



2023

ANNUAL REPORT

& Summarized Financial Statements



We'll always be there.



VISION

Partnering to achieve success and build a better community.

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.

We'll always be there.

UNITY CREDIT UNION LIMITED

ANNUAL GENERAL MEETING

TUESDAY, MARCH 26, 2024

ORDER OF BUSINESS

7:30 - Pre-Meeting Items

- Introduction of Guests 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

- Call to Order
- Adoption of Agenda
- Adoption of Minutes of Last Meeting held March 28, 2023
- 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
- Question/Discussion Period
 - Service Award Presentations
 - Door Prizes
 - Adjournment

PROOF OF NOTICE OF MEETING AND CONFIRMATION OF QUORUM

1) Proof of Notice:

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

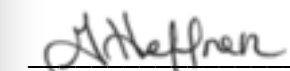
TO WIT:

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 branch at Unity Credit Union, on social media and the credit union website on March 4, 2024.

And published in "The Unity-Wilkie Press Herald"
on March 1, 2024.

Sworn before me at the Town of Unity
In the Province of Saskatchewan
This 15th day of March, 2024.

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A Commissioner for Oaths in and for Saskatchewan
My Commission expires April 30, 2027

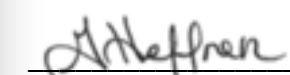
AFFIDAVIT OF COMPLETION OF REPORTS

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

- 1) The Annual Financial Reports were completed by March 14, 2024.
- 2) The Annual Financial Reports were made available to the membership March 14, 2024, 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 15th day
of March, 2024.

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A Commissioner for Oaths in and for Saskatchewan
My Commission expires April 30, 2027

MINUTES OF THE 2022 ANNUAL MEETING OF UNITY CREDIT UNION LIMITED

UNITY CREDIT UNION
Tuesday, March 28, 2023

At 7:02 p.m. Gerald Hauta welcomed everyone to the meeting and reviewed the Virtual Meeting Protocols. Fun polls were used to test the Voting Polls.

The meeting was held virtually with 57 in attendance which included a few guests.

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

Gerald presented the Affidavit of Completion of Reports. It was noted that the Annual Report and Financial Statements are available at the Credit Union and on the Credit Union website.

The board appointed Gerald Hauta as Chairperson and Dixie Berki as Secretary at their last board meeting.

Gerald Hauta called the Annual General Meeting to order at 7:11 pm.

Colette Lewin and Michelle Aldred moved that the agenda be adopted as presented. Carried.

Gerald presented the Minutes of the 2021 Annual Meeting held on Tuesday March 22, 2022.

Tom Stephenson and Ward Snell moved that the minutes of the 2021 Annual Meeting held on Tuesday, March 22, 2022, be accepted as presented. Carried.

There were no errors or omissions arising from the minutes. There was no business arising from the minutes.

Michael Soloski presented the President's Message.

Gerald Hauta and Michael Soloski presented the Credit Union Discussion and Analysis Report. Gerald spoke about staff dedication to volunteering in our community. Gerald asked for any questions or comments, but none arose.

Shannon DeRoo and Michelle Aldred moved that the President's Message and the Credit Union Discussion and Analysis Report be accepted as presented. Carried.

Curt Wagner of MNP presented the Auditor's Report as well as highlights of the Financial Statement. There were no questions arising from the statements.

Vanessa Spendelow and Ward Snell 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 2023.

Raj Volk and Tom Stephenson moved that the accounting firm of MNP be appointed as the auditors for Unity Credit Union Limited for 2023. Carried.

Gerald Hauta presented the Nominating Committee Report.

Anita Parker, Christine Lang and Michael Soloski had their terms expire in 2023. As per policy, Michael Soloski, will have to remain off the board for one year as he has served 4 consecutive terms. Christine Lang chose not to run again while Anita Parker chose to let her name stand. Brittaney Herbertson and Brett Kuhn chose to let their names stand as well. As no other nominations were received, the three candidates were declared elected by acclamation. Gerald thanked Michael and Christine for their dedication and service to the Board. He then welcomed Brittaney and Brett.

Colette Lewin and Carissa Ralston moved that the Nominating Committee Report be accepted as presented. Carried.

There were no questions during the Question/Discussion Period.

Gerald Hauta announced the following employees and board members would be receiving long term service awards:

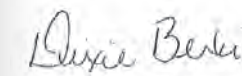
Staff:

- Maria Carino-Vetter – 5 years
- Megan Heidt – 10 years
- Janelle Riou – 10 years
- Rajbir Volk – 10 years
- Shannon DeRoo – 15 years
- Gaylene Heffner – 15 years
- Michelle Pilat – 15 years
- Sara Schurman – 15 years
- Michelle Aldred – 20 years

Board:

- Christine Lang, Board Member – 2 years with 9 years prior
- Michael Soloski, Board Member – 12 years

Michael Soloski adjourned the meeting at 8:17 p.m.



Secretary

A message from Our PRESIDENT



COLETTE LEWIN, *President, Board of Directors*

W

elcome to our 82nd Annual General Meeting. 2023 was a year filled with research and considering the merits of new products and services and the technology that supports these. These are becoming bigger decisions as the scope of the projects and the related costs continue to increase.

From a people point of view, management participated in a Leadership Program along with representatives from neighbouring credit unions. We continued to look to the future, preparing for changes in personnel, and began to document and capture processes to aid current staff as well as staff who may join the organization in the future.

We understand that technology and new offerings are key to providing service into the future. With this in mind, a lot of 2023 was spent in researching the marketplace and determining what programs to consider and/or purchase. We began to migrate some programs away from physical data centers to cloud based storage. This is the new way of retaining information; moving away from physical servers, which have limited storage. All technological advances are big undertakings and come with purchase costs as well as ongoing operating costs.

We continued to learn about data analytics programs, were informed of a new approach to help ensure the security of our data, considered new payment cards and continued to stay informed about Open Banking developments.

We continued with our new Member Rewards Program that replaced our old Equity Program. Related to this, we introduced new pricing on investments to compliment the pricing of loans. All these new approaches focus on the relationship between the member and the credit union and reward members accordingly. We provided some financial literacy sessions to youth in our community preparing them for their post high school years. We retained our ownership position in National Consulting Limited and were pleased with the service and progress made since this group of service providers left SaskCentral.

Changes in the system continue on both a national and provincial level. These changes mean changes for the local credit union. There continue to be fewer but larger credit unions. Service providers change. Support services disappear. The need for the remaining smaller credit unions to work together remains important and grows in significance.

In regard to our financial results, we were faced with changes there too. We began to make changes to meet new Standards of Sound Business Practice being implemented by our regulator, the Credit Union Deposit Guarantee Corporation. We were required to introduce some new accounting principles, which affected our financial statements. We reviewed our loans portfolio and felt that due to various economic stresses we needed to increase our allowances for potential losses. This impacted our statements as well. The positive in all of this was that through the years, the credit union has taken steps to manage risks and build capital. The accounting changes introduced in 2023 affected our results in 2023, but

the capital position of the credit union remained strong and allowed us to meet these changes and move forward.

We thank our staff for their dedication and commitment to the credit union in an environment where each new year brings a new challenge and requires adaptation to meet the change.

In these times of continuous change which sometimes impact members, we thank members for sticking with us and continuing to trust us for your borrowing and investing needs. It is our desire to be your trusted advisors helping you enhance your financial well-being. We know that the financial world will continue to be extremely competitive. We hope that members will continue to believe in their local credit union and the difference our organization represents. We need members to continue to build long lasting and mutually beneficial relationships. Success will not occur without continued support from members who have supported us for many years, new residents to the area and those who left the Unity area to pursue education and employment. We look forward to serving you into the future!

Colette Lewin
President, Board of Directors

“ We hope that members will continue to believe in their local credit union and the **difference our organization represents.** ”



Our BOARD OF DIRECTORS

Colette Lewin
President



Anita Parker
Vice President



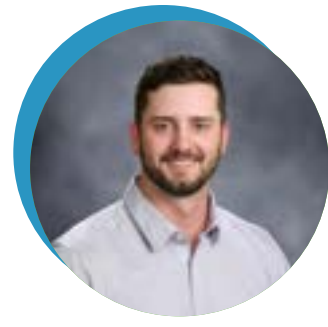
Martin Berg



Rhonda Brandle



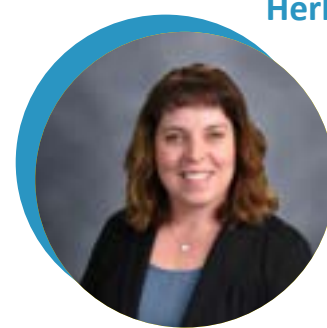
Brittaney
Herbertson



Brett Kuhn



Terri McAleer



Kristine Moon



Keith Wilson

JUNIOR BOARD



Ethan Bertoia



Danielle Bowker

MEMBERS

The co-operative principle of democratic member control anchors the governance of Unity Credit Union. When required, directors are elected by members and hold office for three years.

Serving on the board is a commitment requiring dedication. For this reason, obtaining candidates is taken seriously. We continue to utilize the succession plan for directors that was developed in the past. This states that the nominating committee's obligation is to seek a candidate for each vacancy and that they are not obligated to find extra candidates to hold an election. Members are encouraged to nominate candidates if they desire an election.

Every year three director terms expire. Directors whose terms expired in 2023 were Michael Soloski, Christine Lang and Anita Parker. 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 bringing forward new ideas. With recent changes to governance practices, we are required to qualify candidates based on management of their financial affairs, being stalwart citizens and having a good reputation around the community. With this in mind, the nominating committee sought candidates to fill three terms.

Micheal had served four consecutive terms so was required to step away for at least one year. Christine chose not to run again. Anita agreed to let her name stand for another term. Brett Kuhn and Brittany Herbertson agreed to let their names stand. As no other nominations were received, the three candidates were declared elected by acclamation.

We continued our Junior Board Member Program to encourage young people to take an active part in our credit union. This is a unique program in the credit union system but one which garners much interest at system meetings all across Canada. We feel the program has been very successful and are pleased to announce that Brett Kuhn was a former Junior Board Member who chose to become involved again in a

full director capacity. The ultimate goal of the program is to help young people learn more about the credit union and the services we offer and to hopefully expand their financial knowledge. Danielle Bowker continued as our Grade 12 representative, and we welcomed Ethan Bertoia as the representative from Grade 11. Junior Board Members participate in board meetings but have no voting rights.

MANDATE AND RESPONSIBILITIES

The Board of Directors have responsibilities outlined in the Credit Union Act. Credit Union Deposit Guarantee Corporation Guidelines further outline Board Responsibilities at a high level as:

Approve and Oversee:

- Strategy
- Risk Management
- Board, Senior Management and Oversight Functions
- Audit Plans

These duties are the primary responsibilities of the board and are the main focus of the board's attention and activities.

Challenge, advise and guide senior management of the institution, as appropriate on:

- Business Performance and Effectiveness of Risk Management

These duties are the responsibility of senior management. To fulfill its responsibility, the board relies on senior management to provide sound advice on the organizational objectives, strategy, structure and policies of the institution.

The board is expected to be satisfied that the decisions and actions of senior management are:

- Consistent with the board-



approved business plan, strategy and risk appetite of the credit union and the corresponding internal controls are sound.

- Designed to incent behaviours and outcomes that are in the best interest of the credit union, its members and stakeholders.
- Aligned with internal constraints, such as financial and operational capability, and external constraints such as competitive and economic conditions.
- In compliance with all applicable regulatory requirements.

These guidelines make it apparent that the board is not involved in the day-to-day operations of the credit union and as such, does not approve loans nor do they see members' personal information, deposit balances or financial information. These functions are handled by management and staff.

COMMITTEES

The responsibilities of the board of a financial institution encompass a comprehensive list of duties under fairly extensive regulatory oversight that seems to be ever-growing. 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 Finance Committee**
The Audit and Finance Committee oversees financial reporting and related processes, reviews financial statements and budgets, monitors financial performance, liaises with internal and external auditors and regulators and reviews internal control procedures. The committee consists of four directors; however, the entire board is invited to attend meetings of this committee.
- **Risk and Compliance Committee**
The Risk and Compliance Committee oversees the Enterprise Risk Management Framework, organizational-wide compliance, corporate risk profile, control framework and internal controls, conflicts of interest and non-compliance reporting. The committee meets with the Risk and 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. The committee consists of four directors; however, the entire board is again 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 policy 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. They ensure policies, processes and practices are in place to protect the organization by ensuring that dealings with related parties are fair to the credit union and that the good judgment of the credit union has not been jeopardized through these dealings. The Committee consists of three directors.
- **Personnel Committee**
The Personnel Committee works with management to establish and maintain credit union personnel policies and to develop recommendations regarding the credit union's human resource management for board consideration. 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 in which the board may not delegate due to legislative requirements. The Committee consists of three directors.

Being a director continues to be an interesting mix of challenges, rewards and education. In the highly regulated and ever-changing financial environment, including all the digital services, it is imperative that directors remain knowledgeable and informed. Directors took part in training in 2023 both in-person and virtually. Representatives of the board attended the World Council of Credit Unions Conference, which allowed opportunity for learning and networking with directors from across the country and even across the world. Directors attend regular monthly meetings throughout the year. Regular in-camera meetings are held without management personnel in attendance to allow for frank discussions. All directors fulfilled their meeting attendance requirements as detailed in the bylaws. We are pleased to report that directors, as representatives of members, take their responsibilities seriously and continue to be very dedicated.

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 2023, \$52,875 was paid as remuneration, which was less than the year before based on the meetings held. Insurance premiums paid on behalf of directors were about \$1,040.

Our MANAGEMENT & STAFF

MANAGEMENT TEAM



Gerald Hauta
Chief Executive
Officer



Shannon DeRoo
Manager of
Digital Experience



Megan Heidt
Manager of
Marketing



Wanda Laturnus
Manager of
Member Experience



Christy Walker
Manager of
Lending Services

In 2023 our Management Team consisted of five positions, but we underwent some change. Shauna Hammer was also actively involved in the team.

- **Chief Executive Officer – Gerald Hauta** – responsible for the oversight of all areas of the operation. Gerald has 37 years of credit union experience gained from various positions, credit unions and communities. In addition, he had 3 years of co-operative experience before joining the credit union system.
- **Manager of Digital Experience – Shannon DeRoo** – 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 17 years of credit union experience in various positions as well as previous experience with chartered banks.
- **Manager of Marketing – Megan Heidt** – 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 over 11 years of credit union experience, all in the marketing area.

- **Manager of Member Experience – Wanda Laturnus**– responsible for member service including deposits, withdrawals, card services, fraud management, cash management, clearings, statements, all investment offerings and financial planning. Wanda has 17 years of experience in credit unions plus experience in other occupations.
- **Manager of Lending Services – Christy Walker** – responsible for all lending and collection activities. Christy has over 18 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 responsible for the ongoing and detailed operationalization of board decisions. It is the responsibility of the management team to provide the board with sound advice on the organizational objectives, strategy, structure and policies of the institution. Management is expected to set out information, options, potential trade-offs, and recommendations that enable the board to focus on key issues and make informed decisions in a timely manner. The department managers report to the Chief Executive Officer, who in turn reports to the Board of Directors.

LENDING TEAM



Nicole Headrick



Gaylene Heffner



Michelle Pilat



Carissa Ralston



Janelle Riou



Danette Romanowski
(maternity leave)

MEMBER EXPERIENCE TEAM



Deanna Botrokoff



Maria Carino-Vetter



Shimon McWatters



Denise Miller



Denise Purcell



Lisa Reddekopp



Nagat Salem



Rommel Varron



Debbie Veit



28 VOLUNTEER ORGANIZATIONS & COMMITTEES OUR EMPLOYEES HELP LEAD



850+ VOLUNTEER HOURS FROM OUR STAFF



6 UNIVERSITY COURSES COMPLETED BY EMPLOYEES



82 DAYS EMPLOYEES DELIVERED MEALS ON WHEELS

INVESTMENT TEAM



Dixie Berki



Patrick Schmidt



Gurtaj Singh



Scott Smith

SUPPORT TEAM

DIGITAL EXPERIENCE



James Acuna



Zhuye Che



Rachel Davey



Shauna Hammer

FINANCE/COMPLIANCE



Michelle Aldred



Kerri Green



Vanessa Spendelow



Courtney Roberts

MARKETING

RECEPTION

CREDENTIAL TEAM



Ashley Hamilton



Crystal O'Brian

Through our staff, our goal is to create and develop delighted, full-relationship, profitable, lifetime members by being trusted advisors. 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 and reliance on technology increases, continuous change and learning is important. Staff participated in the World Council of Credit Unions Conference, the Credit Union Manager's Association Conference and the Saskatchewan Young Leaders Development Days. Staff continued to participate in various online learning opportunities and online meetings, which help to reduce time and travel for learning. Staff took advantage of webinars and self-study classes to obtain/maintain required licensing, broaden their knowledge, develop support networks and gain new experiences to serve you better. Combined with the required annual training, all staff were enrolled in some form of training in 2023, whether as a requirement or as an opportunity.

There were several staff changes in 2023 as staff made life changes or took advantages of other opportunities. New employees joined Unity Credit Union to fill the vacancies.

The Lending Team welcomed Danette Romanowski as an Ag Commercial Lender. Danette ended the year

with a maternity leave, and we look forward to welcoming her back in 2024.

The Member Experience Team underwent the most change bringing several new faces to the front line through the year as we said goodbye to others. Former Manager of Member Experience, Amy Close, made a personal decision to spend more time with her family. Deanna Botrokoff, Denise Miller and Debbie Veit joined the team as part time Member Experience Reps. Shimon McWatters was promoted to a Member Experience Partner when Jennifer Wilson chose to pursue her dreams and moved to British Columbia. Sara Schurman and Griffin Wourms left the credit union to pursue other opportunities.

The Investment Team did not undergo any changes, but the Support Team had a few. Lynn Maze retired at the beginning of the year after a long career with the credit union. Rajbir Volk left the credit union to pursue an opportunity with one of our service providers. Zhuye Che was hired to replace Raj. Shauna advised she would be leaving early in 2024 in order to pursue an opportunity and change also in British Columbia.

The staff in the Credential Financial Strategies Office remained the same, growing the business.

Our HR Advisor and management team were kept busy with all these changes, hirings and training. We thank our members for their patience working with and getting to know our new staff.

We continued to allow staff who are able to utilize a hybrid option of working in office and from home with restrictions. Those who work from home, work at least 60% of the time in the office to maintain good working relationships with staff and members.

Our COMMUNITY



Our GUIDING PRINCIPLES

CREDIT UNION MARKET CODE

Unity Credit Union voluntarily adheres to the Credit Union Market Code, which was developed by Saskatchewan Credit Unions, SaskCentral and the Deposit Guarantee Corporation to ensure the protection of credit union members. The code is to be reviewed for enhancements and to ensure continuing relevance. In general terms, the Code provides guidelines for the following areas:

- **Complaint handling** – outlining the process for dealing with all complaints regarding the service, products, fees or charges of Unity Credit Union.
- **Fair sales** – outlining the roles and relationship of staff to all members in accordance with the financial services agreement. The Credit Union provides products and services in a fair, reasonable, objective and reflective manner to members.
- **Financial planning** – outlining the process to advise members of the risks and benefits associated with financial planning services.
- **Privacy** – protecting the interests of those who do business with Unity Credit Union. Privacy is the practice of ensuring all member information is kept confidential and used only for the purpose for which it was gathered.
- **Professional standards** – preserving a positive image of Unity Credit Union among members and communities by communicating our commitment to serve members with the highest level of professionalism, knowledge and competency.
- **Vulnerable members** – protecting individuals who may be susceptible to having their financial affairs taken advantage of by other persons for various reasons.
- **Disclosure and Transparency** – ensuring the credit union provides members with relevant and appropriate information including branch information, fees, third party relationships and account options in a timely manner.

OTHER GUIDING PRINCIPLES

- **Capital management** - ensures our capital structure supports our risk philosophy.
 - **Financial reporting** – adheres to business and industry standards.
- **Governance practices** - adheres to the intent and stipulation of our corporate bylaws, which are approved by our membership.
- **Risk management** - ensures 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 any form of 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 our credit union, members have equal voting rights (one member, one vote).

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, 2023 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”. To achieve this vision our Strategic Plan outlines four Strategic Foundations. These include Human Capital, Growth, Financial and Social Responsibility. Action plans were developed under each objective to achieve these goals.

HUMAN CAPITAL

Human capital focused on our people and our workplace. As seems to have become the norm, we had changes in our staff complement through the year. We saw people retire after successful careers. We saw people move on to other challenges and adventures. We bid farewell, filled vacancies, promoted internally and welcomed new staff. It was a busy year in regard to human resources, but we remain pleased with the staff we have to serve you.

We continued to work and enhance our performance management process. With the many changes in staffing, this process continues to be a work in progress. We began to draft reference materials for various positions and processes to better be able to

support new people joining the organization and to retain information when staff leave the organization. We took another look at our organization and updated our succession plan with an eye on what we consider the positions of highest risk. This is a never-ending process as not only people change, but positions change with time and the ongoing use of technology.

The growth, use and dependency on technology by both members and organizations brings many challenges. This requires staff to not only learn and utilize the new technology, but also develop relationships with members in a whole new way. Face to face meetings become less and less the norm, while using technology becomes more prevalent. Staff will be required to be more proactive in offering services to members, rather than waiting for members to inquire about services from us. This is a shift in culture and approach that will take time to become ingrained. Combine this with verifying identity when we do not see members, and it means members are answering more questions before getting to the business at hand.

The credit union landscape is continuing to undergo significant change. The system and the partners we

have relied on for many years continue to undergo changes, which impacts credit unions our size and smaller. We have continued to seek ways to work with and support our neighbouring credit unions, and use them for support as well. We continue to work regularly with the credit unions in our area and slightly beyond. We increased our support group as a couple of credit unions felt isolated in their locations. Helping each other without rushing to merge fits well with all the organizations involved.

GROWTH

Projects have seemed to escalate with time. It is harder to identify where a project begins and ends, as so many projects continuously grow and expand from the starting point. Some of the projects seem to be more ongoing than ever reaching a completion point.

In 2022, we developed a new intranet for use internally by staff. This is an information portal to allow all sorts of information to be available to staff at their desktops. In 2023, we continued to expand the information on the portal. This is the storage portal for the reference manuals we have developed. We have training information stored here as well as other things such as forms that are used for compliance.

We researched a new payment card that we think will intrigue many members. The unfortunate part is that we have to wait on the service provider to put us in a queue. We are also hoping for better pricing to reduce costs before beginning the implementation process. So far, we have had little luck in that regard, but we continue to wait and see.

We continued down the path of finding and using new technology programs. We agreed to upgrades to our electronic filing system that are supposed to bring some efficiencies to processes. We learned of a new system that our banking platform provider is moving to, with the purpose being to better protect our systems, their systems and our member data.

We were heading towards implementation of an analytics program, but this was delayed with change in personnel. We continued to monitor and learn about developments related to Open Banking. This is a huge project that seems to build momentum only to stall. We agreed to purchase a new financial reporting system that will improve our board and management reporting processes and prepare us for the future. Finally, the migration of several of our programs from data centres to cloud storage began in 2023 and will continue into 2024. This saves ongoing upgrades to in-branch servers, improves disaster recovery and increases storage capabilities. All of these new programs take human capital as well as financial capital. Staff have to learn the processes, implement the processes, teach others the processes and then utilize the processes. All of the programs now come with an up-front purchase price and in some cases significant ongoing operating costs, so these decisions are not made lightly.

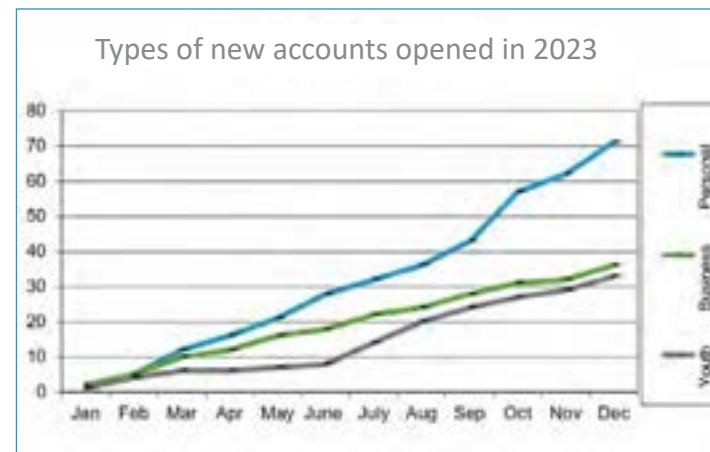
We introduced a new pricing matrix for member investment accounts that aligns with the relationship pricing we use when granting loans and supports our Member Rewards Program, which also focuses on recognizing relationships.

MEMBERSHIP

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 2023, we served 4423 members and 19 non-members. For the first time in a while, the number of members increased. The increase year



over year was 43 members, which is always positive and encouraging. Within the growth, 20% of new members were youth.



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 a full-service brokerage; personal insurance; all classifications of loans; card products; financial planning; and electronic banking consisting of online banking and a mobile app.

FINANCIAL

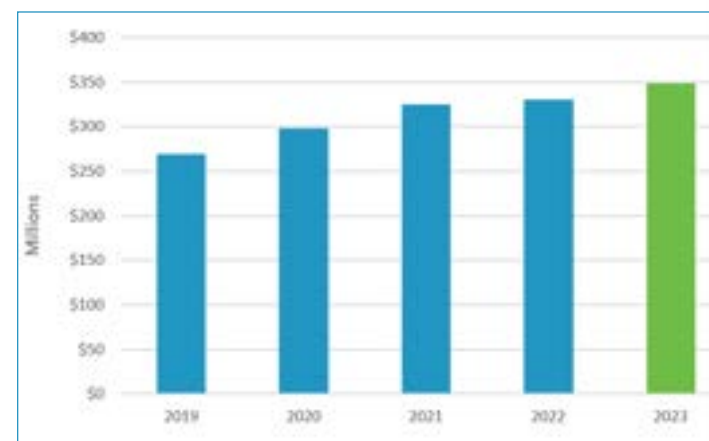
Last year we transitioned our financial reporting from Innovation Credit Union to Accent Credit Union and Concentra Bank. These two providers oversee our required financial reporting as well as our corporate investing. We are now looking to bring the financial reporting back in-house using

a new program that is supposed to provide more efficient reporting, including reporting to the Deposit Guarantee Corporation. This will involve some learning for staff as it has been some time since we have done our own financial reporting.

Our regulator, the Credit Union Deposit Guarantee Corporation (CUDGC), requires us to have an Enterprise Risk Management process. Enterprise Risk Management requires us to review all of our risks and either accept, avoid, mitigate or transfer the risk. In 2021, we implemented a new process of tracking and reviewing risks, monitoring risks, and reporting to the board. We feel with time our process has improved allowing us to understand and manage our risks better. In 2024, we will have to comply with new Standards of Sound Business Practice which will require more changes.

Each year, an operating and long-term budget are prepared in support of the business plan. For the last few years, the key financial targets have been the same. The following is a summary of the credit union's financial performance results in relation to each of 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 to invest, thereby increasing our assets. Since we are a rural credit union, having agricultural producers harvest a crop helped them and helped the credit union to grow as well. For 2023 we budgeted for modest growth. Our growth target was 4.10%. Assets increased over \$18.2 million or 5.52%, to end the year at another new all-time high of \$348,643,237. Our 10-year average has been affected by the challenges of the last few years but was still 6.6%. Over the last ten years, we have grown from \$197 million to \$348 million.

OPERATING SURPLUS

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 of these measures of success we also have to remain competitive with other financial institutions on deposit and loan rates. It is a juggling act to attain all these goals.

In 2022, we received a significant boost to our financial results with the proceeds from the sale of Concentra Bank. In 2023, we were faced with

significant changes of a different kind, but which also affected our financial results. Through the years, Unity Credit Union has invested in venture capital investments. These investments have provided a source of revenue but due to their nature are considered riskier investments than other investments such as guaranteed investment certificates. Through the years we have taken a conservative approach to accounting for these investments as returns from them are not guaranteed. As our holdings increased and their value increased over time, we began accounting for these differently in 2023. Instead of accounting for these at their cost value, we began to account for them using their fair value. The fortunate part of this change was that we made the accounting change while the value of these venture capital investments was higher than our initial purchase value. This resulted in an unrealized gain. This increased our revenue in 2023, but also increased our expenses as we had to allow for future taxes that may be owed to Revenue Canada on these investments.

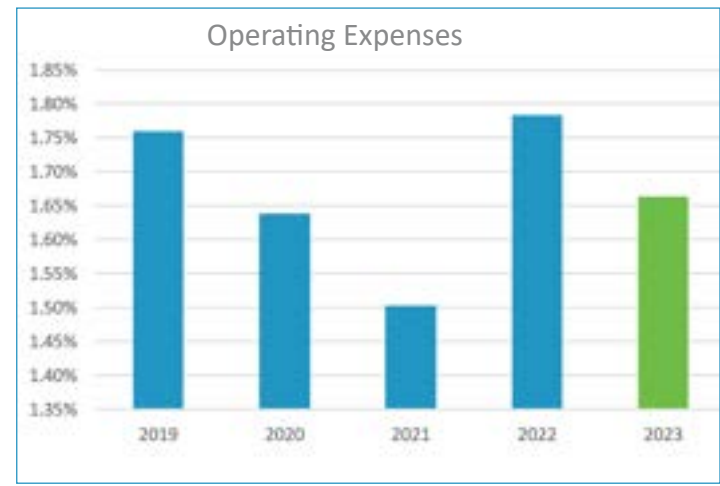
The second significant change was the concern we had about our loan portfolio. Part of our risk management processes require us to review our portfolio and evaluate the probability of repayment. This is a process that is followed by most financial institutions. During COVID, the chartered banks increased allowances on their loan portfolios due to the uncertainty of payments as a result of the pandemic. We also followed this course of action in 2021 and increased our allowance. As the world returned to normal, allowances were relaxed but we held our position. In 2023, due to various economic stresses including increased borrowing rates, the effect of high inflation and struggles by some members, we chose to increase our allowance



\$1,329,908 OPERATING SURPLUS =
REVENUE - EXPENSES

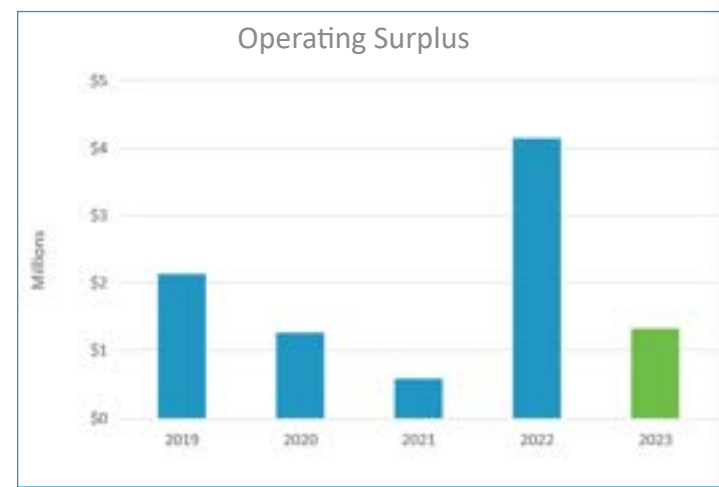
again as did the banks. The increase was significant, increasing our provision expense by \$2.4 million.

Increased rates in 2023 meant that we generated more money from loans and investments but also paid more on member deposits. Our wealth management business once again exceeded our expectations with another fantastic year. Wealth management includes our CFS Office as well as our in-house offerings. This line of business includes a full range of investments handled through a full brokerage and a full complement of personal insurances, the services of a Certified Financial Planner, estate and tax planning. Combined, this line of business contributed over \$245,000 of net revenue to our organization. Finally, as we do every year, we reversed a couple of over-accruals of expenses that resulted in additional revenue.



In regard to the other broad categories of expenses, interest expense increased significantly due to prolonged higher rates on member deposits. The next broad category is operating expenses. Overall, operating expenses actually decreased from 2022, but in 2022 we did some extraordinary things due

to the proceeds received from the sale of Concentra Bank. In 2023, several of our fees increased due to inflationary factors. Personnel costs remained our largest operating expense as has been the case historically and increased just over \$113,000. General Business expenses were the next largest operating expense. They decreased over \$223,000 largely due to not doing the extraordinary things we did in 2022.



The net result of revenue minus expenses was an operating surplus of \$1,329,908. This was significantly lower than 2022, but 2022 had the one time increase from the sale of Concentra Bank. Our operating surplus was attained after making an allocation of \$400,000 to be repaid to members through our Member Rewards Program. We are hoping we can disburse these funds before the end of May.

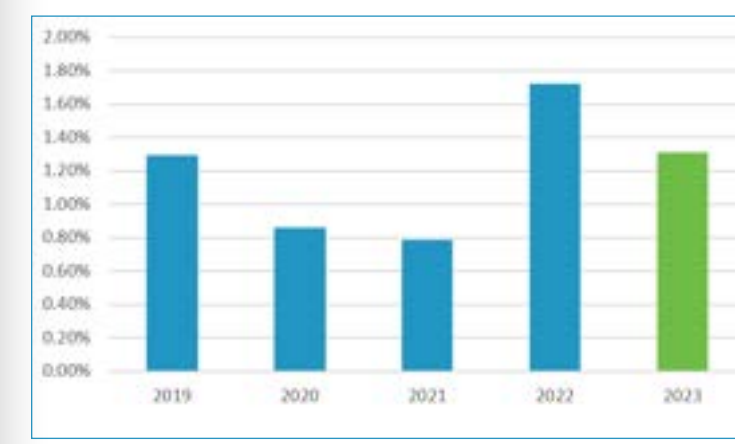


1.43% RETURN ON
ASSETS



\$50 REWARD FOR
EVERY YOUTH
MEMBER

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 0.79%. We achieved 1.43%, which was boosted by the increased rates and the unrealized gains on the venture capital investments. In budget we project conservatively for income and somewhat inflate expenses.

The allocation of \$400,000 for Member Rewards will be paid using the same concepts as applied last year. Member Rewards pays based on the relationship the member has with the credit union. The payment is based on the number of credit union services members utilize, the volume of their lending and investing business and how long they have been a member. The program focuses on the merits of a developed relationship between the member and the credit union. Members who receive a payout control the funds, so they can spend their allotment how and when it works for them. We still hold funds in the old equity accounts. We had hoped to begin to deal with this in 2023 but did not. We did, however, continue to payout equity to those who turned 65 in the year

and at minimum this will continue. Unless you are a shareholder in another financial institution, credit unions are the only financial institutions that pay patronage back to members because you are a member and an owner.

\$400,000
2023 MEMBER
REWARDS

RELATIONSHIP
+
LOYALTY
+
VOLUME
=
Your MEMBER REWARDS

Your total financial relationship with us
(How many products you use)

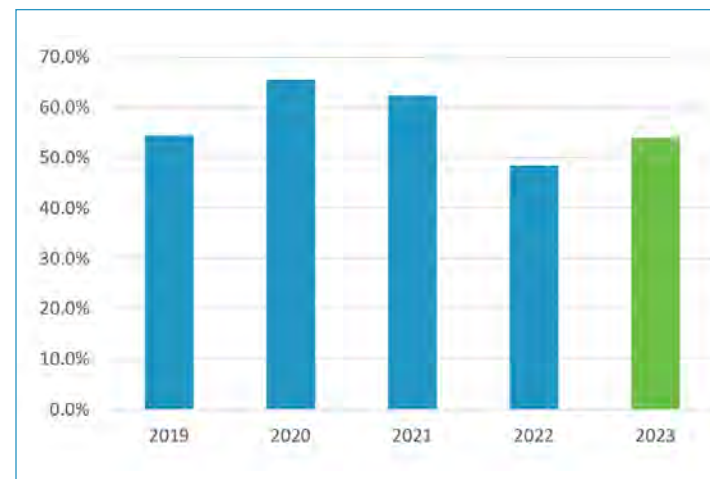
How long you've been a member
(the longer, the better!)

How much you use our products
(Bigger volumes mean bigger rewards)



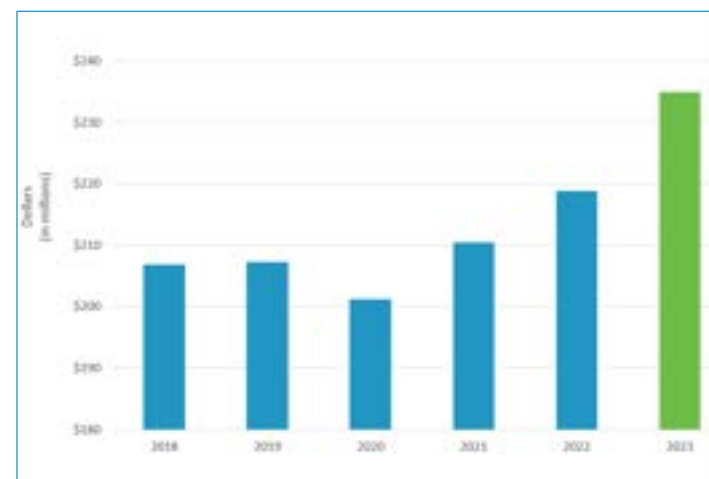


EFFICIENCY RATIO



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 2023, our organization had an efficiency ratio of 53.82%. Our credit union has historically hovered around this percentage.

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 for the last few years has been about maintaining the loan portfolio as a percentage of assets rather than just focusing on growth. The target range established is 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. We enjoyed some growth in the loan portfolio in 2023. The portfolio ended the year at \$234,931,754 which, like total assets, was an all-time high. The growth was a combination of local demand, financing leases and syndicating loans with neighbouring credit unions. We also ran some promotions in 2023 that had success in attracting new loans. Higher borrowing rates will affect loan renewals. This combined with inflation and other economic challenges may impact loan growth in 2024. The loan portfolio represented 67.38% of assets at the end of the year, which was a slight increase from the

prior year. This percentage is affected by the value of total assets as there is a direct correlation between these two figures.

For the last few years, we have been establishing loan allowances using a forward-looking, expected credit loss model. This model requires a recognition of losses expected over the contractual life of the loan rather than recognizing impairment losses when they occur. The model applies several economic factors to our loan portfolio. The factors are subject to change based on the economic climate, so the collective or general allowance has more fluctuation than it did in the past. Over the last couple of years, we have increased our collective allowance due to perceived risk based on economic challenges experienced. In 2023, we acknowledged the risk in our current portfolio. With that in mind, we transferred a portion of the collective allowance to specific accounts, thus lowering the collective allowance but increasing the specific allowance. At the end of the year, our specific allowance increased to \$4,630,412 and our collective allowance decreased to \$1,152,252 for a total of \$5,782,664. This represented an expense of \$2,415,512 for 2023, which directly affects our operating surplus. While we do not like the effect on our results, building allowances as a means to offset potential losses is a prudent practice.

We now report on mortgages and the effect of changes in property values. In 2023, the credit union held \$59.0 million in conventional residential mortgages and \$19.0 million in insured mortgages. Insured mortgages are those which 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	\$0	\$623,287
More than 5 years and up to 10 years	\$48,171	\$4,177,260
More than 10 years and up to 15 years	\$2,090,477	\$8,589,047
More than 15 years and up to 20 years	\$6,605,997	\$18,300,695
More than 20 years	\$10,294,204	\$27,338,335

The credit union policy states that a non-conforming mortgage is determined as 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 2023, 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. For this reason, the loan to asset value on these loans is less than for a "regular" mortgage secured loan.

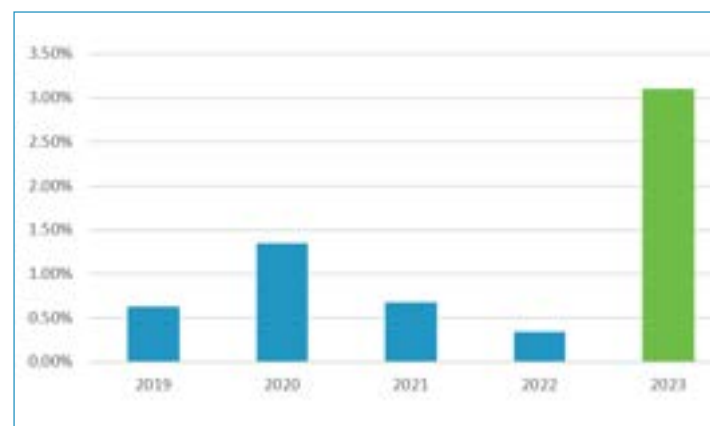
The other effect of mortgages that needs to be monitored is the value of properties in relation to the mortgages on the properties. In the 80's, the agricultural sector experienced a rapid decline in land values compared to outstanding mortgage values. In major urban centers, the same thing has happened, therefore, new monitoring and risk evaluation processes have been implemented. In our capital adequacy calculations, we now give consideration to the effect of declining values against



3.11% DELINQUENCY OVER 90 DAYS

new and existing mortgages. We have added extra capital requirements for residential mortgages and property devaluations. We still feel our values do not drop as much as in major centers. Despite this, we are required to comply and so our calculation requires us to hold an extra \$440,963 in capital for such circumstances. This is subject to change on a quarterly basis due to fluctuations in the mortgage portfolio. The value was relatively stable with the prior year.

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. This was evidenced with the increase in allowance in 2023. A sign of the quality of the portfolio is low delinquency. Delinquency over 90 days ended the year at 3.11%, which was an increase from 2022 and was part of the reason for increasing the allowance. We thank the majority of members for their continued commitment to making payments or suitable arrangements despite the current economic

challenges. We continue to work with members as best we can and appreciate their willingness to work with us.

CAPITAL

One of the primary measures of financial strength of any financial institution is its capital position. Worldwide, financial institutions build 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 follows the standards adopted by other financial institution regulators.

The Board of Directors and Management believe in maintaining a strong capital position. This capital position allowed us to increase our allowance and face the deferred tax allocation and still exceed our policy and the Deposit Guarantee Corporation capital standards. 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 moderate 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. We have more flexibility in our liquidity management in recent years and use this opportunity to increase yields while still meeting and exceeding all



9.62%

CAPITAL -
LEVERAGE
TEST



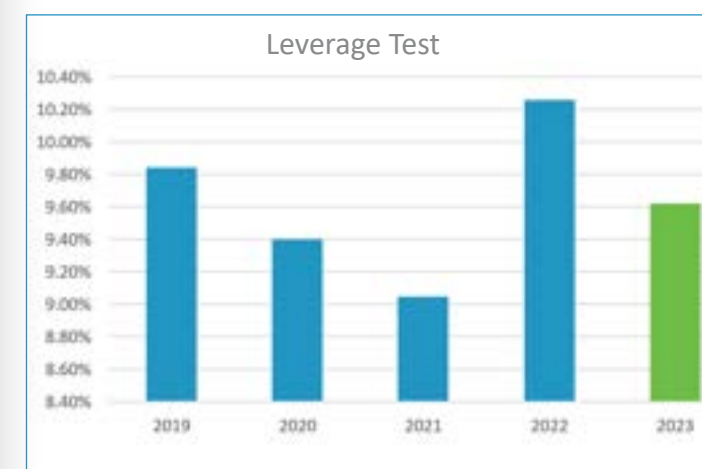
15.50%

RISK
WEIGHTED
CAPITAL

guidelines.

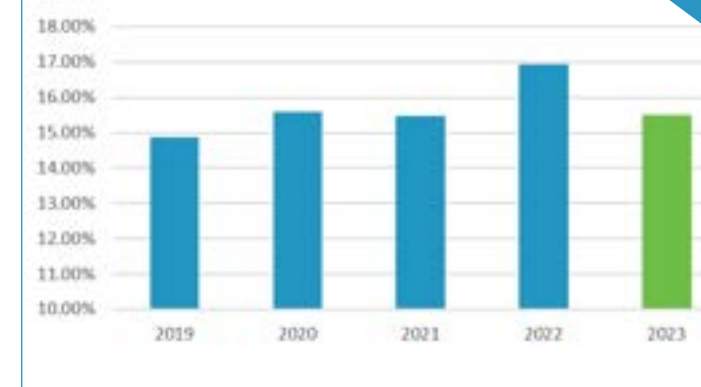
The goal of capital management is to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, prepare for and absorb unexpected losses either through specific allowances or the collective allowance, implement long-term strategic plans and signal financial 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 that the credit union is being too cautious and not generating sufficient return on its capital.

Unity Credit Union builds capital through retained earnings. 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 9.62% 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 15.50%.

Risk-based Test



Both of these results were lower than 2022, due to the growth in assets, increases in the loan portfolio and a lower operating surplus as explained. Our results remained strong, but we do not want to become complacent. We feel a strong capital base continues to be important, especially in the economic times within which we continue to operate.

LIQUIDITY

The Standards of Sound Business Practice developed by CUDGC outline the importance of liquidity and liquidity management. The regulators have raised liquidity management to the same level as capital management. In the past, statutory liquidity and operating liquidity were the only measures monitored. The new rules include statutory liquidity, liquidity coverage ratio and liquidity stress testing. The new Standards of Sound Business Practice allowed us to early adopt the change in statutory liquidity. This means we are only required to hold 8.65% of our member deposits in statutory liquidity. At the end of December, we met



the statutory liquidity requirement. The liquidity coverage ratio considers the quality and market impacts on our cash holdings, SaskCentral accounts and liquidity investments. A calculation is then done to determine potential cash outflows compared to potential cash inflows. The net result of the outflows and inflows is calculated against the holdings to determine the liquidity coverage ratio. The standard is 100% coverage. At the end of December our result was 398.44%. This was about half the 2022 result. The goal remains to lower our ratio while improving our yield. The third measure is the stress test. Throughout 2023, our stress test determined that we had adequate liquidity to fund a two-day redemption of demand deposits.

training and information. In 2023, we held a Knowledge Fair for Grade 11 and 12 students. We also worked with the high school to provide a couple of other financial literacy sessions. Our investment team partnered with Aviso to provide virtual financial learning seminars for members. We also co-hosted an Agriculture Outlook forum with some of our neighbouring credit unions. Just prior to COVID changing the world, we had written and published a children's book illustrating the importance of belonging to a co-operative organization. Just as the book was published, the world shut down. Now that things are back to normal, we were able to promote our book and held reading sessions at both elementary schools. The book is available for purchase if anyone is looking for a unique gift idea.

Another co-operative principle is Concern for Community. As a credit union, we continue to be conscious of this principle and try to put words into action. Our staff continued to regularly deliver Meals on Wheels from both the Hospital and Parkview Place. Staff served burgers at the Unity Credit Union Aquatic Centre during Drowning Prevention Week.

We sponsored Men's Night at the Golf Course and a Miners Game at the rink. We helped with the development of the Walking Paths at the north end of town using the funds we donated. The funds we donated to the Hospital Auxiliary were used to purchase new beds for the Health Centre. We helped the town construct and remove the outdoor rink. We served a pancake breakfast at the Trade Fair, and with co-operation from Delta Co-op were able to provide donations to Unity Daycare and STARS from the money raised. Staff attended the June Birthday party at Parkview Place, participated in activities at all three schools and were involved with the Under the Lights Football Game. We participated in the Western Days parade and offered horse drawn rides during Winter Wonderland. Former director Christine Lang continued to make blankets for families who use the services of the Ronald McDonald House in Saskatoon and we continued to provide materials for this worthy cause.

We also looked for other ways to support our community and some of the community charities. We continued to support activities in Tramping Lake as we promised. This year we made a donation to their hall repairs. We provided our annual scholarships to the grads and supported their ceremony. Through our 12 Days of Christmas, we supported local entrepreneurs and businesses by purchasing prizes locally. On Credit Union Day we provided snacks in the office and paid for coffee at Subway, A&W, Ma & Me Bakery, and Rise + Grind. We again recognized the National Day for Truth and Reconciliation. Staff pay to be able to wear jeans on Friday. The money raised is then donated to local charities. This year's recipients were the Paw Park and Telemiracle. Together with Delta Co-op, we made a donation to Unity Minor Football.

We are very proud of the community support we provide. It always ranks near the top of our list of accomplishments and sources of pride.

SOCIAL RESPONSIBILITY

The co-operative principles encompass education,

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 risk with the potential reward, striving 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 the 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, tracked and monitored.
- Risk Assessment/Appetite Statement – identifies the amount and type of risk the credit union is willing to accept in pursuit of its business objectives.
- Internal Capital Adequacy Assessment Process (ICAAP) – determines the credit union’s ability to absorb financial and economic stress given current risk profile and risk appetite.
- Capital Plan – identifies the sources of capital and the means to build capital.
- Liquidity Plan – establishes the credit union’s ability to fund its business activities and

identifies the sources of liquidity in the event of liquidity stress or crisis.

- 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 being their trusted advisors.

As our credit union grows and experiences further product and service diversification and the pressures of technological changes, the risk profile of the organization changes. Outside factors such as technology breaches and frauds also increase the risks the credit union faces. Capital adequacy measurements have evolved from a straight percentage of assets, to a risk-based approach. This is based on the structure of the balance sheet, and determining the capital required based on the lines of business, operating, technology, reputation and other known risks. In today’s regulatory environment, adequate capital is required to offset the many and varied 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 unencumbered 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 stay connected to members who use the services of Unity Credit Union in new and different ways than their parents and grandparents, while also serving members who use services in traditional ways.

Unity Credit Union has formal planning processes that result in a strategic business plan focused on strategic objectives as outlined herein. The credit union took time to review the strategic plan in 2023, which rejuvenated and set the direction for the next two to three years.

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. Ideas generated through these means are brought forward for consideration and implementation.

The advances in technology are not slowing down, the cost is ever increasing, and the technology is changing the ways of doing business. Included in this is Open Banking, which has the potential to drive further changes in the financial world. It is important that Unity Credit Union has adequate resources to invest in these technologies. In our Internal Capital Adequacy Assessment Process related to technology concerns, we now include the potential of investing in technologies if the need/opportunity arose, contracting expert help to deal with potential issues and having funds to deal with potential issues. 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, rapid changes driven by technology and changes in the financial industry as well as changes within the system have elevated this risk to a moderate-high position and is of constant concern.

CREDIT RISK

Credit risk is the risk of financial loss arising from the failure of a borrower or counterparty to honour its financial or contractual obligations to the credit union. Credit risk primarily arises from member loans receivable. 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 Equitable Bank and to a lesser extent, by holdings within its investment portfolio. Some key

individual credit risks are: default risk, portfolio concentration, assets pledged as security, fluctuations in security value, inadequate allowance, the economic environment and policy exceptions.

The Board of Directors sets policy to guide lending processes. These are put into practice through procedures established by management. Credit granting is performed in accordance with the approved policies, procedures and applicable legislation. This includes credit analysis, pricing structures, security analysis, terms and documentation. Loan pricing structures are in place to support lenders in pricing decisions and to ensure risk is offset by rates. Pricing by risk and relationship has now been expanded to include mortgage loans. Concentration limits by industry and size of loans have been designed to reflect our risk tolerance. 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 rating process provides a more in-depth analysis of member files. Credit risk is further mitigated through training of loans personnel. In addition, a comprehensive impaired loan assessment is completed using a proactive and forward-looking approach. This approach leads to more fluctuation in the allowance based on the structure of the portfolio but strengthens the credit union's risk management. We include credit cards in the risk assessment but the risk from this sector is insignificant.

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 & Finance Committee as well as the Credit Union Deposit Guarantee Corporation.

With increased interest rates, the effect of inflation, general economic conditions and

dry conditions for agricultural producers, the credit risk has increased to moderately high. So many conditions that affect lending are beyond the credit union and member control.

MARKET RISK

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices, foreign exchange rates and credit spreads. Exposure changes depending on market conditions. Market risks that have a significant impact on the credit union include fair values, foreign exchange movements and interest rate risk.

Fair value risk is tied to the value of investments other than Guaranteed Investment Certificates. These other types of investments are dependent on net asset values and are subject to change on a regular basis. Accounting for these changes in valuations through the income statement provides risk to the overall financial results of the credit union. This is a relatively new risk to Unity Credit Union as we now report using this new method of valuation, therefore, it is classified as moderate for now.

Market risk arises from changes in interest rates and the timing differences that exist between the re-pricing of loans, investments and deposits that affect the credit union's net interest income. Exposure to this risk directly impacts the credit union's income from its loan and deposit portfolios. The credit union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while also meeting member owner needs. 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 Accent Credit Union, who monitor and measure our exposure and provide reports to management and the board. The second is by employing Equitable Bank to do a review on a quarterly basis. Equitable Bank

provides a quarterly report outlining rate forecasts and assumptions, and how they affect our balance sheet and financial operations. Results are reviewed by management who in turn report through the Risk and Compliance 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. 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. Our US Dollar accounts are generally stable. International wires are probably the largest contributor to our foreign exchange risk, but we continue to monitor our processes to reduce our risk as we are able.

In 2023, prime rate changes slowed but rates stayed high. This helped our margin but with these kinds of increases, we had to increase rates on deposits as well. If rates tumble at the same pace as they increased, it could impact our financial margin. The rate environment continues to be very competitive. With the uncertainty of what rates may do in the foreseeable future, market risk continued to be moderate as our margin remained sufficient. As mentioned, this could be subject to change and an increased risk if rates tumble quickly. Continuous monitoring will be required. Economists have predicted rate decreases ranging from 0.25% to 1.50% in 2024.

LIQUIDITY RISK

Liquidity is required to meet the day-to-day cash

needs and loan demands of our members. Liquidity risk is the risk that the credit union cannot meet members' demands for loans, demands for cash or fund its obligations as they come due. The credit union's liquidity risk management strategies seek to ensure the credit union has access to enough readily available funds to cover its financial obligations as they come due while not impacting the financial results of the credit union.

Requirements for liquidity risk management are defined by policies and regulatory standards and limits. The standards focus on the liquidity coverage ratio and the quality of liquid assets. Quality is determined by how quickly investments can be liquidated and how market value fluctuations will affect the value of investments. We now control our liquidity coverage ratio by the investment choices we make. Throughout 2023, we exceeded the liquidity coverage requirements. Our excess presented opportunities to invest funds to improve our yield and contribute more to 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 Equitable Bank, who monitors actual inflows and outflows of funds on a daily, weekly, monthly and annual basis. Equitable Bank, through consultation with management, then manages the investment of excess funds to best meet proposed needs and requirements.
- Establishment of borrowing facilities with SaskCentral.
- Through our contract with Equitable 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.
- Reviewing and reporting the credit union’s liquidity position to the Management Risk Committee and through the Risk and Compliance Committee to the board.

In 2023, members continued to show their trust in the credit union and invested funds but also continued to spend funds more freely than during the pandemic. Despite a steady loan demand, our liquidity position remained strong, which in turn left our liquidity risk at a low level.

LEGAL & REGULATORY RISK

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

Specific risks that have been identified 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 and Compliance Officer oversees our processes related to certain pieces of legislation and reports quarterly to the Risk and Compliance Committee and in turn to the board. We continued to contract Internal Audit from an outside source. 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 as evidenced by fines that were imposed through 2023, 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, systems and external events. Exposures to this risk arise from increasing efficiency ratios, shrinking margins, increased costs for staff, deficiencies in internal controls, technology failures, human error, employee integrity, fraud or natural disasters. Specific risks include internal and external frauds including compromising of cards, accounts and 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 or tornado.

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, appropriate insurance coverage and secure technology solutions. Our banking platform is maintained offsite and includes a very complex back up and disaster recovery process, but even this is not fool proof. Our service provider has advised they will be taking additional steps to protect their systems and the credit union. Additionally, cloud backup is the new norm and some of our services have migrated to this service.

The risks of fraud, especially external fraud through compromises, breaches and scams continues to increase as does the dollar amount, so the overall operational risk remains moderate-high. In 2023, a member was attacked through a fraudulent transaction bringing this risk into greater focus for the credit union and sparking more discussions with service providers about how we can continuously improve the security of our operating systems.

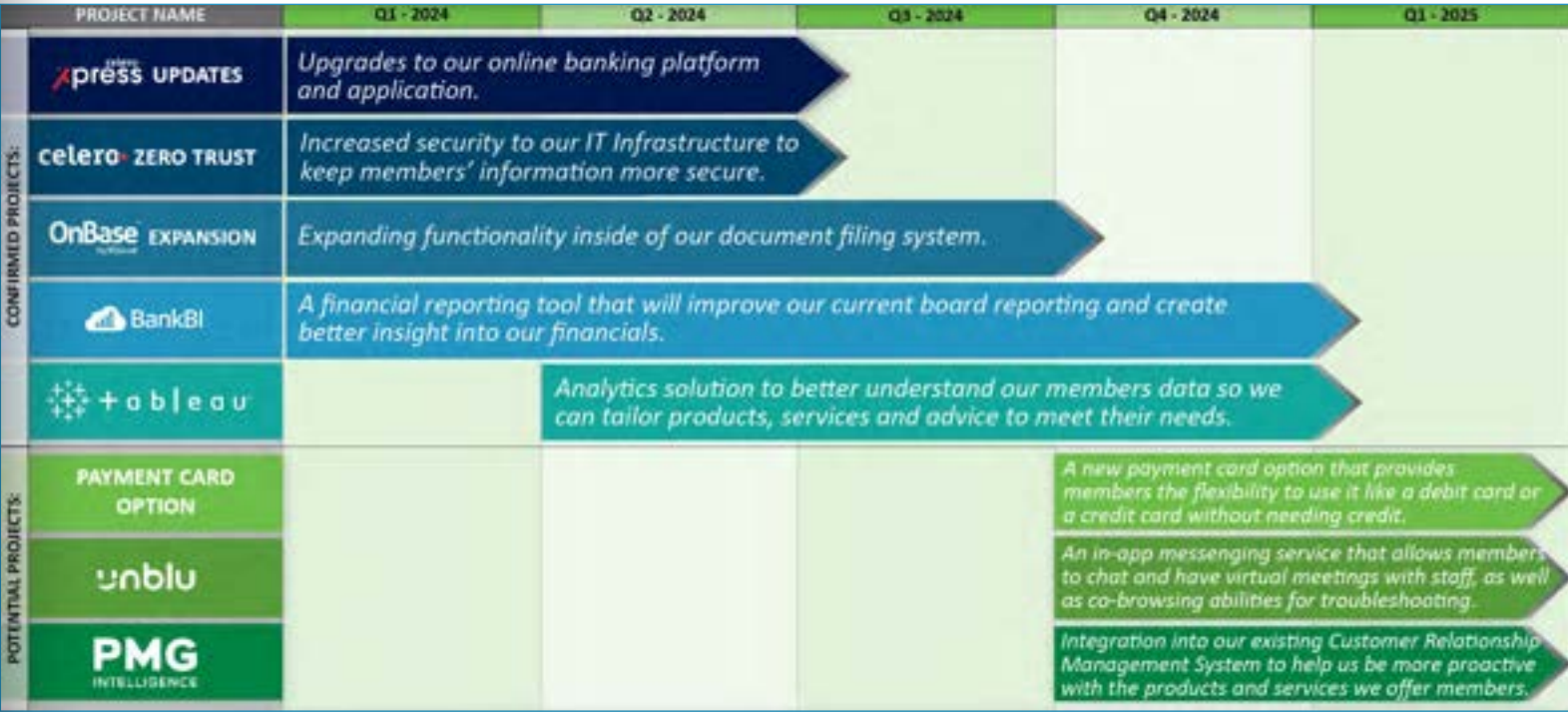
Our FUTURE

Every year we try to determine what the future might hold. We know the future will involve change and challenge. The growth, use and dependency on technology by both members and organizations brings many challenges. The greatest of these are resources; both human and financial to keep up with the changes, implement the changes and help members and staff utilize the changes to their best advantage. Another challenge is recruiting and retaining qualified staff, especially for specialized positions. Changes in the credit union system across Canada provide new challenges for all credit unions but especially smaller ones. Another challenge worthy of mentioning is preparing staff for the future to serve members in new and different ways than rural credit unions have relied on for decades. Frauds, scams and compromises add challenges that were unheard of just a few years ago.

These challenges make remaining an independent,

autonomous credit union more difficult. As an organization, we have determined that building relationships is key to becoming your trusted advisors. But this requires the support of you, our members, as well. There are lots of competitors providing all kinds of attractive offers. We hope that being local, supporting our community and knowing our members will still be differentiators and reasons for members to want to deal with their local financial institution. We are in the community and our decisions are made for the community so if you deal with us currently, thank you. If we have served you well, tell others. If we have not served you well, tell us. If you do not currently deal with us, we encourage you to give us a try. We would love to have the opportunity to serve you.

All that being said, we provide the following roadmap that illustrates some of the initiatives facing us in 2024.



That concludes our report of activities for the year ended December 31, 2023. After an interesting year in 2022, the economic challenges and effects of higher rates and inflationary pressure became real in 2023. We thank our members for their trust in the credit union. We thank our staff for their unfailing commitment to serving members with a smile despite the many challenges. We acknowledge management for guiding the organization through continued

interesting times. Our goal is to continue to adapt and change. We wish to continue to serve you as Unity Credit Union.

Respectfully submitted,

*Board of Directors & Management
Unity Credit Union Limited*



CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Annual Report Message 2023

January 2024

Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan credit unions and serves as the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or “PRFIs”. The Corporation operates under provincial legislation, namely, The Credit Union Act, 1998 and The Credit Union Central of Saskatchewan Act, 2016. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan as stipulated by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the successful guarantee of deposits. Through the promoting of responsible governance and prudent management of capital, liquidity, and guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

For more information about the Corporation’s responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation’s web site at www.cudgc.sk.ca.

Unity Credit Union Limited
Summary Financial Statements
December 31, 2023

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, 2023, 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, 2023.

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 13, 2024.

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 13, 2024

MNP LLP

Chartered Professional Accountants

MNP LLP

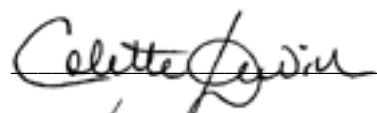
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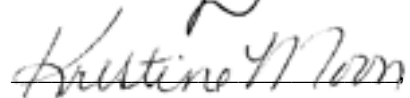
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Unity Credit Union Limited
Summary Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Cash and cash equivalents	15,146,117	22,643,785
Investments	92,121,561	79,627,158
Member loans receivable	234,931,754	218,856,700
Other assets	2,568,676	5,033,157
Property, plant and equipment	3,875,129	4,236,653
	348,643,237	330,397,453
Liabilities		
Member deposits	315,321,549	298,152,496
Other liabilities	239,410	374,124
Membership shares	2,913,689	3,032,152
	318,474,648	301,558,772
Members' equity		
Retained earnings	30,168,589	28,838,681
	348,643,237	330,397,453

Approved on behalf of the Board

 , Director

 Director

Unity Credit Union Limited
Summary Statement of Comprehensive Income
For the year ended December 31, 2023

	2023	2022
Interest income		
Member loans	11,571,792	9,034,906
Investments	4,263,110	5,270,046
Unrealized gain on investments	1,376,235	-
	17,211,137	14,304,952
Interest expense		
Member deposits	7,991,958	3,787,234
Borrowed money	13,843	7,894
	8,005,801	3,795,128
Gross financial margin	9,205,336	10,509,824
Other income	1,173,139	1,077,864
	10,378,475	11,587,688
Operating expenses		
Personnel	2,953,544	2,840,264
Security	333,586	316,967
Organizational	128,047	123,899
Occupancy	385,803	387,869
General business	2,000,554	2,224,113
	5,801,534	5,893,112
Income before provision for impaired loans, patronage refund and provision for (recovery of) income taxes	4,576,941	5,694,576
Provision for impaired loans	2,415,512	711,686
Patronage refund	400,000	550,000
Income before provision for (recovery of) income taxes	1,761,429	4,432,890
Provision for (recovery of) income taxes		
Current	(187,363)	495,738
Deferred	618,884	(209,815)
	431,521	285,923
Comprehensive income	1,329,908	4,146,967

Unity Credit Union Limited
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2023

	<i>Retained earnings</i>	<i>Total equity</i>
Balance, December 31, 2021	24,691,714	24,691,714
Comprehensive income	4,146,967	4,146,967
Balance, December 31, 2022	28,838,681	28,838,681
Comprehensive income	1,329,908	1,329,908
Balance, December 31, 2023	30,168,589	30,168,589

Unity Credit Union Limited
Summary Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities:		
Operating activities		
Interest received from member loans	10,949,409	8,972,576
Interest received from investments	6,609,082	1,834,939
Other income	1,173,139	1,077,864
Cash paid to suppliers and employees	(6,214,085)	(4,954,676)
Interest paid on deposits	(6,408,500)	(3,381,793)
Interest paid on borrowed money	(13,843)	(7,894)
Patronage refund	(400,000)	(550,000)
Income taxes paid	(542,094)	(607,103)
	5,153,108	2,383,913
Financing activities		
Net change in member deposits	15,585,595	1,299,162
Net change in membership shares	(118,463)	(215,421)
	15,467,132	1,083,741
Investing activities		
Net change in investments	(10,197,416)	14,861,415
Net change in member loans receivable	(17,868,183)	(9,050,422)
Purchases of property, plant and equipment	(52,309)	(16,141)
	(28,117,908)	5,794,852
Increase (decrease) in cash and cash equivalents	(7,497,668)	9,262,506
Cash and cash equivalents, beginning of year	22,643,785	13,381,279
Cash and cash equivalents, end of year	15,146,117	22,643,785

1. Basis of the Summary Financial Statements

Management has prepared the summary financial statements from the December 31, 2023 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.