

ANNUAL REPORT 2021



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MESSAGE FROM THE PRESIDENT

On behalf of the Board of Directors, I would like to recognize and express gratitude to the members, employees, and management of Cornerstone Credit Union. The Board of Directors appreciates your continued support to ensure the ongoing success of our Credit Union. In addition, I would personally like to convey my appreciation to the Board of Directors for the leadership and vision you have provided to guide our Credit Union into the future.

Cornerstone, Horizon and Plainsview Credit Unions officially merged, effective January 1, 2021, to become the fourth largest credit union in Saskatchewan. This was achieved with the support of our members and employees. The guiding principle of the merger was to bring added value to our members and employees. We are proud of the progress made. We believe Cornerstone is better positioned to be more sustainable, better able to leverage opportunities and manage the risks within the ever-changing financial services industry.

The Board recognizes there has been significant change for our members throughout 2021. We truly appreciate your patience and support throughout the past year. As a member-owned credit union, you are the reason Cornerstone exists. Your Board continues to focus on what is in the best interest of our members. This means we are committed to being a competitive credit union, with a commitment to improve member financial wellness through trusted advice and service.

Cornerstone Credit Union must adapt to meet the changing needs, habits, and expectations of our members due to the financial services industry continuously changing. The Board made the difficult decision to close eight of our twenty-three branches in the spring of 2022. The decision is part of our need to right-size our Credit Union and was made after a full year of due diligence. This decision was not a result of the recent merger. Each of the three legacy credit unions were transparent with our members at the 2020 Annual Meetings and within all published information prior to the merger vote. Branches were a challenge, and a branch review would happen regardless whether we merged or not. The Board and Management recently hosted member meetings in all eight of the impacted communities to provide more details on the decision and discuss how we will support members through this transition. Cornerstone Credit Union remains committed to each and every community we serve, regardless of a physical branch presence. We have a goal to make the change as seamless as possible.

The year of 2021 continued to be uncertain with the global pandemic still looming. Throughout this past year our focus was and continues to be helping our members, employees, and communities navigate these unprecedented challenges.

Your Board of Directors has the responsibility to ensure the sustainability of your Credit Union. We look forward to many years of continued success for Cornerstone Credit Union. Thank you for your continued loyalty and support.

Heidi Schofer
Board President

Contact our Board at contacttheboard@cornerstonecu.com



MESSAGE FROM THE CEO

As a member-owned credit union, we are pleased to provide you this report highlighting results from the past year for your Credit Union. 2021 was an exceptionally busy year for Cornerstone, as a substantial number of initiatives were undertaken to unify three legacy credit unions into one. In addition to the focus on integrating our credit unions, we began to evolve our advice and service delivery model with a goal to strengthen relationships with members.

We are implementing new processes on an ongoing basis to streamline the member experience. A new website, new digital banking platform and new mobile app have been introduced to better serve members. All these initiatives continue to be a work in progress, within a two-year merger implementation. We are proud of the team's effort so far and pleased with our progress in 2021.

The pandemic and current state of the economy have a direct impact on the performance of our Credit Union. We expect impact from the pandemic will continue to be a factor which has intensified the volatile, uncertain, complex, and ambiguous (VUCA) world we are already operating in. In 2020, the pandemic shut down the global economy, and governments responded quickly by flooding the market with support payments for consumers and businesses. We felt the effect of this over the past two years when our deposits grew at levels not seen for many years. This positively impacted our asset growth, but our loan to asset ratio reduced significantly as consumers had less opportunity or need to borrow. While this negatively impacted revenue, we were able to manage our operational expenses to achieve better-than-expected profitability or return on average assets. We have experienced increased lending activity at the end of 2021, and we are working to carry that trend throughout 2022.

Cornerstone Credit Union is well positioned going forward and we are proud of our overall accomplishments in 2021. Many efficiencies came with the merger and we will continue to look for more so we are able to continue investing in the future. As we learned throughout the COVID-19 pandemic, many members moved to more online and digital ways of banking. Cornerstone will continue to invest in technologies to remain competitive and to ensure our members needs are met. We will continue to evolve our credit union with a focus on offering competitive products and service, as well as investing in skilled advisors to deliver proactive, needs based advice to members.

I want to express my thanks to the Board for their continued leadership and guidance, as we continue to build your Credit Union. To our employees, thank you for the dedication and passion you bring to our members and our credit union. Our team faced significant change in 2021 and I am extremely proud of our 'Cornerstone Crew'; keep up the great work!

To our members, you are the reason we exist and are at the heart of everything we do! We recognize many of you face significant change as we work to build our new credit union, so we thank you for your patience and support through that change. One thing that has not changed is our ongoing commitment to provide you, our members, with the best advice and experience each and every day.

We still have lots of work ahead and economic uncertainty globally, in Canada, and right here in Saskatchewan will continue to impact our Credit Union. Therefore, 2022 will not be without its challenges however, we have a great team of people committed to succeed and optimistic about the year ahead. Our purpose is to empower members to succeed in life and business. This purpose will continue to be why we show up each and every day. Thank you to all Cornerstone members for your business and continued support. I look forward to working with and for all of you in 2022.

Doug Jones
CEO



What Matters to You Matters Here



PURPOSE

Our **purpose** is to empower you to succeed in life and business.

VISION

Our **vision** is to use our profits to improve the financial well-being of the members, employees and communities we serve.

VALUES

MemberFirst We are about people; we listen to understand each person's story.

Integrity We can be trusted to do the right thing.

Accountability We take ownership of our actions and responsibilities.

Leadership We encourage continuous learning and simplifying what we do.

Cooperation We live the co-operative principles; we genuinely care about you and our communities.



Community Investment



“Our mission is to not simply be in the community, but to be **stewards of the community**”

Cornerstone Credit Union Highlights



Members First

Our members always come first, but our communities are important too. By choosing to bank with Cornerstone you're also choosing to give back and support the community and causes that matter to you.

1st

The advice and solutions we offer are driven by the goals and needs of our members, and owners.

\$200,000

Over \$200,000 invested back into the communities we serve.

3,800 Hours
Volunteer Hours



Our employees invested well over 3,800 hours of their own personal time back into the communities we serve **PLUS** countless hours of corporate time volunteering in the community (*that's how important it is for us!*)

Supported Over

93,913 Calls

Our Contact Centre offers personalized, local service with extended hours. Our Contact Centre supported over 93,913 calls in 2021 along with emails, chats and secure messages!

Your Financial Well-Being Drives Us

As experts who serve you, our job is not just to react to your present needs, but to proactively help you build a strong foundation for long-term financial success.



Cornerstone Credit Union Highlights



Our wealth management company has a team of experts dedicated to help our members achieve their goals and dreams. Whether planning for your family's future, considering your investment options or working on your nest egg – we have experienced and professional advisors to advise you every step along the way!

We believe in long-term relationships.

From your first savings account to counting down to the big day, we're here to help you make the most of your retirement with personalized financial assistance.



What matters to you, matters here.

Bank Your Way. Anytime. Anywhere.

Cornerstone has many convenient options to conduct your day-to-day banking including our branch network, ATMs, digital banking, mobile app and our contact centre offering service on extended hours and weekends.

At Cornerstone Credit Union, deposits are fully guaranteed.



Saskatchewan's Top Employer

For the **fifth consecutive** year, and sixth time, Cornerstone has been named one of Saskatchewan's Top Employers. We are proud of this achievement, but what we are really proud of is our people and what they accomplish for our members every day!



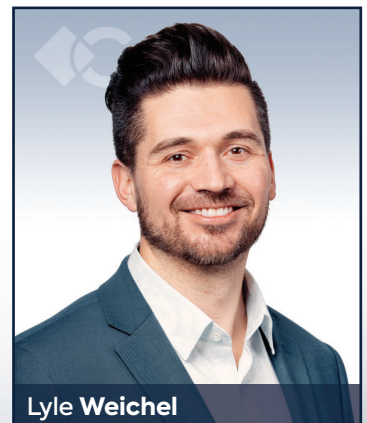
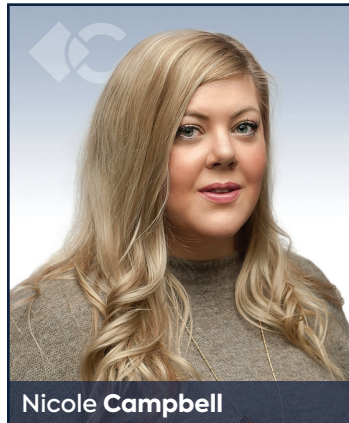
The Best of the Best!

Canadian Credit Unions set a longstanding record with **five 2021 Ipsos Financial Service Excellence Awards** in the categories of *Customer Service Excellence, Values My Business, Branch Service Excellence, Live Agent Telephone Banking Excellence and Online Banking Excellence!*

Corporate Structure & Governance

The governance of Cornerstone Credit Union is anchored in the co-operative principle of democratic member control. Our philosophy on corporate governance is to practice transparency in operations and maintain a professional approach and accountability in dealing with our members. Cornerstone Credit Union has always focused on maintaining the highest standards by conducting its affairs ethically and lawfully and by sustaining a culture of integrity and professionalism.

MEET OUR BOARD



Board of Directors

GOVERNANCE PRACTICES

Promoting a successful, healthy credit union is accomplished through processes of good governance. Corporate governance involves a set of relationships between a credit union's board, executive management, members, and other stakeholders. Effective corporate governance practices are essential to achieving and maintaining the trust and confidence of credit union members, the public and other stakeholders. Cornerstone Credit Union's governance practices are assessed periodically by internal and external auditors and the credit union system regulator - Credit Union Deposit Guarantee Corporation (CUDGC).

BOARD OF DIRECTORS

The Board of Directors of Cornerstone are responsible for the strategic oversight, business direction and supervision of management of the Credit Union. 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 Credit Union Regulations, 1999; Standards of Sound Business Practices; Cornerstone Credit Union bylaws and policy, and other applicable legislation.

The Board directs the affairs of the Credit Union and maintains policies which are responsive to the Boards needs and the needs of the Credit Union for sound operations.

The key roles of the Board include formulation of strategic plans; setting goals, evaluating the performance of the CEO; approving corporate vision, purpose, and values; monitoring corporate performance against strategic plans; oversight of operations; ensuring compliance with laws and regulations; keeping members informed regarding plans, strategies, and performance of the credit union; and other important matters. The Board met six times in 2021.

The Board for Cornerstone Credit Union is comprised of twelve members, with regional representation through three districts:

DISTRICT 1 – Archerwill, Ituna, Kelliher, Rose Valley, Saltcoats, Theodore, Tisdale, Wynyard, Yorkton

Archerwill: James Knudson, Vice Chair, People & Governance Chair

Ebenezer: Jack Powell

Tisdale: Leanne Huvenaars, Conduct Review Chair

Wynyard: Edie Tarasoff

Yorkton: Nicole Campbell

Yorkton: Larry Malinowski, Finance & Audit Chair

DISTRICT 2 – Arcola, Emerald Park, Glenavon, Govan, Indian Head, Kipling, Montmartre, Odessa

Indian Head: Bonnie Biden

Kipling: Shelby LaRose

White City: Lyle Weichel, Vice Chair, Risk Chair

DISTRICT 3 – Grayson, Grenfell, Melville, Neudorf

Melville: Blair Van Caeselee

Melville: Heidi Schofer, Board of Directors Chair

Wolseley: Tim Taylor

EVALUATION

The Board of Directors conducts an evaluation bi-annually to assess the effectiveness of board operations. A formal evaluation will be conducted in 2022.

DIRECTOR TRAINING

It is the policy of the Board of Directors to provide opportunities for personal and professional self-development of board members. Cornerstone Credit Union has a director development policy in place that pertains to the training, education, and development of directors. This may be obtained by attending meetings, conferences and educational sessions that will provide training and understanding of both broad and technical issues. Formal personal development plans are put in place for each director to provide guidance on training and development opportunities that will enhance their ability to fulfill their role as a Director.

BOARD COMMITTEES

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

Cornerstone Credit Union has four standing committees to assist in fulfilling board responsibilities:

Finance & Audit Committee

The Finance & Audit Committee ensures an independent review of the Credit Union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to regulatory requirements. The committee seeks assurance that management has implemented appropriate internal control procedures, and procedures are maintained, reviewed, evaluated, and approved. The Finance & Audit Committee met four times in 2021.

Risk Committee

The Risk Committee is responsible to ensure that the Credit Union's enterprise risk management framework and risk appetite is appropriate

to optimize liquidity, market, credit, legal and regulatory, operational, and strategic risk for the protection and creation of shareholder value. The committee reviews management's assessment of material risks associated with the Credit Union's businesses and operations and reviews the implementation by management of systems to manage these risks. The Risk Committee met four times in 2021.

People & Governance Committee

The People & Governance Committee is established to support the Board of Directors in providing effective oversight of critical people management practices and strategies, ensuring an appropriate governance system is in place and that governance practices evolve with the needs of the Credit Union. The People & Governance Committee met four times in 2021.

Conduct Review Committee

The Conduct Review Committee is established to ensure that all proposed related party transactions with the Credit Union are fair to the Credit Union and that the related party relationship has not affected the exercise of best judgment of the Credit Union. The Conduct Review Committee met twice in 2021.

Director	Board Meetings	Committee Meetings
Bonnie Biden	6 of 6 (100%)	4 of 4 (100%)
Nicole Campbell <i>(Appointed February 25)</i>	4 of 4 (100%)	3 of 3 (100%)
Cheryl Denesowych <i>(Resigned February 25)</i>	1 of 1 (100%)	0 of 1 (0%)
Leanne Huvenaars <i>(Conduct Review Chair)</i>	5 of 6 (83%)	6 of 6 (100%)
James Knudson <i>(Vice Chair of the Board) (People & Governance Chair)</i>	6 of 6 (100%)	6 of 6 (100%)
Shelby LaRose	6 of 6 (100%)	4 of 6 (67%)
Larry Malinowski <i>(Finance & Audit Chair)</i>	6 of 6 (100%)	8 of 8 (100%)
Jack Powell	5 of 6 (83%)	4 of 4 (100%)
Heidi Schofer <i>(Chair of the Board)</i>	6 of 6 (100%)	14 of 14 (100%)
Edie Tarasoff	6 of 6 (100%)	6 of 6 (100%)
Tim Taylor	6 of 6 (100%)	4 of 4 (100%)
Blair Van Caesele	6 of 6 (100%)	4 of 4 (100%)
Lyle Weichel <i>(Vice Chair of the Board) (Risk Chair)</i>	6 of 6 (100%)	4 of 4 (100%)

(NOTE: Re-organization of committees took place in April of 2021)

**Simple banking.
Competitive rates.
Straight forward advice.**
Cornerstone Credit Union



Executive Management

Cornerstone Credit Union has an experienced executive management team. Executive management are responsible to oversee the operations of the Credit Union within the context of strategies and policies approved by the Board, and for developing processes that identify, measure, monitor and control risks. Management

reports performance in key areas to the Board of Directors on a regular basis.

Cornerstone Credit Union has two standing management oversight committees, to assist in management of risks and operations of the Credit Union.



Doug Jones
Chief Executive Officer



Jodi Chambers
Chief Strategy &
Innovation Officer



Leigh Dunn
Chief Risk Officer

The **Asset & Liability Management Committee (ALCO)** is comprised of executive management and senior management of Cornerstone. The ALCO is responsible for actualization of the balance sheet with the goal of optimizing the use of capital to ensure both the short and long-term health of the Credit Union. In managing these responsibilities, ALCO will consider the risk environment in which the Credit Union operates and recommend strategies to ensure Cornerstone effectively manages within its risk tolerances, especially in the areas of balance sheet mix, interest rate risk (IRR), liquidity risk and capital adequacy.

The **Enterprise Risk Management Committee (ERMCO)** is comprised of executive management, credit risk and senior lending management. ERMCO assesses and reviews risk appetite in context to the desired risk culture and implements appropriate changes to operational policies and procedures consistent with the intent of the Board of Directors. This process ensures that risks encountered are properly identified, measured, monitored, and reported to the Board of Directors. ERMCO is responsible for monitoring the internal and external environments to ensure that the Credit Union's exposure to risk is minimized. Cornerstone is not only exposed to risks it knowingly accepts, it must also be prepared to respond to unforeseen risks as they emerge, while focusing on optimizing returns within acceptable risk levels.



Bryan Furber
Chief Financial Officer



Corvyn Neufeld
Chief People &
Governance Officer



Murray Yeadon
Chief Operations &
Member Experience Officer

Management Discussion and Analysis

This Management Discussion & Analysis (MD&A) is presented to enable readers to assess material changes in the financial condition and operating results of Cornerstone Credit Union (the Credit Union) for the year ended December 31, 2021, compared with prior years. This MD&A is prepared in conjunction with the Consolidated Financial Statements and related notes for the year ended December 31, 2021 and should be read together. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the Credit Union's annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS). In some cases, 2020 and 2019 prior year comparatives have been derived by management's internal consolidation of the three individual entities' results in order to provide more relevant information. When this is the case, it will be clearly indicated throughout the document. Management is responsible for the underlying reliability of the information included in this MD&A and for the controls systems and procedures that help to ensure that reliability.

This MD&A may contain future-looking statements concerning Cornerstone Credit Union's future strategies. These statements involve uncertainties in relation to prevailing economic, legislative, and regulatory conditions at the time of writing. Therefore, actual results may differ from the future-looking statements contained in this discussion.

OUR BUSINESS ENVIRONMENT

Although Cornerstone Credit Union is focused on serving the needs of its members in Saskatchewan, the economic and business conditions in Canada and abroad can impact the trading area of the Credit Union and its financial position. National and international economic conditions can impact currency rates, interest rates, and monetary policy of the Bank of Canada. These factors, combined with fluctuations in capital markets and competition, can impact the market share and price for the Credit Union's products and services and, in turn, affect its performance.

Although Canada's economic outlook for 2022 is improving, economists are predicting that it will still be a transition year and may not be as smooth or optimistic as we had thought it might be. In fact, Canada's economic outlook appears to be lagging other developed countries around the globe. Even with 75% of the Canadian public vaccinated and the public measures around COVID-19 relaxing, the last wave (Omicron) has slowed the economic recovery. There is strong global demand for commodities, but COVID-19 shutdowns, regulatory restrictions and supply shortages are creating bottlenecks that are hampering growth. The severe labor shortage and skill mismatches are also slowing growth, especially in areas that require high-contact service workers.

In terms of growth, Canada's gross domestic product (GDP) is anticipated to be somewhere between 3.5% and 3.8% by the end of 2022 compared to the international monetary fund (IMF) global GDP forecast of 4.9% for 2022 after achieving 5.9%

globally in 2021. Current expectations are for the Bank of Canada to raise their policy rate by 50 to 100 basis points over the next year. There is concern over the amount of debt that the Canadian government has accumulated, and this is expected to have long-term impact. On a positive note, the amount of economic support that the government provided has resulted in an accumulation of savings that will help Canadians absorb inflation and it is predicted that home sales will spike in the first quarter with people wanting to lock in purchases before higher interest rates are implemented, at which point we are likely to see a slowdown in the real estate market.

On a provincial level, there appears to be cautious optimism in Saskatchewan with one of the lowest unemployment rates in the country. Oil prices are strengthening, and commodity prices are high, however this was somewhat offset by the drought in 2021. New housing startups are on the rise despite many of our people continuing to migrate to other provinces. Saskatchewan's ag tech sector is getting a lot of attention and is showing promise and Cornerstone Credit Union is committed to supporting these innovative start-ups and contributing to the economic recovery of our province as are our government leaders. Saskatchewan was among the first to ease up on COVID-19 restrictions in an attempt to re-open the provincial economy.

There are also high expectations for the Bank of Canada to begin increasing the overnight rate as early as March with some economists predicting as much as a 1% increase by the end of 2022.

OUR BUSINESS ENVIRONMENT (Cont.)

It will remain to be seen how quickly the banks might follow suit. We anticipate strong competition for larger deposits and good quality loans to continue, impacting our ability to improve margin. Even so, our capital levels are forecast to remain strong, and Cornerstone Credit Union is actively monitoring and managing our interest rate risk, liquidity risk and is working on controlling operating costs in this time of great uncertainty.

2021 OPERATIONAL REVIEW

Cornerstone Credit Union is a full-service financial institution that is member-owned and community driven. We put our members first; members are at the core of everything we do. We are committed to provide outstanding member advice and service at each, and every, interaction. The advice and solutions we offer are driven by the goals and needs of our members. Our members are the reason our doors opened over 75 years ago, and we are proud that more than 38,000 people continue to choose us today.

Cornerstone is strategically focused on improving the lives of our members. Our purpose is to empower you to succeed in life and business. Our vision is to use our profits to improve the financial well-being of the members, employees, and communities we serve. We value MemberFirst, integrity, accountability, leadership, and cooperation. These values reflect who we are as a credit union and guide us in our interactions every day.

Being a member-owned institution means we take pride in putting our members first and Cornerstone is committed to continue to evolve and enhance the member experience. In 2021, Cornerstone, Horizon and Plainsview Credit Unions merged forces to better serve our members. This alliance has resulted in many benefits for members, employees, and communities. Having a larger asset base allows us to be more competitive on our pricing for products and services, provide more opportunities for employees, weather the storm during economic downturns like COVID-19, and gives us the ability to invest in the necessary technology (like the upgrade to our digital banking platform and mobile banking app) in order to remain competitive in today's market.

The financial services industry continues to change and as such, we continue to evolve our advice and service delivery to meet the changing needs of our members. Members are looking for more convenient ways to bank and there is an increased demand for advice. 2021 was a successful year for Cornerstone

because in addition to the merger, we evolved our advice and service delivery model to strengthen relationships with members, implemented new processes to streamline the member experience and explored and introduced new innovations to better serve members. We simplified banking for our members by implementing a new product suite. A new digital banking platform and mobile app were launched offering a more modern, intuitive, and user-friendly system that better positions Cornerstone to enable new functionality for our members in the future. Improvements were made to technology available internally to our employees enabling them to provide the expert financial advice our members deserve and expect. While we believe our merger and these changes will enhance the member experience moving forward, we also know it has meant significant change for members and employees. We thank our members and employees for your support and believe these offerings will better position us for the future and will help grow our business.

Included in our offerings, our partnership with Thrive Wealth Management (Thrive), gives our members access to a team of dedicated experts for all their wealth services including financial planning, investment management, succession and estate planning, and wealth protection. Thrive shares the values of the Credit Union while providing the expertise and professionalism of an accredited team that is vital for investment management. Thrive understands that investing money can be overwhelming and their goal is to simplify this for each member they serve. Thrive Wealth Management is a local, credit union company, helping to grow our members' wealth and financial well-being.

While our members always come first, our communities are important too. By choosing to bank with Cornerstone you're also choosing to give back and support the community and causes that matter to you. We take pride in contributing to the betterment of our communities through donations, sponsorships, and volunteering. Cornerstone invested approximately \$200,000 back into our communities in 2021 by supporting local events, groups, and organizations. Community involvement is ingrained in our organization and our culture. Our employees are leaders in their communities and even though COVID-19 limited the number and size of events that could be held, our employees still volunteered well over 3,800 hours of their personal time. In addition, employees volunteered countless hours of corporate time locally as well.

2021 OPERATIONAL REVIEW (Cont.)

Showing leadership in our communities is a priority for us, and that includes showing leadership as a local employer. Our employees are our greatest asset. We genuinely care about the well-being of our employees and have an ongoing commitment to deliver programs and benefits that meet their needs. We strive to be an employer of choice and were recognized as one of Saskatchewan's Top Employers for 2021. Saskatchewan's Top Employer is a special designation that recognizes Saskatchewan employers that lead their industries in offering exceptional places to work. This is the fifth consecutive year, and sixth time Cornerstone received this designation. We believe a critical element for a high performing organization is to have happy, engaged, and satisfied employees. Cornerstone provides a combination of traditional and flexible health plans, significant investments in training and education as well as flexible hours and alternative work options that support a work life balance – all which directly impact employee engagement and satisfaction.

While there was much success for our Credit Union in 2021, it did not come without challenges. The economic and business climate in Saskatchewan and abroad, heightened competition, new market entrants and the low margin environment are issues we continue to face. These factors have a direct impact on the financial performance of our Credit Union. Cornerstone Credit Union is not alone as the challenges we faced were also impacting our peers within the system and beyond. We expect to see continued economic challenges going forward, so we will continue to focus on controlling operating costs and finding efficiencies – ways to do things that will save time, money or resources that can be reinvested in other areas of our organization for the benefit of our members. Cornerstone has a strategic focus to continue to evolve our business model to remain competitive. We will continue to invest in technology, expertise, along with competitive solutions to provide additional value to our members and to ensure our Credit Union is sustainable for future generations.



2021 Performance Measurement

Cornerstone Credit Union uses a balanced scorecard framework to measure and monitor our progress towards achieving our strategic objectives. The scorecard utilizes both financial and non-financial measures along five strategic pillars: Knowledgeable & Engaged People; MemberFirst Experience & Expertise; Financially Sustainable; Digitally Focused & Enterprise Risk Management

2021 BALANCED SCORECARD

Strategic Pillars	Strategic Themes	Performance Measures	Goal	Results
Knowledgeable & Engaged People	Positive Employee Experience & Improved Productivity	• Employee experience (1-5 employee survey)	3.5	4.16
		• Employee merger support (1-5 employee survey)	3.5	3.91
		• Productivity – Revenue per FTE	Industry Benchmark	Achieve
		• Productivity – Loans + Deposits per employee	Peer Benchmark	Not Achieved
MemberFirst Experience & Expertise	Empowers Members to Succeed	• Wallet Share – % of members with a Wealth Management Relationship	9.5%	9.47%
		• Total Managed Asset Growth	2.5%	7.17%
		• Overall member satisfaction (member survey 1-10)	7.0	7.1
		• Member satisfaction with banking system merger communication (member survey)	65%	73%
		• Net Promoter Score	25%	0.87%
Financially Sustainable	Stability of Capital	• Profitability – ROA before taxes	0.25%	0.57%
		• Non-interest expenses	2.44%	2.16%
		• Total Capital to Risk Weighted Assets	13.92%	14.92%
Digitally Focused	Effective Alignment and Integration	• Merger – System integrations	Subjective	Achieve
		• Digital Banking implementation (Two member surveys)	65%	75.5% 79.5%
		• Strategic investments	Subjective	Exceed
Enterprise Risk Management	Acceptable Risk Tolerance	• Delinquency	2.25%	0.95%
		• Audit Results & Risk Monitor Performance	Satisfactory	Satisfactory

2021 Financial Performance Review

AUDITED FINANCIAL STATEMENT RESULTS

Cornerstone Credit Union merged with Horizon Credit Union and Plainsview Credit Union on January 1, 2021. As such, the 2020 comparative figures in the audited financial statements are from the pre-merged Cornerstone Credit Union entity as per IFRS requirements. The merger resulted in significant growth in on book assets of 59.30% ending the year at \$1.85 billion from \$1.16 billion in 2020. Our member deposit base grew 59.8% from \$1.05 billion to \$1.68 billion and member loans grew by 49.33% from \$0.83 billion to \$1.23 billion as a result of combining our entities. Member equity also grew by 59.64% from \$96.95 million in 2020 to \$150.81 million in 2021 when bringing the capital from Horizon Credit Union and Plainsview Credit Union into the 2021 financial results for Cornerstone Credit Union. In terms of profitability, the newly merged entity performed very well in 2021 ending the year with comprehensive income of \$7.75 million as opposed to \$1.67 million in 2020 representing growth of 363.77%. Although the merger and cost containment efforts played a large role in this substantial increase, the Credit Union also benefitted from government programs and market value gains on investments in 2021 that are not necessarily expected to recur in 2022.

The audited 2020 financial statements for each of the individual credit unions are available on our website at www.cornerstonecu.com.

INTERNAL CONSOLIDATED FINANCIAL STATEMENT RESULTS

The following information includes comparisons of Cornerstone Credit Union’s 2021 results with management’s consolidation of the combined prior period financial results of the three legacy entities in order to provide a better overview of comparative information for the reader. Please note that there may be slight differences in internal reporting versus the audited financial statements due to categorization differences, however those differences are immaterial to the net end position of consolidated results.

GROWTH

Cornerstone Credit Union ended December 31, 2021 with on book assets of \$1.85 billion compared to \$1.75 billion in 2020, representing growth of 5.42%.

Total assets under administration by the Credit Union at December 31, 2021 were approximately \$2.23 billion up from the prior year total of \$2.07 billion, representing annual growth of approximately 7.95%. This includes on book assets, wealth management assets and interest rate swaps. Off book wealth management assets totaled approximately \$368.56 million which represents growth of 17.05% from the 2020 combined balance of \$314.37 million. The notional value of interest rate swaps decreased to \$15 million in 2021 from \$25 million the prior year as one swap matured and was not replaced. As part of its interest rate risk management processes, Cornerstone routinely considers when and if additional swaps should be added.



DEPOSIT GROWTH

The Credit Union’s liabilities consist primarily of member deposits. Deposits totaled \$1.68 billion for the merged entity at December 31, 2021, an increase of approximately \$88.30 million from prior year. Despite the slow economy and extreme competition

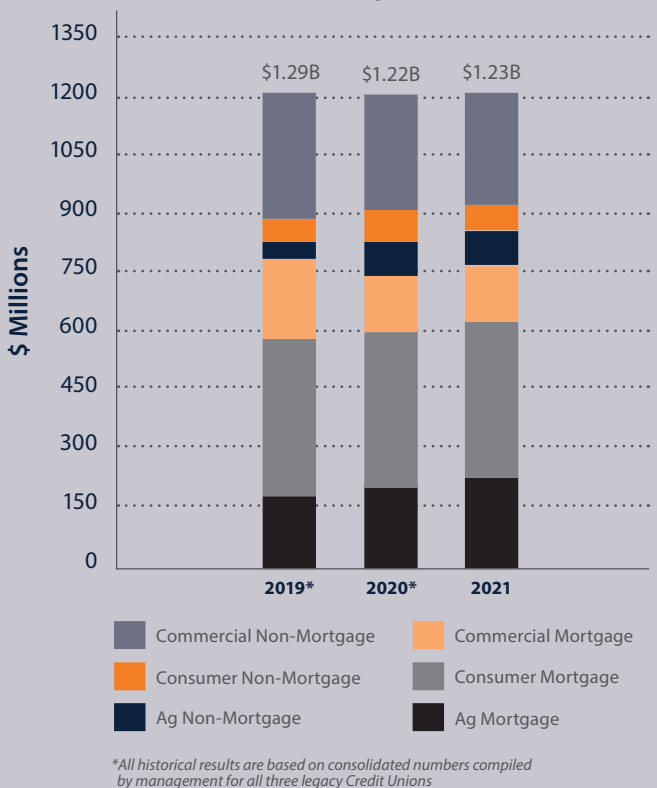
for deposits, the Credit Union experienced above average deposit growth for 2021 at 5.56% compared to forecast at 0.92%. All of this growth was in lower cost demand deposits as members appear to be hesitant to lock into longer term investments with the continuing economic uncertainty and the promise of increasing interest rates in the near future.

The Credit Union’s on book deposits are 100% guaranteed by the regulator of credit unions in Saskatchewan, Credit Union Deposit Guarantee Corporation (CUDGC).

LOAN GROWTH

Accounting for just over 66% of total on book assets, loans amounted to \$1.23 billion at December 31, 2021, an increase of \$15.97 million or approximately 1.31% over the 2020 combined results. The following illustrations show the breakdown of our internally consolidated total loan portfolio by sector.

Consolidated Loans by Sector



INVESTMENTS

Investments totaled \$518.98 million at December 31, 2021, an increase of \$54.95 million or 11.84%

from 2020. The increase in investment balance is a result of the increase in member deposits and low loan demand throughout the year. The majority of the Credit Union’s investments are held with SaskCentral or Wyth Bank (a credit union company formerly known as Concentra Bank), however we have been diversifying our investment portfolio by moving some investments into other highly rated financial institutions through deposit brokers in order to increase margin and manage our concentration limits. Credit unions are required by CUDGC to maintain an amount equal to 10% of their member deposit liabilities on deposit with SaskCentral for the Provincial Liquidity program. In addition to these Statutory Liquidity Investments, the Credit Union maintains a high quality, liquid pool of investments to satisfy payment obligations and protect against unforeseen liquidity events.

CREDIT QUALITY

As a credit granting organization, credit quality is a key risk management area of Cornerstone Credit Union. The Credit Union’s standard credit quality measures continue to remain strong. Delinquency greater than 90 days was 0.95% of loans at December 31, 2021, a 0.65% decrease when compared to the combined delinquency for the three organizations in the prior year. This level is very comparable to levels experienced by credit granting organizations and our peer credit union group in Saskatchewan.

The Credit Union monitors its exposure to potential credit losses and maintains both 12-month and lifetime expected credit losses as required by IFRS 9. IFRS 9 replaced IAS 39 with a forward-looking expected credit loss model which requires more timely recognition of losses expected to occur over the contractual life of any loan. In measuring the 12-month and lifetime expected credit losses (specific and collective allowances), management makes assumptions about security valuations, prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses. 12-month expected credit losses are reviewed regularly by examining the individual loans and estimating the likelihood of realizing the full carrying value. Lifetime expected credit losses are calculated from data in the loan portfolio such as credit quality, delinquency, historical performance, and industry economic outlook. The quality of the credit portfolio was also confirmed by both internal and external audit processes conducted in 2021.

Residential Mortgages and Home Equity Lines of Credit (HELOC)

Residential mortgages and home equity lines of credit are secured by residential properties. The following table presents a breakdown by category:

As of December 31						
RESIDENTIAL MORTGAGES					HOME EQUITY LINES OF CREDIT	
YEAR	INSURED ***		UNINSURED		TOTAL	TOTAL
2021*	\$140,279	31.3%	\$307,469	68.7%	\$447,748	\$25,058
2020**	\$86,415	\$32.2%	\$181,793	67.8%	\$268,208	\$9,736

Thousands of Canadian Dollars, except percentage amounts

** Some estimates were required for 2021 HELOC numbers due to a change in process.*

***2020 comparatives are prior to January 1, 2021 amalgamation with Horizon and Plainsview credit unions.*

****Insured residential mortgages are mortgages whereby our exposure to default is mitigated by insurance through the Canada Mortgage and Housing Corporation (CMHC) or other private mortgage default insurers.*

Residential Mortgage Portfolio by Amortization Period

The following table provides a summary of the percentage of residential mortgages that fall within the remaining amortization periods, based upon current customer payment amounts:

As of December 31				
AMORTIZATION PERIOD	2021		2020*	
	\$000 CDN	%	\$000 CDN	%
<= 15 yrs	36,810	8.2%	25,709	9.5%
> 15 yrs, <= 25 yrs	269,505	60.2%	160,809	60.0%
> 25 yrs	141,433	31.6%	81,690	30.5%
	447,748		268,208	

**2020 comparatives are prior to January 1, 2021 amalgamation with Horizon and Plainsview credit unions*



Newly Originated Uninsured Residential Mortgages and Home Equity Lines of Credit

The following presents the approved amount and related average loan-to-value (LTV) ratio for uninsured residential mortgages and home equity lines of credit originated in 2021:

	2021*		2020**	
	\$000 CDN	LTV%	\$000 CDN	LTV%
Uninsured residential mortgages	80,681	61.1%	19,193	57.0%
Home equity lines of credit	5,295	57.1%	940	42.2%

** Some estimates were required for 2021 HELOC numbers due to a change in process.*

***2020 comparatives are prior to January 1, 2021 amalgamation with Horizon and Plainsview credit unions.*

As the residential mortgage portfolio is secured by residential properties, which are subject to a decrease in market value in an economic downturn, the Credit Union ensures prudent practices surrounding security, including maximum LTV ratios consistent with regulatory guidelines for residential mortgages (80%) and HELOC's (65%). Individual maximum LTV ratios are determined based on a risk assessment of the mortgage or HELOC.

LIQUIDITY

One of Cornerstone Credit Union's primary objectives is to prudently manage liquidity to ensure that the Credit Union is able to generate or obtain sufficient cash or cash equivalents in a timely manner and at a reasonable price to meet commitments as they come due, even under stressed conditions.

The Credit Union maintains a liquidity plan in support of its liquidity policy and regulatory guidance. The liquidity plan undergoes regular reviews and is approved by the Board of Directors. As per the plan, the Credit Union maintains a stock of high-quality liquid assets while regularly measuring and monitoring its available liquidity and performs stress tests to identify sources of potential liquidity strain. The Credit Union also maintains external borrowing facilities to complement its liquidity management process.

The Credit Union's liquidity is measured by an operating liquidity ratio which considers projected cash inflows as a percentage of projected cash outflows. At December 31, 2021, the ratio was 90.75%. The Credit Union targets a range of 50% to 110% for this measure. Throughout 2021, loan demand was easily funded by deposits from Credit Union members, however the Credit Union does maintain a line of credit with SaskCentral to help manage clearing and settlement fluctuations and/or unforeseen funding needs. At December 31, 2021 the credit facility was not in use.

CUDGC also sets liquidity standards which require all Saskatchewan credit unions to meet liquidity coverage ratios calculated in approximately the same format as is required by the Office of the Superintendent of Financial Institutions for Canada (OSFI).

The Liquidity Coverage Ratio (LCR), which is an indicator of our level of high-quality liquid assets sufficient to cover at least 100% of our stressed cash requirements over the next 30 days, was 145.32% at December 31, 2021. This continues to exceed our regulatory minimum.

Since the introduction of an LCR as a regulatory liquidity measure, we have gained experience and comfort in measuring and managing our LCR. This measure is primarily a 30-calendar day stress scenario and therefore is managed on a monthly basis. In this unprecedented time of extremely high liquidity throughout the entire financial system, we have been working hard to keep our LCR within optimal levels so that we are balancing the liquidity risk associated with the high level of member demand deposits with the need to earn a better

return on surplus funds and achieve the best net interest margin possible. With the strong desire to increase our loan to asset ratio, we continue to monitor our LCR, Operating Liquidity Ratio and our investment portfolio to ensure we remain able to meet member loan demand opportunities and regulatory requirements.

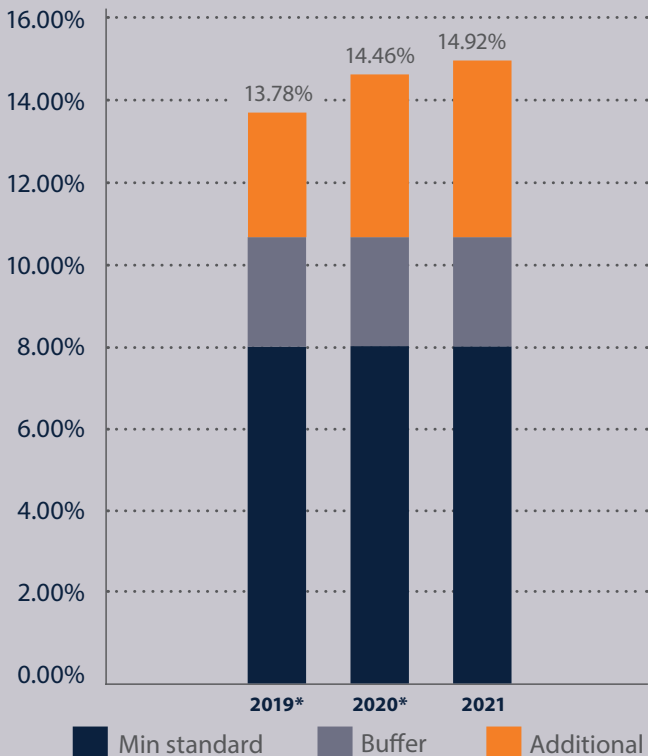
CAPITAL MANAGEMENT

One of the primary measures of financial strength of any financial institution is its capital position. Credit unions measure capital adequacy using both risk-weighted and leverage tests.

Credit unions operate in a highly regulated environment where CUDGC sets regulatory guidelines to which credit unions must adhere. The standard segregates between two types of capital – tier 1 and tier 2, with tier 1 capital being the primary capital and having the highest quality. The standards require that each credit union hold a minimum common equity tier 1 capital ratio of 7.00% of risk weighted assets, a total tier 1 capital ratio of 8.50% of risk weighted assets and a total eligible capital ratio of 10.50% of risk weighted assets. In addition, credit unions are currently required to maintain a minimum ratio of 5.00% for total eligible capital (eligible capital divided by total assets), with total assets adjusted for deductions from capital and the addition of certain off-balance sheet items.

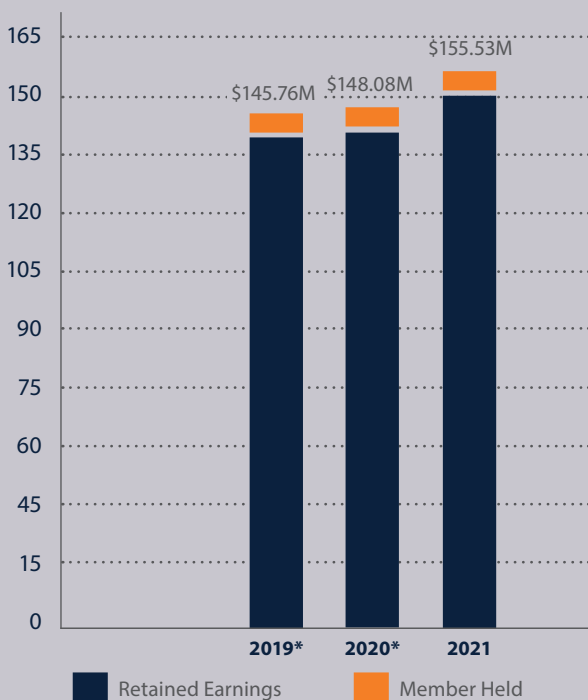
Cornerstone exceeded the statutory requirements with both a common eligible tier 1 capital ratio and total tier 1 capital ratio of 14.17% for the merged entity in 2021, compared with 13.54% for the combined entity results in 2020, and a total eligible capital ratio of 14.92% in 2021 compared with 14.45% in 2020. The improvement in these risk weighted capital measures is mostly a result of the deleveraging of our balance sheet experienced in 2021. Our capital leverage ratio did have a slight decline to 8.27% in 2021 from 8.49% in 2020 mostly as a result of exceptional deposit growth experienced in 2021. In addition to the standards prescribed by CUDGC, the Credit Union also undertakes an internal capital adequacy assessment process (ICAAP) quarterly. The ICAAP helps credit unions determine the amount of capital they should hold for their specific risk profiles. Cornerstone's December 2021 ICAAP suggests that it would be prudent to hold an additional 1.16% of capital above the regulatory minimum plus buffer, for a total eligible capital ratio of 14.16% (vs. our 14.92%).

2021 Capital Measures



Retained Earnings

(Including Contributed Surplus & Member Held Equity)



*All historical results are based on consolidated numbers compiled by management for all three legacy Credit Unions

Cornerstone currently holds 0.76% more capital than our ICAAP would suggest is appropriate based on our current risks. The additional capital suggested by ICAAP will continue to change as Cornerstone's book of business changes or as new risks emerge.

Cornerstone Credit Union manages capital in accordance with its capital management plan and Board approved capital policies, both of which are reviewed on a regular basis. The capital plan is developed in accordance with the regulatory capital framework and is regularly reviewed and approved by the Board of Directors. Capital is managed within the guidelines of the capital plan with a goal to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, absorb unexpected losses, implement long term strategic plans and signal financial strength.

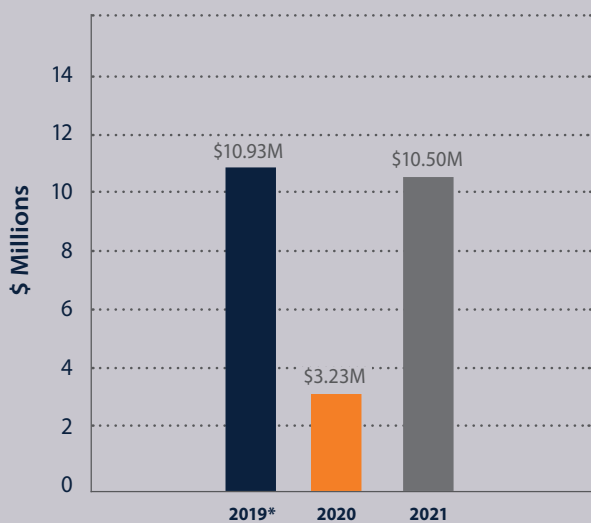
The Credit Union relies on profitability to grow its capital position and holds the majority of its total capital in retained earnings. Both balance sheet growth and profitability affect the Credit Union's capital ratios. The Credit Union retains its annual earnings in order to meet its capital objectives as outlined in its capital plan. Member equity accounts resulting from prior period income distributions are included in the determination of capital adequacy as tier 2 capital.



PROFITABILITY

Profitability in 2021 was greatly impacted by improved net interest margin due mainly from positive market value adjustments on our investments, other revenues from government programs, as well as expenditure control. Income before tax allocations for the year was \$10.50 million in comparison to the combined results of \$3.22 million in 2020. For 2021 our return on assets before income tax and other allocations was 0.57%, compared to 0.19% in 2020.

Income Before Allocations



*All historical results are based on consolidated numbers compiled by management for all three legacy Credit Unions

GROSS FINANCIAL MARGIN

Includes total interest revenue less total interest expense. For 2021, financial margin was 2.41% compared to 2.35% in 2020 if you were to combine the individual entity results.

The Credit Union’s profitability is highly dependent on interest margin. The Credit Union is now liability-sensitive, which ultimately means that profitability may be challenged in the short term as interest rates rise. As discussed above, interest rates are expected to rise by as much as 1% in 2022 and as such the Credit Union expects its interest margin to reduce slightly then begin to steadily improve in 2023 and beyond.

OTHER INCOME

Includes fixed asset revenue, commissions, service charges and other revenue. Non-interest revenue for the merged entity ended 2021 at

\$9.64 million compared to \$10.77 million in 2020. As a percentage of assets, non-interest revenue decreased to 0.54% in 2021 from 0.63% if you consider the combined results. The Credit Union anticipates that 2022 non-interest revenue will decrease very slightly in comparison to 2021.

OPERATING EXPENSES

Includes various operating expenses such as personnel, occupancy, security, governance, community development and general business and the prior year comparisons consider the combined individual entity results. Operating expenses ended 2021 at \$39.61 million compared to a combined \$38.78 million in 2020. As a percentage of assets, 2021 came in at 2.16% versus 2.28% in 2020. A significant improvement showing the benefits of merging our organizations to take advantage of economies of scale and our concerted efforts to contain costs. Personnel costs being the most material in this category, increased by 4.61% over the prior year. Salary levels increased for cost-of-living adjustments and profitability results triggered a strategic incentive program payment. Personnel expenses are expected to increase in the future as part of strategic initiatives to invest in our people through business transformation initiatives. Member security costs also increased as a function of growth and are expected to increase marginally in 2022 for the same reason. As deposits and membership grow, the fees assessed to ensure the overall health of the Saskatchewan Credit Union system also grows. Organization costs were down approximately \$402 thousand or 62.48% in 2021 mainly because the prior year had additional one-time costs related to merger preparation. 2021 occupancy costs decreased slightly from 2020 while general business costs increased by about \$184 thousand or 1.69% in 2021. Cornerstone expects general business costs to decrease in 2022 with the cost savings related to right sizing our organization as well as an overall strategy focused on reducing operating expenses to bring us more in line with our peers and to offset continued pressure on interest margins related to competition and our desire to maintain competitive rates and fees for Cornerstone’s members

INCOME TAX EXPENSE

Income taxes increased in 2021 in correlation with the increase in net income. The tax rate for 2021 was approximately 26% of earnings prior to allocations as compared to a calculated tax rate of about 20% of the combined earnings before allocations of the individual entities from 2020.

Enterprise Risk Management

The Credit Union is committed to creating an environment of support that will encourage risk-informed decision-making balanced with innovation as we explore and develop opportunities, resolve issues, and improve the way we work to achieve business objectives. The purpose of enterprise risk management (ERM) is to provide intelligence for decisions towards the benefit of the organization with risk / reward optimization to support success and the achievement of:

- Strategic & business objectives
- Financial goals; and
- Managing risks to provide efficiency results.

For Enterprise Risk Management to be successful the following principles, structure and accountabilities will be implemented.

Guiding principles:

- 1 Risk management creates value
- 2 Risk management is an integral part of all organization processes
- 3 Risk management is part of decision making
- 4 Risk management explicitly addresses uncertainty
- 5 Risk management is systematic, structured, and timely
- 6 Risk management is based on the best available information
- 7 Risk management is tailored
- 8 Risk management takes human and cultural factors into account
- 9 Risk management is transparent and inclusive
- 10 Risk management is dynamic, iterative, and responsive to change
- 11 Risk management facilitates continual improvement in the organization
- 12 Risk management will be supported by and the responsibility of everyone in the organization, beginning with the Board and Senior Management

ROLES AND ACCOUNTABILITIES

Board of Directors The Board of Directors has the responsibility for the oversight of risk management within the Credit Union. They are responsible for setting risk levels and policies, including risk appetite, framework, and strategies to ensure that risk exposures remain appropriate and prudent.

Board Risk Committee The Board Risk Committee will assist in giving the Board the information and feedback that they require to effectively fulfill their oversight responsibilities. This includes reviewing management’s identification of the significant risks of the Credit Union in accordance with the risk policy and overseeing the application of ERM practices and the on-going identification of emerging risks. The committee reports ERM effectiveness to the Board quarterly.

Management While management of risks is owned by operational leaders, oversight and assurance of risk management is the responsibility of Chief Risk Officer (CRO) and the ERM committee (ERMCO). The ERMCO oversees the use of the Credit Union’s integrated risk management framework in all key decisions and business processes, ensures that key risks/opportunities assigned are monitored and reported and supports an overall risk-intelligent culture in the Credit Union. Reporting is done quarterly by the CRO to the Board Risk Committee.

Employees It is the responsibility of all employees to proactively engage internal stakeholders in identifying, documenting, and escalating risks and opportunities using the delegated authority structure of the Credit Union. Employees are also tasked with being aware of the significant corporate, branch and business unit risks/opportunities and applying resources to support a risk intelligent culture within the Credit Union.

The following key risk categories form part of the Credit Union’s overall ERM approach:

CREDIT RISK

Cornerstone Credit Union is exposed to credit risk, which is the risk of financial loss resulting from a borrower or counterparty’s inability to meet its obligations. Due to the relative size of our internal loan portfolio, the majority of this risk derives from our direct lending activities. We are also exposed to credit risk through our holdings of investment securities, derivatives and purchased loans (credit product purchased, but not administered by the Credit Union).

CREDIT RISK (Cont.)

Lending and credit risk management is performed in accordance with approved policies, procedures, standards, and controls. ERMCO oversees credit risk exposure and management. Risk concentration limits have been designed to reflect our risk tolerance. Credit risk is further mitigated through in-depth and ongoing training of loans personnel, independent adjudication of larger, potentially higher risk loan applications and regular monitoring and reporting.

The Credit Union's credit portfolio and lending practices undergo regular and ongoing independent assessment through external audit, internal audit, and regulatory reviews. Reports are provided to ERMCO and the Board of Directors through the Board Risk Committee.

LIQUIDITY RISK

Liquidity risk is the risk of having insufficient cash resources or equivalents to meet demand for loans or depletion of deposits. Liquidity risk arises from general funding activities and through managing assets and liabilities. The Credit Union's liquidity risk management strategies seek to maintain sufficient liquid resources to continually fund our balance sheet commitments and to ensure we can meet the day-to-day cash needs and growing loan demands of our members.

Liquidity risk requirements are defined by policies and regulatory standards and limits. ERMCO maintains oversight of liquidity risk and reviews quarterly with reporting to the Board of Directors through the Board Risk Committee.

The Assets & Liabilities Management Committee (ALCO) and Board Finance & Audit Committee provide oversight of liquidity as described on page 15 & 23.

MARKET RISK

Market risk is the risk that financial position or earnings will be adversely affected by changes in market conditions such as interest and foreign exchange rates. Cornerstone's market risk arises primarily from movements in interest rates.

Similar to liquidity risk, oversight of market risk is overseen by ERMCO and the Board of Directors through the Board Risk Committee while management of the risk is completed by ALCO. Regular reporting of market risk management is provided to Board of Directors through the Finance and Audit Committee. The Credit Union employs comprehensive management processes around our market exposures and risk-taking activities. We have defined policy around numerous risk measures which we actively monitor. We employ dynamic modeling and income simulation for scenario and stress testing based on changes in interest rates. We implement mitigation strategies, including the use of interest rate swaps, where and when deemed necessary to strategically manage risks.

STRATEGIC RISK

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impede the ability of the Credit Union to meet its business objectives. 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. Reporting is completed quarterly to ERMCO as well as the Board of Directors through the Board Risk Committee.

OPERATIONAL RISK

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

Operational risk is managed using policies and procedures, controls, and monitoring. The Credit Union mitigates operational risk through internal audit programs, business continuity planning, appropriate insurance coverage and secure technology solutions. Reporting is completed quarterly to ERMCO as well as the Board of Directors through the Board Risk Committee.

LEGAL AND REGULATORY RISK

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

Cornerstone Credit Union operates in a heavily regulated environment. Our structure, policies,

and procedures aid us in complying with laws and regulations. Compliance managers are in place to manage and report on compliance on a regular basis. We also undergo regular review by internal, external, and regulatory audit. Reporting is completed quarterly to ERMCO as well as the Board of Directors through the Board Risk Committee.

Summary

As we reflect on the year past, we are proud of the accomplishments of Cornerstone Credit Union in 2021. It was an exciting year as we successfully executed a merger to bring three credit unions together to form the new Cornerstone Credit Union. As a result of the merger, it was also a year of significant change to our employees and members. The one thing that hasn't changed is Cornerstone's unwavering commitment to serve the changing needs and expectations of our members. The year also had its challenges as we continued to navigate through a pandemic. The economic and business conditions we face have an impact to the performance of our Credit Union and we must continue to evolve and adapt to ensure our Credit Union remains strong and sustainable for future generations. Despite the challenges encountered

in 2021, we achieved success by growing our organization, expanding the advice, competitive solutions, and service delivery to our members, improving technology, and finding efficiencies that could be reinvested back into our organization for the benefit of our members. We continue our commitment to grow and evolve our organization for the benefit of all stakeholders of Cornerstone Credit Union.

Thank you to our Board of Directors and employees for the commitment and dedication put forth over the past year. To our members, you are the reason we exist, and we appreciate the continued support you provide to Cornerstone Credit Union. We are proud to be your Credit Union and look forward to serving you in the future!

Credit Union Market Code

Cornerstone Credit Union 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 Cornerstone Credit Union.
- 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 Cornerstone Credit Union. 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 Cornerstone Credit Union 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 Cornerstone Credit Union.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

Co-operative Principles

As a true co-operative financial institution, Cornerstone Credit Union 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 also 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 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 general 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.



Deposits Fully Guaranteed

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.



Summarized Financial Statements

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Cornerstone Credit Union Financial Group Limited:

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2021, and the summary consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Cornerstone Credit Union Financial Group Limited (the "Credit Union") for the year ended December 31, 2021.

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

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated March 3, 2022.

Management's Responsibility for the Summary Consolidated Financial Statements

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

Auditor's Responsibility

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

Saskatoon, Saskatchewan

March 3, 2022

MNP LLP

Chartered Professional Accountants

Full financial statements can be obtained upon request from any branch of
Cornerstone Credit Union or by visiting [cornerstonecu.com](https://www.cornerstonecu.com)

Summary consolidated statement of financial position

Cornerstone Credit Union Financial Group Limited Summary consolidated statement of financial position

As at December 31 (\$ thousands)	2021	2020
Assets		
Cash and cash equivalents	74,983	73,692
Investments	512,597	242,686
Member loans receivable	1,232,037	825,061
Other assets	6,010	5,013
Property, plant and equipment	19,307	11,668
Intangible assets	913	620
	1,845,847	1,158,740
Liabilities		
Member deposits	1,680,870	1,051,835
Other liabilities	9,449	5,195
Membership shares	4,723	4,760
	1,695,042	1,061,790
Members' equity		
Retained earnings	102,316	94,571
Contributed surplus	48,489	2,379
	1,845,847	1,158,740

A full set of audited consolidated financial statements is available from the Credit Union

Summary consolidated statement of comprehensive income

Cornerstone Credit Union Financial Group Limited Summary consolidated statement of comprehensive income

Year Ended December 31 (\$ thousands)	2021	2020
Interest income	54,878	38,112
Interest expense	10,496	11,082
Gross financial margin	44,382	27,030
Provision for impaired loans	3,909	6,569
Net financial margin	40,473	20,461
Other income	9,640	6,388
Net interest and other income	50,113	26,849
Operating expenses	39,610	25,025
Income before income taxes	10,503	1,824
Provision for income taxes	2,758	154
Total comprehensive income	7,745	1,670

A full set of audited consolidated financial statements is available from the Credit Union

Summary consolidated statement of changes in members' equity

Cornerstone Credit Union Financial Group Limited
Summary consolidated statement of changes in members' equity

Year Ended December 31 (\$ thousands)

	Retained Earnings	Contributed Surplus	Total
Balance December 31, 2019	92,901	2,379	95,280
Comprehensive income for the year	1,670	-	1,670
Balance December 31, 2020	94,571	2,379	96,950
Comprehensive income for the year	7,745	-	7,745
Contributed surplus resulting from business combination	-	46,110	46,110
Balance December 31, 2021	102,316	48,489	150,805

A full set of audited consolidated financial statements is available from the Credit Union

Summary consolidated statement of cash flows

Cornerstone Credit Union Financial Group Limited Summary consolidated statement of cash flows

Year Ended December 31 (\$ thousands)	2021	2020
Cash flows provided by (used for) the following activities		
Operating activities	10,067	10,105
Financing activities	86,440	90,825
Investing activities	(95,216)	(55,757)
Increase in cash resources	1,291	45,173
Cash resources, beginning of year	73,692	28,519
Cash resources, end of year	74,983	73,692

A full set of audited consolidated financial statements is available from the Credit Union

Note to the summary consolidated financial statements

Cornerstone Credit Union Financial Group Limited Note to the summary consolidated financial statements For the Year Ended December 31, 2021

Basis of the summary consolidated financial statements:

Management has prepared the summary consolidated financial statements from the December 31, 2021 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards (IFRS). The audited consolidated financial statements can be obtained at the Cornerstone Credit Union Financial Group Limited branches or online at www.cornerstonecu.com. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

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

