

Working toward clear, verifiable objectives is a key part of SaskCentral's planning and evaluation process, as we strive to achieve our vision of a nationally unified, internationally capable, cooperative financial network. SaskCentral's business plan identifies strategic objectives, measures and targets, and, where applicable, specific initiatives for each of four focus areas: Strategic, Credit Union, Financial and People.



Strategy

Strategic

Demonstrate leadership in delivering transformational change nationally to position credit unions for success.

Objective: National Tier II Transformation

Achievement of our vision will require transformation of the provincial/regional Centrals and broader wholesale environment to more effectively and efficiently serve credit unions across Canada. Our desired future state would see a shift from Centrals serving credit unions to organizations providing specific business functions directly to a national cooperative credit union network, with the ultimate goal to ensure vibrant and sustainable credit unions.

In 2018, we focused on achieving progress on Tier II business line integration in:

- trade services
- wholesale financial
- wealth management
- payments, clearing and settlement

In 2017, SaskCentral was the first Central to transition trade services to the Canadian Credit Union Association (CCUA), aligning with CCUA's mandate as the trade association for Canadian credit unions. In 2018, SaskCentral supported CCUA's strategy to work with other Centrals and was pleased with Central 1's decision announced in August to transition services related to government relations, research, and awareness and marketing activities. SaskCentral will continue to advocate for integration efforts from other Centrals.

SaskCentral also made progress in direct credit union participation in CCUA with the addition of Saskatchewan credit union representation on the CCUA Board.

In the area of Wholesale Financial, as a federal bank, Concentra is well positioned to provide national wholesale financial services to credit unions across the country. In 2018, SaskCentral worked with Concentra to share perspectives on national strategy, specifically working to develop collaborative information sharing principles. This work will continue going forward.

Aviso Wealth was created with the merger of Credential Financial Inc., Qtrade Canada Inc. and Northwest & Ethical Investments LP which closed on April 1, 2018 to become the national wealth management services provider for credit unions across Canada. The merger has proceeded smoothly with regulatory approval received in July. A Credit Union Experience Advisory Committee was also established to help ensure credit union input and influence in the governance of Aviso Wealth.

Tier II Transformation includes the ability of SaskCentral to accommodate a federal credit union within the provincial system. In 2018, significant work was completed on the development of a legal and financial framework to support and serve federal credit unions.

For national business line integration in clearing and settlement, and payments, work was done in 2018 on analysis and strategy development, with a focus on incorporation of Payments Canada Modernization. In that context, SaskCentral will continue to work with industry and partners to determine national payment alternatives.

Objective: Support strategic investees' alignment to the national mandate

Strategic alignment of SaskCentral's portfolio of investees, held on behalf of member credit unions, is important to SaskCentral's vision and ongoing work on Tier II transformation.

SaskCentral is working to develop explicit governance and accountability mechanisms with its investees to communicate strategic initiatives and ensure alignment of goals and objectives. A first step is developing and implementing collaborative information sharing protocols and governance policies.

In 2018, this process began with the approval of joint information sharing principles with Concentra, SaskCentral's largest investee. This agreement will ensure a constructive and mutually beneficial framework for dialogue and communication at the board and senior management levels, and will serve as a template for similar agreements with other investees.

Strategy

Objective: Address evolving developments to payments, clearing and settlement

In 2018, SaskCentral aimed to demonstrate leadership and commitment to a Payments Canada Modernization Implementation readiness project, as well as lead government and regulatory engagement and understanding of Emergency Lending Assistance (ELA).

With Payments Canada Modernization, the Group Clearing Joint Venture Management Committee determined it will play a leading role in this effort. In addition to the Group Clearer forming a Communication and Engagement Committee to educate, engage and guide credit unions, SaskCentral established an internal working group to support the work.

Through Credit Union Payment Services (CUPS), an early milestone in Payments Canada Modernization was achieved in the fall of 2018 with the implementation of Automated Funds Transfer Phase 1 enhancements. This increased daily exchange deadlines from two to three and ensured the availability of funds to payees within two hours of those deadlines.

On the development of ELA, SaskCentral is participating on a national committee led by CCUA, with an initial focus on clarifying roles and responsibilities.

Credit Union

Facilitate wholesale product and service expertise to support credit unions nationally.

Objective: CU Solutions National Service Delivery

In 2018, SaskCentral's National Consulting business achieved out-of-province gross revenue targets, growing its client base with:

- new business from Manitoba credit unions in a number of service areas;
- the sale of a lite loan loss model in Ontario, Manitoba and British Columbia; and
- the finalization of a management services contract with a group of 11 credit unions from Ontario to British Columbia.

Financial

Maintain a position of financial strength to enable the achievement of our strategies.

Objective: Financial strength

Financial strength is achieved through maintaining interest margin, stable core earnings and efficiency in a rapidly evolving regulatory environment.

Core Earnings

Core earnings target was \$3.8-\$4.8 million.
Actual for 2018 was \$5.7 million.

Interest Margin on average equity-funded portfolio investments

Interest margin target was 1.5%-2.00%.
Actual for 2018 was 1.91%.

Operating Expenses

Operating expenses target was \$19-\$18.2 million.
Actual for 2018 was \$18.0 million.



Strategy

People

Maintain an engaged workforce with the competencies required to facilitate the achievement of our strategic direction.

Objective: Engaged employees and a constructive culture

In 2018, SaskCentral focused on building employee resiliency by further equipping staff with tools to adapt and excel through change with the delivery of resiliency workshops and the development of cultural practices. The practices were integrated into recognition, recruitment and performance management programs.

The annual Organizational Effectiveness Inventory (OEI) survey measuring employee engagement was completed by 86% of employees and resulted in an overall score of 89%, exceeding our target.



In 2018, SaskCentral was again named as one of the Best Workplaces in Canada by the Great Place to Work® Institute Canada, coming in #7 for organizations with less than 100 employees, up from #13 in 2017 and making the list for the 11th consecutive year.

SaskCentral was also recognized as one of The Best Places to Work in Canada for Women, as well as one of The Best Workplaces for Inclusion and in Financial Services and Insurance.

