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2018 Annual Report

Navigating change, building community





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Vancity 2018 Annual Report

This report provides a summary of Vancity, and our strategy, performance and impact during 2018. We publish supplementary documents that contain more information, available at vancity.com/annualreport:

- Consolidated financial statements
- Consolidated accountability statements, including the Global Reporting Initiative (GRI) content index
- Greenhouse gas handbook and inventory report
- Glossary

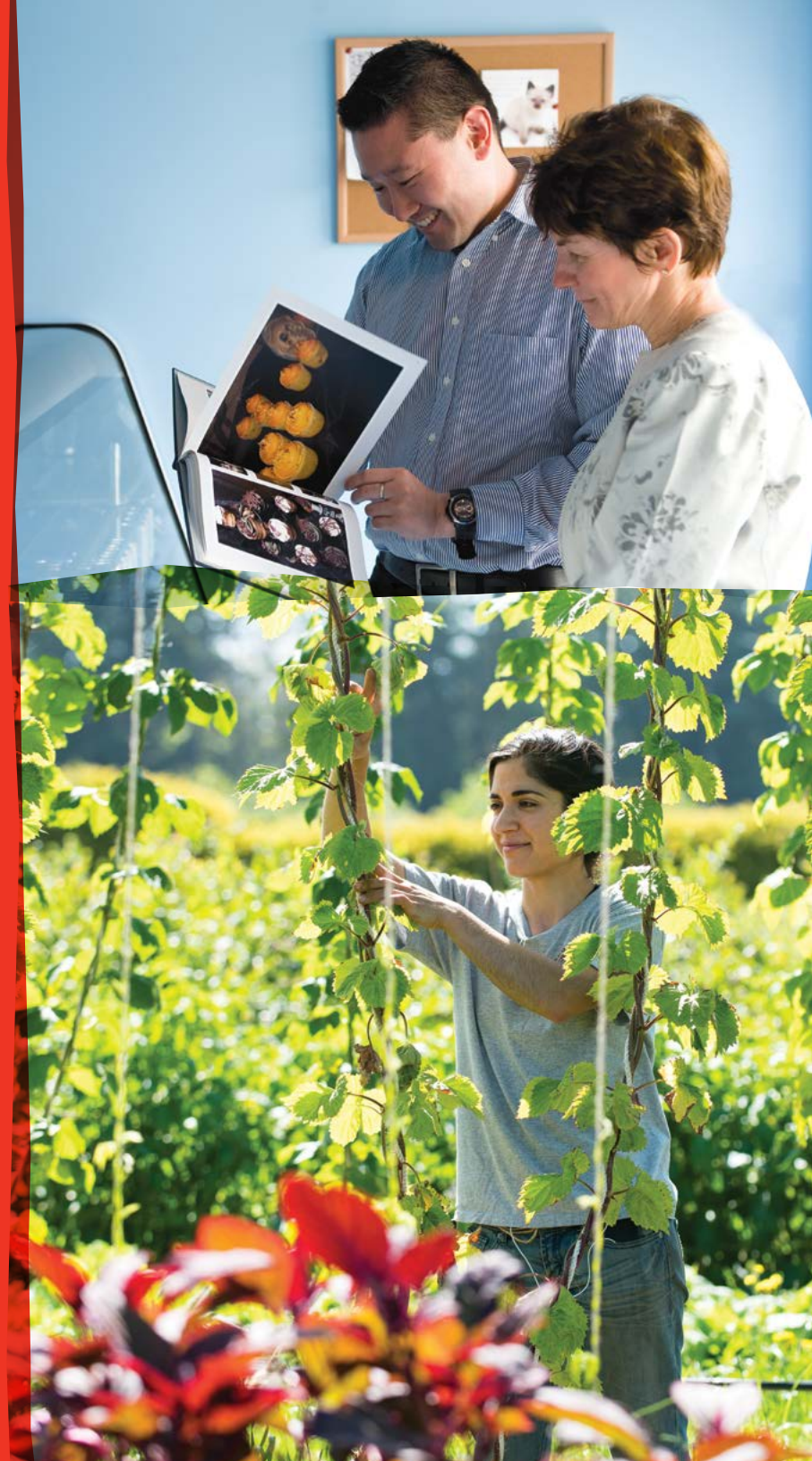
Throughout this report, 'Vancity' or 'we' refers to Vancouver City Savings Credit Union and its active subsidiaries as listed in the organization chart on page 38. Data is reported as at and for the year ended December 31, 2018, unless otherwise noted.

This report contains forward-looking statements or information, which reflects the current view of Vancity with respect to future events and financial performance. All forward-looking statements are based on the opinions and estimates of management as of the date they are made, represent management's best judgment based on facts and assumptions they consider reasonable, and are subject to risks and uncertainties that could cause actual results to differ materially.

We'd like to hear what you think about this report. Send comments and questions to accountability@vancity.com, tweet us @vancity, or connect with us on facebook.com/vancity.



Look for SDG logos to see how our work locally is helping to achieve these global goals to end poverty, protect the planet and ensure prosperity for all. For more information see page 48. Click on the interactive SDG icons in the online version of this document for more information about these global goals.



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2018 highlights

Vancity purchased \$84 million in goods and services from local businesses



Vancity funded 1.4 million square feet of energy efficiency improvements



Vancity will allocate 30 per cent of our 2018 net income, or \$24.2 million, to members and communities



The University of Victoria launched a ground-breaking Indigenous Law program supported by a \$1 million Vancity donation

Vancity provided funding for 3,131 new or renovated affordable housing units



Members can now make secure and easy payments with an iPhone using Apple Pay

Vancity Investment Management engaged with 40 companies on issues including fair wages, climate risk, human rights and gender pay equity





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About Vancity

As a co-operative financial institution, we always put our members first.





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Message from the Chair

Vancity’s Board of Directors is democratically elected by members. We have multiple governance responsibilities, including to ensure that our members’ needs are met and questions are answered. As the keepers of Vancity’s vision, we provide critical oversight on our strategic direction and oversee Vancity’s work on issues that matter to members – things as diverse as affordable housing, environmental sustainability, living wages and reconciliation with Indigenous people.

Democratic and accountable governance

Vancity Board members have legally mandated responsibilities. It’s important for us to keep a careful eye on our operational and financial performance and to oversee our compliance with applicable laws and regulations. We ensure that we maintain a healthy relationship with our regulator, the Financial Institutions Commission, by meeting with them and receiving reports about our credit union.

Our committee structure – Board members serve on at least three committees each – helps us to ensure we’re meeting our responsibilities. For example, the audit committee reviews our financial performance and controls while also ensuring a sound external audit. In 2018, the risk committee oversaw a robust process of strengthening our risk appetite framework, which sets the factors Vancity considers in making decisions. The Board also recently established a digital strategy committee because we see our future and the needs of our members as inextricably linked to digital offerings.

This essential, sometimes unglamorous, work is a hallmark of the strong, democratic governance we have at Vancity

and it makes a difference in the lives of our members. It helps to ensure that our credit union can be there for you with products and services you need and financial advice you can trust.

Upholding our core values

Our commitment to member needs also holds true when we face challenges, like the service outage from October 3–6, 2018 that affected many of our members. The way our credit union responded – by keeping branches open over the holiday weekend and proactively reaching out to members who we knew were making large transactions – speaks to Vancity’s core values as a co-operative financial institution that always puts members first. Once the system was restored, the Board established a special committee to oversee an independent review and to receive recommendations. We reported out to our members about the cause, and to assure you that the issue had been removed.

As a credit union, we always look for opportunities to make good money for our members while also increasing our positive social and environmental impact. The



Anita Braha
Chair, Vancity Board of Directors

Board reviews and approves large impact investments as well as how we define the positive impact we have on communities. In 2018, we also created a climate justice working group to study what more Vancity can do to lead in this area. We’re involved in discussions on systems-wide issues like the regulation of credit unions in B.C., rules on commercial lending and the consolidation of wealth management services.

It’s important to note that we couldn’t do this work without Vancity’s talented and dedicated employees – they are the lifblood of our organization and on behalf of the Board I want to thank them. Finally, the Board’s most important accountability is to Vancity members and I’m very proud of the work our credit union did in 2018 to meet your needs. Thank you for your support and the incredible connections you have with Vancity.

Anita Braha
Chair, Vancity Board of Directors



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Message from the CEO

In our local communities and on a global scale we're seeing an unprecedented amount of change. Everything is changing – from the way we work to the way we connect with each other. At Vancity, we see our role as partnering with our members, our employees and our communities to help them navigate through uncertain times.

We are well-placed to do that because, as a member-owned credit union, we are our members and our members are us. This means the things our members care about are the things we care about too.

The issues of affordability, environmental sustainability and reconciliation with Indigenous people informed much of our work in 2018. We believe that by making progress in these areas we can serve and make money for our members in ways that improve the overall health and resilience of our communities. Vancity's results and the benefits we generate for our members don't decline as a result of this values-based approach, they get better – confirmation, once again, that we're heading in the right direction.

The financial returns our business generates continue to be strong. We generated a net income of \$80.6 million in 2018. We will allocate 30 per cent of this, or \$24.2 million,

to members and communities over the course of 2019. Our assets reached \$22.9 billion, a 5.7 per cent or \$1.2 billion increase over the previous year. Total assets plus assets under administration are now \$27.4 billion, a 3.7 per cent or \$1.0 billion increase over 2017.

Setting ambitious goals

We continue to be ambitious in the goals we set for ourselves in areas like member experience, the diversity of our employees and environmental sustainability. Our employee engagement score moved up significantly in 2018, although there is more work to do on that front. We're also focused on improving our environmental performance and our member experience results.

We said that we would introduce four new services or improvements in 2018 because we know how important



Tamara Vrooman
President and CEO

it is to members that we are meeting their needs in a variety of different ways. We introduced seven (see pages 15 and 31), including improvements to e-transfers, Apple Pay and online account opening.

We know we need to provide the day-to-day products and services our members need to make their lives easier, whether they're online or in our branches. With those in place, we'll be in a better position to work with our members on the bigger issues they care about.

Those issues once again included affordability in 2018. It's important to note that this is not just a housing question, it's an economic one as well. The spike in the cost of housing that we've seen in recent years has coincided with a decades-long stagnation in real incomes. We have a role to play in helping our members create sustainable wealth for themselves, their families, their employees and their communities. We have to support those businesses



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and organizations that provide people with secure employment and living wages. At the same time, we're also focused on making rent more affordable and helping to ensure community-owned housing and land stays within the community (see pages 17–18).

When we look at the factors that are going to improve the lives of our members and the health of our communities in the long term, we absolutely have to be looking at climate change. This applies to our own environmental performance and the example we can set for others. It's also about building connections with those industries and organizations that are well-placed to meet a changing regulatory environment and take advantage of a growing green economy.

Reconciliation with Indigenous people continues to be a defining area of work for Vancity. The potential benefits of our efforts are many and varied: new business growth and innovation; an expanded labour pool; increased

cultural understanding; and more inclusive, engaged communities. We're making some progress internally, with 80 per cent of Vancity employees participating in at least one Reconciliation activity in 2018. But we can also be bolder in the work we're doing to enhance the long-term prosperity of Indigenous communities.

Making a positive difference

A financial institution that only makes money by moving money achieves very little of value beyond those profits. By contrast, Vancity makes money by making a positive difference in the world and in the lives of our members. To do that, we are intentional about the organizations we invest in. But we don't just make statements about the things we do and then expect people to take our word for it. You'll see in this report that just as we publish audited financial statements, our key performance results are also externally verified. That's unique among

Canadian banks and credit unions. We do it to ensure we are accountable to our members and to give you confidence that your money is in good hands.

Our values-based approach to doing business is particularly important in times dominated by economic uncertainty, affordability pressures and evidence of environmental strain both locally and globally. Against this backdrop, Vancity's commitment to supporting our members remains steadfast and I'm confident that we will continue to lead the way. Thank you for your support.

Tamara Vrooman
President and CEO

“Our values-based approach to doing business is particularly important in times dominated by economic uncertainty, affordability pressures and evidence of environmental strain both locally and globally.”



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Organizational overview

Operating on the unceded territories of the Coast Salish and Kwakwaka'wakw people and headquartered on the lands belonging to the Musqueam, Squamish and Tsleil-Waututh Nations in Vancouver, British Columbia (B.C.), Vancouver City Savings Credit Union (Vancity) is a member-owned, community-based, full-service financial institution with 59 branches in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay.

Our primary lines of business include retail and business banking (deposit-taking and lending), commercial mortgage lending, and investment advice and services. Our active subsidiaries (listed on page 38) include **Vancity Community Investment Bank**.

In 2018



Vancity served **534,886 members**



Vancity employed **2,853 people**

Vancity had **\$27.4 billion** in assets plus assets under administration.



Vancity is **carbon neutral** and a **living wage employer**.

Vancity is a member of the **Global Alliance for Banking on Values** – an independent network of banks and credit unions that share a commitment to build a more sustainable financial future.





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Context and strategic priorities

Operating context

In 2018, we saw the socioeconomics of our region, our country and the world changing. The mobility of our population, the growing diversity of cultures and languages, the emergence of multigenerational communities and the disruption created by an expanding digital economy had continued to affect the social, political and economic landscape.

Locally, we saw that the fundamentals of our economy were not optimal. Affordability remained a big issue for both renters and prospective property owners. At the same time, small businesses felt the effects of increasing costs and a changing marketplace.

In this context, the opportunities for Vancity to make more of a positive difference in our members' lives continued to expand.

Strategic priorities for 2018

In 2018, we continued to work on the priorities outlined in our 2020–2017 Plan, assessing the needs of our members and defining the role that Vancity can play in supporting them to build healthy communities. Priorities included:

- Providing alternative investment solutions focused on impact investing
- Changing how we work with businesses in the community
- Investing and working with partners to build inclusive, sustainable communities across Canada through Vancity Community Investment Bank
- Developing digital services that enable members to connect and access services in new ways

For more information, see our business plans at vancity.com.





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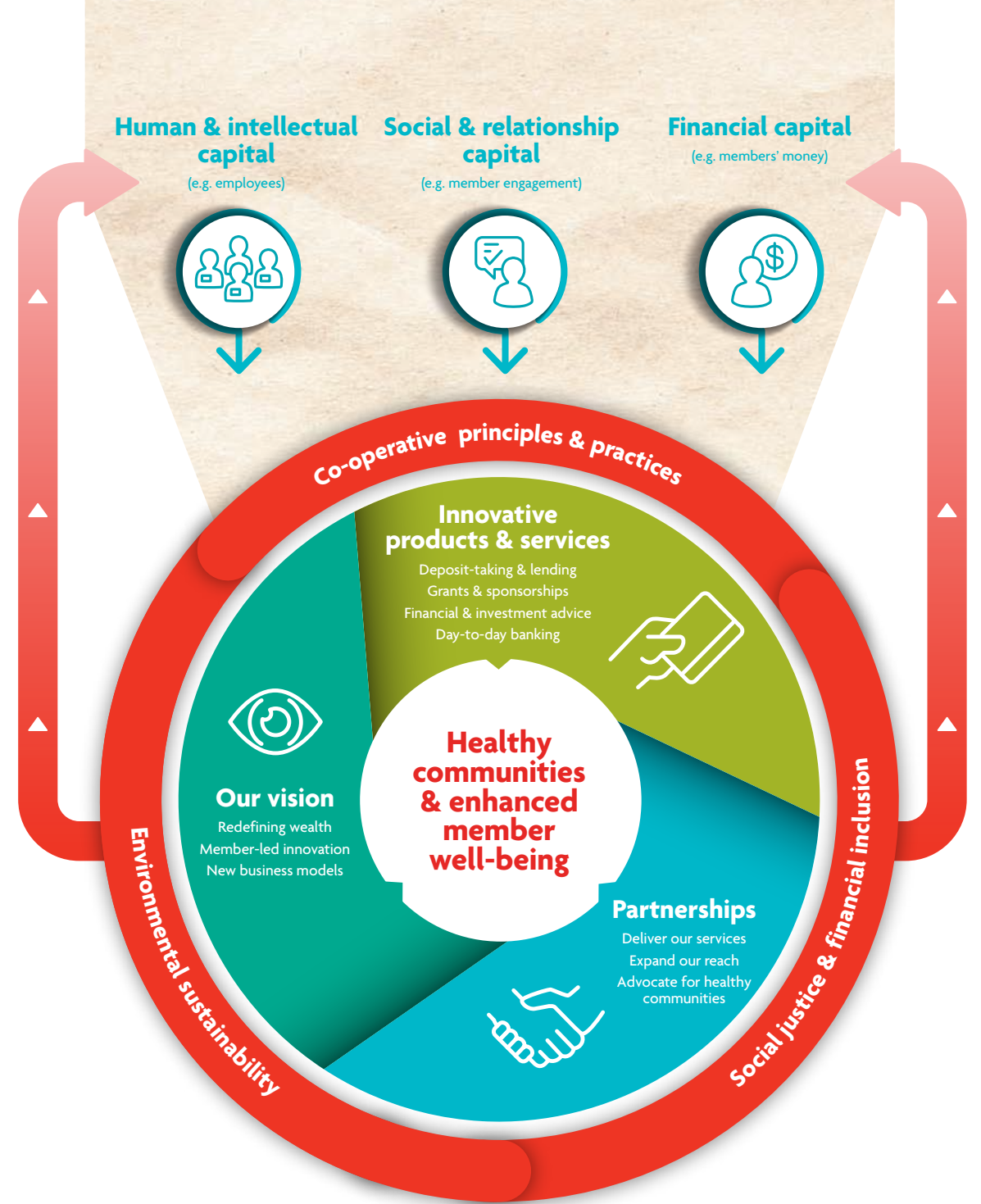
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Vision and business model

Vancity's vision is to redefine wealth. As a financial co-operative, our values-based banking model is designed to enhance the financial, social and environmental well-being of our members and their communities. We have no shareholders other than our members, and we use the insights we receive from them to help us meet their evolving needs.

We are an agent of positive social change that uses the tools of a financial institution.





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Our results reflect the impact
we have in the community.





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Organizational targets and results

In 2018, we measured progress on three connected outcomes – impact, confidence and integrity:

IMPACT – the difference we create for our members and their communities because of our vision and values

CONFIDENCE – the evidence that what we are doing is good for the sustainability of our business

INTEGRITY – how we run our business and demonstrate confidence based on trust

Results for the targets marked with a * directly influenced senior management’s incentive pay and the amount of profit shared with employees. There was a corresponding payout range for each target based on if we met, exceeded or fell short of the target.

KPMG LLP verifies our 2018 organizational results and commitments (see [page 44](#)). For the full explanation of our performance, please refer to the relevant pages of Section three. For details on methodology and definitions, refer to the consolidated accountability statements and the glossary available online at annualreport.vancity.com.

For our 2019 targets see [page 39](#).

Target	2018	2017	2016	Progress
IMPACT				
*Member experience: satisfaction with overall service delivery is 52%	49%	51% ¹	43%	NOT MET
*Member experience: members who do not report a problem is 85%	76%	85%	76%	NOT MET
*Member experience: the likelihood for members to recommend Vancity is 60%	48%	56%	53%	NOT MET
*Triple bottom line assets under administration (TBLAA) are 25.5% of assets	25.1%	23.2%	21.1%	NOT MET
Contribution to well-being: the degree to which members believe Vancity has had a positive effect on their well-being is in the range of 26–33%	20%	24%	28%	NOT MET
CONFIDENCE				
*Size of membership is 550,000	534,886	525,506	518,149 ²	NOT MET
*Return on average members’ equity, after distribution to members and community, is at least 5.6%	6.3%	7.6%	5.5%	MET
*Total assets plus assets under administration are \$27.5 billion	\$27.4	\$26.4	\$25.6	NOT MET
Capital adequacy ratio is at least 13%	14.8%	14.1%	13.4%	MET
Net growth funding ratio is at least 80%	52.6%	102.1%	144.8% ³	NOT MET
INTEGRITY				
Diversity: employees providing diversity data is at least 80%	80%	27%	n/a	MET
Reconciliation: employee participation in at least one Reconciliation experience is 75%	80%	n/a	n/a	MET
Reconciliation: employees who self-identify as Indigenous is 2.24%	1.60%	1.12% ³	n/a	NOT MET
Employee engagement is 66%	69%	58%	n/a	MET

1 Data has been restated to align with current-year methodology.

2 Data has been restated to reflect a change in the definition of a member.

3 Data has been restated to align with the methodology used for internal reporting.



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Commitments

In addition to our top organizational targets, we set management targets and make commitments to improve our performance and impact.

Target	2018	2017	2016	Progress
People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair – 35,000/year by 2030 ¹	27,552	22,695	6,881	ON TRACK
Recertify as a living wage employer	Recertified	Recertified	Recertified	MET
Greenhouse gas emissions are less than 4,500 t CO ₂ e	4,558 t	4,567 t	4,410 t	NOT MET
Continue to be carbon neutral	Carbon neutral	Carbon neutral	Carbon neutral	MET
Employee carbon footprint is 1.5 t CO ₂ e by 2030	1.9 t	2.0 t	1.9 t	ON TRACK
Waste from Vancity Centre and 52 branches recycled or diverted from landfill: set a baseline	99%	n/a	n/a	MET
Water use per employee: set a baseline	12.8 m³	n/a	n/a	MET

¹ Calculation methodology was revised in 2017 so prior year unaudited results are not comparable.



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We continue to be ambitious in the goals we set for ourselves.





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Member well-being and service experience

We had been on track to hit historic highs during the first three quarters of the year for member well-being and service experience. But then we experienced a service outage in October 2018 (see page 15) and members began experiencing issues. We saw our member experience and contribution to well-being scores begin to drop as a result.

For overall service delivery, 49 per cent of Vancity members rated us either nine or ten out of ten. This represents a slight decrease from the previous year and was below our target of 52 per cent. We also missed our target of 85 per cent of members not reporting a problem, with our final result for the year coming in at 76 per cent. Our likelihood to recommend score fell from 56 per cent in 2017 to 48 per cent in 2018, against a target of 60 per cent.

Our plan for 2019 (see page 39) is designed to move us towards an approach that addresses the unique needs of members, make better use of data analytics, use our local knowledge to deliver services that go beyond traditional banking, and strengthen our connections with local communities.

Contribution to well-being

	Target	2018	2017	2016
Vancity members	26–33+	20	24	28
Metro Vancouver residents		23	21	36



Our 2019 plan will help us strengthen our connections with local communities.



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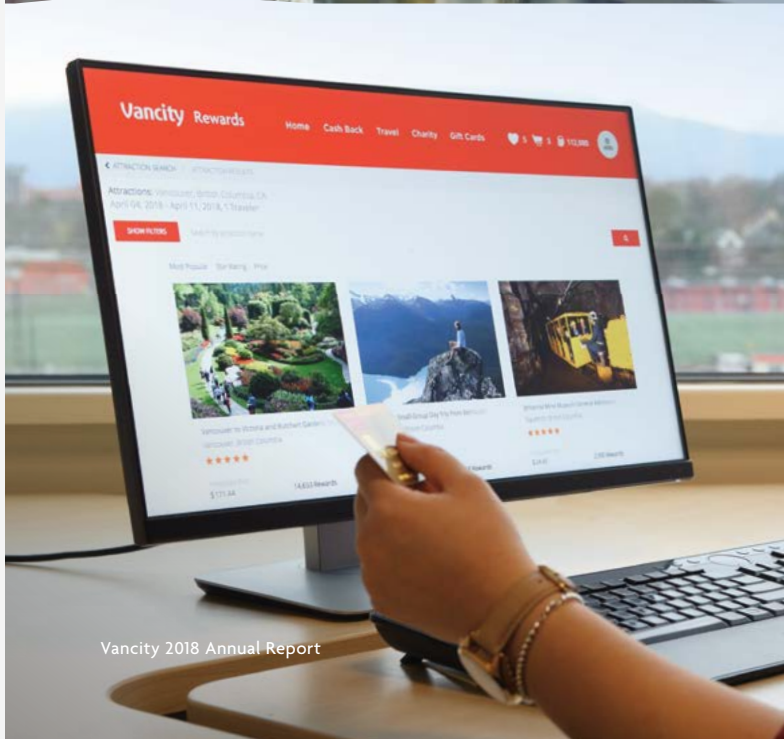
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Technology

The digital revolution continues to advance and our members expect highly personalized service experiences and products that are uniquely designed for them as individuals. In 2018, we introduced new digital offerings. These included:

- Apple Pay
- Interac e-transfer enhancements (request money, auto-deposit and include sender/recipient name in the transaction description)
- Online retail membership/account opening – prospective members can now open an account online at a time and place that suits them
- VirtualWealth robo-advisor service from Aviso Wealth Inc., accessible from www.vancity.com
- Email alerts for cardholders on Canada Post General Purpose Reloadable (GPR) VISA prepaid cards issued by Vancity Community Investment Bank
- An additional, third daily window for transferring automated funds that are cleared the same day – this is especially beneficial to business members in Western Canada for applications like payroll processing

In 2019, we plan to explore opportunities to expand our highly successful online Vancity Fair & Fast Loan™ platform. Other improvements on the way include enhancements to debit and credit card services, improvements to small business banking, and greater integration between wealth management and digital banking.

We're proud of our progress with digital services in 2018. However, even as we introduced new technologies and services to meet the evolving needs of our members, we were unfortunately not immune to problems and disruptions. From October 3–6, a service outage affected many of our members. At no time was a data or privacy breach identified. Vancity took proactive steps to make it right for those members that were affected. Subsequently, we hired a world-leading IT services provider with expertise in financial data processing to review the outage. The review determined the root cause of the outage event was an issue with a third-party system. It also found the issue with this system could not have been known to anyone at Vancity before the outage occurred.

Vancity took measures to remove the issue and ensure it would not pose any risk to Vancity's IT systems going forward.



Vancity members can open a chequing or savings account online in five minutes or less.



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Financial literacy and advice 

Increased financial confidence can lead to improved overall well-being. That's why Vancity provides free financial literacy classes both in our branches and in the communities where we operate. In 2018, we and our community partners delivered financial literacy workshops for 5,879 people. We've also shared our *Each One, Teach One* model with 89 credit unions across Canada since 2016.

Number of people assisted with financial literacy

2018	2017	2016	2015	2014
5,879	6,955	7,722	14,668	14,775

Access to basic financial services for everyone   

We're committed to increasing access to basic financial products and services. Measuring how many people we provide with access to basic financial services, affordable housing, credit and credit repair provides an alternative view of our positive impact on our members.

People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair, as of year-end

	2030 Target	2018	2017	2016	2015	2014
Number of people assisted ¹	35,000	27,552	22,695	6,881	6,619	5,811

¹ Calculation methodology was revised in 2017 to better reflect the intention of the performance measure. Prior years' unaudited results are not directly comparable. See [page 9](#) of the consolidated accountability statements for details.

Originally launched in 2014, Vancity's Fair & Fast Loan™ is designed to help people who need quick access to funds. It's an alternative to payday loans, which, with tight payment schedules and high annual interest rates, have been trapping more and more people in a cycle of debt from which it's almost impossible to break free.

Vancity's payday loan alternative offers flexible payment schedules, a more manageable rate and helps build credit ratings. In 2017, we began offering the Vancity Fair & Fast Loan™ on mobile and online platforms. In 2018, we provided 23,448 such loans – both online and in-branch – with a total value of more than \$23 million.



OUR STORIES

Vancity powers Indigenous entrepreneurship 

The \$1.5 million SCF Vancity Indigenous Impact Program is designed to support the more than 300 Indigenous businesses in S'olh Téméxw, the Stó:lō traditional territory in the Fraser Valley.

[Read the full story in our online report](#)



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THE CHALLENGE

How to make rent more affordable

By most people's estimation, our region is a pretty great place to live. The problem is, too many people can't afford to live here. The 2018 Canadian Rental Housing Index showed that 43 per cent of renter households in British Columbia were paying more than 30 per cent of their income on rent and utilities, the threshold above which housing is considered unaffordable. Meanwhile, the number of homeless people in Metro Vancouver was 3,605 in 2017, the most recent year for which figures are available.

OUR RESPONSE

"The cost of land here is exceptionally high, so unless you own the land already it's very difficult to build affordable housing," says Lilian Chau, Vancity community investment portfolio manager. "You can't purchase land at market rates and then hope to offer below-market rental housing. The math just never adds up."

The scale of the supply problem is outlined in B.C.'s Affordable Housing Plan, which identifies a need for 80,000 more housing units to address the backlog in rental housing. It also calls for about 7,000 new rental housing units per year over the next decade to account for population growth.

Vancity has developed an affordable housing program that has resulted in more than 1,900 units of purpose-built, community-owned affordable rental stock across the region. Lilian explains that Vancity's model delivers rental housing costing no more than 30 per cent of income for families, seniors and individuals earning between \$30,000 and \$80,000 a year.

Vancity's model delivers rental housing costing no more than 30 per cent of income for families, seniors and individuals earning between \$30,000 and \$80,000 a year.

Working with Indigenous and not-for-profit owners of community land (local churches, for example), Vancity helps organizations build their plan for affordable housing and keep their land community-owned.

Our support is particularly important in the early stages of a project, when there's still a

high level of risk that it may not happen and when few, if any, other financial institutions are prepared to get involved. This is often before the zoning and development approvals are in place. Vancity has developed financing and support programs to help organizations get those approvals and move their projects forward. We plan to help provide 1,800 units of affordable rental housing in the next two to three years through this approach.

"There's plenty more to be done," Lilian says. "But the ultimate objective is to accelerate the pace and scale of development so that we can help build housing that is truly community owned. Our whole mission is to grow those community assets and, as a result, protect housing affordability for the long term."



43%

Percentage of renter households in British Columbia paying more than 30% of their income on rent and utilities, the threshold above which housing is considered unaffordable



80,000

Number of affordable housing units needed, according to B.C.'s Affordable Housing Plan



3,605

Number of homeless people in Metro Vancouver in 2017, the most recent year for which figures are available



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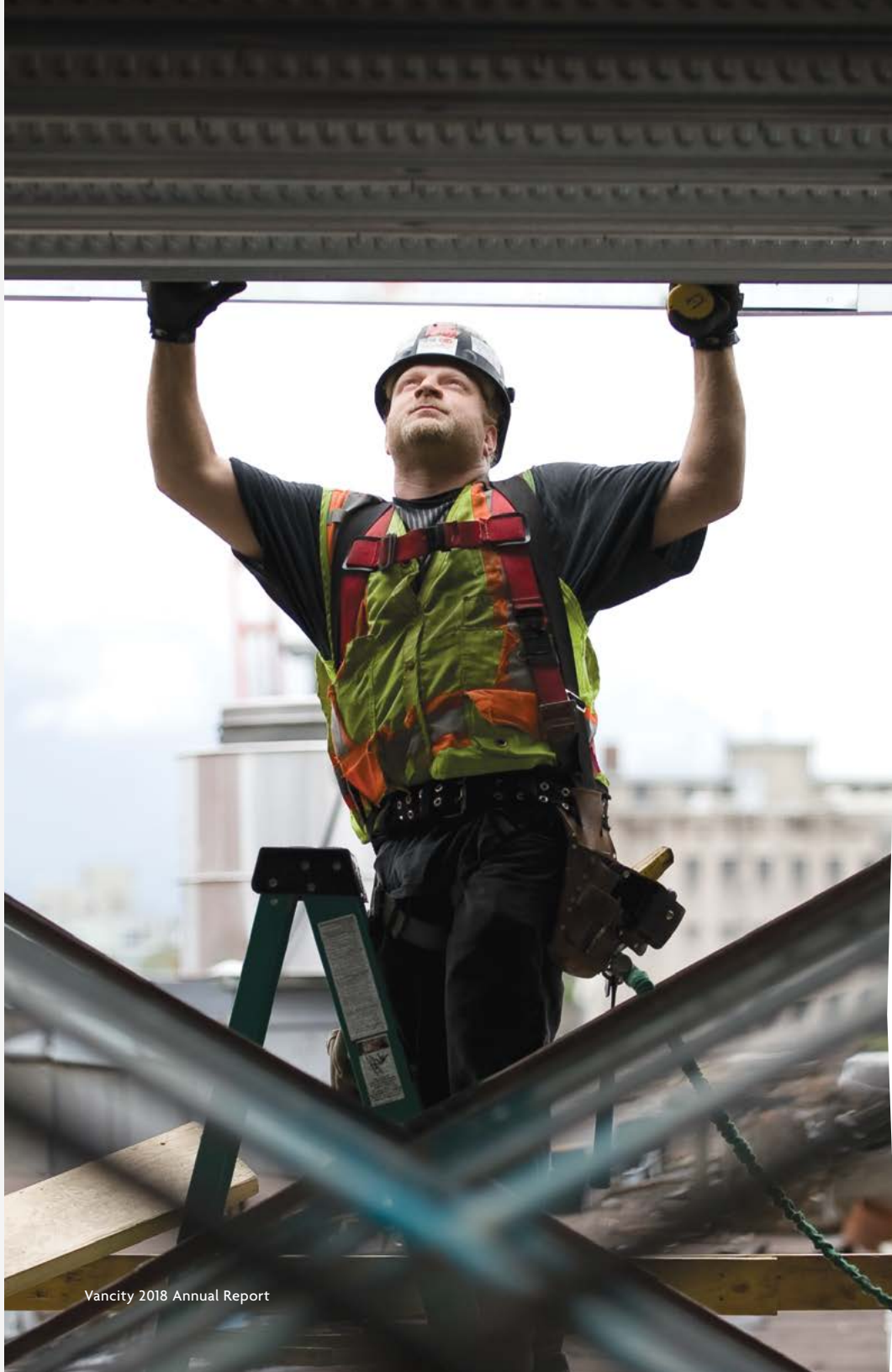
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Affordable housing 

Number of affordable housing units constructed or renovated with funding from Vancity

2018	2017	2016	2015	2014
3,131	2,907	2,124	1,042	768

The 2018 Canadian Rental Housing Index shows rental housing costs are outpacing incomes, pushing a growing number of renters into an unsustainable level of spending. The data reveals British Columbia has 21.3 per cent of renter households spending more than 50 per cent of their income on housing, the highest proportion in the country. Vancity has developed a program for affordable rental housing that is delivering some progress on this issue (see [page 17](#)). In 2018, we provided funding for the construction or renovation of 3,131 affordable housing units.

When it comes to home ownership, on January 1, 2018, the Office of the Superintendent of Financial Institutions Canada (OSFI) implemented changes that included a new stress test, effectively tightening the criteria for people to qualify for a new uninsured mortgage. The stress test does not apply to provincially regulated credit unions, including Vancity, or any other non-federally regulated financial institution. However, to ensure we struck the right balance between helping members find housing they can afford and managing risk, the new stress test prompted us to review our qualification process in 2018 and introduce new qualifying rates and terms.



There was a 1.0% rental vacancy rate in Metro Vancouver in 2018.



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Building healthy communities

Supporting local business and organizations



Vancity helps to build healthy communities in collaboration with businesses and organizations that share our values. These include, for example, labour unions, their locals and affiliated organizations, of which Vancity serves more than 300 with business-related banking, lending and investment.

We seek to invest in projects and do business with organizations that align with our Guiding Principles: co-operative principles and practices, social justice and financial inclusion, and environmental sustainability. We also draw on our **Ethical Principles for Business Relationships** and favour organizations that demonstrate alignment with our values, or that have the potential to become more aligned.

In 2018, Vancity worked with Mobi by Shaw Go and the City of Vancouver in a bike share pilot that provided up to 300 eligible community members with

a Mobi “365 Day Pass Plus” membership at \$20 rather than its regular price of \$159. We also became the Vancouver International Film Festival’s official Social and Environmental Impact Partner, allowing us to bring stories of impact to the big screen and offer new perks to our members. As part of this initiative, the Vancity Theatre screened a monthly Impact Film followed by a Vancity Impact Talk. Other initiatives include:

- An Indigenous lending program with Stó:lō Community Futures (see [page 16](#))
- The Rio Theatre, now majority-owned by a not-for-profit organization dedicated to preserving local performance spaces and supporting artists (see below)
- Hanelore, an affordable housing project on community-owned land (see [page 24](#))

We also made progress on our community business opportunity, enhancing our offering to self-employed workers and small business owners (see [page 31](#)). In addition to building relationships with like-minded organizations and developing new products and services, we approved **grants** for 434 not-for-profits and impact businesses totalling \$12.4 million in 2018.

One of the larger contributions made through our Shared Success program was in support of **312 Main** – a project being overseen by the **Vancity Community Foundation** to transform the former police station in Vancouver’s Downtown Eastside into a centre for social and economic innovation.

OUR STORIES

Community comes together to save a cultural icon

Corinne Lea raised nearly \$8 million to save the much-loved Rio Theatre, an independent movie theatre and multimedia venue that she operates in Vancouver.

[Read the full story in our online report](#)





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Buying local and paying a living wage



Communities thrive when local businesses can succeed, create employment, circulate money close to where it was earned and reduce their environmental impact. In 2018, Vancity sourced about 64 per cent of the value of our purchases from locally based businesses – about \$84 million.

In 2018, Vancity recertified as a Living Wage Employer. The living wage in 2018 was a minimum of \$20.91 per hour in Metro Vancouver. We continue to make living wage adjustments in what we pay our own employees as well as working closely with key suppliers to have their employees providing direct services to Vancity paid a living wage.

Vancity has been working with co-operatives and providing advice, support and capital to the co-operative economy for many years.

As an institutional shareholder in Loblaws, Vancity Investment Management submitted a proposal at the company’s annual general meeting of shareholders. The proposal asked Loblaws to review the feasibility of paying its employees a living wage and report its findings to shareholders by the end of the year. While it didn’t go through, our proposal had the benefit of generating discussion on the living wage issue. We intend to continue similar work in this area.

Supporting co-operatives

As a co-operative financial institution, Vancity has been working with co-operatives and providing advice, support and capital to the co-operative economy for many years. With interest in the co-operative model increasing, we continued to help establish new co-operative ventures in 2018. These included Brave, a tech co-operative that builds digital tools to help keep people alive when they use drugs alone and the Salish Sea Renewable Energy Co-op, which promotes the installation of low-carbon renewable energy systems on the Gulf Islands.

In addition to working with individual co-operatives, we continued to support the Co-operate Now boot camps and invested in the \$25 million Canadian Co-op Investment Fund, which was launched on January 1, 2018 to provide loans to co-operatives across the country. We also convened co-op business developers, lawyers, accountants and others to create a common services referral system to support new co-op creation in B.C.

Each year Vancity takes part in the Co-operative Study Tour to Emilia-Romagna in Italy, which has one of the best-established co-operative economies in the world. In 2018, the tour focused on leadership and the policy and legislative framework to support co-operatives in the region and included five Vancity community partners.





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Asset management and corporate engagement  

Vancity Investment Management (VCIM) manages investments on behalf of its clients. As a signatory to the United Nations Principles for Responsible Investment, VCIM follows the **socially responsible investment (SRI)** philosophy. This means it invests in companies that use progressive environmental, social and governance practices to manage their business and avoids those that don't. We count these SRI investments as part of our triple bottom line assets under administration (see [page 26](#)).

Through a sub-advisory group, VCIM provides portfolio management advisory services to IA Clarington on the Inhance SRI Fund family. VCIM advocated for and became a sub-advisor to IA Clarington's new Fossil Fuel Free Bond Fund in 2017. Its sub-advisory group also leads shareholder engagement activities on behalf of both VCIM and the IA Clarington Inhance SRI Fund family. In 2018, it interacted with 40 companies on issues related to fair wages, climate risk, human rights, water, pesticides, packaging, rail safety, anti-microbial resistance, and gender pay equity.

Impact investing

We continued to work in 2018 on developing opportunities for people and institutional investors to invest in organizations that provide both social and environmental returns as well as economic ones. Vancity also invested more of our **treasury assets** in funds that have demonstrably positive impacts on communities and the environment. Industry sectors we invested in included clean technology, health and wellness technology, and life sciences.



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Confidence



Member growth

Member attraction and retention

Growing our credit union – attracting and retaining more members – allows us to enhance our positive impact in the communities where we operate. In 2018, Vancity’s membership grew by 9,380 or 1.8 per cent versus a general population growth of 1.4 per cent in our trade area. We retained more members than we lost compared to the previous year and there’s been a steady year-over-year growth in new business members. Despite this, we did not meet our ambitious target of having 550,000 members by the end of 2018. This was in part because we decided not to proceed with a new large-scale digital offering to attract new members, and also

because we chose to take more time to get the Pacific Blue Cross health benefits program for self-employed people right before launching it outside of existing Vancity membership.

We know that our work in 2018 has been successful in raising awareness about Vancity’s unique **values-based banking** model by highlighting how our members make money while making where they live better. In 2019 we plan to be much more agile at meeting people’s needs with products, services or solutions. Our focus in attracting new members will be on small businesses and millennials.

Number of members

2018 Target	2018	2017	2016	2015	2014
550,000	534,886	525,506	518,149 ¹	515,579	509,008

¹ Data has been restated to reflect a change in the definition of a member, and as a result, data prior to 2016 is not directly comparable. See the glossary online for more details.

Vancity Community Investment Bank

Vancity has owned a national bank for more than 20 years, since 1997. When we relaunched Citizens Bank of Canada in 2017 to become Vancity Community Investment Bank, we were looking for ways to use the bank to expand our values-based business model to the rest of the country while our credit union remained provincially regulated.

Our national subsidiary has always been a separate, federally regulated organization that is wholly owned by Vancity and, by extension, our members. Having a national bank license allows us to offer products and services across Canada, including:

- Issue Visa cards that help our members support environmental causes (other credit unions in B.C. have had to collectively contract out their credit card services rather than running those operations as an issuer)
- Offer foreign exchange services
- Provide payment services
- Operate a pre-paid Visa card/gift card program with Canada Post

The bank’s work in 2018 was focused on providing lending to organizations in Southern Ontario that are working on social and environmental issues – the same community-focused priorities that we’re working on here in B.C.



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THE CHALLENGE

Vancity lending and household debt

Canadians have some of the highest levels of personal debt in the world. Here in B.C., four in ten would not be able to pay their monthly bills if they rose by more than \$200, according to the MNP Consumer Debt Index. This can't be a good thing. In this context, Vancity profits depend in large part on the loans we grant and in turn the debt load our members choose to take on.

OUR RESPONSE

Vancity prides itself on helping to enhance the long-term well-being of our members. But there's no denying that we profit from providing loans and mortgages. Can we reconcile that with the fact that some people may already be over-leveraged? What financial advice do we provide? And what things do Vancity account managers have to consider in their lending decisions?

Lauren Matovic is a Vancity account manager at the Commercial Drive community branch in Vancouver. She says that although our first instinct might be to provide members with what they request, we don't want them to be taking on debt that they cannot afford.

"Our role as trusted advisors is to have a conversation right at the start about the cost of credit and its implications on people's monthly

expenses," she says. "It might sometimes be uncomfortable, but helping people think through all the financial implications is always the right thing to do."

"Our role as trusted advisors is to have a conversation right at the start about the cost of credit and its implications on people's monthly expenses."

"At the same time, there are occasions when we can come up with some outside-the-box solutions if we believe the member can afford it," Lauren adds.



Nick Macri, an account manager at Vancity's North Vancouver community branch, says affordability is the key question when approving a loan.

"Sometimes a member might not be asking for the right thing and I have an opportunity to advise them about some of the other ways we can help," Nick adds. "For example, they might need to purchase something for their business and ask for a line of credit. Well that's not really the correct product, so I would advise a term loan instead."

Along with one-to-one financial advice, Vancity also provides a range of free financial literacy courses that help people manage their debt levels prudently. But both Nick and Lauren accept that we can't help everybody and that many people are not necessarily open to receiving debt advice.



4/10

Number of British Columbians who would be unable to pay their monthly bills if they rose by more than \$200



15%

Increase in bankruptcies in the second half of 2018



\$1.70

Amount average Canadian owed in 2018 for every dollar they earned, after taxes



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Financial performance and resilience

Overall financial plan

Vancity's financial performance in 2018 remained strong and growth was above what we had forecast for the year. Much of the growth was in business loans as we invested in a sustainable economy in the communities where we operate. Net income was \$80.6 million. The introduction of a new stress test for federally regulated financial institutions tightened the criteria for new uninsured mortgages and also had an impact on Vancity. While the new rules did not apply to us as a provincially regulated credit union, we voluntarily aligned with them by adjusting our lending policies in order to maintain a prudent lending strategy.

To calculate how much profit we generate with every dollar of members' equity, we use a measurement called ROME, or return on average members' equity. This measurement essentially shows the returns or business results that Vancity generates after taxes and distributions to members and communities. In 2018, ROME was 6.3 per cent, ahead of our target of 5.6 per cent. Each year Vancity gives back 30 per cent of our net income to members and communities. Before taking this distribution to members and communities into account, ROME in 2018 was 7.9 per cent.

Return on average members' equity

2018 Target	2018	2017	2016	2015	2014
5.6%	6.3%	7.6%	5.5%	6.2%	5.5%



Each year Vancity gives back 30 per cent of our net income to members and communities.



OUR STORIES

Keeping the faith in affordable housing

Oakridge Lutheran church council has transformed its church lands into an affordable living development – a project that has become an object lesson in how to build healthy communities.

[Read the full story in our online report](#)



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Assets and liabilities (balance sheet)

Balance sheet highlights (millions)

	2018	2017	Growth
Residential mortgages	\$ 12,234	\$ 12,110	\$ 124
Consumer (personal) loans	691	690	1
Commercial mortgages and loans (loans to businesses and organizations)	6,250	5,628	622
	19,175	18,428	747
Accrued interest receivable	32	28	4
Allowance for credit losses	(71)	(65)	(6)
Total loans and advances to members	\$ 19,136	\$ 18,391	\$ 745
Member deposits	\$ 16,122	\$ 15,872	\$ 250
Agent and wholesale deposits	3,197	2,426	771
Member shares	146	148	(2)
Accrued interest and dividends payable	130	101	29
Total deposits	\$ 19,595	\$ 18,547	\$ 1,048

Net growth funding ratio

2018 Target	2018	2017	2016	2015	2014
80%	52.6%	102.1%	144.8% ¹	110.4%	121.9%

¹ Data prior to 2017 has been restated to reflect a change in net growth funding ratio calculation methodology. See page 17 of the consolidated accountability statements for details.

In 2018, Vancity's balance sheet grew from \$21.7 billion to \$22.9 billion and we performed well against market conditions and our peers. However, a combination of economic factors, including rising rates and tighter lending policies, created an extremely competitive deposit market to fund loan growth in the second half of the year. As a result, we did not meet our target of having at least 80 per cent of our new loans funded with new deposits. However, overall, 84.4 per cent of our loans continue to be funded by deposits from members.



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Triple Bottom Line Assets under Administration (TBLAA)



Defining and measuring the positive impact that Vancity has on its members and in the communities where we operate is no easy task. TBLAA is the primary measure of our progress and we're constantly trying to improve the quantity and quality of our data. To qualify as "impact" or TBLAA, the Global Alliance for Banking on Values (GABV) states that activities supported with assets or financing must:

- Contribute to at least one dimension of social/cultural, economic or environmental well-being

- To the best of our knowledge, not have an incremental negative impact on other dimensions of well-being
- And in financing, be affordable to the member, with fair terms and conditions

We are continually seeking to increase the percentage of Vancity assets that meet this criteria. In 2018, we grew our TBLAA assets to 25.1 per cent from 23.2 per cent the previous year, driven in part by our community business lending and treasury investments. The result was slightly below our target of 25.5 per cent.

Triple bottom line assets under administration

	2018 Target	2018	2017	2016	2015
Total assets plus assets under administration (billions)	\$27.5	\$27.4	\$26.4	\$25.6	\$23.8
Triple bottom line assets under administration (billions)	n/a	\$6.9	\$6.1	\$5.4	\$4.4
Triple bottom line assets under administration as a percentage of total assets	25.5%	25.1%	23.2%	21.1%	18.6%

Vancity's values-based banking model is aligned with the United Nations' Sustainable Development Goals to end poverty, protect the planet and ensure prosperity for all by 2030. Based on methodology developed by the Global Alliance for Banking on Values, the table to the right shows how our TBLAA assets support each of those goals.

Corporate Knights – a media, research and financial information company focused on clean capitalism – is piloting a new clean revenue metric that measures revenue earned from sources that

How your money is helping achieve the Sustainable Development Goals

SDG	Assets (millions)
No Poverty	\$17
Zero Hunger	\$56
Good Health & Well-being	\$30
Quality Education	\$237
Gender Equality	\$79
Clean Water & Sanitation	\$582
Affordable & Clean Energy	\$607
Decent Work & Economic Growth	\$221
Industry Innovation & Infrastructure	\$25
Reduced Inequalities	\$88
Sustainable Cities & Communities	\$3,732
Responsible Consumption & Production	\$2,364



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have clear environmental and social benefits. As part of this five-year pilot, Vancity will be using TBLAA as our definition of clean revenue, although it's important to note that at this stage we are only able to isolate the earnings we generated from TBLAA loans and treasury investments. The result is expressed as a percentage of our operating income. In 2018, our clean revenue totaled \$108 million (\$99 million from business and commercial lending and \$9 million from treasury investments) or 20 per cent. This is up from our 2017 total of \$59 million or 11 per cent.

Net income and efficiency ratio

	2018 Target	2018	2017	2016	2015	2014
Net income before distribution and tax (millions)	\$107.9	\$116.5	\$146.6	\$95.9	\$91.6	\$78.9
Net income attributable to members (millions)	\$70.6	\$80.6	\$91.8	\$61.7	\$65.1	\$54.6
Shared Success allocation to members and communities (millions/% of net income)	\$23.1 30%	\$24.2 30%	\$27.5 30%	\$18.5 30%	\$19.5 30%	\$16.4 30%
Efficiency ratio (lower is generally better)	79.6%	78.4%	74.1%	78.4%	79.4%	81.3%

In 2018, we invested in healthy communities in areas such as affordable housing, poverty reduction and environmental sustainability. We also strengthened our partnerships with Indigenous communities (see [page 30](#)).

Vancity's operating income for 2018 was \$527.1 million with operating expenses at \$410.6 million. Expenses rose over the previous year in part due to higher salary and benefit costs. Net income before distribution and tax was \$116.5 million in 2018. This was lower than the previous year's total of \$146.6 million. However, a significant part of the 2017 figure was due to the one-time gain realized from the sale of Dockside Green.

Without the gain from the sale of Dockside Green, our net income would be \$22.2 million above the previous year.

The efficiency ratio measures how much we spend (including distributions to the community) to generate a dollar of revenue. It is expressed as a percentage of revenue and in general a lower number is better. The ratio increased in 2018, up to 78.4 per cent from 74.1 per cent the previous year. This is primarily because we invested in new products and features for our members, including the upgrade of the technology platform that hosts our credit card portfolio. This upgrade sets the foundation for Vancity to provide a better offer for our cardholders.



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Liquidity and capital

Vancity's liquidity ratio is expressed as a percentage of treasury assets – liquid investments that can be quickly and economically converted into cash – against total deposits and debt liabilities (borrowings). In 2018, our liquidity remained on track with a ratio of 13.4 per cent by the end of the year, ahead of our target threshold of 12.5 per cent.

Our **capital adequacy ratio** of 14.8 per cent in 2018, up from 14.1 per cent the previous year, indicates that we have the capacity to lend more money, but our lending strategies are informed by a prudent assessment of credit risk and protecting our members' assets.

	2018	2017	2016	2015	2014
Liquidity ratio	13.4%	12.9%	14.3%	13.7%	13.4%
Capital adequacy ratio	14.8%	14.1%	13.4%	13.3%	13.4%

Risk management

Vancity is a leader among financial institutions in driving social change. We do this through a disciplined approach to decision-making and a prudent attitude to risk. Vancity's risk management framework enables the Board to define and approve an

appropriate risk appetite, which outlines how much risk Vancity is willing to take in order to successfully achieve its strategic plan. We knowingly and willingly take on risk because we see the upside, and use effective risk management techniques to provide an appropriate safety net.

In 2018, we continued to improve and evolve Vancity's Enterprise Risk Management program. We revised our Risk Appetite Framework in line with our strategy and added risk indicators with set risk tolerance limits. The risk indicators act as a "warning system" to notify us if and when we are trending outside of our desired risk tolerance. We also strengthened our ability to monitor and respond to rising interest rates and the tightening of our regulatory environment for residential mortgages through more in-depth analysis.

Following the recommendations of the **Task Force on Climate-related Financial Disclosures**, we have been evaluating how climate change impacts our business operations and the financial health of our members. We continue to work on understanding our exposure to different climate change risk factors and evaluate the impact by analysing different scenarios.

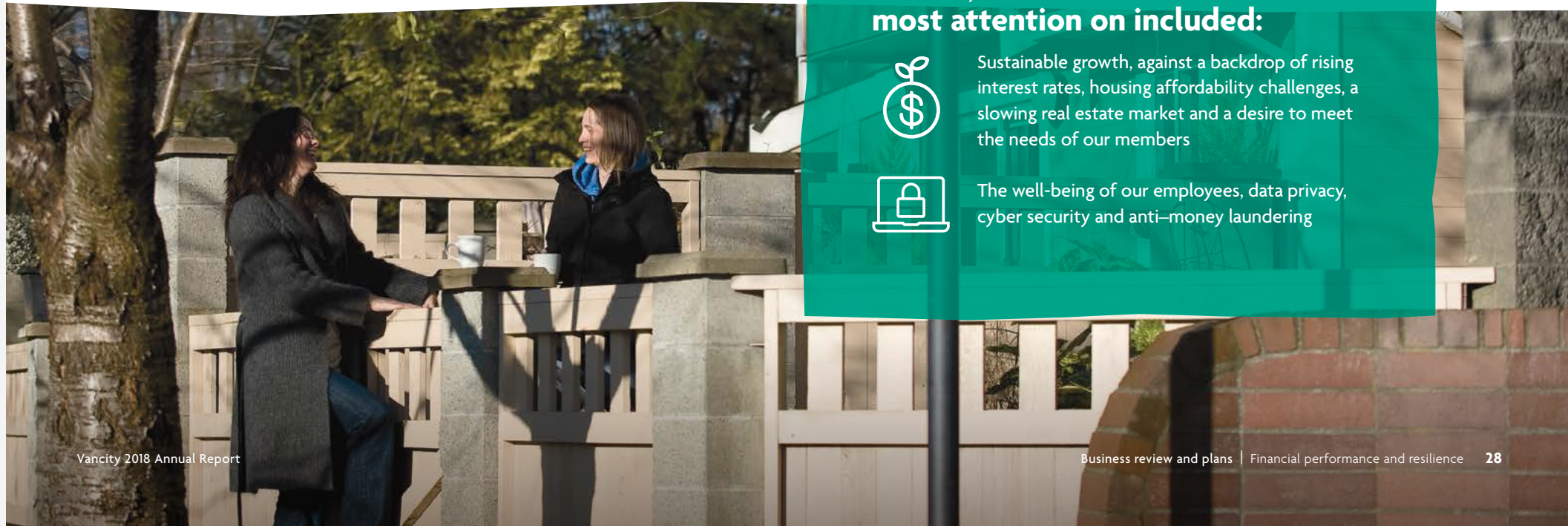
In 2018, the areas of risk we focused most attention on included:



Sustainable growth, against a backdrop of rising interest rates, housing affordability challenges, a slowing real estate market and a desire to meet the needs of our members



The well-being of our employees, data privacy, cyber security and anti-money laundering





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Employee well-being

Employee engagement

Vancity's employee engagement score increased to 69 per cent in 2018, above our target of 66 per cent and up from 58 per cent the previous year. The themes employees identified in 2017 continued to resonate and remained our focus throughout 2018. They formed the basis of our employee engagement action plan, which was designed to:

- Communicate and reinforce leadership commitment to action
- Focus on manager/supervisor engagement, effectiveness and support
- Remove barriers to how work gets done

Strategically, we have made several investments in developing our workforce and leaders. New manager training, coaching foundations and unconscious bias training are all helping our leaders focus on accelerating performance in our business. Senior leaders at Vancity are committed to connecting with employees, listening to their concerns and responding to what they have to say. To do this, leaders continued to visit different departments of Vancity in 2018 to hear directly from employees about what's working well and where things can be improved.

In 2018, we began work to understand our existing talent along with our future talent needs in a rapidly changing environment. Closing the gap and helping employees gain new skills will be the focus in 2019.

We've also been working on refreshing Vancity's compensation and benefits offering and reviewing areas of concern raised by employees. In October 2018, we announced enhancements to our Pacific Blue Cross benefits plan effective January 1, 2019. This work represented a first step in completing a full review of our compensation and benefits packages.



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Diversity  

Vancity is committed to creating a welcoming, inclusive workplace and to working with people and communities to help them thrive and prosper. Diversity is integral to this commitment. Our diversity allows us to fully understand, connect to, and respond to the needs of our members and communities.

Our diversity allows us to fully understand, connect to, and respond to the needs of our members and communities.

In 2018, we implemented a new tool to more accurately understand our workforce diversity. In addition to “person with a disability,” “Indigenous person” and “member of a visible minority,” we added a new reporting category: LGBTQ+2/S, enabling participation of employees who self-identify as LGBTQ, Two-Spirit, transgender and non-binary. All employees were asked to participate, although disclosure of diversity information is voluntary and respondents have the option to “decline to answer.” At 80 per cent, the participation rate was much higher than in 2017, when only 27 per cent of employees took part. The anonymized data we collected will allow us to identify potential barriers and inequities in the organization, measure and track our success, and build diversity programs to help us create a more inclusive and welcoming workplace for employees of all backgrounds.

We publish gender-based salary comparisons for all employees at Vancity. See [page 22](#) of the consolidated accountability statements for more information. We’re also committed to increasing the number of Indigenous employees at Vancity, although we did not meet our hiring target in 2018 – 1.58 per cent of employees self-identified as Indigenous, against a target of 2.24 per cent. We are working with appropriate community partners to improve our Indigenous representation in the future.

To embed Reconciliation in everything we do at Vancity, we offered a wide range of experiences for employees in 2018 and 80 per cent participated. This was above our target of 75 per cent. Examples included:

- Kairos Blanket Exercise, where employees learned about our shared history, the impact of colonialism and its ongoing legacies from an Indigenous point of view
- Talaysay Tours, a cultural and environmental experience where participants learn of the stories, history, culture and traditions of Coast Salish people by touring Stanley Park
- The Road Forward, a musical documentary by Marie Clements, which connects the beginnings of Indian Nationalism in the 1930s with the powerful momentum of First Nations activism today

In a related area of work, we provided unconscious bias training in 2018 to employees who were either away the previous year or who are new hires.





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THE CHALLENGE

How to support self-employed workers

B.C. has one of the largest proportions of self-employed workers in Canada. Rewards include flexible schedules and a variety of work, but it can be tough for some. A 2018 Vancity report identified income instability and a lack of access to employer-paid health benefits among the potential downsides. With the number of self-employed people increasing, how can Vancity meet their needs? What types of services – financial and otherwise – do they need and will they be able to afford them?

OUR RESPONSE

Vancity has been addressing the needs of self-employed members on two fronts. The first is a program we developed with Pacific Blue Cross (PBC) through which PBC provides health benefits for independent workers and small business owners and their employees. Only Vancity members are eligible and tailored plans are sold by Pacific Blue Cross after a referral from a small business account manager.

By the end of 2018, more than 76 of our self-employed and small business members had health benefits through the program, according to Eric Bulmash, manager of community business investment strategy. This gives them the peace of mind that they will be covered when faced with unexpected health-related costs. Even so, Eric admits that there are challenges. These include finding ways to insure people that are traditionally considered to be high risk, such as construction workers.

“We needed to innovate and shake up the insurance system a bit,” Eric says. “So we worked

with them to get coverage for as many areas of work as possible. We’ve been in constant conversation with Pacific Blue Cross about how to serve the growing self-employed market.”

“Cost is another issue,” Eric adds. “PBC does have personal plans for as little as \$50 per month, but sometimes that doesn’t cover enough of the things self-employed people and small businesses are looking for. It’s a question of striking the right balance between quality and price.”

“We needed to innovate and shake up the insurance system a bit. So we worked with them to understand that there are people out there who can’t get coverage and we want to help them.”

Vancity’s second initiative aimed at self-employed people and small businesses is

supported by financial technology provider JUDI.AI (formerly Lendified). This online loan adjudication platform provides operating loans and lines of credit.

“It’s basically taken our administration process to fund a loan from seven days to seven minutes,” says Eric. “Members can borrow up to \$100,000 – those small operating loans that you need to keep your business moving, or lines of credit to cover a slow few months.”

Between launching the program and the end of 2018, Vancity provided 473 loans worth more than \$20 million through JUDI.AI, with an average loan amount of \$44,000.

Eric says these two offerings are starting to make lives easier for many Vancity self-employed members. The challenge now will be delivering them at scale and developing a wider range of products and services for self-employed people and small business owners.



18%

Percentage of B.C.’s workforce that is self-employed, which is well above the national average



76

Number of Vancity self-employed and small business members who have health benefits through our program with Pacific Blue Cross



More than \$20 million

Total amount in loans approved through Vancity’s relationship with JUDI.AI, a financial technology provider



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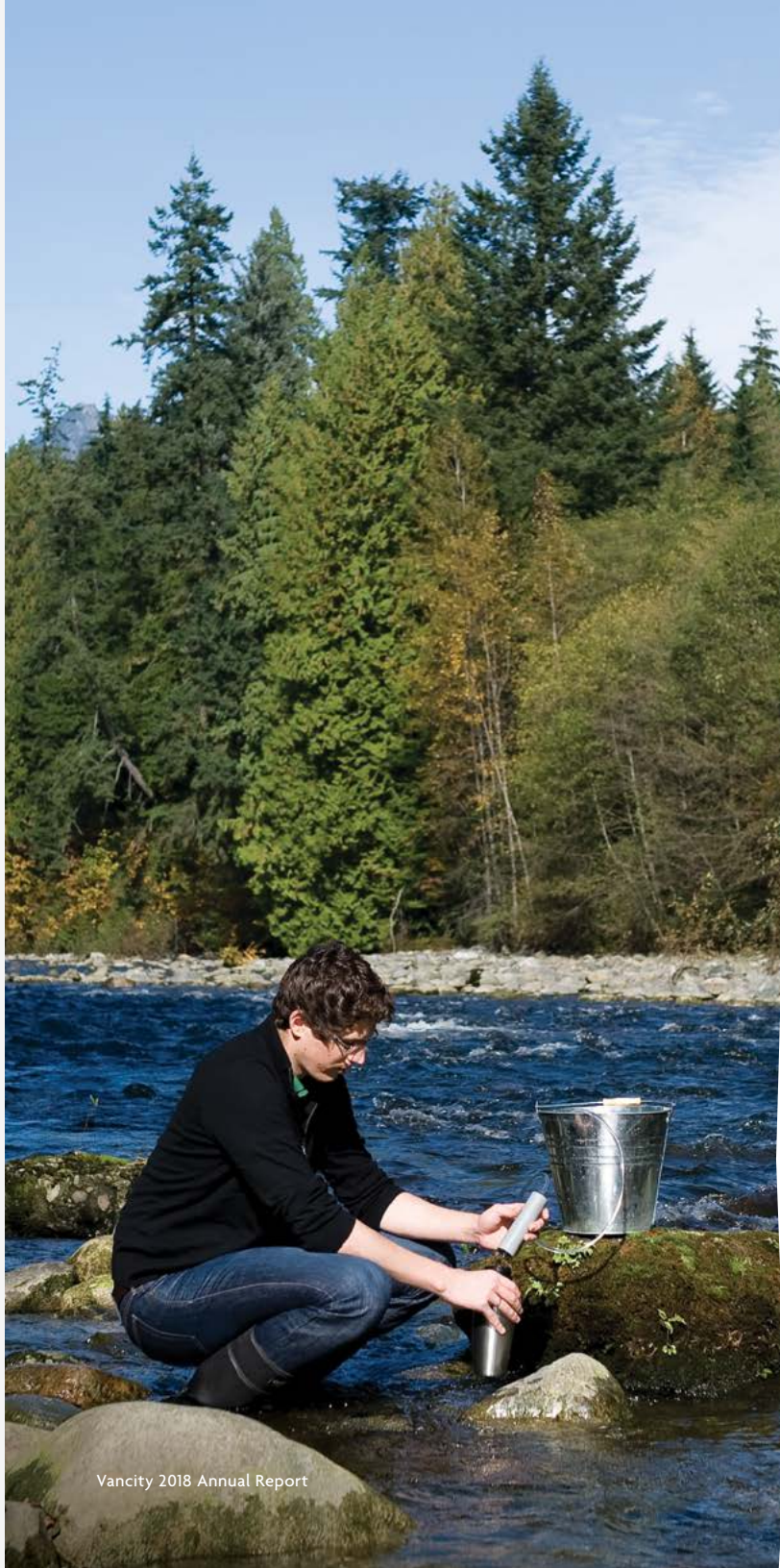
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Environmental sustainability

Environmental impact  

At Vancity, we are continuously looking for ways to reduce our environmental impact and we've been carbon neutral since 2008. To offset our 2017 emissions (4,567 tonnes CO₂e) in 2018, we purchased our offsets from Naturebank/Offsetters for \$100,474.

Greenhouse gas emissions (tonnes CO₂e)

	Targets	2018	2017	2016	2015	2014
Premises energy use		752	859	698	663	878
Paper use		414	533	516	520	553
Vehicle fleet		46	58	55	47	43
Air travel and company vehicle use		980	784	846	871	695
Employees making single occupancy vehicle trips		2,366	2,333	2,295	2,446	2,311
Total greenhouse gas emissions ¹	≤4,500	4,558	4,567	4,410	4,547	4,480
Employee carbon footprint, per employee (FTE)	1.5²	1.9	2.0	1.9	2.0	2.0

¹ 2007 base year = 5,241

² 2030 target

We reduced paper use in 2018 through more use of digital options with less paper-based marketing and, as of the end of 2018, 180,200 or 18.9 per cent of our eligible retail account member relationships had signed up for e-statements. We also improved our reporting on water usage and waste generation, both indicators of consumption.

By upgrading to more energy-efficient equipment control systems that use less natural gas, we were able to reduce our overall energy use. The amount of natural gas we saved last year by making our building operations more energy efficient is the equivalent of the natural gas used annually in 22 B.C. homes. The main reason that we missed our target of 4,500 tonnes of CO₂e, was an increase in air travel.



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In 2018, we expanded the data collection for the amount of waste that is being recycled or diverted from landfills beyond Vancity Centre to also measuring waste at 52 of our 59 branches (other locations do not have a service provider that can completely weigh by type at this time).

Waste by type (tonnes)

Recycling and diversion to energy production	114.2
Compost	27.1
Garbage	1.7
Total	143.0
Recycled/diverted	99%

In 2018, we established a baseline for water use per employee by adding more points of measurement through sub-metering. Water use per employee was 12.8 m³. We expect to reduce this by installing lower use fixtures.

Each year, Vancity gives back a portion of the profits we make from our enviro Visa card to the community through the Vancity enviroFund™ granting program. In 2018, we shifted the focus of the fund from local and organic food to align with our strategic priorities in environmental sustainability. We are moving from a carbon-based approach to a more holistic ecological footprint approach. This means reducing environmental harm in the areas of waste, water, food, the built environment, renewable energy and transportation. We are calling this new focus area 'lighter living' – which encourages individuals, businesses, community institutions and governments to consume less, waste less, live more and share more.

Encouraging others to act

The money we allocate from the Vancity enviroFund™ can be used to encourage others to reduce their

environmental impact. For example, we supported the development and execution of the One Planet Saanich initiative. The project uses the One Planet Living framework developed by Bioregional, a UK-based charity and social enterprise, to help cities improve their sustainability performance and work together to achieve more.

At Vancity, we are committed to helping our business members improve their environmental performance. One of the ways we do this is through our relationship with Climate Smart. Climate Smart provides training, coaching, and software for businesses to measure their carbon footprint, identify opportunities for cost, energy, and carbon savings, and communicate their efforts. Vancity offers members a \$1,000 scholarship for Climate Smart training and 160 members have taken part in the program.





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Board of Directors



Anita Braha
Chair

Elected in 2011, serving a third term
(2017–2020)



Jan O'Brien
Vice Chair¹

Elected in 2009, serving a fourth term
(2018–2021)



Bill Chan

Elected in 2018, serving a first term
(2018–2021)



Teresa Conway

Elected in 2012, serving a third term
(2018–2021)



Lily Grewal¹

Elected in 2014, serving a second term
(2017–2020)



Theodora Lamb

Elected in 2014, serving a second term
(2017–2020)



Rita Parikh

Elected in 2016, serving a first term
(2016–2019)



Niki Sharma

Elected in 2016, serving a first term
(2016–2019)



Virginia Weiler

Elected in 2007, serving a fourth term
(2016–2019)

Committee

Audit		Member	Member	Chair	Member			Member	
Governance			Member	Member			Chair	Member	Member
Human Resource	Member		Member		Chair	Member	Member		
Nominations and Election		Member				Chair			
Risk	Member	Chair			Member		Member		Member
Digital Strategy	Member			Member		Member		Member	Chair
External Appointments	Stabilization Central CU; Vancity Community Investment Bank	Central 1			Canadian Centre for Policy Alternatives				

¹ Lily Grewal served as Vice Chair until December 4, 2018.



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Board of Directors

Vancity's Board of Directors represents the membership and has a legal responsibility to protect its assets. Board members are responsible for ensuring good governance at Vancity. They take seriously their mission of translating our values into policies and practices that guide Vancity's business. They must be prudent and make decisions that are in the best interests of our members. As such, they act as stewards of our organization, provide critical oversight on major financial decisions and direction, and help ensure that our members' money is invested in businesses and organizations that improve our communities.

Directors approve Vancity's vision and strategy and oversee core business operations while building relationships with members and the community. They also provide leadership within the values-based banking, co-operative and credit union systems.

The Board delegates the day-to-day management of Vancity to the President and Chief Executive Officer, who establishes the accountabilities of each member of the **executive leadership team**. Each Director serves on three or more **committees** and may be appointed to the Boards of our subsidiaries or affiliates.

Board of Directors' election

Members elect Directors in a democratic one-member, one-vote system. They elect Directors annually for a term that normally runs three years, up to a maximum of four consecutive terms. For more on the Board, including attendance records and professional development, see vancity.com.

The election of our Board of Directors by members is an important component of democratic governance. The Board considers regulatory expectations – such as the recommendation process of qualified candidates – and feedback from members to establish a transparent election process.

For the 2018 election, our Nominations and Election Committee, which included two Directors and four members-at-large, recommended five of nine Board candidates. Members could vote for their choice of up to three candidates. A total of 14,770 members (3.2 per cent of eligible members) voted. This total was less than the prior year, when 18,331 members voted (4.1 per cent of the membership at that time). The three elected candidates were all recommended.

Vancity believes embracing diversity helps us to better meet the needs of our members, employees, and communities. The Board of Directors approved a **Board Diversity Statement** at its May 2018 meeting.



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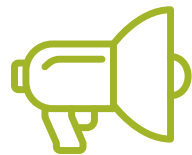
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Innovation and engagement

Vancity uses the insights we gather through engagement to help us manage our business. We listen to members' feedback through several core mechanisms – online member panels, a member experience tracking program and annual member surveys. We use a variety of other approaches to gather feedback, discuss issues and collaborate with members, employees, peers, community groups, labour organizations and thought leaders.

Board Directors engage directly with members, attend industry events, meet with peers in other credit unions and some sit on other boards. They also represent Vancity at events in the communities where we operate and attend conferences related to the credit union system.

Most importantly, Vancity is a democratically controlled financial institution, a fact that differentiates us from many of our competitors. A feature of our democratic process was in evidence at the 2018 annual general meeting when a member put forward a resolution related to climate change and the proposed Trans Mountain pipeline expansion. The Board supported the advancement of the resolution in consultation with the Resolution Committee, members discussed it at the meeting and a majority ultimately supported it. At that meeting Vancity members also approved an updated Constitution and Rules (also known as by-laws) for our co-operative.



We listen to members' feedback through several core mechanisms – online member panels, a member experience tracking program and annual member surveys.

Advocacy issues and initiatives we focused on in 2018:

Economic inclusion: e.g., Federal Advisory Committee on Poverty, Provincial Advisory Group on Poverty Reduction, Registered Disability Savings Plan (RDSP) Action Group, Living Wage for Families Campaign, support for \$10/day Childcare Campaign

Indigenous partnerships: e.g., B.C. Indigenous Renewable Energy and Social Finance Innovation Lab, Indigenous Women's Leadership Summit, Indigenomics Institute

Environmental sustainability and climate change: e.g., Council for Clean Capitalism, Businesses for B.C.'s Clean Economy, Tamara Vrooman appointed to federal government advisory panel on climate change

Social finance, innovation and infrastructure policies: e.g., Senate hearings on social finance and criminal rates of interest
Provincial and federal financial sector legislation and institution reform





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Advocacy

We work with other credit unions and community and corporate organizations. We engage with governments at all levels and we use our convening power to further the development of healthy communities. For a list of initiatives we endorse and memberships in industry and advocacy organizations, see [page 32](#) of this document and [page 36](#) of the consolidated accountability statements.

Senior management and executive compensation

In 2018, senior leaders (members of the executive leadership team, vice presidents and directors) received a base salary and cash incentives that recognized progress on five organizational scorecard targets as well as individual accountabilities.

In addition, Vancity's President and CEO had a long-term incentive plan, established by the Board based on organizational priorities. The long-term incentive plan also contained a retention component by deferring the payout for three years. Vancity's CEO compensation package includes:

	2018	2017	2016	2015	2014
Base salary	\$476,720	\$458,385	\$449,397	\$440,585 ¹	\$440,585
Short-term incentive	229,654²	248,792	226,047	213,684	257,081
Long-term incentive	333,704³	320,869	314,578	308,410	308,410
Total	\$1,040,078	\$1,028,046	\$990,022	\$962,679	\$1,006,076

¹ There was a senior management-level wage freeze for 2015.

² Paid in 2019 for 2018 fiscal year performance.

³ Estimated annualized award for 2018 performance, paid in 2020.

When the Board reviews CEO compensation, the process includes assessing compensation levels at the 50th percentile of a comparator group of peer companies of similar size, scope and complexity.



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Structure and executive leadership team

Members



Board of Directors



Executive leadership team



Tamara Vrooman¹
President and CEO



Atul Varde²
Senior Vice President, Digital Solutions & Business Technology



Christine Bergeron¹
Executive Lead, Member Experience & Community Engagement



Jay-Ann Gilfoy²
CEO, Vancity Community Investment Bank



Lisa Coltart¹
Senior Vice President, Enterprise Services



Petra Kuret³
Senior Vice President, Enterprise Integration and Performance



Rick Sielski
Senior Vice President, Enterprise Risk

Active subsidiaries

VANCITY COMMUNITY INVESTMENT BANK

Vancity Community Investment Bank (VCIB) – Canada’s first bank focused exclusively on triple bottom line impact. VCIB offers financing and advisory services to organizations in Southern Ontario that are addressing local community needs including: impact businesses, social enterprises and not-for-profits. VCIB is focused on identifying investment opportunities that make a positive economic, social and environmental impact while earning risk-adjusted financial returns. This federally chartered bank provides certain financial services throughout Canada, including foreign exchange services, Visa card services, and commercial real estate services on a syndication basis. It has offices in Calgary, Toronto and Vancouver.

CITIZENS TRUST COMPANY

Trustee business supporting Vancity Community Investment Bank and Vancouver City Savings Credit Union. Ownership: 100 per cent by Vancity Community Investment Bank.

SCU INSURANCE SERVICES LTD.

Provider of auto insurance, homeowner’s insurance and driver’s licensing needs.

VANCITY CAPITAL CORPORATION

Provides growth capital to small and medium-sized B.C. businesses, not-for-profit organizations and co-operatives.

VANCITY INVESTMENT MANAGEMENT LTD.

Provides discretionary investment management services to individuals, not-for-profit groups and other organizations.

VANCITY LIFE INSURANCE SERVICES LTD.

Acts as an agent to provide life insurance.

¹ In January 2019, Lisa Coltart took a leave of absence, Nez Aquino became acting Chief Financial Officer, Christine Bergeron became acting SVP, Member Experience & Community Engagement, and Tamara Vrooman stepped in as acting SVP, Insights & Marketing.

² Atul Varde replaced Jay-Ann Gilfoy as SVP, Digital Solutions & Business Technology in June 2018.

³ Petra Kuret was hired for this new role in October 2018.



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Strategic priorities for 2019

Our work is driven by our commitment to democratic participation, social justice and financial inclusion, and environmental sustainability. These principles guide our decision-making when we design and deliver products and services to meet members' needs. People are increasingly empowered by new technologies, rich information sources and a wide choice of brands. They expect highly personalized service experiences and products that are uniquely designed for them as individuals. The six goals identified in our [2019 Business Plan](#) provide the lens through which we will prioritize our work so that we can continue to focus on enhancing member and community well-being in an evolving marketplace.

They are:

-  **Focus on the member**
-  **Focus on community values**
-  **Operational excellence**
-  **Financial sustainability**
-  **Employee engagement**
-  **Looking to the future**

Key performance indicators and targets for 2019	2019 Target	2018 Result
*Member satisfaction with overall service delivery (members who rate us 9 or 10 out of 10)	54%	49%
*Likelihood to recommend	63%	48%
*Membership count	545,500	534,886
*Triple Bottom Line Assets under Administration (TBLAA)	27.0%	25.1%
Return on average members' equity (ROME)		
ROME (business results)	7.2%	7.9%
*ROME (after Shared Success)	5.7%	6.3%
Employee engagement	72%	69%

Results for targets marked with a * will directly influence senior management's incentive pay and the amount of profit shared with employees.

These targets align with our business goals. We aim to always provide the highest level of service to our members by setting a target for member satisfaction that refers to the percentage of members who rate overall service delivery as very or extremely satisfied (9 or 10 out of 10). Our focus in attracting new members will be on small businesses and millennials.



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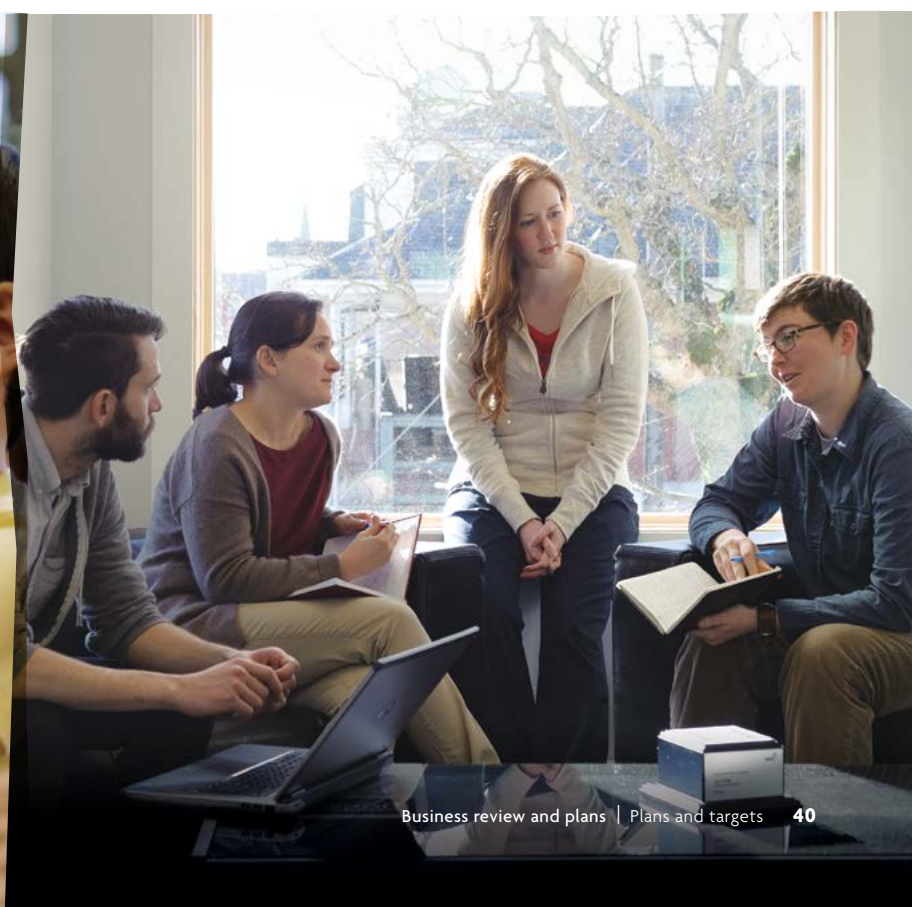
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Commitments

We also hold ourselves accountable for several external commitments we have made. We've made them because of our commitment as a values-based bank to not only focus on the products and services we deliver, but also on the impact of our work.

Measure	Target	2018 Result
People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair	35,000 by 2030	27,552
Living wage employer	Recertify each year	Recertified
Employees who self-identify as Indigenous	2.1%	1.6%
Greenhouse gas emissions	4,500 t	4,558 t
Continue to be carbon neutral	Carbon neutral	Carbon neutral
Average staff carbon footprint	1.5 t by 2030	1.9 t
Waste from Vancity Centre and 52 branches diverted from the landfill or recycled	Set a target	99%
Water use per employee	Set a target	12.8 m ³





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We continue to seek out best practices in our reporting.



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About this report

Determining content



Our co-operative model and our commitment to accountability makes it essential that we're open and transparent in our reporting. We first produced accountability reports in the 1990s and we continue to seek out and encourage best practices in reporting.

We have followed the AA1000 Principles throughout our operations and reporting since 1998. These principles focus on stakeholder engagement to inform strategy and decision-making:

- Inclusivity – taking into consideration information and insights gathered from engagement with members, communities and others we have an impact on or who have an impact on us, and including these groups in our response to sustainability.
- Materiality – determining the relevance and importance of an issue to our organization, to our members and their communities, and to society.

- Responsiveness – demonstrating responsiveness to issues through our decisions and actions, and through communications, including our annual reports and strategic plans.
- Impact – taking accountability for the effects our behaviour, performance and outcomes we have on the economy, the environment, society, stakeholders or Vancity.

Our annual report is aligned with the International Integrated Reporting Framework and is also prepared, including the consolidated accountability statements, in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards, Core Option.

We include specific material topics in our annual reporting, placing greater emphasis on the most material. Under the AA1000 AccountAbility Principles Standard, material topics "substantively influence and impact the assessments, decisions, actions and performance of an organization and/or its stakeholders in the short,

medium and/or long term." We also look to the definitions from both the Integrated Reporting Framework and the GRI Standards.

This means we choose the content for our annual reporting based on our business plans, the impacts we have, and what our members and other stakeholders tell us they want to know.

We include the most material information in this integrated annual report, and supplementary information in the consolidated accountability statements (management approach to material topics, data tables, notes, GRI content index), consolidated financial statements, greenhouse gas handbook and inventory report, and a glossary.

The Audit Committee of the Board of Directors receives the annual report plan (which includes material topics to be disclosed) and the corresponding set of performance measures. The Board approves this integrated annual report and consolidated accountability statements prior to their release.





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As a financial co-operative, members are our main stakeholder – they are both our customers and our investors or providers of financial capital. In 2018, we repeated the same member survey conducted in 2016 of around 800 members to understand their expectations of Vancity when it comes to community issues. Members identified the top priorities for Vancity to focus on: financial literacy, affordable housing, living wage, access to basic financial services and personal and household debt. This influenced our choice of material topics:

- Member well-being and service experience
- Technology
- Financial literacy
- Access to basic financial services for everyone
- Affordable housing
- Building healthy communities
- Member growth
- Financial performance and resilience
- Employee capability and well-being
- Environmental sustainability
- Transparent and inclusive governance

Our **business plans** and discussions with Board Directors and executives also informed the choice of topics above. We considered feedback on our previous reporting from member and employee focus groups. These stakeholders told us our reporting covers topics they want to know about.

We work with other members of the Global Alliance for Banking on Values on measuring impacts, including a values-based banking **scorecard**. We also support credible reporting as members of the GRI Community and the International Integrated Reporting Council's Integrated Reporting Business Network.

External audit

We have had our reports externally assured since our first accountability reports in the 1990s. We use one firm to both provide assurance over key accountability information and principles and to audit our financial statements. External assurance provides confidence that key information is complete, accurate and balanced. It also drives improvements and integration in our management and reporting practices.

Vancity award highlights in 2018:

Service Quality Management (SQM):
Vancity's Member Services Centre received a Highest Customer Service – Banking Industry award

Canadian Credit Union Association:
National Credit Union Innovation Award for the Vancity Fair & Fast™ Loan online

Corporate Knights:
Best 50 Corporate Citizens in Canada 2018

Canada's Top 100 Employers:
B.C.'s Top Employers, Canada's Top Employers for Young People, Canada's Best Diversity Employers, Canada's Top Family-Friendly Employers, Canada's Greenest Employers

Georgia Straight:
Best Financial Institution, Best Local Employer

CR Reporting Awards '18:
Best Integrated Report



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KPMG LLP's independent assurance report

To the members of Vancouver City Savings Credit Union (Vancity)

Our conclusions:

a) In our opinion, the description of Vancity's adherence to the principles of inclusivity, materiality, responsiveness and impact in the AA1000 AccountAbility Principles (2018) for the year ended December 31, 2018 is fairly stated in all material respects.

b) In our opinion, the Report presents fairly, in all material respects:

- Vancity's progress on organizational targets and results for the year ended December 31, 2018 in accordance with criteria internally developed by management;
- Vancity's greenhouse (GHG) emissions for the year ended December 31, 2018 calculated in accordance with criteria internally developed by management and with ISO 14064 – Part 1; and,
- The 2018 purchase of offsets in accordance with criteria internally developed by management to fulfill Vancity's carbon neutral assertion for the year ended December 31, 2017.

c) Based on the procedures performed, nothing has come to our attention that causes us to believe that Vancity's supporting management targets and results for the year ended December 31, 2018, have not been prepared and presented, in all material respects, in accordance with criteria internally developed by management.

Where to find the assured information in the Annual Report:

"About this report" on [page 42](#)

Organizational targets and results marked with a "*" (under impact and confidence) on [page 11](#), and GHG emissions and Vancity's carbon neutral status on [page 12](#).

Organizational targets and results (under impact, confidence and integrity) on [page 11](#) and commitments on [page 12](#).

About KPMG LLP's assurance report

What did KPMG LLP's work involve – scope of work

We were engaged by the management of Vancity to undertake an assurance engagement on certain aspects of Vancity's Annual Report, in respect of the year ended December 31, 2018 (the Report), as described below.

Subject matter and applicable criteria

a) Reasonable assurance on Vancity's description in the section "About this report" on [page 42](#) of the Report of its adherence to the following principles set out in the AA1000 AccountAbility Principles 2018 (AA1000AP):

- *Inclusivity*: people have a say in the decisions that impact them;

- *Materiality*: decision makers identify and are clear about the sustainability topics that matter;
- *Responsiveness*: organizations act transparently on material sustainability topics and their related impacts;
- *Impact*: the organization monitors, measures and is accountable for how its actions affect broader ecosystems, including the economy, the environment, society, stakeholders and the organization itself;

b) Reasonable assurance on:

- The fair presentation of Vancity's progress on organizational targets and results marked with a "*" on [page 11](#) of the Report prepared in accordance with criteria internally developed by management;

- The fair presentation of Vancity's GHG emissions for the year ended December 31, 2018 in accordance with criteria internally developed by management and with ISO 14064-part 1;
- The fair presentation of Vancity's 2018 purchase of offsets in accordance with criteria internally developed by management to fulfill Vancity's carbon neutral assertion for the year ended December 31, 2017;

c) Limited assurance on the fair presentation of Vancity's progress on organizational targets and results on [page 11](#) and commitments on [page 12](#) of the Report, prepared in accordance with criteria internally developed by management.

The Subject Matter selected for assurance has been determined by management on the basis of Vancity's assessment of the material

issues contributing to Vancity's accountability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of accountability performance metrics. As such, Vancity applies the AA1000AP, ISO 14064-part 1, and internally developed reporting criteria described in the 2018 Annual Report glossary, the consolidated accountability statements, and the 2018 GHG handbook and inventory report available at [annualreport.vancity.com](#).

Vancity's responsibilities

Management is responsible for establishing and maintaining appropriate performance management and internal control systems to achieve adherence to the AA1000AP and for the preparation and presentation of Vancity's



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progress on their targets, commitments and results, in accordance with internally developed reporting criteria and ISO 14064-part 1 current as at the date of our report. Management is also responsible for determining Vancity's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported Subject Matter is derived.

Management has chosen to prepare the Report in accordance with the Global Reporting Initiative Sustainability Reporting Standards, Core Option and the International Integrated Reporting Framework. Information on management's internal reporting criteria can be found in the section "About this report" on [page 42](#) of the Report.

Our responsibilities

Our responsibility in relation to the Subject Matter is to perform an assurance engagement and to express conclusions based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. ISAE 3000 and ISAE 3410 require that we plan and perform this engagement to obtain the stated level of assurance, in accordance with the applicable criteria.

What is limited vs. reasonable assurance?

We were engaged to perform an assurance engagement at either a reasonable or limited

level according to the Subject Matter being assured. The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less in scope than that for a reasonable assurance engagement and therefore a lower level of assurance is obtained. Limited assurance procedures consist primarily of inquiries and applying analytical procedures to the Subject Matter, as appropriate. In addition to inquiries and analytical procedures, reasonable assurance procedures could include testing the design and operation of internal controls, obtaining third party or supporting evidence, and performing recalculations.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report.

Assurance approach – our procedures

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in order to form our assurance conclusions as set out above. The nature, timing and extent of procedures performed depended on the level of assurance being provided and included:

- Interviews with senior management, including the Executive Leadership Team and the Board of Directors, and relevant staff at the corporate and branch levels to gain an understanding of the process for determining the material issues for Vancity's key stakeholder groups, the development of Vancity's accountability strategy, and the implementation of accountability policies across the business;
- Obtaining supporting evidence relating to representations made by interviewees and reviewing key organizational documents concerning accountability and impact measurement at Vancity including strategy

documents, formalized policies and procedures, and Board reporting;

- Reviewing the results of member and employee focus groups on accountability reporting and material issues;
- Inquiries with relevant staff at the corporate and branch levels to understand the data collection and reporting processes for the targets and results;
- Performing walkthroughs to test the design, and where applicable the operating effectiveness, of internal controls relating to the collection and reporting of data measuring Vancity's progress on the targets and results;
- Comparing the reported data for the targets and results, including greenhouse gas emissions and carbon offsets, to underlying data sources, including third-party evidence;
- Evaluation of key assumptions and, where appropriate, re-performance of calculations; and,
- Reviewing the targets and results presented in the Report to determine whether reported progress is consistent with our overall knowledge of, and experience with, the social, environmental and economic performance of Vancity.

Inherent limitations

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the subject matter and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods

used to determine such information, as described in management's internally developed criteria, may change over time, and the scope of our work did not include the appropriateness of such criteria. It is important to read Vancity's reporting methodology in the 2018 Annual Report glossary, the consolidated accountability statements, and the 2018 GHG handbook and inventory report available at annualreport.vancity.com.

Independence, quality control and competence

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement was conducted with a multidisciplinary team, which included professionals with suitable experience in both assurance and in the applicable subject matter, including the AA1000AP, stakeholder engagement, environmental, social and financial performance, and GHG accounting.

Chartered Professional Accountants
April 17, 2019
Vancouver, Canada



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The following table includes some organizational scorecard measures and additional data of most importance to our business strategy and to our members. The **bold** indicates that 2018 data for these measures was verified by KPMG LLP.

	Unit	2018	2017	2016	2015	2014
<⚡> IMPACT						
Member experience: satisfaction with overall service delivery	%	49	51	43	54	52
Member experience: members who do not report a problem	%	76	85	76	n/a	n/a
Member experience: likelihood to recommend	%	48	56	53	53	50
Contribution to member well-being	%	20	24	28	n/a	n/a
People assisted with financial literacy	#	5,879	6,955	7,722	14,688	14,775
People assisted with products and services designed to provide basic financial services, affordable housing, credit and credit repair, as of year-end¹	#	27,552	22,695	6,881	6,619	5,811
Units of affordable housing funded	#	3,131	2,907	2,124	1,042	737
Square feet of energy efficiency improvements funded	ft ²	1,437,007	475,691	254,934	337,309	901,105
Community grants approved (millions)	\$	12.4	7.9	9.3	7.4	8.3
Locally based suppliers	%	64	73	75	77	79
Triple bottom line assets under administration (TBLAA)	%	25.1	23.2	21.1	18.6	17.2

	Unit	2018	2017	2016	2015	2014
👍 CONFIDENCE						
Total number of members	#	534,886	525,506	518,149 ²	515,579	509,008
Net change in number of members	#	9,380	7,357	8,323	10,728	8,059
Total assets plus assets under administration (billions)	\$	27.4	26.4	25.6	23.9	22.4
Return on average members' equity (ROME)	%	6.3	7.6	5.5	6.2	5.5
Liquidity ratio	%	13.4	12.9	14.3	13.7	13.4
Capital adequacy ratio	%	14.8	14.1	13.4	13.3	13.4
Shared Success allocation to members and communities (millions)	\$	24.2	27.5	18.5	19.5	16.4
Efficiency ratio (lower is generally better)	%	78.4	74.1	78.4	79.4	81.3
Return on average assets	%	0.4	0.4	0.3	0.3	0.3
Net interest margin (net interest income as a per cent of average interest earning assets)	%	2.0	2.0	1.9	1.9	1.9
Net interest income as a percentage of operating revenue	%	83.5	77.1	82.5	80.9	82.2
Real economy revenue to total revenue	%	84.1	86.8	85.9	93.7	n/a
Gross impaired loans as a percentage of total loans ³	%	0.0	0.0	0.0	0.0	0.1
Allowance for credit losses as a percentage of total loans	%	0.4	0.4	0.4	0.4	0.4
Net growth funding ratio (loan growth funded by deposit growth)	%	52.6	102.1	144.8 ⁴	110.4	121.9

¹ Calculation methodology was revised in 2017 to better reflect the intention of the performance measure. Prior years' unaudited results are not directly comparable. See page 9 of the consolidated accountability statements for details.

² Data has been restated to reflect a change in the definition of a member and as a result data prior to 2016 is not directly comparable. See the glossary online for more details.

³ Effective 2018, gross impaired loans are based on Stage 3 loans per IFRS 9. Prior year data has not been restated.

⁴ Data prior to 2017 has been restated to reflect a change in net growth funding ratio calculation methodology. See page 17 of the consolidated accountability statements for details.



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	Unit	2018	2017	2016	2015	2014
INTEGRITY						
Employee engagement	#	69	58	n/a	n/a	n/a
Senior managers who are women	%	53	51	49	45	43
Executive leadership team members who are women	%	71	60	71	71	67
Employees who self-declare they have a disability	%	10	10	10	10	10
Voluntary turnover rate	%	6	7	7	4	7
Total greenhouse gas emissions (tonnes CO₂e)	t	4,558	4,567	4,410	4,547	4,480
Employee carbon footprint (tonnes CO₂e per FTE)	t	1.9	2.0	1.9	2.0	2.0
Eligible members who voted in Board elections	%	3.2	4.1	4.4	4.9	5.3
Board Directors who are women	%	89	89	89	67	67
Existing strategic suppliers and treasury relationships assessed in accordance with the Ethical Principles for Business Relationships	%	62	100	100	100	100
Substantiated reports of privacy breaches	#	71	96	14	12	16
Substantiated incidents of employee fraud	#	4	4	2	5	3



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Sustainable Development Goals

In 2015, the United Nations adopted the 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by 2030. Much of what Vancity's strategy focuses on addresses seven of the SDGs. Look for the SDG logos throughout this report to see examples of how our work locally is helping to achieve these global goals. See [page 26](#) for additional ways we support the goals through our Triple Bottom Line Assets under Administration.



VANCITY IS COMMITTED TO

SDG 1	SDG 5	SDG 8	SDG 11	SDG 12	SDG 13	SDG 17
<p>No Poverty</p> <p>Living wage: Remaining a Living Wage Employer and advocating for other employers in our service area to join us in the Living Wage for Families Campaign and the international Living Wage movement</p> <p>Access: Increasing the number of people assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair to 35,000 members per year by 2030</p>	<p>Gender Equality</p> <p>Diversity: Building a diverse workforce and leadership with equal pay for work of equal value, and increasingly reflecting composition of the communities in which we work</p> <p>Gender pay gap: Engaging with Canadian companies around disclosure</p>	<p>Decent Work and Economic Growth</p> <p>Financial literacy: Continuing to promote financial literacy to improve the knowledge, skills and confidence of members</p> <p>Business: Supporting the establishment and growth of micro, small- and medium-sized enterprises through access to financial services and training</p> <p>Indigenous communities: Working with First Nation government and Indigenous not-for-profit organizations to help build stronger communities</p> <p>Living wage: See Goal 1</p> <p>Access: See Goal 1</p> <p>Diversity: See Goal 5</p>	<p>Sustainable Cities and Communities</p> <p>Housing: Helping solve housing challenges to increase the number of affordable units available in our service area</p> <p>Triple bottom line assets: Increasing the percentage of members' assets invested in impact</p> <p>Access: See Goal 1</p>	<p>Responsible Consumption and Production</p> <p>Transparency: Continuing to disclose our significant economic, social and environmental impacts, including progress on SDG pledges made in the International Co-operative Alliance Co-ops for 2030 campaign, in our annual reporting</p> <p>Lighter Living: Reducing our operational environmental footprint, by empowering staff to make environmentally sustainable decisions and to embed a culture of lighter living within Vancity</p>	<p>Climate Action</p> <p>Carbon footprint: Reducing our average staff carbon footprint by 25% by 2030 (from 2016's average of 2 tonnes CO₂ equivalent per FTE per year of GHG to 1.5 tonnes) and using our own experience to teach our communities what can be done to have a greater impact on reducing footprints</p> <p>Triple bottom line assets: See Goal 11</p>	<p>Partnerships to achieve the Goal</p> <p>Measurement: Working with other members of the Global Alliance for Banking on Values to develop new metrics to measure well-being</p> <p>Co-ops for 2030 campaign: Contributing to achieving the SDGs and reporting on our progress</p>

Page references in annual report

16, 20, 21	21, 30	16, 19, 20, 30	16, 18, 26	32	26, 32	42
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Page references in consolidated accountability statements

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Report of the independent auditors on the summarized consolidated financial statements

To the members of Vancouver City Savings Credit Union

Opinion

The summarized consolidated financial statements of Vancouver City Savings Credit Union (the Credit Union), which comprise:

- the summarized consolidated statement of financial position as at December 31, 2018
- the summarized consolidated statement of income for the year then ended
- and related note

are derived from the audited consolidated financial statements of Vancouver City Savings Credit Union as at and for the year ended December 31, 2018.

In our opinion, the accompanying summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in note 1 in the summarized consolidated financial statements.

Summarized consolidated financial statements

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading summarized consolidated financial statements and the auditors' report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditors' report thereon.

The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Management's responsibility for the summarized consolidated financial statements

Management is responsible for the preparation of the summarized consolidated financial statements in accordance with the criteria disclosed in Note 1 in the summarized consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summarized consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.

Chartered Professional Accountants
April 17, 2019
Vancouver, Canada



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Consolidated statement of financial position (balance sheet)

As at December 31 (thousands)

Assets	2018	2017
Cash and cash equivalents	\$ 167,160	\$ 98,467
Interest bearing deposits with financial institutions	1,502,165	1,484,351
Financial investments	1,882,940	1,502,749
Derivative assets	5,264	4,150
Loans and advances to members	19,136,223	18,390,583
Current tax assets	–	3,759
Premises and equipment	82,904	79,234
Intangible assets	67,140	67,516
Deferred tax assets	27,164	17,310
Other assets	21,611	19,883
Total assets	\$ 22,892,571	\$ 21,668,002
Liabilities and Equity		
Borrowings – line of credit	\$ –	\$ 72,223
Deposits from members	19,594,845	18,547,449
Derivative liabilities	6,086	8,955
Wholesale borrowings	609,701	514,216
Secured borrowings	1,077,712	975,998
Accounts payable and accrued liabilities	216,400	248,960
Current tax liabilities	404	–
Retirement benefit obligation	49,351	55,903
Other liabilities	6,461	2,287
Total liabilities	21,560,960	20,425,991
Members' equity:		
Capital and reserves attributable to members:		
Contributed surplus	29,275	29,275
Retained earnings	1,296,550	1,210,785
Accumulated other comprehensive income	5,786	1,703
Total members' equity	1,331,611	1,241,763
Non-controlling interest	–	248
Total liabilities and equity	\$ 22,892,571	\$ 21,668,002

Consolidated statement of income

For the years ended December 31 (thousands)

	2018	2017
Interest income	\$ 745,727	\$ 641,373
Interest expense	295,703	225,783
Net interest income	450,024	415,590
Impairment expense on financial instruments	11,891	8,338
Fee and commission income	120,362	134,138
Fee and commission expense	31,607	44,278
Net fee and commission income	88,755	89,860
Net gains on financial instruments	81	3,206
Other income (loss)	(285)	(3,614)
Gain on sale of investment property	394	33,893
Total operating income	527,078	530,597
Operating expenses:		
Salary and employee benefits	252,002	238,560
Occupancy and equipment	53,373	51,186
General and administrative	105,215	94,213
	410,590	383,959
Income before distribution and tax	116,488	146,638
Distribution to community and members	26,426	28,681
Income before tax	90,062	117,957
Income tax expense	9,481	26,254
Net income	80,581	91,703
Attributable to non-controlling interest	–	80
Net income attributable to members	\$ 80,581	\$ 91,783

Note 1 Basis of preparation

The summarized consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2018.

Those audited consolidated financial statements were approved by the Board of Directors on February 26, 2019 and are located at annualreport.vancity.com.

The summarized consolidated financial statements were prepared by management in accordance with Section 128 (4) of the Financial Institutions Act, RSBC 1996, c.141.



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Community branches

Abbotsford

Abbotsford community branch (34)
32675 South Fraser Way

Alert Bay

Cormorant Island community branch (71)
30 Maple Road

Burnaby

Brentwood community branch (43)
106 – 1901 Rosser Avenue

Burnaby Heights community branch (6)
4302 Hastings Street

North Road community branch (16)
3977 North Road

Royal Oak community branch (59)
6632 Royal Oak Avenue

South Burnaby community branch (17)
5064 Kingsway

South Slope community branch (56)
7384 Market Crossing

Chilliwack

Chilliwack community branch (31)
45617 Luckakuck Way

Coquitlam

Maillardville community branch (51)
101 – 969 Brunette Avenue

Pinetree community branch (18)
20 – 2991 Lougheed Highway

Delta

North Delta community branch (19)
7211 120th Street

Tsawwassen community branch (58)
Unit D – 1215 56 Street

Langley

Langley community branch (23)
100 – 20055 Willowbrook Drive

Walnut Grove community branch (54)
E103 – 20159 88th Avenue

Maple Ridge

Maple Ridge community branch (29)
22824 Lougheed Highway

Mission

Mission community branch (36)
150 – 32555 London Avenue

New Westminster

New Westminster community branch (61)
511 Sixth Street

North Vancouver

Lynn Creek community branch (46)
1370 Main Street

Lynn Valley community branch (57)
101 – 1233 Lynn Valley Road

North Vancouver community branch (21)
1290 Marine Drive

Westview community branch (49)
712 – 2601 Westview Drive

Pitt Meadows

Pitt Meadows community branch (50)
750 – 19800 Lougheed Highway

Port Coquitlam

North Side community branch (52)
130 – 2325 Ottawa Street

Shaughnessy Station community branch (33)
7100 – 2850 Shaughnessy Street

Port Moody

Port Moody community branch (52)
5 – 121 Brew Street

Richmond

Blundell Centre community branch (88)
130 – 6020 Blundell Road

Richmond community branch (26)
5900 No. 3 Road

Squamish

Squamish Savings Chieftain Centre (81)
1325 Pemberton Avenue

Surrey

Cedar Hills community branch (44)
12820 96th Avenue

Guildford community branch (30)
108 – 15175 101st Avenue

Morgan Creek community branch (70)
H120 – 15795 Croydon Drive

Newton community branch (27)
7555 King George Boulevard

Semiahmoo community branch (25)
104 – 1790 152nd Street

Surrey City Centre community branch (32)
10293 King George Boulevard

Vancouver

4th Avenue community branch (11)
2233 West 4th Avenue

Chinatown community branch (28)
608 Main Street

Collingwood community branch (13)
3305 Kingsway

Commercial Drive community branch (12)
1675 Commercial Drive

Downtown community branch (10)
898 West Pender Street

Dunbar community branch (45)
4445 Dunbar Street

Fairview community branch (8)
501 West 10th Avenue

Fraser Street community branch (7)
6288 Fraser Street

Hastings community branch (3)
2510 East Hastings Street

Kerrisdale community branch (15)
2380 West 41st Avenue

Kitsilano community branch (4)
3395 West Broadway

Main Street community branch (9)
4205 Main Street

Marpole community branch (14)
8615 Granville Street

Oakridge community branch (41)
5594 Cambie Street

Point Grey community branch (22)
4566 West 10th Avenue

Vancity Centre community branch (1)
183 Terminal Avenue

Victoria Drive community branch (2)
5590 Victoria Drive

West End community branch (47)
1798 Robson Street

Victoria

Langford community branch (69)
100 – 800 Kelly Road

Mount Tolmie community branch (68)
100 – 1590 Cedar Hill Cross Road

Victoria City Centre community branch (67)
752 Fort Street

Victoria community branch (42)
3075 Douglas Street

West Vancouver

West Vancouver community branch (5)
1402 Marine Drive

Community branch numbers are noted in brackets. In addition, our Kruger community branch (65) serves employees of Kruger Products in New Westminister Mill.

As of April 2019

Produced by Vancity. Design by The Works Design Communications Ltd.



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View our annual report at annualreport.vancity.com

Our dedicated annual report website features key results, member stories and a highlights video. Download the full report and more information about our performance.

We'd like to hear what you think about this report.

Send comments and questions to accountability@vancity.com, tweet us [@vancity](https://twitter.com/vancity), or connect with us on facebook.com/vancity.

