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

We'll always be there.

UNITY CREDIT UNION LIMITED

Annual General Meeting

TUESDAY, MARCH 27, 2018

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 28, 2017
- 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 OF MEETING AND CONFIRMATION OF QUORUM

1) <u>Proof Of Notice</u>:

CANADA	)	*I, Gerald Hauta,*
	)	*of the Town of Unity,*
PROVINCE OF SASKATCHEWAN	)	*in the Province of Saskatchewan,*
	)	*Treasurer of Unity Credit Union Limited*

TO WIT:

That I have personal knowledge that the notice of this annual meeting was duly prepared and given to members as required by the Bylaws of the Credit Union.
NOTICE was posted in the Credit Union on March 5, 2018.

And published in "The Unity-Wilkie Press Herald" on March 2, 2018.

Sworn before me at the Town of Unity)
In the Province of Saskatchewan)____________________
This 7th day of March 2018)

____
A Commissioner for Oaths in and for
Saskatchewan
My Commission expires July 31, 2022

AFFIDAVIT OF COMPLETION OF REPORTS

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

1) The Annual Financial Reports were completed by March 16, 2018.

The Annual Financial Reports were made available to the membership
March 16, 2018, which is at least 10 days prior to the annual meeting.

Sworn before me at the Town of)
Unity, in the Province)
of Saskatchewan, this 19th day)__
of March, 2018.) ____________________

____
A Commissioner for Oaths in and for
Saskatchewan
My Commission expires July 31, 2022

MINUTES OF THE 2016 ANNUAL MEETING
OF UNITY CREDIT UNION LIMITED
UNITY COMMUNITY CENTRE
Tuesday, March 28, 2017

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

Supper was served by Jan Taylor to 190 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.

Christine Lang and Bryan Hammer moved that Colette Lewin be appointed as Chairperson and Vanessa Spendelow as Secretary. Carried.

Colette Lewin called the meeting to order at 7:40 pm.

Jay Beasse and Sandra Wagner moved that the agenda be adopted as presented. Carried.

Minutes of the 2015 Annual Meeting held on Tuesday March 22, 2016 were read by the membership.

There were no errors or omissions arising from the minutes.

Gilles Colbert and Keith Wilson moved that the minutes of the 2015 Annual Meeting held on Tuesday, March 22, 2016 be accepted as presented. Carried.

There was no business arising from the minutes.

Colette Lewin presented the President's Message.

Kennedy Mielke and Gerald Hauta presented Our Credit Union Story.

Gerald Hauta, Rhonda Brandle, Sandra Wagner and Keith Wilson presented the Credit Union Discussion and Analysis Report.

Sherri Solomko and Richard Colbow 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 2016 Auditor's Report and highlights of the Financial Statements. He congratulated the Unity Credit Union on a very successful year.

There were no questions arising from the statements.

Shauna Hammer and Shannon Mellquist moved that the Auditor's Report and Financial Statements be accepted as presented. Carried.

Michael Soloski, on behalf of the Board of Directors, recommended that MNP be appointed as Auditors for 2017.

Keith Wilson and Brian Lewin moved that the accounting firm of MNP be appointed as the auditors for Unity Credit Union Limited for 2017. Carried.

Anita Parker presented the Nominating Committee Report. Michael Soloski, Christine Lang and Jay Beasse had their terms expire in 2017. Jay Beasse chose not to run as a candidate again. Michael and Christine chose to let their names stand along with Jeff Bridgeman and they were elected by acclamation.

Carissa Ralston and Sandy Richards moved that the Nominating Committee Report be accepted as presented. Carried.

Gerald Hauta responded to a question regarding the building renovations and indicated we are still in the very early planning stages and will know more as things progress.

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

Kerri Green	-10 years
Melanie Kist	-15 years
Jay Beasse	-19 years
Dianne Kramer	-35 years

Lynn Maze, Carissa Ralston, Wanda Keller and Melanie Kist awarded door prizes as follows:

- Gift Baskets were won by: Helen O'Donnell, Lorne Partridge
- $50 Gift Certificates won by: Linda Kwiatkowski, Carol Cooper, Virginia Partridge
- $50 Gift Card donated by Mickey Mikkelson won by: Bryan Hammer
- Plant was won by: Cliff Whitfield

Jay Beasse adjourned the meeting at 8:35 p.m.

VSpendelow

Secretary

A message from Our President

Colette Lewin, President, Board of Directors

Welcome to our 76th Annual General Meeting. The Annual Meeting allows your representatives, your board of directors, to report on the activities and results of the year.

Each year seems to be busy. The speed at which things are changing does not slow and does not appear it will slow anytime soon. Being a director, therefore is not a simple task. As volunteers, we are charged with considering what is going on around our credit union, analyzing how it might affect our organization and deciding what direction to take. Through all of this, we rely on the management team to provide pertinent information, insight and practical oversight to ensure that decisions made are prudent as required by our regulators. So why would volunteers take on this challenge? For me it is the belief in the credit union and its principles. Our board believes the credit union makes a difference in our community and that drives our actions.

So what did we accomplish in 2017? First since we are a financial institution, we should confirm that we had another very successful year. We significantly exceeded our growth expectations. This was due in large part to continued growth from past clients of the CIBC. We thank these new members for their business. Despite the continued economic slowdown, members continued to meet their obligations by making payments or arrangements and we thank them for that. We generated an operating surplus that allowed us to be able to pay out patronage as we have for many years.

This year the amount was $420,000 which was just slightly less than last year. With the growth we have had over the last few years, we felt it was wise to retain capital to ensure we remain a strong organization.

Our system continues to undergo change as well. Concentra Bank came into being in 2017. This change enables that organization to raise capital for growth and initiatives more easily than in the past. You may have heard that Innovation Credit Union received approval from their members to pursue federal regulation. If this receives all the required regulatory approvals, it will have impacts to the system and possibly neighboring credit unions like ours. We continue to watch with interest. The government recently confirmed that credit unions can continue to use the words “bank”, “banker” and “banking” to describe what we do saving the system millions of dollars not having to make changes. The government supported that these words are understood by Canadians as doing business with their financial institution. The organizations that support credit unions continued to talk about ways to work differently in hopes of meeting needs of credit unions now and into the future. No organization can afford to stay with the status quo. Change continues to be the constant.

We changed our hours of operation in 2017. This was after much consideration. In changing to Monday to Friday, we wanted member impact to be minimal so we actually extended the number of hours we are open to the public by opening earlier and closing later. Overall, this has gone well. Any change always comes with some frustrations but members seem to have adjusted and are taking advantage of the extended hours. If the new hours do not work for you, we encourage you to contact our staff to discuss other options.

The directors and staff continued to seek ways to better themselves. Training remained a key consideration for our ever-changing world. In that regard, most directors participated in some form of training throughout the year. Our employees took advantage of various forms of training to broaden their knowledge to better serve you. However, we realized we need to do a better job of preparing our staff for the future. We hope to try some new ideas in this regard in 2018.

As we reported last year, we are preparing our organization for the future. We understand that technology will be a key factor in that future. In this regard, we undertook and implemented many projects to enhance our technological offerings and more importantly, to prepare us to provide service in new and more mobile ways. Through this we wanted to continue to be able to serve those who come in to do business as well as those who want to use various forms of technology to conduct their business. We made significant strides in being able to serve this latter group of members.

The last thing to report on is our proposed renovation. This is a big and costly project but we feel it is important. We view our building as an investment in the community and for the community. We feel it symbolizes longevity and stability. However, like any investment, it requires monitoring. Since the last renovation 20 some years ago, we have done little more than required maintenance. If we do nothing else, our building needs some attention. So as we considered that, we also considered the future and came up with four drivers that directed our discussions and actions. We realized that at the very least we needed to refresh or fix our building. There are items inside and outside the building that need to be updated and upgraded even if a major project is not undertaken. We wanted to position our building for the future at least as clearly as we can see it. We would like our building structure to allow us to offer new services. We wanted a redesign for the changing role of the office. As members embrace and utilize technology to complete transactional business, the office needs to focus more on being an advice center and less on being a transactional center as it has been in the past. We wanted to offer new value to members. If we are going to spend money to redesign the building, we want to incorporate new ideas into the building to add value.

We have crunched the numbers and budgeted this type of project for several years and have seen that we are able to afford it, while still building capital, allowing for patronage payments, offering competitive rates and supporting our community. We plan to move forward with the plan in early 2018.

As we look back, 2017 saw many projects begun and many completed. We have many more planned for 2018. 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

Colette Lewin
President, Board of Direct

Our Board of Directors


Colette Lewin
President


Michael Soloski
Vice President


Rhonda Brandle


Jeff Bridgeman


Lois Gilbert


Christine Lang


Anita Parker


Sandra Wagner

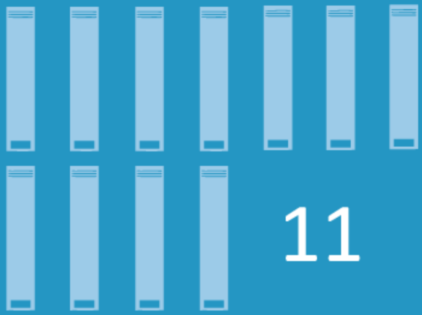

Keith Wilson

Junior Board Members


Kennedy Mielke

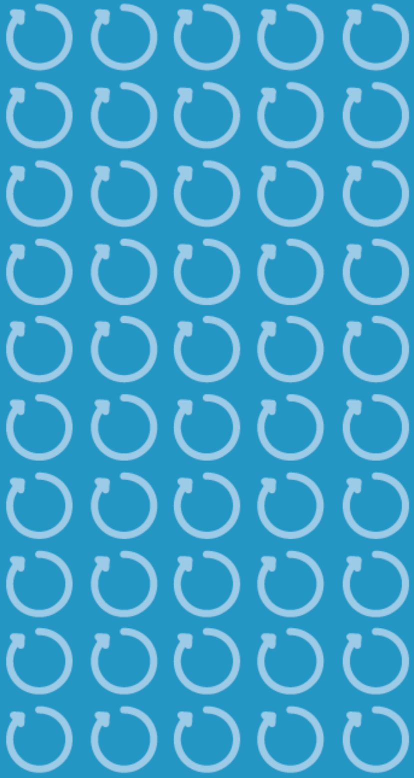

Brayden Schultz

CUDA WORKSHOPS ATTENDED BY BOARD OF DIRECTORS



11

HOURS SPENT BY BOARD OF DIRECTORS COMPLETING WEBINARS AND E-LEARNING



50+

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 not an easy task. The succession plan for directors outlines that the nominating committee's obligation is to seek a candidate for each vacancy and that they are 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. Directors whose terms expired in 2017 were Michael Soloski, Christine Lang and Jay Beasse. All three directors whose terms were expiring were eligible for re-election. Michael and Christine agreed to let their name stand but Jay chose to step down after 19 years on the board. At the close of the nomination period, the only nominations received were from Jeff Bridgeman and incumbents Michael Soloski and Christine Lang. Therefore, all three interested parties were elected by acclamation.

We continued our Junior Board Member Program to encourage young people to take an active part in our credit union. A few years ago, we 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. Kennedy Mielke continued as our Grade 12 representative and Brayden Schultz joined as the representative from grade 11. Kennedy was an active participant in our strategic planning session. Junior board members participate in board meetings but have no voting rights.

Mandate and Responsibilities

The board is responsible for strategic oversight, establishing direction and supervision of management of the credit union. In acting in the best interests of the credit union and its members, the board adheres to the standards set out in *The Credit Union Act 1998,* the *Standards of Sound Business Practice* and other applicable legislation. The board is not involved in the day-to-day operations of the credit union. They do not approve loans or see member personal information like deposits. These functions are handled by management and staff.

Responsibilities of the board of directors 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 a comprehensive list of duties under regulatory oversight. Unity Credit Union maintains a number of committees comprised of directors. The establishment of committees 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, Multi Material Recycling Program and most recently Common Reporting Standards. In addition, the Committee oversees the identification and management of risks that affect Unity Credit Union. The committee consists of four directors; however, the entire board is invited to attend meetings of this committee.

- **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 in place policies, processes and practices that protect people 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 resource management for board consideration. The Committee consists of three directors.

- **Building Committee**

A couple of years ago, a Building Committee was created to oversee the discussions and set the direction for the proposed building renovation. In 2017, the committee engaged a company called New Ground to prepare floor plans for a redesigned layout. The Committee consists of three directors.

Being a director continues to be an interesting mix of challenges, rewards and education. We are pleased that 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. Jeff Bridgeman, as a new director, participated in a weekend training session to complete the first level of the Credit Union Director Achievement (CUDA) Program. Directors participated in many training webinars throughout the year. These short educational 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 expenses are for meetings, travel, meals, accommodations and mileage. In addition, Unity Credit Union pays insurance premiums on behalf of the directors. In 2017, remuneration paid was $42,250, which was a little more than the year before due to more training sessions attended by the directors. Insurance premiums paid on behalf of directors were about $1,000.

Our Management & Staff

Management Team


Gerald Hauta


Lynn Maze


Josh Noble


Christy Walker

Our Management Team consisted of four positions:

- General Manager – Gerald Hauta – responsible for the oversight of all areas of the operation. Gerald has 31 years of credit union experience gained from various positions and communities.
- Manager of Member Services – Lynn Maze – responsible for member service including deposits, withdrawals, card services, fraud management, cash management, clearings and statements. Lynn has over 38 years of experience in credit unions and has held several different positions.
- Manager of Innovation – Josh Noble – responsible for seeking novel ways to provide value to members through innovation, collaboration, proactive thinking, education, and finding solutions. Josh worked in the academic world prior to joining the credit union but has gained three years of experience with our credit union.
- Manager of Lending Services – Christy Walker – responsible for all lending and collection activities. Christy has over 12 years of credit union experience as well as experience in the chartered banks. She has held various positions through her career.

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

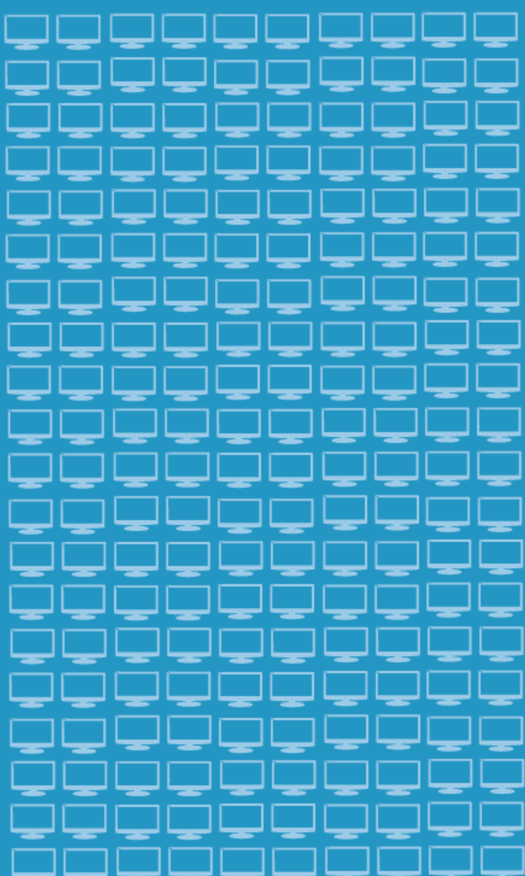

Sonya Willy


Jennifer Wilson

UNIVERSITY COURSES COMPLETED BY EMPLOYEES

6

HOURS SPENT BY STAFF COMPLETING COMPLIANCE AND SECURITY E-COURSES



200+

NUMBER OF STAFF CERTIFIED IN FIRST AID/CPR

8

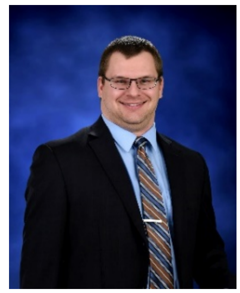
Lending Department


Gaylene Heffner


Michelle Pilat


Carissa Ralston


Janelle Riou


Curtis Sieben


Deon Sieben

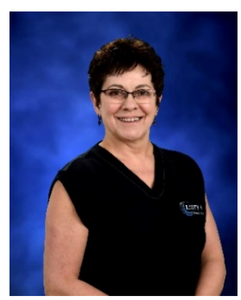
Member Services

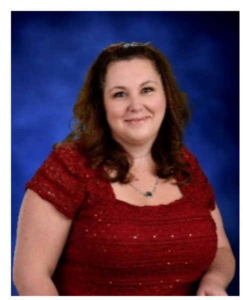

Doreen Bonogofski


Deb Cairns


Maria Carino


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


Rajbir Volk

Credential Financial Strategies Inc.


Aaron Mielke


Crystal O’Brian

WORKSHOPS AND SEMINARS COMPLETED BY EMPLOYEES

HOURS VOLUNTEERED BY EMPLOYEES

Through our staff, 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. As times change continuous learning is important. Through the years, training has undergone change. In the past, employees travelled to attend training sessions incurring costs of travel, hotels and meals. Currently, these opportunities are still available but are supplemented with webinars that are delivered via computers. As with directors, participating in these training sessions saves all the travel costs while increasing productivity in the office. Staff took advantage of webinars, in-house presentations, self-study classes, training sessions, conferences and networking opportunities to broaden their knowledge, develop supporting networks and gain new experiences to serve you better. With the new methods and that which is required annually, all staff were enrolled in some form of training in 2017.

In 2017, there was some staff turnover as in past years. Changes lead to a vibrant and ever-changing environment. Three departments underwent changes in 2017.

The lending department underwent the most change. Glenn Colley left our organization to pursue an opportunity with Innovation Credit Union. Christy Walker accepted the Manager of Lending Services position. This created a vacancy in the account managers. We were pleased to welcome Deon Sieben from Provost to the Lending Department. Deon comes to us from FCC and brings knowledge and experience from past employment with Servus Credit Union.

In the Member Services Department, Chelsea Stabbler chose to leave Unity Credit Union to pursue an opportunity with Synergy Credit Union in Lloydminster. We hired Maria Carino to fill the vacancy created by Chelsea's departure. At the end of the year, Doreen Bonogofski advised that she would be retiring early in 2018.

In the Support Department, with Chelsea leaving, there was a part-time vacancy but this was filled by Rajbir Volk who returned from maternity leave.

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

Any time there is a change, it results in new learning opportunities. We have good staff and they readily accepted 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 broaden her experience in her role as our HR Co-ordinator.

Our Community

FACEBOOK LIKES

597

www.facebook.com/UnityCU

TWITTER FOLLOWERS

174

www.twitter.com/UnitySkCU

INSTAGRAM FOLLOWERS

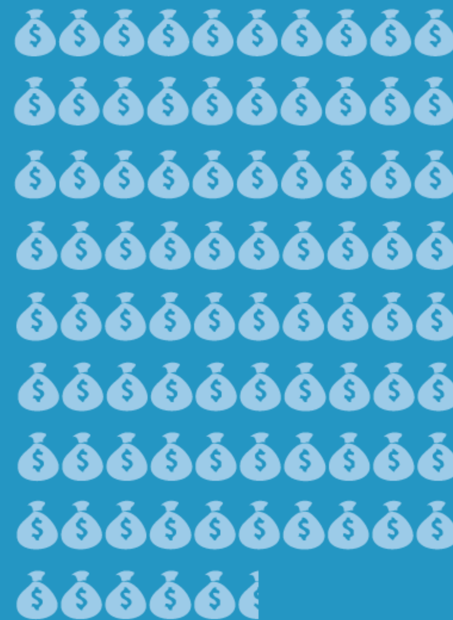
121

www.instagram.com/UnityCU

MOBILE APP DOWNLOADS

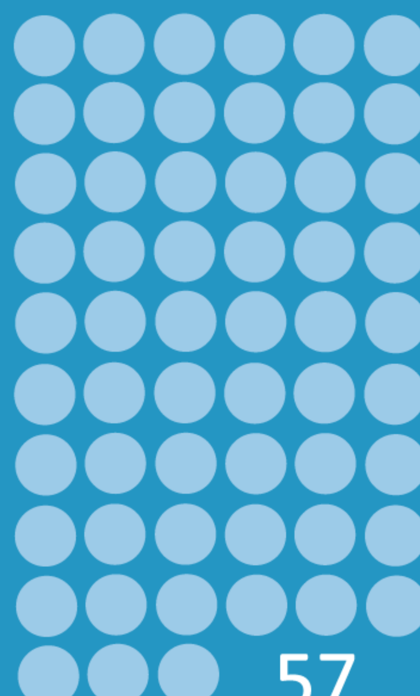
1955

DONATIONS & SPONSORSHIPS - DOLLAR VALUE



$85,500

DONATIONS & SPONSORSHIPS - NUMBER OF EVENTS



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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:

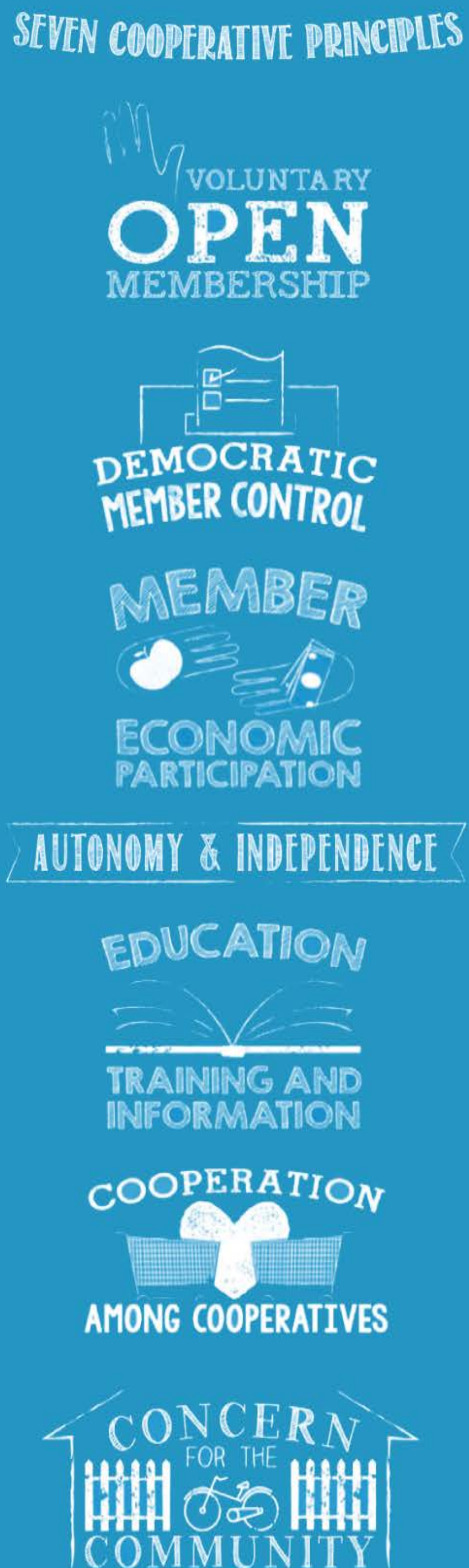
- Complaint handling by outlining the process for managing complaints related to our product lines and/or our service.
- Fair sales by outlining the roles and relationship of staff to all members in accordance with the financial services agreement.
- Financial planning by outlining the process to advise 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.



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, 2017 should be read in conjunction with the Financial Statements and accompanying notes.

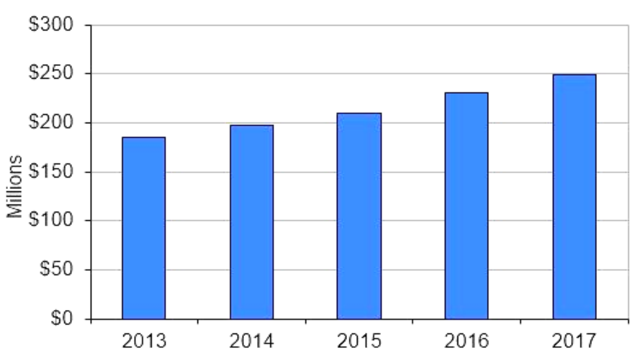
Strategy

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:

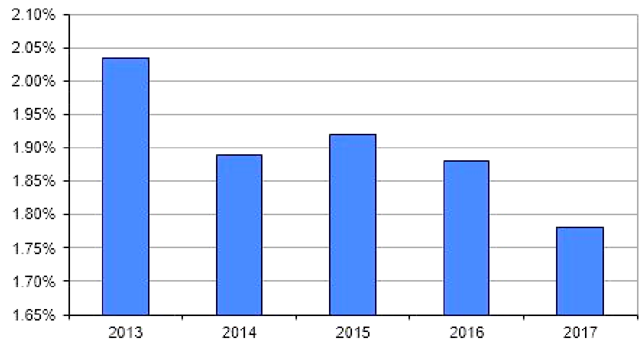
Asset Growth



Asset growth is not possible without growth in member deposits. Member deposits provide the credit union with funds to lend to members or funds to invest, thereby increasing our assets. In 2017, we continued to experience growth from our long-term members as well as new members who transitioned from the CIBC. For the second year in a row, this gave us substantial growth exceeding our budget expectations for the year. We wish to thank all our members, both old and new, for their continued support. Assets increased over $18 million or 8.11% to end the year at $248,685,180.

Most businesses see growth as a positive. We are no exception. Over the last five years, we have grown from $184 million to $248.7 million, an increase of $64 million or over 34%. Capital remains one of the measures of financial stability; therefore, because of our significant 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. We have continued to pay patronage as we feel it is one of our differentiators. In 2017, we once again paid patronage based on the amount of loan and deposit business as well as the amount of service charges paid.

Operating Costs



As a financial co-operative, the credit union considers financial success in two ways. The first way is obviously being able to generate a bottom line. The second is being a strong corporate citizen contributing to the communities we serve. This dual approach means balancing the generation of an operating surplus with giving back to the community. Giving back to the community does not happen if an operating surplus is 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 going forward.

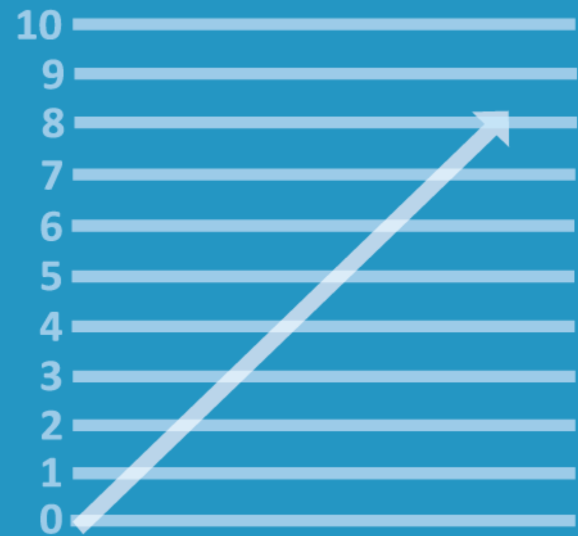
The credit union generated revenue through interest margin and collection of service charges and commissions. Margin was still the largest generator of revenue as we have tried to keep fees and charges minimal in comparison to our competitors, especially the chartered banks. In 2017, despite the low rate environment, we maintained our prime rate at market rate. In the latter part of the year, market rate increased, and we increased our rate accordingly.

On the other side of our income statement, we work to manage our operating costs. Our margin ended the year at 2.37% of assets; however, we were able to maintain our operating expenses at 1.78%, which allowed us to generate an operating surplus. Operating expenses were under budget and $236,915 more than 2016. This left an operating surplus of $1,644,709, 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. However, since we are a single branch organization, our costs are also lower. Operating expenses included personnel, member security, organizational, occupancy and general business expenses.

ASSETS

$248,685,180

ASSET GROWTH

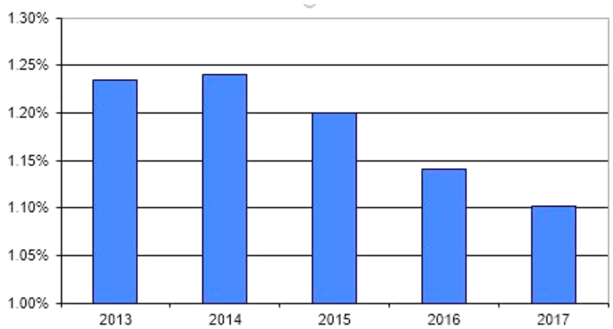


8.11%

OPERATING SURPLUS

$1.6

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 0.86%. We achieved 1.11%. A relatively stable margin, stable non-interest revenue and managing expenses where possible helped generate the strong result.

Due to the operating surplus and our capital position, we made a patronage allocation of $420,000 to reward members for their support. Of this allocation, $300,000 will be paid out as has been done historically. A rebate will be paid on loan interest and a bonus will be paid on deposits. In order to continue to reach out to a new demographic and new members, and help them learn about the benefits of membership, $100,000 will be paid as a rebate of service charges. If you paid service charges on your account in 2017, you will receive a rebate. The remaining $20,000 will be returned to members who paid e-transfer fees. This fee will be discontinued in 2018. Some members will receive two payments, but we want to emphasize that membership has benefits you will not receive from other financial institutions. This is an important enough message to merit the extra administration related to these payments. When we introduced service charges, we stated that if we returned to financial strength of the past we would consider our direction in regards to service charges. We want to stay strong so have chosen to continue to charge, but will pay them back as we are able.

For the last few years, we have been paying more taxes due to changes in the federal government tax regime. With the provincial deficit, the provincial

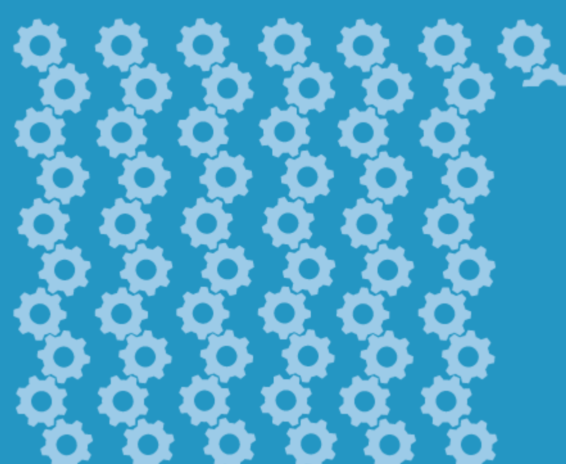
RETURN ON ASSETS

1.11%

2016 PATRONAGE ALLOCATION

$420,000

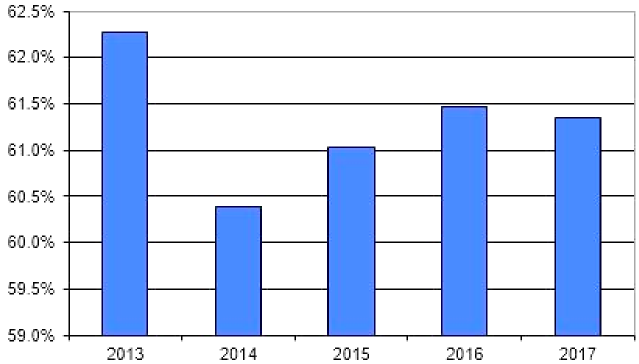
EFFICIENCY RATIO



61.34%

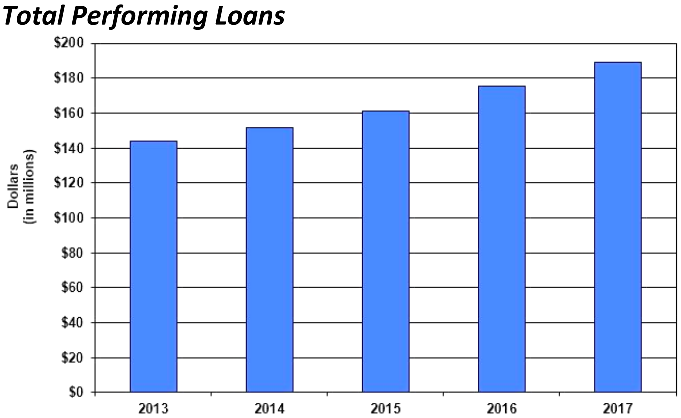
government has also scheduled a phased in change in taxation. These increases in taxes reduce our operating surplus, which reduces our ability to generate a surplus, build capital or return funds to members and communities.

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 2016, our organization had an efficiency ratio of 61.47%. In 2017, this remained fairly stable at 61.34%. Being a single branch organization helps to keep our efficiency ratio at a lower level than multi-branch organizations. We manage this ratio through margin and non-interest revenue. Managing non-interest expenses where we can also improves the result.

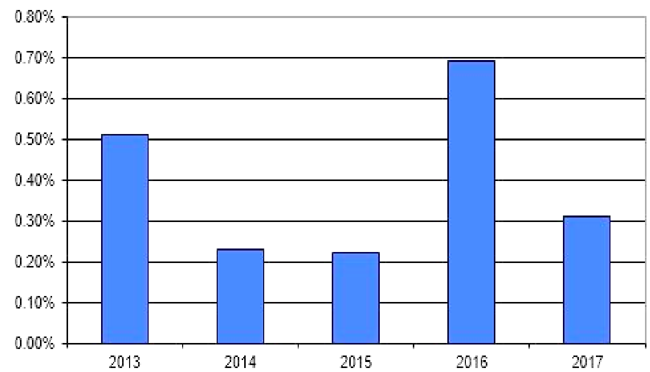
Total Performing Loans



Interest margin is the difference between interest earned on loans and interest paid on deposits. This source of revenue remained our largest source of revenue allowing us to pay our expenses. For this reason, 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 75.99% of assets.

Due to the significant increase in assets, we had to find ways to grow our loan portfolio to keep pace. We budgeted for 5.21% loan growth and attained 7.86%. 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. Risk can lead to losses, which affect our operating surplus and ultimately our ability to build capital. A sign of the quality of the portfolio is low delinquency. Delinquency over 90 days ended the year at 0.31%. This was lower than the 2016 result, which was very good considering the length of the economic slowdown. This year we saw more arrangements being made to change payment structures or rework debt because members were feeling the effects of the slowdown. That being said, we thank our members for their continued commitment to making arrangements and payments through 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 institution regulators.

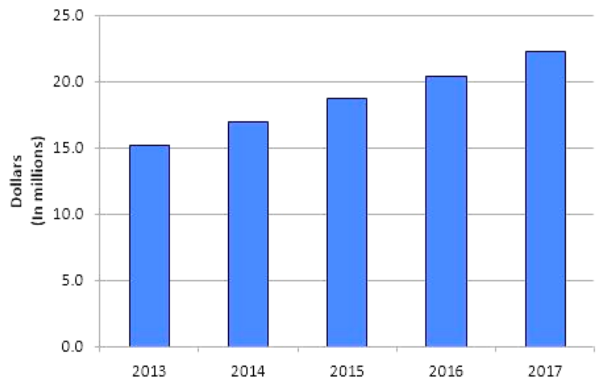
The Board of Directors and Management believe in maintaining a strong capital position. The credit union manages capital in accordance with its capital management plan and Board approved capital policies. The capital plan is developed in accordance with the regulatory capital framework and is regularly reviewed and approved by the Board of Directors. The 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. Going forward, we will have more flexibility in our liquidity management, but will continue to take a conservative approach.

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.

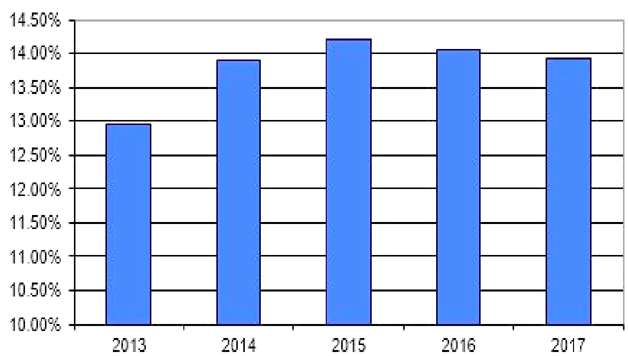
Unity Credit Union builds capital through retained earnings, which are found on our balance sheet in Members' Equity. Capital adequacy uses two measures. The first, referred to as the leverage test, is a calculation of eligible capital to total leverage assets. The standard is 5% and we held 8.84% at 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 14.02%. Our results were consistent with 2016, which was considered a success based on the significant growth we have experienced since the last part of 2016.

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 2017, we served 4605 members and 9 non-members. The number of members decreased by 69 and the number of non-members increased by one. The number of members decreased due to estates closing and doing a cleanup of duplicate and inactive accounts. We clean up inactive accounts because some of our costs are based on the number of accounts we have and therefore, these dormant accounts cost us money 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. In 2019, Integrated Voice Response banking, more commonly known as telephone banking, will be discontinued. With the increased availability and services offered through online sources, and less usage of telephone banking, the service is being discontinued as a cost savings measure. We will work with affected members to find other ways to serve them while continuing to seek ways to serve our members in new ways going forward.

As we advised last year, we implemented an Enterprise Content Management (ECM) program. We have almost loaded all outstanding loan documentation into the program. This allows employees to access your information electronically and not have to retrieve a paper file. Our auditors have utilized this system when reviewing files. It saves staff time in pulling and refiling documents. 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, as loading information into the system has been the priority. It also provides business continuity in the event of a disaster.

The implementation of ECM was the first step and catalyst to a project that came to be known as mobilization. We anticipate that in the future, members will access information and require access to services in different ways than has been provided in the past. We have begun to structure ourselves to be able to offer services in our building as well as outside of our building. When we changed our hours of service, we knew there may be members who might need service outside of business hours so we needed to be able to meet that need. The introduction of ECM, Wi-Fi throughout our building, encrypted emails, Skype for business, the purchase of laptops, and most recently obtaining DocuSign allows us to complete documentation without a member having to visit the branch. While we still like the opportunity to meet face-to-face with our members, we now have the ability to be able to help them if their working hours do not accommodate this exchange.

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. Mobile payments are now available to members who use Android powered phones. Members who use Apple phones still have to wait for this option. We also introduced *Interac* Online. This service allows you to use your *MEMBER CARD®* debit card to make purchases online rather than having to use your credit card and incur interest charges. We have many and varied technology projects on the horizon in 2018. Exciting times are upon us.

In 2016, we brought our prime rate in line with 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 did see a reduction of margin but in 2017, prime rate rose twice, which helped to once again boost our margin.

As you are aware, we changed our hours of operation in 2017. With the change, we discontinued Saturday service. Member lifestyles and business patterns have evolved so our long-term goal is to be more flexible and mobile. To do that, we took the mobilization steps already discussed. Our new hours provide more hours of service to members and we are pleased that members have embraced the new hours and are taking advantage of them. Moreover, the new hours are supported by our growing suite of technology services. As we prepare for the future, we are blending technology and personal contact to serve members in a new way. Our goal remains member service. In that regard, if you require service and cannot make it in during our core office hours, make sure to contact someone at the credit union to make other arrangements. We will do our best to accommodate and serve you.

The other significant project, which began in 2017 and we plan to bring to fruition in 2018, is a renovation to our building. We spent most of 2017 determining our wants and needs and considering floor plans. We had four drivers for the project. They were to refresh and fix our building, position our building for the provision of service into the future, redesign our building for the changing role of the office and to provide new value to the credit union and community. This project started as a fixing project and grew from there. If we chose not to do anything, we would still have to spend money to refresh our building. For the last 20 years, it has only had maintenance done. Our planned design will include some expansion of space, but not a drastic expansion. The plan completely overhauls the CFS office, as the current space is an old building. We are also planning on extending the front of the building to the sidewalk in order to utilize that space more effectively. Other than that, we will use our space differently. We anticipate that in the future, service will be different so feel we do not need to expand the complete footprint of the building. That being said, we did have the designers create a plan that included an expansion into the back corner if that was ever required.

Whenever a renovation is considered, the first thing that comes to mind is cost. While we plan to have estimates that are more accurate in time for the meeting, we have no doubt that the cost will be significant. While a renovation is a cost, it is also an investment in the community. We have budgeted for a renovation for several years but never taken action. We have factored the cost into our budgets and capital projections over that time.

The second thought that comes to mind when a co-operative organization such as ours undergoes a renovation, is that the organization is spending members' equity and members will not receive patronage payments for years. Regardless of a renovation, patronage is only paid if the credit union is successful and has the support of its members. If the credit union is successful, it generates an operating surplus. If the surplus is sufficient to meet operating expenses and build capital, then patronage is paid. Our budgeted projections show that with continued member support, a renovation, even with a significant cost, should be manageable and not drastically affect the financial well-being of the credit union. We can spread the cost of the renovation over several years to make the cost more manageable.

Members often question why a credit union can complete a renovation but not pay more interest on deposits. The complete financial picture has to be considered when answering that question. Paying more for deposits has different impacts than paying for a renovation. If we raise rates, we impact our margin. To maintain a margin, would require raising loan rates. To offset the loss of margin would require generating revenue from another source. Neither option is popular with borrowers or members in general. It is better to keep rates competitive in the marketplace as we have always done and generate a sufficient margin to pay operating expenses, including the capitalized cost of a renovation.

In a renovation, members like to see local involvement. When we get to the actual construction, we will tender the process. The tender process gives all contractors equal opportunity. This allows local contractors and sub-contractors to bid on the job. The decision to bid or not to bid then rests with each contractor. We would love to have locals bid on the project. We will encourage whomever the successful bidder is to purchase supplies locally. We have already been able to use the services of a local designer.

The last consideration is member service. A renovation, like a home renovation, is a disruptive process. We cannot anticipate the disruption a project like this will cause but we know there will be disruption. We will work through it and continue to serve members. The only difference will be where we may work from, where we serve you from and how much noise and dust will have to be endured during the process.

Despite the challenges of the economic environment, our Credential Financial Strategies office had another good year. The services offered through our CFS office complement and expand the products and services we offer to members. The services support our financial planning processes, investment opportunities and estate and tax planning through an office that provides service with the member's best interest in mind. We are very pleased to advise that our CFS Office continued to grow and contribute positively to our operation.

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 continues to undergo change. In the past, mergers were occurring regularly and frequently. While mergers still occur, the focus has changed from mergers to collaboration. Collaborative efforts are occurring nationally, provincially and regionally. We need to stay aware and be informed of these developments. In many cases, we do not influence the direction being taken but we need to be aware of how the changes will affect and help us implement changes going forward.

In 2017, we worked with a group of neighbouring credit unions on three projects. Macklin, Luseland, Kerrobert, Dodsland, Biggar, Landis, Turtleford and Unity Credit Unions were involved. We discussed technology and risk management. We developed a fairly detailed Business Continuity Plan to ensure service to members in times of crisis.

Unity and Biggar Credit Unions continued the discussion after these projects. Both organizations have identified the need to build electronic avenues to serve members into the future. With this in mind, the two organizations are considering their structures, projects, philosophies and approaches to gain efficiencies in research, choice, implementation and marketing of new services and offerings. We feel that working together should allow us to be quicker and more efficient than each organization struggling on its own.

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. We will work together where it is more economical for all.

Community Leader

One of the co-operative 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 workers for various functions. As a national system, credit unions were challenged to have staff volunteer 150,000 hours in 2017. We are pleased to report that our staff provided in excess of 1543 hours, which exceeded our pledge of 1500.

We feel that community leadership is important but should also be fun. In this regard, we attended the Activate Day at the high school. We hosted a wine and cheese evening to celebrate 500 likes of our Facebook page. We began to post on Instagram to keep folks aware of our activities and successes. We attended the football game under the lights. We worked with Delta Co-op to host a party at the Unity Credit Union Aquatic Centre. We sponsored a photo booth at all three schools to welcome back students in the fall. We planted garden boxes and even harvested the fruits of our labour. We ended the year with a very successful community Winter Wonderland. We were extremely proud to be recognized for our marketing efforts at the National Credit Union Conference last year. It was quite an honour for our credit union to be recognized on the national stage.

As for involvement in the community, we were busy supporting many and varied organizations, groups and events. We supported minor hockey in various ways including the purchase of jerseys. We honoured our pledge to support Tramping Lake by sponsoring their Centennial Celebration. We erected a new sign for the Aquatic Centre. Unity Western Days is a success because of donations and sponsors and we were a contributor.

These are just a few of the things we did in 2017.

Our Risk Management

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 the 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. Based on the measurements used for determining financial strength, our credit union has a moderate level of capital and therefore must take a moderate approach to risk as we have in the past. 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 possible.

As our credit union grows and experiences further product and service diversification, the risk profile of the organization will change. Capital adequacy measurements have evolved from a straight percentage of assets to an asset allocation based on the structure of the balance sheet to determining the capital required based on the lines of business, operating, technology, reputation and other known risks. In today's regulatory environment, adequate capital allocations are required to offset these various risks.

A second element of risk management is liquidity. The new liquidity standards came into effect in 2017. Again, rather than just a straight percentage of assets, calculation of a liquidity coverage ratio and stress testing is now the requirement. The objective of the new standard is to ensure that credit unions have an adequate stock of encumbered high quality liquid assets to meet liquidity needs for a 30 calendar day stress scenario. After 30 days, it is assumed corrective actions will be taken to address the situation. These high quality liquid assets are to consist of cash or assets that can be converted into cash at little or no loss of value. Credit unions are further 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 our risk exposures.
- Report to the Board and Senior Management on our risk exposures.

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

- Enterprise Risk Management (ERM) - 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
- Internal Capital Adequacy Assessment Process (ICAAP) – sets the capital levels that are considered appropriate given current risk profile and risk appetite
- Capital Plan – determines the credit union's ability to absorb financial and economic stress
- 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 that result in a strategic business plan focused on strategic objectives as outlined herein. The credit union uses a comprehensive reporting process to monitor performance relative to plans and provides regular updates to the Board. The ERM process further identifies emerging risks and formulates plans as risks are identified. Directors attend training as well as system meetings and conferences to hear other perspectives and learn from other credit unions.

With all the technology advancements, it is important that Unity Credit Union has adequate resources to invest in these technologies. With this in mind, in our ICAAP process, we have built in a capital buffer of $500,000 under Strategic Risk. This would allow us to invest in technologies if the opportunity arose. While this does not protect our income statement, it does protect our capital position and was felt to be prudent.

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, assets pledged as security 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, changes in interest rates 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 Bank to do a review on a quarterly basis. Concentra Bank provides a quarterly report outlining rate forecasts and assumptions, and how they affect our balance sheet. Results are reviewed by the Management Risk Committee who in turn reports to the Audit & Risk Committee. Changes in market conditions are monitored through the same processes. The credit union does not make a habit of buying and selling investments for speculation. Generally, investments are purchased and held to maturity.

Foreign exchange risk occurs when members exchange Canadian funds for another currency, which in our case is 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 loan demands of our members. Liquidity risk arises from general funding activities and through management of our assets and liabilities. It is the risk of having insufficient cash resources, or equivalents, to meet members' demand for loans or drawdown of deposits. The 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 is now 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 2017, we met and exceeded the requirements of the standards outlined for us. In 2018, we will have more ability to impact our liquidity coverage ratio by the investment choices we make. This will take some learning and continued monitoring to ensure we remain compliant.

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 Bank, 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 ICAAP process.
- Reviewing and reporting the credit union's liquidity position to the Management Risk Committee and the Audit & Risk Committee.

Legal and Regulatory Risk

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. We are working to enhance the backup process of our ECM program.

Our Future

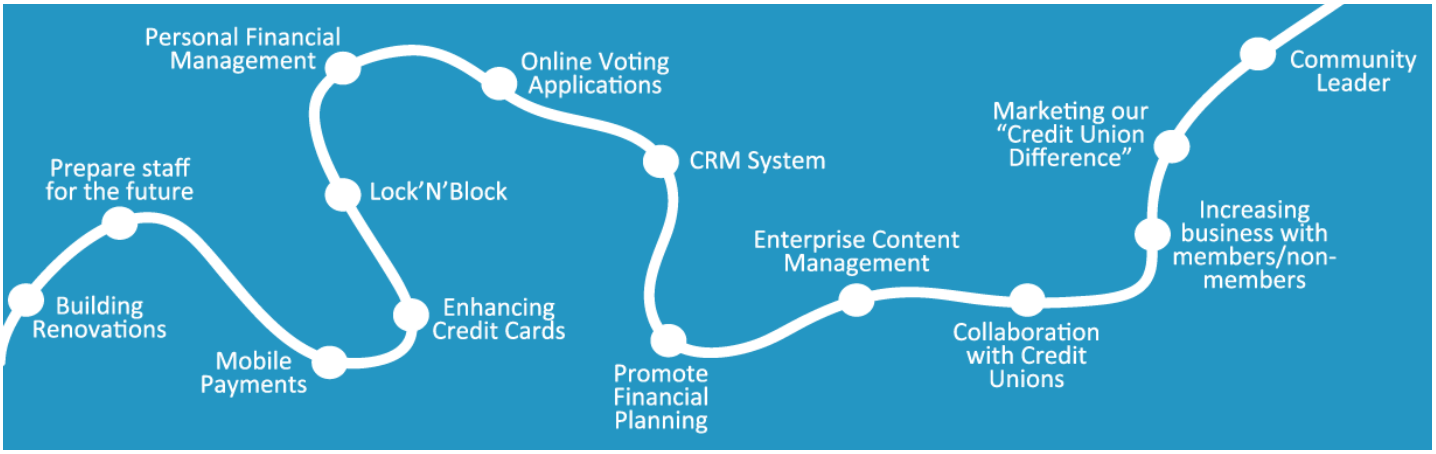
Every year we look into our crystal ball to try to determine what the future might hold. Every year the picture shows change. This coming year is no exception. We anticipate change in our physical structure, people and offerings. We are planning for the renovation of our building. We are looking at options to help prepare our staff for the future. We anticipate more technological advances, both for us to use and for members to utilize. In addition, we will monitor activities in the system and determine their effect on our organization. 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:

- Renovation of the building
- Seeking ways to help prepare staff for the future
- Introducing mobile payments for Apple phones
- Enhancing credit cards and Global Payment Cards
- Lock'N'Block for member account security
- Personal financial management tools for members' utilization
- Online voting applications
- Consideration of a Customer Relationship Management system to enhance the member experience
- Promotion of our financial planning service
- Continuing to implement Enterprise Content Management to streamline processes and provide alternate options for services
- Working with other credit unions and groups of credit unions to seek new ways of doing things without necessarily having to merge
- 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, 2017. 2017 was another successful year and we look forward to continued success in 2018. 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 2017

January 2018

Deposits Fully Guaranteed

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions, and the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral) (together, Provincially Regulated Financial Institutions or “PRFIs”).

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 was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

For more information about deposit protection, the Corporation’s regulatory responsibilities, and its role in promoting the strength and stability of Saskatchewan PRFIs, 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, 2017

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, 2017, 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, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated March 15, 2018.

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, 2017 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Saskatoon, Saskatchewan

March 15, 2018

MNP LLP

Chartered Professional Accountants

Unity Credit Union Limited
Summary Statement of Financial Position
As at December 31, 2017

	2017	*2016*
Assets		
Cash and cash equivalents	**9,123,563**	4,658,831
Investments	**48,831,453**	48,775,959
Member loans receivable	**188,970,595**	175,198,018
Other assets	**1,253,196**	855,396
Property, plant and equipment	**506,373**	536,905
	248,685,180	230,025,109
Liabilities		
Member deposits	**226,156,029**	209,177,486
Other liabilities	**486,295**	369,276
Membership shares	**3,228,857**	3,192,237
	229,871,181	212,738,999
Members' equity		
Retained earnings	**18,817,090**	17,172,381
Accumulated other comprehensive income (loss)	**(3,091)**	113,729
	18,813,999	17,286,110
	248,685,180	230,025,109

Approved on behalf of the Board

Colette Irwin, Director

, Director

Unity Credit Union Limited
Summary Statement of Income
For the year ended December 31, 2017

	2017	*2016*
Interest income		
Member loans	**7,469,876**	6,948,531
Investments	**983,483**	824,258
	8,453,359	7,772,789
Interest expense		
Member deposits	**2,238,128**	1,872,312
Borrowed money	**5,990**	4,798
	2,244,118	1,877,110
Gross financial margin	**6,209,241**	5,895,679
Other income	**864,653**	824,855
	7,073,894	6,720,534
Operating expenses		
Personnel	**2,268,508**	2,209,652
Security	**207,346**	207,588
Organizational	**154,754**	131,759
Occupancy	**184,305**	193,473
General business	**1,517,916**	1,353,442
	4,332,829	4,095,914
Income before provision for impaired loans, patronage refund and provision for (recovery of) income taxes	**2,741,065**	2,624,620
Provision for impaired loans	**372,992**	51,754
Patronage refund	**420,000**	497,628
Income before provision for (recovery of) income taxes	**1,948,073**	2,075,238
Provision for (recovery of) income taxes		
Current	**407,830**	347,863
Deferred	**(104,466)**	(6,279)
	303,364	341,584
Net income	**1,644,709**	1,733,654

Unity Credit Union Limited
Summary Statement of Comprehensive Income
For the year ended December 31, 2017

	2017	*2016*
Net income	**1,644,709**	1,733,654
Other comprehensive income (loss)		
Change in unrealized gains and losses on available-for-sale assets (net of tax recovery of $30,893) (2016 – net of tax recovery of $14,703)	**(128,044)**	(77,089)
Realized gains and losses on available-for-sale assets (net of tax expense of $2,708) (2016 – net of tax expense of $742)	**11,224**	3,888
Other comprehensive loss, net of income tax	**(116,820)**	(73,201)
Total comprehensive income	**1,527,889**	1,660,453

Summary Statement of Changes in Members' Equity

For the year ended December 31, 2017

	Retained earnings	*Accumulated other comprehensive income (loss)*	*Total equity*
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**
Net income	**1,644,709**	**-**	**1,644,709**
Other comprehensive loss	**-**	**(116,820)**	**(116,820)**
Balance, December 31, 2017	**18,817,090**	**(3,091)**	**18,813,999**

Summary Statement of Cash Flows

For the year ended December 31, 2017

	2017	*2016*
Cash provided by (used for) the following activities:		
Operating activities		
Interest received from member loans	**7,486,437**	6,975,911
Interest received from investments	**904,592**	816,175
Other income	**864,653**	824,855
Cash paid to suppliers and employees	**(4,505,521)**	(4,099,588)
Interest paid on deposits	**(2,117,011)**	(1,816,173)
Interest paid on borrowed money	**(5,990)**	(4,798)
Patronage refund	**(420,000)**	(497,628)
Income taxes paid	**(223,514)**	(393,954)
	1,983,646	1,804,800
Financing activities		
Net change in member deposits	**16,857,426**	18,327,524
Net change in membership shares	**36,620**	97,289
	16,894,046	18,424,813
Investing activities		
Net change in investments	**(121,608)**	(9,477,953)
Net change in member loans receivable	**(14,162,130)**	(14,017,737)
Purchases of property, plant and equipment	**(129,222)**	(235,409)
	(14,412,960)	(23,731,099)
Increase (decrease) in cash and cash equivalents	**4,464,732**	(3,501,486)
Cash and cash equivalents, beginning of year	**4,658,831**	8,160,317
Cash and cash equivalents, end of year	**9,123,563**	4,658,831