Branches

Virden
Phone 748-2907

Melita
Phone 522-3272

Reston
Phone 877-3991

Waskada
Phone 673-2774

Cypress River
Phone 743-2181

Baldur
Phone 535-5000

Hartney
Phone 858-2171

Treherne
Phone 723-3250

Holland
Phone 526-6470

Boissevain
Phone 534-2421

Minto
Phone 776-2330

Deloraine
Phone 747-2336

ATM machines available 24 hours

SunRise Credit Union
www.sunrisecu.mb.ca

As sure as the sun will rise in the morning, we remain committed to the Communities we serve.

2008 ANNUAL REPORT

SunRise Credit Union
• Baldur • Boissevain • Cypress River • Deloraine • Hartney
• Holland • Reston • Melita • Minto • Treherne • Virden • Waskada

www.sunrisecu.mb.ca

Board of Directors Report

The Board of Directors of SunRise Credit Union is pleased to present our first Annual Report. In February, 2008 the membership of our five credit unions, Cypress River, Hartney, Tiger Hills, Turtle Mountain and Virden, voted overwhelmingly to amalgamate, which started a busy year, leading up to the October 1, 2008 official merger into this single entity.

Since the amalgamation approval, the Directors have held 11 meetings, including our 1st Strategic Planning Session in October, 2008. Directors have been working with Management on developing operating policies and establishing the credit union officers and board committees for SunRise. At the Strategic Planning Session, the Directors established the Mission, Vision and Values for SunRise Credit Union.

As mentioned the official merger date was October 1, 2008 and by the second weekend in December the 5 banking system data bases had been merged into one, which gave our members access to their accounts at any of the twelve branches of SunRise Credit Union. With this Annual Report we have completed the first 3 months of SunRise and have established December 31st as our yearend going forward.

SunRise Board of Directors would like to thank the staff and management for their cooperation and enormous effort in making the merge as smooth as possible and to their ongoing commitment to make our credit union the success it is today and will be into the future.

We would also like to thank our membership for their faith in approving the merger of our five credit unions into SunRise Credit Union and for your patience and continued support while we worked through the merger and beyond. Also, we want to assure you that - As sure as the sun will rise tomorrow, we shall remain committed to our communities, our members and our staff.

Respectfully submitted,
Board of Directors
SunRise Credit Union Limited

Board of Directors

Chairperson	Terry Wakely	Virden
Vice-Chairperson	Glenn Young	Cypress River
Corporate Secretary	Jan McClelland	Waskada
Directors	Lee Adams	Melita
	Jean Bazin	Treherne
	Glenn Caldwell	Reston
	Evan Casselman	Boissevain
	Karen Combs	Deloraine
	Daryll Logeot	Hartney
	Rob Ramage	Baldur
	Gary Williams	Hartney
	Don Zeghers	Holland

CEO Report

What a year of change, thanks to the efforts of all our management and staff working together we have successfully merged five credit unions into one. Since our merger we are seeing transactions happening that we would have never been able to do individually.

2008 was an exciting year; we not only experienced a successful merger but impressive growth as well. To us it is a testament of the confidence our members have in supporting the move to a larger organization and strengthening our position in all of our communities.

We look forward to continuing to build on established relationships and are excited about the opportunities to forge new relationships with our colleagues, members and communities.

Financial Highlights

Asset Growth - 18%
Deposit Growth - 19.6%
Loan Growth – 27.2%
Equity – 6.5%

In closing, I would like to thank the board of directors for their leadership and co-operation, and the management and staff for their dedication and hard work over the last year.

Respectfully submitted,
Harry Bowler, CEO

Welcome to SunRise Credit Union

CORPORATE MANAGEMENT TEAM

President	*Rodney Stuart*
Chief Executive Officer	*Harry Bowler*
Assistant CEO	*Tim Klassen*
Executive Consultant	*Kathy Vodden*
Executive Consultant	*Keith Wooldridge*
Chief Operations Officer	*Tayona Johnas*
Chief Information Officer	*Don Angus*
Chief Lending Officer	*James Knockaert*
Chief Financial Officer	*Tony Keown*
Human Resource Manager	*Kaydee Deremiens*

CORPORATE OFFICE STAFF

Internal Auditor	*Janice Coulter*
Assistant CIO	*Todd Delaurier*
Marketing Coordinator	*Yvette Claeys*
Senior Corporate Office Accountant	*Josie Hayward*
Wealth Management Administrator	*Lynn Nunn*
Corporate Office Accountant	*Brenda Shaw*
Payroll Administrator	*Gwen Wooley*

Same Communities, Same Great Services

BALDUR ATM — Phone 535-5000
Manager - Deb Durham

BOISSEVAIN ATM — Phone 534-2421
Manager - Jim Dickinson

CYPRESS RIVER — Phone 743-2181
Manager - Bill Coder

DELORAINE ATM — Phone 747-2336
Manager - Ted Billeck

HARTNEY ATM — Phone 858-2171
Manager - Joanne Glawson

HOLLAND ATM — Phone 526-6470
Manager - Jackie Conrad

MELITA ATM — Phone 522-3272
Manager - Daryl Van Cauwenberghe

MINTO — Phone 776-2330
Manager - Jim Dickinson

RESTON ATM — Phone 877-3991
Manager - Brenda Ellis-Anderson

TREHERNE ATM — Phone 723-3250
Manager - Jackie Conrad

VIRDEN ATM — Phone 748-2907
Manager - Mark Wilton

WASKADA — Phone 673-2774
Manager - Tammy Vanbeselaere

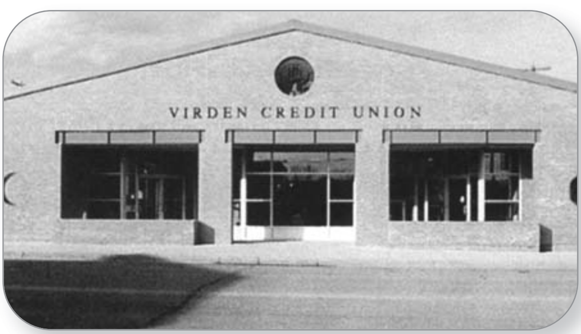
History of Virden Credit Union Ltd.

The Virden Credit Union was incorporated on June 26, 1940. In 1971, Virden Credit Union merged with Melita Credit Union. Virden Credit Union opened a branch in Reston in 1977 and Waskada in 1993.

In 2000, Virden Credit Union purchased the Bank of Montreal branch and business in Reston.

Past General Managers:

1940-1946	Guy Power
1946-1952	Vern Andrew
1952-1968	William Lund
1968-1991	John Lund
1992 until merge	Rodney Stuart



Virden Branch

Melita Branch

Reston Branch

Waskada Branch

VIRDEN STAFF:

Lorne Andrews
Yvonne Baron
Lindsay Boulton
Marian Braybrook
Merle Browning
Dianna Careme
Sherry Corbett
Joy Cruickshank
Laura Denty
Lana Doole
Jim Ellis
Elaine Gibbins
Stacie Gonty
Shannon Hadley
Todd Hayward
Terry Johnson
Jason Lewis
Tarin Nahachewsky
Tim Penner
Cheryl Ripmeester
Chad Scharff
Darlene Smailes
Donna Torry
Richard Ward
Wil Weir
Mark Wilton
Lynn Kerik
Linda Lane
Jennifer Berry

MELITA STAFF:

Carolyn Arndt
Alana Barnesky (Buffy)
Steven Brigden
Roberta Brown
Elaine Dayholas
Sharla George
Marcie Greenley
Patsy Lockhart
Donna Jean McNish
Norma Jean Tibury
Daryl Van Cauwenberghe

RESTON STAFF:

Sherri Bartel
Brettney Way
Laura Jean Campbell
Brenda Ellis-Anderson
Betty Gray
Shirley Jago
Janis Lobreau
Lorna Milliken
Candy Wanless
Deb Watt
Cathy Williamson
Auralee Leadbeater

WASKADA STAFF:

Tanis Bennie
Audrey Dickinson
Kim Radcliffe
Dianne Shukin
Tammy Vanbeselaere
Vicky Wanner

History of Cypress River Branch

Cypress River Credit Union was chartered on May 5th, 1960 with the original ten members being Milton Young Sr., Arthur Knisley, Walter Young, John Hyde, Irene (Bloomfield) Wiggett, Ann Margaret Elinor Richmond, Alvin Anderson, Louise Christie, Stanley Berry, Arthur Mawby.

Managers over the years consisted of Mrs. Vi Knisley, Jim Gardiner, George Taggart, Art Diehl, Larry Barr, Brian Gable, Bev Ruston, Bob Mitchell, Barry Burkitt, George Epp, Lloyd Pierce, Tim Klassen and present manager Bill Coder.

In the early spring of 1997, the Baldur Economic Development Committee approached the Board of Directors with a request to provide a credit union branch following the closure of the Royal Bank in Baldur. Plans for branching to Baldur were in full swing after approval from Credit Union Deposit Guarantee Corporation, Credit Union Central of Manitoba Orderly Development and acceptance by the members in November 1997. The branch opened for business two days a week on January 6, 1998 with the official opening on April 7, 1998.

CYPRESS RIVER STAFF:
Shelley Arason
Betty Berry
Bill Coder
Troy McGill
Tanis Nicholson
Bev Ruston
Lindsay Penner
Tammy Gillis Waldon
Agnes Van Damme
Debra Young

BALDUR STAFF:
Deb Durham
Tracey Hiscock
Shirley Levreault
Valerie Nordquist
Monica Sundell

Cypress River Branch

Baldur Brancb

History of Hartney Credit Union

The Deleau Credit Union Society Ltd was formed in the spring of 1942 and until 1952 it was operated out of the home of Mr. & Mrs. R. G. Jasper with Mrs. Jasper (Naomi) acting as secretary-manager. In 1946 an auxiliary office was set up in Hartney at the Hartney Consumers Co-operative.

Past General Managers:

Donald Sarvis	1952
Lionel Dane	1957
J.G. McBurney	1960
Darcy Reynolds	1965
Donald Gregorski	1970
Glen Franklin	1971
Al Borys	1974
Kathy Vodden	1983

In 1965 the name was changed to Hartney Credit Union Society Ltd. and the office was moved to the site of the old post office building on Poplar Street. In Feb 1974 there was a fire in the Atkinson Equipment building next door and the credit union building sustained considerable damage. It was decided to renovate and enlarge the premises and build a vault at the back.

In June of 1988 the credit union took a major step going from a manual posting system to an on-line computer system. The credit union continued to grow and with the addition of new staff members soon outgrew its' 900 square foot premises. After much discussion and deliberation the Board decided to build a new building. The lot at the corner of Poplar and Spencer beside the Post Office was purchased and construction began in the spring of 1997. The credit union opened for business in their new 2500 square foot premises on Feb. 21, 1998.

In January 2000 the Board was presented with the opportunity to purchase the assets of the Bank of Montreal in Hartney. It was felt that doing so would benefit the community, not only preserving jobs and business, but ensuring that Hartney would continue to have a financial institution in town. The credit union was closed for the conversion and transferring of the accounts on July 14, 2000 and reopened the following day having grown 150% in assets.

The credit union continued to grow and add products and services for our membership. At the request of our members an ATM was installed in August 2007. After numerous meetings in the fall of 2007 and early 2008 the Board decided it was in the best interests of our credit union to amalgamate with 4 other credit unions. A membership meeting was held on Feb. 25, 2008 and the members voted to proceed.

On October 1, 2008, after 66 years of operation, Hartney Credit Union became part of a new entity, SunRise Credit Union.

HARTNEY STAFF:

Dianne Agnew
Ruby Bertholet
Gail Cudmor
Kim Dooley
Laurie Gilliard
Joanne Glawson
Doris Maguire
Mina McDowell
Peggy Moir
Lori Taylor

Hartney Branch

History of Treherne Branch

Tiger Hills Credit Union first opened August, 1943 with name Treherne & District Credit Union name changed in 1975 to Tiger Hills Credit Union Limited. Holland Branch opened October 21, 1974.

Past General Managers in Treherne:

Ed Thiessen
Marlene Down (appointed acting manager 5 months)
Alvin Rempel
Herman Devries
Mike Gushulak
Harry Bowler

Past Branch Managers in Holland:

Larry Barr
Don Patterson
Herman Devries
Tony Hutlet
Neal Boyce
James Knockaert

TREHERNE STAFF:
Jackie Conrad
Shirley Isford
Gemma Neumann
Susan Wilcox
Melissa Williams
Cindy Dalrymple
Stacey Bruneau

HOLLAND STAFF:
Kim Gee
Charlene Graham
Dona Smart
Teresa Gerbrandt

Holland Branch

History of the Boissevain Branch

Early in 1940, residents of Wassewa and nearby school districts were meeting to study the operations of Credit Unions. On April 29, 1941 the Wassewa Credit Union was incorporated and held their first annual meeting on May 26, 1941.

Past General Managers:

Arthur Brake	1941
Jake Engbrecht	1945
Ruby Jensen	1946
Shirley Pringle	1959
Gladys Thio	1960
Mac McCorquodale	1965
Eileen Brake	1966
Irvin Ference	1966
Ivan Strain	1969
Ron Kehler	1973
Denis Lapointe	1996
Dan Martian	1997
Keith Wooldridge	1998

On March 28, 1964 the name was changed to Boissevain Credit Union Society Ltd. In March 1980, a new office was officially completed and occupied. In 1989 after the closer of the bank, the Boissevain Credit Union opened a branch in Minto to provide services in our neighboring community. In October 2001 an amalgamation with the Turtle Mountain Credit Union at Deloraine was completed.

The "little acorn" which was planted at Wassewa in 1941 has grown into a "great oak". In 2006 the local Credit Union continues to be "a mutual help society". Through the past years it has returned thousands of dollars to local people who, in turn, have invested in their local community. The Credit Union in all three communities continues as group of "people helping people".

BOISSEVAIN STAFF:

Joan Blanchard
Sheila Chinner
Jim Dickinson
Michelle Harper
Elmer McCallum
Don McNamee
Sandra Mitchell
Holly Neufeld
Leanne Pringle
Joan Robertson
Freeda Sanderson
Heather Wood

DELORAINE STAFF:

Ted Billeck
Patti Janssens
Deb Norton
Laura Vandoorne
Stacey Wilkinson

Boissevain Branch

Minto Branch

Deloraine Branch

SunRise Credit Union Limited
Consolidated Financial Statements
December 31, 2008

To the Members of SunRise Credit Union Limited:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

March 5, 2009

____
Chief Executive Officer

To the Members of SunRise Credit Union Limited:

We have audited the consolidated balance sheet of SunRise Credit Union Limited as at December 31, 2008 and the consolidated statements of income and retained surplus and cash flows for the period 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 an audit to obtain reasonable assurance 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 consolidated financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Brandon, Manitoba

March 5, 2009

Chartered Accountants

SunRise Credit Union Limited
Consolidated Balance Sheet
As at December 31, 2008

	2008	*September 30 2008 (Note 2)*
Assets		
Funds on hand and on deposit	**6,155,451**	47,040,601
Investments and accrued interest *(Note 4)*	**108,667,962**	95,138,329
Member loans receivable and accrued interest *(Note 5)*	**350,435,696**	316,241,032
Property, plant and equipment *(Note 6)*	**5,264,355**	5,283,836
Other assets	**4,553,339**	4,105,087
	475,076,803	467,808,885
Liabilities		
Member deposits and accrued interest *(Note 7)*	**441,526,008**	433,713,710
Accounts payable and accrued liabilities	**2,675,664**	3,651,472
	444,201,672	437,365,182
Retained surplus and members' equity *(Note 9)*		
Member shares *(Note 10)*	**8,093,258**	8,184,514
Retained surplus	**22,781,873**	22,259,189
	30,875,131	30,443,703
	475,076,803	467,808,885

Approved on behalf of the Board

________________________ **Director** ________________________ **Director**

SunRise Credit Union Limited
Consolidated Statement of Income and Retained Surplus
For the period ended December 31, 2008

	3 Months Ended December 31 2008	9 Months Ended September 30 2008 (Note 2)
Financial income		
Member loans	**4,834,554**	16,217,250
Investments	**1,551,562**	3,794,279
	6,386,116	20,011,529
Cost of funds		
Deposits	**2,900,180**	10,074,433
Borrowed money	**13,007**	45,539
	2,913,187	10,119,972
Financial margin	**3,472,929**	9,891,557
Operating expenses		
Administration	**1,159,578**	2,748,225
Member security	**123,751**	441,266
Occupancy	**302,512**	727,249
Organizational	**115,384**	349,405
Personnel	**1,427,024**	4,980,994
	3,128,249	9,247,139
Other revenue	**488,760**	2,299,640
Net operating expenses	**(2,639,489)**	(6,947,499)
Income from operations before loan impairment	**833,440**	2,944,058
Provision for loan impairment	**84,255**	274,541
Income before patronage refund	**749,185**	2,669,517
Patronage refund	**-**	899,400
Income before income taxes	**749,185**	1,770,117
Provision for income taxes	**226,501**	264,130
Net income	**522,684**	1,505,987
Retained surplus, beginning of period	**22,259,189**	20,753,202
Retained surplus, end of period	**22,781,873**	22,259,189

SunRise Credit Union Limited
Consolidated Statement of Cash Flows
For the period ended December 31, 2008

	3 Months Ended	*9 Months Ended*
	December 31	*September 30*
	2008	*2008*
		(Note 2)
Cash provided by (used for) the following activities		
Operating		
Interest received from member loans	**5,023,899**	16,064,406
Interest and dividends received from investments	**1,418,714**	3,358,734
Other income received	**353,213**	952,530
Income taxes paid	**(374,646)**	(266,262)
Interest paid to members	**(2,888,709)**	(9,786,791)
Interest paid on borrowed money	**(13,007)**	(45,539)
Cash payments to suppliers and employees	**(2,860,578)**	(4,509,036)
	658,886	5,768,042
Financing		
Net change in member deposits	**7,800,828**	40,783,776
Issuance of member shares	**46,347**	2,805
Redemption of member shares	**(137,603)**	(184,393)
	7,709,572	40,602,188
Investing		
Net change in loans receivable	**(34,421,277)**	(15,090,016)
Purchase of investments	**(14,029,600)**	(17,277,342)
Purchase of property, plant and equipment	**(802,731)**	(157,520)
	(49,253,608)	(32,524,878)
Increase (decrease) in cash resources	**(40,885,150)**	13,845,352
Cash resources, beginning of period	**47,040,601**	33,195,249
Cash resources, end of period	**6,155,451**	47,040,601

1. Incorporation and nature of operations

SunRise Credit Union Limited was formed pursuant to the *Credit Unions and Caisses Populaires Act* of the Province of Manitoba and operates twelve Credit Union branches. The Credit Union serves members in southwestern Manitoba.

2. Business combinations

On October 1, 2008 Virden Credit Union Limited ("Virden") completed an amalgamation with Cypress River Credit Union Limited ("Cypress River"), Hartney Credit Union Limited ("Hartney"), Tiger Hills Credit Union Limited ("Tiger Hills") and Turtle Mountain Credit Union Limited ("Turtle Mountain") and commenced operating under the name "SunRise Credit Union Limited". There was no cash consideration exchanged in this transaction. The transaction has been accounted for as prescribed under CICA 1580 "Business Combinations". Under these requirements, Virden was identified as the purchaser for accounting purposes and as such, the purchase method of accounting was used. The consolidated statement of operations includes the operations of the former Cypress River, Hartney, Tiger Hills, Turtle Mountain and Virden Credit Unions since the date of amalgamation.

Under the purchase method of accounting, the net assets of the acquired enterprises are recorded at fair value. The fair values of the assets and liabilities acquired were determined with reference to current market interest rates for similar financial instruments, and valuation techniques that follow generally accepted accounting principles. The excess of fair value of net assets acquired over the shares issued in connection with the business combination is recorded as Contributed Surplus in the Consolidated Balance Sheet. The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed as at October 1, 2008:

	Virden	*Cypress River*	*Hartney*	*Turtle Mountain*	*Tiger Hills*	*Total*
Assets						
Funds on hand	25,037,839	4,271,692	6,663,854	8,353,169	2,714,047	47,040,601
Investments	53,095,731	10,197,277	6,952,761	20,886,169	4,006,391	95,138,329
Member loans receivable	188,214,751	38,207,501	14,897,437	31,633,208	43,288,135	316,241,032
Property, plant and equipment	2,839,756	1,191,259	254,324	382,669	615,828	5,283,836
Other assets	3,779,344	75,607	53,816	104,141	92,179	4,105,087
	272,967,421	53,943,336	28,822,192	61,359,356	50,716,580	467,808,885
Liabilities						
Accounts payable	1,812,112	218,457	39,872	293,933	1,287,098	3,651,472
Member deposits	254,026,609	50,627,399	26,475,290	56,506,563	46,077,849	433,713,710
	274,779,533	54,161,793	28,862,064	61,653,289	52,003,678	471,460,357
Retained surplus and members' equity						
Member shares	4,982,592	771,395	454,452	1,628,768	347,307	8,184,514
Retained surplus	12,146,108	2,326,085	1,852,578	2,930,092	3,004,326	22,259,189
	17,128,700	3,097,480	2,307,030	4,558,860	3,351,633	30,443,703
	72,967,421	53,943,336	28,822,192	61,359,356	50,716,580	467,808,885

3. Accounting policies

The Credit Union follows accounting policies appropriate to its activities and legislation that conform to Canadian generally accepted accounting principles. The significant accounting policies adopted by the Credit Union include:

Investments and accrued interest

Portfolio investments

Investments in securities are valued at cost, adjusted to recognize other than a temporary impairment in the underlying value. Investments are purchased with the intention to hold them to maturity, or until market conditions cause alternative investments to become more attractive. Gains and losses on the disposal of securities are included in income in the year in which they occur.

Investment in mortgage pool

Investments in the mortgage pool are carried at amortized cost, adjusted to recognize other than a temporary impairment in the underlying value. Premiums on the mortgage pool are amortized on a straight line basis over the term of the mortgages.

Investments in Subsidiary

The Company's investment in the wholly owned subsidiary VCU Financial Group Inc. is accounted for by the equity basis of accounting. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

Member loans receivable and accrued interest

Loans to members are recorded at the lower of principal plus accrued interest and estimated realizable amounts. Estimated realizable amounts are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated realizable amounts are measured at the fair value of the security underlying the loans, net of expected costs of realization.

Interest income from loans is recorded on the accrual basis for all loans not classified as impaired.

When interest or principal is past due 90 days, the loan is classified as impaired unless there is no reasonable doubt as to the collectibility of all interest and principal. When a loan is classified as impaired, recognition of interest income in accordance with the original loan agreement ceases. Any subsequent payments received on an impaired loan are applied to reduce the recorded investment in the loan.

Allowance for loan impairment

Allowance for credit losses represent a specific and general provision established as a result of reviews of individual loans and groups of loans. Specific allowances are established by reviewing the credit worthiness of individual borrowers and the value of the collateral underlying the loan. General allowances are established by reviewing specific arrears and current economic conditions.

A provision for impaired loans is established when there is reasonable doubt that the full amount of principal and interest will be collected. In such cases, a specific provision is established to write down the loans to the estimated future net cash flows from the loan discounted at the rate inherent in the loan when impairment was recognized. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its estimated realizable value.

3. Accounting policies ***(Continued from previous page)***

Intangible assets

The Credit Union has adopted the Canadian Institute of Chartered Accountants' (CICA) new guidance for "Goodwill and Other Intangible Assets". The new standards require that specified intangible assets be recognized and reported apart from goodwill.

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost and amortized using the straight-line method over 6 years, based upon management's best estimate of the useful life of the asset.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is recorded on a straight-line basis over the estimated useful lives.

	Method	Rate	
Buildings	straight-line	20-40	years
Computer equipment	straight-line	3-5	years
Furniture and equipment	straight-line	3-10	years
Leasehold improvements	straight-line	3	years

Property for resale

Property held for sale is recorded at the lower of cost and estimated net realizable value. Cost is comprised of the balance of the loan at the date on which the Credit Union obtains title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received.

Long-lived assets

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Credit Union performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in earnings for the period.

Revenue recognition

Interest on loans is recorded as income on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of the interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Investment income is recognized as interest is earned on interest-bearing investments, and when dividends are declared on preferred shares.

Other revenue is recognized as services are provided to the members.

3. Accounting policies ***(Continued from previous page)***

Financial instruments

Held for trading:

The Credit Union has classified the following financial asset as held for trading: funds on hand and on deposit. This instrument is initially recognized at its fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Available-for-sale:

The Credit Union has classified the following financial assets as available-for-sale: Credit Union Central shares. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in income. Transaction costs arising from their disposal are immediately recognized in income.

Available-for-sale financial assets that are investments in equity instruments that do not have a quoted market price in an active market are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in other comprehensive income, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in accumulated other comprehensive income is transferred to net income.

Loans and receivables:

The Credit Union has classified the following financial assets as loans and receivables: term deposits and accrued interest, accounts receivable and member loans receivable and accrued interest . These assets are initially recognized at their fair value, determined by recent arm's-length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Held to maturity:

The Credit Union has classified the following financial assets as held to maturity: municipal debentures and accrued interest. These assets are initially recognized at their fair value, determined by recent arm's-length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income, while transaction costs arising from their disposal are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

3. Accounting policies ***(Continued from previous page)***

Other financial liabilities:

The Credit Union has classified the following financial liabilities as other financial liabilities: Accounts payable and accruals, members deposits. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs directly attributable to their issue are included in the fair value cost of these liabilities, while transaction costs arising from their disposal are immediately recognized in income. Total interest expense, calculated using the effective interest rate method, is recognized in net income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Liabilities and equity:

The Credit Union classifies financial instruments based on the substance of the instrument. The corresponding interest, dividends, losses and gains relating to a financial instrument or component that is classified as a financial liability is recorded as expense. The distributions that have been given to holders of the instruments classified as equity instruments have been recorded by the Credit Union directly in equity.

Financial asset impairment:

The Credit Union assesses impairment of all its financial assets, except those classified as held for trading. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current period earnings.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Credit Union, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net income (loss). The Credit Union does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Loans are stated after evaluation as to their collectibility and an appropriate allowance for doubtful loans is provided where considered necessary. As the valuation of the underlying security cannot be ascertained with any degree of accuracy, a measurement of uncertainty exists in the valuation of loans and the allowance for loan impairment.

Amortization of property, plant and equipment and intangible assets is provided based on the Credit Union's estimate of useful lives of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

4. Investments and accrued interest

	December 31 2008	September 30 2008
Term and contract deposits	**66,345,000**	83,895,000
Shares	**8,397,419**	7,368,187
	74,742,419	91,263,187
Other investments		
Municipal debenture	**449,100**	470,671
Mortgage pool investments	**32,172,083**	2,232,959
	107,363,602	93,966,817
Accrued interest	**1,304,360**	1,171,512
	108,667,962	95,138,329

Term and contract deposits consist of one hundred and seven term deposits earning interest between 3.08% and 5.17%. The term deposit maturities range from January 2009 to April 2013.

The municipal debenture matures in 2016 earning interest at 8.125%.

5. Member loans receivable and accrued interest

Principal and allowance by loan type

					December 31 2008	September 30 2008
	Principal Performing	Principal Impaired	Allowance Specific	Allowance Non-specific	Net carrying value	Net carrying value
Personal and other	**47,205,596**	**320,086**	**660,726**	**160,043**	**46,704,913**	51,927,106
Real estate secured	**181,319,963**	**992,762**	**329,557**	**496,396**	**181,486,772**	70,214,728
Commercial	**27,500,530**	**14,959**	**68,587**	**7,480**	**27,439,422**	57,209,435
Agricultural	**95,059,009**	**621,805**	**565,323**	**310,902**	**94,804,589**	136,889,763
	351,085,098	**1,949,612**	**1,624,193**	**974,821**	**350,435,696**	316,241,032

Total allowance	**2,599,014**

5. Member loans receivable and accrued interest *(Continued from previous page)*

Loan allowance details

	3 Months Ended December 31 2008	9 Months Ended September 30 2008
Balance, beginning of period	**2,516,514**	2,336,406
Provision for loan impairment	**84,255**	274,541
	2,600,769	2,610,947
Less: accounts written off	**(1,755)**	(94,433)
Balance, end of period	**2,599,014**	2,516,514

During the period, the Credit Union recovered $1,895 of loans previously written off, which has been included as part of other revenue on the statement of income and retained surplus.

6. Property, plant and equipment

			December 31 2008	September 30 2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**597,087**	**-**	**597,087**	590,763
Buildings	**5,938,516**	**1,625,280**	**4,313,236**	4,285,268
Computer equipment	**739,410**	**595,538**	**143,872**	112,209
Furniture and equipment	**716,637**	**528,590**	**188,047**	281,647
Leasehold improvements	**19,269**	**1,937**	**17,332**	8,904
Parking lot	**10,577**	**5,796**	**4,781**	5,045
	8,021,496	**2,757,141**	**5,264,355**	5,283,836

Amortization expense for the period amounted to $118,985.

7. Member deposits and accrued interest

	December 31 2008	*September 30 2008*
Chequing	**121,545,211**	129,028,815
Savings	**16,191,184**	17,812,385
Plan 24	**32,372,965**	32,223,735
NISA/ CAIS	**-**	200,589
Term deposits	**204,617,982**	188,119,650
Registered Retirement Savings Plans	**49,336,646**	50,693,417
Registered Retirement Income Funds	**11,936,298**	10,120,868
	436,000,286	428,199,459
Accrued interest	**5,525,722**	5,514,251
	441,526,008	433,713,710

8. Line of credit

The Credit Union has an approved borrowing limit of 10% of member deposits. Borrowings are secured by an assignment, hypothecation, charge and pledge of all book debts and accounts to Credit Union Central of Manitoba and bear an annual interest rate based on the Chartered Banks overnight funds rate, with no fixed repayment date.

9. Members' equity and capital requirement

Section 21(1) of the Regulations to the Credit Unions and Caisses Populaires Act require that the Credit Union establish and maintain a level of capital as follows:

	December 31 2008	*September 30 2008*
Equity not less than 5% of assets	**6.50%**	6.51%
Retained surplus not less than 3% of assets	**4.80%**	4.76%
Capital not less than 8% of the risk-weighted value of assets	**12.10%**	12.37%

10. Member shares

Authorized:

Unlimited number of Member shares, at an issue price of $5.
Unlimited number of Surplus shares, at an issue price of $1.

Issued:

	December 31 2008	*September 30 2008*
16,478 Member shares (September 30, 2008 - 16,312)	**82,390**	81,560
8,010,868 Surplus shares (September 30, 2008 - 7,203,554)	**8,010,868**	7,203,554
Provision for issuance of surplus shares	**-**	899,400
	8,093,258	8,184,514

Each member of the Credit Union has one vote regardless of the number of shares held.

Surplus shares are established as a means of returning excess earnings to the members and at the same time increasing the Credit Union's equity base. The articles of incorporation for SunRise Credit Union Limited disclose the conditions concerning the surplus shares.

During the period, the Credit Union issued 351 and redeemed 185 Common shares and issued 943,992 and redeemed 136,678 Surplus shares.

11. Liquidity requirements

The Credit Union has met the liquidity requirements at year end as prescribed in the Regulations under the Credit Unions and Caisses Populaires Act.

12. Loan commitments

The Credit Union has authorized $106,802,533 for line of credit loans, of which $59,763,846 has not been advanced as of year end. In addition, $6,634,255 in member loans have been authorized but have not been advanced as of the year end.

13. Related party transactions

Directors, management and staff

Transactions with directors, committee members, management and staff are at terms and conditions as set out in the loan policies of the Credit Union.

Payments made for honoraria and per diems amounted to $23,836, reimbursement of expenses amounted to $8,239 and meeting, training and conference costs amounted to $14,211 for the period ended December 31, 2008.

Loans to directors and staff as at December 31, 2008 amounted to 3.66% of assets of the Credit Union.

Credit Union Central of Manitoba

The Credit Union is a member of the Credit Union Central of Manitoba, which acts as a depository for surplus funds from, and makes loans to Credit Unions.

Interest earned on investments during the period ended December 31, 2008 amounted to $735,425.

Interest and charges paid on borrowings during the period ended December 31, 2008 amounted to $13,007.

Payments made for affiliation dues, liquidity assessment, research and development assessment, cheque clearing and data processing for the period ended December 31, 2008 amounted to $179,747.

Credit Union Deposit Guarantee Corporation

The Credit Union Deposit Guarantee Corporation is a deposit insurance company which protects the savings and deposits of all Credit Union members in every Credit Union within Manitoba.

The payments made to the Corporation during the period ended December 31, 2008 represent the net statutory annual assessment in the amount of $116,509.

Celero Solutions

The Credit Union has entered into an agreement with Celero Solutions to provide the delivery of banking system services and the maintenance of the infrastructure needed to ensure uninterrupted delivery of such services. Celero Solutions is a company formed as a joint venture by the Credit Union Centrals of Alberta, Saskatchewan and Manitoba along with Concentra Financial Services Association and Credit Union Electronic Transaction Services.

14. Interest rate sensitivity reporting

The Credit Union's primary source of income is financial margin, which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to manage repricing or maturity dates of loans and investments and members' savings and deposits within policy limits that are intended to limit the Credit Union's exposure to changing interest rates. The differential represents the net mismatch between loans and investments and members' savings and deposits by maturity dates.

Amounts with variable interest rates, or due on demand, are classified as maturing within six months.

A significant amount of loans and deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

Interest rate re-price

					December 31 2008	*September 30 2008*
	Assets	***Average yield %***	***Liabilities***	***Average costs %***	***Differential***	*Differential*
Interest sensitive:						
Variable (floating)	**227,966,140**	**4.39%**	**223,620,418**	**1.97%**	**4,345,722**	51,296,346
Maturing within 1 year	**23,732,293**	**5.45%**	**85,884,919**	**3.64%**	**(62,152,626)**	(35,950,016)
1 to 2 years	**35,714,774**	**5.32%**	**35,135,095**	**4.42%**	**579,679**	(3,698,860)
2 to 3 years	**43,433,697**	**5.76%**	**27,706,786**	**4.77%**	**15,726,911**	8,135,185
3 to 4 years	**53,111,299**	**5.90%**	**19,453,998**	**4.95%**	**33,657,301**	20,561,070
Over 4 years	**66,188,409**	**5.61%**	**14,307,816**	**4.40%**	**51,880,593**	29,366,948
Non-interest sensitive	**24,930,191**		**68,967,771**		**(44,037,580)**	(69,710,673)
	475,076,803		**475,076,803**		**-**	-

15. Fair value of financial instruments

Fair value is the consideration that would be agreed to in an arm's-length transaction between knowledgeable and willing parties with no compulsion to act. Estimates respecting fair values are based on subjective assumptions and contain significant uncertainty. Fair values represent estimates of value at a particular point in time and may not be relevant in predicting future cash flows or earnings. Potential income taxes or other expenses that may be incurred on actual disposition have not been reflected in the fair values disclosed.

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

a) the stated value for cash, short term investments, other assets, other liabilities, accrued income or expense and certain other assets and liabilities approximate their fair value.

b) estimated fair values of investments are based on quoted market prices when available or quoted market prices of similar investments.

c) for variable interest rate loans that are frequently re-priced, stated values are assumed to be fair values. Fair values of other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans and maturity dates.

15. Fair value of financial instruments ***(Continued from previous page)***

d) fair value of deposits with no specified maturity term is its stated value. Fair value for other deposits is estimated using discounted cash flow calculations at market rates for similar deposits.

Estimated fair values of financial instruments are summarized as follows:

			December 31 2008			*September 30 2008*
	Fair value	***Book value***	***Fair value over book value***	*Fair value*	*Book value*	*Fair value over book value*
Financial assets						
Funds on hand	**6,155,451**	**6,155,451**	**-**	47,040,601	47,040,601	-
Investments	**108,667,962**	**108,667,962**	**-**	95,138,329	95,138,329	-
Member loans receivable	**354,621,610**	**350,435,696**	**4,185,914**	319,706,079	316,241,032	3,465,047
	469,445,023	**465,259,109**	**4,185,914**	461,885,009	458,419,962	3,465,047
Financial liabilities						
Member deposits	**449,563,188**	**441,526,008**	**8,037,180**	438,033,764	433,713,710	4,320,054
Accounts payable	**2,675,664**	**2,675,664**	**-**	3,651,472	3,651,472	-
	452,238,852	**444,201,672**	**8,037,180**	441,685,236	437,365,182	4,320,054

16. Nature and extent of risk arising from financial instruments

The Credit Union is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Credit Union manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union. Credit risk arises principally as a result of the Credit Union's lending activities with members.

Risk measurement

The Credit Union employs a risk measurement process for its loan portfolio which is designed to assess and quantify the level of risk inherent in credit granting activities. Risk is measured by reviewing qualitative and quantitative factors that impact the loan portfolio.

Credit quality performance

Refer to Note 3 for additional information on the potential loss exposure related to the Credit Union's loan portfolio.

Objectives, policies and processes

The Credit Union is committed to the following principles in managing credit risk exposure:

- Credit risk assessment includes the establishment of policies and processes related to credit risk management and risk rating;
- Credit risk mitigation include credit structuring, collateral, and guarantees;
- Credit risk approval limits includes establishing credit risk limits and reporting exceptions thereto;
- Credit risk documentation focuses on documentation and administration; and
- Credit risk monitoring and review.

The Credit Union's credit risk policies, processes and methodologies are reviewed annually to ensure they remain relevant and effective in managing credit risk.

Market Risk

Market risk arises from changes in interest rates that affect the Credit Union's net interest income. Exposure to this risk directly impacts the Credit Union's income from its loan and deposit portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member-owner needs.

Risk Measurement

The Credit Union's risk position is measured and monitored each month to ensure compliance with policy. Management provides monthly reports on these matters to the Credit Union's Board of Directors.

Objectives, policies and processes

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board.

17. Nature and extent of risk arising from financial instruments ***(Continued from previous page)***

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

Liquidity Risk

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

Risk measurement

- The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective market conditions and the related investing and borrowing activities of members.

Objectives, policies and processes

The acceptable amount of risk is defined by policies that are approved by the Board of Directors.

The Credit Union manages liquidity by monitoring, forecasting and managing cash flows and the concentration of loans and deposits within approved policies. Management provides monthly reports on these matters to the Board of Directors.

Key features of liquidity management include:
- Daily monitoring of expected cash inflows and outflows and tracking and forecasting the liquidity position; and
- Consideration of the term structure of loans and deposits, with emphasis on deposit maturities, as well as expected loan funding and other commitments to ensure the Credit Union can maintain, required levels of liquidity while meeting its obligations.