

Mission

As a financial co-operative, Unity Credit Union exceeds our members' expectations by identifying their needs and recommending solutions for the benefit of our members, the community and the credit union

Vision

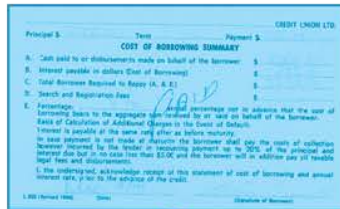
Partnering to achieve success and build a better community

75 Years of Service



UNITY
Credit Union
— 75 Years of Service —

75



1941

Incorporated on August 28, 1941 as Unity & District Savings and Credit Union Limited

1941

First loan granted for \$30
Assets were \$52 with 54 members

1968

Introduced Term Deposits

1968

Constructed a new building
Assets - \$3.3 million
Loans - \$2.7 million

1980

Amalgamated with Tramping Lake Credit Union
Assets - \$18.7 million
Loans - \$10.8 million



2000

Introduced MemberDirect® Internet Banking

2006

Largest patronage payout at \$700,000
Assets - \$108 million
Loans - \$73 million

2009

Introduced mobile banking

2001

Became a full-service financial institution
Assets - \$83 million
Loans - \$54 million

2008

Introduced new Tax Free Savings Accounts (TFSAs)

2010

Introduced CHIP cards



Years of History...



1982

Building addition
Assets - \$27.7 million
Loans - \$15.8 million



Automated teller system for Unity Credit Union

1982

Installed first ATM



1992

Introduced
MasterCard
Assets - \$56 million
Loans - \$32 million



1998

Major building
renovation
Assets - \$77 million
Loans - \$51 million



2011

Pledged \$250,000 to
the new community
pool project
Assets - \$159 million
Loans - \$121 million

credit unions



2013

Introduced credit
unions CONNECT



2013

Introduced INTERAC®
e-transfer
Assets - \$185 million
Loans - \$144 million

2015

Introduced
INTERAC® flash
cards

2015

Introduced
Mobile App



2016

75th Anniversary
Assets - \$230 million
Loans - \$175 million
4670 members



UNITY CREDIT UNION LIMITED

Annual General Meeting

TUESDAY, MARCH 28, 2017

ORDER OF BUSINESS

- 6:00 - Registration**
- 6:30 - Blessing & Supper**
- 7:30 - Pre-Meeting Items**
- Introduction of Guests, Directors and Staff
 - Proof of Notice of Meeting and Confirmation of Quorum
 - Affidavit of Completion of Reports
 - Appointment of Chairperson and Secretary
- 7:35 - Annual Meeting Agenda** *(Must be in attendance to win door prizes)*
- Call to Order
 - Adoption of Agenda
 - Adoption of Minutes of Last Meeting held March 22, 2016
 - Business Arising from Minutes
 - President's Message
 - Our Credit Union Story Continued
 - Credit Union Discussion and Analysis
 - Auditor's Report
 - Financial Statement Review
 - Adoption of Reports
 - Appointment of Auditors
 - Nominating Committee Report
 - Question/Discussion Period
 - Service Awards
 - Door Prizes
 - Adjournment

Proof Of Notice:

PROVINCE OF SASKATCHEWAN

TO WIT:

NOTICE was posted in the Credit Union on March 6, 2017.

This 10th day of March 2017


) _____
) _____
) _____

My Commission expires August 31, 2017

I, Gerald Hauta, Manager of Unity Credit Union Limited make oath and say that:

- Sworn before me at the Town of
Unity, in the Province
of Saskatchewan, this 17th day
of March, 2017.

)
1
)
)



A handwritten signature in black ink, appearing to be 'J. L.', is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke.

My Commission expires August 31, 2017

**MINUTES OF THE 2015 ANNUAL MEETING
OF UNITY CREDIT UNION LIMITED
UNITY COMMUNITY CENTRE
Tuesday, March 22, 2016**

Gerald Hauta welcomed everyone to the supper and meeting at 6:30pm.

Supper was served by Kraft's Catering to 180 people.

Gerald Hauta introduced guests, staff and the Board of Directors.

Gerald Hauta presented the Proof of Notice and the Affidavit of Completion of Reports. He confirmed that a quorum was in attendance and the meeting could proceed.

Bryan Hammer and Jim Sego moved that Colette Lewin be appointed as Chairperson and Dianne Kramer as Secretary. Carried.

Colette Lewin called the meeting to order at 7:35pm.

Michelle Pilat and Jay Beasse moved that the agenda be adopted as presented. Carried.

Minutes of the 2014 Annual Meeting held on Tuesday March 24, 2015 were read by the membership.

There were no errors or omissions arising from the minutes.

Richard Colbow and Michelle Aldred moved that the minutes be accepted as presented. Carried.

There was no business arising from the minutes.

Colette Lewin presented the President's Message.

Rheann Jackson presented her Credit Union Story.

Gerald Hauta, Michael Soloski, Christine Lang and Brett Kuhn presented the Credit Union Discussion and Analysis Report.

Gilles Colbert and Keith Wilson moved that the President's Message and the Credit Union Discussion and Analysis Report be accepted as presented. Carried.

Tom Plishka of MNP presented the 2015 Auditor's Report and highlights of the Financial Statements. He congratulated Unity Credit Union on a very successful year.

There were no questions arising from the statements.

Tom Stephenson and Peter Gartner moved that the Auditor's Report and Financial Statements be accepted as presented. Carried.

Keith Wilson, on behalf of the Board of Directors, recommended that MNP be appointed as Auditors for 2016.

Sandy Richards and Keith Wilson moved that the accounting firm of MNP be appointed as the auditors for Unity Credit Union Limited for 2016. Carried.

Lois Gilbert presented the Nominating Committee Report. Rhonda Brandle, Sandra Wagner, Jay Beasse and Anita Parker had their terms expire in 2016. They all chose to let their names stand and were elected by acclamation. This is to fill three 3 year terms and one 1 year term.

Curtis Sieben and Bill Fraser moved that the Nominating Committee Report be accepted as presented. Carried.

Gerald Hauta responded to a question regarding the proposed refund of service fees and if it included loan application fees. The refund for service charges applies only to monthly fees.

Gerald Hauta presented the following employees with long term service awards:

Carissa Ralston	- 5 years
Andrea Eddingfield	- 10 years
Christy Walker	- 10 years
Glenn Colley	- 30 years
Cindy Young	- 35 years

Lynn Maze, Scott Smith and Wanda Keller awarded door prizes as follows:

- Gift Baskets were won by: Marilyn Wildeman, Pauline Volk
- \$50 Gift Certificates won by: Agnes Sperle, Irene Gartner, John Sopyc
- Flowers were won by: Lois Gilbert

Colette Lewin reminded Directors to attend the Re-organizational Meeting after the Annual Meeting.

Murray Haughian adjourned the meeting at 8:26 p.m.

Secretary *A. Kramer*



A message from **Our President**

Colette Lewin, President, Board of Directors

Welcome to our 75th Annual General Meeting. The Annual Meeting allows your representatives, your board of directors, to report on the activities and results of the year.

2016 was another interesting and exciting year for Unity Credit Union. We hope you are aware from our activities that 2016 marked our 75th year of operation. We chose to celebrate by giving back to members and the community through Random Acts of Kindness. Our goal was one Random Act of Kindness for each year of service. We wanted the Acts of Kindness to reach all ages, groups and the community in general. As your board, we were very pleased and proud of our staff for their involvement and creativity in fulfilling this initiative.

In addition to celebrating our anniversary in 2016, Unity Credit Union celebrated significant growth. Much of this growth came from new members who transferred their business from the CIBC to the credit union when the bank changed their strategic direction and closed the local branch. We thank these new members for having confidence in our services and thank them for their business. We look forward to serving them.

For years we have talked about technology and the speed of change. While this did not slow down in 2016, the focus changed somewhat.

The system across Canada is poised to undergo significant change and has been preparing for it over the last few years. There is talk of a new consolidated entity for payments and clearings. The provincial Centrals are looking at consolidation of their functions. Concentra Financial Services became a federally regulated bank in 2017. Innovation Credit Union has given notice to members and the system that they will be pursuing federal regulation. Credit unions of all sizes are seeking ways to work together collaboratively rather than pursuing mergers as in the past. A long standing support association known as CEAMS decided to dissolve their organization at the end of 2017 to make way for a new partnership. Mobile payments, or making payments using just your phone, will be coming to our credit union by the end of the second quarter 2017. The future will be different but also exciting.

Like the system, Unity Credit Union sought ways to make changes as well. For a long time, the introduction of smart phones and the spread of social media have been considered disruptive technology. These devices seriously changed and continue to change the way people interact, have access to information and spend time focused on their phones. While considered disruptive, the applications are endless. Offerings such as our mobile app would not be possible without smart phones. We implemented disruptive technology into our office environment by purchasing an Enterprise Content Management (ECM) system.

Today, we are loading information into the system. Tomorrow we plan to utilize the system to disrupt our current practices. In the future, our staff will no longer need to retrieve paper files; they will merely access the information via their computers. In the future, having access to this information will allow staff greater access to meet and serve members at their place of business, at their farm or in their home. Again, the possibilities become endless. However, like all projects, it begins with the first step which is getting the information into the system. In addition, we introduced encryption for emails so that we can correspond and share information with members in a more secure way than just via ordinary email.

Other projects during the year included discussions with our neighbors about ways we could work together or share best practices more effectively. We underwent a review of our hours. We did research and surveyed members. We will be implementing changes based on this research. We implemented Wi-Fi throughout our building. Members can now enjoy the benefits of access to the internet while in our building. For the last few years we have advised we are going to be doing updates and/or renovations to our building. We did a few short term fixes in 2016 but our long term goal was to make changes to our building as a way to further prepare for the future. Since the

future is largely unknown, we signed a contract with a company that works only with credit unions to help guide us through this process. We purchased the vacant lot next door to the credit union as part of the plan. Lots of ideas have been considered with the purchase of the lot but we are waiting on the design company to formalize the plan.

As we look back, 2016 included lots of research and learning with an eye on our history. As we look to 2017, the focus will continue to be on innovation and the future. We will be seeking new ways to do things, provide service and reach out to members. We will examine new and different approaches. Our ultimate goal is to blend old and new to serve members near and far.

The board would like to thank the staff for being the face of the organization. We also want to thank you for attending tonight and for your continued support of your local credit union. With this continued support, "We'll always be there".



Colette Lewin

President, Board of Directors

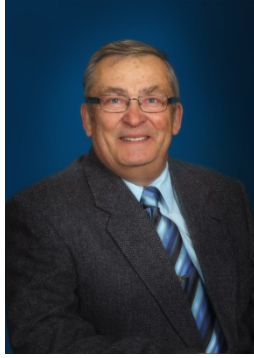
Our Board of Directors



Colette Lewin
President



Michael Soloski
Vice President



Jay Beasse



Rhonda Brandle



Lois Gilbert



Christine Lang



Anita Parker



Sandra Wagner



Keith Wilson

Junior Board Member



Kennedy Mielke

The governance of Unity Credit Union is anchored in the co-operative principle of democratic member control. Director terms are three years in length. Our policy states that directors are eligible to serve four consecutive terms or twelve years but then are required to leave the board for at least one year. This ensures that new people are allowed to participate and bring forward new ideas.

Serving on the board is a commitment and requires dedication. For this reason, obtaining candidates for vacancies is challenging. With this in mind, the board developed a director succession plan which outlined that the nominating committee's obligation was to seek a candidate for each vacancy and that they were not obligated to obtain extra candidates to hold an election. Members are encouraged to bring forward names of candidates if they desire an election.

Every year three director terms expire. 2016 was a bit unique in that we had four terms expiring. Anita Parker had been appointed to fill a one year vacancy on the board until last year's election period. Other directors whose terms expired were Rhonda Brandle, Sandra Wagner and Jay Beasse. All four directors whose terms were expiring were eligible for re-election and agreed to let their names stand. At the close of the nomination period the only nominations received were for the four incumbents so Rhonda Brandle, Sandra Wagner, Jay Beasse and Anita Parker were elected by acclamation.

We continued our Junior Board Member Program to encourage young people to take an active part in our credit union. We have enhanced the program by introducing a guidebook to help these young people learn more about the credit union and the services we offer and to hopefully expand their financial knowledge. Even with this program, we had some challenges. We bid farewell to Brett Kuhn as he graduated and pursued post-secondary education. There was no interest from the Grade 11 class so we reached out to the Grade 10 class and are pleased to report that Kennedy Mielke accepted the position of Junior Board Member. Kennedy, who is now in Grade 11, will have the opportunity to serve for three years and in the fall we will once again reach out to the new Grade 11 class.

Mandate and Responsibilities

The board is responsible for the strategic oversight, business direction and supervision of management of the credit union. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

The board of director's acknowledged responsibilities include:

- Determining strategic direction for the credit union
- Establishing and maintaining prudent policies for the operation of the credit union
- Directing the management of the business affairs of the credit union
- Exercising the care, diligence and skill of a prudent person in directing the credit union's affairs
- Exercising the powers of the credit union directly, or indirectly, through employees
- Acting honestly and in good faith with a view to the best interests of the credit union at the exclusion of other interests.

Committees

The responsibilities of the board of a financial services organization encompass an ever-growing list of duties under regulatory oversight. Unity Credit Union maintains a number of committees comprised of directors. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our credit union. The board determines the skills and abilities needed on each committee and chooses its members accordingly. The board also determines each committee's terms of reference, guidelines and requirements. The President serves as an ex-officio of all committees.

- **Audit and Risk Committee**

The Audit and Risk Committee oversees the financial reporting process, reviews financial statements, liaises with internal and external auditors and regulators and reviews internal control procedures. The committee meets with the Risk & Compliance Officer to ensure the credit union remains compliant with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Market Code including the Personal Information Protection and Electronic Documents Act, Foreign Accounting Tax Compliance

Act, Canadian Anti-Spam Law and Multi Material Recycling Program. The list does not shorten over time as we will soon be required to be compliant with the Common Reporting Standard. In addition, the Committee oversees the identification and management of risks that affect Unity Credit Union. The committee consists of four directors; however in 2016, the entire board attended meetings.

- **Policy Committee**

The Policy Committee reviews the existing policies of Unity Credit Union, for the purpose of recommending any changes, deletions and/or additions to the board of directors, for their approval. The Committee consists of three directors.

- **Nominating Committee**

The Nominating Committee oversees the nomination and election processes. The Committee consists of those directors who are not candidates for re-election.

- **Conduct Review Committee**

The Conduct Review Committee ensures that the credit union's directors and employees act with integrity and objectivity by having policies, processes and practices in place that protect employees, directors and the organization from claims and the perception of unfair benefit or conflict of interest. The Committee consists of three directors.

- **Executive Committee**

The Executive Committee acts in the capacity of, and on behalf of the board of directors between regular or special board meetings on all board matters except those, which the board may not delegate due to legislative requirements. The Committee consists of three directors and the General Manager.

- **Personnel Committee**

The Personnel Committee works with management to establish and maintain credit union personnel policies and to develop recommendations on the credit union's human resources management for board consideration. The Committee consists of three directors.

- **Building Committee**

In 2015, a Building Committee was created. For some time the credit union has considered renovations and/or updates to our building. It was decided that the best way to move this project along

was to establish a committee to oversee the discussions and set direction. The Committee met throughout 2016 to develop short and long term plans. The short term plans were mostly maintenance related. The long term plans included signing a contract with a company that deals only with credit unions across Canada. We are looking to them to help us prepare for the future. The Committee consists of three directors.

Being a director continues to be an interesting mix of challenges, rewards and education. Those who represent the members continue to be very dedicated and take their responsibilities seriously. Directors attend regular monthly meetings throughout the year. Regular in-camera meetings are held without management personnel in attendance. All directors fulfilled their meeting attendance requirements as detailed in the bylaws. In the highly regulated and ever changing financial environment, it is imperative that directors remain knowledgeable and informed. In this regard, directors are encouraged to attend system meetings, meetings with the Deposit Guarantee Corporation and training sessions. Directors took advantage of all these development and networking opportunities. They participated in a weekend training session to complete the first level of the Credit Union Director Achievement (CUDA) Program. In addition directors participated in many training webinars throughout the year. These short sessions are provided via the Internet allowing directors to spend less time on the road and in training and more time at their businesses and with their families.

Compensation

Directors of Unity Credit Union receive remuneration for items related to credit union business or training. Allowable reimbursement covers expenses for meetings, meals, accommodations and travel. In addition, Unity Credit Union pays insurance premiums on behalf of the directors. In 2016, remuneration paid was \$37,775. Insurance premiums paid on behalf of directors were about \$1,000.

Our Management & Staff

Management Team



Gerald Hauta



Glenn Colley



Lynn Maze



Josh Noble

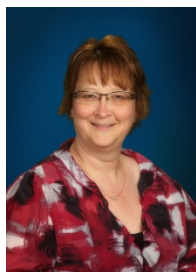
Our Management Team consisted of four positions:

- General Manager – Gerald Hauta – responsible for the oversight of all areas of the operation
- Manager of Lending Services – Glenn Colley – responsible for all lending and collection activities
- Manager of Member Services – Lynn Maze – responsible for member service including deposits, withdrawals, card services, fraud management, cash management, clearings and statements

- Manager of Innovation – Josh Noble – responsible for seeking novel ways to provide value to members through innovation, collaboration, proactive thinking, education, and finding solutions

The management team is tasked with running the day-to-day operations of Unity Credit Union within the strategic direction established by the board. The department managers report to the General Manager who in turn reports to the Board of Directors.

Financial Services Department



Kerri Green



Scott Smith



Sonya Willy



Jennifer Wilson

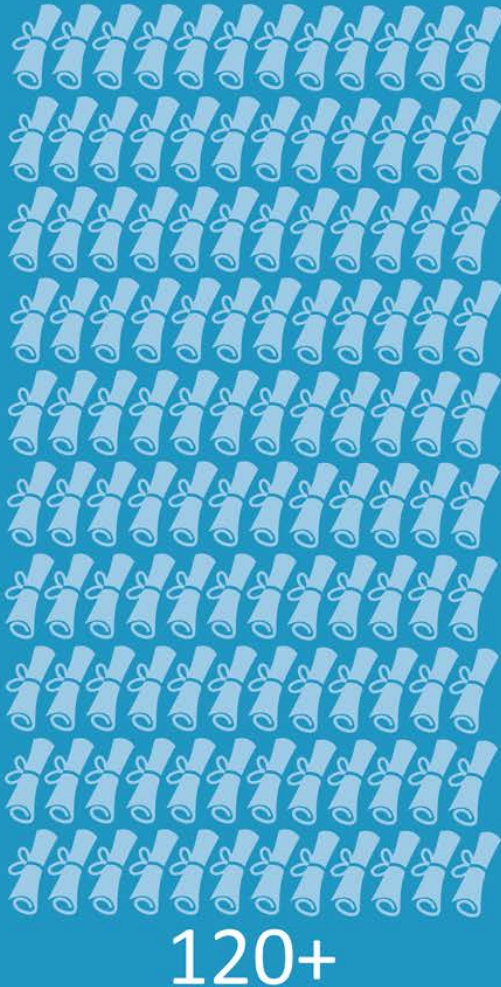
E-CLASSES COMPLETED
BY EMPLOYEES



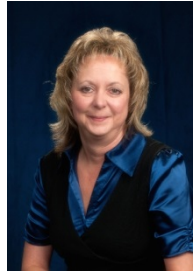
UNIVERSITY COURSES
COMPLETED BY EMPLOYEES



TRAINING COURSES
COMPLETED BY EMPLOYEES



Lending Department



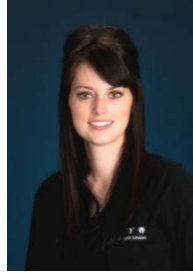
Gaylene Heffner



Michelle Pilat



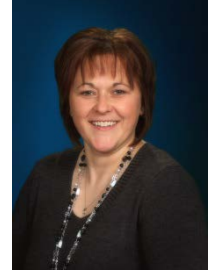
Carissa Ralston



Janelle Reece



Curtis Sieben



Christy Walker

Member Services



Doreen Bonogofski



Deb Cairns



Andrea
Eddingfield



Wanda Keller



Trina Lascelle
Lefebvre



Shimon
McWatters



Denise Purcell



Sara Schurman

Support Department



Michelle Aldred



Shauna Hammer



Melanie Kist



Dianne Kramer



Shannon Mellquist



Megan Schweitzer



Vanessa Spendelow



Chelsea Stabblor



Rajbir Volk
(maternity leave)

Credential Financial Strategies Inc.

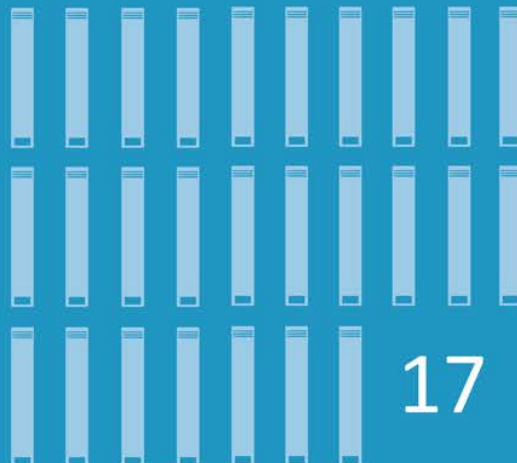


Aaron Mielke

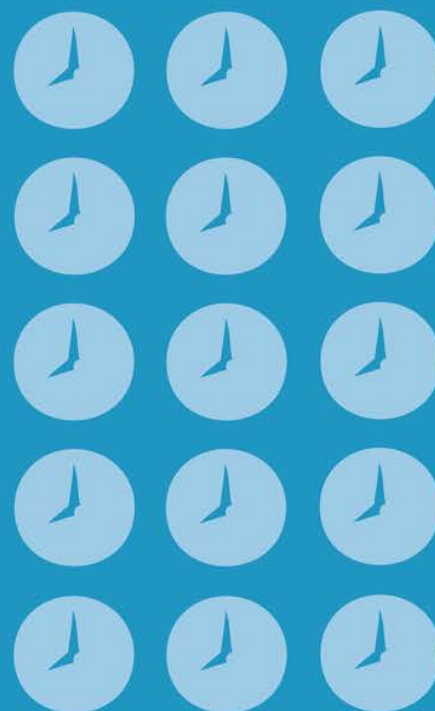


Crystal O'Brian

PROFESSIONAL DEVELOPMENT WORKSHOPS, SEMINARS, & COURSES COMPLETED BY EMPLOYEES



HOURS VOLUNTEERED BY EMPLOYEES



1500+

Our FOCUS Program remained central to the provision of service. Our goal is to create and develop delighted, full relationship, profitable, lifetime members. In order to do this, staff must serve members with courtesy, competency and concern exhibiting a Duty of Care for their financial well-being. In 2016, staff participated in many and various forms of training sessions. Training no longer means leaving the office, as many sessions are now offered via webinars. Staff participated in this type of training as well as in-house presentations, self-study classes, training sessions, conferences and networking opportunities. All of these are offered to staff to broaden their knowledge, provide networking opportunities and gain new experiences to serve you better.

In 2016, we had a few staff changes for various reasons. Changes lead to a vibrant and ever changing environment. Three departments underwent changes during the year.

In the Lending Department, we bid farewell to Taylor Harding as he pursued new career opportunities with Synergy Credit Union.

In the Member Services Department, the changes involved changes to people's positions. Chelsea Stabbler continued to provide front-line member service but also took on the part time Technology Co-ordinator position during Rajbir Volk's maternity leave. At the end of the year, Mel Kist accepted a

position as an ECM Clerk. In this capacity she will transition our file room from a paper based space to an electronic filing system. This change provides the opportunity to be more mobile going forward.

In the Support Department, we hired Vanessa Spendelow to work with Dianne Kramer in the reception area. Rajbir Volk went on maternity leave and Chelsea Stabbler filled her vacated position. This allowed Chelsea to broaden her experience and knowledge within the credit union. Cindy Young resigned from her position with Unity Credit Union to devote herself to the provincial credit union system providing compliance support through SaskCentral. Midway through the year, we hired Shannon Mellquist as our Risk & Compliance Officer. This was a new position, which combined aspects of the positions vacated by Ward Snell and Cindy Young. Shannon joined us from Conexus Credit Union in Regina.

There were no changes in our Financial Services department or our Credential Financial Strategies office.

These changes resulted in learning new tasks for many staff but they embraced the challenges. New staff in new positions leads to new and exciting changes as fresh viewpoints are brought forward through the process. The changes also allowed Shauna Hammer to gain experience in her capacity as our HR Co-ordinator.

Our Community



FACEBOOK LIKES



412

www.facebook.com/UnityCU

MOBILE APP DOWNLOADS



TWITTER FOLLOWERS



125

www.twitter.com/UnitySkCU



1156



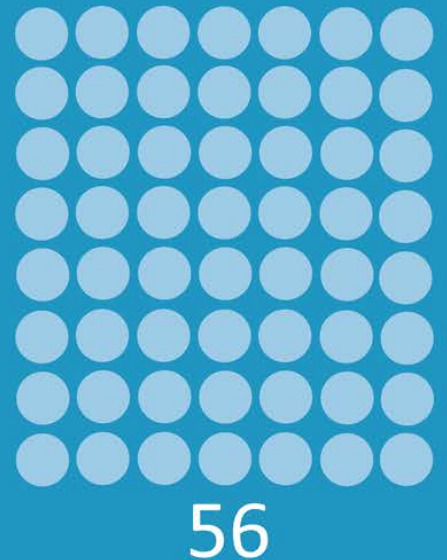
INTERAC® FLASH CARDS ISSUED



DONATIONS & SPONSORSHIPS - DOLLAR VALUE



DONATIONS & SPONSORSHIPS - NUMBER OF EVENTS



Our Guiding Principles

Credit Union Market Code

Unity Credit Union voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan Credit Unions, SaskCentral and Deposit Guarantee Corporation to ensure the protection of credit union members. The code provides guidelines for the following areas:

- Complaint handling by outlining the process for managing complaints related to our product lines and/or our service.
- Fair sales by outlining the roles and relationship of staff to all members in accordance with the financial services agreement.
- Financial planning by outlining the process to advise members of the risks and benefits associated with financial planning services.
- Privacy and how the interests of those who do business with the credit union will be protected.
- Privacy and the practices to ensure all member information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Unity Credit Union among members and communities.
- Capital management to ensure our capital structure aligns with our risk philosophy.
- Financial reporting to adhere to business and industry standards.
- Governance practices to adhere to the intent and stipulation of our corporate bylaws, which are approved by our membership.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

Co-operative Principles

As a true co-operative financial institution, Unity Credit Union acts in accordance with the internationally recognized principles of co-operation:

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.

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 organized in a democratic manner.

SEVEN COOPERATIVE PRINCIPLES

VOLUNTARY
OPEN
MEMBERSHIP

DEMOCRATIC
MEMBER CONTROL

MEMBER
ECONOMIC
PARTICIPATION

AUTONOMY & INDEPENDENCE

EDUCATION
TRAINING AND
INFORMATION

COOPERATION
AMONG COOPERATIVES

CONCERN
FOR THE
COMMUNITY

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.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into 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.

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.

Co-operation among Co-operatives

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

Concern for Community

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

Our Business Strategy

This discussion and analysis report is a narrative explanation from the board and management's perspective of how the credit union has performed financially as well as its financial condition and future outlook. This type of narrative is currently provided by all publicly traded companies. The Credit Union Deposit Guarantee Corporation (CUDGC) requires credit unions to have appropriate disclosure of information processes in

place, supporting transparency to members and other stakeholders in regards to the credit union's operations, risks and capital adequacy. This narrative is an important component of this disclosure of information process. The following discussion and analysis on the operations and financial position of Unity Credit Union at December 31, 2016 should be read in conjunction with the Financial Statements and accompanying notes.

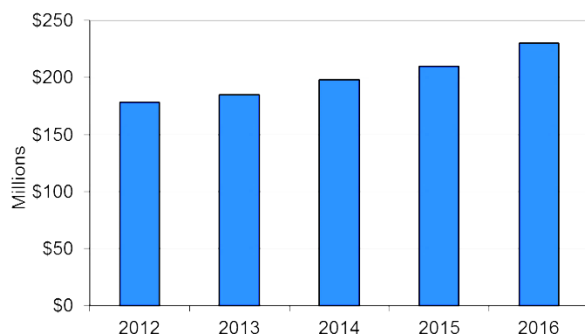
Strategy

The Vision of Unity Credit Union remains "partnering to achieve success and build a better community". In order to achieve this vision, Financial Stability, Financial Institution of Choice, Employer of Choice, Strategic Partnerships and Community Leader were the key strategic objectives for the organization as determined by the board. Action plans were developed under each objective to achieve the goals.

Financial Stability

The planning process encompasses the development of the strategic plan, the business plan and the operating and long term budgets. Through these plans, the board determined key financial targets. Following is a summary of the credit union's financial performance results in relation to the targets:

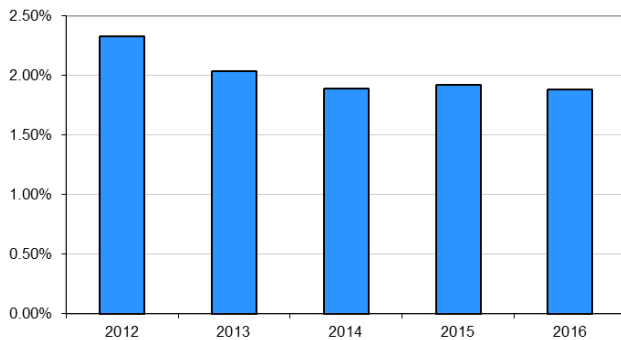
Asset Growth



Asset growth is not possible without growth in member deposits. Member deposits provide the credit union with funds to lend to members or to invest, thereby increasing our assets. With the CIBC closing in 2016, we were very pleased that many of their clients moved their business from the CIBC to Unity Credit Union. This gave us more substantial growth than we had expected when we created our budget. We welcome these new members and their business while thanking the members who have been with us for many years for their continued support. Assets increased over \$20 million, or 9.55%, to end the year at \$230,025,109.

Just like any other business, growth is seen as a positive. Over the last five years, we have grown from \$178 million to \$230 million, an increase of \$52 million or 29%. Capital remains one of the measures of financial stability so because of our growth we have had to focus on building capital to keep pace with the increase in assets. This focus affects the amount of patronage we are able to pay, but we continue to pay patronage as we feel it is one of our differentiators. Last year was the first time we paid back a percentage of the funds received from service charges. This was well received and we plan to do it again in 2017.

Operating Costs



As a financial co-operative, Unity Credit Union prides itself on fulfilling both financial and social responsibilities to our members. This means a balance between generating an operating surplus with giving back to the community. Giving back to the community does not happen if an operating surplus was not and cannot be generated. Operating surpluses are also the only way we can build capital to ensure stability and be able to provide new services and move forward.

Unity Credit Union generated revenue through interest margin and collection of service charges and commissions. Margin was still the largest generator of revenue as we have tried to keep fees and charges minimal in comparison to our competitors. In 2016, we made the conscious decision to lower our prime rate to the market prime rate. This obviously affected our margin but we felt with the stability of the current environment this was the time to make this change.

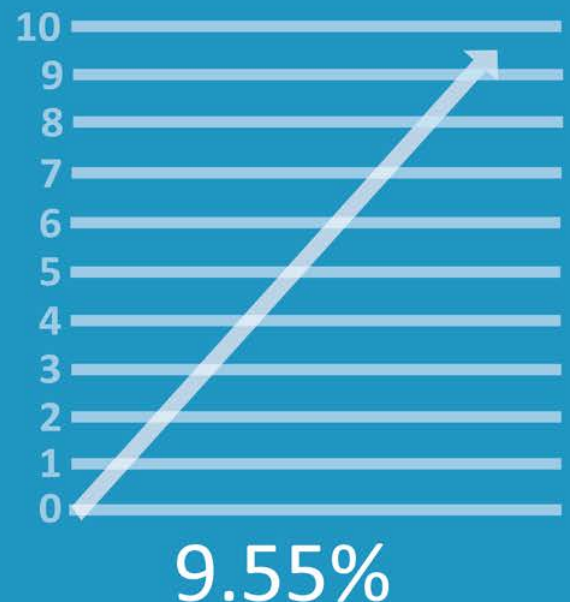
On the other side of our income statement, we work to manage our operating costs. Our margin ended the year at 2.68% of assets but we were able to maintain our operating expenses at 1.88%, which allowed us to generate an operating surplus. Operating expenses were well under budget and only \$63,520 more than 2015. This left an operating surplus of \$1,733,654 which can be used for the good of the credit union and the communities it supports. In comparison to the Saskatchewan credit union system, we continued to generate much less non-interest revenue but being a single branch organization, our costs are also lower and therefore we do not have to generate as much. Operating expenses included personnel, member security, organizational, occupancy and general business expenses.

ASSETS



\$230,025,109

ASSET GROWTH



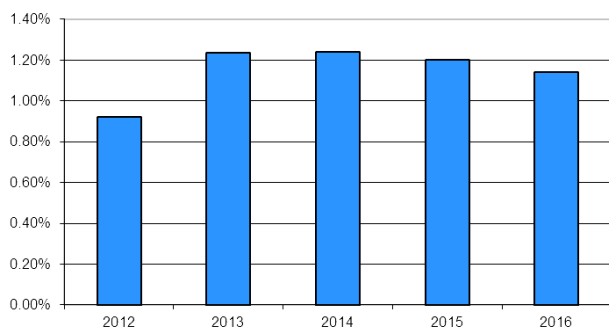
OPERATING SURPLUS

MILLION

MILLION

\$1.7

Return on Assets before Allocations



Return on assets before allocations is a measure of the funds generated from day to day operations. It does not include provision expenses or allocations for patronage or taxes. It also does not include the unrealized gains or losses caused by fluctuations in market values. Our budgeted expectation was 0.97%. We achieved 1.14%. A relatively stable margin, stable non-interest revenue and managing expenses where possible helped generate the strong result. The result was affected by lowering prime to market prime rate and offering Interest Bearing Chequing Accounts to business members.

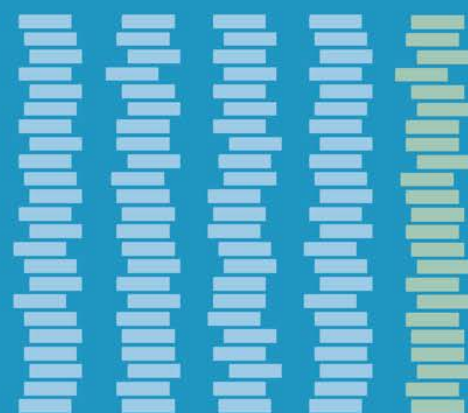
Due to the operating surplus and our capital position, we once again made a patronage allocation of \$500,000 to reward members for their support. Of this allocation, \$400,000 will be paid out as in the past. A rebate will be paid on loan interest and a bonus will be paid on deposits. In order to continue reaching out to a new demographic and new members, and help them learn about the benefits of membership, the remaining \$100,000 will be paid as a rebate of service charges. If you paid service charges on your account in 2016, you will receive a rebate. You may receive two payments, but we want to emphasize that membership has benefits you will not receive from other financial institutions.

Due to our significant growth and the tax rules, we actually paid less tax in 2016 than we did in 2015. That being said, the implications of the new tax rules imposed by the federal government will continue to impact us in the future. Any increase to our tax bill reduces our operating surplus. With the provincial deficit, there is concern that taxes will be raised which would further decrease our ability to generate a surplus, build capital or return funds to members and communities.

RETURN ON ASSETS

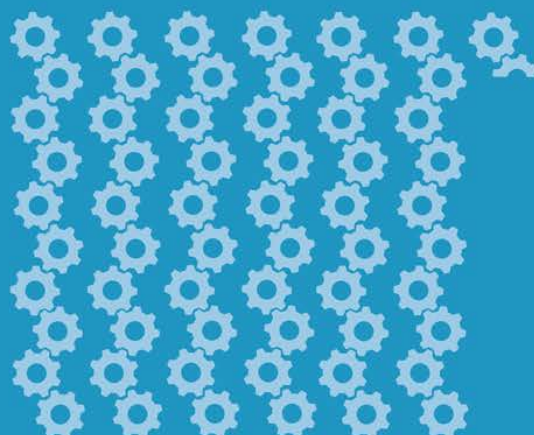


2016 PATRONAGE ALLOCATION



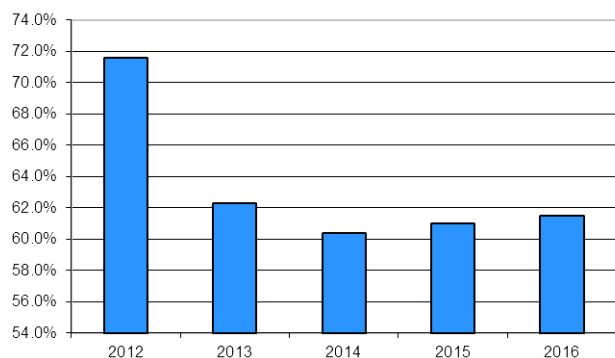
\$500,000

EFFICIENCY RATIO



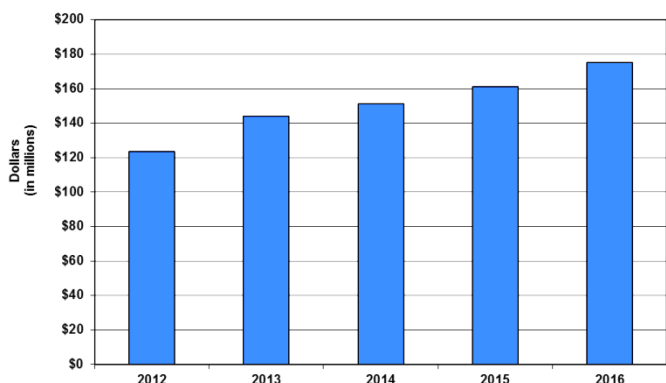
61.47%

Efficiency Ratio



Efficiency is a ratio that measures the percentage of income that is spent on the operations of the organization. This ratio is an indicator of how efficiently the organization uses its resources. The lower the ratio, the more efficient your operation is. A ratio above 85% is generally considered undesirable. In 2015, our organization had an efficiency ratio of 61.02%. In 2016, this was pretty stable at 61.47%. Being a single branch organization helps to keep our efficiency ratio lower than the system. We manage this ratio through margin and non-interest revenue. Managing non-interest expenses where we can also helps improve the result.

Total Performing Loans

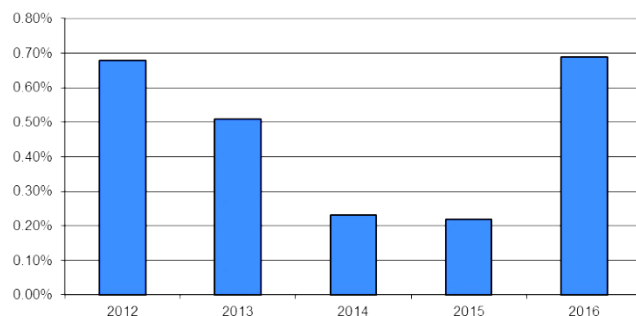


Since margin (or the difference between interest earned on loans and interest paid on deposits) remained our largest source of revenue allowing us to pay our expenses, our loan target has changed from growth to portfolio stability. Management has been directed to maintain the loan portfolio between 73% and 77% of assets. Being lent out in this range allows us to generate revenue, which leads to operating surplus which in turn is used to

build the capital required to meet our capital plan. Loans ended the year representing 76.16% of assets and ended the year at \$175.2 million.

Due to the significant increase in assets, we had to find ways to grow our loan portfolio to keep pace. We budgeted for 6.25% loan growth and attained 8.64%. The growth came from a variety of sources including demand from our members, syndicating loans with other credit unions and funding leases through Calidon Equipment Leasing.

Delinquency



We desire loan growth and portfolio stability but we also want quality within the loan portfolio. Without quality, the risk associated with lending increases. A sign of the quality of the portfolio is low delinquency. Delinquency over 90 days ended the year at 0.69%. While this was higher than the 2015 result, it was still very good considering the length of the economic slowdown. The result was from payments being made rather than extensions being done. We thank our members for their continued commitment to making payments even in challenging times.

Capital

One of the primary measures of financial strength of any financial institution is its capital position. Worldwide, all financial institutions are being tasked with building capital to ensure that downturns in the economy can be withstood. Credit unions operate in a highly regulated environment, where the Credit Union Deposit Guarantee Corporation (CUDGC) sets regulatory guidelines to which credit unions must adhere. In order to assess capital adequacy, CUDGC is following the standards adopted by other financial institutions, including the chartered banks.

LOAN GROWTH



8.64%

DELINQUENCY OVER 90 DAYS



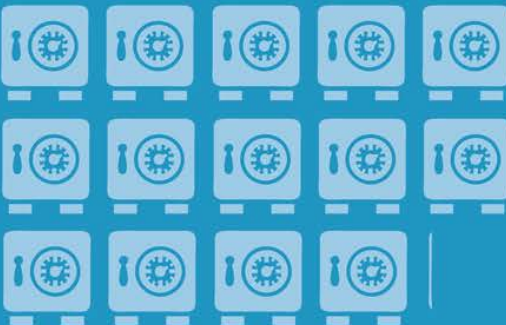
0.69%

CAPITAL - LEVERAGE TEST



8.76%

RISK WEIGHTED CAPITAL



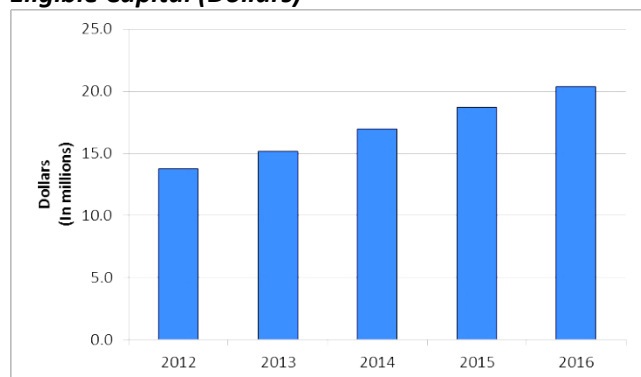
14.05%

The Board of Directors and Management believe in maintaining a strong capital position. Unity Credit Union manages capital in accordance with its capital management plan and Board approved capital policies. The capital plan is developed in accordance with the regulatory capital framework and is regularly reviewed and approved by the Board of Directors. Unity Credit Union's capital plan is directly related to its service delivery strategies and risk philosophy. Traditionally the credit union has held a moderate appetite for risk. It has focused on traditional services, managed with a low level of risk in its loan and investment portfolio. Liquidity has been maintained within a comfortable range. This has proven to be an effective strategy through the years.

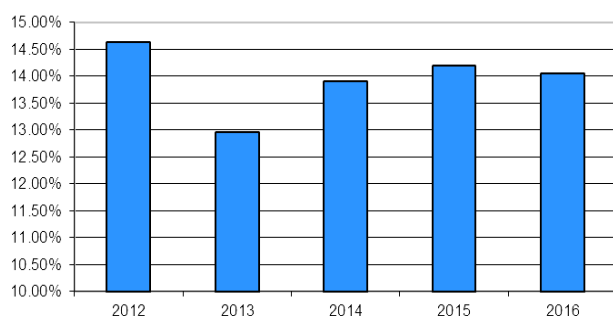
The goal of capital management is to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, absorb unexpected losses, implement long term strategic plans and signal financial strength. Too little capital restricts the credit union's ability to grow and generate returns. It also increases the risk of having insufficient funds to cushion against unexpected losses or liquidity needs. Too much capital and it could be considered the credit union is not generating sufficient return on its capital.

Unity Credit Union builds capital through retained earnings, which are found on our balance sheet in Members' Equity. Capital adequacy uses two measures. The first, referred to as the leverage test is a calculation of eligible capital to total leverage assets. The standard is 5% and we held 8.76% at year end. The second measure is the risk based test, which compares eligible capital to risk weighted assets. The standard is 10.50% and we held 14.05%. Our results were lower than 2015 but this was due to the significant growth over the last part of 2016. However the amount of capital we held continued to increase.

Eligible Capital (Dollars)



Risk Weighted Capital



Financial Institution of Choice

Unity Credit Union continued to be an autonomous credit union owned by our members. Under credit union legislation, Unity Credit Union is able to provide financial services to members and non-members. Unity Credit Union promotes membership and as such, has limited non-member accounts. At the end of 2016, we served 4670 members and 8 non-members. The number of members increased by eight, and the number of non-members decreased by two. Despite opening memberships for former CIBC clients, we also took steps to close inactive accounts. We strive to clean up inactive accounts as some of our costs are based on the number of accounts, and therefore, dormant accounts cost us without generating any benefit to the credit union.

Our credit union continues to serve the communities of Unity, Tramping Lake and surrounding districts. With the Credential Financial Strategies (CFS) Office, Unity Credit Union's line of service encompasses a full line of investment options including brokerage; personal insurance; all classifications of loans; card products; financial planning; and electronic banking including phone banking, internet banking, mobile

banking and a mobile app. We continue to seek ways to serve our members in new and better ways.

We implemented an Enterprise Content Management (ECM) program. Currently we are in the process of loading our member related documents into the program. This will allow employees to access your information electronically and not have to retrieve a paper file. Down the road, we plan to use this technology to be more mobile and serve members in new and different ways than we can today. This new technology provides all kinds of avenues we have not even explored until we get the information loaded into the system. It also provides business continuity in the event of a disaster.

Other projects we undertook in 2016 included introducing encrypted email. This system allows us to better protect documents shared between members and Unity Credit Union. We installed secure Wi-Fi in our building. This allows members free access to the internet in our building, but it also sets the stage for staff to not be tethered to a plug-in in the wall. We introduced Interest Bearing Chequing Accounts for business accounts. This account pays interest on your chequing account in a manner similar to maintaining a Plan 24 account, but with the convenience of one account. We are currently considering offering these for personal accounts. As stated, we introduced a new spin on patronage in an effort to teach the next generation about the rewards of membership. The feedback to this process was very positive, so we will continue with this for 2016. We want to stay strong so have chosen rather than cancelling charges to pay them back.

We lowered our prime rate to market rate. We chose to take this action as the environment was stable and our operating surplus was such that we felt we could manage the reduction in margin. We reached out to members in new ways as we contacted them personally to advise them of changes, new services and to gain some feedback. We introduced some introductory packages for members who were new to Unity Credit Union.

Two of the most in-depth projects we took on were looking at our building and looking at our hours of service. We have talked about renovations for some

time. In 2016 we took some actions. We did a few things to improve the image of our building or to try to improve efficiency. We also signed a contract with a company who only designs buildings for credit unions. We chose this company as we would like to prepare for the future as well as enhance member experiences. We felt their national reach and knowledge of credit unions would be helpful to us. We also purchased the lot next door to Unity Credit Union. We felt this would open up all kinds of opportunities for us and if nothing else would give us control of the space between our building and our parking lot. Lots of ideas have been suggested for the lot but nothing concrete has been decided yet.

The second project was our hours of service. We have maintained the same hours of service for many years. Through our planning session it was felt that we needed to review our hours and consider changes. Our long term goal is to be more flexible and mobile. Projects like ECM and secure Wi-Fi are steps in this direction. We have more to do. One step we felt we could take was to change our hours, which would offer extended opportunities to our members. The changes will be included in the presentation at the meeting.

As society continues to embrace the advances provided by technology, we need to continue to grow and develop to serve all member demographics. We need to balance the need for personal service with the need for electronic connectivity. Members want new and varied ways to access their accounts. We must be constantly aware of what is available in the marketplace. With this in mind, we committed to implementing mobile payments in the first half of 2017. This program will allow you to pay for purchases using your mobile phone instead of your card. Payments continue to evolve and so must we.

Despite the challenges of the economic environment, our Credential Financial Strategies office had a good year. The services offered through our CFS office complement and expand the products and services we offer to members. The services complement our financial planning processes, investment opportunities and estate and tax planning through an office that provides service with the members' best interest in mind and an on-site advisor every day.

We completed the update of our website to provide better information in a more member friendly manner. If future members are going to seek information electronically we wanted to oblige them. Our new layout allows members and staff to print out very personalized brochures to use as required.

To live up to our co-operative principle of education, training and information, we partnered with our neighbour credit unions to host an agricultural forum and provided information to the schools and community groups as required.

Strategic Partnerships

The credit union system is once again undergoing change. In the past, mergers were occurring regularly and frequently. Over the last while the focus has changed from mergers to collaboration. Collaborative efforts are occurring nationally, provincially and regionally. We need to stay aware and informed of these developments. In a lot of cases, we do not influence the direction being taken but we need to be aware as it will affect us and how we do things going forward. Some of these changes are met with cautious optimism and many are met with great enthusiasm. An example of the first reaction is the proposed direction of payments. An example of the second is the ability to offer mobile payments in the near future.

Last year we advised that smaller credit unions in Saskatchewan were considering what changes in the financial industry, increasing regulatory pressures and increasing costs, meant to their viability and relevance. Two options were discussed. In the end, it was left to individual credit unions to determine their next steps. Unity Credit Union, along with neighbouring credit unions, held discussions on what this meant for them. In the end, it was determined that we would better work together and share best practices rather than necessarily seeking mergers. We are now trying to determine action plans to make this happen.

Going forward, we will look to be involved locally, provincially and nationally to address the many and various new products and services that are becoming available to members, and where sharing makes it more economical for all.

Community Leader

One of the cooperative principles is Concern for Community. As a credit union, we are very conscious of this principle and try to put words into action.

We continue to encourage staff to volunteer in the community in leadership and different capacities as well as providing manpower to various functions.

In 2016, our greatest success in this area was our Random Acts of Kindness. The goal of 75 acts seemed easy until we began to discuss the action steps required to make them happen. It took a concentrated effort from all staff in order to reach this goal, but we are proud to say we accomplished it. We hope that in doing these acts to various groups and community members we helped to raise the profile of Unity Credit Union and to reinforce the concept that we really are here for members for the long haul.

Community leadership should involve some fun. In this regard, as we started in 2015, we tried new approaches to things. We continued to enhance our social media presence and had some fun and success with this initiative. We tried some new marketing approaches at the time of the announcement from the CIBC. We also provided a ball park type of setting during the Blue Jays playoff run.

As for involvement in the community, we were busy supporting many and varied organizations, groups and events. We partnered with several other organizations to hold a barbecue to raise funds for Fort MacMurray fire victims. We also agreed to support the Unite for a Miracle local campaign. We worked with UCHS to support various programs such as their career fair and their student led conferences and financial literacy discussions in-class. We held another bake sale with proceeds being donated to Telemiracle. Staff participated in the Memorial Run which raises funds for walking paths in our community. Additionally, the weather co-operated for another busy Winter Wonderland evening.

These are just a few of the things we did in 2016.

75 RANDOM ACTS OF KINDNESS



As a financial institution, Unity Credit Union must manage the risks it faces to achieve its business objectives. In doing so, it must balance the risk with the potential reward for optimum return for its effort. The fundamental strength of a credit union is the level of capital it holds to protect against normal, anticipated, and unexpected business events. Our credit union has a moderate level of capital, and therefore, must take a moderate approach to risk. Our main objective is to preserve and build capital while maintaining market share and growing wallet share by providing our members with competitive products and the best service.

As our credit union continues to grow and experiences further product and service diversification, the risk profile of the organization will change. Capital adequacy measurements have evolved from the asset allocation of the balance sheet to the lines of business, operating, technology, reputation and other known risks. Allocation of capital is required to offset these various risks.

A second element of risk management is liquidity. The liquidity standards have changed significantly with the introduction of a liquidity coverage ratio and stress testing. The objective of the new standards is to ensure that credit unions have an adequate stock of encumbered high quality liquid assets that consist of cash or assets that can be converted into cash at little or no loss of value; and meet its liquidity needs for a 30 calendar day stress scenario. After 30 days it is assumed corrective actions have been taken. Credit unions are expected to conduct stress tests to assess the level of liquidity they should hold. Our risk management process has evolved to the point where we:

- Identify risks to which the credit union is exposed.
- Measure our exposure to identified risks.
- Ensure that an effective risk monitoring program is in place.
- Monitor risk exposures on an ongoing basis.
- Control and mitigate risk exposures.

- Report to the Board and Senior Management on risk exposures.

We do this through our risk management regime, which consists of the following:

- ERM Review - risks are identified and tracked
- Risk Appetite Statement – identifies the amount and type of risk the credit union is able and willing to accept in pursuit of its business objectives
- ICAAP Report – determines the credit union’s ability to absorb financial and economic stress
- Capital Plan – determines the capital levels that are considered appropriate given the current risk profile and risk appetite
- Liquidity Plan – establishes the credit union’s ability to fund its business activities
- Strategic/Business Plan – sets the strategic direction and related operational plans
- Budget - projects the effect of any steps taken through the capital and liquidity plans

Our risk management framework manages risks in the following categories:

Strategic Risk

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, obsolete products or resource allocation, will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization’s strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation.

Unity Credit Union has formal planning processes which result in a strategic business plan focused on strategic objectives outlined in this report. The credit union uses a comprehensive reporting process to monitor performance relative to plans and provides regular updates to the Board. The Enterprise Risk Management process further identifies emerging risks and formulates plans as risks are identified. In addition, directors attend training as well as system meetings and conferences to hear other perspectives and learn from other credit unions.

Credit Risk

Credit risk is the risk of financial loss arising from a borrower or counterparty's inability to meet its obligations. Unity Credit Union is affected primarily by its direct lending activities. In addition to lending to its members, Unity Credit Union assumes risks related to loans purchased from other credit unions and affiliates, leases financed through leasing corporations and to a lesser extent, by holdings within its investment portfolio. Some key individual credit risks are: default risk, portfolio concentration risk, inadequate allowance risk and policy exceptions risk.

Lending practices are set by the Board of Directors in policy and put into practice through procedures established by management. Review and revision of lending policies and procedures are completed on a regular basis.

Credit granting is performed in accordance with approved policies, procedures and applicable legislation. This includes credit analysis, pricing, terms and documentation for lending. Loan pricing structures are in place to support lenders in pricing decisions and to ensure risk is offset by rates. Concentration limits in regard to industry and size of loans have been designed to reflect our risk tolerance. Credit risk is further mitigated through training of loans personnel.

The credit union's credit portfolio and lending practices undergo regular and ongoing independent assessment through external audit, internal audit and regulatory reviews. Reports are provided to management and to the Board of Directors through the Audit and Risk Committee.

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates and foreign exchange risk. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

The credit union's market risk is impacted primarily by movements in interest rates, specifically from the timing differences that exist between the re-pricing of loans, investments and deposits. The credit union's exposure to changes in interest rates is monitored by management in two ways. The first is through our contract for financial services with Innovation Credit Union who monitor and measure our exposure and provide reports to management and the board. The second is by employing Concentra Financial to do a review on a quarterly basis. Concentra Financial provides a quarterly report outlining rate forecasts and assumptions and the effects on our balance sheet. Results are reviewed by the Management Risk Committee who in turn reports to the Audit & Risk Committee.

Foreign exchange risk occurs when members change Canadian funds for another currency; which in our case are predominantly US dollars. This risk is offset by the credit union maintaining a US Dollar Account with SaskCentral in a similar amount to funds held in member US Dollar accounts. When members exchange currency, we complete a similar transaction to offset any risk exposure. Foreign exchange risk is monitored at least quarterly and adjustments to the account at SaskCentral are made as required.

Liquidity Risk

Liquidity is required to meet the day to day cash needs and members' loan demands. Liquidity risk arises from general funding activities and through management of assets and liabilities. It is the risk of having insufficient cash resources, or equivalents, to meet members' demand for loans or drawdown of deposits. Unity Credit Union's liquidity risk management strategies seek to maintain sufficient liquid resources to continually fund our balance sheet commitments.

Requirements for liquidity risk management are defined by policies and regulatory standards and limits. New standards have been implemented. The focus will now be on the liquidity coverage ratio and the quality of liquid assets. Quality is determined by how quickly investments can be liquidated as well as the market value volatility of those investments. During 2016, we met the requirements of the standards which will come into effect in 2017. The current funding and liquidity management framework includes the following processes and controls:

- Development and regular review of the approved liquidity plan.
- Monitoring of large pending loan requests.
- Monitoring of requests for large withdrawal of funds.
- Through a contractual arrangement with Innovation Credit Union who monitors actual inflows and outflows of funds on a daily, weekly, monthly and annual basis. Innovation Credit Union then manages the investment of excess funds to best meet proposed needs and requirements.
- Establishment of borrowing facilities with SaskCentral.
- Through our contract with Concentra Financial a liquidity stress test identifies the credit union's ability to meet a substantial withdrawal of funds over a very short period of time.
- Including liquidity requirements and stress testing in the Internal Capital Adequacy Program (ICAAP).
- Reviewing and reporting the credit union's liquidity position to the Management Risk Committee and the Audit & Risk Committee.

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards.

Policies, procedures and controls are designed to ensure Unity Credit Union is compliant. Our Risk & Compliance Officer oversees our processes related to certain pieces of legislation and reports quarterly to the Audit & Risk Committee and in turn to the board. We continue to contract Internal Audit from SaskCentral to review our processes and controls on an annual basis. In addition our external auditors, CUDGC and FINTRAC examine processes and controls to ensure compliance.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from increasing efficiency ratios, shrinking margins, increased costs to retain staff, deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters.

Operational risk is managed through the use of policies and procedures, controls and monitoring. Control and monitoring involves segregation of duties, employee training, performance management and structured internal and external audit functions. Other mitigating factors include reviewing ways to increase revenues and decrease expenses, monitoring human resource changes and practices in the marketplace, business continuity planning, appropriate insurance coverage and secure technology solutions. Our banking platform is maintained offsite and includes a very complicated back up and disaster recovery process.

Our Future

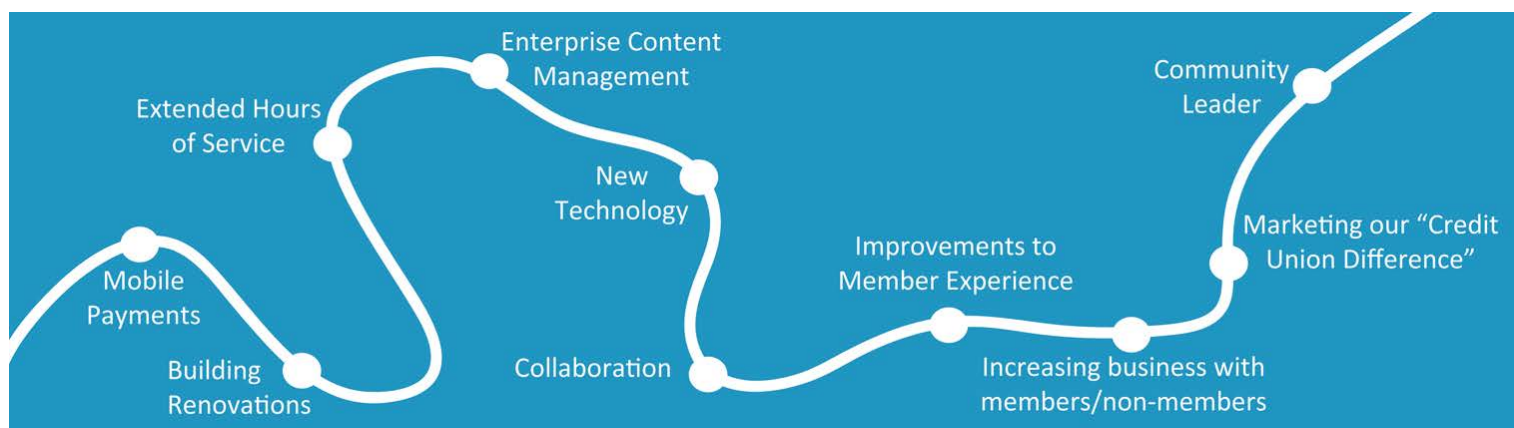
Every year we look into our crystal ball to try to determine what the future might hold. Every year the picture shows change. This coming year is no exception; however, the change looks somewhat different than it has. Unity Credit Union will undoubtedly undergo change, but the national credit union system is on the brink of significant change as well. The system is considering a new payments structure, a new alignment of the provincial Central organizations, changes in credit card delivery, a much stronger focus on collaboration rather than mergers, consideration by credit unions of federal regulation rather than provincial regulation, the change from CEAMS to a national offering. These are just a few of the changes being contemplated. While we do not influence these changes, they will impact us and we need to be aware and ready for them. It remains our belief that Unity Credit Union must continue to evolve and change to remain relevant for our current members and our members of the future. Initiatives that we will be working on to prepare for the future include:

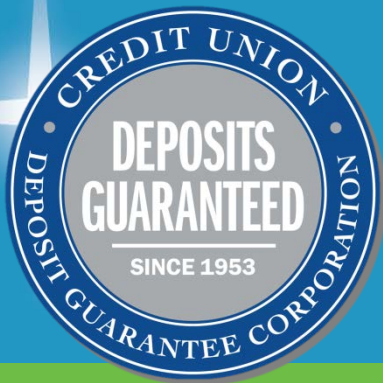
- Introducing mobile payments in conjunction with the national credit union system
- Renovating our building to prepare for the future while enhancing the member experience
- Changing our hours to offer new and extended service to members

- Continuing to implement Enterprise Content Management to streamline processes and eventually alternate options for service delivery
- Implementing technological advances as we are able. There are lots of exciting offerings available. Balancing costs and impacts with member expectations is the challenge.
- Working with other credit unions and groups of credit unions to seek new ways of doing things without necessarily having to merge
- Continuing to improve our member experience
- Encouraging members and non-members to do more business with us
- Marketing who we are and why we are different
- Seeking additional ways to be a leader in the community

That concludes our report of activities for the year ended December 31, 2016. 2016 was a year of celebration; 2017 looks to be a year of embracing the future. With your continued support, "We'll always be there."

Respectfully submitted,
Board of Directors and Management
Unity Credit Union Limited





CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Annual Report Message 2016

January 2017

Deposits Fully Guaranteed

Credit Union Deposit Guarantee Corporation (the Corporation) is the primary regulator and deposit guarantor for Saskatchewan credit unions. The Corporation is charged through provincial legislation, *The Credit Union Act, 1998*, with the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. The Corporation has successfully guaranteed the repayment of deposits held in Saskatchewan credit unions for over 60 years. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

Responding to regulatory changes at the international and national levels continued to be a key focus for the Corporation in 2016. Federally, a shift in policy direction assigned regulation of the credit union centrals to the provinces. This resulted in the government of Saskatchewan creating and passing *The Credit Union Central of Saskatchewan Act, 2016* assigning regulatory responsibilities for SaskCentral to the Corporation. In preparation for assuming these responsibilities in 2017, the Corporation developed regulatory policy and supervisory practices.

At the provincial level, work was finalized on the development of liquidity standards and guidance that align with current international standards. As part of this development, the Standards of Sound Business Practice and Capital Standards of Sound Business Practice were reviewed and updated. These documents were provided to credit unions well in advance of coming into effect on January 1, 2017. These efforts will ensure that the Corporation is in a position to continue to protect credit union depositors which, in turn, contributes to the strength and stability of the Saskatchewan credit union system.

In 2017 the Corporation will continue to monitor the potential implications of the changing regulatory environment in addition to carrying forward its preventive efforts to support credit unions as an effective first level of deposit protection. Maintaining constructive relationships with credit unions and investing in programs that reduce risk to the Deposit Guarantee Fund will continue to be a key priority.

For more information about deposit protection, the Corporation's regulatory responsibilities and its role in promoting the strength and stability of Saskatchewan credit unions, talk to a representative at the credit union or visit the Corporation's web site at www.cudgc.sk.ca.

Unity Credit Union Limited
Summary Financial Statements
December 31, 2016

Report of the Independent Auditors' on the Summary Financial Statements

To the Members of Unity Credit Union Limited:

The accompanying summary financial statements of Unity Credit Union Limited, which comprise the summary statement of financial position as at December 31, 2016, the summary statements of income, comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Unity Credit Union Limited for the year ended December 31, 2016. We expressed an unmodified audit opinion on those financial statements in our report dated March 14, 2017.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Unity Credit Union Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "*Engagements to Report on Summary Financial Statements*."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Unity Credit Union Limited for the year ended December 31, 2016 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Saskatoon, Saskatchewan
March 14, 2017

MNP LLP
Chartered Professional Accountants

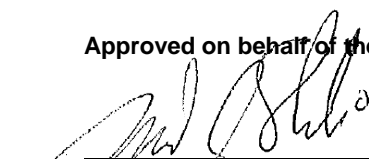
Unity Credit Union Limited


Summary Statement of Financial Position

As at December 31, 2016

	2016	2015
Assets		
Cash and cash equivalents	4,658,831	8,160,317
Investments	48,775,959	39,377,084
Member loans receivable	175,198,018	161,259,415
Other assets	855,396	716,377
Property, plant and equipment	536,905	453,868
	230,025,109	209,967,061
Liabilities		
Member deposits	209,177,486	190,793,823
Other liabilities	369,276	452,633
Membership shares	3,192,237	3,094,948
	212,738,999	194,341,404
Members' equity		
Retained earnings	17,172,381	15,438,727
Accumulated other comprehensive income	113,729	186,930
	17,286,110	15,625,657
	230,025,109	209,967,061

Approved on behalf of the Board


_____, Director


_____, Director

Unity Credit Union Limited

Summary Statement of Income

For the year ended December 31, 2016

	2016	2015
Interest income		
Member loans	6,948,531	6,839,996
Investments	824,258	627,527
	7,772,789	7,467,523
Interest expense		
Member deposits	1,872,312	1,807,606
Borrowed money	4,798	4,015
	1,877,110	1,811,621
Gross financial margin	5,895,679	5,655,902
Other income	824,855	895,990
	6,720,534	6,551,892
Operating expenses		
Personnel	2,209,652	2,185,040
Security	207,588	203,983
Organizational	131,759	135,096
Occupancy	193,473	209,424
General business	1,353,442	1,298,851
	4,095,914	4,032,394
Income before provision for (recovery of) impaired loans, patronage refund and provision for (recovery of) income taxes	2,624,620	2,519,498
Provision for (recovery of) impaired loans	51,754	(11,512)
Patronage refund	497,628	493,029
Income before provision for (recovery of) income taxes	2,075,238	2,037,981
Provision for (recovery of) income taxes		
Current	347,863	428,119
Deferred	(6,279)	(4,972)
	341,584	423,147
Net income	1,733,654	1,614,834

Unity Credit Union Limited

Summary Statement of Comprehensive Income

For the year ended December 31, 2016

	2016	2015
Net income	1,733,654	1,614,834
Other comprehensive income (loss)		
Change in unrealized gains and losses on available-for-sale assets (net of tax recovery of \$14,703) (2015 – net of tax expense of \$27,186)	(77,089)	99,617
Realized gains and losses on available-for-sale assets (net of tax expense of \$742) (2015 – net of tax recovery of \$1,395)	3,888	(5,113)
Other comprehensive income (loss), net of income tax	(73,201)	94,504
Total comprehensive income	1,660,453	1,709,338

Unity Credit Union Limited
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2016

	<i>Retained earnings</i>	<i>Accumulated other comprehensive income</i>	<i>Total equity</i>
Balance, December 31, 2014	13,823,893	92,426	13,916,319
Net income	1,614,834	-	1,614,834
Other comprehensive income	-	94,504	94,504
Balance, December 31, 2015	15,438,727	186,930	15,625,657
Net income	1,733,654	-	1,733,654
Other comprehensive loss	-	(73,201)	(73,201)
Balance, December 31, 2016	17,172,381	113,729	17,286,110

Unity Credit Union Limited
Summary Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
Cash provided by (used for) the following activities:		
Operating activities		
Interest received from member loans	6,975,911	6,743,768
Interest received from investments	816,175	615,145
Other income	824,855	895,990
Cash paid to suppliers and employees	(4,099,588)	(3,796,329)
Interest paid on deposits	(1,816,173)	(1,832,709)
Interest paid on borrowed money	(4,798)	(4,015)
Patronage refund	(497,628)	(493,029)
Income taxes paid	(393,954)	(562,569)
	1,804,800	1,566,252
Financing activities		
Net change in member deposits	18,327,524	10,426,497
Net change in membership shares	97,289	59,281
	18,424,813	10,485,778
Investing activities		
Net change in investments	(9,477,953)	(7,011,951)
Net change in member loans receivable	(14,017,737)	(9,719,144)
Purchases of property, plant and equipment	(235,409)	(74,604)
	(23,731,099)	(16,805,699)
Decrease in cash and cash equivalents	(3,501,486)	(4,753,669)
Cash and cash equivalents, beginning of year	8,160,317	12,913,986
Cash and cash equivalents, end of year	4,658,831	8,160,317