

**Equity Credit Union Inc.
Compliance Report
As at May 31, 2023**

The credit union is in compliance with all the noted policies below and procedures and regulatory requirements, exceptions have been described in the attached Executive Summary of this Compliance Report.

Based on the following policies being in place:

Capital Management Policy
Credit Risk Management Policy
ERM Policy
IT Risk Management - DRT Policy
Liquidity Risk Management Policy
Market Code of Conduct Policy
Market Risk Management Policy
Operational Risk Policy
Recovery Plan Policy
Structural Risk Policy

Purpose:

The compliance report serves as a summary of the status of compliance of ECU to a number of its policies and regulatory requirements. It provides the basis for the certificate of compliance from the CEO.
The compliance report also serves to monitor the credit union in relation to when its Recovery Plan should be initiated or to confirm to the Board that circumstances indicate an initiation is not required.

Objectives:

That upon recommendation, the Board of Directors will accept the compliance report.

Recommendation:

It is recommended to the Board of Directors to adopt the following resolution:

WHEREAS the Board of Directors of ECU reviewed the compliance report and

It is resolved to approve the compliance report by the Board of Directors

Equity Credit Union Inc.
Executive summary policy compliance
As at May 31, 2023

LIQUIDITY RISK MANAGEMENT POLICY	MARKET RISK POLICY	STRUCTURAL RISK POLICY	CAPITAL MANAGEMENT	CREDIT RISK POLICY
NON COMPLIANCES - NEW				
none to report	none to report	none to report	none to report	none to report
NON COMPLIANCES - ALREADY DISCLOSED				
REGULATORY DISCLOSURES				
Nothing to report				
REGULATORY DISCLOSURES - NEW				
Nothing to report				
OPERATIONAL RISK MANAGEMENT POLICY				
Nothing to report				
MARKET CONDUCT CODE POLICY				
Nothing to report				
OTHER MATTERS				
2023 Budget figures in the reporting package are now the 2023 Revised Budget figures				
RECOVERY PLAN POLICY				
Nothing to report				

Equity Credit Union
Recovery Plan - Monitoring - triggers
As at May 31, 2023

The following table list key items monitored that are specific to this credit union where potentially the recovery plan could be triggered when in red. When in Orange, management shall comment action items in play to return the credit union to a green status or document why the variance is accepted.

	Actual	Policy	Green	Orange	Red	Comment
Required and available regulatory capital						
Leverage	5.31%	5.25%	5.25%	4.50%	4.00%	No issue
Risk weighted assets	19.3%	16.0%	16.0%	10.5%	8.0%	No issue
Liquidity and funding gaps						
Minimum liquidity	6.35%	6%	6.00%	5.00%	3.00%	No issue
Total liquidity	10.98%	6-15%	10.00%	8.00%	5.99%	No issue
Operational Liquidity Coverage Ratio - OLCR	301%	100%	80.00%	50.00%	0.00%	No issue
Regulatory liquidity coverage ratio - LCR	994%	100%	100.00%	50.00%	0.00%	No issue
	Actual		Green	Orange	Red	
Impaired loans						
Loans delinquent > 90 days	\$ 12,816	Prop portfolio	2%	8%	25%	
Loan portfolio \$	\$ 316,722,300					
\$ delinquencies / portfolio	0.00%					No issue
NIM - Net interest margin	0.76%		0.50%	0.25%	0.00%	No issue
Key persons						
Number of senior managmeent able to perform their duties	100%		100%	50%	33%	No issue
Systems down	No down time		2 bus days	3 bus days	15 bus days	No issue

Other triggering events
None to report

Equity Credit Union Inc.
Liquidity Management Policy Compliance - Part 1
As at May 31, 2023

These limits apply to investments segregated for the liquidity portfolio required under the Act and per policy.

% of liquidity portfolio					
MINIMUM LIQUIDITY INDIVIDUAL LIMITS - PER TYPE OF ISSUER	\$	Limit %	Current %	Compliance	Comments
Cash on hand	530,788	100%	2%	✓	
Government of Canada and Provincial and agencies guaranteed T-bills, bonds and debentures	21,959,624	100%	98%	✓	
NHA MBS	-	50%	0%	✓	

% of liquidity portfolio					
EXCESS LIQUIDITY SECTORIAL LIMITS - SECTOR		Limit %	Current %	Compliance	Comments
Cash and Central 1 or Concentra or FI deposits	14,203,721	100%	39%	✓	
Government of Canada and Provincial and agencies guaranteed T-bills, bonds and debentures	21,959,624	100%	61%	✓	
NHA MBS	-	50%	0%	✓	

Maximum term in years					
MAXIMUM TERM FOR LIQUIDITY ASSETS		Limit		Compliance	Comments
Demand deposit with C1 or a Schedule I and II banks		Demand		✓	
Deposits with FI's		5 years		✓	
Government of Canada and Provincial and agencies guaranteed T-bills, bonds and debentures		10 years		✓	
NHA MBS		10 years		✓	

Current					
LIQUIDITY POLICY LIMITS	Liquidity \$	Limit	% of base	Compliance	Comments
Minimum threshold for liquidity	22,490,412	6% of assets/Policy	6.35%	✓	
Excess threshold for liquidity	36,163,345	6-15% of deposits and borrowings/Policy	10.98%	✓	
Liquidity level if the Central 1 credit facility was fully utilized			10.71%		
Operational liquidity coverage ratio (OLCR)	3 months measure of cash flows	100%	301%	✓	Calculated by Picuz see page 2 of Exec Sum or page 19 of the full ALM report.
Liquidity coverage ratio (LCR)	30 days measure	100%	994%	✓	Calculated using FSRA model, includes HQLA.
Investment of large deposits when liquidity fall below 6% - Concentration of deposits (largest deposits)	0			N/A	N/A this month as only applies if liquidity fall below 6%
Unhedged USD assets (Cash, curr acct and treasury in USD)	88,360	5% of liquidity portfolio	0.24%	✓	
Liquidity borrowings are not to exceed 50% of regulatory capital and deposits	0	174,080,099	0.00%	✓	

Equity Credit Union Inc.
Liquidity Management - Policy Compliance - Part 2
As at May 31, 2023

	2022 December	2023 January	February	March	April	May
Total Assets	342,402,492	345,655,079	349,657,556	347,983,505	357,961,162	354,227,958
Liquidity						
Cash on hand includes US and CAD	560,442	546,002	516,039	561,437	597,034	530,788
Current account CAD	12,055,433	14,123,676	12,850,017	9,945,539	17,737,325	13,592,095
HQLA assets with RBC DS and accrued interest	21,197,355	21,221,603	21,857,975	21,898,316	21,922,842	21,959,624
RBC current account	80,880	80,880	80,880	80,838	80,838	80,838
Borrowings	0	0	0	0	0	0
Net cash on hand total - C	33,894,110	35,972,161	35,304,911	32,486,130	40,338,039	36,163,345
Member deposits (without accrued interest)	319,438,738	321,943,924	325,609,741	323,232,863	332,913,179	329,333,471
Borrowings	0	0	0	0	0	0
Member deposits and borrowings total - D	319,438,738	321,943,924	325,609,741	323,232,863	332,913,179	329,333,471
Policy Range 6 - 15%						
Liquidity ratio [C / D]	10.61%	11.17%	10.84%	10.05%	12.12%	10.98%
Compliance	✓	✓	✓	✓	✓	✓
Comparatives						
Budget	14.82%	11.17%	10.84%	10.03%	12.12%	10.56%
Prior year actual	15.70%	13.82%	10.95%	8.22%	6.66%	10.01%
Unused CORE facility amount	8,200,000	8,200,000	8,200,000	8,200,000	8,200,000	8,200,000
Unused temporary facility amount	-	-	-	-	9,000,000	9,000,000
	8,200,000	8,200,000	8,200,000	8,200,000	17,200,000	17,200,000
If facility was fully used	10.34%	10.90%	10.58%	9.80%	11.52%	10.44%
Minimum liquidity - HQLA assets and cash on hand	21,757,797	21,767,605	22,374,014	22,459,753	22,519,876	22,490,412
Policy minimum liquidity 6%						
Minimum liquidity requirements	20,544,150	20,739,305	20,979,453	20,879,010	21,477,670	21,253,677
Excess over minimum of the assets allocated to minimum	1,213,647	1,028,300	1,394,561	1,580,743	1,042,206	1,236,735
Minimum liquidity ratio	6.35%	6.30%	6.40%	6.45%	6.29%	6.35%
Compliance	✓	✓	✓	✓	✓	✓
Comparatives						
Budget	6.08%	6.30%	6.40%	6.45%	6.29%	6.35%
Prior year actual	6.27%	6.31%	6.30%	6.18%	5.97%	6.12%

Equity Credit Union Inc.
Market Risk Policy Compliance - Part 1
As at May 31, 2023

These limits apply to investments in general which includes excess liquidity invested. The limits for the liquidity portfolio are addressed in the liquidity policy.

Limit % of Reg Capital					
INDIVIDUAL LIMITS - PER TYPE OF ISSUER	\$	Limit %	Current	Compliance	Comments
Central and Concentra deposits	-	none	100%	✓	
Government of Canada and Agencies treasury bills and bonds	-	none	0%	✓	
Provincial government and Agencies treasury bills and bonds	-	none	0%	✓	
Municipal bond, debentures and other obligations of entities in Canada		50%	0%	✓	
Corporate paper	-	Lesser of 50% of Reg Cap or 5% of Assets	0%	✓	
Co-operators (4 Class B shares)	100	\$ 100.00	\$ 100.00	✓	
Schedule 1 - 2 bank and subsidiaries deposits and bankers' acceptances and other obligations	-	Greater of 1.25% of Capital and Deposits of PY Audited FS and \$350,000	\$ -	✓	
Equity investments in corporate shares or managed funds that are widely distributed	-	Lesser of 50% of Reg Cap or 5% of Assets	0%	✓	

Maximum term in years					
MAXIMUM TERM FOR INVESTMENTS AND DERIVATIVES	Limit	Current	Compliance	Comments	
Central 1 and Concentra deposits	5 years	0	✓		
Government of Canada and Agencies treasury bills and bonds	10 years	0	✓		
Provincial government and Agencies treasury bills and bonds	10 years	0	✓		
Municipal bond, debentures and other obligations of entities in Canada	10 years	0	✓		
Corporate paper	5 years	0	✓		
Schedule 1 or 2 bank and subsidiaries deposits and bankers' acceptances and other obligations.	3 years	0	✓		

AGGREGATE INVESTMENT LIMITS	Policy Limit	Compliance	Comments
Aggregate investments limit	25% of total assets	0.07%	✓
Aggregate improved real estate for own use and revenue producing purposes	100% of regulatory capital	0%	✓
Aggregate investments in subsidiaries	100% of regulatory capital	0%	✓
Aggregate of any single other investment in one individual/corporation or their connected persons (excludes government and municipality and insured purchased loans, C1 and FI's)	25% of regulatory capital	0%	✓
Single investment limit \$	4,706,682		
Aggregate equity investments in corporate shares	50% of regulatory capital	1.26%	✓

OTHER LIMITS	Compliance	Comments
Liquidity level target as a % of deposits and other debt liabilities If falls below 10% corrective action is required	6 - 15 %	10.98% ✓
Review of investment portfolio delivered to Board first quarter of year	✓	Done Qtr 1 - 2023
Exception to policy allows terms to exceed 91 days and dollar limits to surpass by 25%, must report to Board at next meeting	No exceptions	✓ None to report

Equity Credit Union Inc.
Market Risk Policy Compliance - Part 2
As at May 31, 2023

OTHER LIMITS	\$ (000)	%	Compliance	Comments
Investments purchased must be denominated in either CDN or USD currency			✓	
All assets will be lie or be held in OECD countries.			✓	
Maintain required minimum number of shares for membership in Central 1			✓	
Guarantees and letter of credit - aggregate value must not exceed 10% of regulatory capital and deposits	\$ -	0.00%	✓	
The counterparty for treasury actions will be the C1 or Concentra Financial or RBC (via RBC DS)			✓	
Derivatives instruments will be used for hedging and interest rate risk management (not as a speculative investment instrument)			✓	
Acquisition or lease of capital assets in excess of \$25,000 must be supported by a comprehensive written analysis			✓	
At no time the borrowings of ECU exceed 25% of its deposits and regulatory capital Borrowings	\$ -	0.00%	✓	
All the investments in portfolio must have a minimum rating of DBRS rating of R-1 Low/A or better, or Standard & Poor's (S&P) - AA+, Moody's Aa3 at the time of purchase			✓	
Assets purchased for the investment portfolio are in appropriate categories:			✓	
Investments were negotiated and placed directly with debt issuers and/or negotiated with a broker or dealer that is a member in good standing of the Investment Industry Regulatory Organization of Canada (IRROC), that participates in the Canadian Depository for Securities (CDS) and is a member of the Canadian Investor Protection Fund (CIFP).			✓	

Equity Credit Union Inc.
Capital Management - Policy Compliance
As at May 31, 2023

	2022 December	2023 January	February	March	April	May	
Total Assets	342,402,495	345,655,079	349,657,556	347,983,505	357,961,162	354,227,958	
Capital							
Membership shares	79,260	78,860	80,200	80,120	81,500	84,020	
Retained earning excluding AOCI	14,729,014	17,763,421	17,763,421	17,763,421	17,763,421	17,763,421	
Net earnings for period	3,034,407	140,355	225,014	354,534	402,107	486,881	
General provision for credit losses (max of 1.25% of RWA)	480,349	485,012	490,012	495,583	487,405	492,405	
Unrealized gain/loss on AFS securities - OCI	0	0	0	0	0	0	
Total capital	18,323,030	18,467,648	18,558,647	18,693,658	18,734,433	18,826,727	
Minimum Regulatory Capital Ratio (3.00% of Net Assets on and off balance sheet)	10,272,075	10,369,652	10,489,727	10,439,505	10,738,835	10,626,839	
Minimum Policy Capital Ratio (5.25% of Net Assets on and off balance sheet)	17,976,131	18,146,892	18,357,022	18,269,134	18,792,961	18,596,968	
Leverage Capital Ratio	5.35%	5.34%	5.31%	5.37%	5.23%	5.31%	
Compliance	✓	✓	✓	✓	⊗	✓	
Excess capital over policy	346,899	320,756	201,625	424,524	-58,528	229,759	
Additional asset growth excess could support	6,607,600	6,109,645	3,840,482	8,086,171	-1,114,819	4,376,366	
Comparatives							
Budget	5.66%	5.34%	5.31%	5.37%	5.23%	5.32%	
Prior year actual	5.50%	5.55%	5.64%	5.67%	5.57%	5.41%	
Risk Weighted assets (RWA)	84,611,329	85,102,611	86,568,563	86,100,218	88,500,521	88,023,486	
Max loan allowance permitted within capital (1.25% of RWA)	1,057,642	1,063,783	1,082,107	1,076,253	1,106,257	1,100,294	
Minimum Regulatory Risk-weighted Capital Ratio (10.5% of RWA)							
Minimum Policy Risk-weighted Capital Ratio (16% of RWA)							
Level of Capital - Expressed as a % of risk weighted assets	19.5%	19.4%	19.3%	19.6%	19.1%	19.3%	
Compliance	✓	✓	✓	✓	✓	✓	
Comparatives							
Budget	21.41%	19.45%	19.25%	19.49%	19.10%	19.31%	
Prior year actual	21.79%	21.42%	21.12%	20.44%	20.10%	19.40%	
New tiered capital ratios	Minimum	Actual					
Tier 1 capital ratio	6.5%	19.0%	18.9%	18.8%	19.0%	18.6%	18.8%
Retained earnings to Risk weighted Capital Ratio	3.0%	18.9%	18.8%	18.7%	19.0%	18.5%	18.7%
Total capital ratio	8.0%	19.5%	19.4%	19.3%	19.6%	19.1%	19.3%
Capital conservation buffer ratio	2.5%	11.5%	12.4%	12.3%	12.5%	12.1%	12.3%
Total supervisory capital ratio	10.5%	19.5%	19.4%	19.3%	19.6%	19.1%	19.3%
Leverage ratio	3.0%	5.4%	5.3%	5.3%	5.4%	5.2%	5.3%

Equity Credit Union Inc.
Structural Risk Management Policy Compliance
As at May 31, 2023

MAXIMUM SIZE OF BALANCE SHEET CATEGORIES	% of total assets		Compliance	Comments
	Limit %	Current %		
Financial investments	25.00%	0.07%	✓	
Other investments	2.00%	0.00%	✓	
Personal loans	45.00%	0.08%	✓	
Residential mortgages	100.00%	89.33%	✓	
Residential mortgages as 2nd mortgage and Merit lines	30.00%	5.17%	✓	
Commercial loans	25.00%	0.00%	✓	
Gross liquid assets (investments & deposits CDN FI's)	25.00%	10.06%	✓	
Capital assets (includes fixed assets/intangibles/right-of-use)	2.00%	0.09%	✓	
Demand deposits	40.00%	4.39%	✓	
Term deposits	80.00%	61.93%	✓	
Registered deposits	80.00%	26.65%	✓	
Broker deposits	40.00%	30.29%	✓	
Uncovered foreign currency	\$ 250,000	\$ 40,924	✓	
Liquidity borrowings	15.00%	0.00%	✓	

EXPOSURE ARISING FROM POTENTIAL CHANGE IN INTEREST RATES	Earning impacts in basis points		Compliance	Comments
	Limit	Actual		
Earnings risk - shock test Policy limit of \$150K and Mgmt. limit of \$100K	150.0	62.0	✓	Calculated at - 50 bps
Earnings risk - 12 month projections Policy limit of \$150K and Mgmt. limit of \$100K	150.0	125.00	✓	
Long term risk (duration of capital)	5-12 years	4.98	✓	
Economic value of equity	\$ 2,259,207	\$ 937,571	✓	

OTHER LIMITS	\$	%	Compliance	Comments
Loans with terms in excess of 5 years, must be less than 2% of total loans	\$ -	0.00%	✓	
Deposits with terms in excess of 5 year, must be less than 2% of total deposits	\$ -	0%	✓	

Equity Credit Union Inc.
Credit Risk Management Policy Compliance
As at May 31, 2023

AGGREGATE LOAN LIMITS BY CLASS OF LOANS	Actual amount \$	Limit % of assets	Current % of assets	Compliance	Comments
Personal loans	296,663	45%	0.08%	✓	
Residential Mortgages (includes non-owner occupied residential properties)	316,425,637	100%	89.33%	✓	
Commercial Loans (excludes non-owner occupied residential properties)	-	25%	0.00%	✓	
Syndicated loans	-	10%	0.00%	✓	

INDIVIDUAL LOAN LIMITS BY CLASS OF LOANS	Amount \$	Limit % of reg capital	Limit \$	Compliance	Comments
Personal loans	n/a	25%	4,706,682	✓	
Additional personal loan limit: Limit \$30,000 for unsecured loans and \$100,000 where tangible security is obtained and \$500,000 when security obtained in an ECU deposit other than an RRSP or RRIF				✓	
Residential Mortgages	n/a	25%	4,706,682	✓	
Commercial Loans	n/a	25%	4,706,682	✓	
Large loan limit	n/a		40,000,000	✓	
Limit on loans in aggregate to any one borrower or group of borrowers (exclude insured loans and those secured by deposits of the borrower held with ECU)	n/a	25%	4,706,682	✓	No group loans over \$3M

RESTRICTED PARTY LOANS	Compliance	Comments
All new loans to officers/directors/committee members or relatives approved by Board of Directors	✓	

OTHER ITEMS	Amount \$	Limit	Actual %	Compliance	Comments
Unsecured personal loans cannot exceed 80% of total personal loans	261,300	80%	88.08%	⊗	
Exceptions to policy can be made if approved by the Board of Directors				✓	
Loans written off requires approval by Board of Directors				✓	
Personal loans granted in month greater than \$50,000 List: shown during BOD meeting and discussed	-			✓	
Personal loans with TDS greater than 40% must be less than 25% of total personal loans	30,733	25%	10.36%	✓	
Mortgages issued in current month with TDS>40%, exclude insured mortgages	662,679			✓	
Mortgages issued in current month with GSD>32%, exclude insured mortgages List: shown during BOD meeting and discussed	-			✓	

Equity Credit Union Inc.
Market Code of Conduct Policy
As at May 31, 2023

COMPLIANCE WITH THE POLICY		Compliance	Comments
BUSINESS CULTURE	Promotion of "fair treatment" corporate culture	✓	
REPORTING TO THE BOARD	Annual report to Board on self-assessment of compliance	✓	Due October 2023
PROTECTION OF PERSONAL INFORMATION	Privacy policy posted on website	✓	
FINANCIAL LITERACY	Support financial literacy	✓	
WHISTLEBLOWING	Whistleblowing policy in place	✓	
LOBBYING ACTIVITIES	Limited to CCUA as the credit union's representative	✓	
FAIR TREATMENT	Ethical conduct policies in place with annual staff sign off	✓	
FAIR SALES	Standardized documentation support practice	✓	
OPENING OF DEPOSITS ACCOUNTS	Fair policies to open an account, follows AML policy requirements to verify identify	✓	
REFUSAL TO OPEN ACCOUNT	Refusal to open account based on authorized grounds, client advised of reasons of refusal	✓	
RESTRICTIONS ON DEPOSIT ACCOUNTS	Restrictions imposed only with documented practices	✓	
LOW-FEE AND NO-FEE DEPOSIT ACCOUNT	Generally all accounts are no fees, except for certain transactions like wires and NSF, excessive loss of debit card	✓	
ACCESS TO FUNDS	Practice allows access to first \$100 of a deposit that is less than \$500, if available, but not on a new account for 90 days	✓	
CASHING OF GOVERNMENT OF CANADA CHEQUES	No fees are charged in any regards to deposit a cheque, however only accept member business	✓	
PROPERLY INFORMED DECISIONS	Products are standard to industry with standardized forms. No conflict of interest as the credit union does not sell mutual funds or other on authorized insurance products. Licences are not needed for products offered.	✓	
PLAIN LANGUAGE DISCLOSURES	Standard forms and disclosure documents are used.	✓	
LEGALLY REQUIRED DISCLOSURE	Standard forms and documentation used.	✓	
DISCLOSURE BEFORE AND AFTER SALE	Website contains information. Standardized forms in use. Online access to account and receive statements semi-annually when a change has occurred. Broker deposit members do not receive statement as the disclosures are handled by the deposit broker.	✓	
NOTICES	Notice of negative change is posted on website and in branch.	✓	
BANKING TERMINOLOGY	Clear disclosure that FI is a credit union. Fully explain difference in deposit insurance. As insurance is better than bank this is simple to confirm.	✓	
COMPLAINT HANDLING	Website indicates policy and procedures. Indicates can escalate to FSRA. CEO is designated officer to receive complaints.	✓	
RECORD KEEPING FOR COMPLAINTS	Register of complaints available, covers those formally escalated where resolution with front line staff or mgr was not achieved.	✓	
REPORTING COMPLAINTS	Annual reporting to board of register of complaints.	✓	Due November 2023

Equity Credit Union Inc.
Operational Risk Management Policy Compliance
As at May 31, 2023

COMPLIANCE WITH THE POLICY	Compliance	Comments
AUTHORITY AND APPROVAL		
General approvals: Set within the procedures and job descriptions for a group or class of transactions. Provide staff with the authority to complete transaction without receiving specific approval.	✓	
Specific approvals: Set as specific approval authorities document in which specifies to whom the approval is delegated (by position), the absolute or incremental authority being delegated, with restrictions if any, and if further delegating is authorized.	✓	
Designated signing authority: General signing resolution which covers authority for signing contracts and payment instruments.	✓	
Organizational chart: Provides lines of reporting, responsibility and authority between staff.	✓	
Non-Audit Services - Threshold Amount (\$0K per item and an aggregate amount of 100% of external audit fee) - all items	✓	
SAFEGUARDING OF PREMISES AND ASSETS		
Access to property and management information systems is monitored and subject to certain physical controls	✓	
Storage of valuables is strictly regulated and protected in fire and theft resistant receptacles (vaults, safety deposit boxes)	✓	
Security procedures are defined and followed by staff	✓	
Insurance cover is in place to reduce risk of monetary loss	✓	
Money laundering policies are in place, appropriate staff training has been incorporated in the training curriculum of front line staff. Compliance officer has been appointed.	✓	
Fire and emergency evacuation plans are in place.	✓	
MANAGEMENT INFORMATION SYSTEM		
Periodic preparation of financial statements	✓	
Management information system provides timely and accurate processing of authorized transactions in a controlled manner	✓	
System produces informative monitoring reports for management purposes.	✓	
Audit trail is in place for all transactions.	✓	
Reporting to the Financial Services Regulatory Authority (FSRA) within regulatory deadlines	✓	
Protects the integrity of system hardware, software and data through appropriate access and process controls	✓	
Business recovery plan is in place and tested	✓	
Record retention systems are in place, offsite records are stored with Iron Mountain	✓	
System development, managed by Smart Solutions for the platforms used for banking activities	✓	
OUTSOURCING OF SERVICES		
Procurement policy for selecting capable and reliable service providers	✓	
Standards for outsourced services	✓	
Monitoring the performance and risks related to outsourced services and service providers	✓	
Periodic review of outstanding contracts	✓	
STAFFING AND MONITORING CONTROLS		
Proper hiring practices	✓	
Staff supervision	✓	
Segregation of duties to reduce operational risk	✓	
Internal audit to test compliance to policies and procedures	✓	
External audit to ensure accuracy and completeness of financial statements	✓	
Audit Committee follow up of internal and external audit reports and on site-verification reports for active management of material weaknesses identified.	✓	
Board follow up of material weaknesses identified in internal audit reports.	✓	
DISASTER RECOVERY PLAN		
Disaster Recovery Plan is in place.	✓	
Must be tested every two years	✓	Due December 2023
Property and casualty insurance policy is active and in place	✓	
Bonding insurance policy is active and in place	✓	
SIGNIFICANT ACCOUNTING PRINCIPLES AND PRACTICES - CHANGE TO REPORT		
No changes to report		

**Equity Credit Union Inc.
Enterprise Risk Management Policy
As at May 31, 2023**

COMPLIANCE WITH THE POLICY	Compliance	Comments
Appointment of ERM Committee where at least 3 individuals and include the Chair(s) from the Audit and Finance Committees	✓	
Minutes of meetings are recorded	✓	
Meet annually to perform full review and assessment of all enterprise risks and add / revise actions plans	✓	Done May 2023
Present recommendations to Board for approval	✓	
Identify the priority risks that require action and/or close monitoring and for each risk estimate impact to earnings and capital for both gross risk and residual risk.	✓	
Meet quarterly with the CEO to present a status of the action plans, to ensure risk responses operate effectively and continuously and where necessary present any new or significant risk.	✓	Updated to quarterly from bi-monthly change in policy
Results are presented to Board quarterly	✓	
Risk appetite and tolerance defined and incorporated in appropriate policies.	✓	
Risks are measured and monitored through other CORE policies compliance schedules	✓	