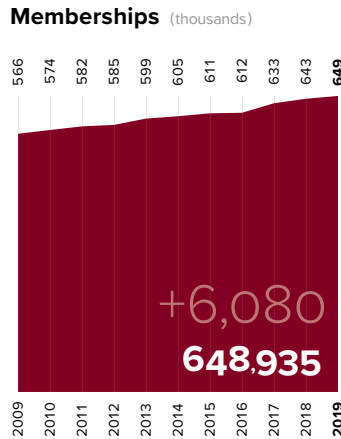


Consolidated System Statistics

December 31, 2019

All figures preliminary unaudited results



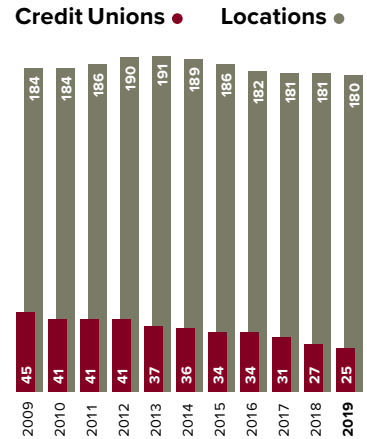
Manitobans continue to be attracted to credit unions and their rates, products, services, and commitment to community, as well as the co-operative business model that makes them an owner of their financial institution.

Altona Amaranth Arborg
 Ashern Austin Baldur
 Beausejour Benito Binscarth
 Birds Hill Birtle Boissevain
 Brandon Carberry Carman Cartwright
 Cypress River Dauphin Deloraine
 Dominion City Dugald Emerson Erickson
 Eriksdale Ethelbert Fisher Branch
 Flin Flon Gilbert Plains Gillam Gimli Gladstone
 Glenboro Glenella Grand Rapids Grandview Gretna
 Grunthal Hamiota Hartney Headingley Holland Inglis
 Inwood Kenton Killarney La Rivière Lac du Bonnet
 Landmark Laurier Lowe Farm Lunder MacGregor
 Manitou Melita Miami Miniota Minnedosa
 Moosehorn Morden Morris Neepawa Ninette
 Niverville Oak Bank Oak Bluff Oak Lake
 Oak River Oakburn Oakville Pilot Mound
 Pinawa Pine Falls Plum Coulee
 Plumas Portage la Prairie Reston
 Rivers Riverton Roblin Rorketon
 Rosenort Rossburn Russell
 St. Lazare Ste. Rose du Lac
 Sandy Lake Sanford Selkirk
 Shoal Lake Souris Sprague
 Starbuck Steinbach Stonewall
 Strathclair Swan Lake Teulon
 Swan River The Pas Thompson
 Treherne Virden Vita Waskada
 Whitemouth Winkler Winnipeg
 Winnipeg Beach Winnipegosis

Manitoba's Credit Unions

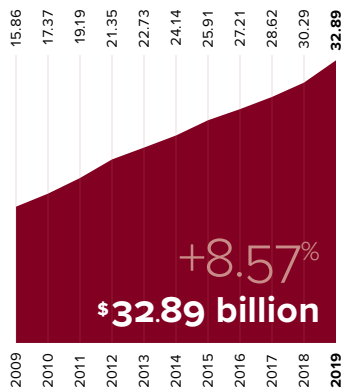
Credit unions serve **108** communities throughout the province, giving Manitobans substantially better access to quality financial services and products than any other financial institution.

In **68** of those communities, a credit union is the only financial institution in place to serve local residents and businesses.



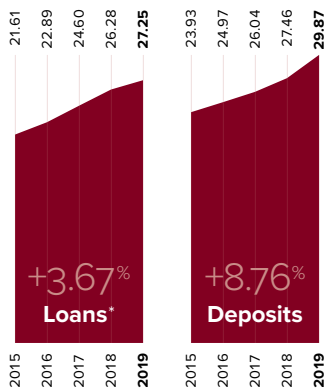
Amalgamations between Sunrise and Strathclair in Western Manitoba, and Carpathia and North Winnipeg in the capital, reduced by two the number of credit unions. (The number dropped to 24 on January 1, 2020 with the amalgamation of Portage la Prairie-based Stride and Neepawa-based Beautiful Plains.) Branch consolidations in Winnipeg and Oak Bank were partially offset by Noventis expanding its reach with a new Solutions Centre — an interactive teller machine, with a human being providing service at the credit union's end — in Lunder.

Credit Union Assets (\$ billions)



While no longer growing by the double digits of the early part of the decade, Manitoba credit unions continue to grow. The slower growth is attributable to Canada’s very low interest rate environment, which puts pressure on credit unions’ margins — the spread between lending and deposit rates, where they earn the bulk of their income.

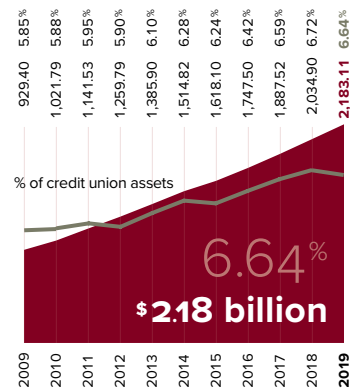
Loans and Deposits (\$ billions)



The pace of loan growth declined to a more moderate level in 2019 after an extended period of strong growth. Credit union member deposits, meanwhile, grew at a faster pace in 2019 than in the past few years.

* net of allowances

Credit Union Equity (\$ millions/% of assets)



Credit union equity consists of member share capital, surplus shares, preferred shares, contributed surplus and retained earnings. It increased in 2019 by \$148 million, bringing consolidated equity as a percentage of system assets to 6.64%. Equity is the leading indicator of the strength of the system; 6.64% tells members and potential members that Manitoba credit unions’ fundamentals are very strong.

Manitoba's Credit Unions

Branch locations as of December 31, 2019

Access Credit Union Altona, Carman, Dominion City, Emerson, Gretna, Grunthal, Lowe Farm, Manitou, Miami, Morden, Morris, Oak Bluff, Plum Coulee, Sanford, Sprague, Vita, Winkler

Amaranth Credit Union Amaranth

Assiniboine Credit Union Winnipeg (15), Gillam, Thompson

Beautiful Plains Credit Union Neepawa, Glenella

Belgian-Alliance Credit Union Winnipeg (3)

Cambrian Credit Union Winnipeg (10), Selkirk

Carpathia Credit Union Winnipeg (6)

Casera Credit Union Winnipeg (3)

Compass Credit Union Brandon (2), Erickson

Crosstown Civic Credit Union Winnipeg (9)

Entegra Credit Union Winnipeg (4)

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

Minnedosa Credit Union Minnedosa

Niverville Credit Union Niverville, Landmark, Steinbach

Noventis Credit Union Arborg, Ashern, Eriksdale, Fisher Branch, Gimli, Headingley, Lundar, Moosehorn, Riverton, Selkirk, Starbuck, Winnipeg Beach

Rosenort Credit Union Rosenort, Altona, Winkler

Steinbach Credit Union Steinbach, Winnipeg (2)

Stride Credit Union Austin, Gladstone, MacGregor, Oakville, Plumas, Portage la Prairie (2)

Sunova Credit Union Beausejour, Birds Hill, Dugald, Inwood, Lac du Bonnet, Oak Bank, Pinawa, Pine Falls, Selkirk, Stonewall, Teulon, Whitemouth, Winnipeg (3)

Sunrise Credit Union Baldur, Boissevain, Brandon, Cypress River, Deloraine, Grandview, Hartney, Holland, Laurier, Melita, Oakburn, 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, Glenboro, Killarney, La Rivière, Ninette, Pilot Mound, Rivers, Souris, Swan Lake, The Pas, Winnipeg (2)

Winnipeg Police Credit Union Winnipeg (2)

Credit Union Central of Manitoba is the trade association and service provider for the province's 24 autonomous credit unions.

CUCM is governed by Manitoba's *Credit Unions and Caisses Populaires Act*. CUCM manages liquidity reserves, monitors credit granting procedures and provides trade services in areas such as corporate governance, government relations, representation and advocacy. CUCM also provides payment and settlement systems, banking, treasury, human resources, research, communications, marketing, planning, lending, product/service R&D, business consulting and legal services to credit unions. Manitoba credit unions jointly own CUCM and representatives from five peer groups sit on its board of directors. CUCM is financed through assessments and fee income derived through its operations.

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Always Learn

Education is the kindling of a flame,
not the filling of a vessel.

— SOCRATES

The journey to reconciliation

Over the course of a century, until the 1970s, tens of thousands of Indigenous children were taken from their parents and placed on trucks or buses. Parents were forced to surrender their children to Indian agents, parish priests, or RCMP officers under the threat of prosecution. The children were thrust into a world where their family connections, culture and language were systematically suppressed, and where they faced violence, illness and malnutrition. Some were shipped by train, thousands of kilometres from their homes, to be placed into institutions that were tragically foreign to them. Some never returned. This was the Canadian residential school system.

After hosting events throughout Canada, including seven large events in different cities, and collecting testimony from over 6,000 witnesses, the Truth and Reconciliation Commission (TRC) presented its report in June 2015. The report detailed the strength and courage of survivors of the residential school system and shocked Canadians with stories of hardship and atrocity. The report detailed 94 specific Calls to Action, across numerous aspects of Canadian life, that are necessary to address the harms inflicted. It also sparked reconciliation efforts across the country.

ME-DIAN CREDIT UNION

Originally founded in 1978 as the Métis Credit Union of Manitoba, Me-Dian Credit Union is Canada's first Indigenous full-service financial institution.

It was previously a closed bond credit union, where all members share a distinct association based on religion, profession, culture, or other criteria. Over time, it opened up membership to the entire Indigenous population of Manitoba to include First Nations, Inuit, and Métis people.

Fast-forward to 2009 and Me-Dian opened its membership to those who are not of Indigenous heritage. Truly in the spirit of reconciliation, Me-Dian is leading the charge to build inclusion, awareness, and respect for all Manitobans.

“The reconciliation journey is especially important to Me-Dian, as it directly ties into our values and mission,” says Interim CEO Randy Dagasdas. “But, more importantly, it deeply affects our members.”

Severina Curtis has worked with Me-Dian Credit Union for 16 years and has a wealth of experience working with its members.

“We have served many survivors of residential schools. When I first started, the majority of our staff were Indigenous.” Now that Me-Dian also employs



Winnipeg's Me-Dian Credit Union has led the way in reconciliation education for its employees. Pictured, from left, are David Lowen, Lending Analyst; Severina Curtis, Manager of Administration; Maria Almeida-Grift, Senior Administrator; and Randy Dagasdas, Interim CEO.

many who do not identify as Indigenous, “we have to make sure we are being educated to have the proper understanding and compassion for our members.”

Dagasdas agrees that compassion is essential.

“We want to have a reasonable understanding of the residential schools and not be afraid to discuss them, and their legacy, when members bring up the topic.”

Me-Dian engaged an Indigenous consultant to explain the history of the separation of Indigenous peoples from their land and culture. “We feel the process is necessary in order to move forward and we are very happy to be making real efforts in this regard,” Dagasdas says.

Me-Dian plans to continue expanding its reconciliation education efforts for staff. “Our board members are adamant that we have continuing reconciliation learning incorporated into our training.”

Dagasdas hopes reconciliation efforts across Canada and, more importantly, in Manitoba, will have a profound effect on the rest of the province and country. “But that will only happen if, as a society, we come together, acknowledge the past, and move forward with kindness.

ASSINIBOINE CREDIT UNION

Employees at Assiniboine Credit Union (ACU) are also learning about the personal pain and trauma Indigenous peoples suffered as a result of the cultural genocide they experienced.

“Learning is one part of our reconciliation journey,” says Brendan Reimer, Strategic Partner, Values-Based Banking. “The TRC Calls to Action include education, employment and economic impacts.”

ACU’s vision statement includes *a sustainable future for all*, which, when matched with one of its corporate values, *diversity and inclusion*, is aligned to the spirit of reconciliation.

“Reconciliation is imperative,” says Reimer. “Our vision cannot be achieved without healing harms, inequities and injustices. We need to build healthy and respectful relationships between all peoples. This journey is extremely important and valuable for the well-being of our employees, our members, and our communities.”

Responding to the TRC Calls to Action, ACU has implemented a number of initiatives within their organization to help empower Indigenous employees



Some members of Assiniboine Credit Union's Indigenous Leadership Circle wear orange to honour the thousands of children who were sent away to residential schools. Pictured (from left) are Kirstin Witwicki, Terri Moar, Erica Lindell, Ross Kozielec and Brian McIvor.

and members, and to educate non-Indigenous employees. They include:

- Making both an internal and external commitment to engage in the journey of reconciliation.
- Forming an employee-led Indigenous Leadership Circle to guide the journey.
- Being a founding signatory to the Winnipeg Indigenous Accord.
- Using treaty acknowledgements at annual meetings, board meetings, and staff meetings.
- Participating in the Downtown Biz's *Indigenous Welcome* decal program. All branches and business units now display them.
- Expanding partnerships with Indigenous employment development organizations to increase opportunities for employment at ACU.
- Expanding financial empowerment programs in partnership with Indigenous community organizations to increase financial literacy, confidence, and access to fair and affordable financial services as members of ACU.

- Attending emotionally impactful and intellectually challenging events each year, such as the Treaty 1 tour at the Manitoba Museum, sessions with elders, and the *KAIROS* Blanket Exercise (a unique, participatory history lesson — developed in collaboration with Indigenous Elders, knowledge keepers and educators — that fosters truth, understanding, respect and reconciliation among Indigenous and non-Indigenous peoples).

Reimer says there has been very strong participation from ACU leadership at events, which demonstrates that reconciliation is a priority at ACU, and employees are very engaged.

“Our employees are learning about these brutal practices and how they resulted in stolen land and resources, lost languages and culture, broken nations and families, and intergenerational legacies of trauma. They’re also learning about Indigenous world views, cultures and traditions, medicines and food, languages, and their political, legal and human rights.”

When asked if employees are learning anything about themselves through ACU's reconciliation

“This is a journey, not a project. One that will last our lifetimes and beyond. The goal is full healing and justice — full reconciliation.”

journey, Reimer said, “This is a more personal question, but what I hear from our employees who participate in these events is that they often were uninformed about the history, the cultural genocide, and the deliberate political policies driving it. They’re learning about the pain, trauma and abuse caused by settlers and our governments and the legacy of it all that lives on today.”

As a result, one major point — perhaps one of the biggest goals of the TRC starting the reconciliation journey in the first place — seems to have hit home for ACU employees.

“They are learning that while they may not have inflicted this pain and injustice themselves, they have gained the benefits and privileges afforded by it, and therefore have a responsibility to do the hard and courageous work of reconciliation.”

“We don’t set goals (for reconciliation) in a traditional sense,” says Reimer. “This is a journey, not a project. One that will last our lifetimes and beyond. The goal is full healing and justice — full reconciliation.”

Each One, Teach One

Vancouver-based Vancity Credit Union launched Each One, Teach One (EOTO) in 2008 with the goal of enhancing financial literacy in the community — no strings attached. The program embodies one of the seven international co-operative principles, *Concern for Community*.

EOTO has since been adopted by credit unions nationwide, and none with more enthusiasm than Manitoba credit unions.

“EOTO is about empowering staff to take the message of financial literacy out to people who need it the most, in our own words, in a format people will enjoy,” says Adam Monteith, VP of Marketing at

Access Credit Union. “We train internal staff to take a message that’s completely independent, completely not attached to sales, completely not ‘Access’, out into the community and teach what they know. There’s no pitch whatsoever.”

Access initially sent two staff members for training in EOTO. Once training was complete, the newly certified instructors were so passionate about the program that interest within the credit union skyrocketed.

“Our goal was to train about 10% of our staff and we have hit that mark. They enjoy teaching, they enjoy being out in the community — you see it every day. We still have a lineup of staff who want to participate.”

Access gets a lot of positive feedback about the program. Many new Canadians, and vulnerable members of the community, have used their new knowledge to gain independence and take ownership of their finances.

“People who have greater knowledge about finances, greater knowledge about money coming in and out, and greater confidence in managing their finances, make better financial decisions. Better financial decisions benefit the community as a whole,” Monteith says. “Whether that’s stronger sustainable populations, whether that’s a reduction in crime, it’s a huge leap in how a community develops.”

Better financial literacy also reduces the likelihood of people being victimized by fraud, he adds.

Linda Noto and James Grosskopf of Westoba Credit Union received their instructor training in 2018 and started conducting workshops in the Brandon area in the fall of 2019. They work with new Canadians, while some of their co-workers work with different groups, like students and seniors, around the community.

“I have seen the credit union difference at work and I’ve contributed to improving people’s lives.”

“It’s a great way to expose staff to the community, while providing knowledge to people who want and need it,” says Noto. “I’ve already participated in nine sessions with new immigrants to Canada in need of assistance with basic knowledge of banking, budgeting, fraud, and income tax returns.”

Grosskopf says part of the reward in teaching EOTO classes is seeing the students take a real interest in the material.

“Doing the workshops, you can genuinely see the audience is engaged and they are learning something new. They are actively taking notes and asking great questions,” he says. “It’s especially refreshing to see the same people return when we offer sessions they haven’t been to. It proves they’re finding value in the information we share.”

Noto and Grosskopf give a lot of credit to Westoba for supporting their EOTO work.

“The credit union provided me with the time to take the training and are now flexible with regards to the time it takes to deliver the workshops,” says Noto.

In addition to supporting the program and the staff who deliver it, Westoba promotes the sessions on its website and social media channels.

An immigrant himself, Grosskopf is grateful to Westoba for the opportunity to give back to his community. “I have seen the credit union difference at work and I’ve contributed to improving people’s lives.”

Jane Smith is an Outreach Counsellor at Genesis House, a shelter for abused women and their children in Winkler. Part of the shelter’s mandate is to provide empowerment, resources, assistance, safety, education and support for the women they help. Smith has worked with Access Credit Union for three years to provide *Springing into Financial Literacy* every April — a four-week EOTO program.

The impact, she says, has been invaluable.

“I had one client call her lender and explain her change of situation and renegotiate the terms of her mortgage, thus avoiding foreclosure. Another woman became proactive in finding out about her finances and her credit score. She realized that knowing her financial situation gave her an opportunity to change it,” Smith says.

“Finances can be an uncomfortable conversation to have. Our clients are often struggling with making ends meet, debt, and bad credit history. This program gives them the tools to accomplish their financial goals, and the hope that they can make a change.”

Manitoba Start

Manitoba Start is an organization in Manitoba that helps new Canadians get the training they need to have their certifications recognized, skills transferred and language skills strengthened and, most importantly, find work.

“We’re the first stop for newcomers to Canada who want to enter the labour market,” says Judith Hayes, the organization’s executive director. “We serve newcomers who may be hand-selected by the province through the Provincial Nominee Program, and they come with a strong background of skills and experience.”

“Right now, we have a large number of teachers, lots of accountants, and quite a few people with financial management background — which has proven a great connection with the credit unions. We have nurses, we have engineers and that’s just to name a few.”

Hayes says Manitoba Start is sometimes literally the first stop for new Canadians. They will arrive in Canada on a Friday and come and see them the



From left: Donna Paluk (Crosstown Civic Credit Union), Cherie Gemmill (Assiniboine), Caryn Zinko (Steinbach) and Pam Funk (Cambrian) greet a group of new Canadians who will take part in paid on-the-job training at their credit unions, through a partnership with Manitoba Start.

following Monday. She says they see anywhere from 5,000 to 6,000 people a year, and provide roughly 2,500 jobs in support positions.

The program, which has been running for just over 10 years, has seen strong participation from Manitoba's credit unions. Hayes says they have helped plenty of newcomers access financial jobs that would ordinarily have been hard to get.

"It's a win-win," she says. "Credit unions get strong, skilled employees and our newcomers get great opportunities to grow."

Every year Manitoba Start works with four credit unions. At the beginning of the year, they contact Manitoba credit unions to find out those that are interested in participating, need these specialized skills, have openings, and have time to devote to training new staff.

The program works in two phases. There is a four-week pre-training component where candidates learn language and culture with an orientation to financial and business language. They learn Canadian and financial cooperative work culture, essential skills, and other topics related to working as a Member Services Representative.

Upon completion of the four-week pre-training, they move on to work experience. A three-month

paid, full-time position provides on-the-job training and experience as a Member Services Representative within a credit union.

Upon completion of the Manitoba Start program, candidates receive an offer of, at minimum, a permanent part-time position with the credit union they worked in. They also receive a certificate of completion.

"The credit union has been very supportive of helping people find that stepping stone job that's going to lead to their career path," says Hayes.

"Many of them are 100% hired in the end. It's a remarkable program that really meets the needs that credit unions have to find skilled staff and clearly meets the needs that we have for people with a financial background to get that steppingstone job."

"I bank with a credit union and often, when I go in there, I recognize people from our work place and it's so nice to see they've attained that position and are moving forward in their careers," says Hayes.

Hayes believes the kind of partnership approach they have been able to work out with the credit unions is a prime example of how organizations like Manitoba Start can support the labour market. That the partnership makes it work for both the client and the business.

Fusion Credit Union Chief Operations Officer Leanne DeVliegere won the Canadian Credit Union Association's National Young Leaders Award in 2015.



Lifelong Learning

Leanne DeVliegere exemplifies the concept of lifelong learning.

Celebrating 20 years working for credit unions as of December 2019, her career has seen major growth from her early days as an intern Member Services Representative at Westoba Credit Union. Now Chief Operations Officer at Fusion Credit Union, she says the one consistent theme throughout her journey been continuous learning.

A graduate of Assiniboine Community College's Business Administration and Management program, DeVliegere is now just months away from earning her MBA from the University of Fredericton.

"Lots of people talk about luck and timing," says DeVliegere. "I 100 per cent agree that those components need to be available, but at the same time you have to be ready when opportunity strikes."

How does DeVliegere stay ready? Through education and participation.

"Something I've always done is put my hand up for opportunities to participate in things going on in the credit union. Whether that was wanting to be part of banking system conversion teams, wanting to be part of staff associations, or helping to create an internal young leaders group, I wanted to learn more about what we were doing and where we were headed, because I wanted to play a part in it."

She considers herself fortunate to be an early member of the Credit Union Young Leaders of Manitoba (CUYLM).

"In 2008, I went to a think tank in Winnipeg hosted by a local member of the National Young Leaders Committee. I started to meet these people who were really aware of opportunities for leadership in a bigger, broader scope and that is what really started this journey for me."

"CUYLM felt like a little bit of a breakthrough. It was a collaborative group. There were a few highly engaged young leaders that approached Credit Union Central of Manitoba to get it off the ground, and a few years later I was lucky enough to be a part of the committee."

As a member of CUYLM, as well as the internal young leaders group at Westoba, DeVliegere continued to work hard at improving her skills, learning more about the credit union system, and showing her willingness to take the lead. Her hard work was recognized in 2015, when she won a Canadian Credit Union Association National Young Leaders Award.

It hasn't been a walk in the park. There were some difficulties in moving her career forward. One hurdle she experienced was having to move her family to take advantage of a new career opportunity. Another was recognizing, as she started to take on more and more senior roles, that she needed a more formal education to complement her experience. She'll receive her MBA from the University of Fredericton this summer.

Work/life balance can be difficult when you are as busy as she is, but DeVliegere says communication,

“Lifelong learning, and really committing to wanting to learn as much as you can, helps to grow your mind and build your comfort zone.”

and being more deliberate about how you spend your time, are key.

“It’s all about setting expectations— which is the same type of behavior we would all typically have in our workplace — so there are no surprises. My kids are 10 and 15, and involving them in the communication process has really helped.” She also credits her “fantastic” husband for picking up the slack.

Having so much experience working within the credit union system has provided DeVliegere with unique insight in her education.

“With the MBA, there is so much theory, but I find myself saying, ‘Oh, there’s a name for that?’ I find that to be really interesting — that throughout my career there have been so many opportunities to apply that foundational theory and I didn’t know there was a name for it at the time.”

DeVliegere says she’s not planning to stop her learning journey: she now has her eye on a Chartered Professional in Human Resources (CPHR) designation.

“We’ll see how my family feels about that.

“I think that lifelong learning, and really committing to wanting to learn as much as you can based on the situation and circumstances you are in, helps to grow your mind and build your comfort zone. You are exposed to all these different types of experiences and environments and you just start to operate comfortably. You just keep building it out and out from there.

“Constant curiosity and seeking information has provided so many opportunities for me. I think I have been curious and I have asked the right question at the right time, of the right person, or maybe the timing has been right for me in my life, too. It feels like opportunities have been endless. I’ve been so fortunate that way.”

DeVliegere believes being ready when the time is right or when the opportunity presents itself is imperative — that if you’ve done nothing to prepare yourself for the next move in your career and simply hope for the job you want when it opens up, the chances are slim.

In the last seven to eight years she’s also been committed to coaching, learning more about coaching and how to be effective.

“It has helped immensely in improving the way I interact with the people around me. No one has all the answers, but having the right questions can help inspire answers, decisions or commitments in others.

“I really like the focus my organization, Fusion, has on coaching and leadership,” she adds.

“We recently launched a Fusion young leaders group and we really hope to put forward a name for the National Young Leader Award. We’re working diligently at moving those types of things forward so more people have the same opportunities as me. Our CEO is committed to so many of these things as well, making us a springboard for young leadership and contributions, and cultivating people who feel passionate about our system and want to keep moving it forward and improving on it.

“You always need those people.”

The Minnedosa Youth Board

The Minnedosa Youth Board started as a conversation between the credit union’s general manager at the time, Don Farr, and Bob Pineo, a teacher at Minnedosa Collegiate Institute (MCI). Pineo wanted his business students to see, first-hand, how boards work within companies; Farr saw it as an excellent opportunity for youth outreach.

The youth board mimics the functioning of a regular board. It elects its own executive and runs

Each member of the youth board gets a \$300 scholarship from the credit union when they graduate Grade 12, and “their participation looks good on a résumé, too.”

its meetings according to Robert’s Rules of Order. It is composed of grades 11 and 12 students, six of each on two-year terms. Aspiring members apply in Grade 10 and are interviewed by staff and board members of Minnedosa Credit Union, and the successful candidates attend the last youth board meeting of the year. Members of the credit union’s regular board attend the first youth board meeting of the year.

Farr and Pineo started in a logical place: education. Farr engaged Credit Union Central of Manitoba (CUCM) to deliver Credit Union Director Achievement (CUDA) training to the youth board once a month in the credit union’s boardroom. (At that time, CUCM delivered CUDA training, which is now available from CUSource.) CUDA teaches board directors what they need to know about the governance and business sides of financial co-operatives.

Tanis Barrett, a teacher at MCI who came on board in 1993, says the CUDA-type content is still an essential part of the program, “but now, what stands out for me are the connections they make in the community.” From its initial focus on director education, it has evolved over the years to getting the kids out of the boardroom to run a business and learn from community leaders.

Leaders like entrepreneur and former board member Beth McNabb, who for years owned an independent clothing store in town; or members of the local Lions Club, who serve needs in communities that aren’t always apparent; or the manager of Heritage Co-op, who talks not only about what is required to efficiently run a retail business, but provides the co-op perspective as well.

For the past several years, the youth board has run MCI’s branded clothing program. “They choose

the clothing, get it branded, price it out, promote it and sell it,” says Barrett. “The profits benefit the school.”

Profits have gone toward things like team uniforms and a gym scoreboard. A few years ago, the youth board used the profits to buy a refillable water station, and then worked with student council to lobby the administration to eliminate plastic water bottles on campus.

The youth board’s influence extends beyond their school. After a presentation by the Minnedosa Foundation two years ago, the youth board sparked the establishment of the Minnedosa Collegiate Foundation, a community trust administered by students in partnership with the Minnedosa Foundation, with support from the Thomas Sill Foundation.

“They are getting as many leadership skills as the kids on student council, although they’re sometimes the same kids,” Barrett says. “They are very proud of the work they do, of the brand, of seeing their clothes, of the impact they make.”

“It’s great to watch the growth of the students,” says Brad Ross, MCU’s GM since 2012. “For example, the treasurers usually don’t know what they’re doing when they start their terms, but they are very knowledgeable — and holding everyone to account — by the end of their terms.”

More credit union staff are involved now, too. “The kids learn about business, money management and financial planning from us, which is very valuable for them as individuals,” Ross says. Staff rotate in and out depending on their area of expertise, for example, or even their comfort level with teaching teenagers.

“Those of us directly involved at the credit union get a lot of value from our interactions with youth — youth that aren’t our own kids — that we



Every two years, members of the Minnedosa Youth Board head north to Lake Audy for a full-day leadership and teamwork retreat.

wouldn't normally get," Ross says. "For example, one of the things I really enjoy is hearing the great discussions they have about their perceptions: how their perceptions coming into the program — about leadership, their community and its people — have changed over the course of their terms on the youth board."

The credit union gets lots of positive publicity for running the youth board, and its members help with the credit union's AGM, where the youth board chair makes an annual presentation on their activities and successes from the previous year.

Each member gets a \$300 scholarship from the credit union when they graduate Grade 12. "Their participation looks good on a résumé, too," Ross says.

Barrett echoes that, saying she constantly gets questions from universities to which youth board members have applied. "They're quite intrigued and ask lots of questions about it, which tells me this program is pretty unique."

Every two years for the past 10 years, the youth board has gone on a one-day leadership and teamwork retreat at Lake Audy, 45 minutes north of town, in Riding Mountain National Park. "It's usually a very diverse group, the youth board, so you get lots of different dynamics going on, and it's neat to see them come together as a group," Ross says.

"I see the results in the kids that come back from the retreat," says Barrett. "The level of respect they show for other people, and the bonds that get created at that session, are remarkable."



Manitoba credit unions
have a proud history of
supporting community
endeavours, either
individually or collectively
through system
sponsorships.

In 2019, the Manitoba credit union system, as a whole, sponsored several worthy and worthwhile organizations and events. These included Curl Manitoba's Master Men's and Women's Championship, Manitoba 55-Plus Games, Manitoba High Schools Athletic Association, the Manitoba Museum renewal project and Wasagaming Foundation Camp Wannakumbac.

Manitoba credit unions' gift of \$250,000 to the Manitoba Museum will be devoted to two of the province's most beloved attractions: the *Nonsuch* Gallery (above) and the Grassland Gallery.

System Sponsorships

Curl Manitoba Master Championship

The Manitoba Credit Unions Master Provincial Championship is the showcase event for curlers aged 60 and over. Each year, men's and women's teams from across the province take part in this prestigious bonspiel.

Manitoba's credit unions provided more than \$8,000 in sponsorship contributions to the 2019 championship, which was held in Stonewall.

Manitoba 55-Plus Games

Held every year since 1983, the Manitoba 55-Plus Games provide a healthy and fun atmosphere for Manitobans ages 55 and over to compete in a wide variety of sporting events, including golf, bowling, swimming and track, thereby promoting the benefits of healthy active living. Manitoba's credit unions contributed \$5,500 towards the 2019 Games in Swan River.

Manitoba High Schools Athletic Association

The MHSAA presents approximately 2,600 medals to champions, finalists and third-place finishers in fifty championship competitions held across the province throughout the school year. The Hands & Globe design and "Manitoba's Credit Unions" are featured prominently on the ribbon of each medal.

The Manitoba's Credit Unions Scholar Athlete Award is given annually to four students who maintain a minimum 85 per cent average and participate in at least two interscholastic high school athletic activities. Additional criteria include citizenship and other school activities. Each winner receives a \$1,000 scholarship and a medal at a reception — attended by all nominees and their families — hosted by the Lieutenant Governor at Government House.

Altogether, Manitoba's credit unions provided \$20,000 to the MHSAA in 2019.

Manitoba Museum

The Manitoba Museum is the province's largest not-for-profit centre for heritage and science learning. The collections within it are a reflection of the rich heritage Manitoba, as well as other regions around the world. Most Manitobans are intimately familiar with the museum and its galleries — like the *Nonsuch*, The Science Gallery (formerly Touch the Universe), and Grasslands galleries — due in part to its focus on students and schools.

Manitoba's credit unions are supporting the museum's *Bringing Our Stories Forward* capital renewal project with a \$250,000 gift. The renewal project is set for completion in November 2020, with the Manitoba credit unions' donation going towards the *Nonsuch* and Grassland galleries.

The gift was matched by the provincial government at a rate of 50 cents on every dollar, for a total donation of \$375,000.

Wasagaming Foundation Camp Wannakumbac

Located in Riding Mountain National Park, Camp Wannakumbac is a not-for-profit organization that provides exciting camping experiences for all participants through innovative instruction that fosters creative learning. The camp also serves as the setting for the Manitoba Cooperative Association's Co-op Youth Leadership Retreat, which fosters leadership skills and encourages youth involvement in co-operatives.

Camp Wannakumbac is operated by the Wasagaming Foundation Inc., a registered charity that receives funding from Manitoba's credit unions and other co-operatives. Manitoba's credit unions provided \$8,000 in sponsorships to Camp Wannakumbac in 2019.



CUCM's corporate giving is driven by decisions its employees make about their own philanthropy.

Left: Nearly every month, CUCM sends a team of employees to volunteer at Siloam Mission, a Winnipeg organization focused on providing opportunities for change for those affected by poverty and homelessness.

Right: Two relay teams of five CUCM employees each ran in the Manitoba Marathon on June 15, 2019. While neither team set any time records, they did finish one-two in fundraising among more than 380 relay teams registered.

Capturing the spirit of co-operative principle No. 7, *Concern for Community*, CUCM matches individual employee donations made through campaigns or activities (Staff Club fundraisers, United Way/All Charities campaign and certain sponsored events). These donations go to registered charities that are chosen by employees.

Through corporate matching, employees of CUCM, and CUCM itself, have contributed more than one million dollars over the past decade to a diverse group of organizations.

CUCM regularly exposes community organizations to employees (and vice versa) by inviting their representatives to speak at all-staff meetings.

To align to its goals and values, CUCM measures its community engagement as one element within its corporate balanced scorecard process.

CUCM Employee Giving and Community Service



\$ 80,396

Employee Giving (matched by CUCM)

Includes funds raised at special events



781 hours

Employee Volunteer Time

97%

Employee Participation

- A Port in the Storm \$
- Agape Table Inc. \$
- Alpha House \$
- ALS Society of Manitoba \$
- Alzheimer's Society \$
- Big Brothers/Big Sisters of Winnipeg \$
- Canadian Blood Services
- Canadian Cancer Society \$
- Canadian Community Economic Development Network (CCEDNET) \$
- Canadian Liver Foundation \$
- Canadian Parks and Wilderness Society (CPAWS) \$
- CancerCare Manitoba Foundation \$
- Children's Hospital Foundation of Manitoba \$
- Children's Wish Foundation \$
- CNIB Foundation \$
- Co-operative Development Foundation of Canada \$
- CURE Foundation \$
- Diabetes Canada \$
- Dream Factory \$
- Earth Day Cleanup
- Firefighters Burn Fund \$
- Habitat for Humanity \$
- Habitat for Humanity Women Build \$
- Heart & Stroke Foundation \$
- Immigrant & Refugee Community Organization of Manitoba (IRCOM) \$
- Inclusion Winnipeg \$
- Kidney Foundation \$
- Koats for Kids
- L'Arche Winnipeg \$
- La Leche League Canada \$
- Laurel Centre \$
- Lung Association Tulip Campaign \$
- Ma Mawi Wi Chi Itata Centre
- Main Street Project \$
- Manitoba Marathon \$
- Mennonite Central Committee \$
- Mount Carmel Clinic \$
- Newcomers Employment & Education Development Services (N.E.E.D.S. Inc.) \$
- Never Alone Foundation \$
- Plan International \$
- Prairie Wildlife Rehabilitation Centre \$
- Rainbow Resource Centre \$
- Rossbrook House \$
- Salvation Army \$
- Siloam Mission \$
- SMD Foundation
(Society for Manitobans with Disabilities) \$
- United Way of Winnipeg \$
- West Broadway Youth Outreach \$
- Wildlife Haven Rehabilitation Centre \$
- Winnipeg Harvest \$
- Winnipeg Humane Society \$

Message from the Chairman

Board planning is a living process at CUCM. It involves back-and-forth engagement with credit unions, because in order for CUCM to strategize, we need to understand what credit unions' strategies are, and where they are going.

In the past, CUCM engaged in multiple scenario planning exercises, examining trends and factors in order to try to predict five, 10, 20 or more years into the future of the environment for credit unions. We recently settled on a “third horizon” — seven to 10 years out — planning horizon.

As much as any ongoing process has a starting point, ours starts with CUCM — using internal and external expertise — providing information to credit unions that will help them understand the disruptors in the provincial, national and global financial services environments. Credit unions then take that information and consider it, along with factors in their own environments and organizations, to build their own strategies. Those strategies then feed back into CUCM's strategy.

All board members are actively engaged in the planning process throughout the cycle, each eager to ensure that we consider all credit unions' perspectives and concerns.

There occasionally appear, side-by-side with our cyclical, highly interactive approach to planning, certain realities of the marketplace. On those occasions, CUCM has taken an increasingly stronger leadership position. We saw that, in 2019, in the case of payments.

Payments Canada is committed to modernizing the national payments infrastructure, processes and policies. An effective processing infrastructure is essential to realizing value from payments and ensuring credit unions can deliver innovative services to members, at their own pace, with partners of their choice.

With the kind of regulatory and technological changes we saw on the horizon, we needed a solution.

As much as any ongoing process has a starting point, ours starts with CUCM providing information to credit unions.

CUCM, Alberta Central, SaskCentral, Credit Union Payments Services (CUPS), Celero Solutions and the largest seven credit unions on the Prairies came together in 2019 to form the Prairie Payments Strategy Group. Together, we examined our payments operations, defined our requirements, and sought a solution that would work for all Prairie credit unions, regardless of size or individual capacity. The group evaluated the strategic and technical approaches available to modernize payments infrastructure, and determined that a Payments-as-a-Service (PaaS) model would best position credit unions for future success. Eventually, the group identified IBM as the preferred service provider of such a solution and, by late 2019, all three centrals resolved to proceed with the agreement.

The PaaS with IBM is a long-term partnership that ensures Prairie credit unions have the support to deliver excellent payments capabilities to their members. The Prairie centrals will administer the IBM contract as a three-way joint venture, with overall governance provided by a management board made of representatives from credit unions, centrals, and payments experts.

The financial services landscape will continue to shift and change, competition from familiar competitors will grow, regulatory requirements will increase,

and legislation will open up the industry to more competition from fintechs. The process of defining our collective needs, developing our requirements and finding a workable solution, as we did with payments, is indicative of the path forward for credit unions: one of collective planning and action.

CUCM's board and management play an instrumental role on both fronts. By continually learning, listening, understanding and responding to the environment — short- to mid-term, but especially on a five- to 10-year horizon — we are able to not only apprise credit unions of what they should be considering as individual entities, but also propose action collectively when it is required.

I would like to thank CEO Garth Manness and CUCM's senior leadership team for their continued excellent efforts on behalf of all Manitoba credit unions, and for their support of the system's governance process, from peer group meetings to CUCM board meetings and planning sessions. On that point, too, I would like to thank my fellow board members, including our four newest members, for their efforts on behalf of not just their own peer groups, but also the entire credit union system.



A handwritten signature in blue ink that reads "Paul Holden". The signature is fluid and cursive, with a long horizontal flourish at the end.

PAUL HOLDEN

Chairman, Board of Directors

Board of Directors



Bruce Penner

Director,
Steinbach Credit Union
Board Meeting Attendance 8/8

Retired in 2019

Russell Fast

Board Meeting Attendance 3/4

PEER GROUP 1

Steinbach Credit Union



Kevin Sitka

Chief Executive Officer,
Assiniboine Credit Union
Board Meeting Attendance 10/11

PEER GROUP 2

Assiniboine Credit Union



Paul Holden

Director,
Cambrian Credit Union
Board Meeting Attendance 11/11

BOARD CHAIR

PEER GROUP 3

Cambrian Credit Union

Edward A. Bergen

Chief Executive Officer,
Sunova Credit Union
Board Meeting Attendance 10/10

Retired in 2019

Gordon Kirkwood

Board Meeting Attendance 2/2



Mike Csversko

Director,
Fusion Credit Union
Board Meeting Attendance 9/10

Retired in 2019

Alexander (Sandy) Wallace

Board Meeting Attendance 2/2

Larry Davey

Chief Executive Officer,
Access Credit Union
Board Meeting Attendance 11/11

VICE-CHAIR



Brad Penner

Chief Executive Officer,
Rosenort Credit Union
Board Meeting Attendance 11/11

Jim Rediger

Chief Executive Officer,
Westoba Credit Union
Board Meeting Attendance 11/11



Martin Trudeau

Chief Executive Officer,
Belgian-Alliance Credit Union
Board Meeting Attendance 9/10

Retired in 2019

Lee Gregory

Board Meeting Attendance 2/2

PEER GROUP 4

- Access** Credit Union
- Crosstown Civic** Credit Union
- Sunova** Credit Union
- Westoba** Credit Union

PEER GROUP 5

- Amaranth** Credit Union
- Beautiful Plains** Credit Union
- Belgian-Alliance** Credit Union
- Carpathia** Credit Union
- Casera** Credit Union
- Compass** Credit Union
- Entegra** Credit Union
- Flin Flon** Credit Union
- Fusion** Credit Union

- Me-Dian** Credit Union
- Minnedosa** Credit Union
- Niverville** Credit Union
- Noventis** Credit Union
- Rosenort** Credit Union
- Stride** Credit Union
- Sunrise** Credit Union
- Swan Valley** Credit Union
- Winnipeg Police** Credit Union

Corporate Governance

Last year was a year of transition for CUCM's board of directors, as four long-serving directors — including the long-time chair of the board — stepped down to make way for four new directors.

The retiring directors included Russ Fast (Peer Group 1, Vice-Chair of Steinbach Credit Union), Gord Kirkwood (Peer Group 4, CEO of Entegra Credit Union), Lee Gregory (Peer Group 5, Director and Past Chair, Noventis Credit Union) and Sandy Wallace (Peer Group 5, Chair, Niverville Credit Union). The incoming directors were Bruce Penner (Peer Group 1, Director, Steinbach Credit Union), Ed Bergen (Peer Group 4, CEO, Sunova Credit Union), Martin Trudeau (Peer Group 5, CEO, Belgian-Alliance Credit Union) and Mike Csversko (Peer Group 5, Director, Fusion Credit Union).

Director orientation sessions were held early in 2019, providing the new directors with a comprehensive overview of CUCM's governance structure, including the composition of the management team as well as the roles of the board and its various committees. The orientation sessions, conducted in April of 2019, included a review of CUCM's Vision, Mission and Purpose, as well as an overview of the organization's values and ongoing goals and objectives. The new directors also received information on CUCM's priority themes and some of the strategic issues facing the organization. The orientation session concluded with a review of each new member's role as a director, a discussion on the board's culture, an overview of the board policies and procedures and finally a look at the 2019 schedule of board and committee meetings.

Throughout 2019, CUCM's board of directors continued to make improvements to the organization's governance processes. The board approved revisions to the Director Competencies Profile and director self-assessment matrix. The revisions included updating and streamlining the competencies to emphasize listening skills, the importance of valuing diversity of opinions and perspectives, business judgment, and commitment and engagement.

During the year, the board also benchmarked CUCM's governance practices against those of organizations that participated in the 2019 Corporate Governance Best Practices survey, conducted by Compensation Governance Partners in collaboration with Governance Professionals Canada. The survey respondents included 70 Canadian organizations across multiple industries and sectors. Nearly a third were from the financial services industry. The benchmarking showed that CUCM's governance practices are in line with the practices of these organizations when it comes to board and committee operations and effectiveness, except in the areas of board diversity and corporate sustainability. The board remains committed to emphasizing the importance of diversity while respecting the democratic nature of board appointments from the system's peer groups and continues to look for ways

to promote diversity at all levels of the system's governance structures in order to foster greater diversity at the board level in the future. The board also recommended management investigate corporate sustainability policies from like organizations and develop a draft policy for board review.

The board also reviewed the Director Nominations and Elections Package for 2019. The package was revised to include a truncated questionnaire to be completed by incumbent directors. The questionnaire is intended to provide the Nominating Committee with an overview of an incumbent director's background, qualifications and perspective on board-management relations. The director will be required to complete the questionnaire once during their time of service on the board.

Last year, management expanded the planning process to seek more board input earlier in the cycle. Director involvement in the planning process remains ongoing and has become a focus for discussion at each board meeting. Ultimately, this planning process aims to consider the strategic direction credit unions need to take in order to thrive in the future as well as the role of CUCM in supporting them to transition there. To that end, the board also participated in its annual two-day planning session in June. The planning session was attended by both the board and management.

MEETING ATTENDANCE

[CHAIR]	Larry Davey	4/4
[VICE-CHAIR]	Jim Rediger	4/4
	Mike Csversko	3/3
	Martin Trudeau	3/3
	Gord Kirkwood	1/1
	Sandy Wallace	1/1

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.

MEETING ATTENDANCE

[CHAIR]	Kevin Sitka	4/4
[VICE-CHAIR]	Brad Penner	2/2
	Larry Davey	3/3
	Paul Holden	4/4
	Russ Fast	1/1
	Lee Gregory	1/1

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 develops and oversees training programs 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.

MEETING ATTENDANCE

[CHAIR]	Brad Penner	2/2
[VICE-CHAIR]	Jim Rediger	2/2
	Ed Bergen	2/2
	Bruce Penner	2/2

INVESTMENT COMMITTEE

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

MEETING ATTENDANCE

	Larry Davey	*
	Jim Rediger	
	Ed Bergen	
	Martin Trudeau	
	Brad Penner	
	Mike Csversko	

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.

* The Nominating Committee did not meet in 2019

The Seven International Co-operative Principles

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.

Message from the Chief Executive Officer

Credit unions have a rich and very successful history in our province.

For over 80 years, they have supported individuals, families, small business, large business and community organizations.

As cooperatives, credit unions exist for the purpose of serving members' financial needs, helping them fulfill their goals by providing financial advice, support and guidance. In the process, they help build strong communities and an economically strong province.

These credit unions own Credit Union Central of Manitoba (CUCM) and look to CUCM to provide services and to act as their trade association. The success of CUCM is defined by the success of its member credit unions. In 2019, CUCM focused on four strategic themes.

Advocacy — CUCM's role is to represent and advocate for Manitoba credit unions on a local and national scale, helping to shape and influence the agenda, and evolving advocacy approaches as conditions shift.

Industry Expertise — In support of CUCM's responsibility to provide thought leadership to member credit unions, CUCM searches out experts and develops expertise in financial services to provide information and advice to assist credit unions in the operation of their businesses.

Aligned Solutions — CUCM develops services in response to the operational needs of member credit unions.

Collaboration — The focus of this priority has been to provide processes and tools to help credit unions collaborate in a variety of policy and research priorities, as well as on investments that create mutual benefit.

ADVOCACY

Financial institutions find themselves in an environment where pending government regulations are likely to lead to dramatic changes in how Canadian consumers obtain their financial services. Most of these are coming at the federal level, as the Government of Canada contemplates changes that will improve Canada's competitive economic position internationally. This is already occurring in payments; but Ottawa is also contemplating changes in consumer-directed finance — in response to advancements in digital technology that will allow individuals to receive more immediate, personalized service from multiple service providers — through a concept known as 'open banking'.

Advocacy in this environment requires the development of a deep understanding of the effect of proposed changes on the financial services industry in general and credit unions specifically. Once this understanding develops, it takes the form of working with credit unions to determine the specific characteristics of legislation and regulations that need to be advocated for in order to ensure competitive positioning for credit unions. Advocacy on federal matters is led by the Canadian Credit Union Association (CCUA, the national trade association) with support from CUCM. In 2019, CUCM attended sessions sponsored by CCUA, and by experts in the field. CUCM also brought in experts to provincial business meetings with credit unions to outline the competitive and service environment that is developing in jurisdictions where open banking is being adopted.

Other CCUA activities that CUCM worked on in 2019, on behalf of Manitoba credit unions, included the development of a Market Conduct Code for credit unions and a pre-election strategy for the federal election in October.

CUCM also worked with credit unions to develop and implement a pre-election strategy for the September provincial election. The strategy focused primarily on the economic impact and community value credit unions contribute to this province, and on the desire and need for a strong partnership with government. Over the course of the campaign, senior CUCM and credit union representatives met with incumbents and candidates, including five cabinet ministers, in 20 key constituencies.

Other efforts included advocating to expand the types of investment opportunities for credit unions that are eligible under CUCM bylaws, legislative amendments to broaden the ability of credit unions to strengthen their governance frameworks, and negotiations with the Bank of Canada to provide a framework for liquidity assistance should a liquidity crisis occur.

INDUSTRY EXPERTISE

CUCM continues to provide primary and secondary research to credit unions in support of their strategic planning activities. Much of this research is shared



The success of CUCM is defined by the success of its member credit unions.

with credit unions in presentations at annual management and directors forums, but it is also provided to individual boards and management at their own planning sessions. With this research, CUCM provides consulting support to credit unions as they consider the best strategies to employ to ensure their members continue to receive the financial services they need. In some circumstances, this includes support for credit unions considering or undertaking discussions to gain member support on amalgamation proposals. (CUCM also provides project management support on post-merger activities and requirements.)

For years, CUCM has contracted with consultants to provide annual economic outlooks to member credit unions. In 2019, Craig Alexander, Chief Economist at Deloitte Canada and former Chief Economist at the Conference Board of Canada, the C.D. Howe Institute and TD Bank, along with Jerry Buckland, Professor of International Development Studies at the University of Winnipeg's Menno Simons College, provided an excellent overview of international, national and provincial political and economic conditions that affect financial institutions.

They joined Eric Olsen, Farm Management Consultant at MNP, who for a number of years has provided CUCM and credit unions with perspectives on agricultural economics.

ALIGNED SOLUTIONS

CUCM provides key services to credit unions in support of their core operations.

In 2019, Consulting & People Services completed its biannual national survey on credit union

compensation. The department also conducted 55 separate consulting engagements with credit unions, advising them on key matters related to human resources, and continued to deliver a comprehensive suite of HR, payroll and benefits services to Celero Solutions, Everlink Payment Services and CUCM.

Lending Services provides loan adjudication services to credit unions. In 2019, it saw the continuation of a trend toward fewer and larger loans, consistent with the move to fewer and larger credit unions. The department augmented its services in 2019 by offering a business lender course with CuSource and Dalhousie University, a commercial lending symposium, and an agricultural lending symposium. These courses and symposia were well attended and received very positive feedback. Similar offerings are slated for 2020.

CUCM provides support to credit unions in addressing compliance and risk issues. The Legislative Compliance Working Group met four times in 2019, addressing issues such as Proceeds of Crime and Anti-Terrorist Financing regulation changes, Common Reporting Standards, FATCA, and Fintrac guidance changes. In addition, Compliance & Risk delivered webinars, workshops and symposia to keep credit union staff informed of important developments in compliance and risk.

In 2019, CUCM continued to provide credit unions with strong financial returns on liquidity investments with financial margin, while at the same time enhancing the use of Quantum, the new treasury management system recently implemented by CUCM.

CUCM provides management and administrative support to CU CUMIS Wealth Holdings (Holdings),

the company that holds the credit unions' and Co-operator's equity interest in Aviso Wealth. The main function of Holdings is to manage the profit distributions to credit unions on the C and D units.

COLLABORATION

CUCM has been working with credit unions on collaboration opportunities with a view to creating efficiencies. Although a fair amount of work has been completed — including the contracting of a consulting firm to estimate the cost of evaluating credit union collaborative efforts on back office services — the needs of credit unions appear to be changing. Although credit unions continue to look for scale opportunities and efficiencies, their needs are no longer sufficiently aligned to gain value from traditional types of collaborative efforts.

The biggest collaborative news of 2019 was the culmination of the work of the Prairie Payments Strategy, which represents a new direction in payments. As CUCM Board Chair Paul Holden outlined in his report, a strategy committee consisting of the CEOs of the Prairie centrals and the CEOs of the seven largest Prairie credit unions has been working for close to three years on developing

a strategy to respond to Payments Canada's modernization of the national payments framework. The strategy committee was ably supported by Wilson Griffiths, SVP of Member Solutions at CUCM, Michael Devlin, Payments Leader at CUPS, and Criterium Consulting Group. The committee investigated a number of options to ensure that Prairie credit unions were well positioned to meet the Payments Canada timeframes for changes to the payments system, and benefit from innovations in payments that are becoming available to consumers and businesses. The work resulted in a decision to contract with IBM to provide Payments as a Service (PaaS) to Prairie credit unions through a joint venture created by the Prairie centrals.

I would like to thank CUCM employees for another excellent year at CUCM. We have again received outstanding results in our Member/Customer satisfaction surveys, indicating that member credit unions are pleased with the services we offer. I would also like to thank Paul Holden and CUCM's board for providing leadership and support to CUCM as we work towards meeting the ever-changing needs of our member credit unions.



GARTH MANNES

President and Chief Executive Officer

Executive Management

Garth Manness
President and
Chief Executive Officer



Marilyn Brennan
Senior Vice-President,
Governance & Strategy
and Corporate Secretary



Wilson Griffiths
Senior Vice-President,
Member Solutions



Barrie Davidson
Senior Vice-President, Finance
and Chief Risk Officer





Vision

Our vision for the future is that:

Manitoba credit unions see CUCM as their trusted and valued partner and a respected thought leader. They consider CUCM to be their first source of support, information and service.

CUCM is a source of creative solutions that contribute to credit union success and an outstanding promoter of credit union and co-operative values to Manitobans.

Mission and Purpose

CUCM serves Manitoba's credit unions by providing leadership and ensuring the delivery of high-value products and services that help them achieve their vision.

Every day, we:

- Help Manitoba credit unions meet their strategic and operational business needs,
- Represent and advocate for Manitoba credit unions, globally, nationally and locally,
- Promote co-operative principles and facilitate co-operative action.

Values

We believe in:

- | | |
|---------------------------|---|
| <i>Respect for People</i> | All individuals are highly valued and are treated equitably. |
| <i>Integrity</i> | We are reliable in our word, honouring commitments & promises. |
| <i>Excellence</i> | We pursue the best possible outcomes in all that we do. |
| <i>Service</i> | We take pride in providing outstanding service to our members and other clients. |
| <i>Community</i> | We value community service and leadership as a contribution to healthy, vibrant communities. |
| <i>Innovation</i> | We innovate with products, services and approaches that help credit unions succeed. |
| <i>Collaboration</i> | We value: a consultative relationship with our members, a participative relationship among employees and a collaborative relationship with system partners (provincially, regionally and nationally). |

Learn from the past. Excel in the present. Shape the future.

Management Discussion and Analysis

This section of the annual report providing management's discussion and analysis ("MD&A") of the consolidated results of Credit Union Central of Manitoba ("CUCM") should be read in conjunction with the audited consolidated financial statements and notes as at and for the year ended December 31, 2019. 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 February 3, 2020 and provides comments regarding CUCM's core strategies, financial operating results, risk management and business outlook.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

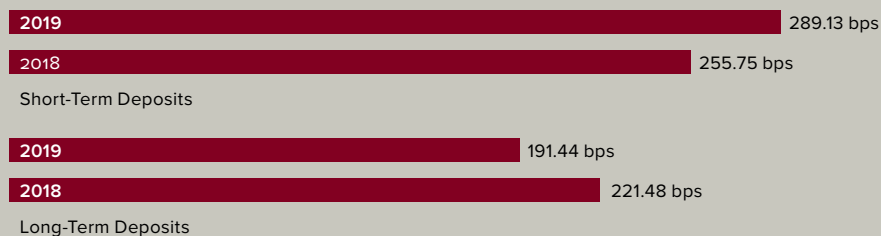
This report includes forward-looking statements. By their very nature, forward-looking statements require that management make assumptions involving a number of factors, many of which are beyond management's control and which may cause actual results to differ from the expectations expressed in the forward-looking 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 SYSTEM

Deposits in the Manitoba credit union system (the "System"), which excludes associate members of CUCM, grew by 8.8 per cent, up from 5.5 per cent in 2018. Deposit growth is the primary funding source for System asset growth. System assets grew 8.6 per cent in 2019, up from 5.8 per cent in 2018. System loans grew by 3.7 per cent in 2019, down from 6.8 per cent in 2018. As a percentage of total credit union members' deposits, System deposits held at CUCM ended the year at 15.4 per cent (2018: 11.3 per cent). Member deposits at CUCM grew 44.9 per cent in 2019 and, excluding the impact of mark-to-market valuations, ended the year \$1,489 million higher than 2018. Year-over-year, excluding the impact of mark-to-market valuations, short-term member deposits (original term less than 13 months) increased by \$1,493 million, while longer term member deposits fell by \$4 million.

Credit unions continue to keep virtually all of their liquidity deposits in short terms. At year-end, 99.3 per cent of deposits matured within 13 months, up from 98.3 per cent at year-end 2018. Many

RETURNS ON MEMBERS' DEPOSITS



members of Manitoba credit unions have locked in their borrowing costs (e.g., mortgages) at today's low rates. The shorter terms for liquidity deposits help credit unions manage their interest rate risk, as does booking interest rate swaps. Additionally, after including the financial margin distributions, short-term deposits provide credit unions with a higher return than what they could earn on long-term deposits (see Returns on Members' Deposits, below), so there is little incentive for credit unions to extend term on their deposits.

A recent survey of credit unions indicates they expect little change in the level and composition of their liquidity deposits over the coming year.

CUCM PROFILE

On behalf of its members and associate members, CUCM manages liquidity reserves, facilitates clearing and settlement transactions through the Bank of Canada, monitors credit-granting procedures, and provides trade services in areas such as corporate governance, government relations, representation and advocacy.

CUCM also provides banking, treasury, human resources, research, communications, marketing, planning, lending, procurement, product/service research and development, and business consulting services to its members.

Costs for providing these services are passed on to the users of the services, mainly in the form of assessments and fees-for-service.

CUCM YEAR IN REVIEW

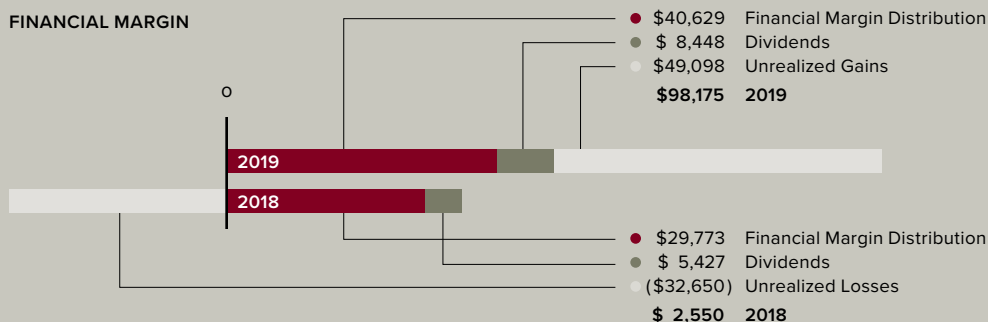
The messages from the Chairman of the Board and the President & CEO, as well as other items earlier in this annual report, contain highlights and major developments, internal and external, that affected CUCM in 2019.

OPERATING RESULTS

Returns on members' deposits

CUCM's weighted average cost of funds rose to 1.883 per cent from 1.642 per cent in 2018.

The average cost of funds paid on short-term liquidity balances (Canadian and U.S. balances, combined) was 178.16 bps on current accounts and



190.53 bps on short-term deposit balances, for a combined average cost of 188.34 bps. Financial margin distributions equated to an additional 100.79 bps on short-term deposits (both current accounts and short-term deposits) in the year, resulting in a total average payment of 289.13 bps.

The average cost of funds paid on longer-term deposits was 188.42 bps. An additional distribution of financial margin of 3.02 bps was paid on these deposits (reflecting the additional income earned from the bond investments matched to these deposits), for a total average payment of 191.42 bps on longer-term deposits.

Finally, the incremental income earned on lending to members is distributed in proportion to excess liquidity deposits. In 2019, the high levels of liquidity deposits meant this component of financial margin earned was immaterial.

Financial Margin

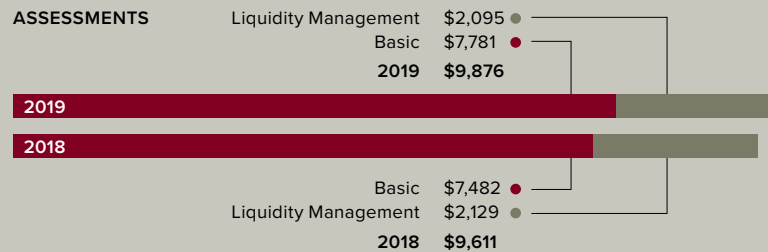
Credit union liquidity deposits and share capital are managed as separate portfolios. Investment earnings are distributed in the form of

financial margin distributions and dividends, respectively.

Liquidity deposits at CUCM grew at an unprecedented pace in 2019 with the timing of that growth defying seasonal patterns. The liquidity pool ended the year up \$1,574 million or 41%.

CUCM's asset swap portfolio continues to be the primary source of 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 credit unions' preference for terms maturing within three months, CUCM takes on virtually no interest rate risk. Yields earned on this portfolio far exceed those on alternative short-term investments and enhance the returns paid on credit union short-term deposits.

Asset swap maturities were relatively heavy in 2019 (\$723 million). Most of the maturities occurred in the fourth quarter when market spreads had tightened. Fortunately, CUCM had begun reinvesting these asset swaps (as well as the liquidity growth)



earlier in the year to take advantage of wider spreads, limiting the potential impact on returns. Financial margin returns averaged 100.80 bps in the year (2018 — 92.55 bps). After peaking in July at 106.13 bps, monthly margin returns declined to 95.85 bps in December. This declining trend is expected to continue into 2020. Under current market conditions, further liquidity growth will exacerbate that decline.

In 2020, \$786 million of asset swaps are scheduled to mature, most of which will again occur in the fourth quarter. This will provide an ample supply of cash should liquidity decline. With the potential impact to global growth from uncertainty around the coronavirus and the upcoming U.S. election, we could possibly see market volatility and better asset swap opportunities in the coming months.

The longer-term nature of the assets underlying asset swaps generates some liquidity risk; CUCM monitors and manages this closely as part of its mandate to steward the System's liquidity.

Financial Margin earned on investments funded by share capital are paid in full to credit unions

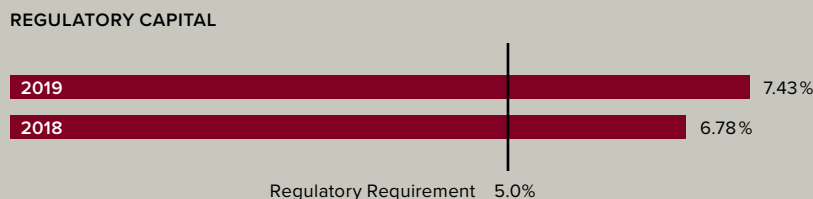
via dividends. CUCM's 2020 budget assumes the Bank of Canada would cut rates in late 2019 by 25 bps and then stabilize at that level in 2020, resulting in slightly lower returns on this portfolio than earned in 2019. At the time of writing, the Bank has not cut rates, which has had a favorable impact relative to budget.

Assessments

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 2019, members' assessments totalled \$9,876 (2018 — \$9,622).

Capital

Capital levels (share capital and retained earnings at CUCM) are regulated by the Financial Institutions Regulation Branch ("FIRB") of Manitoba Finance. FIRB requires that CUCM maintain a minimum capital level equal to 5% of CUCM's assets. In



addition to the regulations, policies regarding capital levels have been established by CUCM's board of directors. 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 system, as well as a 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. In 2019, the overall BSC result was 92.32 points out of a possible of 100.

ECONOMIC OUTLOOK

The trade war between the U.S. and China that started in 2018 continued and became even worse

in 2019. The U.S. has imposed tariffs on more than \$360 billion worth of Chinese goods, and China has retaliated with tariffs on more than \$110 billion of U.S. products.

Washington delivered three rounds of tariffs in 2018, and a fourth one in September 2019. The impact of the trade war was negative globally, not just to the U.S. and China. It also reduced real global growth of Gross Domestic Product ("GDP"). In its latest economic outlook, dated November 2019, the Organisation for Economic Co-operation and Development said that world GDP growth for 2019 is expected to fall to 2.9 per cent — "its lowest annual rate since the financial crisis" — and is expected to hover around that level through 2020 and 2021. In 2017, right before the beginning of the trade war, global GDP growth was slightly above 3.7 per cent. Most countries had to adjust their economic forecasts for 2019 and 2020.

The World Economic Outlook prepared by the International Monetary Fund ("IMF") in January 2020 shows the same growth rate for 2019 and indicates that world trade volume, which in past years has grown by more than 3.5 per cent, increased by only 1.0 per cent in 2019. The IMF is somewhat

optimistic about 2020 and 2021 as their report includes some optimistic expectations from trade negotiations between the U.S. and China. Growth expectations for 2020 and 2021 are 3.3 and 3.4 per cent, respectively. However, growth in advanced economies was only 1.7 per cent in 2019 and is expected to be even lower in 2020 and 2021 (1.6 per cent in both years). China is still expected to be a growth leader, with growth of 6.0 per cent in 2020, regardless of the impact of trade wars. However, the forecast may be adjusted downward due to the spread of the coronavirus across China and measures taken by the Chinese government to stop or slow its spread. Most of the other growth will come from India and the Association of Southeast Asian Nations (“ASEAN”) countries, continuing the trend seen in the last few years.

Japan, the European Union (“EU”), and the United Kingdom (“UK”) are expected to have low growth, between 0.7 and 1.3 per cent. In the case of the UK, growth may be even slower than currently forecasted if the government exits the EU without a formal agreement.

In this challenging economic environment, growth forecasts for the U.S. economy of close to 2.0 per cent looks fairly promising. The White House hopes that the signing of the first phase of the trade agreement with China, which defines Chinese obligations to import \$200 billion of American products over the next two years, will spur growth. However, forecasters are not too optimistic about the first phase of the agreement as many things remain undefined, and even if China agrees to import all these goods, it is not clear what will be imported. The U.S. will try to limit trade of advanced technologies and look to offer more agricultural products. This may cause problems for Canada and the EU, as it could limit their exports to China. In addition,

there is an expectation that the administration may use the “good news” from negotiations with China to open a new trade war with Europe. President Trump needs some high profile successes in the international arena to compensate for any effect that the impeachment process may have done to his re-election campaign. The domestic political environment in the U.S. may bring more divisions between the White House and Congress, which may lead to some risks for economic growth. Federal Reserve officials are also cautious in their expectations and, on October 31, 2019, reduced the interest rate from 2.0 per cent to 1.75 per cent. All statements after the last rate reduction hint that rate changes will not happen until late in 2020.

With a low level of fiscal support and ongoing trade wars (trade tariffs introduced in 2018 and 2019 stay in place in 2020), American manufacturing is not expected to have a very strong year. One of the big risks for this segment of the economy is the situation with Boeing and its manufacturing problems that have had a significant impact on a wide array of U.S.-based suppliers. Domestic consumer consumption is expected to be a significant contributor to growth, as it has been many times in the past, and the housing market seems to be in better shape than in the last two years.

In the spring of 2019, forecasts for growth of the Canadian economy were modest, at 1.9 per cent. According to current estimates, the Canadian economy actually grew by 1.5 to 1.6 per cent in 2019. Canada’s dependence on trade with the U.S., the impact of trade wars, the drop in international trade, and the deterioration of Canada’s relationship with China all factored into the lower growth. The aforementioned deterioration of Canada’s relationship with China led to a reduction in Canadian agricultural exports to China (canola, livestock). In addition to the

factors listed, business investment has also been lower than expected due to uncertainty, first with the U.S.-Mexico-Canada Agreement (“USMCA”), then with other trade issues.

There is, however, encouraging news regarding trade with China. With the opening of borders to some Canadian agricultural products, Canadian producers are hoping that diplomacy will improve this relationship further. Very soon, the government will also ratify the final version of the USMCA, which should further reduce uncertainty around Canadian exports. Growth in other Asian countries may lead to more agricultural exports as well.

Looking at specific factors, exports grew by 1.9 per cent, government spending grew 1.8 per cent, and consumer spending grew 1.6 per cent. Business investment was almost the same as in 2018 and residential investment was 0.7 per cent lower than in 2018 (which, while low, was a better result than the decline of 1.5 per cent in 2018). The major driver for the negative results in residential investment is the lack of growth in major housing markets (Vancouver, Toronto, and Calgary). Additional factors that had a negative impact on Canadian GDP toward the end of 2019 were labor disputes and strikes at GM and CN.

As growth during the year did not meet expectations, the Bank of Canada did not change its policy interest rate from 1.75 per cent and, in the current economic climate, it is very unlikely to increase the rate in 2020. However, some economists from the major Canadian banks expect that the Bank of Canada may reduce the interest rate by 0.5 per cent in the first half of 2020.

The Bank of Canada is very cautious about its forecast for 2020. While the IMF expects to see growth in Canada of 1.8 per cent, the Bank forecasts growth at 1.6 per cent based on the expectation that

consumer spending will continue to be sluggish and that uncertainty around future moves from the U.S. government might lead to a further reduction in world trade and some segments of the U.S. economy. There is also an expectation that the federal government will try to get the budget deficit under control by limiting spending, and that provincial governments will also limit their spending.

A major concern for the Canadian economy continues to be consumer debt, even if most of it is in residential mortgages and connected to tangible assets. However, stable (or declining) interest rates may bring a relative reduction in interest payments and growth in salaries will increase disposable income and drive growth in consumer spending.

In Manitoba, the economy followed a similar pattern to the national economy. A year ago, expectations were that Manitoba would record modest growth, but still reach 1.8 to 1.9 per cent, the same as the national economy. Unfortunately, even this modest expectation was not met and the economy grew by just 1.5 to 1.6 per cent. The drivers for low growth were almost the same as those cited for the national economy — trade wars, problems with exports to China, and uncertainty about the future of world trade. The CN strike had a negative impact on Manitoba, but not as significant as the shutdown of Boeing production in 2019; Manitoba is an important supplier in Boeing’s supply chain.

Demographic changes and increased immigration have been positive factors for the provincial economy in previous years. Unfortunately, in 2019, Manitobans moving to other provinces offset the number of immigrants coming to Manitoba. The result was a shrinking work force (down by 0.9 per cent) and low growth in employment. In 2019, employment increased by 1.2 per cent: although better than previous years (the average growth from 2000

to 2018 was just 1.0 per cent), this trend is expected to worsen in 2020 and 2021, with employment expected to grow by just 0.6 per cent in both years. Low employment growth will be offset by population migration to other provinces. Manitoba is expected to have the second lowest unemployment rate in 2020 and 2021, after B.C. Based on this, the Canadian Federation of Independent Businesses expects that the major factor limiting business growth in Manitoba will still be the shortage of skilled workers.

Some encouraging developments in the Manitoba economy include the ongoing construction of two major processing plants in Portage la Prairie, although construction is expected to wrap up in 2020, and some short-term recovery in the mining sector, with an extended lifespan for the Hudbay mine in Flin Flon. And in aerospace, Magellan Aerospace and Exchange Income Corporation (“EIC”) both signed significant contracts. Magellan signing a contract with the Royal Canadian Air Force and EIC signing a maintenance contract with the federal government. However, the sector will not experience significant recovery until Boeing restarts production. Bus manufacturers also expect more orders in 2020 but, as is typical, much depends upon the situation in the U.S.

Residential construction is expected to slow with lower population growth. Government spending

will not contribute much to growth in 2020 either, as it remains focused on deficit reduction.

With mixed news from different segments of the economy, Manitoba can expect similar growth in the next two years as the level of growth experienced in 2019.

As mentioned, the probability of interest rate changes in the U.S. is very low in 2020. However, one factor that cannot be ignored is the pressure from the White House to reduce rates. This could increase later in the year if President Trump is trailing in the polls and he reasons that a weaker U.S. dollar would enhance exports and economic activity.

If the rates of the Canadian and U.S. central banks stay unchanged, the Canada/U.S. dollar exchange rate would remain in the \$0.75 to \$0.77 range for most of the year. However, if Canadian rates go down and American rates stay the same — and all other conditions stay the same — we may see a weaker Canadian dollar and potential export benefits for the manufacturing and agriculture sectors.

The major risk factors for the forecasted information above are escalation of global trade issues, further geopolitical tensions including further rise in populist politics and the resulting nationalism and protectionism actions, and more climate events like Australia’s wildfires.

Summary Consolidated Financial Statements



CREDIT UNION CENTRAL *of* MANITOBA

MANAGEMENT REPORT

February 27, 2020

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.

A handwritten signature in blue ink, appearing to read "Garth Manness".

GARTH MANNES

*President and
Chief Executive Officer*

A handwritten signature in blue ink, appearing to read "Barrie Davidson".

BARRIE DAVIDSON

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



Report of the Independent Auditor 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 a fair summary of 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, 2019 comprise:

- the summary consolidated statement of financial position as at December 31, 2019;
- 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. 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 February 27, 2020.

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.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of 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*.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Winnipeg, Manitoba
February 27, 2020

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

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

Summary Consolidated Financial Statements

Summary Consolidated Statement of Financial Position

As at December 31

in thousands of Canadian dollars

Assets

Liquidity pool	5,375,982	3,801,997
Derivative instruments	7,006	9,712
Income taxes recoverable	—	6,763
Intermediation pool	47,585	63,008
Property and equipment	14,058	14,752
Other assets	3,158	339
Deferred income taxes	—	6,885
	5,447,789	3,903,456

Liabilities

Accounts payable	26,197	7,800
Income taxes payable	1,324	—
Members' deposits	4,808,467	3,318,656
Obligations under repurchase agreements	27,787	201,906
Derivative instruments	156,748	91,396
Deferred income taxes	4,293	—
	5,024,816	3,619,758

Members' equity

Share capital	333,166	231,666
Accumulated other comprehensive income	38	—
Retained earnings	89,769	52,032
	422,973	283,698
	5,447,789	3,903,456

Approved by the Board of Directors



DIRECTOR



DIRECTOR

Summary Consolidated Statement of Operations and Comprehensive Income (Loss)

For the year ended December 31

in thousands of Canadian dollars

	2019	2018
Financial revenue		
Liquidity pool — other interest income	143,919	105,156
Intermediation pool — interest income	340	1,069
Intermediation pool — dividend income	175	180
	144,434	106,405
Cost of funds	80,407	56,204
	64,027	50,201
Unrealized gains (losses) on non-derivative instruments	82,570	(14,292)
Unrealized losses on derivative instruments	(33,472)	(18,358)
Net cost of derivative instruments	(14,909)	(15,038)
	34,189	(47,688)
Financial margin	98,216	2,513
Other income		
Share of Celero's income	2,777	2,145
Share of CCWH's income	644	134
Share of NEI's income	—	119
Rental income — net	693	569
Net operating (expense) recovery	(243)	191
	3,871	3,158
Income before credit union patronage distributions	102,087	5,671
Credit union distributions		
Financial margin distribution	(40,629)	(29,773)
Distribution of Celero's income	(2,777)	(2,145)
Distribution of NEI's income	—	(119)
	(43,406)	(32,037)
Income (loss) before income taxes	58,681	(26,366)
Income tax expense (recovery)	12,496	(8,565)
Net income (loss) for the year	46,185	(17,801)
Other comprehensive income		
Equity accounted investments	38	—
Comprehensive income (loss)	46,223	(17,801)

Summary Consolidated Financial Statements

Summary Consolidated Statement of Members' Equity

For the year ended December 31

in thousands of Canadian dollars	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at December 31, 2017	223,184	15,005	60,255	298,444
Changes in initial application of IFRS 9	—	(15,005)	15,005	—
Restated balance at January 1, 2018	223,184	—	75,260	298,444
Net loss for the year	—	—	(17,801)	(17,801)
Dividends to members	—	—	(5,427)	(5,427)
Members' shares issued	8,482	—	—	8,482
Balance at December 31, 2018	231,666	—	52,032	283,698
Balance at December 31, 2018	231,666	—	52,032	283,698
Net income for the year	—	38	46,185	46,223
Dividends to members	—	—	(8,448)	(8,448)
Members' shares issued	101,500	—	—	101,500
Balance at December 31, 2019	333,166	38	89,769	422,973

Summary Consolidated Statement of Cash Flows

For the year ended December 31

in thousands of Canadian dollars	2019	2018
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	46,185	(17,801)
Items not affecting cash		
Unrealized losses (gains) on FVTPL financial instruments	(49,098)	32,650
Depreciation of property and equipment	985	1,277
Loss on disposal of property and equipment	—	55
Deferred income tax expense (recovery)	11,179	(8,671)
Increase in liquidity pool assets	(1,455,649)	(136,623)
Net change in derivative instruments	34,586	556
Decrease in intermediation pool assets	15,148	106,477
Increase (decrease) in members' deposits	1,489,393	(75,312)
(Decrease) increase in obligations under repurchase agreements	(174,127)	33,197
Net change in other assets and accounts payable	23,703	(8,745)
	(57,695)	(72,940)
Investing activities		
Acquisition of property and equipment	(291)	(1,054)
	(291)	(1,054)
Financing activities		
Members' shares issued	101,500	8,482
Dividends to members	(8,448)	(5,427)
	93,052	3,055
Increase (decrease) in cash	35,066	(70,939)
(Overdraft) cash — Beginning of year	(62,866)	8,053
Overdraft — End of year	(27,820)	(62,886)
Supplementary cash flow information		
Income tax paid	1,341	11,766
Income tax received	8,112	17

Notes to Summary Consolidated Financial Statements

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, 2019, 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 www.cucm.org.

2 Compliance with minimum capital requirements

At December 31, 2019 the Organization is in compliance with the capital requirements established by the regulations to *The Credit Unions and Caisses Populaires Act* and by the Financial Institutions Regulation Branch.

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, 2019 and 2018 which contain the information detailing the calculation.

Honouring Long Service

40–44 years

Irma Albright Assistant Branch Manager/Loans Officer III · Crosstown Civic Credit Union

Marge Kuhl Manager of Member Services · Access Credit Union

Stepie Pilat Document Processor · Carpathia Credit Union

35–39 years

Ray Braun Chief Risk Officer · Deposit Guarantee Corporation of Manitoba

Doris Dyck HR Manager · Carpathia Credit Union

Robert Dueck Board of Directors · Steinbach Credit Union

James Gosselin Chief Corporate Sales Officer · Steinbach Credit Union

Moira Sarahs Manager, Deposit Services · Entegra Credit Union

Helen Krawczuk Suchy Accounting Clerk · Carpathia Credit Union

Sandy Whittom Lending Services Assistant · Entegra Credit Union

30–34 years

Shaunna Asselstine Senior Loan Administrator · Winnipeg Police Credit Union

Myrosia Chimuk Senior Credit Admin. Officer · Carpathia Credit Union

Debbie Fast Corporate Loans Administrator · Steinbach Credit Union

Cathy Friesen Executive Assistant to CHRO · Steinbach Credit Union

John Giesbrecht Retail Branch Manager · Access Credit Union

Natalie Hildebrand Loan Processor · Access Credit Union

Reg Jenkins Manager, Examinations · Deposit Guarantee Corporation of Manitoba

Karen Kalynuik Financial Services Officer · Entegra Credit Union

Denise McBurney Branch Manager · Niverville Credit Union

Doug Shumilak Manager, Monitoring · Deposit Guarantee Corporation of Manitoba

Amelie Thiessen Corrections/Adjustment Administrator · Steinbach Credit Union

25–29 years

- Julia Baryluk** Supervisor, Commercial Administration • Carpathia Credit Union
Debra Bergen Commercial Teller • Steinbach Credit Union
Kim Butler Commercial Loans Officer • Minnedosa Credit Union
Mary Fisher-Smith Executive Assistant • Crosstown Civic Credit Union
Sue Giesbrecht Loan Processor • Access Credit Union
Gordon Gold Director • Winnipeg Police Credit Union
Irene Gonzalez Financial Service Officer/Loans Officer III • Crosstown Civic Credit Union
Val Kinkead Relationship Manager I – Personal • Noventis Credit Union
Heather Kozubski Chief Governance & Administration Officer • Winnipeg Police Credit Union
Maryse Lafond Consumer Account Manager • Rosenort Credit Union
Vernon MacNeill Chief Executive Officer • Deposit Guarantee Corporation of Manitoba
Corelei Poyser Chief Operating Officer • Compass Credit Union
Rebecca Toews Financial Services Officer • Access Credit Union

Winnipeg Police Credit Union celebrated its 70th anniversary
in 2019 and **Flin Flon Credit Union** celebrated its 60th.

**The strength of the Manitoba
credit union system is people.**

Please join us in congratulating these individuals who have
worked and volunteered to make their credit unions and the
system what they are today.



CREDIT UNION CENTRAL *of* MANITOBA

2019 Annual Report

Credit Union Central of Manitoba
400-317 Donald Street
Winnipeg, Manitoba R3B 2H6
204.985.4700 | cucm.org

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

EXTERNAL AUDITORS

PricewaterhouseCoopers LLP

CONSULTING ECONOMISTS

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