

STRENGTH & SECURITY

ANNUAL SUMMARY

2019



alterna savings
The Good in Banking™

STRENGTH & SECURITY

Report From The Board & Management

If we were to use two words to describe Alterna, they are strength and security. At Alterna, our values and mission have been shaped by more than a century of experience.

Over that time, Alterna has lead our members through many difficult periods – through world wars and the Great Depression, to the 2008 financial crisis and the events that occupy us today. Each time, we adapted and emerged stronger.

Just as we were there for our members then, we are here to help you now through the COVID-19 crisis. You are our priority. Today, we're as strong as we've ever been. We are a well-capitalized, profitable and stable financial institution, backed by an incredible team of employees who are dedicated to your wellbeing. Once again, we've shown the value of our progressive and yet diligent approach when managing our growth and serving our members.

We are proud to report that in 2019 we saw solid retail growth as we expanded our business offerings, raised capital and grew our digital channels.

Loans under administration grew by \$651 million, up 10% over our impressive 2018 results. At the same time, our deposits increased by \$289 million, or 7%. Overall, the growth improved our assets under management by \$1.2 billion in 2019, to a record high of \$9.1 billion.

Thanks to our continued growth, our revenue climbed to a new high of \$208 million and we ended the year with a healthy net income of \$16.5 million. We capped it off by raising an additional \$50 million in capital, which gives us an even stronger foundation to weather this global pandemic. We further strengthened our balance sheet by signing an agreement with Quinte First Credit Union to join forces with Alterna in the Spring of 2020.

Apart from our strong financial position, our membership growth is another source of pride. In 2019, we welcomed thousands of new members to the Alterna family: we now serve more than 1 in 10 of the people in Ontario who choose to use a credit union. Alterna is currently the second-largest credit union in Ontario, and the 6th largest in Canada, based on assets under management.

Our outstanding member satisfaction figures are a testament to our member-first ethos and why so many continue to want to join us. Overall, member satisfaction figures jumped to our highest level ever, with members giving us a score of 4 or 5 out of 5. Our Depth of Relationship Index, which tells us how well we are doing at meeting our members' financial needs, is approaching 80% – above the record we set in 2016.

You asked us for more ways to do business with us. Of all the new or expanded service offerings we introduced in 2019, our digital channels stand out. In 2019 we launched the enhanced alternabank.ca and introduced our new Alterna Bank mobile app. Our digital enhancements are giving Alterna Bank customers an easier way to access and control their financial wellbeing remotely at a time when they need it most.

Through Alterna Bank, we are the first credit union to launch a digital bank, which is available to everyone, no matter where they live in this great country. Like everything we do, our digital bank puts customers first. It's why we are recognized as being Canada's best digital bank for Personal Chequing, TFSA, and RRSP Savings accounts by RateHub, while the Globe and Mail calls us the best bank for millennials for our great rates and for steering clear of teasers.

At Alterna, our profits serve a purpose. We want to make a difference in people's lives and help Canadians prosper. The launch of Alterna Wealth is the perfect reflection of what we strive for. As the needs of our members change, we want to be there for our clients at every step of the way to help them achieve their financial goals. Alterna Wealth does that by connecting members to advisors who have the expertise, experience and integrity to help them choose the best possible investment plan for their goals.

We also made it easier for small businesses to open a new account. In less than 15 minutes, a small business can be set up with an account online and have access to innovative payment solutions for their business. This incredibly fast and convenient solution addresses many of the pain points entrepreneurs have identified to us.



Vision:

To be the leader of co-operative financial services

Mission:

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

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

Values:

- People above Profits
- Excellence
- Integrity

We excel at being a partner with businesses looking to make their mark. As further proof, we're the leader in the legal and regulated cannabis business. We supported the bulk of round one and two lottery winners when the Alcohol and Gaming Commission of Ontario opened the market to cannabis retailers.

One of the big differentiators here at Alterna is our commitment to the community. In 2019, our employees volunteered 12,300 hours of their time in all the communities we serve.

At the same time, we are investing in those communities. Altogether, we made more than \$1 million in donations and community investments in 2019. These funds go to support programs helping young cancer patients and their families, fight poverty, battle food insecurity and make children smile with our support of the Ottawa Children's Festival.

We also partnered with organizations like the Access Community Capital Fund to lend to those who can't get a loan from anyone else. In 2019, that amounted to more than \$1 million in support, more than double our annual target. Since its founding, the program has disbursed more than \$6 million in loans to over 1,000 individuals. This is a proud achievement and a fitting milestone for this ambitious program that is now celebrating its 20th anniversary.

As we head into 2020, I am confident that our strong organization has grown even stronger. Given the incredible work of our staff through the first few months of 2020, who have upended their own lives during this health crisis for the betterment of our members, you can trust that you are in good hands.

Thank you to all of the members who continue to trust us as the place to grow and manage their money and, more importantly, be their partner in both good and challenging times. Together we will be there for each other. You have our promise on that.



Rob Paterson – President & CEO



Norm Ayoub – Board Chair

ROB PATERSON
President & CEO

NORM AYOUB
Board Chair

PROTECTING OUR MEMBERS' MONEY THROUGH DIFFICULT TIMES.

Alterna is a well-capitalized financial institution that has been working for our members for 111 years, championing their financial well-being. The strength of Alterna Savings is anchored in the reliability of our strong financial management combined with the excellent products and services we provide to our members.

This stability can be partly attributed to the members who are employed by a broad cross-section of stable employers.

Time and again, we have helped our members navigate the challenges they have faced. They can remain confident that we can be counted on today and in the future.

Our team is dedicated to using our convenient and easy digital banking choices and financial strength to continue providing the same high standards our members are accustomed to receiving from us. We are regulated by the provincial government, which enables us to stand behind the commitments that we have made to them. Their deposits are also protected up to \$250,000*, and unlimited for insurable deposits for registered accounts.

We will continue to make sound financial decisions to work with our members through difficult times like the ones we are facing today.

*At Alterna Savings Credit Union, insurable deposits are covered by the Deposit Insurance Corporation of Ontario. Insurable non-registered deposits are covered up to \$250,000. Insurable deposits in registered accounts have unlimited deposit coverage. For further details on deposit insurance coverage, please visit [DICO's website](#).

DEPOSIT ACCOUNT TYPE	INSURED WITH DICO	COVERAGE AMOUNT
Registered		
RRSP, TFSA, RRIF, RESP, LIRA, LIF	✓	Unlimited
Non-Registered		
Individual	✓	Up to \$250,000
Joint	✓	Up to \$250,000
Trust	✓	Up to \$250,000
<i>Total non-registered deposits insured per couple</i>		<i>Up to \$750,000</i>

This means, each and every deposit held in one name, held jointly or held in a trust account qualifies for separate insurance coverage. A couple could actually have up to \$750,000 of deposits fully insured.

ACHIEVEMENTS

\$1,180,790,000

GROWTH IN ASSETS UNDER MANAGEMENT

\$537,139,000

GROWTH OF ASSETS

\$16,508,000

NET INCOME

\$50,000,000

RAISED
IN CLASS A SERIES 6 INVESTMENT
SHARES IN 60 DAYS

6TH LARGEST*

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

78%

CONSIDERED OUR OVERALL
SERVICE BETTER THAN OTHER
FINANCIAL INSTITUTIONS

ALTERNA MADE THE FINANCIAL BRAND'S

TOP 100 CREDIT UNION

LIST ON TWITTER!

LAUNCHED OUR

DIGITAL SMALL BUSINESS BANKING SOLUTION

ON ALTERNA BANK

*when evaluated by our assets under management.

\$1,025,000

DOUBLED LOAN FINANCING
TO THE UNDERBANKED THROUGH
COMMUNITY MICROFINANCE PROGRAM

12,300

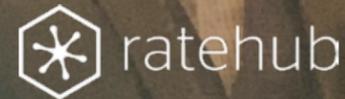
STAFF VOLUNTEER HOURS
REFLECT OUR COMMITMENT TO
OUR COMMUNITIES

\$1,010,000+

IN DONATIONS TO COMMUNITY
ORGANIZATIONS

LAUNCHED ENHANCED DIGITAL EXPERIENCE FOR MOBILE & WEBSITE

ON ALTERNA BANK



AWARDED BEST PERSONAL
FINANCE AWARDS FOR TOP
PERSONAL CHEQUING AND TOP
SENIOR CHEQUING ACCOUNT,
TOP TFSA AND RRSP SAVINGS
ACCOUNTS



NATIONAL CAPITAL
REGION TOP EMPLOYER
FOUR YEARS IN A ROW!

THE OFFICIAL FINANCIAL INSTITUTION OF THE NATIONAL LACROSSE LEAGUE

AND INTRODUCED THE INAUGURAL ALTERNA CUP

2019 HIGHLIGHTS

Raised \$50 million in 60 days

Investment shares were completely sold out in only 60 days, successfully raising \$50,000,000 in capital. This injection of capital fuels our continued growth and innovation in the digital space, strengthens our leadership and prepares us for challenging times. The success of the capital raise demonstrates the confidence the market has in Alterna and our vision for the Good in Banking, which is all about making our members' lives easier and helping them realize their financial goals.

4%

CLASS A
INVESTMENT SHARES
SERIES 6

It pays to be a member.

Since 1908, we've been on a journey of growth. Last year alone we welcomed thousands of new members and introduced new products, services and capabilities that strengthen our communities.

In 2017 we successfully raised \$75M in a Class A Investment Shares offering.

Our new goal is \$50M. Which means more Alterna Savings members, with a minimum investment of \$1,000, can participate in what promises to be the best growth we're offering this year.

When we grow, you grow.

alterna savings
The Good in Banking™

Expanding the family – again!

2019 saw the addition of City Savings to the Alterna Family, whose members voted unanimously to join with us. This impressive show of support marks Alterna's second merger with a Toronto area credit union between 2018-2019. Combined, Alterna has 33 locations across Ontario with over 169,000 members.

New digital Small Business Banking Solution

Alterna Bank launched our industry-leading, fully digital Small Business Banking Solution. Small businesses can now open an account online in just 10 to 15 minutes. This Small Business solution also includes seamless payment processing and loans up to \$300,000, through the strength of market-leading payments and lending partners. The incredibly fast and convenient solution addresses many of the pain points identified by small businesses.

Introducing alterna wealth

In 2019, we launched our new Alterna Wealth brand. Wealth advice is a core Alterna service which we've made front and centre with Alterna Wealth! Alterna Wealth is backed by a team of investment industry experts who work with you to develop your investment strategy, retirement plan, education savings and more to make sure you have the tools and knowledge you need to reach your financial goals.

Cannabis retailers

Alterna continues to be a leader in the legal and regulated cannabis business. When the Alcohol and Gaming Commission of Ontario opened the market to cannabis retailers, we supported the bulk of Round 1 and 2 lottery winners. We are proud to provide banking solutions to licensed cannabis businesses in accordance with regulations set at all levels of government.

New Mobile App and Website

Last year, we reached a milestone on our digital journey with the launch of our new Alterna Bank Website and Mobile App. We introduced Forge, an advanced digital platform that makes it easier for customers to bank. The platform is powered by global leader Backbase, known for its superior digital omni-channel banking solutions. Our digital platforms deliver a superior user experience with an intuitive design, streamlined features and increased speed. We continue to be innovative and these services are crucial to providing a best-in-class digital experience.



Leading-edge payment solutions

Paying with debit is a smart choice and we were thrilled to welcome Global Payments, a leading worldwide provider of payment technology and software solutions. Our microfinance, small business and corporation members now have access to best-in-class payment solutions, simplifying the payment process so that they can accept any form of payment-anytime, anywhere, anyway.

More online banking features

With the addition of Interac e-Transfer® Request Money and Autodeposit features, members can now get the money owed to them sooner. When you send a request for money, the recipient is notified instantly and their payment is automatically deposited into your account without having to answer a security question.

Official financial institution of lacrosse

Our partnership with the National Lacrosse League (NLL) brings together Canada's most innovative financial institution and the largest and most successful men's professional lacrosse league. The NLL has 13 teams across North America – 5 of which are Canadian and include, The Toronto Rock, The Vancouver Warriors, The Calgary Roughnecks, The Halifax Thunderbirds and The Saskatchewan Rush. For the 2019-20 season, a new season-long competition has been created among the five Canadian franchises. The team with the best record will be crowned the Canadian champion and receive a new trophy called the Alterna Cup.

Our new corporate office

In the Spring of 2019, we successfully moved from our Corporate Office near Pearson Airport to Yonge and Bloor. This move is fitting of our growth. Being downtown means we are better able to attract and retain talent. It also provides employees access to amenities and is located along subway lines. The open-concept design at the new office fosters even more creativity and passion to better serve our members.



AWARDS

National Capital Top Employer

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



Ratehub Awards 2019

Alterna Bank received four of Ratehub's Personal Finance Awards for the second year in a row. We're proud to offer Canada's Top Personal eChequing Account, Top Senior eChequing Account, Top TFSA and Top RRSP eSavings accounts. Alterna Bank stands out from the crowd by providing Canadians first-rate, essential digital banking services.



Supporting the good in our future leaders

Enactus Canada shapes entrepreneurial leaders who advance the economic, social and environmental health of Canada. Rob Paterson, Alterna President and CEO was recognized for his 25-year commitment to Enactus at the 2019 Enactus Canada National Exposition. "I am humbled by this recognition. I support Enactus because it gives students the opportunity to get their hands dirty and make something happen. It shows them that they can make positive impacts at home and around the world! It's about helping our future leaders understand that they can run hugely successful businesses that are also socially good. I love seeing what the graduates and Enactus alumni have gone on to achieve in their lives. It's a very special program".



Standing up for women entrepreneurs

In 2019, our Micro Finance Program received the inaugural AmpliFI, Community Impact Award! This accolade recognizes the team for their work to help women entrepreneurs prosper through our Working Women Business Loan program. The Micro Finance team is working to correct the misconception that business loans to women are "risky". Every day, they see women entrepreneurs who are resilient and have strong repayment patterns. Through this program, we recognize that many women are looking to gain independence so that they may expand their business.



Contact Centre Awards of Excellence

Greater Toronto Area Contact Centre Association is a non-profit knowledge exchange that helps to support and develop the industry. 2019 marked its first awards ceremony, where Alterna was honoured in three categories: Frontline Leader Award, Support Roles Award and Agent Award. In addition, we received awards in three categories from the Ottawa Region Contact Centre Association for Contact Agent Excellence, Contact Centre Support, and Contact Centre Manager Excellence.

Top 100 Credit Unions on Twitter – The Financial Brand

In the 32nd spot, Alterna made The Financial Brand's list of the Top 100 Credit Unions on Twitter worldwide.

Fundraising for United Way

TME Savings, a founding sponsor of the Civic Gala, raised over \$26,000 in a single night for the United Way. Amber Cleary, Alterna Savings Marketing Specialist, received the United Way "Cause for Applause" award for her volunteer work on the civic gala.

#UnScary campaigns win awards

Alterna took home two Canadian Credit Union Association Achievement in Marketing Excellence (AIME) Awards for the Alterna Savings Spring Mortgage Campaign and the Alterna Savings Fall Campaign, in the category of Indoor or Outdoor Advertising for their simple and powerful impact!



THE OFFICIAL FINANCIAL INSTITUTION OF LACROSSE

We are proud to support the continual growth of Lacrosse, Canada's national sport. Lacrosse is exhilarating, affordable and deeply rooted in Canadian culture. Over the last year, we continued to champion lacrosse and those who help empower its growth.

In 2019, we announced a new partnership as the Official Financial Institution of the National Lacrosse League. The NLL is the men's premier professional indoor lacrosse league, with 13 teams across North America – 5 of which are Canadian and include, The Toronto Rock, The Vancouver Warriors, The Calgary Roughnecks, The Halifax Thunderbirds and The Saskatchewan Rush. These teams will compete for the newly introduced inaugural Alterna Cup.

Also, we are proud to sponsor The Toronto Rock and The Vancouver Warriors.



On a local level our lacrosse efforts continued, as the Title Sponsor for the 2019 Ontario Lacrosse Festival. The festival is a 10-day lacrosse promotional vehicle and hosts 507 teams ranging from 6-21 years of age. Our hope is that these unique partnerships will promote lacrosse and help this amazing sport continue to flourish.



THERE WITH OUR COMMUNITY PARTNERS

GCWCC Statistics Cup Soccer Tournament Invitational 21U Womens' Baseball Championship (National Capital Girls Baseball)
 Big Brothers and Big Sisters of Ottawa Ottawa Children's Festival Jason Blaine
 Co-operative Housing Federation of Toronto Charity Golf
 Ottawa Symphony Business in the Streets GTA Grizzlies Coldest Night of the Year Carleton University Nepean Rideau Osgoode Community Resource Centre (NROCRC) Parkdale Centre for Innovation Access Community Capital Fund Afro Caribbean Business Network Riverkeepers University of Ryerson Ontario Lacrosse Festival White Ribbon Toronto Rock Monopoly Ottawa Centre for Social Innovation Toronto Neighbourhood Centre Ottawa Community Loan Fund Bread and Honey Festival National Lacrosse League Oakville Hornets Hockey Team Vixen Victorious ANSER Centre for Social Enterprise Development Vancouver Warriors York Lions Golf Tournament Dryden Ice Dogs Ontario Credit Union Foundation Candlelighters Social Enterprise Toronto Food Share Enactus University of Ottawa Ottawa Humane Society CHF Canada: Co-operative Housing Federation of Canada

OUR COMMUNITY PROMISE

We believe in making profits serve a purpose.

That's why we have made a promise to help uplift our local communities – with a goal of helping them to thrive.

Annually, we donate more than \$1,000,000, to benefit the community. Also, we realize time is just as important as money. With our support our employees have provided over 12,300 volunteer hours to initiatives that hit close to home. We evaluate and improve on how we can contribute and bring about positive lasting change in our communities - building on a foundation of "Good".

Being *The Good in Banking* is something we live by.

We are more than a financial institution - we are a financial partner. Together, with our community partners, we are able to leverage opportunities and resources so that these incredible organizations can continue to give back to the communities they serve.

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



Over \$1,010,000 in donations and sponsorships



Over \$1,025,000+ disbursed in microfinance loans



Over 3,000 FREE banking accounts to non-profits and charities



With our support, our employees have provided over 12,300 volunteer hours

MICROFINANCE: CELEBRATING 20 YEARS OF GOOD

Our commitment to the communities we serve is part of our foundation.

Our Microfinance Program began 20 years ago as a local program to service underserved individuals in the Toronto area. This meaningful program has since expanded to the rest of Ontario and services over 1,000 individuals with over \$6,000,000 in loans disbursed.

The program was conceptualized by our very own Susan Henry. Her vision for the program was more than a loan service but a way to provide opportunity through financial literacy and education. In 2019 alone, the program reached over \$1,025,000 in loans disbursed, which was double our annual target.

We know that, for many Ontarians, particularly women, youth and newcomers to Canada, securing credit and accessing banking services can be met with many obstacles. This program creates opportunities for people who may not be considered "traditionally qualified" at major financial institutions. This doesn't mean they aren't deserving and we recognize that.

Often, these members need a better understanding of financial literacy. The education and learning component that we provide helps them to make informed decisions. In addition, we host networking opportunities that act as a

platform to connect individuals from the program.

We continue to conduct research and look for gaps that aren't being filled by other financial institutions. There's nothing traditional about this program and that's the beauty of it.

This year, Alterna received the AmpliFI Community Impact Award, where our program was recognized for the amazing work it does to support female entrepreneurs through our Working Women Business Loan Program.

We have witnessed first-hand the impact that supporting small businesses and entrepreneurs can have on building and strengthening our communities. Freedom Support Services is a staffing agency that specializes in placing relief staff in the Social Service and Health Care Field and now has over 100 employees. Jason Baerg is an indigenous artist who became a professor at Ontario College of Art and Design University and has gone on to host exhibitions worldwide. Grantbook is a technology consulting firm exclusively for grantmaking organizations and over the past eight years has helped hundreds of "grantmakers" reach their full potential. These are just a few examples of our successful members who have made an impact on their communities.



Click to play video

We are proud that for the past 20 years, we can say that we have helped change lives and foster opportunity through our Microfinance Program.

A small program that started in the GTA and has since expanded to the rest of Ontario, continues to grow. As we evolve, our vision of being The Good in Banking remains the same – especially to those in need.

WE CONTINUE TO CELEBRATE THE SUCCESS OF OUR MEMBERS

A-Way Express Courier

Katherine Roos is the Executive Director of A-Way Express Courier, a business that employs and trains survivors of mental health challenges. Recently, A-Way launched a pilot car-sharing service with loan financing from our Microfinance Program. Its 20-year partnership with Alterna Savings is more than just banking services, it's a meaningful collaboration that has guided A-Ways' continual path to success. A-Way is recognized globally as a progressive social enterprise and a model of social responsibility.



Integrity Designs

Charmain Bertram is a sustainable fashion designer who uses repurposed garments to reduce the carbon footprint on the planet. From humble beginnings in her studio apartment, she had dreams of expanding her business. After seeking funding from traditional financial institutions and being rejected – Integrity Designs turned to Alterna. The Microfinance Program enabled her to purchase supplies and machines – enabling Charmain to grow her business. Fourteen years later, Integrity Designs is flourishing, while supporting environmental sustainability.



Salon My Place

Allison McKinley is a hairdresser, mother of four and the owner of Salon My Place. As a female entrepreneur looking to expand her business, Allison knows the struggles of balancing a family and her own business. In 2016, Allison needed access to cashflow to support her three-year plan for a new eco-friendly colour line. Seeking a traditional loan was met with great challenges. She turned to Alterna's Microfinance team and was able to secure the funds to support her dream.



COMMUNITY FINANCIAL RESILIENCY PROGRAM

We contributed over \$350,000 in sponsorship and contributions towards supporting the non-profit and charitable sector with a special focus on affordable housing providers, and social innovation and impact organizations. We serve over 3,500 non-profit and charitable members, providing them with free banking and high interest earning Community Financial Resiliency Program accounts. As a part of this program, we provide a customized banking offer and

we support organizations by connecting them with funders, supporters, and collaborators, we provide access to tools and resources to build capacity, and we create connections for these organizations to share their story, and amplify their work. This program helps to better position our amazing members to be leaders within the community. In addition, we help them to improve their overall financial health.

Some of our key partners:

NON-PROFIT AND CHARITABLE ORGANIZATIONS

As part of our Community work in 2019, in partnership with the Toronto Neighbourhood Centres, an association supporting Neighbourhood agencies in the GTA, we completed year one of a two-year project, looking at how non-profit/charitable organizations can play a more active economic role in their local communities. Through our research, we connected member organizations with other partners involved in areas such as Social Purpose Real Estate and Community bonds in an effort to help support local communities. Alterna is proud to play a lead role to help enable all individuals, in all sectors of society, to participate fully in the processes that shape their communities.

SOCIAL INNOVATION AND IMPACT

Our partners continue to create opportunities that disrupt the status quo and immensely benefit the social needs of the community. In 2019, our partner since their inception, Centre for Social Innovation, celebrated their 15th anniversary, a journey that started with 14 member organizations and a bank account from Alterna Savings. Currently, CSI has grown to include over 1,000 organizations, many of whom are also Alterna members and continues to support our communities. We were proud to dedicate over \$50,000 to groups that are actively working to address Social Impact and Social Innovation last year.



AFFORDABLE HOUSING

Affordable Housing continues to be a critical issue in Canada and one that we are dedicated to supporting. Combined with our partners such as, CHFT, ONPHA, CHASEO, and CHF we have over 329 affordable housing members and have contributed over \$300,000 to support the affordable housing sector.



COMMUNITY GRANTS

This past year, we disbursed \$15,000 in community grants to non-profit and charitable organizations doing incredible work that helps to improve our communities. They're tackling issues such as emergency refugee settlement, free children's STEM camp for communities in need, supporting guide dogs for Canadians with disabilities,

an arts in-schools program, support for women with AIDS and HIV, a teens and young women's mentorship program, support for environmental sustainability, an emergency trauma support centre, and a wildlife rescue facility, to name a few.

Lions Foundation of Canada Dog Guides • Centre for Abuse and Trauma Therapy Inc. • Sustainability Institute of Canada • Downtown Care-Ring Home Support Services of Toronto • Random Acts of Dance Performance • Girls E-Mentorship • Weston Frontline Centre • Women Empowering Positive Women • CAUSE Tutoring • Christie Refugee Welcome Centre • Kawartha Wildlife Centre • Story Planet • Student for Barrier-Free access • The Hammer Band – From Violence to Violins • Westboro Beach Community Association

FINANCIAL INCLUSION AND LITERACY GRANTS

We celebrated financial literacy month by giving \$40,000 in grants to organizations who are addressing financial literacy and inclusion issues among underserved communities.

Our Financial Inclusion and Literacy Grants supported these amazing organizations:

The Centre for Learning & Development Awarded \$10,000

For nearly 40 years, the Centre of Learning & Development has been serving Regent Park, Moss Park, and St. James Town with education and training that helps community members reach their potential and build connections. An example of this is the Centre's two young social enterprises: The Catering Collective and Sewing Studio are proving to be valuable platforms for training to create jobs locally.



Afro Caribbean Business Network Awarded \$10,000

The Afro Caribbean Business Network Foundation (ACBN) was created to help entrepreneurs of African and Caribbean heritage grow their business. The grant supported the development and design of a business accelerator program. The ACBN was created to be a resource that business owners can turn to when they need guidance, resources, and accountability.



Centre Social Enterprise Development (CSED) Awarded \$20,000

Focused on supporting social entrepreneurs, CSED offers a continuum of support for social enterprises including access to coaching, financing, learning communities, training, and cross-sector partnerships. As leaders in the sector, they have initiated several projects to open channels, build social value into existing supply chains, and foster economies of scale within select clusters of the sector.



DONATIONS AND SPONSORSHIPS TO COMMUNITY ORGANIZATIONS

Enactus Canada

A community of entrepreneurial student leaders who see business as a way to address social issues. They are helping to mold generations of leaders who are passionate about advancing the economic, social and environmental health of Canada. These leaders are some of the country's brightest and most passionate and thrive to make meaningful contributions.



ENACTUS CANADA IMPACT IN 2018-2019

3,417 STUDENTS

267 COMMUNITY EMPOWERMENT PROJECTS

51,231 PEOPLE POSITIVELY IMPACTED

385 BUSINESSES LAUNCHED

745 PEOPLE EMPLOYED THROUGH ENACTUS

937,405 METRIC TONS OF WASTE DIVERTED

7,037 PEOPLE EMPOWERED WITH A NEW CAREER SKILL



Candlelighters

The Alterna Charity Golf Classic was held for the 15th consecutive year. This year, we raised \$111,000 for the Candlelighters. To date, we have donated over \$500,000 with all proceeds going toward supporting those dealing with the effects of childhood cancer in the National Capital Region.



Vixens Victorious

For a second year, we are proud to support Vixens Victorious, a volunteer organization that is committed to increasing awareness and raising financial support for the Ottawa Regional Cancer Foundation. They help to facilitate crucial programs, research, clinical trials and support provided to people facing cancer.

Dryden Ice Dogs

A junior ice hockey team from Dryden, Ontario. The team is a part of the Superior International Junior Hockey League and helps covet the skills of young competitive hockey players in the Northern Ontario region.



DONATIONS AND SPONSORSHIPS TO COMMUNITY ORGANIZATIONS

White Ribbon – Walk a Mile in Her Shoes

White Ribbon's annual walk took place on May 29th, 2019, at David Pecaut Square in Toronto. The walk is in support of ending gender-based violence. The goal is to engage men and boys in the prevention of gender-based violence by promoting equity and transforming social norms. White Ribbon is the world's largest movement of its kind.



Riverkeepers

Leaders in ensuring that communities maintain access and control over their local waterways and are focused on protecting our rivers, lakes and oceans. Riverkeepers address pollution problems to help provide healthier aquatic life, ensure public access to public waters and guarantee safe drinking water for all Canadians.

Ottawa Children's Festival

The annual festival is a celebration of the best in live performing arts for children. Creating programs for children, the festival focuses on enriching school curriculum and promoting the arts as an integral part of children's education. The goal is to display work that excites and challenges audiences of all ages and prides itself on the development of award winning programming that comes from across Canada and around the world.



United Way

The United Way is the largest non-governmental supporter of social services in the Greater Toronto Area and is dedicated to creating opportunities for people to improve their lives, build a more sustainable future and address poverty. Our TME Savings division is the first sponsor and a founding partner of the United Way Civic Gala. This year, the Gala raised \$26,000 in a single night.



Women's Baseball

Alterna was the official sponsor of the 21U Women's Invitational in the National Capital Region. The championship tournament was hosted by Baseball Canada, with help from National Capital Girls Baseball. This was a great opportunity to showcase the players and provide them with a unique experience of playing at RCGT Park, Ottawa's premier baseball facility.

Grizzlies

The GTA Grizzlies football team is a member of the Ontario Football Conference that provides an opportunity for young men aged 17 – 22 in the Greater Toronto Area to pursue their passion of competitive football at a higher level. The mission of the organization is to provide an alternate channel through which young athletes can build character, trust, respect, sportsmanship and integrity while realizing their dreams.



SCHOLARSHIPS & BURSARIES

York University: Alterna Savings Social Economy Scholarships

This scholarship was awarded to a 4th year student majoring in Business and Society, who achieved top level academic standing, and is committed to promoting awareness and knowledge of the social economy as a student ambassador. We have contributed over \$20,000 to date, and this year marks our 10th anniversary with this program.



University of Ottawa Telfer: Alterna Savings Social Responsibility Program Fund

The University of Ottawa's Telfer School of Management and Alterna Savings share a common commitment and legacy in the National Capital Region. The award is presented annually to a 3rd year student in recognition of exceptional Community Social Responsibility leadership. Worthwhile, student-led Community Social Responsibility projects are funded with matching dollars from the Management Student Council.



CU Succeed Youth Bursary

As a partner of the Ontario Credit Union Foundation (OCUF), we support the CU Succeed Youth Bursary, which is awarded based primarily on two criteria: demonstrated financial need and community involvement. Applicants must be 25 years or younger and a member of a credit

union. In 2019, OCUF awarded \$100,000 to 75 students from 25 credit unions. This year, 8 recipients happened to be our very own Alterna Savings members.



EXECUTIVE LEADERSHIP TEAM

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

ROB PATERSON

President & Chief Executive Officer

BILL BONI

Senior Vice President
& Chief Financial Officer

MARK CAUCHI

Senior Vice President
& Chief Information Officer

JOSÉ GALLANT

Senior Vice President
& Chief Administrative Officer

BRIAN LAWSON

Senior Vice President,
SME & Member Experience NCR

FRUGINA BALL

Region Head,
Member Experience, GTA

SHAWN KHIMJI

Vice President, Wealth Management

KIM MOSELEY

Vice President, Product and
Marketing Communications



BOARD OF DIRECTORS

NORM AYOUB, *Chair*

Committees:
Governance, Chair
Alterna Bank

MARILYN CONWAY JONES, *Director*

Committees:
Finance & Audit
Nominating

MARIA BARRADOS, *Vice-Chair*

Committees:
Governance, Vice-Chair
Nominating

ANDY CRAGG, *Director*

Committees:
Governance

EARL CAMPBELL, *Director*

Committees:
Governance
Nominating

BIANCA GAROFALO, *Director*

Committees:
Finance & Audit

KEN CHAN, *Director*

Committees:
Finance & Audit, Vice Chair
Nominating, Chair

MARIANNE JOHNSON, *Director*

Committees:
Finance & Audit
Nominating

RICHARD NEVILLE, *Director*

Committees:
Finance & Audit, Chair
Governance

2019 FINANCIAL HIGHLIGHTS

We achieved another strong year of growth in 2019 and are headed into the 2020 COVID-19 crisis in a position of financial strength. Last year, we saw constant retail growth as we expanded our lending product offerings. Loans under administration grew by \$651 million, up 10% over our impressive 2018 results. At the same time, our deposits increased by another \$289 million, or 7%. Overall, this growth improved our balance sheet assets to \$6.1 billion in 2019, which propelled us to the 6th largest credit union by assets under management in Canada.

This continued growth has also helped our revenue to climb to a new high of \$208 million, this led us to end the year with a healthy net income of \$16.5 million after taxes. During 2019 we also added to our solid foundation by raising an additional \$50 million in investment shares to improve our capital position even further and ensure we were ready for 2020.

2019 was a solid performing year for us financially and has placed us on a strong foundation to weather the uncertain times ahead.

Consolidated Balance Sheets

(in thousands of dollars)

As at	31 December 2019	31 December 2018
ASSETS		
Cash and cash equivalents	\$ 537,175	\$ 164,259
Investments	418,770	425,677
Loans and advances	5,049,673	4,924,913
Property and equipment	38,722	15,834
Intangible assets	11,140	11,746
Derivative financial instruments	6,171	3,039
Income tax receivable	2,367	-
Deferred income tax asset	-	729
Other assets	81,438	62,120
	\$ 6,145,456	\$ 5,608,317
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Deposits	\$ 4,601,798	\$ 4,312,690
Borrowings	303,671	252,010
Mortgage securitization liabilities	771,713	669,701
Derivative financial instruments	4,095	7,092
Income tax payable	-	2,418
Deferred income tax liability	338	-
Other liabilities	70,418	41,287
Membership shares	1,804	1,919
	\$ 5,753,837	\$ 5,287,117
Members' equity:		
Special shares	187,233	134,440
Contributed surplus	37,739	34,522
Retained earnings	168,207	156,732
Accumulated other comprehensive loss	(1,560)	(4,494)
	391,619	321,200
	\$ 6,145,456	\$ 5,608,317

Consolidated Income Statements

(in thousands of dollars)

For the years ended	31 December 2019	31 December 2018
Interest income	\$ 170,789	\$ 150,121
Investment income	15,483	9,240
	186,272	159,361
Interest expense	95,573	68,735
Net interest income	90,699	90,626
Loan costs	1,737	2,827
Net interest income after loan costs	88,962	87,799
Commissions	8,426	7,171
Service charges	5,788	5,605
Foreign exchange	4,258	8,195
Securitization income	2,878	2,840
Other	1,094	1,395
Net (losses) gains on derivative financial instruments	(863)	133
Other income	21,581	25,339
Net interest and other income	110,543	113,138
Salaries and benefits	44,243	43,090
Administration	22,361	19,595
Occupancy	10,683	9,763
Data processing	8,900	8,703
Marketing and community relations	3,999	3,157
Operating expenses	90,186	84,308
Income before income taxes	20,357	28,830
Provision for income taxes	3,849	5,758
Net income	\$ 16,508	\$ 23,072

Consolidated Statements of Comprehensive Income

(in thousands of dollars)

For the years ended	31 December 2019	31 December 2018
Net income	\$ 16,508	\$ 23,072
Other comprehensive income (loss)		
Other comprehensive income (loss) to be reclassified to income in subsequent periods:		
<u>Investments in debt instruments measured at fair value through other comprehensive income:</u>		
Net unrealized gains on debt instruments measured at fair value through other comprehensive income	2,235	102
<u>Cash flow hedges:</u>		
Changes arising during the year	551	(305)
Add: Reclassification adjustments for gains (losses) included in the income statement	142	(95)
Net gain (loss) on cash flow hedges	693	(400)
Net other comprehensive income (loss) to be reclassified to income in subsequent periods	2,928	(298)
Other comprehensive income not to be reclassified to income in subsequent periods:		
Defined benefit plan - actuarial gains	6	17
Net other comprehensive income not to be reclassified to income in subsequent periods	6	17
Other comprehensive income (loss)	2,934	(281)
Comprehensive income	\$ 19,442	\$ 22,791

Consolidated Statements of Changes in Members' Equity

(in thousands of dollars)

For the years ended	31 December 2019	31 December 2018
Special shares:		
Balance, beginning of year	\$ 134,440	\$ 133,052
Net shares issued	52,793	1,388
Balance, end of year	187,233	134,440
Contributed surplus:		
Balance, beginning of year	34,522	30,297
Arising on business combination	3,217	4,225
Balance, end of year	37,739	34,522
Retained earnings:		
Balance, beginning of year	156,732	136,925
Impact of adopting IFRS 9 at January 1, 2018	-	918
Balance, beginning of year, as restated	156,732	137,843
Net income	16,508	23,072
Dividend on special shares	(5,033)	(4,183)
Balance, end of year	168,207	156,732
Accumulated other comprehensive loss, net of tax:		
Balance, beginning of year	(4,494)	(4,213)
Other comprehensive income (loss)	2,934	(281)
Balance, end of year	(1,560)	(4,494)
Members' equity	\$ 391,619	\$ 321,200

ALTERNA SAVINGS BRANCHES

Northwestern Ontario:

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

Northeastern Ontario:

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

Toronto Municipal Employees' Savings:

- City Hall
- Etobicoke

City Savings:

- 6002 Yonge Street

Southwestern Ontario:

- Thamesville
- Wardsville
- Dutton

GTA:

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

Ottawa:

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