

2011 ANNUAL REPORT

*It's bigger than
just banking*



Assiniboine 
CREDIT UNION



*St. Norbert Farmers' Market
ACU Member*



It is here that a single seed planted means a bounty for many.

That the community voice is music to our ears.

That a simple idea sparks a revolutionary venture.

It is here that being a member means something bigger than just banking.

It is here that we live, we choose, we are ... Local.

*Join us, as together we make
good things happen here.*



Mission, Values, Co-op Principles

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

Assiniboine Credit Union is guided by the principles of the international co-operative movement. Your choice to become a member of ACU makes you part of a network of credit unions and thousands of other co-operatives whose members work together to make a difference locally, nationally and internationally. You can take pride in being part of a worldwide movement that values and supports democracy, equity, honesty, openness, social responsibility and caring for others. The International Co-operative Principles are:

Voluntary and Open Membership

Co-operatives are open to everyone, without discrimination.

You, your family, friends, neighbours and co-workers are all welcome at Assiniboine Credit Union. You and every one of our members will receive great personal service.

Democratic Member Control

Co-operatives are controlled by their members through a one member, one vote process. Elected representatives are accountable to the membership.

Your vote counts! As a member and co-owner of Assiniboine Credit Union, you have the opportunity to run for and vote in the election of your Board of Directors.

Member Economic Participation

Members contribute to and democratically control the capital of the co-operative and how profits are used.

When you become a member of Assiniboine Credit Union, you join an organization that provides good, local jobs, offers competitive rates and invests in the local community. You can feel good about having a voice in decisions that benefit you and your community.

Autonomy and Independence

Co-operatives are independent organizations controlled by their members.

When you exercise your democratic right by helping elect your Board of Directors, you play an important role in the co-op.

Education, Training and Information

Co-operatives work to inform and empower employees, members, elected officials and the public through education, training and clear communication.

You can expect to hear from us about the nature and benefits of co-operatives and what's happening at ACU. We communicate regularly with our members through our member newsletter, our website and one-on-one when you call or visit your branch. And we take pride in helping our members build their skills to manage their financial matters.

Co-operation among Co-operatives

Co-operatives work together to best serve their members and fulfill their mandates locally, nationally and internationally.

As an Assiniboine Credit Union member, you are part of a local organization that cares, and also part of the bigger co-operative movement. We support the development of new co-operatives and the expansion of existing co-operatives.

Concern for Community

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

You care about your community and so do we. We use our skills and resources as a financial co-operative to help build sustainable communities.

2011 highlights

With the support of our loyal members, we are proud of the impact we continue to have in our local Manitoba communities. Good things continued to happen in 2011.

Members

110,364

Employees

572 (full-time, part-time, casual and work-experience employees)

How We Served Members

- › 24 Branches: 22 in Winnipeg, 1 in Thompson, 1 in Gillam
- › Network of 40 ATMs
- › CU@HOME Internet Banking
- › CU by PHONE Telephone Banking
- › Member Communication Centre
- › Mobile Banking
- › Business and Community Financial Centre
- › Assiniboine Financial Group
- › Dealer Finance Division
- › Mortgage Specialists
- › Outlook Financial (a division of Assiniboine Credit Union)
- › Winnipeg Insurance Brokers (a wholly owned subsidiary of Assiniboine Credit Union)

How We Were Recognized

MCA Award

On International Credit Union Day, Assiniboine Credit Union was presented with the 2011 Cooperative Achievement Award by the Manitoba Cooperative Association. The award was in recognition of our work with the *AssetBuilders* Partnership.

REES Award

We received the Reaching E-Quality Employment Services (REES) Large Business Star Employer Award in 2011 for excellence and achievement for our work in 2010 with the disAbility community.

Living Wage Employer

ACU was recognized as a Living Wage Employer by the Canadian Centre for Policy Alternatives.

Marketing Association of Credit Unions Awards

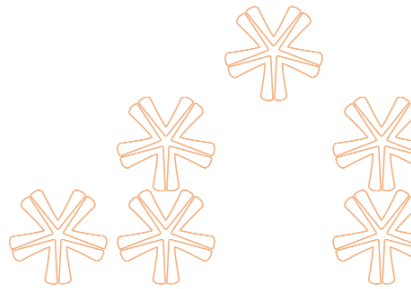
ACU won three national marketing awards from the Marketing Association of Credit Unions for our annual report, member stories campaign and television commercial.

Telly Award

Our brand television commercial also garnered us a Telly Award, an international award honouring the best in television advertising and programming from among more than 11,000 entries worldwide.

Manitoba Business Magazine

ACU was named as one of Manitoba Business Magazine's Top 100 Manitoba Companies.



How We Did in 2011

Diversity as a % of ACU Employees

Aboriginal People	7.7%
People of Colour	23.4%
People with disAbilities	3.5%

Social Responsibility Highlights

I Trust ACU to Make Socially Responsible Business Decisions

Members:	71% agreed or strongly agreed.
Employees:	91% agreed or strongly agreed.

Access to Financial Services

Value of financial services directly benefitting underserved neighbourhoods, organizations, communities and households: \$118.7 million (3.8% of assets).

Environment

47% of employees surveyed chose alternatives to driving alone on their commute to and from work.

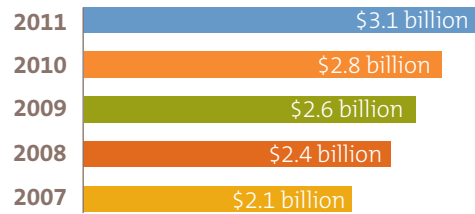
Community

Value of community grants and sponsorships: \$531,900.

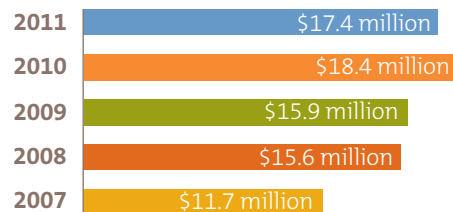
Financial Highlights



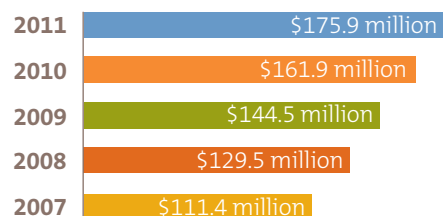
Assets



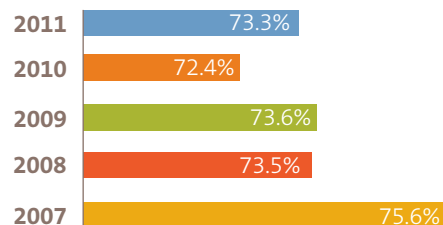
Net Income



Regulatory Equity



Efficiency Ratio



Note: Some numbers have been re-stated for previous years as a result of ACU's transition to International Financial Reporting Standards.

Message from the Board



We reached an important milestone in 2011 in our decision to establish a branch in Winnipeg's North End. With tremendous support from early investors, this branch meets our long-standing commitment to serve people living in underserved communities by providing an alternative to 'fringe' financial services that flourished after the exodus of bank branches over the past 15 years.

Board and management continued our work in response to a member resolution that arose two years ago, questioning the sale of the credit union MasterCard to the American MBNA. While the member's specific concerns have been addressed by the re-sale of MasterCard to a Canadian entity, Assiniboine continues to work with credit unions across the prairies to evaluate a range of options for the provision of credit and debit card services to maximize member benefit.

The Board of Directors sets the direction and vision of the credit union on behalf of our members. We are in the fourth year of our five-year strategic plan and I'm very pleased to say that in addition to establishing a solid foundation that is helping us weather the current economic uncertainty, we have also accomplished many of the goals set out in the current plan. The board and management will begin deliberations on our next strategic plan in the upcoming year.

I wish to thank directors Rhonda Forgues and Annitta Stenning who contributed well to our past success, and I welcome directors Crystal Laborero and Brendan Reimer, who joined the board and filled the void left by Rhonda's and Annitta's departures.

On behalf of the board, I also extend thanks to President and CEO, Al Morin, his management team and employees for another great year. It is through their extraordinary efforts that ACU continues to truly make good things happen for our members and the communities we serve.

A handwritten signature in blue ink that reads "Garry Loewen". The signature is fluid and cursive.

Garry Loewen
CHAIR, BOARD OF DIRECTORS

2011 was marked by turmoil in the global economy. Through events such as the Occupy Movement people took to the streets to voice their concerns over growing economic disparity. While this turmoil was more subdued in Canada than other nations, we are mindful that economies are slowing and that people have growing and justifiable concerns about the uncertainty of these times.

Yet despite these challenging economic times, Assiniboine Credit Union was able to move forward on our commitment to making a positive difference in our local communities, while maintaining a strong equity position.

With good governance in mind, the Board of Directors continued to update our Enterprise Risk Management Philosophy and Framework, and we are confident that the credit union's risks are being effectively managed. We regularly review the suitability of the strategic plan and constantly monitor it to ensure that our goals are on track. And in our on-going efforts to govern in a responsible and prudent manner for a company our size, the board has committed to supplemental director training related to governance practices, risk oversight and strategic planning.



◀ Susan Deane
VICE-CHAIR



◀ Wilbur Coates
DIRECTOR



◀ Brendan Reimer
DIRECTOR



◀ Dennis Anderson
DIRECTOR



◀ Nicole Ritchot
DIRECTOR



◀ Crystal Laborero
DIRECTOR



◀ Margaret Day
DIRECTOR



◀ Craig Lee
DIRECTOR



Vera Goussaert ▶
DIRECTOR

Message from the CEO



The economy was once again front and centre in 2011 and it was inevitable that the economic uncertainty would have an impact on ACU.

The global economic recovery has been slow as both the US and Europe struggle with high debt levels, weak growth and long-term fiscal challenges. While the US economy did make some positive progress as the year went on, a solution to Europe's challenges doesn't appear to be coming forward anytime soon.

The Canadian economy performed relatively well, but unemployment levels have started to creep up, consumer debt levels are at an all-time high and concerns are being raised about a housing bubble. With all of the continued uncertainty, The Bank of Canada held the bank rate steady to help stimulate the economy.

Meantime, despite all this national and global turmoil, I'm pleased to report that ACU continued to generate solid financial performance with strong asset growth and profitability, as well as increasing equity levels.

We ended the year with assets totaling \$3.1 billion. This is an increase of \$282 million or 9.9% over the prior year. Asset growth was driven by strong increases in the deposit portfolio which in turn increased liquidity reserves. The loan portfolio showed more modest growth, increasing by \$126 million or 5.0%. This is a slightly lower growth rate than last year and reflects the slowing economy, increased economic uncertainty, high consumer debt levels and a more cautionary approach to credit by our members. The growth in the consumer portfolio was led by mortgages. The commercial portfolio had another strong year with mortgages being the biggest driver of growth.

The deposit portfolio grew by \$269 million or 10.1% in 2011. Solid growth was achieved in all major deposit categories with savings deposits realizing the strongest levels of growth. Despite interest rates remaining at historically low levels, members favoured the safety offered by savings accounts and term deposits over the volatility seen in the stock markets. Strong relationships with business and community organizations, and ACU's virtual division contributed to strong deposit growth in 2011.

Our net income totaled \$17.4 million, a decrease of 5.3% from the prior year. The profitability results reflect flat revenue growth in 2011 as a result of the slowing economy, the continued economic uncertainty and the extremely low interest rates. With limited revenue growth, we focused on managing operating expenses. As a result, the increase in operating expenses was held to 2.0% which is comparable to the annual inflation rate, and helped ensure the efficiency ratio only increased modestly over 2010. Despite all the factors at play in 2011, ACU continued to maintain a high-quality loan portfolio.

We ended the year with total equity, including all member shares, of \$176 million which is an increase of \$14 million or 8.6% over the prior year. Total equity and member shares now total 5.64% of assets. The retained and contributed surplus portion of equity also grew strongly, increasing 11.0%, ending the year at 4.63% of assets. Equity continues to track ahead of the targets established by the board in ACU's five-year strategic plan.

Our commitment to build ACU's financial strength and resiliency helps ensure ACU has the capacity to make the strategic investments required to provide the products and services to meet our members' needs.

I extend my gratitude to our board for the strong oversight they provided and to our exceptional management team and talented, committed employees whose efforts through this challenging year have resulted in the success we are able to report to our members.

A handwritten signature in black ink, appearing to read 'Al Morin', written in a cursive style.

Al Morin
PRESIDENT AND CHIEF EXECUTIVE OFFICER



◀ **Allan Godfrey**
EXECUTIVE VICE-PRESIDENT
CHIEF FINANCIAL OFFICER



◀ **Mona Forsen**
EXECUTIVE VICE-PRESIDENT
CHIEF OPERATING OFFICER



Gerry Campbell ▶
EXECUTIVE VICE-PRESIDENT
SALES AND SERVICE



◀ **Priscilla Boucher**
VICE-PRESIDENT
CORPORATE SOCIAL RESPONSIBILITY



◀ **Audrey Maeren**
VICE-PRESIDENT
STRATEGY AND CORPORATE
GOVERNANCE



Garry Mitchell ▶
VICE-PRESIDENT
FACILITIES AND
PROCUREMENT



Sharon McMahon ▶
VICE-PRESIDENT
HUMAN RESOURCES



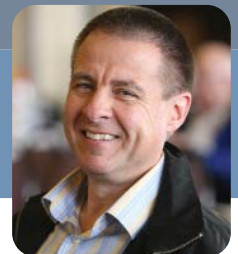
◀ **Craig Peel**
VICE-PRESIDENT
RETAIL SALES AND SERVICE
WINNIPEG SOUTH AND EAST BRANCHES



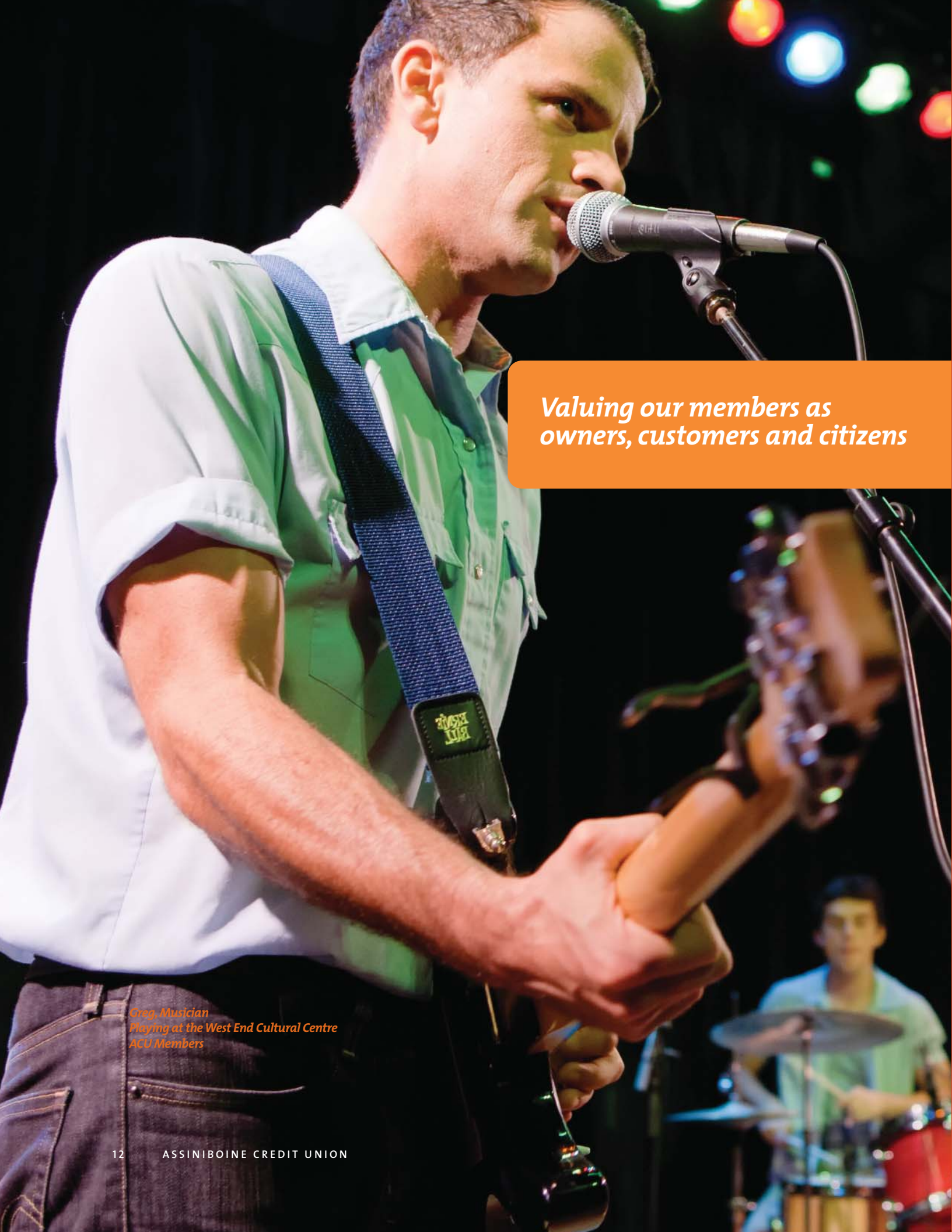
◀ **Randa Stewart**
VICE-PRESIDENT
MARKETING AND
COMMUNICATION



◀ **Diane Bourns**
VICE-PRESIDENT
RETAIL SALES AND SERVICE
WINNIPEG NORTH,
WEST AND NORTHERN
BRANCHES



Bob Brezden ▶
VICE-PRESIDENT
INFORMATION TECHNOLOGY



*Valuing our members as
owners, customers and citizens*

*Greg, Musician
Playing at the West End Cultural Centre
ACU Members*

West End Cultural Centre

Twenty-five years ago, an old inner-city church found new life as a dynamic and eclectic community arts organization. Over the years, the West End Cultural Centre has introduced thousands of concert goers to emerging artists and music outside the mainstream, involved the local community in hands-on music making, and has become one of Winnipeg's best-loved arts organizations.

Assiniboine Credit Union provided financing during some lean years when this non-profit arts centre struggled to keep the doors open. And when times were better and the West End was ready to launch a major capital campaign to address its crumbling building, ACU was again there to support. A major redevelopment resulted in LEED® Silver Certification, a greatly expanded concert hall and increased community programming facilities.

It came as no surprise in 2011 when the West End Cultural Centre received the Western Canada Music Award in the category of "Best Live Music Venue."

*Meg, General Manager
West End Cultural Centre
ACU Members*





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

*Kozielec Family
ACU Members*

The fact that we are a credit union continues to be important to our members. In 2011, nearly three-quarters of ACU members (74%) said they choose to deal with ACU because we are a credit union, not a bank. They pointed to good, friendly service as the biggest difference, followed by our social/community values and co-operative structure.

Our Members as Owners

The members we serve are our owners. Each member owns one share in ACU and has an equal voice (one member, one vote) in decision making, including the election of the Board of Directors. All members have the opportunity to run for a position on the board, and vote for the representatives of their choice.

At ACU members have the option of voting for their directors and member resolutions either online or via mail-in ballot.

Members are able to submit resolutions for consideration by the entire membership, and influence the decisions ACU makes. In 2009, a member submitted a resolution regarding the appropriateness of the purchase of the credit union MasterCard provider, CUETS by the US company, MBNA. Since then, ACU has participated on a Prairie-wide committee conducting research into vendors, changes in the payment industry and predictions for future trends. Meantime, in 2011 the CUETS portfolio, including MasterCard, was purchased by TD Canada Trust, adding another layer of complexity to the committee work. A final decision on our long-term arrangement is expected in 2012.

ACU is committed to engaging regularly with our member-owners and we do so through our day-to-day communication, online and telephone surveys, and our annual general meetings.

Member Participation in the Election Process

	2011	2010	2009
Number of members who voted	4,071	3,143	5,141
Percentage of voting members who voted online	27%	25%	N/A
Percentage of eligible members who voted	4.4%	3.4%	6.0%

Our Members as Customers

As our customers, members can expect expert financial advice and guidance; extensive, sophisticated and competitive products; and a trusted relationship that helps them succeed.

At Assiniboine, members find all the products and services they'd expect from any financial institution, but with great value added. In addition to our 100% unlimited guarantee provided by the Deposit Guarantee Corporation of Manitoba, we offer an array of innovative products, services and programs that further our reputation as a unique financial co-operative.

Serving Our Members

Regardless of where our members are doing business with us, we pride ourselves on being part of their success and always work with their best interest at heart.

The first point of contact for members is often our *Member Communication Centre*. In 2011, representatives answered nearly 300,000 calls while exceeding our service standards by answering over 80% of calls in less than 33 seconds.

Throughout the *branch network* our service representatives, account managers and advisors have extensive training and the experience to build trusted relationships with members, whether they are borrowing, saving, planning or simply transacting. In our larger branches, Senior Financial Advisors have advanced, specialized wealth-management training and are experts in financial planning, investment and retirement planning.

The *Assiniboine Financial Group (AFG)* team of investment professionals works in partnership with the member companies of Credential Financial Inc. to offer expertise in comprehensive wealth management services, including tax-efficient investing, personal and corporate trusts, individual pension plans, business succession planning, estate planning, insurance and retirement-income planning.

AFG is also home to our Socially Responsible Investment (SRI) Specialist. We remain one of the only financial institutions with a dedicated position for members who wish to invest their money to achieve sound financial performance while making a difference. Our specialist offers customized SRI services for members who wish

to manage their investments according to their social and environmental values.

In 2011 SRI funds made up 30% of total mutual fund sales through our branch network and 20% of total mutual fund assets under management at the end of the year. This is well ahead of the Canadian industry. According to the 2010 Canadian SRI Review released in May 2011, SRI mutual funds represent only 1% of total mutual fund assets under management.

Our *Business and Community Financial Centre* is Manitoba's most unique credit union business centre. It is home to financing and other services for organizations of all sizes, from large-to-micro businesses, co-operatives and not-for-profits. In 2011 we merged the two Winnipeg locations into one at 200 Main Street.



Brenda, Owner
It's Raining Cats and Dogs, ACU Business Member

Members benefited from two service alternatives offered by our Direct Sales division. *Dealer Finance* delivers 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 members after hours.

In 2011 we became 100% owners of *Winnipeg Insurance Brokers* which allowed us to expand our service offerings to members by providing access to affordable home and auto insurance options, while continuing to support their credit union.

Mutual funds are offered through Credential Asset Management Inc. and mutual funds and other securities are offered through Credential Securities Inc. Life insurance, financial planning, and investments are offered through Credential Financial Strategies Inc. ©Credential is a registered mark owned by Credential Financial Inc. and is used under license.

Continuously Improving Our Service

While we were pleased that a high percentage of members surveyed in 2010 appreciated the service they received, we strive continually to exceed member expectations. To that end, we made a number of changes in 2011 to address our members' needs.

In order to provide more flexibility for in-branch services and booking appointments, 20 of our branches extended their hours in 2011 and many of our facilities were improved.

We renovated some locations to modernize, increase efficiency, improve member service as well as employee and member comfort. At year end, renovations were well underway on our new North End Branch at 360 McGregor and new AFG offices on Harrow. In addition, building plans were nearing completion for two new branches, one at Portage Avenue and School Road to be built in 2012, and a new branch in Gillam for 2013.



Martha and Cassandra, ACU Members

The largest project, consolidation of multiple departments into the new head-office space at 200 Main was completed.

Two departments established in the past couple of years continued their work to improve efficiencies and help employees deliver exceptional service. The Process Excellence team is charged with finding efficiencies in our processes that lead to a better member experience and/or reduced costs. Our Service Excellence team works as a central knowledge centre to guide staff to meet established service standards of excellence.

At the same time, all member-serving employees and most employees who support them attended training related to an extensive banking-system upgrade, which allowed for an improved and seamless member experience.

We asked our members how they thought we did on the service front in 2011, and compared it with previous years.

Member Satisfaction Survey

	2011	2010	2009
Somewhat or very satisfied with ACU	88%	85%	84%
Agree or strongly agree ACU provides good or exceptional service	79%	76%	77%
Somewhat or very likely to refer ACU to a friend or family member	83%	*	*

* The scale used to rate this question changed in 2011, so results have been excluded for the years 2010 and 2009.

In 2011, the level of overall member satisfaction continued to be high (88%); more than three quarters say that we provide good-to-exceptional service; and a strong majority (83%) would recommend ACU to others.

More Investment in Technology

We continued to invest in technology to strengthen our competitive advantage, provide superior service and meet member demand for service when and where they want it.

More cash recyclers were installed in 2011, bringing the total to 43. Cash recyclers are units that count cash electronically, speeding up deposit verification, which in turn speeds up the service for members. They also dispense cash and detect counterfeit bills.



We significantly increased our e-services this year. Mobile Web offers online banking with optimized speeds fit for web-enabled phones. It gives members full access to accounts, including many of the functions normally used on CU@HOME Internet banking.

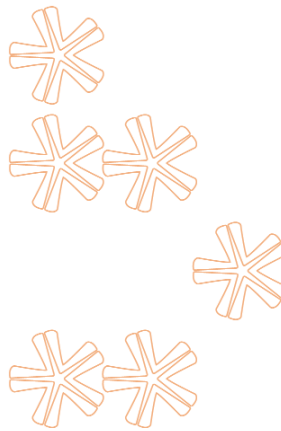
Increased Authentication was added to CU@HOME, boosting confidence in online banking by providing more ways of verifying identification, making it harder for phishing schemes and identity thieves to gain access to members' information.

Recurring Bill Payment and Recurring Transfers were introduced, and are easy ways to manage regular transfers or bill payments on CU@HOME.

e-Statements have proven to be an added convenience for our members and a way to reduce our environmental impact. 8,500 members stopped receiving paper statements in 2011, and the total number of member statements being mailed decreased by 6.3%. While this is encouraging news, we still used 1,370,732 envelopes and printed 1,985,072 sheets of paper for our statements. We continue to encourage members to go paperless for their ACU and Outlook statements.

We reward referrals

We believe a member referral is the best compliment we can get, and our Member Referral Program is an important indicator of member satisfaction and loyalty. In 2011, over \$7 million in new business was referred to us through our Member Referral Program.





Andrea and Victor, ACU Members

Working to protect our members

We believe that members have the right to feel confident that their personal and financial information is secure. In 2011 we continued to upgrade our debit cards to chip card technology, making it harder for card skimming to take place; we increased our online security through Increased Authentication on CU@HOME Internet banking. We continually seek ways to increase the security of the information we hold.

We take our responsibility to protect member privacy very seriously and each year, every ACU employee is required to pass an online privacy tutorial. ACU's Privacy Office issues regular reminders to employees about our Privacy Policy and our obligation to adhere to it.

Our Members as Citizens

Our members are citizens of the communities in which we do business and they care about the well-being of their communities. With our members' support, we are able to invest in organizations working to foster sustainable communities; provide accessible financial services to marginalized members of our community; demonstrate a commitment to environmental sustainability; and help to strengthen co-operatives and the co-operative movement. Please read more on these initiatives starting on page 26.

Each year we ask our members for feedback on what we are doing to make a difference. Consistent with previous years, about two-thirds of members agree that we make a positive difference in the community, say it makes them proud to be a member, and trust us to make socially and environmentally responsible business decisions. Our commitment to social responsibility continues to receive the highest rating from members. However, member trust in our ability to make environmentally responsible decisions declined by 5%. Although we continue to take steps to improve our environmental performance (see section starting on page 40), member awareness of our efforts continues to be a challenge. Overall, few members disagree with the four statements in the table, however about one fifth are unsure or neutral in their responses. This suggests that we may need to better inform our members of what we are doing to make a difference.

Protecting Member Privacy

The most fundamental expectation members have of their financial institution is that their privacy will be respected and protected. We asked our members how important protecting their privacy is to them, and how they think we are doing at ACU. While 85% of members say that protecting their privacy is very important, only 71% agree that we are performing very well in this area. We are working hard to close that gap.

Member Satisfaction Survey

	2011	2010	2009
Privacy being protected is very or extremely important.	85%	85%	83%
ACU is performing very or extremely well in this regard.	71%	69%	67%

Member Survey—Agree or Strongly Agree

	2011	2010	2009
ACU uses its resources and expertise to make a positive difference in the community.	63%	64%	67%
Overall, what ACU does for the community and the environment makes me proud to be a member.	61%	64%	62%
I trust ACU to make business decisions that are socially responsible.	71%	72%	76%
I trust ACU to make business decisions that are environmentally responsible.	62%	67%	70%



Our *commitment* to our members is guided by:

Member Engagement Policy

Commits ACU to engage with members to understand and respond to their material concerns and expectations as: co-operative owners of the credit union; consumers of ACU's financial products and services; and citizens of the communities in which ACU does business.

Member Privacy Policy

Commits ACU to protect members' personal information.

Approval of Personal Memberships Policy

Commits ACU to being open and accessible to members of the community, including those not well served by mainstream financial institutions.

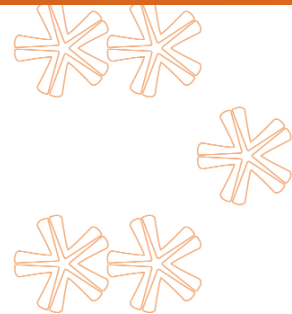


Melrose
Winnipeg Central Park
Women's Resource Centre
ACU Member

Looking Forward to 2012

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

- › complete a comprehensive credit and debit card strategy.
- › move forward with process and service excellence initiatives to deliver consistent and exceptional service.
- › implement new e-service solutions for our members.
- › optimize branch service delivery.
- › restructure our business and community financial services to better serve our members and enhance our community impact.
- › encourage members to migrate to e-statements.
- › continue to educate members to raise awareness of our CSR initiatives.





*Agnes and Jacqueline
ACU Employees*

*Preparing our employees to
deliver member care*

Building our diverse workforce

When Pawan landed in Canada in May 2011, he feared that he would not find employment with a financial institution, despite having education and experience to be a branch manager at a bank in his home country of India.

According to Pawan, “The Immigrant Integration Program appeared like a silver lining in the dark clouds, and recognizing this would be the gateway to my career in the financial sector, I grabbed this opportunity with both hands.”

The Immigrant Integration Program is co-sponsored by Assiniboine, Cambrian and Steinbach credit unions, the Manitoba Government and Employment Projects of Winnipeg.

Pawan was offered a placement in Assiniboine’s 12-week training program, where he excelled. He was soon offered a full-time Member Service Representative position, which he views as a stepping stone along his career path.

“I thank the program partners and ACU in particular for their commitment to community economic development and this excellent opportunity for me personally.”



*Pawanjit Gakhar
ACU Employee*

With more than 500 employees, we are committed to offering fair and meaningful employment in a safe and respectful workplace.

We strive to employ a workforce that reflects the communities we serve and builds on unique perspectives that come from a variety of experiences. We offer an environment where learning is valued and careers are built. We support our employees with progressive human resource practices and give them the training and tools they need to serve our members today and in the future. The result is proud, motivated and diverse employees who are inspired to make a difference in their members' lives and the communities in which we work and live.

People at all levels of the organization work together, play together, volunteer in the community together (see more starting page 34), and celebrate our successes together.

Attracting a Diverse Workforce

In 2011 we developed a Diversity and Inclusion Strategy and a roadmap to move us toward our vision.

Our recruitment efforts are always focused on attracting and retaining a talented workforce that reflects the diversity of the communities we serve, including Aboriginal people, people with disAbilities, and people of colour. 2011 ACU Workforce Diversity Statistics show growth in each diversity group from 2010:

	% of Community	% of ACU Employees		
		2011	2010	2009
Aboriginal People	10%	7.7%	7.4%	7.1%
People of Colour	16%	23.4%	20.5%	18.4%
People with disAbilities	6.4%	3.5%	3.2%	3.0%

Statistics for Aboriginal people and people of colour were taken from the 2006 Statistics Canada census using Winnipeg data. Statistics for people 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).



ACU Employees Volunteer at Habitat for Humanity

For the first time, in 2011, as part of our employee satisfaction survey, we invited employees to identify if they belonged to an employment equity group. This positions ACU to better understand employee satisfaction and engagement by diversity group and provides a benchmark for future comparisons and trending.

We continued to partner with various community organizations and schools to attract employees from diverse communities, including those facing barriers to employment.

In 2011 we held our first job fair specifically to recruit Member Service Representatives and Member Communication Centre Representatives. We advertised the job fair through the following community partner organizations working with Aboriginals, newcomers and people living with a disAbility: Aboriginal Job Centre; Alicia Rae Career Centre; Centre for Aboriginal Human Resource Development; Employment Solutions for Immigrant Youth; NEEDS INC.; Opportunities for Employment; Reaching E-Quality Employment Services (REES); and Youth Work Experience Initiative. Through this effort, 27 candidates were hired—four as Member Communication Centre Representatives and 23 as part-time Member Service Representatives.

ACU employees also made presentations to Aboriginal students of the University of Winnipeg and Red River College. The presentations introduced Assiniboine Credit Union as a career option and encouraged post-secondary students to apply for positions within our organization.

In addition, ACU attended the REES Ability Access Employment Expo, the Employment Solutions for Immigrant Youth Career Fair, and met with representatives of the Youth Work Experience Initiative.

We also partnered with the following organizations:

- *Argyle Alternative High School*
 Participants are at-risk youth, and many are Aboriginal. In 2011, we offered 18 weeks of workplace training (3 hours/week) for two participants.
- *Reaching E-Quality Employment Services*
 REES is a community-based employment service assisting people with physical disAbilities or health conditions to gain employment. ACU partnered with REES to deliver a six-week work experience for a participant in the REES Youth Employment Project (YEP).
- *Urban Circle*
 Urban Circle is a non-profit, community-based organization whose objectives are to provide Aboriginal people with skill-specific training targeted to job-market demands. ACU provided job shadowing experience for two Urban Circle students in 2011 and we continue to serve in an advisory capacity.
- *Fire Spirit Aboriginal Youth Internship*
 Participants are Aboriginal youth in grades 10 to 12. ACU partnered with Fire Spirit to provide an 18-week work experience. Upon completion of the program, our participant returned to school to complete her grade 12 education.
- *Employment Projects of Winnipeg*
 Employment Projects of Winnipeg assists with the credit union Immigration Integration Program (IIP). ACU participated in pre-screening and interviewing applicants for the IIP. Four applicants were invited to participate in the program, and all four were offered positions at ACU. ACU also provided a three-week placement for an immigrant student participating in the English as an Alternative Language Program at Red River College.

- *Youth Work Experience Initiative (YWEI)*
 YWEI works mainly with new Canadians and Aboriginal young adults, up to age 30. Through YWEI a new Canadian with banking experience was placed in a 16-week work-experience program.
- *Ability Axis Employment Expo*
 The Ability Axis Employment Expo is an annual celebration of employment and career opportunities for people with disAbilities in Manitoba. Through this expo ACU hired a full-time Member Service Representative.



A Living-Wage Employer

ACU is committed to providing equal pay for work of equal value and ensuring employee compensation levels reflect a reasonable standard of living. We start by paying a living wage. In 2011, the Canadian Centre for Policy Alternatives reviewed our salaries and benefits, after which they confirmed that ACU's compensation package fits the criteria for a "living-wage employer." We then incorporated a living-wage commitment into our Compensation Philosophy.

IT IS HERE THAT LIVES ARE CHANGED AS CAREERS FLOURISH



ACU Employee Family Fun Day and BBQ

Supporting Our Employees to Serve Our Members

As the result of substantial enhancements to our banking system, we delivered training to all member-serving employees and the staff who work behind the scenes to support them. The enhancements allow employees to process transactions more efficiently, thereby delivering better service.

We completed a major project that saw renovations to the corporate office in downtown Winnipeg and the movement of an additional 130 employees from buildings throughout the city to the Main Street location. By centralizing support units, we strengthened inter-departmental relationships with the common goal of supporting the employees who work with our members.

The focus on training continued in 2011, with the development and delivery of core programs designed to enhance the quality of member experience at ACU, starting with enhancing the Employee Orientation and the Member Service Representative Training Program.

We began work to build a new employee intranet. Upon implementation in 2012, employees will experience a communication hub and an enhanced set of tools with which they can perform their duties and enhance member service.

The Senior Management Team continued its commitment to employee engagement by conducting multiple ‘roadshows’ in 2011, designed to share strategic information and seek employee input.

Engaging Our Employees

We conduct an annual employee satisfaction survey to understand how employees feel about a variety of topics, including our commitment to being a leader in social responsibility.

Overall employee satisfaction continues to be high as demonstrated by the 2011 survey results.

Employee Satisfaction Survey—Agree or Strongly Agree

	2011	2010	2009
Overall satisfied with ACU	86%	82%	81%
ACU provides opportunities at work to learn and develop new skills	81%	77%	76%
I would recommend ACU to my friends as a good place to work	80%	74%	73%



In 2011, employee support for what ACU is doing to make a difference continues to be very strong and is an important measure of employee engagement for us.

Employee Survey — Agree or Strongly Agree

	2011	2010	2009
I believe in ACU's mission and values.	89%	87%	86%
ACU uses its resources and expertise to make a positive difference in the community.	92%	91%	90%
Overall, what ACU does for the community and environment makes me proud to be an employee.	88%	86%	85%
I trust ACU to make business decisions that are socially responsible.	91%	89%	88%
I trust ACU to make business decisions that are environmentally responsible.	92%	89%	88%

Consistent with previous years, about 90% of ACU employees expressed strong belief in our mission and values, agree that ACU makes a positive difference in the community, trust ACU to make socially and environmentally responsible business decisions, and say that what ACU does for the community and environment makes them proud to work here.

Our *commitment* to our employees is guided by:

Employment Principles Policy

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

Commits ACU to fairly compensating employees and ensuring compensation levels reflect a living wage. Our compensation and benefit programs are aligned with our values, mission and strategies and are consistent with our desire to treat employees equitably, be competitive in the labour market and reward employees for their contributions to ACU's success.

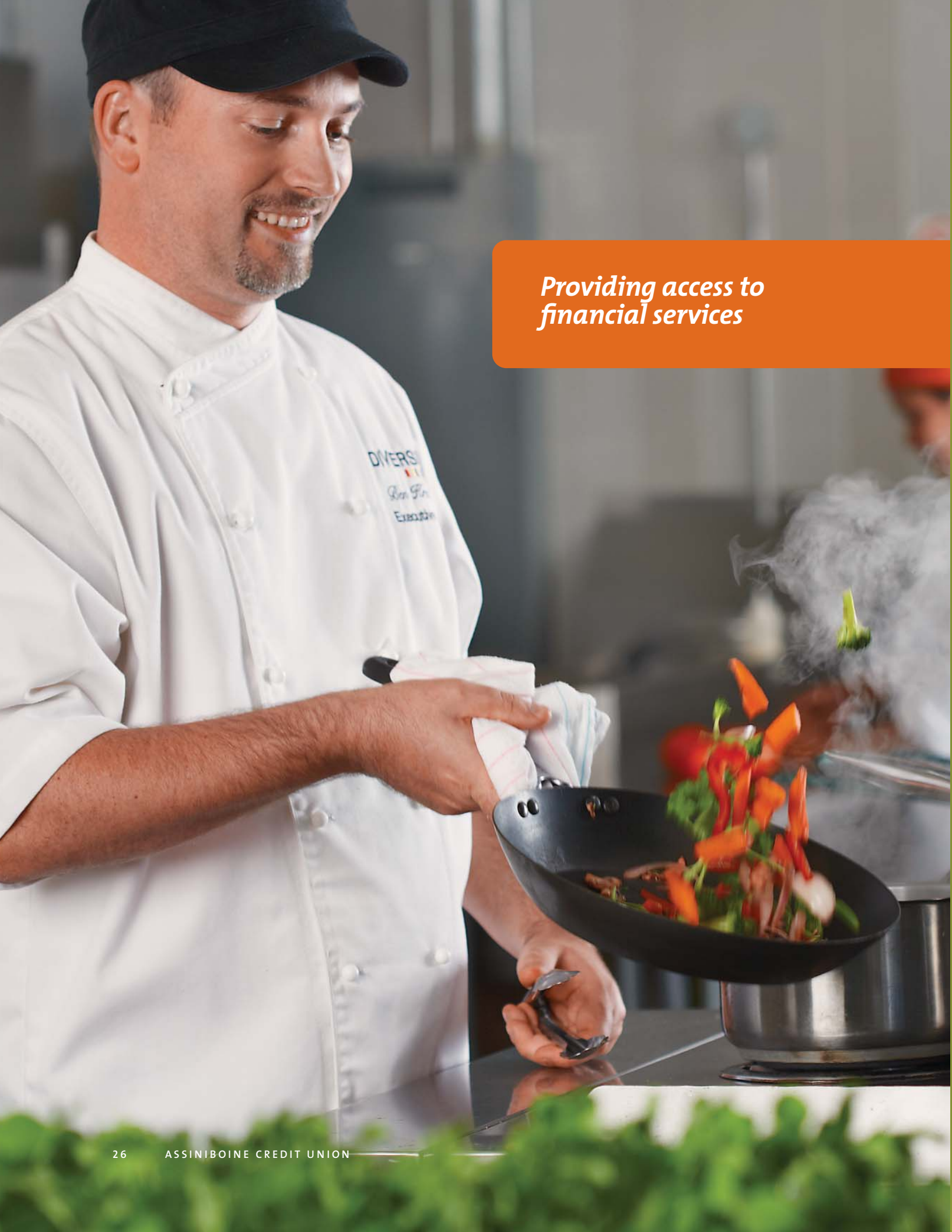


ACU Employees volunteer at Siloam Mission

Looking Forward to 2012

We will continue to work toward being an employer of choice, ensuring a diverse workforce and preparing our employees to deliver exceptional member service by:

- implementing initiatives on our Diversity and Inclusion Roadmap and conducting an employee diversity census.
- launching a new employee intranet.
- focusing on continuous learning and expanding the Core Training Program, including a new Management Essentials Program.



*Providing access to
financial services*

Diversity Food Services

The University of Winnipeg wanted to change its approach to institutional cafeteria food services on campus. Together with the non-profit SEED Winnipeg they created Diversity Food Services to provide nutritious, fairly priced and ethnically diverse food on campus as well as catering to the broader community. Diversity is a unique social enterprise providing meaningful jobs and training for new Canadians, Aboriginal people and others facing barriers to employment. Since 2009, Assiniboine Credit Union has provided financing to start up four Diversity restaurants and a food catering business.

With a grant from ACU, Diversity designed a worker ownership structure and is educating workers on the risks and benefits of worker ownership and training them on the skills necessary to play an ownership role in the business.

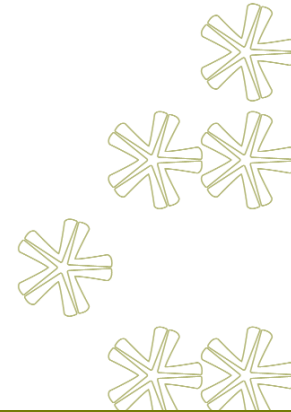
Award winning Diversity Foods is revolutionizing campus food services and serving as an inspiration for others across the country.

Chef Ben and Nybol, Diversity Food Services
ACU Members 



In 2011 we continued to provide access to affordable financial services for the benefit of underserved neighbourhoods, organizations, communities and households.

At the end of 2011, the value of these services (loans, deposits) was nearly \$119 million, an increase of \$17 million from 2010. More than half of this growth came from early investors in our new North End Branch and new community financing.



Accessible Financial Services

Financial Services	2011	2010	2009
<ul style="list-style-type: none"> › Branches in underserved neighbourhoods › Community financing › Access products, services, and partnerships 	\$119 million	\$102 million	\$80 million
Portfolio as % of total assets at December 31	3.8%	3.6%	3.1%



Branches in Underserved Neighbourhoods

Our West Broadway Branch opened in 2001 to fill a gap in financial services. Today, it continues to grow, serving an inner-city neighbourhood with one of the lowest average household incomes in Winnipeg.

In 2011 we moved forward with plans to open a branch in Winnipeg’s North End, a neighbourhood that has seen the closure of 10 bank branches and the rise of 16 fringe financial outlets (cheque-cashers,

payday loans, pawnshops) since 1996. We grew the list of early investors who brought new business to ACU for the branch, renovated a building at 360 McGregor Street at College Avenue, hired staff, and got ready to open the doors in January 2012.

To support community economic development we hired Inner City Renovations as our general contractor with the mandate to source labour and supplies from the North End as much as possible. In addition to serving North End residents, local businesses and non-profits, our McGregor Branch will work with community partners to reach out to residents with no or limited access to a bank account or other basic services.

Community Financing

Through our Business and Community Financial Centre we offer unique expertise in financing non-profits, co-operatives, social enterprises, and micro-entrepreneurs unable to meet conventional lending criteria. We focus on affordable housing projects and community facilities such as daycares and cultural centres. We also provide micro-credit to support the startup and expansion of small and micro-enterprises.

In 2011 we approved \$12.1 million in new financing, up from \$9.3 million in 2010. The total invested at the end of the year grew to \$42.3 million, an increase of 12.8% over 2010. However, the number of organizations we financed decreased from 60 to 37 due primarily to the wind-down of Western Economic Diversification (WED)'s Micro-Loan Fund programs across the western provinces. ACU's agreement with WED ended March 31, 2011, making it difficult to provide the same level of access to micro-credit for business startup and expansion.

Community Financing

	2011	2010	2009
New financing approved (in millions)	\$12.1	\$9.3	\$7.7
Number of organizations financed	37	60	82
Total invested at December 31	\$42.3	\$37.5	\$35.1

2011 saw a growth in financing for non-profits to acquire and/or upgrade community facilities. Of the \$12.1 million in new financing approved in 2011, two-thirds was for this purpose.

This was driven in part by government funding available through the Canada-Manitoba Infrastructure Program. We provided bridge financing to non-profits on the strength of approved grants under this program. We also financed facilities for social enterprises and co-operative ventures. For example, we provided a loan for a new social-enterprise business park on Main Street, which will include a building-materials warehouse, carpentry training centre, energy-retrofit business and others under the same roof.

In 2011 we provided additional funding to the Women's Enterprise Centre (WEC) for their WEC-Tech Program, which helps women entrepreneurs adopt and use technology to strengthen their business. We also continued to partner with The Jubilee Fund to finance community economic development initiatives unable to obtain conventional credit. For example, together we provided startup financing for a new entrepreneur who came to Canada as a refugee and needed funds to start a janitorial cleaning franchise. We also provided financing to the social enterprise Diversity Food Services for its new restaurant, Elements, which serves University of Winnipeg students and the surrounding downtown community. Diversity provides affordable, healthy, and ethnically diverse food and trains and employs people from ethnically diverse origins who face barriers to meaningful work.

2011 Community Financing

Focus of Investment	New Financing approved in 2011 ¹	Organizations Financed in 2011	Total Invested at December 31, 2011 ²
Affordable Housing	\$3.6	4	\$22.2 million
Community Facilities	\$8.2	23	\$16.9 million
Micro-Credit for Business Startup and Expansion	\$0.3	10	\$3.2 million
Total	\$12.1	37	\$42.3 million

¹Includes lines of credit.

²Outstanding balance of loans, mortgages, lines of credit.

Access Products, Services and Partnerships

In 2011 we implemented an expanded list of acceptable identification and new guidelines to enhance access to ACU membership and accounts through our branch network. We continued to reach out to communities and households with no or limited access to affordable financial services, offering specially designed access products and services either directly or through community partnerships.

We moved forward with initiatives to meet the needs of the Muslim and Aboriginal communities of Winnipeg. We continued to pilot our Islamic Mortgage, which was launched in May 2010. The product offers a unique financing arrangement acceptable to those of Islamic faith and makes it possible for them to finance the purchase of a home.

We also continued to participate in the Manitoba Tipi Mitawa Home Ownership Program by offering mortgage financing for urban Aboriginal families approved through the program. Launched in 2008 by the Manitoba Real Estate Association and the Assembly of Manitoba Chiefs, the program pays a portion of the required down payment, provides subsidies to reduce monthly mortgage payments, and offers mandatory education on home ownership. Four families purchased homes through this program in 2011.

In 2011 we welcomed 499 new members to ACU through three community partnerships designed to benefit individuals with no or limited access to financial services. We also began work on a program for expanding access to ACU through community partnerships across the city.

Community Financial Services Centre

We continued to partner with the North End Community Renewal Corporation (NECRC) to provide access to accounts and financial education through the Community Financial Services Centre (CFSC). Community partners in the North End refer clients to the CFSC where they are supported to establish a relationship with a mainstream financial institution. Since launch in late 2006, ACU has been the only participating financial institution. In 2011 we worked with Aboriginal-owned Me-Dian Credit Union to

facilitate their participation and provide more choice for CFSC clients.

During 2011, a dedicated Assiniboine employee was at the CFSC two days a week, opened accounts for 164 new members, and provided non-cash services such as cheque depositing, direct deposit set up, and financial advice. The use of direct deposits increased to 67%, primarily because Employment and Income Assistance now requires direct deposit for their clients.

At the end of 2011, important changes were underway for the CFSC. After community consultations by NECRC, lack of government-issued identification was acknowledged as a significant issue for residents of the North End. Plans are in place to transition the CFSC to an ID clinic called Citizens' Bridge in mid-2012. To support this change, we will work with NECRC and community partners to encourage referrals to Me-Dian Credit Union and ACU's North End Branch on McGregor.

Community Financial Services Centre

	2011	2010	2009
Number of community partners making referrals	19	19	15
Number of CFSC clients who are ACU members	752	591	311
Percentage of CFSC clients receiving direct deposits into their ACU account (thus avoiding use of cheque-cashing outlets)	67%	60%	59%



Lani, participant of the SEED Asset Building Program ACU Member

2011 CFSC Community Referral Partners

- *Aboriginal Visioning for the North End*
- *BUILD (Building Urban Industry for Local Development)*
- *Community Financial Counseling Services*
- *Elizabeth Fry Society of Manitoba*
- *Employment and Income Assistance (EIA) — Main Street and Rorie Street*
- *IRCOM (Immigrant and Refugee Community Organization of Manitoba)*
- *Indian Family Centre*
- *Ma Mawi Wi Chi Itata Centre*
- *Métis Child, Family and Community Services*
- *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*
- *Point Douglas WRHA Community Mental Health Program*
- *SEED Winnipeg (Supporting Employment and Economic Development)*
- *Urban Circle Training Centre*

Asset Building Programs

As a founding member of the *AssetBuilders* Partnership, ACU provides a specially designed Matched Savings Account for participants of poverty-reducing asset building programs. Participants receive money-management training from a non-profit partner and are supported to achieve their personal savings goal using their ACU Matched Savings Account. Every dollar saved is matched three-to-one with dollars from United Way of Winnipeg and other funders.

In 2011, 631 participants of asset building programs used ACU's Matched Savings Account to save for personal asset goals. Of these, 218 successfully completed the program and used their savings plus matching funds from the program provider to purchase assets worth \$379,329. Since 2000, participants have purchased over \$2.4 million in assets.

This year, ACU raised nearly \$105,000 for the Winnipeg *AssetBuilders* Partnership through our employee-led United Way Campaign. Through a special arrangement with United Way of Winnipeg, we have raised nearly \$400,000 for these programs since 2007.



Chair, Garry Loewen (centre), accepting the Cooperative Achievement Award for ACU'S contribution to the AssetBuilders Partnership

In 2011 we were honoured to receive the Cooperative Achievement Award from the Manitoba Cooperative Association for our contribution to the *AssetBuilders* Partnership. ACU, along with SEED Winnipeg and United Way of Winnipeg, helped to found the first asset building program in 2000. There are now 13 programs supported by ACU, including one in Thompson.

Saving for Assets

	2011	2010	2009
Number of savers using ACU Matched Savings Account	631	519	480
Number of graduates (completed asset building program)	218	191	178
Total savings used to purchase assets	\$107,167	\$91,954	\$79,701
Matched funds provided for purchases	\$272,162	\$221,573	\$193,736
Total value of assets purchased by savers	\$379,329	\$313,527	\$273,437

Source: ACU and SEED Winnipeg

IT IS HERE THAT BEING A MEMBER IS BIGGER THAN JUST BANKING

2011 Asset Building Program Providers Served by ACU

- › BUILD (Building Urban Industry for Local Development)
- › Fort Garry Women's Resource Centre
- › IRCOM (Immigrant & Refugee Community Organization of Manitoba)
- › 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 (Society for Manitobans with Disabilities)
- › Thompson Neighbourhood Renewal Corporation
- › Urban Circle Training Centre
- › Villa Rosa

Ninety-seven families were referred to ACU where they opened 144 plans and made 161 applications for the Canada Learning Bond thereby accessing a potential \$322,000 in grants. Since launch in July 2010, this referral program has helped families access up to \$500,000 in Canada Learning Bonds for their children's education.

SEED RESP Referral Program

	2011	2010 (Jul-Dec)	Total to Date
New RESPs opened (individual and family)	144	71	215
Applications made for Canada Learning Bond	161	89	250

Graduates of the Community Schools Investigators (CSI) summer enrichment program, run by the Boys and Girls Clubs of Winnipeg, are also eligible for RESP referrals. CSI graduates qualify for a \$400 bursary and parents can choose to deposit that bursary into an RESP. Both ACU and SEED Winnipeg provide a \$50 top-up grant to the first 260 RESPs opened for CSI graduates, to raise the value of the bursary to \$500 and trigger a higher rate of interest. To date, 204 CSI bursaries have been invested in RESPs through ACU. Many families who come to ACU because of the CSI Bursary also open family plans for children not currently enrolled in the CSI program.

RESPs for CSI Graduates

	2011	2010 (Jul-Dec)	Total to Date
Number of CSI bursaries invested in RESPs	141	63	204
Value of RESPs opened for CSI graduates, including ACU/SEED grants	\$78,300	\$31,500	\$109,800



SEED Winnipeg RESP Referral Program

In 2011 we continued to partner with SEED Winnipeg to help families living on low income better understand and open Registered Education Savings Plans (RESPs), apply for special grants such as the Canada Learning Bond, and save for their children's post-secondary education. SEED provides information and hands-on support, and refers the families to ACU through a special process that makes it easy for them to open RESPs and apply for the special benefits.

In 2011, SEED Winnipeg hosted information sessions in 13 community schools and assisted parents to obtain the required documents to open RESPs and apply for special grants.

Building Assets and Inclusive Financial Services

In 2011 we worked with others to advance asset building programs locally and nationally. Along with SEED Winnipeg and United Way of Winnipeg, we hosted the first national Asset Building Learning Exchange (ABLE) in Winnipeg to share knowledge and strategies for reducing poverty through asset building programs. ACU was part of the ABLE working group that was formed to continue the work across Canada. We also joined the Asset Building Working Group of the Winnipeg Poverty Reduction Council to help improve access to financial services that support savings and asset building.

At the 2nd Law and Philanthropy Symposium in Winnipeg, we highlighted ACU's approach to financing non-profits and social enterprises while taking part in a panel discussion on Social Finance and Social Enterprise.

We also presented on our approach to financial inclusion to a group of national and international delegates attending the Association of Cooperative Educators (ACE) summer institute in Winnipeg.

*Splash Child Enrichment Centre
ACU Member*



Looking Forward to 2012

To move forward with expanding access to affordable financial services we will:

- open our new McGregor at College Branch in Winnipeg's North End.
- work with NECRC and community partners to ensure continued access to services when the CFSC transitions to an ID clinic.
- complete development of a city-wide program for expanding access to ACU through community partnerships.
- begin development of a community credit policy that considers both risk and community value in lending decisions.

Investing for sustainable communities



*MAWA: Mentoring Artists for Women's Art
Grant Recipient*

MAWA: Mentoring Artists for Women's Art

In 2011, Assiniboine supported MAWA with a Sustainable Community Grant to reach out to talented artisans who were newcomers to Canada. The resulting partnership between MAWA & IRCOM (Immigrant and Refugee Community Organization of Manitoba) led to a series of workshops at which senior craftswomen gained valuable job experience as they shared their traditional craft skills with visual artists. The "Crafternoon" workshops provided a welcoming space and a warm atmosphere as instructors and participants shared techniques, food and laughter. The resulting cross-cultural dialog helped the new Canadians feel at home. Many have continued to attend MAWA events and have forged relationships within the arts community.



IT IS HERE THAT THE COMMUNITY VOICE IS MUSIC TO OUR EARS

In 2011 we invested financial and non-financial resources to support organizations working to build self-reliant and sustainable communities. We also joined LBG Canada, a network of companies seeking to measure, report, and maximize the impact of their community investments. Our goal is to better understand, report on, and demonstrate the value of our community investments.

Community Grants and Sponsorships

As ACU grows, so does our financial contribution to community. In 2011, we invested nearly \$532,000 in the community through grants and sponsorships, up 14% from 2010. The national standard for excellence in corporate community investment is Imagine Canada’s “Caring Company” commitment of 1%. We are proud to say that ACU invests a minimum 2% of pre-tax earnings (averaged over 3 years) in the community through grants alone.

Community Grants

Through grants, we invest in projects and ongoing programs that help achieve our community investment goals. In 2011 we invested \$397,500 in 83 organizations. Nearly 60% of funds were invested for community renewal, and 60% benefitted people living in poverty, Aboriginal people, newcomers, youth and other marginalized communities. The full list of 2011 community grants can be found on our website.

2011 Grants by Community Investment Goal

Community Investment Goal	% Total Dollars
Community Renewal	58%
Environmental Sustainability	18%
Co-operative Development	18%
CSR Leadership	5%
Other	1%
Total	100%



Community Grants and Sponsorships

	2011	2010	2009
Grants	\$397,500	\$360,700	\$305,000
Sponsorships	\$134,400	\$106,200	\$98,500
Total	\$531,900	\$466,900	\$403,500

In 2011 we became a lead partner in The Winnipeg Foundation’s Nourishing Potential Fund, which helps community programs provide nutritious food for children and youth so they can learn and develop to their full potential. ACU will contribute a total \$250,000 to the fund over approximately five years.

In early 2011 we held our first Inspired by Community event to recognize and celebrate the good work of ACU grant recipients. It was a chance for ACU and community representatives to get to know each other. As one attendee commented, “I felt a real sense of ‘wow’ to be with so many people who care so much about our city and its people.”

Community Sponsorships

Through community sponsorships we support events that benefit our community while providing ACU with recognition and profile. In 2011 we donated over \$134,000 to 102 organizations working in the areas of community renewal, environmental sustainability, co-operative development, arts and culture, human rights and social inclusion. The full list of 2011 community sponsorships can be found on our website.

2011 Community Sponsorships by Program Area

Program Area	% Total Dollars
Community Fundraisers (ACU members only)	19%
Arts & Cultural Events	23%
Community Festivals, Celebrations, Awards	29%
Other (e.g. learning events)	29%
Total	100%

We sponsored a wide range of events such as the Sherbrook Street Festival, Aboriginal Education Awards, Commuter Challenge, Mentoring Artists for Women’s Art (MAWA)’s Art Auction & Cupcake Party, and the Food Matters Manitoba Growing Local Conference.

Engaging ACU Employees in the Community

In 2011 ACU employees volunteered for a number of community-led initiatives including:

- Fair Trade Manitoba’s One Month Challenge
- The Jubilee Fund Annual Art Auction
- Habitat for Humanity Winnipeg home build
- L.I.T.E. (Local Investment Toward Employment)
Wild Blueberry Breakfast and Alternative Christmas Hamper

Through our 2011 employee-led United Way Campaign we raised over \$110,000 from employee pledges, special events and ACU’s corporate donation. Of this, over 95% (\$105,000) was pledged to the Winnipeg AssetBuilders Partnership for asset building programs. Fifty-four per cent of employees participated in this campaign.

Photo courtesy of The Winnipeg Foundation



Responding to Natural Disasters

2011 was marked by a number of natural disasters affecting millions of lives. In response, we set up special accounts to accept donations to the Canadian Red Cross for the earthquake and tsunami in Japan, the drought in the Horn of Africa, and flooding in Manitoba. We also accepted donations to the Co-operative Development Foundation of Canada to support members of small co-operatives in the Philippines who lost their livelihoods in major flooding after a tropical storm.

Investing with our Purchasing Dollars

We look for opportunities to 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.

In 2011 we invested in the success of 17 inner-city businesses, co-operatives, fair-trade suppliers and social enterprises by purchasing \$143,827 worth of goods and services from them. This includes hiring Inner City Renovation (ICR) to renovate the building for our new McGregor at College Branch in the North End of Winnipeg.

IT IS HERE THAT THE COMMUNITY VOICE IS MUSIC TO OUR EARS



2011 Community Impact Purchasing

Name of Enterprise	Type of Enterprise
➤ Cosmopolitan Florists	Inner-city Business
➤ Diversity Catering	Social Enterprise
➤ Food for Thought	Inner-city Business
➤ FortWhyte Farms	Social Enterprise
➤ Green Bean Coffee Imports	Fair Trade Supplier
➤ Inner City Renovation	Social Enterprise
➤ Mondragon Bookstore and Coffeehouse	Worker Co-operative
➤ Mountain Equipment Co-op	Retail Co-operative
➤ Natural Cycle Courier	Worker Co-operative
➤ Neechi Foods Co-Op	Aboriginal Co-operative
➤ Northern Star Worker Co-op	Aboriginal Co-operative
➤ Organic Planet Worker Co-Op	Worker Co-operative
➤ Pollocks Hardware Co-op	Worker Co-operative
➤ Selkirk & District Community Learning: Responsible Electronics Recycling & Computer Library	Social Enterprise
➤ Soup Bee	Social Enterprise
➤ Ten Thousand Villages	Fair Trade Supplier
➤ West Central Women's Resource Centre Child-minding Program	Social Enterprise

Investing in Employment Development

We continued to work with community partners to provide workplace training and employment opportunities for individuals facing barriers to employment.

Through our employment development partnerships we provided 3,007 hours of workplace training to 12 participants. Seven completed their training and five were still in training at year end.

We offered paid employment to six participants who completed their training: one full-time, one full-time term, one part-time and three were offered summer employment. For more information on these partnerships see the Employee section of this report on page 23.

2011 Employment Development Partners

- *Argyle Alternative High School*
- *Fire Spirit Aboriginal Youth Internship*
- *Employment Projects of Winnipeg/Immigrant Integration Program*
- *Reaching E-Quality Employment Services (REES) Youth Employment Program*
- *Youth Work Experience Initiative (YWEI)*
- *Urban Circle*
- *Ability Axis Employment Expo*

Community Investment Movement

In 2011 we continued to be an active member of the Canadian Community Economic Development Network (CCEDNet) in Manitoba and sponsored the annual CCEDNet Gathering. There we presented a workshop on 'Banking for Justice—The Credit Union Potential.'

We participated in a working group to encourage development of a strong social-enterprise sector in Winnipeg and helped fund research to understand the size and scope of the sector in Manitoba. Nationally, we supported the 4th Annual Canadian Conference on Social Enterprise in Halifax.



Photography by Jeff Miller – 100 Acre Woods Photography

*Students at the Culinary Arts program at Sturgeon Heights Collegiate
Food Matters Manitoba
ACU Grant recipient*

Looking Forward to 2012

To move forward with investing in the community we will:

- host our second Inspired by Community event to celebrate the contribution of ACU's 2011 community grant recipients and the opening of our new McGregor Branch in the North End.
- launch a new grant program to support the development of co-operative ventures and social enterprises in Winnipeg.



Respecting the environment



Your Greener Home

We continued to work with the Manitoba Chapter of the Canada Green Building Council and WinnipegREALTORS® to raise awareness of *Your Greener Home* resource materials.

A greener home is one that provides healthier and more comfortable living spaces and has features that reduce its impact on the environment by:

- › using energy, water, land and materials more efficiently.
- › providing a healthy habitat for the people who live in it.
- › using materials that protect human health and the natural environment.
- › minimizing the impact on the land it's built on and the surrounding area.
- › being located within walking or biking distance to schools, transit routes, grocery stores and other essential services.

The ACU website is a hub of online resources for those wanting to build, renovate, sell or purchase a greener home and provides links to a number of provincial, federal and Manitoba Hydro incentive and grant programs related to home energy efficiency.



Assiniboine Credit Union did not achieve significant environmental improvements in 2011. However, we moved forward with our Environmental Management System (EMS) and set the foundation for engaging employees in our environmental efforts.

Environmental Management System

In 2011 we established several of the core elements of an Environmental Management System for integrating environmental responsibility and leadership into all areas of the credit union. We used the ISO 14001 Environmental Management Standard and the Global Reporting Initiative (GRI) to guide this work, which we intend to complete in 2012.



Engaging Our Employees

We established an enterprise-wide Eco-Excellence Team to inform the development of our environmental management system and ensure an integrated and co-ordinated approach to improving environmental performance throughout ACU. The team is composed of senior level representatives from business units that can help drive performance. In 2011 the team developed our first integrated Eco-Action Plan, which will be implemented in 2012.

We launched an employee Eco-Excellence Pledge Program to encourage workplace actions that help ACU meet our environmental goals. In its first seven months, nearly 50% of ACU employees took the pledge and many submitted ideas for how to improve our performance.

Reducing Our Environmental Footprint

We did not make much progress in reducing our environmental footprint in 2011. In fact, energy use increased, due primarily to the consolidation of more staff at our corporate office; and office paper use was unchanged from 2010. The biggest improvement was the significant increase in employees choosing alternatives to driving alone for commuting to and from work.

Energy Use

Our total energy use in 2011 increased significantly compared to the previous two years. The largest contributor was 200 Main where energy use increased by 6,217 Gigajoules (GJ) over 2010 due to corporate office consolidation. With the addition of 4,000 square meters of space, our corporate office used 41% of total energy consumed in 2011. We continue to be challenged in setting long-term energy-reduction targets and will engage energy experts in 2012 to address this challenge.

In 2011, two of our 24 branches (8%) used renewable energy technologies like geothermal heating and cooling and solar wall systems. Ninety-eight per cent of the electricity we use is generated from renewable sources (hydro electricity).

Energy Use (GJ)*

Energy Use By Source	2011	2010	2009
Natural Gas (see note 1)	9,930	5,729	6,517
Electricity	14,858	12,252	13,053
Total Energy Use (GJ)*	24,788	17,981	19,570
Energy use per square meter (GJ)*	1.51	1.31	1.38

Source: Manitoba Hydro (Raw Data)

* GJ = Gigajoules

Note 1: Natural gas was restated for 2009 and 2010 as propane use was reported in error.

Waste

ACU conducts a waste audit every two years to measure total waste generated in our operations. As 2011 was a non-waste-audit year we focused on reducing consumption of office paper as it is the largest component of our waste stream. We also completed the replacement of desk-side 20 litre garbage cans with 1.5 litre mini-bins at our corporate office to encourage waste reduction. This change was well-received by employees.

Employee Commuting

As in previous years, the majority of ACU employees (53%) drove alone when commuting to and from work in 2011. However, there was a significant shift to sustainable transportation choices. Based on two surveys in 2011, 47% of employees reported using transit, carpooling or other alternatives to driving alone, up from 31% in 2010. This shift is likely due to the consolidation of corporate office departments at our downtown location, warmer-than-usual fall weather, and the availability of green commuting support such as the Winnipeg Transit Eco-Pass, carpool.ca, lockers and showers at some locations, and secure bike racks.

In 2011 ACU sponsored and participated in the Commuter Challenge, Skate to Work Day and Bike to Work Day. We had our best showing ever in the annual Commuter Challenge and were awarded Silver for the second highest participation level (22%) out of 23 Manitoba companies in our workplace category (500 to 999 employees).

Percentage of Trips by Transportation Mode

Transportation Mode	% Trips to and from work		
	2011	2010	2009
Drive Alone.	53%	69%	67%
Sustainable Transportation Choice*.	47%	31%	33%

Source: ACU Commuter Survey administered by Green Action Centre

*Includes public transit, carpooling, biking, walking, other.

Paper Use

As a financial services provider, we use significant amounts of paper and distribute large volumes of printed materials to members and the public.

In 2011 the total weight of office paper consumed was virtually unchanged from 2010 at 16.7 tonnes. Our corporate office was the largest consumer of office paper, purchasing 3.2 tonnes (20% of total). At the end of 2011 we implemented paperless board meetings, which will reduce future paper use.

Office Paper Used *

	2011	2010	2009
Total weight (metric tonnes)	16.7	16.3	19.4
Total weight per FTE (kilograms)	34.7	34.4	38.7

Source: ACU Paper Suppliers

* Based on paper purchased



The total weight of printed materials distributed to members and the public in 2011 decreased by 7% from 2010. While member statements and corporate communication materials distributed decreased by 2.9 tonnes. There was a slight increase in marketing materials (.4 tonnes) due primarily to an increase in statement inserts encouraging members to discontinue their paper statements in 2011.

By weight, member statements continue to be the largest source of printed materials distributed at 45%. As such, they represent the greatest opportunity to reduce our environmental impact and costs. In 2011, a combination of process improvements and an e-statement campaign helped reduce the average monthly volume of member statements from 134,000 to 114,000, a decrease of 15%. In 2011, about 8,500 members switched from paper statements to e-statements (6,800 in 2010).

Printed Material Distributed

	2011	2010*	2009
Total weight (tonnes)	37.6	40.0	39.5
Percentage Total Weight by Source:			
Member statements	45%	45%	49%
Corporate communications	36%	38%	37%
Marketing and other printed materials	14%	12%	7%
Receipt rolls	5%	5%	7%

Source: ACU Multi-Materials Stewardship Manitoba reports
*Total restated due to revisions made to 2010 inventory.

Greenhouse Gas (GHG) Emissions

In 2011 we continued to refine our inventory of greenhouse gas emissions associated with operations. However, there are still gaps in the data available. We use the Greenhouse Gas Protocol of the World Resources Institute and World Business Council for Sustainable Development to guide the tracking and reporting of GHG emissions. This inventory will help focus our efforts to take action on climate change.

Our GHG inventory shows that we have made progress in reducing GHG emissions from Scope 3 emissions, specifically employee commuting. Natural gas continues to be the largest source of GHG emissions from energy use at ACU. Our corporate office at 200 Main accounted for 49% of our direct and indirect GHG emissions in 2011.

ACU Greenhouse Gas (GHG) Emissions by Source (tonnes CO₂e*)

	2011	2010	2009
Scope 1: Direct GHG Emissions			
Natural Gas ¹ (see note 1)	481.8	278.0	316.3
Scope 2: Indirect GHG Emissions			
Electricity ¹ (see note 2)	8.3	6.8	20.0
Scope 3: Other Indirect GHG Emissions			
Employee Commuting ²	575.8	685.6	638.7
Office Paper Use ³ (see note 3)	43.7	42.7	50.8
Waste Sent to Landfill ⁴	n/a	8.0	n/a
Total GHG Emissions	n/a	1065.2	n/a

*CO₂e = greenhouse gas emissions expressed in equivalent amounts of CO₂

Sources: ¹Manitoba Hydro, ²Employee Commuting Survey and Green Action Centre, ³ACU Paper Suppliers and Environmental Defense Fund PaperCalculator.org, ⁴earthbound environmental

Note 1: Scope 1 GHG emissions restated for prior years as propane use was reported in error.

Note 2: Scope 2 GHG emissions restated for 2009 and 2010 using Annual Manitoba Hydro GHG Emission Factors at Generation: Provincial Perspective.

Note 3: GHG emissions for paper restated for 2009 and 2010 due to refined tool at PaperCalculator.org³.

Scope 1:

Energy burned in an appliance owned or controlled by ACU.

Scope 2:

Emissions from electricity purchased by ACU but generated by Manitoba Hydro.

Scope 3:

Other emissions relevant to ACU business operations but occurring at sources owned or controlled by others. For example, the source of GHG emissions for office paper occurs at mills owned by others.

Green Building Practices

We continued to incorporate energy-efficiency and green-building practices into our building projects in 2011. We completed renovations to our corporate office and extensively renovated the building purchased for our McGregor Branch. Both projects feature improved heating and cooling (HVAC) systems, low-voltage T5 lighting, increased levels of insulation and environmentally certified paints and flooring products to improve indoor air quality. In 2011, we accessed Manitoba Hydro Power Smart incentives for windows, doors and insulation at the McGregor Branch and for lighting retrofits at eight branches.

Advocating for Environmentally Responsible Business Practices

In 2011 we continued to be a sustaining sponsor of the Manitoba Chapter of the Canada Green Building Council in support of their work to promote green buildings, and participated in a network of Winnipeg-based sustainability professionals to advance environmentally responsible business practices in Manitoba. We presented to the Winnipeg Chamber of Commerce Sustainability Working Group on the work we are doing to measure and report our environmental performance. And we participated in a “Speed Mentoring” event organized by the Student Chapter of the Manitoba Environmental Industries Association. Over 30 environmental studies students and eight environmental professionals spent time together discussing environmental career options and trends.



Green-building practices were used during renovations at the corporate office.



Looking Forward to 2012

To move forward with demonstrating a commitment to environmental sustainability we will:

- › incorporate energy efficiency and green-building practices into 2012 projects.
- › complete the core elements of our Environmental Management System.
- › implement our first integrated Eco-Action Plan.
- › set long-term energy-reduction targets.
- › improve the tracking and reporting of GHG emissions.



*Contributing to the
co-operative movement*

Organic Planet Worker Co-Op

Following on the heels of its predecessor Harvest Collective nearly a decade ago, Organic Planet Worker Co-Op has continued to provide Wolseley and Winnipeg with an alternative to big grocery stores. From its beginning, the Organic Planet focus has been on produce, gluten-free foods, non-toxic health and beauty products, and more, including fresh food from its deli.

Over the years, Organic Planet has created a name for itself as a mainstay organic business. As a small locally owned co-op, worker/owners prefer to buy organic and fairly traded products from local producers and other co-ops as much as possible. Organic Planet supports networks between farmers, community gardeners, food security projects and consumers.

From start-up to today, Assiniboine continues to support Organic Planet Worker Co-Op in its efforts to make a difference in the local community and environment.



* *Organic Planet Worker Co-Op*
ACU Members

IT IS HERE THAT A SIMPLE IDEA SPARKS A REVOLUTIONARY VENTURE

As a financial co-operative, we work with other co-operatives for the benefit of our members and their communities. We also directly support the development and success of co-operatives and the co-operative movement.



Natural Cycle Courier Worker Co-op

Locally

We are a member of Credit Union Central of Manitoba (CUCM), which is the trade association for Manitoba credit unions. Through representation on its board and participation in various consultations and committees we work for the benefit of our members and the credit union system as a whole. For example, in 2011 we participated on the steering committee to plan the double celebration of the UN International Year of Co-operatives and the 75th anniversary of Manitoba credit unions and caisses in 2012.

In the reporting year, ACU supported the development of eight co-operative enterprises through our community grants program, including Pyramid of Angels Home Health Centre Worker Co-op to help market its services, and Urban Eatin' Gardeners' Worker Co-operative to build capacity for growth.

We made our second annual investment in the Manitoba Cooperative Development Fund, which provides grants and technical assistance to help Manitoba co-ops start and grow.

To build momentum for the creation of a Chair in Co-operative Management, we helped fund a one-year faculty position at the University of Winnipeg.

ACU sponsored the Association of Cooperative Educators (ACE) Summer Institute held in Winnipeg. The theme was "Opening New Doors: Exploring current innovations and asking 'what's possible' in co-operative and credit union research, education and development to lead social and economic change."

Nationally

We actively participate in credit union matters at the national level. In 2011, we were an active member of Credit Union Central of Canada's Social Responsibility Committee and helped develop a number of CSR guides and webinars for use by credit unions across the country, and a three-part brief on deepening relationships between Aboriginal people and the credit union system.

We participated in discussions on issues of importance to Canadian credit unions and are actively working with others to move some of these forward, such as building a national credit union brand.

Assiniboine represents Manitoba on a Prairie Card Strategy Committee exploring options related to the provision and management of our debit and credit cards.

We sponsored the North American Worker Co-operative Conference in Quebec City and contributed to CoopZone's training bursary fund for co-op developers.

Globally

We continued to support the development of credit unions and co-operatives in poor and vulnerable communities around the world through our annual donation to the Co-operative Development Foundation of Canada.



Peg City Car Co-op

In 2007, a group of five volunteers set out to research viable options for alternative transportation in Winnipeg. Transportation is a large contributor to greenhouse gas emissions, and vehicle ownership is a major expense for many households. Car sharing addresses both of these issues by encouraging a car-free lifestyle while providing use of a car when needed.

A feasibility study determined that car sharing was a viable option in Winnipeg and the co-operative model was the preferred organizational structure. In 2011, they announced Winnipeg's first car sharing operation—Peg City Car Co-op.

Assiniboine Credit Union has been involved with Peg City Car Co-op since the initial planning stages—first through grants to start up and market the co-operative and then by providing financing to help them purchase three low-emission vehicles. Today they have 79 members and continue to grow as a sustainable co-operative enterprise.

Looking Forward to 2012

To continue demonstrating our commitment to the co-operative principles we will:

- › participate in plans to celebrate the UN International Year of Co-operatives and 75th anniversary of Manitoba credit unions and caisses.
- › invest in the startup and growth of co-operatives in Manitoba.
- › advocate for social responsibility within the credit union system.
- › work with credit unions across Canada on issues of mutual interest.

Financial Statements

2011 was the first year of preparing the financial statements in accordance with International Financial Reporting Standards (IFRS). The presentation and classification of information within the financial statements has been restated in accordance with the IFRS requirements and may be different from what was disclosed in prior years. The note disclosure in the full audited consolidated financial statements has been expanded to provide more information to the user of the financial statements and to explain the transition adjustments to IFRS.

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the credit union or at www.assiniboine.mb.ca.

March 29, 2012

Report of the Independent Auditor on the Summary Financial Statements

To the Members
of Assiniboine Credit Union Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2011, 2010 and January 1, 2010 and the summary consolidated statements of net income and comprehensive income, changes in members' equity and cash flows for the years ended December 31, 2011 and 2010, are derived from the audited consolidated financial statements of Assiniboine Credit Union Limited for the years ended December 31, 2011 and 2010. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 29, 2012.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Assiniboine Credit Union Limited.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1 on the consolidated statement of financial position.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards ("CAS") 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Assiniboine Credit Union Limited for the years ended December 31, 2011 and 2010 are a fair summary of those consolidated financial statements, on the basis described in Note 1 on the consolidated statement of financial position.

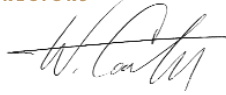
Chartered Accountants

PricewaterhouseCoopers LLP

Consolidated Statement of Financial Position**(IN THOUSANDS OF DOLLARS)**

	December 31 2011 \$	December 31 2010 \$	January 1 2010 \$
Assets			
Cash on hand and on deposit	221,796	81,697	40,748
Investments	214,247	200,735	192,374
Loans to members	2,650,618	2,524,519	2,360,955
Property, equipment and intangible assets	20,510	19,809	18,137
Other assets	9,592	8,228	9,201
Total assets	3,116,763	2,834,988	2,621,415
Liabilities			
Members' deposits	2,928,163	2,659,246	2,465,813
Accounts payable	12,714	13,805	11,059
Members' shares	13,221	13,511	13,738
Shares to be issued	245	250	285
Total liabilities	2,954,343	2,686,812	2,490,895
Members' Equity			
Members' shares	17,199	17,091	16,903
Shares to be issued	774	769	761
Contributed surplus	35,633	35,633	35,633
Retained surplus	108,814	94,450	76,990
Non-controlling interest	—	233	233
Total equity	162,420	148,176	130,520
Total liabilities and equity	3,116,763	2,834,988	2,621,415

APPROVED BY THE BOARD OF DIRECTORS

DIRECTOR

DIRECTOR**Note 1**

These summary consolidated financial statements have been derived from the audited consolidated financial statements of Assiniboine Credit Union Limited (the "Credit Union") for the year ended December 31, 2011, which are the Credit Union's first annual consolidated financial statements prepared in conformity with International Financial Reporting Standards ("IFRS"). The Credit Union has consistently applied the accounting policies used in the preparation of its opening IFRS consolidated statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information in the summarized consolidated financial statements is in agreement with the related information in the complete consolidated financial statements, and that the summarized consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the Credit Union or at www.assiniboine.mb.ca.

Consolidated Statement of Net Income and Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2011

(IN THOUSANDS OF DOLLARS)

	2011 \$	2010 \$
Revenues		
Interest from loans to members	117,746	114,137
Investment income	6,956	6,639
	<u>124,702</u>	<u>120,776</u>
Cost of funds		
Interest paid to members	64,855	61,306
Interest paid on line of credit	—	99
	<u>64,855</u>	<u>61,405</u>
Financial margin	59,847	59,371
Other income	28,255	28,046
Financial margin and other income	<u>88,102</u>	<u>87,417</u>
Operating expenses		
Personnel	32,896	32,296
Administrative	18,461	18,804
Occupancy	8,735	7,718
Member security	2,657	2,682
Organizational	1,834	1,797
	<u>64,583</u>	<u>63,297</u>
Gross operating margin	23,519	24,120
Allowance for loss	(3,325)	(2,889)
Dividends on surplus shares	(245)	(250)
Income before income taxes	<u>19,949</u>	<u>20,981</u>
Provision for income taxes		
Current	2,757	2,533
Deferred	(227)	60
	<u>2,530</u>	<u>2,593</u>
Net income and comprehensive income for the year	<u>17,419</u>	<u>18,388</u>
Net income and comprehensive income attributable to		
Assiniboine Credit Union Limited	17,231	18,137
Non-controlling interest	188	251

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the Credit Union or at www.assiniboine.mb.ca.

Consolidated Statement of Changes in Members' Equity

FOR THE YEAR ENDED DECEMBER 31, 2011

(IN THOUSANDS OF DOLLARS)

	Shares to be issued \$	Members' shares \$	Contributed surplus \$	Retained surplus \$	Non- controlling interest \$	Total members' equity \$
Balance at January 1, 2011	769	17,091	35,633	94,450	233	148,176
Net income and comprehensive income for the year	—	—	—	17,231	188	17,419
Dividends paid to non-controlling interest	—	—	—	—	(325)	(325)
Dividends on preference shares—net of taxes	774	—	—	(681)	—	93
Members' shares						
Issued	(769)	769	—	—	—	—
Redeemed	—	(661)	—	—	—	(661)
Purchase of non-controlling interest	—	—	—	(2,186)	(96)	(2,282)
Balance at December 31, 2011	774	17,199	35,633	108,814	—	162,420
Balance at January 1, 2010	761	16,903	35,633	76,990	233	130,520
Net income and comprehensive income for the year	—	—	—	18,137	251	18,388
Dividends paid to non-controlling interest	—	—	—	—	(251)	(251)
Dividends on preference shares—net of taxes	769	—	—	(677)	—	92
Members' shares						
Issued	(761)	761	—	—	—	—
Redeemed	—	(573)	—	—	—	(573)
Balance at December 31, 2010	769	17,091	35,633	94,450	233	148,176

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the Credit Union or at www.assiniboine.mb.ca.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2011

(IN THOUSANDS OF DOLLARS)

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Net income and comprehensive income for the year	17,419	18,388
Items not affecting cash		
Depreciation	3,526	3,090
Allowance for loss	3,325	2,889
(Gain) loss on disposal of property and equipment	(154)	147
Deferred income taxes	(227)	60
Dividends on surplus shares	245	250
	<u>24,134</u>	<u>24,824</u>
Net change in non-cash working capital items		
Investments—accrued interest	314	278
Loans to members—accrued interest	(72)	708
Other assets	(429)	913
Members' deposits—accrued interest	(337)	(2,049)
Accounts payable	(54)	1,709
	<u>(578)</u>	<u>1,559</u>
Loans to members—net of repayments	(129,352)	(167,161)
Members' deposits—net of withdrawals	269,254	195,482
	<u>139,902</u>	<u>28,321</u>
	<u>163,458</u>	<u>54,704</u>
Investing activities		
Net increase in investments	(13,826)	(8,639)
Purchase of property and equipment and intangibles	(5,818)	(3,872)
Purchase of non-controlling interest	(2,282)	—
	<u>(21,926)</u>	<u>(12,511)</u>
Financing activities		
Net increase in common shares	13	7
Net decrease in surplus shares	(553)	(519)
Net decrease in preference shares	(568)	(481)
Dividends paid to non-controlling interest	(325)	(251)
	<u>(1,433)</u>	<u>(1,244)</u>
Net increase in cash on hand and on deposit	140,099	40,949
Cash on hand and on deposit—Beginning of year	81,697	40,748
Cash on hand and on deposit—End of year	<u>221,796</u>	<u>81,697</u>

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the Credit Union or at www.assiniboine.mb.ca.

Audit & 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 regulatory requirements; reliability of financial reporting; and independence of the external and internal audit functions. This report outlines the key activities undertaken during the year.

Risk Management

The committee reviewed various reports from management to gain assurance that the enterprise risk management framework is effective. As well, the committee developed and reviewed various risk-related governing policies and recommended these policies to the board for approval.

Control Framework

The committee reviewed reports from management as well as internal audit reports to gain assurance that management has implemented appropriate internal controls and that regulatory requirements are being met. The management reports included reports on the corporate insurance program and Assiniboine's compliance with regulations, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

Financial Reporting

The committee gained assurance that financial information was reliable and fairly presented by reviewing and approving ACU's accounting policies; reviewing management's financial reporting and budgeting processes; reviewing the quarterly financial statements, including comparisons to budget; and reviewing and recommending the annual audited financial statements to the board for approval. Quarterly, the committee reviewed loan allowances and loan write-offs and recommended these to the board for approval. As well, the committee oversaw ACU's conversion to International Financial Reporting Standards.

Internal Audit Function

The committee oversaw the internal audit function by approving the annual internal audit work plan; gaining assurance the internal audit function is using a risk-based approach; gaining assurance the conduct of internal audit is consistent with professional standards; reviewing reports from the Internal Auditor; meeting in-camera with the Internal Auditor throughout the year; and evaluating the performance of the Internal Audit function.

External Auditors

The committee oversaw the external auditors by approving the engagement letter and external audit fees; reviewing the scope and timing of the external auditors' work; reviewing the external auditors' independence; and meeting in-camera with the external auditors.

The committee evaluated the services provided by the external auditors and recommended to the board the appointment of the external auditors. As well, the committee developed and recommended an Auditor Independence Policy to the board for approval.

Looking Forward to 2012

In 2012, the Audit and Risk Committee will:

- › continue to oversee enterprise risk management activities.
- › develop and update various governing policies.

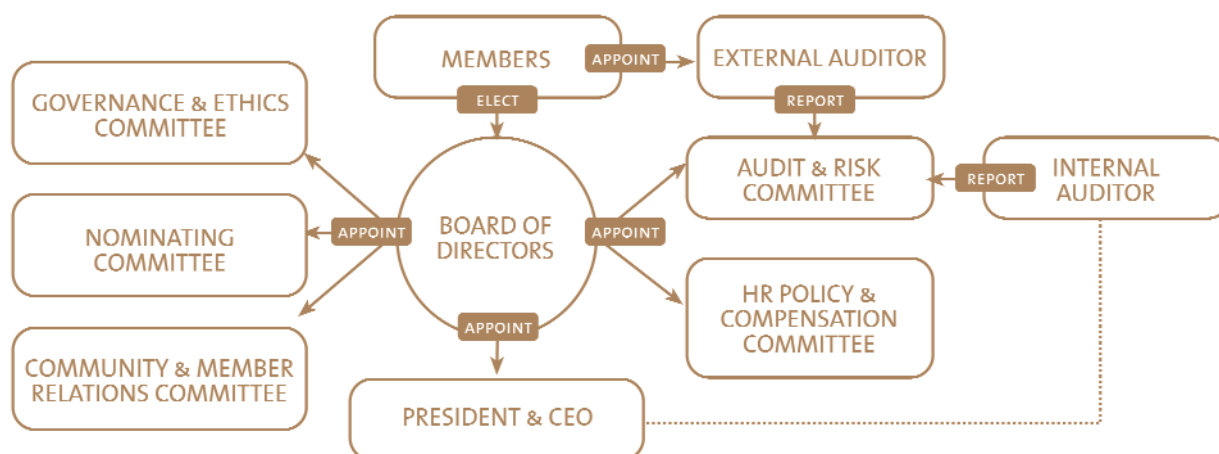


*2011 Governance accountability
report to members*

2011 Governance Accountability Report to Members

A CU 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 Assiniboine's assets in the interest of members and other stakeholders, establishes policy and sets the direction of the credit union.

ACU's Governance Structure



Governance in 2011

In 2011, the board continued to set strategies, approved ACU's budget and annual measures of success (Balanced Scorecard), and monitored ACU's performance. The board also:

- › approved a training and development program and supported training for the board as a whole, for its committees and for individual directors.
- › enhanced our online voting system to provide our business and organizational members with this option to participate in the annual election process.
- › engaged in scheduled discussions at board meetings on strategic topics to ensure a strong understanding of issues that may impact Assiniboine and our stakeholders in the future.
- › approved two new governing policies: the Fiduciary Risk Policy, and the Auditor Independence Policy.
- › participated in an annual strategic planning session.
- › participated in credit union system initiatives, contributing insight and feedback to changes proposed in the national and provincial credit union systems.
- › attended local, provincial and national credit union and co-operative conferences.
- › assessed the performance of individual directors and held mandatory individual director development sessions with the board Chair.
- › participated in two skill-building retreats on the topics of Diversity and Inclusion, and the Balanced Scorecard.
- › co-ordinated completion of mandatory annual privacy training by 10 of 10 directors.

A Framework for Success

Governing policies provide management with a framework within which to manage the credit union. In 2011, the board approved two additional governing policies, bringing the number to 28.

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
- › Auditor Independence Policy (new)
- › Capital Adequacy and Sourcing Policy
- › Credit Risk Policy
- › Derivatives Policy
- › Detecting & Deterring Proceeds of Crime Policy
- › Enterprise Risk Management Policy
- › Foreign Exchange Risk Policy
- › Liquidity Investment & Market Risk Policy
- › Liquidity Risk Policy
- › Management Expenditure Authorities Policy
- › Operational Risk Policy
- › Outsourcing Risk Policy
- › Pricing Policy
- › Regulatory Risk Policy
- › Technology Risk Policy

Community and Member Relations

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

Governance and Ethics Committee

- › Code of Conduct & Business Ethics Policy
- › Fiduciary Risk Policy (new)
- › Member Privacy Policy
- › Protected Reporting 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), Margaret Day, Dennis Anderson, Nicole Ritchot

Community and Member Relations

Nicole Ritchot (Chair), Crystal Laborero, Craig Lee, Brendan Reimer

Governance and Ethics Committee

Craig Lee (Chair), Wilbur Coates, Vera Goussaert, Garry Loewen

Human Resources Policy and Compensation Committee

Dennis Anderson (Chair), Susan Deane, Garry Loewen, Brendan Reimer

Nominating Committee

Vera Goussaert (Chair), Margaret Day, Crystal Laborero

Looking Forward to 2012

In 2012, the Board of Directors will continue its commitment to strong governance and will:

- › set ACU's future strategic plan.
- › engage in strategic discussions throughout the year.
- › participate in an annual strategic planning session.
- › actively participate in credit union system initiatives.
- › develop further governing policies, as needed.
- › approve a training and development program for the board as a whole, for its committees and for individual directors.
- › participate in an annual skill-building retreat.
- › assess the performance of the board, its committees, the board and committee chairs, and each individual director and hold mandatory individual director development sessions with the board Chair.
- › encourage members to participate in the democratic process, including online voting.

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 11 regular	Committee Membership and Attendance	
		Audit & Risk	Community & Member Relations
Garry Loewen CHAIR	11/11		
Susan Deane VICE-CHAIR	8/11		1/2 (to May 2011)
Dennis Anderson DIRECTOR	11/11	4/4 (from Aug 2011)	
Wilbur Coates DIRECTOR	10/11	CHAIR 6/7	
Margaret Day DIRECTOR	10/11	7/7	
Rhonda Forgues DIRECTOR	3/4 (to Mar 2011)		1/1 (to Feb 2011)
Vera Goussaert DIRECTOR	10/11		CHAIR 2/2 (to May 2011)
Crystal Laborero DIRECTOR	7/7 (from Apr 2011)		2/2 (from Sep 2011)
Craig Lee DIRECTOR	8/11	2/2 (to Apr 2011)	2/2 (from Sep 2011)
Brendan Reimer DIRECTOR	4/4 (from Sep 2011)		2/2 (from Sep 2011)
Nicole Ritchot DIRECTOR	10/11	3/4 (from Aug 2011)	CHAIR 4/4 (from Sep 2011)
Annitta Stenning DIRECTOR	4/5 (to May 2011)	3/3 (from Apr 2011)	

Governance & Ethics	Human Resources Policy & Compensation	Nominating
6/6	7/7	
	7/7	
	CHAIR 7/7	
4/4 (from May 2011)		1/1 (to May 2011)
		8/8
0/1 (to Mar 2011)		
5/6		CHAIR 6/6 (from Aug 2011)
		5/6 (from Aug 2011)
CHAIR 5/6		
	2/2 (from Sep 2011)	
		2/2 (to May 2011)
	3/3 (to May 2011)	

Remuneration and Loans

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 2011, total remuneration to the Board of Directors was \$225,000. Expenses paid by the credit union on behalf of directors amounted to \$79,000.

As at December 31, 2011, outstanding loans to directors totaled \$341,000 of which \$120,000 was at government prescribed rates of interest. Director loans totaled 0.01% of the assets of the credit union.

Board Training

Annually the board approves a training and development program and supports training for the board as a whole, its committees and individual directors. The 2011 training included: Institute of Corporate Directors (ICD) National Conference, ICD luncheons and ICD director training; Credit Union Director Achievement Program online training; Best Practices for Audit & Risk Committees Conference; Large Credit Union Conference; Association of Co-operative Educators Conference; Canadian Co-operative Association Conference; Credit Union Central of Manitoba Conference and Annual General Meeting; Canadian Credit Union Leaders Conference; Conference Board of Canada's Director's College Conference; and National Association of Corporate Directors webinars.



Inner City Renovation

Inner City Renovation (ICR) is a social enterprise founded in 2002 with the goal of providing quality, full-time, permanent jobs and training for inner-city residents facing barriers to employment.

Assiniboine Credit Union saw ICR's commitment to making a difference in Winnipeg's inner city and has been there from the beginning, providing financing to support the success of the enterprise and the achievement of its business and social goals.

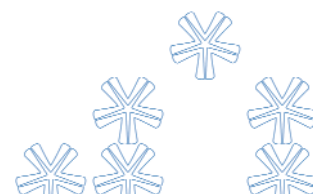
ICR has completed over 300 projects since 2002, including three Assiniboine Credit Union branches. It now has about 40 employees, all of whom have faced challenges to enter or re-enter the workforce, such as mental health or addiction issues, or lack of education. ICR provides a stable and supportive work environment and works closely with community agencies that provide other necessary supports.

ACU continues to provide funding for on-going operations and is proud to support this award-winning enterprise.



Inner City Renovation (ICR) Employees

We're local too.



MEMBER

COMMUNICATION CENTRE and CU by PHONE TELEPHONE BANKING

(1-877) 958-8588
Kelly Millberg, Director

ASSINIBOINE FINANCIAL GROUP

103 – 900 Harrow Street East
Henley Cunnington, Director

BUSINESS AND COMMUNITY FINANCIAL CENTRE

200 Main Street
Ken Penuita, Director

DIRECT SALES: DEALER FINANCE AND MORTGAGE SPECIALISTS

Dale McMurray, Director

WEBSITE

www.assiniboine.mb.ca

EMAIL

cu@assiniboine.mb.ca

WINNIPEG BRANCHES

Central Region

200 Main Street
Maria Bento, Branch Manager
Cheryl Pope, MMS*

233 Kennedy Street
Chris Miranda, Branch Manager
Tricia McGuinness, MMS*

640 Broadway
Jeffrey Patteson, Branch Manager
Lucy Josipovic, MMS*

100 – 275 Broadway
Vicki Panagiotou, Branch Manager
Tricia McGuinness, MMS*

West Region

5930 Roblin Boulevard
Traci Thomas, Branch Manager
Darlene DeVries, MMS*

140 – 3393 Portage Avenue
Mladen Bukvic, Branch Manager
Linda Hampton, MMS*

1855 Grant Avenue
Stuart Roche, Branch Manager
Emily Masek, MMS*

2565 Portage Avenue
Brad Komistek, Branch Manager
Crystal Goulart, MMS*

1907 Portage Avenue
Alec Surasky, Branch Manager
Karin Plesh, MMS*

694 St. James Street
Brandy Elliot, Branch Manager
Lisa Peluso, MMS*

North Region

2211 McPhillips Street
Ray McMurtry, Branch Manager
Jeanne Gibson, MMS*

1038 Keewatin Street
Ruth Neskar, Branch Manager
Terri Moar, MMS*

2567 Main Street
Bianca Selby, Branch Manager
Niki Borys, MMS*

East Region

655 Henderson Highway
Barb Laferriere, Branch Manager
Jacquie Wasyluk, MMS*

844A McLeod Avenue
Brian McIvor, Branch Manager
Valerie Cook, MMS*

1609 Regent Avenue West
Kim Sylvestor, Branch Manager
Michelle Biluk Thompson, MMS*

South Region

155 Scurfield Boulevard
Fern Goodman, Branch Manager
Aldin Amaca, MMS*

10 – 200 Meadowood Drive
Henry Neufeld, Branch Manager
Christina Abolade, MMS*

100 – 900 Harrow Street East
Ken Curtis, Branch Manager
Lori DeVos, MMS*

1033 St. Mary's Road
David Moore, Branch Manager
Marilyn Hooper, MMS*

2659 Pembina Highway
Cal Berzuk, Branch Manager
Jill Piukkala, MMS*

3525 Pembina Highway
Sandy Charette, Branch Manager
Kristy Kasprick, MMS*

NORTHERN BRANCHES

300 Mystery Lake Road
Thompson MB
Brenda Laycock, Branch Manager
Leah Cruda, MMS*

Gillam Shopping Centre
Gillam MB
Lana Minary, Branch Manager



* Manager Member Service

At December 31, 2011

*It's bigger than
just banking*

When they choose to bank with Assiniboine Credit Union, our members contribute to something bigger than just banking. Their money stays here in Manitoba and helps local families, co-operatives, businesses and communities thrive. As a unique financial co-operative, we're committed to making a difference, and our members are partners in our success.



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 2011 Annual Report is 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.