

Celebrating Our History.

Belgian-Alliance Credit Union



MEMBERSHIP OPEN TO ALL
years

2013
Annual Report

Our Mission

The Belgian-Alliance Credit Union is a community based financial institution that is open to all, with member needs at the forefront of our decision making process. We provide friendly, efficient, quality service to help our members reach their financial goals.

Our Vision

We will be a trusted leader and the preferred financial institution in the communities we serve. Our dedication to our members will support an earned reputation of delivering responsive, professional advice and of providing value through strong customer service.





Our Values

Our values guide our actions and decision making process. They are:

- **Members**
We will provide our valued members with the highest level of respect – we understand that our members are our most important asset and we cherish this valued partnership.
- **Employees**
We understand that without engaged and empowered employees, our goal of delivering exceptional member service is limited and thus we believe that we must reward and compensate our team members accordingly. We will ensure that our employees receive the level of training and support they require to deliver our overall objectives and ensure that they are equipped to perform their functions at the highest level possible.
- **Community**
We will dedicate resources to 'make a difference' in the communities where BACU is present.
- **Integrity**
In managing our credit union, we will promote a high level of member confidence by keeping member interest at the forefront of our decision making process.
- **Operational Excellence**
We will deliver on our commitment to provide excellent service as well as competitive pricing and products.
- **Financial Stewardship**
We will govern our credit union in a manner that promotes financial viability and ensures its long term success.

2013 ANNUAL GENERAL MEETING

Tuesday, April 22, 2014

Registration at 6:00 PM

Meeting at 7:00 PM

Norwood Hotel, 112 Marion Street, Winnipeg

AGENDA

1. Call to Order and Opening Remarks
2. Introduction of Directors and Chief Executive Officer
3. Introduction of Guests and Staff
4. Presentation by Bob Lafond, Senior Consultant to the CEO of CUCM
5. Proof of Due Calling and Establishment of a Quorum
6. In Memoriam
7. Appointment of Recording Secretary
8. Adoption of Rules and Regulations Governing Annual Meeting
9. Approval of the Agenda
10. Approval of the Minutes of the last Annual General Meeting
11. Business Arising
12. Board of Directors' Report
13. CEO's Report
14. Independent Auditor's Report
15. Presentation of the 2013 Financial Statements
16. Appointment of Auditors for the 2014 Fiscal year
17. Consideration of the Amendment of the Articles/By-Laws of the Credit Union
18. Election of Directors
19. Service Awards
20. Celebration of 75th Year Anniversary
21. Door Prize Draw
22. Other Business
23. Adjournment

Reception and refreshments to follow



Board of Directors (left to right):

Remi Brengman (Chair), Bohdana Bashuk, Bob Seys (Vice-Chair),
 Rachelle Needham, Jim Beaulieu, Joanne Mercier (Corporate Secretary),
 Marcel Daeninck

		TERM EXPIRES
Remi Brengman	Chair	2014
Bob Seys	Vice-Chair	2015
Joanne Mercier	Corporate Secretary	2015
Bohdana Bashuk	Director	2016
Jim Beaulieu	Director	2016
Marcel Daeninck	Director	2016
Rachelle Needham	Director	2014

Honorary Directors:

Richard Gregoire, Alfred Huyghe, John Jorgenson, Armand Taillieu,
 Casey Van Gorp

Board of Directors' Report

On behalf of the Board of Directors of the Belgian-Alliance Credit Union Ltd., I would like to thank you - our valued members - for the opportunity and privilege to serve you during this past year. In today's environment, changes are taking place at an ever increasing speed. We now live in an interconnected global economy and what happens in a European country can affect the regulations your credit union now faces here in Canada.

In the earlier part of 2013, the economies of many countries were tested. These world problems have led to an increased global regulatory environment for most financial institutions, including credit unions. Where in the past world banking problems had little or no effect on our day to day operations, this is no longer true today. Although our assets are much smaller, we must adhere to the same regulatory framework as the larger credit unions and even the banks. Capital adequacy, Anti-Money Laundering, Privacy and FATCA (Foreign Account Tax Compliance Act) are now the new reality. Through these challenging times, your Board of Directors has worked hard to ensure that our credit union remains stable and profitable.

On February 17, 2014 your credit union celebrated 75 years of service to its members. Belgian Sacred Heart's Credit Union Society Limited was founded originally to provide service to the members of the Belgian Sacred Heart Church. Along with the other founding credit unions that merged to form Belgian-Alliance Credit Union, it had a rich and unique identity. Many of the original credit unions in Manitoba were formed by groups of people with a common connection - be it language, religion, location or work. These groups all had one common goal - to serve their members.

The major purposes of these credit unions were:

- To teach and encourage the habit of thrift by providing a safe, convenient, and attractive medium for the investment of the savings of its members.
- To help members in the matter of handling their own finances and encourage them to live within their means.
- To eliminate usury, establish productive credit and increase the purchasing power of its members by enabling them to borrow for productive and provident purposes at a reasonable rate of interest.
- To train its members in sound business methods, self-government, and bring them to full realization of the value of co-operation.

When these credit unions were formed, the member was the priority ONE. I believe that, although the services required by today's members are somewhat different, this is still the mandate of the Belgian-Alliance Credit Union. No one could have imagined a world of computers or computer banking some 75 years ago. This world is ever changing and it is impossible to predict what will come next. To assist our members in planning for the future, we introduced our Wealth Management division in late 2012.



Board of Directors' Report continued...

In 2013, we expanded our commercial lending department to help our members with small to medium-sized businesses. We will continue to add new services to meet the growing needs of our members. New services do not come without costs. We encourage our members to use all the services offered by our credit union and make Belgian-Alliance Credit Union their financial institution of choice.

The Board of Directors of the Belgian-Alliance Credit Union Ltd. is responsible for the effective governance of your credit union. We are accountable to YOU, our members, who elect us. The Board of Directors ensures that key principles pertaining to Corporate Governance, Strategic Management, Risk Management, Anti-Money Laundering, Privacy, and Internal Controls are being followed. These principles form part of the Standards of Sound Business Practices, as outlined and monitored by the Deposit Guarantee Corporation of Manitoba. These principles assist your credit union's Board of Directors to prudently guide in an effective manner. Following these principles is even more important in these challenging and unforgiving times.

Throughout 2013, the Board of Directors met regularly to ensure these principles were being respected and adhered to as well as attended frequent training and development sessions in order to better understand their responsibilities. The chart below shows an overview of meeting attendance. This does not include the countless additional hours spent in ad hoc committee meetings, meeting preparation or in attending training sessions. In 2013, the honoraria, per diems, conference, and training costs totaled \$19,872.

	BOARD		EXECUTIVE		AUDIT AND RISK MANAGEMENT		NOMINATING	
	TOTAL	ATTENDED	TOTAL	ATTENDED	TOTAL	ATTENDED	TOTAL	ATTENDED
Bashuk, Bohdana	13	12	2	2	n/a	n/a	2	2
Beaulieu, Jim	13	11	n/a	n/a	3	3	2	2
Brengman, Remi	13	13	7	7	n/a	n/a	n/a	n/a
Daeninck, Marcel	13	13	n/a	n/a	3	3	n/a	n/a
Mercier, Joanne	13	13	7	7	n/a	n/a	3	3
Needham, Rachelle	13	12	n/a	n/a	2	2	1	1
Seys, Bob	13	11	5	5	1	1	1	1

We are pro-actively looking to identify/find members who would consider running for election to our Board of Directors. We know that there are many well rounded members of our credit union that would do an excellent job as Directors. It is the satisfaction of knowing we have made a positive contribution, and not the financial gain, that is the greatest motivator of all.

Board of Directors' Report continued...

In 2013, your Credit Union paid back to its members a Patronage refund of \$70,000, as well as a 2.75% dividend on shares. Belgian-Alliance Credit Union is one of an ever decreasing number of credit unions that continues to pay Patronage refunds to its members. Your Board of Directors holds true to the belief that started our Credit Union 75 years ago: Owned by the members for the members. We will always be "People Helping People".

Our financial performance in 2013, as well as our regulated ratios at fiscal year-end, is illustrated in the chart below. As always, we take pride in ensuring that your assets are well protected.

	Retained Earnings	Capital	Risk Weighted Average
Actual	5.33%	6.00%	18.40%
Required	3.00%	5.00%	8.00%
Excess	2.33%	1.00%	10.40%

I would like to thank my fellow Board members for their tireless commitment to our credit union, and the Board members' spouses and families, for allowing them to dedicate so much of their valuable free time to ensuring our credit union's continued success.

I would also like to thank our dedicated staff for all that they do. Together with their dynamic leader, CEO Martin Trudeau, this hard working team has brought our credit union to where it stands today.

Let's not forget that there is one more important person that must be thanked for their loyalty, dedication, and continued support to the credit union. That person is YOU - the member.

Respectfully,



Remi Brengman
Chairperson



Administration (left to right):

David Domes *Chief Operating Officer*, Cali Hitch *Administrative Coordinator*,
Martin Trudeau *Chief Executive Officer*, Roxanne Gendreau *Controller*,
Gerry Beckett *Commercial Account Manager*



Provencher Branch (left to right):

Sarah Carter, Warren Banks, Melanie Mike, Marissa Wagner *Branch Manager*,
Kim Wiebe, Jessica Messner, Jordan Nikolovski
Missing: Doreen Davies (on leave), Lorna Mozel (on leave)



Portage Branch (left to right)

Steve Rampersad, Nicole Paun, Ainsley MacKenzie, Daren Miguez, Cory Jaworski
Missing: Debbie Lechner *Branch Manager* (on leave), Gurpreet Sidhu (absent)



Jefferson Branch (left to right):

Erin Fitzgerald *Retail Branch Manager*, Jenalie Closas, Brenda Wagner
Missing: Satveer Singh (absent)



CEO's Report

Dear members, staff and partner organizations,

It is my pleasure to report our annual results for the year ended December 31, 2013. This upcoming year marks an important milestone for our credit union as we celebrate our 75th anniversary. The Belgian-Alliance Credit Union is one of the oldest credit unions in the province and we will be celebrating this event throughout the year.

As we look back on the history of the Belgian-Alliance Credit Union, we wish to thank all of the early pioneers who helped create each legacy credit union. Our roots are deep, our components varied. Our founding credit unions include: Belgian Sacred Heart's Society, Amalgamated Civil Servants of Canada, Vera, CBC Winnipeg Employees, and Progress Credit Unions. In later years, they also included: Adanac, Progress-Vera and Communicators who formed the Alliance Credit Union on January 1, 2001. Seven years later, Alliance joined forces with the Belgian Credit Union to form the Belgian-Alliance Credit Union on January 1, 2008. Although many changes have occurred, one area that remains constant is our commitment to strong personalized member service and our desire to partner with our members to help them realize their financial goals and aspirations.

As highlighted in last year's report, our credit union is faced with changes, opportunity and challenges as the world of banking continues to evolve. Today's financial sector is fast-paced, faces constant change and requires a large degree of adaptability and creativity to ensure ones' long-term success. At Belgian-Alliance Credit Union, we continue to change and expand our service level offerings to ensure that we provide the level of service required by you - our owners - while conforming to an ever increasing regulatory compliance environment.

Although our financial margins continue to be stressed as a result of historically low interest rates, our credit union remained profitable, achieved a satisfactory level of growth and continues to monitor its costs to ensure our long-term success. Our level of capital is strong and exceeds our regulated minimums thus ensuring that our members can take comfort that their assets are well protected.

As credit unions are facing tremendous change, it becomes apparent that proper planning is essential. We must create and deliver on clear objectives to ensure our strategies are well aligned to our marketplace. The Board of Directors and our Senior Management Team have begun the development of a new strategic planning framework, which will be used as our guide going forward. We reviewed our history, analyzed our areas of greatest strength and determined our focus going forward. Within this, we developed a new Mission and Vision that better reflects who we are. By contributing to this process, it became apparent that our greatest strength lies within our people - in the form of our members and our staff. We understand how important these relationships are; they are the key to our success.

CEO's Report continued...

Within our 2013 Annual Report, you will note a listing of Belgian-Alliance Credit Union's new core values. These values guide the Board of Directors and the Senior Management Team throughout their decision making process. Although not exhaustive, they are the cornerstone of all we do. Specifically, they include:

- Members
- Employees
- Community
- Integrity
- Operational Excellence
- Financial Stewardship

As we put an end to 2013 and look forward to another successful year, we wish to thank you, our members, for supporting your local credit union. Without your continued support we could not have achieved 75 years of success.

In closing, I would also like to extend my warmest regards to our Board of Directors for their unwavering commitment to the well being of our credit union. They are, without doubt, one of the most committed Board of Directors I have ever had the pleasure to work alongside. To our staff; words cannot express my gratitude for your willingness to take any challenge and convert it from a negative to an opportunity. We at Belgian-Alliance Credit Union provide great personalized service and it is evident that our members' needs are always considered.

I wish you all great success in 2014.

Respectfully submitted,



Martin Trudeau CEO



Management's Responsibility for Financial Reporting

The accompanying summary financial statements of BELGIAN-ALLIANCE CREDIT UNION LTD. and all the information in this annual report are the responsibility of management and have been approved by the Audit and Risk Management Committee of BELGIAN-ALLIANCE CREDIT UNION LTD.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial statements include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The BELGIAN-ALLIANCE CREDIT UNION LTD. Audit and Risk Management Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full and free access to the Audit and Risk Management Committee.

A handwritten signature in black ink, appearing to read 'Martin Trudeau', positioned above a horizontal line.

Martin Trudeau, CEO



Tel: 204 956 7200
Fax: 204 926 7201
Toll-free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Financial Statements

To the Members of BELGIAN-ALLIANCE CREDIT UNION LTD.

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2013 and the summary statements of comprehensive income, changes in members' equity, and cash flows are derived from the audited financial statements of **BELGIAN-ALLIANCE CREDIT UNION LTD.** for the year then ended. We expressed an unmodified audit opinion on those financial statements in our report dated March 18, 2014.

The summary financial statements do not contain all the statements and disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Credit Union.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Audit Standard (CAS) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of **BELGIAN-ALLIANCE CREDIT UNION LTD.** for the year ended December 31, 2013 are a fair summary of those financial statements, on the basis described in Note 1.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
March 18, 2014

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO Canada s.r.l., une société canadienne à responsabilité limitée, est membre de BDO International Limited, société de droit anglais, et fait partie du réseau international de sociétés membres indépendantes BDO.

BELGIAN-ALLIANCE CREDIT UNION LTD.
Summary Balance Sheet

December 31

2013

2012

Assets

Funds on hand and on deposit	\$ 12,146,143	\$ 2,524,012
Income taxes recoverable	-	33,740
Other assets	169,049	117,200
Investments	6,360,306	12,425,838
Loans to members	155,341,762	149,674,782
Property and equipment	1,645,811	1,722,423
	\$ 175,663,071	\$ 166,497,995

Liabilities and Members' Equity

Borrowings	\$ -	\$ 2,111,096
Income taxes payable	1,923	-
Other liabilities	1,151,272	705,060
Deposits payable	163,924,361	153,523,449
Deferred income tax liability	52,000	48,000
	165,129,556	156,387,605

Commitments

Members' Equity

Members' shares	1,092,514	1,002,631
Provision for issue of common shares	70,000	150,000
Retained earnings	9,371,001	8,957,759
	10,533,515	10,110,390
	\$ 175,663,071	\$ 166,497,995

Approved on behalf of the Board of Directors:

M Beaulieu Director

Reni Brengman Director

The accompanying notes are an integral part of these summary financial statements.

BELGIAN-ALLIANCE CREDIT UNION LTD.
Summary Statement of Comprehensive Income

For the year ended December 31	2013	2012
Revenue		
Interest on loans to members	\$ 5,908,038	\$ 6,029,471
Investment income		
Liquidity deposits	335,411	442,256
CUCM shares	47,917	123,656
	6,291,366	6,595,383
Cost of Funds		
Interest paid to members	2,249,659	2,312,917
Interest paid to associates	1,526,933	1,454,604
	3,776,592	3,767,521
Gross financial margin	2,514,774	2,827,862
Operating Expenses		
Personnel	1,255,369	1,258,524
Administrative	716,738	872,748
Occupancy	361,042	393,617
Members' security	188,361	164,352
Organizational	82,027	99,524
Distributions to members	70,000	150,000
Gross operating expenses	2,673,537	2,938,765
Less other income	623,516	685,430
	2,050,021	2,253,335
Gross operating income	464,753	574,527
Provision (recovery) for impaired loans	(25,473)	106,131
Income before income taxes	490,226	468,396
Provision for income taxes		
Current	48,737	55,640
Deferred	4,000	4,000
	52,737	59,640
Net and comprehensive income for the year	\$ 437,489	\$ 408,756

The accompanying notes are an integral part of these summary financial statements.

BELGIAN-ALLIANCE CREDIT UNION LTD.
Summary Statement of Changes in Members' Equity

For the year ended December 31, 2013

	Provision for Issue of Common Shares	Members' Shares	Retained Earnings	Total
Balance at December 31, 2011	\$ 150,000	\$ 901,921	\$ 8,574,536	\$ 9,626,457
Net income for the year	-	-	408,756	408,756
Distributions to members	150,000	-	(25,533)	124,467
Issue of members' shares	(150,000)	178,468	-	28,468
Redemption of members' shares	-	(61,784)	-	(61,784)
Transfer (to) from registered deposits	-	(15,974)	-	(15,974)
Balance at December 31, 2012	\$ 150,000	\$ 1,002,631	\$ 8,957,759	\$ 10,110,390
Net income for the year	-	-	437,489	437,489
Distributions to members	70,000	-	(24,247)	45,753
Issue of members' shares	(150,000)	178,802	-	28,802
Redemption of members shares	-	(73,658)	-	(73,658)
Transfer (to) from registered deposits	-	(15,261)	-	(15,261)
Balance at December 31, 2013	\$ 70,000	\$ 1,092,514	\$ 9,371,001	\$ 10,533,515

The accompanying notes are an integral part of these summary financial statements.

BELGIAN-ALLIANCE CREDIT UNION LTD.
Summary Statement of Cash Flows

For the year ended December 31

2013

2012

Cash Flows from Operating Activities		
Net income for the year	\$ 437,489	\$ 408,756
Adjustments for		
Interest revenue	(6,291,366)	(6,595,383)
Interest expense	3,776,592	3,767,521
Depreciation expense	93,508	113,546
Provision (recovery) for impaired loans	(25,473)	106,131
Distributions to members	70,000	150,000
Transfer to registered deposits	(15,261)	(15,974)
Deferred income taxes	4,000	4,000
	(1,950,511)	(2,061,403)
Change in other assets and liabilities	394,363	115,728
Change in income taxes recoverable (payable)	35,663	(106,712)
	430,026	9,016
Changes in member activities (net)		
Change in loans to members	(5,642,037)	(22,012,392)
Change in deposits payable	10,339,035	(4,563,977)
	4,696,998	(26,576,369)
Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	5,908,568	6,007,553
Interest received on investments	388,665	630,907
Interest paid on deposits payable	(2,187,782)	(2,436,644)
Interest paid on borrowings	(1,526,933)	(1,454,604)
	2,582,518	2,747,212
Total cash flows from operating activities	5,759,031	(25,881,544)
Cash Flows from Investing Activities		
Net decrease (increase) in investments	1,560,195	(1,313,266)
Net purchase of property and equipment	(16,896)	(37,339)
Total cash flows from investing activities	1,543,299	(1,350,605)
Cash Flows from Financing Activities		
Issue of common and surplus shares	28,802	28,468
Redemption of common and surplus shares	(73,658)	(61,784)
Dividends on shares	(24,247)	(25,533)
Total cash flows from financing activities	(69,103)	(58,849)
Net increase (decrease) in cash and cash equivalents	7,233,227	(27,290,998)
Cash and cash equivalents, beginning of year	10,412,916	37,703,914
Cash and cash equivalents, end of year	\$ 17,646,143	\$ 10,412,916
Comprised of the following:		
Funds on hand and on deposit	\$ 12,146,143	\$ 2,524,012
Credit Union Central of Manitoba - Term deposits	5,500,000	10,000,000
Credit Union Central of Manitoba - Borrowings	-	(2,111,096)
	\$ 17,646,143	\$ 10,412,916

The accompanying notes are an integral part of these summary financial statements.

BELGIAN-ALLIANCE CREDIT UNION LTD. **Notes to Summary Financial Statements**

For the year ended December 31, 2013

1. Basis of the Summary Consolidated Financial Statements

Management is responsible for the preparation of summary financial statements. The summary presented includes only the summary balance sheet and the summary statements of comprehensive income, changes in members' equity, and cash flows. It does not include the notes to the financial statements. The summary balance sheet and summary statements of comprehensive income, changes in members' equity, and cash flows are presented in the same detail as the audited financial statements except the note referencing has been removed.

Copies of the December 31, 2013 audited financial statements are available at the Credit Union's branches or at www.belgianalliancecu.mb.ca.

2. Compliance with Minimum Capital and Liquidity Requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2013 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity requirements, the reader must refer to the audited financial statements and related notes for the year ended December 31, 2013, which contain the information detailing the calculation.

Candidates for the Board of Directors 2014

At Belgian-Alliance Credit Union's Annual General Meeting, which will take place Tuesday, April 22, two Directors will be elected. When nominations closed on December 31, 2013, valid nominations were received for two incumbents: Remi Brengman and Rachelle Needham. Below are brief biographies for each candidate.

Remi Brengman

Remi Brengman has been a member of Belgian-Alliance Credit Union for nearly 58 years. His parents opened his first account at Belgian Credit Union when he was very young, in hopes of teaching him the value of dollars saved and earned. Remi was first asked to stand for election to the Board of Directors in 1980 and, in 1981, was first elected Chair of the Board. He is currently the Chair of the Board.



Remi places great value in community involvement and this, coupled with his passion for working in a team environment, has led him to sit on a number of volunteer and private corporation boards. As a successful entrepreneur, he understands the value of hard work and commitment required to make an organization successful. If elected, Remi looks forward to continuing to serve the members of Belgian-Alliance Credit Union.

Rachelle Needham

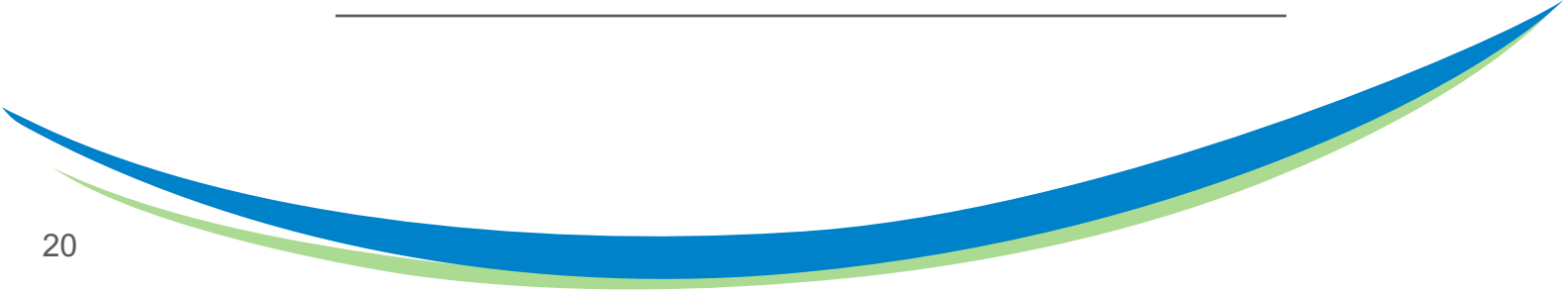
Rachelle Needham has been a member of credit unions since she was 10 years old. It has been nearly 28 years since she became a member of Belgian-Alliance Credit Union. Rachelle worked in the credit union system for 21 years and proudly served the needs of members both directly and indirectly. She has extensive experience working on the information technology side of the credit union system and has a vast understanding of finance operations, both considered to be essential attributes in today's economy. While working for Celero Solutions, Rachelle was involved in numerous business re-engineering projects that were undertaken due to mergers and new business offerings.



Currently Rachelle is employed by Online Business Systems where she is an information technology consultant working in the insurance sector.



NOTES





Provencher Branch
387 Provencher Boulevard
Winnipeg, Manitoba R2H 0G9

Portage Branch
1177 Portage Avenue
Winnipeg, Manitoba R3G 0T2

Jefferson Branch
101-930 Jefferson Avenue
Winnipeg, Manitoba R2P 1W1

www.belgianalliancecu.mb.ca