ANNUAL REPORT 2022

Vedam Credit Union

Saskatchewan Credit Unions

saskcu.com

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
ANNUAL REPORT MESSAGE 2022

January 2023

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The Corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or "PRFIs". The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to 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.

Your Credit Union at a Glance

ASSETS	$70,912,934
GROWTH	$1,182,323
LOANS	$42,326,179
DEPOSITS	$62,436,684
MEMBERS	1113
NON-MEMBERS	11

Ever since Charter Number 115 was granted over 79 years ago, the Edam Credit Union has provided financial services to the community of Edam and surrounding area. We are a democratic organization and with membership comes the right to vote – one member, one vote in keeping with our co-operative structure. Each year at the Annual General Meeting, members elect directors to govern their credit union and represent their interests.

As our community evolves, so do the demographics of our credit union. In 2022 we welcomed 68 new members and closed 27 memberships for a new membership increase of 41.

BOARD of DIRECTORS

Responsibility: As a member of the board, a director is in a position of trust to ultimately ensure that the credit union is managed and operated in a sound and prudent manner.

Purpose of Position: As a member of the board, a director acts to establish meaningful strategic direction for the credit union that effectively serves the membership's interests while promoting long-term growth and financial stability.

	Elected	Term Expires
Darcy deMontarnal	2017	2023
Ryan Roach (President)	2017	2023
Rob Goodall	2017	2023
Heidi Potter Jamieson	2018	2024
Larry McDaid (Vice President)	1974	2024
Taylor Baillargeon	2023	2024
John Grant	2016	2025
Blair St Amant	2019	2025
Shawn Blais	2019	2025

Who We Are …….

Real People Providing Real Service

Staff of the Edam Credit Union *(Left - Right)*

Back Row:

Edith Shewchuk, MSR, 2005; Lisa Pelchat, Finance and Compliance, 2008; Ross Houston, General Manager, 2013; Deanne Carmody, Loans Officer, 2021; Renee Thorne, MSR, 2023

Front Row:

Karman Pearson, MSR, 2023; Wanda Mosimann, Assistant Manager, 2002; Glenda Weber, Office Manager, 2002; Melodie Nedelec, Senior MSR, 2011

Missing:

Hannah Tataryn, Loans Officer, 2021 (currently on Maternity Leave)

What We Believe …….

OUR VISION

To provide members with excellent financial service

OUR MISSION

- To provide financial products and services that are delivered with the highest standard of excellence, integrity, and professionalism
- To remain a viable, member controlled financial institution dedicated to co-operative principles responsive to the social and economic needs of our members
- To develop the credit union and its services to meet the changing needs of our members and their communities

OUR ORGANIZATIONAL VALUES

Service and Product Excellence
Our credit union is committed to providing a broad range of quality products that best meet our members' needs. Our professionally trained employees provide courteous service and quality advice to each member.

Integrity, Honesty, Professional and Ethical Conduct
We earn the loyalty and trust of our members by dealing with them in an open, honest, and respectful manner. We utilize our strengths and treat our members and each other with respect and professionalism.

Co-operative Principles and Philosophy
We are a member-owned, democratically controlled organization that recognizes our community's diversity. We are responsive to the needs of our membership and are committed to our community.

Community Involvement and Impact
Our decisions have an impact on the well-being of our community and our membership. We present a positive image to the community by sponsoring community projects through the involvement of board and staff members.

Autonomy
We are committed to ensuring that the needs of our members and our community come first by retaining local decision making.

Financial Performance and Productivity
We are committed to achieving a stable and financially secure organization for the benefit and security of our membership in an ever-changing marketplace.

Employee Satisfaction
We respect our employees and their contribution to our success. Employee involvement and participation is recognized and rewarded. We support employee development by providing training and educational opportunities while respecting their need to balance personal and professional lives.

Respect for your Privacy ....

At the Edam Credit Union, we have always been committed to keeping our members' personal information accurate, confidential, secure, and private. The formal Privacy Code that we have adopted builds on this commitment. This code is based on the Credit Union Central of Canada Model Privacy Code and the Model Code for the Protection of Personal Information.

We continue to protect your privacy and your right to control the collection, use and disclosure of your personal information. We have procedures in place that guide our employees and directors in maintaining confidentiality. What has been our ongoing business practice has become our documented commitment to you.

Your credit union Board of Directors has adopted the Credit Union Code for the Protection of Personal Information, established related Policies and Procedures, and appointed a Privacy Officer. Our employees understand the importance of the policies and procedures and follow them carefully.

Code of Conduct ....

Principles of ethical conduct and responsible business behavior are reflected in our Code of Conduct. Adherence to this code is mandatory for all employees and directors.

Our Code of Conduct requires that we follow a Market Code which covers acceptable sales practices, employee qualifications and licensing, disclosure, privacy, and complaint resolution. Our Market Code is based on the model that was jointly developed by Saskatchewan credit unions, SaskCentral and the Credit Union Deposit Guarantee Corporation to ensure the protection of credit union members. Our employees, directors and service providers are obliged to act in accordance with the highest standards of personal and professional integrity. All of us at the Edam Credit Union have always been committed to delivering a high quality of service to members. The Market Code builds on this commitment.

The Market Code represents the standards that we embrace as an organization, the way we conduct ourselves and how we will continue to treat our existing and potential members as we work to maintain your trust, while living out our co-operative values.

We subscribe to the co-operative principles as endorsed by the International Co-operative Alliance and the international credit union operating principles as endorsed by the World Council of Credit Unions. We are member-owned and democratically controlled. Our goal is to provide a measurable economic and social benefit to members and communities by incorporating the following values in all that we do.

Our Co-operative Principles ....

- **Voluntary and Open Membership**
- **Democratic Member Control**
- **Member Economic Participation**
- **Autonomy and Independence**
- **Education, Training, and Information**
- **Co-operation among Co-operatives**
- **Concern for Community**

Why We're Different …….

Celebrate the value in the Credit Union difference. While that difference may mean different things to different people, **it always comes down to putting our members first!**

Local Ownership and control

- Each credit union is an autonomous separate entity, owned and controlled by local people.
- Each member owns one share and has one vote.
- Board members are locally elected by their members to provide strategic direction to their management teams.
- As independent financial institutions, owned and controlled by their members, credit unions are shaped by the needs of their community.

Community Investment

- Credit unions earnings stay in the community.
- Credit unions support local interests.
- Credit unions sponsor and support local initiatives.
- Credit unions remain part of the community where our member-owners live.
- Credit unions contribute to the local economy by providing employment. Just over 3,300 friendly, knowledgeable, and professional individuals are working in credit unions across our province, providing service at 235 locations to almost a half-million members.
- Credit union employees are active participants in the community.

Investing in OUR Community …….

Whether through a cash contribution, donations or door prizes or raffle prizes, free photocopies, technical help with the creation or printing of a program or poster, a drop off or pickup point, an activity coordinator, displaying raffle items and selling tickets, funding educational speakers, or lending a staff member to work at an event – **we're here for you!**

CONCERN FOR COMMUNITY is one of the seven co-operative principles: "While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members."

We believe in giving back to our community – listed below are some of the local organizations who received our support in 2022

- **Donor's Choice**
- **Edam 3 Stars Senior Hockey**
- **Edam Community Recreation Centre**
- **Edam Fall Fair**
- **Edam Legion**
- **Edam Minor Hockey**
- **Edam Village Light 'Em Up 2022**
- **Edam Ladies Night**
- **Youth Travel Club**
- **Edam Senior Centre**
- **Camp Kindling Sponsorship**
- **H. Hardcastle School** (various)
- **Mervin Golf Club**
- **Mervin 4-H Club**
- **Edam West 4-H Club**
- **Vawn Recreation Board**
- **Edam Minor Ball**
- **Edam Fire Fighters**
- **Edam First Responders**
- **Edam Rec Board**

Community
and **Sponsorship**

We also support larger initiatives that benefit our members:

- **Anti-Bullying Awareness**
- **Canadian Cancer Society**
- **Saskatchewan Co-operative Assoc.**
- **STARS**

Your Credit Union & You - Building a Great Community

CREDIT UNIONS

Members Make It Happen

Members are the most important people in our business.

Members are not dependent on us -
We are dependent on you.

Members are not an interruption of our work -
You are the purpose of it.

Members are part of our business, not outsiders -
You are our owners.

Members are not numbers -
You are real people with feelings.

Members bring us their wants and needs -
We know that it is our job to satisfy them.

Members have the right to be served with a professional attitude.

Members deserve the most courteous and attentive treatment we can provide.

Just like all financial institutions, Edam Credit Union is faced with a variety of business risks. Our continued viability depends on proper management of those risks. Our risk management strategy is threefold: to identify and assess these risks on an on-going basis; to evaluate the controls we have in place to minimize our exposure to risk; and to implement risk mitigation techniques as appropriate. This process is called Enterprise Risk Management.

What are these risks and how do we handle them?

Credit Risk - The risk of financial loss associated with a borrower failing to meet an obligation as agreed to is always present in lending activities, but to a lesser extent also exists in the investment portfolio. This risk is managed through a continual review of established underwriting practices for loans, the monitoring of delinquency levels and the establishment of an allowance when there is a reasonable doubt of the ability to collect a loan. Credit risk is further mitigated by obtaining quality collateral and seeking diversification in the loan portfolio through the syndication of loans and the purchase of lease portfolios.

In accordance with CUDGC guidelines, the Edam Credit Union is required to provide additional credit disclosure regarding its residential mortgage portfolio.

The Edam Credit Union is limited to providing residential mortgages of no more that 80% of the collateral value. Lending at a higher loan-to-value (LTV) is permitted but requires default insurance. The insurance is contractual coverage that protects the Edam Credit Unions real estate secured lending portfolio against potential losses caused by borrower default. Default insurance can be provided by either government backed entities or other approved private mortgage insurers. Currently we use Canada Mortgage and Housing Corporation (CMHC) to provide mortgage default insurance.

A Home Equity Line of Credit (HELOC) is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike a traditional residential mortgage, most HELOCs are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. The Edam Credit Union is limited to providing HELOCs of no more than 65% of the collateral value.

To determine the potential impact of an economic downturn, which may result in defaults and a decrease in housing prices, the Edam Credit Union does investigations into where the residential mortgage market is and observes trend analysis of the information. We do comparatives of this information on an ongoing basis plus do comparatives of residential appraisals and Saskatchewan Assessment Management Agency (SAMA) to determine the effect of an economic decline (or increase) from year to year and the effect on our collateral values.

Residential Mortgage Portfolio:

	2022	**% of Portfolio**
Insured	$ 2,727,658	13%
Uninsured	$17,964,124	87%
HELOC (home equity line of credit)	$ 0	0%
Total	$20,691,782	100%

Market and Interest Rate Risk - Changes in market factors such as interest rates, equity prices and credit spreads give rise to the risk of loss of value in a financial instrument. Our greatest exposure is to the interest rate risk created by timing differences between maturing or repricing investments and loans and maturing or repricing deposits.

Since we do not know what interest rates will be in the future, the risk of adverse impact to our earnings from market changes is managed by measuring and monitoring our mismatch between assets and liabilities to ensure that it does not become too large.

Liquidity Risk - In the normal course of our business there are a variety of day-to-day obligations to fund, such as commitments for approved loans, drawings on lines of credit and cash withdrawals. The inability to generate or obtain the necessary cash at a reasonable cost to meet these obligations in a timely manner is known as liquidity risk.

Policies and procedures have been established by the Edam Credit Union to monitor, measure, and control our exposure to liquidity risk. These include management of liquidity daily factoring in known and projected cash inflows and outflows, the requirement to maintain both sufficient liquid assets to meet normal operating requirements and excess liquid assets that can be converted to cash with minimal cost. Additionally, policies are in place to manage this risk at both the provincial and national credit union level.

We have prepared and implemented a Liquidity Management Plan to ensure the optimal level of liquidity is maintained to meet regulatory and operational needs. The objective of the Liquidity Coverage Ratio (LCR) is to ensure the Edam Credit Union has an adequate stock of unencumbered high quality liquid assets (HQLA) that consists of assets which can be converted into cash at little or no loss of value; and meeting its liquidity needs for a 30-calendar day stress scenario. We will maintain minimum liquidity coverage of 100% to ensure we always cover our obligations. As of December 31, 2022, Edam Credit Union had coverage of just under 397%.

Legal & Regulatory Risk - Like all Saskatchewan credit unions, we are regulated by the Credit Union Deposit Guarantee Corporation (CUDGC) and must comply with their Standards of Sound Business Practice as well as our own bylaws and policies and various provincial and federal legislation. We operate in a heavily regulated industry and of course there is a cost to implement the necessary regulatory and compliance regimes.

Compliance Officers are in place to ensure that laws, rules, regulations, and ethical standards are adhered to. Ongoing training and education of directors and employees stresses the importance of policies and procedures and the need to follow them carefully.

There are serious consequences to failing to understand and address this risk. Failure to comply with regulatory standards may result in CUDGC reducing or restricting a credit union's authorities and limits; subjecting a credit union to preventative intervention; issuing a compliance order; or placing a credit union under supervision or administration. Failure to comply with legislation may result in fines or imprisonment.

Strategic & Operational Risk - There are negative implications from failing to have appropriate strategies and business plans in place. Your board of directors is continually evaluating how to have your credit union continue to thrive. Exposure to operational risk includes ensuring that we have both sufficient qualified employees and the proper technology to provide our members with the quality financial service they expect and deserve. An on-going succession planning process and continual evaluation of information technology solutions are used to address the risk in these areas.

We have recognized that we must continually review and reassess our comprehensive risk management framework to guide your credit union into the future.

The direction chosen by the board of directors for your credit union was that we need to be researching opportunities that ensure long term sustainability of our credit union. We have identified that to maintain strong financial performance we need to be seeking opportunities to gain efficiencies to bring our membership the financial products and services that are competitive and relevant.

The resulting Strategic Plan is aligned to address areas where specific risks were identified. Operational costs continue to increase which causes our margins to erode and this trend presents the potential to reduce our capital adequacy position if we do not take a proactive approach.

An example of this is our desire to continue to increase the loan to asset ratio. Although this will generate additional profitability (and hence capital) over the long-term, continuing to increase the asset mix to include more loans, and less investment assets will have an immediate impact on risk weighted assets and the risk weighted capital adequacy ratio. The risk weighted assets will increase in advance of the additional capital that they will provide in the long term. The current business strategy is to try to keep our loan to asset ratio between 50% and 80% and we ended the year at 59.69%. This is an area that we will focus on to grow in 2023.

Operational risk creates the potential of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, inadequate employee integrity or natural disasters.

This risk is managed using policies and procedures, controls, and monitoring. To minimize the risk from deficiencies in internal controls or failed internal processes, we utilize an annual independent audit of these internal control processes in addition to our annual external audit and regular Credit Union Deposit Guarantee Corporation examinations. Recommendations that result from any of these reviews may be implemented to strengthen our already sound practices and increase efficiencies.

Risk is managed through established policies, procedures, controls, and monitoring.

And Capital is King …….

Our regulator, the Credit Union Deposit Guarantee Corporation (CUDGC) prescribes capital adequacy measures and minimum capital requirements. We also have an internal capital adequacy assessment process (ICAAP) to determine and maintain the appropriate level of capital required to support operations, risk, and growth. Compliance with these requirements is critical.

As part of our capital management process, we closely monitor two important indicators of capital adequacy. One is overall capital as a percentage of total assets, and this ratio is referred to as the leverage ratio. In 2022 this ratio ended at 11.98%, well above the regulatory standard set by CUDGC of 5.00%.

The second ratio is that of capital to risk weighted assets. Each type of asset (which would include loans and investments) has been assigned a specific risk weighting by CUDGC. We are required to measure our capital level based on a calculation using these weightings and CUDGC has set the current required level (regulatory standard) at 10.50%, consistent with the industry standard. In 2022 this ratio ended at 25.79%, well above the regulatory standard.

You may wonder why our targets are higher than those required by the regulator. It is the responsibility of the board of directors of each credit union to evaluate their own situation and set limits that are appropriate for their operation. With us maintaining our loan portfolio our current loan to asset ratio is still below optimum, and our objective is to increase that ratio to further enhance profitability. Since loans carry a higher risk weighting than investments, more capital is required to support a future increase in loan volume even if our assets were to remain at a constant level. Our community is thriving and growing, we need to be well positioned to serve that growth.

Our continued attention to proper capital management over the years has ensured that your credit union has been able to grow and thrive. This strong capital base reduces the threat to our future viability from the risks outlined on the previous pages.

This stewardship has contributed to our ability to remain an autonomous entity with the financial strength to allow us to research our best future options as opposed to many credit unions that end up forced to merge to survive. Ensuring that the needs of our members and our community come first are important considerations as we consider our future.

Growing Our Future Together

79th ANNUAL GENERAL MEETING

WEDNESDAY, March 29, 2023
RM of Turtle River
Council Chambers
Business Meeting starting at **4:30 pm**

- **Annual General Meeting Call to Order**
- **Opening Remarks**
- **Adoption of the Agenda**
- **Minutes of the 78th Annual General Meeting**
- **Report of the Board of Directors**
- **Report of the General Manager**
- **Report of the Auditor**
- **Financial Statements**
- **Nominations Committee Report**
- **Appointment of Auditors**
- **Long Term Service Awards**
- **Other Business**
- **Adjournment**

Minutes of the 78th
ANNUAL GENERAL MEETING
of EDAM CREDIT UNION LIMITED,
Held at the Edam Credit Union
Edam, Saskatchewan,
On Wednesday, March 30, 2022
Via Microsoft Teams Virtual Platform

The chairperson, President Ryan Roach, called the meeting to order at 4:33 pm.

Ross Houston declared a quorum present to conduct the meeting.

A motion to APPROVE THE AGENDA AS PRINTED was made by Blair St. Amant, seconded by Heidi Potter-Jamieson: CARRIED

MINUTES OF THE 77th ANNUAL GENERAL MEETING – Moved by Shawn Blais, seconded by Ian McDonald to receive the minutes as read: CARRIED.

BUSINESS ARISING FROM THE MINUTES - There was no business arising from the minutes.

REPORT OF THE BOARD OF DIRECTORS – Moved by Bonnie Letwinetz, seconded by Ian McDonald to accept the report as read by Ryan Roach: CARRIED.

REPORT OF THE GENERAL MANAGER – Moved by Ian McDonald, seconded by Shawn Blais to accept the report as read by Ross Houston: CARRIED.

REPORT OF THE AUDITORS AND FINANCIAL STATEMENTS – Moved by LeAnn Thom, seconded by Ian McDonald to accept the report of MNP as read by MANAGER, ASSURANCE AND ACCOUNTING - CREDIT UNIONS, Julia Eichholz: CARRIED.

REPORT OF THE NOMINATIONS COMMITTEE & ELECTION OF DIRECTORS -
On behalf of the Committee Chair and Returning Officer, Robert Goodall explained the function of the nominations committee and reported that there were three vacancies on the Board.

For the Board of Directors, the following persons were nominated by the Committee: John Grant, Blair St. Amant, and Shawn Blais.

On behalf of the Returning Officer, Robert Goodall declared the following directors elected by acclamation:

John Grant
Blair St. Amant
Shawn Blais

APOINTMENT OF AUDITORS – Moved by Shawn Blais, seconded by Blair St. Amant to appoint MNP as auditors for the current year: CARRIED.

LONG TERM SERVICE AWARDS - Ryan Roach thanked John Grant for 5 years as a board member.

Ross Houston thanked Melodie Nedelec for 10 years of service with the Edam Credit Union.

OTHER BUSINESS – No other business.

ANNOUNCEMENTS – Ryan Roach announced that we are happy to be sending Leah and Faith Frey to Coop Youth Summer Camp this year.

Ross Houston thanked everyone, including staff and directors for all their hard work.

DOOR PRIZES – We did not have any this year as we held the meeting via teleconference.

The meeting was ADJOURNED by Blair St. Amant at 5:10 pm.

President______________________________

Secretary______________________________

EDAM CREDIT UNION LIMITED

- BOARD OF DIRECTORS' REPORT FOR 2022 -

Building Tomorrow Together

The success of the Annual General Meeting depends on the participation of our members, and we appreciate your time and attendance this afternoon.

Your Board of Directors establishes and continually reviews the basic objectives and policies of this credit union, allowing us to set the strategic direction that we feel best serves our membership. This governance is crucial in optimizing our performance and creating an organization that will remain relevant to our community.

Helping the community that we serve to remain strong and vibrant is one of our core values. Throughout the year we promote, sponsor, and contribute to a variety of community activities, events, and organizations through the donation of prizes, trophies, products, and time. You will find a list of these important community partners elsewhere in our Annual Report.

Our collective future depends on our youth understanding the value of community and knowing what it takes to build and nurture a community. Therefore, we continue to sponsor students to attend the *Saskatchewan Co-operative Youth Program,* now known as *Camp Kindling Co-operative Youth Retreat*, and we were pleased that Leah Frey and Finn Frey were able to participate in 2022. Letters of gratitude from each of the participants are included in the Annual Report.

We also reward those young people who demonstrate an active involvement in their community, proudly awarding this year's Abe Wouters Community Service Scholarship to Ava Cole.

Corporate Governance

All nine of the individuals who make up your board of directors are considered "independent", meaning that they are free of any material interest in or relationship with the credit union beyond their membership. In other words, we are members just like you who have made the commitment to direct the business affairs of our credit union.

Throughout the year we attend regular board meetings, special planning meetings, committee meetings and system related meetings. Director remuneration in 2022 totaled $9,834.51. It is the expectation of our regulatory bodies that your board is educated and understands the risks associated with directing our Credit Union as we act as the stewards of your money.

The board has several committees in place as well. In the past, three directors were appointed annually at the organizational meeting to serve on the External Credit Committee. However, at the recommendation of our regulators, Credit Union Deposit Guarantee Corporation, this committee has been eliminated to ensure lending decisions reside with management and staff. Effective June 16, 2022, loan requests that required the approval authority of the External Credit Committee, are now reviewed, and approved by an Internal Credit Committee that is comprised of management and lending staff.

The Executive Committee is comprised of the President, Vice-President and one other board member appointed at the annual organizational meeting. This committee is authorized to deal with any matters that arise between board meetings which require immediate attention.

Three directors are also appointed annually to the Conduct Review Committee at the organizational meeting. This committee is charged with ensuring that all related party transactions are reviewed to ensure that they are at the same terms and conditions as any other member.

By policy, the Nominations Committee consist of the three directors whose terms will expire in the subsequent year, and we also have a Policy Review Committee composed of five appointed directors.

At our credit union, every director serves on the Audit & Risk Committee. This allows all board members to participate in the reviews of internal controls, legislative compliance, risk management and the financial results of our operations. Additionally, the board performs the functions of reviewing the engagement arrangement with our external auditors and receiving the audit results.

Financial Summary

I will now provide a brief overview of how the year ended financially and will let our general manager speak to the detailed financials.

Profitability in 2022, was $1,583,485 before Patronage, Income Tax, and the Provision for Impaired Loans. We are happy to announce that we are allocating $100,000 to a patronage payout for the 2022 year which amounts to a return of just under 6.0% on interest earned on deposit accounts, and interest paid on loan accounts. This payout will be all in cash which will be deposited to your chequing account in April. With this our bottom-line net profit is $1,402,680 which is allotted to retained earnings. Our capital is composed entirely of retained earnings and membership shares, and at 25.79% remains above both the Credit Union Deposit Guarantee Corporation's minimum standard of 10.50% and the system average of 16.44%.

We are committed to ensuring that our credit union remains a stable and financially secure organization for our members through maintaining a strong capital base. This approach is what has allowed us to weather the financial challenges of a low interest rate environment and positions us well for future growth and new developments.

Our Future

I would like to take this opportunity to make a special announcement; effective April 30, 2023, Ross Houston will be retiring his role as General Manager. On behalf of the board, I would like to thank Ross for providing our credit union with ten years of excellent growth, progression, and leadership. With change comes opportunity, and I am happy to say Wanda Mosimann will assume the role of General Manager on May 1, 2023. Wanda has been with our organization for over twenty years. Through that time, she has been responsible for human resources, marketing, registered product administration, estate account management and the overall management of deposit products and services. We believe her experience and dedication to Edam Credit Union will allow her to continue leading our organization in an efficient and effective manner.

To conclude my report, I would like to thank my fellow board members for their commitment and dedication to our credit union. Finally, thank you to our members; your support and loyalty are what determines our success.

Respectfully submitted by the Board of Directors
Edam Credit Union Limited

EDAM CREDIT UNION LIMITED

- MANAGER'S REPORT FOR 2022 -

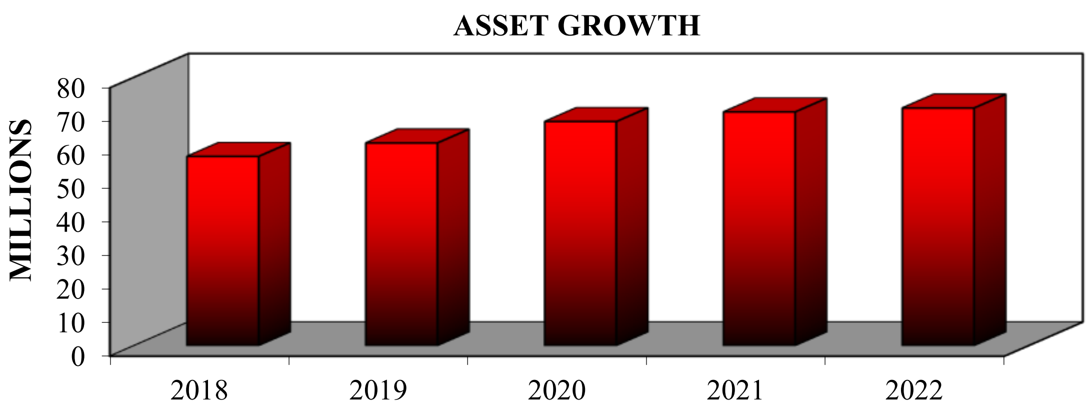
Service to Members First

The priority that remains top of mind for each of our employees, whether they have been with the credit union for most of their careers or were only recently hired, is service to members first.

Providing excellent financial service is not just about the products – it's really about the people and the experience you have every time you come into the credit union. Edam Credit Union supports a culture where on-going learning is both encouraged and expected of employees and directors. As our members' needs expand, so do our efforts to meet them.

Financial Strength

Our credit union experienced modest asset growth in 2022, of 1.70% over last year, ending the year at $70,912,934.

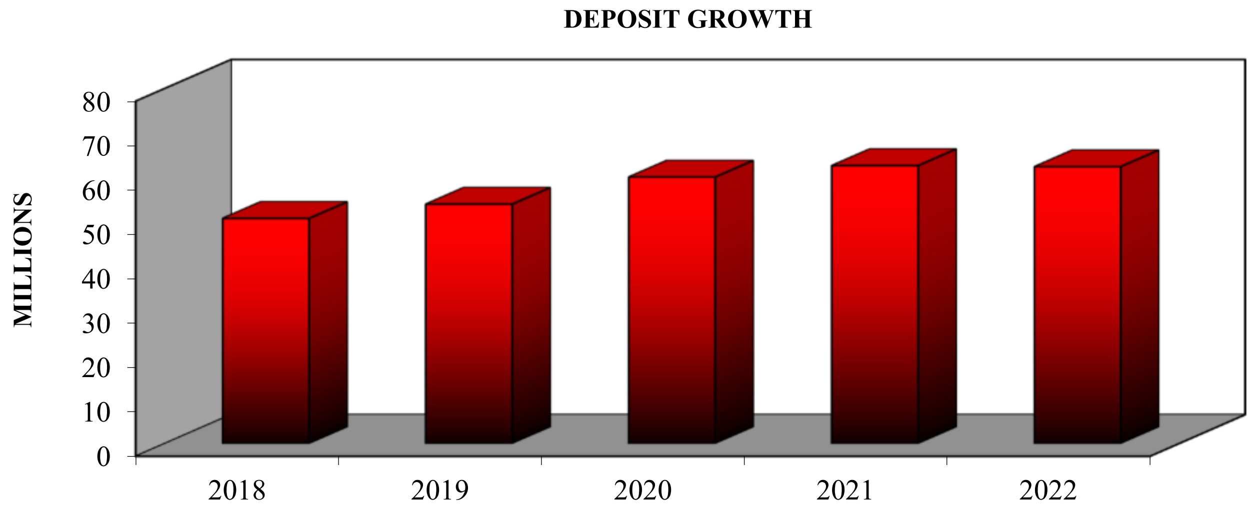


Typically, the growth in assets corresponds to the growth in our member deposits, as those funds form part of the credit union cash and investments on the asset side of the balance sheet. However, that was not the case for us in 2022, as our member deposits experienced a small negative growth rate. As a result, our asset growth was comprised of the increase in our member loans receivable, as well as a dividend receivable representing our share of SaskCentral's sale of Concentra Bank.

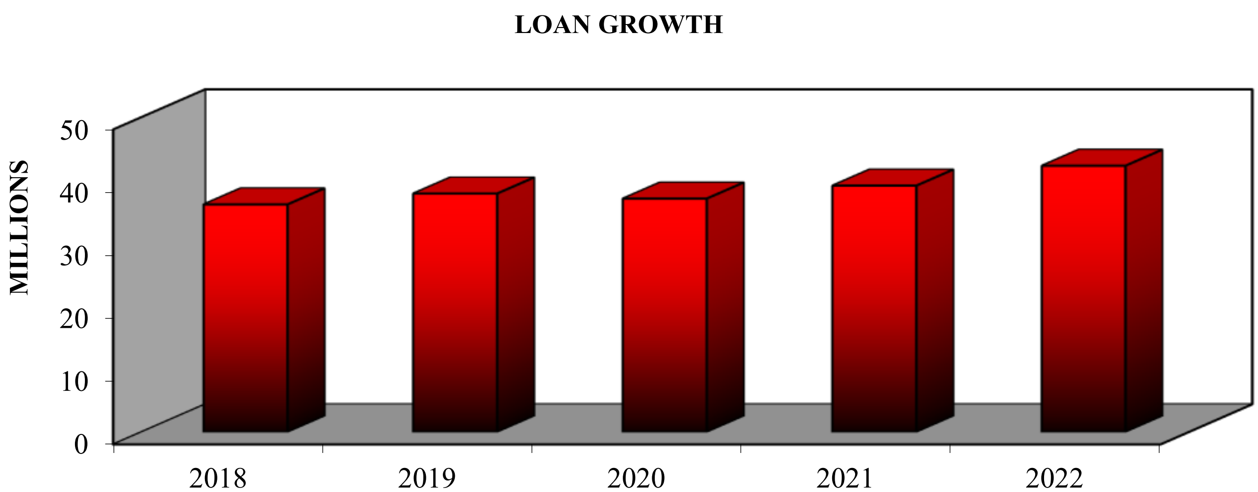
On November 1, 2022, SaskCentral closed the sale of their ownership interest in Concentra Bank to Equitable Bank. Sale proceeds were distributed to shareholders in the form of dividends and a return of share capital. The dividend payment was not received until February 3, 2023, and therefore was recorded as a dividend receivable and interest income in 2022, in the amount of $866,083.69. Elections under the Income Tax Act allowed this dividend to flow from SaskCentral to credit unions on a tax-free basis.

As previously mentioned, our member deposits experienced a slight decrease from 2021 and ended the year at $62,436,684. Deposit growth provides the credit union with liquidity to fund loan growth, and this is important as we rely on interest revenue from these loans as a main source of income for our organization, as they typically generate a higher rate of return in comparison to investments.

The mix of a balance sheet plays a critical role in profitability. A significant amount of our earning assets remains invested in low-risk deposits. By policy we put the safety of principal above all else when evaluating potential investments. With that being said, we do continue to look for opportunities to increase our rate of return on investments, while carefully evaluating the associated risks.

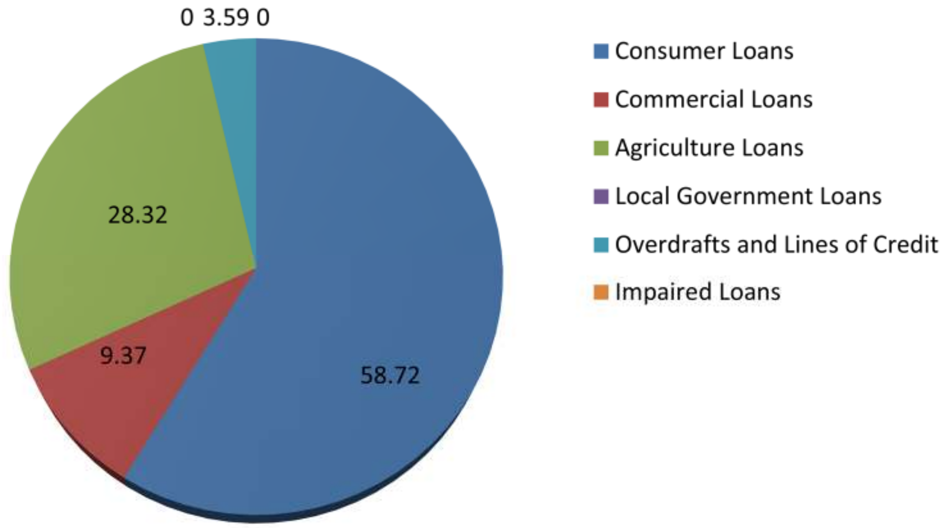


We experienced minimal loan growth during the first half of 2022, however, by August we began to realize increased loan demand that continued to the end of the year. We ended the year with a loan to asset ratio of 59.69%, with $42,326,179 in loans, at a growth rate of 8.08% over last year.



Our goal is to ensure that we have a quality loan portfolio that contributes to the financial success of the credit union while meeting our members' credit needs. In 2022 139 new loans were approved for a total of $9,578,356.

This pie chart shows that Edam Credit Union has a good loan portfolio mix, with the largest percentage of our loans in the consumer portion of the chart.



Our lending department continues to look for new loan opportunities by seeking out local lending possibilities, purchasing loans from other credit unions, and remaining competitive with our interest rates. We must recognize that the lending of money always carries an element of risk that a loan will not be repaid. When economic conditions create financial situations that adversely impact our members, we look for solutions that work for both our members and the credit union.

A primary indicator of risk in a loan portfolio is the measurement of loans with delinquency of greater than 90 days. On December 31, 2022, we are very happy to report that our ratio was at 0% of total loans. Our target is to remain less than 3% of loans >90 days in arrears. Our peer group of Credit Unions were at .33% and the Saskatchewan Credit Union system was at .59%.

Profitability

Edam Credit Union's business as a financial institution is to provide deposit services to our members and then to use those funds to generate loans and invest the remaining dollars. Revenue generated from those activities is categorized as interest revenue and non-interest revenue.

As a percentage of assets, the 2022 net interest margin was 3.93% which is higher in comparison to 2021 at 2.55%. The increase is largely attributed to the Concentra Bank sale proceeds, as they were recorded as interest revenue. On December 31, 2022, our net interest revenue was $2,786,381.

Our non-interest revenue as a percentage of assets is .37% and is very similar to last year at .35%. Non-interest income is typically composed of service charges, loan fees and commissions we receive on the products and services provided to our members through our partner affiliates.

We have been working hard to maintain profitability in our operation; and are very happy with our results in 2022. Our return on assets was $1,583,485 or 2.23% (before taxes and patronage).

Profitability is created not only through increasing income but also by minimizing expense. To keep pace with technology advancements, fraud management, and compliance requirements we are continually faced with increased costs. However, Edam Credit Union strives to effectively manage its expenses and we are happy to report a decrease in 2022. As a percentage of assets, our operating expenses were 2.06% over 2021 at 2.17%.

As illustrated below, our operating expenses are higher than our peers at 1.91% and lower than the CU system at 2.19%:

Operating Expenses	Edam CU %	CU System %	Peer Group %
Personnel	1.11	1.26	1.02
Member Security	0.09	0.08	0.09
Organization	0.03	0.03	0.03
Occupancy	0.13	0.16	0.11
General Business	0.70	0.66	0.66
Total Operating Expenses	2.06	2.19	1.91

As indicated, these are a percentage of assets, so we need to grow in asset base to reduce the percentage or look for ways to reduce the associated costs.

The financial strength of our credit union is primarily measured by our capital ratios. The leverage ratio is used to measure our retained earnings as a percentage of our total assets. Our regulator, Credit Union Deposit Guarantee Corporation (CUDGC) has set a minimum requirement of 5%. Edam Credit Union aims to surpass this requirement by setting our policy minimum at 6.5%. We continue to maintain a strong leverage position at 11.98% to ensure we can meet the growing needs of our members. We also monitor our risk weighted capital ratio which is a measure of our assets and their level of risk compared to Edam Credit Union's equity reserves. We have well surpassed the regulatory requirement of 10.50% with a ratio of 25.79%, which means Edam Credit Union is in a very strong capital position.

Our 2022 net income, after allocations, of $1,402,680 is a profit level that we are very happy with and will allow us to maintain our strong capital position. In addition, we are once again happy to declare a patronage payment to our membership. We are excited to be back into the position where we can share our profits with our member owners.

The Year in Review

We continued to work hard in bringing our members a new digital banking experience. Although the project was delayed, we were very happy to finally deliver a fresh and modern online banking and mobile app, known as Forge. Our staff also worked hard in the development of a brand-new website, that shares the same crisp and clean theme of our digital banking applications. We are excited for our members to explore the site and provide us with their feedback.

During 2022 we began to see the removal of the COVID-19 public health measures and we finally found our way out of a nearly 2 year-long pandemic. This allowed us to begin getting back to "normal" and participate in system networking opportunities, community sponsorship events, as well as host in-person events.

On the Horizon

As Ryan Roach announced in his Board of Directors report, effective April 30, 2023, Ross Houston will be retiring as General Manager, at which time I will assume the responsibilities of that role. I am looking forward to the opportunity and challenge and will work very hard to ensure Edam Credit Union continues to grow and remain financially strong.

Although Ross will retire as General Manager, he will continue to be part of our team until the end of 2023. As part of a sustainability strategy, Edam Credit Union is investing in a business development project. Ross will assume the role of Business Development Manager effective May 1, 2023, until December 31, 2023. The goal of this project is to achieve growth in our member portfolios through relationship building, research objectives, and team mentoring.

We work hard to keep up with technology so that our members have the benefits they require, and with that we are considering the implementation of Mobile Pay. Whether you prefer Apple or Android, or you've swapped your smartphone for a watch, Mobile Pay would allow you to add your Edam Credit Union debit card to your mobile device to make day-to-day purchases with a tap. We will also be completing a cyber security analysis to determine if we need to implement enhanced security features to protect our members from the fraudsters. There has been an increase in cyber security attacks, and we need to ensure we are being proactive to avoid becoming a victim of fraud.

Some Things Never Change

Because of the active involvement and support of our members and the dedication of our employees and elected officials, we can remain a strong local credit union committed to our members, our community, and our vision – **to provide our members with excellent financial service.** I hope that we will always be BUILDING TOMORROW TOGETHER.

Respectfully reported as a
joint submission by

W. Ross Houston
General Manager
and
Wanda Mosimann
Assistant General Manager

Edam Credit Union Limited
Financial Statements
December 31, 2022

Page

Management's Responsibility

To the Members of Edam Credit Union Limited:

Management is responsible for the preparation and fair presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit and Risk Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

March 16, 2023

General Manager

Independent Auditor's Report

To the Members of Edam Credit Union Limited:

Opinion

We have audited the financial statements of Edam Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

MNP LLP

March 16, 2023

Chartered Professional Accountants

Edam Credit Union Limited
Statement of Financial Position
As at December 31, 2022

	2022	2021
Assets		
Cash and cash equivalents *(Note 5)*	**9,932,285**	8,747,910
Investments *(Note 6)*	**17,169,519**	21,126,907
Member loans receivable *(Note 7)*	**42,326,179**	39,168,061
Other assets *(Note 8)*	**976,658**	102,665
Property, plant and equipment *(Note 9)*	**508,293**	585,068
	70,912,934	69,730,611
Liabilities		
Member deposits *(Note 11)*	**62,436,684**	62,673,411
Other liabilities *(Note 13)*	**64,666**	52,187
Membership shares *(Note 14)*	**297,849**	293,958
	62,799,199	63,019,556
Commitments *(Note 18), (Note 20)*		
Members' equity		
Retained earnings	**8,113,735**	6,711,055
	70,912,934	69,730,611

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Edam Credit Union Limited
Statement of Comprehensive Income
For the year ended December 31, 2022

	2022	*2021*
Interest income		
Member loans	**1,768,677**	1,738,585
Investments	**1,287,363**	220,963
	3,056,040	1,959,548
Interest expense		
Member deposits	**268,587**	216,467
Borrowed money	**1,072**	283
	269,659	216,750
Gross financial margin	**2,786,381**	1,742,798
Other income	**261,103**	239,878
	3,047,484	1,982,676
Operating expenses		
Personnel	**788,979**	795,366
Security	**61,861**	59,435
Organizational	**25,128**	42,435
Occupancy	**91,509**	91,633
General business	**496,522**	496,774
	1,463,999	1,485,643
Income before provision for impaired loans, patronage refund and provision for (recovery of) income taxes	**1,583,485**	497,033
Provision for impaired loans *(Note 7)*	**14,918**	15,079
Patronage refund *(Note 15)*	**99,950**	93,720
Income before provision for (recovery of) income taxes	**1,468,617**	388,234
Provision for (recovery of) income taxes *(Note 12)*		
Current	**73,727**	34,064
Deferred	**(7,790)**	2,018
	65,937	36,082
Comprehensive income	**1,402,680**	352,152

The accompanying notes are an integral part of these financial statements

Edam Credit Union Limited
Statement of Changes in Members' Equity
For the year ended December 31, 2022

	Retained earnings	*Total equity*
Balance December 31, 2020	**6,358,903**	**6,358,903**
Comprehensive income	**352,152**	**352,152**
Balance December 31, 2021	**6,711,055**	**6,711,055**
Comprehensive income	**1,402,680**	**1,402,680**
Balance December 31, 2022	**8,113,735**	**8,113,735**

Edam Credit Union Limited
Statement of Cash Flows
For the year ended December 31, 2022

	2022	*2021*
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans	**1,761,490**	1,765,030
Interest received from investments	**394,536**	176,712
Other income	**261,103**	239,878
Cash paid to suppliers and employees	**(1,419,062)**	(1,405,457)
Interest paid on deposits	**(264,214)**	(229,698)
Interest paid on borrowed money	**(1,072)**	(283)
Patronage refund	**(99,950)**	(93,720)
Income taxes paid	**(25,696)**	(80,058)
	607,135	372,404
Financing activities		
Net change in member deposits	**(241,100)**	2,507,469
Net change in membership shares	**3,891**	28,994
	(237,209)	2,536,463
Investing activities		
Net change in investments	**3,984,131**	(11,100,000)
Net change in member loans receivable	**(3,165,849)**	(2,099,649)
Purchases of property, plant and equipment	**(3,833)**	(48,487)
Proceeds from disposal of property, plant and equipment	**-**	1,500
	814,449	(13,246,636)
Increase (decrease) in cash and cash equivalents	**1,184,375**	(10,337,769)
Cash and cash equivalents, beginning of year	**8,747,910**	19,085,679
Cash and cash equivalents, end of year	**9,932,285**	8,747,910

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Edam Credit Union Limited (the "Credit Union") was formed pursuant to the *Credit Union Act 1998* of Saskatchewan ("the Act") and operates one Credit Union branch.

The Credit Union serves members and non-members in Edam, Saskatchewan and the surrounding community. The address of the Credit Union's registered office is 2001 Main Street, Edam, Saskatchewan.

The Credit Union operates principally in personal and commercial banking in Saskatchewan.

The Credit Union conducts its principal operations through one branch, offering products and services including deposit business, individual lending, and independent business and commercial lending. The deposit business provides a wide range of deposit and investment products and sundry financial services to all members. The lending business provides a variety of credit products and services designed specifically for each particular group of borrowers. Other business comprises business of a corporate nature such as investment, risk management, asset liability management, treasury operations and revenue and expenses not expressly attributed to the business units.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors and authorized for issue on March 16, 2023.

2. Change in accounting policies

Standards and Interpretations effective in the current period

The Credit Union adopted amendments to the following standards, effective January 1, 2022. Adoption of these amendments had no effect on the Credit Union's financial statements.

- IFRS 16 *Leases*
- IAS 16 *Property, Plant and Equipment*
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

3. Basis of preparation

Basis of measurement

The financial statements have been prepared using the historical cost basis except for the revaluation of certain financial instruments.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Credit Union's functional currency.

Significant accounting judgments, estimates and assumptions

The preparation of the Credit Union's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in comprehensive income in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Basis of preparation *(Continued from previous page)*

Macroeconomic environment

The Credit Union continues to operate in an uncertain macroeconomic environment. There is inherent uncertainty in estimating the impact that rising interest rates, inflation and supply chain disruptions, in part caused by some countries attempts to combat the spread of COVID-19, will have on the macroeconomic environment. As a result, a heightened level of judgment in estimating expected credit losses ("ECL's") continues to be required.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be significant.

Classification of financial assets

Classification of financial assets requires management to make judgments regarding the business model under which the Credit Union's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest. Management has determined that the penalty to exercise prepayment features embedded in certain loans made to members do not result in payments that are not solely payments of principal and interest because they represent reasonable additional compensation for early termination of the contract.

Key assumptions in determining the allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers' ability to meet debt obligations:

- Expected significant increase in unemployment rates and interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage and liquidity
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money
- Effects of the economic changes, such as inflation and rising interest rates, on specific sectors to which the Credit Union has credit exposures

3. Basis of preparation *(Continued from previous page)*

Key assumptions in determining the allowance for expected credit losses *(Continued from previous page)*

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates
- Unemployment rates
- Gross domestic product
- Inflation
- Loan to value ratios
- Housing price indices

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.

Fair value of unquoted equity instruments

The Credit Union has assessed that the fair values of its SaskCentral and Concentra Bank (a subsidiary of Equitable Bank) shares approximates its cost based on the terms that the equity investments can not be transferred, the shares can not be sold and new shares are issued at par value of all currently held shares.

Impairment of non-financial assets

At each reporting date, the Credit Union assesses whether there are any indicators of impairment for non-financial assets. Non-financial assets that have an indefinite useful life or are not subject to amortization, such as goodwill, are tested annually for impairment or more frequently if impairment indicators exist. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable.

Income taxes

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Deferred taxes

The calculation of deferred tax is based on assumptions, which are subject to uncertainty as to timing and which tax rates are expected to apply when temporary differences reverse. Deferred tax recorded is also subject to uncertainty regarding the magnitude of non-capital losses available for carry forward and of the balances in various tax pools as the corporate tax return has not been prepared as of the date of financial statement preparation. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material. Further details are in Note 12.

Useful lives of property, plant and equipment

Estimates must be utilized in evaluating the useful lives of all property, plant and equipment for calculation of the depreciation for each class of assets. For further discussion of the estimation of useful lives, refer to the heading property, plant and equipment contained in Note 4.

4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

4. Summary of significant accounting policies *(Continued from previous page)*

Regulations to the Act specify that certain items are required to be disclosed in the financial statements which are presented at annual meetings of members. It is management's opinion that the disclosures in these financial statements and notes comply, in all material respects, with the requirements of the Act. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Credit Union at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in comprehensive income for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' fair value was determined. Translation gains and losses are included in comprehensive income.

Revenue recognition

The following describes the Credit Union's principal activities from which it generates revenue.

Service charge fees, commission and other revenue

The Credit Union generates revenue from providing various financing and investing services to its members. Revenue is recognized as services are rendered.

The Credit Union does not have an enforceable right to payment until services are rendered and commission revenue earned when the products are sold.

The amount of revenue recognized on these transactions is based on the price specified in the contract.

The Credit Union does not expect to have any contracts where the period between the transfer of the promised goods or services to the member and payment by the member exceeds one year. Consequently, the Credit Union does not adjust any of the transaction prices for the time value of money.

Revenue recognition for items outside the scope of IFRS 15 are included in the financial instruments section of Note 4.

Financial instruments

Financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Credit Union determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

4. Summary of significant accounting policies *(Continued from previous page)*

Debt instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash equivalents, SaskCentral and Concentra Bank deposits, member loans receivable and accrued interest thereon, and accounts receivable balances.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Credit Union does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss include cash.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Credit Union does not hold any financial assets designated to be measured at fair value through profit or loss.

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of other equity instruments and SaskCentral and Concentra Bank shares.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, and how performance of the portfolio is evaluated.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

4. Summary of significant accounting policies *(Continued from previous page)*

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For member loans receivable, the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For loan commitments and financial guarantee contracts, as a provision; and
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 18 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Credit Union applies its accounting policies for the derecognition of a financial asset to a part of a financial asset only when:

- The part comprises only specifically identified cash flows from a financial asset;
- The part comprises only a pro-rata share of the cash flows from a financial asset; or
- The part comprises only a pro-rata share of specifically identified cash flows from a financial asset.

In all other situations the Credit Union applies its accounting policies for the derecognition of a financial asset to the entirety of a financial asset.

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

4. Summary of significant accounting policies *(Continued from previous page)*

For this purpose, a financial asset is transferred if the Credit Union either:

- Transfers the right to receive the contractual cash flows of the financial asset, or
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Credit Union retains the risks and rewards of ownership. When the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Credit Union derecognizes the financial asset. At the same time, the Credit Union separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss. Such transactions include syndications of member loans.

Modification of financial assets

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

When the modifications do not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the Credit Union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

Financial liabilities

Recognition and initial measurement

The Credit Union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Dividend income

Dividend income is recorded in profit or loss when the Credit Union's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Credit Union, and the amount of the dividend can be measured reliably.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

4. Summary of significant accounting policies *(Continued from previous page)*

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The ‘gross carrying amount’ of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Offsetting

Financial assets and financial liabilities are offset, with the net amount presented in the statement of financial position, when, and only when, the Credit Union has a current and legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or when arising from a group of similar transactions if the resulting income and expenses are not material.

Collateral

The Credit Union recognizes the proceeds from the sale of any non-cash collateral that has been pledged to it and a liability measured at fair value for its obligation to return the collateral.

If a debtor defaults under the terms of its contract and is no longer entitled to the return of any collateral, the Credit Union recognizes the collateral as an asset initially measured at fair value or, if it has already sold the collateral, derecognizes its obligation to return the collateral.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Credit Union’s cash management system.

Investments

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

SaskCentral and Concentra Bank deposits and shares

SaskCentral and Concentra Bank deposits are measured at amortized cost. Shares are measured at fair value, with adjustments to fair value recognized in profit or loss.

Portfolio investments

Investments in other equity instruments are measured at fair value, with adjustments recognized in profit or loss.

4. Summary of significant accounting policies *(Continued from previous page)*

Impairment of non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating units (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGU’s for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Syndication

The Credit Union syndicates individual assets with various other financial institutions primarily to manage credit risk, create liquidity and manage regulatory capital for the Credit Union. Syndicated loans transfer substantially all the risks and rewards related to the transferred financial assets and are derecognized from the Credit Union’s statement of financial position. All loans syndicated by the Credit Union are on a fully serviced basis. The Credit Union receives fee income for services provided in the servicing of the transferred financial assets.

Foreclosed assets

Foreclosed assets held for sale are initially recorded at the lower of cost and fair value less costs to sell. Cost comprises the balance of the loan at the date on which the Credit Union obtains title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Foreclosed assets held for sale are subsequently valued at the lower of their carrying amount and fair value less cost to sell. Foreclosed assets are recorded in member loans receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

The depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Rate
Buildings	5 - 25 years
Furniture and equipment	3 - 10 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

4. Summary of significant accounting policies *(Continued from previous page)*

Income taxes

The Credit Union accounts for income taxes using the asset and liability method. Current and deferred taxes are recognized in comprehensive income except to the extent that the tax is recognized either in other comprehensive income or directly in equity, or the tax arises from a business combination. Under this method, the provision for income taxes is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable income.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allows the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Employee benefits

The Credit Union’s post employment benefit programs consist of a defined contribution plan.

Credit Union contributions to the defined contribution plan are expensed as incurred. Pension benefits of $41,992 (2021 – $43,700) were paid to the defined contribution retirement plan during the year.

Membership shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union Board of Directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

Standards issued but not yet effective

The Credit Union has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2022 but are not yet effective. Unless otherwise stated, the Credit Union does not plan to early adopt any of these new or amended standards and interpretations.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

Amendments to IAS 1 and IFRS Practice Statement 2, issued in February 2021, help entities provide accounting policy disclosures that are more useful to primary users of financial statements by replacing the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies and providing guidance to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are required to be applied prospectively. The Credit Union does not expect these amendments to have a material impact on its financial statements.

4. Summary of significant accounting policies *(Continued from previous page)*

Standards issued but not yet effective *(Continued from previous page)*

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in February 2021, introduce a new definition of “accounting estimates” to replace the definition of “change in accounting estimates” and also include clarification intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. The Credit Union does not expect these amendments to have a material impact on its financial statements.

5. Cash and cash equivalents

	2022	*2021*
Cash	**1,156,785**	1,155,655
Cash equivalents	**8,775,500**	7,592,255
	9,932,285	8,747,910

6. Investments

	2022	*2021*
Measured at amortized cost		
SaskCentral and Concentra Bank deposits	**15,615,820**	19,465,955
Measured at fair value through profit or loss		
SaskCentral and Concentra Bank shares	**1,446,014**	1,600,010
Other equity instruments	**20,000**	-
	1,466,014	1,600,010
	17,081,834	21,065,965
Accrued interest	**87,685**	60,942
Total	**17,169,519**	21,126,907

The table below shows the credit risk exposure on investments. Ratings are provided by Dominion Bond Rating Services ("DBRS") unless otherwise indicated.

	2022	*2021*
Investment portfolio rating		
A	**-**	1,000,010
BBB	**11,000,010**	-
R1	**6,061,824**	600,000
Unrated	**20,000**	-
	17,081,834	1,600,010

In comparative year, liquidity reserves and balances on deposit with SaskCentral and Concentra Bank were excluded.

6. Investments *(Continued from previous page)*

Statutory liquidity

Pursuant to Regulations, SaskCentral requires that the Credit Union maintain 10% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Credit Union Deposit Guarantee Corporation ("CUDGC"), requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2022 the Credit Union met the requirement.

Liquidity coverage ratio

The Credit Union has implemented a liquidity coverage ratio ("LCR") which is a regulatory requirement of CUDGC. The objective of the LCR is to ensure that the Credit Union has an adequate stock of unencumbered high-quality liquid assets ("HQLA") that:

- consists of cash or assets that can be converted into cash at little or no loss of value; and
- meets its liquidity needs for a 30-calendar day stress scenario, by which time it is assumed corrective actions have been taken by the Credit Union and/or CUDGC.

This stress scenario noted above is viewed as a minimum requirement. The Credit Union conducts additional stress tests to assess the level of liquidity to hold beyond the regulatory minimum, and constructs scenarios that could cause difficulties for specific business activities. Internal stress tests have longer time horizons and results are reported to CUDGC upon request.

The LCR is calculated as the value of the stock in HQLA in stressed conditions divided by the total net cash outflows over the next 30 calendar days.

As at December 31, 2022, the Credit Union is in compliance with regulatory requirements.

7. Member loans receivable

Principal and allowance by loan type:

					2022
	Principal performing	**Principal impaired**	**Allowance specific**	**Allowance for expected credit losses**	**Net carrying value**
Agriculture loans	11,939,069	-	-	37,345	**11,901,724**
Commercial loans	3,964,066	-	-	29,057	**3,935,009**
Consumer loans	4,162,913	-	-	7,493	**4,155,420**
Lines of credit	1,520,045	-	-	12,082	**1,507,963**
Residential mortgages	20,691,782	-	-	32,855	**20,658,927**
	42,277,875	-	-	118,832	**42,159,043**
Accrued interest	167,136	-	-	-	**167,136**
	42,445,011	-	-	118,832	**42,326,179**

7 Member loans receivable *(Continued from previous page)*

2021

	Principal performing	Principal impaired	Allowance specific	Allowance for expected credit losses	Net carrying value
Agriculture loans	11,713,615	-	-	38,359	11,675,256
Commercial loans	3,835,321	335,641	27,000	24,528	4,119,434
Consumer loans	4,020,237	-	-	6,705	4,013,532
Lines of credit	1,312,708	-	-	9,341	1,303,367
Residential mortgages	17,922,520	-	-	25,997	17,896,523
	38,804,401	335,641	27,000	104,930	39,008,112
Accrued interest	159,949	-	-	-	159,949
	38,964,350	335,641	27,000	104,930	39,168,061

The allowance for loan impairment changed as follows:

	2022	*2021*
Balance, beginning of year	**131,930**	116,851
Provision for impaired loans	**14,918**	15,079
	146,848	131,930
Less: accounts written off, net of recoveries	**28,016**	-
Balance, end of year	**118,832**	131,930

8. Other assets

	2022	*2021*
Accounts receivable	**910,282**	-
Corporate income tax recoverable	**-**	43,028
Prepaid expenses and deposits	**32,095**	33,146
Deferred tax asset (Note 12)	**34,281**	26,491
	976,658	102,665

9. Property, plant and equipment

	Land	*Buildings*	*Furniture and equipment*	*Total*
Cost				
Balance at December 31, 2020	7,223	1,113,512	356,317	1,477,052
Additions	-	-	48,487	48,487
Disposals	-	-	(21,120)	(21,120)
Balance at December 31, 2021	7,223	1,113,512	383,684	1,504,419
Additions	-	-	**3,833**	**3,833**
Disposals	-	-	**(372)**	**(372)**
Balance at December 31, 2022	**7,223**	**1,113,512**	**387,145**	**1,507,880**
Accumulated depreciation				
Balance at December 31, 2020	-	558,296	304,184	862,480
Depreciation	-	48,364	29,627	77,991
Disposals	-	-	(21,120)	(21,120)
Balance at December 31, 2021	-	606,660	312,691	919,351
Depreciation	-	**48,364**	**32,244**	**80,608**
Disposals	-	-	**(372)**	**(372)**
Balance at December 31, 2022	-	**655,024**	**344,563**	**999,587**
Net book value				
At December 31, 2021	7,223	506,852	70,993	585,068
At December 31, 2022	**7,223**	**458,488**	**42,582**	**508,293**

10. Line of credit

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at prime minus 0.5% (5.95% at December 31, 2022), in the amount of $1,390,000 (2021 - $1,200,000) from SaskCentral. As at December 31, 2022, $nil was advanced (2021 - $nil).

Borrowings are secured by an assignment of book debts, financial services agreement, and an operating account agreement.

11. Member deposits

	2022	*2021*
Chequing, savings, plan 24	**54,713,065**	54,940,252
Registered savings plans	**2,387,811**	2,478,229
Term deposits	**5,242,101**	5,165,596
Accrued interest	**93,707**	89,334
	62,436,684	62,673,411

11. Member deposits *(Continued from previous page)*

Member deposits are subject to the following terms:

- Chequing, savings and plan 24 products are payable on demand and bear interest at rates up to 1.25% (2021 - 0.25%).
- Registered savings plans are subject to fixed and variable rates of interest up to 4.50% (2021 - 3.15%), with interest payments due monthly, annually or on maturity.
- Term deposits are subject to fixed and variable rates of interest up to 4.50% (2021 - 2.75%), with interest payments due monthly, annually or on maturity.

12. Income tax

Income tax expense recognized in comprehensive income

The applicable tax rate is the aggregate of the federal income tax rate of 9% on income under the small business limit and 15% on income greater than the small business limit (2021 - 9% and 15%) and the provincial tax rate of 0% on income under the small business limit and 12% on income over the small business limit (2021 - 0% and 12%).

In December 2020, the provincial government announced changes to the small business tax rate. Effective October 1, 2020, the provincial small business income tax rate was temporarily decreased from 2% to 0% until July 1, 2023. This rate will increase by 1% increments on July 1, 2023 and July 1, 2024.

Deferred tax expense (recovery) recognized in comprehensive income

The deferred tax expense (recovery) recognized in comprehensive income for the current year is a result of the following changes:

	2022	*2021*
Deferred tax asset		
Property, plant and equipment	**20,687**	14,576
Allowance for impaired loans	**13,594**	11,915
	34,281	26,491
Deferred tax asset is reflected in the statement of financial position as follows:		
Deferred tax asset	**34,281**	26,491

Reconciliation between average effective tax rate and the applicable tax rate

	2022	*2021*
Applicable tax rate	**27.00 %**	27.00 %
Small business deduction	**(18.00)%**	(18.00)%
Income not eligible for deduction	**1.03 %**	- %
Non-taxable portion of dividends	**(5.32)%**	- %
Non-deductible (non-taxable) and other items	**(0.22)%**	0.29 %
Average effective tax rate (tax expense divided by profit before tax)	**4.49 %**	9.29 %

13. Other liabilities

	2022	*2021*
Accounts payable	**59,669**	52,187
Corporate income tax payable	**4,997**	-
	64,666	52,187

14. Membership shares

Authorized:

Unlimited number of Common shares, at an issue price of $5.
Unlimited number of Surplus shares, at an issue price of $1.

Issued:

	2022	*2021*
1,117 Common shares (2021 - 1,072)	**5,585**	5,360
292,264 Surplus shares (2021 - 288,598)	**292,264**	288,598
	297,849	293,958

All common and surplus shares are classified as liabilities.

When an individual becomes a member of the Credit Union, they are issued a common share at $5 per share. Each member of the Credit Union has one vote, regardless of the number of common shares held.

Surplus shares are established as a means of returning excess earnings to the members and at the same time increasing the Credit Union's equity base. The Articles of Incorporation for the Credit Union disclose the conditions concerning surplus shares.

During the year, the Credit Union issued 72 (2021 - 73) and redeemed 27 common shares (2021 - 42), and also issued 8,418 (2021 - 90,231) and redeemed 4,752 (2021 - 61,392) surplus shares.

15. Patronage

The Credit Union declared a patronage refund payable in the amount of $100,000 on November 17, 2022 (2021 - $100,000), to be paid by cash to the members based on lending and deposit business and as a rebate of service charges, for the year ended December 31, 2022.

The patronage refund of $100,000 (2021 - $100,000) has been reflected in the statement of comprehensive income with related tax savings of approximately $27,000 (2021 - $9,000) being reflected in the current year's provision for income taxes.

16. Related party transactions

Key management compensation of the Credit Union

Key management personnel ("KMP") of the Credit Union are the General Manager and members of the Board of Directors. KMP remuneration includes the following expenses:

	2022	2021
Salaries and short-term benefits	**163,308**	163,361
Other long-term benefits	**10,650**	10,474
	173,958	173,835

Transactions with key management personnel

The Credit Union, in accordance with its policy, may grant credit to its directors, management and staff at concessional rates of interest on their loans and facilities.

Loans made to KMP are approved under the same lending criteria applicable to members and are included in member loans on the statement of financial position. There are no loans to KMP that are impaired.

Directors, management and staff of the Credit Union hold deposit accounts. These accounts are maintained under the same terms and conditions as accounts of other members, and are included in deposit accounts on the statement of financial position.

There are no benefits or concessional terms and conditions applicable to the family members of KMP.

These loans and deposits were made in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

	2022	2021
Aggregate loans to KMP	**1,330,351**	2,120,610
Aggregate revolving credit facilities to KMP	**427,000**	506,000
Less: approved and undrawn lines of credit	**(336,790)**	(443,890)
	1,420,561	2,182,720

	2022	2021
During the year the aggregate value of loans and lines of credit approved to KMP amounted to:		
Mortgages	**150,555**	88,800
Loans	**63,859**	62,941
	214,414	151,741

	2022	2021
Income and expense transactions with KMP consisted of:		
Interest earned on loans and revolving credit facilities to KMP	**62,407**	85,214
Interest paid on deposits to KMP	**3,258**	3,297

16. Related party transactions *(Continued from previous page)*

	2022	2021
The total value of member deposits from KMP as at the year-end:		
Chequing and demand deposits	**1,030,037**	825,210
Term deposits	**73,831**	95,685
Registered plans	**50,438**	49,736
Total value of member deposits due to KMP	**1,154,306**	970,631

Directors' fees and expenses

	2022	2021
Directors' expenses	**2,702**	2,716
Meeting, training and conference costs	**-**	3,911

SaskCentral and Concentra Bank

The Credit Union is a member of SaskCentral, which acts as a depository for surplus funds received from and loans made to credit unions. SaskCentral also provides other services for a fee to the Credit Union and acts in an advisory capacity.

Up until November 1, 2022, the Credit Union was related to Concentra Bank, which was owned in part by SaskCentral. Concentra Bank provides financial intermediation and trust services to Canadian credit unions and associated commercial and retail customers.

Interest and dividends earned on investments during the year ended December 31, 2022 amounted to $1,287,363 (2021 - $220,963) of which $866,084 relates to the dividend accrued from SaskCentral in relation to the sale of Concentra Bank shares.

Interest paid on borrowings during the year ended December 31, 2022 amounted to $1,072 (2021 - $283).

Payments made for affiliation dues for the year ended December 31, 2022 amounted to $1,414 (2021 - $2,095).

Celero Solutions

The Credit Union has entered into an agreement with Celero Solutions to provide the delivery of banking system services and the maintenance of the infrastructure needed to ensure uninterrupted delivery of such services. Celero Solutions was formed as a joint venture by the Credit Union Centrals of Alberta, Saskatchewan and Manitoba along with Concentra Bank.

17. Capital management

A capital management framework is included in policies and procedures established by the Board of Directors. The Credit Union's objectives when managing capital are to:

- Adhere to regulatory capital requirements as minimum benchmarks;
- Co-ordinate strategic risk management and capital management;
- Develop financial performance targets/budgets/goals;
- Administer a patronage program that is consistent with capital requirements;
- Administer an employee incentive program that is consistent with capital requirements; and
- Develop a growth strategy that is coordinated with capital management requirements.

CUDGC prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel II framework, consistent with the financial industry in general.

17. Capital management *(Continued from previous page)*

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 1,250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Eligible capital consists of total tier 1 and tier 2 capital.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital includes retained earnings, contributed surplus and accumulated other comprehensive income ("AOCI"). Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets (except those arising from temporary differences), increases in equity capital resulting from securitization transactions, unconsolidated substantial investments and fair value gains/losses on own-use property. Additional tier 1 capital consists of qualifying membership shares and other investment shares issued by the Credit Union that meet the criteria for inclusion in additional tier 1 capital.

Tier 2 capital includes a collective allowance for credit losses to a maximum of 1.25% of risk-weighted assets, subordinated indebtedness, and qualifying membership shares or other investment shares issued by the Credit Union that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Based on the type of off-balance sheet exposure, a conversion factor is applied to the leverage ratio.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors.The following table compares CUDGC regulatory standards to the Credit Union's board standards for 2022:

	Regulatory standards	***Board standards***
Total eligible capital to risk-weighted assets	**10.50 %**	**11.50 %**
Total tier 1 capital to risk-weighted assets	**8.50 %**	**16.00 %**
Common equity tier 1 capital to risk-weighted assets	**7.00 %**	**16.00 %**
Leverage ratio	**5.00 %**	**6.50 %**

During the year, the Credit Union complied with all internal and external capital requirements.

The following table summarizes key capital information:

	2022	*2021*
Eligible capital		
Common equity tier 1 capital	**8,113,735**	6,711,055
Additional tier 1 capital	**-**	-
Total tier 1 capital	**8,113,735**	6,711,055
Total tier 2 capital	**416,681**	398,888
Total eligible capital	**8,530,416**	7,109,943

17. Capital management *(Continued from previous page)*

Risk-weighted assets		
Total eligible capital to risk-weighted assets	**25.79 %**	22.11 %
Total tier 1 capital to risk-weighted assets	**24.53 %**	20.87 %
Common equity tier 1 capital to risk-weighted assets	**24.53 %**	20.87 %
Leverage ratio	**11.98 %**	10.15 %

18. Financial instruments

The Credit Union, as part of its operations, carries a number of financial instruments which result in exposure to the following risks: credit risk, market risk and liquidity risk.

Accordingly, the Credit Union has established avoidance of undue concentrations of risk, hedging of risk exposures, and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Credit Union follows risk management policies approved by its Board of Directors.

The Credit Union's risk management policies and procedures include the following:

- Ensure all activities are consistent with the mission, vision and values of the Credit Union
- Balance risk and return
- Manage credit, market and liquidity risk through preventative and detective controls
- Ensure credit quality is maintained
- Ensure credit, market, and liquidity risk is maintained at acceptable levels
- Diversify risk in transactions, member relationships and loan portfolios
- Price according to risk taken, and
- Use consistent credit risk exposure tools.

Various Board of Directors committees are involved in financial instrument risk management oversight, including the Audit and Risk Committee and Conduct Review Committee.

There have been no significant changes from the previous year in the Credit Union’s risks to which it is exposed or its general policies and procedures for managing risk.

Credit risk

Credit risk is the risk of financial loss resulting 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.

Risk management process

Credit risk management is integral to the Credit Union’s activities. Management and the Board of Directors are responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union’s exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due status. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

- Loan security (collateral) requirements
  - Security valuation processes, including method used to determine the value of real property and personal property when that property is subject to a mortgage or other charge
  - Maximum loan to value ratios where a mortgage or other charge on real or personal property is taken as security
- Borrowing member capacity (repayment ability) requirements
- Borrowing member character requirements
- Limits on aggregate credit exposure per individual and/or related parties
- Limits on concentration of credit risk by loan type, industry and economic sector
- Limits on the types of credit facilities and services offered
- Internal loan approval processes and loan documentation standards

18. Financial instruments *(Continued from previous page)*

- Loan re-negotiation, extension and renewal processes
- Processes that identify adverse situations and trends, including risks associated with economic, geographic and industry sectors
- Control and monitoring processes including portfolio risk identification and delinquency tolerances
- Timely loan analysis processes to identify, assess and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of members. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. The contractual amounts of these credit instruments represents the maximum credit risk exposure without taking into account the fair value of any collateral, in the event other parties fail to perform their obligations under these instruments.

The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party; and
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit and credit cards), guarantees or letters of credit

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2022	2021
Unadvanced lines of credit	**5,969,308**	4,818,524
Guarantees and standby letters of credit	**40,000**	-
Commitments to extend credit	**279,420**	310,704
	6,288,728	5,129,228

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

The Credit Union considers member loans receivable to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the Credit Union.

18. Financial instruments *(Continued from previous page)*

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the Credit Union takes into account all reasonable and supportable information, including forward-looking information, available without undue cost or effort. The Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings, such as requests for loan modifications.

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management (through the course of regular credit reviews, communication with the borrower or forecasting processes which consider macroeconomic conditions expected to have a future impact on borrowers). The Credit Union considers there not to have been a significant increase in credit risk despite contractual payments being more than 30 days past due when they have interviewed the borrower and determined that payment is forthcoming.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its members. Credit-impaired financial assets are typically placed on the Credit Union's watch list based on its internal credit risk policies. In making this assessment, the Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings.

Measurement of expected credit losses

The Credit Union measures expected credit losses, or ECL's, for member loans receivable on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (residential mortgages, commercial loans/mortgages, agricultural loans/mortgages, personal loans and lines of credit). Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union utilizes complex modelling, which uses current banking system loan data to assess probability of default, exposure at default, loss given default and present value calculations. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

The Credit Union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of inflation and interest rate changes based on information and facts available at December 31, 2022. The macroeconomic factors that affect the Credit Union expected credit loss calculations are: Saskatchewan unemployment rates, provincial housing starts, national interest rates, national GDP growth, and national oil prices. Each factor is forecast in a base case, a best case and a worst case scenario. These scenarios are weighted, and the weighted average is used to build the estimate for expected credit losses. Key assumptions of the simulations are lingering effects of COVID-19, including increasing interest rates, inflationary pressures, the quality of credit, and the borrower's future ability to service debt. The information for these assumptions is based off 2023 economic forecasts. These assumptions were shocked up and down 10-30% in the best and worst case scenario.

The typical weighting used in the model is 80% base, 10% best and 10% worst case, as the base case is historically the most likely scenario. Due to uncertainties around the macroeconomic environment, the weightings chosen at December 31, 2021 and December 31, 2022 were adjusted to 50% base, 10% best and 40% worst case.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding or the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

18. Financial instruments *(Continued from previous page)*

Exposure to credit risk

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Except as noted below, the gross carrying amount of financial assets represents the maximum exposure to credit risk for that class of financial asset.

	2022 12-month ECL	Lifetime ECL (credit impaired)	Total
Consumer loans and lines of credit			
Low risk	**4,315,152**	**-**	**4,315,152**
Total gross carrying amount	**4,315,152**	**-**	**4,315,152**
Less: loss allowance	**7,908**	**-**	**7,908**
Total carrying amount	**4,307,244**	**-**	**4,307,244**
Residential mortgages			
Low risk	**20,691,782**	**-**	**20,691,782**
Total gross carrying amount	**20,691,782**	**-**	**20,691,782**
Less: loss allowance	**32,855**	**-**	**32,855**
Total carrying amount	**20,658,927**	**-**	**20,658,927**
Commercial loans and lines of credit			
Low risk	**4,119,080**	**-**	**4,119,080**
Total gross carrying amount	**4,119,080**	**-**	**4,119,080**
Less: loss allowance	**35,634**	**-**	**35,634**
Total carrying amount	**4,083,446**	**-**	**4,083,446**
Agricultural loans and lines of credit			
Low risk	**13,151,861**	**-**	**13,151,861**
Total gross carrying amount	**13,151,861**	**-**	**13,151,861**
Less: loss allowance	**42,435**	**-**	**42,435**
Total carrying amount	**13,109,426**	**-**	**13,109,426**
Total			
Low risk	**42,277,875**	**-**	**42,277,875**
Total gross carrying amount	**42,277,875**	**-**	**42,277,875**
Less: loss allowance	**118,832**	**-**	**118,832**
Total carrying amount	**42,159,043**	**-**	**42,159,043**

18. Financial instruments *(Continued from previous page)*

		2021	
	12-month ECL	*Lifetime ECL (credit impaired)*	*Total*
Consumer loans and lines of credit			
Low risk	4,235,512	-	4,235,512
Total gross carrying amount	4,235,512	-	4,235,512
Less: loss allowance	7,014	-	7,014
Total carrying amount	4,228,498	-	4,228,498
Residential mortgages			
Low risk	17,922,520	-	17,922,520
Total gross carrying amount	17,922,520	-	17,922,520
Less: loss allowance	25,997	-	25,997
Total carrying amount	17,896,523	-	17,896,523
Commercial loans and lines of credit			
Low risk	3,893,289	-	3,893,289
Default	-	335,641	335,641
Total gross carrying amount	3,893,289	335,641	4,228,930
Less: loss allowance	29,255	27,000	56,255
Total carrying amount	3,864,034	308,641	4,172,675
Agriculture loans and lines of credit			
Low risk	12,753,080	-	12,753,080
Total gross carrying amount	12,753,080	-	12,753,080
Less: loss allowance	42,664	-	42,664
Total carrying amount	12,710,416	-	12,710,416
Total			
Low risk	38,804,401	-	38,804,401
Default	-	335,641	335,641
Total gross carrying amount	38,804,401	335,641	39,140,042
Less: loss allowance	104,930	27,000	131,930
Total carrying amount	38,699,471	308,641	39,008,112

Concentrations of credit risk

Concentration of credit risk exists if a number of borrowers are exposed to similar economic risks by being engaged in similar economic activities or being located in the same geographical region, and indicate the relative sensitivity of the Credit Union's performance to developments affecting a particular segment of borrowers or geographical region. Geographical risk exists for the Credit Union due to its primary service area being Edam, Saskatchewan and surrounding areas.

18. Financial instruments *(Continued from previous page)*

Amounts arising from expected credit losses

Reconciliation of the loss allowance

The following tables show a reconciliation of the opening to the closing balance of the loss allowance by class of financial instrument.

	12-month ECL	Lifetime ECL (credit impaired)	Total
Consumer loans and lines of credit			
Balance at January 1, 2021	5,566	-	5,566
Net remeasurement of loss allowance	1,448	-	1,448
Balance at December 31, 2021	7,014	-	7,014
Net remeasurement of loss allowance	894	-	894
Balance at December 31, 2022	7,908	-	7,908
Residential mortgages			
Balance at January 1, 2021	23,595	-	23,595
Net remeasurement of loss allowance	2,402	-	2,402
Balance at December 31, 2021	25,997	-	25,997
Net remeasurement of loss allowance	6,858	-	6,858
Balance at December 31, 2022	32,855	-	32,855
Commercial loans and lines of credit			
Balance at January 1, 2021	40,509	10,000	50,509
Net remeasurement of loss allowance	(11,254)	17,000	5,746
Balance at December 31, 2021	29,255	27,000	56,255
Net remeasurement of loss allowance	6,379	(27,000)	(20,621)
Balance at December 31, 2022	35,634	-	35,634
Agricultural loans and lines of credit			
Balance at January 1, 2021	37,181	-	37,181
Net remeasurement of loss allowance	5,483	-	5,483
Balance at December 31, 2021	42,664	-	42,664
Net remeasurement of loss allowance	(229)	-	(229)
Balance at December 31, 2022	42,435	-	42,435
Total			
Balance at January 1, 2021	106,851	10,000	116,851
Net remeasurement of loss allowance	(1,921)	17,000	15,079
Balance at December 31, 2021	104,930	27,000	131,930
Net remeasurement of loss allowance	13,902	(27,000)	(13,098)
Balance at December 31, 2022	118,832	-	118,832

18. Financial instruments *(Continued from previous page)*

Financial instruments for which the impairment requirements of IFRS 9 do not apply

The carrying amount of SaskCentral and Concentra Bank shares, as disclosed in Note 6, best represents the Credit Union's maximum exposure to credit risk for those items. The Credit Union holds no collateral or other credit enhancements for these balances.

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 and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk and interest rate risk.

Market risk arises from changes in interest rates 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 meeting member needs.

Risk measurement

The Credit Union's risk position is measured and monitored each month to ensure compliance with policy. Management provides quarterly reports on these matters to the Credit Union's Board of Directors.

Objectives, policies and processes

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board of Directors.

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset-liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

Interest rate risk

Interest rate risk is the sensitivity of the Credit Union’s financial condition to movements in interest rates. Cash flow interest rate risk is the risk that the future cash flows of the Credit Union’s financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Interest margins reported in comprehensive income may increase or decrease in response to changes in market interest rates. The Credit Union incurs interest rate risk on its loans and other interest bearing financial instruments.

In managing interest rate risk, the Credit Union relies primarily upon use of asset - liability and interest rate sensitivity simulation models, which is monitored by the Credit Union. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union’s financial instruments.

Sensitivity analysis is used to assess the change in value of the Credit Union’s financial instruments against a range of incremental basis point changes in interest rates over a twelve month period. Interest rate shock analysis is calculated in a similar manner to sensitivity analysis but involves a more significant change of 100 basis points or greater in interest rates. Sensitivity analysis and interest rate shock analysis are calculated on a quarterly basis and are reported to the Board of Directors. Based on current differences between financial assets and financial liabilities as at year-end, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would increase net interest margin by $2,157 (2021 - $35,086) over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would decrease net interest margin by $2,157 (2021 - $35,086) over the next 12 months.

Other types of interest rate risk are basis risk (the risk of loss arising from changes in the relationship of interest rates which have similar but not identical characteristic; for example, the difference between prime rates and the Canadian Deposit Offering Rate) and prepayment risk (the risk of loss of interest income arising from the early repayment of fixed rate mortgages and loans), both of which are monitored on a regular basis and are reported to the Board of Directors.

18. Financial instruments *(Continued from previous page)*

The Credit Union's major source of income is financial margin which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to match repricing or maturity dates of loans and investments and member deposits within policy limits. These limits are intended to limit the Credit Union's exposure to changing interest rates and to wide fluctuations of income during periods of changing interest rates. The differential represents the net mismatch between loans and investments and member deposits for those particular maturity dates. Certain items on the statement of financial position, such as non-interest bearing member deposits and equity do not provide interest rate exposure to the Credit Union. These items are reported as non-interest rate sensitive in the table below.

Amounts with variable interest rates, or due on demand, are classified as on demand.

A significant amount of member loans receivable and member deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

Interest rate sensitivity

In the table below, the carrying amounts of financial instruments are presented in the periods in which they next reprice to market rates or mature and are summed to show the net interest rate sensitivity gap.

Contractual repricing and maturity

All financial instruments are reported in the schedule below based on the earlier of their contractual repricing date or maturity date. The schedule below does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

(In thousands)

						2022	*2021*
	On demand	***Within 3 months***	***Over 3 months to 1 year***	***Over 1 year***	***Non-interest sensitive***	***Total***	*Total*
Assets							
Cash and cash equivalents	8,776	-	-	-	1,156	**9,932**	8,748
Average yield %	*4.25*	-	-	-	-	*3.75*	*0.20*
Investments	-	2,000	7,000	6,616	1,554	**17,170**	21,127
Average yield %	-	*1.09*	*1.94*	*1.55*	-	*1.52*	*1.03*
Member loans receivable	11,084	509	2,669	28,016	48	**42,326**	39,168
Average yield %	*5.41*	*6.96*	*5.97*	*4.49*	-	*4.85*	*3.90*
Accounts receivable	-	-	-	-	910	**910**	-
	19,860	**2,509**	**9,669**	**34,632**	**3,668**	**70,338**	69,043
Liabilities							
Member deposits	36,464	1,600	1,725	4,190	18,458	**62,437**	62,673
Average yield %	*1.01*	*1.99*	*2.58*	*2.16*	-	*0.86*	*0.34*
Accounts payable	-	-	-	-	60	**60**	52
Membership shares	-	-	-	-	298	**298**	294
	36,464	**1,600**	**1,725**	**4,190**	**18,816**	**62,795**	63,019
Net sensitivity	**(16,604)**	**909**	**7,944**	**30,442**	**(15,148)**	**7,543**	6,024

18. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due. The Credit Union's business requires such liquidity for operating and regulatory purposes. Refer to Note 6 for further information about the Credit Union's regulatory requirements.

As at December 31, 2022, one (2021 - one) member holds approximately 16.97% (2021 - 15.98%) of the Credit Union's total deposits. The Credit Union believes that there is no unusual exposure associated with this deposit concentration. This risk is mitigated by the remainder of deposits being spread across many members.

Liquidity risk is managed through a three tiered structure consisting of the local Credit Union level, the provincial Credit Union level and the national Credit Union level.

Locally, the Credit Union manages its liquidity position from three perspectives:
- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over reliance on short-term liabilities to fund long-term illiquid assets;
- Tactical liquidity risk, which addresses the day-to-day funding requirements that are managed by imposing prudential limits on net fund outflows;
- Contingent liquidity risk, which assess the impact of sudden stressful events and the Credit Union’s responses thereto.

The primary liquidity risk policies and procedures include the following:
- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintain a line of credit and borrowing facility with SaskCentral;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits;
- Monitoring of term deposits; and
- Contingency planning.

Provincially, SaskCentral manages a statutory liquidity pool of marketable investment securities on behalf of Saskatchewan Credit Unions to facilitate clearing and settlement, daily cash flow management and emergency liquidity support. Nationally, credit union centrals are represented by one central which acts as the Group Clearer, Central 1 Credit Union. The Group Clearer is a member of the Canadian Payments Association and pools provincial cash flows to settle with the Bank of Canada.

The following table details contractual maturities of financial liabilities:

As at December 31, 2022:

(In thousands)

	< 1 year	1-2 years	> 3 years	Total
Member deposits	58,247	1,318	2,872	62,437
Accounts payable	60	-	-	60
Membership shares	-	-	298	298
Total	**58,307**	**1,318**	**3,170**	**62,795**

18. Financial instruments *(Continued from previous page)*

As at December 31, 2021:

(In thousands)

	< 1 year	1-2 years	> 3 years	Total
Member deposits	57,516	2,044	3,113	62,673
Accounts payable	52	-	-	52
Membership shares	-	-	294	294
Total	57,568	2,044	3,407	63,019

The Credit Union manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial assets held for the purpose of managing liquidity risk.

As at December 31, 2022:

(In thousands)

	< 1 year	**1-2 years**	**> 3 years**	**Total**
Cash and cash equivalents	**9,932**	**-**	**-**	**9,932**
Investments	**10,554**	**2,000**	**4,616**	**17,170**
Member loans receivable	**14,310**	**5,538**	**22,478**	**42,326**
Accounts receivable	**910**	**-**	**-**	**910**
Total	**35,706**	**7,538**	**27,094**	**70,338**

As at December 31, 2021:

(In thousands)

	< 1 year	1-2 years	> 3 years	Total
Cash and cash equivalents	8,748	-	-	8,748
Investments	5,127	7,000	9,000	21,127
Member loans receivable	16,696	2,406	20,066	39,168
Total	30,571	9,406	29,066	69,043

19. Fair value measurements

The Credit Union classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Credit Union to develop its own assumptions

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is assessed to be significant to that fair value measurement. This assessment requires the use of judgment in considering factors specific to an asset or a liability and may affect the placement of the fair value measurement within the hierarchy.

19. Fair value measurements *(Continued from previous page)*

The Credit Union considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the beginning of the reporting period, the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the period.

In determining fair value measurements, the Credit Union uses net present value valuation techniques and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

Financial assets and financial liabilities measured at fair value

The Credit Union's financial assets and financial liabilities measured at fair value in the statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

				2022
(In thousands)	***Fair value***	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Cash	**1,156**	**1,156**	**-**	**-**
SaskCentral and Concentra Bank shares	**1,446**	**-**	**-**	**1,446**
Other equity instruments	**20**	**-**	**-**	**20**
Total financial assets	**2,622**	**1,156**	**-**	**1,466**

				2021
(In thousands)	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets				
Cash	1,156	1,156	-	-
SaskCentral and Concentra Bank shares	1,600	-	-	1,600
Total financial assets	2,756	1,156	-	1,600

For fair value measurements of Level 3 SaskCentral and Concentra Bank shares, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost, which equals the par value of the shares. The shares are not quoted or traded, however when new shares are offered the price remains the same as the par value of all currently available shares. There was no impact of the measurement on profit or loss for the year.

19. Fair value measurements *(Continued from previous page)*

Financial instruments not measured at fair value

The carrying amount, fair value, and categorization into the fair value hierarchy of all other financial assets and financial liabilities held by the Credit Union and not measured at fair value on the statement of financial position are as follows:

					2022
(In thousands)	***Carrying amount***	***Fair value***	***Level 1***	***Level 2***	***Level 3***
Financial assets measured at amortized cost					
Cash equivalents	**8,776**	**8,776**	**8,776**	**-**	**-**
Investments	**15,704**	**15,268**	**-**	**15,268**	**-**
Member loans receivable	**42,326**	**41,057**	**-**	**41,057**	**-**
Accounts receivable	**910**	**910**	**-**	**910**	**-**
Total financial assets	**67,716**	**66,011**	**8,776**	**57,235**	**-**
Financial liabilities measured at amortized cost					
Member deposits	**62,437**	**62,293**	**-**	**62,293**	**-**
Accounts payable	**60**	**60**	**-**	**60**	**-**
Membership shares	**298**	**298**	**-**	**-**	**298**
Total financial liabilities	**62,795**	**62,651**	**-**	**62,353**	**298**

					2021
(In thousands)	*Carrying amount*	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets measured at amortized cost					
Cash equivalents	7,592	7,592	7,592	-	-
Investments	19,527	19,560	-	19,560	-
Member loans receivable	39,168	38,977	-	38,977	-
Total financial assets	66,287	66,129	7,592	58,537	-
Financial liabilities measured at amortized cost					
Member deposits	62,673	62,813	-	62,813	-
Accounts payable	52	52	-	52	-
Membership shares	294	294	-	-	294
Total financial liabilities	63,019	63,159	-	62,865	294

Level 2 and Level 3 fair value measurements for financial instruments not measured at fair value

Valuation techniques and inputs for Level 2 and Level 3 fair value measurements are as follows:

All Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

As there is no observable market data for all fair values disclosed and categorized within Level 3 of the hierarchy, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost.

20. Commitments

In 2016, the Credit Union entered into a seven year commitment with Celero for the provision of retail banking services. The annual operating fee is calculated based on the average number of outstanding accounts throughout the year. The annual operating fees for the year ended December 31, 2022 were $48,112 (2021 - $49,840) and recorded as an expense. The annual estimated fee for the year ended December 31, 2023 is $52,531 (2022 - $48,112).

21. Other legal and regulatory risk

Legal and regulatory risk is the risk that the Credit Union has not complied with requirements set out in terms of compliance such as standards of sound business practice, anti-money laundering legislation or their code of conduct/conflict of interest requirements. In seeking to manage these risks, the Credit Union has established policies and procedures and monitors to ensure ongoing compliance.

22. Canada Emergency Business Account Program

Under the Canada Emergency Business Account ("CEBA") Program, with funding provided by the Government of Canada and Export Development Canada ("EDC") as the Government of Canada's agent, the Credit Union provides loans to its business banking members. In June 2020, eligibility for the CEBA loan program was expanded to include businesses that did not meet the payroll requirements of the initial program but had other eligible non-deferrable expenses. Under the CEBA Program, eligible businesses receive a $60,000 interest-free loan until December 31, 2023. If $40,000 is repaid on or before December 31, 2023, the remaining amount of the loan is eligible for complete forgiveness. If the loan is not repaid by December 31, 2023, it will be extended for an additional 2-year term bearing an interest rate of 5% per annum.

The funding provided to the Credit Union by the Government of Canada in respect of the CEBA Program represents an obligation to pass-through collections on the CEBA loans and is otherwise non-recourse to the Credit Union. Accordingly, the Credit Union is required to remit all collections of principal and interest on the CEBA loans to the Government of Canada but is not required to repay amounts that its members fail to pay or that have been forgiven. The Credit Union receives an administration fee to recover the costs to administer the program for the Government of Canada.

Loans issued under the program are not recognized on the Credit Union's statement of financial position, as the Credit Union transfers substantially all risks and rewards in respect of the loans to the Government of Canada. As of December 31, 2022, the Credit Union had provided approximately 50 (2021 - 59) members with CEBA loans and had funded approximately $2,872,500 (2021 - $3,397,100) in loans under the program.

Leah Frey

Box 296

Edam, SK S0M 0V0

Wanda Mosimann

Edam Credit Union

2001 Main Street

Edam, SK S0M 0V0

Dear Wanda Mosimann

Thank you for letting me come here! I had an amazing time here. I loved meetting these people, and I really hope I can come back here next year. At this camp we learned so much. We learned about co-operatives and how they help out small and large communities. We also learned about just how many companys are co-op's. We also got to do lots of stuff like canoing down a creek to a small beach were we went swimming. we had a talent show, which I really liked because I got to see all of the stuff my friends could do. Some of them were singing and others were dancing, and I loved watching all of it. I was in cabin two and we did a small skit, it was a mess but it was really fun. we have a water fight at 3:00 pm today and a dance which

I helped plan along with five of my friends. to be hounest I probably could have just said thank you, but you detever more then that so you get a story and a thank you so thank you.

Co-opertively yours Leah.

Finn Frey

Box 296

Edam, SK S0M 0V0

July 8th 2,022

Wanda Mosimann

Edam Credit Union

2001 Main Street

Edam, SK S0M 0V0

Dear Mrs. wanda Mosimann

Hi, my name is Finn Frey and im From Edam. I'm ~~w~~ writing this to tell you how greatful im am that you sent me to camp. This was my first time ever going to a camp and its really fun.

I had fun hosting the talent show. I found some cool moths here in the forest, and had fun with my cabin friends.

I want to conclude my letter by thanking you one last time and I encourage you to sponsour myself and other kids again

Co operatively yours

Finn Frey

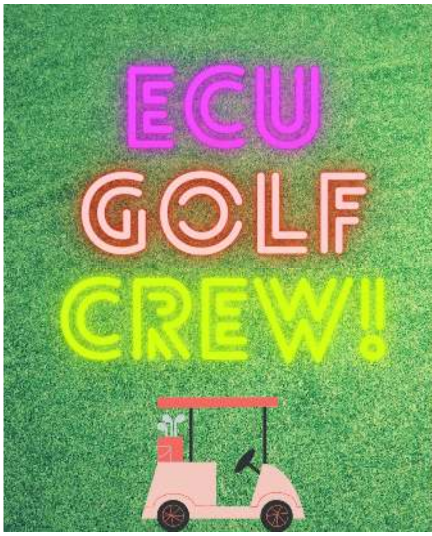
Finn Frey

Big or small ...... we are always happy to support the 3-Stars!!

CU Day Celebrations!

Camp Kindling!!

Happy Birthday Ross!!



ECU sponsored Ladies Night!!

Prom Theme!!

Edam Minor Ball Jersey Sponsor!

H. Hardcastle Track & Field Sponsor!