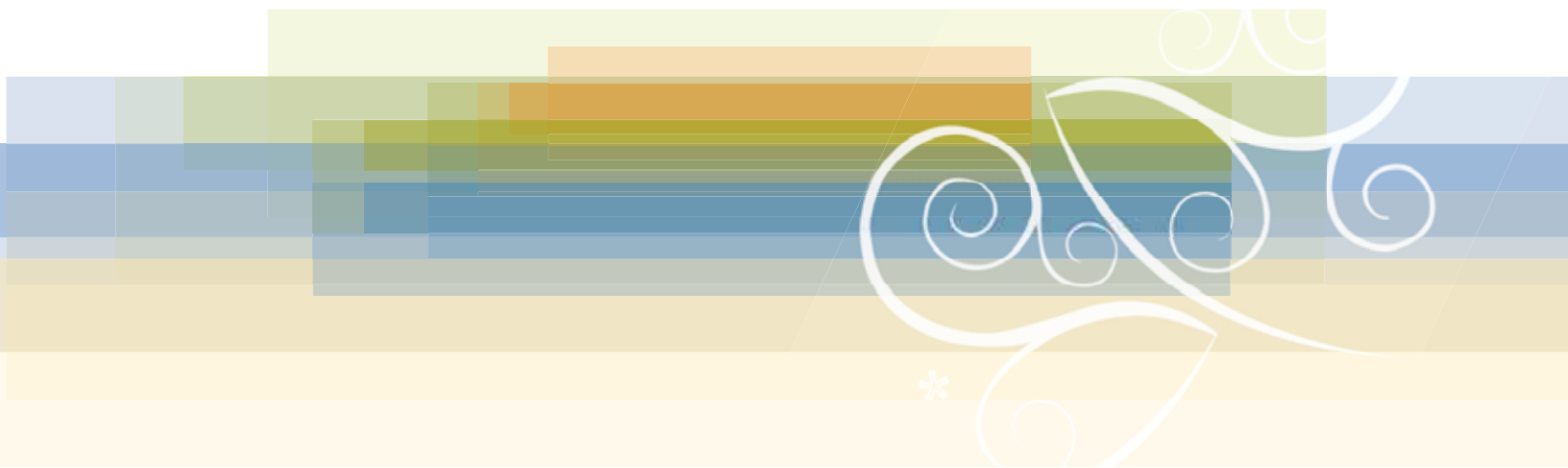


2009 ANNUAL REPORT

Making Good Things Happen.
Making a Difference.



Some time ago, Assiniboine Credit Union was inspired to reshape ourselves into a uniquely vibrant and progressive co-operative that chooses to balance social responsibility with profitability. Today, we continue to lead the way to better things for our members, our staff, the community we serve, other inspired enterprises, and the world around us.

Anchored by International Co-operative Principles that guide us, we created a powerful Mission Statement, declared our core values and embedded our commitments in governing policies that guide our ethical decisions every day and remind us of the impact of our decisions and actions on our stakeholders.

This annual report talks about how we consistently renew our resolve through good governance and positive action; how we continue to set and meet goals that speak to our commitment to service excellence and corporate social responsibility; and how we are constantly inspired to grow as a caring, responsible and ethical credit union.

As we work to realize our goals, one thing is increasingly clear: the work we do everyday and at every level of our organization brings many worthwhile rewards to us and everyone we touch: members who are able to access affordable financial services and sage financial advice; our employees who reflect the communities we serve; and our partners who help us make a difference.

These are the reasons good things happen here.

Principles that Guide Us

Our Mission Statement

Our purpose as a socially responsible and profitable financial co-operative is to provide accessible financial services for the well-being of our members, employees and community; offer fair and meaningful employment in a safe and respectful workplace; and build partnerships that foster self-reliant, sustainable communities.

Our Core Values

Co-operation

Guided by International Co-operative Principles, we build relationships that are fair, equitable and co-operative.

Integrity and Respect

Integrity and respect guide our business practices and our relationships with each other, our employees, our members and our community.

Accountability

We build trust that fosters organizational success and sustainability through our commitment to social and financial accountability.

Excellence

We strive for excellence in all we do through innovation, creative thinking and continuous improvement.

International Co-operative Principles

We subscribe and adhere to a set of principles that guide the international co-operative movement.

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.

Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

About 18 months ago, the board and staff of ACU prepared a bold new strategic plan. The plan contains ambitious growth targets. It responds to the many technological, competitive, regulatory, financial and demographic challenges that are coming at us.

Most importantly the plan keeps our members front and centre, maximizes opportunities for our employees, strengthens our contributions to our communities, continues to improve our financial performance and maintains our position as a truly distinctive financial institution.

2009 was year one of our Five-Year Strategic Plan. Management set its sights on the basics in '09, working diligently to re-focus on operational excellence and improved member service after a fair bit of upheaval in previous years. Meanwhile, the board advanced its work to ensure superior governance and move us toward our vision of being an even more influential and well-respected financial co-operative on the changing national landscape.

One of the highlights of the year was receiving the 2009 Leadership in Co-operative Governance Award, presented by the Canadian Co-operative Association. This award recognizes co-ops and credit unions that demonstrate excellence in board governance. I was very honoured to receive the award in Ottawa on behalf of our Board of Directors. It was tremendous validation for our work, and gratifying to be sure. But even more important, this recognition helps instill confidence in our membership that Assiniboine is being well governed.

The board has an important responsibility to ensure there is effective management and control of financial and regulatory risks. This past year, board and management assessed the risks we believe face the credit union, prioritized them in terms of their likelihood of occurrence and impact, and began to develop risk-mitigation plans for those that seemed potentially threatening. We also did a checkup on our five-year plan by examining

a range of scenarios as to what the future might hold, and ensuring that we are ready to address them.

During this time of great change in the credit union system, we continue to play an important role by sharing our knowledge and experience, both provincially and nationally.

We continue to share our governance and corporate social responsibility practices with other credit unions across the country. As a member of Credit Union Central of Manitoba, we actively participated in the development of a strategy to combine the credit union centrals across the prairies.

I would like to thank my dedicated colleagues on the board as well as management, staff and our valued members for their continued loyalty. The year ahead looks promising as we dedicate our resources to renewal and excellence at Assiniboine Credit Union and as we continue to be a leader in community renewal, environmental sustainability and co-operative development.



Garry Loewen
Chair

Board of Directors

(From left, back row)

Vera Goussaert
DIRECTOR

Dennis Anderson
DIRECTOR

Rhonda Forgues
DIRECTOR

Wilbur Coates
DIRECTOR

Nicole Ritchot
DIRECTOR

(From left, front row)

Annitta Stenning
DIRECTOR

Garry Loewen
CHAIR

Craig Lee
DIRECTOR

Susan Deane
VICE-CHAIR

Margaret Day
DIRECTOR

2009 Recognition

We accepted the 2009 Leadership in Co-operative Governance Award, presented by the Canadian Co-operative Association (CCA) and consider it to be high praise for the good governance that continues to evolve at Assiniboine Credit Union. The award honours co-operatives and credit unions that demonstrate excellence in board governance.

Board of Directors



2009 Recognition
We were named one of Manitoba's Top 20
Employers, one of Canada's Best Diversity
Employers, one of Manitoba's Top 100 and
50 Fastest Growing Businesses



Executive Team



Despite volatile market conditions and the impact of historically low interest rates on our financial margin in the past year, we continued to experience steady growth and strong profitability.

We see the growth in both loans and deposits as a vote of confidence from our valued members.

Our member referrals were an additional demonstration of support, as nearly \$7 million in new business came to ACU as a direct result of referrals in the past year. This is truly remarkable in the midst of a weak economy and an ever-more competitive industry.

Throughout the reporting year, management and staff worked tirelessly to manage expenses, improve efficiencies, and deliver a positive member experience.

We introduced technological advancements for the benefit of our members by: readying our ATMs for chip card technology; offering cu@work Internet banking to our business members; and improving Outlook Financial through streamlined processes and the launch of a new website.

Much of our effort in 2009 focused on issues that arose as a result of our banking-system conversion in late 2008. Throughout 2009, we refined and improved our processes and focused much of our effort and training on ensuring excellent member service.

To that end, we established a permanent Process Excellence division in 2009 and involved employees in identifying process improvement initiatives, conducted extensive training, and selected employees who wanted to work on projects dedicated to continuous improvement in every department of Assiniboine Credit Union.

We also expanded our business lines in 2009. Mid-year, we became 50% owners of Winnipeg Insurance Brokers. This partnership offers a

greater selection of insurance products to our members while allowing us to diversify our revenues as part of our plan for long-term sustainability.

Throughout this report, it is evident that we work with a large number of partners to achieve social and financial success at ACU. In 2009, Indian and Northern Affairs Canada awarded ACU with a \$2.8 million dollar contract to support loans for on-reserve businesses in Manitoba. This speaks to our commitment to offering accessible financial services.

I am proud that Assiniboine Credit Union is seen as a national leader in corporate social responsibility. We sponsored and participated in two national conferences: one on community economic development and one on socially responsible investment. Further, as part of its pre-budget consultations, the House of Commons Standing Committee on Finance came to meet with us so ACU employees could brief committee members on community economic development and provide input into the federal budget.

I continue to be honoured to lead this great organization and to our board, employees and members, I once again extend my heartfelt gratitude for our on-going success.



Al Morin
President and CEO

Executive Management

(From left)

Priscilla Boucher

VICE-PRESIDENT
CORPORATE SOCIAL RESPONSIBILITY

Audrey Maeren

VICE-PRESIDENT
STRATEGY AND CORPORATE GOVERNANCE

Al Morin

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Gerry Campbell

EXECUTIVE VICE-PRESIDENT, SALES AND SERVICE

Mona Forsen

EXECUTIVE VICE-PRESIDENT AND
CHIEF OPERATING OFFICER

Allan Godfrey

EXECUTIVE VICE-PRESIDENT AND
CHIEF FINANCIAL OFFICER

Senior Management

Jeff Bergal

VICE-PRESIDENT, FINANCE

Diane Bourns

VICE-PRESIDENT, RETAIL SALES AND SERVICE
WINNIPEG NORTH AND WEST, AND NORTHERN
BRANCHES

Bob Brezden

VICE-PRESIDENT, INFORMATION TECHNOLOGY

Sharon McMahon

VICE-PRESIDENT, HUMAN RESOURCES

Garry Mitchell

VICE-PRESIDENT, FACILITIES AND PROCUREMENT

Craig Peel

VICE-PRESIDENT, RETAIL SALES AND SERVICE
WINNIPEG SOUTH AND EAST

Randa Stewart

VICE-PRESIDENT
MARKETING AND COMMUNICATION



Financial Strength

We entered 2009 in the grasp of a world-wide economic recession, uncertain of the severity and length of the economic slowdown. There were significant concerns about potential job losses, consumer debt levels and housing values. Interest rates were cut to historically low levels as the Central Banks around the world tried to ease liquidity and credit concerns.

Thankfully, the Winnipeg and Manitoba economies outperformed most other cities and provinces in the country. We clearly experienced an economic slowdown, but we did not slip into the deep recession that many were predicting. Despite the tough economic conditions, ACU performed very well financially. We continued to generate solid growth, our profitability held steady and our equity levels continued to build towards our long term targets.

Growth

ACU's assets grew to \$2.62 billion, an increase of 8.6% over the prior year. The overall growth was supported by strong performances in both the loan and deposit portfolios. The loan portfolio grew by 7.7% with the biggest drivers of the growth being consumer mortgages, loans and lines of credit. The commercial portfolio also experienced strong growth, particularly with commercial mortgages. Over \$30 million of additional growth was syndicated off our balance sheet to other credit unions, primarily in support of ACU's balance sheet management activities. The deposit portfolio grew by 12.5% as growth was generated in all major deposit categories. With the extremely low interest rates, many members shifted funds to term deposits in search of relatively higher returns.

ACU's virtual division, Outlook Financial, also contributed to the growth of ACU's deposit portfolio by generating solid growth. The deposit growth, coupled with ACU's loan

syndication activities, resulted in a significant improvement in ACU's liquidity position and reduced our need to borrow from Credit Union Central of Manitoba.

Profitability

Net income totaled \$15.9 million for 2009, which is an increase of 2.3% over the prior year. ACU is very pleased with this result as it was generated under difficult economic conditions and with historically low interest rates that squeezed financial margins. Fortunately, the reduced financial margin was offset by higher levels of other income. Another key to the strong profitability in 2009 was the careful management of expenses. The overall operating expense increase was held to 1.1% as compared to the prior year.

The economic slowdown did create financial stress for some of our members, resulting in higher levels of delinquency and loan write-offs.

As a result, the provision for doubtful loans was increased by \$500,000 over the prior year. Notwithstanding some of the challenges in 2009, the net income generated was significantly higher than the goal for the year.

Equity

In spite of the economic uncertainty, the profitability levels generated in 2009 allowed ACU to continue to build equity levels. Total equity increased by 11.3% and totaled \$144 million at year end, which is 5.50% of assets. The retained and contributed surplus portion of equity, which is a key component of financial strength, grew by 15.5% to \$112 million.

With the strong equity growth this year, ACU continues to build equity levels towards our long-term targets and has taken another important step to ensuring ACU has the financial strength and resilience to withstand financial shocks today and in the future.

Key Financial Highlights

	2009	2008	2007
Assets	\$2.6 billion	\$2.4 billion	\$2.1 billion
Net Income	\$15.9 million	\$15.6 million	\$11.7 million
Equity	\$144.1 million	\$129.5 million	\$111.4 million
Efficiency Ratio	73.5%	73.5%	75.6%

Moving Forward in 2010

To continue moving forward building our financial strength in 2010, we will:

- continue to build equity levels toward our long-term targets.

- continue preparations for the transition to International Financial Reporting Standards.

- continue to make investments for the future through process improvement initiatives and strategic capital investments.

Auditors' Report

To the Members of Assiniboine Credit Union Limited

The accompanying summarized consolidated balance sheet and statements of operations, comprehensive income and retained surplus and cash flows are derived from the complete consolidated financial statements of Assiniboine Credit Union Limited as at December 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated March 25, 2010. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete consolidated financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants


Consolidated Balance Sheet

As at December 31, 2009

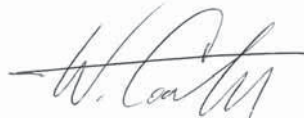
(in thousands of dollars)

	2009 \$	2008 \$
Assets		
Cash on hand and on deposit	40,748	12,727
Investments	192,374	185,022
Loans to members	2,360,697	2,191,827
Property and equipment	13,421	13,268
Other assets	13,948	10,962
	2,621,188	2,413,806
Liabilities		
Line of credit	—	79,523
Members' deposits	2,465,813	2,190,897
Accounts payable and accrued liabilities	11,292	13,894
	2,477,105	2,284,314
Members' Equity		
Members' shares	30,641	30,798
Provision for issue of preference and surplus shares	1,046	1,343
Contributed surplus	35,633	35,633
Retained surplus	76,763	61,718
	144,083	129,492
	2,621,188	2,413,806

Approved by the Board of Directors



Director



Director

Readers are cautioned that these condensed financial statements do not include all disclosures required for complete and fair presentation. A copy of the complete Assiniboine Credit Union financial statements is available at www.assiniboine.mb.ca or by calling (1-204) 258-3431

Consolidated Statement of Operations, Comprehensive Income and Retained Surplus

For the year ended December 31, 2009

(in thousands of dollars)

	2009 \$	2008 \$
Revenues		
Interest from loans to members	110,723	117,199
Investment income	6,977	7,836
	<u>117,700</u>	<u>125,035</u>
Cost of funds		
Interest paid to members	63,119	67,315
Interest paid on line of credit	1,553	1,761
	<u>64,672</u>	<u>69,076</u>
Financial margin	53,028	55,959
Other income	26,975	23,313
Financial margin and other income	<u>80,003</u>	<u>79,272</u>
Operating expenses		
Personnel	30,322	31,053
Administrative	18,005	16,640
Occupancy	6,859	6,665
Member security	1,975	2,348
Organizational	1,726	1,541
	<u>58,887</u>	<u>58,247</u>
Gross operating margin	21,116	21,025
Provision for doubtful loans	3,020	2,520
Income before income taxes	<u>18,096</u>	<u>18,505</u>
Provision for income taxes		
Current	1,732	2,203
Future	416	708
	<u>2,148</u>	<u>2,911</u>
Net income and comprehensive income for the year	15,948	15,594
Retained surplus — Beginning of year	61,718	47,292
	<u>77,666</u>	<u>62,886</u>
Dividends on preference shares	(670)	(820)
Dividends on surplus shares	(233)	(348)
Retained surplus — End of year	<u>76,763</u>	<u>61,718</u>

Consolidated Statement of Cash Flows

For the year ended December 31, 2009

(in thousands of dollars)

Cash provided by (used in)

Operating activities

	2009 \$	2008 \$
Net income and comprehensive income for the year	15,948	15,594
Items not affecting cash		
Amortization	2,926	2,352
Provision for doubtful loans	3,020	2,520
Loss on disposal of property and equipment	—	8
Future income taxes	416	708
	<u>22,310</u>	<u>21,182</u>
Net change in non-cash working capital items		
Investments — accrued interest	(271)	1,107
Loans to members — accrued interest	115	(420)
Other assets	(1,484)	1,443
Members' deposits — accrued interest	2,096	4,081
Accounts payable and accrued liabilities	(3,300)	3,509
	<u>19,466</u>	<u>30,902</u>

Investing activities

Net loans issued to members	(172,005)	(195,128)
Cash acquired, net of acquisition costs paid	—	1,895
Net increase in investments	(7,081)	(30,026)
Purchase of property and equipment and intangibles	(2,717)	(8,163)
Change in other assets	(1,582)	—
	<u>(183,385)</u>	<u>(231,422)</u>

Financing activities

Net increase in members' deposits	272,820	142,575
Net (decrease) increase in line of credit	(79,523)	55,297
Net decrease in common shares	(9)	(700)
Net decrease in surplus shares	(471)	(483)
Net decrease in preference shares	(877)	(584)
	<u>191,940</u>	<u>196,105</u>

Net increase (decrease) in cash on hand and on deposit

28,021 (4,415)

Cash on hand and on deposit — Beginning of year

12,727 17,142

Cash on hand and on deposit — End of year

40,748 12,727

Supplementary cash flow information

Income taxes paid	1,416	3,203
Interest paid	62,576	64,995



Member Focus

At our heart, Assiniboine Credit Union is a financial co-operative committed to our members' success — not simply as customers, but as owners of ACU and as citizens of the communities we serve.

Members as Customers

We strive for excellence and continuous improvement so our members can achieve success. We asked our members how they thought we did on the service front in 2009.

Member Satisfaction Survey

	2009	2008	2007
Overall Satisfaction with ACU (somewhat satisfied or very satisfied)	84%	87%	88%
Those who believe ACU provides either good or exceptional service	77%	82%	*
Those who are somewhat or very likely to recommend ACU to a family member or friend (somewhat or very likely)	90%	90%	93%

* Question not asked in 2007 survey.



Members as Owners

Our members are our owners. Unlike some other financial institutions, regardless of income level, our members each receive one share and all shareholders have an equal voice in running their credit union. In 2009 we continued to solicit member feedback through surveys and workshops.

We are also working to increase member involvement in the democratic process. Over the past few years, participation increased as we moved from voting at the Annual General Meeting to a mail-in process. 2010 will see even greater member participation as we move to online voting for the first time.

Democratic Involvement

	2009	2008
Voting		
Number of members who voted	5,141	4,839
Percentage of members who voted	6%	6%
AGM Attendance		
Number of members who attended the AGM	192	246

Note: As a result of mergers that took effect January 2007, a new entity was created. Until the new credit union existed for a full year, a director election and AGM were not held. Consequently, there was no voting and no AGM held in 2007.



Members as Citizens

ACU's unique value proposition goes beyond financial success to making a difference in the lives of our stakeholders: our members, our employees, the communities we serve and the environment. We asked our members if what we do makes a positive difference in the community and environment and if it makes them proud to be a member.



Member Survey—Agree or Strongly Agree

	2009	2008
ACU uses its resources and expertise to make a positive difference in the community	67%	74%
ACU uses its resources and expertise to benefit the environment	52%	61%
Overall, what ACU does for the community and environment makes me proud to be a member	62%	73%
I trust ACU to make business decisions that are socially responsible.	76%	86%
I trust ACU to make business decisions that are environmentally responsible	70%	78%

Note: Questions not asked in 2007.

While we were pleased to see an increase of nearly 10% in the number of members who said they 'strongly agree' with these statements, the number of members answering in the neutral category also increased. So in 2010, we will work to raise awareness among these members with the hopes of seeing an improvement in the 'agree' and 'strongly agree' categories.



"I feel proud that the company I work for is committed to supporting and investing in communities. The impact we have goes beyond the branch and reaches members where they live."

Thank
ACU employee

Focus on Excellence

Through all the change of recent years, we have never lost sight of the end goal—to achieve excellence. Excellence in everything we do: from the service we provide our members, to the tools and processes we have in place for employees to do their jobs, to the technology we use. We continually strive for excellence so that we remain strong for our members and our community. And in 2009 we made great strides in this direction. With many of the technological pieces in place or on the way, we looked inward to identify our greatest opportunities for improvements to enhance the member experience. This work will continue throughout 2010 as our commitment to excellent member service remains our top priority.

Product-Line Expansion

In 2009, we saw many new products and services that will help build a stronger, more secure future for our members.

Tax-Free Savings Account (TFSA)

This much-anticipated product launched on January 1, 2009. With the ability to earn tax-free interest on the funds within the TFSA, it remains a popular investment vehicle for our members.

Winnipeg Insurance Brokers

As part of a long-time goal to expand our business lines and provide a greater selection of product offerings to our members, ACU became 50% owners in a local insurance company, Winnipeg Insurance Brokers. Through Winnipeg Insurance Brokers, members now have convenient access to vehicle, home, travel, commercial insurance and more.

Investing in Technology

Chip Card Technology

In 2009, as the first step toward converting all ATMs and member cards to chip technology, 35 ATMs were fitted with enhanced technology to read chip cards. In anticipation of the conversion of ACU member cards to chip, a project team was struck and worked toward rebranding the cards in anticipation of the rollout to members in 2010 and 2011.

Cash Recyclers

After a successful pilot at our Buffalo and Pembina branches, 20 cash recyclers were installed in 11 branches in 2009. Cash recyclers are units that count cash electronically — speeding up deposit verification on commercial deposits, which in turn makes the wait times shorter. The recyclers also dispense cash and detect counterfeit bills. And by reusing cash already in the branch, we reduce shipping and delivery by armoured trucks, thus reducing operating costs and greenhouse gas emissions.

Improving Our Outlook

After 10 years in operation, Outlook Financial, ACU's virtual offering was ready for a makeover. To be able to continue to offer the superior rates our members expect, we had to enhance our technology so our members could more easily manage their accounts. In preparation for a January 2010 launch, we redesigned our website and developed new online member tools. Members can now take care of their accounts more easily and quickly, any time they choose.

cu@work

2009 saw the launch of an online offering tailored to businesses with more complex online business banking needs. cu@work offers these members greater customization based on their needs, aided by the staff at the Business and Community Financial Centre.



"We all have a role to play in providing excellent member service. By finding ways to improve the job I do to support the branches, I have the power to make a real difference in the member's experience."

Didier
ACU employee



Where You Need Us When You Need Us

Assiniboine Credit Union delivers service through a network of 24 branches (22 in Winnipeg, one in Thompson and one in Gillam), our Member Communication Centre, CU@HOME and cu@work Internet banking, CUbyPHONE telephone banking, Assiniboine Financial Group (AFG), two business centres, a Dealer Finance division, mortgage specialists and Assiniboine's virtual offering, Outlook Financial.

A Strong Network

In 2009, we saw the branch network getting back to business-as-usual as employees who had been seconded to work on projects related to the banking-system conversion the previous year returned to their business units. Several locations were renovated in 2009 to make the branch experience more enjoyable and secure for members and employees. 2009 also saw the closing of our Graham branch. Over the last few years, we recognized the overlap of service in the downtown area. As we conducted our annual evaluation of our branch network, the timing was right to consider closing the branch on Graham, as the lease on our space was up for renewal. The membership continues to have convenient access to three other ACU downtown locations.

Just Pick Up the Phone

Friendly and knowledgeable representatives guided members through changes and challenges that occurred as we adjusted to new technology. During extended hours, six days a week, representatives at the Member Communication Centre answered over 302,000 calls in 2009, more than 25,000 per month. Although our response times were sometimes not as prompt as we would like, we made great strides towards returning to our normal service levels and will continue to do so in 2010.

A Wealth of Knowledge

Our investment professionals at Assiniboine Financial Group provide strategies to meet the needs of members with more complex portfolios. At the end of 2009, AFG managed \$356 million in assets under management for these members. Able to offer a greater range of products than is available at the branch, the expert team at AFG provides financial planning, investment strategies, tax-optimization plans and personal insurance strategies to meet members' individual needs.



"In challenging times, it is important to me that I have the tools I need to support our business members. ACU allows me the flexibility to explore many options to help our members remain successful."

Wayne
ACU employee

It's Your Business

The two offices of the Business and Community Financial Centre continued to offer expert business advice in 2009, helping our business members hold their ground in unstable times. Our business specialists are committed to members' success by going beyond loans and deposits and providing other types of business support including training, business-plan reviews and board participation. In addition to traditional commercial lending, the Main Street office has a unique community lending program which specializes in services to small and micro businesses and non-profit organizations. At year end, centre staff managed \$382

million in outstanding loans, mortgages and lines of credit for over 1,600 commercial and non-profit members.

Beyond the Branches

Our Direct Sales division continues to provide financing to consumers through two alternate delivery channels. Dealer Finance offers on-the-lot financing for vehicles at dealerships throughout Manitoba; and the Mortgage Specialist program provides mortgage services to brokers and real estate agents as well as to members after hours.

Working to Support our Members

Member service goes beyond the employees you see at our branches. To provide great service we rely on the co-ordinated effort of the entire team at ACU — those on the front lines and those working hard behind the scenes. This includes staff in Human Resources, Information Technology and Marketing in addition to those employees who manage projects, conduct research, process loans, mortgages and

investments, manage clearings and ATMs, administer grants and of course, those who pay the bills and plan the budgets. Of the 547 people who work in 480 positions at Assiniboine Credit Union, about one third are working behind the scenes to support the people who support our members.

In 2009, ACU responded to the H1N1 scare by establishing a solid Pandemic Preparedness Plan to ensure business continuity in the event of a pandemic. This plan will serve as a blueprint in the future, should it ever be required.

Rewarding Your Referrals

We believe a member referral is an important indicator of member satisfaction and loyalty. In 2009, \$6.9 million in new business was referred to us by our members. All branches showcased the 12 monthly winners of a \$500 GIC drawn from the names of members who made referrals.



Moving Forward in 2010

In support of our commitment to our members as customers, owners and citizens of the communities we serve, we will:

- engage members to ensure we are meeting their needs.
- protect member privacy.
- offer members increased security by introducing Passmark security on CU@HOME Internet banking and safeguarding our member cards through continuing the implementation of chip technology.
- offer e-statements so members have the option of discontinuing paper statements.
- continue to improve processes with a view to delivering exceptional member service.
- improve efficiencies by consolidating support units under one roof, at the corporate head office.
- allow members more options to be involved in the governance process through the introduction of online voting.
- support members in their efforts to make environmentally responsible choices with our 'green' resource materials.
- support members as citizens with our ongoing commitment to being socially responsible.



Employer of Choice

Investing is a word you hear a lot in financial services. It usually brings to mind dollar signs and bottom lines. At Assiniboine, we know that our success as a financially and socially responsible company is about more than just dollars and cents.

We see how investing in our people and building a workplace culture that reflects the communities we serve — a workplace that is strong, cohesive, encouraging, respectful, and focused on excellence — brings outstanding returns to our employees, our members and our co-operative.



Our day-to-day hiring and employment practices are guided by:

Employment Principles Policy

which commits ACU to be a fair employer, provide a respectful, inclusive, safe and healthy workplace with equal opportunity and non-discrimination, and comply with employment regulations and legislation.

Compensation Philosophy Policy

which commits ACU to fairly compensate employees. Our compensation and benefit programs are aligned with our values, mission and strategies and consistent with our desire to treat employees equitably, be competitive in the labour market and reward staff for their contributions to ACU's success.



Engaging our Employees

Every day, we witness how engaging our employees leads to outstanding levels of job satisfaction and positive member experience. Once again this year, overall satisfaction with ACU increased as we continued our efforts to invest in the well-being of our employees.

Overall, 81% are satisfied with ACU, which is a significant improvement from 69% in 2007. Approximately 30% of the questions in our annual employee survey increased in satisfaction by 4% or more and there weren't any questions that decreased in satisfaction by 4% or more. Information sessions on ACU compensation and benefits helped to raise awareness of these programs and resulted in a significant increase in positive responses (average increase of 14%) to related questions in the survey. We also conducted workshops to ensure that all managers are familiar with our workplace policies and practices.

Employee Survey—Agree or Strongly Agree

	2009	2008	2007
Overall I am satisfied with ACU	81%	72%	69%
ACU provides opportunities at work to learn and develop new skills	76%	72%	76%
I would recommend ACU to my friend as a good place to work	73%	67%	67%

While employee engagement results were positive and trending in the right direction, in the spirit of continuous improvement, we identified a number of opportunities to improve employee satisfaction, including the opportunity to enhance collaboration across business units, to continue building a strong internal culture where employees are made to feel they are an important part of ACU, and to ensure the right amount of focus on member service and satisfaction. We believe that initiatives planned for 2010 will help to support these improvements.

Building our Culture Striving for Excellence

In the wake of two mergers involving four credit unions, followed by a banking-system conversion, 2009 saw us turn our attention to building a strong and cohesive culture based on shared values and the pursuit of service excellence.

In 2009 employees continued to demonstrate strong understanding and support for ACU's mission and values, with nearly 90% of employees expressing their agreement to related questions in the annual employee survey.

Employee Survey—Agree or Strongly Agree

	2009	2008
I know and understand ACU's mission	89%	89%
I know and understand ACU's values	91%	88%
I believe in ACU's mission and values	86%	82%

Employees also continued to express satisfaction and pride when it comes to ACU's commitment to corporate social responsibility. On average, 87% of employees agree that ACU is making a positive difference and demonstrating a commitment to social and environmental responsibility. Overall, 85% agree that what ACU does for the community and environment makes them proud to work here.



"We have great people working at ACU — people who care about each other and the work that they do. It's good to be here."

Lawrence
ACU employee



Employee Survey—Agree or Strongly Agree

	2009	2008
ACU uses its resources and expertise to make a positive difference in the community	90%	89%
ACU uses its resources and expertise to benefit the environment	85%	86%
Overall, what ACU does for the community and environment makes me proud to be an employee	85%	82%
I trust ACU to make business decisions that are socially responsible	88%	84%
I trust ACU to make business decisions that are environmentally responsible	88%	84%

With a strong foundation built on shared values, in 2009, we embarked together on a journey to get to know one another. Through a consultative process, employees identified five priority projects to help build a cohesive work culture: creation of an employee newsletter; production of a video about ACU employees; establishment of a rewards and recognition program; an employee appreciation event; and a job-shadowing program.

An employee-led editorial committee for the newsletter was formed, representing a cross-section of departments. By year end, they had produced three issues of the online employee newsletter 'ACUcommunity'. Development of the Rewards and Recognition Program, employee video, and employee appreciation event were well underway, with plans for rollout in 2010. The job shadowing program was deferred.

In 2009 we also embarked on a journey to reinforce a culture of process excellence and continuous improvement. Our commitment to service excellence is based on our core value of striving for excellence in

everything we do. In the wake of the two mergers and banking-system conversion we faced the challenge of harmonizing processes and building a common understanding of how work gets done. Improving internal processes was identified as an urgent priority by employees.

A new and permanent division was established to support the organization's excellence efforts and, from the beginning, employees were engaged in determining priority areas for improvements.

Embracing Diversity

In keeping with our commitment to diversity and inclusion in the workplace, we continued our efforts to attract and retain a talented workforce that reflects the diversity of the communities we serve. In 2009 we experienced 18.3% growth in persons of Aboriginal heritage, 6.4% growth in persons of colour, and 18% growth in number of people with a disability. Of all new hires, 61% self-identified as belonging to one of these three designated groups.

Designated Group	Representation in the Community*	% of ACU Employees		
		2009	2008	2007
Aboriginal	10%	7.1%	6.0%	5.5%
Persons of Colour	15%	18.4%	17.3%	9.1%
Persons with Disabilities	6.4%	2.95%	2.5%	3.1%

*Statistics for Aboriginal and Persons of Colour were taken from the 2006 Statistics Canada census using Winnipeg data. Statistics for persons with disabilities comes from the 2001 census, from the Participation and Activity Limitation Survey (PALS) focusing on labour market availability and is based on Manitoba results (Winnipeg data is not available).



"I love going out into the community to meet with people from different backgrounds and life circumstances to tell them about the great opportunities that exist at ACU. I have met so many amazing people, and am lucky to now be able to call some of them my fellow employees."

Mandy
ACU employee





To attract new employees from diverse communities, ACU employees attended job fairs that resulted in new hires, future candidate prospects and new relationships within the community. Staff also provided outreach services, speaking to high school students, new Canadians and Aboriginal people about careers in banking, and participated in a panel discussion for a career day, which resulted in four candidates expressing interest for employment upon completion of a program through Ka Ni Kanichihk. As well, we provided advisory services to Urban Circle and the Inter-provincial Association of Native Employment (IANE).

ACU continued to build and maintain relationships with organizations linked to persons with disabilities. We provided on-site visits for Employment Co-ordinators from Connect Employment, Society for Manitobans with Disabilities, Link Up and Reaching Equality Employment Services, which resulted in hiring one disabled person.

As part of investing in the community, we also partnered with community organizations to provide workplace training and employment

opportunities for people who face barriers to employment, in particular, youth, Aboriginal people and new Canadians.

Through our 2009 employment development partnerships, we provided 2,970 hours of workplace training to 12 individuals and offered paid employment to nine of them, including eight permanent positions and one summer job. Employment development partnerships included:

Aboriginal Integration Program: Participants are adults of Aboriginal heritage. In 2009 we placed four participants in paid full-time positions for 12 weeks. Three of the candidates received permanent full-time positions.

Argyle Alternative High School: Participants are at-risk youth, most are Aboriginal. In 2009 we provided 18-weeks of workplace training (3 hours/week) for two participants. One Aboriginal student was hired for the summer and offered part-time permanent employment in the fall.



“Because of ACU’s commitment to diversity, I have had the privilege to meet amazing co-workers. Through their stories I feel I have travelled the world — from Sudan to the Philippines, from Belarus to India, from Nepal to El Salvador.”

Sherri
ACU employee

Fire Spirit Aboriginal Youth Internship

Program: Participants are Aboriginal youth in grades 10 to 12. In 2009, two Aboriginal students from R.B. Russell received nine weeks of workplace training (3 hours/week).

Immigrant Integration Program: Participants are immigrants with professional qualifications. In 2009, we placed two participants in paid full-time positions for 12 weeks. Both were then offered permanent part-time positions.

Newcomers Employment and Education

Development Services (NEEDS): Participants are refugee/immigrant youth in grades 10 to 12. In 2009 two youth received 18 weeks of workplace training (3 hours/week) and were offered permanent part-time positions.

Youth Work Experience Initiative: Participants are Aboriginal and immigrant young adults (15 to 30 years of age). In late 2009 one participant began 12 weeks of paid workplace training.

Attracting and Retaining the Best

Our employees are attracted to ACU as an employer of choice, and our unique value proposition means that they understand and appreciate our unique way of doing business.

ACU's ongoing implementation of progressive employment policies and practices continued to help us attract and retain some of the best people in the business. Our accomplishments in this area led to Assiniboine being named one of the Top 20 Employers in Manitoba and one of Canada's Best Diversity Employers in 2009.



Moving Forward in 2010

To continue to build our culture and strive for excellence in 2010, we will:

- deliver training programs to build core skills and knowledge.
- continue process excellence training.
- continue values-based sales and service training.
- deliver three editions of our employee-produced newsletter.
- complete an employee-produced video.
- hold a staff appreciation event.
- develop and implement a Rewards and Recognition Program.

Community Investment



In keeping with our Community Investment Policy, we continued to invest financial and non-financial skills and resources to support community leaders who are contributing to community renewal, environmental sustainability and co-operative development. This includes investing a minimum 2% of pre-tax earnings (averaged over the past three years) for grants. Here are highlights of the community investments we made in 2009.

“Pictures painted of the west Broadway and west end communities so often portray a negative image. Serving on the grants committee highlighted for me how many residents and organizations in these communities are actively working to create healthier neighbourhoods full of vitality and opportunity.”

Allison
ACU employee

Expanding Services to the Underserved

We provided \$80.4 million in financial services (deposits and loans) to underserved neighbourhoods, organizations and individuals in 2009.

Underserved Neighbourhoods

Our West Broadway branch continued to provide affordable financial services to an inner-city neighbourhood with one of the lowest average household incomes in Winnipeg (\$24,268 as per the 2006 census). Opened in 2001 as other financial institutions abandoned the area, the West Broadway branch has proven to be successful, serving nearly 3,000 members at the end of 2009.

Building on our West Broadway experience, we explored options for establishing a branch in another underserved Winnipeg neighbourhood — the north end where we have already been working with the Community Financial Services Centre. We developed a strong business case for a sustainable, small footprint branch focused on community economic development. In January 2010, the board approved the proposal with the condition that we raise at least \$6 million in new business for the branch prior to startup in 2011. We raised the first million dollars in new business in the reporting year.

Community Finance — Access to Credit for Underserved Organizations

Our two Business and Community Financial Centres provide financing and specialized services for small and micro-enterprises, co-operatives and non-profit organizations. This includes unique community-financing expertise, working with organizations having difficulty meeting conventional lending criteria.

Our community financing provides access to credit for affordable housing and community facilities such as daycares and social service, cultural and community centres. It also supports business start-up and expansion, including businesses owned by economically marginalized individuals. In 2009, ACU provided 82 organizations with access to \$7.7 million in new financing. At the end of 2009, the balance outstanding (net of repayments) in our

community finance portfolio was \$35.1 million (\$35.0 million at the end of 2008). Included in the \$35.1 million invested in the community is financing provided through two unique community partnerships.

ACU and *The Jubilee Fund* work together to provide access to credit for businesses, social programs, and housing projects that do not qualify for traditional financing. This unique relationship sees The Jubilee Fund providing loan guarantees and ACU providing credit. Our partnership played an important role in financing initiatives such as:

- Diversity Food Services Inc. We financed the start-up of a social enterprise providing food services at the University of Winnipeg while creating workplace training and jobs for new immigrants, Aboriginals and residents living in and around the university.
- Neechi Commons. We financed the expansion of Neechi Foods Co-Op, an Aboriginal grocery store, as the anchor tenant for a new retail, restaurant and food complex to be located on north Main Street.



Community Financing

Focus of Investment	New Financing (\$) Approved in 2009 ¹	Organizations Financed in 2009	Total invested at December 31, 2009 ²
Affordable housing	\$4.2 million	13	\$19.0 million
Community facilities	\$2.0 million	14	\$12.7 million
Business start-up and expansion	\$1.5 million	55	\$3.4 million
TOTAL	\$7.7 million	82	\$35.1 million

¹ Includes lines of credit

² Outstanding balances of loans, mortgages, lines of credit

ACU continued to work with *SEED Winnipeg* to provide access to credit for participants of their Build-A-Business Program. SEED Winnipeg offers business-management training for individuals living on low income and helps them complete a business plan. With a sound business plan in hand, participants can access small loans at ACU. At the end of 2009, \$6,518 was invested in four micro-enterprises through our partnership with SEED Winnipeg.

ACU was selected by *Indian and Northern Affairs Canada* (INAC) to be the Manitoba provider for debt financing to First Nations businesses with assets on a reserve. A loan loss reserve of \$2.8 million established with ACU will secure up to \$11 million in financing for medium and large businesses that are at least 51% First Nations owned and have a sound business plan. The goal of the pilot is to remove barriers to financing, including provisions of the *Indian Act* that prohibit use of reserve land as collateral.

We marketed the program to eligible First Nations businesses, leading to several applications under consideration at year end.

Community Partnerships to Serve the Underserved
ACU continued to partner with *North End Community Renewal Corporation* (NECRC) to pilot the *Community Financial Services Centre* (CFSC) in Winnipeg's north end. Community partners refer clients to the CFSC where they receive financial education and the support they need to establish a satisfactory relationship with a mainstream financial institution. ACU is the only participating financial services provider at this time. In early 2009, a part-time ACU employee was hired to open accounts, deposit cheques and provide other non-cash financial services at the CFSC. The number of CFSC clients who joined ACU increased from 180 at the end of 2008 to 311 in 2009. During the year we worked closely with NECRC to explore a sustainable model for the CFSC beyond the pilot phase, including options to involve other financial-service providers. Pending available funding, phase three will be rolled out in 2010.

As a member of the *Asset Builders Partnership* we provided special savings accounts for Winnipeg-based participants of asset-building programs and worked with SEED Winnipeg to support the expansion of these programs beyond Winnipeg through *Manitoba Saves*. We reviewed our Matched Savings Account to make it as effective as possible and plan to make the product and process available to other credit unions in 2010 and beyond.

In 2009, 480 participants of asset-building programs used ACU's Matched Savings Accounts to save for assets. Of these, 178 successfully completed the program and used their own savings plus matching funds to make purchases worth \$273,437. Since 2000, participants have purchased assets worth over \$2.1 million.

Saving for Assets

	2009	2008
Number of savers using ACU Matched Savings Account	480	379
Number of graduates (completed asset building program)	178	173
Total savings used to purchase assets	\$79,701	\$79,242
Matching funds provided for purchases	\$193,736	\$201,476
Total value of assets purchased by savers	\$273,437	\$280,718

Source: SEED Winnipeg

2009 CFSC Community Referral Partners

- Aboriginal Visioning for the North End
- Building Urban Industry for Local Development (BUILD)
- Community Financial Counseling Society
- Elizabeth Fry Society
- Employment and Income Assistance (EIA) – Main Street, Rorie Street
- Immigrant & Refugee Community Organization of Manitoba (IRCOM)
- Ma Mawi Wi Chi Itata Centre
- Mount Carmel Clinic
- Native Women's Transition Centre
- North End Community Renewal Corporation
- North End Women's Resource Centre
- North Point Douglas Women's Centre
- Oyate Tipi Cumini Yape
- PATH Resource Centre
- SEED Winnipeg

2009 Asset Building Program Providers

- Fort Garry Women's Resource Centre
- Immigrant & Refugee Community Organization of Manitoba (IRCOM)
- Macdonald Youth Services
- Ma Mawi Wi Chi Itata Centre
- Nor-West Co-op Community Health Centre
- Pluri-elles
- Rossbrook House
- SEED Winnipeg
- SMD Self-Help Clearinghouse
- Urban Circle Training Centre
- Villa Rosa

Assets Purchased by Savers

	2009 Number of purchases
Education	66
Furniture/Household Needs	171
Business Start/Expansion	29
Home Purchase	11
Computer Equipment	50
Home Renovations	16
Access to Housing	2
Health (dental, eyeglasses, etc.)	6
Employment Supports	0
Total Purchases Made	351

Source: SEED Winnipeg

Funds (including matching funds) to support asset-building programs came from a variety of sources, including United Way of Winnipeg and the Province of Manitoba. In 2009, ACU raised over \$80,000 for asset-building programs through our employee-led United Way Campaign, up from \$63,000 in 2008. This represents 94% of total dollars raised (\$85,000) at ACU during the 2009 United Way Campaign.

We also provided access to mortgage financing for three Aboriginal families approved through the *Manitoba Tipi Mitawa Home Ownership Program*. A pilot project of the Manitoba Real Estate Association and the Assembly of Manitoba Chiefs, the program makes affordable home ownership available to 40 modest-income families within the urban Aboriginal community.

Investing in Community Leaders Through Grants and Sponsorships

Our financial support to community leaders continues to expand as ACU grows. In 2009, we donated \$403,500 to the community through our community grants and sponsorships, up from \$310,000 in 2008.

Community Grants and Sponsorships

	2009	2008	2007
Grants	\$305,000	\$230,000	\$196,000
Sponsorships	\$98,500	\$80,000	\$80,000
Total	\$403,500	\$310,000	\$276,000

In 2009, we aligned our grants to support community renewal, environmental sustainability and co-operative development, and to further demonstrate leadership in CSR. We donated \$305,000 to 68 community organizations through our Sustainable Community Grants program and other grants. This included \$20,000 to the Canadian Museum of Human Rights for the second of five annual contributions totaling \$100,000. More than half of these grants were for community renewal. The list of 2009 community grant recipients can be found on our website.

Community Grants by Focus Area

Focus Areas	%	Number of Groups
Community Renewal	58%	38
Environmental Sustainability	17%	16
Co-operative Development	14%	8
CSR Leadership	10%	3
Other	1%	3
Total	100%	68

Our community sponsorships support the events of community leaders contributing to sustainable communities. In 2009, we donated \$98,500 to sponsor events organized by 72 community leaders, including three national events. Nearly 40% of sponsorships supported community arts and cultural events and festivals. The list of 2009 community sponsorship recipients can be found on our website. This does not include ACU advertising and business development sponsorships.



"I am grateful to ACU for providing me the opportunity to participate in a Habitat build. I really enjoyed working alongside fellow employees and felt a real sense of accomplishment. It's amazing what an impact a small group of people working together can have on the lives of others."

Cassi
ACU employee

Community Sponsorships by Program Area

Program Area	%	Number of Groups
Community Fundraisers (ACU members only)	18%	18
Community Arts and Cultural Events and Festivals	38%	30
Community Access	5%	7
National Leadership	19%	3
Other	20%	14
Total	100%	72

In addition to credit union donations to the community, our employees gave their time to support a number of community initiatives including:

- Resource Conservation Manitoba's Commuter Challenge (103 employees)
- Fair Trade Manitoba's One Month Challenge (62 employees)
- Habitat for Humanity Winnipeg home build (28 employees with paid time off)
- L.I.T.E. (Local Investment Toward Employment) Wild Blueberry Breakfast (13 employees) and Alternative Christmas Hamper (nine business units)
- United Way of Winnipeg workplace campaign (52% employees, raising more than \$85,000)

Investing with Our Purchasing Dollars

We use our purchasing power to support the success of community enterprises that create jobs while contributing to community renewal, environmental sustainability and co-operative development. This includes purchasing from businesses participating in Winnipeg's Social Purchasing Portal.

In 2009, we invested in the success of three inner-city businesses, six co-operatives and two social enterprises by purchasing over \$48,000 worth of goods and services from them. Nine of these were listed on the Social Purchasing Portal. Of these 11 community enterprises, 91% contributed to community renewal, 27% to environmental sustainability, and 55% to co-operative development.

Community Impact Purchasing

Name of Enterprise	Type of Enterprise
Cosmopolitan Florists	Inner-city business
Enviro-Safe Cleaning Worker Co-operative	Newcomer co-operative
Food for Thought	Inner-city business
Neechi Foods Co-Op	Aboriginal co-operative
Northern Star Worker Co-op	Aboriginal co-operative
Natural Cycle Courier	Worker co-operative
West Central Women's Resource Centre's Child-minding Program	Inner-city social enterprise
Organic Planet Worker Co-op	Worker co-operative
Ellice Café & Theatre	Inner-city social enterprise
Nyam Nyam Catering Worker Co-operative	Newcomer co-operative (Lost Girls of Sudan)
Tallest Poppy	Inner-city business



Investing in Employment Development

ACU works with community partners to provide workplace training and job opportunities for individuals facing barriers to employment. This outreach helps us recruit qualified employees and increases our workplace diversity.

Through our 2009 employment development partnerships, we provided 2,970 hours of workplace training to 12 individuals and offered paid employment to nine of them, including one summer job and eight permanent positions.



Participating in and Supporting the Community Investment Movement

We sponsored the National Community Economic Development (CED) Conference held in Winnipeg. Over 300 supporters of community-based economic development attended. At the conference, ACU presented on the role of credit unions in CED and co-presented on Aboriginal community-based economies.

ACU was the only financial institution presenting at the national Financial Works Conference held in Edmonton. Along with SEED Winnipeg, we spoke



"I am thankful to ACU for creating such a great opportunity for immigrant students. There are many skills I have developed through the program and I have built confidence in myself. ACU is like a family to me."

Ramneet
ACU employee

2009 Employment Development Partnerships

- Aboriginal Integration Program
- Argyle High School
- Fire Spirit Aboriginal Youth Internship
- Immigrant Integration Program
- Newcomers Employment and Education Development Services (NEEDS)
- Youth Work Experience Initiative

on partnership development as the foundation for successful asset-building programs. In a workshop on 'low-barrier banking' we shared what ACU is doing to remove barriers and expand access to the underserved.

We sponsored the Third Canadian Conference on Social Enterprise held in Toronto. In addition to sponsoring the conference, we provided bursaries for three Winnipeg-based social enterprises to attend. The conference offered training sessions for social enterprises and policy sessions on stimulating the social-enterprise sector in Canada.



Moving Forward in 2010

To continue to invest in our communities in 2010, we will:



- focus on raising at least \$6 million in new business to make the North End branch a reality in 2011.

- participate in phase three of the Community Financial Services Centre.

- support asset-building programs through our Thompson branch and make our Matched Savings Account products and processes available to other credit unions.



Environmental Sustainability

In 2009, we continued to advocate for environmentally responsible business practices and took steps to improve our long-term environmental performance.

Our Commitment to Environmental Sustainability

In keeping with our commitment to long-term environmental sustainability, we developed the framework for our environmental management system and set environmental objectives. Over time, we will focus our efforts on reducing our environmental footprint, modeling and promoting environmentally responsible business practices, and offering environmental products and services to our members.

With climate change a priority area for us, we developed a high-level Climate Change Action Plan to reduce our greenhouse gas emissions over the coming years. This plan will guide us as we strive to be part of the solution and encourage others to do the same.

Advocating for Environmentally Responsible Business Practices

In 2009, we partnered with the Winnipeg Chamber of Commerce to host the Economics of Going Green Conference, which encouraged small-and-medium sized businesses to embrace change by demonstrating the strong business case for going green. About 75 people attended the half-day conference, which included keynote speakers from ACU and the International Institute for Sustainable Development and presentations by local businesses that shared environmental best practices.

We also provided input into the Climate Friendly Business Project. Managed by Climate Change Connection, the goal is to help small-to-medium enterprises in Manitoba reduce their greenhouse gas emissions.



"It was exciting to work with The Winnipeg Chamber of Commerce and a room full of businesses that understand that you don't have to choose either economic growth or environmental sustainability — but that they can work together."

Duane
ACU employee

Demonstrating and Promoting Green Building Practices

Our newest green branch at 2659 Pembina Highway completed its first full year of operation with its sustainable design features being well received by our members, employees, and the community. The two walk-up ATMs, which we installed instead of drive-thru ATMs, proved especially popular. Of the four ATMs at the branch, the two walk-ups experienced the most use. The branch was selected by the Province of Manitoba as the backdrop for a media announcement about a new government program promoting solar and geothermal energy.

Due primarily to weather conditions, we experienced some delays in finalizing our application for LEED (Leadership in Energy and Environmental Design) certification of our Pembina branch. During the reporting year, we completed the necessary work and submitted our final application to the Canada Green Building Council in the fall of 2009. We expect to receive news of our certification level by mid 2010.

Over the year, we continued to advocate for green building practices.

- In preparation for major renovations to our corporate office at 200 Main in 2010, we worked closely with our landlord to incorporate environmental features into the design of these renovations.
- We presented on the integrated design of our Pembina branch at the Better Buildings Conference.
- We continued to be a sustaining sponsor of the Manitoba Chapter of the Canada Green Building Council in support of their efforts to promote green buildings in the province.

In response to member interest, we worked with the Manitoba Chapter of the Canada Green Building Council and WinnipegREALTORS® to develop resources for those who want to learn more about building, buying or renovating green homes. These 'Your Greener Home' resources will be available to members and the community in early 2010.

Measuring and Improving Our Environmental Performance

We continued to put in place the building blocks for measuring and continuously improving our environmental performance. Following the establishment of measures and targets for waste and recycling in 2008, we focused on measuring energy use and the transportation choices of ACU employees in 2009.

Energy Use

We worked with Manitoba Hydro to gather 2008 and 2009 data on energy use at all our locations and to calculate the resulting greenhouse gas emissions.

Total Energy Use

	2009	2008
Energy Use		
Total (GJ)*	19,681	20,944
Per square meter (GJ)*	1.40	1.48
Greenhouse Gas Emissions From Energy Use		
Total (metric tonnes CO ₂ e)**	375.2	430.8
Per square meter (Kg CO ₂ e)**	26.8	30.2

Source: Manitoba Hydro (Raw Data)

*GJ = Gigajoules

**CO₂e = "CO₂ equivalents", which is the total effect of all greenhouse gases involved, expressed in equivalent amounts of CO₂.

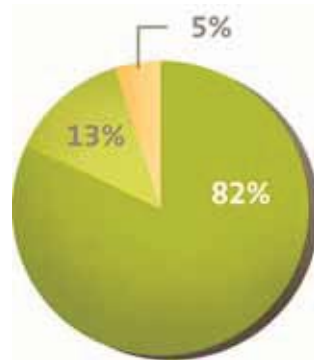
Energy use was lower in 2009 than 2008 primarily because of milder temperatures. One of the biggest users of energy is our corporate office at 200 Main, which is a leased building. We will work with the landlord to make some energy upgrades to this building in 2010.

We are working to set long-term targets for reducing the environmental impact of our energy use overtime.

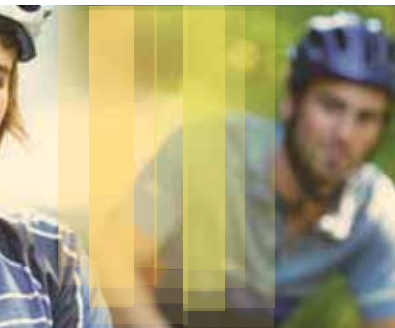


Overall, we contributed 375.2 metric tonnes of CO₂ equivalents (22.8 kilograms per square meter) through our energy use in 2009. The sources of these greenhouse gases are shown here.

Greenhouse Gas Impact by Energy Source



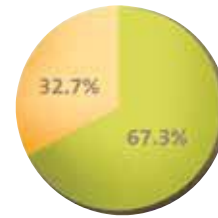
- Natural Gas — 82%
- Electricity — 13%
- Propane — 5%



Employee Transportation Choices

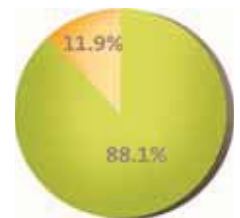
Resource Conservation Manitoba conducted a summer and winter survey on behalf of ACU to measure the greenhouse gas emissions related to how ACU employees travel to and from work. We averaged the results of these two surveys as some people make different transportation choices in winter months. We estimated that ACU employees made a total of 249,496 trips to and from work and contributed 638.7 metric tonnes of CO₂ equivalents (1,163 kilograms per employee) through their commuting choices. Two thirds of all trips to and from work were made in single occupancy vehicles, accounting for 88% of total greenhouse gas emissions related to transportation choices.

Percentage of Total Trips



- Drive Alone — 67.3%
- Alternate Modes* — 32.7%

Greenhouse Gas Emissions by Transportation Choice



- Drive Alone — 88.1%
- Alternate Modes* — 11.9%

*Alternate modes includes car pool, public transit, bike, walk, other.

Source: Resource Conservation Manitoba

Environmental Improvements in 2009

During the year, we made a number of environmental improvements including:


- completing the installation of bike racks at all but two of our Winnipeg locations.
- reducing paper use through a number of business process improvements.
- installing an energy-efficient printing centre that uses non-toxic inks and less packaging, and the supplier takes responsibility for reuse and recycling of the equipment.
- installing cash recyclers at 11 branches, which significantly reduced the number of cash pickups and subsequent greenhouse gas emissions from armoured vehicles.

Moving Forward in 2010

To move forward with environmentally sound practices in 2010, we will:



- make 'Your Greener Home' resources available to members and others.
- make selected energy and other environmental upgrades to our buildings.
- set long-term targets for energy use.



Co-operation Among Co-operatives

As a financial co-operative and member of the Canadian and Manitoba credit union systems, ACU is part of a broad network of credit unions and other co-operatives working to build sustainable communities locally, nationally and internationally.

Credit Union Central of Canada invited ACU to host members of the House of Commons Standing Committee on Finance during their pre-budget consultations in Winnipeg. We provided an overview of the Canadian and Manitoba credit union systems and outlined ACU's contributions to community economic development. We also voiced our views on what should be considered in the next federal budget.

We continued to share the strong governance practices we have developed over the past few years with other credit unions and co-operatives. For example, our board Chair participated in a discussion on governance with co-operative leaders from across Canada when he accepted the 2009 Leadership in Co-operative Governance Award from the Canadian Co-operative Association (CCA). Our reputation as practitioners of good governance and our willingness to share these practices with others is becoming known and we have accepted invitations to consult with others in 2010.

We provided information regarding our CSR and community investment programs to several credit unions across the country. An area of particular interest was our participation in asset-building partnerships to help people on low income save and create opportunity for themselves.

In recognition of our leadership in sustainability, which incorporates social and environmental factors into business operations and strategy, we were asked by the Filene Research Institute to contribute a case study on ACU to the production of a "Sustainability 'How To' Guide for American Credit Unions."

The Manitoba Cooperative Association sought our input into the design of a tax-credit program to encourage co-ops and credit unions to invest in co-operative development.

Locally, we supported the early-stage development of seven co-operatives through our Sustainable Community Grants program,

and purchased goods and services from six community-based co-operatives to support their success.

One significant event in 2009 was the development of a proposal for a Prairie Central representing the credit unions of Manitoba, Saskatchewan and Alberta. ACU participated in these discussions with an eye to ensuring strong governance and sound decisions for the benefit of the system as a whole.

Internationally, we made our annual donation to the Co-operative Development Foundation of Canada to support the development of credit unions and co-operatives in poor and vulnerable communities around the world.

Moving Forward in 2010

To continue demonstrating our commitment to the co-operative principles that guide us in 2010, we will:

- represent Manitoba credit unions if and when a transition to a Prairie Central takes place.
- continue to support co-operative development and capacity building within the co-operative movement.
- continue to share our knowledge and expertise.
- celebrate Co-operative Week and Credit Union Day.



Socially Responsible Investing

In 2009, we continued to advocate for socially responsible investing (SRI) and to offer our members the opportunity to invest in companies that achieve sound financial performance while demonstrating social and environmental responsibility and good governance.



There is growing interest across Canada to consider a company's social and environmental impact, as well as its financial performance, when making investment decisions.

Cheryl
ACU employee

We were a host sponsor for the national Canadian Responsible Investment Conference organized by the Social Investment Organization (SIO). Over 160 leaders from the Canadian SRI industry gathered in Winnipeg to explore the challenges and opportunities for SRI in the face

of current market conditions. ACU participated on a panel discussion for SRI advisors and presented a workshop on our approach to community investing.

At the request of the Shareholder Association for Research and Education (SHARE), ACU asked the Manitoba Pension Commission to strengthen pension benefit regulations by requiring pension fund administrators to disclose the extent to which environmental, social and governance considerations are taken into account in investment decisions. We also encouraged other organizations to join in the campaign.

Our SRI Specialist continued to promote socially responsible investing to our members and the community, with emphasis on green investment opportunities.

ACU investment advisors received training on green investing and available green funds. A member event at our new Fort Richmond branch included a tour of the environmental features of the branch, a film on 'garbage island' and water issues, and an overview

of green investment options. In addition we made 11 community presentations to educate about and advocate for SRI.

During 2009, members invested an additional \$7.2 million in SRI products, bringing total SRI assets managed by ACU to \$37.6 million at year end. This represents approximately 25% of total assets under management.

In addition to offering SRI products to members, ACU provides administrative services to The Jubilee Fund, which sells *Jubilee Investment Certificates* to social investors. At the end of 2009, Jubilee investment funds managed by ACU totaled \$526,886. These funds are used to secure loans from ACU to finance housing projects, social programs and micro-businesses that would otherwise have difficulty accessing credit.

Our SRI Specialist continued to serve as President and Chair of the Board of Directors of the Social Investment Organization (SIO), which promotes socially responsible investing across Canada. ACU is a member of SIO.

Moving Forward in 2010

To move forward with socially responsible investing in 2010, we will:

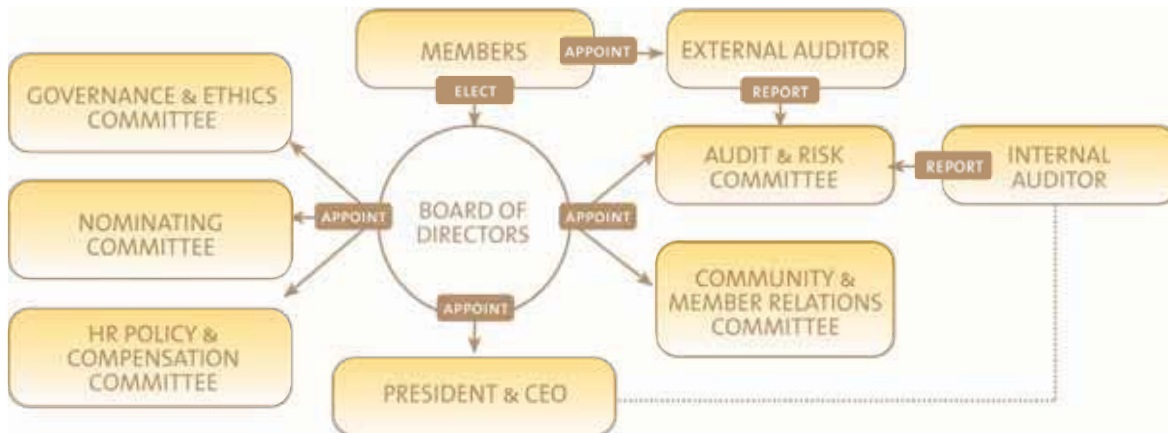
- develop and offer value-added SRI service to our members, including in-depth research on SRI investment options.



Good Governance

Assiniboine is a financial co-operative governed by an independent Board of Directors elected by and accountable to the member-owners of the credit union. The board acts to protect and enhance ACU's assets in the interest of members and other stakeholders, establishes policies and sets the direction of the credit union.

ACU's Governance Structure



Continuing Good Governance

In their role, the board set strategies, approved ACU's budget and annual measures of success (Balanced Scorecard) and monitored performance. The board also:

- held ERM workshops to gain an understanding of enterprise risk management that informed the development of an ERM framework and associated policy.
- participated in a strategic planning session to prepare for the future by managing uncertainty.
- approved updated Terms of References for the Board of Directors, its committee and Chairs, and its directors.
- approved updated Statements of Responsibility for the board Chair, committee Chairs and directors.
- approved four new governing policies.
- engaged in four learning sessions on strategic topics to ensure a common understanding of items that may impact Assiniboine and our stakeholders in the future.
- actively participated in credit union system initiatives, contributing insight and feedback to changes proposed in the national and provincial credit union systems.
- approved a training and development program and supported training for the board as a whole, its committees and for individual directors.
- attended local, provincial and national credit union and co-operative conferences.
- accepted the 2009 Leadership in Co-operative Governance Award, presented by the Canadian Co-operative Association (CCA).

A Framework for Success

Governing policies provide management with a framework within which to manage the credit union. In 2009, the board approved four new governing policies, bringing the number of governing policies guiding ACU to 25. Governing policies are regularly reviewed for relevance and the board delegates the following committees to monitor adherence to the policies:

Audit and Risk Committee

- Asset Liability Matching Policy
- Asset Securitization Policy
- Capital Adequacy and Sourcing Policy
- Credit Risk Policy
- Derivatives Policy
- Detecting and Deterring Proceeds of Crime Policy
- Enterprise Risk Management Policy
- Foreign Exchange Risk Policy
- Liquidity Investment and Market Risk Policy
- Liquidity Risk Policy
- Management Expenditure Authorities Policy
- Operational Risk Policy
- Pricing Policy
- Regulatory Risk Policy
- Technology Risk Policy



Community and Member Relations

- Community Investment Policy
- Stakeholder Communication Policy
- Member Engagement Policy
- Member Feedback Policy

Governance and Ethics Committee

- Code of Conduct and Business Ethics Policy
- Member Privacy Policy
- Protected Reporting (Whistle Blower) Policy
- Related Party Transactions Policy

Human Resources Policy and Compensation Committee

- Compensation Philosophy Policy
- Employment Principles Policy

Committee Participation

Audit and Risk Committee

Wilbur Coates (Chair), Susan Deane, Craig Lee, Annitta Stenning

Community and Member Relations

Nicole Ritchot (Chair), Wilbur Coates, Margaret Day, Rhonda Forgues

Governance and Ethics Committee

Craig Lee (Chair), Margaret Day, Vera Goussaert, Garry Loewen

Human Resources Policy and Compensation Committee

Dennis Anderson (Chair), Susan Deane, Garry Loewen, Annitta Stenning

Nominating Committee

Vera Goussaert (Chair), Rhonda Forgues, Nicole Ritchot

Moving Forward in 2010

In 2010, the Board of Directors will continue its commitment to strong governance and will:



- continue to engage in learning sessions.
- actively participate in credit union system initiatives, where we demonstrate leadership and contribute insight.

- develop further governing policies, as needed.
- introduce an on-line voting option for members to participate in the 2010 general election process.

Governance Accountability Report

Attendance

Directors of ACU are expected to participate actively in governing the credit union. One of the indicators of participation is attendance at board and committee meetings. The following table provides an overview of director attendance.

Members of the Board As at December 31	Board Meeting Attendance 12 regular	Committee Membership and Attendance				
		Audit and Risk	Community and Member Relations	Governance and Ethics	Human Resources Policy and Compensation	Nominating
Garry Loewen Chair	12/12			5/5	5/5	
Susan Deane Vice-Chair	9/12	6/7			5/5 (from May 2009)	5/5 Chair (to May 2009)
Dennis Anderson Director	12/12				3/5 Chair (from Aug 2009)	5/5 (to May 2009)
Wilbur Coates Director	11/12	7/7 Chair (from Aug 2009)	5/5 (from Jun 2009)		2/2 Chair (to Apr 2009)	
Margaret Day Director	10/12		5/6	4/5		
Rhonda Forgues Director	10/12		6/6			5/5 (from Sep 2009)
Vera Goussaert Director	12/12		1/1 (to Mar 2009)	2/2 (from Aug 2009)		10/10 Chair (from Sep 2009)
Craig Lee Director	11/12	7/7		5/5 Chair		
Nicole Ritchot Director	11/12		6/6 Chair		1/2 (to Apr 2009)	4/5 (from Sep 2009)
Annitta Stenning Director (Elected Apr 2009)	8/8	4/4 (from Aug 2009)			3/3 (from Aug 2009)	

Remuneration

Directors receive an annual retainer and are also paid a per diem for attendance at regular and special board and committee meetings and other eligible meetings as agreed to by the board. In 2009, total remuneration to the Board of Directors was \$174,000. Expenses paid by the credit union on behalf of directors amounted to \$53,000.

Board Training

All directors are expected to complete the Credit Union Director's Achievement (CUDA) program within their first three consecutive years as an elected board member. The CUDA program consists of three levels of workshops (Level A, B and C) that directors must complete. At the end of 2009, five of 10 directors had completed their CUDA training, three directors had completed

Level A and most of Level B and C, and two directors were working on completing Level A and B.

Audit and Risk Committee Report to the Members

The Audit and Risk Committee's primary role is to ensure that an effective enterprise risk-management framework is in place and implemented. Within this framework, the committee assists the board in fulfilling its oversight responsibilities regarding financial risks, including efficiency and effectiveness of operations, safeguarding of assets and members' deposits, compliance with laws, reliability of financial reporting and independence of the external and internal audit functions. This report outlines the key areas of responsibility for the committee and the activities undertaken during the year.

Risk Management

The committee is responsible for gaining assurance that the enterprise risk management framework provides effective management and control of specific financial and regulatory risks. Throughout 2009, the committee developed and reviewed a number of risk-related governing policies and recommended these policies to the board for approval. As well, the committee reviewed management reports related to these governing policies to ensure ACU's risk-management processes are operating effectively.

Control Framework

The committee verifies that the elements of control, such as resources, systems, processes, structure and tasks are in place to support ACU's goals and objectives. The committee sought assurance that Assiniboine's activities are managed with appropriate care and due diligence, that management has implemented appropriate internal controls, and that regulatory requirements are being met. The committee reviewed reports from the Internal Auditor as to the assessment of internal controls, received reports from management on the corporate insurance program, and on Assiniboine's compliance with regulations, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Financial Reporting

Consistent with its responsibility to provide oversight for the reporting of financial results, the committee reviewed and approved the accounting policies used for Assiniboine's financial reporting, gained assurance that effective internal processes were in place to ensure financial information is reliable and fairly presented, and reviewed the quarterly financial statements in detail with management. As well, the committee received updates from management on Assiniboine's conversion to International Financial Reporting Standards. The committee also ensured that an effective process was in place to prepare the annual operating and capital budget and monitor financial performance to the budget. Quarterly, the committee reviewed loan allowances and loan write-offs with management and recommended these to the board for approval. The committee also received and reviewed the annual audited financial statements and recommended the statements to the board for approval.

Internal Audit Function

The committee provides oversight to the internal audit function which includes reviewing, updating and recommending the internal audit mandate to the board and approving the annual internal audit work plan.

The committee also gained assurance that the internal audit function is using a risk-based approach and that the conduct of internal audit is consistent with professional standards. The committee received and reviewed reports from the Internal Auditor, met in-camera with the Internal Auditor several times during the year and evaluated the performance of the internal audit function.

External Auditors

The committee provides oversight of the external auditors to ensure the delivery of effective service to Assiniboine. The committee approved the engagement letter and the external auditors' fees to conduct the audit of Assiniboine's financial statements. As well, the committee reviewed the scope and timing of the external auditors' work, reviewed the auditors' independence and met in-camera with the external auditors. The committee evaluated the services provided by the external auditors and recommended the appointment of the external auditors to the board.



Moving Forward in 2010

In 2010, the Audit and Risk Committee will continue to:



- oversee activities in the area of enterprise risk management.
- develop and update various governing policies.
- monitor and receive updates from management on Assiniboine's conversion to International Financial Reporting Standards.

At Your Service

Member Communication Centre

(1.877) 958.8588
Director: Kelly Milberg

Assiniboine Financial Group

103-900 Harrow Street East
Director: Henley Cunningham

Business and Community Financial Centre

200 Main Street
Director: Ken Penuita

202-900 Harrow Street East
Director: Marcel Rainville

Direct Sales: Dealer Finance and Mortgage Specialists

Director: Dale McMurray

Website

www.assiniboine.mb.ca

Email

cu@assiniboine.mb.ca

Branch Locations

Central Winnipeg

Buffalo

100-275 Broadway
Managers: Craig Giesbrecht
Micheline Rocan

Main at York

200 Main Street
Managers: Maria Bento
Marie Dela Cruz

Medical Arts

233 Kennedy Street
Managers: Darlene Stewart
Tricia McGuinness

West Broadway

640 Broadway
Managers: Brian McIvor
Allison Eidse

West Winnipeg

Charleswood

5930 Roblin Boulevard
Managers: Traci Thomas
Nancy Trauer

Crestview

140-3393 Portage Avenue
Managers: Mladen Bukvic
Linda Hampton

Kenaston

1855 Grant Avenue
Managers: Stuart Roche
Susanne Castell

Portage at Moray

2565 Portage Avenue
Managers: Brad Komistek
Crystal Goulart

Portage at Rutland

1907 Portage Avenue
Managers: Brent Berzuk
Karin Plesh

St. James

694 St. James Street
Managers: Pete Jonker
Lori DeVos

North Winnipeg

Garden City

2211 McPhillips Street
Managers: Ray McMurtry
Jeanne Gibson

Keewatin

1038 Keewatin Street
Managers: Ruth Neskar
Terri Moar

Rivergrove

2567 Main Street
Managers: Bianca Selby
Niki Borys

East Winnipeg

Henderson

655 Henderson Highway
Managers: Barb Laferriere
Cheryl Pope

McLeod

844-A McLeod Avenue
Managers: Stephanie Wiens
Valerie Cook

Regent

1609 Regent Avenue West
Managers: Nicole Riedle
Michelle Biluk Thompson

South Winnipeg

Harrow

100-900 Harrow Avenue East
Managers: Ken Curtis
Lisa Nield

Pembina at Bairdmore N.

2659 Pembina Highway
Managers: Cal Berzuk
Jill Piukkala

St. Mary's

1033 St. Mary's Road
Managers: David Moore
Marilyn Hooper

St. Norbert

3525 Pembina Highway
Managers: Sandra Charette
Sandra Hart

St. Vital

10-200 Meadowood Drive
Managers: Kimberly Sylvester
Christina Abolade

Whyte Ridge

155 Scurfield Boulevard
Managers: Chris Miranda
Aldin Amaca

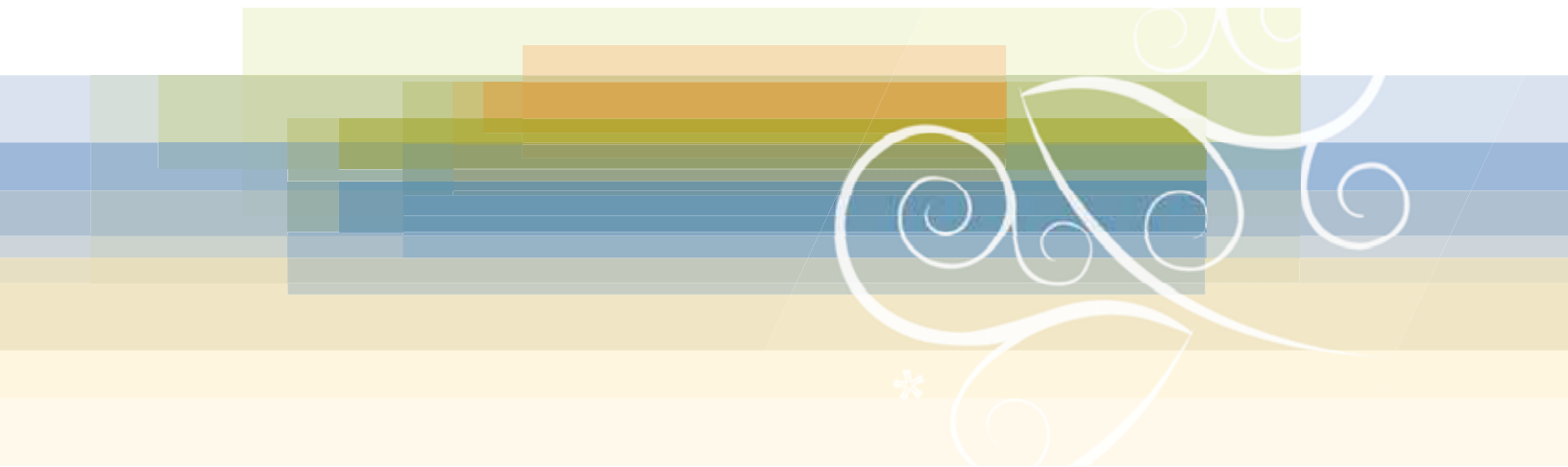
Northern Manitoba

Gillam

Gillam Shopping Centre
Managers: Lana Minary
Marlo Gusberti

Thompson

300 Mystery Lake Road
Managers: Avis Johnston
Tara Devlin



In keeping with our commitment to environmental sustainability, Assiniboine Credit Union chooses to make responsible purchasing decisions by selecting FSC Certified products and an FSC Certified printer in support of responsible forestry management and human rights. Our 2009 Annual Report is also printed on FSC Certified paper made of 100% post-consumer fibers (PCF), is Carbon Neutral Plus, and is 100% renewable green energy and Green Seal™ Certified. The report is printed with low VOC vegetable inks made from renewable resources that are less harmful to the environment by helping to reduce air pollution and minimizing toxic emissions. Vegetable inks are widely recognized as the environmentally sustainable choice. All photography used is digital, which eliminates much of the waste associated with traditional film processing. This entire document can be recycled by separating the metal binding and paper.