


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

Roland Bazinet¹

Claude Betourney

Agathe Bisson

Roland Boisvert

Marielle Decelles-Brentnall

Stéfan Delaquis¹

Gilbert Robert

Michel Simard

Jean-Marc Ruest¹

Jacques Trudeau

Julie Turenne-Maynard

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

If Economists were to write Caisse Saint-Boniface's history, it would be interesting to see what they would have to say with respect to the most recent chapter of our history. They would certainly agree on the fact that the year ending on December 31, 2008 has seen both extremities of a volatile economic situation. We started the year 2008 the same way we ended it in 2007: in full control of our destiny, certain of our growth and confident that our Strategic Planning Session which was held in the spring would have amazing results. Now that the year has ended, we can reflect on our results and congratulate ourselves for a job well done. Not only have we met our goals with respect to growth in loans and deposits, but we have surpassed them in a remarkable way. As you will read later on in this message, our results were higher than what was anticipated by both the staff and your board of directors.

Having said that, we have to realize that although we have seen favorable results with respect to our budget in 2008, we also have to accept that the Caisse's economic position follows and depends on the world economic situation. We also have to realize that, sooner or later, despite any measures taken by our Caisse to protect itself from the turmoils of the world economic crisis, it will impact us. And that would be the theme of the second chapter written by the Economists who would write our Caisse's history.

In 2007, the Caisse's management team developed a strategic plan to increase loans and deposits. Said plan was presented to your board in the fall of 2007 and was approved shortly after. It is with much enthusiasm that we implemented the strategic plan at the beginning of the 2008 fiscal year. Here are the results of the strategic plan.

Financial Results

With respect to loans, we have seen a growth of \$37.8M (20%) versus \$1.7M (1%) in 2007. Although this represents a growth 22 times higher than the preceding year, bad debts and the delinquency rate are stable at approximately 0.46%. In 2008, our deposits followed a similar path to the loans with a growth of \$35.6M (16.3%), versus \$6.4M (3.1%) in 2007.

Unfortunately, the world economic crisis had an impact on our profitability in the last quarter of 2008, with a loss reducing our profitability for the year. The main factor for this loss is attributable to shares held at the Fédération which have decreased by approximately \$150,000 versus last year. In spite of this loss, the net income before other item, patronage refund and income taxes was \$1.27M. Our capitalization rate went from 6.38% at the end of December 2007 to 5.74% at the end of December 2008 caused by the redemption of surplus shares as well as an asset growth which was higher than anticipated.

At December 31, 2008, the Caisse's total assets under management were \$310,082,000, of which the sum of \$39,671,000 was managed by our wealth management subsidiary, C Finance Inc.

Staff

In 2008, Caisse Saint-Boniface has set up a new organizational chart to provide a better service to each of our members. Under the new organizational chart, each member has been assigned to a specific Caisse employee. Therefore, members can now contact the Caisse's representative directly assigned to their account for all of their financial needs, whether it relates to credit or investments. The new organizational chart also allows our staff to follow a better-defined career path for their future.

The Caisse's Future

Looking towards the future, the Caisse must remain careful and take all possible measures to meet the challenges of the economic crisis which has been prevailing in the last few months. The Caisses have set up a working committee responsible for analyzing the potential merger of all Manitoba Caisses. Such a merger would give Caisses a promising future, while placing them in a favorable position to compete against other financial institutions in such fields as credit, wealth management, sales and marketing.

The board of directors, in cooperation with Caisse's management team, will review the construction project of its new building in the next few weeks to determine the possible impact of the economic crisis on the construction start date. All Caisses' profitability, including ours, will certainly be affected by the crisis and your Board is committed to analyzing the potential impact on the project.

We wish to thank every one of our Board of Directors for their precious cooperation and their continuous presence in the last year. Their expertise and leadership, sustained by their constant commitment to their community and to their Caisse, encourage us to aim for excellence in our member services.

We also thank our staff who offered our members the best possible services throughout the year. It is mainly because of their loyalty and enthusiasm that your Caisse was able to meet its goals set at the beginning of the year. For that, we are truly grateful to them.

Along with the staff and the Board of Directors, we now have the pleasant task to thank you, our members, for your continued support in giving our Caisse a financial strength and credibility which reflects the vitality of our community.



Marielle Decelles-Brentnall
President



Rémi Bisson
CEO

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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
March 13, 2009



**CONSOLIDATED
BALANCE SHEET**
As at December 31st

<i>(in dollars)</i>	2008	2007
ASSETS		
Funds on hand and on deposit (note 6)	13,632,000	10,520,000
Investments (note 3)	27,551,000	32,986,000
Loans to members (note 4)	224,761,000	186,993,000
Future income taxes (note 11)	172,000	158,000
Other assets	645,000	649,000
Derivative financial instruments	—	16,000
Capital assets (note 5)	3,296,000	1,811,000
Goodwill	354,000	354,000
	270,411,000	233,487,000
LIABILITIES		
Derivative financial instruments	352,000	—
Members' deposits (note 7)	253,317,000	217,763,000
Accounts payable and accrued liabilities	1,230,000	838,000
	254,899,000	218,601,000
COMMITMENTS (note 8)		
MEMBERS' CAPITAL (note 10)		
Members' shares (note 9)	4,711,000	4,893,000
Provision for issue of surplus shares	—	1,000,000
Retained earnings	10,398,000	8,979,000
Accumulated other comprehensive income	403,000	14,000
	15,512,000	14,886,000
	270,411,000	233,487,000

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>	2008	2007
Balance, beginning of year	8,979,000	8,386,000
Net income for the year	1,419,000	593,000
Balance, end of year	10,398,000	8,979,000

**CONSOLIDATED
STATEMENT OF
RETAINED
EARNINGS**

For the year ended
December 31st

<i>(in dollars)</i>	2008	2007
Balance, beginning of year	14,000	1,000
Other comprehensive income for the Period (net of tax recovery of \$58,000)	389,000	13,000
Balance, end of the year	403,000	14,000

**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>	2008	2007
Interest income		
Members' loans	11,731,000	11,048,000
Investments		
Deposits - Fédération	1,433,000	1,834,000
Shares - Fédération	52,000	202,000
Swaps of interest rates	25,000	<123,000>
Unrealized gains (losses) on swaps of interest rates	89,000	<35,000>
	13,330,000	12,926,000
Cost of funds		
Interest paid to members	7,470,000	7,264,000
Gross financial margin	5,860,000	5,662,000
Assessment and bonding insurance	45,000	50,000
Provision for doubtful loans	40,000	40,000
Net financial margin	5,775,000	5,572,000
Operating expenses		
Administration	1,333,000	1,148,000
Fees - Fédération (note 12)	422,000	408,000
Information technology - Tél�-Pop (note 12)	342,000	311,000
Occupancy	784,000	742,000
Staff	3,591,000	3,144,000
Assessments - La Soci�t� d'assurance- d�p�ts	207,000	141,000
Gross operating expenses	6,679,000	5,894,000
Service fees and other income	2,175,000	2,061,000
Net operating expenses	4,504,000	3,833,000
Net income before other item, patronage refund and income taxes	1,271,000	1,739,000
Other Item		
Gain on sale of capital assets	352,000	32,000
Patronage refund to members	—	1,000,000
Net income before income taxes	1,623,000	771,000
Provision for income taxes		
Current	218,000	97,000
Future (note 11)	<14,000>	81,000
	204,000	178,000
Net income for the year	1,419,000	593,000

<i>(in dollars)</i>	2008	2007
Net income for the year (per Statement of Operations)	1,419,000	593,000
Other comprehensive income (net of tax recovery)		
Gains on derivative financial instruments designated as cash flow hedges	389,000	13,000
Comprehensive income	1,808,000	606,000

**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>	2008	2007
Cash flows from operating activities		
Net income for the year	1,419,000	593,000
Items not affecting cash		
Amortization of capital assets	272,000	290,000
Provision for doubtful loans	40,000	40,000
Patronage refund to members	—	1,000,000
Future income taxes	<14,000>	88,000
Gain on sale of capital assets	<352,000>	<32,000>
Unrealized gain on derivative financial instruments	<76,000>	<35,000>
Derivative financial instruments	—	16,000
	1,289,000	1,960,000
Net change in non-cash working capital items	326,000	<642,000>
	1,615,000	1,318,000
Cash flows from investing activities		
Net increase in loans issued to members	<36,905,000>	<1,686,000>
Net increase (decrease) in investments	5,435,000	<12,514,000>
Purchase of capital assets	<1,948,000>	<61,000>
Proceeds on sale of capital assets	543,000	259,000
	<32,875,000>	<14,002,000>
Cash flows from financing activities		
Net increase in members' deposits	35,554,000	6,471,000
Net decrease in members' shares	<1,182,000>	<517,000>
	34,372,000	5,954,000
Increase (decrease) in funds on hand and on deposit	3,112,000	<6,730,000>
Funds on hand and on deposit - Beginning of year	10,520,000	17,250,000
Funds on hand and on deposit - End of year	13,632,000	10,520,000

Income taxes paid during the year were \$379,000 (\$303,000 in 2007).



**SUMMARY OF
SIGNIFICANT
ACCOUNTING
PRINCIPLES**

December 31st, 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
PRINCIPLES**

December 31st, 2008

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
PRINCIPLES**

December 31st, 2008



**SUMMARY OF
SIGNIFICANT
ACCOUNTING
PRINCIPLES**

December 31st, 2008

Properties for Resale	Properties for resale are stated at the lower of acquisition cost or net realizable value.														
Capital Assets	<p>Capital assets 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>Financial Statement Concepts</i> - CICA Handbook Section 1000, financial statement concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.</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**

December 31st, 2008

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 1st, 2008, the Caisse populaire adopted CICA Handbook Section 3862, "Financial Instruments - Disclosure", Section 3863, "Financial Instruments - Presentation" and Section 1535, "Capital Disclosures".

Section 3862 increases the disclosures currently required to include the extent to which an entity is exposed to risks arising from financial instruments, the nature of those risks and a description of management's objectives, policies and processes for dealing with them. Section 3863 replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. Section 1535 requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The adoption of these new standards required additional note disclosure as contained primarily in Notes 4, 10 and 13. There was no material impact on the Caisse populaire's statement of operations.

3. Investments

<i>(in dollars)</i>	2008	2007
Fédération		
Term deposits	22,925,000	29,272,000
Shares	4,399,000	3,556,000
	<u>27,324,000</u>	<u>32,828,000</u>
Accrued interest	227,000	158,000
	<u>27,551,000</u>	<u>32,986,000</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**
December 31st, 2008

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>	2008		2007	
	Gross Loan Balances	Specific and General Provisions	Gross Loan Balances	Specific and General Provisions
Mortgage loans	90,608,000	357,000	87,495,000	447,000
Personal loans and lines of credit	18,847,000	569,000	17,921,000	554,000
Commercial loans and lines of credit	117,241,000	1,009,000	83,539,000	961,000
	<u>226,696,000</u>	<u>1,935,000</u>	<u>188,955,000</u>	<u>1,962,000</u>
Less: Provision for doubtful loans	1,935,000		1,962,000	
	<u>224,761,000</u>		<u>186,993,000</u>	

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

<i>(In dollars)</i>	2008		2007	
	Impaired Loan Balances	Specific Provisions	Impaired Loan Balances	Specific Provisions
Mortgage loans	408,000	100,000	717,000	100,000
Personal loans and lines of credit	387,000	71,000	382,000	81,000
Commercial loans and lines of credit	1,133,000	160,000	558,000	202,000
	<u>1,928,000</u>	<u>331,000</u>	<u>1,657,000</u>	<u>383,000</u>

The provision for doubtful loans includes specific provisions of \$331,000 (2007 - \$383,000) and general provisions of \$1,604,000 (2007 - \$1,579,000).

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, 2008, the Credit Union 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>	2008			
	1 - 30 days	31 - 90 days	Greater than 90 days	Total
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**
December 31st, 2008

4. Loans to Members (cont'd)

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

<i>(in dollars)</i>	2008	2007
Balance, beginning of the year	1,962,000	1,956,000
Provision for doubtful loans	40,000	40,000
Loans written-off	<94,000>	<43,000>
Loans recovered	27,000	9,000
Balance, end of year	1,935,000	1,962,000

5. Capital Assets

<i>(in dollars)</i>	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	914,000	561,000	353,000	465,000
Land	1,740,000	-	1,740,000	247,000
Furniture and equipment	1,541,000	1,176,000	365,000	336,000
Computer equipment	1,214,000	1,093,000	121,000	130,000
Telecommunications towers	8,000	3,000	5,000	6,000
Telecommunications equipment	159,000	85,000	74,000	97,000
Leasehold improvements	820,000	372,000	448,000	422,000
Improvements and renovations	588,000	398,000	190,000	108,000
	6,984,000	3,688,000	3,296,000	1,811,000

Amortization of \$272,000 for the year (2007 - \$290,000) is included in occupancy expense.

6. La Fédération des caisses populaires du Manitoba Inc.

The Caisse populaire has an approved credit facility equal to 10% of its member deposits. For the current year, this amounts to \$25.0 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, 2008, the credit facility was not utilized.

7. Members' Deposits

<i>(in dollars)</i>	2008	2007
Chequing accounts	47,074,000	42,433,000
Term deposits	93,936,000	82,930,000
Registered plans	48,648,000	44,353,000
Savings	60,659,000	45,350,000
	250,317,000	215,066,000
Accrued Interest	3,000,000	2,697,000
	253,317,000	217,763,000

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

8. Commitments

As at December 31, 2008, the Caisse populaire has total commitments of \$46,448,000. Of this amount, \$14,659,000 represents loans to members that have been approved but not disbursed and \$31,494,000 represents the unutilized portions of lines of credit. The balance of \$253,000 relates to letters of credit in effect at December 31, 2008.

La Caisse populaire, with the approval of its members, has decided to construct a new building to house its operations. Land totaling \$1,475,000 has already been purchased, and contracts have been signed for the design and construction. The total cost of this project is expected to be \$10,375,000.

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

	\$
2009	132,000
2010	112,000
2011	101,000
2012	60,000
2013	63,000

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.

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

<i>(in dollars)</i>	2008	2007
9,805 (2007 – 9,620) common shares	49,000	48,000
932,477 (2007 – 968,923) surplus shares	4,662,000	4,845,000
	<u>4,711,000</u>	<u>4,893,000</u>

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 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, 2008, the Caisse populaire met the capital requirements of the Act.

11. Income Taxes

As at December 31, 2008, the future income tax asset is \$172,000 (2007 - \$158,000).

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

<i>(in dollars)</i>	2008	2007
Provision for future income taxes (recovery) related to temporary differences	<14,000>	16,000
Tax rate reduction	—	65,000
	<u><14,000></u>	<u>81,000</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>	2008	2007
Combined federal and provincial statutory income tax rates	33	35
Rate deduction available to eligible small businesses	<20>	<19>
Other	—	7
	<u>13</u>	<u>23</u>

The tax effects of temporary differences, which give rise to the net future income tax asset, relates to capital assets, 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 Management**

All transactions with directors or management, 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 \$22,500 (2007 - \$18,600).

• **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 \$239,000 for the year ended December 31, 2008 (\$218,000 for 2007). Rebates of premiums received from La Société d'assurance-dépôts des caisses populaires totaled \$31,750 for the year ended December 31, 2008 (\$77,000 for 2007) and are presented as a reduction of assessment and bonding insurance.

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

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, 2008 totaled \$1,487,000 (2007 - \$2,027,637). Payments made to la Fédération des caisses populaires du Manitoba Inc. for clearing and assessment fees for the year ended December 31, 2008 totaled \$526,000 (2007 - \$504,000).

● **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 ten year contractual obligation with Télé-Pop Inc. for information technology services, ending in 2011.

Payments made to Télé-Pop for the year ended December 31, 2008 totaled \$342,000 (2007 - \$311,000).

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.

Categories of Financial Assets and Financial Liabilities

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

Class of Financial Instrument	Held for Trading	Loans & Receivables	Available for Sale	Other Financial Liabilities
Funds on deposit	13,632,000	—	—	—
Investments (Fédération)				
Term deposits	—	23,152,000	—	—
Shares	—	—	4,399,000	—
Loans to members	—	224,761,000	—	—
Derivative financial instruments	—	—	<352,000>	—
Accounts receivable	—	145,000	—	—
Member deposits	—	—	—	<253,317,000>
Accounts payable	—	—	—	<1,066,000>

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
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

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.

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 *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, 2008, 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, 2008:

<i>In thousands of \$</i>	Carrying Amount	Gross Nominal	Less than 1 Year	2 - 3 years	4 - 5 years
Member deposits	253,617	<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>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31st, 2008

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

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 member 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, 2008, the notional principal amount of swaps totalled \$19,000,000. 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 \$352,000 at December 31, 2008. 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	86,557,000	3.75	73,415,000	1.83	13,142,000
Less than one year	27,547,000	4.87	43,372,000	3.62	<15,825,000>
Greater than one year	166,400,000	4.87	115,298,000	4.74	51,102,000
Non-interest sensitive	8,907,000	--	57,326,000	--	<48,419,000>
Total (includes "off balance sheet")	<u>289,411,000</u>		<u>289,411,000</u>		<u>--</u>

The notional amount of swaps is added to the balance sheet as assets of \$19,000,000, comprised of \$10,000,000 in fixed rate and \$9,000,000 in variable rate, and as liabilities of \$19,000,000, comprised of \$10,000,000 in variable rate and \$9,000,000 in fixed rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31st, 2008

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

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 intermedie between the expectations of borrowers and depositors. For the year ended December 31, 2008, 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, 2008, the Caisse populaire's exposure to foreign exchange risk was nominal.

14. Fair Values of Financial Assets and Liabilities

The following table presents the fair values of all financial instruments of the Caisse populaire as at December 31, 2008.

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. Capital assets and members' capital are not considered financial instruments.

**NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS**
December 31st, 2008

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.

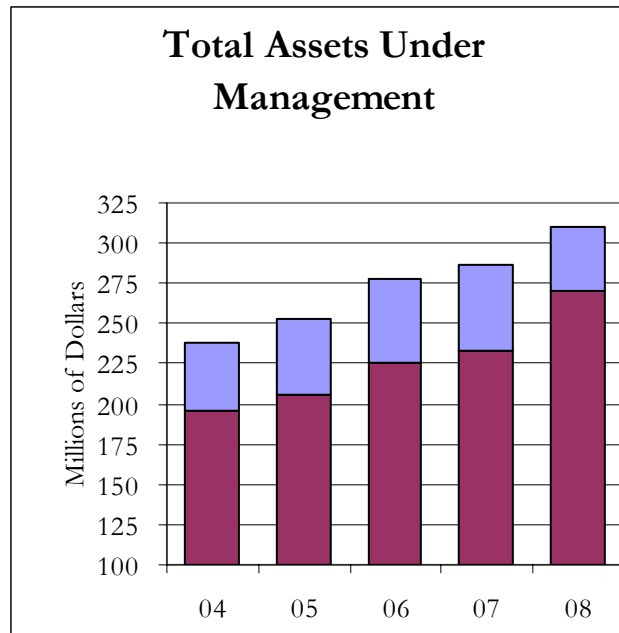
While fair value amounts are designed to represent estimates of the amounts at which assets and liabilities could be exchanged in current transactions between willing parties, the Caisse populaire normally holds all of its investments, loans and deposits to their maturity date.

<i>(in thousands of dollars)</i>	2008			2007		
	Book Value	Fair Value	Fair Value Over (Under) Book Value	Book Value	Fair Value	Fair Value Over (Under) Book Value
Assets						
Funds on deposit and investments at Fédération	41,183	41,909	726	43,506	43,492	<14>
Accounts receivable	145	145	—	161	161	—
Loans to members	224,761	220,366	<4,395>	186,993	181,231	<5,762>
Derivative financial instruments	—	—	—	16	16	—
Liabilities						
Members' deposits	253,317	259,391	<6,074>	217,763	220,139	<2,376>
Derivative financial instruments	352	352	—	—	—	—
Accounts payable	1,066	1,066	—	838	838	—

15. Comparative Figures

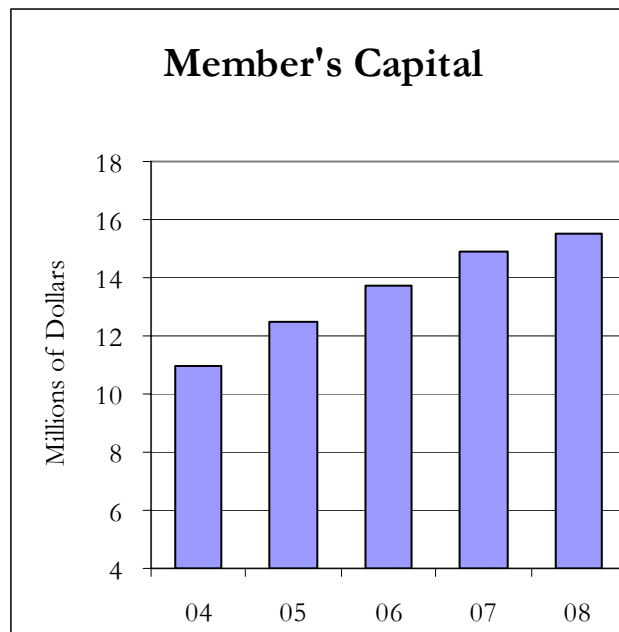
Certain of the comparative figures have been reclassified to conform with the current year's presentation.

**FINANCIAL
HIGHLIGHTS**

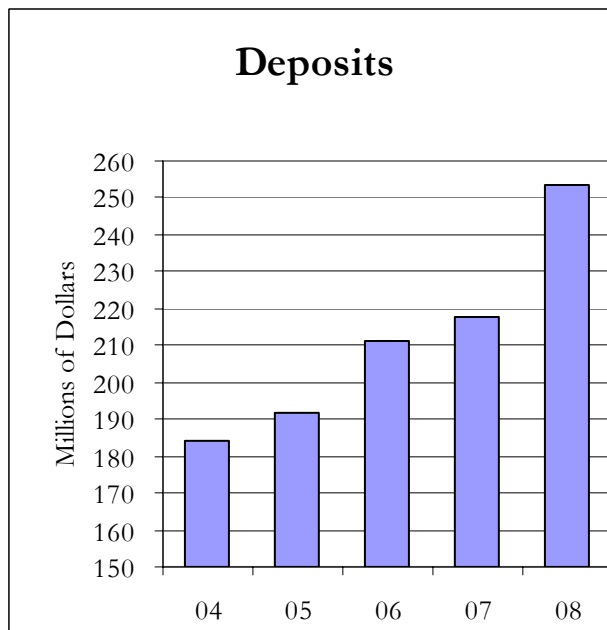
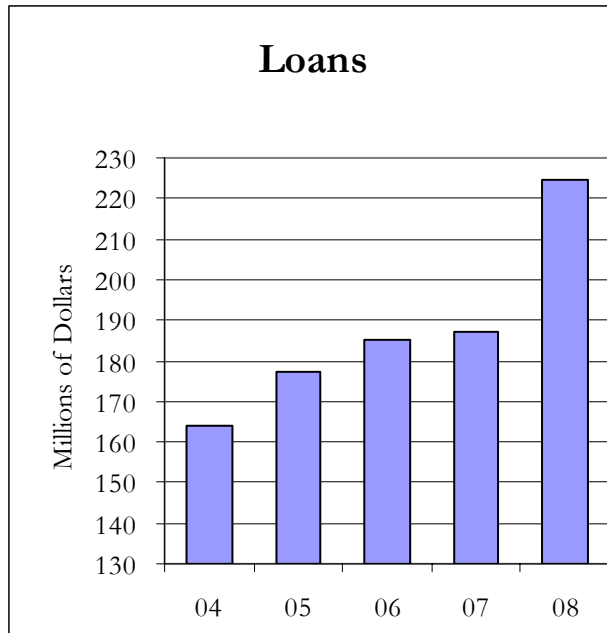


Legend:

- 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 2008, 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.

- ♦ Celebrations 2008
- ♦ Cercle Molière
- ♦ Festival du Voyageur
- ♦ Flavie-Laurent Centre Inc.
- ♦ 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.

Alliance chorale	Flavie-Laurent Centre Inc.
Alliance française Manitoba	Football Manitoba
Camerata Nova	Francofonds
Celebrations 2008	IDC North Stars
Cercle Molière	Jazz pour l'humanité - Collège Louis-Riel
Cinémental	Knights of Columbus
Club IDC	Le 100 Nons Inc.
CMA Manitoba	Maison Gabrielle-Roy
Collège Louis-Riel	Nelson McIntyre Collegiate
Collège universitaire de Saint-Boniface	Pluri-Elles
Comité scolaire de l'école Taché	St. Amant Foundation
Conseil de développement économique des municipalités bilingues du Manitoba	St. Boniface Diocesan High School
Dynamite Cup Tournament	St. Boniface Golf Club
Envol 91.1 FM	St. Boniface Hospital & Research Foundation
Fantasy Lake Golf Course	Scouts & guides franco-manitobains
Festival du Voyageur	Smitty's Bantam A Baseball Team
Festival théâtre jeunesse	The Tribute
	United Way

GENERAL COMMUNITY SPONSORSHIPS

THE TEAM :



Sylvie Atwell
Krisinda Beckett
Christine Bérubé
Pascale Bichon
Rémi Bisson
Amanda Boivin
Richard Bosc
Sylvie Burgoyne
Léa Catellier
Nicole Comte
Andrée Courchaine
Lianne Deleurme
Judith d'Eschambault
Léo Desmarais
Rokhaya Diakhaté
Nathalie Dubois
Erik Durand
Gisèle Foidart
Brigitte Fontaine
Pierre Fournier
Marcel Gauvin
Pierre Gérardy
René Gérardy
Anita Gobeil
Stéphane Gosselin
Rachelle Gousseau
Stéphanie Graff
Jean Grenier
Nicole Hébert
Justine Hill
Lynne Hrynchuk
Eric Lafrenière
Claudine Lambert
Gina Lambert
Lynne Laurendeau-Ross

Micheline Lazarenko
Collette LeGal
Denise Maynard
Aimée Mitima
Gisèle Moquin-Janusz
Iwona Muller
Joël Nakata
Claude Marcel Ndeba
Murielle Nimi-Madingou
Ivan Normandeau
Marc Normandeau
Marcel Normandeau
Christeen Perreault
Rachel Pilon
Rhéa Rocque
Francine Rouire
Giselle Roy
Julie Sabourin
Robert Sabourin
Paulette Sarrasin
Paul Sawchuk
Mirielle Smith
Juliette Tessier
Sylvie Tétrault
Lynne Tougas
Michelle Tougas-Fiola
Diane Toupin
Samir Touré
Martin Trudeau
René Trudeau
Michel Vandall
Claudette Vermette
Nadia Wrobel

THE TEAM :



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

As of April 13, 2009