


MISSION

 Caisse Saint-Boniface is a cooperative financial institution providing a complete line of personalized services in French and English. Committed to its communities, Caisse Saint-Boniface serves a membership which includes individuals and businesses, while respecting its cultural heritage.

Caisse Saint-Boniface's Board of Directors

Claude Betournay

Marielle Decelles-Brentnall

Stéfan Delaquis

Josée Lemoine

Gilbert Robert

Jean-Marc Ruest

Michel Simard¹

Jacques Trudeau

Julie Turenne-Maynard¹

¹Term expires

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Caisse
SAINT-BONIFACE
www.caisse.biz

PRESIDENT AND CEO'S REPORT



Mrs. Marielle Decelles-
Brentnall, President



Mr. Rémi Bisson,
Chief Executive Officer

We are proud to share with you the major events of last year, as well as the highlights of our fiscal year ended December 31, 2009. We started 2009 in the same stormy conditions as the ones afflicting us at the end of 2008. At that time, the worldwide economic crisis had rooted itself in many major industries and most institutions and industries, including ours, were preparing for the worse. The credit crisis, triggered by sub-prime mortgages in the United States, gave prominence to the fragility of the financial foundations. At the last annual meeting, we indicated that we did not know the extent of the crisis, nor did we know its potential impact on our Caisse, our shareholders and our community. One year ago, at this time, everybody was talking about the economic crisis and everyone had their own interpretation of its impact on our economy.

In today's headlines, we find subjects such as the 2010 Olympics, the City of Winnipeg's highlights or the most recent federal government decisions. The economic crisis is no longer on the front page of the newspapers. However, it is lingering and we are continuing to see its effects, likely to impact the financial services industry for some time. A familiar quote reminds us; « time heals everything ». But waiting for time to pass is not a prudent action plan, especially in our financial institution where our members' best interests always remain our first priority.

Despite the difficulties and uncertainties we faced earlier on, we ended the year on a positive note. Not only did our Caisse reach its budget as originally authorized by your Board of Directors, it in fact surpassed it by almost 40%.

As for the construction project approved unanimously at the special meeting held in March, 2008, the detailed drawings, the construction plans and the City of Winnipeg permits have all been completed and approved. In the next few weeks, the construction equipment will be on site and our new building will soon begin to take form after two solid years of hard work and planning.

On December 3, 2009, members of Caisse Saint-Boniface voted 93% in favor of the amalgamation of all Manitoba Caisses. This was a major step of a reorganizational plan discussed amongst the Caisses since 2007. A management team for the merged Caisse will be assembled to ensure that we proceed with the amalgamation as of September 1st, 2010. Caisse will soon write the next chapter of its story so that it can take a more prominent place in the financial industry, while providing our members with the financial products and services to meet all of their expectations.

Staff

In 2009, we began to reap the benefits of our new organizational chart implemented in the Fall of 2008. Our staff showed incredible patience and commitment throughout the whole process and they have already seen success in their efforts. Our new approach encourages our staff to understand our members' needs and be proactive in their approach to surpass our financial institution's and members' goals in conjunction with the mandate set by our Board of Directors.

Financial Results

In 2009, our members' deposits saw a 7% or \$18,322M increase and our loan portfolio saw an increase of 11% or \$25,618M all while maintaining a delinquency ratio of 0.20%; very healthy compared to the industry norm.

Our profitability is much higher than what was anticipated, given the economic crisis looming at the beginning of the year. Our net income before other item and income taxes was \$1,428M, versus \$1,271M last year, an increase of 12%.

At December 31, 2009, the Caisse's total assets under management was \$338,175M (\$310,082M in 2008). Of these assets, our wealth management subsidiary, C Finance Inc. specializing in investments, insurance, retirement, education and estate planning products and services, manages \$49,019M (\$39,671M in 2008).

**PRESIDENT AND
CEO'S REPORT
(cont'd)**

Acknowledgments

We wish to thank our Board of Directors for their commitment and sustained efforts throughout this transition year. Their wisdom, initiative and open-mind will take our Caisse to the next step towards a strengthened network. Their vision allowed our Caisse, the merged Caisse, to write the next chapter of its story, a chapter as rich and progressive as its history.

Although we went through uncertain times in the last year, our staff always set their heart on our members' best interests. Our employees are our institution's ambassadors; their way of serving our members reflects the values of our mission statement. To each and every one of our employees, a sincere thank you!

We end by thanking you, dear members. Together and with your patronage, we form a major financial institution within our community. By using our products and services, along with your continued support and loyalty, you ensure us all a promising future.

M. McCrellis-Brentnall



To the members of La Caisse populaire de Saint-Boniface Limitée

**AUDITORS'
REPORT**

We have audited the consolidated balance sheet of La Caisse populaire de Saint-Boniface Limitée as at December 31, 2009 and the consolidated statements of operations, retained earnings, accumulated other comprehensive income, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Caisse's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of La Caisse populaire de Saint-Boniface Limitée as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
February 26, 2010



**CONSOLIDATED
BALANCE SHEET**

As at December 31st

| <i>(in dollars)</i> | 2009 | 2008 |
|--|--------------------|--------------------|
| ASSETS | | |
| Funds on hand and on deposit (note 6) | 3,512,000 | 13,632,000 |
| Investments (note 3) | 30,059,000 | 27,551,000 |
| Loans to members (note 4) | 250,379,000 | 224,761,000 |
| Future income taxes (note 11) | 109,000 | 172,000 |
| Other assets | 780,000 | 645,000 |
| Derivative financial instruments | 144 000 | — |
| Property, plant and equipment (note 5) | 3,855,000 | 3,296,000 |
| Goodwill | 354,000 | 354,000 |
| | 289,192,000 | 270,411,000 |
| LIABILITIES | | |
| Derivative financial instruments | — | 352,000 |
| Members' deposits (note 7) | 271,639,000 | 253,317,000 |
| Line of credit (note 6) | 141,000 | — |
| Accounts payable and accrued liabilities | 990,000 | 1,230,000 |
| | 272,770,000 | 254,899,000 |
| COMMITMENTS (note 8) | | |
| MEMBERS' CAPITAL (note 10) | | |
| Members' shares (note 9) | 4,633,000 | 4,711,000 |
| Retained earnings | 11,569,000 | 10,398,000 |
| Accumulated other comprehensive income | 220,000 | 403,000 |
| | 16,422,000 | 15,512,000 |
| | 289,192,000 | 270,411,000 |

Approved by the Board of Directors

M. Decelles-Brentnall

Marielle Decelles-Brentnall
President

Jacques Trudeau

Jacques Trudeau
Member of Board of Directors



| <i>(in dollars)</i> | 2009 | 2008 |
|-----------------------------------|-------------------|------------|
| Balance, beginning of year | 10,398,000 | 8,979,000 |
| Net income for the year | 1,171,000 | 1,419,000 |
| Balance, end of year | 11,569,000 | 10,398,000 |

**CONSOLIDATED
STATEMENT OF
RETAINED
EARNINGS**

For the year ended
December 31st

| <i>(in dollars)</i> | 2009 | 2008 |
|--|------------------------|---------|
| Balance, beginning of year | 403,000 | 14,000 |
| Other comprehensive income for the Period (net of tax recovery of \$ 25,000) | <183,000> | 389,000 |
| Balance, end of the year | 220,000 | 403,000 |

**CONSOLIDATED
STATEMENT OF
ACCUMULATED
OTHER
COMPREHENSIVE
INCOME**

For the year ended
December 31st

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended
December 31st

| <i>(in dollars)</i> | 2009 | 2008 |
|--|-----------------------|-------------|
| Interest income | | |
| Members' loans | 11,692,000 | 11,731,000 |
| Investments | | |
| Deposits - Fédération | 1,102,000 | 1,433,000 |
| Shares - Fédération | 305,000 | 52,000 |
| Swaps of interest rates | <25,000> | 25,000 |
| Unrealized gains (losses) on swaps of interest rates | <23,000> | 89,000 |
| | 13,051,000 | 13,330,000 |
| Cost of funds | | |
| Interest paid to members | 6,979,000 | 7,470,000 |
| Interest - Line of Credit at Fédération | 2,000 | — |
| | 6,981,000 | 7,470,000 |
| Gross financial margin | 6,070,000 | 5,860,000 |
| Assessment and bonding insurance | 44,000 | 45,000 |
| Provision for doubtful loans | 60,000 | 40,000 |
| Net financial margin | 5,966,000 | 5,775,000 |
| Operating expenses | | |
| Administration | 1,242,000 | 1,333,000 |
| Fees - Fédération (note 12) | 424,000 | 422,000 |
| Information technology - Télé-Pop (note 12) | 336,000 | 342,000 |
| Occupancy | 859,000 | 784,000 |
| Staff | 3,672,000 | 3,591,000 |
| Assessments - La Société d'assurance- dépôts | 265,000 | 207,000 |
| Gross operating expenses | 6,798,000 | 6,679,000 |
| Service fees and other income | 2,260,000 | 2,175,000 |
| Net operating expenses | 4,538,000 | 4,504,000 |
| Net income before other item and income taxes | 1,428,000 | 1,271,000 |
| Other Item | | |
| Gain on sale of property, plant and equipment | — | 352,000 |
| Net income before income taxes | 1,428,000 | 1,623,000 |
| Provision for income taxes | | |
| Current | 166,000 | 218,000 |
| Future (note 11) | 91,000 | <14,000> |
| | 257,000 | 204,000 |
| Net income for the year | 1,171,000 | 1,419,000 |

| <i>(in dollars)</i> | 2009 | 2008 |
|--|------------------------|-----------|
| Net income for the year (per the Consolidated Statement of Operations) | 1,171,000 | 1,419,000 |
| Other comprehensive income (net of tax recovery) | | |
| Gain (loss) on derivative financial instruments designated as cash flow hedges | <183,000> | 389,000 |
| Comprehensive income | 988,000 | 1,808,000 |

**CONSOLIDATED
STATEMENT OF
COMPREHENSIVE
INCOME**

For the year ended
December 31st

**CONSOLIDATED
STATEMENT OF
CASH FLOWS**

For the year ended
December 31st

| <i>(in dollars)</i> | 2009 | 2008 |
|--|---------------------------|--------------|
| Cash flows from operating activities | | |
| Net income for the year | 1,171,000 | 1,419,000 |
| Items not affecting cash | | |
| Amortization of property, plant and equipment | 303,000 | 272,000 |
| Provision for doubtful loans | 60,000 | 40,000 |
| Future income taxes | 63,000 | <14,000> |
| Gain on sale of property, plant and equipment | — | <352,000> |
| Unrealized loss (gain) on derivative financial instruments | 23,000 | <76,000> |
| Derivative financial instruments | 25,000 | — |
| | 1,645,000 | 1,289,000 |
| Net change in non-cash working capital items | <375,000> | 326,000 |
| | 1,270,000 | 1,615,000 |
| Cash flows from investing activities | | |
| Net increase in loans issued to members | <26,405,000> | <36,905,000> |
| Net (increase) decrease in investments at La Fédération | <2,508,000> | 5,435,000 |
| Purchase of property, plant and equipment | <862,000> | <1,948,000> |
| Proceeds on sale of property, plant and equipment | — | 543,000 |
| | <29,775,000> | <32,875,000> |
| Cash flows from financing activities | | |
| Net increase in members' deposits | 18,322,000 | 35,554,000 |
| Net increase in line of credit | 141,000 | — |
| Net decrease in members' shares | <78,000> | <1,182,000> |
| | 18,385,000 | 34,372,000 |
| Increase (decrease) in funds on hand and on deposit | <10,120,000> | 3,112,000 |
| Funds on hand and on deposit - Beginning of year | 13,632,000 | 10,520,000 |
| Funds on hand and on deposit - End of year | 3,512,000 | 13,632,000 |

Income taxes paid during the year were \$391,000 (\$379,000 in 2008).



Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

These financial statements have been prepared using the purchase method of consolidation. The assets and liabilities of the acquired companies are initially recorded at their cost. The results of operations of the acquired companies are included from the dates of acquisition. All significant intercompany transactions and balances have been eliminated on consolidation. The assets, liabilities and operations of C Finance Inc. and Immobilières CSB Inc., wholly-owned subsidiaries of the Caisse populaire, are included in these financial statements.

Financial Instruments

Recognition and Measurement - The Caisse populaire recognizes and measures financial assets and financial liabilities on the balance sheet when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a settlement date basis. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of each financial instrument. Held-for-trading items are carried at fair value, with changes in their fair value recognized in the statement of operations. Available-for-sale items are carried at fair value, with changes in their fair value recognized as other comprehensive income. Loans and receivables and other financial liabilities are carried at amortized cost, using the effective interest method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Caisse populaire has immediate access.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discounted rates. In determining those assumptions, external readily observable market inputs including interest rate yield curves, currency rates and price and rate volatilities are considered, as applicable.

The Caisse populaire has elected term deposits and loans and mortgages to be classified as "loans and receivables", investments in "Shares - Fédération" as "available for sale", other investments as "held-to-maturity", member deposits to be classified as "other financial liabilities", derivatives not designated in a hedging relationship as "held-for-trading" and derivatives designated in a hedging relationship as "available-for-sale". See note 13 for details on classification of all the Caisse populaire's financial instruments.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES**

For the year ended
December 31st, 2009



**SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES**

For the year ended
December 31st, 2009

Financial Instruments
(continued)

Transaction costs for financial instruments are capitalized and then amortized over the term of the instrument using the effective interest rate method.

Derivative Financial Instruments and Hedges - The Caisse populaire enters into interest rate swap agreements to preserve the value of its loans to members and to manage exposure to interest rate risk. Swaps that have been designed to preserve the value of loans to members have been designated as Fair Value Hedges while those designed to manage exposure related to interest rate risk have been designated as Cash Flow Hedges.

Derivatives arising from interest rate swap agreements are recorded on the balance sheet at fair value as derivative financial instruments. In a fair value hedge, the gains or losses resulting from a revaluation of the fair value of the derivative instrument and of the designated risk of the hedged item will be recognized in income of the period regardless of the category in which this hedged item had been classified. For a cash flow hedge, the gains and losses arising from changes in the fair value of the effective portion of the derivative will be recognized in comprehensive income until this hedged item is recognized in income while the ineffective portion will be recognized in income of the period.

The prepayment option included in the Caisse populaire's loan agreements have been identified as embedded derivatives. The interest differential penalties meet the criteria as being closely related to the host and therefore are not required to be valued separately.

Other Comprehensive Income - Other comprehensive income includes unrealized gains and losses on financial assets classified as "available-for-sale" and the change in the effective portion of a cash flow hedge transactions.

**Impairment of Financial
Assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar risk characteristics. All impairment losses are recognized in the statement of operations.

**Impairment of
Financial Assets (cont'd)**

Loans to Members - The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the Caisse populaire's loan portfolio. The allowance is increased by an annual provision for doubtful loans which is charged against income. Loans are considered uncollectible when the Caisse populaire has exhausted all means of collection. These loans are written-off against the associated provision.

The Caisse populaire maintains specific allowances for doubtful loans that reduce the carrying value of loans identified as impaired to their estimated realizable amounts.

The Caisse populaire includes in impaired loans (see Note 4), all loans where principal payments are 90 days or greater in arrears plus any other loans where, in management's view, there is no longer reasonable assurance of timely collection of the full amount of principal and interest in accordance with the terms of the loan agreement. Estimated realizable amounts are determined by discounting the expected cash flows at the effective interest rate inherent in the loan. If cash flows cannot be reasonably estimated, the fair value of any underlying security, net of expected realization costs, or an estimate of market price for the loan is used.

When the terms of loans that would otherwise be past due or impaired have been renegotiated, a review of the borrower's credit history and the collateral securing the loan is conducted to minimize the risk of loss to the Caisse populaire.

In addition to specific allowances against identified impaired loans, the Caisse populaire maintains a non-specific allowance to cover impairment which is inherent in the loan portfolio and is estimated based upon historical loss experience and prevailing economic conditions.

Revenue Recognition

Interest on loans is recorded as earned as specified in the loan agreement, except for loans which are considered impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan including accrued interest exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Interest on investments including interest rate swap agreements is recorded as income in accordance with the terms of the instrument.

Other income, which is largely comprised of commissions, service charges and documentation fees, are recognized as income when the related service is provided or earned.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES**

For the year ended
December 31st, 2009



**SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES**

For the year ended
December 31st, 2009

| | | | | | | | | | | | | | | | |
|--|---|-----------|---------------------------------|-------------------------|-----------------------|--------------------|-------------------------|---------------------------|-------------------------|------------------------------|---------------------------|------------------------|-------------------------|------------------------------|-------------------------|
| Properties for Resale | Properties for resale are stated at the lower of acquisition cost or net realizable value. | | | | | | | | | | | | | | |
| Property, Plant and Equipment | <p>Property, plant and equipment are recorded at cost with amortization being provided over the estimated useful life of the assets using the following rates and methods:</p> <table border="0"> <tr> <td>Buildings</td> <td>2 1/2% - 4% straight-line basis</td> </tr> <tr> <td>Furniture and equipment</td> <td>20% declining balance</td> </tr> <tr> <td>Computer equipment</td> <td>20% straight-line basis</td> </tr> <tr> <td>Telecommunications towers</td> <td>10% straight-line basis</td> </tr> <tr> <td>Telecommunications equipment</td> <td>14.3% straight-line basis</td> </tr> <tr> <td>Leasehold improvements</td> <td>10% straight-line basis</td> </tr> <tr> <td>Improvements and renovations</td> <td>10% straight-line basis</td> </tr> </table> | Buildings | 2 1/2% - 4% straight-line basis | Furniture and equipment | 20% declining balance | Computer equipment | 20% straight-line basis | Telecommunications towers | 10% straight-line basis | Telecommunications equipment | 14.3% straight-line basis | Leasehold improvements | 10% straight-line basis | Improvements and renovations | 10% straight-line basis |
| Buildings | 2 1/2% - 4% straight-line basis | | | | | | | | | | | | | | |
| Furniture and equipment | 20% declining balance | | | | | | | | | | | | | | |
| Computer equipment | 20% straight-line basis | | | | | | | | | | | | | | |
| Telecommunications towers | 10% straight-line basis | | | | | | | | | | | | | | |
| Telecommunications equipment | 14.3% straight-line basis | | | | | | | | | | | | | | |
| Leasehold improvements | 10% straight-line basis | | | | | | | | | | | | | | |
| Improvements and renovations | 10% straight-line basis | | | | | | | | | | | | | | |
| Income Taxes | <p>The Caisse populaire follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year.</p> <p>Future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. A future income tax asset is only recognized if it is more likely than not that the future income tax asset will be realized.</p> <p>The valuation of future income tax assets is reviewed annually and adjusted, if necessary, to reflect the estimated realizable amount.</p> | | | | | | | | | | | | | | |
| Goodwill | Goodwill represents the excess of cost over the fair value of net identifiable assets acquired. An annual test for impairment is required in order to estimate the decrease in value of the goodwill. Any impairment in value of the goodwill is written off against earnings. | | | | | | | | | | | | | | |
| Translation of Foreign Currencies | Cash resources and deposits denominated in foreign currencies are translated into Canadian dollars at the rates prevailing on the balance sheet date. Realized gains and losses are recorded at the rates prevailing at the time of the transaction. Unrealized gains and losses are recorded at the rates prevailing on the balance sheet date. | | | | | | | | | | | | | | |
| New Accounting Pronouncements | <p>Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Caisse populaire, are as follows:</p> <p><i>International Financial Reporting Standards</i> - The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Caisse populaire's financial statements has yet to be determined.</p> | | | | | | | | | | | | | | |



**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**

For the year ended
December 31st, 2009

1. Nature of Business

The Caisse populaire is incorporated under *The Credit Unions and Caisses Populaires Act of Manitoba* ("The Act") and is affiliated with La Fédération des caisses populaires du Manitoba Inc. ("Fédération"). The Caisse populaire is a cooperative financial institution belonging to its members and operates four financial service centers in Winnipeg and Ile-des-Chênes. The Caisse populaire offers a wide range of products and services, including deposits, loans, lines of credit, demand accounts, savings accounts, registered products, mutual funds, financial planning, insurance products and automated services. Furthermore, the Caisse populaire wholly owns C Finance Inc., a subsidiary specializing in insurance, investments, retirement, education and estate planning products and services. The Caisse populaire also wholly owns Immobilières CSB Inc., a corporation which holds and manages properties.

2. Change in Accounting Policies

On January 1, 2009, the Caisse Populaire adopted amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosure". The purpose of the amendments is to enhance disclosure about fair value measurements of financial instruments and liquidity risks. These amendments are presented in note 14.

3. Investments

| <i>(in dollars)</i> | 2009 | 2008 |
|---------------------|-------------------|-------------------|
| Fédération | | |
| Term deposits | 25,025,000 | 22,925,000 |
| Shares | 4,694,000 | 4,399,000 |
| | <u>29,719,000</u> | <u>27,324,000</u> |
| Accrued interest | 340,000 | 227,000 |
| | <u>30,059,000</u> | <u>27,551,000</u> |

As the shares held in La Fédération have been classified as « available-for-sale », they are valued at cost as quoted market prices do not exist.

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
For the year ended
December 31st, 2009

4. Loans to Members

Loans to members are presented, including accrued interest, for each category, net of provision for doubtful loans as follows:

| <i>(in dollars)</i> | 2009 | | 2008 | |
|--------------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| | Gross Loan Balances | Specific and General Provisions | Gross Loan Balances | Specific and General Provisions |
| Mortgage loans | 93,502,000 | 416,000 | 90,608,000 | 357,000 |
| Personal loans and lines of credit | 21,658,000 | 585,000 | 18,847,000 | 569,000 |
| Commercial loans and lines of credit | 137,164,000 | 944,000 | 117,241,000 | 1,009,000 |
| | <u>252,324,000</u> | <u>1,945,000</u> | <u>226,696,000</u> | <u>1,935,000</u> |
| Less: Provision for doubtful loans | 1,945,000 | | 1,935,000 | |
| | <u>250,379,000</u> | | <u>224,761,000</u> | |

The amount of doubtful loans by category and their specific provision is comprised of the following:

| <i>(In dollars)</i> | 2009 | | 2008 | |
|--------------------------------------|------------------------|---------------------|------------------------|---------------------|
| | Impaired Loan Balances | Specific Provisions | Impaired Loan Balances | Specific Provisions |
| Mortgage loans | 360,000 | 100,000 | 408,000 | 100,000 |
| Personal loans and lines of credit | 518,000 | 88,000 | 387,000 | 71,000 |
| Commercial loans and lines of credit | 1,741,000 | 250,000 | 1,133,000 | 160,000 |
| | <u>2,619,000</u> | <u>438,000</u> | <u>1,928,000</u> | <u>331,000</u> |

The provision for doubtful loans includes specific provisions of \$438,000 (2008 - \$331,000) and general provisions of \$1,507,000 (2008 - \$1,604,000).

The principal collateral and other credit enhancements held as security for loans include (i) insurance, mortgages over residential lots and properties, (ii) recourse to business assets such as real estate, equipment, inventory and accounts receivable, (iii) recourse to the commercial and agricultural real estate properties being financed, and (iv) recourse to liquid assets, guarantees and securities.

During the year ended December 31, 2009, the Caisse populaire did not acquire any assets in respect of problem loans.

A loan is considered past due when a counterparty has not made a payment by the contractual date due. The following table presents the carrying value of loans that are past due but not classified as impaired because they are either (i) less than 90 days past due, or (ii) fully secured and collection efforts are reasonably expected to result in repayment.

| <i>(in dollars)</i> | 2009 | | | |
|-----------------------------------|------------------|------------------|----------------------|------------------|
| | 1 - 30 days | 31 - 90 days | Greater than 90 days | Total |
| Mortgage loans | 1,141,000 | 292,000 | — | 1,433,000 |
| Personal loans | 83,000 | — | — | 83,000 |
| Commercial and agricultural loans | 556,000 | — | — | 556,000 |
| | <u>1,780,000</u> | <u>292,000</u> | <u>—</u> | <u>2,072,000</u> |
| | 2008 | | | |
| Mortgage loans | 933,000 | 607,000 | — | 1,540,000 |
| Personal loans | 164,000 | 17,000 | — | 181,000 |
| Commercial and agricultural loans | 100,000 | 685,000 | — | 785,000 |
| | <u>1,197,000</u> | <u>1,309,000</u> | <u>—</u> | <u>2,506,000</u> |

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
For the year ended
December 31st, 2009

4. Loans to Members (cont'd)

The following consists of the year's transactions through the provision for doubtful loans:

| <i>(in dollars)</i> | 2009 | 2008 |
|--------------------------------|-----------|-----------|
| Balance, beginning of the year | 1,935,000 | 1,962,000 |
| Provision for doubtful loans | 60,000 | 40,000 |
| Loans written-off | <54,000> | <94,000> |
| Loans recovered | 4,000 | 27,000 |
| Balance, end of year | 1,945,000 | 1,935,000 |

5. Plant, Property and Equipment

| <i>(in dollars)</i> | 2009 | | | 2008 |
|------------------------------|-----------|--------------------------|----------------|----------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | 924,000 | 587,000 | 337,000 | 353,000 |
| Land | 1,832,000 | — | 1,832,000 | 1,740,000 |
| Furniture and equipment | 1,691,000 | 1,269,000 | 422,000 | 365,000 |
| Computer equipment | 1,267,000 | 1,136,000 | 131,000 | 121,000 |
| Telecommunications towers | 8,000 | 4,000 | 4,000 | 5,000 |
| Telecommunications equipment | 159,000 | 108,000 | 51,000 | 74,000 |
| Leasehold improvements | 823,000 | 454,000 | 369,000 | 448,000 |
| Improvements and renovations | 629,000 | 431,000 | 198,000 | 190,000 |
| Ongoing construction | 511,000 | — | 511,000 | — |
| | 7,844,000 | 3,989,000 | 3,855,000 | 3,296,000 |

Amortization of \$303,000 for the year (2008 - \$272,000) is included in occupancy expense.

6. Line of Credit

The Caisse populaire has an approved line of credit equal to 10% of its member deposits. For the current year, this amounts to \$25.5 million. The accommodation is secured by a general security agreement and an assignment of shares and deposits with La Fédération des caisses populaires du Manitoba Inc. As at December 31, 2009, \$141,000 of the line of credit was utilized.

7. Members' Deposits

| <i>(in dollars)</i> | 2009 | 2008 |
|---------------------|-------------|-------------|
| Chequing accounts | 48,084,000 | 47,074,000 |
| Term deposits | 105,711,000 | 93,936,000 |
| Registered plans | 55,227,000 | 48,648,000 |
| Savings | 59,470,000 | 60,659,000 |
| | 268,492,000 | 250,317,000 |
| Accrued Interest | 3,147,000 | 3,000,000 |
| | 271,639,000 | 253,317,000 |



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8. Commitments

As at December 31, 2009, the Caisse populaire has total commitments of \$42,514,000. Of this amount, \$7,994,000 represents loans to members that have been approved but not disbursed and \$34,125,000 represents the unutilized portions of lines of credit. The balance of \$395,000 relates to letters of credit in effect at December 31, 2009.

La Caisse populaire pursues its mandate, as instructed by our members, to construct a new building to house its operations. The total cost of this project is expected to be \$13,300,000. The land has been purchased in 2008 and construction will begin in 2010.

The Caisse populaire also has operating lease commitments for premises, requiring annual payments for the next five years as follows:

| | \$ |
|------|---------|
| 2010 | 136,000 |
| 2011 | 135,000 |
| 2012 | 125,000 |
| 2013 | 127,000 |
| 2014 | 130,000 |

9. Shares

Authorized shares:

Common Shares

Authorized common share capital consists of an unlimited number of common shares, with an issue price per share to be not less than \$5 and redeemable in the amount of consideration received for the share. No member may hold more than 10% of the total number of shares.

Surplus Shares

Authorized surplus share capital consists of an unlimited number of surplus shares, with an issue price per share of \$5 and redeemable at the option of the Caisse at \$5 per share. The total amount of surplus shares purchased or redeemed by the Caisse in a fiscal year shall not reduce the Caisse's equity below 5% of its assets.

Issued

| <i>(in dollars)</i> | 2009 | 2008 |
|---|------------------|------------------|
| 9,972 (2008 – 9,805) common shares | 50,000 | 49,000 |
| 916,645 (2008 – 932,477) surplus shares | 4,583,000 | 4,662,000 |
| | <u>4,633,000</u> | <u>4,711,000</u> |

During the year, 851 common shares were issued, while 684 common shares and 15,832 surplus shares were redeemed.

Each member of the Caisse has one vote, regardless of the number of shares that member holds.

10. Capital Requirement

Regulations to *The Credit Unions and Caisses Populaires Act* (the Act) require that each Caisse populaire establish and maintain a level of capital that meets or exceeds the following:

- (i) total members' capital as shown on the balance sheet shall not be less than 5% of the book value of assets;
- (ii) retained surplus shall not be less than 3% of the book value of assets; and
- (iii) total capital as calculated in accordance with the Act shall not be less than 8% of the risk-weighted value of its assets.



10. Capital Requirement (cont'd)

The Caisse populaire considers its capital to comprise its common and surplus shares, retained earnings, provisions for issue of surplus shares and accumulated other comprehensive income. There have been no changes in what the Caisse populaire considers to be its capital since the previous period. As at December 31, 2009, the Caisse populaire met the capital requirements of the Act.

11. Income Taxes

As at December 31, 2009, the future income tax asset is \$109,000 (2008 - \$172,000).

Components of provision for income taxes on the statement of operations are as follows:

| <i>(in dollars)</i> | 2009 | 2008 |
|---|---------------|-----------------------|
| Provision for future income taxes (recovery) related to temporary differences | 81,000 | <14,000> |
| Tax rate reduction | 10,000 | — |
| | <u>91,000</u> | <u><14,000></u> |

The total provision for income taxes in the statement of operations is at a lower rate than the combined federal and provincial statutory income tax rates for the following reasons:

| <i>(in %)</i> | 2009 | 2008 |
|--|-----------|-----------|
| Combined federal and provincial statutory income tax rates | 32 | 33 |
| Rate reduction available to Caisses populaires | <20> | <20> |
| Other | 6 | — |
| | <u>18</u> | <u>13</u> |

The tax effects of temporary differences, which give rise to the net future income tax asset, relates to property, plant and equipment, the allowance for doubtful loans and the fair value of derivative financial instruments.

12. Related Party Transactions

All related party transactions are in accordance with the statutes, by-laws and policies of the Caisse populaire.

• **Directors and Staff**

All transactions with directors or staff, including loans made to them, are in accordance with the normal procedures and lending practices of the Caisse populaire.

The aggregate amount of payments made to the directors in discharging their responsibilities totaled \$25,000 (2008 - \$22,500).

As at December 31, 2009, outstanding loans to staff members totaled 1.34% (1.03% in 2008), in aggregate, of the consolidated assets of the Caisse populaire.

• **La Société d'assurance-dépôts des caisses populaires**

Payments made to La Société d'assurance-dépôts des caisses populaires represent the annual fee assessment.

Expenses incurred for assessments totaled \$265,000 for the year ended December 31, 2009 (\$239,000 for 2008). Rebates of premiums received from La Société d'assurance-dépôts des caisses populaires totaled \$0 for the year ended December 31, 2009 (\$31,750 for 2008) and are presented as a reduction of assessment and bonding insurance.

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12. Related Parties Transactions (cont'd)

● **La Fédération des caisses populaires du Manitoba Inc.**

These transactions include the purchase of investments and interest earned on those investments; loan advances and interest paid on those loans, as well as fees for advisory and other services paid to La Fédération.

The total amount received from La Fédération des caisses populaires du Manitoba Inc. for investment income for the year ended December 31, 2009 totaled \$1,407,000 (2008 - \$1,487,000). The total amount paid to La Fédération des caisses populaires du Manitoba Inc. for interest on loans for the year ended December 31, 2009 totaled \$2,000 (2008 - \$0). Payments made to La Fédération des caisses populaires du Manitoba Inc. for clearing and assessment fees for the year ended December 31, 2009 totaled \$523,000 (2008 - \$526,000).

● **Transactions with Télé-Pop Inc.**

Télé-Pop Inc. is a subsidiary of La Fédération des caisses populaires du Manitoba Inc. that provides information technology services. The Caisse populaire has a contractual obligation with Télé-Pop Inc. for information technology services. Said obligation ends in 2014.

Payments made to Télé-Pop for the year ended December 31, 2009 totaled \$336,000 (2008 - \$342,000).

13. Financial Instrument Risk Exposure and Management

This note describes the Caisse populaire's objectives, policies and processes for managing risks arising from financial instruments and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The following table presents the principal financial instruments used by the Caisse populaire from which financial instrument risk arises:

| Class of Financial Instrument | Categories of Financial Assets and Financial Liabilities | | | |
|----------------------------------|--|---------------------|--------------------|-----------------------------|
| | Held for Trading | Loans & Receivables | Available for Sale | Other Financial Liabilities |
| Funds on deposit | 3,512,000 | — | — | — |
| Line of credit | 141,000 | — | — | — |
| Investments (Fédération) | | | | |
| Term deposits | — | 25,365,000 | — | — |
| Shares | — | — | 4,694,000 | — |
| Loans to members | — | 250,379,000 | — | — |
| Derivative financial instruments | — | — | 144,000 | — |
| Accounts receivable | — | 386,000 | — | — |
| Members' deposits | — | — | — | <271,639,000> |
| Accounts payable | — | — | — | <990,000> |

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13. Financial Instrument Risk Exposure and Management (cont'd)

There have been no substantive changes in the Caisse populaire's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or methods used to measure them from previous periods unless otherwise stated in this note.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Caisse populaire's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Caisse populaire's management. The Board of Directors receives monthly reports from the Caisse populaire's Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit Risk

Credit risk is the risk of loss to the Caisse populaire if a counterparty to a financial instrument fails to meet its contractual obligations. The Caisse populaire is mainly exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations.

Risk Measurement

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Caisse populaire takes into consideration the member's character, ability to pay, and value of collateral available to secure the loan.

Objectives, Policies and Processes

The Caisse populaire's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

The Caisse populaire's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

- General loan policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration.
- Loan lending limits including Board of Directors limits, schedule of assigned limits and exemptions from aggregate indebtedness.
- Loan collateral security classifications which set loan classifications, advance ratios and amortization periods.

**NOTES TO
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For the year ended
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13. Financial Instrument Risk Exposure and Management (cont'd)

Objectives, Policies and Processes (cont'd)

- Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loan renegotiations.
- Loan delinquency controls regarding procedures followed for loans in arrears.
- Audit procedures and processes are in existence for the Caisse populaire's lending activities.

With respect to credit risk, the Board of Directors receives monthly reports summarizing new loans, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance for doubtful loans quarterly.

The Caisse Populaire's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

| <i>In thousands of \$</i> | 2009 | | 2008 | |
|-----------------------------|----------------|------------------|----------------|------------------|
| | Carrying value | Maximum exposure | Carrying value | Maximum exposure |
| Fédération - Term deposits | 25,025 | 25,025 | 22,925 | 22,925 |
| Member loans | 250,379 | 250,379 | 224,761 | 224,761 |
| Undisbursed loans | — | 7,994 | — | 14,659 |
| Unutilized lines of credit | — | 34,125 | — | 31,494 |
| Unexpired letters of credit | — | 395 | — | 253 |
| | 275,404 | 317,918 | 247,686 | 294,092 |

Details regarding concentration of credit risk, collateral and other credit enhancements held and loans past due but not impaired are disclosed in Note 4.

For the current year, the amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is \$ 30,000.

Liquidity Risk

Liquidity risk is the risk that the Caisse populaire may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost effective manner to meet its commitments as they come due.

Risk Measurement

The assessment of the Caisse populaire's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm-specific and market conditions and the related behaviour of its clients and counterparties.



13. Financial Instrument Risk Exposure and Management (cont'd)

Objectives, Policies and Processes

The Caisse populaire's liquidity management framework is designed to ensure that adequate sources of reliable and cost-effective cash or its equivalents are continually available to satisfy its current and prospective financial commitments under normal and contemplated stress conditions.

Provisions of *The Credit Unions and Caisses Populaires Act* (the Act) require the Caisse populaire to maintain a certain amount of liquid assets in order to meet member withdrawals.

The Board of Directors receives monthly liquidity reports as well as information regarding cash balances in order for it to monitor the Caisse populaire's liquidity framework. The Caisse populaire was in compliance with the liquidity requirements throughout the fiscal year.

As at December 31, 2009, the Caisse populaire met the liquidity requirements of the Act.

The following are the contractual maturities of financial liabilities, including estimated interest payments as at December 31:

2009

| <i>In thousands of \$</i> | Carrying Amount | Gross Nominal | Less than 1 Year | 2 - 3 years | 4 - 5 years |
|---------------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| Members' deposits | 271,639 | <285,260> | <173,209> | <68,986> | <43,065> |
| Accounts payable | 990 | <990> | <990> | — | — |
| Undisbursed loans | — | <7,994> | <7,994> | — | — |
| Line of credit | 141 | <141> | <141> | — | — |
| | 272,770 | <294,385> | <182,334> | <68,986> | <43,065> |

2008

| <i>In thousands of \$</i> | Carrying Amount | Gross Nominal | Less than 1 Year | 2 - 3 years | 4 - 5 years |
|---------------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------|
| Members' deposits | 253,317 | <266,907> | <149,742> | <59,172> | <57,993> |
| Accounts payable | 1,066 | <1,066> | <1,066> | — | — |
| Undisbursed loans | — | <14,659> | <14,659> | — | — |
| | 254,683 | <282,632> | <165,467> | <59,172> | <57,993> |

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December 31st, 2009

13. Financial Instrument Risk Exposure and Management (cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices, and credit spreads. The Caisse populaire is exposed to market risk in its asset/liability management activities. The level of market risk to which the Caisse populaire is exposed varies depending on market conditions and expectations of future price and yield movements.

Interest Rate Risk

Traditional banking activities, such as deposit taking and lending, expose the Caisse populaire to market risk, of which interest rate risk is the largest component. The Caisse populaire's goal is to manage the interest rate risk of the balance sheet to a target level. The Caisse populaire continually monitors the effectiveness of its interest rate mitigation activities.

Risk Measurement

The Caisse populaire's position is measured monthly. Measurement of risk is based on rates charged to clients as well as funds transfer pricing rates.

Objectives, Policies and Procedures

The Caisse populaire's major source of income is financial margin, the difference between interest earned on members' loans and investments and interest paid on members' deposits. The objective of asset/liability management is to match interest-sensitive assets with interest-sensitive liabilities as to amount and as to term to their interest rate repricing dates, thus minimizing fluctuations of income during periods of changing interest rates.

Schedules of matching and interest rate vulnerability are regularly prepared and monitored regularly. Matching is managed by La Fédération des Caisses populaires du Manitoba, pursuant to the document entitled "Mandat de gestion du risqué de taux d'intérêt", to which both parties agreed upon.

13. Financial Instrument Risk Exposure and Management (cont'd)

To decrease the exposure of wide fluctuations of income during periods of changing interest rates, the Caisse populaire enters into interest rate swap contracts to reduce its exposures to changing interest rates.

As at December 31, 2009, the notional principal amount of swaps totalled \$27,000,000. These amounts however are not indicative of the underlying credit risk. The credit risk is represented by the cost to replace the swap agreements, which is estimated to be \$144,000 at December 31, 2009. This cost would be incurred only in the event of failure by the counter party, restricted to major chartered banks, to honor its contractual obligations and it is management's assessment that an event of failure is remote and that the associated credit risk is minimal.

The following schedule shows the Caisse populaire's sensitivity to interest rate changes. Amounts with floating rates or due or payable on demand are classified as maturing within twelve months, regardless of maturity. A significant amount of loans and deposits can be settled before maturity on payment of a penalty, but no adjustment has been made for repayments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

| Expected Repricing or Maturity Date | Assets \$ | Interest Rate % | Liabilities and Members' Equity \$ | Interest Rate % | Net Assets/ Liabilities Mismatch \$ |
|---|--------------------|-----------------------|--|-----------------------|--|
| Variable rates | 105,762,000 | 3.46 | 73,269,000 | 0.73 | 32,493,000 |
| Less than one year | 20,852,000 | 4.13 | 59,296,000 | 2.76 | <38,444,000> |
| Greater than one year | 178,943,000 | 4.52 | 109,389,000 | 4.61 | 69,554,000 |
| Non-interest sensitive | 10,635,000 | -- | 74,238,000 | -- | <63,603,000> |
| Total (includes "off balance sheet") | <u>316,192,000</u> | | <u>316,192,000</u> | | <u>--</u> |

The notional amount of swaps is added to the balance sheet as assets of \$27,000,000, comprised of \$16,000,000 in fixed rate and \$11,000,000 in variable rate, and as liabilities of \$27,000,000, comprised of \$16,000,000 in variable rate and \$11,000,000 in fixed rate.

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13. Financial Instrument Risk Exposure and Management (cont'd)

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. One of the roles of the Caisse populaire is to intermediate between the expectations of borrowers and depositors. For the year ended December 31, 2009, the Caisse populaire's exposure to interest rate risk was nominal.

Foreign Exchange Risk

Another risk component of traditional banking activities is foreign exchange risk. The Caisse populaire's goal is to manage the foreign exchange risk of the balance sheet to a target level. The Caisse populaire continually monitors the effectiveness of its foreign exchange mitigation activities.

Risk Measurement

The Caisse populaire's position is measured monthly. Measurement of risk is based on rates charged to members as well as currency purchase costs.

Objectives, Policies and Procedures

The Caisse populaire's exposure to changes in currency exchange rates shall be controlled by limiting the unhedged foreign currency exposure.

For the year ended December 31, 2009, the Caisse populaire's exposure to foreign exchange risk was nominal.

14. Fair Value of Financial Instruments

The financial instruments include financial assets that represent cash or a contractual right to receive cash and financial liabilities that represent a contractual obligation to deliver cash. The financial instruments also include interest rate swaps. Property, plant and equipment and members' capital are not considered financial instruments.

The Caisse populaire has categorized its assets and liabilities that are carried at fair value on a recurring basis, into a three level fair value hierarchy. The assets and liabilities are categorized in the hierarchy based on the priority of the inputs used to measure fair value. The three level fair value hierarchy is composed of the following categories:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on inputs other than quoted prices included in Level 1. Fair value of the quoted prices is based on inputs that are directly observable or inputs derived from information that is observable in an active market.

Level 3: Fair value is based on inputs for the asset or liability that are not based on observable market data.

The Caisse populaire considers the majority of its financial assets and liabilities to be in the level 2 fair value measurement category.

During the period there were no transfers between levels in the fair value hierarchy.

14. Fair Value of Financial Instruments (cont'd)

The fair value represents the value the financial instruments of the Caisse populaire would realize if exchanged between the Caisse populaire and a third party. For investments, deposits and loans with a fixed interest rate, the difference between the current interest rate and the interest rate obtained at the time of the original investment, loan or deposit results in a fair value (the value that a third party would pay for the deposit or loan) different from the book value. Investments, loans and deposits at variable rates and those maturing within 3 months, cash and accounts payable and receivable are all presumed to have a fair value equal to book value.

While fair value amounts are designed to represent estimates of the amounts at which assets and liabilities could be exchanged in current transactions between willing parties, the Caisse populaire normally holds all of its investments, loans and deposits to their maturity date.

The following table presents the fair values of all financial instruments of the Caisse populaire as at December 31, 2009.

| <i>(in thousands of dollars)</i> | 2009 | | Fair Value Over (Under) Book Value | 2008 | | Fair Value Over (Under) Book Value |
|---|---------------|------------|---|---------------|------------|---|
| | Book Value | Fair Value | | Book Value | Fair Value | |
| Assets | | | | | | |
| Funds on deposit and investments at La Fédération | 33,572 | 34,767 | 1,195 | 41,183 | 41,909 | 726 |
| Accounts receivable | 386 | 386 | — | 145 | 145 | — |
| Loans to members | 250,379 | 249,066 | <1,313> | 224,761 | 220,366 | <4,395> |
| Derivative financial instruments | 144 | 144 | — | — | — | — |
| Liabilities | | | | | | |
| Members' deposits | 271,639 | 280,943 | <9,304> | 253,317 | 259,391 | <6,074> |
| Derivative financial instruments | — | — | — | 352 | 352 | — |
| Accounts payable | 990 | 990 | — | 1,066 | 1,066 | — |
| Line of credit | 141 | 141 | — | — | — | — |

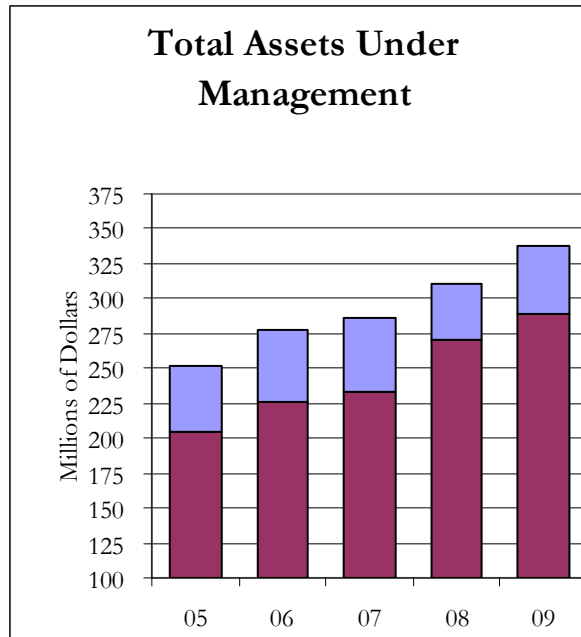
15. Merger

In December, 2009, the members of La Caisse populaire de Saint-Boniface Limitée, Caisse populaire La Prairie Ltée, Caisse populaire Pembina Ltée and Caisse populaire Élie Ltée approved a merger of the four caisses to take effect September 1, 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

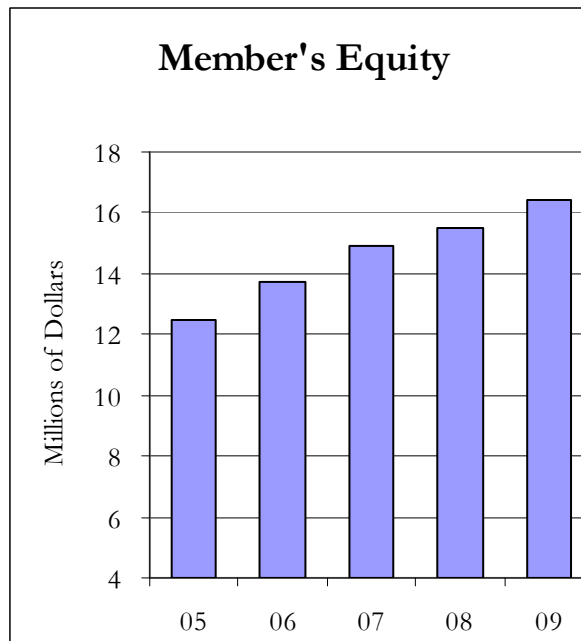
For the year ended
December 31st, 2009

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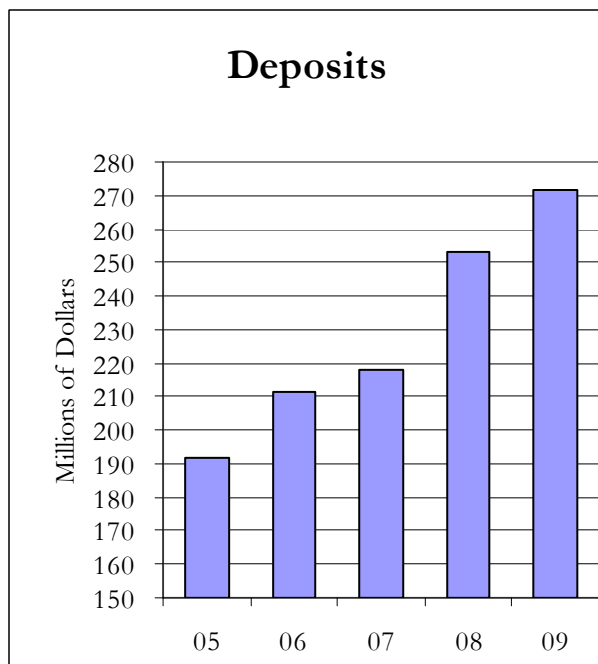
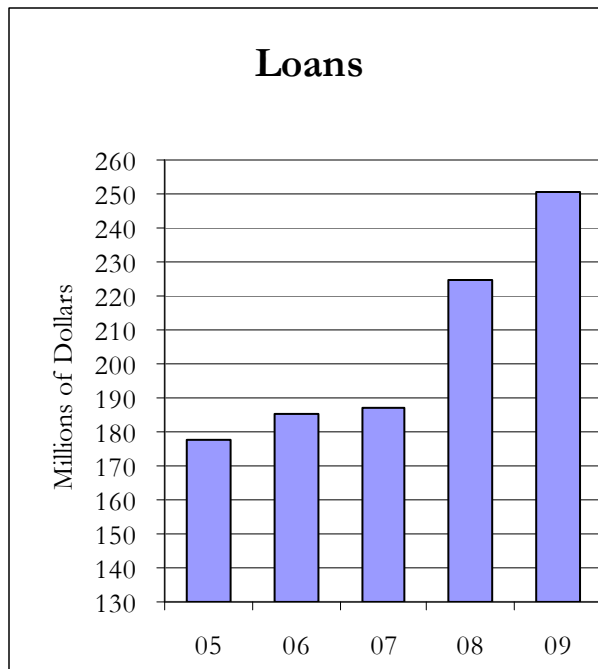


Legend:

- Off-Balance Sheet Assets
- Consolidated Assets



**FINANCIAL
HIGHLIGHTS**



**CAISSE SAINT-
BONIFACE'S
COMMITMENT TO
ITS COMMUNITY**

A cooperative institution is set apart from other financial institutions by its contribution to communities it serves. Caisse Saint-Boniface takes this responsibility to heart and continues to be involved fully in its communities by encouraging various activities - community, humanitarian, cultural, educational, socio-economic and sports.

**SPONSORSHIPS AND SPECIAL PROJECTS
SUPPORTED BY CAISSE SAINT-BONIFACE**

In 2009, the following groups received a financial contribution of \$1,000.00 or more from Caisse Saint-Boniface to support them for a special project or sponsorship.

- ◆ Centre de Renouveau Aulneau Renewal Centre
- ◆ Cercle Molière
- ◆ Festival du Voyageur
- ◆ Francofonds
 - Collège Louis-Riel
 - École Christine-Lespérance
 - École Gabrielle-Roy
 - École Lacerte
 - École Léo-Rémillard
 - École Précieux-Sang
 - École Roméo-Dallaire
 - École Taché
- ◆ St. Amant Foundation
- ◆ St. Boniface Hospital & Research Foundation
- ◆ United Way

VARIOUS SPONSORSHIPS

The following are organizations which benefited from a contribution from Caisse Saint-Boniface, whether through a financial donation, promotional items or volunteering by its team members.

| | |
|---|---|
| Association des résidents du Vieux Saint-Boniface | Fantasy Lake Golf |
| Camerata Nova | Festival du Voyageur |
| Centre de Renouveau Aulneau Renewal Centre | Festival théâtre jeunesse |
| Cercle Molière | Fondation charité Congo-Canada |
| Knights of Columbus | Francofonds |
| Club Ile-des-Chenes Club | L'Entre-temps des Franco-Manitobaines |
| Collège Louis-Riel - Annuaire | Le 100 Nons Inc. |
| Collège régional Gabrielle-Roy | Maison Gabrielle-Roy |
| Comité scolaire de l'École Taché | North Stars Hockey Club |
| Conseil de développement économique Des municipalités bilingues du Manitoba | Paroisse du Précieux-Sang |
| CMA Manitoba | St. Amant Foundation |
| Dakota Community Centre | St. Boniface Golf Club |
| Dakota Lazars | St. Boniface Hospital & Research Foundation |
| | United Way |

GENERAL COMMUNITY SPONSORSHIPS

THE TEAM :



Sylvie Atwell
Jean-Pierre Bérard
Christine Bérubé
Pascale Bichon
Rémi Bisson
Roxanne Bisson
Amanda Boivin
Richard Bosc
Sylvie Burgoyne
Léa Catellier
Nicole Comte
Andrée Courchaine
Lianne Deleurme
Judith d'Eschambault
Léo Desmarais
Nathalie Dubois
Nicolas Faucher
Gisèle Foidart
Brigitte Fontaine
Pierre Fournier
Marcel Gauvin
Pierre Gérardy
René Gérardy
Anita Gobeil
Stéphane Gosselin
Stéphanie Graff
Jean Grenier
Nicole Hébert
Justine Hill
Lynne Hrynychuk
Dominique Lachance
Claudine Lambert
Gina Lambert
Lynne Laurendeau-Ross

Micheline Lazarenko
Collette LeGal
Murielle Maccès-Nimi
Denise Maynard
Gisèle Moquin-Janusz
Iwona Muller
Joël Nakata
Claude Marcel Ndeba
Ivan Normandeau
Marc Normandeau
Marcel Normandeau
Christeen Perreault
Rachel Pilon
Annick Potvin
Giselle Roy
Julie Sabourin
Robert Sabourin
Paulette Sarrasin
Paul Sawchuk
Mirielle Smith
Mona St.Godard
Juliette Tessier
Sylvie Tétrault
Lynne Tougas
Michelle Tougas-Fiola
Diane Toupin
Rachelle Trudeau
Rachelle Turenne
Nicole Vandale
Michel Vandall
Claudette Vermette

THE TEAM :



Joël Brétécher
Guil Perreault
Gisèle H.T. Roch
Linda Roeland
Martin Trudeau

As of March 8, 2010