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2019 Annual Report

Supporting members and communities in a changing world

Vancity 2019 Annual Report

This report provides a summary of Vancity, and our strategy, performance and impact in 2019. We publish supplementary documents, available at vancity.com/annualreport:

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

Throughout this report, 'Vancity' or 'we' refers to Vancouver City Savings Credit Union and its active subsidiaries as listed in the organization chart on **page 39**.

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

We'd like to hear what you think about this report. Contact us at accountability@vancity.com, tweet us [@vancity](https://twitter.com/vancity), or connect with us on facebook.com/vancity

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SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals (SDGs): Look for SDG logos to see how our work locally is helping to achieve these global goals to end poverty, protect the planet and ensure prosperity for all. For more information see **page 48**.



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This annual report covers Vancity's work during the 2019 calendar year. With the COVID-19 pandemic the world changed dramatically in 2020. In response, Vancity mobilized to support members, employees and communities in an exceptionally difficult time. Information on our approach can be found here: vancity.com/AboutVancity/Updates/



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Message from the Chair

Vancity is proud of the many things we did first. Our history is full of them: the first and only credit union to return 30 per cent of its annual net income to members and communities; the first to offer a Registered Education Savings Plan; the first to collaborate with a First Nation government to provide local banking services; and the first to contribute Visa* profits to environmental initiatives.

But our history as a member-owned co-operative credit union is much more than just a sum of milestones. We were founded to put people first and to advance the common good, to solve real problems facing ordinary people in our communities. That's why this past year Vancity's Board of Directors has focused its attention on the growing climate crisis. Many of the most vulnerable people in our communities – including some of our members – are at risk from the impact of a global rise in temperature that will affect our entire economy and the way we all live and work.

Addressing the very human side of climate change is the most important part of the challenge for Vancity. This is often referred to as climate justice, the recognition that those who have had little to do with creating the current crisis are also the people who will be the most affected.

Vancity has long worked to address environmental issues. We're now looking to deepen and accelerate the shift to our business that will enable us to contribute meaningfully to the enormous challenge of the climate crisis.

Financial institutions have an essential role to play, both in the choices we make about where our assets go – who and what gets funded – and in supporting our members through the transition that is coming. At Vancity, we're taking the lead in developing new

* Trademark of Visa Int., used under licence.

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data and measurements that set a more sustainable standard for understanding the true impact of our entire business. As an example, you'll see in this report (page 49) that we've included more information on climate risk than ever before. In 2019, Vancity also signed on to the United Nations Principles for Responsible Banking, which commit us to measuring the impact of our investments, increasing transparency in our reporting and developing with our members a culture of responsibility towards the planet and future generations. As we find success on this journey, we will encourage others to join us.

“Vancity has long worked to address environmental issues. We're now looking to deepen and accelerate the shift to our business that will enable us to contribute meaningfully to the enormous challenge of the climate crisis.”

In 2019, our wholly-owned subsidiary Vancity Community Investment Bank acquired CoPower Inc., Canada's first sustainable investment platform and a leading provider of financing to clean energy and energy efficiency projects. The purchase gives Vancity members and other potential investors more opportunities to make a positive impact with their investment dollars. We also hosted a summit in Vancouver for the Global Alliance for Banking on



Jan O'Brien
Chair, Vancity Board of Directors

Values (see page 25) and committed to a global effort among financial institutions to track and monitor the carbon impact of our portfolio of loans and investments within three years.

Embedding this work into everything we do isn't a fundamental change to who we are and what we do already. It is in fact exactly what we were founded to do: helping members and communities thrive and prosper. Applying a climate-focused lens will only sharpen our ability to do that and it complements our existing work on issues like affordability, social inclusion, reconciliation and financial literacy.

None of the above could be done without the support of our members and the dedication of our employees. Thank you for your continued confidence in our credit union.

A handwritten signature in black ink that reads "Jan O'Brien".

Jan O'Brien
Chair, Vancity Board of Directors



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Message from the CEO

The end of 2019 closed out a decade that – in many ways – ended the way it started: with our world facing uncertainty. Ten years ago, the world was grappling with the challenge of a global financial crisis that sparked a decade of rapid change and complex new challenges: technological disruption and questions about the future of employment, trade conflicts that cast uncertainty on both local economies and world markets, and of course our biggest challenge, that of a growing climate crisis.

Through all of this, Vancity has proven that doing the right thing for our members and their communities – using the tools of finance to do right by our world – produces strong business results. And though 2019 was a challenging year for institutions throughout the financial sector, we're proud of our achievements.

Total assets plus assets under administration increased 3.0 per cent or \$0.8 billion over 2018, and now stand at \$28.2 billion. Our membership growth rate in 2019 outpaced that of our region, increasing by 1.8 per cent or 9,685, and our assets increased 1.2 per cent or \$0.3 billion over the previous year.

That growth speaks to the strength of our business model, and the confidence our members have in us. But 2019 was a low-margin environment and a challenging year for financial institutions, which make money on the difference between the interest we collect on loans and the interest we pay out on deposits. As a result – and due in part to reduced earnings on our loans – our net income in 2019 was lower than the previous year at \$61.0 million.

While that is down from the previous year, it is a good result, and will give us money we can both invest in the future of our credit union and return to our members and their communities. As we do every year, we have allocated 30 per cent of our net income, or \$18.3 million, to distribute to members and communities over the course of 2020.

Taking the lead

Vancity has never been just about money or membership counts. For us, our annual results represent real people: those throughout our communities who got access to financial services they may otherwise have been denied, families who were able to find housing they could afford, communities that became more inclusive and businesses that became more environmentally sustainable. The numbers are a means to an end, not an end in themselves.

For many years, we've worked to direct the whole of our business towards making a positive impact on people or the planet. These are our triple bottom line assets under administration (see **page 31**) and in 2019, 27.6 per cent of our assets were in this category, above



Tamara Vrooman
President and CEO

“Our long experience using the tools of banking to build the social, economic and environmental well-being of local communities has taught us that these same tools will be our most effective way to deal with our larger global challenges.”



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our target of 27.0 per cent. Our efforts in this area are way ahead of any other financial institution in Canada. In addition, our triple bottom line assets grew at a faster rate than our assets overall, validating our values-based approach.

Our long experience using the tools of banking to build the social, economic and environmental well-being of local communities has taught us that these same tools will be our most effective way to deal with our larger global challenges. We know, for example, that if the financial system doesn't support efforts to address the climate crisis, those efforts will fail. Money must flow to the things that make our world a better place to live for everyone. That's why in 2019 we ensured that all the IA Clarington Inhance SRI Funds we offer are fossil fuel-free and we continued our work to more accurately measure our environmental impact (see [page 22](#)).

Aiming high

We certainly have more work to do in some areas. One I'd like to highlight here is our employee engagement score – a measure from an annual survey we do of employees across the organization. While our score remains higher than in previous years, our performance in 2019 came in lower than where we were in 2018 and that's disappointing. We have taken a close look at what employees told us in this survey and have used those results to help guide our approach on everything from employee training to technology.

“The world has changed dramatically in the last ten years and Vancity has been leading the way when it comes to building a more socially and environmentally sustainable future.”

Our members also rightly have high expectations about how fast we can evolve, providing the digital products and services they want. We delivered 13 new products and features in 2019, more than one every month (see [page 16](#)). We also launched our One-to-One service (see [page 30](#)), which provides much more flexible wealth management options and services for members.

The world has changed dramatically in the last ten years and Vancity has been leading the way when it comes to building a more socially and environmentally sustainable future. As we enter a new decade, the pace of change we've seen will only get faster. We'll need to keep investing in people and organizations that improve our world, embed our purpose in everything we do and provide our members with the convenient, accessible services they deserve.

Tamara Vrooman
President and CEO

Vision and business model

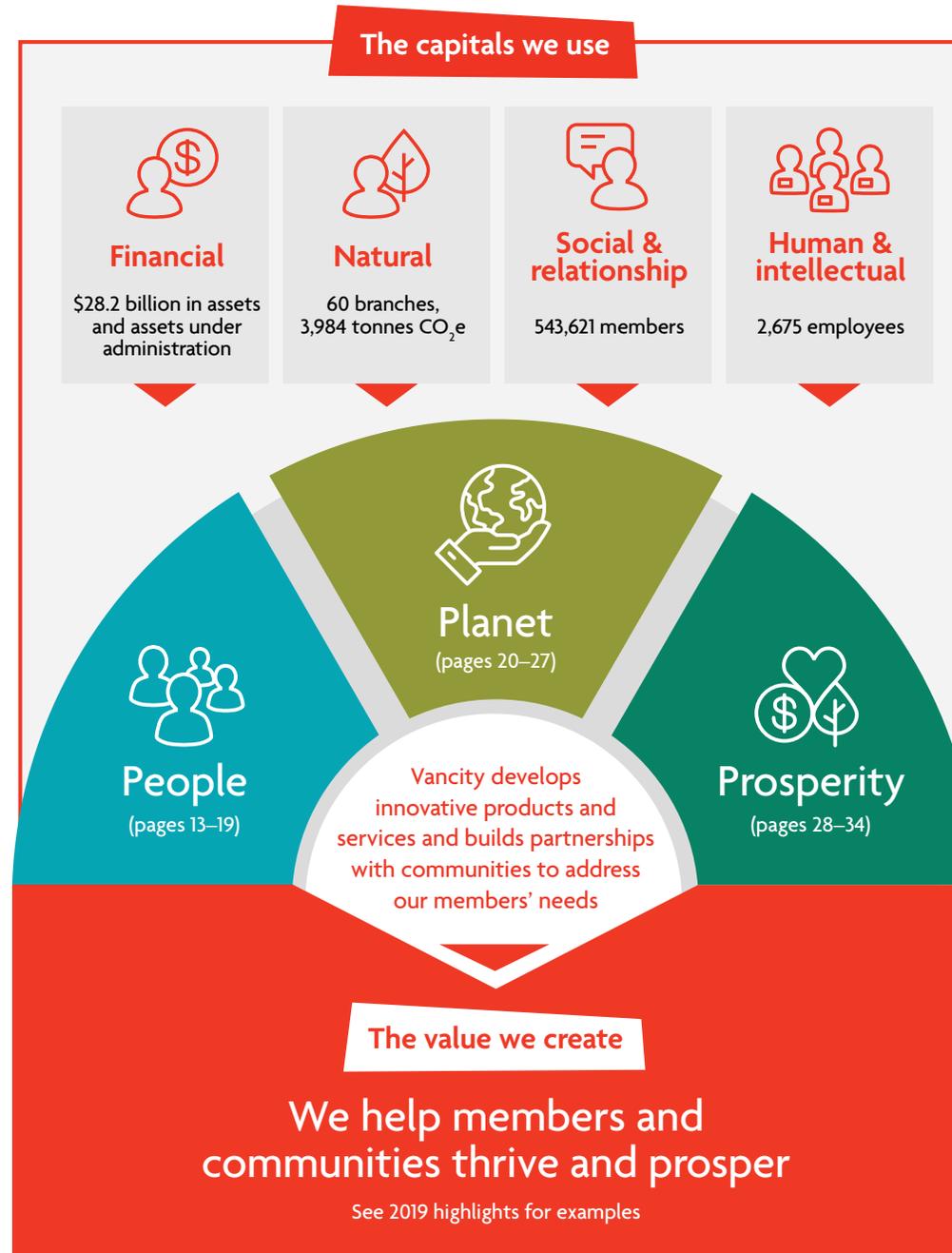
Vancity's vision is to redefine wealth. Our guiding principles are:

- Co-operative principles and practices
- Social justice and financial inclusion
- Environmental sustainability

We have no shareholders other than our members, and we use the insights we receive from them to help us meet their needs.

Vancity is a financial co-operative that operates on the unceded territories of the Coast Salish and Kwakwaka'wakw people. We're headquartered on the lands belonging to the Musqueam, Squamish and Tsleil-Waututh Nations in Vancouver, British Columbia (B.C.). We are a member-owned, community-based, full-service financial institution with 60 branches in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay.

Our primary lines of business include retail and business banking (deposit-taking and lending), commercial mortgage lending, and investment advice and services. Deposits are insured by the Credit Union Deposit Insurance Corporation (CUDIC) of British Columbia. Our active subsidiaries (listed on **page 39**) include Vancity Community Investment Bank.



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543,621 members served



2,675 people employed



\$28.2 billion in assets plus assets under administration

2019 highlights



Vancity launches One-to-One –

convenient, member-focused planning advice with no minimum investment required



Members benefit from 13 new Vancity products and features

Vancity Community Investment Bank's acquisition of CoPower Inc. gives members new green investment options

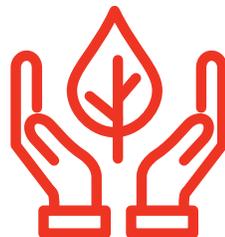


Vancity brings together more than 600 leaders from around the world in Vancouver to define how values-based banking can address global challenges



Members and communities receive 30 per cent of Vancity's 2019 net income, or \$18.3 million

Vancity Investment Management goes fossil fuel-free across all advised funds



Vancity provided eight not-for-profit organizations with \$12 million in pre-development loans to create 1,538 new affordable rental housing units



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Results reflect the work we've done
for members and communities.



Organizational targets and results

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

KPMG LLP verified our 2019 organizational results (see below and **page 11**). For an explanation of our performance, please refer to the relevant pages of Section two. For details on methodology and definitions, refer to the accountability statements and the glossary available online at annualreport.vancity.com.

For our 2020 targets, see **page 41**.

Target	Target	2019	2018	2017	Progress
◊ Membership count	544,550 ¹	543,621	533,936 ¹	525,506	Not met
◊ Member satisfaction with overall service delivery (members who rate us 9 or 10 out of 10)	54%	53%	49%	51%	Not met
◊ Likelihood to recommend	63%	55%	48%	56%	Not met
Employee engagement	72%	62%	69%	58%	Not met
◊ Return on average members' equity (ROME) – business results	7.2%	5.6%	7.9%	9.3%	Not met
ROME after Shared Success distributions to members and communities	5.7%	4.5%	6.3%	7.6%	Not met
◊ Triple Bottom Line Assets under Administration (TBLAA)	27.0%	27.6%	25.1%	23.2%	Met

¹ 2018 membership has been restated to align with current year methodology and 2019 target decreased correspondingly.



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Commitments

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

Target	Target	2019	2018	2017	Progress
Employees who self-identify as Indigenous	2.1%	1.4%	1.6%	1.1%	Not met
Greenhouse gas emissions (tCO ₂ e)	≤4,500	3,984	4,558	4,567	Met
Carbon neutral	Carbon neutral	Carbon neutral	Carbon neutral	Carbon neutral	Met
Employee carbon footprint (tCO ₂ e per FTE)	1.5 by 2030	1.7	1.9	2.0	On track
Waste diverted from landfill ¹	Set a baseline	100%	99%	n/a	Met
Water use per employee (m ³)	Set a baseline	11.0	12.8	n/a	Met
Living wage employer	Recertify	Recertified	Recertified	Recertified	Met
People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair	35,000 by 2030	18,444²	27,552	22,695	On track

¹ Calculated for Vancity Centre and 54 of our 60 branches. See page 18 of the accountability statements for details.

² Current year figure is not comparable to prior years due to the unavailability of 2019 Visa data caused by a system change.



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Vancity helps to solve real problems facing our communities.



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Financial literacy and advice

Access to basic financial services for everyone

Technology

Open banking and the future of digital financial services

Innovation and engagement

Employee well-being

Diversity and inclusion

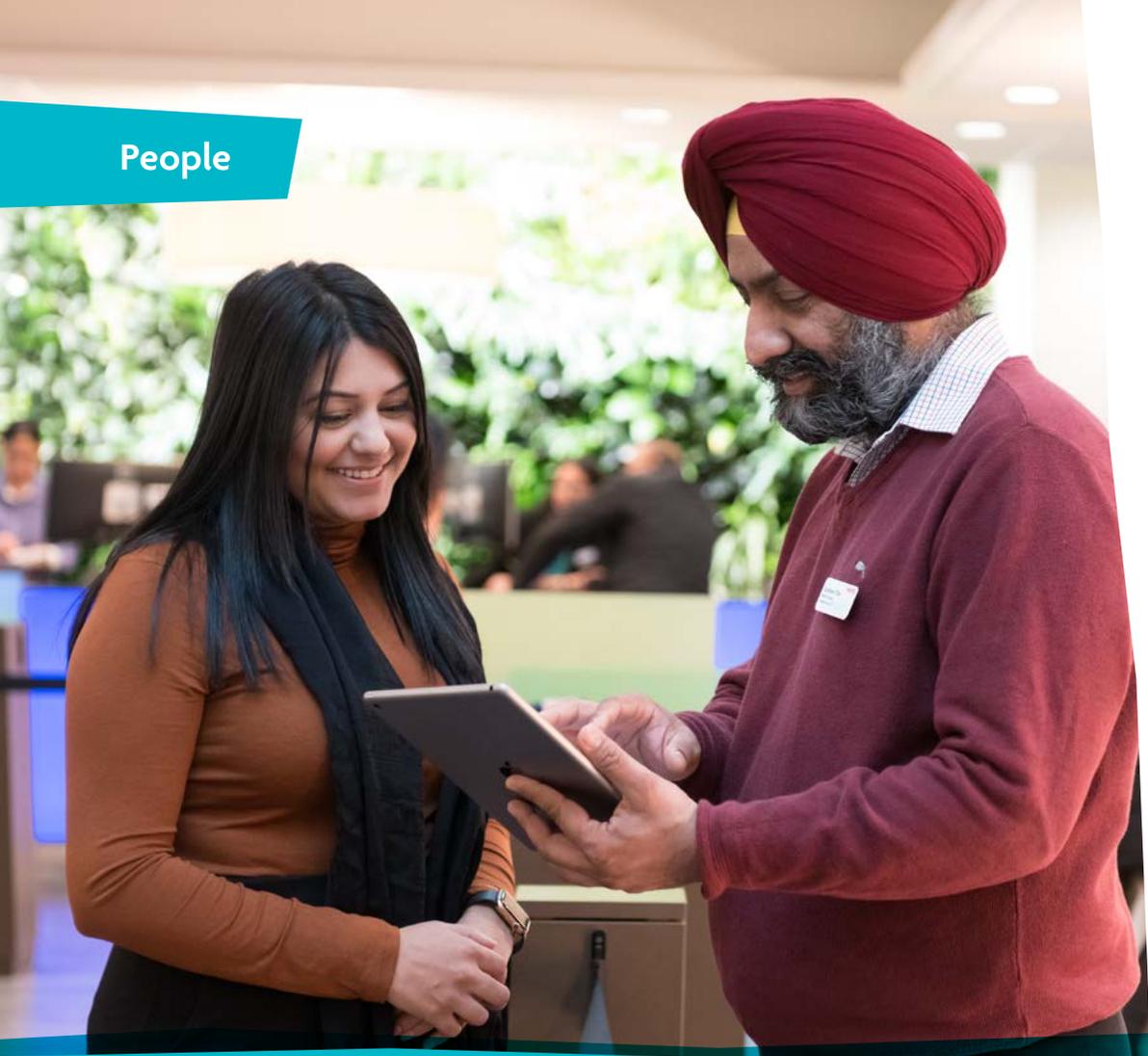
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In the past decade, Vancity:

— Provided \$1 million to help build the world's first fully integrated refugee centre with the Immigrant Services Society of BC

— Became one of the first mainstream financial institutions to launch an alternative to payday loans for its members – the Vancity Fair & Fast Loan™

— Collaborated with a First Nation government to provide local banking services

Member growth

As Vancity grows, our influence on things like financial inclusion, environmental sustainability and the economic resilience of our communities grows too. In 2019, Vancity's membership grew by 9,685 or 1.8 per cent, significantly above general population growth of 1.0 per cent. Our attrition rate – the percentage of members who leave us each year – continues to be among the lowest in the market at 2.5 per cent. We are capturing more than our share of the growth in the market for financial services. These results illustrate that we continue to have a strong reputation among our members and in the market.

Although we narrowly missed our target for member growth – coming in at 543,621 against a target of 544,550 – we saw accelerated membership growth towards the end of the year. We did well in adding to our millennial membership. However, we need to continue to focus our efforts building our small business member base.

Number of members



¹ 2018 membership has been restated to align with current year methodology and 2019 target decreased correspondingly. See the glossary online for more details.

² Due to a change in definition, data prior to 2016 is not directly comparable.



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Member well-being and service experience

Satisfaction with overall service delivery (9s and 10s out of 10)



¹ Data prior to 2017 has been restated to align with current-year methodology.

Likelihood to recommend



Satisfaction with overall service delivery increased to 53 per cent in 2019 from 49 per cent the previous year, just below our target. It's important to note that this percentage represents members who rate us nine or ten out of ten, indicating that they are delighted with the products and services we offer. A clear majority of our members – 78 per cent – gave us a score of eight or above which indicates they are very satisfied.

Our likelihood to recommend score also increased in 2019, but we still have some way to go when it comes to members enthusiastically endorsing us to their friends and families. In 2019, we delivered 13 new features (see [page 16](#)) and we have steadily been introducing the foundational products and services our members want, but the feedback we've had clearly demonstrates that we must do more to meet their evolving needs.



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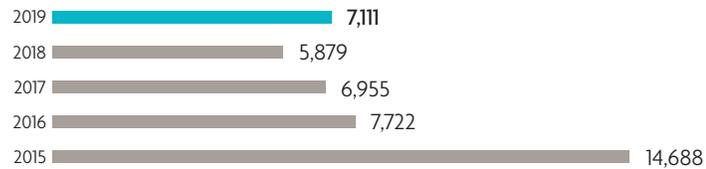
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Financial literacy and advice



Increased financial confidence can lead to improved well-being. Vancity employees and/or our community partners deliver our free financial literacy programs to help people learn about topics such as banking fundamentals, debt management, budgeting and strategies for saving and investing. In 2019, we added an option for people to take part via live streaming and trained new employees, which generated more opportunities for community workshops. These efforts contributed to an increase in the number of people benefiting from these programs to 7,111.

Number of people assisted with financial literacy



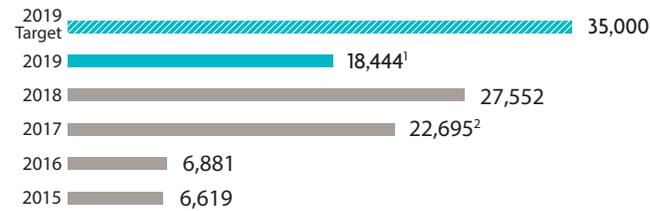
¹ Logos throughout this report show how Vancity is helping to achieve the Sustainable Development Goals (SDGs). For more on how Vancity supports the SDGs, see [page 48](#).

Access to basic financial services for everyone



Ever since we were founded, Vancity has been focused on providing people with access to financial services they may otherwise have been denied. In 2019, Vancity launched our One-to-One service (see [page 30](#)), which gives members easier and more convenient access to financial advice with no minimum investment amount. The acquisition of CoPower Inc. by Vancity Community Investment Bank (see [page 39](#)) will provide members with access to green bonds that invest directly in clean energy projects and get a market rate of return as we enhance our efforts to create a more sustainable future. These initiatives, in addition to the Vancity Fair & Fast Loan™ first launched in 2014 and our long-standing work with newcomers to Canada, helped us maintain our commitment to financial inclusion over the past year.

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



¹ Current year figure is not comparable to prior years due to the unavailability of 2019 Visa data caused by a system change.

² Calculation methodology was revised in 2017 to better reflect the intention of the performance measure. Prior years' unaudited results are not directly comparable. See [page 8](#) of the accountability statements for details.



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Technology

Attitudes to financial institutions have changed significantly over the past several years. It's all about convenience. People increasingly expect to be able to interact with their financial institution how and when they want. Vancity members are no different and we're continuously looking for ways to respond to their needs, which is why we've invested significant time and resources to modernize our digital and product infrastructure. We're strengthening our technological foundations to ensure Vancity keeps pace with our industry and maintains a leadership position in the areas members care about.

In 2019, we planned to deliver 11 new products and features and ended the year with a total of 13. Highlights include:

- SecureKey Concierge – more than 30,000 members used their Vancity login credentials to sign in on government sites like the Canada Revenue Agency
- Account Level Processing – Vancity is the second financial institution in Canada to implement account level processing and it meant cardholders could keep their existing Visa card numbers when changing to a new product (like the new Visa Infinite cards)

We're strengthening our technological foundations to ensure Vancity keeps pace with our industry and maintains a leadership position in the areas members care about.

- Vancity Credit Card Services Upgrade/Visa Integration – members were able to see their Vancity products in one place and check their Visa information in online banking, which they did more than 130,000 times per month in 2019
- Enhanced Online Business Banking (Member Direct Small Business) – more than 28,000 members can now add a delegate to their online business banking, for example their bookkeeper, which in turn means more than 3,200 members can save time by completing two-to-sign transactions online without having to go to a branch
- VirtualWealth with Socially Responsible Investing Option – members were able to open wealth accounts online without assistance, and responded by opening 160 such accounts in 2019 totalling \$2.6 million in deposits

Other technologies we either have been upgrading over recent years, are upgrading now, or have plans to upgrade soon include our core banking, credit card, lending, call centre, and mobile and digital platforms.



Our stories

Refugee families set to find new homes with Vancity support

With the help of sponsorship from Vancity, Syrian refugee Danny Ramadan is preparing to welcome his sister and her family to the country he now calls home.

[Read full story online](#)



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The challenge

Open banking and the future of digital financial services

Everywhere you look, disruption is the name of the game in financial services, and it's here to stay. Products developed by non-bank technology companies are rapidly moving into the traditional financial services landscape. Against this backdrop, the Government of Canada is considering the merits of open banking (often called consumer-directed finance) which has the potential to transform how people think about their money and the relationships they have with their financial institutions. What are the risks and opportunities of consumer-directed finance for our members and what do we need to do to get ready?

The response

First, it's important to understand what consumer-directed finance is: a safe and secure platform to allow members of a credit union or customers of a bank to share their financial data with third parties. It uses Application Programming Interfaces (APIs) to allow third parties to access data without gaining full access to someone's account and without connecting directly into the organization's core banking system.

This is not the same as some of the online budget trackers available now. These often require users to give over their login details from their financial institutions, which can put them at great risk.

"Consumer-directed finance will be much more secure, and it has three main components," explains Ram Narayanan, Vancity director of digital platform and integration services. "It allows you to see details from all the financial institutions you have a relationship with in one place.

It can use APIs to initiate payments on a customer's behalf. Finally, it gives you the ability to much more easily move products, such as a mortgage, from one financial institution to another."

The first step to getting consumer-directed finance in Canada is regulatory. The federal government needs to set the ground rules for how this is done safely and securely. It began by appointing an advisory committee, which recommended using the term consumer-directed finance to counter misconceptions about security arising from the term open banking.

Once the system is in place in Canada, all kinds of new efficiencies and services could be on the way. In Singapore, for example, one bank has used APIs to create a one-stop shop for things like travel, home buying, and even choosing an electricity provider.

"There's a big education aspect to all this," Ram says. "And if we want to properly embrace consumer-directed finance, we must develop or acquire the front-end technology – the platforms that our members will actually use – that will be intuitive enough to work in this new environment."



US\$8.9B

Global fintech funding in the third quarter of 2019



77%

Businesses around the world that participated in consumer-directed finance platforms or planned to do so in 2019¹



65%

Survey respondents who see consumer-directed finance (open banking) as more of an opportunity than a threat¹

¹ Source: Accenture



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Innovation and engagement

Vancity is a member-focused organization. To help us manage our business effectively, we take our cues from our members – what products and services they need, where we can improve our processes, and how we can be better at addressing the needs of communities. We listen and act on feedback we get through online member panels, annual member surveys and a program to understand member experience. This process drives Vancity innovations in banking services and it kicks in especially when we develop new products and services, which we test with members on a case-by-case basis before we launch them more widely.

Employee well-being

The results of Vancity's 2019 employee engagement survey showed an overall engagement score of 62 per cent, a seven-point decline compared to 2018 and below our target of 72 per cent. The survey showed improvement in some key areas – support and training for people managers, for example – and highlighted the need to continue to focus on other areas such as information technology, human resources and career development.

But one key theme stands out when it comes to opportunities for improvement: Vancity continues to be challenged by barriers to productivity and efficiency. We are committed to improving our business processes so that employees have the tools they need to serve members effectively and members have a better experience with our credit union.

We are continuing to work on refreshing our compensation and benefits offering and we're reviewing feedback from employees. In 2019, we switched to a regional platform with our Pacific Blue Cross benefits, which provides employees access to better features, including faster reimbursement of expenses, less need to pay out-of-pocket and an easier way to log in online. We also implemented new salary ranges for employees to reflect external market conditions and internal pay equity.



All Vancity employees are also members. We help retired employees stay in touch through the Retiree Alumni Network.



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Diversity and inclusion



Vancity strives to maintain a welcoming and inclusive workplace. It's important not only that our employees feel valued in their work, but that they are representative of the members and communities they serve.

We created Employee Resource Groups in 2019 for employees with lived experience and who self-identify as: Indigenous, a person with a disability, a visible minority, a woman, or LGBTQ2S+. The groups provide advice on how Vancity can enhance diversity and inclusion.

Also in 2019, Vancity reaffirmed our commitment to the principle that a person's gender identity should never be a barrier to accessing banking services. Employees can now issue ATM cards with a member's chosen name or simply leave the card blank, and our systems do not force members to choose binary gender salutations. Accurate gender marking allows members to access financial services and can be used in the community as a form of identity. At the time of writing, no other financial institution in B.C. had addressed this issue. We view this work as both a human rights and equity issue as well as a priority for serving the underbanked in our communities.

Vancity signed the Period Promise Policy Agreement in 2019, making menstrual products freely available in all employee washrooms (which are inclusive and available to people regardless of ability or gender).



Because of our commitment to equality and inclusion, we have been publishing gender-based salary comparisons for all employees at Vancity since 2010. See [page 12](#) of the accountability statements for more information.

As part of our commitment to representing the communities we serve, we have been focused on increasing the number of Indigenous employees at Vancity, although we did not meet our hiring target

in 2019 – 1.4 per cent of employees self-identified as Indigenous, against a target of 2.1 and down from 1.6 per cent in 2018. This result represents a total of 37 employees at the end of 2019 from a total of 46 at the beginning of the year. We are working with community partners to support recruitment efforts, and we are hiring Indigenous candidates into various roles in excess of labour market availability, despite challenging market conditions in 2019 (see [page 28](#)).



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Vancity's lending helps achieve the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) aim to end poverty, protect the planet and ensure prosperity for all by 2030. Based on methodology developed by the Global Alliance for Banking on Values, the graphic below shows how Vancity's lending supported the SDGs in 2019. For more about the SDGs see [page 48](#).



Some loans address more than one SDG.

In the past decade, Vancity:

Donated more than \$7.2 million to the Vancity enviroFund™ program

Signed the Global Alliance for Banking on Values' Climate Change Commitment, pledging to measure and disclose the carbon impact of our loans and investments

Has been carbon neutral (since 2008)



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Environmental impact



For Vancity, environmental sustainability is not about token gestures. For decades, we have been making a sustained, comprehensive effort to reduce the harmful environmental impacts of our business and enhance the positive ones. On **pages 22** and **49** you can read about our efforts in relation to our lending. This section is devoted to Vancity's own physical operations.

Greenhouse gas emissions (tonnes CO₂e)

	Target	2019	2018	2017	2016	2015
Premises energy use	–	712	752	859	698	663
Paper use	–	283	414	533	516	520
Vehicle fleet	–	38	46	58	55	47
Air travel and company vehicle use	–	740	980	784	846	871
Employees making single occupancy vehicle trips	–	2,211¹	2,366	2,333	2,295	2,446
Total greenhouse gas emissions ²	≤4,500	3,984	4,558	4,567	4,410	4,547
Employee carbon footprint, per employee (FTE)	1.5 ³	1.7	1.9	2.0	1.9	2.0

¹ In 2019, we revised our methodology for estimating emissions from employee commuting. See [page 16](#) of the accountability statements for details.

² 2007 base year = 5,241

³ 2030 target

Vancity has been carbon neutral since 2008 and in 2019 we reduced our emissions. We purchased offsets from Naturebank/Offsetters for \$100,276 to offset our 2018 greenhouse gas emissions.

We met our 2019 greenhouse gas emissions target largely through greater use of digital rather than paper-based marketing campaigns and statements, as well as a significant decrease in employee flights for business travel. Emissions from energy use decreased due to ongoing efforts in implementing more energy-efficient equipment and control system upgrades that use less natural gas.

Waste and water

		2019	2018
Recycling	%	65	64
Compost	%	19	19
Waste to energy production	%	16	16
Total waste diverted ¹	%	100	99
Waste to landfill	%	0	1
Total waste (actual and estimated)	t	187	203 ²
Waste per employee (FTE) ³	kg	79	83
Water use per employee (FTE)	m ³	11.0	12.8

¹ The percentage of waste by type was calculated based on actual data from locations with tracking systems. In 2019, 100% of our waste collected from sites with tracking systems was diverted from landfill.

² Data was restated to reflect a new methodology that estimates waste at locations where there are no tracking systems in place. See below and [page 18](#) of the accountability statements for further details.

³ Includes data from Vancity Centre, offices at 369 Terminal, and branches where tracking systems are available.

We take efforts to recycle waste or divert from landfills at all our locations, with data being collected from Vancity Centre and 54 out of 60 branches (other locations do not have a service provider that can weigh by waste type at this time). In 2019, we refined the methodology for collecting this data. In addition, we have focused on raising awareness with employees of the need for lighter living. The waste produced per employee decreased to 79 kg in 2019 from 83 kg in 2018. With the ongoing installation of low-flow fixtures, water use per employee also decreased to 11.0 m³ in 2019 from 12.8 m³ in 2018.



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The challenge

Measuring and reducing our climate impact

The Paris Agreement called for immediate action to limit global temperature rise this century to well below 2°C above pre-industrial levels. To make this happen, there must be a profound shift in how we organize our financial system and our economy. At Vancity, we must develop a much more precise and comprehensive picture of the environmental impact of our lending. We need to be able to make more informed decisions about where we allocate capital, while maintaining our commitment to financial inclusion.

Our response

Vancity’s environmental credentials are long-standing, dating back at least as far as the launch of the Vancity enviroFund™ program in 1990. We’re proud that we’ve been carbon neutral since 2008, that most of our branches are zero waste and that we don’t lend directly to the fossil fuel sector. But the destabilizing effects of the global climate crisis continue to affect us locally and we know there’s more we can do. We already incorporate environmental considerations into our lending, but we need a much better understanding of its impact.

“To make this work in practice, we will need a methodology to calculate the emissions we will take accountability for,” says Jo Westwood, Vancity manager of impact and community insight. “For example, when we approve a mortgage, how will we know the energy usage of that home over the lifetime of the loan? Or suppose a member gets a line of credit. We might have their reasoning for getting it

somewhere in our system, but fast forward five years and the money could be being used for something completely different.”

In 2019, Vancity committed to assess and disclose the climate impact of our loans and investments within three years (see page 24). To build the methodology that we and other financial institutions in North America will need, Vancity has joined the Partnership for Carbon Accounting Financials (PCAF).

“There are huge challenges with getting quality data,” says Jo. “But that’s no excuse. We will have to start somewhere to understand what areas of our portfolio are responsible for higher emissions.”

Jo cautions that the new methodology will need to be constantly refined to ensure it is relevant and it generates accurate data that can be used to set benchmarks and improve performance over time. To make a real difference, it’s also essential that other financial institutions join us in this work.

“The more interesting challenge will be what we do with the information,” Jo says. “The goal is to eventually align our business with the Paris Agreement. We’ve got a lot of work still to do to figure out what that will look like. It will include working collaboratively with members, financial institutions, experts and other key players to develop a common approach that will support us all to transition to a low-carbon economy.”



2°C

Target limit for global temperature rise this century under the Paris Agreement



1.5°C

Limit for global temperature rise countries agreed to pursue, recognizing that this would substantially reduce the risks and impacts of climate change



3 years

Timeframe, beginning 2019, in which Vancity has committed to assess and disclose the climate impact of our portfolio of loans and investments



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Encouraging others to act



Vancity has been contributing Visa profits to environmental initiatives since 1990, when we first established the Vancity enviroFund™ program. In 2019, we continued our focus on lighter living and supported the work of CityHive’s Envirolab program, which launched its first youth innovation lab to address pressing urban sustainability challenges. We also provided funding for Frameworq’s repair cafes, which focus on keeping clothing out of landfills. In 2019, we teamed up with Frameworq to host repair cafes in three of our Vancity branches in Richmond, Port Coquitlam and Surrey.

In 2019, Vancity launched new enviro Visa Infinite cards. In addition to contributing to the Vancity enviroFund™ program with every transaction, members get 10 points for every dollar spent at local businesses that align with Vancity’s environmental values, including JJ Bean Coffee Roasters, Modo Car Sharing and FreshPrep meal delivery. The cards also provide five points for using public transit, including buses, SkyTrain and ferries.

Buying local

For more than 70 years, Vancity has been a mainstay of local communities in B.C. The individual members, businesses and not-for-profit organizations we serve support local employment, help to reduce environmental footprints and keep money close to where it was earned. In 2019, we sourced more than 65 per cent of the value of our purchases (about \$85 million) from locally based businesses.



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Advocacy



Vancity works with other credit unions, community organizations and corporations. We engage with governments at all levels and we use our convening power to further the development of healthy communities. A full list of the initiatives we endorse and the memberships in industry and advocacy organizations we hold can be found on [page 32](#) of the accountability statements.

In 2019, we signed the United Nations Principles for Responsible Banking. Among other things, these six principles commit us to:

- Align our business strategy with the Sustainable Development Goals (see [page 48](#)) and the Paris Agreement
- Increase our positive impacts and reduce our negative impacts on people and the environment
- Work with our members to encourage sustainable practices

- Consult, engage and partner with relevant stakeholders
- Implement these principles through effective governance
- Periodically review implementation and be transparent about our progress

Along with other founding members Arc'teryx, Climate Smart, Innergex and the Insurance Bureau of Canada, under the guidance of the Pembina Institute, we also launched the Catalyst Business Coalition in 2019. This group brings together business voices to advocate for the creation and implementation of effective climate policies – through forums, public statements, and thought leadership.

Finally, our CEO was co-chair of the Advisory Council on Climate Action, which issued a report outlining what steps the federal government can take now for a smooth transition to the high-growth, low-carbon economy of the future.

Examples of advocacy issues and initiatives we focused on in 2019:

Economic inclusion: e.g., Federal Advisory Committee on Poverty, Provincial Advisory Group on Poverty Reduction, B.C. Poverty Reduction Coalition, Fair Wages Commission, Employment Standards Coalition, Registered Disability Savings Plan (RDSP) Action Group, Living Wage for Families Campaign, Vancouver Poverty Advisory Action Committee, support for \$10/day Childcare Campaign, All Welcome Here refugee advocacy group, B.C. Rent Bank project

Environmental sustainability and climate change: e.g., Council for Clean Capitalism, Businesses for B.C.'s Clean Economy, Tamara Vrooman appointed to federal government advisory panel on climate change, Climate Justice Coalition, Green Jobs Campaign, National Zero Waste Council

Indigenous partnerships: e.g., Indigenous Women's Leadership Summit, Indigenomics Institute: Indigenomics Economic Council

Social finance, innovation and infrastructure policies: e.g., Senate hearings on social finance and criminal rates of interest, federal Social Innovation/Social Finance Committee

Provincial and federal financial sector legislative and regulatory affairs



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Redefining banking for a radically different future

We are reminded daily of the unprecedented challenges our world is facing. In 2019, Vancity hosted more than 600 people in Vancouver (bankers, regulators, academics, policymakers, social entrepreneurs, civic actors and young leaders) at a summit recognizing the 10th anniversary of the Global Alliance for Banking on Values.

The summit's key themes, Migrants, the #MeToo movement, and Melting Icecaps – the lenses through which we explored the role of the financial sector – are just three of the most pressing issues of our time. Experience tells us that we cannot rely on governments alone for solutions. We know that transformation requires a coordinated effort of local, national and global authorities along with many private sector initiatives – and the commitment and actions of informed citizens.

The banking sector has, for too long, been part of the problem. Bankers must redefine their role and be part of the solution because where capital is invested, and what is financed, matters.



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Supporting local business and organizations



Many organizations spend vastly more money on marketing, communications and business development than they do on community investment. At Vancity, it's the other way around. We support businesses and organizations that share our values and help to build healthy communities. Our Guiding Principles – co-operative principles and practices, social justice and financial inclusion, and environmental sustainability – help us make decisions about who we work with. We also have [Ethical Principles for Business Relationships](#) that help us determine a business or organization's alignment with our values or whether they have the potential to become more aligned.

Key initiatives and projects in 2019 included:

- A new program in collaboration with the Immigrant Services Society of B.C. to bring five refugee families to Canada over the next five years (see [page 16](#))
- Building It Right – a workshop series delivered to 16 land-owning not-for-profits looking to develop affordable housing, including on Bowen Island (see [page 33](#))

Our Guiding Principles – co-operative principles and practices, social justice and financial inclusion, and environmental sustainability – help us make decisions about who we work with.

- A Vancity enviroFund™ grant of \$200,000 and financing of \$9.8 million to support the purchase of a building in Victoria used to redistribute unwanted food to people in need (right)

Reconciliation with Indigenous people continues to be a key priority for Vancity. In 2019, we supported the inaugural Indigenous Conference, which was focused on economic reconciliation and unlocking the \$100 billion Indigenous economy. Among many other initiatives, we also provided a \$2 million operating loan to the Tale'Awtxw Aboriginal Capital Corporation to extend its lending capacity to Indigenous businesses and approved a \$150,000 line of credit to OneFeather Mobile Technologies Ltd., a pioneer in the field of electoral technology and the administration of First Nations elections.

In addition to building relationships with like-minded organizations and developing new products and services, we approved grants for 451 not-for-profits and impact businesses totalling \$10.4 million in 2019. See vancity.com/granting.



Our stories

Food rescue movement takes root in Victoria

In co-operation with a diverse network of not-for-profit organizations, The Mustard Seed Street Church and Food Bank is feeding the hungry and reducing food waste.

[Read full story online](#)



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Asset management and corporate engagement



Since the 2015 Paris Agreement, 23 of the world's largest banks have invested more than US\$1.9 trillion¹ in fossil fuels. Vancity has a proud history of environmental responsibility and takes a very different approach. Vancity Investment Management (VCIM) is a signatory to the United Nations Principles for Responsible Investment and follows the socially responsible investment (SRI) philosophy. This means it invests in companies that use progressive environmental, social and governance practices to manage their business and avoids those that don't. We count these SRI investments as part of our triple bottom line assets under administration (see [page 31](#)).

VCIM provides portfolio management advisory services to IA Clarington on the Inhance SRI Fund family. VCIM has been a sub-advisor to IA Clarington's Fossil Fuel Free Bond Fund since 2017. In 2019, VCIM divested all remaining fossil fuel companies from the Inhance SRI funds and implemented a set of fossil fuel-free pooled funds for VCIM clients. The sub-advisory group also leads shareholder engagement activities on behalf of both VCIM and the IA Clarington Inhance SRI Fund family. In 2019, VCIM engaged with 32 companies on issues related to climate risk, human rights, pesticides, packaging, access to medicine and gender pay equity. These engagements included filing shareholder resolutions with four banks, two insurance companies, one pharmaceutical company, one technology company, one food services company and two rail companies.

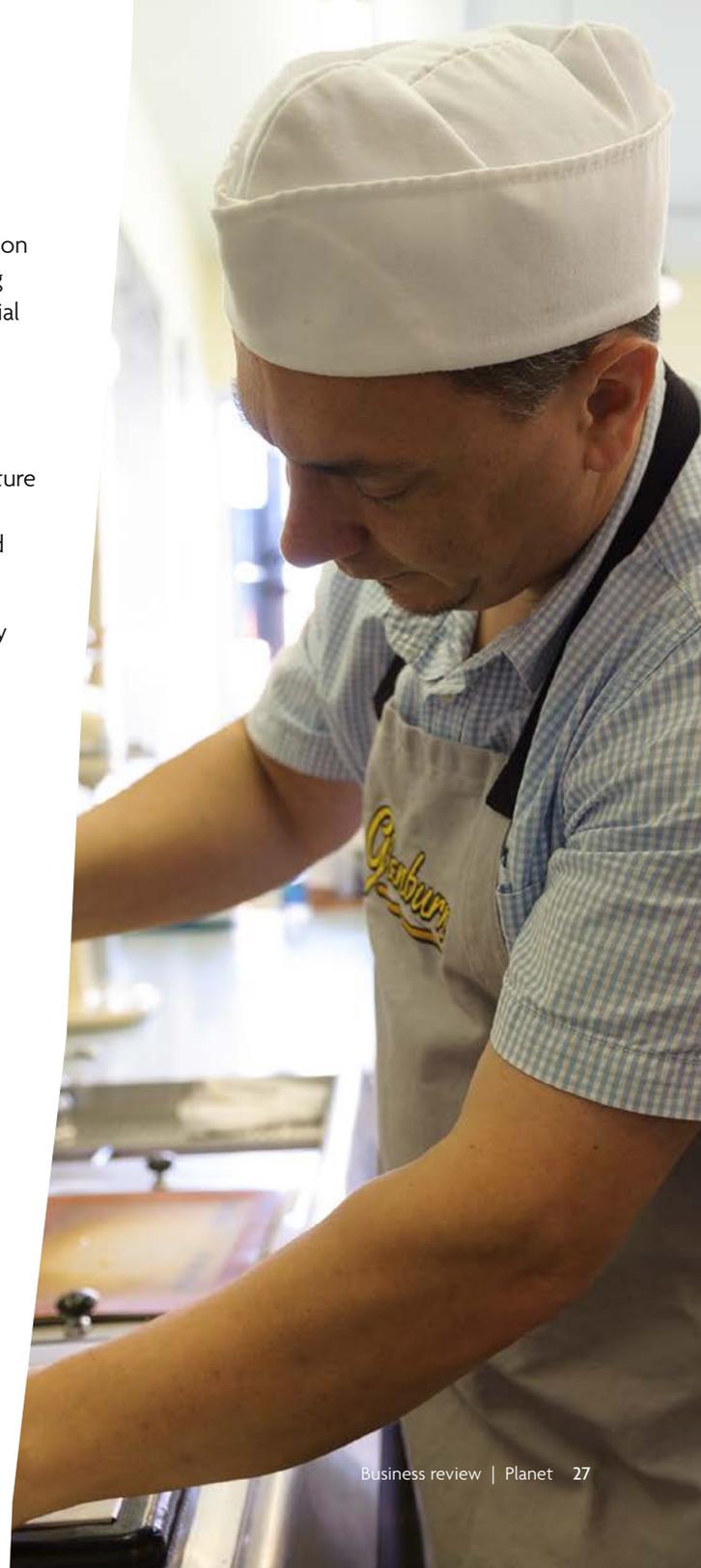
¹ Banking on Climate Change 2019 – Rainforest Action Network

Impact investing

In 2019, Vancity approved a further \$50 million allocation to our Impact Investment Portfolio strategy, following the establishment of the portfolio in 2016 with an initial allocation of \$20 million. This initiative allows Vancity to invest directly in funds that are having a positive impact in our communities. The sectors we support under this strategy include: affordable housing; clean technology and renewable energy; sustainable agriculture and organics; health and wellness technology and life sciences; Indigenous communities; women owned and controlled enterprises; and co-operatives.

Vancity Community Investment Bank (VCIB) – a wholly owned subsidiary of Vancity with a vision to finance a sustainable tomorrow – also does a lot of work in this area. It is exclusively focused on partnerships with organizations that drive social, economic and environmental change. In its first two years, the bank used this model to enable organizations to make significant contributions in the areas of affordable housing, co-working spaces, community hubs, and green buildings. See VCIB's [2019 Year in Review](#).

Vancity Community Investment Bank is exclusively focused on partnerships with organizations that drive social, economic and environmental change.



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In the past decade, Vancity:

Became the largest organization in Canada to adopt the Living Wage policy

Shared more than \$210 million with members and communities through our Shared Success program

Grew our total assets plus assets under administration to \$28.2 billion from \$17.4 billion

Overall financial plan

Vancity’s 2019 financial performance was challenged but remained strong. The economic environment changed quickly in 2019. Expected interest rate rises did not materialize and the housing market cooled significantly over the first half of the year. With the majority of Vancity’s loans being linked to housing, these factors had a material impact on our 2019 net income, which was \$61.0 million.

Lower rates on loans combined with competition for new deposits is creating pressure on financial institutions across the country. The result was that our margin – the difference between the interest we earn on loans and what we pay out in deposits – was being squeezed. In 2019, we saw our net interest margin fall to 1.9 per cent from 2.0 per cent the year before. This represents a \$15.2 million reduction in net interest income and puts pressure on our bottom line. During 2019, we made strides to improve our efficiency and strengthen our financial performance with a view that low margin conditions are here to stay for the foreseeable future.

The housing market cooled significantly over the first half of the year. With the majority of Vancity’s loans being linked to housing, these factors had a material impact on our 2019 net income, which was \$61.0 million.



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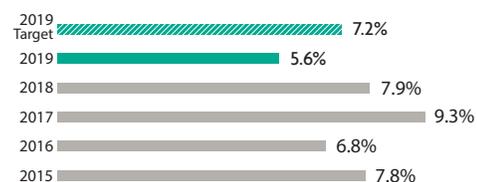
To calculate how much profit we generate with every dollar of members' equity, we use a measurement called ROME, or return on average members' equity. This measurement shows the returns or business results that Vancity generates after taxes. In 2019, ROME was 5.6 per cent, against a target of 7.2 per cent – the lower margin conditions described above caused us to not meet our target. Vancity is the first and only financial institution to give back 30 per cent of our net income each year to members and communities. After taking this distribution into account, ROME in 2019 was 4.5 per cent against a target of 5.7 per cent.



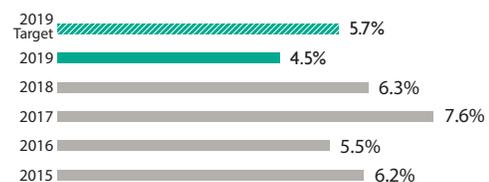
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Return on average members' equity (ROME)

ROME (business results)



ROME (after Shared Success)



Balance sheet highlights (millions)

	2019	2018	Growth
Residential mortgages	\$ 12,384	\$ 12,234	\$ 150
Consumer (personal) loans	682	691	(9)
Commercial mortgages and loans (loans to businesses and organizations)	6,522	6,250	272
Total loans and advances to members	\$ 19,538	\$ 19,175	\$ 413
Accrued interest receivable	33	32	1
Allowance for credit losses	(83)	(71)	(12)
Total loans and advances to members	\$ 19,538	\$ 19,136	\$ 402
Member deposits	\$ 16,816	\$ 16,122	\$ 694
Agent and wholesale deposits	2,891	3,197	(306)
Shares	144	146	(2)
Accrued interest and dividends payable	157	130	27
Total deposits	\$ 20,008	\$ 19,595	\$ 413

In 2019, Vancity's total assets and assets under administration grew to \$28.2 billion from \$27.4 billion. At the end of the year, our total assets were \$23.2 billion and our assets under administration were \$5.1 billion. This represents growth of 1.2 and 12.2 per cent, respectively, over the previous year. Vancity is proud of our record of keeping money circulating in the communities where it is generated, and as of the end of 2019, 85.6 per cent of our loans were funded by deposits from our members.

The challenge

Helping women build their wealth

If women's attitudes to the wealth management industry could be summed up in four words, they might be: you don't understand me. Certainly, that's the impression Vancity got when we asked them. The women we spoke with told us they want "clearer language," "empathy for my situation" and "really good planning advice even if I don't have much money." The value of female-controlled financial assets in Canada is increasing every year. We sought the opinions of our female members on wealth management because we know from our research that they have been underserved. Our challenge was to find out where we could improve our services and do better at meeting women's needs.

Our response

"The wealth industry has typically been designed by men for men," says Sanjeet Rana, the Vancity project lead tasked with working on this issue. "It hasn't necessarily engaged female investors in ways that work for them. We saw an opportunity to develop products and services for people who may have been ignored in the past. We want to make them feel included and empowered and that they have choices."

Vancity's new One-to-One service aims to do just that. Whether people have \$1 or \$1,000,000, our new online tool allows them to choose a planner based on their own preferences, location and communication style. Vancity financial

planners will extend their hours to accommodate people who want to meet in the evenings and there's also an option to book a 15-minute introductory phone call with the planner of your choice.

"Our ultimate goal is to be the financial institution of choice for female investors," Sanjeet added. "We started by reaching out to millennials. We'll learn from their feedback, and for phase two we'll look to simplify processes, incorporate more digital tools and identify another segment of the population that we can help. It's definitely a multi-year effort and it ties in with a lot of the work we are doing to create a better overall member experience."

Although the campaign was aimed primarily at women, Sanjeet is keen to point out that One-to-One is for everyone – you don't have to identify as female to take advantage of it. Between its launch on September 26 and December 31, 2019, the new service saw a steady increase in the number of booked appointments.



"Our ultimate goal is to be the financial institution of choice for female investors. We started by reaching out to millennials. We'll learn from their feedback, and for phase two we'll look to simplify processes, incorporate more digital tools and identify the next segment of the population that we can help."



\$2.7 trillion

Estimated value of female-controlled financial assets in Canada by 2024



59%

B.C. women who feel unsatisfied with their financial situation



41%

Women in Canada who make the investment decisions for themselves or their households



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Triple Bottom Line Assets under Administration (TBLAA)



Vancity uses money to improve social inclusion, economic well-being and environmental sustainability and we are constantly refining our definitions of what matters. This is a journey, not a destination. For the past several years, we have used TBLAA as defined by the Global Alliance for Banking on Values to measure our impact. To qualify, activities supported with assets or financing must contribute to at least one dimension of social/cultural, economic or environmental well-being (see page 23 of the accountability statements for the full definition). Our goal is to increase the percentage of Vancity assets that qualify.

In 2018, our TBLAA assets grew to 27.6 per cent from 25.1 per cent the previous year, ahead of our target of 27.0 per cent. Vancity Community Investment Bank's activities in 100 per cent impact financing contributed about \$140 million to TBLAA in 2019. That includes assets acquired through CoPower Inc. The growth in Vancity's TBLAA outpaced the growth of our total assets.

Vancity uses money to improve social inclusion, economic well-being and environmental sustainability

Total assets plus assets under administration (billions)



Triple bottom line assets under administration (billions)



Triple bottom line assets under administration as a percentage of total assets plus assets under administration



Earnings we generated from TBLAA loans and treasury investments are expressed as a percentage of our operating income. They qualify as clean revenue under a metric developed by Corporate Knights. In 2019, our clean revenue totalled \$196 million or 39 per cent.



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Net income and efficiency ratio

	Target	2019	2018	2017	2016	2015
Net income before distribution and tax (millions)	\$113.8	\$93.5	\$116.5	\$146.6	\$95.9	\$91.6
Net income attributable to members (millions)	\$76.7	\$61.0	\$80.6	\$91.8	\$61.7	\$65.1
Shared Success allocation to members and communities (% of net income/millions)	30% n/a ¹	30% \$18.3	30% \$24.2	30% \$27.5	30% \$18.5	30% \$19.5
Efficiency ratio (lower is better)	78.7%	79.8%	78.4%	74.1%	78.4%	79.4%

¹ Our Shared Success allocation target is set as a percentage of net income rather than an absolute dollar amount. The higher our net income, the more we share with our members and the community.

Our efficiency ratio measures how much we spend (including distributions to the community) to generate a dollar of revenue and is calculated by dividing Vancity's total operating expenses by our operating income. It is expressed as a percentage of revenue and a lower number is better. The ratio increased in 2019 to 79.8 per cent from 78.4 per cent in the previous year as a result of slowing growth and lower margins. We implemented a number of measures throughout 2019 to drive efficiencies and lower costs, ultimately resulting in expense growth of only 0.7 per cent for the year.

Liquidity and capital

	2019	2018	2017	2016	2015
Liquidity ratio	13.1%	13.4%	12.9%	14.3%	13.7%
Capital adequacy ratio	14.7%	14.8%	14.1%	13.4%	13.3%

Vancity's liquidity ratio is expressed as a percentage of treasury assets – liquid investments that can be quickly and economically converted into cash – against total deposits and debt liabilities (borrowings). Our liquidity remained on track in 2019 with a ratio of 13.1 per cent.

Our capital adequacy ratio was 14.7 per cent in 2019, down from 14.8 per cent in the previous year and safely above our 13 per cent minimum limit. A strong capital ratio demonstrates the strength of our balance sheet and provides us with the capacity to support future growth.



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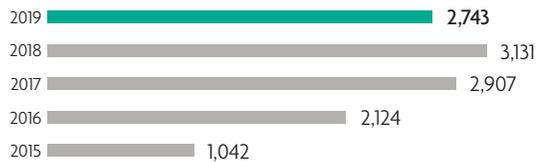
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Affordable housing



Number of affordable housing units constructed or renovated with funding from Vancity¹



¹ Counts acquisitions and renovations of homes that already existed, as well as net new homes.

Lack of access to affordable housing is a serious problem and it is severely affecting people's quality of life and the health of our communities. For many years, Vancity has worked with organizations that help people living along the housing continuum: from emergency and homeless shelters through to transitional housing, subsidized housing, co-operatives, below-market rentals, life leases and property ownership.

A big part of the problem is that the current housing development model is failing to meet the needs of huge sections of the population, particularly renters. Since 2011, Vancity has been delivering a program for building affordable rental housing costing no more than 30 per cent of gross income for families, seniors and individuals earning between \$30,000 and \$80,000 a year.

We help community-based landowners to develop affordable housing at a reasonable cost. How? By supporting them to become or partner with not-for-profit developers who understand the importance of affordable rental housing in our communities and are motivated to build it. To complement the homes delivered through government programs and negotiated deals with market developers, Vancity's approach helps not-for-profit and Indigenous organizations to build more of the affordable housing our region so desperately needs.

In 2019, we provided \$12 million in pre-development loans to eight not-for-profit organizations. These loans supported 14 new affordable rental housing projects, with a total construction value of \$376 million, which will deliver 1,538 homes to seniors, women and children, families, and people with disabilities.

Overall, 2,743 units of affordable housing were constructed or renovated with financing from Vancity in 2019, although it's important to note that this figure counts acquisitions and renovations of homes that already existed, as well as net new homes. Vancity's work on this issue also included consulting with the Vancity Community Foundation on how to strengthen and expand B.C.'s system of rent banks, which provide emergency low- or no-cost loans to renters facing eviction.



Our stories

Vancity program boosts affordable housing on Bowen Island

Building It Right – a Vancity program for not-for-profit developers – helped Bowen Island Resilient Community Housing (BIRCH) solidify plans for new affordable homes.

[Read full story online](#)



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Paying a living wage



In 2019, Vancity recertified as a Living Wage Employer. The living wage in 2019 was a minimum of \$19.50 per hour in Metro Vancouver. We continue to make living wage adjustments in what we pay our own employees as well as working closely with key suppliers to have their employees who provide direct services to Vancity paid a living wage. The living wage rate fluctuates annually. However, when it decreases, we continue to pay the previous, higher rate, as was the case in 2019 (we continued to pay the 2018 rate of \$20.91).

Supporting co-operatives



Vancity is a financial services co-operative and we support the co-operative economy. We provide technical advice, referrals and financing to help communities form co-operative enterprises.

With interest in the co-operative model growing, we continued to help establish new co-operative ventures in 2019, including the Vancouver Artists Labour Union (VALU) Co-operative. VALU is a unionized workers' co-operative with a mission to transform labour practices within the arts and cultural sector to realize more equitable, community-oriented, and supportive work environments that meet the needs of artists.

Beyond supporting individual co-ops, we continued to work to strengthen the province's co-operative ecology. Building on the success of the Co-operate Now "bootcamps," we coordinated the development of a co-operative enterprise development network, where diverse partner organizations help support co-op education, business plan development, incorporation and financing. In addition, we seconded a Vancity employee to serve as the Executive Director of the BC Co-operative Association to ensure that organization's long-term sustainability.

Each year, Vancity organizes a study tour to Emilia-Romagna in Italy, one of the most significant co-operative economies in the world. In 2019, the tour focused on worker co-operatives and the resources in place to help co-ops develop and grow. Five community partners, including representatives of local worker co-ops, joined employees on the tour.



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Vancity is a leader among financial institutions in driving social change.



Board of Directors

									
Board Members	Jan O'Brien¹ Chair ² Elected in 2009, serving a fourth term (2018–2021)	Niki Sharma Vice Chair ¹ Elected in 2016, serving a second term (2019–2022)	Anita Braha² Elected in 2011, serving a third term (2017–2020)	Bill Chan Elected in 2018, serving a first term (2018–2021)	Teresa Conway Elected in 2012, serving a third term (2018–2021)	Joel DeYoung Elected in 2019, serving a first term (2019–2022)	Lily Grewal Elected in 2014, serving a second term (2017–2020)	Theodora Lamb Elected in 2014, serving a second term (2017–2020)	Rita Parikh Elected in 2016, serving a second term (2019–2022)
Committee									
Audit		Member	Member	Member	Chair				Member
Digital Strategy					Member	Member	Member	Chair	Member
Governance		Member		Member	Member	Member			Chair
Human Resource	Member		Member	Member			Chair	Member	
Nominations and Election	Member	Chair							
Risk	Member		Chair			Member	Member	Member	
Climate Justice Working Group³	Member	Chair						Member	
External Appointments	CI Credit Union; Vancity Community Investment Bank; Citizens Trust		Vancity Community Investment Bank; Citizens Trust; Stabilization Central Credit Union		Canadian Centre for Policy Alternatives		Canadian Centre for Policy Alternatives		

¹ Jan O'Brien served as Vice Chair until July 2019.

² Anita Braha served as Chair until July 2019.

³ Along with six committees, the Board has an ad hoc Climate Justice Working Group to explore opportunities for action and advocacy on climate-related issues.



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Board of Directors

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

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

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

Members of Vancity's Board of Directors are regularly in touch with our members and are active in the communities where they live and work. They represent the credit union at public events, meet with other credit unions and in some cases hold positions on other boards. Unlike many financial institutions, Vancity Directors are democratically elected, which gives Vancity members a say in the future direction of our credit union.

Board of Directors' election

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

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

For the 2019 election, our Nominations and Election Committee, which included two Directors and four members-at-large, recommended five of eight Board candidates. Members could vote for their choice of up to three candidates. A total of 13,461 members (2.8 per cent of eligible members) voted. This total was less than the prior year, when 14,770 members voted (3.2 per cent of the membership at that time). The three elected candidates were all recommended.



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Risk management

Vancity is a leader among financial institutions in driving social change. We do this through a disciplined approach to decision-making and a prudent attitude to risk. Vancity's risk management framework enables the Board to define and approve an appropriate risk appetite, which outlines how much risk Vancity is willing to take in order to successfully achieve its strategic plan. We knowingly and willingly take on risk because we see the upside and use effective risk management techniques to provide an appropriate safety net.

In 2019, we continued to improve and evolve Vancity's Enterprise Risk Management program. We revised our Risk Appetite Framework and added risk indicators with set risk tolerance limits. The risk indicators act as a "warning system" to notify us if and when we are trending outside of our desired risk tolerance.

For climate-related financial risk disclosures, see [page 49](#).

Senior management and executive compensation

In 2019, senior leaders (members of the executive leadership team, vice presidents and directors) received a base salary and cash incentives that recognized progress on organizational scorecard targets as well as individual accountabilities.

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

	2019	2018	2017	2016	2015
Base salary	\$ 487,446	\$ 476,720	\$ 458,385	\$ 449,397	\$ 440,585
Short-term incentive	214,077 ¹	229,654	248,792	226,047	213,684
Long-term incentive	348,629 ²	333,704	320,869	314,578	308,410
Total	\$ 1,050,152	\$ 1,040,078	\$ 1,028,046	\$ 990,022	\$ 962,679

¹ Paid in 2020 for 2019 fiscal year performance.

² Estimated annualized award for 2019 performance, paid in 2021.

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



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Members



Board of Directors



Executive leadership team



Tamara Vrooman
President and
CEO



Nezihe Aquino¹
Chief Risk
Officer



Christine Bergeron
Chief Member
Services
Officer



Clayton Buckingham¹
Chief Financial
Officer



Jay-Ann Gilfoxy
CEO, Vancity
Community
Investment
Bank



Petra Kuret
Senior Vice
President,
Business



Kenton Low²
Chief
Marketing
Officer



Len Posyniak³
Chief Human
Resources
Officer



Atul Varde⁴
Senior Vice
President,
Digital
Solutions &
Business
Technology
Transformation

¹ Nezihe Aquino was acting Chief Financial Officer (CFO) from January to September, when she became the Chief Risk Officer, replacing Rick Sielski upon his retirement. Clayton Buckingham was hired as CFO in July 2019.

² Kenton Low was hired in August 2019. Tamara Vrooman was acting SVP, Insights & Marketing in the first part of the year.

³ Len Posyniak became Chief Human Resources Officer (CHRO) in July 2019, retired in January 2020 and David Perri became acting CHRO.

⁴ Atul Varde resigned for family reasons and Don Stuckert became Executive Lead, Digital Solutions & Business Technology in January 2020.

Active subsidiaries

VANCITY COMMUNITY INVESTMENT BANK (VCIB)

As Canada's first values-driven bank, VCIB partners exclusively with organizations that drive social, economic and environmental change. The bank is committed to connecting these visionary enterprises with the financial solutions they require, enabling them to grow, prosper and foster change. VCIB's focus is on lending for social purpose real estate (affordable housing, co-op housing, co-working spaces, green and heritage buildings), financing climate-related projects, as well as meeting the deposit needs of not-for-profit organizations, foundations and social enterprises with a deposit suite that is 100 per cent impact oriented. This federally chartered Schedule 1 bank provides certain financial services throughout Canada, including foreign exchange services, Visa card services, and commercial real estate services on a syndication basis. It has offices in Toronto, Calgary and Vancouver.

CITIZENS TRUST COMPANY

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

COPOWER INC.

Canada's first sustainable investment platform and a leading provider of financing to clean energy and energy efficiency projects. Ownership: 100 per cent by Vancity Community Investment Bank.

SCU INSURANCE SERVICES LTD.

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

VANCITY CAPITAL CORPORATION

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

VANCITY INVESTMENT MANAGEMENT LTD.

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

VANCITY LIFE INSURANCE SERVICES LTD.

Acts as an agent to provide life insurance.



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Operating context and strategic priorities

The motivation behind everything we do is to support our members, our community and a sustainable future for our planet. But rather than just cutting a cheque, our approach is to build capacity within communities for meaningful change and support projects that build resilience over time.

In 2019, the external market was more challenging than ever. We saw more intense competition from traditional providers of financial services and the emergence of non-traditional providers. All of this came at a time when low interest rates and the resulting pressure on margins were projected to stay for the foreseeable future. Internally, our members' needs and expectations continued to evolve faster than ever, especially in relation to digital services.

In the last five years, we met these needs by investing more than \$120 million in platforms and

solutions that created a strong foundation, albeit not at the pace that many of our members would have wanted. In 2019, we focused on building a stronger delivery capability, recognizing this was a prerequisite to moving forward.

Vancity recognized that we need to be bolder, to move at a swift pace to modernize our business and to place an emphasis on climate justice. Our focus now, as outlined in the Vancity 2020 Business Plan is to further embed our purpose in all we do, improve our members' experience, including digital products and services, and find efficiencies in internal functions. At the same time, we will diversify our sources of revenue and invest in new market opportunities that will help us enhance our positive social, economic and environmental impact still further.

Our overall business goals remain consistent with what we set out in 2019. They are:



Focus on the member



Focus on community values



Operational excellence



Financial sustainability



Employee engagement



Looking to the future



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Key performance indicators and targets

Indicator	2020 Target	2019 Result
Membership growth	1.8%	1.8%
Member satisfaction (top box score)	56%	53%
Employee engagement	65%	62%
Total assets	\$ 23.6B	\$ 23.2B
Assets under administration	\$ 5.0B	\$ 5.1B
Triple bottom line assets under administration – total	\$ 8.0B	\$ 7.8B
TBLAA growth as a % of total growth	70%	105%
Net income before tax and Shared Success	\$ 114.9M	\$ 93.5M
Return on members' equity (ROME) (business results)	5.9%	5.6%
ROME (after Shared Success)	4.8%	4.5%
Efficiency ratio	76%	80%

Commitments

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

Measure	Target	2019 Result
People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair	35,000 by 2030	18,444
Living wage employer	Recertify each year	Recertified
Employees who self-identify as Indigenous	2.1%	1.4%
Greenhouse gas emissions	≤4,500 tCO ₂ e	3,984 tCO₂e
Continue to be carbon neutral	Carbon neutral	Carbon neutral
Employee carbon footprint	1.5 tCO ₂ e by 2030	1.7 tCO₂e
Waste per employee (FTE) ¹	75 kg	79 kg
Water use per employee (FTE)	10.7 m ³	11.0 m³

¹ Includes data from Vancity Centre, offices at 369 Terminal, and branches where tracking systems are available.



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We take transparency and accountability seriously.

About this report



Transparency and accountability are essential. We produced our first social report in 1997 and we continue to seek out and encourage best practices in reporting.

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

- Inclusivity – taking into consideration information and insights gathered from engagement with members, communities and others on whom we have an impact and who have an impact on us, and including these groups in our response to sustainability
- Materiality – determining the relevance and importance of an issue to our organization, to our members and their communities, and to society
- Responsiveness – demonstrating responsiveness to issues through our decisions and actions, and through communications, including our annual reports and strategic plans
- Impact – taking accountability for the effects our behaviour, performance and outcomes have on the economy, the environment, society, stakeholders or Vancity

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

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

“It is the Board’s responsibility to ensure the integrity of this integrated report. We have collectively considered its preparation and presentation and it is our opinion that it is presented in accordance with the Integrated Reporting Framework.”

Jan O’Brien, Board Chair

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

As a financial co-operative, members are our main stakeholder – they are both our customers and our investors or providers of financial capital. Every two years we survey members to understand their expectations of Vancity when it comes to community issues. In the 2018 survey, members identified the top priorities for Vancity to focus on: financial literacy, affordable housing, living wage, access to basic financial services, and personal and household debt.

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

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

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

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

External audit

While we've always had our financial statements audited, from our very first report in 1997 we have also had our accountability reporting externally assured. One firm provides assurance over key accountability information and principles as well as audits the financials. External assurance provides confidence that key information is complete, accurate and balanced. It also drives improvements and integration in our management and reporting practices.

Vancity award highlights in 2019:

Service Quality Management (SQM): Vancity's Member Services Centre received a Highest Customer Service Award for the Banking Industry.

Corporate Knights: Best 50 Corporate Citizens in Canada 2019

Canada's Top 100 Employers: B.C.'s Top Employers, Canada's Best Employers for Recent Graduates, Canada's Best Diversity Employers, Canada's Greenest Employers

Rick Hansen Foundation: 'Accessibility Certified Gold' rating for the Burnaby Heights Community branch and Vancity Centre under the Accessibility Certification™ (RHFAC) program

Leadership in Energy and Environmental Design (LEED): Vancity Centre awarded LEED Gold rating for an existing building, based on actual building performance



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To the members of Vancouver City Savings Credit Union

Our conclusions:	Where to find the assured information in the Annual Report:
a) In our opinion, Vancity's description of its adherence to the principles of inclusivity, materiality, impact and responsiveness in the AA1000 AccountAbility Principles (2018) for the year ended December 31, 2019 is presented fairly, in all material respects.	"About this report" on page 43
b) In our opinion, the Report presents fairly, in all material respects: <ul style="list-style-type: none"> Vancity's progress on organizational targets and results for the year ended December 31, 2019 in accordance with criteria internally developed by management; Vancity's greenhouse gas (GHG) emissions and average employee carbon footprint for the year ended December 31, 2019 calculated in accordance with criteria internally developed by management and with ISO 14064 – Part 1; and The 2019 purchase of offsets in accordance with criteria internally developed by management to fulfill Vancity's carbon neutral assertion for the year ended December 31, 2018. 	Organizational targets and results on page 10 , and GHG emissions, average employee carbon footprint and Vancity's carbon neutral status on page 11
c) Based on the procedures performed, nothing has come to our attention that causes us to believe that Vancity's progress on supporting management commitments and results for the year ended December 31, 2019 have not been prepared and presented, in all material respects, in accordance with criteria internally developed by management.	Commitments and results on page 11 .

About KPMG LLP's assurance report

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

We were engaged by the management of Vancouver City Savings Credit Union (Vancity) to undertake an assurance engagement on certain aspects of Vancity's Annual Report for the year ended December 31, 2019 (the Report), as described below.

Subject matter information, applicable criteria and level of assurance

- a) Reasonable assurance on the fair presentation in the section "About this report" on **page 43** of the Report of Vancity's description of its adherence to the following principles set out in the AA1000 AccountAbility Principles (2018) (AA1000AP):
- Inclusivity*: people (stakeholders) should have a say in the decisions that impact them;

- Materiality*: decision makers should identify and be clear about the accountability topics that matter;
 - Impact*: organizations should monitor, measure and be accountable for how their actions affect their broader ecosystems;
 - Responsiveness*: organizations should act transparently on material accountability topics and their related impacts;
- b) Reasonable assurance on:
- The fair presentation of Vancity's progress on organizational targets and results on **page 10** of the Report prepared in accordance with criteria internally developed by management;

- The fair presentation of Vancity's GHG emissions and average employee carbon footprint for the year ended December 31, 2019 in accordance with criteria internally developed by management and with ISO 14064-Part 1;
- The fair presentation of Vancity's 2019 purchase of offsets in accordance with criteria internally developed by management to fulfill Vancity's carbon neutral assertion for the year ended December 31, 2018; and
- Limited assurance on the fair presentation of Vancity's progress on organizational commitments and results on page 11 of the Report, prepared in accordance with criteria internally developed by management.

The information selected for assurance as set out in a), b) and c) above (collectively the "subject matter information") has been determined by management on the basis of Vancity's assessment of the material issues contributing to Vancity's accountability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of accountability performance metrics. As such, Vancity applies AA1000AP, ISO 14064-Part 1, and internally developed reporting criteria (collectively the 'applicable criteria') described in the 2019 Annual Report glossary, the accountability statements, and the 2019 Greenhouse gas handbook and inventory report available at vancity.com/annualreport.

Vancity's responsibilities

Management is responsible for establishing and maintaining appropriate performance management and internal control systems to achieve adherence to the AA1000AP and for the preparation and presentation of Vancity's progress on their targets, commitments and results, in accordance with the applicable criteria, current as at the date of our report. Management is also responsible for determining Vancity's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported subject matter information is derived.



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Management has chosen to prepare the Report based on the Global Reporting Initiative Sustainability Reporting Standards, Core Option and the International Integrated Reporting Framework. Information on management's internal reporting criteria can be found in the section "About this report" on page 43 of the Report.

Our responsibilities and professional requirements

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

What is limited vs. reasonable assurance?

We were engaged to perform an assurance engagement at either a reasonable or limited level according to the category of subject matter information being assured. The extent of evidence gathering procedures performed in a limited assurance engagement is substantially less in scope than that for a reasonable assurance engagement and therefore a lower level of assurance is obtained. Limited assurance procedures consist primarily of inquiries and applying analytical procedures to the subject matter information, as appropriate. In addition to inquiries and analytical procedures, reasonable assurance procedures could include testing the design and operation of internal controls, obtaining third party or supporting evidence, and performing recalculations. Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material misstatement when it exists.

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

Assurance approach – our procedures

We planned and performed our work to obtain all the evidence, information and explanations we considered necessary in order to form our assurance conclusions as set out above. The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and included:

- Interviews with senior management, including the Executive Leadership Team and the Board of Directors, and relevant employees at the corporate and branch levels to gain an understanding of the process for determining the material issues for Vancity's key stakeholder groups, the development of Vancity's accountability strategy, and the implementation of accountability policies across the business;
- Obtaining supporting evidence relating to representations made by interviewees and reviewing key organizational documents concerning accountability at Vancity including strategy documents, formalized policies and procedures, and Board reporting;
- Reviewing the results of member and employee research insights on accountability reporting and material issues;
- Inquiries with relevant employees at the corporate and branch levels to understand the data collection and reporting processes for the targets, commitments and results;
- Performing walkthroughs to test the design, and where applicable the operating effectiveness, of internal controls relating to the collection and reporting of data measuring Vancity's progress on the targets, commitments and results;
- Comparing the reported data for the targets and results, including greenhouse gas emissions and carbon offsets, to underlying data sources, including third-party evidence;
- Evaluation of key assumptions and, where appropriate, re-performance of calculations; and
- Reviewing the targets and results presented in the Report to determine whether reported progress is consistent with our overall knowledge of, and experience with, the social, environmental and economic performance of Vancity.

Inherent limitations

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the characteristics of significant elements of the subject matter information and the availability and relative precision of methods used for determining both qualitative and quantitative information. The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable, measurement techniques which can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as described in management's internally developed criteria, may change over time, and it is important to read Vancity's reporting methodology in the 2019 Annual Report glossary, the accountability statements, and the 2019 GHG handbook and inventory report available at vancity.com/annualreport.

Independence, quality control and competence

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

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

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

Chartered Professional Accountants

April 15, 2020
Vancouver, Canada



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The following table includes some organizational scorecard measures and additional data of most importance to our business strategy and to our members. The **bold** indicates that KPMG LLP verified the 2019 data for these measures.

People	Unit	2019	2018	2017	2016	2015
Total number of members	#	543,621	534,936 ¹	525,506	518,149 ²	515,579
Net change in number of members	#	9,685	9,380	7,357	8,323	10,728
Member experience: satisfaction with overall service delivery	%	53	49	51	43	54
Member experience: likelihood to recommend	%	55	48	56	53	53
Substantiated reports of privacy breaches	#	106	71	96	14	12
People assisted with financial literacy	#	7,111	5,879	6,955	7,722	14,688
People assisted with products and services designed to provide basic financial services, affordable housing, credit and credit repair, as of year-end³	#	18,444	27,552	22,695	6,881	6,619
Employee engagement	#	62	69	58	n/a	n/a
Senior managers who are women	%	51	53	51	49	45
Executive leadership team members who are women	%	55	71	60	71	71
Employees who self-declare they are Indigenous	%	1.4	1.6	1.3 ³	2.3	n/a
Employees who self-declare they have a disability	%	9.9	9.9	9.8	9.5	10.2
Voluntary turnover rate	%	8.7	6.3	7.2	7.4	4.3
Substantiated incidents of employee fraud	#	3	4	4	2	5

Planet	Unit	2019	2018	2017	2016	2015
Total greenhouse gas emissions (CO₂e)	t	3,984	4,558	4,567	4,410	4,547
Employee carbon footprint (CO₂e per FTE)	t	1.7	1.9	2.0	1.9	2.0
Locally based suppliers	%	66	64	73	75	77
Square feet of energy efficiency improvements funded	ft ²	482,493	1,437,007	475,691	254,934	337,309
Community grants approved (millions)	\$	10.4	12.4	7.9	9.3	7.4
Existing strategic suppliers and treasury relationships assessed in accordance with the Ethical Principles for Business Relationships	%	100	62	100	100	100

¹ 2018 membership has been restated to align with current year methodology. See the Glossary online for more details.

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

³ Calculation methodology was revised in 2017 to better reflect the intention of the performance measure. Current year figure is not comparable to prior years due to the unavailability of 2019 Visa data caused by a system change.



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Prosperity	Unit	2019	2018	2017	2016	2015
Triple bottom line assets under administration (TBLAA)	%	27.6	25.1	23.2	21.1	18.6
Shared Success allocation to members and communities (millions)	\$	18.3	24.2	27.5	18.5	19.5
Return on average members' equity (ROME) business results	%	5.6	7.9	9.3 ¹	6.8	7.8
Return on average members' equity (ROME) after Shared Success	%	4.5	6.3	7.6 ¹	5.5	6.2
Allowance for credit losses as a percentage of total loans	%	0.4	0.4	0.4	0.4	0.4
Total assets plus assets under administration (billions)	\$	28.2	27.4	26.4	25.6	23.8
Efficiency ratio (lower is generally better)	%	79.8	78.4	74.1 ¹	78.4	79.4
Liquidity ratio	%	13.1	13.4	12.9	14.3	13.7
Capital adequacy ratio	%	14.7	14.8	14.1	13.4	13.3
Return on average assets	%	0.3	0.4	0.4 ¹	0.3	0.3
Net interest margin (net interest income as a per cent of average interest earning assets)	%	1.9	2.0	2.0	1.9	1.9
Net interest income as a percentage of operating revenue	%	82.1	83.5	77.1 ¹	82.5	80.9
Percentage of member loans funded by member deposits	%	85.6	84.4	85.7	85.0	81.9
Real economy revenue to total revenue	%	79.8	84.1	86.8	85.9	93.7
Units of affordable housing funded	#	2,743	3,131	2,907	2,124	1,042

Governance	Unit	2019	2018	2017	2016	2015
Board Directors who are women	%	78	89	89	89	67
Eligible members who voted in Board elections	%	2.8	3.2	4.1	4.4	4.9

¹ The sale of Dockside Green properties resulted in a one-time gain included in our 2017 net income.



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Sustainable Development Goals

The United Nations adopted 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all by 2030. The main way Vancity supports the SDGs is through increasing the percentage of members' assets invested in impact. See [page 20](#) for how much of our lending supports different SDGs. In addition, Vancity is working towards the SDGs in the following ways.



SDGs	Vancity is supporting the SDGs by:	Annual report	Accountability statements
SDG 1 No Poverty 	Access: Increasing the number of people assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair to 35,000 members per year by 2030	15	6, 7, 8, 26
SDG 5 Gender Equality 	Diversity: Building a diverse workforce and leadership receiving equal pay for work of equal value, and increasingly reflecting composition of the communities in which we work Gender pay gap: Engaging with Canadian companies around disclosure	19, 27	10, 11, 12, 22
SDG 8 Decent Work and Economic Growth 	Financial literacy: Continuing to promote financial literacy to improve the knowledge, skills and confidence of members Business: Supporting the establishment and growth of micro-, small- and medium-sized enterprises through access to financial services and training Indigenous communities: Working with First Nations government and Indigenous not-for-profit organizations to help build stronger communities Living wage: Remaining a Living Wage Employer and advocating for other employers in our service area to join us in the Living Wage for Families Campaign and the international Living Wage movement See also: Goals 1 and 5	15, 19, 26, 34	6, 8, 11, 12, 20, 26
SDG 11 Sustainable Cities and Communities 	Housing: Helping solve housing challenges to increase the number of affordable units available in our service area Triple bottom line assets: Increasing the percentage of members' assets invested in impact See also: Goal 1	15, 31, 33	7, 8, 20, 23, 25
SDG 12 Responsible Consumption and Production 	Transparency: Continuing to disclose our significant economic, social and environmental impacts in our annual reporting Lighter living: Reducing our operational environmental footprint by empowering employees to make environmentally sustainable decisions Carbon footprint: Reducing our average employee carbon footprint by 25% by 2030 to 1.5 tonnes (from 2016's average of 2 tonnes CO ₂ e per FTE per year of GHG)	21, 23, 43	15, 16, 17
SDG 13 Climate Action 	Climate justice: Advocating on climate justice issues Measurement: Committing to track and monitor the carbon impact of our portfolio of loans and investments	24, 27, 49	15, 22, 23, 32
SDG 17 Partnerships to Achieve the Goals 	Co-ops for 2030 campaign: Contributing to achieving the SDGs and reporting on our progress Partnerships: Working with the Global Alliance for Banking on Values, co-signatories to the Principles for Responsible Banking, Program for Carbon Accounting Financials, and others	24, 43	23, 32

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As a pioneer of values-based banking, Vancity has long recognized the need for urgent action on climate change and we are committed to the transition to a low-carbon future. We believe the need for climate action is urgent, and we are committed to advancing the transition to a low-carbon future.

This is Vancity's first report aligned to the recommendations of the Financial Stability Board's **Task Force on Climate-related Financial Disclosures (TCFD)**. It covers our approach to managing climate-related risks and opportunities. Like others in the financial sector, we are in early stages of this work and expect to provide increasingly robust disclosures in future.

Governance

Board oversight

Elected by and accountable to our members, Vancity's Board of Directors is responsible for setting strategic direction and overseeing a strong risk culture. This includes defining and approving our risk appetite and risk management frameworks.

The Board-level Risk Committee meets quarterly and oversees our current and future risk exposures, including climate-related risks. In addition, the Board has formed a Climate Justice Working Group to assist it in understanding opportunities for climate action and advocacy.

Management practices

Vancity's CEO and executive leadership team are responsible for delivering on the strategic direction set by the Board, and for fostering an effective risk culture, integrating financial, social and environmental factors into the business decision-making process.

Reporting to the CEO, Vancity's Chief Risk Officer leads the Enterprise Risk Management division and chairs the management-level Risk Management Committee, which provides oversight and leadership on key issues such as climate change.

Vancity Investment Management (VICIM) incorporates a four-part climate risk strategy of divestment, decarbonization, reinvestment and engagement to investment decisions. In the funds to which it is a sub-advisor, VICIM has divested from companies that are primarily involved in the production, processing and distribution of fossil fuels.

Strategy

Climate-related risks and opportunities

Even though we do not invest capital or assets directly in oil, gas or coal companies, nor provide investment banking services to facilitate access to capital for those companies, climate change poses risks and opportunities to Vancity and our stakeholders.

We have begun to identify and manage potential physical impacts associated with a warming climate, as well as transitional risks and opportunities associated with the shift towards a low-carbon economy.

There are physical risks posed by increasingly frequent and severe weather-related events such as flooding, or rising sea levels. These include the risk of damage to or devaluation of member-owned mortgages, or to the infrastructure sustaining Vancity's operations.

There are transitional and physical risks affecting climate justice: the disproportionate impact of climate change on lower, fixed income or other populations.

Both risks and opportunities can arise as markets and regulators respond to climate change. For example, VICIM has implemented a climate risk strategy that replaces high-carbon investments with non-fossil fuel alternatives.

We also see opportunities to invest in new markets and develop innovative products or services that assist with the transition to a low-carbon future. For example, in 2019, Vancity Community Investment Bank purchased CoPower Inc, a company investing in clean energy projects.

Potential impact of different scenarios on Vancity's strategy and financial planning

We are in the process of completing scenario analysis in line with TCFD recommendations and expect to provide more robust disclosures in future.

Risk management

Processes for identifying, assessing and managing climate-related risks

Vancity takes a proactive approach to risk management, combining regular risk-identification, analysis, monitoring, reporting and treatment, as outlined in our Enterprise Risk Management Framework, and enabled by our three lines of defence model.

This process applies to climate-related risks, both physical and transitional, as climate is a principal dimension within our Risk Appetite Framework. All dimensions are reviewed and discussed by our Board of Directors on a quarterly basis.



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Metrics

We currently use the following metrics to assess our climate-risk exposure and measure our environmental performance.

Impact of climate change on Vancity (financial risk)

Metric	Description	Portfolio
Flood exposure	Potential impact of flood events (including projected sea level rise) on Vancity mortgage portfolios, by location.	Retail, business and commercial lending portfolio

Vancity's impact on climate change (environmental risk)

Metric	Description	Target	Portfolio
Total GHG emissions Includes: premises energy and paper use, vehicle fleet, business travel, employee commuting	Total GHG emissions from all sources (tonnes).	≤4,500 tonnes CO ₂ e in 2020	Operations
GHG/carbon footprint per FTE	CO ₂ e per FTE/year (tonnes).	Reducing our average employee carbon footprint by 25% by 2030 to 1.5 tonnes (from 2016's average of 2 tonnes CO ₂ e per FTE per year of GHG)	Operations
Triple Bottom Line Assets under Administration (TBLAA)	TBLAA is a framework created by the Global Alliance for Banking on Values which classifies our assets, including business lending and residential mortgages, into three impact categories, one of which is Environmental Sustainability.	Growth in TBLAA is 70% of our total growth in 2020.	Assets
Waste diverted from landfills	Total weight of waste diverted by type (tonnes).	99–100%	Operations
Carbon offsets	Per cent carbon offsets purchased.	We have been carbon neutral since 2008.	Operations

Scope 1, Scope 2 and Scope 3 greenhouse gas emissions

In 2019, Vancity committed to a concerted, global effort to track and monitor the carbon impact of our loans and investments, known as the Climate Change Commitment or '3C initiative'. This will increase our understanding of exposure to various asset classes, including residential and commercial mortgages and business lending – and ultimately to ensure that our climate impact is in line with the Paris Agreement. This initiative will use methodology known as the Platform for Carbon Accounting Financials (PCAF).

Vancity tracks Scope 1 (direct), Scope 2 (indirect) and Scope 3 (other indirect) greenhouse gas emissions. See [page 21](#) and [page 16](#) of the accountability statements for detailed disclosures.



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Opinion

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

- the summarized consolidated statement of financial position as at December 31, 2019
- the summarized consolidated statement of income for the year then ended
- and related note

are derived from the audited consolidated financial statements of Vancouver City Savings Credit Union as at and for the year ended December 31, 2019.

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

Summarized consolidated financial statements

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

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

Management's responsibility for the summarized consolidated financial statements

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

Auditors' responsibility

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

Chartered Professional Accountants

April 15, 2020
Vancouver, Canada



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Consolidated statement of financial position (balance sheet)

As at December 31 (thousands)

Assets	2019	2018
Cash and cash equivalents	\$ 132,716	\$ 167,160
Interest bearing deposits with financial institutions	1,314,185	1,502,165
Financial investments	1,886,483	1,882,940
Derivative assets	9,197	5,264
Loans and advances to members	19,538,376	19,136,223
Current tax assets	6,135	–
Premises and equipment	143,914	82,904
Intangible assets	72,807	67,140
Deferred tax assets	32,898	27,164
Other assets	20,657	21,611
Total assets	\$ 23,157,368	\$ 22,892,571
Liabilities and Equity		
Deposits from members	\$ 20,008,340	\$ 19,594,845
Derivative liabilities	1,319	6,086
Wholesale borrowings	488,607	609,701
Secured borrowings	930,882	1,077,712
Accounts payable and accrued liabilities	214,633	216,400
Current tax liabilities	–	404
Retirement benefit obligation	57,380	49,351
Other liabilities	59,823	6,461
Total liabilities	21,760,984	21,560,960
Members' equity:		
Capital and reserves attributable to members:		
Contributed surplus	29,275	29,275
Retained earnings	1,357,549	1,296,550
Accumulated other comprehensive income	9,560	5,786
Total members' equity	1,396,384	1,331,611
Total liabilities and equity	\$ 23,157,368	\$ 22,892,571

Consolidated statement of income

For the years ended December 31 (thousands)

	2019	2018
Interest income	\$ 804,145	\$ 745,727
Interest expense	369,299	295,703
Net interest income	434,846	450,024
Impairment expense on financial instruments	22,712	11,891
Fee and commission income	120,747	120,362
Fee and commission expense	31,982	31,607
Net fee and commission income	88,765	88,755
Net gains on financial instruments	3,920	81
Other income (loss)	2,138	(285)
Gain on sale of investment property	–	394
Total operating income	506,957	527,078
Operating expenses:		
Salary and employee benefits	262,831	252,002
Occupancy and equipment	52,859	53,373
General and administrative	97,722	105,215
	413,412	410,590
Income before distribution and tax	93,545	116,488
Distribution to community and members	20,424	26,426
Income before tax	73,121	90,062
Income tax expense	12,122	9,481
Net income attributable to members	\$ 60,999	\$ 80,581

Note 1 Basis of preparation

The summarized consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2019.

Those audited consolidated financial statements were approved by the Board of Directors on March 3, 2020 and are located at annualreport.vancity.com.

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



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Community branches

Abbotsford

Abbotsford community branch (34)
32675 South Fraser Way

Alert Bay

Cormorant Island community branch (71)
30 Maple Road

Burnaby

Brentwood community branch (43)
P2301 4525 Lougheed Hwy

Burnaby Heights community branch (6)
4302 Hastings Street

Royal Oak community branch (59)
6632 Royal Oak Avenue

South Burnaby community branch (17)
5064 Kingsway

South Slope community branch (56)
7384 Market Crossing

Chilliwack

Chilliwack community branch (31)
45617 Luckakuck Way

Coquitlam

Maillardville community branch (51)
101 – 969 Brunette Avenue

North Road (16)
105 – 531 North Road

Pinetree community branch (18)
20 – 2991 Lougheed Highway

Delta

North Delta community branch (19)
7211 120th Street

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

Langley

Langley community branch (23)
100 – 20055 Willowbrook Drive

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

Maple Ridge

Maple Ridge community branch (29)
22824 Lougheed Highway

Mission

Mission community branch (36)
150 – 32555 London Avenue

New Westminster

New Westminster community branch (61)
511 Sixth Street

North Vancouver

Lynn Creek community branch (46)
1370 Main Street

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

North Vancouver community branch (21)
1290 Marine Drive

Westview community branch (49)
712 – 2601 Westview Drive

Pitt Meadows

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

Port Coquitlam

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

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

Port Moody

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

Richmond

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

Richmond community branch (26)
5900 No. 3 Road

Squamish

Squamish Savings Chieftain Centre (81)
1325 Pemberton Avenue

Surrey

Cedar Hills community branch (44)
12820 96th Avenue

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

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

Newton community branch (27)
7555 King George Boulevard

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

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

Vancouver

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

Chinatown community branch (28)
608 Main Street

Collingwood community branch (13)
3305 Kingsway

Commercial Drive community branch (12)
1675 Commercial Drive

Downtown community branch (10)
898 West Pender Street

Dunbar community branch (45)
4445 Dunbar Street

Fairview community branch (8)
501 West 10th Avenue

Fraser Street community branch (7)
6288 Fraser Street

Hastings community branch (3)
2510 East Hastings Street

Kerrisdale community branch (15)
2380 West 41st Avenue

Kitsilano community branch (4)
3395 West Broadway

Main Street community branch (9)
4205 Main Street

Marpole community branch (14)
8615 Granville Street

Oakridge community branch (41)
5594 Cambie Street

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

Vancity Centre community branch (1)
183 Terminal Avenue

Victoria Drive community branch (2)
5590 Victoria Drive

West End community branch (47)
1798 Robson Street

Victoria

Langford community branch (69)
100 – 800 Kelly Road

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

Victoria community branch (42)
3075 Douglas Street

Victoria City Centre community branch (67)
752 Fort Street

West Vancouver

West Vancouver community branch (5)
1402 Marine Drive



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As of April 2020

Community branch numbers are noted in brackets. In addition, our Kruger community branch (65) serves employees of Kruger Products in New Westminster Mill. Pigeon Park Savings, opened in a partnership between Vancity and PHS Community Services in 2004, provides approximately 4,000 members living on low incomes access to basic financial services.



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

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

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