

AN OPEN LETTER TO THE MEMBERS OF ACCESS CREDIT UNION

The credit unions that formed Access Credit Union came together in July 2009. When we asked members to vote on the amalgamation, we listed a number of things we would do. This letter provides a picture of where we are on those and an update on our successes and challenges.



Our Vision: to build a strong, regional Credit Union focused on the needs of our members, employees, and communities.

Since the amalgamation in July 2009

- We have welcomed Lowe Farm into the Access family as of January 1, 2010.
- Rebranding has been completed at all locations.
- The same products and services are available to members across the organization.
- Policies and procedures have been standardized across the organization.
- Loan growth has been very positive over the first six months of operations.
- We believe we have made great progress on delivering on our vision.

When we asked for your support of the amalgamation, we said we would do a number of things.

- We continue to support community groups and organizations under the same philosophy as each of the originating credit unions.
- We are enhancing member service by expanding branch hours to 6 day service in 3 locations. Winkler branch currently offers 6 day service. Altona, Carman, and Morden branches will be starting later this spring.
- We've enhanced career opportunities for staff.
- We immediately started the process to identify the best location and configuration for a new head office, which we will finalize and announce this year.
- We are confident that the cost savings of \$1-2 million per year will come, but we did not expect to see any in the first six months, as there have been one time costs associated with the amalgamation process.

And yes, we've had some setbacks

Credit unions are in the business of lending money. Despite our best efforts though, there is always risk involved in lending, which is why the credit union sets aside money at the end of the year to provide for potential future loan losses.

Historically, the credit unions that now form Access Credit Union experienced very low losses on loans. Unfortunately, that was not the case in 2009, when we had to write off a large loan to a new enterprise in Southern Manitoba. We lent the money after having performed extensive due diligence (analysis of the company's ability to pay back the loan) and in consideration of the economic benefits that would accrue to the region. The project also had strong support and encouragement of municipal leaders and their development corporation. Due to a convergence of the global economic crisis, a too-rapid rate of expansion or other internal factors, the company was unable to do what it had set out to do.

In addition to this "one time" credit issue, we have also experienced the lowest interest rate market in 50 years. This significant short term drop in interest rates has contributed to reduced profitability.

Patronage allocation for 2009

Patronage allocations are decided at the end of the year by the board and management, based on whether excess funds are left over after loan impairments, taxes, improvements, and a contribution to equity, which is legislated at a minimum of 5% (ours is over 7%, which adds financial strength to the credit union). It should be noted that patronage is never guaranteed, even though it has been a regular occurrence for members over the past decade of excellent results.

As interest rates declined over the past 18 months, we have reduced our lending rates, while keeping investment rates competitive. This has reduced our profitability but has benefited our individual members

Therefore, due to the record low interest rates and the significant and unexpected loan loss described above we will not be paying a patronage refund for 2009.

Your board, management and staff are working hard to build a successful regional credit union by providing competitive rates, exceptional service and expanded hours of service to you our members. We thank you for your past support and look forward to a successful future together.

Best Regards,

A handwritten signature in black ink that reads "Robert Jones".

Robert Jones
Chief Executive Officer