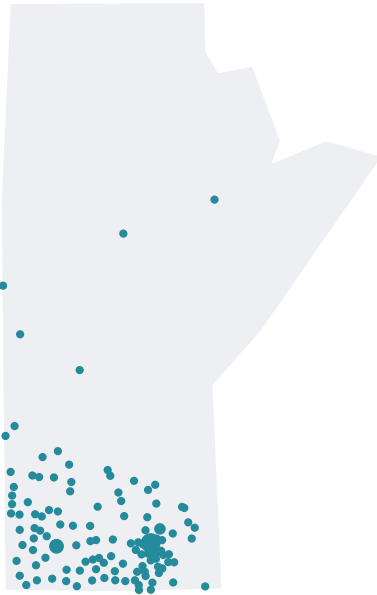


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Credit unions serve **more than half of all Manitobans**, from **181 branches in 115 communities** across the province. In 75 of those communities, the credit union or caisse is **the only financial institution in town** to serve local residents and businesses.

All figures include Manitoba's 16 independent credit unions plus CUCM's associate member, Caisse Financial Group.

Branch locations as at December 31, 2023

Access Credit Union Altona, Amaranth, Arborg, Ashern, Beausejour, Birds Hill, Carman, Dominion City, Emerson, Eriksdale, Fisher Branch, Gimli, Gretna, Grunthal, Headingley, Lac du Bonnet, Lowe Farm, Lundar, Manitou, Miami, Moosehorn, Morden, Morris, Oak Bank, Pinawa, Pine Falls, Plum Coulee, Riverton, Sanford, Selkirk (2), Sprague, Starbuck, Stonewall, Teulon, Vita, Whitemouth, Winkler, Winnipeg (18)

Assiniboine Credit Union Winnipeg (16), Gillam, Thompson

Belgian-Alliance Credit Union Winnipeg (3)

Caisse Financial Group Elie, Île des Chênes, La Broquerie, La Salle, Lorette, Notre Dame de Lourdes, St. Adolphe, St. Claude, St. François Xavier, St. Georges, St. Jean Baptiste, St. Laurent, St. Malo, St. Pierre Jolys, Ste. Agathe, Ste. Anne, Winnipeg (3)

Cambrian Credit Union Winnipeg (10), Selkirk

Compass Credit Union Brandon (2), Erickson

Flin Flon Credit Union Flin Flon

Fusion Credit Union Binscarth, Birtle, Brandon, Dauphin, Ethelbert, Gilbert Plains, Hamiota, Inglis, Kenton, Miniota, Oak Lake, Oak River, Roblin, Rorketon, Rossburn, Russell, St. Lazare, Winnipegosis

Me-Dian Credit Union Winnipeg, Grand Rapids

Niverville Credit Union Niverville, Landmark, Steinbach

Rosenort Credit Union Rosenort, Altona, Winkler

Steinbach Credit Union Steinbach, Winnipeg (2)

Stride Credit Union Austin, Gladstone, MacGregor, Neepawa, Portage la Prairie

Sunrise Credit Union Baldur, Boissevain, Brandon, Cypress River, Deloraine, Grandview, Hartney, Holland, Laurier, Melita, Minnedosa, Reston, Ste. Rose du Lac, Sandy Lake, Shoal Lake, Strathclair, Treherne, Virden, Waskada

Swan Valley Credit Union Swan River, Benito

Westoba Credit Union Brandon (3), Carberry, Cartwright, Killarney, Ninette, Pilot Mound, Rivers, Souris, Swan Lake, The Pas, Winnipeg

Winnipeg Police Credit Union Winnipeg (2)

CONSOLIDATED SYSTEM STATISTICS

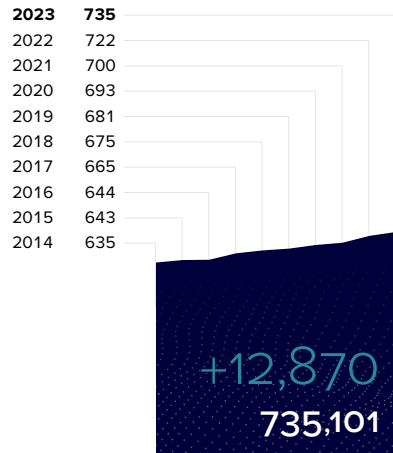
December 31, 2023

All figures preliminary unaudited results

Figures have been rounded

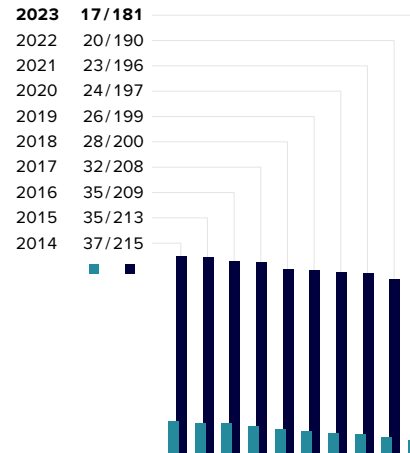
All figures include Manitoba's 16 independent credit unions plus CUCM's associate member, Caisse Financial Group

MEMBERSHIPS (thousands)



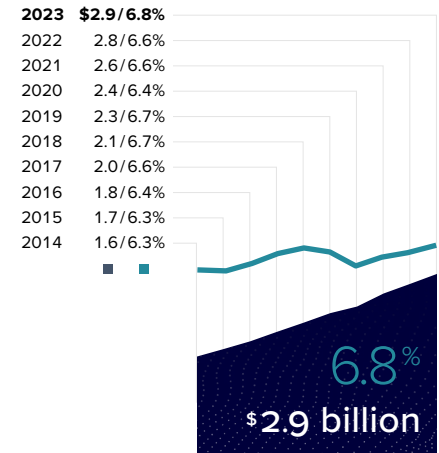
With more than 735,000 members, Manitoba credit unions and Caisse Financial Group (the Caisse) provide a full suite of financial services to half of all Manitobans. Nearly 13,000 people opened new memberships in 2023.

CREDIT UNIONS/BRANCHES



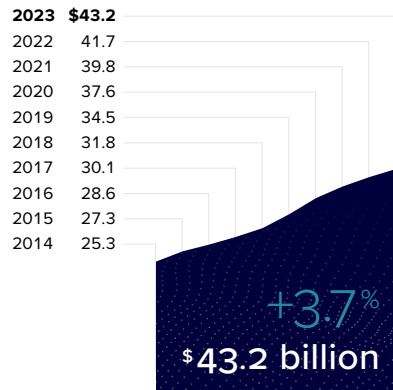
The number of credit unions was reduced by one on January 1, when Amaranth Credit Union merged with Access, then fell by two more on July 1 with the amalgamation of Access, Carpathia and Casera credit unions.

EQUITY (\$ billions/% of assets)



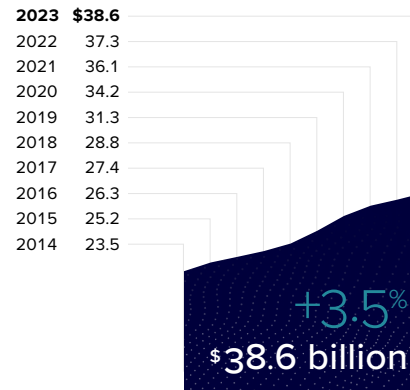
Credit union equity consists of member share capital, surplus shares, preferred shares, contributed surplus and retained earnings. It grew by \$160 million in 2023, while consolidated equity as a percentage of system assets remains strong at 6.8%.

ASSETS (\$ billions)



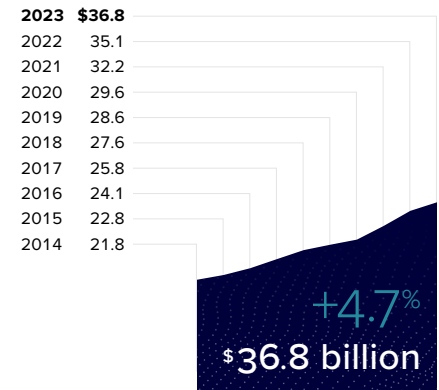
System assets grew by \$1.5 billion in 2023, a 3.7% increase over 2022.

DEPOSITS (\$ billions)



Manitoba credit union deposits grew by \$1.3 billion, an increase of 3.5%.

LOANS (\$ billions) *



Member loans grew by \$1.7 billion in 2023, a 4.7% increase over 2022.

* net of allowances



VISION A trusted partner, helping grow a successful Manitoba credit union system.

PURPOSE To strengthen the conditions that support credit union success.

ORGANIZATIONAL VALUES Members first. Accountability. Teamwork. Belonging. Community.

Credit Union Central of Manitoba's (CUCM) stated purpose, as outlined in the organization's Guiding Statements, is to strengthen the conditions that support credit union success.



Curtis Wennberg

It's the reason why we exist and it's at the heart of everything we do as a company. From senior management to every employee at CUCM, we come to work every day with the goal of being a trusted partner to Manitoba's credit unions and contributing to the overall success of the credit union system in our province.

One of the key ways CUCM provides value to credit unions is by managing their excess liquidity, and 2023 was another excellent year in that regard. Through careful analysis and shrewd decisions on the part of our Treasury Services department, CUCM was able to take advantage of wider market spreads and generate an additional \$15 million in financial margin for Manitoba credit unions above what was originally budgeted. Additionally, the organization was able to further support credit unions' bottom lines by keeping costs within budget throughout 2023.

Another way CUCM has long supported credit unions is by advocating on their behalf at the provincial level. Advocacy is of critical importance to Manitoba's credit unions. It is repeatedly ranked by credit unions as one of the most important functions at CUCM. In 2023, we made some changes in this area, entering a strategic partnership with the Canadian Credit Union Association (CCUA) to provide advocacy services on behalf of Manitoba credit unions. This approach maintains a proactive, regular engagement and consultation process with Manitoba credit unions and connects them more directly to national advocacy activities. It also preserves CUCM's own advocacy relationships with our regulatory bodies and Manitoba Finance.

This new advocacy partnership bore fruit later in the year as CUCM worked closely with our CCUA partner to establish relationships with Manitoba's newly elected government. We're encouraged by our early discussions with the new Minister of Finance, and we will continue to engage with the government to share the scope of credit unions' contributions to the provincial economy and to the health of Manitoba communities. Among our advocacy priorities for 2024 will be further attention to the modernization of *The Credit Unions and Caisses Populaires Act* and working with the government to ensure there is a competitive tax environment for credit unions in Manitoba to maintain the availability of financial services in our communities.

From an operational perspective, there were several notable changes at CUCM over the course of 2023. Retirements and employee departures created opportunities for existing staff to apply their skills in exciting new roles, and we have hired employees with different skill sets to help us provide ongoing value to credit unions. Operational excellence was a top priority for CUCM in 2023, and we feel we have the team in place to deliver that excellence.

Another priority from 2023 was the ongoing oversight of our strategic assets, including credit union support entities jointly owned by CUCM and other Centrals. Losses incurred by some of these entities throughout the year presented challenges for CUCM's retained earnings. CUCM's management team and its board devoted a great deal of time in 2023 to considering the strategic direction of these assets. The conditions that underpinned the establishment

of these entities have changed considerably over time. Our management team and board are considering the optimal strategic direction for these assets, and that work will continue in earnest in 2024.

Also in 2024, we will strengthen CUCM's service delivery infrastructure, and the processes by which we achieve systemic risk management. We will continue with strategies to evolve our technology maturity and will participate with the Deposit Guarantee Corporation of Manitoba in its next set of priorities for examinations of CUCM.

Last, but certainly not least, we will identify and continue to foster the culture we want to see at CUCM. I'm heartened by the results of our employee engagement survey, conducted late in 2023. We received a strong overall employee engagement score of 88.3 per cent. For that and many other reasons, I would like to thank all CUCM employees for their support and commitment. Our employees prioritize supporting Manitoba credit unions every day, and we will continue to provide the highest levels of service in the year ahead.

I would also like to thank our credit unions for their ongoing support of CUCM. Credit unions operate in a rapidly changing environment that calls on them to continually adapt and evolve. As their partner, we at CUCM aim to do the same, to meet the needs of credit unions now and well into the future.



CURTIS WENNBERG

President and Chief Executive Officer

Credit Union Central of Manitoba is the trade association and key service provider for Manitoba credit unions and the Caisse Financial Group. We manage credit union liquidity reserves and provide trade services in areas such as government relations, advocacy, and system governance. We also provide services in the areas of treasury, credit adjudication, compliance, and more.

As the Board Chair for CUCM, I'm pleased to share the report on behalf of the board of directors for 2023. Leading an organization like CUCM requires thoughtful discussions and meaningful contributions from every board member around our table.

Our goal is to guide the organization effectively, ensuring CUCM can achieve its purpose of *strengthening the conditions that support credit union success*. We're focused on the long-term health and growth of the Manitoba credit union system.

CUCM's board was diligent in its efforts in 2023, navigating the challenges of a complex, ever-changing financial services industry, and the impact that has on CUCM and the entities owned by CUCM. Individually and collectively, the board demonstrated commitment to its responsibilities of prudent stewardship and strategic foresight. Over the course of the year, we devoted a great deal of time and intensive deliberation to some key issues facing the Manitoba credit union system, including the future of payments, the risks and opportunities associated with CUCM's owned assets and the ongoing consolidation and overall evolution of the credit union system, both provincially and nationally.

In both the spring and the fall, directors convened for planning sessions dedicated to the critical analysis of these issues. We heard from expert thinkers on the outlook for payments and the drivers of continuing change, including new and old competition, changing regulations and new demand. The degree of environmental change for this industry is unprecedented. What's more, the investment required to compete is also accelerating, which is why it was crucial for the board to broaden its understanding of the issues to be able to provide strategic leadership and risk management.

Oversight of owned assets, including Prairie Payments Joint Venture (PPJV), Celero, Everlink and Aviso Wealth, was a significant activity for the board in 2023. Directors focused

on reviewing the performance of these entities, our ownership obligations and risks, and the potential future goals of these assets. This work will carry on in 2024 as CUCM continues to contemplate the vision for its subsidiaries.

Another priority for the board in 2023 that will continue in 2024 was the examination process launched by the Deposit Guarantee Corporation of Manitoba (DGCM). Last year represented the first full year of DGCM's oversight of CUCM. As our new regulator, DGCM began a comprehensive examination of CUCM's operations, focusing in 2023 on liquidity and investment management related to CUCM's liquidity pool. The board, led by its Audit and Risk Committee, played an important role in the examination process, both in terms of providing input to DGCM via written responses and in-person interviews, as well as by reviewing management's responses to the examination recommendations. This has been a productive and positive process to date, and the board looks forward to continuing its work with DGCM in the year ahead.

As part of planning, the board also undertook a review of CUCM's upcoming priorities and operating model. As directors, we are keenly aware of the ongoing evolution of the credit union system, and the drivers that are changing priorities for Centrals. CUCM's priorities need to account for the changes we're forecasting. As the stakes get higher for all credit unions, CUCM needs to focus resources on new and increasingly complex issues in order to fulfill its purpose. Together with management, we believe CUCM's 2024 strategic priorities will position us to strengthen the conditions that allow credit



Paul Holden

unions to succeed, and to ensure it has the right internal capabilities to do so.

In part due to the evolving Manitoba credit union system, CUCM's board will undergo some changes beginning in 2024. Effective as of CUCM's annual general meeting in April, the size of the board will decrease from nine directors to eight. This change is a direct outcome of CUCM's 2022 formal governance review, which sought to retain a strong governance model, through which all Manitoba credit unions are afforded an appropriate level of representation, while evolving it to match changing realities. The review produced a revised set of governance guiding principles that align CUCM's board with best practices in board governance. It also called for the board to transition to its desired future state at pace, but prudently. The reduction to a board of eight directors is a crucial first step in that transition plan.

In closing, the board would like to thank CEO Curtis Wennberg and all CUCM employees for their hard work on behalf of all Manitoba credit unions. The board would also like to recognize the support of CUCM's employees in the system's governance processes, from peer segment meetings to CUCM board meetings and planning sessions. As Chair, I would also like to thank my colleagues on the board for their dedication and unwavering commitment on behalf of their own peer segments, and the entire credit union system. CUCM's directors bring a high degree of acumen and expertise to our board. Their collaborative approach, coupled with effective decision making, is integral to the long-term success of the organization. Together with our member credit unions, we stand poised to embrace the opportunities of tomorrow, fortified by our shared values and united in our goal of strengthening the financial backbone of our communities.



PAUL HOLDEN

Chair, Board of Directors

The board of directors is the policy-making, supervisory, governing body charged with the overall responsibility of ensuring CUCM is effectively managed for the long-term benefit of its members, Manitoba's credit unions. To that end, the board is responsible for oversight of the organization's business plan, strategy, risk appetite, and culture.

Last year was a full and productive one for CUCM's board of directors as they fulfilled that mandate. The board met 13 times over the course of 2023, which included the annual joint meeting with the Deposit Guarantee Corporation of Manitoba (DGCM) and the Financial Institutions Regulations Branch (FIRB) in October. The board's subcommittees (the Audit and Risk, Governance and Conduct Review, and Investment committees) also met regularly throughout the year.

In addition to regular and special board meetings, the board convened twice — once in May and then again in October — to conduct dedicated planning sessions. These planning sessions are integral to the board's leadership role, providing focused time for the deep thinking and open discussion needed to help set the organization's vision and strategic objectives.

At its May planning session, the board examined CUCM's subsidiary assets (Prairie Payments Joint Venture, Celero, Everlink and Aviso Wealth), with the objective of fostering a common understanding of current state for each of these assets, including risks and opportunities. This work also entailed developing an understanding of the board's preferences and priorities regarding asset investments, asset strategies, and governance and oversight.

The board also devoted time at the May planning session to discussing payments developments in order to arrive at a common understanding of the next-level strategic payments requirements, including member service opportunities and investment expectations.

The October planning session addressed three major themes:

1. A future-focused, system-level discussion designed to gather a broad set of opinions from directors on strategic matters, with an aim towards identifying areas where further examination is warranted.
2. An overview of CUCM's strategic priorities for 2024, including an analysis of the ongoing evolution of the environment in which Manitoba credit unions operate.
3. A review of the findings from the PPJV Strategic Review, including potential larger-scale future scenarios for payments.

Naturally, participating in strategic decision-making is an ongoing duty for the board. Throughout the year, CUCM's directors continuously contributed their feedback, perspectives, and guidance on a diverse range of subjects and matters critical to the organization.

MEETING ATTENDANCE

[CHAIR]	Mike Csversko	5/5
[VICE-CHAIR]	Brad Penner	5/5
	Brent Budz	5/5
	Paul Cuthbert	5/5

MEETING ATTENDANCE

[CHAIR — 2 MTGS • VICE-CHAIR — 2]	Bruce Penner	4/4
[VICE-CHAIR — 2 MTGS]	Mike Csversko	2/2
[CHAIR — 2 MTGS]	Larry Davey	4/4
	Paul Holden	4/4
	Brent Budz	1/2

MEETING ATTENDANCE

[CHAIR]	Brad Penner	3/3
[VICE-CHAIR]	Kevin Sitka	3/3
	Tim Klassen	3/3
	Paul Cuthbert	3/3

*The Nominating Committee
did not meet in 2023*

Audit and Risk Committee

This committee oversees CUCM's external and internal auditors and the organization's risk management processes, including the appointment and compensation of the external auditors, the Director of Internal Audit and the Chief Risk Officer. The committee reviews and reports on the audited financial statements, reviews difficulties encountered by the auditors in the performance of their audits, reviews critical and significant recommendations on the subjects of internal control, financial risk or process improvement — and management's response thereto — and ensures that management maintains an appropriate system of internal controls. The committee also reviews the risk appetite framework, including risks identified by management through the risk register, and provides input to the approval of changes to business strategies and the corresponding risk appetite. It also reviews significant risks and exposures, and management's response to those risks, and the impact of changes to investment and lending policies recommended by the Investment Committee.

Governance and Conduct Review Committee

This committee oversees the quality and effectiveness of CUCM's corporate governance. Among a wide range of responsibilities, the committee studies, recommends and reviews the development of, and compliance with, board policies and procedures to advance good corporate governance. The committee oversees board succession and the population of other board committees. It oversees training for the board and maintains a matrix of director talents and board requirements to identify skill strengths of directors and any gaps on the current board. It applies CUCM's conflict of interest policies and procedures in reviewing conflict of interest situations and all transactions with related parties of CUCM.

Investment Committee

This committee oversees CUCM's investment policies and strategic investments. It reports to the board on exceptions to policy, and reviews, approves and presents for board approval any strategic investment opportunity pursuant to the General Investment Policy.

Nominating Committee

This became a board committee in 2018, having previously been a system committee. It reviews and endorses candidates to CUCM's board vis-a-vis the eligibility requirements set out in CUCM's bylaws, the Director Competency Profile and, more broadly, their ability to strengthen the board.

CUCM VICE-CHAIR

PEER SEGMENT 1

Steinbach Credit Union



Bruce Penner

DIRECTOR (FIRST VICE-CHAIR)
Steinbach Credit Union
Board Meeting Attendance 13/13

CUCM CHAIR

PEER SEGMENT 2

Assiniboine Credit Union



Kevin Sitka

PRESIDENT & CEO
Assiniboine Credit Union
Board Meeting Attendance 13/13

PEER SEGMENT 3

Cambrian Credit Union



Paul Holden

DIRECTOR
Cambrian Credit Union
Board Meeting Attendance 12/13

PEER SEGMENT 4

Access Credit Union



Larry Davey

PRESIDENT & CEO
Access Credit Union
Board Meeting Attendance 13/13



Paul Cuthbert

DIRECTOR (VICE-CHAIR)
Access Credit Union
Board Meeting Attendance 13/13



Tim Klassen

PRESIDENT & CEO
Sunrise Credit Union
Board Meeting Attendance 12/13



Brent Budz

CHIEF EXECUTIVE OFFICER
Stride Credit Union
Board Meeting Attendance 13/13



Brad Penner

CHIEF EXECUTIVE OFFICER
Rosenort Credit Union
Board Meeting Attendance 13/13



Mike Csversko

BUSINESS DEVELOPMENT MANAGER
Fusion Credit Union
Board Meeting Attendance 13/13

PEER SEGMENT 5

- Belgian-Alliance** Credit Union
- Compass** Credit Union
- Flin Flon** Credit Union
- Fusion** Credit Union
- Me-Dian** Credit Union
- Niverville** Credit Union
- Rosenort** Credit Union
- Stride** Credit Union
- Sunrise** Credit Union
- Swan Valley** Credit Union
- Westoba** Credit Union
- Winnipeg Police** Credit Union

CUCM employees spent 335 hours supporting a variety of local causes and organizations in 2023, including Harvest Manitoba, the Manitoba Marathon and the second annual Reconciliation Run.

\$ \$62,652 Employee Charitable Giving

Includes employee donations, directors' support of employee giving and funds raised at special events

+\$63,979 CUCM Corporate Match

includes dollar-for-dollar match of employee giving, match of securities donation and match of special one-time donation, less United Way/All Charities campaign expenses

\$126,631 Total Giving in 2023

335 hours Employee Volunteer Time
97% Employee Volunteer Participation

CUCM's corporate giving is driven by employee decisions.

In the spirit of the seventh co-operative principle, *Concern for Community*, CUCM matches employee donations to registered charities through the annual United Way/All Charities campaign and other activities (such as Staff Club fundraisers and sponsored events).

Together, CUCM and its employees have contributed well over \$1 million in the past decade to a diverse group of organizations.

CUCM also regularly invites representatives from charitable organizations to share their stories at all-staff meetings — building connections and inspiring employees with new opportunities to volunteer and support worthwhile causes in the community.

To align to its goals and values, CUCM measures its community engagement as part of its corporate balanced scorecard process.



- Agape Table Inc. 💰
- Alpha House 💰
- ALS Society of Manitoba 💰
- Alzheimer's Society 💰
- Bear Clan Patrol 💰
- Canada-Ukraine Foundation 💰
- Canadian Blood Services 🖐️
- Canadian Cancer Society 💰
- Canadian Liver Foundation 💰
- Canadian Parks and Wilderness Society 💰
- Canadian Red Cross 💰
- Canadian Women's Foundation 💰
- CancerCare Manitoba Foundation 💰
- Career Trek 💰
- Children's Hospital Foundation of Manitoba 💰
- Co-operative Development Foundation of Canada 💰
- CURE Foundation 💰
- Diabetes Canada 💰
- Downtown Winnipeg BIZ (Earth Day CleanUp) 🖐️
- Dream Factory 💰
- Firefighters Burn Fund 💰
- Habitat for Humanity 💰
- Habitat for Humanity Women Build 💰
- Harvest Manitoba 💰🖐️
- Heart & Stroke Foundation 💰
- Kidney Foundation 💰
- Koats for Kids 🖐️
- La Leche League Canada 💰
- Main Street Project 💰
- Ma Mawi Chi Itata 💰
- Make a Wish Foundation 💰
- Manitoba Children's Museum 💰
- Manitoba Marathon 💰🖐️
- Mennonite Central Committee 💰
- MSF/Doctors Without Borders 💰
- Newcomers Employment & Education Development Services (NEEDS Inc.) 💰
- Never Alone Foundation 💰
- Plan International 💰
- Prairie Wildlife Rehabilitation Centre 💰
- Reconciliation Run 🖐️
- Rossbrook House 💰
- Salvation Army 💰🖐️
- Siloam Mission 💰🖐️
- United Way of Winnipeg 💰
- Variety Children's Charity of Manitoba 💰
- Wildlife Haven Rehabilitation Centre 💰
- Winnipeg Humane Society 💰🖐️

The 2023 Manitoba 55+ Games in Portage la Prairie welcomed hundreds of participants who competed in dozens of events — including swimming, track, softball, pickleball and golf, as well as arts & crafts and some challenging brain games. Credit unions have been Platinum sponsors of the Games since 2005.

Photo courtesy
Active Aging in Manitoba



Credit unions support dozens of organizations and events throughout Manitoba, both individually and through collaborative system sponsorships.

As well as the **millions of dollars** in sponsorships and donations made by credit unions in their home communities every year, the Manitoba credit union system collectively sponsors a number of events and projects at the provincial level.

In 2023 these included the **Manitoba 55+ Games**, the **Manitoba Forage and Grassland Association**, the **Curl Manitoba Master Championships** (men's and women's), **Camp Wannakumbac** and the **Manitoba High Schools Athletic Association**.

These longstanding commitments — many of them going back 20 years or more — are just another example of the vital role credit unions play in communities in every part of the province.



From left: Jenna and Nicole from Cambrian Credit Union and Holly from Steinbach Credit Union, who celebrated I Love to Read Month by reading to kids on The Good Day Show, an interactive live program for young patients at HSC Children's Hospital in Winnipeg. Credit unions are proud supporters of the Children's Hospital Foundation — through volunteer opportunities like this, and also through a \$250,000 sponsorship of a new playspace in the HSC's Child and Adolescent Mental Health Unit.

Enhancing mental health support for children who need it

With 70 per cent of mental health problems and illnesses having their onset during childhood or adolescence, children's hospitals across Canada are facing unprecedented demand for mental health services.

Enter Manitoba's credit unions, with a \$250,000 gift toward a new indoor playspace in the HSC Children's Hospital's Child and Adolescent Mental Health Unit.

"This collaborative effort underscores the commitment of Manitoba's credit unions to the well-being of their communities and their dedication to improving the lives of young patients at Manitoba's Children's Hospital," said Stefano Grande, President and CEO of Children's Hospital Foundation of Manitoba.

Appropriately, the gift was announced on October 19 — Credit Union Day. Construction began in December and the new facility is expected to open in the summer of 2024.



This section of the annual report provides management's discussion and analysis (MD&A) of the consolidated results of Credit Union Central of Manitoba Limited (CUCM) and should be read in conjunction with the audited consolidated financial statements and notes as at and for the year ended December 31, 2023. The consolidated financial statements are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A is dated March 5, 2024 and provides comments regarding CUCM's core strategies, financial operating results, risk management, and business outlook.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. By their very nature, forward-looking statements require that management make assumptions involving several factors, many of which are beyond management's control, and which may cause actual results to differ from the expectations expressed in the forward-looking statements. These factors include but are not limited to changes in general economic conditions; interest rates, currency exchange rates and liquidity conditions; the effects of economic conditions on the Manitoba credit union system; legislative or regulatory developments; changes in accounting standards or policies; and CUCM's success in anticipating and managing the risks inherent in these factors. Readers are cautioned that the foregoing list is not exhaustive. CUCM does not undertake to update any forward-looking statements contained in this annual report. Readers should not place undue reliance on forward-looking statements, as actual results may differ materially from expectations.

MANITOBA CREDIT UNION AND CAISSE POPULAIRE SYSTEM

Deposits in the Manitoba credit union and caisse populaire system (the system) grew by 3.5 per cent, up from 3.3 per cent in 2022. Deposit growth is the primary funding source for system asset growth. System assets grew 3.7 per cent in 2023, down from 4.6 per cent in 2022 and system loans grew by 4.7 per cent in 2023, down from 9.1 per cent in 2022.

As a percentage of total system members' deposits, system deposits held at CUCM ended the year at 12.8 per cent (2022 — 13.6 per cent). CUCM's member deposits declined 1.9 per cent in 2023. Year-over-year, excluding the impact of mark-to-market valuations, short-term member deposits (original term less than 13 months) decreased by \$125 million to end the year at \$4,968 million, while longer-term member deposits (original term greater than 13 months) grew by \$12 million to end the year at \$209 million. At year-end, 96.0 per cent of members' deposits were held in short-term deposits.

A recent survey of CUCM's members indicates they expect slight growth in liquidity deposits, with little change in the composition (short-term vs longer-term) over the coming year.

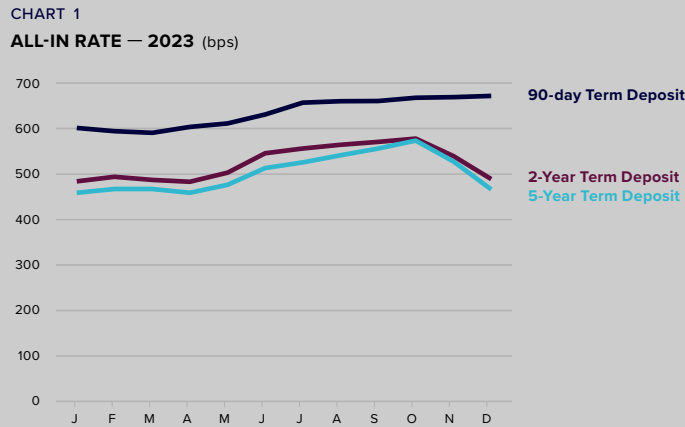
CUCM OPERATING RESULTS

Returns on Members' Deposits

Chart 1 (following page) provides an indication of the all-in rates available for CUCM's members' deposits throughout the year, inclusive of financial margin distributions.

CUCM's weighted average cost of funds grew to 485 basis points (bps) from 189 bps in 2022.

The average cost of funds paid by CUCM to its members on short-term balances (Canadian and U.S. balances, combined) was 479 bps on current accounts and 488 bps on short-term deposit balances, for a combined average cost of 486 bps. Financial margin distributions from CUCM to its members



equated to an additional 136 bps on short-term deposits (both current accounts and short-term deposits) in the year, resulting in a total average payment equal to 623 bps.

The average cost of funds paid on longer-term deposits was 449 bps. An additional distribution of financial margin of 2 bps was paid on these deposits (reflecting the additional income earned from the bond investments matched to these deposits), for a total average payment equal to 451 bps on longer-term deposits.

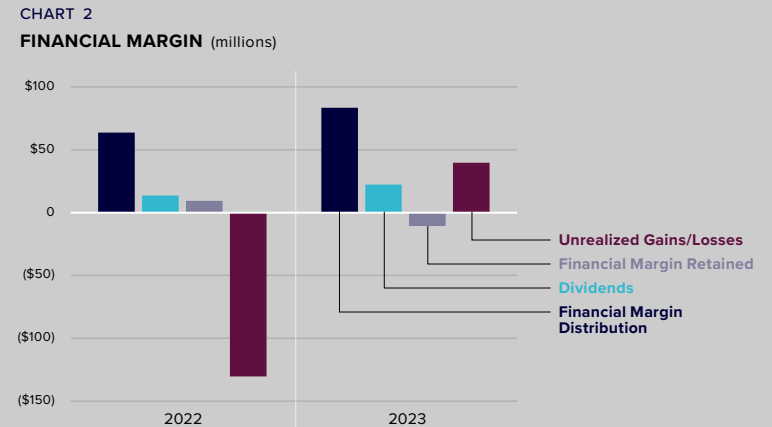
Finally, the incremental income earned on CUCM’s lending to members is distributed in proportion to excess liquidity deposits. In 2023, this component of financial margin equalled to \$7 thousand compared to \$148 thousand in 2022.

Financial Margin

Financial margin for 2023 was \$134.5 million compared with -\$43.8 million in 2022. Chart 2 (above) illustrates the components of financial margin.

CUCM’s members’ deposits and share capital are managed as separate portfolios. Investment earnings are distributed in the form of financial margin distributions and dividends, respectively.

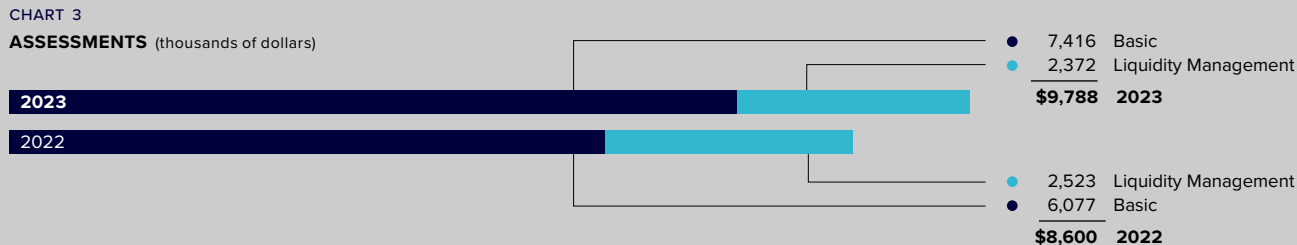
CUCM’s asset swap portfolio remains the primary source of its financial margin earnings. Asset swaps are comprised



of longer-term debt instruments and interest rate swap agreements which, when combined, generate a rate of return that resets monthly or quarterly. Because the reset frequency mimics members’ preference for terms maturing within three months, CUCM is exposed to very little interest rate risk. Yields earned on this portfolio exceed those on alternative short-term investments and enhance the returns paid on members’ short-term deposits.

From a return perspective, asset swaps are an ideal investment for the system’s liquidity. This strategy generates some liquidity risk, due to the longer-term nature of the assets (bonds) underlying the asset swaps, which CUCM manages closely as part of its mandate to steward members’ deposits. One way in which CUCM does so is by diversifying the asset swaps’ terms to ensure a stock of upcoming maturities from which CUCM can fund potential liquidity shrinkage. Another way is to manage through periods of liquidity shrinkage by borrowing through repurchase agreements (repos: low-cost loans secured by investments) and repaying the repos when liquidity subsequently grows and/or from the proceeds of maturing investments.

From a liquidity perspective, 2023 was a volatile year and a great example of how CUCM manages its liquidity needs. System liquidity grew \$865 million in the first four months. This growth



coincided with wider market spreads brought about by the failure of Silicon Valley Bank, and CUCM seized the opportunity to lock in those spreads by asset swapping. This helped boost returns for 2023 and beyond.

System liquidity then fell \$966 million over the balance of the year, matching credit union projections of \$100 million shrinkage for the full year. CUCM borrowed funds via repo to fund some of this shrinkage and repaid the loans when its next asset swap holdings matured (a form of bridge financing). In total, \$1.03 billion of asset swaps matured throughout 2023. Using the above strategy, CUCM was able to reinvest the full amount into new asset swaps. Borrowing through repo minimized CUCM’s need to sell securities during this period of liquidity shrinkage, which would have been more costly. Using repo as bridge financing would only be appropriate if CUCM has large investment maturities occurring over a matter of a few months, which is CUCM’s typical position.

Further boosting returns is CUCM’s practice of trading the portfolio, that is, extending terms on some asset swaps. This both enhances the spread earned and locks in that higher spread for a longer period, and this was especially beneficial in the early part of 2023 when asset swap spreads were very attractive. Average financial margin distributions rose to 136 bps in 2023 from 114 bps in 2022.

\$1.15 billion of asset swaps are scheduled to mature in 2024. Credit unions are projecting slight liquidity growth this year, and on that assumption, most if not all of the maturity proceeds will be re-

invested in new asset swaps at the then-prevailing market spreads.

Financial margin earned on investments funded by share capital are paid in full to shareholders via dividends. Some of these investments also take the form of asset swaps. Current interest rates exceed the level assumed in the 2023 budget, which bodes well for 2024 returns.

In addition to liquidity risk, asset swaps also generate market price risk (the risk that CUCM’s investments or swap commitments fall in value). CUCM has established investment policies that ensures CUCM’s exposure to this risk is aligned with its capacity and appetite for this risk. CUCM also has a capital management policy that ensures it maintains a sufficient level of capital commensurate with CUCM’s exposure to market risk.

In mid-2024, an industry-wide change will mean that the rate CUCM earns on its interest rate swaps will reset daily, rather than monthly or quarterly. CUCM’s asset swaps will no longer be an ideal match for short-term deposits. To protect against interest rate risk, effective July 1, CUCM will only pay the short-term financial margin distribution on funds held in members’ current accounts.

Net Operating Expense

CUCM operates on a cost-recovery basis with most of its costs recovered from its members via assessments or fees-for-service. CUCM does incur some costs that it chooses not to recover from its members. Unrecovered costs result in net operating expense for CUCM. These costs typically consist of

donations. Donations costs stem mainly from CUCM matching individual employee donations made to supported charities.

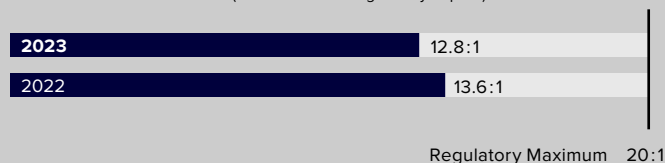
Assessments Chart 3 (above)

CUCM’s operations are primarily financed through recoveries, from members, of the costs incurred to provide services to members. These recoveries mainly take the form of assessments to members (basic and liquidity management) and fee income charged for services to members. In 2023, members’ assessments totalled \$9.79 million (2022 — \$8.60 million). These expenses are expected to remain stable over the medium term.

Capital

Pursuant to the Prudential Standards for Credit Union Central of Manitoba Regulation issued by the Deposit Guarantee Corporation of Manitoba (DGCM), the Organization must not exceed a borrowing multiple of 20:1. The borrowing multiple is defined in the regulation as total borrowings divided by total capital. Total capital is defined as the sum of the Organization’s stated share capital, reserves, and subordinated liabilities reduced by assets specifically identified in the regulation.

CHART 4
BORROWING MULTIPLE (ratio of debt to regulatory capital)



In addition to the requirement noted above, policies regarding capital levels have been established by CUCM’s board of directors that ensure CUCM’s capital remains in excess of the regulatory requirements. The board’s policy for setting the level of retained earnings is guided by CUCM’s operating principle that the system’s equity belongs with credit unions, so earnings retained by CUCM are minimized.

Balanced Scorecard

The Balanced Scorecard (BSC) is a management and measurement system that enables CUCM to clarify vision and strategy and translate them into action. It aligns to CUCM’s goals and provides feedback on internal business processes and external outcomes, with the goal of helping CUCM continuously improve strategic results.

The BSC establishes measures of organizational success across four balanced perspectives: financial, customer focus, process, and organizational capacity. The overall BSC result was 81 points out of a possible 100. The BSC result for 2022 was 88. CUCM continues to evolve its focus and position itself to best serve its member credit unions and achieve its purpose: To strengthen the conditions that support credit union success.

ASSOCIATED ENTITIES

Celero Solutions (Celero)

Celero is a joint venture formed in 2003 with Alberta Central and Saskatchewan Central as the other partners in the joint venture. Celero owns a significant portion (49 per cent) of Everlink Payment Services Inc. which is an entity that is growing and profitable. CUCM has a one-third ownership interest in the Celero joint venture.

CUCM supports Celero through representation on Celero’s Management Committee, Celero’s governing body, as well as the provision of funding. Funding to Celero increased to \$10.5 million in 2023. Additional funding in 2024 is anticipated.

Celero experienced an operating loss in 2022 and in 2023. The operating losses are expected to continue in 2024. The recent trend of operating losses experienced by Celero has heightened management’s level of concern for CUCM’s exposure to risk. Through its participation on the Management Committee, CUCM continues to work with Celero personnel to address Celero’s financial results and strategy.

CUCM and its members have an established process to allocate Celero’s financial results, income or loss, to CUCM’s members that receive services from Celero.

In 2024, Celero will continue its focus on managing exposure to cyber risk for its clients and to improving performance, stability, and scalability through migrations of services to secure cloud environments.

Prairie Payments Joint Venture (PPJV)

This payments entity is a joint venture formed in 2020 with Alberta Central and Saskatchewan Central as the other partners in the joint venture. CUCM has a one-third ownership interest in the joint venture.

Like Celero, CUCM supports PPJV through representation on PPJV's Management Board, PPJV's governing body, as well as the provision of funding. Funding to PPJV increased to \$70.0 million in 2023. Additional funding in 2024 is anticipated due to continued setbacks in executing the five payment types and transitioning from legacy payment systems.

PPJV also experienced an operating loss in 2022 and in 2023. The operating losses are expected to continue in 2024 with reversal of this trend expected to begin in 2025. The trend of operating losses and setbacks in executing payment types has heightened management's level of concern for CUCM's

exposure to risk. Through its participation on the Management Board, CUCM continues to work with PPJV personnel to address PPJV's financial results, customer pricing, and strategy.

CUCM notionally maintains a record of allocating PPJV's financial results, income or loss, to CUCM's members that receive services from PPJV.

CU CUMIS Wealth Holdings Limited Partnership (CCWH)

This is the partnership whereby CUCM holds its interest in Aviso Wealth Inc. (Aviso). CUCM's other partners are Central 1 Credit Union, Credit Union Central of Alberta Limited, Credit Union Central of Saskatchewan, Atlantic Central, and The CUMIS Group. CUCM has a 6.61 per cent ownership interest in the partnership.

CUCM supports CCWH through representation on the Partnership's Board of Directors. Aviso's strong performance continued in 2023 and most of the income CCWH received from Aviso was distributed to credit unions. The partners typically retain a nominal amount of income received from Aviso; 2023 was no exception. The trend of operating results seen in the past is expected to continue into 2024.

MANAGEMENT REPORT

March 5, 2024

The accompanying financial statements were prepared by Management, which is responsible for the integrity and objectivity of the data presented, including amounts that must necessarily be based on judgments and estimates. The financial statements were prepared in conformance with International Financial Reporting Standards, and in situations where acceptable alternative accounting principles exist, Management selected the method that was thought to be most appropriate in the circumstances. Financial information appearing throughout this Annual Report is consistent with the financial statements.

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

Ultimate responsibility for financial reporting to our members rests with the Board of Directors. The Audit & Risk Committee, which is appointed by the Board of Directors, meets at least twice a year to review, with Management and the appointed external auditors, the scope of the annual audit and the final audited financial statements.

The financial statements have been examined by PricewaterhouseCoopers LLP, whose report expresses their opinion with respect to the fairness of the presentation of the statements.



CURTIS WENNBERG
*President and
Chief Executive Officer*



BARRIE DAVIDSON
*Treasurer
Senior Vice-President, Finance
and Chief Risk Officer*



Independent auditor's report on the summary consolidated financial statements

To the Members of Credit Union Central of Manitoba Limited

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Credit Union Central of Manitoba Limited and its subsidiary (together, the Organization) are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1 to the summary consolidated financial statements.

The summary consolidated financial statements

The Organization's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2023 comprise:

- the summary consolidated statement of financial position as at December 31, 2023;
- the summary consolidated statement of operations and comprehensive income (loss) for the year then ended;
- the summary consolidated statement of members' equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated March 5, 2024.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1 to the summary consolidated financial statements.

Auditor's responsibility

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

Chartered Professional Accountants

Winnipeg, Manitoba
March 5, 2024

PricewaterhouseCoopers LLP
Richardson Building, 1 Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T.: +1 204 926 2400, F.: +1 204 944 1020, Fax to mail: ca_winnipeg_main_fax@pwc.com

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

CREDIT UNION CENTRAL
OF MANITOBA LIMITED
DECEMBER 31, 2023

Summary Consolidated Statement of Financial Position
As at December 31

in thousands of Canadian dollars

Assets

Liquidity pool
Derivative instruments
Income taxes recoverable
Intermediation pool
Property and equipment
Other assets
Deferred income taxes

Liabilities

Accounts payable
Members' deposits
Obligations under repurchase agreements
Derivative instruments
Subordinated liabilities

Members' equity

Share capital
Accumulated other comprehensive loss
Retained earnings

	2023	2022
	6,084,406	6,119,479
	45,459	98,688
	1,101	14,835
	78,394	61,663
	12,439	12,515
	12,667	22,461
	13,233	19,279
	6,247,699	6,348,920
	49,760	47,939
	5,210,800	5,311,999
	420,360	462,103
	90,890	62,217
	21,390	20,041
	5,793,200	5,904,299
	408,288	416,995
	(141)	(331)
	46,352	27,957
	454,499	444,621
	6,247,699	6,348,920

Approved by the Board of Directors



DIRECTOR



DIRECTOR

CREDIT UNION CENTRAL
OF MANITOBA LIMITED

DECEMBER 31, 2023

Summary Consolidated Statement of Operations and Comprehensive Income (Loss)

For the year ended December 31

in thousands of Canadian dollars

Financial revenue

Liquidity pool — interest income	195,092	147,953
Liquidity pool — non-interest income	—	1,017
Intermediation pool — interest income	4,893	2,513
Intermediation pool — non-interest income	—	1,259
Intermediation pool — dividend income	17	8,645

2023**2022**

195,092

147,953

—

1,017

4,893

2,513

—

1,259

17

8,645

200,002

161,387

Cost of funds

304,537

117,475

(104,535)

43,912

Unrealized gains (losses) on non-derivative instruments

205,577

(467,139)

Unrealized gains (losses) on derivative instruments

(166,016)

336,766

Net revenue of derivative instruments

199,512

33,496

42,670

379,436

239,073

(87,703)

Financial margin

134,538

(43,791)

Other income

Share of Celero's loss

(555)

(9,228)

Share of CCWH's income

526

516

Share of PPJV's loss

(14,856)

(11,404)

Rental income — net

819

859

Net operating recovery

8,916

67

(5,150)

(19,190)

Income (loss) before credit union patronage distributions

129,388

(62,981)

Credit union distributions

Financial margin distribution

(83,338)

(63,658)

Distribution of Celero's loss

555

9,228

(82,783)

(54,430)

Income (loss) before income taxes

46,605

(117,411)

Income tax expense (recovery)

6,046

(31,832)

Net income (loss) for the year

40,559

(85,579)

Other comprehensive income (loss)

Equity accounted investments

190

(330)

Comprehensive income (loss)

40,749

(85,909)

CREDIT UNION CENTRAL
OF MANITOBA LIMITED

DECEMBER 31, 2023

Summary Consolidated Statement of Members' Equity

For the year ended December 31

in thousands of Canadian dollars	Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2021	407,438	(1)	127,019	534,456
Comprehensive net loss for the year	—	(330)	(85,579)	(85,909)
Dividends to members	—	—	(13,483)	(13,483)
Members' shares issued	9,557	—	—	9,557
Balance at December 31, 2022	416,995	(331)	27,957	444,621
Balance at December 31, 2022	416,995	(331)	27,957	444,621
Comprehensive net income for the year	—	190	40,559	40,749
Dividends to members	—	—	(22,164)	(22,164)
Members' shares redeemed	(8,707)	—	—	(8,707)
Balance at December 31, 2023	408,288	(141)	46,352	454,499

CREDIT UNION CENTRAL
OF MANITOBA LIMITED

DECEMBER 31, 2023

Summary Consolidated Statement of Cash Flows

For the year ended December 31

in thousands of Canadian dollars

Cash provided by (used in)**Operating activities**

Net income (loss) for the year	40,559	(85,579)
Items not affecting cash		
Unrealized losses (gains) on FVTPL financial instruments	(39,561)	130,373
Depreciation of property and equipment	762	732
Deferred income tax expense (recovery)	6,046	(17,218)
Decrease in liquidity pool assets	245,574	909,143
Net change in derivative instruments	(84,114)	(98,614)
Decrease in members' deposits	(104,427)	(1,061,215)
Net change in other assets and accounts payable	25,349	(13,576)
	90,188	(235,954)

Investing activities

Acquisition of property and equipment	(686)	(348)
Decrease (increase) in intermediation pool assets	(15,931)	38,291
	(16,617)	37,943

Financing activities

Increase (decrease) in obligations under repurchase agreements	(42,307)	242,625
Subordinated liabilities issued (paid)	1,349	(868)
Members' shares issued (redeemed)	(8,707)	9,557
Dividends to members	(22,164)	(13,483)
	(71,829)	237,831

Increase in cash and cash equivalents

Cash and cash equivalents — Beginning of year	60,985	21,165
Cash and cash equivalents — End of year	62,727	60,985

Supplementary cash flow information

Income tax paid	14	224
Income tax received	13,749	1,550

CREDIT UNION CENTRAL
OF MANITOBA LIMITED

DECEMBER 31, 2023

1 Basis of presentation of the summary consolidated financial statements

These summary consolidated financial statements have been derived from the audited consolidated financial statements of Credit Union Central of Manitoba Limited (the “Organization”) for the year ended December 31, 2023, which are prepared in conformity with International Financial Reporting Standards.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summarized consolidated financial statements is in agreement with the related information in the complete consolidated financial statements, and that the summarized consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from Credit Union Central of Manitoba or online at <http://www.cucm.org>.

2 Compliance with minimum capital requirements

At December 31, 2023 the Organization is in compliance with the capital requirements established by the Deposit Guarantee Corporation of Manitoba in its Prudential Standards for Credit Union Central of Manitoba Regulation.

Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Organization’s capital, the reader must refer to the audited consolidated financial statements and notes for the years ended December 31, 2023 and 2022 which contain the information detailing the calculation.

The Seven International Co-operative Principles are guidelines by which co-operatives put their values into practice. Part of CUCM's mission is to promote these principles.

1 VOLUNTARY AND OPEN MEMBERSHIP

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2 DEMOCRATIC MEMBER CONTROL

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3 MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4 AUTONOMY AND INDEPENDENCE

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5 EDUCATION, TRAINING AND INFORMATION

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of co-operation.

6 CO-OPERATION AMONG CO-OPERATIVES

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7 CONCERN FOR COMMUNITY

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Credit Union Central of Manitoba's head office is located in Winnipeg, on Treaty 1 Territory.

Manitoba credit unions serve members on lands and communities associated with Treaties 1, 2, 3, 4, 5, 6, and 10. This includes ancestral and current lands of the Inuit in Northern Manitoba, as well as the ancestral lands and waters of the Anishinaabeg, Ininiwak, Anishiniwak, Dakota, and Dene peoples, and the homeland of the Red River Métis.

Incorporated in 1950 by Statute of the Province of Manitoba, Canada

EXTERNAL AUDITORS

PricewaterhouseCoopers LLP

CONSULTING ECONOMISTS

Matthew Stewart Director, Financial Advisory | Deloitte Canada

Eric Olson Farm Management Consultant | MNP LLP

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