

## From the Big Chair

On March 26, Unity Credit Union welcomed members to an in-person supper and Annual General Meeting (AGM) to inform members of the workings of their credit union.

Members were reminded that deposits held in Saskatchewan Credit Unions are fully guaranteed by the Credit Union Deposit Guarantee Corporation. Prevention is the key deposit protection strategy. Prevention includes three lines of defense: sound credit unions, strong levels of liquidity and capital and a strong guarantee fund, which ensures even the largest deposits are fully guaranteed.

Asset growth does not occur without growth in member deposits. Asset growth in 2023 was surprising and significant. Total assets increased over \$18.2 million or 5.52% to end the year at another all-time high of \$348,643,237. Memberships increased by 43 to end the year at 4423. Due to growth and Innovation Credit Union becoming a federal credit union, we ended the year as the 10th largest credit union in Saskatchewan and the largest single branch credit union in the province. At yearend there were 32 provincially regulated credit unions in Saskatchewan and one federally regulated credit union.

We enjoyed some growth in the loan portfolio in 2023. The portfolio ended the year at \$234,931,754 which, like total assets, was an all-time high. The growth was a combination of local demand, financing leases and syndicating loans with neighbouring credit unions. We also ran some promotions in 2023, which had success in attracting new loans. Delinquency over 90 days ended the year at 3.11%, which was an increase from 2022.

Through the years, Unity Credit Union has invested in venture capital investments. These investments have provided a source of revenue but are considered riskier than other forms of investments. Through the years we have taken a conservative approach to accounting for these investments as returns from them are not guaranteed. As our holdings increased and their value increased over time, we began accounting for these differently in 2023. Instead of accounting for these at their cost value, we began to account for them using their fair value. This resulted in an unrealized gain. This increased our revenue in 2023 but also increased our expenses, as we had to allow for future taxes that may be owed to Revenue Canada on these investments.

Part of our risk management processes require us to review our portfolio and

evaluate the probability of repayment. In 2023 due to various economic stresses including increased borrowing rates, the effect of high inflation and struggles faced by some members, we chose to increase our allowance on loans. The increase was significant, increasing our provision expense by \$2.4 million. While we do not like the effect of this on our financial results, building allowances as a means to offset potential losses is a prudent practice.

Increased rates in 2023 meant that we generated more money from loans and investments but also paid more on member deposits. Operating expenses decreased from 2022 despite several of our costs increasing significantly due to inflationary factors.

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

There were three director positions to fill this year. Three nominations were received. Incumbent Terri McAleer, Michael Soloski and Ward Snell were declared elected by acclamation. Ethan Bertoia joined Danielle Bowker as the newest Junior Board member. There were several personnel changes as people retired, moved or took advantage of new opportunities.

The growth, use and dependency on technology by both members and organizations have us continuing down the path of finding and using new technology programs. All of these new programs take human capital as well as financial capital so that is why these decisions are not taken lightly.

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

The credit union system and the partners we have relied on for many years continue to change. We have continued to seek ways to work with our neighbouring credit unions to support each other without rushing to merge.

One of our co-operative principles is Concern for Community. As a credit union, we are very conscious of this

principle and try to put words into action. We continued to be involved in our community in various ways through participation, sponsorship and donations. Our significant donations from 2022 resulted in an expansion of the walking paths at the north end of town and new beds at the Unity Health Centre.

We know the future will involve change and challenge. Technology will continue to challenge human and financial resources. Another challenge is recruiting and retaining qualified staff, especially for specialized positions. Changes in the credit union system across Canada provide new challenges for all credit unions but especially smaller ones. Another challenge is preparing staff for the future to serve members in new and different ways than we have relied on in the past. Frauds, scams and compromises add challenges unheard of just a few years ago. These challenges make remaining an independent, autonomous credit union more difficult. We hope that being local, supporting our community and knowing our members will still be differentiators and reasons for members to want to deal with their local financial institution. We are in the community and our decisions are made for the community. We ask for your support as we wish to continue to serve you as Unity Credit Union.

Gerald Hauta  
Chief Executive Officer



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