The Board of Directors is committed to the growth and success of Alterna. We work with the leadership team to set the credit union's strategic direction and approve and oversee the implementation of business plans that align with the needs of our members and the broader community. The Board's proactive approach helps ensure that Alterna remains agile, responsive to the market, and well-positioned to meet the changing needs of our members. We are proud of the gender diversity on our Board of Directors, which boasts equal representation of men and women. Our board and leadership team's collaborative approach helps provide effective leadership, stewardship, and direction to the organization, ultimately ensuring its success and sustainability over the years.

## FINANCE & AUDIT COMMITTEE

**Richard Neville**  
Chair

**Marianne Johnson**  
Vice-Chair

**Maria Barrados**  
Director

**Ken Chan**  
Director

**Andy Cragg**  
Director

**Marilyn Conway Jones**  
Director

**Bianca Garofalo**  
Ex-Officio

## NOMINATING COMMITTEE

**Andy Cragg**  
Chair

**Marilyn Conway Jones**  
Vice-Chair

**Faren Bogach**  
Director

**Maria Barrados**  
Director

**Bianca Garofalo**  
Director

## GOVERNANCE COMMITTEE

**Bianca Garofalo**  
Chair

**Marianne Johnson**  
Vice-Chair

**Norm Ayoub**  
Director, Alterna Bank representative

**Earl Campbell**  
Director

**Ken Chan**  
Director

**Richard Neville**  
Director

## EXECUTIVE LEADERSHIP TEAM



**Rob Paterson**  
President & Chief Executive Officer



**Bill Boni**  
SVP, Chief Financial Officer



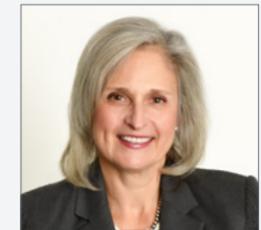
**Mark Cauchi**  
SVP, Chief Information Officer



**José Gallant**  
SVP, Chief Administrative Officer



**Brian Lawson**  
SVP, SME & Member Experience



**Frugina Ball**  
Region Head, Member Experience, GTA



**Ben Choi**  
Interim Chief Operating Officer



**Shawn Khimji**  
VP, Wealth Management



**Kim Moseley**  
VP, Product & Marcomm

## 2023 FINANCIAL HIGHLIGHTS

2023 was a very complex year, and Alterna navigated significant economic volatility. The average annual inflation rate was 3.9%, and although down from a 40-year high of 6.8% in 2022, it was still well above the Bank of Canada's 2% target. Since March 2022, the Central Bank raised its policy rate by 4.75% to slow economic growth, discourage spending, and rein in demand which was surging from the after-effects of the pandemic. These efforts by our Central Bank translated into unprecedented increases in interest rates, which had a direct impact on our members who experienced increased mortgage and loan rates throughout 2023. As both variable and fixed mortgage rates rose, the increases directly impacted the housing market, by slowing sales activities and lowering home prices. The overall economic conditions also resulted in a member behavioural change from 2022's deposit activity. We saw members using their savings to offset the rising interest costs due to inflationary pressures, either by using the deposits for day-to-day living expenses or paying down existing debt. Many members also took advantage of the

higher interest rate environment and switched their savings from short-term demand accounts to locked-in fixed-term deposits.

Despite the challenges presented by the current economic environment, we ended 2023 with \$10.8 Billion in assets under management and over 211,000 members and customers within the consolidated financial group. Alterna's consolidated balance sheet finished the year just below \$8 Billion in assets, translating to 5.2% growth over our 2022-year-end position. Our net income after taxes finished the year at \$10 million, representing a reduction of \$4.4 million year over year.

Alterna's teams showed remarkable resilience during this extremely complex economic year, delivering strong growth, many digital banking advances, and three successful banking system conversions on time and on budget. As we enter 2024, there are fresh hopes that the tide has begun to turn. We look forward to continuing to provide advice and support to all of our members and growing better together in 2024 and beyond.



## Consolidated Balance Sheets

(in thousands of dollars)

As at	December 31, 2023	December 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 329,846	\$ 276,505
Investments	542,495	579,765
Investment in associates	8,135	9,717
Loans and advances	6,854,672	6,440,685
Property and equipment	54,066	57,509
Intangible assets	37,618	41,828
Goodwill	20,351	18,700
Derivative financial instruments	12,923	21,970
Income tax receivable	-	12,398
Other assets	116,010	122,523
	<b>\$ 7,976,116</b>	<b>\$ 7,581,600</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Liabilities:		
Deposits	\$ 5,622,706	\$ 5,724,293
Borrowings	442,764	628,142
Mortgage securitization liabilities	1,361,370	716,951
Derivative financial instruments	11,116	1,493
Income tax payable	3,482	-
Deferred income tax liability	2,497	4,152
Other liabilities	111,983	82,140
Membership shares	2,503	2,551
	<b>\$ 7,558,421</b>	<b>\$ 7,159,722</b>
Members' equity:		
Special shares	172,773	184,693
Contributed surplus	59,203	59,203
Retained earnings	208,946	205,717
Accumulated other comprehensive loss	(23,227)	(27,735)
	<b>417,695</b>	<b>421,878</b>
	<b>\$ 7,976,116</b>	<b>\$ 7,581,600</b>

## Consolidated Income Statements

(in thousands of dollars)

For the years ended	December 31, 2023	December 31, 2022
Interest income	\$ 273,138	\$ 179,764
Interest income from investments	14,906	15,013
	<b>288,044</b>	194,777
Interest expense	181,367	78,696
Net interest income	106,677	116,081
Loan (recoveries) costs	(1,811)	656
Net interest income after loan (recoveries) costs	108,488	115,425
Commissions	10,805	10,345
Service charges	9,275	8,103
Net gains on derivative financial instruments	4,088	3,643
Foreign exchange	1,419	2,152
Other	1,998	1,417
Securitization income (loss)	5,141	(3,183)
Other income	32,726	22,477
Net interest and other income	141,214	137,902
Salaries and benefits	65,300	58,072
Administration	27,656	28,295
Data processing	22,708	19,841
Occupancy	12,873	11,279
Marketing and community relations	3,168	3,431
Operating expenses	131,705	120,918
Income before income on investment in associates and income taxes	9,509	16,984
Income on investment in associates	3,272	1,029
Income before income taxes	12,781	18,013
Provision for income taxes	2,781	3,632
Net income	\$ 10,000	\$ 14,381

## Consolidated Statements of Comprehensive Income

(in thousands of dollars)

For the years ended	December 31, 2023	December 31, 2022
Net income	\$ 10,000	\$ 14,381
Other comprehensive (loss) income		
Other comprehensive (loss) income to be reclassified to income in subsequent periods:		
Investments in debt instruments measured at fair value through other comprehensive (loss) income:		
Net unrealized gain (loss) on debt instruments measured at fair value through other comprehensive (loss) income	12,096	(17,794)
Cash flow hedges:		
Changes arising during the year	(8,300)	(1,432)
Add: Reclassification adjustments for gains included in the income statement	719	890
Net loss on cash flow hedges	(7,581)	(542)
Net other comprehensive (loss) income to be reclassified to income in subsequent periods	4,515	(18,336)
Other comprehensive income (loss) not to be reclassified to income in subsequent periods:		
Defined benefit plan - actuarial gains (loss)	(7)	89
Net other comprehensive income (loss) not to be reclassified to income in subsequent periods	(7)	89
Other comprehensive (loss) income	4,508	(18,247)
Comprehensive (loss) income	\$ 14,508	\$ (3,866)

## Consolidated Statements of Changes in Members' Equity

(in thousands of dollars)

For the years ended	December 31, 2023	December 31, 2022
Special shares:		
Balance, beginning of year	\$ 184,693	\$ 186,599
Net shares redeemed	(11,920)	(1,906)
Balance, end of year	172,773	184,693
Contributed surplus:		
Balance, beginning of year	59,203	59,203
Balance, end of year	59,203	59,203
Retained earnings:		
Balance, beginning of year	205,717	198,214
Net income	10,000	14,381
Dividend on special shares	(6,771)	(6,878)
Balance, end of year	208,946	205,717
Accumulated other comprehensive loss, net of tax:		
Balance, beginning of year	(27,735)	(9,488)
Other comprehensive (loss) income	4,508	(18,247)
Balance, end of year	(23,227)	(27,735)
Members' equity	\$ 417,695	\$ 421,878

# 1. Financial Overview

## a. Highlights

### Income:

- Net income after provision for income taxes for the year ended December 31, 2023, was \$10.0 million compared to \$14.4 million for the year ended December 31, 2022.
- Alterna Savings paid \$6.8 million in dividends in 2023, compared to \$6.9 million in 2022.
- Net interest income for the year ended December 31, 2023, was \$106.7 million compared to \$116.1 million for the year ended December 31, 2022.
- Loan recoveries for the year ended December 31, 2023, were \$1.8 million compared to loan costs of \$0.7 million for the year ended December 31, 2022.
- Other income for the year ended December 31, 2023, was \$32.7 million compared to \$22.5 million for the year ended December 31, 2022.
- Operating expenses for the year ended December 31, 2023, were \$131.7 million compared to \$120.9 million for the year ended December 31, 2022.

### Balance Sheet:

- Member loans increased to \$6.9 billion, up 6.4% from \$6.4 billion in 2022.
- Member deposits decreased to \$5.6 billion, down 1.8% from \$5.7 billion in 2022.
- Assets under management, which includes on balance sheet assets, off balance sheet loans and wealth management assets, grew by 4.4% and ended the year at \$10.8 billion.

### Capital:

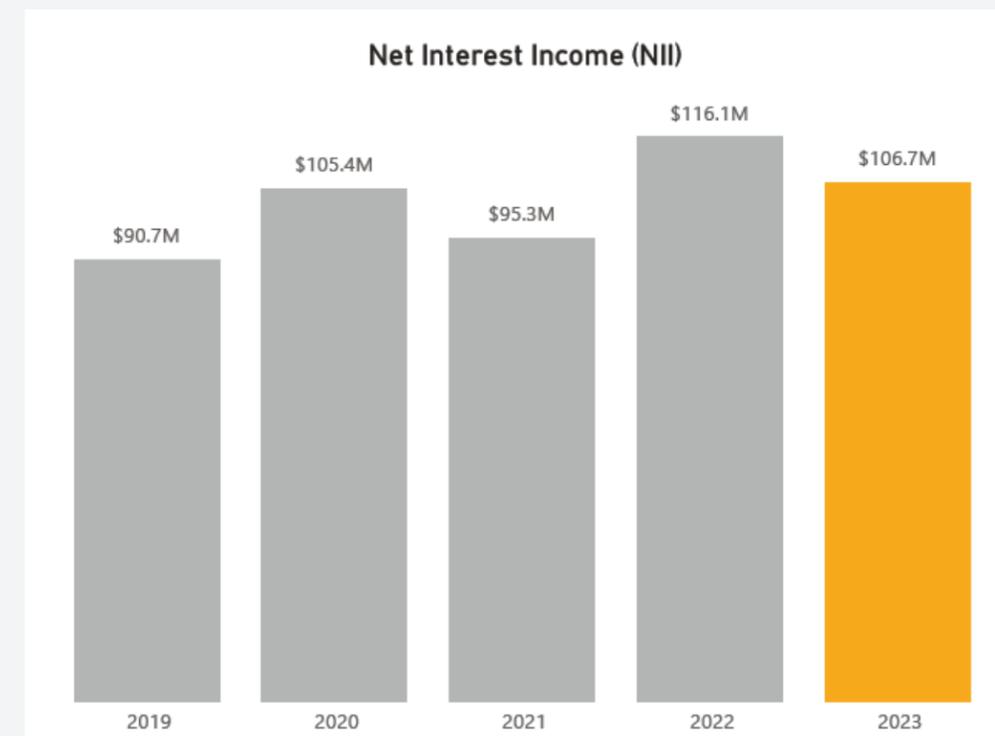
- The leverage capital ratio was 5.0% as at December 31, 2023, compared with 5.2% as at December 31, 2022. This is above the regulatory minimum requirement of 3.0%.
- The supervisory capital ratio was 14.4% as at December 31, 2023, compared with 14.5% at December 31, 2022. This is above the regulatory minimum requirement of 10.5%.

# 2. Financial Performance Summary

## a. Net Interest Income

Net interest income represents interest earned on loans to members and investments, less interest paid to members on deposits and interest paid on debt obligations. Net interest income decreased to \$106.7 million in 2023 from \$116.1 million in 2022 or by 8.1%.

Alterna Savings observed a shift in member behavior starting in late 2022, as members capitalized on the inverted yield curve by reallocating funds from their demand accounts to higher yielding short-term fixed deposits. This significant transition from demand to term deposits throughout the year contributed to escalated interest expenses. Additionally, increased borrowing and securitization activities throughout the year, necessary to support credit growth, further augmented interest expenses. However, mitigating some of these increased expenses, higher interest rates and loan volumes facilitated Alterna in achieving greater interest revenue in 2023 compared to 2022.



## b. Loan Costs/Recoveries

Loans costs/recoveries represents management's best estimate of potential losses during the year. Alterna Savings uses a data model with various inputs including historical loan data, industry data, and forward-looking macro-economic assumptions to calculate the expected credit losses. Alterna Savings also considers management's assessment of watch list accounts, delinquencies, and other relevant market information to assess the expected credit losses. Loan recoveries were \$1.8 million in 2023 compared to loan costs of \$0.7 million in 2022. This improvement was primarily driven by our prudent lending practices, recoveries on loans, and the stable proportion of insured real estate-based loans in our credit portfolio.

(000s)	31 Dec 2023			31 Dec 2022		
	Gross carrying amount	Loss allowance	Loss allowance as a % of gross carrying amount	Gross carrying amount	Loss allowance	Loss allowance as a % of gross carrying amount
<b>Personal Loans</b>						
Stage 1 - 12-month ECL	\$ 270,064	\$ 798	0.29%	\$ 288,166	\$ 756	0.26%
Stage 2 - Lifetime ECL - not credit-impaired loans	5,251	151	0.05%	2,908	253	0.09%
Stage 3 - Lifetime ECL - credit-impaired loans	2,051	477	0.17%	1,249	340	0.12%
Purchased credit-impaired	23	-	0.00%	172	33	0.01%
	\$ 277,389	\$ 1,426	0.51%	\$ 292,495	\$ 1,382	0.47%
<b>Residential Mortgages</b>						
Stage 1 - 12-month ECL	\$ 4,860,306	\$ 616	0.01%	\$ 4,374,134	\$ 652	0.01%
Stage 2 - Lifetime ECL - not credit-impaired loans	24,654	-	0.00%	11,954	6	0.00%
Stage 3 - Lifetime ECL - credit-impaired loans	6,686	-	0.00%	2,953	-	0.00%
Purchased credit-impaired	-	-	0.00%	421	-	0.00%
	\$ 4,891,646	\$ 616	0.01%	\$ 4,389,462	\$ 658	0.01%
<b>Commercial Loans</b>						
Stage 1 - 12-month ECL	\$ 1,281,476	\$ 473	0.04%	\$ 1,149,220	\$ 483	0.04%
Stage 2 - Lifetime ECL - not credit-impaired loans	6,531	-	0.00%	14,873	175	0.01%
Stage 3 - Lifetime ECL - credit-impaired loans	1,962	79	0.00%	3,075	1,509	0.13%
Purchased credit-impaired	1,015	-	0.00%	2,067	31	0.00%
	\$ 1,290,984	\$ 552	0.04%	\$ 1,169,235	\$ 2,198	0.19%
<b>Total</b>	<b>\$ 6,460,019</b>	<b>\$ 2,594</b>	<b>0.04%</b>	<b>\$ 5,851,192</b>	<b>\$ 4,238</b>	<b>0.07%</b>

## Other Income

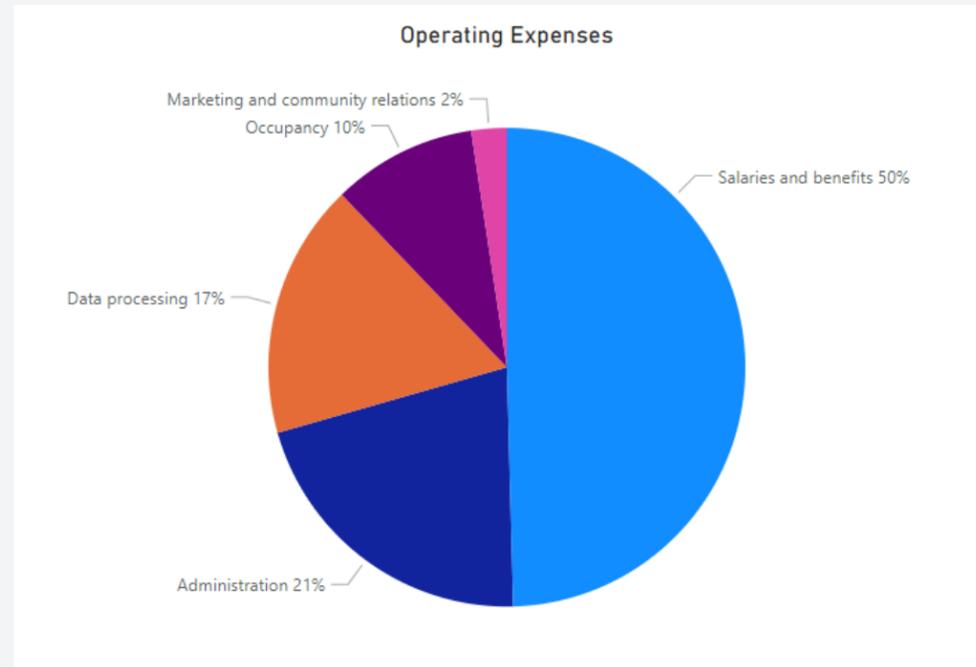
Other income includes income from commissions, service charges, net gains on derivatives, foreign exchange gains, other and securitization-related gains. Total other income increased to \$32.7 million in 2023 from \$22.5 million in 2022 or 45.6%. This was due mainly as a result of additional securitization activity, wealth revenues, service charges and commercial loan fees. This was also driven by the impact of a full year of activity from former PACE members.

Other Income (\$000s, except percentages)	As at or for the years ended		Change	
	31-Dec-23	31-Dec-22	\$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Commissions	10,805	10,345	460	4.4%
Service charges	9,275	8,103	1,172	14.5%
Net gains on derivative financial instruments	4,088	3,643	445	12.2%
Foreign exchange	1,419	2,152	(733)	(34.1%)
Other	1,998	1,417	581	41.0%
Securitization income (loss)	5,141	(3,183)	8,324	261.5%
<b>Total</b>	<b>32,726</b>	<b>22,477</b>	<b>10,249</b>	<b>45.6%</b>

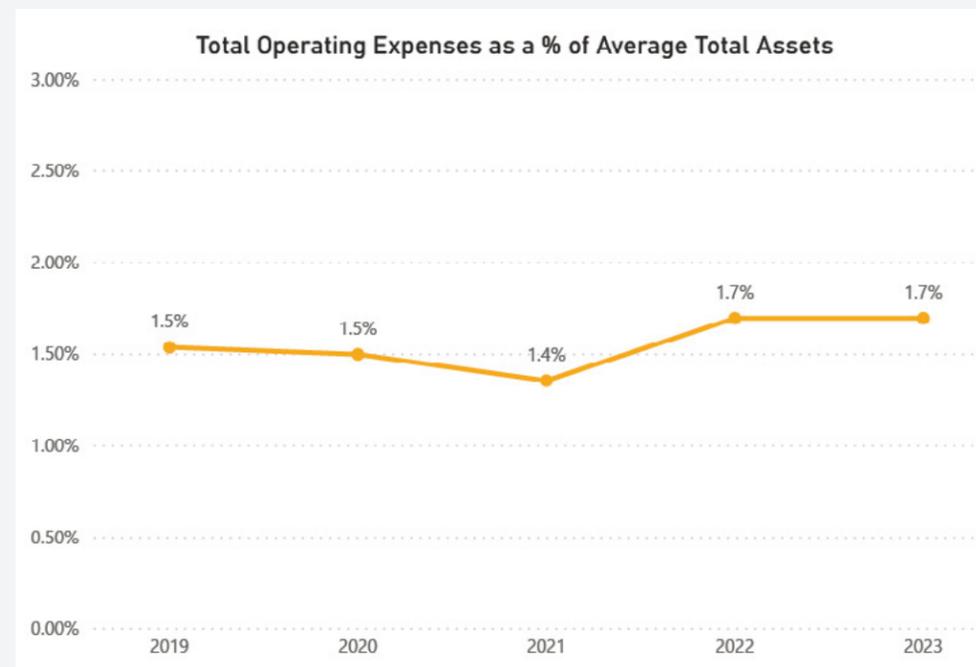
## c. Operating Expenses

Operating expenses include salaries and benefits, administration, data processing, occupancy and marketing and community relations costs. Total operating expenses increased to \$131.7 million in 2023 from \$120.9 million in 2022 or 8.9%. The increase in cost included the first full year of the operating costs of PACE assets from the end of June 0f 2022. Alterna also successfully completed three banking system conversions in 2023 as planned.

Operating Expenses	As at or for the years ended		Change	
	31-Dec-23	31-Dec-22	\$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Salaries and benefits	65,300	58,072	7,228	12.4%
Administration	27,656	28,295	(639)	(2.3%)
Data processing	22,708	19,841	2,867	14.4%
Occupancy	12,873	11,279	1,594	14.1%
Marketing and community relations	3,168	3,431	(263)	(7.7%)
<b>Total operating expenses</b>	<b>131,705</b>	<b>120,918</b>	<b>10,787</b>	<b>8.9%</b>

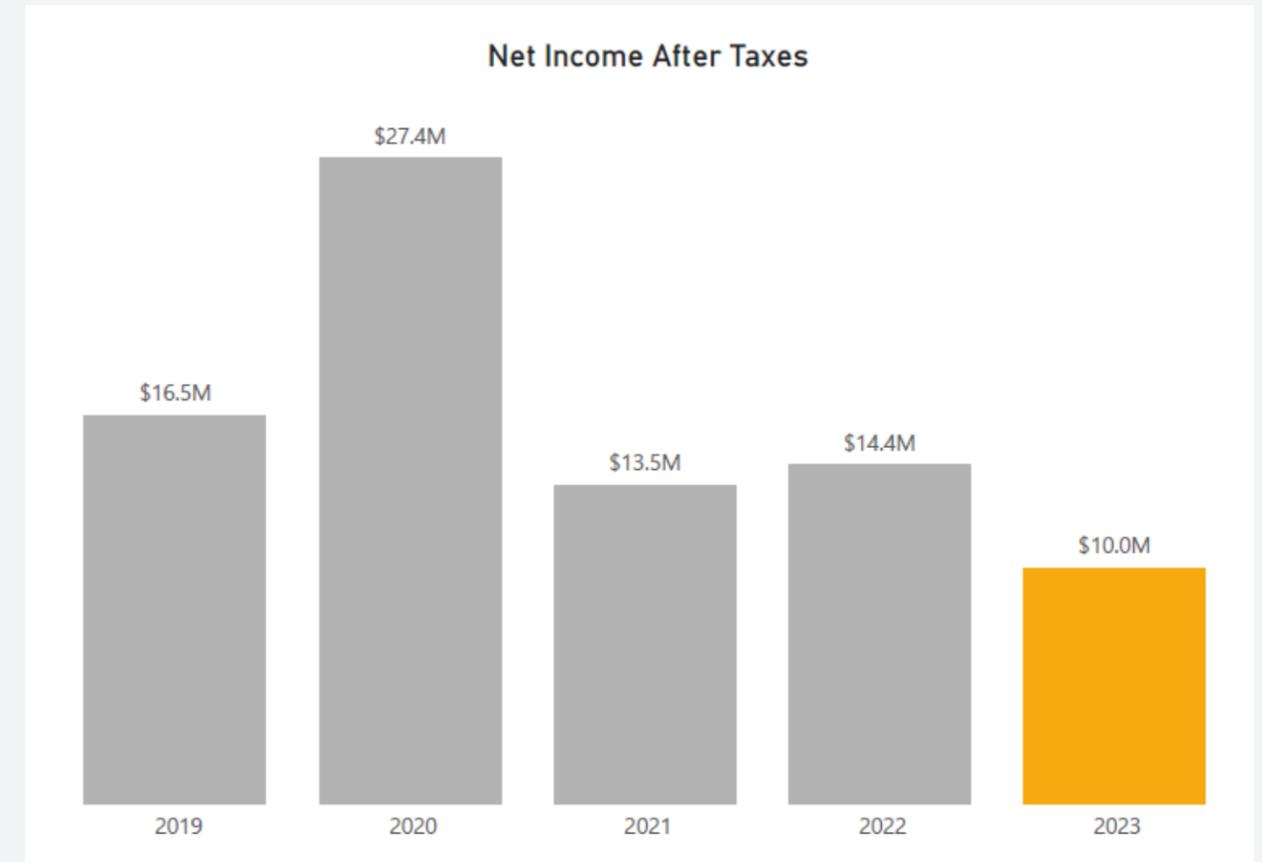


Operating expenses as a percentage of total average assets remained at 1.7% in 2023 from 1.7% in 2022.



### d. Net Income

Net income decreased to \$10.0 million in 2023 from \$14.4 million in 2022 or by 30.5%. Income was impacted negatively mainly by continuing margin compression, higher cost of longer-term deposits as well as higher operating expenses than the year before.



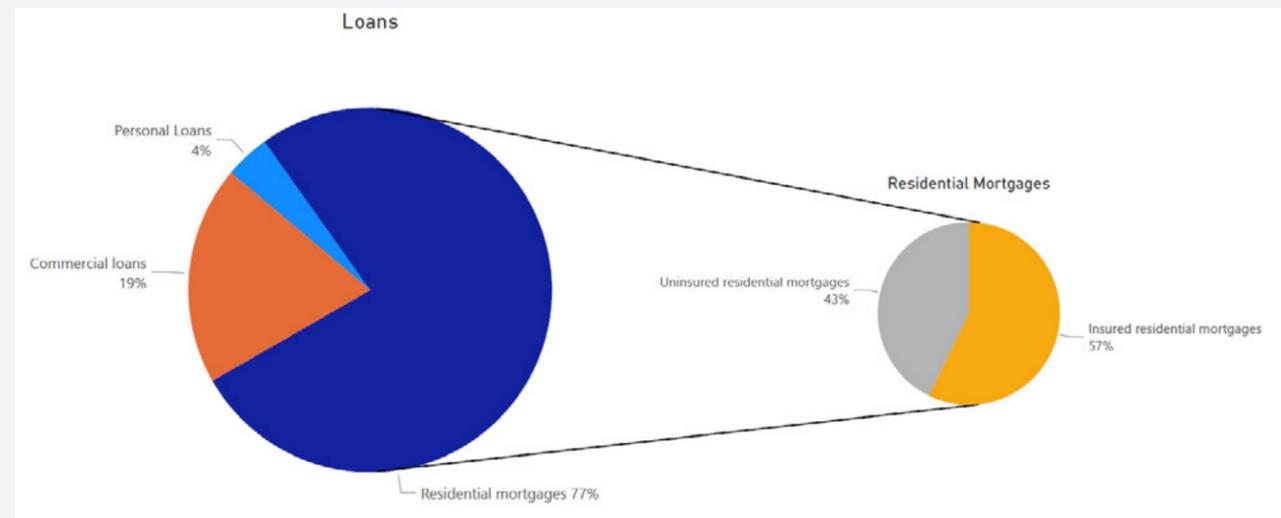
### 3. Financial Position Summary

#### a. Loan Summary

Member loans include personal and commercial loans, lines of credit, and mortgages. The total loan portfolio increased to \$6.85 billion in 2023 from \$6.4 billion in 2022 or by 6.4% before loan costs / recoveries. Residential mortgages grew by 6.5% to reach \$5.3 billion or 77% of the total loan portfolio. Commercial loans grew by 8.6% to reach \$1.3 billion or 19% of the total loan portfolio. Personal loans and line of credits decreased by 5.2% to \$277.4 million or 4% of the total loan portfolio.

The loan growth was driven by Alterna's Retail and Commercial teams delivering quality credit growth results in a year of economic uncertainty. Our Commercial and Treasury teams also collaborated to successfully onboard a portfolio of CMHC-insured mortgages, supplementing our loan growth. With banking systems conversions in place, we have also grown our commercial services capabilities across Ontario with in-person support for commercial members now available in all our branches.

Loan Summary (\$000s, except percentages)	As at or for the years ended		Change	
	31-Dec-23	31-Dec-22	\$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Personal Loans	277,389	292,495	(15,106)	(5.2%)
Residential mortgage loans	5,250,527	4,928,396	322,131	6.5%
Commercial loans	1,329,350	1,224,032	105,318	8.6%
<b>Total loans before provision</b>	<b>6,857,266</b>	<b>6,444,923</b>	<b>412,343</b>	<b>6.4%</b>
Less: allowance for Impaired Loans	(2,594)	(4,238)	1,644	38.8%
<b>Total loans after provision</b>	<b>6,854,672</b>	<b>6,440,685</b>	<b>413,987</b>	<b>6.4%</b>

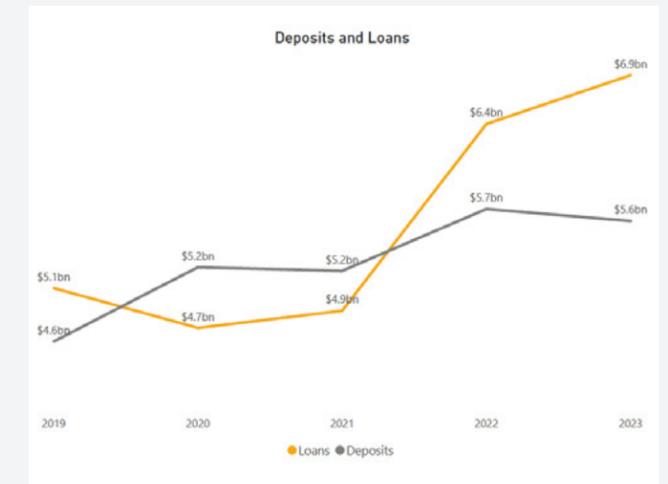
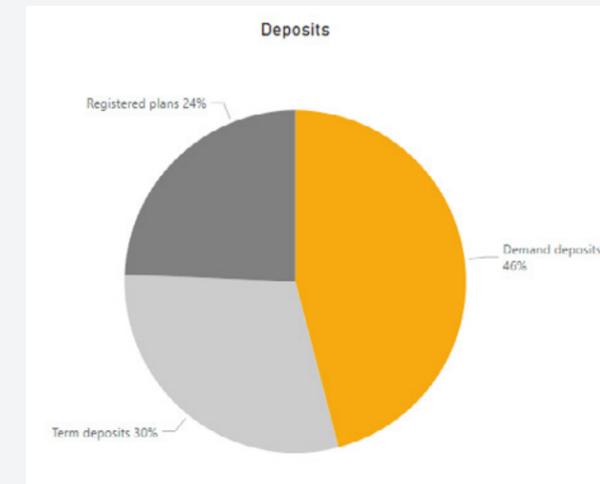


#### b. Deposit Summary

Member deposits include demand deposits, term deposits and registered plan deposits. The total deposit portfolio decreased to \$5.6 billion in 2023 from \$5.7 billion in 2022 or by 1.8%. Term deposits experienced the highest growth in 2023 at 18.26% year over year to reach \$1.7 billion or 30% of the deposit portfolio. Registered plans had growth of 3.3% to reach \$1.4 billion or 24% of the deposit portfolio. Demand deposits declined by 13.5% and were \$2.6 billion at year end or 46% of the deposit portfolio.

As noted above, we experienced a slight decrease in our overall deposit base. The economic conditions resulted in a change in member behavior from 2022's deposit activity. Members responded to inflationary pressures by utilizing their savings to manage rising costs, either for daily expenses or to reduce existing debt. Additionally, many members capitalized on the interest rate environment by transferring funds from short-term demand accounts to locked-in fixed term deposits.

Deposit Summary (\$000s, except percentages)	As at or for the years ended		Change	
	31-Dec-23	31-Dec-22	\$ Change 2023 vs. 2022	% Change 2023 vs. 2022
Demand deposits	2,582,774	2,985,880	(403,106)	(13.5%)
Term deposits	1,670,482	1,412,563	257,919	18.3%
Registered plans	1,369,450	1,325,850	43,600	3.3%
<b>Total deposits</b>	<b>5,622,706</b>	<b>5,724,293</b>	<b>(101,587)</b>	<b>(1.8%)</b>



### c. Securitization

Alterna Savings securitizes fully insured residential and commercial mortgage loans through the creation of mortgage-backed securities ("MBS") under the National Housing Act ("NHA") MBS program and may in turn sell them to Canada Housing Trust ("CHT") under the Canada Mortgage Bond ("CMB") Program and/or to third party investors. The securitization of qualified loans is part of Alterna's liquidity, capital and interest rate risk management strategies and contributes to on and off-balance sheet growth by being a cost-effective way of gaining access to additional funding. The sale of securitized assets results in either being derecognized from the consolidated balance sheet or remain on balance sheet if they do not fit the derecognition criteria. Mortgages that do not qualify for derecognition remain on balance sheet and have corresponding mortgage securitization liabilities. Mortgage securitization liabilities increased to \$1.4 billion in 2023 from \$717 million in 2022. We used the proceeds that were generated from this activity to pay off our 2022 borrowing position and fund mortgage activity for 2023 at a lower cost than long-term deposit rates.

### d. Assets Under Management

Assets under management consist of on-balance sheet assets, off-balance sheet loans and wealth management assets. Assets under management increased to \$10.8 billion in 2023 from \$10.4 billion in 2022 or by 4.4% year over year.



## 4. Capital Adequacy and Liquidity Management

### a. Capital Management

Alterna Savings' capital management objective is to ensure the long-term viability of the credit union and the safety and security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses and to comply with the capital requirements set out in the Credit Unions and Caisses Populaires Act, 2020 (the "Act") and Capital Adequacy Requirements Rule from the Financial Services Regulatory Authority of Ontario ("FSRA"). Alterna Savings manages its capital in accordance with the Capital Management Policy, which is reviewed and approved annually by the Board of Directors ("the Board"). The minimum consolidated total supervisory capital ratio per the Act was 10.5%. The minimum consolidated leverage ratio per the Act was 3.0%. Alterna Savings was in compliance with the Act and all ratios were above regulatory minimums and remain strong. Refer to note 25 in Alterna Savings' 2023 audited consolidated financial statements for additional details.

Capital Ratios	As at or for the years ended		
	31-Dec-23	31-Dec-22	Regulatory Minimums
Tier 1 Capital Ratio	13.9%	14.0%	6.5%
Retained earnings to Risk weighted Capital Ratio	9.8%	9.9%	3.0%
Capital conservation buffer ratio	6.4%	6.5%	2.5%
Risk Weighted Capital Ratio (Total Capital Ratio)	14.4%	14.5%	8.0%
Total supervisory Capital Ratio	14.4%	14.5%	10.5%
Leverage Ratio	5.0%	5.2%	3.0%

### b. Internal Capital Adequacy Assessment Process

Alterna Savings performs an Internal Capital Adequacy Assessment Process ("ICAAP") in line with FSRA's "Guidance Note: ICAAP – Credit Unions with Total Assets Greater than \$500 Million" and "Application Guide – Internal Capital Adequacy Assessment Process". The ICAAP ensures Alterna Savings has adequate capital in relation to its risk profile and a strategy for maintaining its capital levels. The ICAAP process ensures Alterna Savings develops and executes appropriate risk management techniques in its operations. The processes for managing capital include setting policies for capital management, capital levels and for related areas such as asset liability management. Alterna Savings reports to the Board regarding its financial results against budget targets and reports variances to those budgets, which in turn forms part of the capital adequacy reporting. The ICAAP ensures enough capital is set aside for ongoing operations, future growth development and any key risks that may occur during the course of business. The ICAAP aligns with Alterna Savings' planning and risk management oversight. The ICAAP determined that, as of December 31, 2023, Alterna Savings continued to carry adequate capital.

### c. Liquidity Management

Under FSRA's Liquidity Adequacy Requirements Rule and Liquidity Guidance, Alterna Savings is expected to establish and maintain prudent levels of liquidity that are sufficient to meet its cash flow needs, including depositor withdrawals and all other objectives as they come due. The Liquidity Ratio measures Alterna Savings' liquid assets as a percentage of total deposits and borrowings, and is used by Alterna Savings to monitor its liquidity position in addition to the Liquidity Coverage Ratio ("LCR"), Net Cumulative Cash Flow ("NCCF") and Net Stable Funding Ratio ("NSFR"). As of December 31, 2023, Alterna Savings' Liquidity Ratio decreased to 18.8% from 21.6% in 2022. The decline is primarily due to a decrease in liquid assets in the form of mortgage-backed securities year over year. All regulatory minimums were met, and no liquidity deficiencies were noted over the next 12-month period. Refer to note 4(c) in Alterna Savings' 2023 audited consolidated financial statements for additional details.

## 5. Economic Outlook

Canadian economic growth has stalled since mid-2023, with growth expected to be close to zero through the first quarter of 2024. Consumers have reduced spending due to higher prices and interest rates, and business investment have contracted. The economy appears to be operating with modest excess supply, although labor market conditions have eased slightly.

Economic growth in Canada is expected to strengthen gradually in the second half of 2024, driven by increased household spending, exports, and business investment. Overall, the Bank of Canada has forecasted growth to be 0.8% in 2024 and 2.4% in 2025.

Inflation in Canada ended the year at 3.4%, mainly driven by shelter costs. Inflation is expected to remain close to 3% in the first half of 2024 before gradually easing to the 2% target in 2025. So far this year the Bank of Canada has decided to hold the policy rate at 5% as it continues to normalize its balance sheet, citing concerns about inflation persistence and the need for sustained easing of core inflation. The Bank of Canada is expected to start reducing its policy rate in the second half of the year, but it's unlikely to reach the neutral level of 2.5% before 2025.

## 6. Risk management oversight and governance

### a. Risk Appetite Framework

Alterna Savings' Risk Appetite Framework ("RAF") is Board-approved and outlines the risks which Alterna Savings is willing to accept to fulfill its business objectives, deliver on its strategic plan and achieve desired financial returns. It outlines its main considerations in risk-taking, mitigation and risk avoidance.

Through the RAF, the Board, and/or Finance and Audit Committee ("FAC"), clearly state the general principles for risk-taking to raise risk awareness across the organization and to guide management regarding acceptable and unacceptable risk-taking activities. The RAF is embedded in Alterna Savings' frameworks and policies and implemented in the day-to-day activities and business operations.

The Board oversees the alignment of the strategic business objectives and capital planning with the RAF and plays a major role in monitoring the adherence to the RAF. The Board is responsible for reviewing the RAF annually and making necessary amendments, as required, to capture potential changes in Alterna Savings' risk profile and strategic priorities.

### b. Risk Governance: Roles and Responsibilities

#### Board of Directors

The Board, and/or FAC, provide direction and oversight to ensure that Alterna Savings' risks are effectively managed and compliant with the Board-approved RAF.

The Board, either directly or through its committees, reviews and approves Board level policies at least once a year. By way of these policies, they have clearly defined the levels of authority, limits, roles and responsibilities, which are an integral part of the day-to-day operations and risk management oversight at Alterna Savings.

#### The Board is responsible for:

- Ensuring that the risks Alterna Savings is exposed to are managed and reported; and,
- Ensuring that the risk profile of Alterna Savings is aligned with the Board-approved RAF.

The Board and FAC receive regular reports on the effectiveness of, and compliance with the RAF:

- Quarterly, the Board and the FAC are provided reports that include assessments of Alterna Savings' performance against the RAF and the effectiveness of the risk management environment;
- These reports and the RAF are an integral part of the Board's discussions and decision-making processes; and
- These reports include a comparison of actual results versus the RAF limits.

#### Alterna Savings Management Committees:

- Alterna Savings has established and maintains an Executive Leadership Team, a Credit Risk Management Committee, a Data Governance Committee and an Asset Liability Committee.
- These Committees provide oversight and management of Alterna Savings' risk exposures, and ensure the alignment of Alterna Savings' risk profile relative to the RAF.

### Three Lines of Defence Model

Alterna Savings has adopted the Three Lines of Defence model which is fundamental to the governance operating structure.

#### The responsibilities are distributed as follows:

- First Line of Defence: Own the risks and associated controls within their area of operations;
- Second Line of Defence: The Risk Management and Compliance departments are the independent oversight functions that oversee the First Line of Defence to make sure business activities remain within the RAF and within applicable regulatory requirements, and
- Third Line of Defence: Internal Audit.

#### First Line of Defence has the following responsibilities:

- Is accountable for managing the risks and performing the associated controls in their area of operations
- Ensures understanding and adherence to Alterna Savings' RAF for their area of operations
- Fosters a risk management aware culture
- Ensures risks in their area of operations are identified, assessed, monitored and managed within the RAF and are in compliance with relevant policies, guidelines and limits
- Establishes and maintains appropriate structures and processes for the management of operations and risk, and
- Ensures compliance with legal, regulatory, and ethical expectations

#### Second Line of Defence has the following responsibilities:

- Provides complementary expertise, support, monitoring, and challenge for the management of risk through the development, implementation, and continuous improvement of risk management and regulatory compliance practices
- Educates, provides training and facilitates the application of the RAF and associated documents, and
- Monitors the adequacy and effectiveness of internal control activities

#### Third Line of Defence has the following responsibilities:

- Internal Audit assesses compliance with the RAF at the organizational level and in its review of business units within Alterna Savings

### c. Risk Management Culture

Alterna Savings invests in promoting a Risk Management Culture based on integrity, ethical standards, compliance with policies and regulations, risk awareness and ownership, with the implementation and delineation of the Three Lines of Defense.

#### Alterna Savings strives to have:

- Risk management imbedded in its business from strategy building to day-to-day operations;
- A culture of transparency, accountability, and ownership of risks and risk management activities, where everyone can
  - Identify, measure, quantify, and own their risks,
  - Have the ability to communicate freely, and
  - Act on managing these risks effectively.

### d. Stress Testing and Capital Level Controls

The amount of capital required in relation to the size of Alterna Savings' operations is determined by regulation, by the Internal Capital Adequacy Assessment Process (ICAAP) and by the sound judgement of the Board, FAC and Senior Management. These capital levels and adequacy are regularly monitored and formally reviewed quarterly with the Board through the detailed Board reporting package and monthly by Senior Management through the Asset Liability Committee and reporting from the Risk Management department.

The ongoing capital reporting allows for the comprehensive assessment of capital level adequacy, ensuring capital remains within the RAF limits. This ensures Alterna Savings has sufficient capital to maintain its operations based on current activities, execute on strategic plans and manage potential emerging risks.

Alterna Savings performs stress tests to support the internal capital adequacy planning in case of severe but plausible events or changes in market conditions that could adversely impact Alterna. The stress test results are presented to the FAC and Alterna Savings' management committees and are considered in the development of strategic and capital plans.

### e. Material Risks

Alterna Savings' risk universe identifies and defines a broad number of potential risks to which the organization could be exposed. Alterna Savings actively monitors and manages the following principal risks:

- Strategic risk
- Credit risk
- Financial risk
- Operational risk
- Legal and regulatory risk
- Reputational risk
- External environment risk

#### Strategic Risk

Strategic risk is the potential for loss due to ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment. It is an overarching element, impacts the organizational direction, and may influence changes in other risk categories.

Strategic risk is continually assessed and managed by the Executive Leadership Team by reviewing progress towards achieving strategic objectives and the performance of Alterna vis-à-vis its strategic plan, monitoring external factors that could impact achievement of the plan, and intervening as needed to make sure the plan is being delivered as expected.

All business units and Risk Management are closely involved in the formulation of the strategic planning process that is Board-approved and in managing the strategic risk.

#### Credit Risk

Credit risk is the risk of loss incurred if a counterparty fails to meet its financial commitments to Alterna Savings, and is initiated through our lending, investing and financial hedging operations.

Credit risk is managed in accordance with the Credit Policy for loans and the Investment/Derivative Policy for investments and derivatives. These policies are reviewed and approved annually by the Board.

Alterna Savings manages its credit risk related to loans through a comprehensive set of risk limits with pre-defined escalation procedures as outlined within the Credit Policy and the Operational Credit Policies for the retail and commercial channels.

Alterna Savings conducts its residential mortgage lending business while being compliant, in all significant respects, with the principles outlined in the FSRA Guidelines and Advisories.

#### Financial Risk

Financial risk includes market, liquidity and capital risks. Market risk is the risk of loss from fluctuations in interest rates and foreign exchange rates. Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities in a timely and cost-effective manner. Capital risk is the risk of being unable to hold a level of capital deemed sufficient to both protect against unanticipated losses and comply with the regulatory minimum requirements.

Alterna Savings' consolidated net income is exposed to interest rate risk because of the mismatches in maturities and interest rate types (fixed vs. variable) of its financial assets and financial liabilities. Alterna Savings uses derivatives such as interest rate swaps to manage interest rate risk. Interest rate risk is managed in accordance with the Structural Risk Management Policy which is reviewed and approved annually by the Board. Alterna Savings also includes reporting on interest rate risk to the Asset Liability Committee monthly and the Board quarterly.

Alterna Savings mitigates currency risk by holding cash in US dollars, entering into USD-CAD FX swaps or investing in USD money market instruments. Currency risk is managed in accordance with the Structural Risk Management Policy which is reviewed and approved annually by the Board.

Alterna Savings manages its liquidity risk in accordance with the Liquidity Management and Funding Policy which is reviewed and approved annually by the Board. Alterna Savings reports on the liquidity risk against policy requirements to the Asset Liability Committee monthly and to the Board quarterly. Under FSRA regulations, Alterna Savings is expected to establish and maintain prudent levels of liquidity that are sufficient to meet its cash flow needs, including depositor withdrawals and all other obligations as they come due.

Alterna Savings manages its capital risk in accordance with the Capital Management Policy which is reviewed and approved annually by the Board. Alterna Savings reports on the ICAAP and capital risk against policy requirements to the Asset Liability Committee monthly and to the Board quarterly.

In 2022, Alterna Savings developed Alterna's Recovery Plan as a best practice and in accordance with the Financial Services Regulatory Authority of Ontario's (FSRA) Recovery Planning Guidance, the purpose of which is to serve as a playbook for Senior Management and the Board, as well as FSRA, in times of financial stress. Alterna's Recovery Plan specifies a series of specific qualitative and quantitative measures that serve as early warning indicators to allow Alterna Savings to monitor its risk exposures along a continuum of severe stress events. It focuses on Alterna's liquidity and capital measures.

This Plan is part of Alterna Savings' overall management system, and works in conjunction with other planning and contingency work that the CU maintains, including stress testing, the Internal Capital Adequacy Assessment Process (ICAAP), the Contingency Capital Plan, the Contingency Funding Plan, the Business Continuity Plan and the pending Resolution Plan.

### Operational Risk

Operational risk is the risk of loss resulting from failed or inadequate infrastructure, including internal or outsourced processes, people, information technology, and customer management. It is therefore embedded in all day-to-day activities, including the practices and controls used to manage other risks.

Operational risk is managed through policies, procedures and internal controls related to business operations, human resources, IT infrastructure and cybersecurity.

Alterna Savings' operational risk management is an ongoing process applied across all business activities. It is designed to identify potential operational risk events that may affect Alterna Savings and to contain these events to be within the operational risk appetite and risk tolerances in order to provide reasonable assurance regarding the achievement of Alterna Savings' objectives.

### Legal and Regulatory Risk

Legal and regulatory risk is the risk of failing to comply with applicable legislation, regulation and other regulatory guidelines.

Alterna Savings oversees compliance with laws, regulations and guidelines relevant to the activities of the institution in the jurisdictions in which it operates. Alterna Savings also ensures that all appropriate stakeholders are provided with current and accurate information to identify, assess, communicate, manage and mitigate regulatory compliance risk, and maintain knowledge of applicable regulatory requirements in operations.

### Reputational Risk

Reputational risk is the risk of loss (in liquidity, revenue, member/customer base, or perceived value) from negative publicity observed by stakeholders, whether true or not. Alterna Savings considers reputational risk not as a stand-alone risk category, but rather as a consequential risk (i.e. a potential exposure resulting from any or a combination of other risk areas). Therefore, it cannot be managed in isolation: adequately managing our risk universe mitigates Alterna Savings' overall reputational threats.

### External Environment Risk

External environment risk is the potential for loss caused by conditions, entities, events and factors external to the organization that have significant influence on the organization's activities, choices, growth and survival. An organization has little or no control over its environment but needs to constantly monitor and adapt to external changes.

## 7. Board of Directors Remuneration

The Directors of Alterna Savings are remunerated at rates to be fixed annually by the Board, and are also entitled to be paid their travelling, director training and other expenses properly incurred by them in connection with the affairs of Alterna Savings.

In setting director remuneration, the Board will consider percentage increases in the Consumer Price Index as published by Statistics Canada for the immediately preceding year as well as market reviews conducted from time to time of the remuneration of directors of similarly sized credit unions.

The policy is reviewed on a three-year cycle and was last approved in March 2024.

## 8. Executive Remuneration

Executive compensation is governed by Alterna Savings' remuneration policies. In addition to their salaries, Executives participate in Alterna Savings' group benefits plans (which provides certain health care, dental care, life insurance, and other benefits), as well as Alterna Savings' pension plan.

Alterna Savings' executive compensation program is overseen by the Governance Committee of the Board (the "Committee") which is comprised of six (6) Directors. Among other duties, the Committee is responsible for reviewing and recommending the remuneration structure for Alterna Savings' executive management to the Alterna Savings Board of Directors, as defined in executive compensation policies.

The objectives of these policies address the key risks related to remuneration and are as follows: support the attraction and retention of high caliber executives; provide competitive total rewards that encourage high levels of group and individual performance while remaining within the board-approved Risk Appetite Framework; and align the interests of Alterna Savings' executives with those of its members.

The policies are reviewed annually by the Committee for approval by the Board of Directors. The Board of Directors may seek the advice of external compensation experts to ensure that total remuneration for executives remains aligned with its remuneration policies.

Alterna Savings' executives participate in a short-term incentive plan ("STIP") based on key organizational value drivers that include, but are not limited to, financial and strategic measures. The STIP is offered at the discretion of Board of Directors. Alterna Savings currently doesn't have a long-term incentive plan.

All decisions with respect to base pay, annual increases and short-term incentive award (bonus) payments for individuals reporting directly to the President & CEO are reviewed in advance by the Governance Committee of the Board. Further, all decisions with respect to base pay, annual increases and short-term incentive award payments for the President & CEO must receive prior approval by the Board.

For additional information on Board and Executive remuneration, please refer to Note 28(b) of Alterna Savings' 2023 audited financial statements.

# ALTERNA SAVINGS BRANCHES

## GREATER TORONTO AREA

- Bay Street Community Banking Centre
- Bolton
- Bramalea Community Banking Centre
- Danforth
- Lakeshore
- North York
- Scarborough Community Banking Centre
- Streetsville
- York

## CENTRAL ONTARIO REGION (COR)

- Alcona
- Aurora
- Etobicoke
- Hamilton
- Markham
- Mississauga
- Shelburne
- Stouffville
- Stroud
- Tollendale
- Uxbridge

## KINGSTON

- Kingston

## NORTH BAY

- North Bay

## NORTHERN ONTARIO

- Dryden
- Fort Frances
- Rainy River
- Thunder Bay

## OTTAWA

- Bells Corners
- Billings Bridge
- Merivale
- Orleans
- Place de Ville
- South Keys
- St. Laurent
- Westboro Community Banking Centre

## PEMBROKE

- Pembroke

## PETERBOROUGH

- Peterborough Community Savings

## SOUTHERN ONTARIO

- Dutton
- Thamesville

## QUINTE REGION

- Trenton
- Belleville
- Frankford