



ANNUAL REPORT 2022

Raymore 
Credit Union



Incorporated November 25, 1949 - Charter No. 228

Annual General Meeting

April 24, 2023 - 5:00 p.m.

Raymore Baptist Church Basement

Agenda

- 1. Registration**
- 2. Call to Order**
- 3. Adoption of Agenda**
- 4. Minutes of Meetings – Annual General Meeting of April 18, 2022**
- 5. Business Arising**
- 6. Reports:**
 - Board of Directors Report**
 - Management Discussion & Analysis**
 - Financial Report**
- 7. Appointment of Auditor for 2023**
- 8. Election Results**
- 9. GM Years of Service Presentation**
- 10. Adjournment**





PROOF OF NOTICE

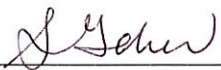
I, Darren Frisko, of the Town of Raymore, Secretary-Treasurer of the Raymore Credit Union

TO WIT:

That I have personal knowledge that the notice of this annual meeting was duly prepared and given to its members as required by the Credit Union Act. Notice was posted in the Credit Union branches and in the member statements and on the Credit Union website on February 23, 2023.

Sworn before me at the Town of Raymore
in the Province of Saskatchewan
this 25th of March 2023.

)
) 
) Darren Frisko



A Commissioner of Oaths in and for
the Province of Saskatchewan

My Commission expires Oct 31, 2026.







AFFIDAVIT OF COMPLETION OF REPORTS

I, Darren Frisko, General Manager of Raymore Credit Union, make oath and say that:

The Auditor's Report and Financial Statement were made available to the Membership on April 4th, 2023, which is at least 10 days prior to the Annual Meeting.

Sworn before me at the Town
of Raymore, in the Province of
Saskatchewan this 19 day
of April, 2023.

) 
)
)
) Darren Frisko



A Commissioner for Oaths in and
for the Province of Saskatchewan

My Commission expires: Oct 31, 2026.





Incorporated November 25, 1949 - Charter No. 228

Annual General Meeting Agenda

April 18, 2022 - 5:00 p.m.

Raymore Baptist Church Basement

Meeting Minutes

1. Registration – 15 members and no guests attended. Registration list attached.
2. Call to Order – Gary Orthner at 5:01PM
3. Adoption of Agenda – Lyle Davis moved to adopt the agenda as presented. Seconded by Kim Currall. Carried.
4. Minutes of Meetings – AGM April 19, 2021 – Brittany Purdue moved to approve the minutes of the previous AGM as presented. Seconded by Colleen Buitenhuis. Carried.
5. Business Arising - Nothing arising from the minutes of April 19, 2021.
6. Reports: The annual report was made available in paper to members who attended the meeting. It included the summary financials; however full financial statements were available to anyone who requested a full set of statements and notes.
 - Financial Report
 - Management Discussion & Analysis
 - Board of Directors ReportFrisko and Orthner reviewed the reports.
Adoption of Reports – Josh Jordan moved that the reports be accepted as presented. Seconded by Lyle Davis. Carried.
7. Appointment of Auditor for 2022 – Lynn Digney-Davis moved to appoint MNP as auditors for 2022. Seconded by Kim Currall. Carried.
8. Election Results – Unruh reported 4 nominations were brought forward for the terms that were up. Unruh reported that Pamela McNab-Kinequon, Jennifer Senft, Amanda Kihn and Courtney Orthner were elected by acclamation to the Board of Directors. Jennifer MacTavish moved to accept the election results as presented. Seconded by Brittany Purdue. Carried.
9. Adjournment – Lyle Davis motioned to adjourn at 5:08PM


Chairperson


Secretary



Board of Directors Report

Raymore Credit Union has once again had a profitable year. With that being said, we are pleased to announce a patronage allocation of over \$1,000,000, with a cash payout of \$750,000. This, along with remaining portion allocated to retained earnings, has placed our Credit Union in a very stable financial position.

We are pleased to give back to our members that have continued to use Raymore Credit Union as their financial business of choice. We also give back to our communities through financial donations and many volunteer hours by our staff.

The Board would also like to thank the staff as they continue to serve our members, but also the time they give to further their education in effort to better to serve the Raymore Credit Union.

We would like to thank the Management team as they continue to give direction to the Credit Union. Also, we would thank the membership for trusting Raymore Credit Union with their financial business.

Gary Orthner
President

Management Discussion and Analysis

Introduction

Raymore Credit Union (RCU) is an independent Saskatchewan credit union owned by our members. Under the current Credit Union legislation, RCU is able to provide financial services to members and non-members. As at December 31, 2022, Raymore Credit Union had 2,982 (2021 - 2,900) members and 402 (2021 – 360) non-members. Non-members do not participate in the democratic processes of the Credit Union.

RCU serves the communities of Raymore, Punnichy, Dysart, Cupar, George Gordon, Kawacatoose and surrounding areas through two branches. In these communities, we provide a range of financial products and services.

Vision, Mission and Values

Our Vision & Mission

We partner with members and communities to be their primary financial services provider.

- Partner – Assisting, working with, and educating our members and customers*
- Communities – Not only the geographical areas our branches reside, but also those groups with common interests that we serve.*

Our Values

To achieve our goals, we are committed to demonstrating the following values:

- Caring and Integrity
- Cooperation
- Leadership
- Commitment
- Prosperity

Co-operative Principles

As a true co-operative financial institution, RCU acts in accordance with internationally recognized principles of co-operation:

Voluntary and Open Membership

Co-operatives are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees, so they can contribute effectively to the development of their co-operatives. They inform the public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Corporate Structure and Governance

The governance of RCU is anchored in the co-operative principle of democratic member control. RCU is established under legislation of the Province of Saskatchewan and is regulated by The Credit Union Deposit Guarantee Corporation of Saskatchewan (the Corporation). We must comply with The Credit Union Act 1998; The Credit Union Regulations 1999; The Standards of Sound Business Practices; RCU bylaws and policy; and all other applicable Provincial and Federal laws. RCU provides regular reporting to the Corporation and are subject to periodic risk based examinations.

Credit Union Governance Framework

RCU is committed to meeting the standards of legal and regulatory requirements in order to maintain member confidence and demonstrate financial success.

Code of Conduct and Ethics

On an annual basis, every director and employee must sign and acknowledge that they have read, understood and complied with the Code of Conduct.

Board of Directors

Mandate and Responsibilities

The Board is responsible for the strategic oversight, business direction and supervision of Management of RCU. In acting in the best interests of the Credit Union and its members, the Board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

Key roles include:

- **The Board of Directors is accountable to the members of the Credit Union for directing the affairs of the Credit Union and maintaining policies, which are responsive to their needs and the needs of the Credit Union for sound operations.**
- **Exercising the powers of the Credit Union directly, or indirectly, through employees.**
- **Directing the management of the business affairs of the Credit Union.**
- **Acting honestly and in good faith with a view to the best interests of the Credit Union at the exclusion of other interests.**
- **Exercising the care, diligence and skill of a prudent person in directing the Credit Union's affairs.**
- **Establishing and maintaining prudent policies for the operation of the Credit Union.**
- **Provide and maintain a computer and software system to assist in effective, timely communication between Board, Management and the Credit Union.**

In performing its role, the Board approves all significant decisions that affect the Credit Union. The Board meets regularly in-camera, without Management present.

Board Composition

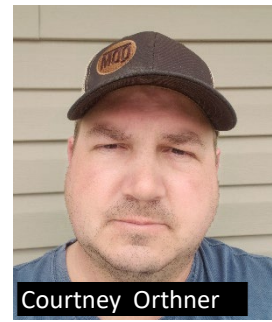
Our organization is governed by a Board of Directors. The Board oversees the business of Raymore Credit Union to ensure we are managed and operate soundly and prudently. It sets policy and ensures we adhere to applicable legislation, regulation and standards.

Directors must be members in good standing for at least one year. They are elected by the membership and serve three-year terms. Nominations are made by the membership. Voting, if required, is held in branch by paper ballot and election results are announced at Raymore Credit Union's annual general meeting.

Our Board meets regularly. In addition to regular Board meetings, directors serve on one or more Board committees and participate in continuous professional development.

The Raymore Credit Union Board of Directors 2021-2022:

Name	Years of Service	Occupation	Address	Term Expires
Gary Orthner	9	Labourer/Retired Farmer	Raymore	2023
Gene Unruh	9	Retired School Principal	Raymore	2023
Lynn Digney-Davis	8	Nurse Practitioner/Farmer	Raymore	2024
Pamela McNab	7	Director of Finance	Punnichy	2025
Amanda Kihn	7	Service Manager	Raymore	2025
Jennifer Senft	4	Farmer	Lipton	2025
Courtney Orthner	1	Farmer	Raymore	2024



Committees

The responsibilities of the Board of a modern financial services organization involve an ever-growing list of duties. Raymore Credit Union maintains several committees comprised of directors. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our Credit Union.

Executive Committee – acts on behalf of the Board of Directors between regular or special Board meetings on most Board matters.

Governance Committee – evaluates policies, principles and practices of the Credit Union related to governance and to support the Board in its commitment to oversight, independence, transparency, accountability, protection of assets and resources, recourse and regulatory compliance.

Your Executive Committee

Gary Orthner, President
Lynn Digney-Davis, Vice-President
Gene Unruh, Vice-President

Your Governance Committee

Amanda Kihn, Chair
Gene Unruh
Gary Orthner

Conduct Review Committee – ensures that Raymore Credit Union acts with the full integrity and objectivity of its directors and employees, by having in place policies, processes and practices that protect people and the organization from claims and from the perception of unfair benefit or conflict of interest.

Your Conduct Review Committee

Gene Unruh, Chair
Amanda Kihn
Gary Orthner

Audit Committee – oversees and assesses the integrity of financial reporting and financial statements; adequacy of internal and external audit functions, adequacy and effectiveness of internal controls, compliance with legal and regulatory requirements, external auditor’s qualifications and independence, performance of the external and internal audit functions. The committee consists of 3 directors. The Board determines the skills and abilities needed on the committee and chooses its members accordingly.

Your Audit Committee

Jennifer Senft, Chair
Pamela Kinequon-McNab
Lynn Digney-Davis
Courtney Orthner

Risk Committee – ensures enterprise risk management framework and risk appetite statement are appropriate to optimize liquidity, market/interest rate, credit concentration, legal and regulatory, operations, strategic risk and emerging/reputational risk for the protection and creation of member value. The committee consists of 3 directors. The Board determines the skills and abilities needed on the committee and chooses its members accordingly.

Your Risk Committee

Pamela Kinequon-McNab, Chair
Lynn Digney-Davis
Jennifer Senft
Courtney Orthner

Workplace Violence & Harassment Committee – promotes and maintains an environment that is free of harassment and violence through development, maintenance and compliance of progressive policies and regulations that govern the safety and well-being of our human resources.

Your Workplace Violence & Harassment Committee

Lynn Digney-Davis, Co-Chair
Gary Orthner, Co-Chair
Steven Trew
Jennifer MacTavish

Compensation and Attendance

Directors are compensated with a per diem for meetings attended. Remuneration is intended to recognize effort and dedication and provide reasonable compensation for time involved. Directors are reimbursed for all reasonable and justifiable expenses incurred while preparing for or participating in meetings, conference calls or as a representative on behalf of the Credit Union. In 2022, your Board of Directors had an average % (2021 - 100%) attendance rate for meetings. Total per diem paid to the Directors in 2022 was \$45,356 (2021 - \$38,600) including mileage.

Director Training

Raymore Credit Union encourages and supports director training. The Credit Union will provide the necessary opportunities for personal and professional development of Directors and Board Committee members. A minimum of 6 hours of training per year per director is recommended. Directors attend various meetings and training throughout the year. The various courses attended by our Directors in 2022 include: Privacy, Anti-Money Laundering, and CUSA sessions. Director development and training costs for 2022 \$7,405 (2021 - \$11,843). We are very proud of the Board of Director training that has been undertaken over the last few years. We currently have four out of seven directors that are CUSA graduates. Congratulations to Jennifer Senft, Pamela McNab, Lora Lynn Digney-Davis and Gene Unruh!

Board Assessment

The Board is committed to effective governance and improvement. Bi-annually, the Governance Committee facilitates a Board evaluation process to assess the effectiveness of Board operations. Results of the evaluation form a basis for recommendations for the Board to improve governance practices and self-development.

Executive Management

Raymore Credit Union's Management team consists of the General Manager and two Executive Managers, who support the General Manager.

General Manager

Darren Frisko

Retail Manager

Steven Trew, FCUIC

Finance, Administration, Risk & Compliance Manager

Jennifer MacTavish, CPA, CA, ACUIC

Our Executive Management team has a total of 64 years combined credit union experience, along with post-secondary and credit union specific educational training.

Strategy

Each year, the Board of Directors along with the Executive Management team work together to develop a business strategy that is compiled into a formal document called the strategic plan. A balanced scorecard framework is then utilized to measure and monitor our progress towards achieving our strategic objectives. Our balanced scorecard is a working plan that is shared with employees, who all have a stake in delivering the strategy. The scorecard utilizes both financial and non-financial measures along four strategic themes: People and Community, Business Operations & Technology, Membership & Growth and Financial Performance.

Each of these areas has objectives within them; see below for some of these objectives and results for 2022:

Strategic Themes		Performance Measures	Target	Actual
People & Community	<i>Our people demonstrate the skills and competencies required to recognize needs and proactively propose solutions that will contribute to the overall success of Our members, communities and organizations.</i>	Net Promoter Score	Minimum score of 57%	66%
		Community Involvement	600 hours	670 hours
Membership & Growth	<i>We proactively seek out partnerships with new and existing members, customers and communities to foster mutually beneficial financial relationships. These relationships make us their financial institution of choice. This occurs beyond regular business hours.</i>	Loans per member	\$52,654	\$46,151
		Deposits per member	\$68,277	\$56,203
		Referrals to Credential Office	24	18
		Net Promoter Score	Minimum score of 57%	66%
		New "Young Adult" Members	36	51
Business Operations & Technology	<i>Achieve optimal operational efficiency while maintaining relationships with members. Ensuring service delivery is maintained or enhanced according to our standards, while investing in relevant technology, balancing member requirements and affordability.</i>	Efficiency Ratio	67%	51%
Financial Performance	<i>Achieve sufficient financial success to achieve our strategies, while exceeding regulatory requirements.</i>	Loan to asset ratio	69.67%	71.00%
		Loan Delinquency	<3.00%	1.08%
		Net Income (prior to patronage)	\$1.84M	\$5.4M

Enterprise Risk Management

As a financial institution, Raymore Credit Union is exposed to a variety of risks. Risk is the downside that exists in almost every component of the Credit Union's activities. Risk represents the potential negative impact, financial loss, or risk to reputation that is possible as we work to achieve our corporate goals. Managing and appropriately balancing risks with business opportunities is the priority of the Board of Directors and Management. An enterprise-wide risk management (ERM) approach is used for the identification, measurement and monitoring of risks. Raymore Credit Union has implemented an ERM framework and actively manages risk.

Risk governance includes setting risk appetite and policy, determining an appropriate organizational structure, and clearly defining authority and responsibility for risk decisions. Our risk philosophy is that we will take on a moderate amount of risk to support our business growth, member commitment and fulfill our capital plan, without undue exposure.

Capital is our primary risk offset. Adequate capital allows the Credit Union to absorb unexpected losses, implement long term strategic plans and signal financial strength.

The Credit Union operations undergo regular independent assessments through external audit, internal audit and regulatory reviews to ensure that the key risks are being mitigated and any potential impacts to capital are reported accordingly.

Following are the groups and committees with authority and responsibility for risk decision within the organization.

Board of Directors

- Approve risk appetite and policies, and oversee execution of the ERM program by management.
- Monitor overall risk profile, key and emerging risks and risk management activities.
- Review and assess the impact of business strategies, opportunities and initiatives on overall risk position.

The Audit Committee and the Risk Committee

- Monitor major risks and recommend acceptable risk levels to the Board.
- Review the appropriateness and effectiveness of risk management and compliance practices.
- Provide oversight of external and internal audit functions.
- Monitor compliance with policy and procedures and the adequacy of controls.
- Monitor capital position.

Executive Management

- Co-ordinate strategic and operational planning.
- Monitor compliance with policy and procedures.
- Oversee enterprise-wide management of risk and compliance.
- Implement strategies and policies approved by the Board.
- Oversee credit, liquidity, strategic, market, legal and regulatory and operational risk management.
- Establish pricing.
- Establish balance sheet and operational strategies with a focus on achieving financial targets, managing and marketing liquidity risk and optimizing the use of capital.
- Develop processes that identify, measure monitor and control risks.

The ERM framework sets out how risks will be identified assessed and documented. Annually, the top risks that could impact Raymore Credit Union over the next year are identified. These risks are rated on the potential impact that they could have, and the likelihood that they might occur. Risks are rated to determine those that are highest priority, and then strategies are developed to manage these risks.

An annual ERM report is provided to the Board, including details such as: a listing of key risks, a risk map, along with any mitigation strategies. The annual ERM report is also used in determining strategic priorities, in development of the balanced scorecard. Quarterly reporting is provided to the Audit and Risk Committee based on Board approved policy.

Strategic Risk

Strategic risk is the risk of adverse decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation that will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation. The Credit Union has formal planning processes, which result in a strategic business plan and a balanced scorecard that focus on strategic objectives. The Credit Union also uses a comprehensive reporting process to monitor performance relative to plans.

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement. RCU's primary market risk arises from movement in interest rates. There is defined policies around numerous interest rate risk measures, which is then compared to our current and expected future situation through dynamic modelling. We also utilize income simulation for scenarios and stress testing based on changes in interest rates.

Effective management of these risks includes documented policies, which address roles and responsibilities, delegation of authority and limits, risk measurement and reporting, valuation and exception management. Market risk exposure limits have been set in policy and methods of scenario testing are carried out to determine if limits are exceeded. Results of testing are reported to Executive Management and the Risk Committee.

Liquidity Risk

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Raymore Credit Union uses a number of sources to fund operating requirements, such as member deposits, cash, line of credits and corporate borrowings.

Examples of these risks include: documented policies, which address roles and responsibilities, delegation of authority and limits, risk measurement and reporting, valuation, and exception management. Liquidity is monitored daily. Reporting is provided monthly to the Board of Directors.

Credit Risk

Credit risk originates primarily from our direct lending activities and syndicated loans or leases not administered by Raymore Credit Union. To a lesser extent credit risk also extends to our holdings of investments securities. Credit risk is the risk of financial loss resulting from a borrower's or counterparty's inability to meet its obligations.

Credit risk management focuses on underwriting and pricing loans according to their risk and ensuring the overall portfolio is well diversified. There are five parts to credit risk management; including policy, credit granting, monitoring and exposure, portfolio management, and audit. Tolerance and lending policies are set by the Board. Review and revision of lending policy is done on an ongoing basis. The credit union's credit portfolio and lending practices undergo regular and independent assessments through external audit, internal audit, and regulatory reviews. Reports are provided to management and the Board of Directors through the Audit Committee and Risk Committee.

Lending practices are set by the Board of Directors in policy and put into practice through procedures as established by management. Credit granting is performed in accordance with approved policies, procedures and applicable legislation. This includes analysis, pricing, terms and documentation of loans. Pricing parameters are in place to support lenders in pricing decisions and to ensure risk is being offset.

Concentration limits in regards to, industry and size of loans have been designed to reflect our risk tolerances.

Legal and Regulatory Risk

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

Operational Risk

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

Operational risk exists in all products and services and our delivery of them, including supporting back office processes and systems. Operating risks can be classified into three areas; people, systems and processes. People risk includes the inability to attract and retain appropriate talent. Systems risk addresses technology and our reliance on it, encompassing such risks as security breach or failure of critical systems for an extended period of time. Processes are the way we do things and include risks such as inadequate policy and procedure.

Credit Union Market Code

RCU voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- Complaint handling, which outlines the process for dealing with all complaints regarding the service, products, fees or charges of RCU

- Fair sales, by outlining the roles and relationship of staff to all members/clients and in accordance with the financial services agreement.
- Financial planning process, to advise members/clients on the risks and benefits associated with financial planning services.
- Privacy, to protect the interests of those who do business with RCU. Privacy is the practice to ensure all member/client information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards, to preserve a positive image of RCU among our members, clients and communities.
- Capital management, to ensure our capital structure aligns with our risk philosophy.
- Financial reporting, to adhere to business and industry standards.
- Governance practices, to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Raymore Credit Union.
- Risk management, to ensure all risks are measured and managed in an acceptable fashion.

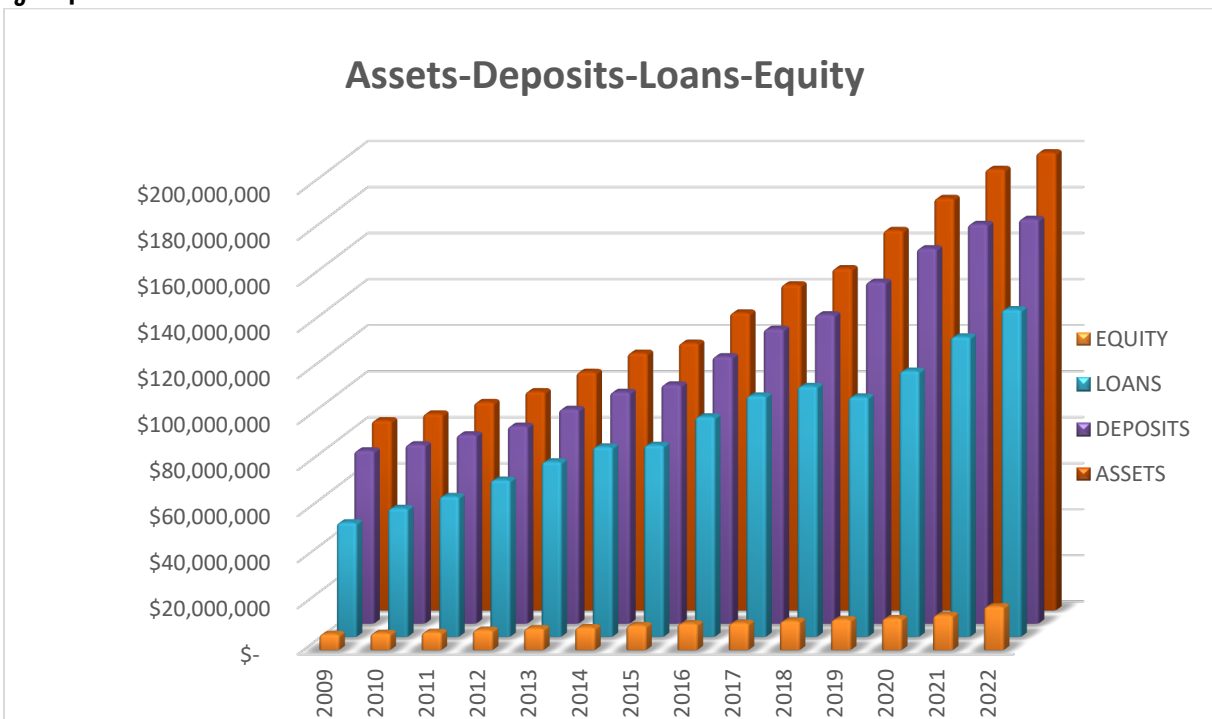
FINANCIAL RESULTS

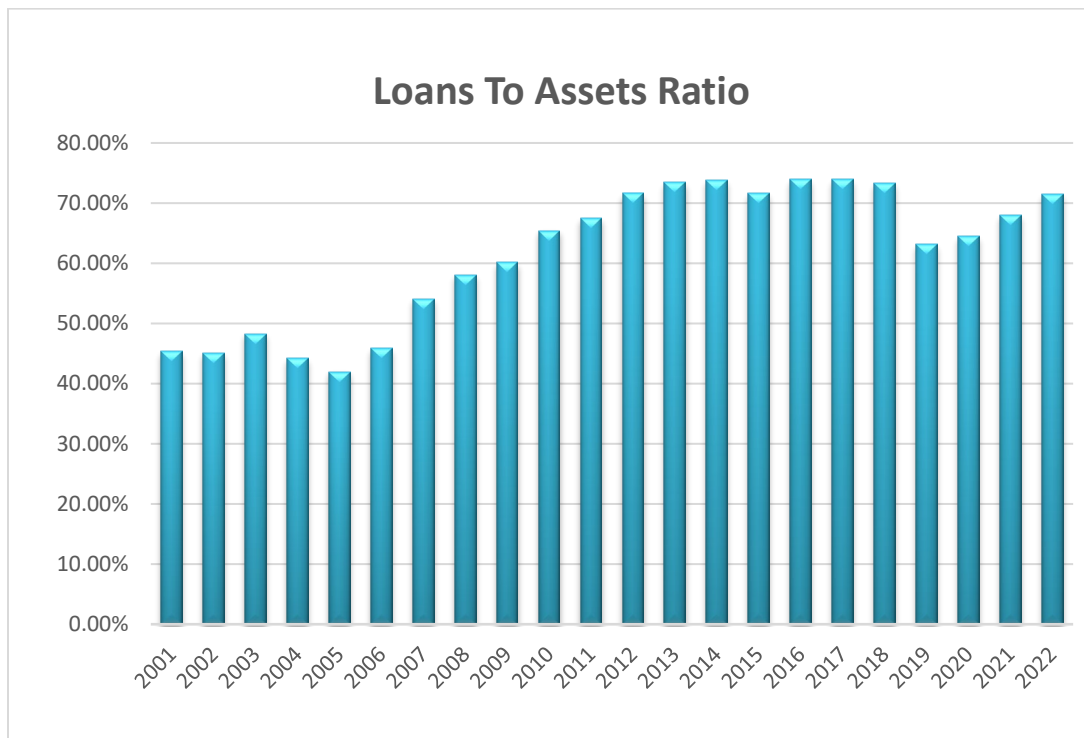
In reviewing results for 2022, we focus on a few key areas: growth, profitability, equity, and productivity.

Growth

We finished the year with total assets under administration of \$221.9M (\$198.9M on book & \$23M off book), which equates to growth of 2.02% (2021 – 8.10%) for the year, which came in a bit under budget of 3.0%. Net loans increased \$11.8M to end the year representing 71.5% of assets. It is the goal of our organization to work towards keeping the loans as a percentage of assets in the 70%-75% range. Loan delinquency over 90 days decreased to 1.08% (2021 – 2.25%).

We experienced 1.28% deposit growth in 2022 (2021– 6.48%), ending the year at \$175.7M, slightly lower than budget of 2.62%.



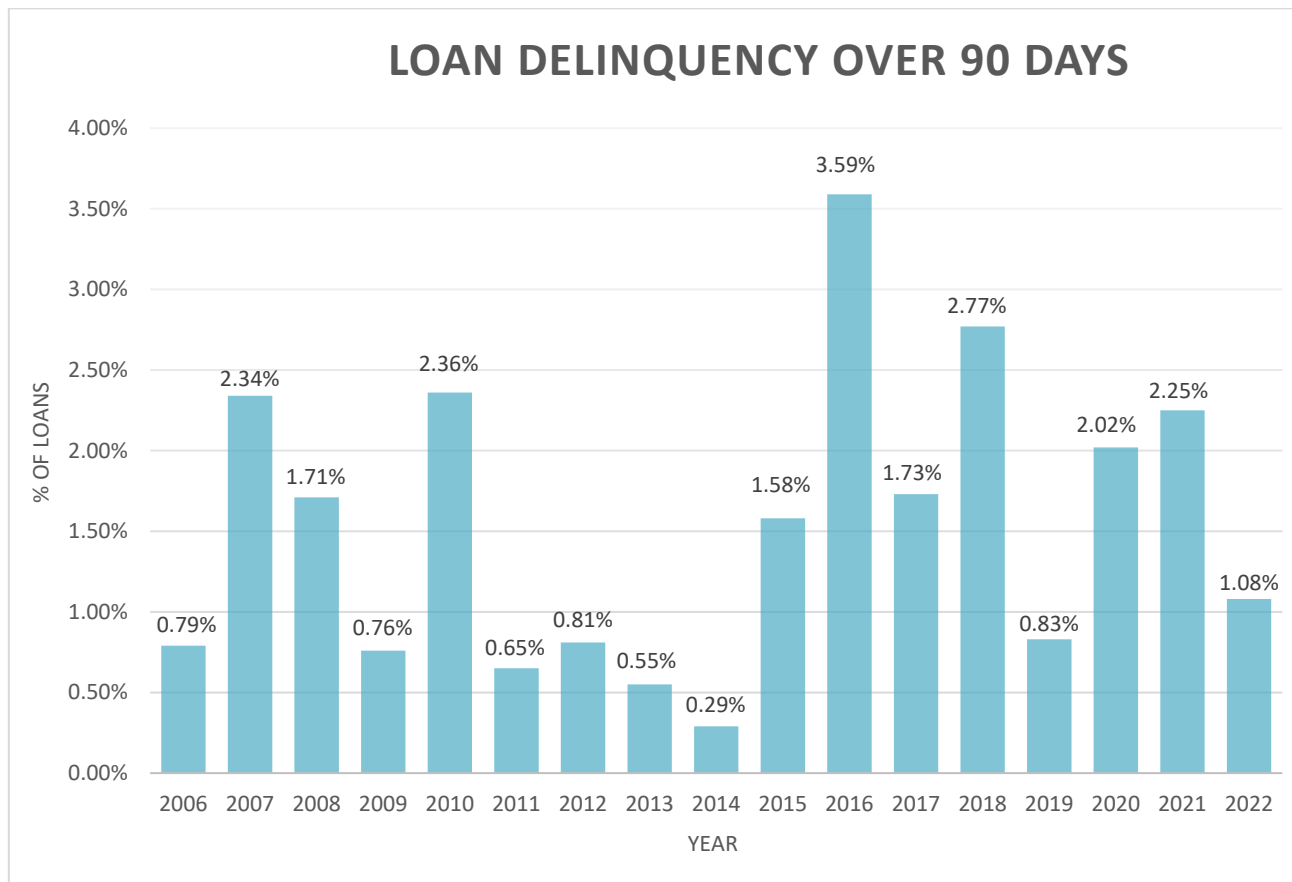


Asset Quality

Delinquency over 90 days decreased in from 2021 to 2022. The year ended with delinquency at 1.08% (2021 - 2.25%).

Credit risk management was enhanced in 2022 to continue to manage the impacts from COVID-19 on the economy and our members, along with the interest rate increases. Aligned with our vision and purpose to support or members and communities, Raymore Credit Union worked diligently with borrowers of all sizes to assist them through hardships, while recognizing that industries were impacted differently. Work continues in managing delinquency in an effort to maintain delinquency at a level of less than 1.50%.

Historic delinquency trends are illustrated in the following graph:



Liquidity Management

One of Raymore Credit Union's primary objectives as a financial institution is to prudently manage liquidity to ensure that we are able to generate or obtain sufficient cash or cash equivalents in a timely manner, at a reasonable price, to meet commitments as they become due, even under stressed conditions. Raymore's liquidity management framework, targets and strategies are established and documented in a Liquidity Management Plan, which is approved by the Board on an annual basis. The purpose of the plan is to ensure the optimal level of liquidity is maintained to meet regulatory and operational needs under both normal and emergency conditions. An inadequate amount of liquidity means that the credit union may not be able to meet member loan demand or that it will not be able to fulfill member demands for withdrawal of their deposits. A surplus of liquidity means that the credit union may not be generating sufficient returns on its funds to achieve an optimum return to its members or depositors.

The principles of Raymore's liquidity management framework are: maintaining a strategy and policies for managing liquidity risk, maintaining a stock of liquid assets, measuring and monitoring funding requirements, managing market access to funding sources, contingency planning and ensuring internal controls over liquidity risk management process.

Raymore has established policy with respect to liquidity and has a number of processes and practices with respect to the management of funding requirements. Raymore's primary source of funding is member deposits in the amount of \$175.8M.

In addition, Raymore maintains external borrowing facilities from various sources. Raymore has secured an authorized line of credit with SaskCentral in the amount of \$3.8M. In addition, Raymore has a quick-line in place with Concentra Financial in the amount of \$4M. In 2021, Raymore used external borrowing facilities minimally and at December 31, 2022, credit facilities were not in use.

Saskatchewan credit unions are required by the provincial regulator, Credit Union Deposit Guarantee Corporation (CUDGC), to maintain 10% of their prior quarter-end liabilities on deposit with SaskCentral as manager of the Provincial Liquidity Program. Throughout 2022, Raymore Credit Union held the required amount of investments with SaskCentral for the purpose of maintaining its obligation to the Provincial Liquidity Program. In addition to the statutory liquidity investments on deposit with SaskCentral, Raymore maintains a high quality pool of securities to satisfy payment obligations and protect against unforeseen liquidity events. The majority of Raymore's marketable securities are held with Concentra Financial.

In 2017, CUDGC introduced additional liquidity standards based on international requirements. These standards include calculation of and reporting of the Liquidity Coverage Ratio (LCR) on a quarterly basis. The objective of the LCR is to ensure that the credit union has an adequate stock of unencumbered high quality liquid assets (HQLA) that:

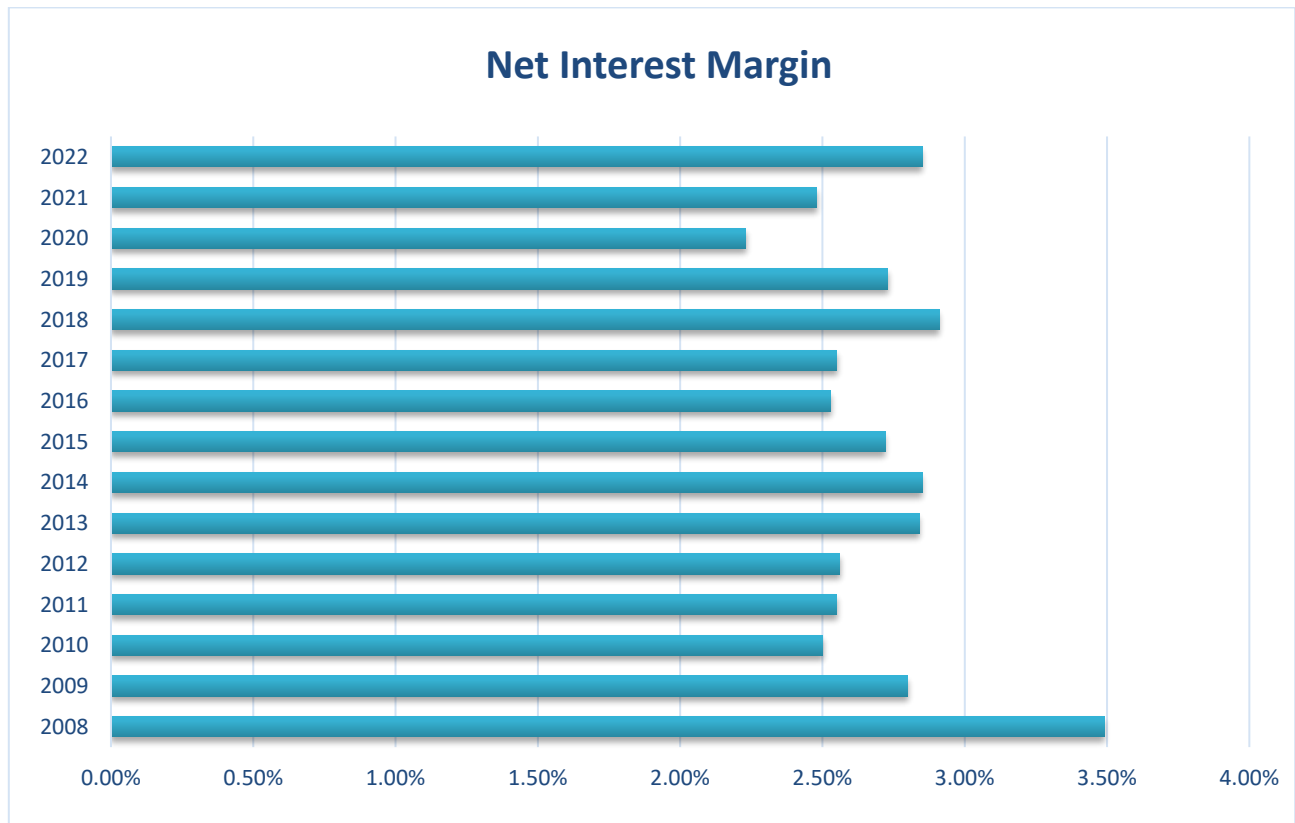
- Consists of cash or assets that can be converted to cash at little or no loss of value; and
- Meets its liquidity needs for a 30 calendar day stress scenario.

The minimum LCR 100%. Consistent with Raymore's approach to capital management (see below), Raymore has set its internal target for its LCR at 125% as of January 1, 2017. As at December 31, 2022, Raymore far exceeds the regulatory minimum LCR of 100%.

The liquidity management practices that are currently in place have proven to be adequate for the operations of Raymore Credit Union. Our goal, over the long term, is to maintain our loan to asset ratio in the range of 70-75% while at the same time ensuring that credit is granted within policy and procedures. Management will continue to monitor and analyze the assets/liability matrix and projections to ensure that the credit union remains positioned to meet its liquidity demands. As well, management will ensure HQLA is well diversified to optimize the liquidity position of the credit union.

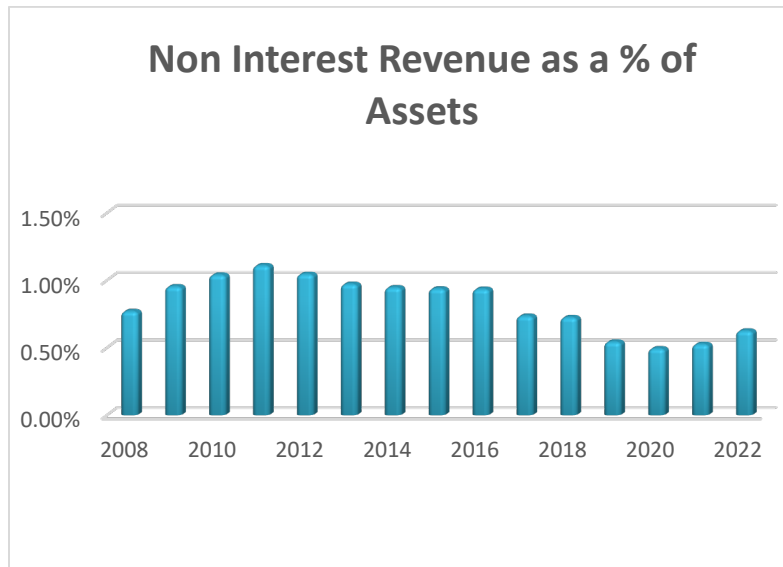
Profitability & Equity

The *net interest margin (NIM)* for a financial institution is the difference between the average rate that we receive on interest earning assets (loans and investments) less the cost we pay on interest bearing liabilities (member deposits and borrowings) expressed as a percentage of average assets. In 2022, we do see an increase to margin to 2.85% (2021 – 2.48%).



Although RCU experienced some challenges through the year, the 2022 results were very favorable in terms of profitability. Income prior to allocations was \$5.4M, which represents a 2.69% return on assets. With the sale of Concentra to Equitable Bank, we received a \$2.1M dividend, tax free, which bolstered net income for 2022. We are pleased to announce a patronage allocation of \$1,000,000, which allowed us to place \$3.8M into reserves. Going forward, we continue to recognize that we need to continue to look for opportunities to increase revenue while minimizing operating expenses, to ensure sufficient levels of profit is generated to support balance sheet growth and maintain our equity position.

Non-interest revenue (Other Income) is an important source of revenue for the Credit Union. Non-interest revenue streams for the Credit Union consists of items such as service charges and fees, and insurance and wealth management commissions. With increasing assets and the net interest margin challenges we have been experiencing, we will continue to monitor our non-interest revenues into the future.



Productivity

Productivity is monitored in terms of efficiency ratio. This ratio is a measurement of what it costs us (\$) to earn a dollar, hence, our goal is to minimize this ratio. The following graph is consistent with the rapid decline in interest rates beginning in 2008, which squeezed our net interest margins, resulting in higher efficiency ratios. With a focus on non-interest revenues and controlled expenditures, we have managed to finish off the year at 53% (before allocations), in our target range of 70-75%.



Capital Management

Raymore Credit Union's capital management framework is designed to maintain an optimal level of capital. Accordingly, capital policies are designed to ensure that Raymore Credit Union meets its regulatory capital requirements, meets internal assessment of required capital and builds long term membership value. Part of our

policy enables us to retain a portion of annual earnings in order to meet capital objectives. Once capital objectives are met, additional earnings may be allocated to members through member patronage authorized by the Board of Directors. The current member patronage program allocated earnings based on interest paid on qualifying loans and interest received on qualifying deposits during the year in which an allocation is declared.

Credit Union Deposit Guarantee Corporation (CUDGC), regulator of Saskatchewan Credit Unions, prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel III framework, consistent with the financial industry in general. CUDGC's Standards of Sound Business Practice (SSBP) that incorporate the Basel III framework took effect on July 1, 2013. The Credit Union's capital management practices have been adjusted to ensure compliance with these requirements.

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. CUDGC prescribes four tests to assess the capital adequacy of credit unions. Regulatory standards require credit unions to maintain minimum levels of capital (as outlined below); however Raymore Credit Union has set board approved policy targets above regulatory minimums (as outlined below):

	Regulatory Minimum	RCU Policy
Minimum common equity tier 1 capital to risk weighted capital	7.00%	12-15%
Minimum tier 1 capital to risk weighted capital	8.50%	12-15%
Minimum total eligible capital to risk weighted capital	10.50%	12-15%
Minimum total eligible capital to leveraged assets	5.00%	6-9%

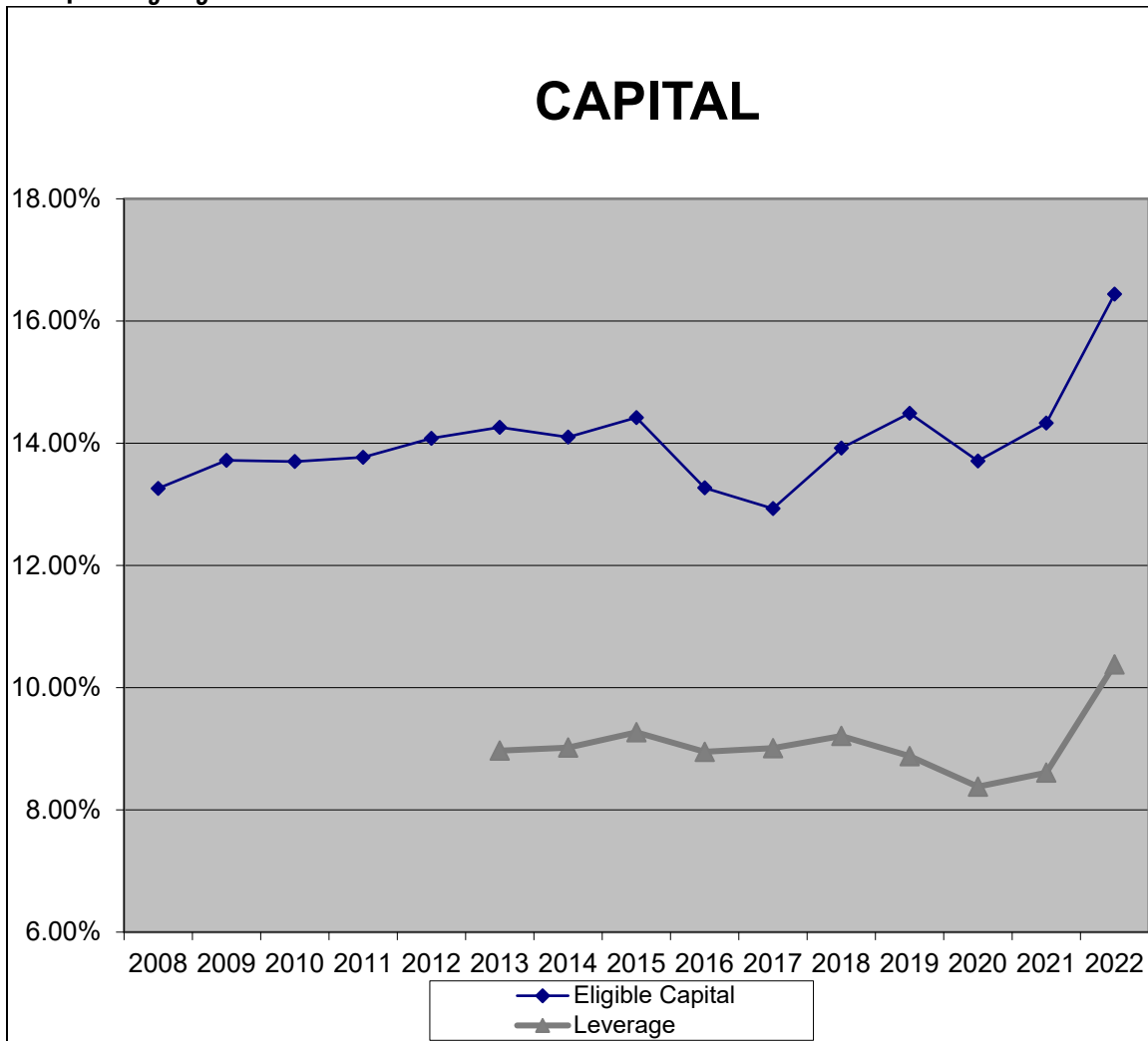
Common equity tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements, while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: 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). Currently, Raymore Credit Union's Common Equity Tier 1 capital includes only retained earnings. Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets, increases in equity capital resulting from securitization transactions, unconsolidated substantial investments and fair value gains/losses on own-use property. Raymore's deductions currently include intangible assets (website). 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. Raymore currently has nothing that qualifies as 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. Raymore's Tier 2 capital includes membership shares of \$1.48M and collective allowance of \$514,468.

In totality, Raymore Credit Union continues to remain well capitalized and during the year, the Credit Union complied with all internal and external capital requirements:

Common equity tier 1 capital to risk weighted capital	14.88%
Tier 1 capital to risk weighted capital	14.88%
Total eligible capital to risk weighted capital	16.44%
Leverage ratio	10.38%

Board and Management monitor our capital position on a continuous basis. Both strategic and operational initiatives are analyzed, taking into consideration the potential impacts to capital prior to making any decisions. Credit unions are required to have a process in place for assessing their overall capital adequacy in relation to their risk profile, and a strategy for building and maintaining their capital levels. This process is part of the Internal Capital Adequacy Assessment Process, or ICAAP, that credit unions must implement. As a component of ICAAP, Raymore Credit Union in 2013 started this process, and the process will continue into the future. It will require performing rigorous, forward-looking stress testing to complement and validate risk management approaches and identify possible events or changes in market conditions and their effect on the financial condition of the organization.



Loan and Residential Mortgage Portfolio

Raymore Credit Union's loan portfolio can be influenced by excessive concentration in a number of ways: geographic region, type of product, industry, demographic characteristic and associated groups or individuals. Land values, commodity prices, home values and personal incomes all have a direct influence on risk in the loan portfolio. In addition, local industries and the agricultural community are subject to market and weather conditions beyond the control of the credit union and can be difficult to anticipate.

CUDGC introduced Regulatory Guidance relating to Residential Mortgage underwriting. This guideline reaffirms the need for credit unions to have a stress testing regime that considers unlikely, but plausible scenarios and their impact on the residential mortgage portfolio. Results of these stress tests should be considered in the credit union's internal capital adequacy assessment process (ICAAP). Credit unions should reflect sets with inherently greater risk through risk-sensitive increases in capital identified through their ICAAP.

Raymore Credit Union loan portfolio is comprised of 27% consumer, 51.40% agriculture, 17.45% commercial and 4.15% leases. We do have limited geographic exposure given our two localized branches and therefore use syndication to diversify our portfolio, as well as manage concentration limits. We continue to manage on the assumption that a dramatic downturn in any industry could impact earnings and capital of the loan portfolio. As the residential mortgage portfolio is secured by residential properties, which are subject to a decrease in market value in an economic downturn, RCU ensures prudent practices surrounding security, including maximum loan to value (LTV) ratios consistent with regulatory guidelines for residential mortgages (80%) and HELOC's (65%).

At year-end, our portfolio was comprised of 7.91% insured residential mortgages and 15.14% uninsured residential mortgages. Insured mortgages are insured through Canada Mortgage & Housing Corporation (CMHC). Insured mortgages require less of a down payment, (less than 20%, minimum 5%), however come at a cost of (insurance premium) that is paid by the borrower. Uninsured or "conventional" residential mortgages require a minimum of 20% down payment. Raymore Credit Union does not believe it has undue risk in its uninsured mortgage portfolio or underwriting practices and that current risk weighted asset based concentration provisions in the ICAAP sufficiently address risk in the residential portfolio.

Corporate Social Responsibility

Raymore Credit Union is dedicated to our communities. We continue to support community-based organizations through cash and in-kind donations, sponsorships and volunteer activities. In 2022, we allocated \$55,912 (2021 - \$33,035) in cash and gifts in kind to organizations in our trading area.

For the 14th year, our Growing Communities Grant Program supported a number of worthwhile community projects by providing a total amount of funding of \$27,628. This included the Cupar Ball Diamonds, Punnichy Seniors, Dysart Historical Society, Lipton Memorial Rink and the Raymore Arena for 2022. In addition to this, our employees have contributed 670 personal volunteer hours to community organizations during the year.

Looking Ahead

2022 was another successful year for your Credit Union. Growth and profit exceeded budgeted targets, allowing us to increase capital to further protect our members deposits. Our local economy continues to be driven by agriculture, which is a reflection of our balance sheet. Agriculture continues to remain strong, even with rising interest rates and input costs.

We continue to monitor and evaluate our product and service offering to you our members to ensure they are relevant and competitively priced. Building capital in excess of regulatory standards allows us to remain as an autonomous Credit Union, as capital helps offset risk and generate income for our balance sheet, which in turn helps fund new product and service implementation.

Forecasting indicates that we will remain profitable into the foreseeable future, with carefully managed growth.

Members continue to embrace electronic methods of banking, as opposed to over-the-counter (in branch) transactions. As an organization, we will continue to analyze member transactions, to ensure investments in service delivery options are aligned with member preference.

The Saskatchewan Credit Union system continues to evolve and change as our communities and province changes. The Board of Directors is continuously monitoring trends in the financial service sector, Net Promoter Score, and financial results to ensure we are meeting you, our owners, financial service needs.

We look forward to proudly serving our members into the future, as we have for the past 73 years. We thank you for your continued support.

**Darren Frisko
General Manager**

Raymore Credit Union
Summary Financial Statements
December 31, 2022

Report of the Independent Auditor on the Summary Financial Statements



To the Members of Raymore Credit Union:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2022, and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Raymore Credit Union (the "Credit Union") for the year ended December 31, 2022.

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

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 7, 2023.

Management's Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

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

Regina, Saskatchewan

March 7, 2023

Chartered Professional Accountants

MNP LLP

Suite 900, Royal Bank Building, 2010 - 11th Avenue, Regina SK, S4P 0J3

1.877.500.0780 T: 306.790.7900 F: 306.790.7990

Raymore Credit Union
Summary Statement of Financial Position
As at December 31, 2022

	2022 \$	2021 \$
Assets		
Cash and cash equivalents	2,827,027	6,018,698
Investments	50,928,383	54,410,074
Member loans receivable	142,230,382	130,394,727
Other assets	2,430,414	260,446
Property and equipment	500,645	619,158
	198,916,851	191,703,103
Liabilities		
Member deposits	175,763,342	173,547,409
Income taxes payable	243,499	281,364
Other liabilities	2,486,092	1,452,227
Membership shares and equity accounts	1,476,180	1,245,000
	179,969,113	176,526,000
Members' equity		
Retained earnings	18,947,738	15,177,103
	198,916,851	191,703,103

Approved on behalf of the Board

Director

Director

Raymore Credit Union
Summary Statement of Comprehensive Income
For the year ended December 31, 2022

	2022 \$	2021 \$
Interest income		
Member loans	6,292,366	5,466,315
Investments	3,640,480	1,008,038
	9,932,846	6,474,353
Interest expense		
Member deposits	2,050,965	1,715,583
Borrowed money	7,867	3,450
	2,058,832	1,719,033
Gross financial margin	7,874,014	4,755,320
Other income	1,243,261	1,007,531
	9,117,275	5,762,851
Operating expenses		
Administration	1,145,093	1,737,573
Member security	171,294	159,809
Occupancy	205,968	193,955
Organizational	54,190	60,839
Personnel	1,846,044	1,712,982
	3,422,589	3,865,158
Income before provision for (recovery of) impaired loans, patronage refund, and provision for (recovery of) income taxes	5,694,686	1,897,693
Provision for (recovery of) impaired loans	325,176	(263,079)
Patronage refund	1,001,318	399,882
Income before provision for (recovery of) income taxes	4,368,192	1,760,890
Provision for (recovery of) income taxes		
Current	624,233	418,280
Deferred	(26,676)	(41,766)
	597,557	376,514
Comprehensive income	3,770,635	1,384,376

Raymore Credit Union
Summary Statement of Changes in Equity
For the year ended December 31, 2022

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2020	13,792,727	13,792,727
Comprehensive income	1,384,376	1,384,376
Balance December 31, 2021	15,177,103	15,177,103
Comprehensive income	3,770,635	3,770,635
Balance December 31, 2022	18,947,738	18,947,738

Raymore Credit Union
Summary 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	5,758,955	5,430,766
Interest received from investments	1,089,089	1,059,913
Other non-interest income received	1,243,261	1,007,531
Net change in member deposits	2,102,710	10,691,110
Net change in member loans receivable	(11,667,420)	(14,554,408)
Payments to suppliers and employees	(2,995,618)	(3,553,702)
Interest paid on deposits	(1,937,742)	(1,846,491)
Interest paid on borrowed money	(7,867)	(3,450)
Income taxes paid	(662,098)	(213,997)
	(7,076,730)	(1,982,728)
Financing activities		
Net change in membership shares and equity accounts	(18,820)	(131,740)
	(18,820)	(131,740)
Investing activities		
Purchases of property and equipment	(27,202)	(16,944)
Net change in investments	3,931,081	1,424,524
	3,903,879	1,407,580
Decrease in cash and cash equivalents	(3,191,671)	(706,888)
Cash and cash equivalents, beginning of year	6,018,698	6,725,586
Cash and cash equivalents, end of year	2,827,027	6,018,698

Raymore Credit Union
Note to the Summary Financial Statements
For the year ended December 31, 2022

1. Basis of the Summary Financial Statements

Management has prepared the summary financial statements from the December 31, 2022 audited financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited financial statements is available from the Credit Union. The detailed notes included in the audited financial statements are not included in these summary financial statements.

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



GOVERNANCE COMMITTEE REPORT ANNUAL GENERAL MEETING APRIL 24, 2023

Each year, the Board of Directors appoints a Governance Committee. The Committee is responsible for nominating one member for each vacancy created on the Board. The Committee must first obtain the consent of the member so nominated. The Committee will also accept nominations from the membership.

The Bylaws of Raymore Credit Union (Credit Union) and the Credit Union Act set out certain requirements for candidates to qualify to become a director. To be eligible, a candidate:

1. Shall be 18 years of age or older.
2. Shall have been a member of the Credit Union for at least 3 years.
3. Shall use the Credit Union as his/her primary financial institution.
4. Shall not be involved in any legal proceeding against the Credit Union or any of its affiliates or subsidiaries, in the previous seven years;
5. Shall not be a spouse of a person involved in legal proceedings against the Credit Union or any of its affiliates or subsidiaries.
6. Shall not be in bankruptcy (undischarged).
7. Shall not have been convicted of a criminal offence relating to theft, fraud or breach of trust.
8. Shall not have been convicted of an indictable offence pursuant to the Criminal Code within the last five years.
9. Shall not have any loans or credit in arrears with the Credit Union, (in excess of 120 days) in the previous year or have a Judgment registered against them.
10. Shall not have been involved in an ownership capacity with any group or organization that caused losses to the Credit Union through write-offs, collection costs, and legal costs;
11. Shall not be an employee of the Credit Union within 24 months of the closing date for nominations.
12. Shall not be a professional advisor of the Credit Union.
13. Shall not be a spouse or common law partner of an employee or Director of the Credit Union.
14. Shall not be a Director or employee of a business selling competitive products or services except as a representative of the Credit Union.
15. Shall be able to attend regular board meetings (Last Thursday of each month).
16. Shall treat all business of the Credit Union in strictest confidence.

This year the Term of Office for two Directors expired. There were two nominations brought forward. As Chair of the Governance Committee, I am pleased to declare Gary Othner and Gene Unruh are elected by acclamation to the Board of Directors.

Amanda Kihn, Chair
Governance Committee



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.

