

Equity Credit Union Inc.
Financial Statement Highlights
As at December 31, 2022

Net results YTD are lower than expected and the balance sheet has grown by 22% YTD.

The highlights are as follows:

Net income for the month was \$157 thousand, down by \$180 thousand or 53 % from the budget for the month.

Net income was \$3 million YTD, down by \$460 thousand or 13% from the budget for YTD.

Net interest and non-interest income is lower by \$214 thousand or 37 % from the budget for the month. The decrease is due to higher interest expense on deposits than anticipated for the month and lower net loan fees than anticipated.

Net interest and non-interest income YTD is lower by \$655 thousand or 10% from the budget YTD. The decrease is due to a lower net interest rate margin than anticipated as the deposit interest expense is higher than anticipated both from higher balances and higher rates.

Non-interest expenses were \$5 thousand, or 3 % lower than budget for the month.

Non-interest expenses were \$54 thousand or 3% lower than budget on a YTD basis. Savings achieved by reducing accruals for bonus and super contribution.

Total assets increased by less than 1% for the month, now up to \$342 million with a \$1.7 million increase in the month. YTD total assets increased by \$62 million or 22%.

Total loans decreased by \$1.2 million and less than 1% for the month and grew by \$69 million or 29% YTD.

Deposits increased by \$1 million for the month or less than 1% and \$57 million YTD or 22%.

The spread has decreased to 1.22% compared to the prior month, reflecting higher cost of deposits as interest rates offered continued to escalate as the BOD raises rates and competition with other FIs becomes fiercer. The spread has decreased from 1.80% at the end of 2021 to 1.22% for the end of 2022, reflecting higher cost of deposits and where deposits are repricing faster than the loan portfolio.

Broker deposits grew by \$1.6 million and organic deposits decreased by \$0.6 million for the month. Broker deposits grew by \$21 million and organic deposits grew by \$36 million YTD. Thus 40% growth from the broker deposit network and 60% from organic deposits.

Provision for credit losses as a percentage of loans was 0.16% for the month, 0.03% less than budget expectations. Volume of delinquencies are quite low. Less than \$3,000 of loans were written off in the year.

The net interest rate yield YTD was 1.8% and the return on assets was 1 % for the month annualized vs a budgeted amount for the month of 2% and 1%. The impact of higher interest rates on deposits than anticipated is now reflected in the NIM yield.

Regulatory capital as a percentage of risk-weighted assets was 19.4 % for the month. Leverage Regulatory capital as a percentage of total assets was 5.35% for the month with an increase of 2bps. Minimum liquidity sits at 6.35% and total liquidity at 10.61%. \$400 thousand was added to HQLA for the month with RBC DS to ensure a good reportable number for financial statement purposes.
Go forward action:
Manage balance sheet growth and manage NIM. NIM to be managed by staying away from matching 5 year deposits rates.

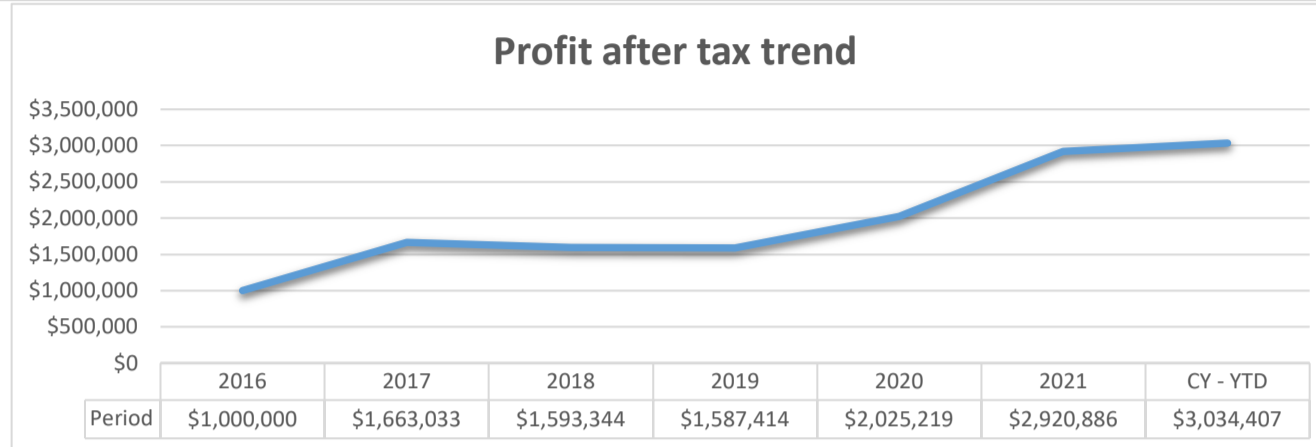
Equity Credit Union Inc.
Performance highlights report - key performance indicators
As at December 31, 2022

Purpose:
Provide highlights of the credit union's performance

Distribution:
Circulated to senior management, the Board of Directors and select committees

Profit after tax *Purpose to show trends in net income*

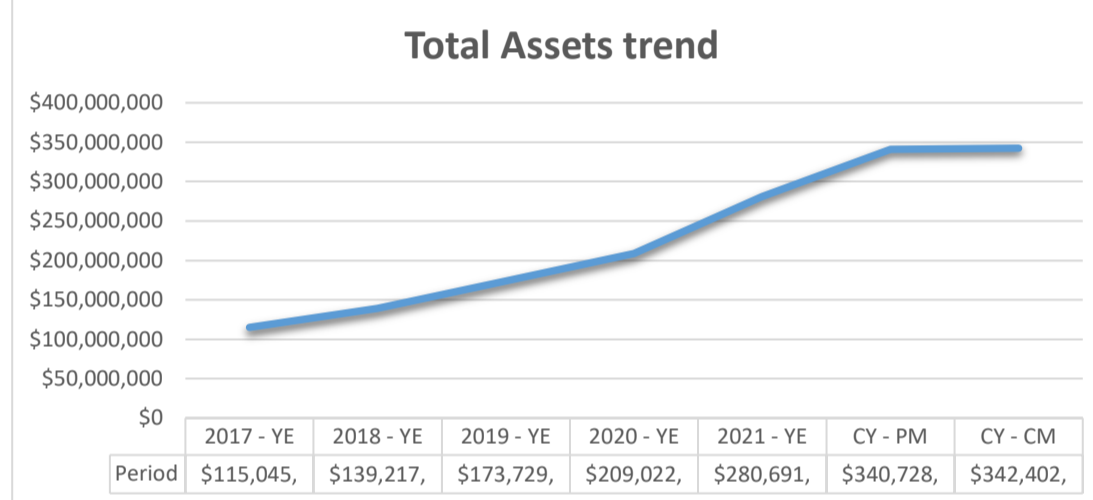
Period	Profit after tax
2016	\$ 1,000,000
2017	\$ 1,663,033
2018	\$ 1,593,344
2019	\$ 1,587,414
2020	\$ 2,025,219
2021	\$ 2,920,886
CY - YTD	\$ 3,034,407
Current Month	\$ 156,800



Note: 2022-12 YTD target \$3.4 M

Assets *Purpose to show trends in balance sheet size*

Period	Total assets (adj)	Cum Growth \$	Cum Growth %
2017 - YE	\$ 115,045,284	227,357,211	197.62%
2018 - YE	\$ 139,217,405	203,185,090	145.95%
2019 - YE	\$ 173,729,448	168,673,047	97.09%
2020 - YE	\$ 209,022,567	133,379,928	63.81%
2021 - YE	\$ 280,691,064	61,711,431	21.99%
CY - PM	\$ 340,728,518	1,673,977	0.49%
CY - CM	\$ 342,402,495		



Note: 2022-12 YTD revised target \$333 M

Liquidity *Purpose to show compliance to ratio*

Defined
Operating liquidity: Net cash on hand, Central 1 and RBC accounts and HQLA investments as a % of members deposits and credit union borrowings
Minimum liquidity: Net cash on hand and HQLA investments as a % of total assets
Policy minimum liquidity 6% Policy operating liquidity range 6 - 15%
Operating liquidity target: 10%

Period	Minimum liquidity %	Minimum liquidity \$	Operating liquidity %	Operating liquidity \$
2018 - YE			8.96%	
2019 - YE			11.01%	
2020 - YE			18.99%	
2021 - YE	6.28%	17,641	15.71%	41,282
CY - PM	6.23%	20,443	10.25%	30,962
CY - CM	6.35%	20,544	10.61%	33,894

Operating Liquidity with available credit	
Central 1 credit available	\$ 8,200,000
Central 1 credit used	\$ -
Operating Liquidity ratio if had fully used	
	CM 10.34%
	PM 9.48%

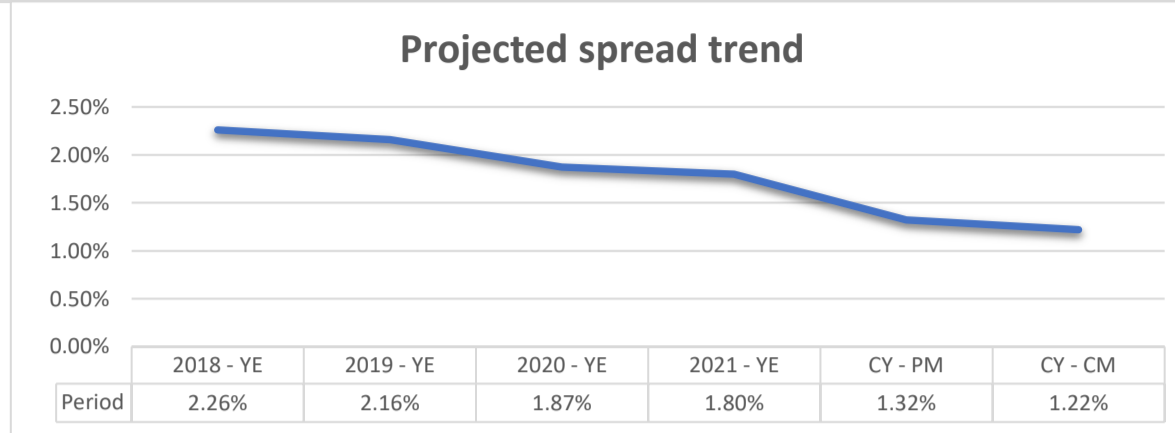
Note: 2022-12 YTD target 14.8%

Policy minimum liquidity met for the month

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Projected spread *Purpose to show status and trend*

Period	Ratio
2018 - YE	2.26%
2019 - YE	2.16%
2020 - YE	1.87%
2021 - YE	1.80%
CY - PM	1.32%
CY - CM	1.22%



Membership and accounts *Purpose to provide stats on memberships and accounts*

Period	Members	# accounts
2018	2,979	2,730
2019 - YE	3,116	2,732
2020 - YE	3,081	2,734
2021 - YE	3,663	3,180
CY - PM	3,964	3,459
CY - CM	3,963	3,460

Net new members - ABP for 2022: 365

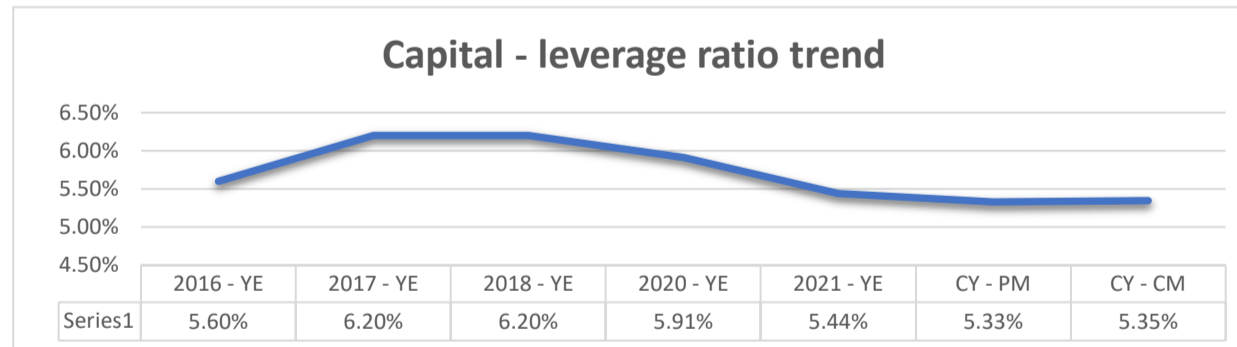
Borrowers *Purpose to provide stats on borrowers by product category*

Product	Current	Last month	2021 - YE	2020 - YE	2019 - YE
Personal					
Line of credit	167	169	175	187	92
Meritline - personal	153	157	173	200	213
Personal	11	13	23	28	34
Mortgages - residential	493	494	433	366	338
	824	833	804	781	677
Commercial					
Commercial loans	-	-	-	-	7
Mortgages - commercial	7	7	9	8	3
	7	7	9	8	10
	831	840	813	789	687

Capital to asset - leverage test *Purpose to show compliance and trend on this ratio*

Requirements: Minimum is 3% and CU Policy is 5.25%

Period	Ratio
2016 - YE	5.60%
2017 - YE	6.20%
2018 - YE	6.20%
2019 - YE	5.90%
2020 - YE	5.91%
2021 - YE	5.44%
CY - PM	5.33%
CY - CM	5.35%



Regulatory and policy limits met for the month.

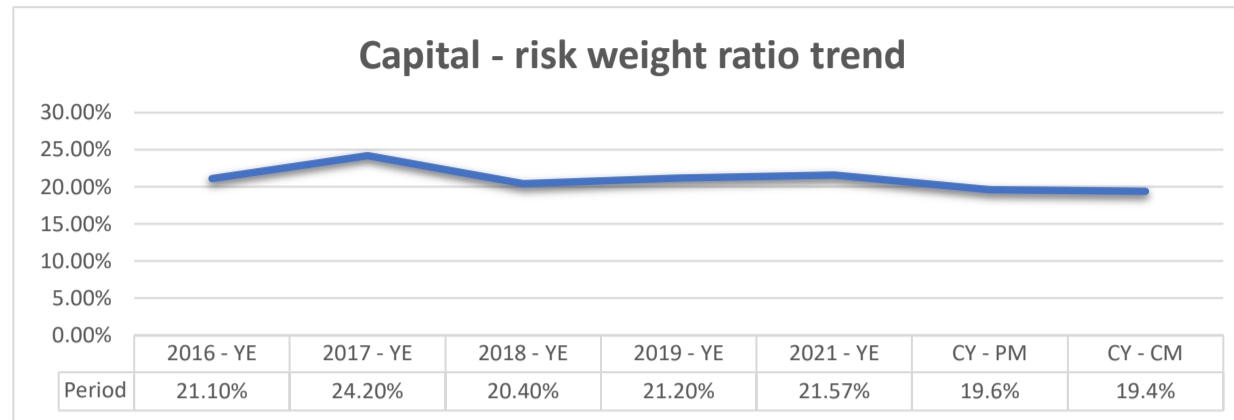
Note:
 2022-12 YTD target 5.66%

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Risk rated capital ratio - BIS II Purpose to show compliance and trend on this ratio

Requirements: Minimum is 10.5% and CU Policy is 16%

Period	Ratio
2016 - YE	21.10%
2017 - YE	24.20%
2018 - YE	20.40%
2019 - YE	21.20%
2020 - YE	22.73%
2021 - YE	21.57%
CY - PM	19.6%
CY - CM	19.4%



Regulatory and policy limits met for the month.

Deposit mix between broker and non-broker Purpose to track % non-broker deposits trend and compliance includes GL 274, 277, 283, 284, 288 & 289

Requirement: Management limit set at 40% of assets

Period	Non broker deposits	Broker deposits	Total	\$ change MTH	\$ change YTD	% brok/non
2017 - YE	66,917,879	35,167,336	102,085,215			34.4%
2018 - YE	82,459,078	44,408,214	126,867,292		24,782,077	35.0%
2019 - YE	104,643,203	56,341,165	160,984,368		34,117,076	35.0%
2020 - YE	133,586,974	60,541,561	194,128,535		33,144,167	31.2%
2021 - YE	184,409,616	78,307,026	262,716,642		68,588,107	29.8%
CY - PM	221,169,534	97,253,502	318,423,036			30.5%
CY - CM	220,408,895	99,029,843	319,438,738	1,015,702	56,722,096	31.0%

Policy limit met for the month

Equity Credit Union Inc.

Acronyms

Acronym	Description
ABP	Annual business plan
CM	Current month
CY	Current year
CY - PM	Current year - prior month
MP	Mortgage portfolio
PY	Prior year
PY - CM	Prior year - current month
YE	Year end
YTD	Year-to-date