



1000

**STORIES FROM
2003 THAT
MADE IT A YEAR
LIKE NO OTHER.**

Vancouver
City Savings
Credit Union

2003 Annual Report

Darrell and Janine
VanCity Employees



“People are **drawn** to the experience.”

Photo by Larry Goldstein, VanCity Member since 1980

The truth is, people are drawn to VanCity because the experience is so refreshingly different. Our people pride themselves on creating a welcoming experience like no other. In fact, at VanCity, we've become famous for the quality of our service and professional advice. So much so, that our staff now play a more significant role in our success than ever before.

Care to experience the VanCity difference for yourself? Simply visit any one of our 41 branches today or vancity.com



604-877-7000 • 1-888-VanCity • vancity.com

CONTENTS

100

**STORIES FROM
2003 THAT
MADE IT A YEAR
LIKE NO OTHER**

2003 was a year like no other. It's the very reason we've chosen to highlight 100 stories in this annual report that made it truly a monumental year. These are our stories. Stories that reflect our breadth, our members, our people and the communities we live and work in. And while we've chosen 100 stories, we know there are countless more. Because collectively, we are all the authors of a unique and compelling story in the financial world. The story of VanCity.

1 Top 100 Employers

Featured by *Maclean's* Magazine.....4

9 Consider the bar raised

Member satisfaction and employee morale fueled our highest growth ever.....4

11 Reality advertising

Bad news for professional models.
Good news for VanCity members.....5

23 Going where U want

A program at UBC and SFU saves vehicle trips.....6

25 The talent finders

Daring to go where banks fear to tread.....7

36 KPI, SOVAC, and other popular acronyms

What do they all mean?
See story 36.....8

46 Innovation award

That's what ground-breaking marketing efforts earn.....9

47 The ins and outs of investing

What was 2003 like? It depends on who you ask..... 10

48 Growing our own way

Giving members what they want.....10

50 Lights, camera, sponsorship

Cue applause. VanCity at the VIFF..... 11

Key Performance Indicators.....19

Consolidated Financial Highlights.....25

Annual Financial Statements.....33



56 WISH-ing for a million dollars

Thank you for voting, and making your voice heard.....12

60 DirectNET hits the big 5-0

It's not 50 years old, but version 5.0.....13

68 How plastic helps the environment

Who would have thought some little pieces of plastic could do so much?.....14

74 Two shining stars

Two branches twinkle in the eyes of Courier readers.....14

77 Put it in the ballot box

Vote for the dedication and passion that make all the difference.....15

Your feedback please

What are your thoughts on this annual report?
We appreciate your comments. Send your feedback to:

VanCity Public Affairs & Corporate Communications
183 Terminal Avenue, Vancouver BC V6A 4G2
fax: 604.877.8292 email: vc_editor@vancity.com

Message from the Board of Directors

About this time two years ago, both the Canadian men's and women's ice hockey teams were competing for Olympic gold in Salt Lake City.

The women's team faced their American competitors and won, taking back their 1998 loss and bringing home a gold medal for Canada. As the country was celebrating their victory, an eye was cast ahead to the men's final a few days away. Both die-hard and fair-weather fans alike were rooting for the men's squad to pull off a similar win. Canadians were hopeful about the game's outcome, but there was a sense of caution to their optimism, as if a second gold medal win in Olympic ice hockey might be too much to hope for. Of course, the men did win, and the country was united by a strong sense of pride and celebration.

I realize that VanCity's successes may be an unrealistic comparison to two Olympic gold medals, but after 2002's success, I couldn't help but wonder - would a repeat in 2003 be too much to hope for?

Apparently not. 2003 was, once again, our best year ever, in so many respects. These accomplishments are all the more important when we examine the conditions that led to where we are today. We went into the year not expecting the favourable economic conditions that brought record-breaking gains in 2002 to continue. In spite of that, VanCity continued to thrive. Our membership grew by more than 14,000 - our largest growth in recent memory. Volumes were higher than ever, and our staff were working at full capacity in the branches and call centre. Despite our volumes, overall member satisfaction ratings remained at an all-time high.

We experienced 15.2 per cent growth from last year, with consolidated earnings from operations of \$78.0 million, compared to \$67.7 million in 2002. Net earnings in 2003 were \$44.5 million. Your Board of Directors will return 30 per cent of net earnings - to the tune of \$13.5 million - to members and the community in the form of membership and patronage dividends and community grants, via the Shared Success Program. As you've heard time and time again from your Board and Senior Management team, VanCity is about much more than just financial success. Our triple bottom line approach - balancing financial, social, and environmental success - is the underlying factor in VanCity's growth over the longer term. Experiencing a second record-breaking year shows that we've chosen the right path - by continuing to invest in our people, our members, and our community. We've created a financial institution that's stronger, more dynamic, and in a better position to enable positive change in our community.

There are a number of ways we can affect our communities. Providing funding and grants from revenues is one way, but we're seeing that our role in the community is much bigger. In 2004, we'll be providing expertise to a Downtown Eastside organization to create a prototype model to offer core banking services to the people who so desperately need them. We'll also be focusing on strengthening our offering of products beyond accounts and conventional mortgages. As 95 per cent of B.C. businesses have fewer than 50 employees, we'll continue to expand our efforts to support these businesses and non-profit organizations with business lending and other services to foster economic growth in the province.

Like any gold medal hockey team, everyone involved plays a crucial role in a big win. From our hard-working staff, my dedicated colleagues on your Board of Directors, to our business partners, I'd like to congratulate you, our members, for once again, bringing home the gold.



Bruce Ralston
Chair, VanCity Board of Directors



March
15

July
15

October

19



12



“A monumental year.”



Message from the CEO

100 things that made 2003 a year like no other.

The idea to list a hundred stories about VanCity for the annual report seemed a little crazy at the outset. However, once you see them, they remind you again that VanCity is stories -- about people and about communities. It becomes very clear when you read them, that throughout the entire VanCity Group of Companies, VanCity is much more than a financial institution with branches and ATMs. We're an employer, a partner to BC businesses and non-profits, a donor, a catalyst for social change, a trend-setter, and most of all, a facilitator for members to realize their financial goals.

Collecting these stories and accomplishments from 2003 gives one cause to reflect on the sheer breadth of the areas VanCity touches. We are vigilant in keeping VanCity true to its roots, and we have evolved to a broadly based organization. I've often spoken about the contradictions that permeate VanCity. We're big, but act small. We are profitable, but strongly adhere to our values. We're efficient but we value service to members, and we can be sophisticated but also a little corny.

There are many practices and ways of thinking we take for granted at VanCity. From conducting an audit on our social and environmental results, to taking bold steps in our advertising, I'm thankful that we have been able to take paths that others still aspire to or haven't even thought of yet. We can continue to take credit for maintaining our own identity and measuring ourselves against the needs of our members, our employees, and the community rather than trying to define ourselves in relation to other banks and credit unions. We revel in the fact that we can successfully offer something very different, be a great place to work, a great place to bank, and a great neighbour in your community.

Thank you for being a part of this monumental year. We couldn't have done it without you.



January
5

April
17



Dave Mowat
Chief Executive Officer

June
04

December
28





7 Charged up by Power Smart

BC Hydro recognized VanCity as part of an elite group of Power Smart Certified companies within the province. Only five organizations rank in this highest category of energy efficiency leadership.

8 Computer happy

In our 2003 Member Satisfaction Survey, 88 per cent of respondents were satisfied with VanCity *DirectNet*,™ up from 83 per cent in 2001.

1 Top 100 Employers

VanCity landed on the pages of *Maclean's Magazine* as one of the Top 100 Employers in Canada. Surprised? VanCity employees weren't. VanCity was specifically noted for its flexible benefits plan, transit subsidies, and "trendsetting" employee leave plan.

2 Reputation is everything

VanCity's reputation remained very positive in 2003. People in the Lower Mainland rated VanCity as "highly respected" according to a survey conducted by Ipsos-Reid. 93 per cent of Lower Mainland residents also rated VanCity as "well-managed".

QuickTaxWeb™

3 If you can't avoid paying taxes...

...you might as well pay less to file them. VanCity partnered with QuickTaxWeb, Canada's most popular Internet-based filing software, to offer a 20 per cent discount on the service.

4 Read all about it

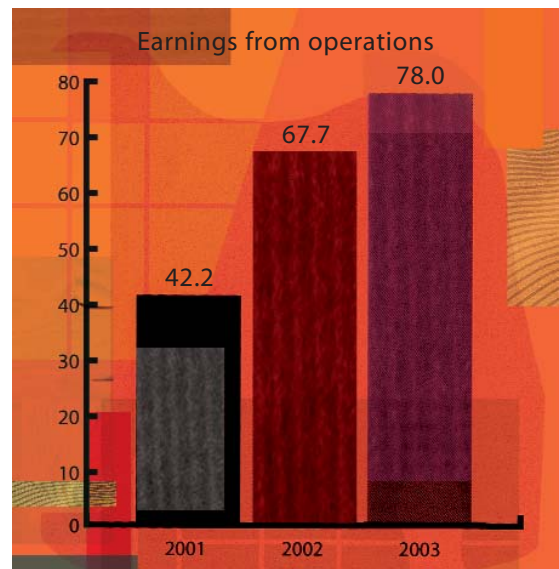
VanCity published 295,000 copies and 10 newsletter issues in 2003, as a free service to members, chock full of straight-forward financial and business advice and news about the community. Ask at your branch or download *MembersFirst*, *BusinessFirst*, or *Working Dollars* from vancity.com.

5 The right tools for the job

Account Managers in branches had a new set of tools to help members with financial advice, thanks to a set of advice-focused financial calculators, courtesy of VanCity's financial planners.

6 VanCity rocks!

Employee "Recognition Night" last May generated nominations for more than 200 employees and was attended by almost 1,200 staff. This annual event celebrates employee excellence with an evening of dinner, costumes, entertainment and awards. The theme for 2003's event was "VanCity Rocks" and did we ever!



9 Consider the bar officially raised

It was a year for breaking records with member satisfaction and employee morale fuelling record growth in membership and profitability. Dividends to members and contributions to the community reached an all-time high of \$13.5 million. The performance was driven by low interest rates and a continued strong residential housing market, with other factors contributing to our success. Our reputation as a values-based organization remained strong with a rating by Ipsos-Reid as one of the most respected companies in B.C. Our social accountability report was selected as one of the two best in Canada and among the world's best, and VanCity made *Maclean's Magazine's* list as one of the Top 100 Employers in Canada. We continued to be recognized for our environmental leadership. We launched Canada's first low-interest loan for hybrid vehicles and were one of five organizations chosen by BC Hydro's Power Smart certification program for our achievements in energy efficiency. The year was topped off by an Innovation Award from Credit Union Central of B.C. for our lesbian and gay marketing campaign, and the signing of our 300,000th member.



13

It's private

We view member privacy as more than a legal obligation – it's an ethical one as well. Our pledge is part of our Statement of Values and Commitments and we complied with government privacy regulations.

14

Term deposits with a conscience

Investors in the Community Investment Deposit and International Community Investment Deposit read all about the great projects their deposits funded in the *Year in Review*.

15

"Dead Girls" wins acclaim

Missing women and the Downtown Eastside were the catalyst for Nancy Lee's novel *Dead Girls*, 2003's winner of the \$4,000 VanCity Book Prize.

16

A Comedy of Errors

Thank goodness it wasn't an account mishap; rather 2003's Bard on the Beach performance. "A Comedy of Errors" carried VanCity as the title sponsor.



10 Lions roaring into schools

VanCity branches took to the field with the BC Lions last year by sponsoring a program in which professional football players visited Lower Mainland schools to encourage high school competition. Many thanks to VanCity friend Lui Passaglia for making this program happen.

11 Reality advertising

Bad news for professional models is good news for VanCity members hankering to step into the spotlight. To make our advertising more authentic and reflective of you, our members, our advertising now uses only VanCity members. Late in the year, a casting call was put out asking you to send in your photos. Four hundred of you stepped forward with interesting and beautiful snapshots that touched our hearts. Thanks to all of you who shared your lives and your images with us.



VanCity

Member PHOTOS

We need real members to make real ads.

At VanCity, we believe there's nobody better to promote our services than the people who use them every day – our members. So we're extending you the invitation to be part of our advertising. Send us a photograph of yourself. And if you have any family members who also belong to VanCity, send us their photos too. Whether you're selected or not, we'll let you know. And who knows, if you're chosen, it could turn into your big break.

Attach this form to your photo and bring it to your nearest branch. Or email your photo and information to photos@vancity.com

Full name: _____

Phone number: _____

Address: _____

Age (Optional): _____ Branch #: _____

Are you a business member with VanCity?

Yes No

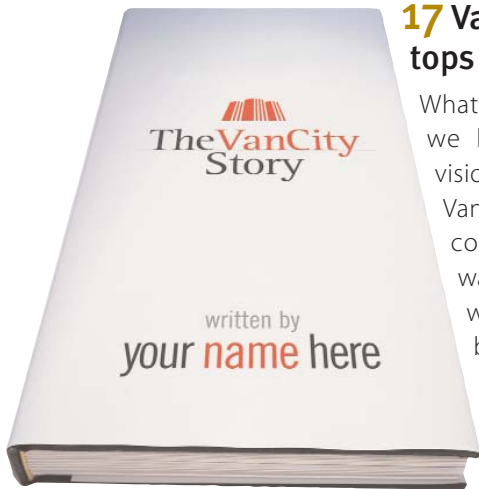
Deadline for submission is December 15, 2003.



12 Happy trees

The Eco-Lumber Co-operative supports production and sale of eco-certified B.C. lumber, but lacked investment to really grow to meet demand. Financing from VanCity Business Services, VanCity Capital Corporation, and other community partners in 2003 ensured the co-op's ventures will lead the way in the eco-forestry market.





17 VanCity story tops best-seller list

What would happen if we had a crystal-clear vision of what makes VanCity different and could explain it in a way that makes others want to share it? We began to find out through our **Living the Brand** project, which uses story-telling as a frame-

work to create a refreshed brand identity for VanCity. The end result will be a VanCity story that captures the history of VanCity as well as the experiences of members and staff, and positions us for success in the highly competitive environment of the future. Sounds like a bestseller.

18 Going the extra mile

Not only does VanCity Investment Management Ltd. (VCIM) provide a financially rewarding, low-cost discretionary portfolio management service, they go the extra mile to deliver legendary service too. In the case of one non-profit member, the staff agreed to attend an evening meeting to review all the accounts at a Board member's home. The member was so impressed with the service, they transferred the rest of their assets from banks for management by VCIM.

19 Not exactly chump change

More than 20,000 members received \$100 or more from the annual Shared Success payout, based on 2003 earnings.

20 Way out there

VanCity's Board of Directors and Executive delivered more than 75 speeches in the community.

21 Pass the tissues

510 employees took advantage of free on-site flu immunizations.

22 The three Rs

2,100 in-house training seats were filled by VanCity employees.

23 Go where U want

In an effort to reduce vehicle trips to universities, both UBC and SFU adopted the U-Pass Program. VanCity provided a three-year commitment to sponsor the program as part of our efforts to address climate change. The program aims to reduce vehicle travel, the need for additional parking spaces, and roadway maintenance. Each student receives the U-Pass as part of their student activity fees and the pass is valid for 3-zone access on buses, SkyTrain, and SeaBus.



24 VanCity staff choose kids

Children in need of permanent families are benefiting from VanCity's annual fundraising efforts. In 2003, our employees selected Adoptive Families Association of British Columbia (AFABC) as their charity of choice.



VanCity staff and their families participated in events such as parking lot parties to raise funds for AFABC.

The talent finders 25

British Columbia has a stronger base of small businesses than any other province. VanCity Capital Corporation (VCC), a young team of growth capitalists, is strengthening this by daring to go where banks fear to tread. This team of talent finders provides capital of all kinds—environmental, entertainment, aboriginal, you name it—to some of B.C.'s most interesting and ingenious entrepreneurs. One project funded in 2003 was the Hupacasath First Nation's China Creek project in Port Alberni. When completed, this project will supply "green" energy (energy from renewable resources) to power 4,000 homes by using run-of-the-river water. Another green energy project, with Maxim Power at the Vancouver landfill site, was completed in September 2003. Maxim's landfill gas project will project enough clean energy to power more than 10,000 homes in the Vancouver area.

With a new loan from VCC in 2003, the Co-operative Auto Network continues to grow and now has more than 1,500 members and 75 cars. CAN is expanding its fleet to include hybrid cars and is making plans with the Municipality of Whistler to play a role in the 2010 Olympics.



26 Welcome to Canada

We're helping refugees start new lives in Canada by opening accounts and giving financial advice on using the Canadian banking system. Last year, we opened more than 300 accounts for 200 new Canadian families.

27 Future brightening in Surrey

Surrey Social Futures received a \$40,000 boost from VanCity to continue its work with the community to address issues of poverty, homelessness, and affordable housing in Surrey.

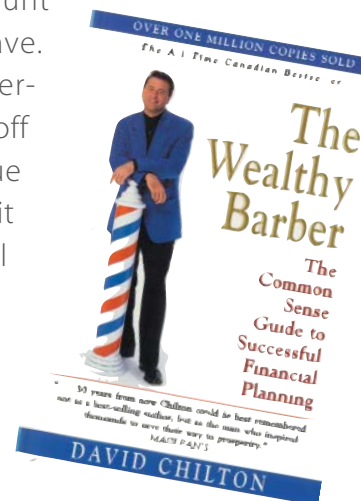
28 Smell that clean air?

In 2003, over half of our employees' trips to work were made using alternative transportation.



29 It ain't rocket science

David Chilton wrote about it 15 years ago, and it's a proven yet simple concept that's still relevant today. To support the concept of "pay yourself first," in 2003 VanCity piloted a new type of account called Easy Save. By taking a percentage right off your paycheque and directing it into savings, you'll barely notice it's gone. Talk about how a little can add up to a lot.



30

Ascending the summit of success

Mount Kudos, VanCity's first online recognition system, was launched in 2003, inspiring employees to give each other a virtual pat on the back.

31

Employees shed 20lbs in one day

For the fifth consecutive year, VanCity achieved the highest employee participation rate in the Commuter Challenge, an annual alternative transportation event sponsored by Better Environmentally Sound Transportation (B.E.S.T.). Our collective efforts saved 9,000 kg in emissions; that's 20 lbs of emissions per participant.

32

La bicicletta

In gratitude for the welcome experienced by the participants at the Co-operative Studies Exchange Program in Bologna, Italy, VanCity Capital Corporation donated funds for bicycles to the Street Bike Co-operative in Bologna. The co-op is renting the bicycles out to produce revenue to help sustain their organization.

33

We're barking up the right tree

By choosing 100 per cent post-consumer recycled fibre for this annual report, instead of virgin paper, 58 trees are still happily rooted in the ground.

34 Angels everywhere

The recipe for a child's smile: mix one Christmas tree in a VanCity branch, with dozens of paper angels that bear the name, age, and holiday wish of needy children in the community. Fold in presents, and serve to children through a community partner. Angel Tree programs filled hundreds of hearts during the holidays of 2003 as the most ever VanCity branches participated, including those in the Coquitlam, Langley and Surrey areas.



35 Communities benefit from 52 lasting legacies

In 2003, the VanCity Community Foundation enlisted its 52nd Named Endowment Fund, bringing the total value of these gifts from the community to \$5.6 million. These donations are invested in perpetuity, generating income for hundreds of charitable works in our communities.

36 KPI, SOVAC, and other popular acronyms

KPI stands for Key Performance Indicators. SOVAC is the Statement of Values and Commitments. What it all means is VanCity uses benchmarks to gauge our performance, and then an external auditor verifies the information. It's just part of how we report on our financial, social, and environmental performance, or the TBL (triple bottom line). See page 19 for 2003's KPIs.

37 Thinking outside the box for non-profits

Fraserside Community Services Society provides vital services such as counselling, shelter, and vocational training to disadvantaged people. Faced with potential funding cuts, Fraserside needed to reduce expenses. VanCity Business Services' Robert Marus, working together with experts at VanCity Capital and VanCity Enterprises, enabled Fraserside to purchase and renovate office space, and purchase new housing facilities for clients, ensuring the society's long-term viability.

38 Early savers – the next generation

VanCity's Youth Credit Union program continued to grow in 2003 with more students than ever signing up to save money and develop their math and leadership prowess. Five new schools came on board, including three in Abbotsford and two public schools in East Vancouver and Burnaby. Programs originally running in the Catholic schools were moved into nearby branches, ensuring that the initiative lived on. Today, about 1,200 students belong to VanCity Youth Credit Unions and more Generation "Y'ers" are expected to follow with at least five more locations planned for 2004.

39 If you teach someone how to fish

An innovative financial literacy program through VanCity's Abbotsford Community Branch and Future Foundations (an arm of Mennonite Central Committee BC) is working to alleviate poverty and provide the working poor with a means to better their life. The program's 16 participants learned financial management skills and how to develop their own savings plan. At the end of the program, participants use their savings for education, home purchase, business start-up, or RESP. In the meantime, they've gained self-confidence, a positive outlook for the future, and had a helping hand out of poverty by building assets.



40 No need to worry about high gas prices when you're driving a hybrid (well, less need, anyway). In January, Branch 9 member Charlene Wee drove off in her new Toyota Prius in VanCity's "Break-free from traditional banking" contest.

41 Commitment to communities

In 2003, our commitment to the lesbian and gay communities remained steadfast with support of events such as Pride Vancouver and Victoria, ads in the niche media, sponsorship of financial segments on *Out on TV*, and the long-awaited opening of our 41st branch in the West End. This came from our bid to recognize all communities in 2002 with an ad campaign that broke the mould in Canada.

43 ਮੈਂਬਰਸ਼ਿਪ ਲਈ ਧੰਨਵਾਦ ਸਮਾਗਮ

We were proud to host our first Indo-Canadian Member Appreciation event. The invitations were sent, and we quickly reached capacity of 800. With such a popular event, 2004's event will need a bigger venue.



44 Do you know what's on your credit report?

According to Equifax Canada, only 13 per cent of Canadians have seen their credit report. VanCity was the first traditional financial institution to offer instant access to your credit report online for a modest fee. (To receive a free copy, you can still request one from Equifax at 1-800-465-7166).



45 Great rates

In a year when interest rates were hitting historical lows, VanCity strove to give members the best rates possible. One example of this was the 90-day term offered in the fall, when we had the best rate in the market.

46 Cutting edge credit union

VanCity earned an Innovation Award from Credit Union Central of BC for our ground-breaking gay and lesbian marketing campaign.

The VanCity RRSP Guide

Solutions to your RRSP dilemmas

VanCity can help take the mystery out of financial planning and RRSP investing.

Find out about tax-saving strategies, budgeting, contingency planning and more, regardless of which stage of life you are in.

This year's RRSP contribution deadline is March 1, 2004.

starting out (18-30)

getting established (30-45)

building & growing (45-60)

enjoying retirement (60+)

rrsp applications
vancity's rrsp solutions
branch locator
investment advisors

42 Meet Betty and Brian

Not everyone has time to meet face-to-face with a financial advisor. VanCity created an online resource to help members make RRSP and other financial decisions, using real-life examples of issues we all may eventually face. Read the personal stories of Betty and Brian, Claude and Gayle, Patrick and Susan, and Jackie and how they used simple financial strategies to help reach their goals: www.vancityrrsp.com or www.citizensbankrrsp.com



Credential Securities Investment Advisors

47 The ins and outs of investing in 2003

Was 2003 a poor year for the investment industry? It depends on who you ask.

Our members and the Investment Advisors at VanCity's branch of Credential Securities Inc. had some impressive statistics in 2003.

Of the top five Credential Securities Investment Advisors in Canada for 2003, three are with VanCity: Pat Shellard (#2), Thomas Tsiaras (#3), and Gwynne Cafik (#4). In the top 20, eight are with VanCity.

Back in 2002, VanCity piloted a new service in branches to bring wider access to wealth management services to members. These Mutual Funds Investment Specialists provide investment planning advice through Credential Asset Management Inc. The pilot proved to be such a big hit with members, we expanded the Mutual Funds Investment Specialist team which will be 30-people strong by mid-2004.

Mutual funds are offered through Credential Asset Management Inc. and mutual funds and other securities are offered through Credential Securities Inc. Credential Securities Inc. is a member - CIPF.

Credential
Securities

Credential
Asset Management



West End



Victoria

48 Growing our own way

Call it rebellious. Call it giving members what they want. As banks have been fiercely cutting their branch networks, we have continued to grow ours. 2003 saw the opening of three new branches. In June, a stunning new location opened in North Vancouver, near Lynn Creek, featuring a 23-foot totem pole crafted by local artist David Neel. In October it was Victoria's turn, when it moved from a small, off-the-beaten-track site to a building twice the size at a high profile corner. Both these branches were built to "extreme green" standards with an unprecedented focus on *maximizing* energy efficiency and *minimizing* their environmental footprint. They were also created with a unique interior design that truly reflects the community. And while we search for the perfect location in the West End of Vancouver, we opened a temporary location on Robson Street to ensure this community was well-served. We were so welcomed to the neighbourhood, there were people waiting on the curb to open accounts on opening day! Look for us to continue growing our own way in the days ahead.



Lynn Creek

Jeff Vinnick



49 Youth Credit Unions in Catholic schools

When the Archdiocese of Vancouver cancelled the Youth Credit Union programs running in Roman Catholic schools last summer, no one could have predicted the controversy that followed. Opposed to VanCity advertising to the gay and lesbian community, the Archdiocese called for the removal of the Youth Credit Unions

in four Catholic schools. VanCity was inundated with more calls, emails and letters from members and non-members on this issue than any other single issue in its 57-year history. When the dust settled, 700 pieces of feedback were received by the CEO's office alone, with 85 per cent of the comments supportive of VanCity. VanCity chose not to dwell on the decision, but on the future of the program. By the end of the year, the impacted Youth Credit Union programs were alive and well and had been relocated to the sponsoring branches.



50 Lights, camera, sponsorship

We stepped into the spotlight to premiere a four-year sponsorship of the Vancouver International Film Festival. This allowed us to tell our story through a trailer shown at the festival and gave VanCity members other perks such as ticket contests and savings on film festival memberships. All the beautiful people will be gliding down the red carpet to take their seats in the VanCity Theatre in 2005 when the new Vancouver International Film Centre opens in downtown Vancouver. This significant sponsorship will see VanCity's name in lights for the next 20 years. *Cue applause.*

51 The behind-the-scenes experts

Members don't necessarily need to order up a full financial plan to benefit from VanCity's Financial Planning department. These experts supported VanCity staff with some of the highest professional designations to deliver the right level of advice for a member's particular financial situation – from debt reduction to investment, retirement, insurance and estate planning.

52 Leisure trail one step closer to reality

Better Environmentally Sound Transportation (B.E.S.T.), the winner of the first-ever \$1-million VanCity Award for its 22-kilometre greenway initiative, was one step closer to reality when it received \$8.8 million as part of a Federal Showcase Program.

53 Tellin' it like it is

More than 80 per cent of staff completed our annual employee engagement survey; results indicated they're more loyal than ever. Our Employee Engagement Index went from 68 per cent in 2002 to 75 per cent in 2003.

54 A new VISA* is just a few clicks away

Not only does VanCity have some of the best VISA Rewards programs available, but in 2003, we launched an online application process, giving applicants a new way to apply.

55 Financial Planning 101

More than 850 members attended one of 40 free investment seminars led by VanCity financial experts. Topics were Establishing a Plan, Building your Portfolio, and Maximizing Retirement Income.

*VISA Int./VanCity, Licensed User.



Bruce Ralston, Mary Wreglesworth (WISH), Dave Mowat, Karen Duddy (WISH)

56 “WISH-ing” for a million dollars

Each year VanCity gives away \$1 million to a non-profit organization to use for a major community project, chosen by member vote. On the ballot in 2003 were ATIRA Women’s Resource Society, the Burnside Gorge Community Association, the Mennonite Central Committee-BC, and WISH Drop-in Centre Society. After all the votes were counted, WISH Drop-in Centre got the award to upgrade its shelter to a 24/7 operation for female sex trade workers on Vancouver’s Downtown Eastside.

You got our thanks for casting your vote and the satisfaction of knowing that your voice was heard.

57 Sharing the wealth

The record earnings were good news for you and our communities as they translated into \$13.5 million – more than 30 per cent of net profits – being shared with you. The highest amount ever – \$5.4 million – went to community organizations, including the winner of the \$1-million VanCity Award. VanCity members received \$8.1 million in patronage rebates and member share dividends as part of our Shared Success program.

58 A dream come true

Just days before Dr. Peter Jepson-Young died in 1992, he established the Dr. Peter AIDS Foundation to provide comfort care for people with AIDS. In September 2003, the Dr. Peter Centre finally opened the first day centre, residence, and HIV/AIDS health care centre in Canada. Along with government and community partners, VanCity played a key role with the help of a \$25,000 grant from the VanCity Board, development consultation from VanCity Enterprises, and VanCity CEO Dave Mowat’s participation in the overall fundraising effort.



The VanCity waterfall at the Dr. Peter Centre



MLA Lorne Mayencourt and VanCity Board Director Elain Duvall



59 Putting ethics into action

Co-founded by VanCity, the Ethics in Action Awards, which recognize companies for "doing the right thing," turned 10 in 2003. That's a whole decade of celebrating businesses with a sense of social responsibility.

60 DirectNET hits the big 5-0

Better, faster, more convenient - just a few ways to describe advancements in VanCity's online banking system. New features of *DirectNET* 5.0 launched in 2003 included: cheque imaging, allowing you to view and print copies of cashed cheques; HyperWALLET, giving you a way to move funds between financial institutions, exchange currencies and e-mail money to friends; multiple bill payment options; and an improved design.

61 Cookie dough 'n' knitting needles make good cents

Thanks to the hard work and creativity of our employees and your generous contributions, non-profit organization Family Services of Greater Vancouver (FSGV) and the communities that it serves are \$86,000 better off. FSGV was VanCity employees' 2002/2003 fund-raising partner of choice and benefited from dozens of book sales, bake sales, craft fairs, and barbeques.



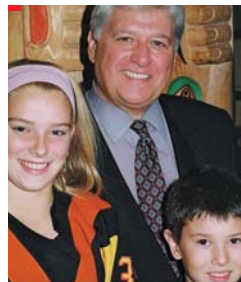
62 When 1,900 people tell a story, pens don't cut it

Instead, we invited each employee in the VanCity Group of Companies to help author the VanCity story for our Living the

Brand project. Called Online Envisioning, it was a multimedia experience that captured employees' thoughts about the most fundamental qualities and characteristics of VanCity.

63 Riding the airwaves

VanCity was featured in the media more than 500 times in 2003, including 400 print articles, 60 TV clips, and more than 30 mentions on radio.



64 He scores!

Kids couldn't get enough of the Lynn Creek Community Branch's hockey experience program. It gave them tips from Canucks legend "King" Richard Brodeur and started them on the path to saving by opening accounts as VanCity youth members.



65 Gingerbread housing is through the roof

While housing prices remained high, the going rate of gingerbread houses continued through the roof with the Mission Community Branch's annual Gingerbread House Auction raising thousands of dollars for the Mission Christmas Bureau for its fourth straight year.

66 40 heads are better than one

Experts in the socially responsible investment (SRI) field gathered in Vancouver in June to discuss issues in the socially responsible investment market. Sponsored by VanCity, the conference was focused on the growing linkage between SRI and company operations.

67 Fair trade for coffee farmers

Social impact investing can make a difference. In April 2003, Real Assets (a VanCity subsidiary) co-filed a shareholder resolution asking Procter & Gamble to help destitute coffee farmers. Real Assets withdrew the resolution when the company agreed to launch a Fair Trade Certified coffee, sold online under its Millstone brand. Strong sales bode well for wider retail distribution, and are an important step toward improving the lives of coffee farmers and their communities.



68 How plastic helps the environment

Does everyone know that by using their VanCity VISA* card, they're helping out environmental projects? That's because a portion of VanCity VISA profits go to the EnviroFund™, which funds projects that address environmental issues chosen by cardholders. In 2003, cardholders chose alternative transportation, water quality & consumption, and hazardous wastes & toxics as their key areas of concern. To date, the fund has given out total grants of more than \$1 million. In 2003, \$100,480 was distributed to the following groups:



SeaChange Marine Conservation Society

- Society Promoting Environmental Conservation's **Real Environmental Alternatives to Pesticides** project: \$27,000.
- SeaChange Marine Conservation Society's **BC Coastal Eelgrass Stewardship** project: \$23,130
- Sustainable Cities Foundation's **Switch Out British Columbia** project: \$27,000
- The Land Conservancy of BC's **The Gorge Naturalization & Restoration** project: \$23,350

Read more about EnviroFund projects at vancity.com/envirofund



69

Need to make a deposit?

Members can now make them at the Robson Market ATM. Withdrawals were always welcome.

70

It might not be a Grammy...

...but VanCity's Marketing team was singing a happy tune after being recognized with four AIME awards (Achievement in Marketing Excellence) from the Marketing Association of Credit Unions.

71

Wasn't that a party!

Carnegie Community Centre celebrated its 100th Anniversary in 2003 and VanCity was there to support its Downtown Eastside neighbour through some loaned leadership, fund-raising support, capacity building, and moral support. Happy anniversary to Carnegie, in the historic heart of the city!

72

Objects in the mirror are cleaner than they appear

The first of its kind, VanCity introduced a clean air car loan at the cheapest rate going. The goal was to drive hybrid car sales and slow climate change. Novex Courier couldn't sign up fast enough, zipping in to go green. Others followed close behind but didn't tailgate.

73

歡迎

An executive team from the Jiangsu Province Rural Credit Co-op Union from Nanjing, China, visited VanCity to experience a very large credit union, through the eyes of a very small one.

74 Two shining stars

Readers of the Vancouver Courier gave VanCity's Commercial and 1st Community Branch and the Kitsilano Community Branch each a Star of Vancouver. A pretty special honour, since voting is done by readers.

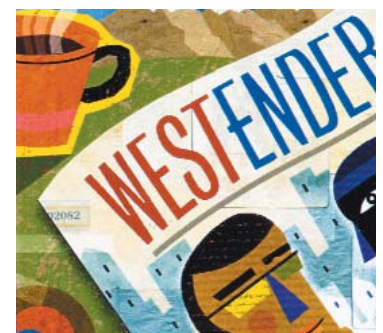


75 Across the pond

With the involvement of UNHCR (United Nations High Commissioner for Refugees) and the Canadian Embassy, VanCity supported a housing initiative to provide care and shelter for children of asylum seekers in Brno, Czech Republic.

76 Best financial institution that wasn't

Readers of the WestEnd newspaper voted VanCity the "best financial institution in the West End." Pretty good, considering we didn't even have a branch there yet. (That was remedied in October.)



*VISA Int./VanCity, Licensed User.
™Registered trademark of VanCity.



Left to right
Bruce Ralston, Chair
Reva Dexter, Vice-Chair
Elaine Duvall, Cheeying Ho,
Catherine McCreary



Left to right
Greg McDade, Shauna
Sylvester, Sandy Watson,
Rhonda Zabinsky

77 Put it in the ballot box

Because you elect the Board of Directors to represent you in the community and they tackle the responsibility with a seriousness that this role commands. Because they are out there, working tirelessly to tell the VanCity story and make the organization and our communities stronger. Because their dedication and passion for VanCity and our shared values comes from the heart and a greater purpose – and that makes *all* the difference.

78 And your taxi driver has a PhD

Fact is, newcomers to Canada face many challenges, including getting recognition for their credentials earned internationally. A new program through MOSAIC and VanCity's Commercial and 1st Community Branch provided special loans to new immigrants to offset the costs for skill upgrades, exams, translations, and assessments.

79 That's a lot of statement items

Our internal payment systems team processed a record 5.9 million electronic credits and debits, processed 4.5 million cheques, 14.2 million point-of-sale items, 2.6 million ATM transactions, and 3.2 million bill payments.

80 Going for the eco-gold

It's an Olympian task to make sure the Winter Games are as eco-friendly as possible. With the help of VanCity, Vancouver's bid for the 2010 Olympic Games included a focus on environmental and social sustainability. VanCity loaned staff to the Bid Corporation for six months to assist in developing a purchasing policy for the Games that focused on buying locally to create employment opportunities for local people, reducing waste, and recycling.

81 SigXP and ComXP equals better service

Whatever you call it, VanCity Insurance Services' replacement of its antiquated software system with a new customer relationship system will translate into better service for its customers. By the end of 2003, VanCity Insurance had completed a year-long reorganization of its operations to better manage service capacity issues. It's not been smooth sailing, but with the help of dedicated Account Managers for Life Insurance and Commercial Insurance, personal Account Managers for existing retail customers, and the new software system, VanCity Insurance customers should see calmer waters ahead in 2004.

82 We told you so, PepsiCo

Many areas of the world face chronic water shortages. In May 2003, Real Assets filed a shareholder resolution asking PepsiCo to disclose how it plans to cope with water scarcity. Despite management's opposition, eight per cent of shareholders supported the resolution—double the tally needed to earn the right to re-file. Days later, *The New York Times* reported that a local government in south-western India had revoked the water-use licence for a Pepsi bottling plant over concerns that it was depleting local aquifers. Since then, PepsiCo has agreed to evaluate its water conservation practices.





Nancy and Niels Bendtsen

83 Furniture is a gas in Gastown

Niels and Nancy from Inform Interiors Group are examples of how building a relationship with the right financial institution can make for two very satisfied members. After starting out with a mortgage for their manufacturing facilities, VanCity went on to provide a commercial mortgage and operating credit. As the retail side of the business grew, VanCity agreed to finance a two-phase project, providing Inform's retail arm with a new space in 2004. The showcase building, in the

heart of Gastown, is being hailed as a pinnacle of design, function, and environmental consciousness.

Lending aside, what really makes the relationship with Inform Interiors extra special is their willingness to provide testimonials, appear in advertising, and quote their experience at VanCity. "VanCity is different because it's in the neighbourhood. Their people know our business, and understand our passion."

86 Moving is good – just ask Victoria branch

Three words – moving is good. The new branch on Douglas Street in Victoria experienced a whopping 175 per cent leap in new members in 2003.

87 Fraser Valley fertile for membership

It was a good year for the Abbotsford Community Branch with a 37 per cent increase in new members.

88 Things are jumping on the North Shore

North Shore branches posted an 87 per cent jump in new members during the year.

89 Growing up in Burnaby

The Burnaby community branches enjoyed a 19 per cent growth in membership.

84 An "A" for Accountability



In Canada, social accountability reporting may not yet be widely understood or practiced, but VanCity's seven years' experience in this area has landed us near the top of the heap. Stratos, a Calgary-based sustainability consulting firm, ranked VanCity's 2000-01 Accountability Report second of 35 top Canadian reports. When compared to international leaders, VanCity's report ranked fifth. VanCity's next Accountability Report will be released in June 2004.

85 Amnesty International, Oxfam Canada, and Shared Interest™

Citizens Bank members who hold Citizens Bank VISA* cards will be happy to know that their purchases spurred donations to worthwhile causes. \$12,686 went to Oxfam, \$10,338 went to Amnesty, and a whopping \$169,009 in donations were made through the Shared Interest program.

90 Share the love

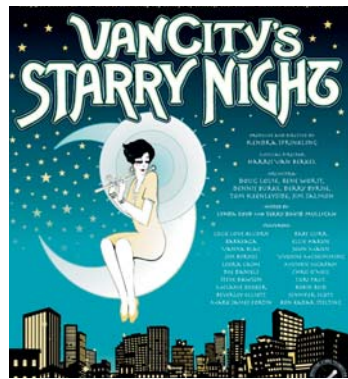
It's no secret that in 2003 VanCity had some of the best new member growth in recent memory. While we'd like to take all the credit, we can thank our loyal existing members for some of it. Of our 14,000 + new members, 3,205 came through the Member Referral Program. And that's just the ones we know about. All this, including an innovative email referral program, allowed us to reach the 300,000 member milestone in mid-December.

*VISA Int./Citizens Bank, Licensed User.

91 Credit unions rate highest
According to the Canadian Federation of Independent Business, credit unions rated the highest when it came to meeting the needs of small and medium-sized businesses.

92 WebPride
www.vancitypride.com. The web developers worked overtime on this one. Animation, testimonials, and even a puzzle.

93 Leadership lives
VanCity supported the development of dozens of management employees through our Living Leadership program; two classes graduated in 2003.



96 Starry Night
We were proud first-time supporters of this star-studded theatre event to help out local AIDS organizations. With VanCity's help, Starry Night raised \$20,000 for this cause.

97 VanCity's values set in stone
Five mosaics artistically expressing VanCity's Statement of Values and Commitments were installed in the sidewalks of Terminal Avenue outside VanCity Centre. The pieces were commissioned through the Carnegie Community Centre's Street Outreach Program and produced by Downtown Eastside artists.



98 Our PET project
Getting it right the first time is our PET (Progressive Error Termination) Project, implemented to identify and prevent those pesky errors that members sometimes experience.

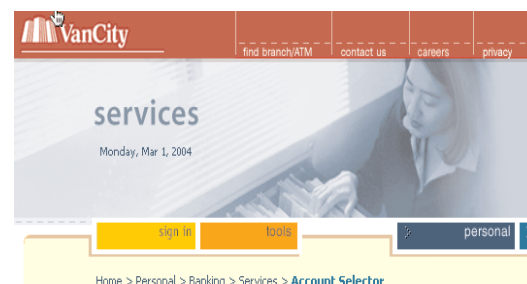


94 Everywhere you are
The EXCHANGE® Network is a full-function, national ATM network with ATMs from 68 financial institutions. The network continued to grow in Canada and the U.S. with the addition of new banking partners. Since VanCity is part of the network, VanCity members can use any EXCHANGE ATM without paying additional fees. In effect, all EXCHANGE ATMs function just like VanCity machines. With 1,350 machines across the country – 500 of them in British Columbia – access to member accounts, fee free, is easier than ever. Look for the EXCHANGE symbol at other credit unions, HSBC, and Canadian Western Bank.

95 Investments with impact
"Social impact" mutual funds launched in 2003 from Real Assets allow investors to save for their financial goals and build a better world. **The Real Assets Social Impact Balanced Fund** is a conservative blend of Canadian and US stocks as well as Canadian bonds and is suitable as a core holding in a long-term investment portfolio. **The Real Assets Social Leaders Fund** is a unique and exciting global equity portfolio of 25 to 100 companies that are outstanding leaders when it comes to social, environmental and ethical performance.

99 Green electricity provider? Yes! Weapons dealer? No thanks
The Baseline Ethical Policy, which began rolling out in 2003, outlined the kinds of businesses or business members we prefer to work with. It also identified those where we want to proceed with caution, if at all. It's not really about drastically changing our relationships with business members – it's about being more consistent in our approach from branch to branch, and recognizing members who support VanCity's values.

100 Getting members into the right account
If you feel like you're paying too many service fees, you might be in the wrong account. In 2003 VanCity launched an online account selector tool to help members choose the right package account for their needs. Use it at www.vancity.com/accountselector



Randall, Kylie, David, Lee, Ken, Farah and Elena
VanCity Members



Photo by Larry Goldstein, VanCity Member since 1980

“Greater numbers of people are
drawn by a common good”

Last year, VanCity attracted more new members than at any other time in its history. Over 20,000 new members to be exact. People who certainly saw they could benefit from our great products and services. But more importantly, they know that by joining VanCity, they're part of a unique financial institution that shares a significant portion of its profits to bring positive change to their community and the environment. And with every new member that joins, we can do a little more.

Are you drawn to a common good? Then we invite you to visit vancity.com today or any one of our 41 branches.



604-877-7000 • 1-888-VanCity • vancity.com • vancitycareers.com