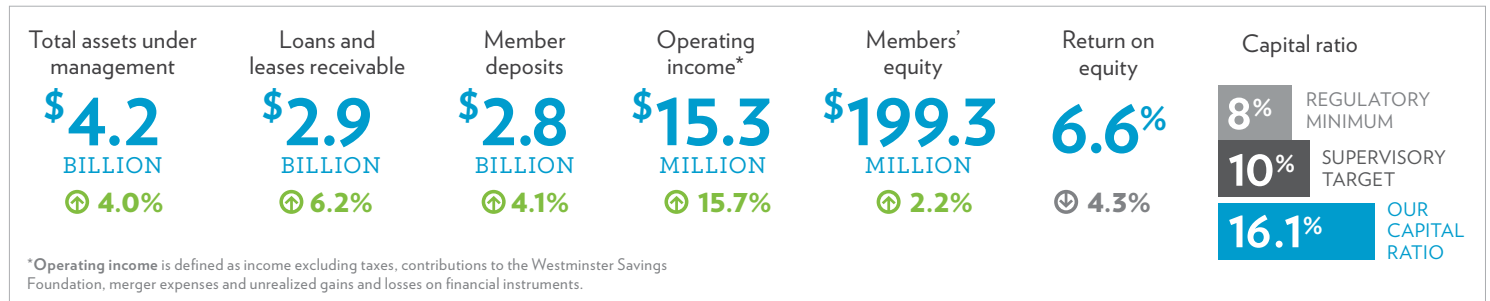


2018 Report of the Board of Directors

Financial results

2018 was an exceptionally busy year for your credit union. While much of the year was devoted to exploring a merger with Prospera Credit Union (see below), a significant number of other important initiatives were advanced this past year, all with a view towards enhancing value for you, our members. Building off of the success of these activities, we are very pleased to report that Westminster Savings produced its strongest operating results in many years.



Year in review

In 2018, our core focus and top priority remained providing value for members and was the lens through which we viewed each of our 2018 projects and initiatives. Based on your feedback, our priorities for the year were focused on three key areas:

- Products and services
- Branching and infrastructure
- Systems and capabilities

Products and services

By changing our credit card platform to Collabria in 2018, members could now access some of the best and most competitive credit cards in the marketplace, with related products and services to meet your needs. We thank you for the patience you showed as we worked to convert over 14,000 members to the new card platform. We also completed our wealth management conversion to the Investment Industry Regulatory Organization of Canada platform, allowing us to expand our services and products and to offer individual stocks, bonds and managed accounts to help you meet your ever-changing investment objectives.

Branching and infrastructure

The three new branches we opened in 2017 showed strong member growth in 2018, supporting member feedback that more branches make it easier and more convenient for you to conduct business with us. We also began to implement a new staffing model in line with changing member needs and expectations. Through the creation of branch advice centres, employees are able to deliver meaningful advice and to provide customized solutions from a comprehensive suite of products and services.

Systems and capabilities

In 2018, we began planning for the launch of a new online banking platform that will deliver a superior user experience for members, with modern design, streamlined front-end features, and performance and speed for mobile, public website and online banking channels. Additionally, our new retail Loans Origination System platform will give us an efficient, streamlined and standardized underwriting process that significantly reduces manual inputs and paper forms – an easier and faster process for you.

Making our communities stronger

The Westminster Savings Foundation is proud to have celebrated a milestone in 2018 with charitable grants since inception surpassing \$4 million. With its \$320,000 in financial support for our community partners, the Foundation continued to play a key role in enriching lives and our communities by creating access to arts and active living opportunities. In addition to grants from the Foundation, Westminster Savings directly invested \$357,000 through sponsorships and donations to our local communities. We also made a \$500,000 contribution to the Foundation, bringing its endowment fund up to \$9.5 million.

2019 Annual General Meeting (“AGM”)

The Boards of Directors of Westminster Savings Credit Union and Prospera Credit Union have submitted an application to the Financial Institutions Commission (“FICOM”) to merge the two credit unions. FICOM has granted a deferral of our AGM, and as such, our AGM and director election will be held, at earliest, in Fall 2019. Please visit strongercrreditunion.ca for more information.

Exploring a merger

In 2018, Westminster Savings and Prospera Credit Union worked together to identify the opportunities associated with merging the two credit unions. We believe we owe it to our members that we examine the benefits of bringing the two organizations together to create a single, stronger credit union.

We completed the merger due diligence process in Fall 2018. A detailed business case and merger application was submitted to the Financial Institutions Commission (FICOM), the provincial agency that regulates credit unions, in early 2019.

Provided FICOM grants consent, the next phase would be consultation and engagement with members of both credit unions, ultimately culminating in a member vote on the proposed merger. A positive vote from members of both credit unions is the final required step in the process.

We look forward to sharing more information on this exciting opportunity with you over the coming months. Thank you for your continued support and loyalty.

Art Van Pelt
Chair, Board of Directors

Summarized Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY

The accompanying summarized consolidated financial statements are derived from the audited consolidated financial statements of Westminster Savings Credit Union ("Westminster Savings") for the year ended December 31, 2018. The summarized consolidated financial statements have been prepared by management in accordance with the requirements of the Financial Institutions Act. The accompanying summarized statements include amounts based on informed judgments and estimates of the expected effects of current events and transactions.

To meet its responsibility for preparing reliable financial information, management maintains and relies on comprehensive internal accounting, operating and system controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparing financial statements and safeguarding the assets of the organization.

The summarized consolidated financial statements are approved by the Board of Directors. The Audit and Risk Committee, comprised of four directors of the board, has reviewed the statements with management and the external auditors in detail.

KPMG LLP has been appointed by the membership as independent auditors to examine and report on the summarized consolidated financial statements. They have had full and free access to the internal audit staff, other management staff and the Audit and Risk Committee of the board.



Gavin Toy,
President and CEO



Mary Falconer,
SVP, CFO and Corporate Secretary

Summarized consolidated statement of financial position

(Expressed in thousands of dollars)

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 111,996	\$ 90,650
Investments	342,358	341,218
Loans	2,541,127	2,409,509
Leases receivable	336,911	299,956
Current taxes receivable	934	2,203
Premises and equipment	8,223	10,670
Intangible assets	1,679	1,830
Deferred tax assets	8,710	8,130
Other assets	4,665	6,896
	\$ 3,356,603	\$ 3,171,062
Liabilities and Members' Equity		
Members' deposits	\$ 2,771,344	\$ 2,668,641
Accounts payable and accrued liabilities	13,259	17,879
Securitization debt obligations	348,007	265,193
Current taxes payable	-	1,119
Deferred tax liabilities	14,694	14,424
Retirement benefit obligations	10,049	8,783
	3,157,353	2,976,039
Members' equity		
Retained earnings	212,460	198,934
Accumulated other comprehensive loss	(13,210)	(3,911)
	199,250	195,023
	\$ 3,356,603	\$ 3,171,062

See accompanying note to the summarized consolidated financial statements.

Approved on behalf of the Board:



Art Van Pelt, Chair Director



Kathleen Kennedy-Strath, Vice-Chair Director

Summarized consolidated statement of income

(Expressed in thousands of dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Interest income	\$ 118,998	\$ 101,493
Interest expense	(46,710)	(32,429)
Net interest income	72,288	69,064
Fee and commission income	13,614	11,702
Fee and commission expense	(3,487)	(3,042)
Net fee and commission income	10,127	8,660
Realized gains on financial instruments measured at fair value through profit or loss	73	-
Realized gains on available-for-sale investments	-	3,632
Net unrealized losses on financial instruments measured at fair value through profit or loss	(4,620)	-
Impairment losses on financial assets, net	(820)	(2,209)
Impairment losses on other assets	(2,286)	(2,640)
Other income	376	1,170
Net interest and other income	75,138	77,677
Operating expenses:		
Salary and employee benefits	(39,681)	(38,486)
General and administrative	(16,645)	(15,368)
Occupancy and equipment	(10,524)	(10,282)
	(66,850)	(64,136)
Income before the undernoted	8,288	13,541
Contribution to Westminster Savings Foundation	(500)	(250)
Community investment	(357)	(333)
Income before income taxes	7,431	12,958
Provision for income taxes:		
Current	(820)	(1,445)
Deferred	103	1,725
	(717)	280
Net income	\$ 6,714	\$ 13,238

See accompanying note to the summarized consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARIZED FINANCIAL STATEMENTS

To the Members of Westminster Savings Credit Union

Opinion

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

- the summarized consolidated statement of financial position as at December 31, 2018
- the summarized consolidated statements of income and comprehensive income for the year then ended
- the summarized consolidated statement of changes in members' equity for the year then ended
- and related notes

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

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

Summarized Financial Statements

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

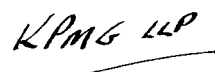
The summarized consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Management's Responsibility for the Summarized 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
March 6, 2019 Vancouver, Canada

Summarized consolidated statement of comprehensive income

(Expressed in thousands of dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Net income	\$ 6,714	\$ 13,238
Other comprehensive income (loss), net of tax:		
Items that will be reclassified to net income:		
Losses on debt instruments measured at fair value through other comprehensive income	(94)	-
Gains on available for sale financial assets	-	8,823
Reclassification for realized gains recognized in net income	-	(3,632)
Reclassification for impairment losses recognized in net income	-	431
Deferred tax recovery (expense) in OCI	16	(963)
Items that will never be reclassified to net income:		
Net actuarial losses on defined benefit:		
Pension plans	(1,322)	(3,711)
Deferred tax recovery (expense) in OCI	207	(22)
	(1,193)	926
Total comprehensive income	\$ 5,521	\$ 14,164

See accompanying note to the summarized consolidated financial statements.

Summarized consolidated statement of changes in members' equity

(Expressed in thousands of dollars)

Year ended December 31, 2018, with comparative information for 2017

2018	AOCI			Retained earnings	Total equity
	Fair value reserve	Defined benefit plans			
Members' equity - at January 1	\$ 8,200	\$ (12,111)	\$ 198,934	\$ 195,023	
Adjustment on initial application of IFRS 9	(8,106)	-	6,812	(1,294)	
Member's equity - at January 1 (adjusted)	94	(12,111)	205,746	193,729	
Net income	-	-	6,714	6,714	
Other comprehensive income (loss), net of tax	(78)	(1,115)	-	(1,193)	
Total comprehensive (loss) income	(78)	(1,115)	6,714	5,521	
Members' equity - at December 31	\$ 16	\$ (13,226)	\$ 212,460	\$ 199,250	

2017	AOCI			Retained earnings	Total equity
	Fair value reserve	Defined benefit plans			
Members' equity - at January 1	\$ 3,541	\$ (8,378)	\$ 185,696	\$ 180,859	
Net income	-	-	13,238	13,238	
Other comprehensive income (loss), net of income taxes	4,659	(3,733)	-	926	
Total comprehensive income	4,659	(3,733)	13,238	14,164	
Members' equity - at December 31	\$ 8,200	\$ (12,111)	\$ 198,934	\$ 195,023	

See accompanying note to the summarized consolidated financial statements.

Note to summarized consolidated financial statements

1. Basis of presentation:

These summarized consolidated financial statements have been prepared in accordance with section 128(4) of the Financial Institutions Act and are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2018. Those audited consolidated financial statements were approved by Westminster Savings' Board of Directors on March 6, 2019 and can be obtained online or at any of our branches.

Nominations Committee report

It is the committee's usual practice to issue a formal call for director nominations by posting the information on the credit union's website at least 90 days before the credit union's scheduled Annual General Meeting ("AGM"). As the Boards of Directors of Westminster Savings Credit Union and Prospera Credit Union have submitted an application to the Financial Institutions Commission ("FICOM") to merge the two credit unions, FICOM provided consent to Westminster Savings to postpone its 2019 AGM. This allows the Board of Directors to maintain continuity within the Board and ensure effective oversight. As such, the committee did not post a call for director nominations and accordingly, an AGM and director election will not be held in Spring 2019. Please visit strongercrreditunion.ca, for more information.