

Vancouver City Savings Credit Union

*“... innovation keeps
VanCity on the
leading edge of member
financial services
in Vancouver.”*

ANNUAL REPORT 1983





I am enthusiastic over humanity's extraordinary and sometimes very timely ingenuities. If you are in a shipwreck and all the boats are gone, a piano top buoyant enough to keep you afloat that comes along makes a fortuitous life preserver. But this is not to say that the best way to design a life preserver is in the form of a piano top. I think we are clinging to a great many piano tops in accepting yesterday's fortuitous contrivings as constituting the only means for solving a given problem.

R Buckminster Fuller

Vancouver City Savings in 1983

VanCity is a locally-owned and controlled credit union. The Board of Directors is elected from the membership of 130,000. With assets of \$1.3 billion, VanCity is Canada's largest credit union. Innovation has placed us on the leading edge of the retail financial marketplace.

Innovation is the theme of our Report. As a backdrop to the past and future innovations discussed here, our illustrations depict specific innovations that enhance the quality of life in Vancouver.

Vancouver City Savings Credit Union

Comparative Highlights (in thousands of \$)

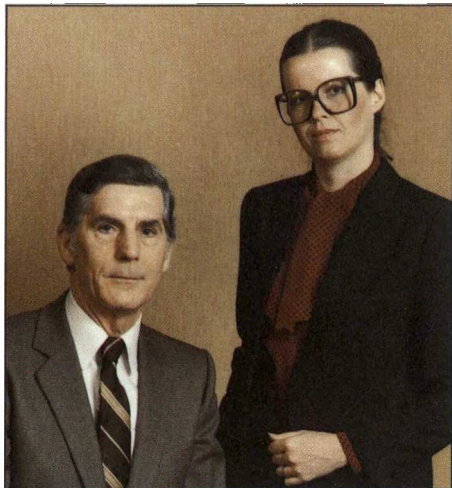
<i>As at December 31</i>	1983	1982	% Change
Assets	1,274,545	1,165,643	9.3
Loans to Members	966,955	861,972	12.2
Deposits and Shares of Members	1,140,016	1,026,129	11.1
<i>For the Year Ended December 31</i>	1983	1982	% Change
Interest and Other Income	144,776	166,857	(13.2)
Interest Expense	101,152	133,621	(24.3)
Operating Expense	30,976	25,696	20.5
Distribution to Members	2,480	778	218.8
Net Earnings	7,765	5,208	49.1
Retained Earnings	30,883	23,118	33.6



Water Playground – Granville Island's unique water playground sparkles with children. The hoses and nozzles

complement the Island's industrial heritage, and help fill the nearby ponds.

Message from the Chairman



In describing the past year one can do no better than use the words of Charles Dickens: *It was the best of times, it was the worst of times.*

As the economy started on the long road to recovery after the worst recession of this century, I am pleased to report on VanCity's progress in 1983. The operating results, showing one of our best years ever, are presented in detail on the following pages.

VanCity's most important asset, the continued support of its members, has always contributed substantially to our success. I am especially pleased, therefore, that the Board of Directors was able to declare a special distribution of earnings to members, the fourth in our history, and a tangible demonstration of the credit union philosophy.

Staff, too, deserve our thanks and acknowledgement for their commitment to providing quality member-first service and a willingness to look ahead for innovative new ways of offering better services.

To our members and our staff, on behalf of the Board of Directors, a sincere thank you for proving that the credit union way is the better way.

Board of Directors' Report 1983



Your Board of Directors is pleased to report an extremely successful year of accomplishments and operations — perhaps the most successful year in VanCity's history.

In financial markets volatility is usually the rule, not the exception. To minimize effectively the impact of market swings on our members and to ensure that our members gain full benefits of technological change, VanCity has had to be innovative. This commitment to innovation keeps VanCity on the leading edge of member financial services in Vancouver. Over the years we have introduced a variety of unique products and services; in 1983 we continued that tradition with the introduction of The Exchange.

Member support has always been a significant factor in our overall success. That support has not eroded in leaner years, a situation much appreciated by your Board of Directors. It is particularly pleasing in the exceptional financial circumstances of 1983 that we are able to announce a distribution of part of our earnings to members.

SHARING EARNINGS

Sharing is a credit union tradition. We are happy to continue and solidify the

tradition of sharing earnings with members as we have in unusually good years in the past. For 1983 the Board of Directors has approved a distribution of \$2,480,000 from earnings to be paid to members. It will take the form of bonus payments on savings accounts and regular term deposits, patronage rebates on loans and mortgages, and the usual dividend on share savings.

We appreciate the opportunity to reward members who support their own organization.

MEMBER PARTICIPATION

Interaction between members and Directors is an illustration of the credit union's uniqueness. To continue to be a responsive and sensitive organization, we believe that two-way communication is vital. This year Directors met informally with members in each branch on Saturday mornings to discuss credit union business. This innovation was well received by members who were able to raise issues or concerns first-hand with Directors who, in turn, were able to explain policies or respond with suggestions, further information or in some instances specific help. Overall, we ascertained that most members are very satisfied with the services they receive from VanCity.



Lakewood Terrace – This innovative design is home to many families. Funded by VanCity, Lakewood Terrace required the co-operation of

the federal government, the City of Vancouver, and Inner City Housing Society.



THE EXCHANGE

A large part of our commitment to innovation centres on efforts to provide members with technologically advanced services. In 1983 we became the first financial institution in Canada to introduce automatic teller machines (ATM's) through an internationally shared network. Supported by financial institutions in Canada and the United States, the Exchange means VanCity members can gain access to their accounts at over 1,000 locations in North America.

ATM's were introduced through Pacific Network Services Ltd., a company owned jointly by VanCity and other credit unions. By early 1984 there will be over 40 locations in the Lower Mainland and the Fraser Valley.

COMMUNITY INVOLVEMENT

VanCity is a community organization. When it began, almost 40 years ago, it served the people of the City of Vancouver. As the city spread, and as members and their sons and daughters moved to the suburbs, VanCity followed. By year-end there were 18 branches in the Lower Mainland.

In October, a new branch was opened at Scott Road and 72nd Avenue in North Delta, to serve the growing membership in that area.

Members are the foundation of any credit union. At the end of 1983 membership was 130,368, an increase of 6,563 from the previous year. About 11 percent of the people who live in Greater Vancouver belong to VanCity.

Election of directors from among the membership is an important feature. Voting for directors takes place in the branches; in 1983, 7619 members cast ballots, a significant rise from the previous year, but still only about 6 percent of the membership. We believe it critical to our future success that member participation and involvement be as great as possible.

VanCity has financed much of Greater Vancouver's co-operative housing, housing for the disabled and for senior citizens. In all, 45 such loans have been approved for a total value of \$42 million.

Our donations policy gives primary consideration to charitable causes which have a broad impact on the community. In 1983 many different organizations and groups were assisted; donations totalled \$61,000.

We are proud of our roots and take great care to be responsible participants in the community.

FINANCIAL AND OPERATING RESULTS

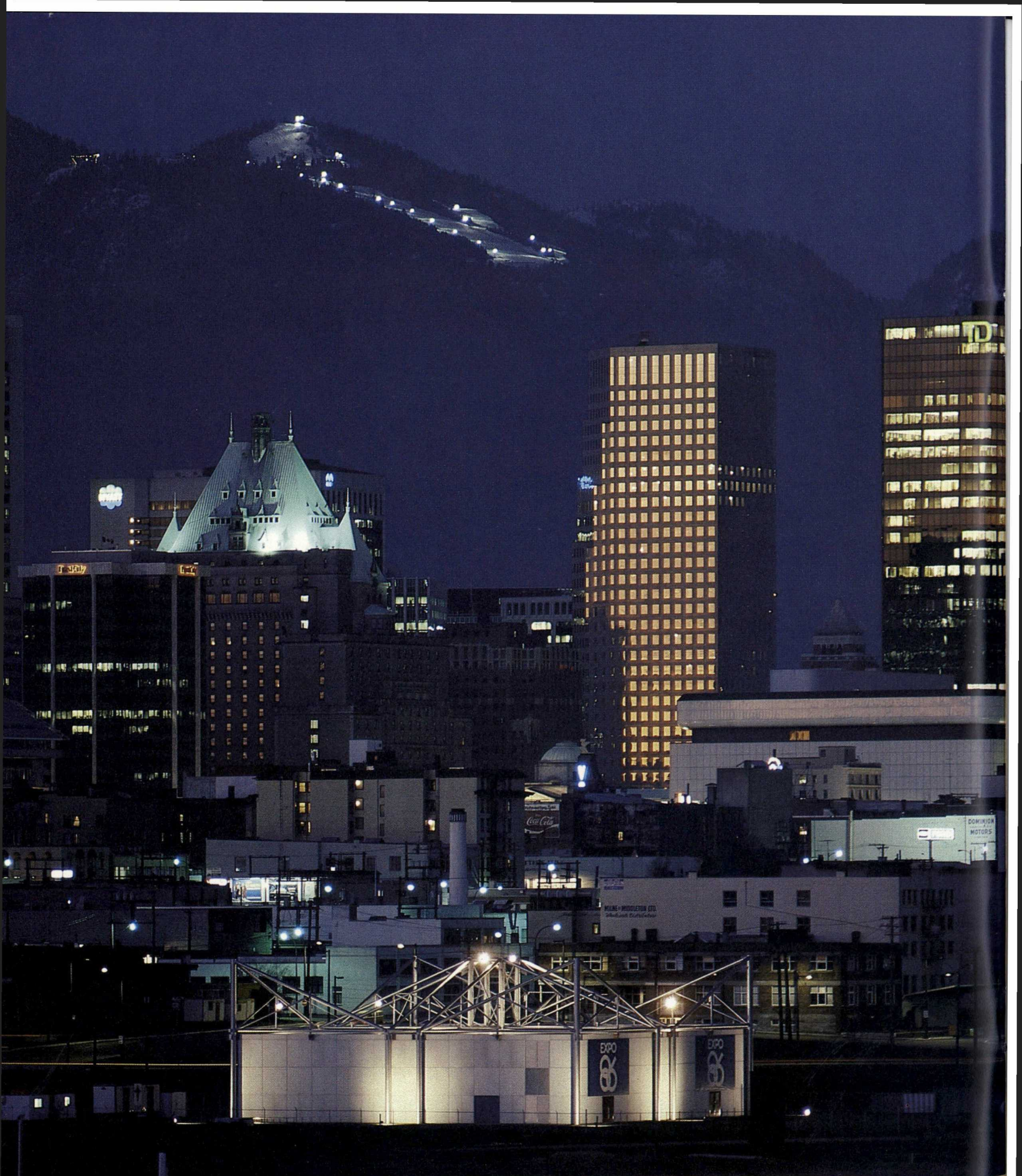
Net earnings in 1983 were \$7,765,000 after disbursing \$2,480,000 to members and providing for income taxes. This

earnings level is an improvement from 1982 and reflects, to a large degree, exceptional circumstances which prevailed in financial markets particularly in the first half of the year. The year's earnings, when measured as a percentage of average assets, were 0.62% which is approximately the target level desired by the Board of Directors. In 1982 that ratio was 0.46%.

Year-end assets were \$1,274 million, an increase of \$109 million from the previous year, a growth rate of 9.3%. The housing market in 1983, while not robust, was stronger than 1982, creating a rising demand for mortgages. During the year 20,916 loans were approved for members.

Member deposits advanced by 11.1% during the year. A trend towards longer term deposits, which began in 1982, continued in 1983. When interest rates are volatile, it is prudent to invest in short-term instruments but if the outlook is for stable interest rates people tend to demand longer-term deposits. As a result there was substantial growth in term deposits during the year.

Income from loans and investments was \$141.4 million while interest expense before dividends, bonus payments on savings and patronage



Expo Module – This revolutionary modular system offers column-free space and complete environmental

control — a building block on False Creek's north shore.

rebates on loans was \$101.2 million, providing a financial margin of \$40.2 million. This is a considerable improvement from 1982 when the financial margin was \$29.3 million. As a percentage of average assets, the margin was 3.30% in 1983 in comparison to 2.61% the previous year.

Operating expenses before provision for possible losses on loans rose by \$4,278,000. These expenses were 17.7% of total income. Expense control is an operating priority at VanCity; we are proud of our record in productivity and efficiency.

While 1983 was a year of slow economic recovery, the economy continued to experience the lingering impact of the recession. Delinquency, while below the 1982 peak, remained fairly constant during the year. After thorough investigation and a careful review of all larger loans, an allowance for possible losses on loans was established. This provision as at December 31, 1983 was \$6,460,000; this represents .66% of loans to members.

FINANCIAL MANAGEMENT

The fundamental policy objective of VanCity is to preserve its financial integrity so that members can continue to receive a high level of quality service. One aspect of this goal is to ensure that loans have maturity characteristics similar to deposits. This process is called "matching". At year end there was an excellent match of assets to liabilities.

Another vital aspect of financial management is liquidity. Liquidity guarantees the ability to meet demands of depositors and extend credit, in a reliable and orderly fashion regardless of market circumstances. As an operating policy, VanCity maintains internal liquidity of no less than 15% of shares and deposits. Under the Credit Union Act the minimum is 10%. In 1983, liquid assets comprised 20.2% of total assets, a reduction from the 1982 level.

CAPITAL AND RESERVES

Building capital is a priority commitment for VanCity. As a member-owned organization we do not have access to equity funding as other corporations do. Our principal source of capital is retained earnings, although shares contribute to the base. Retained earnings in 1983 were \$30,883,000, well ahead of the minimum of \$24,050,000 required by the Credit Union Act.

VanCity's capital base, shares and retained earnings was \$42,235,000 in 1983, or 3.47% of average assets. This total is a significant improvement from 1982.

MARKET ACHIEVEMENTS

Homeprime, a variable-rate, stable-payment mortgage was introduced in late 1982. This product was seen as an instrument of great advantage to members at a time when interest rates were declining. If interest rates rise, members have some protection because payments remain unchanged for three years. Further, members can switch from this product to a conventional mortgage with no penalty if interest rates go up.

In the spring of 1983, we offered to absorb all modification, legal, and appraisal fees for those members opting for Homeprime. This mortgage "sale" was an outstanding success, and some 1200 members took advantage of the opportunity.

Homeprime continues to be one of our most popular mortgages.

At the beginning of the year we introduced the "Amazing Prime +1 Personal Loan Sale," providing members with an opportunity to borrow at an excellent rate. This program

resulted in a doubling of personal loan volume.

Overall, 1983 was a year of considerable innovation and some good, solid achievements.

CREDIT UNION RESERVE BOARD

The C.U.R.B., a provincially appointed body, administers the Provincial Credit Union Guarantee Fund which guarantees, without limit, all savings, shares, deposits, credited interest and dividends in British Columbia credit unions. Since the inception of CURB no credit union member has ever suffered a loss on any deposit or share. During 1983 good working relations were maintained with CURB.

INSURANCE SERVICES

A full range of insurance services are provided through six agency locations. All lines of insurance are available, including Autoplan, general, group and individual life, and homeowner policies.

During the year the agency introduced a new service to senior members with RRSP funds which provides them with an up-to-date and comprehensive summary of annuity quotes. Many members found this service valuable in their retirement planning decisions.

VanCity Insurance Services Ltd. experienced a successful year of operations in 1983. Commission income was 60% higher than the previous year, a result of new agency locations and increased activity generally.

RAMPART TAX SERVICE

Personal income tax preparation was a new service successfully introduced in 1983, through the branch network. Tax information is fed into a computer which makes over 300 diagnostic checks before calculating and printing the member's tax return, ensuring a standard of accuracy. As income tax returns become increasingly complex, we believe that Rampart Tax Service is



Museum of Anthropology – Echoes of an ageless West Coast: the spirit of a Haida lodge emerges through the

concrete and glass of UBC's remarkable Museum of Anthropology.

an innovative approach to tax preparation for members at a reasonable cost.

STAFF DEVELOPMENT

The Directors wish to thank staff for their efforts during the year. We are proud of their dedication and professional standards; their participation is an important factor in our success.

Staff enjoy unusual access to management. Regular meetings with the Chief Executive Officer provide employees with an opportunity to discuss their viewpoints, concerns and frustrations. Also, many employees attend group discussions — sessions which foster discussion and debate on corporate objectives, and how they are being met.

In addition, staff committees study and recommend salaries and benefits to senior management. It is a tribute to their responsible approach that almost all recommendations have been accepted over the last five years.

During the year, 157 employees received promotions and 67 enrolled in the Tuition Refund program. Further, VanCity's fitness program enabled 15 people to lose weight, 50 to stop smoking, and 286 to strive for — and attain — regular exercise.

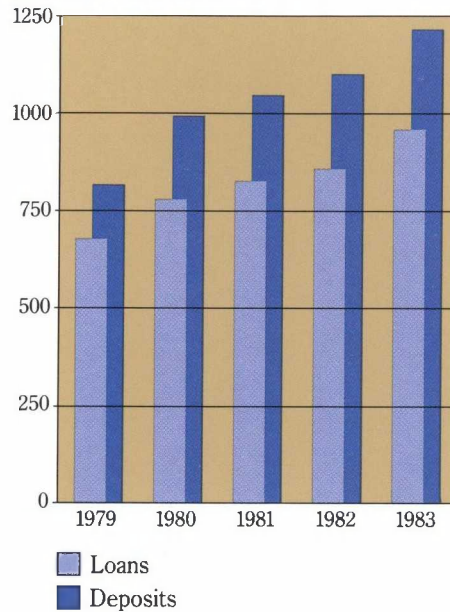
IN CONCLUSION

In the aftermath of the worst recession in 50 years, as a result of previously implemented financial policies and some unusual market circumstances, VanCity was able to generate a high level of earnings. We are pleased to share these earnings with members.

We are proud of our other accomplishments in 1983. We believe that VanCity provides quality services through a professional and competent staff. Our financial position is sound. With continued member support we look ahead with confidence and optimism to further innovation, progress and new success.

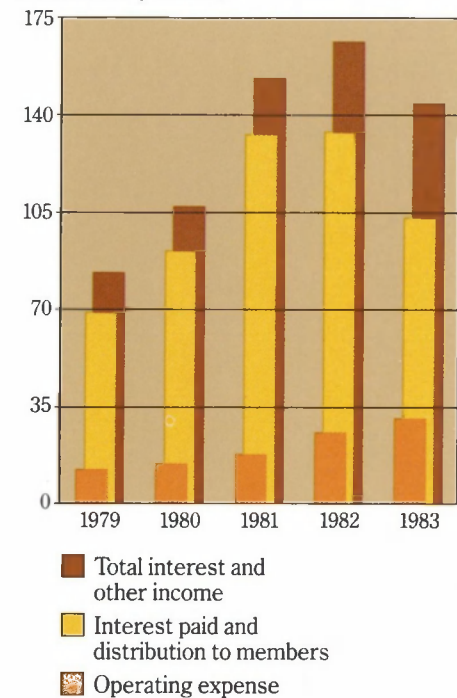
Deposits and Loans

(in millions of dollars)



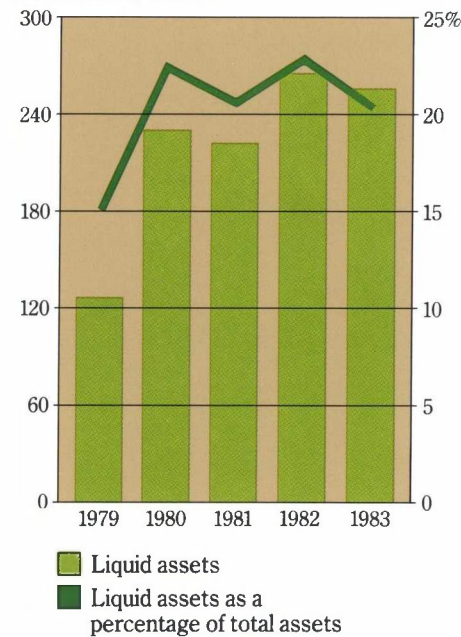
Comparison of Key Operating Results

(in millions of dollars)



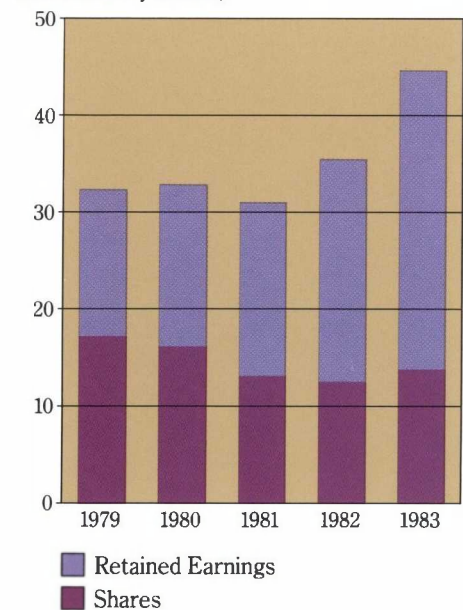
Liquid Assets

(in millions of dollars)



Shares and Retained Earnings

(in millions of dollars)



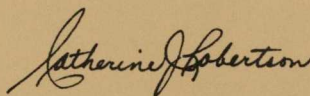
Vancouver City Savings Credit Union
(Incorporated under the Credit Union Act of British Columbia)

Consolidated Balance Sheet

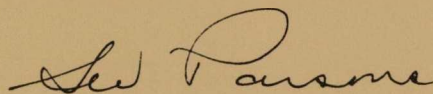
as at December 31, 1983

ASSETS	1983	1982
CASH RESOURCES (Note 2)	\$ 122,083,000	\$ 152,199,000
SECURITIES (Note 3)	134,964,000	114,108,000
LOANS (Note 4)	966,955,000	861,972,000
PREMISES AND EQUIPMENT (Note 5)	12,553,000	10,767,000
OTHER ASSETS (Note 6)	37,990,000	26,597,000
	\$1,274,545,000	\$1,165,643,000
LIABILITIES AND RETAINED EARNINGS		
DEPOSITS		
Deposits withdrawable on demand	\$ 258,975,000	\$ 224,171,000
Term deposits (Note 7)	476,208,000	435,861,000
Registered savings plans (Note 8)	371,403,000	331,077,000
Accrued interest on deposits	19,598,000	22,415,000
SHARE SAVINGS		
Membership savings shares	11,352,000	11,827,000
Provision for distributions to members	2,480,000	778,000
Total members' accounts	1,140,016,000	1,026,129,000
DEPOSITS OF GOVERNMENTS (Note 9)	77,727,000	79,677,000
LOANS AND NOTES PAYABLE (Note 10)	20,261,000	30,221,000
ACCOUNTS PAYABLE	2,280,000	1,792,000
INCOME TAXES PAYABLE	875,000	2,185,000
DEFERRED INCOME TAXES	2,503,000	2,521,000
RETAINED EARNINGS (Note 11)	30,883,000	23,118,000
	\$1,274,545,000	\$1,165,643,000

Approved by the Directors



C. J. ROBERTSON
Director



S. W. PARSONS
Director

Consolidated Statement of Earnings and Retained Earnings

for the year ended December 31, 1983

	1983	1982
FINANCIAL INCOME		
Loan interest	\$ 115,555,000	\$ 125,932,000
Income from cash resources and investments	25,856,000	37,001,000
Total financial income	141,411,000	162,933,000
FINANCIAL EXPENSE		
Interest		
Deposits of members	92,022,000	122,765,000
Deposits of governments	7,451,000	8,841,000
Borrowed money	1,679,000	2,015,000
Total financial expense	101,152,000	133,621,000
FINANCIAL MARGIN	40,259,000	29,312,000
OTHER INCOME	3,365,000	3,924,000
Financial margin and other income	43,624,000	33,236,000
OPERATING EXPENSE		
Salaries and employee benefits	14,112,000	11,920,000
Occupancy and equipment expense	3,021,000	2,395,000
General operating expense (Note 12)	8,394,000	6,934,000
Provision for losses on loans	5,449,000	4,447,000
Total operating expense	30,976,000	25,696,000
EARNINGS FROM OPERATIONS	12,648,000	7,540,000
DISTRIBUTIONS TO MEMBERS	2,480,000	778,000
EARNINGS BEFORE INCOME TAXES	10,168,000	6,762,000
INCOME TAXES	2,403,000	1,554,000
NET EARNINGS FOR THE YEAR	7,765,000	5,208,000
RETAINED EARNINGS, beginning of year	23,118,000	17,910,000
RETAINED EARNINGS, end of year	\$ 30,883,000	\$ 23,118,000

Vancouver City Savings Credit Union

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1983

	1983	1982
FUNDS WERE PROVIDED BY		
Deposits		
Deposits withdrawable on demand	\$ 35,036,000	\$ 38,814,000
Term deposits (decrease)	40,347,000	(10,650,000)
Registered savings plans	40,326,000	36,713,000
Share savings (decrease)	(475,000)	(692,000)
Accrued interest and distributions to members (decrease)	(1,115,000)	3,463,000
Total increase in members' savings	114,119,000	67,648,000
Increase in loans and notes payable	—	14,985,000
Operations, net earnings for the year plus non-cash items	9,458,000	5,583,000
Decrease in cash resources	30,116,000	28,288,000
	\$ 153,693,000	\$ 116,504,000
FUNDS WERE APPLIED TO		
Decrease deposits of governments	\$ 1,950,000	\$ 10,531,000
Decrease loans and notes payable	9,960,000	—
Loans	104,983,000	32,033,000
Purchase securities	20,856,000	70,965,000
Purchase premises and equipment	3,186,000	1,497,000
Other items, net	12,758,000	1,478,000
	\$ 153,693,000	\$ 116,504,000

Notes to the Consolidated Financial Statements

December 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated statements include the assets, liabilities, and operating results of the credit union and its wholly owned subsidiary, Vancity Insurance Services Ltd.

SECURITIES

Investments in government and corporate securities having a fixed maturity date are carried in the accounts at amortized cost. Real estate mortgages which are purchased as marketable mortgage packages are carried at amortized cost.

Gains and losses are taken into earnings when realized.

LOANS

Loans are stated net of any specific provisions established to recognize anticipated losses. The amount provided for anticipated loan losses is determined by reference to specific loans in arrears and by judgement of management with respect to previous experience on collection of other loans.

PREMISES AND EQUIPMENT

Premises and equipment are recorded at cost.

Buildings are depreciated on a declining balance basis at five percent per year.

Equipment is depreciated on a straight line basis over three to ten years.

Leasehold improvements are amortized over ten years.

OTHER ASSETS

Property acquired in settlement of loans is recorded at the lower of estimated net realizable value and the amount owing in respect of the loan. Losses arising on the realization or reduction to realizable value of such property are charged to earnings for the year.

Real estate acquired for investment purposes is carried at the lower of cost and net realizable value.

Shares in B.C. Central Credit Union and debentures of the Credit Union Reserve Board are carried at cost.

SHARE SAVINGS

Shares of members are in practice withdrawable on demand and may be redeemed by the credit union. Dividends on shares and other distributions to members are charged to earnings for the year in respect of which they are calculated.

INCOME TAXES

The credit union follows the tax allocation basis of accounting, under which income tax provisions are recorded regardless of when such taxes are actually payable. Taxes not payable in the current year are carried as deferred income taxes. Timing differences between income reported and income for tax purposes arise primarily from tax reserves permitted in respect of loans and depreciation of premises and equipment, which, on a cumulative basis, exceed the amounts claimed in the accounts.

REVENUE RECOGNITION

Interest earned on loans is recorded on an accrual basis except that interest is not accrued on loans where, in management's judgement, the interest will not be collected.

2. CASH RESOURCES

	1983	1982
Cash on hand, deposits with banks and B.C. Central Credit Union, and cheques and other items in transit, net	\$ 10,032,000	\$ 16,568,000
Demand and term deposits with B.C. Central Credit Union, due within one year	92,260,000	61,483,000
Cashable term deposits with chartered banks, due within one year	18,259,000	72,300,000
Accrued interest on deposits	1,532,000	1,848,000
	\$122,083,000	\$152,199,000

3. SECURITIES

	1983	1982
Government securities		
Canada (market value \$77,525,000; 1982 - \$63,669,000)	\$ 79,265,000	\$ 65,310,000
Provinces (market value \$2,295,000; 1982 - \$7,161,000)	2,329,000	7,224,000
Corporate securities		
Money market notes due within one year	48,464,000	31,364,000
Mortgage packages	4,906,000	10,210,000
	\$134,964,000	\$114,108,000

4. LOANS

	1983	1982
Loan balances	\$966,903,000	\$855,385,000
Accrued interest	6,512,000	10,943,000
	973,415,000	866,328,000
less: allowance for doubtful loans	6,460,000	4,356,000
	\$966,955,000	\$861,972,000

During the year, loans and property for resale in the amount of \$3,446,000 (1982 - \$1,298,000) were written off and recoveries of \$101,000 (1982 - \$89,000) were realized in respect of loans written off in prior years.

5. PREMISES AND EQUIPMENT

	Cost	Accumulated Depreciation	1983 Net	1982 Net
Land	\$ 1,870,000	\$ —	\$ 1,870,000	\$ 1,870,000
Buildings	8,165,000	2,231,000	5,934,000	5,919,000
Leasehold improvements	1,330,000	438,000	892,000	478,000
Computer and office equipment	8,085,000	4,228,000	3,857,000	2,500,000
	\$19,450,000	\$ 6,897,000	\$12,553,000	\$10,767,000

Total depreciation during the year amounted to \$1,399,000 (1982 - \$1,013,000).

6. OTHER ASSETS

	1983	1982
B.C. Central Credit Union, shares	\$ 10,573,000	\$ 10,573,000
Credit Union Reserve Board, debentures	10,822,000	10,289,000
Property acquired for investment	1,575,000	1,830,000
Property acquired in settlement of loans	13,292,000	2,446,000
Accounts receivable	877,000	768,000
Prepayments and other	851,000	691,000
	\$ 37,990,000	\$ 26,597,000

7. TERM DEPOSITS

Term deposits of members mature in the following years:

	1983	1982
On demand and within 1 year	\$409,479,000	\$406,490,000
Beyond 1 year	66,729,000	29,371,000
	\$476,208,000	\$435,861,000

8. REGISTERED SAVINGS PLANS

Deposits received from Trustees for the following plans:

	1983	1982
Vancity Savings Retirement Plan	\$338,924,000	\$296,860,000
Vancity Savings Registered Retirement Income Fund	728,000	429,000
Vancity Savings Home Ownership Savings Plan	23,691,000	24,148,000
Vancity Savings Deferred Profit Sharing Plan	3,388,000	3,660,000
	366,731,000	325,097,000
Other		
Income averaging annuity contracts	4,672,000	5,980,000
	\$371,403,000	\$331,077,000

9. DEPOSITS OF GOVERNMENTS

	1983	1982
Municipal deposits	\$ 34,350,000	\$ 27,900,000
Housing Initiative Program deposits	42,840,000	51,052,000
Accrued interest	537,000	725,000
	\$ 77,727,000	\$ 79,677,000

10. LOANS AND NOTES PAYABLE

	1983	1982
Line of credit with B.C. Central Credit Union, payable on demand	\$ 2,540,000	\$ 8,649,000
Notes payable, being bankers' acceptances issued pursuant to a line of credit agreement with a Canadian chartered bank. These notes are issued for terms generally less than ninety days and may be reissued at maturity.	14,964,000	18,785,000
Mortgage, secured by a first charge on certain land and building, repayable monthly over a term of twenty years	2,552,000	2,582,000
Other mortgages	205,000	205,000
	\$ 20,261,000	\$ 30,221,000

11. STATUTORY RESERVE ACCOUNT

The Credit Union Act requires the credit union to maintain a Statutory Reserve Account at a prescribed level before the credit union may pay dividends on members' shares or make other distributions to members.

Retained earnings in the amount of \$24,050,000 (1982 - \$18,976,000) have been designated to meet this statutory requirement.

12. GENERAL OPERATING EXPENSE

	1983	1982
Computer expenses	\$ 1,216,000	\$ 1,005,000
Stationery, telephone and postage	1,378,000	1,282,000
Communications and advertising	2,200,000	1,398,000
Deposit and share insurance	758,000	1,029,000
Life insurance on savings and loans	124,000	89,000
Chequing service charges	542,000	460,000
Professional services	713,000	453,000
Dues, B.C. Central Credit Union	220,000	186,000
Meetings and travel	210,000	147,000
Bonding and other insurance	159,000	106,000
Licenses and business taxes	70,000	92,000
Other	804,000	687,000
	\$ 8,394,000	\$ 6,934,000

13. LEASE COMMITMENTS

Certain branch premises are leased for varying terms extending to 1992. Annual rentals under these leases for the next five years are as follows:

1984	\$ 934,000
1985	\$ 921,000
1986	\$ 823,000
1987	\$ 681,000
1988	\$ 431,000

14. OTHER STATUTORY INFORMATION

a) At December 31, 1983 outstanding loans to directors, officers and employees amounted to \$8,982,000 (1982 - \$7,022,000). All such loans are granted in accordance with normal lending terms, except as set out in (c) below.

b) The aggregate remuneration paid to directors, all of which is paid to the president, was \$3,000 in 1983 and \$3,000 in 1982.

c) Compensation of employees includes the benefit of loans granted at reduced rates. The aggregate of such loans, which is included in the amount shown in (a) above, is \$3,346,000 at December 31, 1983 (1982 - \$3,240,000).

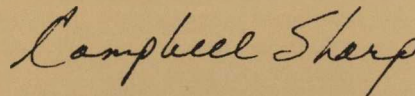
Auditors' Report

To the Members of
Vancouver City Savings Credit Union.

We have examined the consolidated balance sheet of Vancouver City Savings Credit Union as at December 31, 1983 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the credit union as at December 31, 1983 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with Section 77 of the Credit Union Act we further report that we consider the procedures adopted by the credit union are adequate for the safety of its creditors and members.



Campbell Sharp
Chartered Accountants

Vancouver, Canada
February 3, 1984

Vancouver City Savings Credit Union

HEAD OFFICE

515 West 10th Avenue
Vancouver, B.C. V5Z 4A8

OFFICE OF THE GENERAL MANAGER

Geoffrey J. Hook
Chief Executive Officer and General Manager

CORPORATE AFFAIRS DIVISION

Peter A. Cook
Manager, Corporate Affairs Division

Susan Burns
Corporate Affairs Officer

David W. Roberts
Manager, VanCity Insurance Services Ltd.

FINANCE AND ADMINISTRATION DIVISION

Bruce A. F. Higgs
Manager, Finance and Administration

Richard Beattie
Manager, Finance

Ron Clark
Manager, Audit

Ken Nowlan
Manager, Systems and Data Processing

HUMAN RESOURCES DIVISION

Wayne E. McKay
Manager, Human Resources Division

Joan M. MacMillan
Employee Relations Officer

D. Brian Salvador
Manager, Training and Development

Larry C. Wald
Manager, Personnel Services

MARKETING DIVISION

Eric R. Hayne
Manager, Marketing Division

Katherine Gallagher
Manager, Communications

George A. Scott
Manager, Marketing Research and Development

OPERATIONS DIVISION

C. Frank Coffey
Manager, Operations Division

Ken Dermody
Manager, Credit Administration

Robert L. Saunders
Manager, Financial Services

Garry E. Smith
Manager, Branch Operations

William J. Thame
Manager, Credit

David C. Turnbull
Manager, Security and Premises

LEGAL

Davis and Company

AUDITORS

Campbell Sharp



BRANCHES

VANCOUVER

Main Branch

519 West 10th Avenue, V5Z 1K9
Shirley Grindeland, Manager

Broadway and Oak

1030 West Broadway, V6H 1E6
Doug Williams, Manager

Victoria and 40th Avenue

5590 Victoria Drive, V5P 3W1
Grahame Newman, Manager

Hastings and Kamloops

2510 East Hastings Street, V5K 1Z3
Jim Scoular, Manager

Kitsilano

3395 West Broadway, V6R 2B1
Rolf Baumbusch, Manager

Fraser and 47th Avenue

6330 Fraser Street, V5W 3A4
Doug Zulke, Manager

Main and 26th Avenue

4205 Main Street, V5V 3P8
Mary Powell, Manager

Pender and Hornby

898 West Pender Street, V6C 1J8
Les Welton, Manager

Broadway and Arbutus

2106 West Broadway, V6K 4L1
Lorne Myhra, Manager

Commercial and Kitchener

1380 Commercial Drive, V5L 3X6
John Garret, Manager

Kingsway and Joyce

3305 Kingsway, V5R 5K6
Al Campbell, Manager

Marpole

8289 Granville Street, V6P 4Z6
Ben Letkeman, Manager

Kerrisdale

2380 West 41st Avenue, V6M 2A4
Bill Jacobs, Manager

BURNABY

Hastings and Madison

4302 Hastings Street, V5C 2J9
Rick Joncas, Manager

Lougheed

3977 North Road, V3J 1S2
Sid Fehr, Manager

South Burnaby

5064 Kingsway, V5H 2E7
Brian Moore, Manager

COQUITLAM

Coquitlam

2991 Lougheed Highway, V3B 1C6
Ellie Manaigre, Manager

NORTH DELTA

North Delta

7211-120th Street, V4C 6P5
Jeff Barnes, Manager

WEST VANCOUVER

West Vancouver

1548 Marine Drive, V7V 1H8
Don Johnson, Manager

VANCITY INSURANCE SERVICES LTD.

Main Office

515 West 10th Avenue, V5Z 4A8
Clive Taylor

District Representative

Kitsilano

3361 West Broadway, V6R 2B1

Laura Smalley, District Representative

Fraser and 47th Avenue

6347 Fraser Street, V5W 3A3

Raymond J. Evelle, Manager, Group Insurance

Coquitlam

2991 Lougheed Highway, V3B 1C6

Don Popoff, District Representative

East Hastings

2471 East Hastings Street, V5K 1Y8

Don Rae, District Representative

South Burnaby

5030 Kingsway, V5H 2E2

Audrey McLeod, District Representative

SERVICES

MEMBERSHIP

Share Savings Account — All adult members purchase 25 one dollar shares entitling them to annual dividends and voting rights. All accounts operate under one member number.

CORE SERVICES

Plan 24 Savings Account — Canada's first daily interest savings account.

Special Savings Account — Interest paid on minimum monthly balance.

Convenience Chequing Account — Includes monthly All-In-One Statement with cancelled cheques.

All-In-One Statement — Complete, itemized statement detailing activity on all accounts. Issued monthly for Convenience Chequing Account users, semi-annually for all other members.

Universal Access — Interbranch deposits, withdrawals and loan payments.

Transfers — Transfers between accounts can be arranged in person, by telephone or mail, or automatically.

Exchange Automated Teller Machines — Deposits, withdrawals and transfers 24 hours a day. Locations throughout the Lower Mainland. Cash withdrawals in U.S. dollars in 18 U.S. states.

LOANS

Personaline — Line of credit up to \$5,000.

Creditline — Revolving line of credit in excess of \$5,000.

Personal loans — For any worthwhile purpose.

MORTGAGES

Conventional Residential First Mortgages — Open and Fixed terms from six months to three years. NHA/MICC available.

Homeprime Variable Rate Mortgages — Stable payments for three year terms.

Second Mortgages

Commercial Mortgages

TERM DEPOSITS

Regular Term Deposits — Terms from 30 days to five years on deposits of \$500 or more, redeemable or non-redeemable.

Monthly Income Term Deposits — Terms from one to five years on deposits of \$1,000 or more, interest paid monthly.

Compound Interest Term Deposit — Terms from one to three years on deposits of \$100 or more, interest compounded.

REGISTERED PLANS AND ANNUITIES

Registered Retirement Savings Plans — Daily Interest or Fixed Term for one to five year terms.

Registered Home Ownership Savings Plans

Registered Retirement Income Funds

Deferred Profit Sharing Plans

Term Certain Annuities

Annuities to Age 90

INFORMATION SERVICES

Financial Counselling — No-charge, confidential, independent personal financial counselling with qualified financial counsellors.

Law Information — No-charge, confidential law information.

Member Seminars — In-branch seminars on various personal financial management topics.

Retirement and Annuity Information — Through Financial Services Department and VanCity Insurance Services, Ltd.

OTHER SERVICES

Rampart Tax Service — Personal Income Tax preparation.

Gold Club — No-charge and reduced-charge services for members aged 55 or better.

Utility Payments — Payment of B.C. Hydro and B.C. Telephone, and Vancouver Cablevision bills.

Property Tax Payments — Accepted for City of Vancouver, Municipality of Burnaby, District of Coquitlam, Corporation of the Township of Langley, Municipality of Delta.

American Express Gold Card

Travellers' Cheques — Visa and American Express

Foreign Exchange Service — 15 foreign currencies

Money Orders and Drafts

Canada Savings Bonds

B.C. Development Bonds

Purchase and Sale of Securities

Safety Deposit Boxes

Night Depository Service

Quick Depository

Express Tellers

Solicitors' Trust Accounts

VANCITY INSURANCE SERVICES LTD.

Autoplan

Homeowners' Insurance

Tenants' Insurance

Condominium Owners' Insurance

Travel Insurance

Business Insurance

Life Insurance

Life Annuities

Annuity Quotation Service — Impartial, Canada-wide quotations.

