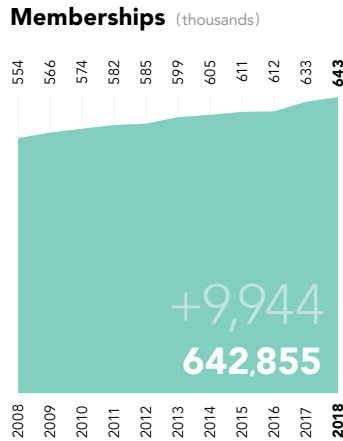


Welcome home



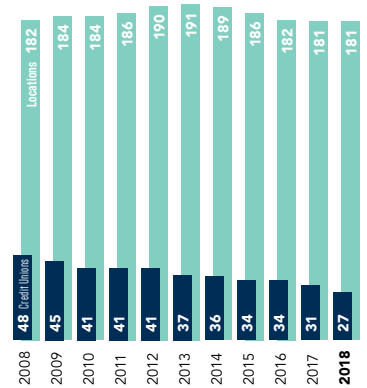
Consolidated System Statistics

December 31, 2018
All figures preliminary unaudited results



Manitobans opened nearly 10,000 new credit union memberships in 2018. In a province of roughly 1.3 million, one in two Manitobans belongs to a credit union.

Credit Unions and Locations



Amalgamations between Crocus and Erickson (Compass Credit Union), Vanguard and Catalyst (Fusion Credit Union), Prairie Mountain with Sunrise Credit Union, and Oak Bank with Sunova Credit Union resulted in there being four fewer credit unions at the end of 2018 than a year earlier. The number of branches held steady at 181, with two openings (Rosenort–Altona and Winnipeg Police–WPS HQ) and closures (Stride–Tupper Street and Sunrise–Minto).

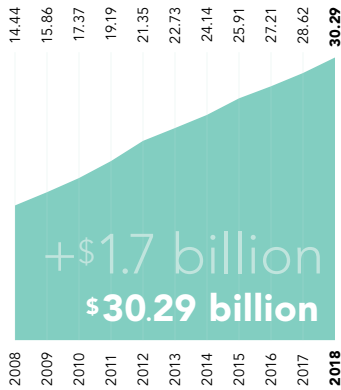
Altona Amaranth Arborg
Ashern Austin Baldur
Beausejour Benito Binscarth
Birds Hill Birtle Boissevain
Brandon Carberry Carman Cartwright
Cypress River Dauphin Deloraine
Dominion City Dugald Emerson Erickson
Eriksdale Ethelbert Fisher Branch
Flin Flon Gilbert Plains Gillam Gimli Gladstone
Glenboro Glenella Grand Rapids Grandview Gretna
Grunthal Hamiota Hartney Headingley Holland Inglis
Inwood Kenton Killarney La Rivière Lac du Bonnet
Landmark Laurier Lowe Farm 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.

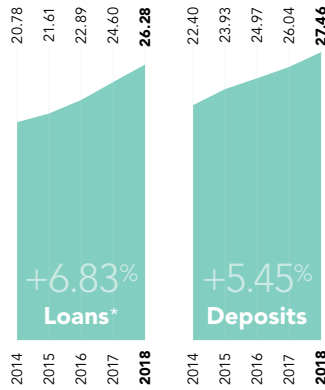
In **67** of those communities, a credit union is the only financial institution in place to serve local residents and businesses.

Credit Union Assets (\$ billions)



Total assets held by Manitoba's 27 credit unions increased by 5.83 per cent in 2018.

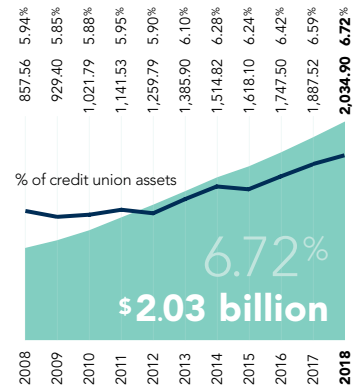
Loans and Deposits (\$ billions)



The system's combined loan portfolio grew by \$1.68 billion. Roughly half the system's portfolio is in residential mortgages and a third in commercial real estate. Deposits in the system grew 5.45 per cent.

* net of allowances

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



The consolidated equity of Manitoba's credit unions reached \$2.03 billion in 2018, which represents 6.72 per cent of system assets, up from 6.59 per cent in 2017. Credit union equity consists of member share capital, surplus shares, preferred shares, contributed surplus and retained earnings. Credit union equity is a leading indicator of the strength of the provincial credit union system.

Manitoba's Credit Unions

Branch locations as of December 31, 2018

- 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 (16), Gillam, Thompson
- Beautiful Plains Credit Union** Neepawa, Glenella
- Belgian-Alliance Credit Union** Winnipeg (3)
- Cambrian Credit Union** Winnipeg (10), Selkirk
- Carpathia Credit Union** Winnipeg (5)
- 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
- North Winnipeg Credit Union** Winnipeg
- Noventis Credit Union** Arborg, Ashern, Eriksdale, Fisher Branch, Gimli, Headingley, Moosehorn, Riverton, Selkirk, Starbuck, Winnipeg Beach
- Rosenort Credit Union** Rosenort, Altona, Winkler
- Steinbach Credit Union** Steinbach, Winnipeg (2)
- Strathclair Credit Union** Strathclair, Oakburn, Shoal Lake
- 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 (2), Pinawa, Pine Falls, Selkirk, Stonewall, Teulon, Whitemouth, Winnipeg (3)
- Sunrise Credit Union** Baldur, Boissevain, Brandon, Cypress River, Deloraine, Grandview, Hartney, Holland, Laurier, Melita, Reston, Ste. Rose du Lac, Sandy Lake, 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
2018 Annual Report

Welcome Home	2
System Sponsorships	12
CUCM Employee Giving & Community Service	14
Message from the Chairman	16
The Seven International Co-operative Principles	19
Board of Directors	20
Corporate Governance	22
Corporate Profile	25
Message from the CEO	26
Executive Management	30
CUCM Guiding Statements	31
Management Discussion and Analysis	32
Summary Consolidated Financial Statements	38
Long Service	44

Welcome home





The City of Winkler is booming. Fueled by an influx of new Canadians, the city has become one of the fastest growing communities in Manitoba.

In fact, according to Statistics Canada's 2016 Census, only Steinbach outpaced Winkler in terms of population growth among Manitoba cities between 2011 and 2016 (Steinbach grew by 17.0 per cent while Winkler grew by 12.9 per cent during the same period, both far exceeding the provincial average of 5.8 per cent).

Nestled on the western edge of the Pembina Valley, Winkler is a regional hub for commerce, agriculture and industry. It's also a destination of choice for many new Canadians.

According to Census figures, 27 per cent of Winkler's population is now foreign-born, with immigrants from Germany, Russia, Philippines, United Kingdom and India leading the way. That growth has led to projections that the population of the Pembina Valley could exceed 300,000 people by 2042 (according to a report by the Pembina Valley Local Immigration Partnership).

Newcomers like Dennis Haak are a big part of that boom.

Haak, along with his wife and seven children, moved to Canada from Germany a year ago. Haak



Thanks to a micro-loan from her credit union, newcomer Mary Ndungu was able to get re-certified and resume her nursing career in Canada.

said his family came to Canada to explore the country. They initially settled in Winkler before buying a home in the community of Chortitz, which is located just a few kilometres south of Winkler.

Buying a home in Canada was a step they took with the help of Rosenort Credit Union, where they got their mortgage.

Rosenort Credit Union has established an informal partnership with Star 7 International Inc. Star 7 is an immigration-consulting firm based in Winkler. The company's primary goal is to assist skilled workers, business people and professionals to immigrate to Canada and settle in Manitoba. Through this informal partnership, Rosenort has been able to reach out to newcomers like the Haaks to offer financial services.

"We came to see and experience Canada," Haak explained, adding that one of the best parts about living in Canada has been being able to buy property in a community like Chortitz.

Haak said he's been happy with the service provided by the credit union and, as a result, he's recommended the credit union to other newcomers, including his brother. That experience is hardly unusual. Credit Union Central of Manitoba research found that 51 per cent of new Canadians chose their financial institution based on a recommendation from a family member or friend.

In addition to mortgages, new Canadians often turn to Manitoba credit unions for chequing and savings accounts, debit cards, online banking services, lines of credit, e-transfers and retirement savings options.

PROVIDING ACCESS TO MORTGAGES and other financial services isn't the only way Manitoba credit unions are supporting new Canadians either.

Many new immigrants have taken advantage of an innovative partnership between Assiniboine Credit Union and SEED Winnipeg to get re-certified and resume their chosen careers here in Canada.

Mary Ndungu is a perfect example. Ndungu and her family came to Canada from Kenya in 2012, looking for new experiences and, as she put it, greener pastures.

Ndungu worked as a nurse in Kenya, but to get re-certified in Canada she needed to go back to school for a year. With her husband out of work at the time, she wasn't sure how she was going to be able to leave her job as a support worker and still make ends meet. Faced with the prospect of having to continue to work part-time and take longer to get her certification, Ndungu wasn't sure how she would manage. That's when she learned of the

“My (credit union) experience has been terrific, and it has been one of the best decisions of my life. They have awesome, courteous and professional employees who value and treat their customers like kings.”

partnership between Assiniboine Credit Union and SEED Winnipeg.

In 2012, Assiniboine Credit Union created a special loan project in partnership with SEED Winnipeg to help foreign-trained professionals to get their credentials recognized in Canada. The program offers flexible micro-loans of up to \$10,000 to low-income and skilled immigrants to help them meet Canada’s re-accreditation and training requirements. (SEED Winnipeg is a non-profit agency that works to reduce poverty and help renew Winnipeg’s inner city.)

Ndungu heard about the program and jumped at the chance to apply. She was accepted and received a loan that helped her cover her family’s living expenses while she went back to school.

“When I discovered that I could get a loan to help me go to school, I dropped my job and concentrated on school,” she said. “Not thinking about how I was going to pay my bills because I had some money meant I was able to do very well in school. It wasn’t easy. It required my full focus. So the loan was of great help.”

Ndungu now works as a nurse at the University of Manitoba. She says the loan program was a blessing for her family.

“For somebody new coming here like me, who has to go through that certification, it’s not easy,”

she said. “The bills here keep on coming, but (with the loan) everything was being paid. It would have taken me much longer to get the certification if I would had to have worked part-time while I went to school. The program was of great help to me and my family.”

With two teenage boys at home, living expenses were no small thing for Ndungu and her husband.

“They are 18 and 16, so they eat a lot!” she joked. “I don’t know what else I could have done. Without the loan, I had no other option but to keep my job. It meant there was food in the house.”

Now that she’s resumed her career as a nurse here in Canada, the next step for Ndungu and her family will be buying a house and putting down roots. She says she plans to turn to her credit union for help with that too.

“I know that very soon I’ll be going to the same credit union to help me buy a house because they were so nice to me,” she said.

NDUNGU IS FAR FROM THE ONLY NEWCOMER to benefit from the partnership between Assiniboine Credit Union and SEED Winnipeg. Since its inception, the program has been a huge success, with nearly 300 new immigrants accessing loans.



Jeetindra Contractor (second from left) and his family are settling into life in Canada now that he's earned his pharmacist licence thanks in part to a loan from his credit union.

More than 100 of those recipients have already resumed their careers in their chosen professions, with average incomes increasing by more than \$40,000 per individual.

Jeetindra Contractor is one of those individuals. Contractor, who was born in India and trained as a pharmacist, moved to Canada in 2011. With no relatives or friends in Canada, Contractor wasn't sure where to settle. When he heard that Manitoba might give him the best chance to resume his pharmacy career, he decided to move to the province.

Upon landing in Canada, Contractor got a job as a cook at KFC, and then later added a second part-time job as a cashier at Loblaws. Married with two young daughters, Contractor wasn't able to support his family on part-time work, so his wife moved back to India with the children while he focused on being re-certified as a pharmacist.

While inquiring about possible supports, Contractor learned about the Assiniboine Credit Union-SEED Winnipeg program. He applied for and received a loan, which allowed him to dedicate more of his time to his studies.

"I used that money to go to Toronto and complete some coaching classes, I cleared my first exam and then I purchased some books," Contractor said. Studying full-time and only working part-time, he also used the loan to cover his rent.

In 2017, Contractor received his pharmacist licence in Manitoba and got a job as a floater pharmacist, working throughout the province. He credits the program for helping him achieve his goal.

"I'm so very thankful to Assiniboine Credit Union and SEED Winnipeg," Contractor said. "I had lots of pressure relieved from me."

"Honestly, because I had to manage my family and work full-time, if I would have not got this opportunity my situation would be much different. I would not have reached my goal," he added.

Contractor says his long-term goal is to move up within the ranks at Loblaws or possibly open his own pharmacy. For now though, reunited with his family in their new home, Contractor is happy to focus on building a new life in Canada.

"This is what I wanted to be here. I came here with the dream to be a pharmacist in Canada, and I'm very much thankful to everybody that I made it," Contractor said. "I'm very happy that I have achieved my professional goals."

BUKKY OMORUKU IS ANOTHER NEWCOMER who received a loan through the Assiniboine Credit Union-SEED Winnipeg program. Omoruku followed her dreams and moved to Canada from Nigeria in 2013.



Bukky Omoruku (left) was a single mom living in a homeless shelter when she learned of a micro-loan from a credit union that allowed her to continue her nursing career in Manitoba.

“I’d always wanted to live outside of Nigeria,” she said. “It was always my dream to live in the Western world. I thought I could cope better here than in Nigeria.”

However, upon arriving in Winnipeg, Omoruku said she discovered the process of moving around the world and settling in a new country wasn’t easy.

“There were a lot of challenges as a newcomer,” she said. “You don’t know the country and you’ve left all your friends and family.”

Compounding those challenges was the fact that Omoruku was stuck in an abusive marriage, a story first told on the United Way Winnipeg’s website.

“Because of my marriage, I didn’t have access to any financial resources, so it was very difficult,” she said.

After two years of abuse, Omoruku and her young son, now four, fled to a shelter. Homeless, broke and physically and emotionally unstable, she wasn’t sure how she would survive. She had worked as a nurse in Nigeria, but, like Ndungu, needed to be re-certified to work here in Canada. Despite many doubters who questioned her timing, she decided she would go back to school.

“I was angry. I couldn’t understand why I’d gone through that,” she said. “The only way for me to channel that anger was into my studies.”

To go back to school, Omoruku applied for a loan through the Assiniboine Credit Union-

SEED Winnipeg partnership. She qualified for and received a loan, which helped her pay for things like daycare, books, a computer and other needs.

She says she’s still surprised someone took a chance on her.

“I was a single mom. I was homeless in a shelter. I’d just left an abusive marriage three months prior. I don’t know how Canada works but I do know that nobody wants to give a loan to a single mom who is homeless and going through emotional, psychological and physical stress at the time,” she said. “I am really grateful for what they did. They supported me. In a way, I think they believed in me. They wouldn’t have done that if they didn’t believe in me. Nobody wants to take a risk with their money, so I think they believed in me.”

Omoruku was determined to make good on the opportunity.

“It was the only thing I knew I could do that would give me a better future and a chance to take care of my son. So that was the driving force behind my motivation. I knew I had to get out of that situation,” she said. “I had to do this. It was a do-or-die matter to me.”

Through hard work and the financial assistance provided by the loan, she was able to get re-certified and now works as a nurse in Winnipeg. She’s quick to point to the loan as a critical part of turning her life around.

“There are no words to describe how some people somewhere, who you’ve never met and would probably never meet in your entire life, organized a program to help new immigrants. It’s a great job that they’re doing. It was a risk, but the risk is paying off.”

“The loan got me to where I am currently,” Omoruku said. “Without the loan I wouldn’t have been able to not only go to school, but to care for my son. I was able to cover whatever I needed at the time.”

She credits Assiniboine Credit Union and SEED Winnipeg for taking a chance on her.

“They were professional in dealing with me. They got me to where I am today,” she said. “I can proudly say that I became a registered nurse because I had the support of SEED Winnipeg and Assiniboine Credit Union.”

Omoruku says her long-term plan is to become a nurse practitioner, and therefore she’s going back to school again.

“My calling is to become a nurse practitioner,” she said. “I always wanted to be a physician, but I kind of branched off into nursing. Because I’m doing that and I know I can advance in my career, I’m working towards that goal. Will I ever be a nurse practitioner? I won’t know until I get there, but I’m trying my best.”

THE MAJORITY OF NEWCOMERS TO MANITOBA come to the province through the Manitoba Provincial Nominee Program (MPNP) as skilled workers. Ebenezer Alake is one such example.

Alake and his wife Olufunke came to Canada from Nigeria in 2009 in order to start a family.

“I was tired of living in Nigeria before I came

to Winnipeg,” Alake said. “My parents tried different options for me to go to the United States to study and eventually settle there, but it was not successful. I continued with my life in Nigeria when all hopes seemed lost, until someone told us about immigrating to Canada through the Manitoba Provincial Nominee Program. I was excited about the news, but I wasn’t optimistic for success.”

“I got the application forms and instructions, read it a few times to ensure I had all the requirements and then put in an application,” he said. “We went through the application and documents screening process and after over a year, we were nominated.”

Alake said his decision to leave Nigeria was rooted in his desire to raise a family in a better environment.

“It (Nigeria) is a beautiful and very diverse country to live in,” he said. “But parents can no longer afford to send their children to a good school because of exorbitant tuition fees. These reasons and many more made me decide to leave the country for a better life, despite having a good and high-paying job.”

Alake is not alone in wanting to make a better life for himself in Manitoba. In fact, immigration has become such a key driver of population growth in Manitoba that in the 15-year span between 1991 and 2016, the province’s population would have declined by 40,000 people had it not been for new Canadians.

Alake said his family decided to choose Winnipeg because it is the province’s largest city, despite not knowing much about the city or province.

A mortgage from his credit union helped Ebenezer Alake (second from left) and his family buy their first home in Canada.



“Much was not known about the scary winters and heavy snowfall,” he said. “We just wanted to leave Nigeria for a better country. I wanted a good and secure future for my children, I wanted to live in a place I feel safe with my family, a place where people show true love to each other.”

Naturally, upon arriving in Canada Alake needed access to financial services. Having worked for a bank in Nigeria, he first considered opening an account at similar financial institutions in Canada, but his experiences were less than ideal.

“They had no programs at that time to assist new immigrants to accelerate and integrate into the system,” he explained. Frustrated, Alake decided to try a credit union. Six years ago, he was told about Carpathia Credit Union and became an associate of the closed bond credit union. (Carpathia is a closed bond Ukrainian Credit Union. This means holding a membership share is exclusive to Manitobans of Ukrainian origin. However, in 2004, Associate status was created to meet the financial needs of

people not of Ukrainian origin. Associates receive the same quality of service and have access to Carpathia’s complete product list, without holding a share in the credit union.)

“There has been no looking back since then,” Alake said. “My experience with Carpathia Credit Union has been terrific, and it has been one of the best decisions of my life. They have awesome, courteous and professional employees who value and treat their customers like kings.”

Alake’s relationship with the credit union allowed him to get a mortgage to buy a home in his new country and start to set down roots. He says his goal now is to continue working towards being successful and financially independent.

“(My goal is) to provide a stable and secure future for my family, to participate positively and actively in my community, to contribute positively to the development of Canada’s economy and future outlook and to grow old with my wife in a country where the condition of living is good,” he said.



Ismail Sanni (centre) and his family came to Canada from Nigeria in 2014. A mortgage from a credit union allowed them to buy their first home here, and helped give them a sense of belonging.

In the meantime, Alake continues to share his positive credit union experience with other newcomers in the growing Nigerian community in Winnipeg.

“Carpathia has been able to stand out uniquely with the way they treat and value their existing and prospective customers,” Alake said. “This is why I have been recommending the credit union to my family, friends and the Nigerian communities.”

ONE OF THE FELLOW NEWCOMERS Alake recommended the credit union to is Ismail Sanni.

Sanni and his family also came to Canada from Nigeria through the Manitoba Provincial Nominee Program. Their decision to move to Canada in 2014 was born out of a desire to send their children abroad to get their educations.

“We were committed to sending our kids abroad for schooling but we thought why not explore Canada since it is a land of opportunities,” Sanni said. “We thought why not come with the kids and grow with them at the same time through our careers.”

The Sanni family’s experience in Canada has been a good one, albeit with one small caveat.

“The good part of it is there are a lot of opportunities and for anybody who has the potential to develop themselves, I think Canada gives everybody equal opportunity to really grow and make something of your life,” Sanni said. “For the kids too, it allows them to experience different kinds of culture because it is a multicultural country.”

“The bad? We were coming from somewhere where the weather was, at worst, plus 20° C. That’s what we called cold,” he said. “The very first week we were in Canada, it was –54° C.”

Their experience looking for a financial institution had no such caveats.

“It’s a story I’m always happy to tell,” Sanni said, explaining how after being told about Carpathia

Credit Union, he visited the credit union to inquire about a mortgage.

“That day was one of the happiest days because we got the mortgage that very day,” he said.

For Sanni, getting a mortgage and being able to buy a home in Canada meant he felt like a part of the community.

“It’s given me a sense of belonging to the community that I live in and at the same time I see it as a form of investment for the future,” he said. “It gave me a home for me and my family.”

REALTOR OLA OGUNNIYI IS WELL ACQUAINTED with becoming comfortable in a new environment, both on a personal and professional level.

From a personal perspective, Ogunniyi also immigrated to Canada from Nigeria, an experience he found rewarding.

“I really like Winnipeg and Canada as a whole,” Ogunniyi said. “They’ve been so helpful not only to me but to every Nigerian community in this country. When you come from a developing country, there are a lot of pains going on there, but here you have peace of mind and a sense of belonging.”

He explained that the Nigerian community in Winnipeg encouraged him to buy his own home.

“The best thing you can do is have your own house, so you can have a better future tomorrow, and plan ahead,” he said.

When he became a realtor in early 2018, his job became helping others — including many new Canadians — find homes. He stressed the importance and meaning of owning a home, particularly for someone new to Canada.

“Whether someone is new or has been here for a long time, they want to own their own home,” he said. “It gives everybody the sense that, okay, I can become somebody in this country.”



Realtor Ola Ogunniyi understands the desire for newcomers to own their own homes in Canada. It gives people the sense they can become somebody in this country, he says.

FOR BUKKY OMORUKU, BECOMING SOMEBODY in her new country is a process that is well underway. Thanks in large part to her own perseverance and hard work, she and her son have a promising new life here in Canada. A new life that she says is partly due to her credit union taking a chance on her with a loan.

“There are no words to describe how some people somewhere, who you’ve never met and would probably never meet in your entire life, organized a program to help new immigrants,” Omoruku said. “It’s a great job that they’re doing. It was a risk, but the risk is paying off.”

“If that loan wasn’t available at the time, God knows what I’d be doing. I don’t think I could do anything besides be a nurse,” she added. “When I look at myself now and where I am today, they gave somebody — if not everybody — a future to hope for.”

“It gave me a future, and it gave my son a future as well.” ■



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

In 2017, credit unions provided \$1.93 million in charitable donations and an additional \$1.96 million in sponsorships, for a total of \$3.9 million. Credit unions also gave back to their communities through paid volunteer hours and donations in kind to nearly 5,500 Manitoba organizations.

In addition to donations and sponsorships made by individual credit unions, the Manitoba credit union system as a whole sponsors several worthy causes. In 2018, these causes included the Curl Manitoba Masters Championships, the Manitoba 55-Plus Games, the Manitoba Forage and Grassland Association's Aquanty Project, the Manitoba High Schools Athletic Association Scholar Athlete Awards and Wasagaming Foundation's Camp Wannakumbac.

SYSTEM SPONSORSHIPS

Curl Manitoba Masters Championships

The Manitoba's Credit Unions Masters Provincial Championship is the showcase event for Manitoba curlers ages 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 Masters Championships in 2018.

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.

Manitoba's credit unions are proud sponsors of the 55-Plus Games, which promote the benefits of healthy active living for older Manitobans. Credit unions contributed \$5,500 towards the 55-Plus Games in 2018.

Manitoba High Schools Athletic Association

The Credit Unions of Manitoba Scholar Athlete Award is awarded annually to four students who maintain a minimum 85 per cent average and participate in at least two interscholastic high school athletic activities. Manitoba's credit unions award each student a \$1,000 scholarship.

Manitoba's credit unions provided \$20,000 in sponsorships to the Manitoba High Schools Athletic Association in 2018.

Manitoba Forage and Grassland Association (MFGA) Aquanty Project

Recent flood events in the Assiniboine River Basin have resulted in significant crop losses, property and infrastructure damage, leading to unprecedented Agri-Recovery claims above and beyond crop insurance. The MFGA Aquanty Project seeks to develop new risk management tools to reduce the impact of extreme flood or drought events for the agricultural industry within the Basin by identifying preventative measures, implementing risk prevention and mitigation activities, all with the intention of lessening the need for government disaster relief in response to such events.

Manitoba's credit unions committed \$38,000 in support of this project over a five-year span beginning in 2017.

Wasagaming Foundation Camp Wannakumbac

Located on the west shore of Clear Lake 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 \$8,500 in sponsorships to Camp Wannakumbac in 2018.

The Manitoba Forage and Grassland Association's Aquanty Project seeks to reduce the impact of extreme flood or drought events.

(Photo by D.Derlago, MFGA Aquanty Project)



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

CUCM matches employee donations — gifts made as individuals and as a group through Staff Club events and the United Way/All Charities Campaign — to organizations whose aims are consistent with CUCM's core values and the spirit of Co-operative Principle No. 7, Concern for Community.

Through matching, employees and CUCM have contributed more than \$1 million over the past decade to organizations with a broad range of goals. CUCM exposes community organizations to employees (and vice versa) by inviting them to speak prior to CUCM staff meetings. What's more, by including a Community Leadership & Engagement score on its balanced scorecard, CUCM incents employees to donate time to organizations' ongoing activities and special projects.

CUCM EMPLOYEE GIVING AND COMMUNITY SERVICE



\$82,021 Charitable Giving includes employees and directors

\$ 1,590 Special Events Staff Club & United Way/All Charities campaign

\$83,611 Total Giving in 2018 matched by CUCM



Employee Volunteer Time 727 hours

Employee Participation 92%

- A Port in the Storm \$
- Agape Table Inc. \$
- Alpha House \$
- ALS Society of Manitoba \$
- Alzheimer's Society \$
- Canadian Blood Services
- Canadian Cancer Society \$
- Canadian Liver Foundation \$
- Cancer Care Manitoba Foundation \$
- Children's Hospital Foundation of Manitoba \$
- Children's Wish Foundation \$
- Co-operative Development Foundation of Canada \$
- Canadian Parks and Wilderness Society \$
- CURE Foundation \$
- Diabetes Canada \$
- Downtown Winnipeg BIZ (flower planting)
- Dream Factory \$
- Earth Day Cleanup
- Firefighters Burn Fund \$
- Good Neighbours Active Living \$
- HSC Foundation \$
- Habitat for Humanity \$
- Heart & Stroke Foundation \$
- Immigrant & Refugee Community Org. of Manitoba \$
- John Howard Society of Manitoba \$
- Kidney Foundation of Canada \$
- Koats for Kids
- Main Street Project \$
- Marymount \$
- Mennonite Central Committee \$
- N.E.E.D.S. Inc. \$
- Never Alone Foundation \$
- Palliative Manitoba \$
- Prairie Wildlife Rehabilitation Centre \$
- Salvation Army \$
- Siloam Mission \$
- SMD Society (Easter Seals) \$
- Spina Bifida & Hydrocephalus Association \$
- Wildlife Haven Rehabilitation Centre \$
- Winnipeg Harvest \$

Pictured: CUCM employees pitch in at Winnipeg Harvest, a not-for-profit organization that collects and shares surplus food with people who are hungry.



MESSAGE FROM THE CHAIRMAN

The role of any board of directors is to provide sound stewardship, leadership and guidance to an organization as it charts a course in its industry. For the board of an organization like Credit Union Central of Manitoba, this means constantly learning and adapting as the financial services industry evolves amidst technological, competitive and regulatory changes.

It is the desire of CUCM's board for the organization to be proactive in working with credit unions to help address the substantial changes on the horizon in the financial services industry. As a result, the board was more directly involved in CUCM's corporate planning process in 2018, working closely with management to determine the strategic direction credit unions need to take in order to thrive in the future and what CUCM's role should be in supporting them as they transition there.

In June, the board participated in a process to review some of the many issues and trends in the financial services environment, and to consider the implications of those issues on the business models of credit unions. After reviewing additional research into where Manitoba credit unions need to be, the board took part in another workshop in October to discuss the role of CUCM in helping credit unions get there.

Part of that research included the potential for planning across three horizons as part of the McKinsey Three Horizons framework. The framework provides a structure for companies to assess potential opportunities for growth without neglecting performance in the present. It's a model that considers the need to simultaneously plan across three time horizons (Horizon One is the optimization of the current business model, Horizon Three represents transformational thinking about the future state and Horizon Two focuses on the initiatives that can transition an organization from One to Three).

Management provided a work plan for the next iteration of planning, building upon the Three

In addition to its participation in the corporate planning process, the board also continued to make improvements to the organization's governance processes throughout 2018.

Horizons thinking, with a goal of considering the range of possibilities for the future environment, how the desired future may be shaped and the strategies that may be required to bridge to it. The board plans to meet again early in 2019 to consider the next iterations of this work.

In addition to its participation in the corporate planning process, the board also continued to make improvements to the organization's governance processes throughout 2018. CUCM management supported the board to further improve the director peer assessment process. The next iteration of the process, to occur in early 2019, will include a review of the competencies required to serve on the board and the use of an updated peer assessment process. A review of the chair, vice-chair, committee chair and committee vice-chair job descriptions took place, with changes made to the chair job description to bring it in line with best practices. A review of the board committee terms of reference also occurred.

I would like to thank CEO Garth Manness and the entire CUCM Executive Management Group for their hard work and diligence over the course of the past year. I would also like to thank retiring directors Sandy Wallace, Lee Gregory and Gord Kirkwood for their dedication and commitment to the continuing success of CUCM. Throughout their time on the board, all three could consistently be counted upon to bring new and helpful perspectives to the board table. Their contributions have been greatly appreciated.

Finally, I would like to offer my thanks to Russ Fast, who stepped down as chair of CUCM's board in 2018. During his 18 years as chair, Russ led the board of directors with distinction. He set a high bar in terms of leadership and oversaw a period of significant growth and change for CUCM and the Manitoba credit union system over the course of his tenure. We on the board were fortunate to benefit from his experience and wisdom.



PAUL HOLDEN

Chairman, Board of Directors

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.

BOARD OF DIRECTORS

CUCM CHAIR



Russell Fast

First Vice-Chair,
Steinbach Credit Union

Board Meeting Attendance 6/8

PEER GROUP 1

Steinbach Credit Union



Kevin Sitka

Chief Executive Officer,
Assiniboine Credit Union

Board Meeting Attendance 7/8

PEER GROUP 2

Assiniboine Credit Union



Paul Holden

Director,
Cambrian Credit Union

Board Meeting Attendance 8/8

PEER GROUP 3

Cambrian Credit Union



Larry Davey

Chief Executive Offer,
Access Credit Union

Board Meeting Attendance 8/8



Jim Rediger

Chief Executive Offer,
Westoba Credit Union

Board Meeting Attendance 7/8

PEER GROUP 4

Access Credit Union
Crosstown Civic Credit Union
Westoba Credit Union

CUCM VICE-CHAIR

Gordon Kirkwood

Chief Executive Officer,
Entegra Credit Union

Board Meeting Attendance 8/8



Lee Gregory

Director,
Noventis Credit Union

Board Meeting Attendance 8/8

PEER GROUP 5

Carpathia Credit Union • **Entegra** Credit Union • **Fusion** Credit Union
Noventis Credit Union • **Sunova** Credit Union • **Sunrise** Credit Union

Brad Penner

Chief Executive Offer,
Rosenort Credit Union

Board Meeting Attendance 7/7

Gord Sylvester

Board Meeting Attendance 1/1



Alexander (Sandy) Wallace

President,
Niverville Credit Union

Board Meeting Attendance 7/8

PEER GROUP 6

Amaranth Credit Union • **Beautiful Plains** Credit Union • **Belgian-Alliance** Credit Union
Casera Credit Union • **Compass** Credit Union • **Flin Flon** Credit Union
Me-Dian Credit Union • **Minnedosa** Credit Union • **Niverville** Credit Union
North Winnipeg Credit Union • **Rosenort** Credit Union • **Strathclair** Credit Union
Stride Credit Union • **Swan Valley** Credit Union • **Winnipeg Police** Credit Union

CORPORATE GOVERNANCE

Throughout 2018, CUCM's board of directors continued to make improvements to the organization's governance processes.

CUCM management supported the board to further improve the director peer assessment process. The next iteration, to occur in early 2019, will include a review of the competencies required to serve on the board. An updated peer assessment process will be implemented, which will include interviews conducted by an independent third party. The third party will also debrief the consolidated peer feedback with each individual board member.

A review of the board chair, board vice-chair, committee chair and committee vice-chair job descriptions took place in 2018, and changes were made to the board chair job description to bring it in line with best practices.

A review of the board committee terms of reference also occurred. The only significant change saw responsibility for the annual review of legislative compliance issues transferred from the Governance and Conduct Review Committee to the Audit and Risk Committee. The change will make the review process more efficient, as compliance with regulatory and legislative items is already part of the Audit and Risk Committee's review of organizational risks.

Changes were made to the board compensation philosophy. A number of the comparable organizations have been removed as benchmarks, because changes in their business models resulted in them no longer being appropriate comparisons. The board now measures its compensation practices against those of Central 1, Credit Union Central of Alberta and SaskCentral.

The Governance and Conduct Review Committee assessed CUCM's governance practices against the revised OSFI Corporate Governance Guideline issued in September 2018. The review showed that CUCM's governance practices are substantially in compliance with the guideline. The process resulted in changes to the board charter and director profile to make them consistent with the format and language used in the guideline. The board also adopted a new director independence policy, which outlines the conditions under which a director would not be considered independent of management.

Based on a recommendation from the Democratic Control Review Committee, and considering changes in the structure of the credit union system, the board sponsored a resolution to amend the peer group model. Under the new model, the number of peer groups was reduced from six to five, while the number of directors appointed to the board remained at the optimum number of nine. The revised model will ensure more equitable representation at the CUCM board table. The resolution received unanimous support by delegates attending a special general meeting held November 16, 2018 and will come into effect in 2019.

The board also approved sponsorship of an omnibus resolution to amend CUCM's Charter Bylaws. One of the more significant amendments will give the board the ability to revise the peer group structure without delegate approval. This will allow the board to respond to changes in the

credit union landscape more quickly, with the concurrence of the Democratic Control Review Committee.

An amendment to increase the number of delegates appointed by each credit union from two to four will increase the size of the pool from which directors can be elected to the board. This is important given the trend toward fewer credit unions.

Changes were made to the composition of the Nominating Committee to make it more effective. The committee, which previously comprised a mix of peer group officials and CUCM directors, is now composed solely of CUCM directors not up for reelection, as well as CUCM's Corporate Secretary. This revised committee structure is considered more appropriate because CUCM directors are in the best position to understand the current and future needs of the board.

The Nominating Committee met in December to interview and assess nominees for two director positions in Peer Group 5. Six candidates were endorsed on the basis that they met the eligibility requirements, and on the belief that they have the skills required to contribute effectively to the board.

The Nominating Committee also reviewed the nominations of two individuals for two director positions in Peer Group 4. As there were two candidates for two vacancies, the candidates were not interviewed, but the committee sought their views on the role of CUCM and their roles as board members.

MEETING ATTENDANCE

[CHAIR]	Gord Kirkwood	6/6
[VICE-CHAIR]	Larry Davey	4/4
	Jim Rediger	6/6
	Sandy Wallace	4/4
	Lee Gregory	2/2
	Gord Sylvester	2/2

MEETING ATTENDANCE

[CHAIR]	Kevin Sitka	4/4
[VICE-CHAIR]	Lee Gregory	2/2
	Paul Holden	4/4
	Russ Fast	2/4
	Sandy Wallace	2/2

MEETING ATTENDANCE

[CHAIR]	Jim Rediger	2/2
[VICE-CHAIR]	Larry Davey	2/2
	Brad Penner	2/2
	Lee Gregory	2/2

MEETING ATTENDANCE

	Paul Holden	1/1
	Kevin Sitka	1/1
	Russ Fast	0/1
	Larry Davey	1/1
	Gord Kirkwood	1/1
	Brad Penner	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.

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.

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.

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.



CREDIT UNION CENTRAL *of* MANITOBA

Credit Union Central of Manitoba is the trade association and service provider for the province's 27 autonomous credit unions.

CUCM is governed by *Manitoba's Credit Unions and Caisses Populaires Act* and the *Cooperative Credit Associations 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 six peer groups sit on its board of directors. CUCM is financed through assessments and fee income derived through its operations.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Credit Union Central of Manitoba's core purpose is to provide leadership and high-value solutions to credit unions in order to support them in meeting their strategic and operational business needs.

To that end, each year CUCM works hard to position itself as a trusted partner and thought leader for the credit unions in the province. The organization does so by focusing its efforts in four strategic areas: advocacy, aligned solutions, collaboration and industry expertise.

Throughout 2018, CUCM completed a wide range of work in each of these strategic areas — work that, we believe, helps strengthen the position of credit unions as financial institutions of choice among Manitobans.

ADVOCACY

On the advocacy front, CUCM's goal is to further the interests of credit unions and their members with all groups or bodies that affect them. In 2018, CUCM advocated on behalf of credit unions on numerous issues.

Chief among them was the Manitoba Special Tax Deduction for Credit Unions. The provincial budget, tabled March 12, contained a measure with the potential to significantly impact Manitoba credit unions: the phasing-out of the Special Tax Deduction for Credit Unions. Following the announcement of this proposed phasing-out, CUCM immediately arranged a meeting with then-Finance Minister Cameron Friesen to put forward the credit union system's objections to this change. CUCM also engaged an external consultant to assist with a comprehensive analysis of the efficiency of

CUCM prides itself on providing creative solutions that credit unions can afford and that are sustainable as long as they remain relevant.

the special deduction, its impact on the Manitoba economy and on provincial taxes paid by banks and credit unions. This analysis supported CUCM's view that the deduction has been and would continue to be beneficial to credit unions and the Province. This information was provided to recently appointed Finance Minister Scott Fielding in September and discussed with him early in 2019, wherein a request was made to the government that it reconsider its decision to remove the deduction. Work continues on this file moving into 2019.

In addition to the considerable work spent on the special deduction issue, CUCM also devoted time to a number of other advocacy files, supporting the Canadian Credit Union Association (CCUA) on several issues at the federal policy level through CCUA's Legislative and Regulatory Affairs Committee, Government Relations Working Group and other ad-hoc working groups. These issues included the federal 2019 pre-budget consultation, the 2019 Federal Financial Institution Legislation Review, the Office of the Superintendent of Financial Institution's B-20 Mortgage Guidelines, the Basel III Framework and a national Market Conduct Code, among others.

ALIGNED SOLUTIONS

CUCM prides itself on providing creative solutions that credit unions can afford and that are sustainable as long as they remain relevant. Throughout 2018, all of the organization's various departments contributed to this effort in a variety of ways.

People Services managed the Manitoba components of the CEO Compensation Survey and the Benefits and Working Conditions Survey, as well as

conducting employee surveys and providing employee relations advice and employer coaching to credit unions. CUCM's Marketing Consulting function provided graphic design, member communications, copywriting and media planning to more than a dozen different credit unions. Lending Services continued to provide loan review services to credit unions throughout the province. The organization's Compliance and Risk function held an anti-money laundering and risk symposium attended by two dozen credit unions and also collaborated with Credit Union Central of Saskatchewan to provide Manitoba and Saskatchewan compliance professionals with a series of webinars on cryptocurrencies, blockchain, white label ATMs and e-transfers. CUCM's Finance Division also undertook a project to replace its treasury system, introducing a new system in 2018 that features improved functionality, allowing the organization to eliminate some manual processes and reap the benefits of greater efficiency and accuracy.

In addition to these solutions, CUCM also provided leadership and project management support in the formation of Aviso Wealth Inc. and CU CUMIS Wealth Holdings LP (Holdings). Holdings is a partnership of Atlantic Central, Central 1 Credit Union, Credit Union Central of Saskatchewan, Credit Union Central of Alberta, The CUMIS Group Limited and CUCM. Upon its creation, the board of directors of Holdings identified an immediate and ongoing need for support in the areas of management and administration, governance and finance. CUCM has been designated as the Central to provide ongoing accounting and administration support to Holdings going forward.

COLLABORATION

CUCM continues to facilitate conversations, explorations and initiatives on behalf of the Manitoba Collaboration Group, which is comprised of 23 credit unions and Caisse Financial Group. Combined, the group represents roughly 63 per cent of system assets. CUCM facilitates co-operation within the group and provides support in research, project management and coordination.

Throughout 2018, the group focused its efforts in the areas of wealth management collaboration and back office collaboration. In terms of wealth management collaboration, Aviso Wealth has established a committee designed to serve the needs of small to mid-sized credit unions. Two Manitoba credit unions have representation on this committee.

With regard to back office collaboration, in the fall of 2018 a Back Office Collaboration Working Group was officially established. Manitoba credit unions representing multiple market segments have confirmed their participation in Phase 1 of a project to identify a range of models for a shared service approach to back office collaboration.

INDUSTRY EXPERTISE

CUCM brings a range of expertise to bear in a number of areas of importance to credit unions.

One of CUCM's goals is to create the conditions for credit unions to be engaged, informed and actively investigating significant transformative trends in financial services.

In 2018, the organization's Research and Planning Services function focused its work on identifying and highlighting some key disruptive trends affecting credit unions, including demographic shifts, technological disruption, customer experience and regulatory change. Research and Planning also conducted 62 individual projects for credit unions and other clients. These projects included surveys, board assessments and event evaluations. CUCM also continues to provide support on demand for credit union boards and management to work through strategic questions, including amalgamation strategy, analytics, process reviews and transition support.

Last year was a fruitful and productive one for CUCM. I would like to thank CUCM's executive management team for their insight, acumen and leadership over the past year, as well as all CUCM employees for their ongoing commitment to the overall success of the organization and its members, our credit unions.

I would also like to thank CUCM Board Chair Paul Holden and the entire board for their continued leadership and guidance throughout the year.



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:

- Respect for People** All individuals are highly valued and are treated equitably.
- Integrity** We are reliable in our word, honouring commitments & promises.
- Excellence** We pursue the best possible outcomes in all that we do.
- Service** We take pride in providing outstanding service to our members and other clients.
- Community** We value community service and leadership as a contribution to healthy, vibrant communities.
- Innovation** We innovate with products, services and approaches that help credit unions succeed.
- Collaboration** 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.

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, 2018. 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 6, 2019 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 management to make assumptions that involve 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. Undue reliance should not be placed 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 5.5 per cent, up from 4.3 per cent in 2017. Deposit growth is the primary funding source for System asset growth. System assets grew 5.8 per cent in 2018, up from 5.2 per cent in 2017. System loans grew by 6.8 per cent in 2018, down from 7.4 per cent in 2017. System deposits at CUCM shrank 2.6 per cent in 2018 and, excluding the impact of mark-to-market valuations, ended the year \$83 million lower than 2017. As a percentage of total credit union members' deposits, System deposits held at CUCM ended the year at 11.3 per cent (2017: 12.3 per cent). Year-over-year, excluding the impact of mark-to-market valuations, short-term System deposits (original term less than 13 months) decreased by \$22 million, while longer term System deposits fell by \$63 million.

Credit unions continue to show a strong preference for keeping their deposits at CUCM in short terms. At year-end, 98.8 per cent of deposits matured within 13 months, up from 96.9 per cent at year-end 2017.

With the Bank of Canada in a tightening cycle, many credit union members have shifted their loan rates from variable to fixed, and some credit unions have booked interest rate swaps to reduce their interest rate risk. Keeping System deposits at CUCM in shorter terms helps credit unions manage their interest rate risk. Additionally, when considering the financial margin distributions paid on short-term deposits relative to long-term deposits (see Returns on Members' Deposits below), there is little if any incentive for credit unions to extend term on their deposits.

A recent survey of credit unions indicates that little change is expected 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 2018.

OPERATING RESULTS

Returns on members' deposits

The Bank of Canada raised rates by 75 basis points ("bps") during 2018, in three 25 bps moves (in January, July and October). CUCM's weighted average cost of funds rose as a result, to 1.642 per cent, from 0.963 per cent in 2017.

The average cost of funds paid on short-term liquidity balances (Canadian and U.S. balances, combined) was 144.2 bps on current accounts and 167.9 bps on short-term deposit balances, for a combined average cost of 163.2 bps. Financial margin distributions equated to an additional 92.55 bps on short-term deposits (both current accounts and short-term deposits) in the year, resulting in a total average payment of 255.75 bps.

The average cost of funds paid on longer-term deposits was 216.8 bps. An additional distribution of financial margin of 4.68 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 221.48 bps on longer-term deposits.

Finally, the incremental income earned on loans to credit unions is distributed in proportion to excess liquidity deposits. The volume of borrowings rose in 2018, such that this component of financial margin increased to 4.59 bps, up from 0.89 bps in 2017.

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.

The amount of liquidity deposits at CUCM ebbed and flowed throughout the year, for the most part following seasonal patterns. Liquidity ended the year virtually unchanged (down just \$4 million year-over-year).

Financial margin distributions continued to benefit from CUCM's asset swap portfolio. Asset swaps are composed 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, there is virtually no interest rate risk associated with asset swaps. Yields earned on asset swaps exceed those on alternative short-term investments and enhance the returns paid on credit union short-term deposits.

Asset swap maturities were relatively light in 2018 (\$368 million), especially compared to 2017 (\$664 million) and 2019 (\$723 million). This was fortunate, as maturing asset swaps could only be replaced at the tighter spreads prevailing through much of the year. Equity markets sold off in October and the correction accelerated in December, bringing with it more attractive opportunities, which CUCM seized. Financial margin returns averaged 92.55 bps in the year, with a clear trend of improving returns in the last few months, reflecting the newly transacted asset swaps.

For 2019, virtually all of the \$723 million in asset swap maturities will occur in the fourth quarter. This will provide an ample supply of cash for reinvestment or for funding liquidity shrinkage. With uncertainty around the U.S./China trade relations, the lack of an agreement on Brexit and a looming report on fraud and collusion in the last U.S. election, there are plenty of headlines that may create market volatility and asset swap opportunities in the coming months.

Because of the longer-term nature of the assets underlying asset swaps, these investments generate 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 2019 budget assumes a slight increase in this revenue relative to 2018, in part because interest rates rose in 2018, allowing CUCM to reinvest maturing investments at slightly higher yields. The additional capital received in the latter part of the year was also invested at the higher returns in effect during the market correction, and will have a positive effect on returns as well. CUCM's budget for 2019 assumes that the Bank of Canada will raise interest rates by another 25 bps in the second quarter of 2019. If this increase does not occur or is delayed, 2019 dividend returns will be less favorable, but should still exceed budget.

Recoveries

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.

Capital

Capital levels (share capital and retained earnings at CUCM) are regulated by the Financial Institutions Regulation Branch of Manitoba Finance. In addition to their regulations, policies regarding capital levels have also 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 2018, the overall BSC result was 89.39 points out of a possible of 100.

ECONOMIC OUTLOOK

After the introduction of "America first" policies in 2017, 2018 became the year of trade tariffs, trade wars and negotiations, mostly between the U.S. and its partners and political allies. However, 2018 also saw other trade agreement activity: the Trans-Pacific partnership ("TPP") was fully implemented; the Canada-European Union Comprehensive Economic and Trade Agreement ("CETA") was ratified and implementation began; and the EU-Japan Economic Partnership Agreement was ratified, with implementation expected in early 2019.

After long negotiations, the North American Free Trade Agreement ("NAFTA") was replaced with the U.S.-Mexico-Canada ("USMCA") Trade Agreement, which brought much less change than initially expected. The only segment of the Canadian economy that will feel noticeable impact is dairy, as U.S. producers will get 3.6 per cent more access to the Canadian market. In response, the Canadian government promised that dairy farmers would be compensated for potential losses. It appears the changes will not significantly impact the automotive sector, but it will take some time to determine the actual impact. On steel and aluminum, U.S. tariffs and Canadian counter-tariffs are still in place without any indication that they will be removed anytime soon.

While these issues and agreements are very important from national perspectives, the major impact for the world economy in 2018 came from the trade war between the U.S. and China. According to the International Monetary Fund ("IMF"), the introduction of tariffs and counter-tariffs on close to US\$350 billion of goods (from both countries) has already reduced real GDP growth across the world by 0.2% and it is expected the impact will be much greater after March 1, 2019 when the current trade truce between the U.S. and China expires.

Despite these and other issues, the world economy recorded strong growth in 2018. According to the IMF, the overall growth in 2018 reached 3.7 per cent (the same growth that was experienced in 2017). However, the IMF downgraded its growth expectations for 2019 from 3.7 per cent in its October 2018 report to 3.5 per cent in January 2019. Growth for 2020 has also been downgraded in the two reports, from 3.8 per cent to 3.6 per cent.

Most of the slowdown is expected to happen in developed economies. These economies grew by 2.3 per cent in 2018 but are expected to grow only 2.0 per cent in 2019 and 1.7 per cent in 2020. Emerging economies recorded growth of 4.6 per cent in 2018, slightly lower than the growth of 4.7 per cent in 2017, mostly due to the slowdown of the Chinese economy. Growth in emerging countries is expected to be even lower in 2019 (4.5 per cent) and then recover in 2020 with growth of 4.9 per cent. Most of the growth in 2019 is expected to happen in India (7.7 per cent), China (6.2 per cent) and Southeast Asia (5.2 per cent).

Closer to home, the U.S. economy recorded strong growth in the first two quarters of 2018, driven primarily by consumer consumption as employment grew steadily and put more money in consumers' pockets. Another strong contributor to the economy was business investment driven by

huge tax subsidies for investment. However, business investment growth was very low in the third and fourth quarter and consumer spending moderated in the second half of the year as the economy reached almost full employment. The government shutdown at the end of the year — during which 800,000 federal employees did not receive paycheques — also impacted consumer spending. The influence of the shutdown may reverse if federal workers are compensated for that time.

Government spending did not contribute significantly to real GDP growth, but growth (2.9 per cent) was still much stronger than 2016 (1.5 per cent) and 2017 (2.3 per cent).

Economic forecasts for 2019 and 2020 are relatively pessimistic, with expectations for growth of 2.3 to 2.5 per cent in 2019 and 1.7 to 1.8 per cent in 2020. This expectation was one of reasons why the Federal Reserve (“The Fed”) announced that it expects only two (instead of three) increases in interest rates in 2019. This came after an increase in December (the fourth in 2018) that brought The Fed’s interest rate to 2.50 per cent. The major reasons for the expected slower growth in the next two years are reductions in fiscal stimulus and higher interest rates, which will lead to slower growth in consumer spending and business investment. There is also considerable uncertainty about the impact on the economy of divisive politics at the national level. Another government shutdown may be coming in the early 2019 and a trade war with China may reduce expected growth.

After strong growth in 2017 (3.0 per cent), the Canadian economy recorded significantly lower growth in 2018 (2.1 per cent). The major reasons for this reduction were lower growth in consumer spending (2.2 per cent compared to 3.6 per cent in 2017) and a smaller contribution from oil production and sales driven by the low oil price in international

markets. Housing starts and sales of motor vehicles also posted lower growth than in previous years. This was driven by the introduction of measures to cool the housing market (especially in B.C. and Ontario) and the impact of rising interest rates on existing levels of consumer debt. Yet there were bright spots in the economy: non-residential investment growth was 4.8 per cent in 2018 compared to 2.5 per cent in 2017, and exports grew by 3.3 per cent compared to 1.1 per cent in 2017.

The slower growth in 2018 did not stop the Bank of Canada (“BoC”) from increasing its interest rate three times in 2018, by 25 basis points each time, as it had to respond to rate increases in the U.S. to keep the Canadian market attractive to investors (domestic and foreign). At its first meeting in 2019, the BoC decided to keep the rate at 1.75 per cent while saying that more interest rate hikes will be needed to keep inflation at a target neutral range of 2.0 per cent, and that the pace of those hikes will depend on many factors including developments in the oil markets, the Canadian housing market, and global trade.

The Canadian economy is expected to grow even more slowly in 2019 and 2020 (1.9 per cent in both years) than in 2018. Lower growth is expected in all categories of GDP. Consumer consumption growth is forecasted at 1.6 per cent (2.2 per cent in 2018). Government expenditures growth is expected to be about 2.1 per cent (2.9 per cent in 2018) and growth in exports may be around 2.5 per cent (3.3 per cent in 2018). These forecasts are not surprising given the expected slowdown in the U.S. economy, although they will be partially offset by the benefits received from CETA and the TPP.

Real GDP growth in Manitoba continued to be lower than the national growth in 2018, reaching only 1.8 per cent. The main factors behind the number were lower growth in the mining, non-residential construction, manufacturing, and agriculture

sectors. In the mining sector, the declines are largely the result of several mine closures by both Vale and Hudbay and the announcement of a smelter closure in Thompson.

Some of the major construction projects in the province (Bipole III and True North Square) were finished in 2018. Looking forward, the biggest project in Manitoba for 2019 and 2020 will be the Keeyask Generating Station and some capital expansion in the food processing sector. Roquette and Simplot are both investing hundreds of millions of dollars in the Portage la Prairie region, developing the world's largest pea-processing plant and expanding a potato processing facility. The agriculture sector was strong in 2018 even though production was slightly lower than expected due to dry conditions. The good news for this sector is that exports to Asian countries continue to grow and, with higher meat consumption in those markets, the outlook is good. Manufacturing, even with slightly lower growth than in 2017 due to lower demand from the U.S., remains a solid contributor to the provincial economy. The strongest manufacturing subsectors in 2018 were food and transportation equipment and aerospace manufacturing.

Employment recorded only modest growth in 2018 (0.6 per cent), dragged down by the economic slowdown in some sectors and government efforts to balance its revenues and expenses through reduction in employment in some crown corporations (Manitoba Hydro, Manitoba Liquor and Lotteries, and Manitoba Public Insurance). The unemployment rate grew to 5.9 per cent from 5.4 per cent in 2017.

In 2019 and 2020, the Manitoba economy is expected to continue with modest growth. For 2019, most economists agree that growth will be similar to 2018 and reach between 1.8 and 1.9 per cent. For 2020, there is much less consensus in forecasts; they range from 0.9 to 1.7 per cent. Major contributors to GDP growth are expected to still be non-residential construction, agriculture and manufacturing. Mining is expected to contribute even less than in 2018 and government investment will not be a significant contributor either, due to further efforts to achieve a balanced budget. Employment is expected to stay at the 2018 level, while the unemployment rate may grow to 6.0 per cent in 2019 and 6.1 per cent in 2020. However, Manitoba businesses will still face the problem of shortages of skilled-labour.

Lastly, the value of the Canadian dollar is not expected to change drastically in 2019. The current exchange rate of approximately US\$0.75 looks to be stable in the first half of 2019, dropping to a range of US\$0.70 to US\$0.75 later in the year if expected interest rate changes occur. The changes made by the BoC and the Fed in 2018, and their expected changes in 2019, are an important factor in the exchange rate between Canadian and U.S. dollars. The BoC is expected to increase interest rates 0.5 per cent in 2019 and the Fed is expected to increase interest rates 0.75 per cent.

Major risk factors for the forecasts above are trade issues (and their effect on global trade), the level of investment growth (the possibility of further government shutdowns in the U.S. loom large), and non-economic factors (such as geopolitical tensions and climate events).



CREDIT UNION CENTRAL *of* MANITOBA

MANAGEMENT REPORT

February 27, 2019

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 Entity's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2018 comprise:

- the summary consolidated statement of financial position as at December 31, 2018;
- 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, 2019.

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, 2019

PricewaterhouseCoopers LLP
Richardson Building, One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020, www.pwc.com/ca

*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	3,801,997	3,756,508
Derivative financial instruments	9,712	8,807
Income taxes recoverable	6,763	—
Intermediation pool	63,008	163,945
Property and equipment	14,752	15,030
Other assets	339	3,013
Deferred income taxes	6,885	—

	2018	2017
	3,903,456	3,947,303

Liabilities

Accounts payable	7,800	7,577
Income taxes payable	—	4,855
Members' deposits	3,318,656	3,394,364
Obligations under repurchase agreements	201,906	168,676
Derivative financial instruments	91,396	71,577
Deferred income taxes	—	1,810

	3,619,758	3,648,859
--	------------------	------------------

Members' equity

Share capital	231,666	223,184
Accumulated other comprehensive income	—	15,005
Retained earnings	52,032	60,255

	283,698	298,444
--	----------------	----------------

	3,903,456	3,947,303
--	------------------	------------------

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

	2018	2017
Financial revenue		
Liquidity pool	105,156	99,728
Intermediation pool	1,249	693
	<hr/> 106,405	<hr/> 100,421
Cost of funds	56,204	34,872
	<hr/> 50,201	<hr/> 65,549
Unrealized losses on non-derivative financial instruments	(14,292)	(36,330)
Unrealized gains (losses) on derivative financial instruments	(18,358)	79,059
Net cost of derivative financial instruments	(15,038)	(27,124)
	<hr/> (47,688)	<hr/> 15,605
Financial margin	2,513	81,154
Other income		
Share of Celero's income	2,145	1,132
Share of NEI's income	119	387
Share of CCWH's income	134	—
Rental income — net	569	442
Net operating recovery (expense)	191	(548)
	<hr/> 3,158	<hr/> 1,413
Income before credit union patronage distributions	5,671	82,567
Credit union distributions		
Financial margin distribution	(29,773)	(33,226)
Distribution of Celero's income	(2,145)	(1,132)
Distribution of NEI's income	(119)	(387)
	<hr/> (32,037)	<hr/> (34,745)
Income (loss) before income taxes	(26,366)	47,822
Income tax expense (recovery)	(8,565)	7,180
Net income (loss) for the year	<hr/> (17,801)	<hr/> 40,642
Other comprehensive income		
Net gains on equity instruments designated as fair value through other comprehensive income	—	13,780
Comprehensive income (loss)	<hr/> (17,801)	<hr/> 54,422

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, 2016	234,184	1,225	24,898	260,307
Net income for the year	—	13,780	40,642	54,422
Dividends to members	—	—	(5,285)	(5,285)
Members' shares redeemed	(11,000)	—	—	(11,000)
Balance at December 31, 2017	223,184	15,005	60,255	298,444
Changes in initial application of IFRS 9 ^[note 2]	—	(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

Summary Consolidated Statement of Cash Flows

For the year ended December 31

in thousands of Canadian dollars	2018	2017
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	(17,801)	40,642
Items not affecting cash		
Unrealized losses (gains) on FVTPL financial instruments	32,650	(42,729)
Depreciation of property and equipment	1,277	1,512
Loss on disposal of property and equipment	55	—
Deferred income tax expense (recovery)	(8,671)	265
Decrease (increase) in liquidity pool assets	(136,623)	98,546
Net change in derivative financial instruments	556	110,718
Decrease (increase) in intermediation pool assets	106,477	(124,616)
Decrease in members' deposits	(75,312)	(238,219)
Increase in obligations under repurchase agreements	33,197	168,718
Net change in other assets and accounts payable	(8,745)	1,931
	(72,940)	16,768
Investing activities		
Acquisition of property and equipment	(1,054)	(1,302)
	(1,054)	(1,302)
Financing activities		
Members' shares issued (redeemed)	8,482	(11,000)
Dividends to members	(5,427)	(5,285)
	3,055	(16,285)
Decrease in cash	(70,939)	(819)
Cash — Beginning of year	8,053	8,872
Cash (overdraft) — End of year	(62,886)	8,053
Supplementary cash flow information		
Income tax paid	12,113	4,094
Income tax received	17	76

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, 2018, which are prepared in conformity with International Financial Reporting Standards (IFRS).

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.creditunion.mb.ca.

2 Adoption of IFRS 9 Financial Instruments

The Organization has adopted IFRS 9 with a transition date of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. As permitted by the transition provisions of IFRS 9, the Organization elected not to restate comparative figures. Any adjustments to the carrying amounts of financial asset and liabilities at the date of transition were recognized in opening retained earnings and other reserves in the current period. Readers of the summary consolidated financial statements are advised that in order to appropriately interpret the Organization's change in accounting policy, the reader must refer to the audited consolidated financial statements and notes for the years ended December 31, 2018 and 2017 which contain the information detailing the calculation.

3 Compliance with minimum capital requirements

At December 31, 2018 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, 2018 and 2017 which contain the information detailing the calculation.

The strength of the Manitoba credit union system is people.

35–39 years

Lesley Kuzyk Ag/Commercial Lender • Fusion Credit Union

Laurel Laniuk Assistant Corporate Secretary • Credit Union Central of Manitoba

Colleen Nash Privacy Officer • Sunova Credit Union

30–34 years

Shaunna Asselstine Senior Loans Administrator • Winnipeg Police Credit Union

Linda Derhak Member Services Representative • Fusion Credit Union

Gina Droux Supervisor Clearing & Payment Services • Westoba Credit Union

Gail Garand Member Service Representative • Sunova Credit Union

Connie Koop Corporate Executive Assistant • Steinbach Credit Union

Brad Penner Chief Executive Officer • Rosenort Credit Union

Sharon Slater Senior Member Services Representative • Casera Credit Union

25–29 years

Shelly Batenchuk Team Lead, Compliance • Noventis Credit Union

Mike Chomiak Manager, Commercial Services • North Winnipeg Credit Union

Heather Dufresne Financial Services Supervisor • Casera Credit Union

Curtis Fines VP, Chief Operations Officer • Sunova Credit Union

Dianne Hiebert Consumer Loans Administrator • Steinbach Credit Union

Terry Jones Member Services Representative • Casera Credit Union

Jim Kauenhofen Corporate Lending Account Manager • Steinbach Credit Union

Bev Kiel Director, Member Administration • Sunova Credit Union

Eric Klippenstein Corporate Lending Manager • Steinbach Credit Union

Evelyn Kouk Manager, Branch Operations & Lending • Casera Credit Union

Shannon McElwee Member Service Representative II • Crosstown Civic Credit Union

Paul Peters LAN Administrator • Steinbach Credit Union

Roxanne Roche Relationship Support II • Noventis Credit Union

Marilyn Schettler Team Lead, Centralized Administration • Noventis Credit Union

Donna Waslenko Senior Financial Services Officer • Casera Credit Union

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

Assiniboine and **North Winnipeg** credit unions both celebrated 75 years of operation in 2018.

Niverville Credit Union passed the 70-year milestone and **Swan Valley** turned 65.

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

EXTERNAL AUDITORS
PricewaterhouseCoopers LLP

CONSULTING ECONOMISTS
Dr. Michael Benarroch
Dr. John Loxley
MNP LLP



CREDIT UNION CENTRAL *of* MANITOBA

400-317 Donald Street | Winnipeg, Manitoba R3B 2H6 | 204.985.4700 | creditunion.mb.ca

Credit Union Central of Manitoba
2018 Annual Report

