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
ANNUAL GENERAL MEETING
MARCH 24, 2020

ORDER OF BUSINESS

5:00 - Pre-Meeting Items

- Opening Comments
- Proof of Notice of Meeting and Confirmation of Quorum
- Affidavit of Completion of Reports
- Appointment of Chairperson and Secretary

5:05 - <u>Annual Meeting Agenda</u>

- Call to Order
- Adoption of Agenda
- Adoption of Minutes of Last Meeting held March 26, 2019
- Business Arising from Minutes
- President's Message
- Credit Union Discussion and Analysis
- Auditor's Report
- Financial Statement Review
- Adoption of Reports
- Appointment of Auditors
- Nominating Committee Report
- Destruction of Ballots
- Question/Discussion Period

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 the 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 2, 2020.

And published in "The Unity-Wilkie Press Herald"
on February 28, 2020.
Sworn before me at the Town of Unity)
In the Province of Saskatchewan)____________
This 16th day of March, 2020.)

____
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 13, 2020.

2) The Annual Financial Reports were made available to the membership March 13, 2020, 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 16th day)____________
of March, 2020.)

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

MINUTES OF THE 2018 ANNUAL MEETING
OF THE UNITY CREDIT UNION LIMITED
UNITY COMMUNITY CENTRE
Tuesday, March 26, 2019

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

Supper was served by Jan Taylor to 186 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.

Sylvia Maljan and Sonya Willy moved that Colette Lewin be appointed as Chairperson and Vanessa Spendelow be appointed as Secretary. Carried.

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

Brian Lewin and Sandra Wagner moved that the agenda be adopted as presented. Carried.

Minutes of the 2017 Annual Meeting held on Tuesday March 27, 2018 were read by the membership.

There were no errors or omissions arising from the minutes.

Jim Sego and Kerri Green moved that the minutes of the 2017 Annual Meeting held on Tuesday, March 27, 2018 be accepted as presented. Carried.

There was no business arising from the minutes.

Colette Lewin presented the President's Message.

Brayden Schultz and Tyrell Kuhn presented Our Credit Union Story.

Gerald Hauta, Christine Lang, Michael Soloski, Sharon Del Frari and Keith Wilson presented the Credit Union Discussion and Analysis Report.

Sharon Del Frari and Lois Gilbert 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 2018 Auditor's Report and highlights of the Financial Statements. He congratulated Unity Credit Union on a very successful year and informed attendees that he will be retiring at the end of May.

There were no questions arising from the statements.

Tom Stephenson and Richard Colbow 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 2019.

Murray Haughian and Jay Beasse moved that the accounting firm of MNP be appointed as the auditors for Unity Credit Union Limited for 2019. Carried.

Keith Wilson presented the Nominating Committee Report. Rhonda Brandle, Sandra Wagner, Anita Parker and Lois Gilbert had their terms expire in 2019. Sandra, Anita and Lois let their names stand along with Martin Berg and Kristine Moon. An election was held. Keith reported that Sandra Wagner, Anita Parker, Martin Berg and Kristine Moon were declared elected.

Sandy Richards and Bev Kraft moved that the Nominating Committee Report be accepted as presented. Carried.

Curtis Sieben and Shauna Hammer moved that the ballots be destroyed. Carried.

There was a question about the elimination of the Global Payment Card and if we would get a new product with the same functionality. Gerald answered the question by stating that unfortunately there will never be a similar card due to rules and regulations from MasterCard International.

There was another question about when the renovation would be complete. Gerald indicated in September, 2018 we signed a 38 week contract and hopefully will be done by the end of June, 2019 or middle of July, 2019.

Gerald Hauta presented the following employees with long-term service awards:
Shimon McWatters, Crystal O'Brian – 5 years
Sonya Willy – 15 years and ACUIC designation
Denise Purcell, Aaron Mielke – 15 years
Scott Smith – 30 years
Jeff Bridgeman, Board Member – 1 year

Lois Gilbert, Board Member – 1 year
Rhonda Brandle, Board Member – 6 years

Colette Lewin presented Gerald Hauta with his long-term service award for 35 years.

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

- Gift Baskets won by: Tanner Wilson and Clint Wilson
- Google Home Mini won by: Ted Winterhalt
- Plant won by: Iris Merk
- Flower Arrangement won by: Kay Winterhalt
- $50 Gift Certificates won by: Murray Haughian, Bob Cooper, Deryl Richards

Gilles Colbert adjourned the meeting at 8:54 p.m.

VSpendelow

Secretary

A message from Our President

Colette Lewin, President, Board of Directors

Welcome to our 78th Annual General Meeting. Going into 2019, we had plans to accomplish many and varied things. In reality, a lot of those plans were sidetracked by the disruption of the renovation.

That being said, we should report first on our financial results. We had another financially successful year. Growth was not as strong as it has been in past years but the economic environment and a challenging growing year were the drivers behind this. Despite this, our delinquency remained in line as members remained committed to making payments. Loans were stable despite the challenges, while member deposits, like assets, saw minimal growth. We generated a sufficient operating surplus to pay our operating expenses and be able to return a portion to members through patronage. The payout of patronage had its challenges, as we changed our processes, which delayed the payout until almost yearend. Patronage was returned to members as a refund of service charges, which is well received by members, as well as paying a bonus on the interest you earned on your deposits and a rebate of the interest you paid on loans.

The most time consuming project in 2019 was the major renovation of our building. For a long time, it seemed like it would never start. Once we started, it seemed like it would never end. It was a major project that seriously disrupted service to members and challenged staff for an extended period of time. A project that was slated for 39 weeks turned into 16 months. We would like to thank our members for their patience and co-operation as we worked through the renovation and inconvenienced you in many ways. In the end, we are very pleased with our new building. We exceeded our original budget spending closer to $5 million on the renovation, furniture and equipment but in doing so, we made some changes along the way and fixed some things we had not anticipated having to fix, so feel we are in good shape for the foreseeable future. We were also very pleased to have 15 local contractors work on the project.

Other projects that we undertook in 2019 included providing financial literacy sessions with our Each One Teach One program. We worked through the challenges of terminating Global Payment Cards and introducing new Visa credit cards. We continued to work with Biggar Credit Union in regards to technology and began working with Kerrobert Credit Union in regards to marketing. We continued to electronically image documents with the goal of being able to complete documents without having to print them. We developed a new Strategic Plan to guide our future direction. We shuffled staff around as a maternity leave ended and staff left for new opportunities. We are very pleased that through the process, we hired a few new employees, but were also able to offer several new positions to internal staff. While the focus of 2019 was on staffing and the renovation, other projects were still undertaken.

The future continues to hold many changes. Mergers are once again being considered in the provincial system. There will be changes in product offerings with some being terminated, some being added and some getting a facelift. A lot of focus will continue to be on technology, which is ever changing and ever disruptive to an established way of doing business. We are also focusing on becoming your trusted advisors. We want to educate members on how to be financially literate, safe using technology and make the right decisions to enhance their financial well-being.

Unity Credit Union has a long history of providing service to members. As we prepare for the future, we need to focus on how to provide service to members who remain in our community and those who leave our community. Technology enables us to provide this extended type of service but also opens the doors to other opportunities for members. We need to find ways to become trusted advisors to those members who only utilize our services online. Success in the future will continue to require member support. With your support and the support of your children and grandchildren, “We’ll always be there!”

Colette Lewin
President, Board of Directors

Our Board of Directors


Colette Lewin
President


Sandra Wagner
Vice President


Martin Berg


Sharon Del Frari


Christine Lang


Kristine Moon


Anita Parker


Michael Soloski


Keith Wilson

JUNIOR BOARD MEMBERS


Tyrell Kuhn


Abby Rutley

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 requiring dedication. For this reason, obtaining candidates for vacancies can be challenging. 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 2019 were Rhonda Brandle, Sandra Wagner and Anita Parker. During the year, Jeff Bridgeman resigned his position due to a change in employment that took him away from our community. The board appointed Lois Gilbert as a past director to fill this vacancy. Sandra, Anita and Lois were eligible for re-election and agreed to let their names stand. Rhonda declined for personal reasons. Martin Berg and Kristine Moon also agreed to let their names stand and so an election was held. When the ballots were counted, incumbents Sandra Wagner, Anita Parker and new directors Martin Berg and Kristine Moon were declared elected.

We continued our Junior Board Member Program to encourage young people to take an active part in our credit union. The ultimate goal of the program is to help these young people learn more about the credit union and the services we offer and to hopefully expand their financial knowledge. Tyrell Kuhn continued as our Grade 12 representative and Abby Rutley joined as the representative from grade 11. 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 members' personal information, deposit balances or financial information. 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 institution 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, Common Reporting Standards, Canadian Anti-Spam Law and Multi Material Recycling Program. 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 four 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 to related parties or conflict of interest with related parties. 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**
  The Building Committee was created to oversee the discussions and set the direction for the building renovation and in 2018 hired New Ground to manage completion of the project. 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.

Directors attended other training sessions both in person and through webinars. The webinars allow 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 2019, remuneration paid was $57,950, which was less than the year before as we did not host a director training weekend in 2019. Insurance premiums paid on behalf of directors were about $1,400.

Our Management & Staff

MANAGEMENT TEAM

Gerald Hauta
Chief Executive Officer

Lynn Maze
Manager of Member Experience

Shannon Mellquist
Manager of Digital Experience

Megan Schweitzer
Manager of Marketing

Christy Walker
Manager of Lending Services

In 2019, after some movement and changes in personnel, our Management Team consisted of five positions:

- **Chief Executive Officer – Gerald Hauta** – responsible for the oversight of all areas of the operation. Gerald has 33 years of credit union experience gained from various positions, credit unions and communities.
- **Manager of Member Experience – Lynn Maze** – responsible for member service including deposits, withdrawals, card services, fraud management, cash management, clearings and statements. Lynn has 40 years of experience in credit unions, and has held several different positions.
- **Manager of Digital Experience – Shannon Mellquist** – responsible for researching and implementing technology that enhances members' experiences when dealing with Unity Credit Union online, in person or over the phone. Shannon has 13 years credit union experience in various positions as well as previous experience with chartered banks.
- **Manager of Marketing - Megan Schweitzer** – responsible for advertising, communications and promotions utilizing various marketing platforms. In addition, she is accountable for corporate social responsibility. Megan has a Commerce Degree with a Major in Marketing combined with seven years of credit union experience, all in the marketing area.
- **Manager of Lending Services – Christy Walker** – responsible for all lending and collection activities. Christy has over 14 years of credit union experience as well as experience in the chartered banks. She has held various positions throughout 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 Chief Executive Officer, who in turn reports to the Board of Directors.

UNITY Credit Union

INVESTMENT TEAM


Amy Close

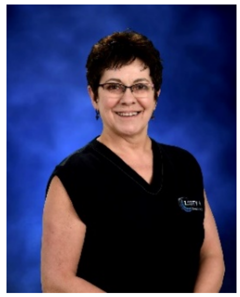

Scott Smith


Sonya Willy

MEMBER EXPERIENCE & MEMBER SERVICES TEAM


Debra Cairns


Maria Carino


Wanda Keller


Trina Lascelle-Lefebvre


Shimon McWatters


Denise Purcell


Lisa Reddekopp


Sara Schurman


Jennifer Wilson

LENDING TEAM


Gaylene Heffner


Michelle Pilat


Carissa Ralston


Janelle Riou


Deon Sieben

UNITY Credit Union

SUPPORT TEAM


James Acuna


Michelle Aldred


Kerri Green


Shauna Hammer


Melanie Kist


Dianne Kramer


Rachel Loran (maternity leave)


Curtis Sieben


Vanessa Spendelow


Rajbir Volk (maternity leave)

CREDENTIAL FINANCIAL STRATEGIES INC.


Aaron Mielke


Crystal O'Brien

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 members' financial well-being. As times change, continuous learning is important. Currently more training is done through webinars or online sessions. These sessions are supplemented by in-person sessions and networking opportunities. The use of online training saves 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 support networks and gain new experiences to serve you better. With the new methods of training and the required annual training, all staff were enrolled in some form of training in 2019.

In 2018, the credit union used a maternity leave to develop a temporary organizational structure to create multiple career opportunities rather than just the one created by the maternity leave. Through this plan, staff were given opportunities for challenge, growth and learning to gain meaningful experiences to compete for future employment opportunities, both internally and in the Credit Union System. In 2019 with the completion of the maternity leave, those employees who were in temporary positions were given the opportunity to apply for new position offerings or return to their former position. The net result was a combination of some new positons and some returns to former positions. We were pleased that several employees were chosen for the new positions rather than hiring from the marketplace, while a few new people were also hired. It was another interesting year for employees and our Human Resources Co-ordinator.

We realize that all this movement of people had impacts on members. We would like to thank members for working with us through this transition. We appreciate your patience and co-operation in giving our employees a chance to learn and gain more knowledge of our credit union and the credit union system in general.

Our Community

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 to protect the interests of those who do business with Unity Credit Union. Privacy is the practice 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, 2018 should be read in conjunction with the Financial Statements and accompanying notes

STRATEGY

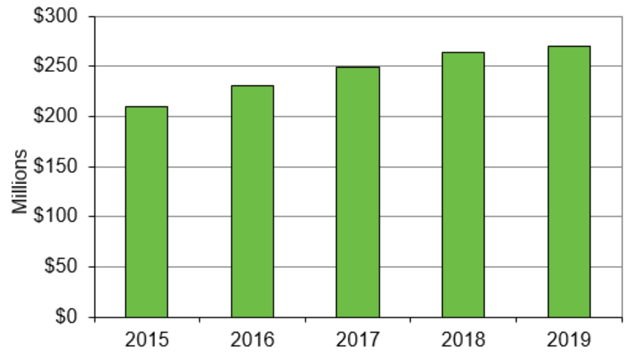
The vision of Unity Credit Union remains "Partnering to achieve success and build a better community". In order to achieve this vision, our goal for the year was to plan, execute and thrive by doing different well. This was brought to fruition through the key strategic objectives of Financial, Control/Regulatory, Innovation, Corporate Governance – Directors, Corporate Governance – Staff. Action plans were developed under each objective to achieve the goals.

Financial – Focused on Growth and Member Service

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 does not occur 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 2019, our growth target was 5.66%. Growth was not as robust in 2019 as in past years. There were two factors that contributed to this challenge. The first was the economic conditions in the area, province, country and world. The second factor was a challenging growing season. The challenges began in the spring and continued through a dragged out harvest season. Despite the challenges, assets increased over $6.1 million or 2.34% to end the year at $269,619,716.

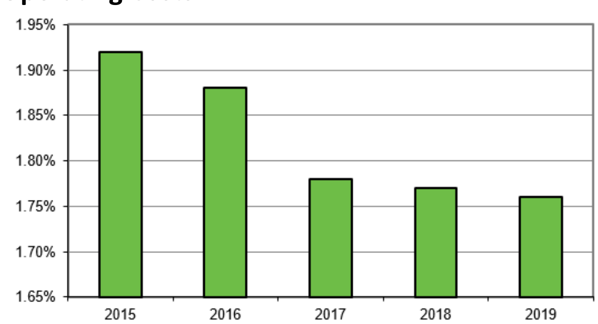


This was the lowest growth results we have seen since 2013. Despite the lower result, our 10-year average growth was 6.7%. Since 2013, we have grown from $184 million to $269 million.

Capital remains one of the measures of financial stability; therefore, a slower year of growth allowed us to build our capital. Since capital has been a position of strength for the last while, we continue to pay patronage. We have continued to pay patronage as we feel it is one of our differentiators.

In 2019, a major change in our balance sheet was the increase in fixed assets due to the renovation of our building. Funds for this project came from investments, which ultimately were funded by member deposits.

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, so it has to remain a prime focus. In trying to meet both these measures of success, we also have to remain competitive with other financial institutions on deposit and loan rates.

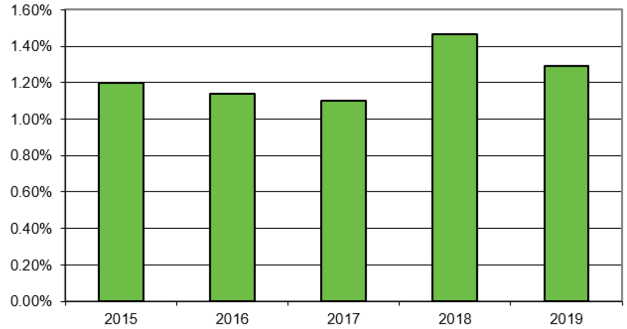
The credit union generated revenue through interest margin and collection of service charges and commissions. Margin was still the largest generator of revenue as we have tried to keep fees and charges minimal in comparison to our competitors, especially the chartered banks. In

2019, the prime rate was stable all year helping us achieve a gross financial margin of 2.82%. This combined with a larger loan portfolio resulted in more interest revenue. Our venture capital investments also did very well in 2019, which boosted our bottom line and margin. Non-interest income was down substantially from 2018. There were several factors in this reduction. The change in card products and the loss of Global Payment Cards affected our revenues. Revenues should improve over time, but 2019 was impacted by these changes. Loan demand was lower so we did not generate as much revenue from application fees or insurance sales. We eliminated the service charge on Interac e-Transfers, which further reduced revenue. The CFS office saw growth, but with the volatility in the markets did not generate as much revenue as they had in 2018. The final factor affecting revenue was the disposition of equipment and other fixed assets that were no longer needed or used in the renovation. These disposed assets were not fully depreciated so we had to reduce their value to zero, which resulted in a significant one-time expense. This, along with foreign exchange costs, show as negative results in our non-interest revenue, thereby reducing our overall result.

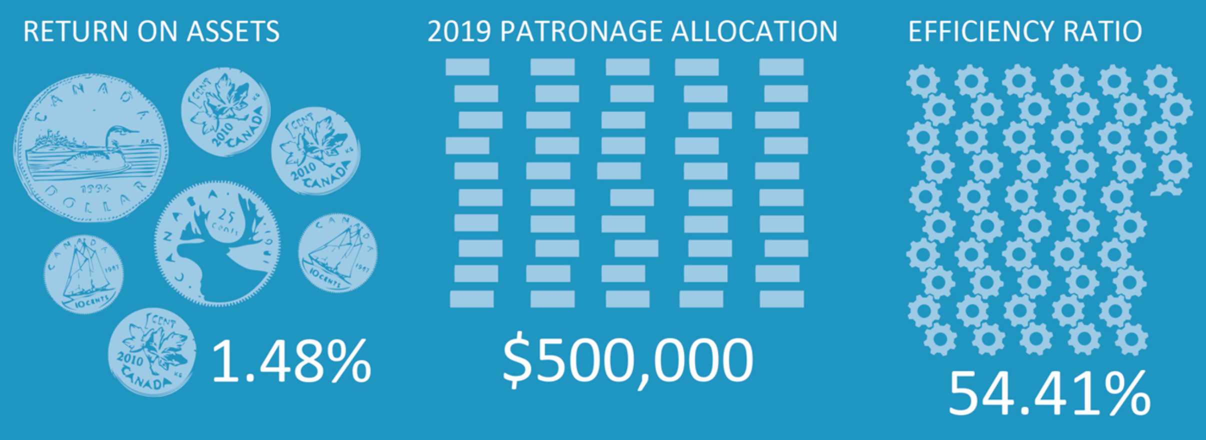
We have four broad categories of expenses. The first is interest expense. This category increased in 2019, as we increased rates on member deposits and experienced growth in member deposits. The second category is operating expenses. Overall, our operating expenses increased by $125,000 and represented 1.77% compared to 2.01% in budget. We did not have to start depreciating the renovation costs, but we did expense several smaller costs related to the renovation. In addition, during the process, there were several one-time expenses that were paid. We made some changes to our insurance coverages, which increased our costs as well. Personnel costs remained our largest operating expense, as has been the case historically. The third category of expense was the provision for impaired loans. The provision expense decreased drastically from last year as we dealt with two accounts that had affected our provision in the past and in 2018, we had to make a one-time retroactive adjustment to our provision due to accounting changes. The fourth broad category of expense is tax. We are now paying more in taxes, and will continue to pay more in taxes. This is due to two reasons. Due to our growth, we were able to generate a larger operating surplus. The second reason, and the one beyond our control, is changes made in the federal and provincial tax regimes for credit unions. An increase in taxes reduces our ability to generate an operating surplus, build capital or return funds to members and communities.

The net result of revenue minus expenses left an operating surplus of $2,130,750, an increase from last year, which can be used for the good of the credit union and the communities it supports.

Return on Assets before Allocations



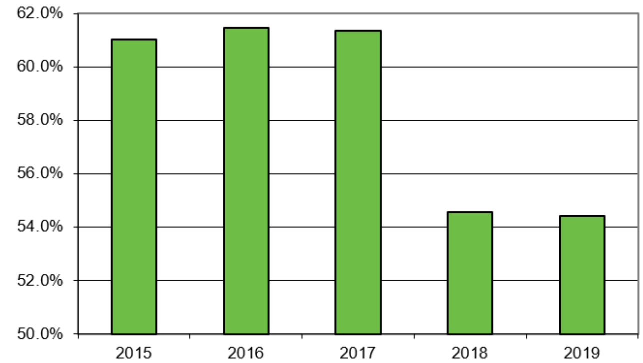
Return on assets before allocations is a measure of the funds generated from day-to-day operations. It does not include provision expenses or allocations for patronage or taxes. Our budgeted expectation was 1.10%. We



achieved 1.48% due to the fact that our budget included extra expenses for personnel, technology purchases and depreciation on the renovation. In reality, these extra expenses did not materialize, as we did not do all the things projected in budget.

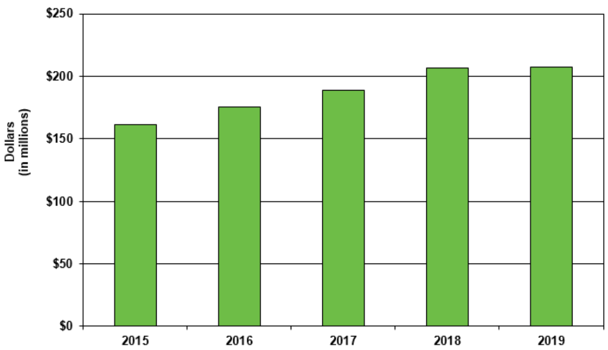
In 2019, for the 2018 patronage payout, we underwent a change in our process. We sought a new provider with the hope that going forward we would be able to manage and run the process. The change was more difficult than we anticipated. The payout for the 2018 patronage allocation was based on the amount of loan and deposit business, as well as the amount of service charges paid, but was delayed until the very end of the year. From the 2019 operating surplus, we allocated $500,000 for patronage, but when the final accounting for 2018 was done, we found a reporting mistake and had to use $100,000 of the 2019 allocation for the 2018 payout. This reduced the 2019 return to actually be paid to members to $400,000. This will be paid as a combination of a rebate on loan interest paid, a bonus on interest paid and a refund of service charges. We are hoping that processing will go better in 2020, and the 2019 patronage will be paid out more in line with the time frames accomplished in the past. We wish to emphasize that membership has benefits you will not receive from other financial institutions.

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 the operation. A ratio above 85% is generally considered undesirable. In 2018, our organization had an efficiency ratio of 54.41%. In 2019, we matched this ratio by achieving 54.41% again. Being a single branch organization helps to keep our efficiency ratio at a lower level than multi-branch organizations. An improved margin, as stated already, and managed operating expenses also helped to improve our efficiency ratio. The final factor was the renovation. Since we did not have to depreciate the costs in 2019, we did not incur additional expenses in this regard. We anticipate ROA and efficiency will be affected in 2020 now that the renovation is complete and depreciation expenses begin; however, we anticipated these and calculated the effects as best we could before we approved the project.

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 performing 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 76.85% of assets.

As assets grow, we need to find ways to grow our loan portfolio to keep pace. We budgeted for 5.96% loan growth but attained only 0.66%. Growth was difficult due to the economic conditions, combined with the challenging growing season. In order to maintain our loan portfolio, we had to rely on a variety of sources including demand from our members, syndicating loans with other credit unions and funding leases through Calidon Equipment Leasing.

In 2018, one of our major projects was to be compliant with IFRS 9 rules. The greatest effect from the new accounting rules was related to loans and accounting for allowances. The new rules replaced the old rules, which recognized impairment losses when incurred, with a forward-looking expected credit loss model, which requires a more timely recognition of losses expected to occur over the contractual life of the loan. In 2019, we continued to be compliant with the new accounting rules. The new rules provided more fluctuation in our general allowance based on the factors that are used in calculating the general allowance. At the end of the year, our specific allowance was $224,491 and our general allowance was $725,795 for a combined total of $950,286. This was $360,104 less than last year.

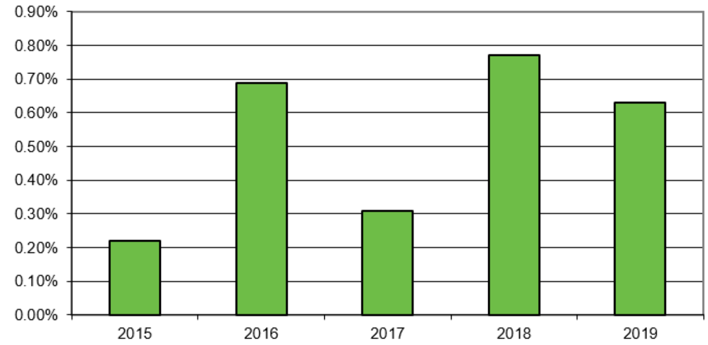
One of the other changes in reporting is the requirement to report on mortgages and the effect of changes in property values. In 2019, the credit union held $49.5 million in conventional residential mortgages and $17.9 million in insured mortgages. Insured mortgages are those that have a Canada Mortgage and Housing Corporation (CMHC) guarantee. Backed by the guarantee, these mortgages represent less risk to the credit union than conventional mortgages. The amortization periods for mortgages are as follows:

Residential mortgages by amortization period	Insured residential mortgages	Uninsured residential mortgages
5 years or less	$75,272	$2,049,142
More than 5 years and up to 10 years	$256,524	$3,036,223
More than 10 years and up to 15 years	$392,523	$6,387,529
More than 15 years and up to 20 years	$5,963,228	$12,872,563
More than 20 years	$11,300,317	$25,192,779

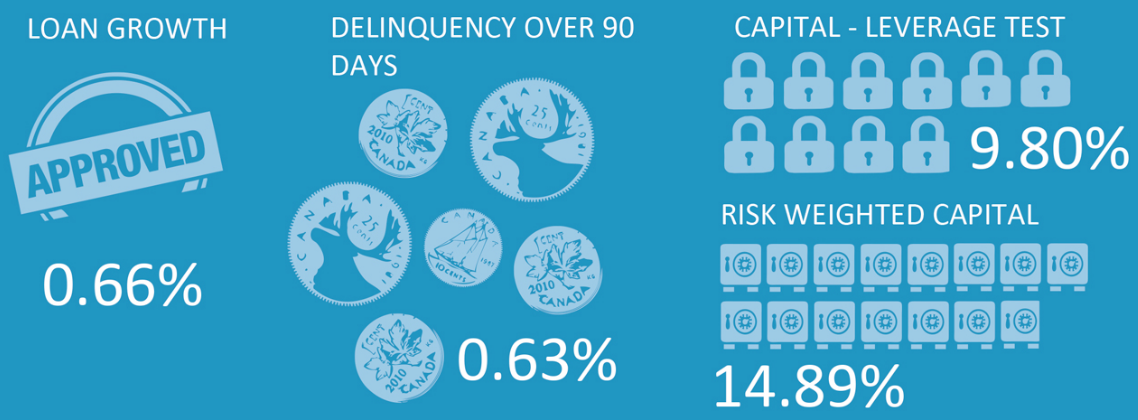
The credit union has determined that a non-conforming mortgage is a mortgage on residential property securing a loan or non-amortizing Home Equity Line of Credit that is approved with three exceptions from requirements outlined in policy and procedures. In 2019, we determined that we did not hold any non-conforming mortgages. Obviously, with three exceptions to policy or procedures, these types of mortgages would pose more risk to the credit union and ultimately the operating surplus so need to be monitored.

The other effect of mortgages that needs to be monitored is the value of properties in relation to the mortgages on the properties. In the 80's, the agricultural sector experienced a rapid decline in land values compared to outstanding mortgage values. In major urban centres, the same thing can and has happened more recently; therefore, new monitoring and risk evaluation processes have been implemented. In our capital adequacy calculations, we now have to consider the effect of declining values against new and existing mortgages. We have added extra capital requirements for residential mortgages and property devaluations. We do not feel our values will drop as much as in major centres. We have several capital requirements related to loans. Despite these factors, we are required to comply and so our calculation requires us to hold an extra $121,138 in capital for such circumstances. This is subject to change on a quarterly basis.

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 0.63%. This was the same as 2018, and was considered positive considering the length of the economic slowdown and the challenging growing year and harvest. We continued to see more members 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

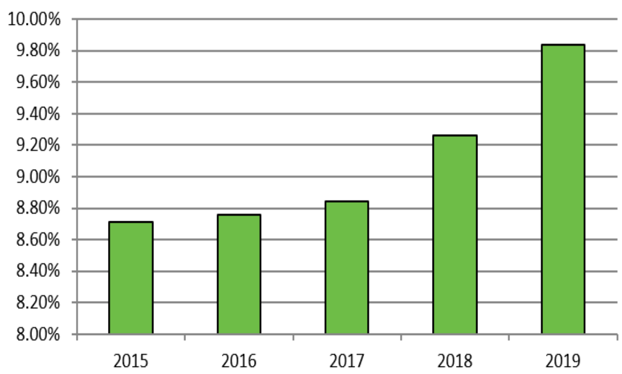
One of the primary measures of financial strength of any financial institution is its capital position. Worldwide, all financial institutions are being tasked with building capital to ensure that downturns in the economy can be withstood. Credit unions operate in a highly regulated environment, where 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.

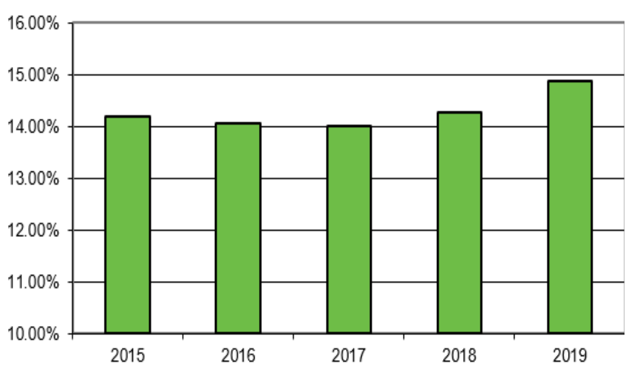
The goal of capital management is to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, prepare for and absorb unexpected losses, implement long-term strategic plans and signal financial strength. Too little capital restricts the credit union's ability to grow and generate returns. It also increases the risk of having insufficient funds to cushion against unexpected losses or liquidity needs. With too much capital, 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 9.80% at yearend. The second measure is the risk-based test, which compares eligible capital to risk weighted assets. The standard is 10.50% and we held 14.89%. Our results remained strong and were considered a success. We feel a strong capital base is important, especially in tough economic times and even more now, as we are faced with the unknowns of a pandemic.

Leverage Test



Risk Weighted Capital



Member Service

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 2019, we served 4565 members and eight non-members. The number of members remained stable with a modest increase of only six. This represents the net result after all the new accounts are added and closed accounts are deducted. Accounts are closed due to members passing or moving. In addition, we clean up accounts due to duplication, inactivity or unsatisfactory operation. We clean up these accounts because some of our costs are based on the number of accounts we have, and therefore, these types of 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 our 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 2020, Integrated Voice Response banking, more commonly known as telephone banking, will be discontinued as the number of members using this service is minimal, the credit unions we share the technology with are looking to discontinue the service, and we have other ways to access accounts 24 hours a day.

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 options, 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.

Education

One of the co-operative principles is education, training and information. Education, marketing and innovation have a lot of interconnectivity. On an annual basis, we update our marketing plan to provide direction to the actions and activities taken.

In 2018, we tried a new and different format to get our message to a younger demographic who did not attend our regular Annual Meeting. We lightened the meeting agenda, offered a supper and refreshments and provided entertainment. Due to the success in 2018, we continued with the new format in 2019. Once again, the evening was well attended and we presented our differentiators in a lighthearted way to get our message out without lecturing.

With the inspiration from Josh Noble, we began work to create a children's book to highlight the differences between credit unions and other financial institutions. It has been quite a learning process working through the various phases of creating, illustrating, reviewing and approving the layout. We were hoping to have the book published before the end of 2019 but it now appears it may not be published until the second quarter of 2020.

Marketing includes educating members about our products, services and our organization. The world of marketing has grown to include historical forms of marketing such as newspaper and posters, as well as many and varied forms of social media. We expanded our profile from our website to include Facebook and Instagram. We are very pleased to have seen improvements and uptake of all our social media presences. As time goes on, these forms of marketing and education will continue to grow in importance.

Each One Teach One is a program developed by the credit union system to help provide and promote financial literacy. We have eight employees who are certified to offer the program to various audiences. In 2019, we began to roll out the training to a variety of groups with different needs. We were pleased to offer eight sessions. Through our Junior Board Members, arrangements have been made to provide a series of sessions at the High School in 2020. We are very pleased with this opportunity as it allows us to spread the importance of financial literacy but more importantly allows us to meet face–to-face with the next generation of members, employees and directors.

We are pleased to report that we won our third Marketing Award at the National Credit Union Conference in Winnipeg. We were very pleased and proud to have been selected for a third consecutive award and be recognized on the national stage for our efforts.

Another co-operative principle 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. We are pleased to report that our staff provided in excess of 1300 hours of volunteer time in 2019.

We feel that community leadership is important but should also be fun. In the schools, we attended Activate Days, participated in the Career Fair, and participated in and won the Chili Cook-Off for a second time. We had a mortgage promotion and gave away a set of cordless tools. We provided a meal to the field during harvest. Continuing in our partnership with the Co-op, we constructed the boards for the outdoor rec facility, provided a pancake breakfast at the Unity Trade Fair and Fall Fair. We helped a group of volunteers do yard work at Unity Long Term Care. As part of the Women's Mentoring Program, we hosted Precious Gilbert from Nigeria. Precious came to Canada to learn from a more developed credit union system in order to go home and strengthen her country's credit union system. While she was here, she toured the community and met with many people. One of our directors, Christine Lang, has taken it upon herself to knit blankets and donate them to Ronald McDonald House in Saskatoon. We sponsored a Miner's Hockey Game and had fun giving away prizes in various ways to different age groups. We ended the year with another very successful community Winter Wonderland and 12 Days of Christmas promotion. We were very pleased to be nominated and chosen as a finalist for two ABEX awards through the Saskatchewan Chamber of Commerce. This was quite an honour.

As for involvement in the community, we were busy supporting many and varied organizations, groups and events. One of our largest donations was made to the new Zamboni for the Unity Community Centre. We honoured our pledge to support Tramping Lake as we were able.

Innovation

One of the initiatives that took a lot of time and a lot of patience by members was the dual transition – away from Global Payment Cards and the implementation of Visa Credit Cards through Collabria. Both of these transitions came with more pain than originally anticipated. We had not foreseen the loyalty toward the use of Global Payment Cards. With the change in service providers and the termination of Global Payment Cards, we thought that members would transition and be more accepting of the new products. We found that members were extremely supportive of Global Payment Cards because of their financially responsible money management. This, coupled with the challenges of converting to Collabria's Visa Credit Cards, made these transitions much more work intensive than originally envisioned. With time, the processes did improve but we thank members for their co-operation through both transitions.

The next transition to take place in 2020 will be the termination of Integrated Voice Response, more commonly known as telephone banking. The number of users of this program has reduced although the remaining users are quite loyal to this service. We currently share the technology for this service with other credit unions and they have given notice that they will be terminating the service at their credit unions. These reasons, combined with the numerous other avenues we have for 24/7 access to member accounts, have resulted in the decision to terminate the service. We will be working with members to find another way to manage their accounts.

A while back, we introduced Mobile Pay, which allowed members to pay for transactions by using their phones. We never really promoted this product as it had some issues and was only available to Android phone users. In 2019, we made the decision to transition away from Mobile Pay, and allow our members to use and access their accounts through Apple Pay, and new in 2020, through Google Pay. These options open up this service to all mobile devices.

We continued to work with Biggar Credit Union, but after Josh Noble left our organization, the mutual decision was made to work together on a project-to-project basis rather than trying to create one department for the two credit unions. With this approach in mind, we transitioned our creditor insurance from Valeyo to CUMIS. Together, we signed agreements to purchase a Customer Relationship Management (CRM) program through Doxim. We also agreed on a new service to move MemberDirect forward into the new digital environment. In addition to working with Biggar, we began offering marketing support to Kerrobert Credit Union and Scott provided mentoring support to employees at Turtleford Credit Union.

The last thing we began to investigate was analytics. Analytics is the new buzzword in the financial industry. We dabbled in creating some reports in 2019. The agreement we signed with Doxim for CRM also includes an analytical framework. As we move into the new financial service environment, we see analytics gaining more importance; therefore, we want to be ready.

The credit union system continues to undergo change. Merger discussions increased with several credit unions announcing mergers in the new year. 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 the changes to help us prepare to implement them going forward.

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 but we also need to focus on becoming your trusted advisors. We feel this delicate balance will bring success into the future.

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.

Corporate Governance

In the area of corporate governance, we had four key focuses. These included strategic planning, completing the renovation, reviewing policy and transitioning employees upon the completion of the maternity leave.

In regards to strategic planning, every two years, the board undergoes a formal planning process led by an outside facilitator. In 2019, we tried holding the strategic planning process earlier in the year rather than waiting until the last quarter. This process will drive the 2020 business plan.

The renovation started in 2018, but the majority of the work and upheaval was in 2019. What started as a 39-week project soon blossomed into a 16-month project. Along with the extra time came extra dollars. We had barely begun, and the steel tariffs were put into place by the United States, raising our costs before we really even got started. We made some changes as we went along. Some of these changes actually reduced costs, but many also increased the costs. We ended up redoing the roof on the section of the original building. We were hoping we would not have to do this, but the roofers recommended the repairs. As with any renovation, once walls and ceilings were opened, things were found that had not been anticipated which resulted in extra costs. In the end, we spent $5 million on the project including the building, furniture and new equipment. We upgraded our security system and have already utilized it and realized the benefits of a better, more comprehensive system. The drive-thru ATM did not get installed, as it is a new machine that is still being certified. The drive-thru lane did not get done because the fall weather turned against us. In considering the drive-thru lane, we examined our whole parking lot and anticipate updating it in the new year. We have estimates for this job, some of which are included in the $5 million, but until it is done, we will not know the exact costs. As with the building, we decided that maybe it was time to update the whole parking lot as we have several pools of water that form and at certain times of the year create safety hazards for staff. Through the entire process, we were very pleased to have 15 local contractors participate in the project. We were hoping for this type of result, and are very pleased it actually occurred. This does not include any of the other economic spinoffs to the community related to the renovation project such as hotel stays, meals, groceries, and professional services to name a few. As we have stated many times throughout the project, we appreciate the support and co-operation of members through the entire renovation. They supported us through the confusion, disruption and upheaval, and for that, we thank you.

The third governance focus was a policy review. It had been some time since we completed a comprehensive review of policies and procedures to ensure relevance. In 2019, a complete review of policies and procedures was completed and approved by board and management. Several changes were made through the process, proving the necessity of such reviews.

The fourth and final focus for 2019, was the transition of employees from the major overhaul we began in 2018. With the completion of the maternity leave, the process to transition staff began. With more time available for the process, changes happened at a more controlled pace with some staff getting extensions to allow for all the processes to be completed. In the end, some staff accepted new positions, some staff transitioned to their former positions, and some new staff were hired. We were pleased that so many current staff were selected to fill new positions. While we always welcome new staff, it is also nice to advance the staff you have.

These are just a few of the things we did in 2019.

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. In dealing with any forms of risk, we have four options available:

- Risk avoidance
- Risk acceptance
- Risk transfer
- Risk mitigation

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

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, continues to 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 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 the various risks.

A second element of risk management is liquidity. Again, rather than just a straight percentage of assets, the requirement is now to calculate a liquidity coverage ratio and complete stress testing. 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 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, product obsolescence 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.

A key challenge facing the credit union is the changing needs of members and seeking ways to be relevant to members who use the services of Unity Credit Union in new and different ways than their parents and grandparents.

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.

The advances in technology are not slowing down and the cost is ever increasing. It is important that Unity Credit Union have adequate resources to invest in these technologies. With this in mind, in our Internal Capital Adequacy Assessment 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. This does not protect our income statement in any fiscal year but it does protect our capital position and thus was felt to be prudent.

The provision of services and changes in the financial industry have elevated this risk from an historical low to a moderate position where it remains. The credit union held a formal facilitated strategic planning process in 2019, which determined and set direction for the near future.

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, fluctuations in security value risk, inadequate allowance risk and policy exceptions risk.

The Board of Directors sets policy to guide lending processes. These are put into practice through procedures established by management. In 2019, a comprehensive review of the complete lending policy and procedures was undertaken to ensure they were up-to-date and relevant.

Credit granting is performed in accordance with the 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 by industry and size of loans have been designed to reflect our risk tolerance. Credit risk is further mitigated through training of loans personnel. A risk rating system to analyze the risk evident in the lending portfolio leads to more detailed and risk related reporting on the loan portfolio. This moves the risk assessment from dollar amounts to key risk factors, which provides a more in depth analysis of the member file. In addition, due to the implementation of IFRS 9, a comprehensive impaired loan assessment is being used, which results in a change from a reactive approach to a proactive and forward-looking approach. This has created more fluctuation in the allowance related to the overall portfolio, but strengthens the credit union's risk management. With the change in credit card service providers, and the related changes in processes, credit cards have been added to the risk assessment.

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.

Due to the prolonged economic slowdown, slower activity in the oil industry, more consumer proposals being received, an average crop production and the new risk assessment, credit risk continues to be unchanged at a moderate risk.

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 through the Audit & Risk Committee to the board. 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 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. In 2019, due to the new credit card services and new US Dollar accounts, the value of US Dollar accounts increased somewhat.

Due to the processes in place to manage and monitor market risk, the risk remains unchanged at a low risk.

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. The standards have changed with the focus now on the liquidity coverage ratio and the quality of liquid assets. Quality is determined by how quickly investments can be liquidated and how they would be impacted by market value fluctuations. We now have more ability to control our liquidity coverage ratio by the investment choices we make. Throughout 2019, we were able to meet and exceed the liquidity coverage requirements but we feel there is still room to manage our investments better. With the new investment options we were able to generate sufficient revenue to cover the new liquidity management assessment, as well as increase our overall revenue.

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.
- Reviewing and reporting the credit union's liquidity position to the Management Risk Committee and through the Audit & Risk Committee to the board.

Due to meeting and exceeding the liquidity coverage ratio all year, and regularly meeting the liquidity stress test, the risk remains unchanged at low.

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.

Key specific risks include knowingly not reporting suspicious transactions or any other required money laundering or terrorist financing transactions. Other risks include breaches of privacy and tax related activities.

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.

Due to the number of regulatory processes and the implications of non-compliance, legal and regulatory risk remains unchanged at moderate.

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.

Specific risks include internal and external frauds including compromising of cards or systems, inability to attract and/or retain qualified employees, loss of operating systems and outside factors such as robbery, random attacks or disasters, such as a train derailment.

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, a comprehensive business continuity plan, and appropriate insurance coverage and secure technology solutions. Our banking platform is maintained offsite and includes a very complicated back up and disaster recovery process. Improved on-site backup systems have been implemented.

The risks of fraud, especially external fraud through compromises or breaches continues to increase so the overall operational risk remains moderate to moderate high.

Our Future

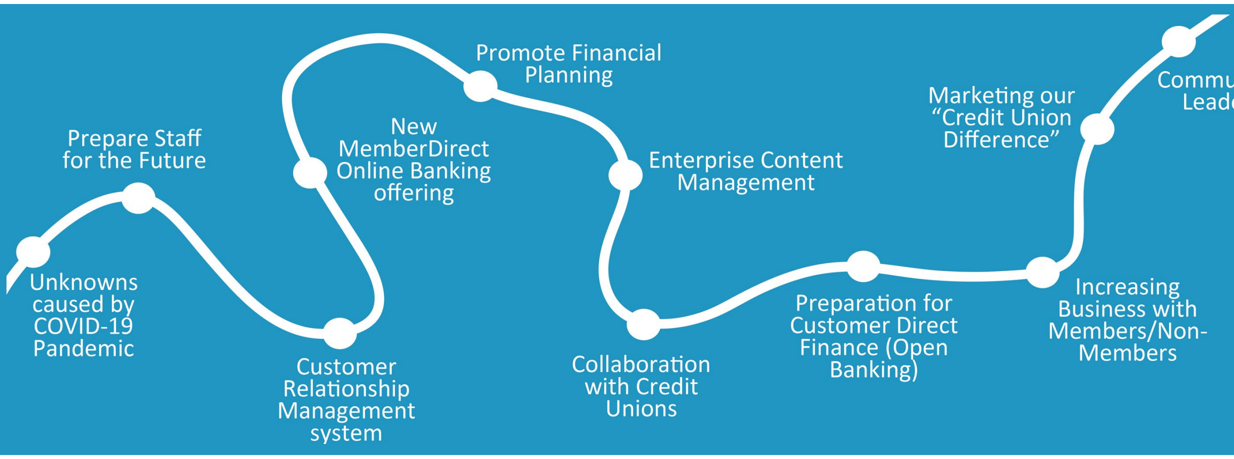
Every year we look into our crystal ball to try to determine what the future might hold. Every year the picture shows change. This coming year is no exception. We are looking for ways to continue to help prepare our staff for the future. We anticipate more technological advances, both for the benefit of the credit union 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:

- Dealing with the unknowns caused by the pandemic
- Seeking ways to help prepare staff for the future
- Implementation of a Customer Relationship Management system to enhance the member experience
- Implementation of a new MemberDirect offering
- Continuing 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
- Learning and preparing for Customer Direct Finance formerly known as open banking
- 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, 2019. 2019 was another successful year and we look forward to continued success in 2020. With your continued support, "We'll always be there."

Respectfully submitted,

-Board of Directors and Management



CREDIT UNION DEPOSIT GUARANTEE CORPORATION
Annual Report Message 2019

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, 2019

Report of the Independent Auditor on the Summary Financial Statements

To the Members of Unity Credit Union Limited:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2019, and the summary statements of 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 (the "Credit Union") for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 12, 2020.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

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

Saskatoon, Saskatchewan

March 12, 2020

MNP LLP

Chartered Professional Accountants

Unity Credit Union Limited
Summary Statement of Financial Position
As at December 31, 2019

	2019	*2018*
Assets		
Cash and cash equivalents	**16,307,652**	11,339,010
Investments	**40,525,700**	43,358,374
Member loans receivable	**207,207,671**	206,846,454
Other assets	**1,096,173**	858,510
Property, plant and equipment	**4,482,520**	1,052,843
	269,619,716	263,455,191
Liabilities		
Member deposits	**242,955,853**	238,705,850
Other liabilities	**541,832**	821,174
Membership shares	**3,292,841**	3,229,727
	246,790,526	242,756,751
Members' equity		
Retained earnings	**22,829,190**	20,698,440
	269,619,716	263,455,191

Approved on behalf of the Board

______________________, Director

______________________, Director

Unity Credit Union Limited
Summary Statement of Comprehensive Income
For the year ended December 31, 2019

	2019	*2018*
Interest income		
Member loans	**9,241,991**	8,505,823
Investments	**1,524,858**	1,538,790
	10,766,849	10,044,613
Interest expense		
Member deposits	**3,166,529**	2,555,759
Borrowed money	**5,673**	13,777
	3,172,202	2,569,536
Gross financial margin	**7,594,647**	7,475,077
Other income	**654,381**	1,020,506
	8,249,028	8,495,583
Operating expenses		
Personnel	**2,500,843**	2,384,958
Security	**251,482**	231,548
Organizational	**165,574**	166,772
Occupancy	**223,524**	207,857
General business	**1,619,354**	1,644,291
	4,760,777	4,635,426
Income before provision for impaired loans, patronage refund and provision for (recovery of) income taxes	**3,488,251**	3,860,157
Provision for impaired loans	**223,800**	773,851
Patronage refund	**500,000**	500,000
Income before provision for (recovery of) income taxes	**2,764,451**	2,586,306
Provision for (recovery of) income taxes		
Current	**530,662**	575,686
Deferred	**103,039**	(97,698)
	633,701	477,988
Comprehensive income	**2,130,750**	2,108,318

Unity Credit Union Limited
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2019

	Retained earnings	*Accumulated other comprehensive income (loss)*	*Total equity*
Balance, December 31, 2017	18,817,090	(3,091)	18,813,999
Comprehensive income	2,108,318	-	2,108,318
IFRS 9 transition adjustments	(226,968)	3,091	(223,877)
Balance, December 31, 2018	**20,698,440**	**-**	**20,698,440**
Comprehensive income	**2,130,750**	**-**	**2,130,750**
Balance, December 31, 2019	**22,829,190**	**-**	**22,829,190**

Unity Credit Union Limited
Summary Statement of Cash Flows
For the year ended December 31, 2019

	2019	*2018*
Cash provided by (used for) the following activities:		
Operating activities		
Interest received from member loans	**9,182,351**	8,287,875
Interest received from investments	**1,628,627**	1,490,504
Other income	**654,381**	1,020,506
Cash paid to suppliers and employees	**(4,940,738)**	(3,743,602)
Interest paid on deposits	**(2,902,878)**	(2,478,062)
Interest paid on borrowed money	**(5,673)**	(13,777)
Patronage refund	**(500,000)**	(500,000)
Income taxes paid	**(779,817)**	(420,757)
	2,336,253	3,642,687
Financing activities		
Net change in member deposits	**3,986,350**	12,472,124
Net change in membership shares	**63,114**	870
	4,049,464	12,472,994
Investing activities		
Net change in investments	**2,728,906**	5,521,365
Net change in member loans receivable	**(525,377)**	(18,709,666)
Purchases of property, plant and equipment	**(3,632,370)**	(716,918)
Proceeds from disposal of property, plant and equipment	**11,766**	4,985
	(1,417,075)	(13,900,234)
Increase in cash and cash equivalents	**4,968,642**	2,215,447
Cash and cash equivalents, beginning of year	**11,339,010**	9,123,563
Cash and cash equivalents, end of year	**16,307,652**	11,339,010

1. Basis of the Summary Financial Statements

Management has prepared the summary financial statements from the December 31, 2019 audited financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited financial statements is available from the Credit Union. The detailed notes included in the audited financial statements are not included in these summary financial statements.

The criteria developed by management for the preparation of the summary financial statements is as follows: that the information included in the summary financial statements is in agreement with the related information in the financial statements, and that the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto, in all material respects.