

Report to Members

From the Board and Management of Cambrian Credit Union

NET INCOME
\$12.778 million

ASSET GROWTH
12.94%

EFFICIENCY RATIO
58.11%

BOARD OF DIRECTORS



PAUL HOLDEN
CHAIR



HOWARD FALK
FIRST VICE-CHAIR



SHAUNA MACKENZIE-SYKES
SECOND VICE-CHAIR

2009 was a year of many challenges due to the continued economic uncertainty in both Canada and the World. While the financial services sector continues to undergo many changes as a result of these market conditions, Cambrian stays rooted in who we are and what our core purpose is by continuing to serve our members' ongoing financial needs.

Cambrian delivered strong growth across all of our primary business areas despite operating in an extremely competitive marketplace. Our solid performance in 2009 allowed us to continue to grow our market share and strengthen our financial position for the future.

Our deposits rose by \$215.325 million to \$1.870 billion, or 13.01 per cent. Our loans grew by \$125.295 million to \$1.672 billion, up 8.10 per cent. Our assets grew by \$227.812 million to \$1.988 billion, up 12.94 per cent. Meanwhile, our net income concluded the year at a solid \$12.778 million. These results continue a track record of consistently high performance for Cambrian within the financial services sector. Our disciplined regiment of both risk and financial management practices remains a cornerstone of our success.

In 2009, we built our equity position to \$112.543 million, up from \$100.020 million from the year earlier. Our retained earnings grew to \$102.629 million, up from \$90.122 million, which placed them at 5.16 per cent of our assets. These levels demonstrate more than just Cambrian's stability and exceptional financial position; it also means we can continue to use our capital in a highly effective manner, allowing us to deliver increasing value to our membership through our Best Pricing Policy and in the form of consistently great interest rates.

Our efficiency ratio deteriorated in 2009 from 53.91 per cent to 58.11 per cent. Despite this, our efficiency ratio still ranks Cambrian among the most efficient credit unions in Canada. The efficiency ratio measures the amount of expense we incur to earn each dollar of revenue, but it is more than an indication of cost management. In a low interest environment like we experienced in 2009, managing our efficiency meant managing increasing costs and lower margins while continuing to pass along the great benefits of banking with Cambrian to our members. Remaining highly efficient is an important competitive advantage as we expect 2010

BOARD OF DIRECTORS



RAY BAUSCHKE
DIRECTOR



GARY BLACK
DIRECTOR



ROSE MARIE COUTURE
DIRECTOR



ALAN CURD
DIRECTOR



CHERRY KARPYSHIN
DIRECTOR



FRANK PISA
DIRECTOR

will only bring more price competition and increasing pressure to financial margins when serving our members and building our market share.

MEMBER RETURNS

Last year, our refunded service fees program, which automatically refunds standard service fees to members whose combined lending and savings with Cambrian exceeds \$30,000, refunded \$1.757 million. We have refunded more than \$11.675 million since the beginning of the program in 1995. In addition to refunded service fees, we also paid \$395,000, or 4.50 per cent, back to members in dividends on their held shares last year.

At Cambrian, we understand it takes more than just great rates and refunded service fees to deliver full member value. The market research is compelling; Manitobans are seeking reliable as well as excellent service from their financial institutions; and Cambrian has aligned our business model to deliver all our services in this manner – reliably and hassle-free.

CAMBRIAN'S VALUE-ADDED

In 2009 we announced the relocation of our Waverley Heights branch on South Pembina Highway to Bison Drive near the University of Manitoba. We will break ground for this exciting relocation in early 2010 with the new branch opening in the fall of this year. The new branch will provide members with a larger and more service oriented space with much improved access and parking. We are continually striving to make improvements to our overall branch network as well as evaluating, from a strategic perspective, the possibilities of emerging opportunities.

The introduction of the Tax-Free Savings Account (TFSA) gave Cambrian another opportunity to deliver additional value to its members in 2009. The new TFSA is a savings vehicle introduced by the Federal Government meant to give Canadians the ability to save money without paying taxes on income earned in the account. Cambrian members were among the first in Canada to open their TFSAs through Online Banking on January 1, 2009, the initial day they were available.

Achieva, our virtual branch, continues to provide its customers with market leading rates on all their personal savings needs. After a full decade of operations, Achieva is one of the only virtual institutions in Canada that can demonstrate a dedicated commitment of offering great rates, reliably, and without hassle. Always committed to improving our service delivery, Achieva introduced a completely revamped website dedicated to providing further self-serve functionality – simply and securely.

Despite the challenges of the slower economy throughout 2009, our retail operations recorded a solid performance. Our commercial banking operation managed their way through this difficult period, working with our members as they too faced tougher economic times. However, with projections for improving provincial economic growth we expect to see more opportunities emerge through the upcoming year.

In the area of investment services, our assets under administration grew by over 21.69 per cent, well outpacing the industry average for the year. We are very pleased with these results despite what is already

a well-documented volatile market. We continue to provide our members with sound investment advice that remains focused on helping them reach their financial goals.

EFFICIENCY, INNOVATION AND SECURITY

At Cambrian, we continue to lead credit unions with our dedication to providing our members with seamless, service-oriented technology. In 2009, we improved security for members within Cambrian Online by enhancing our login security protocols. This upgrade provides our online banking system with one of the highest levels of security in the industry and delivers to our members the continued confidence that their online financial information is secure.

In 2009, we added more email alert notifications for members who would like to be informed when certain transaction activity has occurred on their account. This feature provides dual benefits – it helps members protect against fraudulent activity and allows them to be informed when their own account transactions have occurred.

Whether members choose to deal with us in branch, on the phone or online, we have made service improvements that make banking with Cambrian simpler, secure and more hassle free.

We've also taken steps to secure the future of our banking system. These initiatives will allow us to continue to invest in our business using our current platform and give us new growth opportunities well into the future.

Cambrian has always used technology to make banking more convenient for our members, while also leveraging technology to gain efficiencies in our internal administrative support areas; all which translates into improved member service, quicker turn-around and better controls.

All of these improvements are a continuation of our focus on delivering value to our members. Whether members choose to deal with us in branch, on the phone or online, we have made service improvements that make banking with Cambrian simpler, secure and more hassle-free.

EMPLOYEES

None of these achievements would have been possible without the outstanding staff we employ at Cambrian. Employees at all levels of the organization are dedicated to constantly improving their service levels

through ongoing professional development; which Cambrian remains committed to providing.

The past year has continued to place increasing demands on our employees to know more, and do more within a highly competitive marketplace. Cambrian has responded to this challenge by maintaining its support for innovative training and hiring strategies, like the Aboriginal and New Comer to Canada Credit Union Teller Programs.

SOUND GOVERNANCE

One of the Board's primary responsibilities is to create an environment that cultivates leadership and accountability for the performance of our financial institution. We ensure this through sound corporate strategies and a stringently prescribed financial and risk management framework. This framework provides rigorous financial targets for capital formation, financial performance and risk management. We do our utmost to meet these targets that also provide the organization with consistent standards to follow and benchmark as we grow our business.

SENIOR MANAGEMENT



TOM BRYK
PRESIDENT AND
CHIEF EXECUTIVE OFFICER



JIM GRAPENTINE
CHIEF OPERATING OFFICER



BRUCE FINK
CHIEF FINANCIAL OFFICER

Management's role is to develop and present the strategic plan to the Board, and then execute this plan, ensuring our credit union is managed soundly and our members are served well. This partnership between Board and Management, between corporate governance and daily operations, is designed to provide a reliable ability to deliver sustainable, healthy growth without introducing unacceptable levels of risk that could compromise our long-term success.

Management, the Board, and our entire organization lives to the standard of Cambrian's core values: we will conduct ourselves with integrity and honesty; we will be member focused; we will be competitive; we will be involved in our community; and we will be innovative in our approach.

On behalf of the board,

Paul Holden, MNRM

THANK YOU

As we move through 2010, Cambrian will continue to be successful. Today we are in a very strong position to thrive in this extremely competitive market because of our clear strategic course and our ability to execute at an operational level.

All this success would not be possible without the commitment and professionalism of our employees at all levels of the organization. And it is equally true that this level of success is also due to all our faithful members. Thank you all and we will continue to work hard to earn your patronage and loyalty.

On behalf of management,

Tom Bryk, FCA

Board of Directors

Meeting Attendance for 2009

PAUL HOLDEN CHAIR

Term Expires: 2011

Attendance Record

(attended/possible)

Board Meetings: 14/14

Committee Meetings: 0/0

HOWARD FALK FIRST VICE-CHAIR

Term Expires: 2012

Attendance Record

(attended/possible)

Board Meetings: 13/14

Committee Meetings: 4/4

SHAUNA MACKENZIE-SYKES SECOND VICE-CHAIR

Term Expires: 2010

Attendance Record

(attended/possible)

Board Meetings: 11/14

Committee Meetings: 0/0

RAY BAUSCHKE

Term Expires: 2010

Attendance Record

(attended/possible)

Board Meetings: 12/14

Committee Meetings: 0/0

GARY BLACK

Term Expires: 2012

Attendance Record

(attended/possible)

Board Meetings: 11/14

Committee Meetings: 4/6

ROSE MARIE COUTURE

Term Expires: 2011

Attendance Record

(attended/possible)

Board Meetings: 13/14

Committee Meetings: 3/3

ALAN CURD

Term Expires: 2011

Attendance Record

(attended/possible)

Board Meetings: 12/14

Committee Meetings: 3/4

CHERRY KARPYSHIN

Term Expires: 2010

Attendance Record

(attended/possible)

Board Meetings: 13/14

Committee Meetings: 4/4

FRANK PISA

Term Expires: 2012

Attendance Record

(attended/possible)

Board Meetings: 13/14

Committee Meetings: 3/4

NOTE ON REMUNERATION

In compliance with Section 98 (2) of the Credit Union and Caisses Populaires Act respecting directors' and officers' disclosure, we advise:

The aggregate amount of remuneration paid to all Directors in 2009 was \$107,781.

The aggregate amount paid to all Directors as reimbursements for expenses on credit union business in 2009 was \$14,773.

As at December 31, 2009, the credit union Directors and Officers had loans with an aggregate balance representing 0.07 per cent of the credit union's assets.