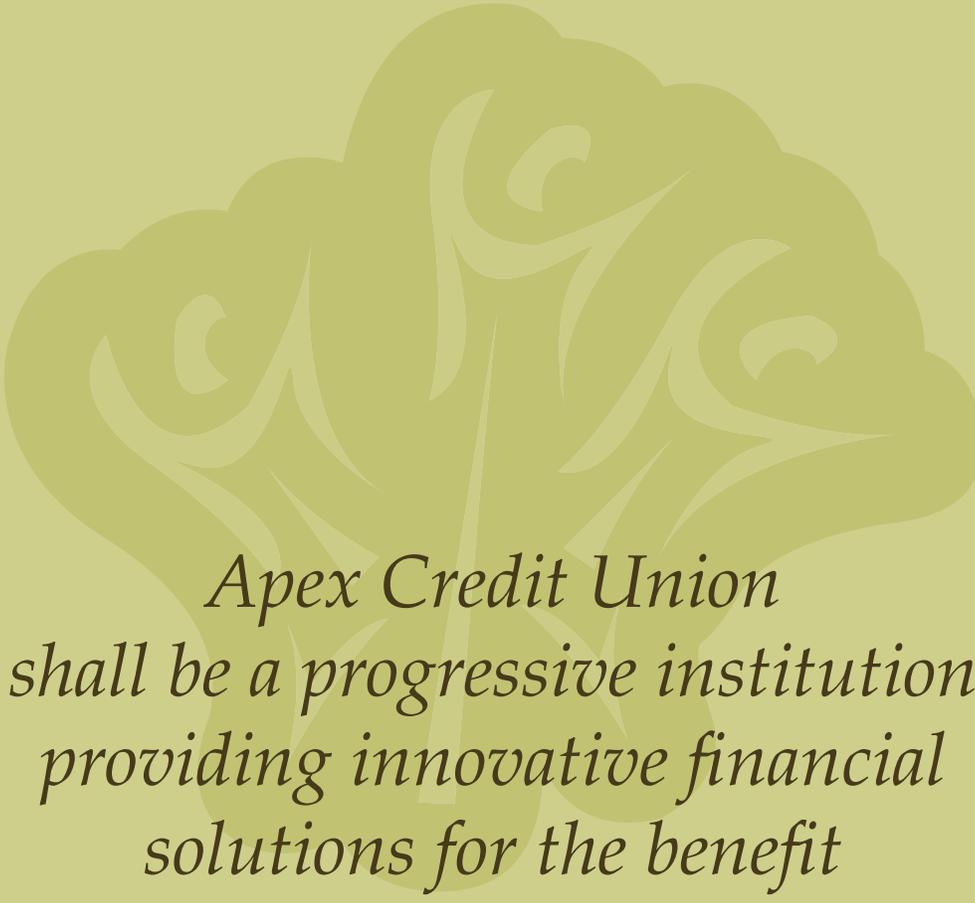


Banking Simplified.

ANNUAL REPORT 2008



*Apex Credit Union  
shall be a progressive institution  
providing innovative financial  
solutions for the benefit  
of each member.*

# Board Of Directors

Board Member	Occupation	Remaining Term
Ms. Gloria Davis, Chair	United Way of Calgary	2 Years
Mr. Robert Cormack, Vice Chair	Entrepreneur	Incumbent
Mr. Richard Glenn, Vice Chair	Lawyer	Incumbent
Mr. Bill Zheng	Bell Canada	2 Years
Mr. Doug Bourne	Retired	2 Years
Mr. Craig Hall	ONX Enterprise	Incumbent
Ms. Pat Aldridge	Nexen Inc.	Retiring
Dr. Lee Easton	Mount Royal College	1 Year
Mr. Ralph Meyer	Self-employed	1 year

# Staff Team

## TransCanada Branch

Darlane Burke	Personal Banking Assistant
Cheryl Harmsen	Personal Banking Assistant
Joan Hebert	Personal Banking Assistant/Banking Floor Audit
Carrie Lancaster	Manager, Member Service
Kellie Nguyen	Manager Credit
Melody Paston	Manager Credit, Compliance & Collection
Ximena Salazar	Greeter
Bob Sidhu	Loans Officer
Jeremy Wannier	Senior Personal Banking Assistant

## Mount Royal College Branch

Todd Enderud	Personal Banking Assistant
Justin Wetherill	Part-time Personal Banking Assistant

## University of Calgary Branch

Jayanthi Ranganathan	Personal Banking Assistant
Sharon Redstone	Loans Officer - U of C/Mt. Royal

## Bowness Branch

Darren Keast	CEO
Kathleen MacIntyre	Personal Banking Assistant
Mira Milic	Manager, Sales
Zina Paul	Executive Assistant
Tyler Polson	Personal Banking Assistant
David Price	Manager, Finance and Operations
Jennifer Ryan	Loans Officer
Heldar Valente	Personal Banking Representative
Suzanne Hilson	Personal Banking Assistant

Apex Credit Union presently employs 20 full-time and 2 part-time persons

# Apex Out and about in the community



*Stampede Breakfast:  
Apex's First Annual Pancake  
Breakfast held at TransCanada Branch.  
Fed over 300 people  
pancakes & bacon!!*

*Habitat for Humanity  
Apex Staff in the  
Community Volunteering.*



*Apex Annual Summer Social: Apex Committee Event.*



APEX CREDIT UNION LTD.  
69th Annual General Meeting  
March 4th, 2009



Agenda

Establish Quorum

Welcome from the chair

Introduction of directors

Introduction of Staff

Introduction of Guests

Minutes from the 68th Annual General Meeting

Business Arising from the minutes

Nominating Committee Report

Election of Directors

Presentation of Reports

Auditor's Report

Financial Reports

New Business

Election Results

Adjournment

# APEX Credit Union Ltd.

## 68th Annual General Meeting

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WEDNESDAY, MARCH 19, 2008

Village Park Inn, 1804 Crowchild Trail N.W. Calgary

6:00pm Dinner – 7:00pm Meeting

### MINUTES OF MEETING

Gloria Davis opened the 68th Annual General Meeting of the Apex Credit Union Ltd. By welcoming Guests, Members, Staff and the Board of Directors. Gloria announced that following the meeting there would be draws for door prizes.

Gloria Davis then called on Richard Glenn to say grace.

### CALL TO ORDER

Gloria Davis called the Business Meeting to order at 7:00pm and thanked everyone for attending, and in appreciation to those in attendance who purchased a ticket for this meeting, the cost will be refunded to you account.

### ESTABLISHING A QUORUM

It was confirmed that a quorum was established , 70 attendees

### INTRODUCTIONS

Gloria announced that Gavin Bilton after serving 9 years on the board would be retiring. She thanked Gavin and presented him with a token of appreciation for his contributions as a director.

*Gloria introduced the Board of Directors:*

Bob Cormack	Pat Aldridge
Richard Glenn	Lee Easton
Doug Bourne	Ralph Meyer
Craig Hall	

Apex Credit Union team was introduced by Gloria:

### NE BRANCH

Judy Clark Pohl – Manager, Marketing & Human Resources  
Melody Paston – Manager of Credit  
Carrie Lancaster – Manager, Member Service  
Joan Hebert – PBA  
Jeremy Wanner – PBA  
Ximena Salazar – PBA  
Darlene Banfield – Loans Officer  
Sheila Hanna – Loans Officer

### NORTHWEST BRANCH

Cheryl Harmsen – PBA	Zina Paul – Executive Assistant
Jennifer Redden – PBA	David Price - Accountant
Stephen McEvoy – PBA	Darren Keast - CEO
Heldar Valente – Loans Officer	

### MRC BRANCH

Todd Enderud – Loans Officer  
Jayanthi Ranganathan – PBA

## DOWNTOWN BRANCH

Mira Milic – Assistant Sales Manager  
Lindsey Boyer – Loans Officer  
David Power – PBA  
Guillermo Franco – PBA

## UNIVERSITY BRANCH

Sharon Redstone – Loans Officer  
Tyler Polson – PBA

Gloria proceeded to welcome and introduce Special Guests:  
Greg Nail (Alberta Central)  
Trevor Dodd (Hawkings Epp Dumont Chartered Accountants)  
Gary Glasser (Concentra Financial)  
Travis McMartin (Financial Advisor, Servus Credit Union)  
Patricia Zuniga (Mortgage Business Development Mgr., Servus Credit Union)  
Sue Bonia (Assistant Branch Manager, Servus Credit Union)  
Les White (Regional Manager, Business Banking, Servus Credit Union)  
Roger Cretain (Regional Manager, Servus Credit Union)  
Garth Warner (Senior V.P. Operations for Servus Credit Union)  
Steve Blakeley (President & CEO Servus Credit Union)

Gloria called on Mr. Greg Nail to bring greetings from Alberta Central.

MOTION by Doug Bourne to accept minutes of the 67th Annual General Meeting as published. SECONDED by Craig Hall.

## UNFINISHED BUSINESS

None Noted.

## NOMINATING COMMITTEE

Gloria thanked the nominating committee for their hard work and thanked the Nominees for letting their names stand for election. She then turned the podium over to Craig Hall, Nominating Chair. He called for a motion for the appointment of scrutineers

MOTION by Gavin Bilton and seconded by Richard Glenn to accept the scrutineers as selected. (Gary Glasser & Travis McMartin)

Craig noted that there are three vacancies to be filled.  
Craig then called for further nominations from the floor, three calls, no further nominations were received. Craig declared the nominations closed.  
He then presented bios on the standing nominees: Doug Bourne, Gloria Davis, Deepinder Seetal, Bill Zheng.

Gloria referred the attendees to the various reports within the annual report Provided for information purposes. Included were the President's, CEO Credit Committee, and Audit and Finance reports.

## REPORT FROM THE CEO

Gloria then called upon Darren Keast to present the Financial Report. Darren spoke on Apex being the fastest growing Credit Union for 3 years running. As well as the NE branch opening on March 3, 2008 and the NW scheduled to open April 28, 2008. Reviewing possible SW branch in the future and the launch of our new website as well as dealing with environmental awareness.

## AUDITORS REPORT

Gloria introduced Trevor Dodd, Chartered Account, who then presented the Auditor's Report and Financial Statements as published in the booklet.

MOTION by Lee Easton, seconded by Richard Glenn to accept the Financial Statements as presented.

## NEW BUSINESS

Gloria called for new business from the floor. None noted.  
Gloria then called on Craig Hall to present the results of the election who are:

Gloria Davis  
Doug Bourne  
Bill Zheng

MOTION by Bob Cormack, seconded by Lee Easton to destroy ballots.

## ADJOURNMENT

MOTION by Pat Aldridge to adjourn meeting at 8:04

## DOOR PRIZES

Sherry Berridge	Bonnie Fox	Betty Parson
Brian McBride	Amelia Valerio	Bill Zheng
Ken Miller	Jeff Raby	
Norm Parson	Lynn Berridge	
Clara Fox	Larry Dornan	
Dorab Wadia	Carmine Valerio	

## CLOSE

Gloria thanked everyone once again for attending.

---

Gloria Davis, PRESIDENT



---

Darren Keast, CEO



## REPORT OF THE BOARD CHAIR - 2008

On behalf of the Board of Directors of APEX CREDIT UNION LTD., I am pleased to welcome you to the 69th Annual General Meeting of our Credit Union. It has been an exciting year during which I have been honoured to serve as Chair of your Board. This evening we will review the financial and operational performance of our Credit Union for the fiscal year ended October 31, 2008.

The 2008 fiscal year was a tumultuous one, during which APEX Credit Union experienced a number of challenges. These challenges have been described to you in a letter dated January 28, 2009. The following are some of the highlights:

- Prompted by the termination of Apex's lease at SAIT and the financial position of the downtown branch, it was decided to close the downtown location and open two new branches, one in the Northeast (TransCanada Centre) and one in the Northwest (Bowness).
- Due to several extraordinary issues, Apex experienced a substantial loss during the year. Increased expenses were certainly expected due to the cost of closing two branches and opening two new ones, however, the actual extent of the loss was not anticipated. Other issues contributing to the situation include the need to increase allowances for doubtful loans, increased loan write-offs, an unfortunate mortgage fraud which has not yet been resolved and a reduced liquidity exacerbated by reduced interest rate margins.
- The Board of Directors regretfully decided not to pay a dividend on common shares for 2008. This decision was a very difficult one and was reached only after extensive discussion with Management and the Credit Union Deposit Guarantee Corporation.

The Financial Statements for the year 2008 show that APEX Credit Union operated at a loss, with a net income of \$(478,094). The Board of Directors authorized a 0.0% dividend on common shares and 5.1375% on investment shares, for a total disbursement of \$46,371. During the year, loans decreased by 3.2% and deposits by 4.5%. Operating expenses increased by 12.2%.

There is good news! Your Management and Board of Directors have been working very hard with the guidance and support of the Credit Union Deposit Guarantee Corporation. We have been very actively managing priorities, decreasing costs and putting new restrictions and controls in place in order to strengthen the organization's financial position. Reports early in the 2009 fiscal year have been very encouraging, as there is strong evidence that adjustments made will be successful in turning things around.

I'm very proud to be associated with the dedicated people who make up your Board of Directors. We believe in the future of Apex Credit Union and have enthusiastically embraced the difficulties of 2008 as an opportunity to improve our skills and knowledge and to investigate ways to become more effective in our roles.

I would like to take this opportunity to thank my colleagues on the Board for their support and for their wholehearted and generous contributions to this organization.

The Board greatly appreciates and applauds the outstanding contributions of the Apex Management and Staff for their professionalism and diligence and for how they have faced the challenges of 2008.

The APEX Board of Directors continues its collaboration with the Credit Union Deposit Guarantee Corporation (CUDGC) and particularly appreciates that organization's generous support during these difficult times.

On behalf of the Staff, Management, and the Board of Directors of APEX Credit Union, I thank you, our members, for your continued support. The Board of Directors continues to work diligently on your behalf. Each Director is firmly committed to you and all members of APEX. Please feel free to contact any member of the staff or Board if you have comments or suggestions regarding the operation of our Credit Union. We look forward to a renewed growth and success of APEX Credit Union Ltd.

Respectfully submitted,

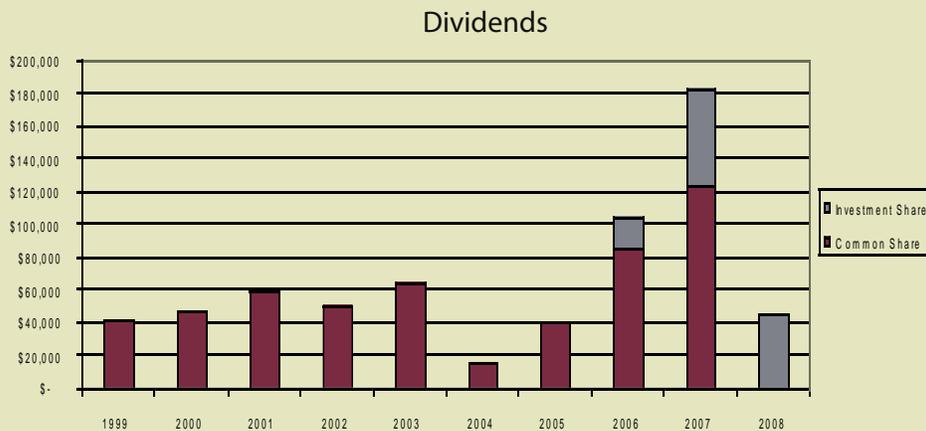
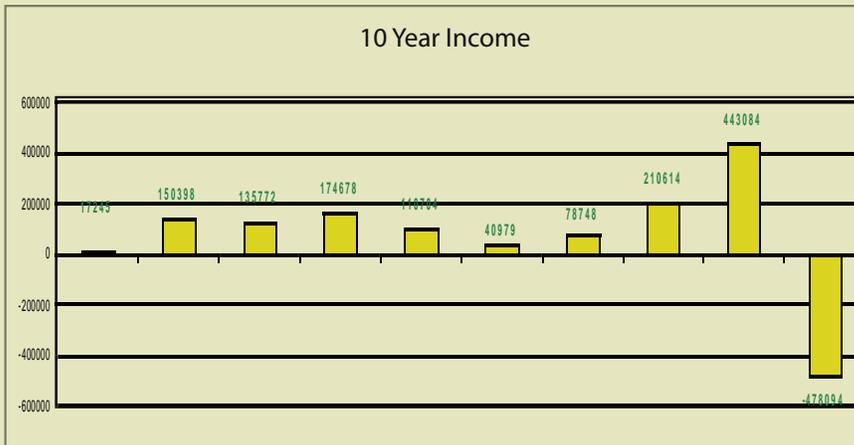
Gloria J. Davis  
Board Chair



## Report from the CEO

*Welcome to the 69th Annual General Meeting of Apex Credit Union Ltd.*

2008 was a year of great challenge for Apex Credit Union. Assets shrank by nearly 5% and we experienced a loss for the first time since 1998. As a result, we were not able to pay a dividend to common shareholders. This loss resulted from a number of non-recurring and non-cash items and is not expected to be repeated in future years. Nonetheless, Apex and its staff continue to support the communities we do business in through both sponsorship activity and volunteer time.

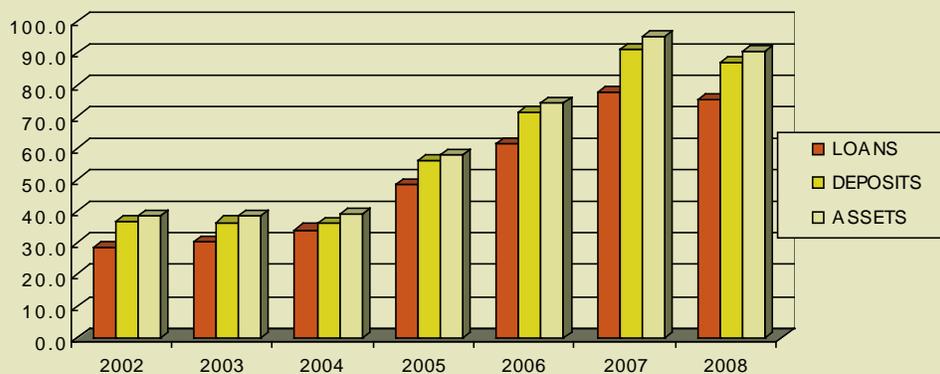


We continued to build on our partnership with Servus, including implementing the operating policies and procedures that they use. We very much appreciate the support of our partner as we complete a difficult year.

We were also able to move both the SAIT and Downtown branches in the past year. This placed a great strain on the resources of Apex, however, these branches are now operating as intended. If you have not already done so, please drop by one of the new branches and see the new face of Apex.

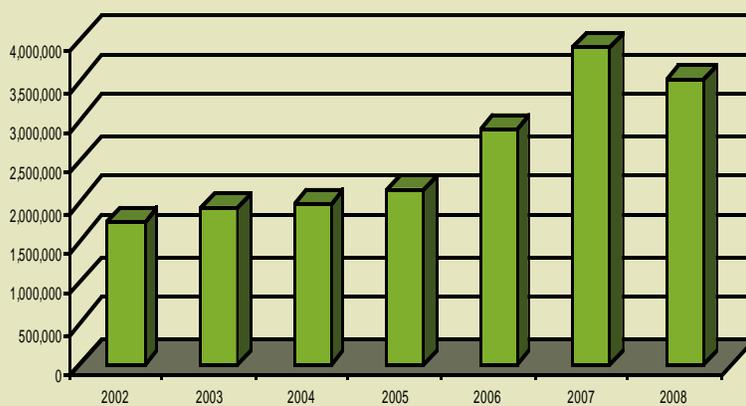
As previously noted, the assets of Apex shrank in 2008. Even with this reduction in assets in 2008, Apex has grown by more than 130% over the past four years, an annual growth rate of about 23%.

### Loans/Deposits/Assets



The loss experienced in 2008 has reduced equity considerably. In addition, it is anticipated that our investment in Credit Union Central Alberta will generate less capital in 2009 than in previous years due to losses incurred in their portfolio of Asset Backed Commercial Paper, further reducing our capital position.

### Equity



The combination of reduced capital in 2009 and losses incurred in 2008 has put Apex in a difficult financial position. Credit Union Deposit Guarantee Corporation has put Apex under considerably closer supervision and has imposed certain standards for both net income and capital which may be very difficult for Apex to meet. In particular, they have set a standard of profitability on a consistent year over year basis that, although it is a reasonable standard, Apex has only met once in the past 10 years (2007). The restriction on minimum capital levels, combined with the reduced capital available to Apex, will restrict the ability of the Credit Union to grow, potentially hurting profitability further. While no further losses are expected, profitability may not be sufficient to provide an appropriate return on your common shares. As a result of these concerns, the Board of Directors has begun investigating the possibility of merger with another credit union which has superior profitability and capital to Apex, bringing improved security and returns to your investment in Apex.

In closing, I would like to thank the members of the Board of Directors for their support over the past year. They are a dedicated group of volunteers who ensure that the needs of the membership and our community remain foremost in all of the operations of the Credit Union.

I would also like to thank the outstanding staff of Apex for ensuring that the needs of our members have continued to be met as we made substantial changes to our systems and locations. Our member surveys continue to show us that our people are the biggest reason that all of you remain loyal members of Apex Credit Union.

Finally, I offer my appreciation to all of you, the members. You have shown your support to the credit union through a very difficult year. It is an honour and a privilege to have the opportunity to serve all of you.

Respectfully submitted,

Darren Keast, MBA, BCom, ACUIC  
Chief Executive Officer



## Apex Credit Union Ltd. Credit Committee Report

The credit committee includes the CEO, the Managers of Credit, the Manager of Finance and Operations and the Manager of Sales. Our role is to ensure that loans granted fall within the lending policies and guidelines approved by the Board of Directors. All loans which exceed the limits assigned to the CEO by the Board of Directors require the approval of two members of the Credit Committee.

In addition, loans exceeding the limits assigned to Apex by Credit Union Deposit Guarantee Corporation (CUDGC) are referred to the CUDGC Special Loans Department for their concurrence. Apex Credit Union thanks the Corporation for their assistance this past year.

Over the past year, Apex granted a total of \$15,531,718 in loans to our members. This is a decrease of 56% compared to 2007 and is the lowest total since 2004. This reduction in loans occurred across all business lines and was the result of substantially more restrictive underwriting standards and devotion of additional resources to collection of delinquent accounts.

Respectfully Submitted,

Darren Keast, MBA, BCom, ACUIC  
Chair, Credit Committee  
Apex Credit Union Ltd.



## Audit and Finance Report

The Audit and Finance Committee consists of a minimum of three directors elected to the position by their fellow Board members. In 2008, these directors were Pat Aldridge, Doug Bourne, Richard Glenn and Bill Zheng, and Gloria Davis as an ex officio member.

The Audit and Finance Committee is responsible for recommending the appointment of internal and external auditors to the Board of Directors, reviewing the audit findings, and the reporting of significant accounting changes and audit findings to the Board of Directors. These responsibilities are defined within the Credit Union Act.

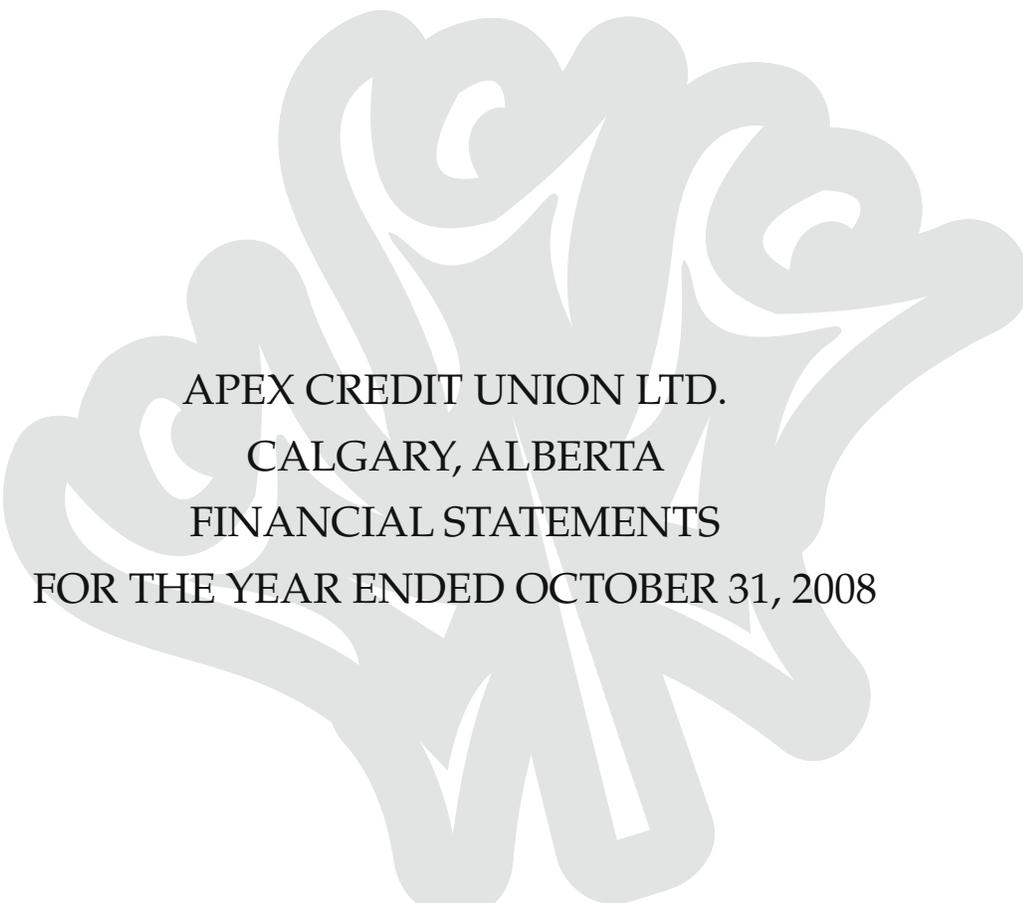
In addition to the above duties, the committee reviews the financial and operational reporting of the Credit Union and reports any significant variances to business plans and budgets to the board of Directors for corrective action. Although the media has noted the unsettled global financial conditions, the committee noted no significant increase to financial risks during the past year.

During the past year, the committee contracted the services of Servus Credit Union's internal audit department to complete two semi-annual internal audits, the same number as last year. Due to the work load at Servus, these audits were not completed in a timely manner. However, the firm of Hawkings, Epp and Dumont was retained again to provide external audit services. Although there were minor items cited within this audit which will allow Apex to improve upon operational efficiency and security, there were no items of a significant nature reported that would place the Apex Credit Union or its members at a significant risk.

The committee appreciates the work of the staff, management, external auditors and the Credit Union Deposit Guarantee Corporation for their assistance in carrying out the duties of the committee over the past year. In addition, I would like to thank my fellow committee members for the continuing support, assistance and guidance over the past year.

Respectfully submitted,

Pat Aldridge,  
Audit and Finance Committee Chair



APEX CREDIT UNION LTD.  
CALGARY, ALBERTA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 2008

**HAWKINGS EPP DUMONT** LLP  
Chartered Accountants

E.A. Hawkings, CA\*

T.D. Tinney, CA\*

L.M. Custer, CMA\*

E.M. Torrens, CA

J.M. Kennedy, CA

M.H. Epp, CA, CMA\*

J.S. Hawkings, CA\*

D.M. Goulet Soetaert, CA, CMA\*

C.M. Kulak, CA\*

C.S. Guilbeault, CA

W.L. Dumont, CA\*

C.D. Friesen, CA\*

K.A. van Roijen, CGA

B.L. Moore, CMA\*

W.J. Hubscher, CMA

P.J. Dirks, CA\*

T.G. Dodd, CA\*

H.D. Kuchuran, CA

R. D. Adams, CMA

M.M. Friedman, CGA

\*Professional Corporation

# Hawkings Epp Dumont LLP

Chartered Accountants

E.A. Hawkings, CA\*

T.D. Tinney, CA\*

L.M. Custer, CMA\*

E.M. Torrens, CA

J.M. Kennedy, CA

M.H. Epp, CA, CMA\*

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D.M. Goulet Soetaert, CA, CMA\*

C.M. Kulak, CA\*

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C.D. Friesen, CA\*

K.A. van Roijen, CGA

B.L. Moore, CMA\*

W.J. Hubscher, CMA

P.J. Dirks, CA\*

T.G. Dodd, CA\*

H.D. Kuchuran, CA

R. D. Adams, CMA

M.M. Friedman, CGA

## AUDITORS' REPORT

To the Members  
Apex Credit Union Ltd.  
Calgary, Alberta

We have audited the accompanying balance sheet of Apex Credit Union Ltd. (the "Credit Union") as at October 31, 2008 and the related statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Credit Union as at October 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta  
January 16, 2009

HAWKINGS EPP DUMONT LLP  
Chartered Accountants

### Founding Partners

F.J. Bruha, CA (Deceased)

A.W. Whelan, CA (Retired)

### Stony Plain Office

Phone (780) 963-2727

Fax (780) 963-1294

Email: email@hawkings.com

\*Professional Corporation



Banking Simplified.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members  
Apex Credit Union Ltd.  
Calgary, Alberta

Management has the responsibility for preparing the accompanying financial statements and ensuring that all information in the Annual Report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making objective judgements and estimates in accordance with Canadian generally accepted accounting principles and the requirements of the Credit Union Act.

In discharging its responsibility for the integrity and fairness of the financial statements, as well as for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The ultimate responsibility to members for the financial statements lies with the Board of Directors. The Board appoints an Audit and Finance Committee to review financial statements with management in detail and to report to the Board prior to its approval to publish the financial statements.

The Board appoints external auditors to audit the financial statements and to meet separately with both the Audit and Finance Committee and management to review their findings. The external auditors report directly to the members. The external auditors have full and free access to the Audit and Finance Committee to discuss their audit, as well as their findings concerning the integrity of the Credit Union's financial reporting and the adequacy of its systems of internal controls

Calgary, Alberta  
January 16, 2009



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Darren Keast  
Chief Executive Officer



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David Price  
Manager, Finance and Operations

APEX CREDIT UNION LTD.  
BALANCE SHEET  
AS AT OCTOBER 31, 2008

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 1,242,167	\$ 1,080,803
Investments and Accrued Interest (Note 4)	11,766,954	15,473,398
Loans to Members and Accrued Interest (Note 5)	75,185,388	77,699,539
Other Assets	673,003	617,955
Income Taxes Receivable	87,991	-
Future Income Taxes	8,672	5,811
Property and Equipment (Note 6)	<u>2,032,947</u>	<u>393,471</u>
	<u>\$ 90,997,122</u>	<u>\$ 95,270,977</u>

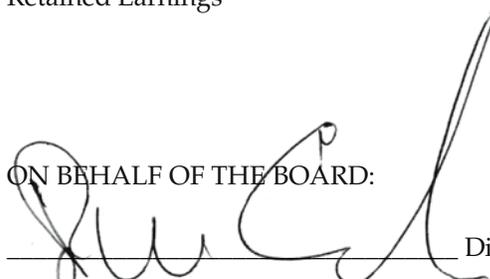
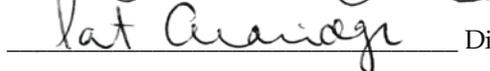
**LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 418,636	\$ 109,078
Income Taxes Payable	-	35,167
Member Deposit Accounts and Accrued Interest (Note 8)	87,075,762	91,198,196
	<u>87,494,398</u>	<u>91,342,441</u>

**CAPITAL AND MEMBERS' EQUITY**

Allocation Distributable (Note 9)	46,371	-
Common Shares (Note 10)	1,920,296	1,853,275
Investment Shares Series A (Note 10)	507,192	528,585
Investment Shares Series B (Note 10)	394,081	394,081
Retained Earnings	634,784	1,152,595
	<u>3,502,724</u>	<u>3,928,536</u>
	<u>\$ 90,997,122</u>	<u>\$ 95,270,977</u>

ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director



APEX CREDIT UNION LTD.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED OCTOBER 31, 2008

	<u>2008</u>	<u>2007</u>
Financial Income		
Interest from members' loans	\$ 4,806,879	\$ 4,515,986
Investment income	<u>452,722</u>	<u>502,348</u>
	<u>5,259,601</u>	<u>5,018,334</u>
Financial Expenses		
Interest on members' deposit accounts	3,061,561	2,703,043
Interest on financing	<u>103,174</u>	<u>88,911</u>
	<u>3,164,735</u>	<u>2,791,954</u>
Net Financial Income	2,094,866	2,226,380
Other Income	<u>478,703</u>	<u>737,008</u>
Net Financial and Other Income	2,573,569	2,963,388
Charge for Loan Impairment (Note 5)	<u>517,254</u>	<u>180,140</u>
Gross Margin after Charge for Loan Impairment	2,056,315	2,783,248
Operating Expenses (Schedule I)	<u>2,521,057</u>	<u>2,247,927</u>
Income (Loss) Before Other Items and Income Taxes	(464,742)	535,321
Other Items		
Gain (loss) on disposition of property and equipment	(135,720)	-
Loan recoveries	<u>40,741</u>	<u>13,637</u>
Income (Loss) Before Income Taxes	<u>(559,721)</u>	<u>548,958</u>
Income Taxes (Recovery) (Note 13)		
Current	(78,766)	103,121
Future	<u>(2,861)</u>	<u>2,753</u>
	<u>(81,627)</u>	<u>105,874</u>
Net Income (Loss)	\$ (478,094)	\$ 443,084

APEX CREDIT UNION LTD.  
 STATEMENT OF RETAINED EARNINGS  
 FOR THE YEAR ENDED OCTOBER 31, 2008

	<u>2008</u>	<u>2007</u>
Balance, Beginning of Year	\$ <u>1,152,595</u>	\$ <u>840,971</u>
Add:		
Net income (loss)	(478,094)	443,084
Tax recovery of dividend on common and investment shares	6,654	50,753
	<u>(471,440)</u>	<u>493,837</u>
Less:		
0.00% dividend on common shares (2007 8.00%)	-	(123,267)
5.1375% dividend on investment shares (2007 8.00%)	<u>(46,371)</u>	<u>(58,946)</u>
	<u>(46,371)</u>	<u>(182,213)</u>
Balance, End of Year	\$ <u><u>634,784</u></u>	\$ <u><u>1,152,595</u></u>



APEX CREDIT UNION LTD.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED OCTOBER 31, 2008

	<u>2008</u>	<u>2007</u>
<b>Operating Activities</b>		
Net income	\$ (478,094)	\$ 443,084
Amortization	110,071	106,442
Loss (gain) on disposal of property and equipment	135,720	-
Net change in other assets	(55,048)	(295,479)
Net change in income taxes	(123,158)	24,155
Net change in accounts payable and accrued liabilities	309,564	2,066
Net change in future income tax asset	<u>(2,861)</u>	<u>2,753</u>
	(103,806)	283,021
<b>Financing Activities</b>		
Net increase (decrease):		
Deposit accounts and accrued interest	(4,122,434)	20,009,365
Patronage allocation distributable	46,371	(105,304)
Common shares issued (net of redemptions)	67,021	347,016
Investment shares issued (net of redemptions)	(21,393)	454,265
Dividends on common shares (net of taxes)	6,654	(72,514)
Dividends on investment shares (net of taxes)	<u>(46,371)</u>	<u>(58,946)</u>
	<u>(4,070,152)</u>	<u>20,573,882</u>
<b>Investing Activities</b>		
Proceeds on sale of property and equipment	10,000	-
Purchase of property and equipment	(1,895,272)	(2,911)
Net (increase) decrease in:		
Investments and accrued interest	3,706,443	(4,904,800)
Loans to members and accrued interest	<u>2,514,151</u>	<u>(16,429,779)</u>
	<u>4,335,322</u>	<u>(21,337,490)</u>
Change in Cash During the Year	161,364	(480,587)
Cash, Beginning of Year	<u>1,080,803</u>	<u>1,561,390</u>
Cash, End of Year	<u>\$ 1,242,167</u>	<u>\$ 1,080,803</u>
Interest Received During the Year	<u>\$ 5,313,491</u>	<u>\$ 4,851,179</u>
Interest Paid During the Year	<u>\$ 3,643,476</u>	<u>\$ 2,193,642</u>
Income Taxes Paid During the Year	<u>\$ 37,738</u>	<u>\$ 28,213</u>

**APEX CREDIT UNION LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2008**

**1. NATURE OF OPERATIONS**

The Credit Union was formed pursuant to the Credit Union Act of the Province of Alberta and operates four credit union branches in Calgary.

The Credit Union is open to residents of Alberta. A member may be any person or legal entity.

The Credit Union Deposit Guarantee Corporation (the "Corporation"), a provincial corporation, guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. The Credit Union Act provides that the Province will ensure that this obligation of the Corporation is carried out.

The Credit Union, under the supervision of the Corporation, receives assistance, support and direction, as required, in planning, policy and operational matters.

**2. CHANGE IN ACCOUNTING POLICY**

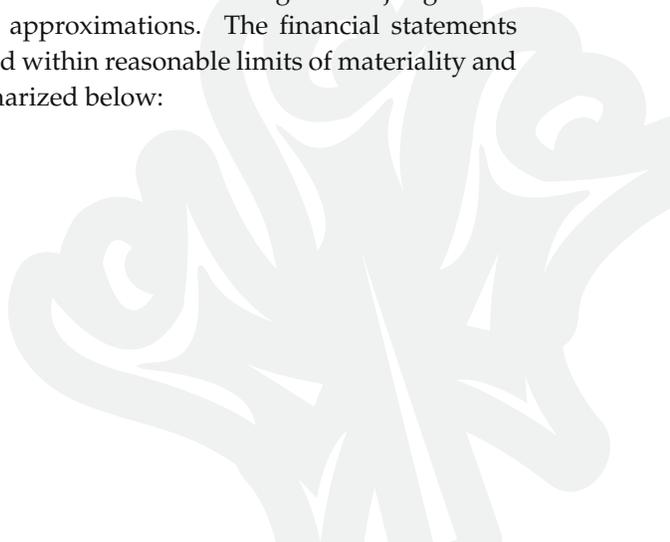
Effective November 1, 2007, the Credit Union adopted new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA) including: Section 1535 Capital Disclosures, Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation. The adoption of these new accounting standards has no impact on accounting or measurement of capital or financial instruments.

Section 1535 requires additional disclosure on the Credit Union's objectives, policies and processes for managing capital, as well as compliance with externally imposed capital requirements. Note 15 includes information related to this new standard.

Section 3862 and 3863 require additional disclosure for financial instruments including the risks associated with financial instruments and how the Credit Union manages those risks. Note 14 includes information related to this new standard.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared by management in accordance with accounting policies appropriate to the Credit Union's activities and governing legislation which conform to Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:



APEX CREDIT UNION LTD.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
OCTOBER 31, 2008

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) Investments

Term deposits, bonds and mortgage pool investments are classified as held to maturity and are recorded at cost or amortized cost, adjusted to recognize other than a temporary impairment in the underlying value.

Shares in Credit Union Central and Concentra Financial Services Association are classified as available for sale. As there is no market for these shares, the fair value is estimated at amortized cost.

Interest income is recorded as earned and gains and losses on the sale of investments are recorded in income on disposition.

(b) Loans to Members

The Credit Union records loans to members at the lower of principal plus accrued interest and net realizable value.

Interest income from loans is recorded on an accrual basis except on loans classified as impaired. A loan is classified as impaired when, in management's opinion, there has been a deterioration in credit quality to the extent that there is reasonable doubt as to the timely collection of some portion of principal or interest.

Loans to members are evaluated on a specific account basis to determine net realizable value. Increases in provisions required for doubtful interest and principal are recorded as a reduction of income.

In addition to the specific provision, a general provision has been established to estimate the loan loss that may be experienced on the balance of the total loan portfolio.

(c) Property and Equipment

Property and equipment are recorded at cost. Amortization is provided for using the straight line method at the rates indicated below. The rates listed are estimated to be sufficient to reduce the cost of the assets to residual value by the expiration of their useful lives.

Security equipment	10 years
Leasehold improvements	5 and 20 years
Furniture and equipment	10 years
Computer hardware and software	3, 5 and 10 years

(d) Foreign Currency Transactions

Foreign currency assets and liabilities are translated into Canadian dollars at rates prevailing at the date of the financial statements. Foreign currency income and expenses are translated into Canadian dollars at the average rates throughout the year. Realized and unrealized gains and losses on foreign currency transactions are included in income as incurred.

APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Income Taxes

The Credit Union follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the expected future income tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective income tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(f) Derivative Financial Instruments

The Credit Union enters into equity linked option contracts to fix costs on deposit products which are linked to movements in the equity market indexes. Premiums paid to enter into these contracts are recorded in other assets and are amortized over the contract life. Expenses associated with equity linked option contracts are accounted for on an accrual basis and recognized over the life of the contract as an adjustment to financial expenses.

Notional principal amounts, upon which payments are based, are not indicative of the credit risk associated with derivative instruments. The credit risk arising from off balance sheet transactions is the risk due to counter parties failing to meet their financial obligations, such as making payments to the Credit Union to offset amounts paid to depositors based on the performances of the equity market indexes or the increases in prevailing interest rates. The Credit Union manages this risk by only entering into such arrangements with Credit Union Central (see Note 18).

**4. INVESTMENTS AND ACCRUED INTEREST**

	2008	2007
Credit Union Central Alberta Limited ("Central")		
Term deposits	\$ 7,693,000	\$ 11,693,000
Shares	2,081,385	2,081,386
Other	1,788,879	1,438,879
	11,563,264	15,213,265
Accrued interest	203,690	260,133
	\$ 11,766,954	\$ 15,473,398

All term deposits and mortgage pool investments mature within one year and are classified as held to maturity. All bonds mature within fourteen years and are classified as held to maturity. The share in Central and Concentra Financial Services Association are classified as available for sale. As there is no market for these shares, their fair value is estimated at amortized cost. As required by the Credit Union Act, the Credit Union holds investments in Central to maintain its liquidity level.

APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**5. LOANS TO MEMBERS AND ACCRUED INTEREST**

	Recorded <u>Loans</u>	Specific <u>Allowance</u>	General <u>Allowance</u>	Net Carrying Value	
				<u>2008</u>	<u>2007</u>
Consumer loans	\$ 12,247,908	\$ 147,980	\$ 97,293	\$ 12,002,635	\$ 12,628,379
Residential mortgages	45,477,905	129,254	-	45,348,651	48,053,801
Commercial loans and mortgages	<u>17,592,713</u>	<u>-</u>	<u>-</u>	<u>17,592,713</u>	<u>16,742,556</u>
	75,318,526	277,234	97,293	74,943,999	77,424,736
Accrued interest	<u>303,973</u>	<u>62,584</u>	<u>-</u>	<u>241,389</u>	<u>274,803</u>
	<u>\$ 75,622,499</u>	<u>\$ 339,818</u>	<u>\$ 97,293</u>	<u>\$ 75,185,388</u>	<u>\$ 77,699,539</u>

The balance of impaired loans at October 31, 2008 is \$1,112,133 (2007 \$706,279).

Details of the changes in the allowance for loan impairment are as follows:

	2008	2007
Balance, beginning of year	\$ <u>165,417</u>	\$ <u>153,237</u>
Charge for loan impairment	517,254	180,140
Loans written off (net of recoveries)	<u>(308,144)</u>	<u>(167,960)</u>
	<u>209,110</u>	<u>12,180</u>
Balance, end of year	\$ <u>374,527</u>	\$ <u>165,417</u>

**6. PROPERTY AND EQUIPMENT**

	Accumulated		Net Book Value	
	<u>Cost</u>	<u>Amortization</u>	<u>2008</u>	<u>2007</u>
Security equipment	\$ 182,322	\$ 78,732	\$ 103,590	\$ 114,671
Leasehold improvements	1,750,651	77,723	1,672,928	212,778
Furniture and equipment	252,978	178,339	74,639	47,567
Computer hardware	544,858	363,068	181,790	11,921
Computer software	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,534</u>
	<u>\$ 2,730,809</u>	<u>\$ 697,862</u>	<u>\$ 2,032,947</u>	<u>\$ 393,471</u>

**APEX CREDIT UNION LTD.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
OCTOBER 31, 2008**

**7. CREDIT UNION CENTRAL BORROWINGS**

The Credit Union has an approved operating demand loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the operating demand loan is \$5,000,000. The demand loan bears interest at Central's prime rate minus 0.50% for advances. At October 31, 2008, the Credit Union had \$NIL outstanding on its operating demand loan (2007 \$NIL).

The Credit Union has an approved revolving term loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the revolving term loan is \$8,000,000. The demand loan bears interest at Central's prime rate minus 1.00% for advances. At October 31, 2008, the Credit Union had \$NIL outstanding on its operating demand loan (2007 \$NIL).

**8. MEMBER DEPOSIT ACCOUNTS AND ACCRUED INTEREST**

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 22,268,494	\$ 21,769,944
Registered Retirement Income Funds (RRIF's)	3,358,451	4,240,181
Registered Retirement Savings Plans (RRSP's)	10,872,495	10,110,079
Term deposits	49,672,633	53,694,715
Unclaimed balances	5,262	6,109
	<u>86,177,335</u>	<u>89,821,028</u>
Accrued interest	<u>898,427</u>	<u>1,377,168</u>
	<u>\$ 87,075,762</u>	<u>\$ 91,198,196</u>

Concentra Financial is the trustee of the RRSP's and RRIF's. Under agreements with Concentra Financial, members' contributions to the plans, as well as interest earned on them, are deposited in the Credit Union.

**9. ALLOCATION DISTRIBUTABLE**

The Board of Directors declared an allocation to its members for the year ended October 31, 2008, to be paid in November of 2008.

Details of the allocation are as follows:

	<u>2008</u>	<u>2007</u>
5.1375% Investment share dividend (2007 8%)	\$ 46,371	\$ -

APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

10. SHARE CAPITAL

				<u>2008</u>	<u>2007</u>
	Common	Investment	Series A	Series B	
	Shares	Shares	Investment	Total	Total
	Shares	Shares	Shares	Total	Total
Balance, beginning of year	\$ 1,853,274	\$ 528,585	\$ 394,081	\$ 2,775,940	\$ 1,974,658
Issued (net of redemptions)	67,022	(21,393)	-	45,629	522,253
Distribution of dividends declared in 2007 and 2008	-	-	-	-	<u>279,030</u>
Balance, end of year	<u>\$ 1,920,296</u>	<u>\$ 507,192</u>	<u>\$ 394,081</u>	<u>\$ 2,821,569</u>	<u>\$ 2,775,941</u>

Common Shares

The Credit Union created a class of equity shares known as common shares, having the following characteristics:

- i) an unlimited number may be issued;
- ii) a par value of \$1, but fractional shares may be issued;
- iii) transferable only in restricted circumstances;
- iv) non assessable; and
- v) redemption of common shares is at par value and is at the discretion of the Credit Union, subject to the restrictions contained in the Credit Union Act and Regulations.

A member must purchase at least 25 shares (5 shares for minors) to retain membership in the Credit Union. Common shares are "at risk" capital and are not guaranteed by the Credit Union Deposit Guarantee Corporation.

Series A and B Investment Shares

In 2006 and 2007, the Credit Union issued classes of shares known as Series A and Series B Investment Shares, having the following characteristics:

- i) a maximum of 500,000 Series A and 400,000 Series B Investment Shares may be issued;
- ii) no par value; issue price of \$1 per share; no fractional shares may be issued except in the form of a dividend;
- iii) transferable only in restricted circumstances;
- iv) non voting;
- v) no rights to dividends; however, the Board of Directors has set a dividend policy subject to certain preconditions; and
- vi) redemption of Series A and B Investment Shares is at \$1 per share, subject to the approval of the Board of Directors and subject to certain preconditions.

The minimum purchase amount of the Series A and B Investment Shares is 1,000 shares per member. The maximum amount of Series A and B Investment Shares that may be purchased is 25,000 shares per member. Series A and B Investment Shares are "at risk" capital and are not guaranteed by the Credit Union Deposit Guarantee Corporation.

APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**11. RELATED PARTY TRANSACTIONS**

Directors and management of the Credit Union had \$2,460,209 (2007 \$2,365,934) loans outstanding at October 31, 2008 at interest rates ranging from 0.0% to 8.3%. Directors, including their spouses and children, pay regular member loan rates. Management is entitled to preferred loan rates as part of the staff benefit program. All loans were current at October 31, 2008.

Directors and management of the Credit Union had \$787,151 (2007 \$1,062,922) in deposits with the Credit Union at October 31, 2008. Management is entitled to preferred deposit rates as part of the staff benefit program.

**12. COMMITMENTS**

(a) Credit Commitments

In the normal course of business, the Credit Union enters into various commitments to meet the credit requirements of its members. These credit arrangements are subject to the Credit Union's normal credit standards and collateral may be obtained where appropriate. The contract amounts for these commitments as set out below represent the maximum exposure to the Credit Union should the contracts be fully drawn, and any collateral held proves to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts do not necessarily represent the future cash requirements. Such commitments, which are not included in the balance sheet, include:

- i) Guarantees and standby letters of credit issued at the request of a member in order to secure the member's payment or performance obligations to a third party. These guarantees represent an irrevocable obligation of the Credit Union to make payments to third parties in the event that a member is unable to meet their contractual financial or performance obligations, without investigation as to the validity of the beneficiary's claim against the member. In the event of a call on such commitments, the Credit Union has recourse against the members. Generally the term of these guarantees does not exceed three years.
- ii) Commercial letters of credit which require the Credit Union to honour drafts presented by third parties upon completion of specific activities. Commitments to extend credit which represent undertakings to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis.

	<u>2008</u>	<u>2007</u>
Commitments to extend credit:		
Original term to maturity of one year or less	\$ 187,300	\$ 102,300
Original term to maturity of one year or more	<u>8,299,804</u>	<u>9,263,452</u>
	<u>\$ 8,487,104</u>	<u>\$ 9,365,752</u>

**APEX CREDIT UNION LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**OCTOBER 31, 2008**

**12. COMMITMENTS (CONT'D)**

(b) Option Agreements

The Credit Union has \$8,426 (2007 \$48,183) of equity linked deposits outstanding to its members at October 31, 2008. These deposits mature in 2009 and pay bonus interest to the depositors, at the end of the term, based upon the performance of the equity market indexes. The Credit Union has entered into option agreements with Credit Union Central ("Central") to offset the exposure on these deposits. Consequently, at the end of the term, the Credit Union will receive payments from Central which will offset the amounts that will be paid to the depositors based on the performance of the equity market indexes.

The option agreements with Central are recorded in other assets at cost less accumulated amortization of \$NIL (2007 \$NIL). Amortization is calculated on a straight line basis over the term of the deposits and amounted to \$NIL (2007 \$4,376).

(c) Lease commitments

The Credit Union is obligated under various office and equipment leases expiring at various dates through 2027. Future minimum lease payments over the next five years, net of sub lease agreements, are as follows:

2009	\$ 187,944
2010	187,546
2011	191,458
2012	191,458
2013	251,995

**13. INCOME TAXES**

The combined federal and provincial statutory income tax rate of 14.35% of taxable income approximates the effective income tax rate of 14.53%.

The Credit Union has \$57,903 of non capital losses, expiring 2018, available for application against future taxable income.



APEX CREDIT UNION LTD.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
OCTOBER 31, 2008

**14. RISK MANAGEMENT**

The use of financial instruments exposes the Credit Union to credit risk, market risk and liquidity risk. The following is a description of those risks and how the Credit Union manages exposure to them.

**Credit Risk**

Credit risk is the risk that financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union arising from financial instruments, such as loan balances, credit commitments and letters of guarantee.

The Credit Union's credit risk management practices include ongoing assessment, analysis and monitoring of financial information related to individual borrowers included in the Credit Union's loan portfolio.

Refer to Note 5 and Note 12(a) for information on credit exposure and credit quality.

**Market Risk**

Market risk is the risk that the Credit Union may incur a loss due to adverse changes in interest rates, foreign exchange rates or equity and commodity market prices arising from financial instruments, such as investments, loans and deposit balances.

The Credit Union's market risk management practices include day to day analysis and monitoring of market interest rates and foreign exchange rates.

Refer to Note 16 for more information on interest rate risk.

**Liquidity Risk**

Liquidity risk is the risk of having insufficient financial resources to meet either the Credit Union's cash and funding requirements, statutory liquidity requirements, or both.

Under the Credit Union Act of Alberta the Credit Union must maintain a minimum liquidity ratio of 6% of total assets. The Credit Union's liquidity ratio was 9.31% at October 31, 2008 (2007 – 8.16%).

The Credit Union's liquidity risk management practices include daily monitoring of expected cash inflows and outflows and analysis of loan and deposit maturities.



APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**15. CAPITAL MANAGEMENT**

The Credit Union manages capital to ensure that it meets the minimum levels set out in the Credit Union Act of Alberta (the "Act") and to support the continued growth of the Credit Union and build member value.

The Credit Union's capital includes:

	<u>2008</u>	<u>2007</u>
Retained earnings	\$ 634,784	\$ 1,152,595
Common and investment shares	2,821,569	2,775,941
Qualifying Central retained earnings (a)	<u>823,008</u>	<u>449,253</u>
	<u>\$ 4,279,361</u>	<u>\$ 4,377,789</u>

(a) The Credit Union's portion of qualifying retained earnings of Credit Union Central of Alberta ("Central") as calculated and provided by Central.

The Credit Union is required under the Act to have a capital balance that is equal to or exceeds the greater of:

- 4% of total assets; and
- 8% of risk weighted assets

Credit Union management measures the adequacy of the Credit Union's capital to these requirements on an ongoing basis and reports the results to the Board of Directors and Credit Union Guarantee Corporation.

As at October 31, 2008 the Credit Union's total capital as a percent of assets was 4.7% (2007 - 4.6%) and the total capital as a percent of risk weighted assets was 8.9% (2007 - 9.0%). Therefore, the Credit Union has exceeded its minimum capital requirement at October 31, 2008.



APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The amounts are designed to approximate the fair values of the Credit Union's financial instruments using the valuation methods and assumptions described below. The amounts disclosed do not reflect the value of items that are not considered financial instruments, such as property and equipment or intangible assets. Since many of the Credit Union's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the estimation process and the need to use judgement, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The carrying value of most of the Credit Union's financial instruments is not adjusted to reflect changes in interest rates, as it is the Credit Union's intention to hold the instruments to maturity.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- i) The fair values of cash, investments, other assets and other liabilities are assumed to approximate book values, due to their short term nature.
- ii) The estimated fair values of floating rate member loans and member deposits are assumed to equal book values as the interest rates automatically reprice to market.
- iii) The estimated fair values of fixed rate member loans and fixed rate member deposits are determined by discounting the expected future cash flows of these loans and deposits at current market rates for products with similar terms and credit risks.

Estimated fair values of on balance sheet financial instruments are summarized as follows:

	<u>2008</u>			<u>2007</u>		
	Fair Value	Book Value	Fair Value Over Book Value	Fair Value	Book Value	Fair Value Over Book Value
<b>Assets</b>						
Cash	\$ 1,242,167	\$ 1,242,167	\$ -	\$ 1,080,803	\$ 1,080,803	\$ -
Investments	11,814,264	11,563,264	251,000	15,281,414	15,213,265	68,149
Loans	75,289,999	74,943,999	346,000	77,243,079	77,424,736	(181,657)
Other	3,247,692	3,247,692	-	1,552,173	1,552,173	-
<b>Less:</b>						
<b>Liabilities</b>						
Deposits	86,767,335	86,177,335	590,000	89,583,555	89,821,028	(237,473)
Other liabilities	<u>1,317,063</u>	<u>1,317,063</u>	<u>-</u>	<u>1,521,413</u>	<u>1,521,413</u>	<u>-</u>
	<u>\$ 3,509,724</u>	<u>\$ 3,502,724</u>	<u>\$ 7,000</u>	<u>\$ 4,052,501</u>	<u>\$ 3,928,536</u>	<u>\$ 123,965</u>

## OCTOBER 31, 2008

### 17. INTEREST RATE RISK

Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings when maturities of its financial liabilities are not matched with maturities of its financial assets. The interest rate risk is being managed within prudent guidelines. The table below summarizes amounts by maturity dates:

As At October 31, 2008

	Floating Rate	Within 1 Year	1 to 5 Years	Non rate Sensitive	Total
<b>Assets</b>					
Cash	\$ 477,237	\$ -	\$ -	\$ 764,930	\$ 1,242,167
Investments	2,081,386	8,193,000	1,288,878	-	11,563,264
Effective yield	3.00%	2.81%	5.82%	0.00%	3.13%
Member loans	25,714,871	14,475,012	35,128,630	(374,514)	74,943,999
Effective yield	5.41%	2.88%	6.13%	0.00%	5.27%
Other	-	-	-	3,106,783	3,106,783
	<u>28,273,494</u>	<u>22,668,012</u>	<u>36,417,508</u>	<u>3,497,199</u>	<u>90,856,213</u>
<b>Liabilities</b>					
Member deposits	20,420,134	41,806,143	22,463,482	1,487,576	86,177,335
Effective yield	1.54%	3.80%	3.41%	0.00%	3.07%
Equity	-	-	-	3,318,830	3,318,830
Other	-	-	-	1,360,048	1,360,048
	<u>20,420,134</u>	<u>41,806,143</u>	<u>22,463,482</u>	<u>6,166,454</u>	<u>90,856,213</u>
Net gap	<u>\$ 7,853,360</u>	<u>\$ (19,138,131)</u>	<u>\$ 13,954,026</u>	<u>\$ (2,669,255)</u>	<u>\$ -</u>

As At October 31, 2007

Net gap	<u>\$ 989,384</u>	<u>\$ (19,720,044)</u>	<u>\$ 21,021,412</u>	<u>\$ (2,290,752)</u>	<u>\$ -</u>
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APEX CREDIT UNION LTD.  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 OCTOBER 31, 2008

**18. EQUITY LINKED DERIVATIVE CONTRACTS**

Equity linked option contracts are used to fix costs on deposit products which are linked to movements in equity market indexes. Both the embedded derivative in the deposit products and the option derivatives are marked to market through income. This had no effect on income for the year ended October 31, 2008.

The fair value of the equity linked derivative contract is NIL and is included in other assets. The fair value of the embedded derivative is NIL and is included in member deposits.

The notional amounts of equity linked derivative contracts maturing at various times are as follows:

	<u>2008</u>	<u>2007</u>
Within 1 year	\$ 8,426	\$ 39,757
Within 2 years	<u>          -</u>	<u>      8,426</u>
	<u>\$ 8,426</u>	<u>\$ 48,183</u>

**19. FUTURE ACCOUNTING CHANGES**

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the basis for financial reporting by Canadian publicly accountable enterprises will move from Canadian Generally Accepted Accounting Standards ("GAAP") to International Financial Reporting Standards ("IFRS"). The Credit Union will adopt IFRS for the year ending October 31, 2012. The impact of the transition to IFRS on the Credit Union's financial statements has not yet been determined.

**20. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.



APEX CREDIT UNION LTD.  
 SCHEDULE OF OPERATING EXPENSES  
 FOR THE YEAR ENDED OCTOBER 31, 2008

SCHEDULE I

	<u>2008</u>	
Personnel	\$ 1,198,103	\$ 1,127,342
Occupancy		
Rent	269,760	189,918
Amortization	<u>58,037</u>	<u>43,973</u>
	327,797	233,891
Security		
Deposit guarantee assessment	152,911	138,904
Security costs	16,955	9,615
Bonding	16,560	14,363
Amortization	<u>10,748</u>	<u>12,460</u>
	<u>197,174</u>	<u>175,342</u>
Organization		
Central dues	28,031	20,549
Directors' expenses	17,215	18,363
Annual meeting	11,302	2,699
Other	<u>-</u>	<u>300</u>
	<u>56,548</u>	<u>41,911</u>
General		
Computer, cash and service charges	275,874	275,084
Marketing, advertising and education	120,877	84,434
Courier and postage fees	62,934	49,647
Miscellaneous	50,525	62,746
Amortization	41,286	50,009
Professional fees	40,095	35,090
Equipment repairs and maintenance	40,063	27,328
Stationary and supplies	34,274	24,612
Telephone	28,379	25,502
Travel	20,216	13,131
Insurance	12,608	11,092
Business taxes and licenses	10,591	6,982
Loan associated expenses	<u>3,713</u>	<u>3,784</u>
	<u>741,435</u>	<u>669,441</u>
	<u>\$ 2,521,057</u>	<u>\$ 2,247,927</u>



Banking Simplified.



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